KBC Group

EXTENDED QUARTERLY REPORT

1Q 2009

www.kbc.com

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The following statements are made in order to comply with European transparency regulations transposed into Belgian law by Royal Decree of 14 November 2007 in effect as of 2008.

Management certification of financial statements and quarterly report

"I, Luc Philips, Chief Financial and Chief Risk Officer of KBC Group, certify that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report and based on the relevant accounting standards, fairly present in all material respects the financial condition and results of KBC Group NV, including its consolidated subsidiaries."

Statement of risk

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

"Based on current knowledge, we believe that the most noteworthy risks facing KBC for the coming quarters would be a prolonged recession in the markets in which we are active and the results thereof on the capital markets."

Key risk management data are provided in the annual report and dedicated risk report, all available on www.kbc.com.

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Earnings Statement

Earnings Statement
KBC Group, 1Q 2009

Regulated information* - 14 May 2009

Summary

Encouraging underlying profit trends, measures to contain further structured credit exposure

For the first quarter of 2009, KBC achieved an underlying net profit of 465 million euros. This is significantly better than the level of 176 million euros realised in the difficult previous quarter. Operating trends have turned positively across business units. Business margins recovered significantly and the operating cost level was reduced, while also loan impairment charges remained well within expectations and even below the previous quarter level.

When also taking asset value adjustments and other exceptional items into account, the reported net result came to -3.6 billion euros. It was decided to increase the provision coverage against MBIA, the US monoline credit insurer, whose creditworthiness deteriorated markedly. Moreover, worsening market conditions were discounted in the value of the remaining super senior CDO investments which brings further down their risk profile. All non super senior CDO investments had already been written down in 2008. KBC was also able to buy an insurance coverage that largely reduces future mark-to-market impacts on CDO exposure.

Key figures, overview:

In millions of EUR	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net profit (IFRS)	554	493	-906	-2 625	-3 600
Underlying net profit	737	806	551	176	465
Breakdown of underlying profit by business unit					
Belgium Business Unit	455	318	215	158	255
Central & Eastern Europe and Russia Business Unit	180	222	201	84	106
Merchant Banking Business Unit	89	234	137	-42	91
European Private Banking Business Unit	50	64	32	15	34
Group Centre	-36	-32	-34	-38	-21
Shareholders' equity per share (EUR, at end of period)	45.7	45.5	42.0	31.5	19.5
Pro forma shareholders' equity per share (EUR, at end of period)	45.7	45.5	42.0	31.5	17.1

Pro forma figures for 1Q 2009 include all capital enhancement measures announced

Financial highlights for 1Q 2009:

- Strong net interest income performance thanks to easing pricing pressure, mainly in Belgium
- Favourable cost trend bringing underlying cost/income ratio, banking at 58% close to pre-crisis level
- Underlying loan impairment charge down 10% on previous quarter, corresponding with loss ratio of 0.70%
- Continued difficult investment climate, however, keeping fee and commission income low and triggering anticipated share portfolio impairment in insurance division
- Value adjustments on CDO exposure in the amount of -3.8 billion euros (including increased coverage of monoline insurer default risk for 2.5 billion euros), state-issued guarantee structure for remaining CDO exposure (see details in quarterly report)
- Pro forma Tier-1 capital ratio, banking at 11.0% of which 8.3% core equity, including impact of capital enhancement measures announced

* This news release contains information that is subject to transparency regulations for listed companies.

Financial highlights - 1Q 2009

The financial highlights for 1Q 2009 can be summarised as follows:

- On an underlying basis, interest income grew by 7% quarter-on quarter. While loan growth has slowed, a significant margin recovery was achieved. On a like-for-like basis, the loan book grew by 1% during the quarter. The net interest margin, banking came to 1.80%, up from 1.68% for the previous quarter, including a 0.35% margin increase in Belgium.
- Excluding currency effects, the operating expense level remained stable compared to the year-earlier quarter since normal cost inflation was offset by the effect of the downsizing of merchant banking activities, the agreed staff remuneration reduction plan in Belgium and various cost containment measures elsewhere. On an underlying basis, the cost/income ratio, banking for the quarter was 58%, compared with 64% achieved for the year 2008.
- Loan losses remained very moderate in Belgium, while, as anticipated, it increased in some Eastern European markets, especially in Hungary and Russia and also somewhat in Poland. For the non-domestic loan book outside Belgium and Eastern Europe, the loss fell compared to the previous quarter, including in Ireland. The loan loss ratio stood at 0.70%, annualised, which is the same level as that for the entire 2008 financial year. The non-performing loan ratio currently is 2.5%. Since the economic cycle has not bottomed out yet, the loan loss trend is expected to be upwards for the quarters to come.
- Weak equity market performance during the first quarter continued to have an adverse impact on investment management fees and triggered, in line with stress tests results disclosed earlier, impairment of the equity portfolio of the insurance division to the tune of 0.3 billion euros. Given the earnings sensitivity, it was decided to further reduce the investment position in shares. During the first three months of the year, the value of the share portfolio was reduced by 0.6 billion to 2.1 billion euros. Another 0.5 billion euros worth of share holdings were sold in the course of April.
- Although sales and trading activities on money and debt securities markets performed well, merchant banking income was adversely impacted by a value adjustment of -3.8 billion euros on CDO exposure. Deteriorating economic conditions were discounted for determining the book value of the remaining super senior CDO investments. Moreover, it included the increase of the provision amount to cover the increased counterparty risk against MBIA, the US monoline insurer providing CDO protection, after it announced its restructuring plans. KBC has also bought a financial guarantee from the State to largely mitigate further CDO losses.
- Including all capital enhancement support received, the (pro forma) Tier-1 ratio for banking activities stands at 11.0% (8.3% core Tier-1). For the insurance division, the (pro forma) solvency margin stands at 158%.

Comments on the income statement - 1Q 2009

The income statement summary table can be found on page 6 of this release. Explanations are:

- *Net result* amounted to -3 600 million euros. This figure includes exceptional items, such as indicated losses on investment portfolios in the amount of -4 065 million, net. Adjusted for those items, the (underlying) profit came to a positive 465 million.
- Net interest income came to 1 477 million euros, up 27% year-on-year (+13% on an underlying basis). Volume growth was particularly solid until the end of 2008, while a significant margin recovery was achieved during the first quarter of 2009. As at 31 March 2009, the customer loan book (excl. reverse repos) had organically increased by 8% compared to the year-earlier situation. The net interest margin, banking came to 1.80%, up from 1.74% for the year-earlier quarter.
- *Gross earned premiums*, insurance, stood at 1 308 million euros, up 6% compared to the year-earlier figure. Net of *technical charges* and *ceded reinsurance result*, the income was 129 million. The combined ratio, non-life, stood again at a very favourable level (91%).
- *Dividend income* from equity holdings amounted to 23 million euros, somewhat lower than the 36 million euros reported for the year-earlier quarter.
- *Net gains from financial instruments at fair value* came to -3 742 million euros. Although sales and trading activities on money and debt securities markets performed well, the income heading was adversely impacted by value adjustments on structured credit exposure.
- *Gains from available-for-sale assets* (mostly on investments in shares) were limited to 34 million euros, due to the poor equity market performance largely below the year-earlier figure of 198 million euros.
- *Net fee and commission income* amounted to 317 million euros. This is 28% lower than the year-earlier level, largely due to lower assets under management consequent to the prevailing adverse investment climate.
- *Other net income* stood at 152 million euros, somewhat above the previous-year amount of 129 million.

- *Operating expenses* came to 1 235 million euros. Excluding currency effects, the cost level remained stable year-on-year due to cost containment measures taken across business units.
- Total *impairment* charges stood at 707 million euros, of which 307 million euros related to loans and receivables, corresponding with a loan loss ratio of 0.70%. *Available-for-sale* investment securities (mainly shares) were impaired to the tune of 311 million euros, while an impairment of 79 million euros was recognised on the value of goodwill outstanding, mainly related to acquisitions made in 2007 in Bulgaria.
- Despite the negative pre-tax results, no deferred tax credit could be recognised.
- As at the end of March 2009, parent shareholders' equity came to 10.1 billion euros. Shareholders' equity was down on the start of the year on account of the negative result for the quarter and negative net value adjustments on assets and hedging instruments.

Update on structured credit exposure – 1Q 2009

In order to maintain high transparency levels, KBC wants to reiterate the descriptive overview of its structured credit exposure (more details can be found in dedicated risk disclosure regularly published on www.kbc.com since the end of 2007).

In the past, KBC has been active in the field of structured credits both as an originator and an investor:

- KBC acted as an originator when structuring credit-linked deals (based on third-party assets) for itself or for third party investors. For several *Collateralised Debt Obligation* (CDO) transactions, protection was provided by MBIA, the credit insurer. As an originator, KBC also took the role of sponsor when providing support to the related *Special Purpose Vehicles* (SPV). The SPV structure for Asset-backed Securities (ABS) became largely ineffective and ABS exposure was added to the structured credit investment portfolio in the course of 2008.
- KBC itself also invested in structured credit products as a way of differentiating risk and enhancing the yield for its insurance reserves and bank deposits it carried in surplus of its loans. The structured credit investment portfolio consists mainly of CDOs (largely synthetic instruments originated by KBC itself) and ABS.

As at 31 march 2009, the situation was as follows:

- The value of the insurance coverage received from MBIA for CDOs issued was 5.2 billion euros (total insured amount of 14 billion euros). KBC had provisioned an amount of 3.1 billion euros (60% of 5.2 billion) to cover the possibility that MBIA might not be able to perform on its insurance commitment, if that would be needed in the future.
- KBC had own CDO investments outstanding in the amount of 9.5 billion euros, nominal, on which 5.3 billion euros cumulative mark-to-market adjustments had been recognised (accounted for with net profit impact). For the ABS portfolio, the nominal value stood at 6.1 billion euros, while total markdown was 1.7 billion euros (largely accounted for against shareholder's equity).

In 2008, KBC had mitigated its earnings sensitivity to marking-to-market impacts by reclassifying most of its ABS portfolio to 'loans and receivables' and by writing down to zero junior and senior-ranked CDO investments issued by KBC (however, the super senior exposure remained open). Contrary to those of many financial institutions worldwide, KBC's CDOs are not eligible for accounting reclassification under IFRS in order to neutralise their earnings impact, given their synthetic nature.

For the first quarter of 2009, the following developments were relevant:

- Since MBIA, the credit insurer, has announced its restructuring in February 2009 including a spin-off of valuable assets, its creditworthiness has been declining. KBC has been closely monitoring this, also in the light of the legal case initiated by counterparties very recently (on 13 May 2009). As a rule, if counterparty risk rises materially, a provision increase needs to be considered (to be booked as a value adjustment).
- The market price for insuring corporate credit against default, as reflected in credit default swap spreads, has further markedly increased (especially as to companies within the financial sector). This has had a negative impact on both the value of the remaining super senior investments and that of the monoline insurance coverage received for CDOs issued. It is useful to add that, so far in the second quarter, credit spreads have been easing again compared to the situation at the end of the first quarter (For comparison purposes: current CDO values therefore are some 350 million euros higher, than at the end of March).
- Worsening economic conditions were discounted in the value of the CDO portfolio.

In the accounts of the first quarter of 2009, a value adjustment of 3.8 billion euros was recorded. It included:

- Increase in provision coverage of monoline counterparty exposure: -2.5 billion euros, of which -1.5 billion euros due to the weakening of insured assets and -1.0 billion euros due to the increase of the coverage rate from 40% to 60%;
- Impact from (corporate) credit market spread widening on the value of the remaining super senior holdings: - 0.2 billion euros (in line with stress test guidance given as at the end of the fourth quarter);
- Impact from the evolution of the layer of expected loss data: -1.1 billion euros.

Structured credit relief measures

KBC achieved an agreement with the Belgian Government about an credit relief solution. Luc Philips, recently appointed Chief Financial and Risk Officer: "*Our structured credit portfolio is largely performing, but illiquid and therefore difficult-to-value. That is one of the reasons that create uncertainty and earnings volatility. Participation to a state-sponsored credit relief program, whereby exposure is guaranteed, is our best option to reduce uncertainty. Such scenario also preserves the solvency level for the future.*" With the promulgation of a law on 14 April, the Belgian Parliament had taken the initiative to create a legal framework to enable an asset relief program for systemic banks in Belgium.

The announced arrangement for KBC relates to a notional amount of 20.0 billion euros (of which 5.3 billion euros was marked down against revenue), including::

- 5.5 billion notional value of super senior CDO investments;
- 14.4 billion notional value of counterparty risk on MBIA, the US monoline insurer that had written credit protection to KBC.

Against payment of an guarantee premium KBC buys a guarantee from the State covering 90% of the default risk beyond a set first loss. The transaction is structured as follows:

- The first loss tranche is set at 3.2 billion euros, notional (all credit loss to be borne by KBC, however, without net profit impact since covered by markdowns made in the past)
- Losses incurred in a second layer of 2.0 billion euros above the set first loss tranche, are compensated by the State at 90% (10% risk retained) via the subscription to new KBC shares at market value. KBC has, however, the option to opt out of the equity guarantee.
- All further losses (up to 14.8 billion euros) are compensated by the State in cash to the level of 90% (10% risk retained by KBC).

As a result, the potential negative impact on future earnings and solvency deriving from the exposure will be largely eliminated. The remaining downside impact relates to the marking-to-market of the retained 10% risk tranche. If market values were to rise substantially, reversals of earlier markdowns would be booked.

The total guarantee premium amounts to 1.2 billion euros, fully provided for up front, and an additional commitment fee of 30 million per quarter, pre tax, is payable. The premium combined with a positive value adjustment of 0.4 billion (best effort estimate), the upfront net profit impact of the transaction is estimated at a negative 0.8 billion euros. This will be booked in the second quarter. Risk-weighted assets that are freed up amount to 6.3 billion euros.

Earlier in the first quarter, KBC secured a capital back-up facility of 1.5 billion from the Flemish Regional Government of Belgium. To complement the credit relief solution, KBC intends to draw upon the facility by issuing core capital securities to be subscribed by the Region.

Including all capital enhancement support received, the (pro forma) Tier-1 ratio for banking activities stands at 11.0% (8.3% core Tier-1). For the insurance division, the (pro forma) solvency margin has decreased to 158%.

As a normal procedure, all measures need to be approved by the competent regulatory authorities.

Strategy highlights and future developments

While the environment in the second half of 2008 was very difficult, operating performance improved since the start of the year. A group-wide cost containment project is being implemented and underwriting criteria remain tight for lending in non-home markets and for such areas as, for example, unsecured consumer credit, unhedged foreign-currency lending, leasing and real estate financing. KBC is committed to maximally safeguard its lending capacity to core customers in home markets.

As long as the economic cycle has not bottomed out, worldwide non-performing loan trends are expected to remain upwards. Developments in Central and Eastern Europe (including Russia) and also Ireland are particular areas of attention in this respect. Loan losses may also rise on the Asset-backed Securities portfolio that was reclassified to 'loans & receivables' at the end of 2008.

KBC also announced earlier that it has put various derivatives-based activities within the *KBC Financial Products* entity on run-off status. In the past two quarters unwinding losses were recognised.

KBC is a major player in offering investment solutions to its retail, corporate and private banking customers. It takes care that customers are adequately informed and that products are sold according to their risk profile. Moreover, capital protection is embedded in a significant part of investment products for retail customers. In the current environment, when asset values have fallen significantly, customer complaints throughout the sector have been increasing. KBC has not changed its policy stating that if in individual cases shortcomings on behalf of KBC have been established, it assumes its responsibility.

Additional information on the financial statements – 1Q 2009

During the quarter under review, there were no changes to the scope of consolidation or changes to valuation rules with a material impact on earnings.

Compared to the end of the previous quarter, the value of local currencies in Central and Eastern European markets depreciated with 11%, on average, against euro, having a negative impact on the earnings components of the Central & Eastern Europe and Russia business unit. In the meanwhile (situation early May 2009), currency values have appreciated again with some 4%, on average, compared to the situation at the end of the first quarter.

Earnings per share for 1Q 2009 (-10.6 euros) was calculated on the basis of 339.5 million shares (period average). For this purpose, the number of treasury shares held was deducted from the number of ordinary shares. The figure excludes the impact from the announced structured credit relief transaction. A diluted earnings per share (-10.6 euros) was calculated on the basis of 340.5 million shares (period average). Here, treasury shares held were excluded while outstanding share options were included.

Shareholders' equity per share as at 31 March 2009 (19.5 euros) was calculated on the basis of 339.6 million shares (end of period), whereby the number of treasury shares held was deducted from the number of ordinary shares. For this purpose, the amount of non-voting core capital securities subscribed in December 2008 by the 'Société Fédérale de Participation et d'Investissement' (SFPI-FPIM), the holding company of the Belgian Federal Government, was deducted from shareholders' equity. The figure excludes the impact from the announced structured credit relief transaction.

As usual, KBC has made additional risk disclosures on the composition of its structured credit exposure as at 31 March 2009. A dedicated PowerPoint presentation is available at www.kbc.com/ir.

KBC will publish its results for 2Q 2009 on 6 August 2009. An extended version of the financial calendar, including analyst and investor meetings, can be found at www.kbc.com/ir/calendar.

Overview of results according to IFRS – 1Q 2009

Below is the income statement summary of KBC Group, based on the *International Financial Reporting Standards* (IFRS). A full overview of the IFRS consolidated income statement and balance sheet is provided in the 'Consolidated Financial Statements' section of the quarterly report. A condensed statement of changes in shareholders' equity and several notes to the accounts are also available in the same section. As stated earlier, since the third quarter of 2008, earnings were markedly impacted by value markdowns of investment portfolios. In order to provide a good insight into the underlying business trends, KBC also publishes its 'underlying' results (see the following section).

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	1 163	1 311	1 249	1 269	1 477
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308
Gross technical charges, insurance	-1 078	-820	- 804	-1 181	-1 164
Ceded reinsurance result	- 10	-17	- 17	- 27	- 15
Dividend income	36	123	37	63	23
Net (un)realised gains from financial instruments at fair value	- 26	35	-1 688	-1 801	-3 742
Net realised gains from available-for-sale assets	198	63	80	- 246	34
Net fee and commission income	438	477	422	377	317
Other net income	129	97	210	183	152
Total income	2 084	2 276	411	56	-1 610
Operating expenses	-1 278	-1 310	-1 351	-1 660	-1 235
Impairment	- 98	-332	- 478	-1 325	- 707
o/w on loans and receivables	- 27	-143	- 130	- 522	- 307
o/w on available-for-sale assets	- 71	-180	- 341	- 742	- 311
Share in results of associated companies	16	8	9	- 33	0
Profit before tax	723	642	-1 410	-2 963	-3 552
Income tax expense	- 144	-121	533	360	- 28
Profit after tax	579	521	- 876	-2 603	-3 580
attributable to minority interests	26	28	30	22	20
attributable to the equity holders of the parent	**554**	**493**	**- 906**	**-2 625**	**-3 600**
Belgium	357	194	- 227	- 721	- 5
Central & Eastern Europe and Russia	159	203	- 32	- 142	44
Merchant Banking	31	125	- 519	-1 801	-3 738
European Private Banking	43	48	- 88	- 155	26
Group centre	- 35	-77	- 40	193	73
Earnings per share, basic (IFRS, in EUR)	1.62	1.45	-2.66	-7.72	-10.60
Earnings per share, diluted (IFRS, in EUR)	1.62	1.45	-2.65	-7.70	-10.57

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2008	31-03-2009
Total assets	355 317	347 400
of which loans and advances to customers	157 296	154 409
of which securities (equity and debt instruments)	94 897	95 834
Total liabilities	339 941	336 086
of which deposits from customers and debt certificates	196 733	205 110
of which gross technical provisions, insurance	19 523	20 124
of which liabilities under investment contracts, insurance	7 201	6 877
Parent shareholders' equity	14 210	10 136
Return on equity (based on underlying results, year-to-date)	16%	19%
Cost/income ratio (based on underlying results, year-to-date)	64%	58%
Combined ratio, non-life (based on underlying results, year-to-date)	95%	91%

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

More information on the balance sheet can be found in the Consolidated Financial Statements part of the quarterly report.

Overview of the underlying results – 1Q 2009

Over and above the figures according to IFRS, KBC provides a number of 'underlying' figures aimed at providing more insight into the business trends.

The differences with the IFRS figures relate to a) the exclusion of exceptional or non-operating items (including value losses on assets due to the financial crisis) and b) the accounting treatment of certain hedging derivatives used for Asset and Liability Management purposes and of certain income components related to capital-market activities. In view of their exceptional nature and materiality, it is important to adjust the results for these factors to understand the profit trend fully. A reconciliation of the net profit according to IFRS and the underlying net profit is provided on the next page.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	1 202	1 257	1 186	1 265	1 353
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308
Gross technical charges, insurance	-1 078	-820	-804	-1 181	-1 164
Ceded reinsurance result	-10	-17	-17	-27	-15
Dividend income	19	103	20	54	12
Net (un)realised gains from financial instruments at fair value	114	403	242	175	231
Net realised gains from available-for-sale assets	198	63	80	2	51
Net fee and commission income	464	482	430	379	328
Other net income	115	72	110	107	119
Total income	2 260	2 550	2 170	2 192	2 222
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235
Impairment	-28	-152	-143	-420	-319
o/w on loans and receivables	-27	-143	-130	-341	-307
o/w on available-for-sale assets	0	0	-15	-29	-3
Share in results of associated companies	16	8	9	-20	0
Profit before tax	964	1 022	758	106	667
Income tax expense	-200	-188	-175	94	-181
Profit after tax	763	834	583	200	486
attributable to minority interests	26	28	32	24	21
attributable to the equity holders of the parent	**737**	**806**	**551**	**176**	**465**
Belgium	455	318	215	158	255
Central & Eastern Europe and Russia	180	222	201	84	106
Merchant Banking	89	234	137	-42	91
European Private Banking	50	64	32	15	34
Group centre	-36	-32	-34	-38	-21
Underlying earnings per share, basic (in EUR)	2.16	2.37	1.62	0.52	1.37
Underlying earnings per share, diluted (in EUR)	2.15	2.36	1.62	0.52	1.37

Reconciliation of the accounts according to IFRS with the underlying accounts

In order to arrive at the underlying net profit, the following factors are eliminated:

- Fair value changes recognised under IFRS on derivatives used for Asset and Liability hedging purposes that do not qualify for *fair value hedge accounting for a portfolio hedge of interest rate risk* (since most of the hedged assets are not fair-valued, fair valuing of hedges themselves is, from an economic point of view, an asymmetric treatment generating results without substance).
- Fair value changes recognised under IFRS on *liabilities at fair value through profit or loss* due to the changes in own credit spreads;
- Exceptional factors that do not regularly occur during the normal course of business (including exceptional value losses on financial assets due to the financial crisis).

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

Moreover, in order to arrive at the underlying figures, the following additional adjustments are made (without any net profit impact):

- Interest results on derivatives used for Asset and Liability hedging purposes that do not qualify for *fair value hedge accounting for a portfolio hedge of interest rate risk* are presented in the *net interest income* heading similar as the treatment of the interest paid on the underlying assets (under IFRS, the interest results on these derivatives are recognised as *net (un)realised gains from financial instruments at fair value*);
- All income components related to professional trading activities within the investment banking division are presented under the *net (un)realised gains from financial instruments at fair value* heading (while under IFRS, income is split across different headings).

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600
Minus						
- Amounts before taxes and minority items						
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137
MTM of own debt issued	5				371	134
Impairment of shares Irish Life & Permanent (Ireland)	5		-42	-8	- 17	-11
Gain on participation in NLB (Slovenia)	2			54	- 14	
Gain on sale of participation in Prague Stock Exchange	3				33	
Value mark downs of CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16
Loss due to unwinding of derivative trading positions	3				- 245	
Impairment on goodwill	1,2,3				- 10	-79
Previous years tax adjustment	1,2,3,5					145
Other	1,2,3,4,5				19	-38
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465

* 1 = Belgium business unit; 2 = Central & Eastern Europe and Russia business unit; 3 = Merchant Banking business unit;
4 = European Private Banking business unit; 5 = Group Centre

Analysis of underlying earnings components

Analysis of earnings components

KBC Group, 1Q 2009

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	1 202	1 257	1 186	1 265	1 353
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308
Non-Life	*503*	*504*	*514*	*531*	*479*
Life	*734*	*504*	*407*	*888*	*830*
Gross technical charges	-1 078	- 820	- 804	-1 181	-1 164
Non-Life	*- 289*	*- 261*	*- 310*	*- 344*	*- 297*
Life	*- 789*	*- 559*	*- 493*	*- 837*	*- 867*
Ceded reinsurance result	- 10	- 17	- 17	- 27	- 15
Net fee and commission income	464	482	430	379	328
*Banking**	*586*	*586*	*547*	*507*	*448*
Insurance	*- 122*	*- 104*	*- 117*	*- 128*	*- 120*
Net (un)realised gains from financial instruments at fair value	114	403	242	175	231
Net realised gains from available-for-sale assets	198	63	80	2	51
Dividend income	19	103	20	54	12
Other net income	115	72	110	107	119
Total income	2 260	2 550	2 170	2 192	2 222
Belgium	1 042	925	758	822	846
Central & Eastern Europe and Russia	659	745	799	799	710
Merchant Banking	420	726	517	482	534
European Private Banking	158	202	146	168	163
Group Centre	- 19	- 48	- 50	- 78	- 31

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to a record high of 1 353 million, up 7% on the previous quarter, thanks to a recovery of the interest margin (from 1.68% in 4Q 2008 to 1.80% in 1Q 2009). The latter was predominantly thanks to the gradual lowering of the interest rate for traditional savings products in Belgium (following the consecutive decreases in the ECB base rate), combined with a shift towards higher margin deposit products. Credit volume growth slowed to 1% in 1Q 2009, while deposits increased a good 3% in the same period. Compared to a year ago, net interest income went up by 13%, due mainly to the year-on-year increase of credit volume (+8%) and deposits (+4%), combined with a net interest margin widening of 6 basis points.

Gross earned insurance premiums in the quarter under review amounted to 1 308 million. For non-life, this was 479 million, a decrease of 10% quarter-on-quarter and 5% year-on-year, which was to a large extent due to the depreciation of the CEER exchange rates. Overall, a fine technical performance was recorded in non-life, as illustrated by an excellent combined ratio of 91%, compared to the already good 95% for the full year 2008. The 1Q 2009 combined ratio stood at an excellent 81% for the Belgium Business Unit and 82% for the Merchant Banking Business Unit, but rose to a high 109% in the CEER Business Unit, mainly due to a significantly higher claims ratio in Poland. The claims reserve ratio for the entire group amounted to 166%, in line with the 165% recorded at the end of 2008.

For life insurance, gross earned premiums amounted to 830 million in the quarter under review, but, in line with IFRS, these figures exclude certain types of life insurance contracts (simplified, the unit-linked contracts). Including the latter, life insurance sales amounted to 1 069 million in the quarter under review. Interest-guaranteed life insurance sales did well, and amounted to 970 million in 1Q 2009, an increase of more than 30% compared to 1Q 2008, but 18% down on 4Q 2008, which benefited from the traditional year-end increase in investment insurance sales. Unit-linked insurance sales, on the other hand, fell to their lowest level of the past few years (99 million, down 74% year-on-year and 41% quarter-on-quarter) as a result of the continued shift in customers' investments towards traditional bank deposits and interest-guaranteed life insurance products. As at 31 March 2009, total life reserves of the group stood at 22.7 billion, roughly on a par with the situation as at the end of 1Q 2008 and 4Q 2008.

Net fee and commission income, at 328 million, also suffered from the continued weak investment climate and decreased 13% compared to the previous quarter and 29% compared to the year-earlier quarter. Commissions *received* in the banking business went down 12% quarter-on-quarter and 23% year-on-year, which was primarily related to the asset management business (lower management fees due to a decrease in the nominal amount of assets under management – see further). Net fees *paid* in the insurance business were down 6% quarter-on-quarter and 2% year-on-year.
Total assets under management (AUM) of the group stood at 201 billion as at end-March 2009, down 3% compared to the situation as at the end of 2008 and down 11% on 31 March 2008. In both cases, the decrease was for a large part attributable to the fall in prices of the assets themselves, as net volume outflows remained limited to 2% quarter-on-quarter and 4% year-on-year.

Net (un)realised gains from financial instruments at fair value ('trading and fair value income') amounted to 231 million , a significant recovery against the 175 million registered in 4Q 2008 and the 114 million in 1Q 2008. This was due, *inter alia*, to the good performance of the debt capital and money market activities. On the other hand, the structured credit and fund derivatives businesses – which are in the process of being unwound - generated depressed results.
As stated before, the underlying figures exclude the value markdowns related to structured credit and monoline insurer counterparty risk, as well as changes in fair value of the group's own debt instruments. A full overview of the impact of these non-operational items, including figures for all reference quarters, is provided in the first part of this report, in the table 'Underlying profit analysis, KBC Group', while the impact for each business unit is summarised separately in the following sections of this report.

Realised gains from available-for-sale assets in the quarter under review amounted to 51 million, up on the low 2 million recorded in 4Q 2008, but down on the high 198 million recorded in 1Q 2008 (in that quarter, it was decided to underweight the share component in the investment portfolio and as a consequence, realise a more than proportionate part of the intended share sales for the full year).

Dividend income in 1Q 2009 amounted to 12 million (the bulk of dividends is received in the second quarter of the year) and other net income amounted to 119 million, slightly above the 2008 quarterly average.

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Staff expenses	- 765	- 812	- 719	- 835	- 691
General administrative expenses	- 447	- 485	- 467	- 584	- 458
Depreciation and amortisation of fixed assets	- 93	- 88	- 102	- 109	- 96
Provisions for risks and charges	22	2	11	- 119	10
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235
Belgium	- 464	- 486	- 479	- 601	- 464
Central & Eastern Europe and Russia	- 406	- 446	- 479	- 548	- 399
Merchant Banking	- 301	- 323	- 217	- 350	- 262
European Private Banking	- 95	- 132	- 111	- 148	- 115
Group Centre	- 18	4	8	0	4

In 1Q 2009, operating expenses amounted to 1 235 million, down 4% on the year-earlier quarter. Disregarding the drop in (CEER) exchange rates (a positive impact of some 50 million), the year-on-year cost decrease was caused by the reduction in business activities at a number of Merchant Banking entities (especially KBC Financial Products), lower variable pay, and the first effects of the other cost reduction measures decided earlier.
Compared to the previous quarter, the cost decrease was even more outspoken (25%), but that quarter had been burdened by high one-off items (such as restructuring charges, provisions for commercial litigation, pension charges, and some technical accounting issues, together totalling over 300 million). Excluding the one-off items and exchange rates changes, costs still went down by around 5% quarter-on-quarter, as a result of, *inter alia*, the previously mentioned activity reduction in some Merchant Banking entities.

As a result, the banking cost/income ratio for 1Q 2009 stood at 58%, an improvement on the 64% recorded for the full year 2008 (in these calculations, the direct impact of the financial crisis on income has been disregarded). The 1Q 2009 cost-income ratio breaks down per business unit as follows: 63% for Belgium, 56% for CEER, 50% for Merchant Banking and 70% for European Private Banking.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Impairment on loans and advances	-27	-143	-130	-341	-307
Impairment on available-for-sale assets	0	0	-15	-29	-3
Impairment on goodwill	0	0	0	-15	0
Impairment on other	0	-9	2	-36	-9
Impairment	-28	-152	-143	-420	-319
Belgium	-4	-13	-18	-12	-19
Central & Eastern Europe and Russia	-35	-53	-83	-151	-187
Merchant Banking	13	-85	-42	-215	-112
European Private Banking	-2	0	0	-41	-1
Group Centre	0	0	0	-2	0

In 1Q 2009, impairment on loans and advances (loan loss provisions) stood at 307 million. Though significantly higher than the very low 27 million recognised in the year-earlier quarter, there was no deterioration in the overall credit losses compared to the previous quarter, as illustrated by the fact that loan loss provisions even went down by 10% compared to the 341 million recorded in 4Q 2008. The 1Q 2009 loan loss provisions break down as follows: 19 million for the Belgium Business Unit (still at a low level), 179 million for the Central & Eastern Europe and Russia Business Unit (gradually increasing) and 110 million for the Merchant Banking Business Unit (up year-on-year, but down on the previous quarter).
Impairments on available-for-sale assets stood at 3 million, but these underlying figures do not include impairments on shares as a result of the continued drop in share prices during the quarter under review, given that these are directly related to the financial crisis. For information, impairments on shares amounted to 0.3 billion in the current quarter.

