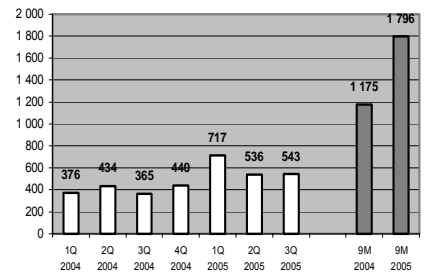


KBC GROUP QUARTERLY REPORT 3Q 2005

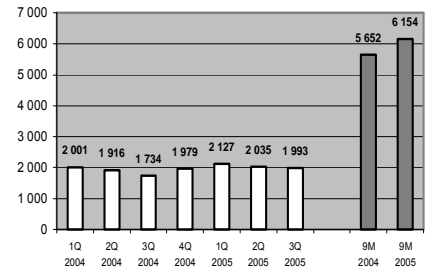
Snapshot overview 3Q 2005 and 9M 2005¹

	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Profitability (EUR m or %)					
Net profit - Group share	365	536	543	1 175	1 796
Breakdown of net profit by business segment					
Banking	246	314	363	945	1 146
Insurance	30	124	120	33	366
Asset Management (AM)	53	68	74	162	200
KBL European Private Bankers (KBL EPB)	38	41	39	104	133
Gevaert	12	31	-38	-36	24
Holding company activities	-13	-41	-14	-32	-73
Breakdown of net profit by area of activity					
Retail and private bankassurance	140	244	260	358	799
Central Europe	78	121	105	241	416
Corporate services	75	101	182	301	408
Market activities	20	53	58	157	164
KBL EPB	38	41	39	104	133
Gevaert	12	31	-38	-36	24
Group item	3	-54	-63	49	-148
Return on equity (group)				14%	19%
Cost/income ratio (banking, AM and KBL EPB)				62%	58%
Combined ratio (insurance)				94%	95%
Basic earnings per share (group, in EUR)				3.26	5.01
Diluted earnings per share (group, in EUR)				3.18	4.90
Balance sheet, solvency, AUM (EUR m of %)				31-12-2004 pro forma	30-09-2005
Total assets				285 163	315 769
Loans and advances to customers				111 177	112 712
Deposits from customers and debt securities				157 712	169 711
Parent shareholders' equity				12 328	15 227
Assets under management (AUM) ²				156 677	185 754
Equity market capitalization				-	24 697
Parent shareholders' equity per share (EUR)				33.6	42.3
Tier-1 ratio (banking and KBL EPB)				10.0%	9.5%
Solvency ratio (insurance)				347%	413%
Credit portfolio (EUR m of %)				31-12-2004 pro forma	30-09-2005
Total loan portfolio (granted amount)				156 052	167 587
Breakdown of total loan portfolio by origin					
Belgium				45.5%	44.0%
Central Europe				14.6%	15.9%
Rest of the world				39.9%	40.0%
Loans loss ratio (annualized)				0.20%	0.04%
Non-performing ratio				2.9%	2.8%
Other information					
Long-term rating KBC Bank (Fitch / Moody's / S&P's)					AA- / Aa3 / A+
Claims-paying ability rating KBC Insurance (Fitch / S&P's)					AA / A+
Bank branches in Belgium					956
Bank branches in Central Europe					1019
Insurance agencies in Belgium					597
Clients					12 m
Staff (FTE)					49 844

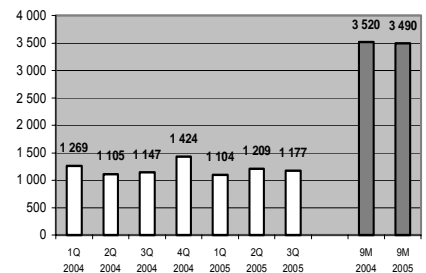
Net profit (EUR m)



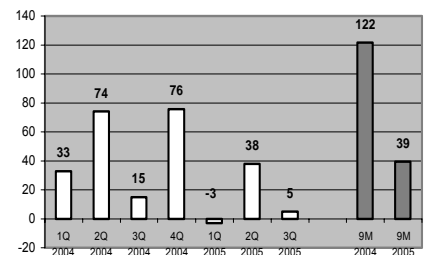
Gross income
(including technical charges insurance and ceded reinsurance result, EUR m)



Operating expenses (EUR m)



Impairment on loans and receivables
(EUR m)*



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

¹ Definition of ratios: see "Glossary of ratios used"; information on branches, agencies, staff and clients concerns the situation as at mid 2005. Reference figures for 2004 are pro forma figures (based on a combined KBC-Almanij entity) and comparability is not complete, as the 2004-figures have not been adjusted to take account of IAS32/39 and IFRS4.

² Including group assets managed by KBC Asset Management.

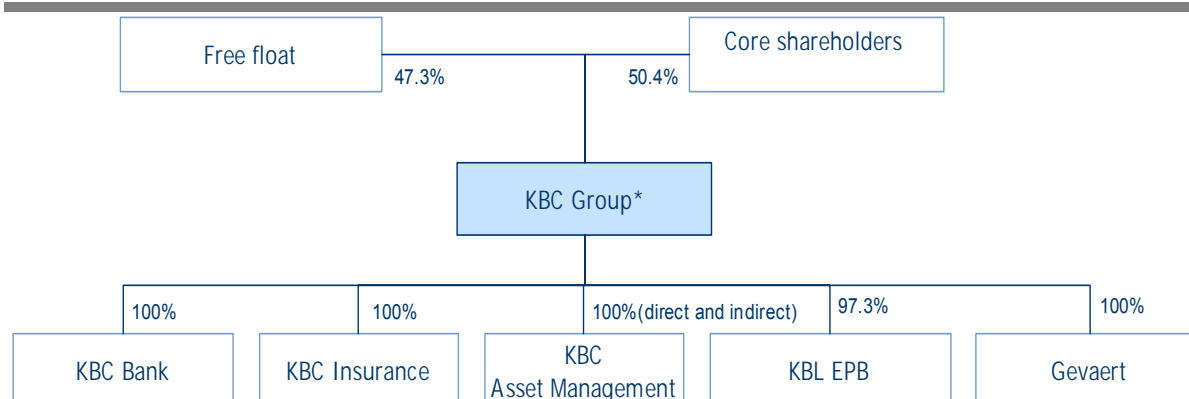
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SHAREHOLDER INFORMATION

GROUP STRUCTURE

KBC Group structure, 30 September 2005



* KBC Group shares held by KBC Group companies represent approximately 2% of share capital.

FINANCIAL TARGETS

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

Definition of ratios: see 'Glossary of ratios used'

SHAREHOLDERS

Shareholders, 30-09-2005 ¹	number	(in %)
Ordinary shares		
Almancora	75 892 338	20.7%
CERA	23 345 499	6.4%
Maatschappij voor Roerend bezit van de Boerenbond	42 562 675	11.6%
Other core shareholders	42 715 838	11.7%
Subtotal	184 516 350	50.4%
KBC Group companies ²	8 500 710	2.3%
Free float	173 410 986	47.3%
Total	366 428 046	100.0%
Mandatorily convertible bonds (MCBs)³	2 643 523	

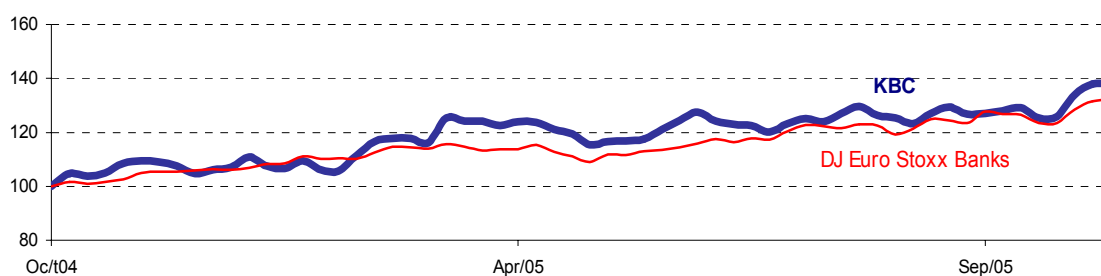
1 Data based on value date. Taking into account the existing shares, MCBs and freely convertible bonds, the maximum potential number of shares in the future will come to 374300269.

2 Including, among other things, shares held for ESOP. Excluding shares held in the trading book of KBC Securities and KBC Financial Products (included in free float).

3 Number of shares on conversion. More information can be found on page 159 of the 2004 Annual Report of KBC.

KBC-SHARE PERFORMANCE

Relative performance of the KBC share (1 October 2004 = 100)¹



Ticker codes:	Bloomberg:	KBC BB	Datastream:	B:KB	Reuters:	KBKbt.BR	
Share price from 01-10-2004 to 30-09-2005 (EUR)							
Highest price:	69.4	Lowest price:	63.7	Average price:	66.6	Closing price 30-09-2005:	67.4

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

RATINGS

Ratings (23 November 2005)	Long-term rating (+ outlook)	Short-term rating
Fitch		
KBC Bank	AA- (stable)	F1+
KBC Insurance (claims-paying ability)	AA (stable)	F1+
KBC Group	A+ (stable)	F1
Moody's		
KBC Bank	Aa3 (stable)	P-1
KBC Group	A1 (stable)	P-1
Standard and Poor's		
KBC Bank	A+ (positive)	A-1
KBC Insurance (claims-paying ability)	A+ (positive)	-
KBC Group	A (positive)	A-1

Recent action: S&P's changed the outlook on KBC Bank, KBC Insurance and KBC Group from 'stable' to 'positive' on 22 November 2005.

CONTACTS

Contacts	
Contact details for investors and analysts	
Contact persons	Luc Cool (Head of Investor Relations), Nele Kindt (Investor Relations Assistant) Lucas Albrecht (Financial Communications Officer), Tamara Bollaerts (Financial Communications Assistant) Marina Kanamori (CSR Communication Officer)
Fax	+32 (0) 2 429 44 16
E-mail	investor.relations @ kbc.com
Web site	www . kbc . com
Address	KBC Group, Strategy and Expansion Division (SEE), 2 Havenlaan, BE-1080 Brussels
Contact details for the press	
Contact persons	Viviane Huybrecht (Head of Press Office and Company Spokeswoman) Stef Leunens (Press Officer)
Tel.	+32 (0) 2 429 85 45
Fax	+32 (0) 2 429 81 60
E-mail	viviane.huybrecht @ kbc.be
Web site	www . kbc . com
Address	KBC Group, Press office (CPR), 2 Havenlaan, BE-1080 Brussels

FINANCIAL CALENDAR

Financial calendar	
Publication of 3Q 2005 results	24-Nov-05
Publication of FY 2005 results	02-Mar-06
Annual report available	12-Apr-06
General Meeting	27-Apr-06
Dividend payment	02-May-06
Publication of 1Q 2006 results	30-May-06
Publication of 1H 2006 results	31-Aug-06
Publication of 3Q 2006 results	23-Nov-06

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

GROUP RESULTS

SUMMARY

The full consolidated income statement and balance sheet, a condensed consolidated statement of changes in equity and cash flow statement, a reconciliation of

Belgian GAAP and IFRS and a number of other notes to the accounts are provided in the 'Consolidated financial statements' section.

Consolidated income statement (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	910	1 074	1 129	2 871	3 251
Gross earned premiums	901	978	810	3 580	2 516
Dividend income	39	135	25	184	194
Net gains from financial instruments at fair value	123	92	123	538	348
Net realized gains from available-for-sale assets	93	97	49	346	314
Net fee and commission income	323	410	452	1 004	1 290
Other income	128	118	112	347	444
Gross income	2 517	2 904	2 699	8 870	8 359
Operating expenses	-1 147	-1 209	-1 177	-3 520	-3 490
Impairment	-44	-42	3	-286	-54
on loans and receivables	-15	-38	-5	-122	-39
on available-for-sale assets	-18	0	13	-148	-3
on goodwill	0	-5	-3	-2	-10
on other	-11	0	-1	-14	-2
Gross technical charges, insurance	-771	-852	-696	-3 179	-2 161
Ceded reinsurance result	-12	-17	-10	-39	-44
Share in results of associated companies	34	13	-19	-5	14
Profit before tax	577	797	800	1 841	2 626
Income tax expense	-155	-212	-208	-503	-677
Profit after tax	422	584	592	1 339	1 949
Minority interests	-57	-48	-48	-163	-153
Net profit - Group share	365	536	543	1 175	1 796
Highlights, consolidated balance sheet (EUR m)			31-12-2004 pro forma		30-09-2005
Total assets			285 163		315 769
Loans and advances to customers			111 177		112 712
Securities			98 862		117 289
Deposits from customers and debt securities			157 712		169 711
Gross technical provisions			13 259		14 333
Liabilities under investment contracts			3 931		5 501
Parent shareholders' equity			12 328		15 227

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

COMMENTS

Scope of consolidation, valuation rules and currency translation

The results shown (including the pro forma results for 2004) are for the new KBC Group created at the beginning of 2005 through the merger between the KBC Bank and Insurance Holding Company and Almanij. They have been prepared according to the EU-approved International Financial Reporting Standards. This means that the pro forma figures for 2004 do not reflect IAS 32 and 39 on financial instruments or IFRS 4 on insurance contracts.

The main changes in the scope of consolidation compared with 2004 involve the stepping up to 97% of the shareholding in private banking group Kredietbank SA Luxembourgise and the sale of the investment in insurance group FBD. Both these events took place in the first quarter of 2005. The impact on net profit of changes in the scope of consolidation is negligible.

The Czech koruna and the Polish zloty increased in value over the first nine months of the year by an average of 7% and 14%, respectively, compared to the corresponding period of 2004. Fluctuations in other currencies are less relevant.

Financial headlines 3Q 2005

New home loan production amounted to 1.8 billion euros, raising the balance outstanding by 6% compared to the start of the quarter.

Sales of life insurance again reached a record level of 1.3 billion euros (for accounting purposes, only part of this is considered premium income).

Assets under management, at 186 billion euros, were also up by 6% compared to the beginning of the quarter.

Developments on the interest rate and equity markets had a predominantly positive impact on the results.

Loan losses were limited (5 million euros).

In Central Europe, profit for the quarter came to 105 million euros. Compared to the preceding quarter, banking income was up and expenses were down, while loan loss provisions and taxes were average (both items had been exceptionally low in the preceding quarter).

Financial headlines 9M 2005

Group profit came to 1.8 billion euros, with a return on equity of 19%. The retail segment (primarily in Belgium) accounted for 44% of profit, Central Europe for 23%, corporate services and market activities for 23% and 9%, respectively, and KBL European Private Bankers for 7%.

Compared to the start of the year, outstanding deposits were up by 12 billion euros (+8%), the loan portfolio (excluding repurchase agreements, or repos) by 8 billion euros (+8%) and life insurance reserves by 2.6 billion euros (+19%). As a result, net interest income rose to 3.3 billion euros (the increase has, however,

been significantly enhanced by the new IFRS valuation rules).

