EXTENDED QUARTERLY REPORT

KBC GROUP

4Q 2007

KBC

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Earnings Release

Contents:

Earnings Release

KBC Group, 4Q & FY 2007

Regulated information* - 14 February 2008 (7 a.m. CET)

KBC closed the fourth quarter of 2007 with a net profit of 708 million euros. Underlying profit - i.e. net profit excluding exceptional items - came to 676 million euros, up 13% quarter-on-quarter and 20% year-on-year.

For the entire 2007 financial year, the group realised a net profit of 3 281 million euros. On an underlying basis, this amounted to 2 938 million euros, leading to a return on equity of 18.5%. Underlying net earnings per share came to 8.47 euros, an increase of 18% on the 2006 financial year. The proposed dividend for 2007 was set at 3.78 euros per share, gross, subject to approval by the Annual General Meeting.

According to André Bergen, Group CEO, '*The 2007 financial year was marked by a strong performance, even given the more unsettled market environment in the second half. We are happy to see that the business trends in Belgium and Central and Eastern Europe were solid. We also reiterate our view that, apart from temporary negative mark-to-market revaluations of investments, the ultimate impact of the US sub-prime crisis is expected to be limited.*'

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	4Q 2007 / 4Q 2006	4Q 2007 / 3Q 2007	12M 2006	12M 2007	12M 2007 / 12M 2006
Net profit (IFRS)	634	639	708	12%	11%	3 430	3 281	-4%
Earnings per share, basic (IFRS, in EUR)	1.82	1.85	2.06	14%	12%	9.68	9.46	-2%
Earnings per share, diluted (IFRS, in EUR)	1.80	1.84	2.06	14%	12%	9.59	9.42	-2%
Underlying net profit	564	601	676	20%	13%	2 548	2 938	15%
Underlying earnings per share, basic (in EUR)	1.61	1.74	1.97	22%	13%	7.19	8.47	18%
Underlying earnings per share, diluted (in EUR)	1.60	1.73	1.96	23%	13%	7.13	8.43	18%
Breakdown of underlying profit by business unit								
Belgium Business Unit	241	303	274	14%	-10%	1104	1321	20%
Central & Eastern Europe and Russia Business Unit	56	117	174	210%	49%	426	618	45%
Merchant Banking Business Unit	227	153	179	-21%	17%	871	843	-3%
European Private Banking Business Unit	38	44	41	9%	-6%	181	194	7%
Group Centre	3	-16	8	-	-	-33	-38	-
Shareholders' equity per share (EUR, at end of period)						49.2	50.7	3%

Highlights for 4Q 2007:
- Underlying net result for the quarter up 20% year-on-year
- Continued sound growth in lending, wider net interest margin and strong life insurance sales
- Costs well under control and more evenly spread throughout the year
- Customer loan risk unchanged: full-year loan loss ratio: 13 bps
- Limited impact of capital market turmoil. Net profit impact of changes in the market value of CDOs: -70 million euros
- Solvency remains robust

This earnings release is part of the extended quarterly report available (in English) on www.kbc.com.

Publication schedule for 14 February 2008:
- Earnings release available on www.kbc.com 7.00 a.m. CET
- Press conference (Brussels) 10.30 a.m. CET
- E-conference for financial analysts 1.30 p.m. CET, www.kbc.com/ir – Tel. +44 20 71 62 00 25

* KBC is a listed company. This news release contains information that is subject to transparency regulations.

Financial highlights - 4Q 2007

André Bergen, Group CEO, summarises the financial highlights for 4Q 2007 as follows:

'We believe we performed very well in the last quarter of the year. Excluding exceptional items, profit was up 20% on the year-earlier quarter, notwithstanding the difficult climate on the financial markets.

Lending growth remained sound. Especially in our Central and Eastern European markets, organic loan growth remained strong at 23% year-on-year, reflecting the beneficial economic environment in the region and our ability to outperform in a number of fields.

Overall, the declining trend in the net interest margin was reversed. In Belgium, the shift from basic savings accounts to time deposits came to an end. As a result of the equity market downturn, savings money flowed into traditional banking deposits and sales of guaranteed-interest life insurance were up.

On a like-for-like basis, the cost level was down 3% year-on-year, reflecting the planned more stable use of cost budgets throughout the year. There were also lower expenses in the dealing rooms. Again, customer loan quality did not show any sign of deterioration.

Our exposure to US sub-prime mortgages through investments in collateralised debt obligations (CDOs) is very limited. The bulk of the CDO underlying collateral is diversified (synthetic) corporate debt. Moreover, we invested only in CDO notes with a high level of risk subordination to lower-rated tranches. None of these have been downgraded by the credit rating agencies. This is despite the massive wave of downgrades in the market. For the CDO notes held, a negative 70 million euros after tax was posted in the fourth quarter due to their revaluation at market value, while an additional 23 million euros, net, was set aside to cover counterparty risk in respect of credit insurers.

Our solvency remains robust. At the end of December, the Tier-1 ratio for the banking activities came to 8.7% according to the new Basel II capital adequacy regulations, more than twice the legal minimum. The solvency ratio for the insurance activities amounted to 265%, as much as 2.5 times the legally required level.'

Exceptional items during the quarter under review:

In the last quarter of 2007, 32 million euros, net, were recorded for items not related to the normal course of business. Primarily, this concerned the mark-to-market gains on ALM hedging derivatives (after tax impact: +24 million euros), an additional accrual charge for staff health insurance coverage (-42 million euros) and settlement proceeds from historical litigation.

Financial highlights - full 2007 financial year

- Net profit: 3 281 million euros or, excluding exceptional items, 2 938 million euros. This was 15% higher than the figure for the previous year.
- Main exceptional items: divestment gains (after tax impact: 272 million euros) and mark-to-market gains on ALM hedging derivatives (112 million euros). A large part of the divestment gains related to the sale of the non-strategic participation in Intesa San Paolo (207 million euros).
- Higher net underlying profit for most business units: Belgium +20%, Central & Eastern Europe and Russia +45% and European Private Banking +7%. Although market conditions for professional trading activities were very difficult in the second half of the year, the underlying profit of the Merchant Banking Business Unit held up very well. Its contribution to group profit ended only 3% lower than the previous year's figure.
- Continuing business growth: year-on-year, customer loans and customer deposits went up by 15% and 6%, respectively (on a like-for-like basis). Assets under management grew by 11%, while life insurance reserves ended the year 7% higher.
- Favourable trend in core income items: on an underlying basis, net interest income was up by 10% year-on-year, net fee and commission income by 7% and gross earned insurance premiums by 20%. On the other hand, net gains from financial instruments at fair value (mostly professional trading income) were down by 21%.
- Sound cost control: the underlying cost increase came to 4%, 2 percentage points of which were due to new acquisitions and currency appreciations. The underlying cost/income ratio, banking, stood at 58%.
- A solid underwriting result in insurance: the combined ratio for the non-life business came to 96%, 2 percentage points of which were accounted for by the Kyrill storm in the first quarter.
- Limited loan losses: the loan loss ratio came to 13 bps, at the same level as for the 2006 financial year.
- Underlying return on equity: 18.5%, on a par with the targeted level.
- Shareholders' equity: 17.3 billion euros as at 31-12-2007 (50.7 euros per share). Shareholders' equity was up slightly on the start of the year (+0.1 billion euros), as profit for the financial year was largely offset by the dividends paid out, the repurchase of treasury shares and a decrease in the revaluation reserve for available-for-sale assets.

Strategy highlights - 2007

The potential for growth in Central and Eastern Europe is quintessential to KBC's strategy. The efforts made in 2007 to strengthen sales networks in the region will underpin future earnings growth. Moreover, KBC entered a number of new markets in Eastern Europe and Russia, investing 1.7 billion euros in the region. Further add-on acquisitions to strengthen current market positions may follow.

In Belgium, performance remained solid, illustrating the success of the ongoing strategy that, to a large extent, focuses on cross-selling, service quality and customer satisfaction.

Successful steps were taken to leverage wealth management expertise beyond core markets, by optimising the European private banking concept and enhancing sales of investment funds through third-party networks in growth areas outside Europe (especially in Asia).

Internal business processes continued to be fine-tuned, which included organising them on a cross-border level. Operational synergies were realised for an amount of 95 million euros, pre-tax, as part of the 2006-2009 275-million-euro synergy programmes.

In 2007, own shares were repurchased for an additional 1 billion euros. By the end of January 2008, 2.1 billion euros worth of shares had already been bought back as part of the 2006-2009 4-billion-euro share-buyback programmes.

Annual general meeting of shareholders / dividend

At the next Annual General Meeting to be held on 24 April 2008, the Board of Directors will propose to the shareholders that a gross dividend per share of 3.78 euros be paid out. This is 14% more than the 3.31 euros paid for 2006 and corresponds to a payout ratio based on per-share earnings of 40%. The Board also intends to submit a motion to cancel the dividend payout for the treasury shares repurchased under the 2007 programme, as well as for 2 million shares repurchased under the 2008 programme.

Additional information on the financial statements - 2007

Our auditor has confirmed that his audit procedures of the consolidated financial statements are substantially completed and that these procedures have not revealed any material modification that would have to be made to the accounting information derived from the consolidated financial statements and included in this communiqué.

Compared to financial year 2006, the net impact of changes in the scope of consolidation was limited. The net impact of non-euro currency fluctuations was negligible, since macro hedging instruments are used to offset the results of these changes. There were no changes in valuation rules with a material impact on earnings.

Earnings per share and shareholders' equity per share as at 31 December 2007 were calculated on the basis of 346.8 (period average) and 342.3 (end of period) million shares, respectively. For this purpose, the number of mandatorily convertible bonds was added to the number of ordinary shares, while the number of treasury shares held was deducted. On the other hand, diluted earnings per share were calculated on the basis of 348.4 million shares (period average), including the number of outstanding share options.

Developments in 2008

André Bergen: '*We see a lot of pessimism in the financial economy, which we cannot fully reconcile with business reality in our core markets. There is obviously a cyclical impact on our performance and, going forward, we are taking somewhat higher cost inflation into account. But, on the other hand, we currently do not see customer credit risk increasing and we feel comfortable with our limited exposure to mortgage-linked investments. Throughout the cycle, we remain highly confident given our business model and strategy.*'

Financial calendar

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

For an extended version of the calendar, including analyst and investor meetings, see www.kbc.com/ir/calendar.

Overview of results according to IFRS - 2007

Below, a summary consolidated income statement of KBC Group is provided, based on the *International Financial Reporting Standards* (IFRS). A full overview of the IFRS consolidated income statement and balance sheet, a condensed consolidated statement of changes in equity and a number of notes to the accounts are provided in the 'Consolidated financial statements' section of the quarterly report. In order to provide a good insight into the underlying business trends, KBC also publishes its underlying results, which are shown in the annex to this earnings release.

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	cumul. 12M2006	cumul. 12M2007
Net interest income	1 047	1 039	1 025	1 047	1 052	1 014	930	1 093	4 158	4 089
Gross earned premiums, insurance	768	754	852	946	869	824	969	1 328	3 321	3 989
Dividend income	27	104	34	45	28	138	52	38	211	256
Net (un)realised gains from financial instruments at fair value	519	328	153	370	400	548	379	315	1 370	1 642
Net realised gains from available-for-sale assets	242	116	86	69	317	108	115	143	513	682
Net fee and commission income	488	479	390	508	489	527	478	499	1 865	1 993
Other net income	132	138	631	218	155	105	128	231	1 119	619
Total income	3 223	2 958	3 171	3 204	3 310	3 263	3 051	3 648	12 556	13 271
Operating expenses	-1 238	-1 167	-1 126	-1 392	-1 208	-1 314	-1 266	-1 431	-4 925	-5 219
Impairment	3	-67	-19	-92	-27	-56	-62	-121	-175	-267
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-841	-1 147	-2 843	-3 404
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17	-28	-63	-64
Share in results of associated companies	11	12	15	7	16	22	14	4	45	56
Profit before tax	1 349	1 110	1 269	867	1 322	1 248	878	925	4 595	4 373
Income tax expense	-325	-333	-148	-196	-293	-281	-211	-184	-1 002	-970
Profit after tax	1 024	777	1 121	671	1 028	966	667	741	3 593	3 403
attributable to minority interests	44	41	40	37	31	30	28	33	163	123
attributable to the equity holders of the parent	**980**	**736**	**1 081**	**634**	**997**	**936**	**639**	**708**	3 430	3 281
Belgium	373	304	228	298	353	470	302	278	1 202	1 402
Central & Eastern Europe and Russia	144	129	110	80	151	181	150	182	464	664
Merchant Banking	281	205	168	217	261	227	160	185	872	833
European Private Banking	59	45	540	34	53	73	43	41	678	210
Group centre	123	52	35	3	179	-14	-16	23	214	172

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2006	31-12-2007
Total assets	325 400	355 597
of which loans and advances to customers	127 152	147 051
of which securities (equity and debt instruments)	111 959	105 023
Total liabilities	306 947	337 110
of which deposits from customers and debt certificates	179 488	192 135
of which gross technical provisions, insurance	15 965	17 905
of which liabilities under investment contracts, insurance	9 156	8 928
Parent shareholders' equity	17 219	17 348
Return on equity (based on underlying results, year-to-date)	17.7%	18.5%
Cost/income ratio (based on underlying results, year-to-date)	58%	58%
Combined ratio, non-life (based on underlying results, year-to-date)	96%	96%

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'.

(End of earnings release)

Overview of the underlying results - 2007

In order to provide more insight into the results, KBC provides, over and above the figures according the *International Financial Reporting Standards* (IFRS), a number of ‘underlying figures’.

The differences with the IFRS figures are related to a) the exclusion of non-recurring items, b) the recognition of certain hedging derivatives used for Asset and Liability Management purposes and c) the accounting treatment of certain income components related to capital market activities. A reconciliation of the net profit under IFRS and the underlying net profit is provided on the next page.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	cumul. 12M2006	cumul. 12M2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081	1 116	1 199	4 072	4 459
Gross earned premiums, insurance	768	754	852	946	869	824	969	1 328	3 321	3 989
Dividend income	12	71	15	18	12	112	23	29	115	176
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404	154	154	1 350	1 071
Net realised gains from available-for-sale assets	108	62	86	70	96	107	115	143	326	461
Net fee and commission income	531	529	398	550	512	541	539	546	2 008	2 140
Other net income	103	142	84	123	151	87	88	125	452	450
Total income	2 984	2 861	2 670	3 129	3 062	3 156	3 003	3 524	11 644	12 745
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314	-1 266	-1 367	-4 976	-5 154
Impairment	3	-67	-19	-92	-27	-56	-62	-121	-175	-267
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-841	-1 147	-2 843	-3 404
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17	-28	-63	-64
Share in results of associated companies	11	12	15	7	16	22	14	4	45	56
Profit before tax	1 110	957	767	797	1 074	1 140	831	866	3 632	3 911
Income tax expense	-292	-281	-160	-197	-262	-230	-202	-157	-931	-851
Profit after tax	818	676	607	600	812	910	629	709	2 701	3 060
attributable to minority interests	42	41	33	36	31	30	28	33	153	123
attributable to the equity holders of the parent	**776**	**634**	**574**	**564**	**781**	**880**	**601**	**676**	**2 548**	**2 938**
Belgium	323	275	266	241	327	417	303	274	1 104	1 321
Central & Eastern Europe	124	135	110	56	150	177	117	174	426	618
Merchant Banking	282	200	162	227	269	241	153	179	871	843
European Private Banking	55	44	44	38	52	57	44	41	181	194
Group centre	-9	-19	-8	3	-17	-13	-16	8	-33	-38

Reconciliation of underlying results with results according to IFRS

The differences between the underlying results and the results reported according to *International Financial Reporting Standards* (IFRS) are as follows:

• In order to arrive at the figure for underlying group profit, factors that do not regularly occur during the normal course of business are eliminated from the profit figure. In view of their exceptional nature and materiality, it is important to separate out these factors to fully understand the profit trend (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’. This includes 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 under ‘net (un)realised gains from financial instruments at fair value’, while the interest paid on the underlying assets is recognised under ‘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 the fair value changes in these ALM derivatives (impact on net profit: see table below).

• Lastly, in the IFRS accounts, the 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 respectively recognised 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’ is also trading-related. In the ‘underlying figures’, all trading income components are recognised under ‘net (un)realised gains from financial instruments at fair value’, without any impact on net profit.

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

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Profit after tax, attributable to equity holders of the parent		980	736	1 081	634	997	936	639	708
Minus									
- Amounts before taxes and minority items									
MTM of derivatives for hedging purposes	various	78	47	-37	-7	34	94	13	36
Sale of assets by Gevaert	Group	56	0	10	6	0	0	0	0
Sale of shares in a technology company	Group	66	0	0	0	0	0	0	0
Sale of 5.5% in Kredyt Bank	Group	0	35	0	0	0	0	0	0
Sale of buildings of CSOB (Czech republic)	CEER	29	0	0	0	0	0	0	0
Merger Gevaert - KBC Group: overfunding pension fund	Group	0	56	0	0	0	0	0	0
Sale of Banco Urquijo (Spain)	EPB	0	0	501	0	0	0	0	0
Sale of participation in BCC/Banksys (Belgium)	Belgium	0	0	0	60	0	-1	0	0
Sale of building of Warta (Poland)	CEER	0	0	0	23	0	0	0	0
Sale of shares in Intesa Sanpaolo (Italy)	Group	0	0	0	0	207	0	0	0
Sale of Banca KBL Fumagalli (Italy)	EPB	0	0	0	0	0	14	0	0
Sale of GBC (Hungary)	CEER	0	0	0	0	0	0	35	0
Adjustment staff health insurance	Group	0	0	0	0	0	0	0	-64
Other	various	11	15	28	-6	-23	-12	-3	80
- Taxes and minority interests on the items above	various	-36	-52	6	-6	-2	-40	-6	-20
Underlying profit after tax, attributable to equity holders of the parent		776	634	574	564	781	880	601	676

Belgium = Belgium business unit; CEER = Central & Eastern Europe and Russia business unit; Merchant = Merchant Banking business unit; EPB = European Private Banking business unit; Group = Group Centre.

Analysis of underlying earnings components

Contents:

Analysis of underlying earnings components, 4Q 2007

Analysis of underlying total income

Total income (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081	1 116	1 199
Gross earned premiums, insurance	768	754	852	946	869	824	969	1 328
Non-Life	*441*	*425*	*441*	*441*	*440*	*442*	*457*	*487*
Life	*327*	*330*	*410*	*505*	*429*	*382*	*511*	*841*
Net fee and commission income	531	529	398	550	512	541	539	546
*Banking**	*612*	*561*	*475*	*622*	*608*	*626*	*626*	*646*
Insurance	*-80*	*-32*	*-77*	*-72*	*-97*	*-85*	*-87*	*-101*
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404	154	154
Net realised gains from available-for-sale assets	108	62	86	70	96	107	115	143
Dividend income	12	71	15	18	12	112	23	29
Other net income	103	142	84	123	151	87	88	125
Total income	2 984	2 861	2 670	3 129	3 062	3 156	3 003	3 524
Belgium	1 297	1 301	1 305	1 458	1 450	1 494	1 489	1 838
Central & Eastern Europe	657	654	674	711	670	689	725	837
Merchant Banking	789	668	522	773	748	760	602	630
European Private Banking	233	224	190	174	202	209	186	225
Group Centre	8	14	-22	13	-7	4	0	-6

Net interest income (NII) in the quarter under review amounted to 1 199 million. On an organic basis, i.e. excluding the changes in the scope of consolidation (mainly the newly acquired bank in Russia), this is an increase vis-à-vis both the previous quarter and the year-earlier figures by 7% and 12%, respectively. The NII increase was mainly thanks to rising volumes throughout the group: loans and deposits, for instance, went up respectively by 15% and 6% year-on-year on an organic basis, with Central & Eastern Europe again largely outpacing average growth. NII growth was reduced by 1 p.p. y/y due to the ongoing share-buyback programme. The net interest margin of the banking activities amounted to 1.81% in 4Q 2007. This is significantly higher than the previous and year-earlier quarters (1.69% and 1.71%, respectively), although coming partly on the back of the capital increase realised in Belgium (a purely intragroup transaction, whereby capital was shifted from holding company to banking subsdiary).

Non-life insurance earned premiums amounted to 487 million. On an organic basis (i.e. mainly excluding the newly acquired insurer in Bulgaria), this represents an increase by respectively 2% versus 3Q 2007 and 6% versus 4Q 2006. Life insurance sales (including unit-linked products, of which the bulk of premiums is, in line with IFRS, not included in the gross earned premiums heading in the P/L) amounted to 1 263 million. An organic increase of 53% was recorded compared to both 3Q 2007 and 4Q 2006. In particular, sales of interest-guaranteed life insurance (883 million) progressed well. Total life reserves continued to rise by 3% q/q and 6% y/y (growth figures on an organic basis).

Net fee and commission income stood at 546 million. The (organic) trend was roughly flat q/q and y/y, whereby higher fees received for banking and asset management services were offset by more fees paid for the high insurance sales. The level of assets under management (AUM) was impacted by the less buoyant market performance and remained flat q/q at 231 billion. The Group’s AUM ended 11% higher y/y (net new inflow: +11%, price effect: +0%).

Net fair value gains mainly included trading profit, but also the mark-to-market adjustments on investments in derivative products, such as CDOs. The total amount came to 154 million in 4Q 2007. Although the situation on the capital markets continued to be difficult, the performance of most trading activities was better than expected. The quarter under review included a 114 million negative mark-to-market adjustment on CDOs in the group’s portfolios (70 million after tax).

Gains realised on available-for-sale assets came to 143 million and related predominantly to shares sold in the investment portfolio of the Belgian insurance business. Here, the gains included - over and above those resulting from regular portfolio management - gains on the sale of *ABN Amro* shares on the occasion of the public tender offer (41 million). Moreover, gains were realised on the sale of available-for-sale securities held in the European Private Banking portfolio (36 million), offsetting impairment charges in the Business Unit.

Dividend income amounted to 29 million and was in line with previous quarters (not taking into account the traditional seasonal peak in the second quarter).

Income recorded under the 'other net income' heading came to 125 million, more or less in line with the quarterly average of the 2006-2007 period (113 million).

Analysis of underlying operating expenses

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Staff expenses	-775	-749	-671	-827	-745	-764	-761	-813
General administrative expenses	-396	-392	-392	-450	-381	-446	-412	-501
Depreciation and amortisation of fixed assets	-88	-86	-89	-96	-85	-88	-95	-94
Provisions for risks and charges	21	3	26	-14	3	-15	2	41
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314	-1 266	-1 367
Belgium	-427	-444	-452	-501	-432	-471	-461	-485
Central & Eastern Europe	-302	-311	-328	-397	-321	-352	-363	-454
Merchant Banking	-336	-299	-242	-357	-322	-367	-311	-313
European Private Banking	-147	-144	-118	-127	-124	-115	-120	-128
Group Centre	-26	-25	14	-5	-8	-9	-11	13

In 4Q 2007, operating expenses amounted to 1 367 million. The cost trend was impacted by the first-time inclusion of newly acquired entities and continued currency appreciations in Central and Eastern Europe. There was also a net writeback of unused provisions for risks and charges in the amount of 41 million (mainly allocated to the Group Centre).

On an organic basis and disregarding the provision writeback, operating expenses for 4Q 2007 were down 3% y/y. The normal cost inflation was offset by the better spread of usage of cost budgets throughout the year. Moreover, lower income-related expenses in the Merchant Banking BU were recorded. Compared to 3Q 2007, the increase was 11% on a like-for-like basis. The increase related to bonus accruals and (seasonal) higher marketing costs, among other reasons. There were also costs related to the start-up of consumer finance activities in Romania (10 million) and restructuring charges in European Private Banking (9 million).

For the entire 2007 financial year, operating expenses were up on organic basis by 2%: +1% in Belgium, +4% in the Central & Eastern Europe and Russia Business Unit (CEER), +6% in Merchant Banking and +0% in European Private Banking. Consequently, the FY 2007 cost/income ratio for the banking businesses stood at 58%, the same as for the 2006 financial year. The 2007 ratio came to 59% in Belgium (58% for FY 2006), 63% in CEER (65% for FY 2006), 53% in Merchant Banking (50% for FY 2006) and 65% in European Private Banking (73% for FY 2006).

Analysis of underlying impairment

Impairment (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Impairment on loans and advances	3	-61	-18	-102	-25	-55	-51	-54
Impairment on available-for-sale assets	0	-3	-1	-3	-4	2	-8	-65
Impairment on goodwill	0	0	0	-1	0	0	0	0
Impairment on other	0	-3	-1	14	1	-3	-3	-2
Impairment	3	-67	-19	-92	-27	-56	-62	-121
Belgium	-10	-6	-12	-15	2	-9	-11	-62
Central & Eastern Europe	-19	-44	-10	-64	-25	-27	-38	-1
Merchant Banking	33	-17	-2	-12	-5	-19	-9	-22
European Private Banking	0	0	4	0	1	-1	-3	-36
Group Centre	0	0	0	-1	0	-1	-1	0

In 4Q 2007, impairment charges on the loan portfolio came to 54 million, in line with the two previous quarters. The level remained well below that of 4Q 2006, which was impacted by high loan loss charges in Hungary. At that time, the loan provisioning policy in Hungary was tightened in anticipation of a worsening economic environment.

In the quarter under review, the methodology for establishing portfolio-based loan loss provisions was changed (using the IRB-advanced Basel II approach). This led to a net reversal of 27 million. The reversal was 35 million in Merchant Banking and 21 million in CEER, while in Belgium, additional impairment charges were registered in the amount of 28 million. On the other hand, credit exposure to some Structured Investment Vehicles was impaired (European Private Banking BU). The impact of this amounted to -36 million before tax.

Overall loan quality remained sound. At the end of December, the non-performing loan ratio stood at 1.5%, roughly the same as at the start of the quarter (1.4%). The percentage of cover for non-performing loans afforded by loan loss provisions came to 94%. This is lower than at the start of the quarter, partly due to the portfolio-based provision writeback. The loan loss ratio for FY 2007 stood at 13 bps, the same as for FY 2006. The loan loss ratio was 13 bps for Belgium (7bps in FY 2006), 26 bps for CEER (58 bps in FY 2006) and 2 bps for Merchant Banking (nil in FY 2006). The 2007 loan loss ratio for the group excluding the methodology impact was 15 bps.

Other impairments (other than those registered on loans) amounted to 67 million in 4Q 2007, the bulk of which related to the investment portfolio in the Belgium and Merchant Banking BUs (65 million combined, mainly on Belgian shares).

Analysis of underlying technical charges, insurance

Technical charges insurance (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Gross technical charges	-631	-620	-754	-838	-753	-663	-841	-1 147
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17	-28

On the back of strong premium growth in the life business, gross technical charges in the insurance business increased to 1 147 million in 4Q 2007. This is significantly higher than the 841 million recorded in 3Q 2007 and the 838 million for 4Q 2006. Of this total, 269 million related to non-life and 877 million to life insurance. The ceded reinsurance result came to a negative 28 million, a more negative outcome than the average of the last eight quarters (16 million). In non-life insurance, a year-to-date combined ratio of 96% was recorded, the same as in the 2006 financial year. The combined ratio was below 100% in all business units (Belgium 98%, CEE 95% and Merchant Banking 91%). The claims reserve ratio at the end of 2007 was stable at 176% compared with a year earlier.

Analysis of other underlying earnings components

Other components of the result (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Share in result of associated companies	11	12	15	7	16	22	14	4
Income tax expense	-292	-281	-160	-197	-262	-230	-202	-157
Minority interests in profit after tax	42	41	33	36	31	30	28	33

In the quarter under review, the share in the results of associated companies (4 million) related almost entirely to the contribution via the equity method of the minority participation in NLB Bank in Slovenia. Income tax expense amounted to 157 million. The tax rate (18%) is at the low end of the historic time series, among other reasons, due to the high profit contribution of the CEER region (with lower tax rate) and previous quarter adjustments made in the European Private Banking BU. The profit attributable to minority shareholders amounted to 33 million, more or less in line with previous quarters, and largely related to interest charges paid on preference shares.

Underlying results per business unit

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

Belgium Business Unit (underlying trend)

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

The underlying net profit generated by this BU came to 274 million in the quarter under review. On a year-to-date basis, the BU therefore accounted for 45% of group net profit, and its return on allocated capital came to 32%, well above the mid-term target (26%) and the FY 2006 level (29%).

