



KBC Group

Company presentation Autumn 2006

Web site: www.kbc.com

Ticker codes: KBC BB (Bloomberg)
KBKBT BR (Reuters)





Contact information

Investor Relations Office

Luc Cool, Head of IR
Luc Albrecht, Financial Communications Officer
Tamara Bollaerts, IR Coordinator
Marina Kanamori, CSR Communications Officer
Nele Kindt, IR Analyst
Sandor Szabo, IR Manager

E-mail: investor.relations@kbc.com

Surf to www.kbc.com for the latest update.



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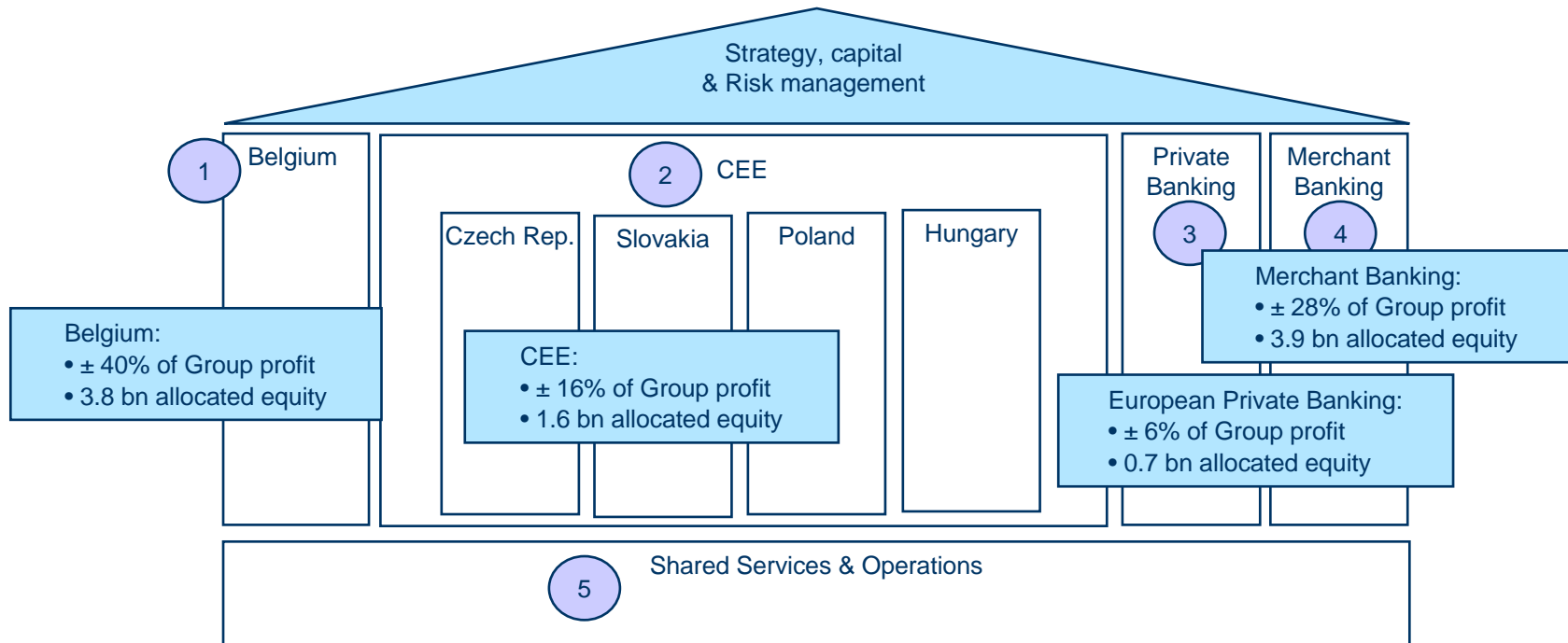
1. Company profile and strategy
2. 6M2006 financial highlights
3. Additional information to the accounts
4. Closing remarks on the valuation of the share



1

Company profile
and strategy

Strong, attractive franchises

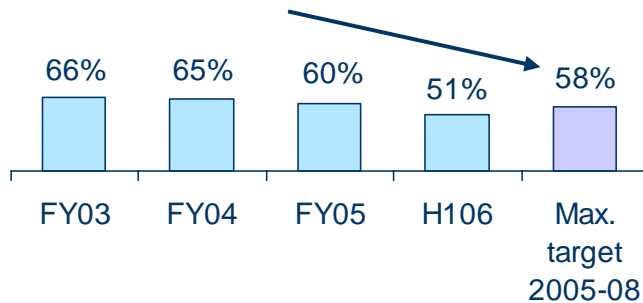


- Over the past few years, KBC has strengthened its bancassurance position in its historic home market, Belgium, while building up an additional franchise in 4 CEE countries and holding a top-3 position in that region.
- Earnings growth in Belgium has been surprisingly high, driven by strong savings flows an underleveraged consumer base, intensive cross selling of banking, insurance and AM products.
- KBC has added on the option of developing a European private banking franchise (boutique - style) and it also operates in selected merchant banking markets, pursuing niche strategies.

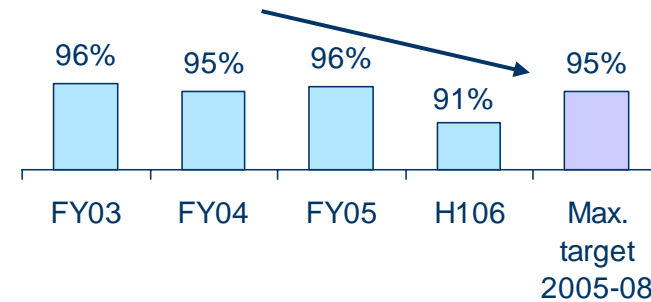


Financial track record

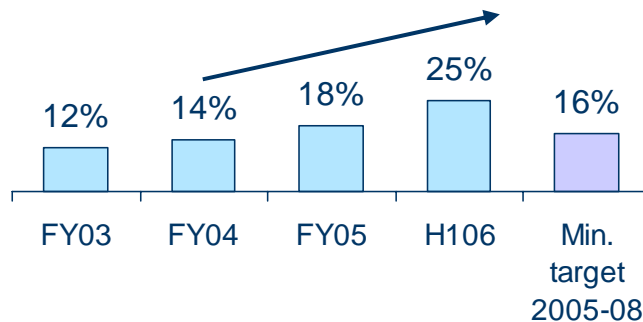
Cost/income, banking



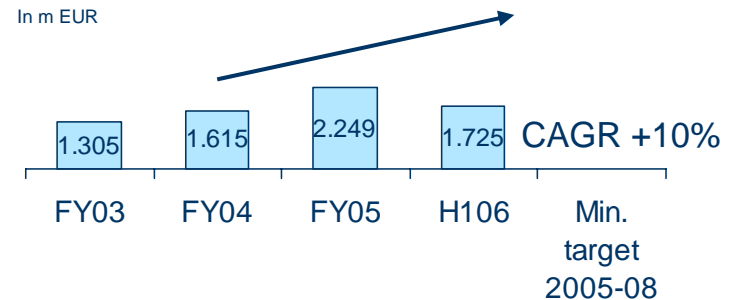
Combined ratio, non-life



Return on equity



Net profit growth



- KBC has delivered well on its financial targets and is committed to improve its performance levels further whilst maintaining a conservative risk culture and solid solvency levels.



Mid-term outlook

Belgium:



Belgium	Gross income	C/I, banking	Loan-loss ratio	Net profit
Retail	5% CAGR	Low 60s	< 0.25%	>10% CAGR
Business customers	>2% on RWA	< 43%	< 0.35%	>10% CAGR

CEE:

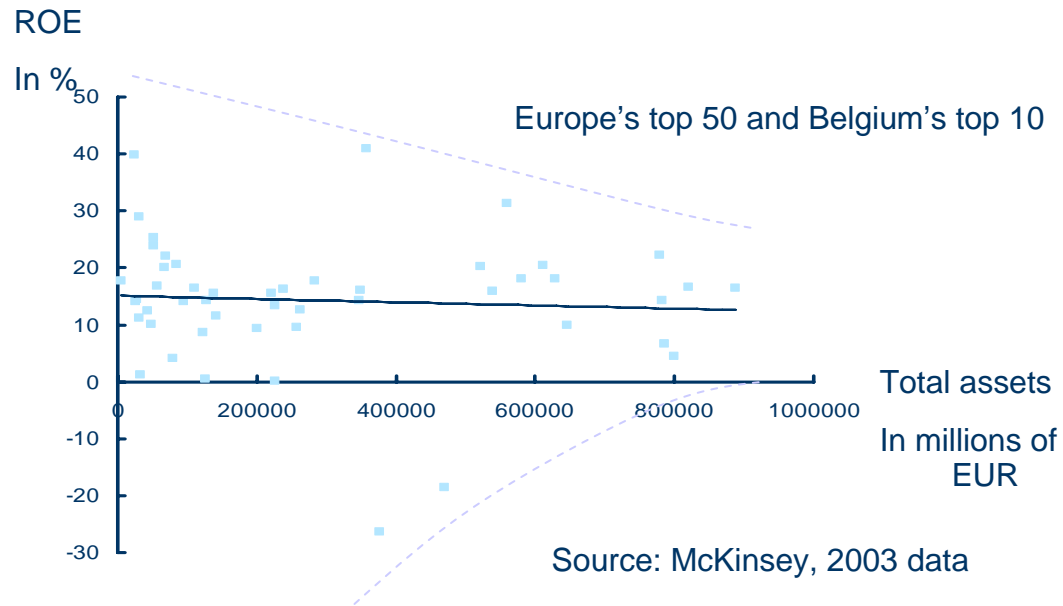


CEE	RWA, CAGR	Profit, CAGR	Loan-loss ratio	Cost/Income
Banking	10% – 15%	10% – 15%	< 0.50%	< 60%

CEE	Premium income, CAGR	Net profit , CAGR	Combined ratio
Insurance	15% – 25%	25% - 35%	95%

CEE	AUM growth, mutual funds	AUM growth, pension products
AM	15% – 20%	10% - 20%

Anticipating future challenges



- When looking at the key success factors in retail financial services, KBC believes that the company's scale is not necessarily the most important factor. We believe that it is vital to hold significant market share in the relevant individual markets, and, at the same time, excelling in the implementation of distribution and operating models.
- We therefore focus on designing initiatives to further strengthen the current franchises and to ensure 'distribution excellence' and 'lean processing'. We will not enter into completely new lines of business or geographic zones. If necessary, further opportunistic operational alliances may be set up in certain areas to generate additional scale effects.