Premium income from insurance is not at all comparable with the 2004 figure, owing to the new accounting treatment. On a comparable basis, the premium inflow increased by 27% to 4.5 billion euros.

Commission income went up by 286 million euros, thanks largely to successful sales of investment funds and asset management products and services. Since the start of the year, assets under management for customers have increased by 27 billion euros (+19%).

Capital gains on investments (314 million euros) and profit from financial instruments at fair value (348 million euros) were down noticeably on the 2004 level (where the latter profit is concerned, this was due in part to the new IFRS valuation rules).

The level of charges (3.5 billion euros) fell by 1% and the cost/income ratio in banking dropped to 58%.

Provisions for problem loans remained limited to 39 million euros (loan loss ratio of 0.04%). No impairment worthy of note was recorded on the investment portfolio, which led to the insurance business making a significantly higher contribution to profit. The combined ratio for the non-life insurance business came to 95%.

At Gevaert, results improved by 61 million euros given the higher restructuring charges that had had to be taken at Agfa Gevaert in 2004.

The return on capital allocated to the retail and private bancassurance business in Belgium came to 29%; the return on capital allocated to Central Europe amounted to 48%. On capital allocated to corporate services, the return came to 25%, while capital allocated to market activities generated a return of 29%. For the KBL European Private Bankers activity, return on equity came to 15%.

Operating highlights 9M 2005

Synergy projects were started up with a view to cross-selling and achieving cost-savings in the European private banking activity. Acquisitions were also made – of HSBC Dewaay (Belgium) and Effectenbank Stroeve (Netherlands), among others – in order to strengthen this business.

The commercial profile and company logos of the Central European entities were standardized, cross-border steering capabilities in respect of asset management and investment banking activities were stepped up, and the strategic distribution agreement with the Czech postal service was extended. In addition, opportunities for expansion in Romania and Croatia were explored, along with possibilities for buying out minority shareholders in the Central European group companies.

Co-operation with DZ Bank Group (Germany) for processing cross-border payments got under way, and the Rabobank Group (the Netherlands) has since confirmed that it will join this alliance (Fin-Force), making it one of the biggest players in Europe in cross-border payments.

Gevaert has been given a fresh orientation, with relevant business units being transferred to KBC Bank and non-core activities being hived off.

Solvency

On 30 September 2005, capital and reserves came to 15.2 billion euros (compared with 13.1 billion at the start of the year). Unrealized gains on available-for-sale assets accounted for 1.9 billion euros of this amount (1.1 billion at the start of the year). Per share, capital and reserves came to 42.3 euros (36.5 euros at the beginning of the year).

The core capital ratio (Tier 1) for the banking business (banking and KBL European Private Bankers) and the solvency ratio of the insurance business came to 9.5% and 413% respectively (with a group gearing ratio of 109%).

Gross income

The third quarter of 2005 was again characterized by high commission income (452 million euros). The interest margin was slightly wider than in the preceding quarter and came to 1.69%. Higher market interest rates also resulted in an increase in the value of the 'financial instruments at fair value' heading. In addition, another new record of over 1.3 billion euros was set for sales of life insurance (of this amount, 954 million had to do with unit-linked products, which is not recorded as premium income).

Over the first nine months of 2005, income developed as follows:

Net interest income (3.3 billion euros) was 380 million euros higher than the pro forma level for the corresponding period of last year, primarily as a result of sustained volume growth, income from loans repaid early and the new IFRS treatment of interest-rate derivatives (impact of this last item: +296 million euros, offset by a negative 296 million euros under the heading 'Net gains from financial instruments at fair value'). On account of the flatter yield curve, the interest margin in banking (1.65%) was 9 basis points narrower than corresponding figure for last year.

Net interest income (EUR m)	3Q 2005	9M 2005
Interest income	2 467	7 674
Loans and advances to banks	327	1 028
Loans and advances to customers	1 211	3 859
Deposits with ceding companies	2	3
Fixed-income securities not measured at fair value through P&L	725	2 153
Financial assets at fair value through P&L	202	631
Interest expense	-1 339	-4 424
Deposits from banks	-275	-1 237
Deposits from customers	-741	-2 237
Debt securities	-243	-703
Subordinated liabilities	-80	-246
Investment contracts at amortized cost	0	0
Net interest income	1 129	3 251

Premium income in the non-life insurance business (1.2 billion euros) was up 7% by 77 million euros. In Belgium, the increase came to 8%, and in Central Europe to 13%, while premium income in the

reinsurance business fell by 12% on account of a more selective acceptance policy.

In life insurance, the figure for premium income (1.3 billion euros) is not at all comparable with the 2004 figure, since IFRS does not allow sales of certain forms of life insurance to be recorded as premium income from 2005 on. Aside from this, total proceeds from the sale of life products came to 3.3 billion euros, resulting in a 19% increase in outstanding life insurance reserves compared with year-end 2004 (+19% in Belgium and +23% in Central Europe). Sales of unit-linked products went conspicuously well, generating premium turnover of 2.1 billion euros.

Gross earned premiums (EUR m)	3Q 2005	9M 2005
Life*	393	1 285
Non-life	417	1 231
Gross earned premiums	810	2 516

* Excludes investment contracts without Discretionary Participation Feature (i.e. mainly the unit-linked insurance).

Commission income (1.3 billion euros) was 286 million euros higher (+29%) than the pro forma level recorded for the first nine months of 2004, thanks chiefly to the continuing strong growth in income from the sale of investment funds, life insurance, and asset management products and services. The margin on unit-linked life insurance came to 58 million euros.

Net fee and commission income (EUR m)	3Q 2005	9M 2005
Fee and commission income	627	1 913
Securities and asset management ¹	416	1 270
Commitment credit	35	106
Payments	105	299
Other	72	238
Fee and commission expense	-176	-622
Acquisition costs	-83	-285
Other	-93	-337
Net fee and commission income	452	1 290

¹ Including from investment contracts

Gains realized on investments amounted to 314 million euros, representing 4% of gross income and a 32 million euro decline on the 2004 figure. These gains were realized on the sale of the investment in the Irish insurance group FBD, as well as on sales of holdings in Gevaert's equity portfolio, among other things.

Net realized gains from AFS assets (EUR m)	3Q 2005	9M 2005
Fixed-income securities	12	61
Shares	37	253
Net realized gains from AFS assets	49	314

AFS: available-for-sale

Profit earned on financial instruments at fair value (348 million euros) was down by 190 million euros on the pro forma figure for the first nine months of 2004, primarily because of the change in the way financial instruments have been valued since the start of 2005.

Net gains from financial instr. at fair value (EUR m)	3Q 2005	9M 2005
Trading instruments (including derivatives)	110	-85
Other financial instruments at fair value	-72	159
Foreign exchange trading	84	274
Net gains from financial instruments at fair value	123	348

Dividend income came to 194 million euros, 10 million euros more than the pro forma level for the first nine months of 2004. A dividend yield of 3% was achieved on shares in the (available-for-sale) investment portfolio.

The 'other income' item (444 million euros) was 97 million euros higher than the pro forma level for 2004, mainly because of the favourable settlement in the first quarter of 2005 of an unpaid loan granted to the Slovakian government (101 million euros in income – net impact on the result, 68 million euros).

Operating expenses

Operating expenses were down by 32 million euros in the third compared to the second quarter, when staff expenses had been exceptionally high (this had had to do in part with taking over an employee stock option plan consequent on the merger between KBC Bank and Insurance Holding Company and Almanij). Operating expenses were, however, up by 30 million euros on a year earlier, when result-based wage costs for the interprofessional business in financial instruments had been relatively low. Moreover, the provision for litigation was updated, resulting in slightly higher provisioning pressure.

For the first nine months of 2005, operating expenses were down by 30 million euros (-1%), thanks primarily to cost-saving measures introduced in the banking business in Belgium during the course of 2004. The cost/income ratio for the banking and asset management activities for the current financial year came to 58%, compared with the pro forma figure of 65% for the full year 2004.

Operating expenses (EUR m)	3Q 2005	9M 2005
Staff expenses	-651	-2 001
General administrative expenses	-388	-1 150
Depreciation and amortization of fixed assets	-97	-283
Provisions for risks and charges	-41	-55
Operating expenses	-1 177	-3 490

Impairment

The third quarter was again characterized by a low level of impairment recorded on loans (5 million euros). Consequently, the loan loss ratio for the current financial year has been limited to 0.04% (0% for Belgium, 0.26% for Central Europe and 0% for the international loan portfolio). 87% of problem loans are covered by loan loss provisions, approximately the same percentage as at the start of the financial year (84%).

Given the favourable stock market trend, 13 million euros were able to be reversed on impairment recorded on the investment portfolio in the third quarter of the year, largely cancelling out the amounts written down in the previous two quarters.

During the course of 2005, goodwill paid for earlier corporate acquisitions was written off in the amount of 10 million euros (related mainly to divestitures at Gevaert).

Impairment (EUR m)	3Q 2005	9M 2005
Loans and advances	-5	-39
Available-for-sale assets	13	-3
Goodwill	-3	-10
Other	-1	-2
Impairment	3	-54

Gross technical charges insurance and ceded reinsurance result

The third quarter was also characterized by a strong technical result in the non-life business, keeping the claims ratio for the current year at 64%.

The technical insurance charges for the first nine months amounted to a gross 2.1 billion euros, while net reinsurance expense came to 44 million euros. For non-life insurance, the claims reserve ratio came to 177%, on a par with the level recorded at the start of the year.

For the current financial year, the combined ratio came to 95% (94% in the corresponding period of 2004). For Belgium, it came to 94%, for Central Europe to 98% and for the reinsurance business to 90%.

Taxes

The tax burden for the current financial year amounted to 677 million euros (208 million euros of which in the third quarter). For the corresponding period of 2004, the pro forma figure came to 503 million euros.

Profit outlook for the full year 2005

KBC is optimistic about how its business will develop in the fourth quarter, expecting persistently strong sales, a better interest rate environment and favourable stock market conditions. Although additional non-recurring charges are expected to be incurred in the fourth quarter (including around 100 million euros to redesign employee pension schemes), KBC still expects expenses to go down and an historically low loan loss ratio to be achieved for the full year 2005.

Based on the current assessment of the relevant economic and financial parameters, consolidated profit for 2005 is expected to come to around 2.2 billion euros. The Group's pro forma result for 2004 came to 1 615 million euros.

RESULTS PER BUSINESS SEGMENT

IFRS SEGMENTATION

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

- Banking (including KBC Bank and its subsidiaries)
- Insurance (including KBC Insurance and its subsidiaries)
- Asset Management (including KBC Asset Management and its subsidiaries)
- KBL European Private Bankers (KBL EPB) (including Kredietbank Luxembourgeoise and its subsidiaries)
- Gevaert (including Gevaert and its subsidiaries)
- Holding Company Activities (including KBC Group on a non-consolidated basis and KBC Exploitatie)
- Intersegment transactions are transactions conducted between the different primary segments at arm's length.

The figures for the Holding Company Activities also include the so-called '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 Group's focus on its two home markets - Belgium and Central Europe (Poland, Czech and Slovak Republics, Hungary and Slovenia) – and its focused presence in other countries ('rest of the World', i.e. mainly Western Europe excluding Belgium, the US and Southeast Asia).

In this section, detailed information is given according to the primary segment reporting format. The 'Consolidated financial statements' section includes an overview of both the primary and secondary segment reporting formats.

The 'Results per area of activity' section provides an additional breakdown based on the so-called 'area of activity reporting'.

Breakdown into primary IFRS segments	Banking	Insurance	Asset Management	KBL European Private Bankers	Gevaert	Holding Company Activities	Intersegment Eliminations	Total
3Q 2004 (pro forma)								
Net profit, group share (EUR m)	246	30	53	38	12	-13	0	365
(% of total)	67%	8%	15%	10%	3%	-4%	0%	100%
3Q 2005								
Net profit, group share (EUR m)	363	120	74	39	-38	-14	0	543
(% of total)	67%	22%	14%	7%	-7%	-3%	0%	100%
9M 2004 (pro forma)								
Net profit, group share (EUR m)	945	33	162	104	-36	-32	0	1175
(% of total)	80%	3%	14%	9%	-3%	-3%	0%	100%
9M 2005								
Net profit, group share (EUR m)	1146	366	200	133	24	-73	0	1 796
(% of total)	64%	20%	11%	7%	1%	-4%	0%	100%

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

BANKING*

Banking income statement (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	787	910	932	2 448	2 740
Gross earned premiums	-	-	-	-	-
Dividend income	25	49	19	80	86
Net gains from financial instruments at fair value	85	51	116	483	237
Net realized gains from available-for-sale assets	56	6	13	231	75
Net fee and commission income	237	284	293	737	898
Other income	52	74	80	175	303
Gross income	1 241	1 373	1 454	4 153	4 340
Operating expenses	-848	-878	-878	-2 653	-2 563
Impairment	-28	-36	-8	-140	-41
on loans and receivables	-14	-38	-3	-134	-37
on available-for-sale assets	0	2	-3	8	-2
on goodwill	0	0	0	0	0
on other	-14	0	-1	-14	-2
Gross technical charges, insurance	-	-	-	-	-
Ceded reinsurance result	-	-	-	-	-
Share in results of associated companies	19	6	9	32	26
Profit before tax	383	465	577	1 392	1 762
Income tax expense	-93	-109	-148	-318	-454
Profit after tax	290	356	429	1 074	1 308
Minority interests	-45	-42	-66	-129	-162
Net profit - Group share	246	314	363	945	1 146

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

* KBC Bank (hence excluding KBL European Private Bankers, which is a separate segment – see below).

