KBC Group

EXTENDED QUARTERLY REPORT

3Q 2009

www.kbc.com

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

Management certification of financial statements and quarterly report

'I, Luc Philips, Chief Financial 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 macroeconomic environment 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 Group, 3Q 2009 and 9M 2009

This news release contains information that is subject to transparency regulations for listed companies – 13 November 2009, 7 a.m. CET

Summary

KBC ended the three months to September 2009 with a net profit of 528 million euros. Excluding exceptional items, an underlying net profit of 631 million euros was achieved, 54% higher than the previous quarter and up 15% compared to the third quarter of 2008. Jan Vanhevel, Group CEO: *'Although volume trends remain sluggish for the time being, business margins continue to be resilient and charges for problem loans are lower. The figures presented in this earnings statement provide evidence of the underlying earnings power of the group. The operating environment further gradually improved during the third quarter and leading indicators are signalling that we are past the bottom of the economic cycle.'*

In millions of EUR	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	cumul. 9M 2008	cumul. 9M 2009
Net profit (IFRS)	554	493	-906	-2 625	-3 600	302	528	141	-2 770
Underlying net profit	737	806	551	176	465	409	631	2094	1506
Breakdown of underlying profit by business unit:									
Belgium Business Unit	455	318	215	158	255	289	289	987	832
Central & Eastern Europe and Russia Business Unit	180	222	201	84	106	71	42	603	219
Merchant Banking Business Unit	89	234	137	-42	91	41	281	460	413
European Private Banking Business Unit	50	64	32	15	34	44	38	146	116
Group Centre	-36	-32	-34	-38	-21	-35	-19	-102	-74
Shareholders' equity per share (EUR, at end of period)	45.7	45.5	42.0	31.5	19.5	23.2	27.7	42.0	27.7

Financial highlights for 3Q 2009:

- Continued resilient interest margin trend: net interest margin at 1.9%, up from 1.8% in previous quarter
- Supportive institutional trading environment, further gradual recovery of fee and commission income but lower insurance income
- On an underlying basis, operating expenses down 4% year-on-year
- Credit risk: loan provision charge significantly lower (year-to-date loan loss ratio of 79 basis points)
- -0.1 billion euros of exceptional items: various fair value changes of balance sheet positions (with negative items outweighing positive ones), partly offset by the positive impact of the repurchase of hybrid Tier-1 securities.

The income statement summary tables are on pages 5 and 6 of this earnings statement.

Financial highlights – 3Q 2009

Jan Vanhevel, Group CEO summarises the underlying business performance for 3Q 2009 as follows:

- *'On an underlying basis, interest income grew by 3% quarter-on-quarter and 17% year-on-year. While volume growth slowed in core markets and international loan exposure has been reduced, the net interest margin remained healthy. The average net interest margin for the banking operations stood at 1.86%, compared to 1.78% for the previous quarter.'*
- *'Still a mixed picture for non-interest income. Trading results were solid, even some 5% above the strong level of the previous quarter. Fee and commission income was up 2% on the previous quarter, benefiting further from the improved investment climate, though it is still, as yet, too early for a further marked rebound of asset-management-driven fee and commission income. Insurance premiums increased compared to the year-earlier quarter, but total insurance revenue suffered from lower investment yields.'*
- *'Since late 2008, major efforts have been made to reduce costs. Following a marked consecutive decrease in previous quarters, the cost trend is bottoming out. Operating costs ended 4% lower year-on-year.'*
- *'Compared to the previous quarter, loan losses were lower by 210 million euros or -37%. Loan losses were considerably lower for the international loan book in the merchant banking unit, and also in Belgium. In Central & Eastern Europe, additional loan provisions were set aside for corporate Russia and the unsecured consumer finance business in Poland, two particular areas of higher risk. In other parts of the CEE region, loan losses were roughly stable. In Ireland, they were down somewhat to 40 million euros, bringing the year-to-date loan loss ratio to 0.74%.'*

Headlines of underlying performance per business unit:

- With total income slightly up and costs and impairment charges slightly down compared to the previous quarter, a good pre-tax performance was posted again in the Belgium Business Unit. After tax, net profit remained stable at a fairly high level, bringing the year-to-date return on allocated equity to 32%.
- Compared to the preceding quarter, the net result for Central and Eastern Europe was impacted by additional loan impairment for Russia (15 million euros higher, mainly related to corporate credit) and Poland (13 million euros higher, mainly related to consumer finance). The year-to-date credit cost ratio for the entire region edged up to 1.83%. In the fourth quarter, additional loan loss provisions for Polish consumer finance are anticipated; however, total credit costs in Central & Eastern Europe and Russia for the full year are expected to remain within the 2.00%-2.30% range (cf. earlier guidance). KBC is now planning to refocus its consumer finance activities in Poland, moving away from the stand-alone specialist model and towards an integrated bancassurance distribution model.
- In merchant banking, there was a major recovery of net profit on the back of falling corporate loan provision charges (even when excluding the non-recurrence of general provisions set aside in 2Q 2009 for the US mortgage-backed securities portfolio). Results for capital market activities also remained solid.
- Results for the European Private Banking Business Unit were down slightly on the previous quarter, because some restructuring charges were posted. On the revenue side, increased securities-related income was offset by lower interbank income earned on available excess liquidity.

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:

- A value mark-up of KBC's CDO exposure was generated in the amount of +0.2 billion euros, net, primarily resulting from the further easing of market prices for corporate credit risk;
- A positive impact of +0.1 billion, after tax, was realised when perpetual subordinated hybrid Tier-1 securities were repurchased following a public tender offering; this repurchase also had a positive effect (+0.19%) on the core Tier-1 ratio of the group.
- A fair value change of KBC's own debt issued of -0.2 billion euros, net, was recognised due to the improvement of KBC's own credit default swap spread;
- A net present value change of the CDO guarantee fee of -0.1 billion euros, net, was posted, since the downwards shift of the interest yield curve resulted in lower discount rates used for the net present value calculation;
- A trading loss of -0.1 billion euros, net, was posted related to 'legacy' structured derivatives positions within KBC Financial Products (Merchant Banking).

Financial highlights – 9M 2009

Explanations per heading of the income statement for 9M 2009 (see summary table on page 5):

- The *net result* for the first nine months of 2009 amounted to -2.8 billion euros. This figure includes exceptional items (totalling -4.3 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 position losses of discontinued trading activities. Adjusted for those items, (underlying) profit came to a positive 1.5 billion euros.

- *Net interest income* came to 4.5 billion euros, up 21% year-on-year (+12% on an underlying basis). While volume growth slowed down, margins recovered significantly at the start of 2009. As at 30 September 2009, the customer loan book (excluding reverse repos) stood, on an organic basis, 4% below the year-earlier level (up 2% in Belgium, but down 1% in Central & Eastern Europe and 8% in Merchant Banking). The net interest margin for banking came to 1.81%, up from 1.68% for the first nine months of 2008.
- *Gross earned premiums* in insurance stood at 3.7 billion euros, up 16% on the year-earlier figure. Net of *technical charges* and the *ceded reinsurance result*, income came to 324 million euros. The combined ratio for the non-life insurance activities came to a favourable 94%.
- *Dividend income* from equity investments amounted to 108 million euros, markedly lower than the 195 million euros reported for the first nine months of 2008. The equity investment portfolio shrank (to 1.9 billion euros, down from 2.7 billion euros at the start of the year) while corporate dividend payouts were also generally lower.
- *Net gains from financial instruments at fair value* came to -3.8 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 the cost of the acquired guarantee) and the marking down of discontinued derivative positions. On an underlying basis, this income heading came to +886 million euros.
- *Gains from available-for-sale assets* (mostly on investments in shares) were 164 million euros. Due to the pursued policy of reducing the share investment portfolio and the past poor equity market performance, this was considerably below the year-earlier figure of 341 million euros.
- *Net fee and commission income* amounted to 1.1 billion euros. This is 20% lower than the year-earlier level, largely due to the lower income from asset management activities consequent on the investment climate that prevailed until the first half of 2009.
- *Other net income* ended at 384 million euros, down somewhat on the year-earlier figure of 435 million euros
- Excluding exceptional items, *operating expenses* were down 7% year-on-year. Cost containment measures were implemented across all business units. The underlying cost/income ratio for banking stood at 55%, compared to 64% for 2008.
- Total *impairment* charges stood at 1.8 billion euros, 1.3 billion euros of which related to loans and receivables. This corresponds with a credit cost ratio of 0.96%. Excluding the charge for US mortgage-backed securities classified as loans, the credit cost ratio for the group came to 0.79% (0.12% for the Belgium Business Unit, 1.83% for the Central & Eastern Europe and Russia Business Unit and 0.76% for Merchant Banking Business Unit). *Available-for-sale* investment securities, mainly shares, were impaired to the tune of 335 million euros on the back of falling share prices throughout 2008 and up to the end of the first quarter of 2009. An impairment loss of 181 million euros was recognised on the value of goodwill outstanding, related to, among other things, acquisitions made in late 2007 and in early 2008 in Bulgaria and Slovakia.
- As pre-tax results were negative, a deferred *income tax* credit of 266 million euros was recognised.
- The result attributable to minority interests amounted to a negative 66 million euros (the negative amount has to do with the repurchase of a number of hybrid capital securities in the third quarter of 2009).
- At the end of September 2009, *total equity* came to 16.9 billion euros, up 1.6 billion euros on the figure at the start of the year, due to the fact that the negative year-to-date result (-2.8 billion) and the effect of the buying back hybrid capital securities (-0.6 billion) was offset by the positive impact of the issue of non-voting core capital securities to the State (Flemish Region of Belgium, +3.5 billion euros) and the positive market value adjustments on assets (+1.6 billion euros). The tier-1 capital ratio for the group stood at 10.2 % (8.8%, when excluding non-state hybrid tier-1 instruments).

Strategy highlights and future developments

- Jan Vanhevel, Group CEO: *‘The operating environment further gradually improved during the third quarter and leading indicators are signalling that we are past the bottom of the economic cycle.*” On the other hand, fears remain that the recent economic recovery may not gain momentum since it has been driven by rebuilding inventory levels and temporary fiscal boosts without there being a structural rise in demand, among other factors. Jan Vanhevel: ‘*Of course, we are happy with the recent optimism and are now preparing for a further recovery. However, we are not assuming that we are back to a normal situation just yet.’* Underwriting criteria remain tight, especially in non-core markets and higher-risk areas. Although a late-cyclical rise in non-performing loan levels may appear, impairment charges are expected to remain manageable.

- Jan Vanhevel: *‘KBC has been rethinking its position and partly reshaping itself in the wake of the financial crisis, lowering its risk tolerance while maintaining core earnings power and organic growth potential.’* The strategy review formed the basis of the restructuring plan that was submitted to the European Commission in relation to the capital support transactions with the State. Jan Vanhevel: ‘*We believe that we have entered a final stage of our discussions with the EU, and we remain confident about our business case*. The highlights of the plan were made public at an earlier date. The business strategy will focus on organically growing bancassurance in Belgium and Central and Eastern Europe, while especially international corporate lending and capital market activities are planned to be reduced. The redemption of the capital securities issued to the State will be based largely on retained earnings and on the release of capital tied up in non-core assets.

- The European Commission provisionally cleared KBC's restructuring plan in June 2009 and is now anticipated to give final approval by early December at the latest. As is usual for this type of communication, KBC may ask the market regulator to temporarily suspend trading in its securities on the day the plan is published in order for the market to take note of the details. An investor conference will also be scheduled shortly after publication and will be open to capital market participants that have registered in advance (details will be available on www.kbc.com). All PowerPoint presentations will be made available to the public on www.kbc.com at the start of the conference.

Additional information on the financial statements

- During the third quarter of 2009, no changes were made to the scope of consolidation or to the valuation rules that had a material net impact on earnings.
- On average for the third quarter, value of local currencies in Central and Eastern European markets appreciated by 4% against the euro, compared to the previous quarter, which had a positive impact on the earnings components of the Central & Eastern Europe and Russia Business Unit. However, when comparing the third quarter to the same period of 2008, the average value of those currencies depreciated by 10%, which had a negative impact on earnings.
- *Total equity* at 30 September 2009 (16.9 billion euros) comprises the 7-billion-euros' worth of non-voting core capital securities issued to both the Belgian Federal State and the Flemish Regional Government of Belgium. Total equity breaks down into *parent shareholder's equity* (9.4 billion euros), *non-voting core capital securities* (7.0 billion euros) and *minority interests* (0.5 billion euros).
- *Parent shareholders' equity per share* at 30 September 2009 (27.7 euros) was calculated on the basis of 339.6 million shares, whereby the number of treasury shares held (18.2 million) was deducted from the number of ordinary shares outstanding (357.8 million).
- *Earnings per share* for 3Q 2009 (1.56 euros) was calculated on the basis of 339.54 million shares (average number during the quarter), while *diluted earnings per share* (1.56 euros) was calculated on the basis of 339.55 million shares (also quarterly average). In both cases, the average number of treasury shares held was deducted from the average ordinary share count. For calculating diluted earnings per share, however, the number of stock options granted to employees with an exercise price below the market price (25 579) was also deducted. Under IAS33, the conversion option held on a portion of the non-voting core capital securities issued to the State and the share underwriting commitment by the State linked to the CDO guarantee scheme have no impact.
- As usual, KBC has made additional risk disclosures on the composition of both its loan book and its structured credit exposure as at 30 September 2009 (available in the English version of the extended quarterly report at www.kbc.com/ir).
- KBC will publish its results for 4Q 2009 on 11 February 2010. 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 – 3Q 2009 and 9M 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. In the period from 3Q 2008 to 1Q 2009, 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	3Q 2009	cumul. 9H 2008	cumul. 9M 2009
Net interest income	1 163	1 311	1 249	1 269	1 477	1 441	1 597	3 723	4 515
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	1 122	3 166	3 687
Gross technical charges, insurance	-1 078	-820	- 804	-1 181	-1 164	-1 127	-1 039	-2 702	-3 330
Ceded reinsurance result	- 10	-17	- 17	- 27	- 15	-17	-2	-44	-33
Dividend income	36	123	37	63	23	60	26	195	108
Net (un)realised gains from fin instruments at fair value	- 26	35	-1 688	-1 801	-3 742	78	-160	-1 680	-3 824
Net realised gains from available-for-sale assets	198	63	80	- 246	34	13	117	341	164
Net fee and commission income	438	477	422	377	317	372	380	1 336	1 069
Other net income	129	97	210	183	152	116	116	435	384
Total income	2 084	2 276	411	56	-1 610	2 193	2 157	4 771	2 740
Operating expenses	-1 278	-1 310	-1 351	-1 660	-1 235	-1 518	-1 307	-3 939	-4 061
Impairment	- 98	-332	- 478	-1 325	- 707	-633	-442	-909	-1 782
o/w on loans and receivables	- 27	-143	- 130	- 522	- 307	-578	-368	-300	-1 254
o/w on available-for-sale assets	- 71	-180	- 341	- 742	- 311	-19	-5	-591	-335
Share in results of associated companies	16	8	9	- 33	0	-2	3	33	2
Profit before tax	723	642	-1 410	-2 963	-3 552	40	411	- 45	-3 101
Income tax expense	- 144	-121	533	360	- 28	286	8	269	266
Profit after tax	579	521	- 876	-2 603	-3 580	326	419	224	-2 835
attributable to minority interests	26	28	30	22	20	24	-109	83	-66
attributable to the equity holders of the parent	**554**	**493**	**- 906**	**-2 625**	**-3 600**	**302**	**528**	**141**	**-2 770**
Belgium	357	194	- 227	- 721	- 5	287	330	324	611
Central & Eastern Europe and Russia	159	203	- 32	- 142	44	42	-3	330	84
Merchant Banking	31	125	- 519	-1 801	-3 738	-153	403	-363	-3 488
European Private Banking	43	48	- 88	- 155	26	29	37	2	92
Group centre	- 35	-77	- 40	193	73	97	-238	-152	-68
Earnings per share, basic (IFRS, in EUR)	1.62	1.45	-2.66	-7.72	-10.60	0.89	1.56	0.42	-8.16
Earnings per share, diluted (IFRS, in EUR)	1.62	1.45	-2.65	-7.70	-10.60	0.89	1.56	0.41	-8.16

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2008	30-09-2009
Total assets	355 317	334 219
of which loans and advances to customers	157 296	156 974
of which securities (equity and debt instruments)	94 897	97 252
Total liabilities	339 941	317 282
of which deposits from customers and debt certificates	196 733	194 748
of which gross technical provisions, insurance	19 523	21 508
of which liabilities under investment contracts, insurance	7 201	7 319
Parent shareholders' equity	10 710	9 416
Non-voting core-capital securities	3 500	7 000
Return on equity (based on underlying results, year-to-date)	16%	19%
Cost/income ratio (based on underlying results, year-to-date)	64%	55%
Combined ratio, non-life (based on underlying results, year-to-date)	95%	94%

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 – 3Q 2009 and 9M 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 the exclusion of exceptional or non-operating items and a different accounting treatment of certain hedging results and capital-market income. In view of their nature and materiality, it is important to adjust the results for these factors to understand the profit trend fully. A reconciliation table for 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	3Q 2009	cumul. 9H 2008	cumul. 9M 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1 344	1 391	3 645	4 088
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	1 122	3 166	3 687
Gross technical charges, insurance	-1 078	-820	-804	-1 181	-1 164	-1 127	-1 039	-2 702	-3 330
Ceded reinsurance result	-10	-17	-17	-27	-15	-17	-2	-44	-33
Dividend income	19	103	20	54	12	47	9	142	68
Net (un)realised gains from fin instruments at fair value	114	403	242	175	231	321	335	759	886
Net realised gains from available-for-sale assets	198	63	80	2	51	41	95	341	187
Net fee and commission income	464	482	430	379	328	391	400	1 376	1 119
Other net income	115	72	110	107	119	98	93	297	309
Total income	2 260	2 550	2 170	2 192	2 222	2 353	2 405	6 980	6 980
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1 196	-1 224	-3 945	-3 656
Impairment	-28	-152	-143	-420	-319	-560	-367	-323	-1 247
o/w on loans and receivables	-27	-143	-130	-341	-307	-567	-356	-300	-1 230
o/w on available-for-sale assets	0	0	-15	-29	-3	-1	0	-15	-4
Share in results of associated companies	16	8	9	-20	0	-2	3	33	2
Profit before tax	964	1 022	758	106	667	595	816	2 744	2 079
Income tax expense	-200	-188	-175	94	-181	-162	-167	-564	-510
Profit after tax	763	834	583	200	486	433	649	2 180	1 568
attributable to minority interests	26	28	32	24	21	24	18	86	63
attributable to the equity holders of the parent	**737**	**806**	**551**	**176**	**465**	**409**	**631**	**2 094**	**1 506**
Belgium	455	318	215	158	255	289	289	987	832
Central & Eastern Europe and Russia	180	222	201	84	106	71	42	603	219
Merchant Banking	89	234	137	-42	91	41	281	460	413
European Private Banking	50	64	32	15	34	44	38	146	116
Group centre	-36	-32	-34	-38	-21	-35	-19	-102	-74
Underlying earnings per share, basic (in EUR)	2.16	2.37	1.62	0.52	1.37	1.21	1.86	6.16	4.44
Underlying earnings per share, diluted (in EUR)	2.15	2.36	1.62	0.52	1.37	1.21	1.86	6.14	4.44

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 measured at fair value, 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	3Q 2009	cumul. 9H 2008	cumul. 9M 2009
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	631	2 094	1 506
Plus										
- Amounts before taxes and minority items										
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137	206	42	-144	110
MTM of own debt issued	5				371	134	200	-330		3
Losses on CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	198	-2 110	-2 598
Government guarantee fee							-1 121	- 116		-1 236
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	4	- 368	- 358
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1	42	-172	56
Loss on to be discontinued structured trading positions	3				- 245		-760	-153		-913
Impairment on goodwill	1,2,3				- 10	-79	-28	-58		-166
Buy back of hybrid Tier-1 securities	1,2,3							128		128
Exceptional tax adjustments	1,2,3,5					145	61			205
Other	1,2,3,4,5		-42	46	21	-49	2	-33	5	-79
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	176	836	570
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	528	141	-2 770

* 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

KBC Group, 3Q 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	3Q 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1 344	1 391
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	1 122
Non-Life	*503*	*504*	*514*	*531*	*479*	*477*	*495*
Life	*734*	*504*	*407*	*888*	*830*	*780*	*627*
Gross technical charges	-1 078	- 820	- 804	-1 181	-1 164	-1 127	-1 039
Non-Life	*- 289*	*- 261*	*- 310*	*- 344*	*- 297*	*- 290*	*- 323*
Life	*- 789*	*- 559*	*- 493*	*- 837*	*- 867*	*- 837*	*- 716*
Ceded reinsurance result	- 10	- 17	- 17	- 27	- 15	-17	-2
Net fee and commission income	464	482	430	379	328	391	400
*Banking**	*586*	*586*	*547*	*507*	*448*	*486*	*503*
Insurance	*- 122*	*- 104*	*- 117*	*- 128*	*- 120*	*-95*	*-103*
Net (un)realised gains from financial instruments at fair value	114	403	242	175	231	321	335
Net realised gains from available-for-sale assets	198	63	80	2	51	41	95
Dividend income	19	103	20	54	12	47	9
Other net income	115	72	110	107	119	98	93
Total income	2 260	2 550	2 170	2 192	2 222	2 353	2 405
Belgium	1 042	925	758	822	846	876	884
Central & Eastern Europe and Russia	659	745	799	799	710	636	654
Merchant Banking	420	726	517	482	534	688	710
European Private Banking	158	202	146	168	163	186	183
Group Centre	- 19	- 48	- 50	- 78	- 31	-34	-25

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to 1 391 million, even further up on the high levels of the two previous quarters and significantly higher (some 17%) than the year-earlier quarter. This year-on-year increase is thanks mainly to the continued recovery of the net interest margin since the start of the year (1.86% in the current quarter compared to 1.57% in the year-earlier quarter). The margin improvement is largely due to a combination of healthier credit and deposit spreads (a year ago, interest rates for traditional savings products in Belgium stood at historically high levels, and have been decreasing continuously since, in line with consecutive cuts in the ECB base rate), combined with a shift towards deposit products with a higher margin for the group. Moreover, year-on-year, net interest income also benefitted from the (investment of) core capital securities (30 million in 3Q 2009). Compared to a year ago, credit and deposit volumes dropped 4% and 11%, respectively, but this was virtually entirely accounted for by the Merchant Banking Business Unit and related to the reduction in the international loan book, in line with the renewed strategic focus of the group. Compared to a quarter ago, deposit volumes have slightly decreased (-1%), while weakening demand for credit and especially the above-mentioned, ongoing reduction in some credit portfolios (in Hungary, Russia and countries outside the home markets) led to a 3% quarter-on-quarter drop in loan volumes.

Gross earned insurance premiums in the quarter under review amounted to 1 122 million.
Non-life sales continued to increase. At 495 million, they were up 2% and 3% on the previous and year-earlier quarters, respectively (excluding the effect of the changes in CEER exchange rates). Moreover, the non-life insurance activities continued to post a fine technical result, which is illustrated by a combined ratio of 94% for the first nine months of the year, a further improvement compared to the 95% registered in FY 2008. The group's solid combined ratio is attributable to the excellent technical performance of non-life insurance in Belgium (with a combined ratio of a mere 88% for that business unit) and in Merchant Banking (86% combined ratio). In CEER, however, high claims in Poland pushed up the combined ratio to 104% for 9M 2009.
The claims reserve ratio for the entire group amounted to 178%, up on the 165% recorded at the end of 2008.

Gross earned premiums in the life insurance business amounted to 627 million in the quarter under review, but this IFRS figure excludes certain types of life insurance contracts (i.e. the unit-linked contracts). When these contracts are included, life insurance sales amounted to 1 billion in the quarter under review, slightly below the previous quarter as a result of the traditional slowdown in clients' investments during the summer, but up 23% on the low level recorded in the year-earlier quarter. As was the case in the past few quarters, interest-guaranteed products accounted for the largest share of life sales (766 million). Sales of unit-linked products amounted to 234 million, which, though still not back at pre-crisis levels, constitutes a second consecutive quarter-on-quarter increase. At 30 September 2009, the group's total life reserves stood at 24 billion, up 4% on the previous quarter and up 5% on the year-earlier quarter.

At 9 million, dividend income was significantly down on the 47 million recorded in the previous quarter, since the bulk of dividends are traditionally received in the second quarter of the year. It was also down on the 20 million recognised in the year-earlier quarter, due to the decrease in the share portfolio and generally lower corporate dividend payouts.

Net (un)realised gains from financial instruments at fair value (trading and fair value income) amounted to 335 million, comparable to the high level of the previous quarter, and 93 million up on the year-earlier quarter. The significant year-on-year increase is due to a number of factors, including the good performance of the debt and money market activities, especially at the Brussels' dealing room.
It should be noted that the underlying figures exclude fair value changes in ALM hedging instruments (small positive amount in the quarter under review), the CDO-related impact (positive amount), changes in fair value of the group's own debt instruments (negative amount) and costs related to specialised investment banking activities that are being built-down (negative amount). A full overview of the impact of these non-operational items, including figures for all reference quarters, is provided in the table 'Underlying profit analysis, KBC Group' in the first part of this report, while the impact for each business unit is summarised separately in the following sections of this report.

Realised gains on available-for-sale assets stood at 95 million in the quarter under review, more than double the average of the last four quarters.

Net fee and commission income stood at 400 million in the quarter under review. Although this is still a decrease of 7% compared to a year ago, it is up 2% on the previous quarter (notwithstanding the traditional summer drop) and hence a continuation of the recovery from the record low in the first quarter of 2009 (since then, commission income has grown by 22%). The quarter-on-quarter improvement was predominantly due to the 3% quarter-on-quarter rise in commissions *received* in the banking business (mainly asset management-related fees), which was partly compensated by an increase of fees *paid* in the insurance business. After a number of quarterly decreases, total assets under management at group level (206 billion as at 30 September 2009) were on the rise again (+3% on the previous quarter), thanks entirely to the increase in asset prices.

Other net income amounted to 93 million, down on the 109-million 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	3Q 2009
Staff expenses	- 765	- 812	- 719	- 835	- 691	-695	-721
General administrative expenses	- 447	- 485	- 467	- 584	- 458	-406	-458
Depreciation and amortisation of fixed assets	- 93	- 88	- 102	- 109	- 96	-98	-105
Provisions for risks and charges	22	2	11	- 119	10	2	59
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1 196	-1 224
Belgium	- 464	- 486	- 479	- 601	- 464	-448	-444
Central & Eastern Europe and Russia	- 406	- 446	- 479	- 548	- 399	-381	-396
Merchant Banking	- 301	- 323	- 217	- 350	- 262	-226	-248
European Private Banking	- 95	- 132	- 111	- 148	- 115	-124	-134
Group Centre	- 18	4	8	0	4	-17	-1

At 1 224 million, operating expenses in 3Q 2009 were down 4% on the year-earlier quarter, and up 2% on the previous quarter. However, the quarter-on-quarter increase is fully explained by FX effects (on average, CEER currencies appreciated some 4% compared to the previous quarter) and a one-off reclassification (some employee benefit taxes were included in the tax line in the previous quarter, but have since been moved to operating expenses); excluding these items, costs were down 1% quarter-on-quarter. Eliminating CEER FX effects and the fact that 3Q 2008 included a significant reversal of provisions for staff bonuses, costs were down 6% year-on-year, thanks to lower variable remuneration, the lower number of FTEs (-8% year-on-year) and the reduction in investment banking activities.
Cost trends varied among the various business units. Costs increased in both the Merchant Banking Business Unit (+15%, year-on-year) and in European Private Banking Business Unit (+21%), though in both cases one-off elements (the most important ones were mentioned earlier) account for the larger part of the increase. The cost increase in these business units was more than compensated by the significant costs decreases in both the Belgium Business Unit (-7%) and the CEER Business Unit (-17%, largely surpassing the 10% year-on-year average exchange rate deprecation of CEER currencies against the euro).