Strategic planning

Management objective (long-term)	Examples	Required mgt. attention 2006-07	Additional capital 2006-07
Strengthening CEE franchise: - Buy-out of third parties - Acquisitions - Accelerated organic growth	- e.g., 40% of K&H (Hungary), 7% of CSOB (CR) - e.g., Poland, Romania, Bulgaria, ... - e.g., SME, HNWI & consumer finance development	●●○	●●○
Strengthening the Belgian franchise	- Strengthening of non-life distribution channels, launch of innovative 'longevity' life products, etc.	●○○	●○○
Strengthening the Private Banking franchise	- Setting up of cost-saving central back-office functions - Add-on acquisitions to strengthen current presences	●●○	●○○
Distribution excellence	- Integration of distribution channels per local market - Setting up of a distribution competence centre to leverage distribution experience	●●●	○○○
Lean operations	- Setting up of Product Factories and Shared Services - Co-sourcing with other Financial institutions	●●●	○○○

●●● ○○○
High Low

- At the end of 2005, we identified some 25 'business initiatives' - illustrated in the above table – in order to strengthen current franchises (better market penetration, product offering, distribution channels, management control, etc.) and to ensure further 'distribution excellence' and 'lean processing' in the future.
- The implementation will enable KBC to safeguard its competitive position and growth prospects in the long term. In 2006, management attention and capital allocation is focused on the buy-out of third-party interests in CEE (since these are immediately value-enhancing) and on the implementation of a new organisational structure

Strategic planning

Organic growth:

- Accelerating business development (e.g., bancassurance, SME, HNWI and consumer finance business, branch openings)
- Completion of third-party buy-outs

Russia



External growth:

- Poland (banking) and Hungary (insurance) to strengthen existing foothold
 - South-eastern Europe (Romania, Bulgaria,...)
- Depending on opportunities

- KBC's CEE strategy is focused on accelerating organic growth and making selected add-on investments.
- New acquisitions will be assessed on the basis of a set of conservative parameters, both strategic and financial, in line with our past track record in this respect.
- Geographical scope is limited to (candidate) EU-countries



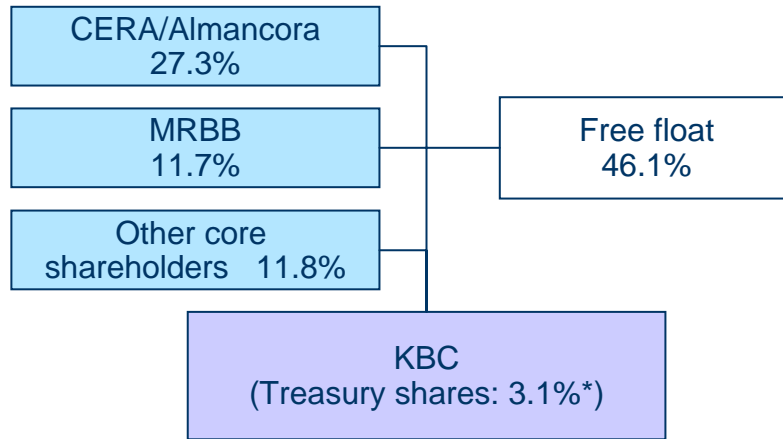
Planned capital deployment in 2006-07

Planning, as disclosed in Dec-2005	Immediately available excess
Capital as at Nov-2005	2.5 bn
Planned capital investments:	
- Buy-out of third parties, CEE ¹	-1.4 bn
- Acquisitions, mainly in CEE	-1.0 bn
- Accelerated organic development	-0.1 bn
Organic capital generation 2006-07 ¹	+1.9 bn
Share buy-back, 2006	-1.0 bn
Further de-leveraging of Holding Company	-0.5 bn
Immediately available excess capital as at Dec. 2007 (estimate)	0.4 bn

- At the end of 2005, the level of excess capital amounted to ca. 2.5 bn euros
- This amount was expected to be used up by the planned capital investments by the end of 2007. Naturally, the projected external growth is dependent on market opportunities.
- The newly generated excess capital in 2006-2007 is used to further reduce the debt leverage of the Holding Company and fund the 2006 share buy-back programme (1 bn).

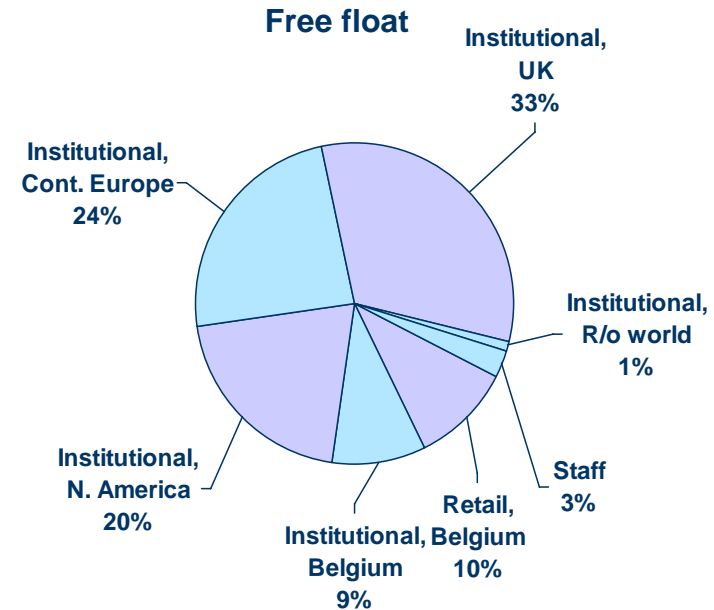
¹ It was not our intention to provide any guidance on 2006-07 earnings and assets growth. Therefore, the earnings and asset growth assumptions used in the above capital model should be viewed as purely hypothetical.

Shareholder structure



Situation as at 30 June 2006

- Including ESOP hedge and shares bought back according to the 2006 1 bn share buy back plan



Shareholder identification survey as at 31-Dec-05

- KBC's market value tripled during the past 2,5 years (from 10 bn at the end of 2003 to 30 bn euros at the end of 2005)
- KBC is 50%-owned by a syndicate of shareholders, providing continuity to pursue long-term strategic goals. Committed holders include the Cera/Almanora Group (co-operative investment company), a farmers' association (MRBB) and a group of industrialist families
- The free float is chiefly held by a large variety of international institutional investors (>50% UK or US – based)



Dividend policy

(euros)	2001	2002	2003	2004	2005
EPS	3.39	3.42	3.68	4.48	6.26
DPS	1.48	1.52	1.64	1.84	2.51
Payout	44%	44%	45%	41%	40%
Yield ¹	3.6%	4.2%	4.9%	3.7%	3.8%

¹ Gross DPS versus average share price - average share price 2005 = 66.4 EUR

- It is KBC's policy to maintain a steadily growing dividend. Gross DPS increased at a CAGR of 14% over the last 5 years.
- The historical average cash payout stands at 40-45%



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H1 2006
financial highlights



Group financial performance

Financial performance per business unit

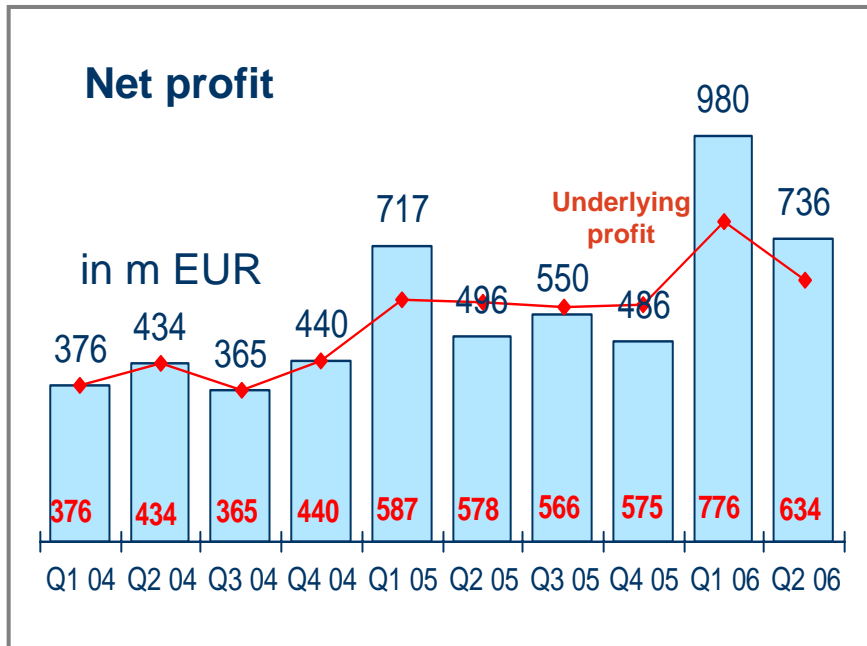


H1 at a glance

- Profit of 1 715m generating a return on equity of 25%
- Underlying profit (excl. one-offs* and M2M of banking book) up 21% y/y
- Solid sales turnover in all fields (deposits, loans, AUM and life insurance volumes up 8%, 12%, 19% and 33% respectively compared to June 2005)
- On balance, positive impact from interest rates and capital market developments
- Favourable cost development: cost/income ratio, banking down to 51% (55% excl. one-offs)
- Low credit loss provisions: loan loss ratio at 0.08% only
- Strong technical result non-life: combined ratio 91%

* One-offs relate to the integration of *Gevaert*, the sale of *Agfa-Gevaert*, the sale of office buildings and the increase of the free float in *Kredyt Bank*

Q2 at a glance



- Q2 2006 net profit of 736m
- Q2 underlying profit at 634m (i.e. excl. one-offs and impact from M2M of banking book) up 10% y/y
- As expected, after “extremely strong” performance in Q1, net Q2 profit down q/q
- Income growth slowed on the back of difficult stock market conditions in May/June, fewer gains on share disposals and lower trading income. Loan growth remained solid: customer loans up 3% q/q (of which retail mortgages +5%)
- Favourable cost development: cost level (excl. one-offs) stable y/y
- Moderate loan loss charges (61m), though higher than previous quarter’s, when net writebacks were recognised
- Compared to previous quarter: high effective tax rate due to upstreaming of intragroup dividends and lower non-taxable realized gains on equity holdings



Q2 at a glance

Q2 2006 results (m euros)	Q2 Result as according to IFRS	Q2 Non- recurring items	Q2 Underlying result	H1 Underlying result	H1 Underlying, change y/y
Gross income	2 958	+97	2 861	5 845	+5%
Operating expenses	- 1 167	+56	- 1 224	-2 462	+6%
Technical charges, insurance	-626		-626	-1 275	-15%
Impairment	-67		-67	-64	+11%
Taxes	-333	-51	-282	-574	+17%
Minority int. & associates	-30	0	-30	-61	-3%
Net profit	736	- 102	634	1 410	+21%

- Q2 2006 non-recurring items include:
 - Mark-to-market adjustments on hedging instruments: + 47m (pre-tax)
 - Gains on equity holdings (50m non-taxable in Group Center, of which impact on sale of 5.5% *Kredyt Bank* (CEE): 35m)
 - Impact on merger *Gevaert-KBC Group* merger (20m after tax)
- Full disclosure of non-recurring items for previous quarters available in the quarterly report on www.kbc.com



Solid revenue trend, close-up volumes

	Total loans	Of which mortgages	Customer deposits	Life reserves	AUM
Outstanding (in bn)	119	37	179	20	208
Growth, y/y	+12%	+22%	+8%	+33%	+19%
Belgium	+8%	+15%	+3%	+34%	+21%
CEE	+17%	+36%	+16%	+27%	+32%
- CZ/Slovakia	+22%	+40%	+15%	+16%	+25%
- Hungary	+28%	+42%	+20%	+67%	+51%
- Poland	- 5%	+30%	+ 4%	+36%	+46%
Merchant banking	+11%	-	+20%	-	-
Private banking	-	-	-	+34%	+20%
Growth, q/q	+3%	+5%	+3%	+2%	-2%
Belgium	+2%	+3%	+4%	+0%	-1%
CEE	+5%	+9%	+3%	+2%	+2%
- CZ/Slovakia	+7%	+9%	+5%	+1%	+0%
- Hungary	+8%	+13%	+5%	+22%	+12%
- Poland	+4%	+16%	+2%	-3%	+2%
Merchant banking	-6%	-	+4%	-	-
Private banking	-	-	-	+31%	-4%

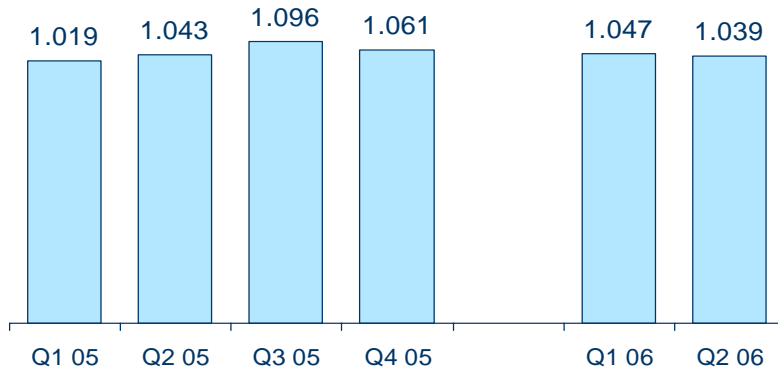
Note 1 : growth trend excl. (reverse) repo and interbank activity and excl. Banco Urquijo from Private Banking