INSURANCE

Insurance income statement (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	115	136	141	332	407
Gross earned premiums	901	978	810	3 580	2 516
Dividend income	9	76	10	76	96
Net gains from financial instruments at fair value	0	9	9	4	13
Net realized gains from available-for-sale assets	10	38	29	72	173
Net fee and commission income	-88	-67	-65	-255	-213
Other income	32	10	18	65	47
Gross income	979	1 180	953	3 875	3 041
Operating expenses	-123	-131	-125	-376	-379
Impairment	-27	-4	8	-191	-12
on loans and receivables	1	0	0	-1	0
on available-for-sale assets	-28	-4	8	-190	-10
on goodwill	0	0	0	0	-1
on other	0	0	0	0	0
Gross technical charges, insurance	-771	-852	-696	-3 179	-2 161
Ceded reinsurance result	-12	-17	-10	-39	-44
Share in results of associated companies	8	0	0	18	0
Profit before tax	55	176	129	107	445
Income tax expense	-23	-48	-28	-70	-94
Profit after tax	32	128	101	38	351
Minority interests	-1	-4	19	-5	15
Net profit - Group share	30	124	120	33	366

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

ASSET MANAGEMENT

Asset Management income statement (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	0	-1	7	1	5
Gross earned premiums	0	-	-	0	-
Dividend income	0	4	-7	4	0
Net gains from financial instruments at fair value	1	4	7	5	15
Net realized gains from available-for-sale assets	1	0	0	3	1
Net fee and commission income	86	96	106	248	289
Other income	1	1	1	2	3
Gross income	88	105	114	262	313
Operating expenses	-14	-15	-15	-41	-45
Impairment	1	0	0	2	0
on loans and receivables	0	0	0	0	0
on available-for-sale assets	1	0	0	2	0
on goodwill	0	0	0	0	0
on other	0	0	0	0	0
Gross technical charges, insurance	-	-	-	-	-
Ceded reinsurance result	-	-	-	-	-
Share in results of associated companies	0	0	0	0	0
Profit before tax	75	90	99	223	268
Income tax expense	-21	-22	-25	-61	-68
Profit after tax	53	68	74	162	200
Minority interests	0	0	0	0	0
Net profit - Group share	53	68	74	162	200

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

KBL EUROPEAN PRIVATE BANKERS

KBL European Private Bankers income statement (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	30	41	65	146	144
Gross earned premiums	-	-	-	-	-
Dividend income	3	5	3	8	10
Net gains from financial instruments at fair value	36	38	-25	45	57
Net realized gains from available-for-sale assets	21	19	7	33	28
Net fee and commission income	85	106	114	273	320
Other income	17	9	7	33	40
Gross income	193	217	170	537	598
Operating expenses	-140	-153	-146	-396	-433
Impairment	11	-4	11	35	6
on loans and receivables	-2	-1	-1	13	-2
on available-for-sale assets	12	1	8	24	9
on goodwill	0	-5	5	-2	-1
on other	0	0	0	0	0
Gross technical charges, insurance	-	-	-	-	-
Ceded reinsurance result	-	-	-	-	-
Share in results of associated companies	1	1	1	1	3
Profit before tax	64	60	36	178	174
Income tax expense	-16	-18	4	-45	-35
Profit after tax	48	42	40	133	138
Minority interests	-10	-1	-1	-29	-5
Net profit - Group share	38	41	39	104	133

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

GEVAERT

Gevaert (EUR m)	3Q 2004 pro forma	2Q 2005	3Q 2005	9M 2004 pro forma	9M 2005
Net interest income	-5	0	3	-15	1
Gross earned premiums	-	-	-	-	-
Dividend income	2	2	0	5	3
Net gains from financial instruments at fair value	0	-6	12	2	26
Net realized gains from available-for-sale assets	4	34	0	6	37
Net fee and commission income	0	0	0	0	0
Other income	33	26	6	85	55
Gross income	33	56	21	83	122
Operating expenses	-27	-22	-12	-66	-54
Impairment	0	2	-8	7	-7
on loans and receivables	0	1	-1	0	0
on available-for-sale assets	-3	1	0	7	1
on goodwill	0	0	-8	0	-8
on other	3	0	0	0	0
Gross technical charges, insurance	-	-	-	-	-
Ceded reinsurance result	-	-	-	-	-
Share in results of associated companies	6	6	-29	-56	-15
Profit before tax	13	42	-29	-32	46
Income tax expense	-1	-11	-10	-4	-22
Profit after tax	12	31	-39	-36	24
Minority interests	0	0	0	0	0
Net profit - Group share	12	31	-38	-36	24

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

COMMENT

Banking

The banking business turned in a third-quarter result of 363 million euros, a result influenced by a favourable trend in income, negligible loan losses and the updating of a provision for legal disputes.

For the first nine months of the year, the contribution to profit came to 1.1 billion euros, a 21% increase on the pro forma figure for last year, thanks to higher income (+5%), lower operating expenses (-3%) and limited loan losses (a loan loss ratio of 0.04%). Commission income went up briskly (+22%), while net interest income remained at par in spite of the flatter yield curve. One-off revenues were recorded on a loan made to the Slovakian government (impact on the result: 68 million euros).

Insurance

The result posted by the insurance business for the third quarter of the year (120 million euros) remained at the same high level as in the two preceding quarters, thanks to, among other things, record sales proceeds and an improved investment climate.

This pushed profit for the current year up to 366 million euros, a multiple of last year's figure, when a high level of impairment (190 million euros) had had to be recorded on the equity portfolio. The first nine months of 2005 were marked by successful sales of life

insurance (3.3 billion euros), a strong technical result in the non-life business (a combined ratio of 95%) and higher investment income (including gains realized on the sale of the investment in Irish insurance group FBD).

Asset Management

Thanks to the favourable trend on the stock markets and continuing good sales performance, earnings from the asset management business were up again in the third quarter (74 million euros) compared to preceding quarters.

As a result, the contribution to profit for the current financial year has gone up to 200 million euros, 23% more than the comparable figure for 2004.

Assets under management in the asset management business have gone up since the start of the year by 22% to 102 billion euros (roughly 60% of this being accounted for by the net inflow of new money).

KBL EPB

In the third quarter, the European private banking business contributed 39 million euros to the group result, comparable to the contribution made in the preceding quarter and a year earlier. Impairment recorded on the held-for-trading portfolio was offset by the improvement in interest income, the reversal of the

impairment recorded on the investment portfolio and a positive tax effect.

For the first nine months of the year, the contribution to profit has gone up to 133 million euros, representing a 28% increase compared to 2004 that can be attributed mainly to higher commission income (+17%) derived primarily from asset management and the custody business and KBC Group's bigger investment in Kredietbank SA Luxembourgeoise (up from 79% to 97%). Assets under management went up during the first nine months of this year by 20% to 60 billion euros (52 billion euros of this amount is being managed for private banking clients).

Gevaert

Gevaert's third-quarter result came to a negative 38 million euros. This can be put down to the continuing divestitures (among other things, goodwill in the

amount of 8 million euros was written off, while 10 million euros in taxes were posted) and to the setting aside of a provision for restructuring at Agfa Gevaert (an associated company), among other things.

Thanks to the (mostly realized) gains on investments, the contribution to profit for the current financial year comes to 24 million euros on balance.

Holding company activities

The holding company has made a contribution to profit of a negative 73 million euros for the current year. This is a more negative result than last year, mainly because of the new valuation rules (elimination of dividends received on treasury shares from 2005) and the one-off expenses recorded as a result of the merger between the KBC Bank and Insurance Holding Company and Almanij in the second quarter of the year.

RISK MANAGEMENT INFORMATION

RISK GOVERNANCE

The main risks incurred by a financial services group such as KBC are credit risks, ALM risks, market risks, operational risks and technical insurance risks.

- Credit risk is the risk of non-payment or non-performance by a borrower, guarantor, counterparty to a professional transaction or issuer of a debt instrument, due to that party's insolvency or lack of willingness to pay, or to events or measures taken by the political or monetary authorities of a particular country. The latter risk is also referred to as country risk.
- Asset/Liability Management (ALM) entails managing the macroeconomic risks¹ attendant on balance-sheet and off-balance-sheet transactions in the banking book (i.e. all activities not belonging to the trading book, including the forex and securities trading activities of the bank and the specialized subsidiaries) and those of the insurance business.
- Market (or trading) risk is the risk of loss due to movements in the relevant markets causing a drop in the value of the interest rate, currency, equity and derivatives positions held by the dealing rooms either at the bank or at the specialized subsidiaries KBC Financial Products, KBC Securities, KBC Peel Hunt

and Patria Finance. The insurer's interest rate, currency and equity risks are covered by ALM risk management.

- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- The technical insurance risks include tariffication and acceptance risk, the risk that reserves will prove inadequate, the risk of serious accidents and catastrophes, and the risk of insurance fraud.

It goes without saying that the merger between KBC and Almanij also impacts the value and risk management function of the new KBC Group. KBC policy regarding value and risk management is based on the principle of 'a single group-wide and integrated framework', so value and risk management for the former KBC and KBL EPB are in the process of being integrated. This is expected to be largely finalized by the end of 2005.

SCOPE

Extensive risk management data and figures for KBC Bank and KBC Insurance are provided in the 2004 annual report of KBC, on pages 62 to 87. Information regarding risk management at KBL EPB is provided in the KBC-Almanij merger prospectus, on pages 126 to 128.

For a selection of these data, updated figures and information will be provided on a quarterly basis; a full overview will be provided in the next annual report. As KBL EPB's risks are in the process of being integrated into the Group risk reporting systems (see above), some data will, for the time being, only concern KBC Bank and KBC Insurance. The data are based on non-audited management information.

¹ Macroeconomic risks include the equity, interest rate, currency, real estate, credit (confined to the investment portfolios), inflation and liquidity risks arising from:

- mismatches in the banking activities linked to the branch network's acquisition of working funds (demand accounts, savings accounts, savings certificates, etc.) and the use of those funds (via lending, among other things);
- mismatches in the insurance activities between obligations in the non-life and life businesses and the cover for these obligations present in the investment portfolios held for this purpose;
- the risks associated with holding an investment portfolio for the purpose of reinvesting shareholders' equity;
- the structural currency exposure stemming from the activities abroad (investments in foreign currency, results posted at branches or subsidiaries abroad, exchange risk linked to the mismatch between the insurer's obligations and its investments in foreign currency).

CREDIT RISK MANAGEMENT

Although quite a few transactions involve credit risk, 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 credits), standby credit and credit derivatives (granted by KBC Bank and KBL EPB and all their majority-held subsidiaries) 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.

The table also provides information on impaired and non-performing loans. On the bank's internal Probability of Default (PD) scale, impaired loans coincide with the worst loan classes, i.e. loans to clients with a PD of 10, 11 and 12. For these impaired loans, specific loan impairments are recorded. A portfolio-based impairment is additionally recognized on the 'still good' portfolio (a formula based on PD classes 8 and 9). The related loan loss ratio (for a definition, see the 'Glossary of ratios used'; note: negative figures indicate a net retrieval of loan loss impairments) is also given in the table. The (annualized) 9M 2005 loan loss ratio for Central Europe (in total 0.26%) can be broken down as follows: CSOB 0.21%, K&H Bank 0.72% and Kredyt Bank -0.28% (a net retrieval).

Loan portfolio snapshot (KBC Bank and KBL EPB)	31-12-2004 PRO FORMA	30-09-2005
Total loan portfolio (EUR bln)		
Amount granted	156.1	167.6
Amount outstanding	113.6	122.6
Total loan portfolio, by origin (as a % of the portfolio of credit granted)		
Network in Belgium	45.5%	44.0%
Network in Central Europe	14.6%	15.9%
Network in the rest of the world	39.9%	40.0%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	5.5%	5.6%
Electricity	2.9%	2.8%
Aviation	0.9%	0.7%
Automobile	3.4%	3.3%
Total loan portfolio, by country rating (as a % of the portfolio of credit granted)		
Investment grade countries (AAA - BBB)	99.2%	99.3%
Non-investment-grade countries (BB -D)	0.8%	0.7%
Total	100.0%	100.0%
Impaired loans (PD10+11+12; in EUR m or %)		
Specific loan impairments	2 612	2 675
Portfolio-based loan impairments ¹	169	326
Loan-loss ratio ²		
Network in Belgium	0.09%	-0.01%
Network in Central Europe	0.48%	0.26%
Network in the rest of the world	0.26%	0.00%
Total	0.20%	0.04%
Non-performing (NP) loans (PD11+12; in EUR m or %)		
Amount outstanding	3 333	3 448
Specific loan impairments for NP loans	2 109	2 157
Non-performing ratio		
Network in Belgium	2.5%	2.5%
Network in Central Europe	6.6%	5.1%
Network in the rest of the world	1.7%	2.1%
Total	2.9%	2.8%
Cover ratio		
Specific loan impairments for NP loans / outstanding NP loans	63.3%	62.5%
Specific & portfolio-based loan impairments for performing and NP loans / outstanding NP loans	83.6%	87.0%

Definition of ratios: see 'Glossary of ratios used'.

1 In 2004: provision for international credits and provision for country risks.

2 Negative figures: net retrieval of loan loss impairments. Figures 2004: as published in KBC's annual report (hence excluding KBL EPB and general provisions).

Non-performing loans are impaired loans (and corporate and bank bonds in the investment portfolio) for which principal repayments or interest payments are more than ninety days overdue. This coincides with loans to clients with a PD class 11 and 12. The table provides detailed information on non-performing loans, including the so-called 'non-performing ratio' and the 'cover ratio' (for a definition, see the 'Glossary of ratios used'). The latter ratio only takes into account the specific impairments for non-performing loans. If the specific impairments for still performing loans (PD 10) and the portfolio-based impairments are also taken into account (in the numerator), the cover ratio would amount to 87%.

As mentioned above, the loan portfolio clearly constitutes the main source of credit risk for the bank. However, a number of activities that are excluded from the credit portfolio figures also contain an element of credit risk:

- short-term commercial exposure: trade-related commitments, whose term does not surpass 2 years and for which the counterparty is a bank (such as confirmed or guaranteed documentary credits and documented pre-export financing and post-import financing). As at the end of September 2005, this exposure (100% weighted, excluding the portion covered by the Belgian Export Credit Agency, NDD)

amounted to 1.0 billion euros (the figure excludes KBL EPB).

- counterparty risk of interprofessional transactions: refers to placements (money market transactions) and the pre-settlement risk of derivatives (forex products, swaps, options etc.). As at the end of September 2005, this exposure (weighted as positive present value, plus add-on) came to 15.4 billion euros (figure excludes KBL EPB).
- Trading book securities and government bonds in the investment book (more details in the 'Consolidated Financial Statements', in the note on Securities).

Where the insurance business is concerned, credit risk exposure exists primarily in the investment portfolio (towards issuers of debt instruments) and towards reinsurance companies.

KBC's methodology for calculating country risk is explained on page 70 of the 2004 Annual Report.

The table below shows the result of this calculation for 30 September 2005. This calculation encompasses more than the loan portfolio, as it also includes (the country risk involved in) interprofessional transactions and short-term commercial transactions. On the other hand, transactions in local currency (and the whole euro zone) are excluded from the calculation, as they do not entail any transfer risk.

Country risk 30-09-2005 (in EUR m, KBC Bank and KBL EPB, excluding transactions in local currency)

	Total	Western Europe (excl. euro zone)	Central and Eastern Europe	Asia	North America	Middle East	Latin America	Africa	Oceania	International Institutions
Breakdown by type										
IFC 'B' loans	49	1	0	7	0	3	21	17	0	0
Performance risk loans	964	22	501	14	0	71	112	232	13	0
Other loans	13 677	2 813	6 407	1 951	1 502	391	277	162	120	54
Bonds and shares	5 204	1 646	940	509	1 215	122	320	19	198	236
Professional transactions (weighted risk)	11 238	8 451	534	1 060	734	114	130	29	81	106
Medium and long-term export finance	66	25	9	6	0	15	5	6	0	1
Short-term commercial transactions	924	11	99	264	11	452	40	33	0	15
Total	32 122	12 970	8 489	3 811	3 461	1 166	903	498	412	412
Breakdown by remaining maturity										
Maximum 1 year	15 490	8 186	2 170	2 659	1 121	525	374	116	217	122
More than 1 year	16 632	4 784	6 319	1 151	2 340	641	529	382	195	291
Total	32 122	12 970	8 489	3 811	3 461	1 166	903	498	412	412

ASSET/LIABILITY MANAGEMENT

The table shows - for the banking business - the extent to which the value of the portfolio would change (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, KBC Nederland, ČSOB, K&H Bank and Kredyt Bank. KBL EPB is in the process of being integrated in the ALM methodology (as of September). The BPV exposure of KBL EPB (hence not yet included in the table below) currently amounts to 1.3 million euros.