As a result, the banking business' cost/income ratio (expenses versus total income) for the first nine months of the year stood at a comfortable 55% for the whole group, a significant improvement on the 64% recorded for FY 2008 (as already stated, the direct impact of the financial crisis on income has been disregarded in these calculations). The 9M 2009 cost-income ratio for the banking business breaks down per business unit as follows: 57% for Belgium, 58% for CEER, 39% for Merchant Banking and 71% for European Private Banking.
The non-life insurance cost ratio (net expenses/net written premiums) stood at 31% for 9M 2009 (compared to 34% for FY 2008) and is broken down as follows: 30% for Belgium, 35% for CEER and 18% for Merchant 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	3Q 2009
Impairment on loans and advances	-27	-143	-130	-341	-307	-567	-356
Impairment on available-for-sale assets	0	0	-15	-29	-3	-1	0
Impairment on goodwill	0	0	0	-15	0	0	0
Impairment on other	0	-9	2	-36	-9	8	-11
Impairment	-28	-152	-143	-420	-319	-560	-367
Belgium	-4	-13	-18	-12	-19	-20	-11
Central & Eastern Europe and Russia	-35	-53	-83	-151	-187	-171	-214
Merchant Banking	13	-85	-42	-215	-112	-368	-141
European Private Banking	-2	0	0	-41	-1	-1	-1
Group Centre	0	0	0	-2	0	0	0

In 3Q 2009, impairment *on loans and advances* (loan loss provisions) stood at 356 million, clearly much higher than the 130 million recognised in the year-earlier quarter. However, compared to the previous quarter, loan losses were 210 million lower, which is almost entirely accounted for by the Merchant Banking Business Unit and is explained by lower loan losses on the international loan book and the fact that the previous quarter had been heavily impacted by general loan loss provisions for US mortgage-backed securities. In the CEER Business Unit, loan losses went up (+25 million on the previous quarter, mainly in Russia and Poland), while in the Belgium Business Unit, they remained extremely low (even down 9 million on the previous quarter).

There were virtually no impairments on *available-for-sale assets* in 3Q 2009, in line with figure recorded in the previous quarter. It should be noted that, although share prices went up in the quarter under review, this does not lead to reversals of impairments with a positive effect on P/L (increasing share prices are only reflected in the revaluation reserve for shares – part of shareholders' equity – which went from 125 million at the end of June 2009 to 333 million at the end of September 2009).

The annualised credit cost ratio (which includes both loans and corporate and bank bonds) for 9M 2009 stood at 96 basis points for the whole group (79 basis points excluding mortgage-backed securities), slightly down on the 101 basis points recorded for 6M 2009, and up compared to the 70 basis points registered in FY 2008. The 9M 2009 credit cost ratio breaks down as follows: a very low 12 basis points for the Belgium Business Unit (9 basis points in FY 2008), 183 basis points for the CEER Business Unit (83 basis points in FY 2008) and 116 basis points for the Merchant Banking Business Unit (90 basis points in FY 2008). At the end of September 2009, some 3.3% of the loan book was non-performing, compared to 2.8% three months ago. The group repeats that, although economic conditions are gradually improving, the usual time lag between movements in the economic cycle and non-performing loans may cause a further increase in the non-performing ratio in the quarters ahead.

Note that the underlying figures exclude the 58 million impairments made on the *goodwill* that had been booked on a number of (mostly Central European) subsidiaries in the quarter under review. Other impairments (11 million in the quarter under review) relate mainly to the downward valuation of a building in the Czech Republic.

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	3Q 2009
Share in result of associated companies	16	8	9	-20	0	-2	3
Income tax expense	-200	-188	-175	94	-181	-162	-167
Minority interests in profit after tax	26	28	32	24	21	24	18

The share in the results of associated companies, which concerns mainly the minority participation in Nova Ljubljanska banka in Slovenia, stood at a positive 3 million in the quarter under review, compared to a negative 2 million in the previous quarter, and a positive 9 million a year earlier.
Group tax amounted to 167 million in 3Q 2009.
The result attributable to minority shareholders in group companies came to 18 million, down somewhat on the 25 million average of the last four quarters. This underlying figure excludes the effect of some hybrid securities being repurchased in 3Q 2009; in the IFRS figures, the discount on the repurchase of these hybrid capital securities (presented as minority interests in the balance sheet) was deducted, and added to profit after tax attributable to the equity holders of the parent.

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, on a par with the previous quarter and up 35% on the 215 million in the year-earlier quarter.

These underlying figures exclude 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	3Q 2009
Net interest income	532	542	441	469	583	589	607
Gross earned premiums, insurance	865	632	532	1 024	992	934	774
Gross technical charges, insurance	- 828	- 612	- 524	- 954	- 949	- 900	- 768
Ceded reinsurance result	- 6	- 7	- 5	- 2	- 4	- 6	- 4
Dividend income	15	77	14	41	10	30	0
Net (un)realised gains from financial instruments at fair value	28	- 9	16	12	15	18	29
Net realised gains from available-for-sale assets	200	59	79	18	39	20	41
Net fee and commission income	192	205	163	163	121	156	152
Banking	*249*	*249*	*207*	*220*	*187*	*208*	*204*
Insurance	*- 56*	*- 43*	*- 44*	*- 57*	*- 66*	*- 52*	*- 52*
Other net income	45	39	41	52	40	36	52
Total income	1 042	925	758	822	846	876	884
Operating expenses	- 464	- 486	- 479	- 601	- 464	- 448	- 444
Impairment	- 4	- 13	- 18	- 12	- 19	- 20	- 11
o/w on loans and receivables	- 4	- 13	- 18	- 12	- 19	- 20	- 11
o/w on available-for-sale assets	0	0	0	0	0	- 1	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	575	426	262	210	363	408	428
Income tax expense	- 120	- 108	- 46	- 52	- 108	- 119	- 139
Profit after tax	455	319	215	158	255	289	290
attributable to minority interests	1	0	1	0	1	1	1
attributable to the equity holders of the parent	**455**	**318**	**215**	**158**	**255**	**289**	**289**
Banking activities	*179*	*155*	*68*	*71*	*144*	*171*	*222*
Insurance activities	*276*	*163*	*146*	*86*	*111*	*118*	*67*
Risk-weighted assets, banking (end of period, Basel II)	*23 252*	*24 336*	*23 288*	*23 380*	*23 695*	*23 670*	*22 753*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*32 827*	*34 160*	*33 240*	*33 650*	*34 419*	*34 788*	*34 123*
Allocated equity (end of period, Basel II)	*3 014*	*3 123*	*3 077*	*3 134*	*3 226*	*3 288*	*3 270*
Return on allocated capital (ROAC, Basel II))	*59%*	*40%*	*26%*	*21%*	*31%*	*33%*	*33%*
Cost/income ratio (banking activities)	*58%*	*62%*	*79%*	*88%*	*63%*	*57%*	*52%*
Combined ratio (non-life insurance activities)	*88%*	*96%*	*93%*	*96%*	*81%*	*93%*	*90%*

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

Net interest income for this business unit amounted to 607 million in the quarter under review. This constitutes not only a significant improvement on the low levels recorded in the second half of 2008 (455 million on average), but even a further improvement on the increased levels recorded since the beginning of the year (586 million on average). The improvement since the start of the year was mainly attributable to a return to healthier margins on loans and deposits (cf. the gradual lowering of the deposit remuneration following the high levels in the summer of 2008), combined with a shift towards higher-margin deposit products (shift from time deposits to saving accounts). Net interest income was also positively impacted by the reinvestment of the core capital securities (some 18 million in 3Q 2009). As a result, the net interest margin for this business unit rose significantly, up from 1.19% a year ago to 1.54% in 3Q 2009.
Loan volumes were down slightly (-1%) in the quarter under review, while deposits increased some 2%. Compared to a year ago, loan volumes grew 2%, while deposit volumes decreased 1%.

Gross earned premiums for the group's insurance activities in Belgium amounted to 774 million. This breaks down into 535 million for life insurance and 240 million for non-life insurance. The latter was slightly up compared to the previous quarter and increased a healthy 5% year-on-year. In combination with lower claims, this led to a fine technical result for the Belgian non-life insurance activities, as illustrated, for instance, by a very favourable combined ratio of 88% for 9M 2009, a significant improvement on the 96% registered in FY 2008.

As regards life insurance, gross earned premiums under IFRS exclude certain forms of life insurance contracts (i.e. the unit-linked contracts). When these products are included, total life insurance sales amounted to 654 million. This constitutes a decrease of 17% compared to the previous quarter, which is partially related to the traditional summer slowdown in customers' investment activities, which led to a drop in the sale of interest-guaranteed products. Sales of unit-linked products, on the other hand, rose by 17% quarter-on-quarter, though sales of these products are still not back to pre-crisis levels. Compared to the depressed level of life insurance sales a year ago, this quarter's sales went up by almost 50%, thanks entirely to the increased sales of interest-guaranteed products.
As at the end of September 2009, the total life reserves of this business unit stood at 21 billion, up 4% quarter-on-quarter and 9% year-on-year.

Dividend income was virtually at zero in the quarter under review, down on the 30 million registered in the previous quarter, since the bulk of corporate dividends are received in that quarter. Net (un)realised gains on financial instruments at fair value stood at 29 million for the quarter under review, up on the 15 million average of the last four quarters, due to positive fair value adjustments of some embedded derivative products. As already explained, the underlying results exclude the CDO-related impact; overview provided in the table below). Net realised gains on available-for-sale assets amounted to 41 million in the quarter under review, in line with the average of the last four quarters.

At 152 million, net fee and commission income was more or less in line with the 156 million registered in the previous quarter, and hence confirms the recovery from the very low level recorded in the first quarter of the year (121 million). This was mainly thanks to the increase in mutual fund-related fee income, following the gradual improvement of the investment climate. The latter is also reflected in the assets under management of the business unit, which increased by 2% to 147 billion in the quarter under review, after a number of consecutive decreases in the previous quarters. Compared to a year ago, both net fee and commission income and assets under management were still down some 7%.

Other net income came to 52 million, somewhat above the 42–million-euro average of the last four quarters.

Operating expenses in 3Q 2009 came to 444 million, an improvement of 1% and 7%, respectively, on the 2Q 2009 and 3Q 2008 levels, reflecting the impact of the ongoing cost containment measures, including the reduction in FTEs (-2% year-on-year) and lower variable remuneration. As a result, the cost-income ratio for the Belgian banking activities in the first nine months of the year amounted to a comfortable 57%, a significant improvement compared to the 71% recognised for FY 2008.

Credit costs for the Belgian retail portfolio remained at a very comfortable level: in the quarter under review, they amounted to a mere 11 million, even down on the already very low 20 and 18 million recorded in the previous and year-earlier quarters. For the first nine months of 2009, this is reflected in a very favourable credit cost ratio of 12 basis points, compared to 9 basis points for FY 2008. As at 30 September 2009, around 1.8% of this business unit's loan book was non-performing, unchanged from three months ago and only marginally up on the beginning of the year (1.7%). Notwithstanding improving economic conditions, a late-cyclical increase in non-performing loans cannot be excluded in the quarters to come.

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	3Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**455**	**318**	**215**	**158**	**255**	**289**	**289**
Plus:							
- Losses on CDOs/monolines	- 31	- 51	- 434	- 256	0	- 215	- 14
- Value losses on AFS shares	- 48	- 108	- 120	- 557	- 251	- 40	6
- Impairment of exposure to US and Icelandic banks	0	0	- 3	0	0	0	0
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	22
- Other	- 46	25	- 53	- 228	- 46	242	43
Taxes and minority interests on the items above	26	8	168	162	36	11	- 16
Profit after tax, attributable to the equity holders of the parent: IFRS	**357**	**194**	**- 227**	**- 721**	**- 5**	**287**	**330**

CEER Business Unit (underlying trend)

In the quarter under review, the CEER Business Unit generated an underlying profit of 42 million, down on the 71 million recorded in the previous quarter and clearly down on the 201 million recorded a year earlier, mainly on the back of higher loan loss charges. 3Q 2009 net profit breaks down as follows: 109 million in the Czech Republic, 5 million in Slovakia, 21 million in Hungary, -1 million in Poland, -31 million in Russia and -61 million as other results.

The underlying profit figure excludes exceptional items. A table reconciling this underlying net profit and the net result according to IFRS is provided further on in this section.

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
- Bulgaria: CIBank and DZI Insurance
- Russia: Absolut Bank
- Serbia: KBC Banka
- Slovenia: NLB Bank (minority participation) and NLB Life.

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	3Q 2009
Net interest income	390	439	471	482	460	449	461
Gross earned premiums, insurance	299	319	330	338	257	267	283
Gross technical charges, insurance	- 186	- 164	- 235	- 201	- 165	- 179	- 216
Ceded reinsurance result	- 4	- 9	- 7	- 17	- 4	- 7	0
Dividend income	0	3	2	8	0	7	1
Net (un)realised gains from financial instruments at fair value	49	62	124	80	51	- 11	14
Net realised gains from available-for-sale assets	- 1	- 5	- 2	1	6	2	4
Net fee and commission income	76	75	79	70	63	79	82
Banking	*129*	*132*	*143*	*131*	*108*	*117*	*124*
Insurance	*- 53*	*- 56*	*- 64*	*- 61*	*- 45*	*- 38*	*- 42*
Other net income	36	25	36	39	42	30	25
Total income	659	745	799	799	710	636	654
Operating expenses	- 406	- 446	- 479	- 548	- 399	- 381	- 396
Impairment	- 35	- 53	- 83	- 151	- 187	- 171	- 214
o/w on loans and receivables	- 35	- 51	- 79	- 149	- 179	- 178	- 203
o/w on available-for-sale assets	0	0	0	0	0	0	0
Share in results of associated companies	15	8	11	- 10	0	- 2	3
Profit before tax	233	254	248	90	123	83	46
Income tax expense	- 48	- 25	- 38	- 4	- 18	- 10	- 7
Profit after tax	185	228	209	86	105	73	39
attributable to minority interests	6	6	8	3	- 1	2	- 3
attributable to the equity holders of the parent	**180**	**222**	**201**	**84**	**106**	**71**	**42**
Banking activities	*183*	*206*	*189*	*63*	*70*	*51*	*40*
Insurance activities	*- 3*	*16*	*12*	*20*	*36*	*20*	*2*
Risk-weighted assets, banking (end of period, Basel II)	*34 643*	*39 943*	*39 585*	*38 380*	*36 402*	*35 724*	*34 465*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*37 104*	*42 603*	*42 595*	*41 340*	*39 348*	*38 511*	*37 194*
Allocated equity (end of period, Basel II)	*2 603*	*2 973*	*3 006*	*2 922*	*2 793*	*2 725*	*2 634*
Return on allocated capital (ROAC, Basel II)	*25%*	*28%*	*22%*	*10%*	*10%*	*3%*	*0%*
Cost/income ratio (banking activities)	*58%*	*57%*	*58%*	*66%*	*56%*	*59%*	*58%*
Combined ratio (non-life insurance activities)	*92%*	*89%*	*92%*	*95%*	*109%*	*94%*	*110%*

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

The change in the average exchange rate against the euro of the main currencies in the region compared to both 3Q 2008 and 2Q 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 +4% (appreciation against the euro). In order not to distort the comparison, the 'organic' growth figures mentioned below exclude the impact of changes in exchange rates. No significant new acquisitions were made in the quarter under review nor compared to a year ago.

CEER exchange rates changes	CZK	SKK	HUF	PLN	RUB
+: appreciation against the euro - : depreciation against the euro	(Czech Rep)	(Slovakia)	(Hungary)	(Poland)	(Russia)
3Q 2009 / 3Q 2008	-5%	1%	-13%	-21%	-18%
3Q 2009 / 2Q 2009	5%	*	7%	7%	-2%

* Slovakia switched to the euro on 1 January 2009.

Net interest income amounted to 461 million in the quarter under review, which, on an organic basis, is 2% lower than the previous quarter. This is related to the fact that, for the region as a whole, deposit and loan volumes dropped by 2% and 1%, respectively, in the quarter under review. The decrease in the loan portfolio of the business unit in the quarter under review was most pronounced for the Russian loan book (-11%), and, to a lesser extent, the Hungarian and Polish loan books (both -2%), while loan portfolios remained virtually unchanged in the other countries.
Compared to a year ago, loan volumes also dropped 1% (largely attributable to Russia and Hungary), while deposit volumes increased by 4% on an organic basis. The loan-to-deposit ratio for the region as a whole stood at 86% at 30 September 2009.
The average net interest margin of the CEER Business Unit stood at 3.15% in 3Q 2009, compared to 3.08% in 2Q 2009 and 3.18% in 3Q 2008.

Gross earned insurance premiums amounted to 283 million. On an organic basis, non-life premiums (201 million) remained virtually the same as in both reference quarters. However, mainly due to high claims in Poland, the CEER's non-life year-to-date technical performance deteriorated, as illustrated by a high 9M 2009 combined ratio of 104%, compared to 95% in FY 2008. While the combined ratio in Poland – due to the high level of claims – rose to a high 113% in 9M 2009, the ratio remained below 100% in all the other countries (92% for the Czech Republic, 96% for Slovakia, 84% for Hungary and 99% for Bulgaria).
Life premiums, including unit-linked products (which are not included in the IFRS figures) amounted to 276 million in the quarter under review. This is a 4% organic increase compared to a year ago and a 20% increase compared to the previous quarter, the latter growth was due largely to increased sales of interest-guaranteed products in Poland in the quarter under review. At 30 September 2009, the outstanding life reserves in this business unit amounted to 1.6 billion.

Dividend income dropped to 1 million in the quarter under review, after the traditional increase in the second quarter, while net (un)realised gains from financial instruments at fair value stood at 14 million, down on the average figure of 61 million for the last four quarters. As already explained, these underlying figures do not include CDO-related items (see overview in the table below). Net realised gains from available-for-sale assets stood at 4 million, slightly up on the average of 2 million for the last four quarters.

Net fee and commission income amounted to 82 million in the quarter under review. On an organic basis, this is flat compared to the previous quarter, as the increase in fees *received* in the banking business was fully offset by the higher level of *paid* fees in the insurance activities. Compared to a year ago, net fee and commission income increased some 10% on an organic basis. Here, the decrease in fees received in banking was offset by an even bigger decrease in fees paid in insurance, resulting in a net increase in fee income. The assets under management of this business unit came to 12 billion on 30 September 2009, up 4% on the quarter-earlier situation (on an organic basis), thanks largely to increased asset prices.

Lastly, other net income came to 25 million in the quarter under review, down on the 37-million-euro average of the last four quarters.

The operating expenses of this business unit stood at 396 million, which, on an organic basis, constitutes a decrease of 2% quarter-on-quarter and as much as 6% year-on-year. The year-on-year decline in costs is due to a number of elements, including a decrease in FTEs (-8%), lower variable remuneration, and various cost cutting exercises. As a consequence, the 9M 2009 cost/income ratio for the CEER banking activities improved to 58%, from 60% for FY 2008.

At 203 million, impairments on loans and receivables went up some 20 million (on an organic basis) compared to the previous quarter, due chiefly to higher loan losses in Russia and in Polish consumer finance. This is reflected in a credit cost ratio of 183 basis points for 9M 2009, slightly up on the 6M 2009 ratio (175 basis points), but still below the guiding figure of 200-230 basis points for FY 2009. The 9M 2009 credit cost ratio breaks down as follows: 106 basis points for the Czech Republic, 138 basis points for Slovakia, 190 basis points for Poland, 175 basis points for Hungary and 548 basis points for Russia. The non-performing loan ratio for the business unit as a whole stood at 4.3%, a further increase on the figure of three months ago (3.1%), part of which is caused by methodological fine-tuning though. As loan losses follow the economic downturn, a further increase in loan losses and non-performing loans in the quarters to come cannot be excluded.
Impairment on goodwill related to recent acquisitions of CEER companies (56 million in 3Q 2009) is treated as an exceptional item and hence does not show up in the underlying figures. Impairment on other assets amounted to -11 million in the quarter under review, and related *inter alia* to a downward value adjustment of a building in the Czech Republic.

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	3Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**180**	**222**	**201**	**84**	**106**	**71**	**42**
Plus:							
- Losses on CDOs/monolines	- 28	- 37	- 258	- 103	0	- 30	- 23
- Value losses on AFS shares	- 4	- 3	- 8	- 56	- 14	0	- 1
- Impairment of exposure to US and Icelandic banks	0	0	- 13	- 36	16	0	1
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	36
- Other	10	17	- 43	- 73	- 57	4	- 61
Taxes and minority interests on the items above	1	4	91	43	- 8	- 4	3
Profit after tax, attributable to the equity holders of the parent: IFRS	**159**	**203**	**- 32**	**- 142**	**44**	**42**	**- 3**

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.

Income statement, Czech Republic (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009
Net interest income	211	221	230	232	220	226	229
Gross earned premiums, insurance	70	74	74	74	65	67	71
Gross technical charges, insurance	- 52	- 35	- 83	- 18	- 25	- 46	- 50
Ceded reinsurance result	- 3	- 3	- 2	- 3	- 2	- 2	0
Dividend income	0	1	1	3	0	7	1
Net (un)realised gains from financial instruments at fair value	7	22	49	- 16	0	6	17
Net realised gains from available-for-sale assets	- 3	0	1	1	5	0	0
Net fee and commission income	57	60	61	54	51	56	57
Banking	*64*	*67*	*68*	*67*	*58*	*62*	*65*
Insurance	*- 7*	*- 7*	*- 7*	*- 13*	*- 7*	*- 6*	*- 9*
Other net income	25	7	23	23	11	12	9
Total income	313	348	352	349	326	326	334
Operating expenses	- 155	- 151	- 163	- 180	- 136	- 148	- 146
Impairment	- 13	- 11	- 34	- 36	- 32	- 65	- 62
o/w on loans and receivables	- 13	- 10	- 30	- 37	- 31	- 65	- 52
o/w on available-for-sale assets	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	145	185	155	133	158	112	125
Income tax expense	- 25	- 31	- 16	- 17	- 25	- 15	- 18
Profit after tax	120	154	138	115	133	97	108
attributable to minority interests	1	0	1	1	1	1	- 1
attributable to the equity holders of the parent	**119**	**154**	**137**	**115**	**133**	**96**	**109**
Banking activities	*125*	*145*	*136*	*88*	*115*	*85*	*100*
Insurance activities	*- 5*	*9*	*2*	*26*	*17*	*12*	*9*
Risk-weighted assets (end of period, Basel II)	*15 003*	*15 003*	*15 276*	*14 569*	*13 872*	*14 156*	*13 948*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*15 728*	*19 607*	*16 076*	*15 326*	*14 628*	*14 926*	*14 726*
Allocated equity (end of period, Basel II)	*1 072*	*1 324*	*1 102*	*1 050*	*1 005*	*1 026*	*1 014*
Return on allocated capital (ROAC, Basel II)	*39%*	*47%*	*39%*	*36%*	*46%*	*31%*	*34%*
Cost/income ratio (banking activities)	*47%*	*42%*	*45%*	*56%*	*43%*	*45%*	*44%*
Combined ratio (non-life insurance activities)	*100%*	*91%*	*87%*	*92%*	*92%*	*99%*	*86%*

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	3Q 2009
Net interest income	30	34	41	46	47	54	58
Gross earned premiums, insurance	13	20	16	16	19	17	19
Gross technical charges, insurance	- 8	- 16	- 12	- 11	- 13	- 11	- 14
Ceded reinsurance result	0	0	0	0	0	0	1
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	7	9	9	7	- 4	- 8	0
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	7	6	9	9	7	6	6
Banking	*8*	*7*	*11*	*11*	*8*	*8*	*7*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*
Other net income	1	0	3	3	2	5	2
Total income	50	53	67	70	57	63	71
Operating expenses	- 30	- 32	- 41	- 55	- 43	- 43	- 44
Impairment	- 4	- 4	- 9	- 15	- 14	- 17	- 21
o/w on loans and receivables	*- 4*	*- 4*	*-9*	- 13	- 13	- 17	- 20
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	17	16	17	- 1	1	2	6
Income tax expense	- 3	- 3	- 4	- 1	0	2	- 2
Profit after tax	14	13	13	- 2	1	4	5
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**14**	**13**	**13**	**- 2**	**1**	**4**	**5**
Banking activities	*12*	*15*	*10*	*- 4*	*0*	*2*	*3*
Insurance activities	*2*	*- 2*	*3*	*2*	*1*	*3*	*2*
Risk-weighted assets (end of period, Basel II)	*2 899*	*2 899*	*4 510*	*5 164*	*4 278*	*4 247*	*4 077*
Risk-weighted assets, banking and insurance (end of period, Bas	*3 019*	*2 763*	*4 636*	*5 294*	*4 415*	*4 386*	*4 217*
Allocated equity (end of period, Basel II)	*204*	*186*	*308*	*350*	*295*	*293*	*282*
Return on allocated capital (ROAC, Basel II)	*22%*	*19%*	*8%*	*-7%*	*-4%*	*0%*	*1%*
Cost/income ratio (banking activities)	*60%*	*56%*	*63%*	*85%*	*74%*	*71%*	*63%*
Combined ratio (non-life insurance activities)	*86%*	*112%*	*111%*	*122%*	*92%*	*90%*	*110%*