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	479	489	481	478	483	479	478	511
Gross earned premiums, insurance	452	469	504	611	563	522	641	953
Dividend income	8	36	8	11	10	90	14	15
Net (un)realised gains from financial instruments at fair value	14	11	7	11	5	20	17	-14
Net realised gains from available-for-sale assets	87	27	83	52	68	107	93	101
Net fee and commission income	225	235	186	249	229	238	214	234
Banking	*262*	*227*	*219*	*278*	*276*	*276*	*255*	*279*
Insurance	*-37*	*8*	*-33*	*-29*	*-46*	*-38*	*-42*	*-45*
Other net income	32	34	36	47	92	38	33	37
Total income	1 297	1 301	1 305	1 458	1 450	1 494	1 489	1 838
Operating expenses	-427	-444	-452	-501	-432	-471	-461	-485
Impairment	-10	-6	-12	-15	2	-9	-11	-62
Gross technical charges, insurance	-410	-449	-482	-604	-564	-501	-614	-939
Ceded reinsurance result	-3	-6	-3	0	-4	-5	-4	0
Share in results of associated companies	1	2	2	0	0	0	0	0
Profit before tax	448	397	357	338	451	508	400	352
Income tax expense	-124	-122	-91	-96	-121	-91	-96	-78
Profit after tax	324	276	266	242	330	417	304	274
attributable to minority interests	1	1	1	1	3	1	1	0
attributable to the equity holders of the parent	**323**	**275**	**266**	**241**	**327**	**417**	**303**	**274**
Banking activities	*212*	*184*	*153*	*162*	*244*	*142*	*158*	*159*
Insurance activities	*110*	*90*	*112*	*78*	*83*	*275*	*145*	*114*
Risk-weighted assets (end of period)	*38 217*	*38 540*	*38 582*	*39 858*	*39 986*	*41 439*	*42 076*	*42 360*
Allocated equity (end of period)	*3 795*	*3 840*	*3 903*	*4 027*	*4 072*	*4 202*	*4 282*	*4 361*
Return on allocated capital (ROAC)	*35%*	*29%*	*28%*	*24%*	*34%*	*41%*	*30%*	*25%*
Cost/income ratio (banking activities)	*52%*	*58%*	*61%*	*63%*	*50%*	*66%*	*61%*	*59%*
Combined ratio (non-life insurance activities)	*85%*	*96%*	*94%*	*99%*	*102%*	*96%*	*97%*	*102%*

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

Net interest income of this BU amounted to 511 million. Over the previous four quarters, the NII quarterly trend had been more or less flat - i.e. the positive impact of the business growth had been offset mainly by the shift to lower-yielding deposit types and the upstreaming of excess capital from the Belgian entities to the group centre for the share-buyback programme. In 4Q 2007, however, the NII was up 7% both q/q and y/y. The shift to lower-margin products (from savings accounts to time deposits) was reversed and a capital increase – a purely intragroup transaction – was realised at the main Belgian subsidiary in the amount of 1.5 billion. Volume growth remained robust with loans and deposits growing at +3% and +5% q/q, and +14% and +9% y/y, respectively. The net interest margin in 4Q 2007 stood at 1.76%, lower than the 1.81% for 4Q 2006, but higher than the 1.69% recorded in 3Q 2007.

Gross earned premiums of the group's insurance activities in Belgium amounted to 953 million, with progress in both life and non-life. In life insurance, sales (including certain types of life products – mainly unit-linked – that, according to IFRS, are not included under the gross earned premium income heading) amounted to 996 million and went up by 59% q/q and 58% y/y, thanks essentially to increased sales of interest-guaranteed products. The outstanding life reserves in Belgium ended 2% higher than in 3Q 2007 and 5% compared to 4Q 2006.

Non-life insurance premium income (226 million) was up 3% on the previous quarter, and witnessed a 7% rise versus 4Q 2006. Non-life claims in 4Q 2007 (147 million) were 19% higher compared to the previous quarter, partly due to an allocation to the 'ageing' reserves for the health insurance business (8 million). The year-to-date combined ratio came to 98% (versus 95% for FY 2006), adversely impacted by exceptional weather conditions in 1Q 2007 ('Kyrill' storm) and the allocation to the 'ageing' reserves.

Dividend income (15 million) of this BU relates chiefly to the investment portfolio of the Belgian insurance activities and was in line with previous quarters (not taking into account the traditional seasonal peak in the second quarter).

Net realised gains on available-for-sale securities amounted to 101 million, predominantly on shares. Over and above the gains resulting from the regular equity portfolio management, the quarter also included gains on the sale of *ABN Amro* shares on the occasion of the public tender offer (41 million).

Net (un)realised gains from financial instruments at fair value amounted to -14 million and included a 25 million (17 million after tax) negative value adjustment on CDOs held in the insurer's investment portfolio.

Net fee and commission income stood at 234 million, a 20 million (+9%) progress over the previous quarter which is traditionally seasonally weaker. Funds under management ended at 162 billion, 1% higher than at the end of the previous quarter. The net fee and commission income was 15 million below that of the year-earlier quarter; however, this was purely on account of more fees paid for the high life insurance sales. Fees received for banking and asset management products remained stable, a combination of higher management fees and lower transaction fees. The latter reflects the somewhat changed retail investor sentiment due to the local stock market downturn. The Belgian blue chip stock market index BEL20, for example, was down 5% in 4Q 2007 (while it was up 8% in 4Q 2006). Although the BU's total funds under management in 4Q 2007 were 13% higher y/y (net new inflow: +13%, price effect: +0%), the number of transactions in 4Q 2007 was substantially lower than in the year-earlier quarter.

Other net income amounted to 37 million, which is largely in line with previous quarters (with the exception of 1Q 2007, which benefited from a 44 million positive impact of a change in methodology used by the Belgian Deposit Guarantee Agency).

Operating expenses (485 million) were up 24 million (+5%) on 3Q 2007, mainly related to bonus and pension reserve accruals and somewhat higher ICT costs. Compared to 4Q 2006, the cost level was down 16 million (-3%), mainly on account of the better spread of usage of cost budgets throughout the year. For the entire 2007 financial year, the cost growth was limited to 1%. The year benefited from lower pension fund costs as a result of the so-called 'corridor approach', which is not expected to recur for the years to come. The year-to-date cost/income ratio for the Belgian banking activities stood at 59% compared to 58% for FY 2006. Note that the 2007 ratio was weighed down by the realised losses on bonds in the banking book in 2Q 2007. The compensation of these losses was recorded in the insurance business via capital gains on shares and, hence, does not impact the cost-income ratio of the banking activities.

The impairment amount stood at 62 million, of which 45 million related to the Belgium BU's loan portfolio and 16 million to its investment portfolio. Loan impairment was impacted by the change in methodology for portfolio-based loan loss provisions, resulting in additional generic provision in the amount of 28 million. The loan loss ratio for the financial year came to 13 bps (7 bps when the methodology change is not taken into account). For the 2006 financial year, the loan loss ratio was 7 bps. Following many quarters of negligible impairment charges related to the insurer's share portfolio (available-for-sale assets), an impairment amount of 16 million euros was recognised on these assets in 4Q 2007 due to the equity market downturn.

The effective tax rate in the quarter came to 22%, in line with the FY 07 average (23%), but lower than the FY06 average (28%) due to the higher non-taxable capital gains, among other factors.

Central & Eastern Europe and Russia Business Unit (underlying trend)

The Central & Eastern Europe and Russia BU encompasses all banking and insurance entities in the region:

- In the Czech and Slovak Republics: *ČSOB Bank*, *ČSOB Insurance CR* and *ČSOB Insurance SR*
- In Hungary: *K&H Bank* and *K&H Insurance*
- In Poland: *Kredyt Bank, WARTA* (Insurance) *and Zagiel* (Consumer Finance)
- In Russia*: Absolut Bank* (first-time consolidation in 3Q 2007)
- Other: *NLB Bank* (Slovenia - minority participation), *NLB Life* (Slovenia), *A Banka* (Serbia – first-time consolidation in 1Q 2007), *DZI Insurance* (Bulgaria – first-time consolidation in 4Q 2007). The results of the recently acquired *EIB Bank* (*Economic and Investment Bank*, Bulgaria) will be incorporated as of 1Q 2008.

The underlying net profit generated by this BU came to 174 million in the quarter under review. The underlying quarterly net profit on the main markets was as follows: 112 million in the Czech and Slovak Republics, 45 million in Poland, 43 million in Hungary and 10 million in Russia. As of 1Q 2008, the Czech and Slovak Republics will be decoupled for reporting purposes, reflecting the change in the local management structure for these two markets. The 2007 pro forma accounts will be made public prior to the 1Q 2008 earnings publication. For the region as a whole, the insurance companies contributed 22 million to net profit. On a year-to-date basis, the BU therefore accounted for 21% of group net profit, and its return on allocated capital came to 24% (28% excluding the new acquisitions).

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	247	236	247	271	274	283	319	361
Gross earned premiums, insurance	236	217	255	251	239	231	251	297
Dividend income	0	2	2	1	0	2	1	2
Net (un)realised gains from financial instruments at fair value	57	50	72	58	47	63	51	48
Net realised gains from available-for-sale assets	5	4	5	15	12	4	2	9
Net fee and commission income	74	77	76	83	75	84	82	82
Banking	*102*	*106*	*105*	*113*	*109*	*118*	*116*	*129*
Insurance	*-27*	*-29*	*-29*	*-30*	*-34*	*-34*	*-34*	*-47*
Other net income	37	68	17	32	23	21	17	38
Total income	657	654	674	711	670	689	725	837
Operating expenses	-302	-311	-328	-397	-321	-352	-363	-454
Impairment	-19	-44	-10	-64	-25	-27	-38	-1
Gross technical charges, insurance	-169	-112	-195	-167	-139	-103	-166	-165
Ceded reinsurance result	-7	-10	-12	-15	-7	-5	-11	-8
Share in results of associated companies	9	8	11	6	15	19	14	3
Profit before tax	169	185	141	74	192	222	160	211
Income tax expense	-29	-33	-21	-9	-35	-35	-38	-31
Profit after tax	140	152	120	65	157	187	122	180
attributable to minority interests	16	17	10	8	8	9	5	6
attributable to the equity holders of the parent	**124**	**135**	**110**	**56**	**150**	**177**	**117**	**174**
Banking activities	*126*	*117*	*109*	*48*	*126*	*157*	*106*	*152*
Insurance activities	*-2*	*18*	*1*	*8*	*23*	*21*	*11*	*22*
Risk-weighted assets (end of period)	*19 053*	*19 854*	*21 608*	*23 358*	*23 851*	*24 769*	*29 372*	*31 852*
Allocated equity (end of period)	*1 577*	*1 625*	*1 760*	*1 890*	*1 920*	*1 994*	*2 345*	*2 530*
Return on allocated capital (ROAC)	*32%*	*34%*	*26%*	*11%*	*29%*	*35%*	*20%*	*25%*
Cost/income ratio (banking activities)	*59%*	*58%*	*67%*	*75%*	*62%*	*59%*	*65%*	*68%*
Combined ratio (non-life insurance activities)	*99%*	*93%*	*101%*	*103%*	*107%*	*88%*	*97%*	*92%*

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

Year-on-year, the average quarterly exchange rate of the CZK was up by 5% against the EUR, the PLN by +6% and the HUF by +3%. Moreover, in the recent past, a number of acquisitions were effected, of which Absolut Bank in Russia (as of 3Q 2007) and DZI Insurance in Bulgaria (as of 4Q 2007) were the most important. In order not to distort the comparison, the growth figures mentioned below are on an organic basis, i.e. exclude the impact of these new acquisitions and changes in exchange rates.

Net interest income of the Central & Eastern Europe and Russia BU amounted to 361 million, a significant rise compared to both the year-earlier and previous quarter figures (on an organic basis: +18% and +11%, respectively). This was mainly thanks to the continued robust volume growth throughout the region: year-on-year, loan growth was 23% and deposit growth 11% (as mentioned above, these figures exclude the positive impact of new acquisitions and exchange rate changes). The average CEER banking interest margin stood at 3.04% in 4Q 2007, in line with 3.04% recorded in 3Q 2007 and 3.09% in 4Q 2006.

Gross earned insurance premiums in CEER amounted to 297 million. Both life and non-life businesses performed well. Life sales (including unit-linked products, which, under IFRS, are not included in the gross earned premiums) stood at 192 million, a marked progression compared to both the year-earlier and the previous quarter sales volumes of 117 and 124 million, respectively. On a like-for-like basis, outstanding life reserves increased 9% q/q and 17% y/y to 1.5 billion. In non-life insurance, gross earned premiums (207 million) increased by 3% versus 3Q 2007 and by 7% compared to 4Q 2006 (as mentioned above, excluding the impact of new acquisitions and exchange rate changes). The year-to-date combined ratio stood at 95%, as opposed to 99% for the 2006 financial year.

Gains from financial instruments at fair value (48 million) were roughly in line with the quarterly average for the 2006-2007 period (56 million) and included - apart from the income from local treasury and capital market transactions - value adjustments on the CDOs in portfolio in the amount of 13 million (10 million after tax). Realised gains on the sale of available-for-sale investment securities stood at 9 million, close to the average for the 2006-2007 period (7 million per quarter).

Total net fee and commission income stood at 82 million. Net fee and commission income received by the CEER banking entities rose on an organic basis by a good 6% y/y, but this was more than offset by increasing commissions paid to insurance agents resulting from the increased insurance sales. Vis-à-vis the (seasonally weaker) previous quarter, the net fee and commission income received for banking and asset management products rose by 9%, while that paid for insurance products rose by 25%. AUM in CEER (13.0 billion as at the end of December 2007) witnessed a marked year-on-year increase, by 27% on an organic basis (net new inflows: +28%, price effect: -1%). Quarter-on quarter, AUM increased by 2% on an organic basis.

Other net income amounted to 38 million, roughly in line with the average of the previous quarters (32 million, on average for the 2006-2007 period).

Operating expenses (454 million) were up 22% on an organic basis on 3Q 2007, mainly related to new staff hires, bonus accruals, somewhat higher marketing costs and costs related to the start-up of consumer finance activities in Romania (the latter in the amount of roughly 10 million). Compared to 4Q 2006, the cost level was roughly flat on an organic basis. The upwards pressure from the business expansion and cost inflation was offset by the better spread of usage of cost budgets throughout the year. For the entire year, costs were up 4% on a like-for-like basis. The year-to-date cost/income ratio for the banking activities stood at 63%, an improvement on the 65% recorded for the 2006 financial year.

The net impairment charge was almost non-existent (-1 million), albeit that the figure was positively impacted by the change in methodology for establishing portfolio-based loan loss provisions. This led to a net impairment reversal of 21 million (8 million in the Czech and Slovak Republics, 10 million in Hungary and 3 million in Poland). Excluding this impact, the impairment charge would have been similar as the average of the previous quarters (31 million, on average, for the 2006-2007 period). The loan loss ratio for FY 2007 stood at 26 bps for the region (33 bps excluding the methodology impact). This figure was 58 bps for the 2006 financial year. The loan loss ratio is broken down as follows: 27 bps in the Czech and Slovak Republics (36 bps in 2006), zero in Poland (same in 2006), 62 bps in Hungary (down from 150 bps in 2006) and 21 bps for Russia.

Taxes amounted to 31 million in 4Q 2007; hence, the effective tax rate for this BU stood at 15%, which is roughly in line with the average for the 2006-2007 period (17%).

Below, underlying income statements are provided for the main CEER countries: the Czech and Slovak Republics, Poland, Hungary and Russia. The 'Other CEE' section includes the results of the activities in Slovenia (through *NLB Life and NLB Bank*), Serbia (*A Banka)* and Bulgaria (*DZI Insurance*), the funding cost of goodwill paid on acquisitions in CEER, minority interests in the CEER subsidiaries, some operating expenses related to CEER at KBC group's head office, and consolidation adjustments.

Income statement, Czech and Slovak Republics (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	154	163	170	185	182	186	200	222
Gross earned premiums, insurance	63	65	70	72	70	73	76	86
Dividend income	0	1	1	0	0	1	1	1
Net (un)realised gains from financial instruments at fair value	26	19	26	22	9	23	7	-1
Net realised gains from available-for-sale assets	3	0	2	6	8	0	1	-2
Net fee and commission income	57	57	51	57	57	58	53	62
Banking	*63*	*62*	*56*	*63*	*65*	*66*	*62*	*70*
Insurance	*-6*	*-5*	*-6*	*-6*	*-7*	*-8*	*-8*	*-8*
Other net income	25	19	10	27	12	12	9	14
Total income	327	323	329	368	339	353	346	382
Operating expenses	-138	-148	-163	-205	-152	-163	-159	-191
Impairment	-3	-18	-7	-22	-15	-11	-26	0
Gross technical charges, insurance	-41	-23	-77	-52	-37	-24	-60	-49
Ceded reinsurance result	-1	-1	-1	-3	-3	1	-1	-1
Share in results of associated companies	0	0	0	2	2	1	1	2
Profit before tax	144	133	81	88	134	158	100	144
Income tax expense	-34	-28	-16	-21	-29	-33	-23	-32
Profit after tax	110	105	65	67	105	125	77	112
attributable to minority interests	-1	0	0	2	1	1	0	0
attributable to the equity holders of the parent	**111**	**105**	**64**	**66**	**104**	**124**	**77**	**112**
Banking activities	*107*	*86*	*72*	*52*	*91*	*120*	*72*	*101*
Insurance activities	*4*	*18*	*-7*	*14*	*13*	*4*	*5*	*11*
Risk-weighted assets (end of period)	*11 079*	*11 613*	*13 056*	*14 182*	*14 739*	*15 243*	*16 691*	*17 126*
Allocated equity (end of period)	*860*	*896*	*1 000*	*1 082*	*1 119*	*1 152*	*1 253*	*1 289*
Return on allocated capital (ROAC)	*45%*	*41%*	*23%*	*21%*	*33%*	*40%*	*23%*	*29%*
Cost/income ratio (banking activities)	*47%*	*51%*	*61%*	*67%*	*52%*	*48%*	*55%*	*58%*
Combined ratio (non-life insurance activities)	*111%*	*87%*	*106%*	*108%*	*110%*	*86%*	*99%*	*89%*

Income statement, Poland (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	61	48	51	53	57	59	68	70
Gross earned premiums, insurance	150	128	155	159	147	131	148	157
Dividend income	0	1	1	0	0	1	0	1
Net (un)realised gains from financial instruments at fair value	8	7	12	15	12	10	10	12
Net realised gains from available-for-sale assets	2	3	2	6	3	3	2	7
Net fee and commission income	-6	-4	-5	-2	-8	-3	-6	-8
Banking	*13*	*18*	*17*	*21*	*16*	*22*	*18*	*25*
Insurance	*-20*	*-22*	*-21*	*-22*	*-24*	*-26*	*-25*	*-33*
Other net income	5	43	7	4	10	4	8	20
Total income	219	226	223	236	221	205	231	260
Operating expenses	-83	-88	-92	-114	-85	-98	-96	-120
Impairment	-2	-1	10	6	-1	10	6	-2
Gross technical charges, insurance	-103	-63	-94	-96	-107	-60	-83	-78
Ceded reinsurance result	-6	-9	-10	-12	-4	-6	-11	-6
Share in results of associated companies	0	0	0	0	1	0	1	-1
Profit before tax	25	66	37	19	24	51	48	53
Income tax expense	1	-3	-7	-2	-5	-7	-11	-8
Profit after tax	26	62	30	18	19	45	37	45
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**26**	**62**	**30**	**18**	**19**	**45**	**37**	**45**
Banking activities	23	53	23	21	21	26	*26*	29
Insurance activities	3	9	8	-3	-2	18	*10*	15
Risk-weighted assets (end of period)	*3 230*	*3 270*	*3 686*	*3 936*	*3 999*	*4 436*	*5 188*	*5 806*
Allocated equity (end of period)	*364*	*362*	*394*	*414*	*422*	*458*	*513*	*573*
Return on allocated capital (ROAC)	*18%*	*58%*	*28%*	*9%*	*11%*	*34%*	*24%*	*27%*
Cost/income ratio (banking activities)	*72%*	*53%*	*79%*	*89%*	*67%*	*74%*	*71%*	*68%*
Combined ratio (non-life insurance activities)	*99%*	*94%*	*100%*	*100%*	*110%*	*88%*	*96%*	*90%*

Income statement, Hungary (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	56	53	54	61	62	66	64	67
Gross earned premiums, insurance	18	20	27	17	21	24	23	22
Dividend income	0	1	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	25	23	32	26	26	27	30	29
Net realised gains from available-for-sale assets	0	0	1	3	0	2	0	0
Net fee and commission income	24	25	30	28	25	27	31	29
Banking	*26*	*26*	*32*	*29*	*27*	*29*	*33*	*30*
Insurance	*-2*	*-2*	*-2*	*-1*	*-2*	*-2*	*-2*	*-2*
Other net income	4	9	0	-2	2	4	1	4
Total income	127	130	144	133	137	150	149	151
Operating expenses	-77	-68	-80	-73	-78	-79	-75	-79
Impairment	-14	-20	-11	-53	-10	-27	-12	2
Gross technical charges, insurance	-10	-15	-22	-15	-12	-17	-18	-16
Ceded reinsurance result	0	0	-1	0	-1	0	1	-1
Share in results of associated companies	1	0	1	0	0	1	0	1
Profit before tax	28	27	31	-8	37	28	44	59
Income tax expense	-8	-8	-5	1	-7	-5	-13	-16
Profit after tax	19	19	26	-7	30	24	31	43
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**19**	**26**	**-7**	**30**	**24**	**31**	**43**
Banking activities	*16*	*17*	*25*	*-6*	*26*	*20*	*29*	*42*
Insurance activities	*4*	*2*	*2*	*-1*	*4*	*3*	*2*	*1*
Risk-weighted assets (end of period)	*4 745*	*4 971*	*4 866*	*5 241*	*5 113*	*5 089*	*5 333*	*5 326*
Allocated equity (end of period)	*351*	*366*	*365*	*393*	*378*	*379*	*1 289*	*397*
Return on allocated capital (ROAC)	*16%*	*13%*	*21%*	*-16%*	*20%*	*13%*	*30%*	*48%*
Cost/income ratio (banking activities)	*67%*	*63%*	*66%*	*56%*	*63%*	*60%*	*57%*	*58%*
Combined ratio (non-life insurance activities)	*73%*	*98%*	*100%*	*112%*	*78%*	*89%*	*101%*	*104%*

Income statement, Russia (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	-	-	-	-	-	-	22	34
Gross earned premiums, insurance	-	-	-	-	-	-	0	0
Dividend income	-	-	-	-	-	-	0	0
Net (un)realised gains from financial instruments at fair value	-	-	-	-	-	-	-1	3
Net realised gains from available-for-sale assets	-	-	-	-	-	-	0	0
Net fee and commission income	-	-	-	-	-	-	3	4
Banking	-	-	-	-	-	-	*3*	*4*
Insurance	-	-	-	-	-	-	*0*	*0*
Other net income	-	-	-	-	-	-	0	2
Total income	-	-	-	-	-	-	24	42
Operating expenses	-	-	-	-	-	-	-17	-31
Impairment	-	-	-	-	-	-	-4	2
Gross technical charges, insurance	-	-	-	-	-	-	0	0
Ceded reinsurance result	-	-	-	-	-	-	0	0
Share in results of associated companies	-	-	-	-	-	-	0	0
Profit before tax	-	-	-	-	-	-	3	13
Income tax expense	-	-	-	-	-	-	-1	-3
Profit after tax	-	-	-	-	-	-	2	10
attributable to minority interests	-	-	-	-	-	-	0	0
attributable to the equity holders of the parent	-	-	-	-	-	-	**2**	**10**
Banking activities	-	-	-	-	-	-	*2*	10
Insurance activities	-	-	-	-	-	-	*0*	0
Risk-weighted assets (end of period)	-	-	-	-	-	-	*2 160*	*3 014*
Allocated equity (end of period)	-	-	-	-	-	-	*147*	*205*
Return on allocated capital (ROAC)	-	-	-	-	-	-	-	*18%*
Cost/income ratio (banking activities)	-	-	-	-	-	-	*71%*	*73%*
Combined ratio (non-life insurance activities)	-	-	-	-	-	-	-	

Income statement, Central & Eastern Europe - other (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	-23	-29	-27	-27	-27	-27	-35	-33
Gross earned premiums, insurance	6	4	3	3	0	3	5	31
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	-2	2	2	-5	0	4	4	5
Net realised gains from available-for-sale assets	0	0	0	0	0	-1	0	4
Net fee and commission income	0	0	0	0	0	2	1	-4
Other net income	3	-3	0	3	-1	0	0	-1
Total income	-16	-26	-23	-26	-27	-19	-25	3
Operating expenses	-4	-7	8	-6	-6	-12	-17	-33
Impairment	0	-4	-1	5	1	0	-1	-4
Gross technical charges, insurance	-15	-11	-3	-3	18	-2	-4	-22
Ceded reinsurance result	0	0	0	0	0	0	0	-1
Share in results of associated companies	8	8	11	4	12	17	11	0
Profit before tax	-28	-40	-8	-26	-2	-16	-35	-58
Income tax expense	13	7	7	12	6	10	10	28
Profit after tax	-15	-34	-1	-14	4	-6	-25	-30
attributable to minority interests	17	17	10	7	7	8	5	7
attributable to the equity holders of the parent	**-32**	**-50**	**-11**	**-20**	**-3**	**-15**	**-30**	**-36**
Banking activities	-20	-39	-10	-19	-12	-10	-24	-30
Insurance activities	-13	-11	-1	-1	9	-4	-6	-6

Merchant Banking Business Unit (underlying trend)

The 'Merchant Banking' BU encompasses banking services provided to SMEs, capital market activities and the re-insurance business (in Belgium and elsewhere, however, merchant banking activities of the CEER group companies are handled by the CEER BU).

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

In the quarter under review, the BU weathered the adverse climate on the financial markets rather well and generated a net profit contribution of 179 million. The quarterly profit can be broken down into 129 million for commercial banking activities and 50 million for investment banking activities. On a full-year basis, the BU hence accounted for 29% of group net profit, and its return on allocated capital came to 16% (21% in 2006).

Income statement, Merchant Banking Business Unit (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	208	245	284	279	275	273	277	279
Gross earned premiums, insurance	85	70	81	82	74	67	78	71
Dividend income	1	7	3	1	1	8	5	6
Net (un)realised gains from financial instruments at fair value	388	217	100	287	284	294	86	129
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15	4	1
Net fee and commission income	85	76	28	96	73	96	121	105
Other net income	17	36	26	22	34	35	31	38
Total income	789	668	522	773	748	760	602	630
Operating expenses	-336	-299	-242	-357	-322	-367	-311	-313
Impairment	33	-17	-2	-12	-5	-19	-9	-22
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40	-54	-27
Ceded reinsurance result	-5	2	-7	-18	-4	-5	-4	-20
Share in results of associated companies	0	1	0	0	0	2	0	0
Profit before tax	427	309	218	340	369	332	223	248
Income tax expense	-121	-87	-34	-87	-78	-69	-48	-43
Profit after tax	306	222	184	253	291	263	175	205
attributable to minority interests	24	23	22	26	22	21	22	26
attributable to the equity holders of the parent	**282**	**200**	**162**	**227**	**269**	**241**	**153**	**179**
Banking activities	*262*	*173*	*147*	*198*	*257*	*223*	*139*	*174*
Insurance activities	*20*	*26*	*15*	*29*	*12*	*18*	*14*	*5*
Risk-weighted assets (end of period)	*53 891*	*55 935*	*57 837*	*59 892*	*63 908*	*69 578*	*74 547*	*73 230*
Allocated equity (end of period)	*3 752*	*3 885*	*4 017*	*4 160*	*4 432*	*4 816*	*5 150*	*5 058*
Return on allocated capital (ROAC)	*29%*	*20%*	*15%*	*22%*	*27%*	*21%*	*15%*	*11%*
Cost/income ratio (banking activities)	*47%*	*51%*	*53%*	*51%*	*46%*	*53%*	*58%*	*54%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*	*97%*	*90%*

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

Net interest income of this BU (related to the *commercial banking* activities) amounted to 279 million in 4Q 2007, more or less in line with previous quarters. For several quarters starting in 4Q 2006, interest income was negatively impacted by the upstreaming of dividends to the Group Centre for share buybacks, while over the last two quarters increased market funding costs had to be recognised. Risk-weighted assets of the *commercial* banking activities grew during the quarter by 1.1 billion (+2%).