In 3Q 2005, the average BPV of the transformation position remained relatively stable in comparison to 2Q 2005. At the end of September however, the BPV rose to 12.8 m euros, due to additional long-term bond investments.

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

ALM risk KBC Bank (EUR m)	Banking book
	BPV
Average 1Q 2004	18
Average 2Q 2004	14
Average 3Q 2004	6
Average 4Q 2004	8
Average 1Q 2005	9
Average 2Q 2005	2
Average 3Q 2005	2
30-09-2005	13
Maximum in 9M 2005	13
Minimum in 9M 2005	-1

Investment portfolio KBC Insurance (EUR m)	book value		market value	
	31-12-2004 pro forma	30-09-2005	31-12-2004 pro forma	30-09-2005
Breakdown into asset type				
Securities	13 397	16 762	14 300	17 059
Bonds and alike	10 409	12 700	11 036	12 997
Held-to-maturity	-	2 690	-	2 988
Available-for-sale	-	8 822	-	8 822
At fair value through profit and loss	-	1 188	-	1 188
Shares and alike	2 988	4 062	3 264	4 062
Available-for-sale	-	3 907	-	3 907
At fair value through profit and loss	-	155	-	155
Loans and advances to customers	140	133	140	133
Loans and advances to banks	193	308	193	308
Property and equipment and investment property	297	283	419	388
Investments in associated companies	102	3	193	3
Other assets	120	130	125	130
Investments, unit-linked	3 931	5 609	3 931	5 609
Total	18 180	23 229	19 300	23 631

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures.

MARKET RISK MANAGEMENT

KBC Bank has a number of money and capital market dealing rooms in Western and Central Europe, the United States and the Far East, though the dealing room in Brussels accounts for the lion's share of the limits and risks. The dealing rooms abroad focus primarily on providing customer service in money and capital market products, funding local bank activities and engaging in limited trading for own account in local niches. All of the dealing rooms focus on trading in interest rate instruments, and activity on the forex markets has traditionally been limited.

Through its specialized subsidiaries KBC Securities, KBC Peel Hunt, Patria Finance and KBC Financial Products, the group also engages in trading in equities and their derivatives, such as options and convertible bonds.

Via KBC Financial Products, the bank is also involved in trading in credit derivatives and in managing and providing services relating to hedge funds and launching and managing other instruments, including Collateralized Debt Obligations (CDOs). Neither the bank nor its subsidiaries are active in the commodities markets.

The table shows the Value-at-Risk (99% confidence interval, ten-day holding period) for the bank's dealing rooms on the money and capital markets, based on historical simulation. The results of scenario analysis are given for KBC Financial Products.

KBL EPB's market risks are not yet included in the figures.

Market risk (EUR m)	Interest rate activities	Forex activities	KBC Financial Products
	VAR	VAR	scenario analysis
Average 1Q 2004	17	2	34
Average 2Q 2004	17	2	42
Average 3Q 2004	18	1	44
Average 4Q 2004	18	1	29
Average 1Q 2005	13	1	27
Average 2Q 2005	11	1	20
Average 3Q 2005	10	1	22
30-09-2005	11	1	27
Maximum in 9M 2005	26	5	60
Minimum in 9M 2005	7	0	8

CONSOLIDATED FINANCIAL STATEMENTS

KBC GROUP

CONSOLIDATED INCOME STATEMENT

EUR m	9M2004 PRO FORMA	9M2005
Net interest income	2 871	3 251
Gross earned premiums (see note 5)	3 580	2 516
Dividend income	184	194
Net gains from financial instruments at fair value	538	348
Net realised gains from available-for-sale assets	346	314
Net fee and commission income	1 004	1 290
Net post-tax income from discontinued operations	0	0
Other income	347	444
GROSS INCOME	8 870	8 359
Operating expenses (see note 6)	- 3 520	- 3 490
Impairment	- 286	- 54
on loans and receivables	- 122	- 39
on available-for-sale assets	- 148	- 3
on goodwill	- 2	- 10
on other	- 14	- 2
Gross technical charges, insurance	- 3 179	- 2 161
Ceded reinsurance result	- 39	- 44
Share in results of associated companies	- 5	14
PROFIT BEFORE TAX	1 841	2 626
Income tax expense	- 503	- 677
PROFIT AFTER TAX	1 339	1 949
Minority interests	- 163	- 153
NET PROFIT - GROUP SHARE	1 175	1 796
Earnings per share (in EUR)		
Basic	3.26	5.01
Diluted	3.18	4.90

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

Quarterly consolidated income statement figures (for the third quarter of 2004 and the second and third quarter of 2005) are provided in the 'Group Results' section, in the table on page 6 of this report.

CONSOLIDATED BALANCE SHEET

ASSETS (EUR m)	Note	31-12-2004 PRO FORMA	30-09-2005
Cash and balances with central banks		1 553	1 742
Treasury bills and other bills eligible for rediscounting with central banks		8 078	2 673
Loans and advances to banks		38 463	50 961
Loans and advances to customers	8,9	111 177	112 712
Securities	10	98 862	117 289
Derivative financial instruments	11	15 376	19 046
Investment property		169	202
Reinsurers' share in technical provisions, insurance		258	297
Accrued income		3 504	3 079
Other assets		2 435	2 315
Tax assets		671	585
Non-current assets held for sale		0	0
Investments in associated companies		1 228	1 087
Goodwill and other intangible fixed assets		1 086	1 428
Property and equipment		2 300	2 353
TOTAL ASSETS		285 163	315 769

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

LIABILITIES (EUR m)	Note	31-12-2004 PRO FORMA	30-09-2005
Deposits from banks		55 083	58 291
Deposits from customers and debt securities	12	157 712	169 711
Derivative financial instruments	11	17 728	24 295
Gross technical provisions	13	13 259	14 333
Liabilities under investment contracts	14	3 931	5 501
Accrued expense		2 743	3 473
Other liabilities		12 588	14 932
Tax liabilities		672	1 054
Non-current liabilities held for sale		0	0
Provisions for risks and charges		580	569
Subordinated liabilities		6 768	6 689
TOTAL LIABILITIES		271 064	298 847
Total Equity		14 099	16 922
Parent shareholders' equity	15	12 328	15 227
Minority interest		1 771	1 694
TOTAL LIABILITIES AND EQUITY		285 163	315 769

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR m	Issued and paid up share capital	Share premium	Treasury shares	Revaluation reserve (AFS-investments)	Hedging reserve (cash flow hedges)	Reserves	Translation differences	Parent shareholders' equity	Minority interest	Total Equity
30-09-2004 PRO FORMA										
Balance at the beginning of the year	1 233	4 124	0	0	0	5 902	0	11 259	1 839	13 098
Capital increase	0	0	0	0	0	0	0	0	0	0
Net profit for the period	0	0	0	0	0	1 175	0	1 175	0	1 175
Dividends	0	0	0	0	0	- 458	0	- 458	0	- 458
Other	0	0	0	0	0	- 27	- 28	- 55	- 161	- 216
Total change	0	0	0	0	0	690	- 28	663	- 161	501
Balance at the end of the period	1 233	4 124	0	0	0	6 592	- 28	11 921	1 678	13 599
30-09-2005										
Balance at the beginning of the year	1 234	4 130	0	0	0	7 002	- 38	12 328	1 771	14 099
First-time application IAS32/39 and IFRS4 on 01-01-2005	0	185	- 340	1 131	9	- 177	0	808	0	808
Capital increase	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	- 118	0	0	127	0	9	0	9
Net profit for the period	0	0	0	0	0	1 796	0	1 796	0	1 796
Dividends	0	0	0	0	0	- 661	0	- 661	0	- 661
Other	0	0	0	777	20	11	138	946	- 77	869
Total change	0	185	- 458	1 908	29	1 097	138	2 898	- 77	2 822
Balance at the end of the period	1 234	4 315	- 458	1 908	29	8 099	100	15 227	1 694	16 922
of which revaluation reserve for shares				1 154						
of which revaluation reserve for bonds				754						
of which revaluation reserve for other assets than bonds and shares				0						

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

As is the case under Belgian GAAP, cash flows from operating activities are reported using the indirect method under IFRS too. The main reclassifications between the different types of cash flow (operating, financing and investing activities), compared to the methodology used under Belgian GAAP, are:

- purchase of and the proceeds from repayment of held-to-maturity securities: investing activities under IFRS (operating activities under Belgian GAAP)
- purchase and sale of treasury shares: financing activities under IFRS (operating activities under Belgian GAAP).

EUR m	9M2004 PRO FORMA	9M2005
Net cash from (used in) operating activities	- 4 349	- 6 200
Net cash from (used in) investing activities	159	- 1 295
Net cash flows from (used in) financing activities	17	2 232
Net increase/(decrease) in cash and cash equivalents	- 4 173	- 5 263
Cash and cash equivalents at the beginning of the year	13 853	10 874
Effects of exchange rate changes on opening cash and cash equivalents	29	313
Cash and cash equivalents at the end of the period	9 708	5 924

N.B.: the reference figures are not fully comparable with the current period figures, since IAS32/39 and IFRS4 are only applied for the current period, without restatement of the reference figures.

NOTES

Provided here is a limited selection of the notes to the accounts that will appear in the 2005 Annual Report.

1 Statement of compliance

The interim financial statements were authorized for issue on 24 November 2005 by the Board of Directors of KBC Group.

KBC Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') approved by the EU, and with the Royal Decree of 13 February 1996 on the consolidated annual accounts of insurance and reinsurance companies (for insurance activities not subject to IFRS4 – phase 1). They are presented in accordance with IAS34 'Interim Financial Reporting'.

The consolidated financial statements of KBC Group present one year of comparative information. As allowed under the IFRS1 exemption, this comparative information does not however comply with IAS32, IAS39 and IFRS4. Belgian GAAP rules apply to the comparative figures for financial instruments and insurance contracts.

The Group qualifies as a first-time adopter of IFRS in 2005. The adjustments stemming from the first-time adoption of IFRS are reflected in the opening balance sheet at 1 January 2004, except for items related to IAS32/39 and IFRS4 (in the opening balance sheet at 1 January 2005).

In conformity with IFRS1, the following exceptions were made to the general principle that the opening balance sheet needs to comply with each IFRS:

- Business combinations before 1 January 2004 are not restated;
- All cumulative actuarial gains and losses on all defined benefit plans are recognized in equity at 1 January 2004, although the corridor approach is used afterwards;
- Cumulative translation differences per 1 January 2004 are deemed to be zero;
- Share-based payment transactions before 7 November 2002 are not restated.

Reference figures are shown *pro forma*, meaning that they were drawn up to reflect the merger between KBC Bank and Insurance Holding Company (the 'old KBC') and Almanij. Profit and loss are calculated as if the merger had taken place on 1 January 2004. Pro forma figures for the KBC Group are based on the balance sheet and profit and loss account of Almanij for 2004. Minority interests in KBC have been transferred to the group share.

2 Accounting principles

A summary of the main accounting principles is provided in the 1Q 2005 Quarterly Report of KBC Group, which is available on KBC's website (www.kbc.com).

In the second and third quarter of 2005, no changes in content were made in the accounting principles that had a material impact on the results. The IFRS recognition and measurement principles, including the impact of the first-time application of IAS32/39 and IFRS4 on the opening balance sheet on 01-01-2005, as mentioned in the interim reports of KBC Group, are not yet definite and may undergo a change when the first full-year 2005 IFRS consolidated financial statements will be prepared.

Exchange rates

Main currencies	Exchange rate as at 30-09-2005		Exchange rate average in 9M 2005	
	1 EUR = ... CURRE	Change versus 31-12-2004 (positive: appreciation versus EUR) (negative: depreciation versus EUR)	1 EUR = ... CURRE	Change versus avg 9M 2004 (positive: appreciation versus EUR) (negative: depreciation versus EUR)
USD (USA)	1.204	13%	1.264	-3%
GBP (UK)	0.682	3%	0.685	-2%
CZK (Czech Rep.)	29.55	3%	30.05	7%
SKK (Slovakia)	38.79	0%	38.68	4%
HUF (Hungary)	249.61	-1%	247.25	2%
PLN (Poland)	3.92	4%	4.07	14%

3 Reconciliation of Belgian GAAP - IFRS

EUR m

A: Reconciliation BGAAP - IFRS excluding IAS32/39 and IFRS4

Below, the net profit (3Q 2004, 9M 2004 and FY 2004) and equity (opening balance as at 01-01-2004, 30-09-2004 and 31-12-2004) figure under IFRS (excluding IAS32/39 and IFRS4) is reconciled with the comparable figure under Belgian GAAP.

Profit	3Q2004	9M2004 PRO FORMA	FY 2004 PRO FORMA
Profit - group share according to Belgian GAAP	364	1 213	1 682
Depreciation of goodwill	23	69	89
Employee benefits	-1	-24	-35
Tangible - Intangible fixed assets	5	14	3
Provisions for risks and charges	-2	-81	-97
Leasing	-1	-2	0
Deferred taxes	-18	0	2
Other	-5	-14	-30
Profit - group share according to IFRS (excl. IAS 32/39 and IFRS4)	365	1 175	1 615
Parent shareholders' equity	01-01-2004 PRO FORMA	30-09-2004 PRO FORMA	31-12-2004 PRO FORMA
Parent shareholders' equity according to Belgian GAAP	11 005	12 125	11 902
Employee benefits	-414	-438	-450
Tangible - Intangible fixed assets	78	92	81
Provisions for other risks and charges	111	30	14
Deferred taxes	7	7	11
Leasing	8	6	9
Goodwill	-9	60	80
Profit appropriation	458	0	674
Other	15	39	7
Parent shareholders' equity according to IFRS (excl. IAS 32/39 and IFRS4)	11 259	11 921	12 328
B: Reconciliation IFRS excluding IAS32/39 and IFRS4 - IFRS including IAS32/39 and IFRS 4			
Below, the equity figure (as at 31-12-2004) under IFRS excluding IAS32/39 and IFRS4 is reconciled with the comparable figure under IFRS including IAS32/39 and IFRS4. Furthermore, for the selection of balance sheet items, figures excluding and including IAS32/39 and IFRS4 adjustments are provided.			
Parent shareholders' equity	31-12-2004 PRO FORMA		
Parent Shareholders' equity according to IFRS, excl. IAS32/39 and IFRS4	12 328		
Treasury shares	-292		
Allocation of mandatory convertible bonds to equity	185		
Credit provisioning	-311		
Effective yield (capitalisation of transaction costs)	-11		
Impairment on shares (insurance business)	-139		
Other fair valuing of financial instruments	1 508		
IFRS 4 (mainly equalization reserve)	186		
Deferred tax	-277		
Minority interest on items above	-41		
Parent shareholders' equity according to IFRS	13 136		
Selected balance sheet items	31-12-2004 PRO FORMA excl. IAS32/39 and IFRS4	31-12-2004 PRO FORMA incl. IAS32/39 and IFRS4	explanation of main differences (ref. to text below)
Loans and advances to customers	111 177	110 692	j
Securities	98 862	100 578	h, l
Derivative financial instruments (assets)	15 376	17 324	l
Derivative financial instruments (liabilities)	17 728	20 524	l
Gross technical provisions	13 259	13 068	m
Parent shareholders' equity	12 328	13 136	see above

A summary is provided below of the main differences in accounting and valuation principles between the IFRS and Belgian GAAP.