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	3Q 2009
Net interest income	66	73	79	89	99	89	92
Gross earned premiums, insurance	20	23	26	23	16	19	19
Gross technical charges, insurance	- 14	- 15	- 21	- 14	- 8	- 12	- 11
Ceded reinsurance result	0	- 1	2	0	0	- 1	- 2
Dividend income	0	0	0	4	0	0	0
Net (un)realised gains from financial instruments at fair value	21	31	33	30	3	9	4
Net realised gains from available-for-sale assets	1	1	0	0	1	1	1
Net fee and commission income	25	26	28	19	18	22	24
Banking	*27*	*28*	*30*	*22*	*20*	*24*	*26*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*
Other net income	5	6	3	4	2	2	3
Total income	123	144	151	155	130	129	130
Operating expenses	- 65	- 85	- 89	- 113	- 76	- 61	- 72
Impairment	- 1	3	- 6	- 26	- 36	- 29	- 29
o/w on loans and receivables	*- 1*	*3*	*-6*	- 26	- 36	- 29	- 29
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0
Share in results of associated companies	1	0	0	0	1	0	0
Profit before tax	58	63	56	16	19	39	29
Income tax expense	- 22	- 15	- 15	- 15	- 8	- 9	- 8
Profit after tax	37	47	42	1	10	30	21
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**37**	**47**	**42**	**1**	**10**	**30**	**21**
Banking activities	*34*	*44*	*38*	*- 2*	*6*	*27*	*17*
Insurance activities	*3*	*4*	*3*	*3*	*4*	*3*	*3*
Risk-weighted assets (end of period, Basel II)	*6 267*	*6 870*	*7 193*	*6 709*	*6 970*	*6 439*	*6 073*
Risk-weighted assets, banking and insurance (end of period, Basel II	*6 480*	*7 076*	*7 417*	*6 933*	*7 179*	*6 621*	*6 275*
Allocated equity (end of period, Basel II)	*434*	*471*	*494*	*464*	*478*	*440*	*419*
Return on allocated capital (ROAC, Basel II)	*28%*	*27%*	*20%*	*-*	*-*	*18%*	*13%*
Cost/income ratio (banking activities)	*52%*	*60%*	*60%*	*74%*	*60%*	*49%*	*56%*
Combined ratio (non-life insurance activities)	*86%*	*89%*	*91%*	*84%*	*70%*	*89%*	*94%*

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	3Q 2009
Net interest income	75	83	94	78	68	73	78
Gross earned premiums, insurance	158	166	182	157	122	132	143
Gross technical charges, insurance	- 82	- 79	- 99	- 93	- 95	- 86	- 112
Ceded reinsurance result	1	- 3	- 6	- 12	- 2	- 4	1
Dividend income	0	1	1	0	0	0	0
Net (un)realised gains from financial instruments at fair value	11	15	34	34	28	- 1	3
Net realised gains from available-for-sale assets	1	- 6	- 3	- 2	0	1	4
Net fee and commission income	- 17	- 20	- 26	- 13	- 12	- 7	- 6
Banking	*20*	*21*	*23*	*20*	*16*	*16*	*19*
Insurance	*- 37*	*- 41*	*- 49*	*- 33*	*- 28*	*- 24*	*- 26*
Other net income	7	13	7	15	30	12	11
Total income	154	171	184	164	139	120	121
Operating expenses	- 98	- 114	- 119	- 109	- 89	- 76	- 83
Impairment	- 10	- 19	- 5	- 27	- 39	- 24	- 37
o/w on loans and receivables	*- 9*	*- 18*	*- 5*	- 26	- 40	- 24	- 37
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	46	38	60	28	11	19	1
Income tax expense	- 9	- 4	- 12	1	1	- 3	- 2
Profit after tax	36	34	48	29	11	16	- 1
attributable to minority interests	4	4	7	3	- 2	2	0
attributable to the equity holders of the parent	**32**	**30**	**41**	**26**	**13**	**15**	**- 1**
Banking activities	*18*	*17*	*27*	*14*	*- 6*	*7*	*1*
Insurance activities	*14*	*13*	*14*	*12*	*19*	*7*	*- 2*
Risk-weighted assets (end of period, Basel II)	*6 398*	*6 885*	*7 513*	*7 453*	*7 060*	*6 919*	*6 881*
Risk-weighted assets, banking and insurance (end of period, Basel I	*7 560*	*8 164*	*8 966*	*8 898*	*8 473*	*8 187*	*8 050*
Allocated equity (end of period, Basel II)	*594*	*644*	*711*	*706*	*676*	*644*	*626*
Return on allocated capital (ROAC, Basel II)	*18%*	*16%*	*25%*	*15%*	*3%*	*5%*	*-*
Cost/income ratio (banking activities)	*66%*	*64%*	*64%*	*58%*	*69%*	*61%*	*60%*
Combined ratio (non-life insurance activities)	*90%*	*90%*	*95%*	*107%*	*124%*	*93%*	*122%*

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	3Q 2009
Net interest income	40	57	61	67	54	43	36
Gross earned premiums, insurance	0	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	1	- 8	9	4	2	2
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	4	2	3	3	2	2	3
Banking	*4*	*2*	*3*	*3*	*2*	*2*	*3*
Insurance	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other net income	0	0	1	- 3	1	1	1
Total income	45	60	56	76	62	49	42
Operating expenses	- 30	- 36	- 38	- 41	- 28	- 28	- 27
Impairment	- 5	- 18	- 18	- 31	- 45	- 33	- 48
o/w on loans and receivables	*- 5*	*- 18*	*- 18*	- 31	- 45	- 33	- 48
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	9	6	0	4	- 11	- 13	- 33
Income tax expense	- 3	- 1	0	- 4	0	- 7	0
Profit after tax	6	4	0	1	- 11	- 20	- 33
attributable to minority interests	0	0	0	0	- 1	- 1	- 2
attributable to the equity holders of the parent	**6**	**4**	**0**	**1**	**- 11**	**- 19**	**- 31**
Banking activities	*6*	*4*	*0*	*1*	*- 11*	*- 19*	*- 31*
Insurance activities	*0*	*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*	*2 554*
Risk-weighted assets, banking and insurance (end of period, Basel	*3 220*	*3 779*	*4 162*	*3 454*	*3 217*	*2 996*	*2 554*
Allocated equity (end of period, Basel II)	*205*	*241*	*265*	*220*	*205*	*191*	*163*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	-	-	-
Cost/income ratio (banking activities)	*68%*	*60%*	*68%*	*54%*	*46%*	*58%*	*63%*
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	3Q 2009
Net interest income	-32	-29	-34	-30	-28	-36	-32
Gross earned premiums, insurance	38	35	32	68	34	32	31
Gross technical charges, insurance	-30	-20	-20	-65	-24	-24	-29
Ceded reinsurance result	-1	-2	-1	-1	0	-1	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	4	-16	7	15	19	-19	-12
Net realised gains from available-for-sale assets	0	0	0	1	0	0	0
Net fee and commission income	-1	1	4	-1	-1	-1	-1
Other net income	-2	-2	0	-3	-3	-1	-1
Total income	-25	-31	-12	-15	-4	-50	-45
Operating expenses	-28	-27	-29	-49	-27	-24	-24
Impairment	-3	-3	-10	-15	-22	-1	-17
o/w on loans and receivables	*-3*	*-3*	*-10*	-15	-14	-9	-17
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0
Share in results of associated companies	14	7	11	-11	-1	-2	2
Profit before tax	-42	-54	-40	-90	-54	-77	-83
Income tax expense	14	30	9	32	15	21	23
Profit after tax	-28	-24	-31	-58	-39	-55	-61
attributable to minority interests	0	1	1	-1	0	0	0
attributable to the equity holders of the parent	**-28**	**-25**	**-32**	**-57**	**-39**	**-56**	**-61**
Banking activities	*-11*	*-18*	*-22*	-33	-34	-51	-50
Insurance activities	*-16*	*-7*	*-10*	-23	-5	-4	-10

Merchant Banking Business Unit (underlying trend)

In the quarter under review, the Merchant Banking Business Unit generated an underlying profit of 281 million, significantly up on the 41 million recorded in the previous quarter, following lower loan losses, and also up on the 137 million posted a year earlier. The 3Q 2009 underlying result breaks down as follows:

- 98 million for commercial banking activities
- 183 million for investment banking activities

The underlying figures exclude 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	3Q 2009
Net interest income	249	242	243	269	256	259	271
Gross earned premiums, insurance	71	60	69	174	69	64	72
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43	- 56
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5	- 3
Dividend income	2	13	3	1	1	6	8
Net (un)realised gains from financial instruments at fair value	42	343	117	79	163	293	274
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4	29
Net fee and commission income	79	74	81	67	50	68	75
Other net income	33	33	54	46	48	42	39
Total income	420	726	517	482	534	688	710
Operating expenses	- 301	- 323	- 217	- 350	- 262	- 226	- 248
Impairment	13	- 85	- 42	- 215	- 112	- 368	- 141
o/w on loans and receivables	*13*	*- 78*	*- 33*	*- 180*	*- 110*	*- 368*	*- 142*
o/w on available-for-sale assets	*0*	*0*	*- 15*	*10*	*- 2*	*0*	*1*
Share in results of associated companies	0	0	- 3	- 9	0	0	0
Profit before tax	132	317	256	- 92	161	93	321
Income tax expense	- 24	- 61	- 96	72	- 49	- 31	- 20
Profit after tax	109	256	159	- 21	112	62	301
attributable to minority interests	20	22	23	21	21	21	20
attributable to the equity holders of the parent	**89**	**234**	**137**	**- 42**	**91**	**41**	**281**
Banking activities	*83*	*216*	*117*	*- 66*	*80*	*20*	*262*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*	*19*
Risk-weighted assets, banking (end of period, Basel II)	*71 787*	*74 120*	*75 916*	*73 702*	*76 613*	*72 134*	*70 580*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*72 247*	*74 571*	*76 415*	*74 194*	*77 116*	*72 646*	*71 100*
Allocated equity (end of period, Basel II)	*4 657*	*4 805*	*4 925*	*4 777*	*4 965*	*4 680*	*4 583*
Return on allocated capital (ROAC, Basel II)	*9%*	*21%*	*13%*	*-1%*	*8%*	*4%*	*23%*
Cost/income ratio (banking activities)	*73%*	*46%*	*43%*	*77%*	*50%*	*34%*	*35%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*	*89%*

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 271 million in 3Q 2009, up on the 257-million-euro average of the last four quarters. While the loan book of this business unit continued to shrink (-7% compared to the previous quarter, -4% compared to a year ago, reflecting the intended reduction in a number of international loan books), the net interest income continued to be supported by the benign margin environment and the reinvestment of the new capital securities issued (a positive impact of 13 million in 3Q 2009).

Gross earned premiums amounted to 72 million in the quarter under review, an increase compared to the 64 and 69 million recorded in the previous and year-earlier quarters. At just below 86%, the combined ratio for this business unit's reinsurance operations continued to be very favourable and even further improved on the 87% registered in FY 2008.

At 8 million in 3Q 2009, dividend income was up both on the 3 million recorded in the year-earlier quarter and the 6 million booked in the previous quarter.

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 trading and fair value income amounted to 274 million, down somewhat on the strong 2Q 2009, but significantly up on 3Q 2008 (117 million). The year-on-year increase is related to various elements, including the strong performance of the debt capital and money market activities – viz. the Brussels' dealing room – and higher income from the convertible bond business.
As already explained, the underlying figures do not include CDO-related items and losses related to structured derivatives businesses that are being wound down (i.e. various business lines of KBC Financial Products). An overview of these non-operational items is provided in the table below.

Net realised gains from available-for-sale assets amounted to a positive 29 million in 3Q 2009, compared to a negative 2-million-euro average for the last four quarters. Net fee and commission income amounted to 75 million in the quarter under review. Though still 7% beneath last year's figure, commission income was up for the second consecutive quarter, thanks *inter alia* to higher income from corporate finance activities, and is now already 50% above the record low of 1Q 2009. Other net income came to 39 million, more or less in line with the previous quarter, but down on the year-earlier quarter, which included a significant gain on the sale of a building.

In the quarter under review, operating expenses amounted to 248 million. In commercial banking, costs remained flat quarter-on-quarter and have gone down 9% compared to a year ago, mainly due to a decrease in FTEs and lower variable staff remuneration. In investment banking, the apparent cost increase (21% quarter-on-quarter and 52% year-on-year) was entirely due to a reclassification in 3Q 2009 (certain employee benefit tax expenses that were booked in the tax line in the previous quarter were moved to the cost line in the current quarter) and the fact that 3Q 2008 included the positive impact of some 74 million reversal of bonus accruals. Excluding these items, costs in investment banking went down 2% quarter-on-quarter and as much as 19% year-on-year, as a result of lower FTEs (-18% year-on-year) related to the continued run-down of certain activities at KBC Financial Products, in line with the new strategic focus of the group.

Impairment on loans and receivables stood at 142 million in 3Q 2009. While still up compared to a year ago – reflecting the year-on-year economic deterioration – this constitutes a significant drop compared to the 368 million loan losses recorded in the previous quarter. This quarter-on-quarter decrease was mainly due to a 36-million-decrease in loan losses on commercial loans and the fact that the previous quarter contained a significant amount (some 138 million) of general provisions relating to US mortgage-backed securities. As a consequence, the annualised 9M 2009 credit cost ratio for this business unit dropped to 116 basis points (of which 76 basis points on pure loans, i.e. excluding mortgage-backed securities), compared to 131 basis points for 6M 2009. Specifically for Ireland, the 9M 2009 credit cost ratio amounted to 74 basis points, while, non-performing loans accounted for 6.3% of the Irish loan book at 30 September 2009. The non-performing ratio for the whole business unit was 3.7% at the end of September 2009, up from 3.3% recorded a quarter ago. Although economic conditions are improving, a late-cyclical increase in loan losses and non-performing loans for this business unit cannot be excluded in the quarters ahead.
Other impairments (on available-for-sale assets and on goodwill) were immaterial in 3Q 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	3Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**89**	**234**	**137**	**- 42**	**91**	**41**	**281**
Plus:							
- Losses on CDOs/monolines	- 68	- 142	- 905	-1 441	-3 793	1 242	238
- Government guarantee fee	0	0	0	0	0	-1 121	- 116
- Value losses on AFS shares	- 17	- 16	- 18	- 67	- 34	- 4	- 1
- Impairment of exposure to US and Icelandic banks	0	0	- 135	- 201	0	- 1	39
- Loss on to be discontinued structured trading positions	0	0	0	- 245	0	- 760	- 153
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	69
- Other	1	1	- 2	77	- 24	5	- 30
Taxes and minority interests on the items above	27	47	404	121	21	444	76
Profit after tax, attributable to the equity holders of the parent: IFRS	**31**	**125**	**- 519**	**-1 801**	**-3 738**	**- 153**	**403**

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

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	3Q 2009
Net interest income	249	242	243	269	256	259	271
Gross earned premiums, insurance	71	60	69	174	69	64	72
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43	- 56
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5	- 3
Dividend income	2	13	3	1	1	6	8
Net (un)realised gains from financial instruments at fair value	- 9	- 8	- 16	2	25	- 2	16
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4	29
Net fee and commission income	26	22	31	32	22	35	26
Other net income	33	33	54	46	48	42	39
Total income	317	323	334	370	368	360	403
Operating expenses	- 132	- 131	- 133	- 188	- 114	- 121	- 121
Impairment	13	- 78	- 30	- 140	- 59	- 166	- 130
o/w on loans and receivables	*13*	*- 77*	*- 30*	- 140	- 58	- 166	- 130
o/w on available-for-sale assets	*0*	*0*	*1*	0	- 1	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	197	114	171	41	195	73	152
Income tax expense	- 41	- 19	- 36	25	- 37	- 5	- 34
Profit after tax	156	95	135	66	158	69	118
attributable to minority interests	21	20	21	21	23	22	20
attributable to the equity holders of the parent	**135**	**74**	**114**	**45**	**135**	**46**	**98**
Banking activities	*130*	*56*	*94*	*21*	*124*	*25*	*79*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*	*19*
Risk-weighted assets (end of period, Basel II)	*52 074*	*52 074*	*53 007*	*51 908*	*50 107*	*51 958*	*49 235*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*52 534*	*51 163*	*53 506*	*52 400*	*50 609*	*52 470*	*49 755*
Allocated equity (end of period, Basel II)	*3 400*	*3 313*	*3 465*	*3 388*	*3 275*	*3 394*	*3 222*
Return on allocated capital (ROAC, Basel II)	*18%*	*11%*	*16%*	*6%*	*15%*	*5%*	*9%*
Cost/income ratio (banking activities)	*42%*	*43%*	*41%*	*54%*	*32%*	*35%*	*30%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*	*89%*

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	3Q 2009
Net interest income	0	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	50	351	134	77	138	295	258
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	53	52	49	35	28	33	49
Other net income	0	0	0	0	0	0	0
Total income	103	403	183	112	166	328	307
Operating expenses	-169	-192	-83	-162	-147	-105	-127
Impairment	0	-7	-12	-74	-53	-203	-11
o/w on loans and receivables	*0*	*-1*	*-2*	-40	-53	-203	-12
o/w on available-for-sale assets	*0*	*0*	*-16*	10	-1	0	1
Share in results of associated companies	0	0	-3	-9	0	0	0
Profit before tax	-65	203	85	-133	-34	20	169
Income tax expense	17	-42	-60	46	-12	-26	14
Profit after tax	-48	161	25	-87	-46	-7	183
attributable to minority interests	-1	1	2	0	-1	-1	0
attributable to the equity holders of the parent	**-47**	**160**	**23**	**-87**	**-44**	**-5**	**183**
Banking activities	*-47*	*160*	*23*	*-87*	*-44*	*-5*	*183*
Insurance activities	*0*	*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*	*21 345*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*19 713*	*23 408*	*22 910*	*21 794*	*26 507*	*20 176*	*21 345*
Allocated equity (end of period, Basel II)	*1 257*	*1 492*	*1 460*	*1 389*	*1 690*	*1 286*	*1 361*
Return on allocated capital (ROAC, Basel II)	*-15%*	*47%*	*6%*	*-16%*	*-9%*	*1%*	*55%*
Cost/income ratio (banking activities)	*163%*	*48%*	*46%*	*145%*	*89%*	*32%*	*41%*

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 38 million, down on the 44 million recorded in the previous quarter, following some restructuring charges, but up on the 32 million recognised a year ago.

The underlying profit figure excludes exceptional items. 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	3Q 2009
Net interest income	57	64	63	65	67	62	56
Gross earned premiums, insurance	13	7	5	5	1	2	3
Gross technical charges, insurance	- 17	- 13	- 10	- 3	- 6	- 7	- 6
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	1	6	1	2	1	4	0
Net (un)realised gains from financial instruments at fair value	- 4	6	- 17	4	2	21	18
Net realised gains from available-for-sale assets	- 1	8	0	- 2	7	15	21
Net fee and commission income	107	120	99	96	88	88	92
Other net income	2	3	6	2	2	0	- 2
Total income	158	202	146	168	163	186	183
Operating expenses	- 95	- 132	- 111	- 148	- 115	- 124	- 134
Impairment	- 2	0	0	- 41	- 1	- 1	- 1
o/w on loans and receivables	- 2	0	0	0	0	0	0
o/w on available-for-sale assets	0	0	0	- 39	- 1	- 1	- 1
Share in results of associated companies	1	1	1	0	0	1	1
Profit before tax	61	70	35	- 20	48	62	48
Income tax expense	- 11	- 7	- 3	35	- 14	- 18	- 10
Profit after tax	50	64	32	15	34	44	38
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**50**	**64**	**32**	**15**	**34**	**44**	**38**
Banking activities	*48*	*62*	*32*	*10*	*33*	*42*	*35*
Insurance activities	*2*	*2*	*0*	*4*	*0*	*1*	*3*
Risk-weighted assets, banking (end of period, Basel II)	*7 529*	*8 917*	*7 716*	*5 703*	*5 350*	*5 149*	*5 215*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*7 917*	*9 240*	*8 034*	*5 994*	*5 640*	*5 436*	*5 502*
Allocated equity (end of period, Basel II)	*542*	*620*	*543*	*410*	*387*	*374*	*378*
Return on allocated capital (ROAC, Basel II)	*34%*	*39%*	*19%*	*10%*	*28%*	*40%*	*35%*
Cost/income ratio (banking activities)	*61%*	*66%*	*76%*	*92%*	*70%*	*67%*	*75%*

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

Net interest income in the quarter under review stood at 56 million. As anticipated, this is somewhat lower than the record levels of the last few quarters (on average 64 million), as the high remuneration levels on the interbank market have been falling since then.

The life premium technical result (gross earned premiums less gross technical charges) amounted to a negative 3 million in 3Q 2009, fully in line with the average of the last four quarters.

At 0.3 million, dividend income was more or less in line with the year-earlier figure, but fell compared to the 4-million seasonal high of the previous quarter, since most dividends are received in the second quarter of the year.

As was the case in the previous quarter, net (un)realised gains from financial instruments at fair value amounted to 18 million in 3Q 2009, in line with the 21 million recorded in 2Q 2009, but significantly up on the negative 17 million recorded in 3Q 2008. As mentioned before, valuation losses on structured credit (significant amounts in 2008, insignificant in 2009) are excluded from these underlying figures (an overview follows in the table below).

Net realised gains from available-for-sale investments stood at 21 million, a significant increase compared to the 5-million-euro average of the last four quarters. As was the case in the previous quarter, these capital gains related predominantly to the sale of bonds.

Following a number of relatively weak quarters, net fee and commission income (at 92 million) was on the rise again in the current quarter. The 4% recovery on the previous quarter was attributable to better than expected on-shore activities during the summer, combined with a 5% increase in assets under management (see further). Compared to a year ago, net fee and commission income was still clearly down some 7%, as the weaker – though improving – investment climate was reflected in a year-on-year decrease in AUM and a shift in clients' investments towards products with a lower profitability for the group.
As at 30 September 2009, the assets under management of this business unit amounted to 47 billion, up 5% on the previous quarter, thanks entirely to rising asset prices. Compared to a year ago, assets under management were still down some 7%, the result of both net outflows and decreased asset prices.

Other net income stood at a negative 2 million in the quarter under review, down on the positive 3-million-euro average of the last four quarters.

Operating expenses stood at 134 million in 3Q 2009, which constitutes an increase of 8% and 21%, respectively, compared to the previous and year-earlier quarters. However, around two-thirds of the quarter-on-quarter increase is related to restructuring costs, while the year-on-year comparison is additionally distorted by a 12 million recovery of provisions for litigations in 3Q 2008. Excluding these items, the cost increase is limited to 3% both quarter-on-quarter and year-on-year. This has resulted in a cost/income ratio of 71% for the first nine months of the year, a slight 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 (again, it concerns significant amounts in 2008, but limited amounts in 2009; 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	3Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**50**	**64**	**32**	**15**	**34**	**44**	**38**
Plus:							
- Losses on CDOs/monolines	- 10	- 12	- 136	- 94	0	0	- 3
- Value losses on AFS shares	- 1	- 11	- 14	- 53	- 13	- 7	- 1
- Impairment of exposure to US and Icelandic banks	0	0	- 20	- 30	0	0	1
- Other	0	1	0	- 62	0	- 10	0
Taxes and minority interests on the items above	3	7	49	70	5	2	1
Profit after tax, attributable to the equity holders of the parent: IFRS	**43**	**48**	**- 88**	**- 155**	**26**	**29**	**37**

Group Centre (underlying trend)

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 19 million, compared to a negative 35 million in the previous quarter (which was impacted by some 20 million in consultancy fees related to the asset protection programme signed with the Belgian State).

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

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

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

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	3Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**-36**	**-32**	**-34**	**-38**	**-21**	**-35**	**-19**
Plus:							
- Losses on CDOs/monolines	0	0	0	0	0	0	0
- Value losses on AFS shares	0	0	0	0	0	0	0
- Impairment of exposure to US and Icelandic banks	0	0	0	0	0	0	0
- MTM of own debt issued	0	0	0	371	134	200	- 330
- Other	2	- 46	- 6	- 11	5	- 1	- 2
Taxes and minority interests on the items above	- 1	1	- 1	- 128	- 47	- 67	112
Profit after tax, attributable to the equity holders of the parent: IFRS	**-35**	**-77**	**-40**	**193**	**73**	**97**	**-238**

Consolidated financial statements

KBC Group, 3Q 2009 and 9M 2009

Consolidated income statement

In millions of EUR	Note	3Q 2008	2Q2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Net interest income	3	1 249	1 441	1 597	3 723	4 515
Interest income		4 483	3 008	2 858	13 028	9 354
Interest expense		- 3 234	- 1 566	- 1 261	- 9 306	- 4 839
Gross earned premiums, insurance	9	922	1 256	1 122	3 166	3 687
non-life		514	477	495	1 521	1 450
life	10	407	780	627	1 645	2 237
Gross technical charges, insurance	9	- 804	- 1 127	- 1 039	- 2 702	- 3 330
non-life		- 310	- 290	- 322	- 861	- 909
life		- 493	- 837	- 716	- 1 841	- 2 421
Ceded reinsurance result	9	- 17	- 17	- 2	- 44	- 33
Dividend income	4	37	60	26	195	108
Net (un)realised gains from financial instruments at fair value through profit or loss	5	- 1 688	78	- 160	- 1 680	- 3 824
Net realised gains from available-for-sale assets	6	80	13	117	341	164
Net fee and commission income	7	422	372	380	1 336	1 069
Fee and commission income		672	602	630	2 185	1 813
Fee and commission expense		- 250	- 230	- 251	- 849	- 744
Other net income	8	210	116	116	435	384
TOTAL INCOME		411	2 193	2 157	4 771	2 740
Operating expenses		- 1 351	- 1 518	- 1 307	- 3 939	- 4 061
staff expenses		- 793	- 710	- 740	- 2 290	- 2 142
general administrative expenses		- 467	- 413	- 472	- 1 400	- 1 343
depreciation and amortisation of fixed assets		- 102	- 99	- 108	- 284	- 303
provisions for risks and charges		11	- 296	13	34	- 273
Impairment	14	- 478	- 633	- 442	- 909	- 1 782
on loans and receivables		- 130	- 578	- 368	- 300	- 1 254
on available-for-sale assets		- 341	- 19	- 5	- 591	- 335
on goodwill		0	- 44	- 58	0	- 181
on other		- 8	8	- 11	- 18	- 12
Share in results of associated companies		9	- 2	3	33	2
PROFIT BEFORE TAX		- 1 410	40	411	- 45	- 3 101
Income tax expense		533	286	8	269	266
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		- 876	326	419	224	- 2 835
attributable to minority interest		30	24	- 109	83	- 66
attributable to equity holders of the parent		**- 906**	**302**	**528**	**141**	**- 2 770**
Earnings per share (in EUR)						
Basic		-2.66	0.89	1.56	3.07	-8.16
Diluted		-2.65	0.89	1.56	3.07	-8.16

Condensed statement of comprehensive income

	3Q08	3Q09	cumul 9M 2008	cumul 9M 2009
PROFIT AFTER TAX	- 876	419	224	- 2 835
attributable to minority interest	30	- 109	83	- 66
attributable to equity holders of the parent	- 906	528	141	- 2 770
OTHER COMPREHENSIVE INCOME				
Net change in revaluation reserve (AFS assets) - Equity	- 285	208	- 1 241	397
Net change in revaluation reserve (AFS assets) - Bonds	95	886	- 549	1 183
Net change in revaluation reserve (AFS assets) - Other	- 2	1	- 1	- 1
Net change in hedging reserve (cash flow hedge)	- 90	- 73	13	- 80
Net change in translation differences	- 14	- 14	113	- 27
Other movements	0	0	- 1	- 2
TOTAL	- 296	1 009	- 1 667	1 470
TOTAL COMPREHENSIVE INCOME	- 1 172	1 427	- 1 443	- 1 365
attributable to minority interest	35	- 100	90	- 70
attributable to equity holders of the parent	- 1 207	1 528	- 1 533	- 1 295

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2008	30-09-2009
Cash and cash balances with central banks		4 454	7 625
Financial assets	18, 24	337 203	312 531
Held for trading		73 557	47 215
Designated at fair value through profit or loss		28 994	32 960
Available for sale		46 371	53 596
Loans and receivables		177 029	166 883
Held to maturity		10 973	11 692
Hedging derivatives		279	184
Reinsurers' share in technical provisions, insurance		280	297
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		169	295
Tax assets		2 453	2 229
Current tax assets		363	421
Deferred tax assets		2 090	1 808
Non-current assets held for sale and disposal groups		688	57
Investments in associated companies		27	635
Investment property		689	766
Property and equipment		2 964	2 937
Goodwill and other intangible assets		3 866	3 670
Other assets		2 525	3 177
TOTAL ASSETS		355 317	334 219

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2008	30-09-2009
Financial liabilities	18	313 931	289 062
Held for trading		44 966	34 611
Designated at fair value through profit or loss		42 228	32 138
Measured at amortised cost		225 821	221 185
Hedging derivatives		916	1 128
Gross technical provisions, insurance	31	19 523	21 508
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 4	0
Tax liabilities		503	467
Current tax liabilities		384	359
Deferred tax liabilies		119	108
Non-current liabilities held for sale and liabilities associated with disposal groups		59	0
Provisions for risks and charges		619	877
Other liabilities		5 309	5 368
TOTAL LIABILITIES		339 941	317 282
Total equity		15 376	16 937
Parent shareholders' equity	35	10 710	9 416
Non-voting core-capital securities	35	3 500	7 000
Minority interests		1 165	521
TOTAL LIABILITIES AND EQUITY		355 317	334 219

For changes in the presentation of the balance sheet: see note 1a.

