KBC Group

EXTENDED QUARTERLY REPORT

2Q 2009

KBC

www.kbc.com

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Management certification of financial statements and quarterly report

''I, Luc Philips, Chief Financial and Chief Risk Officer of the KBC group, certify that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report are based on the relevant accounting standards and 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 certainly 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, customer litigations as well as the economy in general.
''It is part of the business risk that both the economic recession and the ongoing restructuring plans may have a negative impact on asset values or generate additional charges beyond anticipated levels.'

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

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Earnings Statement

KBC

Earnings Statement

KBC Group, 2Q 2009 and 1H 2009

Regulated information* - 6 August 2009, 7 p.m. CEST

Summary

For the second quarter of 2009, KBC achieved a net positive result of 302 million euros. Excluding exceptional items, underlying net profit came to 409 million euros. In many fields, the operating environment turned positively since the start of the year and this trend largely persisted during the second quarter. Jan Vanhevel, recently appointed Group CEO: ''*Business margins remained strong, sentiment on the capital markets improved, insurance results were solid and cost cutting is paying off. Trends for problem loans rose, but remained within expectations'*.

'A number of exceptional items were recorded as we took additional measures to further reduce future earnings sensitivity, such as the acquisition of a guarantee from the State for capping CDO-related losses. We also marked down some investment banking positions that have been discontinued.'

Key figures, overview:

In millions of EUR	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	cumul. 1H 2008	cumul. 1H 2009
Net profit (IFRS)	554	493	-906	-2 625	-3 600	302	1 047	-3 298
Underlying net profit	737	806	551	176	465	409	1543	875
Breakdown of underlying profit by business unit:								
Belgium Business Unit	455	318	215	158	255	289	773	543
Central & Eastern Europe and Russia Business Unit	180	222	201	84	106	71	402	177
Merchant Banking Business Unit	89	234	137	-42	91	41	323	132
European Private Banking Business Unit	50	64	32	15	34	44	114	78
Group Centre	-36	-32	-34	-38	-21	-35	-69	-55
Shareholders' equity per share (EUR, at end of period)	45.7	45.5	42.0	31.5	19.5	23.2	45.5	23.2

Financial highlights for 2Q 2009:

- Resilient margin environment; recovery of margins in previous quarter confirmed
- Improved investment climate halting previous negative impact on earnings: more fee and commission income, no more (noteworthy) share portfolio impairment and positive CDO revaluation (considered as exceptional result)
- Continued favourable cost trend: on underlying basis, costs were down 14% year-on-year
- Stable loan impairment charges in Belgium and Eastern Europe, rising for international credit exposure
- Exceptional: (pre-announced) cost of the guarantee purchased from the Belgian State: 740 million euros post tax
- Exceptional: significant markdown of certain assets of KBC Financial Products businesses that are already in the process of being wound down

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

Financial highlights - 2Q 2009

Jan Vanhevel, Group CEO summarises the underlying business performance for 2Q 2009 as follows:

- *'On an underlying basis, interest income grew by 7% year-on-year. While volume growth slowed in Eastern Europe and merchant banking outstandings were reduced, credit and deposit spreads remained healthy.'* The net interest margin for banking was broadly stable at 1.8% after the strong rise recorded in the previous quarter.
- *'Though trends are still somewhat fragile, fee and commission income was up 19% on the previous quarter, benefiting from the improved investment climate. For the same reason, the quarterly series of negative CDO revaluations and share portfolio impairments came to an end. Trading results were also strong.'*
- *'Operating expenses were down for the second consecutive quarter and ended 14% lower year-on-year. Normal cost inflation was offset by various cost containment measures across business units and the effect of the downsizing of merchant banking activities.'*
- *'Compared to the previous quarter, loan losses remained stable for both Belgium and for Eastern Europe. Losses on the non-domestic loan book outside Belgium and Eastern Europe rose, especially in relation to the credit exposure to the US (largely for mortgage-backed securities), the UK (mostly corporate) and Ireland (primarily residential mortgages).'* The year-to-date credit cost ratio stood at 0.76% annualised, or at 1.01% when the mortgage-backed securities are included.

Headlines of underlying performance per business unit:

- *'With net interest and asset management fee income up, costs down, a good performance from the insurance business and loan losses at a stable low level, the Belgium Business Unit again delivered rather well.'* The year-to-date return on allocated equity came to 31%.
- *'Compared to the preceding quarter, income from Eastern Europe was down due to lower trading revenue and revaluation results on hedges, but since loan impairment did not increase, the year-to-date credit cost ratio remained broadly stable at 1.75%.'*
- *'Loan impairment in merchant banking went up, especially related to exposure to Ireland, with a year-to-date credit cost ratio 0.67%, and the UK. And we also set aside 138 million euros' worth of general provisions for the US mortgage-backed securities portfolio. But this was largely offset by solid sales and trading results for money and securities markets' activities.'*
- *'Though market conditions remained tough, results from the European Private Banking Business Unit were up on the previous quarter. Although there was some net money outflow in our offshore activities, assets under management rose 5% compared to the previous quarter.'*

The quarter was also characterised by a number of one-off items that were not part of the normal course of business and were excluded from the presented underlying results. The main items were:

- The fee of 1.1 billion euros (0.7 billion euros after tax) paid for the guarantee KBC bought from the State to cover the potential downside risk on the value of its collateralised debt obligations (CDOs).
- The market price for corporate credit – reflected in credit default swap spreads – improved markedly, generating a value mark-up of KBC's CDO exposure. The positive impact on earnings from the CDO revaluation amounted to 1.3 billion euros (including the positive impact from the acquired guarantee and the negative impact from the increase in the coverage of the CDO-linked counterparty risk against MBIA, the US monoline insurer, from 60% to 70%).
- The new management team decided to set aside a reserve against losses related to the future discontinuation of activities in KBC Financial Products (Merchant Banking), while marking down trading positions that are being run off in the amount of 0.7 billion euros, net. It is currently also reviewing potential future scenarios for the remaining businesses of KBC Financial Products. Moreover, a net impact of -0.2 billion euros was recorded related to CDOs sold to customers.

Financial highlights – 1H 2009

The income statement summary table is on page 5 of this earnings release. Explanations per heading:

- The *net result* for the first half of 2009 amounted to -3.3 billion euros. This figure includes exceptional items (totalling -4.2 billion euros, net) such as value losses on CDO investments, the fee paid for the guarantee bought to cover the remaining CDO-linked exposure and the write-down of positions for discontinued trading activities. Adjusted for those items, (underlying) profit came to a positive 875 million euros.
- *Net interest income* came to 2.9 billion euros, up 18% year-on-year (+10% on an underlying basis). Volume growth was particularly solid in the second half of 2008, while margins recovered significantly at the start of 2009. As at 30 June 2009, the customer loan book (excluding reverse repos) stood, on an organic basis, at the same level as a

year earlier (up 9% in Belgium and 12% in Central & Eastern Europe and Russia, but down 7% in Merchant Banking). The net interest margin for banking came to 1.8%, up from 1.7% for the first half of 2008.

- *Gross earned premiums* in insurance stood at 2.6 billion euros, up 14% compared to the year-earlier figure. Net of *technical charges* and the *ceded reinsurance result*, the income was 241 million euros. The combined ratio for the non-life insurance activities again came to 92%, a very favourable level.
- *Dividend income* from equity investments amounted to 82 million euros, markedly lower than the 159 million euros reported for the first half of 2008. The equity investment portfolio shrank substantially (to 2.3 billion euros from 4.4 billion euros a year earlier) while, in general, corporate dividend payouts were also lower.
- *Net gains from financial instruments at fair value* came to -3.7 billion euros. Although sales and trading activities on money and debt securities markets performed well, this income heading was strongly impacted by net negative value adjustments on structured credit exposure (including 1 121 million euros to cover the cost of the newly acquired guarantee) and the marking down of discontinued derivative positions. On an underlying basis, this income heading came to +551 million euros.
- *Gains from available-for-sale assets* (mostly on investments in shares) were limited to 47 million euros. Due to the poor equity market performance until March 2009, this was considerably below the year-earlier figure of 260 million euros.
- *Net fee and commission income* amounted to 690 million euros. This is 25% lower than the year-earlier level, largely due to the lower volume of assets under management consequent on the prevailing investment climate.
- *Other net income* ended at 268 million euros, somewhat above the year-earlier amount of 225 million euros.
- Excluding exceptional items, *operating expenses* were down 9% year-on-year. Cost containment measures were implemented across all business units. The underlying cost/income ratio for banking stood at 56%, compared to 64% for 2008.
- Total *impairment* charges stood at 1.3 billion euros, of which 886 million euros related to loans and receivables. This corresponds with a credit cost ratio of 1.01% (0.14% for the Belgium Business Unit, 1.75% for Central & Eastern Europe and Russia and 1.31% for Merchant Banking including US mortgage-backed securities). Excluding the charge for US mortgage-backed securities, the credit cost ratio for the group came to 0.76% (0.71% for Merchant Banking). *Available-for-sale* investment securities, mainly shares, were impaired to the tune of 330 million euros on the back of the prevailing poor equity market environment up to the end of the first quarter of 2009. An impairment loss of 124 million euros was recognised on the value of goodwill outstanding, related, among other things, to acquisitions in Bulgaria.
- As pre-tax results were negative, a deferred *income tax* credit of 258 million euros was recognised.
- As at the end of June 2009, *parent shareholders' equity* came to 14.9 billion euros. Shareholders' equity was up 0.7 billion euros on the start of the year as the negative year-to-date result was offset by the positive impact of the non-dilutive capital securities issued to the State (Flemish Regional Government) and positive market value adjustments on assets. The tier-1 capital ratio for banking stood at 10.8% (of which 8.1% core tier-1), while the solvency margin for the insurance business came to 182%.

Strategy highlights and future developments

- Jan Vanhevel, CEO: '*The operating environment has improved since the start of the year. Leading indicators signal that the economy is bottoming out. Expectations, however, remain that it may recover only very gradually.'* Therefore, non-performing loan trends are anticipated to continue to be upwards until at least the end of the year. Developments in some Eastern European markets and also Ireland remain areas of attention. Loan losses on the mortgage-backed securities portfolio are also being closely monitored. To adequately deal with the cyclical downturn, underwriting criteria remain tight, especially for lending in non-core markets and higher-risk areas, and a group-wide cost containment project is being implemented.
- In order to secure its solvency level, KBC issued non-voting capital securities in 2009 in the amount of 3.5 billion euros subscribed by the State (Flemish Regional Government). KBC also agreed the purchase of a CDO-linked guarantee from the State (Belgian Federal Government).
- Moreover, KBC is working on a comprehensive review of its strategy for the future, which will also result in releasing a significant amount of capital while safeguarding core earnings power. Combined with future retained earnings, the release of capital will enable the group to repurchase over time the capital securities issued to the State. Jan Vanhevel, CEO: '*The current business strategy review is looking at the various lines of activity within each business unit and assessing their performance under various economic scenarios.*' KBC had already announced the downsizing of international corporate lending outside its home markets, and the run-off of structured finance activities within KBC Financial Products.
- The review will form the basis of the restructuring plan to be submitted to the European Commission in the context of the capital transactions with the State. *'The EU granted temporary approval at the end of June and is expected to*

give final approval in the second half of the year. We hope to be able to communicate on the details early in December.' Management's priority will be to ensure that the restructuring process has a significant impact. A new CEO has been appointed and the senior management team rejuvenated (with full effect on 1 September 2009).

- Jan Vanhevel, CEO: *'Pending regulatory approval of the restructuring plan, KBC was advised to refrain from exercising its call options until the end of the year with respect to its perpetual subordinated hybrid tier-1 securities.'* This restriction impacts the hybrid securities issued by KBC Bank Funding Trust II (280 million euros, 1999 issue), KBC Bank Funding Trust III (600 million US dollars, 1999 issue) and KBC Bank Funding Trust IV (300 million euros, 1999 issue). In addition, an embargo on discretionary coupon payments on hybrid securities of KBC was imposed. This restriction impacts the hybrid securities issued by KBC Bank totalling 525 million Sterling (in 2003, 2004 and 2007). The payment of the coupon by KBC Bank Funding Trust II (280 million euros 1999 issue) remains subject to discussion with the European Commission at this time. Jan Vanhevel: *'For other securities, coupons are mandatory and will be paid'.*

Additional information on the financial statements

- During the first half of 2009, changes to the scope of consolidation or to valuation rules had no material net impact on earnings.
- On average for the second quarter, there was no material change in the value of local currencies in Central and Eastern European markets compared to those of the previous quarter. However, when comparing the second quarter to the same period of 2008, the average value of those currencies depreciated by 10% against the euro, with a negative impact on the earnings components of the Central & Eastern Europe and Russia Business Unit. Likewise, depreciation of 10% was observed when comparing the entire first half of 2009 to the same period a year earlier.
- Shareholders' equity as at 30 June 2009 (14.9 billion euros) comprises the non-voting equity securities issued to both the Belgian Federal State and the Flemish Regional Government of Belgium, totalling 7 billion euros.
- Shareholders' equity per share as at 30 June 2009 (23.2 euros) was calculated on the basis of 339.5 million shares, whereby the number of treasury shares held (18.2 million) was deducted from the number of ordinary shares (357.8 million). For this purpose, the amount of non-voting capital securities subscribed by both the Belgian Federal State and the Flemish Regional Government of Belgium, was deducted from shareholders' equity.
- Earnings per share for 2Q 2009 (+0.9 euros) was also calculated on the basis of 339.5 million shares, and diluted earnings per share (+0.9 euros) was calculated on the same basis. As exercise prices are significantly above market price, stock options granted to employees and the conversion option held on core capital securities issued to the State do not, according to IAS33, have to be added to the share count for calculating diluted earnings per share. Also according to IAS33, the share underwriting commitment by the State (linked to the CDO guarantee scheme) has no impact either since the potential share issue would take place at market price.
- As usual, KBC has made additional risk disclosures on the composition of both its loan book and its structured credit exposure as at 30 June 2009 (available in the extended quarterly report, English version, at www.kbc.com/ir).
- KBC will publish its results for 3Q 2009 on 13 November 2009. An extended version of the financial calendar, including analyst and investor meetings, is available at www.kbc.com/ir/calendar.

Overview of results according to IFRS – 2Q 2009 and 1H 2009

A summary of the income statement of KBC group, based on the *International Financial Reporting Standards* (IFRS) is given below. 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 adjustments 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**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	cumul. 1H 2008	cumul. 1H 2009
Net interest income	1 163	1 311	1 249	1 269	1 477	1 441	2 474	2 918
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	2 245	2 564
Gross technical charges, insurance	-1 078	-820	- 804	-1 181	-1 164	-1 127	-1 898	-2 291
Ceded reinsurance result	- 10	-17	- 17	- 27	- 15	-17	-27	-32
Dividend income	36	123	37	63	23	60	159	82
Net (un)realised gains from fin instruments at fair value	- 26	35	-1 688	-1 801	-3 742	78	8	-3 663
Net realised gains from available-for-sale assets	198	63	80	- 246	34	13	260	47
Net fee and commission income	438	477	422	377	317	372	914	690
Other net income	129	97	210	183	152	116	225	268
Total income	2 084	2 276	411	56	-1 610	2 193	4 360	583
Operating expenses	-1 278	-1 310	-1 351	-1 660	-1 235	-1 518	-2 588	-2 754
Impairment	- 98	-332	- 478	-1 325	- 707	-633	-430	-1 340
o/w on loans and receivables	- 27	-143	- 130	- 522	- 307	-578	-170	-886
o/w on available-for-sale assets	- 71	-180	- 341	- 742	- 311	-19	-250	-330
Share in results of associated companies	16	8	9	- 33	0	-2	24	-1
Profit before tax	723	642	-1 410	-2 963	-3 552	40	1 365	-3 512
Income tax expense	- 144	-121	533	360	- 28	286	-264	258
Profit after tax	579	521	- 876	-2 603	-3 580	326	1 101	-3 254
attributable to minority interests	26	28	30	22	20	24	54	44
attributable to the equity holders of the parent	**554**	**493**	**- 906**	**-2 625**	**-3 600**	**302**	**1 047**	**-3 298**
Belgium	357	194	- 227	- 721	- 5	287	551	281
Central & Eastern Europe and Russia	159	203	- 32	- 142	44	42	362	87
Merchant Banking	31	125	- 519	-1 801	-3 738	-153	156	-3 891
European Private Banking	43	48	- 88	- 155	26	29	90	55
Group centre	- 35	-77	- 40	193	73	97	-112	170
Earnings per share, basic (IFRS, in EUR)	1.62	1.45	-2.66	-7.72	-10.60	0.89	3.07	-9.71
Earnings per share, diluted (IFRS, in EUR)	1.62	1.45	-2.65	-7.70	-10.60	0.89	3.07	-9.71

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2008	30-06-2009
Total assets	355 317	344 415
of which loans and advances to customers	157 296	158 949
of which securities (equity and debt instruments)	94 897	96 559
Total liabilities	339 941	328 379
of which deposits from customers and debt certificates	196 733	194 141
of which gross technical provisions, insurance	19 523	20 860
of which liabilities under investment contracts, insurance	7 201	6 987
Parent shareholders' equity	14 210	14 888
Return on equity (based on underlying results, year-to-date)	16%	17%
Cost/income ratio (based on underlying results, year-to-date)	64%	56%
Combined ratio, non-life (based on underlying results, year-to-date)	95%	92%

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 – 2Q 2009 and 1H 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 financial impacts due to the financial crisis), b) the exclusion of fair value income due to changes in own credit spreads and c) 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 net profit according to IFRS and 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	2Q 2009	cumul. 1H 2008	cumul. 1H 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1 344	2 459	2 697
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	2 245	2 564
Gross technical charges, insurance	-1 078	-820	-804	-1 181	-1 164	-1 127	-1 898	-2 291
Ceded reinsurance result	-10	-17	-17	-27	-15	-17	-27	-32
Dividend income	19	103	20	54	12	47	122	59
Net (un)realised gains from fin instruments at fair value	114	403	242	175	231	321	517	551
Net realised gains from available-for-sale assets	198	63	80	2	51	41	261	92
Net fee and commission income	464	482	430	379	328	391	945	719
Other net income	115	72	110	107	119	98	187	216
Total income	2 260	2 550	2 170	2 192	2 222	2 353	4 810	4 575
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1 196	-2 667	-2 432
Impairment	-28	-152	-143	-420	-319	-560	-180	-880
o/w on loans and receivables	-27	-143	-130	-341	-307	-567	-170	-874
o/w on available-for-sale assets	0	0	-15	-29	-3	-1	0	-5
Share in results of associated companies	16	8	9	-20	0	-2	24	-1
Profit before tax	964	1 022	758	106	667	595	1 986	1 263
Income tax expense	-200	-188	-175	94	-181	-162	-388	-344
Profit after tax	763	834	583	200	486	433	1 598	919
attributable to minority interests	26	28	32	24	21	24	54	44
attributable to the equity holders of the parent	**737**	**806**	**551**	**176**	**465**	**409**	**1 543**	**875**
Belgium	455	318	215	158	255	289	773	543
Central & Eastern Europe and Russia	180	222	201	84	106	71	402	177
Merchant Banking	89	234	137	-42	91	41	323	132
European Private Banking	50	64	32	15	34	44	114	78
Group centre	-36	-32	-34	-38	-21	-35	-69	-55
Underlying earnings per share, basic (in EUR)	2.16	2.37	1.62	0.52	1.37	1.21	4.53	2.58
Underlying earnings per share, diluted (in EUR)	2.15	2.36	1.62	0.52	1.37	1.21	4.52	2.58

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 impact on net profit):

- 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 in the same way as the interest paid on the underlying assets is treated (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	2Q 2009	cumul. 1H 2008	cumul. 1H 2009
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	1 047	-3 298
Minus									
- Amounts before taxes and minority items									
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137	206	9	69
MTM of own debt issued	5				371	134	200		334
Losses on CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	-378	-2 796
Government guarantee fee							-1 121		-1 121
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	-209	-361
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1		16
Loss due to unwinding of derivative trading positions	3				- 245		-760		-760
Impairment on goodwill	1,2,3				- 10	-79	-28		-108
Exceptional tax adjustments	1,2,3,5					145	61		205
Other	1,2,3,4,5		-42	46	21	-49	2	-42	-47
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	125	395
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	1 543	875

* 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, 2Q 2009

Unless otherwise specified, all amounts are given in euros.

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1 344
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256
Non-Life	*503*	*504*	*514*	*531*	*479*	*477*
Life	*734*	*504*	*407*	*888*	*830*	*780*
Gross technical charges	-1 078	- 820	- 804	-1 181	-1 164	-1 127
Non-Life	*- 289*	*- 261*	*- 310*	*- 344*	*- 297*	*- 290*
Life	*- 789*	*- 559*	*- 493*	*- 837*	*- 867*	*- 837*
Ceded reinsurance result	- 10	- 17	- 17	- 27	- 15	-17
Net fee and commission income	464	482	430	379	328	391
*Banking**	*586*	*586*	*547*	*507*	*448*	*486*
Insurance	*- 122*	*- 104*	*- 117*	*- 128*	*- 120*	*-95*
Net (un)realised gains from financial instruments at fair value	114	403	242	175	231	321
Net realised gains from available-for-sale assets	198	63	80	2	51	41
Dividend income	19	103	20	54	12	47
Other net income	115	72	110	107	119	98
Total income	2 260	2 550	2 170	2 192	2 222	2 353
Belgium	1 042	925	758	822	846	876
Central & Eastern Europe and Russia	659	745	799	799	710	636
Merchant Banking	420	726	517	482	534	688
European Private Banking	158	202	146	168	163	186
Group Centre	- 19	- 48	- 50	- 78	- 31	-34

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to 1 344 million, in line with the record high of 1 353 million in the previous quarter and up 7% on the year-earlier quarter. The net interest margin in the quarter under review stood at 1.78%, confirming the recovery from the low levels (on average 1.63%) recorded in the second half of 2008. This margin improvement is thanks to a combination of healthier credit and deposit spreads (the latter as a result of the gradual lowering of the interest rate for traditional savings products in Belgium, following the consecutive decreases in the ECB base rate), and a shift towards deposit products with a higher margin. Following weaker credit demand, credit volume growth slowed to virtually zero in the quarter under review (with the small increase in the Belgian retail credit loan book being offset by a decrease in the CEER loan volume – partly explained by the reduction of the corporate loan portfolio in Russia – and a decrease in the international loan book). Deposits went down 6% in the same period, but this was accounted for entirely in the Merchant Banking Business Unit, and was caused by deposit outflows following the winding down of parts of the international credit activities. Compared to a year ago, credit volume remained unchanged, while deposits fell by 13% (again, fully accounted for by the Merchant Banking Business Unit).

Gross earned insurance premiums in the quarter under review amounted to 1 256 million. For non-life, the figure came to 477 million, virtually the same as the previous quarter, and up 4% year-on-year, excluding the effect of the depreciation of the CEER exchange rates against the euro. Moreover, a fine technical performance was recorded in non-life insurance, as illustrated by an excellent combined ratio of 92% for the first six months of the year, compared to the already solid 95%

for the full year 2008. Notwithstanding the impact of the May storm winds, the 1H 2009 combined ratio for the Belgium Business Unit came to a very good 87%, while for the Merchant Banking Business Unit, it stood at an excellent 84%. The combined ratio for the CEER Business Unit rose to a relatively high 101% in 1H 2009 (broken down into a very good 94% in 2Q 2009, but a quite high 109% in 1Q 2009, which was caused by high claims in Poland in that quarter). The claims reserve ratio for the entire group amounted to 171%, an increase compared to the 165% recorded at the end of 2008.
For life insurance, gross earned premiums amounted to 780 million in the quarter under review, but, in line with IFRS, these figures exclude certain types of life insurance contracts (in short, the unit-linked contracts). Including the latter, life insurance sales amounted to 1 081 million in the quarter under review. As was the case in the previous quarter, interest-guaranteed life insurance sales did relatively well, amounting to 860 million in 2Q 2009, in line with the 856–million-euro average of the last four quarters. Unit-linked insurance sales, at 221 million, more than doubled compared to the record low of the previous quarter (99 million) and even surpassed the average of the last four quarters (182 million), though historically speaking, sales of unit-linked insurance sales still remain at depressed levels. As at 30 June 2009, the group's total life reserves stood at 23 billion, comparable with the situation as at the end of 2Q 2008 and 1Q 2009.

Net fee and commission income, at 391 million, was down 19% on the year-earlier level. However, it was up 19% on the very low level of the previous quarter. This quarter-on-quarter improvement was due to an 8% rise in commissions *received* in the banking business (increase in fees related to asset management activities, thanks to the improved investment climate), combined with lower *paid* fees in the insurance business. As at the end of June 2009, total assets under management (AUM) by the group stood at 200 billion, more or less in line with the situation at the end of the previous quarter (a rise in prices being offset by an outflow in low-margin products) but down 12% compared to a year ago (of which around one third is due solely to the fall in the prices of the assets themselves).

Net (un)realised gains from financial instruments at fair value ('trading and fair value income') amounted to 321 million, which is higher than the 231 million registered in 1Q 2009, but down on the 403 million in 2Q 2008. A significant part of the improvement in this item is thanks to the good performance of the debt capital and money market activities, in particular the Brussels dealing room and – to a lesser extent – the good trading results in KBL EPB.
Note that the underlying figures exclude value changes related to structured credit and monoline insurer counterparty risk (a positive amount in the quarter under review), changes in fair value of the group's own debt instruments (positive amount) as well as costs related to the unwinding of specialised investment banking activities at KBC Financial Products (negative amount). 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.

Dividend income, at 47 million, was clearly up on the 12 million recorded in the previous quarter, since the bulk of dividends is traditionally received in the second quarter of the year. It was down, however, on the 103 million recognised in the year-earlier quarter, due to the decrease in the share portfolio and generally lower corporate dividend payouts. Realised gains on available-for-sale assets stood at 41 million in the quarter under review, and other net income amounted to 98 million, both slightly down on the average of the last four quarters.

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Staff expenses	- 765	- 812	- 719	- 835	- 691	-695
General administrative expenses	- 447	- 485	- 467	- 584	- 458	-406
Depreciation and amortisation of fixed assets	- 93	- 88	- 102	- 109	- 96	-98
Provisions for risks and charges	22	2	11	- 119	10	2
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1 196
Belgium	- 464	- 486	- 479	- 601	- 464	-448
Central & Eastern Europe and Russia	- 406	- 446	- 479	- 548	- 399	-381
Merchant Banking	- 301	- 323	- 217	- 350	- 262	-226
European Private Banking	- 95	- 132	- 111	- 148	- 115	-124
Group Centre	- 18	4	8	0	4	-17

In 2Q 2009, operating expenses came to 1 196 million, down 14% year-on-year, mainly due to lower variable pay and the reduction in investment banking business activities (mainly at the KBC Financial Products subsidiary), which led to a year-on-year cost decrease of 30% for the Merchant Banking Business Unit. Costs fell year-on-year in all other business units, too: -8% in the Belgium Business Unit, -15% in the CEER Business Unit (helped by the 10% year-on-year average exchange rate deprecation of the CEER currencies against the euro) and -6% in the European Private Banking Business Unit.
Compared to the already low level of the previous quarter, costs still fell by 3%, with, *inter alia*, increased consultancy fees being compensated for by the positive effect on costs of the reduction in investment banking activities and a 3% quarter-on-quarter decline in costs in Belgium.

As a result, the banking cost/income ratio for 1H 2009 stood at 56%, an improvement on the 64% recorded for the full year 2008 (note, as already stated, that the direct impact of the financial crisis on income has been disregarded in these calculations). The 1H 2009 cost-income ratio breaks down per business unit as follows: 60% for Belgium, 57% for CEER, 41% for Merchant Banking and 69% 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	2Q 2009
Impairment on loans and advances	-27	-143	-130	-341	-307	-567
Impairment on available-for-sale assets	0	0	-15	-29	-3	-1
Impairment on goodwill	0	0	0	-15	0	0
Impairment on other	0	-9	2	-36	-9	8
Impairment	-28	-152	-143	-420	-319	-560
Belgium	-4	-13	-18	-12	-19	-20
Central & Eastern Europe and Russia	-35	-53	-83	-151	-187	-171
Merchant Banking	13	-85	-42	-215	-112	-368
European Private Banking	-2	0	0	-41	-1	-1
Group Centre	0	0	0	-2	0	0

In 2Q 2009, impairment *on loans and advances* (loan loss provisions) stood at 567 million, which, as expected, is significantly higher than the 143 million recognised in the year-earlier quarter and the 307 million recorded in the previous quarter. The increase compared to the previous quarter was entirely located in the Merchant Banking Business Unit (high general loan loss provisions for US mortgage-backed securities and impairments on loans outside the home markets), while loan loss levels for Belgian retail credit and for the CEER loan books remained stable compared to the 1Q 2009 level.

