KBC GROUP

EXTENDED QUARTERLY REPORT

4Q 2010

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Glossary of ratios used

CAD ratio
[consolidated total regulatory capital] / [total risk-weighted volume].

Combined ratio (non-life insurance)
[claims incurred / earned premiums] + [expenses / written premiums] (after reinsurance). Some changes have been made to the definition of this ratio compared to reports dating from 2009 and before. Reference figures have been adjusted accordingly.

(Core) Tier-1 capital ratio
[consolidated tier-1 capital] / [total risk-weighted volume]. The calculation of the core tier-1 ratio does not include hybrid instruments (but does include the core-capital securities sold to the Belgian and Flemish governments).

Cost/income ratio (banking)
[operating expenses of the banking businesses of the group] / [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
[result after tax, attributable to the equity holders of the parent)] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian and Flemish governments, it will be deducted from the numerator (*pro rata*).

Earnings per share, diluted
[result after tax, attributable to 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 dilutive effect of options (number of stock options allocated to staff with an exercise price less than the market price) and non-mandatorily convertible bonds]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian and Flemish governments, it will be deducted from the numerator (pro rata).

Expense ratio, insurance
[expenses / written premiums] (after reinsurance).

Net interest margin
[net interest income (underlying)] / [average interest-bearing assets].

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
[result after tax, including minority interests, of a business unit, adjusted for income on allocated instead of real equity] / [average equity allocated to the business unit]. Profit of a business unit is the sum of the profit of the companies belonging to the business unit, adjusted for the funding cost of goodwill (related to the companies in the business unit) and allocated central governance expenses. The equity allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance.

Return on equity
[result after tax, attributable to the equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian and Flemish governments, it will be deducted from the numerator (pro rata).

Solvency ratio, insurance
[consolidated available capital of KBC Insurance] / [minimum required solvency margin of KBC Insurance].

Management certification of financial statements and quarterly report

'I, Luc Philips, Chief Financial Officer of the KBC Group certify on behalf of the Executive Committee of KBC Group NV 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, and that the quarterly report provides a fair view of the information that must be included in such a report.'

Forward-looking statements

The expectations, forecasts and statements regarding future developments that are contained in this report are, of course, based on assumptions and are contingent on a number of factors that will come into play in the future. Consequently, the actual situation may turn out to be (substantially) different.

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Report on
4Q 2010 and FY 2010
KBC Group

This news release contains information that is subject to transparency regulations for listed companies.
Date of release: 10 February 2011, 7 a.m. CET

Summary:
4Q net profit of 724 million euros on the back of a strong core-market position.

KBC ended the last three months of 2010 with a net profit of 724 million euros, compared with a net profit of 545 million euros in the previous quarter and 304 million euros in the corresponding quarter of 2009. As a result, net profit came to 1 860 million euros in full-year 2010, as opposed to a net loss of 2 466 million euros in 2009 (which included a significant CDO-related loss in the first quarter of 2009).

The 'underlying' net result for the quarter under review (after excluding one-off and exceptional items) came to 168 million euros, compared with 445 million euros in 3Q 2010 and 218 million euros in 4Q 2009.

Jan Vanhevel, Group CEO: *'The high level of profit recorded for the last quarter of 2010 was driven by strong revenues generated by our strategic banking and insurance business model in our Belgian and Central and Eastern European home markets, as well as by the divestments we have made. At 724 million euros, the fourth-quarter result was characterised by stronger net interest income and higher fees and commissions. However, it was also affected by additional loan loss provisioning in Ireland and a one-off provision for a case of irregularities at the leasing business in the UK. Nevertheless, our core markets have been the main contributors to our quarterly result, with a good performance being turned in by Belgium and a solid performance recorded by our operations in Central and Eastern Europe. The most noteworthy exceptional items were the capital gains on two of our divestment projects, as well as positive value adjustments on our CDO portfolio.*

Over the whole of 2010, KBC generated net profit of 1 860 million euros, a clear break from the results of the previous two years. After two loss-making years, we have again recorded a positive result. Our earnings per share amounted to 3.72 euros, after taking into account the coupon to be paid on the core-capital securities sold to the Belgian State and the Flemish Region. We will duly propose to the Annual General Meeting of Shareholders that a dividend of 0.75 euros be paid.'

Overview	4Q 2009	3Q 2010	4Q 2010	Cumul. 2009	Cumul. 2010
Net result, IFRS (in millions of EUR)	304	545	724	-2466	1860
Earnings per share, basic, IFRS (EUR)[1]	0.90	1.17	1.69	-7.26	3.72
Earnings per share, basic, IFRS (EUR), before coupon[1]	0.90	1.60	2.13	-7.26	5.48
Underlying net result (in millions of EUR)	218	445	168	1724	1710
Underlying earnings per share, basic (in EUR)	0.64	0.87	0.06	5.08	3.28
Breakdown of underlying net result per business unit (in millions of EUR) [2]					
Belgium	268	220	255	1050	1051
Central & Eastern Europe	-13	53	131	161	406
Merchant Banking	-28	156	-228	300	133
Group Centre	-9	16	11	213	120
Parent shareholders' equity per share (in EUR, end of period)	28.4	33.1	32.8	28.4	32.8

1 Note: the coupon that is expected to be paid on the core-capital securities sold to the Belgian State and Flemish Region, is deducted from earnings (*pro rata*) in the EPS calculation (see 'Additional information on the financial statements').
2 As of 2010, the business unit breakdown has been changed. All planned divestments of group companies are now included in the Group Centre and all reference figures have been restated retroactively.

The IFRS and underlying income statement summary tables are provided further on in this earnings statement

Financial highlights for 4Q 2010 compared to 3Q 2010:

- Higher net interest income driven by both volume growth in our core markets and high margins.
- Increased fee and commission income resulting from a highly effective sales campaign in Belgium.
- Improved combined ratio of 98% thanks to substantially lower claims. Successful life insurance campaign in Belgium.
- Weak dealing room income in line with our peers.
- One-off provision for irregularities at KBC Lease UK to cover maximum exposure before any possible recovery.
- Operating expenses remain under control, but with some end-of-year effects.
- Significantly lower loan loss provisions in CEE, stable trend in Belgium and an additional provision in Ireland.
- Continued strong capital base: *pro forma* tier-1 ratio – including the effect of all divestments for which a sale agreement has been signed to date – at approximately 13.5%.

Financial highlights 4Q 2010

Jan Vanhevel, Group CEO, summarises the ***underlying*** business performance for 4Q 2010 as follows:

Gross income benefited from higher net interest income and fee and commission income.

- Underlying net interest income stood at 1 459 million euros, up 4% both year-on-year and quarter-on-quarter. Compared to 3Q 2010, the net interest margin held up in Belgium and continued to grow in CEE. Credit and deposit volumes both expanded nicely in Belgium. Customer deposits in CEE also increased, while the loan book remained unchanged. Merchant Banking intentionally continued to reduce its international loan book.
- Net fee and commission income amounted to 417 million euros, up 14% quarter-on-quarter but down 7% year-on-year. Although still not at the level of one year ago, the satisfying quarterly results have been primarily boosted by good sales of life insurance contracts in October and November, on the back of a successful marketing campaign. Shifts in the portfolio mix also added to the result, thanks to the improving investment climate.
- The net result from financial instruments at fair value, which includes dealing room activities, stood at 124 million euros, more than double the year-earlier figure, but down 53% quarter-on-quarter.
- Net of technical charges and the ceded reinsurance result, technical insurance income came to 103 million euros, up 94% year-on-year and 14% quarter-on-quarter. Since claims were lower for the group, the combined ratio improved substantially quarter-on-quarter from 103% to 98%.
- Other income was affected by a one-off provision for a case of irregularities at the leasing business in the UK, leaving this item at a negative 96 million euros for the quarter.

Operating expenses remain under control, impairment impacted by provisioning for Ireland

- Operating expenses came to 1 311 million euros for the fourth quarter, up 6% compared their year-earlier figure and 8% quarter-on-quarter. The cost measures we took in the aftermath of the financial crisis have had their full effect. Compared to Q3 2010, however, there were some end-of-year marketing costs (investment campaign) and additional ICT expenses.
- Loan loss impairment stood at 492 million euros, down 25% year-on-year and up 38% quarter-on-quarter. The full-year credit cost ratio stood at 0.91% and breaks down into an excellent 0.15% for the Belgian retail book (flat compared to 2009), 1.22% in Central and Eastern Europe (down from 1.70% for 2009) and 1.38% for Merchant Banking (up from 1.19% for 2009). As announced on 6 January 2011, an additional loan loss provision was set aside in the fourth quarter, caused by the revised scenario for the Irish economy after the financial aid package had been approved by the EU and the IMF.

Excess capital to the tune of 4.5 billion euros

- At the end of the fourth quarter, the KBC group had generated capital of roughly 4.5 billion euros in excess of the 10% tier-1 target (including the effect of all divestments for which a sale agreement has been signed to date).

Headlines of underlying performance per business unit

- The profit contribution of the Belgium Business Unit amounted to 255 million euros in 4Q 2010, up 35 million euros on the 3Q 2010 figure due primarily to higher net interest income, increased net fee and commission income, as well as higher net realised gains on AFS assets. This positive result was not offset by the rise in operating expenses.
- The profit contribution of the Central and Eastern Europe Business Unit amounted to a solid 131 million euros in 4Q 2010, 78 million euros higher than the figure for 3Q 2010, which had been adversely impacted by the booking of the bank tax for the full year in Hungary. This substantial increase in the quarterly result was thanks to the good performance of the non-life insurance business, a healthy decline in operating expenses, as well as a sharp decrease in impairment on loans and receivables.
- The profit contribution of the Merchant Banking Business Unit amounted to a negative 228 million euros in 4Q 2010, down 384 million euros on the figure for the previous quarter, due mainly to a provision of 125 million euros (after tax) being set aside for a case of irregularities at KBC Lease UK. Moreover, impairment charges for Ireland in 4Q 2010 came to 0.3 billion euros as a result of the additional one-off impairment calculated on the effect of the bail-out in that country. Finally, the dealing room results were weak, in line with our peers
- It should be noted that all planned divestments of the KBC group are not included in the respective business units, but have been grouped together in the Group Centre in order to clearly indicate the financial performance of the long-term activities and the planned divestments separately. In 4Q 2010, the Group Centre's net result came to 11 million euros, compared to 16 million euros in the previous quarter.

Divestment gains and value adjustments dominate one-off exceptional items.

- The quarter was also characterised by a number of one-off or exceptional items that were not part of the normal course of business and were therefore excluded from the underlying results. Their combined impact in 4Q 2010 amounted to a positive 0.6 billion euros.
- Apart from some smaller items, the main non-operating items in 4Q 2010 were the capital gains realised on the divestment of Secura and the Global Convertible Bond and Asian Equity Derivatives businesses of KBC Financial Products. The combined effect of these two transactions generated a capital gain of 0.2 billion euros.
- The other most important impacting factor was the valuation mark-up of the CDO exposure in the amount of 0.3 billion euros, resulting mainly from a tightening of corporate credit spreads between the end of September 2010 and the end of the year.

Full-year 2010: results per heading

Explanations per heading of the ***IFRS*** income statement for FY 2010 (see summary table on the next page):

- The net result for 2010 amounted to a positive 1 860 million euros, as opposed to a net loss of 2 466 million euros in 2009, which was heavily impacted by losses related to CDOs and shares, among other things. Excluding exceptional items, the *underlying* net result for 2010 totalled 1 710 million euros, almost equal to the figure for 2009.
- Net interest income amounted to 6 245 million euros, up 7% year-on-year. On a comparable basis, credit volumes contracted, in line with our intention to scale down our international loan book. The loan book in Belgium grew by 5%, reflecting the gradual economic recovery. Customer deposits were up by 6%, with Belgium posting 8% growth and CEE 3%. The net interest margin increased from 1.84% in 2009 to 1.92% in 2010.
- Earned insurance premiums, before reinsurance, stood at 4 616 million euros, 5% lower than in 2009. Net of technical charges and the ceded reinsurance result, technical insurance income came to 347 million euros. 2010 was characterised by a relatively high level of claims, due to factors such as flooding in Central and Eastern Europe and adverse weather conditions in Belgium. The combined ratio for the group's insurance companies came to 100.3% for the year, compared to 100.1% for 2009. There was a vast improvement in the after-tax result for the insurance business, turning a loss of 140 million euros in 2009 to a profit of 675 million euros for 2010, primarily because of good financial results.
- Net fee and commission income amounted to 1 224 million euros, up 8% year-on-year. In 2010, sales of commission-based products were higher than in 2009, which was still very much impacted by the adverse effects of the financial crisis. Assets under management grew from 205 billion euros to 209 billion euros over the year on account of positive net entry effects.
- The net result from financial instruments at fair value (trading and fair value income) came to -77 million euros, compared to -3 485 million euros a year earlier. On an underlying basis (i.e. excluding exceptional items such as value adjustments on structured credits, losses related to activities of KBC Financial Products that are being wound down, and after shifting all trading-related income items to this income statement line), trading and fair value income amounted to 855 million euros, down 9% year-on-year.
- The remaining income components were as follows: dividend income from equity investments amounted to 97 million euros (compared to 139 million euros in 2009), the net realised result from available-for-sale assets (bonds and shares) stood at 90 million euros (224 million euros a year earlier) and other net income totalled 452 million euros (427 million euros a year earlier).
- Operating expenses amounted to -4 436 million euros in 2010, 7% lower than in 2009. The cost decrease is clearly related to the strategic refocus programme where non-core activities are being wound down, as well as to the continued effects of rigorous cost control measures throughout the group. The 2010 figure included negative items such as the Hungarian bank tax and Belgian deposit guarantee scheme. The underlying cost/income ratio for banking – a measure of cost efficiency – stood at 56%, in line with last year's number.
- Impairment charges stood at -1 656 million euros, down a substantial 39% year-on-year. This decrease was most pronounced in relation to loans and receivables, where we recorded -1 483 million euros, compared to -1 901 in 2009. As a result, the annualised credit cost ratio for 2010 amounted to 0.91%, down on the figure of 1.11% for 2009. Other impairment charges totalled -173 million euros in 2010 and related mainly to available-for-sale assets (shares and bonds) and goodwill on subsidiaries and associated companies.
- Income tax amounted to 82 million euros, payable in the year under review. This figure includes a positive deferred tax asset of 0.4 billion euros booked in the second quarter of the year.
- The net post-tax result from discontinued operations amounted to a negative 254 million euros. This comprises the results and impairment related to the sale agreement for KBL EPB, which are regrouped in this single line under IFRS accounting rules (reference figures were adjusted accordingly).
- At year-end 2010, total equity came to 18.7 billion euros, an increase of 1.5 billion euros compared to the start of the year, due predominantly to the inclusion of the positive result for 2010 and to a decrease in the revaluation reserve for available-for-sale assets. The group's tier-1 capital ratio – a measure of financial strength – stood at a sound 12.6%. Including the effect of all sale agreements announced to date (such as KBL EPB), the *pro forma* tier-1 ratio amounts to approximately 13.5%.

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. Condensed statements of comprehensive income, changes in shareholders' equity, as well as several notes to the accounts are also available in the same section. In order to provide a good insight into the underlying business trends, KBC also publishes its 'underlying' results (see the following section).

It should be noted that, since the sale of KBL EPB qualifies as a discontinued operation, all results for and relating to KBL EPB have been shifted to 'Net post-tax result from discontinued operations'. All reference quarters have been adjusted accordingly.

Consolidated income statement according to IFRS, KBC Group (in millions of EUR)[1]	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Cumul. 2009	Cumul. 2010
Net interest income	1 407	1 375	1 535	1 500	1 519	1 567	1 562	1 598	5 817	6 245
Interest income	3 384	2 915	2 771	2 618	2 621	2 651	2 627	2 642	11 687	10 542
Interest expense	-1 977	-1 539	-1 237	-1 118	-1 103	-1 085	-1 065	-1 045	-5 871	-4 297
Earned premiums, insurance (before reinsurance)	1 307	1 254	1 119	1 168	1 248	1 144	1 074	1 150	4 848	4 616
Technical charges, insurance (before reinsurance)	-1 158	-1 120	-1 033	-1 101	-1 163	-1 123	-957	-1 018	-4 412	-4 261
Ceded reinsurance result	-15	-17	-2	-30	-9	50	-23	-26	-63	-8
Dividend income	22	55	26	35	15	40	21	21	139	97
Net result from financial instruments at fair value through profit or loss	-3 738	63	-170	361	-11	-721	227	429	-3 485	-77
Net realised result from available-for-sale assets	35	-2	95	95	19	30	11	29	224	90
Net fee and commission income	230	286	289	326	322	336	259	307	1 132	1 224
Fee and commission income	471	491	514	582	549	578	480	549	2 059	2 156
Fee and commission expense	-241	-206	-224	-256	-227	-242	-221	-242	-927	-932
Other net income	150	116	117	44	98	182	65	107	427	452
Total income	-1 760	2 010	1 977	2 398	2 038	1 504	2 239	2 597	4 625	8 378
Operating expenses	-1 122	-1 396	-1 171	-1 089	-1 072	-1 044	-1 130	-1 190	-4 779	-4 436
Impairment	-701	-614	-441	-969	-383	-299	-420	-555	-2 725	-1 656
on loans and receivables	-308	-578	-368	-648	-355	-278	-357	-492	-1 901	-1 483
on available-for-sale assets	-306	-11	-4	-6	-1	-16	-5	-9	-326	-31
on goodwill	-79	-33	-58	-313	-27	-1	-13	-47	-483	-88
on other	-9	8	-11	-2	0	-3	-45	-6	-14	-54
Share in results of associated companies	0	-3	2	-24	-2	-9	-5	-46	-25	-63
Result before tax	-3 584	-3	367	315	581	153	683	806	-2 904	2 224
Income tax expense	-20	302	16	-42	-164	304	-124	-97	256	-82
Net post-tax result from discontinued operations	24	27	35	15	31	-302	-7	24	101	-254
Result after tax	-3 580	326	419	288	448	155	553	733	-2 547	1 888
attributable to minority interests	20	24	-109	-16	6	6	8	8	-82	28
attributable to equity holders of the parent	**-3 600**	**302**	**528**	**304**	**442**	**149**	**545**	**724**	**-2 466**	**1 860**
Belgium	-951	533	343	579	283	131	321	453	504	1 187
Central & Eastern Europe	32	29	2	-149	99	119	76	146	-87	440
Merchant Banking	172	-12	267	-16	64	73	173	-138	411	172
Group Centre	-2 853	-248	-83	-110	-3	-174	-24	264	-3 293	62
Earnings per share, basic (EUR)[2]	-10.60	0.89	1.56	0.90	0.86	0.00	1.17	1.69	-7.26	3.72
Earnings per share, basic (EUR), before coupon[2]	-10.60	0.89	1.56	0.90	1.30	0.44	1.60	2.13	-7.26	5.48
Earnings per share, diluted (EUR)[2]	-10.60	0.89	1.56	0.90	0.86	0.00	1.17	1.69	-7.26	3.72
Earnings per share, diluted (EUR), before coupon[2]	-10.60	0.89	1.56	0.90	1.30	0.44	1.60	2.13	-7.26	5.48

1 Some income statement items have been renamed (overview in the 'Consolidated financial statements' section of the Extended quarterly report)

2 Calculation: see 'Additional information on the financial statements'.

Highlights, consolidated balance sheet and ratios, KBC Group (in millions of EUR or %)	31-03-2009	30-06-2009	30-09-2009	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Total assets	347 400	344 415	334 219	324 231	340 128	350 232	328 590	320 823
Loans and advances to customers*	154 409	158 949	156 974	153 230	153 640	157 024	149 982	150 666
Securities (equity and debt instruments)*	95 834	96 559	97 252	98 252	101 984	95 910	96 876	89 395
Deposits from customers and debt certificates*	205 110	194 141	194 748	193 464	203 367	205 108	198 825	197 870
Technical provisions, before insurance*	20 124	20 860	21 508	22 012	23 222	22 384	22 843	23 255
Liabilities under investment contracts, insurance*	6 877	6 987	7 319	7 939	7 908	6 496	6 488	6 693
Parent shareholders' equity	6 636	7 888	9 416	9 662	10 677	10 259	11 245	11 147
Non-voting core-capital securities	3 500	7 000	7 000	7 000	7 000	7 000	7 000	7 000
KBC Group ratios (based on underlying results, year-to-date)								
Return on equity				16%	-	-	-	11%
Cost/income ratio, banking				55%	-	-	-	56%
Combined ratio, non-life insurance				101%	-	-	-	100%
KBC Group solvency								
Tier-1 ratio				10.8%	-	-	-	12.6%
Core tier-1 ratio				9.2%	-	-	-	10.9%

* In accordance with IFRS 5, the assets and liabilities of a number of divestments (including KBL EPB) were moved to 'Non-current assets held for sale and assets associated with disposal groups' and 'Liabilities associated with disposal groups' in mid 2010, which slightly distorts a comparison with figures before that date.

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 full explanation of the differences between IFRS and underlying figures is provided in the ‘Consolidated financial statements’ section of the quarterly report, under ‘Notes on segment reporting’. A reconciliation table for the net result is provided below.

For reasons of simplification, and contrary to the treatment under IFRS (see previous heading), KBL EPB’s results are still reported in every relevant line item of the income statement (i.e. not moved to ‘Net post-tax result from discontinued operations’) in the underlying results.

