KBC Group

EXTENDED QUARTERLY REPORT

4Q 2009

www.kbc.com

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

Management certification of financial statements and quarterly report

'I, Luc Philips, Chief Financial Officer of the KBC group, certify that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report are based on the relevant accounting standards and fairly present in all material respects the financial condition and results of KBC Group NV, including its consolidated subsidiaries.'

Statement of risk

Mainly active in banking, insurance and asset management, KBC is exposed to a number of typical risks such as – but certainly not exclusively – credit default risk, movements in interest rates, capital markets risk, currency risk, liquidity risk, insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations, customer litigations as well as the economy in general. It is part of the business risk that the macroeconomic environment and the ongoing restructuring plans may have a negative impact on asset values or generate additional charges beyond anticipated levels.

Key risk management data are provided in the annual reports, the quarterly reports and the dedicated risk reports, all of which are available at www.kbc.com.

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Earnings statement

KBC Group, 4Q 2009

This news release contains information that is subject to transparency regulations for listed companies – 11 February 2010, 7 a.m. CET

Summary

KBC ended the three months to December 2009 with a net profit of 304 million euros. In the corresponding quarter of 2008, when the then financial crisis was gaining momentum, a significant loss of 2.6 billion euros was posted.

Jan Vanhevel, Group CEO: *'The economic recovery continued to gather pace during the fourth quarter and that has made us cautiously more optimistic for 2010, even though we all know the economic and financial environment remains vulnerable. As anticipated, our quarterly profit was affected by additional loan loss provisioning due to the fact that the improved quality of credit typically lags behind the upturn in the economic cycle. The revenue generated by securities trading was also distinctly light. The core earnings trends, however, remained solid. When excluding the effects of both cyclically higher loan loss provisioning and the low level of revenue from capital market activities, core earnings numbers were similar to previous quarters. On top of that, we are making good progress on our flagship projects to refocus the business portfolio.'*

For the entire 2009 financial year, the net result was -2.5 billion euros, on a par with the year-earlier level and significantly impacted by losses on investments recorded in the first half of the year. On an underlying basis (i.e. excluding exceptional items), the net result was a positive 1.7 billion euros.

In millions of EUR	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	cumul. 12M 2008	cumul. 12M 2009
Net profit (IFRS)	554	493	-906	-2 625	-3 600	302	528	304	-2 484	-2 466
Earnings per share, basic (IFRS, in EUR)	1.62	1.45	-2.66	-7.72	-10.6	0.89	1.56	0.90	-7.31	-7.26
Underlying net profit	737	806	551	176	465	409	631	218	2,270	1 724
Underlying earnings per share, basic (in EUR)	2.16	2.37	1.62	0.52	1.37	1.21	1.86	0.64	6.68	5.08
Breakdown of underlying profit by business unit:										
Belgium Business Unit	455	318	215	158	255	289	289	271	1,145	1 103
Central & Eastern Europe and Russia Business Unit	180	222	201	84	106	71	42	-79	687	140
Merchant Banking Business Unit	89	234	137	-42	91	41	281	-2	418	411
European Private Banking Business Unit	50	64	32	15	34	44	38	24	161	140
Group Centre	-36	-32	-34	-38	-21	-35	-19	3	-140.4	-71
Shareholders' equity per share (EUR, at end of period)	45.7	45.5	42.0	31.5	19.5	23.2	27.7	28.4	31.5	28.4

Financial highlights for 4Q 2009:

- Continued resilient margin environment: net interest margin widens again to 1.94%, up from 1.86% in the third quarter
- Further recovery of fee business and strong life sales: income up 12% and 11%, respectively, quarter-on-quarter
- Solid cost performance: underlying expenses up 1% quarter-on-quarter, but still 25% below 4Q 2008 level
- Weak revenue from capital market activities, in marked contrast with a very strong performance in previous two quarters
- Additional reserves of 0.7 billion euros set aside to cover credit risk enhancing the coverage of non-performing loans by provisions from 68% to 75% (bringing the ratio of loan losses to total loans outstanding to 1.1% for 2009)
- Well on way to deliver on refocused business goals: risk-weighted assets down by almost 5 billion euros compared to the start of the quarter and divestment programme coming up to speed

The income statement summary tables are on pages 4 and 5 of this earnings statement.

Financial highlights – 4Q 2009

Jan Vanhevel, Group CEO summarises the underlying business performance for 4Q 2009 as follows:

- *'Core earnings trends remained solid. When exceptional income and dealing room revenue are excluded, the pre-credit provision result stood at 0.9 billion euros, similar to the previous quarter and almost double the level recorded at the bottom of the crisis in 4Q 2008.'*
- *'On an underlying basis, interest income continued to grow and came in at 11% above the year-earlier level. While volume growth in core markets is sluggish and exposure to non-core markets is intentionally being reduced, the net interest margin has continued to recover. The average net interest margin for the banking operations came to 1.94%, up from 1.86% for the previous quarter.'*
- *'Fee and commission income was up 13% on the previous quarter due to a marked rebound of asset-management-driven fees. Sales of life insurance products also received a boost, especially in Belgium, on the back of improved investment sentiment and seasonally higher marketing efforts.'*
- *'We have been fully benefiting from our efforts to cut costs over the past two years, which explains why they were down 25% compared to the fourth quarter of 2008. Operating costs ended 1% higher than the previous quarter and included some 48 million euros of restructuring expenses. The cost trend has been bottoming out and we expect costs to further increase from this point.'*
- *'The results for sales and trading on money and capital markets were driven by weak activity levels. From a methodological point of view, the value of the trading portfolio was also adjusted to include the market-wide increased counterparty risks and lower liquidity of the past year, notably in the fixed-income segment. The investment bank's underlying total income came in at 28 million euros compared with a quarterly average of around 200 million euros.'*
- *'At year-end, we added 652 million euros to the loan loss provisions, pushing up the ratio of loan loss provisions to non-performing loans outstanding from 68% to 75%. The share of the non-performing part of the loan portfolio increased only marginally from 3.3% to 3.4% during the quarter. The non-performing ratio came down in Belgium, while new non-performing loan formation decreased in both the Central & Eastern Europe and the merchant banking business units. The 2009 loan loss charge came to 1.1% of total loans. In Central & Eastern Europe, the full-year loan loss ratio was 2.1%. A major impact area in this regard in the fourth quarter was the unsecured consumer finance unit in Poland, which will be discontinued. In the Czech Republic, where the largest loan portfolio in the region is held, loan losses were roughly stable again. In Belgium, loan loss provisioning came to 0.2% at year-end, while it was 1.3% for the loan book in the Merchant Banking Business Unit. We are encouraged by signs that the economy is improving and that we are therefore heading towards a turn in the credit cycle. Our 2010 base case scenario sets out that losses will visibly decline compared to financial year 2009.'*
- *'We look to the future with confidence. In line with our objectives, we are successfully shrinking our non-core activities. In the final quarter of the year, 1.5 billion worth of CDO holdings were sold and risk-weighted assets were reduced by almost 5 billion euros on an organic basis. Our divestment projects have aroused considerable interest to date. We hope to close a number of smaller transactions soon and enter negotiations for flagship projects.'*

Headlines of underlying performance per business unit:

- In Belgium, the earnings accruing from the combined solid performance for lending, deposit taking, asset management and insurance activities was offset by somewhat higher loan loss provisions (up from a very low level) and non-life claim charges related to the winter weather. At 271 million euros, the contribution to net profit remained at a high level, bringing the year-to-date return on equity allocated to this business unit to 32%.
- For Central and Eastern Europe, the average net interest margin improved, benefiting from higher average loan spreads. The net result for the region came in at -79 million euros, cyclically impacted by additional loan impairment charges, bringing the year-to-date loan loss ratio to 2.1% (within the anticipated 2.0%-2.3% range). Seasonally higher operating costs were also posted.
- In merchant banking, high year-end additions to corporate loan loss provisions and weak trading income (including portfolio value adjustments) were reported. As a result, the business unit reported a net result just below break-even. With a loan loss ratio of 96 basis points, the Irish business contributed 92 million euros to net profit for FY 2009.
- In the European private banking business, fee and commission income continued to improve. Net results came in somewhat light at 24 million euros, burdened by decreasing treasury income and restructuring charges. Over the entire financial year, a return of 29% was achieved on the equity employed.

The quarter was also characterised by a number of one-off items that were not part of the normal course of business and were excluded from the presented underlying results (combined net impact: +0.1 billion euros). The main items were:

- A valuation mark-up of CDO exposure in the amount of 0.6 billion euros, net, resulting from the further improvement of market prices for corporate credit risk and the release of reserves following further refinement of model parameters;
- Impairment on the value of goodwill outstanding to the tune of 0.3 billion euros, net, largely related to acquisitions made in late 2007 and in early 2008 (mainly in newly entered markets in Eastern Europe);
- A trading loss of -0.2 billion euros, net, related to 'legacy' structured derivatives positions within the *KBC Financial Products* unit (Merchant Banking Business Unit). Similar losses cannot be excluded for the first quarter of 2010, while risk exposure is being unwound.

Financial performance – Full year 2009

Explanations per heading of the income statement for the entire 2009 financial year (see summary tables on next few pages):

- The *net result* for the 2009 financial year amounted to -2.5 billion euros. This figure includes exceptional items totalling -4.2 billion euros, net, such as value losses on CDO investments, the fee paid for the guarantee bought to cover the remaining CDO-linked exposure and position losses in respect of discontinued trading activities. Adjusted for those items, (underlying) profit came to a positive 1.7 billion euros, generating a return on shareholder's equity of 16%.
- *Net interest income* came to 6.1 billion euros, up 21% year-on-year (+12% on an underlying basis). While volume growth slowed down at the start of 2009, margins recovered significantly. On an organic basis, the customer loan book (excluding reverse repos) at 31 December 2009 was 4% below the year-earlier level (up 3% in Belgium, but down 6% in Central & Eastern Europe, notably in Russia and Hungary, and down 7% in Merchant Banking). The underlying net interest margin for the banking activities came to 1.84%, up from 1.68% for the 2008 financial year.
- *Gross earned premiums* in insurance stood at 4.9 billion euros, up 6% on the year-earlier figure. Net of *technical charges* and the *ceded reinsurance result*, income came to 356 million euros. For the non-life insurance activities, the combined ratio came to 98% (95% for 2008); the claims reserve ratio improved from 165% to 181%.
- *Dividend income* from equity investments amounted to 145 million euros, markedly lower than the 259 million euros reported for 2008, as corporate dividend payouts were generally lower and because the equity investment portfolio was reduced in size. At year-end, investments in equity instruments totalled 2.4 billion euros compared with 3.6 billion euros a year-earlier.
- *Net gains from financial instruments at fair value* came to -3.4 billion euros. Although sales and trading activities on the money and debt securities markets were relatively good, this income heading was strongly impacted by net negative value adjustments on structured credit exposure (including the cost of the acquired guarantee) and the marking down of discontinued derivative positions. On an underlying basis, this income heading came to +0.9 billion euros, on a par with the previous year's level.
- *Net realised gains from available-for-sale assets* were 273 million euros, markedly higher than over the previous year when significant losses were posted on the sale of equity holdings. During 2009, low gains on share sales were complemented by gains realised on bonds whose value increased on the back of falling interest rates.
- *Net fee and commission income* amounted to 1.5 billion euros. This is 13% lower than the year-earlier level, due largely to the lower income from asset management activities consequent on the adverse investment climate that prevailed until the first half of 2009.
- *Other net income* ended at 428 million euros, down on the year-earlier figure of 618 million euros, largely because some (divestment) gains were recorded in relation to non-strategic participations in 2008.
- *Operating expenses* came to 5.3 billion euros, down 5% year-on-year (as much as -13% on an underlying basis, i.e. when excluding exceptional items). The cost level benefited from cost containment measures initiated in 2008. The underlying cost/income ratio for banking – a measure for cost efficiency – stood at 55%, compared to 64% for 2008.
- Total *impairment* charges stood at 2.8 billion euros, 1.9 billion euros of which related to loans and receivables. By the end of the year, the ratio of non-performing loans and receivables as a share of total loans and receivables had risen to 3.4%, up from 1.8% in December 2008. During 2009, the total loan portfolio was impaired by 1.1%. *Available-for-sale* investment securities (mainly shares) were impaired to the tune of 350 million euros on the back of falling share prices throughout 2008 and up to the end of the first quarter of 2009. An impairment loss of 509 million euros was recognised on the value of goodwill outstanding, related *inter alia* to acquisitions made in late 2007 and in early 2008 in Bulgaria, Russia and Slovakia.
- As pre-tax results were negative, a deferred *income tax* credit of 234 million euros was recognised.
- The result attributable to minority interests amounted to a negative 82 million euros (including the gain realised on the repurchase of hybrid capital securities in the third quarter of 2009).
- At year-end 2009, *total equity* came to 17.2 billion euros, up 1.8 billion euros on the figure at the start of the year, due to the fact that the negative result (-2.5 billion) and the effect of buying back non-State hybrid equity securities (-0.6 billion) was offset by the positive impact of the issue of non-voting core equity securities to the State (Flemish Region of Belgium, +3.5 billion euros) and the positive market value adjustments on assets (+1.6 billion euros). The group's tier-1 capital ratio – a measure of financial strength – stood at a sound 10.8% of risk-weighted assets (9.2%, when excluding non-state hybrid tier-1 instruments).

Table of results according to IFRS

A summary of the income statement of KBC group, based on the *International Financial Reporting Standards* (IFRS) is given below. A full overview of the IFRS consolidated income statement and balance sheet is provided in the ‘Consolidated Financial Statements’ section of the quarterly report. A condensed statement of changes in shareholders’ equity and several notes to the accounts are also available in the same section. In the period from 3Q 2008 to 1Q 2009, earnings were markedly impacted by adjustments to the value of the investment portfolios. In order to provide a good insight into the underlying business trends, KBC also publishes its ‘underlying’ results (see the following section).

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	cumul. 12M 2008	cumul. 12M 2009
Net interest income	1 163	1 311	1 249	1 269	1 477	1 441	1 597	1 551	4 992	6 065
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	1 122	1 169	4 585	4 856
Gross technical charges, insurance	-1 078	-820	- 804	-1 181	-1 164	-1 127	-1 039	-1 106	-3 883	-4 436
Ceded reinsurance result	- 10	-17	- 17	- 27	- 15	-17	-2	-30	-72	-64
Dividend income	36	123	37	63	23	60	26	37	259	145
Net (un)realised gains from fin instruments at fair value	- 26	35	-1 688	-1 801	-3 742	78	-160	374	-3,481	-3,450
Net realised gains from available-for-sale assets	198	63	80	- 246	34	13	117	109	95	273
Net fee and commission income	438	477	422	377	317	372	380	423	1,714	1,492
Other net income	129	97	210	183	152	116	116	44	618	428
Total income	2 084	2 276	411	56	-1 610	2 193	2 157	2 570	4 827	5 310
Operating expenses	-1 278	-1 310	-1 351	-1 660	-1 235	-1 518	-1 307	-1 231	-5 600	-5 292
Impairment	- 98	-332	- 478	-1 325	- 707	-633	-442	-995	-2,234	-2,777
o/w on loans and receivables	- 27	-143	- 130	- 522	- 307	-578	-368	-650	-822	-1,903
o/w on available-for-sale assets	- 71	-180	- 341	- 742	- 311	-19	-5	-16	-1,333	-350
Share in results of associated companies	16	8	9	- 33	0	-2	3	-24	-1	-22
Profit before tax	723	642	-1 410	-2 963	-3 552	40	411	320	-3 007	-2 781
Income tax expense	- 144	-121	533	360	- 28	286	8	-32	629	234
Profit after tax	579	521	- 876	-2 603	-3 580	326	419	288	-2,379	-2,547
attributable to minority interests	26	28	30	22	20	24	-109	-16	105	-82
attributable to the equity holders of the parent	**554**	**493**	**- 906**	**-2 625**	**-3 600**	**302**	**528**	**304**	**-2,484**	**-2,466**
Belgium	357	194	- 227	- 721	- 5	287	330	350	-397	961
Central & Eastern Europe and Russia	159	203	- 32	- 142	44	42	-3	-326	188	-242
Merchant Banking	31	125	- 519	-1 801	-3 738	-153	403	216	-2,164	-3,272
European Private Banking	43	48	- 88	- 155	26	29	37	17	-153	109
Group centre	- 35	-77	- 40	193	73	97	-238	47	41	-21
Earnings per share, basic (IFRS, in EUR)	1.62	1.45	-2.66	-7.72	-10.60	0.89	1.56	0.90	-7.31	-7.26
Earnings per share, diluted (IFRS, in EUR)	1.62	1.45	-2.65	-7.70	-10.60	0.89	1.56	0.90	-7.28	-7.26

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2008	31-12-2009
Total assets	355 317	324 231
of which loans and advances to customers	157 296	153 230
of which securities (equity and debt instruments)	94 897	98 252
Total liabilities	339 941	307 054
of which deposits from customers and debt certificates	196 733	193 464
of which gross technical provisions, insurance	19 523	22 012
of which liabilities under investment contracts, insurance	7 201	7 939
Parent shareholders' equity	10 710	9 662
Non-voting core-capital securities	3 500	7 000
Return on equity (based on underlying results, year-to-date)	16%	16%
Cost/income ratio (based on underlying results, year-to-date)	64%	55%
Combined ratio, non-life (year-to-date)	95%	98%

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

More information on the balance sheet can be found in the Consolidated Financial Statements part of the quarterly report.

Table of underlying results

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

The differences with the IFRS figures relate to the exclusion of exceptional or non-operating items and a different accounting treatment of certain hedging results and capital-market income. In view of their nature and materiality, it is important to adjust the results for these factors to understand the profit trend fully. A reconciliation table for net profit is provided on the next page.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	cumul. 12M 2008	cumul. 12M 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1 344	1 391	1 410	4 910	5 497
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1 256	1 122	1 169	4 585	4 856
Gross technical charges, insurance	-1 078	-820	-804	-1 181	-1 164	-1 127	-1 039	-1 086	-3 883	-4 416
Ceded reinsurance result	-10	-17	-17	-27	-15	-17	-2	-30	-72	-64
Dividend income	19	103	20	54	12	47	9	28	196	96
Net (un)realised gains from fin instruments at fair value	114	403	242	175	231	321	335	52	933	938
Net realised gains from available-for-sale assets	198	63	80	2	51	41	95	106	343	293
Net fee and commission income	464	482	430	379	328	391	400	450	1,755	1,569
Other net income	115	72	110	107	119	98	93	34	404	342
Total income	2 260	2 550	2 170	2 192	2 222	2 353	2 405	2 131	9 172	9 111
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1 196	-1 224	-1 231	-5 591	-4 888
Impairment	-28	-152	-143	-420	-319	-560	-367	-666	-743	-1,913
o/w on loans and receivables	-27	-143	-130	-341	-307	-567	-356	-652	-641	-1,883
o/w on available-for-sale assets	0	0	-15	-29	-3	-1	0	-11	-44	-16
Share in results of associated companies	16	8	9	-20	0	-2	3	-24	13	-22
Profit before tax	964	1 022	758	106	667	595	816	210	2 850	2 289
Income tax expense	-200	-188	-175	94	-181	-162	-167	3	-470	-507
Profit after tax	763	834	583	200	486	433	649	213	2,381	1,782
attributable to minority interests	26	28	32	24	21	24	18	-5	111	58
attributable to the equity holders of the parent	**737**	**806**	**551**	**176**	**465**	**409**	**631**	**218**	**2,270**	**1,724**
Belgium	455	318	215	158	255	289	289	271	1,145	1,103
Central & Eastern Europe and Russia	180	222	201	84	106	71	42	-79	687	140
Merchant Banking	89	234	137	-42	91	41	281	-2	418	411
European Private Banking	50	64	32	15	34	44	38	24	161	140
Group centre	-36	-32	-34	-38	-21	-35	-19	3	-140	-71
Underlying earnings per share, basic (in EUR)	2.16	2.37	1.62	0.52	1.37	1.21	1.86	0.64	6.68	5.08
Underlying earnings per share, diluted (in EUR)	2.15	2.36	1.62	0.52	1.37	1.21	1.86	0.64	6.66	5.08

Strategy highlights and future developments

- In the course of 2009, KBC reviewed its strategy in order to lower its risk profile while still maintaining its core earnings power and organic growth potential. Jan Vanhevel, Group CEO: '*It was reassuring to observe that our core business model remained largely untouched by the past turbulence in the financial sector. However, the need was made clear to accordingly reduce our risk profile and the scope of activities to which we allocate capital.*'
- The new strategy, announced in December 2009, focuses on growing bancassurance on an organic basis in Belgium and selected Central and Eastern European markets, targeting retail and SME customers, including local mid-caps. Exposure to non-domestic corporate lending and non-core capital market activities will be largely reduced and KBL European private bankers will be divested. This will be complemented by some additional capital optimisation measures. Jan Vanhevel: '*We are ready for the future. We have a clear vision for the mid-term that is supported by a strong business case. Implementation of the strategy is progressing well and this is being tightly monitored.*'
- Fully aware of the demands for accountability placed on it by many elements of society, KBC remains committed to its ongoing process of improving the way its business is conducted. Jan Vanhevel: '*Customer satisfaction, employee professionalism and a deep connectedness with local markets are key objectives for me*'. In order to align remuneration principles with long-term stakeholders' interests, KBC implemented a new group-wide remuneration policy aligned with the most recent international standards. Moreover, KBC Group Executive Committee members have foregone their remuneration bonus for the 2009 financial year, just like they did for the previous year.
- KBC intends to redeem the core capital securities that were issued to the State largely by retaining earnings and releasing capital currently tied up in non-core assets. KBC also has the intention to maintain a regulatory tier-1 capital ratio of 10%, of which 8% core capital (in a first phase, the core capital includes the core capital securities issued to the State).
- At the next Annual General Meeting (AGM) to be held on 29 April 2010, it will be proposed to shareholders not to pay out a dividend over the 2009 financial year. KBC, however, intends to resume cash dividend payment as of 2011, based on 2010 earnings (subject to AGM approval).

Additional information on the financial statements

- Our auditor has confirmed that his audit procedures of the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards as adopted in the European Union, are substantially completed and that these procedures have not revealed any material modification that would have to be made to the accounting information derived from the consolidated financial statements and included in this earnings statement.
- During the fourth quarter of 2009, no changes were made to the scope of consolidation or to the valuation rules that had a material net impact on earnings. However, while updating definitions, certain earnings items that had previously been recorded as *operating expenses* were recognised against *total income* as of the fourth quarter of 2009. This had a downwards impact of 30 million euros on both *operating expenses* and *total income*.
- For the fourth quarter, the value of local currencies in Central and Eastern European markets depreciated by an average 6% against the euro, compared to the same period of 2008. This had a negative impact on the earnings components of the Central & Eastern Europe Business Unit. However, when comparing the fourth quarter to the previous quarter, changes in the value of those currencies were not material.
- *Total equity* at 31 December 2009 amounted to 17.2 billion euros. Total equity breaks down into *parent shareholder's equity* (9.7 billion euros), *non-voting core capital securities* issued to both the Belgian Federal State and the Flemish Regional Government of Belgium. (a combined 7.0 billion euros) and *minority interests* (0.5 billion euros, including certain tier-1 hybrid instruments).
- *Parent shareholders' equity per share* at 31 December 2009 (28.4 euros) was calculated on the basis of 339.7 million shares, whereby the number of treasury shares held (18.2 million) was deducted from the number of ordinary shares outstanding (357.9 million).
- *Earnings per share* for 4Q 2009 (0.90 euros) was calculated on the basis of 339.58 million shares (average number during the quarter), while *diluted earnings per share* (0.90 euros) was calculated on the basis of 339.58 million shares (also quarterly average). In both cases, the average number of treasury shares held was deducted from the average ordinary share count. For calculating diluted earnings per share, however, the number of stock options granted to employees with an exercise price below market price (4 527) was added. Under IAS 33, the conversion option held on a portion of the non-voting core capital securities issued to the State and the share underwriting commitment by the State linked to the CDO guarantee scheme do not have any impact.
- As usual, KBC has made additional risk disclosures on the composition of its loan book and its structured credit exposure as at 31 December 2009 (available in the English version of the extended quarterly report at www.kbc.com/ir).

Reconciliation of underlying profit with profit reported according to IFRS

In order to arrive at the underlying net profit, the following factors are eliminated:

- Fair value changes recognised under IFRS on derivatives used for asset hedging purposes that do not qualify for *fair value hedge accounting for a portfolio hedge of interest rate risk* (since most of the hedged assets are not measured at fair value, fair valuing of hedges themselves is, from an economic point of view, an asymmetric treatment generating results without substance).
- Fair value changes recognised under IFRS on *financial liabilities designated at fair value* due to the changes in own credit spreads (as at year-end, the amount of debt securities issued and designated at fair value was 3.5 billion euros).
- Exceptional factors that do not regularly occur during the normal course of business (including exceptional value losses on financial assets due to the financial crisis).

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

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	cumul. 12M 2008	cumul. 12M 2009
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	631	218	2 270	1 724
- Amounts before taxes and minority items											
MTM of derivatives for ALM hedging	1,2,3,4,5	-33	41	-151	- 310	-137	206	42	-33	-453	79
MTM of own debt issued	5				371	134	200	-330	41	371	44
Gains/Losses on CDOs	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	228	719	-4 004	-1 849
MTM of CDO guarantee and commitment fee	1,3						-1 121	- 146	- 143		-1 409
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	4	- 4	-1 101	- 367
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1	42	8	-439	65
Loss on discontinued structured trading positions	3				- 245		-760	-153	-166	-245	-1 078
Impairment on goodwill	1,2,3				- 10	-79	-28	-58	-328	-10	-493
Gain on buy back of hybrid Tier-1 securities	1,2,3							128			128
Exceptional tax adjustments	1,2,3,5					145	61		9		214
Other	1,2,3,4,5		-42	46	21	-49	2	-33	7	27	-73
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	176	-24	1 103	549
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	528	304	-2 484	-2 466

* 1 = Belgium business unit; 2 = Central & Eastern Europe and Russia business unit; 3 = Merchant Banking business unit;
4 = European Private Banking business unit; 5 = Group Centre

Moreover, in order to arrive at the underlying figures, the following additional adjustments are made (without any impact on net profit):

- Interest results on derivatives used for asset hedging purposes that do not qualify for *fair value hedge accounting for a portfolio hedge of interest rate risk* are presented in the *net interest income* heading in the same way as the interest paid on the underlying assets is treated (under IFRS, the interest results on these derivatives are recognised as *net (un)realised gains from financial instruments at fair value*);
- All income components related to professional trading activities within the investment banking division are presented under the *net (un)realised gains from financial instruments at fair value* heading (while under IFRS, income is split across different headings).

Financial calendar 2010

2009 Annual Report available as of	9 April 2010
2009 Risk Report available as of	9 April 2010
2009 Corporate Social Responsibility Report available as of	15 April 2010
Publication of Embedded Value data as at 31-12-2009, Insurance	31 March 2010
Annual General Meeting	29 April 2010
KBC Group - Publication of 1Q 2010 results	12 May 2010
KBC Group - Publication of 2Q 2010 results	5 August 2010
KBC Group - Publication of 3Q 2010 results	10 November 2010
KBC Group - Publication of 4Q 2010 results	10 February 2011

An extended version of the financial calendar, including analyst and investor meetings, is available at www.kbc.com/ir/calendar.

Analysis of underlying earnings components

KBC Group, 4Q 2009

Unless otherwise specified, all amounts are given in euros. Unaudited.

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	1 202	1 257	1 186	1 265	1 353	1,344	1,391	1,410
Gross earned premiums, insurance	1 236	1 008	922	1 419	1 308	1,256	1,122	1,169
Non-Life	*503*	*504*	*514*	*531*	*479*	*477*	*495*	*475*
Life	*734*	*504*	*407*	*888*	*830*	*780*	*627*	*694*
Gross technical charges	-1 078	- 820	- 804	-1 181	-1 164	-1,127	-1,039	-1,086
Non-Life	*- 289*	*- 261*	*- 310*	*- 344*	*- 297*	*- 290*	*- 323*	*- 315*
Life	*- 789*	*- 559*	*- 493*	*- 837*	*- 867*	*- 837*	*- 716*	*- 771*
Ceded reinsurance result	- 10	- 17	- 17	- 27	- 15	-17	-2	-30
Net fee and commission income	464	482	430	379	328	391	400	450
*Banking**	*586*	*586*	*547*	*507*	*448*	*486*	*503*	*546*
Insurance	*- 122*	*- 104*	*- 117*	*- 128*	*- 120*	*-95*	*-103*	*-96*
Net (un)realised gains from financial instruments at fair value	114	403	242	175	231	321	335	52
Net realised gains from available-for-sale assets	198	63	80	2	51	41	95	106
Dividend income	19	103	20	54	12	47	9	28
Other net income	115	72	110	107	119	98	93	34
Total income	2 260	2 550	2 170	2 192	2 222	2,353	2,405	2,131
Belgium	1 042	925	758	822	846	876	884	881
Central & Eastern Europe and Russia	659	745	799	799	710	636	654	672
Merchant Banking	420	726	517	482	534	688	710	409
European Private Banking	158	202	146	168	163	186	183	165
Group Centre	- 19	- 48	- 50	- 78	- 31	-34	-25	5

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to 1 410 million, in line with the high levels of the three previous quarters. This continued high level of net interest income was realised in a benign interest rate environment (net interest margin at 1.94%). Compared to the year-earlier quarter, net interest income was 11% higher. This year-on-year increase reflects the recovery of the net interest margin since the start of the year (1.95% in the current quarter compared to 1.68% in the year-earlier quarter). Net interest margin improved mainly on account of increased credit and deposit spreads. The net interest income also benefited from the investment of the government core capital securities (35 million in 4Q 2009, 112 million for full year 2009).

Credit and deposit volumes dropped by 4% and 5%, respectively, compared to a year ago. This was due in part to the reduction in the international loan book in Russia and the Merchant Banking Business Unit, which was in line with the renewed strategic focus of the group. Quarter-on-quarter, deposit and credit volumes have remained roughly stable (+0% and -1%, respectively).

Gross earned insurance premiums in the quarter under review amounted to 1 169 million, up by 4% on the previous quarter's figure, due to stronger life insurance results.

Compared to the previous quarter, non-life sales declined by 4% to 475 million. For FY 2009, the non-life insurance activities turned in another good technical result, as illustrated by a combined ratio of 98%. The increase compared to the combined ratio for 2008, was largely based on a deterioration of the combined ratio in CEER (104%), due to high claims in Poland, while the technical performance of the non-life insurance business remained excellent in the Belgium Business Unit (with a combined ratio of merely 94%) and in the Merchant Banking Business Unit (97% combined ratio).

Gross earned premiums in the life insurance business amounted to 694 million in the quarter under review, but this IFRS figure excludes certain types of life insurance contracts (i.e. the unit-linked contracts). When these contracts are included, life insurance sales amounted to 1 499 million in the quarter under review, up 50% quarter-on-quarter, owing to the continued improvement of the investment climate and also because the last quarter of the year is traditionally a strong one. Life insurance sales were up 12% on the already high level recorded in the year-earlier quarter, due entirely to increased sales of unit-linked products. Unlike previous quarters, the sale of unit-linked products (744 million) is almost on a par with the sale of interest-guaranteed products (755 million). At 31 December 2009, the group's total life reserves stood at 25 billion, up 4% on the previous quarter and up 12% on the year-earlier quarter.

Dividend income in the quarter under review stood at 28 million, up from the 9 million recorded a quarter ago, but down on the 54 million recorded in 4Q 2008. This was due to the reduction in the size of the share portfolio and the generally lower level of corporate dividend payouts.

Net (un)realised gains from financial instruments at fair value (trading and fair value income) amounted to 52 million, down on the high levels recorded in the previous quarters and on the 175 million recorded a year ago, due to weaker sales and trading of money and debt capital market instruments. From a methodological point of view, the value of the trading portfolio was also adjusted to include the past year's market-wide increase in counterparty risk and lower liquidity, notably in the fixed income segment.

It should be noted that the underlying figures exclude fair value changes in ALM hedging instruments (small negative amount in the quarter under review), the CDO-related impact (positive amount), impairments on goodwill (negative amount) and costs related to investment banking activities that are being run down (negative amount). A full overview of the impact of these non-operating items, including figures for all reference quarters, is provided in the table 'Underlying profit analysis, KBC Group' in the first part of this report, while the impact for each business unit is summarised separately in the following sections of this report.

Realised gains on available-for-sale assets stood at 106 million in the quarter under review, somewhat higher than in the previous quarter.

Net fee and commission income stood at 450 million in 4Q 2009, the third quarterly increase in a row after the record low in the first quarter of 2009 (since then, commission income has grown by 37%). The increase compared to the previous quarter – some 13% – was largely thanks to a 9% quarter-on-quarter rise in commissions *received* in the banking business. This is based on the sale of investment funds and the shift by clients from money market funds to other (higher margin) products. Total assets under management at group level stood at 205 billion at 31 December 2009, roughly in line with the previous quarter.

Other net income amounted to 34 million, down from the 104-million average of the last four quarters. This income heading has been impacted by a change in classification methodology (however, without having any impact on the bottom line) that aims at increasing the consistency of accounting practices throughout the group. This has resulted in 30 million being transferred from operating expenses to other net income and net fee and commission income.

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Staff expenses	- 765	- 812	- 719	- 835	- 691	-695	-721	-755
General administrative expenses	- 447	- 485	- 467	- 584	- 458	-406	-458	-588
Depreciation and amortisation of fixed assets	- 93	- 88	- 102	- 109	- 96	-98	-105	-100
Provisions for risks and charges	22	2	11	- 119	10	2	59	212
Operating expenses	-1 284	-1 383	-1 278	-1 646	-1 235	-1,196	-1,224	-1,231
Belgium	- 464	- 486	- 479	- 601	- 464	-448	-444	-457
Central & Eastern Europe and Russia	- 406	- 446	- 479	- 548	- 399	-381	-396	-435
Merchant Banking	- 301	- 323	- 217	- 350	- 262	-226	-248	-184
European Private Banking	- 95	- 132	- 111	- 148	- 115	-124	-134	-141
Group Centre	- 18	4	8	0	4	-17	-1	-15

At 1 231 million, operating expenses in 4Q 2009 were in line with the previous quarter. The quarter under review was impacted (30 million) by the above-mentioned accounting reclassification and traditional year-end increase in marketing expenses. Expenses were down 25% on the year-earlier quarter, thanks to the ongoing cost containment measures, including a reduction in FTEs (-7% in one year's time), the cancellation of variable pay and the run down of certain merchant banking activities. This downward year-on-year cost trend relates to all business units (Belgium -23%, CEER -21%, Merchant Banking -43% and KBL-EPB -5%). It should be noted that the cost reduction in the CEER Business Unit largely surpasses the 6% year-on-year average exchange rate deprecation of CEER currencies against the euro).

As a result, the banking business cost/income ratio (expenses versus total income) for FY 2009 stood at a comfortable 55% for the whole group, a significant improvement on the 64% recorded for FY 2008 (as already stated, the direct impact of the financial crisis on income has been disregarded in these calculations). The cost/income ratio for the banking business breaks down per business unit as follows: 56% for Belgium, 59% for CEER, 41% for Merchant Banking and 75% for European Private Banking.