Gross earned premiums relate to the inbound re-insurance activity (71 million in 4Q 2007). The corresponding underwriting result (i.e. earned premiums net of technical charges and ceded reinsurance result) stood at 24 million, in line with the quarterly average. The latter amounted to 23 million for the 2006-2007 period. The 2007 combined ratio stood at 91%, compared to 92% for FY 2006.

Gains from financial instruments at fair value amounted to 129 million, 50% higher compared to the (seasonal) low level of 3Q 2007. Although the situation on the capital markets continued to be difficult, most market activities recovered well. However, one obvious exception was the credit derivatives and CDO structuring business. The adverse situation on the credit markets resulted in 63 million negative mark-to-market adjustments on CDOs (35 million after tax). An additional credit valuation adjustment on the CDOs was booked in the amount of 39 million reflecting the increased counterparty risk of the credit insurers (23 million after tax, corresponding with 15% of the market value of the outstanding derivative instruments).

Net fee and commission income amounted to 105 million euros, down 16 million from the very high level of the previous quarter and up 9 million to the year-earlier quarter. The income from securities brokerage and corporate finance activities for local small and mid-caps remained the main driver here.

Other net income amounted to 38 million, somewhat higher than the quarterly average of the 2006-2007 period (30 million).

Operating expenses stood at 313 million, on a par with the previous quarter. On the other hand, they were down 12% y/y, mainly due to lower income-related staff charges. The year-to-date cost/income ratio of the BU stood at 53%, somewhat up on the 50% recorded for the 2006 financial year.

At 22 million, impairment remained quite limited. On the one hand, this figure has been positively impacted by a loan loss reversal in the amount of 35 million due to the change in methodology for establishing portfolio-based loan loss provisions. On the other hand, a charge of 48 million had to be recognised when applying the impairment rules for equity holdings in the investment portfolio.

The loan loss ratio for the 2007 financial year was 2 bps (7 bps excluding the impact from the methodology change mentioned above), compared to nil for 2006.

Income taxes amounted to 43 million in the quarter under review. The quarterly effective tax rate amounted to 17%.

Below, the figures for the Merchant Banking BU are broken down into ‘Commercial Banking’ (mainly lending and banking services to SMEs, but also including the inbound re-insurance business) and ‘Investment Banking’ (sales and trading on money and capital markets, corporate finance, structured products business, alternative investment management, etc.).

Income statement, Commercial Banking (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	208	245	284	279	275	273	277	279
Gross earned premiums, insurance	85	70	81	82	74	67	78	71
Dividend income	1	7	3	1	1	8	5	6
Net (un)realised gains from financial instruments at fair value	48	37	-31	-7	6	7	-2	-36
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15	4	1
Net fee and commission income	22	22	5	32	13	25	27	24
Other net income	17	36	26	22	32	35	31	38
Total income	387	434	367	415	408	402	421	384
Operating expenses	-112	-115	-123	-148	-122	-154	-134	-128
Impairment	29	-17	-3	-6	-6	-19	-9	-14
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40	-54	-27
Ceded reinsurance result	-5	2	-7	-18	-4	-5	-4	-20
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	245	258	180	198	229	185	220	195
Income tax expense	-69	-67	-22	-55	-50	-33	-55	-44
Profit after tax	176	191	158	143	179	152	164	151
attributable to minority interests	24	23	23	23	23	22	22	22
attributable to the equity holders of the parent	**153**	**168**	**135**	**120**	**156**	**130**	**143**	**129**
Banking activities	*144*	*142*	*126*	*106*	*144*	*112*	*129*	*124*
Insurance activities	*9*	*25*	*9*	*14*	*12*	*18*	*14*	*5*
Risk-weighted assets (end of period)	*44 801*	*45 308*	*48 055*	*49 593*	*51 398*	*52 568*	*53 510*	*54 655*
Allocated equity (end of period)	*3 134*	*3 163*	*3 352*	*3 460*	*3 581*	*3 659*	*3 720*	*3 795*
Return on allocated capital (ROAC)	*18%*	*20%*	*15%*	*14%*	*18%*	*16%*	*19%*	*17%*
Cost/income ratio (banking activities)	*35%*	*32%*	*41%*	*43%*	*35%*	*46%*	*38%*	*38%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*	*97%*	*90%*

Income statement, Investment Banking (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	0	0	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	340	180	132	294	278	288	87	165
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	63	54	23	64	60	71	94	81
Other net income	0	0	0	0	2	0	0	0
Total income	403	234	155	358	340	358	181	246
Operating expenses	-224	-184	-119	-209	-201	-213	-178	-185
Impairment	4	0	1	-6	0	0	0	-8
Gross technical charges, insurance	0	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0	0
Share in results of associated companies	0	1	0	0	0	2	0	0
Profit before tax	182	50	38	142	140	147	3	53
Income tax expense	-53	-19	-12	-32	-28	-36	7	1
Profit after tax	130	31	26	110	112	111	10	54
attributable to minority interests	0	-1	0	3	-1	-1	0	4
attributable to the equity holders of the parent	**130**	**32**	**26**	**107**	**113**	**112**	**10**	**50**
Banking activities	*119*	*31*	*21*	*92*	*113*	*112*	*10*	*50*
Insurance activities	*11*	*1*	*6*	*15*	*0*	*0*	*0*	*0*
Risk-weighted assets (end of period)	*9 090*	*10 627*	*9 781*	*10 300*	*12 510*	*17 011*	*21 037*	*18 575*
Allocated equity (end of period)	*618*	*723*	*665*	*700*	*851*	*1 157*	*1 431*	*1 263*
Return on allocated capital (ROAC)	*76%*	*18%*	*13%*	*61%*	*55%*	*29%*	*-*	*1%*
Cost/income ratio (banking activities)	*56%*	*79%*	*77%*	*58%*	*56%*	*60%*	*98%*	*75%*

European Private Banking Business Unit (underlying trend)

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

The underlying net profit generated came to 41 million in 4Q 2007. For the entire financial year, the BU accounted for 7% of group net profit. Its year-to-date return on allocated capital came to 33% (29% in 2006).

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	58	48	29	24	36	34	41	58
Gross earned premiums, insurance	3	7	17	13	5	12	8	17
Dividend income	2	9	2	2	2	6	2	4
Net (un)realised gains from financial instruments at fair value	22	7	32	29	22	23	4	-3
Net realised gains from available-for-sale assets	12	14	-1	-3	8	10	12	36
Net fee and commission income	135	132	104	111	121	119	116	112
Other net income	2	7	7	-3	7	5	3	2
Total income	233	224	190	174	202	209	186	225
Operating expenses	-147	-144	-118	-127	-124	-115	-120	-128
Impairment	0	0	4	0	1	-1	-3	-36
Gross technical charges, insurance	-7	-14	-23	-21	-12	-17	-15	-23
Ceded reinsurance result	0	0	0	0	0	0	0	0
Share in results of associated companies	1	1	1	1	1	1	1	1
Profit before tax	79	67	54	27	68	76	50	39
Income tax expense	-22	-22	-9	11	-16	-19	-6	2
Profit after tax	57	45	45	38	52	57	44	41
attributable to minority interests	1	1	1	0	0	0	0	0
attributable to the equity holders of the parent	**55**	**44**	**44**	**38**	**52**	**57**	**44**	**41**
Banking activities	*52*	*41*	*43*	*34*	*50*	*55*	*44*	*36*
Insurance activities	*3*	*3*	*1*	*4*	*2*	*2*	*0*	*5*
Risk-weighted assets (end of period)	*9 539*	*9 000*	*7 005*	*5 842*	*6 416*	*6 575*	*8 080*	*6 610*
Allocated equity (end of period)	*704*	*673*	*539*	*461*	*501*	*512*	*615*	*514*
Return on allocated capital (ROAC)	*31%*	*24%*	*20%*	*28%*	*40%*	*38%*	*24%*	*22%*
Cost/income ratio (banking activities)	*66%*	*70%*	*71%*	*88%*	*65%*	*61%*	*70%*	*65%*

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

Adjusted for technical charges, insurance, total income in 4Q 2007 (202 million) was up 31 million on 3Q 2007 and up 49 million on 4Q 2006. Thanks to the positive liquidity position and the high demand for liquidity in the capital markets, a greater interest margin on treasury activities was recorded, bringing the net interest income to a high 58 million.

On the other hand, the adverse market sentiment had some negative impact on the income from private banking transactions. Assets under management (54 billion) ended 4% lower q/q, resulting in a 3% decrease q/q in net fee and commission income (to 112 million). Moreover, an amount of -13 million was recorded as a result of the marking-to-market of CDO notes in the investment portfolio (in the “net gains from financial instruments at fair value” heading; the after tax amount was -9 million).

Also outstanding subordinated loans in the amount of just under 100 million to Structured Investment Vehicles were impaired to the tune of -36 million (“impairment heading”), but the impact was offset by gains realised on the sale of available-for-sale securities (36 million).

At the end of December, the onshore private banking assets (26 billion) were 4% higher than the year-earlier figure; however, this was offset - in line with expectations - by a net outflow of lower yielding institutional assets. As a result, total AUM (54 billion) remained flat y/y on an organic basis.

Life premiums (including unit-linked products, of which the bulk of premium income is, in line with IFRS, not included in the “gross earned premium” heading in the P/L) amounted to 69 million in 4Q 2007, similar as the levels of 3Q 2007 (69 million) and 4Q 2006 (71 million). Life reserves (1.5 billion) ended 1% higher q/q and 9% y/y.

Operating expenses amounted to 128 million in 4Q 2007, up 8 million q/q mainly on account of restructuring charges. On a year-on-year basis, the cost trend was flat, witnessing the success of the continued efforts to increase cost efficiency. The 2007 cost-income ratio amounted to 65%, a significant improvement on the 73% for the 2006 financial year.

A net tax recovery of 2 million was recorded. This was mainly the result of adjusting previous quarter bookings and aligning IFRS accounts-based taxes with local tax regulations. For the same reasons, a net tax amount of 11 million had been recovered in 4Q 2006.

Group Centre (underlying trend)

The Group Centre comprises the results of the holding company *KBC Group NV*, a limited number of cost items made at the level of its subsidiaries *KBC Bank NV* and *KBC Insurance NV* (such as strategy-related expenses and non-allocated taxes), the results of some shared-service companies and the elimination of the results of intrasegment transactions.

Income statement, Group Centre (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	-14	2	-7	-14	-6	12	0	-10
Gross earned premiums, insurance	-7	-9	-5	-11	-12	-8	-10	-10
Dividend income	0	16	0	2	0	5	0	1
Net (un)realised gains from financial instruments at fair value	2	-1	-11	0	1	4	-4	-7
Net realised gains from available-for-sale assets	0	0	0	0	0	1	3	-4
Net fee and commission income	12	9	4	11	13	4	7	13
Other net income	15	-2	-3	25	-4	-13	4	10
Total income	8	14	-22	13	-7	4	0	-6
Operating expenses	-26	-25	14	-5	-8	-9	-11	13
Impairment	0	0	0	-1	0	-1	-1	0
Gross technical charges, insurance	9	1	0	-1	10	-1	7	7
Ceded reinsurance result	-3	8	5	12	0	9	2	0
Share in results of associated companies	0	1	0	0	0	0	0	0
Profit before tax	-13	-1	-2	18	-6	2	-3	16
Income tax expense	5	-18	-6	-14	-12	-15	-13	-7
Profit after tax	-8	-19	-8	3	-18	-13	-16	9
attributable to minority interests	0	0	-1	1	-1	-1	0	1
attributable to the equity holders of the parent	**-9**	**-19**	**-8**	**3**	**-17**	**-13**	**-16**	**8**
Banking activities	*-3*	*7*	*14*	*18*	*-3*	*-2*	*-5*	*28*
Insurance activities	*-1*	*0*	*0*	*-1*	*0*	*0*	*0*	*0*
Holding activities	*-4*	*-26*	*-21*	*-15*	*-14*	*-10*	*-12*	*-19*

In the quarter under review, the underlying net result of the Group Centre amounted to a positive 8 million.

For the banking activities, an expense provision – worth 53 million and mainly related to possible maintenance costs for head office premises - had become redundant and was written back ("operating expenses" heading). This had a net impact of +35 million after tax. As a consequence, the quarterly result contribution of the Group Centre was higher than that of the previous quarters (i.e. -8 million per quarter, on average for the 2006-2007 period).

For comparison purposes, it is worth mentioning that the result for 4Q 2006 (+3 million) benefited from the positive 30 million impact regarding the settlement of tax receivables (non-taxable income recorded in the "other net income" heading).

EXTENDED QUARTERLY REPORT

KBC GROUP

4Q 2007

Consolidated financial statements

Content:

Consolidated financial statements

KBC Group, 4Q & FY 2007

Consolidated income statement

In millions of EUR	Note	4Q 2006	3Q 2007	4Q 2007	2006	2007
Net interest income	3	1 047	930	1 093	4 158	4 089
Gross earned premiums, insurance	9	946	969	1 328	3 321	3 989
non-life		441	457	487	1 748	1 826
life	10	505	511	841	1 572	2 163
Dividend income	4	45	52	38	211	256
Net (un)realised gains from financial instruments at fair value	5	370	379	315	1 370	1 642
Net realised gains from available-for-sale assets	6	69	115	143	513	682
Net fee and commission income	7	508	478	499	1 865	1 993
Other net income	8	218	128	231	1 119	619
TOTAL INCOME		3 204	3 051	3 648	12 556	13 271
Operating expenses	12	- 1 392	- 1 266	- 1 431	- 4 925	- 5 219
staff expenses		- 832	- 761	- 878	- 2 970	- 3 148
general administrative expenses		- 450	- 412	- 501	- 1 631	- 1 740
depreciation fixed assets		- 96	- 95	- 94	- 359	- 361
provisions		- 14	2	41	36	31
Impairment	14	- 92	- 62	- 121	- 175	- 267
on loans and receivables		- 102	- 51	- 54	- 177	- 185
on available-for-sale assets		- 3	- 8	- 65	- 6	- 75
on goodwill		- 1	0	0	- 1	0
on other		14	- 3	- 2	9	- 7
Gross technical charges, insurance	9	- 838	- 841	- 1 147	- 2 843	- 3 404
non-life		- 285	- 272	- 269	- 1 045	- 1 085
life		- 553	- 569	- 877	- 1 798	- 2 319
Ceded reinsurance result	9	- 21	- 17	- 28	- 63	- 64
Share in results of associated companies		7	14	4	45	56
PROFIT BEFORE TAX		867	878	925	4 595	4 373
Income tax expense		- 196	- 211	- 184	- 1 002	- 970
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		671	667	741	3 593	3 403
attributable to minority interest		37	28	33	163	123
attributable to equity holders of the parent		**634**	**639**	**708**	**3 430**	**3 281**
Earnings per share (in EUR)						
Basic		1.82	1.85	2.06	9.68	9.46
Diluted		1.80	1.84	2.06	9.59	9.42

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2006	31-12-2007
Cash and cash balances with central banks		3 826	4 605
Financial assets	18	310 427	337 215
Held for trading		67 630	73 559
Designated at fair value through profit and loss		57 182	45 878
Available for sale		47 868	46 075
Loans and receivables		125 195	159 119
Held to maturity investments		12 213	12 041
Derivatives used for hedging		339	544
Reinsurers' share in technical provisions, insurance		290	291
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	5	- 175	- 223
Accrued interest income		2 773	3 315
Tax assets		761	919
Current tax assets		154	138
Deferred tax assets		608	781
Non-current assets held for sale and disposal groups		92	41
Investments in associated companies		522	634
Investment property		413	593
Property and equipment		1 906	2 234
Goodwill and other intangible fixed assets		1 988	3 501
Other assets		2 578	2 473
TOTAL ASSETS		325 400	355 597

LIABILITIES (in millions of EUR)		31-12-2006	31-12-2007
Financial liabilities	18	282 282	309 335
Held for trading		37 423	40 992
Designated at fair value through profit and loss		56 720	45 362
Measured at amortized cost		188 044	222 826
Derivatives used for hedging		96	155
Gross technical provisions, insurance	31	15 965	17 905
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	5	0	0
Accrued interest expenses		1 694	2 087
Tax liabilities		846	816
Current tax liabilities		534	481
Deferred tax liabilies		312	335
Liabilities included in disposal groups classified as held for sale		43	0
Provisions		493	456
Other liabilities		5 624	6 511
TOTAL LIABILITIES		306 947	337 110
Total Equity	35	18 453	18 487
Parent shareholders' equity		17 219	17 348
Minority interest		1 234	1 139
TOTAL LIABILITIES AND EQUITY		325 400	355 597

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Other Equity (Mandatory convertible bonds)	Treasury shares	Revaluation reserve (AFS-investments)	Hedging reserve (cash flow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority Interest	Total Equity
31-12-2006											
Balance at the beginning of the year	1 234	4 138	185	- 484	2 129	1	8 421	127	15 751	1 715	17 466
Net income recognised directly in equity	**0**	**0**	**0**	**0**	**- 160**	**44**	**0**	**- 28**	**- 144**	**0**	**- 144**
Net profit for the period	0		0				3 430		3 430	163	3 593
Total recognised income and expense for the period	**0**	**0**	**0**	**0**	**- 160**	**44**	**3 430**	**- 28**	**3 286**	**163**	**3 449**
Dividends	0	0	0	0	0	0	- 898	0	- 898	0	- 898
Capital increase	1	12	- 2	0	0	0	0	0	10	0	10
Purchases of treasury shares	0	0	0	- 1 033	0	0	0	0	- 1 033	0	- 1 033
Sales of treasury shares	0	0	0	106	0	0	0	0	106	0	106
Results on (derivatives on) treasury shares	0	0	0	0	0	0	0	0	0	0	0
Cancellation own shares	0	0	0	300	0	0	- 300	0	0	0	0
Change in minority interest	0	0	0	0	- 2	0	0	0	- 2	- 643	- 645
Other	0	0	0	0	0	0	- 3	0	- 3	0	- 3
Total change	**1**	**12**	**- 2**	**- 627**	**- 162**	**44**	**2 230**	**- 28**	**1 468**	**- 481**	**987**
Balance at the end of the period	**1 235**	**4 150**	**183**	**- 1 111**	**1 968**	**46**	**10 651**	**98**	**17 219**	**1 234**	**18 453**
of which revaluation reserve for shares					1 824						
of which revaluation reserve for bonds					144						
of which revaluation reserve for other assets than bonds and shares					0						
of which relating to non-current assets or disposal groups				0	0	0		4	4	- 1	3
31-12-2007											
Balance at the beginning of the year	1 235	4 150	183	- 1 111	1 968	46	10 651	98	17 219	1 234	18 453
Net income recognised directly in equity	**0**	**0**	**0**	**0**	**- 1 158**	**28**	**- 4**	**- 51**	**- 1 186**	**0**	**- 1 186**
Net profit for the period	0	0	0	0	0	0	3 281	0	3 281	123	3 403
Total recognised income and expense for the period	**0**	**0**	**0**	**0**	**- 1 158**	**28**	**3 276**	**- 51**	**2 094**	**123**	**2 217**
Dividends	0	0	0	0	0	0	- 1 158	0	- 1 158	0	- 1 158
Capital increase	0	11	- 1	0	0	0	0	0	10	0	10
Purchases of treasury shares	0	0	0	- 1 000	0	0	0	0	- 1 000	0	- 1 000
Sales of treasury shares	0	0	0	128	0	0	0	0	128	0	128
(Results / Derivatives on) treasury shares	0	0	0	0	0	0	54	0	54	0	54
Cancellation of treasury shares	0	0	0	698	0	0	- 698	0	0	0	0
Change in minority interest	0	0	0	0	0	0	0	0	0	- 217	- 217
Total change	**0**	**11**	**- 1**	**- 174**	**- 1 158**	**28**	**1 474**	**- 51**	**129**	**- 95**	**34**
Balance at the end of the period	**1 235**	**4 161**	**181**	**- 1 285**	**810**	**73**	**12 125**	**47**	**17 348**	**1 139**	**18 487**
of which revaluation reserve for shares					1 200						
of which revaluation reserve for bonds					- 389						
of which revaluation reserve for other assets than bonds and shares					- 1						
of which relating to non-current assets or disposal groups				0	0	0		0	0	0	0

Condensed consolidated cash flow statement

Available in the annual report only.

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 ('endorsed IFRS') as adopted for use in the European Union.

The consolidated financial statements of KBC present one year of comparative information.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 2007, no changes in content were made in the accounting policies that had a material impact on the results and equity.

Notes on segment reporting

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

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

- Banking: KBC Bank and its subsidiaries;
- Insurance: KBC Insurance and its subsidiaries;
- European Private Banking: Kredietbank SA Luxembourgeoise and its subsidiaries;
- Holding Company Activities: mainly KBC Group NV on a non-consolidated basis and KBC Global Services.
- Intersegment transactions are transactions conducted between the different primary segments at arm's length. As a number of items are reported on a net basis (e.g., net interest income), the balance of the intragroup transactions for these items is immaterial. Intersegment transfers are measured on the basis actually used to price the transfers.

The IFRS 'secondary segment' reporting format is based on geographic areas, and reflects KBC's focus on its two home markets – Belgium and Central and Eastern Europe (incl. Russia) – and its selective presence in other countries ('rest of the world', i.e. mainly Western Europe excluding Belgium, the US and Southeast Asia).
The geographic segmentation is based on the location where the services are rendered. Since at least 95% of the customers are local customers, the location of the branch or subsidiary determines the geographic breakdown of both the balance sheet and income statement.
More detailed geographic segmentation figures for balance sheet items are provided in the various notes to the balance sheet. The breakdown here is made based on the geographic location of the counterparty.

In millions of EUR	Banking	Insurance	European Private Banking	Holding Company Activities	Inter-segment eliminations	KBC Group
INCOME STATEMENT 2006						
Net interest income	3 271	595	327	- 27	- 8	4 158
Gross earned premiums, insurance	0	3 321	0	0	0	3 321
Non-life	0	1 748	0	0	0	1 748
Life	0	1 572	0	0	0	1 572
Dividend income	125	70	13	3	0	211
Net (un)realised gains from financial instruments at fair value tl	1 469	- 2	- 100	3	0	1 370
Net realised gains from available-for-sale assets	179	261	18	55	0	513
Net fee and commission income	1 648	- 259	476	- 2	2	1 865
Other net income	457	94	515	682	- 628	1 119
TOTAL INCOME	7 148	4 080	1 248	715	- 635	12 556
Operating expenses	- 3 881	- 530	- 537	- 612	635	- 4 925
Staff expenses	- 2 422	- 302	- 344	- 186	283	- 2 970
General administrative expenses	- 1 287	- 188	- 166	- 342	352	- 1 631
Depreciation and amortisation of fixed assets	- 206	- 40	- 27	- 86	0	- 359
Provisions for risks and charges	34	0	0	2	0	36
Impairment	- 169	- 9	3	0	0	- 175
on loans and receivables	- 176	1	- 2	0	0	- 177
on available-for-sale assets	- 2	- 10	6	0	0	- 6
on goodwill	0	0	- 1	0	0	- 1
on other	9	0	0	0	0	9
Gross technical charges, insurance	0	- 2 843	0	0	0	- 2 843
Non-life	0	- 1 045	0	0	0	- 1 045
Life	0	- 1 798	0	0	0	- 1 798
Ceded reinsurance result	0	- 63	0	0	0	- 63
Share in results of associated companies	41	0	3	0	0	45
PROFIT BEFORE TAX	3 139	635	718	103	0	4 595
Income tax expense	- 757	- 130	- 42	- 74	0	- 1 002
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	2 382	505	676	29	0	3 593
attributable to minority interests	181	- 30	9	3	0	163
attributable to equity holders of the parent	2 201	535	668	27	0	3 430
INCOME STATEMENT 2007						
Net interest income	3 179	669	244	0	- 3	4 089
Gross earned premiums, insurance	0	3 989	0	0	0	3 989
Non-life	0	1 826	0	0	0	1 826
Life	0	2 163	0	0	0	2 163
Dividend income	109	136	11	0	0	256
Net (un)realised gains from financial instruments at fair value tl	1 767	- 74	- 56	5	0	1 642
Net realised gains from available-for-sale assets	136	484	61	0	0	682
Net fee and commission income	1 897	- 368	461	- 2	5	1 993
Other net income	410	69	31	801	- 693	619
TOTAL INCOME	7 499	4 906	753	804	- 690	13 271
Operating expenses	- 4 136	- 567	- 476	- 733	693	- 5 219
Staff expenses	- 2 545	- 343	- 312	- 274	325	- 3 148
General administrative expenses	- 1 396	- 200	- 131	- 380	367	- 1 740
Depreciation and amortisation for fixed assets	- 222	- 32	- 28	- 80	0	- 361
Provisions for risks and charges	27	9	- 5	0	0	31
Impairment	- 204	- 25	- 38	- 1	0	- 267
on loans and receivables	- 148	- 4	- 33	0	0	- 185
on available-for-sale assets	- 50	- 21	- 4	0	0	- 75
on goodwill	0	0	0	0	0	0
on other	- 6	- 1	0	- 1	0	- 7
Gross technical charges, insurance	0	- 3 402	0	0	- 2	- 3 404
Non-life	0	- 1 085	0	0	0	- 1 085
Life	0	- 2 317	0	0	- 2	- 2 319
Ceded reinsurance result	0	- 64	0	0	0	- 64
Share in results of associated companies	53	0	3	0	0	56
PROFIT BEFORE TAX	3 212	847	243	70	0	4 373
Income tax expense	- 731	- 102	- 38	- 99	0	- 970
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	2 482	746	205	- 29	0	3 403
attributable to minority interests	118	5	0	0	0	123
attributable to equity holders of the parent	2 364	741	205	- 29	0	3 281
BALANCE SHEET 31-12-2006						
Total assets	**273 170**	**29 285**	**22 030**	**915**	**-**	**325 400**
Total liabilities	**259 993**	**26 161**	**19 913**	**880**	**-**	**306 947**
BALANCE SHEET 31-12-2007						
Total assets	**306 453**	**30 741**	**17 481**	**923**	**-**	**355 597**
Total liabilities	**289 835**	**27 884**	**18 315**	**1 076**	**-**	**337 110**

In millions of EUR	Belgium	Central and Eastern Europe and Russia	Rest of the world	Inter-segment eliminations	KBC Group
2006					
Gross income	6 590	2 860	3 106	0	12 556
Total assets (period-end)	192 526	38 588	94 286	0	325 400
Total liabilities (period-end)	173 841	37 900	95 207	0	306 947
2007					
Gross income	7 652	3 092	2 526	0	13 271
Total assets (period-end)	191 319	52 031	112 247	0	355 597
Total liabilities (period-end)	184 762	47 144	105 203	0	337 110

Notes on the income statement

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

Note 3: Net interest income

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	1 047	930	1 093	4 158	4 089
Interest income resulting from	3 330	3 904	3 995	12 679	15 396
Available for sales assets	508	528	505	2 037	1 957
Loans and receivables	1 572	1 996	2 394	6 344	8 352
Held to maturity investments	128	144	126	486	516
Other	44	29	62	76	141
Subtotal interest income for financial assets not designated at fair value through profit and loss	2 252	2 697	3 087	8 944	10 966
Financial assets held for trading	319	407	426	1 241	1 609
Derivatives used for hedging	199	239	167	752	737
Other financial assets designated at fair value	560	560	315	1 742	2 084
Interest expense resulting from	- 2 283	- 2 973	- 2 902	- 8 521	- 11 307
Financial liabilities measured at amortized cost	- 1 610	- 2 217	- 2 212	- 5 988	- 8 287
Other	- 7	- 5	- 2	- 9	- 15
Investment contracts at amortized cost	0	0	0	0	0
Subtotal interest income for financial assets not designated at fair value through profit and loss	- 1 617	- 2 222	- 2 215	- 5 997	- 8 302
Financial liabilities held for trading	- 57	- 139	- 127	- 303	- 480
Derivatives used for hedging	- 200	- 222	- 148	- 805	- 680
Other financial liabilities designated at fair value	- 408	- 390	- 412	- 1 416	- 1 846

