Press release

16 December 2005

KBC Group confirms its (long-term) strategy, establishes a new organizational structure and launches a € 1 billion share buy-back programme

Following a proposal by the Executive Committee, the Board of Directors of KBC Group reaffirmed its long-term vision and approved the corresponding new organizational structure of the Group. At the same time, the Board of Directors decided to repurchase and cancel 1 billion euros' worth of KBC's own shares in 2006.

In recent months, KBC Group has been brainstorming about its long-term strategy. Three questions were addressed, viz.: Can KBC continue to meet shareholder expectations in the long term from a stand-alone position? Could potential cross-border mergers in Europe pose a threat to this stand-alone strategy? Which initiatives to stimulate growth and efficiency are needed to support this stand-alone position over the long term.

1. KBC Group in 2005: a very attractive portfolio of business activities with potential for growth on stable and/or promising home markets.

Today, KBC has an attractive portfolio of activities, which it pursues on stable and/or promising markets (Belgium and Central and Eastern Europe), serving attractive customer segments (retail, private banking, SME/mid-sized businesses) that still have a good deal of potential for growth. The financial outlook for the years ahead (return on equity of over 16% and an increase in earnings per share of more than 10% per year) is highly promising and targets should be achieved from a stand-alone position.

2. The challenges ahead

However, KBC Group wants to take a pro-active approach to the challenges that lie ahead. If consolidation within the European financial sector continues, large groups with deep pockets will emerge which will be able to enjoy economies of scale, invest in expensive high-performance systems and could lead to an erosion of the growth, margins and competitive position of KBC Group.
However, KBC remains convinced that size alone is no prerequisite for success in the provision of financial services. Instead, it believes that sufficient scale in every market in which it is active and outstanding implementation of its chosen strategy are the factors critical to its success. For this reason, KBC plans to launch a number of projects aimed at strengthening the current strategy.

3. KBC safeguards future growth

A variety of projects will be launched to safeguard growth in the future. The following are being considered:

° further consolidating the bancassurance model, reinforcing organic growth (including extending the branch network), enhancing the provision of services to corporate and affluent customers, and strengthening the consumer finance business in Central and Eastern Europe;

° buying out shareholders in Central and Eastern Europe and eventually acquiring a second Polish bank and a second Hungarian insurance company;

° continuing to explore acquisition or greenfield opportunities in the Romanian market and the Balkans;

° enhancing non-life insurance distribution on the Belgian market via brokers and developing new long-life insurance products.

All the projects fit in with and will strengthen the existing strategy, which means that KBC will continue to concentrate on its core businesses (i.e. it will remain a bancassurer specialized in the retail/SME and mid-cap segments and operating on selected markets). The projects will allow KBC to make the most of the trumps it has in hand, namely its knowledge of distribution and lean operations. Indeed, KBC has extensive know-how in the field of multi-channel distribution and is looking to enhance this even further. What is more, many of its processes are already being run efficiently.

Naturally, the examples from the portfolio of activities referred to above will be adapted in the future to take account of prevailing market conditions and/or specific opportunities that may arise.

4. Group structure modified to match international profile, with powerful central steering capabilities

Over the past few years, KBC has developed from a predominantly Belgian company into an international company with various *métiers* and distribution channels. The new structure will emphasize this international character to an even greater extent and facilitate the taking of group-wide initiatives.

The most striking features of the new group structure are:

- the separation of the Belgian operations, which will be transferred to a division that will work alongside the Central and Eastern European markets;
- the integration of retail banking, network-driven private banking and insurance into a single entity in both Belgium and Central and Eastern Europe;
- the establishment of a headquarters with capability to steer and take interventive action throughout the group;
- the establishment of group-wide product factories and service-providing entities with a view to optimizing efficiency.

For the majority of KBC employees, there will be few, if any, noticeable changes.

KBC Group will have five entities from now on, each headed by a CEO.

The five CEOs, together with Group CEO André Bergen and Group CFO/CRO Herman Agneessens, will together constitute the executive committee of KBC Group. This executive committee will act as a collegiate body for all banking, insurance and asset management activities, as well as for all strategic and financial matters that concern the group.

1. The Belgian Division, headed by Frans Florquin, will group the banking and insurance activities pursued on the Belgian market.

2. The Central Europe Region, which will be divided into local divisions, will be headed by Jan Vanhevel and will group all the banking and insurance activities in Central and Eastern Europe.

   The CE Executive Committee will also include the CEOs for each local market. In each local market, an executive committee (with one local CEO) will also be set up above the banking/insurance/asset management entities in order to run everything as a single whole per country. The Central Europe Region will moreover be supported by staff who will organize the development and exchange of know-how.
   The executive committee in Poland will be headed by Ronnie Richardson (the current CEO of Kredyt Bank), in Hungary by John Hollows (the current CEO of K&H Bank) and in the Czech Republic by Pavel Kavanek (the current CEO of CSOB Bank). KBC is currently exploring possibilities for making CSOB in Slovakia an independent legal entity. Until then, Pavel Kavanek will be CEO for both the Czech Republic and Slovakia. Once CSOB in Slovakia has become an independent legal entity, another CEO will be named for Slovakia.

3. The European Private Banking Division, headed by Etienne Verwilghen, will group the current activities of KBL European Private Bankers.

4. The Merchant Banking Division, headed by Guido Segers, will group the market activities and corporate services.

5. The Shared Services and Operations Division, headed by COO Christian Defrancq, will group all the services (ICT and logistical services) and product factories (payment systems, asset management, leasing and trade finance) that work for the entire group.

There will also be a number of management and administrative functions at group level, including audit and compliance, finance and investor relations, value and risk management, group human resources, strategy, organization, central investment, group communication, the legal and tax functions and the distribution leadership centre. This last entity will take group-wide initiatives with a view to optimizing distribution systems, exchanging know-how and coming up with innovations in the field of distribution.

The new KBC Group structure will be phased in starting on 1 May 2006.

Willy Duron is due to retire on 1 September 2006. André Bergen will succeed Willy Duron as CEO of KBC Group NV. In the interim (between 1 May 2006 and 1 September 2006), he will be responsible - in his capacity as Deputy CEO - for guiding and directing implementation of the new group structure.

Annexed is an organization chart containing the new group structure.

5. Capital position given the long-term vision: share buy-back programme

All the projects can be carried out using own funds and there will be surplus capital left over. By 'surplus' is meant all capital above the sound solvency targets (Tier-1 ratio in the banking business of 8% and a solvency ratio in the insurance business of 200%).

This is the reason why the Board of Directors at KBC has decided to repurchase and cancel 1 billion euros' worth of KBC's own shares in 2006.

Commenting on the announcements, **Willy Duron** - the present CEO of KBC Group NV who is due to retire next year - had this to say: "The brainstorming done in relation to KBC's long-term prospects revealed that KBC can achieve and maintain high growth and superior returns over a long period of time, if it continues to concentrate on its core businesses and provided selective and focused new investments are made. It can also do this wholly independently. What is more, KBC is in a position to pay out a substantial sum of money to its shareholders by means of a share buy-back programme. The organizational and decision-making structures adopted will also enable KBC to react appropriately to the challenges that lie ahead in the financial world. I am convinced that my successor, André Bergen, and the other members of the new Executive Committee are prepared and committed to developing the KBC Group strategy going forward."

André Bergen, the future CEO of KBC Group NV, added: "I will indeed be working with my colleagues in the Executive Committee to continue the task started by Willy Duron. We will do everything in our power to develop KBC Group into a unique, 'warm and friendly' bancassurer of international stature, which is able to generate top-quality shareholder value and sustainable earnings growth on selected markets in the long term. This will also enable KBC to offer its employees a stable working environment and attractive career opportunities. At the same time, our customers will be able to count on receiving a broad range of products through a wide array of channels, with a consistently high level of service."

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Biographies of the members of the Executive Committee of KBC Group NV.

Willy Duron (°1945) graduated with a degree in mathematics from Ghent University (RUG) and a degree in actuarial sciences from the Catholic University of Louvain (KUL). He began his career in 1970 as an actuary for ABB Insurance (*Assurantie van de Belgische Boerenbond*). In 1984, he took charge of the Life Assurance and Reinsurance Department, before becoming Assistant General Manager. He was appointed President of the Executive Committee of KBC Insurance NV in 2000, President of the Executive Committee of the KBC Bank and Insurance Holding Company in 2003, and has been CEO of KBC Group NV since the start of 2005.

André Bergen (°1950) read economics at the University of Louvain (KUL) and built up a career in the banking sector between 1977 and 2000 at the Kredietbank, Chemical Bank and Generale Bank (now Fortis Bank), where he became a member of the Executive Committee in 1993. In January 2000, he was appointed to the Executive Committee of Agfa Gevaert, becoming Chief Finance and Administration Officer and, in September 2001, Vice-President of the Executive Committee. In 2003, he was appointed President of the Executive Committee of KBC Bank NV. In March 2005, he became Vice-President of the Executive Committee of KBC Group NV, with specific responsibility for the banking business.

Herman Agneessens (°1949) obtained a doctorate in law from the Catholic University of Louvain (KUL) before embarking on an international career at the Kredietbank NV (KB) between 1971 and 1989, initially in the Middle East and then in Australia and the United States. He was appointed General Manager of KB’s New York branch in 1982, before returning to head office in 1987, where he was appointed General Manager of the International Directorate in 1989. He became a member of the Executive Committee of the Kredietbank in 1995, of KBC Bank NV in 1998 and has been CFO/CRO of KBC Group NV since 2004.

Christian Defrancq (°1950) graduated with a degree in mathematics from Ghent University (RUG) and a degree in actuarial sciences from the Catholic University of Louvain (KUL). He started his career at Royale Belge in 1975 and became a member of the Executive Committee there in 1992. In 1998, he moved to KBC Insurance to become General Manager of IT and Organization. In 2000, he took a seat on the Executive Committee of KBC Insurance NV. He is also CEO of a number of insurance companies in KBC’s Central and Eastern European network, and Chairman of the Board of Directors of FIDEA, ADD and Delphi in Belgium.

Frans Florquin (°1947) graduated with a degree in applied economic sciences. He started his career as an audit inspector at CERA in 1972 and headed the audit department there from 1979 until 1984, when he was appointed Secretary General of CERA Bank. He became a member of the Executive Committee of this bank in 1992. Following the merger to create KBC in 1998, he became a member of the Executive Committee of KBC Bank NV, with responsibility for Human Resources Policy, Communication and Retail and Private Bancassurance. He is also Chairman of the Boards of CBC Banque and Centea, and has a seat on the Boards of a number of group companies.

Guido Segers (°1950), after graduating in applied economic sciences from the Catholic University of Louvain (KUL), began his career in the Research Department of the Kredietbank NV in 1974. Between 1986 and 2002, he worked in the International Credit Division, was in charge of the International Risk Management Division, headed the Domestic Credit Division and the Brabant-Limburg corporate office, before taking charge of the Accounting and Facility Management Directorate. In 2003, he was appointed to the Executive Committee of KBC Bank NV. He is Chairman of the Board of Directors of KBC Asset Management, KBC Securities, KBC Private Equity, KBC Financial Products, KBC Peel Hunt and Kredietcorp.

Jan Vanhevel (°1948) is a doctor of laws (KUL). He began his career at the Kredietbank NV in 1971 in the Legal Division. From 1972 to 1994, he was employed in the commercial network, was head of the credit division, General Manager of the Torengebouw Antwerp main branch and General Manager of the Antwerp Corporate Office. During this period, he also taught financial law at the Handelshogeschool in Antwerp. He became General Manager of the IT division in 1994, a member of the Executive Committee of the Kredietbank in 1996 and of KBC Bank NV in 1998. At KBC Bank, he is in charge of supervising corporate banking and the foreign branches and subsidiaries outside Central and Eastern Europe. Mr Vanhevel is also chairman of the Board of IIB Bank Ltd. in Ireland, KBC Lease NV, KBC Vastgoed NV, KBC Bank Deutschland AG and the Antwerp Diamond Bank NV. On 24 November 2005, he was appointed President of the Belgian Bankers’ Association and of Febelfin.

Etienne Verwilghen (°1947) has a degree in civil engineering from the Catholic University of Louvain (UCL) in Louvain-la-Neuve and an MBA from the University of Chicago. In 1987, he became a member of the Executive Committee of Kredietbank SA Luxembourgeoise (KBL). In 1993, he became Managing Director and in 1996, was allocated responsibility for asset management and the international expansion of the KBL Group in Europe. In 2002, he was appointed President of the Executive Committee of KBL. In 2005, he became a member of the Executive Committee of KBC Group NV, with special responsibility for European private banking activities.

Press release

2 December 2005

KBC installs first ‘off-premises’ ATM in a commercial location

A first for Maasmechelen Village

Thanks to KBC Bank and the designer outlet centre ‘Maasmechelen Village’, it will be possible for the first time in Belgium to withdraw cash at an ‘off-premises’ ATM in a commercial location starting in mid-December. Although Belgium has more than its fair share of ATMs, they are not always located in the ideal place for their users. KBC is launching a number of pilot projects at locations such as Maasmechelen Village where there are many passers-by. These ATMs can be used by KBC customers, customers of other Belgian banks and foreign Maasmechelen Village visitors. As a big bank, KBC’s aim in launching the first off-premises ATM in Belgium is to enhance the quality of its service.

Until now, ATMs in Belgium have either been located in the outside wall of a bank branch, where anyone with a Bancontact/Mistercash or international credit card can use them, or in the lobby of a bank branch for the exclusive use of that bank’s clientele. The banks have now reached agreement to gradually make the ATMs in their lobbies available to each others’ customers as from the first quarter of 2006. By doing this, the banking sector is ensuring that cash is more widely available, although it should be stressed that electronic transactions are more secure, convenient and less expensive.

With its off-premises ATM in ‘Maasmechelen Village’, KBC is taking this process a step further and – following the example of banks abroad – pioneering the installation of this type of ATM in places where there are no bank branches, such as shopping centres, large department stores or train stations. As a big bank, KBC feels that these off-premises ATMs will further enhance the quality of its service. It believes that, in the years ahead, they will become a significant addition to its existing extensive network of own on-premises ATMs and payment terminals in shops.

It is no coincidence that the first off-premises ATM will be located in Maasmechelen Village. Since its opening, more than five million people have visited the centre to buy the previous season’s collections at bargain prices. It is ranked second in Limburg in terms of banking transactions (via payment terminals). A large number of foreigners shop at Maasmechelen Village, too, and they are expected to account for a large share of ATM usage.
The off-premises ATM in Maasmechelen Village meets the same high security and technical standards as any on-premises machine.

KBC observes a number of economic and infrastructural criteria when deciding where to locate off-premises ATMs. It is attractive in purely economic terms to install a new ATM at a location where there are many passers-by, such as in commercial locations or in stations. Due to the fact that some bank branches do not have enough room to install ATMs or are confronted with planning restrictions, a new, public ATM in the vicinity of the branch can be useful. Of course, all security aspects are taken into account, as well.

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Several projects have been planned in the initial phase. The facilities of the ATMs located in public places are exactly the same as those of the ATMs installed in the walls of bank branches. In other words, it will be possible to withdraw cash with a Bancontact/Mistercash card, Maestro, Visa and Mastercard, to top up the Proton chip and to change the card's PIN. Other functions may be added at a later stage to take account of the specific features of the location: for instance, printing gift vouchers or offering deposit facilities for retailers in a shopping centre.

Due to the fact that cash remains a more expensive means of payment than bank or credit cards, KBC encourages the use of plastic for paying in shops. At KBC, credit card usage is increasing by over 15% a year, while the use of the Bancontact/Mistercash facility is going up by 8%. The degree of automation at KBC is 90%.

Pending the further breakthrough of electronic payment transactions, KBC is making it easier to withdraw cash by installing these new, off-premises ATMs at more attractive locations to complement the 1 200 on-premises KBC-Matic ATMs and the more than 150 000 payment terminals in shops.

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Earnings release – 3Q 2005

Publication schedule for 24 November 2005:

Earnings release available on www.kbc.com	11.00 a.m. CET
Telephone press conference	1.30 p.m. CET – Tel. +32 2 290 1407
Telephone conference for financial analysts (Webcast)	3.30 p.m. CET – Tel. +44 20 7162 0081 (www.kbc.com)

24 November 2005

Group result for 3Q 2005: 543 million euros

Profit for the first nine months of the year up 53% on 2004

KBC closed the third quarter of 2005 with a group profit of 543 million euros, a 1% increase on the previous quarter and a 49% increase on the third quarter of 2004. This brings the result for the first nine months of the year to 1 796 million euros, 53% more compared to last year, an increase marked by a sound income structure, improved efficiency and exceptionally low impairment on loans and investments.

Key figures [1]

In millions of EUR	3Q 04 (*Pro forma* IFRS 2004)	2Q 05 (IFRS 2005)	3Q 05 (IFRS 2005)	9M 04 (*Pro forma* IFRS 2004)	9M 05 (IFRS 2005)
CONSOLIDATED PROFIT	**365**	**536**	**543**	**1 175**	**1 796**
- Banking	246	314	363	945	1 146
- Insurance	30	124	120	33	366
- Asset management	53	68	74	162	200
- European private banking	38	41	39	104	133
- Gevaert	12	31	-38	-36	24
- Holding company	-13	-41	-14	-32	-73
Earnings per share (EUR), basic	1,02	1,50	1,51	3,26	5,01
Earnings per share (EUR), diluted	1,00	1,46	1,48	3,18	4,90
Equity per share (EUR), at end of period	32,5	40,0	42,3	32,5	42,3

Key ratios

	9M 04 (*Pro forma* IFRS 2004)	FY 04 (*Pro forma* IFRS 2004)	9M 05 (IFRS 2005)
Cost/income ratio, banking (incl. asset management)	62%	65%	58%
Combined ratio, non-life insurance	94%	95%	95%
Solvency ratio, banking (Tier 1), at end of period	-	10,0%	9,5%
Solvency ratio, insurance, at end of period (IFRS 2005)	-	347%	413%
Return on equity	14%	14%	19%

KBC is one of the largest bancassurers in Belgium and Central and Eastern Europe, as well as a leading asset manager, catering for retail and private banking clients in Europe. KBC Group currently has a market capitalization of some 27 billion euros, employs around 50 000 people and serves approximately 12 million customers.

This earnings release is available in English, Dutch, French and German at **www.kbc.com**, along with a PowerPoint presentation and the quarterly financial statement (both in English).

[1] Earnings, diluted earnings and equity per share as at 30 September 2005 are calculated on the basis of 358.8 (period average), 368.5 (period average) and 360.2 (at the end of the period) million shares. For this purpose, the number of automatically convertible bonds (and for the diluted earnings per share, the ordinary convertible bonds and outstanding share options) was added to the number of ordinary shares, and the number of treasury shares held was deducted.

Important information on valuation rules, the scope of consolidation and currency translation

- The results shown (including the *pro forma* results for 2004) are for the new KBC Group created at the beginning of 2005 through the merger between the KBC Bank and Insurance Holding Company and Almanij.
- They have been prepared according to the EU-approved *International Financial Reporting Standards*. This means that the *pro forma* figures for 2004 do not reflect IAS 32 and 39 on financial instruments or IFRS 4 on insurance contracts.
- The main changes in the scope of consolidation compared with 2004 involve the stepping up to 97% of the shareholding in private banking group *Kredietbank SA Luxembourgeoise* and the sale of the investment in insurance group FBD. Both these events took place in the first quarter of 2005. The impact on net profit of changes in the scope of consolidation is negligible.
- The Czech koruna and the Polish zloty increased in value over the first nine months of the year by an average of 7% and 14%, respectively, compared to the corresponding period of 2004. Fluctuations in other currencies are less relevant.

Financial highlights - 3Q 2005

- New home loan production amounted to 1.8 billion euros, raising the balance outstanding by 6% compared to the start of the quarter.
- Sales of life insurance again reached a record level of 1.3 billion euros (for accounting purposes, only part of this is considered premium income).
- Assets under management, at 186 billion euros, were also up by 6% compared to the beginning of the quarter.
- Developments on the interest rate and equity markets had a predominantly positive impact on the results.
- Loan losses were limited (5 million euros).
- In Central and Eastern Europe, profit for the quarter came to 105 million euros. Compared to the preceding quarter, banking income was up and expenses were down, while loan loss provisions and taxes were average (both items had been exceptionally low in the preceding quarter).

Financial highlights – 9M 2005

- Group profit came to 1.8 billion euros, with a return on equity of 19%. The retail segment (primarily in Belgium) accounted for 44% of profit, Central and Eastern Europe for 23%, financial services to businesses and capital market activities for 23% and 9%, respectively, and European private banking for 7%.
- Compared to the start of the year, outstanding deposits were up by 12 billion euros (+8%), the loan portfolio (excluding repurchase agreements, or repos) by 8 billion euros (+8%) and life insurance reserves by 2.6 billion euros (+19%). As a result, net interest income rose to 3.3 billion euros (the increase has, however, been significantly enhanced by the new IFRS valuation rules).
- Premium income from insurance is not at all comparable with the 2004 figure, owing to the new accounting treatment. On a comparable basis, the premium inflow increased by 27% to 4.5 billion euros.
- Commission income went up by 286 million euros, thanks largely to successful sales of investment funds and asset management products and services. Since the start of the year, assets under management for customers have increased by 27 billion euros (+19%).
- Capital gains on investments (314 million euros) and profit from financial instruments at fair value (348 million euros) were down noticeably on the 2004 level (where the latter profit is concerned, this was due in part to the new IFRS valuation rules).
- The level of charges (3.5 billion euros) fell by 1% and the cost/income ratio in banking dropped to 58%.
- Provisions for problem loans remained limited to 39 million euros (loan loss ratio of 0.04%). No impairment worthy of note was recorded on the investment portfolio, which led to the insurance business making a significantly higher contribution to profit. The combined ratio for the non-life insurance business came to 95%.
- At Gevaert, results improved by 61 million euros given the higher restructuring charges that had had to be taken at Agfa Gevaert in 2004.
- The return on capital allocated to the retail and private bancassurance business in Belgium came to 29%; the return on capital allocated to Central and Eastern Europe amounted to 48%. On capital allocated to services to businesses, the return came to 25%, while capital allocated to capital market activities generated a return of 29%. For the European private banking activity, return on equity came to 15%.

Operating highlights in 2005

- Synergy projects were started up with a view to cross-selling and achieving cost-savings in the European private banking activity. Acquisitions were also made – of *HSBC Dewaay* (Belgium) and *Effectenbank Stroeve* (Netherlands), among others – in order to strengthen this business.
- The commercial profile and company logos of the Central and Eastern European entities were standardized, cross-border steering capabilities in respect of asset management and investment banking activities were stepped up, and the strategic distribution agreement with the Czech postal service was extended. In addition, opportunities for expansion in Romania and Croatia were explored, along with possibilities for buying out minority shareholders in the Central and Eastern European group companies.
- Co-operation with DZ Bank Group (Germany) for processing cross-border payments got under way, and the Rabobank Group (the Netherlands) has since confirmed that it will join this alliance (Fin-Force), making it one of the biggest players in Europe in cross-border payments.
- Gevaert has been given a fresh orientation, with relevant business units being transferred to KBC Bank and non-core activities being hived off.

Capital and solvency

- On 30 September 2005, capital and reserves came to 15.2 billion euros (compared with 13.1 billion at the start of the year). Unrealized gains on available-for-sale assets accounted for 1.9 billion euros of this amount (1.1 billion at the start of the year). Per share, capital and reserves came to 42.3 euros (36.5 euros at the beginning of the year).
- The core capital ratio (Tier 1) for the banking business (banking and European private banking activities) and the solvency ratio of the insurance business came to 9.5% and 413% respectively (with a group gearing ratio of 109%).

Limited review report of the auditor on the accounting information included in the inrerim press release af of 30 september 2005 of KBC GROUP NV

"We performed a limited review of the accounting information included in the interim Press Release of KBC Group NV dated November 24 2005, prepared on the basis of the interim consolidated financial report of KBC Group NV as of 30 September 2005. The accounting information of Kredietbank S.A. Luxembourgeoise was reviewed by other external auditors. We relied on their review report. Our review was performed in the context of the periodical distribution of information by the company. We conducted our limited review in accordance with the relevant recommendations of the 'Instituut der Bedrijfsrevisoren' (Belgian Institute of Auditors). This review consisted primarily of the analysis, comparison and discussion of the financial information and consequently was less extensive than a full scope audit of the consolidated financial statements. Our review has not revealed any information that would lead to any material modifications to the accounting information included in the interim Press Release, prepared on the basis of the interim consolidated financial report of KBC Group NV as of 30 September 2005 in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. Without qualifying our opinion, we draw the attention to the fact that there is a possibility that the recognition and measurement principles used to prepare the interim consolidated financial report as of 30 September 2005 may change when the first IFRS consolidated financial statements of the accounting year 2005 will be prepared. Our report does not extend to this interim consolidated financial report of KBC Group as of 30 September 2005. Brussels, 24 November 2005. Ernst & Young Bedrijfsrevisoren BCV, Statutory auditor, Represented by Jean-Pierre Romont, Partner and Danielle Vermaelen, Partner".

Profit outlook for 2005

KBC is optimistic about how its business will develop in the fourth quarter, expecting persistently strong sales, a better interest rate environment and favourable stock market conditions. Although additional non-recurring charges are expected to be incurred in the fourth quarter (including around 100 million euros to redesign employee pension schemes), KBC still expects expenses to go down and an historically low loan loss ratio to be achieved for the full year 2005.

Based on the current assessment of the relevant economic and financial parameters, consolidated profit for 2005 is expected to come to around 2.2 billion euros. The Group's *pro forma* result for 2004 came to 1 615 million euros.

2005 Financial Calendar

The earnings announcement for the full year 2005 will be released on 2 March 2006 at 7.30 a.m. and the full annual report will be available on 12 April 2006. The results will be presented to the annual general shareholders' meeting on 27 April 2006, and the approved dividend will be payable on 2 May 2006.

Overview of results

In millions of euros	3Q 04 *pro forma* (excl. IAS 32/39 and IFRS 4)	2Q 05	3Q 05	9M 04 *pro forma* (excl. IAS 32/39 and IFRS 4)	9M 05
Net interest income	910	1 074	1 129	2 871	3 251
Gross earned premiums, insurance	901	978	810	3 580	2 516
Dividend income	39	135	25	184	194
Net gains from financial instruments at fair value	123	92	123	538	348
Net realized gains from available-for-sale assets	93	97	49	346	314
Net fee and commission income	323	410	452	1 004	1 290
Net post-tax income from discontinued operations	0	0	0	0	0
Other income	128	118	112	347	444
GROSS INCOME	**2 517**	**2 904**	**2 699**	**8 870**	**8 359**
Operating expenses	- 1 147	- 1 209	- 1 177	- 3 520	- 3 490
Impairment	- 44	- 42	3	- 286	- 54
on loans and receivables	- 15	- 38	- 5	- 122	- 39
on available-for-sale assets	- 18	0	13	- 148	- 3
on goodwill	0	- 5	- 3	- 2	- 10
on other	- 11	0	- 1	- 14	- 2
Gross technical charges, insurance	- 771	- 852	- 696	- 3 179	- 2 161
Ceded reinsurance result	- 12	- 17	- 10	- 39	- 44
Share in results of associated companies	34	13	- 19	- 5	14
PROFIT BEFORE TAX	**577**	**797**	**800**	**1 841**	**2 626**
Income tax expense	- 155	- 212	- 208	- 503	- 677
PROFIT AFTER TAX	**422**	**584**	**592**	**1 339**	**1 949**
Minority interests	- 57	- 48	- 48	- 163	- 153
NET PROFIT – GROUP SHARE	**365**	**536**	**543**	**1 175**	**1 796**

Appendix 1: Comments on the income statement

Gross income

In millions of EUR	3Q 04 (*pro forma*)	2Q 05	3Q 05	3Q/3Q (*pro forma*)	3Q/2Q	9M 04 (*pro forma*)	9M 05	9M/9M (*pro forma*)
Net interest income	910	1 074	1 129	+24%	+5%	2 871	3 251	+13%
Earned insurance premiums (gross)	901	978	810	-10%	-17%	3 580	2 516	-30%
- Non-life	385	400	417	+8%	+4%	1 154	1 231	+7%
- Life	516	578	393	-24%	-32%	2 426	1 285	-47%
Commission income (net)	323	410	452	+40%	+10%	1 004	1 290	+29%
Gains from fin. instruments at FV	123	92	123	+0%	+33%	538	348	-35%
Gains on investments	93	97	49	-47%	-49%	346	314	-9%
Dividend income	39	135	25	-35%	-81%	184	194	+5%
Other income	128	118	112	-13%	-5%	347	444	+28%
Total gross income	**2 517**	**2 904**	**2 699**	**+7%**	**-7%**	**8 870**	**8 359**	**-6%**
- Banking	1 241	1 373	1 454	+17%	+6%	4 153	4 340	+5%
- Insurance	979	1 180	953	-3%	-19%	3 875	3 041	-22%
- Asset management	88	105	114	+29%	+9%	262	313	+20%
- European private banking	193	217	170	-12%	-22%	537	598	+11%
- Gevaert	33	56	21	-38%	-63%	83	122	+47%

The third quarter of 2005 was again characterized by high commission income (452 million euros). The interest margin was slightly wider than in the preceding quarter and came to 1.69%. Higher market interest rates also resulted in an increase in the value of the 'financial instruments at fair value' heading. In addition, another new record of over 1.3 billion euros was set for sales of life insurance (of this amount, 954 million had to do with unit-linked products, which is not recorded as premium income).