The non-life insurance cost ratio (net expenses/net written premiums) stood at 32% for FY 2009 (compared to 34% for FY2008) and is broken down as follows: 31% for Belgium, 35% for CEER and 20% for Merchant Banking.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Impairment on loans and advances	-27	-143	-130	-341	-307	-567	-356	-652
Impairment on available-for-sale assets	0	0	-15	-29	-3	-1	0	-11
Impairment on goodwill	0	0	0	-15	0	0	0	0
Impairment on other	0	-9	2	-36	-9	8	-11	-3
Impairment	-28	-152	-143	-420	-319	-560	-367	-666
Belgium	-4	-13	-18	-12	-19	-20	-11	-49
Central & Eastern Europe and Russia	-35	-53	-83	-151	-187	-171	-214	-294
Merchant Banking	13	-85	-42	-215	-112	-368	-141	-312
European Private Banking	-2	0	0	-41	-1	-1	-1	-12
Group Centre	0	0	0	-2	0	0	0	0

In 4Q 2009, impairment *on loans and advances* (loan loss provisions) stood at 652 million, up from the 356 million registered in the previous quarter and the 341 million recorded in the year-earlier quarter. The quarter-on-quarter increase is almost entirely accounted for by the CEER Business Unit (up 90 million, 19 million of which in Hungary and 49 million in Poland, mainly in the consumer finance business) and the Merchant Banking Business Unit (167 million, chiefly in the international corporate loan book). Loan losses in the Belgian retail portfolio increased from remarkably low levels, but remain at a moderate level.

Impairment on *available-for-sale assets* in 4Q 2009 amounted to 11 million, due primarily to impairments on corporate bonds in the European Private Banking Business Unit. It should be noted that, although average share prices went up in the quarter under review, this did not lead to reversals of impairment having a positive effect on P/L (increasing share prices are only reflected in the revaluation reserve for shares – part of shareholders' equity – which went from 333 million at the end of September 2009 to 387 million at the end of December 2009).

The annualised credit cost ratio (which includes both loans and corporate and bank bonds) for FY 2009 ended at 111 basis points for the whole group, up on the 96 basis points recorded for 9M 2009 and the 70 basis point reported for FY

2008. The FY 2009 credit cost ratio breaks down as follows: a still relatively low 17 basis points for the Belgium Business Unit (9 basis points in FY 2008), 212 basis points for the CEER Business Unit (in line with the guidance given earlier, and clearly up on 83 basis points in FY 2008) and 132 basis points for the Merchant Banking Business Unit (90 basis points in FY 2008). At the end of December 2009, some 3.4% of the loan book was non-performing, compared to 3.3% three months ago.

The underlying impairment figures exclude some 327 million of (pre-tax) impairment on the *goodwill* that had been booked on a number of (mostly Central European) subsidiaries in the quarter under review.

Analysis of other earnings components (underlying figures)

Other components of the result (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Share in result of associated companies	16	8	9	-20	0	-2	3	-24
Income tax expense	-200	-188	-175	94	-181	-162	-167	3
Minority interests in profit after tax	26	28	32	24	21	24	18	-5

The share in the results of associated companies, which concerns mainly the minority participation in Nova Ljubljanska banka in Slovenia, stood at a negative 24 million in the quarter under review. Group tax amounted to 3 million in 4Q 2009 lower than in previous quarters, due in part to reversals of tax accruals in earlier quarters, mainly in the Merchant Banking Business Unit. The result attributable to minority shareholders in group companies came to -5 million.

Underlying results per business unit

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

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

Belgium Business Unit (underlying trend)

In the quarter under review, the Belgium Business Unit generated an underlying profit of 271 million, slightly below the previous quarter, but significantly up on the 158 million recorded in the year-earlier quarter, thanks mainly to solid net interest income combined with continued efforts to reduce costs. The entities for which a divestment is planned (Centea and Fidea) contributed 24 million to underlying profit.

These underlying figures exclude exceptional items. A table reconciling underlying net profit and net profit according to IFRS is provided further on in this section.

The Belgium Business Unit encompasses the retail bancassurance activities in Belgium (including the KBC-brand private banking activities). More specifically, it includes the retail and private banking activities of the legal entity KBC Bank in Belgium, the activities of the legal entity KBC Insurance, as well as the activities of a number of Belgian subsidiaries (primarily CBC Banque, Centea, Fidea and ADD).

Income statement, Belgium Business Unit (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	532	542	441	469	583	589	607	627
Gross earned premiums, insurance	865	632	532	1 024	992	934	774	826
Gross technical charges, insurance	- 828	- 612	- 524	- 954	- 949	- 900	- 768	- 853
Ceded reinsurance result	- 6	- 7	- 5	- 2	- 4	- 6	- 4	- 11
Dividend income	15	77	14	41	10	30	0	25
Net (un)realised gains from financial instruments at fair value	28	- 9	16	12	15	18	29	18
Net realised gains from available-for-sale assets	200	59	79	18	39	20	41	41
Net fee and commission income	192	205	163	163	121	156	152	194
Banking	*249*	*249*	*207*	*220*	*187*	*208*	*204*	*242*
Insurance	*- 56*	*- 43*	*- 44*	*- 57*	*- 66*	*- 52*	*- 52*	*- 48*
Other net income	45	39	41	52	40	36	52	13
Total income	1 042	925	758	822	846	876	884	881
Operating expenses	- 464	- 486	- 479	- 601	- 464	- 448	- 444	- 457
Impairment	- 4	- 13	- 18	- 12	- 19	- 20	- 11	- 49
o/w on loans and receivables	- 4	- 13	- 18	- 12	- 19	- 20	- 11	- 48
o/w on available-for-sale assets	0	0	0	0	0	- 1	0	- 1
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	575	426	262	210	363	408	428	375
Income tax expense	- 120	- 108	- 46	- 52	- 108	- 119	- 139	- 103
Profit after tax	455	319	215	158	255	289	290	272
attributable to minority interests	1	0	1	0	1	1	1	1
attributable to the equity holders of the parent	**455**	**318**	**215**	**158**	**255**	**289**	**289**	**271**
Banking activities	*179*	*155*	*68*	*71*	*144*	*171*	*222*	*206*
Insurance activities	*276*	*163*	*146*	*86*	*111*	*118*	*67*	*65*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*32 827*	*34 160*	*33 240*	*33 650*	*34 419*	*34 788*	*34 123*	*33 652*
Allocated equity (end of period, Basel II)	*3 014*	*3 123*	*3 077*	*3 134*	*3 226*	*3 288*	*3 270*	*3 247*
Return on allocated capital (ROAC, Basel II))	*59%*	*40%*	*26%*	*21%*	*31%*	*33%*	*33%*	*31%*
Cost/income ratio (banking activities)	*58%*	*62%*	*79%*	*88%*	*63%*	*57%*	*52%*	*51%*
Combined ratio (non-life insurance activities)	*88%*	*96%*	*93%*	*96%*	*81%*	*93%*	*90%*	*115%*

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

Net interest income for this business unit amounted to 627 million in the quarter under review, above the already high levels recorded since the first quarter of 2009 and evidently significantly up on the 469 million recorded in the year-earlier quarter. The improvement since the start of the year was mainly attributable to a return to healthier margins on loans and deposits. As a result, the net interest margin for this business unit stood at 1.62%, up from 1.25% a year ago. While credit volumes in Belgium continued to grow (+1% quarter-on-quarter, +3% year-on-year), deposit volumes declined (-4% quarter-on-quarter, -6% year-on-year).

Gross earned premiums for the group's insurance activities in Belgium amounted to 826 million. This breaks down into 591 million for life insurance and 235 million for non-life insurance. The non-life result is somewhat lower compared to the previous quarter due to, among other factors, the exceptional weather conditions in Belgium in December, which led to higher claims. This led to a FY combined ratio of 94% for the Belgian non-life insurance activities, up from the 88% at the end of September, but still an improvement on the 96% registered in FY 2008.

As regards life insurance, gross earned premiums under IFRS exclude certain forms of life insurance contracts (i.e. the unit-linked contracts). When these products are included, total life insurance sales amounted to 843 million. This constitutes a 29% increase compared to the previous quarter. Interest-guaranteed products still accounted for the larger part of the life insurance sales (589 million), but at 254 million, sales of unit-linked products continued to gain momentum and doubled during the quarter under review (+114%), reaching almost four times the low level of the year-earlier quarter (+294%). As at the end of December 2009, the total life reserves of this business unit stood at 22 billion, up 3% quarter-on-quarter and 12% year-on-year.

Dividend income stood at 25 million in the quarter under review, substantially below the 41 million recorded in the year-earlier quarter following a scaling down of the share portfolio. Net (un)realised gains on financial instruments at fair value stood at 18 million for the quarter under review, compared to the 12 million registered a year ago, but down on the 29 million recorded in the previous quarter, which benefited from positive fair value adjustments of some off-balance-sheet positions. As already explained, the underlying results exclude the CDO-related impact (overview provided in the table below). Net realised gains on available-for-sale assets amounted to 41 million in the quarter under review, roughly in line with the previous quarter, but well above the 30-million average of the last four quarters.

Net fee and commission income amounted to 194 million, up 28% on the previous quarter and hence a continuation of the recovery from the very low level recorded in the first quarter of the 2009 (121 million). The gradual recovery of fee and commission income is due to the improvement in the investment climate, which has led to higher commission income from mutual funds, among other things. The assets under management of this business unit stood at 146 billion.

Other net income came to 13 million. The decrease compared to the 45-million-euro average of the last four quarters is explained mainly by a change in classification methodology (however, without any impact on the bottom line) that aims at increasing the consistency of accounting practices throughout the group. This resulted in -44 million being transferred from operating expenses and fee and commissions to other net income.

Operating expenses amounted to 457 million in 4Q 2009, costs traditionally being somewhat higher in the last quarter. Compared to the year-earlier quarter, operating expenses decreased by 24%, reflecting the impact of the ongoing cost containment measures, including the reduction in FTEs (-3% year-on-year), lower variable remuneration and the fact that 4Q 2008 included some important one-off items such as restructuring costs and additional pension charges. As a result, the cost/income ratio for the Belgian banking activities in FY 2009 amounted to a comfortable 56%, a significant improvement on the 71% recognised for FY 2008.

In the quarter under review, loan losses for the Belgian retail portfolio amounted to 48 million, a notable increase compared to 11 million and 12 million in the previous and year-earlier quarters. Nevertheless, credit costs continued to remain at relatively low levels, i.e. 17 basis points for FY 2009, compared to 12 basis points at the end of September and 9 basis points for FY 2008, reflecting the late-cyclical increase. Moreover, this quarter included a one-off impact in the loan book of Centea, an entity which is to be divested. At end December 2009, around 1.7% of the Belgian retail loan book was non-performing, in line with the beginning of the year (1.7%).

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Belgium Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**455**	**318**	**215**	**158**	**255**	**289**	**289**	**271**
Plus:								
- Losses on CDOs/monolines	- 31	- 51	- 434	- 256	0	- 215	- 14	107
- Value losses on AFS shares	- 48	- 108	- 120	- 557	- 251	- 40	6	- 1
- Impairment of exposure to US and Icelandic banks	0	0	- 3	0	0	0	0	0
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	22	0
- Other	- 46	25	- 53	- 228	- 46	242	43	7
Taxes and minority interests on the items above	26	8	168	162	36	11	- 16	- 35
Profit after tax, attributable to the equity holders of the parent: IFRS	**357**	**194**	**- 227**	**- 721**	**- 5**	**287**	**330**	**350**

CEER Business Unit (underlying trend)

The CEER Business Unit encompasses all banking and insurance activities in Central and Eastern Europe and Russia, primarily:

- Czech Republic: ČSOB Bank (CR) and ČSOB Insurance (CR)
- Slovakia: ČSOB Bank, ČSOB Insurance (SR)
- Hungary: K&H Bank and K&H Insurance
- Poland: Kredyt Bank and WARTA Insurance
- Bulgaria: CIBank and DZI Insurance
- Russia: Absolut Bank
- Serbia: KBC Bank
- Slovenia: NLB Bank (minority participation) and NLB Life.

In the quarter under review, the CEER Business Unit generated an underlying result of -79 million, down on the 42 and 84 million recorded in the previous and year-earlier quarters, mainly due to increased loan loss charges. For full year 2009, the CEER Business Unit contributed 140 million to the profit of the KBC group.

The 4Q 2009 net profit breaks down as follows: 88 million generated in the Czech Republic, 3 million in Slovakia, 11 million in Hungary, -39 million in Poland, -46 million in Russia, and -96 million included under other results (largely funding cost of goodwill).

The underlying profit figure excludes exceptional items. A table reconciling this underlying net profit and the net result according to IFRS is provided further on in this section.

Income statement, Central & Eastern Europe and Russia Business Unit (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	390	439	471	482	460	449	461	469
Gross earned premiums, insurance	299	319	330	338	257	267	283	288
Gross technical charges, insurance	- 186	- 164	- 235	- 201	- 165	- 179	- 216	- 196
Ceded reinsurance result	- 4	- 9	- 7	- 17	- 4	- 7	0	- 14
Dividend income	0	3	2	8	0	7	1	0
Net (un)realised gains from financial instruments at fair value	49	62	124	80	51	- 11	14	23
Net realised gains from available-for-sale assets	- 1	- 5	- 2	1	6	2	4	6
Net fee and commission income	76	75	79	70	63	79	82	84
Banking	*129*	*132*	*143*	*131*	*108*	*117*	*124*	*128*
Insurance	*- 53*	*- 56*	*- 64*	*- 61*	*- 45*	*- 38*	*- 42*	*- 44*
Other net income	36	25	36	39	42	30	25	12
Total income	659	745	799	799	710	636	654	672
Operating expenses	- 406	- 446	- 479	- 548	- 399	- 381	- 396	- 435
Impairment	- 35	- 53	- 83	- 151	- 187	- 171	- 214	- 294
o/w on loans and receivables	- 35	- 51	- 79	- 149	- 179	- 178	- 203	- 294
o/w on available-for-sale assets	0	0	0	0	0	0	0	0
Share in results of associated companies	15	8	11	- 10	0	- 2	3	- 25
Profit before tax	233	254	248	90	123	83	46	- 83
Income tax expense	- 48	- 25	- 38	- 4	- 18	- 10	- 7	- 9
Profit after tax	185	228	209	86	105	73	39	- 92
attributable to minority interests	6	6	8	3	- 1	2	- 3	- 13
attributable to the equity holders of the parent	**180**	**222**	**201**	**84**	**106**	**71**	**42**	**- 79**
Banking activities	*183*	*206*	*189*	*63*	*70*	*51*	*40*	*- 88*
Insurance activities	*- 3*	*16*	*12*	*20*	*36*	*20*	*2*	*9*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*37 104*	*42 603*	*42 595*	*41 340*	*39 348*	*38 511*	*37 194*	*36 595*
Allocated equity (end of period, Basel II)	*2 603*	*2 973*	*3 006*	*2 922*	*2 793*	*2 725*	*2 634*	*2 604*
Return on allocated capital (ROAC, Basel II)	*25%*	*28%*	*22%*	*10%*	*10%*	*3%*	*0%*	*-20%*
Cost/income ratio (banking activities)	*58%*	*57%*	*58%*	*66%*	*56%*	*59%*	*58%*	*63%*
Combined ratio (non-life insurance activities)	*92%*	*89%*	*92%*	*95%*	*109%*	*94%*	*110%*	*102%*

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

The change in the average exchange rate against the euro of the main currencies in the region compared to both 4Q 2008 and 3Q 2009 is provided in the table below. Compared to a year ago, the weighted average change in the exchange rate for the business unit was -6% (depreciation against the euro). Compared to a quarter ago, the weighted average change was a -1% (depreciation against the euro). In order not to distort the comparison, the 'organic' growth figures mentioned below exclude the impact of changes in exchange rates. No significant new acquisitions were made in the quarter under review, nor compared to a year ago.

CEER exchange rates changes	CZK	SKK	HUF	PLN	RUB
+: appreciation against the euro - : depreciation against the euro	(Czech Rep)	(Slovakia)	(Hungary)	(Poland)	(Russia)
4Q 2009 / 4Q 2008	-4%	1%	-5%	-11%	-17%
4Q 2009 / 3Q 2009	-2%	*	-1%	0%	3%

* Slovakia switched to the euro on 1 January 2009.

Net interest income amounted to 469 million in the quarter under review. Notwithstanding the negative impact of non-performing loans, net interest income was up 3% on an organic basis compared to the previous quarter, due mainly to a higher interest margin in the Czech Republic. While deposit volumes remained stable in the quarter under review, credit volumes dropped by 2%. The decrease in the loan portfolio of the business unit in 4Q 2009 was (again) most pronounced in Russia (loan book reduced by 12% quarter-on-quarter), and, to a lesser extent, the Hungarian and Czech loan books (both -2%).

Compared to a year ago, loan volumes dropped by 6% (largely attributable to Russia and Hungary), while deposit volumes increased by 4% (mainly driven by Russia and the Czech Republic). The loan-to-deposit ratio for the region as a whole amounted to 82% at 31 December 2009. The average net interest margin of the CEER Business Unit stood at 3.39% in 4Q 2009, compared to 3.15% in 3Q 2009 and 3.29% in 4Q 2008.

Gross earned insurance premiums amounted to 288 million. This breaks down into 99 million for life insurance and 189 million for non-life insurance. On an organic basis, the latter constitutes a 6% decrease compared to the previous quarter and a 17% drop compared to a year ago. For FY 2009, the non-life technical result of the CEER Business Unit was once more affected by relatively high claims in Poland, which pushed up the business unit's combined ratio to 104%, compared to 95% in FY 2008. For FY 2009 the combined ratio in Poland – due to the high level of claims – amounted to a high 113% and in Slovakia to 104%. In the other countries, the ratio remained below 100% (90% for the Czech Republic, 83% for Hungary and 96% for Bulgaria).

Life sales, including unit-linked products (which are not included in the IFRS figures) amounted to 232 million in the quarter under review. This is a 16% decrease compared to the previous quarter, mainly driven by lower sales in interest-guaranteed products in Poland. At 31 December 2009, the outstanding life reserves in this business unit amounted to 2 billion, an increase of 3% quarter-on-quarter.

Net (un)realised gains from financial instruments at fair value stood at 23 million, down on the average figure of 34 million for the last four quarters. As already explained, these underlying figures do not include CDO-related items (see overview in the table below). Net realised gains from available-for-sale assets stood at 6 million, up on the average of 3 million for the last four quarters.

Net fee and commission income amounted to 84 million in the quarter under review. On an organic basis, this is a 4% increase on the previous quarter and a 26% increase on the year-earlier quarter. It came about partly because of an increase in *f*ees *received* in the investment services in Hungary combined with a lower level of *paid* fees in the insurance activities in Poland. The assets under management of this business unit remained roughly stable, coming to 12 billion at 31 December 2009.

Lastly, other net income came to 12 million in the quarter under review, down on the 34-million-euro average of the last four quarters. This quarter was impacted by a change in classification methodology of P&L items (however, without any impact on the bottom line) that aims at increasing the consistency of accounting practices throughout the group. This resulted in -8 million being transferred from operating expenses and fee and commissions to other net income.

The operating expenses of this business unit stood at 435 million, which, on an organic basis, constitutes an increase of 11% quarter-on-quarter and a decrease of 16% year-on-year. The year-on-year decline in costs is due to a number of elements, including a decrease in FTEs (-7% year-on-year), lower variable remuneration, and various cost cutting exercises. As a consequence, the FY 2009 cost/income ratio for the CEER banking activities improved to 59%, from 60% for FY 2008.

Impairment on loans and receivables went up some 90 million compared to the previous quarter, and came to 294 million. This increase was accounted for by consumer finance in Poland (up 49 million on the previous quarter), the Hungarian loan book (loan charges up 19 million) and leasing activities in Romania (11 million increase). As a consequence, the CEER Business Unit's credit cost ratio for FY 2009 went up to 212 basis points, in line with the guidance range of 200-230 basis points for FY 2009. The credit cost ratio for FY 2009 breaks down as follows: 112 basis points for the Czech Republic, 156 basis points for Slovakia, 259 basis points for Poland, 201 basis points for Hungary and 615 basis points for Russia. The non-performing loan ratio for the business unit as a whole stood at 4.8%, an increase on the figure of three months ago (3.4%), but showing a reversal in the NPL formation (-0.5% compared to +1.9% in the previous quarter).

Impairment on goodwill related to recent acquisitions of CEER companies (254 million in 4Q 2009, compared to 56 million in 3Q 2009) is treated as an exceptional item and hence does not show up in the underlying figures. In 4Q 2009, goodwill impairment related mainly to Absolut Bank in Russia and CIBank and DZI in Bulgaria.

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, CEER Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**180**	**222**	**201**	**84**	**106**	**71**	**42**	**- 79**
Plus:								
- Losses on CDOs/monolines	- 28	- 37	- 258	- 103	0	- 30	- 23	40
- Value losses on AFS shares	- 4	- 3	- 8	- 56	- 14	0	- 1	- 2
- Impairment of exposure to US and Icelandic banks	0	0	- 13	- 36	16	0	1	1
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	36	0
- Other	10	17	- 43	- 73	- 57	4	- 61	- 287
Taxes and minority interests on the items above	1	4	91	43	- 8	- 4	3	3
Profit after tax, attributable to the equity holders of the parent: IFRS	**159**	**203**	**- 32**	**- 142**	**44**	**42**	**- 3**	**- 326**

The underlying income statements for the Czech Republic, Slovakia, Hungary, Poland and Russia are given below. The 'CEER funding costs and other results' section includes the funding cost of goodwill paid on acquisitions in CEER, the results of the other subsidiaries and participations (mainly in Slovenia, Serbia and Bulgaria) and some operating expenses related to CEER at KBC group's head office.

Income statement, Czech Republic (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	211	221	230	232	220	226	229	245
Gross earned premiums, insurance	70	74	74	74	65	67	71	73
Gross technical charges, insurance	- 52	- 35	- 83	- 18	- 25	- 46	- 50	- 41
Ceded reinsurance result	- 3	- 3	- 2	- 3	- 2	- 2	0	- 3
Dividend income	0	1	1	3	0	7	1	0
Net (un)realised gains from financial instruments at fair value	7	22	49	- 16	0	6	17	4
Net realised gains from available-for-sale assets	- 3	0	1	1	5	0	0	4
Net fee and commission income	57	60	61	54	51	56	57	48
Banking	*64*	*67*	*68*	*67*	*58*	*62*	*65*	*61*
Insurance	*- 7*	*- 7*	*- 7*	*- 13*	*- 7*	*- 6*	*- 9*	*- 14*
Other net income	25	7	23	23	11	12	9	- 4
Total income	313	348	352	349	326	326	334	326
Operating expenses	- 155	- 151	- 163	- 180	- 136	- 148	- 146	- 153
Impairment	- 13	- 11	- 34	- 36	- 32	- 65	- 62	- 54
o/w on loans and receivables	- 13	- 10	- 30	- 37	- 31	- 65	- 52	- 54
o/w on available-for-sale assets	0	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	145	185	155	133	158	112	125	119
Income tax expense	- 25	- 31	- 16	- 17	- 25	- 15	- 18	- 31
Profit after tax	120	154	138	115	133	97	108	88
attributable to minority interests	1	0	1	1	1	1	- 1	0
attributable to the equity holders of the parent	**119**	**154**	**137**	**115**	**133**	**96**	**109**	**88**
Banking activities	*125*	*145*	*136*	*88*	*115*	*85*	*100*	*73*
Insurance activities	*- 5*	*9*	*2*	*26*	*17*	*12*	*9*	*15*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*15 728*	*19 607*	*16 076*	*15 326*	*14 628*	*14 926*	*14 726*	*14 689*
Allocated equity (end of period, Basel II)	*1 072*	*1 324*	*1 102*	*1 050*	*1 005*	*1 026*	*1 014*	*1 008*
Return on allocated capital (ROAC, Basel II)	*39%*	*47%*	*39%*	*36%*	*46%*	*31%*	*34%*	*26%*
Cost/income ratio (banking activities)	*47%*	*42%*	*45%*	*56%*	*43%*	*45%*	*44%*	*48%*
Combined ratio (non-life insurance activities)	*100%*	*91%*	*87%*	*92%*	*92%*	*99%*	*86%*	*84%*

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

Income statement, Slovakia (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	30	34	41	46	47	54	58	56
Gross earned premiums, insurance	13	20	16	16	19	17	19	19
Gross technical charges, insurance	- 8	- 16	- 12	- 11	- 13	- 11	- 14	- 15
Ceded reinsurance result	0	0	0	0	0	0	1	0
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	7	9	9	7	- 4	- 8	0	3
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	7	6	9	9	7	6	6	8
Banking	*8*	*7*	*11*	*11*	*8*	*8*	*7*	*10*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*
Other net income	1	0	3	3	2	5	2	1
Total income	50	53	67	70	57	63	71	72
Operating expenses	- 30	- 32	- 41	- 55	- 43	- 43	- 44	- 50
Impairment	- 4	- 4	- 9	- 15	- 14	- 17	- 21	- 21
o/w on loans and receivables	*- 4*	*- 4*	*-9*	- 13	- 13	- 17	- 20	- 22
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	17	16	17	- 1	1	2	6	1
Income tax expense	- 3	- 3	- 4	- 1	0	2	- 2	2
Profit after tax	14	13	13	- 2	1	4	5	3
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**14**	**13**	**13**	**- 2**	**1**	**4**	**5**	**3**
Banking activities	*12*	*15*	*10*	*- 4*	*0*	*2*	*3*	*2*
Insurance activities	*2*	*- 2*	*3*	*2*	*1*	*3*	*2*	*1*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*3 019*	*2 763*	*4 636*	*5 294*	*4 415*	*4 386*	*4 217*	*4 125*
Allocated equity (end of period, Basel II)	*204*	*186*	*308*	*350*	*295*	*293*	*282*	*276*
Return on allocated capital (ROAC, Basel II)	*22%*	*19%*	*8%*	*-7%*	*-4%*	*0%*	*1%*	*-1%*
Cost/income ratio (banking activities)	*60%*	*56%*	*63%*	*85%*	*74%*	*71%*	*63%*	*68%*
Combined ratio (non-life insurance activities)	*86%*	*112%*	*111%*	*122%*	*92%*	*90%*	*110%*	*133%*

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

Income statement, Hungary (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	66	73	79	89	99	89	92	95
Gross earned premiums, insurance	20	23	26	23	16	19	19	23
Gross technical charges, insurance	- 14	- 15	- 21	- 14	- 8	- 12	- 11	- 16
Ceded reinsurance result	0	- 1	2	0	0	- 1	- 2	- 1
Dividend income	0	0	0	4	0	0	0	0
Net (un)realised gains from financial instruments at fair value	21	31	33	30	3	9	4	5
Net realised gains from available-for-sale assets	1	1	0	0	1	1	1	2
Net fee and commission income	25	26	28	19	18	22	24	31
Banking	*27*	*28*	*30*	*22*	*20*	*24*	*26*	*33*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*
Other net income	5	6	3	4	2	2	3	- 2
Total income	123	144	151	155	130	129	130	139
Operating expenses	- 65	- 85	- 89	- 113	- 76	- 61	- 72	- 76
Impairment	- 1	3	- 6	- 26	- 36	- 29	- 29	- 49
o/w on loans and receivables	*- 1*	*3*	*-6*	- 26	- 36	- 29	- 29	- 48
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0	0
Share in results of associated companies	1	0	0	0	1	0	0	0
Profit before tax	58	63	56	16	19	39	29	13
Income tax expense	- 22	- 15	- 15	- 15	- 8	- 9	- 8	- 3
Profit after tax	37	47	42	1	10	30	21	11
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**37**	**47**	**42**	**1**	**10**	**30**	**21**	**11**
Banking activities	*34*	*44*	*38*	*- 2*	*6*	*27*	*17*	*7*
Insurance activities	*3*	*4*	*3*	*3*	*4*	*3*	*3*	*4*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*6 480*	*7 076*	*7 417*	*6 933*	*7 179*	*6 621*	*6 275*	*6 042*
Allocated equity (end of period, Basel II)	*434*	*471*	*494*	*464*	*478*	*440*	*419*	*406*
Return on allocated capital (ROAC, Basel II)	*28%*	*27%*	*20%*	*-*	*-*	*18%*	*13%*	*2%*
Cost/income ratio (banking activities)	*52%*	*60%*	*60%*	*74%*	*60%*	*49%*	*56%*	*55%*
Combined ratio (non-life insurance activities)	*86%*	*89%*	*91%*	*84%*	*70%*	*89%*	*94%*	*81%*

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

Income statement, Poland (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	75	83	94	78	68	73	78	77
Gross earned premiums, insurance	158	166	182	157	122	132	143	143
Gross technical charges, insurance	- 82	- 79	- 99	- 93	- 95	- 86	- 112	- 100
Ceded reinsurance result	1	- 3	- 6	- 12	- 2	- 4	1	- 9
Dividend income	0	1	1	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	11	15	34	34	28	- 1	3	6
Net realised gains from available-for-sale assets	1	- 6	- 3	- 2	0	1	4	0
Net fee and commission income	- 17	- 20	- 26	- 13	- 12	- 7	- 6	- 3
Banking	*20*	*21*	*23*	*20*	*16*	*16*	*19*	*18*
Insurance	*- 37*	*- 41*	*- 49*	*- 33*	*- 28*	*- 24*	*- 26*	*- 22*
Other net income	7	13	7	15	30	12	11	10
Total income	154	171	184	164	139	120	121	122
Operating expenses	- 98	- 114	- 119	- 109	- 89	- 76	- 83	- 93
Impairment	- 10	- 19	- 5	- 27	- 39	- 24	- 37	- 85
o/w on loans and receivables	*- 9*	*- 18*	*- 5*	- 26	- 40	- 24	- 37	- 86
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	46	38	60	28	11	19	1	- 56
Income tax expense	- 9	- 4	- 12	1	1	- 3	- 2	8
Profit after tax	36	34	48	29	11	16	- 1	- 48
attributable to minority interests	4	4	7	3	- 2	2	0	- 9
attributable to the equity holders of the parent	**32**	**30**	**41**	**26**	**13**	**15**	**- 1**	**- 39**
Banking activities	*18*	*17*	*27*	*14*	*- 6*	*7*	*1*	*- 38*
Insurance activities	*14*	*13*	*14*	*12*	*19*	*7*	*- 2*	*- 1*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*7 560*	*8 164*	*8 966*	*8 898*	*8 473*	*8 187*	*8 050*	*8 222*
Allocated equity (end of period, Basel II)	*594*	*644*	*711*	*706*	*676*	*644*	*626*	*649*
Return on allocated capital (ROAC, Basel II)	*18%*	*16%*	*25%*	*15%*	*3%*	*5%*	*-*	*-*
Cost/income ratio (banking activities)	*66%*	*64%*	*64%*	*58%*	*69%*	*61%*	*60%*	*69%*
Combined ratio (non-life insurance activities)	*90%*	*90%*	*95%*	*107%*	*124%*	*93%*	*122%*	*114%*

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

Income statement, Russia (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	40	57	61	67	54	43	36	24
Gross earned premiums, insurance	0	0	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	1	- 8	9	4	2	2	4
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0	1
Net fee and commission income	4	2	3	3	2	2	3	2
Banking	*4*	*2*	*3*	*3*	*2*	*2*	*3*	*2*
Insurance	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other net income	0	0	1	- 3	1	1	1	1
Total income	45	60	56	76	62	49	42	32
Operating expenses	- 30	- 36	- 38	- 41	- 28	- 28	- 27	- 22
Impairment	- 5	- 18	- 18	- 31	- 45	- 33	- 48	- 56
o/w on loans and receivables	*- 5*	*- 18*	*- 18*	- 31	- 45	- 33	- 48	- 56
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	9	6	0	4	- 11	- 13	- 33	- 47
Income tax expense	- 3	- 1	0	- 4	0	- 7	0	- 1
Profit after tax	6	4	0	1	- 11	- 20	- 33	- 48
attributable to minority interests	0	0	0	0	- 1	- 1	- 2	- 2
attributable to the equity holders of the parent	**6**	**4**	**0**	**1**	**- 11**	**- 19**	**- 31**	**- 46**
Banking activities	*6*	*4*	*0*	*1*	*- 11*	*- 19*	*- 31*	*- 46*
Insurance activities	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets, banking and insurance (end of period, Basel	*3 220*	*3 779*	*4 162*	*3 454*	*3 217*	*2 996*	*2 554*	*2 227*
Allocated equity (end of period, Basel II)	*205*	*241*	*265*	*220*	*205*	*191*	*163*	*142*
Return on allocated capital (ROAC, Basel II)	-	-	-	-	-	-	-	-
Cost/income ratio (banking activities)	*68%*	*60%*	*68%*	*54%*	*46%*	*58%*	*63%*	*71%*
Combined ratio (non-life insurance activities)	-	-	-	-	-	-	-	-

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

Income statement, CEER - funding cost and other results (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	-32	-29	-34	-30	-28	-36	-32	-29
Gross earned premiums, insurance	38	35	32	68	34	32	31	30
Gross technical charges, insurance	-30	-20	-20	-65	-24	-24	-29	-24
Ceded reinsurance result	-1	-2	-1	-1	0	-1	0	0
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	4	-16	7	15	19	-19	-12	1
Net realised gains from available-for-sale assets	0	0	0	1	0	0	0	0
Net fee and commission income	-1	1	4	-1	-1	-1	-1	-3
Other net income	-2	-2	0	-3	-3	-1	-1	6
Total income	-25	-31	-12	-15	-4	-50	-45	-19
Operating expenses	-28	-27	-29	-49	-27	-24	-24	-40
Impairment	-3	-3	-10	-15	-22	-1	-17	-28
o/w on loans and receivables	*-3*	*-3*	*-10*	-15	-14	-9	-17	-27
o/w on available-for-sale assets	*0*	*0*	*0*	0	0	0	0	0
Share in results of associated companies	14	7	11	-11	-1	-2	2	-26
Profit before tax	-42	-54	-40	-90	-54	-77	-83	-113
Income tax expense	14	30	9	32	15	21	23	16
Profit after tax	-28	-24	-31	-58	-39	-55	-61	-97
attributable to minority interests	0	1	1	-1	0	0	0	-1
attributable to the equity holders of the parent	**-28**	**-25**	**-32**	**-57**	**-39**	**-56**	**-61**	**-96**
Banking activities	*-11*	*-18*	*-22*	-33	-34	-51	-50	-85
Insurance activities	*-16*	*-7*	*-10*	-23	-5	-4	-10	-10

Merchant Banking Business Unit (underlying trend)

The Merchant Banking Business Unit encompasses the financial services provided to SMEs and corporate customers (including in Belgium) and capital market activities. However, all merchant banking activities of the CEER group companies are handled by the CEER Business Unit.
More specifically, the business unit includes the merchant banking activities of KBC Bank in Belgium and its branches elsewhere, as well as the activities of the following subsidiaries (only the main ones are mentioned): KBC Lease, KBC Securities, KBC Financial Products, Antwerp Diamond Bank, KBC Private Equity, KBC Bank Deutschland, KBC Clearing, KBC Peel Hunt, KBC Commercial Finance, KBC Finance Ireland, KBC Bank Ireland, Secura and Assurisk. As of next quarter, Secura and Assurisk will report under the Belgium Business Unit.

In the quarter under review, the Merchant Banking Business Unit generated an underlying result of -2 million, substantially below the average of the last four quarters (93 million), due to additional provisioning for corporate loans and weak trading income (including portfolio value adjustments). The 4Q 2009 underlying result breaks down as follows:

- 39 million for commercial banking activities
- -41 million for investment banking activities

The underlying figures exclude exceptional items. A table reconciling this underling net profit and the net result according to IFRS is provided further on in this section.