Note 2 : trends for individual CEE countries in local currency

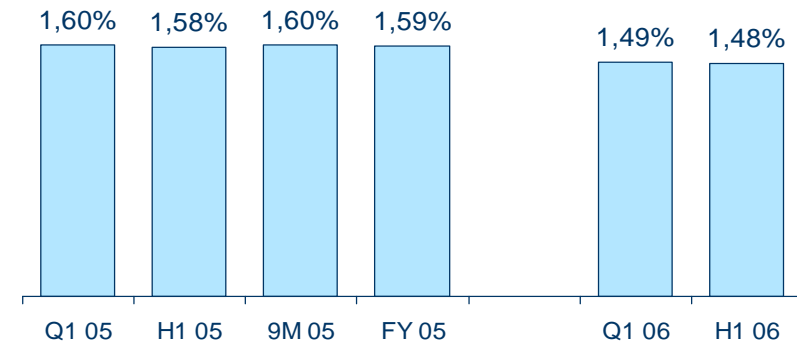


Solid revenue trend (2) – close up, NII

Net Interest Income (m)



Net Interest Margin, banking

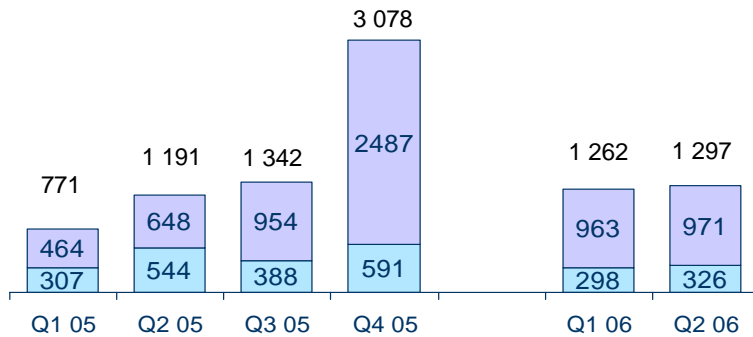


- In Q2 flat NII both y/y and q/q where higher volumes offset lower NIM
- In 1H 06 the same dynamics explain 1% ytd increase in NII (lower NIM offsetting solid volume growth)

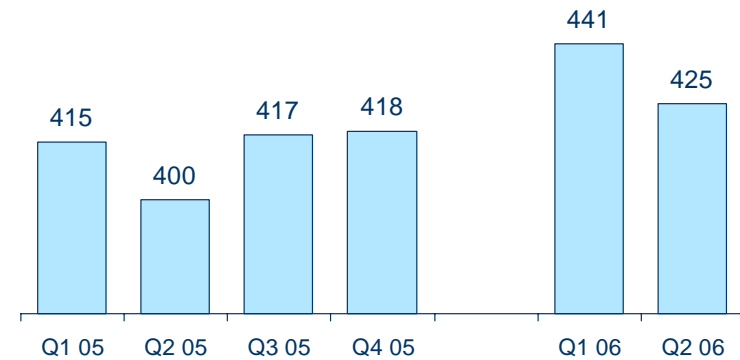
- Ytd NIM down 10 bps on the back of lower NII from dealing rooms (more than offset by higher trading income), the impact from the changing loan portfolio mix (mortgages outgrowing higher-margin products), lower re-mortgage fees and sustained competitive pressure.

Solid revenue trend (3) – close up, premiums

Sales of life insurance (m): guaranteed rate (bottom) and unit-linked (top)



Premium income, non-life (m)

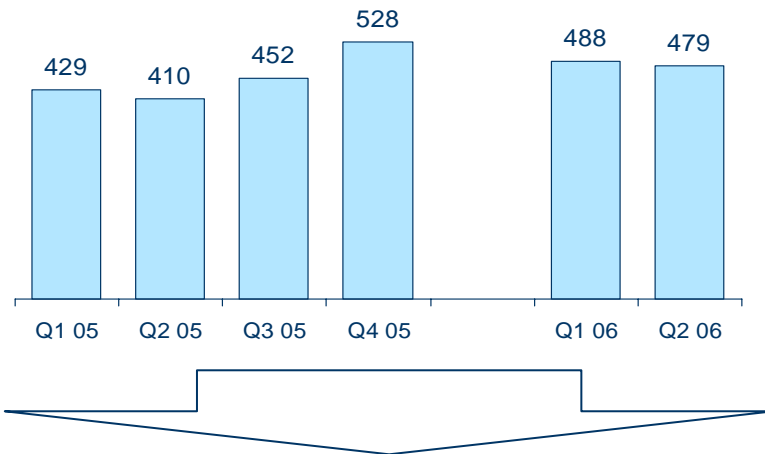


- Q2 life sales were up 3% q/q and 9% y/y
- H1 2006 life sales came to 2.6 bn (of which 76% unit-linked) boosting life reserves by 33% y/y
- Reminder according to IFRS, out of the total 2.6 bn life sales only 0.6 bn recognised as 'premium income'

- Q2: non-life premiums were up 6% y/y, but down 4% q/q due to seasonal pattern
- For H1 premium income was 6% higher:
 - +5% in Belgium
 - +8% in CEE (3% without FX-effect)
 - +6% for the reinsurance business (R/I)

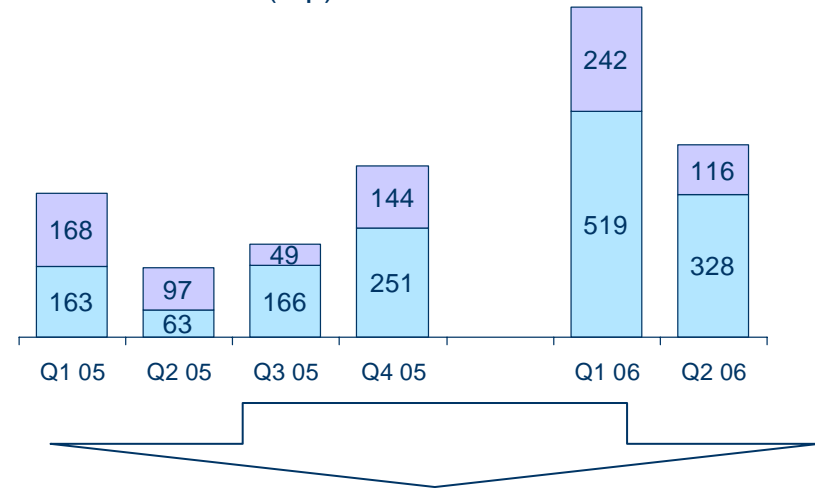
Solid revenue trend (4) – close up, F&C and FV

Net fee & commission income (m)



- Q2: fee & commission income (F&C) up by 17% y/y, driven by strong private banking activities, higher asset management and unit linked insurance fees, but down 2% q/q due to lower entry fees in asset management business
- Q2 F&C income includes dividend income related to securities lending which previously was included in dividend income (gross 38m).
- H1 F&C up 15% on the back of strong growth of AUM (mutual funds, unit-linked products and private banking)

FV income (bottom) / gains on AFS securities (top)

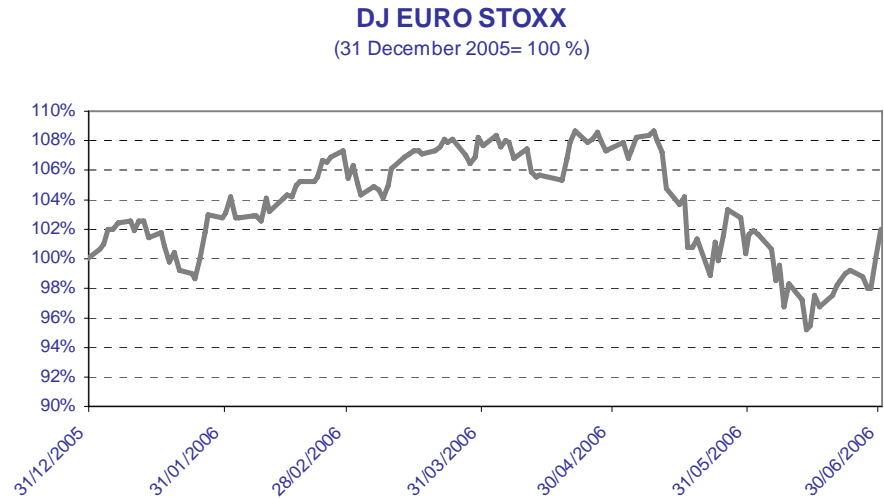


- Q2: fair value (FV) and available-for-sales (AFS) income down after very strong Q1
- H1 06: FV income high compared to weak H1 05:
 - Favourable trading environment (strong performance in derivative products)
 - Positive MTM of hedging derivatives (+298m y/y)
- H1: Gains on Available-for-sale investments:
 - H1 06: 357m of which 182m were “extraordinary” (*Agfa-Gevaert*, Sale of 5.5% in Kredyt Bank (PL), amongst others)
 - Realized gains on equity in Q1 in order to avoid exceeding of equity exposure limits (VAR)

Impact of market turmoil on AUM volumes

- Equity markets* were down by 5% q/q in Q2 2006, bringing ytd performance at 2% at the end of June.
- Although a large part of retail customer base invests in (structured) “capital guaranteed” products, the equity market developments caused some uncertainty. New entry was still at 2% in Belgium and CEE. For the private banking services however an outflow of 3% was recognized.
- Total AUM grew ytd by 6% (of which Gross New Entry +7%)

*DJ EURO STOXX



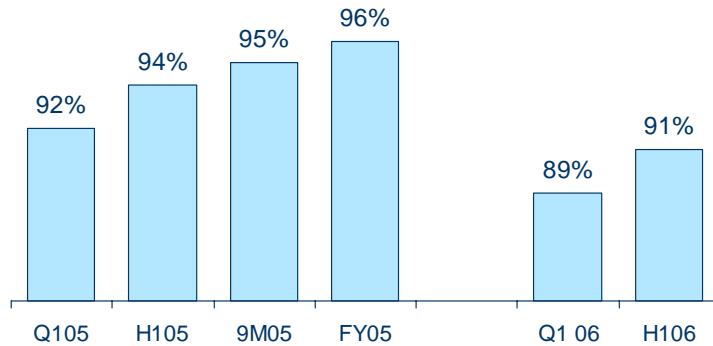
Business Unit	Volumes in bn euros				Growth q/q in %		Growth ytd in %	
	FY 04	FY 05	Q1 06	Q2 06	Total	of which GNE*	Total	of which GNE*
Belgium	97	122	135	134	-1%	+2%	+9%	+10%
CEE	5	7	8	8	+2%	+2%	+10%	+7%
Merchant banking	4	2	1	1	-48%	-	-63 %	-
Private banking	50	65	69	66	-4%	-3%	+2%	+2%
TOTAL	157	196	213	208	-2%	0%	+6%	+7%

*Gross New Entry

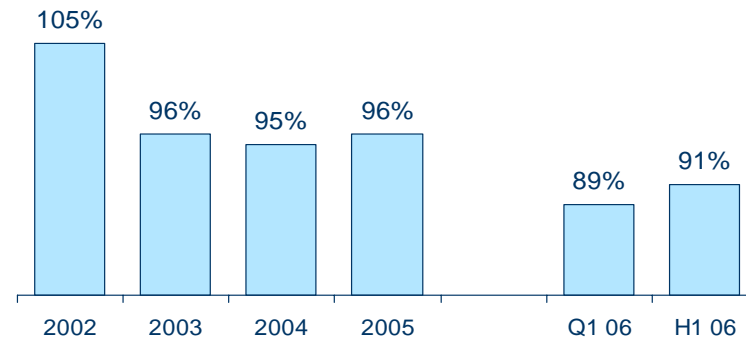


Excellent underwriting result, non-life

Net combined ratio, non-life



Net combined ratio, non-life



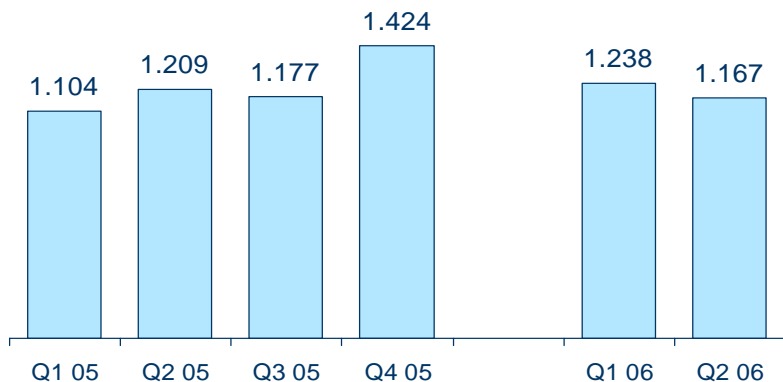
- Q2: sustained favourable claims environment in Q2, combined ratio up somewhat q/q for seasonal reasons
- H1: combined ratio at 91% on the back of an overall favourable claims experience. Claims reserve ratio stable at 178%.
- H1 combined ratio down 2 perc. point which boosted pre-tax by 23m.