Over the first nine months of 2005, income developed as follows:

- Net interest income (3.3 billion euros) was 380 million euros higher than the *pro forma* level for the corresponding period of last year, primarily as a result of sustained volume growth, income from loans repaid early and the new IFRS treatment of interest-rate derivatives (impact of this last item: +296 million euros, offset by a negative 296 million euros under the heading 'Net gains from financial instruments at fair value'). On account of the flatter yield curve, the interest margin in banking (1.65%) was 9 basis points narrower than corresponding figure for last year.
- Premium income in the non-life insurance business (1.2 billion euros) was up 7% by 77 million euros. In Belgium, the increase came to 8%, and in Central and Eastern Europe to 13%, while premium income in the reinsurance business fell by 12% on account of a more selective acceptance policy.
- In life insurance, the figure for premium income (1.3 billion euros) is not at all comparable with the 2004 figure, since IFRS does not allow sales of certain forms of life insurance to be recorded as premium income from 2005 on. Aside from this, total proceeds from the sale of life products came to 3.3 billion euros, resulting in a 19% increase in outstanding life insurance reserves compared with year-end 2004 (+19% in Belgium and +23% in Central and Eastern Europe). Sales of unit-linked products went conspicuously well, generating premium turnover of 2.1 billion euros.
- Commission income (1.3 billion euros) was 286 million euros higher (+29%) than the *pro forma* level recorded for the first nine months of 2004, thanks chiefly to the continuing strong growth in income from the sale of investment funds, life insurance, and asset management products and services. The margin on unit-linked life insurance came to 58 million euros.
- Profit earned on financial instruments at fair value (348 million euros) was down by 190 million euros on the *pro forma* figure for the first nine months of 2004, primarily because of the change in the way financial instruments have been valued since the start of 2005.
- Gains realized on investments amounted to 314 million euros, representing 4% of gross income and a 32 million euro decline on the 2004 figure. These gains were realized on the sale of the investment in the Irish insurance group FBD, as well as on sales of holdings in Gevaert's equity portfolio, among other things.
- Dividend income came to 194 million euros, 10 million euros more than the *pro forma* level for the first nine months of 2004. A dividend yield of 3% was achieved on shares in the (available-for-sale) investment portfolio.
- The 'other income' item (444 million euros) was 97 million euros higher than the *pro forma* level for 2004, mainly because of the favourable settlement in the first quarter of 2005 of an unpaid loan granted to the Slovakian government (101 million euros in income – net impact on the result, 68 million euros).

Operating expenses

In millions of EUR	3Q 04 (*pro forma*)	2Q 05	3Q 05	3Q/3Q (*pro forma*)	3Q/2Q	9M 04 (*pro forma*)	9M 05	9M/9M (*pro forma*)
Staff expenses	-641	-714	-651	+2%	-9%	- 2 032	-2 001	-2%
General administrative expenses	-370	-382	-388	+5%	+1%	-1 177	-1 150	-2%
Depreciation, fixed assets, excl. goodwill	-109	-92	-97	-11%	+5%	-305	-283	-7%
Provisions for operating expenses	-27	-20	-41	+52%	+102%	-7	-55	-
Total operating expenses	**-1 147**	**-1 209**	**-1 177**	**+3%**	**-3%**	**-3 520**	**-3 490**	**-1%**
- Banking	-848	-878	-878	+3%	-0%	-2 653	-2 563	-3%
- Insurance	-123	-131	-125	+2%	-4%	-376	-379	+1%
- Asset management	-14	-15	-15	+8%	+1%	-41	-45	+9%
- European private banking	-140	-153	-146	+4%	-5%	-396	-433	+9%
- Gevaert	-27	-22	-12	-56%	-46%	-66	-54	-18%

- Operating expenses were down by 32 million euros in the third compared to the second quarter, when staff expenses had been exceptionally high (this had had to do in part with taking over an employee stock option plan consequent on the merger between KBC Bank and Insurance Holding Company and Almanij). Operating expenses were, however, up by 30 million euros on a year earlier, when result-based wage costs for the interprofessional business in financial instruments had been relatively low. Moreover, the provision for litigation was updated, resulting in slightly higher provisioning pressure.
- For the first nine months of 2005, operating expenses were down by 30 million euros (-1%), thanks primarily to cost-saving measures introduced in the banking business in Belgium during the course of 2004. The cost/income ratio for the banking and asset management activities for the current financial year came to 58%, compared with the *pro forma* figure of 65% for the full year 2004.

Impairment

In millions of EUR	3Q 04 (*pro forma*)	2Q 05	3Q 05	9M 04 (*pro forma*)	9M 05
On loans	-15	-38	-5	-122	-39
On available-for-sale investments	-18	0	+13	-148	-3
On goodwill	0	-5	-3	-2	-10
Other	-11	0	-1	-14	-2

- The third quarter was again characterized by a low level of impairment recorded on loans (5 million euros). Consequently, the loan loss ratio for the current financial year has been limited to 0.04% (0% for Belgium, 0.26% for Central and Eastern Europe and 0% for the international loan portfolio). 87% of problem loans are covered by loan loss provisions, approximately the same percentage as at the start of the financial year (84%).
- Given the favourable stock market trend, 13 million euros were able to be reversed on impairment recorded on the investment portfolio in the third quarter of the year, largely cancelling out the amounts written down in the previous two quarters.
- During the course of 2005, goodwill paid for earlier corporate acquisitions was written off in the amount of 10 million euros (related mainly to divestitures at Gevaert).

Technical insurance charges and results from reinsurance business ceded

- The third quarter was also characterized by a strong technical result in the non-life business, keeping the claims ratio for the current year at 64%.
- The technical insurance charges for the first nine months amounted to a gross 2.1 billion euros, while net reinsurance expense came to 44 million euros. For non-life insurance, the claims reserve ratio came to 177%, on a par with the level recorded at the start of the year.
- For the current financial year, the combined ratio came to 95% (94% in the corresponding period of 2004). For Belgium, it came to 94%, for Central and Eastern Europe to 98% and for the reinsurance business to 90%.

Taxation

- The tax burden for the current financial year amounted to 677 million euros (208 million euros of which in the third quarter). For the corresponding period of 2004, the *pro forma* figure came to 503 million euros.

Appendix 2: Overview of profit contribution by business segment

The results of the various business segments are as follows:

In millions of EUR	3Q 04 (*pro forma*)	2Q 05	3Q 05	3Q/3Q (*pro forma*)	3Q/2Q	9M 04 (*pro forma*)	9M 05	9M/9M (*pro forma*)
Banking	246	314	363	+48%	+16%	945	1 146	+21%
Insurance	30	124	120	>200%	-3%	33	366	>200%
Asset management	53	68	74	+39%	+10%	162	200	+23%
European private banking	38	41	39	+4%	-4%	104	133	+28%
Gevaert	12	31	-38	-	-	-36	24	-
Holding-company activities	-13	-41	-14	-	-	-32	-73	-

- The banking business turned in a third-quarter result of 363 million euros, a result influenced by a favourable trend in income, negligible loan losses and the updating of a provision for legal disputes. For the first nine months of the year, the contribution to profit came to 1.1 billion euros, a 21% increase on the *pro forma* figure for last year, thanks to higher income (+5%), lower operating expenses (-3%) and limited loan losses (a loan loss ratio of 0.04%). Commission income went up briskly (+22%), while net interest income remained at par in spite of the flatter yield curve. One-off revenues were recorded on a loan made to the Slovakian government (impact on the result: 68 million euros).

- The result posted by the insurance business for the third quarter of the year (120 million euros) remained at the same high level as in the two preceding quarters, thanks to, among other things, record sales proceeds and an improved investment climate. This pushed profit for the current year up to 366 million euros, a multiple of last year's figure, when a high level of impairment (190 million euros) had had to be recorded on the equity portfolio. The first nine months of 2005 were marked by successful sales of life insurance (3.3 billion euros), a strong technical result in the non-life business (a combined ratio of 95%) and higher investment income (including gains realized on the sale of the investment in Irish insurance group FBD).

- Thanks to the favourable trend on the stock markets and continuing good sales performance, earnings from the asset management business were up again in the third quarter (74 million euros) compared to preceding quarters. As a result, the contribution to profit for the current financial year has gone up to 200 million euros, 23% more than the comparable figure for 2004. Assets under management in the asset management business have gone up since the start of the year by 22% to 102 billion euros (roughly 60% of this being accounted for by the net inflow of new money).[2]

- In the third quarter, the European private banking business contributed 39 million euros to the group result, comparable to the contribution made in the preceding quarter and a year earlier. Impairment recorded on the held-for-trading portfolio was offset by the improvement in interest income, the reversal of the impairment recorded on the investment portfolio and a positive tax effect. For the first nine months of the year, the contribution to profit has gone up to 133 million euros, representing a 28% increase compared to 2004 that can be attributed mainly to higher commission income (+17%) derived primarily from asset management and the custody business and KBC Group's bigger investment in Kredietbank SA Luxembourgeoise (up from 79% to 97%). Assets under management went up during the first nine months of this year by 20% to 60 billion euros (52 billion euros of this amount is being managed for private banking clients).

- Gevaert's third-quarter result came to a negative 38 million euros. This can be put down to the continuing divestitures (among other things, goodwill in the amount of 8 million euros was written off, while 10 million euros in taxes were posted) and to the setting aside of a provision for restructuring at Agfa Gevaert (an associated company), among other things. Thanks to the (mostly realized) gains on investments, the contribution to profit for the current financial year comes to 24 million euros on balance.

- The holding company has made a contribution to profit of a negative 73 million euros for the current year. This is a more negative result than last year, mainly because of the new valuation rules (elimination of dividends received on treasury shares from 2005) and the one-off expenses recorded as a result of the merger between the KBC Bank and Insurance Holding Company and Almanij in the second quarter of the year.

[2] Assets under management by KBC Group come to 186 billion euros, 102 billion euros of which are being managed by the asset management business (including 15 billion euros for the account of the group), 60 billion euros by the European private banking business and 24 billion euros by the banking business (mainly retail and private banking in Belgium and in Central and Eastern Europe).

Appendix 3: Overview of profit contribution by area of activity

The result can be broken down as follows after deducting income from surplus capital:

In millions of EUR	3Q 04 (*pro forma*)	2Q 05	3Q 05	3Q/3Q (*pro forma*)	3Q/2Q	9M 04 (*pro forma*)	9M 05	9M/9M (*pro forma*)
Retail and private bancassurance	140	244	260	+86%	+7%	358	799	+123%
Central and Eastern Europe	78	121	105	+35%	-13%	241	416	+73%
Business customers	75	101	182	+143%	+81%	301	408	+36%
Capital markets	20	53	58	+190%	+10%	157	164	+4%
European private banking	38	41	39	+4%	-4%	104	133	+28%
Gevaert	12	31	-38	-	-	-36	24	-

- In the retail and private bancassurance segment, another fine result was recorded in the third quarter (260 million euros), representing a 15 million euro increase on the preceding quarter (due to the decline in interest on savings accounts, among other things). Accordingly, profit for the first nine months of the year (799 million euros) was 441 million euros higher than for the corresponding period of 2004, thanks to strong income growth (mainly from investments and insurance) and the sustained drop in expense (-3%) and the fact that a substantial impairment had been recorded on the investment portfolio in the insurance business in 2004. The cost/income ratio in the banking and asset management business fell to 57%, while the loan loss ratio came to 0% and the combined ratio in the non-life business to 94%. The return on allocated capital rose to 29%. The private banking sub-segment in Belgium made a profit contribution of 49 million euros.
- In Central and Eastern Europe, profit for the quarter came to 105 million euros. Compared with the second quarter of the year, it was marked by an increase in banking income, a decline in charges (mainly in the Czech Republic, though this was offset in part by higher provisioning for legal expenses in Hungary), slightly higher non-life insurance expenses (in Poland) and loan loss provisions (in the Czech Republic and Poland, where there were no loan losses at all during the preceding quarter). For the first nine months of 2005, profit growth developed as follows:
  - The contribution (279 million euros) to profit made by the banking business in the Czech Republic and Slovakia rose by 142 million euros, bolstered by sound lending growth and higher commission income. In addition, non-recurring income was generated by the settlement of a loan dispute (net impact of +68 million euros in the first quarter). As a result, the return on capital allocated to the banking business rose to 72%. The total contribution to profit made by the insurance business came to 10 million euros (return of 12%).
  - In the banking business in Poland, a profit of 61 million euros was recorded, a 30 million euro increase (this also takes account of a deferred tax asset of 18 million euros). The loan loss ratio came to 0% and the return on allocated capital to 40%. The insurance business upped its profit contribution to 21 million euros (a return of 31%), thanks to, among other things, the favourable trend in expenses (-8%) and the growth of the life insurance business.
  - In Hungary, the result for the financial year was adversely affected by higher loan provisions (loan loss ratio of 0.72%, lower than the ratio of the market leader here) and the updating of the provision for legal disputes. On balance, profit came to 23 million euros, and return on allocated capital to 18%. The contribution to profit made by the insurance business came to 4 million euros (return of 26%).
  - In Slovenia (minority interest), the contribution to profit made by the banking business for the first nine months of the year amounted to 18 million euros, while the result of the life insurance business in that country came to a negative 0.1 million euros (the break-even point was reached in the third quarter, after two years).
- In the business customer segment, higher revenues and the reversal of loan loss provisions made for significantly higher profit in the third quarter (182 million euros) compared to the preceding quarters. Consequently, profit for the first nine months of the year (408 million euros) was up by 36%, while the ratios in respect of cost management (cost/income ratio of 33%), non-life insurance (combined ratio of 90%) and loan loss provisions (loan loss ratio of 0.01%) remained favourable. The return on allocated capital for this segment came to 25%.
- In the third quarter of 2005, capital market activities made a slightly higher profit contribution (58 million euros) than in the two previous quarters. Compared to the preceding quarter, income from structured loan products was down significantly, but this was more than offset by the business attracted in convertible bonds and equity derivative products, lower charges and lower taxes. For the first nine months of the year, profit came to 164 million euros, up 4% on the corresponding period of last year, thanks to the higher profit derived from interest rate and currency dealing and stockbroking. The return on allocated capital amounted to 29%.
- Information on European private banking and Gevaert is given in Appendix 2 (see above).

Joint press release

Fin-Force (KBC Bank NV/DZ BANK AG/EDS) and Rabobank:

cross-border co-operation in the field of international payments

<u>24 November 2005.</u> Fin-Force and Rabobank yesterday signed an agreement to have Fin-Force process Rabobank's international payments from the start of 2007. This agreement covers all cross-border euro and non-euro payments.
It fits in with Rabobank's general aim of enhancing both its operational and its cost efficiency.
Rabobank will also acquire a 22% shareholding in Fin-Force and take a seat on the Board.
With this move, both parties have strengthened their commitment to co-operating over the long term in the field of payments while meeting demands regarding speed, pricing and quality.

The partnership between Rabobank and Fin-Force is founded primarily on their shared vision of the future of the 'Single Euro Payments Area (SEPA)'. For a number of years now, work has gone into making the SEPA the finishing touch in the creation of a single European market. Although the introduction of the euro was already a step towards achieving this objective, only with a SEPA will it be possible to make payments throughout the euro area with the same facility, the same speed and at the same price as payments are made within national boundaries .

Piet Van Schijndel, member of the Board of Rabobank, stated: 'With this alliance, we are going on the offensive. Among the pioneers in Europe, we are getting a jump on the competition in order to continue to be able to guarantee our customers quality international payments services. In the years to come, a lot will change in Europe because of the SEPA. This alliance will enable us to keep the expense involved in the back-office processing of cross-border payments low. If we continue to do everything ourselves, we'll have to make major investments in IT hardware and software. Just as has been the case in other sectors, specialized institutions are cropping up. They focus exclusively on *centralizing* and processing payments for other parties in the best, most reliable, quickest, and cheapest way possible.

Fin-Force, a subsidiary of Belgium's KBC, is such a specialized institution with years of experience in payments. The co-operation agreement signed today thus fits in with Rabobank's general aim of enhancing both its operational and its cost efficiency. At the same time, it will enable us to keep a grip on processing and focus to the utmost on offering added value in direct dealings with our customers.'

As a result of the co-operation with Fin-Force, maximum sixty jobs/FTEs will be cut at Rabobank over the long term. The Works Council is and will remain closely involved throughout.

Herman Agneessens, Managing Director of KBC Bank NV and Chairman of the Board of Fin-Force, pointed out that 'KBC is continuing to develop its provision of services in the field of payments as a profitable core business segment within the Group. With the establishment of Fin-Force in 2000, we made the right strategic choices to withstand the global wave of consolidation sweeping the payments market and to meet the ever higher demands of customers and governments where speed, price and quality are concerned. We are convinced that, going forward, other European financial institutions will recognize our professionalism and state-of-the-art capabilities. Today's announcement, following the announcement of 11 March (partnership with DZ BANK AG/Transaktionsinstitut), demonstrates that financial institutions are prepared to implement flexible service models that deliver top quality.'

The increase in efficiency achieved through the increase in volumes is a major asset and will allow Fin-Force, Rabobank, DZ BANK AG and KBC Bank to acquire a bigger market share in future. At the moment, Fin-Force and Transaktioninstitut in their strategic partnership process around 3300 million transactions a year (22.5 million of which are cross-border transactions) for DZ BANK AG and KBC. With Rabobank, they will have to process approximately another ten million payments and cheques. This basis will allow for clear synergies and enables this partnership to offer any kind of payment transaction services also to other banks at very attractive conditions.

'From the outset, KBC and EDS have left the door open for a limited number of other banks to acquire shareholdings in Fin-Force. In early March, DZ BANK AG was the first to do so, and today an agreement has been reached with Rabobank. Fin-Force, KBC Bank, EDS, DZ BANK AG and Rabobank are still open to co-operating with other financial institutions in processing payments transactions and are prepared to adjust their shareholding structure where necessary,' added **Pascal Deman, Fin-Force CEO**.

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Note for the Editor:

RABOBANK (www.rabobank.nl)
The Rabobank Group is the largest financial services provider in the Dutch market. Because of its co-operative beginnings, the Rabobank Group's primary focus lies on its customers, and creating and enhancing customer value is its core objective. The Rabobank Group is the most creditworthy private financial group in the world. It has 9 million private and business customers and is market leader in the Netherlands in virtually every area of financial services. The Rabobank Group consists of 270 independent, local Rabobanks, all co-operatives that together have around 1.5 million members. The Rabobank Group also includes a number of specialized companies, such as Rabobank International (corporate banking, investment banking and international retail banking), Interpolis (insurance), Robeco (asset management and investment funds), De Lage Landen (leasing and vendor finance), Schretlen & Co (wealth management), Alex (digital investors' bank), Rabo Vastgoed (project finance and real estate development) and FGH Bank (financing commercial property). Outside the Netherlands, Rabobank Group is present in 37 countries, with 244 establishments.

Fin-Force (www.fin-force.com**)**
Founded in September 2000 by KBC (95%), the leading Belgian banking and insurance group, and EDS Belgium (5%), a subsidiary of a top provider of total technology solutions, Fin-Force offers total payments processing solutions to KBC Group NV and other banks. Initially serving only KBC Bank Belgium, Fin-Force has gradually expanded its customer base to include other KBC Group companies (CBC Banque, KBC Nederland and KBC London), handling end-to-end domestic and international payments processing, including such auxiliary services as complaints-handling and the reconciliation of interbank accounts.
On 11 March 2005, KBC Bank NV and DZ BANK AG, the fifth largest bank group in Germany, entered into a strategic partnership, pioneering the provision of cross-border services for payments processing in Europe. Around the turn of the year, Fin-Force will start processing international payments transactions (except for intra-European euro payments) for Transaktionsinstitut für Zahlungsverkehrsdienstleistungen AG (95% owned by DZ BANK AG and 5% owned by KBC). At the start of 2006, Transaktionsinstitut will in turn begin processing Fin-Force's intra-European payments (in euros).
The press release on this can be found on www.fin-force.com or www.kbc.com (under: press room/list of press releases 2005).

KBC currently owns 63% of Fin-Force, Rabobank 22%, DZ BANK AG 10% and EDS 5%.

KBC Group NV (www.kbc.com)
KBC Group NV is one of the biggest financial groups in Europe. A multi-channel bancassurance group with a geographic focus on Europe, catering mainly for retail and private banking customers and small and medium-sized enterprises, KBC Group is also active in the field of asset management, services to businesses, market activities and private equity.
KBC Group NV occupies major, even leading positions in its two home markets of Belgium and Central and Eastern Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia) and has an extensive private banking network grouped under the European Private Bankers concept (France and Monaco, Germany, Ireland, Italy, Luxemburg, the Netherlands, Spain, Switzerland and the UK). KBC Group NV also has a number of establishments in various other countries and regions around the world. KBC Group NV is listed on Euronext Brussels and Luxemburg (ticker symbol 'KBC') and has the following direct subsidiaries: KBC Bank, KBC Insurance, Kredietbank S.A. Luxembourgeoise (KBL), KBC Asset Management and Gevaert.
With a market capitalization of around 25 billion euros, KBC Group NV is one of the biggest companies in Belgium and a leading financial group in Europe, employing 50 000 people and catering for 12 million customers.

EDS (www.eds.com)
EDS (NYSE: EDS) is a leading global technology services company delivering business solutions to its clients. EDS founded the information technology outsourcing industry more than 40 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to clients in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries and to governments around the world. With $20.7 billion in 2004 revenue, EDS is ranked 95th on the Fortune 500. Learn more at eds.com and eds.be.

Press release

18 November 2005

3rd Quarter 2005
Earnings Announcement

KBC Group NV

KBC Group NV will be announcing its results for the third quarter of 2005 on Thursday, 24 November 2005, during trading hours (at 11 a.m.).
From 11 a.m. on that day, the press release will be available on KBC's website: www.kbc.com.

Note for the Editor

There will be a conference call for the media from 1.30 to 3 p.m.
Journalists who want to take part can dial in on the following number a few minutes before 1.30 p.m.: 00 32 2 290 14 07 of 00 44 20 7162 0080.
Herman Agneessens, Chief Financial Officer & Chief Risk Officer, will give a brief presentation (accessible from 11 a.m. on www.kbc.com) on the results and will subsequently be available to answer questions.

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You can also receive them via e-mail. Simply send your e-mail address to pressofficekbc@kbc.be.

Press release

14 November 2005

Saving for later: a new dimension for Central European countries.

The end of the year is in sight and, for many Belgian savers, this is *the* period to put some extra money into a pension scheme. Since these deposits are subject to favourable tax treatment, the government is encouraging the man in the street to set money aside that will help reduce the gap between the income he earns now and the pension he will receive when he retires. Besides individual savings schemes (pillar 3), there are also pension schemes based on the principle of solidarity (pillar 1) and schemes run by many companies, where employers and employees make joint contributions to pension funds (pillar 2). The three schemes together need to ensure that the average Belgian maintains his standard of living after he retires and – given demographic trends – not just constitute an unnecessary luxury.

However, Belgium is not the only country to have an ageing population: Central European countries, too, are especially familiar with this phenomenon (see graph 1).

The demand and need for additional pension schemes are closely related to increasing prosperity in these countries. In this regard, we will examine the situation in Poland and the Czech Republic, and take a brief look at the situation in Slovenia.

Like Belgium, **Poland** has a system built around three pillars.

The **1st pillar** is based on the principle of solidarity. People who are currently in employment pay for the pensions of the retired. The real pension depends on the number of years worked and contributions paid. The retirement age for men and women is 65 and 60, respectively, and the minimum pension 563.56 PLN (141 EUR) per month.
The **2nd pillar** comprises 19 pension funds, which are managed by private asset management companies. These funds are closely monitored by central government and are obliged to pay a minimum return each year. If they fail to do so, recourse can be had to the asset manager's capital and reserves.

The **3rd pillar** is still in its early stages: employees can opt for either a 'pension program for employees' (PPE) or an 'individual pension account' (IKE). Contributions to the PPE are restricted to a maximum of 7% of a person's salary. However, the scheme is not very attractive because of the considerable paperwork involved. The IKE is not particularly popular either. Even so, this flexible scheme offers far more possibilities. For instance, employees are free to choose their investment profile (ranging from defensive to highly dynamic), the maximum annual (tax-free) contribution is much higher (up to 150% of the average monthly wage, i.e. 3 620 PLN or approximately 900 EUR) and no capital gains tax is due when the fund reaches maturity.

However, the concept of 'saving for later' clearly has a long way to go in Poland. Poles are more concerned about the current state of the labour market (roughly 27.8% of the population is economically inactive) and will attend to their basic needs first (e.g., a better home), before putting money aside that they will only be able to use when they reach retirement age.

The **Czech Republic**, on the other hand, has made somewhat more progress in this area.

Here, too, there are demographic problems. At present, two people in employment pay for the pension of one retired person (identical principal of solidarity). In 2035, one person in

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employment will have to do this, which means that the present pension system will fall short of the requirements from 2020 on. Hence, it is high time to start reforming this system.
The Czech system is based on two pillars: the state pension (pillar 1) and individual savings schemes (pillar 3). The state pension covers about 43% of the employee's current income. In other words, he loses 57% of his income when he retires. Rising prosperity and the realization that employees themselves are responsible for their own pension explain why the third pillar has become so popular. Over three million Czechs now contribute to individual pension saving schemes. Collectively, this represents 3.33 billion EUR of assets under management, a total that is increasing by no less than 20% per year. 90% of these assets are managed by six asset management companies.
Money is channelled into pension funds in four ways: employer contributions, employee contributions, state contributions and the profits generated by the funds. A significant development concerns the increase in employer contributions to the third pillar. More and more employers are now contributing to their employees' pensions (roughly 27% of employees are included in this scheme and that percentage is rising). By making these contributions, employers aim to hold onto their workforce. Thanks to the employer and state contributions, pension saving schemes have become more attractive to employees. Unlike Belgium, pension funds in the Czech Republic are strictly monitored by the government as regards their return: they are required to generate a positive return each year, which means they pursue a (very) cautious investment strategy.

It is striking that more than 50% of people participating in the scheme are older than 50 and that, when investing their capital, they usually make a single deposit. The younger generation is not channelling its savings into building up a pension, a situation which the government wishes to rectify by introducing a number of fiscal incentives. For instance, employers can contribute up to 3% of an employee's gross wage, without having to pay any social security charges on this amount. This represents a saving of 35%.

ČSOB – KBC's subsidiary in the Czech Republic - plays an active role in all this by managing different pension funds (one defensive fund and a somewhat more dynamic one) in line with the pension-savings funds at KBC, its parent company.

Lastly, the pension system in **Slovenia** is based on two pillars (pillar 1 and pillar 2). There is still no sign of a third pillar yet.

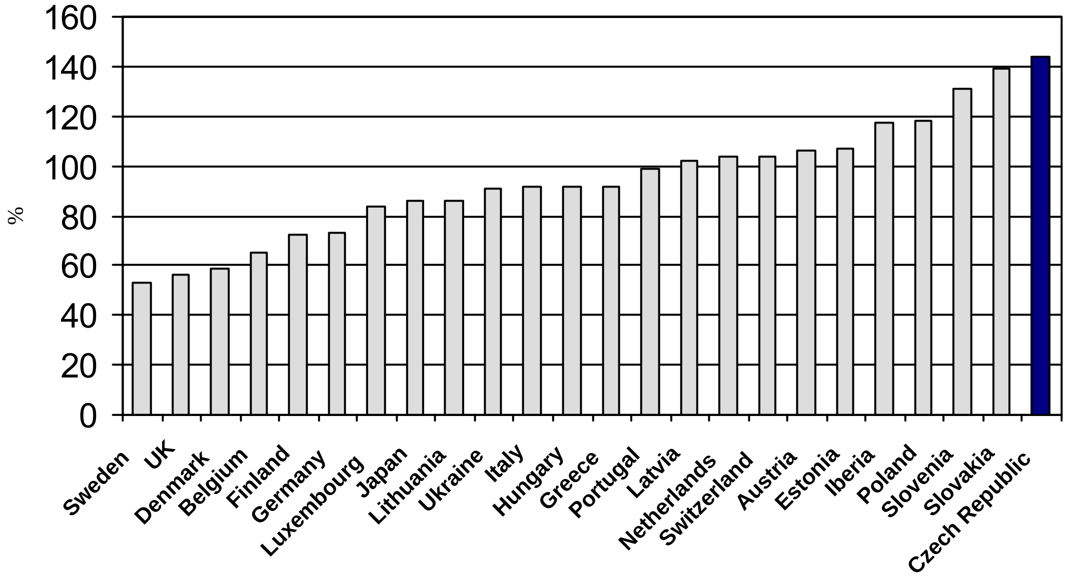
The 1st pillar is also based on the principle of solidarity. The 2nd pillar - a voluntary pension scheme for employees - is very popular, with over 60% of the working population paying fixed contributions to it. Employers, too, pay their contribution. The contributions are invested directly into open-ended pension funds that are often managed by companies specifically established for this purpose. Only administrative departments (i.e. the civil service) have their own – closed – pension fund. Pension funds in Slovenia likewise have to guarantee a minimum return.