The annualised credit cost ratio (which includes both loans and corporate and bank bonds, but excludes shares) for 1Q 2009 stood at 70 basis points for the whole group. The 1Q 2009 the credit cost ratio for the Belgium Business Unit stood at 13 basis points (9 basis points in FY 2008), 169 basis points for the CEER Business Unit (73 basis points in FY 2008) and 59 basis points for the Merchant Banking Business Unit (48 basis points in FY 2008). As at end-March 2009, roughly 2.5% of the outstanding loans was non-performing, compared to 1.8% as at 31 December 2008. Since there is usually a time lag between the evolution of the economic cycle and non-performing loans, KBC expects this figure to rise in the quarters ahead.

The other impairments (on goodwill and other assets) amounted to 9 million in 1Q 2009. These underlying figures exclude the impairments made on the goodwill that had been booked on a number of subsidiaries in the quarter under review (in total 79 million, for the most part relating to the Bulgarian CIBANK).

Analysis of other earnings components (underlying figures)

Other components of the result (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Share in result of associated companies	16	8	9	-20	0
Income tax expense	-200	-188	-175	94	-181
Minority interests in profit after tax	26	28	32	24	21

The share in the results of associated companies stood at 0.1 million in the quarter under review, down on the positive 16 million year-earlier figure, but significantly better than the negative 20 million recorded in the previous quarter, which was burdened by asset impairment charges at the main associated companies.

Group tax amounted to 181 million in 1Q 2009. The result attributable to minority shareholders amounted to 21 million, down somewhat on the 28–million quarterly average for 2008.

Underlying results per business unit

The group consists of five business units (BUs): Belgium, Central & Eastern Europe and Russia (CEER), Merchant Banking, European Private Banking, and Shared Services & Operations. This last encompasses IT, payments processing and centralised ‘product factories’, such as asset management, consumer finance, leasing and trade finance. All revenue and expenses of the Shared Services & Operations are allocated to the other business units.

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

Belgium Business Unit (underlying trend)

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

In the quarter under review, the Belgium Business Unit generated an underlying profit of 255 million, up from 158 million in the previous quarter and down on the 455 million in the year-earlier quarter.
These figures exclude the direct impact of the financial crisis. A table reconciling this underling net profit with the net profit according to IFRS is provided further on in this section.

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	532	542	441	469	583
Gross earned premiums, insurance	865	632	532	1 024	992
Gross technical charges, insurance	- 828	- 612	- 524	- 954	- 949
Ceded reinsurance result	- 6	- 7	- 5	- 2	- 4
Dividend income	15	77	14	41	10
Net (un)realised gains from financial instruments at fair value	28	- 9	16	12	15
Net realised gains from available-for-sale assets	200	59	79	18	39
Net fee and commission income	192	205	163	163	121
Banking	*249*	*249*	*207*	*220*	*187*
Insurance	*- 56*	*- 43*	*- 44*	*- 57*	*- 66*
Other net income	45	39	41	52	40
Total income	1 042	925	758	822	846
Operating expenses	- 464	- 486	- 479	- 601	- 464
Impairment	- 4	- 13	- 18	- 12	- 19
o/w on loans and receivables	- 4	- 13	- 18	- 12	- 19
o/w on available-for-sale assets	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	575	426	262	210	363
Income tax expense	- 120	- 108	- 46	- 52	- 108
Profit after tax	455	319	215	158	255
attributable to minority interests	1	0	1	0	1
attributable to the equity holders of the parent	**455**	**318**	**215**	**158**	**255**
Banking activities	*179*	*155*	*68*	*71*	*144*
Insurance activities	*276*	*163*	*146*	*86*	*111*
Risk-weighted assets (end of period, Basel II)	*23 252*	*24 336*	*23 288*	*23 380*	*23 695*
Allocated equity (end of period, Basel II)	*3 014*	*3 123*	*3 077*	*3 134*	*3 226*
Return on allocated capital (ROAC, Basel II))	*59%*	*40%*	*26%*	*21%*	*31%*
Cost/income ratio (banking activities)	*58%*	*62%*	*79%*	*88%*	*63%*
Combined ratio (non-life insurance activities)	*88%*	*96%*	*93%*	*96%*	*81%*

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

Net interest income for this business unit amounted to 583 million in the quarter under review. This constitutes a 24% increase on the previous quarter, which was mainly attributable to lower deposit remuneration in the quarter under review (following the fierce deposit pricing competition in 2008), combined with a shift towards higher margin deposit products (shift from time deposits to saving accounts). As a consequence, the net interest margin in 1Q 2009 stood at 1.60%, significantly up on the 1.25% recorded in 4Q 2008. In the quarter under review, deposits grew by 1%. Loan growth slowed to 1% in the quarter under review, on the back of a fall in credit demand, while credit underwriting policy remained unchanged. Compared to 1Q 2008, net interest income went up by 10%. Year-on-year volume growth amounted to 8% for loans and 10% for deposits. The net interest margin (1.60%) was down somewhat on the 1.72% recorded in the year earlier quarter.

Gross earned premiums of the group's insurance activities in Belgium amounted to 992 million. This breaks down into 751 million for life insurance and 241 million for non-life insurance. The latter continued the upward trend of the last years (+1% quarter-on-quarter and +5% year-on-year) and also posted a fine technical result with, for instance, a very favourable combined ratio of only 81% (compared to 96% in FY 2008).
As regards life insurance, gross earned premiums exclude certain forms of life insurance contracts (simplified: the unit-linked contracts). Including these products, total life insurance sales amounted to 799 million , down 6% on 4Q 2008 (the last quarter of the year traditionally witnesses higher life insurance sales), but also down 16% on 1Q 2008, due to a strong year-on-year decrease of unit-linked life insurance sales (from 313 million to 46 million). Sales of interest-guaranteed products, on the other hand, did well and were even up 18% year-on-year, posting one of the best quarterly sales in the last few years (753 million).

Net (un)realised gains on financial instruments at fair value stood at 15 million for the quarter under review, compared to 12 million in 4Q 2008 and 28 million in 1Q 2008. As already explained, these underlying results exclude the impact from CDO markdowns (an overview is provided in the table below).

Net realised gains on available-for-sale assets relate mainly to shares in the investment portfolio of the insurance company. They amounted to 39 million in 1Q 2009, up on the 18 million recorded in the previous quarter but significantly down on the high 200 million recorded in 1Q 2008 (in that quarter, it had been decided to underweight the share component in the investment portfolio and hence realise an important part of the full 2008 budget of share sales).

Net fee and commission income, at 121 million, continued to suffer from the weak investment climate of the last quarters. Compared to 4Q 2008, it witnessed a drop of 26% and compared to 1Q 2008, the decrease amounted to 37%. In both cases, this was essentially due to a combination of lower commissions received both in the insurance business (lower unit-linked sales) and in the banking business. The latter is largely situated in the asset management activities, where, among other things, the decrease in the value of total assets under management as a result of the drop in the price of assets led to a lower fee income. For information, at the end of March 2009, assets under management of the Belgium Business Unit stood at 148 billion, which is a decrease of 2% and 8% compared to a quarter and a year ago, respectively. However, excluding the effect caused by the decreased prices of the assets themselves, the volume outflow remained limited to 1% compared to end 4Q 2008 and 3% compared to end 1Q 2008.

Dividend income in the quarter under review stood at 10 million (note that most dividends are received in the second quarter of the year) and other net income amounted to 40 million, in line with the 2008 quarterly average.

Operating expenses in 1Q 2009 came to 464 million. This was a decrease of 23% (137 million) compared to 4Q 2008, essentially due to the fact that 4Q 2008 had been burdened by a number of one-off costs (for restructuring and pension charges, as well as related to some technical issues, combined totalling some 135 million). Compared to a year ago, costs remained at the same level, with the effect of the 4% year-on-year price inflation being offset by *inter alia* lower variable pay (in line with the agreed new salary policy). The cost-income ratio for the Belgian banking activities hence stood at 63% in 1Q 2009, a significant improvement compared to the 71% recognised for FY 2008.

The worsening economic climate did not lead to a significant impact on loan losses for this business unit in the quarter under review. Impairments on loans and receivables (19 million) remained at a low level, although up somewhat on the previous quarter (12 million) and year-earlier quarter (4 million). The credit cost ratio consequently remained at a favourable 13 basis points, compared to 9 basis points for FY 2008. Obviously, loan losses follow the economic situation with a certain time lag, which makes it probable that the level of loan loss impairments will go up in the coming periods.
Impairments on available-for-sale assets stood at zero, as was the case in the former quarters, as all impairments on shares are excluded from the underlying results because they are directly related to the financial crisis (overview in the table below).

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Belgium Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**455**	**318**	**215**	**158**	**255**
Plus:					
- Valuation losses on CDOs	- 31	- 51	- 434	- 256	0
- Valuation losses on shares	- 48	- 108	- 120	- 557	- 251
- Valuation losses related to troubled US and Iceland banks	0	0	- 3	0	0
- Other exceptional items	- 46	25	- 53	- 228	- 46
Taxes and minority interests on the items above	26	8	168	162	36
Profit after tax, attributable to the equity holders of the parent: IFRS	**357**	**194**	**- 227**	**- 721**	**- 5**

CEER Business Unit (underlying trend)

The CEER Business Unit encompasses all banking and insurance activities in Central and Eastern Europe and Russia, primarily:

- Czech Republic: ČSOB Bank (CR) and ČSOB Insurance (CR)
- Slovakia: ČSOB Bank (SR), ČSOB Insurance (SR), Istrobanka (included for the first time in 3Q 2008)
- Hungary: K&H Bank and K&H Insurance
- Poland: Kredyt Bank and WARTA Insurance
- Serbia: KBC Banka
- Bulgaria: CIBank (formerly Economic and Investment Bank) and DZI Insurance
- Russia: Absolut Bank
- Slovenia: NLB Bank (minority participation) and NLB Life.

In the quarter under review, the CEER BU generated an underlying profit of 106 million, up on the previous quarter (84 million) and down on the year-earlier quarter (180 million). The 1Q 2009 net results break down as follows:

- 133 million in the Czech Republic
- 1 million in Slovakia
- 10 million in Hungary
- 13 million in Poland
- -11 million in Russia
- -39 million other results

The underlying profit figure excludes the direct impact of the financial crisis. A table reconciling this underling net profit with the net result according to IFRS is provided further on in this section.

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	390	439	471	482	460
Gross earned premiums, insurance	299	319	330	338	257
Gross technical charges, insurance	- 186	- 164	- 235	- 201	- 165
Ceded reinsurance result	- 4	- 9	- 7	- 17	- 4
Dividend income	0	3	2	8	0
Net (un)realised gains from financial instruments at fair value	49	62	124	80	51
Net realised gains from available-for-sale assets	- 1	- 5	- 2	1	6
Net fee and commission income	76	75	79	70	63
Banking	*129*	*132*	*143*	*131*	*108*
Insurance	*- 53*	*- 56*	*- 64*	*- 61*	*- 45*
Other net income	36	25	36	39	42
Total income	659	745	799	799	710
Operating expenses	- 406	- 446	- 479	- 548	- 399
Impairment	- 35	- 53	- 83	- 151	- 187
o/w on loans and receivables	- 35	- 51	- 79	- 149	- 179
o/w on available-for-sale assets	0	0	0	0	0
Share in results of associated companies	15	8	11	- 10	0
Profit before tax	233	254	248	90	123
Income tax expense	- 48	- 25	- 38	- 4	- 18
Profit after tax	185	228	209	86	105
attributable to minority interests	6	6	8	3	- 1
attributable to the equity holders of the parent	**180**	**222**	**201**	**84**	**106**
Banking activities	*183*	*206*	*189*	*63*	*70*
Insurance activities	*- 3*	*16*	*12*	*20*	*36*
Risk-weighted assets (end of period, Basel II)	*34 643*	*39 943*	*39 585*	*38 380*	*36 402*
Allocated equity (end of period, Basel II)	*2 603*	*2 973*	*3 006*	*2 922*	*2 793*
Return on allocated capital (ROAC, Basel II)	*25%*	*28%*	*22%*	*10%*	*10%*
Cost/income ratio (banking activities)	*58%*	*57%*	*58%*	*66%*	*56%*
Combined ratio (non-life insurance activities)	*92%*	*89%*	*92%*	*95%*	*109%*

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

The average exchange rate of the main currencies in the region changed significantly compared to both 1Q 2008 and 4Q 2008 (see table). Compared to 1Q 2008, the combined weighted change in the exchange rate for the business unit as a whole was -9% (i.e. a 9% depreciation against the euro). Compared to 4Q 2008, the combined weighted change was -11%. No new acquisitions were effected in the quarter under review. Compared to a year ago, however, Istrobanka was added to the scope of consolidation. In order not to distort the comparison, the 'organic' growth figures mentioned below exclude the impact of changes in exchange rates and acquisitions.

CEER exchange rates changes	CZK	SKK	HUF	PLN	RUB
+: appreciation against the euro - : depreciation against the euro	(Czech Rep)	(Slovakia)	(Hungary)	(Poland)	(Russia)
1Q 2009 / 1Q 2008	-7%	+12%	-12%	-21%	-19%
1Q 2009 / 4Q 2008	-10%	*	-13%	-18%	-19%

* Slovakia switched to the euro on 1 January 2009.

Net interest income amounted to 460 million in the quarter under review. Compared to the previous quarter, this is a 9% organic increase. Credit growth in the region slowed to 2%, while deposit growth stood at 3% in the quarter under review (both on an organic basis). Compared to a year ago, the organic increase in net interest income was 32%, which is attributable to a combination of rising volumes (loans +22% , deposits +11%, both on an organic basis) and an increased net interest margin (from 3.08% in 1Q 2008 to 3.16% in 1Q 2009).

Gross earned insurance premiums amounted to 257 million. Non-life gross earned premiums stayed roughly flat compared to the year-earlier quarter and decreased 12% compared to 4Q 2008 (both on an organic basis). The combined ratio for this business unit rose to 109%, up from the 95% recorded for FY 2008. This was caused by the high claims ratio in Poland, which led to a combined ratio of 124% for that country. The 1Q 2009 combined ratio for the other CEE-countries remained well below 100%: Czech Republic 92%, Slovakia 92%, Hungary 70%, and Bulgaria 94%.
Life gross premiums, including unit-linked product sales (which are, in line with IFRS, not included in the premium figures) amounted to 243 million in the quarter under review. This is down on the 459 million recorded in the previous quarter, which was boosted by exceptionally high single-premium insurance sales in Poland, but significantly up on the year-earlier quarter (115 million), thanks to increased sales of interest-guaranteed products.

Net (un)realised gains from financial instruments at fair value (‘trading income’) amounted to 51 million, down from 80 million in 4Q 2008, but comparable to the 49 million recorded in 1Q 2008. As already explained, these underlying figures do not include the value write-downs on the CDOs of this business unit (see overview in the table below).

Total net fee and commission income amounted to 63 million in the quarter under review. On an organic basis, this is roughly unchanged compared to the previous quarter (the lower *f*ees *received* in the banking business being offset by lower fees *paid* in the insurance activities). Versus 1Q 2008, net fee and commission income went down 14% on an organic basis, which was entirely caused by a drop in banking fee income, while fees paid in the insurance business stayed flat year-on-year (in organic terms). Fee-generating assets under management in this business unit stood at 11 billion as at 31 March 2009, roughly on a par with the situation as at 31 December 2008, on an organic basis.

Net realised gains from available-for-sale assets stood at 6 million, up on the 1 million recorded in 4Q 2008 and -1 million in 1Q 2008, respectively. Dividend income stood at 0.1 million, comparable to a year ago. Lastly, other income stood at 42 million, more or less in line with the 4Q 2008 and 1Q 2008 reference quarters.

Operating expenses stood at 399 million, a significant drop (17% on an organic basis) compared to the previous quarter, thanks to a combination of lower staff expenses and non-staff costs (both as a result of the cost-saving measures taken) and the fact that 4Q 2008 had included some one-off items (restructuring charges and provisions for commercial litigation, totalling some 40 million). Compared to the year-earlier quarter, costs were up 8% on an organic basis. While both staff and non-staff expenses still witnessed a moderate increase (due, for instance, to the year-on-year branch expansion programme), almost half the year-on-year cost increase was related to changes in cost provisions (for litigation, for example), leading to a net negative impact of 15 million year-on-year. The cost/income ratio for the CEER banking activities stood at 56%, compared to 60% for the full year 2008.

Impairments on loans and receivables stood at 179 million in the quarter under review, an increase compared to both the previous quarter (149 million) and year-earlier quarter (35 million), reflecting a gradually worsening credit environment. Most of the quarter-on-quarter loan loss increase was accounted for by Hungary and Russia, while the loan loss increase in Poland was caused by one large corporate file. In the Czech Republic, loan losses even decreased somewhat in the quarter under review. For the region as a whole, this led to an annualised credit cost ratio of 169 basis points, against 73 basis points for the FY 2008 (in this calculation, impairments on troubled banks in the US and Iceland were omitted). The 1Q 2009 credit cost ratio breaks down as follows: 62 basis points for the Czech Republic, 103 basis points for Slovakia, 229 basis points for Poland, 199 basis points for Hungary and 537 basis points for Russia. The non-performing loan ratio for the region as a whole went up from 2.1% at end 2008 to 2.5% at the end of March 2009. As loan losses follow the economic downturn, a further increase in loan losses cannot be excluded in the quarters to come.
Impairments on available-for-sale assets stood at zero, as all impairments on shares in the investment portfolio are deemed to be directly related to the financial crisis and are hence removed from the underlying results (figures are provided in the table below).

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, CEER Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**180**	**222**	**201**	**84**	**106**
Plus:					
- Valuation losses on CDOs	- 28	- 37	- 258	- 103	0
- Valuation losses on shares	- 4	- 3	- 8	- 56	- 14
- Valuation losses related to troubled US and Iceland banks	0	0	- 13	- 36	16
- Other exceptional items	10	17	- 43	- 73	- 57 *
Taxes and minority interests on the items above	1	4	91	43	- 8
Profit after tax, attributable to the equity holders of the parent: IFRS	**159**	**203**	**- 32**	**- 142**	**44**

* Includes -73 million impairment on goodwill paid for CEER subsidiaries (mainly CIBANK).

The underlying income statements for the Czech Republic, Slovakia, Hungary, Poland and Russia are given below. The 'CEER funding costs and other results' section includes the funding cost of goodwill paid on acquisitions in CEER, the results of the other subsidiaries and participations (mainly in Slovenia, Serbia and Bulgaria) and some operating expenses related to CEER at KBC group's head office.

Note: significant exchange rate changes in the period under review (see table two pages ago).

Income statement, Czech Republic (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	211	221	230	232	220
Gross earned premiums, insurance	70	74	74	74	65
Gross technical charges, insurance	- 52	- 35	- 83	- 18	- 25
Ceded reinsurance result	- 3	- 3	- 2	- 3	- 2
Dividend income	0	1	1	3	0
Net (un)realised gains from financial instruments at fair value	7	22	49	- 16	0
Net realised gains from available-for-sale assets	- 3	0	1	1	5
Net fee and commission income	57	60	61	54	51
Banking	*64*	*67*	*68*	*67*	*58*
Insurance	*- 7*	*- 7*	*- 7*	*- 13*	*- 7*
Other net income	25	7	23	23	11
Total income	313	348	352	349	326
Operating expenses	- 155	- 151	- 163	- 180	- 136
Impairment	- 13	- 11	- 34	- 36	- 32
o/w on loans and receivables	- 13	- 10	- 30	- 37	- 31
o/w on available-for-sale assets	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	145	185	155	133	158
Income tax expense	- 25	- 31	- 16	- 17	- 25
Profit after tax	120	154	138	115	133
attributable to minority interests	1	0	1	1	1
attributable to the equity holders of the parent	**119**	**154**	**137**	**115**	**133**
Banking activities	*125*	*145*	*136*	*88*	*115*
Insurance activities	*- 5*	*9*	*2*	*26*	*17*
Cost/income ratio (banking activities)	*47%*	*42%*	*45%*	*56%*	*43%*
Combined ratio (non-life insurance activities)	*100%*	*91%*	*87%*	*92%*	*92%*

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

Income statement, Slovakia (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	30	34	41	46	47
Gross earned premiums, insurance	13	20	16	16	19
Gross technical charges, insurance	- 8	- 16	- 12	- 11	- 13
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	7	9	9	7	- 4
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	7	6	9	9	7
Banking	*8*	*7*	*11*	*11*	*8*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*
Other net income	1	0	3	3	2
Total income	50	53	67	70	57
Operating expenses	- 30	- 32	- 41	- 55	- 43
Impairment	- 4	- 4	- 9	- 15	- 14
o/w on loans and receivables	*- 4*	*- 4*	*-9*	- 13	- 13
o/w on available-for-sale assets	*0*	*0*	*0*	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	17	16	17	- 1	1
Income tax expense	- 3	- 3	- 4	- 1	0
Profit after tax	14	13	13	- 2	1
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**14**	**13**	**13**	**- 2**	**1**
Banking activities	*12*	*15*	*10*	*- 4*	*0*
Insurance activities	*2*	*- 2*	*3*	*2*	*1*
Cost/income ratio (banking activities)	*60%*	*56%*	*63%*	*85%*	*74%*
Combined ratio (non-life insurance activities)	*86%*	*112%*	*111%*	*122%*	*92%*

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

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	66	73	79	89	99
Gross earned premiums, insurance	20	23	26	23	16
Gross technical charges, insurance	- 14	- 15	- 21	- 14	- 8
Ceded reinsurance result	0	- 1	2	0	0
Dividend income	0	0	0	4	0
Net (un)realised gains from financial instruments at fair value	21	31	33	30	3
Net realised gains from available-for-sale assets	1	1	0	0	1
Net fee and commission income	25	26	28	19	18
Banking	*27*	*28*	*30*	*22*	*20*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*
Other net income	5	6	3	4	2
Total income	123	144	151	155	130
Operating expenses	- 65	- 85	- 89	- 113	- 76
Impairment	- 1	3	- 6	- 26	- 36
o/w on loans and receivables	*- 1*	*3*	*-6*	- 26	- 36
o/w on available-for-sale assets	*0*	*0*	*0*	0	0
Share in results of associated companies	1	0	0	0	1
Profit before tax	58	63	56	16	19
Income tax expense	- 22	- 15	- 15	- 15	- 8
Profit after tax	37	47	42	1	10
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**37**	**47**	**42**	**1**	**10**
Banking activities	*34*	*44*	*38*	*- 2*	*6*
Insurance activities	*3*	*4*	*3*	*3*	*4*
Cost/income ratio (banking activities)	*52%*	*60%*	*60%*	*74%*	*60%*
Combined ratio (non-life insurance activities)	*86%*	*89%*	*91%*	*84%*	*70%*

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

Income statement, Poland (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	75	83	94	78	68
Gross earned premiums, insurance	158	166	182	157	122
Gross technical charges, insurance	- 82	- 79	- 99	- 93	- 95
Ceded reinsurance result	1	- 3	- 6	- 12	- 2
Dividend income	0	1	1	0	0
Net (un)realised gains from financial instruments at fair value	11	15	34	34	28
Net realised gains from available-for-sale assets	1	- 6	- 3	- 2	0
Net fee and commission income	- 17	- 20	- 26	- 13	- 12
Banking	*20*	*21*	*23*	*20*	*16*
Insurance	*- 37*	*- 41*	*- 49*	*- 33*	*- 28*
Other net income	7	13	7	15	30
Total income	154	171	184	164	139
Operating expenses	- 98	- 114	- 119	- 109	- 89
Impairment	- 10	- 19	- 5	- 27	- 39
o/w on loans and receivables	*- 9*	*- 18*	*- 5*	- 26	- 40
o/w on available-for-sale assets	*0*	*0*	*0*	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	46	38	60	28	11
Income tax expense	- 9	- 4	- 12	1	1
Profit after tax	36	34	48	29	11
attributable to minority interests	4	4	7	3	- 2
attributable to the equity holders of the parent	**32**	**30**	**41**	**26**	**13**
Banking activities	*18*	*17*	*27*	*14*	*- 6*
Insurance activities	*14*	*13*	*14*	*12*	*19*
Cost/income ratio (banking activities)	*66%*	*64%*	*64%*	*58%*	*69%*
Combined ratio (non-life insurance activities)	*90%*	*90%*	*95%*	*107%*	*124%*

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

Income statement, Russia (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	40	57	61	67	54
Gross earned premiums, insurance	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	1	- 8	9	4
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	4	2	3	3	2
Banking	*4*	*2*	*3*	*3*	*2*
Insurance	*0*	*0*	*0*	*0*	*0*
Other net income	0	0	1	- 3	1
Total income	45	60	56	76	62
Operating expenses	- 30	- 36	- 38	- 41	- 28
Impairment	- 5	- 18	- 18	- 31	- 45
o/w on loans and receivables	*- 5*	*- 18*	*- 18*	- 31	- 45
o/w on available-for-sale assets	*0*	*0*	*0*	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	9	6	0	4	- 11
Income tax expense	- 3	- 1	0	- 4	0
Profit after tax	6	4	0	1	- 11
attributable to minority interests	0	0	0	0	- 1
attributable to the equity holders of the parent	**6**	**4**	**0**	**1**	**- 11**
Banking activities	*6*	*4*	*0*	*1*	*- 11*
Insurance activities	*0*	*0*	*0*	*0*	*0*
Cost/income ratio (banking activities)	*68%*	*60%*	*68%*	*54%*	*46%*
Combined ratio (non-life insurance activities)	-	-	-	-	-

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

Income statement, CEER - funding cost and other results (in millions of EUR) -

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	-32	-29	-34	-30	-28
Gross earned premiums, insurance	38	35	32	68	34
Gross technical charges, insurance	-30	-20	-20	-65	-24
Ceded reinsurance result	-1	-2	-1	-1	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	4	-16	7	15	19
Net realised gains from available-for-sale assets	0	0	0	1	0
Net fee and commission income	-1	1	4	-1	-1
Other net income	-2	-2	0	-3	-3
Total income	-25	-31	-12	-15	-4
Operating expenses	-28	-27	-29	-49	-27
Impairment	-3	-3	-10	-15	-22
o/w on loans and receivables	*-3*	*-3*	*-10*	-15	-14
o/w on available-for-sale assets	*0*	*0*	*0*	0	0
Share in results of associated companies	14	7	11	-11	-1
Profit before tax	-42	-54	-40	-90	-54
Income tax expense	14	30	9	32	15
Profit after tax	-28	-24	-31	-58	-39
attributable to minority interests	0	1	1	-1	0
attributable to the equity holders of the parent	**-28**	**-25**	**-32**	**-57**	**-39**
Banking activities	*-11*	*-18*	*-22*	-33	-34
Insurance activities	*-16*	*-7*	*-10*	-23	-5

Merchant Banking Business Unit (underlying trend)

In the quarter under review, the Merchant Banking Business Unit generated an underlying result of 91 million, a strong rebound compared to the 42 million loss recorded in the previous quarter, and 3% up on the 89 million profit recorded a year earlier. The 1Q 2009 underlying result is broken down as follows:

- 135 million for commercial banking
- -44 million for investment banking activities

The underlying figures exclude the direct impact of the financial crisis. A table reconciling this underling net profit with the net result according to IFRS is provided further on in this section.

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

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	249	242	243	269	256
Gross earned premiums, insurance	71	60	69	174	69
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7
Dividend income	2	13	3	1	1
Net (un)realised gains from financial instruments at fair value	42	343	117	79	163
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1
Net fee and commission income	79	74	81	67	50
Other net income	33	33	54	46	48
Total income	420	726	517	482	534
Operating expenses	- 301	- 323	- 217	- 350	- 262
Impairment	13	- 85	- 42	- 215	- 112
o/w on loans and receivables	*13*	*- 78*	*- 33*	- 180	- 110
o/w on available-for-sale assets	*0*	*0*	*- 15*	10	- 2
Share in results of associated companies	0	0	- 3	- 9	0
Profit before tax	132	317	256	- 92	161
Income tax expense	- 24	- 61	- 96	72	- 49
Profit after tax	109	256	159	- 21	112
attributable to minority interests	20	22	23	21	21
attributable to the equity holders of the parent	**89**	**234**	**137**	**- 42**	**91**
Banking activities	*83*	*216*	*117*	*- 66*	*80*
Insurance activities	*5*	*19*	*20*	*24*	*11*
Risk-weighted assets (end of period, Basel II)	*71 787*	*74 120*	*75 916*	*73 702*	*76 613*
Allocated equity (end of period, Basel II)	*4 657*	*4 805*	*4 925*	*4 777*	*4 965*
Return on allocated capital (ROAC, Basel II)	*9%*	*21%*	*13%*	*-1%*	*8%*
Cost/income ratio (banking activities)	*73%*	*46%*	*43%*	*77%*	*50%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*

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

Net interest income for this business unit, which relates to the commercial banking activities, amounted to 256 million in 1Q 2009, in line with the quarterly average of 2008, and slightly down on the previous quarter (as risk-weighted assets in commercial banking decreased by roughly 3% in the quarter under review).

Gross earned premiums amounted to 69 million in the quarter under review, comparable to the year-earlier quarter, but down on 4Q 2008 (174 million), as that quarter benefited from a large life reinsurance transaction (which also explains the high technical charges in that quarter). The combined ratio of this business unit's reinsurance operations stood at an excellent 82%, a further improvement on the 87% registered for the FY 2008.

Net (un)realised gains from financial instruments at fair value relate to currency and securities sales and trading and other fair value income. In the quarter under review, this item amounted to a 163 million, a strong rebound compared to both 4Q 2008 (79 million) and 1Q 2008 (42 million), due in part to the fine performance of debt capital and money market activities (mainly at the Brussels dealing room), partially offset by (some 144 million) losses in the credit derivatives and fund derivatives businesses that are in the process of being unwound (at KBC Financial Products).
As already explained, these underlying figures do not include non-operational items such as value write-downs on CDOs or provisions made for increased monoline counterparty risk (especially on MBIA, whose creditworthiness decreased significantly). An overview of these non-operational items is provided in the table below.

Net fee and commission income amounted to 50 million in the quarter under review, a decrease of one-third compared to the 2008 quarterly average, which is primarily accounted for by the investment banking activities (mainly due to lower brokerage income and corporate finance fees).

Dividend income stood at 1 million in 1Q 2009 (the bulk of dividends is received in the second quarter). Net gains from available-for-sale assets amounted to a negative 1 million and 'other net income' amounted to 48 million (both in line with the 2008 quarterly average).

In the quarter under review, operating expenses amounted to 262 million. This is a significant decrease (-25% or -89 million) compared to the previous quarter, which was burdened by 115 million in one-off charges related to restructuring costs, commercial litigation and pension charges.
Compared to 1Q 2008, the costs fell by 13%, mainly due to lower variable pay and the reduction of activities and FTEs, in particular at KBC Financial Products.