Impairments on *available-for-sale assets* stood at 1 million, in line with the figures recorded in the reference quarters. Note that these underlying figures do not include impairments on shares as a result of the continued drop in share prices in the previous quarters (given that these are directly related to the financial crisis). Moreover, impairments on shares are not reversed when share prices go up again, as was the case in the current quarter.

The annualised credit cost ratio (which includes both loans and corporate and bank bonds) for 1H 2009 stood at 101 basis points for the whole group and breaks down as follows: 14 basis points for the Belgium Business Unit (9 basis points in FY 2008), 175 basis points for the CEER Business Unit (83 basis points in FY 2008) and 131 basis points (or 71 basis points excluding mortgage-backed securities) for the Merchant Banking Business Unit (90 basis points in FY 2008). As at the end of June 2009, roughly 2.8% of the outstanding loans was non-performing, compared to 2.5% at the end of March 2009 and 1.8% at the end of December 2008. Since there is usually a time lag between movements in the economic cycle and non-performing loans, a further increase in credit costs and non-performing loans is expected in the quarters ahead.

The underlying figures exclude the impairments made on the *goodwill* that had been booked on a number of subsidiaries in the quarter under review (relating to Bulgaria, among others).

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	2Q 2009
Share in result of associated companies	16	8	9	-20	0	-2
Income tax expense	-200	-188	-175	94	-181	-162
Minority interests in profit after tax	26	28	32	24	21	24

The share in the results of associated companies – mainly the minority participation in Nova Ljubljanska banka in Slovenia – stood at a negative 2 million in the quarter under review, compared to virtually zero in the previous quarter, and a positive 8 million a year earlier. Group tax amounted to 162 million in 2Q 2009 and the result attributable to minority shareholders came to 24 million, in line with the average of the last four quarters.

Underlying results per business unit

The group consists of five business units: 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 Business Unit are allocated to the other business units.

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

Belgium Business Unit (underlying trend)

In the quarter under review, the Belgium Business Unit generated an underlying profit of 289 million, up from 255 million in the previous quarter and down on the 318 million in the year-earlier quarter.

These figures exclude the direct impact of the financial crisis and other exceptional items. A table reconciling underlying net profit and net profit according to IFRS is provided further on in this section.

The Belgium Business Unit 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).

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	532	542	441	469	583	589
Gross earned premiums, insurance	865	632	532	1 024	992	934
Gross technical charges, insurance	- 828	- 612	- 524	- 954	- 949	- 900
Ceded reinsurance result	- 6	- 7	- 5	- 2	- 4	- 6
Dividend income	15	77	14	41	10	30
Net (un)realised gains from financial instruments at fair value	28	- 9	16	12	15	18
Net realised gains from available-for-sale assets	200	59	79	18	39	20
Net fee and commission income	192	205	163	163	121	156
Banking	*249*	*249*	*207*	*220*	*187*	*208*
Insurance	*- 56*	*- 43*	*- 44*	*- 57*	*- 66*	*- 52*
Other net income	45	39	41	52	40	36
Total income	1 042	925	758	822	846	876
Operating expenses	- 464	- 486	- 479	- 601	- 464	- 448
Impairment	- 4	- 13	- 18	- 12	- 19	- 20
o/w on loans and receivables	- 4	- 13	- 18	- 12	- 19	- 20
o/w on available-for-sale assets	0	0	0	0	0	- 1
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	575	426	262	210	363	408
Income tax expense	- 120	- 108	- 46	- 52	- 108	- 119
Profit after tax	455	319	215	158	255	289
attributable to minority interests	1	0	1	0	1	1
attributable to the equity holders of the parent	**455**	**318**	**215**	**158**	**255**	**289**
Banking activities	*179*	*155*	*68*	*71*	*144*	*171*
Insurance activities	*276*	*163*	*146*	*86*	*111*	*118*
Risk-weighted assets (end of period, Basel II)	*23 252*	*24 336*	*23 288*	*23 380*	*23 695*	*23 670*
Allocated equity (end of period, Basel II)	*3 014*	*3 123*	*3 077*	*3 134*	*3 226*	*3 288*
Return on allocated capital (ROAC, Basel II))	*59%*	*40%*	*26%*	*21%*	*31%*	*33%*
Cost/income ratio (banking activities)	*58%*	*62%*	*79%*	*88%*	*63%*	*57%*
Combined ratio (non-life insurance activities)	*88%*	*96%*	*93%*	*96%*	*81%*	*93%*

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

Net interest income for this business unit amounted to 589 million, even surpassing the previous record high of 583 million in the previous quarter. The significant improvement in the first two quarters of 2009, compared to the low levels recorded in the second half of 2008, was attributable to a general recovery in the margins on loans and deposits (cf. the lowered deposit remuneration following the fierce deposit price 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 went up from approximately 1.22% in the second half of 2008 to 1.60% in 1Q 2009 and 1.56% in 2Q 2009. Loan growth amounted to 1% in the quarter under review, whereas deposits continued to increase, going up by 3% quarter-on-quarter. Compared to a year ago, net interest income went up by 9%. While the net interest margin (1.56%) was down somewhat on the 1.68% recorded in the year-earlier quarter, year-on-year volume growth still amounted to 9% for loans and 8% for deposits.

Gross earned premiums in the group's insurance activities in Belgium amounted to 934 million. This breaks down into 695 million for life insurance and 239 million for non-life insurance. The latter remained virtually unchanged compared to the previous quarter but was up 6% year-on-year, continuing the upward trend of recent years. Notwithstanding the higher technical charges as a result of the May wind storm (some 15 million, pre-tax), a fine technical result was posted with, for instance, a very favourable combined ratio of 87% for 1H 2009 (compared to 96% in FY 2008).
As regards life insurance, gross earned premiums under IFRS exclude certain forms of life insurance contracts (in short, the unit-linked contracts). Including these products, total life insurance sales amounted to 792 million, which is comparable to the level recorded in the previous quarter (the decrease in sales of interest-guaranteed products being compensated for by a rise in unit-linked sales, though the latter still remain at a depressed level). Compared to the (low) level recorded in the year-earlier quarter, life insurance sales went up by more than 40%, entirely thanks to the increase in the sale of interest-guaranteed products. As at the end of June 2009, total life reserves in this business unit stood at 21 billion, up 3% quarter-on-quarter and 4% year-on-year.

Net (un)realised gains on financial instruments at fair value stood at 18 million for the quarter under review, compared to 15 million in 1Q 2009 and a negative 9 million in 2Q 2008. As already explained, these underlying results exclude the CDO-related impact (an overview is provided in the table below).

Dividend income, at 30 million, was lower than the 77 million recorded a year ago, in part due to a smaller equity portfolio and generally lower corporate dividend payout. Dividend income was clearly up on the 10 million recorded in the previous quarter, as most dividends are received in the second quarter of the year. Net realised gains on available-for-sale assets relate mainly to shares in the investment portfolio of the insurance company and amounted to 20 million in 2Q 2009, down on the 39 million and 59 million recorded in the previous and year-earlier quarters. Other net income came to 36 million, somewhat below the 43–million-euro average of the last four quarters.

Net fee and commission income, at 156 million, was almost 30% higher than the level recorded in 1Q 2009 (121 million), mainly thanks to an increase in fee income related to mutual funds (thanks to an improved investment climate), combined with lower paid fees related to insurance sales. Compared to a year ago, net fee and commission income was still down significantly – some 24% – primarily due to lower assets under management and a shift to lower fee-generating products. For information, at the end of June 2009, assets under management by the Belgium Business Unit stood at 143 billion, which constitutes a decrease of 3% quarter-on-quarter (mainly situated in low-margin business) and 8% year-on-year.

Operating expenses in 2Q 2009 came to 448 million, down 3% and 8%, respectively, compared to 1Q 2009 and 2Q 2008, mainly due to the impact of the ongoing cost containment measures, including lower variable pay. The cost-income ratio for the Belgian banking activities hence stood at 60% in 1H 2009, a significant improvement compared to the 71% recognised for FY 2008.

The worsening economic climate did not yet lead to a significant increase in credit costs for this business unit, as illustrated by the fact that impairments on loans and receivables still stood at a low 20 million in the quarter under review, comparable to the figure recorded in the previous quarter and only slightly up on the 13 million recorded a year ago. The 1H 2009 credit cost ratio consequently remained at a favourable 14 basis points, compared to 9 basis points for FY 2008. It goes without saying that, as loan losses follow the economic cycle with a certain time lag, an increase in the level of loan loss impairments in the coming periods is expected.

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	2Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**455**	**318**	**215**	**158**	**255**	**289**
Plus:						
- Losses on CDOs	- 31	- 51	- 434	- 256	0	- 215
- Losses on shares	- 48	- 108	- 120	- 557	- 251	- 40
- Losses related to troubled US and Iceland banks	0	0	- 3	0	0	0
- Other exceptional items*	- 46	25	- 53	- 228	- 46	242
Taxes and minority interests on the items above	26	8	168	162	36	11
Profit after tax, attributable to the equity holders of the parent: IFRS	**357**	**194**	**- 227**	**- 721**	**- 5**	**287**

* Other exceptional items in 2Q 2009 relate to MTM of derivatives for hedging purposes and some exceptional tax adjustments.

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 (including Istrobanka), ČSOB Insurance (SR)
- Hungary: K&H Bank and K&H Insurance
- Poland: Kredyt Bank and WARTA Insurance
- Serbia: KBC Banka
- Bulgaria: CIBank and DZI Insurance
- Russia: Absolut Bank
- Slovenia: NLB Bank (minority participation) and NLB Life.

In the quarter under review, the CEER Business Unit generated an underlying profit of 71 million, down on the 106 million recorded in the previous quarter and evidently also down on the year-earlier record high of 222 million. The 2Q 2009 net profit breaks down as follows:

- 96 million in the Czech Republic
- 4 million in Slovakia
- 30 million in Hungary
- 15 million in Poland
- -19 million in Russia
- -56 million other results

The underlying profit figure excludes the direct impact of the financial crisis and other exceptional items (very small for the quarter under review, but significant in past quarters). A table reconciling this underlying net profit and 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	2Q 2009
Net interest income	390	439	471	482	460	449
Gross earned premiums, insurance	299	319	330	338	257	267
Gross technical charges, insurance	- 186	- 164	- 235	- 201	- 165	- 179
Ceded reinsurance result	- 4	- 9	- 7	- 17	- 4	- 7
Dividend income	0	3	2	8	0	7
Net (un)realised gains from financial instruments at fair value	49	62	124	80	51	- 11
Net realised gains from available-for-sale assets	- 1	- 5	- 2	1	6	2
Net fee and commission income	76	75	79	70	63	79
Banking	*129*	*132*	*143*	*131*	*108*	*117*
Insurance	*- 53*	*- 56*	*- 64*	*- 61*	*- 45*	*- 38*
Other net income	36	25	36	39	42	30
Total income	659	745	799	799	710	636
Operating expenses	- 406	- 446	- 479	- 548	- 399	- 381
Impairment	- 35	- 53	- 83	- 151	- 187	- 171
o/w on loans and receivables	- 35	- 51	- 79	- 149	- 179	- 178
o/w on available-for-sale assets	0	0	0	0	0	0
Share in results of associated companies	15	8	11	- 10	0	- 2
Profit before tax	233	254	248	90	123	83
Income tax expense	- 48	- 25	- 38	- 4	- 18	- 10
Profit after tax	185	228	209	86	105	73
attributable to minority interests	6	6	8	3	- 1	2
attributable to the equity holders of the parent	**180**	**222**	**201**	**84**	**106**	**71**
Banking activities	*183*	*206*	*189*	*63*	*70*	*51*
Insurance activities	*- 3*	*16*	*12*	*20*	*36*	*20*
Risk-weighted assets (end of period, Basel II)	*34 643*	*39 943*	*39 585*	*38 380*	*36 402*	*35 724*
Allocated equity (end of period, Basel II)	*2 603*	*2 973*	*3 006*	*2 922*	*2 793*	*2 725*
Return on allocated capital (ROAC, Basel II)	*25%*	*28%*	*22%*	*10%*	*10%*	*3%*
Cost/income ratio (banking activities)	*58%*	*57%*	*58%*	*66%*	*56%*	*59%*
Combined ratio (non-life insurance activities)	*92%*	*89%*	*92%*	*95%*	*109%*	*94%*

The change in the average exchange rate against the euro of the main currencies in the region compared to both 2Q 2008 and 1Q 2009 is provided in the table below. Compared to a year ago, the weighted average change in the exchange rate for the business unit was -10% (depreciation against the euro). Compared to a quarter ago, the weighted average change was a +2% (appreciation against the euro). Although no new acquisitions were effected in the quarter under review, compared to a year ago, Istrobanka was added to the scope of consolidation (and meanwhile merged with ČSOB in Slovakia). 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)
2Q 2009 / 2Q 2008	-7%	4%	-14%	-24%	-16%
2Q 2009 / 1Q 2009	4%	*	3%	1%	2%

* Slovakia switched to the euro on 1 January 2009.

Net interest income amounted to 449 million in the quarter under review, 5% down on the previous quarter on an organic basis, due partly to a drop in volumes. While, for the region as a whole, deposits grew by 1% in the quarter under review, loan volumes fell by 4% (both on an organic basis), due, among other things, to the reduction of the corporate loan book in Russia (-11% quarter-on-quarter) and a significant decrease in the Hungarian loan book (-8%). Compared to a year ago, the organic increase in net interest income was still 15%, thanks mainly to rising volumes (loans +12%, deposits +10% on an organic basic).

Gross earned insurance premiums amounted to 267 million. On an organic basis, non-life premiums, at 191 million, remained roughly the same as a year earlier and in the previous quarter. The 1H 2009 combined ratio for this business unit went up to 101%, from 95% recorded for FY 2008, but breaks down into a comfortable 94% for the current quarter and a high 109% for 1Q 2009 (the latter caused by high claims in Poland in that quarter). As regards the individual countries, the 1H 2009 combined ratio stood at 109% in Poland (124% in 1Q 2009 and 93% in 2Q 2009), but remained well below 100% for all other CEE countries (Czech Republic 96%, Slovakia 89%, Hungary 80% and Bulgaria 94%).
Life premiums, including unit-linked product sales (which are not included in the IFRS figures) amounted to 217 million in the quarter under review. This is down on both the 243 million recorded in the previous quarter and the 312 million recorded in the year-earlier quarter and is attributable to the decrease in the sale of interest-guaranteed products – mainly in Poland – while sales of unit-linked products increased somewhat. As at 30 June 2009, outstanding life reserves in this business unit amounted to 1.5 billion, roughly on a par with the year-earlier figure, on an organic basis.

Net (un)realised gains from financial instruments at fair value (‘trading income’) amounted to a negative 11 million, down from the positive 51 and 62 million recorded in 1Q 2009 and 2Q 2008, respectively, as the 2Q 2009 figure includes lower trading revenue and negative revaluation results on hedges (such as the hedging of technical insurance reserves in foreign currencies in Poland). 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 79 million in the quarter under review. On an organic basis, this is a 21% increase on the previous quarter, due to the combination of an increase in fees *received* in the banking business and a drop in fees *paid* in the insurance activities. Compared to 2Q 2008, net fee and commission income increased 12% on an organic basis, which was predominantly caused by a drop in fees *paid* in the insurance business, while fees *received* in the banking business stayed more or less unchanged year-on-year. Fee-generating assets under management in this business unit stood at 12 billion as at 30 June 2009, up 2% compared to the situation a quarter ago, but down 8% year-on-year (both on an organic basis).

Net realised gains from available-for-sale assets stood at +2 million, up on the -5 million recognised in the year-earlier quarter, but down on the +6 million recorded in 1Q 2009. Dividend income – which traditionally peaks in the second quarters – stood at 7 million, higher than the previous year (3 million). Lastly, other income came to 30 million, slightly below the 35-million-euro average of the last four quarters.

Operating expenses stood at 381 million, down 6% on the previous quarter, on an organic basis. Compared to the year-earlier quarter, costs fell by 5%, on an organic basis. The 1H 2009 cost/income ratio for the CEER banking activities stood at 57%, an improvement on the 60% recorded for the full year 2008.

Impairments on loans and receivables stood at 178 million in the quarter under review, stable compared to the impairment posted in the previous quarter (but evidently up on the 51 million posted a year ago). For the region as a whole, this led to an annualised 1H 2009 credit cost ratio of 175 basis points. The 1H 2009 credit cost ratio breaks down as follows: 105 basis points for the Czech Republic, 133 basis points for Slovakia, 181 basis points for Poland, 180 basis points for Hungary and 484 basis points for Russia. The non-performing loan ratio for the region as a whole went up from 2.1% at the end of 2008 and 2.5% at the end of March 2009 to 3.1% at the end of June 2009. As loan losses follow the economic downturn, a further increase in loan losses and non-performing loans is likely in the quarters to come.
Impairment on available-for-sale assets (zero in 2Q 2009) as well as impairment on goodwill related to acquisitions of CEER companies is excluded from the underlying figures (in 2Q 2009, some 17 million’ worth of goodwill impairment was booked for subsidiaries in the region, mainly in Bulgaria).

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	2Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**180**	**222**	**201**	**84**	**106**	**71**
Plus:						
- Losses on CDOs	- 28	- 37	- 258	- 103	0	- 30
- Losses on shares	- 4	- 3	- 8	- 56	- 14	0
- Losses related to troubled US and Iceland banks	0	0	- 13	- 36	16	0
- Other exceptional items	10	17	- 43	- 73	- 57	4
Taxes and minority interests on the items above	1	4	91	43	- 8	- 4
Profit after tax, attributable to the equity holders of the parent: IFRS	**159**	**203**	**- 32**	**- 142**	**44**	**42**

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 on CEER exchange rate changes).

Income statement, Czech Republic (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	211	221	230	232	220	226
Gross earned premiums, insurance	70	74	74	74	65	67
Gross technical charges, insurance	- 52	- 35	- 83	- 18	- 25	- 46
Ceded reinsurance result	- 3	- 3	- 2	- 3	- 2	- 2
Dividend income	0	1	1	3	0	7
Net (un)realised gains from financial instruments at fair value	7	22	49	- 16	0	6
Net realised gains from available-for-sale assets	- 3	0	1	1	5	0
Net fee and commission income	57	60	61	54	51	56
Banking	*64*	*67*	*68*	*67*	*58*	*62*
Insurance	*- 7*	*- 7*	*- 7*	*- 13*	*- 7*	*- 6*
Other net income	25	7	23	23	11	12
Total income	313	348	352	349	326	326
Operating expenses	- 155	- 151	- 163	- 180	- 136	- 148
Impairment	- 13	- 11	- 34	- 36	- 32	- 65
o/w on loans and receivables	- 13	- 10	- 30	- 37	- 31	- 65
o/w on available-for-sale assets	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	145	185	155	133	158	112
Income tax expense	- 25	- 31	- 16	- 17	- 25	- 15
Profit after tax	120	154	138	115	133	97
attributable to minority interests	1	0	1	1	1	1
attributable to the equity holders of the parent	**119**	**154**	**137**	**115**	**133**	**96**
Banking activities	*125*	*145*	*136*	*88*	*115*	*85*
Insurance activities	*- 5*	*9*	*2*	*26*	*17*	*12*
Risk-weighted assets (end of period, Basel II)	*15 003*	*15 003*	*15 276*	*14 569*	*13 872*	*14 156*
Allocated equity (end of period, Basel II)	*1 072*	*1 324*	*1 102*	*1 050*	*1 005*	*1 026*
Return on allocated capital (ROAC, Basel II)	*39%*	*47%*	*39%*	*36%*	*46%*	*31%*
Cost/income ratio (banking activities)	*47%*	*42%*	*45%*	*56%*	*43%*	*45%*
Combined ratio (non-life insurance activities)	*100%*	*91%*	*87%*	*92%*	*92%*	*99%*

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	2Q 2009
Net interest income	30	34	41	46	47	54
Gross earned premiums, insurance	13	20	16	16	19	17
Gross technical charges, insurance	- 8	- 16	- 12	- 11	- 13	- 11
Ceded reinsurance result	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	7	9	9	7	- 4	- 8
Net realised gains from available-for-sale assets	0	0	0	0	0	0
Net fee and commission income	7	6	9	9	7	6
Banking	*8*	*7*	*11*	*11*	*8*	*8*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*
Other net income	1	0	3	3	2	5
Total income	50	53	67	70	57	63
Operating expenses	- 30	- 32	- 41	- 55	- 43	- 43
Impairment	- 4	- 4	- 9	- 15	- 14	- 17
o/w on loans and receivables	*- 4*	*- 4*	*-9*	- 13	- 13	- 17
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	17	16	17	- 1	1	2
Income tax expense	- 3	- 3	- 4	- 1	0	2
Profit after tax	14	13	13	- 2	1	4
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**14**	**13**	**13**	**- 2**	**1**	**4**
Banking activities	*12*	*15*	*10*	*- 4*	*0*	*2*
Insurance activities	*2*	*- 2*	*3*	*2*	*1*	*3*
Risk-weighted assets (end of period, Basel II)	*2 899*	*2 899*	*4 510*	*5 164*	*4 278*	*4 247*
Allocated equity (end of period, Basel II)	*204*	*186*	*308*	*350*	*295*	*293*
Return on allocated capital (ROAC, Basel II)	*22%*	*19%*	*8%*	*-7%*	*-4%*	*0%*
Cost/income ratio (banking activities)	*60%*	*56%*	*63%*	*85%*	*74%*	*71%*
Combined ratio (non-life insurance activities)	*86%*	*112%*	*111%*	*122%*	*92%*	*90%*

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	2Q 2009
Net interest income	66	73	79	89	99	89
Gross earned premiums, insurance	20	23	26	23	16	19
Gross technical charges, insurance	- 14	- 15	- 21	- 14	- 8	- 12
Ceded reinsurance result	0	- 1	2	0	0	- 1
Dividend income	0	0	0	4	0	0
Net (un)realised gains from financial instruments at fair value	21	31	33	30	3	9
Net realised gains from available-for-sale assets	1	1	0	0	1	1
Net fee and commission income	25	26	28	19	18	22
Banking	*27*	*28*	*30*	*22*	*20*	*24*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*
Other net income	5	6	3	4	2	2
Total income	123	144	151	155	130	129
Operating expenses	- 65	- 85	- 89	- 113	- 76	- 61
Impairment	- 1	3	- 6	- 26	- 36	- 29
o/w on loans and receivables	*- 1*	*3*	*-6*	- 26	- 36	- 29
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0
Share in results of associated companies	1	0	0	0	1	0
Profit before tax	58	63	56	16	19	39
Income tax expense	- 22	- 15	- 15	- 15	- 8	- 9
Profit after tax	37	47	42	1	10	30
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**37**	**47**	**42**	**1**	**10**	**30**
Banking activities	*34*	*44*	*38*	*- 2*	*6*	*27*
Insurance activities	*3*	*4*	*3*	*3*	*4*	*3*
Risk-weighted assets (end of period, Basel II)	*6 267*	*6 870*	*7 193*	*6 709*	*6 970*	*6 439*
Allocated equity (end of period, Basel II)	*434*	*471*	*494*	*464*	*478*	*440*
Return on allocated capital (ROAC, Basel II)	*28%*	*27%*	*20%*	*-*	*-*	*18%*
Cost/income ratio (banking activities)	*52%*	*60%*	*60%*	*74%*	*60%*	*49%*
Combined ratio (non-life insurance activities)	*86%*	*89%*	*91%*	*84%*	*70%*	*89%*

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	2Q 2009
Net interest income	75	83	94	78	68	73
Gross earned premiums, insurance	158	166	182	157	122	132
Gross technical charges, insurance	- 82	- 79	- 99	- 93	- 95	- 86
Ceded reinsurance result	1	- 3	- 6	- 12	- 2	- 4
Dividend income	0	1	1	0	0	0
Net (un)realised gains from financial instruments at fair value	11	15	34	34	28	- 1
Net realised gains from available-for-sale assets	1	- 6	- 3	- 2	0	1
Net fee and commission income	- 17	- 20	- 26	- 13	- 12	- 7
Banking	*20*	*21*	*23*	*20*	*16*	*16*
Insurance	*- 37*	*- 41*	*- 49*	*- 33*	*- 28*	*- 24*
Other net income	7	13	7	15	30	12
Total income	154	171	184	164	139	120
Operating expenses	- 98	- 114	- 119	- 109	- 89	- 76
Impairment	- 10	- 19	- 5	- 27	- 39	- 24
o/w on loans and receivables	*- 9*	*- 18*	*- 5*	- 26	- 40	- 24
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	46	38	60	28	11	19
Income tax expense	- 9	- 4	- 12	1	1	- 3
Profit after tax	36	34	48	29	11	16
attributable to minority interests	4	4	7	3	- 2	2
attributable to the equity holders of the parent	**32**	**30**	**41**	**26**	**13**	**15**
Banking activities	*18*	*17*	*27*	*14*	*- 6*	*7*
Insurance activities	*14*	*13*	*14*	*12*	*19*	*7*
Risk-weighted assets (end of period, Basel II)	*6 398*	*6 885*	*7 513*	*7 453*	*7 060*	*6 919*
Allocated equity (end of period, Basel II)	*594*	*644*	*711*	*706*	*676*	*644*
Return on allocated capital (ROAC, Basel II)	*18%*	*16%*	*25%*	*15%*	*3%*	*5%*
Cost/income ratio (banking activities)	*66%*	*64%*	*64%*	*58%*	*69%*	*61%*
Combined ratio (non-life insurance activities)	*90%*	*90%*	*95%*	*107%*	*124%*	*93%*

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	2Q 2009
Net interest income	40	57	61	67	54	43
Gross earned premiums, insurance	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	1	- 8	9	4	2
Net realised gains from available-for-sale assets	0	0	0	0	0	0
Net fee and commission income	4	2	3	3	2	2
Banking	*4*	*2*	*3*	*3*	*2*	*2*
Insurance	*0*	*0*	*0*	*0*	*0*	*0*
Other net income	0	0	1	- 3	1	1
Total income	45	60	56	76	62	49
Operating expenses	- 30	- 36	- 38	- 41	- 28	- 28
Impairment	- 5	- 18	- 18	- 31	- 45	- 33
o/w on loans and receivables	*- 5*	*- 18*	*- 18*	- 31	- 45	- 33
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	9	6	0	4	- 11	- 13
Income tax expense	- 3	- 1	0	- 4	0	- 7
Profit after tax	6	4	0	1	- 11	- 20
attributable to minority interests	0	0	0	0	- 1	- 1
attributable to the equity holders of the parent	**6**	**4**	**0**	**1**	**- 11**	**- 19**
Banking activities	*6*	*4*	*0*	*1*	*- 11*	*- 19*
Insurance activities	*0*	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets (end of period, Basel II)	*3 220*	*3 779*	*4 162*	*3 454*	*3 217*	*2 996*
Allocated equity (end of period, Basel II)	*205*	*241*	*265*	*220*	*205*	*191*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	-	-
Cost/income ratio (banking activities)	*68%*	*60%*	*68%*	*54%*	*46%*	*58%*
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	2Q 2009
Net interest income	-32	-29	-34	-30	-28	-36
Gross earned premiums, insurance	38	35	32	68	34	32
Gross technical charges, insurance	-30	-20	-20	-65	-24	-24
Ceded reinsurance result	-1	-2	-1	-1	0	-1
Dividend income	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	4	-16	7	15	19	-19
Net realised gains from available-for-sale assets	0	0	0	1	0	0
Net fee and commission income	-1	1	4	-1	-1	-1
Other net income	-2	-2	0	-3	-3	-1
Total income	-25	-31	-12	-15	-4	-50
Operating expenses	-28	-27	-29	-49	-27	-24
Impairment	-3	-3	-10	-15	-22	-1
o/w on loans and receivables	*-3*	*-3*	*-10*	-15	-14	-9
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0
Share in results of associated companies	14	7	11	-11	-1	-2
Profit before tax	-42	-54	-40	-90	-54	-77
Income tax expense	14	30	9	32	15	21
Profit after tax	-28	-24	-31	-58	-39	-55
attributable to minority interests	0	1	1	-1	0	0
attributable to the equity holders of the parent	**-28**	**-25**	**-32**	**-57**	**-39**	**-56**
Banking activities	*-11*	*-18*	*-22*	-33	-34	-51
Insurance activities	*-16*	*-7*	*-10*	-23	-5	-4

Merchant Banking Business Unit (underlying trend)

In the quarter under review, the Merchant Banking Business Unit generated an underlying profit of 41 million, down on the 91 million recorded in the previous quarter, and the high 234 million posted a year earlier. The 2Q 2009 underlying result breaks down as follows:

- 46 million for commercial banking
- -5 million for investment banking activities

The underlying figures exclude the direct impact of the financial crisis and other exceptional items. A table reconciling this underling net profit and 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	2Q 2009
Net interest income	249	242	243	269	256	259
Gross earned premiums, insurance	71	60	69	174	69	64
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5
Dividend income	2	13	3	1	1	6
Net (un)realised gains from financial instruments at fair value	42	343	117	79	163	293
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4
Net fee and commission income	79	74	81	67	50	68
Other net income	33	33	54	46	48	42
Total income	420	726	517	482	534	688
Operating expenses	- 301	- 323	- 217	- 350	- 262	- 226
Impairment	13	- 85	- 42	- 215	- 112	- 368
o/w on loans and receivables	*13*	*- 78*	*- 33*	- 180	- 110	- 368
o/w on available-for-sale assets	*0*	*0*	*- 15*	10	- 2	0
Share in results of associated companies	0	0	- 3	- 9	0	0
Profit before tax	132	317	256	- 92	161	93
Income tax expense	- 24	- 61	- 96	72	- 49	- 31
Profit after tax	109	256	159	- 21	112	62
attributable to minority interests	20	22	23	21	21	21
attributable to the equity holders of the parent	**89**	**234**	**137**	**- 42**	**91**	**41**
Banking activities	*83*	*216*	*117*	*- 66*	*80*	*20*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*
Risk-weighted assets (end of period, Basel II)	*71 787*	*74 120*	*75 916*	*73 702*	*76 613*	*72 134*
Allocated equity (end of period, Basel II)	*4 657*	*4 805*	*4 925*	*4 777*	*4 965*	*4 680*
Return on allocated capital (ROAC, Basel II)	*9%*	*21%*	*13%*	*-1%*	*8%*	*4%*
Cost/income ratio (banking activities)	*73%*	*46%*	*43%*	*77%*	*50%*	*34%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*

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 259 million in 2Q 2009, slightly up on the 253-million-euro average of the last four quarters. While credit policy was tightened and loan volumes came down (-2% quarter-on-quarter and -7% year-on-year), the margin environment remained benign.

