KBC Group

EXTENDED QUARTERLY REPORT

3Q 2008

www.kbc.com

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

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

Management certification of financial statements and quarterly report

"I, Herman Agneessens, Chief Financial and Chief Risk Officer of KBC Group, certify that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report and based on the relevant accounting standards, fairly present in all material respects the financial condition and results of KBC Group NV, including its consolidated subsidiaries. Based on my knowledge, the quarterly report includes all information that is required to be included in such document and does not omit to state all necessary material facts."

Statement of risk

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

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

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

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Earnings Statement

Earnings Statement

KBC Group, 3Q 2008 and 9M 2008

Regulated information* - 6 November 2008 (7 a.m. CET)

Summary

KBC posted a net loss of 906 million euros (IFRS) for the quarter ending 30 September 2008. The loss was driven by value markdowns on structured credit and other investment portfolios. Adjusted for exceptional items and for structured credit and other value write-downs (see details in the quarterly report), the net profit would have come to 551 million euros. As at 30 September 2008, year-to-date reported profit stood at 141 million euros (2 094 million on an adjusted basis).

According to André Bergen, Group CEO: "Following the credit-rating downgrades of the Collateralised Debt Obligations held, KBC decided mid-October to communicate its preliminary third-quarter earnings earlier than planned. The definitive set of results presented today is fully in line with the information disclosed at that time. Despite the difficult operating environment, commercial performance was satisfactory, especially in Eastern Europe. The financial position of the group remains solid, and the more so after the capital-strengthening transaction that was announced last week."

Key figures, overview:

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	3Q 2008 / 3Q 2007	9M 2007	9M 2008	9M 2008 / 9M2007
Net profit (IFRS)	639	493	-906	-	2 572	141	-95%
Earnings per share, basic (IFRS, in EUR)	1.85	1.45	-2.66	-	7.39	0.42	-94%
Earnings per share, diluted (IFRS, in EUR)	1.84	1.45	-2.65	-	7.36	0.41	-94%
Underlying net profit (group share) excluding investment losses related to the financial crisis*	646	806	551	-15%	2 309	2 094	-9%
Belgium Business Unit	313	318	215	-31%	1 057	987	-7%
Central & Eastern Europe and Russia Business Unit	130	222	201	55%	457	603	32%
Merchant Banking Business Unit	170	234	137	-19%	681	460	-31%
European Private Banking Business Unit	50	64	32	-36%	160	146	-9%
Group Centre	-16	-32	-34	-	- 46	- 102	-
Shareholders' equity per share (EUR, at end of period)					50.2	42.0	-16%

*Revaluation of CDOs and impairments on shares and troubled US banks.

Highlights for 3Q 2008:

- Preliminary earnings trend reconfirmed
- Satisfactory commercial results, especially in Eastern Europe, despite difficult climate
- Negative impact from investment markdowns (1.4 billion euros, net)
- Measures taken to reduce earnings impact of future CDO rating downgrades
- Loan quality remains remarkably good (credit cost ratio: 24 bps)
- CEE continues to perform well, mainly thanks to geographical business mix
- *Pro forma* Tier-1 capital ratio, banking at 10.7% (of which 8.2% core equity) and *pro forma* insurance solvency at 2.8 times the regulatory minimum

Publication schedule for 6 November 2008:

- Quarterly report available on www.kbc.com — 7.00 a.m. CET
- E-conference for financial analysts — 9.30 p.m. CET, www.kbc.com – Tel. +44 20 7162 0025
- Press conference call — 11.30 a.m. CET – Tel. +32 2 290 1407

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

Financial highlights - 3Q 2008

André Bergen, Group CEO, summarised the financial highlights for 3Q 2008, as follows:

"The preliminary earnings disclosure of mid-October is fully confirmed. Despite the difficult climate, and taking into account the recurring seasonal revenue pattern, commercial results were satisfactory, especially in Eastern Europe. However, the reported results have been negatively affected by accounting markdowns on investment portfolios across business units."

"The net profit impact of the investment markdowns due to the financial crisis was 1.4 billion euros: 1.1 billion on the CDO portfolio, 0.2 billion on shareholdings and 0.1 billion on exposure to troubled US banks Lehman Brothers and Washington Mutual. Part of the CDO markdown resulted from credit rating downgrades of 5 CDOs held. The markdowns also included the impact of extrapolating the rating downgrading to those CDO notes that were out of the scope of the credit rating agency review. By so doing, the future financial impact of potential effective downgrades of those CDOs has been anticipated."

"While overall economic activity slowed, credit quality remained remarkably good. Loan losses were low again in Belgium, as was the case in our international loan book. Year-to-date, the credit cost ratio was 24 basis points. When including the losses on bonds of the troubled US banks, the ratio came to 37 basis points. Within the context of the deterioriating economic environment, it is expected that the loan loss trend will remain upwards for the next quarters."

"Even after the consensus macroeconomic forecast for the region was revised, the Central and Eastern Europe business unit continues to perform well, mainly thanks to the relative weight of our presence in countries with more moderate vulnerability. Updated stress tests also provide comfort as regards our selective foreign-currency lending in the region."

"KBC's financial position remains very solid thanks to its sound liquidity buffer and firm solvency ratios. When account is taken of the capital-strengthening transaction announced last week, the Tier-1 ratio for banking activities stands at 10.7%, of which 8.2% core capital. For the insurance division, the solvency margin is 280%."

Financial highlights – 9M 2008

- *Net profit* according to IFRS for the nine months ending 30 September 2008 amounted to 141 million euros. This figure includes charges for items that do not occur during the normal course of business in the amount of -90 million euros, net, and losses on investment portfolios related to the financial crisis in the amount of 1 863 million, net.
- *Net interest income* came to 3 723 million euros, up 24% on the year-earlier figure (+12% on an underlying basis), mainly thanks to solid volume growth achieved across all markets. The net interest margin in the Central & Eastern Europe and Russia Business Unit increased (partly thanks to growth in higher-margin countries), while it fell in Belgium due to the repricing of savings deposits during 3Q 2008.
- *Gross earned premiums*, insurance, stood at 3 166 million euros, up 19% compared to the year-earlier figure. Net of *technical charges* and *ceded reinsurance result*, the income was 54 million higher (+15%). The combined ratio, non-life, remained at a remarkably favourable level of 92%.
- *Dividend income* from equity holdings amounted to 195 million euros, somewhat lower than the year-earlier figure.
- *Net gains from financial instruments at fair value* came to a negative 1 680 million euros. This amount included a valuation markdown of 2.1 billion euros on *structured credit investments*. The line item also includes income from professional money and securities trading, which was negatively impacted by the adverse capital-market climate.
- *Gains from available-for-sale assets* were realised in the amount of 341 million euros (mostly on investments in shares), 199 million less than the year-earlier figure.
- *Net fee and commission income* amounted to 1 336 million euros. This is 11% below the year-earlier level, largely due to lower customer investment activities consequent on the adverse investment climate.
- *Other net income* stood at 435 million euros, 47 million above the year-earlier level.
- *Operating expenses* came to 3 939 million euros. Compared to the year-earlier period, the 4% growth in costs is explained by new acquisitions and currency appreciations. Excluding these factors, the cost level was down 3%, largely on the back of lower bonus accruals due to lower trading revenue.
- *Impairment* charges stood at 909 million euros, 300 million euros of which related to the loan portfolio. An impairment of 591 million euros was taken on *available-for-sale* investment securities, of which 415 million euros related to shares held mainly in the insurance business and 172 million euros related to (mostly) bonds of the troubled US banks *Lehman Brothers* and *Washington Mutual*.
- The contribution from *associated companies* amounted to 33 million euros, while the share in the result *attributable to minority interests* was 83 million euros. Due to the negative pre-tax results, a deferred tax asset was recognised, resulting in a positive impact on the profit and loss account.
- As at the end of September 2008, parent shareholders' equity came to 14.3 billion euros (42 euros per share). Shareholders' equity was down on the start of the year, as profit for the period (+0.1 billion euros) was more than

offset by dividends paid out and treasury shares repurchased (-1.6 billion euros, combined) and by a decrease in the revaluation reserve for available-for-sales assets (-1.8 billion euros).

Strategy highlights – 9M 2008

The 2008 financial year has so far been one of the most eventful periods for the banking industry in a long time. Several banks went into difficulties, while liquidity and debt markets dried up substantially. In spite of these events, KBC's funding base and solvency position remained solid. The capital base will even be strengthened further by the planned issuance of core capital securities (to be subscribed by the Belgian State) following the significant change in market expectations as to banking capital adequacy .

KBC's strategy remained unchanged, primarily focused on reinforcing market positions in its home markets in Belgium and Central and Eastern Europe and pursuing niche strategies in merchant and private banking. In light of the adverse operating environment, the strategic focus shifted recently to safeguarding organic growth, away from acquisitions, which have become a remote option in the immediate future.

Future developments

André Bergen, Group CEO:"*When the financial crisis first came to public notice in the summer of 2007, we could not have imagined that it would last so long and be so deep. Reported earnings will continue to be influenced by market price trends of shares and credit instruments. It is obvious that we remain vigilant, while we make sure that much of the management agenda continues to be directed towards business performance and enhancement of the mid-term value of our core business portfolio."*

KBC has a credit exposure to 3 Icelandic banks in the amount of 277 million euros. No impairment decision has been taken yet since the level thereof could not be reliably determined. This decision will be taken later in the fourth quarter.

Additional information on the financial statements

Year-to-date earnings per share and shareholders' equity per share as at 30 September 2008 were calculated on the basis of 340.1 (period average) and 339.5 (end of period) million shares, respectively. For this purpose, the number of mandatorily convertible bonds (MCB 1998/2008) 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 was calculated on the basis of 341.2 million shares (period average), including the number of outstanding share options.

The outstanding 1998/2008 mandatorily convertible bonds (MCBs) will mature on 30 November 2008. Holders will be repaid in 2.5 million newly issued ordinary shares that will have a share in the results as of the 2009 financial year. According to the IFRS, MCBs are included in the shareholders' equity. Therefore, the conversion will not alter the reported shareholders' equity amount.

During the past year, a number of changes were made to the scope of consolidation (of which the inclusion of *ISTROBANKA* in Slovakia as of the third quarter of 2008). The resulting year-to-date impact on net profit was immaterial.

KBC has made additional risk disclosures on its structured credit exposure as at 30 September 2008. The dedicated PowerPoint presentation is available at www.kbc.com/ir.

Financial calendar

Publication of 4Q 2008 results	12 February 2009
Publication of Embedded Value data as at 31-12-2008, Insurance	2 April 2009
2008 Annual Report available as of	9 April 2009
2008 Annual Corporate Social Responsibility Report available as of	9 April 2009
Annual General Meeting	30 April 2009

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

Overview of results according to IFRS – 3Q 2008 and 9M 2008

Below is the income statement summary of KBC Group, based on the *International Financial Reporting Standards* (IFRS). A full overview of the IFRS consolidated income statement and balance sheet is provided in the 'Consolidated Financial Statements' section of the quarterly report. A condensed statement of changes in shareholders' equity and several notes to the accounts are also available in the same section. In order to provide a good insight into the underlying business trends, KBC also publishes its 'underlying' results (see the following section).

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	cumul. 9M 2007	cumul. 9M 2008
Net interest income	1 052	1 014	930	1 093	1 163	1 311	1 249	2 996	3 723
Gross earned premiums, insurance	869	824	969	1 328	1 236	1 008	922	2 661	3 166
Gross technical charges, insurance	- 753	- 663	- 841	-1 147	-1 078	-820	-804	-2 258	-2 702
Ceded reinsurance result	- 15	- 5	- 17	- 28	- 10	-17	-17	- 37	- 44
Dividend income	28	138	52	38	36	123	37	218	195
Net (un)realised gains from financial instruments at fair value	400	548	379	315	- 26	35	-1 688	1 327	-1 680
Net realised gains from available-for-sale assets	317	108	115	143	198	63	80	539	341
Net fee and commission income	489	527	478	499	438	477	422	1 494	1 336
Other net income	155	105	128	231	129	97	210	388	435
Total income	2 541	2 595	2 193	2 473	2 084	2 276	411	7 329	4 771
Operating expenses	-1 208	-1 314	-1 266	-1 431	-1 278	-1 310	-1 351	-3 788	-3 939
Impairment	- 27	- 56	- 62	- 121	- 98	-332	-478	- 146	- 909
o/w on loans and receivables	- 25	- 55	- 51	- 54	- 27	-143	-130	- 130	- 300
o/w on available-for-sale assets	- 4	2	- 8	- 65	- 71	-180	-341	- 11	- 591
Share in results of associated companies	16	22	14	4	16	8	9	52	33
Profit before tax	1 322	1 248	878	925	723	642	-1 410	3 447	- 45
Income tax expense	- 293	- 281	- 211	- 184	- 144	-121	533	- 786	269
Profit after tax	1 028	966	667	741	579	521	-876	2 662	224
attributable to minority interests	31	30	28	33	26	28	30	89	83
attributable to the equity holders of the parent	**997**	**936**	**639**	**708**	**554**	**493**	**-906**	**2 572**	**141**
Belgium	353	470	302	278	357	194	-227	1 124	324
Central & Eastern Europe and Russia	151	181	150	182	159	203	-32	482	330
Merchant Banking	261	227	160	185	31	125	-519	648	- 363
European Private Banking	53	73	43	41	43	48	-88	169	2
Group centre	179	- 14	- 16	23	- 35	-77	-40	149	-152

As stated earlier, the earnings for the third quarter were markedly impacted by value markdowns on credit and other investment portfolios.

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2007	30-09-2008
Total assets	355 597	383 576
of which loans and advances to customers	147 051	163 947
of which securities (equity and debt instruments)	105 023	105 329
Total liabilities	337 110	368 158
of which deposits from customers and debt certificates	192 135	215 381
of which gross technical provisions, insurance	17 905	19 312
of which liabilities under investment contracts, insurance	8 928	8 155
Parent shareholders' equity	17 348	14 254*
Return on equity (based on underlying results, year-to-date)	18%	2%
Cost/income ratio (based on underlying results, year-to-date)	58%	79%
Combined ratio, non-life (based on underlying results, year-to-date)	96%	92%

For a definition of ratios, see "glossary and other information" of the quarterly report. More information on the balance sheet can be found in the Consolidated Financial Statements part of the quarterly report.

* Decrease versus 31-12-2007 due to pay-out of dividends, repurchase of treasury shares and decrease in revaluation reserve for available-for-sale assets.

Overview of the underlying results – 3Q 2008 and 9M 2008

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

The differences with the IFRS figures relate to a) the exclusion of exceptional non-operating 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 full reconciliation of the net profit according to IFRS and the underlying net profit is provided on the next page.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	cumul. 9M 2007	cumul. 9M 2008
Net interest income	1 063	1 081	1 116	1 199	1 202	1 257	1 186	3 260	3 645
Gross earned premiums, insurance	869	824	969	1 328	1 236	1 008	922	2 661	3 166
Gross technical charges, insurance	-753	-663	-841	-1 147	-1 078	-820	-804	-2 258	-2 702
Ceded reinsurance result	-15	-5	-17	-28	-10	-17	-17	- 37	- 44
Dividend income	12	112	23	29	19	103	20	147	142
Net (un)realised gains from financial instruments at fair value	359	404	154	154	-28	88	-1 424	917	-1 365
Net realised gains from available-for-sale assets	96	107	115	143	198	63	80	318	341
Net fee and commission income	512	541	539	546	464	482	430	1 593	1 376
Other net income	151	87	88	125	115	72	115	324	302
Total income	2 293	2 488	2 145	2 350	2 118	2 235	509	6 926	4 861
Operating expenses	-1 208	-1 314	-1 266	-1 367	-1 278	-1 310	-1 351	-3 788	-3 939
Impairment	-27	-56	-62	-121	-98	-290	-471	-146	- 859
o/w on loans and receivables	-25	-55	-51	-54	-27	-143	-130	-130	- 300
o/w on available-for-sale assets	-4	2	-8	-65	-71	-138	-333	-11	- 542
Share in results of associated companies	16	22	14	4	16	8	9	52	33
Profit before tax	1 074	1 140	831	866	756	643	-1 304	3 045	95
Income tax expense	-262	-230	-202	-157	-157	-105	481	-694	219
Profit after tax	812	910	629	709	599	538	-823	2 351	314
attributable to minority interests	31	30	28	33	25	28	30	90	83
attributable to the equity holders of the parent	**781**	**880**	**601**	**676**	**573**	**510**	**-853**	**2 261**	**231**
Belgium	327	417	303	274	387	177	-192	1047	373
Central & Eastern Europe and Russia	150	177	117	174	154	190	-21	444	323
Merchant Banking	269	241	153	179	26	128	-518	663	- 364
European Private Banking	52	57	44	41	43	47	-88	153	2
Group centre	-17	-13	-16	8	-36	-32	-34	-46	- 103
attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**785**	**878**	**646**	**834**	**737**	**806**	**551**	**2 309**	**2 094**
Belgium	328	416	313	307	455	318	215	1 057	987
Central & Eastern Europe and Russia	152	175	130	184	180	222	201	457	603
Merchant Banking	269	241	170	284	89	234	137	681	460
European Private Banking	52	58	50	50	50	64	32	160	146
Group centre	-17	-13	-16	8	-36	-32	-34	- 46	- 102

*Revaluation of CDOs and impairments on shares and troubled US banks.

Reconciliation of the accounts according to IFRS with the underlying accounts

The differences between the underlying results and the results reported according to IFRS are as follows:

- In order to arrive at the figure for underlying group profit, exceptional factors that do not regularly occur during the normal course of business are eliminated from the profit figure. In view of their exceptional nature and materiality, it is important to separate out these factors to understand the profit trend fully (impact on net profit: see table below).
- In the IFRS accounts, a large part of KBC's derivatives used for Asset and Liability Management (ALM) are treated as 'trading instruments'. These include those derivatives that do not qualify for *fair value hedge accounting for a portfolio hedge of interest rate risk*. Consequently, interest results on such hedges are recognised as 'net (un)realised gains from financial instruments at fair value', while the interest paid on the underlying assets is recognised as 'net interest income'. In the underlying accounts, the interest on these derivatives is also recognised in the 'net interest income' heading (where interest results on the underlying assets are already presented), without any impact on net profit.

  Moreover, the fair value changes (due to marking-to-market) of these ALM derivatives are recognised under 'net (un)realised gains from financial instruments at fair value', while most of the underlying assets are not fair-valued (i.e. not marked-to-market). Hence, the 'underlying figures' exclude the fair value changes in these ALM derivatives (impact on net profit: see table below).
- Lastly, in the IFRS accounts, income related to trading activities is split across different components. While trading gains are recognised under 'net (un)realised gains from financial instruments at fair value', the funding costs and commissions paid in order to realise these trading gains are recognised respectively under 'net interest income' and 'net fee and commission income'. Moreover, part of the 'dividend income', 'net realised gains on available-for-sale assets' and 'other net income' are also related to trading income. In the underlying figures, all trading income components are recognised under 'net (un)realised gains from financial instruments at fair value', without any impact on net profit.

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

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Profit after tax, attributable to equity holders of the parent		997	936	639	708	554	493	-906
Minus								
- Amounts before taxes and minority items								
MTM of derivatives for hedging purposes	various	34	94	13	36	-33	41	-151
Sale of fin participation in Intesa Sanpaolo (Italy)	Group	207	0	0	0	0	0	0
Sale of Banca KBL Fumagalli (Italy)	EPB	0	14	0	0	0	0	0
Sale of GBC (Hungary)	CEER	0	0	35	0	0	0	0
Adjustment staff health insurance	Group	0	0	0	-64	0	0	0
Impairment of fin participation in Irish Life & Permanent (Ireland)	Group	0	0	0	0	0	-42	-8
Gain on participation NLB as a result of capital increase	CEER	0	0	0	0	0	0	54
Other	various	-23	-13	-3	80	0	0	0
- Taxes and minority interests on the items above	various	-2	-40	-6	-20	14	-16	52
Underlying profit after tax, attributable to equity holders of the parent		781	880	601	676	573	510	-853

*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.

In line with internal reporting policy, the unrealised value gain made on KBC's financial participation of some 31% in *Nova Ljubljanska Banka* was considered as a non-operating item. The gain resulted from using for valuation purposes – according to IFRS - the per share value of its recent capital increase, to which KBC did not subscribe. The impairment of KBC's financial participation of some 2% in *Irish Life & Permanent* was similarly treated.

Analysis of underlying earnings components

Analysis of earnings components

KBC Group, 3Q 2008

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	1 063	1 081	1 116	1 199	1 202	1 257	1 186
Gross earned premiums, insurance	869	824	969	1 328	1 236	1 008	922
Non-Life	*440*	*442*	*457*	*487*	*503*	*504*	*514*
Life	*429*	*382*	*511*	*841*	*734*	*504*	*407*
Gross technical charges	- 753	- 663	- 841	-1 147	-1 078	- 820	- 804
Non-Life	*- 298*	*- 246*	*- 272*	*- 269*	*- 289*	*- 261*	*- 310*
Life	*- 455*	*- 416*	*- 570*	*- 877*	*- 789*	*- 559*	*- 493*
Ceded reinsurance result	- 15	- 5	- 17	- 28	- 10	- 17	- 17
Net fee and commission income	512	541	539	546	464	482	430
*Banking**	*608*	*626*	*626*	*646*	*586*	*586*	*547*
Insurance	*- 97*	*- 85*	*- 87*	*- 101*	*- 122*	*- 104*	*- 117*
Net (un)realised gains from financial instruments at fair value	359	404	154	154	- 28	88	-1 424
Net realised gains from available-for-sale assets	96	107	115	143	198	63	80
Dividend income	12	112	23	29	19	103	20
Other net income	151	87	88	125	115	72	115
Total income	2 293	2 488	2 145	2 350	2 118	2 235	509
Belgium	881	989	872	899	1 012	875	324
Central & Eastern Europe and Russia	523	581	548	664	631	708	538
Merchant Banking	696	715	544	583	346	511	- 314
European Private Banking	190	192	171	202	148	190	11
Group Centre	3	11	10	2	- 19	- 48	- 50

* Includes banking, KBL EPB and holding activities.

Net interest in the quarter under review amounted to 1 186 million. It was negatively impacted to the tune of 85 million quarter-on-quarter (or 56 million post-tax) by the increased interest expense due to the higher interest rate on traditional saving deposits in Belgium, in place since July 2008. Excluding this item, net interest income would have been comparable (+1%) to the previous quarter and even up 13% compared to 3Q 2007, thanks mainly to the CEER business unit. The latter's net interest income witnessed a 29% year-on-year organic growth on account of considerable volume growth in both credits (+28% year-on-year) and deposits (+9% year-on-year). For the group as a whole, credits and deposits witnessed a year-on-year growth of 16% and 10%, respectively. During the last quarter alone, loans went up 2% and deposit volumes stayed roughly flat.
In 3Q 2008, the net interest margin of the banking activities for the entire group amounted to 1.57%, compared to 1.74% in the previous quarter, and 1.69% in the year-earlier quarter. The drop is explained by the above-mentioned increase in the base rate on traditional saving deposits in Belgium.

Life insurance premiums (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premiums heading in the P/L) amounted to 811 million in the quarter under review. Sales of *interest-guaranteed* life insurance products amounted to 599 million and went down 78 million compared to the previous quarter, due to a combination of the traditional seasonal low of the summer months and the impact of the financial crisis

on client investment behaviour. Compared to the year-earlier quarter, however, sales of interest-guaranteed life insurance witnessed an increase by 98 million. Sales of *unit-linked* life insurance, at 212 million, went down 36 million and 113 million versus 2Q 2008 and 3Q 2007, respectively, again reflecting the change in client investment behaviour. Total life reserves (at 23 billion) still rose by 5% year-on-year and were more or less flat quarter-on-quarter.
Non-life sales stood at 514 million in the quarter under review. They continued their upward trend, up 2% quarter-on-quarter and 12% year-on-year, with the acquisition of DZI Insurance in Bulgaria accounting for some 40% of the year-on-year increase. The combined ratio of the non-life insurance activities for the first nine months of the year stood at an excellent 92%, a considerable improvement on the 96% recorded for 2007 (the latter, however, had been impacted by the windstorm Kyrill). Moreover, the combined ratio was excellent at every business unit: Belgium 94%, CEER 91% and Merchant Banking 87%. The claims reserve ratio amounted to 173%, down on the 176% recorded at the end of 2007.

Net fee and commission income amounted to 430 million in the quarter under review. As a result of the change in client investment behaviour owing to the difficult financial and economic climate, sales of investment funds went down, causing the *received fees* in the group's banking activities to decrease by 13% versus a year earlier and by 7% compared to 2Q 2008 (the latter also being related to the customary seasonal drop in retail investment activity in the summer months). Moreover, net commission income was also negatively impacted by increased *paid fees* to insurance agents in the quarter under review. The depressed market sentiment (general stock indices were down 12% quarter-on-quarter and over 30% year-on-year) also negatively impacted the assets under management of the group, which stood at 222 billion as at 30 September 2008, down 2% quarter-on-quarter and down 4% year-on-year.

Net (un)realised gains from financial instruments at fair value ('trading and fair value income') amounted to a negative 1 424 million in the quarter under review, significantly down on both the positive 88 million and 154 million recorded in the previous and year-earlier quarter, respectively. This decrease was almost entirely caused by the booking of 1.6 billion pre-tax negative value markdowns on the CDOs in portfolio. For KBC, these markdowns have an impact on net profit, whereas for many peers, value adjustments on CDOs are reported directly against shareholders equity, without passing via profit and loss, the difference having to do with the accounting treatment of *synthetic* versus *cash* CDOs.
The CDO impact in the quarter under review can be broken down into a 0.4 billion impact from credit spread-widening and increased counterparty risk on monolines, and a 1.2 billion impact from the ratings downgrade for CDOs. These downgrades resulted from the application of a new and more stringent methodology by Moody's; KBC consequently applied this methodology pro-actively to its entire CDO portfolio and made the necessary value markdowns with retroactive impact on the third quarter.
Over and above the impact on profit and loss, there was also a 200 million direct impact on shareholders' equity resulting from value markdowns on other ABSs. As a consequence, the total impact of value markdowns on all structured credit products (CDOs and other ABSs) on profit and loss and on shareholders' equity together since the beginning of the market turmoil now amounts to 3.6 billion (breakdown provided in the table).
For reference purposes, if the impact of the CDO markdowns were disregarded, trading and fair value income would come to a positive 209 million, comparable with the year-earlier quarter (212 million), but down on the very high 402 million recorded in 2Q 2008.