Impairments on loans and receivables stood at 110 million in 1Q 2009, clearly significantly up on the 13 million net reversal recorded in the year-earlier quarter, but down on the record level of the previous quarter (180 million). The bulk of the loan loss impairments in the quarter under review relates to securitised loans (reclassified from securities to the loan book as at end-2008) and corporate loans in non-home markets. As a consequence, the annualised credit cost ratio in this business unit amounted to 59 basis points in the quarter under review, compared to 48 basis points recorded for FY 2008 (or 90 basis points for FY 2008, when including impairments for the troubled US and Iceland banks). In Ireland, the credit cost ratio amounted to 35 basis points in the quarter under review, while the non-performing ratio stood at 4.6%.
The non-performing loans ratio for the whole business unit stood at 2.8% as at 31 March 2009, up from the 1.6% registered for FY 2008. Again, given the adverse economic circumstances, a further increase in loan losses and non-performing loans for this business unit is possible in the quarters ahead.
Impairments on available-for-sale assets were negligible, as all impairments on shares are treated as exceptional items and are hence excluded from the underlying figures (overview in table below).
The other impairments (on goodwill and other assets) were also immaterial in 1Q 2009, as was the case in 1Q 2008. In 4Q 2008, however, impairments on goodwill and other assets amounted to 44 million, which was related to the restructuring of KBC Financial Products.

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Merchant Banking Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**89**	**234**	**137**	**- 42**	**91**
Plus:					
- Valuation losses on CDOs*	- 68	- 142	- 905	-1 441	-3 793
- Valuation losses on shares	- 17	- 16	- 18	- 67	- 34
- Valuation losses related to troubled US and Iceland banks	0	0	- 135	- 201	0
- Losses related to the discontinuation of certain activities at KBC Financial Products	0	0	0	- 245	0
- Other exceptional items	1	1	- 2	77	- 24
Taxes and minority interests on the items above	27	47	404	121	21
Profit after tax, attributable to the equity holders of the parent: IFRS	**31**	**125**	**- 519**	**-1 801**	**-3 738**

* Including also markdowns related to monoline insurer counterparty risk and (limited) valuation losses on other ABS recognised in the income statement.

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

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	249	242	243	269	256
Gross earned premiums, insurance	71	60	69	174	69
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7
Dividend income	2	13	3	1	1
Net (un)realised gains from financial instruments at fair value	- 9	- 8	- 16	2	25
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1
Net fee and commission income	26	22	31	32	22
Other net income	33	33	54	46	48
Total income	317	323	334	370	368
Operating expenses	- 132	- 131	- 133	- 188	- 114
Impairment	13	- 78	- 30	- 140	- 59
o/w on loans and receivables	*13*	*- 77*	*- 30*	- 140	- 58
o/w on available-for-sale assets	*0*	*0*	*1*	0	- 1
Share in results of associated companies	0	0	0	0	0
Profit before tax	197	114	171	41	195
Income tax expense	- 41	- 19	- 36	25	- 37
Profit after tax	156	95	135	66	158
attributable to minority interests	21	20	21	21	23
attributable to the equity holders of the parent	**135**	**74**	**114**	**45**	**135**
Banking activities	*130*	*56*	*94*	*21*	*124*
Insurance activities	*5*	*19*	*20*	*24*	*11*
Cost/income ratio (banking activities)	*42%*	*43%*	*41%*	*54%*	*32%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*

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

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	50	351	134	77	138
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	53	52	49	35	28
Other net income	0	0	0	0	0
Total income	103	403	183	112	166
Operating expenses	-169	-192	-83	-162	-147
Impairment	0	-7	-12	-74	-53
o/w on loans and receivables	*0*	*-1*	*-2*	-40	-53
o/w on available-for-sale assets	*0*	*0*	*-16*	10	-1
Share in results of associated companies	0	0	-3	-9	0
Profit before tax	-65	203	85	-133	-34
Income tax expense	17	-42	-60	46	-12
Profit after tax	-48	161	25	-87	-46
attributable to minority interests	-1	1	2	0	-1
attributable to the equity holders of the parent	**-47**	**160**	**23**	**-87**	**-44**
Banking activities	*-47*	*160*	*23*	*-87*	*-44*
Insurance activities	*0*	*0*	*0*	*0*	*0*
Cost/income ratio (banking activities)	*163%*	*48%*	*46%*	*145%*	*89%*

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

European Private Banking Business Unit
(underlying trend)

In the quarter under review, the European Private Banking Business Unit generated an underlying profit of 34 million, more than double the 15 million recorded in the previous quarter, but down on the 50 million recognised a year ago.

The underlying profit figure excludes the direct impact of the financial crisis. A table reconciling this underlying net profit with the net result according to IFRS is provided further on in this section.

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

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	57	64	63	65	67
Gross earned premiums, insurance	13	7	5	5	1
Gross technical charges, insurance	- 17	- 13	- 10	- 3	- 6
Ceded reinsurance result	0	0	0	0	0
Dividend income	1	6	1	2	1
Net (un)realised gains from financial instruments at fair value	- 4	6	- 17	4	2
Net realised gains from available-for-sale assets	- 1	8	0	- 2	7
Net fee and commission income	107	120	99	96	88
Other net income	2	3	6	2	2
Total income	158	202	146	168	163
Operating expenses	- 95	- 132	- 111	- 148	- 115
Impairment	- 2	0	0	- 41	- 1
o/w on loans and receivables	- 2	0	0	0	0
o/w on available-for-sale assets	0	0	0	- 39	- 1
Share in results of associated companies	1	1	1	0	0
Profit before tax	61	70	35	- 20	48
Income tax expense	- 11	- 7	- 3	35	- 14
Profit after tax	50	64	32	15	34
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**50**	**64**	**32**	**15**	**34**
Banking activities	*48*	*62*	*32*	*10*	*33*
Insurance activities	*2*	*2*	*0*	*4*	*0*
Risk-weighted assets (end of period, Basel II)	*7 529*	*8 917*	*7 716*	*5 703*	*5 350*
Allocated equity (end of period, Basel II)	*542*	*620*	*543*	*410*	*387*
Return on allocated capital (ROAC, Basel II)	*34%*	*39%*	*19%*	*10%*	*28%*
Cost/income ratio (banking activities)	*61%*	*66%*	*76%*	*92%*	*70%*

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

Net interest income in the quarter under review stood at 67 million, in line with the record level of 4Q 2008 and up 19% compared to 1Q 2008, thus continuing the upward trend started a few quarters ago. This is due to KBL EPB's excess liquidity position combined with a continued high demand for liquidity in the market.

The Life premium technical result (gross earned premiums less gross technical charges) amounted to a negative 5 million in 1Q 2009, in line with the year-earlier quarter, but below the positive 2 million recorded in 4Q 2008. However, that quarter benefited from reduced technical charges due to a reversal of amounts accrued in the previous quarters for discretionary profit participation for policyholders.

Net (un)realised gains from financial instruments at fair value (mainly income from securities sales, execution and trading) amounted to 2 million in 1Q 2009, up on the negative 3 million quarterly average in 2008. As mentioned before, valuation losses on structured credits are excluded from these underlying figures (an overview follows in the table below).

Net realised gains from available-for-sale investments stood at 7 million, up on the 1 million quarterly average in 2008.

Net fee and commission income, at 88 million, continued its downward trend as a consequence of the weak investment climate. Compared to the previous quarter, it went down by 8% and compared to a year ago, it dropped 17%. The decrease was predominantly caused by the decreased asset base (assets under management (AUM), see further), combined with generally lower transaction activity and a shift in clients' investments towards products with a lower profitability for the group.
As at 31 March 2009, the assets under management of this business unit stood at 42.5 billion, down by 4% compared to a quarter ago and by 17% compared to a year ago. However, most of this drop was caused by the decrease in the price of the assets themselves; the net volume outflow remained limited to a mere 1% quarter-on-quarter while there was even a net inflow of 1% year-on-year.

Dividend income stood at 1 million in the quarter under review (the largest part of dividend income is received in the second quarter of the year) and other net income amounted to 2 million, in line with the 2008 quarterly average.

Operating expenses stood at 115 million in 1Q 2009. This constitutes a 22% (33 million) drop compared to the previous quarter, which was burdened by a number of one-off items, such as restructuring charges and a contribution to the Luxembourg Deposit Guarantee Scheme, asset tax and a provision for commercial litigation (combined accounting for some 27 million).
Costs were up compared to the 95 million registered in 1Q 2008, but that quarter included a 19 million retrieval of an early retirement provision that had become redundant (excluding this item, costs were down 5% year-on-year on a comparable basis). The cost income ratio for the quarter under review came to 70%, a slight improvement on the 73% recorded for FY 2008.

Impairment in this quarter stood at 1 million, comparable to the year-earlier quarter, but a significant improvement on the previous quarter, which included impairment of 41 million on own investments in investment funds. As mentioned above, the underlying figures exclude the direct impact of the financial crisis, such as impairment on structured credit and on shares in portfolio, as these do not reflect the normal course of business (an overview follows in the table below).

Taxes stood at 14 million in the quarter under review. In the previous quarter, there was a net tax rebate of 35 million, caused by reversals of tax accruals in earlier quarters and the final settlement of taxation from previous years.

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Europen Private Banking Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**50**	**64**	**32**	**15**	**34**
Plus:					
- Valuation losses on CDOs	- 10	- 12	- 136	- 94	0
- Valuation losses on shares	- 1	- 11	- 14	- 53	- 13
- Valuation losses related to troubled US and Iceland banks	0	0	- 20	- 30	0
- Other exceptional items	0	1	0	- 62	0
Taxes and minority interests on the items above	3	7	49	70	5
Profit after tax, attributable to the equity holders of the parent: IFRS	**43**	**48**	**- 88**	**- 155**	**26**

Group Centre (underlying trend)

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 21 million, an improvement on the negative 38 million recorded in the previous quarter.
A table reconciling this underling result with the net result according to IFRS is provided further on.

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

Income statement, Group Centre (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Net interest income	-25	-31	-31	-19	-13
Gross earned premiums, insurance	-10	-10	-13	-122	-11
Gross technical charges, insurance	6	7	10	105	0
Ceded reinsurance result	2	2	3	4	1
Dividend income	0	5	0	1	0
Net (un)realised gains from financial instruments at fair value	0	0	0	0	0
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	9	7	8	-17	5
Other net income	-1	-28	-27	-31	-14
Total income	-19	-48	-50	-78	-31
Operating expenses	-18	4	8	0	4
Impairment	0	0	0	-2	0
o/w on loans and receivables	0	0	0	0	0
o/w on available-for-sale assets	0	0	0	1	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	-38	-45	-42	-81	-27
Income tax expense	1	13	9	43	7
Profit after tax	-36	-32	-33	-38	-21
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**-36**	**-32**	**-34**	**-38**	**-21**
Banking activities	*4*	*-5*	*2*	*14*	*-1*
Insurance activities	*-20*	*-19*	*-17*	*-14*	*0*
Holding activities	*-20*	*-8*	*-18*	*-38*	*-19*

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Group Centre (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**-36**	**-32**	**-34**	**-38**	**-21**
Plus:					
- Valuation losses on CDOs	0	0	0	0	0
- Valuation losses on shares	0	0	0	0	0
- Valuation losses related to troubled US and Iceland banks	0	0	0	0	0
- Changes in fair value of own debt instruments	0	0	0	371	134
- Other exceptional items	2	- 46	- 6	- 11	5
Taxes and minority interests on the items above	- 1	1	- 1	- 128	- 47
Profit after tax, attributable to the equity holders of the parent: IFRS	**-35**	**-77**	**-40**	**193**	**73**

Consolidated financial statements

Consolidated financial statements
KBC Group, 1Q 2009

Consolidated income statement

In millions of EUR	Note	1Q 2008	4Q 2008	1Q 2009
Net interest income	3	1 163	1 269	1 477
Interest income		4 413	4 324	3 488
Interest expense		- 3 250	- 3 055	- 2 012
Gross earned premiums, insurance	9	1 236	1 419	1 308
non-life		503	531	479
life	10	734	887	830
Gross technical charges, insurance	9	- 1 078	- 1 181	- 1 164
non-life		- 289	- 344	- 297
life		- 789	- 837	- 867
Ceded reinsurance result	9	- 10	- 27	- 15
Dividend income	4	36	63	23
Net (un)realised gains from financial instruments at fair value through profit or loss		- 26	- 1 801	- 3 742
Net realised gains from available-for-sale assets	6	198	- 246	34
Net fee and commission income	7	438	377	317
Fee and commission income		742	663	581
Fee and commission expense		- 304	- 286	- 263
Other net income	8	129	183	152
TOTAL INCOME		2 084	56	- 1 610
Operating expenses		- 1 278	- 1 660	- 1 235
staff expenses		- 760	- 849	- 691
general administrative expenses		- 447	- 584	- 458
depreciation and amortisation of fixed assets		- 93	- 109	- 96
provisions for risks and charges		22	- 119	10
Impairment	14	- 98	- 1 325	- 707
on loans and receivables		- 27	- 522	- 307
on available-for-sale assets		- 71	- 742	- 311
on goodwill		0	- 25	- 79
on other		0	- 37	- 9
Share in results of associated companies		16	- 33	0
PROFIT BEFORE TAX		723	- 2 963	- 3 552
Income tax expense		- 144	360	- 28
Net post-tax income from discontinued operations		0	0	0
PROFIT AFTER TAX		579	- 2 603	- 3 580
attributable to minority interest		26	22	20
attributable to equity holders of the parent		**554**	**- 2 625**	**- 3 600**
Earnings per share (in EUR)				
Basic		1.62	-7.72	-10.60
Diluted		1.62	-7.70	-10.57

Condensed statement of comprehensive income

	1Q 2008	1Q 2009
PROFIT AFTER TAX	579	- 3 580
attributable to minority interest	26	20
attributable to equity holders of the parent	554	- 3 600
OTHER COMPREHENSIVE INCOME		
Net change in revaluation reserve (AFS assets) - Equity	- 779	22
Net change in revaluation reserve (AFS assets) - Bonds	3	- 205
Net change in revaluation reserve (AFS assets) - Other	0	0
Net change in hedging reserve (cash flow hedge)	- 74	- 164
Net change in translation differences	- 8	- 151
Other movements	- 2	1
TOTAL OTHER COMPREHENSIVE INCOME	- 860	- 497
TOTAL COMPREHENSIVE INCOME	- 280	- 4 077
attributable to minority interest	26	- 1
attributable to equity holders of the parent	- 306	- 4 076

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2008	31-03-2009
Cash and cash balances with central banks		4 454	8 338
Financial assets	18, 24	337 203	325 420
Held for trading		73 557	62 401
Designated at fair value through profit or loss		28 994	26 714
Available for sale		46 371	49 632
Loans and receivables		177 029	175 959
Held to maturity		10 973	10 594
Hedging derivatives		279	121
Reinsurers' share in technical provisions, insurance		280	281
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		169	310
Tax assets		2 453	2 407
Current tax assets		363	422
Deferred tax assets		2 090	1 985
Non-current assets held for sale and disposal groups		688	672
Investments in associated companies		27	24
Investment property		689	675
Property and equipment		2 964	2 908
Goodwill and other intangible assets		3 866	3 730
Other assets		2 525	2 636
TOTAL ASSETS		355 317	347 400

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2008	31-03-2009
Financial liabilities	18	313 931	309 522
Held for trading		44 966	46 252
Designated at fair value through profit or loss		42 228	32 619
Measured at amortised cost		225 821	229 608
Hedging derivatives		916	1 043
Gross technical provisions, insurance	31	19 523	20 124
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 4	0
Tax liabilities		503	501
Current tax liabilities		384	411
Deferred tax liabilies		119	91
Non-current liabilities held for sale and liabilities associated with disposal groups		59	60
Provisions for risks and charges		619	598
Other liabilities		5 309	5 281
TOTAL LIABILITIES		339 941	336 086
Total equity		15 376	11 314
Parent shareholders' equity	35	14 210	10 136
Minority interests		1 165	1 178
TOTAL LIABILITIES AND EQUITY		355 317	347 400

Consolidated statement of changes in equity

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

In millions of EUR	Issued and paid up share capital	Share premium	Mandatorily convertible bonds	Non-voting core-capital securities	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority interests	Total equity
31-03-2009												
Balance at the beginning of the period	1 244	4 335	0	3 500	- 1 561	- 1 131	- 352	8 359	- 184	14 210	1 165	15 376
Net profit for the period	0	0	0	0	0	0	0	- 3 600	0	- 3 600	20	- 3 580
Other comprehensive income for the period	0	0	0	0	0	-180	-160	1	- 135	- 475	- 21	- 497
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**- 180**	**- 160**	**- 3 600**	**- 135**	**- 4 076**	**- 1**	**- 4 077**
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Purchases of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0
Sales of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0
Results on (derivatives on) treasury shares	0	0	0	0	1	0	0	0	0	1	0	1
Other	0	0	0	0	0	0	0	0	0	0	14	14
Total change	**0**	**0**	**0**	**0**	**1**	**- 180**	**- 160**	**- 3 600**	**- 135**	**- 4 074**	**13**	**- 4 062**
Balance at the end of the period	**1 244**	**4 335**	**0**	**3 500**	**- 1 560**	**- 1 311**	**- 512**	**4 759**	**- 319**	**10 136**	**1 178**	**11 314**
of which revaluation reserve for shares						- 42						
of which revaluation reserve for bonds						- 1 270						
of which revaluation reserve for other assets than bonds and shares						0						

Condensed cash flow statement

In millions of EUR	3M 2008	3M 2009
Net cash from (used in) operating activities	- 3 121	- 12
Net cash from (used in) investing activities	893	733
Net cash from (used in) financing activities	1 276	16
Net increase or decrease in cash and cash equivalents	- 952	737
Cash and cash equivalents at the beginning of the period	20 738	9 461
Effects of exchange rate changes on opening cash and cash equivalents	52	- 107
Cash and cash equivalents at the end of the period	19 837	10 090

Notes on the accounting policies

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

Note 1a: Statement of compliance

The consolidated financial statements of the KBC Group have been prepared in accordance with the International Financial Reporting Standards (in particular IAS 34), as adopted for use in the European Union ('endorsed IFRS').
The consolidated financial statements of KBC present one year of comparative information.

The following IFRS standards became effective as of 1 January 2009 and have impacted the KBC interim reporting:

• IFRS 8 (Operating Segments). This standard replaces IAS 14 (Segment Reporting) and impacts the segment reporting in Note 2. In the past, the primary segments identified by KBC were based on the nature of the activities and included the banking activities, the insurance activities, European Private Banking and the Holding company. These primary segments are now replaced by the business units as applied by management: Belgium Business Unit, CEER Business Unit , Merchant Banking Business Unit, European Private Banking Business Unit and Group Centre.

• Amendments to IAS 1: the revised version of IAS 1 changes a number of requirements regarding the presentation of financial statements and requires additional disclosure. The non-owner changes to equity have been removed from the statement of changes in equity and have been included in a separate statement of comprehensive income, which is included after the income statement.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 3M 2009, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

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

KBC is structured and managed according to four different segments:

- Belgium (retail bancassurance, asset management, private banking)
- Central & Eastern Europe and Russia (retail bancassurance, asset management, private banking, corporate banking)
- Merchant Banking (commercial banking in Belgium and selected countries in Europe, America and Southeast Asia (mainly midcap SMEs), investment banking activities), and
- European Private Banking (onshore private banking (Benelux and neighbouring countries), offshore private banking (primarily Luxembourg)).

The basic principle of the segment reporting is that an individual subsidiary is allocated fully to one segment (see also note 40 List of significant subsidiaries and associated companies). Exceptions are made for:

- Costs that can not be allocated reliably to a certain segment. These costs are grouped together in a separate Group Centre.
- KBC Bank NV which is allocated to the different segments and to the Group Centre by means of different allocation keys.

Funding costs of goodwill regarding participations recorded in KBC Bank and KBC Insurance are allocated to the different segments in function of the subsidiaries concerned. The funding costs regarding leveraging at the level of KBC Group are not allocated.

The Group Centre consists out of KBC Group NV, Fin-Force, KBC Global Services and some allocated costs. The allocation of results of KBC Bank Belgium and KBC Insurance to the Group Centre are limited to those results that can not be allocated in a reliable way to other segments.

The transactions conducted between the different segments occur at arm's length.

The figures of the segment reporting have been prepared in accordance with the general KBC accounting policies (see Note 1) and are thus in compliance with the International Financial Reporting Standards as adopted for use in the European Union (endorsed IFRS). Some exceptions to these accounting policies have been made to better reflect the underlying performance:

- In order to arrive at the figure for underlying group profit, exceptional factors that do not regularly occur during the normal course of business are eliminated from the profit figure. These factors also include exceptional losses due to the financial crisis, such as those incurred on structured credit investments, on exposures to troubled banks (Lehman Brothers, Washington Mutual, Icelandic banks), on equity investments and on trading positions that were unwound, due to the discontinuation of activities of KBC Financial Products. In view of their exceptional nature and materiality, it is important to separate out these factors to understand the profit trend fully (impact on net profit: see table below).
- In the IFRS accounts, a large part of KBC's derivatives used for Asset and Liability Management (ALM) are treated as 'trading instruments'. These include those derivatives that do not qualify for fair value hedge accounting for a portfolio hedge of interest rate risk. Consequently, interest results on such hedges are recognised as 'net (un)realised gains from financial instruments at fair value', while the interest paid on the underlying assets is recognised as 'net interest income'. In the underlying accounts, the interest on these derivatives is also recognised in the 'net interest income' heading (where interest results on the underlying assets are already presented), without any impact on net profit.
  Moreover, the fair value changes (due to marking-to-market) of these ALM derivatives are recognised under 'net (un)realised gains from financial instruments at fair value', while most of the underlying assets are not fair-valued (i.e. not marked-to-market). Hence, the 'underlying figures' exclude the fair value changes in these ALM derivatives (impact on net profit: see table below).
- In the (investment banking's) IFRS accounts, income related to trading activities is split across different components. While trading gains are recognised under 'net (un)realised gains from financial instruments at fair value', the funding costs and commissions paid in order to realise these trading gains are recognised respectively under 'net interest income' and 'net fee and commission income'. Moreover, part of the 'dividend income', 'net realised gains on available-for-sale assets' and 'other net income' are also related to trading income. In the underlying figures, all trading income components within the investment banking division are recognised under 'net (un)realised gains from financial instruments at fair value', without any impact on net profit.
- Lastly, the effect of changes in own credit spreads was taken into account to determine the fair value of liabilities at fair value through profit or loss. This resulted in value changes that had a positive impact on reported net profit. Since this is a non-operating item, the impact is excluded from the 'underlying figures' (impact on net profit: see table below).

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600
Minus						
- Amounts before taxes and minority items						
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137
MTM of own debt issued	5				371	134
Impairment of shares Irish Life & Permanent (Ireland)	5		-42	-8	- 17	-11
Gain on participation in NLB (Slovenia)	2			54	- 14	
Gain on sale of participation in Prague Stock Exchange	3				33	
Value mark downs of CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16
Loss due to unwinding of derivative trading positions	3				- 245	
Impairment on goodwill	1,2,3				- 10	-79
Previous years tax adjustment	1,2,3,5					145
Other	1,2,3,4,5				19	-38
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465

* 1 = Belgium business unit; 2 = Central & Eastern Europe and Russia business unit; 3 = Merchant Banking business unit;
4 = European Private Banking business unit; 5 = Group Centre

Reporting by operating segments

In millions of EUR 1Q08	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	Inter-segment eliminations	KBC Group
INCOME STATEMENT - underlying results							
Net interest income	532	390	249	57	- 25	0	1 202
Gross earned premiums, insurance	865	299	71	13	0	- 10	1 236
Non-life	230	220	62	0	0	- 10	503
Life	635	78	8	13	0	0	734
Gross technical charges, insurance	- 828	- 186	- 53	- 17	0	6	- 1 078
non-life	- 125	- 124	- 46	0	0	6	- 289
life	- 704	- 62	- 6	- 17	0	0	- 789
Ceded reinsurance result	- 6	- 4	- 1	0	0	2	- 10
Dividend income	15	0	2	1	0	0	19
Net (un)realised gains from financial instruments at fair value through profit or loss	28	49	42	- 4	0	0	114
Net realised gains from available-for-sale assets	200	- 1	- 1	- 1	0	0	198
Net fee and commission income	192	76	79	107	8	1	464
Other net income	45	36	33	2	211	- 212	115
TOTAL INCOME	1 042	659	420	158	195	- 214	2 260
Operating expenses	- 464	- 406	- 301	- 95	- 232	214	- 1 284
Impairment	- 4	- 35	13	- 2	0	0	- 28
on loans and receivables	- 4	- 35	13	- 2	0	0	- 27
on available-for-sale assets	0	0	0	0	0	0	0
on goodwill	0	0	0	0	0	0	0
on other	0	0	0	0	0	0	0
Share in results of associated companies	0	15	0	1	0	0	16
PROFIT BEFORE TAX	575	233	132	61	- 38	0	964
Income tax expense	- 120	- 48	- 24	- 11	1	0	- 200
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	455	185	109	50	- 36	0	763
attributable to minority interests	1	6	20	0	0	0	26
attributable to equity holders of the parent	455	180	89	50	- 36	0	737

in miljoenen euro

In millions of EUR 1Q09	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	Inter-segment eliminations	KBC Group
INCOME STATEMENT - underlying results							
Net interest income	583	460	256	67	- 14	1	1 353
Gross earned premiums, insurance	992	257	69	1	0	- 11	1 308
Non-life	241	186	62	0	0	- 11	479
Life	751	70	7	1	0	0	830
Gross technical charges, insurance	- 949	- 165	- 44	- 6	0	0	- 1 164
non-life	- 129	- 132	- 38	0	0	2	- 297
life	- 821	- 33	- 6	- 6	0	- 1	- 867
Ceded reinsurance result	- 4	- 4	- 7	0	0	1	- 15
Dividend income	10	0	1	1	0	0	12
Net (un)realised gains from financial instruments at fair value through profit or loss	15	51	163	2	0	0	231
Net realised gains from available-for-sale assets	39	6	- 1	7	0	0	51
Net fee and commission income	121	63	50	88	3	2	328
Other net income	40	42	48	2	260	- 274	119
TOTAL INCOME	846	710	534	163	249	- 280	2 222
Operating expenses	- 464	- 399	- 262	- 115	- 277	280	- 1 235
Impairment	- 19	- 187	- 112	- 1	0	0	- 319
on loans and receivables	- 19	- 179	- 110	0	0	0	- 307
on available-for-sale assets	0	0	- 2	- 1	0	0	- 3
on goodwill	0	0	0	0	0	0	0
on other	0	- 8	0	0	0	0	- 9
Share in results of associated companies	0	0	0	0	0	0	0
PROFIT BEFORE TAX	363	123	161	48	- 27	0	667
Income tax expense	- 108	- 18	- 49	- 14	7	0	- 181
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	255	105	112	34	- 21	0	486
attributable to minority interests	1	- 1	21	0	0	0	21
attributable to equity holders of the parent	255	106	91	34	- 21	0	465

In the table below, an overview is provided of certain balance sheet items divided by segment.

In millions of EUR **31/12/08**	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	KBC Group
Balance sheet information						
Total loans to customers	55 390	38 334	62 033	1 535	4	157 296
Of which mortgage loans	28 447	11 879	14 958	287	0	55 571
Of which reverse repos	0	1 662	2 174	1	0	3 838
Customer deposits	77 521	40 085	67 639	10 211	1 276	196 733
Of which repos	0	1 665	6 190	0	0	7 855

In millions of EUR **31/03/09**	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	KBC Group
Balance sheet information						
Total loans to customers	56 148	36 266	60 722	1 274	0	154 409
Of which mortgage loans	28 866	11 862	15 069	295	0	56 092
Of which reverse repos	0	2 403	372	0	0	2 775
Customer deposits	78 096	41 374	74 627	9 689	1 323	205 110
Of which repos	0	3 759	8 132	0	0	11 891

Geographic information

The geographical information is based on geographic areas, and reflects KBC's focus on its two home markets – Belgium (land of domicile) and Central and Eastern Europe (including Russia) – and its selective presence in other countries ('rest of the world', i.e. mainly the US, Southeast Asia and Western Europe excluding Belgium). The geographic segmentation is based on the location where the services are rendered. Since at least 95% of the customers are local customers, the location of the branch or subsidiary determines the geographic breakdown of both the balance sheet and income statement. The geographic segmentation differs significantly from the business unit breakdown, due to, inter alia, a different allocation methodology and the fact that the geographic segment 'Belgium' includes not only the Belgium business unit, but also the Belgian part of the Merchant Banking Business unit.

More detailed geographic segmentation figures for balance sheet items are provided in the various Notes to the balance sheet. The breakdown here is made based on the geographic location of the counterparty.

In millions of EUR	Belgium	Central and Eastern Europe and Russia	Rest of the world	KBC Group
1Q 2008				
Total income from external customers	1 095	701	464	2 260
31-12-2008				
Total assets (period-end)	211 646	56 465	87 206	355 317
Total liabilities (period-end)	194 256	51 211	94 474	339 941
1Q 2009				
Total income from external customers	1 077	741	404	2 222
31-03-2009				
Total assets (period-end)	208 563	57 617	81 221	347 400
Total liabilities (period-end)	190 475	52 673	92 938	336 086

Notes on the income statement

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

Note 3: Net interest income

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	1 163	1 269	1 477
Interest income	4 413	4 324	3 488
Available-for-sale assets	482	570	495
Loans and receivables	2 507	2 575	2 099
Held-to-maturity investments	129	123	119
Other assets not at fair value	50	133	36
Subtotal, interest income from financial assets not measured at fair value through profit or loss	3 168	3 402	2 748
Financial assets held for trading	422	329	209
Hedging derivatives	269	254	238
Other financial assets at fair value through profit or loss	553	340	293
Interest expense	- 3 250	- 3 055	- 2 012
Financial liabilities measured at amortised cost	- 2 414	- 2 273	- 1 448
Other	- 2	- 5	- 3
Investment contracts at amortised cost	0	0	0
Subtotal, interest expense for financial assets not measured at fair value through profit or loss	- 2 416	- 2 279	- 1 450
Financial liabilities held for trading	- 102	- 56	- 34
Hedging derivatives	- 268	- 258	- 271
Other financial liabilities at fair value through profit or loss	- 464	- 461	- 256

Note 4: Dividend income

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	36	63	23
Breakdown by type	36	63	23
Held-for-trading shares	17	10	10
Shares initially recognised at fair value through profit or loss	0	8	0
Available-for-sale shares	19	45	12

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

Note available in the annual report only.

For more information, kindly see the 1Q 2009 press release (which is not subject to review of the external auditors), which is available on www.kbc.com/press.