Note 4: Dividend income

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	46	52	38	211	256
Breakdown by portfolio	46	52	38	211	256
Held for trading shares	27	29	10	86	81
Other shares designated at fair value through profit and loss	8	0	8	16	23
Available for sale shares	11	23	20	109	152

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

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	370	379	315	1 370	1 642
Breakdown by type					
Trading instruments (including interest and market value changes of trading derivatives)	285	306	447	1 187	1 557
Other financial instruments designated at fair value	- 101	0	- 138	- 345	- 35
Foreign exchange revaluations	186	72	3	528	115
Fair value adjustments in hedge accounting	0	1	3	0	6

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

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	69	115	143	513	682
Breakdown by portfolio					
Fixed-income assets	1	- 14	- 13	35	- 152
Shares	68	128	156	477	834

Note 7: Net fee and commission income

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	508	478	499	1 865	1 993
Fee and commission income	782	729	818	2 977	3 149
Securities and asset management	544	481	546	2 025	2 153
Margin on deposit accounting (life insurance investment contracts without DPF)	11	9	10	68	37
Credit commitment	42	44	49	152	184
Payments	111	106	117	417	425
Other	73	88	96	315	350
Fee and commission expense	- 273	- 251	- 319	- 1 112	- 1 155
Commission paid to intermediaries	- 111	- 100	- 99	- 403	- 422
Other	- 163	- 151	- 220	- 710	- 733

Note 8: Other net income

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	218	128	231	1 119	619
Net realised gain on Loans and Receivables	0	3	10	58	18
of which: impact of sale bad loans - Kredyt Bank 2006	0	0	0	37	0
Net realised gain on Held to maturity investments	1	1	0	1	1
Net realised gain on Financial liabilities measured at amortised cost	0	0	0	0	0
Other	218	124	221	1 061	600
of which: realised gain on sale buildings - CSOB	1	1	1	36	2
of which: impact of sale Banca KBL Fumagalli - KBL	0	0	0	0	14
of which: realised gain on sale Banksys and BCC - KBC Bank 2006	60	0	0	60	0
of which: realised gain on building - Warta	23	0	0	23	0
of which: Belgian Deposit Guarantee Agency - KBC Bank	0	0	0	0	44
of which: impact of sale Banco Urquijo - KBL	0	0	0	501	0
of which: impact of sale GBC - K&H Bank	0	35	0	0	35

Note 9: Technical accounts, insurance

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
12M 2006							
Net interest income	0	0	0	0	0	595	595
Gross earned premiums	764	1 748	2 512	809	0	0	3 321
Dividend income	0	0	0	0	0	70	70
Net gains from financial instruments at fair value	0	0	0	0	0	- 2	- 2
Net realised gains from AFS assets	0	0	0	0	0	261	261
Net fee and commission income	- 83	- 282	- 366	- 21	35	93	- 259
Other net income	0	0	0	0	0	94	94
TOTAL NET INCOME	680	1 466	2 146	788	35	1 112	4 080
Operating expenses	- 70	- 323	- 393	- 28	- 19	- 90	- 530
Impairments	0	0	0	0	0	- 9	- 9
Gross technical charges	- 757	- 1 045	- 1 802	- 1 057	16	0	- 2 843
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	- 2	- 57	- 59	0	0	- 5	- 63
Allocation to the technical accounts	378	235	612	305	0	- 918	0
PROFIT BEFORE TAX	229	276	505	8	32	91	635
Income tax expense						- 130	- 130
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	229	276	505	8	32	- 39	505
Attributable to minority interest							- 30
Attributable to equity holders of the parent							**535**
12M 2007							
Net interest income	0	0	0	0	0	669	669
Gross earned premiums	804	1 826	2 630	1 359	0	0	3 989
Dividend income	0	0	0	0	0	136	136
Net gains from financial instruments at fair value	0	0	0	0	0	- 74	- 74
Net realised gains from AFS assets	0	0	0	0	0	484	484
Net fee and commission income	- 86	- 315	- 402	- 28	19	43	- 368
Other net income	0	0	0	0	0	69	69
TOTAL NET INCOME	717	1 511	2 228	1 331	19	1 327	4 906
Operating expenses	- 88	- 359	- 447	- 31	- 18	- 71	- 567
Impairments	0	0	0	0	0	- 25	- 25
Gross technical charges	- 689	- 1 085	- 1 774	- 1 635	7	0	- 3 402
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	0	- 59	- 59	0	0	- 5	- 64
Allocation to the technical accounts	425	293	718	382	0	- 1 100	0
PROFIT BEFORE TAX	364	301	665	48	8	125	847
Income tax expense						- 102	- 102
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	364	301	665	48	8	23	746
Attributable to minority interest							5
Attributable to equity holders of the parent							**741**

Note 10: Gross earned premiums, life insurance

In millions of EUR	4Q 2006	3Q 2007	4Q 2007	2006	2007
Total	505	511	841	1 572	2 163
Breakdown by type					
Accepted reinsurance	8	7	7	30	23
Primary business	497	504	834	1 542	2 140
Breakdown of primary business					
Individual versus group					
Individual premiums	424	447	743	1 311	1 867
Premiums under group contracts	74	58	91	231	273
Periodic versus single					
Periodic premiums	247	180	201	732	724
Single premiums	251	325	633	810	1 416
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	44	72	43	181	213
Premiums from bonus contracts	421	408	765	1 259	1 819
Unit linked	32	24	26	102	108

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

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

Note available in the annual report only.

Note 12: Operating expenses

Note available in the annual report only.

Note 13: Personnel

Note available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	2006	2007
Total	- 92	- 27	- 56	- 62	- 121	- 175	- 267
Impairment on loans and receivables	- 102	- 25	- 55	- 51	- 54	- 177	- 185
Breakdown by type							
Specific impairments for on-balance-sheet lending	- 82	- 12	- 47	- 50	- 99	- 177	- 207
Specific impairments for off-balance-sheet credit commitments	- 3	- 5	- 8	- 1	- 3	- 8	- 17
Portfolio-based impairments	- 17	- 9	0	0	47	8	39
Breakdown by business unit							
Belgium	- 14	3	- 9	- 8	- 45	- 32	- 59
Central Eastern Europe	- 78	- 22	- 27	- 36	- 1	- 146	- 85
Merchant Banking	- 12	- 7	- 19	- 8	27	3	- 6
European Private Banking	2	1	0	1	- 36	- 2	- 33
Group Centre	0	0	0	- 1	1	0	0
Impairment on available-for-sale assets	- 2	- 4	2	- 8	- 65	- 6	- 75
Breakdown by type							
Shares	- 19	- 1	- 1	- 5	- 59	- 12	- 66
Other	16	- 3	2	- 3	- 5	6	- 9
Impairment on goodwill	- 1	0	0	0	0	- 1	0
			0				
Impairment on other	14	1	- 3	- 4	- 2	9	- 7
Intangible assets, other than goodwill	0	0	- 1	- 1	- 2	- 1	- 4
Tangible assets	14	0	0	0	0	10	- 1
Investments held to maturity	0	1	0	0	0	0	1
Investments in associates (goodwill)	0	0	0	0	0	0	0
Other	0	1	- 2	- 1	- 1	0	- 4

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

Notes available in the annual report only.

Notes on the balance sheet

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and receivables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2006								
Loans and advances to credit institutions and investment firms [1]	11 463	14 550	0	18 302	-	-	-	44 315
Loans and advances to customers [2]	3 442	16 818	0	106 893	-	-	-	127 152
Discount and acceptance credit	0	0	0	223	-	-	-	223
Consumer credit	0	0	0	3 232	-	-	-	3 232
Mortgage loans	0	11 089	0	28 840	-	-	-	39 929
Term loans	3 442	5 729	0	53 194	-	-	-	62 365
Finance leasing	0	0	0	6 031	-	-	-	6 031
Current account advances	0	0	0	7 578	-	-	-	7 578
Securitized loans	0	0	0	302	-	-	-	302
Other	0	0	0	7 493	-	-	-	7 493
Equity instruments	16 260	168	5 721	-	-	-	-	22 150
Investment contracts (insurance)	-	9 304	-	-	-	-	-	9 304
Debt instruments issued by	19 107	16 342	42 147	-	12 213	-	-	89 809
Public bodies	12 372	9 718	27 882	-	10 736	-	-	60 708
Credit institutions and investment firms	4 215	1 793	6 518	-	1 021	-	-	13 547
Corporates	2 521	4 831	7 747	-	456	-	-	15 554
Derivatives	17 357	-	-	-	-	339	-	17 697
Total carrying value excluding accrued intrest income	67 630	57 182	47 868	125 195	12 213	339	0	310 427
Accrued interest income [3]	144	286	700	906	283	411	0	2 730
Total carrying value including accrued interest income	67 774	57 468	48 568	126 100	12 497	750	0	313 157

[1] *Of which reverse repos* 32 879

[2] *Of which reverse repos* 7 014

[3] *excluding accrued interest income related to cash balances with central banks for an amount of 43 million EUR; including accrued interest income the cash and cash balances with central banks amount to 3 869 million EUR*

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and receivables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2007								
Loans and advances to credit institutions and investment firms [1]	16 098	15 881	0	21 865	-	-	-	53 843
Loans and advances to customers [2]	2 067	7 730	0	137 254	-	-	-	147 051
Discount and acceptance credit	0	0	0	718	-	-	-	718
Consumer credit	0	0	0	3 893	-	-	-	3 893
Mortgage loans	0	3 254	0	43 871	-	-	-	47 125
Term loans	2 067	4 269	0	66 378	-	-	-	72 714
Finance leasing	0	0	0	6 883	-	-	-	6 883
Current account advances	0	0	0	7 853	-	-	-	7 853
Securitized loans	0	0	0	264	-	-	-	264
Other	0	207	0	7 396	-	-	-	7 603
Equity instruments	17 008	219	4 979	-	-	-	-	22 207
Investment contracts (insurance)	-	9 066	-	-	-	-	-	9 066
Debt instruments issued by	16 697	12 982	41 095	-	12 041	-	-	82 816
Public bodies	5 268	9 269	21 507	-	10 858	-	-	46 902
Credit institutions and investment firms	4 131	1 735	8 152	-	811	-	-	14 829
Corporates	7 298	1 979	11 436	-	372	-	-	21 085
Derivatives	21 689	-	-	-	-	544	-	22 232
Total carrying value excluding accrued interest income	73 559	45 878	46 075	159 119	12 041	544	0	337 215
Accrued interest income [3]	348	334	676	1 488	279	181	0	3 307
Total carrying value including accrued interest income	73 907	46 212	46 750	160 607	12 320	725	0	340 522

[1] *Of which reverse repos* 33 503

[2] *Of which reverse repos* 6 339

[3] *excluding accrued interest income related to cash balances with central banks for an amount of 8 million EUR; including accrued interest income the cash and cash balances with central banks amount to 4 613 million EUR*

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and receivables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2006								
Deposits from credit institutions and investment firms [4]	5 426	15 939	-	-	-	-	38 406	59 771
Deposits from customers and debt certificates [5]	1 399	31 625	-	-	-	-	146 464	179 488
Deposits from customers	270	16 242	-	-	-	-	109 678	126 189
Demand deposits	0	0	-	-	-	-	36 553	36 553
Time deposits	270	16 242	-	-	-	-	39 501	56 012
Saving deposits	0	0	-	-	-	-	29 629	29 629
Special deposits	0	0	-	-	-	-	2 736	2 736
Other deposits	0	0	-	-	-	-	1 259	1 259
Debt certificates	1 129	15 383	-	-	-	-	36 787	53 299
Certificates of deposit	0	9 239	-	-	-	-	15 685	24 924
Customer saving certificates	0	0	-	-	-	-	2 714	2 714
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 129	5 199	-	-	-	-	13 079	19 408
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	945	-	-	-	-	5 308	6 253
Liabilities under investment contracts	-	9 156	-	-	-	-	-	9 156
Derivatives	24 082	-	-	-	-	96	-	24 178
Short positions	5 738	-	-	-	-	-	-	5 738
in equity instruments	1 418	-	-	-	-	-	-	1 418
in debt instruments	4 320	-	-	-	-	-	-	4 320
Other	779	0	-	-	-	-	3 173	3 952
Total carrying value excluding accrued interest expense	37 423	56 720	-	-	-	96	188 044	282 282
Accrued interest expense	208	184	-	-	-	453	849	1 694
Total carrying value including accrued interest expense	37 630	56 904	-	-	-	549	188 893	283 976
[4] Of which repos								*18 333*
[5] Of which repos								*9 071*
31-12-2007								
Deposits from credit institutions and investment firms [4]	7 409	15 028	-	-	-	-	50 667	73 104
Deposits from customers and debt certificates [5]	2 452	21 373	-	-	-	-	168 310	192 135
Deposits from customers	0	13 932	-	-	-	-	123 415	137 347
Demand deposits	0	1 415	-	-	-	-	41 073	42 488
Time deposits	0	12 516	-	-	-	-	50 840	63 357
Saving deposits	0	0	-	-	-	-	27 079	27 079
Special deposits	0	0	-	-	-	-	3 444	3 444
Other deposits	0	0	-	-	-	-	979	979
Debt certificates	2 452	7 441	-	-	-	-	44 895	54 788
Certificates of deposit	0	2 239	-	-	-	-	15 699	17 937
Customer saving certificates	0	0	-	-	-	-	2 956	2 956
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	2 452	4 156	-	-	-	-	19 716	26 324
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	1 046	-	-	-	-	6 524	7 570
Liabilities under investment contracts	-	8 928	-	-	-	-	-	8 928
Derivatives	26 042	-	-	-	-	155	-	26 197
Short positions	4 845	-	-	-	-	-	-	4 845
in equity instruments	3 724	-	-	-	-	-	-	3 724
in debt instruments	1 120	-	-	-	-	-	-	1 120
Other	243	34	-	-	-	-	3 848	4 126
Total carrying value excluding accrued interest expense	40 992	45 362	-	-	-	155	222 826	309 335
Accrued interest expense	307	412	-	-	-	337	1 032	2 087
Total carrying value including accrued interest expense	41 298	45 774	-	-	-	492	223 858	311 422
[4] Of which repos								21 979
[5] Of which repos								8 284

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

Notes available in the annual report only.

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

In millions of EUR	31-12-2006	31-12-2007
Total	2 224	2 233
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 934	1 963
Specific impairment, off-balance-sheet credit commitments	67	84
Portfolio-based impairments	222	186
Breakdown by counterparty		
Impairment for loans and advances to banks	1	6
Impairment for loans and advances to customers	2 142	2 119
Specific and portfolio based impairment, off-balance-sheet credit commitments	80	108

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

Notes available in the annual report only.

Note 31: Technical provisions, insurance

In millions of EUR	31-12-2006	31-12-2007
Gross technical provisions	15 965	17 905
Insurance contracts	8 828	9 474
Provisions for unearned premiums and unexpired risk	453	509
Life assurance provision	4 680	4 968
Provision for claims outstanding	3 312	3 557
Provision for bonuses and rebates	25	29
Other technical provisions	358	411
Investment contracts with DPF	7 138	8 431
Life assurance provision	7 093	8 367
Provision for claims outstanding	0	0
Provision for bonuses and rebates	45	64
Reinsurers' share	290	291
Insurance contracts	290	291
Provisions for unearned premiums and unexpired risk	24	21
Life assurance provision	8	3
Provision for claims outstanding	257	266
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life assurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

Technical provisions relate to insurance contracts and investment contracts with a discretionary participation feature (DPF).

Liabilities under investment contracts without DPF have to be valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts. Liabilities under investment contracts without DPF are included in the overview on financial liabilities in note18.

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

Notes available in the annual report only.

Note 35: Parent shareholders' equity

in number of shares	31-12-2006	31-12-2007
Total number of shares issued and fully paid up	365 823 520	357 704 668
Breakdown by type		
Ordinary shares	363 217 068	355 115 321
Other equity instruments	2 606 452	2 589 347
of which ordinary shares that entitle the holder to a dividend payment	*352 870 300*	*342 568 138*
of which treasury shares	*15 823 991*	*15 441 530*
Other information		
Par value per share (in euro)	3.40	3.48
Number of shares issued but not fully paid	0	0

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

At 31 December 2007, there were 355 115 321 ordinary shares in circulation. No participation certificates or non-voting shares have been issued. The shares are quoted on Euronext Brussels and on the Luxembourg Stock Exchange.

At 31 December 2007, KBC group companies held 15 441 530 KBC shares (15 398 652 excluding the shares held in the trading book of KBC Securities and KBC Financial Products). This number includes, inter alia:

- the shares that are held to meet requirements under the various employee stock option plans (as at 31 December 2007: 1 037 895 shares).
- the 10 436 312 shares that were bought in 2007 in relation to the 3-billion-euro share buyback programme. These shares will not be cancelled (unless the par value of the repurchased shares exceeds 10% of issued capital; in such case the excess will be cancelled).

The calculation of the number of shares entitled to dividend takes into account the fact that the Annual Meeting in April 2007 decided not to pay dividend on (at that time) 2 000 000 treasury shares bought in relation to the 2007-2009 buyback programme. It also takes into account that the other buybacks of 2007 and 2 000 000 treasury shares bought before the date of the annual meeting in 2008 will not be entitled to dividend.

At 31 December 2007, there were 2 589 347 mandatorily convertible bonds in circulation, for a nominal amount of 181 million euros, with a maturity date of 30 November 2008 and a base rate of 3.5% (as of 2000, related to changes in the dividend on the KBC share), which had not yet been converted into ordinary shares. Holders of these MCBs are entitled, until 30 November 2008, to request that their MCBs will be converted according to a ratio of one KBC ordinary share for one MCB. MCBs which have not been converted by their holders will be converted automatically into ordinary shares at maturity. MCBs only carry voting rights when converted into ordinary shares.

N.B.: Prefered trust securities are not included in parent shareholders' equity, but in minority interest.
At 31 December 2007, there were no freely convertible bonds outstanding.

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing
Note 38: Related party transactions
Note 39: Auditor’s fee

Notes available in the annual report only.

Note 40: List of significant subsidiaries and associated companies

Company	Business unit (*)	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING				
Fully consolidated subsidiaries				
Absolut Bank	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
CSOB a.s.	CEER	Prague - CZ	100.00	Credit institution
Economic and Investment Bank AD	CEER	Sofia - BG	75.59	Credit institution
Fin-Force NV	GR	Brussels - BE	90.00	Processing financial transactions
IIB Bank Plc	MB	Dublin - IE	100.00	Credit institution
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	99.76	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	MB	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	100.00	Clearing
KBC Commercial Finance NV (ex-International Factors 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	99.99	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 Rt.	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	34.00	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
A Banka A.D.	CEER	Belgrado - RS	100.00	Credit institution
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	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	89.37	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
K&H Insurance	CEER	Budapest - HU	100.00	Insurance company
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
VTB-VAB NV	B	Zwijndrecht - BE	64.80	Car assistance
TUIR WARTA SA	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 France sa	EPB	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.91	Credit institution
Merck Finck & Co.	EPB	München - DE	99.91	Credit institution
Puilaetco 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 (ex-KBC Exploitatie)	GR	Brussels - BE	100.00	Cost sharing structure
KBC Groep NV	GR	Brussels - BE	100.00	Holding

(*) B=Belgium business unit, MB= Merchant Banking business unit, 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
			31-12-2006	31-12-2007	
ADDITIONS					
Banking	Absolut Bank	Full	-	95.00%	in profit as of 3Q07
Banking	Economic and Investment Bank AD	Full	-	75.59%	in profit as of 1Q08
Insurance	A Banka A.D.	Full	-	100.00%	in profit as of 1Q07
Insurance	DZI Insurance	Full	-	89.37%	in profit as of 4Q07
EXCLUSIONS					
Banking	Banksys and Bank Card Company	Equity	-	-	sold in 4Q 2006
KBL European Private Bankers	Banco Urquijo SA	Full	-	-	sold in 3Q 2006
KBL European Private Bankers	Banca KBL Fumagalli Soldan	Full	99.88%	-	sold in 2Q 2007
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	KBC Commercial Finance NV (ex-International Factors NV)	Full	50.00%	100.00%	2Q07: acquisition of the remaining 50%; change consolidation method from proportional consolidation to full consolidation
Banking	CSOB a.s.	Full	97.44%	100.00%	2Q07: squeeze out of minority shareholders

Note 42: Post-balance sheet events

Significant (non-adjusting) events between the balance sheet date (31 December 2007) and the publication of this report (14 February 2008):

- KBL European Private Bankers, the KBC group business unit specialised in private banking, and Richelieu Finance, the well known Paris-based asset management firm, have signed an agreement in principle on the 100% acquisition of Richelieu Finance. The signing of the final, detailed agreement is still subject to due diligence and regulatory approval.
- The Group is about to conclude a settlement agreement with insurance companies in connection with a legal dispute. Additional disclosure about this settlement agreement is not provided because such disclosure could prejudice the Group' s position on the subject of the matter.

Note 43: General information (IAS 1)

Note available in the annual report only.

Limited risk management information

Extensive risk management data for 31-12-2007 is provided in KBC's 2007 Annual Report. A summary update of this information is provided below. For an explanation regarding the methodology used, please refer to the 2007 Annual Report.

Credit risk data

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

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2006	31-12-2007
Total loan portfolio (in billions of EUR)		
Amount granted	185.7	208.2
Amount outstanding	138.6	163.5
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	29.0%	27.9%
Central & Eastern Europe and Russia Business Unit	18.4%	21.4%
Merchant Banking	50.6%	48.8%
European Private Banking	2.0%	1.9%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.0%	6.6%
Electricity	2.7%	1.8%
Aviation	0.5%	0.4%
Automobile industry	2.9%	2.6%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 324	3 446
Specific loan impairment	2 001	2 048
Portfolio-based loan impairment	222	186
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	0.07%	0.13%
Central & Eastern Europe and Russia Business Unit[1]	0.58%	0.26%
Merchant Banking	-0.01%	0.02%
European Private Banking	-0.10%	1.03%
Total	0.13%	0.13%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 221	2 386
Specific loan impairment for NP loans	1 541	1 505
Non-performing ratio, per business unit		
Belgium	1.5%	1.6%
Central & Eastern Europe and Russia Business Unit	2.4%	2.1%
Merchant Banking	1.3%	1.0%
European Private Banking	1.9%	1.7%
Total	1.6%	1.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	69%	63%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	100%	94%

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

[1]Broken down as follows for 31-12-2007:

CZ/SK: 0.274%, Hungary: 0.621%, Poland: - 0.343%, Russia: 0.206% and Serbia: 1.696%.

Asset/Liability management data

The first table shows - for the banking business - the extent to which the value of the portfolio would change (basis-point-value or BPV) if interest rates were to fall by ten basis points across the entire curve (positive figures indicate an increase in the value of the portfolio). The figures relate to KBC Bank, CBC Banque, Centea, KBC Lease, KBC Deutschland, IIB Bank, KBC Bank Nederland, Antwerpse Diamantbank, ČSOB, K&H Bank, Kredyt Bank and KBL EPB.

The second table provides - for the insurance business - an overview of the composition of the investment portfolio. In the consolidated financial statements of KBC Group, the insurer's investment portfolio is not shown as such, but is spread over various balance sheet items.

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2006	76
Average 2Q 2006	87
Average 3Q 2006	88
Average 4Q 2006	74
Average 1Q 2007	70
Average 2Q 2007	54
Average 3Q 2007	44
Average 4Q 2007	46
31-12-2007	48
Maximum in 2007	74
Minimum in 2007	42

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2006	31-12-2007
Bonds and other fixed-income securities	13 145	14 646
Shares and other variable-yield securities	4 529	4 323
Loans and advances to customers	148	156
Loans and advances to banks	1 010	1 795
Property and equipment and investment property	228	285
Liabilities under investment contracts, unit-linked	9 367	9 098
Other	131	112
Total investment portfolio KBC Insurance	28 558	30 414

Market risk data

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

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products
Average 1Q 2006	4	9
Average 2Q 2006	4	12
Average 3Q 2006	3	8
Average 4Q 2006	3	7
Average 1Q 2007	4	10
Average 2Q 2007	4	10
Average 3Q 2007	4	13
Average 4Q 2007	5	15
31-12-2007	5	13
Maximum in 2007	7	19
Minimum in 2007	3	4

Glossary and other information

Content:

Glossary and other information

KBC Group, 4Q & FY 2007

Glossary of ratios used

CAD ratio (banking)

[consolidated regulatory capital] / [total risk-weighted volume]. Detailed calculations in the 'Value and risk management' chapter of the annual report.

Claims reserve ratio

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

Combined ratio (non-life insurance)

[net claims incurred / net earned premiums] + [net expenses / net written premiums].

Cost/income ratio (banking)

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

Cover ratio

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

Earnings per share, basic

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

Earnings per share, diluted

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

Gearing ratio

[sum of the consolidated equity of KBC Bank, KBC Insurance, KBL EPB, KBC Global Services and the participations of the former Gevaert group] / [consolidated equity of KBC group]

Loan loss ratio

[net changes in individual and portfolio-based impairment for credit risks]/ [average outstanding loan portfolio].

Non-performing ratio

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

Parent shareholders' equity per share

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

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

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

- profit of a business unit is the sum of the profit of the companies belonging to the business unit, corrected for the funding cost of goodwill (related to the companies in the business unit) and allocated central governance expenses.
- The allocated equity to a business unit is based on a tier-1 ratio of 8% of risk-weighted assets for banking activities and a solvency ratio of 200% for the insurance activities. In the banking business, allocated tier-1 capital consists of core equity (85%) and preference shares (15%), while in the insurance business, allocated capital consists purely of core equity. To calculate ROAC, only core equity is taken into account in the denominator. The risk-weighted assets of the banking activities are calculated according to Basel I.

Return on equity

[profit after tax, attributable to the equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments].

Solvency ratio (insurance)

[consolidated available capital of KBC Insurance] / [minimum required capital of KBC Insurance]. Detailed calculations in the 'Value and risk management' chapter of the annual report.

Tier-1 ratio (banking)

[consolidated tier-1 capital] / [total risk-weighted volume]. Detailed calculations in the 'Value and risk management' chapter of the annual report.

Credit ratings

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

Since 31-12-2007, following changes occurred in these ratings:

- Moody's reviewed its new methodology, which resulted in an Aa2 long-term rating for KBC Bank and an Aa3-rating for KBC Group NV.

Ratings, 31-12-2007	Long-term rating (+ outlook)		Short-term rating
Fitch			
KBC Bank	AA-	(stable)	F1+
KBC Insurance (claims-paying ability)	AA	(stable)	F1+
KBC Group NV	AA-	(stable)	F1+
Moody's			
KBC Bank	Aa2	(stable)	P1
KBC Group NV	Aa3	(stable)	P1
Standard and Poor's			
KBC Bank	AA-	(stable)	A1+
KBC Insurance (claims-paying ability)	AA-	(stable)	-
KBC Group NV	A+	(stable)	A1

Financial targets

End 2006, KBC set new financial targets for the period 2007-2009. These include targets for the return on equity of the group, the growth in earnings per share of the group, the cost/income ratio of the banking activities of the group, the combined ratio of the non-life insurance activities of the group, and the solvency ratios for the banking (tier-1 ratio) and insurance (solvency ratio) activities of the group. These targets are shown in the table below.

Group financial targets	Target level	achieved
Return on equity (ROE), group	18.5%	on average in 2007-2009
Earnings per share (EPS) growth, group	12%	as CAGR in 2007-2009
Cost/income ratio (CI), banking activities	55%	by 2009
Combined ratio, non-life insurance activities	95%	by 2009
Tier-1 ratio, banking activities (Basel I)	8%	in 2007-2009
Solvency ratio, insurance activities	200%	in 2007-2009

Profitability and cost targets are based on the underlying results.

Share buyback programme

At the end of 2005, KBC announced a 1 billion euros share buyback programme for 2006. This programme was finished in the course of November 2006: in total 11.7 million shares were bought, at an average price of 85.08 euros per share. All of these shares were cancelled.

End 2006, KBC announced a new 3 billion euros share buyback programme for the next three years. The purchases are effected on the open market. It is intention not to pay any dividends on these shares. Only when the total number of treasury shares at KBC Group exceeds 10% of the total number of shares, the (number in excess of this 10% of) shares will be cancelled. The size or maturity of the new programme may be adjusted in the case of significant changes in market conditions or following new important acquisition opportunities. As at 31 December 2007, the number of treasury shares bought under this programme stood at 10 436 312.