In 2006, KBC Bank N.V. sold a 5.5% stake in its Polish subsidiary Kredyt Bank to Sofina N.V. – a European financial holding company based in Brussels – in order to comply with the request of the Polish banking supervisor to restore the free float of Kredyt Bank to 20%.
By virtue of Sofina exercising its right under the shareholders' agreement entered into with KBC Bank in 3Q 2009 , KBC Securities, which already owned a 2.32% stake in Kredyt Bank, has bought a portion of these shares from the Sofina group and thus increased its shareholding to 4.32%. KBL European Private Bankers S.A. has bought the remaining shares being sold by the Sofina group, giving it a 2.89% stake in Kredyt Bank.

KBC Securities and KBL European Private Bankers S.A. will hold the new shares with a view to selling them to interested investors and hence these shares are classified as non-current assets held for sale (IFRS 5) for an amount of 54 million euros.

During the 3rd quarter of 2009, KBC Bank launched a cash tender offer to repurchase certain outstanding hybrid Tier 1-securities at 70% of their face value. The result of this tender offer – which was formally closed on 13 October 2009 – was largely accounted for in the third quarter.
This operation to buy back these hybrid loans has the following accounting and solvency impact:

- Balance sheet:

    - Reduction of minority interests with 0.6 billion euro concerning the EUR and USD hybrid securities issued by KBC Bank Funding Trust II, III and IV.
    - Reduction of financial liabilities designated at fair value through profit or loss (considered as non-convertible subordinated liabilities) with 0.5 billion euro concerning the GBP hybrid securities issued by KBC Bank.
    - KBC has used its available liquid assets to pay for this transaction.
    - Increase of parent shareholders' equity due to the inclusion of an after-tax gain on the repurchase of approximately 0.12 billion euros.
- Income statement:
    - The after tax-gain on the repurchase of the hybrid securities issued by KBC Bank Funding Trust is deducted from the profit after tax attributable to minority interests for 0.12 billion euros. Consquently, this after tax-gain is added to the profit after tax attributable to the equity holders of the parent.
    - There is no additional profit impact on the repurchase of the GBP hybrid securities since these instruments were already booked at fair value through profit or loss.
- Solvency:
    - The impact on the core Tier-1 ratio for the banking activities and KBC Group consolidated is approximately +0.19%.
    - Besides the positive impact of the after-tax gain attributable to the equityholders of the parent on the repurchase of about 0.12 billion euros, this increase of the basic own funds ratio is also caused by the reduction of the prudential filter in tier 1-capital with 0.14 billion euros concerning the valuation differences of financial liabilities designated at fair value regarding own credit risk (GBP hybrid securities).

Consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Mandatorily convertible bonds	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent shareholders' equity	Non-voting core-capital securities	Minority interests	Total equity
30-09-2008												
Balance at the beginning of the period	1 235	4 161	181	- 1 285	810	73	12 125	47	17 348	0	1 139	18 487
Net profit for the period	0	0	0	0	0	0	141	0	141	0	83	224
Other comprehensive income for the period	0	0	0	0	- 1 790	13	- 1	104	- 1 674	0	7	- 1 667
Total comprehensive income	**0**	**0**	**0**	**0**	**- 1 790**	**13**	**140**	**104**	**- 1 533**	**0**	**90**	**- 1 443**
Dividends	0	0	0	0	0	0	- 1 283	0	- 1 283	0	0	- 1 283
Capital increase	0	4	- 5	0	0	0	0	0	0	0	0	0
Results on (derivatives on) treasury shares	0	0	0	- 278	0	0	0	0	- 278	0	0	- 278
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 66	- 66
Total change	**0**	**4**	**- 5**	**- 278**	**- 1 790**	**13**	**- 1 142**	**104**	**- 3 094**	**0**	**24**	**- 3 069**
Balance at the end of the period	**1 235**	**4 165**	**177**	**-1 563**	**-980**	**87**	**10 983**	**151**	**14 254**	**0**	**1 163**	**15 418**
of which revaluation reserve for shares					- 40							
of which revaluation reserve for bonds					- 938							
of which revaluation reserve for other assets than bonds and shares					- 3							
30-09-2009												
Balance at the beginning of the period	1 244	4 335	0	- 1 561	- 1 131	- 351	8 359	- 184	10 710	3 500	1 165	15 376
Net profit for the period	0	0	0	0	0	0	- 2 770	0	- 2 770	0	- 66	- 2 835
Other comprehensive income for the period	0	0	0	0	1 578	- 77	- 2	- 25	1 475	0	- 5	1 470
Total comprehensive income	**0**	**0**	**0**	**0**	**1 578**	**- 77**	**- 2 771**	**- 25**	**- 1 295**	**0**	**- 70**	**- 1 365**
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0	- 2	0	- 2	3 500	0	3 498
Results on (derivatives on) treasury shares	0	0	0	2	0	0	0	0	2	0	0	2
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 574	- 574
Total change	**0**	**0**	**0**	**2**	**1 578**	**- 77**	**- 2 773**	**- 25**	**- 1 295**	**3 500**	**- 644**	**1 561**
Balance at the end of the period	**1 244**	**4 335**	**0**	**- 1 560**	**446**	**- 428**	**5 586**	**- 208**	**9 416**	**7 000**	**521**	**16 937**
of which revaluation reserve for shares					333							
of which revaluation reserve for bonds					114							
of which revaluation reserve for other assets than bonds and shares					- 1							

Condensed cash flow statement

In millions of EUR	cumul 9M 2008	cumul 9M 2009
Net cash from (used in) operating activities	- 1 892	- 2 035
Net cash from (used in) investing activities	1 341	- 595
Net cash from (used in) financing activities	2 127	3 292
Net increase or decrease in cash and cash equivalents	1 576	662
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	78	- 264
Cash and cash equivalents at the end of the period	22 392	9 859

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.

For transparency reason, the following change has been made in the presentation of the balance sheet as of 3Q 2009 (adjustment has been made retroactively to the reference figures for 2008): whereas in previous year, 'non-voting core capital securities' were included in 'parent shareholders' equity', it is as of 3Q 2009 disclosed as a separate component of total equity. Consequently, the presentation of the consolidated changes in equity and note 35 is also adjusted accordingly.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 9M 2009, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

Note 2a: Reporting according to the management structure of the group

KBC is structured and managed according to four different segments (called ‘business units’):
- 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, investment banking activities)
- European Private Banking (onshore private banking in Benelux and neighbouring countries, offshore private banking primarily in Luxembourg).

The basic principle of the segment reporting is that an individual subsidiary is allocated fully to one segment (see note 40). Exceptions are made for costs that can not be allocated reliably to a certain segment (grouped together in a separate Group Centre) and KBC Bank NV (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 underlying group profit, exceptional factors that do not regularly occur during the normal course of business are eliminated. 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, 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 fair value changes in these ALM derivatives (impact on net profit: see table below).
- In the 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	3Q 2009	cumul. 9H 2008	cumul. 9M 2009
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	631	2 094	1 506
Plus										
- Amounts before taxes and minority items										
MTM of derivatives for hedging purposes	1,2,3,4,5	-33	41	-151	- 310	-137	206	42	-144	110
MTM of own debt issued	5				371	134	200	-330		3
Losses on CDOs/monolines	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	198	-2 110	-2 598
Government guarantee fee							-1 121	- 116		-1 236
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	4	- 368	- 358
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1	42	-172	56
Loss on to be discontinued structured trading positions	3				- 245		-760	-153		-913
Impairment on goodwill	1,2,3				- 10	-79	-28	-58		-166
Buy back of hybrid Tier-1 securities	1,2,3							128		128
Exceptional tax adjustments	1,2,3,5					145	61			205
Other	1,2,3,4,5		-42	46	21	-49	2	-33	5	-79
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	176	836	570
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	528	141	-2 770

* 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

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 - 9M 2008							
Net interest income	1 514	1 300	733	183	- 87	0	3 645
Gross earned premiums, insurance	2 029	947	199	25	0	- 33	3 166
Non-life	684	691	178	0	0	- 32	1 521
Life	1 345	256	20	25	0	- 1	1 645
Gross technical charges, insurance	- 1 964	- 586	- 135	- 40	0	23	- 2 702
non-life	- 392	- 373	- 117	0	0	21	- 861
life	- 1 572	- 213	- 18	- 40	0	2	- 1 841
Ceded reinsurance result	- 19	- 20	- 12	0	0	7	- 44
Dividend income	107	5	18	8	5	0	142
Net (un)realised gains from financial instruments at fair value through profit or loss	35	236	502	- 15	0	0	759
Net realised gains from available-for-sale assets	337	- 8	4	7	0	0	341
Net fee and commission income	561	231	234	326	21	2	1 376
Other net income	125	97	120	11	603	- 659	297
TOTAL INCOME	2 726	2 202	1 663	506	543	- 660	6 980
Operating expenses	- 1 428	- 1 331	- 841	- 339	- 667	660	- 3 945
Impairment	- 34	- 171	- 115	- 2	0	0	- 323
on loans and receivables	- 34	- 165	- 99	- 2	0	0	- 300
on available-for-sale assets	0	0	- 15	0	0	0	- 15
on goodwill	0	0	0	0	0	0	0
on other	0	- 7	- 1	0	0	0	- 8
Share in results of associated companies	0	34	- 3	2	0	0	33
PROFIT BEFORE TAX	- 274	- 111	- 181	- 21	23	0	- 564
Income tax expense	- 274	- 111	- 181	- 21	23	0	- 564
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	989	623	524	146	- 102	0	2 180
attributable to minority interests	2	20	64	0	0	0	86
attributable to equity holders of the parent	987	603	460	146	- 102	0	2 094

in miljoenen euro							
INCOME STATEMENT - underlying results - 9M 2009							
Net interest income	1 778	1 370	786	186	- 33	0	4 088
Gross earned premiums, insurance	2 700	806	205	7	0	- 32	3 687
Non-life	720	578	183	0	0	- 31	1 450
Life	1 981	228	22	7	0	- 1	2 237
Gross technical charges, insurance	- 2 617	- 561	- 143	- 18	0	9	- 3 330
non-life	- 395	- 406	- 123	0	0	14	- 909
life	- 2 223	- 154	- 20	- 18	0	- 5	- 2 421
Ceded reinsurance result	- 14	- 12	- 15	0	0	7	- 33
Dividend income	39	8	15	5	0	0	68
Net (un)realised gains from financial instruments at fair value through profit or loss	61	54	730	41	0	0	886
Net realised gains from available-for-sale assets	100	12	32	43	0	0	187
Net fee and commission income	429	224	193	269	4	0	1 119
Other net income	129	98	129	0	803	- 850	309
TOTAL INCOME	2 606	2 000	1 933	532	775	- 865	6 980
Operating expenses	- 1 356	- 1 176	- 736	- 373	- 880	865	- 3 656
Impairment	- 50	- 572	- 621	- 3	0	0	- 1 247
on loans and receivables	- 49	- 560	- 620	0	0	0	- 1 230
on available-for-sale assets	- 1	0	0	- 3	0	0	- 4
on goodwill	0	0	0	0	0	0	0
on other	0	- 11	- 1	0	0	0	- 12
Share in results of associated companies	0	0	0	2	- 1	0	2
PROFIT BEFORE TAX	1 200	252	575	158	- 105	0	2 079
Income tax expense	- 365	- 35	- 100	- 42	32	0	- 510
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	835	217	475	116	- 74	0	1 568
attributable to minority interests	2	- 2	63	0	0	0	63
attributable to equity holders of the parent	832	219	413	116	- 74	0	1 506

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 31/12/08						
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 30/09/09						
Total loans to customers	56 317	38 467	60 913	1 277	0	156 974
Of which mortgage loans	30 180	12 885	14 847	345	0	58 257
Of which reverse repos	0	4 031	5 053	0	0	9 084
Customer deposits	75 455	46 061	63 518	8 569	1 145	194 748
Of which repos	56	5 476	9 629	0	0	15 161

Note 2b: Reporting according to geographic segment

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
9M 2008				
Total income from external customers	2 898	2 357	1 724	6 980
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
9M 2009				
Total income from external customers	3 177	2 170	1 633	6 980
30-09-2009				
Total assets (period-end)	210 058	62 029	62 133	334 219
Total liabilities (period-end)	187 991	56 370	72 921	317 282

Notes on the income statement

All data in this chapter are based on IFRS. 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 included in the Notes on segment reporting) are also 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	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	1 249	1 441	1 597	3 723	4 515
Interest income	4 483	3 008	2 858	13 028	9 354
Available-for-sale assets	502	550	533	1 467	1 578
Loans and receivables	2 658	1 888	1 790	7 479	5 777
Held-to-maturity investments	106	118	123	362	360
Other assets not at fair value	51	- 6	10	147	39
Subtotal, interest income from financial assets not measured at fair value through profit or loss	3 318	2 550	2 456	9 455	7 754
Financial assets held for trading	325	139	128	1 273	476
Hedging derivatives	241	168	103	735	509
Other financial assets at fair value through profit or loss	599	151	171	1 565	614
Interest expense	- 3 234	- 1 566	- 1 261	- 9 306	- 4 839
Financial liabilities measured at amortised cost	- 2 363	- 1 145	- 998	- 6 744	- 3 591
Other	- 1	- 5	- 5	- 4	- 12
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	- 2 364	- 1 150	- 1 003	- 6 748	- 3 604
Financial liabilities held for trading	- 84	- 18	- 17	- 275	- 69
Hedging derivatives	- 190	- 267	- 157	- 620	- 695
Other financial liabilities at fair value through profit or loss	- 596	- 131	- 84	- 1 663	- 471

Note 4: Dividend income

In millions of EUR	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	37	60	26	195	108
Breakdown by type	37	60	26	195	108
Held-for-trading shares	17	13	12	53	36
Shares initially recognised at fair value through profit or loss	0	10	0	14	10
Available-for-sale shares	19	36	14	128	62

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 third quarter 2009, the market price for corporate credit, reflected in credit default swap spreads, improved further after a markedly improvement in the second quarter 2009, generating a value mark-up of KBC's CDO exposure. The positive earnings impact from CDO revaluation amounted to 0.3 billion euros for 3Q 2009 and -2.2 billion euros for 9M 2009 (also including the impact from the acquired guarantee but excluding the related fee; the coverage of the CDO-linked counterparty risk against MBIA, the US monoline insurer, remained at the level of 30 June 2009, namely 70%).

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

In millions of EUR	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	80	13	117	341	164
Breakdown by portfolio					
Fixed-income securities	2	13	103	1	128
Shares	78	0	14	340	36

Note 7: Net fee and commission income

In millions of EUR	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	422	372	380	1 336	1 069
Fee and commission income	672	602	630	2 185	1 813
Securities and asset management	403	347	365	1 357	1 046
Margin on deposit accounting (life insurance investment contracts without DPF)	1	7	6	19	17
Commitment credit	62	63	80	166	210
Payments	134	121	131	381	369
Other	72	64	49	261	171
Fee and commission expense	- 250	- 230	- 251	- 849	- 744
Commission paid to intermediaries	- 112	- 104	- 116	- 352	- 339
Other	- 138	- 126	- 135	- 496	- 405

Note 8: Other net income

In millions of EUR	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	210	116	116	435	384
Net realised gain on loans and receivables	- 5	6	2	3	8
Net realised gain on held-to-maturity investments	0	- 1	- 4	0	- 5
Net realised gain on financial liabilities measured at amortised cost	0	0	- 1	0	0
Other	214	110	119	432	381
of which: income concerning leasing at the KBC Lease-group	15	13	13	41	39
of which: income from consolidated private equity participations	29	12	18	63	58
of which: income from Groep VAB	16	19	21	46	60

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)		
9M 2008							
Net interest income	0	0	0	0	0	585	585
Gross earned premiums, insurance	605	1 537	2 142	1 040	0	0	3 183
Gross technical charges	- 565	- 862	- 1 427	- 1 271	- 6	0	- 2 703
Ceded reinsurance result	- 2	- 39	- 40	0	0	- 4	- 44
Dividend income	0	0	0	0	0	119	119
Net gains from financial instruments at fair value	0	0	0	0	0	- 700	- 700
Net realised gains from AFS assets	0	0	0	0	0	333	333
Net fee and commission income	- 69	- 292	- 361	- 21	5	34	- 343
Other net income	0	0	0	0	0	69	69
TOTAL INCOME	- 31	345	314	- 252	- 1	437	498
Operating expenses	- 73	- 287	- 360	- 26	- 13	- 78	- 477
Impairments	0	0	0	0	0	- 341	- 341
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	65	175	240	61	0	- 301	0
PROFIT BEFORE TAX	- 39	233	193	- 216	- 13	- 283	- 320
Income tax expense						143	143
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	- 39	233	193	- 216	- 13	- 140	- 176
attributable to minority interest							- 2
attributable to equity holders of the parent							- 175
9M 2009							
Net interest income	0	0	0	0	0	717	717
Gross earned premiums, insurance	597	1 466	2 063	1 643	0	0	3 707
Gross technical charges	- 456	- 910	- 1 366	- 1 974	9	0	- 3 330
Ceded reinsurance result	- 1	- 29	- 30	0	0	- 4	- 33
Dividend income	0	0	0	0	0	47	47
Net gains from financial instruments at fair value	0	0	0	0	0	- 637	- 637
Net realised gains from AFS assets	0	0	0	0	0	33	33
Net fee and commission income	- 59	- 261	- 320	- 30	7	24	- 318
Other net income	0	0	0	0	0	116	116
TOTAL INCOME	82	266	348	- 361	17	296	300
Operating expenses	- 64	- 242	- 306	- 18	- 11	- 94	- 430
Impairments	0	0	0	0	0	- 317	- 317
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	231	97	327	264	0	- 591	0
PROFIT BEFORE TAX	248	121	369	- 115	5	- 706	- 446
Income tax expense						7	7
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	248	121	369	- 115	5	- 698	- 439
attributable to minority interest							2
attributable to equity holders of the parent							- 441

Figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products. 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	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	407	781	628	1 645	2 241
Breakdown by type					
Accepted reinsurance	7	7	8	20	22
Primary business	400	774	621	1 625	2 219
Breakdown of primary business					
Individual versus group					
Individual premiums	332	707	558	1 426	2 012
Premiums under group contracts	68	67	63	199	207
Periodic versus single					
Periodic premiums	156	174	174	556	544
Single premiums	245	600	447	1 069	1 674
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	58	47	54	163	147
Premiums from bonus contracts	314	705	538	1 373	2 008
Unit linked	28	22	29	88	64

Under IFRS, figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products. 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	3Q 2008	2Q 2009	3Q 2009	cumul 9M 2008	cumul 9M 2009
Total	- 478	- 633	- 442	- 909	- 1 782
Impairment on loans and receivables	- 130	- 578	- 368	- 300	- 1 254
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 108	- 422	- 502	- 250	- 1 197
Specific impairments for off-balance-sheet credit commitments	1	- 5	9	- 7	- 2
Portfolio-based impairments	- 23	- 152	124	- 43	- 54
Breakdown by business unit					
Belgium	- 18	- 19	- 11	- 34	- 49
Central and Eastern Europe and Russia	- 79	- 178	- 203	- 165	- 560
Merchant Banking	- 33	- 380	- 154	- 99	- 644
European Private Banking	- 1	0	0	- 2	0
Group Centre	0	0	0	0	0
Impairment on available-for-sale assets	- 341	- 19	- 5	- 591	- 335
Breakdown by type					
Shares	- 166	- 18	- 5	- 415	- 331
Other	- 175	0	0	- 176	- 4
Impairment on goodwill	0	- 44	- 58	0	- 181
Impairment on other	- 8	8	- 11	- 18	- 12
Intangible assets, other than goodwill	0	0	0	- 2	0
Property and equipment	0	0	- 7	0	- 6
Held-to-maturity assets	- 14	0	- 1	- 14	- 1
Associated companies (goodwill)	0	0	0	0	0
Other	6	8	- 3	- 1	- 5

During the first nine months of 2009 an impairment loss of 181 million euros was recognised on the value of goodwill outstanding, related, among other things, to acquisitions made late 2007 and early 2008 in Bulgaria and Slovakia.

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

Notes available in the annual report only.

Notes on the balance sheet

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value	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*
30-09-2009								
Loans and advances to credit institutions and investment firms [a]	649	4 910	0	18 396	-	-	-	23 954
Loans and advances to customers [b]	4 270	8 212	0	144 493	-	-	-	156 974
Discount and acceptance credit	0	0	0	83	-	-	-	83
Consumer credit	0	0	0	5 059	-	-	-	5 059
Mortgage loans	0	2 372	0	55 885	-	-	-	58 257
Term loans	4 270	5 711	0	67 326	-	-	-	77 307
Finance leasing	0	0	0	5 854	-	-	-	5 854
Current account advances	0	0	0	5 346	-	-	-	5 346
Other	0	128	0	4 940	-	-	-	5 068
Equity instruments	3 365	8	2 387	-	-	-	-	5 761
Investment contracts (insurance)	-	7 377	-	-	-	-	-	7 377
Debt instruments issued by	14 012	12 272	50 315	3 370	11 522	-	-	91 491
Public bodies	8 867	11 524	37 900	3	10 716	-	-	69 010
Credit institutions and investment firms	2 724	299	6 484	0	594	-	-	10 101
Corporates	2 421	449	5 930	3 368	212	-	-	12 380
Derivatives	24 757	-	-	-	-	147	-	24 904
Total carrying value excluding accrued interest income	47 052	32 779	52 702	166 259	11 522	147	0	310 461
Accrued interest income	163	181	894	624	170	37	0	2 069
Total carrying value including accrued interest income	47 215	32 960	53 596	166 883	11 692	184	0	312 531
[a] *Of which reverse repos*								*7 579*
[b] *Of which reverse repos*								*9 084*

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.

Financial assets reclassified out of 'available for sale' to 'loans and receivables' on 31-12-2008, in millions of EUR, 30-09-2009

Carrying value	3 248
Fair value	3 253

Financial assets reclassified out of 'available for sale' to 'loans and receivables' on 31-12-2008, in millions of EUR, 30-09-2009, amounts before tax

	In case of non-reclassification (AFS)	After reclassification (L&R)	Impact
Outstanding revaluation reserve AFS	-837	-879	-42
Impact on the income statement	-237	-232	5

The reclassification resulted pre-tax in a negative effect on equity to the tune of -42 million euro and a positive effect on the income statement amounting to 5 million euro. Besides specific impairments, 5 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*
30-09-2009								
Deposits from credit institutions and investment firms [a]	472	5 794	-	-	-	-	41 758	48 024
Deposits from customers and debt certificates [b]	1 065	18 959	-	-	-	-	174 723	194 748
Deposits from customers	0	15 459	-	-	-	-	132 358	147 817
Demand deposits	0	133	-	-	-	-	51 464	51 597
Time deposits	0	15 317	-	-	-	-	39 228	54 545
Savings deposits	0	0	-	-	-	-	36 759	36 759
Special deposits	0	0	-	-	-	-	3 679	3 679
Other deposits	0	9	-	-	-	-	1 228	1 237
Debt certificates	1 065	3 500	-	-	-	-	42 365	46 931
Certificates of deposit	0	75	-	-	-	-	13 456	13 531
Customer savings certificates	0	0	-	-	-	-	2 672	2 672
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 065	3 128	-	-	-	-	17 354	21 547
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	1	297	-	-	-	-	8 883	9 181
Liabilities under investment contracts	-	7 069	-	-	-	-	250	7 319
Derivatives	30 667	-	-	-	-	952	-	31 620
Short positions	1 866	-	-	-	-	-	-	1 866
in equity instruments	467	-	-	-	-	-	-	467
in debt instruments	1 399	-	-	-	-	-	-	1 399
Other	250	245	-	-	-	-	3 011	3 506
Total carrying value excluding accrued interest expense	34 319	32 068	-	-	-	952	219 742	287 082
Accrued interest expense	291	70	-	-	-	176	1 442	1 980
Total carrying value including accrued interest expense	34 611	32 138	-	-	-	1 128	221 185	289 062
[a] *Of which repos*								11 133
[b] *Of which repos*								15 161

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	30-09-2009
Total	2 709	3 627
Breakdown by type		
Specific impairment, on-balance-sheet lending	2 352	3 250
Specific impairment, off-balance-sheet credit commitments	91	76
Portfolio-based impairment	266	301
Breakdown by counterparty		
Impairment for loans and advances to banks	128	52
Impairment for loans and advances to customers	2 469	3 479
Specific and portfolio based impairment, off-balance-sheet credit commitments	112	96

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	30-09-2009
Gross technical provisions	19 523	21 508
Insurance contracts	9 699	10 123
Provisions for unearned premiums and unexpired risk	510	548
Life insurance provision	5 222	5 420
Provision for claims outstanding	3 586	3 720
Provision for bonuses and rebates	20	21
Other technical provisions	361	413
Investment contracts with DPF	9 824	11 386
Life insurance provision	9 813	11 349
Provision for claims outstanding	0	0
Provision for bonuses and rebates	11	37
Reinsurers' share	280	297
Insurance contracts	280	297
Provisions for unearned premiums and unexpired risk	17	21
Life insurance provision	6	7
Provision for claims outstanding	256	269
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

In 3Q 2009, a number of settlements regarding CDO's sold to private banking clients and companies were reached (among which with Deminor) for which the cost was recorded mainly in 2Q 2009.

Note 33: Other liabilities
Note 34: Retirement benefit obligations

Notes available in the annual report only.

Note 35: Parent shareholders' equity and Non-voting core-capital securities

in number of shares	31-12-2008	30-09-2009
Breakdown by type		
Ordinary shares	357 752 822	357 752 822
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*	*18 189 217*
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 September 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).