Consolidated income statement, KBC Group, underlying (in millions of EUR)[1]	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Cumul. 2009	Cumul. 2010
Net interest income	1 353	1 344	1 391	1 410	1 344	1 394	1 406	1 459	5 497	5 603
Earned premiums, insurance (before reinsurance)	1 308	1 256	1 122	1 169	1 249	1 146	1 075	1 151	4 856	4 621
Technical charges, insurance (before reinsurance)	-1 164	-1 127	-1 039	-1 086	-1 168	-1 129	-962	-1 022	-4 416	-4 281
Ceded reinsurance result	-15	-17	-2	-30	-9	50	-23	-26	-64	-9
Dividend income	12	47	9	28	8	36	12	18	96	73
Net result from financial instruments at fair value through profit or loss	231	321	335	52	320	147	264	124	938	855
Net realised result from available-for-sale assets	51	41	95	106	24	41	6	28	293	98
Net fee and commission income	328	391	400	450	429	454	367	417	1 596	1 666
Other net income	119	98	93	34	85	68	62	-96	342	118
Total income	2 222	2 353	2 405	2 131	2 282	2 205	2 206	2 051	9 111	8 744
Operating expenses	-1 235	-1 196	-1 224	-1 231	-1 158	-1 150	-1 214	-1 311	-4 888	-4 832
Impairment	-319	-560	-367	-666	-356	-298	-361	-510	-1 913	-1 525
on loans and receivables	-307	-567	-356	-652	-355	-278	-356	-492	-1 883	-1 481
on available-for-sale assets	-3	-1	0	-11	-1	-17	-5	-10	-16	-34
on goodwill	0	0	0	0	0	0	0	0	0	0
on other	-9	8	-11	-3	0	-3	0	-7	-15	-10
Share in results of associated companies	0	-2	3	-24	-1	-9	-5	-46	-22	-61
Result before tax	667	595	816	210	767	749	626	184	2 289	2 326
Income tax expense	-181	-162	-167	3	-218	-189	-173	-7	-507	-587
Result after tax	486	433	649	213	549	559	453	177	1 782	1 739
attributable to minority interests	21	24	18	-5	6	6	8	9	58	29
attributable to equity holders of the parent	**465**	**409**	**631**	**218**	**543**	**554**	**445**	**168**	**1 724**	**1 710**
Belgium	234	276	271	268	279	298	220	255	1 050	1 051
Central & Eastern Europe	77	58	39	-13	110	112	53	131	161	406
Merchant Banking	168	-2	162	-28	85	121	156	-228	300	133
Group Centre	-13	77	158	-9	70	23	16	11	213	120
Earnings per share, basic (EUR)[2]	1.37	1.21	1.86	0.64	1.16	1.19	0.87	0.06	5.08	3.28
Earnings per share, basic (EUR), before coupon[2]	1.37	1.21	1.86	0.64	1.60	1.63	1.31	0.49	5.08	5.03
Earnings per share, diluted (EUR)[2]	1.37	1.21	1.86	0.64	1.16	1.19	0.87	0.06	5.08	3.28
Earnings per share, diluted (EUR), before coupon[2]	1.37	1.21	1.86	0.64	1.60	1.63	1.31	0.49	5.08	5.03

1 Some income statement items have been renamed (overview in the ‘Consolidated financial statements’ section of the Extended quarterly report)

2 Calculation: see ‘Additional information on the financial statements’.

Reconciliation between underlying result and result according to IFRS [1] KBC Group (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Cumul. 12M 2009	Cumul. 12M 2010
Result after tax, attributable to equity holders of the parent, UNDERLYING	465	409	631	218	543	554	445	168	1 724	1710
+ MTM of derivatives for ALM hedging	-137	206	42	-33	-94	-268	23	61	79	-278
+ gains/losses on CDOs	-3 793	996	228	719	182	-160	246	296	-1 849	564
+ MTM of CDO guarantee and commitment fee	0	-1 121	-146	-143	-50	-27	-35	9	-1 409	-103
+ value losses on AFS shares	-311	-50	4	-4	0	0	0	0	-367	0
+ (reversal of) impairment on troubled US & Icelandic banks	16	-1	42	8	13	0	0	0	65	13
+ gain on buy-back of hybrid tier-1 securities	0	0	128	0	0	0	0	0	128	0
+ impairment on goodwill (and associated companies)	-79	-28	-58	-328	-27	-1	-44	-47	-493	-119
+ loss on legacy structured derivative business (KBC FP)	0	-760	-153	-166	-101	-101	-41	-17	-1 078	-260
+ MTM of own debt issued	134	200	-330	41	-2	45	-46	56	44	53
+ Results on divestments	0	0	0	0	0	-338	-46	198	0	-186
+ other	96	63	-33	16	-62	-30	2	68	141	-22
+ taxes and minority interests related to the items above	7	388	176	-24	41	474	40	-68	549	487
Result after tax, attributable to equity holders of the parent: IFRS	-3 600	302	528	304	442	149	545	724	-2 466	1860

1 A breakdown of this reconciliation table per business unit is provided in the ‘Underlying results per business unit’ section of the Extended quarterly report.

Other information

Strategy highlights and main events

- KBC posted a strong result in 2010, thus resuming profitability after the results of the previous two years had been negatively impacted by the financial crisis. Pre-impairment underlying income is comparable to the levels recorded in the years before the financial crisis, which reassures us that our underlying business strategy is working.
- In the fourth quarter of 2010, we continued to implement our strategic refocusing plan. The divestment of Secura, which was sold to QBE, and of the Global Convertible Bond and Asian Equity Derivatives businesses of KBC Financial Products, which was sold to Daiwa, have been closed in the last quarter of 2010, generating a capital gain of 0.2 billion euros. Evenly so the divestment of KBC Peel Hunt, KBC Asset Management Ltd in Ireland, the Life Settlement Portfolio of KBC Financial Products and KBC Business Capital have all seen their closing in the last quarter of 2010.Closure of the remaining files is expected to follow in the months to come. The reduction in (risk-weighted) assets continued in the fourth quarter (primarily in the activities at KBC Financial Products) and also went according to plan. A number of companies are still scheduled for divestment as part of the planned reduction in the international loan portfolio. Preparations to float a minority stake in our Czech banking subsidiary are on track and we are on stand-by to launch the IPO programme once optimal conditions have been identified for a successful transaction. The sales process for our Belgian supplementary sales channels (Centea and Fidea) is ongoing, and proceeding according to plan.
- As stated on previous occasions, KBC intends to redeem the core capital securities issued to the State largely by retaining earnings and releasing capital currently tied up in non-core assets that are earmarked for divestment or run-off. KBC also intends to maintain a regulatory tier-1 capital ratio of 10%, of which 8% is core capital, according to the Basel II banking capital adequacy rules.
- On account of the changing economic situation in Ireland after the financial aid package was given the green light by the EU and IMF, KBC has decided to take additional impairment charges for its Irish operations. Taking account of the current economic scenario and the revised model for our loan book, fourth-quarter loan impairment provisions for Ireland amounted to approximately 0.3 billion euros (net), bringing the total to 0.5 billion euros for 2010.
- During the fourth quarter, internal controls at KBC Lease UK identified irregularities in some of the contracts between that KBC entity and third parties. The maximum net (potential) amount of the irregularities has been estimated at 125 million euros. A provision for this upper boundary amount has been set aside. KBC has taken certain preventive legal measures it deems necessary to protect its interests and to recover as much of this amount as possible. It has also filed an insurance claim aimed at recovering the amount at risk.
- Concerns continued during the fourth quarter about financial institutions' exposure to certain government bonds. In this respect, it is worth mentioning that following a further reduction in both the banking and trading book, KBC's exposure to Greek sovereign bonds had dropped to 0.6 billion euros as at 31 December 2010. More information on KBC's sovereign bond exposure to a selection of Southern European countries and Ireland is provided in the 'Consolidated financial statements' section of the quarterly report.
- At the next Annual General Meeting (AGM) to be held on 28 April 2011, it will be proposed to shareholders that a dividend of 0.75 euros per share (before taxes) be paid for financial year 2010 (subject to AGM approval).

Statement of risk

- Mainly active in banking, insurance and asset management, KBC is exposed to a number of typical risks such as – but not exclusively – credit default risk, movements in interest rates, capital markets risk, currency risk, liquidity risk, insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations, customer litigation, 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 could 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.

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.

- In 2010, changes in the scope of consolidation had only a limited impact on the income statement or on the balance sheet, apart from some realised gains on divestments (Secura, KBC's Global Convertible Bond and Asian Equity Derivatives businesses). No changes were made to the valuation rules that had a material net impact on earnings.
- In 2010, the value of local currencies in KBC's Central and Eastern European markets appreciated by (a weighted average of) 4% against the euro, compared to 2009. In 4Q 2010, the comparable figure was up 1% on the 3Q 2010 level and up 3% on the 4Q 2009 level. Significant changes in these exchange rates evidently impact the result components of the Central & Eastern Europe Business Unit.
- *Parent shareholders' equity per share* at 31 December 2010 (32.8 euros) was calculated on the basis of 339.77 million shares (for this calculation, the number of treasury shares held (18.17 million) was deducted from the number of ordinary shares outstanding (357.94 million).
- *Earnings per share* for 2010 (3.72 euros) was calculated on the basis of 339.74 million shares (average number during the period), while *diluted earnings per share* (also 3.72 euros) was calculated on the basis of 339.74 million shares (also period 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 was added (virtually immaterial in 2010). Under IAS 33, the conversion option held on a portion of the non-voting core-capital securities issued to the Belgian State and the share underwriting commitment by the State linked to the CDO guarantee scheme do not have any impact. Note: the coupon that will be paid on the core-capital securities sold to the Belgian State and Flemish Region, is deducted from earnings (*pro rata*) in the EPS calculation.
- As usual, KBC has made additional risk disclosures on the composition of its loan book and its structured credit exposure as at the end of the quarter under review (available in the English version of the extended quarterly report at www.kbc.com/ir). The financial calendar, including the dates of earnings releases as well as analysts and investor meetings, is available at www.kbc.com.

Financial calendar for 2011

2010 Annual Report available as of	8 April 2011
2010 Risk Report available as of	8 April 2011
Annual General Meeting	28 April 2011
Ex-dividend date	3 May 2011
Payment date	6 May 2011
KBC Group – Publication of 1Q 2011 results	12 May 2011
KBC Group – Publication of 2Q 2011 results	9 August 2011
KBC Group – Publication of 3Q 2011 results	10 November 2011
KBC Group – Publication of 4Q 2011 results	9 February 2012

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 2010

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

Analysis of total income (underlying figures)

Total income, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	1 353	1 344	1 391	1 410	1 344	1 394	1 406	1 459
Earned premiums, insurance (before reinsurance)	1 308	1 256	1 122	1 169	1 249	1 146	1 075	1 151
Non-life	479	477	495	475	489	480	495	451
Life	830	780	627	694	760	666	580	699
Technical charges, insurance (before reinsurance)	-1 164	-1 127	-1 039	-1 086	-1 168	-1 129	-962	-1 022
Non-life	-297	-290	-323	-315	-330	-378	-307	-234
Life	-867	-837	-716	-771	-838	-751	-655	-788
Ceded reinsurance result	-15	-17	-2	-30	-9	50	-23	-26
Dividend income	12	47	9	28	8	36	12	18
Net result from financial instruments at fair value through profit or loss	231	321	335	52	320	147	264	124
Net realised result from available-for-sale assets	51	41	95	106	24	41	6	28
Net fee and commission income	328	391	400	450	429	454	367	417
Banking	448	486	503	546	542	547	470	510
Insurance	-120	-95	-103	-96	-113	-93	-104	-93
Other net income	119	98	93	34	85	68	62	-96
Total income	2 222	2 353	2 405	2 131	2 282	2 205	2 206	2051
Belgium	788	827	823	824	818	864	768	868
Central & Eastern Europe	639	579	604	630	657	655	679	704
Merchant Banking	480	516	498	286	482	361	495	202
Group Centre	314	432	479	391	325	324	263	277

Net interest income in the quarter under review amounted to 1 459 million, a 4% increase both the year-on-year and quarter-on-quarter figures. There was quarter-on-quarter growth in every business unit, except for the Group Centre. The overall net interest margin was sharply up in the quarter under review, leading to a year-to-date figure of 1.92%, up 8 basis points on the level recorded in FY 2009. On a comparable basis, the group's loan portfolio was virtually flat compared to three months ago, and down 2% compared to a year ago, which is clearly related to the continued run-down of the international loan book and in line with the strategy to refocus on the home markets. This translates into a 13% year-on-year drop in the Merchant Banking loan book. On the other hand, the retail loan book continued to increase in Belgium (up by as much as 5% year-on-year, of which 1% in the quarter under review), whereas loans stabilised quarter-on-quarter and decreased 3% year-on-year in CEE, with the largest relative decrease in Hungary. For the group as a whole and again on a comparable basis, deposit volumes were flat quarter-on-quarter but grew by 6% year-on-year.

Earned insurance premiums amounted to 1 151 million in 4Q 2010, which breaks down into 699 million for life insurance and 451 million for non-life insurance. Non-life premium income decreased 9% compared to the previous quarter (due entirely to Belgium), and decreased 5% year-on-year. Both effects can be explained by the sale of Secura. Non-life technical charges were sharply down on the previous quarter, which was negatively impacted by floods, especially in Central and Eastern Europe. Hence, the non-life combined ratio sharply improved in 4Q 2010 to 98% (103% in 3Q 2010). The non-life combined ratio for full-year 2010 remained flat year-on-year at 100%, with the favourable 95% for the Belgian activities being offset by a high 108% for CEE.
Earned premiums for *life* insurance under IFRS exclude certain types of life insurance contracts (i.e. the unit-linked contracts). When these contracts are included, total life insurance sales amounted to some 1.1 billion in the quarter under review, with interest-guaranteed products accounting for somewhat less than two-thirds of life sales and the remainder by unit-linked products. Life insurance sales in 4Q 2010 were up on the previous quarter thanks to commercial efforts and the extra contributions (traditionally) made for pension savings in December.

After a traditionally weak 3Q 2010 (due to the summer slowdown and low risk appetite), net fee and commission income recovered to 417 million in 4Q 2010. The fourth quarter benefited from the demand for unit-linked insurance products (the introduction of a new product 'Safe4Life' in 4Q 2010). At the end of FY 2010, total assets under management of the group stood at 209 billion, or some 160 billion excluding the assets of KBL EPB (for which a sale agreement has been signed).

The other income components were as follows. Dividend income amounted to 18 million. Trading and fair value income (booked under 'Net result from financial instruments at fair value') amounted to just 124 million, down on the previous quarter due to the weak income generated by the Brussels' dealing room, after a good third quarter. The realised result on available-for-sale assets stood at 28 million, up on the level of the previous quarter, as 4Q 2010 includes, *inter alia*, 40 million in gains realised on shares at KBC Insurance in Belgium, 7 million in gains on the sale of certain Belgian government bonds, partly offset by losses on the sale of some Greek and Czech government bonds. Other net income amounted to -96 million, sharply down on the level recorded in previous quarters, as the one-off impact due to 'irregularities' at KBC Lease UK was booked on this income statement line.

As usual, the underlying figures exclude a number of non-operating items. These comprise, *inter alia*, the fair value changes in ALM hedging instruments, the CDO-related impact, fair value changes in own debt instruments, and losses related to certain investment banking activities that are being run down. A full overview of these items is provided in the table 'Reconciliation between underlying result and result according to IFRS' in the first part of this report, while the impact for each business unit is summarised separately in the following sections of this report.

Analysis of costs and impairment (underlying figures)

Operating expenses, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Staff expenses	-691	-695	-721	-755	-691	-674	-697	-745
General administrative expenses	-448	-404	-399	-376	-371	-382	-422	-468
Depreciation and amortisation of fixed assets	-96	-98	-105	-100	-96	-94	-95	-97
Operating expenses	-1 235	-1 196	-1 224	-1 231	-1 158	-1 150	-1 214	-1 311
Belgium	-433	-418	-417	-432	-407	-394	-414	-488
Central & Eastern Europe	-365	-347	-362	-402	-347	-357	-425	-404
Merchant Banking	-143	-144	-175	-131	-140	-137	-142	-157
Group Centre	-294	-288	-270	-266	-264	-263	-233	-262

In the quarter under review, operating expenses stood at 1 311 million. Even after excluding the negative impact of a booking related to the Belgian deposit guarantee scheme, costs in 4Q 2010 increased quarter-on-quarter due in part to some year-end effects, such as higher marketing, communication and ICT expenses, certain restructuring charges and variable remuneration. Per business unit and quarter-on-quarter, costs increased by 18% in the Belgium Business Unit (due primarily to the booking related to the deposit guarantee scheme and restructuring charges), decreased by 5% in the CEE Business Unit (as the full Hungarian bank tax was included in 3Q 2010) and increased by 11% in the Merchant Banking Business Unit (timing differences). We also noticed a significant increase in costs at KBL in 4Q 2010, due mainly to a provision for staff-related restructuring charges. However, it should be noted that for full-year 2010, group operating expenses remained well under control and even fell by 1% year-on-year.

As a result, the cost/income ratio (expenses versus total income) of the group's banking activities stood at 56% for FY 2010 (55% for FY 2009). The FY 2010 cost/income ratio breaks down per business unit as follows: 55% for Belgium, 54% for CEE, 37% for Merchant Banking, the remainder being accounted for by the Group Centre. The non-life insurance cost ratio (net costs/net written premiums) stood at 32% in FY 2010 (in line with FY 2009) and breaks down into 29% for the Belgium Business Unit and 36% for CEE.

Impairment, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Impairment on loans and receivables	-307	-567	-356	-652	-355	-278	-356	-492
Impairment on available-for-sale assets	-3	-1	0	-11	-1	-17	-5	-10
Impairment on goodwill	0	0	0	0	0	0	0	0
Impairment on other	-9	8	-11	-3	0	-3	0	-7
Impairment	-319	-560	-367	-666	-356	-298	-361	-510
Belgium	-18	-19	-10	-29	-3	-39	-27	-35
Central & Eastern Europe	-133	-133	-156	-218	-111	-117	-143	-93
Merchant Banking	-102	-330	-126	-256	-219	-91	-130	-355
Group Centre	-66	-78	-75	-164	-22	-51	-61	-27

In 4Q 2010, impairment *on loans and receivables* (loan loss provisions) stood at 492 million, 137 million higher than the previous quarter, due entirely to higher impairment charges for KBC Bank Ireland in the Merchant Banking Business Unit. In Central and Eastern Europe, loan losses amounted to only 85 million, down 58 million on the previous quarter, with the decrease being largely attributable to Hungary and the Czech Republic. In Merchant Banking, loan losses increased by 218 million in the quarter under review, thanks entirely to higher loan losses in Ireland. On the other hand, as was the case in previous quarters, loan losses in the Belgian retail loan book remained very low (33 million in the current quarter). This has led to an annualised credit cost ratio for the whole group of 91 basis points for FY 2010, which is still an improvement on the 111 basis points recorded in FY 2009. The FY 2010 credit cost ratio breaks down as follows: 15 basis points for the Belgium Business Unit (exactly the same as in FY 2009), 122 basis points for the CEE Business Unit (down on the 170 basis points registered in FY 2009) and 138 basis points for the Merchant Banking Business Unit (up on the 119 basis points in FY 2009). At the end of 2010, non-performing loans accounted for 4.1% of the total loan book, compared to 4.0% three months earlier and 3.4% at the start of the year (non-performing loans traditionally follow the economic cycle with a time lag).
Impairment on *other assets* in the quarter under review was limited to 18 million and related largely to *available-for-sale assets,* mainly shares. It should be noted however that impairment on *goodwill* booked on group companies and associated companies is always excluded from the underlying results, and hence it is zero in the table above.

Analysis of other earnings components (underlying figures)

Other components of the result, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Share in result of associated companies	0	-2	3	-24	-1	-9	-5	-46
Income tax expense	-181	-162	-167	3	-218	-189	-173	-7
Minority interests in profit after tax	21	24	18	-5	6	6	8	9

The share in the results of associated companies stood at -46 million in the quarter under review and, as usual, mainly include the result of KBC's minority participation in NLB in Slovenia. Underlying group tax amounted to -7 million in 4Q 2010, well down on the previous quarter, due mainly to the fact that a low marginal tax rate is applicable on the negative result of KBC Bank Ireland and the fact that deferred taxes on the provision for irregularities at KBC Lease UK are capped.

Underlying results per business unit

KBC Group, 4Q 2010

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

In order to create more transparency and to avoid substantial quarter-on-quarter distortion in the results of the business units upon each divestment, all (underlying) results of the companies that are earmarked for divestment are grouped together in the Group Centre. The results of the other business units (Belgium, Central & Eastern Europe (CEE) and Merchant Banking) therefore exclude these companies. The former European Private Banking Business Unit is not presented as a separate business unit anymore, since a sale agreement has already been signed (so included in the Group Centre figures until finalisation of the sale). All reference quarters have been adjusted for comparison purposes.

Belgium Business Unit (underlying trend)

The Belgium Business Unit encompasses the retail bancassurance activities in Belgium. 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, and the activities of a number of subsidiaries (primarily CBC Banque, ADD, Secura (sold) and Assurisk). It should be noted that the entities that, according to the new strategic plan, are earmarked for divestment (Centea and Fidea) are not included here, but grouped together in the Group Centre.

Income statement, Belgium Business Unit, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	516	522	544	563	550	562	553	577
Earned premiums, insurance (before reinsurance)	957	891	726	741	839	721	631	694
Technical charges, insurance (before reinsurance)	-902	-840	-710	-754	-823	-721	-608	-699
Ceded reinsurance result	-12	-8	-5	-19	-4	10	-12	-5
Dividend income	10	28	1	24	5	25	8	13
Net result from financial instruments at fair value through profit or loss	15	15	23	16	21	25	9	6
Net realised result from available-for-sale assets	34	18	40	46	2	13	-5	42
Net fee and commission income	128	165	160	200	193	207	170	201
Other net income	42	37	44	7	35	23	24	38
Total income	788	827	823	824	818	864	768	868
Operating expenses	-433	-418	-417	-432	-407	-394	-414	-488
Impairment	-18	-19	-10	-29	-3	-39	-27	-35
on loans and receivables	-18	-18	-10	-28	-2	-25	-21	-33
on available-for-sale assets	0	-1	0	0	-1	-13	-7	-2
on goodwill	0	0	0	0	0	0	0	0
on other	0	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0	0
Result before tax	337	391	397	364	408	432	327	346
Income tax expense	-101	-113	-125	-94	-127	-133	-106	-91
Result after tax	235	277	272	270	280	299	222	255
attributable to minority interests	1	1	1	2	2	1	1	0
attributable to equity holders of the parent	**234**	**276**	**271**	**268**	**279**	**298**	**220**	**255**
banking	126	153	195	193	197	221	156	151
insurance	108	123	76	76	81	77	64	103
Risk-weighted assets, group (end of period, Basel II)	29 521	29 816	29 145	28 542	29 038	28 609	28 358	28744
of which banking	19 846	19 767	18 873	18 260	18 293	17 699	17 288	17669
Allocated equity (end of period, Basel II)	2 775	2 812	2 766	2 709	2 771	2 741	2 726	2751
Return on allocated equity (ROAC, Basel II)	33%	37%	36%	37%	39%	42%	30%	35%
Cost/income ratio, banking	65%	58%	53%	53%	53%	48%	57%	62%
Combined ratio, non-life insurance	83%	91%	90%	117%	90%	96%	96%	103%

These underlying figures exclude exceptional items. A table reconciling the underlying result and the result according to IFRS is provided below.