Pre-tax impact of value changes in CDOs and other ABSs (incl. risk on monolines), in millions of EUR	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	*Cumulative impact*
Initial write-down of junior and equity pieces of CDOs	-	-	-	-	-	*-779*
Other markdowns with impact via P/L	-58	-158	-141	-314	-1 633	*-2 305*
Other markdowns with impact directly on shareholders' equity	-48	-81	-91	-105	-200	*-525*
Total impact	-106	-239	-232	-419	-1 833	*-3 609*

Realised gains from available-for-sale assets in the quarter under review amounted to 80 million, up on the 63 million recorded in the previous quarter but down on the 115 million recorded in 3Q 2007, as that quarter's realised gains were boosted by a number of sales due to corporate actions. Moreover, in 2008, a large part of the planned full-year gains on sales of shares in the insurance business of the Belgium Business Unit had already been realised during the first quarter, evidently leading to significantly lower realised gains in subsequent quarters.

Dividend income in 3Q 2008 amounted to 20 million, comparable with the year-earlier quarter, but clearly down on 2Q 2008 (103 million), as the bulk of the dividend income is traditionally received in the second quarter of the year.

Other net income amounted to 115 million, up somewhat on the 100 million average of the last four quarters.

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Staff expenses	- 745	- 764	- 761	- 813	- 760	- 738	- 793
General administrative expenses	- 381	- 446	- 412	- 501	- 447	- 485	- 467
Depreciation and amortisation of fixed assets	- 85	- 88	- 95	- 94	- 93	- 88	- 102
Provisions for risks and charges	3	- 15	2	41	22	2	11
Operating expenses	-1 208	-1 314	-1 266	-1 367	-1 278	-1 310	-1 351
Belgium	- 432	- 471	- 461	- 485	- 464	- 486	- 479
Central & Eastern Europe and Russia	- 321	- 352	- 363	- 454	- 406	- 446	- 479
Merchant Banking	- 322	- 367	- 311	- 313	- 295	- 250	- 290
European Private Banking	- 124	- 115	- 120	- 128	- 95	- 132	- 111
Group Centre	- 8	- 9	- 11	13	- 18	4	8

In 3Q 2008, operating expenses amounted to 1 351 million, 3% and 7% higher than in the previous and year-earlier quarters, respectively. Excluding the negative impact of the changes in the scope of consolidation and exchange rate changes in CEER, the costs increase was less than 2% quarter-on-quarter and slightly over 2% year-on-year, notwithstanding inflationary pressures and branch expansion in the CEER region.
Year-on-year, costs witnessed a 4% increase in the Belgium Business Unit, a 14% organic increase (i.e. excluding currency changes and new acquisitions) in the CEER Business Unit, a 7% decrease in the Merchant Banking Business Unit and a 14% decrease in the European Private Banking Business Unit, on a comparable basis.

As a consequence, the banking cost/income ratio for the first nine months of the year increased to 79%, against 58% for the 2007 financial year. However the cost/income ratio was distorted by the large negative markdowns on the CDO portfolio; excluding this item, the 9M 2008 cost/income ratio would have been 60%, broken down as follows: 65% in the Belgium Business Unit, 58% in CEER, 52% in Merchant Banking and 67% in European Private Banking.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Impairment on loans and advances	-25	-55	-51	-54	-27	-143	-130
Impairment on available-for-sale assets	-4	2	-8	-65	-71	-138	-333
Impairment on goodwill	0	0	0	0	0	0	0
Impairment on other	1	-3	-3	-2	0	-9	-8
Impairment	-27	-56	-62	-121	-98	-290	-471
Belgium	2	-9	-11	-62	-52	-121	-140
Central & Eastern Europe and Russia	-25	-27	-38	-1	-39	-57	-101
Merchant Banking	-5	-19	-9	-22	-5	-102	-195
European Private Banking	1	-1	-3	-36	-3	-11	-35
Group Centre	0	-1	-1	0	0	0	0

In 3Q 2008, impairments stood at 471 million, up both on the previous quarter (290 million) and the 2007 quarterly average (67 million).

Impairment charges *on the loan portfolio* came to 130 million, down somewhat on the previous quarter (143 million), but up on the year-earlier quarter (51 million). Impairments *on available-for-sale assets* stood at a high 333 million, significantly surpassing the previous (138 million) and year-earlier quarter (8 million) levels, as the 3Q 2008 figure included – over and above additional impairments due to declining stock prices – *a 172* million impairment charge on the bonds of troubled US banks (Lehman Brothers and Washington Mutual).

Hence, the credit cost ratio for the first nine months of the year (which includes both loans and corporate and bank bonds) rose to 37 bps for the whole group. Excluding the impairments on the troubled US banks, the ratio for 9M 2008 would have been 24 bps, compared to the 13 bps recorded for the 2007 financial year. The credit cost ratio for 9M 2008 was 9 bps for the Belgium Business Unit (down from 13 bps in FY 2007), 57 bps for CEER (up from the low 26 bps in FY 2007, which included impairment retrievals in Poland, among other things) and 43 bps for Merchant Banking (excluding impairments for the troubled US banks, this would have been 19 bps, up from 2 bps in FY 2007).

General loan quality however remained satisfactory in the quarter under review. As at 30 September 2008, the non-performing loan ratio, for instance, stood at 1.5%, the same as at the end of 2007, whereas the percentage of cover for non-performing loans afforded by all loan loss provisions stood at 93%, versus 94% at the end of 2007.

Analysis of other earnings components (underlying figures)

Other components of the result (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Share in result of associated companies	16	22	14	4	16	8	9
Income tax expense	-262	-230	-202	-157	-157	-105	481
Minority interests in profit after tax	31	30	28	33	25	28	30

The share in the results of associated companies (9 million in 3Q 2008) related to the contribution via the equity method of the minority participation in Nova Ljubljanska banka (NLB) in Slovenia. Note that the 54 million gain on the participation in NLB as a result of its capital increase (to which KBC did not subscribe) is seen as an exceptional item and, hence, is excluded from the underlying results as described here.

In view of the negative result, group income tax expense amounted to a *positive* 481 million in 3Q 2008.

The result attributable to minority shareholders amounted to a positive 30 million, in line with the average of the last four quarters (29 million). The minority result remained positive as it included – over and above the result attributable to preference shares - minority shares related predominantly to group companies that generated a *net profit* in the period under review.

Underlying results per business unit

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

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

Belgium Business Unit (underlying trend)

In the quarter under review, the Belgium BU generated an underlying net loss of 192 million. Excluding the direct impact of the financial crisis (negative valuation adjustments on CDOs as well as impairments on the share portfolio), the underlying result would have been a positive 215 million, compared to 318 million in the previous quarter and 313 million in the year-earlier quarter. The decrease versus these reference quarters is largely due to the impact of the rise in the base rate on saving accounts since July, the effects of a change in client investment behaviour on revenue from the sales of funds and life insurance products, as well as some seasonal influences.

The Belgium BU encompasses the retail bancassurance activities in Belgium (including the KBC-brand private banking activities). More specifically, it includes the retail and private banking activities of the legal entity KBC Bank in Belgium, the activities of the legal entity KBC Insurance (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).

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	483	479	478	511	532	542	441
Gross earned premiums, insurance	563	522	641	953	865	632	532
Gross technical charges, insurance	- 564	- 501	- 614	- 939	- 828	- 612	-524
Ceded reinsurance result	- 4	- 5	- 4	0	- 6	- 7	-5
Dividend income	10	90	14	15	15	77	14
Net (un)realised gains from financial instruments at fair value	5	20	17	- 14	- 3	- 60	-417
Net realised gains from available-for-sale assets	68	107	93	101	200	59	79
Net fee and commission income	229	238	214	234	192	205	163
Banking	*276*	*276*	*255*	*279*	*249*	*249*	*207*
Insurance	*- 46*	*- 38*	*- 42*	*- 45*	*- 56*	*- 43*	*- 44*
Other net income	92	38	33	37	45	39	41
Total income	881	989	872	899	1 012	875	324
Operating expenses	- 432	- 471	- 461	- 485	- 464	- 486	-479
Impairment	2	- 9	- 11	- 62	- 52	- 121	-140
o/w on loans and receivables	*3*	*- 9*	*- 8*	*- 45*	*- 4*	*- 13*	*-18*
o/w on available-for-sale assets	*- 1*	*0*	*- 3*	*- 16*	*- 48*	*- 108*	*-123*
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	451	508	400	352	496	268	-295
Income tax expense	- 121	- 91	- 96	- 78	- 109	- 90	102
Profit after tax	330	417	304	274	387	177	-193
attributable to minority interests	3	1	1	0	0	0	-1
attributable to the equity holders of the parent	**327**	**417**	**303**	**274**	**387**	**177**	**-192**
Banking activities	*244*	*142*	*158*	*159*	*177*	*151*	22
Insurance activities	*83*	*275*	*145*	*114*	*211*	*26*	-214
Cost/income ratio (banking activities)	*50%*	*66%*	*61%*	*59%*	*59%*	*63%*	*92%*
Combined ratio (non-life insurance activities)	*102%*	*96%*	*97%*	*102%*	*88%*	*96%*	*93%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**328**	**416**	**313**	**307**	**455**	**318**	**215**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*23 252*	*24 336*	*23 288*
Allocated equity (end of period, Basel II)	-	-	-	-	*3 014*	*3 123*	*3 077*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*59%*	*40%*	*26%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Net interest income of this BU amounted to 441 million and was negatively impacted to the tune of some 85 million by the rise in the interest rate for traditional savings deposits since July 2008. Excluding this impact, net interest income was up 9% year-on-year, thanks to the year-on-year growth of both credit (+6%) and deposit volumes (+11%). Compared to the previous quarter, loan growth amounted to 5%, and deposits increased by 2% and net interest income *excluding the base-rate rise impact* was down slightly (-3%), partly related to a changed deposit product structure. As regards deposit products, the stated base-rate increase led to a net growth in traditional saving deposits to the tune of 0.8 billion (+3.3%) in the three months under review.
In 3Q 2008, the net interest margin stood at 1.19%, down on 1.68% recorded in both 2Q 2008 and 3Q 2007, due to the increase in the base rate on traditional saving deposits.

Gross earned premiums of the group's insurance activities in Belgium amounted to 532 million.
For life insurance, gross premiums (including certain types of life insurance – mainly unit-linked products – that, according to IFRS, are not included under the gross earned premium income heading in the P/L) amounted to 438 million. Year-on-year, sales of both interest-guaranteed products and unit-linked products went down, by 119 million and 68 million, respectively, caused by the change in client investment behaviour as a result of the depressed stock market climate, and by the higher rates offered on traditional deposit products. This, together with the traditional seasonal slowdown of investment activities of clients in the summer months, also explains the drop registered in the last three months (-103 million for interest-guaranteed products, -14 million for unit-linked products). The outstanding life reserves in Belgium, at 20 billion, ended 2% up on a year ago and was down slightly (less than 1%) compared to the previous quarter.
Non-life insurance premium income, at 228 million, continued its steady increase, with a growth of 4% year-on-year and 1% quarter-on-quarter. Moreover, the combined ratio for the first nine months of the year came to an excellent 94%, compared to 98% for the 2007 financial year (the latter impacted, however, by exceptional windstorm damage).

Dividend income of this BU, which is almost entirely attributed to the investment portfolio of the Belgian insurance companies of the group, stood at 14 million, comparable with the year-earlier quarter. Dividend income was significantly down on the 77 million recorded in the previous quarter as a result of seasonal influences, since the bulk of dividends is traditionally received during the second quarter of the year.

Net realised gains on available-for-sale securities amounted to 79 million in 3Q 2008, up on the 59 million recorded in the previous quarter, but down on the 93 million realised in 3Q 2007. Over and above the fact that the 3Q 2007 reference quarter included positive effects of corporate actions, the relatively low levels of realised gains in 3Q 2008 (and 2Q 2008) were related to the fact that an important part of the yearly budgeted gains on share sales was realised during the first quarter of 2008, given the uncertain stock market climate.

Net (un)realised gains from financial instruments at fair value (trading and fair value income) amounted to a negative 417 million in the quarter under review, versus a negative 60 million in the previous quarter and a positive 17 million in 3Q 2007. As was the case in the previous quarters, this income item was impacted by negative value adjustments on CDOs in portfolio, even though the impact in 3Q 2008 (431 million) was significantly higher than in the previous quarter (50 million). As explained earlier, this is for a large part due to the downgrading of a number of CDOs by Moody's and, moreover, the pro-active application by KBC of Moody's more stringent methodology to the entire CDO portfolio. For reference purposes, if the impact of the CDO markdowns were disregarded, trading and fair value income would come to a positive 14 million in the quarter under review.

Net fee and commission income stood at 163 million. The traditional summer slowdown of investments products sales, coupled with the difficult financial and economic climate, caused *received* commission income of the banking activities to decrease by 17% versus 2Q 2008, and by 19% versus 3Q 2007. *Paid* commissions (mainly to insurance agents), at 44 million, stayed roughly flat compared to both reference quarters. At the end of September 2008, the assets under management of this BU stood at 158 billion, flat quarter-on-quarter and down 2% year-on-year, due to the negative price effect. Total *customer wealth* (AUM + life reserves + client deposits), however, still witnessed a 2% year-on-year increase.

Other net income amounted to 41 million, more or less in line with the average of the last 4 quarters (39 million).

Operating expenses (479 million) increased 4% compared to a year earlier, largely due to inflationary pressures. Operating expenses were even down 1% compared to the previous quarter, but that quarter was burdened by increased cost provisions for a commercial litigation. The 9M 2008 cost/income ratio for the Belgian banking activities, excluding the negative CDO impact, was 65%. In 2007, the cost-income ratio amounted to 59%.

Impairments stood at 140 million. Notwithstanding a worsening economic climate, impairments on the Belgian retail *loan portfolio* remained at a very low level (18 million, versus 13 million in 2Q 2008 and 8 million in 3Q 2007). As a consequence, this Business Unit continued to boast a very good credit cost ratio of only 9 bps, even down on the 13 bps recorded for the 2007 financial year.
As was the case in the previous quarter, the deteriorating stock market prices (the MSCI Europe index was down 12% in 3Q 2008) triggered additional impairments on shares in the investment portfolio. As a result, 123 million impairments on available-for-sale assets (mainly shares in the insurer's portfolio) were recorded in 3Q 2008, up somewhat on the 108 million recorded in the previous quarter and significantly higher than the 2007 quarterly average of 5 million.

CEER Business Unit (underlying trend)

The CEER BU encompasses all banking and insurance activities in Central and Eastern Europe and Russia, the main ones being:
- Czech Republic: ČSOB Bank (CR) and ČSOB Insurance (CR)
- Slovakia: ČSOB Bank (SR), ČSOB Insurance (SR), Istrobanka (included for the first time in 3Q 2008)
- Hungary: K&H Bank and K&H Insurance
- Poland: Kredyt Bank and WARTA Insurance
- Serbia: KBC Banka
- Bulgaria: Economic and Investment Bank (EIB) and DZI Insurance
- Russia: Absolut Bank
- Slovenia: NLB Bank (minority participation) and NLB Life.

In the quarter under review, the CEER BU generated an underlying net loss of 21 million. Excluding the direct impact of the financial crisis (negative valuation adjustments on CDOs, as well as impairments on the share portfolio and on troubled US-banks), the underlying result would have been a positive 201 million, down somewhat on the record 222 million in the previous quarter, but significantly up on the 130 million in the year-earlier quarter.

The underlying quarterly net profit, excluding the financial crisis impact, is broken down as follows:
- 140 million in the Czech Republic
- 11 million in Slovakia
- 41 million in Hungary
- 49 million in Poland
- 0 million in Russia
- -39 million other results (also including funding costs, see further).

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	274	283	319	361	390	439	471
Gross earned premiums, insurance	239	231	251	297	299	319	330
Gross technical charges, insurance	- 139	- 103	- 166	- 165	- 186	- 164	-235
Ceded reinsurance result	- 7	- 5	- 11	- 8	- 4	- 9	-7
Dividend income	0	2	1	2	0	3	2
Net (un)realised gains from financial instruments at fair value	47	63	51	48	21	26	-141
Net realised gains from available-for-sale assets	12	4	2	9	- 1	- 5	-2
Net fee and commission income	75	84	82	82	76	75	79
Banking	*109*	*118*	*116*	*129*	*129*	*132*	*143*
Insurance	*- 34*	*- 34*	*- 34*	*- 47*	*- 53*	*- 56*	*-64*
Other net income	23	21	17	38	36	25	41
Total income	523	581	548	664	631	708	538
Operating expenses	- 321	- 352	- 363	- 454	- 406	- 446	-479
Impairment	- 25	- 27	- 38	- 1	- 39	- 57	-101
o/w on loans and receivables	*- 22*	*- 27*	*- 36*	*- 1*	*- 35*	*- 51*	*-79*
o/w on available-for-sale assets	*- 2*	*2*	*- 1*	*0*	*- 4*	*- 3*	*-8*
Share in results of associated companies	15	19	14	3	15	8	11
Profit before tax	192	222	160	211	201	214	- 31
Income tax expense	- 35	- 35	- 38	- 31	- 42	- 17	18
Profit after tax	157	187	122	180	159	196	- 13
attributable to minority interests	8	9	5	6	6	6	8
attributable to the equity holders of the parent	**150**	**177**	**117**	**174**	**154**	**190**	**-21**
Banking activities	*126*	*157*	*106*	*152*	*160*	*177*	*-20*
Insurance activities	*23*	*21*	*11*	*22*	*- 7*	*13*	*- 1*
Cost/income ratio (banking activities)	*62%*	*59%*	*65%*	*68%*	*61%*	*61%*	*90%*
Combined ratio (non-life insurance activities)	*107%*	*88%*	*97%*	*92%*	*92%*	*89%*	*93%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**152**	**175**	**130**	**184**	**180**	**222**	**201**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*34 643*	*39 943*	*39 585*
Allocated equity (end of period, Basel II)	-	-	-	-	*2 603*	*2 973*	*3 006*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*25%*	*28%*	*23%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Compared to a year ago, the average quarterly exchange rate of the CZK was up by 15% against the EUR, the SKK by 10%, the PLN by 15% and the HUF exchange rate by 6%. The combined weighted appreciation was roughly 11%. Compared to the previous quarter, exchange-rate changes were less outspoken; their combined weighted appreciation was some 3%. Moreover, in comparison with a year ago, a number of acquisitions were effected, the main ones being DZI Insurance in Bulgaria (included in the results as of 4Q 2007), Economic and Investment Bank in Bulgaria (1Q 2008) and Istrobanka in Slovakia (3Q 2008). In order not to distort the comparison, the 'organic' growth figures mentioned below exclude the impact of the new acquisitions and changes in the exchange rates.

Net interest income amounted to 471 million, an organic increase on the year-earlier and previous-quarter figures by 29% and 3%, respectively. This reflects the solid business growth in KBC's main markets in the CEER region: compared to a year earlier, for example, organic loan growth was 28% and organic deposit growth amounted to 9%. Compared to the previous quarter, the organic growth of the loan portfolio amounted to 8%, while deposits increased by 4%. The average CEER banking net interest margin was 3.18%, up on 3.10% in the previous quarter and 3.04% in 3Q 2007 (as the new acquisitions were in countries where the net interest margin is higher).

Gross earned insurance premiums in CEER amounted to 330 million.
Life gross earned premiums (including unit-linked products, which, under IFRS, are not included in the gross earned premiums or in the technical charges) stood at 323 million, a more than organic doubling compared to a year ago, largely thanks to increased sales of interest-guaranteed products in Poland. Compared to the previous quarter, life premiums stayed virtually flat. Outstanding life reserves increased organically by 34% year-on-year and 16% quarter-on-quarter, to 1.9 billion. Non-life insurance premium income, at 238 million, increased 7% year-on-year on an organic basis (and even 35% on a nominal basis, thanks to DZI Insurance in Bulgaria) and was virtually flat quarter-on-quarter. The combined ratio in the first nine months of the year stood at a comfortable 91%, a further improvement on the 95% recorded for the entire year 2007, thanks to an improved claims ratio.

Total net fee and commission income stood at 79 million. Net fee and commission income *received* by the CEER banking entities was up 4% year-on-year and 5% quarter-on-quarter on an organic basis (in nominal terms even 23% and 9%, respectively). However, this was partly offset by the increased commissions paid to agents by the insurance entities of the group as a result of the increase in insurance sales. Organically, AUM in CEER (14 billion) stayed virtually flat in the quarter under review and were up 4% year-on-year.

Gains from financial instruments at fair value (trading and fair value income), at a negative 141 million, were down significantly on the positive 37 million average of the last four quarters. The quarter under review included 258 million negative value adjustments on the CDOs in portfolio, versus 37 million in the previous quarter. As explained earlier, this is largely due to the downgrading of certain CDOs by Moody's and, moreover, the pro-active application by KBC of Moody's more stringent methodology to its entire CDO portfolio.

Realised gains on the sale of available-for-sale investment securities amounted to -2 million, and dividend income stood at 2 million, both in line with the average of the last four quarters. Other net income, finally, amounted to 41 million, up on the 29 million average of the last four quarters, thanks to write-backs of charges related to past legal files.

Operating expenses stood at 479 million. On an organic basis, this constituted an increase by 14% on the year-earlier quarter due to wage inflation and branch network expansion, among other things. Costs were up 3% organically on the previous quarter, but if the 10 million provision write-back related to a Polish litigation in the previous quarter is disregarded, the quarter-on-quarter cost evolution was virtually flat. The cost/income ratio for the CEER banking activities, excluding the negative CDO impact, stood at 58% for the first nine months of the year. In 2007, the cost-income ratio stood at 63%.

Impairments stood at 101 million. Impairments *on loans* amounted to 79 million and were up by 28 million compared to 2Q 2008 and by 43 million compared to 3Q 2007. Besides impairments for loan losses, the quarter under review also included impairments for shares (8 million) and for held-to-maturity securities of troubled US banks (13 million). This led to a credit cost ratio (which includes both loans and bank and corporate bonds) for the first nine months of the year of 57 bps for the region (or 53 bps excluding impairments on the troubled US banks), compared with the relatively low 26 bps for the 2007 financial year (which included retrievals of impairment in Poland, among other things). The 9M 2008 ratio is broken down as follows: 45 bps in the Czech Republic (18 bps in the 2007 financial year), 63 bps in Slovakia (96 bps in 2007), 69 bps in Poland (net retrieval of impairments in 2007), 7 bps in Hungary (62 bps in 2007) and 172 bps in Russia (21 bps in 2007). Roughly three-fourths of the 9M 2008 credit cost ratio in Russia is attributable to an increase in portfolio-based loan impairments.

The share in results of associated companies, which relates to Nova Ljubjanska banka (NLB) in Slovenia, amounted to 11 million, more or less comparable to the 2007 quarterly average (10 million).

Below, the underlying income statements are provided for the main CEER countries: the Czech Republic, Slovakia, Hungary, Poland and Russia. The 'CEER funding costs and other results' section includes the funding cost of goodwill paid on acquisitions in CEER, the results of the other subsidiaries and participations (*NLB* and *NLB Life* in Slovenia, *KBC Banka* in Serbia, *DZI Insurance* and *EIB* in Bulgaria being the main ones), minority interests in the CEER subsidiaries, some operating expenses related to CEER at KBC group's head office, and consolidation adjustments.