All the countries realize only too well that a pension scheme based solely on the principle of solidarity (1st pillar) is unsustainable in the longer term. Poland and the Czech Republic already had a pension scheme (chiefly financed by the state), which they have recently reformed (Poland in 1999, the Czech Republic after 1990) by adding a second and/or third pillar. By collaborating with Kredyt Bank and Warta (in Poland), and with ČSOB (in the Czech Republic), KBC is sharing its know-how with them in the area of management/risk profiles and helping them raise customer awareness of the 'saving for later' concept. They are more or less able to fall back on KBC's long experience in managing the assets for pension(-savings) funds. It is apparent that employees in both countries wish to raise their current standard of comfort in the first place and, only at a later stage, look to put funds aside in order to lead a comfortable existence after they retire.

Consequently, the current pension systems in both countries have a dynamic dimension to them, with the local authorities regularly thinking of ways to implement improvements. By doing so, they are aiming to encourage (tax-advantaged) 'saving for later' and to gradually increase their people's standard of living. Although the contributions are generally small at the moment, they will undoubtedly rise sharply as prosperity increases.

This theme is also the subject of the conference entitled ‘Pension Issues in the New Member States’ which is being held today at 1 p.m. at KBC head office in Brussels (Avenue du Port 2).

- Graph: Growth in share of people older than 65 as % of total population between 2000-2050



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You can also receive them via e-mail. Simply send your e-mail address to pressofficekbc@kbc.be.

Press release

21 October 2005

KBC publishes first CSR Report

Today, KBC Group unveils its first ever CSR Report, available for download at www.kbc.com/social_responsibility in PDF or HTML format. The report serves as recognition - long overdue - of the years of pioneering work undertaken in the field of corporate social responsibility (CSR) by KBC in Belgium, and describes how KBC has put its *Principles for Socially Responsible Business* into practice.

According to Willy Duron, Group CEO, 'the exponential growth in importance of CSR during the last few years within the financial arena and the continued expansion of our organization beyond Belgium's borders has meant that it is no longer sufficient to subscribe to CSR principles or guidelines without demonstrating what we have achieved in practice. Not only will this report enable us to adopt a more pro-active dialogue with our various stakeholders, it will also help us to better identify our goals for the future in light of the so-called Triple Bottom Line or Triple-P concept – "people, planet, profit".'

The scope of this first report has been intentionally limited to Belgium to ensure a sound reporting basis. However, as behoves a financial institution that has expanded beyond its first home market, Belgium, the aim is to extend future coverage to KBC entities in Central and Eastern Europe and the rest of the world. The report is structured according to the Global Reporting Initiative, the international guidelines for CSR reporting purposes.

In addition to reporting on the Group's strategic vision and ongoing commitments to its employees, the society and the environment, the CSR Report highlights specific initiatives which KBC pioneered in Belgium. One is ARGUS, KBC's very own environmental centre founded in 1970, which proffers information on environmental regulations and laws in Belgium and other general information on the environment and organizes various open discussion panels on the subject to raise awareness amongst the Belgian public. 'Employee involvement' is another aspect that is actively encouraged at KBC, *inter alia* by way of the Belgian Raiffeisen Foundation (BRS), which was established in 1992 by CERA Bank, a forerunner of KBC, to provide financial assistance and training/advice in banking and insurance matters based on the co-operative model to microfinance institutions in the developing world. Via the *KBC Steunt BRS* (KBC Supports BRS) group, KBC employees can take part in BRS' projects in Africa, Latin America and Asia, as well as in fund-raising and other campaigns in Belgium to promote North-South dialogue at the grassroots level. A third area in which KBC has broken new ground is in the field of socially responsible investment (SRI). Not only was KBC in the vanguard of SRI fund development, it was also the first Belgian financial institution to establish and develop in-house sustainable and socially responsible research and screening expertise.

In future, as part of the aim to expand the scope of the CSR Report, KBC's ambitions include setting up CSR guidelines and performance indicators that can be applied groupwide, thereby facilitating the reporting process.

KBC Group is a multi-channel bancassurer with a focus on Belgium and Central and Eastern Europe for retail bancassurance activities and services for SMEs and corporates (it also maintains a limited presence in a number of other European countries and around the world), and on the whole of Europe for private banking activities. KBC seeks to become an efficient and productive bancassurer with a strong affinity for its customers, while ensuring that its employees are looked after. It also strives to identify with the various communities it serves by such means as using local company names, employing local management and adhering to socially responsible business practices in keeping with the standards of the relevant countries.

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PRESS RELEASE

Brussels, 18 October 2005

Dewaay and Puilaetco join forces in Belgium

CCF (HSBC Group) and KBL European Private Bankers signed a deal on 11 October 2005 to integrate Bank Dewaay into KBL European Private Bankers. Puilaetco Private Bankers had already become a member of this network of European private bankers in June 2004. Puilaetco and Dewaay will now join forces in Belgium.

Over the past few months, preparations have been underway for the merger between Dewaay and Puilaetco. The newly merged bank will be known as Puilaetco Dewaay Private Bankers SA/NV, the name used in the publicity campaign that was launched on 15 October in the Belgian media.

The merger between Dewaay and Puilaetco will allow the KBL European Private Bankers' network to achieve substantial critical mass in Belgium. The two subsidiaries together have more than 6.5 billion euros in client assets under management. The registered office of the merged bank will be located in the Herrmann-Debroux Avenue in Brussels, where the registered office of Puilaetco is currently situated. The bank will have branches in Liège, Antwerp, Gent and Knokke. A new executive committee, presided over by Mr Jacques Peters, has been appointed to head the merged bank.

More than 200 employees, among whom some fifty private bankers, will provide a wide variety of services, including wealth management, investment advice, wealth structuring, succession planning and investment fund management.

The merger of these two entities will be facilitated to a large extent by the similarity of their corporate cultures, their common approach to customer service and the transparent strategy of the group. Indeed, KBC Group pursues an original strategic model in its private banking business, a model characterized by two distinct, complementary offerings in Belgium. The KBC Private Banking offering targets clients seeking an integrated service within KBC's ‘retail’ network, while the KBL EPB offering, based on the ‘boutique’ private banking model, caters for a clientele seeking specialized service provided by a private banker of ‘human’ dimension, a description which clearly fits Puilaetco Dewaay Private Bankers SA/NV.

<u>Contacts:</u>

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Portraits

- **Dewaay (www.dewaay.com)**

Founded in 1926 by Rodolphe Dewaay, the Dewaay group was a pioneer in commercializing foreign securities and managing personal and institutional assets. At the end of the 1960s, foreseeing market developments, an institutional shareholder was called in, the Groupe Bruxelles Lambert. In 1992, again anticipating the major challenges posed by globalization, the Dewaay group decided to transform itself into a bank.
With a view to continuing its expansion, while preserving its own personality, the Dewaay group subsequently joined a large international bank in 1998, Crédit Commercial de France (CCF), which itself merged with the international bank group HSBC in 2000. Throughout its history, Dewaay has managed to maintain its individuality and its core wealth management activity, which paved the way for its integration with Puilaetco Private Bankers within the KBL EPB network on 11 October.

- **Puilaetco Private Bankers (www.puilaetco.be)**

Puilaetco has 136 years' of specialist experience in wealth and asset management for private persons, families and institutions. This financial institution, founded in Antwerp in 1868 by Michel de Laet, focuses its activities around three pillars: wealth management, estate planning and investment products - principally investment funds. Puilaetco became a bank in 1996, and joined the KBL European Private Bankers' network in June 2004. It has now become an even stronger player within the group, thanks to its merger with Dewaay, and will do business under the name Puilaetco Dewaay Private Bankers SA/NV.

- **KBL European Private Bankers (www.europeanprivatebankers.com)**

Within just a few years' time, KBL European Private Bankers has built up an international network of renowned private bankers. The group currently employs some 4000 people in ten countries, including Germany, France, the United Kingdom, Spain, Italy, Belgium and the Netherlands.

The KBL European Private Bankers entity belongs to KBC Group SA/NV, one of the biggest bancassurance groups in Belgium and Central and Eastern Europe. Within this group, KBL European Private Bankers' mission is to develop the private banking business in Europe.

- **KBC Group (www.KBC.com)**

KBC Group SA/NV is one of the leading European financial conglomerates. A bancassurance group engaging in multi-channel distribution with a geographic focus on Europe, it caters for retail and private banking clients, as well as small and medium-sized enterprises. Aside from providing bancassurance services to retail and private customers, KBC Group is also active in asset management, services to businesses, market activities and private equity.
KBC Group enjoys significant and even leading positions in its two home markets of Belgium and Central and Eastern Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia) and has a vast private banking network that revolves around the KBL European Private

Bankers (KBL EPB) concept. The private banking network of KBC Group currently has around 70 billion euros in assets under management.

KBC Group SA/NV is listed on Euronext Brussels (ticker symbol ‘KBC ‘) and on the Luxemburg exchange and has the following direct subsidiaries: KBC Bank, KBC Insurance, Kredietbank SA Luxembourgeoise (KBL), KBC Asset Management and Gevaert.
With an equity market capitalization of roughly 24 billion euros, KBC Group is one of the top companies in Belgium and a leading financial conglomerate in Europe, employing 51 000 people and serving 11 million customers.

Press release

17 October 2005

KBC decides not to bid for BCR

After due consideration, KBC Group NV has decided not to bid for a majority stake in Banca Comerciala Romana S.A., Romania's largest bank.

Having signed a confidentiality agreement, KBC is not in a position to comment, but capital allocation considerations within the KBC Group were an important factor in this decision.

However, KBC is still convinced that Romania could become one of the most important banking markets in Central and Eastern Europe due to the size of its population, its growth potential and trade relationships. Therefore, KBC continues to consider Romania to be a priority for market entry and a natural choice for extending KBC's existing presence in the region.

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Press release

17 October 2005

Changes at the top at KBC Insurance

Mr Emile Celis, currently Managing Director of KBC Insurance, has - for personal reasons - elected to retire from office and end his career at KBC today.

His responsibilities will be taken over by the other members of the Executive Committee.

The Executive Committees and Boards of Directors of KBC Group and KBC Insurance wish to express their sincere gratitude for the commitment shown by Mr Celis in the past, especially in relation to the expansion of the KBC Group.

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Press release

15 September 2005

KBC Private Equity broadens its investment horizon

KBC Private Equity, the private equity company of KBC Group, is expanding its geographical operating area and investment strategy. This will open up significant new market opportunities for the company, allowing it to fully exploit the breadth and depth of KBC Group.

Merger leads to name change

On 29 July 2005, KBC Investco and Ortelius, which had managed the majority of Gevaert's private equity activities, merged to form 'KBC Private Equity'. As its name implies, KBC Private Equity is the KBC Group's sole private equity financier.

The amalgamation of these activities which, until recently, had been carried out in parallel with each other, is a logical follow-on from the merger between Almanij and KBC Bank and Insurance Holding Company and has led to the re-examination of KBC's private equity strategy and objectives.

Expanding its geographical operating area

Although KBC Private Equity operates primarily in Belgium, it is actively expanding its presence in Central Europe, KBC Group's second 'home market'. Small local teams are due to start operating under the KBC Private Equity banner in Poland, Hungary and the Czech Republic. Projects in other European countries are not ruled out.
The portfolio currently holds more than 75 active investments with a market value in excess of €350 million. Over the past two years, KBC Private Equity has financed 22 new investment projects worth a total of €115 million, illustrating its aim to become a leading private equity house in Belgium and, in due course, in Central Europe too.

Broader investment strategy

KBC Private Equity provides development capital to and finances buy-outs of medium-sized, unlisted companies for amounts between €2 million and €50 million. By investing in specialized funds in which it can take an active management role, KBC Private Equity is able to serve the venture capital segment. As such, KBC Private Equity takes up a position in a very large niche market. KBC Private Equity can take both majority and minority stakes in companies, but attaches great importance to working closely with the other shareholders and management.

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An active and stable shareholder with a long-term perspective, KBC Private Equity is involved in taking strategic decisions and providing support to management in the further development of their company. From this point of view, KBC Private Equity also remains amenable to making follow-up investments. Besides providing financing, KBC Private Equity aims to create value in a number of areas, including the evaluation of growth opportunities, the optimalization of financial structures, the introduction of relevant corporate relationships and the improvement of reporting systems, but without involving itself in the day-to-day operational policy of the company in which it has a shareholding.

KBC Private Equity contributes financial resources in the form of equity (through capital increases or the acquisition of existing shares) and/or in the form of mezzanine finance (usually a subordinated loan which can - either totally or partially - be converted into share capital). Often both products are combined in order to provide a tailored financing solution.

KBC Private Equity has an experienced team of 23 people, and has established a compact Investment Committee in order to act quickly and decisively on investment projects. The day-to-day running of the company is the responsibility of Floris Vansina and Philippe de Vicq who, in their capacity as managing directors, together make up the Executive Committee. As part of KBC Group, KBC Private Equity can rely on the Group's extensive network and knowledge.

More information on KBC Private Equity : www.kbcpe.be or mail to info@kbcpe.be

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Earnings release – 1H 05

Publication schedule for 1 September 2005:

Earnings release available on www.kbc.com	11.00 a.m. CET	
Press conference	1.30 p.m. CET	
Telephone conference for financial analysts (Webcast)	3.30 p.m. CET	Tel. + 44 20 7162 0182 www.kbc.com
Investor Relations:	Tel. + 32 2 429 4916 / 4051	
Press Officers:	Tel. + 32 2 429 8545 / 6501	

1 September 2005

KBC Group: profit for first six months up 55%

Sound income growth, greater efficiency and limited impairment

KBC closed the second quarter of 2005 with a Group profit of 536 million euros, a 24% increase on the second quarter of 2004 and a 25% decrease on the previous quarter of 2005, when a number of non-recurring income items were recorded. This brings the result for the first half of the year to 1 253 million euros, 55% more compared to last year, thanks mainly to improvements in efficiency, limited impairment on loans and investments and sound income growth. KBC is also optimistic about the prospects for the second half of 2005.

Key figures[1]

In millions of EUR	2Q 04 (IFRS 2004)	1Q 05 (IFRS 2004)	2Q 05 (IFRS 2005)	1H 04 (IFRS 2004)	1H 05 (IFRS 2005)
CONSOLIDATED PROFIT	**434**	**717**	**536**	**810**	**1 253**
- Banking	367	470	314	699	784
- Insurance	58	122	124	3	246
- Asset management	58	58	68	109	126
- European private banking	23	53	41	66	94
- Gevaert	-65	32	31	-48	63
- Holding company	-7	-18	-41	-19	-59
Earnings per share (EUR), basic	1,18	2,00	1,50	2,23	3,50
Earnings per share (EUR), diluted	1,15	1,96	1,46	2,18	3,42
Equity per share (EUR), at end of period	31,6	37,4	40,0	31,6	40,0

Key ratios

	1H 04 (Pro forma IFRS 2004)	FY 04 (Pro forma IFRS 2004)	1H 05 (IFRS 2005)
Cost/income ratio, banking and asset management	61%	65%	57%
Combined ratio, non-life insurance	93%	95%	94%
Solvency ratio, banking (Tier 1), at end of period	-	10,0%	9,6%
Solvency ratio, insurance, at end of period (IFRS 2005)	-	347%	397%
Return on equity	14%	14%	20%

KBC is one of the largest bancassurers in Belgium and in Central and Eastern Europe, as well as a leading asset manager catering for retail and private banking clients in Europe. KBC Group currently has a market capitalization of some 25 billion euros, employs around 50 000 people and serves approximately 11 million customers.

This earnings release is available in English, Dutch, French and German at **www.kbc.com**, along with a presentation and the quarterly financial statement (both in English).

[1] Earnings, diluted earnings and equity per share as at June 2005 are calculated on the basis of 358 122 942 (period average), 368 084 650 (period average) and 360 001 168 (at the end of the period) shares. For this purpose, the number of automatically convertible bonds (and for the diluted earnings per share, the ordinary convertible bonds and outstanding share options) was added to the number of ordinary shares, and the number of treasury shares held was deducted.

Important information on the scope of consolidation, valuation rules and currency translation

- The results (including the *pro forma* results for 2004) are for the new KBC Group created at the beginning of 2005 through the merger between the KBC Bank and Insurance Holding Company and Almanij. During the first half of 2005, no changes were made in the scope of consolidation that had a material impact on the results.
- The results have been drawn up in accordance with the *International Financial Reporting Standards* (IFRS). However, in compliance with European regulations, IAS 32 and 39 concerning financial instruments and IFRS 4 on insurance contracts have not been applied in respect of the reference figures for 2004 ('2004 version' of the IFRS). As a result, the figures for 2005 are not entirely comparable with the *pro forma* figures for 2004.
- There were no major fluctuations in exchange rates during the second quarter of 2005 compared to the first. The Czech koruna and the Polish zloty increased in value over the first six months of the year by 8% and 16%, respectively, compared to the corresponding period of 2004. Fluctuations in other currencies are less relevant.

Financial highlights - 2Q 05

- The volume of deposits, loans and assets under management continued to grow vigorously, keeping commission income high and enabling net interest income to hold up well, despite the flattening of the yield curve. Sales of life insurance reached a record level (1.2 billion euros; according to the IFRS, from 2005, only 578 million euros of this amount can be regarded as premium income). Net gains from financial instruments at fair value were limited.
- Costs were up on the preceding quarter and on the second quarter of 2004, owing partly to one-off charges associated with the merger between the KBC Bank and Insurance Holding Company and Almanij. Loan losses remained at an extremely favourable level and the non-life insurance result was again very good.

Financial highlights – 1H 05

- Profit for the first half of the year (1 253 million euros) was up by 55% year-on-year, with a return on equity of 20% being achieved. The retail segment (primarily in Belgium) accounted for 43% of Group profit, the Central European region for 25%, financial services for business customers and capital market activities for 18% and 8% respectively, European private banking for 8% and Gevaert for 5%.
- Net interest income (2 122 million euros) cannot be compared with net interest income for 2004 owing to the new accounting treatment under IFRS. Otherwise, net interest income remained more or less unchanged, despite the difficult interest rate climate, thanks to volume growth. Compared with the situation at the start of the year, the loan portfolio increased by 6%, outstanding deposits by 7% and the life reserves by 11%.
- Premium income (1 707 million euros) cannot be compared with premium income for 2004 owing to the new accounting treatment under IFRS (especially as regards unit-linked life insurance). On a comparable basis, premium inflow increased by 4% to 2 778 million euros.
- Nor can profit from financial instruments at fair value (225 million euros) be compared with the figure recorded for 2004. Among other things, the introduction of the IFRS led to the amount of interest earned on derivatives being reduced by 175 million euros (although there was a 175-million-euro positive impact on net interest income).
- Commission income (839 million euros) went up by 23%, due mainly to successful sales of investment funds and life insurance, and to asset management. Since the start of the year, customer assets under management have increased by 12%.
- The level of charges (2 313 million euros) fell by 3%, and the cost/income ratio in the banking business dropped to 57%.
- Provisions for problem loans (34 million euros) were down by 68%, bringing the loan loss ratio to just 0.06%. Impairment recorded on the investment portfolio (16 million euros) was still very limited, as well. This was one of the factors that have significantly boosted the contribution to profit made by the insurance business.
- In the non-life insurance business, a strong technical result was achieved once again (combined ratio of 94%).
- The holding company made a larger negative contribution to the results, owing to the (largely non-recurring) costs associated with the merger between the KBC Bank and Insurance Holding Company and

Almanij. At Gevaert, profit was up by 111 million euros, as a result of the significant restructuring expenses that had been taken in the first half of 2004 at *Agfa Gevaert*.

- For the retail and private banking businesses in Belgium, the return on capital allocated came to 29%, for the Central and Eastern European activities to 54%, for financial services for business customers to 20%, for capital market activities to 28%, for European private banking activities to 16% and for Gevaert to 11%.

Operating highlights – 1H 05

- Projects were launched to harness synergies with a view to promoting cross-selling and reducing costs in the European private banking business. *Effectenbank Stroeve* (Netherlands), *Aurel Leven Gestion* (France) and *HSBC Dewaay* (Belgium) were also acquired in order to further strengthen the European private banking franchise.
- The *corporate identity* and corporate logos of the Central and Eastern European entities were standardized with a view to strengthening the bancassurance concept on the local markets and enhancing the Group's international visibility. Cross-border steering was also initiated of the asset management and investment banking activities in Central and Eastern Europe under the umbrella of *KBC Asset Management* and *KBC Securities*, respectively Opportunities for expanding into Romania were also explored.
- Co-operation with German DZ Bank Group for processing cross-border payments got under way.
- Gevaert was given a fresh orientation, with relevant business units being transferred to KBC Bank and non-core activities being hived off.

Capital and solvency

- On 30 June 2005, the net capital and reserves of KBC Group came to 14.4 billion euros (40.0 euros per share), of which 1.6 billion euros was held in the revaluation reserve for available-for-sale assets.
- The core capital ratio (Tier 1) for the banking business (*KBC Bank* and *KBL European Private Bankers*) comes to 9.6%, and the *solvency ratio* of the insurance business to 397%. The Group's *gearing ratio* stands at 111%.

Limited review report of the auditor

"We performed a limited review of the interim consolidated financial information of KBC Group NV, included in the Press Release of KBC Group NV dated 1 September 2005, as of 30 June 2005 and for the six months then ended. The interim consolidated financial information of Kredietbank S.A. Luxembourgeoise, included in the interim consolidated financial information of KBC Group NV, was reviewed by other external auditors. We relied on their review report. We conducted our limited review in accordance with the relevant recommendations of the 'Instituut der Bedrijfsrevisoren' (Belgian Institute of Auditors). This review consisted primarily of the analysis, comparison and discussion of the financial information and consequently was less extensive than a full scope audit of the consolidated financial information. Our review has not revealed any information that would lead to any material modifications to the interim consolidated financial information. Our report does not extend to the interim consolidated financial statements of KBC Group as of 30 June 2005 and for the six months then ended, prepared in accordance with IAS 34. Brussels, 1 September 2005. Ernst & Young Bedrijfsrevisoren BCV, Statutory auditor, represented by Jean-Pierre Romont, Partner and Danielle Vermaelen, Partner."

Profit outlook for 2005

KBC is optimistic about how its strategy will play out in the various business segments. For 2005, it is expected that there will be a reduction in costs in the banking business, and there are no indications at present that loan quality or the technical result in the insurance business will worsen significantly. On the other hand, developments in the interest rate and equity markets remain a source of uncertainty.

Previously, KBC had already set itself a medium-term target for average annual growth of earnings per share of at least 10% per annum. Given the fine results achieved for the first six months of the year and based on current expectations regarding the relevant economic and financial parameters, KBC expects to exceed this target and achieve a Group profit of over 2 billion euros in 2005.

The results for the third quarter of this year will be announced on 24 November 2005 at 11 a.m., CET.

Overview of results

In millions of euros	2Q 04 *pro forma* (excl. IAS 32/39 and IFRS 4)	1Q 05	2Q 05	1H 04 *pro forma* (excl. IAS 32/39 and IFRS 4)	1H 05
Net interest income	966	1 048	1 074	1 961	2 122
Gross earned premiums, insurance	1 404	729	978	2 679	1 707
Dividend income	121	34	135	146	169
Net gains from financial instruments at fair value	191	133	92	415	225
Net realized gains from available-for-sale assets	60	168	97	253	265
Net fee and commission income	324	429	410	681	839
Net post-tax income from discontinued operations	0	0	0	0	0
Other income	113	215	118	218	333
GROSS INCOME	**3 178**	**2 756**	**2 904**	**6 353**	**5 660**
Operating expenses	- 1 105	- 1 104	- 1 209	- 2 373	- 2 313
Impairment	- 90	- 15	- 42	- 242	- 57
on loans and receivables	- 74	3	- 38	- 107	- 34
on available-for-sale assets	- 12	- 16	0	- 130	- 16
on goodwill	- 2	- 2	- 5	- 2	- 7
on other	- 3	0	0	- 4	0
Gross technical charges, insurance	- 1 240	- 612	- 852	- 2 408	- 1 464
Ceded reinsurance result	- 22	- 17	- 17	- 27	- 33
Share in results of associated companies	- 60	21	13	- 39	33
PROFIT BEFORE TAX	**662**	**1 030**	**797**	**1 264**	**1 826**
Income tax expense	- 177	- 256	- 212	- 347	- 469
PROFIT AFTER TAX	**485**	**773**	**584**	**916**	**1 357**
Minority interests	- 51	- 57	- 48	- 107	- 104
NET PROFIT – GROUP SHARE	**434**	**717**	**536**	**810**	**1 253**

Appendix 1: Comments on the income statement

Gross income

In millions of EUR	2Q 05	2Q/1Q	2Q/2Q (*pro forma*)	1H 05	1H/1H (*pro forma*)
Net interest income	1 074	+3%	+11%	2 122	+8%
Earned insurance premiums (gross)	978	+34%	-30%	1 707	-36%
- Non-life	400	-3%	+7%	815	+6%
- Life	578	+84%	-	892	-
Commission income (net)	410	-5%	+26%	839	+23%
Gains on investments AFS	97	-42%	+62%	265	+5%
Net gains from financial instruments at FV	92	-31%	-52%	225	-46%
Dividend income	135	>200%	+12%	169	+16%
Other income	118	-45%	+5%	333	+52%
Total gross income	**2 904**	**+5%**	**-9%**	**5 660**	**-11%**
- Banking	1 373	-9%	-2%	2 887	-1%
- Insurance	1 180	+30%	-22%	2 088	-28%
- Asset management	105	+11%	+13%	199	+14%
- European private banking	217	+3%	+38%	429	+24%
- Gevaert	56	+23%	>200%	101	+105%

The second quarter of 2005, just like the first, was characterized by high commission income (410 million euros), limited earnings on financial instruments at fair value (92 million euros) and net interest income (1.1 billion euros) that held up well, despite the flattening of the yield curve. At the same time, dividend income (135 million euros) is traditionally concentrated in the second quarter of the year, and a record 1.2 billion euros was recorded for sales of life insurance (mainly unit-linked, however, which for IFRS accounting purposes is only recorded as 'premium income' to a limited extent). Moreover, in the second quarter, 97 million euros in gains on investments were realized, partly on account of the activities at Gevaert being scaled down.

The main features of the first six months of 2005 were as follows:

- Net interest income (2.1 billion euros) was 161 million euros higher than the *pro forma* level for the corresponding period of last year (+8%), though this was facilitated by the IFRS treatment of derivatives (impact: +175 million euros). The interest rate climate was difficult, however, and this – aside from the influence of the IFRS - caused the interest margin (1.64%) in the banking business to narrow by thirteen basis points compared to the first half of 2004. However, the impact this had on interest income could for the most part be offset by sustained volume growth.
- Premium income in the insurance business came to 1.7 billion euros, 815 million euros of which was realized in the non-life business, and 892 million euros in the life insurance business. In the non-life business, a 6% increase was recorded (6% in Belgium, 14% in Central Europe and –15% in the reinsurance business). The figure for premium income in the life business cannot be compared with the figure for 2004, since, under the IFRS, sales of some types of life insurance can no longer be recorded as premium income from 2005. Aside from this, total turnover in life products came to 2.0 billion euros, boosting outstanding life reserves by 11% (10% in Belgium and 15% in Central and Eastern Europe). Unit-linked products proved very popular, with premium turnover rising to 1.1 billion euros.
- Commission income (0.8 billion euros) was 158 million euros higher (+23%) than the *pro forma* figure for the first half of 2004, thanks mainly to the continuing robust growth in income generated by sales of investment funds and asset management. The IFRS treatment of the margin on unit-linked insurance also had an impact (+32 million euros).
- Gains realized on investments came to 265 million euros, which is comparable to the level of gains realized in the first half of 2004. These gains were realized on the sale of the investment in the Irish insurance group, FBD, as well as on sales of holdings in Gevaert's equity portfolio, among other things.
- Net gains from financial instruments at fair value (225 million euros) were down by 190 million euros (-46%) on the *pro forma* figure for a year earlier, mainly on account of the change in the method for valuing financial instruments that has applied since the start of 2005. For instance, there was the adverse impact of the transfer of -175 million euros from net interest income.
- Dividend income came to 169 million euros, 23 million more (+16%) than the *pro forma* level for the first half of 2004.
- The 'other income' item (333 million euros) was 114 million euros higher (+52%) than the *pro forma* level of the corresponding period of last year, mainly because of the settlement of an unpaid loan granted to the Slovakian government (impact: 101 million euros before tax – net impact on the result 68 million euros).