Reconciliation between underlying result and result according to IFRS Belgium Business Unit, in millions of EUR	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Result after tax, attributable to equity holders of the parent: underlying	234	276	271	268	279	298	220	255
+ MTM of derivatives for ALM hedging	-92	155	47	14	-47	-188	2	17
+ gains/losses on CDOs	-950	199	33	352	39	-42	108	104
+ MTM of CDO guarantee and commitment fee	0	-198	-25	-23	-8	-4	-6	1
+ value losses on AFS shares	-233	-37	2	-1	0	0	0	0
+ impairment on troubled US & Icelandic banks	0	0	0	0	0	0	0	0
+ gain on buy-back of hybrid tier-1 securities	0	0	22	0	0	0	0	0
+ impairment on goodwill	0	0	0	-3	0	0	0	-6
+ result on divestments	0	0	0	0	0	0	-1	78
+ other	53	50	0	0	0	15	0	0
+ taxes and minority interests related to the items above	35	87	-7	-28	20	53	-3	3
Result after tax, attributable to equity holders of the parent : IFRS	-951	533	343	579	283	131	321	453

In the quarter under review, the Belgium Business Unit generated an underlying profit of 255 million, up 16% on the 3Q 2010 result and down 5% on the 4Q 2009 result, primarily on account of the Belgian deposit guarantee scheme.

Net interest margin up quarter-on-quarter, retail credit volume up 5% year-on-year
Net interest income stood at 577 million in the quarter under review, up (+4%) on the level recorded in the previous quarter and up (+3%) compared to the year-earlier quarter. The net interest margin of the Belgium Business Unit stood at 1.44% in the quarter under review, up 1 basis point on the previous quarter. The negative impact of generally lower reinvestment yields was more than offset by the positive impact of the 25 basis-point reduction in the fidelity premium on saving accounts. The group's strategic refocus on its home markets is reflected in credit volumes: while the group's total loan portfolio decreased some 2% year-on-year, the Belgian retail loan book increased by 5% (of which 1% in 4Q 2010). Retail customers' deposits increased by 3% quarter-on-quarter and by as much as 8% year-on-year. In 4Q 2010, term deposits rose sharply.

Combined ratio for non-life stabilised at 95% for FY 2010; life insurance sales increased sharply in 4Q 2010
Earned insurance premiums in the quarter under review amounted to 694 million and break down into 481 million for life insurance and 214 million for non-life insurance. The latter decreased by 19% and 15% compared to the previous quarter and a year earlier, partly due to the sale of Secura during 4Q 2010. The combined ratio in 4Q 2010 included higher normal claims following bad weather conditions. The combined ratio stabilised year-on-year at an excellent 95% for FY 2010.

Life sales, including unit-linked products (which – simplified – are not included in the premium figures under IFRS) amounted to 736 million in 4Q 2010, with interest-guaranteed products accounting for almost two-thirds of these sales, the remainder obviously relating to unit-linked insurance. Overall, life sales sharply increased (up 54% on the figure for the previous quarter) thanks to commercial efforts, the expectation of a decrease in the guaranteed interest rate in Belgium (from 2.50% to 2.25%, which materialised at the end of November 2010) and the extra contributions (traditionally) made for pension savings in December. At the end of 2010, the life reserves of this business unit amounted to 22 billion, a 3% increase on the figure of three months earlier.

Recovery of fee and commission income in the quarter under review
Total net fee and commission income amounted to 201 million in the quarter under review. Net fee and commission income *from banking activities* (238 million) increased by a significant 10% quarter-on-quarter, thanks to, *inter alia*, traditionally increased marketing of mutual fund products and the slightly higher risk appetite among customers for (fee-generating) investment products. Commissions related to the insurance activities (-37 million, mainly commissions *paid to insurance agents)* were sharply down on the previous quarter and a year earlier (-20% and -14%, respectively), which was partly related to the sale of Secura.

Other income components
Trading and fair value income (recorded under 'Net result from financial instruments at fair value') came to 6 million in the quarter under review. As already explained, these underlying figures exclude some exceptional items (see table). Dividend income stood at 13 million. The realised result on available-for-sale assets amounted to 42 million in 4Q 2010, and included, *inter alia*, 40 million in gains realised on shares at KBC Insurance in Belgium, 7 million in gains on the sale of some Belgian government bonds, partly offset by 5 million in losses on the sale of some Greek government bonds. Other net income came to 38 million, higher than the average for the last four quarters, thanks in part to the sale of buildings and agricultural land.

Both the cost/income ratio and credit cost ratio remain at a comfortable level for FY 2010
The operating expenses of the Belgium Business Unit stood at 488 million in the quarter under review. Even after excluding the negative impact of a booking related to the Belgian deposit guarantee scheme (-30 million), costs in 4Q 2010 increased quarter-on-quarter due in part to some typical year-end effects, such as higher marketing, communication and ICT expenses, certain restructuring charges and variable remuneration. Nevertheless, this led to a comfortable cost/income ratio of 55% for the Belgian banking activities in FY 2010, a further improvement on the 57% registered for FY 2009.
As was the case in the previous quarters, loan loss impairment on the Belgian retail loan book remained at a low level (33 million in the quarter under review). This resulted in a favourable credit cost ratio of 15 basis points, fully in line with the level recorded in FY 2009. At the end of 2010, around 1.5% of the Belgian retail loan book was non-performing, unchanged on the figure recorded at the beginning of the year. Other impairment charges were limited to 2 million in the quarter under review and related to available-for-sale assets.

CEE Business Unit (underlying trend)

The CEE Business Unit encompasses the banking and insurance activities in the Czech Republic (ČSOB Bank and ČSOB Insurance), Slovakia (ČSOB Bank and ČSOB Insurance), Hungary (K&H Bank and K&H Insurance), Poland (Kredyt Bank and WARTA Insurance) and Bulgaria (CIBank and DZI Insurance). Absolut Bank in Russia, KBC Banka in Serbia, NLB and NLB Vita in Slovenia and Żagiel (consumer finance) in Poland are not included here, but grouped together in the Group Centre, since they are earmarked for divestment. The same applies to the minority stake in ČSOB (Czech Republic) that is to be listed according to the strategic plan.

Income statement, CEE Business Unit, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	398	399	419	440	447	454	467	487
Earned premiums, insurance (before reinsurance)	254	265	280	284	303	358	354	345
Technical charges, insurance (before reinsurance)	-163	-178	-214	-193	-228	-338	-267	-221
Ceded reinsurance result	-4	-7	0	-14	-10	33	-8	-23
Dividend income	0	7	1	0	0	2	0	0
Net result from financial instruments at fair value through profit or loss	47	-14	12	18	45	37	49	52
Net realised result from available-for-sale assets	6	2	4	6	10	14	8	-12
Net fee and commission income	60	76	79	81	76	71	64	72
Other net income	42	30	24	8	14	25	11	4
Total income	639	579	604	630	657	655	679	704
Operating expenses	-365	-347	-362	-402	-347	-357	-425	-404
Impairment	-133	-133	-156	-218	-111	-117	-143	-93
on loans and receivables	-125	-141	-146	-218	-111	-114	-142	-85
on available-for-sale assets	0	0	0	0	0	0	0	0
on goodwill	0	0	0	0	0	0	0	0
on other	-8	8	-11	0	0	-3	0	-9
Share in results of associated companies	1	0	0	0	0	0	0	0
Result before tax	141	99	86	10	200	182	111	208
Income tax expense	-19	-3	-8	-5	-33	-17	-10	-26
Result after tax	122	95	78	5	167	165	101	182
attributable to minority interests	45	37	39	19	57	54	48	51
attributable to equity holders of the parent	**77**	**58**	**39**	**-13**	**110**	**112**	**53**	**131**
Banking	41	38	37	-23	103	116	48	109
Insurance	36	20	3	10	7	-4	5	22
Risk-weighted assets, group (end of period, Basel II)	35 795	35 212	34 358	34 112	34 425	33 363	33 383	33288
of which banking	32 978	32 554	31 760	31 430	31 900	30 840	30 793	30648
Allocated equity (end of period, Basel II)	3 033	2 976	2 905	2 890	2 906	2 820	2 826	2821
Return on allocated equity (ROAC, Basel II)	13%	10%	8%	-3%	19%	19%	10%	22%
Cost/income ratio, banking	57%	59%	57%	62%	50%	50%	60%	56%
Combined ratio, non-life insurance	112%	102%	111%	104%	110%	117%	110%	95%

These underlying figures exclude exceptional items. A table reconciling the underlying result and the result according to IFRS is provided below.

Reconciliation between underlying result and result according to IFRS CEE Business Unit (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Result after tax, attributable to equity holders of the parent: underlying	77	58	39	-13	110	112	53	131
+ MTM of derivatives for ALM hedging	-11	23	-6	-27	-23	-35	43	29
+ gains/losses on CDOs	0	-30	-23	40	8	25	-2	-1
+ MTM of CDO guarantee and commitment fee	0	0	0	0	0	0	0	0
+ value losses on AFS shares	-14	0	-1	-2	0	0	0	0
+ impairment on troubled US & Icelandic banks	16	0	1	1	0	0	0	0
+ gain on buy-back of hybrid tier-1 securities	0	0	36	0	0	0	0	0
+ impairment on goodwill	-71	-11	-46	-134	0	0	0	-3
+ other	28	0	0	-7	0	0	0	0
+ taxes and minority interests related to the items above	6	-11	1	-5	3	18	-17	-10
Result after tax, attributable to equity holders of the parent: IFRS	32	29	2	-149	99	119	76	146

The change in the average exchange rate against the euro of the main currencies in the region compared to both reference quarters is provided in the table. In order not to distort the comparison, the 'organic' growth figures mentioned below exclude this impact of changes in exchange rates.

CEE average exchange rate changes +: appreciation against the euro -: depreciation against the euro	CZK (Czech Rep.)	HUF (Hungary)	PLN (Poland)	BGN (Bulgaria)	Weighted average
4Q 2010 / 3Q 2010	0.6%	2.6%	0.5%	0%	1%
4Q 2010 / 4Q 2009	5.5%	-1.9%	4.3%	0%	3%

Slovakia already uses the euro. The weighted average is based on the respective share in risk-weighted assets of each country.

In the quarter under review, the CEE Business Unit generated an underlying net result of 131 million, the highest level since 3Q 2008. The CEE Business Unit's net profit for 4Q 2010 breaks down as follows: 79 million for the Czech Republic (it is important to repeat that part of ČSOB Bank's result – related to the planned IPO of a minority participation – has been shifted to the Group Centre[1]), 13 million for Slovakia, 41 million for Hungary, 21 million for Poland, 3 million for Bulgaria and -26 million included under 'other results' (largely the funding cost of goodwill).

Net interest income at its highest level ever

Net interest income generated in KBC's CEE network amounted to 487 million in the quarter under review, its highest level ever. On an organic basis, this is a 4% increase on the previous quarter, and 7% more than the year-earlier quarter (in the Czech Republic, for instance, deposits were reinvested at higher margins). The average net interest margin stood at 3.32% in the quarter under review, up 11 basis points on the previous quarter. The combined loan book of KBC's five core Central & Eastern European countries stabilised in the quarter under review. Year-on-year, the loan book fell 3%, with Hungary showing the largest relative decrease (-11%). Deposits in the region increased by 1% in the quarter under review and by 3% compared to a year ago (thanks mainly to increased retail savings in Poland). As usual, the business unit's deposits continued to largely surpass its loan books, leading again to a favourable loan-to-deposit ratio (77%) as at the end of FY 2010.

Decrease in life sales; still high combined ratio in non-life

Earned insurance premiums amounted to 345 million, which breaks down into 139 million for life insurance and 206 million for non-life insurance. On an organic basis, non-life premium income increased by 1% compared with the previous quarter (thanks mainly to increased sales in Poland and Bulgaria) and by 5% year-on-year. The combined ratio for the region as a whole sharply improved to 95% in the quarter under review, following an unfavourable 3Q 2010 that had been impacted by floods and storms. As a result, the FY 2010 combined ratio now stands at 108%. In the Czech Republic, the FY 2010 ratio still remains 4 percentage points below 100%; in all other countries, the ratio surpasses 100% (106% for Slovakia, 111% for Hungary, 111% for Poland and 109% for Bulgaria).

Life sales, including unit-linked products (which are not included in the premium figures under IFRS) amounted to 259 million in the quarter under review. Interest-guaranteed products accounted for 70% of these sales, with unit-linked products accounting for the remaining 30%. Overall, life sales were up 11% on their 3Q 2010 level and up 14% on the 4Q 2009 level, largely on account of the increase in interest-guaranteed products, notably in Poland. At the end of 2010, the outstanding life reserves in this business unit stood at 2 billion.

Other income components

Net fee and commission income amounted to 72 million in the quarter under review. This constitutes a significant organic increase of 11% on the previous quarter, mainly driven by banking activities (in all major banking entities), besides the small decrease in commissions paid in the insurance business. Trading and fair value income (recorded under 'Net result from financial instruments at fair value') came to 52 million, up on the 37-million average for the last four quarters (as already explained, these underlying figures do not include CDO-related items and other non-operating items – see table). The net realised result from available-for-sale assets stood at -12 million and other net income came to 4 million in the quarter under review, both down on the quarterly average.

Expenses flat year-on-year; loan losses decreased sharply in the quarter under review

The operating expenses of this business unit (404 million) fell by 6% compared to the previous quarter and by 2% year-on-year on an organic basis. Most of the quarter-on-quarter decrease can be explained by the booking of a 57 million (pre-tax) cost related to the new bank tax in Hungary (full-year amount was entirely booked in 3Q 2010), partly offset by somewhat higher costs (i.e. staff, marketing, ICT expenses) at CSOB Bank CZ and Kredyt Bank. The cost/income ratio for the CEE banking activities consequently went down to 56% in the quarter under review. The cost/income ratio for the CEE banking activities was at an excellent 54% in FY 2010, substantially lower than the 59% recorded in FY 2009.

In the quarter under review, impairment on loans and receivables (loan losses) stood at only 85 million, which is substantially lower than the level in 3Q 2010 (142 million), with most of this decrease being attributable to Hungary and the Czech Republic. This resulted in an annualised credit cost ratio of 122 basis points for FY 2010, a higher-than-expected improvement on the 170 basis points recorded in FY 2009. The credit cost ratio for FY 2010 breaks down into 75 basis points for the Czech Republic, 96 basis points for Slovakia, 198 basis points for Hungary, 145 basis points for Poland and

1 The minority participation (a working assumption of 40% has been used) in ČSOB that will be floated has been removed from 'Result after tax attributable to equity holders of the parent' (and moved to 'Result after tax, attributable to minority interests').

200 basis points for Bulgaria. At the end of 2010, non-performing loans accounted for some 5.6% of the CEE loan book, the same level registered three months earlier.
As was the case last quarter, there was no other significant impairment on available-for-sale assets and on goodwill in the quarter under review. An impairment of 9 million was booked on other assets.

Breakdown per country
The underlying income statements for the Czech Republic, Slovakia, Hungary, Poland and Bulgaria are given below. The 'CEE funding costs and other results' section includes mainly the funding cost of goodwill paid on the companies belonging to this business unit and some operating expenses related to CEE at KBC group's head office.

Income statement, Czech Republic, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	220	226	229	245	240	250	257	276
Earned premiums, insurance (before reinsurance)	65	67	71	73	91	121	88	102
Technical charges, insurance (before reinsurance)	-25	-46	-50	-41	-67	-96	-67	-74
Ceded reinsurance result	-2	-2	0	-3	-4	-4	-1	-3
Dividend income	0	7	1	0	0	1	0	0
Net result from financial instruments at fair value through profit or loss	0	6	17	4	21	6	8	19
Net realised result from available-for-sale assets	5	0	0	4	3	7	5	-11
Net fee and commission income	51	56	57	48	46	47	42	42
Other net income	11	12	9	-4	7	7	-1	0
Total income	326	326	334	326	337	341	331	350
Operating expenses	-136	-148	-146	-153	-134	-145	-154	-170
Impairment	-32	-65	-62	-54	-31	-38	-46	-31
Of which on loans and receivables	-31	-65	-52	-54	-31	-36	-46	-25
Of which 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
Result before tax	158	112	125	119	171	158	131	148
Income tax expense	-25	-15	-18	-31	-26	-16	-11	-22
Result after tax	133	97	108	88	146	142	120	127
attributable to minority interests	47	35	39	29	54	53	46	48
attributable to equity holders of the parent	**86**	**62**	**69**	**59**	**92**	**89**	**74**	**79**
banking	69	51	60	44	81	79	69	72
insurance	17	12	9	15	11	10	5	8
Risk-weighted assets, group (end of period, Basel II)	14 628	14 926	14 726	14 689	14 833	14 001	13 582	13496
of which banking	13 872	14 156	13 948	13 945	14 060	13 229	12 790	12707
Allocated equity (end of period, Basel II)	1 216	1 240	1 225	1 220	1 233	1 166	1 134	1127
Return on allocated equity (ROAC, Basel II)	39%	26%	29%	22%	41%	41%	34%	38%
Cost/income ratio, banking	43%	45%	44%	48%	40%	42%	46%	48%
Combined ratio, non-life insurance	92%	100%	95%	84%	92%	98%	103%	92%

Income statement, Slovakia, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	47	54	58	56	51	52	54	53
Earned premiums, insurance (before reinsurance)	19	17	19	19	21	19	18	20
Technical charges, insurance (before reinsurance)	-13	-11	-14	-15	-15	-21	-9	-14
Ceded reinsurance result	0	0	1	0	0	6	-4	0
Dividend income	0	0	0	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	-4	-8	0	3	7	2	5	2
Net realised result from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	7	6	6	8	8	8	7	9
Other net income	2	5	2	1	1	0	2	-1
Total income	57	63	71	72	71	66	74	68
Operating expenses	-43	-43	-44	-50	-39	-41	-39	-40
Impairment	-14	-17	-21	-21	-16	-13	-12	-11
Of which on loans and receivables	-13	-17	-20	-22	-17	-13	-12	-11
Of which 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
Result before tax	1	2	6	1	16	11	23	17
Income tax expense	0	2	-2	2	-3	-4	-5	-4
Result after tax	1	4	5	3	13	7	18	13
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	**1**	**4**	**5**	**3**	**13**	**7**	**18**	**13**
banking	0	2	3	2	11	6	17	11
insurance	1	3	2	1	2	1	2	2
Risk-weighted assets, group (end of period, Basel II)	4 415	4 386	4 217	4 125	4 056	4 133	4 139	4142
of which banking	4 278	4 247	4 077	3 989	3 913	3 983	3 986	3976
Allocated equity (end of period, Basel II)	361	359	346	338	333	340	340	341
Return on allocated equity (ROAC, Basel II)	-3%	1%	1%	-1%	11%	4%	17%	10%
Cost/income ratio, banking	74%	71%	63%	68%	55%	62%	52%	58%
Combined ratio, non-life insurance	81%	84%	97%	132%	84%	131%	110%	104%

Income statement, Hungary, underlying(in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	99	89	92	95	94	96	98	95
Earned premiums, insurance (before reinsurance)	16	19	19	23	17	17	17	18
Technical charges, insurance (before reinsurance)	-8	-12	-11	-16	-11	-19	-10	-15
Ceded reinsurance result	0	-1	-2	-1	-1	-1	0	-1
Dividend income	0	0	0	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	3	9	4	5	10	10	24	22
Net realised result from available-for-sale assets	1	1	1	2	4	4	-1	0
Net fee and commission income	18	22	24	31	29	27	24	26
Other net income	2	2	3	-2	1	8	0	0
Total income	130	129	130	139	143	141	152	145
Operating expenses	-76	-61	-72	-76	-70	-66	-127	-75
Impairment	-36	-29	-29	-49	-35	-28	-50	-19
Of which on loans and receivables	-36	-29	-29	-48	-35	-28	-50	-19
Of which on available-for-sale assets	0	0	0	0	0	0	0	0
Share in results of associated companies	1	0	0	0	0	0	0	0
Result before tax	19	39	29	13	37	47	-25	51
Income tax expense	-8	-9	-8	-3	-11	-11	1	-10
Result after tax	10	30	21	11	26	35	-24	41
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	**10**	**30**	**21**	**11**	**26**	**35**	**-24**	**41**
banking	6	27	17	7	23	38	-26	40
insurance	4	3	3	4	3	-2	1	1
Risk-weighted assets, group (end of period, Basel II)	7 179	6 621	6 275	6 042	6 275	6 005	6 270	6219
of which banking	6 970	6 439	6 073	5 825	6 056	5 788	6 051	6010
Allocated equity (end of period, Basel II)	587	541	514	496	515	493	515	510
Return on allocated equity (ROAC, Basel II)	-0%	15%	12%	2%	14%	21%	-24%	27%
Cost/income ratio, banking	60%	49%	56%	55%	49%	44%	83%	50%
Combined ratio, non-life insurance	72%	93%	95%	78%	87%	133%	116%	112%

Income statement, Poland, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	68	73	78	77	81	78	82	87
Earned premiums, insurance (before reinsurance)	122	132	143	143	147	174	205	176
Technical charges, insurance (before reinsurance)	-95	-86	-112	-100	-113	-182	-157	-97
Ceded reinsurance result	-2	-4	1	-9	-6	33	-5	-20
Dividend income	0	0	0	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	28	-1	3	6	7	8	11	3
Net realised result from available-for-sale assets	0	1	4	0	3	3	4	-1
Net fee and commission income	-12	-7	-6	-3	-5	-7	-8	-4
Other net income	30	12	11	10	5	8	9	4
Total income	139	120	121	122	119	115	140	148
Operating expenses	-89	-76	-83	-93	-83	-87	-86	-94
Impairment	-39	-24	-37	-85	-22	-34	-30	-28
Of which on loans and receivables	-40	-24	-37	-86	-22	-34	-30	-26
Of which 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
Result before tax	11	19	1	-56	14	-6	23	27
Income tax expense	1	-3	-2	8	-4	1	-7	-3
Result after tax	11	16	-1	-48	11	-5	17	24
attributable to minority interests	-2	2	0	-9	3	1	3	3
attributable to equity holders of the parent	**13**	**15**	**-1**	**-39**	**8**	**-6**	**14**	**21**
banking	-6	7	1	-38	12	3	11	11
insurance	19	7	-2	-1	-4	-9	3	10
Risk-weighted assets, group (end of period, Basel II)	8 473	8 187	8 050	8 222	8 292	8 285	8 478	8544
of which banking	7 060	6 919	6 881	6 921	7 143	7 139	7 287	7299
Allocated equity (end of period, Basel II)	763	731	714	736	732	732	750	758
Return on allocated equity (ROAC, Basel II)	3%	5%	-4%	-31%	1%	-8%	4%	8%
Cost/income ratio, banking	69%	61%	60%	69%	59%	61%	56%	62%
Combined ratio, non-life insurance	126%	103%	118%	113%	118%	123%	110%	96%