C/R, non-life	FY04	FY05	6M06
Belgium	92%	95%	90%
Czech Rep.	99%	98%	99%
Slovakia	138%	120%	99%
Hungary	98%	97%	86%
Poland	95%	98%	96%
R/I	98%	92%	83%
Total	95%	96%	91%

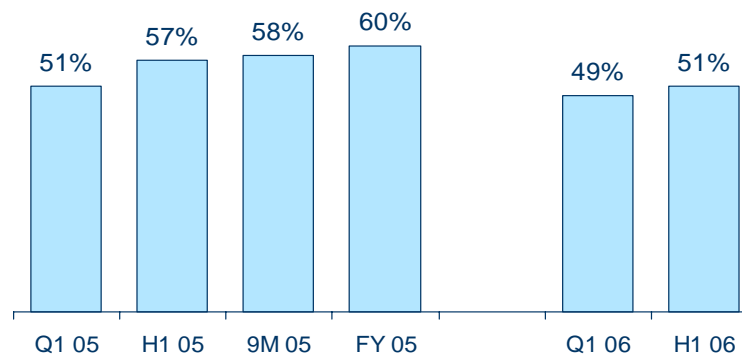


Favourable cost/income development

Operating expenses (m)



Cost/income, banking



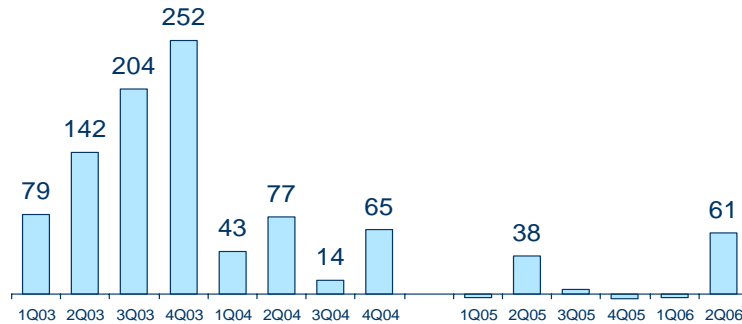
- 2Q 06 cost level -6% q/q on the back of lower capital-market activity (income-related remuneration) and write-back of Gevaert's pension liabilities (merger-related). The latter explains the y/y cost decrease
- 6M costs up 4% ytd, mainly on the back of strong capital-market activity (income-related remuneration). Costs up 1% in Belgium, 0% in CEE (less than upwards FX effect). 1% in European private banking and +31% in Merchant Banking.
- YTD C/I down to 51% (underlying C/I 55%)

C/I, banking	FY 04	FY 05	H1 06
Belgium	72%	61%	50%
CR/SR	61%	53%	47%
Hungary	74%	69%	65%
Poland	79%	78%	61%
Private banking	85%	72%	67%
Merchant banking	47%	49%	48%
Total	65%	60%	51%

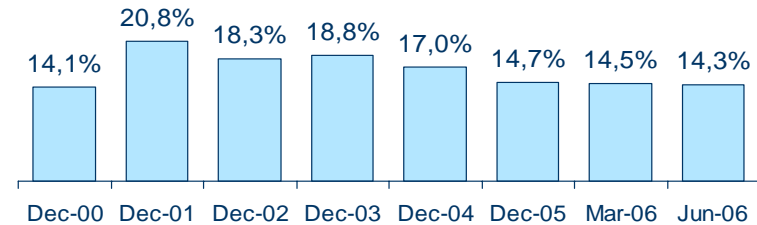


Historically low loan impairments

Loan impairment charges (m)*



Share of higher risk loans in portfolio



- Q2 impairment somewhat higher after consecutive quarters of 'almost zero' levels, but remaining at low end of credit cycle
- The previous 3 quarters saw 30-35m per quarter net writebacks in merchant banking, which was not repeated in Q2. Moreover, loan loss charges increased somewhat in CEE. In Hungary, in line with the worsening local economic environment, loan losses increased.
- However, no signs of material deterioration of asset quality detected. On average, portfolio risk has even improved somewhat, except for CEE where asset quality improvement has come to an end

Loan loss ratio	FY 04	FY 05	6M 06
Belgium	0.09%	0.00%	0.04%
CR/Slovakia	0.26%	0.40%	0.31%
Hungary	0.64%	0.69%	1.26%
Poland	0.69%	0.00%	0.00%
Merchant banking	0.26%	0.00%	0.00%
Total	0.20%	0.01%	0.08%

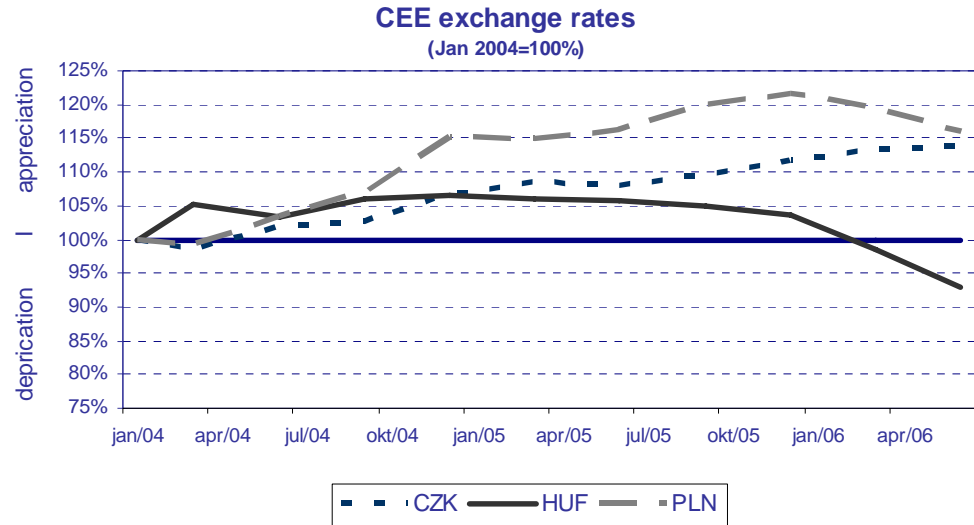
* A positive amount on the chart has a negative impact on the results. Mind that 2003-2004 figures are under B-GAAP and to a pre-merger scope of consolidation and, as a consequence, not fully comparable with the 2005-2006 figures.

** Mind that both rating methodology and in the scope of the Group have changed over time, and that the time-series is not on a fully comparable basis.



FX mortgages in CEE

in million euros	FY 05	6M 06
Czech Rep.	non existent	
Hungary	420	495
Poland	310	380
CEE Total	730	875
% of total mortgages in CEE	20%	22%
% of total mortgages in KBC	2%	2%



- Offering FX mortgages in CEE countries is market practice. Banks not offering the product would not participate in the mortgage growth and would lose significant market shares.
- We are aware of the currency risk and applied sufficient buffers in our risk assessment (e.g. more defensive caps on loan to value ratio). The portfolio is closely monitored.
- In Poland, the regulator recently has taken initiatives in order to set up limits for FX lending.
- The point of interest for the time being is Hungary. Recently HUF is in a downward trend and the future does not seem to be the opposite to that.
- We do not expect rising credit losses due to the depreciation of HUF below EUR/HUF 300. The FX mortgage portfolio would become non profitable somewhere around EUR/HUF 325. Loan losses would be comparable to total annual profit of K&H at 375.



Share buy-back plan, update

The 1 bn euro share buy – back programme is being executed:

- No of shares bought back up to Aug 24, 2006: 8.6m
- Average price: 84.92 euros
- Total amount bought back: 730m



Group financial performance

Performance per business unit



Business Unit, Belgium

In millions of euros	Q2 05	Q1 06	Q2 06	H1 % y/y
NII	511	529	534	+ 5%
Gross premiums	667	452	469	- 17%
Dividends	72	8	36	- 46%
FV gains	-193	40	10	-
Realized gains from AFS	37	87	27	- 22%
F&C	184	225	235	+ 21%
Other	48	32	34	- 24%
Gross income	1 327	1 373	1 345	+ 7%
Expenses	-449	-427	-444	+1%
Impairment	-6	-10	-6	>100%
Gross technical charges	-636	-410	-449	- 18%
Ceded R/I	1	-3	-6	+9%
Share in results, associates	2	1	2	+30%
Profit before tax	239	524	441	+52 %
Taxes	-65	-150	-137	+62%
Minority interests	-1	-1	-1	+23 %
Net profit	173	373	304	+49 %
(Underlying profit)	(270)	(323)	(275)	(+20%
of which banking	80	262	213)
of which insurance	93	111	91	+80%
				+5%
RWA	34 839	38 217	38 540	+11%
Allocated capital	3 531	3 795	3 840	+9%
ROAC	19%	40%	32%	
C/I, banking	77%	47%	54%	
C/R, non-life	98%	85%	96%	

Q2:

- As expected somewhat lower gross income as Q1:
 - lower gain on share disposals (AFS gains are down significantly)
 - less M2M on hedging instruments
- Expenses up by 4% due to higher profit bonus provision
- Somewhat higher non-life insurance claims, although claims level remains favourable

YTD:

- Increasing NII (+5%) as the result of:
 - increased volumes
 - lower base interest rate (-25 bp) of saving accounts
 - lower refinancing for mortgage loans
 - good transformation book revenues
- F&C up 21% y/y mainly driven by growing AUM (+21%)
- Positive MtM of hedging derivatives for banking book due to the favourable market environment
- Expenses are up 1% mainly as the result of income driven staff expenses, wage inflation and higher profit-sharing remuneration provisions
- Very low impairment charges (loan loss ratio: 4 bps)
- ROAC at 36%



Business Unit, CEE

In millions of euros	Q2 05	Q1 06	Q2 06	H1% y/y
NII	233	244	232	+5%
Gross premiums	231	236	217	+6%
Dividends	2	0	2	-67%
FV gains	79	60	46	-35%
Realized gains from AFS	2	5	4	-59%
F&C	62	74	77	+18%
Other	22	66	68	-4%
Gross income	632	686	646	+0%
Expenses	-316	-302	-311	+0%
Impairment	-12	-19	-44	>100%
Gross technical charges	-149	-169	-112	-0%
Ceded R/l	-18	-7	-10	-37%
Share in results, associates	3	9	8	+31%
Profit before tax	140	198	177	-11%
Taxes	-5	-36	-31	+5%
Minority interests	-22	-18	-17	-34%
Net profit	113	144	129	-10%
(Underlying profit)	(108)	(125)	(135)	(+21%)
of which banking	96	146	111	-8%
of which insurance	17	-2	18	-37%
RWA	16 453	19 053	19 854	+21%
Allocated capital	1 379	1 577	1 625	+18%
ROAC	36%	38%	33%	
C/I, banking	69%	55%	59%	
C/R, non-life	93%	99%	93%	

Q2:

- Q2 profit at 129m, on an underlying basis higher q/q and y/y (supported by sale of part of NPL in Poland, net 29m)
- Higher loan impairments after period of consecutive low loan impairments
- Operating expenses remain stable.
- Results were at 105m in CZ/SR, 62m in Poland and 14m in Hungary

YTD:

- Underlying net profit up 21%, ROAC at 35%
- NII up 5% y/y as a result of solid volume growth mainly in Czech Republic. NIM down by 0.29%
- F&C up 18% (mainly related to AM).
- “Other income” Q1 2005 included 101m pre-tax income from settlement of past loan dispute (Slovakia). 2006 ytd includes 34m pre-tax gain on sale of Prague office buildings and sale of NPL portfolio 37m yielded pre-tax in Poland
- Loan loss ratio increased somewhat to 50 bps, but remained modest (excl. Hungary)



Business Unit, CEE

- **Czech and Slovak Republics** (55% of CEE allocated equity):
 - Q2 net profit of 105m – on an underlying basis, up 5x y/y and down 5% q/q
 - Solid underlying revenue and sound cost and risk management (loan loss provisions were up slightly, but still at a low level)

- **Poland** (22% of CEE allocated equity):
 - Q2 net profit of 62m of which 27m related to sale of part of bad loan portfolio (recuperation of provisions)
 - Clear signs of recovery of commercial activities (solid growth in mortgages and asset management)
 - Overall good cost management (expenses down y/y notwithstanding 5% upwards FX impact) and very few impairments (3m).