Income statement, Czech Republic (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	157	163	178	197	213	223	231
Gross earned premiums, insurance	58	60	63	68	70	74	74
Gross technical charges, insurance	- 28	- 13	- 50	- 36	- 52	- 35	- 83
Ceded reinsurance result	- 3	1	- 1	- 1	- 3	- 3	- 2
Dividend income	0	1	1	1	0	1	1
Net (un)realised gains from financial instruments at fair value	6	12	1	- 8	- 23	- 16	- 212
Net realised gains from available-for-sale assets	8	0	1	- 2	- 3	2	1
Net fee and commission income	51	52	49	54	57	60	61
Banking	*58*	*59*	*56*	*61*	*64*	*67*	*68*
Insurance	*- 7*	*- 7*	*- 7*	*- 7*	*- 7*	*- 7*	*- 7*
Other net income	10	11	8	16	25	7	27
Total income	260	286	249	290	285	313	96
Operating expenses	- 127	- 138	- 136	- 161	- 155	- 151	- 163
Impairment	- 7	- 6	- 20	2	- 13	- 11	- 45
o/w on loans and receivables	*- 4*	*- 9*	*- 20*	*2*	*- 13*	*- 10*	*- 30*
o/w on available-for-sale assets	*- 2*	*2*	*0*	*0*	*0*	*0*	*- 1*
Share in results of associated companies	2	1	1	2	- 1	2	- 1
Profit before tax	129	143	94	133	116	153	- 112
Income tax expense	- 28	- 30	- 22	- 29	- 19	- 23	39
Profit after tax	100	114	72	104	96	129	- 73
attributable to minority interests	1	1	0	0	1	1	0
attributable to the equity holders of the parent	**99**	**113**	**72**	**104**	**95**	**128**	**- 74**
Banking activities	*88*	*108*	*68*	*95*	*101*	*120*	*- 70*
Insurance activities	*12*	*5*	*4*	*10*	*- 5*	*9*	*- 4*
Cost/income ratio (banking activities)	*49%*	*47%*	*53%*	*56%*	*51%*	*47%*	*-*
Combined ratio (non-life insurance activities)	*114%*	*81%*	*98%*	*95%*	*100%*	*91%*	*87%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**102**	**110**	**84**	**114**	**118**	**157**	**140**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*15 003*	*18 837*	*15 276*
Allocated equity (end of period, Basel II)	-	-	-	-	*1 072*	*1 324*	*1 102*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*39%*	*47%*	*39%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, Slovakia (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	25	23	22	25	29	34	41
Gross earned premiums, insurance	13	14	13	18	13	20	16
Gross technical charges, insurance	- 9	- 10	- 10	- 13	- 8	- 16	-12
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	3	11	6	7	7	9	6
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	6	7	5	8	7	6	9
Banking	*7*	*8*	*6*	*9*	*8*	*7*	*11*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*-1*
Other net income	4	4	3	1	1	0	3
Total income	41	46	39	45	50	53	63
Operating expenses	- 28	- 27	- 26	- 33	- 30	- 32	-41
Impairment	- 8	- 5	- 6	- 2	- 4	- 4	-9
o/w on loans and receivables	*- 8*	*- 5*	*- 6*	*- 2*	*- 4*	*- 4*	*-9*
o/w on available-for-sale assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	5	15	6	10	16	16	14
Income tax expense	- 1	- 4	- 1	- 2	- 3	- 3	- 4
Profit after tax	4	11	5	8	14	13	10
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**4**	**11**	**5**	**8**	**14**	**13**	**10**
Banking activities	*3*	*12*	*4*	*7*	*12*	*15*	*8*
Insurance activities	*1*	*- 1*	*1*	*1*	*2*	*- 2*	*2*
Cost/income ratio (banking activities)	*67%*	*54%*	*66%*	*74%*	*60%*	*56%*	*66%*
Combined ratio (non-life insurance activities)	*96%*	*122%*	*105%*	*54%*	*86%*	*112%*	*111%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**4**	**11**	**5**	**8**	**14**	**13**	**11**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*2 899*	*2 661*	*4 510*
Allocated equity (end of period, Basel II)	-	-	-	-	*204*	*186*	*308*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*22%*	*19%*	*8%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	62	66	64	67	66	73	79
Gross earned premiums, insurance	21	24	23	22	20	23	26
Gross technical charges, insurance	- 12	- 17	- 18	- 16	- 14	- 15	-21
Ceded reinsurance result	- 1	0	1	- 1	0	- 1	2
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	26	27	30	29	21	31	31
Net realised gains from available-for-sale assets	0	2	0	0	1	1	0
Net fee and commission income	25	27	31	29	25	26	28
Banking	*27*	*29*	*33*	*30*	*27*	*28*	*30*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	-2
Other net income	2	4	1	4	5	6	3
Total income	124	133	131	134	124	144	149
Operating expenses	- 78	- 79	- 75	- 79	- 65	- 85	-89
Impairment	- 10	- 27	- 12	2	3	- 2	-6
o/w on loans and receivables	*- 10*	*- 25*	*- 12*	*2*	*3*	*- 1*	*-6*
o/w on available-for-sale assets	*0*	*0*	*- 1*	*0*	*0*	*0*	*0*
Share in results of associated companies	0	1	0	1	1	0	0
Profit before tax	37	28	44	59	63	58	54
Income tax expense	- 7	- 5	- 13	- 16	- 23	- 15	- 14
Profit after tax	30	24	31	43	40	43	40
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**30**	**24**	**31**	**43**	**40**	**43**	**40**
Banking activities	*26*	*20*	*29*	*42*	*37*	*40*	36
Insurance activities	*4*	*3*	*2*	*1*	*3*	*4*	*3*
Cost/income ratio (banking activities)	*63%*	*60%*	*57%*	*58%*	*52%*	*60%*	*61%*
Combined ratio (non-life insurance activities)	*78%*	*89%*	*101%*	*104%*	*86%*	*89%*	*91%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**30**	**24**	**32**	**43**	**40**	**43**	**41**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*6 267*	*6 870*	*7 193*
Allocated equity (end of period, Basel II)	-	-	-	-	*434*	*471*	*494*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*28%*	*27%*	*20%*

For a definition of ratios, see 'glossary and other information'.
*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, Poland (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	57	59	68	70	75	83	94
Gross earned premiums, insurance	147	131	148	157	158	166	182
Gross technical charges, insurance	- 107	- 60	- 83	- 78	- 82	- 79	-99
Ceded reinsurance result	- 4	- 6	- 11	- 6	1	- 3	-6
Dividend income	0	1	0	1	0	1	1
Net (un)realised gains from financial instruments at fair value	12	10	10	12	11	14	35
Net realised gains from available-for-sale assets	3	3	2	7	1	- 6	-5
Net fee and commission income	- 8	- 3	- 6	- 8	- 17	- 20	-26
Banking	*16*	*22*	*18*	*25*	*20*	*21*	*23*
Insurance	*- 24*	*- 26*	*- 25*	*- 33*	*- 37*	*- 41*	*- 49*
Other net income	10	4	8	20	7	13	7
Total income	110	139	137	176	154	170	183
Operating expenses	- 85	- 98	- 96	- 120	- 99	- 114	- 119
Impairment	- 1	10	6	- 2	- 14	- 23	- 10
o/w on loans and receivables	*- 1*	*11*	*7*	*- 2*	*- 9*	*- 18*	*- 5*
o/w on available-for-sale assets	*0*	*0*	*0*	*0*	*- 4*	*- 3*	*- 5*
Share in results of associated companies	1	0	1	- 1	0	0	0
Profit before tax	24	51	48	53	40	33	54
Income tax expense	- 5	- 7	- 11	- 8	- 9	- 4	- 12
Profit after tax	19	45	37	45	31	30	42
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**45**	**37**	**45**	**31**	**30**	**42**
Banking activities	21	26	*26*	29	21	20	34
Insurance activities	- 2	18	*10*	15	10	9	8
Cost/income ratio (banking activities)	*67%*	*74%*	*71%*	*68%*	*66%*	*64%*	*64%*
Combined ratio (non-life insurance activities)	*110%*	*88%*	*96%*	*90%*	*90%*	*90%*	*95%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**19**	**45**	**37**	**45**	**35**	**33**	**49**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*6 398*	*6 885*	*7 513*
Allocated equity (end of period, Basel II)	-	-	-	-	*594*	*644*	*711*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*18%*	*16%*	*25%*

For a definition of ratios, see 'glossary and other information'.
*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, Russia (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	-	-	22	34	40	57	61
Gross earned premiums, insurance	-	-	0	0	0	0	0
Gross technical charges, insurance	-	-	0	0	0	0	0
Ceded reinsurance result	-	-	0	0	0	0	0
Dividend income	-	-	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	-	-	- 1	3	0	1	- 8
Net realised gains from available-for-sale assets	-	-	0	0	0	0	0
Net fee and commission income	-	-	3	4	4	2	3
Banking	-	-	*3*	*4*	*4*	*2*	*3*
Insurance	-	-	*0*	*0*	*0*	*0*	*0*
Other net income	-	-	0	2	0	0	1
Total income	-	-	24	42	45	60	56
Operating expenses	-	-	- 17	- 31	- 30	- 36	- 38
Impairment	-	-	- 4	2	- 5	- 18	- 18
o/w on loans and receivables	-	-	*- 4*	*2*	*- 5*	*- 18*	*- 18*
o/w on available-for-sale assets	-	-	*0*	*0*	*0*	*0*	*0*
Share in results of associated companies	-	-	0	0	0	0	0
Profit before tax	-	-	3	13	9	6	0
Income tax expense	-	-	- 1	- 3	- 2	- 1	0
Profit after tax	-	-	2	10	6	4	0
attributable to minority interests	-	-	0	0	0	0	0
attributable to the equity holders of the parent	-	-	**2**	**10**	**6**	**4**	**0**
Banking activities	-	-	*2*	10	6	4	0
Insurance activities	-	-	*0*	0	0	0	0
Cost/income ratio (banking activities)	-	-	*71%*	*73%*	*68%*	*60%*	*68%*
Combined ratio (non-life insurance activities)	-	-	-	-	-	-	-
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	-	-	**2**	**10**	**6**	**4**	**0**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*3 220*	*3 779*	*4 162*
Allocated equity (end of period, Basel II)	-	-	-	-	*205*	*241*	*265*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	-	-	-

For a definition of ratios, see 'glossary and other information'.
*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, CEER - funding cost and other results (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	-27	-27	-35	-33	-33	-31	-35
Gross earned premiums, insurance	0	3	5	31	38	35	32
Gross technical charges, insurance	18	-2	-4	-22	-30	-20	-20
Ceded reinsurance result	0	0	0	-1	-1	-2	-1
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	4	4	5	5	-13	7
Net realised gains from available-for-sale assets	0	-1	0	4	0	-2	2
Net fee and commission income	0	2	1	-4	-1	1	4
Other net income	-3	-2	-3	-3	-2	-2	0
Total income	-12	-24	-32	-23	-26	-32	-10
Operating expenses	-4	-10	-14	-31	-27	-27	-30
Impairment	1	0	-1	-4	-6	2	-12
o/w on loans and receivables	*1*	*0*	*-1*	*-4*	*-6*	*2*	*-10*
o/w on available-for-sale assets	*0*	*0*	*0*	*0*	*0*	*0*	*-2*
Share in results of associated companies	12	17	11	0	16	5	12
Profit before tax	-2	-16	-35	-58	-43	-52	-40
Income tax expense	6	10	10	28	14	29	9
Profit after tax	4	-6	-25	-30	-28	-24	-31
attributable to minority interests	7	8	5	7	4	-5	8
attributable to the equity holders of the parent	**-3**	**-15**	**-30**	**-36**	**-33**	**-29**	**-39**
Banking activities	-12	-10	-24	-30	-17	-22	-29
Insurance activities	9	-4	-6	-6	-16	-7	-11
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**-3**	**-15**	**-30**	**-36**	**-33**	**-29**	**-39**

*Revaluation of CDOs and impairments on shares and troubled US banks.

Merchant Banking Business Unit (underlying trend)

In the quarter under review, the Merchant Banking BU generated an underlying net loss of 518 million. Excluding the direct impact of the financial crisis (negative valuation adjustments on CDOs, as well as impairments on the share portfolio and on troubled US banks), the underlying result would have been a positive 137 million, compared to 234 million in the previous quarter and 170 million in the year-earlier quarter. The adjusted net profit figure can be broken down into 114 million for commercial banking and 23 million for investment banking activities.

The 'Merchant Banking' BU encompasses the financial services provided to SMEs and corporate customers (including in Belgium) and capital market activities. However, all merchant banking activities of the CEER group companies are handled by the CEER 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 Securities, KBC Financial Products, Antwerp Diamond Bank, KBC Private Equity, KBC Bank Nederland, KBC Bank Deutschland, KBC Clearing, KBC Peel Hunt, KBC Commercial Finance, KBC Finance Ireland, KBC Bank Ireland (formerly IIB Bank), Secura Re and Assurisk Re.

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	275	273	277	279	249	242	243
Gross earned premiums, insurance	74	67	78	71	71	60	69
Gross technical charges, insurance	- 48	- 40	- 54	- 27	- 53	- 37	- 45
Ceded reinsurance result	- 4	- 5	- 4	- 20	- 1	- 3	- 7
Dividend income	1	8	5	6	2	13	3
Net (un)realised gains from financial instruments at fair value	284	294	86	129	- 32	128	- 714
Net realised gains from available-for-sale assets	8	- 15	4	1	- 1	2	3
Net fee and commission income	73	96	121	105	79	74	81
Other net income	34	35	31	38	33	33	54
Total income	696	715	544	583	346	511	- 314
Operating expenses	- 322	- 367	- 311	- 313	- 295	- 250	- 290
Impairment	- 5	- 19	- 9	- 22	- 5	- 102	- 195
o/w on loans and receivables	*- 7*	*- 19*	*- 8*	*27*	*13*	*- 78*	*- 33*
o/w on available-for-sale assets	*0*	*0*	*0*	*- 48*	*- 17*	*- 16*	*- 168*
Share in results of associated companies	0	2	0	0	0	0	- 3
Profit before tax	369	332	223	248	46	159	- 802
Income tax expense	- 78	- 69	- 48	- 43	0	- 10	307
Profit after tax	291	263	175	205	46	149	- 496
attributable to minority interests	22	21	22	26	20	22	22
attributable to the equity holders of the parent	**269**	**241**	**153**	**179**	**26**	**128**	**- 518**
Banking activities	*257*	*223*	*139*	*174*	*28*	*132*	*- 363*
Insurance activities	*12*	*18*	*14*	*5*	*- 1*	*- 4*	*- 155*
Cost/income ratio (banking activities)	*46%*	*53%*	*58%*	*54%*	*85%*	*49%*	*-*
Combined ratio (reinsurance activities)	*88%*	*95%*	*97%*	*90%*	*92%*	*75%*	*92%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**269**	**241**	**170**	**284**	**89**	**234**	**137**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*71 787*	*74 120*	*75 916*
Allocated equity (end of period, Basel II)	-	-	-	-	*4 657*	*4 805*	*4 920*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*9%*	*21%*	*13%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Net interest income of this BU, which relates to the *commercial banking* activities, amounted to 243 million in 3Q 2008, virtually flat on the previous quarter. Compared to the year-earlier quarter, the comparison is impacted by a methodological change in the way income is recognised for lease finance and ALM derivatives as of 1Q 2008, leading to an approximate reduction in recurring 40 million quarterly net interest income as of then. Excluding this methodological change, net interest income was up some 2% compared to 3Q 2007 (notwithstanding a 11% drop in the USD exchange rate).

Net (un)realised gains from financial instruments at fair value (trading and fair value income) stood at a negative 714 million, down significantly on the positive 78 million average of the last four quarters. Evidently, this line item was very much impacted by the current financial crisis, more specifically by the 809 million negative value markdowns on CDOs. These markdowns were – over and above the impact of increased credit spreads and monoline counterparty risk – mainly due to the downgrading of a number of CDOs by Moody's in October, as the result of the application of a more stringent methodology. As explained earlier, KBC pro-actively applied this more stringent methodology to its entire CDO portfolio and, furthermore, took the full impact retroactively in 3Q 2008. For reference purposes, if the impact of the CDO markdowns were disregarded, trading and fair value income would come to a positive 95 million, slightly down on the year-earlier quarter, but a significant decrease versus the good performance in 2Q 2008 (343 million).

Net fee and commission income (81 million euros) remained at a low level, 18% down on the quarterly average of 2007, due to decreased fees relating to brokerage and corporate finance activities, among other things. Realised gains on available-for-sale assets amounted to 3 million in the quarter under review, more or less in line with the quarterly average. Dividend income amounted to 3 million, a decrease after the seasonal peak in the second quarter and down on the 5 million registered a year ago. Other income stood at 54 million, somewhat up on the 34 million average of the last four quarters. The insurance underwriting result (earned premiums net of technical charges and ceded reinsurance result) of the group's inbound re-insurance activities amounted to 16 million, and their combined ratio stood at an excellent 87% for 9M 2008, a further improvement on the 91% recorded in the 2007 financial year.

Operating expenses amounted to 290 million, up 16% on the low level recorded in the previous quarter, but down 7% on the year-earlier quarter, mainly on account of lower income-related remuneration. The resulting 9M 2008 cost/income ratio of the BU, excluding the negative CDO-impact, came to 52%. In 2007, the cost-income ratio stood at 53%.

Impairments stood at 195 million, up on the previous quarter (102 million), and significantly higher than the 14 million 2007 quarterly average. This was the result of higher impairments for *available-for-sale assets* (168 million, versus 16 million in the previous quarter and zero in 3Q 2007), which included impairments related to the bonds of the troubled US financial institutions, Lehman Brothers and Washington Mutual (for 136 million). Impairments for *loans*, on the other hand, remained limited to 33 million. The credit cost ratio for the first nine months of the year, which includes both credits and corporate and bank bonds, hence, increased to 43 bps, or 19 bps excluding the troubled US banks, which is comparable to the six months figure (16 bps), but clearly up on the extremely low 2 bps recorded for the 2007 financial year.

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, etc.).

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	275	273	277	279	249	242	243
Gross earned premiums, insurance	74	67	78	71	71	60	69
Gross technical charges, insurance	- 48	- 40	- 54	- 27	- 53	- 37	- 45
Ceded reinsurance result	- 4	- 5	- 4	- 20	- 1	- 3	- 7
Dividend income	1	8	5	6	2	13	3
Net (un)realised gains from financial instruments at fair value	6	7	- 2	- 36	- 16	- 26	- 239
Net realised gains from available-for-sale assets	8	- 15	4	1	- 1	2	3
Net fee and commission income	13	25	27	24	26	22	31
Other net income	32	35	31	38	33	33	54
Total income	356	357	363	337	310	305	111
Operating expenses	- 122	- 154	- 134	- 128	- 132	- 131	- 133
Impairment	- 6	- 19	- 9	- 14	- 10	- 89	- 49
o/w on loans and receivables	*- 7*	*- 19*	*- 8*	*29*	*13*	*- 77*	*- 30*
o/w on available-for-sale assets	*0*	*0*	*0*	*- 43*	*- 23*	*- 11*	*- 19*
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	229	185	220	195	168	86	- 71
Income tax expense	- 50	- 33	- 55	- 44	- 39	- 14	29
Profit after tax	179	152	164	151	129	72	- 42
attributable to minority interests	23	22	22	22	21	20	21
attributable to the equity holders of the parent	**156**	**130**	**143**	**129**	**108**	**51**	**- 63**
Banking activities	*144*	*112*	*129*	*124*	*109*	*55*	*93*
Insurance activities	*12*	*18*	*14*	*5*	*- 1*	*- 4*	*- 155*
Cost/income ratio (banking activities)	*35%*	*46%*	*38%*	*38%*	*41%*	*43%*	*41%*
Combined ratio (reinsurance activities)	*88%*	*95%*	*97%*	*90%*	*92%*	*75%*	*92%*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**156**	**130**	**143**	**183**	**125**	**74**	**114**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*52 074*	*50 712*	*53 007*
Allocated equity (end of period, Basel II)	-	-	-	-	*3 400*	*3 313*	*3 459*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*18%*	*11%*	*16%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	0	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	278	288	87	165	-17	154	-475
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	60	71	94	81	53	52	49
Other net income	2	0	0	0	0	0	0
Total income	340	358	181	246	36	206	-426
Operating expenses	-201	-213	-178	-185	-163	-119	-157
Impairment	0	0	0	-8	5	-13	-146
o/w on loans and receivables	*0*	*0*	*0*	*-2*	*0*	*-1*	*-2*
o/w on available-for-sale assets	*0*	*0*	*0*	*-5*	*5*	*-6*	*-150*
Share in results of associated companies	0	2	0	0	0	0	-3
Profit before tax	140	147	3	53	-121	74	-731
Income tax expense	-28	-36	7	1	39	4	277
Profit after tax	112	111	10	54	-82	78	-454
attributable to minority interests	-1	-1	0	4	-1	1	2
attributable to the equity holders of the parent	**113**	**112**	**10**	**50**	**-81**	**76**	**-456**
Banking activities	*113*	*112*	*10*	*50*	*-81*	*76*	*-456*
Insurance activities	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Cost/income ratio (banking activities)	*56%*	*60%*	*98%*	*75%*	-	*58%*	-
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**113**	**112**	**28**	**101**	**-36**	**161**	**23**
Risk-weighted assets (end of period)	-	-	-	-	*19 713*	*23 408*	*22 910*
Allocated equity (end of period)	-	-	-	-	*1 257*	*1 492*	*1 460*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*-15%*	*47%*	*6%*

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

*Revaluation of CDOs and impairments on shares and troubled US banks.

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 KBL European Private Bankers and its subsidiaries in the Benelux and other Western European countries (Germany, France and Monaco, the UK and Switzerland), as well as insurance company VITIS Life in Luxembourg.

In the quarter under review, the European Private Banking BU generated an underlying net loss of 88 million. Excluding the direct impact of the financial crisis (negative valuation adjustments on CDOs, as well as impairments on the share portfolio and on troubled US banks), the underlying result would have been a positive 32 million, compared to 64 million in the previous quarter and 50 million in the year-earlier quarter, as the market turmoil impacted commission income, among other things.

Income statement, European Private Banking Business Unit (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	36	34	41	58	57	64	63
Gross earned premiums, insurance	5	12	8	17	13	7	5
Gross technical charges, insurance	- 12	- 17	- 15	- 23	- 17	- 13	- 10
Ceded reinsurance result	0	0	0	0	0	0	0
Dividend income	2	6	2	4	1	6	1
Net (un)realised gains from financial instruments at fair value	22	23	4	- 3	- 14	- 6	- 152
Net realised gains from available-for-sale assets	8	10	12	36	- 1	8	0
Net fee and commission income	121	119	116	112	107	120	99
Other net income	7	5	3	2	2	3	6
Total income	190	192	171	202	148	190	11
Operating expenses	- 124	- 115	- 120	- 128	- 95	- 132	- 111
Impairment	1	- 1	- 3	- 36	- 3	- 11	- 35
o/w on loans and receivables	1	0	1	- 36	- 2	0	0
o/w on available-for-sale assets	0	- 1	- 4	0	- 1	- 11	- 34
Share in results of associated companies	1	1	1	1	1	1	1
Profit before tax	68	76	50	39	50	47	- 134
Income tax expense	- 16	- 19	- 6	2	- 8	0	46
Profit after tax	52	57	44	41	43	47	- 88
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**52**	**57**	**44**	**41**	**43**	**47**	**- 88**
Banking activities	*50*	*55*	*44*	*36*	*41*	*47*	*- 84*
Insurance activities	*2*	*2*	*0*	*5*	*2*	*0*	*- 4*
Cost/income ratio (banking activities)	*65%*	*61%*	*70%*	*65%*	*65%*	*70%*	*-*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**52**	**58**	**50**	**50**	**50**	**64**	**32**
Risk-weighted assets (end of period, Basel II)	-	-	-	-	*7 529*	*8 917*	*7 716*
Allocated equity (end of period, Basel II)	-	-	-	-	*542*	*620*	*543*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	*34%*	*40%*	*19%*

For a definition of ratios, see 'glossary and other information'.
*Revaluation of CDOs and impairments on shares and troubled US banks.

Net interest income remained at a high level (63 million), significantly surpassing the year-earlier quarter (+49% on a comparable basis) and almost flat on the record 2Q 2008 (64 million). This was largely thanks to interest income generated from the treasury activities, related to the positive liquidity position and the continuing high demand for liquidity in the market.

This, however, could not compensate for the decline in net fee and commission income, which stood at 99 million, down 21 and 26 million on 2Q 2008 and 3Q 2007, respectively, on a comparable basis. The decline in net commission income was evidently caused by the depressed investment climate, over and above the traditional seasonal drop in the summer months. Assets under management (AUM) of the European Private Banking BU stood at 50 billion as at 30 September 2008. Notwithstanding the difficult market climate, *net outflows* of (AUM) remained limited to a mere 1%, both year-on-year and quarter-on-quarter. On-shore private banking assets, the core part of the AUM, still witnessed a 3% net inflow year-on-year and were flat quarter-on-quarter. Clearly , over and above the volume effect, there was a significant price effect (decreasing stock market prices caused the value of existing assets to drop), and as a result, the *nominal* amount of total AUM decreased by 15% year-on-year and 6% quarter-on-quarter, both on a comparable basis.

Net (un)realised gains from financial instruments at fair value stood at a negative 152 million. As was the case in the preceding quarters, the current quarter's result was negatively impacted by the downward value adjustment on the CDOs in the investment portfolio. However, the significantly higher impact (136 million versus 12 million in 2Q 2008) was caused by the CDO-ratings downgrade by Moody's and KBC's pro-active decision to apply the new methodology of Moody's to its entire CDO portfolio.

Gains from available-for-sale assets stood at virtually zero, down on the 14 million average of the last four quarters. Dividend income, at 1 million, was down on the seasonal peak in the second quarter and other income amounted to 6 million, somewhat higher than the 3 million average of the last four quarters. Life premium income of this BU's insurance activities (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premium heading in the P/L) amounted to 43 million, down on the 59 million average of the last 4 quarters. Life reserves of this BU, at 1.5 billion, were virtually flat compared to the reference quarters.

Expenses stood at 111 million in the quarter under review and were down 21 million and 17 million on 2Q 2008 and 3Q 2007 respectively (on a comparable basis), partly thanks to 12 million recoveries on litigation provisions that had become redundant. The cost/income ratio for the first nine months of the year, excluding the negative CDO impact, amounted to 67%. In 2007, the cost-income ratio stood at 65%.

Impairments amounted to 35 million in the quarter under review. This related entirely to available-for-sale securities in portfolio, which were impacted by events at troubled US banks Lehman Brothers and Washington Mutual (together involving some 20 million) and the general stock market downturn, especially regarding financials. In the reference quarters, impairments amounted to 11 million (2Q 2008) and 3 million (3Q 2007).

Group Centre (underlying trend)

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

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 34 million, on a par with previous quarters.

Income statement, Group Centre (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008
Net interest income	-6	12	0	-10	-25	-31	-31
Gross earned premiums, insurance	-12	-8	-10	-10	-10	-10	-13
Gross technical charges, insurance	10	-1	7	7	6	7	10
Ceded reinsurance result	0	9	2	0	2	2	3
Dividend income	0	5	0	1	0	5	0
Net (un)realised gains from financial instruments at fair value	1	4	-4	-7	0	0	0
Net realised gains from available-for-sale assets	0	1	3	-4	0	0	0
Net fee and commission income	13	4	7	13	9	7	8
Other net income	-4	-13	4	10	-1	-28	-27
Total income	3	11	10	2	-19	-48	-50
Operating expenses	-8	-9	-11	13	-18	4	8
Impairment	0	-1	-1	0	0	0	0
o/w on loans and receivables	*0*	*0*	*-1*	*1*	*0*	*0*	*0*
o/w on available-for-sale assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	-6	2	-3	16	-38	-45	-42
Income tax expense	-12	-15	-13	-7	1	13	9
Profit after tax	-18	-13	-16	9	-36	-32	-33
attributable to minority interests	-1	-1	0	1	0	0	0
attributable to the equity holders of the parent	**-17**	**-13**	**-16**	**8**	**-36**	**-32**	**-34**
Banking activities	*-3*	*-2*	*-5*	*28*	*-3*	*-9*	*-4*
Insurance activities	*0*	*0*	*0*	*0*	*-14*	*-16*	*-12*
Holding activities	*-14*	*-10*	*-12*	*-19*	*-20*	*-8*	*-18*
net profit attributable to the equity holders of the parent, excluding investment losses related to the financial crisis*	**-17**	**-13**	**-16**	**8**	**-36**	**-32**	**-34**

*Revaluation of CDOs and impairments on shares and troubled US banks.