Operating expenses

In millions of EUR	2Q 05	2Q/1Q	2Q/2Q (*pro forma*)	1H 05	1H/1H (*pro forma*)
Staff expenses	714	+12%	+7%	1 350	-3%
General administrative expenses	382	+1%	-6%	763	-5%
Depreciation of fixed assets (excl. goodwill)	92	-2%	-9%	186	-5%
Provisions for operating expenses	20	-	-	14	-
Total operating expenses	**1 209**	**+10%**	**+9%**	**2 313**	**-3%**
- Banking	878	+9%	+8%	1 685	-7%
- Insurance	131	+7%	+1%	254	+0%
- Asset management	15	+1%	+5%	30	+10%
- European private banking	153	+14%	+14%	287	+12%
- Gevaert	22	+8%	+25%	42	+8%

- Cost performance remained sound. During the first half of the year, operating expenses fell by 61 million euros (-3%), mainly because of savings measures implemented in Belgium during the course of 2004, and the decline in activity in the interprofessional securities business. The cost/income ratio in the banking and asset management businesses came to 57%, compared to a *pro forma* figure of 61% for 2004.
- However, operating expenses were higher for the second quarter than for the first (higher performance-based wage costs and one-off costs relating to the merger between the KBC Bank and Insurance Holding Company and Almanij), a period when the level of costs had been exceptionally low in several respects. Moreover, in the second quarter of the year, 20 million euros were provisioned, primarily for the continuing reorganization of the private banking business (15 million euros) and the banking business in the Czech Republic. In the second quarter of 2004, there had been a significant reversal of provisions (+73 million euros).

Impairment

In millions of EUR	2Q 04 (pro forma)	1Q 05	2Q 05	1H 04 (pro forma)	1H 05
On loans	74	-3	38	107	34
On available-for-sale investments	12	16	0	130	16
On goodwill	2	2	5	2	7
Other	3	0	0	4	0

- The second quarter was again characterized by the low level of impairment recorded on loans (38 million euros). This has kept the loan loss ratio for the first half of 2005 limited to 0.06%. The loan loss ratio comes to 0.03% for Belgium, 0.07% for Central and Eastern Europe (0% for the Czech Republic and Poland) and 0.09% for the international loan portfolio. 90% of problem loans are covered by loan loss provisions.
- Impairment recorded on the securities portfolio and on goodwill paid on acquisitions was also limited (to 16 and 7 million euros, respectively, in 2005).

Technical insurance charges and results from reinsurance business ceded

- The second quarter, too, was characterized by a strong technical result in the non-life business. This kept the claims ratio limited to 64% for the first half of the year. Gross claims came to 484 million euros and the result in the reinsurance business to -33 million euros. For non-life insurance, the claims reserve ratio amounted to 178%, on a par with the level recorded at the start of the year (177%).
- The combined ratio for the Group stands at 93.7% (the same level as the *pro forma* 93.5% recorded for the first half of 2004). For Belgium, the corresponding figure comes to 93.4% (compared with 93%), for Central and Eastern Europe to 95.6% (compared to 95.1%), and for the reinsurance business to 90.4% (compared with 91.9%).

Taxation

- The tax burden for the first six months of the year amounted to 469 million euros (212 million euros of which relate to the second quarter). For the corresponding period of 2004, it came to a *pro forma* 347 million euros.

Appendix 2: Overview of profit contribution by business segment

The results of the various business segments are as follows:

In millions of EUR	**2Q 05**	**2Q/1Q**	**2Q/2Q** (*pro forma*)	**1H 05**	**1H/1H** (*pro forma*)
Banking	314	-33%	-14%	784	+12%
Insurance	124	+2%	+114%	246	>200%
Asset management	68	+16%	+17%	126	+16%
European private banking	41	-23%	+80%	94	+42%
Gevaert	31	-2%	-	63	-
Holding company	-41	+123%	>200%	-59	>200%

- In the banking business, commission income remained solid in the second quarter, and net interest income held up well, despite the flattening of the yield curve. Operating expenses were up however on the preceding quarter, when the level of costs had been exceptionally low (owing to, among other things, the underutilization of budgets for marketing and automation and low performance-based wage costs). Loan loss provisions remained limited.

  For the first half of the year, the profit contribution increased to 784 million euros, up by 85 million euros, thanks to stringent cost control (a cost/income ratio – including the asset management business - of 57%) and limited loan losses (loan loss ratio of 0.06%). On top of this, the income trend was sound: commission income went up briskly (+21%), net interest earnings held their ground despite the difficult climate and capital gains were relatively limited. One-off income was also recorded as a result of a loan to the Slovakian government being paid back (impact on the result: 68 million euros).

- In the insurance business, the result for the second quarter remained on a par with the result for the preceding quarter, when considerable gains had been realized on investments. This can be attributed to record sales, high dividend revenues and even slightly better non-life result.

  For the first six months of the year, the result increased to 246 million euros, a good deal higher than last year, when significant impairment had been recorded on the equity portfolio. The first half of the year was marked by buoyant sales of life insurance (2.0 billion euros), a strong technical result in the non-life business (a combined ratio of 94%) and higher investment income (thanks in part to the increase in invested reserves and the gains realized on the shareholding in the FBD insurance group, among other things).

- Profit for the second quarter in the asset management business was up by 10 million euros on the profit figure for the first quarter of the year and on the quarterly average for 2004, thanks to the increase in commission income (in keeping with the favourable stock market trend).

  Accordingly, profit for the first half of the year rose to 126 million euros, 17 million euros higher year-on-year. Assets under management in the asset management division have gone up by 16% since the start of the year to 97 billion euros (two-thirds of this is attributable to the net inflow of new money).[2]

- In the second quarter of 2005, the European private banking business contributed 41 million euros to the group result, 12 million less than the preceding quarter (partly on account of the lower level of 'other income'), but 18 million euros more than for the second quarter of 2004. Moreover, an additional provision was set aside for reorganizing the activities in Spain.

  For the first half-year, the profit contribution increased to 94 million euros. Commission income continued to grow (+9%), and this, together with the increase in gains realized on investments, drove total income up to a high level. Assets under management went up for the first six months of the year by 8% to 50 billion euros (46 billion euros of which managed for private banking clients). The cost/income ratio fell from 74% to 67%, and impairment on loans and investments was negligible.

- Gevaert's contribution to second-quarter profit came to 31 million euros, on a par with the high level achieved last quarter, thanks to the gains realized on divestitures.

  For the first six months of the year, the profit contribution went up to 63 million euros, though this was supported by the revaluation of the *private equity* portfolio in the first quarter (as required under IFRS) and by gains realized on investments (particularly in the second quarter).

- At the holding company, 20 million euros in non-recurring expenses were recorded for the second quarter on account of the merger between the KBC Bank and Insurance Holding Company and Almanij. The expenses were incurred to take over an ongoing stock option plan for personnel at *Kredietbank SA Luxembourgeoise* and obtain external consultancy services.

[2] Assets under management by the KBC Group come to 170 billion euros, 97 billion euros of which are being managed by the asset management business (including 15 billion euros for the account of the Group), 50 billion euros by the European private banking business and 24 billion euros by the banking business (mainly retail and private banking in Belgium and in Central and Eastern Europe).

Consequently, and also because of the elimination of dividends received on treasury shares (IFRS 2005) in the amount of 9 million euros, along with the higher borrowing charges incurred to buy out the minority interests of *Kredietbank SA Luxembourgeoise* at the start of 2005, the loss for the first half of the year came to -59 million euros.

Appendix 3: Overview of profit contribution by area of activity

The result can be broken down as follows across the various areas of activity (after deducting income from surplus capital and minority interests in profit):

In millions of EUR	2Q 05	2Q/1Q	2Q/2Q (*pro forma*)	1H 05	1H/1H (*pro forma*)
Retail and private bancassurance	244	-17%	+85%	539	146%
Central and Eastern Europe	121	-37%	+23%	312	+91%
Business customers	101	-19%	-14%	225	0%
Capital markets	53	-1%	-25%	106	-23%
European private banking	41	-23%	+80%	94	+42%
Gevaert	31	-2%	-	63	-

- In the retail and private bancassurance segment, a strong quarterly result was again turned in (244 million euros), albeit slightly lower than the result for the two preceding quarters because of the drop in banking income (partially for seasonal reasons) and higher taxes.

  Profit for the first six months of the year (539 million euros) was 320 million euros up on the year-earlier figure thanks to the solid growth in income (mainly from investments and insurance) and the sustained drop in expenses (-4%). Significant impairment (162 million euros) had also been recorded on the investment portfolio at the start of 2004. The cost/income ratio fell to 57%, and the loan loss ratio now comes to 0%. The return on allocated capital went up to 29 %. The private banking sub-segment in Belgium made a profit contribution of 32 million euros.

- Profit for the quarter in Central and Eastern Europe (121 million euros) was on a par with profit for the previous quarter (disregarding the non-recurring income of 68 million euros that was able to be recorded at that time) and well above the quarterly average for 2004. The quarter was marked by the growing success of insurance activities and asset management, among other things. There was robust growth in lending, while net loan loss provisioning remained negligible (a loan loss ratio of 0%). The main features of the first two quarters of 2005 combined were as follows:

  - In the Czech Republic and Slovakia, the profit contribution (210 million euros) made by the banking business was 109 million euros higher, though this figure was admittedly enhanced by the non-recurring income generated by the repayment of a Slovakian loan (net impact of 68 million euros). Growth in deposits and loans and higher commission income more than offset the adverse impact of lower market interest rates, while the loan loss ratio remained at 0%. As a result, the return on capital allocated to banking rose to 56% (disregarding the above non-recurring income). Premium turnover in the non-life insurance business went up by 28%, and outstanding life insurance rose by 12%. The total profit contribution made by the insurance business came to 9 million euros (a return of 21%).
  - In the banking business in Poland, a profit of 45 million euros was turned in, an increase of 28 million euros (including 9 million euros that stemmed from a deferred tax asset in the second quarter). Thanks to the improved cost/income ratio and the absence of loan losses, the return on allocated capital ended the period at 42%. Insurance activities contributed 17 million euros to profit (a return of 36%), thanks to the improvement in cost performance (-8%) and the growing life insurance business.
  - In Hungary, the increase in income (+14%) more than made up for the rise in charges (+10%), leading to a 26% increase in the operating result. The loan loss ratio (0.93%) is comparable to the loan loss ratio of other institutions in the market. On balance, profit for the first half year came to 15 million euros, and the return on allocated capital came to 17%. The profit contribution made by the insurance business went up to 5 million euros (a return of 42%), owing to the improvement in the level of costs and claims (a combined ratio of 86%).
  - The contribution to profit made by the banking business in Slovenia (minority interest) for the first six months of the year amounted to 12 million euros, while the result achieved in the life assurance business amounted to -0.1 million euros.

- In the business customer segment, the slight drop in income and slight increase in taxes pushed second-quarter profit (101 million euros) down below the average for the preceding quarters.

However, profit for the first half of the year remained at the same sound level as a year earlier, with continuing sound ratios for cost control (a cost/income ratio of 36%), the non-life insurance result (a combined ratio of 90%) and loan loss provisions (a loan loss ratio of 0.13%). The return on allocated capital for this segment comes to 20%.

- The second-quarter profit contribution made by the capital market activities (53 million euros) remained on a par with the contribution made in the preceding quarter, but was lower than the record level turned in for the early part of 2004, when very strong results were posted especially in the derivatives business.

  For the first six months of the year, profit came to 106 million euros, 23% less year-on-year, but a return on allocated capital of 28% was still achieved. In the stock broking business and in the segment of structured credit products there was an improvement in results.

- Appendix 2 (see above) contains the comments on the European private banking business and Gevaert.

Press release

26 August 2005

Half-Year Results for 2005

KBC Group NV

KBC Group NV will be announcing its results for the first half of 2005 on Thursday, 1 September 2005, during trading hours (at 11 a.m.).

From 11 a.m. on that day, the press release will be available on KBC's Web site: www.kbc.com.

Note for the Editor:

A press conference for the media will be held at 1.30 p.m. at the KBC Group headquarters located at 2 Havenlaan, 1080 Brussels.

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Press release

July 12, 2005

Dewaay joins KBL European Private Bankers (KBC Group)

CCF (HSBC Group) and KBL, the driving force behind private banking in KBC Group, yesterday evening signed an agreement on the take-over of HSBC Dewaay SA, the private banking subsidiary of the HSBC Group present on the Belgian and Luxembourg markets.
The agreement was concluded subject to approval from the appropriate regulatory authorities.

HSBC Dewaay SA (Dewaay) offers personalised private banking services to wealthy families with whom the bank has built up a favoured relationship. With 140 staff the bank is present in Brussels, Antwerp and Knokke in Belgium and has a subsidiary in Luxembourg. It manages around EUR 2.5 billion in client assets.

The acquisition of Dewaay will substantially reinforce the position of KBL European Private Bankers (KBL EPB) in Belgium. KBL EPB is responsible for developing private banking within KBC Group. Present in 13 European countries, KBC's private banking network now has overall client assets totalling EUR 65 billion.

KBC Group has an original strategic model for private banking whose specific feature in Belgium is the use of two distinct and complementary brands: on the one hand, KBC Private Banking aiming at clients wishing to use services integrated into the KBC retail network. On the other, KBL EPB which has adopted the "boutique" model of private banking, dedicated to clients wanting to be served by a specialist private banker within an organisation with a human size. The acquisition of Dewaay is in line with the latter model.

In Belgium, Puilaetco joined KBL European Private Bankers in June 2004. Puilaetco employs 149 staff in its offices in Brussels, Antwerp, Liège and Ghent in Belgium and is dedicated exclusively to private client wealth management. Puilaetco Private Bankers has EUR 4.2 billion in assets under management.

By uniting Dewaay and Puilaetco, KBL EPB will achieve substantial critical mass in Belgium, with the two subsidiaries having combined client assets of more than EUR 6.5 billion. The joining of these two companies will be greatly facilitated by their similar cultures, common approach to clients and the clear strategy of the Group. These positive factors, reinforced by the quality of the teams in place, are certain to speed up the development dynamics of KBC Group private banking in Belgium.

Dewaay's Belgian clients will continue to benefit, as previously, from a highly professional service and personal welcome to which the advantages of the KBL EPB network will be added.

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Note to the editor :

KBC Group NV (www.kbc.com - www.europeanprivatebankers.com)

KBC Group NV is one of the leading financial groups in Europe. It is a multi-channel bancassurance group with a geographic focus on Europe, catering mainly to retail and private banking customers and small and medium-sized enterprises. Besides focusing on providing retail and private bancassurance services, KBC Group is also active in asset management, the provision of corporate services, market activities and private equity.
KBC Group occupies significant, even leading positions in its two home markets of Belgium and Central Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia) and has an extensive private banking network grouped under the KBL European Private Bankers (KBL EPB) concept. With the new acquisition, KBC Group's private banking network has around EUR 65 billion in assets under management.

KBC Group NV is listed on Euronext Brussels (ticker symbol 'KBC') and the Bourse de Luxembourg and has the following direct subsidiaries: KBC Bank, KBC Insurance, Kredietbank SA Luxembourgeoise (KBL), KBC Asset Management and Gevaert.
With a market capitalisation of around EUR 24 billion, KBC Group is one of the top Belgian companies and one of the leading financial groups in Europe, employing 51 000 staff and catering for 11 million customers.

HSBC Group

CCF is a wholly-owned subsidiary of HSBC Holdings plc, and a member of the HSBC Group. Serving over 110 million customers worldwide, the HSBC Group has over 9 800 offices in 77 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of USD 1 277 billion at 31 December 2004, HSBC is one of the world's largest banking and financial services organisations.

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Press release

23 June 2005

KBC Group updates ambitious financial targets and strategy

Today, at the first Investor Day for analysts since the merger, KBC Group will present its updated strategy and comment on its new ambitious financial targets for 2006-2008. The strategy will be a continuation of the earlier one, though more detailed with regard to the private banking business of the KBC Group.

1. Overall strategy update

On 2 March 2005, the KBC Bank and Insurance Holding Company merged with its parent company, Almanij, to become KBC Group NV.

'An initial layer of "merger benefits" was immediately apparent: KBC's share price was supported by increased corporate transparency, company visibility and liquidity,' explains Mr. Willy Duron, CEO of KBC Group. During the first quarter of 2005, KBC Group announced that operational synergies in private banking and fund management would amount to a net recurring 75 million EUR before tax a year, with 50% of this sum already being realized in 2006. A series of synergy projects are currently being implemented and, by the end of the second quarter of this year, 4 million EUR in recurring synergies will already have been realized. Gevaert's activities have been reviewed and are being selectively integrated into KBC Bank's activities.

'***Further value-creating potential resides in the pursuit of our existing retail and wealth-management-oriented bancassurance strategy, with a focus on Belgium and Central and Eastern Europe, and selected Western European activities. Additional efficiency enhancements and a robust profit trend on a stand-alone basis will ensure a stable dividend policy and solid financial strength. This outlook is reflected in our new ambitious financial targets, which are valid until 2008*,'** according to Mr. Duron**.**

2. Renewed financial targets

Efficiency	Cost/income, banking	**max. 58%**
	Combined ratio, non-life insurance	**max. 95%**
Financial strength	Tier-1, banking	**min. 8%**
	Solvency margin, insurance	**min. 200%**
Value creation	Adjusted ROE	**min. 16%**
	EPS growth (CAGR)	**min. 10%**

Cost/income and combined ratio

KBC Group is well on track to deliver on the current 2005 cost/income target of 58% and on the combined ratio target of 95%. Although seemingly unchanged, the new cost/income target (58%) is more ambitious than before, on account of the adverse impact caused by Group enlargement and IFRS reclassification. In addition, although KBC maintains a positive view as regards the underlying drivers for the combined ratio (market growth, claims frequency and inflation, etc.), it expects the market to soften, making the new combined ratio target (95%) more ambitious than the old target of 95%, as well.

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EPS growth and (adjusted) ROE
KBC expects to exceed the current 2005 EPS growth target (10% CAGR). However, the enlargement of the Group and IFRS reclassification may have an adverse impact on EPS. Nevertheless, KBC firmly believes that a 10% CAGR is sustainable until 2008.
KBC is also well on track to achieve the current 2005 ROE target of 16%. Taking into account the carry on excess capital for additional investments in Central and Eastern Europe and IFRS reclassifications, the renewed ROE target (16%) is bolder than before. The ROE target is based on ambitious (but realistic) underlying 'return on allocated capital' assumptions for all areas of activity (20% for retail bancassurance in Belgium, 30% for Central and Eastern Europe, 15% for the SME/corporate business, 30% for private banking and 25% for financial market activities).

Tier-1 and solvency margin
Over the last few years, KBC has remained above the minimum safety levels and accumulated excess capital for additional investment opportunities in Central and Eastern Europe. For the years to come, the minimum solvency targets will be maintained (an 8% Tier-1 ratio in the banking business, and a 200% solvency margin in insurance).

3. Private banking in the KBC Group

As a result of the merger, the private banking activities of KBC Group NV have been brought under common management to ensure optimal leverage of the available resources. Private banking is the core business of KBL (which has a presence in 11 countries) via its European Private Bankers concept, whereas KBC Bank has developed its own branch-based/retail trade-up private banking operation in Belgium.

'KBC Group intends to bolster its integrated private banking business while maintaining a sustainable advantage in selected European markets by means of two complementary models (network-led and local pure-play private banks), focusing on private banking clients with more than 1 million EUR in investable assets,' adds Mr. Etienne Verwilghen, CEO of KBL and member of the Executive Committee of KBC Group responsible for private banking.

In Belgium, a dual brand strategy for KBC Private Banking and KBL European Private Bankers (Puilaetco) will be pursued, each with a distinct customer proposition, which will enable both KBC and KBL to capture different asset flows in the market. KBC Private Banking will remain integrated in the KBC retail network. KBL European Private Bankers (Puilaetco) will be positioned as an 'independent, boutique/pure-play private bank', with proximity to the local market and 'human-size' service as its chief advantages. Customers will be able to choose between the two brands.

In selected Western European markets, KBC Group will strengthen the existing integrated network of local pure-play private banking brands (boutique style), with a primary focus on organic growth. Near-term priorities will be cost reduction and profitability improvement by standardizing and centralizing operations within a private banking hub and by tackling local headquarter and overhead costs. The hub will provide a platform for future revenue growth at lower cost. Subsidiaries will be able to use the hub, for example, for all international and local custody services, international cash payments, and international and local transaction processing.

Offshore banking will continue to be a low-growth market. Hence, emphasis will be placed on maintaining profitability (leveraging the hub) and enhancing revenue margins. The relative weight of offshore banking in KBC's overall private banking business will continue to decline, however.

Central and Eastern Europe offers an attractive long-term opportunity for KBC Group. Within this region, KBC will develop a network-led model, leveraging KBC and KBL products and capabilities wherever possible. The primary source of organic growth will be via retail trade-up. KBC does not plan to build up or seek to acquire a stand-alone private banking brand in the region in the medium term.

***'Overall, KBC Group is projecting approximately 10% net income growth per year in private banking until 2008, assuming normal market conditions*,'** concludes Mr. Verwilghen.

Press release

21 June 2005

KBC Investco and the Allbox managing family acquire all the shares in Allbox Group

On 20 June 2005, KBC Investco and the managing family of the Allbox Group ('Allbox') acquired all the shares in Allbox. Based in Harelbeke, Allbox is an integrated producer of corrugated cardboard packaging boxes. The managing family has taken a significant minority stake and will remain responsible for the operational management of Allbox.

The partnership with KBC Investco will allow Allbox to continue to enjoy sound financial health and perpetuate current management policy. Allbox expects to pursue further expansion abroad.

KBC Investco is the venture-capital provider of the KBC Group. With around 65 active shareholdings at present, KBC Investco focuses on acquiring direct participations and providing mezzanine finance to medium-sized companies in the Benelux and Central Europe.

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More information on Allbox: www.allbox.be.

Press release

16 June 2005

Updated overview of the 'Embedded Value' of KBC's life insurance business

Life insurance business grows steadily

KBC's life insurance activities have experienced strong, sustained growth. In 2004, premium income generated by the life insurance business amounted to 3.6 billion EUR, bringing total technical provisions outstanding to 13.5 billion EUR, a 28% increase on the previous year's figure. KBC's (in many respects unique) bancassurance model played an important role in driving this expansion.

In billions of EUR	Earned premiums, net of reinsurance	Outstanding technical provisions at year-end
2002	2.2	8.7
2003	2.5	10.5
2004	3.6	13.5

Increase in 'Embedded Value'

On 31 December 2004, the economic value of the insurance business (**Embedded Value**) came to 2.9 billion EUR, a 35% increase on the year-earlier figure. This increase is attributable to both the growing life insurance portfolio and the rise in unrealized gains resulting from, amongst other things, the recovery of the equity markets.

Every year, a simulation model is used to calculate the value of the current life insurance portfolio (**Value of Business in Force**)[1]. This rose from 373 million EUR at the end of 2003 to 421 million EUR at the end of 2004. Profit for 2004 (163.5 million EUR) has to be added to this figure to arrive at the actual value created in the life insurance business in 2004. The increase of the Value of Business in Force is attributable primarily to new business (**Value of New Business** of 57 million EUR). Improvements in other technical parameters, including costs, led to a higher result of 21 million EUR.

In millions of EUR	Embedded Value	Value of Business in Force (VBI)	Value of New Business (VNB)
31-12-02	1 783	366	76
31-12-03	2 135	373	53
31-12-04	2 895	421	57

Actuaries' Report

The actuarial consultancy, Lane Clark & Peacock, carried out an independent review of the Embedded Value calculations and – in their opinion – the assumptions made are acceptable and the methodology used in line with generally prevailing actuarial principles. They discovered no material issues relating to the calculations. Lane Clark & Peacock therefore regards the Embedded Value, the Value of New Business and the analysis of changes as reasonable and fit to be included as supplementary information in the consolidated annual accounts.

Detailed information is available (in English) at www.kbc.com. A conference call for analysts is planned for 16 June at 3 p.m. CET (+44 207 162 0181 or +32 2 290 1411 or +1 334 420 4950).

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[1] This model includes the life insurance activities of the following group companies: KBC Insurance Belgium, Fidea (broker channel in Belgium) and VITIS Life (Luxembourg).

Press release

15 June 2005

'It won't take much at all for equities to outperform'

Investment strategy and market outlook, KBC Asset Management

The cycle is following just a classical course

Real world GDP grew in the first quarter of 2005 by 3.5% on an annual basis, compared to 2.9% in the second half of 2004. Now, as then, the main drivers of world economic growth have been the USA and China. Whilst the **US economy** continued to cruise along with growth of 3.5%, **China again recorded growth of** over 9%. The sharp increases in oil prices of recent years seem therefore to have barely affected either of these growth poles. In the US, the strong labour market, substantial wage growth and the persistently low (real) key rate provided a solid basis for consumption growth. Judging by the slowing growth of capital goods imports, the Chinese government seems meanwhile to be succeeding in reining in the country's strong investment drive. This is linked to the decline in export growth in the other **Asian economies**. Some countries in the region which, in recent years, have lost a good deal of their competitive clout such as Korea and Singapore, are now suffering from a slowdown, but the general rate of economic growth in the region still remains solid. In **Japan**, however, growth in the first quarter again proved to be a pleasant surprise. Not only was real GDP up by as much as 5.3% on an annual basis, but activity was to a large extent supported by final domestic demand.

We assume that for various reasons (including the adjustments made to the US government budget and the somewhat less buoyant world growth) the quarterly pace of US economic growth will slow somewhat throughout the rest of the year to around or just below the potential rate. On balance, US growth is expected to hit 3.4% both in 2005 and 2006. In China, annual average growth in 2005 is likely to be just over 9%, but next year the soft landing resulting from the government's efforts to cool the economy down, along with the West's protectionist measures, will pull growth down to below 9%. We put Japan's annual average growth at 1.7% in 2005 (and the same again in 2006). That will be the third consecutive year that Japan - for years the sick man of the global economy - will grow faster than the EMU (our projection: 1.2% in 2005 and 1.6% in 2006).

The visibly strong growth in the **euro zone** in the first quarter (2% on an annual basis) was attributable wholly to net exports. The strong growth contribution was not so much due to this region regaining its competitive edge, but rather to a collapse in domestic demand. Influenced by the sharp rise in oil prices, growth in consumption slowed to 1.1% on an annual basis and corporate investment even shrank. The **UK** too - until recently the strong man supporting European growth - threw in the towel, with average economic growth over the last two years of 2.7%, compared to barely 1.2% in the EMU. Compared to the EMU, where only higher oil prices were needed to slow the economy down, in the UK it also took a higher key rate and cooling house prices to rein in consumption. Final domestic demand there cooled to 1.4% on an annual basis, from 3.5% throughout 2004.

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Low bond rates: an anomaly?

Wholly in line with the somewhat slower growth of the world economy in recent quarters, **raw material prices** also cooled in the past few months. At the end of April, the oil price seemed to have dropped sustainably below the limit of 50 USD per barrel, but since the middle of May, it has started climbing again. In recent months, we have once again revised our oil price forecast upwards. We now see the annual average oil price in 2005 at 47 USD per barrel, dropping to 39 USD in 2006, whereas in March we were still looking at 40 and 36 USD per barrel respectively. The high price of oil will therefore probably hold back potential growth in the world economy for some time yet; more specifically particularly in those countries where domestic demand is not very dynamic anyway.

Although underlying **inflation** in the US, influenced both by the tighter labour market and more robust domestic demand, is slowly beginning to rise, it is unlikely to pose a problem. The slowdown in world growth, the cooling of raw material prices and the absence of any further oil price increases should keep inflation under control worldwide. In the Anglo-Saxon countries, with the exception of Canada, the monetary-tightening cycle seems at any rate to be coming to an end. In the US, the Fed is likely to take a break in the Autumn, after first raising the key rate to 3.75%. In the UK and New Zealand, monetary policy willl be relaxed once again as early as the last quarter of 2005, to be followed a few months later by the Australian central bank. In the EMU, an increase in the key rate is not expected any time soon. Nor does a cut in interest rates by the **ECB** seem very likely, in the light of the central bank's fear that house price inflation will hot up throughout the EMU. Most probably, the central bank will only step in to increase the key rate in the second half of 2006.

The prospect of an ever-widening key-rate spread with the US will, over the coming months, make European **bonds** more stable than their US counterparts. An (albeit limited) increase in the bond rate in the US remains the most likely scenario. The growing interest-rate differentials compared to the EMU as regards both the short and the long end of the yield curve should, moreover, provide some support to the US **dollar**. Weak growth prospects in Europe together with the political impasse there following the 'no' votes in the French and Dutch referenda over the constitution will further reduce the attraction of the euro. Structurally, though, the dollar is still vulnerable in view of the American 'twin deficit'. Consequently, looking forward six months and beyond (when the first ECB interest-rate increase has gradually become a possibility), we feel it is more likely that the dollar will again lose some ground.

Cheap equities a contrast to expensive bonds

All historical valuation models show that bonds are expensive and shares cheap. The risk premium for shares is some 2% above its historical average. This means that the stock market is anticipating either a sharp rise in interest rates or a significant collapse in corporate earnings. As neither of these scenarios seems to us very likely in the coming months, we have opted to overweight shares in our **balanced portfolios**. This is mainly at the expense of bonds, which, with today's historically low interest-rate levels, have become particularly vulnerable.