KBC Group shares, 31-12-2007	number
Ordinary shares	355 115 321
of which held by KBC Group companies (treasury shares)	15 441 530
Related to the share buy-back programme ad 3 billion (2007-2009)	10 436 312
Other [2]	5 005 218
Mandatorily convertible bonds (MCBs)[3]	2 589 347

1 Data based on value date.

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

3 Number of shares on conversion.

Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2006	31-12-2007
By business unit		
Belgium	142 866	161 680
Central & Eastern Europe and Russia	9 979	12 999
Merchant Banking	737	2 249
European Private Banking	54 978	54 462
Total	208 560	231 390
By product or service		
Investment funds for private individuals	85 184	92 572
Assets managed for private individuals	74 485	81 874
Assets managed for institutional investors	33 470	39 778
Group assets (managed by KBC Asset Management)	15 420	17 165
Total	208 560	231 390

Solvency

On the next pages, the calculation of the Tier-1 ratio and CAD ratio is shown, for KBC Bank and KBL EPB separately. For 31-12-2007, both a Basel I and a Basel II calculation are provided.

The calculation based on Basel I follows the same methodology as was used in the calculation in earlier annual reports.

The Basel II calculation for KBC Bank takes into account the specific Basel II rules for the calculation of weighted risks (which essentially differ from Basel I as to the calculation of the charge for credit risk and which also add a charge for operational risk). Note that Basel II is not yet being used in all entities throughout the group (as at 31-12-2007, the entities for which the calculation is based on Basel II account for roughly 3/4th of total weighted risks, the remainder is still calculated according to Basel I).
Moreover, in the Basel II calculation, the 'IRB credit provision excess (i.e. the difference between the loan loss impairment on the balance sheet and the expected loss) is added to the tier-2 capital, while in case of shortage it is substracted 50% from tier 1-capital and 50% from the tier-2 capital. Moreover 50% of 'items to be deducted' is substracted from the tier-1 capital. Items to be deducted' include mainly participations in and subordinated claims to financial institutions in which KBC has between a 10% to 50% share - predominantly NLB - as well as KBC Group shares held by KBC Bank; under Basel I, 'items to be deducted' are 100% substracted from tier-2 capital.
The calculation for KBL EPB is, for the time being, simplified (limited to the deduction of 50% of 'items to be deducted' from the tier-1 capital).

Solvency KBC Bank

In millions of EUR	KBC BANK	31-12-2006 Basel I	31-12-2007 Basel I	31-12-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		13 728	15 543	15 723
Tier-1 capital		10 407	11 525	10 942
Parent shareholders' equity		10 603	12 342	12 342
Intangible fixed assets		- 123	- 197	- 197
Goodwill on consolidation		- 709	- 1 811	- 1 811
Preference shares / Hybrid Tier One		1 561	1 694	1 694
Minority interests		529	584	584
Elimination	Mandatory convertible bonds	- 186	- 186	- 186
	Revaluation reserve available-for-sale assets (AFS)	- 555	46	46
	Hedging reserve (cash flow hedges)	- 46	- 73	- 73
	Minority interest in AFS reserve & hedging reserve	- 7	2	2
Dividend payout assumed		- 661	- 876	- 876
Items to be deducted (*)		-	-	- 583
Tier-2 & 3 capital		3 321	4 018	4 782
Mandatory convertible bonds		186	186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)		712	581	581
Revaluation reserve AFS shares (at 90%)		433	154	154
Minority interest in revaluation reserve AFS shares (at 90%)		3	2	2
IRB provision excess		-	0	139
Subordinated liabilities		3 311	4 285	4 285
Tier-3 capital		14	18	18
Items to be deducted (*)		- 1 339	- 1 208	- 583
Weighted risks				
Total weighted risk volume		123 127	147 444	128 536
Credit risk		113 264	136 677	107 461
Market risk		9 863	10 767	12 329
Operational risk		-	-	8 747
Solvency ratios				
Tier-1 ratio		8.5%	7.8%	8.5%
CAD ratio		11.1%	10.5%	12.2%

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

Solvency KBL EPB

In millions of EUR	KBL EPB	31-12-2006 Basel I	31-12-2007 Basel I	31-12-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		1 413	1 447	1 447
Tier-1 capital		846	881	881
Parent shareholders' equity		1 737	1 308	1 308
Intangible fixed assets		- 46	- 47	- 47
Goodwill on consolidation		- 239	- 242	- 242
Preference shares / Hybrid Tier One		110	121	121
Minority interests		0	0	0
Elimination	Other tier 2 instruments	- 18	- 18	- 18
	Revaluation reserve available-for-sale assets (AFS)	- 118	- 39	- 39
	hedging reserve (cash flow hedges)	0	0	0
	Minority interest in AFS reserve & hedging reserve	0	0	0
Dividend payout assumed		- 581	- 201	- 201
Items to be deducted (*)		-	-	- 1
Tier-2 capital		567	565	566
Mandatory convertible bonds		0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)		18	18	18
Revaluation reserve AFS shares (at 90%)		105	79	79
Minority interest in revaluation reserve AFS shares (at 90%)		0	0	0
IRB provision excess		-	-	-
Subordinated liabilities		452	469	469
Tier-3 capital		0	0	0
Items to be deducted (*)		- 8	- 1	- 1
Weighted risks				
Total weighted risk volume		5 841	6 610	6 610
Credit risk		5 065	5 954	5 954
Market risk		776	655	655
Operational risk		-	-	-
Solvency ratios				
Tier-1 ratio		14.5%	13.3%	13.3%
CAD ratio		24.2%	21.9%	21.9%

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

Solvency KBC Insurance

in millions of EUR	31-12-2006	31-12-2007
Available capital		
Share capital	29	29
Share premium account	122	122
Reserves	2 301	2 600
Revaluation reserve available-for-sale (AFS) investments	1 459	953
Translation differences	27	37
Dividend payout	- 430	- 617
Minority interests	13	35
Subordinated liabilities	1	0
Intangible fixed assets (-)	- 19	- 24
Goodwill on consolidation (-)	- 195	- 495
Available capital	3 308	2 641
Required capital		
Non-life and industrial accidents - legal lines	268	301
Annuities	8	8
Required solvency margin for the Non Life business	276	308
Branch 21	589	661
Branch 23	20	24
Required solvency margin for the Life business	609	685
Other	0	4
Total required solvency margin	884	997
Solvency ratios and surplus		
Solvency ratio	374%	265%
Solvency surplus	2 423	1 643

IR contacts

Contact details for investors and analysts	
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Powerpoint presentation

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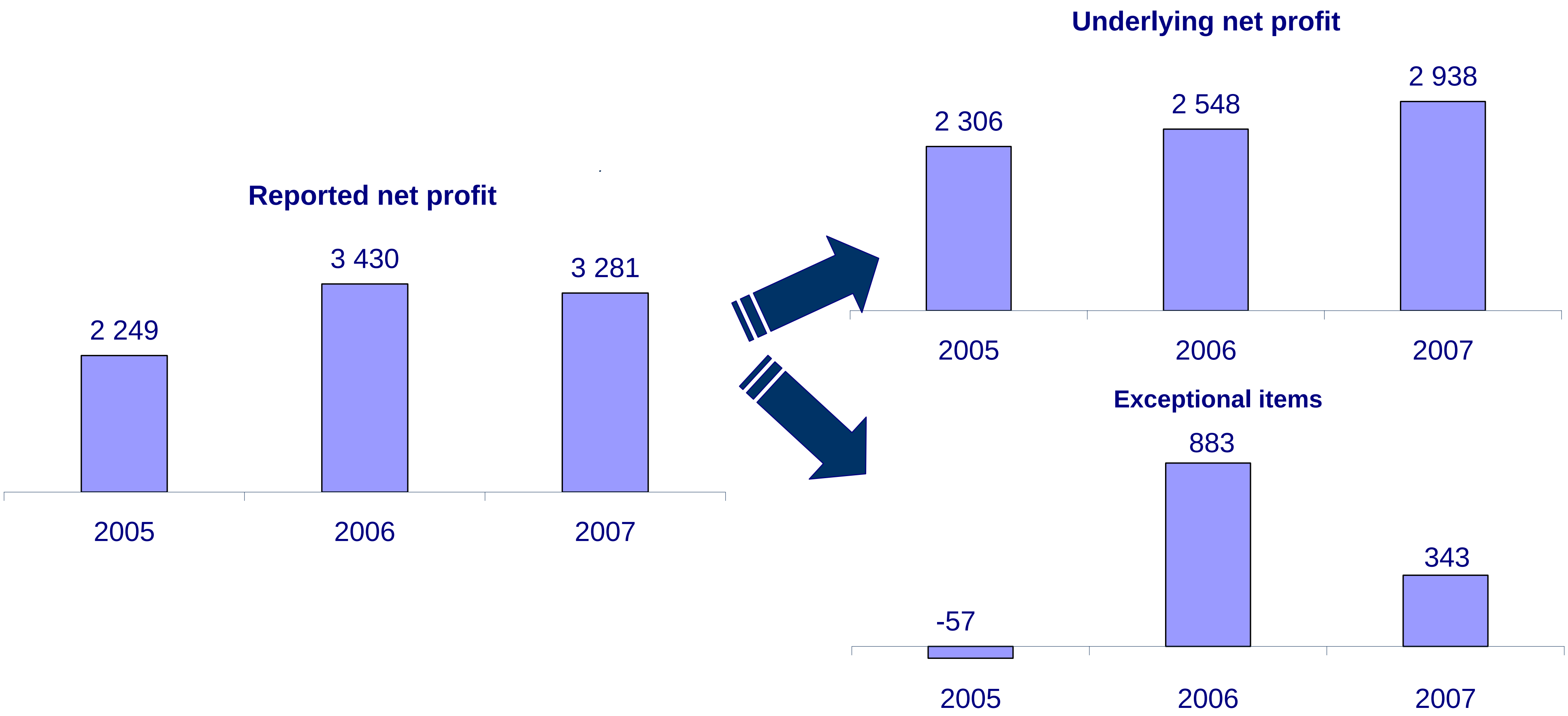
Highlights

Full-year financial highlights

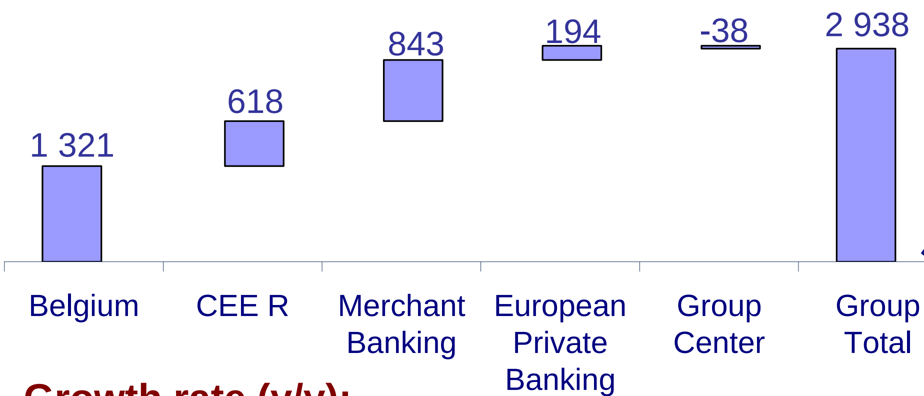


Note: All of the following slides of this presentation refer to underlying P&L figures

Full-year financial highlights (2)

Underlying net profit

in m euros

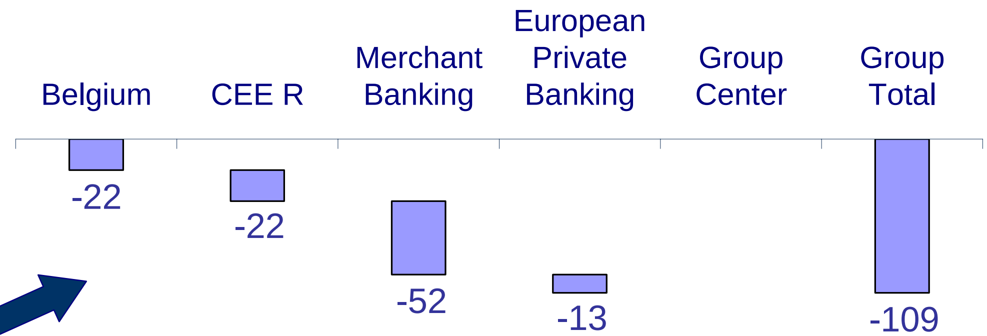


Growth rate (y/y):

20% 45% -3% 7% 15%

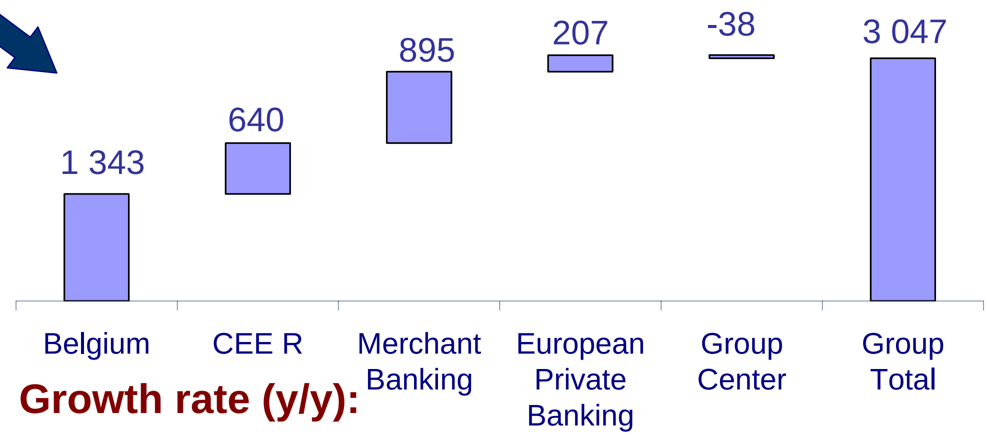
Mark-to market adjustment of assets with subprime exposure (after tax)

in m euros



Underlying net profit excl. mark-to market adjustment of assets with subprime exposure

in m euros



Growth rate (y/y):

22% 50% 3% 15%

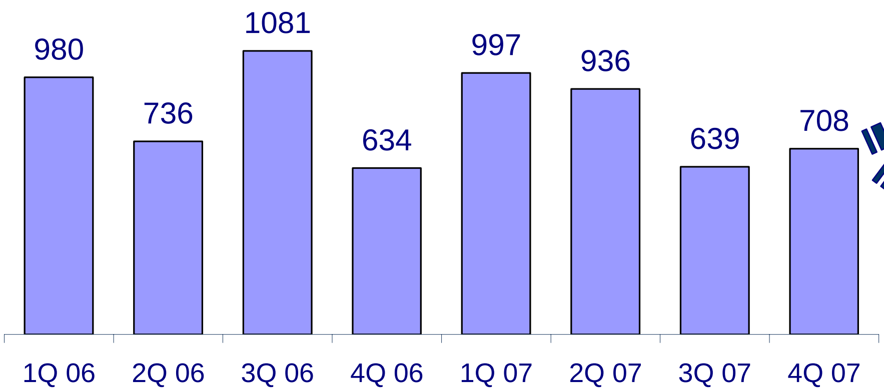
Financial headlines in 2007

- Underlying net result came to 2 938m, up 15% year-on-year
- Continuing business growth on a like-for-like basis: customer loans up 15%, customer deposits 6%. Assets under management grew by 11%, life insurance reserves up 7%
- Continued solid top-line dynamics: on underlying basis Net Interest Income up 10%, Net Fees & Commissions up 7% year-on-year, Gross Earned Premiums, insurance up 20%
- Trading Income dropped by 21%, mainly due to the adverse situation on financial markets
- Costs under control, 2% organic cost increase
- Solid underwriting results in insurance: combined ratio at 96% (94%, excluding impacts of storm Kyrill)
- Limited loan losses: loan loss ratio stable at 13 basis points
- Underlying return on equity: 18.5% on a par with the targeted level

Quarter under review - Financial highlights

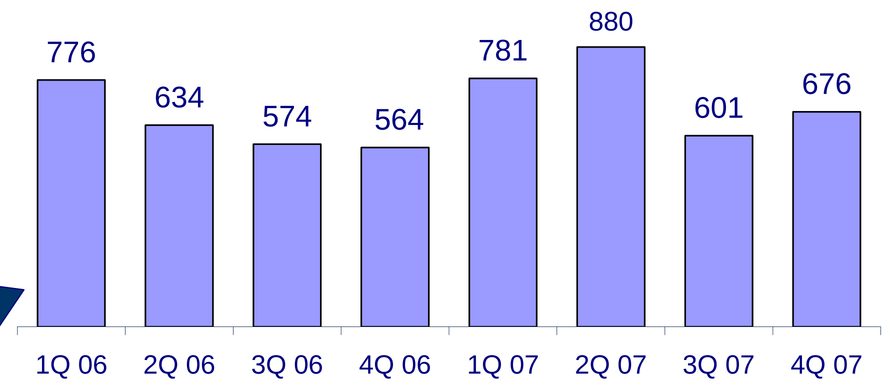
Reported net profit

in m euros



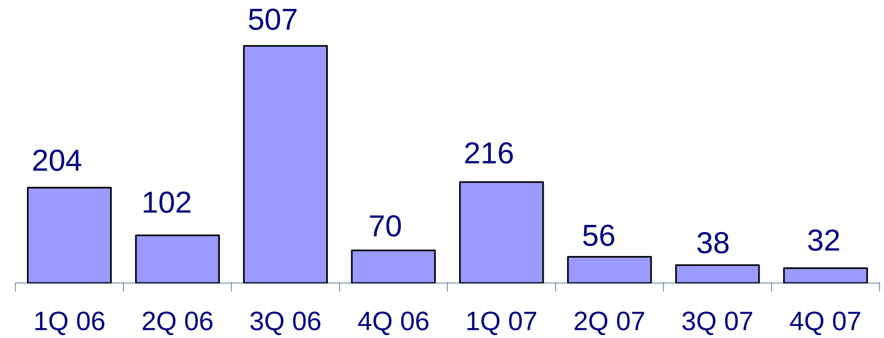
Underlying net profit

in m euros



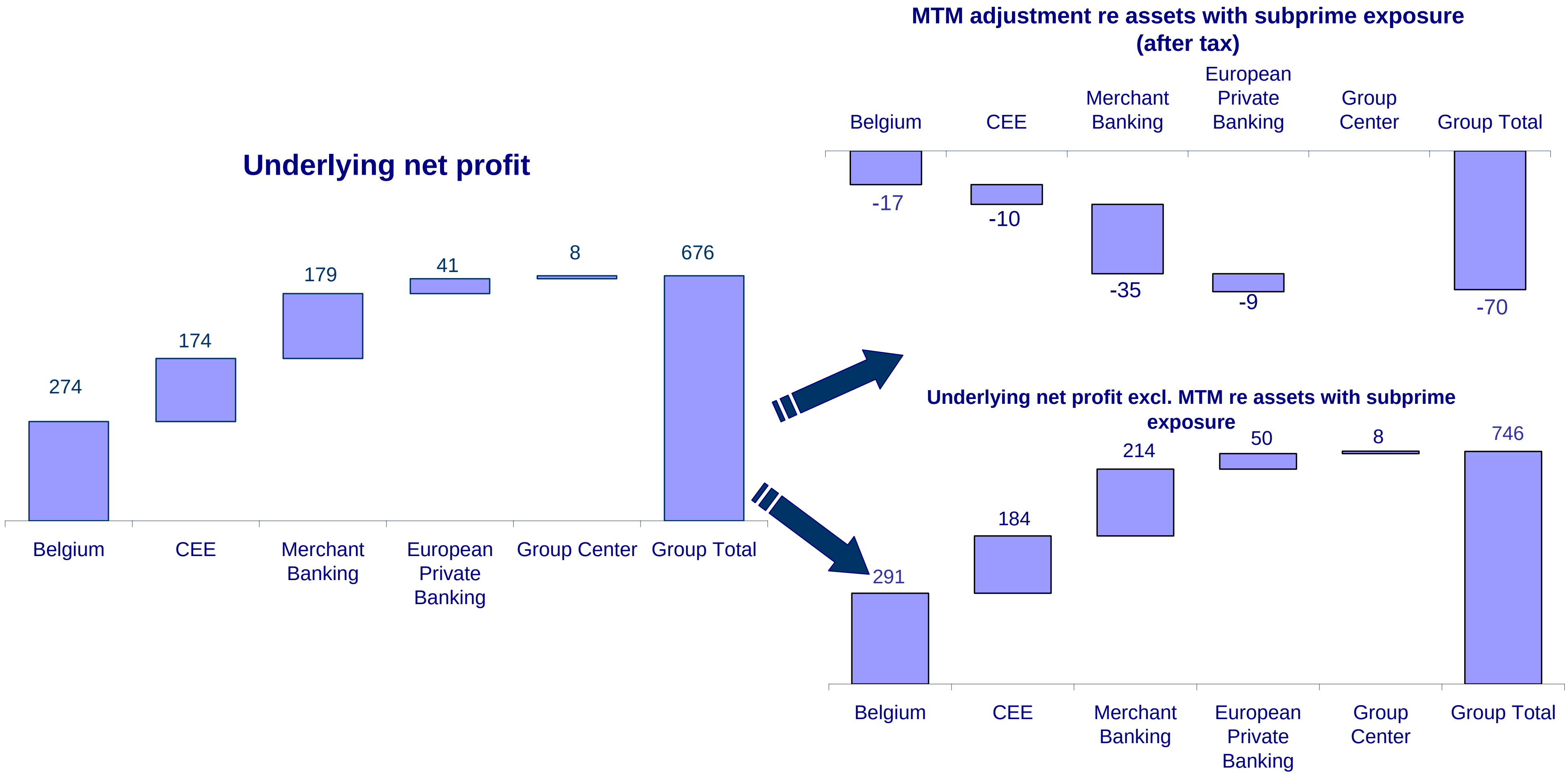
Exceptional items

in m euros



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

4Q P&L impact of subprime exposure



Quarter under review – Financial headlines

- Underlying net result came to 676m, up 20% y/y
- Lending growth remained sound, especially in CEE R (on organic basis +23%, y/y)
- Declining NIM trend reversed, shift to term deposits came to an end
- Cost increase limited to 3% y/y on a like-for-like basis
- No signs of deterioration in customer loan quality
- Negative 70m MtM posted re CDOs (after-tax)
- Robust solvency: Tier-1 ratio, banking at 8.7% (according to Basel-II), solvency ratio, insurance at 265%

Analysis of results

Group

Volumes q/q

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, q/q	+5%	+14%	+0%	+0%	+3%
Belgium	+3%	+3%	+5%	+1%	+2%
CEE R	+9%	+14%	+1%	+2%	+9%
- CZ/Slovakia	+5%	+17%	+2%	+1%	+3%
- Hungary	+9%	+7%	-3%	+6%	+5%
- Poland	+9%	+14%	-4%	+2%	+32%
Merchant Banking	+4%	-	-14%	-	-
Private Banking	-	-	-	-4%	+1%

Notes:

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

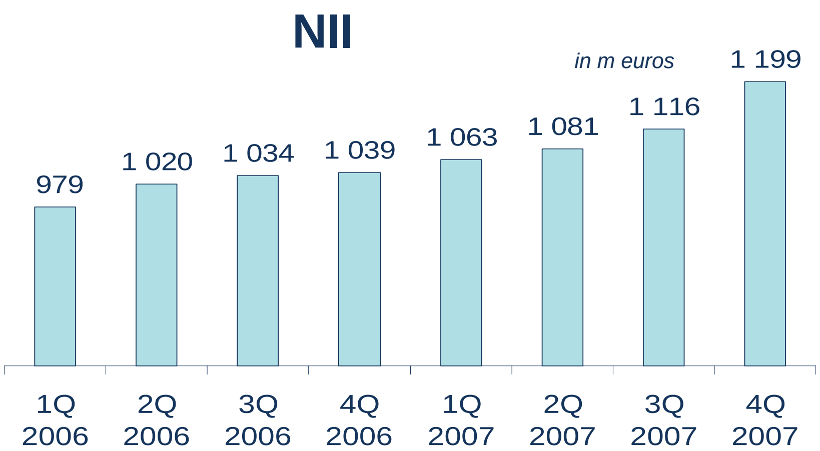
Volumes y/y

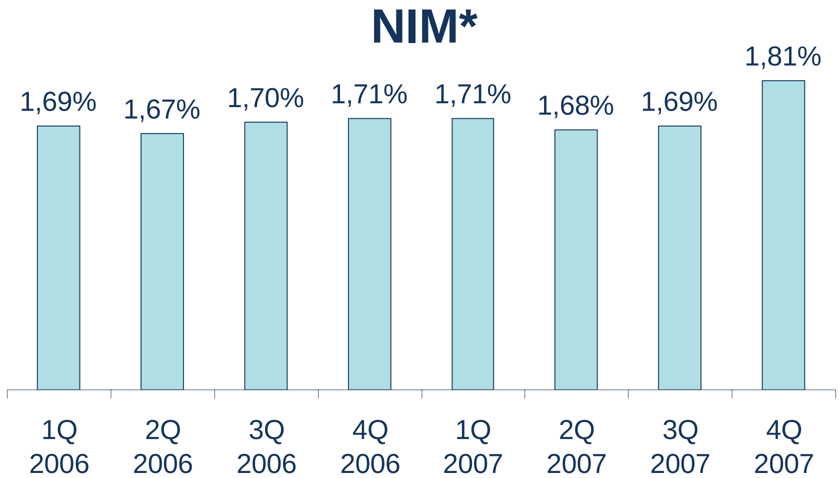
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, y/y	+15%	+16%	+6%	+11%	+6%
Belgium	+14%	+9%	+9%	+13%	+5%
CEE R	+23%	+45%	+11%	+27%	+17%
- CZ/Slovakia	+27%	+48%	+13%	+20%	+6%
- Hungary	+5%	+20%	+3%	+27%	+46%
- Poland	+42%	+87%	+5%	+52%	+37%
Merchant Banking	+16%	-	-8%	-	-
Private Banking	-	-	-	+0%	+9%

Notes:

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

Revenue trend - Group





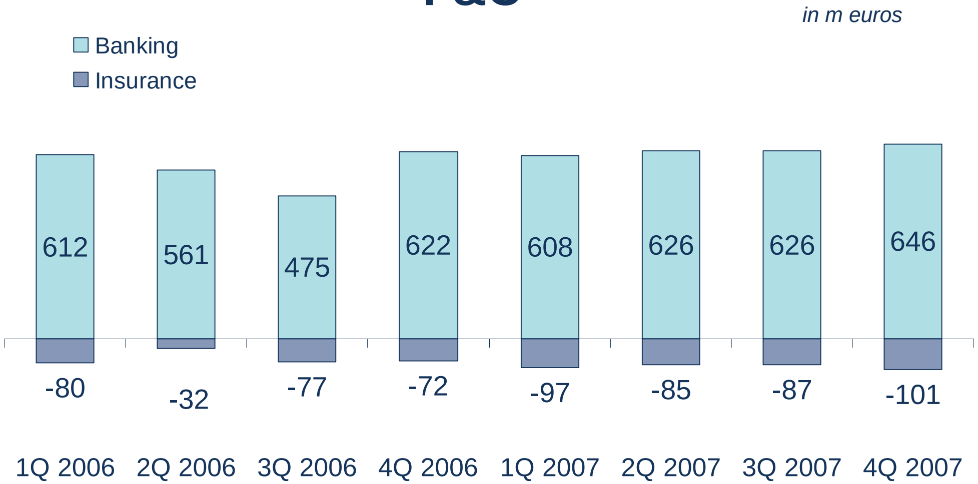
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

- Steadily growing NII (1 199m), up 7% q/q, 12% y/y on an organic basis (excluding changes in consolidation scope)
- Mainly driven by solid volume growth: loans and deposits up y/y 15% and 6%, respectively on an organic basis
- NIM (1,81%) higher than in previous quarters, partly on the back of capital increase realized in Belgium[1]