Main differences between IFRS and Belgian GAAP (excluding IAS32, IAS39 and IFRS4)

- a Amortization of goodwill
Goodwill cannot be amortized under IFRS 3. An impairment test has to be performed annually, even if there is no indication of impairment. Under the Belgian GAAP, goodwill is amortized. An impairment loss is recognized if there is any lasting impairment.
- b Employee Benefits
Obligations under defined benefit plans are calculated using the projected-unit-credit method. The calculation takes into account different assumptions concerning inflation, increases in pay and pensions, etc. Future cash outflows are discounted using the long-term interest rate. Any excess or deficit pension obligations have to be recognized on the balance sheet. Belgian GAAP does not lay down detailed rules about calculating long-term pension commitments. Excess or deficit pension obligations are not recognized on the balance sheet.
- c Tangible – intangible fixed assets
Intangible assets (such as software) developed in-house should be recognized as assets if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and if the cost of the assets can be measured reliably. Internal software development costs are capitalized under IFRS, whereas they are recorded as a cost under Belgian GAAP.
- d Provisions for risks and charges
Provisions can only be recognized pursuant to IAS37 when an enterprise has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Belgian GAAP rules do not require a present obligation to recognize provisions: they can be recognized to cover clearly defined future losses or costs that are probable or certain at balance sheet date but the amount of which cannot be determined exactly. Therefore, certain provisions recognized under Belgian GAAP cannot be maintained under IFRS.
- e Leasing
As in the Belgian GAAP, IAS17 makes a distinction between finance leases and operating leases. A lease is considered to be a finance lease for IFRS purposes, if it transfers substantially all the risks and rewards relating to the underlying asset to the lessee. All other leases are considered as operating leases. Given the broader criteria under IAS17 for considering a lease to be a finance lease, many of the leases currently recognized as operating leases will be reclassified as finance leases. Operating leases are presented

as rentals in the financial statements, while finance leases are treated as loans.

f Deferred taxes

IAS12 requires recognition of all deferred tax liabilities due to taxable temporary differences. Deferred tax assets can be recognized for the carryforward of unused tax losses and unused tax credits if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Under Belgian GAAP, deferred tax assets and liabilities can be booked under specific circumstances.

g Other changes

A significant change relates to the scope of consolidation: all entities controlled by KBC or in which KBC has significant influence should be included in the scope of consolidation pursuant to IAS27, IAS28 and SIC12 (when they exceed the materiality limits). Therefore, special purpose entities, certain venture capital companies and certain investment property companies should be included in the scope of consolidation. Under Belgian GAAP, special purpose entities or entities to be sold in the future are not included in the scope of consolidation.

Another significant change relates to profit appropriation: under IFRS, equity is presented before profit appropriation, whereas under Belgian GAAP, equity is presented after profit appropriation.

Main differences between IFRS and Belgian GAAP, where IAS32, IAS39 and IFRS4 are concerned

h Treasury shares

Treasury shares have to be deducted from equity under IFRS. Treasury share derivatives have to be reported in equity as well. Treasury shares are classified as either trading assets or investments under Belgian GAAP depending on the enterprise's intention at acquisition. Any results from treasury shares are reported directly in equity under IFRS instead of in net profit or loss for the financial year.

i Allocation of mandatorily convertible bonds to equity

IAS32 requires a clear distinction to be made between equity instruments and debt instruments on the basis of several criteria. Certain financial instruments that are considered to be debt instruments under Belgian GAAP (such as mandatorily convertible bonds) are classified as equity instruments under IFRS. Any results from these financial instruments are reported directly in equity instead of net profit or loss for the financial year.

j Credit provisioning

Specific as well as portfolio-based provisions can be recognized under IAS39 if there is any indication of impairment at the balance-sheet date. Any indications of impairment have to be assessed on an individual basis for all significant loans. Loans for which there is no indication of

impairment on an individual level have to be included in a portfolio of loans with similar risk characteristics and impairment then has to be assessed on a portfolio basis.

A specific loan loss provision has to be calculated as the difference between a loan's carrying value and its recoverable amount (i.e. the present value of estimated future cash flows). Under Belgian GAAP, no discount factor is taken into account to calculate specific loan loss provisions. Furthermore, Belgian GAAP does not require portfolio-based provisions to be recognized on the same basis as IAS39.

k Effective yield

When calculating the amortized cost of financial instruments, the effective interest method must be applied under IFRS. The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity or the next market-based repricing date to the current net carrying amount of the financial asset or financial liability. That computation should include all fees, transaction costs and points paid or received between parties to the contract. The main difference with Belgian GAAP is the fact that commissions paid to brokers for the distribution of financial instruments are included in the effective yield under IFRS and taken directly to profit and loss under Belgian GAAP.

l Fair value of financial instruments

Fixed-income securities – investment portfolio

IAS39 makes a distinction between held-to-maturity (HTM) investments and available-for-sale (AFS) investments. Furthermore, under IAS39, any financial asset can be designated as being at 'fair value through profit or loss' (FIFV). HTM investments are measured at amortized cost. AFS and FIFV investments are measured at fair value. Fair value changes in AFS investments are reported in equity until the disposal or impairment of the investments, in which case the cumulative revaluation result will be reported in net profit or loss. Fair value changes in FIFV investments are reported in net profit or loss.

Under Belgian GAAP, no such distinction exists in the investment portfolio. Fixed-income investments in the investment portfolio are measured at amortized cost.

Shares – investment portfolio

Shares in the investment portfolio can be designated as being at fair value through profit or

loss (FIFV) or available-for-sale (AFS) investments and both are measured at fair value. Unrealized gains or losses on AFS shares are reported in equity until the disposal or impairment of the shares, in which case the cumulative revaluation result will be reported in net profit or loss for the financial year. Unrealized gains or losses on FIFV shares are reported in net profit or loss for the financial year.

Under Belgian GAAP, shares in the banking investment portfolio are measured at cost unless their market value at balance sheet date is lower, in which case they are measured at market value (LoCoM principle). Shares in the insurance investment portfolio are reported at cost. Impairment losses are recognized on the basis of specific impairment rules. The impairment rules used for Belgian GAAP reporting differ significantly from the impairment rules under IAS39.

Derivatives not held for trading purposes

IAS39 presumes that all derivatives are trading derivatives unless they are designated and effective hedging instruments. IAS39 requires hedging derivatives to be measured at fair value. Resulting fair value changes have to be reported in net profit or loss for fair value hedges or in equity for cash flow hedges.

Under Belgian GAAP, these derivatives are measured at cost.

m IFRS 4

Equalization reserves: IFRS 4 prohibits provisions for possible claims under contracts that are not in existence at the reporting date (such as the equalization reserve), which are allowed under Belgian GAAP.

IFRS 4 makes a distinction between insurance contracts and investment contracts with DPF (Discretionary Participation Feature) and without DPF, whereas Belgian GAAP does not. Insurance contracts and investment contracts with DPF will continue to be recognized according to Belgian GAAP rules. However, investment contracts without DPF are measured using deposit accounting rules under IFRS32 and IFRS39.

Liability adequacy test: in addition to Belgian GAAP, the adequacy of debts regarding insurance contracts or investment contracts with DPF have to be measured using the liability adequacy test. Any deficit needs to be recognized immediately in profit and loss.

4a Segment reporting by business segment

For a definition of each business segment, please see 'Results per business segment'.

EUR m	Banking	Insurance	Asset Man- agement	KBL European Private Bankers	Gevaert	Holding Company Activities	Inter- segment elim- inations	KBC Group
INCOME STATEMENT 9M2004 (PRO FORMA)								
Net interest income	2 448	332	1	146	- 15	- 42	0	2 871
Gross earned premium	0	3 580	0	0	0	0	0	3 580
Dividend income	80	76	4	8	5	12	0	184
Net gains from financial instruments at fair value	483	4	5	45	2	0	0	538
Net realised gains from available-for-sale assets	231	72	3	33	6	1	0	346
Net fee and commission income	737	- 255	248	273	0	0	2	1 004
Net post-tax income from discontinued operations	0	0	0	0	0	0	0	0
Other income	175	65	2	33	85	346	- 359	347
GROSS INCOME	4 153	3 875	262	537	83	318	- 356	8 870
Operating expenses	- 2 653	- 376	- 41	- 396	- 66	- 344	356	- 3 520
Impairment	- 140	- 191	2	35	7	0	0	- 286
on loans and receivables	- 134	- 1	0	13	0	0	0	- 122
on available-for-sale assets	8	- 190	2	24	7	0	0	- 148
on goodwill	0	0	0	- 2	0	0	0	- 2
on other	- 14	0	0	0	0	0	0	- 14
Gross technical charges	0	- 3 179	0	0	0	0	0	- 3 179
Ceded reinsurance result	0	- 39	0	0	0	0	0	- 39
Share in results of associated companies	32	18	0	1	- 56	0	0	- 5
PROFIT BEFORE TAX	1 392	107	223	178	- 32	- 27	0	1 841
Income tax expense	- 318	- 70	- 61	- 45	- 4	- 6	0	- 503
PROFIT AFTER TAX	1 074	38	162	133	- 36	- 32	0	1 339
Minority interests	- 129	- 5	0	- 29	0	0	0	- 163
NET PROFIT - GROUP SHARE	945	33	162	104	- 36	- 32	0	1 175
INCOME STATEMENT 9M2005								
Net interest income	2 740	407	5	144	1	- 43	- 3	3 251
Gross earned premium	0	2 516	0	0	0	0	0	2 516
Dividend income	86	96	0	10	3	0	0	194
Net gains from financial instruments at fair value	237	13	15	57	26	0	0	348
Net realised gains from available-for-sale assets	75	173	1	28	37	0	0	314
Net fee and commission income	898	- 213	289	320	0	- 2	- 3	1 290
Net post-tax income from discontinued operations	0	0	0	0	0	0	0	0
Other income	303	47	3	40	55	335	- 339	444
GROSS INCOME	4 340	3 041	313	598	122	290	- 345	8 359
Operating expenses	- 2 563	- 379	- 45	- 433	- 54	- 361	345	- 3 490
Impairment	- 41	- 12	0	6	- 7	0	0	- 54
on loans and receivables	- 37	0	0	- 2	0	0	0	- 39
on available-for-sale assets	- 2	- 10	0	9	1	0	0	- 3
on goodwill	0	- 1	0	- 1	- 8	0	0	- 10
on other	- 2	0	0	0	0	0	0	- 2
Gross technical charges	0	- 2 161	0	0	0	0	0	- 2 161
Ceded reinsurance result	0	- 44	0	0	0	0	0	- 44
Share in results of associated companies	26	0	0	3	- 15	0	0	14
PROFIT BEFORE TAX	1 762	445	268	174	46	- 71	0	2 626
Income tax expense	- 454	- 94	- 68	- 35	- 22	- 3	0	- 677
PROFIT AFTER TAX	1 308	351	200	138	24	- 73	0	1 949
Minority interests	- 162	15	0	- 5	0	0	0	- 153
NET PROFIT - GROUP SHARE	1 146	366	200	133	24	- 73	0	1 796
BALANCE SHEET 31-12-2004 (PRO FORMA)								
Total assets	231 126	19 562	623	31 713	1 551	588		285 163
Total liabilities	220 975	17 887	88	30 607	252	1 255		271 064
BALANCE SHEET 30-09-2005								
Total assets	259 180	24 477	721	29 702	1 011	678		315 769
Total liabilities	246 740	20 927	66	29 504	210	1 398		298 847

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

4b Segment reporting by geographic segment

The geographic segmentation is based on the location where the services are rendered. In other words, for the balance sheet, the location of the branch or subsidiary determines in which segment it is included. Since at least 95% of the customers are local customers, this principle is also observed in the geographical segmentation of the income statement.

More detailed geographic segmentation figures for balance sheet items are provided in the various notes to the balance sheet. These breakdowns are based on the geographic location of the counterparty.

EUR m	Belgium	Central Europe	Rest of the world	Inter-segment eliminations	KBC Group
9M2004 (PRO FORMA)					
Gross income	5 452	1 716	1 702	0	8 870
31/12/2004 (PRO FORMA)					
Total assets	168 028	30 043	87 092	0	285 163
Total liabilities	153 802	29 199	88 063	0	271 064
9M2005					
Gross income	4 551	2 030	1 779	0	8 359
30/09/2005					
Total assets	182 694	35 654	97 421	0	315 769
Total liabilities	167 023	34 298	97 526	0	298 847

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

5 Technical accounts, insurance

The technical accounts as presented below differ from the presentation of the consolidated income statement of the KBC Group. The main differences are:

- a breakdown is provided in insurance contracts (life versus non-life), investment contracts (with DPF versus without 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. In the group income

statement, the investment income is broken down into the various P/L lines (net interest income, dividend income, net gains from financial instruments at fair value, net realised gains from available-for-sale assets, net fee and commission income and other income).

Note: IFRS4 has only been applied as of 2005, which explains why no figures regarding 'Investment contracts' are given for the 2004 reference period.