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

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	198	- 246	34
Breakdown by portfolio			
Fixed-income securities	- 1	- 13	13
Shares	199	- 233	22

Note 7: Net fee and commission income

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	438	377	317
Breakdown by type			
Fee and commission income	742	663	581
Securities and asset management	465	372	335
Margin on deposit accounting (life insurance investment contracts without DPF)	11	12	5
Commitment credit	55	67	67
Payments	119	147	117
Other	93	64	57
Fee and commission expense	- 304	- 286	- 263
Commission paid to intermediaries	- 126	- 124	- 119
Other	- 179	- 161	- 144

Note 8: Other net income

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	129	183	152
Net realised gain on loans and receivables	1	- 5	0
Net realised gain on held-to-maturity investments	0	0	0
Net realised gain on financial liabilities measured at amortised cost	0	- 2	1
Other	127	190	151
of which: realised gain on sale of shares Prague Stock Exchange	0	40	0
of which: income concerning leasing at the KBC Lease-group	11	5	12
of which: income from consolidated private equity participations	11	32	28
of which: income from Groep VAB	14	18	20

Note 9: Breakdown of the insurance results

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
3M 2008							
Net interest income	0	0	0	0	0	187	187
Gross earned premiums, insurance	210	508	718	525	0	0	1 243
Gross technical charges	- 186	- 290	- 475	- 599	- 5	0	- 1 079
Ceded reinsurance result	0	- 8	- 9	0	0	- 1	- 10
Dividend income	0	0	0	0	0	13	13
Net gains from financial instruments at fair value	0	0	0	0	0	- 31	- 31
Net realised gains from AFS assets	0	0	0	0	0	201	201
Net fee and commission income	- 23	- 105	- 129	- 9	5	10	- 122
Other net income	0	0	0	0	0	20	20
TOTAL INCOME	1	105	106	- 83	0	398	421
Operating expenses	- 22	- 93	- 115	- 8	- 5	- 23	- 150
Impairments	0	0	0	0	0	- 59	- 59
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	109	94	203	101	0	- 304	0
PROFIT BEFORE TAX	88	106	194	10	- 4	13	212
Income tax expense						- 23	- 23
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	88	106	194	10	- 4	- 10	189
attributable to minority interest							- 1
attributable to equity holders of the parent							190
3M 2009							
Net interest income	0	0	0	0	0	232	232
Gross earned premiums, insurance	202	484	686	629	0	0	1 315
Gross technical charges	- 77	- 297	- 374	- 785	- 6	0	- 1 165
Ceded reinsurance result	0	- 13	- 13	0	0	- 1	- 15
Dividend income	0	0	0	0	0	9	9
Net gains from financial instruments at fair value	0	0	0	0	0	- 920	- 920
Net realised gains from AFS assets	0	0	0	0	0	31	31
Net fee and commission income	- 19	- 100	- 119	- 11	2	7	- 120
Other net income	0	0	0	0	0	53	53
TOTAL INCOME	106	73	179	- 167	- 4	- 588	- 580
Operating expenses	- 24	- 69	- 93	- 5	- 3	- 37	- 139
Impairments	0	0	0	0	0	- 271	- 271
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	24	- 8	15	26	0	- 41	0
PROFIT BEFORE TAX	105	- 4	101	- 146	- 7	- 937	- 989
Income tax expense						- 31	- 31
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	105	- 4	101	- 146	- 7	- 968	- 1 020
attributable to minority interest							1
attributable to equity holders of the parent							- 1 020

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

Note: Figures are before the elimination of the internal insurance between the insurance and banking businesses of the Group.

Note 10: Gross earned premiums, life insurance

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	735	887	831
Breakdown by type			
Accepted reinsurance	9	5	7
Primary business	726	882	824
Breakdown of primary business			
Individual versus group			
Individual premiums, including unit-linked insurance	655	766	747
Premiums under group contracts	71	117	77
Periodic versus single			
Periodic premiums	218	254	196
Single premiums	508	628	627
Non-bonus versus bonus contracts			
Premiums from non-bonus contracts	49	49	46
Premiums from bonus contracts	642	835	766
Unit linked	35	- 1	12

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

Note: Figures are before the elimination of the internal insurance between the insurance and banking businesses of the Group.

Note 11: Overview of non-life insurance per class of business
Note 12: Operating expenses
Note 13: Personnel

Notes available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	1Q 2008	4Q 2008	1Q 2009
Total	- 98	- 1 325	- 707
Impairment on loans and receivables	- 27	- 522	- 307
Breakdown by type			
Specific impairments for on-balance-sheet lending	- 41	- 550	- 274
Specific impairments for off-balance-sheet credit commitments	4	1	- 7
Portfolio-based impairments	9	27	- 27
Breakdown by business unit			
Belgium	- 4	- 12	- 19
Central and Eastern Europe and Russia	- 35	- 149	- 179
Merchant Banking	13	- 309	- 110
European Private Banking	- 2	- 53	0
Group Centre	0	0	0
Impairment on available-for-sale assets	- 71	- 742	- 311
Breakdown by type			
Shares	- 76	- 503	- 308
Other	5	- 238	- 3
Impairment on goodwill	0	- 25	- 79
Impairment on other	0	- 37	- 9
Intangible assets, other than goodwill	- 1	- 29	0
Property and equipment	1	- 6	1
Held-to-maturity assets	0	- 1	0
Associated companies (goodwill)	0	0	0
Other	0	0	- 9

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

Notes available in the annual report only.

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2008								
Loans and advances to credit institutions and investment firms [a]	8 288	4 544	0	23 964	-	-	-	36 796
Loans and advances to customers [b]	4 297	4 281	0	148 718	-	-	-	157 296
Discount and acceptance credit	0	0	0	153	-	-	-	153
Consumer credit	0	0	0	4 625	-	-	-	4 625
Mortgage loans	0	3 215	0	52 356	-	-	-	55 571
Term loans	4 297	910	0	72 708	-	-	-	77 915
Finance leasing	0	0	0	6 728	-	-	-	6 728
Current account advances	0	0	0	6 718	-	-	-	6 718
Securitised loans	0	0	0	0	-	-	-	0
Other	0	156	0	5 429	-	-	-	5 585
Equity instruments	5 533	193	3 419	-	-	-	-	9 145
Investment contracts (insurance)	-	6 948	-	-	-	-	0	6 948
Debt instruments issued by	16 480	12 648	42 058	3 805	10 761	-	-	85 752
Public bodies	8 947	10 961	28 581	20	9 727	-	-	58 235
Credit institutions and investment firms	3 849	316	7 867	21	751	-	-	12 804
Corporates	3 684	1 372	5 609	3 765	283	-	-	14 713
Derivatives	38 559	-	-	-	-	241	-	38 800
Total carrying value excluding accrued intrest income	73 157	28 615	45 476	176 487	10 761	241	0	334 737
Accrued interest income	400	379	895	543	212	38	0	2 466
Total carrying value including accrued interest income	73 557	28 994	46 371	177 029	10 973	279	0	337 203
[a] Of which reverse repos								*11 214*
[b] Of which reverse repos								*3 838*
31-03-2009								
Loans and advances to credit institutions and investment firms [a]	2 821	2 533	0	24 013	-	-	-	29 367
Loans and advances to customers [b]	2 822	4 289	0	147 297	-	-	-	154 409
Discount and acceptance credit	0	0	0	101	-	-	-	101
Consumer credit	0	0	0	4 699	-	-	-	4 699
Mortgage loans	0	3 061	0	53 031	-	-	-	56 092
Term loans	2 822	1 069	0	71 091	-	-	-	74 982
Finance leasing	0	0	0	6 251	-	-	-	6 251
Current account advances	0	0	0	5 952	-	-	-	5 952
Securitised loans	0	0	0	0	-	-	-	0
Other	0	159	0	6 174	-	-	-	6 333
Equity instruments	4 113	34	2 937	-	-	-	-	7 084
Investment contracts (insurance)	-	6 581	-	-	-	-	0	6 581
Debt instruments issued by	15 570	13 059	45 985	3 740	10 397	-	-	88 750
Public bodies	8 974	11 619	33 188	7	9 338	-	-	63 126
Credit institutions and investment firms	3 445	261	7 420	36	837	-	-	12 000
Corporates	3 151	1 179	5 377	3 697	222	-	-	13 625
				0				
				0				
Derivatives	36 816	-	-	-	-	95	-	36 910
Total carrying value excluding accrued interest income	62 142	26 497	48 922	175 051	10 397	95	0	323 102
Accrued interest income	259	217	710	908	198	27	0	2 318
Total carrying value including accrued interest income	62 401	26 714	49 632	175 959	10 594	121	0	325 420
[a] Of which reverse repos								*6 180*
[b] Of which reverse repos								*2 775*

In October 2008, the IASB issued amendments to IAS 39 (Financial instruments: recognition and measurement) and IFRS 7 (Financial instruments: disclosure) under ‘Reclassification of financial assets’. These amendments were endorsed by the European Union on 15 October 2008.

The amendments to IAS 39 in October 2008 permit an entity to reclassify certain financial assets in particular circumstances. Certain non-derivative financial assets measured ***at fair value through profit or loss*** (other than those classified under the fair value option) may in certain cases be reclassified to: ‘held-to-maturity assets’, ‘loans and receivables’ or ‘available-for-sale assets’. Certain assets classified as ‘available for sale’ may be transferred to ‘loans and receivables’, likewise in particular cases. The amendments to IFRS 7 impose additional disclosure requirements if the reclassification option is used.

Following the implementation of these amendments, the KBC group reclassified on 31 December 2008 a number of assets out of the ‘available for sale’ category to the ‘loans and receivables’ category because they had become less liquid. On the date of reclassification, the assets in question met the definition of loans and receivables, and the group has the intention and ability to hold these assets for the foreseeable future or until maturity. Both the carrying value and the fair value of the reclassified assets came to 3.633 billion euros on 31 December 2008.

	Carrying value at 31-03-2009 in millions of euro	Fair value at 31-03-2009 in millions of euro
Financial assets reclassified out of ‘available for sale’ to ‘loans and receivables’ on 31-12-2008	3 526	3 387

	Amount before tax	In case of non-reclassification (AFS)	After reclassification (L&R)	Impact
Financial assets reclassified out of ‘available for sale’ to ‘loans and receivables’ on 31-12-2008	Outstanding revaluation reserve AFS	-1 461	-1 334	127
	Impact on the income statement	-50	-41	9

The reclassification resulted in a positive effect on equity to the tune of 127 million euro and a positive effect on the income statement amounting to 9 million euro (the impacts are given before tax). Besides specific impairments, 11 million euro was also set aside for portfolio-based impairment (IBNR) on loans and receivables.

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2008								
Deposits from credit institutions and investment firms [a]	461	17 676	-	-	-	-	42 465	60 602
Deposits from customers and debt certificates [b]	1 354	17 431	-	-	-	-	177 948	196 733
Deposits from customers	0	10 786	-	-	-	-	136 179	146 964
Demand deposits	0	847	-	-	-	-	43 892	44 739
Time deposits	0	9 927	-	-	-	-	58 655	68 582
Savings deposits	0	0	-	-	-	-	28 951	28 951
Special deposits	0	0	-	-	-	-	3 546	3 546
Other deposits	0	12	-	-	-	-	1 135	1 147
Debt certificates	1 354	6 645	-	-	-	-	41 770	49 768
Certificates of deposit	0	1 382	-	-	-	-	13 740	15 122
Customer savings certificates	0	0	-	-	-	-	3 077	3 077
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 354	4 426	-	-	-	-	16 063	21 843
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	836	-	-	-	-	8 889	9 726
Liabilities under investment contracts	-	6 749	-	-	-	-	452	7 201
Derivatives	39 785	-	-	-	-	683	-	40 469
Short positions	2 960	-	-	-	-	-	-	2 960
in equity instruments	394	-	-	-	-	-	-	394
in debt instruments	2 566	-	-	-	-	-	-	2 566
Other	244	101	-	-	-	-	3 739	4 085
Total carrying value excluding accrued interest expense	44 805	41 957	-	-	-	683	224 604	312 049
Accrued interest expense	161	272	-	-	-	232	1 216	1 882
Total carrying value including accrued interest expense	44 966	42 228	-	-	-	916	225 821	313 931
[a] *Of which repos*								*18 647*
[b] *Of which repos*								*7 855*
31-03-2009								
Deposits from credit institutions and investment firms [a]	653	5 419	-	-	-	-	40 238	46 311
Deposits from customers and debt certificates [b]	1 039	20 472	-	-	-	-	183 598	205 110
Deposits from customers	0	13 951	-	-	-	-	139 149	153 099
Demand deposits	0	186	-	-	-	-	51 619	51 805
Time deposits	0	13 765	-	-	-	-	51 400	65 165
Savings deposits	0	0	-	-	-	-	31 588	31 588
Special deposits	0	0	-	-	-	-	3 401	3 401
Other deposits	0	0	-	-	-	-	1 140	1 140
Debt certificates	1 039	6 522	-	-	-	-	44 449	52 010
Certificates of deposit	0	1 642	-	-	-	-	17 409	19 051
Customer savings certificates	0	0	-	-	-	-	2 905	2 905
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 039	4 120	-	-	-	-	15 218	20 377
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	760	-	-	-	-	8 918	9 678
Liabilities under investment contracts	-	6 459	-	-	-	-	418	6 877
Derivatives	42 311	-	-	-	-	922	-	43 233
Short positions	1 876	-	-	-	-	-	-	1 876
in equity instruments	388	-	-	-	-	-	-	388
in debt instruments	1 488	-	-	-	-	-	-	1 488
Other	250	101	-	-	-	-	4 025	4 375
Total carrying value excluding accrued interest expense	46 129	32 451	-	-	-	922	228 279	307 782
Accrued interest expense	123	168	-	-	-	121	1 328	1 740
Total carrying value including accrued interest expense	46 252	32 619	-	-	-	1 043	229 608	309 522
[a] *Of which repos*								9 966
[b] *Of which repos*								11 891

Note 19: Financial assets and liabilities: breakdown by portfolio and geography
Note 20: Financial assets: breakdown by portfolio and quality
Note 21: Financial assets and liabilities: breakdown by portfolio and remaining maturity
Note 22: Impairments for financial assets available-for-sale
Note 23: Impairments for financial assets held to maturity

Notes available in the annual report only.

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

In millions of EUR	31-12-2008	31-03-2009
Total	2 709	2 887
Breakdown by type		
Specific impairment, on-balance-sheet lending	2 352	2 528
Specific impairment, off-balance-sheet credit commitments	91	97
Portfolio-based impairment	266	263
Breakdown by counterparty		
Impairment for loans and advances to banks	128	86
Impairment for loans and advances to customers	2 469	2 606
Specific and portfolio based impairment, off-balance-sheet credit commitments	112	115

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

Notes available in the annual report only.

Note 31: Technical provisions, insurance

In millions of EUR	31-12-2008	31-03-2009
Gross technical provisions	19 523	20 124
Insurance contracts	9 699	9 628
Provisions for unearned premiums and unexpired risk	510	596
Life insurance provision	5 222	5 174
Provision for claims outstanding	3 586	3 551
Provision for bonuses and rebates	20	20
Other technical provisions	361	287
Investment contracts with DPF	9 824	10 496
Life insurance provision	9 813	10 480
Provision for claims outstanding	0	0
Provision for bonuses and rebates	11	16
Reinsurers' share	280	281
Insurance contracts	280	281
Provisions for unearned premiums and unexpired risk	17	30
Life insurance provision	6	7
Provision for claims outstanding	256	244
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life insurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

Technical provisions relate to insurance contracts and investment contracts with a discretionary participation feature (DPF). Liabilities under investment contracts without DPF have to be valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts. Liabilities under investment contracts without DPF are included in the overview on financial liabilities in note18.

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

Notes available in the annual report only.

Note 35: Parent shareholders' equity

in number of shares	31-12-2008	31-03-2009
Breakdown by type		
Ordinary shares	357 752 822	357 752 822
Mandatory convertible bonds	0	0
Non-voting core-capital securities	118 644 067	118 644 067
of which ordinary shares that entitle the holder to a dividend payment	*341 819 369*	*344 392 245*
of which treasury shares	*18 216 385*	*18 196 356*
Other information		
Par value per ordinary share (in euros)	3.48	3.48
Number of shares issued but not fully paid up	0	0

The ordinary shares of KBC Group NV have no nominal value and are quoted on NYSE Euronext (Brussels) and on the Luxembourg Stock Exchange.

The number of KBC-shares held by group companies is shown in the table under 'treasury shares'. As at 31 March 2009, this number includes, *inter alia*:

- the shares that are held to meet requirements under the various employee stock option plans (892 925 shares*).*
- the shares that were bought in relation to the 2007-2009 3-billion-euro share buyback programme (13 360 577 shares).

The outstanding MCB's have been automatically converted in to KBC ordinary shares at 30 November 2008 according to a ratio of one KBC ordinary share for one MCB.

On 22 January 2009, KBC reached an agreement with the Flemish Regional Government for a non-dilutive, core capital injection of 2.0 billion euros (the clearance by the European Commission is still pending). The terms and conditions are similar to those of the core capital issue subscribed by the Belgian State in December 2008. In addition, an agreement was reached for a stand-by (non-dilutive) capital facility to the tune of 1.5 billion euros. On 13 May 2009, it was decided to draw on this facility to maintain capital at adequate levels in the future (for more information, please see Note 35 and 42 of the 2008 Annual Report).

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Related party transactions

In 3M 2009, there was no significant change in related parties compared to the end 2008 nor were there any new related party transactions with a significant impact on KBC Group's results. More information on related party transactions is available in the 2008 annual report, p. 136.

Note 39: Auditor's fee

Note available in the annual report only.

Note 40: List of significant subsidiaries and associated companies

Company	Business unit (*)		Registered office	Ownership percentage at KBC Group level	Activity
BANKING					
Fully consolidated subsidiaries					
Absolut Bank	CEER	Moskou - RU	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerpen - BE	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussel - BE	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerpen - BE	Antwerp - BE	99.56	Credit institution
CIBANK AD	CEER	Sofia - BG	Sofia - BG	81.68	Credit institution
CSOB a.s. (Czech Republic)	CEER	Praag - CZ	Prague - CZ	100.00	Credit institution
CSOB a.s. (Slovak Republic)	CEER	Bratislava - SK	Bratislava - SK	100.00	Credit institution
Fin-Force NV	GR	Brussel - BE	Brussels - BE	90.00	Processing financial transactions
Istrobanka a.s.	CEER	Bratislava - SK	Bratislava - SK	100.00	Credit institution
KBC Asset Management NV	B	Brussel - BE	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussel - BE	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	Bremen - DE	100.00	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Ireland Plc	MB	Dublin - IE	Dublin - IE	100.00	Credit institution
KBC Bank Nederland NV	MB	Rotterdam - NL	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	Amsterdam - NL	100.00	Clearing
KBC Commercial Finance NV	MB	Brussel - BE	Brussels - BE	100.00	Factoring
KBC Credit Investments NV	MB	Brussel - BE	Brussels - BE	100.00	Investments in credit-linked securities
KBC Finance Ireland	MB	Dublin - IE	Dublin - IE	100.00	Lending
KBC Financial Products (group)	MB	Diverse locaties	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MB	Rotterdam - NL	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	MB	Diverse locaties	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	MB	Londen - GB	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV	MB	Brussel - BE	Brussels - BE	100.00	Private equity
KBC Real Estate NV	MB	Zaventem - BE	Zaventem - BE	100.00	Real estate
KBC Securities NV	MB	Brussel - BE	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Zrt.	CEER	Budapest - HU	Budapest - HU	100.00	Credit institution
Kredyt Bank SA	CEER	Warschau - PL	Warsaw - PL	80.00	Credit institution
Associated companies					
Nova Ljubljanska banka d.d. (group) (**)	CEER	Ljubljana - SI	Ljubljana - SI	30.57	Credit institution
INSURANCE					
Fully consolidated subsidiaries					
ADD NV	B	Heverlee - BE	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxemburg - LU	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEER	Pardubice - CZ	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEER	Bratislava - SK	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEER	Sofia - BG	Sofia - BG	89.53	Insurance company
Fidea NV	B	Antwerpen - BE	Antwerp - BE	100.00	Insurance company
Groep VAB NV	B	Zwijndrecht - BE	Zwijndrecht - BE	74.81	Automobile assistance
K&H Insurance	CEER	Budapest - HU	Budapest - HU	100.00	Insurance company
KBC Banka A.D.	CEER	Belgrado - RS	Belgrade - RS	100.00	Credit institution
KBC Verzekeringen NV	B	Leuven - BE	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussel - BE	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxemburg - LU	Luxembourg - LU	99.99	Insurance company
TUIR WARTA SA	CEER	Warschau - PL	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries					
NLB Vita d.d. (**)	CEER	Ljubljana - SI	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING					
Fully consolidated subsidiaries					
Brown, Shipley & Co Ltd.	EPB	Londen - GB	London - GB	99.91	Credit institution
KBL Richelieu Banque Privée	EPB	Parijs - FR	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxemburg - LU	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Genève - CH	Geneva - CH	99.90	Credit institution
Merck Finck & Co.	EPB	München - DE	Munich - DE	99.91	Credit institution
Puilaetco Dewaay Private Bankers SA	EPB	Brussel - BE	Brussels - BE	99.91	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	Amsterdam - NL	99.91	Credit institution
HOLDING-COMPANY ACTIVITIES					
Fully consolidated subsidiaries					
KBC Global Services NV	GR	Brussel - BE	Brussels - BE	100.00	Cost-sharing structure
KBC Group NV	GR	Brussel - BE	Brussels - BE	100.00	Holding company

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

(**) included in IFRS5 non-current assets/liabilities held for sale

Note 41: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1Q 2008	1Q 2009	
ADDITIONS					
Banking	Istrobanka a.s.	Full	-	100.00%	Recognised in income statement from 3Q 2008
KBL European Private Bankers	Richelieu Finance	Full	-	99.91%	Recognised in income statement from 2Q 2008; merged with KBL France sa in 3Q08 - name changed into KBL Richelieu Banque Privée
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	Nova Ljubljanska banka d.d. (group)	Equity	34.00%	30.57%	
For balance sheet comparison			31-12-2008	31-03-2009	
ADDITIONS					
Banking	CIBANK AD	Full	77.09%	81.68%	'1Q09: increase % with 4,597826

Note 42: Post-balance sheet events

Significant (non-adjusting) events between the balance sheet date (31 March 2009) and the publication of this report (14 May 2009):

- On 9 April 2009, KBC International Finance NV gave notice that it will redeem the 300 million euros perpetual subordinated bond 1999 at par on 11 May 2009.
- On 15 April 2009, KBC adjusted the base rate applying to savings accounts held by individuals to 1.25%. The fidelity bonus remained unchanged at 0.75%. KBC adjusted the rate in response to the ECB short-term rates cut by 0.25% that brought the interest rate to 1.25%.
- On 13 May 2009, an agreement in principle (for which the legal clauses still need to be further elaborated) was reached between KBC Group and the Belgian Federal Government regarding a state-sponsored asset relief program. The program relates to a significant amount of structured credit exposure of KBC Group (super senior CDO-tranches and default risk on U.S. monoline insurer MBIA) and aims to significantly reduce future uncertainty as regards their impact on KBC's results. Detailed information on this transaction is provided in the press release (which is not subject to review of the external auditors), which is available on www.kbc.com/press. KBC moreover will call on the 1.5 billion standby capital facility provided by the Flemish government. Both transactions are subject to approval of the relevant European authorities.

Note 43: General information (IAS 1)

Note available in the annual report only.

Auditor's report

Report of the statutory auditor to the shareholders of KBC Group nv on the review of the interim condensed consolidated financial statements as of 31 March 2009 and for the three months then ended

Introduction

We have reviewed the accompanying interim consolidated balance sheet of KBC Group nv (the "Company") as at 31 March 2009 and the related interim consolidated income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Without modifying the conclusion in the preceding paragraph, we draw attention to the notes 35 and 42 to the interim condensed consolidated financial statements.
Note 42 makes reference to an agreement in principle between KBC Group and the Belgian Federal Government regarding a guarantee program of a portfolio of structured creditrisks and the fact that KBC Group will draw the stand-by capital facility of EUR 1.5 billion from the Flemish Regional Government. Both transactions are subject to approval by the relevant European authorities. Detailed information on these events is provided in the press release.
Note 35 makes reference to the fact that the approval by the relevant European authorities is still pending regarding the agreement of 22 January 2009 between KBC Group and the Flemish Regional Government of a core capital injection of EUR 2 billion by the Flemish Regional Government.

Brussels, 14 May 2009

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor
represented by

Jean-Pierre Romont
Partner
Ref: 09JPR0108

Pierre Vanderbeek
Partner

Glossary and other information

KBC

Glossary and other information
KBC Group, 1Q 2009

Glossary of ratios used

CAD ratio (banking)
: [consolidated regulatory capital] / [total risk-weighted volume]. Detailed calculations in the 'Solvency' section of this part.

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

Combined ratio (non-life insurance)
: [net claims incurred / net earned premiums] + [net expenses / net written premiums]

Core Tier-1 capital ratio
: [consolidated tier-1 capital excluding hybrid instruments] / [total weighted volume]

Cost/income ratio (banking)
: [(underlying) operating expenses of the banking businesses of the group (i.e. KBC Bank and KBL EPB)] / [(underlying) total income of the banking businesses of the group].

Cover ratio
: [individual impairment on non-performing loans] / [outstanding non-performing loans]. For a definition of 'non-performing', see 'Non-performing ratio'. The cover ratio may also include the individual impairment on still performing loans and portfolio-based impairments.

Credit cost ratio
: [net changes in individual and portfolio-based impairment for credit risks]/ [average outstanding loan portfolio]

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

Earnings per share, diluted
: [profit after tax, attributable to the equity holders of the parent, adjusted for interest expense (after tax) for non-mandatorily convertible bonds] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares, plus the potentially dilutive effect of share options and ordinary convertible bonds].

Gearing ratio
: [sum of the consolidated equity of KBC Bank, KBC Insurance, KBL EPB and KBC Global Services] / [consolidated equity of KBC group]

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 excluding non-voting core capital securities] / [number of ordinary shares and mandatorily convertible bonds, less treasury shares (at period-end), less number of non-voting core capital securities]

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

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

Profit of a business unit is the sum of the profit of the companies belonging to the business unit, corrected for the funding cost of goodwill (related to the companies in the business unit) and allocated central governance expenses.

The allocated equity to a business unit is based on a tier-1 ratio of 8.5% of risk-weighted assets for banking activities and a solvency ratio of 200% for the insurance activities. In the banking business, allocated tier-1 capital consists of core equity (75%) and hybrid instruments (25%), while in the insurance business, allocated capital consists purely of core equity. To calculate ROAC, only core equity is taken into account in the denominator. The risk-weighted assets of the banking activities are calculated according to Basel II.

Return on equity

[profit after tax, attributable to the equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments and excluding non-voting core capital securities]

Solvency ratio (insurance)

[consolidated available capital of KBC Insurance] / [minimum required capital of KBC Insurance]. Detailed calculations in the 'Solvency' section of this part.

Tier-1 ratio (banking)

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

Credit ratings

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

There have been the following changes in the ratings since 31 December 2008:

- January 2009: Moody's downgraded the LT ratings of KBC Group and KBC Bank to A1 and Aa3, respectively.
- March 2009: S&P downgraded the LT ratings of KBC Group, KBC Bank and KBC Insurance to A-, A and A, respectively, and the ST rating of KBC Group to A2.

Ratings, 14-05-2009	Long-term rating (+ outlook/watch)		Short-term rating
Fitch			
KBC Bank	A+	(negative outlook)	F1
KBC Insurance (claims-paying ability)	AA-	(negative outlook)	-
KBC Group NV	A+	(negative outlook)	F1
Moody's			
KBC Bank	Aa3	(negative outlook)	P-1
KBC Group NV	A1	(negative outlook)	P-1
Standard and Poor's			
KBC Bank	A	(stable outlook)	A1
KBC Insurance (claims-paying ability)	A	(stable outlook)	-
KBC Group NV	A-	(stable outlook)	A2

Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2008	31-03-2009
By business unit		
Belgium	151 037	147 879
Central & Eastern Europe and Russia	11 729	10 760
Merchant Banking	36	30
European Private Banking	44 040	42 370
Total	206 842	201 039
By product or service		
Investment funds for private individuals	79 674	94 426
Assets managed for private individuals	68 825	47 323
Assets managed for institutional investors	39 832	39 818
Group assets (managed by KBC Asset Management)	18 510	19 472
Total	206 841	201 039

Solvency

KBC Bank and KBL EPB

The table shows the tier-1 and CAD ratios calculated under Basel II. Primarily the Basel II IRB Foundation approach is being used (for about 3/4th of the weighted risks), while the weighted risks of the other companies (roughly 1/4th of such risks) are calculated according to the standardized method.

In millions of EUR	31-12-2008 Basel II	31-03-2009 Basel II	PRO FORMA after capital injection of 2.75 billion EUR and government transaction of 13 May 2009 (1) 31/03/2009 Basel II
Regulatory capital			
Regulatory capital, KBC Bank (after profit appropriation)	19 028	16 508	20 212
Tier-1 capital	13 643	10 119	14 901
Parent shareholders' equity	11 576	8 613	10 517
Equity guarantee	0	0	1 800
Intangible fixed assets	- 169	- 160	- 160
Goodwill on consolidation	- 2 451	- 2 327	- 2 327
Innovative hybrid tier-1 instruments	1 652	1 400	1 688
Non-innovative hybrid tier-1 instruments	1 793	1 155	1 945
Minority interests	599	602	602
Eliminatio Mandatorily convertible bonds and other tier 2 instruments	- 18	- 18	- 18
Revaluation reserve available-for-sale assets (AFS)	946	1 043	1 043
Hedging reserve (cashflow hedges)	352	514	514
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 333	- 333
Minority interest in AFS reserve & hedging reserve, cashflow hedge	1	0	0
Dividend payout	0	0	0
Items to be deducted (*)	- 395	- 369	- 369
Tier-2 & 3 capital	5 385	6 389	5 310
Mandatorily convertible bonds	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	820	1 735	656
Revaluation reserve, available-for-sale shares (at 90%)	29	25	25
Minority interest in revaluation reserve AFS shares (at 90%)	- 7	- 1	- 1
IRB provision excess	209	47	47
Subordinated liabilities	4 586	4 809	4 809
Tier-3 capital	144	144	144
Items to be deducted (*)	- 395	- 369	- 369
Weighted risks			
Total weighted risk volume	141 370	142 154	135 885
Solvency ratios			
Tier-1 ratio	9.7%	7.1%	11.0%
Core Tier-1 ratio	7.2%	5.3%	8.3%
CAD ratio	13.5%	11.6%	14.9%

(*) items to be deducted are split 50/50 over tier-1 and tier-2 capital. Items to be deducted include mainly participations in and subordinated claims on financial institutions in which KBC Bank has between a 10% to 50% share (predominantly NLB), as well as KBC Group shares held by KBC Bank.

(1) The pro forma solvency calculation (banking) as at 31-03-2009 takes into account following items:

- the subscription for 2 billion euros of the Flemish Regional Government of Belgium
- the drawing, by KBC Group, on the 1,5 billion euros capital back-up facility provided by the Flemish Regional Government of Belgium, which is equally split over KBC Bank and KBC Insurance for 750 million euros each
- the impact of the balance sheet relief transactions decided dd. 13 May 2009 ('government transaction'), which consists of a positive 1.8 billion euros related to the equity guarantee, partially compensated by the pro forma calculated net earnings impact of this transaction compared to the actual 31-03-2009 figures (-0,8 billion euros).

KBC Insurance

KBC Insurance has followed the regulator's new guidelines and been applying new rules to calculate the solvency ratio since 30 September 2008.

in millions of EUR		31-12-2008	31-03-2009	PRO FORMA after 750 million EUR capital increase (1) 31-03-2009
Available capital				
Share capital		59	59	809
Share premium account		1 842	1 842	1 842
Reserves		796	- 229	- 229
Revaluation reserve available-for-sale (AFS) investments		- 176	- 266	- 266
Translation differences		5	- 20	- 20
Dividend payment (-)		0	0	0
Minority interests		56	53	53
Subordinated liabilities		0	0	0
Formation expenses (-)		0	0	0
Intangible fixed assets (-)		- 32	- 31	- 31
Goodwill on consolidation (-)		- 485	- 462	- 462
Elimination:	Revaluation reserve available-for-sale (AFS) investments	176	266	266
	Equalization reserve	- 123	- 137	- 137
Available capital		2 117	1 075	1 825
Required capital				
Non-life and industrial accidents - legal lines		341	343	343
Annuities		8	8	8
Subtotal, non-life		349	352	352
Class 21		756	783	783
Class 23		14	13	13
Subtotal, life		770	796	796
Other		8	10	10
Total required solvency margin		1 127	1 157	1 157
Solvency ratios and surplus				
Solvency ratio (%)		188%	93%	158%
Solvency surplus, in millions of EUR		990	- 82	668

(1) The pro forma solvency calculation (insurance) as at 31-03-2009 takes into account the drawing, by KBC Group, on the 1.5 billion euros capital back-up facility provided by the Flemish Regional government of Belgium, which is equally split over KBC Bank and KBC Insurance for 750 million euros each.