Consolidated financial statements

Consolidated financial statements
KBC Group, 3Q 2008 and 9M 2008

Consolidated income statement

In millions of EUR	Note	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Net interest income	3	930	1 311	1 249	2 996	3 723
Interest income		3 904	4 132	4 464	11 401	13 009
Interest expense		- 2 973	- 2 821	- 3 212	- 8 406	- 9 283
Gross earned premiums, insurance	9	969	1 008	922	2 661	3 166
non-life		457	504	514	1 339	1 521
life	10	511	504	407	1 322	1 645
Gross technical charges, insurance	9	- 841	- 820	- 804	- 2 258	- 2 702
non-life		- 272	- 261	- 310	- 815	- 861
life		- 569	- 559	- 493	- 1 442	- 1 841
Ceded reinsurance result	9	- 17	- 17	- 17	- 37	- 44
Dividend income	4	52	123	37	218	195
Net (un)realised gains from financial instruments at fair value through profit or loss		379	35	- 1 688	1 327	- 1 680
Net realised gains from available-for-sale assets	6	115	63	80	539	341
Net fee and commission income	7	478	477	422	1 494	1 336
Fee and commission income		729	771	672	2 331	2 185
Fee and commission expense		- 251	- 294	- 250	- 837	- 849
Other net income	8	128	97	210	388	435
TOTAL INCOME		2 193	2 276	411	7 329	4 771
Operating expenses		- 1 266	- 1 310	- 1 351	- 3 788	- 3 939
staff expenses		- 761	- 738	- 793	- 2 271	- 2 290
general administrative expenses		- 412	- 485	- 467	- 1 239	- 1 400
depreciation and amortisation of fixed assets		- 95	- 88	- 102	- 268	- 284
provisions for risks and charges		2	2	11	- 10	34
Impairment	14	- 62	- 332	- 478	- 146	- 909
on loans and receivables		- 51	- 143	- 130	- 130	- 300
on available-for-sale assets		- 8	- 180	- 341	- 11	- 591
on goodwill		0	0	0	0	0
on other		- 3	- 9	- 8	- 5	- 18
Share in results of associated companies		14	8	9	52	33
PROFIT BEFORE TAX		878	642	- 1 410	3 447	- 45
Income tax expense		- 211	- 121	533	- 786	269
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		667	521	- 876	2 662	224
attributable to minority interest		28	28	30	89	83
attributable to equity holders of the parent		**639**	**493**	**- 906**	**2 572**	**141**
Earnings per share (in EUR)						
Basic		1.85	1.45	-2.66	7.39	0.42
Diluted		1.84	1.45	-2.65	7.36	0.41

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2007	30-09-2008
Cash and cash balances with central banks		4 613	8 043
Financial assets	18, 24	340 522	361 992
Held for trading		73 907	84 158
Designated at fair value through profit or loss		46 212	39 320
Available for sale		46 750	48 178
Loans and receivables		160 607	178 945
Held to maturity		12 320	11 160
Hedging derivatives		725	232
Reinsurers' share in technical provisions, insurance		291	317
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 223	- 190
Tax assets		919	1 959
Current tax assets		138	303
Deferred tax assets		781	1 656
Non-current assets held for sale and disposal groups		41	720
Investments in associated companies		634	63
Investment property		593	716
Property and equipment		2 234	3 160
Goodwill and other intangible assets		3 501	4 084
Other assets		2 473	2 711
TOTAL ASSETS		355 597	383 576

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2007	30-09-2008
Financial liabilities	18	311 422	341 686
Held for trading		41 298	42 295
Designated at fair value through profit or loss		45 774	49 949
Measured at amortised cost		223 858	249 103
Hedging derivatives		492	338
Gross technical provisions, insurance	31	17 905	19 312
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		0	0
Tax liabilities		816	601
Current tax liabilities		481	421
Deferred tax liabilies		335	180
Non-current liabilities held for sale and liabilities associated with disposal groups		0	56
Provisions for risks and charges		456	545
Other liabilities		6 511	5 959
TOTAL LIABILITIES		337 110	368 158
Total equity		18 487	15 418
Parent shareholders' equity	35	17 348	14 254
Minority interests		1 139	1 163
TOTAL LIABILITIES AND EQUITY		355 597	383 576

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Other equity (Mandatorily convertible bonds)	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority interests	Total equity
30-09-2007											
Balance at the beginning of the period	1 235	4 150	183	- 1 111	1 968	46	10 651	98	17 219	1 234	18 453
Recognised directly in equity	0	0	0	0	- 751	24	- 1	- 53	- 782	0	- 782
Subtotal, recognised directly in equity	**0**	**0**	**0**	**0**	**- 751**	**24**	**- 1**	**- 53**	**- 782**	**0**	**- 782**
Net profit for the period	0	0	0	0	0	0	2 572	0	2 572	89	2 662
Total income and expense for the period	**0**	**0**	**0**	**0**	**- 751**	**24**	**2 571**	**- 53**	**1 791**	**89**	**1 880**
Dividends	0	0	0	0	0	0	- 1 155	0	- 1 155	0	- 1 155
Capital increase	0	1	- 1	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 593	0	0	54	0	- 539	0	- 539
Cancellation of treasury shares	0	0	0	698	0	0	- 698	0	0	0	0
Change in minority interests	0	0	0	0	0	0	0	0	0	- 172	- 172
Total change	**0**	**1**	**- 1**	**106**	**- 751**	**24**	**772**	**- 53**	**97**	**- 83**	**15**
Balance at the end of the period	**1 235**	**4 151**	**181**	**- 1 006**	**1 216**	**70**	**11 423**	**45**	**17 316**	**1 152**	**18 468**
of which revaluation reserve for shares					1 434						
of which revaluation reserve for bonds					- 217						
of which revaluation reserve for other assets than bonds and shares					0						

In millions of EUR	Issued and paid up share capital	Share premium	Other equity (Mandatorily convertible bonds)	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority interests	Total equity
30-09-2008											
Balance at the beginning of the period	1 235	4 161	181	- 1 285	810	73	12 125	47	17 348	1 139	18 487
Recognised directly in equity	0	0	0	0	- 1 790	13	- 1	104	- 1 674	0	- 1 674
Subtotal, recognised directly in equity	**0**	**0**	**0**	**0**	**- 1 790**	**13**	**- 1**	**104**	**- 1 674**	**0**	**- 1 674**
Net profit for the period	0	0	0	0	0	0	141	0	141	83	224
Total income and expense for the period	**0**	**0**	**0**	**0**	**- 1 790**	**13**	**140**	**104**	**- 1 533**	**83**	**- 1 449**
Dividends	0	0	0	0	0	0	- 1 283	0	- 1 283	0	- 1 283
Capital increase	0	4	- 5	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 278	0	0	0	0	- 278	0	- 278
Change in minority interests	0	0	0	0	0	0	0	0	0	- 59	- 59
Total change	**0**	**4**	**- 5**	**- 278**	**- 1 790**	**13**	**- 1 142**	**104**	**- 3 094**	**24**	**- 3 069**
Balance at the end of the period	**1 235**	**4 165**	**177**	**- 1 563**	**- 980**	**87**	**10 983**	**151**	**14 254**	**1 163**	**15 418**
of which revaluation reserve for shares					- 40						
of which revaluation reserve for bonds					- 938						
of which revaluation reserve for other assets than bonds and shares					- 3						

Condensed consolidated cash flow statement

In millions of EUR	9M 2007	9M 2008
Net cash from (used in) operating activities	754	- 1 892
Net cash from (used in) investing activities	- 1 405	1 341
Net cash from (used in) financing activities	2 159	2 127
Net increase or decrease in cash and cash equivalents	1 507	1 576
Cash and cash equivalents at the beginning of the period	23 635	20 738
Effects of exchange rate changes on opening cash and cash equivalents	0	78
Cash and cash equivalents at the end of the period	25 142	22 392

Notes on the accounting policies

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

Note 1a: Statement of compliance

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

The consolidated financial statements of KBC present one year of comparative information.
The Group will apply the IFRS 8 standard as of 1 January 2009.

As of the beginning of 2008 KBC has changed the presentation of the balance sheet to correspond with the Belgian prudential reporting presentation of banks. Whereas in previous years the "accrued interest income" and the "accrued interest expense" were disclosed separately on the face of the balance sheet, they are as of 2008 included in the corresponding line items of the financial assets and financial liabilities. The total amounts of the "accrued interest income" and of the "accrued interest expense" are still being disclosed in Note 18: Financial assets and liabilities: breakdown by portfolio and product. The reference figures for 31 December 2007 have been restated accordingly.

The results reported today do not take into account the already decided changes to European IFRS rules that allow reclassification of trading assets.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 9M 2008, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

Note 2: Reporting according to the 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.

In millions of EUR	Banking	Insurance	European Private Banking	Holding Company Activities	Inter-segment eliminations	KBC Group
INCOME STATEMENT 9M 2007						
Net interest income	2 312	487	192	13	- 8	2 996
Gross earned premiums, insurance	0	2 661	0	0	0	2 661
Non-life	0	1 339	0	0	0	1 339
Life	0	1 322	0	0	0	1 322
Gross technical charges, insurance	0	- 2 257	0	0	- 1	- 2 258
non-life	0	- 815	0	0	0	- 815
life	0	- 1 442	0	0	- 1	- 1 442
Ceded reinsurance result	0	- 37	0	0	0	- 37
Dividend income	88	122	8	0	0	218
Net (un)realised gains from financial instruments at fair value through profit or loss	1 402	- 23	- 51	- 1	0	1 327
Net realised gains from available-for-sale assets	143	362	31	2	1	539
Net fee and commission income	1 409	- 267	352	- 3	3	1 494
Other net income	300	56	29	522	- 518	388
TOTAL INCOME	5 653	1 104	560	534	- 522	7 329
Operating expenses	- 3 034	- 401	- 351	- 525	522	- 3 788
Impairment	- 135	- 6	- 3	- 2	0	- 146
on loans and receivables	- 131	- 1	2	- 1	0	- 130
on available-for-sale assets	- 1	- 5	- 5	0	0	- 11
on goodwill	0	0	0	0	0	0
on other	- 4	- 1	0	- 1	0	- 5
Share in results of associated companies	50	0	2	0	0	52
PROFIT BEFORE TAX	2 534	696	209	8	0	3 447
Income tax expense	- 579	- 91	- 41	- 75	0	- 786
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	1 955	606	168	- 67	0	2 662
attributable to minority interests	85	4	0	0	0	89
attributable to equity holders of the parent	1 870	601	168	- 67	0	2 572
INCOME STATEMENT 9M 2008						
Net interest income	3 003	585	157	- 26	4	3 723
Gross earned premiums, insurance	0	3 183	0	0	- 16	3 166
Non-life	0	1 537	0	0	- 16	1 521
Life	0	1 645	0	0	0	1 645
Gross technical charges, insurance	0	- 2 703	0	0	2	- 2 702
Non-life	0	- 862	0	0	1	- 861
Life	0	- 1 842	0	0	0	- 1 841
Ceded reinsurance result	0	- 44	0	0	0	- 44
Dividend income	71	119	5	0	0	195
Net (un)realised gains from financial instruments at fair value through profit or loss	- 816	- 700	- 164	0	0	- 1 680
Net realised gains from available-for-sale assets	0	333	7	0	0	341
Net fee and commission income	1 362	- 343	322	- 4	- 1	1 336
Other net income	380	69	11	582	- 607	435
TOTAL INCOME	4 001	498	339	552	- 619	4 771
Operating expenses	- 3 171	- 477	- 330	- 580	619	- 3 939
Impairment	- 527	- 341	- 41	0	0	- 909
on loans and receivables	- 289	- 9	- 2	0	0	- 300
on available-for-sale assets	- 222	- 330	- 38	0	0	- 591
on goodwill	0	0	0	0	0	0
on other	- 15	- 2	0	0	0	- 18
Share in results of associated companies	31	0	2	0	0	33
PROFIT BEFORE TAX	334	- 320	- 30	- 28	0	- 45
Income tax expense	106	143	36	- 17	0	269
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	440	- 176	6	- 46	0	224
attributable to minority interests	85	- 2	0	0	0	83
attributable to equity holders of the parent	355	- 175	6	- 46	0	141
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
BALANCE SHEET 30-09-2008						
Total assets	336 013	29 717	16 933	913		383 576
Total liabilities	318 629	28 874	19 070	1 585		368 158

In millions of EUR	Belgium	Central and Eastern Europe and Russia	Rest of the world	Inter-segment eliminations	KBC Group
9M 2007					
Gross income	3 810	1 794	1 725	0	7 329
31-12-2007					
Total assets (period-end)	191 319	52 031	112 247		355 597
Total liabilities (period-end)	184 762	47 144	105 203		337 110
9M 2008					
Gross income	2 139	2 079	553	0	4 771
30-09-2008					
Total assets (period-end)	222 392	65 092	96 093		383 576
Total liabilities (period-end)	204 633	59 252	104 273		368 158

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	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	930	1 311	1 249	2 996	3 723
Interest income	3 904	4 132	4 464	11 401	13 009
Available-for-sale assets	528	483	502	1 452	1 467
Loans and receivables	1 996	2 314	2 658	5 958	7 479
Held-to-maturity investments	144	127	106	390	362
Other assets not at fair value	29	46	51	79	147
Subtotal, interest income from financial assets not measured at fair value through profit or loss	2 697	2 969	3 318	7 879	9 455
Financial assets held for trading	407	525	325	1 183	1 273
Hedging derivatives	239	225	241	570	735
Other financial assets at fair value through profit or loss	560	413	599	1 769	1 565
Interest expense	- 2 973	- 2 821	- 3 212	- 8 406	- 9 283
Financial liabilities measured at amortised cost	- 2 217	- 1 966	- 2 363	- 6 075	- 6 744
Other	- 5	- 1	- 1	- 12	- 4
Investment contracts at amortised cost	0	0	0	0	0
Subtotal, interest expense for financial assets not measured at fair value through profit or loss	- 2 222	- 1 967	- 2 364	- 6 087	- 6 748
Financial liabilities held for trading	- 139	- 89	- 84	- 353	- 275
Hedging derivatives	- 222	- 162	- 190	- 532	- 620
Other financial liabilities at fair value through profit or loss	- 390	- 603	- 596	- 1 434	- 1 663

Note 4: Dividend income

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	52	123	37	218	195
Breakdown by type	52	123	37	218	195
Held-for-trading shares	29	20	17	71	53
Shares initially recognised at fair value through profit or loss	0	13	0	16	14
Available-for-sale shares	23	90	19	132	128

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

Note available in the annual report only.

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

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	115	63	80	539	341
Breakdown by portfolio					
Fixed-income assets	- 14	0	2	- 139	1
Shares	128	63	78	678	340

Note 7: Net fee and commission income

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	478	477	422	1 494	1 336
Breakdown by type					
Fee and commission income	729	771	672	2 331	2 185
Securities and asset management	481	490	403	1 607	1 357
Margin on deposit accounting (life insurance investment contracts without DPF)	9	7	1	27	19
Commitment credit	44	50	62	135	166
Payments	106	128	134	308	381
Other	88	96	72	253	261
Fee and commission expense	- 251	- 294	- 250	- 837	- 849
Commission paid to intermediaries	- 100	- 114	- 112	- 323	- 352
Other	- 151	- 180	- 138	- 514	- 496

Note 8: Other net income

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	128	97	210	388	435
of which: impact of sale Banca KBL Fumagalli - KBL EPB	0	0	0	14	0
of which: Belgian Deposit Guarantee Agency - KBC Bank	0	0	0	44	0
of which: impact of sale GBC - K&H Bank	35	0	0	35	0
of which: impact ownership percentage NLB	0	0	54	0	54
of which: sale building Banque Diamantaire (Suisse)	0	0	16	0	16

Note 9: Breakdown of the insurance results

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
9M 2007							
Net interest income	0	0	0	0	0	487	487
Gross earned premiums, insurance	555	1 339	1 894	767	0	0	2 661
Gross technical charges	- 482	- 815	- 1 297	- 970	10	0	- 2 257
Ceded reinsurance result	- 2	- 32	- 33	0	0	- 3	- 37
Dividend income	0	0	0	0	0	122	122
Net gains from financial instruments at fair value	0	0	0	0	0	- 23	- 23
Net realised gains from AFS assets	0	0	0	0	0	362	362
Net fee and commission income	- 60	- 236	- 297	- 18	14	34	- 267
Other net income	0	0	0	0	0	56	56
TOTAL INCOME	12	255	267	- 221	24	1 034	1 104
Operating expenses	- 60	- 255	- 315	- 21	- 12	- 53	- 401
Impairments	0	0	0	0	0	- 6	- 6
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	346	216	562	292	0	- 854	0
PROFIT BEFORE TAX	298	216	514	50	12	120	696
Income tax expense						- 91	- 91
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	298	216	514	50	12	30	606
attributable to minority interest							4
attributable to equity holders of the parent							601
9M 2008							
Net interest income	0	0	0	0	0	585	585
Gross earned premiums, insurance	605	1 537	2 142	1 040	0	0	3 183
Gross technical charges	- 565	- 862	- 1 427	- 1 271	- 6	0	- 2 703
Ceded reinsurance result	- 2	- 39	- 40	0	0	- 4	- 44
Dividend income	0	0	0	0	0	119	119
Net gains from financial instruments at fair value	0	0	0	0	0	- 700	- 700
Net realised gains from AFS assets	0	0	0	0	0	333	333
Net fee and commission income	- 69	- 292	- 361	- 21	5	34	- 343
Other net income	0	0	0	0	0	69	69
TOTAL INCOME	- 31	345	314	- 252	- 1	437	498
Operating expenses	- 73	- 287	- 360	- 26	- 13	- 78	- 477
Impairments	0	0	0	0	0	- 341	- 341
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	65	175	240	61	0	- 301	0
PROFIT BEFORE TAX	- 39	233	193	- 216	- 13	- 283	- 320
Income tax expense						143	143
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	- 39	233	193	- 216	- 13	- 140	- 176
attributable to minority interest							- 2
attributable to equity holders of the parent							- 175

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

Note 10: Gross earned premiums, life insurance

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	511	504	407	1 322	1 645
Breakdown by type					
Accepted reinsurance	7	5	7	17	20
Primary business	504	499	400	1 306	1 625
Breakdown of primary business					
Individual versus group					
Individual premiums, including unit-linked insurance	447	439	332	1 124	1 426
Premiums under group contracts	58	60	68	182	199
Periodic versus single					
Periodic premiums	180	182	156	523	556
Single premiums	325	316	245	783	1 069
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	72	56	58	171	163
Premiums from bonus contracts	408	418	314	1 054	1 373
Unit linked	24	25	28	81	88

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 12: Operating expenses
Note 13: Personnel

Notes available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	3Q 2007	2Q 2008	3Q 2008	cumul 9M 2007	cumul 9M 2008
Total	- 62	- 332	- 478	- 146	- 909
Impairment on loans and receivables	- 51	- 143	- 130	- 130	- 300
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 50	- 101	- 108	- 108	- 250
Specific impairments for off-balance-sheet credit commitments	- 1	- 13	1	- 14	- 7
Portfolio-based impairments	0	- 29	- 23	- 8	- 43
Breakdown by business unit					
Belgium	- 8	- 13	- 18	- 14	- 34
Central and Eastern Europe and Russia	- 36	- 51	- 79	- 85	- 165
Merchant Banking	- 8	- 78	- 33	- 33	- 99
European Private Banking	1	0	- 1	2	- 2
Group Centre	- 1	0	0	- 1	0
Impairment on available-for-sale assets	- 8	- 180	- 341	- 11	- 591
Breakdown by type					
Shares	- 5	- 173	- 166	- 7	- 415
Other	- 3	- 6	- 175	- 3	- 176
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 4	- 9	- 8	- 5	- 18
Intangible assets, other than goodwill	- 1	- 1	0	- 2	- 2
Property and equipment	0	- 1	0	- 1	0
Held-to-maturity assets	0	0	- 14	1	- 14
Associated companies (goodwill)	0	0	0	0	0
Other	- 1	- 7	6	- 3	- 1

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

Notes available in the annual report only.

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised 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
Securitised 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 intrest income	73 559	45 878	46 075	159 119	12 041	544	0	337 215
Accrued interest income	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*
30-09-2008								
Loans and advances to credit institutions and investment firms [1]	12 597	12 780	0	27 287	-	-	-	52 665
Loans and advances to customers [2]	7 503	5 331	157	150 956	-	-	-	163 947
Discount and acceptance credit	0	0	0	270	-	-	-	270
Consumer credit	0	0	0	4 810	-	-	-	4 810
Mortgage loans	0	3 137	0	51 282	-	-	-	54 420
Term loans	7 503	1 988	157	73 875	-	-	-	83 522
Finance leasing	0	0	0	6 923	-	-	-	6 923
Current account advances	0	0	0	8 001	-	-	-	8 001
Securitised loans	0	0	0	0	-	-	-	0
Other	0	206	0	5 794	-	-	-	6 000
Equity instruments	12 838	50	4 344	-	-	-	-	17 232
Investment contracts (insurance)	-	7 972	-	-	-	-	-	7 972
Debt instruments issued by	21 283	12 902	42 927	-	10 985	-	-	88 097
Public bodies	9 624	10 409	23 704	-	9 905	-	-	53 642
Credit institutions and investment firms	4 845	690	8 172	-	766	-	-	14 472
Corporates	6 815	1 803	11 051	-	314	-	-	19 982
Derivatives	29 519	-	-	-	-	175	-	29 694
Total carrying value excluding accrued interest income	83 741	39 035	47 428	178 244	10 985	175	0	359 607
Accrued interest income	418	284	750	702	175	57	0	2 386
Total carrying value including accrued interest income	84 158	39 320	48 178	178 945	11 160	232	0	361 992
[1] Of which reverse repos								*28 557*
[2] Of which reverse repos								*9 458*

Full service car leases are as of 1 January 2008 considered as operational leases instead of finance leases. This results in a reclassification from Loans and advances to customers (Finance Leasing) to Property and equipment for an amount of 529 million euros.

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2007								
Deposits from credit institutions and investment firms [3]	7 409	15 028	-	-	-	-	50 667	73 104
Deposits from customers and debt certificates [4]	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
Savings 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 savings 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
[3] *Of which repos*								*21 979*
[4] *Of which repos*								*8 284*
30-09-2008								
Deposits from credit institutions and investment firms [3]	1 533	13 003	-	-	-	-	56 503	71 038
Deposits from customers and debt certificates [4]	1 981	28 270	-	-	-	-	185 129	215 381
Deposits from customers	0	19 694	-	-	-	-	137 498	157 192
Demand deposits	0	1 439	-	-	-	-	49 945	51 384
Time deposits	0	18 254	-	-	-	-	56 361	74 615
Savings deposits	0	0	-	-	-	-	26 109	26 109
Special deposits	0	0	-	-	-	-	3 706	3 706
Other deposits	0	1	-	-	-	-	1 377	1 378
Debt certificates	1 981	8 577	-	-	-	-	47 631	58 189
Certificates of deposit	0	4 492	-	-	-	-	13 916	18 409
Customer savings certificates	0	0	-	-	-	-	3 137	3 137
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 981	3 075	-	-	-	-	21 672	26 728
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	1 009	-	-	-	-	8 906	9 915
Liabilities under investment contracts	-	8 155	-	-	-	-	-	8 155
Derivatives	33 763	-	-	-	-	103	-	33 866
Short positions	4 645	-	-	-	-	-	-	4 645
in equity instruments	3 603	-	-	-	-	-	-	3 603
in debt instruments	1 042	-	-	-	-	-	-	1 042
Other	252	264	-	-	-	-	5 689	6 205
Total carrying value excluding accrued interest expense	42 173	49 692	-	-	-	103	247 321	339 289
Accrued interest expense	122	257	-	-	-	235	1 782	2 397
Total carrying value including accrued interest expense	42 295	49 949	-	-	-	338	249 103	341 686
[3] *Of which repos*								17 866
[4] *Of which repos*								13 221

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	31-12-2007	30-09-2008
Total	2 233	2 394
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 963	2 023
Specific impairment, off-balance-sheet credit commitments	84	92
Portfolio-based impairment	186	280
Breakdown by counterparty		
Impairment for loans and advances to banks	6	2
Impairment for loans and advances to customers	2 119	2 259
Specific and portfolio based impairment, off-balance-sheet credit commitments	108	128

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	31-12-2007	30-09-2008
Gross technical provisions	17 905	19 312
Insurance contracts	9 474	9 949
Provisions for unearned premiums and unexpired risk	509	601
Life insurance provision	4 968	5 224
Provision for claims outstanding	3 557	3 686
Provision for bonuses and rebates	29	28
Other technical provisions	411	410
Investment contracts with DPF	8 431	9 362
Life insurance provision	8 367	9 307
Provision for claims outstanding	0	0
Provision for bonuses and rebates	64	55
Reinsurers' share	291	317
Insurance contracts	291	317
Provisions for unearned premiums and unexpired risk	21	27
Life insurance provision	3	6
Provision for claims outstanding	266	283
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life insurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

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

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

Notes available in the annual report only.

Note 35: Parent shareholders' equity

in number of shares	31-12-2007	30-09-2008
Total number of shares issued and fully paid up	357 704 668	357 704 668
Breakdown by type		
Ordinary shares	355 115 321	355 179 946
Other equity instruments	2 589 347	2 524 722
of which ordinary shares that entitle the holder to a dividend payment	*342 568 138*	*341 819 369*
of which treasury shares	*15 441 530*	*18 239 447*
Other information		
Par value per share (in euros)	3.48	3.48
Number of shares issued but not fully paid up	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). No participation certificates or non-voting shares have been issued. The shares are quoted on NYSE Euronext (Brussels) and on the Luxembourg Stock Exchange.

The number of KBC-shares held by group companies is shown in the table under 'treasury shares'. As at 30 September 2008, this number includes, *inter alia*:

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

The MCBs have 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). Holders of these MCBs are entitled, until 30 November 2008, to request that their MCBs 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.

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Related party transactions

In 9M 2008, there was no significant change in related parties compared to the end 2007 nor were there any new related party transactions with a significant impact on KBC Group's results. More information on related party transactions is available in the 2007 annual report, p. 164.

Note 39: Auditor's fee

Note available in the annual report only.

