

H1 2007 Flash Report of K&H Bank Nyrt.

Pursuant to Sections 52-53 of Act CXX of 2001 on the capital market (the Capital Market Act), K&H Bank Nyrt. (Budapest, V. ker. Vigadó tér 1.) herewith publishes its H1 2007 Flash Report as follows.

Article (1), Section 53 of the Capital Market Act stipulates that the issuer of the Flash Report shall be responsible for the contents thereof. The Company shall be obligated to provide compensation for damages caused by its failure to release information as stipulated by the relevant statute of law or the eventually misleading contents of such information.

In view of the above, the undersigned, as officers of K&H Bank Nyrt. authorized to sign for the Company, on behalf of the issuer herewith state that the Flash Report contains true and correct data and representations. Further, it does not conceal any facts that have any relevance from the aspect of assessing the Company's standing. We would also like to draw attention to the fact that the figures published in the Flash Report are based on non-audited reports.

A) The Company's financial management figures

<i>Balance Sheets and Income Statements of K&H Bank Nyrt. according to Hungarian Accounting Standards</i>			
in million HUF	Not audited	Not audited	
BALANCE SHEETS	30 June 2006	30 June 2007	Change
Assets			
Cash and equivalents	111 021	109 539	-1,33%
Government securities	281 031	315 741	12,35%
Amounts due from credit institutions	149 190	153 635	2,98%
Amounts due from clients	1 481 115	1 454 172	-1,82%
Debt securities, including those with a fixed interest rate	1 678	10 566	529,68%
Shares and other variable yield securities	904	0	-100,00%
Shares and participations held for investment	2 534	1 834	-27,62%
Shares and participations in affiliated undertakings	5 887	8 065	37,00%
Intangible assets	8 562	7 032	-17,87%
Tangible assets	20 427	22 012	7,76%
Other assets	13 117	27 341	108,44%
Prepayments and accrued income	18 205	21 146	16,15%
Total assets	2 093 671	2 131 083	1,79%
Liabilities			
Amounts due to credit institutions	483 227	456 503	-5,53%
Amounts due to clients	1 327 947	1 398 272	5,30%
Liabilities from securities issued	416	4 553	994,47%
Other liabilities	56 552	35 400	-37,40%
Accruals and deferred income	23 975	37 322	55,67%
Provisions	20 794	25 435	22,32%
Subordinated liabilities	32 907	19 468	-40,84%
Subscribed capital	52 507	52 507	0,00%
Capital reserve	28 070	28 070	0,00%
General reserve	4 915	6 118	24,48%
Profit reserve (+/-)	56 103	56 103	0,00%
Retained earnings (+/-)	6 258	11 332	81,08%
Total liabilities & equity	2 093 671	2 131 083	1,79%

in million HUF	Not audited	Not audited	
	1st half of year 2006	1st half of year 2007	Change
INCOME STATEMENTS			
Interest received and similar income	70 888	89 864	26,77%
Interest paid and similar expense	41 639	59 276	42,36%
Net interest income	29 249	30 588	4,58%
Income from securities	1 018	2 118	108,06%
Fees and commissions received (receivable)	18 171	19 635	8,06%
Fees and commissions paid (payable)	5 177	5 875	13,48%
Profit/loss on financial transactions	-30	8 335	27683,33%
Other income from business activities	4 211	3 478	-17,41%
General and administrative expenses	24 925	27 659	10,97%
Depreciation	3 382	3 786	11,95%
Other expenses on business activities	10 090	6 489	-35,69%
Impairment on receivables and risk provisioning for contingent and future liabilities	5 994	14 303	138,62%
Writeback of impairment on receivables and risk provisions used for contingent and future liabilities	5 476	7 765	41,80%
Difference between general risk provisions made and used	-1 050	-104	-90,10%
Impairment on debt securities held for investment and shares and participations in affiliated and other associated undertakings	37	335	805,41%
Writeback of impairment on debt securities held for investment and shares and participations in affiliated and other associated undertakings	256	2	-99,22%
Profit/loss on ordinary activities	7 696	13 370	73,73%
Extraordinary profit/loss	56	12	-78,57%
Pretax profit/loss	7 752	13 382	72,63%
Taxation	1 494	2 050	37,22%
Net profit/loss	6 258	11 332	81,08%
General provisions made/used (+/-)	0	0	0,00%
Retained earnings	6 258	11 332	81,08%