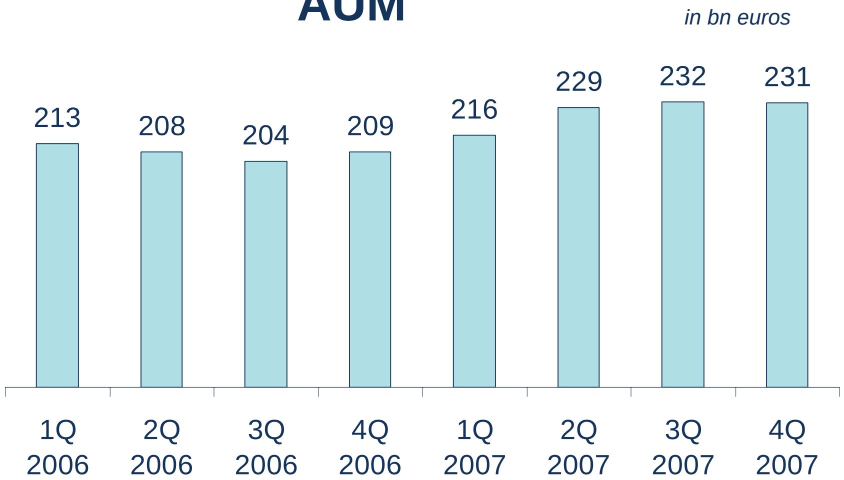
[1] intragroup transaction, where capital is shifted from holding company to banking subsidiary level

Revenue trend - Group

F&C

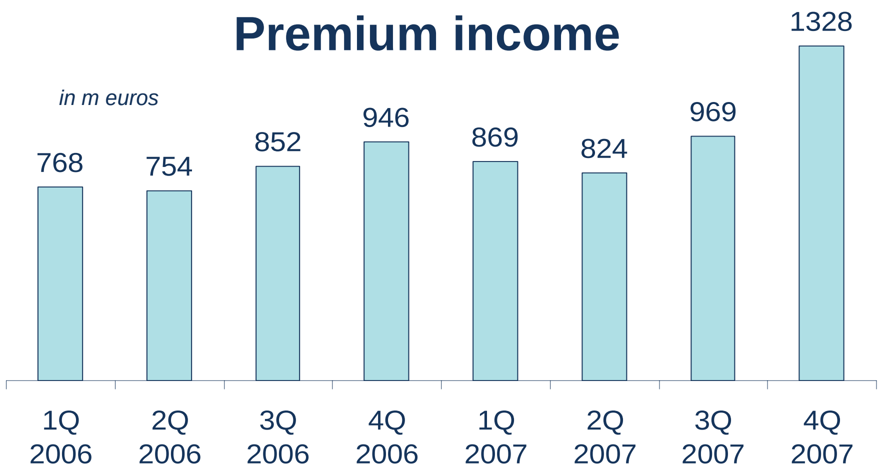


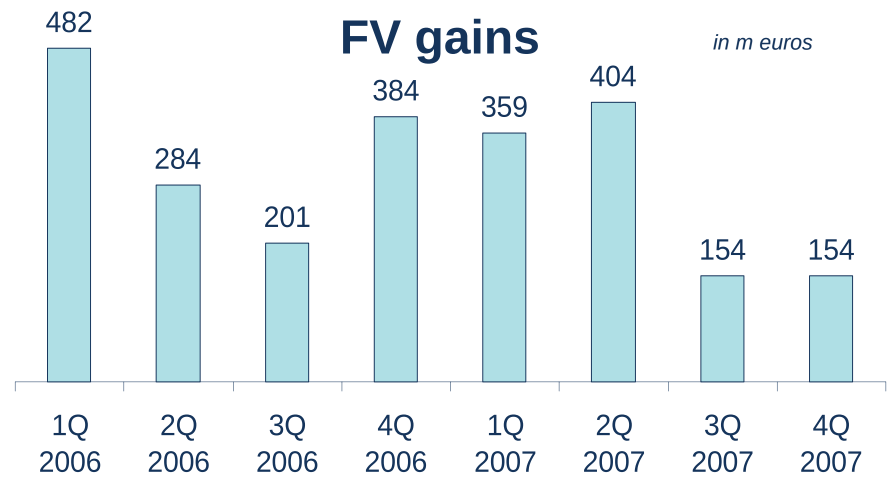
AUM



- Net F&C (546m) roughly flat q/q and y/y on a comparable basis
- Higher fees received for banking and asset management services offset by higher commissions paid for higher insurance sales
- AUM (231bn) roughly stable q/q, up 11% y/y entirely thanks to new inflows (price effect: 0%)

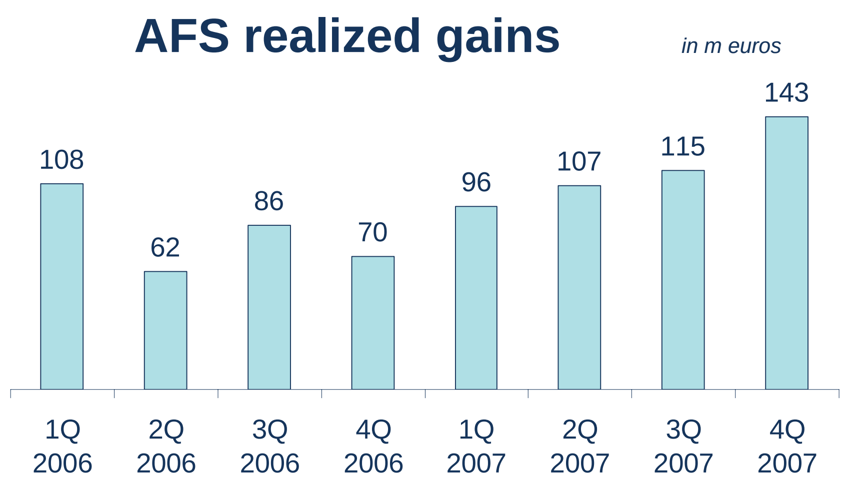
Revenue trend - Group

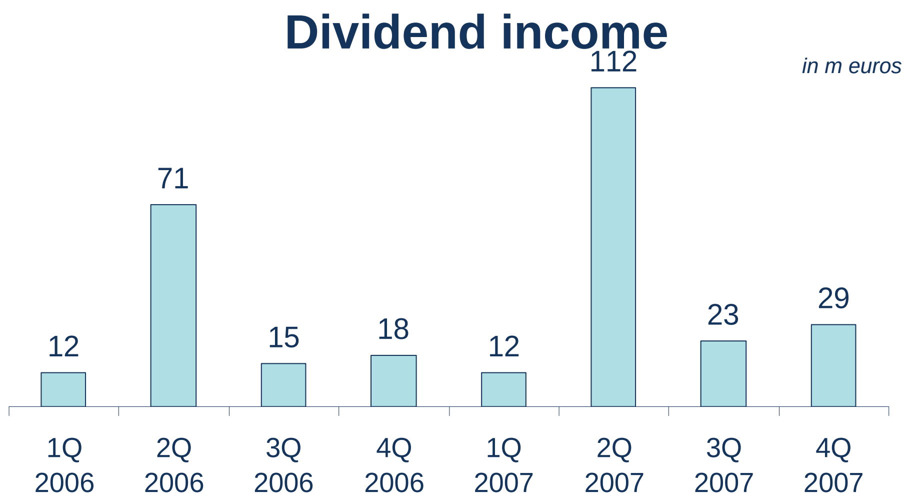




- Earned premium (1328m) up 37% q/q and 40% y/y on the back of higher life insurance sales (up 53% both q/q and y/y, on a like-for-like basis)
- FV gains (154m) :
  - Better-than-expected performance of most trading activities notwithstanding still difficult capital market situation (excluding CDOs and credit derivative business)
  - MTM adjustments on CDO portfolio (114m pre-tax, 70m after-tax). Additional markdown of 39m (pre-tax), to cover increased counterparty risk of credit insurers (23m after-tax)

Revenue trend - Group





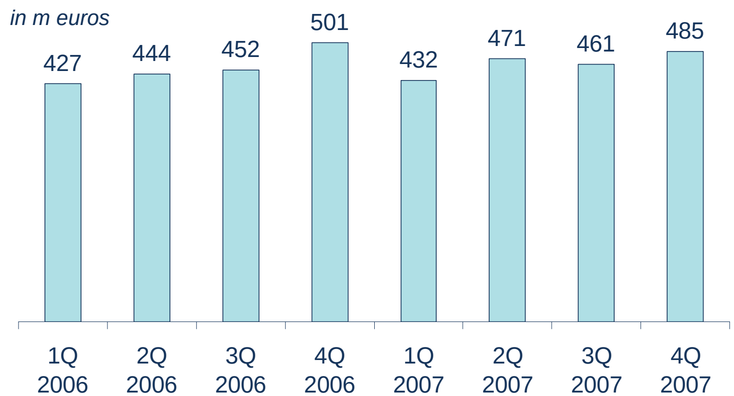
- AFS gains (143m):
  - related predominantly to shares sold in the investment portfolio on the insurance business (Business Unit Belgium)
  - result of the public tender offer of ABN-Amro: 41m
- Dividend income (29m) in line with the previous quarters (seasonal peak in the second quarter)

Operating expenses - Group

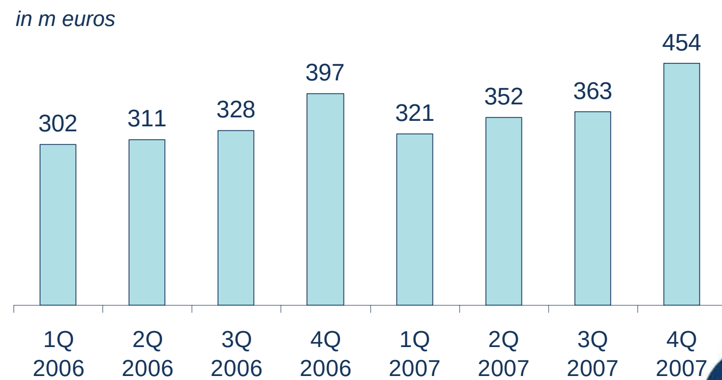
Operating expenses, consolidated

C/I, banking	**FY 05**	**FY 06**	**FY 07**
Belgium	55%	58%	59%
CR/SR	60%	57%	52%
Hungary	70%	63%	59%
Poland	78%	72%	70%
Russia	n/a	n/a	72%
Merchant Banking	48%	50%	53%
Private Banking	72%	73%	65%
Total	**58%**	**58%**	**58%**

Operating expenses, Belgium



Operating expenses, CEE R



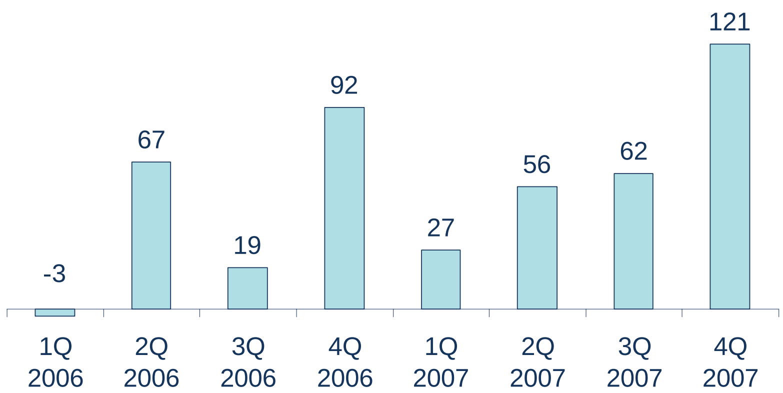
Operating expenses - Group

- q/q evolution: expenses up 11% on comparable basis, due to:
  - higher (seasonal) marketing costs
  - bonus accruals
  - costs related to the start-up of consumer finance activities (ca. 10m)
  - restructuring charges in European Private Banking (9m)
- y/y developments: on a comparable basis and disregarding writebacks of provisions expenses down 3%
  - normal cost inflation offset by better usage of cost budgets throughout the year
  - lower income-related expenses in capital market activities (Merchant Banking)
  - costs down 3% in Belgium, flat in CEE R (organic, excluding FX impacts) and flat in European Private Banking
- FY Cost/Income ratio at 58% (underlying), stable compared to FY 06

Impairment - Group

Impairment, consolidated

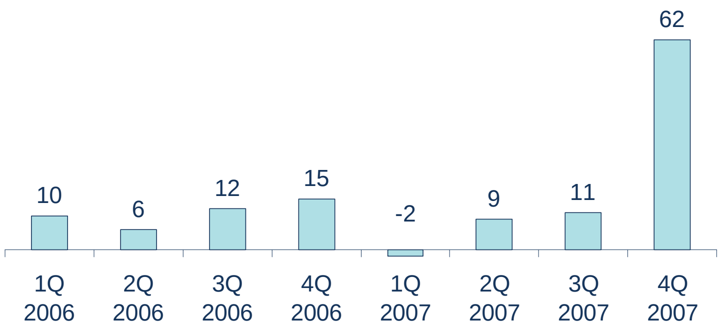
in m euros



Loan loss ratio	FY 05	FY 06	FY 07
Belgium	0.00%	0.07%	0.13%
CR/Slovakia	0.40%	0.36%	0.27%
Hungary	0.69%	1.50%	0.62%
Poland	0.00%	0.00%	0.00%
Russia	n/a	n/a	0.21%
Merchant Banking	0.00%	0.00%	0.02%
Total	**0.01%**	**0.13%**	**0.13%**

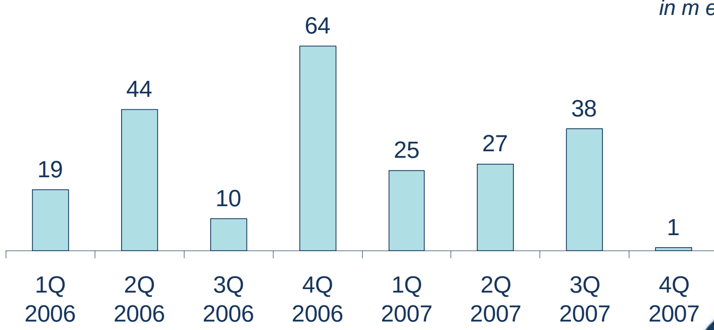
Impairment, Belgium

in m euros



Impairment, CEE R

in m euros



Impairment - Group

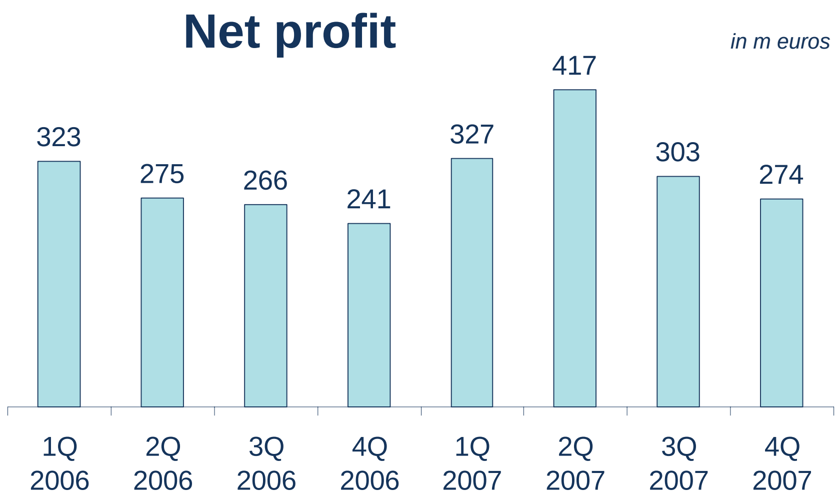
- 4Q 07 total impairment: 121m, of which 54m related to the loan portfolio
- Methodology for establishing portfolio-based loan loss provisions changed (using the IRB-advanced Basel-II approach)
- Methodology change resulted a net reversal of 27m on consolidated level, of which:
  - in Belgium: 28m additional impairment charges
  - in CEE R: net reversal of 21m
  - in Merchant Banking: net reversal of 35m
- On the other hand higher impairment charges related to subordinated loans to SIVs (-36m on a total portfolio just under 100m, in Private Banking)
- FY LLR 13 bps on Group level: still very low (13 bps in FY 06)
- Overall loan quality continues to be sound. NPL ratio stable at 1.5%
- Impairment charge for investment portfolio stood at 65m

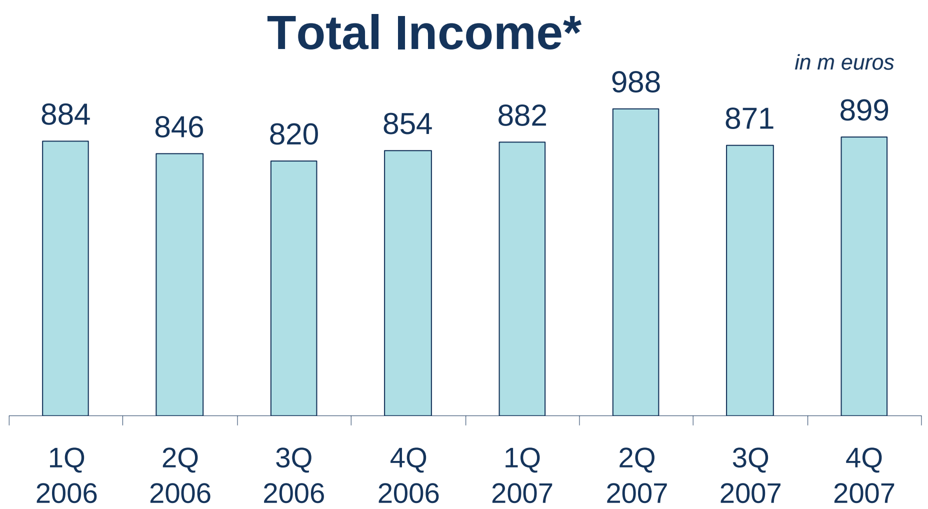
Note: All figures are before tax

Underlying profit

performance per business unit

Business Unit Belgium

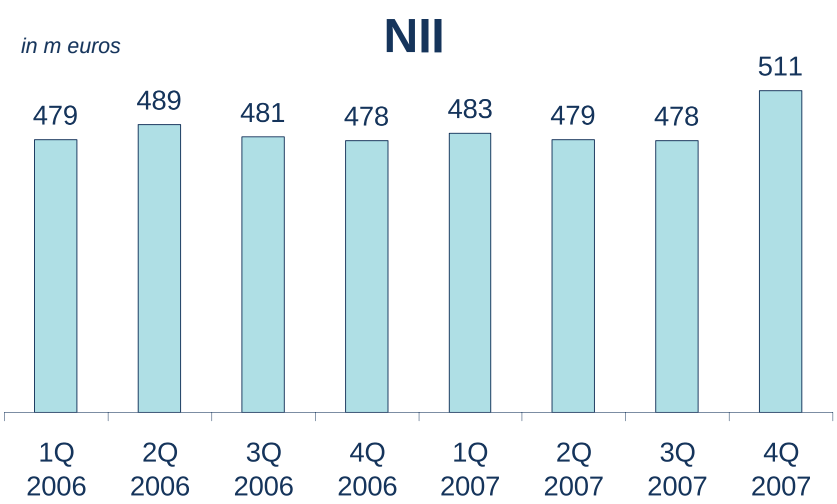


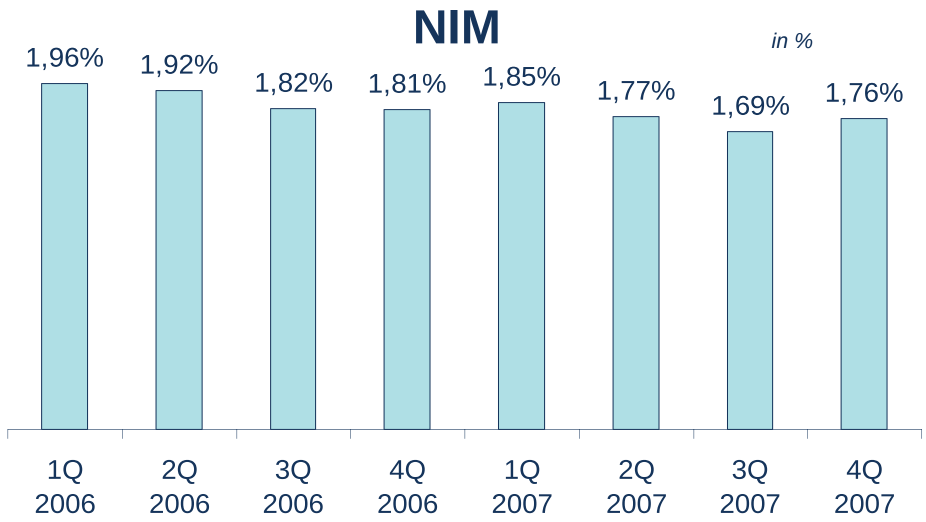


* Gross technical charges, insurance and ceded R/I results deducted

- 4Q underlying net profit at 274m, down 10% q/q, up 13% y/y
- FY return on allocated capital 32% (29% in FY 2006)
- Underlying FY C/I ratio at 59% (58% in FY 06), negatively impacted by the losses on bond sales in banking book in 2Q
- FY net combined ratio at 98% (adversely impacted by Kyrill storm in 1Q)

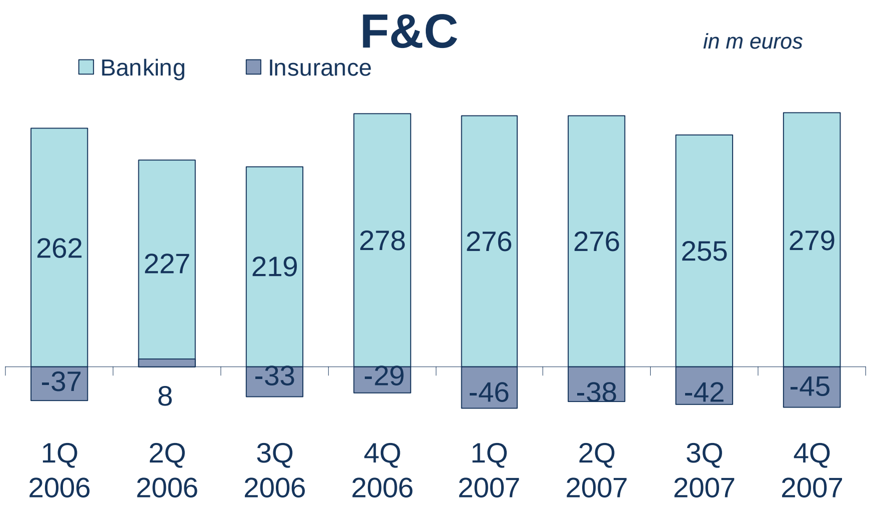
Business Unit Belgium (2)

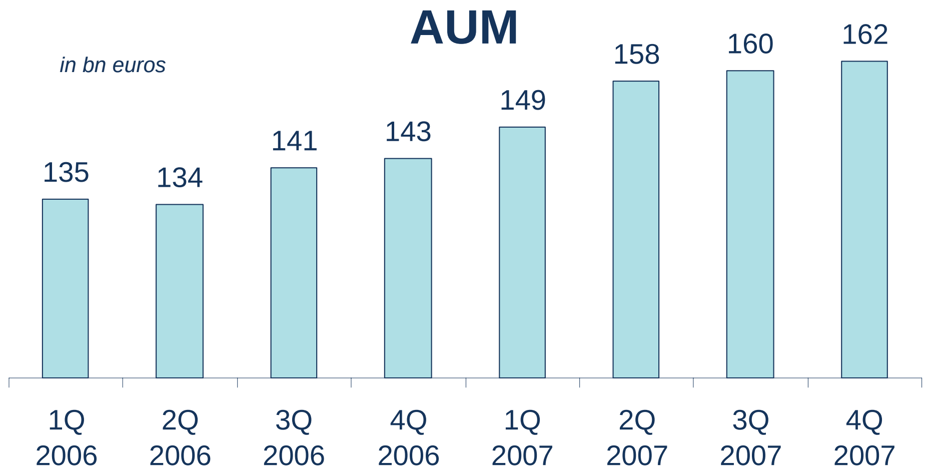




- NII (511m) up 7% q/q and y/y
- Positive impacts of :
  - robust volume growth in loans (+3% q/q, +14% y/y) and deposits (+5% q/q, +9% y/y)
  - shift to term deposits reversed
  - capital increase – a pure intragroup transaction - in the amount of 1.5 billion
- NIM (1.76%) up 7bps q/q, down 5bps y/y

Business Unit Belgium (3)

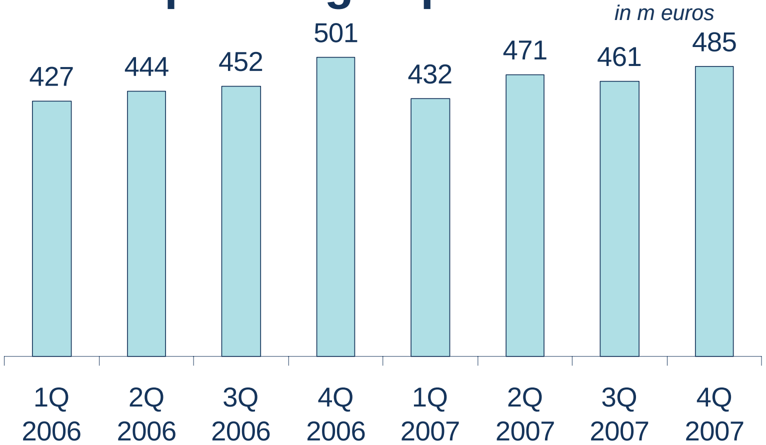




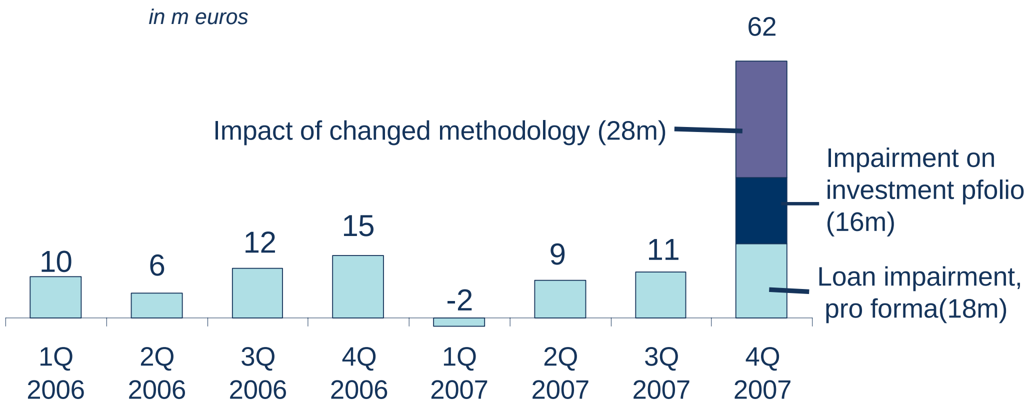
- F&C income (234m) up 9% compared to the seasonally weak 3Q
- F&C down 8% y/y on the account of more fees paid for life insurance sales (also less transaction fees received for mutual funds)
- AUM (162bn) up 1% q/q, 13% y/y (13% net new inflows, 0% price effect)

Business Unit Belgium (4)