- **Hungary** (23 % of CEE allocated equity):
 - Net profit (Q2: 14m) on an underlying basis up 58% y/y and down 2% q/q
 - Net FX impact -5% y/y (depreciation of HUF)
 - More difficult macro environment and fierce competition mainly in the deposit market
 - Loan impairment charges (LLR at 1.26%) above historic experience.

- **“Other results”** (-51m in Q2) include, amongst others, the profit contribution from Slovenia (8m), the minority interests (-17m) and the funding cost of the goodwill (NII -27m) on the participations in CEE



Business Unit, Merchant banking

In millions of euros	Q2 05	Q1 06	Q2 06	H1 % y/y
NII	264	190	180	-30%
Gross premiums	66	85	70	+7%
Dividends	39	17	40	+4%
FV gains	147	430	308	+200%
Realized gains from AFS	2	7	20	-23%
F&C	55	42	26	-40%
Other	23	17	32	+14%
Gross income	597	787	676	+25%
Expenses	-252	-336	-299	+32%
Impairment	-22	33	-17	-140%
Gross technical charges	-42	-54	-45	+10%
Ceded R/I	-3	-5	2	-67%
Share in results, associates	0	0	1	+100%
Profit before tax	277	425	317	+36%
Taxes	-83	-121	-89	+41%
Minority interests	-23	-24	-23	+4%
Net profit	171	281	205	+38%
(Underlying profit)	(181)	(282)	(200)	(+31%)
of which banking	158	261	179	+37%
of which insurance	13	20	26	+64%
RWA	50 277	53 891	55 935	+11%
Allocated capital	3 503	3 752	3 885	+11%
ROAC	22%	31%	23%	
C/I, banking	47%	47%	50%	
C/R, non-life	92%	81%	88%	

Q2:

- Gross income down by 111m due to weaker performance in trading (compared to historic high level of Q1 06)
- Operating expenses down 11% due to high income related staff expenses in Q1
- Net impairment writeback of Q1 not repeated in Q2
- Underlying net profit down 29%

YTD:

- Gross income up 25% y/y, due to strong capital market activities (mainly in derivatives products)
- NII and F&C are down y/y mainly due to the higher funding cost and commissions paid for capital market transactions
- Net write-back of loan losses of 17m
- Recurrent solid technical performance of R/I activities - combined ratio 83%
- Underlying net profit up 31%
- ROAC at 27%



Business Unit, European private banking

In millions of euros	Q2 05	Q1 06	Q2 06	H1 %y/y
NII	49	97	98	+105%
Gross premiums	19	3	7	-73%
Dividends	6	2	9	+22%
FV gains	38	-12	-41	-165%
Realized gains from AFS	19	12	14	+18%
F&C	107	135	132	+29%
Other	9	2	7	-73%
Gross income	247	238	226	-4%
Expenses	-155	-147	-144	+1%
Impairment	-4	0	0	-100%
Gross technical charges	-26	-7	-14	-58%
Ceded R/I	0	0	0	-
Share in associates	1	1	1	0%
Profit before tax	63	84	69	+7%
Taxes	-19	-24	-23	+15%
Minority interests	-2	-1	-1	-60%
Net profit	42	59	45	+8%
(Underlying profit)	(46)	(55)	(44)	(-1%)
of which banking	41	56	42	+5%
of which insurance	2	3	3	+136%
RWA	10 122	9 539	9 000	-11%
Allocated capital	745	704	673	-10%
ROAC	22%	33%	23%	
C/I, banking	71%	65%	69%	

Q2:

- Gross income down 5% mainly due to:
 - F&C slightly down on the back of 4% AUM decrease in line with market conditions but strongly up y/y compared to Q2 05
 - Negative MtM adjustments on Securities portfolio

YTD:

- F&C up 29% driven by strong Private Banking and custody activities (organically + 19%)
- AUM up 20%
- Operating expenses up 1%
- Synergy projects are going according to plan
- ROAC at 29%



Business Unit, Group Centre

In millions of euros	Q2 05	Q1 06	Q2 06
NII	-15	-14	-4
Gross premiums	-6	-7	-9
Dividends	16	0	16
FV gains	-9	2	5
Realized gains from AFS	36	132	50
F&C	3	12	9
Other	15	15	-2
Gross income	40	140	64
Expenses	-38	-26	31
Impairments	2	0	0
Gross technical charges	1	9	1
Ceded R/I	4	-3	8
Associates	7	0	1
Profit before tax	16	119	105
Taxes	-19	5	-53
Minorities	0	0	0
Net profit	-3	123	52
(Underlying profit)	(-26)	(-9)	(-19)
of which banking	7	73	58
of which insurance	-0	-1	-0
of which holding	-10	51	-5

Q2:

- Net profit of 52m of which:
 - 35m gain on sale of 5.5% of Kredyt Bank (Poland)
 - 20m “integration gain” on Gevaert
- NII increased (less interest paid) due to the ongoing de-leveraging of holding company

YTD:

- Net profit of 175m:
- Holding co: 46m (including sale of Agfa-Gevaert and integration of Gevaert)
- Central equity portfolio (ex Holding Co): 127m realized gain
- Excluding one-offs net profit -28m



3

**Additional information
to the accounts**



IR calendar

2-Sep, 2006

- Start of the European Autumn Investor Roadshow

6-Oct, 2006

- London Bondholders Roadshow

23-Nov, 2006

- 3Q 2006 earnings

30-Nov, 2006

- New York Investor Meetings

7-Dec, 2006

- 2006 Investor Day (Prague)



YTD business developments

- Closing of the buy-out of 40% ABN AMRO stake in K&H Bank, Hungary (transaction amount 0.5bn)
- Buy-out of the 25% minority stake in the Polish insurance company, *WARTA* (transaction amount: 0,1bn)
- Disposal of *Agfa-Gevaert* (Belgian industrial company), as this was a non-core asset (transaction amount: 0,5 bn)
- Strategic review of the private banking presence in Spain and divestment from *Banco Urquijo* (transaction amount: 0,8 bn, realized gain: 0.5 bn to be booked in Q3)
- Strategic review of the position in *NLB*, Slovenia
- Study of expansion possibilities with scope limited to EU (candidate) countries
- Implementation of the new group management structure (start: May-06)
- Execution of the 1 bn euro share buy-back programme (730m euros achieved as per 24-August)



Additional information about H2

- As disclosed earlier, the disposal of the Spanish entity *Banco Urquijo* will generate a capital gain of 0.5 bn euros in Q3 (no tax impact – booked in the European Private Banking Business Unit)
- To complete its strategy of buying out minority shareholders in its Central Eastern European subsidiaries, in the second half of 2006 KBC will start to buy out the remaining minority stake of 10% in *CSOB Bank* (Czech & Slovak Republics)
- KBC will publish its Q3 results on 23 November 2006
- As announced earlier, an update of the financial objectives is expected to be published on 7 December 2006

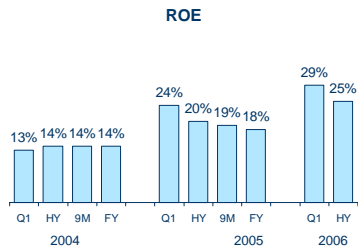


Group earnings, by quarter

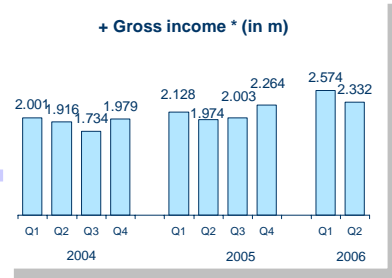
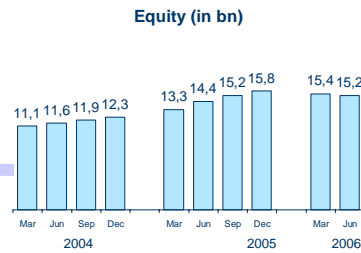
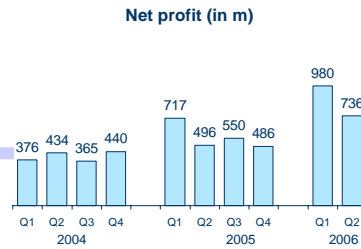
in millions of euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	1 019	1 043	1 096	1 061	1 047	1 039		
Gross earned premium	729	978	810	1 034	768	754		
Dividend income	34	135	25	41	27	104		
Net gains from FI at Fair Value	163	63	166	251	519	328		
Net realized gains from AFS	168	97	49	144	242	116		
Net fee and commission income	429	410	452	528	488	479		
Other income	215	118	112	130	132	138		
Gross income	2 757	2 843	2 709	3 189	3 223	2 958		
Operating expenses	-1 104	-1 209	-1 177	-1 424	-1 238	-1 167		
Impairments	-15	-42	-3	-49	3	-67		
Gross technical charges	-612	-852	-696	-899	-631	-620		
Ceded reinsurance result	-17	-17	-10	-26	-18	-6		
Share in result associates	21	13	19	2	11	12		
Taxes	-257	-192	-211	-266	-325	-333		
Profit after tax	774	544	598	528	1 024	777		
Minority interests	-57	-48	-48	-41	-44	-41		
Net profit – share Group	717	496	550	486	980	736		
Risk-weighted assets, banking	107 607	111 693	113 990	117 442	120 706	122 339		
Total equity	13 316	14 383	15 227	15 751	15 365	15 198		
Return on equity, ytd	24%	20%	19%	18%	29%	25%		
Cost/income, banking ytd	51%	57%	58%	60%	49%	51%		
Comb. ratio non-life insurance, ytd	92%	94%	95%	96%	89%	91%		



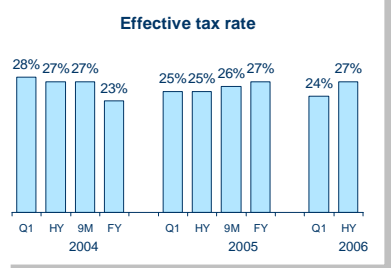
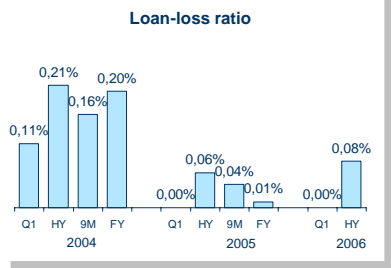
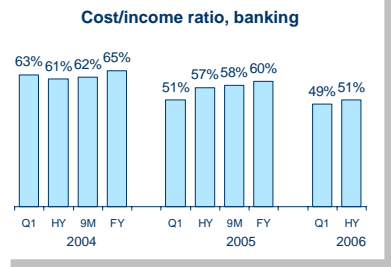
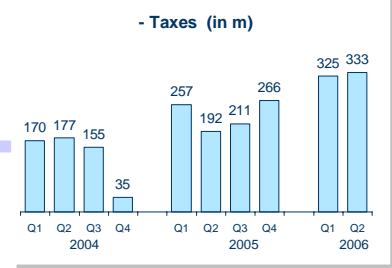
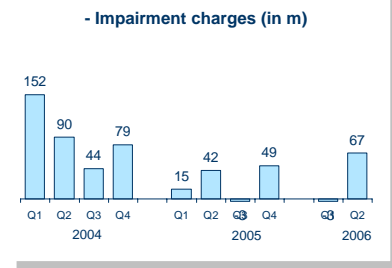
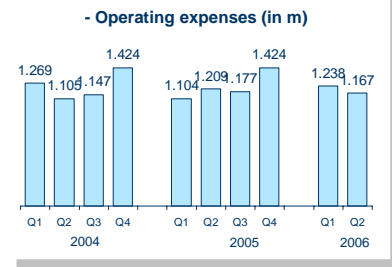
Financial performance, quick scan