Gross earned premiums amounted to 64 million in the quarter under review, slightly above the 60 million recorded in year-earlier quarter, and somewhat below the 69 million posted in the previous quarter. At 84%, the combined ratio for this business unit's reinsurance operations continued to be very favourable and even further improved on the 87% booked 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 amounted to 293 million, up on 1Q 2009 (163 million) but down on 2Q 2008 (343 million). As was the case in the previous quarter, the debt capital and money market activities – in fact the Brussels' dealing room – performed well in 2Q 2009. As already explained, the underlying figures do not include CDO-related items such as value write-downs on CDOs, provisions made for monoline insurer counterparty risk, or the fee related to the state guarantee scheme signed in May 2009. The underlying figures also exclude losses related to structured finance businesses that are being wound down (i.e. the business lines of KBC Financial Products). An overview of these non-operational items is provided in the table below.

Net fee and commission income amounted to 68 million in the quarter under review, up on the low level recorded in the previous quarter (50 million), thanks in part to an improvement in equity brokerage and corporate finance income and a decrease in fees paid for reinsurance business. Compared to 2Q 2008, net fee and commission income fell by 8%, entirely situated in investment banking.

Dividend income stood at 6 million in 2Q 2009, down on the 13 million booked a year earlier, but up on the previous quarter (1 million), as the bulk of dividends is received in the second quarter. Net gains from available-for-sale assets amounted to 4 million (compared to a negative 3-million-euro average for the last four quarters) and other net income came to 42 million (roughly in line with the average of the last four quarters).

In the quarter under review, operating expenses amounted to 226 million. This is a significant decrease compared to the previous quarter (-14% or -36 million) and to the year-earlier quarter (-30% or -97 million), which in both cases is predominantly attributable to the investment banking activities, more particular the run-down of a number of business lines at KBC Financial Products.

Impairments on loans and receivables stood at 368 million in 2Q 2009, which, as expected, constitutes a significant increase compared to both 1Q 2009 (110 million) and 2Q 2008 (78 million). The bulk of the loan loss impairments in the quarter under review relates to non-Belgian corporate loans (especially in the UK and Ireland, together accounting for some 78 million) and general provisions related to US mortgage-backed securities (138 million). Consequently, the annualised 1H 2009 credit cost ratio for this business unit amounted to 131 basis points (71 basis points on the pure corporate loans, i.e. excluding mortgage-backed securities), compared to 90 basis points for FY 2008. In Ireland, the 1H 2009 credit cost ratio amounted to 67 basis points (versus 35 basis points in 1Q 2009), while the non-performing ratio stood at 5.6% (compared to the 4.6% posted in the previous quarter). The non-performing ratio for the whole business unit went up from 1.6% at the end of 2008 and 2.8%at the end of March 2009 to 3.3% at the end of June 2009. Again, given the adverse economic circumstances, a further increase in loan losses and non-performing loans for this business unit is likely in the quarters ahead.
Impairments on available-for-sale assets as well as impairments on goodwill and other assets were immaterial in 2Q 2009.

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	2Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**89**	**234**	**137**	**- 42**	**91**	**41**
Plus:						
- Losses on CDOs*	- 68	- 142	- 905	-1 441	-3 793	1 242
- Government guarantee fee	0	0	0	0	0	-1 121
- Losses on shares	- 17	- 16	- 18	- 67	- 34	- 4
- Losses related to troubled US and Iceland banks	0	0	- 135	- 201	0	- 1
- Losses related to the discontinuation of activities at KBC Financial Products	0	0	0	- 245	0	- 760
- Other exceptional items	1	1	- 2	77	- 24	5
Taxes and minority interests on the items above	27	47	404	121	21	444
Profit after tax, attributable to the equity holders of the parent: IFRS	**31**	**125**	**- 519**	**-1 801**	**-3 738**	**- 153**

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

Note: the positive exceptional result on CDOs in 2Q 2009 is thanks to the impact of a tightening of corporate credit market spreads in general and the government guarantee in particular (cf. asset relief plan of May 2009) both on the CDO investments in portfolio and on the MBIA-insured position. It also includes a negative impact of the increase in the coverage percentage on MBIA counterparty risk from 60% to 70%.

The underlying figures for the Merchant Banking Business Unit are broken down below 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, etc.).

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	249	242	243	269	256	259
Gross earned premiums, insurance	71	60	69	174	69	64
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5
Dividend income	2	13	3	1	1	6
Net (un)realised gains from financial instruments at fair value	- 9	- 8	- 16	2	25	- 2
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4
Net fee and commission income	26	22	31	32	22	35
Other net income	33	33	54	46	48	42
Total income	317	323	334	370	368	360
Operating expenses	- 132	- 131	- 133	- 188	- 114	- 121
Impairment	13	- 78	- 30	- 140	- 59	- 166
o/w on loans and receivables	*13*	*- 77*	*- 30*	- 140	- 58	- 166
o/w on available-for-sale assets	*0*	*0*	*1*	0	- 1	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	197	114	171	41	195	73
Income tax expense	- 41	- 19	- 36	25	- 37	- 5
Profit after tax	156	95	135	66	158	69
attributable to minority interests	21	20	21	21	23	22
attributable to the equity holders of the parent	**135**	**74**	**114**	**45**	**135**	**46**
Banking activities	*130*	*56*	*94*	*21*	*124*	*25*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*
Risk-weighted assets (end of period, Basel II)	*52 074*	*52 074*	*53 007*	*51 908*	*50 107*	*51 958*
Allocated equity (end of period, Basel II)	*3 400*	*3 313*	*3 465*	*3 388*	*3 275*	*3 394*
Return on allocated capital (ROAC, Basel II)	*18%*	*11%*	*16%*	*6%*	*15%*	*5%*
Cost/income ratio (banking activities)	*42%*	*43%*	*41%*	*54%*	*32%*	*35%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*

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	2Q 2009
Net interest income	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	50	351	134	77	138	295
Net realised gains from available-for-sale assets	0	0	0	0	0	0
Net fee and commission income	53	52	49	35	28	33
Other net income	0	0	0	0	0	0
Total income	103	403	183	112	166	328
Operating expenses	-169	-192	-83	-162	-147	-105
Impairment	0	-7	-12	-74	-53	-203
o/w on loans and receivables	*0*	*-1*	*-2*	-40	-53	-203
o/w on available-for-sale assets	*0*	*0*	*-16*	10	-1	0
Share in results of associated companies	0	0	-3	-9	0	0
Profit before tax	-65	203	85	-133	-34	20
Income tax expense	17	-42	-60	46	-12	-26
Profit after tax	-48	161	25	-87	-46	-7
attributable to minority interests	-1	1	2	0	-1	-1
attributable to the equity holders of the parent	**-47**	**160**	**23**	**-87**	**-44**	**-5**
Banking activities	*-47*	*160*	*23*	*-87*	*-44*	*-5*
Insurance activities	*0*	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets (end of period, Basel II)	*19 713*	*23 408*	*22 910*	*21 794*	*26 507*	*20 176*
Allocated equity (end of period, Basel II)	*1 257*	*1 492*	*1 460*	*1 389*	*1 690*	*1 286*
Return on allocated capital (ROAC, Basel II)	*-15%*	*47%*	*6%*	*-16%*	*-9%*	*1%*
Cost/income ratio (banking activities)	*163%*	*48%*	*46%*	*145%*	*89%*	*32%*

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

European Private Banking Business Unit

(underlying trend)

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 European countries (Germany, France, Monaco, the UK, Poland and Switzerland), as well as the insurance company VITIS Life in Luxembourg.

In the quarter under review, the European Private Banking Business Unit generated an underlying profit of 44 million, up on the 34 million recorded in the previous quarter, but down on the record high of 64 million recognised a year ago.

The underlying profit figure excludes the direct impact of the financial crisis and other exceptional items (mainly impairments on shares). A table reconciling this underlying net profit and the net result according to IFRS is provided further on in this section.

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	57	64	63	65	67	62
Gross earned premiums, insurance	13	7	5	5	1	2
Gross technical charges, insurance	- 17	- 13	- 10	- 3	- 6	- 7
Ceded reinsurance result	0	0	0	0	0	0
Dividend income	1	6	1	2	1	4
Net (un)realised gains from financial instruments at fair value	- 4	6	- 17	4	2	21
Net realised gains from available-for-sale assets	- 1	8	0	- 2	7	15
Net fee and commission income	107	120	99	96	88	88
Other net income	2	3	6	2	2	0
Total income	158	202	146	168	163	186
Operating expenses	- 95	- 132	- 111	- 148	- 115	- 124
Impairment	- 2	0	0	- 41	- 1	- 1
o/w on loans and receivables	- 2	0	0	0	0	0
o/w on available-for-sale assets	0	0	0	- 39	- 1	- 1
Share in results of associated companies	1	1	1	0	0	1
Profit before tax	61	70	35	- 20	48	62
Income tax expense	- 11	- 7	- 3	35	- 14	- 18
Profit after tax	50	64	32	15	34	44
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**50**	**64**	**32**	**15**	**34**	**44**
Banking activities	*48*	*62*	*32*	*10*	*33*	*42*
Insurance activities	*2*	*2*	*0*	*4*	*0*	*1*
Risk-weighted assets (end of period, Basel II)	*7 529*	*8 917*	*7 716*	*5 703*	*5 350*	*5 149*
Allocated equity (end of period, Basel II)	*542*	*620*	*543*	*410*	*387*	*374*
Return on allocated capital (ROAC, Basel II)	*34%*	*39%*	*19%*	*10%*	*28%*	*40%*
Cost/income ratio (banking activities)	*61%*	*66%*	*76%*	*92%*	*70%*	*67%*

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

Net interest income in the quarter under review stood at 62 million, only slightly down on the record levels of the last few quarters on account of KBL EPB's excess liquidity position combined with the high demand for liquidity in the market.

The Life premium technical result (gross earned premiums less gross technical charges) amounted to a negative 4 million in 2Q 2009, in line with the average of the last four quarters.

Benefiting from the favourable trading environment, net (un)realised gains from financial instruments at fair value amounted to a high 21 million in 2Q 2009, significantly up on the negative 1-million-euro average of the last four quarters. As mentioned before, valuation losses on structured credit are excluded from these underlying figures (an overview follows in the table below).

Net realised gains from available-for-sale investments stood at 15 million, a considerable increase compared to the 3-million-euro average of the last four quarters. In the quarter under review, capital gains related predominantly to the sale of bonds.

Net fee and commission income, at 88 million, continued to be affected by the weak investment climate. It was similar to the low level recorded in the previous quarter, and down 27% compared to the year-earlier quarter. The year-on-year decrease was due mainly to the decreased asset base (assets under management, 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 30 June 2009, the assets under management by this business unit stood at 45 billion, up 5% on the previous quarter – thanks to rising asset prices – but down 17% on a year ago. Most of the year-on-year drop was caused by the year-on-year decrease in the price of the assets; the net volume outflow remained limited to 4% year-on-year (even less than 3% for onshore private clientele).

As most dividends are received in the second quarter of the year, dividend income in the quarter under review increased to 4 million, up on the 1 million recorded in the previous quarter, but down somewhat on the 6 million posted a year ago. Other net income amounted to 0.3 million, down on the 3-million-euro average of the last four quarters.

Operating expenses stood at 124 million in 2Q 2009, up 8% on the previous quarter, but down 6% compared to a year ago, due in part to the reduced number of FTEs and lower variable pay. The cost income ratio for 1H 2009 came to 69%, an improvement on the 73% recorded for FY 2008.

Impairments in this quarter were insignificant, as was the case in both reference quarters. As mentioned above, the underlying figures exclude the direct impact of the financial crisis, such as impairment on shares in portfolio, as these do not reflect the normal course of business (an overview follows in the table below).

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, European Private Banking Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**50**	**64**	**32**	**15**	**34**	**44**
Plus:						
- Losses on CDOs	- 10	- 12	- 136	- 94	0	0
- Losses on shares	- 1	- 11	- 14	- 53	- 13	- 7
- Losses related to troubled US and Iceland banks	0	0	- 20	- 30	0	0
- Other exceptional items	0	1	0	- 62	0	- 10
Taxes and minority interests on the items above	3	7	49	70	5	2
Profit after tax, attributable to the equity holders of the parent: IFRS	**43**	**48**	**- 88**	**- 155**	**26**	**29**

Group Centre (underlying trend)

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

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 35 million, compared to a negative 21 and 32 million recorded in the previous and year-earlier quarters. The quarter under review includes some 20 million' worth of consultancy fees related to the asset protection programme signed with the Belgian government in May 2009.

A table reconciling this underling result and the net result according to IFRS is provided further on.

Income statement, Group Centre (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009
Net interest income	-25	-31	-31	-19	-13	-16
Gross earned premiums, insurance	-10	-10	-13	-122	-11	-10
Gross technical charges, insurance	6	7	10	105	0	2
Ceded reinsurance result	2	2	3	4	1	2
Dividend income	0	5	0	1	0	0
Net (un)realised gains from financial instruments at fair value	0	0	0	0	0	0
Net realised gains from available-for-sale assets	0	0	0	0	0	0
Net fee and commission income	9	7	8	-17	5	0
Other net income	-1	-28	-27	-31	-14	-11
Total income	-19	-48	-50	-78	-31	-34
Operating expenses	-18	4	8	0	4	-17
Impairment	0	0	0	-2	0	0
o/w on loans and receivables	0	0	0	0	0	0
o/w on available-for-sale assets	0	0	0	1	0	0
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	-38	-45	-42	-81	-27	-51
Income tax expense	1	13	9	43	7	16
Profit after tax	-36	-32	-33	-38	-21	-35
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**-36**	**-32**	**-34**	**-38**	**-21**	**-35**
Banking activities	*4*	*-5*	*2*	*14*	*-1*	*-30*
Insurance activities	*-20*	*-19*	*-17*	*-14*	*0*	*-7*
Holding activities	*-20*	*-8*	*-18*	*-38*	*-19*	*3*

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	2Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**-36**	**-32**	**-34**	**-38**	**-21**	**-35**
Plus:						
- Losses on CDOs	0	0	0	0	0	0
- Losses on shares	0	0	0	0	0	0
- Losses related to troubled US and Iceland banks	0	0	0	0	0	0
- Changes in fair value of own debt instruments *	0	0	0	371	134	200
- Other exceptional items	2	- 46	- 6	- 11	5	- 1
Taxes and minority interests on the items above	- 1	1	- 1	- 128	- 47	- 67
Profit after tax, attributable to the equity holders of the parent: IFRS	**-35**	**-77**	**-40**	**193**	**73**	**97**

* The positive amount in 2Q 2009 is the result of a negative amount due to the decrease in own credit spreads in the quarter under review, which was more than offset by the positive impact of fine-tuning methodology.

Consolidated financial statements

Consolidated financial statements
KBC Group, 2Q 2009 and 1H 2009

Consolidated income statement

In millions of EUR	Note	2Q 2008	1Q 2009	2Q2009	1H 2008	1H 2009
Net interest income	3	1 311	1 477	1 441	2 474	2 918
Interest income		4 132	3 488	3 008	8 545	6 496
Interest expense		- 2 821	- 2 012	- 1 566	- 6 071	- 3 578
Gross earned premiums, insurance	9	1 008	1 308	1 256	2 245	2 564
non-life		504	479	477	1 007	955
life	10	504	830	780	1 238	1 609
Gross technical charges, insurance	9	- 820	- 1 164	- 1 127	- 1 898	- 2 291
non-life		- 261	- 297	- 290	- 550	- 587
life		- 559	- 867	- 837	- 1 348	- 1 704
Ceded reinsurance result	9	- 17	- 15	- 17	- 27	- 32
Dividend income	4	123	23	60	159	82
Net (un)realised gains from financial instruments at fair value through profit or loss		35	- 3 742	78	8	- 3 663
Net realised gains from available-for-sale assets	6	63	34	13	260	47
Net fee and commission income	7	477	317	372	914	690
Fee and commission income		771	581	602	1 513	1 183
Fee and commission expense		- 294	- 263	- 230	- 598	- 493
Other net income	8	97	152	116	225	268
TOTAL INCOME		2 276	- 1 610	2 193	4 360	583
Operating expenses		- 1 310	- 1 235	- 1 518	- 2 588	- 2 754
staff expenses		- 738	- 691	- 710	- 1 498	- 1 402
general administrative expenses		- 485	- 458	- 413	- 932	- 871
depreciation and amortisation of fixed assets		- 88	- 96	- 99	- 181	- 196
provisions for risks and charges		2	10	- 296	23	- 286
Impairment	14	- 332	- 707	- 633	- 430	- 1 340
on loans and receivables		- 143	- 307	- 578	- 170	- 886
on available-for-sale assets		- 180	- 311	- 19	- 250	- 330
on goodwill		0	- 79	- 44	0	- 124
on other		- 9	- 9	8	- 10	- 1
Share in results of associated companies		8	0	- 2	24	- 1
PROFIT BEFORE TAX		642	- 3 552	40	1 365	- 3 512
Income tax expense		- 121	- 28	286	- 264	258
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		521	- 3 580	326	1 101	- 3 254
attributable to minority interest		28	20	24	54	44
attributable to equity holders of the parent		**493**	**- 3 600**	**302**	**1 047**	**- 3 298**
Earnings per share (in EUR)						
Basic		1.45	-10.60	0.89	3.07	-9.71
Diluted		1.45	-10.60	0.89	3.07	-9.71

Note: Diluted earnings per share for 1Q 2009 were restated (from -10.57 to -10.60) to take into account the non-dilutive effect of stock options which are largely out of the money as determined by IAS33.

Condensed statement of comprehensive income

In millions of EUR	1H 2008	1H 2009
PROFIT AFTER TAX	1 101	- 3 254
attributable to minority interest	54	44
attributable to equity holders of the parent	1 047	- 3 298
OTHER COMPREHENSIVE INCOME		
Net change in revaluation reserve (AFS assets) - Equity	- 956	189
Net change in revaluation reserve (AFS assets) - Bonds	- 643	296
Net change in revaluation reserve (AFS assets) - Other	0	- 3
Net change in hedging reserve (cash flow hedge)	102	- 7
Net change in translation differences	127	- 13
Other movements	- 1	- 2
TOTAL	- 1 371	461
TOTAL COMPREHENSIVE INCOME	- 270	- 2 793
attributable to minority interest	55	30
attributable to equity holders of the parent	- 325	- 2 823

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2008	30-06-2009
Cash and cash balances with central banks		4 454	8 551
Financial assets	18, 24	337 203	319 884
Held for trading		73 557	51 270
Designated at fair value through profit or loss		28 994	28 909
Available for sale		46 371	53 273
Loans and receivables		177 029	175 046
Held to maturity		10 973	11 243
Hedging derivatives		279	143
Reinsurers' share in technical provisions, insurance	31	280	281
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		169	261
Tax assets		2 453	2 555
Current tax assets		363	467
Deferred tax assets		2 090	2 088
Non-current assets held for sale and disposal groups		688	12
Investments in associated companies		27	626
Investment property		689	781
Property and equipment		2 964	2 956
Goodwill and other intangible assets		3 866	3 715
Other assets		2 525	4 793
TOTAL ASSETS		355 317	344 415

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2008	30-06-2009
Financial liabilities	18	313 931	300 883
Held for trading		44 966	37 408
Designated at fair value through profit or loss		42 228	32 545
Measured at amortised cost		225 821	230 119
Hedging derivatives		916	811
Gross technical provisions, insurance	31	19 523	20 860
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 4	0
Tax liabilities		503	504
Current tax liabilities		384	414
Deferred tax liabilies		119	90
Non-current liabilities held for sale and liabilities associated with disposal groups		59	0
Provisions for risks and charges		619	922
Other liabilities		5 309	5 210
TOTAL LIABILITIES		339 941	328 379
Total equity		15 376	16 035
Parent shareholders' equity	35	14 210	14 888
Minority interests		1 165	1 148
TOTAL LIABILITIES AND EQUITY		355 317	344 415

Note: The parent shareholders' equity is presented including the non-voting core capital securities (EUR 3.5 billion as at 31 December 2008; EUR 7 billion as at 30 June 2009).

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
30-06-2008												
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	1 047	0	1 047	54	1 101
Other comprehensive income for the period	0	0	0	0	0	- 1 594	108	- 1	115	- 1 372	2	- 1 371
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**- 1 594**	**108**	**1 046**	**115**	**- 325**	**55**	**- 270**
Dividends	0	0	0	0	0	0	0	- 1 281	0	- 1 281	0	- 1 281
Capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Results on (derivatives on) treasury shares	0	0	0	0	- 282	0	0	0	0	- 282	0	- 282
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 74	- 74
Total change	**0**	**0**	**0**	**0**	**- 282**	**- 1 594**	**108**	**- 235**	**115**	**- 1 888**	**- 19**	**- 1 907**
Balance at the end of the period	**1 235**	**4 161**	**181**	**0**	**- 1 566**	**- 784**	**181**	**11 890**	**162**	**15 460**	**1 121**	**16 581**
of which revaluation reserve for shares						245						
of which revaluation reserve for bonds						- 1 028						
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
30-06-2009												
Balance at the beginning of the period	1 244	4 335	0	3 500	- 1 561	- 1 131	- 351	8 359	- 184	14 210	1 165	15 376
Net profit for the period	0	0	0	0	0	0	0	- 3 298	0	- 3 298	44	- 3 254
Other comprehensive income for the period	0	0	0	0	0	484	- 3	- 2	- 4	475	- 14	461
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**484**	**- 3**	**- 3 299**	**- 4**	**- 2 823**	**30**	**- 2 793**
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase	0	0	0	3 500	0	0	0	- 1	0	3 499	0	3 499
Results on (derivatives on) treasury shares	0	0	0	0	1	0	0	0	0	1	0	1
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 48	- 48
Total change	**0**	**0**	**0**	**3 500**	**1**	**484**	**- 3**	**- 3 300**	**- 4**	**677**	**- 18**	**660**
Balance at the end of the period	**1 244**	**4 335**	**0**	**7 000**	**- 1 560**	**- 647**	**- 354**	**5 058**	**- 188**	**14 888**	**1 148**	**16 035**
of which revaluation reserve for shares						125						
of which revaluation reserve for bonds						- 770						
of which revaluation reserve for other assets than bonds and shares						- 3						

Condensed cash flow statement

In millions of EUR	1H 2008	1H 2009
Net cash from (used in) operating activities	2 485	1 128
Net cash from (used in) investing activities	780	99
Net cash from (used in) financing activities	1 893	- 291
Net increase or decrease in cash and cash equivalents	5 158	935
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	51	- 81
Cash and cash equivalents at the end of the period	25 947	10 316

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 6M 2009, no changes in content were made in the accounting policies that had a material impact on the results.

On 20 July 2009, KBC Group and the Flemish regional government closed the deal of 22 January 2009 that enables KBC to issue non-voting core capital securities by an amount of EUR 3.5 billion. The issue, which has been fully subscribed to by the Flemish regional government, is included in the financial reporting for the second quarter in order to present a fair view on the financial position of KBC in accordance with IAS1.

Had KBC not recorded this issue, then this would have resulted in the non-inclusion of EUR 3.5 billion-worth of core-capital instruments in the parent shareholders' equity, the non-inclusion of EUR 1.5 billion-worth of other assets and the non-elimination of EUR 2 billion-worth of financial liabilities at amortised cost.

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	2Q 2009	cumul. 1H 2008	cumul. 1H 2009
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	1 047	-3 298
Minus									
- Amounts before taxes and minority items									
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137	206	9	69
MTM of own debt issued	5				371	134	200		334
Losses on CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	-378	-2 796
Government guarantee fee							-1 121		-1 121
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	-209	-361
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1		16
Loss due to unwinding of derivative trading positions	3				- 245		-760		-760
Impairment on goodwill	1,2,3				- 10	-79	-28		-108
Exceptional tax adjustments	1,2,3,5					145	61		205
Other	1,2,3,4,5		-42	46	21	-49	2	-42	-47
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	125	395
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	1 543	875

* 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	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 1H 2008							
Net interest income	1 074	829	491	121	- 56	0	2 459
Gross earned premiums, insurance	1 497	617	130	20	0	- 20	2 245
Non-life	456	453	117	0	0	- 19	1 007
Life	1 041	164	13	20	0	- 1	1 238
Gross technical charges, insurance	- 1 441	- 350	- 90	- 30	0	13	- 1 898
non-life	- 249	- 236	- 77	0	0	11	- 550
life	- 1 192	- 114	- 13	- 30	0	1	- 1 348
Ceded reinsurance result	- 13	- 13	- 5	0	0	4	- 27
Dividend income	92	3	15	7	5	0	122
Net (un)realised gains from financial instruments at fair value through profit or loss	19	111	385	2	0	0	517
Net realised gains from available-for-sale assets	259	- 6	1	7	0	0	261
Net fee and commission income	398	151	153	227	14	2	945
Other net income	84	61	66	5	405	- 434	187
TOTAL INCOME	1 968	1 404	1 146	360	368	- 436	4 810
Operating expenses	- 950	- 851	- 624	- 228	- 450	436	- 2 667
Impairment	- 17	- 88	- 73	- 2	0	0	- 180
on loans and receivables	- 17	- 86	- 66	- 2	0	0	- 170
on available-for-sale assets	0	0	0	0	0	0	0
on goodwill	0	0	0	0	0	0	0
on other	0	- 3	- 7	0	0	0	- 10
Share in results of associated companies	0	23	0	1	0	0	24
PROFIT BEFORE TAX	1 001	487	450	131	- 83	0	1 986
Income tax expense	- 228	- 73	- 85	- 17	14	0	- 388
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	774	414	364	114	- 69	0	1 598
attributable to minority interests	1	11	42	0	0	0	54
attributable to equity holders of the parent	773	402	323	114	- 69	0	1 543
INCOME STATEMENT - underlying results 1H 2009							
Net interest income	1 171	909	515	130	- 24	- 4	2 697
Gross earned premiums, insurance	1 926	523	133	4	0	- 21	2 564
Non-life	480	377	118	0	0	- 20	955
Life	1 446	146	14	4	0	- 1	1 609
Gross technical charges, insurance	- 1 850	- 344	- 87	- 12	0	2	- 2 291
non-life	- 264	- 253	- 77	0	0	8	- 587
life	- 1 586	- 91	- 10	- 12	0	- 6	- 1 704
Ceded reinsurance result	- 11	- 12	- 12	0	0	3	- 32
Dividend income	39	8	7	5	1	0	59
Net (un)realised gains from financial instruments at fair value through profit or loss	33	40	456	23	0	0	551
Net realised gains from available-for-sale assets	59	8	3	22	0	0	92
Net fee and commission income	277	142	118	177	3	3	719
Other net income	77	73	90	2	518	- 544	216
TOTAL INCOME	1 722	1 346	1 222	350	497	- 562	4 575
Operating expenses	- 912	- 780	- 488	- 239	- 575	562	- 2 432
Impairment	- 39	- 358	- 480	- 2	0	0	- 880
on loans and receivables	- 38	- 357	- 479	0	0	0	- 874
on available-for-sale assets	- 1	0	- 1	- 2	0	0	- 5
on goodwill	0	0	0	0	0	0	0
on other	0	0	0	0	0	0	- 1
Share in results of associated companies	0	- 2	0	1	0	0	- 1
PROFIT BEFORE TAX	771	206	254	110	- 79	0	1 263
Income tax expense	- 226	- 28	- 80	- 32	23	0	- 344
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	545	178	174	78	- 55	0	919
attributable to minority interests	1	1	43	0	0	0	44
attributable to equity holders of the parent	543	177	132	78	- 55	0	875

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

In millions of EUR	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	KBC Group
Balance sheet information 31/12/2008						
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
Balance sheet information 30/06/2009						
Total loans to customers	56 814	38 191	62 728	1 215	0	158 949
Of which mortgage loans	29 501	12 445	14 997	323	0	57 265
Of which reverse repos	0	3 728	2 419	0	0	6 147
Customer deposits	80 276	45 743	57 695	9 085	1 342	194 141
Of which repos	0	5 386	7 174	0	0	12 560

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
1H 2008				
Total income from external customers	2 067	1 508	1 235	4 810
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
1H 2009				
Total income from external customers	1 715	1 271	656	3 642
30-06-2009				
Total assets (period-end)	214 290	61 240	68 885	344 415
Total liabilities (period-end)	192 790	55 822	79 767	328 379

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	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	1 311	1 477	1 441	2 474	2 918
Interest income	4 132	3 488	3 008	8 545	6 496
Available-for-sale assets	483	495	550	965	1 045
Loans and receivables	2 314	2 099	1 888	4 821	3 987
Held-to-maturity investments	127	119	118	255	236
Other assets not at fair value	46	36	- 6	96	30
Subtotal, interest income from financial assets not measured at fair value through profit or loss	2 969	2 748	2 550	6 137	5 298
Financial assets held for trading	525	209	139	948	348
Hedging derivatives	225	238	168	494	406
Other financial assets at fair value through profit or loss	413	293	151	967	444
Interest expense	- 2 821	- 2 012	- 1 566	- 6 071	- 3 578
Financial liabilities measured at amortised cost	- 1 966	- 1 448	- 1 145	- 4 380	- 2 593
Other	- 1	- 3	- 5	- 3	- 7
Investment contracts at amortised cost	0	0	0	0	0
Subtotal, interest expense for financial assets not measured at fair value through profit or loss	- 1 967	- 1 450	- 1 150	- 4 383	- 2 600
Financial liabilities held for trading	- 89	- 34	- 18	- 191	- 52
Hedging derivatives	- 162	- 271	- 267	- 430	- 538
Other financial liabilities at fair value through profit or loss	- 603	- 256	- 131	- 1 067	- 387

Note 4: Dividend income

In millions of EUR	2Q 2008	1Q 2009	2Q2009	1H 2008	1H 2009
Total	123	23	60	159	82
Breakdown by type	123	23	60	159	82
Held-for-trading shares	20	10	13	36	24
Shares initially recognised at fair value through profit or loss	13	0	10	14	10
Available-for-sale shares	90	12	36	109	48

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

On 30 June 2009, the European Commission temporarily approved the guarantee KBC Group NV from the Belgian federal government on May 14.2009 and the capital strengthening performed by KBC by issuing core capital securities to the Flemish Regional government in January, 2009. The European Commission has opened a procedure during which it will further assess the valuation of the CDO-portfolio for which KBC Group bought a guarantee from the Belgian State and the remuneration paid by KBC Group for this guarantee. The financial impact of this deal, which has been included in the second quarter results, largely affects net (unrealised) gains from financial instruments at fair value.