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	249	242	243	269	256	259	271	274
Gross earned premiums, insurance	71	60	69	174	69	64	72	63
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43	- 56	- 34
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5	- 3	- 13
Dividend income	2	13	3	1	1	6	8	1
Net (un)realised gains from financial instruments at fair value	42	343	117	79	163	293	274	1
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4	29	31
Net fee and commission income	79	74	81	67	50	68	75	78
Other net income	33	33	54	46	48	42	39	9
Total income	420	726	517	482	534	688	710	409
Operating expenses	- 301	- 323	- 217	- 350	- 262	- 226	- 248	- 184
Impairment	13	- 85	- 42	- 215	- 112	- 368	- 141	- 312
o/w on loans and receivables	*13*	*- 78*	*- 33*	*- 180*	*- 110*	*- 368*	*- 142*	*- 309*
o/w on available-for-sale assets	*0*	*0*	*- 15*	*10*	*- 2*	*0*	*1*	*0*
Share in results of associated companies	0	0	- 3	- 9	0	0	0	0
Profit before tax	132	317	256	- 92	161	93	321	- 86
Income tax expense	- 24	- 61	- 96	72	- 49	- 31	- 20	92
Profit after tax	109	256	159	- 21	112	62	301	5
attributable to minority interests	20	22	23	21	21	21	20	7
attributable to the equity holders of the parent	**89**	**234**	**137**	**- 42**	**91**	**41**	**281**	**- 2**
Banking activities	*83*	*216*	*117*	*- 66*	*80*	*20*	*262*	*- 25*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*	*19*	*23*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*72 247*	*74 571*	*76 415*	*74 194*	*77 116*	*72 646*	*71 100*	*67 566*
Allocated equity (end of period, Basel II)	*4 657*	*4 805*	*4 925*	*4 777*	*4 965*	*4 680*	*4 583*	*4 353*
Return on allocated capital (ROAC, Basel II)	*9%*	*21%*	*13%*	*-1%*	*8%*	*4%*	*23%*	*0%*
Cost/income ratio (banking activities)	*73%*	*46%*	*43%*	*77%*	*50%*	*34%*	*35%*	*47%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*	*89%*	*96%*

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

Net interest income for this business unit relates to the commercial banking activities and amounted to 274 million in 4Q 2009, roughly in line with the 271 million in the previous quarter and the 264-million-euro average of the last four quarters. As a result of the intended reduction of a number of international loan portfolio's outside KBC's home markets, the loan volume of this business unit was run down (-7% compared to the year earlier quarter). Part of the negative impact of this on net interest income was off set by the benign margin environment.

Gross earned premiums amounted to 63 million in the quarter under review, down on the 72 million recorded in the previous quarter and the 174 million recorded a year ago (which included a large reinsurance transaction). At 96%, the full year combined ratio for this business unit's reinsurance operations continued to be favourable.

Dividend income amounted to 1 million in the quarter under review, in line with the year earlier quarter.

Net (un)realised gains from financial instruments at fair value relate to currency and securities sales and trading activities and other fair value income. In the quarter under review, this trading and fair value income amounted to 1 million, down on the strong results recorded in the previous quarters, and even down on the low 79 million recorded in the year-earlier quarter, due to weaker activity levels in sales and trading of money and debt capital market instruments. From a methodological point of view, the value of the trading portfolio was adjusted to include the past year's market-wide increased counterparty risk and lower liquidity, notably in the fixed income segment. For FY 2009, net (un)realised gains increased by 26% to 731 million, compared to the 582 million in 2008.

As already explained, the underlying figures do not include CDO-related items and losses related to structured derivatives businesses that are being wound down (i.e. various business lines of KBC Financial Products). An overview of these non-operational items is provided in the table below.

Net realised gains from available-for-sale assets amounted to 31 million in 4Q 2009, in line with the previous quarter but well above the 5 million average for the last four quarters. At 78 million, net fee and commission income continued to recover from the record low in 1Q 2009 (50 million). Other net income came to 9 million.

Operating expenses in the quarter under review amounted to 184 million, 26% below the figure recorded in the previous quarter (248 million) and also significantly down on the 350 million recorded in 4Q 2008. The year-on-year improvement in efficiency was related mainly to a decrease in FTEs (-17% in one year's time), lower variable staff remuneration and the fact that the year-earlier quarter included some large one-off costs, such as additional restructuring charges, provisions for commercial litigations and pension charges.

Impairment on loans and receivables stood at 309 million in 4Q 2009, compared to 142 million in the previous quarter and 180 million in the year-earlier quarter. The 168 million quarter-on-quarter increase was due primarily to increased impairment in the international corporate loan book and an additional impairment on the reclassified portfolio of asset-backed securities (47 million in Atomium). As a consequence, the FY 2009 credit cost ratio for this business unit amounted to 132 basis points (or 94 basis points on pure loans, i.e. excluding mortgage-backed securities), compared to 90 basis points for FY 2008. Specifically for Ireland, the FY 2009 credit cost ratio amounted to 96 basis points, while non-performing loans accounted for 6.4% of the Irish loan book at 31 December 2009. The non-performing ratio for the entire business unit was 4.0% at the end of December 2009, up from 1.6% recorded a year earlier.

Impairment on goodwill (50 million) related to investment banking activities is treated as an exceptional item and hence does not show up in the underlying figures.

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Merchant Banking Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**89**	**234**	**137**	**- 42**	**91**	**41**	**281**	**- 2**
Plus:								
- Losses on CDOs/monolines	- 68	- 142	- 905	-1 441	-3 793	1 242	238	568
- Government guarantee and commitment fee	0	0	0	0	0	-1 121	- 116	- 143
- Value losses on AFS shares	- 17	- 16	- 18	- 67	- 34	- 4	- 1	- 2
- Impairment of exposure to US and Icelandic banks	0	0	- 135	- 201	0	- 1	39	4
- Loss on to be discontinued structured trading positions	0	0	0	- 245	0	- 760	- 153	- 166
- Buy back of hybrid Tier-1 securities	0	0	0	0	0	0	69	0
- Other	1	1	- 2	77	- 24	5	- 30	- 52
Taxes and minority interests on the items above	27	47	404	121	21	444	76	9
Profit after tax, attributable to the equity holders of the parent: IFRS	**31**	**125**	**- 519**	**-1 801**	**-3 738**	**- 153**	**403**	**216**

* Including also markdowns related to monoline insurer counterparty risk and (limited) valuation losses on other ABS recognised in the income statement.

The underlying figures for the Merchant Banking Business Unit are broken down below into 'Commercial Banking' (mainly lending and banking services to SMEs, but also including the inbound reinsurance business) and 'Investment Banking' (sales and trading on money and capital markets, corporate finance, etc.).

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	249	242	243	269	256	259	271	274
Gross earned premiums, insurance	71	60	69	174	69	64	72	63
Gross technical charges, insurance	- 53	- 37	- 45	- 128	- 44	- 43	- 56	- 34
Ceded reinsurance result	- 1	- 3	- 7	- 12	- 7	- 5	- 3	- 13
Dividend income	2	13	3	1	1	6	8	1
Net (un)realised gains from financial instruments at fair value	- 9	- 8	- 16	2	25	- 2	16	17
Net realised gains from available-for-sale assets	- 1	2	3	- 14	- 1	4	29	31
Net fee and commission income	26	22	31	32	22	35	26	34
Other net income	33	33	54	46	48	42	39	9
Total income	317	323	334	370	368	360	403	381
Operating expenses	- 132	- 131	- 133	- 188	- 114	- 121	- 121	- 100
Impairment	13	- 78	- 30	- 140	- 59	- 166	- 130	- 248
o/w on loans and receivables	*13*	*- 77*	*- 30*	- 140	- 58	- 166	- 130	- 248
o/w on available-for-sale assets	*0*	*0*	*1*	0	- 1	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Profit before tax	197	114	171	41	195	73	152	34
Income tax expense	- 41	- 19	- 36	25	- 37	- 5	- 34	12
Profit after tax	156	95	135	66	158	69	118	46
attributable to minority interests	21	20	21	21	23	22	20	6
attributable to the equity holders of the parent	**135**	**74**	**114**	**45**	**135**	**46**	**98**	**39**
Banking activities	*130*	*56*	*94*	*21*	*124*	*25*	*79*	*16*
Insurance activities	*5*	*19*	*20*	*24*	*11*	*21*	*19*	*23*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*52 534*	*51 163*	*53 506*	*52 400*	*50 609*	*52 470*	*49 755*	*47 171*
Allocated equity (end of period, Basel II)	*3 400*	*3 313*	*3 465*	*3 388*	*3 275*	*3 394*	*3 222*	*3 053*
Return on allocated capital (ROAC, Basel II)	*18%*	*11%*	*16%*	*6%*	*15%*	*5%*	*9%*	*5%*
Cost/income ratio (banking activities)	*42%*	*43%*	*41%*	*54%*	*32%*	*35%*	*30%*	*27%*
Combined ratio (reinsurance activities)	*92%*	*75%*	*92%*	*85%*	*82%*	*87%*	*89%*	*135%*

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

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	0	0	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	50	351	134	77	138	295	258	-17
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	53	52	49	35	28	33	49	44
Other net income	0	0	0	0	0	0	0	0
Total income	103	403	183	112	166	328	307	28
Operating expenses	-169	-192	-83	-162	-147	-105	-127	-84
Impairment	0	-7	-12	-74	-53	-203	-11	-64
o/w on loans and receivables	*0*	*-1*	*-2*	-40	-53	-203	-12	-62
o/w on available-for-sale assets	*0*	*0*	*-16*	10	-1	0	1	0
Share in results of associated companies	0	0	-3	-9	0	0	0	0
Profit before tax	-65	203	85	-133	-34	20	169	-120
Income tax expense	17	-42	-60	46	-12	-26	14	80
Profit after tax	-48	161	25	-87	-46	-7	183	-40
attributable to minority interests	-1	1	2	0	-1	-1	0	1
attributable to the equity holders of the parent	**-47**	**160**	**23**	**-87**	**-44**	**-5**	**183**	**-41**
Banking activities	*-47*	*160*	*23*	*-87*	*-44*	*-5*	*183*	*-41*
Insurance activities	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*19 713*	*23 408*	*22 910*	*21 794*	*26 507*	*20 176*	*21 345*	*20 395*
Allocated equity (end of period, Basel II)	*1 257*	*1 492*	*1 460*	*1 389*	*1 690*	*1 286*	*1 361*	*1 300*
Return on allocated capital (ROAC, Basel II)	*-15%*	*47%*	*6%*	*-16%*	*-9%*	*1%*	*55%*	*-10%*
Cost/income ratio (banking activities)	*163%*	*48%*	*46%*	*145%*	*89%*	*32%*	*41%*	*-*

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

European Private Banking Business Unit

(underlying trend)

The European Private Banking Business Unit comprises the activities of the KBL European Private Bankers group. More specifically, it includes KBL European Private Bankers and its subsidiaries in the Benelux and other European countries (Germany, France, Monaco, the UK, Poland and Switzerland), as well as the insurance company VITIS Life in Luxembourg.

In the quarter under review, the European Private Banking Business Unit generated an underlying profit of 24 million, down on the 38 million recorded in the previous quarter, but up on the 15 million recorded a year ago.

The underlying profit figure excludes exceptional items. A table reconciling this underlying net profit and the net result according to IFRS is provided further on in this section.

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

UNDERLYING FIGURES	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	57	64	63	65	67	62	56	48
Gross earned premiums, insurance	13	7	5	5	1	2	3	2
Gross technical charges, insurance	- 17	- 13	- 10	- 3	- 6	- 7	- 6	- 5
Ceded reinsurance result	0	0	0	0	0	0	0	0
Dividend income	1	6	1	2	1	4	0	2
Net (un)realised gains from financial instruments at fair value	- 4	6	- 17	4	2	21	18	11
Net realised gains from available-for-sale assets	- 1	8	0	- 2	7	15	21	10
Net fee and commission income	107	120	99	96	88	88	92	98
Other net income	2	3	6	2	2	0	- 2	0
Total income	158	202	146	168	163	186	183	165
Operating expenses	- 95	- 132	- 111	- 148	- 115	- 124	- 134	- 141
Impairment	- 2	0	0	- 41	- 1	- 1	- 1	- 12
o/w on loans and receivables	- 2	0	0	0	0	0	0	- 2
o/w on available-for-sale assets	0	0	0	- 39	- 1	- 1	- 1	- 10
Share in results of associated companies	1	1	1	0	0	1	1	1
Profit before tax	61	70	35	- 20	48	62	48	13
Income tax expense	- 11	- 7	- 3	35	- 14	- 18	- 10	12
Profit after tax	50	64	32	15	34	44	38	24
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**50**	**64**	**32**	**15**	**34**	**44**	**38**	**24**
Banking activities	*48*	*62*	*32*	*10*	*33*	*42*	*35*	*22*
Insurance activities	*2*	*2*	*0*	*4*	*0*	*1*	*3*	*3*
Risk-weighted assets, banking and insurance (end of period, Basel II)	*7 917*	*9 240*	*8 034*	*5 994*	*5 640*	*5 436*	*5 502*	*5 512*
Allocated equity (end of period, Basel II)	*542*	*620*	*543*	*410*	*387*	*374*	*378*	*379*
Return on allocated capital (ROAC, Basel II)	*34%*	*39%*	*19%*	*10%*	*28%*	*40%*	*35%*	*17%*
Cost/income ratio (banking activities)	*61%*	*66%*	*76%*	*92%*	*70%*	*67%*	*75%*	*87%*

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

Net interest income in the quarter under review stood at 48 million, down from the record levels of the previous quarter, which had benefited from high remuneration levels on excess liquidity on the interbank market.

The life premium technical result (gross earned premiums less gross technical charges) amounted to a negative 4 million in 4Q 2009, in line with the average of the last four quarters.

Dividend income stood at 2 million, roughly the same as the year-earlier figure.

Net (un)realised gains from financial instruments at fair value (trading and fair value income) amounted to 11 million in 4Q 2009, in line with the average for the last four quarters but significantly up on the 4 million recorded in 4Q 2008. As mentioned above, valuation losses on structured credit (significant amounts in 2008, insignificant in 2009) are excluded from these underlying figures (an overview follows in the table below).

Net realised gains from available-for-sale investments stood at 10 million, comparable to the 11-million-euro average of the last four quarters. As was the case in the previous quarters, these capital gains related predominantly to the sale of shares.

At 98 million, net fee and commission income continued to recover from the relatively weak first and second quarters of the year and was back around the level recorded in 4Q 2008. The 6% increase on the level of the previous quarter was based on a combination of slightly increased assets under management and transaction commissions. At 31 December

2009, the assets under management of this business unit amounted to 47 billion, up 7% on the year-earlier quarter as a result of increased asset prices. Other net income stood at 0 million in the quarter under review.

Operating expenses stood at 141 million in 4Q 2009, above the previous quarter's figure, but still 5% down on the 148 million recorded in the year-earlier quarter, which had been burdened by restructuring charges, a contribution to the Luxembourg Deposit Guarantee Scheme and some other one-off costs. This has resulted in a cost/income ratio of 75% for FY 2009, compared to the 73% recorded for FY 2008.

Impairment in this quarter stood at 12 million, well above the insignificant impairment levels in the previous quarters of 2009, but still below the 41 million of the year-earlier quarter. Impairment was booked primarily on available-for-sale corporate bonds. As mentioned above, the underlying figures exclude the direct impact of the financial crisis, such as impairment on shares in portfolio, as these do not reflect the normal course of business (again, it concerns significant amounts in 2008, but limited amounts in 2009; an overview follows in the table below).

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, European Private Banking Business Unit (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**50**	**64**	**32**	**15**	**34**	**44**	**38**	**24**
Plus:								
- Losses on CDOs/monolines	- 10	- 12	- 136	- 94	0	0	- 3	5
- Value losses on AFS shares	- 1	- 11	- 14	- 53	- 13	- 7	- 1	0
- Impairment of exposure to US and Icelandic banks	0	0	- 20	- 30	0	0	1	3
- Other	0	1	0	- 62	0	- 10	0	- 14
Taxes and minority interests on the items above	3	7	49	70	5	2	1	- 2
Profit after tax, attributable to the equity holders of the parent: IFRS	**43**	**48**	**- 88**	**- 155**	**26**	**29**	**37**	**17**

Group Centre (underlying trend)

In the quarter under review, the underlying net result of the Group Centre amounted to a positive 3 million, compared to a negative 19 million in the previous quarter.

A table reconciling this underlying result and the net result according to IFRS is provided further on.

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

Income statement, Group Centre (in millions of EUR) **UNDERLYING FIGURES**	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Net interest income	-25	-31	-31	-19	-13	-16	-4	-9
Gross earned premiums, insurance	-10	-10	-13	-122	-11	-10	-10	-9
Gross technical charges, insurance	6	7	10	105	0	2	7	3
Ceded reinsurance result	2	2	3	4	1	2	5	7
Dividend income	0	5	0	1	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	0	0	0	0	0	0	-1
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0	17
Net fee and commission income	9	7	8	-17	5	0	-1	-4
Other net income	-1	-28	-27	-31	-14	-11	-21	0
Total income	-19	-48	-50	-78	-31	-34	-25	5
Operating expenses	-18	4	8	0	4	-17	-1	-15
Impairment	0	0	0	-2	0	0	0	0
o/w on loans and receivables	0	0	0	0	0	0	0	0
o/w on available-for-sale assets	0	0	0	1	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	1
Profit before tax	-38	-45	-42	-81	-27	-51	-27	-9
Income tax expense	1	13	9	43	7	16	8	12
Profit after tax	-36	-32	-33	-38	-21	-35	-19	3
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**-36**	**-32**	**-34**	**-38**	**-21**	**-35**	**-19**	**3**
Banking activities	*4*	*-5*	*2*	*14*	*-1*	*-30*	*-19*	*10*
Insurance activities	*-20*	*-19*	*-17*	*-14*	*0*	*-7*	*0*	*-2*
Holding activities	*-20*	*-8*	*-18*	*-38*	*-19*	*3*	*1*	*-5*

Profit after tax, attributable to the equity holders of the parent: reconciliation of underlying figure and IFRS figure, Group Centre (in millions of EUR)	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Profit after tax, attributable to the equity holders of the parent: underlying	**-36**	**-32**	**-34**	**-38**	**-21**	**-35**	**-19**	**3**
Plus:								
- Losses on CDOs/monolines	0	0	0	0	0	0	0	0
- Value losses on AFS shares	0	0	0	0	0	0	0	0
- Impairment of exposure to US and Icelandic banks	0	0	0	0	0	0	0	0
- MTM of own debt issued	0	0	0	371	134	200	- 330	41
- Other	2	- 46	- 6	- 11	5	- 1	- 2	1
Taxes and minority interests on the items above	- 1	1	- 1	- 128	- 47	- 67	112	2
Profit after tax, attributable to the equity holders of the parent: IFRS	**-35**	**-77**	**-40**	**193**	**73**	**97**	**-238**	**47**

Consolidated financial statements

KBC Group, 4Q 2009 and 12M 2009

Unaudited.

Consolidated income statement

In millions of EUR	Note	4Q 2008	3Q 2009	4Q 2009	2008	2009
Net interest income	3	1 269	1 597	1 551	4 992	6 065
Interest income		4 324	2 858	2 695	17 353	12 049
Interest expense		- 3 055	- 1 261	- 1 144	- 12 360	- 5 983
Gross earned premiums, insurance	9	1 419	1 122	1 169	4 585	4 856
non-life		531	495	475	2 052	1 925
life	10	887	627	694	2 533	2 931
Gross technical charges, insurance	9	- 1 181	- 1 039	- 1 106	- 3 883	- 4 436
non-life		- 344	- 322	- 335	- 1 205	- 1 244
life		- 837	- 716	- 771	- 2 678	- 3 192
Ceded reinsurance result	9	- 27	- 2	- 30	- 72	- 64
Dividend income	4	63	26	37	259	145
Net (un)realised gains from financial instruments at fair value through profit or loss		- 1 801	- 160	374	- 3 481	- 3 450
Net realised gains from available-for-sale assets	6	- 246	117	109	95	273
Net fee and commission income	7	377	380	423	1 714	1 492
Fee and commission income		663	630	704	2 848	2 517
Fee and commission expense		- 286	- 251	- 281	- 1 134	- 1 025
Other net income	8	183	116	44	618	428
TOTAL INCOME		56	2 157	2 570	4 827	5 310
Operating expenses		- 1 660	- 1 307	- 1 231	- 5 600	- 5 292
staff expenses		- 849	- 740	- 770	- 3 139	- 2 912
general administrative expenses		- 584	- 472	- 594	- 1 984	- 1 937
depreciation and amortisation of fixed assets		- 109	- 108	- 99	- 392	- 402
provisions for risks and charges		- 119	13	231	- 84	- 42
Impairment	14	- 1 325	- 442	- 995	- 2 234	- 2 777
on loans and receivables		- 522	- 368	- 650	- 822	- 1 903
on available-for-sale assets		- 742	- 5	- 16	- 1 333	- 350
on goodwill		- 25	- 58	- 327	- 25	- 509
on other		- 37	- 11	- 2	- 54	- 14
Share in results of associated companies		- 33	3	- 24	- 1	- 22
PROFIT BEFORE TAX		- 2 963	411	320	- 3 007	- 2 781
Income tax expense		360	8	- 32	629	234
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		- 2 603	419	288	- 2 379	- 2 547
attributable to minority interest		22	- 109	- 16	105	- 82
attributable to equity holders of the parent		**- 2 625**	**528**	**304**	**- 2 484**	**- 2 466**

Earnings per share (in EUR)					
Basic	-7.72	1.56	0.90	-7.31	-7.26
Diluted	-7.70	1.56	0.90	-7.28	-7.26

Condensed statement of comprehensive income

	4Q08	4Q09	2008	2009
PROFIT AFTER TAX	- 2 603	288	- 2 379	- 2 547
attributable to minority interest	22	- 16	105	- 82
attributable to equity holders of the parent	- 2 625	304	- 2 484	- 2 466
OTHER COMPREHENSIVE INCOME				
Net change in revaluation reserve (AFS assets) - Equity	- 24	52	- 1 265	450
Net change in revaluation reserve (AFS assets) - Bonds	- 127	- 44	- 676	1 138
Net change in revaluation reserve (AFS assets) - Other	3	2	1	0
Net change in hedging reserve (cash flow hedge)	- 432	53	- 420	- 26
Net change in translation differences	- 366	- 128	- 253	- 155
Other movements	- 1	5	0	3
TOTAL OTHER COMPREHENSIVE INCOME	- 948	- 61	- 2 613	1 410
TOTAL COMPREHENSIVE INCOME	- 3 551	227	- 4 992	- 1 137
attributable to minority interest	- 1	- 13	89	- 84
attributable to equity holders of the parent	**- 3 550**	**241**	**- 5 081**	**- 1 053**

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2008	31-12-2009
Cash and cash balances with central banks		4 454	7 173
Financial assets	18, 24	337 203	304 057
Held for trading		73 557	40 563
Designated at fair value through profit or loss		28 994	30 520
Available for sale		46 371	56 120
Loans and receivables		177 029	164 598
Held to maturity		10 973	12 045
Hedging derivatives		279	213
Reinsurers' share in technical provisions, insurance		280	284
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		169	259
Tax assets		2 453	2 214
Current tax assets		363	367
Deferred tax assets		2 090	1 847
Non-current assets held for sale and assets associated with disposal groups		688	70
Investments in associated companies		27	608
Investment property		689	762
Property and equipment		2 964	2 890
Goodwill and other intangible assets		3 866	3 316
Other assets		2 525	2 597
TOTAL ASSETS		355 317	324 231

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2008	31-12-2009
Financial liabilities	18	313 931	279 450
Held for trading		44 966	29 891
Designated at fair value through profit or loss		42 228	31 309
Measured at amortised cost		225 821	217 163
Hedging derivatives		916	1 087
Gross technical provisions, insurance	31	19 523	22 012
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 4	0
Tax liabilities		503	519
Current tax liabilities		384	379
Deferred tax liabilies		119	140
Non-current liabilities held for sale and liabilities associated with disposal groups		59	0
Provisions for risks and charges		619	651
Other liabilities		5 309	4 422
TOTAL LIABILITIES		339 941	307 054
Total equity		15 376	17 177
Parent shareholders' equity	35	10 710	9 662
Non-voting core-capital securities	35	3 500	7 000
Minority interests		1 165	515
TOTAL LIABILITIES AND EQUITY		355 317	324 231

For changes in the presentation of the balance sheet: see note 1a.

In 2006, KBC Bank N.V. sold a 5.5% stake in its Polish subsidiary Kredyt Bank to Sofina N.V. – a European financial holding company based in Brussels – in order to comply with the request of the Polish banking supervisor to restore the free float of Kredyt Bank to 20%.
By virtue of Sofina exercising its right under the shareholders' agreement entered into with KBC Bank in 3Q 2009 , KBC Securities, which already owned a 2.32% stake in Kredyt Bank, has bought a portion of these shares from the Sofina group and thus increased its shareholding to 4.32%. KBL European Private Bankers S.A. has bought the remaining shares being sold by the Sofina group, giving it a 2.89% stake in Kredyt Bank. In 4Q 2009 KBL European Private Bankers S.A. sold the shares to KBC Insurance.

KBC Securities and KBC Insurance will hold the new shares with a view to selling them to interested investors and hence these shares are classified as non-current assets held for sale (IFRS 5) for an amount of 57 million euros.

'The non-current assets held for sale' at the end of 2008 included the stake of KBC in the associated company NLB. In 2009, this stake has shifted out of 'the non-current assets' into the balance sheet item 'investments in associated companies' since its sale within one year cannot be considered likely anymore.

During the 3rd quarter of 2009, KBC Bank launched a cash tender offer to repurchase certain outstanding hybrid Tier 1-securities at 70% of their face value. The result of this tender offer – which was formally closed on 13 October 2009 – was largely accounted for in the third quarter.
The accounting impact of the operation to buy back these hybrid loans included a reduction of the minority interests with 0.6 billion euro concerning the EUR and USD hybrid securities issued by KBC Bank Funding Trust II, III and IV.

Consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Mandatorily convertible bonds	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent shareholders' equity	Non-voting core-capital securities	Minority interests	Total equity
31-12-2008												
Balance at the beginning of the period	1 235	4 161	181	- 1 285	810	73	12 125	47	17 348	0	1 139	18 487
Net profit for the period	0	0	0	0	0	0	- 2 484	0	- 2 484	0	105	- 2 379
Other comprehensive income for the period	0	0	0	0	- 1 941	- 425	1	- 231	- 2 597	0	- 16	- 2 613
Total comprehensive income	**0**	**0**	**0**	**0**	**- 1 941**	**- 425**	**- 2 483**	**- 231**	**- 5 081**	**0**	**89**	**- 4 992**
Dividends	0	0	0	0	0	0	- 1 283	0	- 1 283	0	0	- 1 283
Capital increase	9	174	- 181	0	0	0	0	0	1	3 500	0	3 501
Purchases of treasury shares	0	0	0	- 254	0	0	0	0	- 254	0	0	- 254
Sales of treasury shares	0	0	0	8	0	0	0	0	8	0	0	8
Results on (derivatives on) treasury shares	0	0	0	- 31	0	0	0	0	- 31	0	0	- 31
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 63	- 63
Total change	**9**	**174**	**- 181**	**- 277**	**- 1 941**	**- 425**	**- 3 766**	**- 231**	**- 6 638**	**3 500**	**26**	**- 3 112**
Balance at the end of the period	**1 244**	**4 335**	**0**	**- 1 561**	**- 1 131**	**- 352**	**8 359**	**- 184**	**10 710**	**3 500**	**1 165**	**15 376**
of which revaluation reserve for shares					- 63							
of which revaluation reserve for bonds					- 1 068							
of which revaluation reserve for other assets than bonds and shares					0							
31-12-2009												
Balance at the beginning of the period	1 244	4 335	0	- 1 561	- 1 131	- 352	8 359	- 184	10 710	3 500	1 165	15 376
Net profit for the period	0	0	0	0	0	0	- 2 466	0	- 2 466	0	- 82	- 2 547
Other comprehensive income for the period	0	0	0	0	1 588	- 22	3	- 156	1 413	0	- 3	1 410
Total comprehensive income	**0**	**0**	**0**	**0**	**1 588**	**- 22**	**- 2 463**	**- 156**	**- 1 053**	**0**	**- 84**	**- 1 137**
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase	1	5	0	0	0	0	- 2	0	4	3 500	0	3 504
Purchases of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0
Sales of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0
Results on (derivatives on) treasury shares	0	0	0	2	0	0	0	0	2	0	0	2
Change in minorities	0	0	0	0	0	0	0	0	0	0	- 566	- 566
Total change	**1**	**5**	**0**	**2**	**1 588**	**- 22**	**- 2 465**	**- 156**	**- 1 049**	**3 500**	**- 650**	**1 801**
Balance at the end of the period	**1 245**	**4 339**	**0**	**- 1 560**	**457**	**- 374**	**5 894**	**- 339**	**9 662**	**7 000**	**515**	**17 177**
of which revaluation reserve for shares					387							
of which revaluation reserve for bonds					70							
of which revaluation reserve for other assets than bonds and shares					0							

Cash flow statement

Available in the annual report only.

Notes on the accounting policies

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

Note 1a: Statement of compliance

The consolidated financial statements of the KBC Group have been prepared in accordance with the International Financial
Reporting Standards, as adopted for use in the European Union ('endorsed IFRS').
The consolidated financial statements of KBC present one year of comparative information.

The following IFRS standards became effective as of 1 January 2009 and have impacted the KBC interim reporting:

- IFRS 8 (Operating Segments). This standard replaces IAS 14 (Segment Reporting) and impacts the segment reporting in Note 2. In the past, the primary segments identified by KBC were based on the nature of the activities and included the banking activities, the insurance activities, European Private Banking and the Holding company. These primary segments are now replaced by the business units as applied by management: Belgium Business Unit, CEER Business Unit, Merchant Banking Business Unit, European Private Banking Business Unit and Group Centre.
- Amendments to IAS 1: the revised version of IAS 1 changes a number of requirements regarding the presentation of financial statements and requires additional disclosure. The non-owner changes to equity have been removed from the statement of changes in equity and have been included in a separate statement of comprehensive income, which is included after the income statement.

For transparency reason, the following change has been made in the presentation of the balance sheet as of 3Q 2009 (adjustment has been made retroactively to the reference figures for 2008): whereas in previous year, 'non-voting core capital securities' were included in 'parent shareholders' equity', it is as of 3Q 2009 disclosed as a separate component of total equity. Consequently, the presentation of the consolidated changes in equity and note 35 is also adjusted accordingly.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 12M 2009, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

Note 2a: Reporting according to the management structure of the group

KBC is structured and managed according to four different segments (called ‘business units’):

- Belgium (retail bancassurance, asset management, private banking)
- Central & Eastern Europe and Russia (retail bancassurance, asset management, private banking, corporate banking)
- Merchant Banking (commercial banking in Belgium and selected countries in Europe, America and Southeast Asia, investment banking activities)
- European Private Banking (onshore private banking in Benelux and neighbouring countries, offshore private banking primarily in Luxembourg).

The basic principle of the segment reporting is that an individual subsidiary is allocated fully to one segment (see note 40). Exceptions are made for costs that can not be allocated reliably to a certain segment (grouped together in a separate Group Centre) and KBC Bank NV (allocated to the different segments and to the Group Centre by means of different allocation keys).

Funding costs of goodwill regarding participations recorded in KBC Bank and KBC Insurance are allocated to the different segments in function of the subsidiaries concerned. The funding costs regarding leveraging at the level of KBC Group are not allocated.
The Group Centre consists out of KBC Group NV, Fin-Force, KBC Global Services and some allocated costs. The allocation of results of KBC Bank Belgium and KBC Insurance to the Group Centre are limited to those results that can not be allocated in a reliable way to other segments.
The transactions conducted between the different segments occur at arm’s length.

The figures of the segment reporting have been prepared in accordance with the general KBC accounting policies (see Note 1) and are thus in compliance with the International Financial Reporting Standards as adopted for use in the European Union (endorsed IFRS). Some exceptions to these accounting policies have been made to better reflect the underlying performance:

- In order to arrive at the underlying group profit, exceptional factors that do not regularly occur during the normal course of business are eliminated. These factors also include exceptional losses due to the financial crisis, such as those incurred on structured credit investments, on exposures to troubled banks (Lehman Brothers, Washington Mutual, Icelandic banks), on equity investments and on trading positions that were unwound due to the discontinuation of activities of KBC Financial Products. In view of their exceptional nature and materiality, it is important to separate out these factors to understand the profit trend fully (impact on net profit: see table below).
- In the IFRS accounts, a large part of KBC’s derivatives used for Asset and Liability Management (ALM) are treated as ‘trading instruments’. These include those derivatives that do not qualify for fair value hedge accounting for a portfolio hedge of interest rate risk. Consequently, interest results on such hedges are recognised as ‘net (un)realised gains from financial instruments at fair value’, while the interest paid on the underlying assets is recognised as ‘net interest income’. In the underlying accounts, the interest on these derivatives is also recognised in the ‘net interest income’ heading (where interest results on the underlying assets are already presented), without any impact on net profit.

  Moreover, fair value changes (due to marking-to-market) of these ALM derivatives are recognised under ‘net (un)realised gains from financial instruments at fair value’, while most of the underlying assets are not fair-valued (i.e. not marked-to-market). Hence, the ‘underlying figures’ exclude fair value changes in these ALM derivatives (impact on net profit: see table below).
- In the IFRS accounts, income related to trading activities is split across different components. While trading gains are recognised under ‘net (un)realised gains from financial instruments at fair value’, the funding costs and commissions paid in order to realise these trading gains are recognised respectively under ‘net interest income’ and ‘net fee and commission income’. Moreover, part of the ‘dividend income’, ‘net realised gains on available-for-sale assets’ and ‘other net income’ are also related to trading income. In the underlying figures, all trading income components within the investment banking division are recognised under ‘net (un)realised gains from financial instruments at fair value’, without any impact on net profit.
- Lastly, the effect of changes in own credit risk was taken into account to determine the fair value of liabilities at fair value through profit or loss. This resulted in value changes that had a positive impact on reported net profit. Since this is a non-operating item, the impact is excluded from the ‘underlying figures’ (impact on net profit: see table below).