Operating expenses



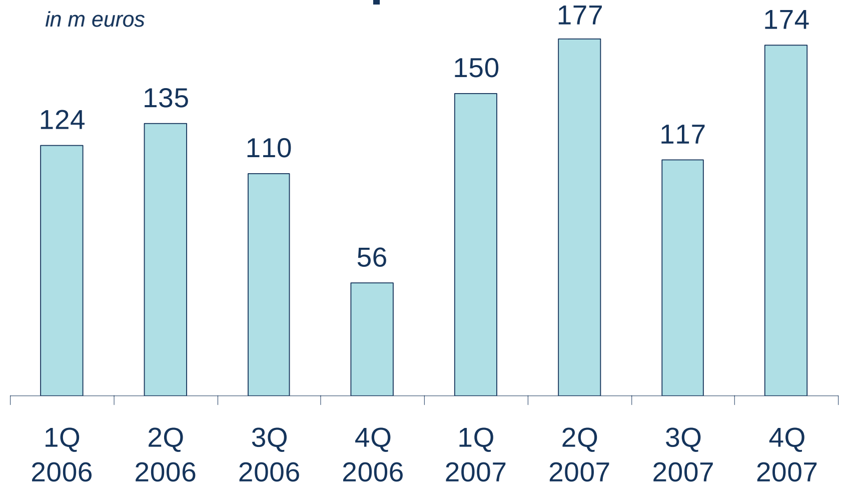
Impairment



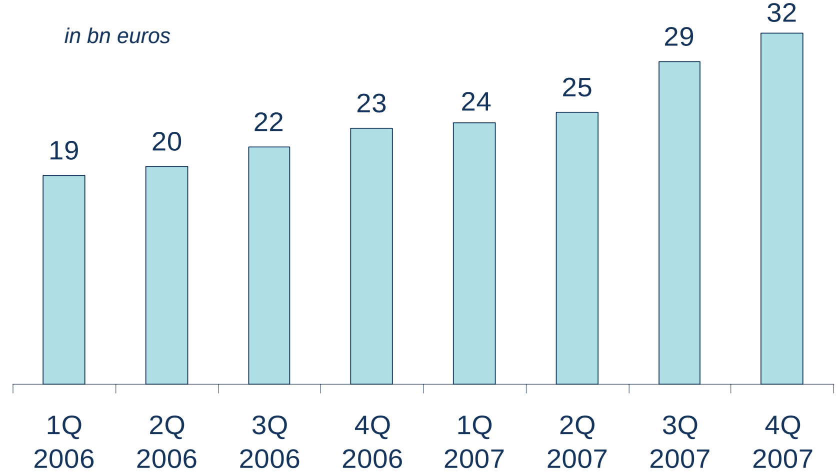
- Operating expenses (485m) up 5% q/q, related to bonus and pension reserve accruals and somewhat higher ICT costs
- Costs down 3% y/y, mainly on the account of the better spread of usage of cost budgets throughout the year
- Impairment amount at 62m, of which:
  - negative impact of change in methodology: 28m
  - impairment on investment portfolio: 16m
- FY LLR at 13bps (7 bps excl. methodology change, stable vis-à-vis FY 06)

Business Unit CEE R

Net profit

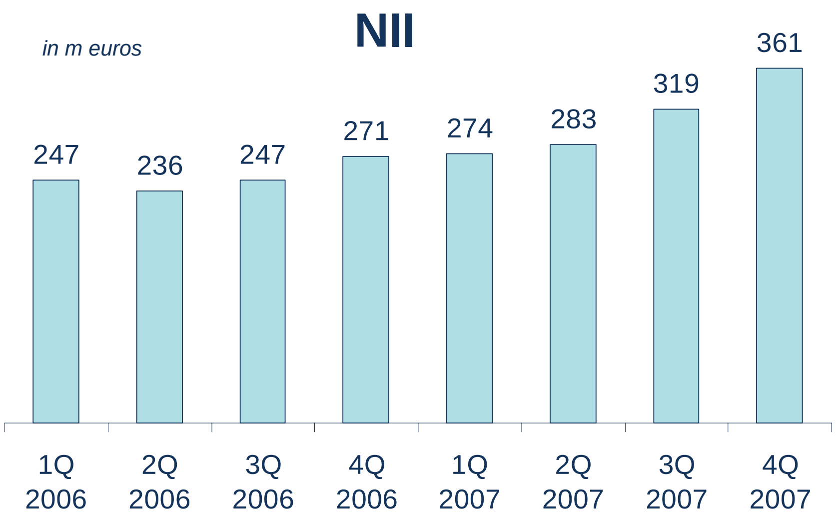


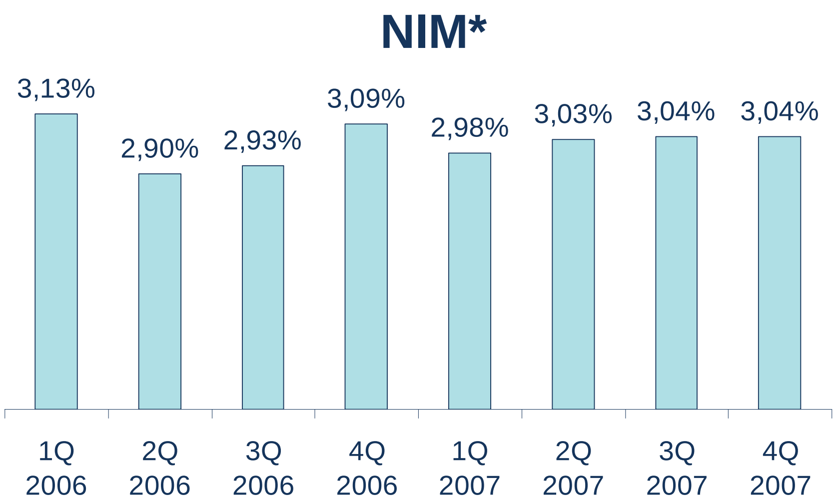
RWA



- Underlying net profit (174m), up 49% q/q, three times higher than in 4Q 06 (negative impact of ‘collateral based’ provisioning in Hungary in 4Q 06)
- Contribution of CR/SR: 112m, Hungary: 43m, Poland: 45m, Russia: 10m
- For the region as a whole, insurance related net profit 22m
- FY return on allocated capital, excluding new acquisitions 28% (24% including new acquisitions)

Business Unit CEE R (2)

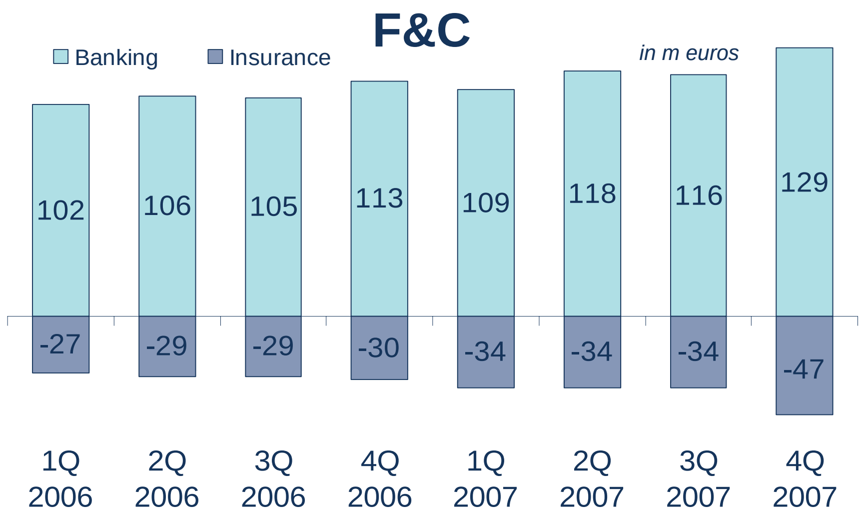


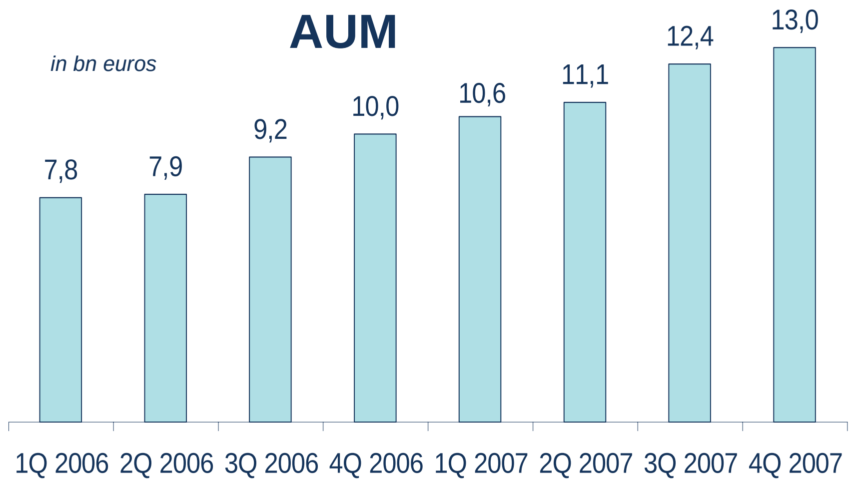


- Significant rise in NII (361m): up +11% q/q and +18% y/y on an organic basis
- Continued robust volume growth throughout the region: loan volumes up 23% y/y, deposits up 11% y/y (organic growth; exchange rate changes excluded)
- NIM in line with 3Q 07 and 4Q 06 levels

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

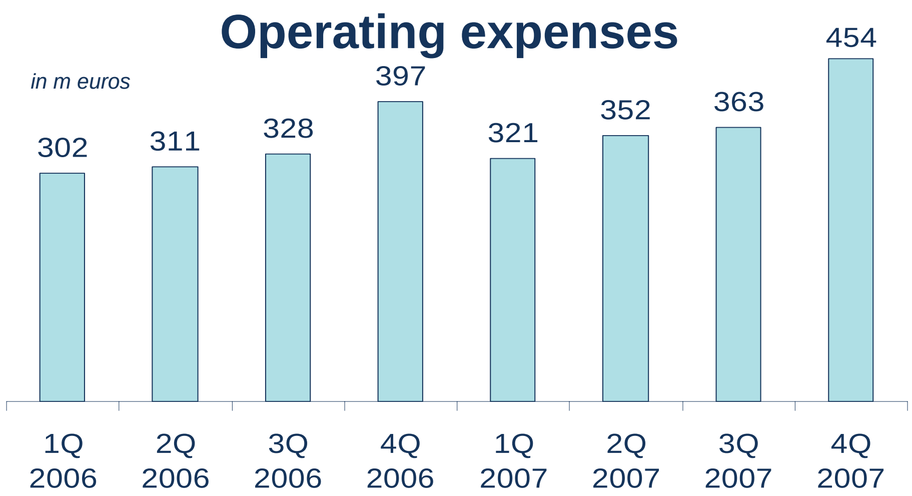
Business Unit CEE R (3)

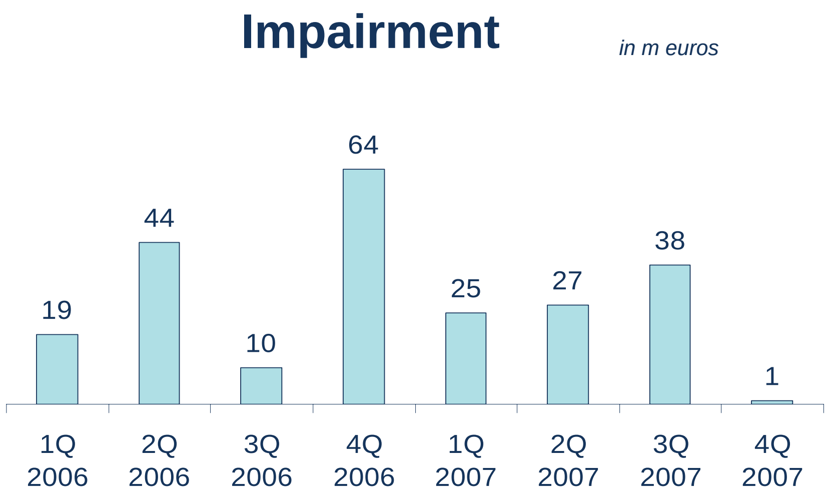




- Net F&C (82m - banking and insurance together) stable q/q and y/y
- F&C received (banking) up 9% q/q, 6% y/y on a comparable basis, but offset by increasing commissions paid to insurance agents resulting from higher sales
- AUM up 2% q/q, 27% y/y on an organic basis, of which 28%points thanks to new inflows (-1% price effect)

Business Unit CEE R (4)

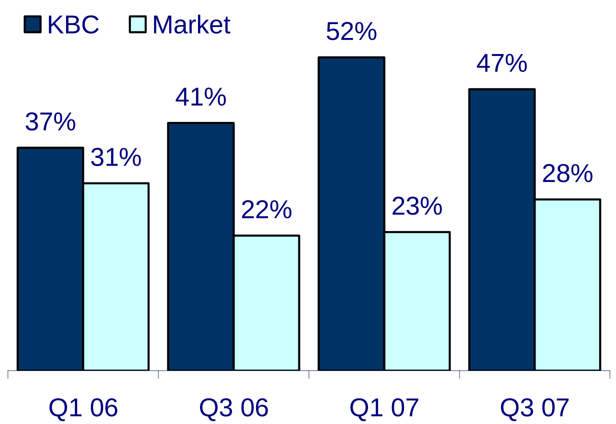




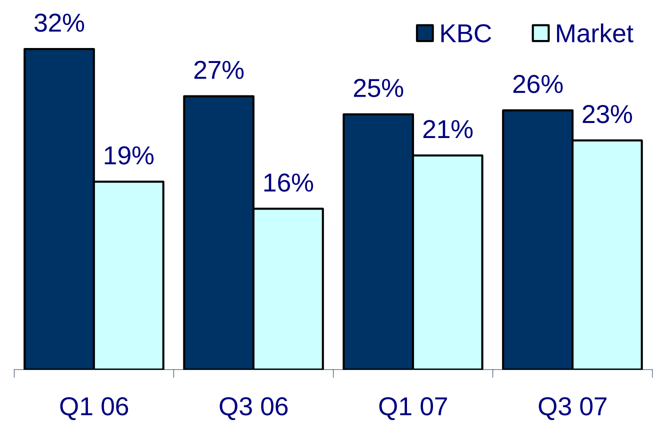
- Operating expenses (454m) roughly flat y/y, up 22% q/q (organic growth, excluding FX rate changes). q/q increase due to:
  - New staff hires and bonus accruals,
  - Somewhat higher marketing costs
  - Costs related to start-up of consumer finance activities (roughly 10m)
- FY LLR for the region: 26 bps (33 bps excl. methodology changes, 58 bps in FY 06)
- FY C/I ratio (banking) at 63% (65% in FY 06)

Loan growth in CEE compared to market

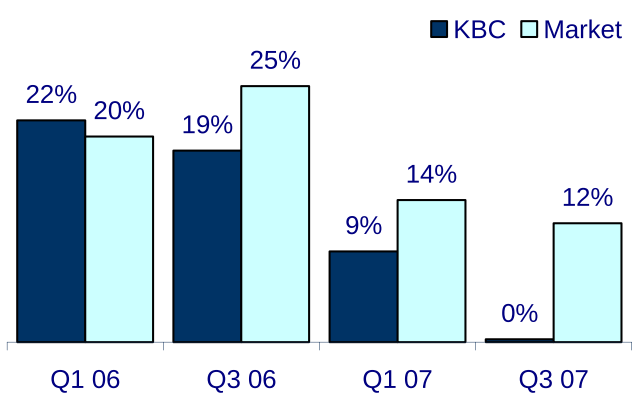
Slovakia



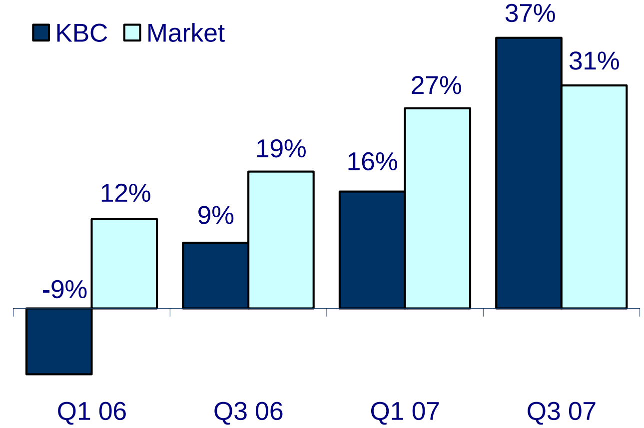
Czech Republic



Hungary



Poland

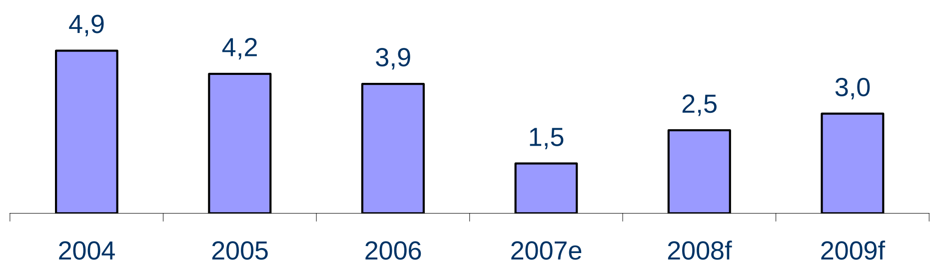


Total loan growth (y/y, in %)

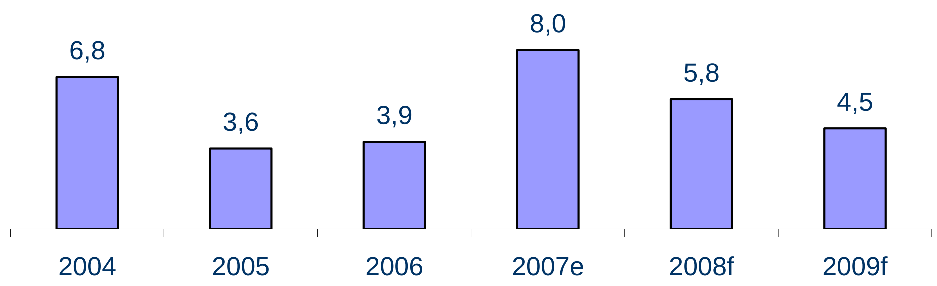
- Continuous outgrow of the market in Czech Republic and in Slovakia
- Catch up in Poland since 2007
- More cautious approach in Hungary

Update on economic situation in Hungary

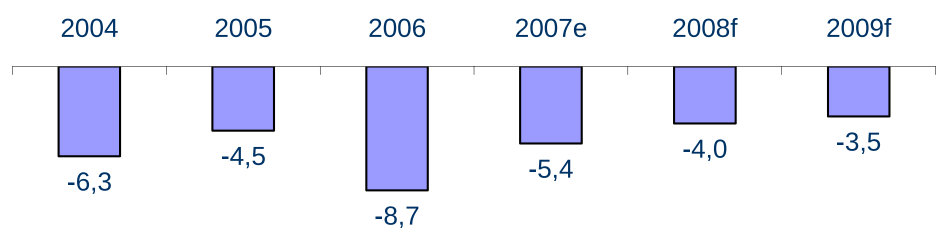
GDP-growth (real growth, in %l)



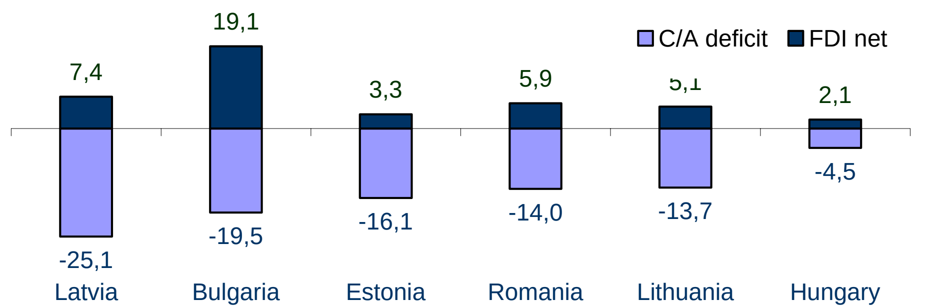
Inflation (in %, average)



Central gov deficit (in % of GDP)



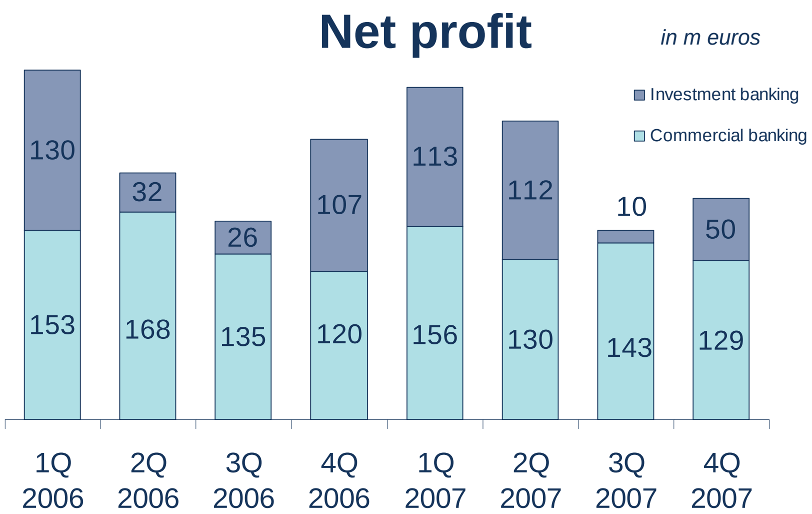
Current account financing 2007 (in % of GDP)

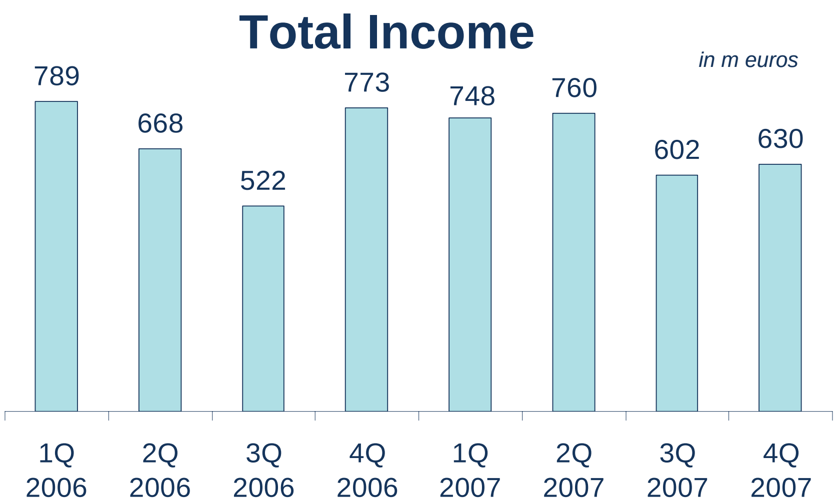


- 2007 was a difficult year; going forward the worst may be behind us
- Situation is definitely better than in the Baltic states or in SE-Europe

2004-2006: actual data, 2007-2009:Fitch and KBC forecasts

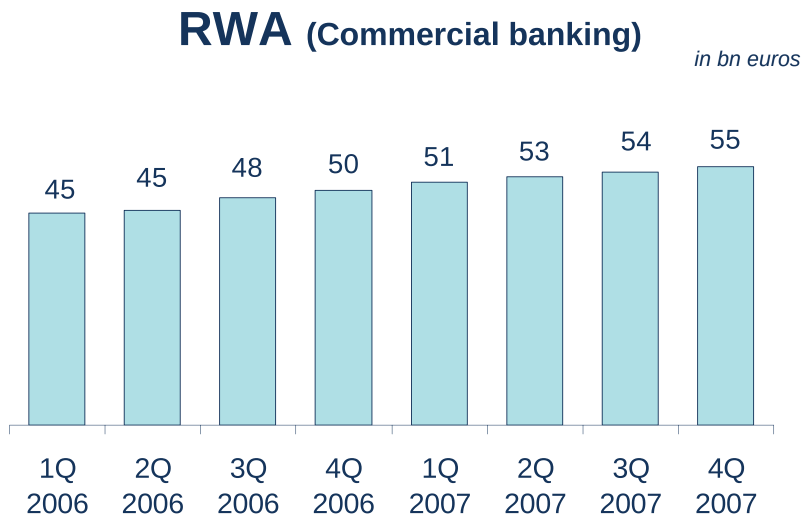
Business Unit Merchant Banking

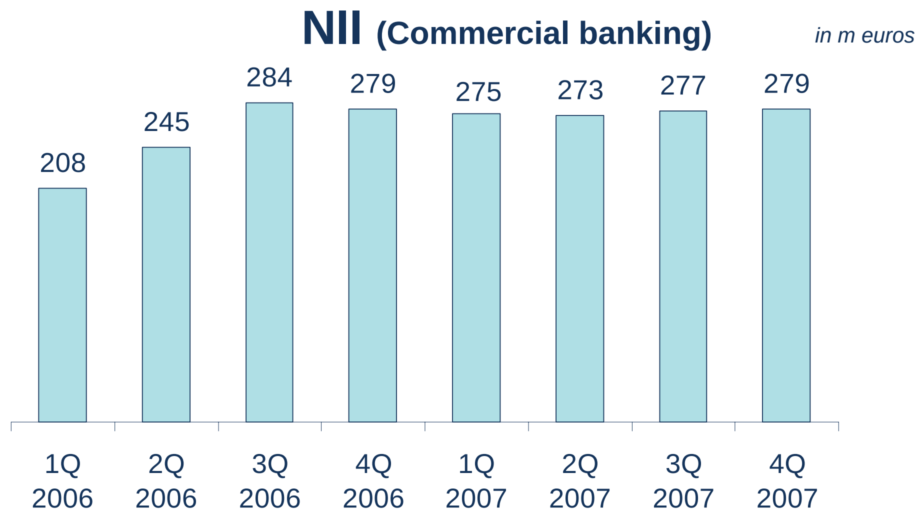




- Underlying net profit at 179m, broken down into 129m for commercial banking and 50m for investment banking activities
- Results of investment banking negatively impacted by adverse climate on financial markets
- MTM losses on CDOs: 63m pre-tax, 35m after-tax
- Additional credit valuation adjustments re monoline-insurers: 23m, after-tax

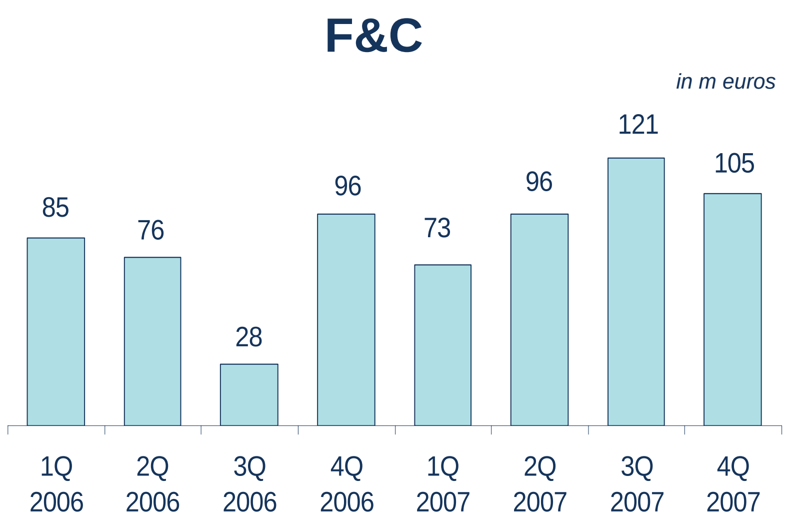
Business Unit Merchant Banking (2)

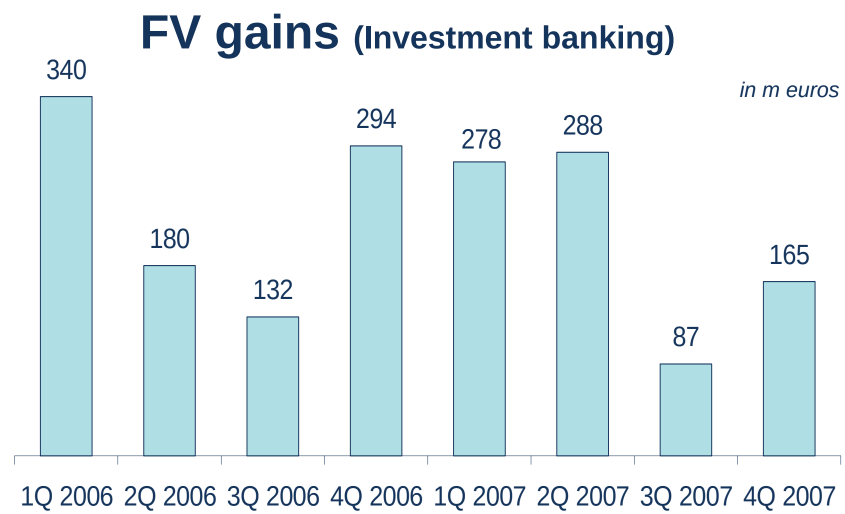




- NII (279m, relating to commercial banking) roughly flat q/q and y/y
- NII negatively impacted by increased funding costs
- RWA of commercial banking up 2% q/q