In the second quarter 2009, the market price for corporate credit, reflected in credit default swap spreads, improved markedly, generating a value mark-up of KBC's CDO exposure. The positive earnings impact from CDO revaluation amounted to 1.3 billion euros (also including the positive impact from the acquired guarantee and the negative impact from the increase of the coverage of the CDO-linked counterparty risk against MBIA, the US monoline insurer, from 60% to 70%).

For more information, kindly see the 2Q 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	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	63	34	13	260	47
Breakdown by portfolio					
Fixed-income securities	0	13	13	- 1	25
Shares	63	22	0	262	22

Note 7: Net fee and commission income

In millions of EUR	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	477	317	372	914	690
Fee and commission income	771	581	602	1 513	1 183
Securities and asset management	490	335	347	955	681
Margin on deposit accounting (life insurance investment contracts without DPF)	7	5	7	18	11
Commitment credit	50	67	63	104	130
Payments	128	117	121	247	238
Other	96	57	64	189	122
Fee and commission expense	- 294	- 263	- 230	- 598	- 493
Commission paid to intermediaries	- 114	- 119	- 104	- 240	- 223
Other	- 180	- 144	- 126	- 358	- 270

Note 8: Other net income

In millions of EUR	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	97	152	116	225	268
Net realised gain on loans and receivables	6	0	6	8	6
Net realised gain on held-to-maturity investments	0	0	- 1	0	- 1
Net realised gain on financial liabilities measured at amortised cost	0	1	0	0	1
Other	91	151	110	218	261
of which: realised gain on sale of shares Prague Stock Exchange	0	0	0	0	0
of which: income concerning leasing at the KBC Lease-group	15	12	13	26	25
of which: income from consolidated private equity participations	22	28	12	33	40
of which: income from Groep VAB	16	20	19	30	39

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)		
1H 2008							
Net interest income	0	0	0	0	0	381	381
Gross earned premiums, insurance	404	1 017	1 421	834	0	0	2 255
Gross technical charges	- 353	- 551	- 904	- 986	- 10	0	- 1 899
Ceded reinsurance result	- 1	- 24	- 25	0	0	- 3	- 27
Dividend income	0	0	0	0	0	101	101
Net gains from financial instruments at fair value	0	0	0	0	0	- 149	- 149
Net realised gains from AFS assets	0	0	0	0	0	257	257
Net fee and commission income	- 44	- 198	- 241	- 16	7	24	- 226
Other net income	0	0	0	0	0	43	43
TOTAL INCOME	7	244	252	- 168	- 2	655	736
Operating expenses	- 47	- 193	- 240	- 18	- 9	- 52	- 319
Impairments	0	0	0	0	0	- 184	- 184
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	163	127	290	153	0	- 443	0
PROFIT BEFORE TAX	123	179	301	- 33	- 12	- 24	232
Income tax expense						- 24	- 24
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	123	179	301	- 33	- 12	- 48	208
attributable to minority interest							- 1
attributable to equity holders of the parent							209
1H 2009							
Net interest income	0	0	0	0	0	467	467
Gross earned premiums, insurance	400	966	1 366	1 212	0	0	2 578
Gross technical charges	- 295	- 587	- 882	- 1 448	39	0	- 2 292
Ceded reinsurance result	- 1	- 29	- 30	0	0	- 2	- 32
Dividend income	0	0	0	0	0	41	41
Net gains from financial instruments at fair value	0	0	0	0	0	- 682	- 682
Net realised gains from AFS assets	0	0	0	0	0	24	24
Net fee and commission income	- 39	- 178	- 216	- 21	6	17	- 215
Other net income	0	0	0	0	0	84	84
TOTAL INCOME	66	172	238	- 258	44	- 52	- 27
Operating expenses	- 45	- 150	- 195	- 10	- 7	- 71	- 284
Impairments	0	0	0	0	0	- 297	- 297
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	123	37	160	141	0	- 301	0
PROFIT BEFORE TAX	144	58	202	- 126	37	- 721	- 608
Income tax expense						47	47
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	144	58	202	- 126	37	- 674	- 561
attributable to minority interest							1
attributable to equity holders of the parent							- 563

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	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	504	831	781	1 239	1 612
Breakdown by type					
Accepted reinsurance	5	7	7	13	14
Primary business	499	824	774	1 225	1 598
Breakdown of primary business					
Individual versus group					
Individual premiums	439	747	707	1 094	1 454
Premiums under group contracts	60	77	67	131	144
Periodic versus single					
Periodic premiums	182	196	174	401	370
Single premiums	316	627	600	824	1 227
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	56	46	47	105	93
Premiums from bonus contracts	418	766	705	1 059	1 470
Unit linked	25	12	22	60	35

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	2Q 2008	1Q 2009	2Q 2009	1H 2008	1H 2009
Total	- 332	- 707	- 633	- 430	- 1 340
Impairment on loans and receivables	- 143	- 307	- 578	- 170	- 886
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 101	- 274	- 422	- 142	- 696
Specific impairments for off-balance-sheet credit commitments	- 13	- 7	- 5	- 9	- 11
Portfolio-based impairments	- 29	- 27	- 152	- 20	- 179
Breakdown by business unit					
Belgium	- 13	- 19	- 19	- 17	- 38
Central and Eastern Europe and Russia	- 51	- 179	- 178	- 86	- 357
Merchant Banking	- 78	- 110	- 380	- 66	- 490
European Private Banking	0	0	0	- 2	0
Group Centre	0	0	0	0	0
Impairment on available-for-sale assets	- 180	- 311	- 19	- 250	- 330
Breakdown by type					
Shares	- 173	- 308	- 18	- 249	- 326
Other	- 6	- 3	0	- 1	- 3
Impairment on goodwill	0	- 79	- 44	0	- 124
Impairment on other	- 9	- 9	8	- 10	- 1
Intangible assets, other than goodwill	- 1	0	0	- 2	0
Property and equipment	- 1	1	0	- 1	1
Held-to-maturity assets	0	0	0	0	0
Associated companies (goodwill)	0	0	0	0	0
Other	- 7	- 9	8	- 7	- 1

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
Other	0	156	0	5 429	-	-	-	5 585
Equity instruments	5 533	193	3 419	-	-	-	-	9 145
Investment contracts (insurance)	-	6 948	-	-	-	-	-	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*
30-06-2009								
Loans and advances to credit institutions and investment firms [a]	2 704	3 133	0	21 826	-	-	-	27 663
Loans and advances to customers [b]	3 860	5 859	0	149 229	-	-	-	158 949
Discount and acceptance credit	0	0	0	170	-	-	-	170
Consumer credit	0	0	0	5 112	-	-	-	5 112
Mortgage loans	0	2 690	0	54 575	-	-	-	57 265
Term loans	3 860	3 037	0	69 560	-	-	-	76 458
Finance leasing	0	0	0	6 186	-	-	-	6 186
Current account advances	0	0	0	6 343	-	-	-	6 343
Other	0	132	0	7 282	-	-	-	7 414
Equity instruments	3 866	11	2 279	-	-	-	-	6 156
Investment contracts (insurance)	-	6 861	-	-	-	-	-	6 861
Debt instruments issued by	13 135	12 737	50 102	3 354	11 075	-	-	90 403
Public bodies	7 668	11 533	36 971	3	9 907	-	-	66 081
Credit institutions and investment firms	3 091	292	7 676	9	951	-	-	12 019
Corporates	2 376	912	5 455	3 342	217	-	-	12 302
Derivatives	27 496	-	-	-	-	114	-	27 610
Total carrying value excluding accrued interest income	51 061	28 600	52 381	174 410	11 075	114	0	317 642
Accrued interest income	208	309	892	637	168	28	0	2 242
Total carrying value including accrued interest income	51 270	28 909	53 273	175 046	11 243	143	0	319 884
[a] Of which reverse repos								*7 822*
[b] Of which reverse repos								*6 147*

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 3.6 billion euro on 31 December 2008.

	Carrying value at 30-06-2009, in millions of euro	Fair value at 30-06-2009, in millions of euro
Financial assets reclassified out of 'available for sale' to 'loans and receivables' on 31-12-2008	3 338	3 262

	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	-1 235	-1 153	81
	Impact on the income statement	-254	-234	20

The reclassification resulted in a positive effect on equity to the tune of 81 million euro and a positive effect on the income statement amounting to 20 million euro. Besides specific impairments, 156 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*
30-06-2009								
Deposits from credit institutions and investment firms [a]	533	5 652	-	-	-	-	49 427	55 611
Deposits from customers and debt certificates [b]	1 193	20 034	-	-	-	-	172 913	194 141
Deposits from customers	0	14 354	-	-	-	-	137 911	152 265
Demand deposits	0	106	-	-	-	-	52 755	52 861
Time deposits	0	14 241	-	-	-	-	46 085	60 326
Savings deposits	0	0	-	-	-	-	34 326	34 326
Special deposits	0	0	-	-	-	-	3 603	3 603
Other deposits	0	8	-	-	-	-	1 142	1 149
Debt certificates	1 193	5 680	-	-	-	-	35 002	41 875
Certificates of deposit	0	1 258	-	-	-	-	8 743	10 001
Customer savings certificates	0	0	-	-	-	-	2 788	2 788
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 193	3 811	-	-	-	-	14 772	19 776
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	611	-	-	-	-	8 699	9 310
Liabilities under investment contracts	-	6 719	-	-	-	-	269	6 987
Derivatives	33 720	-	-	-	-	686	-	34 406
Short positions	1 651	-	-	-	-	-	-	1 651
in equity instruments	449	-	-	-	-	-	-	449
in debt instruments	1 201	-	-	-	-	-	-	1 201
Other	250	0	-	-	-	-	6 216	6 466
Total carrying value excluding accrued interest expense	37 346	32 404	-	-	-	686	228 825	299 262
Accrued interest expense	62	141	-	-	-	125	1 293	1 621
Total carrying value including accrued interest expense	37 408	32 545	-	-	-	811	230 119	300 883
[a] *Of which repos*								12 298
[b] *Of which repos*								12 560

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	30-06-2009
Total	2 709	3 400
Breakdown by type		
Specific impairment, on-balance-sheet lending	2 352	2 894
Specific impairment, off-balance-sheet credit commitments	91	95
Portfolio-based impairment	266	412
Breakdown by counterparty		
Impairment for loans and advances to banks	128	90
Impairment for loans and advances to customers	2 469	3 197
Specific and portfolio based impairment, off-balance-sheet credit commitments	112	114

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	30-06-2009
Gross technical provisions	19 523	20 860
Insurance contracts	9 699	9 824
Provisions for unearned premiums and unexpired risk	510	582
Life insurance provision	5 222	5 297
Provision for claims outstanding	3 586	3 616
Provision for bonuses and rebates	20	19
Other technical provisions	361	310
Investment contracts with DPF	9 824	11 036
Life insurance provision	9 813	11 015
Provision for claims outstanding	0	0
Provision for bonuses and rebates	11	21
Reinsurers' share	280	281
Insurance contracts	280	281
Provisions for unearned premiums and unexpired risk	17	27
Life insurance provision	6	7
Provision for claims outstanding	256	247
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

An after tax impact of -0.2 billion euros was recorded related to CDOs sold to customers.

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	30-06-2009
Breakdown by type		
Ordinary shares	357 752 822	357 752 822
Mandatory convertible bonds	0	0
Non-voting core-capital securities	118 644 067	237 288 134
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*	*18 229 972*
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 30 June 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 parent shareholders equity includes the subscription of the Flemish regional government in non-voting core capital securities for an amount of 3.5 billion euro in 2009 (see also note 1b).

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Related party transactions

In 6M 2009, there was no significant change in related parties compared to the end 2008, except for the Flemish Regional Government which subscribed to non-voting core capital securities for an amount of 3.5 billion euro. Apart from this, the related party transactions on the asset side increased with 3.4 billion euro and liability side decreased with 0.7 billion euro mainly towards the Belgian Government.
KBC bought a guarantee from the Belgian government covering potential downside risk on the value of its collateralised debt obligations (CDO's). The 2Q-results include the accounting of a fee of 1.1 billion euro (included in net gains from financial instruments at fair value).
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	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerp - BE	99.56	Credit institution
CIBANK AD	CEER	Sofia - BG	81.69	Credit institution
CSOB a.s. (Czech Republic)	CEER	Prague - CZ	100.00	Credit institution
CSOB a.s. (Slovak Republic)	CEER	Bratislava - SK	100.00	Credit institution
Fin-Force NV	GR	Brussels - BE	90.00	Processing financial transactions
Istrobanka a.s.	CEER	Bratislava - SK	100.00	Credit institution
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	100.00	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Ireland Plc	MB	Dublin - IE	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	100.00	Clearing
KBC Commercial Finance NV	MB	Brussels - BE	100.00	Factoring
KBC Credit Investments NV	MB	Brussels - BE	100.00	Investments in credit-linked securities
KBC Finance Ireland	MB	Dublin - IE	100.00	Lending
KBC Financial Products (group)	MB	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MB	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	MB	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	MB	London - GB	100.00	Stock exchange broker / corporate finance
KBC Private Equity NV	MB	Brussels - BE	100.00	Private equity
KBC Real Estate NV	MB	Zaventem - BE	100.00	Real estate
KBC Securities NV	MB	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Zrt.	CEER	Budapest - HU	100.00	Credit institution
Kredyt Bank SA	CEER	Warsaw - PL	80.00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group)	CEER	Ljubljana - SI	30.57	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEER	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEER	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEER	Sofia - BG	89.53	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
Groep VAB NV	B	Zwijndrecht - BE	74.81	Automobile assistance
K&H Insurance	CEER	Budapest - HU	100.00	Insurance company
KBC Banka A.D.	CEER	Belgrade - RS	100.00	Credit institution
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
TUIR WARTA SA	CEER	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries				
NLB Vita d.d.	CEER	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING				
Fully consolidated subsidiaries				
Brown, Shipley & Co Ltd.	EPB	London - GB	99.91	Credit institution
KBL Richelieu Banque Privée	EPB	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.90	Credit institution
Merck Finck & Co.	EPB	Munich - DE	99.91	Credit institution
Puilaetco Dewaay Private Bankers SA	EPB	Brussels - BE	99.91	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	99.91	Credit institution
HOLDING-COMPANY ACTIVITIES				
Fully consolidated subsidiaries				
KBC Global Services NV	GR	Brussels - BE	100.00	Group services company
KBC Group NV	GR	Brussels - BE	100.00	Holding company

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

Note 41: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1H 2008	1H 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%	99.91%	Recognised in income statement from 2Q 2008; merged with KBL France sa in 3Q08 - name changed into KBL Richelieu Banque Privée
EXCLUSIONS					
Banking	KBC Bank Nederland NV	Full	100.00%	-	2Q09 : merger with KBC Bank
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	Nova Ljubljanska banka d.d. (group)	Equity	34.00%	30.57%	
For balance sheet comparison			31-12-2008	30-06-2009	
ADDITIONS					
Banking	CIBANK AD	Full	77.09%	81.69%	increase % with 4,60 (mainly in 1Q09)
EXCLUSIONS					
Banking	KBC Bank Nederland NV	Full	100.00%	-	2Q09 : merger with KBC Bank

Note 42: Post-balance sheet events

Significant events between the balance sheet date (30 June 2009) and the publication of this report (6 August 2009):

On 20 July 2009, KBC and the Flemish regional government closed the deal of 22 January 2009 that enables KBC to further strengthen its capital base through the issue of 3.5 billion euros' worth of non-dilutive capital securities. The issue is included in the 2Q 2009 results. For more information, see note 1b.

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 30 June 2009 and for the six months then ended

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of KBC Group nv (the “Company”) as at 30 June 2009 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* (“IAS 34”) as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

As mentioned in note 42 and 1b, the agreement between KBC Group and the Flemish Regional Government with respect to the issue of core capital securities, is already recorded in the accompanying interim condensed consolidated financial statements, on the one hand as an increase of the ‘Parents Shareholders’ equity’ and ‘other assets’ for an amount of EUR 3,5 billion and EUR 1,5 billion respectively, and on the other hand as a deduction from “Financial liabilities measured at amortised cost” for EUR 2,0 billion. As the transaction was only formally closed on 20 July 2009, the Parent Shareholders’ equity and the other assets are overstated, and the financial liabilities are understated with the above-mentioned amounts as per 30 June 2009.

Based on our review, except for the impact on the interim condensed consolidated financial statements of the issue mentioned in the previous paragraph, 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 note 5 of the interim condensed consolidated financial statements mentioning the temporary approval by the European Commission of the issue of core capital securities to the Flemish Regional Government and the protection bought from the Belgian Federal Government. We wish to draw the attention to the fact that the terms based on which the transaction is recorded in the interim condensed consolidated financial statements are still subject to the final approval of the European Commission.

Brussels, 6 August 2009

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor

represented by

Jean-Pierre Romont Partner	Pierre Vanderbeek Partner

Ref: 10JPR0005

Glossary and other information

KBC

Glossary and other information

KBC Group, 2Q 2009 and 1H 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 March 2009:

- May 2009: Fitch downgrades the LT ratings of KBC Group, KBC Bank and KBC Insurance to A.

Ratings, 06-08-2009	Long-term rating (+ outlook/watch)		Short-term rating
Fitch			
KBC Bank	A	(stable outlook)	F1
KBC Insurance (claims-paying ability)	A	(stable outlook)	-
KBC Group NV	A	(stable 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	30-06-2009
By business unit		
Belgium	151 037	143 436
Central & Eastern Europe and Russia	11 729	11 655
Merchant Banking	36	29
European Private Banking	44 040	44 587
Total	206 842	199 707
By product or service		
Investment funds for private individuals	79 674	94 875
Assets managed for private individuals	68 825	42 233
Assets managed for institutional investors	39 832	41 959
Group assets (managed by KBC Asset Management)	18 510	20 639
Total	206 841	199 707

Gearing Ratio

Gearing ratio calculation, 30-06-2009, in millions of EUR	Own funds	Minus dividend payout	Own funds for calculation
Own funds KBC Group (A)	14 888	-	14 888
Own funds subsidiaries (B)	15 370	- 65	15 305
KBC Bank	11 452	-	11 452
KBC Insurance	2 378	-	2 378
KBL EPB	920	- 55	865
KBC Global Services	273	-	273
KBC Asset Management (part owned by KBC Group)	347	- 10	337
Gearing ratio (B) / (A)			102.8%

Financial calendar

KBC Bank - Semi-annual report 1H 2009 (in Dutch)	20 August 2009
KBC Group - Publication of 3Q 2009 results	13 November 2009
KBC Group - 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.

Solvency

Banking (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	30-06-2009 Basel II
Regulatory capital			
Regulatory capital, banking (after profit appropriation)		19 028	19 260
Tier-1 capital		13 643	14 770
Parent shareholders' equity		11 576	12 372
Intangible fixed assets		- 169	- 167
Goodwill on consolidation		- 2 451	- 2 323
Innovative hybrid tier-1 instruments		1 652	1 708
Non-innovative hybrid tier-1 instruments		1 793	1 943
Minority interests		599	488
Elimination	Equity guarantee	0	745
	Tier 2 instruments	- 18	- 18
	Revaluation reserve available-for-sale assets (AFS)	946	654
	Hedging reserve (cashflow hedges)	352	355
	Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 465
	Minority interest in AFS reserve & hedging reserve, cashflow hedges	1	- 1
Dividend payout		0	- 55
Items to be deducted (*)		- 395	- 466
Tier-2 & 3 capital		5 385	4 490
Mandatorily convertible bonds		0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)		820	320
Revaluation reserve, available-for-sale shares (at 90%)		29	65
Minority interest in revaluation reserve AFS shares (at 90%)		- 7	0
IRB provision excess		209	0
Subordinated liabilities		4 586	4 431
Tier-3 capital		144	142
Items to be deducted (*)		- 395	- 466
Weighted risks			
Total weighted risk volume		141 370	136 770
Solvency ratios			
Tier-1 ratio		9.7%	10.8%
Core Tier-1 ratio		7.2%	8.1%
CAD ratio		13.5%	14.1%

(*) 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 and IRB provision shortfall.

Note: The capital increase of the Flemish regional government in KBC Group (3.5 billion euro) in the form of non-voting core capital securities has been included in the financial reporting for the second quarter. KBC Group has used the proceeds of these non-voting core capital securities to increase the share capital of KBC Bank for 3.25 billion euro and of KBC Insurance of 0.25 billion euro. These capital increases have been included in the table above.

Insurance (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	30-06-2009
Available capital			
Share capital		59	309
Share premium account		1 842	1 842
Reserves		796	225
Revaluation reserve available-for-sale (AFS) investments		- 176	11
Translation differences		5	- 9
Dividend payment (-)		0	0
Minority interests		56	58
Subordinated liabilities		0	0
Formation expenses (-)		0	0
Intangible fixed assets (-)		- 32	- 31
Goodwill on consolidation (-)		- 485	- 449
Elimination:	Revaluation reserve available-for-sale (AFS) investments	176	- 11
	Equalization reserve	- 123	- 137
	Equity guarantee	0	205
90% of positive revaluation reserve shares AFS		0	53
Latent gains on real estate		81	76
Limitation of latent gains on shares and real estate		- 81	0
Available capital		2 117	2 141
Required capital			
Non-life and industrial accidents - legal lines		341	339
Annuities		8	8
Subtotal, non-life		349	347
Class 21		756	807
Class 23		14	12
Subtotal, life		770	819
Other		8	8
Total required solvency margin		1 127	1 175
Solvency ratios and surplus			
Solvency ratio (%)		188%	182%
Solvency surplus, in millions of EUR		990	966

Note: The capital increase of the Flemish regional government in KBC Group (3.5 billion euro) in the form of non-voting core capital securities has been included in the financial reporting for the second quarter. KBC Group has used the proceeds of these non-voting core capital securities to increase the share capital of KBC Bank for 3.25 billion euro and of KBC Insurance of 0.25 billion euro. These capital increases have been included in the table above.

Total Group (KBC Group)

In millions of EUR	31-12-2008	30-06-2009
Regulatory capital		
Regulatory capital, KBC Group (after profit appropriation)	19 370	20 009
Tier-1 capital	13 810	14 048
Parent shareholders' equity	14 210	14 888
Of which: non-voting core-capital securities	*3 500*	*7 000*
Intangible fixed assets	- 387	- 403
Goodwill on consolidation	- 3 479	- 3 313
Innovative hybrid tier-1 instruments	1 420	1 000
Non-innovative hybrid tier-1 instruments	1 262	889
Minority interests	154	143
Elimination Equity guarantee	0	950
Revaluation reserve available-for-sale assets (AFS)	1 068	647
Hedging reserve (cashflow hedges)	351	354
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 465
Minority interest in AFS reserve & hedging reserve, cashflow hedges	- 4	1
Equalization reserve	- 123	- 137
Dividend payout	0	0
Items to be deducted (*)	- 417	- 506
Tier-2 & 3 capital	5 560	5 961
Mandatorily convertible bonds	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	1 039	1 781
Revaluation reserve, available-for-sale shares (at 90%)	0	113
Minority interest in revaluation reserve AFS shares (at 90%)	0	0
IRB provision excess	209	0
Subordinated liabilities	4 586	4 431
Tier-3 capital	144	142
Items to be deducted (*)	- 417	- 506
Capital requirement		
Total weighted risk volume	155 291	151 455
Banking	141 370	136 770
Insurance	14 084	14 686
Holding activities	35	35
Elimination of intercompany transactions between banking and holding activities	- 197	- 36
Solvency ratios		
Tier-1 ratio	8.89%	9.28%
CAD ratio	12.47%	13.21%

(*) 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) and IRB provision shortfall.

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.
Data regarding the structured credit exposure follows in the next section.

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	30-06-2009
Total loan portfolio (in billions of EUR)		
Amount granted	217.2	210.0
Amount outstanding	178.0	173.8
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	28.4%	30.3%
Central & Eastern Europe and Russia Business Unit	23.6%	22.4%
Merchant Banking	46.2%	45.5%
European Private Banking	1.8%	1.8%
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%	2.4%
Aviation	0.4%	0.4%
Automobile industry	2.1%	2.2%
Impaired loans (in millions of EUR or %)		
Amount outstanding	5 118	7 516
Specific loan impairment	2 790	3 342
Portfolio-based loan impairment	266	412
Credit cost ratio, per business unit		
Belgium	0.09%	0.14%
Central & Eastern Europe and Russia Business Unit[1]	0.83%	1.75%
Merchant Banking	0.90%	1.31%
European Private Banking	4.02%	0.08%
Total	0.70%	1.01%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	3 239	4 928
Specific loan impairment for NP loans	1 949	2 444
Non-performing ratio, per business unit		
Belgium	1.7%	1.8%
Central & Eastern Europe and Russia Business Unit	2.1%	3.1%
Merchant Banking	1.6%	3.3%
European Private Banking	4.9%	6.0%
Total	1.8%	2.8%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	60%	50%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	76%

Definition of ratios: see 'Glossary and other information'.
[1]Broken down as follows for 30-06-2009:

CZ: 1.048%, SK: 1.325% , Hungary: 1.804%, Poland:1.813%, Russia:4.839%

As at 30 June 2009, a total of 2.6 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	30-06-2009
Total granted amount of leveraged finance deals (in billions of EUR)	2.8	2.6
Granted leveraged finance portfolio, by sector		
Services	18.6%	18.5%
Distribution	13.2%	15.2%
Chemicals	12.7%	11.7%
Telecom	7.9%	8.0%
Machinery	7.8%	6.3%
Other	39.8%	40.2%
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%	65.4%
Over 25 million and up to and incl. 50 million euros	18.2%	16.7%
Over 50 million and up to and incl. 100 million euros	8.8%	5.0%
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.