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	cumul. 12M 2008	cumul. 12M 2009
Underlying profit after tax, attributable to equity holders of the parent		737	806	551	176	465	409	631	218	2 270	1 724
- Amounts before taxes and minority items											
MTM of derivatives for ALM hedging	1,2,3,4,5	-33	41	-151	- 310	-137	206	42	-33	-453	79
MTM of own debt issued	5				371	134	200	-330	41	371	44
Gains/Losses on CDOs	1,2,3,4	-137	-241	-1 732	-1 895	-3 793	996	228	719	-4 004	-1 849
MTM of CDO guarantee and commitment fee	1,3						-1 121	- 146	- 143		-1 409
Value losses on AFS shares	1,2,3,4	-71	-138	-159	- 733	- 311	- 50	4	- 4	-1 101	- 367
Impairment of exposure to US and Icelandic banks	2,3,4			-172	- 268	16	-1	42	8	-439	65
Loss on discontinued structured trading positions	3				- 245		-760	-153	-166	-245	-1 078
Impairment on goodwill	1,2,3				- 10	-79	-28	-58	-328	-10	-493
Gain on buy back of hybrid Tier-1 securities	1,2,3							128			128
Exceptional tax adjustments	1,2,3,5					145	61		9		214
Other	1,2,3,4,5		-42	46	21	-49	2	-33	7	27	-73
- Taxes and minority interests on the items above	1,2,3,4,5	58	67	712	267	7	388	176	-24	1 103	549
Profit after tax, attributable to equity holders of the parent		554	493	-906	-2 625	-3 600	302	528	304	-2 484	-2 466

* 1 = Belgium business unit; 2 = Central & Eastern Europe and Russia business unit; 3 = Merchant Banking business unit;
4 = European Private Banking business unit; 5 = Group Centre

In millions of EUR	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	Inter-segment eliminations	KBC Group
INCOME STATEMENT - underlying results - 12M 2008							
Net interest income	1 983	1 782	1 002	248	- 110	5	4 910
Gross earned premiums, insurance	3 053	1 285	373	29	0	- 155	4 585
Non-life	923	937	237	0	0	- 44	2 052
Life	2 130	348	136	29	0	- 111	2 533
Gross technical charges, insurance	- 2 918	- 786	- 263	- 43	0	128	- 3 883
non-life	- 551	- 536	- 145	0	0	28	- 1 205
life	- 2 367	- 250	- 118	- 43	0	100	- 2 678
Ceded reinsurance result	- 21	- 38	- 24	0	0	11	- 72
Dividend income	148	13	19	9	6	0	196
Net (un)realised gains from financial instruments at fair value through profit or loss	47	315	582	- 11	0	0	933
Net realised gains from available-for-sale assets	355	- 8	- 9	5	0	0	343
Net fee and commission income	724	301	301	422	3	4	1 755
Other net income	177	136	165	13	816	- 903	404
TOTAL INCOME	3 548	3 002	2 145	674	715	- 911	9 172
Operating expenses	- 2 029	- 1 878	- 1 191	- 487	- 917	911	- 5 591
Impairment	- 46	- 322	- 330	- 43	- 2	0	- 743
on loans and receivables	- 46	- 313	- 279	- 2	0	0	- 641
on available-for-sale assets	0	0	- 6	- 39	1	0	- 44
on goodwill	0	0	- 15	0	0	0	- 15
on other	0	- 9	- 30	- 1	- 3	0	- 43
Share in results of associated companies	0	23	- 12	2	- 1	0	13
PROFIT BEFORE TAX	1 473	824	613	147	- 206	0	2 850
Income tax expense	- 326	- 115	- 109	14	66	0	- 470
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	1 147	710	503	161	- 140	0	2 381
attributable to minority interests	2	23	86	0	0	0	111
attributable to equity holders of the parent	1 145	687	418	161	- 140	0	2 270
INCOME STATEMENT - underlying results - 12M 2009							
Net interest income	2 406	1 839	1 060	234	- 42	0	5 497
Gross earned premiums, insurance	3 526	1 094	268	8	0	- 41	4 856
Non-life	955	767	242	0	0	- 40	1 925
Life	2 572	327	25	8	0	- 1	2 931
Gross technical charges, insurance	- 3 471	- 757	- 177	- 24	0	12	- 4 416
non-life	- 563	- 520	- 157	0	0	16	- 1 224
life	- 2 907	- 237	- 20	- 24	0	- 4	- 3 192
Ceded reinsurance result	- 25	- 25	- 28	0	0	15	- 64
Dividend income	65	9	16	7	0	0	96
Net (un)realised gains from financial instruments at fair value through profit or loss	80	77	731	51	- 1	0	938
Net realised gains from available-for-sale assets	141	18	64	53	17	0	293
Net fee and commission income	623	308	271	367	0	0	1 569
Other net income	142	109	137	1	1	- 48	342
TOTAL INCOME	3 487	2 671	2 342	697	- 23	- 62	9 111
Operating expenses	- 1 813	- 1 611	- 920	- 514	- 92	62	- 4 888
Impairment	- 99	- 866	- 933	- 15	0	0	- 1 913
on loans and receivables	- 97	- 854	- 929	- 2	0	0	- 1 883
on available-for-sale assets	- 2	0	0	- 13	0	0	- 16
on goodwill	0	0	0	0	0	0	0
on other	0	- 11	- 3	0	0	0	- 15
Share in results of associated companies	0	- 25	0	3	0	0	- 22
PROFIT BEFORE TAX	1 575	170	489	170	- 115	0	2 289
Income tax expense	- 468	- 44	- 8	- 30	44	0	- 507
Net post-tax income from discontinued operations	0	0	0	0	0	0	0
PROFIT AFTER TAX	1 106	125	481	140	- 71	0	1 782
attributable to minority interests	3	- 15	70	0	0	0	58
attributable to equity holders of the parent	1 103	140	411	140	- 71	0	1 724

In the table below, an overview is provided of certain balance sheet items divided by segment.

In millions of EUR	Belgium Business unit	CEER Business unit	Merchant Banking Business unit	European Private Banking Business unit	Group Centre	KBC Group
Balance sheet information 31/12/08						
Total loans to customers	55 390	38 334	62 033	1 535	4	157 296
Of which mortgage loans	28 447	11 879	14 958	287	0	55 571
Of which reverse repos	0	1 662	2 174	1	0	3 838
Customer deposits	77 521	40 085	67 639	10 211	1 276	196 733
Of which repos	0	1 665	6 190	0	0	7 855
Balance sheet information 31/12/09						
Total loans to customers	57 021	36 001	58 826	1 283	0	153 230
Of which mortgage loans	30 934	12 863	15 005	378	0	59 180
Of which reverse repos	0	3 096	3 199	0	0	6 295
Customer deposits	72 920	43 404	67 914	8 090	1 136	193 464
Of which repos	320	3 138	9 741	0	0	13 199

Note 2b: Reporting according to geographic segment

The geographical information is based on geographic areas, and reflects KBC's focus on its two home markets – Belgium (land of domicile) and Central and Eastern Europe (including Russia) – and its selective presence in other countries ('rest of the world', i.e. mainly the US, Southeast Asia and Western Europe excluding Belgium). The geographic segmentation is based on the location where the services are rendered. Since at least 95% of the customers are local customers, the location of the branch or subsidiary determines the geographic breakdown of both the balance sheet and income statement. The geographic segmentation differs significantly from the business unit breakdown, due to, inter alia, a different allocation methodology and the fact that the geographic segment 'Belgium' includes not only the Belgium business unit, but also the Belgian part of the Merchant Banking Business unit.

More detailed geographic segmentation figures for balance sheet items are provided in the various Notes to the balance sheet. The breakdown here is made based on the geographic location of the counterparty.

In millions of EUR	Belgium	Central and Eastern Europe and Russia	Rest of the world	KBC Group
12M 2008				
Total income from external customers	3 761	3 190	2 220	9 172
31-12-2008				
Total assets (period-end)	211 646	56 465	87 206	355 317
Total liabilities (period-end)	194 256	51 211	94 474	339 941
12M 2009				
Total income from external customers	4 060	2 886	2 166	9 111
31-12-2009				
Total assets (period-end)	208 551	58 411	57 268	324 231
Total liabilities (period-end)	187 689	52 289	67 077	307 054

Notes on the income statement

All data in this chapter are based on IFRS. From an analytical point of view (for instance, due to the treatment of recognition of certain income components related to capital market activities and the treatment of certain ALM hedging derivatives), it may be useful to look at additional 'underlying' figures. These 'underlying' data (which are included in the Notes on segment reporting) are also provided in the 'earnings release' and 'analysis of earnings components' chapters of the extended quarterly report.

Note 3: Net interest income

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	1 269	1 597	1 551	4 992	6 065
Interest income	4 324	2 858	2 695	17 353	12 049
Available-for-sale assets	570	533	518	2 038	2 096
Loans and receivables	2 575	1 790	1 719	10 054	7 497
Held-to-maturity investments	123	123	131	485	491
Other assets	133	10	9	279	48
Subtotal, interest income from financial assets not measured at fair value through profit or loss	3 402	2 456	2 378	12 856	10 132
Financial assets held for trading	329	128	117	1 602	593
Hedging derivatives	254	103	23	989	532
Other financial assets at fair value through profit or loss	340	171	176	1 905	791
Interest expense	- 3 055	- 1 261	- 1 144	- 12 360	- 5 983
Financial liabilities measured at amortised cost	- 2 273	- 998	- 871	- 9 017	- 4 463
Other	- 5	- 5	- 5	- 9	- 17
Investment contracts at amortised cost	0	0	0	0	0
Subtotal, interest expense for financial assets not measured at fair value through profit or loss	- 2 279	- 1 003	- 876	- 9 026	- 4 480
Financial liabilities held for trading	- 56	- 17	- 21	- 332	- 90
Hedging derivatives	- 258	- 157	- 196	- 878	- 891
Other financial liabilities at fair value through profit or loss	- 461	- 84	- 52	- 2 124	- 523

Note 4: Dividend income

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	63	26	37	259	145
Breakdown by type	63	26	37	259	145
Held-for-trading shares	10	12	7	64	43
Shares initially recognised at fair value through profit or loss	8	0	1	21	1
Available-for-sale shares	45	14	28	173	101

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

On 30 June 2009, the European Commission approved the guarantee KBC Group NV bought from the Belgian federal government on 14 May 2009 and the capital strengthening performed by KBC by issuing core capital securities to the Flemish Regional government in January, 2009.
On 18 November 2009, the European Commission approved the strategic plan which KBC group submitted at the end of September. The plan was an analysis of KBC group's business and its future strategy, and served as a basis for the Commission to assess KBC's capacity to redeem the government securities within a reasonable timeframe.
The financial impact of this deal is included in 'net (unrealised) gains from financial instruments at fair value'.

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

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	- 246	117	109	95	273
Breakdown by portfolio					
Fixed-income securities	- 13	103	50	- 12	178
Shares	- 233	14	59	107	95

Note 7: Net fee and commission income

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	377	380	423	1 714	1 492
Fee and commission income	663	630	704	2 848	2 517
Securities and asset management	372	365	428	1 730	1 475
Margin on deposit accounting (life insurance investment contracts without DPF)	12	6	13	31	30
Commitment credit	67	80	61	234	271
Payments	147	131	130	529	499
Other	64	49	72	325	243
Fee and commission expense	- 286	- 251	- 281	- 1 134	- 1 025
Commission paid to intermediaries	- 124	- 116	- 113	- 477	- 451
Other	- 161	- 135	- 168	- 658	- 573

Note 8: Other net income

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	183	116	44	618	428
Net realised gain on loans and receivables	- 5	2	2	- 2	10
Net realised gain on held-to-maturity investments	0	- 4	0	0	- 5
Net realised gain on financial liabilities measured at amortised cost	- 2	- 1	1	- 1	1
Other	190	119	41	622	422
of which: realised gain on sale of shares Prague Stock Exchange	40	0	0	40	0
of which: impact ownership percentage NLB	0	0	0	54	0
of which: income concerning leasing at the KBC Lease-group	5	13	35	46	74
of which: income from consolidated private equity participations	32	18	- 2	94	56
of which: income from Groep VAB	18	21	19	64	79

Note 9: Breakdown of the insurance results

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
2008							
Net interest income	0	0	0	0	0	798	798
Gross earned premiums, insurance	855	2 075	2 930	1 678	0	0	4 608
Gross technical charges	- 737	- 1 206	- 1 943	- 1 921	- 22	0	- 3 885
Ceded reinsurance result	- 2	- 63	- 65	0	0	- 6	- 72
Dividend income	0	0	0	0	0	135	135
Net gains from financial instruments at fair value	0	0	0	0	0	- 1 130	- 1 130
Net realised gains from AFS assets	0	0	0	0	0	103	103
Net fee and commission income	- 100	- 387	- 487	- 37	12	40	- 471
Other net income	0	0	0	0	0	99	99
TOTAL INCOME	17	419	436	- 280	- 9	38	185
Operating expenses	- 99	- 391	- 490	- 33	- 18	- 122	- 662
Impairments	0	0	0	0	0	- 740	- 740
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	- 123	88	- 35	- 125	0	160	0
PROFIT BEFORE TAX	- 205	116	- 89	- 438	- 27	- 663	- 1 217
Income tax expense							227
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							- 990
attributable to minority interest							- 4
attributable to equity holders of the parent							- 987
2009							
Net interest income	0	0	0	0	0	739	739
Gross earned premiums, insurance	854	1 925	2 779	2 077	0	0	4 856
Gross technical charges	- 703	- 1 244	- 1 948	- 2 503	15	0	- 4 436
Ceded reinsurance result	- 2	- 56	- 58	0	0	- 6	- 64
Dividend income	0	0	0	0	0	60	60
Net gains from financial instruments at fair value	0	0	0	0	0	- 361	- 361
Net realised gains from AFS assets	0	0	0	0	0	53	53
Net fee and commission income	4	- 305	- 300	- 39	13	53	- 273
Other net income	0	0	0	0	0	143	143
TOTAL INCOME	153	320	473	- 466	28	680	715
Operating expenses	- 44	- 250	- 294	- 24	- 17	- 136	- 471
Impairments	0	0	0	0	0	- 366	- 366
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	345	157	503	404	0	- 907	0
PROFIT BEFORE TAX	454	227	682	- 86	11	- 729	- 122
Income tax expense							- 15
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							- 137
attributable to minority interest							3
attributable to equity holders of the parent							- 140

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

Note 10: Gross earned premiums, life insurance

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	887	628	690	2 533	2 931
Breakdown by type					
Accepted reinsurance	5	8	3	26	25
Primary business	882	621	687	2 507	2 906
Breakdown of primary business					
Individual versus group					
Individual premiums	766	558	596	2 191	2 608
Premiums under group contracts	117	63	91	316	297
Periodic versus single					
Periodic premiums	254	174	248	810	792
Single premiums	628	447	439	1 697	2 114
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	49	54	55	212	202
Premiums from bonus contracts	835	538	601	2 208	2 609
Unit linked	- 1	29	32	87	95

Under IFRS, figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products. Figures are before the elimination of the internal insurance between the insurance and banking businesses of the Group.

Note 11: Overview of non-life insurance per class of business
Note 12: Operating expenses
Note 13: Personnel

Notes available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	4Q 2008	3Q 2009	4Q 2009	2008	2009
Total	- 1 325	- 442	- 995	- 2 234	- 2 777
Impairment on loans and receivables	- 522	- 368	- 650	- 822	- 1 903
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 550	- 502	- 612	- 801	- 1 810
Specific impairments for off-balance-sheet credit commitments	1	9	- 11	- 6	- 13
Portfolio-based impairments	27	124	- 26	- 15	- 80
Breakdown by business unit					
Belgium	- 12	- 11	- 48	- 46	- 97
Central and Eastern Europe and Russia	- 149	- 203	- 294	- 313	- 854
Merchant Banking	- 309	- 154	- 307	- 407	- 950
European Private Banking	- 53	0	- 2	- 56	- 2
Group Centre	0	0	0	0	0
Impairment on available-for-sale assets	- 742	- 5	- 16	- 1 333	- 350
Breakdown by type					
Shares	- 503	- 5	- 7	- 918	- 338
Other	- 238	0	- 9	- 415	- 12
Impairment on goodwill	- 25	- 58	- 327	- 25	- 509
Impairment on other	- 37	- 11	- 2	- 54	- 14
Intangible assets, other than goodwill	- 29	0	0	- 32	0
Property and equipment	- 6	- 7	- 1	- 7	- 8
Held-to-maturity assets	- 1	- 1	- 1	- 15	- 2
Associated companies (goodwill)	0	0	0	0	0
Other	0	- 3	1	- 1	- 4

During 2009 an impairment loss of 509 million euros was recognised on the value of goodwill outstanding, related among other things, to acquisitions made in 2007 and early 2008 in the CEER Business Unit.

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

Notes available in the annual report only.

Notes on the balance sheet

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2008								
Loans and advances to credit institutions and investment firms [a]	8 288	4 544	0	23 964	-	-	-	36 796
Loans and advances to customers [b]	4 297	4 281	0	148 718	-	-	-	157 296
Discount and acceptance credit	0	0	0	153	-	-	-	153
Consumer credit	0	0	0	4 625	-	-	-	4 625
Mortgage loans	0	3 215	0	52 356	-	-	-	55 571
Term loans	4 297	910	0	72 708	-	-	-	77 915
Finance leasing	0	0	0	6 728	-	-	-	6 728
Current account advances	0	0	0	6 718	-	-	-	6 718
Other	0	156	0	5 429	-	-	-	5 585
Equity instruments [c]	5 533	193	3 419	-	-	-	-	9 145
Investment contracts (insurance)	-	6 948	-	-	-	-	-	6 948
Debt instruments issued by	16 480	12 648	42 058	3 805	10 761	-	-	85 752
Public bodies	8 947	10 961	28 581	20	9 727	-	-	58 235
Credit institutions and investment firms	3 849	316	7 867	21	751	-	-	12 804
Corporates	3 684	1 372	5 609	3 765	283	-	-	14 713
Derivatives	38 559	-	-	-	-	241	-	38 800
Total carrying value excluding accrued intrest income	73 157	28 615	45 476	176 487	10 761	241	0	334 737
Accrued interest income	400	379	895	543	212	38	0	2 466
Total carrying value including accrued interest income	73 557	28 994	46 371	177 029	10 973	279	0	337 203
[a] Of which reverse repos								*11 214*
[b] Of which reverse repos								*3 838*
[c] For AFS equity: of which:								
Real estate certificates			*65*					
Bonds and cash			*614*					
Shares			*2 740*					
31-12-2009								
Loans and advances to credit institutions and investment firms [a]	566	3 708	0	16 930	-	-	-	21 204
Loans and advances to customers [b]	3 169	6 133	0	143 928	-	-	-	153 230
Discount and acceptance credit	0	9	0	116	-	-	-	125
Consumer credit	0	0	0	4 947	-	-	-	4 947
Mortgage loans	0	2 349	0	56 830	-	-	-	59 180
Term loans	3 169	3 579	0	64 904	-	-	-	71 652
Finance leasing	0	0	0	5 569	-	-	-	5 569
Current account advances	0	0	0	5 123	-	-	-	5 123
Other	0	196	0	6 439	-	-	-	6 635
Equity instruments	2 977	20	2 418	-	-	-	-	5 414
Investment contracts (insurance)	-	7 957	-	-	-	-	-	7 957
Debt instruments issued by	12 653	12 457	52 694	3 270	11 765	-	-	92 838
Public bodies	8 056	11 202	39 439	3	10 662	-	-	69 362
Credit institutions and investment firms	2 512	327	6 297	0	767	-	-	9 903
Corporates	2 085	928	6 958	3 267	335	-	-	13 572
Derivatives	20 995	-	-	-	-	165	-	21 160
Total carrying value excluding accrued interest income	40 360	30 275	55 112	164 128	11 765	165	0	301 804
Accrued interest income	203	245	1 008	470	280	48	0	2 254
Total carrying value including accrued interest income	40 563	30 520	56 120	164 598	12 045	213	0	304 057
[a] Of which reverse repos								*6 297*
[b] Of which reverse repos								*6 295*
[c] For AFS equity: of which:								
Real estate certificates			*41*					
Bonds and cash			*406*					
Shares			*1 971*					

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value [c]	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2008								
Deposits from credit institutions and investment firms [a]	461	17 676	-	-	-	-	42 465	60 602
Deposits from customers and debt certificates [b]	1 354	17 431	-	-	-	-	177 948	196 733
Deposits from customers	0	10 786	-	-	-	-	136 179	146 964
Demand deposits	0	847	-	-	-	-	43 892	44 739
Time deposits	0	9 927	-	-	-	-	58 655	68 582
Savings deposits	0	0	-	-	-	-	28 951	28 951
Special deposits	0	0	-	-	-	-	3 546	3 546
Other deposits	0	12	-	-	-	-	1 135	1 147
Debt certificates	1 354	6 645	-	-	-	-	41 770	49 768
Certificates of deposit	0	1 382	-	-	-	-	13 740	15 122
Customer savings certificates	0	0	-	-	-	-	3 077	3 077
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 354	4 426	-	-	-	-	16 063	21 843
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	836	-	-	-	-	8 889	9 726
Liabilities under investment contracts	-	6 749	-	-	-		452	7 201
Derivatives	39 785	0	-	-	-	683	-	40 469
Short positions	2 960	0	-	-	-	-	-	2 960
in equity instruments	394	0	-	-	-	-	-	394
in debt instruments	2 566	0	-	-	-	-	-	2 566
Other	244	101	-	-	-	-	3 739	4 085
Total carrying value excluding accrued interest expense	44 805	41 957	-	-	-	683	224 604	312 049
Accrued interest expense	161	272	-	-	-	232	1 216	1 882
Total carrying value including accrued interest expense	44 966	42 228	-	-	-	916	225 821	313 931

[a] *Of which repos* *18 647*
[b] *Of which repos* *7 855*
[c] *Of which valuation own credit risk* *- 371*

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value [c]	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2009								
Deposits from credit institutions and investment firms [a]	211	6 678	-	-	-	-	38 555	45 444
Deposits from customers and debt certificates [b]	834	16 695	-	-	-	-	175 935	193 464
Deposits from customers	0	13 154	-	-	-	-	132 165	145 319
Demand deposits	0	150	-	-	-	-	44 271	44 421
Time deposits	0	12 992	-	-	-	-	44 448	57 441
Savings deposits	0	0	-	-	-	-	38 645	38 645
Special deposits	0	0	-	-	-	-	3 677	3 677
Other deposits	0	11	-	-	-	-	1 124	1 135
Debt certificates	834	3 541	-	-	-	-	43 770	48 146
Certificates of deposit	0	42	-	-	-	-	15 746	15 788
Customer savings certificates	0	0	-	-	-	-	2 583	2 583
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	834	3 218	-	-	-	-	16 311	20 363
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	282	-	-	-	-	9 129	9 411
Liabilities under investment contracts	-	7 685	-	-	-	-	254	7 939
Derivatives	26 304	0	-	-	-	882	-	27 185
Short positions	2 147	0	-	-	-	-	-	2 147
in equity instruments	486	0	-	-	-	-	-	486
in debt instruments	1 661	0	-	-	-	-	-	1 661
Other	250	168	-	-	-	-	1 514	1 931
Total carrying value excluding accrued interest expense	29 745	31 226	-	-	-	882	216 258	278 111
Accrued interest expense	146	83	-	-	-	205	905	1 339
Total carrying value including accrued interest expense	29 891	31 309	-	-	-	1 087	217 163	279 450

[a] *Of which repos* *11 513*
[b] *Of which repos* *13 199*
[c] *Of which valuation own credit risk* *- 204*

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

Notes available in the annual report only.

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

In millions of EUR	31-12-2008	31-12-2009
Total	2 709	4 080
Breakdown by type		
Specific impairment, on-balance-sheet lending	2 352	3 667
Specific impairment, off-balance-sheet credit commitments	91	85
Portfolio-based impairment	266	328
Breakdown by counterparty		
Impairment for loans and advances to banks	128	36
Impairment for loans and advances to customers	2 469	3 933
Specific and portfolio based impairment, off-balance-sheet credit commitments	112	111

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

Notes available in the annual report only.

Note 31: Technical provisions, insurance

In millions of EUR	31-12-2008	31-12-2009
Gross technical provisions	19 523	22 012
Insurance contracts	9 699	10 244
Provisions for unearned premiums and unexpired risk	510	504
Life insurance provision	5 222	5 493
Provision for claims outstanding	3 586	3 770
Provision for bonuses and rebates	20	29
Other technical provisions	361	449
Investment contracts with DPF	9 824	11 768
Life insurance provision	9 813	11 715
Provision for claims outstanding	0	0
Provision for bonuses and rebates	11	53
Reinsurers' share	280	284
Insurance contracts	280	284
Provisions for unearned premiums and unexpired risk	17	15
Life insurance provision	6	7
Provision for claims outstanding	256	262
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life insurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

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

Note 32: Provisions

The provisions for taxes and pending legal disputes increased in 2009. This is for a large part caused by commercial litigations as a consequence of the sale of CDOs to clients. Settlements were reached with most of the clients. At end 2009, the remaining provision amounted to 0.1 billion euros (after tax).

Note 33: Other liabilities
Note 34: Retirement benefit obligations

Notes available in the annual report only.

Note 35: Parent shareholders' equity and Non-voting core-capital securities

in number of shares	31-12-2008	31-12-2009
Breakdown by type		
Ordinary shares	357 752 822	357 918 125
Non-voting core-capital securities	118 644 067	237 288 134
of which ordinary shares that entitle the holder to a dividend payment	*341 819 369*	*344 392 245*
of which treasury shares	*18 216 385*	*18 189 217*
Other information		
Par value per ordinary share (in euros)	3.48	3.48
Number of shares issued but not fully paid up	0	0

The ordinary shares of KBC Group NV have no nominal value and are quoted on NYSE Euronext (Brussels) and on the Luxembourg Stock Exchange.

The number of KBC-shares held by group companies is shown in the table under 'treasury shares'. As at 31 December 2009, this number includes, *inter alia*:

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

Other notes

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

Note available in the annual report only.

Note 40: List of significant subsidiaries and associated companies

Company	Business unit (*)	Registered office	Ownership percentage at KBC Group level	Activity
BANKING				
Fully consolidated subsidiaries				
Absolut Bank	CEER	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerp - BE	99.56	Credit institution
CIBANK AD	CEER	Sofia - BG	81.69	Credit institution
CSOB a.s. (Czech Republic)	CEER	Prague - CZ	100.00	Credit institution
CSOB a.s. (Slovak Republic)	CEER	Bratislava - SK	100.00	Credit institution
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	100.00	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Ireland Plc	MB	Dublin - IE	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	100.00	Clearing
KBC Commercial Finance NV	MB	Brussels - BE	100.00	Factoring
KBC Credit Investments NV	MB	Brussels - BE	100.00	Investments in credit-linked securities
KBC Finance Ireland	MB	Dublin - IE	100.00	Lending
KBC Financial Products (group)	MB	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MB	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	MB	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	MB	London - GB	100.00	Stock exchange broker / corporate finance
KBC Private Equity NV	MB	Brussels - BE	100.00	Private equity
KBC Real Estate NV	MB	Zaventem - BE	100.00	Real estate
KBC Securities NV	MB	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Zrt.	CEER	Budapest - HU	100.00	Credit institution
Kredyt Bank SA	CEER	Warsaw - PL	80.00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group)	CEER	Ljubljana - SI	30.57	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEER	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEER	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEER	Sofia - BG	89.53	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
Groep VAB NV	B	Zwijndrecht - BE	74.81	Automobile assistance
K&H Insurance	CEER	Budapest - HU	100.00	Insurance company
KBC Banka A.D.	CEER	Belgrade - RS	100.00	Credit institution
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
TUIR WARTA SA	CEER	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries				
NLB Vita d.d.	CEER	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING				
Fully consolidated subsidiaries				
Brown, Shipley & Co Ltd.	EPB	London - GB	99.91	Credit institution
KBL Richelieu Banque Privée	EPB	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.90	Credit institution
Merck Finck & Co.	EPB	Munich - DE	99.91	Credit institution
Puilaetco Dewaay Private Bankers SA	EPB	Brussels - BE	99.91	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	99.91	Credit institution
HOLDING-COMPANY ACTIVITIES				
Fully consolidated subsidiaries				
KBC Global Services NV	GR	Brussels - BE	100.00	Cost-sharing structure
KBC Group NV	GR	Brussels - BE	100.00	Holding company

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

Note 41: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
			31/12/2008	31/12/2009	
CHANGES IN OWNERSHIP PERCENTAGE AND INTERNAL MERGERS					
Banking	Istrobanka a.s.	Full	100.00%		Recognised in income statement from 3Q 2008, merged with CSOB SR from 3Q2009
Banking	CIBANK AD	Full	77.09%	81.69%	increase % with 4,60 (mainly in 1Q09)
Banking	KBC Bank Nederland NV	Full	100.00%		2Q09 : merger with KBC Bank

During the first 12 months of 2009, changes to the scope of consolidation had no material net impact on the income statement nor on the balance sheet.

Note 42: Post-balance sheet events

There were no significant events between the balance sheet date (31 December 2009) and the publication of this report (11 February 2010):

Note 43: General information (IAS 1)

Note available in the annual report only.

Glossary and other information

KBC Group, 4Q 2009 and 12M 2009

Unaudited.

Glossary of ratios used

CAD ratio (banking)	[consolidated regulatory capital] / [total risk-weighted volume]. Detailed calculations in the 'Solvency' section of this part.
Claims reserve ratio	[average net provision for claims outstanding (excl.life part)] / [net earned premiums]
Combined ratio (non-life insurance)	[net claims incurred / net earned premiums] + [net expenses / net written premiums]
Core Tier-1 capital ratio	[consolidated tier-1 capital excluding hybrid instruments] / [total weighted volume]
Cost/income ratio (banking)	[(underlying) operating expenses of the banking businesses of the group (i.e. KBC Bank and KBL EPB)] / [(underlying) total income of the banking businesses of the group].
Cover ratio	[individual impairment on non-performing loans] / [outstanding non-performing loans]. For a definition of 'non-performing', see 'Non-performing ratio'. The cover ratio may also include the individual impairment on still performing loans and portfolio-based impairments.
Credit cost ratio	[net changes in individual and portfolio-based impairment for credit risks]/ [average outstanding loan portfolio]
Earnings per share, basic	[profit after tax, attributable to the equity holders of the parent)] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares].
Earnings per share, diluted	[profit after tax, attributable to the equity holders of the parent, adjusted for interest expense (after tax) for non-mandatorily convertible bonds] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares, plus the potentially dilutive effect of share options and ordinary convertible bonds].
Gearing ratio	[sum of the consolidated parent shareholders' equity of KBC Bank, KBC Insurance, KBL EPB and KBC Global Services] / [consolidated parent shareholders' equity of KBC Group plus the non-voting core capital securities]
Non-performing ratio	[amount outstanding of non-performing loans (loans for which principal repayments or interest payments are more than ninety days in arrears)] / [total outstanding loan portfolio]

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

Return on allocated capital (ROAC - for a particular business unit)
[profit after tax, including minority interests, of a business unit, corrected for income on allocated instead of real equity] / [average allocated equity to the business unit]

Profit of a business unit is the sum of the profit of the companies belonging to the business unit, corrected for the funding cost of goodwill (related to the companies in the business unit) and allocated central governance expenses.

The allocated equity to a business unit is based on a tier-1 ratio of 8.5% of risk-weighted assets for banking activities and a solvency ratio of 200% for the insurance activities. In the banking business, allocated tier-1 capital consists of core equity (75%) and hybrid instruments (25%), while in the insurance business, allocated capital consists purely of core equity. To calculate ROAC, only core equity is taken into account in the denominator. The risk-weighted assets of the banking activities are calculated according to Basel II.

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

Solvency ratio (insurance) [consolidated available capital of KBC Insurance] / [minimum required capital of KBC Insurance]. Detailed calculations in the 'Solvency' section of this part.

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

Credit ratings

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

There have not been any changes in the ratings since 30 September 2009:

Ratings,11-02-2010	Long-term rating (+ outlook/watch)		Short-term rating
Fitch			
KBC Bank	A	(stable outlook)	F1
KBC Insurance (claims-paying ability)	A	(stable outlook)	-
KBC Group NV	A	(stable outlook)	F1
Moody's			
KBC Bank	Aa3	(negative outlook)	P-1
KBC Group NV	A1	(negative outlook)	P-1
Standard and Poor's			
KBC Bank	A	(stable outlook)	A1
KBC Insurance (claims-paying ability)	A	(stable outlook)	-
KBC Group NV	A-	(stable outlook)	A2

Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2008	31-12-2009
By business unit		
Belgium	151 037	145 719
Central & Eastern Europe and Russia	11 729	12 419
Merchant Banking	36	20
European Private Banking	44 040	47 076
Total	206 842	205 234
By product or service		
Investment funds for private individuals	79 674	93 620
Assets managed for private individuals	68 825	45 162
Assets managed for institutional investors	39 832	44 108
Group assets (managed by KBC Asset Management)	18 510	22 345
Total	206 842	205 234

Gearing Ratio

Gearing ratio calculation, 31-12-2009, in millions of EUR	Own funds	Minus dividend payout	Own funds for calculation
Parent shareholders' equity and non-voting core capital securities of KBC Group (A)	16 662	-	16 662
Parent shareholders' equity of subsidiaries (B)	17 050	- 28	17 021
KBC Bank	12 097	-	12 097
KBC Insurance	3 331	-	3 331
KBL EPB	997		997
KBC Global Services	284	-	284
KBC Asset Management (part owned by KBC Group)	341	- 28	313
Gearing ratio (B) / (A)			102.2%

Financial calendar

2009 Annual Report available as of	9 April 2010
2009 Risk Report available as of	9 April 2010
2009 Corporate Social Responsibility Report available as of	22 April 2010
Publication of Embedded Value data as at 31-12-2009, Insurance	31 March 2010
Annual General Meeting	29 April 2010
KBC Group - Publication of 1Q 2010 results	12 May 2010
KBC Group - Publication of 2Q 2010 results	5 August 2010
KBC Group - Publication of 3Q 2010 results	10 November 2010
KBC Group - Publication of 4Q 2010 results	10 February 2011

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

Quarterly time series

Financial assets and liabilities, by product

FINANCIAL ASSETS (in millions of EUR)

	31-03-2007	30-06-2007	30-09-2007	31-12-2007	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Loans and advances to credit institutions and investment firms [1]	46 390	52 080	52 336	53 843	53 351	53 399	52 665	36 796	29 367	27 663	23 954	21 204
Loans and advances to customers [2]	135 512	134 065	139 887	147 051	149 161	165 263	163 947	157 296	154 409	158 949	156 974	153 230
Discount and acceptance credit	233	292	252	718	210	212	270	153	101	170	83	125
Consumer credit	3 221	3 689	3 761	3 893	4 030	4 683	4 810	4 625	4 699	5 112	5 059	4 947
Mortgage loans	41 010	42 471	44 297	47 125	49 310	52 181	54 420	55 571	56 092	57 265	58 257	59 180
Term loans	71 386	66 433	69 373	72 714	73 365	84 109	83 522	77 915	74 982	76 458	77 307	71 652
Finance leasing	6 110	6 404	6 720	6 883	6 514	6 805	6 923	6 728	6 251	6 186	5 854	5 569
Current account advances	7 989	8 896	8 342	7 853	7 505	9 462	8 001	6 718	5 952	6 343	5 346	5 123
Securitised loans	293	284	304	264	255	0	0	0	0	0	0	0
Other	5 270	5 596	6 839	7 603	7 972	7 811	6 000	5 585	6 333	7 414	5 068	6 635
Equity instruments	25 005	25 377	24 228	22 207	19 206	18 140	17 235	9 145	7 084	6 156	5 761	5 414
Investment contracts (insurance)	9 237	9 272	9 179	9 066	8 626	8 356	7 972	6 948	6 581	6 861	7 377	7 957
Debt instruments issued by	89 967	87 517	86 242	83 080	84 450	88 131	88 097	85 752	88 750	90 403	91 491	92 838
Public bodies	56 972	55 958	55 292	47 166	49 473	53 915	53 642	58 235	63 126	66 081	69 010	69 362
Credit institutions and investment firms	15 435	15 251	15 409	14 829	14 757	14 651	14 472	12 804	12 000	12 019	10 101	9 903
Corporates	17 560	16 307	15 541	21 085	20 220	19 565	19 982	14 713	13 625	12 302	12 380	13 572
Derivatives	16 913	19 050	20 662	22 232	25 182	25 676	29 694	38 800	36 910	27 610	24 904	21 160
Total carrying value excluding accrued intrest income	322 731	327 077	332 232	337 215	339 720	358 965	359 609	334 737	323 102	317 642	310 461	301 804
Accrued interest income	2 633	2 929	2 946	3 307	2 410	2 321	2 386	2 466	2 318	2 242	2 069	2 254
Total carrying value including accrued interest income	325 364	330 006	335 178	340 522	342 130	361 286	361 995	337 203	325 420	319 884	312 531	304 057
[1] *Of which reverse repos*	*24 745*	*23 018*	*35 111*	*33 503*	*29 168*	*27 194*	*28 557*	*11 214*	*6 180*	*7 822*	*7 579*	*6 297*
[2] *Of which reverse repos*	*21 775*	*16 754*	*6 451*	*6 339*	*5 808*	*13 390*	*9 458*	*3 838*	*2 775*	*6 147*	*9 084*	*6 295*

FINANCIAL LIABILITIES (in millions of EUR)

	31-03-2007	30-06-2007	30-09-2007	31-12-2007	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Deposits from credit institutions and investment firms [3]	64 779	65 483	67 660	73 104	68 690	63 804	71 038	60 602	46 311	55 611	48 024	45 444
Deposits from customers and debt certificates [4]	183 850	186 295	191 928	192 135	197 261	218 105	215 381	196 733	205 110	194 141	194 748	193 464
Deposits from customers	128 584	134 949	137 040	137 347	143 569	157 068	157 192	146 964	153 099	152 265	147 817	145 319
Demand deposits	37 319	40 419	40 744	42 488	46 704	54 120	51 384	44 739	51 805	52 861	51 597	44 421
Time deposits	58 141	61 015	64 115	63 357	65 877	72 430	74 615	68 582	65 165	60 326	54 545	57 441
Savings deposits	28 735	28 866	27 115	27 079	26 245	25 263	26 109	28 951	31 588	34 326	36 759	38 645
Special deposits	3 057	3 053	3 172	3 444	3 566	3 846	3 706	3 546	3 401	3 603	3 679	3 677
Other deposits	1 331	1 596	1 894	979	1 177	1 408	1 378	1 147	1 140	1 149	1 237	1 135
Debt certificates	55 266	51 346	54 887	54 788	53 692	61 037	58 189	49 768	52 010	41 875	46 931	48 146
Certificates of deposit	24 894	17 867	18 844	17 937	16 770	21 110	18 409	15 122	19 051	10 001	13 531	15 788
Customer savings certificates	2 716	2 690	2 869	2 956	3 028	3 141	3 137	3 077	2 905	2 788	2 672	2 583
Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
Non-convertible bonds	21 221	24 251	25 997	26 324	26 369	27 314	26 728	21 843	20 377	19 776	21 547	20 363
Convertible subordinated liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Non-convertible subordinated liabilities	6 435	6 538	7 178	7 570	7 525	9 472	9 915	9 726	9 678	9 310	9 181	9 411
Liabilities under investment contracts	9 223	9 255	8 972	8 928	8 480	8 349	8 155	7 201	6 877	6 987	7 319	7 939
Derivatives	23 823	25 917	26 956	26 197	27 599	28 134	33 866	40 469	43 233	34 406	31 620	27 185
Short positions	7 420	8 280	4 703	4 845	4 430	5 594	4 645	2 960	1 876	1 651	1 866	2 147
in equity instruments	2 578	2 812	3 985	3 724	3 303	4 398	3 603	394	388	449	467	486
in debt instruments	4 841	5 468	718	1 120	1 127	1 196	1 042	2 566	1 488	1 201	1 399	1 661
Other	5 227	4 789	4 152	4 126	4 759	8 148	6 205	4 085	4 375	6 466	3 506	1 931
Total carrying value excluding accrued interest expense	294 322	300 019	304 371	309 335	311 220	332 133	339 289	312 049	307 782	299 262	287 082	278 111
Accrued interest expense	1 809	2 008	2 411	2 087	2 043	2 208	2 397	1 882	1 740	1 621	1 980	1 339
Total carrying value including accrued interest expense	296 131	302 027	306 782	311 422	313 263	334 341	341 686	313 931	309 522	300 883	289 062	279 450
[3] *Of which repos*	*25 500*	*20 440*	*22 897*	*21 979*	*21 388*	*13 522*	*17 866*	*18 647*	*9 966*	*12 298*	*11 133*	*11 513*
[4] *Of which repos*	*6 670*	*8 061*	*9 753*	*8 284*	*10 233*	*13 573*	*13 221*	*7 855*	*11 891*	*12 560*	*15 161*	*13 199*

Customer loans and advances excluding reverse repo, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Total	143 353	151 873	154 489	153 459	151 635	152 801	147 890	146 935
Breakdown per business unit								
Belgium	52 059	51 963	55 155	55 390	56 148	56 814	56 317	57 021
Central and Eastern Europe and Russia	30 601	34 075	36 800	36 672	33 863	34 463	34 436	33 005
Merchant Banking	59 173	63 953	60 887	59 859	60 349	60 309	55 860	55 627
European Private Banking	1 512	1 879	1 645	1 534	1 274	1 215	1 277	1 283
Group Centre	7	4	2	4	0	0	0	0

Mortgage loans, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Total	49 310	52 181	54 420	55 571	56 092	57 265	58 257	59 180
Breakdown per business unit								
Belgium	26 771	27 511	28 019	28 447	28 866	29 501	30 180	30 934
Central and Eastern Europe and Russia	9 072	10 328	11 535	11 879	11 862	12 445	12 885	12 862
Merchant Banking	13 198	14 063	14 583	14 958	15 069	14 997	14 847	15 005
European Private Banking	269	278	283	287	295	323	345	378
Group Centre	0	0	0	0	0	0	0	0

Customer deposits and debt certificates excluding repo, by business unit

In millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Total	187 029	204 532	202 170	188 877	193 559	181 175	179 587	180 265
Breakdown per business unit								
Belgium	71 155	74 653	76 273	77 521	74 391	74 267	75 399	72 600
Central and Eastern Europe and Russia	35 054	37 483	41 586	38 421	37 615	40 356	40 585	40 266
Merchant Banking	67 977	79 226	71 412	61 449	70 541	56 125	53 889	58 173
European Private Banking	11 705	11 792	11 574	10 211	9 689	9 085	8 569	8 090
Group Centre	1 138	1 378	1 325	1 276	1 323	1 342	1 145	1 136

Technical provisions life insurance, by business unit

Technical provisions, Life Insurance (In millions of EUR)	31-03-2008		30-06-2008		30-09-2008		31-12-2008		31-03-2009		30-06-2009		30-09-2009		31-12-2009	
	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked
Breakdown per business unit																
Belgium	12 550	7 126	12 932	6 819	13 157	6 410	13 765	5 812	14 418	5 503	15 012	5 595	15 470	5 887	15 916	6 073
Central and Eastern Europe and Russia	936	576	1 111	590	1 326	599	1 251	557	1 185	520	1 102	650	1 097	741	1 090	794
Merchant Banking	14	0	13	0	13	0	12	70	14	0	14	0	15	0	14	0
European Private Banking	545	928	527	948	518	963	512	580	511	558	507	616	504	684	498	1 090
Group Centre	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: The figures as of 30/09/2009 have been reclassified due to the allocation of an error.