Within the equity component, some of our **sectoral emphases** are as follows:

- We are underweighting the **energy** and **materials sectors**. Supply and demand trends in the oil market point to an oil price markedly below today's levels. Relatively high stock positions in any case indicate that there is no shortage of oil. Fear that there will be a shortage of free capacity might still affect the market for a while, but planned capacity expansion should alleviate the problem in the coming years. Slower world growth and the flattening yield curve are causing us to adopt a cautious stance as regards the steel, paper and other sectors, where valuations are still relatively high.
- In the technology sector, we are resolutely continuing to play the **software** card. The cash flow position of the corporate sector is at an all-time high, IT expenditure is on the rise again and software's share of IT investments is constantly increasing. What is also striking is that price competition in this segment is considerably less keen than in the hardware market. Most of the big software companies (Microsoft, Oracle, etc.) are, moreover, inexpensively priced at the moment and we expect consolidation in the sector to continue.

As far as the **regional allocation** of our portfolio is concerned, we prefer the **growth markets**, paying particular attention to:

- **Central Europe**: recently, share prices came under some pressure, due in part to political uncertainty in Poland and the Czech Republic. Growth prospects for these countries remain strong, however, and the convergence of their economies towards the EMU standard is creating scope for further falls in interest rates and stock market appreciation.

- **Asia** is the growth leader, powered largely by the gigantic consumer markets of China and India. Compared to their growth figures, the valuation of these countries' share markets remains on the low side. Moreover, the region is home to several companies (Samsung, Singapore Telecom, Taiwan Semiconductor, etc.) that are world leaders in their sectors.

First-quarter 2005 release

Publication schedule for 9 June 2005:

Publication on www.kbc.com	11.00 CET	
Telephone conference for the press	13.30 CET	Tel +32 2 290 1411
Telephone conference for financial analysts (with webcast)	15.30 CET	Tel +44 20 7162 0180 / www.kbc.com
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9 June 2005

Strong first quarter

Robust income, low costs and minimal impairments

KBC closed the first quarter of 2005 strongly with a Group profit of **717 million euros**, a 63% increase on the preceding quarter and a 91% increase on the first quarter of 2004. This reflected – viewed on a comparable basis – (i) a solid development in income, low cost ratios and minimal impairments of loans and investments and (ii) a number of non-recurrent results (136 million euros). The trend started in 2004 has therefore been sustained, and KBC remains positive about the outlook for 2005.

Key figures [1]

In millions of euros	1Q 04 (Pro forma IFRS 2004)	4Q 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)	1Q 05/ 1Q 04	1Q 05/ 4Q 04
CONSOLIDATED PROFIT	**376**	**440**	**717**	**91%**	**63%**
- Banking	332	318	470	41%	48%
- Insurance	-55	89	122	-	37%
- Asset management	51	66	58	14%	-11%
- KBL European Private Bankers	43	-30	53	22%	-
- Gevaert	17	25	32	84%	29%
- Holding company	-12	-27	-18	-	-
Earnings per share (euros), basic	1.05	1.23	2.00		
Earnings per share (euros), diluted	1.03	1.20	1.96		
Shareholders' equity per share (euros), at end of period	30.3	33.6	37.4		

Key ratios

	1Q 04 (Pro forma IFRS 2004)	FY 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)
Cost ratio, banking and asset management	63%	62%	51%
Combined ratio, non-life insurance	97%	95%	92%
Solvency ratio, banking (Tier 1), end of period	-	10.0%	10.0%
Solvency ratio, insurance, end of period (IFRS 2005)	-	347%	366%
Return on equity	13%	14%	24%

KBC is one of the largest bancassurers in Belgium and in Central and Eastern Europe and is a leading asset manager catering for retail and private banking clients in Europe. KBC Group currently has a market capitalization of 24 billion euros, employs around 51 000 people and serves approximately 11 million customers.

This press release is available in English, Dutch, French and German at **www.kbc.com**, along with a presentation and detailed financial statements (both in English).

[1] The earnings and shareholders' equity per share for the first quarter of 2005 have been calculated on the basis of 357 990 384 (quarterly average) and 356 509 834 (end of quarter) shares. The number of ordinary shares has been increased for this purpose by the number of automatically convertible bonds (and for the diluted earnings per share also by the ordinary convertible bonds and the outstanding share options) and reduced by the number of shares held by the company itself.

Important information on the scope of consolidation, valuation rules and currency translation

- The results relate to the new KBC Group created through the merger between KBC Bank and Insurance Holding Company and Almanij (for accounting purposes since 1 January 2005). For comparative purposes the reference figures for 2004 have been recalculated on a pro forma basis for the new KBC Group. Apart from this adjustment, no other changes in the scope of consolidation have had a substantial impact on the results.

- The results have been drawn up for the first time in accordance with the *International Financial Reporting Standards* (IFRS). The reference figures for 2004 have been recalculated on a pro forma basis in accordance with the IFRS standards, but - in accordance with the European regulations - not including standards IAS 32 and 39 concerning financial instruments and IFRS 4 on insurance contracts ('IFRS 2004' version). The figures for the first quarter of 2005 (drawn up in accordance with 'IFRS 2005') are not therefore entirely comparable with the pro forma figures for 2004.

- The results are based on exchange rates for the Czech koruna and the Polish zloty that are 7% and 13% higher respectively than the 2004 average. These exchange rates are respectively 9% and 19% higher than in the first quarter of 2004. Fluctuations of other currencies are less relevant.

Financial highlights

- Quarterly profit (717 million euros, of which 136 million euros non-recurrent) was 63% and 91% up on the preceding quarter and the corresponding quarter in 2004 respectively.
- Commission income of the Group grew by 20% year-on-year, due in particular to the successful sale of investment funds and unit-linked insurance and to asset management.
- On account of the changed IFRS treatment, the net interest earnings, results from financial instruments and insurance premiums are not entirely comparable with those of 2004.
- On a comparable basis, net interest earnings from banking remain stable despite stiffer competition (e.g. in Belgium) and the difficult interest-rate climate (e.g. in Central and Eastern Europe).
- The cost level of the Group is lower than in each preceding quarter in 2004 and the cost/income ratio of the banking business and asset management has fallen to 51%.
- Non-life insurance business grew by 5%, once again generating a strong technical result (combined ratio: 92%)
- No net supplementary provisions were set aside this quarter for loan losses.
- Value impairments on the investment portfolio are still very limited; partly as a result, the contribution to the result from insurance business (122 million euros) was at a significantly higher level than the pro forma figure for the first quarter of 2004.
- The retail segment (mainly in Belgium) contributed 295 million euros to the Group result, the Central and Eastern European region 191 million euros, the financial services for corporates and the capital market activities 134 and 75 million euros respectively, European Private Banking 53 million euros and Gevaert 32 million euros.
- The Polish banking activities once again measured up to expectations, with no net additional loan losses and a net profit of 23 million euros (17 million euros contribution towards KBC Group profit).

Operating highlights

- Merger of KBC Bank and Insurance Holding Company and Almanij. From now on, in addition to KBC's bancassurance and asset management businesses, the private banking activities of KBL European Private Bankers together with the investment activities and the specialized financial services of Gevaert will also form part of the new KBC Group.

- Start-up of synergy projects in the area of private banking level and reorientation of Gevaert. The cooperation between KBC Bank and KBL European Private Bankers is generating cross-sales and cost-savings that will result in an improvement in the results of at least 75 million euros before tax per annum (of which 60% already from 2006 onwards). The relevant Gevaert business units are being transferred wherever possible to KBC Bank while non-core activities are being systematically hived off.

- Streamlining of the activities in Central and Eastern Europe. The cross-border operations of asset management and investment banking under the umbrella of 'KBC Asset Management' and 'KBC Securities' respectively will enhance the effectiveness of the KBC Group in these areas of activity.

Solvency

- As at 31 March 2005, the net capital and reserves of the KBC Group amounted to 13.3 billion euros (37.4 euros per share), of which 1.3 billion was held in the revaluation reserve for assets available for sale.
- The core capital ratio (Tier 1) for the banking business is 10.0% (10.1% at KBC Bank and 8.5% at KBL European Private Bankers). The solvency margin of the insurance business is 366%.

Auditor's report

"Limited review report of the auditor. We performed a limited review of the interim consolidated financial information of KBC Group NV, included in the enclosed Press Release, as of 31 March 2005 and for the three months then ended. The interim consolidated financial information of Kredietbank S.A. Luxembourgeoise, included in the interim consolidated financial information of KBC Group NV, was reviewed by other external auditors. We relied on their review report. We conducted our limited review in accordance with the relevant recommendations of the 'Instituut der Bedrijfsrevisoren' (Belgian Institute of Auditors). This review consisted primarily of the analysis, comparison and discussion of the financial information and consequently was less extensive than a full scope audit of the consolidated financial information. Our review has not revealed any information that would lead to any material modifications to the interim consolidated financial information. Our report does not extend to the interim consolidated financial statements of KBC Group as of 31 March 2005 and for the three months then ended, prepared in accordance with IAS 34. Brussels, 9 June 2005. Ernst & Young Bedrijfsrevisoren BCV, Statutory auditor Represented by Jean-Pierre Romont, Partner and Danielle Vermaelen, Partner."

Profit outlook for 2005

The results in the first quarter of 2005 are exceptionally robust from various perspectives. The profit for the quarter cannot be extrapolated for the year as a whole, although KBC remains positive about 2005.

Strict cost control remains in prospect on the banking side and there are at present no indications of any significant deterioration in loan quality. The impact of IFRS on the net result has so far remained relatively limited, partly as a result of successful management of it, the intention being to sustain this policy. On the other hand, interest rate developments remain an uncertain factor.

On the basis of the current appraisal of the relevant economic and financial parameters, KBC once again confirms its previous forecast that the net profit in 2005 will amount to at least 1 825 million euros.

Financial calendar 2005

Announcement of Embedded Value of life business	16 June 2005	11.00 CET
KBC Group London Investor Day	23 June 2005	
Announcement of half-yearly results 2005	1 September 2005	11.00 CET
Announcement of 3rd quarter results	24 November 2005	11.00 CET

More information is available on www.kbc.com (investor relations).

Overview of results

in millions of EUR	1Q 04 pro forma (excl. IAS 32/39 and IFRS 4)	2Q 04 pro forma (excl. IAS 32/39 and IFRS 4)	3Q 04 pro forma (excl. IAS 32/39 and IFRS 4)	4Q 04 pro forma (excl. IAS 32/39 and IFRS 4)	1Q 05 (incl. IAS 32/39 and IFRS 4)
Net interest income	995	966	910	963	1 048
Gross earned premium	1 275	1 404	901	1 577	729
Dividend income	25	121	39	46	34
Net gains from financial instruments at fair value	224	191	123	187	133
Net realised gains from Available for Sale assets	193	60	93	157	168
Net fee and commission income	357	324	323	399	429
Net post-tax income from discontinued operations	0	0	0	0	0
Other income	106	113	128	132	215
GROSS INCOME	**3 175**	**3 178**	**2 517**	**3 462**	**2 756**
Operating expenses	- 1 269	- 1 105	- 1 147	- 1 424	- 1 104
Impairment	- 152	- 90	- 44	- 79	- 15
on Loans and Receivables	- 33	- 74	- 15	- 76	3
on Available for Sale assets	- 119	- 12	- 18	- 2	- 16
on Goodwill	0	- 2	0	1	- 2
on Other	0	- 3	- 11	- 2	0
Gross technical charges insurance	- 1 169	- 1 240	- 771	- 1 454	- 612
Ceded reinsurance result	- 5	- 22	- 12	- 29	- 17
Share in results of associated companies	20	- 60	34	28	21
PROFIT BEFORE TAX	**602**	**662**	**577**	**504**	**1 030**
Income tax expense	- 170	- 177	- 155	- 35	- 256
PROFIT AFTER TAX	**432**	**485**	**422**	**469**	**773**
Minority interests	- 55	- 51	- 57	- 29	- 57
NET PROFIT - GROUP SHARE	**376**	**434**	**365**	**440**	**717**

Appendix 1: Comments on the income statement

Gross income

In millions of euros	1Q 04 (Pro forma IFRS 2004)	2Q 04 (Pro forma IFRS 2004)	3Q 04 (Pro forma IFRS 2004)	4Q 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)
Interest income (net)	995	966	910	963	1 048
Earned insurance premiums (gross)	1 275	1 404	901	1 577	729
- Non-life	396	373	385	389	415
- Life	879	1 031	516	1 189	314
(of which unit-linked)	(477)	(255)	(138)	(215)	-
Commission income (net)	357	324	323	399	429
Result on financial instr. at fair value	224	191	123	187	133
Realised gains on investments AFS	193	60	93	157	168
Dividend income	25	121	39	46	34
Other income	106	113	128	132	215
Total gross income	**3 175**	**3 178**	**2 517**	**3 462**	**2 756**
- Banking	1 511	1 400	1 241	1 428	1 513
- Insurance	1 377	1 518	979	1 692	907
- European Private Banking	187	158	193	209	211
- Asset management	81	93	88	102	94
- Gevaert	32	17	33	43	46

- Net interest earnings (1 048 million euros) was well above the pro forma level of the previous quarters. In part this reflected the IFRS treatment of the interest flows from derivatives which, as from 2005, are included under 'result on financial instruments at fair value' (impact: +63 million euros). Leaving this aside, the increase in volume has meant that it proved possible to hold interest income from banking business more or less stable, despite the more competitive environment (especially in Belgium) and the difficult interest-rate climate (especially in Central and Eastern Europe). The interest margin came to 1.65% which, disregarding the positive effect of 'IFRS2005', is in line with both the previous quarter and with the average for 2004.
- Premium income from insurance business amounted to 729 million euros. In the case of non-life business, where the turnover is mainly generated by the agents network, premium income rose by 5% on the first quarter of 2004. The premium income from life business is not comparable with that in 2004 since the premium inflow from certain forms of life products - especially unit-linked (464 million in euros in the first quarter) - are no longer included as premium income under IFRS from 2005 onwards. The total turnover of life products (771 million euros) may be lower than the quarterly average for 2004, but this is offset by the higher sales of investment funds. It is notable that in contrast to preceding quarters, more unit-linked life products were sold than products with a guaranteed interest.
- Commission income (429 million euros) was 20% higher than in the first quarter of 2004 and as much as 8% up on the exceptionally strong fourth quarter of 2004, thanks in particular to the further strong growth in earnings from the sale of investment funds and asset management (mainly in the Belgian market). Furthermore a favourable effect (13 million in euros) was generated by the IFRS treatment of the margin on unit-linked life insurance.
- The result from financial instruments at fair value (133 million euros) is well below the pro forma quarterly average for 2004, primarily as a result of the altered valuation of financial instruments from 2005 onwards which, among other things, involved the shifting of a sum of -63 million euros from interest income. The result on professional currency dealing/securities trading was in line with the preceding quarter and lower than the strong first quarter of 2004.
- Realized capital gains on the AFS investment portfolio amounted to 168 million euros, with a significant element (89 million euros) coming from the sale of the participating interest in the Irish insurance group FBD. The total capital gains remained in line with the previous quarter and were slightly down on the pro forma amount in the first quarter of 2004.
- Dividend income amounted to 34 million euros, more or less equal to the pro forma figure in the first and fourth quarters of 2004. Dividend receipts are traditionally concentrated in the second quarter of the year.
- The item 'other income' (215 million euros) was significantly higher than in the preceding quarters due to a non-recurrent banking receipt (101 million euros before tax - net impact on the result 68 million euros) in connection with the repayment of an outstanding loan issued to the Slovakian government.

Operating expenses

In millions of euros	1Q 04 (Pro forma IFRS 2004)	2Q 04 (Pro forma IFRS 2004)	3Q 04 (Pro forma IFRS 2004)	4Q 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)
Staff expenses	-720	-671	-641	-835	-636
General administrative expenses	-400	-406	-370	-427	-380
Depreciation of fixed assets (excl. goodwill)	-95	-101	-109	-97	-94
Provisions for operating expenses	-53	+73	-27	-65	+6
Total operating expenses	**-1 269**	**-1 105**	**-1 147**	**-1 424**	**-1 104**
- Banking	-989	-816	-848	-993	-807
- Insurance	-124	-129	-123	-135	-123
- European Private Banking	-122	-135	-140	-236	-134
- Asset management	-13	-14	-14	-13	-15
- Gevaert	-21	-18	-27	-37	-20

- The cost performance has been exceptionally favourable. Leaving aside the provisions formed in 2004 (e.g. for restructuring expenses and legal disputes), operating expenses fell by 18% on the preceding quarter. Costs in that quarter were relatively high due to such factors as additional costs for profit bonuses (linked to the higher than expected annual results), higher marketing expenses and significant provisions for restructuring expenses formed at KBL European Private Bankers. Certain categories of expenditure (e.g. on ICT and marketing) also remained low in the first quarter of 2005, but these are expected to increase again in the coming quarters.
- Compared with the first quarter of 2004 (once again excluding provisions formed at that time), costs fell by 9%. The most important reason for the fall was the cost-saving measures taken in the course of 2004 and the lower level of professional securities trading (i.e. lower performance-based wage costs).
- The cost ratio of the banking and asset management business amounted to 51% (55% after exclusion of the non-recurrent income) compared with pro forma 62% in 2004. In the case of European Private Banking business the figure was 63%, compared with 69% in 2004 (excluding the provisions formed at the time for restructuring expenses).

Impairments

In millions of euros	1Q 04 (Pro forma IFRS 2004)	2Q 04 (Pro forma IFRS 2004)	3Q 04 (Pro forma IFRS 2004)	4Q 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)
On loans	-33	-74	-15	-76	+3
On investments available for sale	-119	-12	-18	-2	-16
On goodwill	0	-2	0	+1	-2
On other	0	-3	-11	-2	0

- The quarter was once again characterized by the very low level of impairments on loans, with even a net reversal of 3 million euros. The Group's loan loss ratio is consequently 0%. The coverage of problem loans by loan provisions amounts to 97%. There were limited net write-backs in Belgium, the Czech Republic and Poland and in the case of international structured finance transactions. The loan loss ratio amounts to 0% for both Belgium and Central and Eastern Europe. For the international loan portfolio the ratio is 0.07%.
- Similarly the impairment of the securities portfolio and of the goodwill paid in respect of company takeovers was relatively limited (16 and 2 million euros respectively).

Technical insurance charges and reinsurance ceded results

- The quarter once again saw a strong technical result on non-life business. Gross claims amounted to 252 million euros and reinsurance costs to a net 17 million euros. The claims ratio amounted to 65% (compared with 68% pro forma for the first quarter of 2004), primarily as a result of the low level of claims in the Belgian market. The claims reserve ratio for non-life insurance came to 177%, the same level as the year before.
- The combined ratio for the Group amounted to 92% (compared with 97% pro forma for the first quarter of 2004). For Belgium the figure is 89% (compared with 98%), for Central and Eastern Europe 98% (compared with 100%) and for the reinsurance business 90% (stable).

Taxation

- The tax burden was 256 million euros. For the full year 2004 the pro forma tax burden was 537 million euros.

Appendix 2: Overview of profit contribution by business segment

The results of the various business segments are as follows:

In millions of euros	1Q 04 (Pro forma IFRS 2004)	2Q 04 (Pro forma IFRS 2004)	3Q 04 (Pro forma IFRS 2004)	4Q 04 (Pro forma IFRS 2004)	1Q 05 (IFRS 2005)
Banking	332	367	246	318	470
Insurance	-55	58	30	89	122
Asset management	51	58	53	66	58
European Private Banking	43	23	38	-30	53
Gevaert	17	-65	12	25	32
Holding company	-12	-7	-13	-27	-18

- The profit contribution made by banking rose to a record 470 million euros (402 million euros after exclusion of a non-recurrent receipt in connection with the repayment of an outstanding loan made to the Slovakian government). This was due in particular to the strict cost control (the cost ratio, including asset management results and excluding one-off income, fell to 55%) and to the fact that no net additional loan losses were recorded in this quarter. The quality of the income is moreover good: commission earnings rose strongly (+17% on the first quarter of 2004), net interest income remained stable in a difficult climate, and the contribution of capital gains from investments and the securities trading results was relatively limited.
- The results on insurance rose to 122 million euros, well above that in the preceding quarters thanks to higher capital gains on investments (especially the participation in the Irish insurance group FBD, which had a non-recurrent impact of 68 million euros), the lack of any significant impairments of equity investments (these were particularly high in the first quarter of 2004) and an excellent technical result on non-life business (combined ratio of 92%). The low interest rate environment meant that the interest income on insurance business remained constant despite the increase in invested reserves. Given the high level of realized capital gains on the equity portfolio in the first quarter, further capital gains are expected to be lower in the next few quarters.
- The profit contribution from asset management amounted to 58 million euros, 7 million higher than in the corresponding quarter of 2004 as a result of the growing commission income from asset management. The assets under management rose by 8% to 85.2 billion euros (due mainly to the net inflow of new funds)[2]. The profit for the quarter was, however, lower than that in the fourth quarter of 2004, which included a non-recurrent high dividend payment (4 million euros).
- The European Private Banking business contributed 53 million euros to the Group result. In the previous quarter the profit contribution had been negative as a result of provisions formed for restructuring expenses. Income is at a high level (thanks in part to the marking to market of financial instruments), with commission income continuing their upward trend. The cost ratio amounts to 63% and the impairments on the loan and investment portfolios were negligible. The assets under management rose in the first quarter by 6% to 49.7 billion euros (of which 46.0 billion euros for private banking clients).
- The contribution to the result by Gevaert amounted to 32 million euros, which was up a little on the previous quarters (note that in the second quarter in 2004, a divestment loss had to be taken at Agfa Gevaert). First quarter income was, however, supported by an upward revaluation of the private equity portfolio (by 15 million euros), as required by the IFRS. The profit contribution from Agfa Gevaert (using the equity method) amounted to 8 million euros.
- The contribution by the holding company amounts to -18 million euros. This was slightly more negative than the quarterly average for 2004 as a result of the increased debt financing required for the buyout of the Kredietbank Luxemburg minority interests in early 2005.

[2] The total assets under management of the KBC Group amounted to 150.7 billion euros, of which 72.3 billion euros in the asset management business (leaving out 12.9 billion euros of Group assets managed for own account), 49.7 billion euros in the European private banking business (46.0 billion euros of which for private banking clients) and 28.7 billion euros in banking (mainly retail and private banking in Belgium and Central and Eastern Europe).

Appendix 3: Overview of profit contribution by area of activity

The Group result can be broken down as follows across the various areas of activity[3] (after deducting income from surplus capital and minority interests in the profit):

In millions of euros	1Q 04 (Pro forma)	2Q 04 (Pro forma)	3Q 04 (Pro forma)	4Q 04 (Pro forma)	1Q 05
Retail and private Bancassurance	87	146	132	303	295
Corporate customers	108	106	99	105	134
Capital markets	88	71	19	76	75
Central and Eastern Europe	66	89	75	51	191
European Private Banking	43	23	38	-30	53
Gevaert	17	-65	12	25	32

- In line with the preceding quarter, a strong quarterly result (295 million euros) was once again recorded in the 'retail and private bancassurance' segment in Belgium. In comparison with the first quarter of 2004, the profit is over three times as high thanks to the increased income (especially from investments), the ongoing cost control, the lack of loan provisions, the strong technical result on non-life insurance and the normalization of the level of value adjustments to the investment portfolio (difference 115 million euros). The 'private banking Belgium' subsegment contributed 17 million euros to the profit. The return on capital allocated amounted to 33% (pro forma 22% for 2004).
- The results in the Central and Eastern European region were as follows:
  - In the Czech Republic and Slovakia the profit contribution from banking (148 million) rose considerably, albeit supported by a one-off receipt in connection with the repayment of a Slovakian loan (net impact 68 million euros), the market valuation of derivatives (net 20 million euros) and the absence of loan losses. The return on allocated equity rose to 120%. In the case of the insurance business a profit contribution of 2 million euros was recorded (a return of 10%).
  - In Hungary the operating results on banking are continuing to develop favourably, although an increase in the provisions for problem loans has been made. The loan loss ratio (0.73%) is comparable with other institutions in the market. On balance the quarterly profit amounted to 7 million euros and the return on capital allocated to 17%. The contribution to the result by the insurance business rose to 3 million euros (return of 48%).
  - After rather a moderate fourth quarter, profit from banking business in Poland was 17 million euros higher, with a sharply improved cost/income ratio, while the loan quality has remained fully under control (with no additional loan provisions). The return on allocated equity amounted to 32%. The contribution by the Polish insurance business amounted to 5 million euros (return of 24%).
  - The banking profit contribution in Slovenia (minority participation) amounted to 8 million euros, while the results on the bancassurance business set up in autumn 2003 amounted to –0,1 million euros.
- The robust profitability of the corporates segment in 2004 has been sustained, partly as a result of the absence of loan losses and the continuing strong technical result from reinsurance. The quarterly profit (134 million euros) was even higher than in the preceding quarters, thanks in particular to the profit on a commercial real estate transaction (12 million euros). The segment return in relation to allocated equity rose to 25% (pro forma 19% for 2004).
- The profit contribution made by the activities in the capital markets (75 million euros) remained at the high level of the preceding quarter but below the record level of the first quarter of 2005, when particularly strong results were recorded on the activities in equity and credit derivatives. The return on capital allocated amounted to 41% (pro forma 34% for 2004).
- Appendix 2 (see above) provides comments on European Private Banking and Gevaert, which, - for practical reasons – will in the course of 2005 be considered as separate areas of activity.

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[3] The figures for 2004 have been recalculated in respect of a number of methodological changes introduced in 2005. The asset management activities have been integrated into the other segments and 8% instead of 7% of capital will henceforth be assigned to the banking activities in each area of activity. On the other hand, there is no longer any capital tie-up in the individual sectors on the basis of the goodwill paid.

Press release

28 April 2005

Impact of the International Financial Reporting Standards on KBC Group's financial position

Significant change in companies' financial statements in 2005

Starting in financial year 2005, KBC, just like other listed companies, will prepare and present its financial statements in compliance with the approved European IAS/IFRS. This will bring about significant changes, making it difficult to compare figures with those for previous financial years.

In order to ease the transition, KBC's reference figures for 2004 were restated *pro forma* to take account of the IAS/IFRS and published on 23 March 2005 (presentation available on the investor relations site at www.kbc.com).

The Group's (*pro forma*) net profit for 2004 came to 1 615 million euros, while (*pro forma*) equity at year-end came to 12 328 million euros (compared with 1 682 and 11 902 million euros under the previous accounting standards). However, these reference figures did not yet take account of the important IAS 32 and IAS 39 standards regarding the measurement of financial instruments, or of IFRS 4 on insurance contracts.

Impact of IAS 32/39 and IFRS 4 on equity (opening balance sheet at 1 January 2005).

In order to illustrate the impact of IAS 32 and 39 and IFRS 4, the Group's equity at 1 January 2005 is shown below after application of these standards. Equity increased by 701 million euros to 13 029 million euros, mainly because of the IFRS rule requiring most financial instruments to be measured at fair value (most unrealized gains on investments, for instance, are recognized). Compared with the figure arrived at through application of the accounting rules (Belgian GAAP) applied up to 2004, equity under IFRS is a total of 1 127 million euros higher.

Overview (unaudited, amounts in millions of euros)

Equity under Belgian GAAP (*pro forma*, at 31 December 2004)	**11 902**
Equity under IFRS, excluding IAS 32/39 and IFRS 4 (at 1 January 2005)	**12 328**
Impact of IAS 32/39 and IFRS 4 (at 1 January 2005)	
Fair value measurement of financial instruments	+1 503
Adjustment, insurance contracts (transfer of equalization reserve to equity)	+186
Allocation of issued convertible bonds to equity	+185
Impairments on equity investments (insurance)	-139
Adjustments to credit provisions	-311
Deduction of treasury shares from equity	-340
Other adjustments	-52
Deferred taxes on adjustments	-331
Equity under IFRS, after application of IAS 32/39 and IFRS 4 (at 1 January 2005)	**13 029**

The above figures are for the new KBC Group created through the merger of KBC Bank and Insurance Holding Company and Almanij (effective for accounting purposes from 1 January 2005). Naturally, these figures only relate to the financial position on 1 January 2005, and are not an estimate or indication of the future impact on results or equity.

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News

Changes in the management Board of Kredyt Bank (Poland) (01-04-2005)
At its meeting yesterday, the Supervisory Board of Kredyt Bank decided to propose to the Banking Supervisory Commission that Ronnie Richardson, currently Vice-President, be appointed President of the Management Board from 26 April 2005. Ronnie Richardson will continue to pursue Kredyt Banks strategy and will focus on the further implementation of the bancassurance concept and the development of the Bank.
Malgorzata Kroker-Jachiewicz, the current President, will remain on the Management Board as Vice-President. The Supervisory Board wishes to thank her for managing the Bank and for her achievements in 2003 and 2004. It is appreciative of her continuing to contribute as a Board member to the development of the Bank. At the same time, the Supervisory Board accepted **Fedele Di Maggio**s resignation as Vice-President of the Management Board. Fedele Di Maggio will be entrusted with new responsibilities within KBC Group. The Supervisory Board wishes to thank him for his achievements as a Board member of Kredyt Bank, especially for the overall coordination of the restructuring programme. During the first few months of the year, the Bank continued successfully to implement the various initiatives it took in 2004. The Bank will continue their implementation in future.