Income statement, Bulgaria, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	12	13	12	11	11	10	11	11
Earned premiums, insurance (before reinsurance)	32	31	29	27	27	28	26	30
Technical charges, insurance (before reinsurance)	-25	-22	-25	-21	-22	-20	-23	-19
Ceded reinsurance result	0	-1	0	0	0	-2	1	1
Dividend income	0	0	0	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	0	0	0	0	0	1	0	0
Net realised result from available-for-sale assets	0	0	0	0	0	0	1	0
Net fee and commission income	-2	-2	-1	-2	-1	-1	0	-1
Other net income	0	1	1	-4	0	1	0	1
Total income	18	20	17	10	17	17	17	23
Operating expenses	-13	-13	-13	-13	-13	-13	-13	-14
Impairment	-4	-4	-4	-5	-4	-3	-4	-4
Of which on loans and receivables	-4	-4	-4	-4	-4	-3	-4	-4
Of which 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
Result before tax	1	2	0	-8	0	1	-1	4
Income tax expense	0	0	0	1	0	0	0	-1
Result after tax	1	2	0	-6	0	1	-1	4
attributable to minority interests	0	0	0	-1	0	0	0	0
attributable to equity holders of the parent	**1**	**2**	**0**	**-6**	**0**	**1**	**0**	**3**
banking	0	0	0	-2	0	0	0	0
insurance	0	2	-1	-3	0	0	-1	3
Risk-weighted assets, group (end of period, Basel II)	1 082	1 079	1 081	1 026	955	926	902	877
of which banking	781	780	770	742	715	688	668	645
Allocated equity (end of period, Basel II)	105	104	105	99	91	88	86	84
Return on allocated equity (ROAC, Basel II)	-16%	-16%	-23%	-47%	-23%	-21%	-28%	-7%
Cost/income ratio, banking	65%	62%	64%	89%	70%	72%	65%	69%
Combined ratio, non-life insurance	111%	107%	122%	110%	115%	112%	119%	91%

Income statement, CEE – funding cost and other results, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	-48	-56	-51	-44	-29	-32	-34	-35
Earned premiums, insurance (before reinsurance)	-1	-1	-1	-1	-1	-1	-1	-1
Technical charges, insurance (before reinsurance)	2	0	-2	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 result from financial instruments at fair value through profit or loss	18	-20	-12	0	0	10	0	6
Net realised result from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	0	0	0	-1	0	-2	0	0
Other net income	-3	-3	-2	7	1	1	1	0
Total income	-31	-78	-69	-39	-29	-24	-34	-29
Operating expenses	-8	-5	-4	-17	-8	-4	-6	-10
Impairment	-9	7	-3	-3	-3	0	0	0
Of which on loans and receivables	-1	-1	-3	-3	-3	0	0	0
Of which 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
Result before tax	-48	-76	-75	-60	-40	-28	-40	-39
Income tax expense	14	21	21	18	12	14	12	13
Result after tax	-34	-55	-54	-41	-28	-14	-29	-26
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	**-34**	**-55**	**-54**	**-41**	**-28**	**-14**	**-29**	**-26**
banking	-28	-50	-45	-36	-23	-9	-22	-26
insurance	-6	-6	-9	-6	-5	-5	-6	-1

Merchant Banking Business Unit (underlying trend)

The Merchant Banking Business Unit encompasses the financial services provided to SMEs and corporate customers and capital market activities (merchant banking activities of the CEE group companies are included in the CEE Business Unit). More specifically, it includes commercial banking and market activities of KBC Bank in Belgium and its branches elsewhere, and the activities of a number of subsidiaries, the main ones being KBC Lease, KBC Securities, KBC Clearing, KBC Commercial Finance, and KBC Bank Ireland. The entities that, according to the new strategic plan, are earmarked for divestment in the coming years (the main ones being KBC Financial Products (sale agreements for various activities already closed), KBC Peel Hunt (sale agreement already closed), KBC Finance Ireland (global trade and project finance), Antwerp Diamond Bank and KBC Bank Deutschland) are not included here, but are grouped together in the Group Centre.

Income statement, Merchant Banking Business Unit, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	193	202	214	219	189	202	213	232
Earned premiums, insurance (before reinsurance)	0	0	0	0	0	0	0	0
Technical charges, insurance (before reinsurance)	0	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0	0
Dividend income	0	2	7	0	0	2	2	1
Net result from financial instruments at fair value through profit or loss	199	217	158	-25	210	67	196	67
Net realised result from available-for-sale assets	-1	2	29	26	1	1	2	0
Net fee and commission income	45	55	45	57	54	63	56	52
Other net income	44	37	44	8	28	27	26	-150
Total income	480	516	498	286	482	361	495	202
Operating expenses	-143	-144	-175	-131	-140	-137	-142	-157
Impairment	-102	-330	-126	-256	-219	-91	-130	-355
on loans and receivables	-100	-330	-127	-255	-219	-89	-132	-350
on available-for-sale assets	-2	0	1	0	0	-2	2	-7
on goodwill	0	0	0	0	0	0	0	0
on other	0	0	0	0	0	0	0	1
Share in results of associated companies	0	0	0	0	0	0	0	0
Result before tax	235	41	196	-101	122	133	223	-311
Income tax expense	-46	-22	-15	79	-35	-8	-63	88
Result after tax	189	19	182	-22	88	125	160	-223
attributable to minority interests	22	22	19	6	3	4	5	5
attributable to equity holders of the parent	**168**	**-2**	**162**	**-28**	**85**	**121**	**156**	**-228**
Banking	167	-2	162	-28	83	119	155	-230
Insurance	0	0	1	0	2	2	1	1
Risk-weighted assets, group (end of period, Basel II)	54 138	55 424	56 111	53 597	51 703	51 880	47 447	47317
of which banking	54 138	55 424	56 111	53 597	51 703	51 880	47 447	47317
Allocated equity (end of period, Basel II)	4 331	4 434	4 489	4 288	4 136	4 150	3 796	3785
Return on allocated equity (ROAC, Basel II)	17%	1%	14%	-1%	8%	11%	15%	-24%
Cost/income ratio, banking	30%	28%	35%	46%	29%	38%	28%	79%

These underlying figures exclude exceptional items. A table reconciling the underlying result and the result according to IFRS is provided below.

Reconciliation between underlying result and result according to IFRS Merchant Banking Business Unit (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Result after tax, attributable to equity holders of the parent: underlying	168	-2	162	-28	85	121	156	-228
+ MTM of derivatives for ALM hedging	-15	2	2	-17	-8	-26	-4	-2
+ gains/losses on CDOs	1	-14	46	58	18	7	52	78
+ MTM of CDO guarantee and commitment fee	0	0	0	0	0	0	0	0
+ value losses on AFS shares	0	0	0	-1	0	0	0	0
+ impairment on troubled US & Icelandic banks	0	-1	39	4	13	0	0	0
+ gain on buy-back of hybrid tier-1 securities	0	0	69	0	0	0	0	0
+ impairment on goodwill	0	0	0	-22	0	-2	-13	-12
+ result on divestments	0	0	0	0	0	-3	-2	-4
+ other	3	2	-33	11	-62	-45	2	68
+ taxes and minority interests related to the items above	15	1	-19	-21	19	21	-19	-37
Result after tax, attributable to equity holders of the parent: IFRS	172	-12	267	-16	64	73	173	-138

In the quarter under review, the Merchant Banking Business Unit generated an underlying result of -228 million, significantly below the 84-million average for the last four quarters. The 4Q 2010 underlying result breaks down as follows: -273 million for commercial banking activities and 45 million for market activities.

Sharp quarter-on-quarter decrease in total income due to weak dealing room performance and the one-off provision at KBC Lease

Total income for this business unit amounted to just 202 million in the quarter under review, partly due to weak dealing room income (reflected in 'Net result from financial instruments at fair value'), following the relatively good performance in 3Q 2010. As already explained, the underlying figures do not include CDO-related items and other non-operating items (see table). Another reason for the low total income figure in 4Q 2010 was the negative impact of provisioning of 175 million euros (125 million euros, net) for the case of irregularities at KBC Lease UK (booked under 'Other income').

However, net interest income (relating to the commercial banking division) went up by 9% quarter-on-quarter (+6% year-on-year), thanks mainly to technical items. Net fee and commission income fell by 7% quarter-on-quarter and by 8% year-on-year to 52 million euros.

Loan volumes in this business unit continued to go down and now stand at -13% compared to one year ago, following the implementation of the group's new strategy, which focuses on customers with a link to the group's home markets and therefore implies a gradual scaling down of a large part of the international loan portfolio outside these home markets.

Costs and loan losses increase compared to previous quarter

Operating expenses in the quarter under review amounted to 157 million, up 11% on the previous quarter and 20% on the year-earlier quarter. Especially the year-on-year comparison is distorted to a certain extent by a number of one-off and non-operating items. The higher costs quarter-on-quarter can also partly be explained by higher ICT expenses.

Impairment on loans and receivables (loan losses) amounted to 350 million in the quarter under review, a sharp increase due entirely to higher impairment charges at KBC Bank Ireland following the slower-than-anticipated economic recovery in Ireland and the potential negative effect on asset valuations of the 85 billion euro financial aid package (announced on 28 November 2010). The credit cost ratio of this business unit now amounts to 138 basis points for FY 2010, which is a deterioration on the 119 basis points registered for FY 2009. Excluding Ireland, the credit cost ratio stand at 67 basis points. At the end of 2010, approximately 5.2% of the Merchant Banking Business Unit's loan book was non-performing, a further increase on the 4.8% registered three months ago.

As regards Ireland, loan losses there amounted to 302 million in 4Q 2010, roughly three-quarters of which were related to corporate banking loans and one-quarter to home loans. Consequently, the year-to-date credit cost ratio in Ireland stood at 298 basis points. At the end of 2010, non-performing loans accounted for 10% of the Irish loan portfolio.

As was the case in both reference quarters, the amount of impairment on available-for-sale securities (shares and bonds) was limited. Impairment on goodwill related to companies belonging to this business unit is excluded from the underlying result (hence it is zero in the table; for information purposes, goodwill impairment amounted to 12 million in 4Q 2010).

Breakdown into commercial banking activities and market activities

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

Income statement, Commercial Banking, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	193	202	214	219	189	202	213	232
Earned premiums, insurance (before reinsurance)	0	0	0	0	0	0	0	0
Technical charges, insurance (before reinsurance)	0	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0	0
Dividend income	0	2	7	0	0	2	2	1
Net result from financial instruments at fair value through profit or loss	23	0	7	14	14	0	18	0
Net realised result from available-for-sale assets	-1	2	29	26	1	1	2	0
Net fee and commission income	29	35	26	35	35	33	35	28
Other net income	44	37	44	8	28	27	26	-150
Total income	288	279	327	302	267	265	296	110
Operating expenses	-95	-102	-101	-78	-92	-87	-89	-99
Impairment	-53	-138	-120	-199	-162	-85	-127	-354
Of which on loans and receivables	-52	-138	-119	-199	-162	-83	-128	-354
Of which on available-for-sale assets	-1	0	0	0	0	-2	2	-1
Share in results of associated companies	0	0	0	0	0	0	0	0
Result before tax	139	39	106	26	13	92	81	-342
Income tax expense	-23	0	-29	4	-16	-11	-23	74
Result after tax	116	38	77	30	-3	81	58	-269
attributable to minority interests	22	22	20	6	3	4	5	4
attributable to equity holders of the parent	**94**	**17**	**58**	**24**	**-5**	**77**	**53**	**-273**
Banking	93	17	57	24	-8	75	52	-274
Insurance	0	0	1	0	2	2	1	1
Risk-weighted assets, group (end of period, Basel II)	42 384	44 687	42 315	40 215	38 295	36 689	33 812	32993
of which banking	42 384	44 687	42 315	40 215	38 295	36 689	33 812	32993
Allocated equity (end of period, Basel II)	3 391	3 575	3 385	3 217	3 064	2 935	2 705	2639
Return on allocated equity (ROAC, Basel II)	11%	2%	6%	4%	-1%	9%	6%	-41%
Cost/income ratio, banking	33%	36%	31%	25%	34%	33%	30%	91%

Income statement, Market Activities, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	0	0	0	0	0	0	0	0
Earned premiums, insurance (before reinsurance)	0	0	0	0	0	0	0	0
Technical charges, insurance (before reinsurance)	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 result from financial instruments at fair value through profit or loss	176	217	151	-39	196	67	178	67
Net realised result from available-for-sale assets	0	0	0	0	0	0	0	0
Net fee and commission income	16	20	19	22	19	30	20	24
Other net income	0	0	0	0	0	0	0	0
Total income	192	237	171	-17	215	97	199	91
Operating expenses	-48	-42	-74	-53	-48	-50	-53	-59
Impairment	-48	-192	-7	-57	-57	-6	-4	-1
Of which on loans and receivables	-48	-192	-7	-57	-57	-6	-4	4
Of which on available-for-sale assets	-1	0	1	0	0	0	0	-6
Share in results of associated companies	0	0	0	0	0	0	0	0
Result before tax	96	2	90	-127	109	41	142	32
Income tax expense	-22	-22	14	75	-19	3	-40	14
Result after tax	74	-19	104	-52	90	44	102	46
attributable to minority interests	0	0	0	0	0	0	0	1
attributable to equity holders of the parent	**74**	**-19**	**105**	**-52**	**90**	**44**	**103**	**45**
banking	74	-19	105	-52	90	44	103	45
insurance	0	0	0	0	0	0	0	0
Risk-weighted assets, group (end of period, Basel II)	11 753	10 737	13 796	13 382	13 408	15 191	13 635	14324
of which banking	11 753	10 737	13 796	13 382	13 408	15 191	13 635	14324
Allocated equity (end of period, Basel II)	940	859	1 104	1 071	1 073	1 215	1 091	1146
Return on allocated equity (ROAC, Basel II)	40%	-5%	42%	-16%	35%	16%	36%	17%
Cost/income ratio, banking	25%	18%	43%	-	23%	51%	27%	64%

Group Centre (underlying trend)

The Group Centre comprises, *inter alia*, the results of the holding company KBC Group NV and the elimination of the results of intersegment transactions. It also comprises the results of the companies that have been designated as non-core in the new strategy and are therefore earmarked for divestment in the coming years. The main ones are Centea (Belgium), Fidea (Belgium), Absolut Bank (Russia), KBC Banka (Serbia), NLB and NLB Vita (Slovenia), Żagiel (Poland), the minority share in ČSOB that will be floated (Czech Republic), KBC Financial Products (various countries – sale agreement for various activities already signed), KBC Peel Hunt (U.K. – sale agreement already signed), KBC Finance Ireland (global trade and project finance; Ireland), Antwerp Diamond Bank (Belgium), KBC Bank Deutschland (Germany) and the KBL EPB group including Vitis Life (various countries – sale agreement already signed).

Income statement, Group Centre, underlying (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Net interest income	245	221	214	187	158	175	172	162
Earned premiums, insurance (before reinsurance)	97	101	116	144	107	66	91	111
Technical charges, insurance (before reinsurance)	-99	-109	-114	-139	-117	-69	-87	-102
Ceded reinsurance result	1	-1	3	3	5	7	-3	2
Dividend income	2	9	0	4	3	7	1	3
Net result from financial instruments at fair value through profit or loss	-30	102	142	42	45	19	10	-1
Net realised result from available-for-sale assets	12	19	21	27	10	13	1	-1
Net fee and commission income	95	95	116	113	105	113	77	92
Other net income	-9	-6	-19	11	9	-7	1	11
Total income	314	432	479	391	325	324	263	277
Operating expenses	-294	-288	-270	-266	-264	-263	-233	-262
Impairment	-66	-78	-75	-164	-22	-51	-61	-27
on loans and receivables	-65	-77	-74	-151	-22	-49	-61	-26
on available-for-sale assets	-2	-1	-1	-11	0	-2	0	-2
on goodwill	0	0	0	0	0	0	0	0
on other	0	0	0	-2	0	0	0	0
Share in results of associated companies	0	-2	3	-24	-2	-9	-5	-46
Result before tax	-46	65	137	-63	37	2	-36	-59
Income tax expense	-15	-23	-19	23	-22	-31	6	22
Result after tax	-61	41	117	-40	14	-30	-30	-36
attributable to minority interests	-48	-36	-41	-31	-55	-53	-46	-47
attributable to equity holders of the parent	**-13**	**77**	**158**	**-9**	**70**	**23**	**16**	**11**
banking	-3	65	154	-10	82	23	13	0
insurance	8	10	4	6	1	9	5	12
holding company	-19	3	1	-5	-14	-8	-2	-1
Risk-weighted assets, group (end of period, Basel II)	37 161	31 003	28 394	27 107	28 383	25 236	23 930	22685
of which banking	35 191	29 006	26 362	25 050	26 275	23 139	21 990	20725
Allocated equity (end of period, Basel II)	3 057	2 566	2 357	2 255	2 356	2 103	1 994	1894

These underlying figures exclude exceptional items. A table reconciling the underlying result and the result according to IFRS is provided below.

Reconciliation between underlying result and result according to IFRS, Group Centre (in millions of EUR)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
Result after tax, attributable to equity holders of the parent: underlying	-13	77	158	-9	70	23	16	11
+ MTM of derivatives for ALM hedging	-20	27	-1	-2	-15	-19	-19	17
+ gains/losses on CDOs	-2 843	843	172	270	116	-149	89	114
+ MTM of CDO guarantee and commitment fee	0	-923	-121	-120	-42	-22	-30	8
+ value losses on AFS shares	-64	-14	1	-1	0	0	0	0
+ impairment on troubled US & Icelandic banks	0	0	1	3	0	0	0	0
+ gain on buy-back of hybrid tier-1 securities	0	0	0	0	0	0	0	0
+ impairment on goodwill (incl. associated companies)	-9	-17	-12	-169	-27	0	-31	-26
+ MTM of own debt issued	134	200	-330	41	-2	45	-46	56
+ loss on legacy structured derivative business (KBC FP)	0	-760	-153	-166	-101	-101	-41	-17
+ Results on divestments	0	0	0	0	0	-335	-43	124
+ other	12	11	0	12	0	0	0	0
+ taxes and minority interests related to the items above	-48	309	200	32	-2	383	80	-23
Result after tax, attributable to equity holders of the parent: IFRS	-2 853	-248	-83	-110	-3	-174	-24	264

The Group Centre's net result amounted to 11 million in 4Q 2010. As mentioned before, this also includes the results of the companies that are earmarked for divestment in the coming years, whose combined net result came to 12 million in 4Q 2010. This net result can be broken down by former business unit as follows:

- Ex-Belgium Business Unit: 32 million (compared with 24 million in the previous quarter)
- Ex-CEER Business Unit: -1 million (compared with 29 million in the previous quarter)
- Ex-Merchant Banking Business Unit: 11 million (compared with -4 million in the previous quarter)
- Ex-European Private Banking Business Unit: -8 million (compared with 15 million in the previous quarter)
- Other (for the larger part relating to funding of goodwill paid in relation to companies that are earmarked for divestment): -22 million (compared with -22 million in the previous quarter).

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Consolidated financial statements according to IFRS

KBC Group, 4Q2010 and FY2010

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

Consolidated income statement

In millions of EUR	Note	4Q 2009	3Q 2010	4Q 2010	2009	2010
Net interest income	3	1 500	1 562	1 598	5 817	6 245
Interest income		2 618	2 627	2 642	11 687	10 542
Interest expense		- 1 118	- 1 065	- 1 045	- 5 871	- 4 297
Earned premiums, insurance (before reinsurance)	9	1 168	1 074	1 150	4 848	4 616
Non-life		475	495	451	1 925	1 916
Life	10	693	579	699	2 923	2 700
Technical charges, insurance (before reinsurance)	9	- 1 101	- 957	- 1 018	- 4 412	- 4 261
Non-life		- 335	- 307	- 234	- 1 244	- 1 249
Life		- 766	- 650	- 784	- 3 168	- 3 012
Ceded reinsurance result	9	- 30	- 23	- 26	- 63	- 8
Dividend income	4	35	21	21	139	97
Net result from financial instruments at fair value through profit or loss	5	361	227	429	- 3 485	- 77
Net realised result from available-for-sale assets	6	95	11	29	224	90
Net fee and commission income	7	326	259	307	1 132	1 224
Fee and commission income		582	480	549	2 059	2 156
Fee and commission expense		- 256	- 221	- 242	- 927	- 932
Other net income	8	44	65	107	427	452
TOTAL INCOME		2 398	2 239	2 597	4 625	8 378
Operating expenses	12	- 1 089	- 1 130	- 1 190	- 4 779	- 4 436
Staff expenses		- 682	- 634	- 653	- 2 589	- 2 529
General administrative expenses		- 309	- 407	- 445	- 1 814	- 1 546
Depreciation and amortisation of fixed assets		- 98	- 88	- 92	- 376	- 361
Impairment	14	- 969	- 420	- 555	- 2 725	- 1 656
on loans and receivables		- 648	- 357	- 492	- 1 901	- 1 483
on available-for-sale assets		- 6	- 5	- 9	- 326	- 31
on goodwill		- 313	- 13	- 47	- 483	- 88
on other		- 2	- 45	- 6	- 14	- 54
Share in results of associated companies		- 24	- 5	- 46	- 25	- 63
RESULT BEFORE TAX		315	683	806	- 2 904	2 224
Income tax expense	16	- 42	- 124	- 97	256	- 82
Net post-tax result from discontinued operations	45	15	- 7	24	101	- 254
RESULT AFTER TAX		288	553	733	- 2 547	1 888
Attributable to minority interest		- 16	8	8	- 82	28
of which relating to discontinued operations		*0*	*0*	*0*	*0*	*0*
Attributable to equity holders of the parent		**304**	**545**	**724**	**- 2 466**	**1 860**
of which relating to discontinued operations		*15*	*- 7*	*24*	*101*	*- 254*

Earnings per share (in EUR)						
Basic		0,90	1,17	1,69	-7,26	3,72
Diluted		0,90	1,17	1,69	-7,26	3,72

In May 2010, a sale agreement was signed regarding KBL EPB (which includes the activities of the former European Private Banking Unit including Vitis Life). As a consequence, in line with IFRS 5, the results of KBL EPB were moved from various P/L-lines towards one single line 'Net post-tax result from discontinued operations' and all reference figures were adjusted accordingly. More information on the sale of KBL EPB and all data required by IFRS 5 can be found in a separate note (note 45).

Dividend: the board of directors will propose to the general meeting of shareholders that a gross dividend of 0.75 euro's be paid out per share entitled to dividend. The total dividend to be paid amounts to 259 million euro's. The payment of a coupon on the non-voting core capital securities sold to the Belgian and Flemish government is related to the payment of a dividend on the ordinary shares: if a dividend is paid to the ordinary shares, also a payment is due on the non-voting core capital securities. Related to 2010, consequently 595 million euro's (8,5% on 7 billion euro's) will be paid to these governments (the accounting treatment in IFRS is identical to ordinary dividends).