Assets under management, by business unit and product

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-03-2008	30-06-2008	30-09-2008	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
By business unit								
Belgium	159 725	157 880	157 541	151 037	147 879	143 436	146 834	145 719
Central & Eastern Europe and Russia	13 558	14 418	14 062	11 729	10 760	11 655	12 382	12 419
Merchant Banking	2 120	2 202	601	36	30	29	20	20
European Private Banking	51 271	52 885	49 775	44 040	42 370	44 587	46 925	47 076
Total	226 675	227 384	221 979	206 842	201 039	199 707	206 161	205 234
By product or service								
Investment funds for private individuals	88 856	86 264	85 607	79 674	94 426	94 875	96 026	93 620
Assets managed for private individuals	78 754	80 587	76 302	68 825	47 323	42 233	44 535	45 162
Assets managed for institutional investors	41 718	43 644	43 086	39 832	39 818	41 959	44 002	44 108
Group assets (managed by KBC Asset Management)	17 347	16 888	16 983	18 510	19 472	20 639	21 598	22 345
Total	226 675	227 384	221 979	206 842	201 039	199 707	206 161	205 234

Solvency

Total Group (KBC Group)

The table shows the tier-1 and CAD ratios calculated under Basel II and Solvency I. Primarily for the Basel II, the IRB Foundation approach is being used (for about 3/4th of the weighted risks), while the weighted risks of the other companies (roughly 1/4th of such risks) are calculated according to the standardized method. The total weighted risks volume of insurance companies is calculated as the required solvency margin under Solvency I divided by 8%.

In millions of EUR	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Regulatory capital					
Total regulatory capital, KBC Group (after profit appropriation)	19 370	15 117	20 009	19 793	20 414
Tier-1 capital	**13 810**	**8 913**	**14 048**	**15 055**	**15 426**
Parent shareholders' equity	10 710	6 636	7 888	9 416	9 662
Non-voting core-capital securities	3 500	3 500	7 000	7 000	7 000
Intangible fixed assets	- 387	- 389	- 403	- 406	- 398
Goodwill on consolidation	- 3 479	- 3 341	- 3 313	- 3 264	- 2 918
Innovative hybrid tier-1 instruments	1 420	771	967	553	554
Non-innovative hybrid tier-1 instruments	1 262	685	860	1 538	1 642
Minority interests	154	147	143	166	159
Equity guarantee (Belgian State)	0	0	950	883	601
Revaluation reserve available-for-sale assets	1 068	1 270	647	- 446	- 457
Hedging reserve, cashflow hedges	351	512	354	428	374
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 333	- 465	- 108	- 151
Minority interest in AFS reserve & hedging reserve, cashflow hedges	- 4	1	1	- 2	- 1
Equalization reserve	- 123	- 137	- 137	- 139	- 131
Dividend payout	0	0	0	0	0
IRB provision shortfall (50%)			- 92	- 127	- 77
Items to be deducted [1]	- 417	- 410	- 413	- 436	- 433
Tier-2 & 3 capital	**5 560**	**6 205**	**5 961**	**4 739**	**4 988**
Mandatorily convertible bonds	0	0	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	1 039	1 614	1 781	425	321
Revaluation reserve, available-for-sale shares (at 90%)	0	0	113	300	348
Minority interest in revaluation reserve AFS shares (at 90%)	0	0	0	0	0
IRB provision excess	209	47	0	0	0
Subordinated liabilities	4 586	4 809	4 431	4 430	4 685
Tier-3 capital	144	144	142	146	145
Items to be deducted [1]	- 417	- 410	- 506	- 563	- 510
Capital requirement					
Total weighted risks	155 291	156 614	151 455	148 008	143 359
Banking	141 370	142 154	136 770	133 108	128 303
Insurance	14 084	14 462	14 686	14 901	15 022
Holding activities	35	35	35	35	86
Elimination of intercompany transactions between banking and holding activities	- 197	- 36	- 36	- 36	- 52
Solvency ratios					
Tier-1 ratio	8.89%	5.69%	9.28%	10.17%	10.76%
CAD ratio	12.47%	9.65%	13.21%	13.37%	14.24%

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

Banking (KBC Bank and KBL EPB)

In millions of EUR	31-12-2008 Basel II	31-03-2009 Basel II	30-06-2009 Basel II	30-09-2009 Basel II	31-12-2009 Basel II
Regulatory capital					
Regulatory capital, banking (after profit appropriation)	19 028	16 508	19 260	18 684	18 939
Tier-1 capital	**13 643**	**10 119**	**14 770**	**14 137**	**14 144**
Parent shareholders' equity	11 576	8 613	12 372	13 259	13 165
Intangible fixed assets	- 169	- 160	- 167	- 170	- 162
Goodwill on consolidation	- 2 451	- 2 327	- 2 323	- 2 272	- 1 986
Innovative hybrid tier-1 instruments	1 652	1 400	1 708	498	507
Non-innovative hybrid tier-1 instruments	1 793	1 155	1 943	1 945	1 945
Minority interests	599	602	488	471	492
Equity guarantee (Belgian State)	0	0	745	687	462
Tier 2 instruments	- 18	- 18	- 18	- 18	- 18
Revaluation reserve available-for-sale assets	946	1 043	654	5	11
Hedging reserve, cashflow hedges	352	514	355	429	374
Valuation diff. in fin. liabilities at fair value - own credit risk	- 245	- 333	- 465	- 108	- 151
Minority interest in AFS reserve & hedging reserve, cashflow hedges	1	0	- 1	- 10	0
Dividend payout	0	0	- 55	- 22	0
IRB provision shortfall (50%)			- 93	- 127	- 77
Items to be deducted [1]	- 395	- 369	- 374	- 427	- 419
Tier-2 & 3 capital	**5 385**	**6 389**	**4 490**	**4 547**	**4 794**
Mandatorily convertible bonds	0	0	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	820	1 735	320	323	313
Revaluation reserve, available-for-sale shares (at 90%)	29	25	65	196	149
Minority interest in revaluation reserve AFS shares (at 90%)	- 7	- 1	0	6	- 1
IRB provision excess	209	47	0	0	0
Subordinated liabilities	4 586	4 809	4 431	4 430	4 685
Tier-3 capital	144	144	142	146	145
Items to be deducted [1]	- 395	- 369	- 466	- 554	- 496
Weighted risks					
Total weighted risk volume	141 370	142 154	136 770	133 108	128 303
Credit risk	108 038	107 031	107 691	107 222	104 472
Market risk	20 333	22 228	16 184	12 991	11 995
Operational risk	12 999	12 895	12 895	12 895	11 835
Solvency ratios					
Tier-1 ratio	9.7%	7.1%	10.8%	10.6%	11.0%
Of which core tier-1 ratio	7.2%	5.3%	8.1%	8.8%	9.1%
CAD ratio	13.5%	11.6%	14.1%	14.0%	14.8%

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

Insurance (KBC Insurance)

in millions of EUR	31-12-2008	31-03-2009	30-06-2009	30-09-2009	31-12-2009
Available capital	2 117	1 075	2 141	2 920	3 130
Parent shareholders' equity	2 525	1 385	2 378	3 030	3 331
Dividend payout	0	0	0	0	0
Minority interests	56	53	58	64	74
Subordinated liabilities	0	0	0	0	0
Intangible fixed assets	- 32	- 31	- 31	- 20	- 20
Goodwill on consolidation	- 485	- 462	- 449	- 449	- 401
Revaluation reserve available-for-sale investments	176	266	- 11	- 531	- 540
Equalization reserve	- 123	- 137	- 137	- 139	- 131
Equity guarantee (Belgian State)	0	0	205	196	139
90% of positive revaluation reserve, available-for-sale shares	0	0	53	178	264
Latent gains on bonds	0	0	0	515	346
Latent gains on real estate	81	84	76	75	67
Limitation of latent gains on shares and real estate	- 81	- 84	0	0	0
Required solvency margin	1 127	1 157	1 175	1 192	1 202
Non-life and industrial accidents - legal lines	341	343	339	331	322
Annuities	8	8	8	8	8
Subtotal, non-life	349	352	347	339	330
Class 21	756	783	807	827	845
Class 23	14	13	12	16	16
Subtotal, life	770	796	819	843	861
Other	8	10	8	10	10
Solvency ratios and surplus					
Solvency ratio (%)	188%	93%	182%	245%	260%
Solvency surplus, in millions of EUR	990	- 82	966	1 728	1 928

Risk management information

Extensive risk management data for 31-12-2009 will be provided in KBC's 2009 Annual Report. A summary update of this information is provided below. For an explanation regarding the methodology used, please refer to the annual report.
Data regarding the structured credit exposure follows in the next section.

Credit risk data

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

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2008	31-12-2009
Total loan portfolio (in billions of EUR)		
Amount granted	217.2	201.6
Amount outstanding	178.0	166.5
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	28.4%	32.6%
Central & Eastern Europe and Russia Business Unit	23.6%	22.7%
Merchant Banking	46.2%	43.1%
European Private Banking	1.8%	1.7%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.5%	6.9%
Electricity	1.7%	2.7%
Aviation	0.4%	0.3%
Automobile industry	2.1%	2.2%
Impaired loans (in millions of EUR or %)		
Amount outstanding	5 118	8 982
Specific loan impairment	2 790	3 884
Portfolio-based loan impairment	266	328
Credit cost ratio, per business unit		
Belgium	0.09%	0.17%
Central & Eastern Europe and Russia Business Unit[1]	0.83%	2.12%
Merchant Banking	0.90%	1.32%
European Private Banking	4.02%	0.37%
Total	0.70%	1.11%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	3 239	5 595
Specific loan impairment for NP loans	1 949	2 790
Non-performing ratio, per business unit		
Belgium	1.7%	1.7%
Central & Eastern Europe and Russia Business Unit	2.1%	4.8%
Merchant Banking	1.6%	4.0%
European Private Banking	4.9%	4.8%
Total	1.8%	3.4%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	60%	50%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	75%

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

[1]Broken down as follows for 31-12-2009:

CZ: 1.119 %, SK: 1.558% , Hungary: 2.009 %, Poland: 2.593%, Russia: 6.147%

As at 31 December 2009, a total of 2.1 billion euros of credit exposure relates to leveraged finance financing (LBO/MBO transactions, see footnote under the table for a definition); the average transaction size is 14 million euros. The maximum engagement of KBC in leveraged financing is limited to maximum 3% of the portfolio of the Merchant Banking Business Unit and to 500 million euros for the CEER business unit.

Additional information on leveraged finance* (KBC Bank and KBL EPB)	31-12-2008	31-12-2009
Total granted amount of leveraged finance deals (in billions of EUR)	2.8	2.1
Granted leveraged finance portfolio, by sector		
Services	18.6%	18.8%
Distribution	13.2%	9.3%
Chemicals	12.7%	13.6%
Automotive	6.1%	6.7%
Machinery	7.8%	8.0%
Other	41.6%	43.7%
Total	100.0%	100.0%
Granted leveraged finance portfolio, by transaction size (total amount in a size interval / total leveraged finance portfolio)		
Up to and incl. 10 million euros	7.5%	15.6%
Over 10 million and up to and incl. 25 million euros	65.5%	66.9%
Over 25 million and up to and incl. 50 million euros	18.2%	17.5%
Over 50 million and up to and incl. 100 million euros	8.8%	0.0%
Over 100 million euros	0.0%	0.0%
Total	100.0%	100.0%

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

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

Asset/Liability management data

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

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2008	59
Average 2Q 2008	74
Average 3Q 2008	76
Average 4Q 2008	76
Average 1Q 2009	89
Average 2Q 2009	94
Average 3Q 2009	85
Average 4Q 2009	67
31-12-2009	62
Maximum in 12M 2009	98
Minimum in 12M 2009	62

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2008	31-12-2009
Bonds and other fixed-income securities	15 600	20 594
Shares and other variable-yield securities	2 385	1 463
Other securities	155	33
Loans and advances to customers	203	203
Loans and advances to banks	3 147	2 789
Property and equipment and investment property	349	432
Liabilities under investment contracts, unit-linked	6 948	7 957
Other	115	126
Total investment portfolio KBC Insurance	28 904	33 598

Market risk data

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

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products
Average 1Q 2008	5	15
Average 2Q 2008	7	11
Average 3Q 2008	7	15
Average 4Q 2008	13	24
Average 1Q 2009	10	14
Average 2Q 2009	8	15
Average 3Q 2009	6	9
Average 4Q 2009	6	10
31-12-2009	5	11
Maximum in 12M 2009	13	21
Minimum in 12M 2009	5	6

Structured credit exposure

Summary overview

In the past, KBC acted as an *originator* of structured credit transactions and also *invested* in such structured credit products itself.

- KBC (via its subsidiary KBC Financial Products) acted as an originator when structuring CDO deals (based on third-party assets) for itself or for third party investors. For several transactions, protection was bought from credit insurers, mainly MBIA, a US monoline insurer ('hedged CDO-linked exposure' in the table)
- KBC invested in structured credit products, both in CDOs (notes and super senior tranches), largely those originated by KBC itself ('unhedged CDO exposure' in the table) and in other ABS ('other ABS' in the table). The main objective at that time was to differentiate risk and to enhance the yield for the re-investment of the insurance reserves and bank deposits it held in surplus of its loans.

Structured credit exposure (CDOs and other ABS), 31-12-2009 In billions of EUR, pre-tax	Hedged CDO-linked exposure (insured by credit insurers)	Unhedged CDO exposure	Other ABS
Total nominal amount	14.8	9.8	5.2
Initial write-downs on equity and junior CDO pieces	-	-0.8	-
Cumulative value adjustments (excl. above-mentioned initial write-downs)	-1.4	-4.1	-1.3

Further explanations are provided in the following paragraphs. More detailed information on KBC's investments in structured credit products and on KBC's involvement in securitisation activities can be found in KBC's *Risk Report*, which is available at www.kbc.com. This report has not been audited by the statutory auditor.

Hedged CDO-exposure

As stated above, KBC bought credit protection for a large part of the (super senior) CDOs it originated. A relatively limited portion of this insurance was bought from Channel and Lloyds TSB, the UK bank, and the bulk from MBIA, a US monoline insurer, which initially had an 'AAA' rating, but whose creditworthiness declined gradually over time (leading to negative value adjustments being recorded at KBC on the credit protection received).
In February 2009, MBIA announced a restructuring plan, which included a spin-off of valuable assets, provoking a steep decline in its creditworthiness. The increase of the market value of the underlying swap in combination with the increased counterparty risk, resulted in significant additional negative value adjustments at KBC. The remaining risk related to MBIA's insurance coverage is to a large extent mitigated as it is included in the scope of the Guarantee Agreement that was agreed with the Belgian State on 14 May 2009 (see below).

In December 2009, KBC has wound down the CDO exposure that was hedged by the swap contract with Lloyds TSB (notional amount of 1.58 bln EUR). The hedge contract was cancelled accordingly.

Hedged CDO-linked exposure (insurance for CDO-linked risks received from credit insurers), 31-12-2009
In billions of EUR

Total insured amount (notional amount of super senior swaps)	
- MBIA	14.4
- Channel	0.4
Details for MBIA insurance coverage	
- Total insured amount (notional amount of the super senior swap) [1]	14.4
- Fair value of insurance coverage received (modelled replacement value, after taking the Guarantee Agreement[2] into account)	1.9
- Credit value adjustment for counterparty risk, MBIA	-1.4
(as a % of fair value of insurance coverage received [3]	70%

1of which 10.0 bn euros guaranteed by the Belgium State
2 The amount insured by MBIA is included in the Guarantee Agreement with the Belgian State (14 May 2009)
3 Taking into account translation differences accrued over time

Unhedged CDO-exposure and other ABS

This heading relates to CDOs which KBC bought as investments and which are not 'insured' by credit protection from MBIA or other external credit insurers ('unhedged CDO exposure' in the table) and other ABS in portfolio ('other ABS' in the table).
As regards the CDOs, KBC has made significant negative value adjustments in the past. It should be noted that their remaining risk is mitigated, as the unhedged super senior CDO tranches are fully included under the Guarantee Agreement concluded with the Belgian State (see further).

It should also be noted that value adjustments to KBC's CDOs are accounted for via profit and loss (instead of directly via shareholders' equity), since the group's CDOs are mostly of a synthetic nature (meaning that the underlying assets are derivative products such as credit default swaps on corporate names). Their synthetic nature is also the reason why KBC's CDOs are *not* eligible for accounting reclassification under IFRS in order to neutralise their impact.

Until 2008, value adjustments to other ABS were largely accounted for via shareholders' equity. At the end of 2008, KBC reduced the sensitivity of shareholders' equity towards value adjustments to ABS by reclassifying most of the ABS portfolio as 'loans and receivables'. Since then, they have been included in the scope of the impairment procedure for the loan portfolio – see line 'cumulative impairments on other ABS' in the table below (such impairments clearly have an impact on P/L).

Unhedged CDO exposure and other ABS, 31-12-2009 In billions of EUR	Unhedged CDO exposure	Other ABS
Total nominal amount	9.8	5.2
Initial write-downs on equity and junior CDO pieces	-0.8	-
Total nominal amount, net of provisions for equity and junior pieces	9.0	5.2
- super senior tranches (included under Guarantee Agreement with Belgian State)	5.5*	-
- non-super senior tranches	3.5	-
Cumulative value adjustments (excl. above-mentioned initial write-downs)	-4.1	-1.3
Of which: cumulative impairments on other ABS	-	-0.5

*of which 3.3bn euros guaranteed by the Belgium State

Details of the underlying assets of the CDOs and ABS

In the tables below, the nominal value of the hedged CDO-exposure, the unhedged CDO-exposure (net of initial write-down of junior and equity CDO-pieces) and the ABS in portfolio is broken down according to nature and rating of the underlying assets (full look trough approach – i.e. where possible, if underlying assets consist of structured credit products themselves, the underlying assets of such products are shown in the table).

Hedged CDO-linked exposure (insured by credit insurers)

Type and quality breakdown of the underlying of the hedged CDOs held – based on Moody's ratings
Amounts at nominal value - in millions of EUR – 31-12-2009

			Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates			4	346	2 079	4 905	2 779	1 316	625	558	12	12 625
	Sector	Real Estate	-	-	83	1 249	336	358	14	24	-	2 063
		Banking	-	79	802	268	84	2	88	153	-	1 476
		Finance	4	56	233	205	242	195	110	110	-	1 155
		Insurance	-	21	244	343	3	242	-	-	-	854
		Publishing	-	-	20	77	318	183	48	3	-	649
		Retail Stores	-	-	28	204	214	71	63	-	-	580
		Automobile	-	-	44	146	208	48	35	-	-	480
		Monoline	-	175	7	66	83	-	-	147	-	478
		Telecom	-	1	134	225	78	6	-	-	-	445
		Oil & Gas	-	1	18	323	88	-	-	-	9	439
		Utilities	-	6	111	284	23	1	7	-	-	431
		Electronics	-	-	26	80	125	78	61	-	1	371
		Other	0	6	330	1 434	978	132	199	121	2	3 203
	Region	US	4	261	682	2 488	1 787	762	366	487	9	6 846
		EU	-	76	637	1 158	517	350	79	-	2	2 819
		Asia	0	3	504	490	287	97	181	-	1	1 563
		Latin America	-	3	53	101	8	38	-	-	-	203
		Other	-	3	203	669	180	68	-	72	-	1 194
CMBS			-	-	3	-	-	-	-	-	-	4
RMBS			-	4	68	65	114	64	76	1 351	3	1 745
	Origin	Prime	-	-	-	-	-	-	-	-	-	-
		ALT-A	-	-	-	3	13	15	14	482	-	527
		Alt-A (<2005 vintage)	-	-	-	*3*	*1*	*4*	-	*1*	-	*9*
		Alt-A (2005-2007 vintage)	-	-	-	-	*13*	*11*	*14*	*481*	-	*519*
		Subprime	-	4	68	62	101	49	62	869	3	1 217
		subprime (<2005 vintage)	-	*4*	*43*	*52*	*50*	*19*	*9*	*40*	*3*	*219*
		subprime (2005-2007 vintage)	-	-	*25*	*11*	*51*	*30*	*53*	*829*	-	*998*
	Region	US	-	4	68	65	114	64	76	1 351	3	1 745
Other ABS			-	-	7	1	-	-	-	4	27	39
CDO			6	8	34	21	46	17	35	225	26	417
Total			10	358	2 190	4 993	2 938	1 398	737	2 138	68	14 830

'Look through approach', which means that the subordination of the notes held is not taken into account.

Unhedged CDO-exposure (after initial write-down of junior and equity pieces)

Type and quality breakdown of the underlying of the unhedged CDOs held – based on Moody’s ratings
Amounts at nominal value - in millions of EUR – 31-12-2009

			Aaa	Aa	A	Baa	Ba	B	Caa	<=Caa3	NR	Total
Corporates			2	209	1 258	2 969	1 682	796	378	338	7	7 640
	Sector	Real Estate	-	-	50	756	203	217	9	14	-	1 249
		Banking	-	48	486	162	51	1	53	92	-	893
		Finance	2	34	141	124	147	118	67	67	-	699
		Insurance	-	13	148	208	2	147	-	-	-	517
		Publishing	-	-	12	47	192	111	29	2	-	393
		Retail Stores	-	-	17	123	130	43	38	-	-	351
		Automobile	-	-	26	89	126	29	21	-	-	291
		Monoline	-	106	4	40	50	-	-	89	-	289
		Telecom	-	1	81	136	47	4	-	-	-	269
		Oil & Gas	-	1	11	195	53	-	-	-	5	266
		Utilities	-	4	67	172	14	0	4	-	-	261
		Electronics	-	-	15	49	75	47	37	-	1	224
		Other	0	4	200	868	592	80	120	73	1	1 938
	Region	US	2	158	413	1 506	1 082	461	222	294	5	4 143
		EU	-	46	386	701	313	212	48	-	1	1 706
		Asia	0	2	305	296	173	59	109	-	1	946
		Latin America	-	2	32	61	5	23	-	-	-	123
		Other	-	2	123	405	109	41	-	43	-	723
CMBS			-	-	2	-	-	-	-	-	-	2
RMBS			-	2	41	39	69	39	46	817	2	1 056
	Origin	Prime	-	-	-	-	-	-	-	-	-	-
		ALT-A	-	-	-	2	8	9	9	292	-	319
		Alt-A (<2005 vintage)	*-*	*-*	*-*	*2*	*0*	*2*	*-*	*1*	*-*	*5*
		Alt-A (2005-2007 vintage)	*-*	*-*	*-*	*-*	*8*	*7*	*9*	*291*	*-*	*314*
		Subprime	-	2	41	38	61	30	38	526	2	737
		subprime (<2005 vintage)	*-*	*2*	*26*	*31*	*30*	*12*	*5*	*24*	*2*	*133*
		subprime (2005-2007 vintage)	*-*	*-*	*15*	*6*	*31*	*18*	*32*	*502*	*-*	*604*
	Region	US	-	2	41	39	69	39	46	817	2	1 056
Other ABS			-	-	4	1	-	-	-	3	16	24
CDO			3	5	20	13	28	10	21	136	16	252
Total			6	216	1 326	3 022	1 778	846	446	1 294	41	8 975

‘Look through approach’, which means that the subordination of the notes held is not taken into account.

Other ABS

Type and quality breakdown of the underlying of the other ABSs held – based on Moody’s ratings
Amounts at nominal value - in millions of EUR - 31-12-2009

			Aaa	Aa	A	Baa	<Baa3	NR	Total
Corporates									
CMBS			89	13	22	16	-	-	139
RMBS			2 549	269	103	50	667	1	3 638
	Origin	Prime	2 489	257	63	-	-	1	2 809
		prime (<2005 vintage)	*1 533*	*116*	*1*	*-*	*-*	*1*	*1 650*
		prime (2005-2007 vintage)	*956*	*141*	*62*	*-*	*-*	*-*	*1 159*
		ALT-A	7	-	36	37	406	-	487
		Alt-A (<2005 vintage)	*7*	*-*	*15*	*-*	*-*	*-*	*22*
		Alt-A (2005-2007 vintage)	*-*	*-*	*21*	*37*	*406*	*-*	*464*
		Subprime	53	12	4	13	261	-	343
		subprime (<2005 vintage)	*26*	*-*	*4*	*-*	*3*	*-*	*34*
		subprime (2005-2007 vintage)	*26*	*12*	*-*	*13*	*258*	*-*	*309*
	Region	US	183	12	41	50	667	-	955
		Spain	791	117	62	-	-	-	970
		Italy	553	5	-	-	-	-	558
		Netherlands	430	38	-	-	-	-	468
		Portugal	363	25	-	-	-	-	388
		UK	30	43	-	-	-	-	73
		Other	199	28	-	-	-	-	227
Other			792	464	130	10	3	-	1 399
	Type	CLO	217	384	119	-	-	-	720
		Leases	129	52	7	-	-	-	188
		SME loans	118	-	-	-	-	-	118
		Consumer Loans	60	10	3	-	-	-	73
		Auto Loans/Leases	134	13	-	-	-	-	147
		Other	134	5	1	10	3	-	153
Total			3 430	745	254	76	670	1	5 177

Asset Protection Plan relating to 20.0 billion EUR CDO and MBIA-related risk

On 14 May 2009, KBC Group signed an agreement with the Belgian State to protect a large part of KBC's structured credit exposure. The plan relates to a notional amount of 20 billion euros, comprising the notional value of 5.5 billion euros for unhedged super senior CDO investments and 14.4 billion euros for counterparty risk for MBIA.

Against payment of a premium, KBC has bought a guarantee from the State covering 90% of the default risk beyond a set first loss. Simplified, the transaction is structured as follows:

- a first tranche of 3.2 billion euros: all effective credit loss to be borne by KBC;
- a second tranche of 2 billion euros: credit loss to be borne by KBC. KBC has an option to ask the Belgian State to subscribe to new KBC-shares at market value, for an amount equalling 90% of the loss in this tranche (10% risk retained by KBC);
- a third tranche of 14.8 billion euros: credit losses are for 90% compensated by the State in cash (10% loss retained by KBC).

Asset protection plan* 20.0 billion (14.4 bln MBIA + 5.5 bln SS CDO)	Guarantee structure	Share underwriting commitment
FIRST TRANCHE: 3.2 bln EUR	KBC takes 100% of incurred losses up to 5.2 bln EUR	-
SECOND TRANCHE: 2.0 bln EUR		Belgian State is committed to subscribe to newly issued KBC-shares, to compensate up to 90% of losses incurred in this tranche (i.e. 1.8 bln EUR), at KBC's discretion (CBFA approval required)
THIRD TRANCHE: 14.8 bln EUR	Belgian state compensates 90% of incurred losses (10% loss retained by KBC)	-

* The CDO-portfolio consists of a number of CDOs. The asset protection structure is determined per CDO; the figures in the table relate to the sum of all CDOs that fall under the plan.

As a result, the potential negative impact deriving from the MBIA and CDO exposure is significantly reduced. At the time of signing of the agreement, the remaining downside impact essentially related to the retained own risk portions. Some volatility remains, however, since e.g. increasing market values imply that existing value adjustments can be reversed (with a positive impact), but if consequently market values decrease again, new value adjustments have to be booked (with a negative impact). In any case, the *cumulative* amount of booked value adjustments is always capped by the asset protection plan.
The fair value of the premium (net present value) is updated on a quarterly basis.

Overview loan portfolio per business

Loan portfolio Business Unit Belgium
31-12-2009, in millions of EUR

		Belgium		
Total outstanding amount		58 455		
Counterparty break down			*% outst.*	
	SME / corporate	2 002	*3.4%*	
	retail	56 453	*96.6%*	
	o/w private	32 371	*55.4%*	
	o/w companies	24 081	*41.2%*	
Mortgage loans (*)			*% outst.*	ind. LTV
	total	30 834	*52.7%*	52%
	o/w FX mortgages	0	*0.0%*	-
	o/w vintage 2007 and 2008	8 371	*14.3%*	-
	o/w LTV > 100%	1 786	*3.1%*	-
Top 5 Belgian corporate sectors			*% outst.*	avg. PD
	services	7 247	*12.4%*	low
	distribution	4 484	*7.7%*	medium
	real estate	3 350	*5.7%*	medium
	agriculture	2 949	*5.0%*	low
	building	1 988	*3.4%*	low
Exposure to cyclical sectors				
	real estate	3 350	*5.7%*	medium
	building	1 988	*3.4%*	low
	automotive	876	*1.5%*	medium
	energy (oil, gas & other fuels / electricity)	139	*0.2%*	low
	aviation	16	*0.0%*	medium
	IT & telecom	102	*0.2%*	medium
LBO-exposure				
	LBO	0	*0.0%*	
Probability of default (PD)			*% outst.*	
	low risk (0.%-0.8%)	42 026	*71.9%*	
	medium risk (0.8%-6.4%)	12 475	*21.3%*	
	high risk (6.4%-100%)	2 928	*5.0%*	
	non-performing loans	972	*1.7%*	
	unrated	54	*0.1%*	
Other risk measures			*% outst.*	
	outstanding non-performing loans (NPL)	972	*1.7%*	
	NPL cover ratio	60%		
	2008 Credit cost ratio (CCR)	0.09%		
	YTD 2009 CCR	0.17%		

Legend
ind. LTV Indexed Loan to Value: current outstanding loan / current value of property
avg. PD Average Probability of Default
NPL Non Performing Loan

(*) Please note that this overview has a different scope than the balance sheet item 'loans and advances', i.e. mortgage loans represent loans only to private persons (as opposed to the accounting figures).