Consolidated Balance Sheets and Income Statements of K&H Bank Nyrt. according to International Financial Reporting Standards

in million HUF	Not audited	Not audited	
CONSOLIDATED BALANCE SHEETS	30 June 2007	30 June 2006	Change
ASSETS			
Cash and balances with the National Bank of Hungary	110 009	111 108	-0,99%
Trading securities	40 288	65 382	-38,38%
Financial assets designated at fair value through profit or loss	11 003	10 710	2,74%
Balances due from other banks	157 519	162 715	-3,19%
Derivative financial instruments	36 500	37 388	-2,38%
Loans to customers	1 434 586	1 446 693	-0,84%
Investment securities	285 796	220 042	29,88%
Securities pledged under repurchase agreements	25 864	51 365	-49,65%
Investments in associates	2 249	2 973	-24,35%
Bank premises and equipment	30 236	36 841	-17,93%
Intangible assets	2 115	920	129,89%
Deferred tax asset	389	214	81,78%
Other assets	44 221	36 571	20,92%
Total assets	2 180 775	2 182 922	-0,10%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trading liabilities	3 142	9 758	-67,80%
Financial liabilities designated at fair value through profit or loss	87 560	5 056	1631,80%
Balances due to banks	317 869	379 775	-16,30%
Derivative financial instruments	22 232	53 429	-58,39%
Deposits and certificates of deposit	1 301 263	1 300 743	0,04%
Refinancing credits	168 426	161 768	4,12%
Subordinated debt	19 408	32 838	-40,90%
Deferred tax liability	1 667	2 562	-34,9%
Provision	30 157	13 898	117,0%
Other liabilities	57 560	62 780	-8,31%
Total liabilities	2 009 284	2 022 607	-0,66%
Share capital	52 507	52 507	0,00%
Share premium	48 775	48 775	0,00%
Statutory risk reserve	6 118	4 916	24,45%
Available for sale reserve	1 311	122	974,59%
Cash flow hedge reserve	1 940	-937	-307,04%
Accumulated profit	60 840	54 932	10,76%
Total shareholders' equity	171 491	160 315	6,97%
Total liabilities and shareholders' equity	2 180 775	2 182 922	-0,10%

in million HUF	Not audited	Not audited	
	1st half of year 2007	1st half of year 2006	Change
CONSOLIDATED INCOME STATEMENTS			
Interest income	73 473	59 922	22,61%
Interest expense	-45 344	-32 498	39,53%
Net interest income	28 129	27 424	2,57%
Fee and commission income	20 176	18 794	7,35%
Fee and commission expense	-5 920	-5 175	14,40%
Net fee and commission income	14 256	13 619	4,68%
Gains less losses on trading securities	454	361	25,76%
Gains less losses from disposal of investments	327	17	1823,53%
Gains less losses on foreign exchange and interest rate instruments	15 757	10 370	51,95%
Dividend income	24	136	-82,35%
Other operating income	546	1 402	-61,06%
Total operating income	59 493	53 329	11,56%
Operating expenses	-36 298	-34 142	6,31%
Operating profit	23 195	19 187	20,89%
Provision for possible loan and commitment losses	-8 991	-8 956	0,39%
Share of the profit of associates	182	109	66,97%
Gain on property, plant and equipment	56	237	-76,37%
Profit before income taxes	14 442	10 577	36,54%
Income taxes	-2 634	-3 466	-24,00%
Net profit for the year	11 808	7 111	66,05%

We would herewith like to note that the financials of K&H Bank Nyrt. presented above contain the main summary lines of the Company's Balance Sheet and Profit & Loss Account prepared in line with Hungarian accounting standards, as well as of its consolidated Balance Sheet and Profit & Loss Account prepared in line with international financial reporting standards.

B) Changes having taken place at the Company

- The number of the Company's employees increased from 3846 to 3911 between June 30, 2006 and June 30, 2007.
- Members of the Board of Directors: Béla Singlovics, Jan Vanhevel, John Hollows, Luc Philips, Theo Roussis, Ignace Gheysens, Marko Voljč, Dr. Ágnes Bába.
- Members of the Supervisory Board: Dr. Tamás Benedek, Dr. László Udvari, Gábor Wavrik, Lajos Samák, Imre Csigó.
- Executive directors according to the Financial Act: Marko Voljč, Dr. Ágnes Bába
- No changes occurred in the Bank's ownership structure reaching 5% of the registered capital. On June 30, 2007 KBC Bank N.V. had an ownership interest and voting share of 99.9624 %, with the ownership interest and voting share of other owners representing 0.0376 %.

Budapest, August 22, 2007

Dr. Ágnes Bába
Deputy CEO

Attila Gombás
Head of the Finance and Risk
Management Division