Note 40: List of significant subsidiaries and associated companies

Company	Business unit (*)	Registered office	Ownership percentage at KBC Group level	Activity
BANKING				
Fully consolidated subsidiaries				
Absolut Bank	CEER	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerp - BE	99.56	Credit institution
CSOB a.s. (Czech Republic)	CEER	Prague - CZ	100.00	Credit institution
CSOB a.s. (Slovak Republic)	CEER	Bratislava - SK	100.00	Credit institution
Economic and Investment Bank AD	CEER	Sofia - BG	77.09	Credit institution
Fin-Force NV	GR	Brussels - BE	90.00	Processing financial transactions
Istrobanka a.s.	CEER	Bratislava - SK	100.00	Credit institution
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	100.00	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Ireland Plc (ex-IIB Bank Plc)	MB	Dublin - IE	100.00	Credit institution
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 Zrt.	CEER	Budapest - HU	100.00	Credit institution
Kredyt Bank SA	CEER	Warsaw - PL	80.00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group) (**)	CEER	Ljubljana - SI	30.57	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEER	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEER	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEER	Sofia - BG	89.53	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
K&H Insurance	CEER	Budapest - HU	100.00	Insurance company
KBC Banka A.D. (formerly A Banka A.D.)	CEER	Belgrade - RS	100.00	Credit institution
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
Groep VAB NV	B	Zwijndrecht - BE	74.81	Automobile 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 Richelieu Banque Privée (merger between KBL France sa and Richelieu Finance)	EPB	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.90	Credit institution
Merck Finck & Co.	EPB	Munich - DE	99.91	Credit institution
Puilaetco Dewaay Private Bankers SA	EPB	Brussels - BE	99.91	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	99.91	Credit institution
HOLDING-COMPANY ACTIVITIES				
Fully consolidated subsidiaries				
KBC Global Services NV (ex-KBC Exploitatie)	GR	Brussels - BE	100.00	Cost-sharing structure
KBC Group NV	GR	Brussels - BE	100.00	Holding company

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

(**) inlcuded in IFRS 5 non-current assets / liabilities Held for Sale

Note 41: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			9M 2007	9M 2008	
ADDITIONS					
Banking	Absolut Bank	Full	95.00%	95.00%	Recognised in income statement from 3Q 2007
Banking	Economic and Investment Bank AD	Full	-	77.09%	Recognised in income statement from 1Q 2008
Banking	CSOB a.s. (Slovak Republic)	Full	-	100.00%	Demerger from CSOB (Czech Republic) as of 1Q08
Banking	Istrobanka a.s.	Full	-	100.00%	Recognised in income statement from 3Q 2008
Insurance	DZI Insurance	Full	85.00%	89.53%	Recognised in income statement from 4Q 2007
KBL European Private Bankers	Richelieu Finance	Full	-	99.91%	Recognised in income statement from 2Q 2008; merged with KBL France sa in 3Q08 - name changed into KBL Richelieu Banque Privée
EXCLUSIONS					
KBL European Private Bankers	Banca KBL Fumagalli Soldan	Full	-	-	Sold in 2Q 2007
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	Nova Ljubljanska banka d.d. (group)	Equity	34.00%	30.57%	
For balance sheet comparison			31-12-2007	30-09-2008	
ADDITIONS					
Banking	CSOB a.s. (Slovak Republic)	Full	-	100.00%	Demerger from CSOB (Czech Republic) as of 1Q08
Banking	Nova Ljubljanska banka d.d. (group)	Equity	34.00%	30.57%	
KBL European Private Bankers	Richelieu Finance	Full	-	99.91%	Recognised in income statement from 2Q 2008; merged with KBL France sa in 3Q08 - name changed into KBL Richelieu Banque Privée

Note 42: Post-balance sheet events

Significant (adjusting) events between the balance sheet date (30 September 2008) and the publication of this report (6 November 2008):

- On 14 October 2008, Moody's Investor Service downgraded the credit ratings on a number of CDOs in which KBC has invested. Given its solid solvency position, KBC consequently announced its intention to apply a more stringent approach to its entire CDO portfolio, taking account of Moody’s downgrades by making additional markdowns. Total markdowns on the CDO portfolio in the third quarter therefore came to 1.6 billion euros.

Significant (non-adjusting) events between the balance sheet date (30 September 2008) and the publication of this report (6 November 2008):

- On 15 October 2008, KBC announced the credit exposure to 3 Icelandic banks that amounts to 277m - no impairment decision has been taken yet since the level thereof could not reliably be determined. This will be taken in 4Q08.
- On 24 October 2008, Fitch Ratings placed the Long-term Issuer Default Rating ("IDR") of 'AA-' (AA minus) of KBC Bank, KBC Verzekeringen (KBC's insurance company) and KBC Group (the holding company) on Rating Watch Negative (RWN). Simultaneously, the agency downgraded KBC Bank's individual rating to 'B/C' from 'B'. Fitch cited its reasoning as follows, "The rating action reflects Fitch's concerns regarding the group's EUR9bn collateralized debt obligation (CDO) portfolio. The group has announced it plans to book an additional EUR1.6bn of write-downs on this portfolio for Q308, but further write-downs cannot be ruled out if market conditions worsen. In addition, an increasingly difficult global economic environment, especially in Central Europe, could lead to higher-than-expected loan impairment charges resulting in pressure on both earnings and capital. Fitch expects to resolve the RWN once it has undertaken a full review of the CDO portfolio."
- On 27 October 2008, Standard & Poor's Ratings Services ('S&P') stated that its 'AA-' long-term and 'A-1+' short-term counterparty credit ratings on KBC Bank NV and the 'AA-' long-term rating on KBC Insurance NV remain on credit watch with negative implications, following the original announcement by S&P on 15 October 2008. The 'A+' long-term ratings on holding company KBC Group NV and Irish subsidiary IIB Bank PLC also remain on credit watch with negative implications. As S&P cited: "The CreditWatch update follows the announcement earlier today that the Belgian government will subscribe to €3.5 billion in new securities issued by KBC Group NV, which the Belgian regulator qualifies as core capital. We consider that this measure improves KBC's immediate-term financial flexibility. The ratings remain on Credit Watch, however, because we still need to review the residual risk of the group's collateralized debt obligation (CDO) portfolio against the worsening economic conditions after the write-downs announced on Oct. 15, 2008, as well as the potential negative impact of the current financial crisis on KBC's subsidiaries in Central and Eastern Europe and Russia (CEE-R). "
- On 27 October 2008, KBC and the Belgian government reached an agreement to further strengthen KBC’s financial position. This will create an additional core capital buffer for KBC and enable it to cope with any future challenges. KBC will issue 3.5 billion euros’ worth of non-transferable, non-voting core-capital securities to the Belgian State. KBC will

use the proceeds of the transaction to increase core Tier-1 capital in the banking business by 2.25 billion euros and the solvency margin of the insurance business by 1.25 billion euros.
After the transaction, the banking Tier-1 capital ratio will be further boosted to approx. 10.7% (of which approx. 8.2% core Tier-1 capital) and the insurance solvency margin to 280%. These levels are more than two-and-a-half times the regulatory required minimum. The gearing ratio of the holding company will remain virtually unchanged at 106%, leaving the additional holding company gearing capacity intact.
The transaction is expected to be settled by the end of 2008. The debt securities will be issued at a price of 29.50 euros per security (i.e. the average closing price for the last three trading days). The annual cash coupon per security will be the higher of 2.51 euros (reflecting an interest rate of 8.5%) or an amount equal to 105% of the dividend paid on ordinary shares for the year 2008, 110% for the year 2009 and 115% from 2010 and onwards. No coupon will be paid, however, if no dividend is paid on ordinary shares.
Given the exceptional circumstances, KBC has decided not to pay a dividend for 2008. As a result, no coupon will be paid on the newly issued securities for 2008.

- On 31 October 2008, Moody's Investors Service announced that the ratings of KBC Group and its subsidiaries (including KBC Bank) are unaffected by the announcement of a €3.5 billion capital injection by the Belgian Government. Moody’s affirmed KBC Bank's Bank Financial Strength Rating (BFSR) at B-, its long-term and short-term deposits and senior debt ratings at Aa2 and Prime-1, respectively. Subordinated debt rating was affirmed at Aa3 and junior subordinated debt rating at A1. KBC Group's ratings were affirmed at Aa3 for the senior unsecured debt ratings and long-term issuer ratings and Prime-1 for the short-term issuer rating. All long-term ratings and the bank’s BFSR continue to carry a negative outlook.

Note 43: General information (IAS 1)

Note available in the annual report only.

Auditor's report

Report of the statutory auditor to the shareholders of KBC Group nv on the review of the interim condensed consolidated financial statements as of 30 September 2008 and for the nine months then ended

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of KBC Group nv (the "Company") as at 30 September 2008 and the related interim condensed consolidated income statement, statement of changes in equity and cash flow statement for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Without modifying the conclusion in the preceding paragraph, we draw attention to the note 42 to the interim condensed consolidated financial statements in which the exposure on the Icelandic Banks is mentioned and the fact that the resulting impairments will be taken up in the result of the fourth quarter of 2008.

Brussels, 6 November 2008

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor
represented by

Jean-Pierre Romont
Partner
Ref.: 09JPR0033

Glossary and other information

Glossary and other information

KBC Group, 3Q 2008 and 9M 2008

Glossary of ratios used

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

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

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

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

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

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

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

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

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

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

Parent shareholders' equity per share
: [parent shareholders' equity] / [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 'Solvency' section of this part.

Tier-1 ratio (banking)

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

Credit ratings

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

Ratings, 30-09-2008	Long-term rating (+ outlook/watch)		Short-term rating
Fitch			
KBC Bank	AA-	(negative watch)	F1+
KBC Insurance (claims-paying ability)	AA	(negative watch)	-
KBC Group NV	AA-	(negative watch)	F1+
Moody's			
KBC Bank	Aa2	(negative outlook)	P-1
KBC Group NV	Aa3	(negative outlook)	P-1
Standard and Poor's			
KBC Bank	AA-	(negative watch)	A1+
KBC Insurance (claims-paying ability)	AA-	(negative watch)	-
KBC Group NV	A+	(negative watch)	A1

Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2007	30-09-2008
By business unit		
Belgium	161 680	157 541
Central & Eastern Europe and Russia	12 999	14 062
Merchant Banking	2 249	601
European Private Banking	54 462	49 775
Total	231 390	221 979
By product or service		
Investment funds for private individuals	92 572	85 607
Assets managed for private individuals	81 874	76 302
Assets managed for institutional investors	39 778	43 086
Group assets (managed by KBC Asset Management)	17 165	16 983
Total	231 390	221 979

Solvency

KBC Bank

In millions of EUR	KBC BANK	31-12-2007 Basel II	30-09-2008 Basel II
Regulatory capital			
Regulatory capital, KBC Bank (after profit appropriation)		15 723	17 332
Tier-1 capital		10 942	12 243
Parent shareholders' equity		12 342	11 333
Intangible fixed assets		- 197	- 204
Goodwill on consolidation		- 1 811	- 2 250
Innovative hybrid tier-1 instruments		1 694	1 655
Non-innovative hybrid tier-1 instruments		0	1 545
Minority interests		584	581
Elimination	Mandatorily convertible bonds	- 186	- 186
	Revaluation reserve available-for-sale assets (AFS)	46	557
	Hedging reserve (cashflow hedges)	- 73	- 86
	Minority interest in AFS reserve & hedging reserve, cashflov	2	0
Dividend payout		- 876	- 145
Items to be deducted (*)		- 583	- 557
Tier-2 & 3 capital		4 782	5 089
Mandatorily convertible bonds		186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)		581	980
Revaluation reserve, available-for-sale shares (at 90%)		154	15
Minority interest in revaluation reserve AFS shares (at 90%)		2	- 2
IRB provision excess		139	0
Subordinated liabilities		4 285	4 328
Tier-3 capital		18	141
Items to be deducted (*)		- 583	- 557
Weighted risks			
Total weighted risk volume		128 536	138 879
Credit risk		107 461	109 972
Market risk		12 329	16 516
Operational risk		8 747	12 391
Solvency ratios			
Tier-1 ratio		8.5%	8.82%
Core Tier-1 ratio		7.2%	6.51%
CAD ratio		12.2%	12.48%

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

Note: Excluding the impact of the core capital transaction in the banking business (2.25 billion euros) announced on 27 October 2008.

The Basel II calculation for KBC Bank takes into account the specific Basel II rules for the calculation of weighted risks. Note that Basel II is being used in all entities throughout the group from 1Q08 on (as at 31-12-2007, the end of the transition year, this was not yet the case). The main Basel II method used is IRB foundation (roughly 75% of the weighted risks), while the weighted risks of the other companies (roughly 25% of the weighted risks) are calculated following the standardised method. 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.
In order to strengthen the solvency ratios of KBC Bank and in view of an optimal use of hybrid instruments allowed by the regulator, KBC Bank has issued in the second quarter of 2008 so-called non-innovative hybrid tier 1 capital instruments for an amount of 2 billion euros. In Belgium, banks can issue both innovative and non-innovative hybrid capital instruments totalling up to 25% of Tier 1 capital (with additional limitations for the innovative hybrids part). To be classified as non-innovative, the instrument must have a number of characteristics, such as subordinated, no step-up in dividends, perpetual (no general redemption right for the investors) and conversion to ordinary shares permissible subject to certain limits and approvals.

KBL EPB

In millions of EUR	KBL EPB	31-12-2007 Basel II	30-09-2008 Basel II
Regulatory capital			
Regulatory capital, KBL (after profit appropriation)		1 447	1 306
Tier-1 capital		881	807
Parent shareholders' equity		1 308	996
Intangible fixed assets		- 47	- 46
Goodwill on consolidation		- 242	- 324
Innovative hybrid tier-1 instruments		121	121
Non-innovative hybrid tier-1 instruments		0	0
Minority interests		0	0
Elimination	Other tier-2 instruments	- 18	- 18
	Revaluation reserve, available-for-sale assets (AFS)	- 39	81
	hedging reserve (cashflow hedges)	0	0
	Minority interest in AFS reserve & hedging reserve, cashflow hed(	0	0
Dividend payout		- 201	- 3
Items to be deducted (*)		- 1	0
Tier-2 capital		566	499
Mandatorily convertible bonds		0	0
Perpetuals (incl. hybrid tier-1 not included in tier-1)		18	30
Revaluation reserve, available-for-sale shares (at 90%)		79	28
Minority interest in revaluation reserve, available-for-sale shares (at 90%)		0	0
		-	-
Subordinated liabilities		469	441
Tier-3 capital		0	0
Items to be deducted (*)		- 1	0
Weighted risks			
Total weighted risk volume		6 610	8 634
Credit risk		5 954	6 688
Market risk		655	884
Operational risk		-	1 062
Solvency ratios			
Tier-1 ratio		13.3%	9.4%
Core Tier-1 ratio		11.5%	7.9%
CAD ratio		21.9%	15.1%

(*) items to be deducted are split 50/50 over tier-1 and tier-2 capital. Items to be deducted include mainly participations in and subordinated claims on financial institutions in which KBL has between a 10% to 50% share.

KBC Bank and KBL EPB

In millions of EUR	31-12-2007 Basel II	30-09-2008 Basel II
Tier 1 Capital	11 823	13 050
KBC Bank	10 942	12 243
KBL EPB	881	807
of which Hybrid Tier 1 instruments	*1 815*	*3 321*
Weighted risk volume	135 146	146 594
KBC Bank	128 536	138 879
KBL EPB	6 610	8 634
elimination intercompany	0	- 919
Solvency ratios		
Tier 1 ratio Banking	8.7%	8.9%
Core Tier 1 Banking	7.4%	6.6%

KBC Insurance

As of 30 September 2008, KBC Insurance applies new rules for the calculation of the solvency ratio (in conformity with the regulator's new guidelines). The main new elements in the calculation are:

- The equalisation reserve - calculated under Belgian GAAP - is deducted from available capital (in the past, the equalisation reserve was not deducted).
- The available capital now also includes
  - 90% of the *net positive* revaluation reserve on shares and 100% of the *net positive* revaluation reserve on bonds. In the past, the full net revaluation reserve was included.
  - Unrealised gains on property and equipment, investment property and held to maturity instruments (in the past, these unrealised gains were not included).
  - The combined amount of the two above-mentioned items cannot exceed a formula-based maximum*.

*Maximum equals the total net amount of unrealised gains/losses of all investments being the revaluation reserves AFS (including the negative) and the unrealised gains/losses on property and equipment, investment property and held to maturity instruments.

in millions of EUR		31-12-2007	30-09-2008
Available capital			
Share capital		29	32
Share premium account		122	619
Reserves		2 600	1 806
Revaluation reserve available-for-sale (AFS) investments		953	- 353
Translation differences		37	52
Dividend payment (-)		- 617	0
Minority interests		35	23
Subordinated liabilities		0	0
Intangible fixed assets (-)		- 24	- 24
Goodwill on consolidation (-)		- 495	- 508
Elimination:	Revaluation reserve available-for-sale (AFS) investments		353
	Equalization reserve		- 133
Available capital		2 641	1 867
Required capital			
Non-life and industrial accidents - legal lines		301	335
Annuities		8	8
Subtotal, non-life		308	343
Class 21		661	734
Class 23		24	17
Subtotal, life		685	751
Other		4	7
Total required solvency margin		997	1 102
Solvency ratios and surplus			
Solvency ratio (%)		265%	170%
Solvency surplus, in millions of EUR		1 643	766

Note: Excluding the impact of the core capital transaction in the insurance business (1.25 bn euros) announced on 27 October 2008.

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 annual report.

Credit risk data

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

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2007	30-09-2008
Total loan portfolio (in billions of EUR)		
Amount granted	208.2	225.9
Amount outstanding	163.5	182.5
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	27.9%	27.1%
Central & Eastern Europe and Russia Business Unit	21.4%	24.1%
Merchant Banking	48.8%	46.8%
European Private Banking	1.9%	2.0%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.6%	6.4%
Electricity	1.8%	1.9%
Aviation	0.4%	0.3%
Automobile industry	2.6%	2.3%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 446	4 015
Specific loan impairment	2 048	2 297
Portfolio-based loan impairment	186	280
Credit cost ratio, per business unit (negative figures -> positive impact on results)*		
Belgium	0.13%	0.09%
Central & Eastern Europe and Russia Business Unit[1]	0.26%	0.57%
Merchant Banking	0.02%	0.43%
European Private Banking	1.03%	0.86%
Total	0.13%	0.37%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 386	2 762
Specific loan impairment for NP loans	1 505	1 764
Non-performing ratio, per business unit		
Belgium	1.6%	1.4%
Central & Eastern Europe and Russia Business Unit	2.1%	1.9%
Merchant Banking	1.0%	1.2%
European Private Banking	1.7%	3.5%
Total	1.5%	1.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	63%	64%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	93%

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

[1]Broken down as follows for 30-09-2008:

CZ: 0.445%, SK: 0.625%, Hungary: 0.067%, Poland: 0.693%, Russia: 1.716%

* The figures are negatively impacted due to Lehman Brothers and Washington Mutual defaults.

As at 30 September 2008, a total of 3.0 billion euros of credit exposure relates to leveraged finance financing (LBO/MBO transactions, see footnote under the table for a definition) ; the average transaction size is 17 million euros. The maximum engagement of KBC in leveraged financing is limited to maximum 3% of the portfolio of the Merchant Banking Business Unit and to 500 million euros for the CEER business unit.

Additional information on leveraged finance* (KBC Bank and KBL EPB)	31-12-2007	30-09-2008
Total granted amount of leveraged finance deals (in billions of EUR)	2.7	3.0
Granted leveraged finance portfolio, by sector		
Services	17.9%	18.0%
Distribution	14.9%	14.2%
Chemicals	11.0%	12.6%
Telecom	8.2%	8.0%
Machinery	6.9%	8.1%
Other	41.1%	39.1%
Total	100.0%	100.0%
Granted leveraged finance portfolio, by transaction size (total amount in a size interval / total leveraged finance portfolio)		
Up to and incl. 10 million euros	12.5%	10.2%
Over 10 million and up to and incl. 25 million euros	65.0%	65.2%
Over 25 million and up to and incl. 50 million euros	18.7%	17.7%
Over 50 million and up to and incl. 100 million euros	0.0%	6.9%
Over 100 million euros	3.8%	0.0%
Total	100.0%	100.0%

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

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

Information on structured credit investments and on exposure towards monoline insurers

Detailed information on securitizations (including CDO and subprime exposure data) and data on the exposure towards monoline insurers can be found in the presentation: ‘Investment in structured credit products, 30 September 2008’, which is available on www.kbc.com.

Asset/Liability management data

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

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2007	70
Average 2Q 2007	54
Average 3Q 2007	44
Average 4Q 2007	46
Average 1Q 2008	59
Average 2Q 2008	74
Average 3Q 2008	76
30-09-2008	78
Maximum in 9M 2008	78
Minimum in 9M 2008	48

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2007	30-09-2008
Bonds and other fixed-income securities	14 643	15 059
Shares and other variable-yield securities	4 328	3 542
Other securities	20	184
Loans and advances to customers	156	177
Loans and advances to banks	1 775	2 093
Property and equipment and investment property	285	388
Liabilities under investment contracts, unit-linked	9 099	7 972
Other	112	122
Total investment portfolio KBC Insurance	30 417	29 537

Market risk data

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

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products
Average 1Q 2007	4	10
Average 2Q 2007	4	10
Average 3Q 2007	4	13
Average 4Q 2007	5	15
Average 1Q 2008	5	15
Average 2Q 2008	7	11
Average 3Q 2008	7	15
30-09-2008	10	22
Maximum in 9M 2008	14	30
Minimum in 9M 2008	3	9

Gearing Ratio

Gearing ratio calculation, 30-09-2008, in millions of EUR	Own funds	Minus dividend payout	Own funds for calculation
Own funds KBC Group (A)	14 254	-	14 254
Own funds subsidiaries (B)	15 221	- 230	14 989
KBC Bank*	11 344	- 145	11 199
KBC Insurance	2 156	-	2 156
KBL EPB	996	- 3	993
KBC Global Services	301	-	301
KBC Asset Management (part owned by KBC Group)	424	- 82	342
Gearing ratio (B) / (A)			105.2%**

* Minus revaluation reserve on KBC Group shares (-11 million).
**104.1% after the 3.5 billion capital strengthening

Quarterly time series for financial assets and liabilities

FINANCIAL ASSETS (in millions of EUR)

	31-03-2007	30-06-2007	30-09-2007	31-12-2007	31-03-2008	30-06-2008	30-09-2008
Loans and advances to credit institutions and investment firms [1]	46 390	52 080	52 336	53 843	53 351	53 399	52 665
Loans and advances to customers [2]	135 512	134 065	139 887	147 051	149 161	165 263	163 947
Discount and acceptance credit	233	292	252	718	210	212	270
Consumer credit	3 221	3 689	3 761	3 893	4 030	4 683	4 810
Mortgage loans	41 010	42 471	44 297	47 125	49 310	52 181	54 420
Term loans	71 386	66 433	69 373	72 714	73 365	84 109	83 522
Finance leasing	6 110	6 404	6 720	6 883	6 514	6 805	6 923
Current account advances	7 989	8 896	8 342	7 853	7 505	9 462	8 001
Securitised loans	293	284	304	264	255	0	0
Other	5 270	5 596	6 839	7 603	7 972	7 811	6 000
Equity instruments	25 005	25 377	24 228	22 207	19 206	18 140	17 235
Investment contracts (insurance)	9 237	9 272	9 179	9 066	8 626	8 356	7 972
Debt instruments issued by	89 674	87 233	85 938	82 816	84 195	88 131	88 097
Public bodies	56 679	55 674	54 988	46 902	49 218	53 915	53 642
Credit institutions and investment firms	15 435	15 251	15 409	14 829	14 757	14 651	14 472
Corporates	17 560	16 307	15 541	21 085	20 220	19 565	19 982
Derivatives	16 913	19 050	20 662	22 232	25 182	25 676	29 694
Total carrying value excluding accrued intrest income	322 731	327 077	332 232	337 215	339 720	358 965	359 609
Accrued interest income	2 633	2 929	2 946	3 307	2 410	2 321	2 386
Total carrying value including accrued interest income	325 364	330 006	335 178	340 522	342 130	361 286	361 995
[1] Of which reverse repos	*24 745*	*23 018*	*35 111*	*33 503*	*29 168*	*27 194*	*28 557*
[2] Of which reverse repos	*21 775*	*16 754*	*6 451*	*6 339*	*5 808*	*13 390*	*9 458*

FINANCIAL LIABILITIES (in millions of EUR)

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

Financial calendar

Financial calendar	
Publication of 4Q 2008 results	12 February 2009
Publication of Embedded Value data as at 31-12-2008, Insurance	2 April 2009
2008 Annual Report available as of	9 April 2009
2008 Annual Corporate Social Responsibility Report available as of	9 April 2009
Annual General Meeting	30 April 2009

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

Powerpoint presentation

KBC Group
2008 3Q Results

Analyst e-Conference
6 November 2008 - 9.30 AM CET

www.kbc.com/ir/financialreports

Dial-in numbers	Replay number
+44 20 7162 0025 **+32 2 290 14 07** **+ 1 334 323 6201**	+44 20 7031 4064 *(access code: 813253)* until 27 November 2008

KBC

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

Today's agenda

1 3Q 2008 financial highlights

2 Underlying business performance

3 Update on topics:
- loan quality
- Hungary
- Russia
-structured credit exposure
- solvency, capital position

4 Wrap-Up

5 Appendix

Section 1

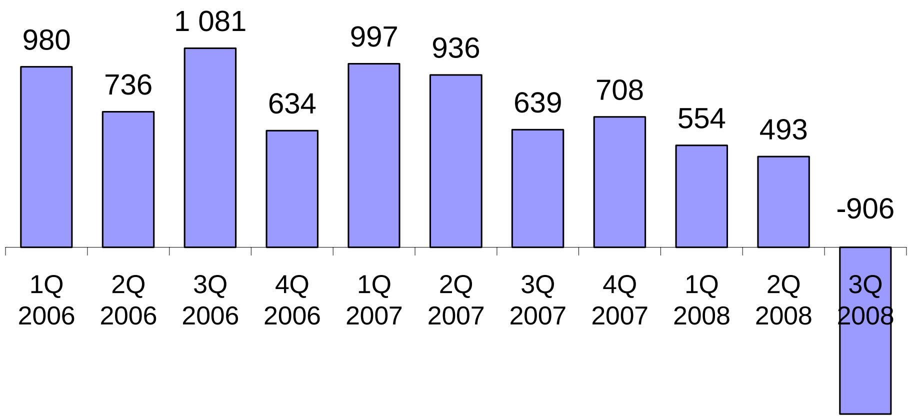
3Q 2008

financial hightlights

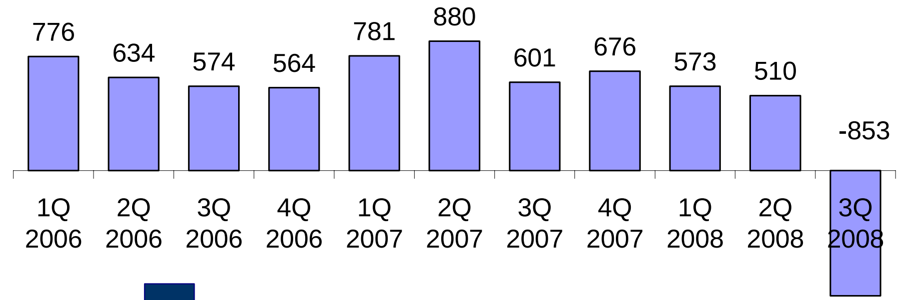
3Q 2008 financial highlights

Step 1 – deducting extraordinary items (one-off items and MtM-results of hedging derivatives)