Risk management information

Extensive risk management data for 31-12-2008 were provided in KBC's 2008 Annual Report. A summary update of this information is provided below. For an explanation regarding the methodology used, please refer to the annual report.

Credit risk data

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

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2008	31-03-2009
Total loan portfolio (in billions of EUR)		
Amount granted	217.2	213.3
Amount outstanding	178.0	175.6
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	28.4%	29.4%
Central & Eastern Europe and Russia Business Unit	23.6%	22.8%
Merchant Banking	46.2%	46.1%
European Private Banking	1.8%	1.7%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.5%	6.8%
Electricity	1.7%	1.6%
Aviation	0.4%	0.4%
Automobile industry	2.1%	2.2%
Impaired loans (in millions of EUR or %)		
Amount outstanding	5 118	6 390
Specific loan impairment	2 790	2 973
Portfolio-based loan impairment	266	263
Credit cost ratio, per business unit		
Belgium	0.09%	0.13%
Central & Eastern Europe and Russia Business Unit[1]	0.83%	1.69%
Merchant Banking	0.90%	0.59%
European Private Banking	4.02%	0.11%
Total	0.70%	0.70%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	3 239	4 338
Specific loan impairment for NP loans	1 949	2 311
Non-performing ratio, per business unit		
Belgium	1.7%	1.8%
Central & Eastern Europe and Russia Business Unit	2.1%	2.5%
Merchant Banking	1.6%	2.8%
European Private Banking	4.9%	7.0%
Total	1.8%	2.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	60%	53%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	75%

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

[1]Broken down as follows for 31-03-2009:

CZ: 0.622%, SK: 1.025% , Hungary: 1.986%, Poland:2.291%, Russia:5.370%

As at 31 March 2009, a total of 2.7 billion euros of credit exposure relates to leveraged finance financing (LBO/MBO transactions, see footnote under the table for a definition); the average transaction size is 16 million euros. The maximum engagement of KBC in leveraged financing is limited to maximum 3% of the portfolio of the Merchant Banking Business Unit and to 500 million euros for the CEER business unit.

Additional information on leveraged finance* (KBC Bank and KBL EPB)	31-12-2008	31-03-2009
Total granted amount of leveraged finance deals (in billions of EUR)	2.8	2.7
Granted leveraged finance portfolio, by sector		
Services	18.6%	18.2%
Distribution	13.2%	13.4%
Chemicals	12.7%	12.9%
Telecom	7.9%	7.6%
Machinery	7.8%	7.7%
Other	39.8%	40.1%
Total	100.0%	100.0%
Granted leveraged finance portfolio, by transaction size (total amount in a size interval / total leveraged finance portfolio)		
Up to and incl. 10 million euros	7.5%	12.9%
Over 10 million and up to and incl. 25 million euros	65.5%	62.0%
Over 25 million and up to and incl. 50 million euros	18.2%	18.1%
Over 50 million and up to and incl. 100 million euros	8.8%	7.1%
Over 100 million euros	0.0%	0.0%
Total	100.0%	100.0%

* In order to be included in this scope, following criteria must be met:

1. Involvement of a private equity fund and/or management buyout.
2. Consolidated total net debt / EBITDA >= 4.5 or consolidated net senior debt / EBITDA >= 2.5.

Information on structured credit investments and on exposure towards monoline insurers

Detailed information on securitizations (including CDO and subprime exposure data) and data on the exposure towards monoline insurers can be found in the presentation: '1Q 2009 update of the chapter on securitization of the 2008 Risk Report', which is available on www.kbc.com.

Asset/Liability management data

The first table shows - for the banking business - the extent to which the value of the portfolio would change (basis-point-value or BPV) if interest rates were to fall by ten basis points across the entire curve (positive figures indicate an increase in the value of the portfolio). The figures relate to KBC Bank, CBC Banque, Centea, KBC Lease, KBC Bank Deutschland, IIB Bank, KBC Bank Nederland, Antwerp Diamond Bank, ČSOB CZ, CSOB SK, K&H Bank, Kredyt Bank, KBL EPB, Absolut Bank and KBC Credit Investments.
The second table provides - for the insurance business - an overview of the composition of the investment portfolio. In the consolidated financial statements of KBC Group, the insurer's investment portfolio is not shown as such, but is spread over various balance sheet items.

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2008	59
Average 2Q 2008	74
Average 3Q 2008	76
Average 4Q 2008	76
Average 1Q 2009	89
31-03-2009	91
Maximum in 3M 2009	95
Minimum in 3M 2009	84

*Figures are calculated based on the information available as at the date of publication.

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2008	31-03-2009
Bonds and other fixed-income securities	15 600	16 906
Shares and other variable-yield securities	2 385	1 762
Other securities	155	190
Loans and advances to customers	203	275
Loans and advances to banks	3 147	2 875
Property and equipment and investment property	349	343
Liabilities under investment contracts, unit-linked	6 948	6 581
Other	115	115
Total investment portfolio KBC Insurance	28 904	29 046

*Figures are calculated based on the information available as at the date of publication.

Market risk data

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

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products
Average 1Q 2008	5	15
Average 2Q 2008	7	11
Average 3Q 2008	7	15
Average 4Q 2008	13	24
Average 1Q 2009	10	14
31-03-2009	6	13
Maximum in 3M 2009	13	21
Minimum in 3M 2009	6	10

*Figures are calculated based on the information available as at the date of publication.

Gearing Ratio

Gearing ratio calculation, 31-03-2009, in millions of EUR	Own funds	Minus dividend payout	Own funds for calculation
Own funds KBC Group (A)	10 136	-	10 136
Own funds subsidiaries (B)	10 717	- 130	10 587
KBC Bank	7 777	-	7 777
KBC Insurance	1 385	-	1 385
KBL EPB	836	-	836
KBC Global Services	261	-	261
KBC Asset Management (part owned by KBC Group)	458	- 130	328
Gearing ratio (B) / (A)			104.4%

Quarterly time series for financial assets and liabilities

FINANCIAL ASSETS (in millions of EUR)

	31-03-2007	30-06-2007	30-09-2007	31-12-2007	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009
Loans and advances to credit institutions and investment firms [1]	46 390	52 080	52 336	53 843	53 351	53 399	52 665	36 796	29 367
Loans and advances to customers [2]	135 512	134 065	139 887	147 051	149 161	165 263	163 947	157 296	154 409
Discount and acceptance credit	233	292	252	718	210	212	270	153	101
Consumer credit	3 221	3 689	3 761	3 893	4 030	4 683	4 810	4 625	4 699
Mortgage loans	41 010	42 471	44 297	47 125	49 310	52 181	54 420	55 571	56 092
Term loans	71 386	66 433	69 373	72 714	73 365	84 109	83 522	77 915	74 982
Finance leasing	6 110	6 404	6 720	6 883	6 514	6 805	6 923	6 728	6 251
Current account advances	7 989	8 896	8 342	7 853	7 505	9 462	8 001	6 718	5 952
Securitised loans	293	284	304	264	255	0	0	0	0
Other	5 270	5 596	6 839	7 603	7 972	7 811	6 000	5 585	6 333
Equity instruments	25 005	25 377	24 228	22 207	19 206	18 140	17 235	9 145	7 084
Investment contracts (insurance)	9 237	9 272	9 179	9 066	8 626	8 356	7 972	6 948	6 581
Debt instruments issued by	89 967	87 517	86 242	83 080	84 450	88 131	88 097	85 752	88 750
Public bodies	56 972	55 958	55 292	47 166	49 473	53 915	53 642	58 235	63 126
Credit institutions and investment firms	15 435	15 251	15 409	14 829	14 757	14 651	14 472	12 804	12 000
Corporates	17 560	16 307	15 541	21 085	20 220	19 565	19 982	14 713	13 625
Derivatives	16 913	19 050	20 662	22 232	25 182	25 676	29 694	38 800	36 910
Total carrying value excluding accrued intrest income	322 731	327 077	332 232	337 215	339 720	358 965	359 609	334 737	323 102
Accrued interest income	2 633	2 929	2 946	3 307	2 410	2 321	2 386	2 466	2 318
Total carrying value including accrued interest income	325 364	330 006	335 178	340 522	342 130	361 286	361 995	337 203	325 420
[1] *Of which reverse repos*	*24 745*	*23 018*	*35 111*	*33 503*	*29 168*	*27 194*	*28 557*	*11 214*	*6 180*
[2] *Of which reverse repos*	*21 775*	*16 754*	*6 451*	*6 339*	*5 808*	*13 390*	*9 458*	*3 838*	*2 775*

FINANCIAL LIABILITIES (in millions of EUR)

	31-03-2007	30-06-2007	30-09-2007	31-12-2007	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009
Deposits from credit institutions and investment firms [3]	64 779	65 483	67 660	73 104	68 690	63 804	71 038	60 602	46 311
Deposits from customers and debt certificates [4]	183 850	186 295	191 928	192 135	197 261	218 105	215 381	196 733	205 110
Deposits from customers	128 584	134 949	137 040	137 347	143 569	157 068	157 192	146 964	153 099
Demand deposits	37 319	40 419	40 744	42 488	46 704	54 120	51 384	44 739	51 805
Time deposits	58 141	61 015	64 115	63 357	65 877	72 430	74 615	68 582	65 165
Savings deposits	28 735	28 866	27 115	27 079	26 245	25 263	26 109	28 951	31 588
Special deposits	3 057	3 053	3 172	3 444	3 566	3 846	3 706	3 546	3 401
Other deposits	1 331	1 596	1 894	979	1 177	1 408	1 378	1 147	1 140
Debt certificates	55 266	51 346	54 887	54 788	53 692	61 037	58 189	49 768	52 010
Certificates of deposit	24 894	17 867	18 844	17 937	16 770	21 110	18 409	15 122	19 051
Customer savings certificates	2 716	2 690	2 869	2 956	3 028	3 141	3 137	3 077	2 905
Convertible bonds	0	0	0	0	0	0	0	0	0
Non-convertible bonds	21 221	24 251	25 997	26 324	26 369	27 314	26 728	21 843	20 377
Convertible subordinated liabilities	0	0	0	0	0	0	0	0	0
Non-convertible subordinated liabilities	6 435	6 538	7 178	7 570	7 525	9 472	9 915	9 726	9 678
Liabilities under investment contracts	9 223	9 255	8 972	8 928	8 480	8 349	8 155	7 201	6 877
Derivatives	23 823	25 917	26 956	26 197	27 599	28 134	33 866	40 469	43 233
Short positions	7 420	8 280	4 703	4 845	4 430	5 594	4 645	2 960	1 876
in equity instruments	2 578	2 812	3 985	3 724	3 303	4 398	3 603	394	388
in debt instruments	4 841	5 468	718	1 120	1 127	1 196	1 042	2 566	1 488
Other	5 227	4 789	4 152	4 126	4 759	8 148	6 205	4 085	4 375
Total carrying value excluding accrued interest expense	294 322	300 019	304 371	309 335	311 220	332 133	339 289	312 049	307 782
Accrued interest expense	1 809	2 008	2 411	2 087	2 043	2 208	2 397	1 882	1 740
Total carrying value including accrued interest expense	296 131	302 027	306 782	311 422	313 263	334 341	341 686	313 931	309 522
[3] *Of which repos*	*25 500*	*20 440*	*22 897*	*21 979*	*21 388*	*13 522*	*17 866*	*18 647*	*9 966*
[4] *Of which repos*	*6 670*	*8 061*	*9 753*	*8 284*	*10 233*	*13 573*	*13 221*	*7 855*	*11 891*

Quarterly time series of selected financial assets and liabilities per business unit

Customer loans and advances excluding reverse repo

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009
Total	143 353	151 873	154 489	153 459	151 635
Breakdown per business unit					
Belgium	52 059	51 963	55 155	55 390	56 148
Central and Eastern Europe and Russia	30 601	34 075	36 800	36 672	33 863
Merchant Banking	59 173	63 953	60 887	59 859	60 349
European Private Banking	1 512	1 879	1 645	1 534	1 274
Group Centre	7	4	2	4	0

Mortgage loans

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009
Total	49 310	52 181	54 420	55 571	56 092
Breakdown per business unit					
Belgium	26 771	27 511	28 019	28 447	28 866
Central and Eastern Europe and Russia	9 072	10 328	11 535	11 879	11 862
Merchant Banking	13 198	14 063	14 583	14 958	15 069
European Private Banking	269	278	283	287	295
Group Centre	0	0	0	0	0

Customer deposits and debt certificates excluding repo

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009
Total	187 029	204 532	202 170	188 877	193 219
Breakdown per business unit					
Belgium	71 155	74 653	76 273	77 521	78 096
Central and Eastern Europe and Russia	35 054	37 483	41 586	38 421	37 615
Merchant Banking	67 977	79 226	71 412	61 449	66 495
European Private Banking	11 705	11 792	11 574	10 211	9 689
Group Centre	1 138	1 378	1 325	1 276	1 323

Financial calendar

Publication of 2Q 2009 results	6 August 2009
Publication of 3Q 2009 results	13 November 2009
Publication of 4Q 2009 results	11 February 2010

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

KBC Group
2009 1Q Results

Analyst tele-conference
14 May 2009 - 9.30 AM CEST

www.kbc.com/ir/financialreports

Dial-in numbers	Replay number
+44 20 7162 0077 +32 2 290 14 07 +1 334 323 6201	Until 28 May +44 20 7031 4064 (code: 832439)

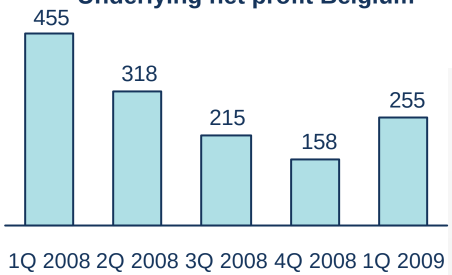
KBC

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

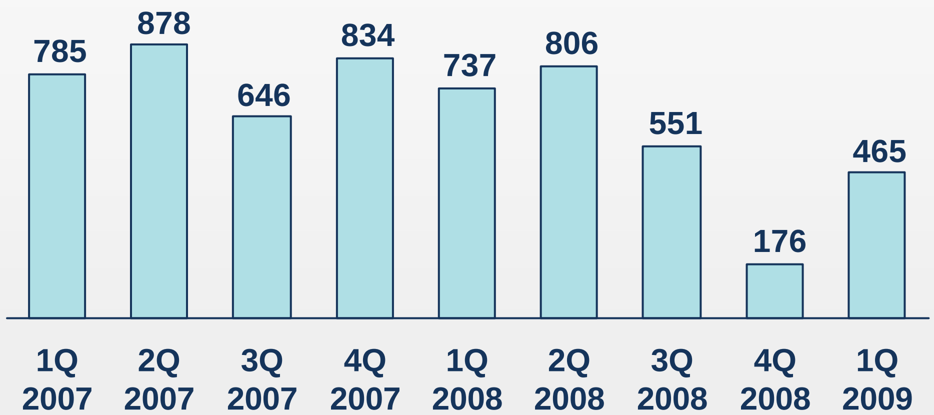
1Q 2009
Financial highlights

Positive turn in the underlying profit

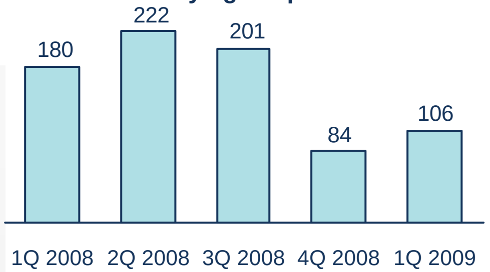
Underlying net profit Belgium



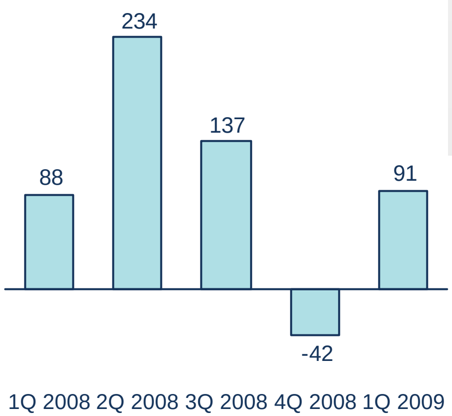
Underlying net profit KBC Group



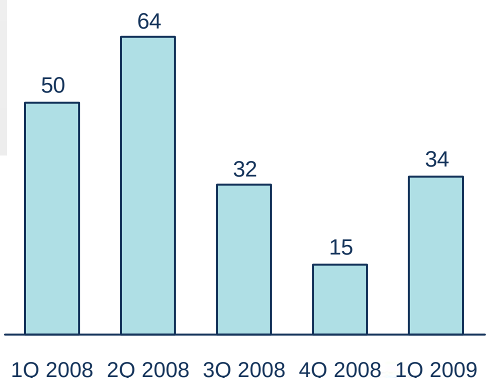
Underlying net profit CEER



Underlying net profit Merchant Banking

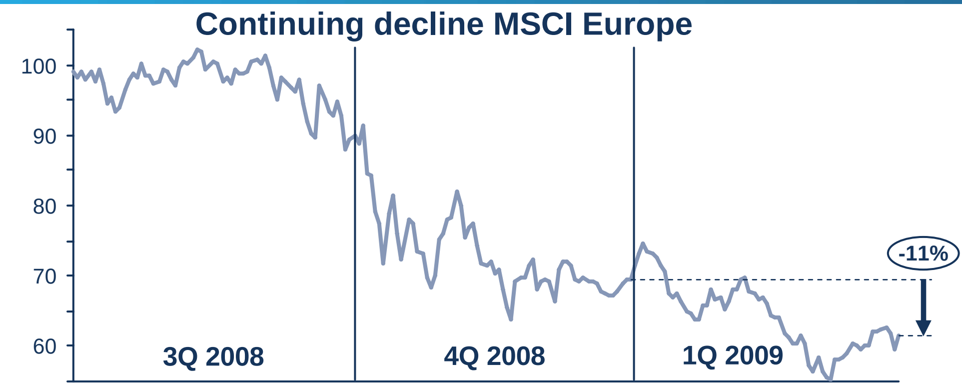


Underlying net profit Private Banking

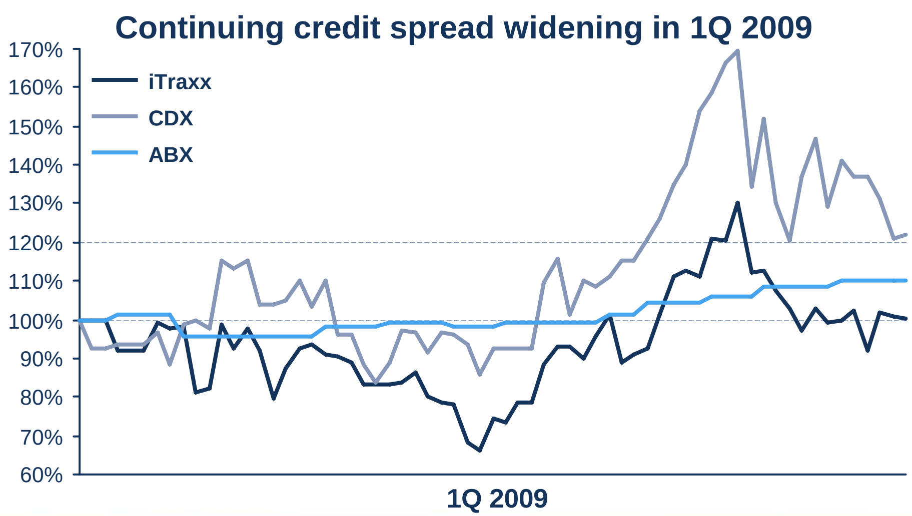


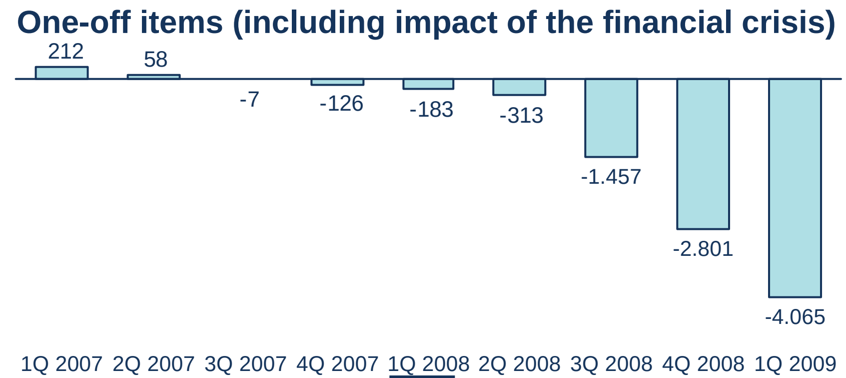
Amounts in m. EUR

Crisis has had an impact on the results

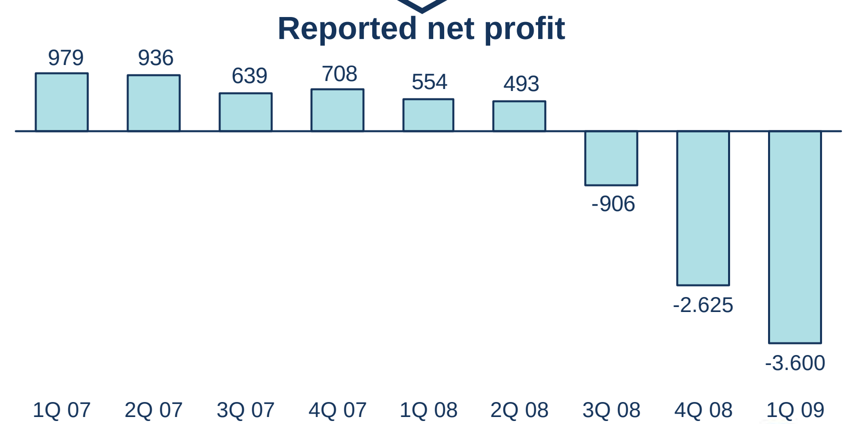


Some key indicators were still negative in 1Q 2009





Impacting the reported results of KBC

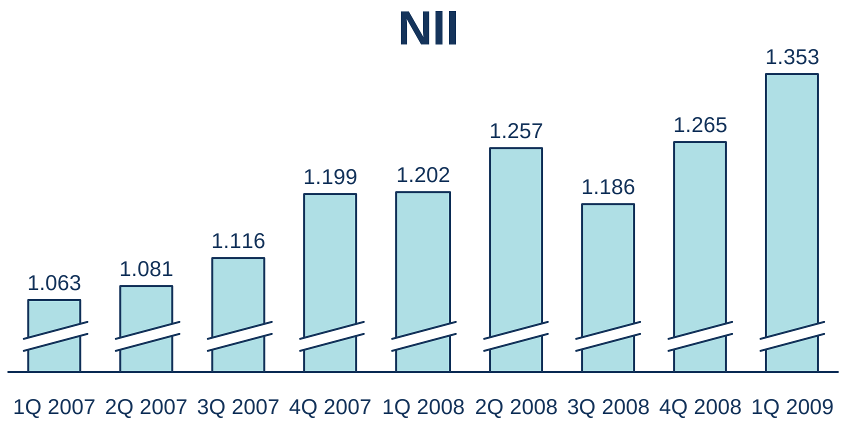


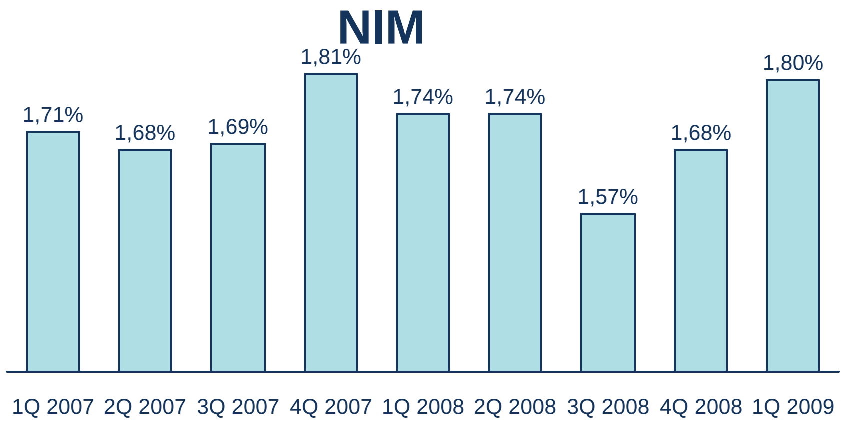
Financial highlights 1Q 2009

- Strong net interest income thanks to easing pricing pressure, especially in Belgium
- Favourable cost trend bringing underlying cost income ratio banking to 58% close to pre-crisis level
- Continued difficult investment climate keeping fee and commissioning income low and triggered the expected impairments in equity portfolio of insurance division
- Underlying loan impairment charge down 10% on previous quarter corresponding to a loan loss ratio of 0.70%
- Value adjustments on CDO exposure in the amount of -3.8 billion (including increased coverage of default risk of monoline insurer for 2.5 billion)
- Including all capital enhancement support received, pro forma tier-1 capital ratio banking of 11.0% and core tier-1 of 8.3%. Pro forma insurance solvency at 158%.

Underlying business performance

Revenue trend - Group





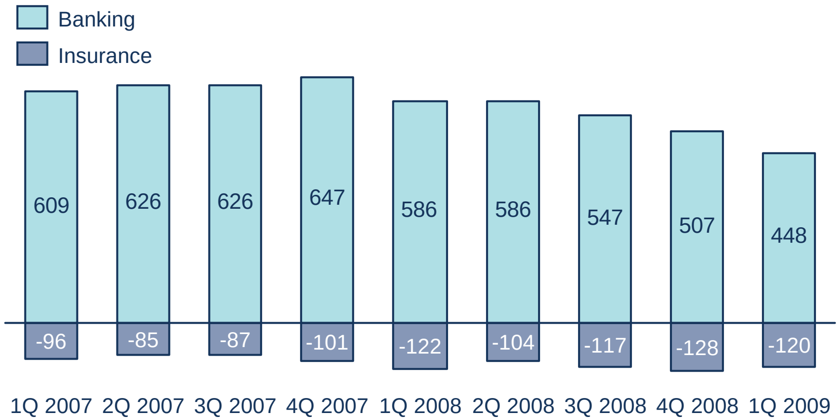
- Strong quarter on quarter growth in net interest income (+7% to 1.353m) mainly margin driven
  - Recovery of the net interest margin (+12bp) largely thanks to gradual lowering of interest rates on saving products (following consecutive ECB interest rate cuts) combined with shift towards deposit products in Belgium
- Year on year growth based on steady growth in volumes (deposits +4%, loans +8%) and 6bp margin widening

Amounts in m. EUR

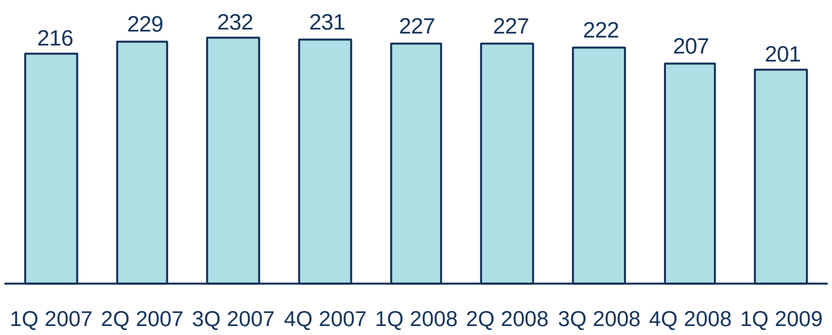
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



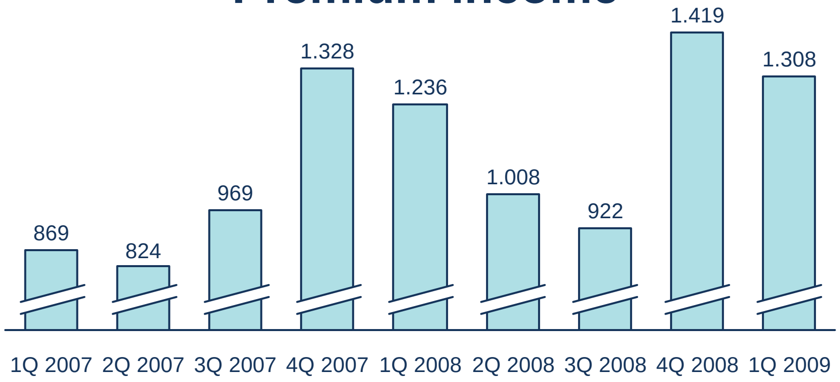
Amounts in bn. EUR

- Fee and commission income remains low compared to previous periods (-13% qoq, -29% yoy)
- Current market conditions keep the assets under management at low levels and directly impact the management fee income in the asset management division
- Assets under management at 201bn EUR, -3% qoq (-1% price effect, -2% volume effect)

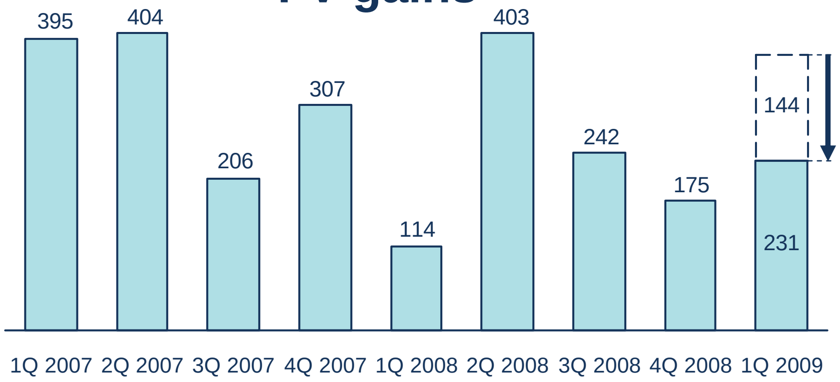
Amounts in m. EUR

Revenue trend - Group

Premium income



FV gains

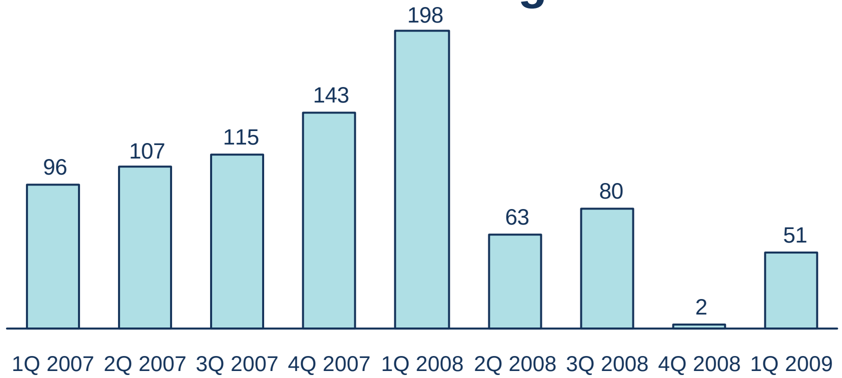


- Renewed interest in insurance in 4Q 2008 continued in 1Q 2009
  - Decrease in non Life premium income (479m, -10% qoq, -5% yoy) mainly due to FX impact of CEE currencies.
  - Life premium income (830m, -6% qoq, +13% yoy) down after traditionally high 4Q but up year on year based on good sales figures for interest guaranteed products (+31% yoy)
- Excellent combined ratio non-life at 91%
- Significant recovery fair value gains (231m, +32% qoq) based on good results in debt capital markets and money market activities although mitigated by 144m unwinding losses in *KBC Financial Products*' structured credit and fund derivatives business

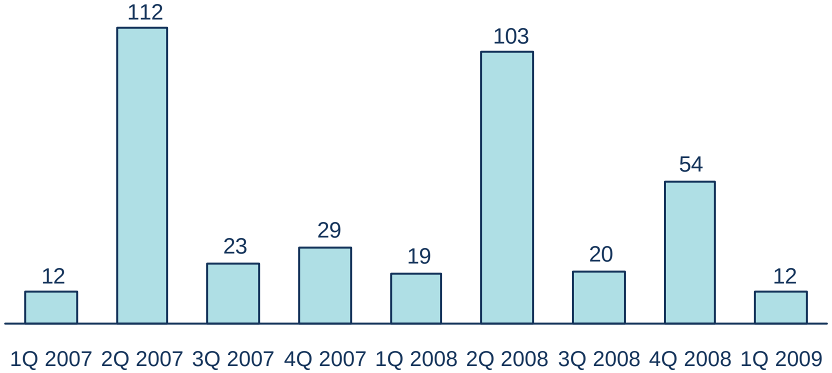
Amounts in m. EUR

Revenue trend - Group

AFS realised gains



Dividend income



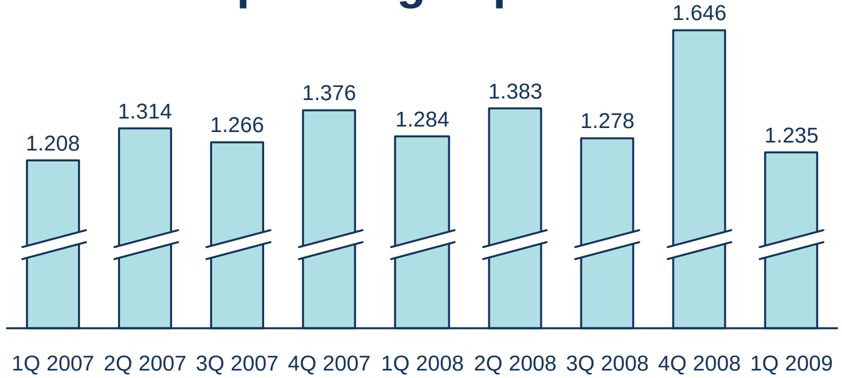
- Realised gains on available for sales assets (51m) remained low
  - 1Q 2008 was exceptionally high due to decision to realise a substantial part of the equity portfolio
  - Reduction of the equity portfolio to 2.1bn (reduced from 2.7bn on 31-12-08 and 4.1bn on 30-09-08) in order to lower the sensitivity to equity market fluctuations

Sensitivity test
If equity markets were to fall further by 25% from level 31-03-2009, pre-tax impact of -0.3bn would be triggered. No reversal if the equity markets recover.