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, KBC Bank Ireland, 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
Average 2Q 2009	94
30-06-2009	98
Maximum in 6M 2009	98
Minimum in 6M 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	30-06-2009
Bonds and other fixed-income securities	15 600	18 636
Shares and other variable-yield securities	2 385	1 206
Other securities	155	66
Loans and advances to customers	203	269
Loans and advances to banks	3 147	2 575
Property and equipment and investment property	349	435
Liabilities under investment contracts, unit-linked	6 948	6 861
Other	115	118
Total investment portfolio KBC Insurance	28 904	30 167

*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
Average 2Q 2009	8	15
30-06-2009	6	13
Maximum in 6M 2009	12	18
Minimum in 6M 2009	6	12

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

Structured credit exposure

Summary overview

In the past, KBC acted as *originator* of structured credit transactions and moreover also *invested* in such structured credit products itself.

- KBC (via its subsidiary KBC Financial Products) acted as an *originator* when structuring CDO-deals (based on third-party assets) for itself or for third party investors. For several transactions, protection was bought from credit insurers, mainly MBIA, a US monoline insurer ('hedged CDO-linked exposure' in the table)
- KBC itself *invested* in structured credit products, both in CDOs (notes and super senior tranches), largely those originated by KBC itself ('unhedged CDO-exposure' in the table), and in other ABS ('other ABS' in the table). The main objective at that time was to differentiate risk and enhance the yield for the re-investment of its insurance reserves and bank deposits it carried in surplus of its loans.

Further details are provided in the next paragraphs.

Structured credit exposure (CDOs and other ABS), 30-06-2009 (in billions of EUR, pre-tax)	Hedged CDO-linked exposure (insured by credit insurers)	Unhedged CDO-exposure	other ABS
Total nominal amount	16.4	9.4	5.7
Initial write-downs on equity and junior CDO pieces	-	-0.8	-
Subsequent cumulative value adjustments	-2.4	-4.2	-1.8

Hedged CDO-exposure

As stated above, KBC bought credit protection for a large part of the (super senior) CDOs it originated.
This insurance was bought – for a relatively small part - from Lloyds TSB and Channel and – for the larger part – from MBIA, a US monoline insurer which was initially rated AAA, but whose creditworthiness declined gradually over time (leading to the booking of negative value adjustments at KBC on the credit protection received).
In February 2009, MBIA announced a restructuring, which included a spin-off of valuable assets, provoking a steep decline in its creditworthiness. Following this increased counterparty risk, significant additional negative value adjustments were booked at KBC. Moreover, the remaining risk related to MBIA's insurance coverage is to a large extent mitigated as it is included in the scope of the Asset Protection Plan that was agreed with the Belgian State on 14 May 2009 (see further).

Hedged CDO-linked exposure (insurance for CDO-linked risks received from credit insurers), 30-06-2009 (in billions of EUR)	
Total insured amount (notional amount of super senior swaps)	16.4
- MBIA	14.4
- Lloyds TSB	1.6
- Channel	0.4
Details on MBIA insurance coverage	
- Total insured amount (notional amount of the super senior swap)	14.4
- Fair value of insurance coverage received (modelled replacement value, after taking into account Asset Protection Plan*)	3.1
- Credit value adjustment of counterparty risk MBIA	-2.4
(in % of fair value of insurance coverage received**)	70%

* Remark: the MBIA-insured amount is included in the Asset Protection Plan with the Belgian State (14 May 2009) - see further
** Taking into account translation differences accrued over time.

Unhedged CDO-exposure and other ABS

This heading relates to the CDOs that KBC bought as investment and which are not 'insured' by credit protection from MBIA or other external credit insurers (the 'unhedged CDO-exposure' in the table) and other ABS in portfolio ('other ABS' in the table).
As regards the CDOs, KBC has already made significant negative value adjustments to date. Note that their remaining risk is mitigated as the unhedged super senior CDO tranches are fully included in the Asset Protection Plan concluded with the Belgian State (see further).

It has to be noted that, contrary to the situation at many peers, value adjustments on KBC's CDOs are accounted for via profit and loss (instead of directly via shareholders' equity, as is the case with many other financial institutions), since the group's CDOs are for the larger part of a synthetic nature (meaning that the underlying assets are derivative products such as credit default swaps on corporate names). The synthetic nature is also the reason why KBC's CDOs are, again contrary to many other financial institutions, *not* eligible for accounting reclassification under IFRS in order to neutralise their impact.

Until 2008, value adjustments on other ABS were largely accounted for via shareholder's equity. At the end of 2008, KBC has reduced shareholders equity's sensitivity towards value adjustments on ABS by reclassifying most of the ABS-portfolio to 'loans and receivables'. Since then, they are included in the scope of the impairment procedure that exists for the loan portfolio – see line 'cumulative impairments on other ABS' in the table below (such impairments evidently impact the P/L).

Unhedged CDO-exposure and other ABS, 30-06-2009 (in billion of EUR)	Unhedged CDO-exposure	other ABS
Total nominal amount	9.4	5.7
Initial write down of junior and equity pieces	-0.8	-
Total nominal amount, net of provisions for equity and junior pieces	8.6	5.7
- super senior tranches (included in Asset Protection Plan with Belgian State - see further)	5.5	-
- non super senior tranches (fully written down)	3.1	-
Cumulative market value adjustments	-4.2	-1.8
Of which cumulative impairments on other ABS	-	-0.3

Details of the underlying assets of the CDOs and ABS

In the tables below, the nominal value of the hedged CDO-exposure, the unhedged CDO-exposure (net of initial write down of junior and equity CDO-pieces) and the ABS in portfolio is broken down according to nature and rating of the underlying assets.

Hedged CDO-linked exposure (insured by credit insurers)

Type and quality breakdown of the underlying of the hedged CDOs held – based on Moody's
Amounts at nominal value - in millions of EUR – 30-06-2009

			Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates			8	171	2 766	5 394	3 431	1 133	646	316	26	13 889
	Sector	Real Estate	-	-	154	1 396	348	283	63	26	-	2 270
		Banking	-	76	968	263	247	-	2	68	-	1 624
		Finance	4	62	356	309	260	136	144	-	-	1 271
		Insurance	-	23	275	371	4	266	-	-	-	940
		Publishing	-	-	22	85	319	231	53	4	-	714
		Retail Stores	-	-	30	224	240	79	65	-	-	638
		Automobile	-	-	34	174	281	-	25	14	-	529
		Monoline	-	-	192	81	91	-	88	74	-	526
		Telecom	-	1	146	243	92	7	-	-	-	489
		Oil & Gas	-	1	20	365	97	-	-	-	-	483
		Utilities	-	7	96	320	44	-	7	-	-	475
		Electronics	-	-	28	90	205	18	68	-	-	408
		Other	4	1	442	1 473	1 202	113	132	130	26	3 523
	Region	US	7	88	929	2 916	1 951	885	517	237	-	7 531
		EU	-	72	792	1 244	686	200	81	-	26	3 101
		Asia	0	3	655	411	607	43	-	-	-	1 720
		Latin America	-	4	58	111	9	-	41	-	-	223
		Other	-	3	331	711	178	6	6	79	-	1 314
CMBS			-	-	3	-	-	-	-	-	-	4
RMBS			-	4	90	68	128	71	76	1 649	-	2 087
	Origin	Prime	-	-	-	-	-	-	-	-	-	-
		ALT-A	-	-	-	3	28	17	8	536	-	592
		Alt-A (<2005 vintage)	-	-	-	*3*	*1*	*4*	-	*1*	-	*9*
		Alt-A (2005-2007 vintage)	-	-	-	-	*28*	*13*	*8*	*535*	-	*583*
		Subprime	-	4	90	65	100	54	69	1 113	-	1 494
		subprime (<2005 vintage)	-	*4*	*63*	*53*	*43*	*21*	*10*	*43*	-	*239*
		subprime (2005-2007 vintage)	-	-	*27*	*12*	*56*	*33*	*59*	*1 069*	-	*1 256*
	Region	US	-	4	90	68	128	71	76	1 649	-	2 087
Other ABS			-	-	7	1	-	-	-	5	-	13
CDO			6	25	22	27	99	52	37	186	-	454
Total			14	200	2 888	5 490	3 658	1 255	759	2 155	26	16 447

Unhedged CDO-exposure (after initial write-down of junior and equity pieces)

Type and quality breakdown of the underlying of the unhedged CDOs held – based on Moody's
Amounts at nominal value - in millions of EUR – 30-06-2009

			Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates			4	89	1 447	2 823	1 795	593	338	165	13	7 269
	Sector	Real Estate	-	-	81	730	182	148	33	14	-	1 188
		Banking	-	40	507	138	129	-	1	35	-	850
		Finance	2	32	186	162	136	71	75	-	-	665
		Insurance	-	12	144	194	2	139	-	-	-	492
		Publishing	-	-	11	44	167	121	28	2	-	373
		Retail Stores	-	-	16	117	126	41	34	-	-	334
		Automobile	-	-	18	91	147	-	13	7	-	277
		Monoline	-	-	101	42	48	-	46	39	-	275
		Telecom	-	1	77	127	48	4	-	-	-	256
		Oil & Gas	-	1	10	191	51	-	-	-	-	253
		Utilities	-	4	50	168	23	-	4	-	-	248
		Electronics	-	-	15	47	107	9	35	-	-	214
		Other	2	0	231	771	629	59	69	68	13	1 844
	Region	US	4	46	486	1 526	1 021	463	271	124	-	3 941
		EU	-	38	415	651	359	105	43	-	13	1 623
		Asia	0	2	343	215	318	22	-	-	-	900
		Latin America	-	2	30	58	5	-	22	-	-	117
		Other	-	2	173	372	93	3	3	41	-	688
CMBS			-	-	2	-	-	-	-	-	-	2
RMBS			-	2	47	36	67	37	40	863	-	1 092
	Origin	Prime	-	-	-	-	-	-	-	-	-	-
		ALT-A	-	-	-	2	15	9	4	281	-	310
		Alt-A (<2005 vintage)	-	-	-	*2*	*0*	*2*	-	*1*	-	*5*
		Alt-A (2005-2007 vintage)	-	-	-	-	*14*	*7*	*4*	*280*	-	*305*
		Subprime	-	2	47	34	52	28	36	582	-	782
		subprime (<2005 vintage)	-	*2*	*33*	*28*	*23*	*11*	*5*	*23*	-	*125*
		subprime (2005-2007 vintage)	-	-	*14*	*6*	*29*	*17*	*31*	*560*	-	*657*
	Region	US	-	2	47	36	67	37	40	863	-	1 092
Other ABS			-	-	4	1	-	-	-	2	-	7
CDO			3	13	11	14	52	27	19	97	-	237
Total			7	105	1 512	2 873	1 914	657	397	1 128	13	8 607

Other ABS

Type and quality breakdown of the underlying of the other ABSs held – based on Moody's ratings
Amounts at nominal value - in millions of EUR - 30-06-2009

			Aaa	Aa	A	Baa	<Baa3	NR	Total
Corporates									
CMBS			98	18	22	13	-	-	151
RMBS			2 935	238	52	68	711	-	4 004
	Origin	Prime	2 859	238	7	-	-	-	3 104
		prime (<2005 vintage)	*1 630*	*70*	*1*	-	-	-	*1 700*
		prime (2005-2007 vintage)	*1 230*	*169*	*6*	-	-	-	*1 404*
		ALT-A	8	-	39	41	438	-	527
		Alt-A (<2005 vintage)	*8*	-	*16*	-	-	-	*24*
		Alt-A (2005-2007 vintage)	-	-	*23*	*41*	*438*	-	*503*
		Subprime	68	-	5	27	272	-	373
		subprime (<2005 vintage)	*30*	-	*5*	-	*4*	-	*40*
		subprime (2005-2007 vintage)	*37*	-	-	*27*	*268*	-	*333*
	Region	US	236	1	46	68	711	-	1 062
		Spain	930	119	6	-	-	-	1 055
		Italy	612	-	-	-	-	-	612
		Netherlands	483	28	-	-	-	-	511
		Portugal	385	25	-	-	-	-	410
		UK	33	45	-	-	-	-	78
		Other	256	21	-	-	-	-	276
Other			1 170	231	64	71	4	8	1 547
	Type	CLO	694	68	-	-	-	-	762
		Leases	248	52	21	-	-	3	323
		SME loans	18	-	42	60	-	-	119
		Consumer Loans	101	4	-	-	-	-	106
		Auto Loans/Leases	81	-	0	-	-	-	81
		Other	29	106	1	11	4	5	156
Total			4 203	488	138	152	714	8	5 703

Asset Protection Plan relating to 20.0 billion EUR CDO and MBIA-related risk

On 14 May 2009, KBC Group signed an agreement with the Belgian State regarding credit protection for a large part of KBC's structured credit exposure. Simplified, the plan relates to a notional amount of 20.0 billion EUR, comprising of 5.5 billion notional value of unhedged super senior CDO-investments and 14.4 billion notional value of counterparty risk on MBIA.

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

- first tranche ad 3.2 billion EUR: all effective credit loss to be borne by KBC.
- second tranche ad 2.0 billion EUR: credit loss to be borne by KBC. The Belgian State is committed to subscribe to new KBC-shares at market value, for an amount equaling 90% of the loss in this tranche (10% risk retained). KBC has the option to opt out of this equity guarantee (upon prior approval of the CBFA) or find other existing or new shareholders.
- third tranche ad 14.8 billion EUR: credit losses are for 90% compensated by the State in cash (10% loss retained by KBC).

Asset protection plan* 20.0 billion (14.4 bln MBIA + 5.5 bln SS CDO)	Guarantee structure	Share underwriting commitment
FIRST TRANCHE: 3.2 bln EUR	KBC takes 100% of incurred losses up to 5.2 bln EUR	-
SECOND TRANCHE: 2.0 bln EUR		Belgian State is committed to subscribe to newly issued KBC-shares, to compensate up to 90% of losses incurred in this tranche (i.e. 1.8 bln EUR), at KBC's discretion (CBFA approval required)
THIRD TRANCHE: 14.8 bln EUR	Belgian state compensates 90% of incurred losses (10% loss retained by KBC)	-

* The CDO-portfolio consists of a number of CDOs. The asset protection structure is determined per CDO; the figures in the table relate to the sum of all CDOs that fall under the plan.

As a result, the potential negative impact deriving from the MBIA and CDO exposure is significantly reduced. At the time of signing of the agreement, the remaining downside impact essentially related to the retained own risk portions. Some volatility remains, however, since e.g. increasing market values imply that existing value adjustments can be reversed (with a positive impact), but if consequently market values decrease again, new value adjustments have to be booked (with a negative impact). In any case, the *cumulative* amount of booked value adjustments is always capped by the asset protection plan.

The total guarantee premium amounts to 1.1 billion EUR, and was booked in 2Q 2009, and an additional commitment fee of 60 million EUR is payable semi-annually.

As a normal procedure, all measures need to be approved by the competent regulatory authorities (temporary approval of European commission received on 30 June 2009 – further procedures ongoing).

More detailed information on the Asset relief Plan is provided in Extended Quarterly Report 1Q 2009, p. 3-4 and in the 1Q Presentation for the analysts, p. 33-35.

Overview KBC loan book

BUSINESS UNIT BELGIUM LOAN BOOK - Situation 30 JUNE 2009 (*)

(in million EUR)	BELGIUM		
TOTAL OUTSTANDING	**56,743**		
		% outst.	
SME / corporate	2,064	*3.6%*	
Retail	54,679	*96.4%*	
o/w private	30,882	*54.4%*	
o/w companies	23,797	*41.9%*	
		% outst.	Ind.LTV
Mortgages	29,461	*51.9%*	51%
o/w FX mortgages	0	*0.0%*	
o/w vintage 2007 and 2008	7,335		
o/w LTV > 100%	1,259		
		% outst.	Av. PD
Top 5 Belgian corporate sectors			
services	7,191	*12.7%*	low
distribution	4,472	*7.9%*	medium
real estate	3,171	*5.6%*	medium
agriculture	2,921	*5.1%*	low
building	1,988	*3.5%*	low
Exposure to cyclical sectors			
real estate	3,171	*5.6%*	medium
building	1,988	*3.5%*	low
automotive	927	*1.6%*	medium
energy	95	*0.2%*	low
aviation	21	*0.0%*	medium
IT & telecom	101	*0.2%*	medium
LBO-exposure			
LBO	0	*0.0%*	
		% outst.	
Probability of default (PD)			
low risk (0%-0.8%)	39,701	*70.0%*	
medium risk (0.8%-6.4%)	13,015	*22.9%*	
high risk (6.4%-100%)	2,897	*5.1%*	
non performing loans	1050	*1.8%*	
unrated	80	*0.1%*	
		% outst.	
Other risk measures			
outstanding NPL	1,050	*1.8%*	
NPL cover ratio	52%		
FY 2008 credit cost ratio	0.09%		
YTD 2009 credit cost ratio (annualized)	0.14%		

Legend

Ind. LTV Indexed Loan to Value: current oustanding loan / current value of property
Av. PD Average Probability of Default
NPL Non Performing Loan
(*) 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 2008 of KBC Group.

BUSINESS UNIT CEER LOAN BOOK - Situation 30 JUNE 2009 (1)

(in million EUR)	CZECH REPUBLIC			SLOVAKIA			POLAND			HUNGARY			RUSSIA			SERBIA			BULGARIA			TOTAL CEE		
TOTAL OUTSTANDING	**18,333**			**3,850**			**6,964**			**7,008**			**2,953**			**141**			**776**			**40,025**		
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	6,627	*36.1%*		1,661	*43.1%*		2,664	*38.3%*		3,712	*53.0%*		1,730	*58.6%*		79	*56.3%*		355	*45.8%*		16,829	*42.0%*	
Retail	11,706	*63.9%*		2,189	*56.9%*		4,300	*61.7%*		3,296	*47.0%*		1,223	*41.4%*		62	*43.7%*		420	*54.2%*		23,196	*58.0%*	
o/w private	7,853	*42.8%*		1,162	*30.2%*		4,136	*59.4%*		2,982	*42.6%*		1,135	*38.4%*		62	*43.7%*		220	*28.4%*		17,550	*43.8%*	
o/w companies	3,853	*21.0%*		1,027	*26.7%*		164	*2.4%*		314	*4.5%*		88	*3.0%*		0	*0.0%*		200	*25.8%*		5,646	*14.1%*	
		% outst.	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	
Mortgages	4,718	*25.7%*	62%	888	*23.1%*	50%	3,178	*45.6%*	85%	2,532	*36.1%*	58%	810	*27.4%*	56%	50	*35.5%*	59%	90	*11.6%*	57%	12,267	*30.6%*	
o/w FX mortgages	0	*0.0%*		0	*0.0%*		2,282	*32.8%*	95%	2,155	*30.8%*	61%	322	*10.9%*	55%	50	*35.5%*	59%	46	*6.0%*	57%	4,856	*12.1%*	
o/w vintage 2007 and 2008	2,575			449			2,373			1,264			728			41			70			7,498		
o/w LTV > 100%	4			0			813			115			18			0			1			951		
		% outst.	Av. PD		*% outst.*	Av. PD		*% outst.*	Av. PD		*% outst.*	Av. PD		*% outst.*			*% outst.*	Av. PD		*% outst.*			*% outst.*	
Top 5 CEER corporate sectors																								
services	1,626	*8.9%*	low	875	*22.7%*	low	230	*3.3%*	medium	556	*7.9%*	medium	54	*1.8%*		4	*2.5%*	medium	13	*1.7%*		3,358	*8.4%*	low
distribution	1,107	*6.0%*	medium	294	*7.6%*	medium	611	*8.8%*	medium	615	*8.8%*	medium	632	*21.4%*		25	*18.0%*	medium	28	*3.7%*		3,312	*8.3%*	medium
finance & insurance	2,139	*11.7%*	low	159	*4.1%*	low	266	*3.8%*	low	236	*3.4%*	low	62	*2.1%*		1	*0.8%*	high	55	*7.1%*		2,917	*7.3%*	low
real estate	393	*2.1%*	medium	424	*11.0%*	medium	363	*5.2%*	medium	239	*3.4%*	medium	537	*18.2%*		6	*4.3%*	medium	224	*28.9%*		2,186	*5.5%*	high
building	638	*3.5%*	medium	151	*3.9%*	medium	234	*3.4%*	medium	476	*6.8%*	medium	90	*3.0%*		3	*2.4%*	medium	14	*1.8%*		1,606	*4.0%*	medium
Exposure to cyclical sectors																								
real estate	393	*2.1%*	medium	424	*11.0%*	medium	363	*5.2%*	medium	239	*3.4%*	medium	537	*18.2%*		6	*4.3%*	medium	224	*28.9%*		2,186	*5.5%*	high
building	638	*3.5%*	medium	151	*3.9%*	medium	234	*3.4%*	medium	476	*6.8%*	medium	90	*3.0%*		3	*2.4%*	medium	14	*1.8%*		1,606	*4.0%*	medium
automotive	422	*2.3%*	medium	205	*5.3%*	low	96	*1.4%*	high	222	*3.2%*	medium	87	*2.9%*		1	*1.0%*	medium	8	*1.0%*		1,042	*2.6%*	medium
energy	339	*1.9%*	low	33	*0.9%*	low	185	*2.7%*	medium	126	*1.8%*	low	67	*2.3%*		0	*0.0%*	medium	44	*5.6%*		794	*2.0%*	medium
aviation	85	*0.5%*	medium	0	*0.0%*	-	9	*0.1%*	medium	19	*0.3%*	medium	34	*1.1%*		0	*0.0%*		0	*0.0%*		147	*0.4%*	high
IT & telecom	49	*0.3%*	medium	30	*0.8%*	medium	43	*0.6%*	low	14	*0.2%*	medium	55	*1.9%*		1	*0.9%*	medium	1	*0.2%*		194	*0.5%*	high
LBO-exposure																								
LBO	164	*0.9%*		0	*0.0%*		21	*0.3%*		63	*0.9%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		247	*0.6%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
Probability of default (PD)																								
low risk (0%-0.8%)	12,844	*70.1%*		1,848	*48.0%*		3,792	*54.5%*		4,202	*60.0%*		0	*0.0%*		74	*52.1%*		0	*0.0%*		22,761	*56.9%*	
medium risk (0.8%-6.4%)	3,722	*20.3%*		812	*21.1%*		2,086	*29.9%*		1,739	*24.8%*		0	*0.0%*		36	*25.7%*		0	*0.0%*		8,394	*21.0%*	
high risk (6.4%-100%)	1,039	*5.7%*		223	*5.8%*		466	*6.7%*		901	*12.9%*		293	*9.9%*		16	*11.4%*		0	*0.0%*		2,938	*7.3%*	
non performing loans	484	*2.6%*		93	*2.4%*		314	*4.5%*		152	*2.2%*		97	*3.3%*		15	*10.8%*		97	*12.5%*		1,252	*3.1%*	
unrated	244	*1.3%*		874	*22.7%*	(*)	306	*4.4%*		14	*0.2%*		2,563	*86.8%*	(*)	0	*0.0%*		679	*87.5%*		4,680	*11.7%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
Other risk measures																								
outstanding NPL	484	*2.6%*		93	*2.4%*		314	*4.5%*		152	*2.2%*		97	*3.3%*		15	*10.6%*		97	*12.5%*		1,252	*3.1%*	
NPL cover ratio	79%			162%			80%			159%			185%			88%			35%			102%		
FY 2008 credit cost ratio	0.57%			0.82%			0.95%			0.41%			2.40%			7.66%			1.49%			0.83%		
YTD 2009 credit cost ratio (annualized)	1.05%			1.33%			1.81%			1.80%			4.84%			2.31%			2.16%			1.75%		
Average credit cost ratio 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	448	*2.4%*		180	*4.7%*		355	*5.1%*		387	*5.5%*		-			-			-			1,369	*3.4%*	
Pre-tax loss on FX mortgages in -30% stress scenario (***)	-			-			13	*0.2%*		16	*0.2%*		1	*0.0%*		0	*0.1%*		0	*0.0%*		30	*0.1%*	
Pre-tax loss on FX mortgages in -30%/-30% stress scenario (****)	-			-			23	*0.3%*		68	*1.0%*		5	*0.2%*		1	*0.4%*		1	*0.1%*		97	*0.2%*	

Legend

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

* 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 2008 of KBC Group.

BUSINESS UNIT MERCHANT BANKING LOAN BOOK - Situation 30 JUNE 2009 (*)

(in million EUR)	BELGIUM			WESTERN EUROPE (incl. presence in FR, D, NL, UK, ES, IT, IE)			o/w IRELAND			USA			SOUTHEAST ASIA (incl. presence in HK, CN, SG and TW)			GLOBAL			SUBTOTAL			DEBT SECURITIES		TOTAL Merchant Banking		
TOTAL OUTSTANDING	**20,343**			**26,928**			**18,342**			**7,386**			**2,152**			**7,712**			**64,521**			**9,085**		**73,608**		
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*						
SME / corporate	17,649	*86.8%*		13,313	*49.4%*		4,727	*25.8%*		7,386	*100.0%*		2,152	*100.0%*		7,712	*100.0%*		48,213	*74.7%*				57,298	*77.8%*	
Retail	2,694	*13.2%*		13,615	*50.6%*		13,615	*74.2%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		16,310	*25.3%*				16,310	*22.2%*	
o/w private	0	*0.0%*		13,615	*50.6%*		13,615	*74.2%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		13,615	*21.1%*				13,615	*18.5%*	
o/w companies	2,694	*13.2%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		0	*0.0%*		2,694	*4.2%*				2,694	*3.7%*	
		% outst.	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV		*% outst.*	Ind.LTV								
Mortgages	0	*0.0%*	-	13,615	*50.6%*	79%	13,615	*74.2%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	13,615	*21.1%*				13,615	*18.5%*	
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-			0	*0.0%*	-
o/w vintage 2007 and 2008	0	*0.0%*	-	4,889			4,889			0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	4,889					4,889		
o/w LTV > 100%	0	*0.0%*	-	2,533			2,533			0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	2,533					2,533		
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*									Av. PD
Top 5 MEB corporate sectors																										
finance & insurance	1,973	*9.7%*		978	*3.6%*		164	*0.9%*		725	*9.8%*		205	*9.5%*		1,125	*14.6%*		5,006	*7.8%*		9,002	*99.1%*	14,008	*19.0%*	low
real estate	1,524	*7.5%*		3,770	*14.0%*		2,112	*11.5%*		763	*10.3%*		83	*3.9%*		918	*11.9%*		7,057	*10.9%*		12	*0.1%*	7,069	*9.6%*	medium
services	2,480	*12.2%*		1,684	*6.3%*		516	*2.8%*		1,177	*15.9%*		36	*1.7%*		292	*3.8%*		5,668	*8.8%*		15	*0.2%*	5,683	*7.7%*	medium
ditribution	2,822	*13.9%*		1,231	*4.6%*		489	*2.7%*		61	*0.8%*		183	*8.5%*		72	*0.9%*		4,369	*6.8%*		18	*0.2%*	4,387	*6.0%*	medium
building	1,372	*6.7%*		851	*3.2%*		270	*1.5%*		69	*0.9%*		86	*4.0%*		435	*5.6%*		2,812	*4.4%*		9	*0.1%*	2,821	*3.8%*	low
Exposure to cyclical sectors																										
real estate	1,524	*7.5%*		3,770	*14.0%*		2,112	*11.5%*		763	*10.3%*		83	*3.9%*		918	*11.9%*		7,057	*10.9%*		12	*0.1%*	7,069	*9.6%*	medium
building	1,372	*6.7%*		851	*3.2%*		270	*1.5%*		69	*0.9%*		86	*4.0%*		435	*5.6%*		2,812	*4.4%*		9	*0.1%*	2,821	*3.8%*	low
automotive	756	*3.7%*		311	*1.2%*		11	*0.1%*		69	*0.9%*		31	*1.5%*		153	*2.0%*		1,319	*2.0%*		0	*0.0%*	1,319	*1.8%*	medium
energy	734	*3.6%*		523	*1.9%*		335	*1.8%*		327	*4.4%*		211	*9.8%*		2,072	*26.9%*		3,867	*6.0%*		0	*0.0%*	3,867	*5.3%*	low
aviation	106	*0.5%*		19	*0.1%*		1	*0.0%*		84	*1.1%*		18	*0.8%*		213	*2.8%*		441	*0.7%*		6	*0.1%*	446	*0.6%*	medium
IT & telecom	225	*1.1%*		231	*0.9%*		14	*0.1%*		43	*0.6%*		46	*2.2%*		566	*7.3%*					9	*0.1%*	1,121	*1.5%*	medium
LBO-exposure																										
LBO	0	*0.0%*		1,211	*4.5%*		66	*0.4%*		53	*0.7%*		34	*1.6%*		735	*9.5%*		2,033	*3.2%*		0	*0.0%*	2,033	*2.8%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*						*% outst.*		*% outst.*	
Probability of default (PD)																										
low risk (1-4)	12,014	*59.1%*		13,382	*49.7%*		9,222	*50.3%*		6,124	*82.9%*		800	*37.2%*		3,704	*48.0%*		36,024	*55.8%*		7,751	*85.3%*	43,776	*59.5%*	
medium risk (5-7)	5,797	*28.5%*		9,922	*36.8%*		6,599	*36.0%*		869	*11.8%*		1,145	*53.2%*		3,260	*42.3%*		20,993	*32.5%*		369	*4.1%*	21,362	*29.0%*	
high risk (8-10)	941	*4.6%*		2,052	*7.6%*		1,484	*8.1%*		312	*4.2%*		118	*5.5%*		464	*6.0%*		3,885	*6.0%*		673	*7.4%*	4,558	*6.2%*	
non performing loans (11 - 12)	574	*2.8%*		1,335	*5.0%*		1,028	*5.6%*		62	*0.8%*		82	*3.8%*		142	*1.8%*		2,196	*3.4%*		223	*2.5%*	2,419	*3.3%*	
unrated	1,018	*5.0%*		237	*0.9%*		10	*0.1%*	(*)	19	*0.3%*		7	*0.3%*		142	*1.8%*		1,424	*2.2%*		69	*0.8%*	1,493	*2.0%*	
		% outst.			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*								*% outst.*	
Other risk measures																										
outstanding NPL	574	*2.8%*		1,335	*5.0%*		1,028	*5.6%*		62	*0.8%*		82	*3.8%*		142	*1.8%*		2,195	*3.4%*		223	*0.3%*	2,419	*3.3%*	
NPL cover ratio	167%			28%			12%			97%			57%			116%						207%		71%		
FY 2008 LLR																			0.59%					0.59%		
YTD 2009 LLR (annualized)																			0.71%					1.31%		

Legend

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

(*) 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.