Condensed consolidated statement of comprehensive income

In millions of EUR	4Q 2009	3Q 2010	4Q2010	2009	2010
RESULT AFTER TAX	288	553	733	- 2 547	1 888
attributable to minority interest	- 16	8	8	- 82	28
attributable to equity holders of the parent	304	545	724	- 2 466	1 860
OTHER COMPREHENSIVE INCOME					
Net change in revaluation reserve (AFS assets) - Equity	52	72	43	450	49
Net change in revaluation reserve (AFS assets) - Bonds	- 44	388	- 1 141	1 138	- 427
Net change in revaluation reserve (AFS assets) - Other	2	0	0	0	1
Net change in hedging reserve (cash flow hedge)	54	- 68	282	- 26	- 68
Net change in translation differences	- 128	30	0	- 155	63
Other movements	4	- 1	2	3	- 1
TOTAL COMPREHENSIVE INCOME	**228**	**975**	**- 82**	**- 1 137**	**1 505**
attributable to minority interest	- 14	14	6	- 84	35
attributable to equity holders of the parent	242	961	- 88	- 1 053	1 470

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2009	31-12-2010
Cash and cash balances with central banks		7 173	15 292
Financial assets	18, 24	304 057	281 240
Held for trading		40 563	30 287
Designated at fair value through profit or loss		30 520	25 545
Available for sale		56 120	54 143
Loans and receivables		164 598	157 024
Held to maturity		12 045	13 955
Hedging derivatives		213	286
Reinsurers' share in technical provisions		284	280
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		259	218
Tax assets		2 214	2 534
Current tax assets		367	167
Deferred tax assets		1 847	2 367
Non-current assets held for sale and assets associated with disposal groups	45	70	12 938
Investments in associated companies		608	496
Investment property		762	704
Property and equipment		2 890	2 693
Goodwill and other intangible assets		3 316	2 256
Other assets		2 597	2 172
TOTAL ASSETS		324 231	320 823

LIABILITIES AND EQUITY (in millions of EUR)	Note	31-12-2009	31-12-2010
Financial liabilities	18	279 450	260 582
Held for trading		29 891	24 136
Designated at fair value through profit or loss		31 309	34 615
Measured at amortised cost		217 163	200 707
Hedging derivatives		1 087	1 124
Technical provisions, before reinsurance	31	22 012	23 255
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		0	0
Tax liabilities		519	468
Current tax liabilities		379	345
Deferred tax liabilies		140	123
Liabilities associated with disposal groups	45	0	13 341
Provisions for risks and charges		651	600
Other liabilities		4 422	3 902
TOTAL LIABILITIES		307 054	302 149
Total equity		17 177	18 674
Parent shareholders' equity	35	9 662	11 147
Non-voting core-capital securities	35	7 000	7 000
Minority interests		515	527
TOTAL LIABILITIES AND EQUITY		324 231	320 823

In line with IFRS 5, the assets and liabilities of some divestments were moved from various balance sheet lines towards the lines 'Non-current assets held for sale and assets associated with disposal groups' and 'Liabilities associated with disposal groups'. Note that reference figures were not adjusted (not required by IFRS 5). More information on divestments and all data required by IFRS 5 can be found in a separate note (note 45).

Consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	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
2009											
Balance at the beginning of the period	1 244	4 335	- 1 561	- 1 131	- 352	8 359	- 184	10 710	3 500	1 165	15 376
Net result for the period	0	0	0	0	0	- 2 466	0	- 2 466	0	- 82	- 2 547
Other comprehensive income for the period	0	0	0	1 588	- 22	3	- 156	1 413	0	- 3	1 410
Total comprehensive income	**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
Capital increase	1	5	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
Sales of treasury shares	0	0	0	0	0	0	0	0	0	0	0
Results on (derivatives on) treasury shares	0	0	2	0	0	0	0	2	0	0	2
Change in minorities	0	0	0	0	0	0	0	0	0	- 566	- 566
Total change	**1**	**5**	**2**	**1 588**	**- 22**	**- 2 465**	**- 156**	**- 1 048**	**3 500**	**- 650**	**1 801**
Balance at the end of the period	**1 245**	**4 339**	**- 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							
of which relating to non-current assets held for sale and disposal groups				0			0	0			0
2010											
Balance at the beginning of the period	1 245	4 339	- 1 560	457	- 374	5 894	- 339	9 662	7 000	515	17 177
Net result for the period	0	0	0	0	0	1 860	0	1 860	0	28	1 888
Other comprehensive income for the period	0	0	0	- 379	- 69	- 1	58	- 390	0	7	- 383
Total comprehensive income	**0**	**0**	**0**	**- 379**	**- 69**	**1 860**	**58**	**1 470**	**0**	**35**	**1 505**
Dividends	0	0	0	0	0	0	0	0	0	0	0
Capital increase	0	1	0	0	0	0	0	1	0	0	1
Purchases of treasury shares	0	0	0	0	0	0	0	0	0	0	0
Sales of treasury shares	0	0	0	0	0	1	0	1	0	0	1
Results on (derivatives on) treasury shares	0	0	31	0	0	0	0	31	0	0	31
Impact business combinations	0	0	0	0	0	- 6	0	- 6	0	0	- 6
Change in minorities	0	0	0	0	0	0	0	0	0	- 23	- 23
Change in scope	0	0	0	- 12	0	0	0	- 12	0	- 1	- 13
Total change	**0**	**1**	**31**	**- 391**	**- 69**	**1 855**	**58**	**1 485**	**0**	**12**	**1 497**
Balance at the end of the period	**1 245**	**4 340**	**- 1 529**	**66**	**- 443**	**7 749**	**- 281**	**11 147**	**7 000**	**527**	**18 674**
of which revaluation reserve for shares				435							
of which revaluation reserve for bonds				- 370							
of which revaluation reserve for other assets than bonds and shares				1							
of which relating to non-current assets held for sale and disposal groups				3			10	12			12

Consolidated cash flow statement

Available in the annual report only.

Notes on statement of compliance and changes in accounting policies

Statement of compliance (note 1a in the annual accounts 2009)

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 interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

In 2010, KBC adjusted the presentation of the income statement: the heading 'provisions for risks and charges' has been removed as part of 'operating expenses'. Amounts allocated to or reversed from the balance sheet heading 'provisions for risks and charges' will be recorded from now on in the income statement heading where the future cost regarding this provision will be included (staff expenses, general administrative expenses, income tax expense and other net income). In the reference figures, the amounts included in the income statement for 'provisions for risks and charges' have been added to 'general administrative expenses'.

Changes to the segment reporting since the start of 2010: following the restructuring plan, approved by the EC at the end of 2009, results for the coming years will be impacted substantially by the foreseen divestments, and this for all BU's. In order to create more transparency and in order to avoid substantial quarter-on-quarter distortion in the BU-results, a new format for the BU-reporting was needed. This new format includes following BU's: BU Belgium (BU BEL), BU Central and Eastern Europe (BU CEE), BU Merchant Banking (BU MEB) and Group Centre (latter including the former BU Group Item and all Divestments), see also note 40. As such, the figures of the new BU's represent the 'new' KBC going forward and the trends within these BU's in the next quarters will be minimally impacted by the future divestments.

Change in presentation of note 9 (Breakdown of insurance results) since the start of 2010: in order to provide a more transparent view on the insurance activities, note 9 has been reworked (see further).

In the income statement, the accounting presentation of certain types of costs and income was further harmonised within the KBC Group which causes a limited distortion when comparing the income statement of 2009 with 2010. If the figures for 2009 would be corrected for this classification methodology, the net fee and commission income would have been 36 million euro lower, the other net income 25 million euro higher and operating expenses 11 million less negative.

In order to increase the transparency of the P&L and the Balance Sheet, some headings were renamed as of this report compared to Annual Report 2009. See table:

Former name	*Present name*
Gross earned premiums, Insurance	*Earned premiums, insurance (before reinsurance)*
Gross technical charges, Insurance	*Technical charges, insurance (before reinsurance)*
Net (un)realised gains from financial instruments at fair value through profit and loss	*Net result from financial instruments at fair value through profit or loss*
Net realised gains from available-for-sale assets	*Net realised result from available-for-sale assets*
Profit before tax	*Result before tax*
Profit after tax	*Result after tax*
Net post-tax income from discontinued operations	*Net post-tax result from discontinued operations*
Gross technical provisions	*Technical provisions, before reinsurance*

Note that all information required by IFRS 5 is mentioned in a new note (45) at the end of this chapter.

Summary of significant accounting policies (note 1b in the annual accounts 2009)

A summary of the main accounting policies is provided in the annual report. In 2010, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

Segment reporting according to the management structure of the group (note 2a in the annual accounts 2009)

KBC is structured and managed according to a number of segments (called 'business units'). This breakdown is based on a combination of geographic criteria (Belgium and Central and Eastern Europe, being the two core geographic areas the group operates in) and activity criteria (retail bancassurance versus merchant banking). The Shared Services and Operations business unit, which includes a number of divisions that provide support to and serve as a product factory for the other divisions (ICT, leasing, payments, asset management etc.) is not shown as a separate segment, as all costs and income of this business unit are allocated to the other business units and are hence included in their results.
The segment reporting (see below) is based on this breakdown, but, as of 2010, also brings together all companies that are up for divestment (according to the new strategic plan) under the Group Centre (figures for 2009 were adjusted accordingly).

For reporting purposes, the business units hence are:

- Belgium (retail bancassurance, asset management and private banking in Belgium; companies that are planned for divestment are moved to Group Centre).
- Central & Eastern Europe (retail bancassurance, asset management, private banking and merchant banking in the Czech and Slovak Republics, Hungary, Poland and Bulgaria; companies in other countries that are planned for divestment are moved to Group Centre[1])
- Merchant Banking (commercial banking and market activities in Belgium and selected countries in Europe, America and Southeast Asia; companies that are planned for divestment are moved to Group Centre)
- Group Centre (companies that are planned for divestment[1], as well as KBC Group NV, KBC Global Services NV and some allocated costs (the allocation of results of KBC Bank Belgium and KBC Insurance NV to the Group Centre are limited to those results that cannot be allocated in a reliable way to other segments).

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 cannot 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 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 (the resulting figures are called 'underlying results'):

- In order to arrive at the underlying group profit, factors that are not related to the normal course of business are eliminated. These factors also include exceptional losses (and gains), such as those incurred on structured credit investments, on exposures to troubled banks (Lehman Brothers, Washington Mutual, Icelandic banks) 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. The realised gain or impairment from divestments is considered as non-recurring.

1 Includes also the minority share in CSOB (Czech Republic) that will be floated.

- 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 result 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 result from financial instruments at fair value', while most of the underlying assets are not fair-valued (i.e. not marked-to-market). In order to limit the volatility of this MtM, a (government) bond portfolio has been classified as financial assets at fair value through profit or loss (fair value option). The remaining volatility of the fair value changes in these ALM derivatives versus the fair value changes in the bond portfolio at fair value through profit or loss is excluded in the underlying results.
- In the IFRS accounts, income related to trading activities is split across different components. While trading gains are recognised under 'net result 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 result 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 result from financial instruments at fair value', without any impact on net profit.
- In the IFRS accounts, 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 an impact on reported net profit. Since this is a non-operating item, the impact is excluded from the 'underlying figures'.
- In the IFRS accounts, discontinued operations (in KBC's new strategic plan, this refers only to KBL EPB) are booked according to IFRS 5 (meaning that results relating to such a discontinued operation are moved from the various P&L lines towards one line 'Net post-tax result from discontinued operations', as soon as the criteria for IFRS 5 are fulfilled). In the underlying results, such discontinued operations follow the same rules as other divestments (all relevant P&L lines relating to the divestment or discontinued operation are moved to Group Centre).

A table reconciling the net profit and the underlying net profit is provided below.

Reconciliation between underlying result and result according to IFRS [1] KBC Group, in millions of EUR	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Cumul. 12M 2009	Cumul. 12M 2010
Result after tax, attributable to equity holders of the parent, UNDERLYING	465	409	631	218	543	554	445	168	1 724	1710
+ MTM of derivatives for ALM hedging	-137	206	42	-33	-94	-268	23	61	79	-278
+ gains/losses on CDOs	-3 793	996	228	719	182	-160	246	296	-1 849	564
+ MTM of CDO guarantee and commitment fee	0	-1 121	-146	-143	-50	-27	-35	9	-1 409	-103
+ value losses on AFS shares	-311	-50	4	-4	0	0	0	0	-367	0
+ (reversal of) impairment on troubled US & Icelandic banks	16	-1	42	8	13	0	0	0	65	13
+ gain on buy-back of hybrid tier-1 securities	0	0	128	0	0	0	0	0	128	0
+ impairment on goodwill (and associated companies)	-79	-28	-58	-328	-27	-1	-44	-47	-493	-119
+ loss on legacy structured derivative business (KBC FP)	0	-760	-153	-166	-101	-101	-41	-17	-1 078	-260
+ MTM of own debt issued	134	200	-330	41	-2	45	-46	56	44	53
+ Results on divestments	0	0	0	0	0	-338	-46	198	0	-186
+ other	96	63	-33	16	-62	-30	2	68	141	-22
+ taxes and minority interests related to the items above	7	388	176	-24	41	474	40	-68	549	487
Result after tax, attributable to equity holders of the parent: IFRS	-3 600	302	528	304	442	149	545	724	-2 466	1860

1 A breakdown of this reconciliation table per business unit is provided in the ‘Underlying results per business unit’ section of the Extended quarterly report.

In millions of EUR	Belgium Business unit	CEE Business unit	Merchant Banking Business unit	Group Centre excluding intersegment eliminations	Inter-segment eliminations	KBC Group
INCOME STATEMENT - underlying results - 12M 2009						
Net interest income	2 144	1 656	829	868	0	5 497
Earned premiums, insurance (before reinsurance)	3 315	1 083	0	499	- 41	4 856
Non-life	1 026	767	0	171	- 40	1 925
Life	2 289	316	0	327	- 1	2 931
Technical charges, insurance (before reinsurance)	- 3 206	- 748	0	- 474	12	- 4 416
Non-life	- 623	- 520	0	- 97	16	- 1 224
Life	- 2 583	- 228	0	- 377	- 4	- 3 192
Ceded reinsurance result	- 44	- 25	0	- 9	15	- 64
Dividend income	62	9	10	15	0	96
Net result from financial instruments at fair value through profit or loss	69	63	549	257	0	938
Net realised result from available-for-sale assets	139	17	57	80	0	293
Net fee and commission income	653	295	201	419	0	1 569
Other net income	129	103	133	25	- 48	342
TOTAL INCOME	**3 262**	**2 453**	**1 779**	**1 679**	**- 62**	**9 111**
Operating expenses	- 1 700	- 1 477	- 594	- 1 180	62	- 4 888
Impairment	- 75	- 641	- 814	- 383	0	- 1 913
on loans and receivables	- 74	- 630	- 812	- 367	0	- 1 883
on available-for-sale assets	- 1	0	0	- 15	0	- 16
on goodwill	0	0	0	0	0	0
on other	0	- 11	- 1	- 2	0	- 15
Share in results of associated companies	0	2	0	- 24	0	- 22
RESULT BEFORE TAX	**1 488**	**337**	**371**	**93**	**0**	**2 289**
Income tax expense	- 433	- 36	- 3	- 35	0	- 507
Net post-tax result from discontinued operations	0	0	0	0	0	0
RESULT AFTER TAX	**1 055**	**301**	**368**	**58**	**0**	**1 782**
attributable to minority interests	5	140	69	- 155	0	58
attributable to equity holders of the parent	**1 050**	**161**	**300**	**213**	**0**	**1 724**
INCOME STATEMENT - underlying results - 12M 2010						
Net interest income	2 243	1 855	836	668	0	5 603
Earned premiums, insurance (before reinsurance)	2 886	1 360	0	467	- 93	4 621
Non-life	1 001	792	0	168	- 45	1 916
Life	1 885	568	0	299	- 48	2 705
Technical charges, insurance (before reinsurance)	- 2 851	- 1 054	0	- 444	68	- 4 281
Non-life	- 612	- 558	0	- 91	13	- 1 249
Life	- 2 239	- 496	0	- 353	56	- 3 031
Ceded reinsurance result	- 11	- 9	0	- 10	21	- 9
Dividend income	50	3	6	14	0	73
Net result from financial instruments at fair value through profit or loss	60	183	539	72	0	855
Net realised result from available-for-sale assets	51	20	3	23	0	98
Net fee and commission income	770	284	225	387	0	1 666
Other net income	119	54	- 70	28	- 12	118
TOTAL INCOME	**3 318**	**2 696**	**1 540**	**1 205**	**- 16**	**8 744**
Operating expenses	- 1 702	- 1 532	- 576	- 1 037	16	- 4 832
Impairment	- 104	- 464	- 796	- 162	0	- 1 525
on loans and receivables	- 82	- 452	- 789	- 158	0	- 1 481
on available-for-sale assets	- 23	0	- 7	- 4	0	- 34
on goodwill	0	0	0	0	0	0
on other	0	- 11	1	0	0	- 10
Share in results of associated companies	0	1	0	- 62	0	- 61
RESULT BEFORE TAX	**1 513**	**701**	**168**	**- 56**	**0**	**2 326**
Income tax expense	- 457	- 86	- 19	- 25	0	- 587
Net post-tax result from discontinued operations	0	0	0	0	0	0
RESULT AFTER TAX	**1 056**	**615**	**149**	**- 82**	**0**	**1 739**
attributable to minority interests	5	210	16	- 202	0	29
attributable to equity holders of the parent	**1 051**	**406**	**133**	**120**	**0**	**1 710**

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

In millions of EUR	Belgium Business unit	CEE Business unit	Merchant Banking Business unit	Group Centre	KBC Group
Balance sheet information 31-12-2009					
Total loans to customers	49 593	33 767	52 298	17 571	153 230
Of which mortgage loans	25 029	12 075	13 383	8 693	59 180
Of which reverse repos	0	3 096	3 199	0	6 295
Customer deposits	64 827	42 088	63 237	23 313	193 464
Of which repos	320	3 138	9 741	0	13 199
Balance sheet information 31-12-2010					
Total loans to customers	51 961	35 760	48 202	14 742	150 666
Of which mortgage loans	26 952	14 506	12 809	7 310	61 577
Of which reverse repos	0	4 036	5 450	0	9 486
Customer deposits	69 595	44 251	71 606	12 418	197 870
Of which repos	0	3 219	12 179	0	15 398

Segment reporting according to geographic segment (note 2b in the annual accounts 2009)

The geographical information is based on geographic areas, and reflects KBC's focus on 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 2009				
Total income from external customers (underlying)	4 060	2 886	2 166	9 111
Total assets (period-end)	208 551	58 411	57 268	324 231
Total liabilities (period-end)	187 689	52 289	67 077	307 054
12M 2010				
Total income from external customers (underlying)	3 889	3 000	1 855	8 744
Total assets (period-end)	209 103	61 269	50 452	320 823
Total liabilities (period-end)	194 672	55 030	52 447	302 149

Other notes

We repeat that due to the application of IFRS 5 as regards the sale of KBL EPB, P&L reference figures have been restated accordingly. This is not the case for the reference balance sheet data. In Note 18 a separate column has been added to exclude the contribution of those divestments that fall under the scope of IFRS 5 (figures as of 31/12/2009) or that are already closed.

Net interest income (note 3 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	**1 500**	**1 562**	**1 598**	**5 817**	**6 245**
Interest income	2 618	2 627	2 642	11 687	10 542
Available-for-sale assets	477	468	511	1 908	1 949
Loans and receivables	1 707	1 688	1 693	7 440	6 706
Held-to-maturity investments	130	143	156	487	567
Other assets not at fair value	9	7	6	47	28
Subtotal, interest income from financial assets not measured at fair value through profit or loss	*2 324*	*2 307*	*2 366*	*9 881*	*9 251*
Financial assets held for trading	116	79	74	588	351
Hedging derivatives	2	85	87	432	338
Other financial assets at fair value through profit or loss	176	156	115	786	603
Interest expense	- 1 118	- 1 065	- 1 045	- 5 871	- 4 297
Financial liabilities measured at amortised cost	- 869	- 796	- 789	- 4 455	- 3 173
Other	- 4	- 1	- 4	- 16	- 3
Investment contracts at amortised cost	0	0	0	0	0
Subtotal, interest expense for financial liabilities not measured at fair value through profit or loss	- 873	- 797	- 793	- 4 471	- 3 175
Financial liabilities held for trading	- 21	- 18	- 20	- 90	- 85
Hedging derivatives	- 172	- 194	- 184	- 788	- 794
Other financial liabilities at fair value through profit or loss	- 52	- 57	- 47	- 523	- 243

Dividend income (note 4 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	35	21	21	139	97
Breakdown by type	35	21	21	139	97
Held-for-trading shares	6	9	5	41	31
Shares initially recognised at fair value through profit or loss	1	1	0	1	3
Available-for-sale shares	28	11	16	96	63

Net result from financial instruments at fair value (note 5 in the annual accounts 2009)

In the fourth quarter 2010, the market price for corporate credit, reflected in credit default swap spreads, improved again generating a value mark-up of KBC's CDO exposure. The positive earnings impact from CDO revaluation amounted to +0.3 billion euros for 4Q 2010 (including impact government guarantee but excluding the related fee; the coverage of the CDO-linked counterparty risk against MBIA, the US monoline insurer, remained at the level of 31 December 2009, namely 70%).

Information on the P&L impact of the valuation changes related to the government bonds of selected European countries is provided in the note 44.

Net realised result from available-for-sale assets (note 6 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	95	11	29	224	90
Breakdown by portfolio					
Fixed-income securities	47	0	- 10	135	26
Shares	48	11	39	89	64

Net fee and commission income (note 7 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	326	259	307	1 132	1 224
Fee and commission income	582	480	549	2 059	2 156
Securities and asset management	317	240	280	1 049	1 118
Margin on deposit accounting (life insurance investment contracts without DPF)	9	5	11	22	28
Commitment credit	61	54	64	270	252
Payments	129	133	137	496	522
Other	66	48	57	222	236
Fee and commission expense	- 256	- 221	- 242	- 927	- 932
Commission paid to intermediaries	- 107	- 123	- 117	- 432	- 489
Other	- 149	- 98	- 125	- 495	- 443

Other net income (note 8 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	44	65	107	427	452
Of which net realised result following					
The sale of loans and receivables	2	1	0	10	4
The sale of held-to-maturity investments	0	0	0	- 5	1
The sale of financial liabilities measured at amortised cost	1	0	0	1	0
Other: of which:	41	64	107	422	447
Irregularities in KBC Lease UK	0	0	- 175	0	- 175
Income concerning leasing at the KBC Lease-group	35	19	20	74	76
Income from consolidated private equity participations	- 2	13	14	56	54
Income from Group VAB	19	16	16	79	65
Realised gains or losses on divestments	0	0	191	0	191

During the fourth quarter, internal controls at KBC Lease UK identified irregularities in some of the contracts between that KBC entity and third parties. Therefore an amount of 175 million before tax has been set aside in the fourth quarter in the Merchant Banking business unit.
The realised gain on divestment in the fourth quarter of 2010 (see table above) includes the realised gains on the sale of the reinsurance company Secura and the Global Convertible Bond and Asian Equity Derivatives businesses.