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Ronnie Richardson, 54, is a graduate in economics from the University of Antwerp. During his career in finance and banking, he has held various management positions in the fields of commerce, IT, corporate banking and credit. In 1991, he became CEO of Eurolease and in 1998 of Fortis Lease. In 2002, he was appointed Country Manager and in 2003 CEO of Fortis Bank Polska. Ronnie Richardson was appointed Vice-President of Kredyt Bank on 1 March 2005.

News

KBC Group quoted on Luxembourg Stock Exchange starting tomorrow (30/03/05)
The new KBC Group NV, already quoted on Euronext Brussels (ticker symbol: KBC), will also be quoted on the Luxembourg Stock Exchange from tomorrow on (ticker symbol: KBC). All 366 426 420 KBC Group NV shares have been admitted to trading on that exchange from 31 March 2005. VVPR strips, securities subject to a reduced rate of withholding tax, are not quoted in Luxembourg. The opening price of the KBC share will be the same as its opening price on Euronext Brussels.
The Luxembourg listing prospectus is available starting today (in French only) on www.kbc.com, www.kbl.lu and www.europeanprivatebankers.com.

The Luxembourg Stock Exchange has also approved the delisting of the (ordinary and preference) shares of Kredietbank S.A. Luxembourgeoise (ticker symbol: KBL). The KBL shares will no longer be quoted from 1 July 2005.

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News

2004 Group profit up by 57% (23-03-2005)

KBC closed the fourth quarter of 2004 with a profit of 557 million euros, well above the average for the preceding quarters. This brought profit for the year to 1 758 million euros, a 57% increase on 2003. The merger between KBC and Almanij, which became legally effective on 1 January 2005, did not have any impact on these results for 2004.

Financial highlights - 4Q 2004

In Belgium, a successful marketing campaign was conducted for investment products, helping to push banking income (1.6 billion euros) and premium income in the life insurance business (1.2 billion euros) up to a high level.

Loan loss provisions remained relatively low (65 million euros); the technical result from non-life insurance remained strong (claims ratio for the quarter: 60%).

The negative impact of impairments on the equity portfolio over the first nine months of 2004 was able to be offset during the fourth quarter, thanks in part to additional capital gains on investments. Gains were realized on the sale of equity positions in Belgian airport operator BIAC (53 million euros), Irish insurance group FBD (36 million euros), the Luxemburg bank KBL (33 million euros) and KBC's parent company Almanij (49 million euros).

Despite the increase in costs and the extra reserves set aside for low interest rates in the life insurance business, profit for the quarter (557 million euros) went up considerably compared with the preceding quarter (+68%). Year-on-year, profit more than doubled (+115%).

Financial highlights – FY 2004

Net profit increased by 639 million euros to 1 758 million euros (+57%).

Robust organic growth was recorded in revenues: banking income went up by 356 million euros (+6%), while premium income in the insurance business climbed 1.2 billion euros (+33%).

In the banking business, expenses fell by 59 million euros (-2%), resulting in a marked improvement in the cost/income ratio, which went from 65% in both 2002 and 2003 to 60% in 2004.

In the non-life insurance business, the technical result remained sound, with the combined ratio coming to 95% (compared to 105% in 2002 and 96% in 2003).

The operating result in the insurance business slipped, however, owing to the lower average return achieved on the investment portfolio, mainly because of the prevailing low-interest-rate climate.

Loan losses were limited, and the loan loss ratio came to 0.20% (compared with 0.55% in 2002 and 0.71% in 2003).

Return on allocated capital in the retail business (mainly in Belgium) amounted to 19%, and in the corporate and market activities to 19% and 20%, respectively. In Central and Eastern Europe, there was a fine recovery in profitability (return of 14%), following a difficult 2003. For the entire group, return on equity came to 18%.

Operating highlights – FY 2004

In the retail business in Belgium: sales of investment products, insurance and home loans were buoyant, business processes continued to be rationalized and customer-centricity was enhanced.

In Central and Eastern Europe: the exchange of know-how was stepped up, more group synergies were realized (in bancassurance and asset management, etc.), the banking activities in Poland were restructured and a majority shareholding was taken in WARTA, Poland's second biggest property and casualty insurer.

Services to corporates and financial market activities: the risk profile of the business lines was adjusted, fee business was strengthened, a joint venture was started up with Rabobank for the joint processing of securities transactions, and the position in Central and Eastern Europe was reinforced.

Balance sheet and solvency at 31 December 2004

The Group's capital and reserves amounted to 10.5 billion euros, a 15% increase on year-end 2003. In addition, there was a net unrealized gain on securities of 2.5 billion euros, 518 million euros of which came from shares. The net asset value per share went up to 39.3 euros.

Solvency is still high, with a core capital ratio for the banking business (Tier 1) of 10.1%, and a solvency margin in the insurance business of 389% (including unrealized gains and losses).

Customer deposits amounted to 148.7 billion euros, up by 6% (the percentage increase does not take interprofessional deposits into account). Life insurance reserves grew by 28% to 13.5 billion euros. Assets under management in the asset management businesses went up by 20% to 106.6 billion euros.

The loan portfolio (excluding loans and advances to credit institutions and reinsurers) came to 106.5 billion euros at the end of the year. If the volume of reverse repurchase agreements is not taken into account, this represents a 7% increase on 2003, which can be attributed chiefly to the 17% increase in the volume of home loans (+9% in Belgium, and +51% in Central and Eastern Europe).

Changes in the scope of consolidation, valuation rules and currency translation

The results of WARTA (Poland), in which KBC stepped up its shareholding from 40% to 75%, have been fully consolidated from the first quarter of 2004 (in 2003, they had been accounted for using the equity method). This has had a substantial impact on various profit and loss items in the insurance business, but the effect on the bottom line was limited. Other changes in the scope of consolidation have not had any material impact.

There were no changes in the valuation rules with a significant effect on the results.

For currency translation purposes, the value of the US dollar relative to the euro was 9% lower than in 2003. Fluctuations in the value of other currencies were not that relevant, nor were there any significant movements in exchange rates in the fourth quarter compared to the first nine months of 2004.

Report of the statutory auditor We have issued an unqualified opinion on the consolidated financial statements of KBC Bank and Insurance Holding Company NV as of and for the year ended December 31, 2004 which show a balance sheet total of EUR 249.233.555 thousand and a share of the group in the profit for the year of EUR 1.758.046 thousand and we confirm that the accounting information contained in the present press release has not given rise to any qualification on our part and is consistent with the financial statements mentioned above. Brussels, 23 March 2005. Ernst& Young Bedrijfsrevisoren BCV. Represented by Jean-Pierre Romont, Partner and Danielle Vermaelen, Partner.

2004 dividend The Board of Directors will propose to the General Meeting of Shareholders on 28 April 2005 that a gross dividend of 1.84 euros per share be paid out, a 12% increase. The new KBC shares, issued in 2005 on the merger with Almanij, are entitled to the same dividend. Dividend payment has been set for 2 May.

Outlook for 2005 The fundamental strategy of the (new) KBC Group is focused on strengthening the market position in Bancassurance and achieving further efficiency gains in Belgium, consolidating the position in the new retail home markets in the Czech Republic, Hungary, Poland, Slovakia and Slovenia, and further developing private banking activities in Europe. Although economic growth is expected to start slowing down a bit in 2005, company earnings prospects are good in most markets where KBC Group operates. KBC will also sustain its strict cost discipline and seek to harness synergy stemming from the merger with Almanij. Consequently, we expect that KBC Group NV’s consolidated profit for 2005 (under IFRS) will exceed the Group’s comparable pro forma IFRS results for 2004.

Timetable for 23 March 2005		
Publication on www.kbc.com	11 a.m. CET	
Press conference (Brussels)	1.30 p.m. CET	
Meeting for financial analysts (Brussels)	3.30 p.m. CET	Tel. 44 207 162 0181
with live conference call/webcast	3.30 p.m. CET	Web: www.kbc.com
Investor Relations:	Tel. 32 2 429 4916	e-mail: investor.relations@kbc.com
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23 March 2005

Almanij

Net profit for 2004 up by 21%

For the twelve months of 2004, the result from ordinary activities amounted to 2,548 million euros, a rise of 37% on the figure for 2003. After extraordinary charges and higher minority interests, net profit for the year climbed by 21% to 1,138 million euros.

For the fourth quarter of 2004, the result from ordinary activities amounted to 653 million euros, up 44% on the level for the fourth quarter of 2003. Net profit increased by 25% to 318 million euros.

KEY FIGURES [1]

In millions of EUR	4Q 03	4Q 04	% change	12M 03	12M 04	% change
Operating result (*)	**718**	**710**	**-1%**	**2,639**	**2,879**	**9%**
Result from ordinary activities (**)	**453**	**653**	**44%**	**1,856**	**2,548**	**37%**
Net profit – Group share	**255**	**318**	**25%**	**937**	**1,138**	**21%**
of which contribution of banking business (a)	163	239	46%	685	1,070	56%
of which contribution of insurance business (b)	41	62	50%	187	143	-24%
of which contribution of investment business and specialized financial services (c)	57	33	-43%	83	-36	
of which contribution of other (d)	-7	-15	108%	-19	-40	114%
* before value adjustments on loans and shares						
** before extraordinary results and taxes						
Key figures per share (in EUR) (e)						
Result from ordinary activities	**2.31**	**3.33**	**44%**	**9.48**	**13.1**	**37%**
Net profit	**1.30**	**1.62**	**25%**	**4.79**	**5.81**	**21%**
				31 Dec 03	**31 Dec 04**	
Own funds as at the end of the period				**40.9**	**44.9**	**10%**
Estimated net asset value as at the end of the period				**53.4**	**78.2**	**46%**

[1] Figures in this table have been rounded off to the nearest unit. There may consequently be minor discrepancies in the additions or in the percentage calculations. The figures correspond to those in annex, which are calculated to one decimal place.

Key ratios

		31 Dec 02	31 Dec 03	31 Dec 04
Cost/income ratio, banking		66%	66%	63%
Combined ratio, Non-Life insurance (including reinsurance)		105%	96%	95%
Solvency ratio, banking (Tier-1)	KBC Bank	8.8%	9.5%	10.1%
	KBL	8.5%	10.0%	9.2%
Solvency ratio, insurance (including the balance of unrealized gains)		320%	316%	389%
Return on equity (f), (g)		9.9%	12.2%	13.6%

Overall performance for the shareholder

	31 Dec 03 31 Dec 04	31 Dec 04 2 Mar 05
On the basis of stock market price *	92.6%	18.1%
On the basis of estimated net asset value	46.0%	13.7%
In comparison with the Eurostoxx Financials Index	35.0%	10.7%
* stock market trend and reinvested dividend		

(a) KBC Bank and Kredietbank SA Luxembourgeoise (KBL).
(b) KBC Insurance.
(c) Gevaert and Almafin.
(d) The holding-company activities of Almanij, the KBC Bank and Insurance Holding Company and Kredietcorp.
(e) The number of shares outstanding totalled 195,823,772, which represented an equal number of voting rights. Currently, no financial instruments have been issued that could lead to the issue of new shares.
(f) Calculated on average equity outstanding: (situation as at the end of 2003 + situation as at the end of 2004)/2.
(g) Goodwill paid on acquisitions in 1999, 2000 and 2001 was deducted forthwith in full from equity by the banking and insurance business.

On 2 March 2005, Almanij was absorbed by KBC Group by means of merger by takeover. The present communiqué provides commentary on developments at the Almanij Group during the 2004 financial year. KBC Group is one of the most important bancassurers in Belgium and Central Europe, and a major manager of retail and private banking assets in Europe. The Group currently has a market capitalization of 24 billion euros, employs a staff of approximately 51,000 and serves some 11 million customers.

The present communiqué can be found on www.kbc.com and www.almanij.be in Dutch, English and French. The web site also contains *pro forma* figures for 2004 for the new KBC Group, as well as information about the impact on results of the application of the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS). With effect from 13 April 2005, the 2004 financial report for Almanij will likewise be available on www.kbc.com and www.almanij.be.

FINANCIAL HIGHLIGHTS

Fourth quarter of 2004 versus fourth quarter of 2003

- Income grew overall by 4%, chiefly in consequence of the successful sale of investment products (in respect of both banking income and life assurance premiums, for which last a record amount of 1.3 billion euros was recorded) and of a good result from currency dealing and securities trading (up 45%); this was despite the 4% decline in interest income and the 25% fall in income from the investment business (mainly the share in the Agfa-Gevaert result).
- With a loss ratio of 60%, Non-Life business posted a strong technical result.
- Total administrative expenses rose by 7.5%, 2.8% in banking and 42.7% in insurance, in which last the increase was due to the sharp increase in premium income. These developments led to the operating result edging down slightly by 1%.
- Thanks principally to the net write-back of provisions for credit risks of 10 million euros (compared to an allocation of 228 million euros to those provisions during the corresponding period of 2003) and the realization of capital gains on shares in insurance (allowing a proportion of the value adjustments in the first nine months to be offset), and in spite of the setting-aside of a provision for miscellaneous risks and charges, the result from ordinary activities climbed by 44%.
- At KBL, extraordinary provisions for restructuring costs were set aside. Appreciably lower taxes and an increase in minority interests ultimately resulted in net profit rising by 25% to 318 million euros.
- Net earnings per share amounted to 1.62 euros, compared to 1.30 euros for the corresponding quarter of 2003.

Twelve months of 2004 versus twelve months of 2003

- Total operating income was up by 5%. Of note were the remarkable increase in premium income (by 1,159 million euros or 33% on an organic basis), the 12% growth in commission income (9% on an organic basis), higher income from currency dealing and securities trading (up 33%), a slight decline in interest income (down 2%), a fall in the result from equity-method consolidation (down 27% and particularly in respect of the share in Agfa-Gevaert profit) and pressure on investment income in insurance.
- In the banking business, costs fell by 0.5% (2% on an organic basis). Given the favourable trend of income, the cost/income ratio narrowed by three percentage points to 63%. The insurance business posted a strong technical result. In Non-Life business, the combined ratio reached the low level of 95% (compared to 96% for 2003).
- These developments led to the operating result climbing by 9%.
- At 111 million euros, the amount set aside by way of provisions for credit risks was low (688 million euros for 2003). The loan loss ratio amounted to 0.20% at KBC Bank (0.55% for 2003) and 0.15% at KBL. In the banking business, shares were subject to a modestly positive valuation effect, as against a moderately negative effect in 2003. In the insurance business, 164 million euros' worth of negative value adjustments was entered on shares (96 million euros' worth during the reference period), though this was largely offset by additional capital gains on shares (37 million euros) and by a withdrawal from the provision for financial risks (93 million euros). Following the value adjustments for loans and securities, a sharp 37% increase was posted in the result from ordinary activities.
- Extraordinary results followed a negative trend (a negative balance of 130 million euros, as against a positive balance of 57 million euros for 2003; in 2004, KBL allocated a substantial amount to the provision for restructuring costs). This, together with proportionally higher minority interests (up 57%), ultimately resulted in a 21% increase in net profit to 1,138 million euros. To profit, the banking business contributed 94% (73% in 2003), the insurance business 13% (20% in 2003), the investment business and other specialized financial services -3% (9% in 2003), and other activities - 4% (-2% in 2003). Net earnings per share amounted to 5.81 euros, compared to 4.79 euros for 2003.
- Equity per share climbed further to 44.9 euros.

- As at 31 December 2004, the value per share[2] was estimated at 78.2 euros. As at 2 March 2005, the date of the merger, the estimated value was 88.9 euros.
- The return on equity (ROE)[3] was 13.6%, compared to 12.2% for 2003 as a whole.

Changes to the scope of consolidation, to the valuation rules and to the currency conversion

- The impact of the changes within the scope of consolidation on the net profit of Almanij was limited[4]. The results of WARTA (Poland), in which company KBC recently increased its participation from 40% to 75%, are fully consolidated with effect from 2004; in 2003, they were still being consolidated according to the equity method. The major changes within the scope of consolidation at KBL concerned the inclusion with effect from 1 November 2003 of Theodoor Gilissen and, with effect from 1 July 2004, of Puilaetco (Private Bankers), as well as the 10% increase in April 2004 in the participation in Banco Urquijo. Worthy of note, too, are the raising of the participation in EFA to 52.7% and of the participation in Fumagalli Soldan to 94.5%.

- There were a limited number of changes to the valuation rules, which, on balance, had no noteworthy impact on the result.

- The major foreign currencies having an effect on the result are the US dollar and the currencies of the Central European countries in which our Group is present. During 2004, the average annual rate of the US dollar against the euro declined by 9%. Fluctuations in other currencies had no significant impact.

SOLVENCY AND THE BALANCE SHEET

- As at the end of 2004, consolidated own funds amounted to 8,787 million euros, up 778 million euros on the level as at the end of 2003. The increase is the resultant of the profit for the 2004 (1,138 million euros), dividends and director's entitlements paid (-307 million euros), a reduced level of badwill (-19 million euros), a rise in (negative) translation differences (-30 million euros) and other items (-4 million euros).
  Unrealized gains on the investment portfolio of Group companies totalled 3.2 billion euros at the end of 2004, 1.1 billion euros of which in respect of shares.

- In the banking business, the core capital ratio (Tier-1) amounted to 10.1% and 9.2% respectively for KBC Bank and KBL; the total solvency ratio (CAD ratio) was 12.9% and 14.1% respectively. In the insurance business, the solvency ratio (including the balance of unrealized gains) was 389%, almost four times the legal requirement.

- The overall loan portfolio expanded by 17% to 111 billion euros. If the reverse repos are left out of account, the loan portfolio grew by 7% at KBC, due principally to the 17% increase in home loans (up 9% in Belgium and 51% in Central Europe), whereas it shrank by 0.6 billion euros at KBL

- Customers' deposits went up by 9.5% to 164 billion euros. At KBC, they rose by 6% (professional counter-parties excluded) and at KBL fell by 5%, chiefly because of the decline in debt securities issued.

- Technical provisions in the insurance business climbed by 28% to 17.2 billion euros, principally as a result of strong volume growth in Life business.

[2] Calculated on the basis of the stock market price in the case of listed shares and on the basis of an estimate in the case of unlisted shares.
[3] Calculated as the ratio between net profit and average own funds. Goodwill in respect of acquisitions in the banking and insurance business during 1999, 2000 and 2001 was deducted forthwith from own funds. The ROE calculated on the basis of capitalization of that goodwill and amortization of it over twenty years would have amounted to 11.2% (8.1% for 2003 as a whole).
[4] However, there was an impact on various components of the profit and loss account, chiefly as a result of the full consolidation of WARTA.

MAJOR BUSINESS DEVELOPMENTS DURING 2004

- In Central Europe, the majority participation in WARTA, the number two Non-Life insurer in Poland, was increased to 75%. As a result of the acquisition of Puilaetco in Belgium, an eleventh country was added to the European network for private banking. The capital base of Fumagalli Soldan was reinforced in the amount of 22 million euros and in December that company obtained a banking licence. At the beginning of 2005, KBL acquired 100% of the shares of Aurel Level Gestion (an asset manager in Paris).
- At the beginning of November, Agfa-Gevaert completed the disposal of its Consumer Imaging Division and can now concentrate fully on its Graphic Systems and Health Care Divisions. In line with this was also the sale of Agfa Monotype, a provider of fonts, and the acquisition of the French company Symphony on Line and the German GWI; this last acquisition, in particular, represents an important step in the further expansion of Agfa-Gevaert as a leading player in hospital IT.
- Additionally, commercial successes were scored (investment products, insurance and home loans) and current programmes were pushed ahead with (business process rationalization and greater customer orientation in Belgium, know-how exchange and the achievement of group synergy in Central Europe, restructuring of banking activities in Poland and the launching with Rabobank of a joint venture for securities processing).
- On 23 December 2004, the Boards of Directors of Almanij and the KBC Bank and Insurance Holding Company submitted a proposal whereby Almanij would be taken over by KBC. On 2 March 2005, the Extraordinary General Meetings of the two companies approved the merger. Prior to the merger, Almanij made a public offer for all KBL shares not yet held by the Group; that offer was closed successfully on 14 February 2005 and KBC Group currently holds 96.7% of the capital of KBL.

REPORT OF THE AUDITORS

"We have issued an unqualified opinion on the consolidated financial statements of Almanij N.V. for the financial year closed as at 31 December 2004, which show a balance sheet total of 282,014,884(000) euros and a share of the group in the profit for the financial year of 1,137,698(000) euros, and confirm that the accounting information contained in the present press communiqué has not given rise to any qualification on our part and is consistent with the financial statements mentioned above."

Antwerp, 17 March 2005.

The College of Auditors
ERNST & YOUNG Bedrijfsrevisoren BCV
represented by J.-P. Romont, Partner, and
D. Vermaelen, Partner

KPMG Bedrijfsrevisoren BCV
represented by P. P. Berger, Partner

DIVIDEND 2004

The Board of Directors of KBC Group will propose to the General Meeting of 28 April 2005 that a gross dividend of 1.84 euros per share be paid out. The new KBC Group shares issued on the occasion of the merger with Almanij are entitled to the same dividend amount. The dividend will be payable with effect from 2 May 2005.

PROFIT OUTLOOK FOR VOOR 2005

Given the absorption of Almanij by KBC Group on 2 March 2005, with accounting affect from 1 January 2005, see the profit outlook published by KBC Group.

SUMMARY OF RESULTS

ALMANIJ Group
Summary of resultats (in millions of EUR)

	4Q 2003	4Q 2004	12M 2003	12M 2004
GROSS OPERATING INCOME	**1,950.2**	**2,035.1**	**7,476.0**	**7,880.4**
Banking	**1,661.1**	**1,746.2**	**6,445.7**	**6,734.6**
Net interest income	864.1	828.1	3,429.4	3,350.5
Income from financial transactions	166.6	246.6	771.1	965.2
Net commission income	392.7	495.2	1,568.1	1,750.1
Other operating income	237.7	176.3	677.1	668.8
Insurance	**207.1**	**233.1**	**847.2**	**1,005.8**
Net earned premiums	711.8	1,550.2	3,486.0	5,037.3
Net technical charges	-744.1	-1,618.3	-3,457.7	-4,906.0
Investment income and charges	241.0	298.8	802.2	854.2
Result from participating interests (equity -method consolidation)	-1.6	2.4	16.7	20.3
Investment activities and specialized financial services	**88.5**	**66.5**	**196.8**	**172.6**
Holding-company activities	**-6.5**	**-10.7**	**-13.7**	**-32.6**
GENERAL ADMINISTRATIVE EXPENSES	**-1,232.7**	**-1,324.7**	**-4,837.5**	**-5,001.9**
Banking	**-1,083.6**	**-1,114.0**	**-4,237.4**	**-4,216.5**
Staff charges	-607.0	-637.8	-2,342.9	-2,382.6
Operating charges and write-downs on tangible fixed assets	-476.6	-476.2	-1,894.5	-1,833.9
Insurance	**-118.9**	**-169.7**	**-499.0**	**-662.9**
Acquisition costs	-93.4	-138.2	-397.5	-510.3
Operating charges	-25.5	-31.5	-101.5	-152.6
Investment activities and specialized financial services	**-27.3**	**-32.2**	**-91.6**	**-109.2**
Holding-company activities	**-2.9**	**-8.8**	**-9.5**	**-13.3**
OPERATING RESULT BEFORE VALUE ADJUSTMENTS AND AMORTIZATION OF GOODWILL ON CONSOLIDATION	**717.5**	**710.4**	**2,638.5**	**2,878.5**
Value adjustments - banking	**-232.4**	**-83.4**	**-678.7**	**-214.7**
Value adjustments - investment activities and specialized financial services	**4.9**	**0.2**	**13.2**	**7.6**
Amortization of goodwill on consolidation	**-19.2**	**-19.8**	**-82.2**	**-89.2**
Non-recurring results – insurance	**-17.6**	**45.4**	**-35.0**	**-33.8**
RESULT FROM ORDINARY ACTIVITIES	**453.2**	**652.8**	**1,855.8**	**2,548.4**
Extraordinary results	**16.2**	**-111.6**	**57.0**	**-130.1**
RESULT BEFORE TAX	**469.4**	**541.2**	**1,912.8**	**2,418.3**
Income taxes	**-139.7**	**-38.2**	**-504.9**	**-541.4**
Minority interests	**-75.1**	**-185.2**	**-470.7**	**-739.2**
NET GROUP PROFIT	**254.6**	**317.8**	**937.2**	**1,137.7**
Contribution - banking	163.4	238.9	685.2	1,070.3
Contribution - insurance	41.2	61.8	187.3	143.0
Contribution - investment activities and specialized financial services	57.4	32.5	83.3	-35.8
Contribution - holding-company activities	-7.4	-15.4	-18.6	-39.8
Earnings per share (in EUR)	**1.30**	**1.62**	**4.79**	**5.81**
ROE (annualized) (1)			**12.2%**	**13.6%**

(1) Calculated as the ratio between net profit and average own funds. Certain goodwill in respect of acquisitions in the banking and insurance business during the 1999-2001 period was deducted forthwith from own funds.
The ROE calculated on the basis of capitalization of that goodwill and amortization of it over twenty years would have amounted to 11.2% (8.1% for 2003).

ADDITIONAL INFORMATION

Given that KBC Group will likewise be publishing a communiqué on 23 March 2005 on the results for the 2004 financial year, which will include detailed comments on KBC Bank, KBC Insurance and KBC Asset Management, attention will be focused in what follows chiefly on the development of the Group's other activities, i.e. those engaged in by KBL (Private Banking) and Gevaert (Private Equity).

DEVELOPMENTS OF RESULTS - BANKING

Contribution of the two banks

In millions of EUR	4Q 03	4Q 04	% change	12M 03	12M 04	% change
KBC	139	267	93%	586	1,008	72%
KBL	25	-28	-214%	99	63	-37%
Total contribution, banking	**163**	**239**	**46%**	**685**	**1,070**	**56%**

Developments at KBC Bank

- The development of KBC Bank's contribution to profit (up 93% on a quarterly basis and up 72% for 2004 as a whole) was not entirely in line with the growth of profit reported by KBC (up 100% on a quarterly basis and up 76% for 2004 as a whole). The difference is explained by the elimination of capital gains realized by KBC on the sale of Almanij shares to another company of the Almanij Group for 11 million euros.

- For the fourth quarter of 2004, operating income totalled 10% more than the figure for the fourth quarter of 2003 (mainly commission income, income from professional securities trading and capital gains on shares). Expenses rose by 2% on the figure for the corresponding quarter of 2003.

- For 2004 as a whole, KBC Bank posted a 6% increase in income, with all components showing a rise, and a 2% decline in expenses (down 4% in Belgium and down 1% in Central Europe). The cost/income ratio narrowed from 65% to 60%.

For more detailed comments, see the KBC Group communiqué.

Developments at KBL[5]

The contribution of KBL to the Almanij result fell by 37% on its level for 2003. KBL itself reported profit of 205.7 million euros, up 6.5%. The difference in the development of profit is explained principally by the following adjustments in consolidation[6]:

- In 2003, KBL was paid a dividend of 62 million euros by KB Re. As that company is consolidated by Almanij – it is not included within the KBL scope of consolidation, as it does not conduct banking activities – that dividend is required to be eliminated in Almanij's consolidated annual accounts. After the write-back of a tax deferral, the impact on the Group account of Almanij in 2003 was 46 million euros.
- In 2004, within the context of the introduction of the IFRS, KBL transferred the fund for general banking risks and another reserve fund to the result, the total amount being 130 million euros. This permitted KBL to set aside provisions totalling 127 million euros for future restructuring costs (for the 2005–2008 period). In Almanij's accounts, those reserve funds had already been transferred to

[5] KBL's results also include the results of Renelux (reinsurance).
[6] The amounts mentioned below are before application of Almanij's percentage interest in KBL.

the reserves in 2001 and, in consequence, the transfer by KBL in favour of the result required to be annulled. However, the allocation to the provision for restructuring costs has been retained.

- In anticipation of the introduction of IAS 39 with effect from 1 January 2005, a standard credit provision of 41 million euros net has been written back in the accounts of Almanij. On the other hand, an additional IBNR provision of 8 million euros was set aside in the accounts of the reinsurer Renelux.
- As a result of recent acquisitions, an additional 8 million euros by way of amortization of goodwill was charged to the result in 2004. Given that KBL deducts goodwill from own funds, it does not itself charge amortization of goodwill to the result.

Summary [7]

In millions of EUR	12M 03	12M 04	% change
Gross income	786	717	-9%
Administrative expenses	-539	-565	5%
Operating result	**247**	**152**	**-39%**
Value adjustments for credit risks	-11	88	-898%
Value adjustments on securities	-43	28	-166%
Other			
Amortization of goodwill on consolidation	-15	-23	54%
Result from ordinary activities	**178**	**245**	**38%**
Extraordinary results	12	-103	-991%
Taxes	-52	-52	-1%
Minority interests	-40	-20	-50%
KBL contribution to Almanij Group profit	**97**	**69**	**-29%**
Renelux contribution	**2**	**-6**	
Total contribution	**99**	**63**	**-37%**

Operating income

Total operating income declined by 9%. On an organic basis, i.e. without account being taken of the inclusion of Theodoor Gilissen and Puilaetco within the scope of consolidation, it went down by 13%.