Return on adjusted equity

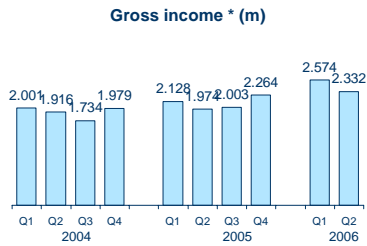


* Gross income minus technical charges, insurance



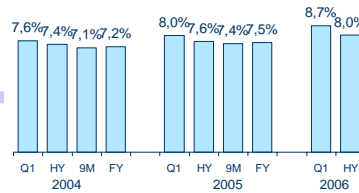


Financial performance, quick scan (2)



*Gross income minus technical charges, insurance

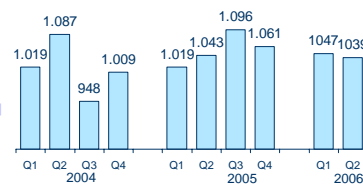
Gross margin * (on avg RWA)



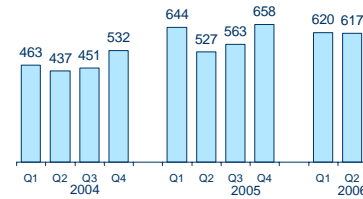
Risk-weighted assets (in bn)



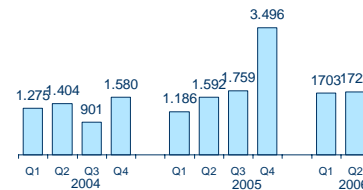
+Net Interest Income (m)



+ F & C income (incl other income in m)

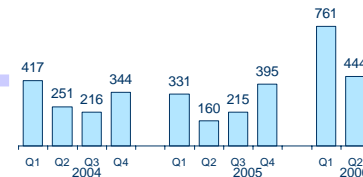


+ Premium sales * (in m)

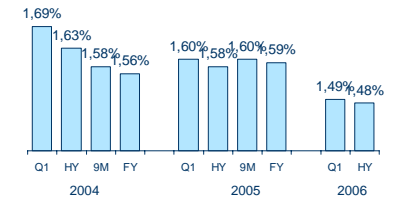


* only partly recognised as 'income'

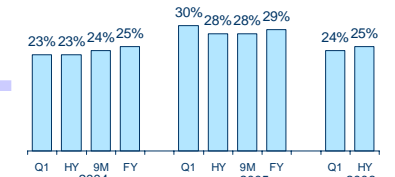
+ FV income + gains on AFS assets



Net interest margin, banking

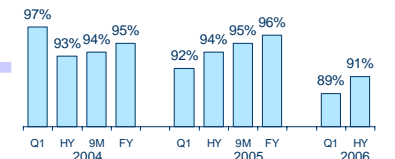


Share of F&C in gross income *

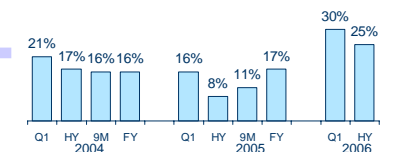


*Gross income minus technical chgs, insurance

Combined ratio, non-life



Share of FV/AFS gains in gross income *

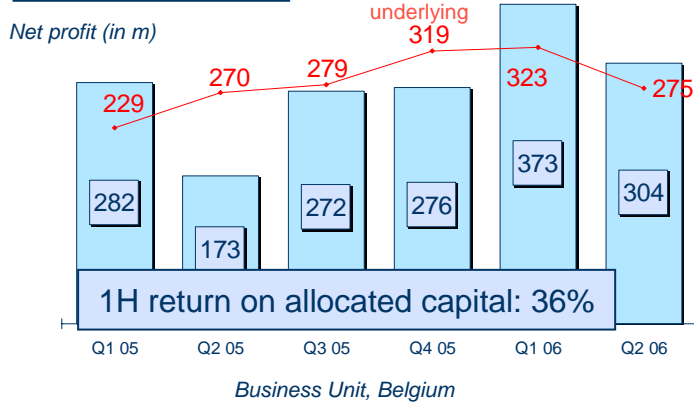


*Gross income minus technical chgs, insurance

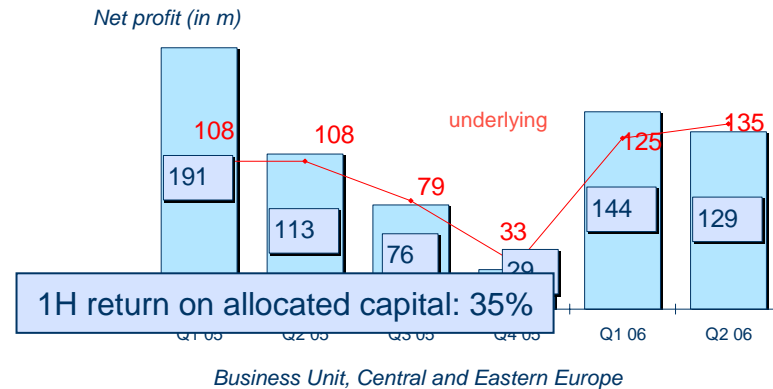


>25% return levels in all business units

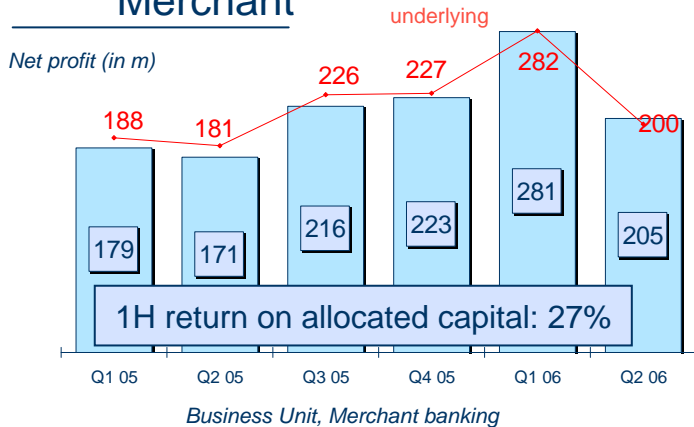
Belgium



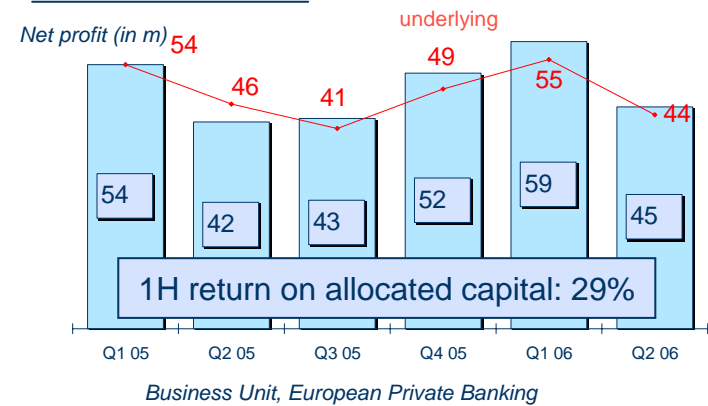
CEE



Merchant



Private

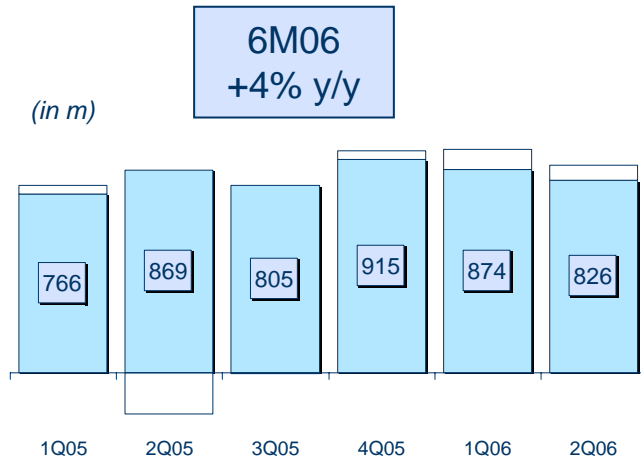




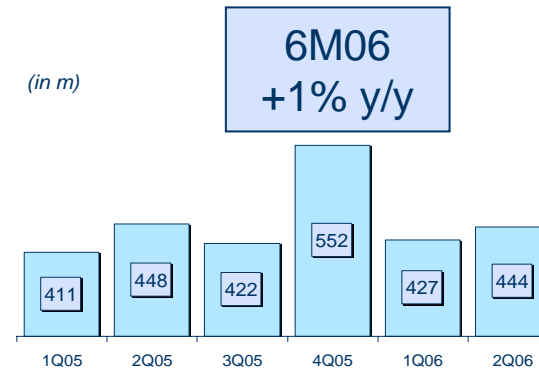
Business Unit, Belgium

in million of euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	501	511	538	532	529	534		
Gross earned premium	446	667	522	722	452	469		
Dividend income	11	72	2	17	8	36		
Net gains from FI at Fair Value	-82	-193	-32	-14	40	10		
Net realized gains from AFS	110	37	27	83	87	27		
Net fee and commission income	196	184	201	248	225	235		
Other income	38	48	40	37	32	34		
Gross income	1 220	1 327	1 298	1 627	1 373	1 345		
Operating expenses	-411	-448	-422	-552	-427	-444		
Impairments	1	-6	7	-1	-10	-6		
Gross technical charges	-407	-636	-495	-672	-410	-449		
Ceded reinsurance result	-9	1	-2	-2	-3	-6		
Share in result of associates	1	2	2	-1	1	2		
Taxes	-112	-65	-115	-123	-150	-137		
Profit after tax	283	174	273	276	374	304		
Minority interests	-1	-1	-1	0	-1	-1		
Net profit – share Group (underlying net profit)	282 229	173 270	272 279	276 319	373 323	304 275		
of which banking	183	80	194	190	262	213		
of which insurance	99	93	78	86	111	91		
Risk-weighted assets, banking	34 153	34 839	35 807	36 123	38 217	38 540		
Allocated capital	3 439	3 531	3 618	3 681	3 795	3 840		
Return on allocated capital	33%	19%	30%	30%	40%	32%		
Cost/income, banking	55%	77%	55%	63%	47%	54%		
Combined ratio, non-life ins.	89%	98%	95%	98%	85%	96%		