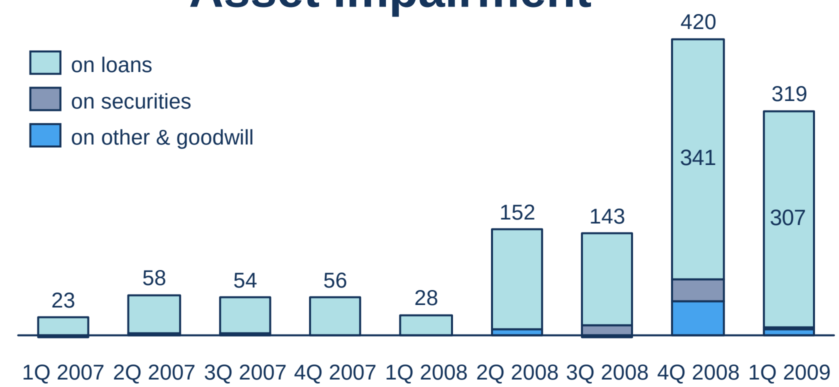
Amounts in m. EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Operating expenses at 1.207m
  - Year on year evolution (-4%) based on reduction of business activities in Merchant Banking activities (especially *KBC Financial Products*), lower variable pay and first effect of other cost reduction measures
  - Quarter on quarter evolution (-25%) helped by FX depreciations (50m) and one off items in 4Q 2008 (over 300m) but even if corrected for the FX impact and one off items, operating expenses still go down -5% year on year
- Cost income ratio back to pre-crisis level: 58% (down from full year 2008 C/I of 64%)
- Quarter on quarter lower impairment

Amounts in m. EUR

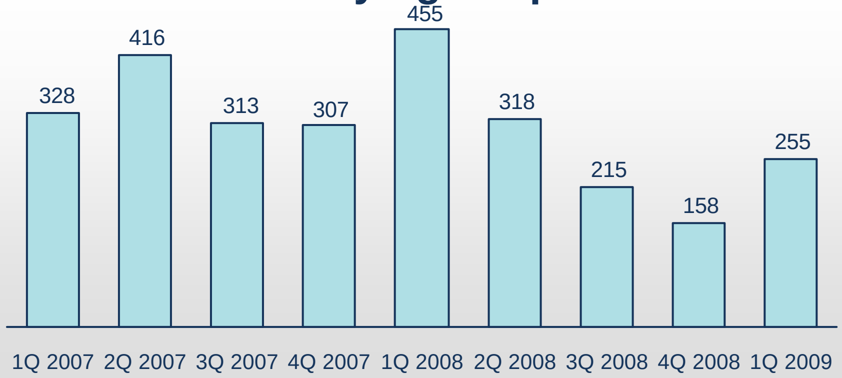
Rising but manageable credit cost

- Credit cost in Belgium remain very moderate
- Rising credit cost in CEER without burning platforms beyond expectations
  - Major areas of concern are Hungary and Russia, as anticipated
  - Quarter on quarter evolution in Poland mainly due to one corporate file
- Merchant Banking shows good credit quality
  - Even quarter on quarter drop of impairment
  - LLR 35bp in Ireland

	Loan book	2006 LLR	2007 LLR	2008 LLR	1Q 09 LLR(*)
Belgium	**56bn**	0.07%	0.13%	0.09%	**0.13%**
CEE	**41bn**	0.58%	0.26%	0.73%	**1.69%**
- Czech Rep.	20bn	0.36%	0.27%	0.38%	0.62%
- Poland	7bn	0.00%	0.00%	0.95%	2.29%
- Hungary	7bn	1.50%	0.62%	0.41%	1.99%
- Slovakia	4bn	0.36%	0.27%	0.82%	1.03%
- Russia	3bn	-	0.21%	2.40%	5.37%
Merchant	**75bn**	0.00%	0.02%	0.48%	**0.59%**
Total	**176bn**	0.13%	0.13%	0.46%	**0.70%**

Business Unit Belgium

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	56bn	29bn	78bn	148bn	20bn
Growth q/q*	+1%	+1%	+1%	-2%	+2%
Growth y/y	+8%	+8%	+10%	-8%	+12%

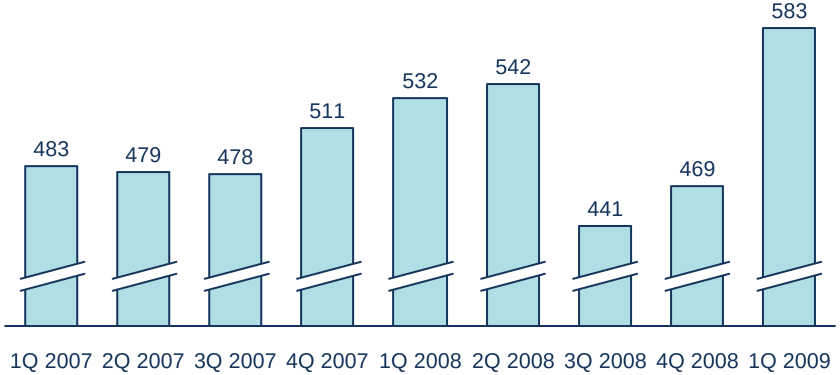
*non-annualized

- Positive turn in underlying profit Business Unit Belgium (273m) quarter on quarter (+116m,+74%) mainly driven by the recovering net interest margin from exceptionally low level in 4Q 2008
- Negative year on year comparison (-181m, -40%) due to 1Q 2008 being boosted by decision to divest part of the equity portfolio
- Slowing volume growth

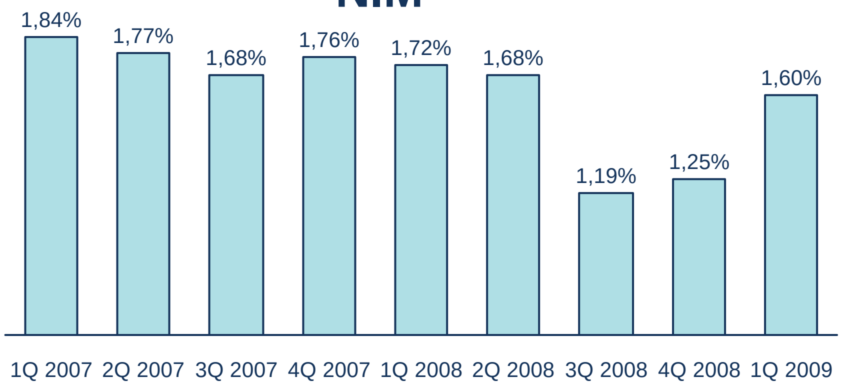
Amounts in m. EUR

Business Unit Belgium (2)

NII



NIM

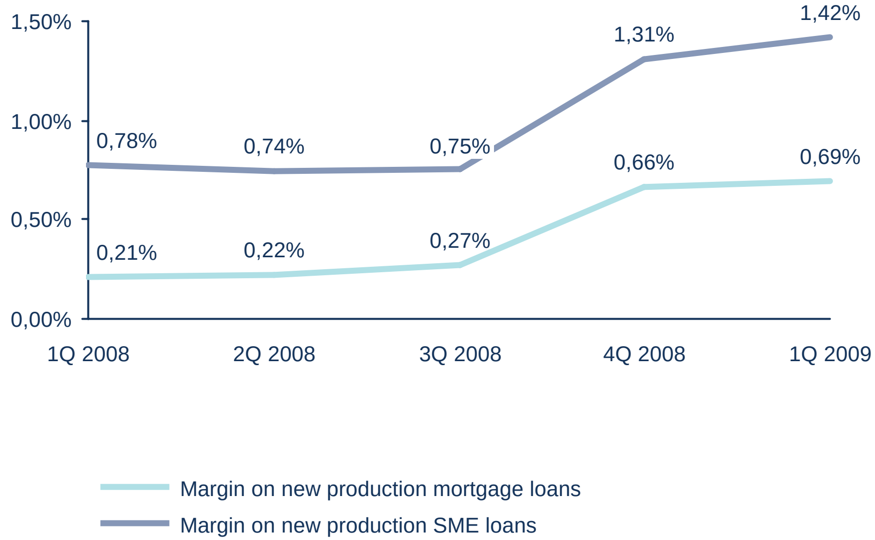


- Strong rise in net interest income (583m): + 24% quarter on quarter, + 10% year on year
- Year on year evolution NII based on strong volume growth until end 2008
- Quarter on quarter evolution based on lower deposit remuneration (after fierce price competition in 2H 2008, see next slide) combined with shift towards higher margin products
- Overall net interest margin rising 1,60% vs. 1,25% in 4Q 2008

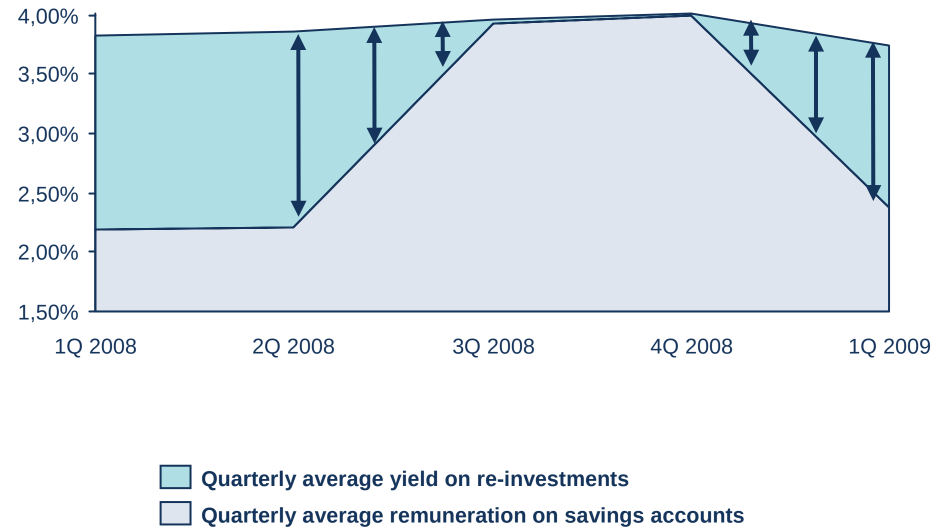
Amounts in m. EUR

Business Unit Belgium (3)

Net interest margin on new production

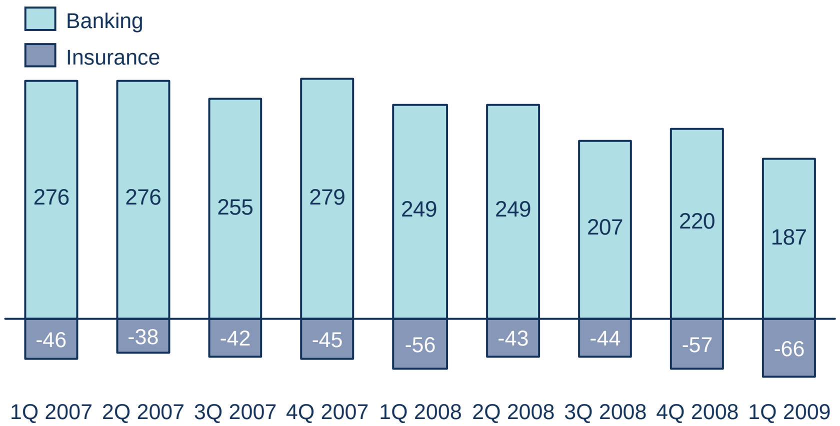


Net interest margin on savings accounts

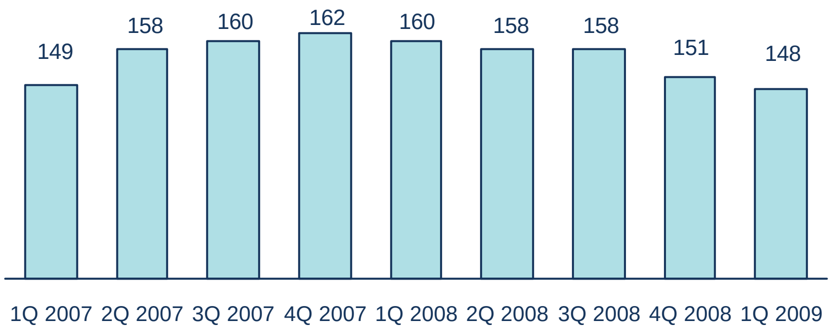


Business Unit Belgium (4)

F&C



AUM



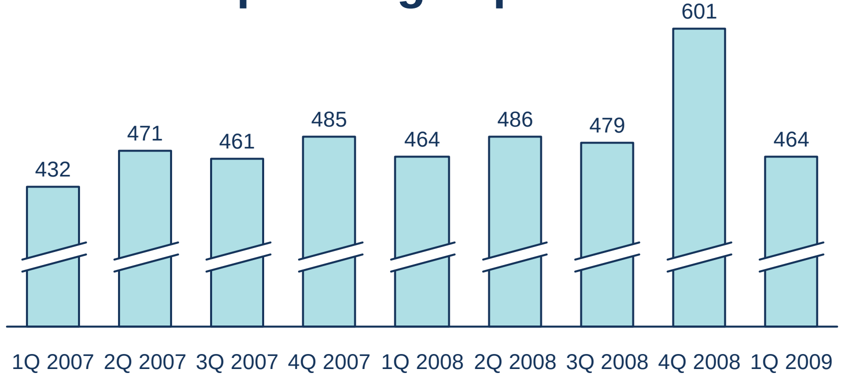
Amounts in bn. EUR

- Assets under management at 148bn EUR, -2% (-1% price effect, -1% volume effect)
- Current market conditions (low asset prices) reflected in low level assets under management directly impacting the fee income in the asset management division and in lower sales of unit linked insurance products
- Consequently, fee and commission income low compared to previous quarters

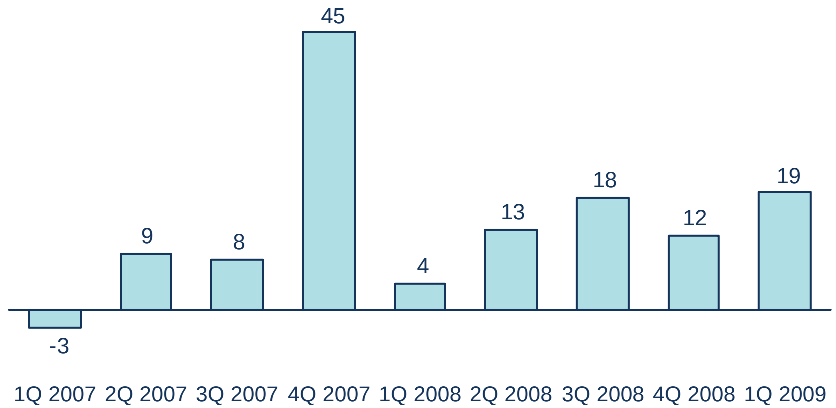
Amounts in m. EUR

Business Unit Belgium (5)

Operating expenses



Asset impairment

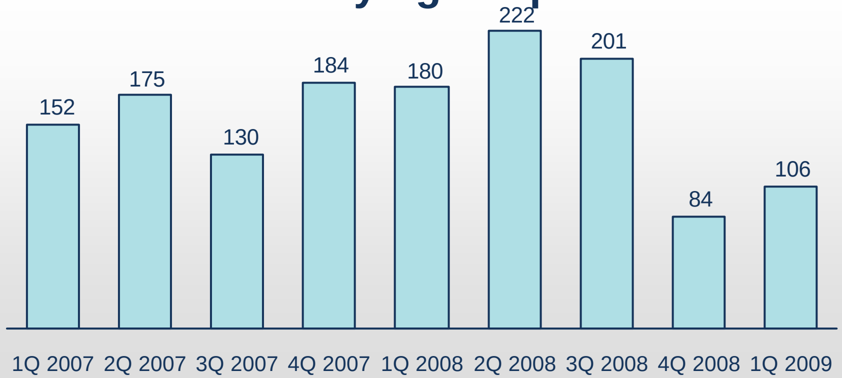


- Operating expenses (464m) lower quarter on quarter (-23%) and flat year on year despite 4% year on year inflation, thanks to, among other factors:
  - Substantial one-off items included in 4Q 2008 (135m)
  - Lower variable staff remuneration
- Cost income ratio: 63%
- No significant impact of economic climate yet on asset impairment. Loan loss ratio 0.13% (0.09% FY 2008)

Amounts in m. EUR

Business Unit CEER

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	**34bn**	**12bn**	**38bn**	**11bn**	**2bn**
Growth q/q*	**+2%**	**+5%**	**+3%**	**-8%**	**-6%**
Growth y/y	**+22%**	**+30%**	**+11%**	**-21%**	**+13%**

**non-annualized*

- Positive turn in underlying net profit of CEER business unit (106m)
  - CEER profit breakdown: 133m Czech Republic, 1m Slovak Republic, 10m Hungary, 13m Poland, -11m Russia, -39m other
- Positive quarter on quarter evolution (+27%) tempered by FX effects
  - Weighted average FX evolution of relevant currencies -11% quarter on quarter and -9% year on year
  - Net of FX effects underlying profit + 43% quarter on quarter

- Moderate loan and deposit volume growth quarter on quarter, loan growth slowing down
- Current investment climate puts assets under management down

Amounts in m. EUR

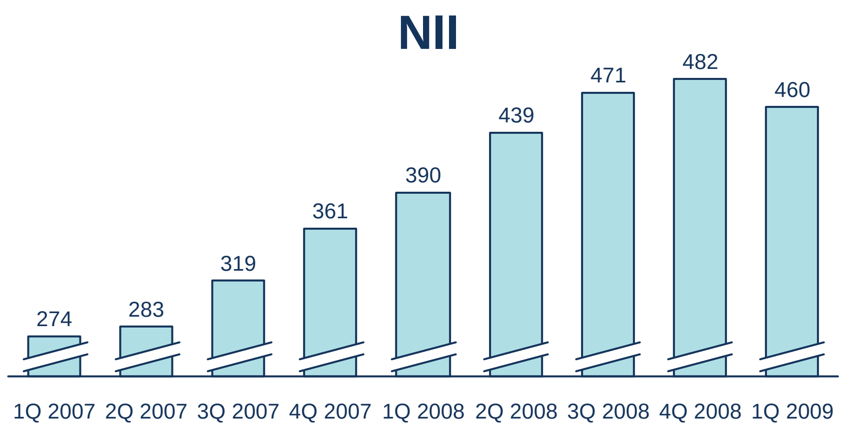
Business Unit CEER (2)

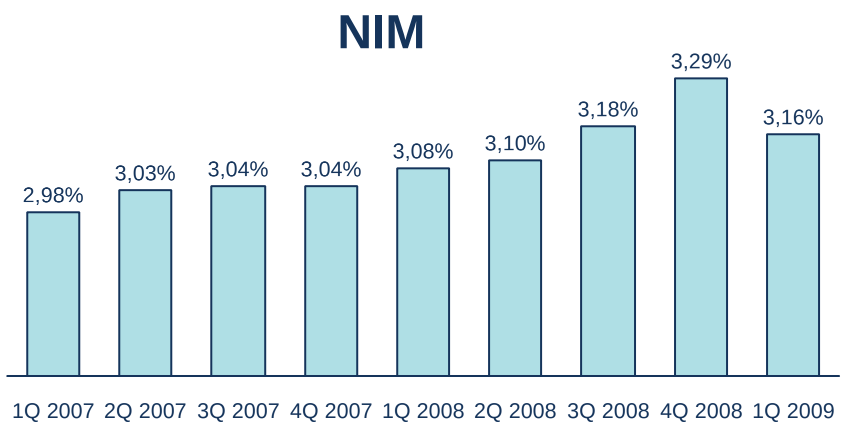
Organic growth(*)

	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	0%	+13%	+5%	+27%	+3%	+4%
SK	-2%	+21%	0%	+19%	-11%	+19%
HU	+5%	+12%	-2%	+18%	+9%	+44%
PL	+5%	+36%	-1%	+63%	+11%	+13%
RU	-3%	32%	+2%	+75%	-3%	-2%

(*) organic growth excluding FX impact

Business Unit CEER (3)





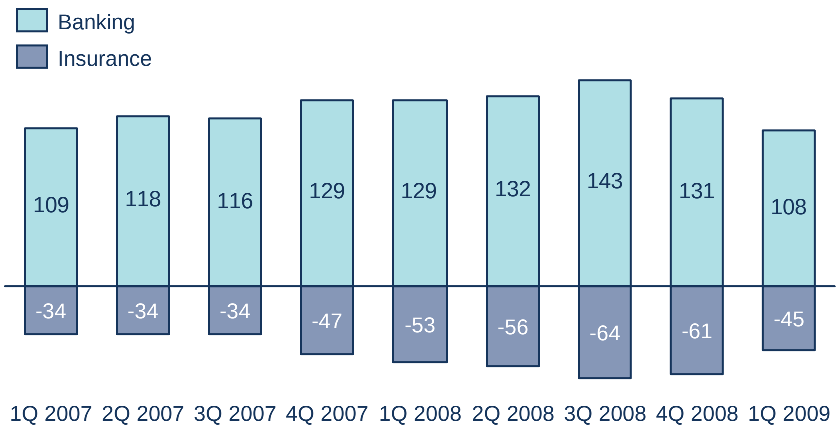
- Net interest income (460m) down -5% quarter on quarter but up + 18% year on year
- Negative quarter evolution entirely based on FX impact. Net of FX effects, NII up +9% quarter on quarter

- Strong year on year evolution (+32%) based on steady volume growth until end 2008 and increased margin (+8bp)

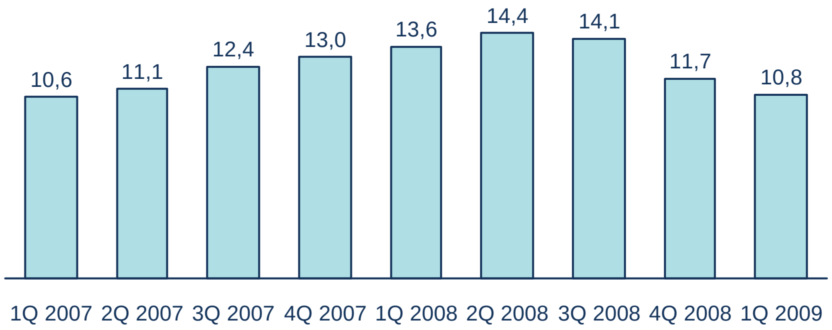
Amounts in m. EUR

Business Unit CEER (4)

F&C



AUM



Amounts in bn. EUR

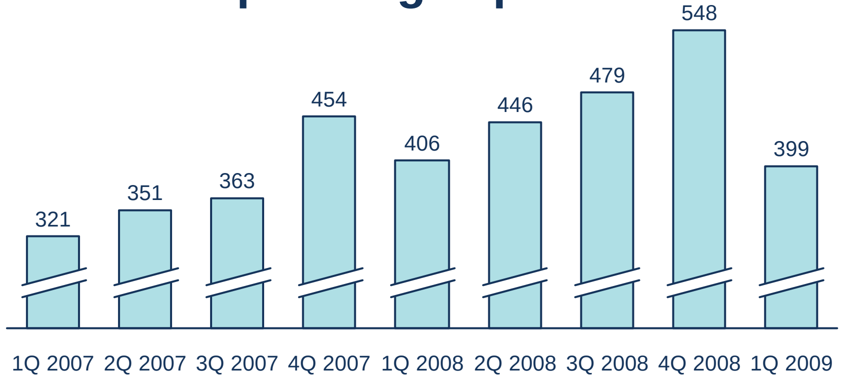
- Roughly stable net fee and commission income on organic basis (63m) since quarter on quarter evolution almost entirely due to FX impact

- Current investment climate puts asset under management down 8% quarter on quarter (-4% due to price effects)

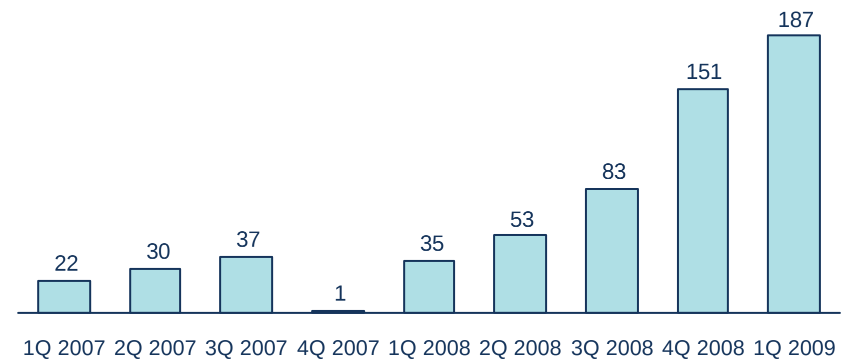
Amounts in m. EUR

Business Unit CEER (5)

Operating expenses



Asset impairment

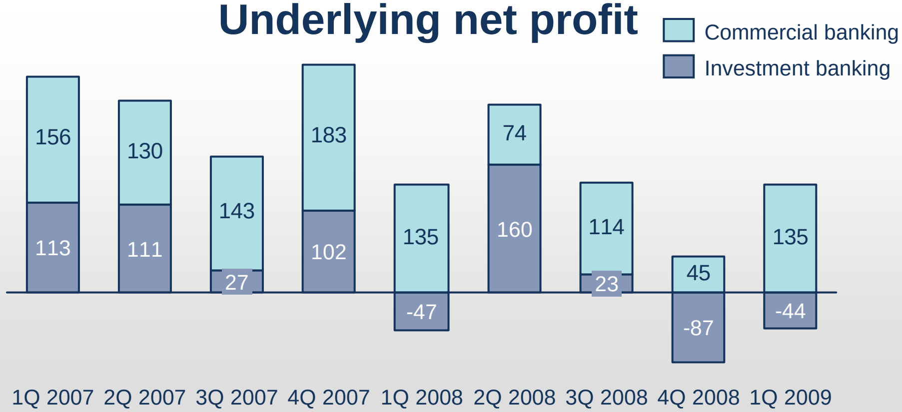


- Operating expenses (399m) down quarter on quarter (-27%) and year on year (-2%) helped by FX impact
- Net of FX impact, still quarter on quarter drop with -17% following cost containment and exceptional items in 4Q 2008 (40m). Year on year organic increase (+8%) due to branch expansion and higher provisions.
  - Cost income ratio: 56% (60% FY 2008)
- Rising asset impairment (187m of which 179m on L&R) reflects worsening economic situation
  - Mainly in Hungary, Russia and Poland (due to one large corporate file)
  - However no burning platform beyond expectations
  - CEER credit cost ratio: 1.69% - NPL ratio up from 2.1% end 2008 to 2.5%

Amounts in m. EUR

Business Unit Merchant Banking

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	60bn	66bn
Growth q/q*	+1%	+8%
Growth y/y*	+2%	-2%

**non-annualized*

- Recovery of underlying profit of Merchant Banking activities (91m) compared to previous quarter.
  - Commercial banking result 135m
  - Investment banking result -44m entirely driven by -201m after tax impact of discontinued structured credit and fund derivatives business in the *KBC Financial Products* entity

Amounts in m. EUR

Business Unit Merchant Banking (2)

RWA (Commercial banking)

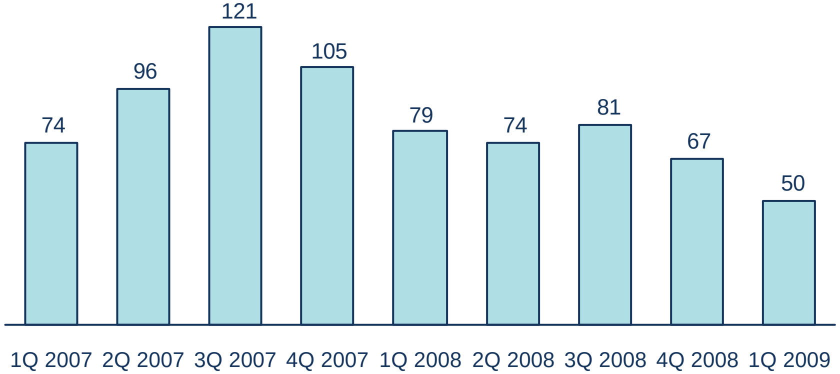
NII (Commercial banking)

- RWA commercial banking down 4% quarter on quarter and year on year on the back of decreased corporate loan exposure in non-home markets
- Net interest income (relating to the commercial banking division) remains in line with the quarterly average and shows a 3% increase year on year