Breakdown of the insurance results (note 9 in the annual accounts 2009)

In millions of EUR	Life	Non-life	Non-technical account	TOTAL
12M 2009				
Technical result	- 353	303	26	- 24
Earned premiums, insurance (before reinsurance)	2 927	1 947	0	4 874
Technical charges, insurance (before reinsurance)	- 3 168	- 1 245	0	- 4 413
Net fee and commission income	- 111	- 342	31	- 422
Ceded reinsurance result	- 2	- 56	- 6	- 63
Financial result	729	157	- 196	691
Net interest income			944	944
Dividend income			58	58
Net result from financial instruments at fair value			- 361	- 361
Net realised result from AFS assets			50	50
Allocation to the technical accounts	729	157	- 887	0
Operating expenses	- 120	- 333	- 10	- 463
Internal costs claim paid	- 8	- 85	0	- 93
Administration costs related to acquisitions	- 38	- 91	0	- 130
Administration costs	- 73	- 157	0	- 230
Management costs investments	0	0	- 10	- 10
Other net income			30	30
Impairments			- 362	- 362
Share in results of associated companies			0	0
RESULT BEFORE TAX	257	127	- 512	- 129
Income tax expense				- 13
Net post-tax result from discontinued operations				4
RESULT AFTER TAX				- 137
attributable to minority interest				3
attributable to equity holders of the parent				**- 140**
12M 2010				
Technical result	- 424	345	35	- 43
Earned premiums, insurance (before reinsurance)	2 705	1 937	0	4 642
Technical charges, insurance (before reinsurance)	- 3 012	- 1 250	0	- 4 262
Net fee and commission income	- 115	- 339	39	- 415
Ceded reinsurance result	- 2	- 2	- 4	- 8
Financial result	885	176	228	1 288
Net interest income			1 002	1 002
Dividend income			47	47
Net result from financial instruments at fair value			195	195
Net realised result from AFS assets			44	44
Allocation to the technical accounts	885	176	- 1 060	0
Operating expenses	- 136	- 364	- 9	- 509
Internal costs claim paid	- 8	- 75	0	- 83
Administration costs related to acquisitions	- 38	- 89	0	- 127
Administration costs	- 90	- 201	0	- 291
Management costs investments	0	0	- 9	- 9
Other net income			95	95
Impairments			- 19	- 19
Share in results of associated companies			0	0
RESULT BEFORE TAX	325	157	329	811
Income tax expense				- 142
Net post-tax result from discontinued operations				11
RESULT AFTER TAX				679
attributable to minority interest				4
attributable to equity holders of the parent				**675**

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

As a bancassurance company, KBC presents its financial information in an integrated manner (bank and insurance activities together). More information on the group's bank activities and insurance activities separately are available in the annual reports of KBC Bank and KBC Insurance.
This note provides some information on the insurance results separately. The figures are before elimination of transactions between the bank and insurance entities of the group (results related to insurance contracts between bank and insurance entities of the group, interest received by insurance entities on deposits placed with bank entities of the group, paid commissions of insurance entities to bank entities related to the sale of insurance products etc.), in order to provide a better view on the profitability of the insurance activities.

Additional information on insurance activities included in this report:

- earned premiums, life insurance (note 10)
- Technical provisions, insurance (note 31)
- List of significant subsidiaries and associated companies (note 40)

Earned premiums, life insurance (note 10 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	693	579	699	2 923	2 700
Breakdown by IFRS category					
Insurance contracts	257	269	309	852	1 112
Investment contracts with discretionary participation	436	309	390	2 070	1 588
Breakdown by type					
Accepted reinsurance	3	8	0	25	27
Primary business	689	570	699	2 897	2 673
Breakdown of primary business					
Individual versus group					
Individual premiums	595	460	535	2 600	2 131
Premiums under group contracts	94	110	164	297	542
Periodic versus single					
Periodic premiums	251	199	285	792	910
Single premiums	438	371	414	2 105	1 763
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	55	50	66	200	214
Premiums from bonus contracts	603	426	558	2 602	2 134
Unit linked	32	95	75	95	325

Note: Figures for premium income exclude the investment contracts without DPF. Figures are after the elimination of the internal insurance between the insurance and banking businesses of the Group.

Operating expenses (note 12 in the annual accounts 2009)

The Hungarian government has decided to impose a new extraordinary bank tax on the financial institutions. The bank tax will be imposed for 2010, 2011 and 2012 and will be due by both K&H Bank and K&H Insurance. The bank tax is a tax-deductible expense. The full amount of the banking tax to be paid in 2010, was booked in the third quarter of 2010 (impact 57 million euro before tax and 46 million euro after tax)

Impairment – income statement (note 14 in the annual accounts 2009)

In millions of EUR	4Q 2009	3Q 2010	4Q 2010	2009	2010
Total	- 969	- 420	- 555	- 2 725	- 1 656
Impairment on loans and receivables	- 648	- 357	- 492	- 1 901	- 1 483
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 611	- 328	- 539	- 1 809	- 1 452
Provisions for off-balance-sheet credit commitments	- 11	- 22	11	- 13	- 19
Portfolio-based impairments	- 25	- 7	36	- 79	- 12
Breakdown by business unit					
Belgium	- 28	- 21	- 33	- 74	- 82
Central and Eastern Europe	- 218	- 142	- 85	- 630	- 452
Merchant Banking	- 252	- 132	- 350	- 786	- 789
Group Centre	- 150	- 63	- 26	- 412	- 160
Impairment on available-for-sale assets	- 6	- 5	- 9	- 326	- 31
Breakdown by type					
Shares	- 6	- 5	- 9	- 325	- 32
Other	0	0	0	- 2	0
Impairment on goodwill	- 313	- 13	- 47	- 483	- 88
Impairment on other	- 2	- 45	- 6	- 14	- 54
Intangible assets, other than goodwill	0	0	0	0	0
Property and equipment	- 1	0	- 2	- 8	- 4
Held-to-maturity assets	- 1	0	0	- 2	0
Associated companies (goodwill)	0	- 31	0	0	- 31
Other	1	- 14	- 4	- 4	- 18

For the Merchant Banking business unit, KBC has booked an impairment of 0.3 billion euro's on loans & receivables in Ireland in the fourth quarter, of which 0.2 billion euro's in the Corporate Banking segment and 0.1 billion euro's relating to Home loans. This will bring the total amount of impairments for KBC Bank Ireland to 0.5 billion euro's in 2010.

Income tax expense (note 16 in the annual accounts 2009)

KBC booked a negative result over 2009 of EUR 2.5 billion euro's, to a large extent as a result of (fair value) losses registered on its CDO book (collateralised debt obligations) and related lines of business. Until 31 March 2010, KBC had not booked a tax impact on the larger part of these losses, given the fact that these losses occurred in subsidiaries which had insufficient future taxable profits to offset these tax losses. In order to recapitalise one of the major subsidiaries involved, KBC Bank proposed to the local regulator and the Belgian tax office a debt waiver in favour of this subsidiary.

At the end of April, the Belgian tax ruling office ruled positively, confirming the general principle that, if certain criteria are being met, a debt waiver is tax deductible. In practice, this means KBC has booked in the second quarter of 2010 a net positive deferred tax income of EUR 0.4 billion euro's. The deferred tax asset is justified by the availability of sufficient taxable profit in a reasonably foreseeable future. The estimated future profits are based on macro economic assumptions and take into account the most conservative of a range of scenarios.

Financial assets and liabilities: breakdown by portfolio and product (note 18 in the annual accounts 2009)

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	Total excluding divestments during 2010 and IFRS 5 *
FINANCIAL ASSETS, 31-12-2009									
Loans and advances to credit institutions and investment firms [a]	566	3 708	0	16 930	-	-	-	21 204	17 929
Loans and advances to customers [b]	3 169	6 133	0	143 928	-	-	-	153 230	150 332
Discount and acceptance credit	0	9	0	116	-	-	-	125	114
Consumer credit	0	0	0	4 947	-	-	-	4 947	4 940
Mortgage loans	0	2 349	0	56 830	-	-	-	59 180	57 609
Term loans	3 169	3 579	0	64 904	-	-	-	71 652	71 228
Finance leasing	0	0	0	5 569	-	-	-	5 569	5 569
Current account advances	0	0	0	5 123	-	-	-	5 123	4 535
Other	0	196	0	6 439	-	-	-	6 635	6 337
Equity instruments	2 977	20	2 418	-	-	-	-	5 414	4 649
Investment contracts (insurance)	-	7 957	-	-	-	-	-	7 957	6 867
Debt instruments issued by	12 653	12 457	52 694	3 270	11 765	-	-	92 838	86 291
Public bodies	8 056	11 202	39 439	3	10 662	-	-	69 362	66 010
Credit institutions and investment firms	2 512	327	6 297	0	767	-	-	9 903	8 787
Corporates	2 085	928	6 958	3 267	335	-	-	13 572	11 494
Derivatives	20 995	-	-	-	-	165	-	21 160	20 864
Total carrying value excluding accrued intrest income	40 360	30 275	55 112	164 128	11 765	165	0	301 804	288 124
Accrued interest income	203	245	1 008	470	280	48	0	2 254	2 149
Total carrying value including accrued interest income	40 563	30 520	56 120	164 598	12 045	213	0	304 057	289 081
[a] *Of which reverse repos*								*6 297*	*3 924*
[b] *Of which reverse repos*								*6 295*	*6 295*
For AFS equity: of which:									
Real estate certificates			41						
Bonds and cash funds			406						
Shares			1 971						
FINANCIAL ASSETS, 31-12-2010									
Loans and advances to credit institutions and investment firms [a]	696	1 808	0	12 998	-	-	-	15 502	
Loans and advances to customers [b]	4 109	6 471	0	140 087	-	-	-	150 666	
Discount and acceptance credit	0	0	0	119	-	-	-	119	
Consumer credit	0	0	0	4 274	-	-	-	4 274	
Mortgage loans	0	380	0	61 198	-	-	-	61 577	
Term loans	4 109	6 025	0	61 548	-	-	-	71 681	
Finance leasing	0	0	0	4 909	-	-	-	4 909	
Current account advances	0	0	0	4 456	-	-	-	4 456	
Securitised loans	0	0	0	0	-	-	-	0	
Other	0	66	0	3 583	-	-	-	3 649	
Equity instruments	1 717	19	2 098	-	-	-	-	3 833	
Investment contracts (insurance)		7 329	-	-	-	-	-	7 329	
Debt instruments issued by	7 709	9 727	51 020	3 477	13 629	-	-	85 562	
Public bodies	5 806	8 852	40 612	132	12 712	-	-	68 114	
Credit institutions and investment firms	731	266	5 075	224	584	-	-	6 879	
Corporates	1 172	610	5 333	3 122	333	-	-	10 569	
Derivatives	15 758	-	-	-	-	213	-	15 970	
Total carrying value excluding accrued interest income	29 988	25 353	53 117	156 562	13 629	213	0	278 862	
Accrued interest income	299	192	1 025	463	325	73	0	2 378	
Total carrying value including accrued interest income	30 287	25 545	54 143	157 024	13 955	286	0	281 240	
[a] *Of which reverse repos*								*2 284*	
[b] *Of which reverse repos*								*9 486*	
For AFS equity: of which:									
Real estate certificates			51						
Bonds and cash funds			121						
Shares			1 925						

*Excluding the contribution of all divestments in the scope of IFRS 5 as at 31 December 2010 and those that are already closed.

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	Total excluding divestments during 2010 and IFRS 5 *
FINANCIAL LIABILITIES, 31-12-2009									
Deposits from credit institutions and investment firms [a]	211	6 678	-	-	-	-	38 555	45 444	42 128
Deposits from customers and debt certificates [b]	834	16 695	-	-	-	-	175 935	193 464	185 363
Deposits from customers	0	13 154	-	-	-	-	132 165	145 319	138 049
Demand deposits	0	150	-	-	-	-	44 271	44 421	39 383
Time deposits	0	12 992	-	-	-	-	44 448	57 441	55 254
Savings deposits	0	0	-	-	-	-	38 645	38 645	38 645
Special deposits	0	0	-	-	-	-	3 677	3 677	3 677
Other deposits	0	11	-	-	-	-	1 124	1 135	1 091
Debt certificates	834	3 541	-	-	-	-	43 770	48 146	47 314
Certificates of deposit	0	42	-	-	-	-	15 746	15 788	15 788
Customer savings certificates	0	0	-	-	-	-	2 583	2 583	2 579
Convertible bonds	0	0	-	-	-	-	0	0	0
Non-convertible bonds	834	3 218	-	-	-	-	16 311	20 363	20 352
Convertible subordinated liabilities	0	0	-	-	-	-	0	0	0
Non-convertible subordinated liabilities	0	282	-	-	-	-	9 129	9 411	8 595
Liabilities under investment contracts	-	7 685	-	-	-	-	254	7 939	6 849
Derivatives	26 304	0	-	-	-	882	-	27 185	26 703
Short positions	2 147	0	-	-	-	-	-	2 147	1 736
in equity instruments	486	0	-	-	-	-	-	486	213
in debt instruments	1 661	0	-	-	-	-	-	1 661	1 523
Other	250	168	-	-	-	-	1 514	1 931	1 759
Total carrying value excluding accrued interest expense	29 745	31 226	-	-	-	882	216 258	278 111	264 538
Accrued interest expense	146	83	-	-	-	205	905	1 339	1 282
Total carrying value including accrued interest expense	29 891	31 309	-	-	-	1 087	217 163	279 450	265 820
[a] Of which repos								*11 513*	*10 444*
[b] Of which repos								*13 199*	*13 199*
FINANCIAL LIABILITIES, 31-12-2010									
Deposits from credit institutions and investment firms [a]	21	6 911	-	-	-	-	20 924	27 856	
Deposits from customers and debt certificates [b]	648	20 971	-	-	-	-	176 252	197 870	
Deposits from customers	0	17 069	-	-	-	-	135 851	152 920	
Demand deposits	0	57	-	-	-	-	48 189	48 246	
Time deposits	0	17 012	-	-	-	-	42 131	59 142	
Savings deposits	0	0	-	-	-	-	40 245	40 245	
Special deposits	0	0	-	-	-	-	4 005	4 005	
Other deposits	0	0	-	-	-	-	1 281	1 281	
Debt certificates	648	3 902	-	-	-	-	40 400	44 950	
Certificates of deposit	0	22	-	-	-	-	14 965	14 987	
Customer savings certificates	0	0	-	-	-	-	2 155	2 155	
Convertible bonds	0	0	-	-	-	-	0	0	
Non-convertible bonds	648	3 600	-	-	-	-	14 427	18 674	
Convertible subordinated liabilities	0	0	-	-	-	-	0	0	
Non-convertible subordinated liabilities	0	280	-	-	-	-	8 854	9 134	
Liabilities under investment contracts	-	6 514	-	-	-	-	179	6 693	
Derivatives	22 317	0	-	-	-	849	-	23 166	
Short positions	1 119	0	-	-	-	-	-	1 119	
in equity instruments	10	0	-	-	-	-	-	10	
in debt instruments	1 110	0	-	-	-	-	-	1 110	
Other	0	145	-	-	-	-	2 564	2 709	
Total carrying value excluding accrued interest expense	24 105	34 541	-	-	-	849	199 919	259 414	
Accrued interest expense	31	74	-	-	-	276	789	1 169	
Total carrying value including accrued interest expense	24 136	34 615	-	-	-	1 124	200 707	260 582	
[a] Of which repos								*8 265*	
[b] Of which repos								*15 398*	

*Excluding the contribution of all divestments in the scope of IFRS 5 as at 31 December 2010 and those that already closed.

Impairments on loans and receivables (note 24 in the annual accounts 2009)

In millions of EUR	2009	2010
Total	4 080	5 037
Breakdown by type		
Specific impairment, on-balance-sheet loans and receivables	3 667	4 595
Specific impairment, off-balance-sheet credit commitments	85	90
Portfolio-based impairment	328	353
Breakdown by counterparty		
Impairment for loans and advances to banks	36	41
Impairment for loans and advances to customers	3 933	4 880
Specific and portfolio based impairment, off-balance-sheet credit commitments	111	116

Technical provisions, insurance (note 31 in the annual accounts 2009)

In millions of EUR	31-12-2009	31-12-2010
Technical provisions, before reinsurance	**22 012**	**23 255**
Insurance contracts	10 244	10 425
Provisions for unearned premiums and unexpired risk	504	532
Life insurance provision	5 493	6 580
Provision for claims outstanding	3 770	3 095
Provision for profit sharing and rebates	29	32
Other technical provisions	449	186
Investment contracts with DPF	11 768	12 830
Life insurance provision	11 715	12 768
Provision for claims outstanding	0	0
Provision for profit sharing and rebates	53	62
Reinsurers' share	**284**	**280**
Insurance contracts	284	280
Provisions for unearned premiums and unexpired risk	15	20
Life insurance provision	7	3
Provision for claims outstanding	262	257
Provision for profit sharing 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 profit sharing 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.

Provisions for risks and charges (note 32 in the annual accounts 2009)

ČSOB (and KBC Bank in one case) is involved in a number of court cases relating to the *Agreement on Sale of Enterprise*, concluded on 19 June 2000 between Investiční a Poštovní banka (IPB) and ČSOB and to the guarantees provided in this respect by the Czech Republic and the Czech National Bank. In one of these cases, ČSOB initiated arbitration proceedings in respect of the above guarantees at the International Chamber of Commerce on 13 June 2007 against the Czech Republic concerning payment of the equivalent of 62 million euro's plus interest. The Czech government had filed a counterclaim, provisionally estimated at the equivalent of 1 billion euro's plus interest.
On 29 December 2010, an arbitral decision was issued in which ČSOB's claim was allowed and the Czech government's counterclaim dismissed in full.

Parent shareholders' equity and non-voting core-capital securities (note 35 in the annual accounts 2009)

in number of shares	**31-12-2009**	**31-12-2010**
Ordinary shares	357 918 125	357 938 193
of which ordinary shares that entitle the holder to a dividend payment	*344 392 245*	*345 481 813*
of which treasury shares	*18 189 217*	*18 171 795*
Non-voting core-capital securities	237 288 134	237 288 134
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 2010, this number includes, *inter alia*:

- the shares that are held to meet requirements under the various employee stock option plans (889 130 shares).
- the shares that were bought in relation to the 2007-2009 3-billion-euro share buyback programme (13 360 577 shares).

Related-party transactions (note 38 in the annual accounts 2009)

During the whole of 2010, there was no significant change in related parties compared to the end 2009. KBC bought a guarantee in 2009 from the Belgian government covering to a large extent the potential downside risk on the value of its collateralized debt obligations (CDO's). The results of 2010 include the accounting of 103 million euro's fee expense (included in net result from financial instruments at fair value).

List of significant subsidiaries and associated companies (note 40 in the annual accounts 2009)

Company	Business unit*	Registered office	Ownership percentage at KBC Group level	Activity
KBC BANK				
Fully consolidated subsidiaries				
Absolut Bank	GRP	Moscow - RU	95,00	Credit institution
Antwerpse Diamantbank NV	GRP	Antwerp - BE	100,00	Credit institution
CBC Banque SA	BEL	Brussels - BE	100,00	Credit institution
CENTEA NV	GRP	Antwerp - BE	99,56	Credit institution
CIBANK AD	CEE	Sofia - BG	100,00	Credit institution
CSOB a.s. (Czech Republic)	CEE	Prague - CZ	100,00	Credit institution
CSOB a.s. (Slovak Republic)	CEE	Bratislava - SK	100,00	Credit institution
KBC Asset Management NV	BEL	Brussels - BE	100,00	Asset Management
KBC Bank NV	BEL/MEB/CEE/	Brussels - BE	100,00	Credit institution
KBC Bank Deutschland AG	GRP	Bremen - DE	100,00	Credit institution
KBC Bank Funding LLC & Trust (group)	MEB	New York - US	100,00	Issuance of trust preferred securities
KBC Bank Ireland Plc	MEB	Dublin - IE	100,00	Credit institution
KBC Clearing NV	MEB	Amsterdam - NL	100,00	Clearing
KBC Commercial Finance NV	MEB	Brussels - BE	100,00	Factoring
KBC Credit Investments NV	MEB	Brussels - BE	100,00	Investments in credit-linked securities
KBC Finance Ireland	GRP	Dublin - IE	100,00	Lending
KBC Financial Products (group)	GRP	Various locations	100,00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MEB	Rotterdam - NL	100,00	Issuance of bonds
KBC Lease (group)	MEB/CEE/BEL	Various locations	100,00	Leasing
KBC Private Equity NV	MEB	Brussels - BE	100,00	Private equity
KBC Real Estate NV	MEB	Brussels - BE	100,00	Real estate
KBC Securities NV	MEB	Brussels - BE	100,00	Stock exchange broker / corporate finance
K&H Bank Zrt.	CEE	Budapest - HU	100,00	Credit institution
Kredyt Bank SA	CEE	Warsaw - PL	80,00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group)	GRP	Ljubljana - SI	30,57	Credit institution
KBC INSURANCE				
Fully consolidated subsidiaries				
ADD NV	BEL	Heverlee - BE	100,00	Insurance company
Assurisk SA	BEL	Luxembourg - LU	100,00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEE	Pardubice - CZ	100,00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEE	Bratislava - SK	100,00	Insurance company
DZI Insurance	CEE	Sofia - BG	90,35	Insurance company
Fidea NV	GRP	Antwerp - BE	100,00	Insurance company
Groep VAB NV	BEL	Zwijndrecht - BE	74,81	Automobile assistance
K&H Insurance	CEE	Budapest - HU	100,00	Insurance company
KBC Banka A.D.	GRP	Belgrade - RS	100,00	Credit institution
KBC Verzekeringen NV	BEL	Leuven - BE	100,00	Insurance company
TUIR WARTA SA	CEE	Warsaw - PL	100,00	Insurance company
Proportionally consolidated subsidiaries				
NLB Vita d.d.	GRP	Ljubljana - SI	50,00	Insurance company
KBL EPB				
Fully consolidated subsidiaries				
Brown, Shipley & Co Ltd.	GRP	London - GB	99,91	Credit institution
KBL Richelieu Banque Privée	GRP	Paris - FR	99,91	Credit institution
Kredietbank SA Luxembourgeoise	GRP	Luxembourg - LU	99,91	Credit institution
Kredietbank (Suisse) SA, Genève	GRP	Geneva - CH	99,90	Credit institution
Merck Finck & Co.	GRP	Munich - DE	99,91	Credit institution
Puilaetco Dewaay Private Bankers SA	GRP	Brussels - BE	99,91	Credit institution
Theodoor Gilissen Bankiers NV	GRP	Amsterdam - NL	99,91	Credit institution
Vitis Life Luxemburg	GRP	Luxembourg - LU	99,91	Insurance company
KBC GROUP NV (other direct subsidiaries)				
Fully consolidated subsidiaries				
KBC Global Services NV	GRP	Brussels - BE	100,00	Cost-sharing structure
KBC Group NV	GRP	Brussels - BE	100,00	Holding company

* BEL=Belgium business unit, MEB= Merchant Banking business unit, CEE = Central & Eastern Europe business unit, GRP = Group Centre

Main changes in the scope of consolidation (note 41 in the annual accounts 2009)

Company	Consolidation method	Ownership percentage at KBC Group level		Comments
		2009	2010	
Additions				
None				
Exclusions				
Secura	Full	95,04%	------	Sold in 4Q2010
KBC Peel Hunt Ltd.	Full	100,00%	------	Sold in 4Q2010
KBC Financial Products Group	Full	100,00%	100,00%	Sale of a number of activities
Changes in ownership percentage and internal mergers				
Cibank AD	Full	81,69%	100,00%	Increase % with 18,31 (mainly in 4Q10)

In 2010, changes in the scope of consolidation had only limited impact on the income statement or on the balance sheet, apart from some realised gains on divestments (Secura, KBC's Global Convertible Bond and Asian Equity Derivatives businesses), see Note 8

Post-balance sheet events (note 42 in the annual accounts 2009)

There were no significant events between the balance sheet date (31 December 2010) and the publication of this report (10 February 2011)

Additional note (44): overview of sovereign risk on selected European countries

Sovereign bonds on selected European countries, in billions of EUR, 31-12-2010, carrying amounts

	Total			Banking and Insurance Book		
	Banking and Insurance book	Trading Book	Total	Amounts with maturity date in 2011	Amounts with maturity date in 2012	Amounts with maturity date after 2012
Greece	0,6	0,0	0,6	0,1	0,1	0,4
Portugal	0,3	0,0	0,3	0,0	0,1	0,2
Spain	2,2	0,1	2,3	0,1	0,5	1,6
Italy	6,4	0,2	6,6	0,9	0,4	5,1
Ireland	0,5	0,0	0,5	0,0	0,0	0,5

* Available-for-sale, held-to-maturity and designated at fair value through profit and loss.