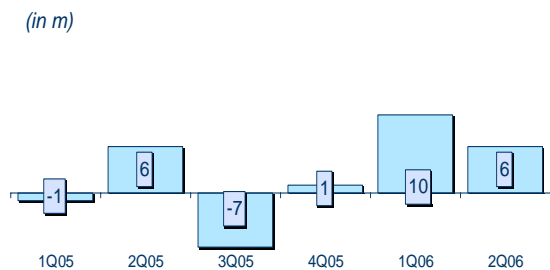
Gross income*



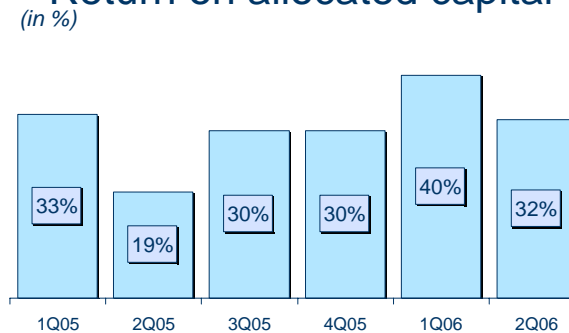
Cost level



Impairment charges



Return on allocated capital





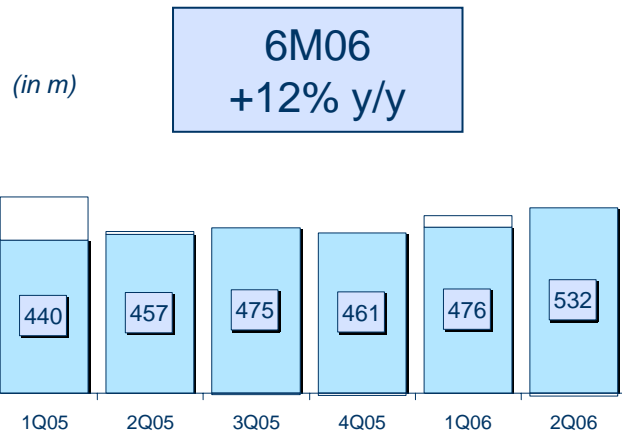
Business Unit, Central & Eastern Europe

in million euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	220	233	232	242	244	232		
Gross earned premium	196	231	207	236	236	217		
Dividend income	4	2	-3	1	0	2		
Net gains from FI at Fair Value	83	79	52	49	60	46		
Net realized gains from AFS	20	2	10	0	5	4		
Net fee and commission income	66	62	72	76	74	77		
Other income	117	22	48	31	66	68		
Gross income	705	632	618	635	686	646		
Operating expenses	-295	-316	-333	-373	-302	-311		
Impairments	4	-12	-34	-45	-19	-44		
Gross technical charges	-133	-149	-141	-172	-169	-112		
Ceded reinsurance result	-9	-18	-6	-8	-7	-10		
Share in result of associates	9	3	7	2	9	8		
Taxes	-59	-5	-10	5	-36	-31		
Profit after tax	221	135	100	44	162	146		
Minority interests	-30	-22	-23	-15	-18	-17		
Net profit – share Group (underlying profit)	191	113	76	29	144	129		
of which banking	108	108	79	33	125	135		
of which insurance	183	96	72	53	146	111		
	8	17	4	-24	-2	18		
Risk-weighted assets, banking	16 456	16 453	17 547	18 199	19 053	19 854		
Allocated capital	1 365	1 379	1 455	1 508	1 577	1 625		
Return on allocated capital	62%	36%	23%	8%	38%	33%		
Cost/income ratio, banking	50%	69%	69%	76%	55%	59%		
Combined ratio, non-life	98%	93%	104%	100%	99%	93%		

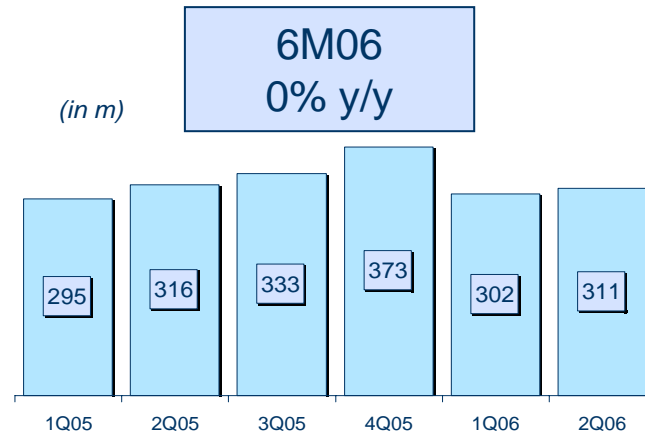


CEE – business development

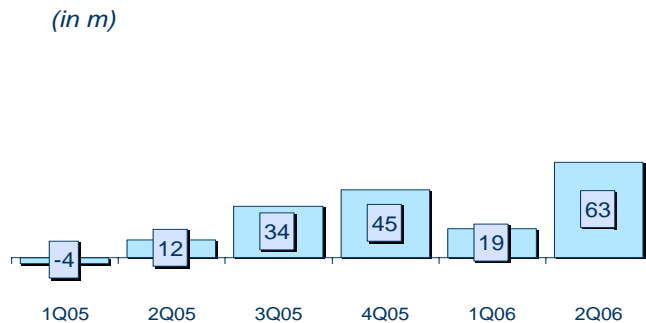
Gross income (*)



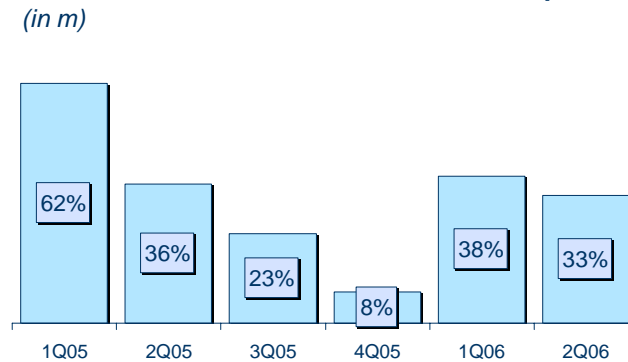
Cost level



Impairment charges



Return on allocated capital



* Gross income - net of technical charges, insurance excluding one-off items



CEE – Czech Republic & Slovakia

in million euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	130	134	135	144	150	158		
Gross earned premium	57	60	62	64	63	65		
Dividend income	4	2	-4	1	0	1		
Net gains from FI at FV	46	11	24	20	30	24		
Net realized gains from AFS	4	2	7	6	3	0		
Net fee and commission income	53	52	55	55	57	57		
Other income	111	13	25	38	54	19		
Gross income	404	274	305	328	356	323		
Operating expenses	-133	-154	-131	-194	-138	-148		
Impairments	8	-2	-23	-27	-3	-18		
Gross technical charges	-55	-81	-34	-31	-41	-23		
Ceded reinsurance result	-2	-3	-4	-2	-1	-1		
Share in result of associates	0	0	0	0	0	0		
Taxes	-53	-8	-27	-7	-41	-28		
Profit after tax	169	25	85	66	132	105		
Minority interests, local	0	-1	-1	-4	-1	0		
Net profit, local	168	25	85	62	131	105		
(of which underlying profit)	85	20	87	66	111	105		
of which banking	173	53	72	48	127	86		
of which insurance	-4	-29	13	13	4	18		
Risk-weighted assets, banking	8 485	8 621	9 552	10 139	11 079	11 613		
Allocated capital	670	683	749	792	860	896		
Return on allocated capital	97%	8%	39%	27%	55%	41%		
Cost/income, banking	36%	69%	49%	67%	43%	51%		
Combined ratio, non-life	98%	99%	98%	117%	111%	87%		



CEE – Poland

in million euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	52	69	44	61	61	48		
Gross earned premium	119	142	124	147	150	128		
Dividend income	0	0	1	0	0	1		
Net gains from FI at FV	16	12	11	11	8	7		
Net realized gains from AFS	16	1	4	-5	2	3		
Net fee and commission income	-5	-2	-14	-3	-6	-4		
Other income	2	6	6	-3	5	43		
Gross income	200	228	174	206	219	226		
Operating expenses	-83	-99	-66	-96	-83	-88		
Impairments	-2	9	0	2	-2	-1		
Gross technical charges	-76	-82	-78	-86	-103	-63		
Ceded reinsurance result	-6	-15	-3	-6	-6	-9		
Share in result of associates	1	-1	0	0	0	0		
Taxes	-4	-2	17	4	1	-3		
Profit after tax	30	40	45	24	26	62		
Minority interests, local	0	0	0	0	0	0		
Net profit, local	30	40	45	24	26	62		
(of which underlying profit)	30	40	45	24	26	62		
of which banking	22	24	37	19	23	53		
of which insurance	8	16	8	4	3	9		
Risk-weighted assets, banking	3 763	3 407	3 354	3 257	3 230	3 270		
Allocated capital	383	368	363	361	364	362		
Return on allocated capital	25%	35%	40%	18%	18%	20%		
Cost/income ratio, banking	72%	82%	72%	83%	72%	53%		
Combined ratio, non-life	101%	93%	104%	95%	99%	94%		



CEE – Hungary

in million of euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	56	56	64	60	56	53		
Gross earned premium	19	22	21	19	18	20		
Dividend income	0	0	0	0	0	1		
Net gains from FI at FV	25	25	23	24	25	16		
Net realized gains from AFS	0	0	0	0	0	0		
Net fee and commission income	23	17	21	27	24	25		
Other income	2	4	3	5	4	9		
Gross income	125	125	130	135	127	123		
Operating expenses	-72	-78	-88	-78	-77	-68		
Impairments	-10	-16	-5	-7	-14	-20		
Gross technical charges	-12	-15	-17	-14	-10	-15		
Ceded reinsurance result	-1	-1	0	-1	0	0		
Share in result of associates	1	1	1	0	1	0		
Taxes	-8	-4	-5	-8	-8	-6		
Profit after tax	24	12	16	27	19	14		
Minority interests, local	0	0	0	0	0	0		
Net profit, local	24	12	16	27	19	14		
(of which underlying profit)	24	12	16	27	19	19		
of which banking	21	10	16	26	16	12		
of which insurance	3	3	0	1	4	2		
Risk-weighted assets, banking	4 207	4 425	4 641	4 803	4 745	4 971		
Allocated capital	311	328	343	354	351	366		
Return on allocated capital	21%	7%	12%	24%	16%	7%		
Cost/income ratio, banking	65%	73%	77%	64%	67%	63%		
Combined ratio, non-life	83%	88%	113%	102%	73%	98%		



CEE – Other

in million of euros		Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	(1)	-18	-28	-11	-23	-22	-27		
Gross earned premium	(2)	0	7	1	5	6	4		
Dividend income	(3)	0	0	-1	0	0	0		
Net gains from FI at FV	(3)	-3	31	-6	-6	-3	0		
Net realized gains AFS	(3)	0	-1	0	0	0	0		
Net fee & comm. income	(3)	-4	-4	10	-2	0	0		
Other income	(3)	2	0	14	-9	3	-3		
Gross income		-24	5	8	-35	-16	-27		
Operating expenses	(4)	-8	14	-48	-4	-4	-7		
Impairments	(5)	7	-4	-6	-13	0	-4		
Gross technical charges	(2)	9	30	-11	-40	-15	-11		
Ceded reinsurance result	(2)	0	0	0	0	0	0		
Share in associates	(6)	8	3	5	3	8	8		
Taxes		6	9	4	17	13	7		
Profit after tax		-1	58	-47	-72	-15	-34		
Minority interests	(7)	-30	-21	-23	-11	-17	-17		
Net profit		-31	36	-70	-83	-32	-51		

(1) Mainly the funding costs of the goodwill of the equity participations in CEE

(2) Mainly NLB Vita, Slovenia (proportional consolidation) and consolidation adjustments to life deficiency reserves

(3) Mainly consolidation adjustments

(4) Mainly allocated Group operating expenses

(5) Amongst others Impairments on goodwill of the equity participations in CEE

(6) Mainly the contribution from NLB Bank, Slovenia (associated company)

(7) Minorities on KBC level



Business Unit, Merchant Banking

In million of euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	266	264	264	213	190	180		
Gross earned premium	78	66	76	73	85	70		
Dividend income	16	39	23	18	17	40		
Net gains from FI at FV	99	147	157	263	430	308		
Net realized gains from AFS	33	2	3	50	7	20		
Net fee and commission income	58	55	56	62	42	26		
Other income	20	23	24	36	17	32		
Gross income	570	597	602	716	787	676		
Operating expenses	-231	-252	-258	-335	-336	-299		
Impairments	-19	-22	27	36	33	-17		
Gross technical charges	-48	-42	-48	-43	-54	-45		
Ceded reinsurance result	-6	-3	-3	-18	-5	2		
Share in result of associates	0	0	0	1	0	1		
Taxes	-66	-83	-81	-110	-121	-89		
Profit after tax	201	194	240	246	304	228		
Minority interests	-22	-23	-24	-24	-24	-23		
Net profit – share Group (of which underlying profit)	179	171	216	223	281	205		
of which banking	164	158	182	188	261	179		
of which insurance	15	13	34	35	20	26		
Risk-weighted assets, banking	47 248	50 277	51 015	54 347	53 891	55 935		
Allocated capital	3 298	3 503	3 548	3 775	3 752	3 885		
Return on allocated capital	23%	22%	26%	26%	31%	23%		
Cost/income ratio, banking	46%	47%	48%	55%	47%	50%		
Combined ratio, non-life insurance	90%	92%	88%	100%	81%	88%		