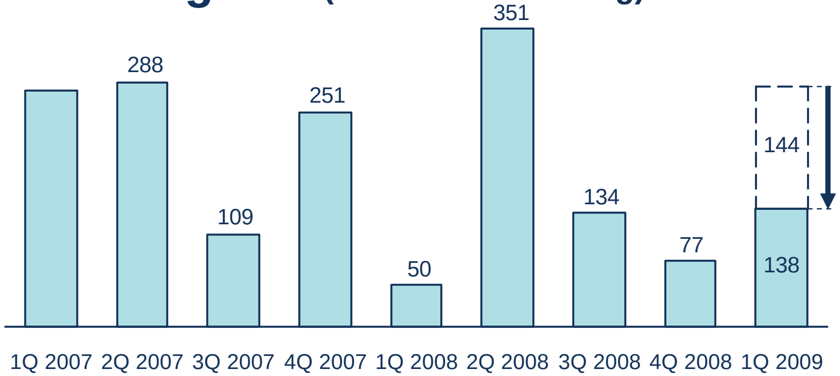
Amounts in m. EUR

Business Unit Merchant Banking (3)

F&C



FV gains (Investment banking)



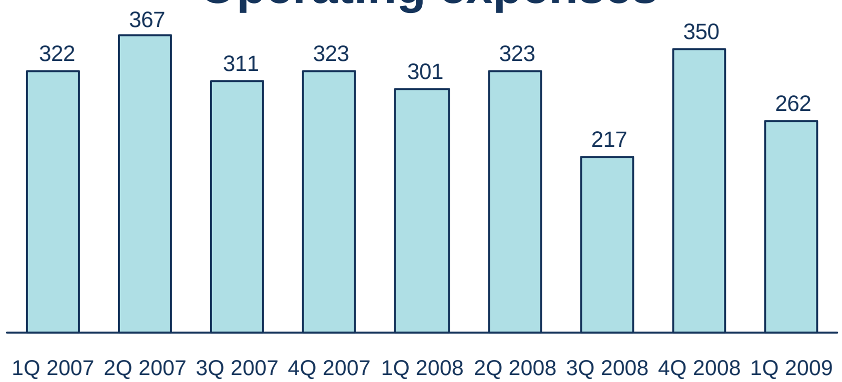
- Fee and commission income down 25% quarter on quarter due to lower brokerage fees and corporate finance income in the investment banking division

- Recovering fair value gains in the investment banking division following good quarter in debt capital market and money market activities but partly offset by unwinding losses on terminated parts of the business in the *KBC Financial Products* entity (-144m, structured credit and fund derivatives business)

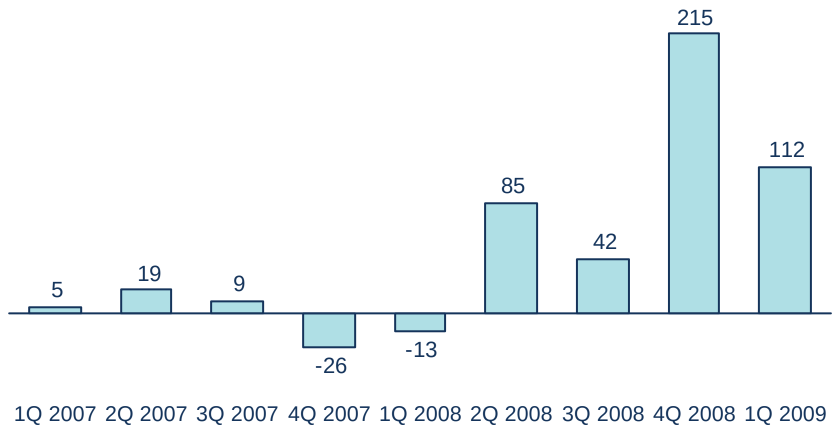
Amounts in m. EUR

Business Unit Merchant Banking (4)

Operating expenses



Asset impairment

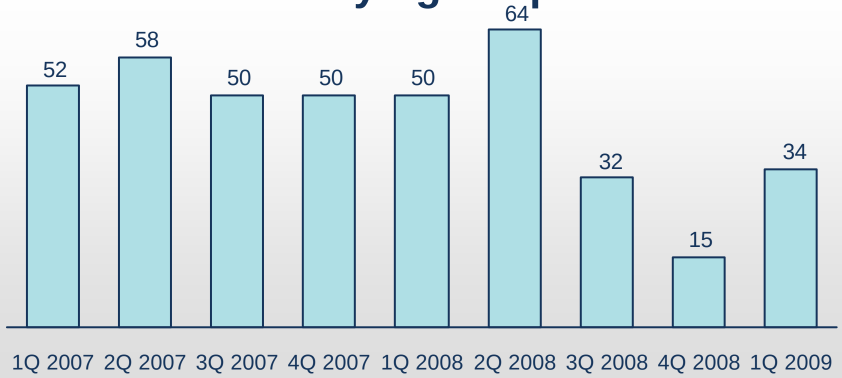


- Strong decline in operating expenses (-25% qoq, - 13% yoy), among other factors due to
  - Reduction variable staff expenses
  - Reduction activities in Financial Products entity
  - One off items in 4Q 2008 (115m)
- Cost income ratio: 50% (57% FY 2008)
- Decline in loan impairment compared to 4Q 2008 (110m on L&R compared to 180m in 4Q 2008)
  - Impairment mainly in securitized loans reclassified at end 2008 (-34m) and corporate loans in non home markets
  - Loan loss ratio 0.59% (0.35% in Ireland)

Amounts in m. EUR

KBC Business Unit Private Banking

Underlying net profit



Volume trend

	Customer deposits	AUM	Life reserves
Volume	**10bn**	**42bn**	**1bn**
Growth q/q*	**-5%**	**-4%**	**-2%**
Growth y/y*	**-17%**	**-17%**	**-27%**

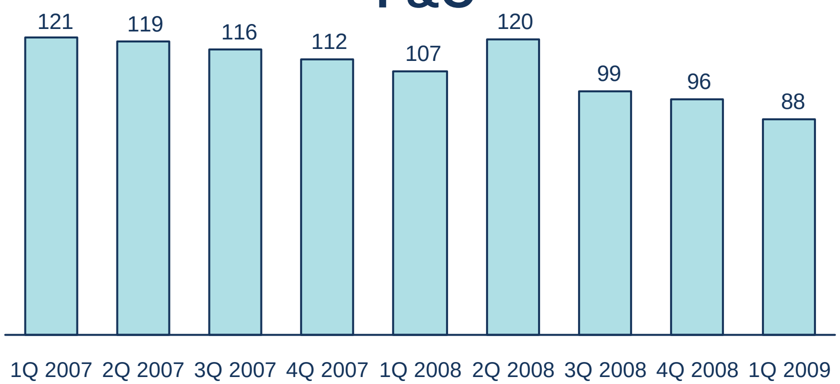
**non-annualized*

- Quarter on quarter increase in underlying profit of the Private Banking Business but still at relatively low level compared to earlier quarters due to current investment climate leading to combination of
  - Lower management fees (due to low asset prices)
  - Lower transaction volume
  - Shift by customers to more defensive (lower fee) products
- Assets under management at 42bn (down -4% qoq, -17% yoy, mainly due to price effect)

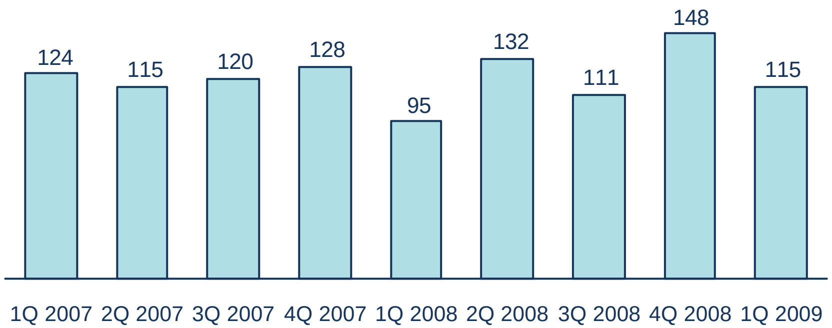
Amounts in m. EUR

Business Unit Private Banking (2)

F&C



Operating expenses



- Fee and commission income (88m) continues to suffer from current investment climate, down -8% quarter on quarter, -17% year on year

- Decrease in operating expenses (-22% quarter on quarter) albeit partly explained by amount of one-off items in 4Q 2008 (27m)
- Cost income ratio 70% (73% FY 2008)

Amounts in m. EUR

Update on structured credit and guarantee bought from State

Exposure to structured credit

REMINDER

KBC acted as originator of structured credit transactions for investors

- KBC bought credit risk, structured the deal and transferred the risk to investors (through *KBC Financial Products* entity)
- In order to do so, for several *Collateralised Debt Obligation* (CDO) transactions, KBC bought credit protection ("insurance") from MBIA, the then AAA-rated US monoline insurer

KBC itself invested in structured credit:

- Investments in CDOs (9.5 bn), largely originated by KBC itself, and other *Asset-Backed Securities* (6.1 bn)
- Earnings sensitivity mitigated in 2008: junior and senior-ranked CDOs issued by KBC written down to zero (super senior exposure remained open) and ABS largely reclassified to 'loan portfolio' (not marked-to-market)

Structured credit: 1Q trends

UPDATE MARCH 2009

- Major deterioration of creditworthiness of MBIA:
  - Spin-off of valuable assets in February
  - KBC joined bank consortium to file claim against MBIA in May
  - Provision for counterparty risk increased by 2.5 bn to 3.1bn to cover possibility that MBIA might not be able to perform in full on 14bn insurance coverage, notional, if needed
- Widening of credit spreads and worsening economic conditions impacting valuation of remaining super senior CDO investments (combined impact: -1.3bn)
  - So far in 2Q: easing credit spreads bringing CDO values some 350m higher than at end of March

-> Total 1Q 2009: -3.8bn value adjustments

Structured credit: 1Q financial impact

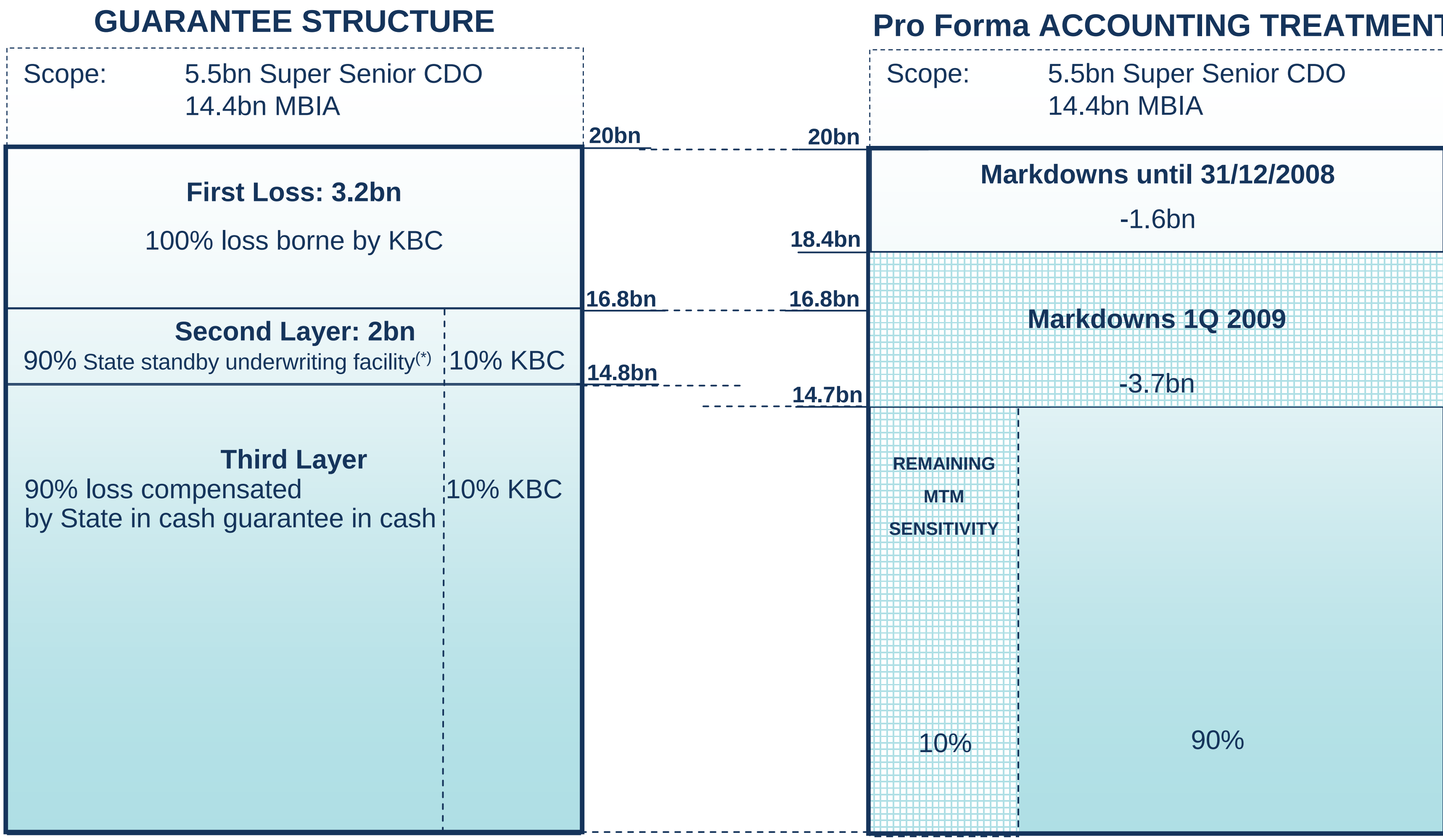
Total value adjustment: -3.8 bn

- Increase in provision coverage of monoline counterparty exposure: -2.5bn
  - -1.5bn due to weakening of insured assets
  - -1.0bn due to increase of the provision rate from 40% to 60%
- Impact from credit spreads on value of remaining super senior holdings: - 0.2 bn (in line with stress test guidance given)
- Impact of the deteriorated evolution of the layer of expected loss data: -1.1 bn

Guarantee protection bought from State

- Guarantee: default risk covered at 90% above set first loss tranche against payment of premium
- Scope (20.0bn, previously marked down by 5.3bn):
  - Super senior CDO investments: 5.5bn
  - Counterparty risk on MBIA: 14.4bn
- Structure:
  - First loss of 3.2bn: credit loss borne by KBC, however, covered by past markdowns
  - Second layer of 2.0bn: 90% of loss compensated by State via new shares; option to not call guarantee.
  - Third layer up to 14.8bn: 90% loss compensated by State in cash to the level of 90%
- Consequence:
  - Future earnings uncertainty due to marking-to-market largely eliminated (remaining potential negative MtM relates only to 10% retained risk part)
  - Stop-loss on potential effective losses

Guarantee protection bought from State



(*) KBC has the option not to call on the facility

Guarantee protection bought from State

- Earnings impact of transaction (to be booked in 2Q 009):
  - Upfront guarantee premium: 1.2 bn + commitment fee: 30m/quarter
  - Net profit impact of transaction: -0.8 billion (-1.2 bn premium + 0.4 bn value mark-up)
- Solvency impact:
  - Capital increase: 1.5 bn, committed upon earlier by Flemish Government
  - Release of risk-weighted assets: 6.3 bn
  - (Pro forma) Tier 1 ratio, banking: 11.0 % of which 8.3% equity
- Transaction to be approved by competent regulatory authorities

Wrap up

Wrap Up

- Despite difficult investment climate and thanks to increased interest margins and good cost control, KBC’s operational activities show resilient underlying results
- Credit cost is rising but remains within expected limits
- Current investment climate impacted fee and commission income and triggered new equity impairment
- Value adjustments on CDO portfolio
- Measures taken to reduce future earnings sensitivity in structure credit portfolio

Wrap Up (2)

Major downside risk going forward:

- Loan losses within “normal” credit portfolio (including CEE, Russia, Ireland, …)
- Loan losses on ABS within loan portfolio (reclassified to loan portfolio at year-end)
- Unwinding process of discontinued structured business at *KBC Financial Products*
- Trend throughout the sector of growing negative customer sentiment resulting from weak investment yields
- 10% risk sharing part in State Guarantee transaction

KBC Group

Overview KBC Loan Book

Date of latest update: May 2009

Issued by:
KBC Group
Investor Relations Office
investor.relations@kbc.com

BUSINESS UNIT BELGIUM LOAN BOOK - Situation 31 MARCH 2009 (*)

(in million EUR)	BELGIUM		
TOTAL OUTSTANDING	**55,813**		
		% outst.	
SME / corporate	0.000	*0.0%*	
Retail	55,813	*100.0%*	
o/w private	30,260	*54.2%*	
o/w companies	25,553	*45.8%*	
		% outst.	Ind.LTV
Mortgages	28,703	*51.4%*	51%
o/w FX mortgages	0	*0.0%*	-
		% outst.	Av. PD
Top 5 BE corporate sectors			
services	7,018	*12.6%*	low
distribution	4,480	*8.0%*	medium
real estate	3,109	*5.6%*	medium
agriculture	2,874	*5.1%*	low
building	1,927	*3.5%*	low
Exposure to cyclical sectors			
real estate	3,109	*5.6%*	medium
building	1,927	*3.5%*	low
automotive	915	*1.6%*	medium
energy	53	*0.1%*	low
aviation	21	*0.0%*	medium
IT & telecom	98	*0.2%*	medium
		% outst.	
Probability of default (PD)			
low risk (1-4)	42,319	*75.8%*	
medium risk (5-7)	9,606	*17.2%*	
high risk (8-10)	2,886	*5.2%*	
non performing loans (11 - 12)	1002	*1.8%*	
unrated	0	*0.0%*	
		% outst.	
Other risk measures			
outstanding NPL	1,002	*1.8%*	
provisions for NPL (specific provisions)	452		
NPL cover ratio (excl. generic provisions)	45%		
FY 2008 LLR	0.09%		
YTD 2009 LLR (annualized)	0.13%		

Legend

Ind. LTV Indexed Loan to Value: current oustanding loan / current value of property
Av. PD Average Probability of Default
NPL Non Performing Loan
LLR Loan Loss Ratio

(*) Please note that this overview has a different scope than the balance sheet item 'loans and advances'. For the detailed reconciliation please refer to page 58 of the annual report of KBC Group.

BUSINESS UNIT CEER LOAN BOOK - Situation 31 MARCH 2009 (1)

(in million EUR)	CZECH REPUBLIC			SLOVAKIA			POLAND			HUNGARY			RUSSIA			SERBIA			BULGARIA			TOTAL CEE	
TOTAL OUTSTANDING	**19,550**			**3,854**			**6,815**			**7,005**			**3,175**			**141**			**765**			**41,305**	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*
SME / corporate	7,012	*35.9%*		1,694	*44.0%*		2,667	*39.1%*		3,737	*53.3%*		1,841	*58.0%*		78	*55.6%*		352	*46.0%*		17,382	*42.1%*
Retail	12,538	*64.1%*		2,160	*56.0%*		4,148	*60.9%*		3,268	*46.7%*		1,334	*42.0%*		62	*44.4%*		413	*54.0%*		23,923	*57.9%*
o/w private	8,835	*45.2%*		1,103	*28.6%*		3,990	*58.5%*		2,959	*42.2%*		1,191	*37.5%*		62	*44.4%*		214	*28.0%*		18,354	*44.4%*
o/w companies	3,702	*18.9%*		1,057	*27.4%*		158	*2.3%*		309	*4.4%*		143	*4.5%*		0	*0.0%*		199	*26.0%*		5,569	*13.5%*
		% outst.	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*
Mortgages	4,299	*22.0%*	62%	844	*21.9%*	48%	3,092	*45.4%*	88%	2,497	*35.6%*	64%	842	*26.5%*	57%	50	*35.8%*	67%	87	*11.4%*	51%	11,712	*28.4%*
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	2,292	*33.6%*	99%	2,160	*30.8%*	68%	356	*11.2%*	63%	50	*35.8%*	67%	44	*5.7%*	52%	4,903	*11.9%*
		% outst.	Av. PD		*% outst.*	Av. PD		*% outst.*	Av. PD		*% outst.*	Av. PD		*% outst.*			*% outst.*	Av. PD		*% outst.*			*% outst.*
Top 5 CEER corporate sectors																							
services	1,600	*8.2%*	low	908	*23.5%*	low	242	*3.6%*	medium	602	*8.6%*	medium	58	*1.8%*		4	*2.5%*	medium	13	*1.7%*		3,427	*8.3%*
finance & insurance	2,511	*12.8%*	low	170	*4.4%*	low	308	*4.5%*	low	296	*4.2%*	low	76	*2.4%*		1	*0.8%*	high	57	*7.4%*		3,419	*8.3%*
distribution	1,086	*5.6%*	medium	291	*7.6%*	medium	615	*9.0%*	medium	595	*8.5%*	medium	709	*22.3%*		28	*19.8%*	medium	27	*3.5%*		3,352	*8.1%*
real estate	386	*2.0%*	medium	391	*10.1%*	medium	355	*5.2%*	medium	225	*3.2%*	medium	572	*18.0%*		5	*3.3%*	medium	229	*29.9%*		2,163	*5.2%*
building	625	*3.2%*	medium	127	*3.3%*	medium	197	*2.9%*	medium	391	*5.6%*	medium	96	*3.0%*		6	*3.9%*	medium	10	*1.2%*		1,450	*3.5%*
Exposure to cyclical sectors																							
real estate	386	*2.0%*	medium	391	*10.1%*	medium	355	*5.2%*	medium	225	*3.2%*	medium	572	*18.0%*		5	*3.3%*	medium	229	*29.9%*		2,163	*5.2%*
building	625	*3.2%*	medium	127	*3.3%*	medium	197	*2.9%*	medium	391	*5.6%*	medium	96	*3.0%*		6	*3.9%*	medium	10	*1.2%*		1,450	*3.5%*
automotive	411	*2.1%*	medium	231	*6.0%*	low	92	*1.4%*	medium	206	*2.9%*	medium	94	*3.0%*		2	*1.1%*	medium	8	*1.1%*		1,045	*2.5%*
energy	381	*2.0%*	low	46	*1.2%*	low	167	*2.4%*	low	124	*1.8%*	medium	76	*2.4%*		0	*0.0%*	-	44	*5.7%*		838	*2.0%*
aviation	86	*0.4%*	medium	0	*0.0%*	-	8	*0.1%*	medium	25	*0.4%*	medium	37	*1.2%*		0	*0.0%*	-	0	*0.0%*		156	*0.4%*
IT & telecom	48	*0.2%*	medium	34	*0.9%*	medium	48	*0.7%*	low	8	*0.1%*	low	33	*1.0%*		2	*1.2%*	medium	2	*0.2%*		175	*0.4%*
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*
Probability of default (PD)																							
low risk (1-4)	14,312	*73.2%*		1,825	*47.4%*		3,883	*57.0%*		4,380	*62.5%*		0	*0.0%*		87	*62.2%*		0	*0.0%*		24,487	*59.3%*
medium risk (5-7)	3,711	*19.0%*		839	*21.8%*		1,888	*27.7%*		1,822	*26.0%*		0	*0.0%*		6	*4.0%*		0	*0.0%*		8,267	*20.0%*
high risk (8-10)	910	*4.7%*		175	*4.5%*		441	*6.5%*		528	*7.5%*		179	*5.6%*		16	*11.6%*		0	*0.0%*		2,248	*5.4%*
non performing loans (11 - 12)	372	*1.9%*		81	*2.1%*		279	*4.1%*		133	*1.9%*		72	*2.3%*		31	*22.3%*		60	*7.9%*		1,029	*2.5%*
unrated / other	245	*1.3%*		934	*24.2%* (*)		323	*4.7%*		142	*2.0%*		2,924	*92.1%* (*)		0	*0.0%*		704	*92.1%*		5,274	*12.8%*
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*
Other risk measures																							
outstanding NPL	372	*1.9%*		81	*2.1%*		279	*4.1%*		133	*1.9%*		72	*2.3%*		31	*22.3%*		60	*7.9%*		1,029	*2.5%*
provisions for NPL (specific provisions)	221			101			200			101			56			7			20			708	
NPL cover ratio (excl. generic provisions)	59%			125%			72%			76%			78%			24%			34%			69%	
FY 2008 LLR	0.57%			0.82%			0.95%			0.41%			2.40%			-			-			0.83%	
YTD 2009 LLR (annualized)	0.62%			1.03%			2.29%			1.99%			5.37%			-			-			1.69%	
Average LLR until end 2008 (**)	0.21%			0.89%			1.96%			0.65%			1.30%			-			-			0.92%	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*
Stress tests																							
Pre-tax loss if default of the local top 10 corporate names	516	*2.6%*		234	*6.1%*		357	*5.2%*		341	*4.9%*		-			-			-			-	
Pre-tax loss on FX mortgages in -30% stress scenario (***)	-			-			18	*0.3%*		24	*0.3%*		4	*0.1%*		0	*0.1%*		0	*0.0%*		46	*0.1%*
Pre-tax loss on FX mortgages in -30%/-30% stress scenario (****)	-			-			30	*0.4%*		81	*1.2%*		11	*0.4%*		1	*0.8%*		1	*0.1%*		124	*0.3%*

Legend

Ind. LTV Indexed Loan to Value: current oustanding loan / current value of property
Av. PD Average Probability of Default
NPL Non Performing Loan
LLR Loan Loss Ratio

* Istrobanka and Absolut Bank have a rating methodology that is statistically not yet fully aligned with the KBC methodology
** average loan loss ratio since 2002 for CZ, HU, PL and total; average since 2007 for SK and RU
*** pre-tax loss if currency depreciates further by 30%
**** pre-tax loss if both currency depreciates further by 30% and property value falls further by 30%

(1) Please note that this overview has a different scope than the balance sheet item 'loans and advances'. For the detailed reconciliation please refer to page 58 of the annual report of KBC Group.

BUSINESS UNIT MERCHANT BANKING LOAN BOOK - Situation 31 MARCH 2009 (*)

(in million EUR)	BELGIUM			WESTERN EUROPE (incl. presence in FR, D, NL, UK, ES, IT, IE)			o/w IRELAND			USA		
TOTAL OUTSTANDING	**19,402**			**27,118**			**18,347**			**8,515**		
		% outst.			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	19,396	*100.0%*		13,466	*49.7%*		4,695	*25.6%*		8,515	*100.0%*	
Retail	6	*0.0%*		13,652	*50.3%*		13,652	*74.4%*		0	*0.0%*	
o/w private	6	*0.0%*		13,652	*50.3%*		13,652	*74.4%*		0	*0.0%*	
o/w companies	0	*0.0%*		0	*0.0%*		0	*0.0%*		0	*0.0%*	
		% outst.	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV
Mortgages	0	*0.0%*	-	13,652	*50.3%*	76%	13,652	*74.4%*	76%	0	*0.0%*	-
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-
		% outst.			*% outst.*			*% outst.*			*% outst.*	
Top 5 MEB corporate sectors												
finance & insurance	2,270	*11.7%*		992	*3.7%*		162	*0.9%*		942	*11.1%*	
real estate	1,624	*8.4%*		3,709	*13.7%*		2,056	*11.2%*		830	*9.7%*	
services	2,282	*11.8%*		1,677	*6.2%*		534	*2.9%*		1,329	*15.6%*	
ditribution	2,726	*14.0%*		1,311	*4.8%*		501	*2.7%*		64	*0.7%*	
building	1,331	*6.9%*		880	*3.2%*		297	*1.6%*		81	*1.0%*	
Exposure to cyclical sectors												
real estate	1,624	*8.4%*		3,709	*13.7%*		2,056	*11.2%*		830	*9.7%*	
building	1,331	*6.9%*		880	*3.2%*		297	*1.6%*		81	*1.0%*	
automotive	641	*3.3%*		365	*1.3%*		11	*0.1%*		108	*1.3%*	
energy	233	*1.2%*		442	*1.6%*		238	*1.3%*		379	*4.5%*	
aviation	123	*0.6%*		22	*0.1%*		1	*0.0%*		87	*1.0%*	
IT & telecom	246	*1.3%*		240	*0.9%*		14	*0.1%*		51	*0.6%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*	
Probability of default (PD)												
low risk (1-4)	12,097	*62.3%*		14,040	*51.8%*		9,364	*51.0%*		7,191	*84.4%*	
medium risk (5-7)	5,526	*28.5%*		9,928	*36.6%*		6,845	*37.3%*		1,039	*12.2%*	
high risk (8-10)	805	*4.1%*		1,694	*6.2%*		1,272	*6.9%*		249	*2.9%*	
non performing loans (11 - 12)	552	*2.8%*		1,053	*3.9%*		847	*4.6%*		36	*0.4%*	
unrated	422	*2.2%*		404	*1.5%*		19	*0.1%*		0	*0.0%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*	
Other risk measures												
outstanding NPL	552	*2.8%*		1,053	*3.9%*		847	*4.6%*		36	*0.4%*	
provisions for NPL (specific provisions)	380			171			52			27		
NPL cover ratio (excl. generic provisions)	69%			16%			6%			76%		
FY 2008 LLR												
YTD 2009 LLR (annualized)												

(in million EUR)	SOUTHEAST ASIA (incl. presence in HK, CN, SG and TW)			GLOBAL			SUBTOTAL		DEBT SECURITIES		TOTAL Merchant Banking	
TOTAL OUTSTANDING	**2,194**			**8,109**			**65,339**		**9,879**		**75,218**	
		% outst.			*% outst.*			*% outst.*				
SME / corporate	2,194	*100.0%*		8,109	*100.0%*		51,681	*79.1%*				
Retail	0	*0.0%*		0	*0.0%*		13,658	*20.9%*				
o/w private	0	*0.0%*		0	*0.0%*		13,658	*20.9%*				
o/w companies	0	*0.0%*		0	*0.0%*		0	*0.0%*				
		% outst.	Ind.LTV		*% outst.*	Ind.LTV						
Mortgages	0	*0.0%*	-	0	*0.0%*	-	13,652	*20.9%*				
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*				
		% outst.			*% outst.*							
Top 5 MEB corporate sectors												
finance & insurance	231	*10.5%*		1,142	*14.1%*		5,578	*8.5%*				
real estate	92	*4.2%*		893	*11.0%*		7,147	*10.9%*				
services	36	*1.6%*		231	*2.8%*		5,554	*8.5%*				
ditribution	159	*7.2%*		78	*1.0%*		4,337	*6.6%*				
building	85	*3.9%*		390	*4.8%*		2,767	*4.2%*				
Exposure to cyclical sectors												
real estate	92	*4.2%*		893	*11.0%*		7,147	*10.9%*				
building	85	*3.9%*		390	*4.8%*		2,767	*4.2%*				
automotive	37	*1.7%*		139	*1.7%*		1,290	*2.0%*				
energy	219	*10.0%*		1,938	*23.9%*		3,210	*4.9%*				
aviation	19	*0.9%*		211	*2.6%*		463	*0.7%*				
IT & telecom	51	*2.3%*		562	*6.9%*		1,151	*1.8%*				
		% outst.			*% outst.*					*% outst.*		*% outst.*
Probability of default (PD)												
low risk (1-4)	1,260	*57.4%*		4,142	*51.1%*		38,730	*59.3%*	8,624	*87.3%*	47,354	*63.0%*
medium risk (5-7)	830	*37.8%*		3,377	*41.6%*		20,701	*31.7%*	207	*2.1%*	20,908	*27.8%*
high risk (8-10)	13	*0.6%*		215	*2.7%*		2,976	*4.6%*	595	*6.0%*	3,572	*4.7%*
non performing loans (11 - 12)	91	*4.1%*		124	*1.5%*		1,856	*2.8%*	245	*2.5%*	2,101	*2.8%*
unrated	0	*0.0%*		250	*3.1%*		1,076	*1.6%*	208	*2.1%*	1,284	*1.7%*
		% outst.			*% outst.*							*% outst.*
Other risk measures												
outstanding NPL	91	*4.1%*		124	*1.5%*		1,856	*2.8%*	245		2,101	*2.8%*
provisions for NPL (specific provisions)	38			107			724				724	
NPL cover ratio (excl. generic provisions)	42%			87%			39%				34%	
FY 2008 LLR											0.59%	
YTD 2009 LLR (annualized)											0.59%	

Legend

Ind. LTV Indexed Loan to Value: current oustanding loan / current value of property
Av. PD Average Probability of Default
NPL Non Performing Loan
LLR Loan Loss Ratio
(*) Please note that this overview has a different scope than the balance sheet item 'loans and advances'. For the detailed reconciliation please refer to page 58 of the annual report of KBC Group.