Quarterly time series of financial assets and liabilities

FINANCIAL ASSETS (in millions of EUR)

	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009
Loans and advances to credit institutions and investment firms [1]	53 351	53 399	52 665	36 796	29 367	27 663
Loans and advances to customers [2]	149 161	165 263	163 947	157 296	154 409	158 949
Discount and acceptance credit	210	212	270	153	101	170
Consumer credit	4 030	4 683	4 810	4 625	4 699	5 112
Mortgage loans	49 310	52 181	54 420	55 571	56 092	57 265
Term loans	73 365	84 109	83 522	77 915	74 982	76 458
Finance leasing	6 514	6 805	6 923	6 728	6 251	6 186
Current account advances	7 505	9 462	8 001	6 718	5 952	6 343
Securitised loans	255	0	0	0	0	0
Other	7 972	7 811	6 000	5 585	6 333	7 414
Equity instruments	19 206	18 140	17 235	9 145	7 084	6 156
Investment contracts (insurance)	8 626	8 356	7 972	6 948	6 581	6 861
Debt instruments issued by	84 450	88 131	88 097	85 752	88 754	90 403
Public bodies	49 473	53 915	53 642	58 235	63 129	66 081
Credit institutions and investment firms	14 757	14 651	14 472	12 804	12 000	12 019
Corporates	20 220	19 565	19 982	14 713	13 625	12 302
Derivatives	25 182	25 676	29 694	38 800	36 910	27 610
Total carrying value excluding accrued intrest income	339 720	358 965	359 609	334 737	323 102	317 642
Accrued interest income	2 410	2 321	2 386	2 466	2 318	2 242
Total carrying value including accrued interest income	342 130	361 286	361 995	337 203	325 420	319 884
[1] *Of which reverse repos*	*29 168*	*27 194*	*28 557*	*11 214*	*6 180*	*7 822*
[2] *Of which reverse repos*	*5 808*	*13 390*	*9 458*	*3 838*	*2 775*	*6 147*

FINANCIAL LIABILITIES (in millions of EUR)

	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009
Deposits from credit institutions and investment firms [3]	68 690	63 804	71 038	60 602	46 311	55 611
Deposits from customers and debt certificates [4]	197 261	218 105	215 381	196 733	205 110	194 141
Deposits from customers	143 569	157 068	157 192	146 964	153 099	152 265
Demand deposits	46 704	54 120	51 384	44 739	51 805	52 861
Time deposits	65 877	72 430	74 615	68 582	65 165	60 326
Savings deposits	26 245	25 263	26 109	28 951	31 588	34 326
Special deposits	3 566	3 846	3 706	3 546	3 401	3 603
Other deposits	1 177	1 408	1 378	1 147	1 140	1 149
Debt certificates	53 692	61 037	58 189	49 768	52 010	41 875
Certificates of deposit	16 770	21 110	18 409	15 122	19 051	10 001
Customer savings certificates	3 028	3 141	3 137	3 077	2 905	2 788
Convertible bonds	0	0	0	0	0	0
Non-convertible bonds	26 369	27 314	26 728	21 843	20 377	19 776
Convertible subordinated liabilities	0	0	0	0	0	0
Non-convertible subordinated liabilities	7 525	9 472	9 915	9 726	9 678	9 310
Liabilities under investment contracts	8 480	8 349	8 155	7 201	6 877	6 987
Derivatives	27 599	28 134	33 866	40 469	43 233	34 406
Short positions	4 430	5 594	4 645	2 960	1 876	1 651
in equity instruments	3 303	4 398	3 603	394	388	449
in debt instruments	1 127	1 196	1 042	2 566	1 488	1 201
Other	4 759	8 148	6 205	4 085	4 375	6 466
Total carrying value excluding accrued interest expense	311 220	332 133	339 289	312 049	307 782	299 262
Accrued interest expense	2 043	2 208	2 397	1 882	1 740	1 621
Total carrying value including accrued interest expense	313 263	334 341	341 686	313 931	309 522	300 883
[3] *Of which repos*	*21 388*	*13 522*	*17 866*	*18 647*	*9 966*	*12 298*
[4] *Of which repos*	*10 233*	*13 573*	*13 221*	*7 855*	*11 891*	*12 560*

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	30-06-2009
Total	143 353	151 873	154 489	153 459	151 635	152 801
Breakdown per business unit						
Belgium	52 059	51 963	55 155	55 390	56 148	56 814
Central and Eastern Europe and Russia	30 601	34 075	36 800	36 672	33 863	34 463
Merchant Banking	59 173	63 953	60 887	59 859	60 349	60 309
European Private Banking	1 512	1 879	1 645	1 534	1 274	1 215
Group Centre	7	4	2	4	0	0

Mortgage loans

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009
Total	49 310	52 181	54 420	55 571	56 092	57 265
Breakdown per business unit						
Belgium	26 771	27 511	28 019	28 447	28 866	29 501
Central and Eastern Europe and Russia	9 072	10 328	11 535	11 879	11 862	12 445
Merchant Banking	13 198	14 063	14 583	14 958	15 069	14 997
European Private Banking	269	278	283	287	295	323
Group Centre	0	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	30-06-2009
Total	187 029	204 532	202 170	188 877	193 219	181 581
Breakdown per business unit						
Belgium	71 155	74 653	76 273	77 521	78 096	80 276
Central and Eastern Europe and Russia	35 054	37 483	41 586	38 421	37 615	40 356
Merchant Banking	67 977	79 226	71 412	61 449	66 495	50 522
European Private Banking	11 705	11 792	11 574	10 211	9 689	9 085
Group Centre	1 138	1 378	1 325	1 276	1 323	1 342

Quarterly time series of technical provisions, life insurance per business unit

Technical provisions, Life Insurance (In millions of EUR)	31-03-2008		30-06-2008		30-09-2008		31-12-2008		31-03-2009		30-06-2009	
	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked
Breakdown per business unit												
Belgium	12 550	7 126	12 932	6 819	13 157	6 410	13 765	5 812	14 418	5 503	15 012	5 595
Central and Eastern Europe and Russia	936	576	1 111	590	1 326	599	1 251	557	1 185	520	1 102	650
Merchant Banking	14	0	13	0	13	0	12	70	14	0	14	0
European Private Banking	545	928	527	948	518	963	512	580	511	558	507	616
Group Centre	0	0	0	0	0	0	0	0	0	0	0	0

Quarterly time series of assets under management

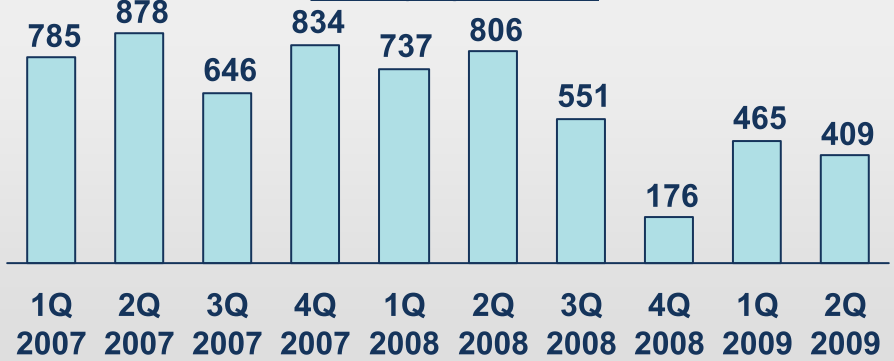
Assets under advice or management (AUM) at KBC group, in millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009
By business unit						
Belgium	159 725	157 880	157 541	151 037	147 879	143 436
Central & Eastern Europe and Russia	13 558	14 418	14 062	11 729	10 760	11 655
Merchant Banking	2 120	2 202	601	36	30	29
European Private Banking	51 271	52 885	49 775	44 040	42 370	44 587
Total	226 675	227 384	221 979	206 842	201 039	199 707
By product or service						
Investment funds for private individuals	88 856	86 264	85 607	79 674	94 426	94 875
Assets managed for private individuals	78 754	80 587	76 302	68 825	47 323	42 233
Assets managed for institutional investors	41 718	43 644	43 086	39 832	39 818	41 959
Group assets (managed by KBC Asset Management)	17 347	16 888	16 983	18 510	19 472	20 639
Total	226 675	227 384	221 979	206 841	201 039	199 707

Presentation

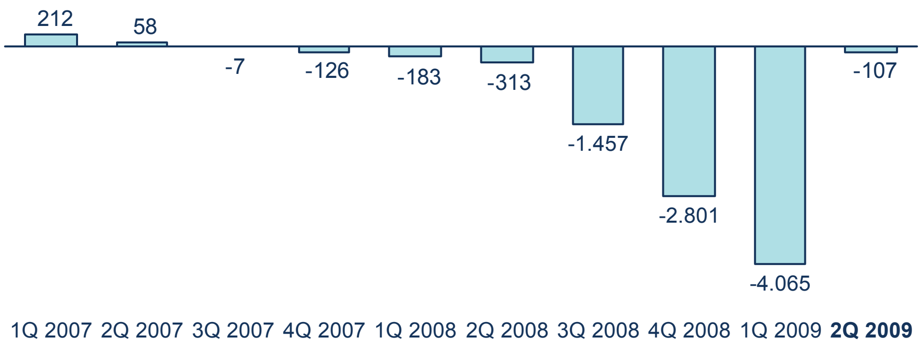
2Q 2009
Financial highlights

Back on track

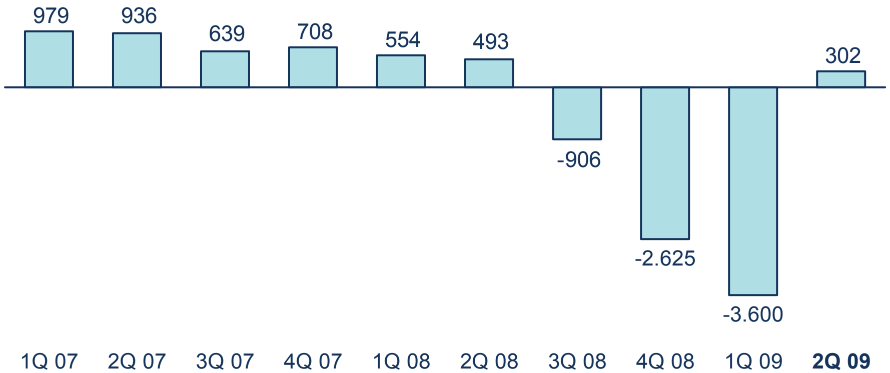
Underlying net profit



Exceptional items



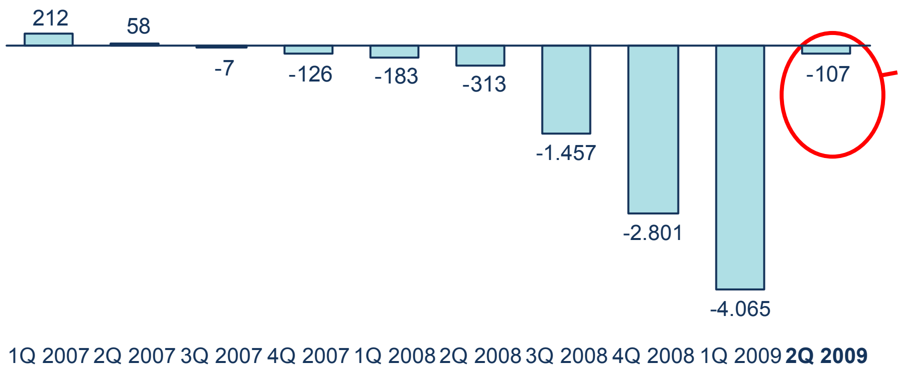
Reported net profit



Amounts in m. EUR

Some exceptional items

Exceptional items



Main exceptional items (post-tax) (*)

• MTM ALM hedging derivatives	+0.1bn
• MTM own debt	+0.1bn
• Markdown positions KBC Financial Products	-0.7bn
• Structured credit portfolio revaluation	+1.3bn
• Government guarantee fee	-0.7bn
• Provision for CDOs sold to customers	-0.2bn
	-0.1bn

Amounts in m. EUR

(*) A generic provision of 138m EUR (pre-tax) recognised on the US mortgage backed securities (that were reclassified to loans and receivables at year end 2008) has not been excluded from the underlying results

Financial highlights 2Q 2009

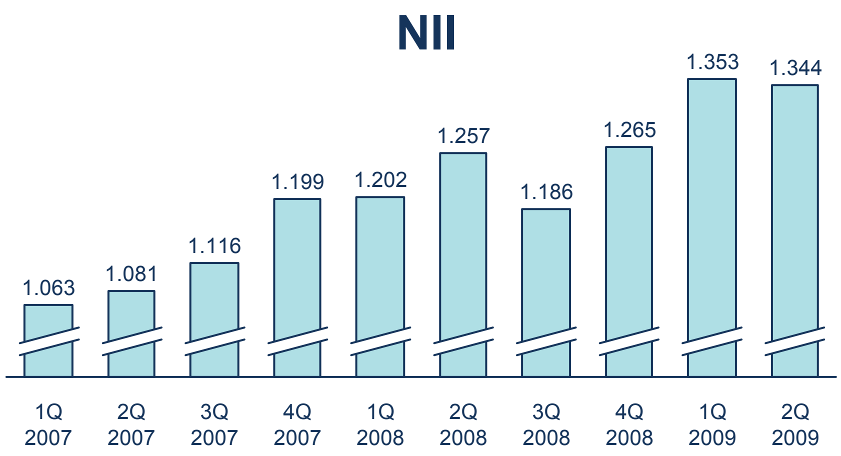
- Resilient margin environment, previous quarter margin recovery confirmed
- Improved investment climate halting previous negative earnings impact: more fee and commission income, no more (mention worthy) share portfolio impairment and a positive CDO revaluation (considered exceptional)
- Continued favourable cost trend: on underlying basis costs down -14% year on year
- Stable loan impairment charges in Belgium and CEER, rising for international credit exposure
- Exceptional: (pre-announced) cost of government guarantee 740m EUR post tax
- Exceptional: significant mark down of trading positions of KBC Financial Products businesses that are already in wind-down
- Including all government transactions banking tier 1 ratio at 10.8% (core: 8.1%) and insurance solvency at 182%

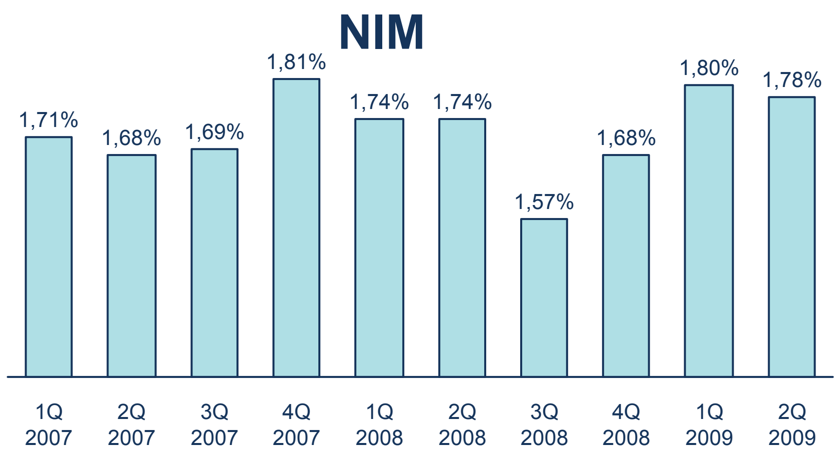
Strategy highlights, future developments

- Improvement of business environment but economic recovery may be very gradual, NPL trends are expected to rise further, Ireland and CEER being main areas of interest
- Ongoing comprehensive review of strategy for the future, will result in a significant capital release while safeguarding future earnings power
- EU temporary clearance to be followed by detailed restructuring plan aiming for final approval before end 2009
- Pending regulatory approvals, restriction on calls and discretionary coupons of perpetual hybrid instruments
- Renewed Executive Committee

Underlying business performance

Revenue trend - Group





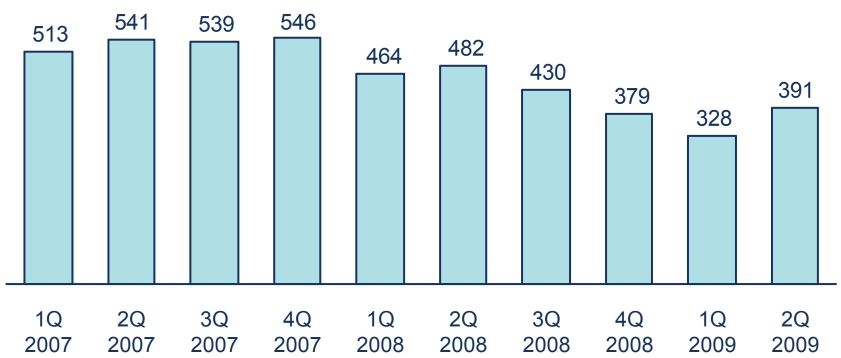
- Net interest income in line with record high of previous quarter and up 7% year on year
- Net interest margin at 1.78% confirms recovery from low levels in second half 2008
  - Increase based on combination of healthier credit and deposit spreads, the latter based on gradual lowering of interest rates on traditional savings products in Belgium and shift to higher margin products
- Weaker credit demand results in virtually zero loan volume growth both quarter on quarter and year on year
- Deposit volumes down 6% qoq and 13% yoy, entirely situated in Merchant Banking in line with winding down of international banking activities

Amounts in m. EUR

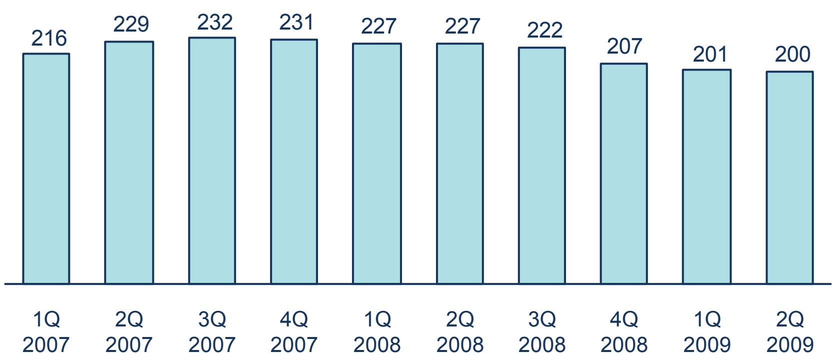
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



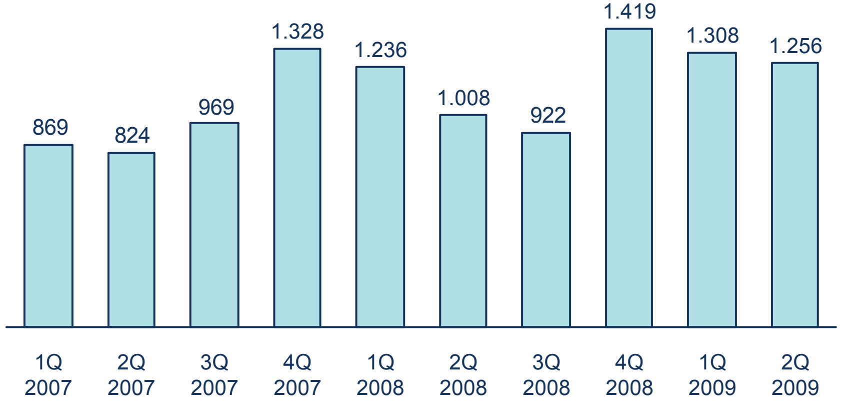
Amounts in bn. EUR

- Net fee and commission income showing rebound compared to very low level previous quarter (+19%) but still low compared to year earlier quarter (-19%)
  - Quarter on quarter rise based on improved investment climate (asset management fees) and lower fees paid for insurance
- Assets under management at 200bn EUR, in line with previous quarter (positive performance offset by outflow from lower margin products), down -12% year on year (-4% due to price effect)

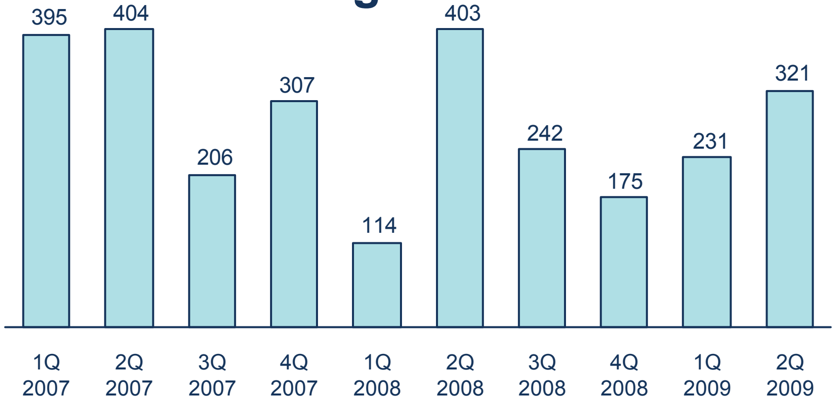
Amounts in m. EUR

Revenue trend - Group

Premium income



FV gains

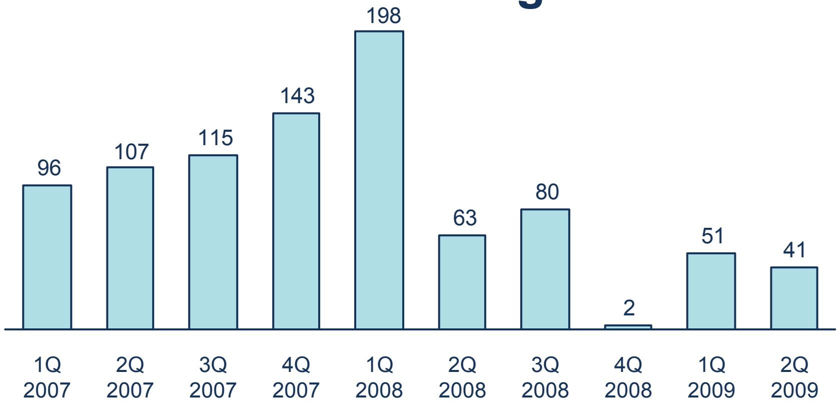


- Premium income at 1.256m
  - Non-life premium income (477m), virtually status quo with previous quarter and up 4% yoy (excl. FX effects)
  - Life premium income (780m), keeping up based on sales of interest guaranteed products (860m)
- Excellent combined ratio at 92% for first half year, compared to 95% full year 2008
- Improved fair value gains (321m, +39% qoq) based on good performance of debt capital and money market activities, mainly in Brussels dealing room

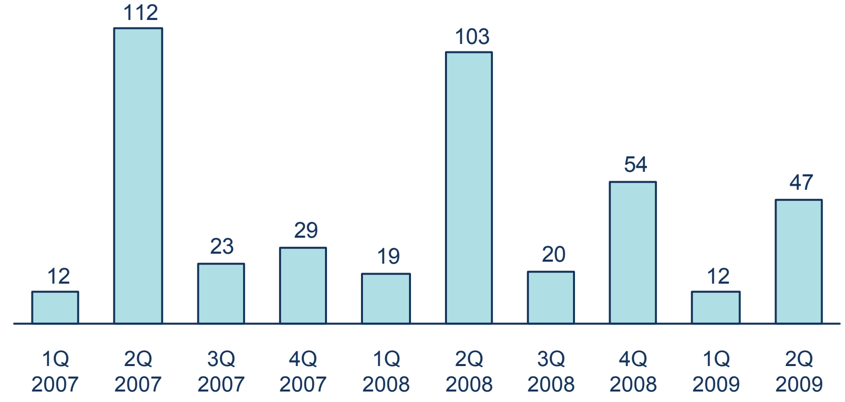
Amounts in m. EUR

Revenue trend - Group

AFS realised gains



Dividend income



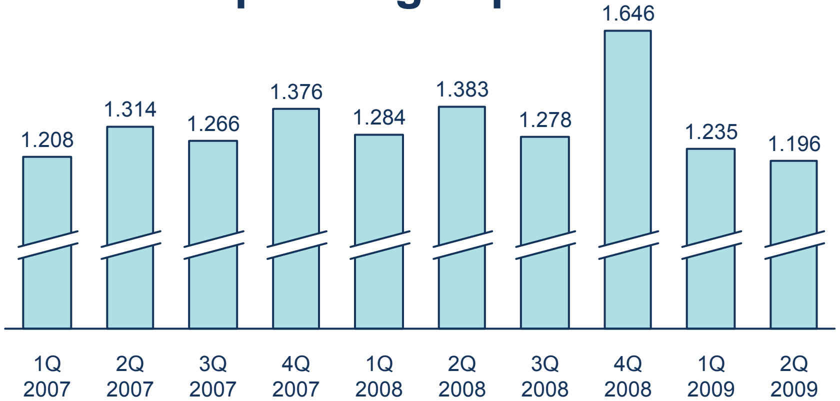
- AFS realised gains at 41m
- Dividend income at 47m obviously higher quarter on quarter due to dividend season but clearly below year earlier quarter due to decrease of share portfolio and generally lower corporate dividends

Share portfolio	KBC Group
31-12-2008	2.7bn
30-03-2009	2.1bn
30-06-2009	1.7bn

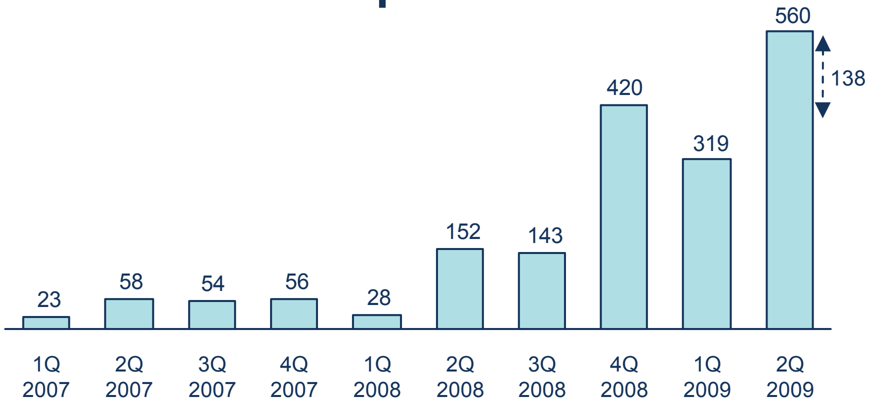
Amounts in m. EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Operating expenses at 1.196m
  - -3% compared to first quarter level
  - Year on year evolution (-14%) enhanced by the reduction of investment banking activities
    - Decrease across all business units (-8% in Belgium, -15% in CEER, -30% in MEB, -6% in EPB)
- Higher impairments (560m)
  - Stable credit cost in Belgium and CEER, increase in MEB due to, among other factors provisions on reclassified US mortgage backed securities portfolio (173m, o/w 138m generic provision)