Reported net profit

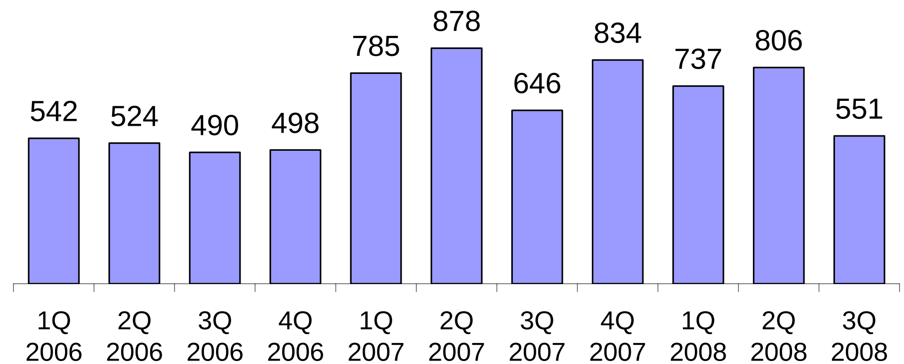


Underlying net profit



Step 2 - cleansing the financial impact of the market turbulences

"Clean" underlying net profit



All figures are in m euros

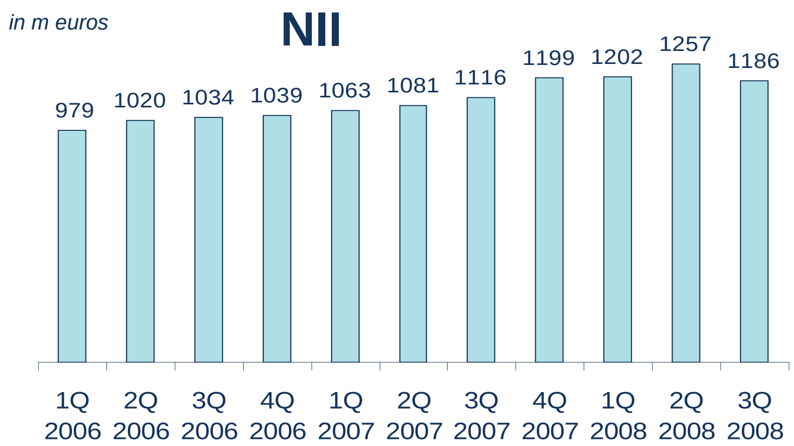
3Q 2008 financial headlines (2)

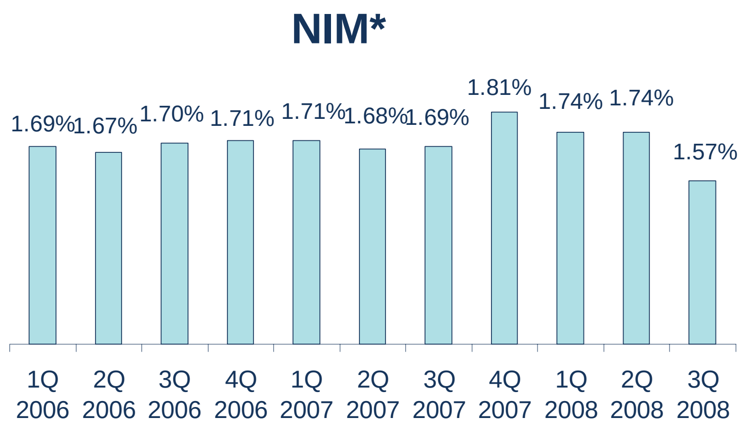
- Preliminary earnings trend confirmed
- Despite difficult climate, and taking into account recurring summer slowdown, satisfactory commercial results, especially in Eastern Europe. Results in Belgium impacted by increased funding cost (increased deposit rate), amongst others
- Negative impact from investment markdowns (1.4 billion euros, net), partly driven by CDO rating downgrades by Moody's
- Measures taken to reduce earnings impact of future CDO rating downgrades ("extrapolation" of impact of downgrades to CDOs that were not reviewed by Moody's yet)
- Loan quality remains good (credit cost ratio: 24 bps). Within the context of the deteriorating economic environment, it is expected that the loan loss trend will remain upwards for the coming quarters
- CEE continues to perform well, mainly thanks to geographical business mix. Updated stress tests provide comfort as regards our selective FX-lending in the region
- *Pro forma* Tier-1 capital ratio, banking, at 10.7% (of which 8.2% core equity), *pro-forma* insurance solvency at 2.8 times the regulatory minimum

Section 2

Underlying business performance

Revenue trend - Group



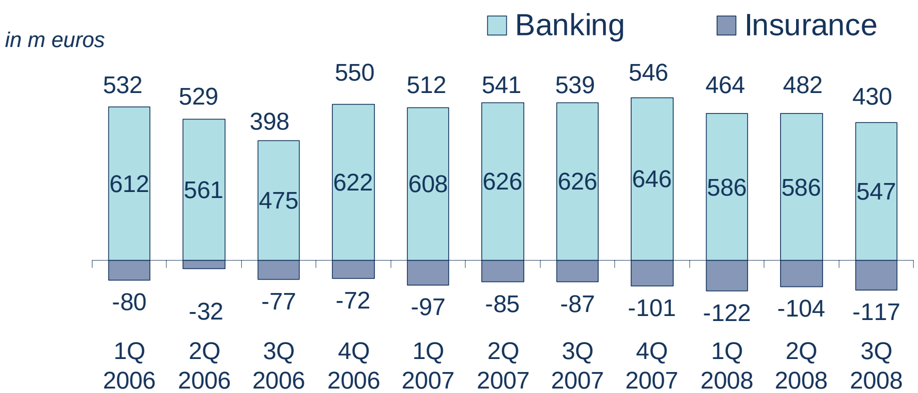


- NII (1 186m) negatively impacted by higher interest rate on traditional savings deposits in Belgium (impact: 85 m pre-tax, 56m post-tax)
- Excluding the above, NII up +1% q/q, 13% y/y, thanks mainly to CEER
- Loans up 2% q/q, deposits roughly flat. y/y loan and deposit-growth at +16% and +10%, respectively
- NIM (1.57%) drop 17bps q/q and 12 bps y/y

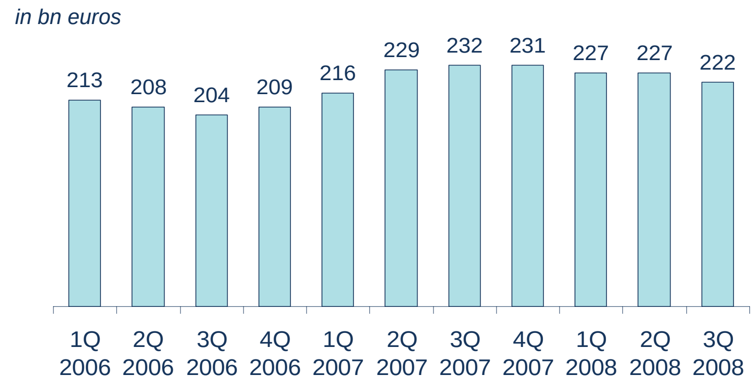
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



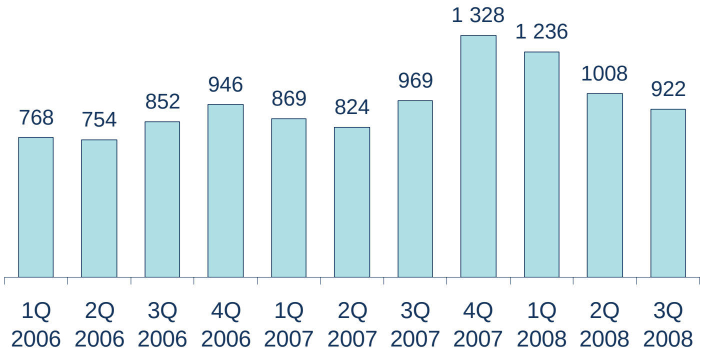
- F&C (430m) down 11% q/q and 20% y/y, as a result of:
  - Traditional summer slowdown in retail sales
  - Lower fees received (banking), due to changed client investment behaviour owing to difficult financial climate
  - Increased paid fees to insurance agents

- AUM (222bn) down 2% q/q, due to negative price impact (-2%). AUM volumes dropped 4% y/y, negatively impacted by the depressed market sentiment (broad stock indices down more than 30% y/y)

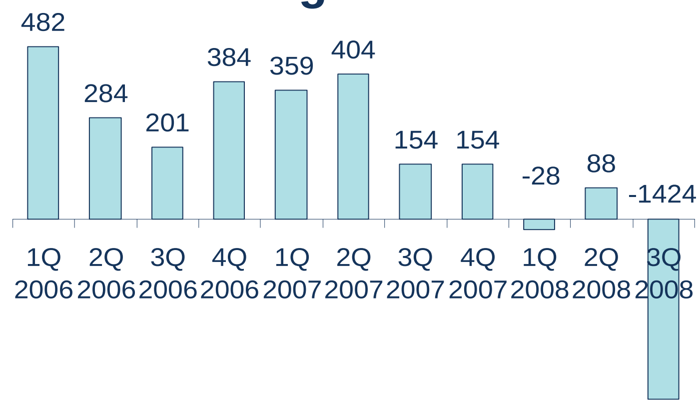
Revenue trend - Group

All figures are in m euros

Premium income



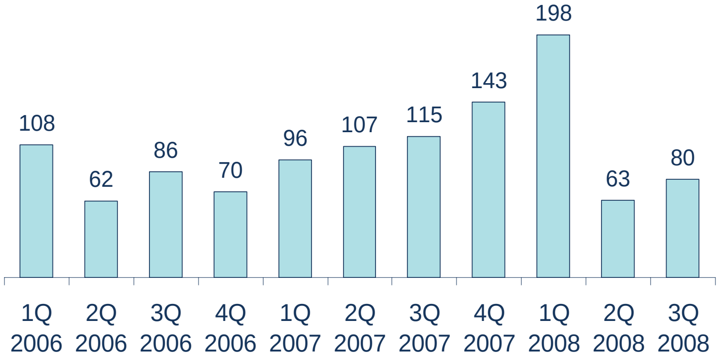
FV gains



- Premium income (922m) down 9% q/q, 5% y/y, due to drop in sales both of interest-guaranteed and unit-linked life insurance policies, resulting from adverse customer investment sentiment
- Continued upward trend in non-life sales (514m), up 2% q/q, 12% y/y (part of the y/y growth due to the acquisition of DZI Insurance in Bulgaria)
- FV gains ('trading and other fair value income'): 1 424m loss, caused by the booking of 1.6bn MtM-write-downs on CDOs (FV gains disregarding CDO-related markdowns would come to a positive 209m)
- For KBC, these markdowns are booked against revenue, whereas for many peers, value adjustments are booked against shareholders' equity

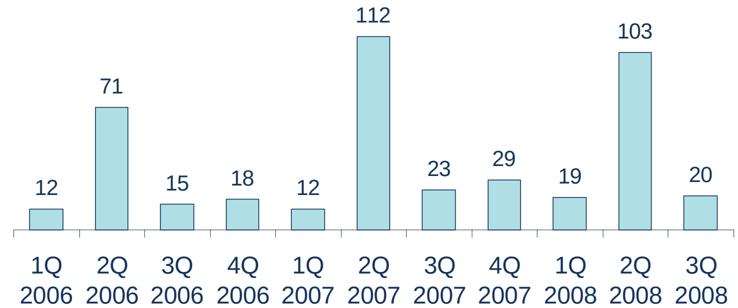
Revenue trend - Group

AFS realised gains



All figures are in m euros

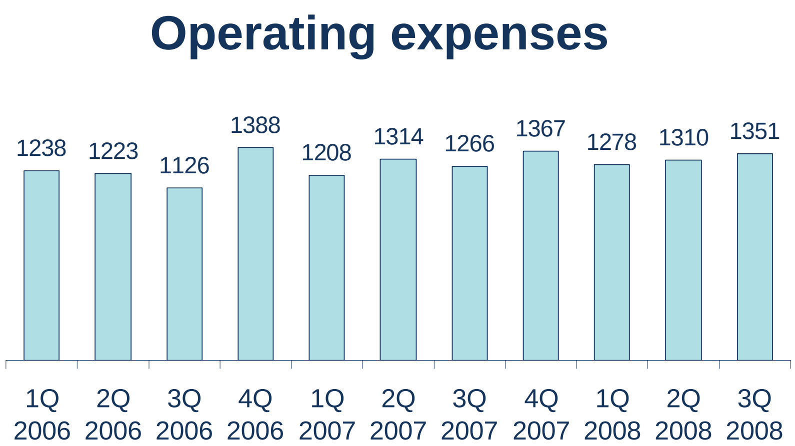
Dividend income

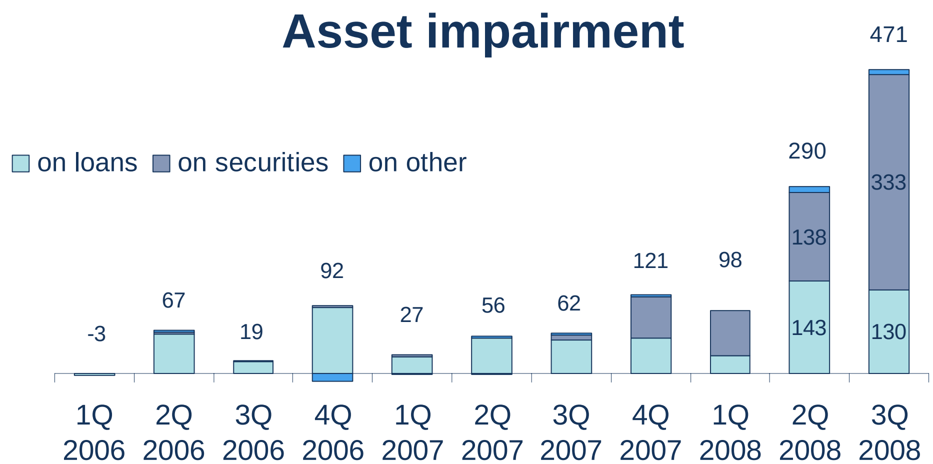


- Realised gains from AFS assets (80m) up 27% q/q, but down 30% y/y. 3Q 07 result was boosted by sales of a number of share investments due to corporate actions. Moreover, in 2008, a large part of planned full-year gains on shares (mainly in insurance, Belgium) had already been realised in 1Q 08, in anticipation of an expected drop in stock-prices

- Dividend income (20m) clearly down q/q (2Q 2008: 103m), as the bulk of the dividend is traditionally received in the second quarter of the year

Operating expenses and asset impairment - Group



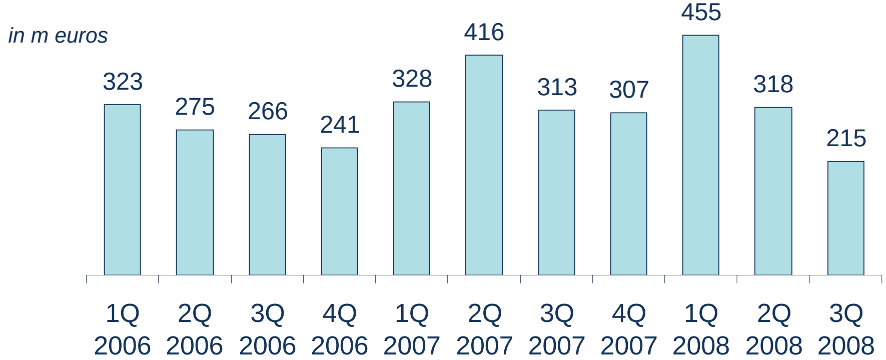


- Organic cost-growth (excl. FX-impact and changes in consolidation scope): 2% q/q and 2% y/y, notwithstanding inflationary pressure and branch expansion in CEER
- YTD C/I ratio (banking) at 79% (FY 2007: 58%). Excluding impact of financial crisis C/I at 60%
- Asset impairments (471m), of which 130m in loan impairments and 333m in AFS-related impairments (of which 172m relates to troubled US banks)
- Credit exposure to Icelandic banks (277m) no impairment decision yet
- YTD credit cost ratio at 37bps. Excl. impairments on troubled US banks: 24bps (2007: 13 bps)
- General loan quality, however remained satisfactory. NPL ratio at 1.5% (same as in FY 2007)

All figures are in m euros

Business Unit Belgium

Underlying net profit, adjusted for crisis impact



Volume trends

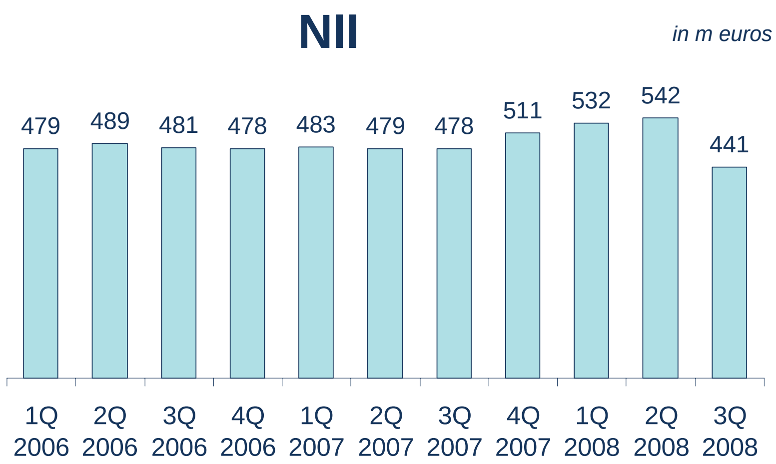
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Growth q/q*	+5%	+2%	+2%	+0%	-1%
Growth y/y	+6%	+10%	+11%	-2%	+2%

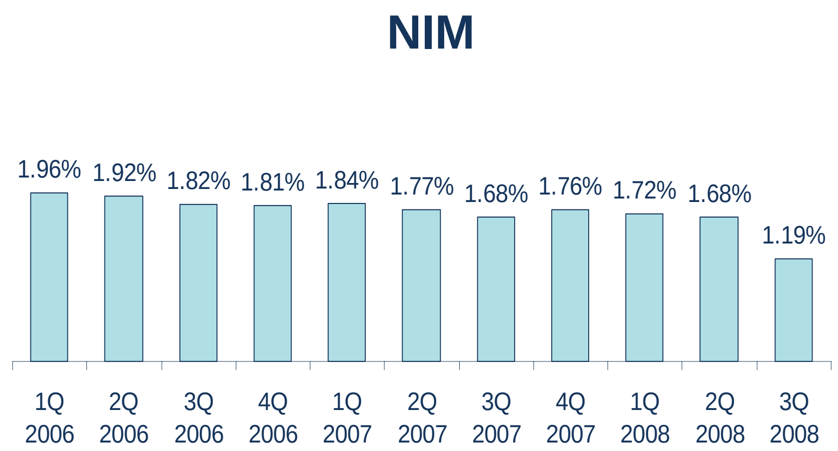
*non-annualized

- Underlying result, excluding impact of financial crisis, at 215m, down both 33% q/q and y/y, due to:
  - higher rate on saving accounts since July 2008 (impact: -56m post-tax)
  - changed client investment behaviour (lower sales of funds and life insurance products)
  - traditional summer slowdown in sales

- Total loans up 5% q/q and 6% y/y. Mortgages grew 2% q/q, 10% y/y
- Customer deposits up 2% q/q and 11% y/y with AUM and life trend stable to decreasing

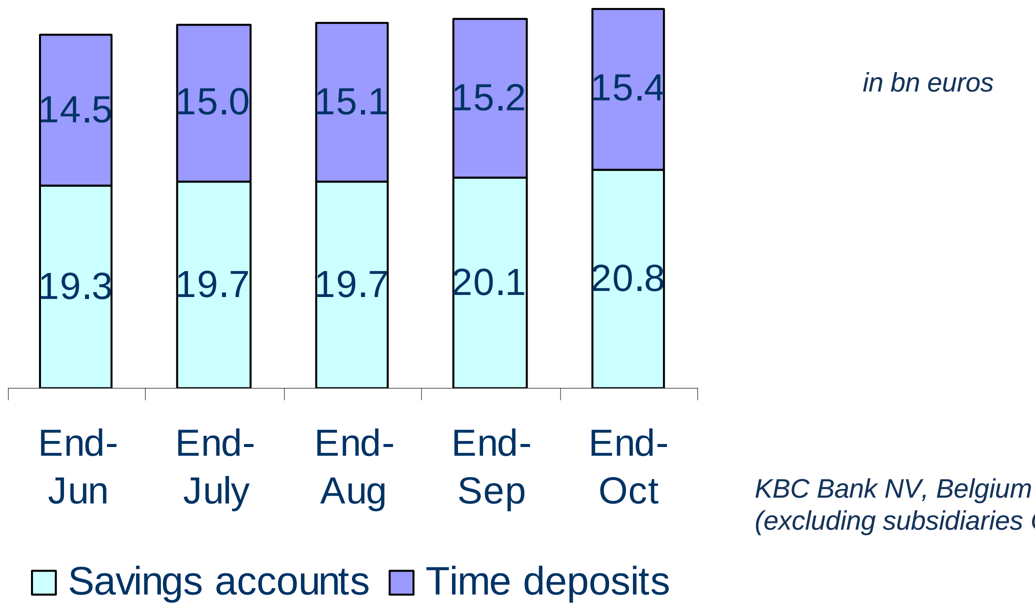
KBC Business Unit Belgium (2)





- NII (441m) negatively impacted by increased interest rate paid for saving deposits since July (pre-tax impact: 85m)
- Excluding this impact NII down slightly q/q (-3%), partly due to changed product structure, and up 9% y/y, thanks to volume growth
- NIM at 1.19%, down 49bps both on q/q and y/y, due to the increase in the rate on traditional saving deposits

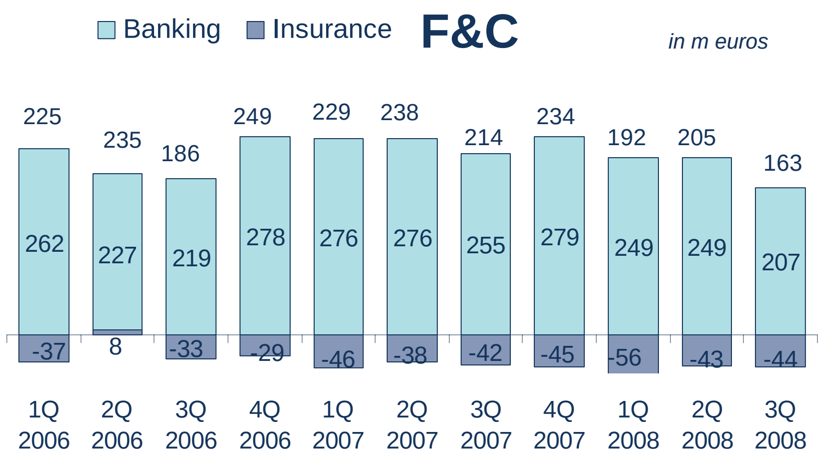
Business Unit Belgium (3)

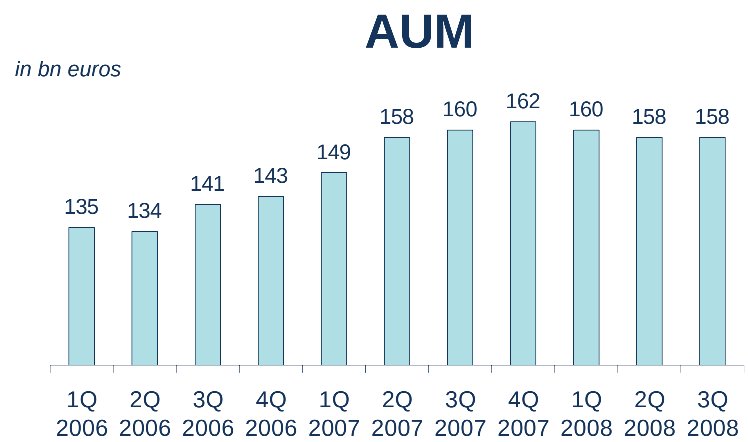


KBC Bank NV, Belgium (excluding subsidiaries CBC, Centea)

- Despite market turbulence and enhanced price competition for retail deposits, deposit inflows remained strong
- Trend of previous 6 quarters where savings had shifted towards low-margin time deposits came to an end (but was not reversed, however)

Business Unit Belgium (4)



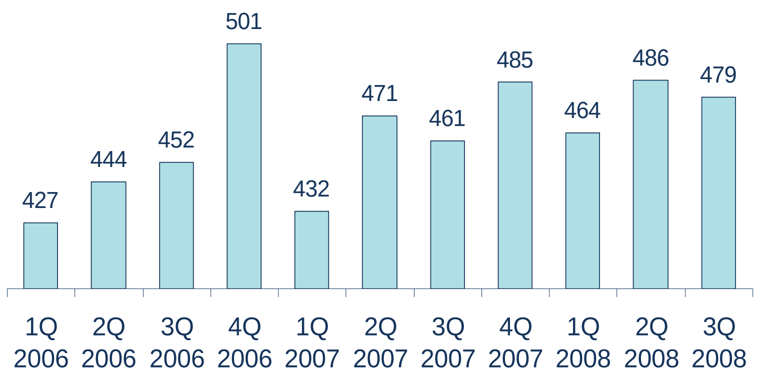


- F&C (163m) down 20% q/q and 24% y/y
- Quarterly drop mainly due to traditional summer slowdown of investments products sales, coupled with the difficult financial and economic climate
- AUM (158bn) stable q/q, +1% net new inflow fully offset by negative price impact

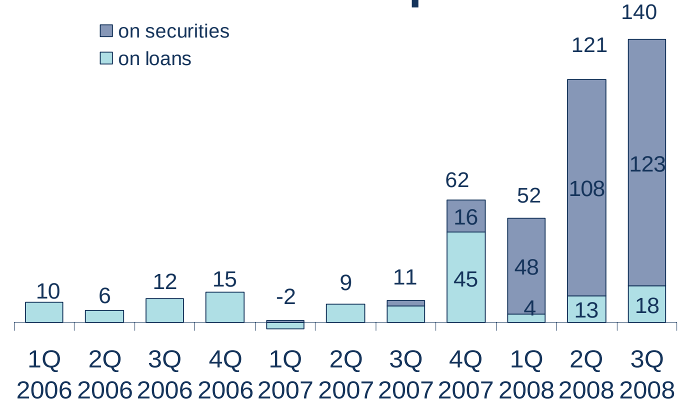
Business Unit Belgium (5)