In millions of EUR	12M 03	12M 04	% change
Net interest income	307	210	-32%
Net commission income	317	371	17%
Currency dealing and securities trading	28	38	34%
Gains realized on investments	13	25	95%
Dividends	31	12	-63%
Results from participating interests (equity-method consolidation)		2	
Other operating income	90	60	-34%
Total gross operating income	**786**	**717**	**-9%**

[7] Account is required to be taken in the profit and loss account of the following major changes within KBL's scope of consolidation: the inclusion of Theodoor Gilissen with effect from November 2003, the inclusion of Puilaetco with effect from 1 July 2004 and the acquisition of an additional participation of 10% in Banco Urquijo in April 2004.

- Interest income fell by 32%, although a reversal of the trend began to get under way at the end of the year. The reasons for the negative development were the deliberate scaling-down of the loan portfolio, the recent acquisitions, the maturing of high-interest portfolios and the high rate of financing in Hungarian forints.
- Commission income climbed by 17% (6% on an organic basis).
- A more favourable financial climate led to a 34% rise in the results from currency dealing and securities trading and a 95% increase in capital gains on the investment portfolio.
- Other operating income went down by 34%. In 2003, in the run-up to the switch to the IFRS, the AGDL provision of 32 million euros was written back (AGDL = Association pour la Garantie des Dépôts, Luxembourg).

Operating charges

- In 2004, again, the work of controlling costs continued unabated. On an organic basis, charges fell by 2.5%. However, the negative trend of income meant that the cost/income ratio expanded by 10 percentage points. In the years ahead, too, measures will be taken to reduce staffing levels, chiefly by way of early retirement. The full costs of this were charged to 2004 (via extraordinary charges).

Value adjustments

- Value adjustments on loans developed favourably. It is KBL's deliberate policy to scale down lending and thereby reduce risks. In 2004, the loan loss ratio amounted to 0.15%; for the past five years, it has averaged 0.17%. Given the policy of risk reduction, and in the run-up to the switch to the IFRS, an important amount by way of standard, general provisions was written back in 2004.
- An upturn on the financial markets allowed a substantial amount in value adjustments to be written back.

Extraordinary results

- In 2004, 24 million euros were realized in capital gains on financial fixed assets (the most notable being on the sale of Banco Espirito Santo shares). In 2003, like gains amounted to 38 million euros (mainly on the sale of the shares of Al-Ahlia and Deutsche Asset Management).
- As indicated, KBL set aside provisions of 127 million euros in 2004 for restructuring costs. The principal item concerned a provision of 117 million euros set aside by KBL for future early retirement measures. In KBL's accounts, this provision is offset by the full write-back of the fund for general banking risks. In Almanij's group accounts, that fund had already been written back in 2001, in line with the treatment at KBC, although the write-back had not been via the profit and loss account, but via the reserves.

DEVELOPMENT OF RESULTS - INSURANCE

- The contribution of the insurance business to Almanij group profit for 2004 amounted to 143 million euros, compared to 187 million euros for 2003, down 24 %.
  KBC itself reported a 3% growth in profit. The difference is explained by the elimination of the capital gains realized by KBC Insurance on the sale of Almanij and KBL shares to companies of the Almanij Group for 70.4 million euros.

- The loss ratio for the fourth quarter of 2004 was 60%, representing a further strong technical result in the Non-Life business. In Life business, the quarter saw a record amount of 1.2 billion euros being posted by way of premium income.

- For 2004 as a whole, the premium volume for Life business totalled 3.6 billion euros; on an organic basis, this was 45% higher than the figure for 2003 (up by 47% in Belgium and by 28% in Central Europe).

In Non-Life business, earned premiums rose to 1.4 billion euros, 5% more, on an organic basis, than the figure for 2003 (direct Non-Life business up by 7% in Belgium and by 11% in Central Europe). For 2004, the loss ratio for Non-Life business amounted to 62% (compared to 65% for 2003); the combined ratio amounted to 95% (compared to 96% for 2003).

- After elimination of the above-mentioned gain of 70.4 million euros, the non-recurring results totalled -33 million euros (as against 37 million euros reported by KBC Insurance).

For more detailed comments, see the KBC Group communiqué.

DEVELOPMENT OF RESULTS – THE INVESTMENT COMPANY GEVAERT AND OTHER SPECIALIZED FINANCIAL SERVICES

In millions of EUR	**12M 03**	**12M 04**
Gevaert	88	-37
Almafin	-5	1
Total	**83**	**-36**

For 2004, the investment company and specialized financial services contributed -36 million euros to the Almanij result, compared to 83 million euros for 2003.

Summary of results

In millions of EUR	**12M 03**	**12M 04**	**% change**
Realized capital gains	-9	19	
Results from participating interests (equity-method consolidation)	107	46	-57%
Other income	99	108	9%
Administrative expenses	-92	-109	19%
Operating result	**105**	**63**	**-40%**
Value adjustments	13	8	-42%
Amortization of goodwill on consolidation	-28	-28	0%
Share in the disinvestment loss on participating interests (equity-method consolidation)		-81	
Other extraordinary results	0	6	
Taxes	-9	-4	-56%
Minority interests	2		
Contribution to Almanij Group profit	**83**	**-36**	

- The result from capital transactions (consisting of realized gains and losses, and net value adjustments) amounted to 27 million euros, as against 4 million euros for 2003. A number of handsome capital gains were realized in 2004, including those on the sale of 1.8% of the participation in Groupe Bourbon and on the sale of Bayer, Agfa-Gevaert, Umicore, CMS and various other shares from the investment portfolio.
- The current results for companies consolidated according to the equity method declined by 57%, a decline situated at Agfa-Gevaert. Gevaert's share in the current result of Agfa-Gevaert moved from 90 million euros for 2003 to 42 million euros for 2004. In 2004, the trading climate for the two remaining core activities – Graphic Systems and Health Care – improved, resulting towards the end of the year in a strong level of sales and performance. Total sales and the gross margin declined in consequence of changes in the business portfolio and of external factors, such as price erosion, exchange rate fluctuations and an increase in raw material prices. The overall

contribution of Agfa-Gevaert to Gevaert's result – after amortization of goodwill (27 million euros) and after the share in the extraordinary loss on the sale of the Consumer Imaging Division (81 million euros)[8] – amounted to -66 million euros. For 2003, Agfa-Gevaert's contribution totalled 63 million euros.

- In the results of Almafin, the hotel sector is included showing a loss of 7.7 million euros, as against a loss of 15.4 million euros for 2003, an improvement due both to the sale of Renthotel Nice, which produced a capital gain of 5.7 million euros, and to an improvement of the cash flow, which progressed from –5.2 million euros for 2003 to 4 million euros for 2004. The Real Estate Division posted a very good result of 7.6 million euros, consisting principally of realized capital gains. In the leisure sector, investment – and thus demand for financing – remained somewhat limited. The vendor lease programme for LED walls and projectors continued to make a steady contribution. Leasing, pursued via a joint venture with Touax concerning the leasing of intermodal railway wagons, recorded a growth in activity and in the result.

Gevaert portfolio

Participation	**Number of shares**	**Value as at 31.12.04** *(in millions of EUR)*	**% share**
Agfa-Gevaert	34,226,120	854	57
KBL-ordinary	1,114,810	167	11
Almanij	1,626,126	123	8
Almafin	171,221	55	4
Bourbon	865,576	31	2
VUM Media (*)	4,947	19.6	1
Aegon	1,930,615	19	1
KBC	329,137	19	1
Delhaize	309,741	17	1
ING	714,500	16	1
CSM	394,402	9	1
Other equities		89	6
Cash		117	8
Other net assets		-35	-2
Total		**1,501**	**100**
* Unlisted			

- In 2004, Gevaert invested 166 million euros (leaving out of account the acquisition of Almafin and of inter-Group shares), of which 19 million euros in financial fixed assets, 15 million euros in cash investments and 132 million euros in trading.

- In respect of the further expansion of the private equity activity, Gevaert exhibited an interest in small and medium-sized enterprises, both unlisted and listed (small & mid caps). The company completed the leveraged buyout of BOMA, a specialist in cleaning equipment and products, and subscribed to the public capital increase of Pinguin. Additionally, it exercised previously acquired options on Telenet shares, whereby the existing participation could be substantially expanded at interesting conditions. Within the context of a successful realization of the participation in the Leuven company Data4S, Gevaert also acquired shares in Norkom, a specialist in financial software for fraud detection. Lastly, it invested in Mapper Lithography, a spin-off of T.U. Delft, and in Alphaform, a European player in rapid prototyping.

- During 2004, the Gevaert Group sold various shares from financial fixed assets and cash investments for a carrying value of 57 million euros. In the case of financial fixed assets, the

[8] This disinvestment loss is presented as an extraordinary charge, as it concerns a discontinuation of activities. The sales of Monotype Corporation in 2004 (profit of 118 million euros – Gevaert share after tax: 21 million euros) and the Non Destructive Testing Division in 2003 (for 231 million euros – Gevaert share after tax: 44 million euros) were not treated as a discontinuance of activities and were presented under current results.

shares concerned were Groupe Bourbon (1.8% of those outstanding), Bayer, Agfa-Gevaert, Umicore and CMS shares; as regards cash investments, they were Belgacom, DSM and Delhaize shares.

- As at the end of 2004, the estimated net asset value amounted to 1,501 million euros or 58 euros per Gevaert share, compared to 52 euros as at the end of 2003. The participation in Agfa-Gevaert represented 57% of the total value. Together, the five most important participations (Agfa-Gevaert, KBL, Almanij, Almafin and Bourbon) represented 82% of the total value.

Investment portfolio of Almafin

In millions of EUR	2003	2004	% change
Real estate	227.4	147.2	-35.3
Hotels	166.6	152.2	-8.6
Leisure	218.9	204.4	-6.7
Leasing and other	40.0	35.2	-12.0
Total assets	**652.8**	**539.0**	**-17.4**

The reduction in the real estate portfolio is due to sales.

FINANCIAL DEVELOPMENTS – HOLDING-COMPANY ACTIVITIES OF ALMANIJ

Summary

In millions of EUR	12M 03	12M 04	% change
Almanij	-8	-19	110%
KBC Bank and Insurance Holding Company	-10	-21	122%
Total	**-18**	**-40**	**117%**

The two holding companies recorded a negative trend. This can be explained by the increase in interest charges, coupled with a decline in interest income, and by costs in respect of the merger.

SITUATION OF THE PORTFOLIO AS AT 31 DECEMBER 2004 AND ESTIMATED NET ASSET VALUE

The table below lists the portfolio of Almanij NV. The 100% participation in Kredietcorp is broken down according to its components, i.e. KBL shares and other net assets.

	Number of shares held		Percentage of the total		Estimated value (in millions of EUR)	Estimated value per Almanij share (in EUR)
KBC ordinary shares	208,788,072		67.17%		11,797	60.2
KBL ordinary shares	14,405,859	(1)	78.49%	(2)	2,154	11.0
KBL preferential shares	479,080		24.25%	(2)	64	0.3
Gevaert	25,779,600		100%		1,502	7.7
Irish Life	5,947,794		2.21%		82	0.4
Ardatis	61,713		19.06%		2	0.0
Other net assets (3)					-292	-1.5
Total					**15,309**	**78.2**
Stock market price						**75.4**
Discount						**3.55%**

(1) Of these, Almanij held 13,067,882 directly and 1,337,977 indirectly via Kredietcorp.
(2) The share of Almanij and Kredietcorp in the total capital of KBL amounted to 73.2%. The share of the overall Group in KBL, i.e. including the participations held by Gevaert, amounted to 78.7%. The corresponding total voting rights in KBL amounted to 84.6%.
(3) Other net assets included amounts receivable from Group companies (50), other current assets (151) and the outstanding liabilities (-493) of Almanij and Kredietcorp.

As at 31 December 2004, Almanij's estimated net asset value totalled 15.3 billion euros or 78.2 euros per share, compared to 53.4 euros as at 31 December 2003.
In the calculation of the estimated value, listed participations are included in the calculation at stock market price; unlisted participations, i.e. Gevaert and Ardatis, are included at estimated value.
As at 2 March 2005, at the moment of the merger, the intrinsic value per share was 88.9 euros.

DEVELOPMENT OF ACTIVITIES - ALMANIJ NV

Key figures

In millions of EUR	2003	2004	% change
Results			
Current operating result	402	464	15.5
Result from capital transactions	-	-17	
Net profit	402	447	11.1
Balance sheet			
Balance sheet total	4,327	4,436	2.5
Own funds	3,512	3,651	4.0
Financial fixed assets	4,278	4,314	0.8
Financial liabilities	815	785	-3.8

- The increase in the current operating result stems wholly from higher dividend income, which went up overall by 16.4%. The result from capital transactions concerned chiefly the losses realized on the sale of the participation in Almafin to Gevaert. That loss is eliminated in the consolidated accounts.

- As at the end of December 2004, total assets amounted to 4,436 million euros, an increase of 2.5% or 109 million euros on the figure as at the end of 2003. On the assets side, the components of the increase were a rise of 36 million euros in financial fixed assets and a rise of 71 million euros in cash investments. On the liabilities side, the increase is the resultant of growth of 139 million euros in own funds and of a decline of 31 million euros in liabilities.

- Financial fixed assets represent 97% of total assets. During 2004, additional investments in the amount of 109 million euros were made. They concern:
  - the purchase of 1,463,500 KBC Bank and Insurance Holding Company shares (67 million euros);
  - the purchase of 259,833 KBL ordinary shares (39 million euros) and 21,980 KBL preferential shares (3 million euros).

  As mentioned, the participation in Almafin (carrying value of 72 million euros) was sold to Gevaert.

- As at the end of 2004, cash investments totalled 113 million euros. Concerned were time deposits maintained for the (partial) financing of the offer for KBL at the beginning of 2005.

- Own funds came to 3,651 million euros, an increase of 139 million euros on the figure as at the end of 2003. This rise represents the profit for the period under review (447 million euros), after deduction of dividends and directors entitlements (308 million euros). For 2004, KBC Group will pay out a joint dividend charged proportionally to the profit of Almanij and the KBC Bank and Insurance Holding Company.

- Liabilities totalled 785 million euros, 31 million euros less than the figure as at the end of 2003. Of that total, financial liabilities accounted for 450 million euros, represented by two long-term debts, the first for 200 million euros (maturing in 2011) and the second for 250 million euros (maturing in 2009).

ALMANIJ GROUP CONSOLIDATED BALANCE SHEET AS AT 30 DECEMBER 2004 (in millions of EUR)	31.12.2003	31.12.2004	% change
ASSETS			
BANKING	**243,288.1**	**262,116.4**	**7.7**
Loans and advances to credit institutions	37,796.2	38,116.5	0.8
Loans	95,346.4	111,077.3	16.5
Securities	78,059.4	81,587.2	4.5
Financial fixed assets	6,445.2	5,731.9	-11.1
Tangible and intangible fixed assets	3,188.7	3,365.8	5.6
Other assets	22,452.2	22,237.7	-1.0
INSURANCE	**16,212.3**	**20,241.7**	**24.9**
Intangible fixed assets	205.9	188.8	-8.3
Investments	11,090.9	14,251.4	28.5
Investments for the benefit of life assurance policy-holders who bear the investment risk	3,238.9	3,931.1	21.4
Technical provisions, reinsurers' share	179.5	258.3	43.9
Debtors	618.3	696.7	12.7
Other assets	878.8	915.4	4.2
INVESTMENT ACTIVITIES, SPECIALIZED FINANCIAL SERVICES AND HOLDING-COMPANY ACTIVITIES	**2,750.5**	**2,550.1**	**-7.3**
Financial fixed assets	917.2	816.3	-11.0
Other assets	1,833.3	1,733.8	-5.4
ELIMINATIONS (*)	**-2,621.6**	**-2,893.3**	**10.4**
TOTAL ASSETS	**259,629.3**	**282,014.9**	**8.6**
LIABILITIES			
TOTAL RISK EQUITY	**20,537.0**	**20,802.4**	**1.3**
Capital and reserves (incl. profit for the financial year)	8,008.8	8,787.1	9.7
Third-party interests (incl. preferential shares)	5,270.5	5,248.6	-0.4
Subordinated liabilities	7,257.7	6,766.7	-6.8
BANKING	**224,374.5**	**242,886.9**	**8.3**
Amounts owed to credit institutions	50,561.1	55,131.1	9.0
Customers' deposits and debts represented by securities	149,780.7	164,019.6	9.5
Other liabilities	24,032.7	23,736.2	-1.2
INSURANCE	**14,372.0**	**18,235.4**	**26.9**
Technical provisions	10,196.9	13,259.1	30.0
Technical provisions for life assurance policies where the investment risk is borne by the policy-holders	3,238.9	3,931.3	21.4
Deposits received from reinsurers	93.3	81.6	-12.5
Other liabilities	842.9	963.4	14.3
INVESTMENT ACTIVITIES, SPECIALIZED FINANCIAL SERVICES AND HOLDING-COMPANY ACTIVITIES	**2,708.0**	**2,725.2**	**0.6**
Financial liabilities	2,220.2	2,220.8	0.0
Other liabilities	487.8	504.4	3.4
ELIMINATIONS (*)	**-2,362.2**	**-2,635.0**	**11.5**
TOTAL LIABILITIES	**259,629.3**	**282,014.9**	**8.6**

(*) Eliminations on the assets side are not matched by those on the liabilities side, because of direct elimination in respect of subordinated loan capital.

ALMANIJ GROUP Overview of quarterly results (in millions of EUR)	2003				2004			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
GROSS OPERATING INCOME	**1,883.1**	**1,863.5**	**1,779.2**	**1,950.2**	**2,040.8**	**1,978.6**	**1,825.9**	**2,035.1**
Banking	**1,648.9**	**1,591.0**	**1,544.7**	**1,661.1**	**1,788.3**	**1,669.1**	**1,531.0**	**1,746.2**
Net interest income	802.7	856.2	906.4	864.1	864.6	847.3	810.5	828.1
Dividends	31.3	50.4	24.8	27.7	17.9	44.2	30.2	35.0
Result from participating interests consolidated via the equity	3.7	4.0	2.0	7.9	10.0	2.7	19.7	4.5
Profit from financial transactions	287.0	194.2	123.3	166.6	317.3	248.1	153.2	246.6
On currency dealing and securities trading	152.6	130.2	113.4	111.6	241.5	168.0	104.0	161.4
On realized gains and losses	134.4	64.0	9.9	55.0	75.8	80.1	49.2	85.2
Net commission income	419.6	372.8	383.0	392.7	444.0	401.7	409.2	495.2
Other operating income	104.6	113.4	105.2	202.1	134.5	125.1	108.2	136.8
Insurance	**210.9**	**222.4**	**206.8**	**207.1**	**233.9**	**276.5**	**262.3**	**233.1**
Net earned premiums	956.5	1,219.1	598.6	711.8	1,244.8	1,372.6	869.7	1,550.2
Net technical charges	-800.3	-1,327.0	-586.3	-744.1	-1,248.8	-1,274.4	-764.5	-1,618.3
of which value adjustments, unit-linked life assurance	87.4	-171.9	-33.5	-91.3	-79.7	-16.0	9.7	-140.0
Investment income and charges	53.4	325.1	182.7	241.0	234.2	171.1	150.1	298.8
of which realized gains	49.9	-4.2	4.2	41.3	46.1	-18.2	39.1	36.9
of which value adjustments, unit-linked life assurance	-87.4	171.9	33.5	91.3	79.7	16.0	-9.7	140.0
Result from participating interests consolidated via the equity	1.3	5.2	11.8	-1.6	3.7	7.2	7.0	2.4
Investment activities and specialized financial services	**27.4**	**46.9**	**34.0**	**88.5**	**27.9**	**35.2**	**43.0**	**66.5**
Realized gains	-3.4	0.7	-13.6	7.6	2.1	1.3	4.1	11.2
Result from participating interests consolidated via the equity	12.0	18.5	20.7	55.6	6.9	11.5	6.1	21.5
Other income	18.8	27.7	26.9	25.3	18.9	22.4	32.8	33.8
Holding-company activities	**-4.1**	**3.2**	**-6.3**	**-6.5**	**-9.3**	**-2.2**	**-10.4**	**-10.7**
GENERAL ADMINISTRATIVE EXPENSES	**-1,218.0**	**-1,227.5**	**-1,159.3**	**-1,232.7**	**-1,265.2**	**-1,226.2**	**-1,185.8**	**-1,324.7**
Banking	**-1,061.0**	**-1,072.2**	**-1,020.6**	**-1,083.6**	**-1,068.7**	**-1,042.0**	**-991.8**	**-1,114.0**
Staff charges	-598.1	-587.6	-550.2	-607.0	-614.8	-572.7	-557.3	-637.8
Operating charges and write-downs on tangible fixed assets	-462.9	-484.6	-470.4	-476.6	-453.9	-469.3	-434.5	-476.2
Insurance	**-132.3**	**-131.9**	**-115.9**	**-118.9**	**-172.7**	**-162.5**	**-158.0**	**-169.7**
Acquisition costs	-108.5	-102.9	-92.7	-93.4	-132.2	-121.1	-118.8	-138.2
Operating charges	-23.8	-29.0	-23.2	-25.5	-40.5	-41.4	-39.2	-31.5
Investment activities and specialized financial services	**-21.3**	**-21.8**	**-21.2**	**-27.3**	**-20.8**	**-21.2**	**-35.0**	**-32.2**
Holding-company activities	**-3.4**	**-1.6**	**-1.6**	**-2.9**	**-3.0**	**-0.5**	**-1.0**	**-8.8**
OPERATING RESULT BEFORE VALUE ADJUSTMENTS AMORTIZATION OF GOODWILL ON CONSOLIDATION	**665.1**	**636.0**	**619.9**	**717.5**	**775.6**	**752.4**	**640.1**	**710.4**
of which : banking	587.9	518.8	524.1	577.5	719.6	627.1	539.2	632.2
insurance	78.6	90.5	90.9	88.2	61.2	114.0	104.3	63.4
investment activities and specialized financial services	6.1	25.1	12.8	61.2	7.1	14.0	8.0	34.3
holding-company activities	-7.5	1.6	-7.9	-9.4	-12.3	-2.7	-11.4	-19.5
Value adjustments, banking	**-161.8**	**-99.9**	**-184.6**	**-232.4**	**-143.0**	**20.2**	**-8.5**	**-83.4**
Write-downs on and provisions for credit risks	-80.5	-168.5	-210.6	-228.0	-66.2	-48.2	-7.1	10.1
Value adjustments on securities	-92.5	67.9	27.0	-9.5	3.7	16.3	22.3	-24.0
Provisions for other liabilities and charges	11.2	0.7	-1.0	5.1	-80.5	52.1	-23.7	-69.5
Value adjustments, investment activities and specialized financial services	**-2.4**	**-2.5**	**13.2**	**4.9**	**6.5**	**0.9**	**0.0**	**0.2**
Amortization of goodwill on consolidation	**-17.3**	**-27.8**	**-17.9**	**-19.2**	**-22.4**	**-23.3**	**-23.7**	**-19.8**
Non-recurring result, insurance	**-13.0**	**8.8**	**-13.2**	**-17.6**	**-17.0**	**-8.5**	**-53.7**	**45.4**
RESULT FROM ORDINARY ACTIVITIES	**470.6**	**514.6**	**417.4**	**453.2**	**599.7**	**741.7**	**554.2**	**652.8**
Extraordinary results	**23.0**	**22.1**	**-4.3**	**16.2**	**56.8**	**-78.6**	**3.3**	**-111.6**
PROFIT (LOSS) BEFORE TAX	**493.6**	**536.7**	**413.1**	**469.4**	**656.5**	**663.1**	**557.5**	**541.2**
Income taxes	**-118.8**	**-162.6**	**-83.8**	**-139.7**	**-188.3**	**-178.0**	**-136.9**	**-38.2**
CONSOLIDATED PROFIT	**374.8**	**374.1**	**329.3**	**329.7**	**468.2**	**485.1**	**420.6**	**503.0**
Minority interests	**-145.3**	**-136.3**	**-114.0**	**-75.1**	**-178.1**	**-210.8**	**-165.1**	**-185.2**
NET GROUP PROFIT	**229.5**	**237.8**	**215.3**	**254.6**	**290.1**	**274.3**	**255.5**	**317.8**
Contribution: banking	182.8	177.6	161.4	163.4	271.4	313.5	246.5	238.9
insurance	55.1	45.1	45.9	41.2	21.5	41.3	18.4	61.8
investment activities and specialized financial services	-4.2	13.9	16.2	57.4	6.0	-75.4	1.1	32.5
holding-company activities	-4.2	1.2	-8.2	-7.4	-8.8	-5.1	-10.5	-15.4
Earnings per share (in EUR)	**1.17**	**1.21**	**1.10**	**1.30**	**1.48**	**1.40**	**1.30**	**1.62**

ALMANIJ GROUP Overview of consolidated results (in millions of EUR)	Fourth quarter 2003	2004	% change	Financial year 2003	2004	% change
GROSS OPERATING INCOME	**1,950.2**	**2,035.1**	**4.4**	**7,476.0**	**7,880.4**	**5.4**
Banking	**1,661.1**	**1,746.2**	**5.1**	**6,445.7**	**6,734.6**	**4.5**
Net interest income	864.1	828.1	-4.2	3,429.4	3,350.5	-2.3
Dividends	27.7	35.0	26.4	134.2	127.3	-5.1
Result from participating interests consolidated via the equity method	7.9	4.5	-43.0	17.6	36.9	109.7
Profit from financial transactions	166.6	246.6	48.0	771.1	965.2	25.2
On currency dealing and securities trading	111.6	161.4	44.6	507.8	674.9	32.9
On realized gains and losses	55.0	85.2	54.9	263.3	290.3	10.3
Net commission income	392.7	495.2	26.1	1,568.1	1,750.1	11.6
Other operating income	202.1	136.8	-32.3	525.3	504.6	-3.9
Insurance	**207.1**	**233.1**	**12.6**	**847.2**	**1,005.8**	**18.7**
Net earned premiums	711.8	1,550.2	117.8	3,486.0	5,037.3	44.5
Net technical charges	-744.1	-1,618.3	117.5	-3,457.7	-4,906.0	41.9
of which value adjustments, unit-linked life assurance	-91.3	-140.0	53.3	-209.3	-226.0	8.0
Investment income and charges	241.0	298.8	24.0	802.2	854.2	6.5
of which realized gains	41.3	36.9	-10.7	91.2	103.9	13.9
of which value adjustments, unit-linked life assurance	91.3	140.0	53.3	209.3	226.0	8.0
Result from participating interests consolidated via the equity method	-1.6	2.4	-	16.7	20.3	21.6
Investment activities and specialized financial services	**88.5**	**66.5**	**-24.9**	**196.8**	**172.6**	**-12.3**
Realized gains	7.6	11.2	47.4	-8.7	18.7	-
Result from participating interests consolidated via the equity method	55.6	21.5	-61.3	106.8	46.0	-56.9
Other income	25.3	33.8	33.6	98.7	107.9	9.3
Holding-company activities	**-6.5**	**-10.7**	**64.6**	**-13.7**	**-32.6**	**138.0**
GENERAL ADMINISTRATIVE EXPENSES	**-1,232.7**	**-1,324.7**	**7.5**	**-4,837.5**	**-5,001.9**	**3.4**
Banking	**-1,083.6**	**-1,114.0**	**2.8**	**-4,237.4**	**-4,216.5**	**-0.5**
Staff charges	-607.0	-637.8	5.1	-2,342.9	-2,382.6	1.7
Operating charges and write-downs on tangible fixed assets	-476.6	-476.2	-0.1	-1,894.5	-1,833.9	-3.2
Insurance	**-118.9**	**-169.7**	**42.7**	**-499.0**	**-662.9**	**32.8**
Acquisition costs	-93.4	-138.2	48.0	-397.5	-510.3	28.4
Operating charges	-25.5	-31.5	23.5	-101.5	-152.6	50.3
Investment activities and specialized financial services	**-27.3**	**-32.2**	**17.9**	**-91.6**	**-109.2**	**19.2**
Holding-company activities	**-2.9**	**-8.8**	**203.4**	**-9.5**	**-13.3**	**40.0**
OPERATING RESULT BEFORE VALUE ADJUSTMENTS AND AMORTIZATION OF GOODWILL ON CONSOLIDATION	**717.5**	**710.4**	**-1.0**	**2,638.5**	**2,878.5**	**9.1**
of which : banking	577.5	632.2	9.5	2,208.3	2,518.1	14.0
insurance	88.2	63.4	-28.1	348.2	342.9	-1.5
investment activities and specialized financial services	61.2	34.3	-44.0	105.2	63.4	-39.7
holding-company activities	-9.4	-19.5	107.4	-23.2	-45.9	97.8
Value adjustments, banking	**-232.4**	**-83.4**	**-64.1**	**-678.7**	**-214.7**	**-68.4**
Write-downs on and provisions for credit risks	-228.0	10.1	-	-687.6	-111.4	-83.8
Value adjustments on securities	-9.5	-24.0	152.6	-7.1	18.3	-
Provisions for other liabilities and charges	5.1	-69.5	-	16.0	-121.6	-
Value adjustments, investment activities and specialized financial services	**4.9**	**0.2**	**-95.9**	**13.2**	**7.6**	**-42.4**
Amortization of goodwill on consolidation	**-19.2**	**-19.8**	**3.1**	**-82.2**	**-89.2**	**8.5**
Non-recurring result, insurance	**-17.6**	**45.4**	**-**	**-35.0**	**-33.8**	**-3.4**
RESULT FROM ORDINARY ACTIVITIES	**453.2**	**652.8**	**44.0**	**1,855.8**	**2,548.4**	**37.3**
Extraordinary results	**16.2**	**-111.6**	**-**	**57.0**	**-130.1**	**-**
PROFIT (LOSS) BEFORE TAX	**469.4**	**541.2**	**15.3**	**1,912.8**	**2,418.3**	**26.4**
Income taxes	**-139.7**	**-38.2**	**-72.7**	**-504.9**	**-541.4**	**7.2**
CONSOLIDATED PROFIT	**329.7**	**503.0**	**52.6**	**1,407.9**	**1,876.9**	**33.3**
Minority interests	**-75.1**	**-185.2**	**146.6**	**-470.7**	**-739.2**	**57.0**
NET GROUP PROFIT	**254.6**	**317.8**	**24.8**	**937.2**	**1,137.7**	**21.4**
Contribution: banking	163.4	238.9	46.2	685.2	1,070.3	56.2
insurance	41.2	61.8	50.0	187.3	143.0	-23.7
investment activities and specialized financial services	57.4	32.5	-43.4	83.3	-35.8	-
holding-company activities	-7.4	-15.4	108.1	-18.6	-39.8	114.0
Earnings per share (in EUR)	**1.30**	**1.62**	**24.8**	**4.79**	**5.81**	**21.4**

News

First European cross-border partnership in payments processing (11-03-2005)
DZ BANK AG and KBC Bank N.V. have concluded a strategic partnership to provide the very first cross-border service for processing payment transactions in Europe.
Around the turn of the year, Fin-Force will start processing international payment transactions (except for intra-European EUR payments) for Transaktioninstitut für Zahlungsverkehrs-dienstleistungen AG.
For its part, Transaktioninstitut für Zahlungsverkehrsdienstleistungen AG will process Fin-Force's intra-European payments (in euros) beginning in early 2006. DZ BANK AG and KBC Bank N.V. have also demonstrated their intention to co-operate in the long-term by acquiring cross-shareholdings in their payment processing subsidiaries. DZ BANK AG will acquire a shareholding (10%) in Fin Force and take a seat on its Board of Directors. KBC will take a (5%) shareholding in Transaktionsinstitut, and sit on its Supervisory Board.