Market turbulences for sovereign bonds have not had any relevant impact on KBC's liquidity position and strategy. All sovereign bonds remain eligible for being pledged against the ECB

No impairments have been booked for these sovereign bonds. Over Q4, KBC booked fair value changes in the P&L before tax for a total amount of EUR -35 million euro's (of which EUR -25 million euro's on Italy and EUR -8 million euro's on Greece; impact including fair value change of the related ALM derivatives) on the sovereign bonds designated at fair value through profit and loss and a trading result of EUR -4 million euro's. KBC booked realised results on sales of available-for-sale sovereign bonds for a total amount of EUR -9 million euro's.

Finally, over the entire year 2010, KBC booked fair value changes in the P&L for a total amount before tax of EUR -303 million euro's (of which EUR -200 million on Italy and EUR -98 million on Greece; impact including fair value change of the related ALM derivatives) on the sovereign bonds designated at fair value through profit and loss and a trading result of EUR -31 million euro's. KBC booked realised results on sales of available-for-sale sovereign bonds for a total amount of EUR -43 million euro's.
Compared to last quarter, total government bond exposure on Italy dropped with 0.6 billion euro, on Greece with 0,2 billion euro and on Spain with 0.1 billion euro.

Additional note (45): disclosure related to IFRS 5 (Non-current assets held for sale and discontinued operations)

General information

IFRS 5 determines that a non-current asset (or a group of assets which will be disposed of) needs to be classified as 'held for sale' if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable.

To prove that the sale is highly probable, five criteria must all be fulfilled at the same time:
1. Commitment of higher management to a plan of sale;
2. An active program to locate a buyer and to complete the plan, is launched;
3. The desired sale price is reasonable in relation to its current fair value;
4. Sale within one year;
5. Unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Situation as at 31 December 2010

On 31 December 2010, following planned divestments fulfill the criteria of IFRS 5:

- as disposal groups without being part of a discontinued operation, none
- as disposal groups which are part of a discontinued operation: KBL EPB-group (including Vitis Life). As required by IFRS 5, the results of a discontinued operation are shown (retroactively) on one line in the income statement: Net post-tax result from discontinued operations.

The assets and liabilities of these divestments are shown separately on the balance sheet (Non-current assets held for sale and assets associated with disposal groups on the asset side and liabilities associated with disposal groups on the liability side): see table below for more details.

The other participations which are up for divestment in the future do not fulfill one or more of the criteria mentioned above on 31 December 2010:

- for a number of them the sale within one year is not planned
- and/or: an active program to locate a buyer has not been launched
- and/or: it is preliminary to conclude that in the current volatile financial markets the desired sale price can be obtained so that also significant changes to the plan can be made

Summary of facts and circumstances regarding divestments

KBL EPB:

Activity:	Credit institution
Segment:	Group Centre
Sale agreement date:	21 May 2010
Other information:	KBC group reached an agreement with the Hinduja Group for the sale of its dedicated private banking subsidiary KBL European Private Bankers for a total consideration of EUR 1.350 billion. The transaction which will release app. EUR 1.3 billion of capital, based on calculation 30 June, (net impact on capital including the release of Risk Weighted Assets, goodwill and an impairment of EUR 0.3 billion which is booked in the second quarter results) is fully in line with the announcement made on 18 November 2009 of a target capital relief of EUR 0.8 billion to EUR 1.5 billion.

Impact on P&L, Balance sheet, Cash flow and EPS:

In millions of EUR	4Q 2009	3Q 2010	4Q2010	2009	2010
A: DISCONTINUED OPERATIONS					
Income statement					
Income statement KBL EPB (including Vitis Life)					
Net interest income	51	42	39	249	159
Net fee and commission income	97	89	93	361	381
Other income	24	8	3	75	62
Total income	172	139	135	685	602
Operating expenses	- 142	- 112	- 149	- 513	- 495
Impairment	- 26	1	- 43	- 52	- 42
Share in results of associated companies	1	0	0	3	2
Result before tax	5	29	- 57	123	66
Income tax expense	10	- 9	22	- 21	- 19
Result after tax	**15**	**19**	**- 35**	**101**	**47**
Result of sale of KBL EPB (including Vitis Life)		0	0		
Impairment loss recognised on the remeasurement to fair value less costs to		- 26	59		- 301
Tax income related to measurement to fair value less costs to sell (deferred		0	0		0
Result of sale after tax		- 26	59		- 301
Net post-tax result from discontinued operations	**15**	**- 7**	**24**	**101**	**- 254**

Earnings per share relating to discontinued operations (KBL, including Vitis Life)	
Basic	-0,75
Diluted	-0,75

B: NON-CURRENT ASSETS HELD FOR SALE AND ASSETS ASSOCIATED WITH DISPOSAL GROUPS AND LIABILITIES ASSOCIATED WITH DISPOSAL GROUPS

Balance sheet	31-12-2009	*of which: Discon-tinued operations*	31-12-2010	*of which: Discon-tinued operations*
Assets				
Cash and cash balances with central banks	0	*0*	437	*437*
Financial assets	56	*0*	11 359	*11 299*
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	0	*0*	7	*7*
Tax assets	0	*0*	83	*83*
Investments in associated companies	0	*0*	14	*14*
Investment property and property and equipment	0	*0*	240	*234*
Goodwill and other intangible assets	0	*0*	690	*690*
Other assets	14	*0*	109	*101*
Total assets	70	*0*	*12 938*	*12 863*
Liabilities				
Financial liabilities	0	*0*	12 489	*12 489*
Technical provisions insurance, before reinsurance	0	*0*	466	*466*
Tax liabilities	0	*0*	11	*11*
Provisions for risks and charges	0	*0*	28	*28*
Other liabilities	0	*0*	349	*348*
Total liabilities	0	*0*	*13 341*	*13 341*
Other comprehensive income				
Available-for-sale reserve	0	*0*	9	*8*
Deferred tax on available-for-sale reserve	0	*0*	- 6	*- 6*
Translation differences	0	*0*	10	*10*
Total other comprehensive income	0	*0*	*12*	*12*

Risk and capital management

KBC Group, 4Q2010 and FY2010

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

Extensive risk management and solvency data for 31-12-2009 is 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.

Snapshot of the credit portfolio (banking activities)

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. Further on in this chapter, extensive information is provided on the credit portfolio of each business unit. Structured credit exposure is described separately.

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2009	31-12-2010
Total loan portfolio (in billions of EUR)		
Amount granted	202	195
Amount outstanding	167	164
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	29%	31%
CEE	21%	23%
Merchant Banking	39%	35%
Group Centre	11%	11%
Total	100%	100%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	7%	6.6%
Electricity	3%	2.0%
Aviation	0.3%	0.3%
Automobile industry	2%	2.2%
Impaired loans (in millions of EUR or %)		
Amount outstanding	8 982	11 082
Specific loan impairments	3 884	4 696
Portfolio-based loan impairments	328	353
Credit cost ratio, per business unit		
Belgium	0.15%	0.15%
CEE	1.70%	1.22%
Czech Republic	1.12%	0.75%
Slovakia	1.56%	0.96%
Hungary	2.01%	1.98%
Poland	2.59%	1.45%
Bulgaria	2.22%	2.00%
Merchant Banking	1.19%	1.38%
Group Centre	2.15%	1.03%
Total	1.11%	0.91%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	5 595	6 666
Specific loan impairments for NP loans	2 790	3 389
Non-performing ratio, per business unit		
Belgium	1.5%	1.5%
CEE	4.1%	5.6%
Merchant Banking	3.9%	5.2%
Group Centre	5.1%	5.1%
Total	3.4%	4.1%
Cover ratio		
Specific loan impairments for NP loans / Outstanding NP loans	50%	51%
Idem, excluding mortgage loans	60%	61%
Specific and portfolio-based loan impairments for performing and NP loans / outstanding NP loans	75%	76%
Idem, excluding mortgage loans	90%	96%

Credit portfolio per business unit (banking activities)

Loan portfolio Business Unit Belgium
31-12-2010, in millions of EUR

	Belgium		
Total outstanding amount	53.929		
Counterparty break down		*% outst.*	
SME / corporate	2.097	*3,9%*	
retail	51.832	*96,1%*	
o/w private	28.292	*52,5%*	
o/w companies	23.539	*43,6%*	
Mortgage loans (*)		*% outst.*	ind. LTV
total	27.058	*50,2%*	51%
o/w FX mortgages	0	*0,0%*	-
o/w vintage 2007 and 2008	5.955	*11,0%*	-
o/w LTV > 100%	1.254	*2,3%*	-
Top 5 Belgian corporate sectors		*% outst.*	avg. PD
services	7.231	*13,4%*	low
distribution	4.280	*7,9%*	medium
real estate	3.217	*6,0%*	medium
agriculture	2.992	*5,5%*	low
building	1.899	*3,5%*	low
Exposure to cyclical sectors			
real estate	3.217	*6,0%*	medium
building	1.899	*3,5%*	low
automotive	814	*1,5%*	medium
energy (oil, gas & other fuels / electricity)	147	*0,3%*	low
aviation	16	*0,0%*	medium
IT & telecom	91	*0,2%*	medium
LBO-exposure			
LBO	0	*0,0%*	
Probability of default (PD)		*% outst.*	
low risk (pd 1-4; 0.00%-0.80%)	42.340	*78,5%*	
medium risk (pd 5-7; 0.80%-6.40%)	8.710	*16,2%*	
high risk (pd 8-10; 6.40%-100.00%)	2.065	*3,8%*	
non-performing loans (pd 11 - 12)	809	*1,5%*	
unrated	3	*0,0%*	
Other risk measures		*% outst.*	
outstanding non-performing loans (NPL)	809	*1,5%*	
provisions for NPL	472		
all provisions (P + NP + portfolio based)	552		
cover NPL by all provisions (specific + portfolio)	68%		
2009 Credit cost ratio (CCR)	0,15%		
YTD 2010 CCR	0,15%		

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

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

Loan portfolio Business Unit Central & Eastern Europe

31-12-2010, in millions of EUR	**Czech republic**			**Slovakia**			**Poland**			**Hungary**			**Bulgaria**			**Total CEE**		
Total outstanding amount	18.334			3.872			8.022			6.715			739			37.682		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	5.623	*30,7%*		1.489	*38,5%*		2.574	*32,1%*		3.159	*47,1%*		333	*45,0%*		13.178	*35,0%*	
retail	12.711	*69,3%*		2.383	*61,5%*		5.448	*67,9%*		3.555	*52,9%*		407	*55,0%*		24.504	*65,0%*	
o/w private	9.299	*50,7%*		1.427	*36,9%*		5.275	*65,8%*		3.079	*45,9%*		232	*31,4%*		19.312	*51,3%*	
o/w companies	3.413	*18,6%*		955	*24,7%*		174	*2,2%*		476	*7,1%*		174	*23,6%*		5.192	*13,8%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	
total	5.657	*30,9%*	67%	1.171	*30,2%*	57%	4.190	*52,2%*	86%	2.698	*40,2%*	74%	110	*14,9%*	62%	13.825	*36,7%*	
o/w FX mortgages	0	*0,0%*	-	0	*0,0%*	-	2.724	*34,0%*	99%	2.338	*34,8%*	78%	62	*8,5%*	61%	5.124	*13,6%*	
o/w vintage 2007 and 2008	2.344	*12,8%*	-	387	*10,0%*	-	2.666	*33,2%*	-	1.375	*20,5%*	-	61	*8,2%*	-	6.832	*18,1%*	
o/w LTV > 100%	662	*3,6%*	-	0	*0,0%*	-	1.497	*18,7%*	-	532	*7,9%*	-	9	*1,2%*	-	2.700	*7,2%*	
Top 5 CEE corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
services	2.239	*12,2%*	low	758	*19,6%*	low	177	*2,2%*	medium	444	*6,6%*	medium	11	*1,5%*	-	3.629	*9,6%*	low
finance & insurance	1.553	*8,5%*	low	81	*2,1%*	low	382	*4,8%*	low	309	*4,6%*	low	39	*5,3%*	-	2.364	*6,3%*	low
distribution	907	*4,9%*	medium	292	*7,6%*	medium	510	*6,4%*	medium	449	*6,7%*	medium	29	*3,9%*	-	2.188	*5,8%*	medium
real estate	559	*3,0%*	medium	328	*8,5%*	medium	392	*4,9%*	medium	199	*3,0%*	medium	197	*26,7%*	-	1.675	*4,4%*	medium
building	605	*3,3%*	medium	139	*3,6%*	medium	174	*2,2%*	medium	395	*5,9%*	medium	13	*1,7%*	-	1.326	*3,5%*	medium
Exposure to cyclical sectors																		
real estate	559	*3,0%*	medium	328	*8,5%*	medium	392	*4,9%*	medium	199	*3,0%*	medium	197	*26,7%*	-	1.675	*4,4%*	medium
building	605	*3,3%*	medium	139	*3,6%*	medium	174	*2,2%*	medium	395	*5,9%*	medium	13	*1,7%*	-	1.326	*3,5%*	medium
automotive	380	*2,1%*	medium	227	*5,9%*	medium	102	*1,3%*	medium	229	*3,4%*	medium	13	*1,8%*	-	951	*2,5%*	medium
energy (oil, gas & other fuels / electricity)	534	*2,9%*	low	176	*4,5%*	low	96	*1,2%*	medium	160	*2,4%*	medium	42	*5,7%*	-	1.007	*2,7%*	medium
aviation	83	*0,5%*	medium	0	*0,0%*	high	8	*0,1%*	medium	2	*0,0%*	medium	0	*0,0%*	-	93	*0,2%*	medium
IT & telecom	36	*0,2%*	low	24	*0,6%*	high	25	*0,3%*	high	60	*0,9%*	medium	2	*0,2%*	-	146	*0,4%*	medium
LBO-exposure																		
LBO	46	*0,3%*		0	*0,0%*		19	*0,2%*		63	*0,9%*		0	*0,0%*		128	*0,3%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (pd 1-4; 0.00%-0.80%)	12.078	*65,9%*		2.551	*65,9%*		4.538	*56,6%*		3.489	*52,0%*		6	*0,8%*		22.662	*60,1%*	
medium risk (pd 5-7; 0.80%-6.40%)	4.291	*23,4%*		824	*21,3%*		1.951	*24,3%*		1.688	*25,1%*		189	*25,6%*		8.943	*23,7%*	
high risk (pd 8-10; 6.40%-100.00%)	1.353	*7,4%*		187	*4,8%*		681	*8,5%*		802	*11,9%*		210	*28,5%*		3.234	*8,6%*	
non-performing loans (pd 11 - 12)	612	*3,3%*		183	*4,7%*		551	*6,9%*		561	*8,4%*		216	*29,3%*		2.123	*5,6%*	
unrated	1	*0,0%*		127	*3,3%*		301	*3,7%*		175	*2,6%*		117	*15,9%*		721	*1,9%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	612	*3,3%*		183	*4,7%*		551	*6,9%*		561	*8,4%*		216	*29,3%*		2.123	*5,6%*	
provisions for NPL	294			108			420			283			38			1.144		
all provisions (P + NP + portfolio based)	520			192			495			396			41			1.645		
cover NPL by all provisions (specific + portfolio) (**)	85%			105%			90%			71%			19%			77%		
2009 Credit cost ratio (CCR)	1,12%			1,56%			2,59%			2,01%			2,22%			1,70%		
YTD 2010 CCR (local currency)	0,75%			0,96%			1,45%			1,98%			2,00%			1,22%		
Stress tests		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
- if default of the local top 10 corporate names	291	*1,6%*		209	*5,4%*		350	*4,4%*		358	*5,3%*		-	-		1.208	*3,2%*	
- on FX mortgages in -30% stress scenario (***)	-	-		-	-		19	*0,2%*		155	*2,3%*		1	*0,1%*		174	*0,5%*	
- on FX mortgages in -30%/-30% stress scenario (****)	-	-		-	-		32	*0,4%*		309	*4,6%*		0	*0,0%*		340	*0,9%*	

Legend

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

avg. PD Average Probability of Default

Remarks

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

(**) For Bulgaria: NPL cover based on IFRS-provisions; NPL Cover based on provisions conform local regulations - including both IFRS- and non-IFRS, capital deducted provisions - amounts to 64%

(***) 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

31-12-2010, in millions of EUR

	Belgium			**Western Europe**			**o/w Ireland**			**USA**		
Total outstanding amount	18.058			22.776			17.164			4.510		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
SME / corporate	18.058	100,0%		9.724	42,7%		4.111	24,0%		4.510	100,0%	
retail	0	0,0%		13.052	57,3%		13.052	76,0%		0	0,0%	
o/w private	0	0,0%		13.052	57,3%		13.052	76,0%		0	0,0%	
o/w companies	0	0,0%		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%	-	13.052	57,3%	98%	13.052	76,0%	98%	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%	-	4.760	20,9%	-	4.760	27,7%	-	0	0,0%	-
o/w LTV > 100%	0	0,0%	-	6.926	30,4%	-	6.926	40,4%	-	0	0,0%	-
Top 5 Merchant Banking corporate sectors		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD
finance & insurance	1.574	8,7%	-	1.696	7,4%	-	88	0,5%	-	305	6,8%	-
real estate	1.591	8,8%	-	3.167	13,9%	-	2.110	12,3%	-	570	12,6%	-
services	2.307	12,8%	-	1.146	5,0%	-	476	2,8%	-	711	15,8%	-
distribution	2.086	11,6%	-	697	3,1%	-	452	2,6%	-	43	1,0%	-
building	1.319	7,3%	-	526	2,3%	-	212	1,2%	-	49	1,1%	-
Exposure to cyclical sectors												
real estate	1.591	8,8%	-	3.167	13,9%	-	2.110	12,3%	-	570	12,6%	-
building	1.319	7,3%	-	526	2,3%	-	212	1,2%	-	49	1,1%	-
automotive	629	3,5%	-	142	0,6%	-	11	0,1%	-	63	1,4%	-
energy (oil, gas & other fuels / electricity)	838	4,6%	-	216	0,9%	-	99	0,6%	-	162	3,6%	-
aviation	112	0,6%	-	8	0,0%	-	1	0,0%	-	94	2,1%	-
IT & telecom	159	0,9%	-	60	0,3%	-	11	0,1%	-	7	0,2%	-
LBO-exposure												
LBO	0	0,0%		473	2,1%		34	0,2%		29	0,6%	
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (pd 1-4; 0.00%-0.80%)	10.930	60,5%		9.006	39,5%		6.548	38,1%		3.480	77,2%	
medium risk (pd 5-7; 0.80%-6.40%)	4.256	23,6%		7.479	32,8%		6.057	35,3%		611	13,6%	
high risk (pd 8-10; 6.40%-100.00%)	1.183	6,6%		4.114	18,1%		2.787	16,2%		307	6,8%	
non-performing loans (pd 11 - 12)	510	2,8%		2.084	9,2%		1.771	10,3%		100	2,2%	
unrated	1.179	6,5%		92	0,4%		1	0,0%		12	0,3%	
Other risk measures		% outst.			% outst.			% outst.			% outst.	
outstanding non-performing loans (NPL)	510	2,8%		2.084	9,2%		1.771	10,3%		100	2,2%	
provisions for NPL	404			642			489			62		
all provisions (P + NP + portfolio based)	666			1.275			750			74		
cover NPL by all provisions (specific + portfolio)	130%			61%			42%			74%		
2009 Credit cost ratio (CCR)	n.a.			n.a.			0,96%			n.a.		
YTD 2010 CCR	n.a.			n.a.			2,98%			n.a.		