Operating expenses

All figures are in m euros



Asset impairment



- Operating expenses (479m) down 1%q/q, up 4% y/y. 2Q 08 was burdened by cost provisions for a commercial litigation (8m). y/y cost-growth largely due to inflationary pressure (YTD C/I ratio at 65%, excl. negative CDO impact)
- Loan impairments (18m) at very low level, notwithstanding a worsening economic climate (13m in 2Q 08, 8m in 3Q 07). Continued very good credit cost ratio of 9 bps (FY 07: 13 bps)
- Impairments related to AFS assets (mainly shares in the insurer's portfolio) at 123m, up somewhat on q/q (2Q 08: 108m) and significantly higher than 2007 quarterly average of 5m, due to deteriorating stock market prices (MSCI Europe index down 12% q/q)

KBC Business Unit CEER

Underlying net profit, adjusted for crisis impact

Volume trends

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Growth q/q*	+8%	+13%	+4%	+0%	+16%
Growth y/y	+28%	+59%	+9%	+4%	+34%

*non-annualized

- Underlying quarterly net profit, excluding the financial crisis impact (201m) down 9% compared to the record 222m of 2Q 08, but 55% up y/y
- Underlying net profit broken down as follows: 140m in the Czech Republic, 11m in Slovakia, 41m in Hungary, 49m in Poland, 0m in Russia and -39m other results (including funding costs)
- Organic volume-growth (excluding FX-impact and changes in consolidation scope): loans: 8% q/q, 28% y/y; deposits: 4% q/q, 9% y/y. Continued solid growth in life reserves

Business Unit CEER (2)

	Customer loans			Customer wealth*		
	2006	**2007**	**3Q 08**	**2006**	**2007**	**3Q 08**
Total outstanding (in bn)	21	34	37	39	50	58
y/y growth	+26%	+23%	+28%	+12%	+16%	+11%

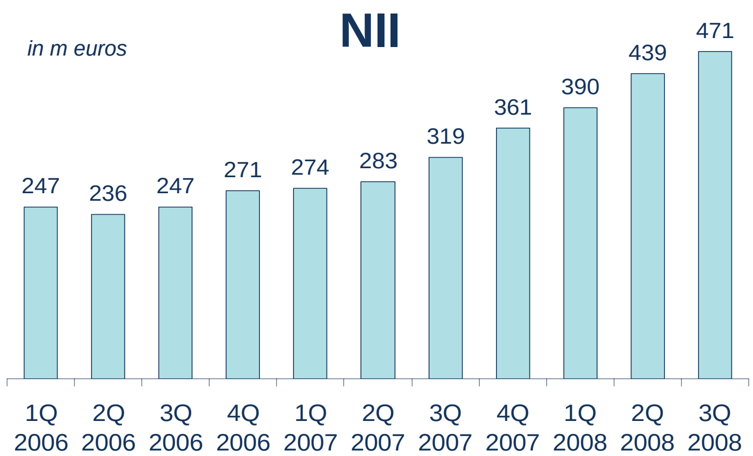
- Growth momentum remains resilient, although we expect to see some impact from an economic downturn
- Loan-to-deposit ratios per countries
  - Czech Republic: 40%**
  - Slovakia: 75%
  - Hungary: 93%
  - Poland: 100%
  - Russia: 390%

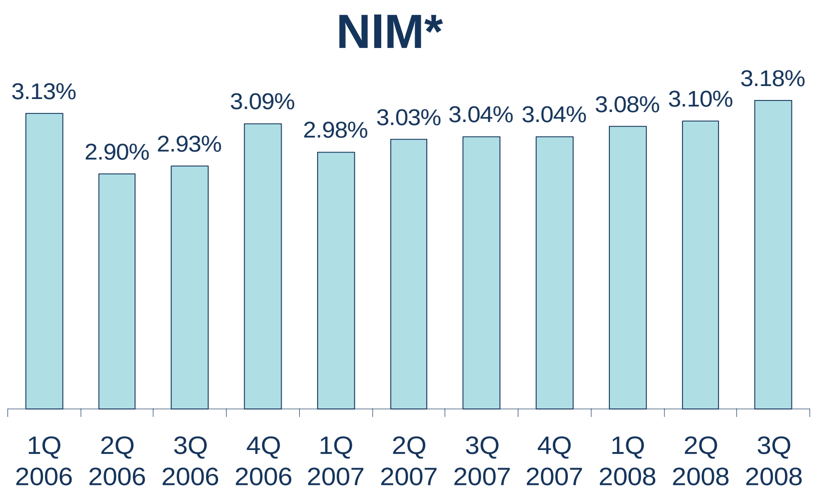
LTDs as of 30 June 2008

**71% on consolidated level

*definition:
y/y organic growth trends; customer wealth = banking deposits + AUM + life insurance

Business Unit CEER (3)



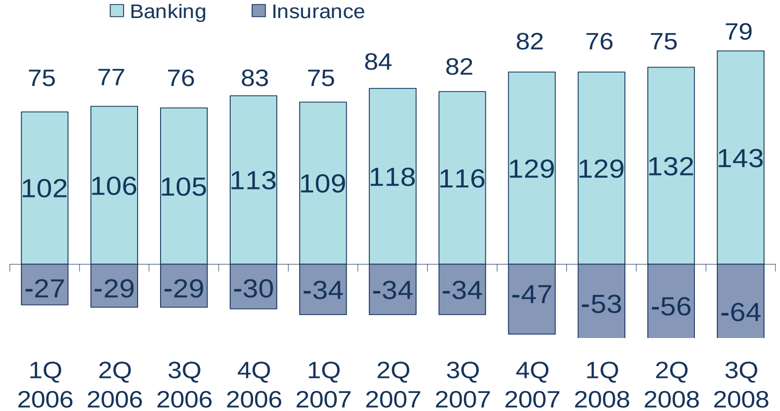


- NII (471m) up 3% q/q and 29% y/y on an organic basis, partly due to increased loan- and deposit volumes
- NIM (3.18%) up 8bps q/q and 14bps y/y, as margins edged up further, except for Russia

All growth figures above are organic growth y/y; FX-impact excluded

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

Business Unit CEER (4)

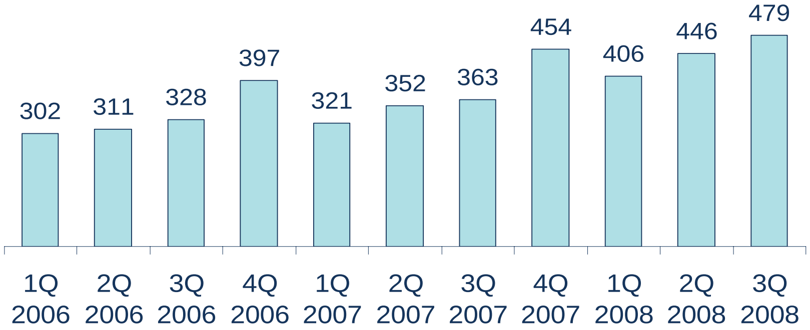


- Net F&C (79m) up 5% q/q, but down 4% y/y (increased fees received in banking, partly offset higher commissions paid to insurance agents)
- AUM (14.1bn) virtually flat q/q, up 4% y/y

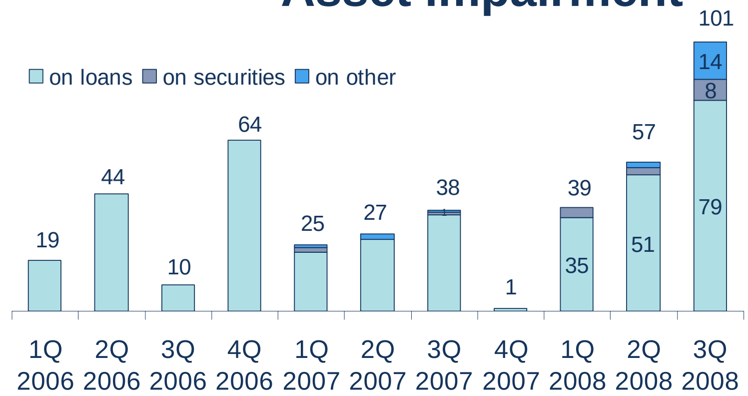
Business Unit CEER (5)

All figures are in m euros

Operating expenses



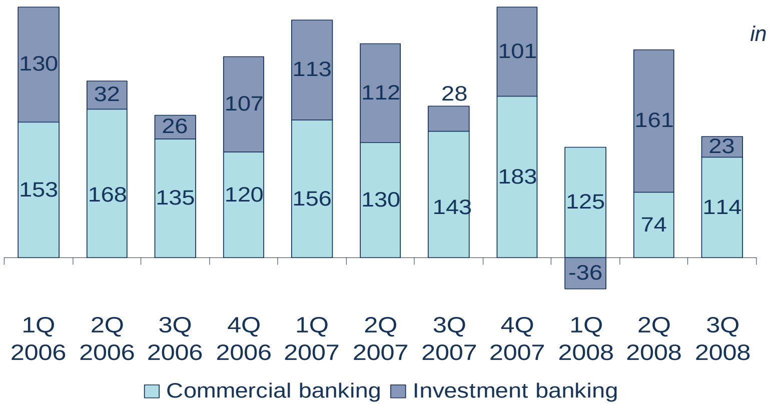
Asset impairment



- Operating expenses (479m) up 3% q/q on an organic basis (2Q 08 figure contained 10m provision write-back in Poland. Disregarding this impact, costs q/q virtually flat)
- Cost increased 14% y/y on an organic basis, due to wage inflation and branch network expansion, among other things
- YTD C/I ratio, excluding negative CDO impact, at 58% (FY 07: 63%)
- Loan impairments stood at 79m, up by 28m q/q and by 43m y/y. Besides impairments for loan losses, 3Q 08 also includes impairments for shares (8m) and for troubled US banks (13m)
- YTD credit cost ratio at 57bps, or 54bps without troubled US banks (FY 07 ratio 26bps)
- Goodwill impairment test reconfirmed value of past acquisitions

Business Unit Merchant Banking

Underlying net profit, adjusted for crisis impact



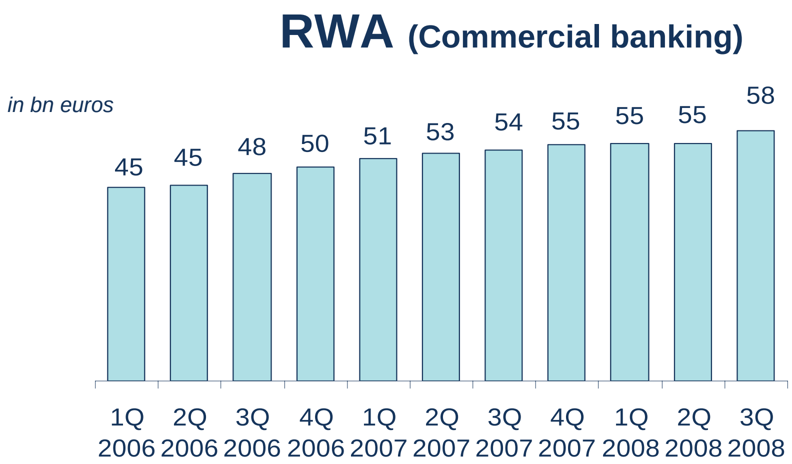
Volume trends

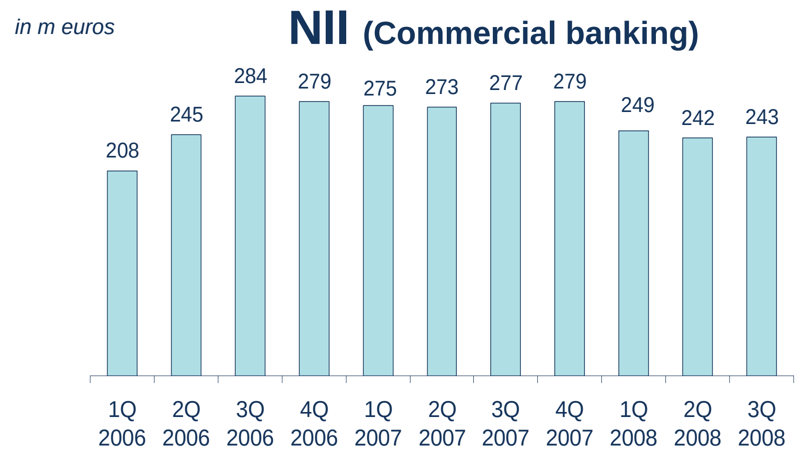
	Total loans	Of which mortgages	Customer deposits	AUM	Life res.
Growth q/q*	-4%		-10%		
Growth y/y	+12%		+3%		

*non-annualized

- Underlying net profit, excluding the direct impact of the financial crisis (negative valuation adjustments on CDOs, as well as impairments on the share portfolio and on troubled US banks) at 137m, down nearly 40% q/q and 20% y/y
- The adjusted net profit figure can be broken down into 114m for commercial banking and 23m for investment banking activities

Business Unit Merchant Banking (2)



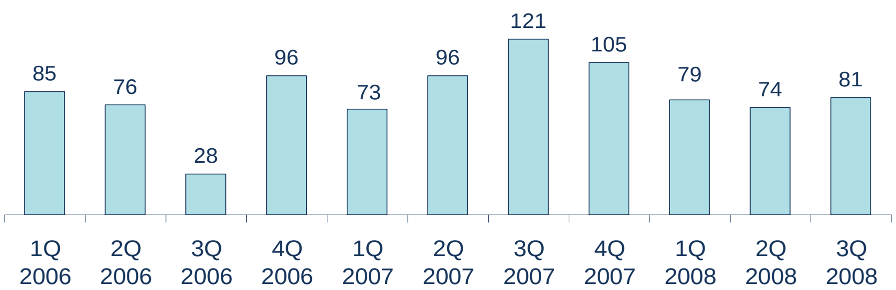


- RWA, commercial banking (58bn) up 5% q/q and 7% y/y
- NII relates to commercial banking (243m) virtually flat q/q
- y/y comparison of NII negatively impacted by a methodological change in income-recognition of lease finance and ALM derivatives as of 1Q 2008. Excluding this recurring impact (-40m per quarter) NII up some 2% y/y

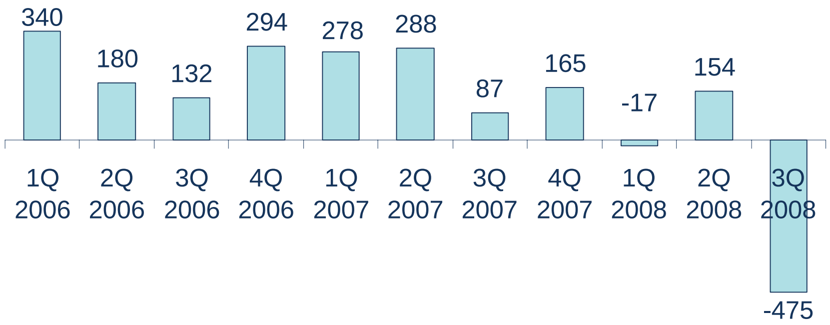
Business Unit Merchant Banking (3)

F&C

All figures are in m euros



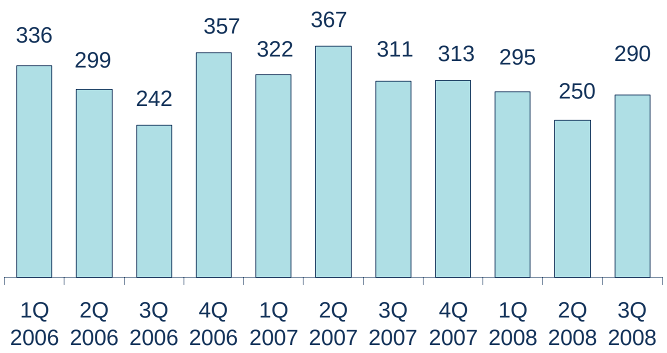
FV gains (Investment banking)



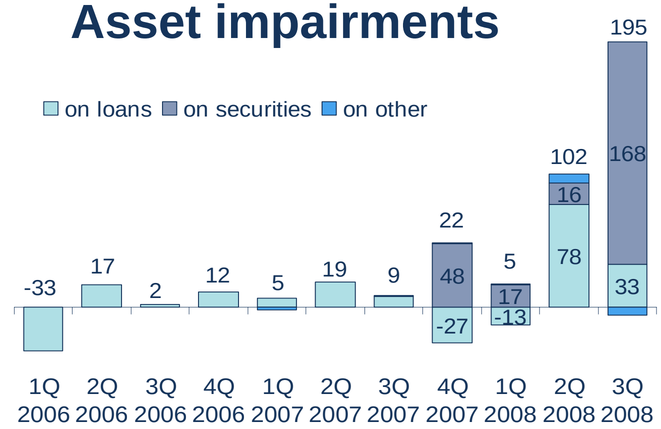
- Net F&C (81m) remained at a low level, 18% down on the quarterly average of 2007, due to decreased fees relating to brokerage and corporate finance activities, among other things
- FV gains in investment banking (-475m) very much impacted by negative value markdowns on CDOs. Excluding impact of financial crisis FV gains would come to 130m positive
- These markdowns were – over and above the impact of increased credit spreads and monoline counterparty risk – mainly due to the downgrading of a number of CDOs by Moody's in October, as the result of the application of more stringent loss assumptions

Business Unit Merchant Banking (4)

Operating expenses



Asset impairments



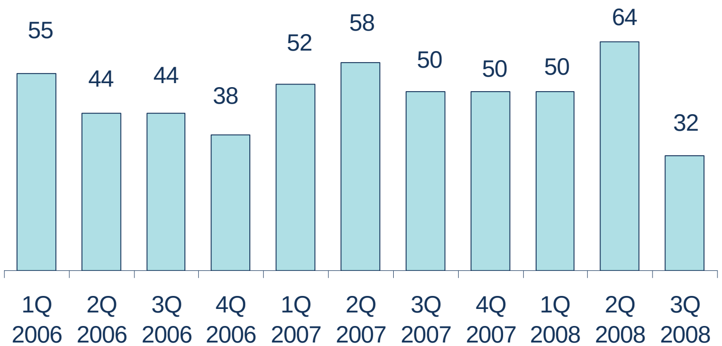
All figures are in m euros

- Operating expenses (290m) up 16% on the low level of 2Q 08, but down 7% y/y, mainly on account of lower income-related remuneration. YTD C/I ratio of the BU, excluding negative CDO-impact at 52% (FY 07: 53%)
- Impairments stood at 195m, up on the previous quarter (102m), and significantly higher than the 2007 quarterly average of 14m
- This was the result of higher impairments for AFS-assets (168m, vs 16m in the 2Q 07 and zero in 3Q 07), which included impairments related to troubled US banks (for 136m).
- Impairments for loans remained limited to 33m
- YTD credit cost ratio stood at 43 bps, or 19 bps excluding the troubled US banks (FY 2007 stood at extremely low of 2bps)

Business Unit Private Banking

Clean, underlying net profit

in m euros



Volumes

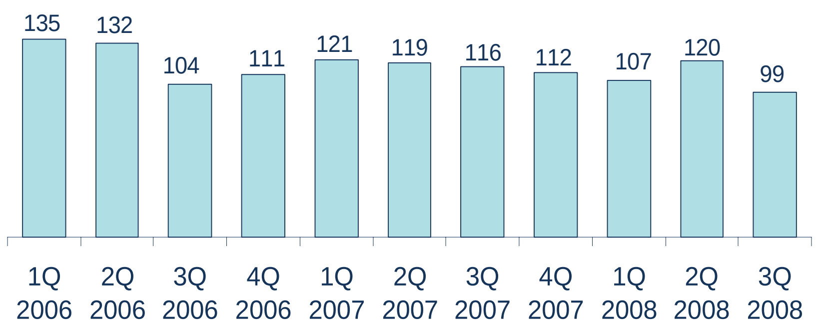
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Growth q/q*			-2%	-6%	0%
Growth y/y			+3%	-12%	-1%

- Underlying net profit, excluding the direct impact of financial crisis at 32m, compared to 64m in 2Q 08 and 50m in 3Q 07
- AUM (50bn) down 6% q/q and 15% y/y, on a comparable basis, excluding Richelieu Finance (Including Richelieu: -12% y/y)
- Notwithstanding the difficult market climate, net outflows remained limited to a mere 1%, both q/q and y/y. On-shore private banking assets flat q/q; whereas witnessed 3% net inflow y/y. Clearly , over and above the volume effect, there was a significant price effect (falling stock market prices caused the value of existing assets to drop)

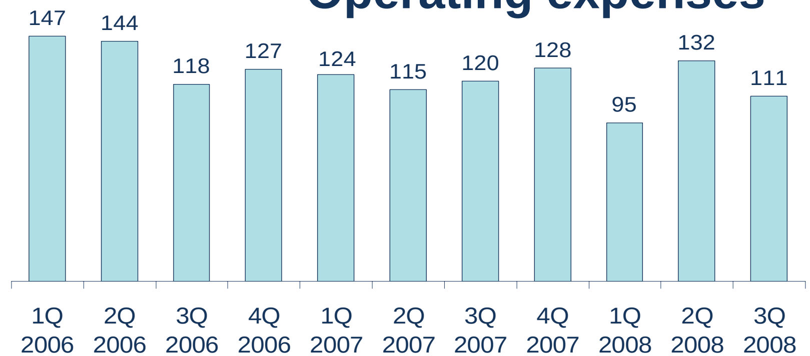
Business Unit Private Banking (2)

F&C

All figures are in m euros



Operating expenses



- F&C (99m) down 21m and 26m on 2Q 08 and 3Q 07, respectively, on a comparable basis
- Decline in F&C evidently caused by the depressed investment climate, over and above the traditional seasonal drop during the summer months
- Operating expenses (111m) down 8% q/q and 15% y/y (on a comparable basis), thanks partly to 12m recoveries on litigation provisions that had become redundant
- YTD C/I ratio, excluding negative CDO impact, at 67% (FY07 stood at 65%)

Section 3

Update on topics

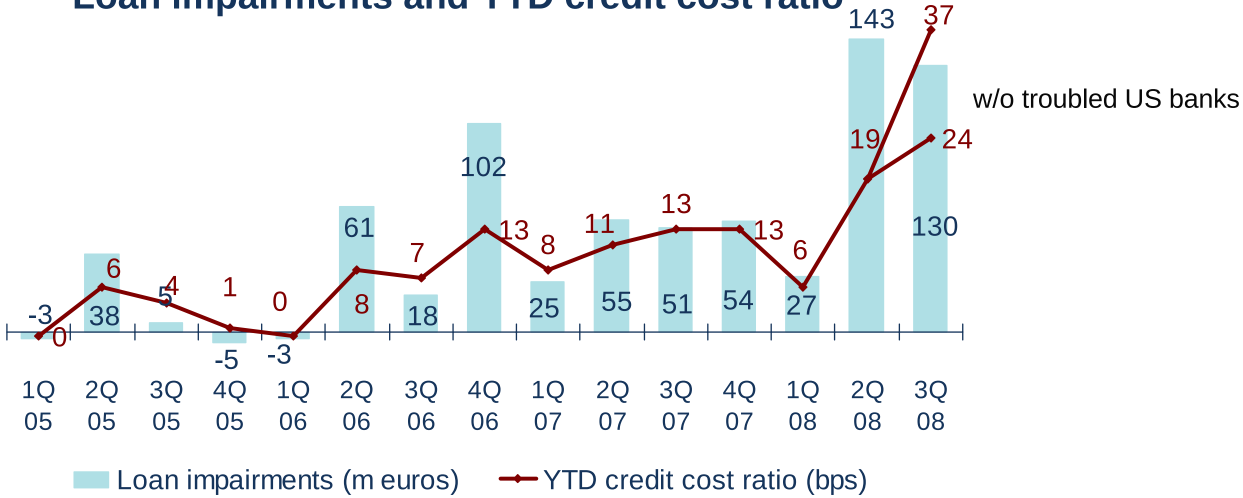
Loan portfolio: Limited sector concentration and good quality

	Outstanding in bn euros	Share of mortgage loans	Share of automotive	Share of building and construction	Share of real estate risk	Share of banks	Share of small-cap LBO/MBO
Belgium	54.5	51,2%	1,7%	3,6%	4,8%	0,2%	0,0%
CEER	45.3	24,9%	2,3%	3,9%	4,6%	8,0%	0,0%
Merchant Banking	78.6	17,3%	1,7%	3,3%	9,0%	5,6%	3,0%
EPB	4.1	6,7%	1,6%	1,3%	0,6%	23,0%	0,0%
KBC Group total	**182.5**	**29,1%**	**1,9%**	**3,5%**	**6,5%**	**5,0%**	**1,5%**

	outstanding in bn euros	Impaired loans in % of outst.	NPL ratio in % of outst.	NPL ratio YTD change
Belgium	54.5	2,0%	1,4%	-0,2%
CEER	45.3	2,7%	1,9%	-0,2%
Merchant Banking	78.6	2,0%	1,2%	0,2%
EPB	4.1	4,0%	3,5%	1,8%
KBC Group total	**182.5**	**2,2%**	**1,5%**	**0,0%**
Adjustments	**-18.5**	Excluding off-BS commitments, corp bonds, etc		
Total customer loans on balance sheet	**164.0**			

Loan portfolio: Evolution of credit costs

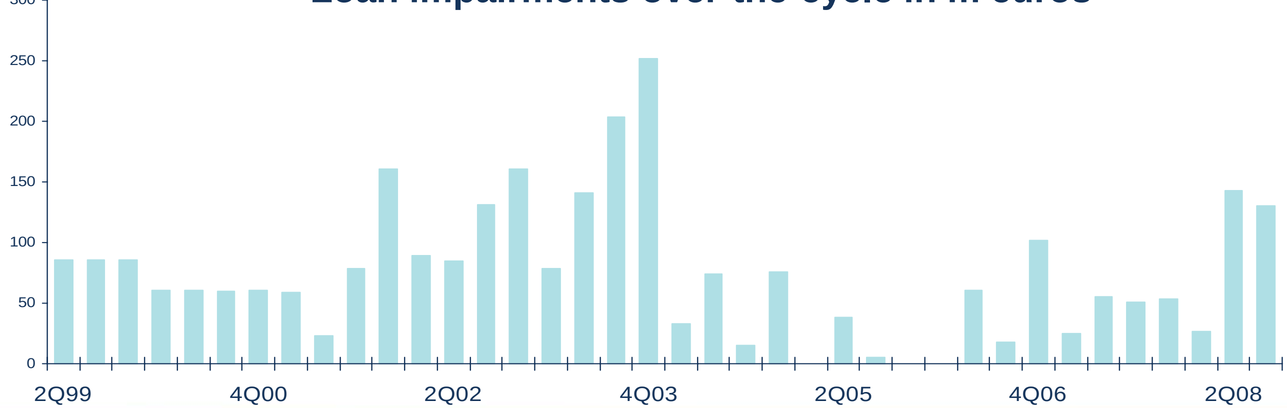
Loan impairments and YTD credit cost ratio