EUR m	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
9M2004 (PRO FORMA)							
Gross earned premiums	2 426	1 154	3 580	-	-	0	3 580
Gross technical charges	- 2 583	- 741	- 3 324	-	-	0	- 3 324
Gross claims paid	- 937	- 596	- 1 533	-	-	0	- 1 533
Gross provision for claims outstanding	- 4	- 103	- 107	-	-	0	- 107
Bonuses and rebates	4	0	4	-	-	0	4
Other technical provisions	- 1 647	- 5	- 1 652	-	-	0	- 1 652
Other technical income and charges	1	- 36	- 36	-	-	0	- 36
Investment income and charges	352	49	401	-	-	- 24	377
Investment income	0	0	0	-	-	600	600
Value adjustments	86	0	86	-	-	0	86
Investment charges	0	0	0	-	-	- 313	- 313
Other income and charges (non-technical)	0	0	0	-	-	3	3
Allocation to the technical accounts	266	49	315	-	-	- 315	0
General administrative expenses	- 136	- 370	- 505	-	-	0	- 505
Net acquisition costs	- 106	- 281	- 387	-	-	0	- 387
Administrative expenses	- 30	- 88	- 118	-	-	0	- 118
Impairment of goodwill	0	0	0	-	-	0	0
Share in results of associated companies	0	0	0	-	-	18	18
Ceded reinsurance result	- 2	- 35	- 37	-	-	- 2	- 39
Technical charges	2	39	41	-	-	0	41
Fee and commission expense	0	15	15	-	-	0	15
Interest expense deposits from reinsurers	0	0	0	-	-	- 2	- 2
Earned premiums	- 4	- 89	- 93	-	-	0	- 93
PROFIT BEFORE TAX	58	58	116	-	-	- 9	107
9M2005							
Gross earned premiums	456	1 231	1 687	829	0	0	2 516
Gross technical charges	- 465	- 791	- 1 256	- 976	- 366	0	- 2 598
Gross claims paid	- 304	- 618	- 922	- 175	- 1	0	- 1 098
Gross provision for claims outstanding	7	- 146	- 139	15	0	0	- 125
Bonuses and rebates	0	0	0	- 3	0	0	- 3
Other technical provisions	- 168	- 8	- 176	- 814	- 423	0	- 1 413
Other technical income and charges	1	- 19	- 18	1	58	0	40
Investment income and charges	236	148	384	185	432	120	1 120
Investment income	0	0	0	0	0	813	813
Value adjustments	0	0	0	0	432	0	432
Investment charges	0	0	0	0	0	- 126	- 126
Other income and charges (non-technical)	0	0	0	0	0	1	1
Allocation to the technical accounts	236	148	384	185	0	- 568	0
General administrative expenses	- 94	- 382	- 476	- 34	- 39	0	- 549
Net acquisition costs	- 68	- 284	- 352	- 28	- 37	0	- 417
Administrative expenses	- 25	- 99	- 124	- 7	- 1	0	- 132
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	- 39	- 41	0	0	- 3	- 44
Technical charges	2	34	35	0	0	0	35
Fee and commission expense	1	12	12	0	0	0	12
Interest expense deposits from reinsurers	0	0	0	0	0	- 3	- 3
Earned premiums	- 4	- 85	- 88	0	0	0	- 88
PROFIT BEFORE TAX	132	166	298	4	28	116	445

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

6 Operating expenses

Operating expenses include staff costs, depreciation and amortization on fixed assets, changes in the provisions for risks and charges and general administrative expenses. The latter include repair

and maintenance expenses, publicity expenses, rent, professional fees, various (non-income) taxes and utilities.

EUR m	9M2004 PRO FORMA	9M2005
Total	- 3 520	- 3 490
Staff expenses	- 2 032	- 2 001
General administrative expenses	- 1 177	- 1 150
Depreciation and amortization of fixed assets	- 305	- 283
Provisions for risks and charges	- 7	- 55

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

7 Classification of financial instruments

Financial instruments are classified into a number of categories.

Assets are grouped into the following portfolios: loans and receivables (L&R), held-to-maturity (HTM), available-for-sale (AFS), held-for-trading (HFT) and 'other financial instruments at fair value' (FIFV).

Liabilities are classified as follows: held-for-trading (Trading), 'other financial instruments at fair value' (FIFV) and other liabilities (Funding).

As IAS32/39 and IFRS4 have only been applied from 1 January 2005, no reference figures for 2004 have been provided regarding the breakdown of financial instruments into the various portfolios.

Fair value: when available, published price quotations (from dealers, brokers, industry groups, pricing services or regulatory agencies) in well established active markets are used to determine the fair value of financial assets or financial liabilities.

Otherwise, fair value will be obtained :

- by reference to recent 'at arm's length' market transactions between knowledgeable, willing parties.

- by using a valuation technique (discounted cash flow analysis and option pricing techniques). The valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies used for pricing financial instruments.
- by using the European Venture Capital Association (EVCA) rules for private equity.

Market value adjustments are recognized on all positions that are measured at fair value, with fair value changes being reported in net profit or loss, to cover close-out costs, adjustments for less liquid positions or markets, mark-to-model linked valuation adjustments, counterparty exposures, liquidity management and operations-related costs.

Note: classification of liabilities under investment contracts: IFRS4 'insurance contracts' refers to IAS39 for the accounting treatment of (unbundled) deposit components (= financial liability that does not include a discretionary participation feature). Despite the 'IAS39 carve-outs' made by the European commission stating that the fair value option can only be used for financial assets, the European Insurance Accounts Directive allows a fair value measurement through profit and loss for these liabilities.

EUR m

ASSETS	L&R	HTM	AFS	HFT (*)	FIFV	Total
31-12-2004 PRO FORMA						
Cash and balances with central banks	-	-	-	-	-	1 553
Treasury bills and other bills eligible for rediscounting with central banks	-	-	-	-	-	8 078
Loans and advances to banks	-	-	-	-	-	38 463
Loans and advances to customers	-	-	-	-	-	111 177
Fixed-income securities	-	-	-	-	-	79 275
Equity instruments	-	-	-	-	-	19 587
Derivative financial instruments	-	-	-	-	-	15 376
30-09-2005						
Cash and balances with central banks	1 742	0	0	0	0	1 742
Treasury bills and other bills eligible for rediscounting with central banks	0	257	1 022	1 172	222	2 673
Loans and advances to banks	27 854	7	205	7 437	15 458	50 961
Loans and advances to customers	100 435	0	0	5 469	6 808	112 712
Fixed-income securities	1 859	9 724	33 405	19 609	21 192	85 788
Equity instruments	0	0	5 092	20 556	5 853	31 501
Derivative financial instruments	0	0	0	19 046	0	19 046
LIABILITIES	Funding	Trading (*)			FIFV	Total
31-12-2004 PRO FORMA						
Deposits from banks	-	-	-	-	-	55 083
Deposits from customers and debt securities	-	-	-	-	-	157 712
Derivative financial instruments	-	-	-	-	-	17 728
Liabilities under Investment contracts	-	-	-	-	-	3 931
30-09-2005						
Deposits from banks	53 209	5 082			0	58 291
Deposits from customers and debt securities	158 183	11 528			0	169 711
Derivative financial instruments	0	24 295			0	24 295
Liabilities under investment contracts	0	0			5 501	5 501

N.B.: the reference figures are not fully comparable with the current period figures, since IAS32/39 and IFRS4 are only applied for the current period, without restatement of the reference figures.

(*) Trading as well as hedging derivatives are classified as trading.

8 Loans and advances to customers

EUR m	31-12-2004 PRO FORMA	30-09-2005
Total	111 177	112 712
Geographic breakdown	111 177	112 712
Belgium	50 999	53 791
Central Europe	14 253	15 456
Rest of the World	45 925	43 465
Breakdown by type of credit	111 177	112 712
Discount and acceptance credit	359	420
Consumer credit	1 642	1 597
Mortgage loans	27 839	32 438
Term loans	65 081	60 322
Finance leasing	5 307	5 726
Current account advances	5 924	7 019
Advances on life assurance contracts	9	8
Other (including impairments)	5 015	5 181
of which: securitized	1 057	1 039
of which: repos	17 511	11 217
Quality		
Gross amount outstanding	113 860	115 648
Impairment for losses on loans and advances	- 2 683	- 2 936
Net amount outstanding	111 177	112 712

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

9 Impairment for loan losses

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 these non-performing loans by loan

loss impairments is provided in the 'Risk Management' section (this section is not part of the audited financial accounts).

EUR m	31-12-2004 PRO FORMA	30-09-2005
Total	2 786	3 009
Breakdown by type	2 786	3 009
Specific impairment, on-balance-sheet lending	2 529	2 627
Specific impairment, off-balance-sheet credit commitments	88	55
Portfolio-based impairments (in 2004: provision for international credits and provision for country risks).	169	326
Breakdown by counterpart	2 786	3 009
Impairment for loans and advances to banks	15	4
Impairment for loans and advances to customers	2 683	2 936
Off-balance-sheet credit commitments	88	69
Geographic breakdown	2 786	3 009
Belgium	937	1 111
Central Europe	1 052	1 096
Rest of the world	797	803

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

10 Securities

Securities can be classified as loans and receivables, held-to-maturity (HTM), available-for-sale (AFS), held-for-trading (HFT) or 'other financial

instruments at fair value' (FIFV). Securities classified as AFS, HFT and FIFV are measured at fair value. HTM securities are measured at amortized cost.

EUR m	31-12-2004 PRO FORMA	30-09-2005
Total	98 862	117 289
Geographic breakdown	98 862	117 289
Belgium	36 323	39 742
Central Europe	10 010	12 860
Rest of the World	52 530	64 687
Breakdown by type and counterpart	98 862	117 289
Fixed-income securities	78 797	85 788
Government bonds	42 421	52 404
Credit institutions	13 394	17 341
Other	22 983	16 042
Equity instruments	20 065	31 501
Shares	16 133	25 892
Investment contracts	3 931	5 609
Breakdown by portfolio	98 862	117 289
Fixed-income securities	79 275	85 788
Loans and receivables	-	1 859
Held-to-maturity	-	9 724
Available-for-sale	-	33 405
Held-for-trading	-	19 609
Other financial instruments at fair value	-	21 192
Equity instruments	19 587	31 501
Available-for-sale	-	5 092
Held-for-trading	-	20 556
Other financial instruments at fair value	-	5 853

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

11 Derivative financial instruments

Nearly all derivatives are designated as trading derivatives, as the Group does not apply hedge accounting on a large scale. Volatility is controlled

mainly by designating certain financial assets as other financial instruments at fair value (FIFV).

EUR m	31-12-2004 Notional amounts PRO FORMA	30-09-2005 Notional amounts
Breakdown by type	868 518	1 022 136
Interest rate contracts	648 543	749 728
Interest rate swaps	510 832	571 586
Forward rate agreements	22 174	33 841
Futures	31 997	56 956
Options	83 541	87 345
Foreign exchange contracts	117 731	163 421
Forward foreign exchange operations/Currency forwards	77 420	104 366
Currency and interest rate swaps	27 646	37 648
Futures	13	0
Options	12 652	21 406
Equity contracts	102 244	108 987
Forwards	0	0
Futures	0	55
Options	102 244	108 931

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

12 Deposits from customers and debt securities

EUR m	31-12-2004 PRO FORMA	30-09-2005
Total	157 712	169 711
Geographic breakdown	157 712	169 711
Belgium	69 404	67 784
Central Europe	22 948	27 983
Rest of the World	65 360	73 944
Breakdown by type	157 712	169 711
Demand deposits	29 700	33 238
Time deposits	47 218	48 394
Savings deposits	29 244	30 401
Special deposits	3 707	4 010
Other deposits	17 350	18 917
Savings certificates	4 700	3 738
Bonds	9 259	10 468
Certificates of deposit	16 535	20 544
of which repos	11 594	10 516

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

13 Gross technical provisions

Technical provisions relate to insurance contracts and investment contracts with DPF (Discretionary Participation Feature). Liabilities under investment contracts without DPF (see note 14) have to be

valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts.

EUR m	31-12-2004 PRO FORMA	30-09-2005
Gross technical provisions	13 259	14 333
Insurance contracts	13 259	8 038
Provisions for unearned premiums and unexpired risk	437	501
Life assurance provision	9 563	4 174
Provision for claims outstanding	2 912	3 101
Provision for bonuses and rebates	44	19
Provision for equalization	191	0
Other technical provisions	112	243
Investment contracts with DPF	-	6 295
Life assurance provision	-	6 268
Provision for claims outstanding	-	0
Provision for bonuses and rebates	-	27
Reinsurers' share	258	297
Insurance contracts	258	297
Provisions for unearned premiums and unexpired risk	23	32
Life assurance provision	7	7
Provision for claims outstanding	227	257
Provision for bonuses and rebates	0	0
Other technical provisions	1	0
Investment contracts with DPF	-	0
Life assurance provision	-	0
Provision for claims outstanding	-	0
Provision for bonuses and rebates	-	0

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

14 Liabilities under investment contracts

For comments, see Note 13.

EUR m	31-12-2004 PRO FORMA	30-09-2005
Total	3 931	5 501
Unit-linked	3 931	5 486
Insurance bond without death rider	0	0
Other	0	15

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures.
'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

15 Parent shareholders' equity

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

As at 30 September 2005, there were 366 428 046 ordinary shares in circulation.

All ordinary shares carry voting rights and each share represents one vote. No participation certificates or non-voting shares have been issued. The shares are quoted on Euronext Brussels and on the Luxemburg Stock Exchange. The par value per ordinary share (issued and paid up share capital per ordinary share) amounted to approx. 3.37 euros at 30 September 2005. There are no shares issued that have not been fully paid. There are no other restrictions attaching to the shares.

As regards authorized shares, the authorization to increase capital may be exercised until 17 June 2009 for an amount of 199 728 026 euros (which, based on the accounting par value of the shares as at the end of September 2005, may lead to the issue of maximum 59 266 476 new shares).

As at 30 September 2005, KBC Group companies held 8 903 525 KBC Group shares (8 500 710 excluding the shares held in the trading book of KBC Securities and KBC Financial Products), a large number of which (3 841 584) are held to meet

requirements under the various employee stock option plans.

As at 30 September 2005, there were 2 643 523 1998-2008 MCBs in circulation (for a nominal amount of 185 125 706 euros, with a maturity date of 30 November 2008 and with a base rate of 3.5% (as of 2000 related to the evolution of the dividend of 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 new KBC ordinary share for one MCB. MCBs which have not been contributed by their holders will be converted automatically into ordinary shares at maturity. MCBs only bear voting rights when converted into ordinary shares.

Note that the preferred redeemable trust securities (preference shares) are not included in parent shareholders' equity, but in minority interests.

Freely convertible bonds are also not taken into account in parent shareholders' equity: as at 30 September 2005, the maximum number of new KBC-shares to be issued should all freely convertible bonds be converted on or before their maturity date (10 December 2005), is 5 228 700.

in number of shares	31-12-2004 PRO FORMA	30-09-2005
Total number of shares issued and fully paid up	369 071 569	369 071 569
Ordinary shares	366 423 447	366 428 046
Other equity instruments	2 648 122	2 643 523
of which those that entitle the holder to a dividend payment	368 932 807	369 071 569
of which treasury shares	9 744 683	8 903 525

16a Solvency, banking (KBC Bank and KBL EPB combined, both consolidated)

The table below aggregates the solvency calculation for KBC Bank and KBL EPB. Separate calculations for KBC Bank and KBL EPB are available. Both solvency ratio calculations are based on local (i.e. Belgian and Luxemburg, respectively) GAAP principles.

On a statutory basis, KBC Bank group and KBL EPB group companies are subject to regulatory guidelines

imposed locally by the supervisory authorities in the various countries.

On a consolidated level, KBC Bank and KBL EPB are subject to the guidelines imposed by the Belgian regulatory authority (Belgian Banking, Finance and Insurance Commission) and by the Luxemburg regulatory authority (Commission de Surveillance du Secteur Financier), respectively.