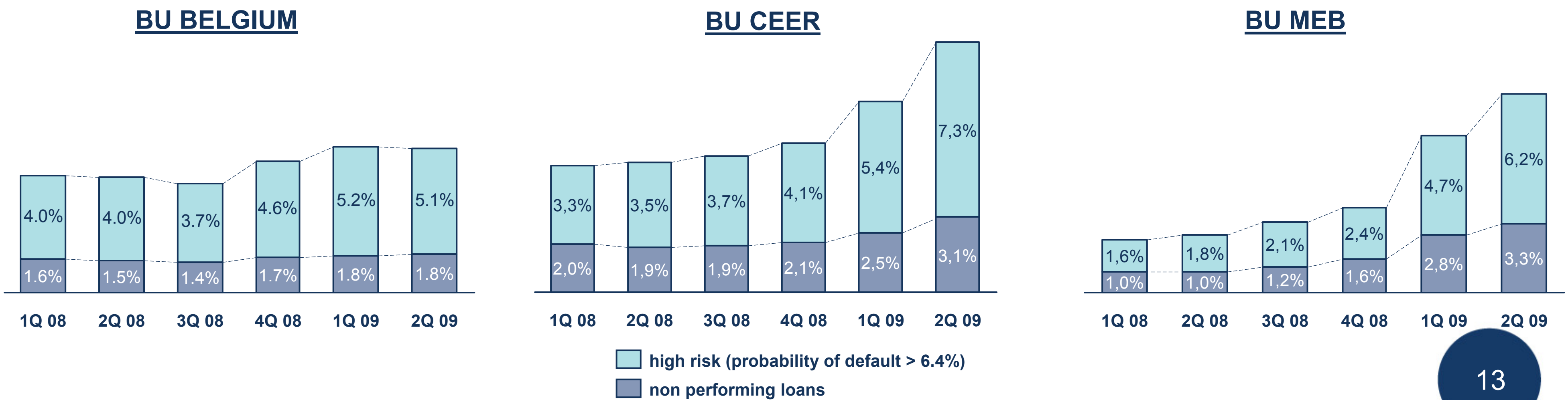
Amounts in m. EUR

Rising credit cost within expectations

- NPL up to 2.8% from 2.5% in previous Q and 1.8% at start 09
- Though rising, NPL trends have not accelerated in 2Q explaining the broadly stable credit cost (excl. 173m provision for reclassified ABS)
- Increasing trend expected to continue
- Earlier given guidance for full year 2009 credit cost CEER at 200-230bps maintained

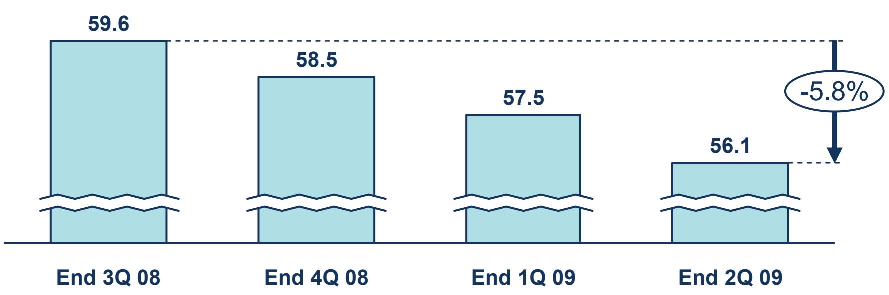
Credit cost ratio

	Loan book	2007 FY	2008 FY	1Q 09 YTD	1H 09 YTD
Belgium	**57bn**	0.13%	0.09%	0.13%	**0.14%**
CEE	**40bn**	0.26%	0.73%	1.69%	**1.75%**
Merchant Incl. ABS imp.	**74bn**	0.02%	0.48%	0.59%	**0.71%** 1.31%
Total Incl ABS imp.	**174bn**	0.13%	0.46%	0.70%	**0.76%** 1.01%



Cost control initiatives on track

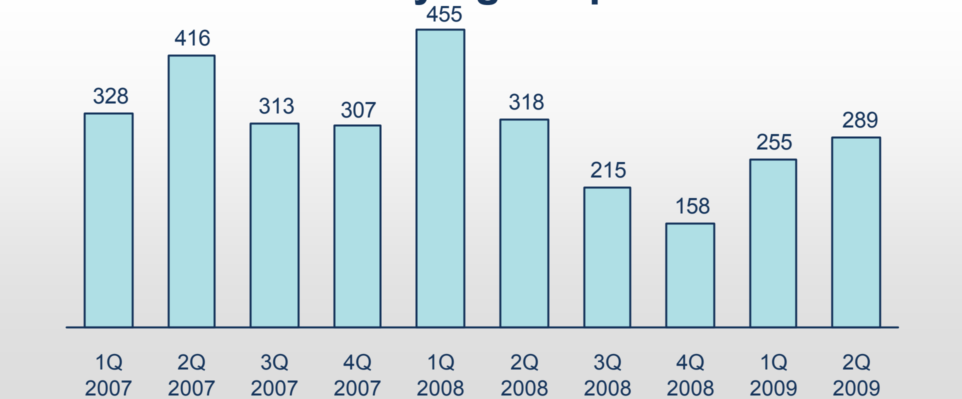
- Underlying cost income ratio down to 56%
  - Vs 64% for full year 2008
  - Back to pre-crisis level (FY 2007 cost income ratio 57%)
    - Drop in revenue from crisis properly absorbed by cost reduction
- Group-wide FTE reduction
  - Guidance given previously for 2009-2010 reduction around -5%
  - Realised at end 2Q 09: -5.8% (-3500 FTE)



In '000 FTE	End 3Q 08	End 2Q 09	Change	
BU Belgium	12.6	12.5	-0.1	-0.8%
BE CEER	28.6	26.7	-1.9	-6.6%
BU Merchant Banking	5.1	4.4	-0.7	-13.7%
BE EPB	2.8	2.7	-0.1	-4.0%
Shared services	10.4	9.8	-0.6	-6.1%
TOTAL	**59.6**	**56.1**	**-3.5**	**-5.8%**

Business Unit Belgium

Underlying net profit



Volume trend

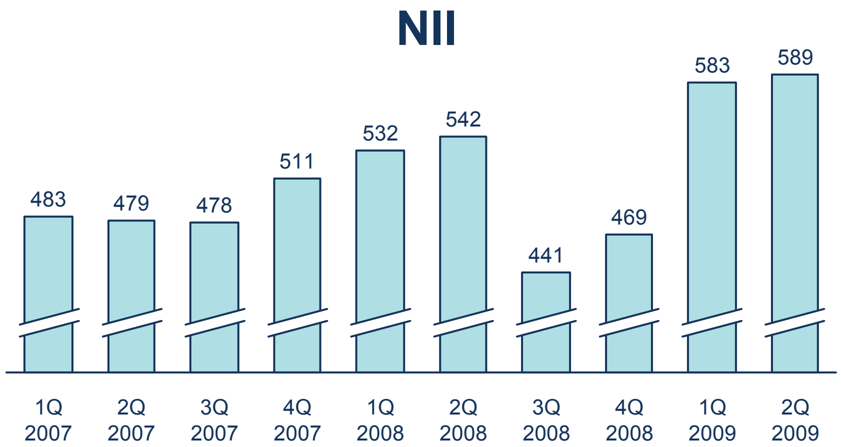
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	57bn	30bn	80bn	143bn	21bn
Growth q/q*	+1%	+2%	+3%	-3%	+3%
Growth y/y	+9%	+7%	+8%	-8%	+4%

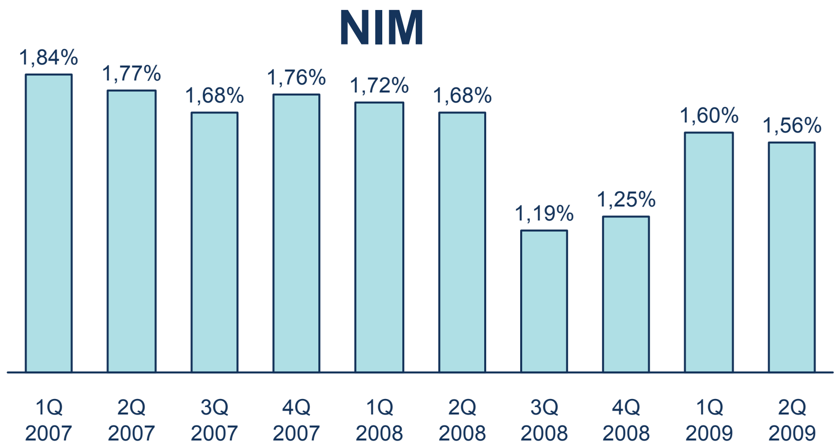
**non-annualized*

- Positive turn in underlying profit Business Unit Belgium confirmed (289m)
  - Net profit level well above average of last four quarters (237m)
  - Quarter on quarter increase (+34m,+13%) based on maintained net interest margin benefit and fee and commission income picking up from previous low level combined with continued efforts to control operating expenses
- Steady growth of credit volume (+1% qoq , +9% yoy)
  - 1% quarter on quarter evolution equals 5% growth on an annualized basis
- Deposit volume growth +3% qoq, +8% yoy
  - 3% quarter on quarter evolution equals 11% growth on an annualized basis

Amounts in m. EUR

Business Unit Belgium (2)



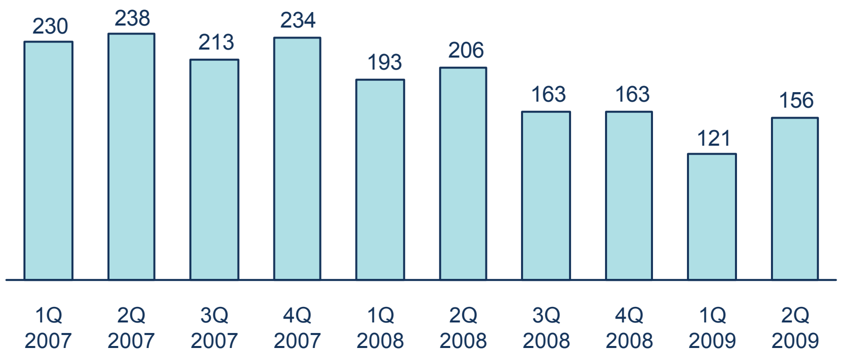


- Net interest income at 589m surpassing previous quarter level
  - Improvement versus 2H 2008 based on margin recovery on credits and deposits combined with shift to higher margin products (from time deposits to saving accounts)
  - Year on year increase (+9%) based on volume growth compensating for lower margin
- Overall net interest margin at 1.56%

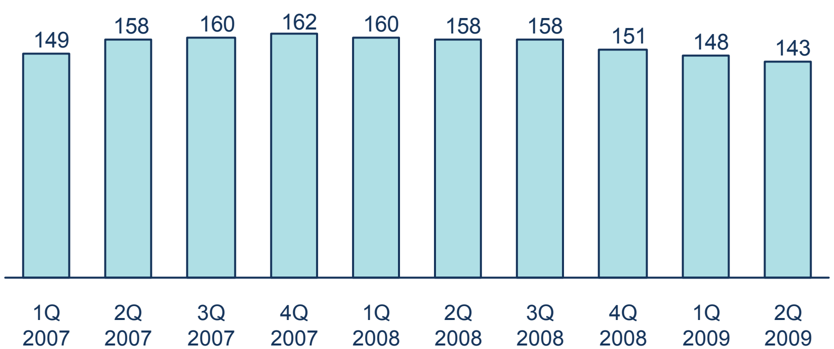
Amounts in m. EUR

Business Unit Belgium (3)

F&C



AUM



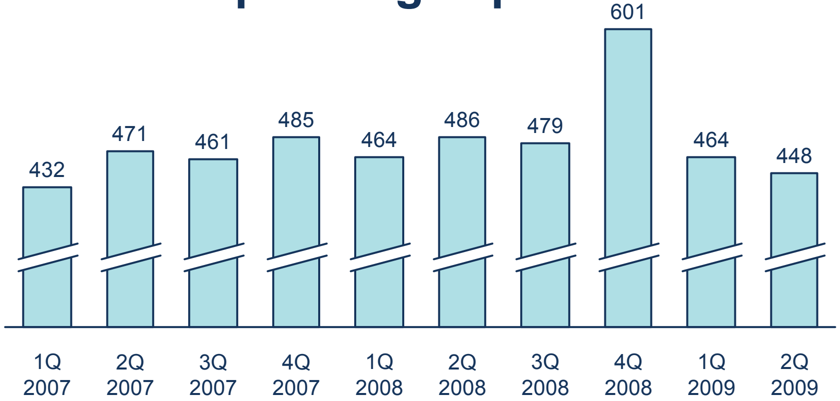
Amounts in bn. EUR

- Net fee and commission income at 156m
  - Quarter on quarter rebound (+29%) mainly based on improving investment climate reflected in fee income in mutual fund business
  - Year on year decrease (-24%) due to lower level of assets under management
- Assets under management at 143bn
  - -3% qoq (mainly in lower fee generating products such as money market products and for advisory retail mandates) and -8% year on year

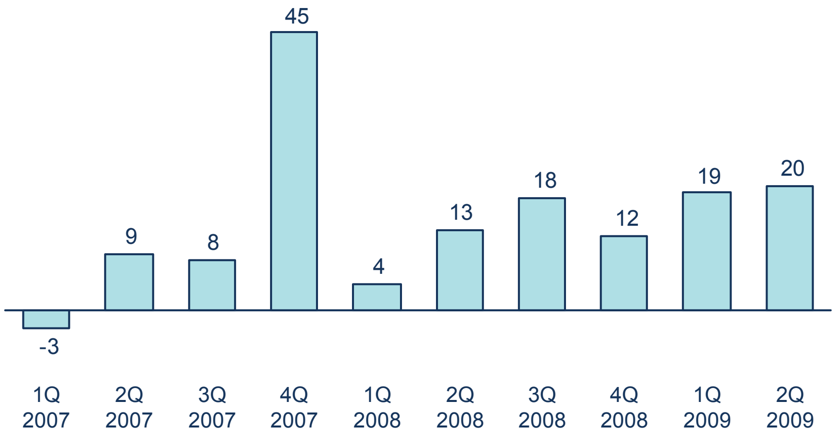
Amounts in m. EUR

Business Unit Belgium (4)

Operating expenses



Asset impairment



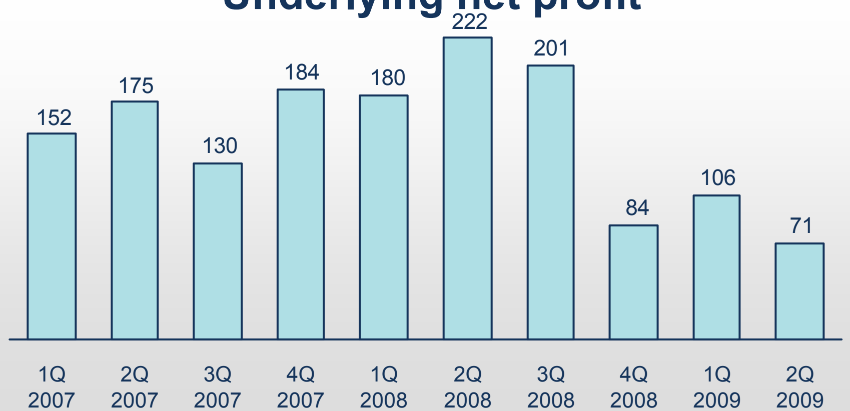
- Ongoing cost containment measures, including lower variable pay, push operating expenses down both quarter on quarter (-3%) and year on year (-8%)
- Cost income ratio: 60% (vs 71% for full year 2008)

- No significant impact from worsening economic climate yet on asset impairment. Year to date credit cost only up 1bp compared with previous quarter to 0.14% but expected to rise in coming period

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	40bn	12bn	1bn
Growth q/q*	-4%	-1%	+1%	+8%	-13%
Growth y/y	+12%	+24%	+10%	-19%	-13%

**non-annualized*

- Underlying profit CEER Business Unit at 71m
  - CEER profit breakdown: 96m Czech Republic, 4m Slovakia, 30m Hungary, 15m Poland, -19m Russia
- Negative quarter on quarter evolution despite manageable credit cost, mainly due to lower trading income and adverse evolution of hedges in place
- Quarter on quarter organic reduction of loan book (-4%) while deposit volumes remained stable (+1%)
- Assets under management up 8% qoq (+2% organically) but still down yoy (-19%, -8% organically)

Amounts in m. EUR

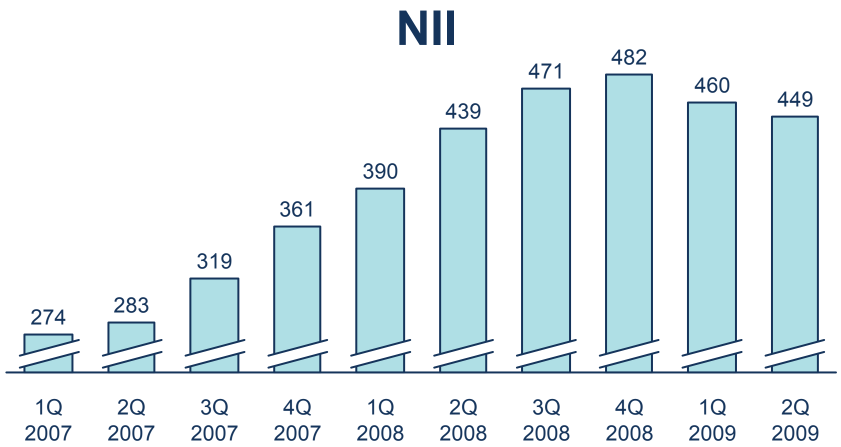
Business Unit CEER (2)

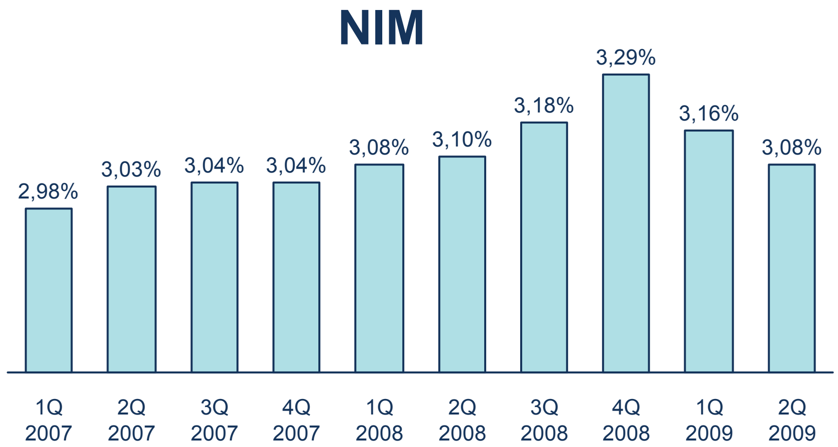
Organic growth(*)

	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	0%	+6%	+4%	+24%	+2%	+4%
SK	-1%	+6%	+1%	+3%	+12%	+32%
HU	-8%	+6%	-7%	+13%	-11%	+25%
PL	-2%	+28%	-2%	+38%	+4%	+14%
RU	-11%	-1%	-7%	+25%	+12%	+12%

(*) organic growth excluding FX impact, q/q figures are non-annualized

Business Unit CEER (3)



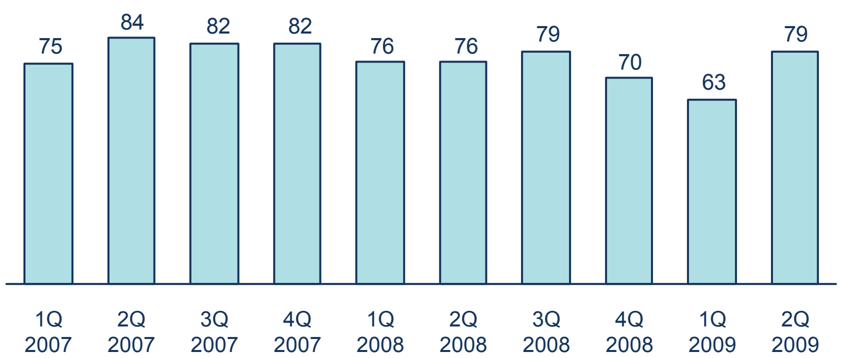


- Net interest income (449m) down -2% quarter on quarter
  - -5% net of FX effects following a substantial build-down of loan book (-8% in Hungary, -11% in Russia)
- Year on year increase based on rising volumes

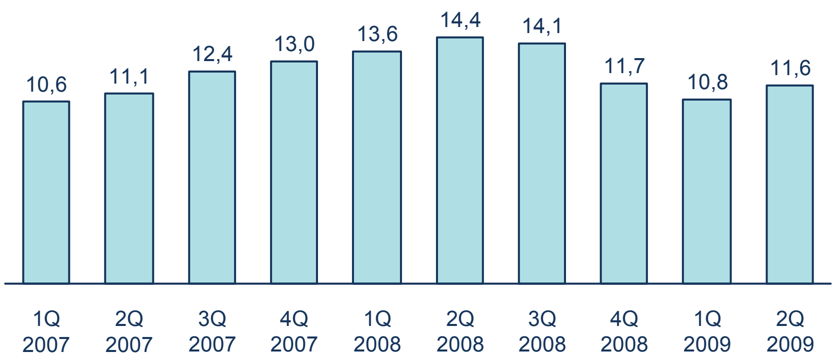
Amounts in m. EUR

Business Unit CEER (4)

F&C



AUM



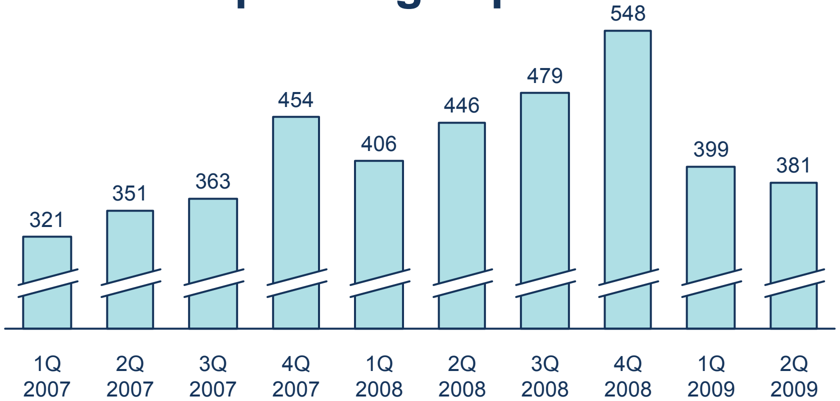
Amounts in bn. EUR

- Organic increase of net fee and commission income to 79m
  - Net of FX effects +21% quarter on quarter, +12% year on year
- Assets under management at 11.6bn (net of FX effects +2% qoq, -8%yoy)

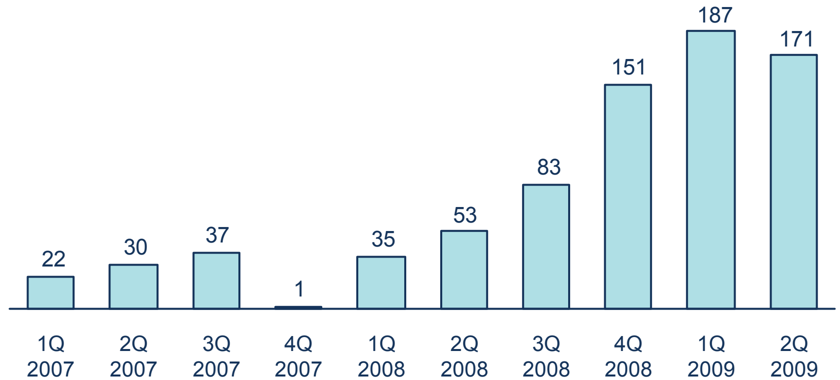
Amounts in m. EUR

Business Unit CEER (5)

Operating expenses



Asset impairment



- Operating expenses (381m) down on organic basis both quarter on quarter (-6%) and year on year (-5%)
- Cost income ratio at 57% (60% FY 2008)

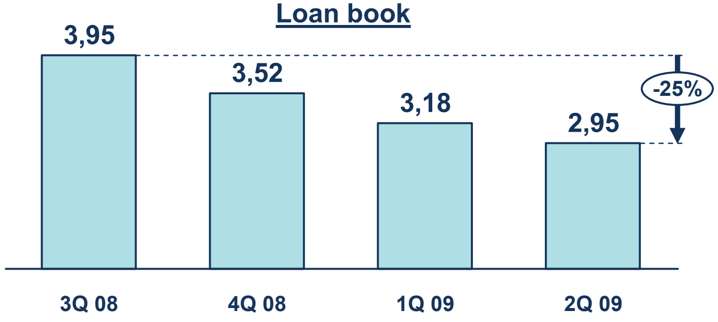
- Broadly stable credit cost
  - NPL ratio at 3.1% up from 2.5% 1Q09 and 2.1% end 08
  - Earlier given guidance for full year credit cost CEER business unit 200-230 bps maintained

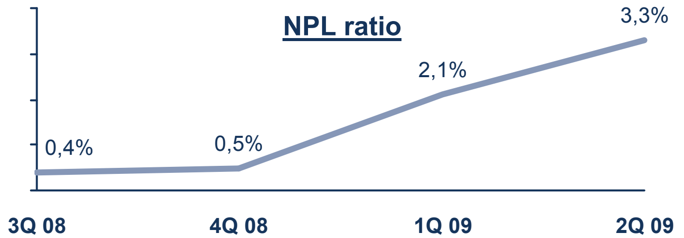
	Loan book	2007 LLR	2008 LLR	1Q 09 LLR	1H 09 LLR
CEE	**40bn**	0.26%	0.73%	1.69%	**1.75%**
- Czech Rep.	18bn	0.27%	0.38%	0.62%	1.05%
- Poland	7bn	0.00%	0.95%	2.29%	1.81%
- Hungary	7bn	0.62%	0.41%	1.99%	1.80%
- Slovakia	4bn	0.27%	0.82%	1.03%	1.33%
- Russia	3bn	0.21%	2.40%	5.37%	4.84%

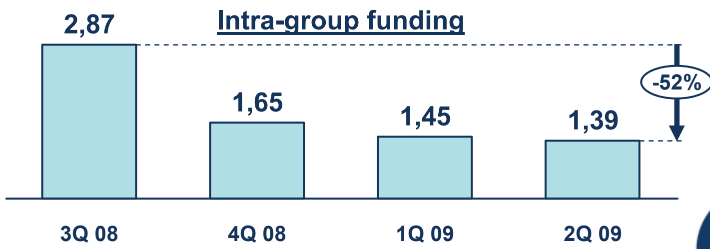
Amounts in m. EUR

Business Unit CEER (6)
Update on Russia

- Since the economic downturn in Russia (3Q08), KBC's exposure reduced
    - Loan book run down by 25%
    - Intra-group funding reduced by 52%, partially guaranteed by Belgian Export Agency (extra 0.1bn risk transfer in 2Q)
    - Improved loan to deposit ratio at 271% vs 389% in previous quarter
- No further acceleration of NPL trends, keeping credit cost roughly stable at 5%
    - NPL cover ratio 185%
    - Real estate and automotive main areas of concern
    - Further rise in NPL expected in 2H09, 2010 situation dependent on potential recovery on the back of rising oil prices
- Tier 1 capital Absolut Bank exceeding 380m EUR results in a local Tier 1 capital ratio in excess of 14%



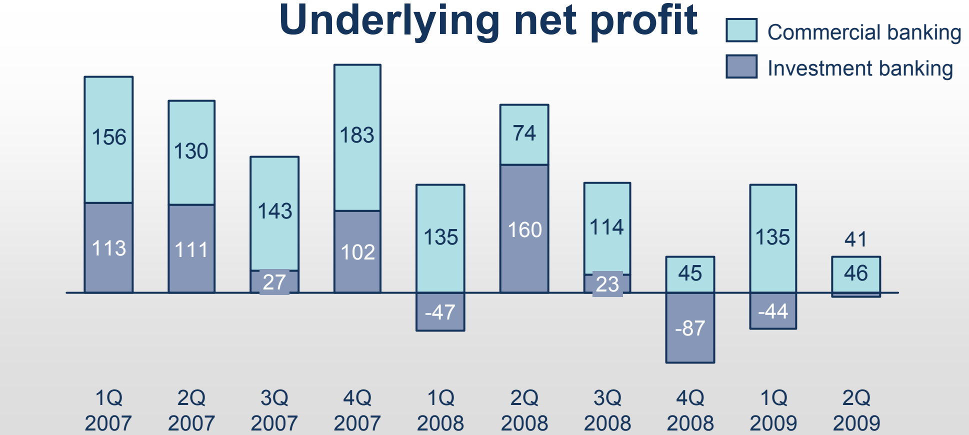




Amounts in bn. EUR

Business Unit Merchant Banking

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	60bn	50bn
Growth q/q*	-1%	-24%
Growth y/y*	-6%	-36%