Transaktionsinstitut is a wholly-owned subsidiary of German DZ BANK AG, Germany's fifth largest bank group. Fin-Force was founded by KBC, the leading Belgian banking and insurance group, and EDS Belgium, subsidiary of a leading global technology solutions provider. The spin-off of the payments business and the provision of payments processing services to other banks is wholly consistent with the strategy of both KBC Bank N.V. and DZ BANK AG, which have chosen payments processing as one of their strategic niche activities.

A common alert and pro-active market vision
The introduction of the euro and the European regulations on cross-border payments pricing changed the competitive landscape in the financial services market by imposing an additional burden on financial institutions. At the same time, it created new business opportunities for the banking sector. By setting up Fin-Force and Transaktionsinstitut - advanced, cost- and technology-conscious business models - KBC Bank N.V., EDS and DZ BANK AG have played a pioneering role in Europe.

The main reason behind the partnership between DZ BANK AG and KBC Bank N.V. is the joint perception of what the future holds for the Single Euro Payments Area (SEPA). Both partners share the opinion of the EU Commission that the ideal way to establish a single payments area is by abolishing the old (national) systems and replacing them with common, uniform cross-border standards. As this will inevitably involve huge investments in IT hardware and software, the partners anticipate that an increasing number of banks in Europe will outsource their payment processing activities to specialists such as Fin-Force and Transaktionsinstitut in order to continue to be able to offer this service to their customers without losing money.

With this move, the subsidiary of DZ BANK AG will further expand its leading position in the field of payment transactions in Germany and the rest of Europe. 'We are consistently implementing our strategy of further developing payment transactions services as a profitable core segment of the group,' says Dietrich Voigtländer, member of the Board of Managing Directors of DZ BANK AG. 'With Transaktionsinstitut, the pioneering decision to spin off a service provider specializing in European payment transactions from the bank has proved to be correct', continues Voigtländer. The institution accordingly considers that it has established an excellent position to face the wave of consolidation among payment transactions specialists, which is becoming evident on the international scene.

Herman Agneessens, Managing Director of KBC Bank N.V., points out that: 'Both Fin-Force and Transaktionsinstitut were set up to conquer their respective payment services markets and to meet the mounting demands of customers and governments for speed, price and quality. This new alliance will allow us to strengthen the position of both companies as leading European payments service-providers. We are convinced that an increasing number of European financial institutions will recognize our professionalism and advanced know-how in this field.'

First step of a long-term commitment
DZ BANK AG and KBC Bank N.V. will also acquire shareholdings in each other's subsidiaries. 'In this way, we will cement our intention to co-operate in the long-term in the field of payment transactions services. We will jointly develop the emerging market of pan-European payments processing and aim to achieve a leading position in European payment transactions within the SEPA', according to Herman Agneessens, Managing Director of KBC Bank N.V.

DZ BANK AG will acquire ten percent of the share capital of Fin-Force and one seat on the Board of Directors of the Belgian company. In return, the parent company of Fin-Force, the Belgian KBC Bank, will acquire a five percent stake in Transaktionsinstitut and will in future have one seat on the Supervisory board of the Frankfurt-based company.

Michael Steinbach, Transaktionsinstitut's CEO emphasized that: 'The benefits will include savings on processing expenses due to larger processing quantities and a higher market share in the respective transaction areas for both companies.' Fin-Force currently processes some 328.3 million transactions per year, whereas Transaktionsinstitut handles over 3 billion, mainly domestic, transactions annually.

'From the outset, Transaktionsinstitut and Fin-Force have left the door open for a limited number of other banks to become shareholders. Today, our companies reached agreement on a strategic partnership. The Institutions are of course still open to negotiating with other financial institutions and are prepared to adjust their shareholder structure if necessary', added Pascal Deman, CEO of Fin-Force.

'Five years ago, and ahead of their time, KBC and EDS combined their strengths to set up Fin-Force as an independent company and a pioneer in the emerging industrialization of the financial services industry. Today's announcement demonstrates that financial institutions are prepared to adopt on-demand operations models based on top-quality services', commented Jean-Louis Bravard, EDS Managing Director Global Financial Services Industry.

Herman Agneessens concluded: 'Both KBC Bank and DZ BANK are convinced that the partnership and the resulting savings, supported by the cross-shareholdings, are just the first step towards a promising and successful future. This strategy will allow both partners to follow their own stand-alone strategy in a quickly changing environment, anticipating potential consolidation in the financial sector.'

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News

KBC sells stake in FBD (Ireland) (09/03/05)
KBC Insurance, a wholly owned subsidiary of KBC Group NV, has sold its entire stake in FBD Holdings plc. As a result, KBC Insurance no longer holds any shares in any company of the FBD Group.
Prior to this sale, KBC Insurance had held a 22.1% interest in FBD Holdings plc, which is quoted on the Dublin and London Stock Exchanges. In November 2004, KBC Insurance had already sold to Farmer Business Developments plc its 20.3% stake in that Company, which is the largest shareholder in FBD Holdings plcs. At the same time last year, KBC Insurance also sold its stake (of 49.9%) in FBD Life & Pensions Limited, a subsidiary of FBD Holdings plc which engages in life assurance broking and investment advice.

KBC Insurances investment in FBD Holdings plc predates the KBC merger of 1998. In 1970, the predecessor of KBC Insurance - ABB Insurance was one of the original investors in FBD Insurance plc, the largest company in the FBD Group.

KBC Insurances decision to sell its shareholding in FBD is a strategic choice, as KBC did not see potential to acquire a majority stake in the company, and this is the key element of any strategic shareholding envisaged by KBC Group. The sale of KBCs stake in FBD Holdings plc will yield KBC Insurance a substantial gain amounting to around 90 million euros.

KBC Group NV remains active in Ireland through IIB Bank (Irish Intercontinental Bank). IIB Bank is a KBC Bank subsidiary and merchant bank that caters for Irish businesses, with a customer base comprising most of the leading Irish companies, as well as the multi-nationals active in Ireland. Its clients also include a large number of mid-caps. IIB subsidiary, IIB Home Loans and Finance, provides financial services to private individuals.

KBC Group NV also remains active in Ireland through KBC Asset Management Ltd., a wholly owned subsidiary of KBC Asset Management. The activities of this last include providing asset management services to Irish institutional customers, actively managing equity funds and running an extensive network of outside distributors.

Note for the editors:
FBD (Farmer Business Developments)
FBD Holdings plc is the parent company for the companies that comprise the FBD Group, an Irish financial group. The company's origins go back to the late 1960s when FBD Insurance was founded. During the 1970s, the Group expanded to include a life insurance broker, a corporate insurance broker and consultancies (corporate risks and captives). In 1988, the various entities were grouped under the umbrella of a holding company, which was subsequently floated on the Dublin Stock Exchange: FBD Holdings plc.

The Group has established itself as one of Irelands foremost insurers and holds a strong market position in rural and, in particular, urban areas.

The Groups other financial services encompass insurance broking, investment advice and insurance premium financing. In addition, FBD has developed complementary property and leisure interests, both in Ireland and abroad.

KBC Group NV (www.kbc.com)

In 1998, ABB Insurance, Kredietbank and CERA Bank merged to form KBC Bank and Insurance Holding Company. On 2 March 2005, KBC Bank and Insurance Holding Company merged with its parent company, Almanij, to create the new KBC Group NV.

KBC Group NV is one of the leading financial groups in Europe. A multi-channel bancassurance group with a geographic focus on Europe, it caters mainly to retail and private banking customers and small and medium-sized enterprises. Besides focusing on providing retail and private bancassurance services, the KBC Group is also active in asset management, the provision of corporate services, market activities and private equity.

The KBC Group occupies significant, even leading positions in its two home markets of Belgium and Central Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia) and has an extensive private banking network operating under the European Private Bankers concept (France and Monaco, Germany, Ireland, Italy, Luxemburg, the Netherlands, Spain, Switzerland and the UK). The KBC Group has also selectively established a presence in a number of other countries and regions around the world.

KBC Group NV is listed on Euronext Brussels (ticker symbol KBC) and has the following direct subsidiaries: KBC Bank, KBC Insurance, Kredietbank S.A. Luxembourgeoise (KBL), KBC Asset Management and Gevaert.

With a market capitalization of around 25 billion euros, KBC Group is one of the top Belgian companies and one of the leading financial groups in Europe, employing 51 000 staff and catering for 11 million customers.

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News

Willy Duron President of the Executive Committee and Jan Huyghebaert Chairman of the Board of new KBC Group NV (02/03/2005)
The Extraordinary General Meetings of Shareholders of Almanij and KBC Bank and Insurance Holding Company this morning approved the legal merger of Almanij and KBC proposed by their respective Boards of Directors on 23 December 2004. The merger has resulted in the acquisition of Almanij by KBC Bank and Insurance Holding Company and in the creation of the new KBC Group NV.
At its first meeting this afternoon, the Board of Directors of KBC Group NV ratified the appointment of Jan Huyghebaert as Chairman of the Board, as well as the appointment of Willy Duron as Managing Director and President of the Executive Committee, and of André Bergen and Etienne Verwilghen as Managing Directors and members of the Executive Committee.

Having reached retirement age, Willy Breesch stepped down from his position as Chairman of the Board of Directors of KBC Bank and Insurance Holding Company (since 1998) and of KBC Bank (since 1999).

Willy Breesch (born 1940) is a Doctor of Law and a graduate in Economic Sciences of the Catholic University of Louvain (KUL). He began his career in CERA Bank's Commercial Credit Department, and on 1 June 1980 was appointed to CERA's Executive Committee. He became a managing director of CERA on 1 September 1985 and President of the Executive Committee on 1 January 1994. Following the 1998 merger of Kredietbank, CERA Bank and ABB Insurance (Assurantie van de Belgische Boerenbond), he was appointed Chairman of the Board of Directors of KBC Bank and Insurance Holding Company, and on 1 July 1999, was additionally appointed Chairman of the Board of Directors of KBC Bank.

Jan Huyghebaert (born 1945) obtained a degree in philosophy, language and literature from the University of Antwerp (UFSIA) and has a doctorate in law from the Catholic University of Louvain (KUL). He is a former attaché to the office of the Minister for Scientific Policy Programmes, Theo Lefévre, a former adviser to the Cabinet of Prime Minister Leo Tindemans, and former Alderman of the Port of Antwerp. From 1985 to 1991, he served as President of the Executive Committee of Kredietbank NV and, in 1991, became Chairman of the Board of Directors and of the Policy Committee of Almanij NV. Following the merger in 1998 of Kredietbank, CERA Bank and ABB Insurance, he was appointed Vice-Chairman of the Board of Directors of KBC Bank and Insurance Holding Company. Mr Huyghebaert is also Chairman of the Board of Directors of Kredietbank SA Luxembourgeoise (KBL).

Willy Duron (born 1945) is a graduate in mathematics of the University of Ghent (RUG) and a graduate in actuarial sciences of the Catholic University of Louvain (KUL). He began his career in 1970 as an actuary for ABB Insurance. After the merger of Kredietbank, CERA Bank and ABB Insurance, he became President of the Executive Committee of KBC Insurance in 2000, and has been President of the Executive Committee of KBC Bank and Insurance Holding Company since 2003. Mr Duron is also a director of KBC Asset Management. He has now been appointed President of the Executive Committee of KBC Group NV, and also has specific responsibility for the insurance business.

André Bergen (born 1950) has a master's degree in Economics from the Catholic University of Louvain (KUL). Formerly a member of the Executive Committee of Generale Bank (subsequently, Fortis Bank) and Vice-President of the Executive Committee of Agfa Gevaert, he was appointed President of the Executive Committee of KBC Bank and Vice-President of the Executive Committee of KBC Bank and Insurance Holding Company in 2003. As a member of the Executive Committee of KBC Group NV, he has specific responsibility for the banking business.

Etienne Verwilghen (born 1948) has a degree in civil engineering from the Catholic University of Louvain (UCL) in Louvain-la-Neuve and an MBA from the University of Chicago. In 1987, he became a member of the Executive Committee of Kredietbank S.A. Luxembourgeoise (KBL). In 1993, he became Managing Director and in 1996, was allocated responsibility for asset management and the international expansion of the KBL Group in Europe. In 2002, he was appointed President of the Executive Committee of KBL. As a member of the Executive Committee of KBC Group NV, he will be responsible for the private banking business.

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News

The new “KBC Group” is here! (02/03/05)
Today, 2 March 2005, the Extraordinary General Meetings of Shareholders of Almanij and KBC Bank and Insurance Holding Company approved the merger of Almanij and KBC, proposed by their respective Boards of Directors on 23 December 2004. The merger has resulted in the acquisition of Almanij by KBC Bank and Insurance Holding Company and the creation of the new KBC Group NV. The principal entities of the new KBC Group NV are KBC Bank, KBC Insurance, Kredietbank SA Luxembourgeoise, KBC Asset Management and Gevaert. KBC Group NV will be quoted on the Euronext Brussels stock exchange as of tomorrow and its ticker symbol remains ‘KBC’.
Merger

KBC Group NV is the new name of KBC Bank and Insurance Holding Company NV, following the merger with Almanij. As a result of the merger by acquisition, Almanij will cease to exist and the Almanij share will be delisted from Euronext Brussels today after the market closes.

Almanij’s shareholders will receive new (registered or bearer) shares and VVPR strips proportionate to their existing holding in Almanij shares and VVPR strips (using the exchange ratio of 1.35 KBC Group shares/VVPR strips for each Almanij share/VVPR strip, rounding fractions down to the nearest whole number).

As part of its financial service, KBC Bank offers those Almanij shareholders who, because of the exchange ratio of 1.35 (i.e. 27 KBC shares for 20 Almanij shares) do not acquire a round number of KBC Group shares, the possibility to ‘pool’ their holdings. KBC Bank will group together into whole units the fractions of KBC Group shares that arise from the exchange in the name and for the account of these shareholders, and will, at a date yet to be determined, sell the whole units on the market. The net proceeds of this sale will be paid on to those shareholders.

A total of 55 574 020 new KBC Group shares and 17 587 795 new VVPR strips will be issued. These will be listed on the First Market of Euronext Brussels as of 3 March 2005, and should benefit from the result for the financial year commencing 1 January 2005. The Annual General Meeting of KBC Group, which will be held on 28 April 2005, will decide on the appropriation of profit from the results for the financial year 2004 from both Almanij and KBC, and hence also on the dividend for the 2004 financial year that will be allotted to the KBC Group share (following today’s merger). At the Annual General Meeting of KBC Group, it will be proposed to pay a common dividend for the 2004 financial year. In this way, former Almanij shareholders will also share in the combined result for the 2004 financial year.

KBL offer

Prior to the merger, Almanij made an unconditional public cash tender offer for the ordinary shares (at 150 euros per share) and preference shares (at 135 euros per share) of Kredietbank S.A. Luxembourgeoise (KBL). KBC Group NV now holds 96.6% of all shares and 96.9% of the voting shares of KBL and will apply, via KBL, for a delisting of KBL shares from the Luxemburg Stock Exchange by 30 June 2005. Application will soon be made for a listing of

KBC Group NV on the Luxemburg Stock Exchange.

The new KBC Group NV

The objective behind the new structure is two-fold. On the one hand, to achieve complete unity of strategy, capital and management, enhance visibility and increase the free float and consequently the liquidity of the KBC share, and, on the other, to streamline the organizational structure, harness synergies between Group companies, and ensure management continuity.

The core shareholders of the group have renewed their commitment to the independent strategy and will continue to foster the stability that is necessary to realize this strategy. The management and core shareholders repeated today that they are convinced that this long-term commitment towards the KBC Group NV will continue to provide the optimum conditions for the strategic development of group activities.

The new structure will enhance the Group's profile by tying private banking, private equity and real estate expertise more closely into the already successful retail bancassurance and corporate banking models. KBC Group NV will continue to maintain its core geographic focus on Belgium, Central Europe and the private banking network throughout Europe, with Central Europe and the European private banking network expected to remain long-term earnings drivers.

In order to support growth and profitability per activity and geographical area, the new legal structure will make optimal capital allocation possible within the Group, while aiming to maintain solid solvency levels and credit ratings. Strong solvency combined with enhanced profitability will help make it possible to pay a steadily growing dividend to all shareholders.

KBC Group NV will have per 30 September 2004 pro forma net profit of 1 210 million euros, shareholders' equity of 12 billion euros, and an ROE of 14%. Its 51 000 employees will serve approximately 11 million customers. With an estimated market capitalization of 23 billion euros, KBC Group NV is one of the leading financial groups in Europe and one of the top Belgian companies.

With the free float being increased from around 30% to around 47% and the liquidity of the KBC Group NV share being enhanced as a result, the KBC Group NV share will be more attractive to investors. This will, in turn, increase KBC Group NV's visibility both in the equity and debt capital markets, and firmly put KBC Group NV in the select group of the top 10 banking shares in Euroland.

Appointments

The Board of Directors of KBC Group NV today agreed the appointment of Mr Jan Huyghebaert as Chairman of the Board and Mr. Willy Duron (with primary responsibility for the insurance business) as Managing Director and President of the Executive Committee, and Messrs. André Bergen (with primary responsibility for the banking business) and Etienne Verwilghen (with primary responsibility for private banking) as Managing Directors and members of the Executive Committee.

Mr. Willy Breesch, currently Chairman of the Board of Directors of KBC Bank and Insurance

Holding Company, has reached retirement age and steps down today.

Synergies

Following the announcement of the merger on 23 December 2004, joint working groups were set up to identify and analyse areas where business overlaps existed. All these projects are primarily focused on better deployment of existing resources and on creating additional revenue.

KBC Group NV will announce the results for the 2004 financial year on 23 March. At the same time, the initial findings of the working groups will be published.

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News

Management buyout, together with KBC Investco, of Pizza Hut restaurant chain Pizza Belgium from Buy Out Fund (01/03/05)
The management of Pizza Belgium, together with KBC Investco, has closed a deal with venture capitalist Buy Out Fund to take over Pizza Belgium. General Manager and co-shareholder Stef Meulemans will remain a shareholder. KBC Bank (Acquisition Finance Benelux team) financed the deal, which is still subject to approval by the national competition authorities, the Raad voor Mededinging/Conseil de la Concurrence.
Pizza Belgium has 47 Pizza Hut outlets in Belgium. Besides twenty-eight restaurants, it also runs eight take-outs and eleven delivery shops. Pizza Belgium is one of the largest European franchisees of Yum! Restaurants International, owner of Pizza Hut, Kentucky Fried Chicken and Taco Bell. Pizza Belgium believes there is additional potential in the Belgian pizza market and intends to consolidate its position in that market.

This is the first disinvestment for Buy Out Fund, which acquired Pizza Belgium in January 2001.

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Note for the editor

KBC Invescto
KBC Investco is the venture capital company of the KBC group. Actively managing investments in some sixty-five separate companies and venture capital funds, KBC Investco focuses on direct investment in and mezzanine finance for mid-caps in the Benelux and Central Europe. Investments range on average from 2 to 20 million euros.

Buy Out Fund
Buy Out Fund, founded in April 1999, is a private closed-end investment fund with controlling stakes in Fyzix, Accessories Omnistor, Mondi Foods, Euro-Diesel Holding and Crown-Baele.

KBC Acquisition Finance Benelux
KBC Acquisition Finance Benelux is a specialized KBC Bank unit that focuses on financing mid-sized corporate acquisitions.

News

KBC Securities centralizes its Central European equities and corporate finance businesses (23/02/2005)
Acquisition of Kredyt Banks brokerage business in Poland.
KBC is reorganizing its Central European equities businesses to bring them under the umbrella of KBC Securities, KBCs brokerage in Belgium. Indeed more and more opportunities for cross-border synergy are being exploited in this business area. KBC Securities has now concluded a deal to acquire Kredyt Bank Investment Brokerage House from Kredyt Bank, KBCs Polish banking subsidiary, giving KBC Securities its own brokerage business on the Polish market. This acquisition fits in with the existing strategic repositioning of Kredyt Bank, which has chosen to focus on its core banking activities in Poland, and further emphasizes KBC s commitment to the Polish market. As the acquisition is taking place within the KBC Group, it will have no effect on the Groups results.

The Central European market in equities and corporate finance is in full expansion. Building on KBCs strong presence in the bank and insurance markets in this region, KBC Securities has carved out a strong position for itself that it can use to take full advantage of the markets potential for growth. The stock markets of Central Europe are still relatively small, but are growing rapidly. The combined volume traded on the stock markets of Warsaw, Budapest and Prague is currently only around the same as the volume traded on Euronext Brussels. However, since the end of 2001, the volume traded in Brussels has grown by 21.7%, while the volume traded on these three Central European stock markets has gone up by as much as 120.1%. And, while share prices on the four Euronext exchanges increased by a total of 8% in 2004, the average price increase in Warsaw, Prague and Budapest came to 46.1%. This trend is continuing in 2005. As in the West, however, there are large differences between the countries, and it is very important to take that into account.

KBC has a strong home base in the countries concerned. In the Czech Republic, the broker Patria Finance (a wholly owned subsidiary of KBC Securities since 10 February 2005) is the local market leader with a share of 36%. In the Hungarian market, K&H Equities is the number 2 brokerage, with a share of 11.5%, and in Slovenia, KBC collaborates with NLB Banks brokerage business. Now, in Poland, KBC Securities is acquiring full ownership of the existing stock market activities of Kredyt Bank, KBCs Polish banking subsidiary. In total, KBCs brokerages in Central Europe employ some 145 individuals.

KBC aims to develop a business model in each of the three core countries (the Czech Republic, Hungary and Poland), and perhaps in other countries in the future, that is very similar to the Belgian model. In other words, the equities businesses in each country will be grouped together under a single entity that caters for both institutional and private customers. The local brokerages in Prague, Warsaw and Budapest will focus mainly on serving their home markets and large Anglo-American brokerages that are based predominantly in London. KBC Securities, through its offices in Brussels, London and New York, will focus primarily on Western institutional investors, such as asset management companies, pension funds and insurers. Finally, each country will have a corporate finance division handling IPOs, capital increases, and mergers and acquisitions.

At KBC Securities in London, a five-man institutional sales team was recently set up, focusing exclusively on selling Central European shares to institutional counterparties in London. They are using a research product prepared by KBCs Central European subsidiaries.

KBC Securities thorough knowledge of and familiarity with local markets and companies, the local brand-name recognition and the respect for the local language and local practices, combined with broad expertise and a hands-on approach, create an excellent springboard for doing business in the equity and corporate finance markets. A multi-domestic model such as this has already proven its worth in the implementation of KBCs retail bancassurance model.

Synergies and economies of scale will also be created by bringing all the equity-related activities of KBCs Central European shareholdings under the umbrella of KBC Securities. The Central European establishments will now be able to exchange best practices, the findings of the analysis and research teams can be shared, a much higher transaction volume can be achieved, and both Belgian and Central European companies will have easier access to the financial markets in all the countries where KBC Securities operates. It should also be noted that there is a very active market in mergers and acquisitions between Western and Central European companies, as well as between Central European companies themselves. On On top of this, there is scope for transfer in certain fields as regards know-how and IT systems.

KBC Securities Central European branches will moreover be able to build on the international reputation and name of KBC Securities as one of the leading players on the Central European equities market.

Central Europe is being developed to become KBC Securities second home market, but this will not be separate from the first home market in Belgium. KBC Securities, for instance, will continue to play an important role in selling Central European shares in Belgium. Through Bolero, its online broker, KBC Securities has recently started offering private persons a facility for online trading on the stock markets of Warsaw, Prague and Ljubljana, and offline on Budapest and Bratislava, the only market player in Belgium to do so. It also gives private investors access to all research published by KBC Securities, including its research on Central Europe. Lastly, the corporate finance division of KBC Securities can provide guidance to Belgian companies planning mergers or acquisitions in Central Europe. KBC not only has teams on the spot in Central Europe that are capable of providing these Belgian companies with the necessary guidance, it also has the requisite know-how and experience in this area in Brussels.

News

Publication of Almanij-KBC merger prospectus (22/02/05)
The prospectus will be available on the KBC websites from 23 February 2005. Printed copies will be available starting 24 Febraury 2005.
The prospectus for admission to trading on the First Market of Euronext Brussels of the new KBC Group NV shares and VVPR strips that will be created by the Extraordinary General Meetings of Shareholders on 2 March 2005 as a result of the merger of KBC Bank and Insurance Holding Company NV and Almanij NV will be available from 23 February 2005 (at 8 a.m.) on the www.kbc.com, www.cbc.be, www.kbcsecurities.be and www.almanij.be websites. Starting 24 February 2005, a copy of the printed prospectus can also be obtained from any KBC or CBC bank branch or by calling the KBC Telecenter on 078/353 353.

News

KBC expects a good 55% increase in profit for 2004 (28/01/05)
Earnings expectations revised upwards
Strong profit growth in 2004

Based on preliminary figures, KBC expects to see earnings growth of a good 55% in 2004. This surpasses its earlier forecast for profit growth of minimum 35%.

Expectations are now being revised upwards on account of the better-than-expected results turned in for the fourth quarter (particularly in December). The operating results generally ended up being higher than anticipated, while loan losses remained minor. Moreover, substantial gains were realized on investments (including 53 million euros on the shareholding in the Belgian airport operator BIAC).

In the insurance business, in particular, the negative impact on results of equity portfolio impairments for the first nine months of 2004 were more or less offset by additional gains recorded on equity investments at the end of the year.

New financial calendar for 2005

As a result of the planned merger with Almanij NV on 2 March 2005, the financial calendar for 2005 has been changed slightly:

Extraordinary General Meeting (merger meeting)	02/03/05
Earnings release (Belgian GAAP and pro forma IFRS)	23/03/05 (cha
Publication of 2004 Annual Report	13/04/05
Annual General Meeting	28/04/05
Dividend payment for financial year 2004	02/05/05
Q1 2005 earnings release (IFRS) and pro forma quarterly figures 2004 (IFRS)	09/06/05 (cha
Embedded value disclosure, life assurance business	16/06/05 (ne
KBC Group London Investor Day	23/06/05 (ne
Earnings release for first half of 2005 (IFRS)	01/09/05
Q3 2005 earnings release (IFRS)	24/11/05

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