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Related party transactions

During the first nine months of 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. The related party transactions towards the Belgian government on the asset side have increased versus 31 December 2008 in view of higher investments in bonds.
KBC bought a guarantee from the Belgian government covering potential downside risk on the value of its collateralised debt obligations (CDO's). The results of nine months include the accounting of a fee of 1.2 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	100.00	Processing financial transactions
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	Cost-sharing structure
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			9M2008	9M2009	
ADDITIONS					
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
Banking	Istrobanka a.s.	Full	100.00%	-	Recognised in income statement from 3Q 2008, merged with CSOB SR from 3Q2009
Banking	CIBANK AD	Full	77.09%	81.69%	increase % with 4,60 (mainly in 1Q09)
EXCLUSIONS / INTERNAL REORGANISATIONS					
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	30-09-2009	
ADDITIONS					
Banking	CIBANK AD	Full	77.09%	81.69%	increase % with 4,60 (mainly in 1Q09)
Banking	Istrobanka	Full	100.00%	-	Recognised in income statement from 3Q 2008, merged with CSOB SR from 3Q2009
EXCLUSIONS / INTERNAL REORGANISATIONS					
Banking	KBC Bank Nederland NV	Full	100.00%	-	2Q09 : merger with KBC Bank

During the first 9 months of 2009, changes to the scope of consolidation had no material net impact on the income statement nor on the balance sheet.

Note 42: Post-balance sheet events

Significant events between the balance sheet date (30 September 2009) and the publication of this report (13 November 2009):

- The European Commission temporary cleared KBC's restructuring plan in June 2009 and is now anticipated to give final approval by early December at the latest. The outcome could lead to significant changes for the KBC Group going forward. As usual for this type of communications, KBC may ask the market regulator to temporary suspend the trading of its securities on the day of publication of the plan in order for the market to take note of the details. An investor conference will also be scheduled shortly after publication and will be open for capital market participants upon registration in advance (details will be available on www.kbc.com). All PowerPoint presentations will be made publicly available on www.kbc.com at the start of the conference.

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 September 2009 and for the nine months then ended

Introduction

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

Scope of Review

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

Conclusion

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

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, 13 November 2009

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor
represented by

Jean-Pierre Romont Partner	Pierre Vanderbeek Partner

Ref: 10PVDB0020

Glossary and other information

KBC Group, 3Q 2009 and 9M 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 parent shareholders' equity of KBC Bank, KBC Insurance, KBL EPB and KBC Global Services] / [consolidated parent shareholders' equity of KBC Group plus the non-voting core capital securities]

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

Parent shareholders' equity per share

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

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

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

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

The allocated equity to a business unit is based on a tier-1 ratio of 8.5% 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]
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 not been any changes in the ratings since 30 June 2009:

Ratings,13-11-2009	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	30-09-2009
By business unit		
Belgium	151 037	146 834
Central & Eastern Europe and Russia	11 729	12 382
Merchant Banking	36	20
European Private Banking	44 040	46 925
Total	206 842	206 161
By product or service		
Investment funds for private individuals	79 674	96 026
Assets managed for private individuals	68 825	44 535
Assets managed for institutional investors	39 832	44 002
Group assets (managed by KBC Asset Management)	18 510	21 598
Total	206 841	206 161

Gearing Ratio

Gearing ratio calculation, 30-09-2009, in millions of EUR	Own funds	Minus dividend payout	Own funds for calculation
Parent shareholders' equity and non-voting core capital securities of KBC Group (A)	16 416	-	16 416
Parent shareholders' equity of subsidiaries (B)	16 885	- 37	16 848
KBC Bank	12 297	-	12 297
KBC Insurance	3 030	-	3 030
KBL EPB	962	- 22	940
KBC Global Services	285	-	285
KBC Asset Management (part owned by KBC Group)	311	- 15	296
Gearing ratio (B) / (A)			102.6%

Financial calendar

KBC Group - Publication of 4Q 2009 results	11 February 2010
Annual General Meeting	29 April 2010
KBC Group - Publication of 1Q 2010 results	12 May 2010
KBC Group - Publication of 2Q 2010 results	5 August 2010
KBC Group - Publication of 3Q 2010 results	10 November 2010
KBC Group - Publication of 4Q 2010 results	10 February 2011

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.

Quarterly time series

Financial assets and liabilities, by product

FINANCIAL ASSETS (in millions of EUR)

	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Loans and advances to credit institutions and investment firms [1]	53 351	53 399	52 665	36 796	29 367	27 663	23 954
Loans and advances to customers [2]	149 161	165 263	163 947	157 296	154 409	158 949	156 974
Discount and acceptance credit	210	212	270	153	101	170	83
Consumer credit	4 030	4 683	4 810	4 625	4 699	5 112	5 059
Mortgage loans	49 310	52 181	54 420	55 571	56 092	57 265	58 257
Term loans	73 365	84 109	83 522	77 915	74 982	76 458	77 307
Finance leasing	6 514	6 805	6 923	6 728	6 251	6 186	5 854
Current account advances	7 505	9 462	8 001	6 718	5 952	6 343	5 346
Securitised loans	255	0	0	0	0	0	0
Other	7 972	7 811	6 000	5 585	6 333	7 414	5 068
Equity instruments	19 206	18 140	17 235	9 145	7 084	6 156	5 761
Investment contracts (insurance)	8 626	8 356	7 972	6 948	6 581	6 861	7 377
Debt instruments issued by	84 450	88 131	88 097	85 752	88 754	90 403	91 491
Public bodies	49 473	53 915	53 642	58 235	63 129	66 081	69 010
Credit institutions and investment firms	14 757	14 651	14 472	12 804	12 000	12 019	10 101
Corporates	20 220	19 565	19 982	14 713	13 625	12 302	12 380
Derivatives	25 182	25 676	29 694	38 800	36 910	27 610	24 904
Total carrying value excluding accrued intrest income	339 720	358 965	359 609	334 737	323 102	317 642	310 461
Accrued interest income	2 410	2 321	2 386	2 466	2 318	2 242	2 069
Total carrying value including accrued interest income	342 130	361 286	361 995	337 203	325 420	319 884	312 531
[1] *Of which reverse repos*	*29 168*	*27 194*	*28 557*	*11 214*	*6 180*	*7 822*	*7 579*
[2] *Of which reverse repos*	*5 808*	*13 390*	*9 458*	*3 838*	*2 775*	*6 147*	*9 084*

FINANCIAL LIABILITIES (in millions of EUR)

	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Deposits from credit institutions and investment firms [3]	68 690	63 804	71 038	60 602	46 311	55 611	48 024
Deposits from customers and debt certificates [4]	197 261	218 105	215 381	196 733	205 110	194 141	194 748
Deposits from customers	143 569	157 068	157 192	146 964	153 099	152 265	147 817
Demand deposits	46 704	54 120	51 384	44 739	51 805	52 861	51 597
Time deposits	65 877	72 430	74 615	68 582	65 165	60 326	54 545
Savings deposits	26 245	25 263	26 109	28 951	31 588	34 326	36 759
Special deposits	3 566	3 846	3 706	3 546	3 401	3 603	3 679
Other deposits	1 177	1 408	1 378	1 147	1 140	1 149	1 237
Debt certificates	53 692	61 037	58 189	49 768	52 010	41 875	46 931
Certificates of deposit	16 770	21 110	18 409	15 122	19 051	10 001	13 531
Customer savings certificates	3 028	3 141	3 137	3 077	2 905	2 788	2 672
Convertible bonds	0	0	0	0	0	0	0
Non-convertible bonds	26 369	27 314	26 728	21 843	20 377	19 776	21 547
Convertible subordinated liabilities	0	0	0	0	0	0	0
Non-convertible subordinated liabilities	7 525	9 472	9 915	9 726	9 678	9 310	9 181
Liabilities under investment contracts	8 480	8 349	8 155	7 201	6 877	6 987	7 319
Derivatives	27 599	28 134	33 866	40 469	43 233	34 406	31 620
Short positions	4 430	5 594	4 645	2 960	1 876	1 651	1 866
in equity instruments	3 303	4 398	3 603	394	388	449	467
in debt instruments	1 127	1 196	1 042	2 566	1 488	1 201	1 399
Other	4 759	8 148	6 205	4 085	4 375	6 466	3 506
Total carrying value excluding accrued interest expense	311 220	332 133	339 289	312 049	307 782	299 262	287 082
Accrued interest expense	2 043	2 208	2 397	1 882	1 740	1 621	1 980
Total carrying value including accrued interest expense	313 263	334 341	341 686	313 931	309 522	300 883	289 062
[3] *Of which repos*	*21 388*	*13 522*	*17 866*	*18 647*	*9 966*	*12 298*	*11 133*
[4] *Of which repos*	*10 233*	*13 573*	*13 221*	*7 855*	*11 891*	*12 560*	*15 161*

Customer loans and advances excluding reverse repo, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Total	143 353	151 873	154 489	153 459	151 635	152 801	147 890
Breakdown per business unit							
Belgium	52 059	51 963	55 155	55 390	56 148	56 814	56 317
Central and Eastern Europe and Russia	30 601	34 075	36 800	36 672	33 863	34 463	34 436
Merchant Banking	59 173	63 953	60 887	59 859	60 349	60 309	55 860
European Private Banking	1 512	1 879	1 645	1 534	1 274	1 215	1 277
Group Centre	7	4	2	4	0	0	0

Mortgage loans, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Total	49 310	52 181	54 420	55 571	56 092	57 265	58 257
Breakdown per business unit							
Belgium	26 771	27 511	28 019	28 447	28 866	29 501	30 180
Central and Eastern Europe and Russia	9 072	10 328	11 535	11 879	11 862	12 445	12 885
Merchant Banking	13 198	14 063	14 583	14 958	15 069	14 997	14 847
European Private Banking	269	278	283	287	295	323	345
Group Centre	0	0	0	0	0	0	0

Customer deposits and debt certificates excluding repo, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Total	187 029	204 532	202 170	188 877	193 559	181 175	179 587
Breakdown per business unit							
Belgium	71 155	74 653	76 273	77 521	74 391	74 267	75 399
Central and Eastern Europe and Russia	35 054	37 483	41 586	38 421	37 615	40 356	40 585
Merchant Banking	67 977	79 226	71 412	61 449	70 541	56 125	53 889
European Private Banking	11 705	11 792	11 574	10 211	9 689	9 085	8 569
Group Centre	1 138	1 378	1 325	1 276	1 323	1 342	1 145

Note: The figures as of 31/03/2009 and 30/06/2009 have been reclassified due to a correction of an error in the allocation of KBC Bank NV to BU Belgium and BU Merchant Banking.

Technical provisions life insurance, by 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		30-09-2009	
	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	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	15 536	5 887
Central and Eastern Europe and Russia	936	576	1 111	590	1 326	599	1 251	557	1 185	520	1 102	650	1 146	741
Merchant Banking	14	0	13	0	13	0	12	70	14	0	14	0	85	0
European Private Banking	545	928	527	948	518	963	512	580	511	558	507	616	505	684
Group Centre	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Assets under management, by business unit and product

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	30-09-2009
By business unit							
Belgium	159 725	157 880	157 541	151 037	147 879	143 436	146 834
Central & Eastern Europe and Russia	13 558	14 418	14 062	11 729	10 760	11 655	12 382
Merchant Banking	2 120	2 202	601	36	30	29	20
European Private Banking	51 271	52 885	49 775	44 040	42 370	44 587	46 925
Total	226 675	227 384	221 979	206 842	201 039	199 707	206 161
By product or service							
Investment funds for private individuals	88 856	86 264	85 607	79 674	94 426	94 875	96 026
Assets managed for private individuals	78 754	80 587	76 302	68 825	47 323	42 233	44 535
Assets managed for institutional investors	41 718	43 644	43 086	39 832	39 818	41 959	44 002
Group assets (managed by KBC Asset Management)	17 347	16 888	16 983	18 510	19 472	20 639	21 598
Total	226 675	227 384	221 979	206 841	201 039	199 707	206 161

Solvency

Total Group (KBC Group)

The table shows the tier-1 and CAD ratios calculated under Basel II and Solvency I. Primarily for 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. The total weighted risks volume of insurance companies is calculated as the required solvency margin under Solvency I divided by 8%.

In millions of EUR	31-12-2008	31-03-2009	30-06-2009	30-09-2009
Regulatory capital				
Regulatory capital, KBC Group (after profit appropriation)	19 370	15 117	20 009	19 793
Tier-1 capital	13 810	8 913	14 048	15 055
Parent shareholders' equity	10 710	6 636	7 888	9 416
Non-voting core-capital securities	3 500	3 500	7 000	7 000
Intangible fixed assets	- 387	- 389	- 403	- 406
Goodwill on consolidation	- 3 479	- 3 341	- 3 313	- 3 264
Innovative hybrid tier-1 instruments	1 420	771	1 000	553
Non-innovative hybrid tier-1 instruments	1 262	685	889	1 538
Minority interests	154	147	143	166
Elimination Equity guarantee (Belgian State)	0	0	950	883
Revaluation reserve available-for-sale assets (AFS)	1 068	1 270	647	- 446
Hedging reserve (cashflow hedges)	351	512	354	428
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 333	- 465	- 108
Minority interest in AFS reserve & hedging reserve, cashflow hedges	- 4	1	1	- 2
Equalization reserve	- 123	- 137	- 137	- 139
Dividend payout	0	0	0	0
Items to be deducted (*)	- 417	- 410	- 506	- 563
Tier-2 & 3 capital	5 560	6 205	5 961	4 739
Mandatorily convertible bonds	0	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	1 039	1 614	1 781	425
Revaluation reserve, available-for-sale shares (at 90%)	0	0	113	300
Minority interest in revaluation reserve AFS shares (at 90%)	0	0	0	0
IRB provision excess	209	47	0	0
Subordinated liabilities	4 586	4 809	4 431	4 430
Tier-3 capital	144	144	142	146
Items to be deducted (*)	- 417	- 410	- 506	- 563
Capital requirement				
Total weighted risk volume	155 291	156 614	151 455	148 008
Banking	141 370	142 154	136 770	133 108
Insurance	14 084	14 462	14 686	14 901
Holding activities	35	35	35	35
Elimination of intercompany transactions between banking and holding activities	- 197	- 36	- 36	- 36
Solvency ratios				
Tier-1 ratio	8.9%	5.7%	9.3%	10.2%
CAD ratio	12.5%	9.7%	13.2%	13.4%

(*) 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).

Banking (KBC Bank and KBL EPB)

In millions of EUR	31-12-2008 Basel II	31-03-2009 Basel II	30-06-2009 Basel II	30-09-2009 Basel II
Regulatory capital				
Regulatory capital, banking (after profit appropriation)	19 028	16 508	19 260	18 684
Tier-1 capital	13 643	10 119	14 770	14 137
Parent shareholders' equity	11 576	8 613	12 372	13 259
Intangible fixed assets	- 169	- 160	- 167	- 170
Goodwill on consolidation	- 2 451	- 2 327	- 2 323	- 2 272
Innovative hybrid tier-1 instruments	1 652	1 400	1 708	498
Non-innovative hybrid tier-1 instruments	1 793	1 155	1 943	1 945
Minority interests	599	602	488	471
Elimination Equity guarantee (Belgian State)	0	0	745	687
Tier 2 instruments	- 18	- 18	- 18	- 18
Revaluation reserve available-for-sale assets (AFS)	946	1 043	654	5
Hedging reserve (cashflow hedges)	352	514	355	429
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 333	- 465	- 108
Minority interest in AFS reserve & hedging reserve, cashflow hedges	1	0	- 1	- 10
Dividend payout	0	0	- 55	- 22
Items to be deducted (*)	- 395	- 369	- 466	- 554
Tier-2 & 3 capital	5 385	6 389	4 490	4 547
Mandatorily convertible bonds	0	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	820	1 735	320	323
Revaluation reserve, available-for-sale shares (at 90%)	29	25	65	196
Minority interest in revaluation reserve AFS shares (at 90%)	- 7	- 1	0	6
IRB provision excess	209	47	0	0
Subordinated liabilities	4 586	4 809	4 431	4 430
Tier-3 capital	144	144	142	146
Items to be deducted (*)	- 395	- 369	- 466	- 554
Weighted risks				
Total weighted risk volume	141 370	142 154	136 770	133 108
Credit risk	108 038	107 031	107 691	107 222
Market risk	20 333	22 228	16 184	12 991
Operational risk	12 999	12 895	12 895	12 895
Solvency ratios				
Tier-1 ratio	9.7%	7.1%	10.8%	10.6%
Core Tier-1 ratio	7.2%	5.3%	8.1%	8.8%
CAD ratio	13.5%	11.6%	14.1%	14.0%

(*) 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.

Insurance (KBC Insurance)

in millions of EUR		31-12-2008	31-03-2009	30-06-2009	30-09-2009
Available capital					
Share capital		59	59	65	65
Share premium account		1 842	1 842	2 086	2 086
Reserves		796	- 229	225	345
Revaluation reserve available-for-sale (AFS) investments		- 176	- 266	11	531
Translation differences		5	- 20	- 9	3
Dividend payment (-)		0	0	0	0
Minority interests		56	53	58	64
Subordinated liabilities		0	0	0	0
Formation expenses (-)		0	0	0	0
Intangible fixed assets (-)		- 32	- 31	- 31	- 20
Goodwill on consolidation (-)		- 485	- 462	- 449	- 449
Elimination:	Revaluation reserve available-for-sale (AFS) investments	176	266	- 11	- 531
	Equalization reserve	- 123	- 137	- 137	- 139
	Equity guarantee (Belgian State)	0	0	205	196
90% of positive revaluation reserve shares AFS		0	0	53	178
Latent gains on bonds		0	0	0	515
Latent gains on real estate		81	84	76	75
Limitation of latent gains on shares and real estate		- 81	- 84	0	0
Available capital		2 117	1 075	2 141	2 920
Required capital					
Non-life and industrial accidents - legal lines		341	343	339	331
Annuities		8	8	8	8
Subtotal, non-life		349	352	347	339
Class 21		756	783	807	827
Class 23		14	13	12	16
Subtotal, life		770	796	819	843
Other		8	10	8	10
Total required solvency margin		1 127	1 157	1 175	1 192
Solvency ratios and surplus					
Solvency ratio (%)		188%	93%	182%	245%
Solvency surplus, in millions of EUR		990	- 82	966	1 728

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	30-09-2009
Total loan portfolio (in billions of EUR)		
Amount granted	217.2	204.6
Amount outstanding	178.0	169.6
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	28.4%	31.3%
Central & Eastern Europe and Russia Business Unit	23.6%	22.8%
Merchant Banking	46.2%	44.0%
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%	2.5%
Aviation	0.4%	0.3%
Automobile industry	2.1%	2.2%
Impaired loans (in millions of EUR or %)		
Amount outstanding	5 118	8 222
Specific loan impairment	2 790	3 473
Portfolio-based loan impairment	266	301
Credit cost ratio, per business unit		
Belgium	0.09%	0.12%
Central & Eastern Europe and Russia Business Unit[1]	0.83%	1.83%
Merchant Banking	0.90%	1.16%
European Private Banking	4.02%	0.10%
Total	0.70%	0.96%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	3 239	5 545
Specific loan impairment for NP loans	1 949	2 619
Non-performing ratio, per business unit		
Belgium	1.7%	1.8%
Central & Eastern Europe and Russia Business Unit	2.1%	4.3%
Merchant Banking	1.6%	3.7%
European Private Banking	4.9%	5.8%
Total	1.8%	3.3%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	60%	47%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	68%

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

[1]Broken down as follows for 30-09-2009:

CZ: 1.064 %, SK: 1.384% , Hungary: 1.752 %, Poland: 1.900%, Russia: 5.476%

As at 30 September 2009, a total of 2.5 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 15 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	30-09-2009
Total granted amount of leveraged finance deals (in billions of EUR)	2.8	2.5
Granted leveraged finance portfolio, by sector		
Services	18.6%	18.5%
Distribution	13.2%	15.3%
Chemicals	12.7%	12.0%
Telecom	7.9%	8.3%
Machinery	7.8%	6.4%
Other	39.8%	39.5%
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%	13.8%
Over 10 million and up to and incl. 25 million euros	65.5%	65.3%
Over 25 million and up to and incl. 50 million euros	18.2%	15.9%
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
Average 3Q 2009	85
30-09-2009	72
Maximum in 9M 2009	98
Minimum in 9M 2009	72

*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	30-09-2009
Bonds and other fixed-income securities	15 600	20 056
Shares and other variable-yield securities	2 385	1 319
Other securities	155	49
Loans and advances to customers	203	201
Loans and advances to banks	3 147	2 674
Property and equipment and investment property	349	430
Liabilities under investment contracts, unit-linked	6 948	7 377
Other	115	61
Total investment portfolio KBC Insurance	28 904	32 167

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
Average 3Q 2009	6	9
30-09-2009	6	10
Maximum in 9M 2009	13	21
Minimum in 9M 2009	5	7

*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), 30-09-2009 (in billions of EUR, pre-tax)	Hedged CDO-linked exposure (insured by credit insurers)	Unhedged CDO-exposure	other ABS
Total nominal amount	16.4	9.5	5.5
Initial write-downs on equity and junior CDO pieces	-	-0.8	-
Subsequent cumulative value adjustments	-2.2	-4.1	-1.7

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), 30-09-2009 (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*)	2.9
- Credit value adjustment of counterparty risk MBIA	-2.2
(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, 30-09-2009 (in billion of EUR)	Unhedged CDO-exposure	other ABS
Total nominal amount	9.5	5.5
Initial write down of junior and equity pieces	-0.8	-
Total nominal amount, net of provisions for equity and junior pieces	8.7	5.5
- super senior tranches (included in Asset Protection Plan with Belgian State - see further)	5.5	-
- non super senior tranches (fully written down)	3.2	-
Cumulative market value adjustments	-4.1	-1.7
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 (full look trough approach – i.e. where possible, if underlying assets consist of structured credit products themselves, the underlying assets of such products are shown in the table).

Hedged CDO-linked exposure (insured by credit insurers)

Type and quality breakdown of the underlying of the hedged CDOs held – based on Moody's ratings
Amounts at nominal value - in millions of EUR – 30-09-2009

		Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates		5	183	2 794	5 184	3 257	1 160	617	587	76	13 862
Sector	Real Estate	-	-	149	1 339	416	284	63	26	-	2 277
	Banking	-	87	960	264	50	2	97	168	-	1 629
	Finance	4	62	357	126	527	55	23	122	-	1 275
	Insurance	-	23	276	372	4	267	-	-	-	943
	Publishing	-	-	22	85	293	259	53	4	-	716
	Retail Stores	-	-	31	225	241	79	65	-	-	640
	Automobile	-	-	48	161	229	53	25	14	-	530
	Monoline	-	-	193	81	91	-	-	163	-	528
	Telecom	-	2	148	242	92	7	-	-	-	491
	Oil & Gas	-	1	20	366	97	-	-	-	-	485
	Utilities	-	7	123	314	25	-	7	-	-	476
	Electronics	-	-	28	90	205	18	68	-	-	409
	Other	0	1	438	1 519	987	136	217	90	76	3 463
Region	US	4	89	954	2 718	2 124	725	391	438	43	7 486
	EU	-	83	797	1 228	508	387	82	-	26	3 111
	Asia	0	3	652	493	438	43	97	-	-	1 725
	Latin America	-	4	58	111	9	-	42	-	-	224
	Other	-	3	332	635	179	6	6	79	7	1 247
CMBS		-	-	3	-	-	-	-	-	-	4
RMBS		-	5	75	72	126	71	84	1 660	-	2 092
Origin	Prime	-	-	-	-	-	-	-	-	-	-
	ALT-A	-	-	-	3	15	17	16	544	-	594
	Alt-A (<2005 vintage)	-	-	-	*3*	*1*	*4*	-	*1*	-	*9*
	Alt-A (2005-2007 vintage)	-	-	-	-	*14*	*13*	*16*	*543*	-	*585*
	Subprime	-	5	75	69	111	54	69	1 117	-	1 498
	subprime (<2005 vintage)	-	*5*	*47*	*57*	*55*	*21*	*10*	*44*	-	*239*
	subprime (2005-2007 vintage)	-	-	*27*	*12*	*56*	*33*	*59*	*1 072*	-	*1 259*
Region	US	-	5	75	72	126	71	84	1 660	-	2 092
Other ABS		-	-	8	1	-	-	-	5	-	14
CDO		6	13	29	31	74	27	42	222	-	443
Total		11	200	2 907	5 288	3 457	1 259	744	2 473	76	16 415

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

Type and quality breakdown of the underlying of the unhedged CDOs held – based on Moody’s ratings
Amounts at nominal value - in millions of EUR – 30-09-2009

			Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates			2	97	1 477	2 742	1 722	614	327	310	40	7 331
	Sector	Real Estate	-	-	79	708	220	150	33	14	-	1 204
		Banking	-	46	508	139	27	1	51	89	-	862
		Finance	2	33	189	66	278	29	12	64	-	674
		Insurance	-	12	146	197	2	141	-	-	-	498
		Publishing	-	-	12	45	155	137	28	2	-	379
		Retail Stores	-	-	16	119	127	42	34	-	-	339
		Automobile	-	-	25	85	121	28	13	7	-	280
		Monoline	-	-	102	43	48	-	-	86	-	279
		Telecom	-	1	78	128	49	4	-	-	-	260
		Oil & Gas	-	1	11	194	51	-	-	-	-	256
		Utilities	-	4	65	166	13	-	4	-	-	252
		Electronics	-	-	15	48	109	9	36	-	-	216
		Other	0	0	232	803	522	72	115	48	40	1 832
	Region	US	2	47	505	1 437	1 123	384	207	232	23	3 959
		EU	-	44	421	649	269	204	43	-	14	1 645
		Asia	0	2	345	260	231	23	51	-	-	912
		Latin America	-	2	31	59	5	-	22	-	-	118
		Other	-	2	176	336	95	3	3	42	4	659
CMBS			-	-	2	-	-	-	-	-	-	2
RMBS			-	2	39	38	67	38	45	878	-	1 107
	Origin	Prime	-	-	-	-	-	-	-	-	-	-
		ALT-A	-	-	-	2	8	9	8	288	-	314
		Alt-A (<2005 vintage)	-	-	-	*2*	*0*	*2*	-	*1*	-	*5*
		Alt-A (2005-2007 vintage)	-	-	-	-	*7*	*7*	*8*	*287*	-	*309*
		Subprime	-	2	39	36	59	29	36	591	-	792
		subprime (<2005 vintage)	-	*2*	*25*	*30*	*29*	*11*	*5*	*24*	-	*127*
		subprime (2005-2007 vintage)	-	-	*14*	*6*	*30*	*17*	*31*	*567*	-	*666*
	Region	US	-	2	39	38	67	38	45	878	-	1 107
Other ABS			-	-	4	1	-	-	-	2	-	7
CDO			3	7	15	16	39	15	22	117	-	234
Total			6	106	1 538	2 796	1 828	666	393	1 308	40	8 681

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 - 30-09-2009

			Aaa	Aa	A	Baa	<Baa3	NR	Total
Corporates									
CMBS			90	15	-	13	21	-	138
RMBS			2 904	176	44	56	685	1	3 865
	Origin	Prime	2 838	176	7	-	-	1	3 022
		prime (<2005 vintage)	*1 659*	*83*	*1*	-	-	*1*	*1 743*
		prime (2005-2007 vintage)	*1 180*	*93*	*6*	-	-	-	*1 279*
		ALT-A	7	-	37	29	421	-	495
		Alt-A (<2005 vintage)	*1*	-	*15*	-	-	-	*16*
		Alt-A (2005-2007 vintage)	*6*	-	*21*	*29*	*421*	-	*478*
		Subprime	59	-	-	26	264	-	349
		subprime (<2005 vintage)	*9*	-	-	-	*4*	-	*13*
		subprime (2005-2007 vintage)	*50*	-	-	*26*	*260*	-	*336*
	Region	US	260	0	38	56	685	-	1 038
		Spain	942	54	6	-	-	-	1 002
		Italy	580	5	-	-	-	-	585
		Netherlands	470	28	-	-	-	-	498
		Portugal	372	25	1	-	-	-	398
		UK	30	43	-	-	-	-	73
		Other	251	21	-	-	-	-	272
Other			919	407	129	10	3	0	1 469
	Type	CLO	293	321	120	-	-	-	734
		Leases	233	55	8	-	-	-	296
		SME loans	124	-	-	-	-	-	124
		Consumer Loans	80	13	-	-	-	0	93
		Auto Loans/Leases	56	18	-	-	-	-	73
		Other	134	0	1	10	3	-	149
Total			3 914	597	173	78	710	1	5 472

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 1.2 billion EUR, and was booked in 9M 2009, and an additional commitment fee of 60 million EUR is payable semi-annually.
The fair value of the premium (net present value) is updated on a quarterly basis.