KBC Group

Structured credit
31-03-2009

www.kbc.com

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

14 May 2009

Content

KBC Exposure to structured credit

- **KBC acted as originator of structured credit transactions for investors**
  - KBC bought credit risk, structured the deal and offloaded the risk to investors (through *KBC Financial Products* entity)
  - In order to do so, for several *Collateralised Debt Obligation* (CDO) transactions, KBC bought credit protection ('reinsurance') from MBIA (then AAA-rated monoline insurer)
- **KBC itself invested in structured credit:**
  - Investments in CDOs (largely originated by KBC itself) and other *Asset-Backed Securities* (ABS)
  - Main initial objective was to differentiate risk and enhance the yield for its insurance reserves and bank deposits it carried in surplus of its loans

Content

Insurance coverage by MBIA

Key figures of KBC group – MBIA insurance coverage received

In millions of EUR – 31-03-2009	March 2009
Total insured amount (notional amount of the super senior swap)	14 billion
Fair value of MBIA insurance coverage received (modelled replacement value)	**5.2 billion**
Credit value adjustment on counterparty risk MBIA (provision to cover possibility that MBIA might not be able to perform if needed)	3.1 billion (60%)

Content

Defining structured credit products

- KBC’s investments in structured credit products include CDOs and other ABSs.
- >95% of KBC’s CDOs are ‘synthetic’ which means that the underlying pool is made up of derivatives i.e. Credit Default Swaps (CDSs).
- In this presentation, separate data is provided for the CDO-portfolio and for the remainder of the total ABS portfolio (called ‘other ABSs’).

Key figures of KBC group investment in structured credit products

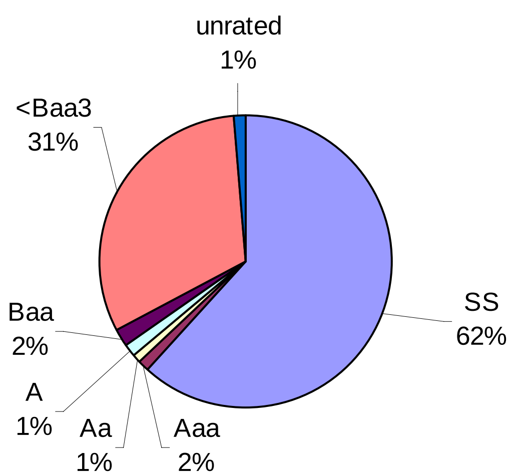
In millions of EUR – 31-03-2009	December 2008	March 2009
Total nominal amount	15 944	15 541
Initial write-down of junior and equity CDO pieces	*-779*	*- 779*
Total nominal amount, net of provisions for equity and junior pieces	15 165	14 762

For information on the financial impact of the crisis (a.o. value mark-downs) reference is made to the general 1Q 2009 interim presentation.

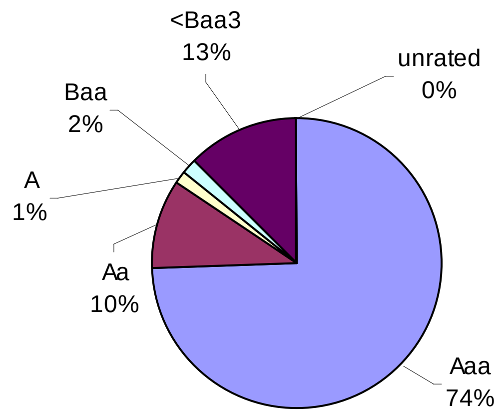
Breakdown of structured credit products into rating classes

Total nominal amount (in millions of EUR), net of provision for equity & junior CDO pieces and before mark-downs	**14 762**
CDO portfolio	*8 711*
other ABS portfolio	*6 051*

CDO portfolio, 31-03-2009



other ABS portfolio, 31-03-2009



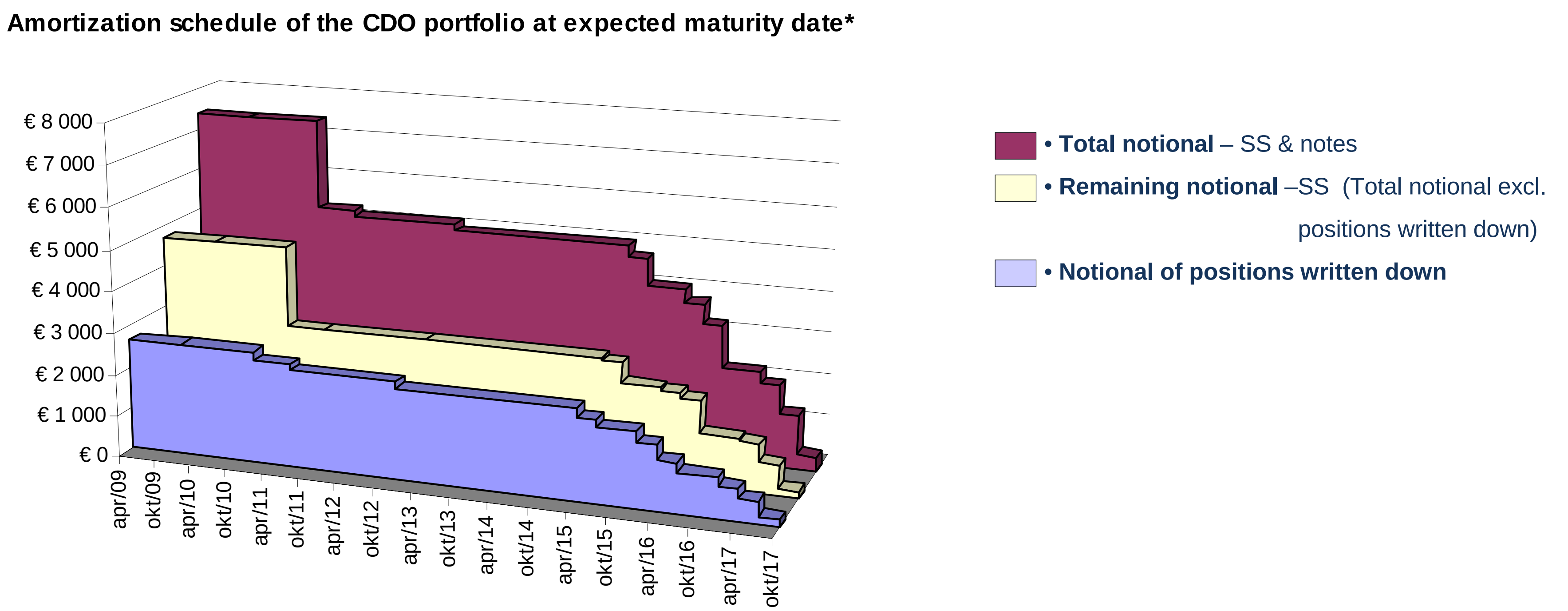
Based on Moody's ratings – 31/03/2009

KBC has written down all non-Super Senior CDO exposure originated by KBC FP

Amortization schedule of the CDO portfolio

Reference date of 31/03/2009

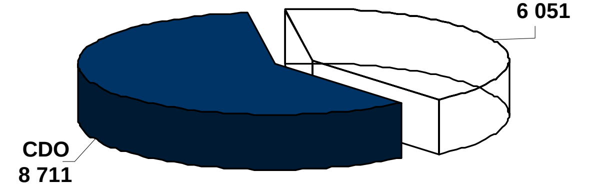
Nominal amount in millions of EUR, net of provision for equity & junior pieces



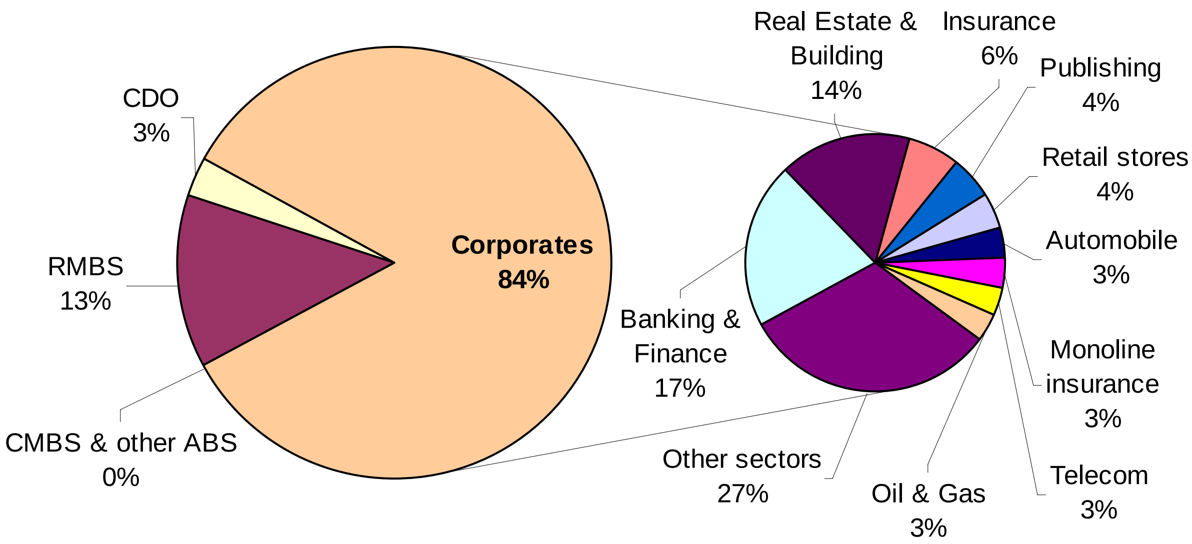
* Based on the investments in CDOs originated by KBC FP (except one CDO in run-off, meaning repayments are in progress)

Content

Sector breakdown of the underlying corporates

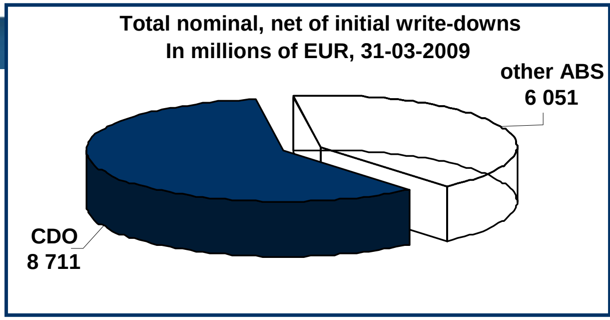


Underlying to CDO portfolio, 31-03-2009

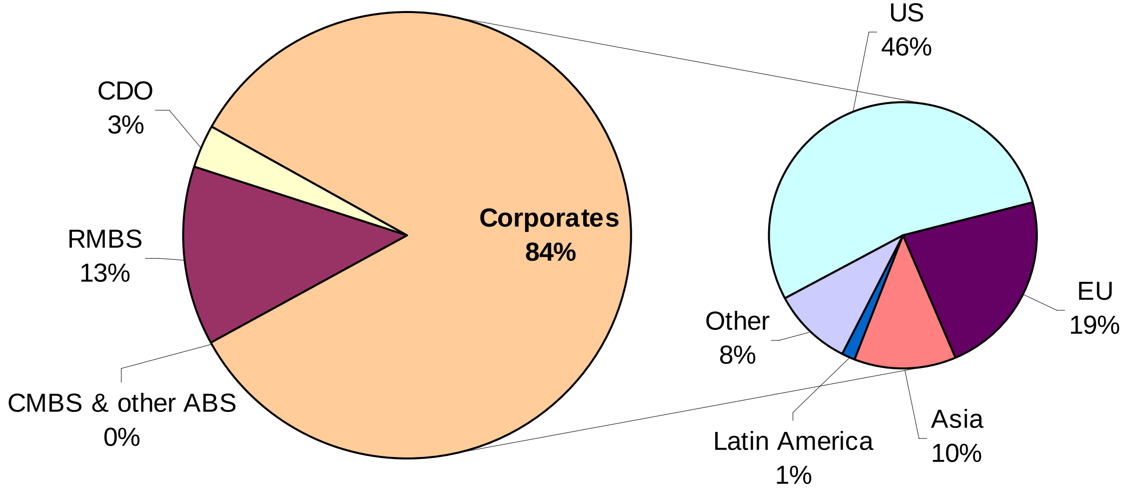


'Look-through-approach'

Geographic breakdown of the underlying corporates

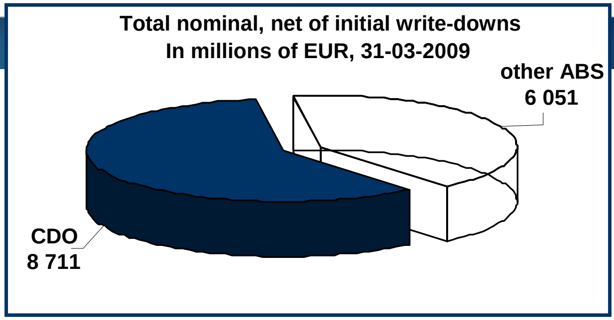


Underlying to CDO portfolio, 31-03-2009

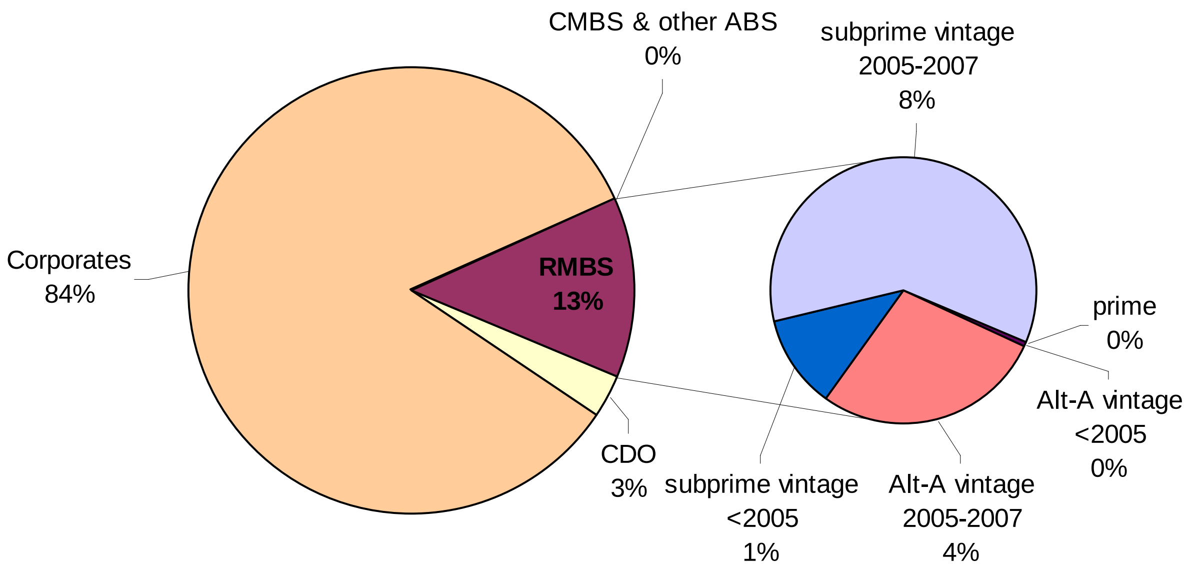


'Look-through-approach'

Vintage breakdown of the underlying RMBS

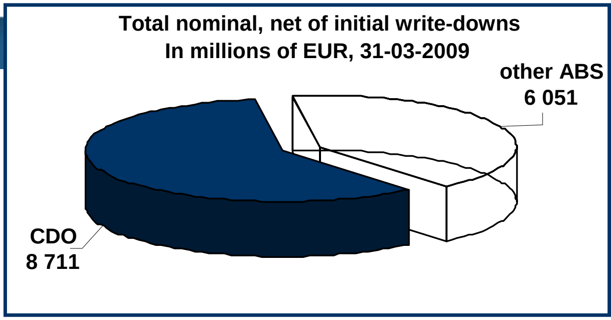


Underlying to CDO portfolio, 31-03-2009

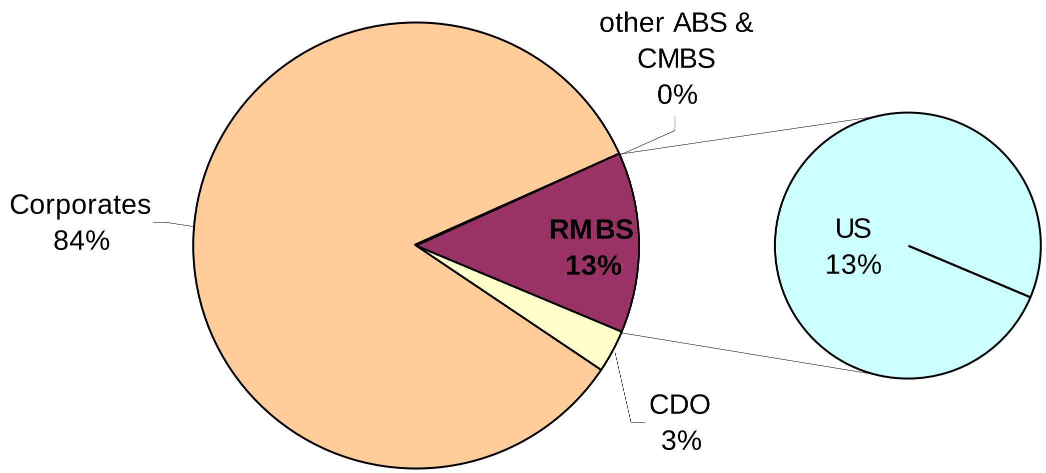


'Look-through-approach'

Geographic breakdown of the underlying RMBS



Underlying to CDO portfolio, 31-03-2009



'Look-through-approach'

KBC

Overview of the underlying of the CDOs

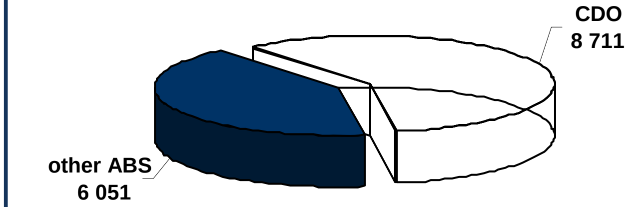
Type and quality breakdown of the underlying of the CDOs held – based on Moody's ratings
Amounts at nominal value - in millions of EUR – 31-03-2009

		Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates		14	230	1 315	3 040	1 847	421	199	95	152	7 312
Sector	Real Estate	-	-	82	744	238	66	33	14	18	1 195
	Banking	-	86	434	248	51	-	1	21	15	855
	Finance	2	32	188	256	71	48	-	12	60	669
	Insurance	11	1	141	200	2	94	47	-	-	495
	Publishing	-	-	12	44	265	50	5	-	0	376
	Retail Stores	-	-	16	115	128	75	-	-	2	336
	Automobile	-	-	25	74	158	7	13	-	-	278
	Monoline	-	101	4	38	94	-	18	21	-	277
	Telecom	-	2	69	118	48	4	-	-	19	260
	Oil & Gas	-	1	36	167	51	-	-	-	-	254
	Utilities	-	4	77	143	23	-	4	-	-	250
	Electronics	-	-	15	43	112	17	28	-	-	215
	Other	0	3	218	851	605	60	50	28	37	1 852
Region	US	13	136	405	1 681	1 153	299	143	54	80	3 965
	EU	-	84	331	714	346	98	31	-	29	1 632
	Asia	0	2	345	230	269	21	-	-	38	905
	Latin America	-	5	28	58	5	-	22	-	-	117
	other	-	3	206	357	74	3	3	41	4	692
CMBS		-	-	2	-	-	-	-	-	-	2
RMBS		-	6	78	51	48	31	193	719	-	1 126
Origin	Prime	-	-	-	-	-	-	-	-	-	-
	ALT-A	-	-	4	8	5	10	100	193	-	320
	Alt-A (<2005 vintage)	-	-	-	*2*	-	*3*	-	-	-	*5*
	Alt-A (2005-2007 vintage)	-	-	*4*	*6*	*5*	*7*	*100*	*193*	-	*315*
	Subprime	-	6	74	43	44	21	94	526	-	807
	subprime (<2005 vintage)	-	*5*	*57*	*34*	*12*	*10*	*7*	*4*	-	*129*
	subprime (2005-2007 vintage)	-	*1*	*16*	*9*	*31*	*11*	*87*	*522*	-	*678*
Region	US	-	6	78	51	48	31	193	719	-	1 126
Other ABS		-	-	4	1	-	-	2	-	-	7
CDO		11	24	24	14	44	31	38	78	-	264
Total		24	259	1 423	3 105	1 940	483	432	893	152	8 711

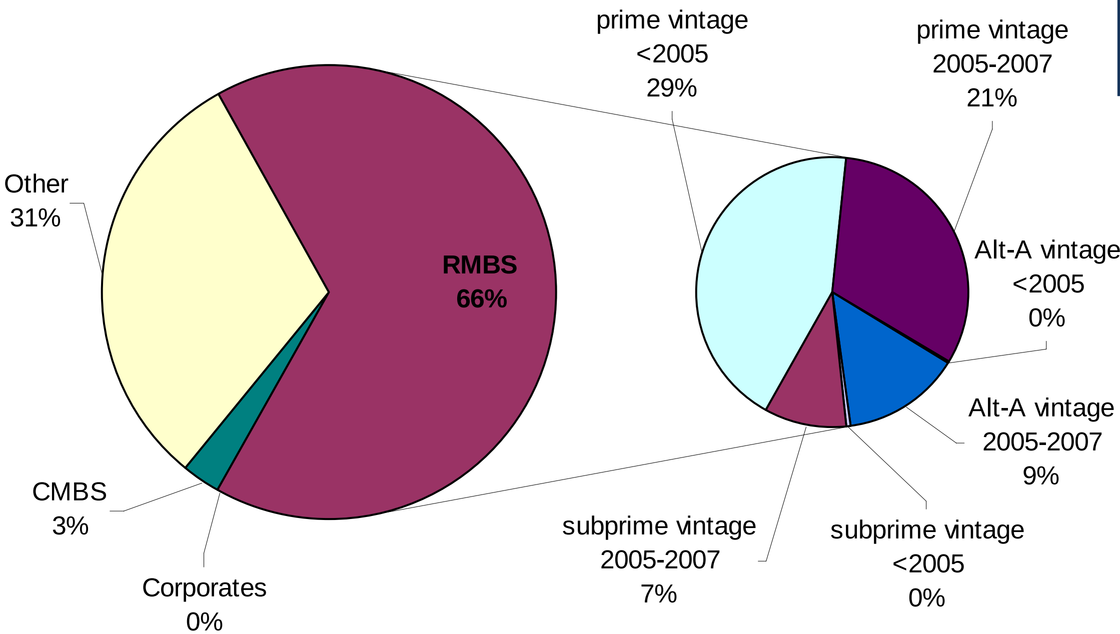
'Look through approach'

Content

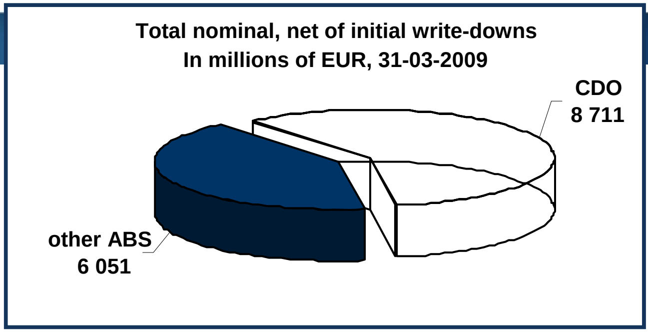
Vintage breakdown of the underlying RMBS

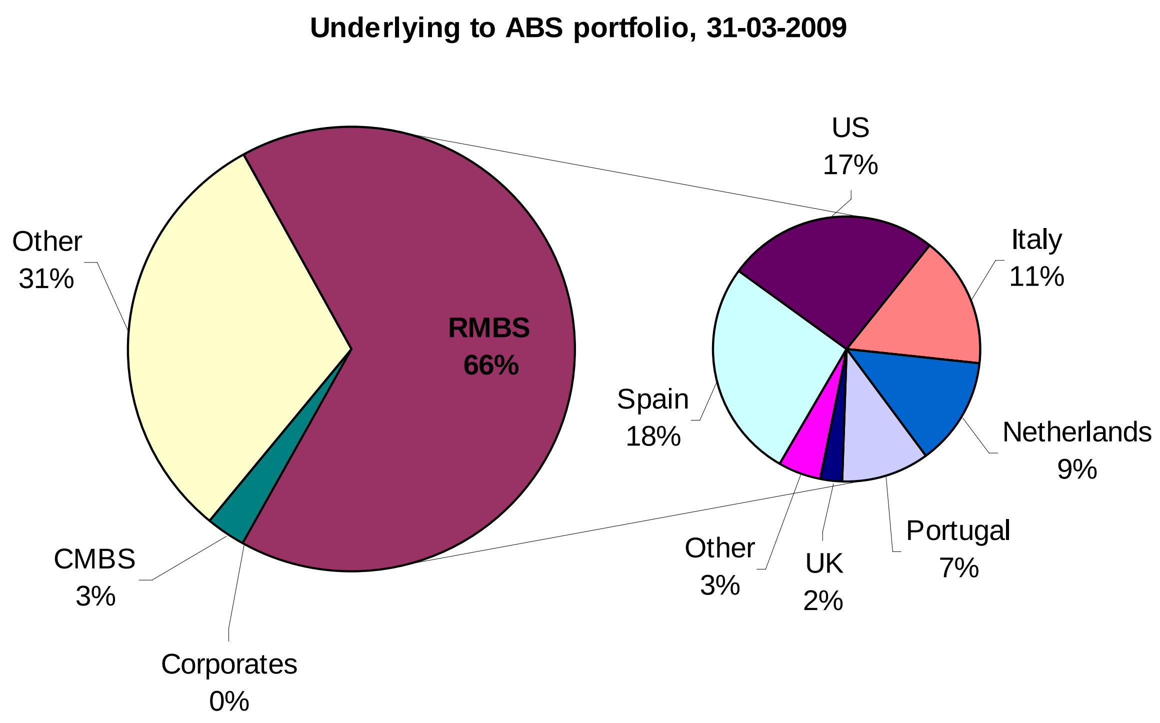


Underlying to ABS portfolio, 31-03-2009

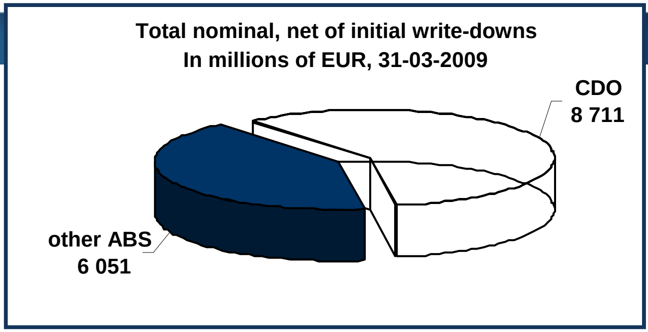


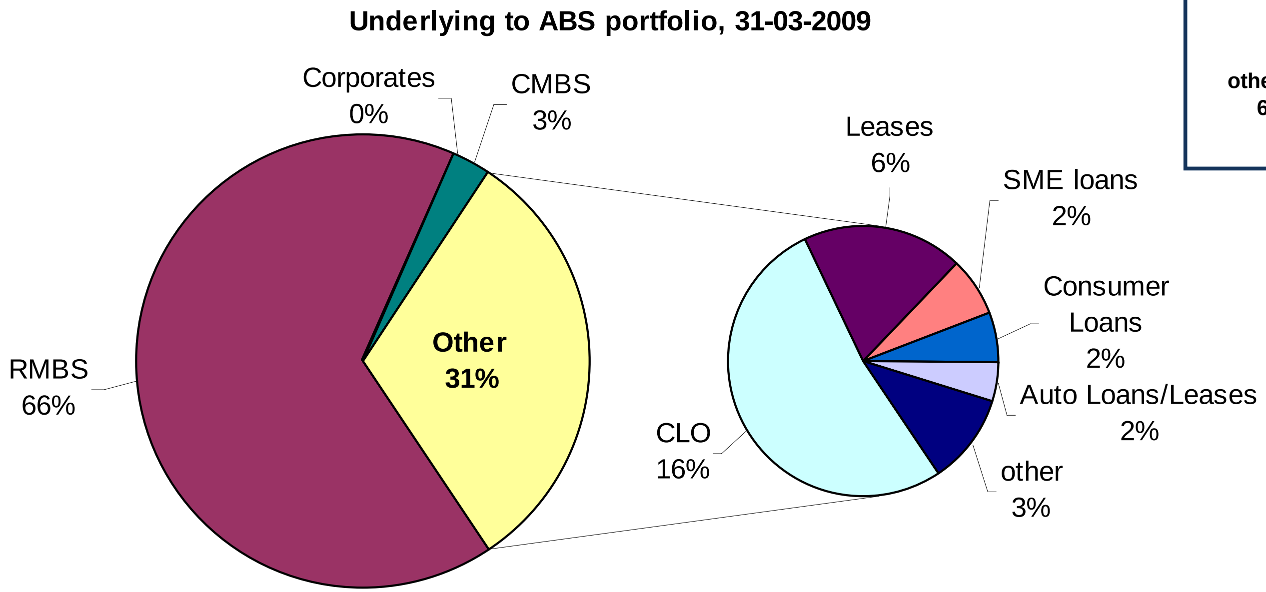
Geographic breakdown of the underlying RMBS





Type breakdown of the underlying Other





Overview of the underlying of the 'other ABSs'

Type and quality breakdown of the underlying of the ABSs held – based on Moody's ratings
Amounts at nominal value - in millions of EUR - 31-03-2009

			Aaa	Aa	A	Baa	<Baa3	NR	Total
Corporates									
CMBS			130	1	24	11	-	-	166
RMBS			2 898	213	57	75	756	-	4 000
	Origin	Prime	2 808	202	9	-	-	-	3 019
		prime (<2005 vintage)	*1 662*	*73*	*9*	-	-	-	*1 743*
		prime (2005-2007 vintage)	*1 146*	*129*	-	-	-	-	*1 275*
		ALT-A	9	12	43	45	465	-	573
		Alt-A (<2005 vintage)	*1*	-	*18*	-	-	-	*19*
		Alt-A (2005-2007 vintage)	*8*	*12*	*25*	*45*	*465*	-	*555*
		Subprime	81	-	6	30	291	-	408
		subprime (<2005 vintage)	*12*	-	*4*	-	-	-	*16*
		subprime (2005-2007 vintage)	*70*	-	*1*	*30*	*291*	-	*392*
	Region	Spain	996	81	-	-	-	-	1 077
		US	139	12	49	75	756	-	1 031
		Italy	645	5	-	-	-	-	650
		Netherlands	494	31	-	-	-	-	525
		Portugal	396	25	-	-	-	-	421
		UK	52	42	-	-	-	-	94
		other	177	18	8	-	-	-	202
Other			1 473	390	2	12	4	5	1 885
	Type	CLO	700	292	-	-	-	-	991
		Leases	337	14	-	10	-	-	361
		SME loans	95	42	-	-	-	-	136
		Consumer Loans	95	15	-	-	-	-	109
		Auto Loans/Leases	88	0	-	-	-	-	89
		other	158	28	2	2	4	5	198
Total			4 501	605	82	98	759	5	6 051