Credit costs, best estimates:

- **Belgium:**
  20 bps (average, over-the-cycle)
- **Corporates:**
  35 bps (average, over-the-cycle)
- **CEE-4**:
  40-60 bps (average, 2008-2010)
- **Russia:**
  150-200 bps (average, 2008-2010)

Loan impairments over-the-cycle in m euros



Loan portfolio: No material mortgage-related issues

	Total mortgages (volume in bn euros)	LTV outstanding mortgages (indexed)	LTV new production	Share of FX mortgages	LTV FX mortgages (indexed)	NPL - Total mortgages	NPL - FX mortgages
Belgium	**28.0**	**50%**	**72%**	**-**	**-**	**0,50%**	**-**
Ireland	13.6	76%	79%	4%	-	2,50%	-
CEE	**11.3**	**54%**	**72%**	**37%**	**59%**	**1,30%**	**1,00%**
- Czech Republic	4.3	49%	65%	-	-	0,90%	-
- Poland	2.8	64%	87%	66%	70%	1,40%	0,40%
- Hungary	2.4	50%	62%	81%	52%	1,60%	1,70%
- Russia	1.0	56%	64%	37%	50%	0,30%	0,40%
- Slovakia	0.7	53%	73%	3%	-	1,10%	-
- Bulgaria	0.1	57%	62%	46%	58%	1,70%	N/A
KBC Group total	**53.2**	**57%**	**73%**	**9%**	**62%**	**1,20%**	**1,00%**

Update on Hungarian market

Areas of concerns

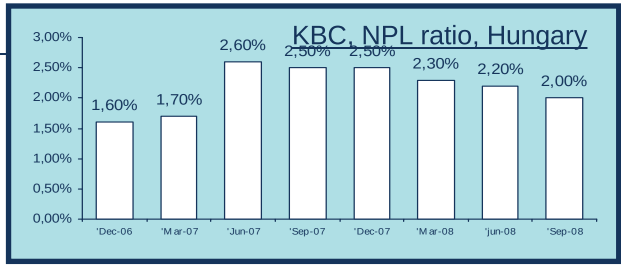
- Renewed concerns on large external debt resulted in bank funding strains and put FX borrowers at risk
- Interest rate defence of currency adversely affects potential economic recovery

Areas of support

- High level of foreign ownership of banks
- Substantial FX swap facilities provided by CB (backed by ECB) and financing package by IMF

Key figures, KBC, Sep-08

- Loan portfolio 7.7 bn (LTD 89%)
- NPL: 2.0%
- Mortgages: 2.4 bn (ind. LTV 50%), o/w 1.9 bn FX (52% LTV/1.7% NPL)



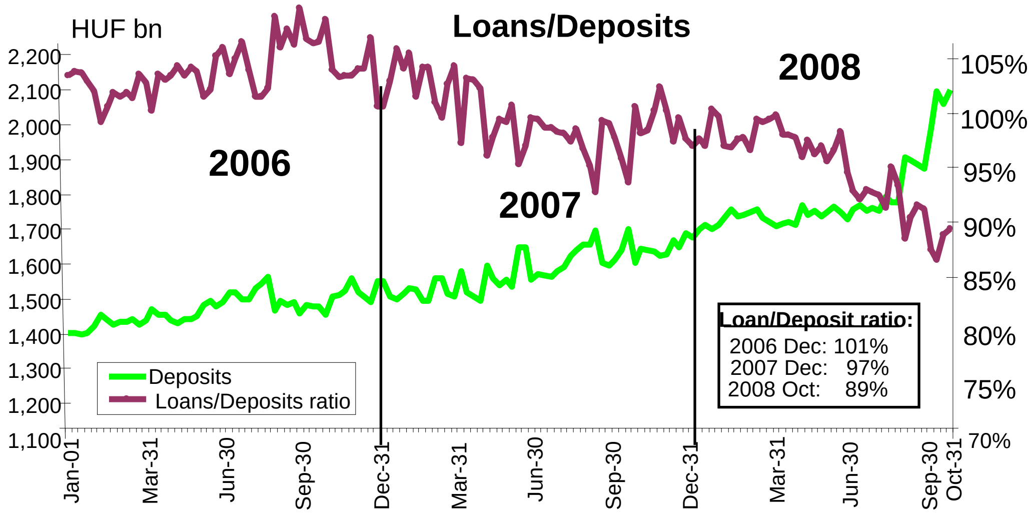
Our cautious stance since mid-2006

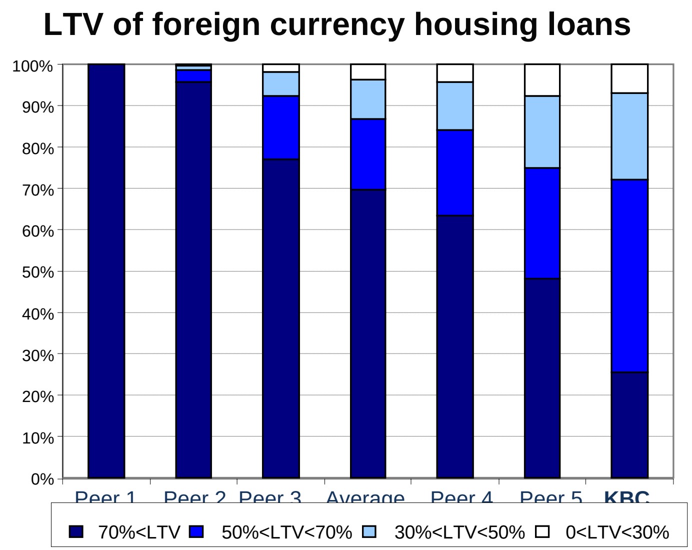
- More stringent collateral valuation since 2006 (resulting in ytd loan loss of ‘only’ 7 bps)
- Controlled corporate loan growth (-4% y/y in 2007 and -1% 2008 ytd)
- Conservative FX lending criteria (average indexed FX mortgage LTV 52%)

Additional measures taken in (3Q) 2008

- Restriction of business lines with high funding needs and continuation of deposit-gathering campaigns to consolidate favourable LTD ratio at around 90%
- Further tigthening of credit underwriting criteria (e.g. CHF lending to unhedged individuals virtually stopped…)

Update on Hungarian market (2)



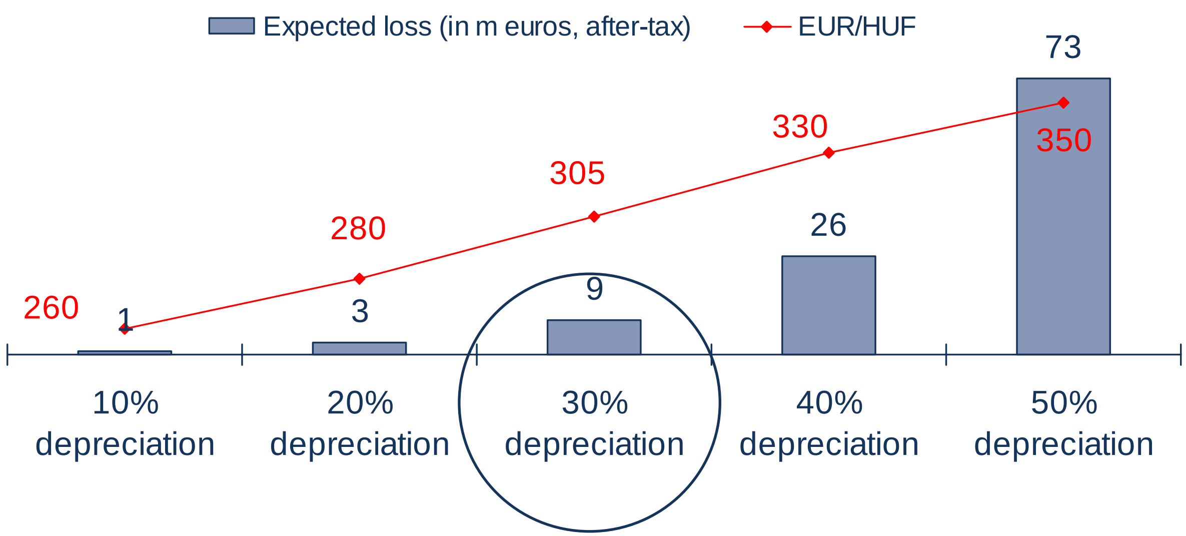


- Despite ongoing "war for deposits", liquidity remains good (LTD ratio ytd down to 89% from 97% vs sector average of 130%)
- Conservative FX lending criteria:
  - LTV at 52% well below sector average (80%+); LTV of new production at 62%
  - FX loans stress tests show continued comfort:
    - No material loss with HUF to EUR below 300 (261 at 31-Oct)
    - At HUF/EUR of 305 and simultaneous 30% fall in house prices: 9m net loss
    - At HUF/EUR of 330 and simultaneous 40% fall in house prices: 26m net loss

Source for LTV data: Interbank Data Exchange System (PSZAF) - OTP: OTP Bank + Mortgage Bank - LTV = actual loan amount/collateral value at origination - average: average LTV of the 6 banks listed

Update on Hungarian market (3)

Stress test: expected losses from FX loans in Hungary in function of the depreciation of HUF



- Starting point for the stress test: 235 EUR/HUF (= situation as at end-June)
- Given our conservative approach here, a 30% HUF depreciation would cost 9m euros (after tax)

Update on Russian market

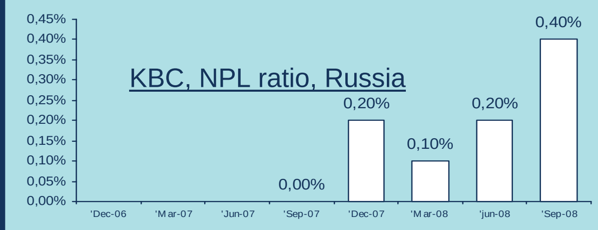
Areas of concerns

- Foreign capital outflows - triggered by geopolitical tensions and falling oil prices – generated refinancing problems for corporate Russia (incl. banking)

Areas of support

- Substantial liquidity facilities and deposit guarantees provided by authorities (backed by external economic surplus and strong FX reserves)
- State ability to recapitalise banks/corporates, if needed, and to support economic growth

Key figures, KBC, Sep-08
- Loan portfolio 4.0 bn (LTD 390%)
- NPL: 0.4%
- Mortgages: 1.0 bn (ind. LTV 56%), o/w 0.4 bn FX (50% LTV/0.4% NPL)



Our strategy (update 3Q 2008):

- Short term RUB facilities provided by financial authorities, backed up by funding provided by Group treasury
- Funding provided by Group treasury is the subject to a transfer risk cap of 25% of bank shareholders' equity
- Restriction on corporate lending, product mix being reviewed
- More sophisticated deposit marketing
- Review of branch expansion roll-out / intensified cost control
- Conservative loan provision methodology

Revaluation of CDO portfolio

- CDO investments with “high attachment points*” (16% on average) and primarily corporate collateral (nominal value, net of initial write-offs: 8.7 bn)
- High P&L sensitivity to “fair-value accounting” (in contrast to many peers, where impact is reported against shareholders’ equity)
- Main “fair value“ drivers:
  - Credit ratings of notes held
  - Credit market spreads (± 50% CDX / ± 30% iTraxx / ± 20 % ABX)
  - Fair value of monoline exposure (40% provisioned)
- Impact of notes downgraded by Moody’s in October has been booked retroactively in Q3
- Moody’s downgrades had been extrapolated for CDOs not included in their review
- Total impact of CDO-revaluation in 3Q 2008: -1.6bn euros, pre-tax (-1.1bn after-tax), of which:
  - 1.2bn due to downgrading of credit ratings
  - 0.3bn due to credit spread widening & other fair value changes
  - 0.1bn due to increased counterparty risk of monolines

* The “attachment point” of a CDO-tranche is the level as of which the tranche is hit by losses in the underlying pool of assets

CDO stress tests

Tests based on data for all CDOs originated by KBC (7.9bn nominal value, or 91% of total CDO-exposure), as of mid-October

Credit impairment test	Test result
Loss on underlying with high near-term risk of default (AIG, FGIC, …) in addition to the effective default of LeBros, WaMu and Icelandics*	-645m

Credit stress test			Test result
25% net loss on 2005+ subprime/Alt-A underlying	3%** net loss on corporate underlying additional to effective default of LeBros, WaMu & Iceland*	80% net loss on monolines (default with 20% recovery)	-2 263m

Market valuation sensitivity	Test result
One notch downgrading of all CDO credit ratings	-205m
Increase of credit spreads by 25% (ABX, CDX, ITraxx)	-250m

Total markdowns on CDOs since start of crisis: 2 305m euros

* Assumed recovery rate for LeBros: 9%, for WaMu: 60%, Icelandics: 5%

** For reference purposes: Moody's global average 1yr corporate default rate for Baa2 stands at 19bps (1998-2007), over the last 35 yrs peak level at 136 bps

Solvency situation

- Consequent on uncertain global environment and massive capital injections worldwide, capital markets call for higher banking capital requirements
- KBC agreed with the Belgian State to issue capital securities in an amount of 3.5bn euros
- Out of the total amount, 2.25bn to be used in banking, 1.25bn in insurance
- Securities qualified by financial sector regulator as core capital; core capital ratios boosted

	As of 30 Sept	**Pro forma, with capital strengthening**
Banking (Basel-II figures)		
• Tier-1 ratio	8.9%	10.7%
• Core Tier-1 ratio	6.6%	8.2%
Insurance		
• Solvency margin	170%	280%

- Gearing capacity at holding company level untouched (gearing ratio: 104%)

Sensitivity test of shareholders' equity to the revaluation of share investment portfolio

Situation as of 30 September 2008:

- Total portfolio: 4.3bn (market value)
- Revaluation reserve: -40m
- Estimated revaluation due to -12.5% fall in equity markets: -280m
- Estimated revaluation due to -25% fall in equity markets: -390m

Section 4:

Wrap up

Wrap Up

- Preliminary earnings trend confirmed
- Satisfactory commercial results, especially in Eastern Europe, despite difficult climate. Results in Belgium effected by increased funding cost (increased deposit rate), amongst others
- Negative impact from investment markdowns (1.4 billion euros, net)
- Measures taken to reduce earnings impact of future CDO ratings downgrades
- Loan quality remains good (credit cost ratio: 24 bps). Within the context of the deteriorating economic environment, it is expected that the loan loss trend will remain upwards for the next quarters
- CEE continues to perform well, mainly thanks to geographical business mix. Updated stress tests provide comfort as regards our selective FX-lending in the region
- Pro forma Tier-1 capital ratio, banking at 10.7% (of which 8.2% core equity), pro-forma insurance solvency at 2.8 times the regulatory minimum

Section 5:

Annexes

Annex 1: Core capital issuance announced in October

Instrument	Fully paid-up new class of non-transferable securities qualifying as core capital
Issuer	KBC Group
Subscriber	Belgian State
Maturity	Perpetual
Issue price	29.50 euros per security (average of 3 last closing prices)
Issuer buyback option	KBC may offer a buyback at any time of all or some securities at 44.25 euros per security (150% of the issue price). State may opt for shares at 100%. Subject to regulator's approval
Interest coupon	The higher of (i) 2.51 euros per security (8.5%) or (ii) 110% of dividend paid for 2009 and 115% for 2010 and onwards. No coupon in case no dividend is paid
Ranking	Pari passu with ordinary equity
Substitution option	From 3 years after the issuance onwards, KBC has the right to substitute the securities with ordinary shares on a one-on-one basis. If KBC chooses to do so, the State can opt for repayment of the securities in cash at 100% of the issue price (subject to approval)
Tax treatment	Coupon is not tax deductable

To be completed before the year-end

Annex 2: Volumes y/y

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	164	54	215	222	23
Growth, y/y	**+16%**	**+23%**	**+10%**	**-5%**	**+4%**
Belgium	**+6%**	**+10%**	**+11%**	**-2%**	**+2%**
CEE R	**+28%**	**+59%**	**+9%**	**+4%**	**+34%**
- Czech Republic	+19%	+45%	+7%	+8%	+11%
- Slovakia	+24%	+31%	+4%	+16%	+26%
- Hungary	+11%	+22%	+23%	+5%	+15%
- Poland	+46%	+81%	+8%	-10%	>100%
Merchant Banking	**+12%**	**-**	**+3%**	**-**	**-**
Private Banking	**-**	**-**	**-**	**-12%**	**-1%**

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

Annex 3:
Volumes q/q – non-annualised

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	164	54	215	222	23
Growth, q/q	**+2%**	**+4%**	**-2%**	**-2%**	**+0%**
Belgium	**+5%**	**+2%**	**+2%**	**+0%**	**-1%**
CEE R	**+8%**	**+13%**	**+4%**	**+0%**	**+16%**
- Czech Republic	+5%	+8%	+0%	+3%	+7%
- Slovakia	+4%	+2%	+12%	-2%	+3%
- Hungary	+7%	+9%	+18%	-3%	+4%
- Poland	+14%	+23%	+1%	-4%	+44%
- Serbia	+17%	>100%	+11%	-	-
- Russia	+18%	+26%	+4%	-	-
- Bulgaria	+5%	+2%	%	-	+2%
Merchant Banking	**-4%**	**-**	**-10%**	**-**	**-**
Private Banking	**-**	**-**	**-**	**-6%**	**+0%**

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

Annex 4:
CDO portfolio

KBC FP issued CDOs (91% of total portfolio) distribution per rating class of nominal outstanding

<table>
<tr><th></th><th>30 June 2008</th><th>15 Oct 2008</th><th>Nominal value (in bn euros)*</th><th>Markdown in %</th><th>Average attachment points</th></tr>
<tr><td>Aaa</td><td>73.1%</td><td>53.1%</td><td>4.2</td><td>-2%</td><td>19%</td></tr>
<tr><td>Aa</td><td>10.6%</td><td>6.6%</td><td>0.5</td><td>-15%</td><td>15%</td></tr>
<tr><td>A</td><td>5.7%</td><td>14.4%</td><td>1.1</td><td>-19%</td><td>18%</td></tr>
<tr><td>Baa</td><td>2.1%</td><td>5.3%</td><td>0.4</td><td>-52%</td><td>12%</td></tr>
<tr><td>Ba</td><td rowspan="2">7.9%</td><td>1.6%</td><td>0.1</td><td>-56%</td><td rowspan="2">11%</td></tr>
<tr><td>Ba in run-off</td><td>7.0%</td><td>0.6</td><td>-37%</td></tr>
<tr><td>B</td><td>0.4%</td><td>4.6%</td><td>0.4</td><td>-100%</td><td>9%</td></tr>
<tr><td>Caa</td><td>0.2%</td><td>7.5%</td><td>0.6</td><td>-100%</td><td>5%</td></tr>
<tr><td>Ca</td><td>0.0%</td><td>0.0%</td><td>0</td><td>-100%</td><td><5%</td></tr>
<tr><td>C</td><td>0.0%</td><td>0.0%</td><td>0</td><td>-100%</td><td><5%</td></tr>
<tr><td>D</td><td>0.0%</td><td>0.0%</td><td>0</td><td>-100%</td><td><5%</td></tr>
<tr><td>Total</td><td>100.0%</td><td>100.0%</td><td>7.9</td><td>-24%</td><td>16%</td></tr>
</table>

*net of provisions for equity and junior pieces

All tranches with credit rating <Ba3 have been fully written down to zero

Annex 5: Impact of structured credit exposure per business units

Fair Value ABS/CDO - Impact on P&L		Belgium	CEER	Merchant Banking	Private Banking	Group Centre	KBC Group consolidated
Pre-tax	3Q 2007	-8	-16	-22	-6	-	-51
	4Q 2007	-25	-13	-115	-13	-	-166
	1Q 2008	-29	-28	-74	-10	-	-141
	2Q 2008	-50	-37	-215	-12	-	-314
	3Q 2008	-431	-258	-809	-136	-	-1633
	YTD 2008	**-510**	**-323**	**-1098**	**-158**	**-**	**-2088**
	TOTAL	**-543**	**-352**	**-1235**	**-177**	**0**	**-2305**
After-tax	3Q 2007	-6	-12	-17	-4	-	-39
	4Q 2007	-17	-10	-66	-9	-	-102
	1Q 2008	-19	-21	-46	-7	-	-93
	2Q 2008	-33	-29	-90	-8	-	-160
	3Q 2008	-285	-204	-528	-96	-	-1112
	YTD 2008	**-337**	**-255**	**-664**	**-111**	**-**	**-1367**
	TOTAL	**-360**	**-277**	**-747**	**-124**	**-**	**-1508**

Fair Value ABS/CDO - Impact on equity		KBC Group consolidated
Pre-tax	3Q 2007	-49
	4Q 2007	-81
	1Q 2008	-91
	2Q 2008	-105
	3Q 2008	-200
	YTD 2008	**-395**
	TOTAL	**-525**
After-tax	3Q 2007	-37
	4Q 2007	-51
	1Q 2008	-61
	2Q 2008	-71
	3Q 2008	-134
	YTD 2008	**-266**
	TOTAL	**-354**

Annex 6: Cost/Income ratio per business unit

C/I, banking	FY 06 underlying	FY 07 underlying	9M 08 underlying	9M 08 Clean und.
Belgium	58%	59%	68%	65%
Czech Republic	57%	53%	66%	44%
Slovakia	-	65%	61%	61%
Hungary	63%	59%	58%	57%
Poland	72%	70%	64%	64%
Russia	-	72%	65%	65%
Merchant Banking	50%	53%	113%	52%
Private Banking	73%	65%	99%	67%
Total	**58%**	**58%**	**79%**	**60%**

Annex 7: Credit cost ratio per business units

Credit cost ratio	FY 06	FY 07	9M 08	9M 08 excl LB, WaMu
Belgium	0.07%	0.13%	0.09%	0.09%
Czech Republic	0.36%	0.18%	0.45%	0.36%
Slovakia	-	0.96%	0.79%	0.79%
Hungary	1.50%	0.62%	0.07%	0.07%
Poland	0.00%	0.00%	0.69%	0.69%
Russia	-	0.21%	1.72%*	1.72%*
Merchant Banking	0.00%	0.02%	0.43%	0.19%
Total	**0.13%**	**0.13%**	**0.37%**	**0.24%**

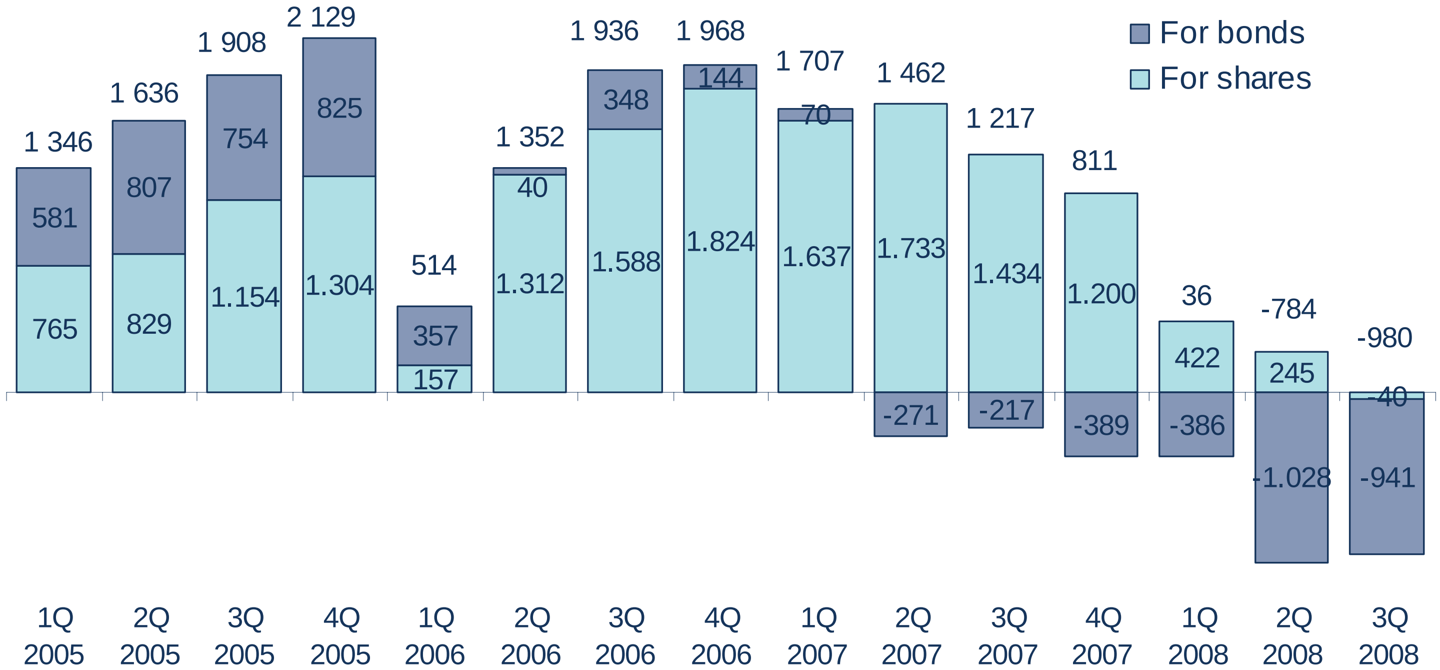
*boosted by the allocation of generic provisions

Annex 8:
Sensitivity test of earnings to share price trend

Total estimated net profit impact of 12.5%/25% drop in share prices: -180m/-510m, including:

- impairment charges (-145m/-439m), mostly non tax deductible
- impact on F&C income from lower AUM
- impact on FV income of revaluation of part of securities portfolio classified “at fair value”

Annex 9: Evolution of revaluation reserve



- Widening corporate credit spreads and falling equity prices have had a negative impact on the revaluation reserve of the AFS investment portfolio in 3Q (credit spread impact was however more, then offset by the positive impact from lower interest rates)