Overview loan portfolio per business

Loan portfolio Business Unit Belgium 30-09-2009, in millions of EUR	**Belgium**		
Total outstanding amount	57 316		
Counterparty break down		*% outst.*	
SME / corporate	2 029	*3.5%*	
retail	55 287	*96.5%*	
o/w private	31 580	*55.1%*	
o/w companies	23 707	*41.4%*	
Mortgage loans		*% outst.*	ind. LTV
total	30 155	*52.6%*	52%
o/w FX mortgages	0	*0.0%*	-
o/w vintage 2007 and 2008	7 130	*12.4%*	-
o/w LTV > 100%	1 366	*2.4%*	-
Top 5 Belgian corporate sectors		*% outst.*	avg. PD
services	7 119	*12.4%*	low
distribution	4 414	*7.7%*	medium
real estate	3 239	*5.7%*	medium
agriculture	2 961	*5.2%*	low
building	1 961	*3.4%*	low
Exposure to cyclical sectors			
real estate	3 239	*5.7%*	medium
building	1 961	*3.4%*	low
automotive	905	*1.6%*	medium
energy (oil, gas & other fuels / electricity)	98	*0.2%*	low
aviation	15	*0.0%*	medium
IT & telecom	100	*0.2%*	medium
LBO-exposure			
LBO	0	*0.0%*	
Probability of default (PD)		*% outst.*	
low risk (0%-0.8%)	40 782	*71.2%*	
medium risk (0.8%-6.4%)	12 529	*21.9%*	
high risk (6.4%-100%)	2 892	*5.0%*	
non-performing loans	1 054	*1.8%*	
unrated	59	*0.1%*	
Other risk measures		*% outst.*	
outstanding non-performing loans (NPL)	1 054	*1.8%*	
NPL cover ratio	52%		
2008 Credit cost ratio (CCR)	0.09%		
YTD 2009 CCR	0.12%		

Legend

ind. LTV Indexed Loan to Value: current outstanding loan / current value of property
avg. 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 KBC Group annual report.

Loan portfolio Business Unit Central & Eastern Europe and Russia

30-09-2009, in millions of EUR	Czech republic			Slovakia			Poland			Hungary		
Total outstanding amount	18 744			3 813			7 054			6 925		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	6 497	*34.7%*		1 588	*41.6%*		2 578	*36.5%*		3 659	*52.8%*	
retail	12 247	*65.3%*		2 225	*58.4%*		4 476	*63.5%*		3 267	*47.2%*	
o/w private	8 381	*44.7%*		1 192	*31.3%*		4 309	*61.1%*		2 963	*42.8%*	
o/w companies	3 865	*20.6%*		1 033	*27.1%*		167	*2.4%*		304	*4.4%*	
Mortgage loans		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV
total	5 042	*26.9%*	63%	920	*24.1%*	50%	3 299	*46.8%*	85%	2 528	*36.5%*	58%
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	2 292	*32.5%*	96%	2 151	*31.1%*	60%
o/w vintage 2007 and 2008	2 656	*14.2%*	-	443	*11.6%*	-	2 411	*34.2%*	-	1 252	*18.1%*	-
o/w LTV > 100%	5	*0.0%*	-	0	*0.0%*	-	904	*12.8%*	-	114	*1.6%*	-
Top 5 CEER corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
services	2 285	*12.2%*	low	756	*19.8%*	low	233	*3.3%*	medium	568	*8.2%*	medium
distribution	994	*5.3%*	medium	299	*7.9%*	medium	595	*8.4%*	medium	511	*7.4%*	medium
finance & insurance	1 933	*10.3%*	low	148	*3.9%*	medium	251	*3.6%*	low	252	*3.6%*	low
real estate	533	*2.8%*	medium	435	*11.4%*	high	367	*5.2%*	medium	233	*3.4%*	medium
building	699	*3.7%*	medium	160	*4.2%*	medium	228	*3.2%*	medium	459	*6.6%*	medium
Exposure to cyclical sectors												
real estate	533	*2.8%*	medium	435	*11.4%*	high	367	*5.2%*	medium	233	*3.4%*	medium
building	699	*3.7%*	medium	160	*4.2%*	medium	228	*3.2%*	medium	459	*6.6%*	medium
automotive	459	*2.4%*	medium	203	*5.3%*	medium	90	*1.3%*	medium	219	*3.2%*	medium
energy (oil, gas & other fuels / electricity)	526	*2.8%*	low	70	*1.8%*	medium	183	*2.6%*	medium	119	*1.7%*	low
aviation	75	*0.4%*	medium	0	*0.0%*	-	10	*0.1%*	medium	15	*0.2%*	medium
IT & telecom	46	*0.2%*	medium	29	*0.8%*	high	25	*0.4%*	medium	67	*1.0%*	low
LBO-exposure												
LBO	136	*0.7%*		0	*0.0%*		20	*0.1%*		60	*0.3%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0%-0.8%)	12 345	*65.9%*		1 705	*44.7%*		3 802	*53.9%*		4 073	*58.8%*	
medium risk (0.8%-6.4%)	4 516	*24.1%*		991	*26.0%*		2 133	*30.2%*		1 671	*24.1%*	
high risk (6.4%-100%)	1 140	*6.1%*		230	*6.0%*		479	*6.8%*		803	*11.6%*	
non-performing loans	468	*2.5%*		156	*4.1%*		370	*5.2%*		361	*5.2%*	
unrated	275	*1.5%*		731	*19.2%*		270	*3.8%*		17	*0.2%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	468	*2.5%*		156	*4.1%*		370	*5.2%*		361	*5.2%*	
NPL cover ratio	89%			112%			80%			73%		
2008 credit cost ratio (CCR)	0.57%			0.82%			0.95%			0.41%		
YTD 2009 CCR	1.06%			1.38%			1.90%			1.75%		
Stress tests		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
- if default of the local top 10 corporate names	437	*2.3%*		169	*4.4%*		347	*4.9%*		358	*5.2%*	
- on FX mortgages in -30% stress scenario (*)	-	-		-	-		10	*0.1%*		36	*0.5%*	
- on FX mortgages in -30%/-30% stress scenario (**)	-	-		-	-		18	*0.3%*		85	*1.2%*	

30-09-2009, in millions of EUR	Russia			Serbia			Bulgaria			Total CEER		
Total outstanding amount	2 636			141			768			40 082		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	1 495	*56.7%*		79	*56.2%*		347	*45.1%*		16 242	*40.5%*	
retail	1 141	*43.3%*		62	*43.8%*		422	*54.9%*		23 839	*59.5%*	
o/w private	1 065	*40.4%*		62	*43.8%*		222	*28.9%*		18 195	*45.4%*	
o/w companies	76	*2.9%*		0	*0.0%*		200	*26.0%*		5 645	*14.1%*	
Mortgage loans		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	
total	773	*29.3%*	58%	50	*35.5%*	70%	92	*12.0%*	62%	12 704	*31.7%*	
o/w FX mortgages	298	*11.3%*	55%	50	*35.5%*	70%	48	*6.3%*	63%	4 839	*12.1%*	
o/w vintage 2007 and 2008	693	*26.3%*	-	41	*28.8%*	-	68	*8.9%*	-	7 564	*18.9%*	
o/w LTV > 100%	24	*0.9%*	-	3	*1.8%*	-	2	*0.3%*	-	1 051	*2.6%*	
Top 5 CEER corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
services	49	*1.9%*	-	4	*2.6%*	medium	14	*1.9%*	-	3 909	*9.8%*	low
distribution	554	*21.0%*	-	26	*18.4%*	medium	26	*3.4%*	-	3 005	*7.5%*	medium
finance & insurance	44	*1.7%*	-	1	*0.5%*	medium	51	*6.6%*	-	2 679	*6.7%*	low
real estate	445	*16.9%*	-	6	*4.4%*	low	221	*28.7%*	-	2 240	*5.6%*	high
building	81	*3.1%*	-	4	*3.0%*	medium	16	*2.0%*	-	1 647	*4.1%*	medium
Exposure to cyclical sectors												
real estate	445	*16.9%*	-	6	*4.4%*	low	221	*28.7%*	-	2 240	*5.6%*	high
building	81	*3.1%*	-	4	*3.0%*	medium	16	*2.0%*	-	1 647	*4.1%*	medium
automotive	80	*3.0%*	-	2	*1.3%*	medium	8	*1.0%*	-	1 060	*2.6%*	medium
energy (oil, gas & other fuels / electricity)	61	*2.3%*	-	0	*0.0%*	medium	44	*5.7%*	-	1 003	*2.5%*	medium
aviation	32	*1.2%*	-	0	*0.0%*	-	0	*0.0%*	-	132	*0.3%*	high
IT & telecom	27	*1.0%*	-	2	*1.6%*	high	1	*0.1%*	-	198	*0.5%*	medium
LBO-exposure												
LBO	0	*0.0%*		0	*0.0%*		0	*0.0%*		215	*0.5%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0%-0.8%)	0	*0.0%*		103	*72.6%*		0	*0.0%*		22 028	*55.0%*	
medium risk (0.8%-6.4%)	0	*0.0%*		9	*6.4%*		0	*0.0%*		9 319	*23.3%*	
high risk (6.4%-100%)	165	*6.2%*		16	*11.0%*		35	*4.5%*		2 868	*7.2%*	
non-performing loans	243	*9.2%*		14	*10.0%*		125	*16.3%*		1 737	*4.3%*	
unrated	2 228	*84.5%*		0	*0.0%*		608	*79.1%*		4 129	*10.3%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	243	*9.2%*		14	*10.0%*		125	*16.3%*		1 737	*4.3%*	
NPL cover ratio	94%			102%			23%			84%		
2008 credit cost ratio (CCR)	2.40%			7.66%			1.49%			0.83%		
YTD 2009 CCR	5.48%			2.34%			2.19%			1.83%		
Stress tests		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
- if default of the local top 10 corporate names	-	-		-	-		-	-		1 311	*3.3%*	
- on FX mortgages in -30% stress scenario (*)	1	*0.0%*		0	*0.1%*		0	*0.1%*		47	*0.1%*	
- on FX mortgages in -30%/-30% stress scenario (**)	4	*0.2%*		1	*0.6%*		1	*0.2%*		109	*0.3%*	

Legend

ind. LTV Indexed Loan to Value: current outstanding loan / current value of property

avg. PD Average Probability of Default

NPL Non Performing Loan

Remarks

(*) pre-tax loss if currency depreciates further by 30%

(**) pre-tax loss if <u>both</u> 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 KBC Group annual report.

Loan portfolio Business Unit Merchant Banking
30-09-2009, in millions of 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, TW)			Global			Credit Investments			Total Merchant Banking		
Total outstanding amount	18 770			26 313			18 107			6 557			1 863			6 860			8 445			68 809		
Counterparty break down		% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.	
SME / corporate	16 323	87.0%		12 832	48.8%		4 626	25.5%		6 557	100.0%		1 858	99.8%		6 860	100.0%		8 445	100.0%		52 876	76.8%	
retail	2 447	13.0%		13 481	51.2%		13 481	74.5%		0	0.0%		4	0.2%		0	0.0%		0	0.0%		15 932	23.2%	
o/w private	7	0.0%		13 481	51.2%		13 481	74.5%		0	0.0%		0	0.0%		0	0.0%		0	0.0%		13 488	19.6%	
o/w companies	2 440	13.0%		0	0.0%		0	0.0%		0	0.0%		4	0.2%		0	0.0%		0	0.0%		2 444	3.6%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	
total	0	0.0%	-	13 481	51.2%	82%	13 481	74.5%	82%	0	0.0%	-	0	0.0%	-	0	0.0%	-	0	0.0%	-	13 481	19.6%	
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%	-	4 864	18.5%	-	4 864	26.9%	-	0	0.0%	-	0	0.0%	-	0	0.0%	-	0	0.0%	-	4 864	7.1%	
o/w LTV > 100%	0	0.0%	-	3 541	13.5%	-	3 541	19.6%	-	0	0.0%	-	0	0.0%	-	0	0.0%	-	0	0.0%	-	3 541	5.1%	
Top 5 Merchant Banking corporate sectors		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD
finance & insurance	1 826	9.7%	-	818	3.1%	-	165	0.9%	-	676	10.3%	-	169	9.1%	-	798	11.6%	-	8 363	99.0%	-	12 651	18.4%	low
real estate	1 577	8.4%	-	3 646	13.9%	-	2 085	11.5%	-	716	10.9%	-	82	4.4%	-	891	13.0%	-	12	0.1%	-	6 924	10.1%	medium
services	2 320	12.4%	-	1 592	6.0%	-	497	2.7%	-	960	14.6%	-	39	2.1%	-	95	1.4%	-	14	0.2%	-	5 020	7.3%	medium
distribution	2 753	14.7%	-	1 226	4.7%	-	482	2.7%	-	58	0.9%	-	184	9.9%	-	64	0.9%	-	17	0.2%	-	4 304	6.3%	medium
building	1 263	6.7%	-	792	3.0%	-	242	1.3%	-	65	1.0%	-	72	3.9%	-	414	6.0%	-	9	0.1%	-	2 615	3.8%	low
Exposure to cyclical sectors																								
real estate	1 577	8.4%	-	3 646	13.9%	-	2 085	11.5%	-	716	10.9%	-	82	4.4%	-	891	13.0%	-	12	0.1%	-	6 924	10.1%	medium
building	1 263	6.7%	-	792	3.0%	-	242	1.3%	-	65	1.0%	-	72	3.9%	-	414	6.0%	-	9	0.1%	-	2 615	3.8%	low
automotive	691	3.7%	-	335	1.3%	-	11	0.1%	-	64	1.0%	-	32	1.7%	-	147	2.1%	-	0	0.0%	-	1 270	1.8%	medium
energy (oil, gas & other fuels / electricity)	797	4.2%	-	463	1.8%	-	298	1.6%	-	286	4.4%	-	170	9.1%	-	1 873	27.3%	-	0	0.0%	-	3 590	5.2%	low
aviation	99	0.5%	-	18	0.1%	-	1	0.0%	-	81	1.2%	-	17	0.9%	-	204	3.0%	-	6	0.1%	-	424	0.6%	medium
IT & telecom	219	1.2%	-	228	0.9%	-	14	0.1%	-	41	0.6%	-	42	2.3%	-	533	7.8%	-	9	0.1%	-	1 072	1.6%	medium
LBO-exposure																								
LBO	0	0.0%		1 149	6.1%		64	0.3%		49	0.3%		34	0.2%		725	3.9%		0	0.0%		1 957	2.8%	
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.	
low risk (0%-0.8%)	11 001	58.6%		11 667	44.3%		7 900	43.6%		5 246	80.0%		836	44.9%		3 310			7 394	87.5%		39 454	57.3%	
medium risk (0.8%-6.4%)	5 563	29.6%		10 371	39.4%		7 312	40.4%		784	12.0%		890	47.8%		3 003			159	1.9%		20 771	30.2%	
high risk (6.4%-100%)	1 010	5.4%		2 502	9.5%		1 761	9.7%		377	5.8%		55	3.0%		371	5.4%		711	8.4%		5 026	7.3%	
non-performing loans	603	3.2%		1 452	5.5%		1 132	6.3%		148	2.3%		77	4.1%		162	2.4%		66	0.8%		2 508	3.6%	
unrated	594	3.2%		320	1.2%		2	0.0%		2	0.0%		4	0.2%		14			116	1.4%		1 050	1.5%	
Other risk measures		% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.			% outst.	
outstanding non-performing loans (NPL)	603	3.2%		1 452	5.5%		1 132	6.3%		148	2.3%		77	4.1%		162	2.4%		117	1.4%		2 558	3.7%	
NPL cover ratio	87%			27%			14%			42%			83%			89%			252%			61%		
2008 credit cost ratio (CCR)	n.a.			n.a.			0.31%			n.a.			n.a.			n.a.			n.a.			0.90%		
YTD 2009 CCR	n.a.			n.a.			0.74%			n.a.			n.a.			n.a.			n.a.			1.16%		

Legend

ind. LTV Indexed Loan to Value: current outstanding loan / current value of property
avg. PD Average Probability of Default
NPL Non Performing Loan

(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 KBC Group annual report.

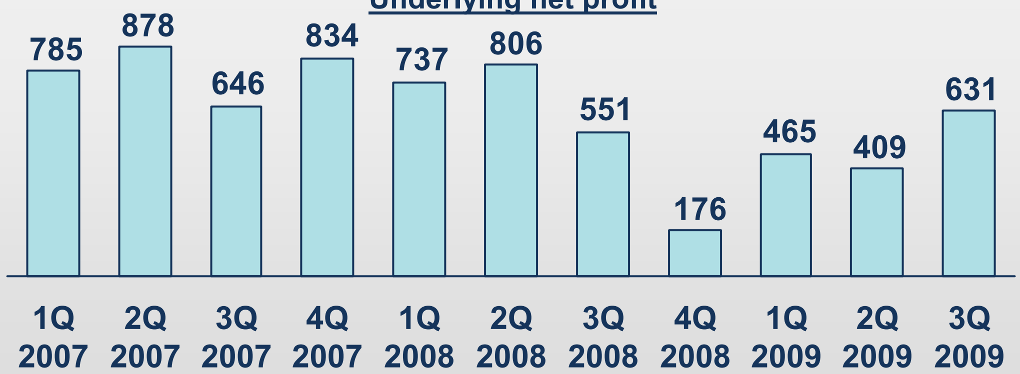
Presentation

KBC Group, 3Q 2009

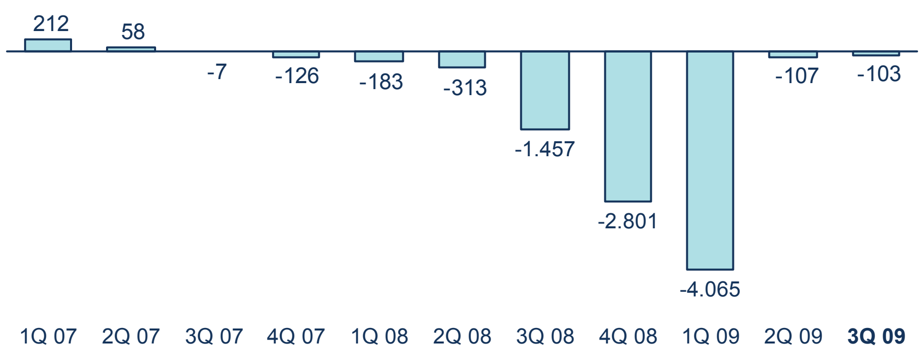
3Q 2009
Financial highlights

Upward trend confirmed

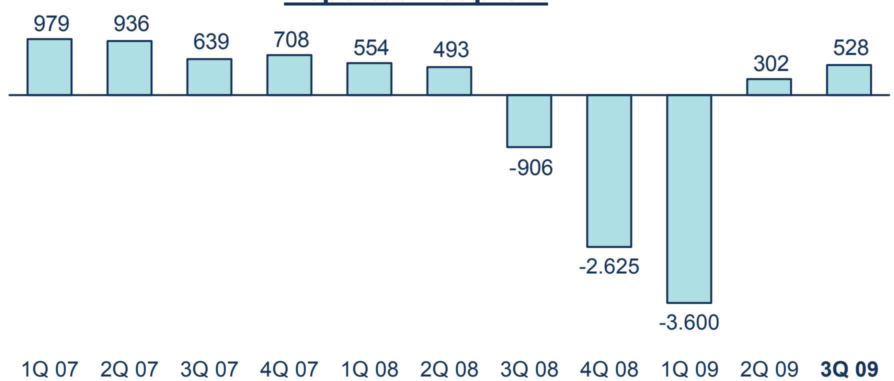
Underlying net profit



Exceptional items

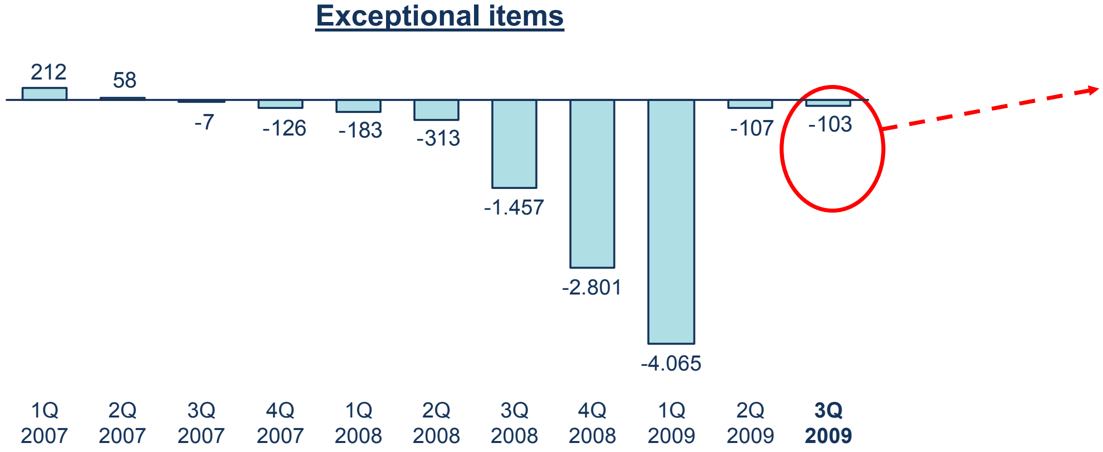


Reported net profit



Amounts in m. EUR

Some exceptional items



Main exceptional items (post-tax)

• MTM own debt	-0.2bn
• Structured credit portfolio revaluation	+0.2bn
• Buyback hybrid debt instruments	+0.1bn
• Trading loss on "legacy" business KBC FP	-0.1bn
• Government guarantee fee	-0.1bn
	-0.1bn

Amounts in m. EUR

Financial highlights 3Q 2009

- Continued resilient interest margin trend, net interest margin up to 1.9% from 1.8% in previous quarter
- Supportive institutional trading environment, further gradual recovery of fee and commission income but lower insurance income
- On underlying basis costs down -4% year on year
- Credit risk: loan provision charge significantly lower (ytd credit cost: 79bp)
- -0.1bn exceptional items: various fair value changes of balance sheet positions (with negative items outweighing positives), partly offset by the positive impact of the hybrid tier-1 buyback transaction
- Group tier 1 ratio at 10.2%, 8.8% when excluding non-State hybrid tier 1 instruments

Strategy highlights

- Further improvement of business environment, leading indicators suggest bottom of the economic cycle is behind us although not back to normal yet
- Strategy for the future will focus on organically growing bancassurance in Belgium and Central and Eastern Europe while reducing international corporate lending and capital market activities
- Reimbursement state capital will be largely based on retained earnings and release of capital tied up in non core assets
- EU temporary clearance in June, final clearance anticipated by early December at the latest

Underlying business performance

Revenue trend - Group

NII

NIM

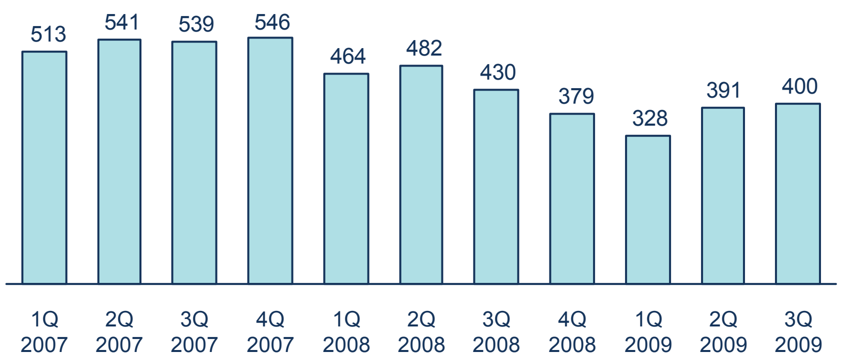
- Net interest income even higher than previous quarters and up 17% year on year
- Net interest margin at 1.86%
  - Improvement based on combination of healthier credit and deposit spreads (last year's historical high interest rates on savings products have decreased continuously in line with lowering of ECB rates) and shift to higher margin products
  - Year on year evolution also benefits from investment of government capital (30m in 3Q 09)
- Credit and deposit volumes down year on year (-4%, -11%) predominantly situated in Merchant Banking in line with winding down of international banking activities and quarter on quarter (-3%, -1%)

Amounts in m. EUR

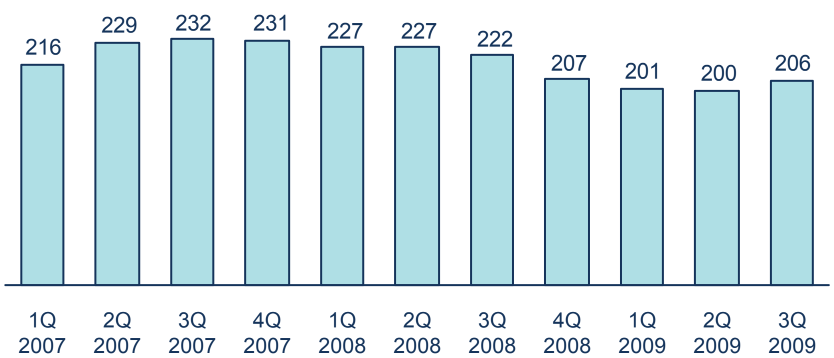
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