EUR m	31-12-2004	30-09-2005
Regulatory capital, KBC Bank + KBL (after profit appropriation)	13 799	14 705
Tier-1 capital	10 629	10 826
Capital and reserves (for 9M2005: excluding profit)	9 136	9 146
Revaluation reserve	- 8	- 7
Fund for General Banking Risks	2	2
Formation expenses and intangible assets	- 123	- 111
Own shares	- 3	0
Goodwill on consolidation	- 445	- 421
Preference shares / Hybrid Tier One	1 578	1 608
Minority interests	492	609
Tier-2 capital	3 877	4 217
Revaluation reserve	8	7
Upper-Tier-2 instruments	1 269	1 308
Subordinated liabilities	2 600	2 901
Tier-3 capital	7	891
Items to be deducted	- 714	- 1 228
Total weighted risk volume	105 768	113 990
Credit risk, investment	95 741	101 564
Credit risk, trading	3 719	3 949
Interest rate risk, trading	4 337	5 923
Trading portfolio position in equities	1 445	1 622
Foreign exchange risk	526	931
Solvency ratios		
Tier-1 ratio	10.05%	9.50%
CAD ratio	13.05%	12.90%

16b Solvency, insurance (KBC Insurance, consolidated)

On a statutory basis, KBC Insurance group companies are subject to various regulatory guidelines imposed by the supervisory authorities in the various countries.

On a consolidated (KBC Insurance) level, KBC Insurance is subject to the guidelines imposed by the Belgian regulatory authority (Belgian Banking, Finance and Insurance Commission) for the year-end calculation, which is based on Belgian GAAP principles.

KBC Insurance however also makes an own IFRS-based calculation that takes into account equity as defined by the IFRS (inter alia including the revaluation reserve for AFS investments, but excluding unrealized gains on the HTM portfolio and on property). The table below provides this IFRS-based calculation.

EUR m	01-01-2005	30-09-2005
Share capital	29	29
Share premium account	122	122
Reserves	1 992	2 207
Revaluation reserve available-for-sale	636	1 256
Translation differences	20	25
Total group equity	2 798	3 638
Dividends payout, KBC insurance	- 156	- 279
Minority interests	64	73
Total capital and reserves	2 706	3 432
Subordinated debts	18	14
Total capital resources	2 723	3 446
Intangible fixed assets	- 204	- 182
Available capital	2 520	3 264
Non Life and industrial accident-legal lines	236	250
Annuities	7	8
Required solvency margin for the Non Life business	244	258
Branch 21	467	515
Branch 23	16	17
Required solvency margin for the Life business	482	532
Required solvency margin	726	790
Solvency ratio (%)	347.0%	413.1%
Solvency surplus (EUR m)	1 793	2 474

17 List of significant subsidiaries and associated companies

Company	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING			
Fully consolidated subsidiaries			
Antwerpse Diamantbank NV	Antwerp - BE	100.00	Credit institution
CBC Banque SA	Brussels - BE	100.00	Credit institution
CENTEA NV	Antwerp - BE	99.56	Credit institution
CSOB a.s.	Prague - CZ	89.97	Credit institution
Fin-Force NV	Brussels - BE	85.01	Processing financial transactions
IIB Bank Ltd.	Dublin - IE	100.00	Credit institution
KBC Bank NV	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	Bremen - GE	99.75	Credit institution
KBC Bank Funding LLC & Trust (group)	New York - USA	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	Amsterdam - NL	100.00	Clearing
KBC Finance Ireland	Dublin - IE	100.00	Lending
KBC Financial Products (group)	Various locations	100.00	Stock exchange broker / corporate finance
KBC Internationale Financieringsmaatschappij NV	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease NV (group)	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	London - UK	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV (ex-KBC Investco NV)	Antwerp - BE	100.00	Private equity
KBC Securities NV	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	Budapest - HU	59.47	Credit institution
Kredyt Bank SA	Warsaw - PL	85.53	Credit institution
Patria Finance a.s.	Prague - CZ	100.00	Stock exchange broker / corporate finance
Proportionally consolidated subsidiaries			
International Factors NV	Brussels - BE	50.00	Factoring
Orbay NV	Utrecht - NL	49.00	Administration of securities transactions
Associated companies			
Bank Card Company NV	Brussels - BE	21.55	Credit cards
Banksys NV	Brussels - BE	20.55	Credit cards
Nova Ljubljanska banka d.d.	Ljubljana - SL	34.00	Credit institution
INSURANCE			
Fully consolidated subsidiaries			
ADD NV	Heverlee - BE	100.00	Insurance company
K&H General Insurance (ex-Argosz Insurance Corporation Ltd.)	Budapest - HU	98.76	Insurance company
Assurisk SA	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	Pardubice - CZ	97.49	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	Bratislava - SK	87.30	Insurance company
Fidea NV	Antwerp - BE	100.00	Insurance company
K&H Életbiztosító Rt. (K&H Life)	Budapest - HU	79.73	Insurance company
KBC Verzekeringen NV	Heverlee - BE	100.00	Insurance company
Maatschappij voor Brandherv verzekering CV	Leuven - BE	90.55	Insurance company
Secura NV	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	Luxembourg - LU	100.00	Insurance company
VTB-VAB NV	Antwerp - BE	64.80	Car assistance
TUIR WARTA SA	Warsaw - PL	75.13	Insurance company
Proportionally consolidated subsidiaries			
NLB Vita d.d.	Ljubljana - SL	50.00	Insurance company
ASSET MANAGEMENT			
Fully consolidated subsidiaries			
KBC Asset Management NV	Brussels - BE	100.00	Asset Management
KBC Asset Management Ltd.	Dublin - IE	100.00	Asset Management

List continues on next page.

Continued

KBL EUROPEAN PRIVATE BANKERS			
Fully consolidated subsidiaries			
Banco Urquijo SA	Madrid - SP	96.94	Credit institution
Brown, Shipley & Co Ltd. (group)	London - UK	97.27	Credit institution
Effectenbank Stroeve NV	Amsterdam - NL	97.27	Credit institution
KBL Bank Ireland	Dublin - IE	97.27	Credit institution
Kredietbank SA Luxembourgeoise	Luxembourg - LU	97.27	Credit institution
Kredietbank (Suisse) SA, Genève (group)	Geneva - SW	97.27	Credit institution
Merck Finck & Co. (group)	München - GE	97.27	Credit institution
Puilaetco Private Bankers SA	Brussels - BE	97.27	Credit institution
Theodoor Gilissen Bankiers NV	Amsterdam - NL	97.27	Credit institution
GEVAERT			
Fully consolidated subsidiaries			
Almafin NV (group)	Brussels - BE	99.99	Financial services
Bofort NV (group)	Brussels - BE	100.00	Services
City Hotels NV	Brussels - BE	85.51	Hotel business
Gevaert NV (group)	Antwerpen - BE	100.00	Holding company
Associated companies			
Agfa-Gevaert NV	Mortsel - BE	27.13	Industrial company
HOLDING COMPANY ACTIVITIES			
Fully consolidated subsidiaries			
KBC Exploitatie NV	Mechelen - BE	100.00	Cost sharing structure
KBC Groep NV	Brussels - BE	100.00	Holding
Kredietcorp SA	Luxembourg - LU	99.99	Issuance of bonds

18 Main changes in the scope of consolidation and equity accounting

Business segment	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
			9M2004	9M2005	
For income statement comparison			9M2004	9M2005	
ADDITIONS					
Banking	Orbay NV	Proportional	-	49.00%	joint venture with Rabobank
KBL European Private Bankers	Puillaetco Private Bankers SA	Full	78.71%	97.27%	consolidated from 1 July 2004 on
KBL European Private Bankers	Effectenbank Stroeve NV	Full	-	97.27%	acquisition in 3Q 2005
EXCLUSIONS					
Insurance	FBD Ltd.	Equity	19.30%	-	sold in 4Q 2004
Insurance	FBD Holdings PLC.	Equity	22.75%	-	sold in 1Q 2005
CHANGES IN OWNERSHIP PERCENTAGE					
KBL European Private Bankers	Kredietbank SA Luxembourgeoise	Full	78.71%	97.27%	public bid offer in 1Q 2005
Banking	Fin-Force NV	Full	95.01%	85.01%	
Banking	KBC Clearing	Full	94.90%	100.00%	
For balance sheet comparison			31-12-2004	30-09-2005	
ADDITIONS					
KBL European Private Bankers	Effectenbank Stroeve NV	Full	-	97.27%	acquisition in 3Q 2005
EXCLUSIONS					
Insurance	FBD Holdings PLC.	Equity	22.75%	-	sold in 1Q 2005
CHANGES IN OWNERSHIP PERCENTAGE					
KBL European Private Bankers	Kredietbank SA Luxembourgeoise	Full	78.71%	97.27%	public bid offer in 1Q 2005

19 Settlement of Slovak Collection Unit litigation

The 'other income' item includes (for eq. 101 m euros), in the first quarter of 2005, a recuperation related to an unpaid loan to the Slovak Collection Unit (wholly controlled by the Ministry of Finance of the Slovak Republic). At the end of December 2004, the International Centre for the Settlement of Investment Disputes in Washington decided that the

Slovakian state had to repay the loan extended to the Slovak Collection Unit by CSOB in 1993. As there has been no appeal against this decision within the foreseen timeframe, the deal is now settled, with a positive effect (after taxes and minorities) of (eq.) 68 m euros on KBC's net profit.

ANNEX: RESULTS PER AREA OF ACTIVITY

AREA OF ACTIVITY REPORTING

In addition to the two IFRS segmentation formats, information is also provided in this report regarding KBC's 'areas of activity' (a reporting format based largely on a breakdown KBC has been using over the past few years).

These areas of activity are: Retail and Private Bancassurance, Central Europe, Corporate Services, Market Activities, KBL European Private Bankers and Gevaert.

This breakdown, which is not audited, has been added to ensure transparency and to provide a link with past reporting formats. It is not part of the mandatory IFRS segmentation formats.

The allocation of capital to the different areas of activity is based on regulatory requirements. However, since the group sets higher objectives than required by law, more equity (commensurate with a tier-1 ratio of 8% in the banking businesses and a solvency ratio of 200% in the insurance business) is allocated to the different areas of activity, too. As regard the banking businesses, the tier-1 capital consists of pure equity (85%) and preference shares (15%). For the insurance business the allocated capital consists of pure equity alone. In calculating ROAC, only pure equity is taken into account (in the denominator). Since 100% of the risk-weighted assets are consolidated in the banking businesses, the allocated capital also reflects 100% of these assets. Consequently, net profit including minority interests is used to calculate the ROAC for the

various areas of activity. The same approach is taken for the insurance business.

The Group item includes the yield on surplus equity, capital gains and value adjustments recorded on securities in the banking business (except for securities in the dealing rooms trading portfolios), results that cannot be meaningfully allocated to the various areas of activity, and debt-service charges on leveraging (funding of subsidiaries' equity capital with borrowings) by the holding company.

The breakdown by primary IFRS segment within each area of activity is based on the statutory IFRS segmentation principles and does not reflect a breakdown by product (e.g. insurance: a portion of the results obtained from insurance products is included under the banking business).

DETAILED TABLES

In the tables below, an overview of the area-of-activity reporting and some comment is provided. The first two tables provide quarterly figures (3Q 2004 and 3Q 2005), whereas the last two tables provide 9-month figures (9M 2004 and 9M 2005).

More detailed information is available on the KBC web site www.kbc.com.

Quarterly figures (EUR m)

Breakdown into areas of activity, 3Q 2004 (pro forma)	Retail and private banc- assurance	Central Europe	Corporate services	Market activities	KBL European Private Bankers	Gevaert	Group item	Total
Banking and Asset Management								
Gross income	528	393	220	123	-	-	65	1 329
Operating expenses	-359	-245	-81	-94	-	-	-83	-862
Impairment	-3	-36	-19	0	-	-	31	-27
Share in results of associated companies	0	5	0	0	-	-	14	19
Income tax expense	-51	-26	-42	-10	-	-	15	-114
Minority interests	0	-15	0	0	-	-	-30	-45
Net profit - Group share	114	75	78	20	-	-	12	299
Insurance								
Gross income	740	183	62	-	-	-	-7	979
Operating expenses	-71	-45	-7	-	-	-	0	-123
Impairment	-22	0	-5	-	-	-	0	-27
Gross technical charges insurance	-607	-119	-49	-	-	-	4	-771
Ceded reinsurance result	-4	-10	-3	-	-	-	5	-12
Share in results of associated companies	7	0	0	-	-	-	1	8
Income tax expense	-18	-5	-1	-	-	-	0	-23
Minority interests	0	-2	0	-	-	-	0	-1
Net profit - Group share	26	3	-3	-	-	-	4	30
KBL European Private Banking								
Gross income	-	-	-	-	193	-	-	193
Operating expenses	-	-	-	-	-140	-	-	-140
Impairment	-	-	-	-	11	-	-	11
Share in results of associated companies	-	-	-	-	1	-	-	1
Income tax expense	-	-	-	-	-16	-	-	-16
Minority interests	-	-	-	-	-10	-	-	-10
Net profit - Group share	-	-	-	-	38	-	-	38
Gevaert								
Gross income	-	-	-	-	-	33	-	33
Operating expenses	-	-	-	-	-	-27	-	-27
Impairment	-	-	-	-	-	0	-	0
Share in results of associated companies	-	-	-	-	-	6	-	6
Income tax expense	-	-	-	-	-	-1	-	-1
Minority interests	-	-	-	-	-	0	-	0
Net profit - Group share	-	-	-	-	-	12	-	12
Holding Company Activities								
Net profit - Group share	-	-	-	-	-	-	-13	-13
Total								
Net profit - Group share	140	78	75	20	38	12	3	365

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

Breakdown into areas of activity, 3Q 2005	Retail and private banc- assurance	Central Europe	Corporate services	Market activities	KBL European Private Bankers	Gevaert	Group item	Total
Banking and Asset Management								
Gross income	620	439	313	183	-	-	13	1 568
Operating expenses	-355	-265	-86	-110	-	-	-78	-893
Impairment	3	-34	31	0	-	-	-8	-8
Share in results of associated companies	0	1	0	0	-	-	8	9
Income tax expense	-83	-26	-64	-15	-	-	14	-173
Minority interests	0	-16	-17	0	-	-	-33	-67
Net profit - Group share	185	100	176	58	-	-	-82	437
Insurance								
Gross income	664	200	70	-	-	-	19	953
Operating expenses	-76	-43	-7	-	-	-	1	-125
Impairment	6	0	2	-	-	-	0	8
Gross technical charges insurance	-516	-141	-48	-	-	-	9	-696
Ceded reinsurance result	-2	-6	-4	-	-	-	2	-10
Share in results of associated companies	0	0	0	-	-	-	0	0
Income tax expense	-19	-3	-6	-	-	-	0	-28
Minority interests	17	-2	0	-	-	-	4	19
Net profit - Group share	75	5	6	-	-	-	34	120
KBL European Private Banking								
Gross income	-	-	-	-	170	-	-	170
Operating expenses	-	-	-	-	-146	-	-	-146
Impairment	-	-	-	-	11	-	-	11
Share in results of associated companies	-	-	-	-	1	-	-	1
Income tax expense	-	-	-	-	4	-	-	4
Minority interests	-	-	-	-	-1	-	-	-1
Net profit - Group share	-	-	-	-	39	-	-	39
Gevaert								
Gross income	-	-	-	-	-	21	-	21
Operating expenses	-	-	-	-	-	-12	-	-12
Impairment	-	-	-	-	-	-8	-	-8
Share in results of associated companies	-	-	-	-	-	-29	-	-29
Income tax expense	-	-	-	-	-	-10	-	-10
Minority interests	-	-	-	-	-	0	-	0
Net profit - Group share	-	-	-	-	-	-38	-	-38
Holding Company Activities								
Net profit - Group share	-	-	-	-	-	-	-14	-14
Total								
Net profit - Group share	260	105	182	58	39	-38	-63	543