Loan portfolio Business Unit Central & Eastern Europe and Russia

31-12-2009, in millions of EUR

	Czech republic			Slovakia			Poland			Hungary		
Total outstanding amount	17 954			3 734			7 292			6 765		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	6 179	*34.4%*		1 474	*39.5%*		2 688	*36.9%*		3 555	*52.5%*	
retail	11 775	*65.6%*		2 260	*60.5%*		4 604	*63.1%*		3 210	*47.5%*	
o/w private	8 235	*45.9%*		1 224	*32.8%*		4 441	*60.9%*		2 927	*43.3%*	
o/w companies	3 541	*19.7%*		1 036	*27.7%*		163	*2.2%*		284	*4.2%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV
total	4 966	*27.7%*	64%	958	*25.7%*	54%	3 409	*46.8%*	87%	2 512	*37.1%*	58%
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	2 306	*31.6%*	99%	2 140	*31.6%*	61%
o/w vintage 2007 and 2008	2 517	*14.0%*	-	439	*11.8%*	-	2 433	*33.4%*	-	1 248	*18.4%*	-
o/w LTV > 100%	9	*0.0%*	-	0	*0.0%*	-	1 360	*18.7%*	-	121	*1.8%*	-
Top 5 CEER corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
services	2 206	*12.3%*	low	758	*20.3%*	low	230	*3.2%*	medium	551	*8.1%*	medium
finance & insurance	2 202	*12.3%*	low	145	*3.9%*	low	365	*5.0%*	low	229	*3.4%*	low
distribution	876	*4.9%*	medium	298	*8.0%*	medium	596	*8.2%*	medium	508	*7.5%*	medium
real estate	462	*2.6%*	medium	428	*11.5%*	high	363	*5.0%*	medium	235	*3.5%*	medium
building	548	*3.1%*	medium	125	*3.4%*	medium	192	*2.6%*	medium	393	*5.8%*	medium
Exposure to cyclical sectors												
real estate	462	*2.6%*	medium	428	*11.5%*	high	363	*5.0%*	medium	235	*3.5%*	medium
building	548	*3.1%*	medium	125	*3.4%*	medium	192	*2.6%*	medium	393	*5.8%*	medium
automotive	431	*2.4%*	medium	225	*6.0%*	medium	99	*1.4%*	medium	272	*4.0%*	medium
energy (oil, gas & other fuels / electricity)	422	*2.4%*	low	45	*1.2%*	medium	179	*2.5%*	medium	202	*3.0%*	low
aviation	74	*0.4%*	high	0	*0.0%*	non-perf	10	*0.1%*	medium	2	*0.0%*	medium
IT & telecom	54	*0.3%*	medium	27	*0.7%*	high	24	*0.3%*	medium	67	*1.0%*	medium
LBO-exposure												
LBO	65	*0.4%*		0	*0.0%*		20	*0.1%*		60	*0.3%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0.%-0.8%)	11 902	*66.3%*		1 413	*37.8%*		4 051	*55.5%*		3 951	*58.4%*	
medium risk (0.8%-6.4%)	4 123	*23.0%*		1 312	*35.1%*		1 958	*26.8%*		1 593	*23.5%*	
high risk (6.4%-100%)	1 282	*7.1%*		239	*6.4%*		626	*8.6%*		850	*12.6%*	
non-performing loans	441	*2.5%*		157	*4.2%*		393	*5.4%*		358	*5.3%*	
unrated	206	*1.1%*		613	*16.4%*		266	*3.6%*		14	*0.2%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	441	*2.5%*		157	*4.2%*		393	*5.4%*		358	*5.3%*	
NPL cover ratio	96%			121%			98%			80%		
2008 Credit cost ratio (CCR)	0.57%			0.82%			0.95%			0.41%		
YTD 2009 CCR	1.12%			1.56%			2.59%			2.01%		
Stress tests		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
- if default of the local top 10 corporate names	482	*2.7%*		155	*4.2%*		358	*4.9%*		358	*5.3%*	
- on FX mortgages in -30% stress scenario (**)	-	-		-	-		11	*0.2%*		38	*0.6%*	
- on FX mortgages in -30%/-30% stress scenario (***)	-	-		-	-		18	*0.2%*		88	*1.3%*	

	Russia			Serbia			Bulgaria			Total CEER		
Total outstanding amount	2 430			147			756			39 079		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	1 337	*55.0%*		85	*57.7%*		338	*44.7%*		15 656	*40.1%*	
retail	1 093	*45.0%*		62	*42.3%*		418	*55.3%*		23 423	*59.9%*	
o/w private	1 027	*42.3%*		62	*42.3%*		225	*29.8%*		18 141	*46.4%*	
o/w companies	66	*2.7%*		0	*0.0%*		192	*25.5%*		5 282	*13.5%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	
total	759	*31.2%*	58%	50	*34.3%*	71%	96	*12.7%*	64%	12 750	*32.6%*	
o/w FX mortgages	291	*12.0%*	55%	50	*34.3%*	71%	50	*6.6%*	64%	4 837	*12.4%*	
o/w vintage 2007 and 2008	674	*27.7%*	-	43	*29.4%*	-	66	*8.8%*	-	7 420	*19.0%*	
o/w LTV > 100%	41	*1.7%*	-	6	*4.2%*	-	5	*0.7%*	-	1 543	*3.9%*	
Top 5 CEER corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
services	47	*1.9%*	-	5	*3.6%*	medium	13	*1.8%*	-	3 810	*9.7%*	low
finance & insurance	42	*1.7%*	-	0	*0.1%*	medium	45	*6.0%*	-	3 027	*7.7%*	low
distribution	507	*20.9%*	-	27	*18.4%*	medium	27	*3.6%*	-	2 840	*7.3%*	medium
real estate	416	*17.1%*	-	7	*4.5%*	low	215	*28.5%*	-	2 126	*5.4%*	high
building	70	*2.9%*	-	5	*3.7%*	medium	14	*1.9%*	-	1 349	*3.5%*	medium
Exposure to cyclical sectors												
real estate	416	*17.1%*	-	7	*4.5%*	low	215	*28.5%*	-	2 126	*5.4%*	high
building	70	*2.9%*	-	5	*3.7%*	medium	14	*1.9%*	-	1 349	*3.5%*	medium
automotive	67	*2.8%*	-	2	*1.2%*	medium	14	*1.8%*	-	1 110	*2.8%*	medium
energy (oil, gas & other fuels / electricity)	54	*2.2%*	-	1	*0.4%*	low	44	*5.8%*	-	947	*2.4%*	medium
aviation	31	*1.3%*	-	0	*0.0%*	-	0	*0.0%*	-	118	*0.3%*	high
IT & telecom	15	*0.6%*	-	2	*1.7%*	low	1	*0.1%*	-	191	*0.5%*	medium
LBO-exposure												
LBO	0	*0.0%*		0	*0.0%*		0	*0.0%*		145	*0.4%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0.%-0.8%)	0	*0.0%*		111	*75.3%*		0	*0.0%*		21 427	*54.8%*	
medium risk (0.8%-6.4%)	0	*0.0%*		9	*5.8%*		0	*0.0%*		8 994	*23.0%*	
high risk (6.4%-100%)	184	*7.6%*		11	*7.6%*		43	*5.7%*		3 235	*8.3%*	
non-performing loans	341	*14.0%*		17	*11.4%*		153	*20.3%*		1 860	*4.8%*	
unrated	1 905	*78.4%*		0	*0.0%*		559	*74.0%*		3 562	*9.1%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	341	*14.0%*		17	*11.4%*		153	*20.3%*		1 860	*4.8%*	
NPL cover ratio	85%			84%			22%			90%		
2008 Credit cost ratio (CCR)	2.40%			7.66%			1.49%			0.83%		
YTD 2009 CCR	6.15%			1.72%			2.22%			2.12%		
Stress tests		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
- if default of the local top 10 corporate names	-	-		-	-		-	-		1 353	*3.5%*	
- on FX mortgages in -30% stress scenario (**)	1	*0.0%*		0	*0.1%*		1	*0.1%*		50	*0.1%*	
- on FX mortgages in -30%/-30% stress scenario (***)	4	*0.2%*		1	*0.6%*		2	*0.2%*		113	*0.3%*	

Legend

ind. LTV	Indexed Loan to Value: current outstanding loan / current value of property
avg. PD	Average Probability of Default
NPL	Non Performing Loan

(*) mortgage loans: only to private persons (as opposed to the accounting figures)

(**) pre-tax loss if currency depreciates further by 30%

(***) pre-tax loss if both currency depreciates further by 30% and property value falls further by 30%

Loan portfolio Business Unit Merchant Banking

31-12-2009, in millions of EUR

	Belgium			Western Europe (incl. presence in FR, D, NL, UK, ES, IT, IE)			o/w Ireland			USA		
Total outstanding amount	18 044			25 734			18 025			6 095		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	15 395	*85.3%*		12 338	*47.9%*		4 629	*25.7%*		6 095	*100.0%*	
retail	2 649	*14.7%*		13 396	*52.1%*		13 396	*74.3%*		0	*0.0%*	
o/w private	7	*0.0%*		13 396	*52.1%*		13 396	*74.3%*		0	*0.0%*	
o/w companies	2 642	*14.6%*		0	*0.0%*		0	*0.0%*		0	*0.0%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV
total	0	*0.0%*	-	13 396	*52.1%*	90%	13 396	*74.3%*	90%	0	*0.0%*	-
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-
o/w vintage 2007 and 2008	0	*0.0%*	-	4 849	*18.8%*	-	4 849	*26.9%*	-	0	*0.0%*	-
o/w LTV > 100%	0	*0.0%*	-	5 670	*22.0%*	-	5 670	*31.5%*	-	0	*0.0%*	-
Top 5 Merchant Banking corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
finance & insurance	1 583	*8.8%*	-	620	*2.4%*	-	121	*0.7%*	-	607	*10.0%*	-
real estate	1 663	*9.2%*	-	3 534	*13.7%*	-	2 040	*11.3%*	-	713	*11.7%*	-
services	2 217	*12.3%*	-	1 590	*6.2%*	-	499	*2.8%*	-	883	*14.5%*	-
distribution	2 700	*15.0%*	-	1 078	*4.2%*	-	476	*2.6%*	-	56	*0.9%*	-
building	1 222	*6.8%*	-	763	*3.0%*	-	246	*1.4%*	-	58	*0.9%*	-
Exposure to cyclical sectors												
real estate	1 663	*9.2%*	-	3 534	*13.7%*	-	2 040	*11.3%*	-	713	*11.7%*	-
building	1 222	*6.8%*	-	763	*3.0%*	-	246	*1.4%*	-	58	*0.9%*	-
automotive	628	*3.5%*	-	393	*1.5%*	-	11	*0.1%*	-	74	*1.2%*	-
energy (oil, gas & other fuels / electricity)	769	*4.3%*	-	608	*2.4%*	-	443	*2.5%*	-	260	*4.3%*	-
aviation	108	*0.6%*	-	11	*0.0%*	-	1	*0.0%*	-	88	*1.4%*	-
IT & telecom	183	*1.0%*	-	181	*0.7%*	-	12	*0.1%*	-	41	*0.7%*	-
LBO-exposure												
LBO	0	*0.0%*		982	*5.4%*		48	*0.3%*		48	*0.3%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0.%-0.8%)	10 314	*57.2%*		11 269	*43.8%*		7 837	*43.5%*		4 844	*79.5%*	
medium risk (0.8%-6.4%)	5 454	*30.2%*		9 773	*38.0%*		6 889	*38.2%*		742	*12.2%*	
high risk (6.4%-100%)	770	*4.3%*		2 985	*11.6%*		2 144	*11.9%*		378	*6.2%*	
non-performing loans	645	*3.6%*		1 518	*5.9%*		1 156	*6.4%*		119	*1.9%*	
unrated	862	*4.8%*		189	*0.7%*		0	*0.0%*		12	*0.2%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	645	*3.6%*		1 518	*5.9%*		1 156	*6.4%*		119	*1.9%*	
NPL cover ratio	94%			32%			20%			59%		
2008 Credit cost ratio (CCR)	n.a.			n.a.			0.31%			n.a.		
YTD 2009 CCR	n.a.			n.a.			0.96%			n.a.		

	Southeast Asia (incl. presence in HK, CN, SG, TW)			Global			Credit Investments			Total Merchant Banking		
Total outstanding amount	1 782			6 129			8 064			65 847		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	1 777	*99.7%*		6 129	*100.0%*		8 064	*100.0%*		49 798	*75.6%*	
retail	4	*0.3%*		0	*0.0%*		0	*0.0%*		16 050	*24.4%*	
o/w private	0	*0.0%*		0	*0.0%*		0	*0.0%*		13 403	*20.4%*	
o/w companies	4	*0.3%*		0	*0.0%*		0	*0.0%*		2 646	*4.0%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	
total	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	13 396	*20.3%*	
o/w FX mortgages	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	
o/w vintage 2007 and 2008	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	4 849	*7.4%*	
o/w LTV > 100%	0	*0.0%*	-	0	*0.0%*	-	0	*0.0%*	-	5 670	*8.6%*	
Top 5 Merchant Banking corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
finance & insurance	195	*11.0%*	-	690	*11.3%*	-	7 989	*99.1%*	-	11 685	*17.7%*	low
real estate	82	*4.6%*	-	847	*13.8%*	-	12	*0.1%*	-	6 851	*10.4%*	medium
services	31	*1.7%*	-	92	*1.5%*	-	15	*0.2%*	-	4 828	*7.3%*	medium
distribution	162	*9.1%*	-	69	*1.1%*	-	17	*0.2%*	-	4 082	*6.2%*	medium
building	76	*4.3%*	-	389	*6.3%*	-	9	*0.1%*	-	2 516	*3.8%*	low
Exposure to cyclical sectors												
real estate	82	*4.6%*	-	847	*13.8%*	-	12	*0.1%*	-	6 851	*10.4%*	medium
building	76	*4.3%*	-	389	*6.3%*	-	9	*0.1%*	-	2 516	*3.8%*	low
automotive	29	*1.6%*	-	142	*2.3%*	-	0	*0.0%*	-	1 266	*1.9%*	medium
energy (oil, gas & other fuels / electricity)	118	*6.6%*	-	1 827	*29.8%*	-	0	*0.0%*	-	3 581	*5.4%*	low
aviation	17	*1.0%*	-	188	*3.1%*	-	6	*0.1%*	-	419	*0.6%*	medium
IT & telecom	36	*2.0%*	-	488	*8.0%*	-	9	*0.1%*	-	939	*1.4%*	medium
LBO-exposure												
LBO	34	*0.2%*		586	*3.2%*		0	*0.0%*		1 651	*2.5%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (0.%-0.8%)	921	*51.7%*		2 830			6 948	*86.2%*		37 126	*56.4%*	
medium risk (0.8%-6.4%)	702	*39.4%*		2 791			149	*1.9%*		19 610	*29.8%*	
high risk (6.4%-100%)	49	*2.7%*		337	*5.5%*		675	*8.4%*		5 194	*7.9%*	
non-performing loans	92	*5.2%*		171	*2.8%*		67	*0.8%*		2 612	*4.0%*	
unrated	18	*1.0%*		0			224	*2.8%*		1 305	*2.0%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	92	*5.2%*		171	*2.8%*		67	*0.8%*		2 612	*4.0%*	
NPL cover ratio	82%			83%			507%**			68%		
2008 Credit cost ratio (CCR)	n.a.			n.a.			n.a.			0.90%		
YTD 2009 CCR	n.a.			n.a.			n.a.			1.32%		

Legend

ind. LTV Indexed Loan to Value: current outstanding loan / current value of property

avg. PD Average Probability of Default

NPL Non Performing Loan

(*) mortgage loans: only KBC Homeloans exposure and only to private persons (as opposed to the accounting figures)

(**) a significant amount of impairments are recorded on performing loans within the context of Atomium portfolio

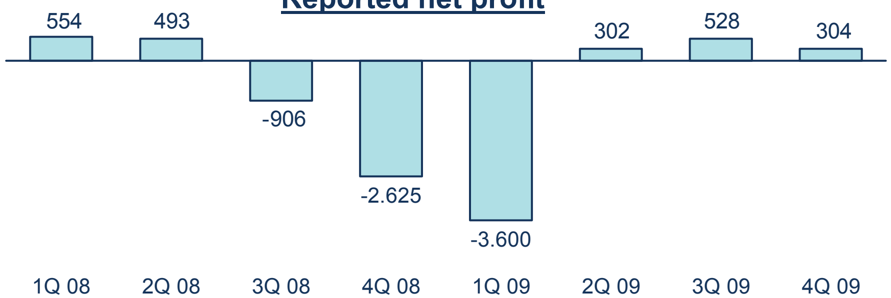
Presentation

KBC Group, 4Q 2009

4Q 2009
Financial highlights

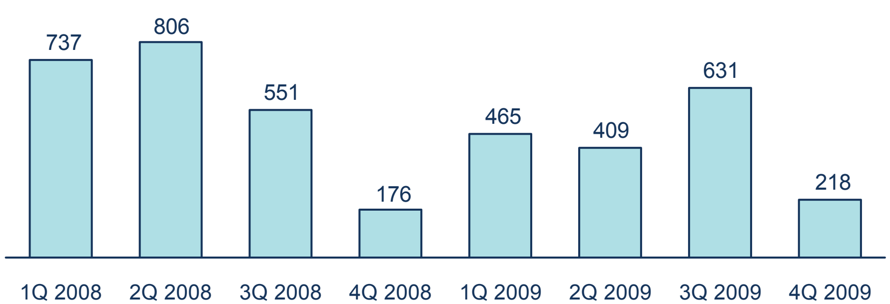
Solid core earnings power

Reported net profit

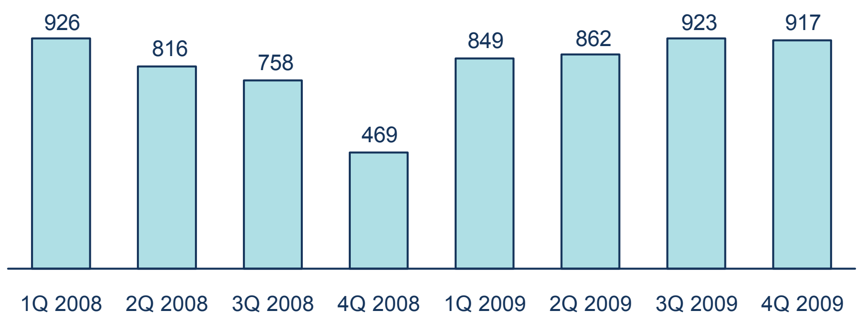


Exceptional items

Underlying net profit



Pre-credit provision result excl. exceptional and dealing room income



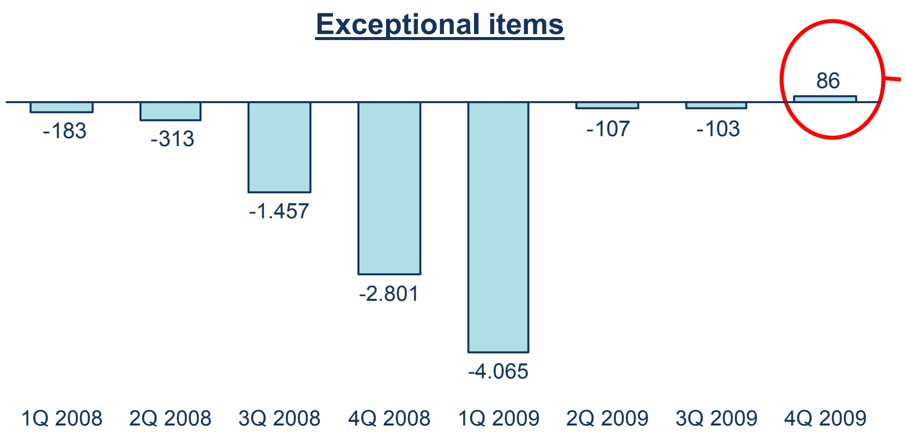
Jan Vanhevel, Group CEO:

"When excluding the effects of both cyclical higher credit provisioning and volatile low capital markets rincome, core earning trends remain solid"

Amounts in m. EUR

(*) Pre-credit provision result excluding exceptional and dealing room revenue

Some exceptional items



Main exceptional items (post-tax)

- Structured credit portfolio revaluation +0.6bn
    - o/w 0.1bn based on credit spread tightening
    - o/w 0.4bn based on updated valuation model of super senior tranches
    - o/w 0.1bn based on updated valuation of the non super senior notes
- Impairment on goodwill -0.3bn
- Trading loss on “legacy” business KBC FP -0.2bn
- MTM of government underwriting fee -0.1bn
- Other +0.1bn

+0.1bn

Amounts in m. EUR

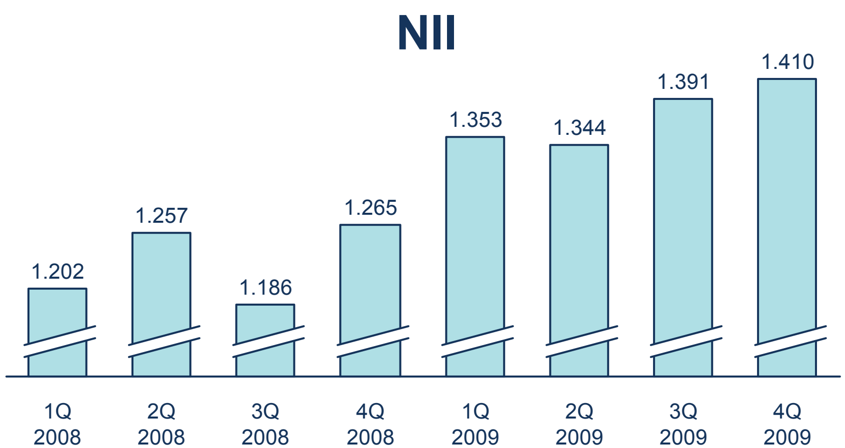
Financial highlights 4Q 2009

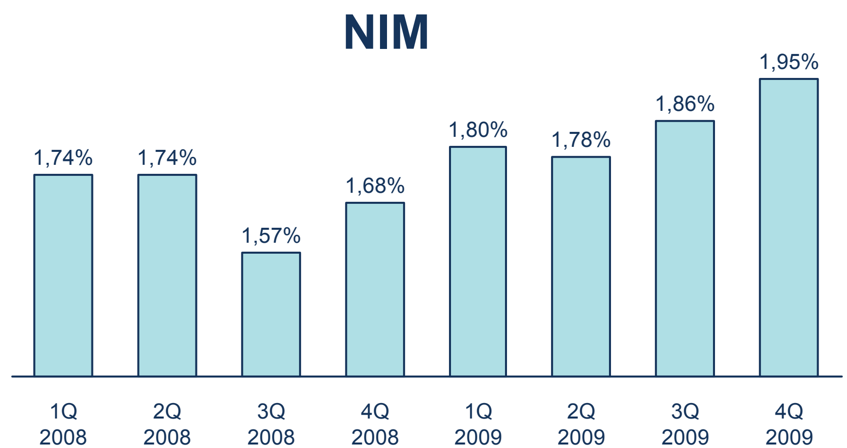
- Continued resilient margin environment : net interest margin up again to 1.94% from 1.86% in previous quarter
- Further recovery of fee business and strong life sales: income up 12% and 11% to previous quarter, respectively
- Solid cost performance: underlying expense level up 1% sequentially, remaining 25% below 4Q 2008 level
- Weak capital market activities revenue, in marked contrast with very strong previous two quarters’ performances
- Reserve additions to cover credit risk of 0.7 billion euros enhancing the coverage of non-performing loans by provisions from 68% to 75% (bringing ratio of 2009 loan loss to total loans outstanding to 1.1%)
- Well on way to deliver on business refocus goals: risk-weighted assets down by almost 5 billion euros compared to the start of the quarter and divestment program coming up to speed

Section 3

Underlying business performance

Revenue trend - Group





- Net interest income in line with the high levels of the previous three quarters and up 11% year on year
- Net interest margin at 1.95%
  - Improvement mainly based on healthier credit and deposit spreads
  - Year on year evolution also benefits from investment of government capital (35m in 4Q 09)
- Credit and deposit volumes down year on year (-4%, -5%) and quarter on quarter (-3%, -1%) based on (among other factors) reduction of international loan book (Merchant banking and Russia) in line with strategic focus

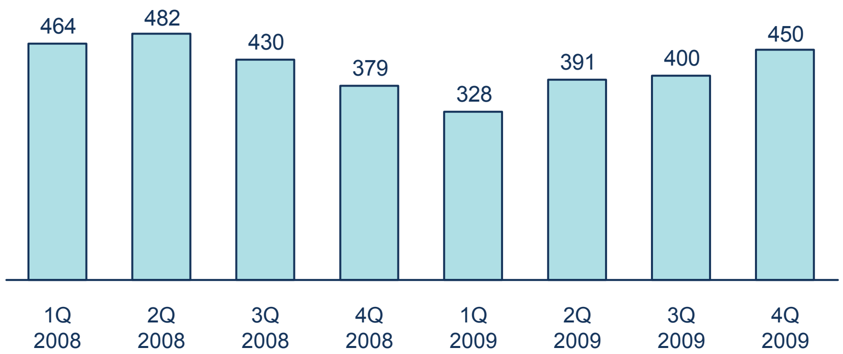
Interest rate sensitivity If interest rates shift by	**Post tax 1 year impact on P&L**
+0.50% parallel shift	-0.1bn
+0.50% flattening of yield curve	-0.1bn

Amounts in m. EUR

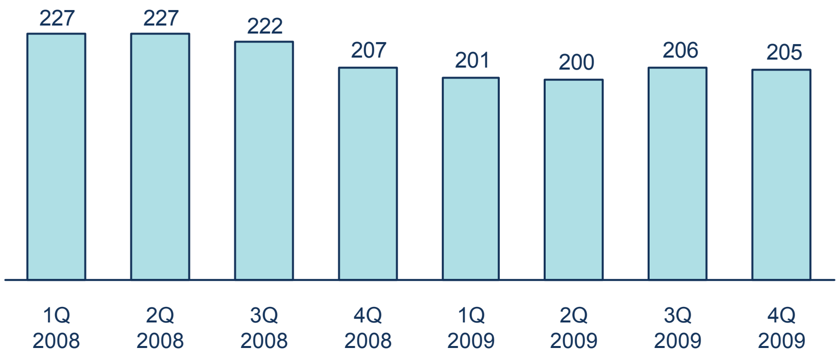
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



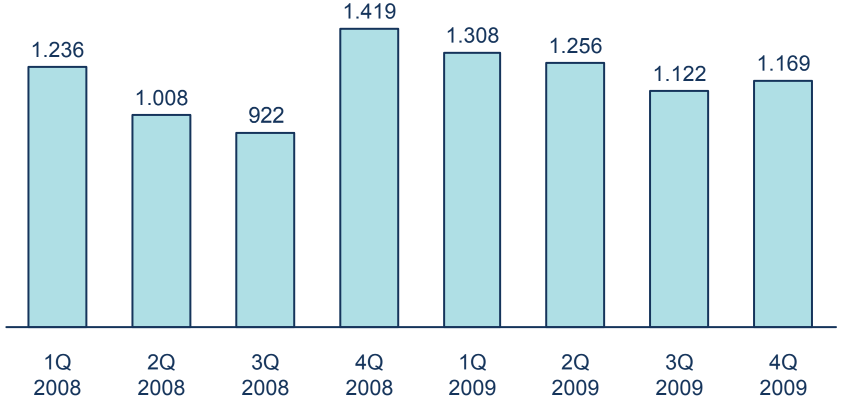
Amounts in bn. EUR

- Net fee and commission shows third quarterly increase in a row, up 13% compared to previous quarter and up 19% compared to year earlier quarter
  - Improvement based on increased result in asset management fees
- Assets under management at 205bn EUR

Amounts in m. EUR

Revenue trend - Group

Premium income



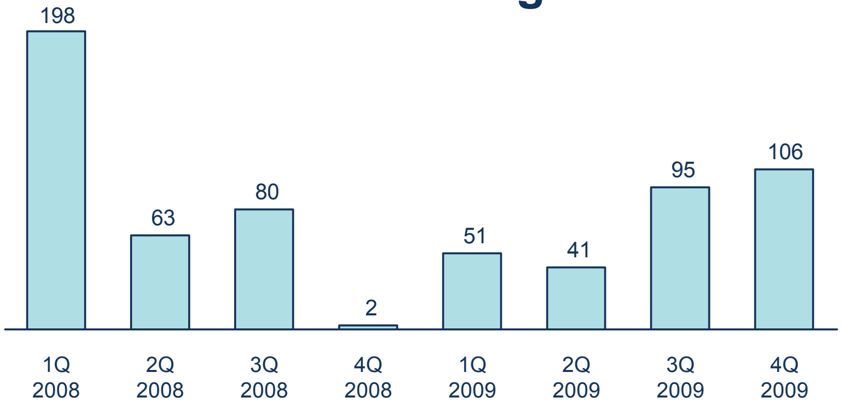
FV gains

- Insurance premium income at 1.169m
  - Non-life premium income (475m), down 4% qoq
  - Life premium income (694m), above previous quarter as a result of traditionally strong year end sales combined with continued improvement of the investment climate
- Ytd combined ratio at 98%, up compared to 95% FY2008 due to higher claims ratio in CEE, especially Poland
- Fair value gains (52m) down from high levels in previous quarters based on lower activity in dealing room and market value adjustments (100m) including past year experience of market-wide increased counterparty risk and lower liquidity

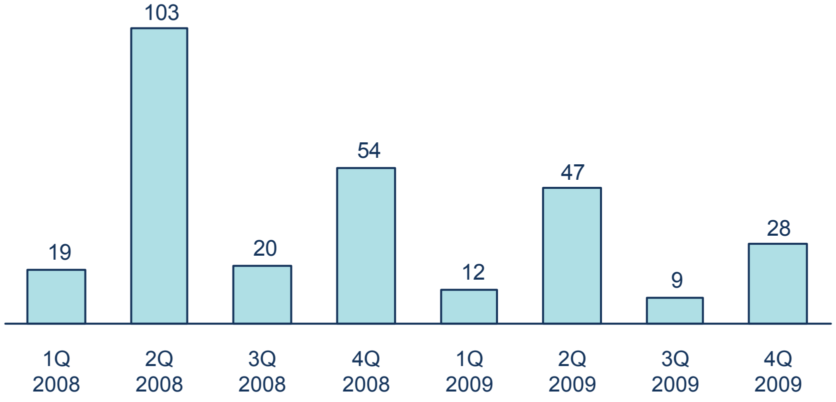
Amounts in m. EUR

Revenue trend - Group

AFS realised gains



Dividend income



- AFS realised gains at 106m
- Dividend income at 28m, up quarter on quarter but down compared to the year earlier quarter due to decrease of share portfolio and generally lower corporate dividends

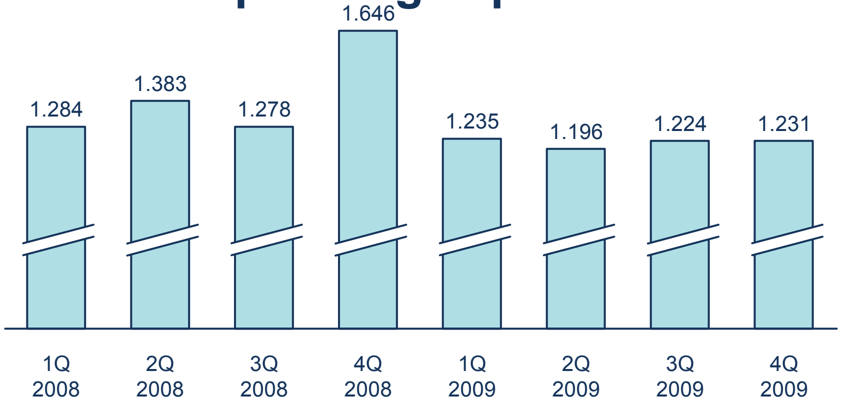
Amounts in m. EUR

Market shares keep up well

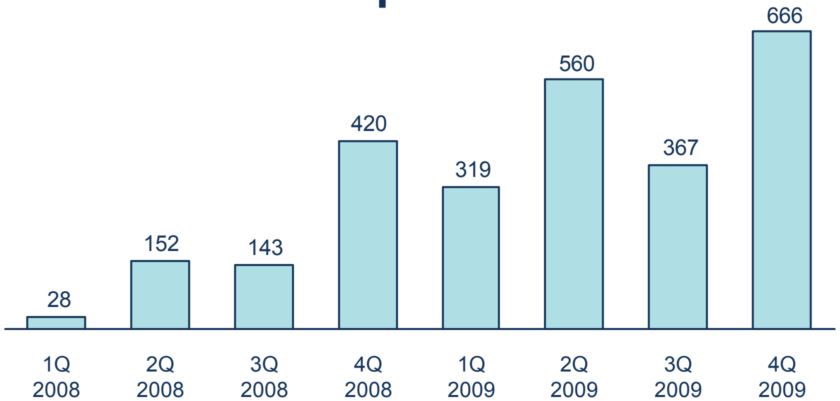
	BE	Vs 08	CZ	Vs 08	SK	Vs 08	HU	Vs 08	PL	Vs 08	BG	Vs 08
Credits and deposits	20%	→	23%	↑	10%	→	9%	→	4%	→	3%	→
Investment funds	39%	↑	35%	↑	13%	→	20%	↓	5%	→	-	
Life insurance	17%	↑	9%	→	5%	↑	4%	↑	7%	↑	16%	→
Non-life insurance	10%	↑	5%	→	2%	→	4%	→	9%	↓	14%	↑

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Operating expenses at 1.231m in line with previous quarter
  - This quarter impacted by change in accounting methodology aiming at increased consistency of accounting practices throughout the group (30m shifted from opex to other income (-29m) and fee and commission income (-1m))
  - Restructuring charges posted in the amount of 48m
  - Downward year on year evolution (-25%) thanks to ongoing cost containment measures, including FTE reduction, cancellation of variable pay and built down of certain merchant banking activities
  - Following a marked consecutive decrease in previous quarters, the cost trend has been bottoming out.
- Higher impairments (666m)
  - 296m quarter on quarter increase in loan losses situated in CEE and in Merchant Banking (international corporate loan book)

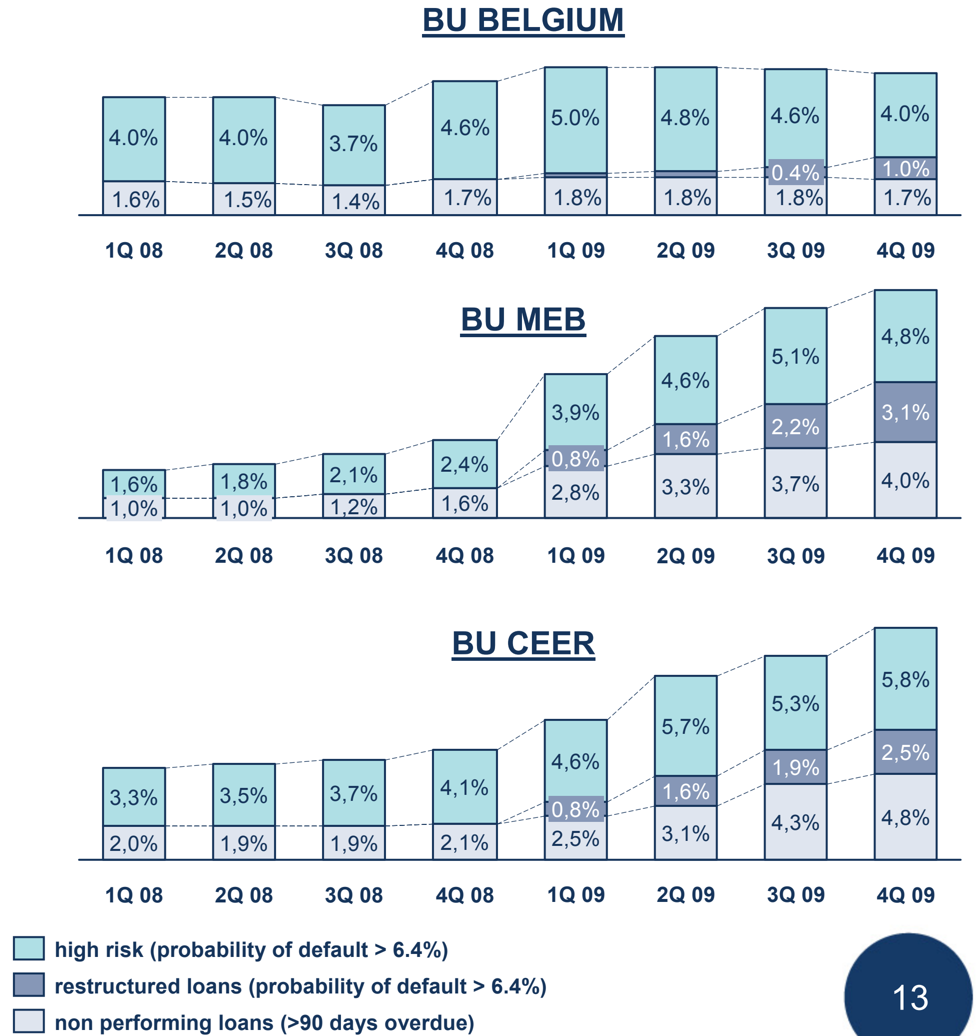
Amounts in m. EUR

Rising credit cost within expectations

- NPL at 3.4% compared to 3.3% in previous Q, 2.8% mid-2009 and 1.8% at start 09
- Credit cost in Belgium increased from very low levels but remains moderate
- Increased credit cost in CEER (+90m), mainly in Poland (+49m, especially in consumer finance and in Hungary (+19m) and Russia (+8m)