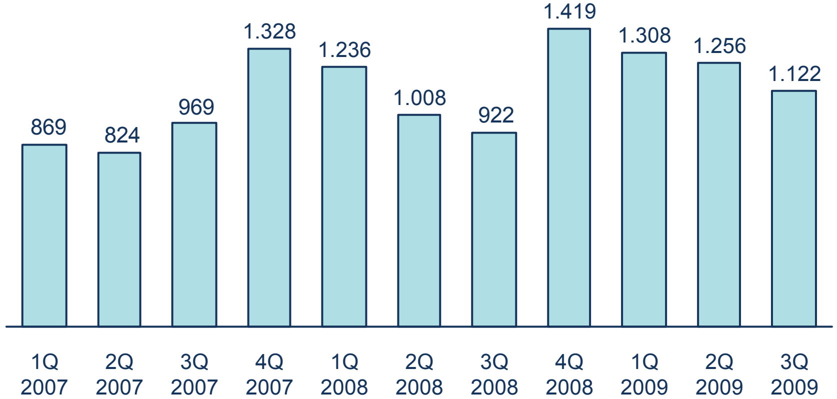
Amounts in bn. EUR

- Net fee and commission income up 2% compared to previous quarter (notwithstanding traditional summer drop) but still low compared to year earlier quarter (-7%)
  - Quarter on quarter improvement based on increased result in asset management fees partly compensated by higher fees paid in insurance
- Assets under management at 206bn EUR (+3% qoq), after a number of quarterly decreases on the rise again based on increasing asset prices

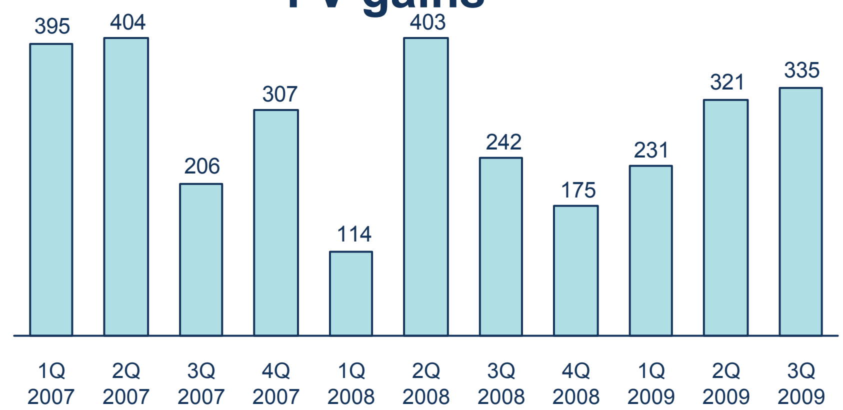
Amounts in m. EUR

Revenue trend - Group

Premium income



FV gains

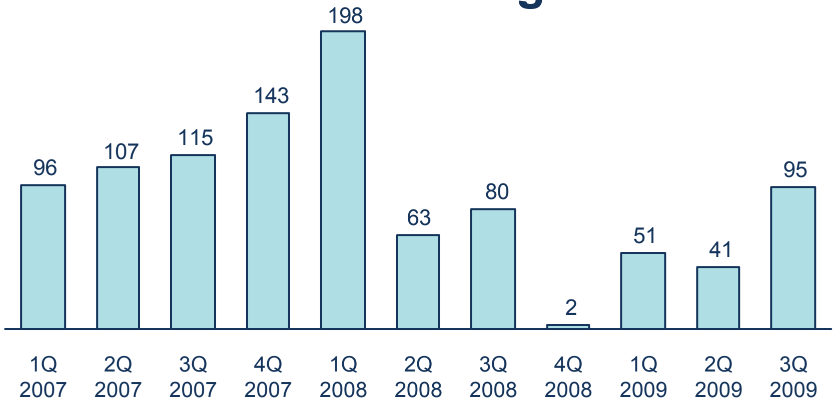


- Insurance premium income at 1.122m
  - Non-life premium income (495m) continued to increase, up 2% qoq and 3% yoy (excl. FX effects)
  - Life premium income (627m), below previous quarters as a result of lower client investments in summer months
- Solid combined ratio at 94% (compared to 95% FY2008), claims reserve ratio at 178% (compared to 165% FY2008)
- Fair value gains (335m) in line with strong previous quarter and 93m above year earlier quarter based on good performance of debt capital and money market activities, mainly in Brussels dealing room

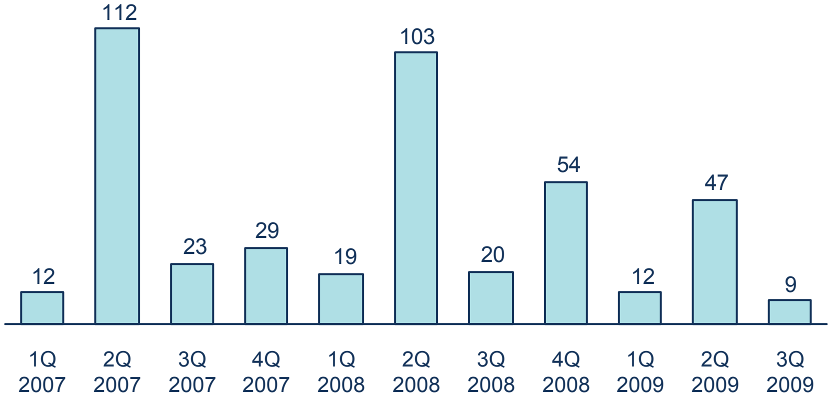
Amounts in m. EUR

Revenue trend - Group

AFS realised gains



Dividend income

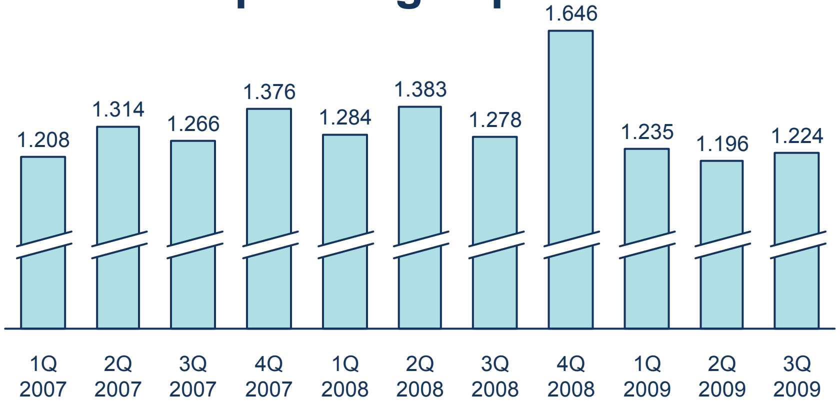


- AFS realised gains at 95m
- Dividend income at 9m, obviously lower quarter on quarter due to dividend season in 2Q, and down compared to the year earlier quarter due to decrease of share portfolio and generally lower corporate dividends

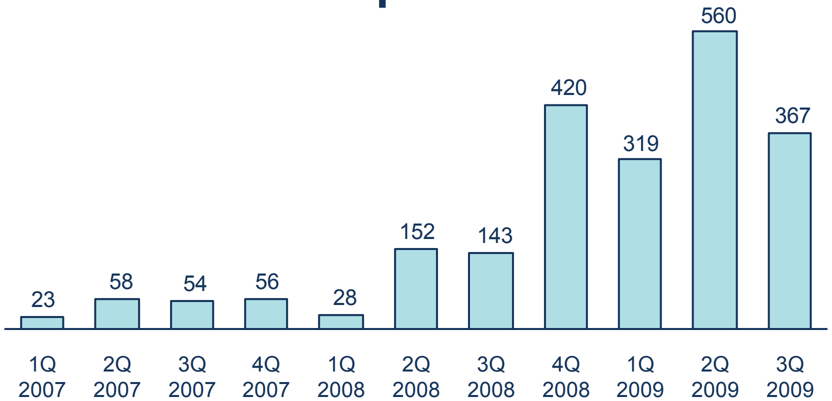
Amounts in m. EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Operating expenses at 1.224m
  - Quarter on quarter increase (+2%) fully explained by FX effects and a reclassification of employee benefit tax from taxes to operating expenses
  - Downward year on year evolution (-4%)
    - If corrected for FX effects and one off reversal of bonus provisions in 3Q 08, costs down -6% year on year
  - Since late 2008, major cost reduction efforts were made. Following a marked consecutive decrease in previous quarters, the cost trend is bottoming out.
- Lower impairments (367m)
  - Drop in impairments almost entirely located in merchant banking and due to lower loan losses in the international corporate loan book and provision on reclassified RMBS in the previous quarter

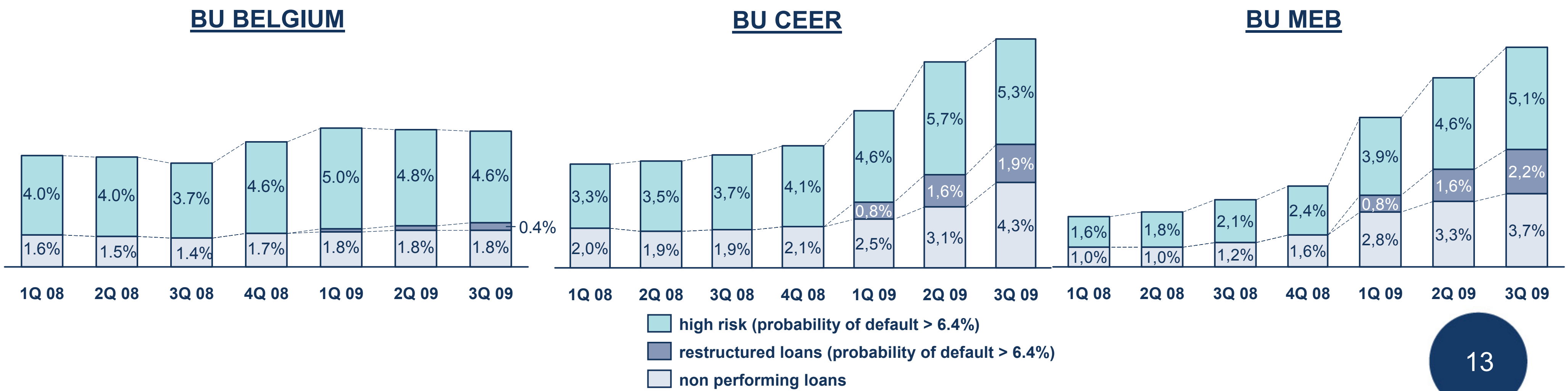
Amounts in m. EUR

Rising credit cost within expectations

- NPL up to 3.3% from 2.8% in previous Q and 1.8% at start 09
- Credit cost in Belgium stays extremely low, even 9m below previous quarter. Unchanged NPL level, although late cycle increase is anticipated
- Increased credit cost in CEER (+25m), mainly in Russia and Poland
- Earlier given guidance for full year 2009 credit cost CEER at 200-230bps maintained

Credit cost ratio

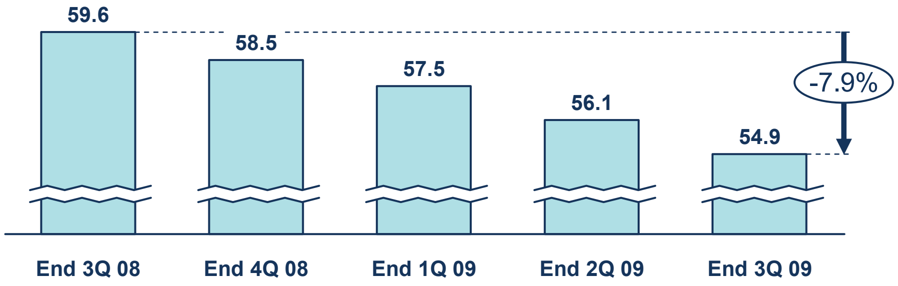
	Loan book	2007 FY	2008 FY	1H 09 YTD	3Q 09 YTD
Belgium	**57bn**	0.13%	0.09%	0.14%	**0.12%**
CEE	**40bn**	0.26%	0.73%	1.75%	**1.83%**
Merchant	**69bn**	0.02%	0.48%	0.71%	**0.76%**
Incl. ABS imp.				1.31%	**1.16%**
Total	**170bn**	0.13%	0.46%	0.76%	**0.79%**
Incl ABS imp.				1.01%	0.96%



Cost control initiatives on track

- Underlying cost income ratio down to 55%
  - 57% for Belgium, 58% for CEER, 39% for Merchant Banking and 71% for EPB
  - vs 64% for full year 2008

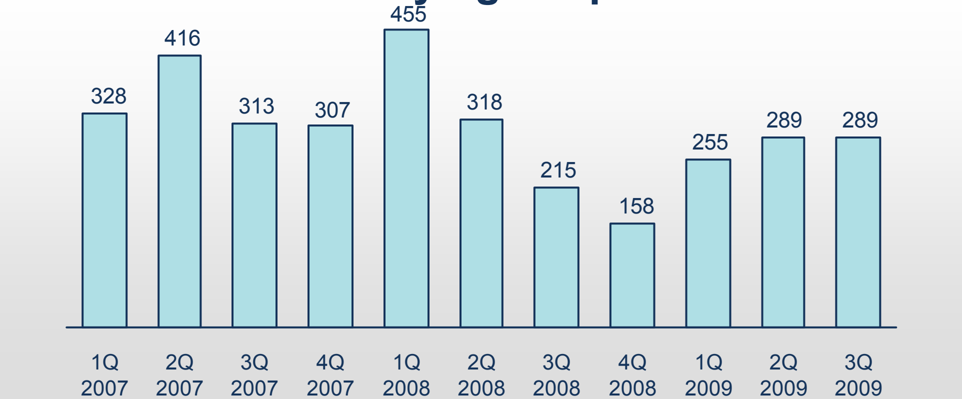
- Group-wide FTE reduction
  - Guidance given previously for 2009-2010 reduction around -5%
  - Realised at end 3Q 09: -7.9% (-4700 FTE)



In '000 FTE	End 3Q 08	End 3Q 09	Change	
BU Belgium	12.6	12.3	-0.3	-2.3%
BE CEER	28.6	26.4	-2.2	-7.7%
BU Merchant Banking	5.1	4.2	-0.9	-18.5%
BE EPB	2.8	2.7	-0.1	-5.2%
Shared services	10.4	9.3	-1.1	-10.8%
TOTAL	**59.6**	**54.9**	**-4.7**	**-7.9%**

Business Unit Belgium

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits**	AUM	Life reserves
Volume	56bn	30bn	75bn	147bn	21bn
Growth q/q*	-1%	+2%	+2%	+2%	+4%
Growth y/y	+2%	+8%	-1%	-7%	+9%

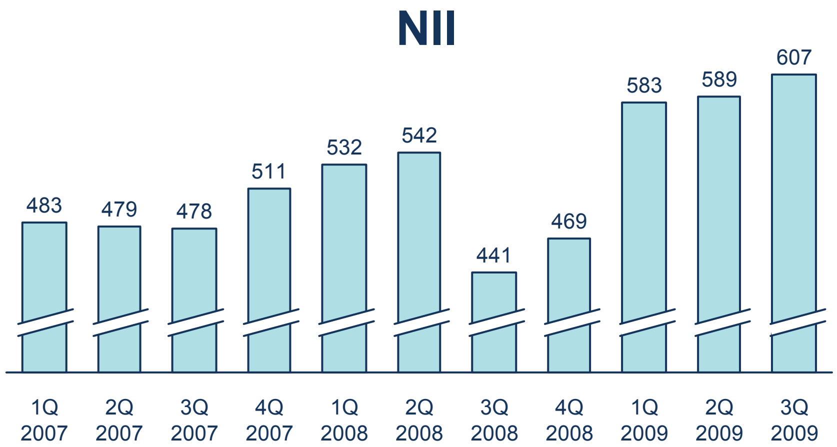
** non-annualized*
*** Figures restated due to reallocation of some institutional deposits from Belgium to Merchant Banking*

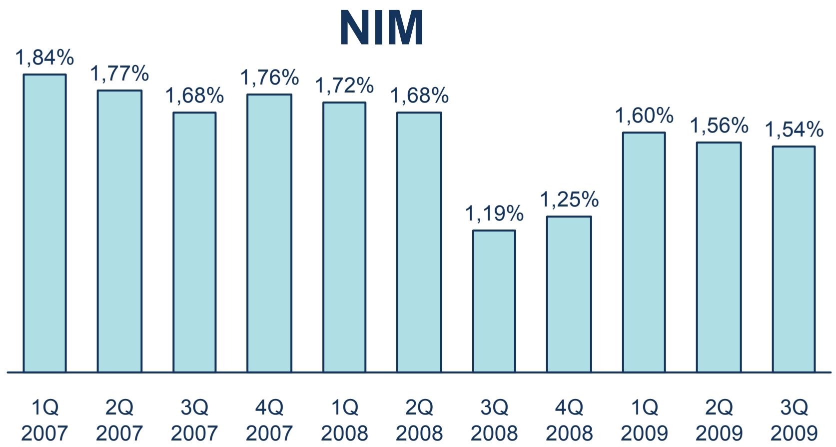
- Underlying profit Business Unit Belgium on par with previous quarter (289m)

- Slight decrease in credit volume quarter on quarter (-1% qoq , +2% yoy)
- Deposit volume growth quarter on quarter (+2% qoq, -1% yoy)
- Asset under management at 147bn (+2% qoq, -7% yoy)
- Growing life reserves (+4% qoq, +9% yoy)

Amounts in m. EUR

Business Unit Belgium (2)





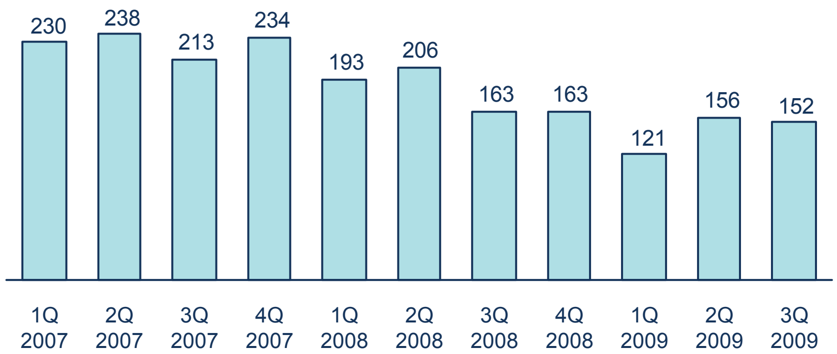
- Net interest income at 607m surpassing the high levels since start of the year
  - Improvement versus 2H 2008 based on margin recovery on credits and deposits combined with shift to higher margin products (from time deposits to saving accounts)
  - Further positive impact coming from reinvestment of new securities issued (some 18 m in 3Q 2009)

- Overall net interest margin at 1.54%

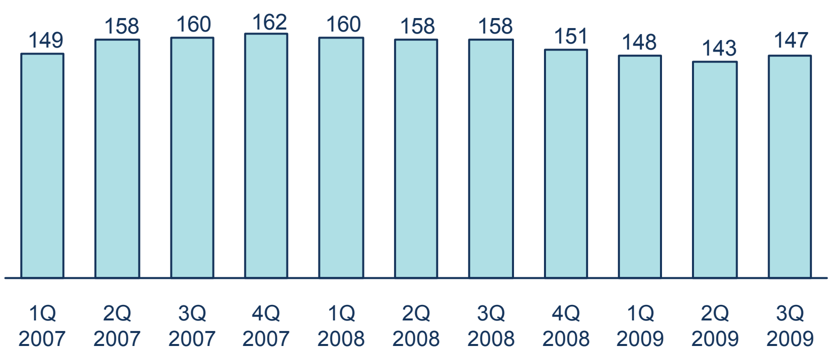
Amounts in m. EUR

Business Unit Belgium (3)

F&C



AUM



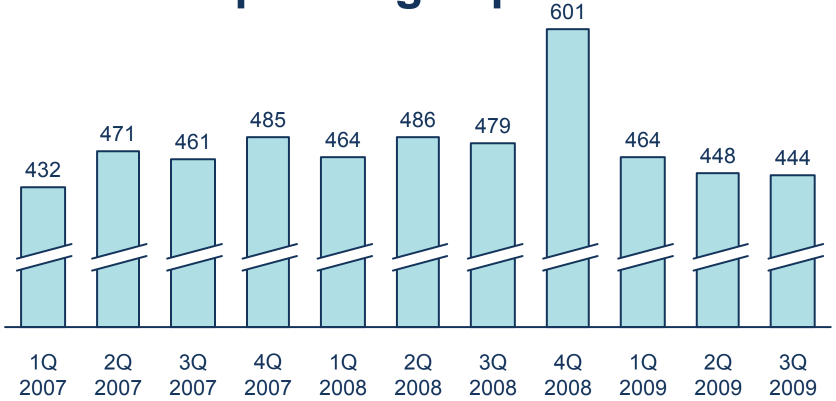
Amounts in bn. EUR

- Net fee and commission income in line with previous quarter at 152m
  - Recovery from the low level in the beginning of the year confirmed, mainly based on improved mutual fund related fee income, following gradual improvement of the investment climate. Quarter on quarter decrease due to traditionally lower summer season in the mutual fund business.
  - Year on year decrease (-7%) due to lower level of assets under management
- Assets under management at 147bn
  - +2% quarter on quarter, -7% year on year

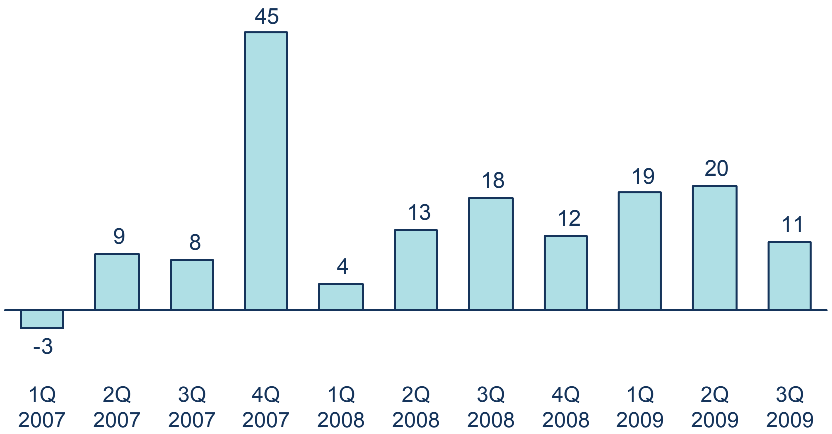
Amounts in m. EUR

Business Unit Belgium (4)

Operating expenses



Asset impairment

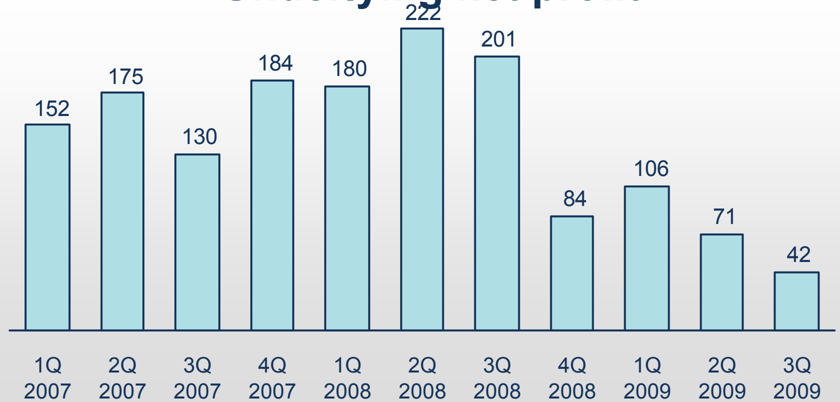


- Continued impact of ongoing cost containment measures reflected in lower operating expenses, both quarter on quarter (-1%) and year on year (-7%)
- Cost income ratio: 57%, (vs. 71% for full year 2008)
- Asset impairment still down from already very low levels in previous quarters. Year to date credit cost (0.12%) down 2bp compared with previous quarter. Unchanged NPL level, although late cycle increase cannot be excluded.