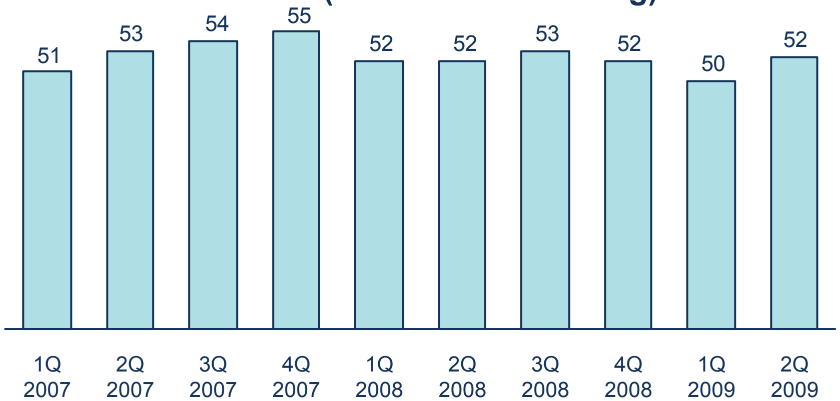
non-annualized

- Despite good trading results, lower underlying net profit in Business Unit Merchant Banking (41m)
  - Commercial banking result 46m depressed by rising credit cost in international corporate segment
  - Investment Banking result -5m due to generic provision (-138m) on reclassified US mortgage backed securities portfolio, completely offsetting good trading results

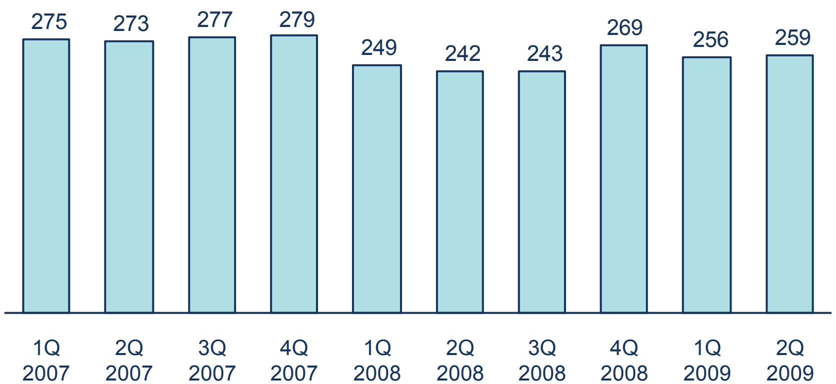
Amounts in m. EUR

Business Unit Merchant Banking (2)

RWA (Commercial banking)



NII (Commercial banking)

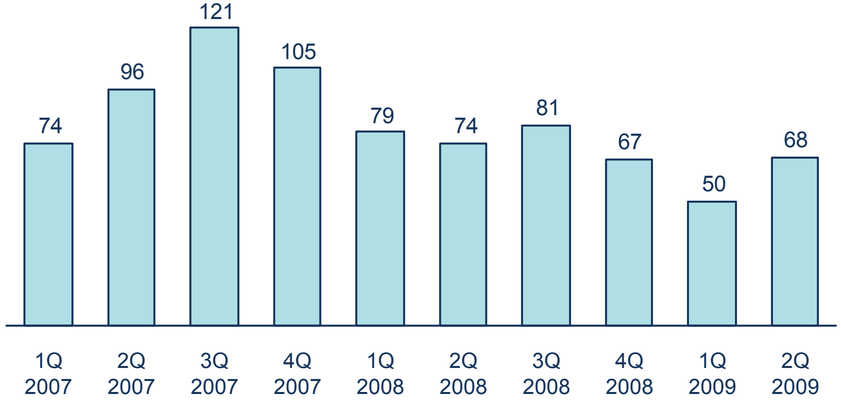


- Rising risk weighted assets commercial banking due to continued adverse rating migrations in loan portfolio
- Net interest income (relating to the commercial banking division) slightly up on average of last four quarters based on good margin environment compensating for lower credit volumes

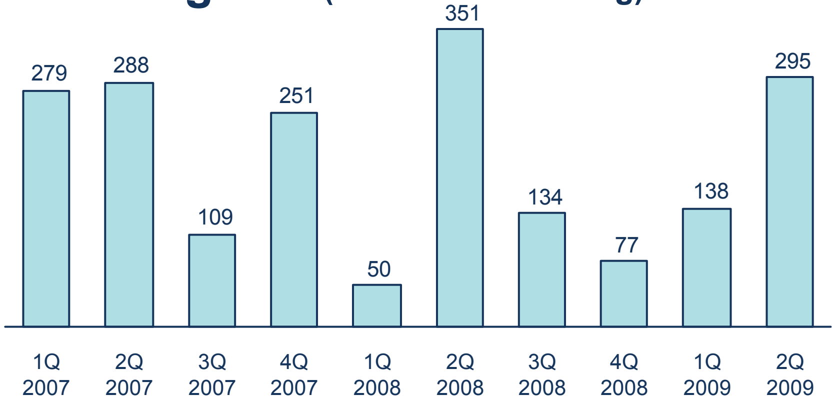
Amounts in m. EUR

Business Unit Merchant Banking (3)

F&C



FV gains (Investment banking)

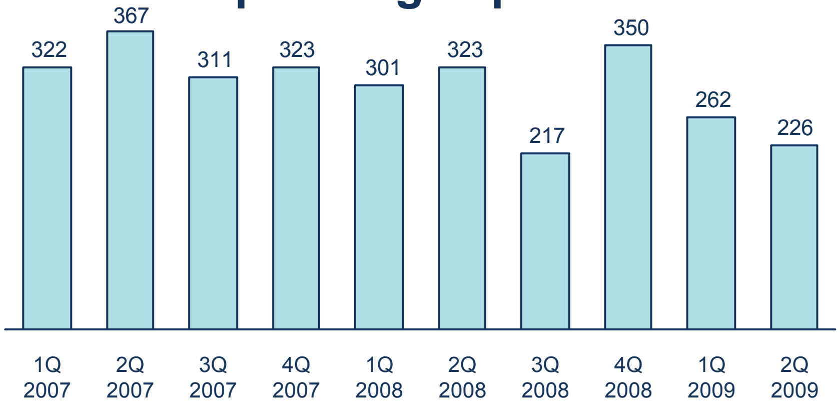


- Net fee and commission income up from previous quarter (+18m) based on improved equity brokerage and corporate finance business combined with lower fee paid for reinsurance
- Good trading results bringing fair value gains in investment banking division to 295m

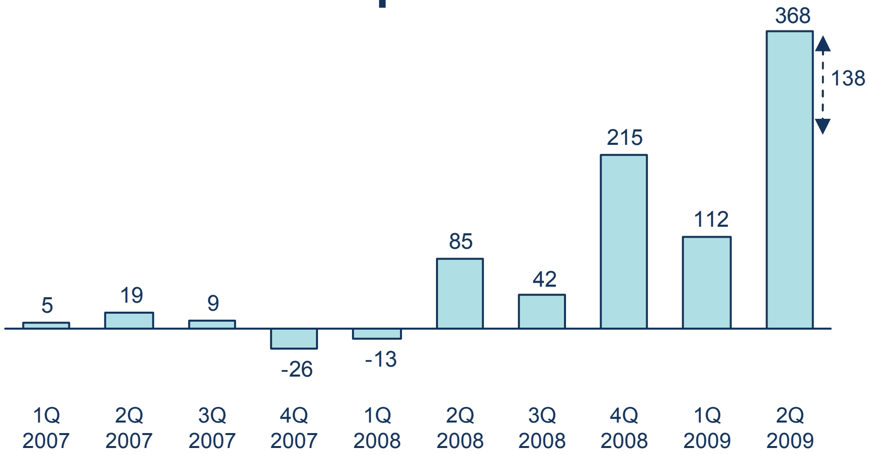
Amounts in m. EUR

Business Unit Merchant Banking (4)

Operating expenses



Asset impairment



- Significantly lower operating expenses (-14% qoq, -30% yoy) predominantly in investment banking division following the reduction of activities (esp. KBC Financial Products)
- Increased impairment (368m) mainly due to credit cost international corporate lending and generic provision for reclassified US mortgage backed securities portfolio
- Credit cost ratio at 0.71%
  - 1.31% including impairment reclassified ABS

Amounts in m. EUR

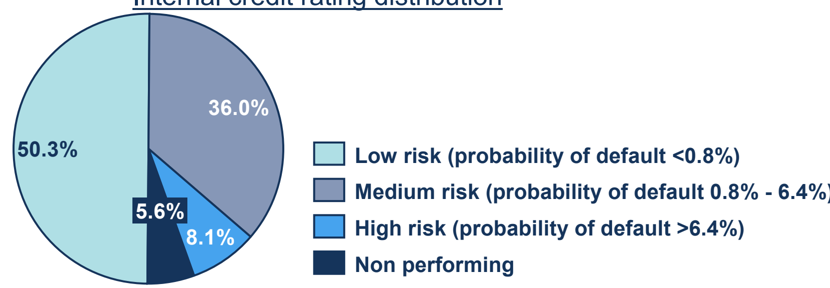
Update on Ireland

- House prices continue to fall (-7.7% ytd), while GDP contracts and unemployment is on the rise (currently, some 11.9%)
- After ytd loan impairment at 62m, Irish business contributes 42m to group profit (local tier-1 at 9%)
- NPL rising to 5.6% from 4.6% in previous quarter, bringing ytd credit cost to 67 bps
- Though conditions are worsening, still 86% of portfolio considered to be low or medium risk
- Despite fall in house prices, indexed loan-to-value of mortgage portfolio at comfortable 79%, on average (though iLTV of 19% of portfolio has risen >100%)
- Some 0.5 bn portion of mortgage portfolio is insured ('top-slice' coverage provided by Genworth FMI UK), current provisions assume claims totalling some 10m against GFMI
- Commercial real estate development exposure is limited to 4% of the portfolio

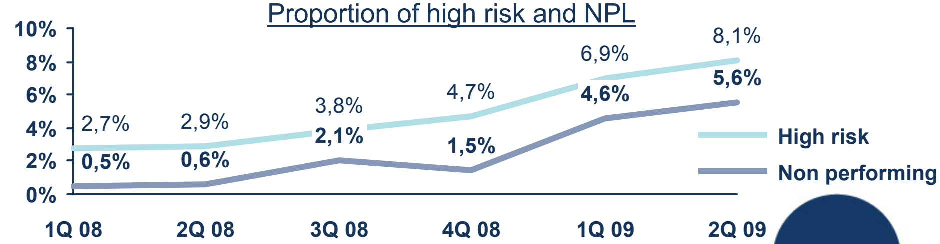
Irish loan book – key figures 2Q 2009

Loan portfolio	Outstanding	NPL 1H09
Owner occupied mortgages	10.2bn	4.8%
Buy to let mortgages	3.4bn	6.3%
SME /corporate	2.9bn	3.8%
Real estate investment	1.2bn	7.4%
Real estate development	0.6bn	26.1%
	18.3bn	5.6%

Internal credit rating distribution

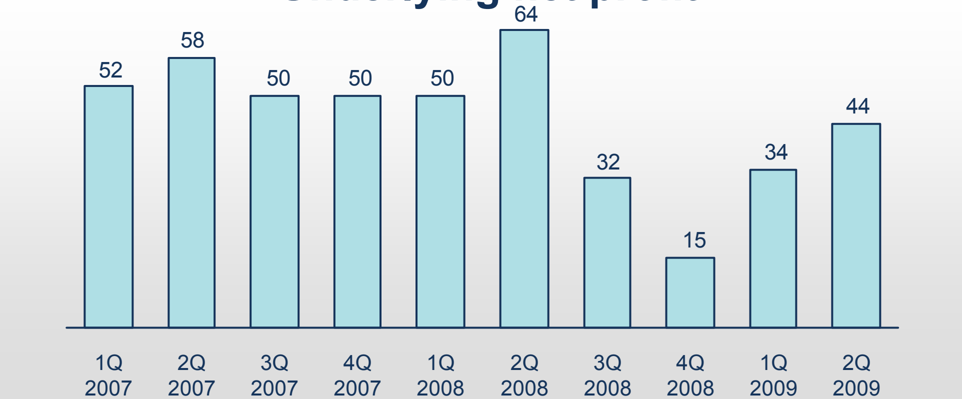


Proportion of high risk and NPL



Business Unit Private Banking

Underlying net profit



Volume trend

	Customer deposits	AUM	Life reserves
Volume	9bn	45bn	1bn
Growth q/q*	-6%	+5%	+5%
Growth y/y*	-23%	-17%	-24%

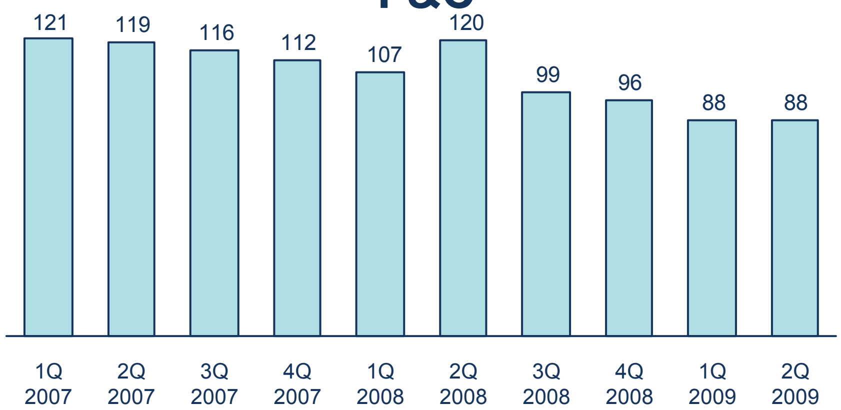
**non-annualized*

- Underlying net profit Private Banking up compared to previous quarter but still relatively low compared to pre-crisis levels due to the investment climate still suffering from a combination of
  - Lower management fees due to lower asset prices
  - Lower transaction volumes
  - Shift by customers to more defensive (lower fee) products
- Assets under management at 45bn (up 5% qoq but still down 17% yoy predominantly due to price effects)

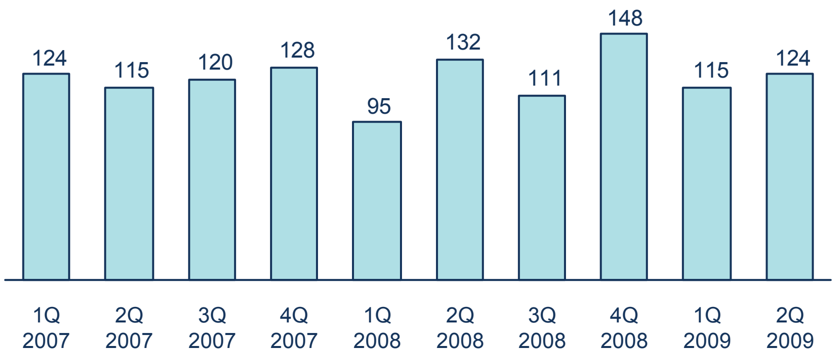
Amounts in m. EUR

Business Unit Private Banking (2)

F&C



Operating expenses



- Fee and commission income (88m) in line with level of previous quarter, still markedly lower than previous year level (-27% yoy)
- Operating expense up 8% quarter on quarter but driven down -6% year on year by reduction in FTE and variable pay

Amounts in m. EUR

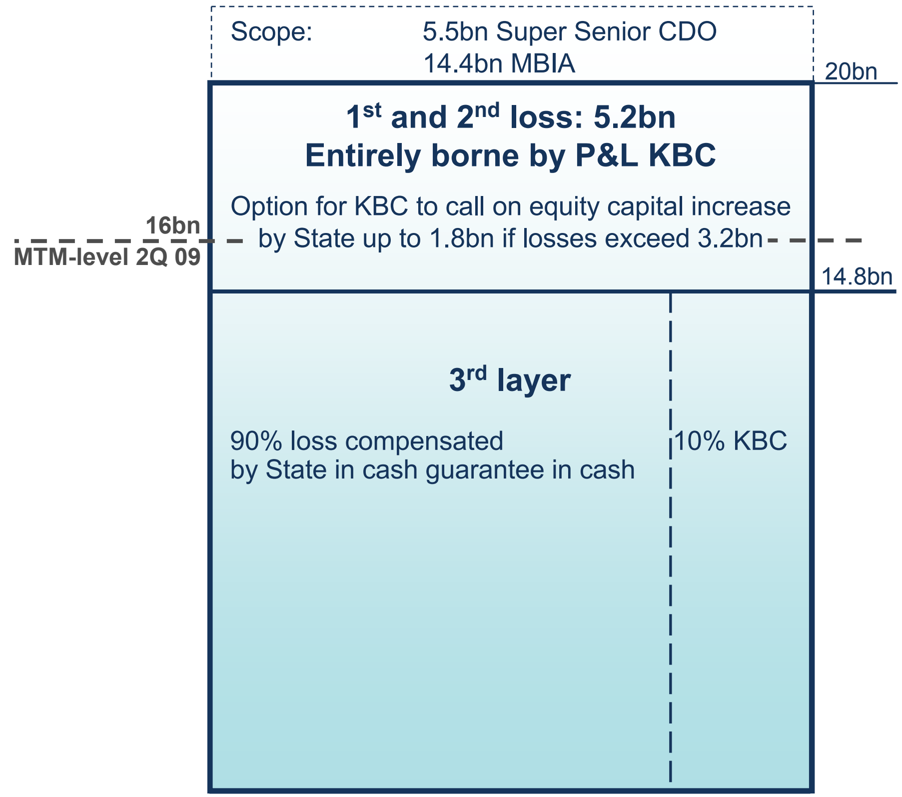
Update on topics

KBC

Structured credit portfolio - CDO

- Reminder: guarantee deal May 2009 covering effective losses on the 20bn super senior portfolio
  - Instrument by instrument approach
- MTM level in KBC's accounts
  - 16.0bn end 2Q (vs 14.7bn in 1Q 09)
  - Positively impacted by tightening credit spreads and revaluation effects of guarantee
  - Negatively impacted by increased provision rate on MBIA (from 60% to 70%)
- Overall CDO linked impact on reported results 2Q 09: +0.3bn EUR (post-tax)
  - o/w +1.3 valuation changes
  - o/w -0.7 guarantee fee
  - o/w -0.2 provisions for CDOs sold to customers

GUARANTEE STRUCTURE



Structured credit portfolio - CDO

- Details 2Q 2009 earnings impact (excluded from underlying figures)

	Pre-tax	Post-tax
Valuation adjustment own CDO investment portfolio	+0.5bn	+0.5bn
Valuation adjustment MBIA insured portfolio	+1.1bn	+1.1bn
Increase provision rate for counterparty risk MBIA	-0.3bn	-0.3bn
Provisions for CDO claims sold to investors	-0.3bn	-0.2bn
Government guarantee fee	-1.1bn	-0.7bn
TOTAL	**-0.1bn**	**+0.3bn**

Structured credit portfolio - CDO

Amounts in bn €	Investment Loss (unhedged position)	Counterparty Risk (hedged position)	Total
Value adjustments (since start crisis)	-4.2	-2.4	-6.6
Claimed credit events	-0.2	-	-0.2

Sensitivity tests

Amounts in bn €	Expected investment Loss (unhedged position)	Counterparty Risk (hedged position)	Total at risk
Scenario 1 (18% corporate loss)	-3.1	-0.6	-3.7
Scenario 2 (22% corporate loss)	-3.4	-1.3	-4.7
Scenario 3 (37% corporate loss)	-4.1	-2.6	-6.7

<u>Scope of the sensitivity test</u>

Total CDO investments (unhedged)	9.4bn
Total position hedged by MBIA	14.4bn
o/w equity junior/written off	- 0.8bn
o/w third party CDO	- 0.7bn
o/w CDO in run-off	- 1.1bn
Total CDO issued by KBC FP (excl. CDO in run-off)	**21.3bn**

Sensitivity test assumptions: expected loss on claimed corporate names and ABS and 18%-22%-37% cumulative expected loss on corporate underlying;
The floor provided by the government guarantee is taken into account (applicable in scenario 3)
The counterparty risk includes the amount to be borne by KBC in case of default of MBIA with zero recovery

Structured credit portfolio - ABS

Overview ABS investments (Jun 2009)

(bn euros)	Total portfolio	'Atomium' (US)	Other (mainly EUR)
CMBS	0.2	0.1	0.1
RMBS	4.0	0.9	3.1
Other ABS	1.5	0.4	1.1
Total	5.7	1.4	4.3

Rating distribution, ABS investments (5.7 bn notional)

	AAA	Aa	A	Baa	<Baa3
Jun-09	74%	9%	2%	3%	13%

Rating migration, US RMBS (Atomium porfolio, 0.9 bn notional)

	AAA	Aa	A	Baa	<Baa3
Jun-08	95%	1%	0%	2%	2%
Sep-08	90%	0%	1%	3%	5%
Dec-08	68%	5%	4%	3%	20%
Mar-09	9%	1%	5%	8%	77%
Jun-09	8%	0%	5%	8%	79%

- ABS largely reclassified to loan book in 2008 (applying IAS39 ammendment)
- High quality ABS, though, with 0.9 bn subprime Alt-A US RMBS within 'Atomium' portfolio being weak spot (96% of 4.8 bn non-Atomium-RMBS assets still AAA/AA)
- 35m 2Q specific loan loss on Atomium (34m in 1Q), none on non-Atomium ABS (nor in 1Q)
- On top, 138m generic provision set aside in 2Q for Atomium portfolio:
  - Rating downgrades at start of year
  - Largely 2005-07 vintage subprime Alt-A (0.9 bn)
  - Geographical focus to California (45%)
  - Only 15% will have matured within 3 yrs (90% within 9 yrs, unless written-down earlier)

Update on KBC Financial Products

- KBC FP represents 11.3bn in RWA (incl. impact of the State guarantee transaction)
- Provision for run-off in 2Q results: 0.8bn (after tax)
- 15m EUR VaR (2Q average for 1day VaR, 99% confidence interval)

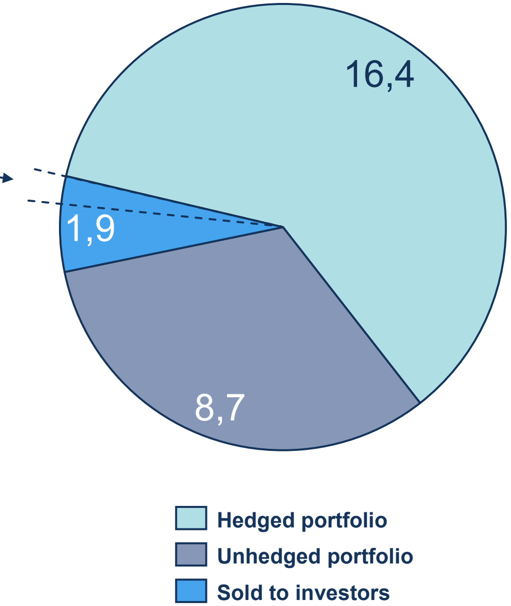
Business lines KBC FP	**Exit status**	**Outstanding 2Q09**(1)	**Comments** Comforting element	Main concern
Structured finance				
- Alternative investments	Almost completed	0.1bn(2)	Limited remaining position	Market risk
- CDOs	Start 4Q 08	27.1bn	Largely written down or guaranteed	Market and operational risk
- Fund derivatives	Start 4Q 08	1.6bn	7.1bn underlying collateral	Market and liquidity risk
- Exotic equity derivatives	Start 4Q 08	2.4bn	Conservative valuation	Market risks
- Life insurance settlements	Start 2Q 09	0.6bn(2)	Life contracts as collateral	Longevity risk
- US reverse mortgages	Start 2Q 09	1.3bn	Government guaranteed loans	Market and operational risk
Sales and trading				
- US High Yield Bonds	Completed	-	-	
- Convertible bonds	Under review	0.8bn(3)	Usual business risks	
- Equity derivatives	Under review	2.1bn	Usual business risks	
- Equity brokerage	Under review	-	Usual business risks	

(1) amounts in EUR. Amounts are nominal amounts except if indicated otherwise.
(2) These amounts reflect market value.
(3) Gross exposure long + short positions

KBC's approach to CDOs sold to customers

- Total amount of KBC FP generated CDO business: 27.1bn
  - 16.4bn hedged with third parties ("hedged portfolio")
  - 8.7bn own investment portfolio ("unhedged portfolio")
  - 1.9bn sold to investors, largely institutional profile
    - Approx. 0.6bn has been sold to Private Banking clients
- Screening of sales of CDO's to PB clients
  - Case by case assessment of sales process
  - Commercial compensation of client based on assessment
- Provisions for CDO claims 2Q 2009: -0.2bn (post-tax)

Structured credit business
KBC Financial Products
Nominal amounts in bn EUR



KBC FP "hedged" portfolio

	16.4bn
MBIA	14.4bn
Lloyds	1.6bn
Channel	0.4bn

KBC FP "unhedged" portfolio

	8.7bn
1Q total CDO portfolio	9.5bn
Natural amortizations 2Q	-0.1bn
Third party CDO's	-0.7bn

Solvency

- Government capital instruments and guarantee transactions fully integrated in 2Q09 figures
  - Tier 1 ratio 10.8%
  - Core tier 1 ratio 8.1%
  - Insurance solvency 182%

  Adjusted final terms for attribution 7bn Gov. capital: 5.5bn KBC Bank and 1.5bn KBC Insurance

- If credit cost were to rise to historic peak levels across all business units, total impact on (core)Tier 1 ratio of -45bps

	Loan book	Current credit cost	10y Historic peak	Impact rise on capital ratios
BE	56,743	0.14%	0.31%	-0.07%
CEER	40,025	1.75%	2.75%	-0.29%
MEB excl. Struct. Credit	64,522	0.71%	0.90%	-0.09%

- Over last six months, average probability of default increased by factor 1.3x, leading to an increase of RWA by 6.2bn
  - Our expected scenario for FY 2009 includes an increase by 1.5x and would increase RWA by 9.5bn
  - A PD increase by 2x would increase RWA by 21.5bn (under ceteris paribus assumption)
  - A PD increase by 3x would increase RWA by 34.2bn (under ceteris paribus assumption)

KBC hybrid debt instruments

2H 2009 events for hybrid instruments

- No exercise of call options
- Payment of coupons KBC Bank Funding Trust II being discussed with the EU Commission
- No payment of optional coupon on KBC Bank 525m GBP issue

ISIN	Issuer	Amount	Coupon	Coupon/ Call date 2H 2009	Coupon Payment 2H 2009	Call Option 2H 2009
XS0099124793	KBC Bank Funding Trust II	280m EUR	3m EURIBOR +3%	30-Sep-09	Payment uncertain	No call
XS0099124793	KBC Bank Funding Trust II	280m EUR	3m EURIBOR +3%	31-Dec-09	Payment uncertain	No call
US48239AAA79	KBC Bank Funding Trust III	600m USD	9.86%	02-Nov-09	Payment	No call
USU2445TAA08	KBC Bank Funding Trust IV	300m EUR	8.22%	10-Nov-09	Payment	No call
BE0119284710	KBC Bank	525m GBP	6.202%	19-Dec-09	No payment	No call date

Hybrid instruments without 2H 2009 event

BE0934378747	KBC Bank	1.25bn EUR	8.00%	No coupon date		No call date
XS0368735154	KBC Bank	700m EUR	8.00%	No coupon date		No call date

Preparing for the future

- Measures announced year end 2008
  - Refocus business portfolio on core activities in core markets
  - Downsizing corporate banking presence outside home markets
  - Cut in investment banking activities; derivatives business put on run-off; remaining activities of KBC Financial Products entity currently under review

- Strategic review ongoing, outcome dependent on EU approval

Next steps in strategy review

May 2009 | Jun 2009 | Jul 2009 | Aug 2009 | Sept 2009 | Oct 2009 | Nov 2009 | Dec 2009

14 May
State Guarantee transaction

18 June
Submission initial restructuring plan

30 June
Temporary approval by EU Commission
(valid for 6 months)

30 June
New management team announced

KBC to prepare detailed strategy review and business plan

End Sept
KBC to submit in depth restructuring plan

Aiming for approval by EU Commission

4 Dec
KBC Investor Day
(to be confirmed)

End Dec
Anticipated final EU Commission decision date
(subject to EU decision)

EU Commission mainly to assess
- valuation details of the guarantee structure
- viability of KBC's business plan and restructuring plan

Wrap up

Wrap Up

- Resilient margin environment, previous quarter margin recovery confirmed
- Improved investment climate halting previous negative earnings impact: more fee and commission income, no more (mention worthy) share portfolio impairment and a positive CDO revaluation (considered exceptional)
- Continued favourable cost trend: on underlying basis costs down -14% year on year
- Stable loan impairment charges in Belgium and CEER, rising for international credit exposure
- Exceptional: (pre-announced) cost of government guarantee 740m EUR post tax
- Exceptional: significant mark down of trading positions of KBC Financial Products businesses that are already in wind-down
- Including all government transactions banking tier 1 ratio at 10.8% (core: 8.1%) and insurance solvency at 182%