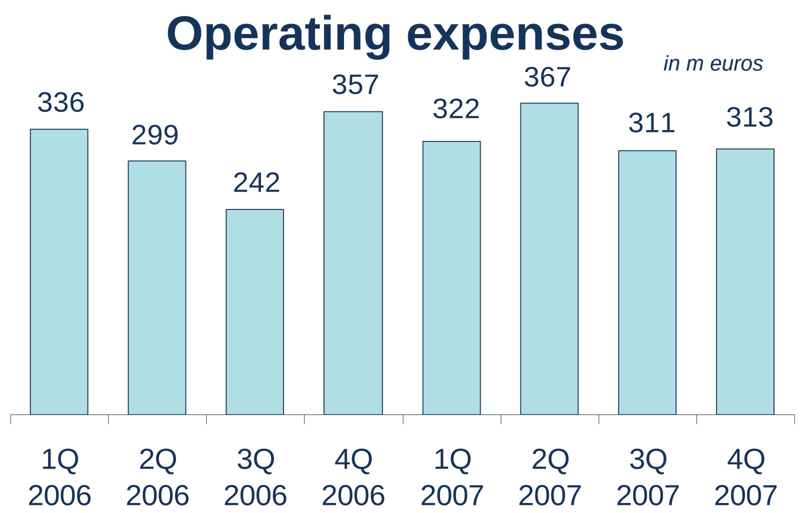
Business Unit Merchant Banking (3)

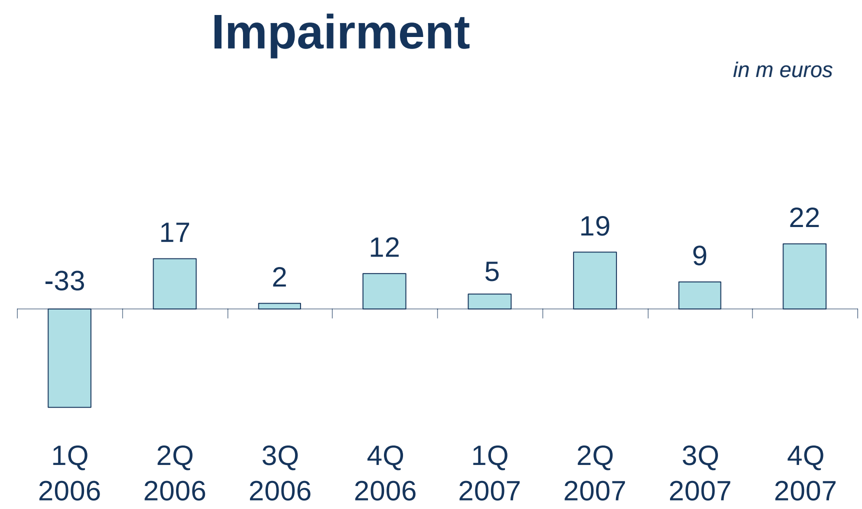




- Net F&C (105m) down 13% from the very high level of 3Q 07, up 9% y/y, mostly thanks to equity brokerage and corporate finance activities for local SMEs
- FV gains (129m, of which 165m in investment banking and -36m in commercial banking) significantly higher than in the seasonally low 3Q 07
- Although the situation on the financial markets remained difficult, most market activites recovered well (excl. CDOs and credit derivatives)

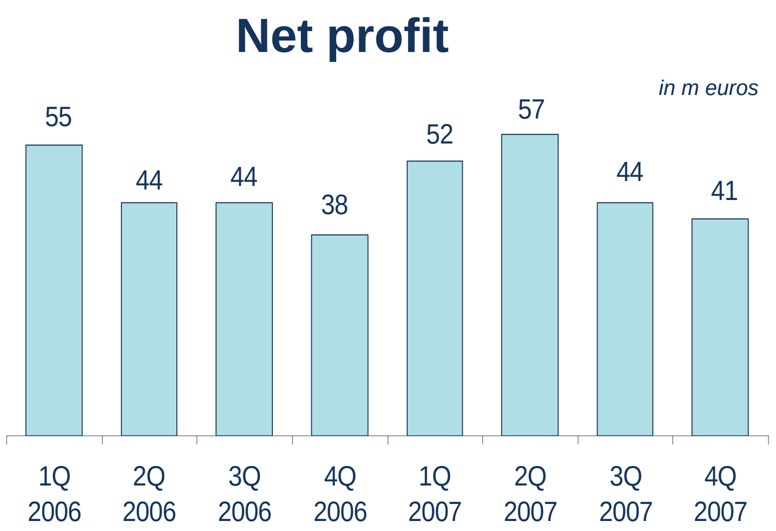
Business Unit Merchant Banking (4)

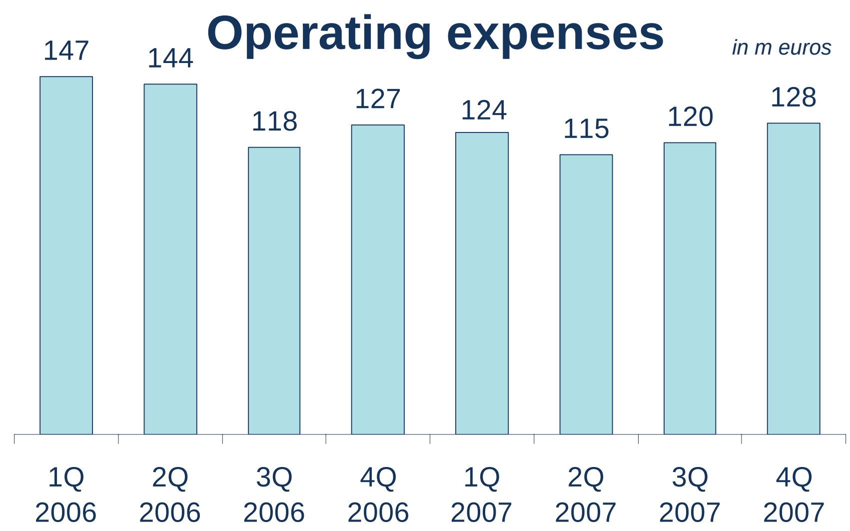




- Operating expenses (313m) on a par with the previous quarter
- Expenses down 12% y/y due to lower income-related staff expenses
- Limited impairments (22m) as the result of:
  - Loan loss reversal of 35m due to methodology changes
  - 48m impairment charge for equity holdings in the investment portfolio
- FY LLR 2 bps (7 bps excluding methodology changes, nil in FY 06)

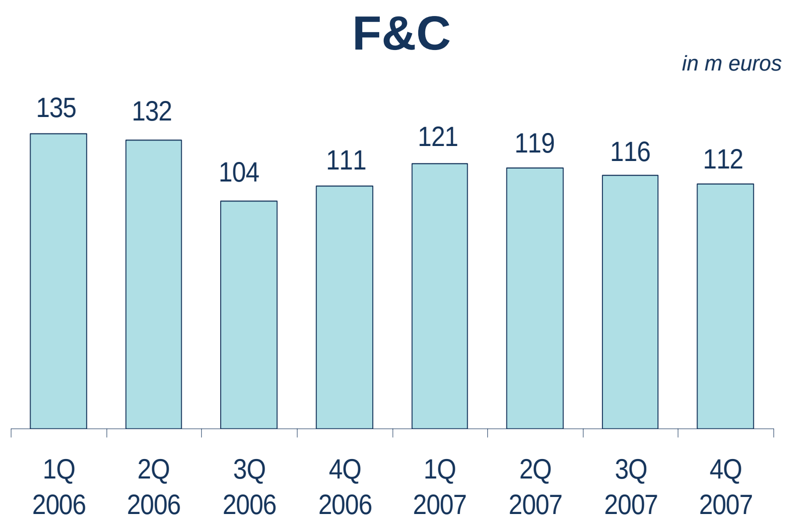
Business Unit Private Banking

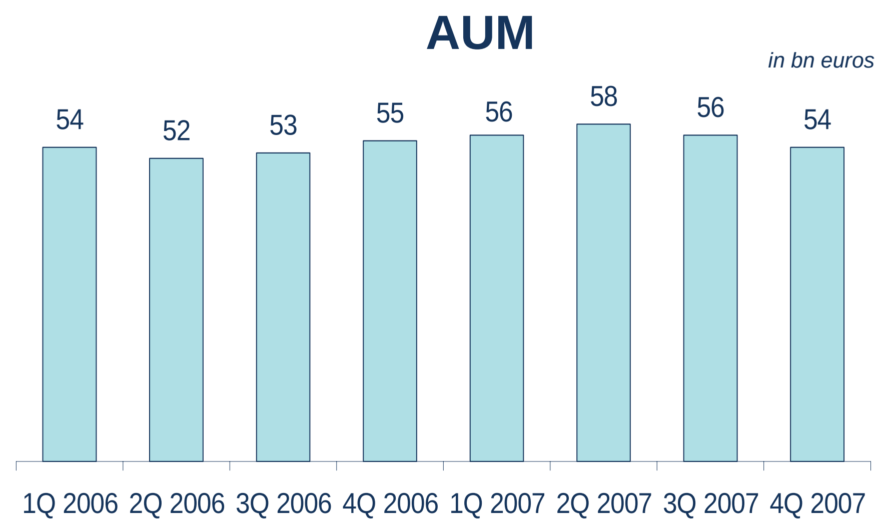




- Underlying net profit (41m) up 8% y/y, down 7% q/q
- FY return on allocated capital at 33% (29% in FY 06)
- Expenses (128m) flat y/y; and up 7% q/q, mainly due to restructuring charges (9m)
- FY C/I at 65%, a significant improvement compared to 73% at FY 06

Business Unit Private Banking (2)



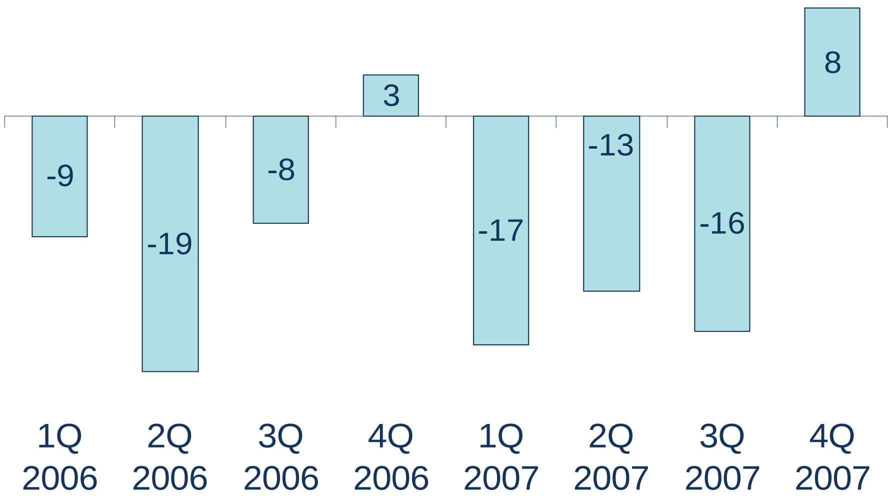


- F&C down 3% q/q, flat y/y
- AUM (54bn) down 4% q/q, flat y/y, as the balance of:
  - 4% higher on-shore assets (26bn)
  - Net outflow of low-yielding institutional assets
- MtM adjustment re CDOs at -13m, pre-tax (-9m, after-tax)

Group Centre

Net profit

in m euros



- Underlying net result at 8m, thanks to the net 35m reversal of an expense provisions (quarterly average of 2006-2007: -8m)

Subprime

loan exposure

Credit-linked investments

REMINDER

As previously disclosed, KBC has invested in the following credit-linked assets: [1]

- With subprime exposure:
  1. CDOs with some asset-backed securities as underlying assets
  2. "Atomium portfolio" (asset-backed securities of former KBC conduit *Atomium*) [2]
- Without subprime exposure:
  3. Other investments (various financial instruments, amongst other those of former KBC conduit *Quasar)*

[1] As mentioned in the 2Q 07 (August 2007) and 3Q 07 (November 2007) earnings presentations (www.kbc.com)
[2] "Integration" completed in 4Q 2007

Credit-linked investments

UPDATED OVERVIEW [1]

Subportfolio	Subprime exposure	Asset allocation	Investment grade	AAA-rated	Allocation to subprime RMBS	Allocation to credit cards [3]
CDOs with some ABS underlying Size: 6.9 bn	✓	Notes from corporate CDOs with limited ABS underlying (all assets managed by KBC itself)	100%	88%	13%	0%
"Atomium" portfolio Size: 2.0 bn	✓	Asset-backed securities of former KBC conduit *Atomium* (fully consolidated as of 4Q 2007)	100%	100%	33%	0%
Other portfolios Size: 7.4 bn [2]	no	Various financial instruments, amongst other those of former KBC conduit *Quasar*	100%	94%	0%	2%

[1] Situation as at 31-Dec 2007; differences to 30-Sep-2007 relate mainly to USD depreciation, natural amortisation of assets and market value adjustments
[2] Including 1.0 bn held in the trading book. Excluding the notes held by KBC of the KBC in-house securitisation vehicle Home Invest (mainly set up for treasury purposes)
[3] The exposure to credit card receivables, used as collateral for ABS, is 4m in the CDO portfolio and 140m in other portfolios

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn

Step 1
KBC bought the credit risk related to a diversified pool of financial instruments on the capital markets

Step 2
KBC structured CDOs (i.e. “repackaged” the credit risk) and issued CDO notes to investors (credit risk transfered)

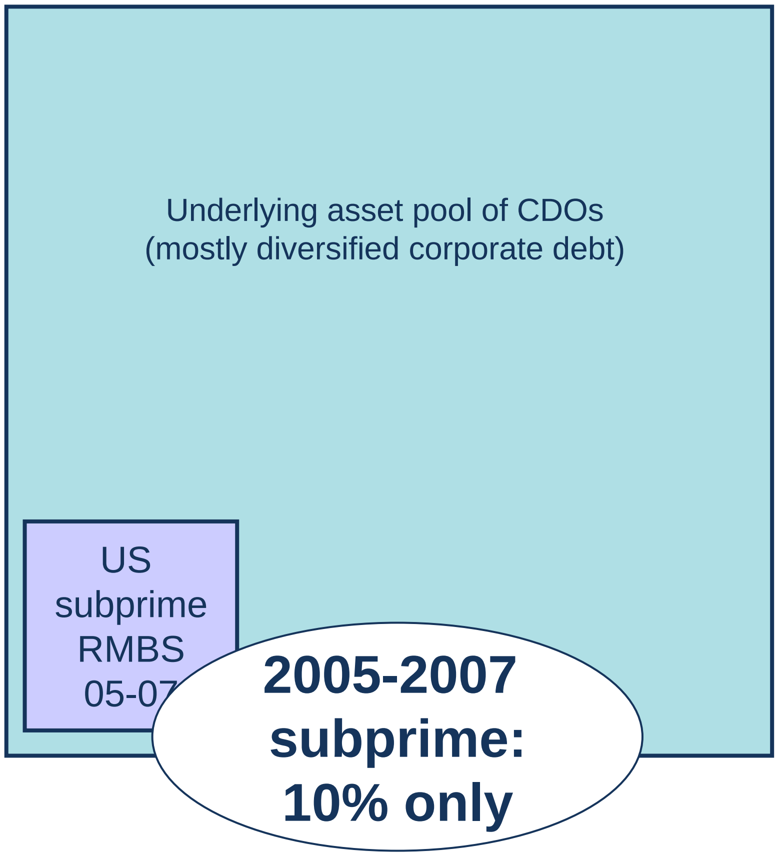
Step 3
KBC itself invested in a selected part of high-rated CDO notes (at own risk, but first losses taken by lower-rated tranches held by third-parties)

CAPITAL MARKETS	KBC INVESTMENT BANKING UNIT	KBC INVESTMENT PORTFOLIO[1]
Pool of diversified financial assets (mostly corporate debt and to a very limited extent US supprime RMBS) →	Origination and management of CDOs (credit risk transfered to investors) →	CDO notes held in investment portfolio - total size: 6.9 bn

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)

Exposure to CDOs with subprime content

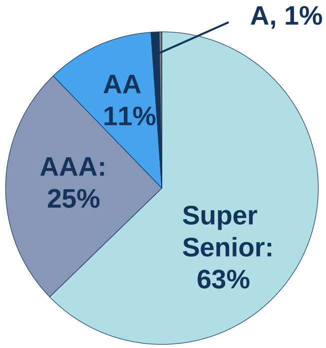
CDO portfolio 6.9 bn -
type of underlying assets

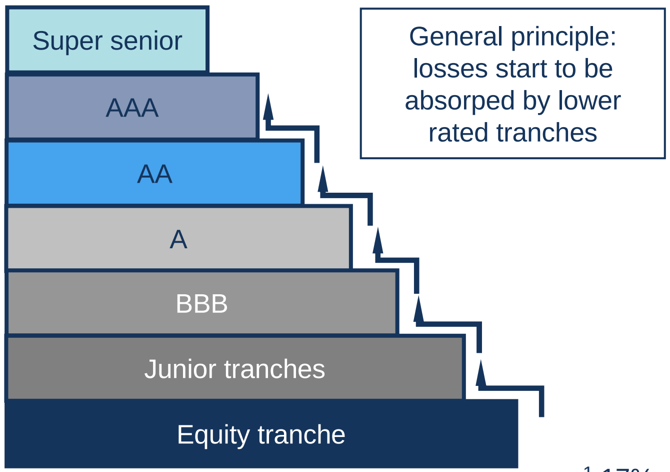


- Subprime related losses are dependent on the share of 'US subprime mortgages' within the pool of underlying assets (esp. those written in the '2005-2007 period). The lower the level of 2005-2007 subprime mortgages, the lower the loss
- In KBC's case, the CDOs with ABS underlying contain only 13% US sub prime mortgages (the 2005-2007 vintage pool being 10%)
- KBC has opted for less aggressive investments (with lower anticipated yield)

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn - breakdown by rating class





- Subprime losses are dependent on the structure of "loss distribution" between CDO tranches. The higher the rating class, the lower the loss.
- Higher-rated tranches are less vulnerable, since loss absorption starts at lower-rated tranches
- For KBC's 6.9 bn CDO portfolio, the average net credit loss level where losses are affecting our investments is 17%[1] (the so-called "attachment point")
- On the market, a typical "attachment point" for a super senior-rated class is ca. 15%; for KBC's investments it is 23%

[1] 17% net loss (after recovery of collateral), on average, on all underlying assets (not only subprime)

Exposure to CDOs with subprime content

KBC's investment banking activity in the CDO area is based on a more selective business model vis-à-vis other firms, e.g.:

- KBC did not act as a manager for mortgage securitisations; therefore, there was no pressure to take lower-quality collateral on board in order to be able to complete the securitisation deal
- No warehouse lines or super senior protection were provided to external managers
- Equity and junior tranches of CDOs on own account were completely written-down at the time of issue (total amount of 750m not recognised in profit in the past!)

Evidence of the succes of this strategy: to date, no downgrades and no losses - not even to the equity tranches (compared to the massive wave of downgrades in the market)

Credit rating trends

- As of 13-Feb, no securities held were downgraded (not in the main CDO portfolio, nor in the *Atomium* portfolio). Moreover, ca. 80% of the collateral is corporate debt, for which no credit event took place
- The subprime exposure is actively managed (by KBC itself) [1]. The realised asset substitutions have recently proven to be effective to avoid credit rating downgrades
- Over the last few months, the following credit rating actions were taken:

	Action	CDO investment size impacted
Moody's	Review of 5 KBC FP managed CDOs (Nov-07), for which the ratings of 3 were reconfirmed (Jan-08)	0.2 bn still under review 0.4 bn reconfirmed
Standard & Poors	Review of 2 KBC FP managed CDOs (Jan-08)	0.2 bn under review
Fitch	No actions	-

- A potential downgrade would not impact our loss estimates (stress tests)

[1] Except for some third-party CDOs within *Atomium*

Moody's CDO rating actions

- Amongst all tranches of 2005-2006-2007-issued CDOs containing ABS underlying, 2 746 pieces were placed on negative watch or downgrade by Moody's over 2007
- There are still 1 186 tranches on watch
- 17 tranches had had the rating affirmed, 12 of which managed by KBC FP
- The rest were downgraded (none of them managed by KBC)

Situation as of 4 February, 2008

Exposure to credit insurers

Counterparty risk for exposure towards credit insurers (mainly MBIA, Ambac, FSA):

Direct credit exposure	Nil
Re-insurance coverage received for CDOs in main CDO portfolio	The counterparty risk was provisioned to the tune of 15% (39 million) of the market value gain of the oustanding credit derivatives
Credit enhancement for liquidity facilities in public finance and health care sector	Guarantees received (1.1 bn) for underlying assets that are 32% AA- and 68% A- rated. Given the high ratings of the assets, the risk of insurers' default is very limited (however, would cause an additional capital requirement in the amount of 50 m) under Basel-II

2007 earnings impact

No impairment (no actual losses); however, a negative impact:

- on net profit (P&L) due to the marking-to-market of CDOs with ABS underlying [1]
- on net profit (P&L) due to an additional value adjustment reflecting the counterparty risk for the credit insurance received for CDOs with ABS underlying
- on shareholder's equity (B/S) due to the marking-to-market of the former *Atomium* and *Quasar* portfolios

P&L impact	Impairment loss (P&L)	Mark-to-market value adjustment (P&L)	Credit insurers' risk provision (P&L)	Post-tax P&L impact (P&L)	Pre-tax impact on equity (B/S)	Post-tax impact on equity (B/S)
3Q 07	Nil	51 m	-	39 m	49 m	37 m
4Q 07	Nil	114 m	39 m	93 m	81 m	51 m
Total	Nil	165 m	39 m	132 m	130 m	88 m

[1] The marking to market was based on trading data for comparable assets with third-parties.

Credit loss estimates

- Effective credit losses due to defaults in subprime collateral are estimated through stress tests
- Main assumptions:
  - Including all investment exposures to CDOs managed by KBC (also those in *Atomium*)
  - Taking into account a range of 11 to 20% net losses on all 2005-2007 subprime and alt-A assets (net, i.e. after recovery of collateral)
  - All losses assumed to crystalise at the same time (2009)
  - Additional scenario including 20 to 50% loss on default of exposure to credit insurers
- Updated stress test results:

Stress test scenarios (updated per 31-Dec-07)	Scenario A **11% subprime/Alt-A net loss**	Scenario B **15% subprime/Alt-A net loss**	Scenario C **20% subprime/Alt-A net loss**	Scenario C+ **(i.e. scenario C with default of credit insurers)**
Default risk “CDO with ABS” portfolio	1 m	19 m	137 m	156m
Default risk “Atomium portfolio”	1 m	8 m	34 m	34m
Total simulated default risk	2 m	27 m	171 m	190m

Exposure to subprime crisis

SUMMARY

The combination of factors explains KBC's limited vulerability towards the suprime crisis:

- Limited portion of subprime assets
- High "attachment points" of CDO notes , allowing substantial losses of sub prime assets before being impacted
- Selective business model in the CDO structuring business
- Active management of CDOs held
- "Low quality" tranches completely written-down in the past (equity/junior notes, 750m)
- Until 13-Feb no downgrades (compared to massive downgrades on the market)

Moreover:

- No assets sold at distressed prices ("buy and hold")
- Part of MTM volatility of CDOs offset by additional hedges on our books

Wrap up

and 2008 developments

Wrap Up on 4Q 2007

- Underlying net result up 20% y/y
- Lending growth remained sound, especially in CEE R
- Cost increase limited to 3 % y/y on a like-for-like basis
- No signs of deterioration in customer loan quality
- Negative 70m CDO MtM posted (after-tax) in 4Q
- Solvency remained robust

Developments in 2008

- André Bergen:

  "We see a lot of pessimism in the financial economy, which we cannot reconcile fully with the business reality in our core markets. There is obviously a cyclical impact on our performance and, going forward, we do take somewhat higher cost inflation into account. But, on the other hand, we currently do not see customer credit risk rising and we feel comfortable with our limited exposure to mortgage-linked investments. Through the cycle, we remain highly confident with our business model and strategy."

2008 1Q operational details

- Changes in the reporting as of 1Q 08:
  - Slovakia will be reported separately in CEE R as of 1Q 08 onwards
  - The top line income will be presented after deduction of ‘Gross technical charges’ and ‘Ceded reinsurance results’
  - 2007 pro-forma accounts will be public prior to the 1Q 08 earnings publication
- First time consolidation of *Economic and Investment Bank* (*EIB,* Bulgaria)
- KBL acquired Richelieu Finance in France
- Dividend payment date: 9 May, 2008
- KBC will publish its 1Q 08 results on 15 May, 2008 at 7 a.m. CEST

Annex 1: earnings impact per Business Unit

CDO MtM		Belgium	CEE R	Merchant Banking	Private Banking	Group Centre	KBC Group consolidated
Pre-tax	3Q 2007	-8	-16	-22	-6	-	**-51**
	4Q 2007	-25	-13	-63	-13	-	**-114**
	FY 2007	**-33**	**-29**	**-85**	**-18**	**-**	**-165**
After-tax	3Q 2007	-6	-12	-17	-4	-	**-39**
	4Q 2007	-17	-10	-35	-9	-	**-70**
	FY 2007	**-22**	**-22**	**-52**	**-13**	**-**	**-109**
CDO credit value adjustments (related to monoline insurers)							
Pre-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-39	-	-	-39
	FY 2007	**-**	**-**	**-39**	**-**	**-**	**-39**
After-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-23	-	-	-23
	FY 2007	**-**	**-**	**-23**	**-**	**-**	**-23**

Annex 2: CDO portfolio with ABS content, details

Situation as of 31/12/2007

CAPITAL MARKETS

Diversified corporate debt – 77% (2/3 US, 1/3 mainly Europe)

AAA-rated	2%
AA	5%
A	16%
BBB	41%
BB	13%
B	1%
	77%

US ABS – 23%

Collateral:

Subprime	13%
Prime	3%
Cred card	0%
Other	6%
	23%

Securities:

AAA	3%
AA	7%
A	5%
BBB	5%
Lower	3%
	23%

KBC INVESTMENT BANKING UNIT

Synthetic CDOs originated and managed (credit risk transfered to investors)

Assets:
Cash
Credit default swaps:
- 80% corporate
- 20% ABS CDS

Liabilities:

Super senior	77%
AAA	9%
AA	7%
A	3%
BBB	4%
Junior/equity	3% [3]

KBC INVESTMENT PORTFOLIO [1]

CDO notes held [2]
Total size: 6.9 bn

AAA-rated (incl SS)	88%
AA	11%
A	1%

Step 1
KBC bought credit risk (by writing CDS) on a diversified pool of corporate instruments and some ABS

Step 2
KBC structured the CDO and issued CDO notes to investors (credit risk transfered!)

Step 3
KBC invested itself in a selected part of high-rated CDO notes (credit risk held, but high average net loss subordination)

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)
[2] No notes from CDO squared or Mezzanine CDOs
[3] Junior and equity tranches on our books have been written down at time of origination[2]

Annex 3: Atomium portfolio, details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS

Collateral:		Securities:	
US prime mortgages	30%	AAA ABS	79%
US subprime mortgages	33%	AAA ABS CDO	21%
Credit card receivables	0%		100%
US commercial real estate	8%		
US corporate debt	29%		
	100%		

KBC ATOMIUM PORTFOLIO

ABS	1.6 bn
ABS CDO notes	0.4 bn
Total	2.0 bn
AAA-rated	100%

Step 1
KBC launched a ABCP ("Atomium"), the proceeds of which were invested in ABS (credit risk in principle transfered to CP holders)

Step 2
Within the initial CP deal, a liquidity backup facility was provided by KBC (i.e. asset risk indirectly held by KBC)

Step 3
In 2H2007, KBC brought assets to the balance sheet (risk position unchanged)

Annex 4: other portfolios (no subprime content), details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS [1]

Collateral:		Securities:	
Prime mortgages	71%	AAA - ABS	86%
Corporate debt	22%	AAA - CDO	9%
Consumer loans	2%	AA - CDO	4%
Commercial real estate	2%	A - ABS	1%
Car loans	2%	A - CDO	1%
Subprime mortgages	0%		100%
	100%		

→

KBC OTHER PORTFOLIOS

ABS	6.4 bn
CDO notes	1.0 bn
Total	7.4 bn
AAA	94%
AA	4%
A	2%

[1] Mostly, but not exclusively, European assets