Amounts in m. EUR

Business Unit CEER

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	34bn	13bn	41bn	12bn	2bn
Growth q/q*	-1%	0%	-2%	+6%	+7%
Growth y/y	-1%	+14%	+4%	-12%	-17%

*non-annualized

- Underlying profit CEER Business Unit at 42m
  - CEER profit breakdown: 109m Czech Republic, 5m Slovakia, 21m Hungary, -1m Poland, -31m Russia
- Negative evolution mainly on the back of higher loan loss charges
- Quarter on quarter organic reduction of loan book (-1%),most outspoken in Russia (-11%), and to a lesser extent in Hungary and Poland (both -2%). Deposit volumes -2% quarter on quarter, +4% year on year. Loan to deposit at 86%.
- Assets under management up 6% qoq (+4% organically)

Amounts in m. EUR

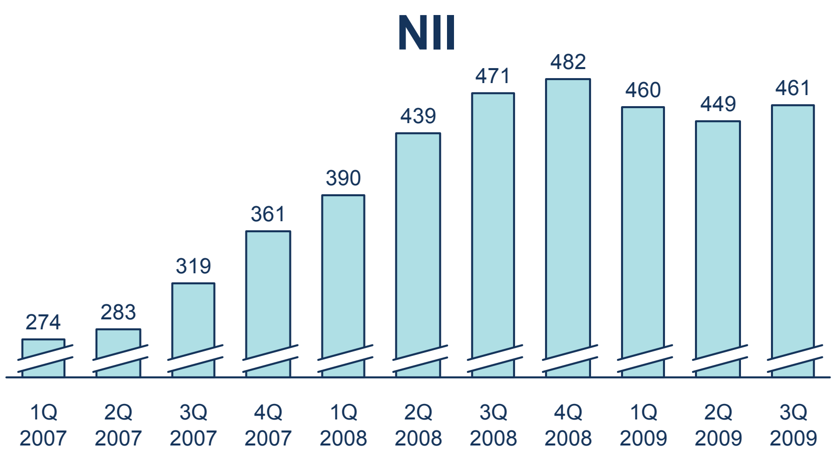
Business Unit CEER (2)

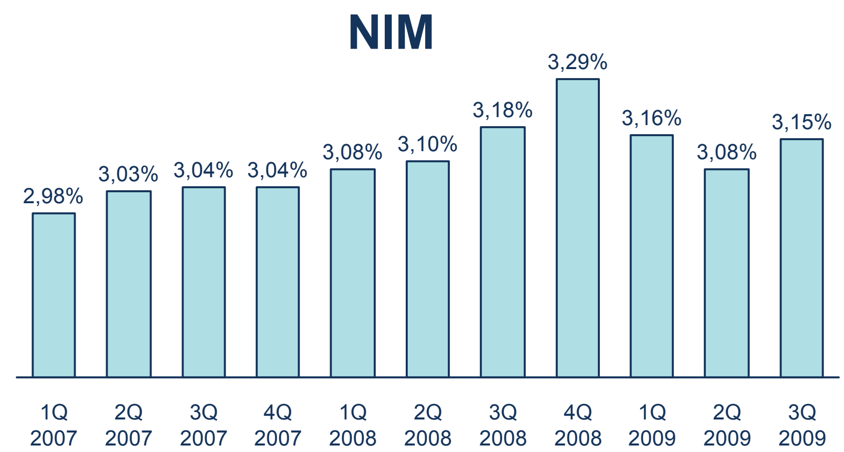
Organic growth(*)

	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	+0%	+2%	+2%	+17%	-1%	+3%
SK	+0%	+1%	-1%	+1%	-7%	+2%
HU	-2%	-8%	-1%	+5%	-6%	-0%
PL	-2%	+10%	+1%	+23%	-1%	+13%
RU	-11%	-25%	-4%	-4%	+15%	+25%

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

Business Unit CEER (3)

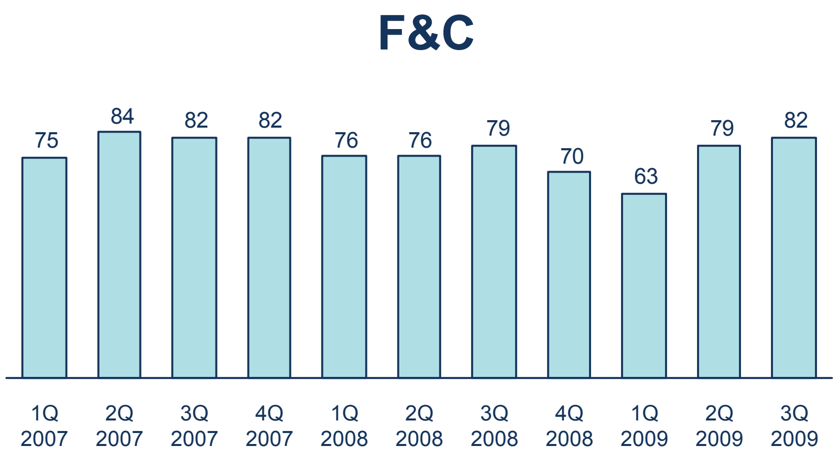


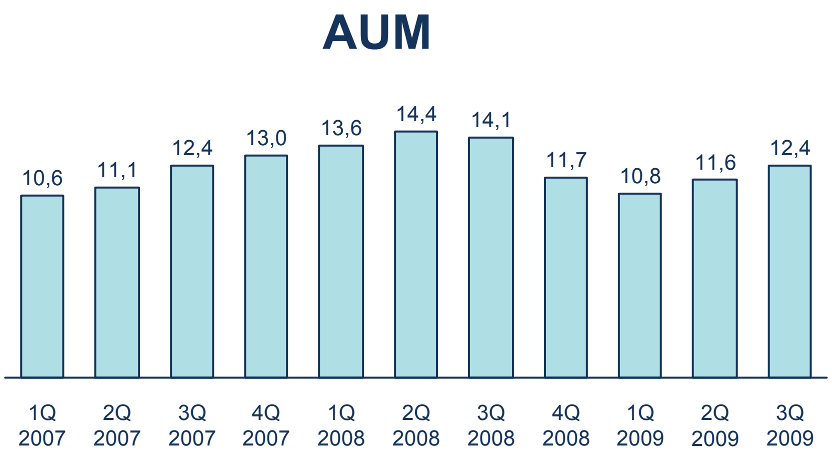


- Net interest income (461m) up +3% quarter on quarter
  - -2% net of FX effects following a build-down of loan book
- Year on year decrease based on lower volumes, especially in Russia and Hungary
- Net interest margin at 3.15% compared to 3.08% in previous quarter and 3.18% in year earlier quarter

Amounts in m. EUR

Business Unit CEER (4)





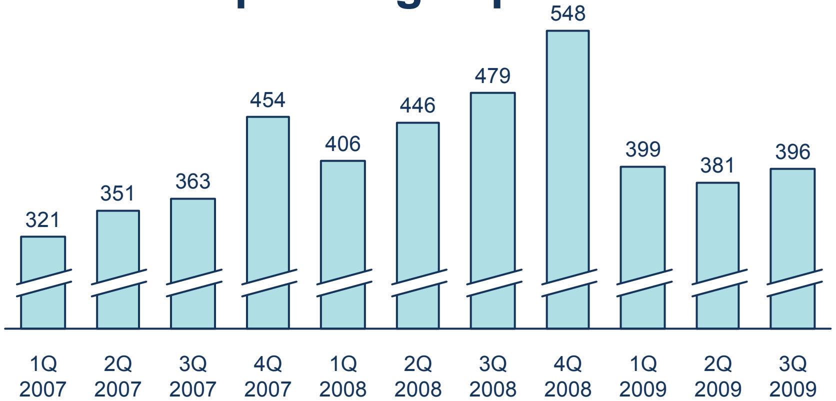
Amounts in bn. EUR

- Organically stable net fee and commission income (82m)
  - Net of FX effects flat quarter on quarter, +10% year on year
- Assets under management at 12.4bn
  - Net of FX effects +4% quarter on quarter based on increased asset prices

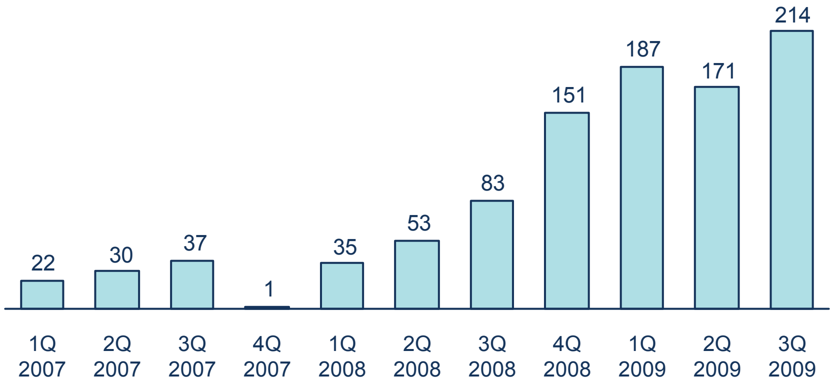
Amounts in m. EUR

Business Unit CEER (5)

Operating expenses



Asset impairment



- Operating expenses (396m) down on organic basis both quarter on quarter (-2%) and year on year (-6%)
- Cost income ratio at 58% (60% FY 2008)
- Asset impairment at 214m, of which 203m on L&R
  - Rising credit cost mainly due to Russia (corporate) and consumer finance in Poland
  - NPL ratio at 4.3%, up from 3.1% in 1H09 and 2.1% end 08
  - Earlier given guidance for full year credit cost CEER business unit 200-230 bps maintained

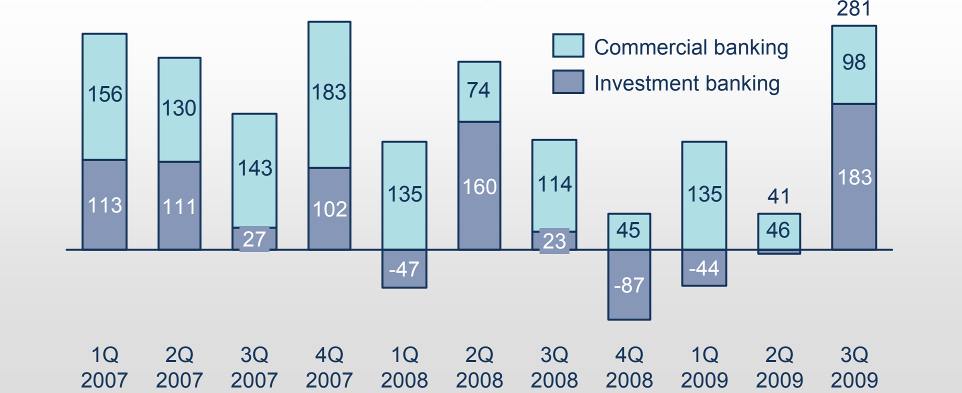
	Loan book	2007 LLR	2008 LLR	1H 09 LLR	3Q 09 LLR
CEE	**40bn**	0.26%	0.73%	1.75%	**1.83%**
- Czech Rep.	19bn	0.27%	0.38%	1.05%	1.06%
- Poland	7bn	0.00%	0.95%	1.81%	1.90%
- Hungary	7bn	0.62%	0.41%	1.80%	1.75%
- Slovakia	4bn	0.27%	0.82%	1.33%	1.38%
- Russia	3bn	0.21%	2.40%	4.84%	5.84%

Amounts in m. EUR

Business Unit CEER (5)

		4Q 2008	1Q 2009	2Q 2009	3Q 2009
CZ	NPL	1.8%	1.9%	2.6%	2.5%
	NPL formation		0.1%	0.7%	-0.1%
	Restructured loans	-	0.0%	0.1%	0.1%
SK	NPL	3.0%	2.1%	2.4%	4.1%
	NPL formation		-0.9%	0.3%	1.7%
	Restructured loans	-	0.2%	0.5%	0.6%
HU	NPL	1.7%	1.9%	2.2%	5.2%
	NPL formation		0.2%	0.3%	3.0%
	Restructured loans	-	1.6%	3.8%	4.7%
PL	NPL	3.3%	4.1%	4.5%	5.2%
	NPL formation		0.8%	0.4%	0.7%
	Restructured loans	-	0.0%	0.1%	0.3%
RU	NPL	0.5%	2.3%	3.3%	9.2%
	NPL formation		1.8%	1.0%	5.9%
	Restructured loans	-	3.6%	7.2%	9.8%

Business Unit Merchant Banking



Volume trend

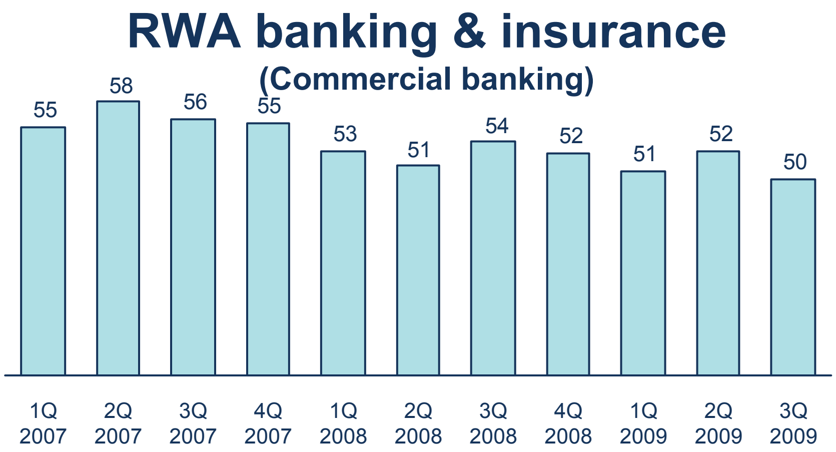
	Total loans	Customer deposits**
Volume	56bn	54bn
Growth q/q*	-7%	-4%
Growth y/y*	-8%	-25%

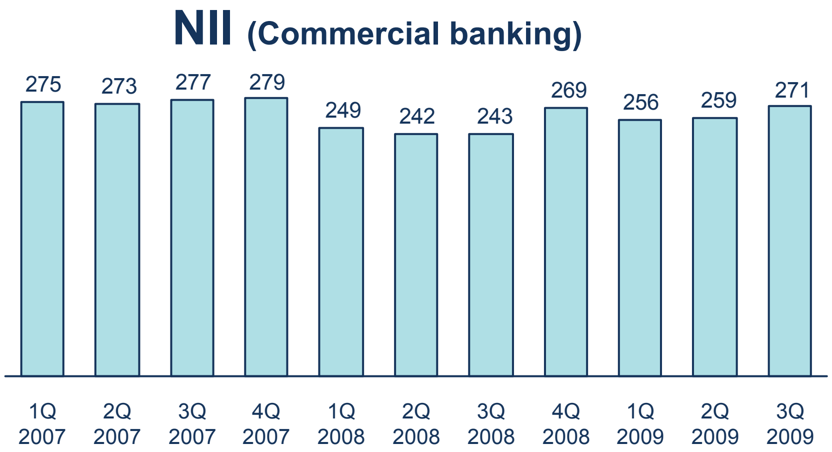
**non-annualized*
*** Figures restated due to reallocation of some institutional deposits from Belgium to Merchant **Banking***

- Significantly higher underlying net profit in Business Unit Merchant Banking (281m)
  - Commercial banking result 98m, thanks to falling corporate loan charges and the non recurrence of provisions in 2Q 09 relating to the reclassified US RMBS portfolio
  - Investment Banking result 98m based on good trading results

Amounts in m. EUR

Business Unit Merchant Banking (2)



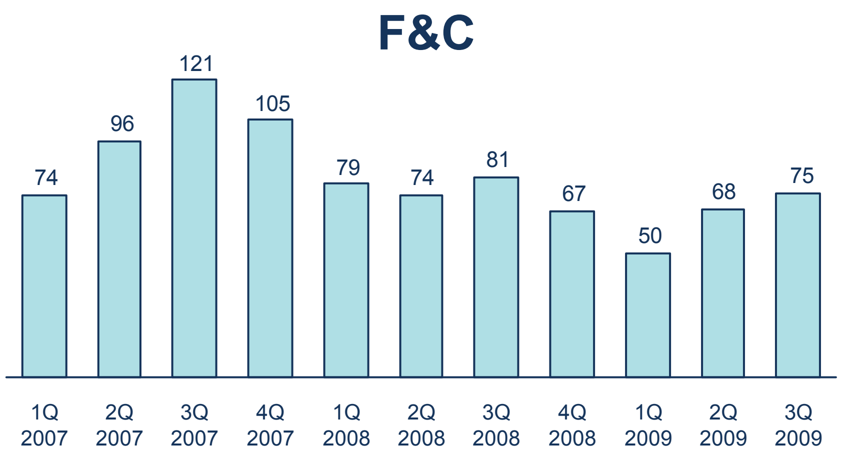


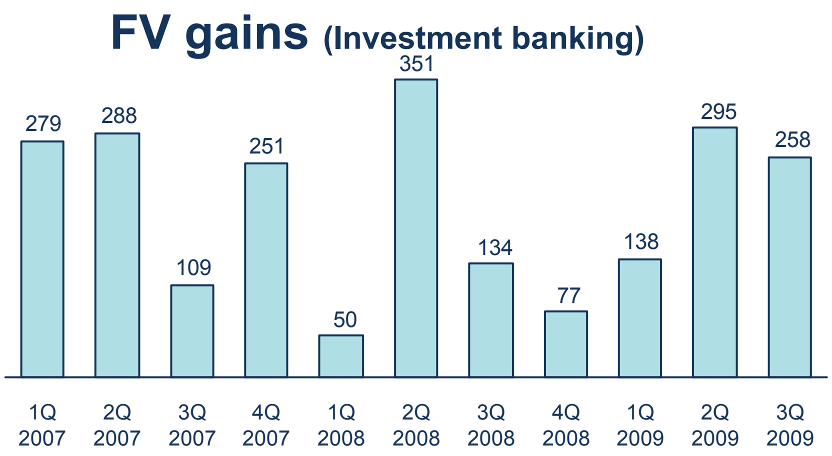
- Lower risk weighted assets commercial banking due to reduction international corporate loan book outweighing continued adverse rating migrations

- Net interest income (relating to the commercial banking division) up on average of last four quarters. Build down of international corporate loan book compensated by good margin environment and the reinvestment of new securities issued (+13m in 3Q 2009)

Amounts in m. EUR

Business Unit Merchant Banking (3)



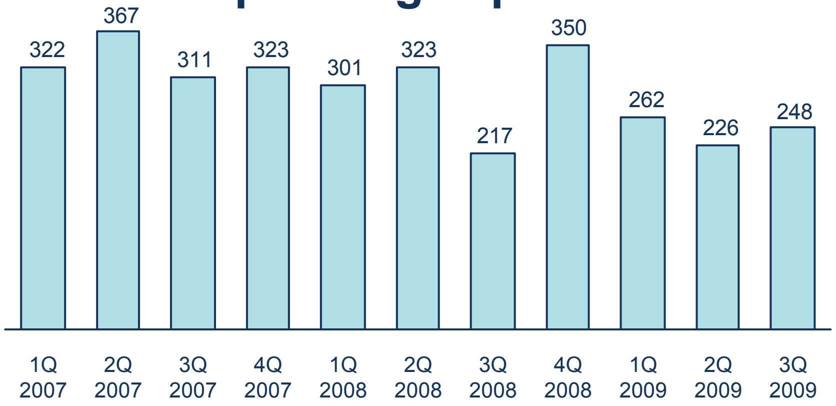


- Net fee and commission income up from previous quarter (+7m)
- Trading results, especially in the Brussels' dealing room, remain solid bringing the fair value gains for the investment banking division at 258m

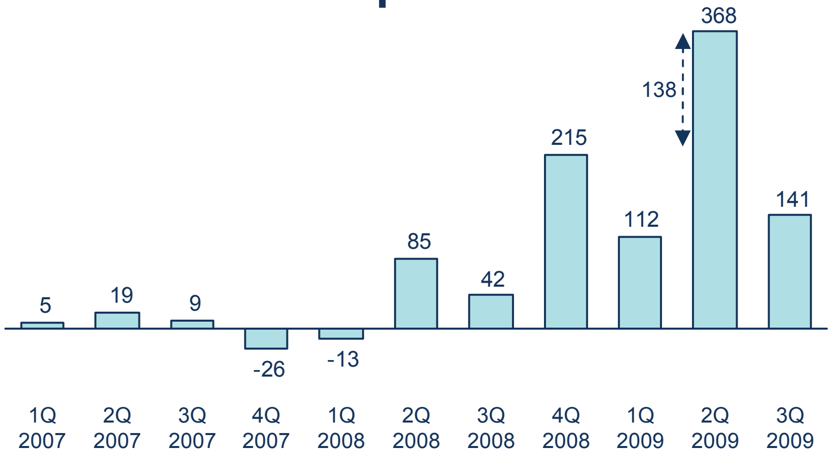
Amounts in m. EUR

Business Unit Merchant Banking (4)

Operating expenses



Asset impairment



- Operating expenses at 248m
  - In commercial banking division flat quarter on quarter and -9% year on year based on FTE decrease and lower variable pay
  - In investment banking division substantial increase (+21% qoq and +52% yoy) entirely based on reclassification of employee benefit tax costs from tax line to cost line and fact that previous quarter included 74m reversal of bonus accruals
    - Excluding these items, costs in investment banking down (-2% qoq, -19% yoy) as a result of lower FTE related to continued run down of the activities of KBC Financial Products, in line with strategic focus of the group
- Lower impairment (141m) mainly based on lower credit cost in international corporate lending and the absence of the 2Q provision for reclassified US mortgage backed securities portfolio
  - Credit cost ratio at 0.76% , 1.16% including impairment reclassified ABS

Amounts in m. EUR

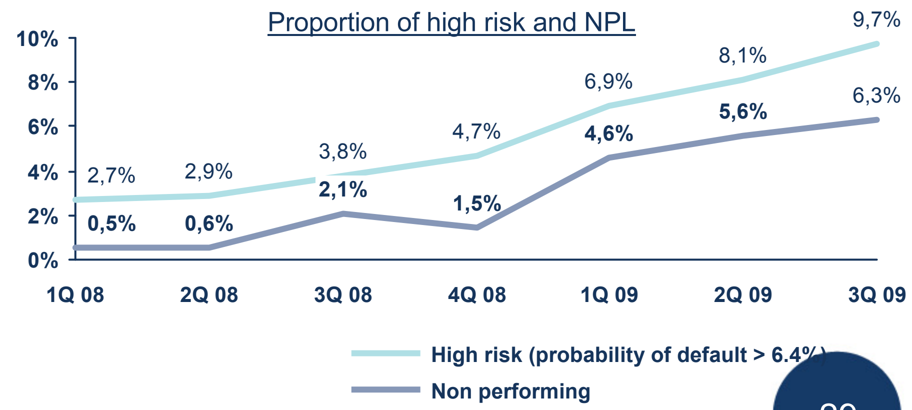
Update on Ireland

- After ytd loan impairment at 101m, Irish business contributes 68m to group profit
- NPL rising to 6.3% from 5.6% in previous quarter, bringing ytd credit cost to 74 bps
- 4.3% of loan portfolio has been restructured
- Though conditions are worsening, still 84% of portfolio considered to be low or medium risk
- Despite fall in house prices, indexed loan-to-value of mortgage portfolio at comfortable 82%, on average (though iLTV of 26% of portfolio has risen above 100%)
- Commercial real estate development exposure is limited to 4% of the portfolio

Irish loan book – key figures 3Q 2009

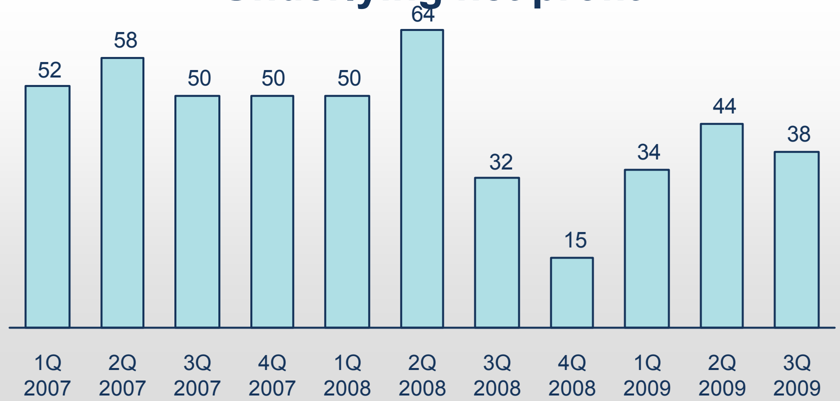
Loan portfolio	Outstanding	NPL 1H09
Owner occupied mortgages	10.1bn	4.8%
Buy to let mortgages	3.4bn	6.2%
SME /corporate	2.8bn	3.9%
Real estate investment	1.1bn	11.3%
Real estate development	0.6bn	31.1%
	18.1bn	6.3%

Proportion of high risk and NPL



Business Unit Private Banking

Underlying net profit



Volume trend

	Customer deposits	AUM	Life reserves
Volume	9bn	47bn	1bn
Growth q/q*	-6%	+5%	+6%
Growth y/y*	-26%	-7%	-20%

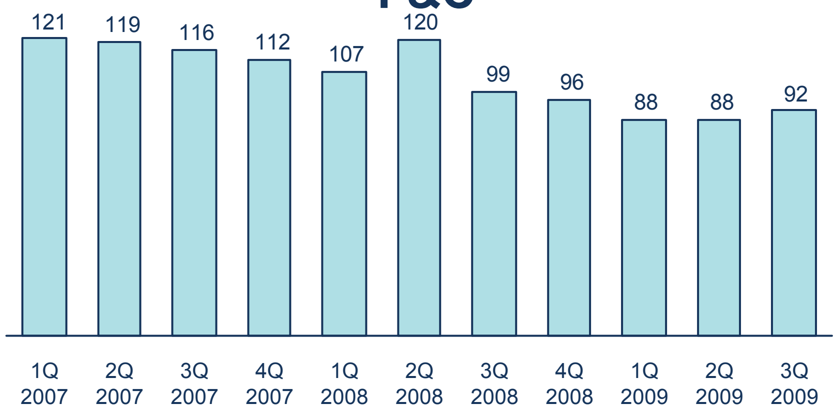
*non-annualized

- Underlying net profit European Private Banking (38m) slightly down on previous quarter due to some restructuring charges, but up 18% year on year
- Assets under management at 47bn
  - Quarter on quarter increase (+5%) based on increased asset prices, year on year decrease (-7%) due to a combination of price effects and net outflows

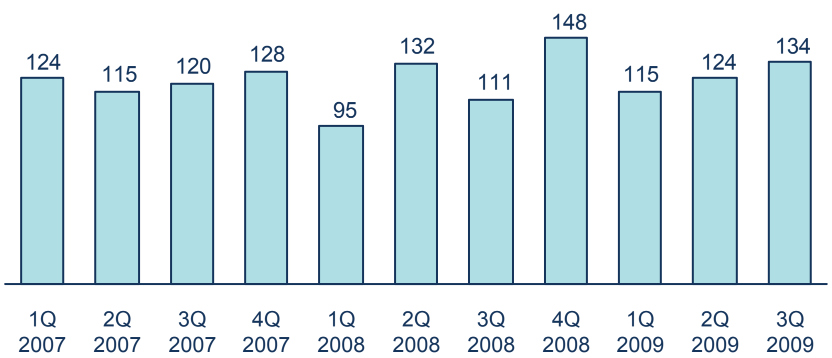
Amounts in m. EUR

Business Unit Private Banking (2)

F&C



Operating expenses



- Fee and commission income (92m) rising again after a number of relatively weak quarters.
  - 4% increase quarter on quarter based on better than expected on shore activities and higher assets under management

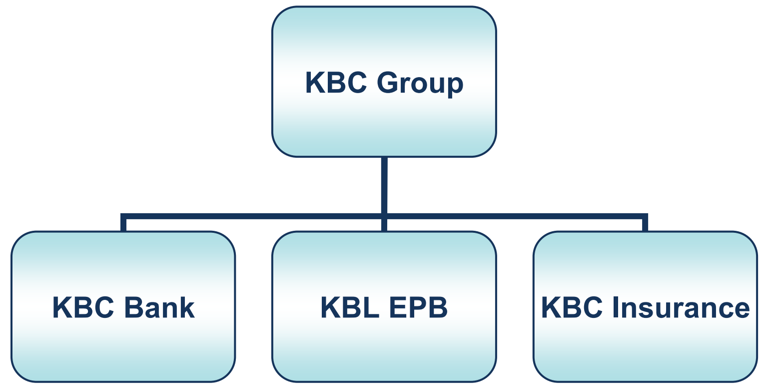
- Operating expense up 8% quarter on quarter largely driven by restructuring costs (+3% without these costs)

Amounts in m. EUR

Solid solvency levels

- Focus on solvency at group level excluding double leverage effect

KBC Group	
Shareholders' equity	9.4
Government capital	7
Goodwill	-3.3
Minorities	0.2
Other	-0.4
Core tier 1 capital	13
Hybrids	2.1
Total tier-1	15.1
RWA	148.0
Tier 1 ratio	**10.2%**
Core Tier 1 ratio	**8.8%**



Banking (KBC+KBL)	
Shareholders' equity	13.3
Goodwill	-2.3
Minorities	0.5
Other	0.2
Core tier 1 capital	11.7
Hybrids	2.4
Total tier-1	14.1
RWA	133.1
Tier 1 ratio	**10.6%**
Core Tier 1 ratio	**8.8%**

Insurance	
Shareholders' equity	3.0
Goodwill	-0.4
Minorities	0.1
Other	0.3
Available capital	2.9
Required capital	1.2
Solvency ratio	**245%**
Solvency surplus	**1.7**

Amounts in bn. EUR

Wrap up

Wrap Up

- Continued resilient interest margin trend, net interest margin up to 1.9% from 1.8% in previous quarter
- Supportive institutional trading environment, further gradual recovery of fee and commission income but lower insurance income
- On underlying basis costs down -4% year on year
- Credit risk: loan provision charge significantly lower (ytd credit cost: 79bp)
- -0.1bn exceptional items: various fair value changes of balance sheet positions (with negative items outweighing positives), partly offset by the positive impact of the hybrid tier-1 buyback transaction
- Group tier 1 ratio at 10.2%, 8.8% when excluding non-State hybrid tier 1 instruments
- EU temporary clearance in June, final clearance anticipated by early December at the latest