Nine months figures (EUR m)

Breakdown into areas of activity, 9M 2004 (pro forma)	Retail and private banc- assurance	Central Europe	Corporate services	Market activities	KBL European Private Bankers	Gevaert	Group item	Total
Banking and Asset Management								
Gross income	1 672	1 126	696	579	-	-	341	4 415
Operating expenses	-1 128	-732	-250	-355	-	-	-229	-2 694
Impairment	-20	-56	-40	-3	-	-	-17	-137
Share in results of associated companies	0	10	0	0	-	-	23	32
Income tax expense	-163	-84	-110	-64	-	-	43	-379
Minority interests	0	-44	0	0	-	-	-84	-129
Net profit - Group share	361	218	296	157	-	-	74	1 107
Insurance								
Gross income	3 118	559	215	-	-	-	-16	3 875
Operating expenses	-228	-128	-21	-	-	-	0	-376
Impairment	-184	-1	-6	-	-	-	0	-191
Gross technical charges insurance	-2 656	-356	-178	-	-	-	12	-3 179
Ceded reinsurance result	-12	-42	2	-	-	-	13	-39
Share in results of associated companies	18	0	0	-	-	-	0	18
Income tax expense	-57	-6	-6	-	-	-	-2	-70
Minority interests	-1	-4	0	-	-	-	1	-4
Net profit - Group share	-2	22	5	-	-	-	8	33
KBL European Private Banking								
Gross income	-	-	-	-	537	-	-	537
Operating expenses	-	-	-	-	-396	-	-	-396
Impairment	-	-	-	-	35	-	-	35
Share in results of associated companies	-	-	-	-	1	-	-	1
Income tax expense	-	-	-	-	-45	-	-	-45
Minority interests	-	-	-	-	-29	-	-	-29
Net profit - Group share	-	-	-	-	104	-	-	104
Gevaert								
Gross income	-	-	-	-	-	83	-	83
Operating expenses	-	-	-	-	-	-66	-	-66
Impairment	-	-	-	-	-	7	-	7
Share in results of associated companies	-	-	-	-	-	-56	-	-56
Income tax expense	-	-	-	-	-	-4	-	-4
Minority interests	-	-	-	-	-	0	-	0
Net profit - Group share	-	-	-	-	-	-36	-	-36
Holding Company Activities								
Net profit - Group share	-	-	-	-	-	-	-32	-32
Total								
Net profit - Group share	358	241	301	157	104	-36	49	1 175
<i>Risk weighted assets (banking and KBL)</i>	34 575	15 654	31 911	10 255	9 027	-	2 934	104 355
<i>Allocated equity</i>	3 417	1 276	2 255	697	1 396	1 126	1 753	11 921
<i>ROAC*</i>	15%	32%	18%	31%	13%	-4%	-	14%
<i>Share in Group result</i>	31%	21%	26%	13%	9%	-3%	4%	100%

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

* Net profit, including minority interests / (average) allocated equity. For the whole KBC Group, the adjusted ROE is given.

Breakdown into areas of activity, 9M 2005	Retail and private banc- assurance	Central Europe	Corporate services	Market activities	KBL European Private Bankers	Gevaert	Group item	Total
Banking and Asset Management								
Gross income	1 908	1 364	821	593	-	-	-33	4 653
Operating expenses	-1 089	-790	-269	-345	-	-	-115	-2 608
Impairment	10	-41	-2	-2	-	-	-6	-41
Share in results of associated companies	0	3	0	0	-	-	23	26
Income tax expense	-261	-96	-148	-82	-	-	66	-522
Minority interests	0	-57	-17	0	-	-	-88	-162
Net profit - Group share	568	382	384	164	-	-	-152	1 346
Insurance								
Gross income	2 138	639	217	-	-	-	46	3 041
Operating expenses	-232	-125	-22	-	-	-	1	-379
Impairment	-9	-1	-2	-	-	-	0	-12
Gross technical charges insurance	-1 608	-423	-139	-	-	-	10	-2 161
Ceded reinsurance result	-10	-34	-13	-	-	-	13	-44
Share in results of associated companies	0	0	0	-	-	-	0	0
Income tax expense	-65	-13	-16	-	-	-	0	-94
Minority interests	16	-9	-1	-	-	-	8	15
Net profit - Group share	230	34	24	-	-	-	77	366
KBL European Private Banking								
Gross income	-	-	-	-	598	-	-	598
Operating expenses	-	-	-	-	-433	-	-	-433
Impairment	-	-	-	-	6	-	-	6
Share in results of associated companies	-	-	-	-	3	-	-	3
Income tax expense	-	-	-	-	-35	-	-	-35
Minority interests	-	-	-	-	-5	-	-	-5
Net profit - Group share	-	-	-	-	133	-	-	133
Gevaert								
Gross income	-	-	-	-	-	122	-	122
Operating expenses	-	-	-	-	-	-54	-	-54
Impairment	-	-	-	-	-	-7	-	-7
Share in results of associated companies	-	-	-	-	-	-15	-	-15
Income tax expense	-	-	-	-	-	-22	-	-22
Minority interests	-	-	-	-	-	0	-	0
Net profit - Group share	-	-	-	-	-	24	-	24
Holding Company Activities								
Net profit - Group share	-	-	-	-	-	-	-73	-73
Total								
Net profit - Group share	799	416	408	164	133	24	-148	1 796
<i>Risk weighted assets (banking and KBL)</i>	38 545	17 511	33 969	11 524	9 618	-	2 822	113 990
<i>Allocated equity</i>	3 861	1 452	2 389	784	1 228	937	4 611	15 262
<i>ROAC*</i>	29%	48%	25%	29%	15%	3%	-	19%
<i>Share in Group result</i>	44%	23%	23%	9%	7%	1%	-8%	100%

* Net profit, including minority interests / (average) allocated equity. For the whole KBC Group, the adjusted ROE is given.

COMMENT

Retail and private bancassurance

In the retail and private bancassurance segment, another fine result was recorded in the third quarter (260 million euros), representing a 15 million euro increase on the preceding quarter (due to the decline in interest on savings accounts, among other things).

Accordingly, profit for the first nine months of the year (799 million euros) was 441 million euros higher than for the corresponding period of 2004, thanks to strong income growth (mainly from investments and insurance) and the sustained drop in expense (-3%) and the fact that a substantial impairment had been recorded on the investment portfolio in the insurance business in 2004.

The cost/income ratio in the banking and asset management business fell to 57%, while the loan loss ratio came to 0% and the combined ratio in the non-life business to 94%. The return on allocated capital rose to 29%.

The private banking sub-segment in Belgium made a profit contribution of 49 million euros.

Central Europe

Details on the results in the Central European region are provided in the table below. In the table on the next page, the results of the main banking subsidiaries in Central Europe are further detailed.

Central Europe area of activity, breakdown of net profit - Group share (EUR m)	9M 2004 pro forma	9M 2005
Banking	218	382
CSOB (Czech & Slovak Rep.)	137	279
K&H Bank (Hungary)	28	23
Kredyt Bank (Poland)	31	61
NLB (Slovenia)	22	18
Insurance	22	34
Warta (Poland)	12	21
CSOB Pojistovna (Czech Republic)	8	13
Other	2	0
Total	241	416

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

In Central Europe, profit for the quarter came to 105 million euros. Compared with the second quarter of the year, it was marked by an increase in banking income, a decline in charges (mainly in the Czech Republic, though this was offset in part by higher provisioning for legal expenses in Hungary), slightly higher non-life insurance expenses (in Poland) and loan loss provisions (in the Czech Republic and Poland, where there were no loan losses at all during the preceding quarter).

For the first nine months of 2005, profit growth developed as follows:

The contribution (279 million euros) to profit made by the banking business in the Czech Republic and Slovakia rose by 142 million euros, bolstered by sound lending growth and higher commission income. In addition, non-recurring income was generated by the

settlement of a loan dispute (net impact of +68 million euros in the first quarter). As a result, the return on capital allocated to the banking business rose to 72%. The total contribution to profit made by the insurance business came to 10 million euros (return of 12%).

In the banking business in Poland, a profit of 61 million euros was recorded, a 30 million euro increase (this also takes account of a deferred tax asset of 18 million euros). The loan loss ratio came to 0% and the return on allocated capital to 40%. The insurance business upped its profit contribution to 21 million euros (a return of 31%), thanks to, among other things, the favourable trend in expenses (-8%) and the growth of the life insurance business.

In Hungary, the result for the financial year was adversely affected by higher loan provisions (loan loss ratio of 0.72%, lower than the ratio of the market leader here) and the updating of the provision for legal disputes. On balance, profit came to 23 million euros, and return on allocated capital to 18%. The contribution to profit made by the insurance business came to 4 million euros (return of 26%).

In Slovenia (minority interest), the contribution to profit made by the banking business for the first nine months of the year amounted to 18 million euros, while the result of the life insurance business in that country came to a negative 0.1 million euros (the break-even point was reached in the third quarter, after two years).

Corporate services

In the corporate services (i.e. business customer) segment, higher revenues and the reversal of loan loss provisions made for significantly higher profit in the third quarter (182 million euros) compared to the preceding quarters.

Consequently, profit for the first nine months of the year (408 million euros) was up by 36%, while the ratios in respect of cost management (cost/income ratio of 33%), non-life insurance (combined ratio of 90%) and loan loss provisions (loan loss ratio of 0.01%) remained favourable.

The return on allocated capital for this segment came to 25%.

Market activities

In the third quarter of 2005, capital market activities made a slightly higher profit contribution (58 million euros) than in the two previous quarters. Compared to the preceding quarter, income from structured loan products was down significantly, but this was more than offset by the business attracted in convertible bonds and equity derivative products, lower charges and lower taxes.

For the first nine months of the year, profit came to 164 million euros, up 4% on the corresponding period of last year, thanks to the higher profit derived from interest rate and currency dealing and stockbroking. The return on allocated capital amounted to 29%.

KBL European Private Bankers and Gevaert

Comments on KBL European Private Bankers and Gevaert, which - for practical reasons - will be considered as separate areas of activity in 2005, are provided in the 'Results per business segment' section.

Central European banks - statutory profit and profit contribution, EUR m

9M-figures	9M 2004 pro forma				9M 2005			
	CSOB	K&H Bank	Kredyt Bank	NLB*	CSOB	K&H Bank	Kredyt Bank	NLB*
	Czech and Slovak Rep.	Hungary	Poland	Slovenia	Czech and Slovak Rep.	Hungary	Poland	Slovenia
Net interest income	353	168	152	-	381	169	154	-
Dividend income	2	0	0	-	2	0	0	-
Net gains from financial instruments at fair value	58	54	18	-	71	73	24	-
Net realized gains from available-for-sale assets	13	1	11	-	13	0	1	-
Net fee and commission income	154	56	34	-	174	65	36	-
Other income	39	8	16	-	165	10	12	-
Gross income	619	288	231	-	806	317	227	-
Operating expenses	-356	-199	-170	-	-385	-226	-172	-
Impairment	-24	-11	-21	-	-17	-30	6	-
Share in results of associated companies	0	3	7	-	0	3	0	-
Income tax expense	-68	-13	-3	-	-92	-16	18	-
Net profit - Group share (statutory)	171	67	43	-	312	47	80	-
Allocated head office expenses	-2	-1	-1	-	-2	-1	-1	-
Intragroup eliminations	0	0	0	-	20	0	0	-
Minority interests	-16	-19	-10	-	-31	-16	-10	-
Capital allocation results	-17	-19	-1	-	-21	-6	-7	-
Profit contribution - Group share (area of activity reporting)	137	28	31	22	279	23	61	18

N.B.: the reference figures for 2004 are not fully comparable with the 2005 figures, since IAS32/39 and IFRS4 are only applied as of 2005, without restatement of the 2004 figures. 'Pro forma' means: based on a combined 'old KBC'-Almanij entity.

* Accounted for using the equity method.

ANNEX: GLOSSARY OF RATIOS USED

Adjusted return on equity	[net profit (Group share) on an annualized basis] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments]
Basic earnings per share	[net profit, Group share] / [weighted average number of ordinary shares plus mandatorily convertible bonds minus treasury shares].
Combined ratio, non-life insurance	[net claims incurred / net earned premiums] + [net expenses / net written premiums]. The combined ratio only relates to non-life insurance.
Cost/income ratio	[operating expenses of IFRS segments Banking, Asset Management and KBL EPB] / [gross income of IFRS-segments Banking, Asset Management and KBL EPB]
Cover ratio	[specific loan impairments for non-performing loans] / [outstanding non-performing loan portfolio]. For a definition of non-performing loans, see below, under 'Non-performing ratio'.
Diluted earnings per share	[net profit, Group share, adjusted for after tax interest expense on freely convertible bonds] / [weighted average number of ordinary shares plus mandatorily convertible bonds minus treasury shares plus dilutive potential of options and freely convertible bonds].
Equity market capitalization	[closing price KBC share] x [number of ordinary shares outstanding]
Loan loss ratio	[net transfer to loan impairments, annualized] / [average total outstanding loan portfolio]. Corporate and bank bonds are included in the 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 plus mandatorily convertible bonds minus treasury shares]. The calculation for 2004 is excluding IAS32/39 and IFRS4, hence no addition of mandatorily convertible bonds nor subtraction of treasury shares in the denominator.
Solvency ratio	[consolidated solvency capital of KBC Insurance, based on equity as defined by the IFRS] / [required solvency margin]. The calculation is detailed in note 16b.
Tier-1 ratio	[consolidated Tier-1 capital of KBC Bank and KBL EPB] / [total risk-weighted volume of KBC Bank and KBL EPB]. The calculation is detailed in note 16a and is based on Belgian and Luxemburg GAAP principles. At year-end, retained profit is included in capital and reserves in the tier-1 calculation; during the year, this is not the case. The calculation is also available for KBC Bank and KBL EPB separately.