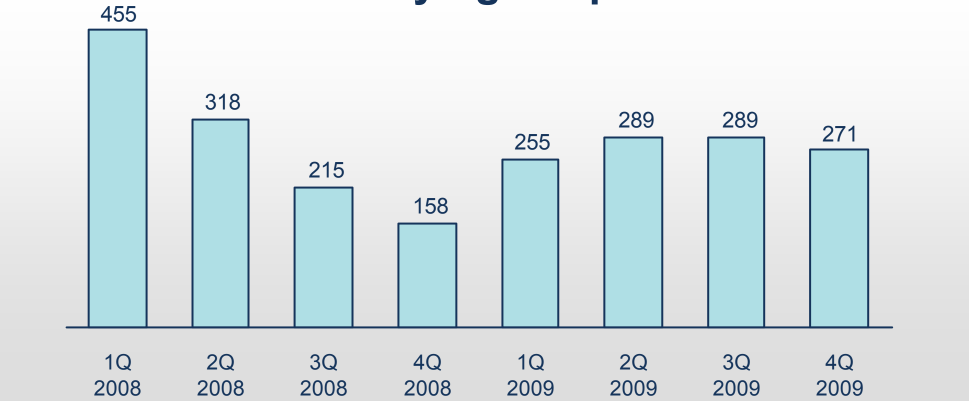
Credit cost ratio

	Loan book	2007 FY	2008 FY	3Q 09 YTD	2009 FY
Belgium	**58bn**	0.13%	0.09%	0.12%	**0.17%**
CEE	**39bn**	0.26%	0.73%	1.83%	**2.12%**
Merchant	**66bn**	0.02%	0.48%	1.16%	**1.32%**
Total Group	**166bn**	0.13%	0.46%	0.96%	**1.11%**



Business Unit Belgium

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits**	AUM	Life reserves
Volume	57bn	31bn	73bn	146bn	22bn
Growth q/q*	+1%	+2%	-4%	-1%	+3%
Growth y/y	+3%	+9%	-6%	-4%	+12%

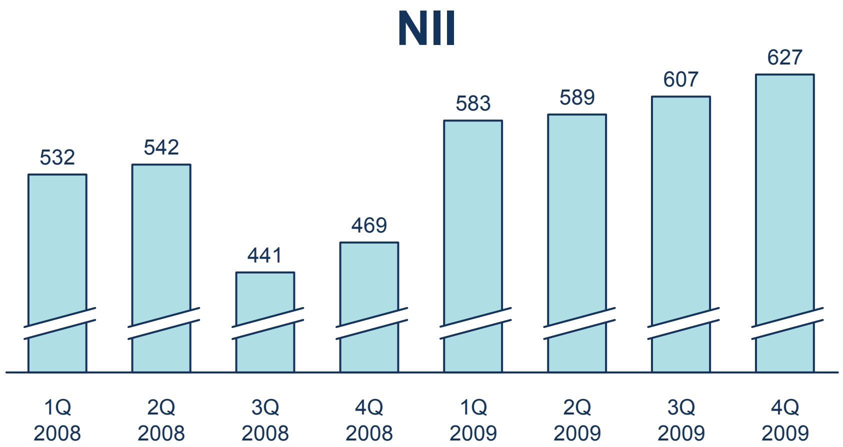
** non-annualized*
*** Previous quarter figures restated due to reallocation of some institutional deposits from Belgium to Merchant Banking*

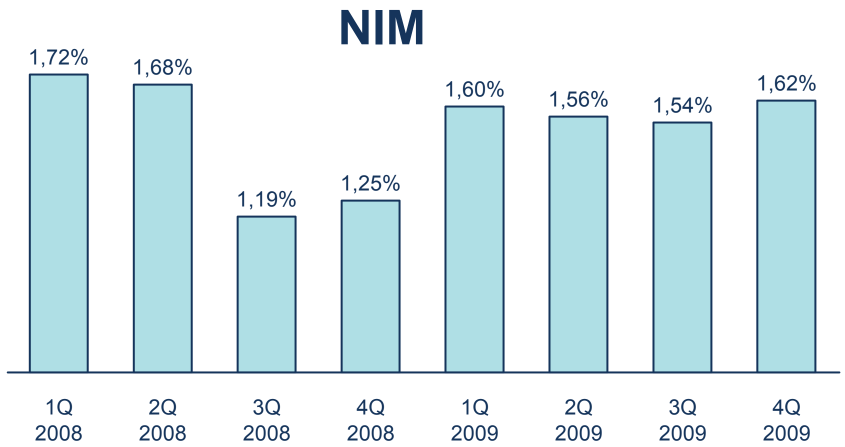
- Underlying profit Business Unit Belgium (289m) slightly below previous quarter, well above year earlier quarter

- Increase in credit volume quarter on quarter
- Decrease in deposit volumes
- Asset under management slightly down but life reserves growing

Amounts in m. EUR

Business Unit Belgium (2)

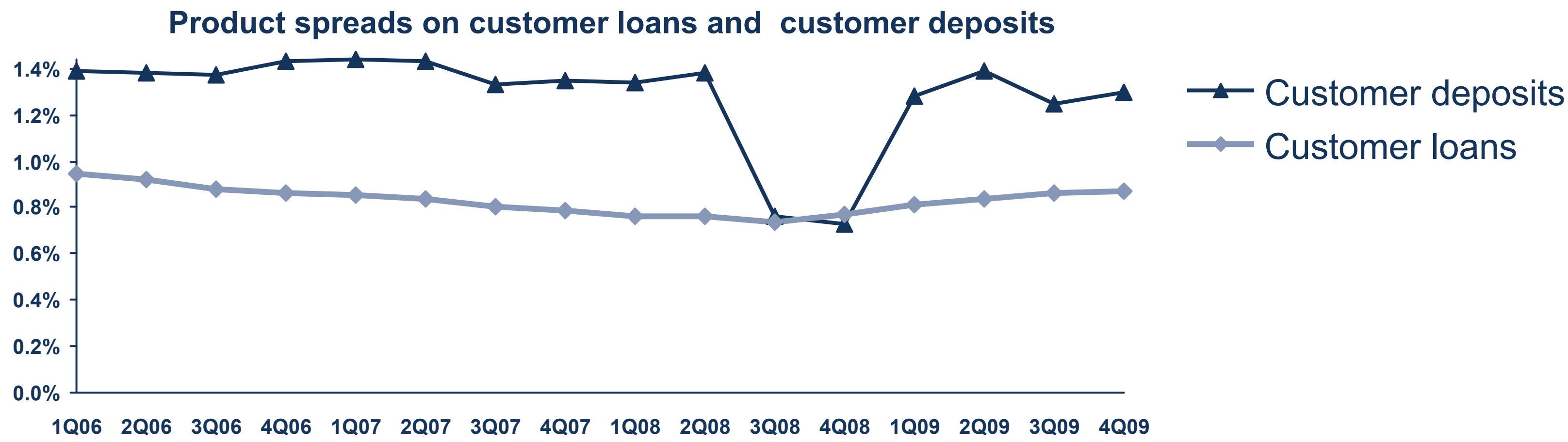


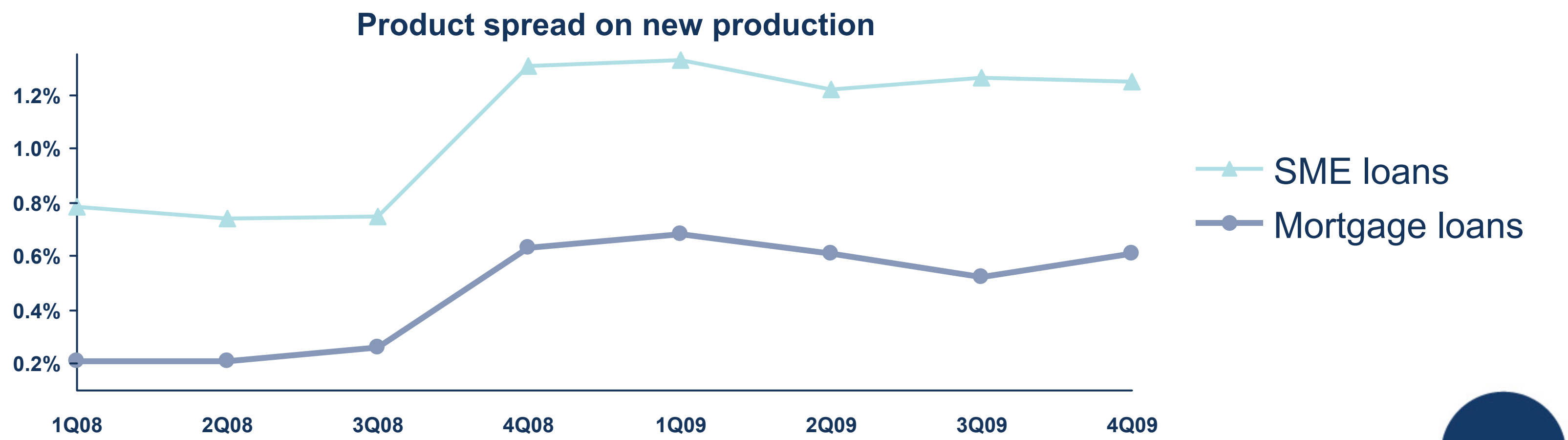


- Net interest income at 627m again surpassing the high levels since start of the year
  - Improvement versus 2H 2008 based on margin recovery on credits and deposits combined with shift to higher margin products (from time deposits to saving accounts)
- Overall net interest margin at 1.62%, highest levels since 'Lehman'

Amounts in m. EUR

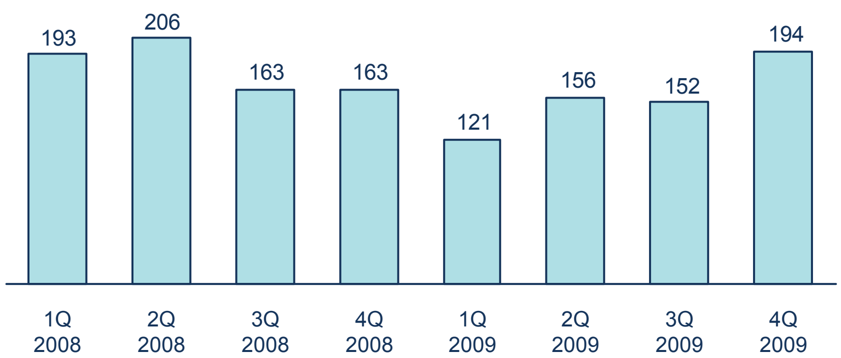
Interest margins in Belgium



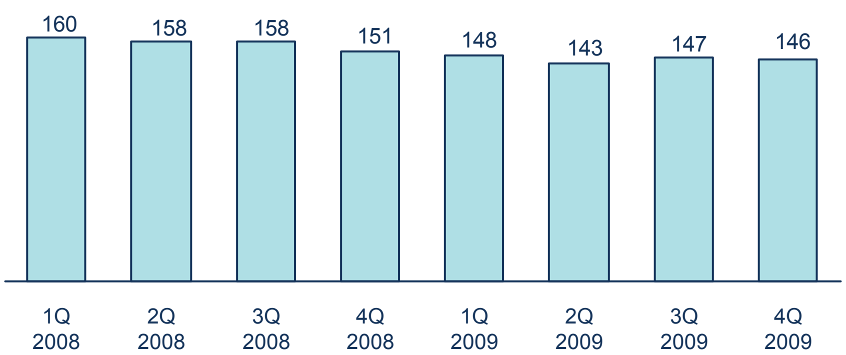


Business Unit Belgium (3)

F&C



AUM



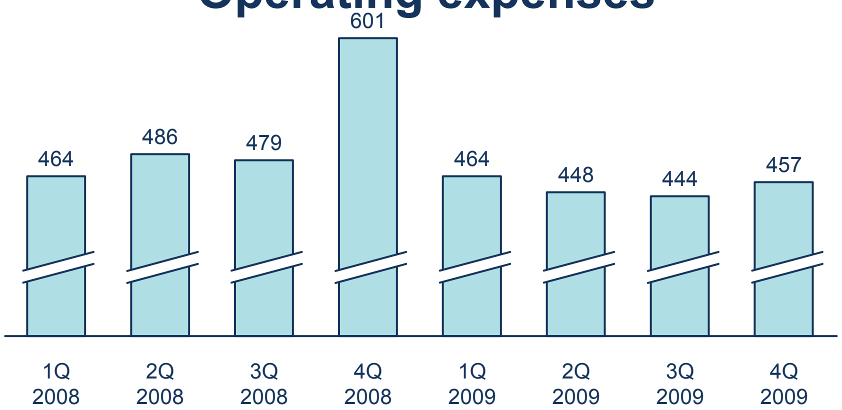
Amounts in bn. EUR

- Increased net fee and commission income (194m)
  - Recovery from the low level in the beginning of the year confirmed, mainly based on improved mutual fund related fee income, following gradual improvement of the investment climate (more transactions, shift from low-margin money-market to higher-margin equity- linked products).

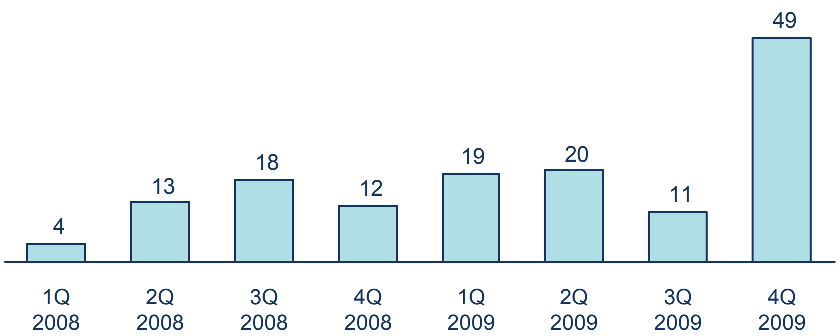
Amounts in m. EUR

Business Unit Belgium (4)

Operating expenses



Asset impairment

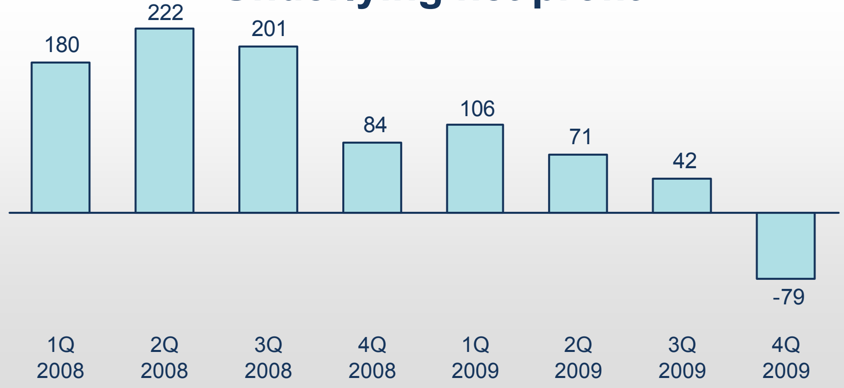


- Operating expenses at 457m, last quarter of the year traditionally being higher
  - Quarter included some one-off items such as restructuring costs (22m) and additional pension charges
  - Continued cost containment measures reflected in year on year evolution (-24%)
- Ytd cost income ratio: 56%, (vs. 71% for full year 2008)
- Asset impairment remains at moderate level but up from very low levels in previous quarters including 19m of methodological tightening in Centea portfolio. Year to date credit cost (0.17%). Stable NPL level at 1.7%

Amounts in m. EUR

Business Unit CEER

Underlying net profit



Volume trend

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	33bn	13bn	40bn	12bn	2bn
Growth q/q*	-2%	+3%	-0%	+0%	+3%
Growth y/y	-6%	+6%	+4%	+6%	-10%

*non-annualized

- Underlying profit CEER Business Unit at -79m
  - CEER profit breakdown: 88m Czech Republic, 3m Slovakia, 11m Hungary, -39m Poland, -46 Russia, other -96m (mainly funding cost goodwill)
- Negative evolution mainly on the back of 90m higher loan loss charges compared to previous quarter (mainly in Poland, Hungary and Russia)
- Quarter on quarter organic reduction of loan book (-2%),most outspoken in Russia (-12%), and to a lesser extent in Hungary and Czech Republic (both -2%). Deposit volumes stable quarter on quarter, +4% year on year. Loan to deposit ratio at 82%.
- Assets under management at 12bn (stable qoq and up 6% yoy)

Amounts in m. EUR

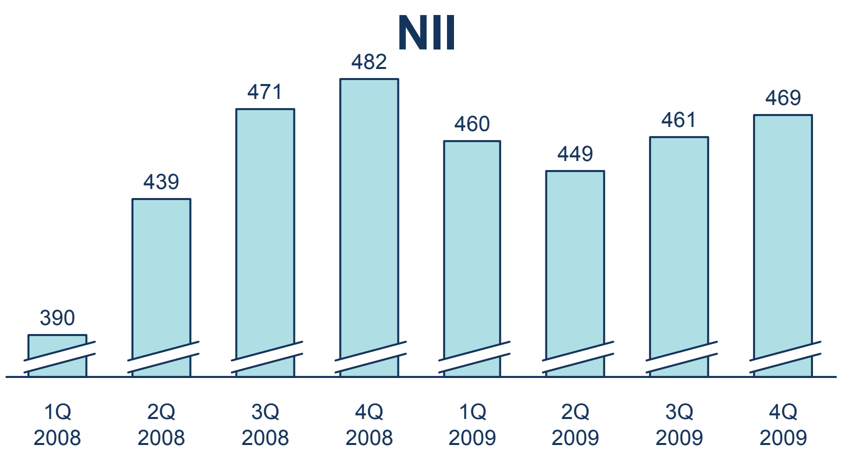
Business Unit CEER (2)

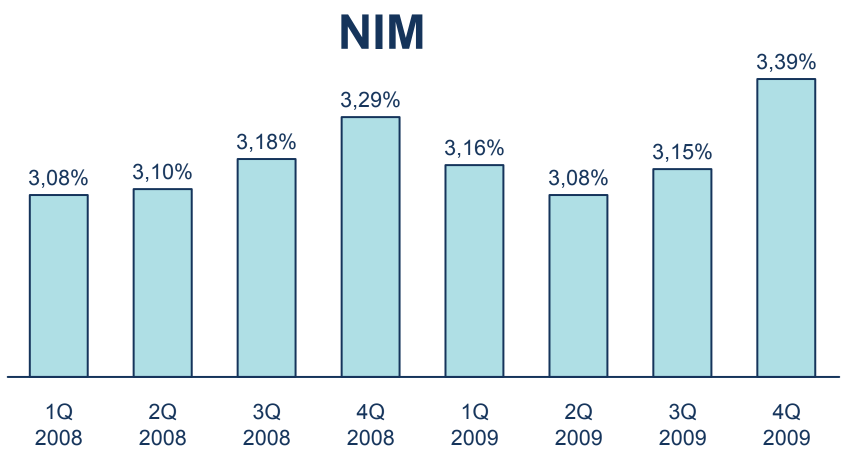
Organic growth(*)

	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	-2%	-2%	+4%	+18%	0%	+7%
SK	-1%	-3%	-2%	-2%	+3%	-4%
HU	-2%	-10%	-2%	-2%	-2%	-11%
PL	0%	0%	-1%	0%	+3%	+18%
RU	-12%	-32%	-3%	-12%	-5%	+19%

(*) organic growth excluding FX impact, q/q figures are non-annualized

Business Unit CEER (3)



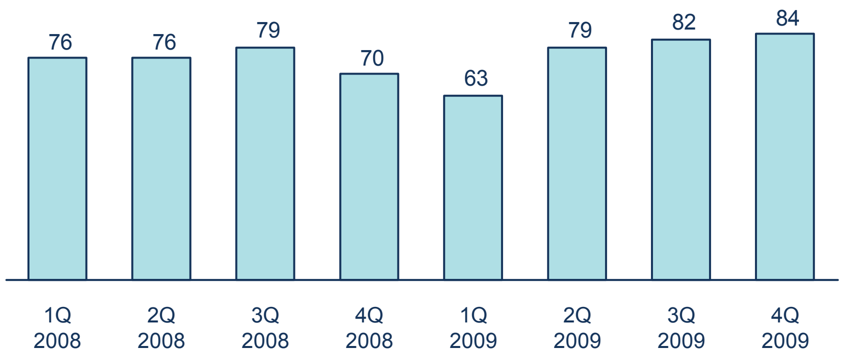


- Net interest income (469m) organically up +3% qoq
- Year on year decrease based on lower volumes (especially in Russia and Hungary) and negative impact of NPL formation (ca. 22m)
- Net interest margin at 3.39% compared to 3.15% in previous quarter mainly based on higher interest margin in Czech Republic (improved credit spreads)

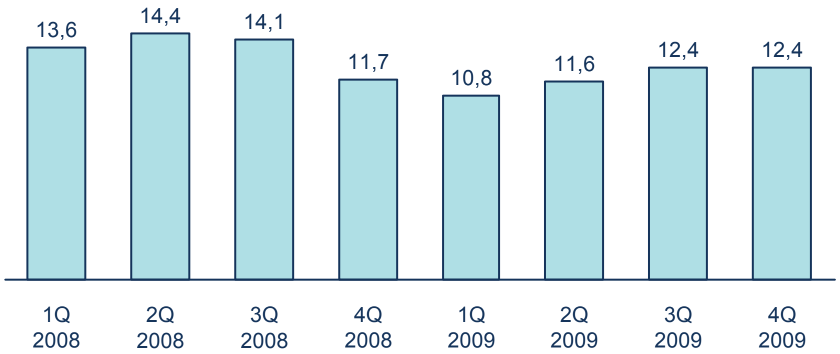
Amounts in m. EUR

Business Unit CEER (4)

F&C



AUM



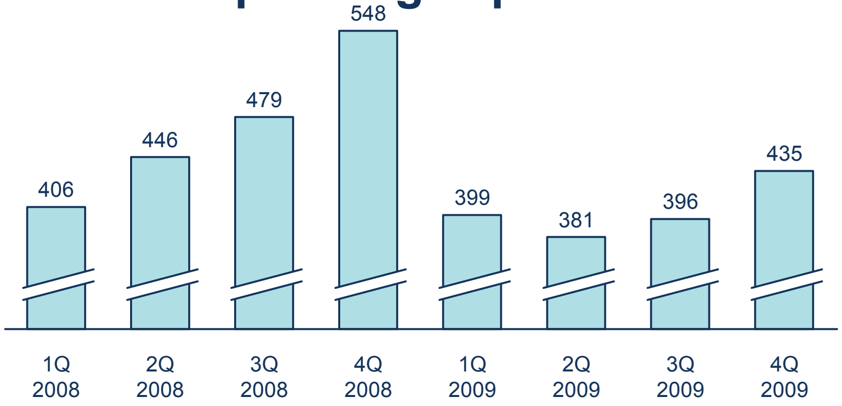
Amounts in bn. EUR

- Net fee and commission income (84m) organically up 4% quarter on quarter
  - Net of FX effects flat quarter on quarter, +26% year on year
- Assets under management stable at 12.4bn

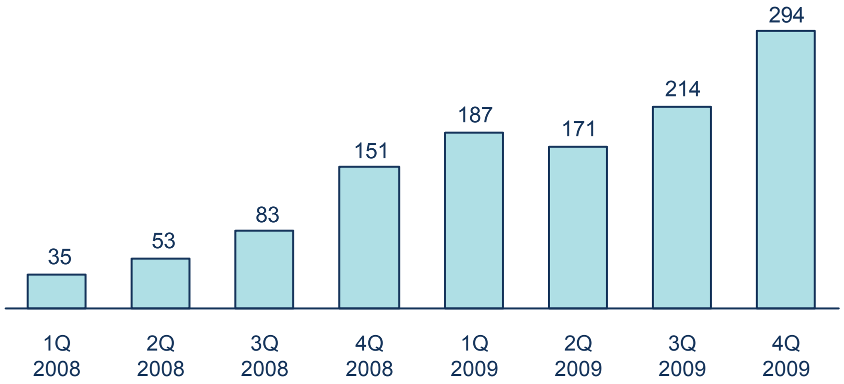
Amounts in m. EUR

Business Unit CEER (5)

Operating expenses



Asset impairment



- Operating expenses (435m), on organic basis seasonally up 11% quarter on quarter but down -16% year on year
- Ytd cost income ratio at 59% (60% FY 2008)
- Asset impairment at 294m, entirely on L&R
  - Rising credit cost mainly due to Poland (+49m, mainly in consumer finance), Hungary (+19m) and Russia (+8m)
  - NPL ratio at 4.8%, up from 4.3% end 3Q and 2.1% end 08 but new NPL formation slowing down

	Loan book	2007 LLR	2008 LLR	9M 09 LLR	2009 LLR
CEE	**39bn**	0.26%	0.73%	1.83%	**2.12%**
- Czech Rep.	18bn	0.27%	0.38%	1.06%	1.12%
- Poland	7bn	0.00%	0.95%	1.90%	2.59%
- Hungary	7bn	0.62%	0.41%	1.75%	2.01%
- Slovakia	4bn	0.27%	0.82%	1.38%	1.56%
- Russia	2bn	0.21%	2.40%	5.84%	6.15%

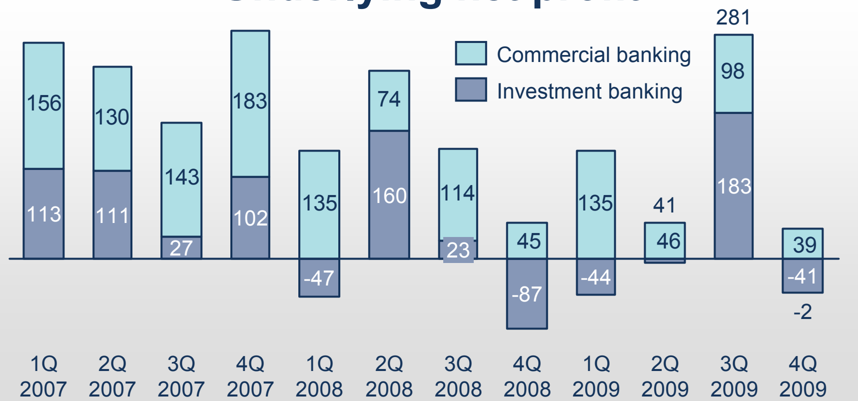
Amounts in m. EUR

Business Unit CEER (6)

		4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009
CZ	NPL	1.8%	1.9%	2.6%	2.5%	2.5%
	NPL formation		0.1%	0.7%	-0.1%	0.0%
	Restructured loans	-	0.0%	0.1%	0.1%	0.2%
SK	NPL	3.0%	2.1%	2.4%	4.1%	4.2%
	NPL formation		-0.9%	0.3%	1.7%	0.1%
	Restructured loans	-	0.2%	0.5%	0.6%	1.3%
HU	NPL	1.7%	1.9%	2.2%	5.2%	5.4%
	NPL formation		0.2%	0.3%	3.0%	0.2%
	Restructured loans	-	1.6%	3.8%	4.7%	4.9%
PL	NPL	3.3%	4.1%	4.5%	5.2%	5.3%
	NPL formation		0.8%	0.4%	0.7%	+0.1%
	Restructured loans	-	0.0%	0.1%	0.3%	0.5%
RU	NPL	0.5%	2.3%	3.3%	9.2%	14.0%
	NPL formation		1.8%	1.0%	5.9%	4.8%
	Restructured loans	-	3.6%	7.2%	9.8%	11.2%
TOTAL CEER	NPL	2.1%	2.5%	3.1%	4.3%	4.8%
	NPL formation		0.4%	0.6%	1.2%	0.5%
	Restructured loans	-	-	1.6%	1.9%	2.5%

Business Unit Merchant Banking

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	56bn	58bn
Growth q/q*	-0%	+8%
Growth y/y*	-7%	-5%

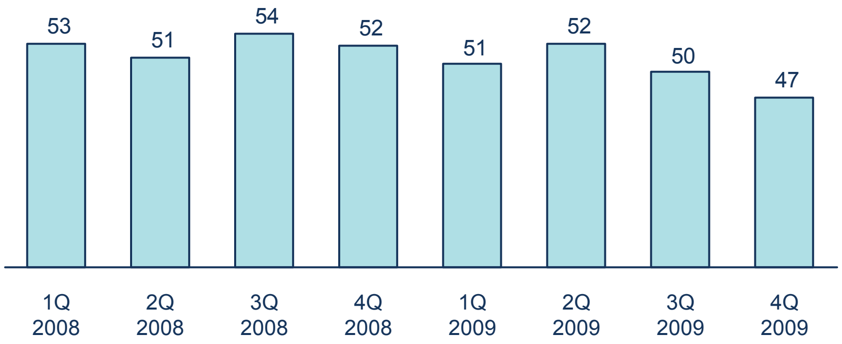
*non-annualized

- Significantly lower underlying net profit in Business Unit Merchant Banking (-2m)
  - Commercial banking result 39m, suffering from higher corporate loan loss charges
  - Investment Banking result -41m based on weaker trading result

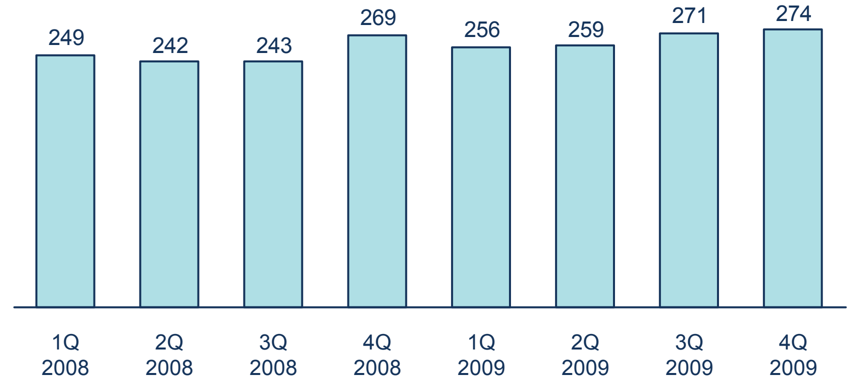
Amounts in m. EUR

Business Unit Merchant Banking (2)

RWA banking & insurance
(Commercial banking)



NII (Commercial banking)

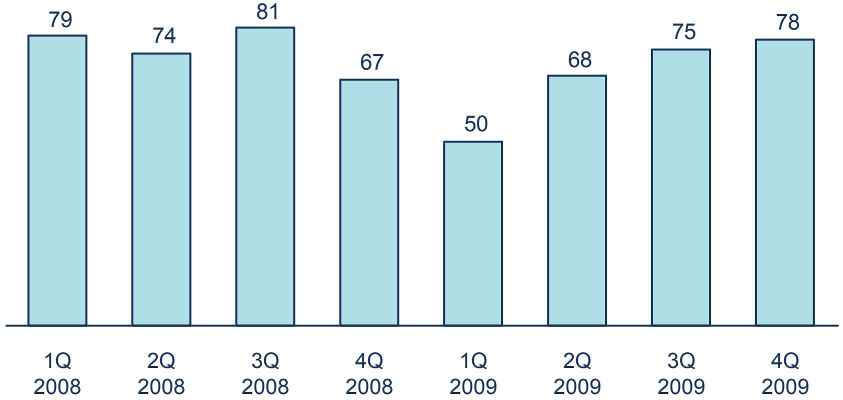


- Lower risk weighted assets commercial banking due to reduction international corporate loan book
- Net interest income (relating to the commercial banking division) roughly in line with previous quarter and the average of last four quarters. Build down of international corporate loan book compensated by effect of good margin environment

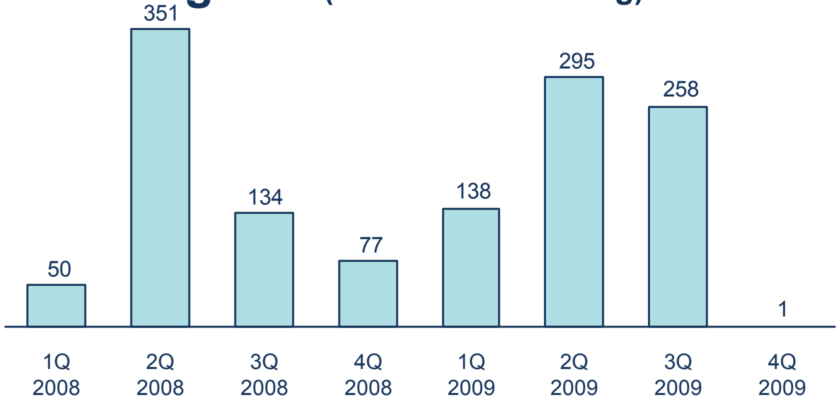
Amounts in m. EUR

Business Unit Merchant Banking (3)

F&C



FV gains (Investment banking)

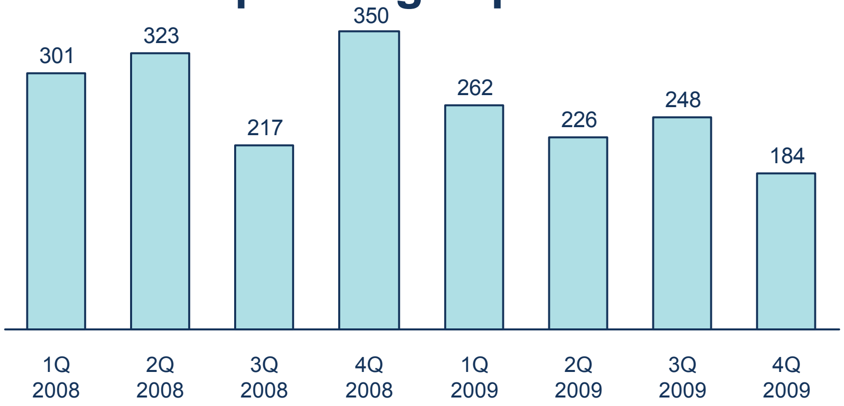


- Net fee and commission continues to recover from record low first quarter
- Weak trading results, due to lower activity levels in money market and debt capital markets and also due to ca 100m of market value adjustments on the trading portfolio (incorporating past-year experience of market wide increased counterparty risk and lower liquidity)

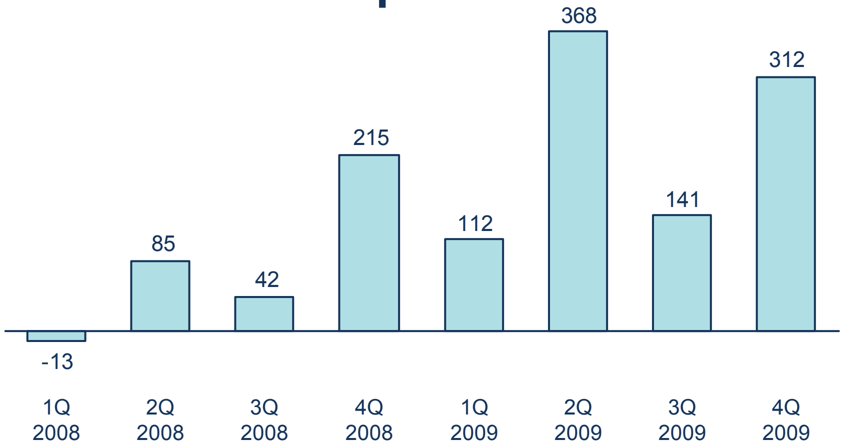
Amounts in m. EUR

Business Unit Merchant Banking (4)

Operating expenses



Asset impairment



- Operating expenses at 184m down quarter on quarter (-26%) and year on year (-47%)
  - Year on year evolution based on decrease in FTE and lower variable remuneration
- Impairment (312m), higher quarter on quarter due to higher credit cost in international corporate lending and an additional impairment on the 0.9bn reclassified US mortgage-backed-securities portfolio (47m, so called “Atomium” portfolio)
  - Credit cost ratio at 1.32%