Business Unit, European Private Banking

In million of euros	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	46	49	73	91	97	98		
Gross earned premium	18	19	15	11	3	7		
Dividend income	2	6	3	2	2	9		
Net gains from FI at FV	45	38	-25	-49	-12	-41		
Net realized gains from AFS	2	19	9	5	12	14		
Net fee and commission income	100	107	114	129	135	132		
Other income	24	9	7	16	2	7		
Gross income	238	247	196	204	238	226		
Operating expenses	-135	-155	-147	-131	-147	-144		
Impairments	-1	-4	12	16	0	0		
Gross technical charges	-24	-26	-22	-18	-7	-14		
Ceded reinsurance result	0	0	0	0	0	0		
Share in result of associates	1	1	1	1	1	1		
Taxes	-22	-19	4	-18	-24	-23		
Profit after tax	57	44	44	54	60	46		
Minority interests	-3	-2	-1	-2	-1	-1		
Net profit – share Group (of which underlying profit)	54	42	43	52	59	45		
of which banking	54	46	41	49	55	44		
of which insurance	53	41	39	51	56	42		
	1	2	4	1	3	3		
Risk-weighted assets, banking	9 749	10 122	9 618	8 772	9 539	9 000		
Allocated capital	720	745	711	653	704	673		
Return on allocated capital	31%	22%	22%	29%	33%	23%		
Cost/income ratio	63%	71%	86%	71%	65%	69%		



Divestment of *Banco Urquijo*

Impact of BU on KBC accounts (in million euros)	FY 05	H1 06
Net interest income	39	21
Gross earned premium	0	0
Dividend income	0	0
Net gains from FI at Fair Value	11	7
Net realized gains from AFS	15	0
Net fee and commission income	68	36
Other income	3	1
Gross income	136	65
Operating expenses	-119	-43
Impairments	-6	-6
Gross technical charges	0	0
Ceded reinsurance result	0	0
Share in result of associates	0	0
Taxes	-4	-3
Profit after tax	8	3
Minority interests	0	0
Net profit – share Group	8	3
Loans to customers (B/S, in bn euros)		2.3
Deposits from customers (B/S, in bn euros)		1.7
Risk-weighted assets (B/S, in bn euros)		2.6
Assets under management (off-B/S, in bn euros)		13.7

- *Banco Urquijo* (European Private Banking Business Unit) has been divested.
- A disposal gain of 0.5 bn euros will be recognized in Q3 2006 (no tax impact)
- *Banco Urquijo* will be excluded out of the scope of consolidation as of Q3 2006.



Group Centre

In millions of EUR	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net interest income	-15	-15	-11	-17	-14	-4		
Gross earned premium	-9	-6	-11	-8	-7	-9		
Dividend income	1	16	1	3	0	16		
Net gains from FI at FV	18	-9	14	1	2	5		
Net realized gains from AFS	4	36	0	6	132	50		
Net fee and commission income	10	3	8	13	12	9		
Other income	16	15	-7	9	15	-2		
Gross income	24	40	-5	7	140	64		
Operating expenses	-32	-38	-17	-32	-26	31		
Impairments	0	2	-8	-55	0	0		
Gross technical charges	0	1	8	5	9	1		
Ceded reinsurance result	7	4	2	3	-3	8		
Share in result of associates	10	7	-29	-1	0	1		
Taxes	2	-19	-9	-20	5	-53		
Profit after tax	11	-3	-58	-93	123	52		
Minority interests	0	0	1	0	0	0		
Net profit – share Group	11	-3	-58	-93	123	52		

Includes:

- Results of holding company, 46m for 6M06 after its disposal of its stake in Agfa-Gevaert in Q1 and the merger with Gevaert in Q2
- 127m gains on AFS assets of 'centralised' equity holdings (excl. Agfa-Gevaert)
- All intrasegment eliminations (no bottom-line import)



Number of shares outstanding

- At 24 Aug, the number of ordinary shares outstanding was 363.1 m.
- In 2006, a share buy-back programme in the amount of 1 bn euros is in the process to be carried out. At an average (hypothetical) share price of 85 euros, this corresponds to some 11.8 million shares. At the AGM of 27 April 2006, 3.5 m shares have already been cancelled.
- The motion for cancellation of the remaining shares will be proposed on the 2007 AGM.

In millions	31/12/05	31/3/06	24/8/06
No. of ordinary shares outstanding	366.6	366.6	363.1
Avg. No. of shares for calculation of the basic EPS:*			
- ordinary shares	366.6	366.6	363.1
- mandatory convertibles (+)	2.6	2.6	2.6
- treasury shares (-)	-9.2	-12.4	-11.7
- total, end of period	360.0	356.8	354.0
- total, average year-to-date	359.1	358.4	356.9
-Shares buyback (2006 plan)	-	3.7	8.6
of which cancelled		-	3.5

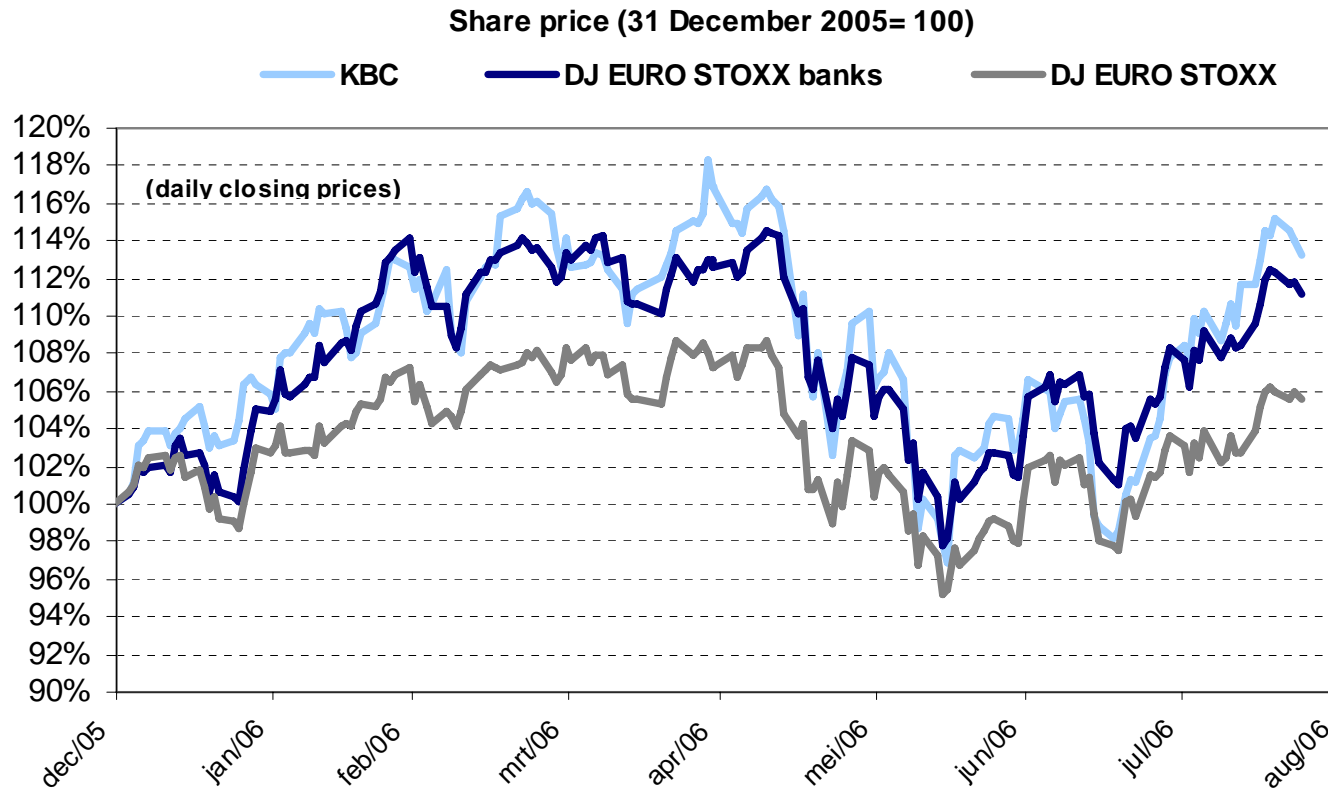
*KBC reports its EPS according to a well-defined method under IFRS. The number of MCBs must be added to the number of ordinary shares, while the number of treasury shares must be deducted to come to the total number of shares outstanding. Moreover, for the calculation of the EPS, period averages are to be used .



4

Closing remarks on equity valuation

Return track record



- The increased share visibility, reinforced risk management and consecutive earnings upgrades have been beneficial for the Group's market value. Capital markets are continuing to recognise the attractiveness of KBC's strategy.
- Today, the question remains open as to whether valuation multiples fully incorporate KBC's long-term growth potential.



Current valuation

Key figures:

- Share price: 89.7 euros
- Net asset value: 42.9 euros
- FY 2005 EPS: 6.26 euros
- Dailed traded volume 6M06 : 55.66m euro

Analyst estimates:¹

- 2006 EPS consensus: 9.32 euros (+50% y/y)²
- 2007 EPS consensus: 7.91 euros (-17% y/y)
- 2007 P/E: 11.3

Recommendations:

- Positive: 76%
- Neutral: 24%
- Negative: 0%

Valuation relative to peer group:

	weighted P/E 2007	unweighted P/E 2007
CEE banks ²	15.5	15.2
CEE-exposed banks ³	12.9	13.9
Euro-zone banks ⁴	11.5	12.1
KBC ¹	11.3	11.3
BEL banks ⁵	11.0	10.9

Weighted and unweighted averages of IBES data :

² OTP, Komercni, Pekao, BPH PBK, BRE

³ Erste, Unicredit, Soc. Gen., Intesa BCI, RZB Int.

⁴ Top-20 DJ Euro Stoxx Banks

⁵ Fortis, Dexia






















Situation as at 22 August 2006

¹ Smart consensus collected by KBC (21 estimates)

² 2006 estimates contain one-off items

Analysts' opinions

Situation on 22 August 2006

Broker	Name analyst	Tel	Rating	Target price
 ABN-AMRO	Ron Heydenrijk	+44 20 7678 0442	Buy	115
 BANK DE CROOF	Ivan Lathouders	+32 2 287 91 76	Hold	89
 CHEUVREUX	Jaap Meijer	+31 20 573 06 66	Outperform	105
 citigroup	Kiri Vijayarajah	+44-20-7986-4258	Buy	98
 CREDIT SUISSE FIRST BOSTON	Ivan Vatchkov	+44 20 7888 0873	Outperform	101
 delta lloyd	Carlo Ponfoort	+32 3 204 77 11	Accumulate	99
 Deutsche Bank	Gaelle Cibelly	+44 20 7547 6226	Hold	89
 EXANE	Patrick Leclerc	+33 1 42 99 25 12	Outperform	105
 FORTIS	Kurt Debaenst	+32 2 565 60 42	Buy	97
 ING BANK	Alain Tchibozo	+33 1 56 39 32 84	Buy	106
 IXIS Securities	Christophe Ricetti	+33 1 58 55 05 22	Buy	95
 JPMorgan	Paul Formanko	+44 20 7325 6028	Overweight	92
 KBW	Jean-Pierre Lambert	+44 20 7663 5292	Outperform	105
 Kepler Equities	Albert Ploegh	+31 20 563 2382	Buy	97
 Merrill Lynch	Manus Costello	+44 20 7996 1953	Neutral	88
 ODD SECURITIES	Scander Bentchikou	+33 1 44 51 83 08	Buy	97
 PETERCAM	Ton Gietman	+31 20 573 54 63	Hold	92
 PETERCAM	Bart van der Feen de Lille	+31 20 460 48 65	Hold	93
 PETERCAM	Eric Vanpoucke	+33 142 13 82 43	Neutral	93
 UBS Investment Bank	Simon Chiavarini	+44 20 7568 2131	Buy	110
 WestLB	Ralf Breuer	+49 211 826 4987	Add	103