Amounts in m. EUR

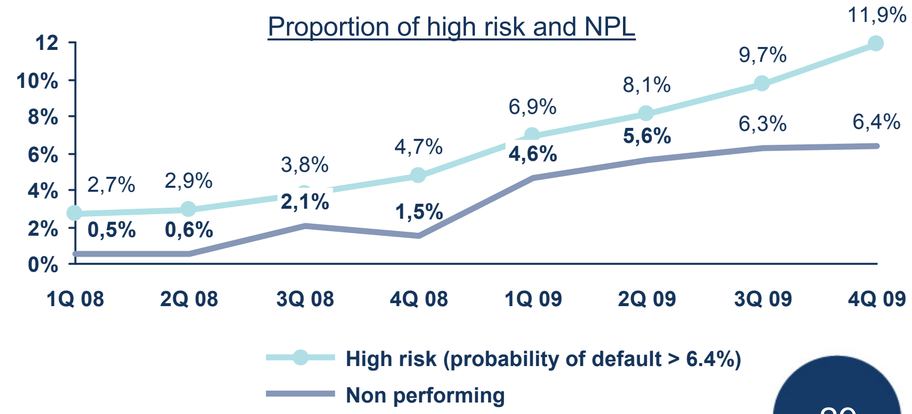
Update on Ireland

- After FY loan impairment at 176m, Irish business contributes 92m to group profit
- NPL rising to 6.4% from 6.3% in previous quarter and 5.6% mid 2009. Ytd credit cost at 96bps
- NPL coverage ratio of 20% reflects predominance of residential mortgages and relatively low exposure to real estate development (4% of the portfolio)
- 5.8% of loan portfolio has been restructured reflecting our engagement with customers under pressure
- Against a backdrop of a very severe recession, 82% of portfolio remains low or medium risk
- Unemployment rate now stands at 12.7% and remains susceptible to deterioration

Irish loan book – key figures Dec2009

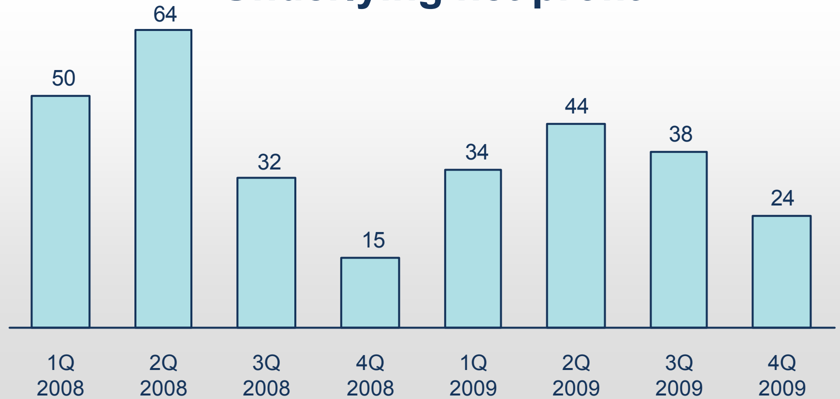
Loan portfolio	Outstanding	NPL Dec09
Owner occupied mortgages	10.1bn	4.9%
Buy to let mortgages	3.3bn	6.4%
SME /corporate	2.9bn	4.2%
Real estate investment	1.1bn	9.4%
Real estate development	0.6bn	35.3%
	18.0bn	6.4%

Proportion of high risk and NPL



Business Unit Private Banking

Underlying net profit



Volume trend

	Customer deposits	AUM
Volume	**8bn**	**47bn**
Growth q/q*	**-6%**	**+0%**
Growth y/y*	**-26%**	**+7%**

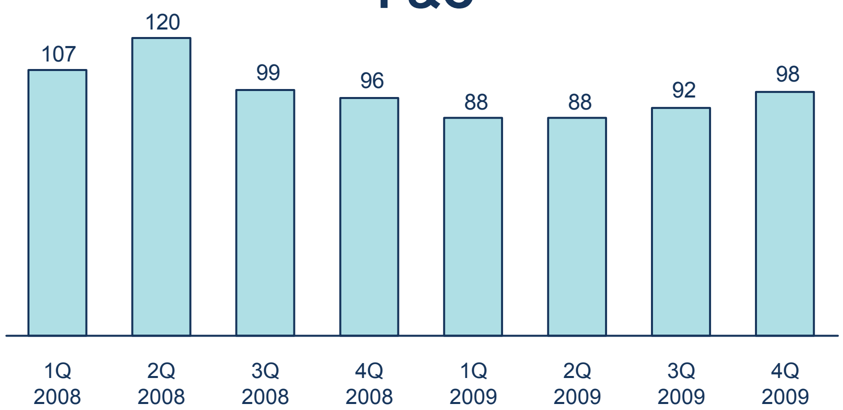
**non-annualized*

- Underlying net profit European Private Banking (24m) burdened by continued decrease of treasury income and restructuring charges, but up year on year
- Assets under management at 47bn
  - Stable quarter on quarter, +7% year on year entirely based on rise in asset prices (4% net outflows)

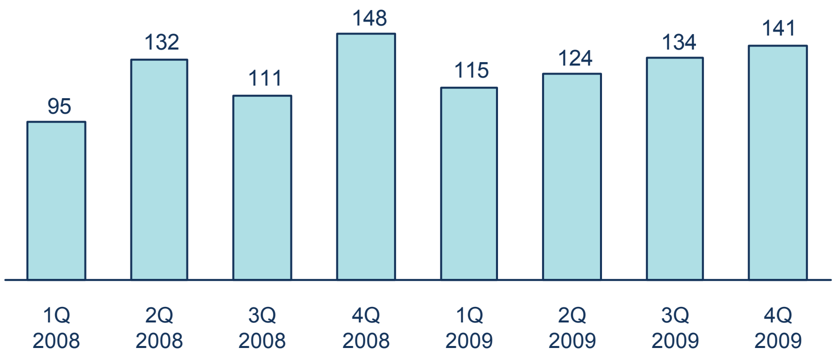
Amounts in m. EUR

Business Unit Private Banking (2)

F&C



Operating expenses



- Fee and commission income (98m) continues to recover from relatively weak first half of the year.
  - 6% increase quarter on quarter based on, among other factors, increased transaction commissions

- Operating expenses up 5% quarter on quarter driven by restructuring costs (13m)

Amounts in m. EUR

Update on topics

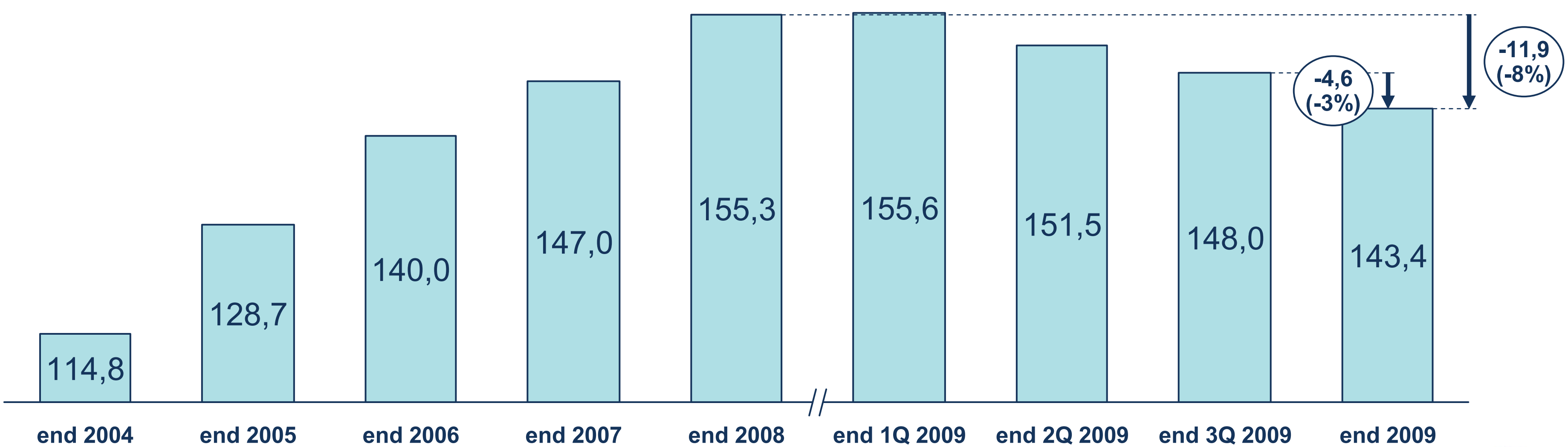
KBC Strategic actions

Segment	Activity	Keep and refine	Divest	Reduce	Keep and review
BE	Bancassurance KBC Belgium	☑	☐	☐	☐
BE	Banking and insurance via complementary channels in Belgium	☐	☑	☐	☐
CEE	Bancassurance in CEE-5	☑	☐	☐	☐
CEE	Banking in Russia and Serbia	☐	☑	☐	☐
MEB	Investment banking services for home market customers	☑	☐	☐	☐
MEB	Banking in Ireland	☐	☐	☐	☑
MEB	Corporate banking for home market business customers	☑	☐	☐	☐
MEB	International corporate banking for international customers	☐	☑	☑	☐
MEB	Structured derivatives, other IB	☐	☑	☑	☐
EPB	Private banking outside home markets	☐	☑	☐	☐

Risk weighted assets reduction well under way and speeding up

- Announced risk weighted assets reduction of 39bn in 2008-2013 period (-25%)
  - RWA at year end 2009 dropped by 12bn compared to 155bn last year

KBC Group risk weighted assets (in bn EUR)



Update on divestment process

	Initial timing	Non active	Preparation phase	Information exchange	1st round of bids	2nd round of bids	Closing
Belgium							
Centea (secondary bank channel)	2010						2010
Fidea (secondary insurance channel)	2010						2010
CEE							
IPO CSOB (Czech Rep)	2010						2010
Zagiel (consumer finance Poland)	2012						2010
Serbia	>2011						>2011
Russia	>2011						>2011
Merchant Banking							
KBC FP Japan Equities and reverse mortgages	2012						1Q 2010
KBC FP equity deriv. and convertibles	2012				1Q 2010		2010
Diamond Financing	2011						2011
KBC Private Equity	2012				1Q 2010		2010
German corporate activities	2012						2011
Peel Hunt	2012						2010
KBL -EPB	2010						2010

Substantial capital contribution from main transactions planned in 2010

Updated figures year-end 2009 - For illustration only !

MAIN DIVESTMENTS in 2010

Complementary bank and insurance channels in Belgium and KBL -European Private Bankers

Capital contribution based on a P/B of

	0.9x	1.1x	1.3x	1.5x	1.7x	1.9x	2.1x
Centea	-0.1	0.1	0.2	0.3	0.4	0.6	0.7
Fidea	0.0	0.1	0.2	0.3	0.4	0.5	0.6
KBL-EPB	0.3	0.5	0.7	0.9	1.1	1.3	1.5
	0.2	**0.7**	**1.1**	**1.5**	**1.9**	**2.3**	**2.7**

Capital release from RWA reduction (at 8% core tier 1)

Centea	0.3
Fidea	0.1
KBL-EPB	0.5
	0.9

Capital contibution main 2010 divestments	**1.2**	**1.6**	**2.0**	**2.4**	**2.8**	**3.2**	**3.6**

IPO CSOB

Listing of a minority stake in our Czech brand

Capital contribution from IPO based on a P/B of

	1.5x	1.8x	2.1x	2.4x	2.7x	3x
Capital contribution IPO of e.g. 30% CSOB	**1.2**	**1.4**	**1.6**	**1.9**	**2.1**	**2.4**
Capital contribution IPO of e.g. 40% CSOB	**1.6**	**1.9**	**2.2**	**2.5**	**2.8**	**3.1**

Amounts in bn. EUR

Governance of KBC Financial Products

- Separate governance structure in place for the unwinding of KBC FP
  - Intensive care given size, duration, complexity and lack of market liquidity
  - Measures to lock in competences and minimise operational risks
  - Concentrations of operations in London (incl. some relocation from NY)
  - Dedicated expert team of ca. 20 FTE added to the ‘legacy team’; additional support from expert restructuring team of Oliver Wyman (10 FTE)
  - Direct steering/reporting from Brussels head office / ExCo

KBC Solid solvency and liquidity position

- Loan to deposit ratio KBC Group at 88%
- KBC Group tier 1 ratio at 10.8% and core tier 1 ratio at 9.2%
- Solid capital and liquidity position in CEER subsidiaries

KBC Group	
Shareholders' equity	9.7
Government capital	7
Goodwill	-2.9
Minorities	0.2
Other	-0.8
Core tier 1 capital	13.2
Hybrids	2.2
Total tier-1	15.4
RWA	143.4
Tier 1 ratio	**10.8%**
Core Tier 1 ratio	**9.2%**

	CZ	SK	HU	PL	BG	RU
(Core) Tier 1 ratio	12.1%	15.2%	11.0%	9.1%	9.2%	11.8%
LTD ratio	65%	89%	91%	115%	90%	188%

Amounts in bn. EUR

Upcoming Basel regulation
Capital impact for KBC

Preliminary quantitative impact test based on 31 December 2009 data. Results to be used with care, as the calculation involves numerous assumptions and uncertainties. This illustration may not be fulfilled and future developments may differ materially.

SOLVENCY SENSITIVITY TO BASEL III PROPOSALS
Pro forma 31 Dec 2009

PRELIMINARY ILLUSTRATION ONLY !

	Actual bn euros	Change bn euros	Pro forma bn euros
Core Tier-1 capital			
Shareholders' equity	9.7		9.7
State core Tier-1 securities	7.0		7.0
Current regulatory filters (goodwill, AFS reserve etc.)	-3.4		-3.4
Additional deductions (minorities, deferred tax etc)		-0.9	-0.9
	13.2		12.3
RWA	143.4		143.4
Impact on CT1 ratio	**9.2%**	**-0.6%**	**8.6%**
Total Tier-1 capital			
Core Tier-1 capital	13.2		12.3
Non State Hybrid instruments	2.2	-2.2	0.0
Minority interests		0.2	0.2
	15.4		12.5
Impact on T1 ratio	**10.8%**	**-2.1%**	**8.7%**

Assumptions made here:

- No watering down of Dec 09 Basel committee proposals
- Stable RWA given low of visibility on impact (penalty announced for market risk-related assets – current Market RWA amount to 13 bn)
- Grandfather clause apply for State core capital securities (uncertain and subject to regulator's approval)

- Including State core capital securities, KBC is well-capitalised (core Tier-1 ratio of 9.2%); earnings retention and the divestment program will enable to replace State capital in the next few years
- Solvency requirements, however, are expected to be tightened considerably (Dec 2009 Basel Committee's banking reform proposal), this is a main challenge for the sector
- At first sight, the impact on Tier-1 capital seems to be manageable as long as the 'grandfather clause' applies (temporarily) for the State CT1 securities. There are still numerous uncertainties

Upcoming Basel regulation Liquidity impact for KBC

Preliminary quantitative impact test based on 30 September 2009 data. Results to be used with care, as the calculation involves numerous assumptions and uncertainties. This illustration may not be fulfilled and future developments may differ materially.

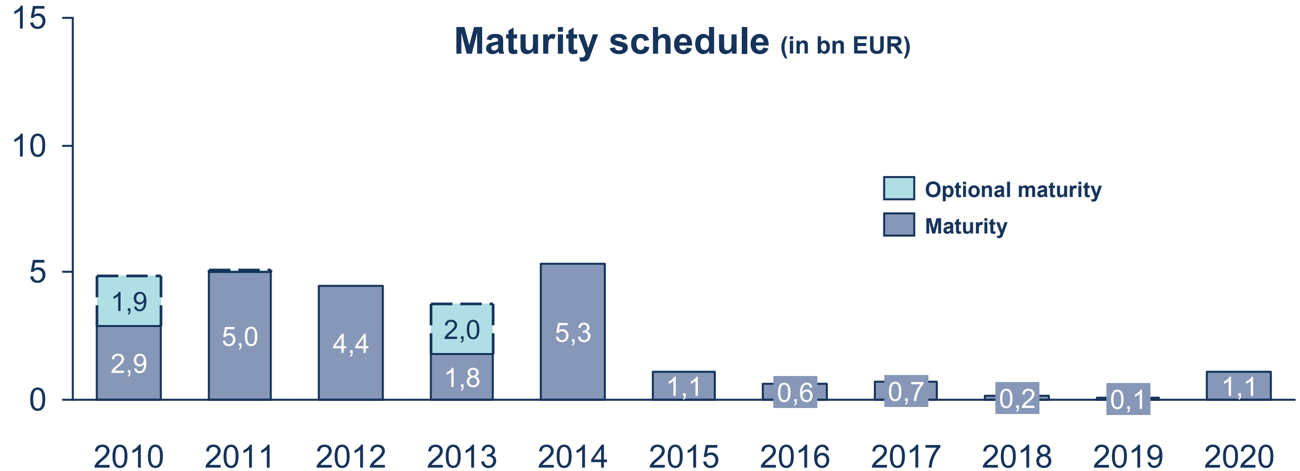
PRELIMINARY ILLUSTRATION ONLY!

	CURRENT SITUATION	POST ONGOING RESTRUCTURING
DEPOSIT TO LOAN test Level of coverage of customer loans by customer deposit funding	114% of required level	114% of equired level
NET STABLE FUNDING test Level of coverage of illiquid assets by stable funding sources ('Basel III' proposal)	ca 80-90% of required level	ca 85-95% of required level
LIQUIDITY COVERAGE test Level of coverage of stressed 30d outflows by high quality liquid assets ('Basel III')	ca 70-80% of required level	ca 90-100% of required level

- With its high customer deposit funding base (114% deposit-to-loan ratio), KBC is well-positioned compared to many peers
- Liquidity requirements are expected to be tightened considerably in the years ahead (Dec 2009 Basel Committee's banking reform proposal), this is a main challenge for the sector
- Though our liquidity strategy will need to be enhanced, at first sight, the funding issue seems to be manageable
- Until end of 2010 some 2.9bn stable funding will mature (almost entirely senior debt)
  - Maturity of additional 1.9bn might be triggered by calls or events
  - Recent issues showed KBC's capacity to tap the debt capital market

Upcoming mid-term funding maturities in 2010

- Until end of 2010 some 2.9bn stable funding will mature (almost entirely senior debt)
  - Maturity of additional 1.9bn might be triggered by calls or events
  - Recent issues showed KBC's capacity to tap the debt capital market
    - 1.25bn of 5Y senior debt issued in September 2009 at 5Y Swap + 180bps
    - 0.2bn of 5Y senior debt issued in October2009 at 5Y Swap + 145bps
    - 0.6bn of 2Y senior debt issued in January 2010 at 3M EURIBOR + 80bps



Outstanding goodwill

- In 2009, goodwill was impaired to the tune of 0.5bn euros (mostly related to more recent entries in Eastern Europe)
- Outstanding goodwill is limited, with the exception of the goodwill related to the more recent entries in CEE

Situation year-end (in bn. EUR)	Book Value	Goodwill	Price to book multiple
CEER	**5.7**	**1.9**	**1.3x**
CZ	2.5	0.3	1.1x
SK	0.6	0.2	1.3x
HU	0.8	0.3	1.3x
PL	0.8	0.2	1.3x
BG	0.2	0.3	2.5x
RU	0.3	0.4	2.2x
RS	0.0	0.0	2.0x
SI	0.4	0.2	1.6x
Merchant Banking	**-1.7**	**0.0**	**1.0x**
KBC Financial Products	-2.9	0.0	1.0x
Antwerp Diamond Bank	0.2	0.0	1.0x
KBC Peel Hunt	0.1	0.0	1.0x
KBC Bank Ireland	1.0	0.0	1.0x
Other	0.0	0.0	1.0x
KBL - EPB (*)	**1.1**	**0.5**	**1.5x**

* additional 513m goodwill at subgroup level

Update on CDO Sensitivity

- Total markdowns on the structured credit portfolio amounts to 7.6bn (of which 6.3bn on CDOs and 1.3bn on ABS)
  - Up to 10bn markdowns at peak, quarterly writebacks since 2Q 2009
- Further P&L sensitivity is manageable

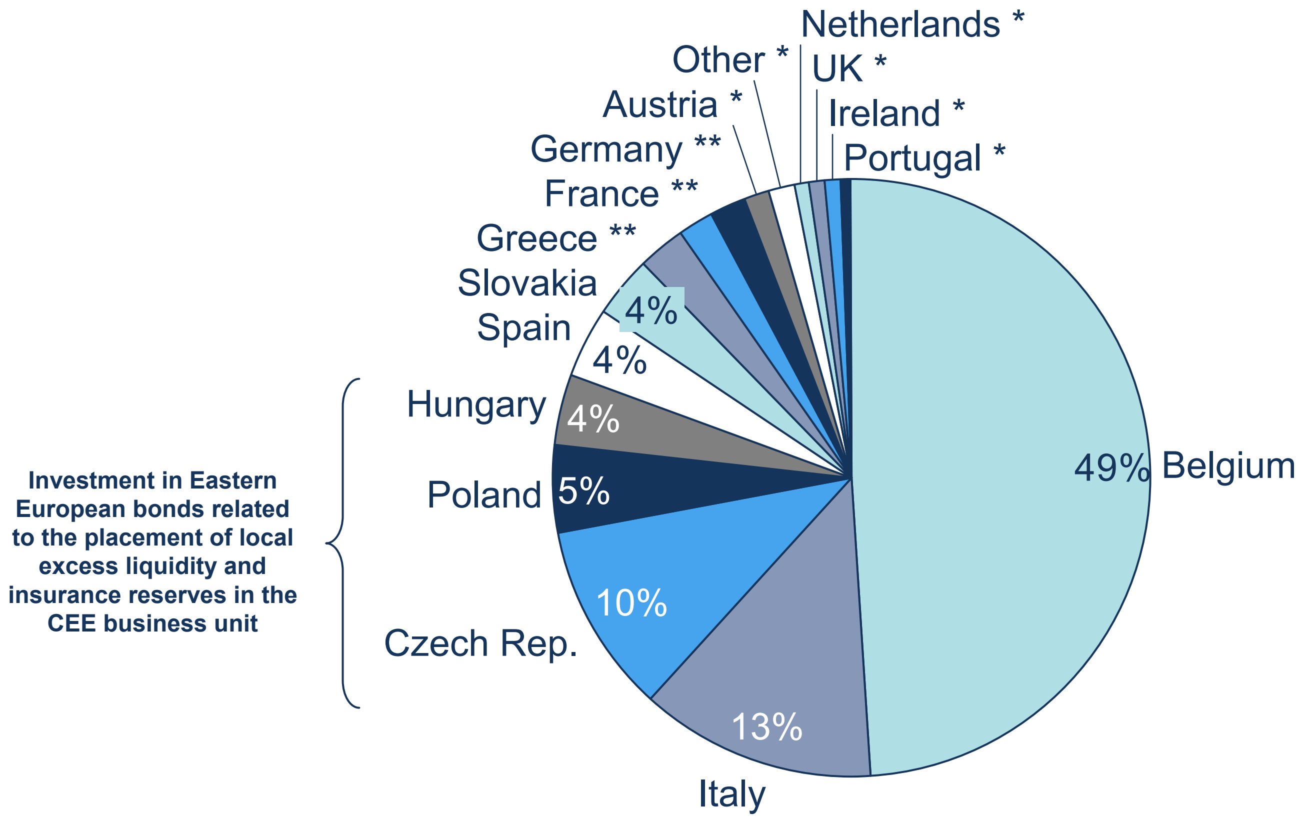
P&L impact* of a shift in corporate and ABS credit spreads (reflecting the credit risk)

	10%	20%	50%
spread tightening	+0.2bn	+0.4bn	+1.1bn
spread widening	-0.2bn	-0.3bn	-0.7bn

(*) Taking into account the guarantee transacted with the Belgian State and a provision rate for MBIA at 70%

Government bond portfolio

- ca 60bn investment in government bonds (excl trading book), primarily as a result of significant excess liquidity position and the reinvestment of insurance reserves into fixed income instruments



(*) 1%, (**) 2%

No material non-EU sovereign exposure

Changes in business unit reporting

As of the quarterly reporting for 1Q 2010

- Entities to be divested will be shifted to Business Unit ‘Group Center’

Belgium
- KBC Bank
- KBC Insurance
- CBC Banque
- ADD
- Centea
- Fidea

CEER
- Czech Republic
- Slovakia
- Hungary
- Poland
- Bulgaria
- Russia
- Serbia
- Slovenia

Merchant Banking
- KBC Lease
- KBC Securities
- KBC Bank Ireland
- KBC Clearing
- KBC Commercial Finance
- Antwerp Diamond Bank
- KBC Private Equity
- KBC Bank Deutschland
- KBC Peel Hunt
- KBC Finance Ireland
- KBC Financial Products
- KBC Real Estate

- Assurisk

KBL - EPB
- KBL EPB
- Vitis Life

Group Center
- KBC Group
- Fin-Force
- KBC Global Services

Indicated divestments + minorities interest line for % of CSOB CZ that will be floated

- Assurisk (Reinsurance captive) to be moved from Merchant Banking to Business Unit Belgium (2009 ytd profit: 25m)

Wrap up

Wrap Up

- Continued resilient margin environment : net interest margin up again to 1.94% from 1.86% in previous quarter
- Further recovery of fee business and strong life sales: income up 12% and 11% to previous quarter, respectively
- Solid cost performance: underlying expense level up 1% sequentially, remaining 25% below 4Q 2008 level
- Weak capital market activities revenue, in marked contrast with very strong previous two quarters' performances
- Reserve additions to cover credit risk of 0.7 billion euros enhancing the coverage of non-performing loans by provisions from 68% to 75% (bringing ratio of 2009 loan loss to total loans outstanding to 1.1%)
- Well on way to deliver on business refocus goals: risk-weighted assets down by almost 5 billion euros compared to the start of the quarter and divestment program coming up to speed

Looking forward

Jan Vanhevel, Group CEO:

- ‘The cost trend has been bottoming out and we expect further cost increase from here.’
- ‘Our 2010 base case scenario includes loan losses to visibly decline compared to the 2009 financial year.’
- ‘It will be proposed to shareholders not to pay out dividend over the 2009 financial year. KBC, however, intends to resume cash dividend payment as of 2011, based on 2010 earnings.’
- ‘Our divestment projects have been initiated arousing great interest so far. We hope to soon close a number of smaller transactions and enter negotiations for flagship projects.’
- ‘A trading loss related to the ‘legacy’ structured derivatives positions within KBC Financial Products has been booked. Similar losses cannot be excluded for the first quarter of 2010, while risk exposure is being unwound’

Additional data set

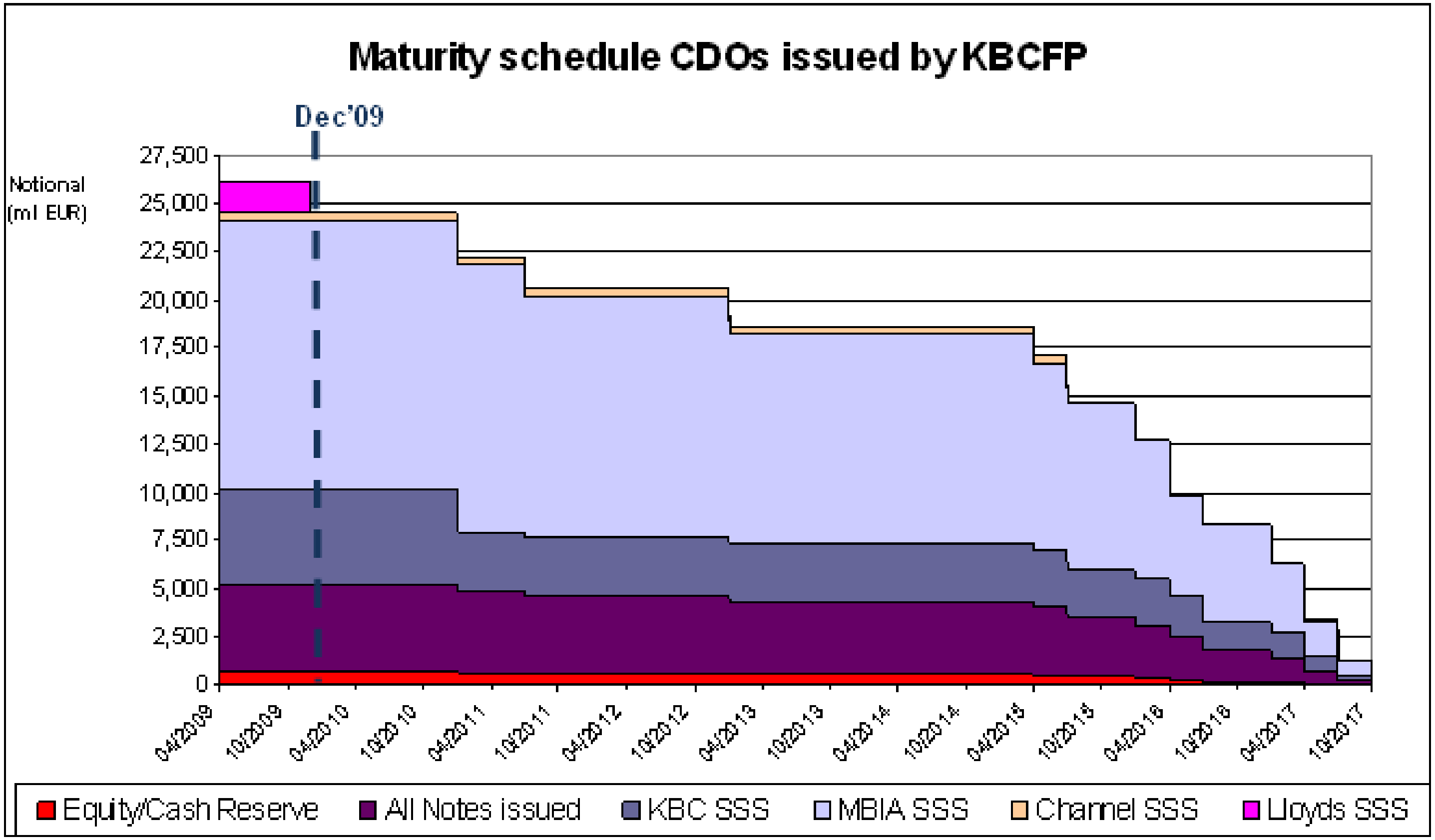
Structured credit experience at KBC

- CDO exposure largely written down or covered by a State guarantee
  - As of this quarter, limited positive valuation of non super senior tranches
- High risk part of the ABS portfolio (subprime/Alt-A RMBS) written down to 50% of its 0.9bn par value

Hedged CDO exposure	Notional	FV hedge	Provisions
Hedged with MBIA (*)	14.4	1.9	-1.4
Hedged with others	0.4		
	Nominal	Book value	
Unhedged CDO exposure			
Junior and equity tranches	0.8	0	-0.8
Non super senior tranches	3.5	0.2	-3.3
Super senior tranches (*)	5.5	4.7	-0.6
ABS exposure (**)	5.2	3.9	-1.3

(*) included in the 20bn asset protection plan with the Belgian State
(**) largely reclassified to Loan & Receivables, no further MTM valuation

Maturity schedule CDO portfolio



The total FP CDO exposure includes the 'unhedged' own investment portfolio as well as the 'hedged' portfolio that is insured by MBIA, Channel and Lloyds

Update on CDO Sensitivity

Amounts in bn €	Investment Loss (unhedged position)	Counterparty Risk (hedged position)	Total
Value adjustments (since start crisis)	-4.9	-1.4	-6.3
"Effective" loss (i.e. expect. losses based on claimed credit events)	-0.8	-	-0.8

Sensitivity tests

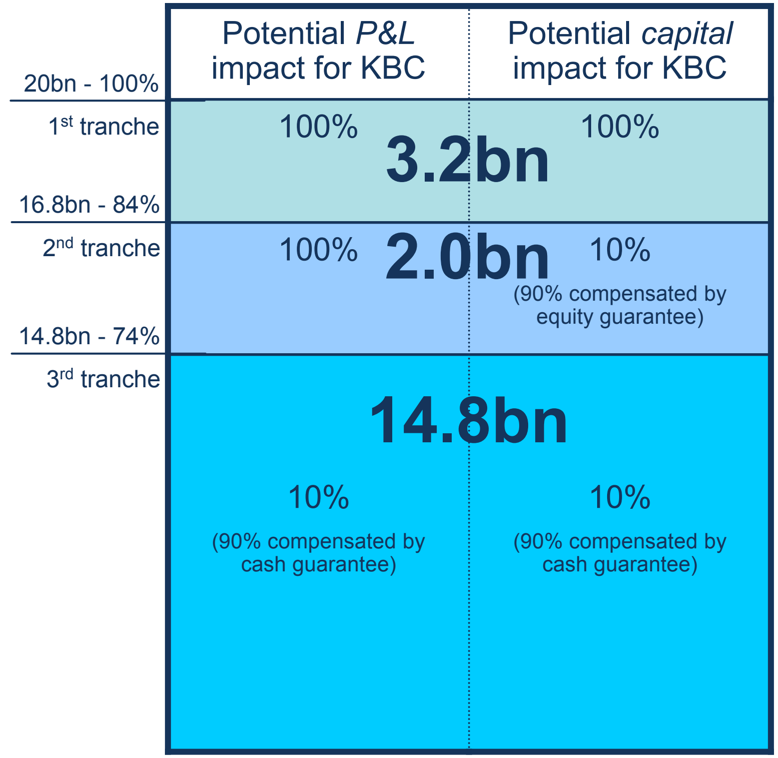
Amounts in bn €	Expected investment Loss (unhedged position)	Counterparty Risk (hedged position)	Total at risk
Scenario 1 (14% corporate loss)	-3.4	-0.6	-4.0
Scenario 2 (16% corporate loss)	-3.6	-0.8	-4.4
Scenario 3 (25% corporate loss)	-4.1	-2.1	-6.2

Scope of the sensitivity test	
Total CDO investments (unhedged)	9.8bn
Total position hedged by MBIA	14.4bn
o/w equity junior/written off	- 0.8bn
o/w third party CDO	- 0.6bn
o/w CDO in run-off	- 1.0bn
Total CDO issued by KBC FP (excl. CDO in run-off)	**21.8bn**

Sensitivity test assumptions: expected loss on claimed corporate names and ABS and 14%-16%-25% cumulative expected loss on corporate underlying;
The floor provided by the government guarantee is taken into account
The counterparty risk includes the amount to be borne by KBC in case of default of MBIA with zero recovery

Summary of government transactions (1)

- State guarantee on 20bn CDO linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (5.5bn)
    - CDO-linked exposure towards MBIA, the US monoline insurer (14.4bn)
  - First and second loss: 5.2bn, impact on P&L fully borne by KBC, KBC has option to call on equity capital increase up to 1.8bn from the Belgian State if losses exceed 3.2bn
  - Third loss: 14.8bn, 10% of impact borne by KBC
  - Instrument by instrument approach



Summary of government transactions (2)

7 bn EUR capital increase by the Belgian Federal State and the Flemish Region

	Belgian State	Flemish Region
Amount	**3.5bn**	**3.5bn**
Instrument	Perpetual fully paid up new class of non-transferable securities qualifying as core capital	
Ranking	Pari passu with ordinary stock upon liquidation	
Issuer	KBC Group Proceeds used to subscribe ordinary share capital at KBC Bank (5.5bn) and KBC Insurance (1.5bn)	
Issue Price	29.5 EUR	
Interest coupon	Conditional on payment of dividend to shareholders. The higher of (i) 8.5% or (ii) 120% of the dividend for 2009 and 125% for 2010 onwards Not tax deductible	
Buyback option KBC	Option for KBC to buy back the securities at 150% of the issue price (44.25)	
Conversion option KBC	From December 2011 onwards, option for KBC to convert securities into shares (1 for 1). In that case, the State can ask for cash at 115% (33.93) increasing every year with 5% to the maximum of 150%	No conversion option