	Southeast Asia			**Global**			**Credit Investments**			**Total Merchant Banking**		
Total outstanding amount	1.240			2.889			4.696			54.168		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
SME / corporate	1.240	100,0%		2.889	100,0%		4.696	100,0%		41.116	75,9%	
retail	0	0,0%		0	0,0%		0	0,0%		13.052	24,1%	
o/w private	0	0,0%		0	0,0%		0	0,0%		13.052	24,1%	
o/w companies	0	0,0%		0	0,0%		0	0,0%		0	0,0%	
Mortgage loans (*)		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	
total	0	0,0%	-	0	0,0%	-	0	0,0%	-	13.052	24,1%	
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%	-	4.760	8,8%	
o/w LTV > 100%	0	0,0%	-	0	0,0%	-	0	0,0%	-	6.926	12,8%	
Top 5 Merchant Banking corporate sectors		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD		% outst.	avg. PD
finance & insurance	72	5,8%	-	563	19,5%	-	4.646	98,9%	-	8.855	16,3%	low
real estate	28	2,2%	-	793	27,5%	-	7	0,2%	-	6.156	11,4%	medium
services	24	1,9%	-	15	0,5%	-	16	0,3%	-	4.219	7,8%	medium
distribution	158	12,8%	-	29	1,0%	-	0	0,0%	-	3.014	5,6%	medium
building	37	2,9%	-	111	3,9%	-	9	0,2%	-	2.050	3,8%	medium
Exposure to cyclical sectors												
real estate	28	2,2%	-	793	27,5%	-	7	0,2%	-	6.156	11,4%	medium
building	37	2,9%	-	111	3,9%	-	9	0,2%	-	2.050	3,8%	medium
automotive	27	2,2%	-	42	1,4%	-	0	0,0%	-	903	1,7%	medium
energy (oil, gas & other fuels / electricity)	99	8,0%	-	398	13,8%	-	0	0,0%	-	1.714	3,2%	low
aviation	18	1,5%	-	1	0,0%	-	0	0,0%	-	233	0,4%	low
IT & telecom	13	1,0%	-	39	1,4%	-	11	0,2%	-	289	0,5%	high
LBO-exposure												
LBO	39	3,1%		338	11,7%		0	0,0%		878	1,6%	
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (pd 1-4; 0.00%-0.80%)	716	57,7%		1.571			4.277	91,1%		29.979	55,3%	
medium risk (pd 5-7; 0.80%-6.40%)	412	33,3%		962			280	6,0%		14.001	25,8%	
high risk (pd 8-10; 6.40%-100.00%)	78	6,3%		270	9,4%		0	0,0%		5.952	11,0%	
non-performing loans (pd 11 - 12)	33	2,6%		66	2,3%		0	0,0%		2.793	5,2%	
unrated	1	0,1%		20			139	3,0%		1.443	2,7%	
Other risk measures		% outst.			% outst.			% outst.			% outst.	
outstanding non-performing loans (NPL)	33	2,6%		66	2,3%		0	0,0%		2.793	5,2%	
provisions for NPL	43			60			0			1.210		
all provisions (P + NP + portfolio based)	64			66			32			2.193		
cover NPL by all provisions (specific + portfolio)	195%			100%			-			79%		
2009 Credit cost ratio (CCR)	n.a.			n.a.			n.a.			1,19%		
YTD 2010 CCR	n.a.			n.a.			n.a.			1,38%		

Legend

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

avg. PD Average Probability of Default

Remarks

Belgium = Belgian Corporate Branches, KBC Lease (Belgium), KBC Commercial Finance, KBC Real Estate

Western Europe = Foreign branches in Western Europe (UK, France, Netherlands, Spain, Italy); KBC Bank Ireland (incl. former Homeloans), KBC Lease UK, Ex-Atomium assets

Ireland = KBC Bank Ireland (incl. former KBC Homeloans)

USA = foreign branch in USA

Southeast Asia = Foreign branches in Asia (Hong Kong, Singapore, China)

Global = Structured Trade Finance, Foreign branch in Dublin (Syndicated loans), KBC Bank Head-office

Credit Investments = KBC Credit Investments, Quasar

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

Loan portfolio Business Unit Group Centre (excl. EPB)

31-12-2010, in millions of EUR	Belgium			CEER			o/w Russia			Western Europe			Global			Total Group Centre (excl. EPB)		
Total outstanding amount	8.542			2.353			2.107			2.299			2.371			15.565		
Counterparty break down		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
SME / corporate	1.123	*13,1%*		1.173	*49,9%*		1.015	*48,2%*		2.299	*100,0%*		2.371	*100,0%*		6.966	*44,8%*	
retail	7.419	*86,9%*		1.180	*50,1%*		1.092	*51,8%*		0	*0,0%*		0	*0,0%*		8.599	*55,2%*	
o/w private	6.327	*74,1%*		1.096	*46,6%*		1.008	*47,8%*		0	*0,0%*		0	*0,0%*		7.423	*47,7%*	
o/w companies	1.092	*12,8%*		84	*3,6%*		84	*4,0%*		0	*0,0%*		0	*0,0%*		1.176	*7,6%*	
Mortgage loans (*)		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	ind. LTV		*% outst.*	
total	6.062	*71,0%*	52%	868	*36,9%*	-	797	*37,8%*	53%	0	*0,0%*	-	0	*0,0%*	-	6.930	*44,5%*	
o/w FX mortgages	0	*0,0%*	-	332	*14,1%*	-	261	*12,4%*	53%	0	*0,0%*	-	0	*0,0%*	-	332	*2,1%*	
o/w vintage 2007 and 2008	1.246	*14,6%*	-	628	*26,7%*	-	583	*27,7%*	-	0	*0,0%*	-	0	*0,0%*	-	1.874	*12,0%*	
o/w LTV > 100%	256	*3,0%*	-	39	*1,7%*	-	27	*1,3%*	-	0	*0,0%*	-	0	*0,0%*	-	296	*1,9%*	
Top 5 Group Centre corporate sectors		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD		*% outst.*	avg. PD
distribution	1.020	*11,9%*	-	494	*21,0%*	-	447	*21,2%*	-	228	*9,9%*	-	0	*0,0%*	-	1.742	*11,2%*	medium
electricity	0	*0,0%*	-	18	*0,8%*	-	18	*0,9%*	-	58	*2,5%*	-	1.058	*44,6%*	-	1.134	*7,3%*	medium
building	160	*1,9%*	-	41	*1,8%*	-	32	*1,5%*	-	192	*8,3%*	-	410	*17,3%*	-	803	*5,2%*	medium
real estate	73	*0,9%*	-	296	*12,6%*	-	286	*13,6%*	-	300	*13,0%*	-	20	*0,8%*	-	689	*4,4%*	medium
services	315	*3,7%*	-	41	*1,7%*	-	31	*1,5%*	-	168	*7,3%*	-	56	*2,4%*	-	580	*3,7%*	medium
Exposure to cyclical sectors																		
real estate	73	*0,9%*	-	296	*12,6%*	-	286	*13,6%*	-	300	*13,0%*	-	20	*0,8%*	-	689	*4,4%*	medium
building	160	*1,9%*	-	41	*1,8%*	-	32	*1,5%*	-	192	*8,3%*	-	410	*17,3%*	-	803	*5,2%*	medium
automotive	33	*0,4%*	-	77	*3,3%*	-	76	*3,6%*	-	249	*10,8%*	-	37	*1,6%*	-	396	*2,5%*	medium
energy (oil, gas & other fuels / electricity)	0	*0,0%*	-	31	*1,3%*	-	30	*1,4%*	-	98	*4,3%*	-	1.267	*53,4%*	-	1.397	*9,0%*	medium
aviation	0	*0,0%*	-	19	*0,8%*	-	19	*0,9%*	-	0	*0,0%*	-	177	*7,5%*	-	197	*1,3%*	medium
IT & telecom	6	*0,1%*	-	15	*0,7%*	-	10	*0,5%*	-	9	*0,4%*	-	175	*7,4%*	-	205	*1,3%*	medium
LBO-exposure																		
LBO	0	*0,0%*		0	*0,0%*		0	*0,0%*		262	*11,4%*		125	*5,3%*		387	*2,5%*	
Probability of default (PD)		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
low risk (pd 1-4; 0.00%-0.80%)	5.616	*65,7%*		1.036	*44,0%*		927	*44,0%*		1.234	*53,7%*		568			8.454	*54,3%*	
medium risk (pd 5-7; 0.80%-6.40%)	1.887	*22,1%*		724	*30,8%*		626	*29,7%*		791	*34,4%*		1.668			5.070	*32,6%*	
high risk (pd 8-10; 6.40%-100.00%)	614	*7,2%*		216	*9,2%*		196	*9,3%*		210	*9,1%*		136	*5,7%*		1.175	*7,6%*	
non-performing loans (pd 11 - 12)	401	*4,7%*		375	*15,9%*		355	*16,8%*		50	*2,2%*		0	*0,0%*		826	*5,3%*	
unrated	24	*0,3%*		3	*0,1%*		3	*0,1%*		13	*0,6%*		0			40	*0,3%*	
Other risk measures		*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*			*% outst.*	
outstanding non-performing loans (NPL)	401	*4,7%*		375	*15,9%*		355	*16,8%*		50	*2,2%*		0	*0,0%*		826	*5,3%*	
provisions for NPL	184			234			224			39			0			457		
all provisions (P + NP + portfolio based)	204			284			273			80			34			**507**		
cover NPL by all provisions (specific + portfolio)	51%			76%			77%			158%			#DIV/0!			61%		
2009 Credit cost ratio (CCR)	n.a.			n.a.			6,15%			1,65%			0,02%			2,52%		
YTD 2010 CCR (local currency)	n.a.			n.a.			0,90%			1,39%			0,78%			1,03%		

Legend

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

avg. PD Average Probability of Default

Remarks

Belgium = Centea, Antwerpse Diamantbank (incl. ADB Asia Pacific)
CEER = KBC Banka, Absolut Bk
Western Europe = KBC Bank Deutschland
Global = KBC Finance Ireland

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

Structured credit exposure (banking and insurance activities)

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--2010 In billions of EUR, pre-tax	Hedged CDO-linked exposure (insured by credit insurers)	Unhedged CDO exposure	Other ABS
Total nominal amount	14.9	7.7	4.7
Initial write-downs on equity and junior CDO pieces	-	-0.6	-
Cumulative value adjustments (excl. above-mentioned initial write-downs)	-1.2	-4,2	-1.0

Since the beginning of 2010, the unhedged CDO positions held by KBC experienced *effective* losses caused by *settled credit events* until *January 7th* 2011 in the lower tranches of the CDO structure for a total amount of 1.1 billion euro's. These have had no further impact on P/L because complete value markdowns for these CDO tranches were already absorbed in P/L in the past.

Total nominal amount outstanding in the unhedged portfolio dropped by 2.2 billion euro's due to the expiry of the maturity of 'Aldersgate'. There was no significant P&L impact.

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 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. Moreover, 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.

Hedged CDO-linked exposure (insurance for CDO-linked risks received from credit insurers), 31-12-2010
In billions of EUR

Total insured amount (notional amount of super senior swaps)	
- MBIA	14,4
- Channel	0,4
Impact of settled credit events [3]	-0.3
Details for MBIA insurance coverage	
- Total insured amount (notional amount of the super senior swap)	14.4
- Fair value of insurance coverage received (modelled replacement value, after taking the Guarantee Agreement[1] into account)	1.7
- Credit value adjustment for counterparty risk, MBIA	-1.2
(as a % of fair value of insurance coverage received) [2]	70%

1The amount insured by MBIA is included in the Guarantee Agreement with the Belgian State (14 May 2009).
2 Taking into account translation differences accrued over time.
[3] settled credit events up to January 7th 2011

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 already made significant negative value adjustments to date. It should be noted that their remaining risk is mitigated, as the unhedged super senior CDO tranches are 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.

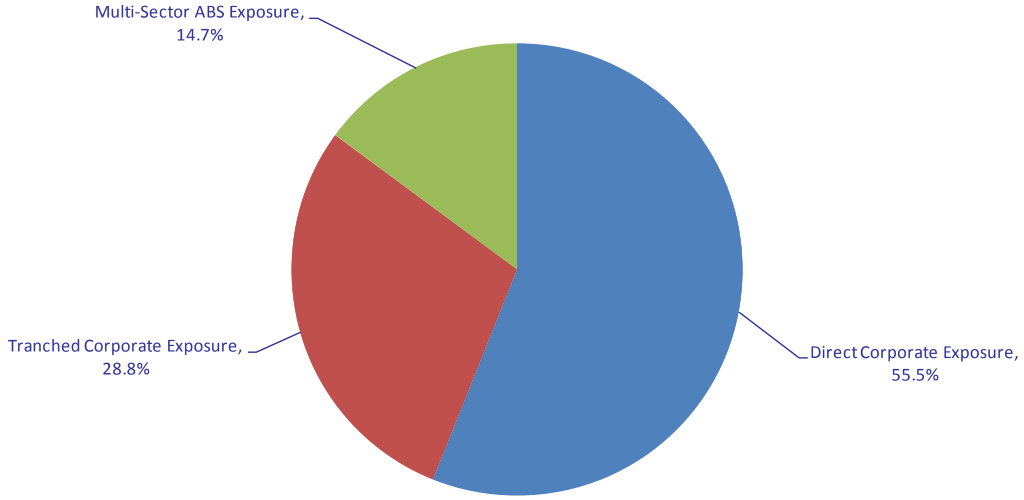
Until 2008, value adjustments to other ABS were largely accounted for via shareholders' equity. At the end of 2008, KBC reduced the sensitivity of shareholders' equity towards value adjustments to ABS by reclassifying most of the ABS portfolio as 'loans and receivables'. Since then, they have been included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

Unhedged CDO exposure and other ABS, 31-12-2010 In billions of EUR	Unhedged CDO exposure	Other ABS
Total nominal amount	7.7	4.7
Initial write-downs on equity and junior CDO pieces	-0.6	-
Impact of settled credit events *	-0.7	-
Total nominal amount, net of provisions for equity and junior pieces and net of impact settled credit events	6.4	4.7
- super senior tranches (included under Guarantee Agreement with Belgian State)	3.6	-
- non-super senior tranches	2.8	-
Cumulative market value adjustments	-4.2	-1.0

* settled credit events up to January 7th 2011 , excl. impact on equity and junior CDO pieces

Details of the underlying assets of hedged and unhedged CDO exposure

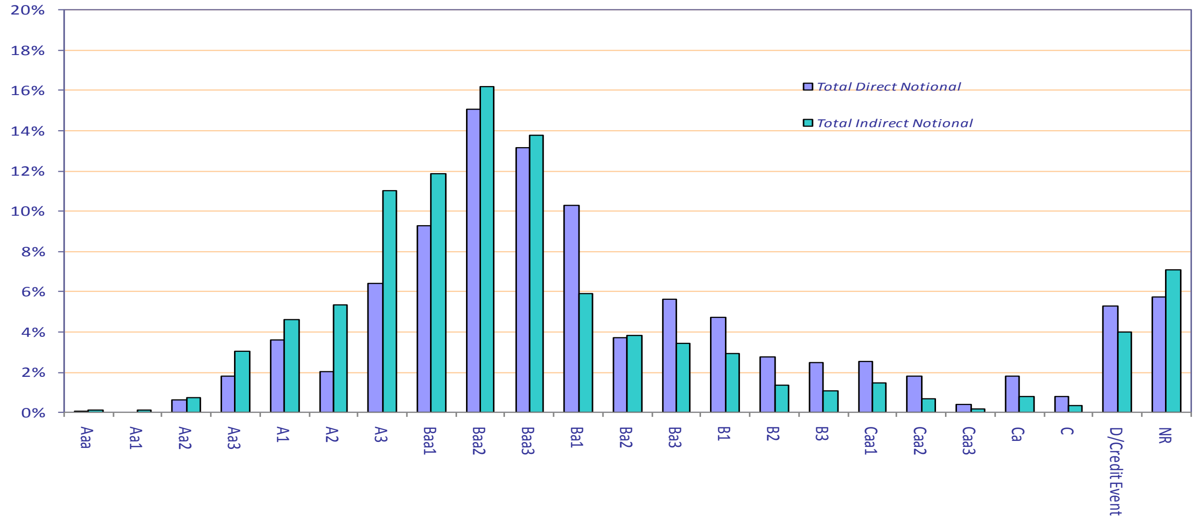
Active Deal Summary
(Average % as of all total deal notional; figures as of 7 January 2011)



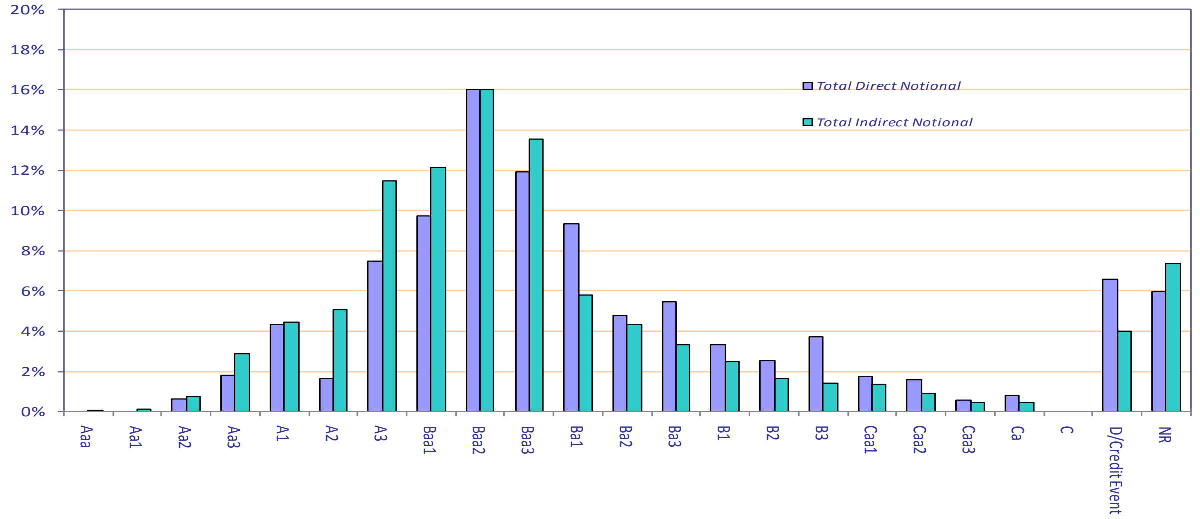
Breakdown towards tranched and direct corporate portion

Corporate Ratings Distribution
(Figures as of 7 July 2010 and 7 October 2010, based on Moody's Ratings Direct Corporate exposure as a % of the Direct Corporate Portfolio; Tranched Corporate exposure as a % of Tranched Corporate Portfolio)

October 2010

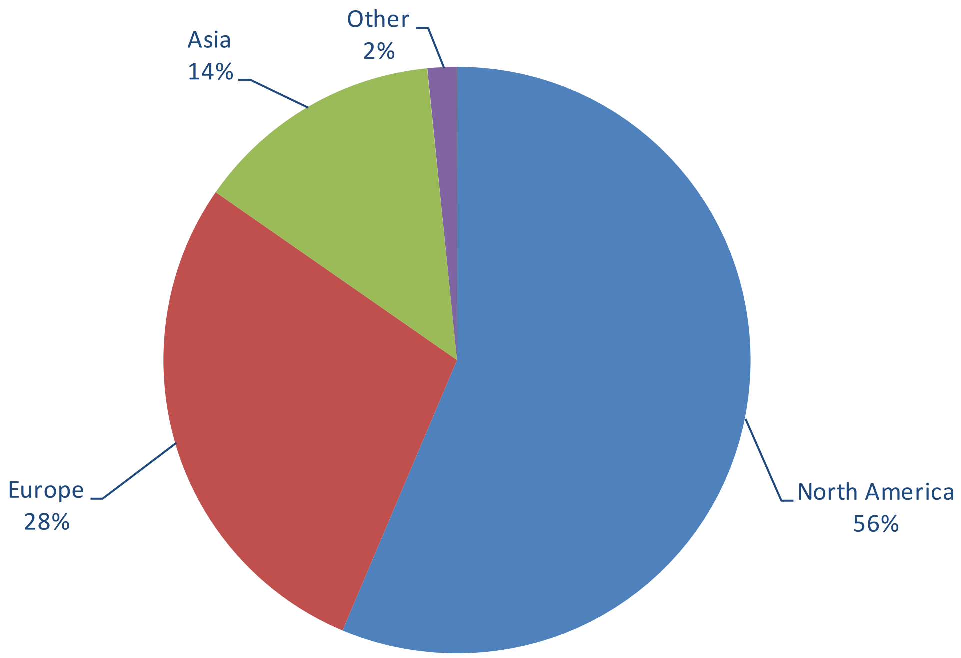


January 2011

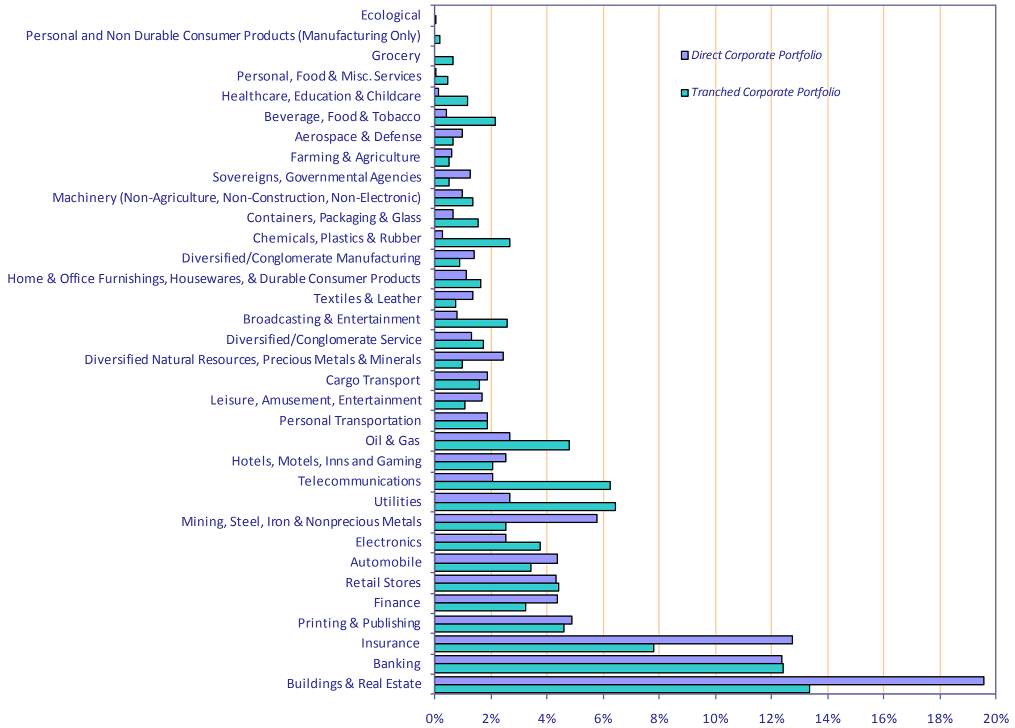


Corporate Geographical Distribution
Total Corporate Portfolio (Direct and Tranches),

January 2011

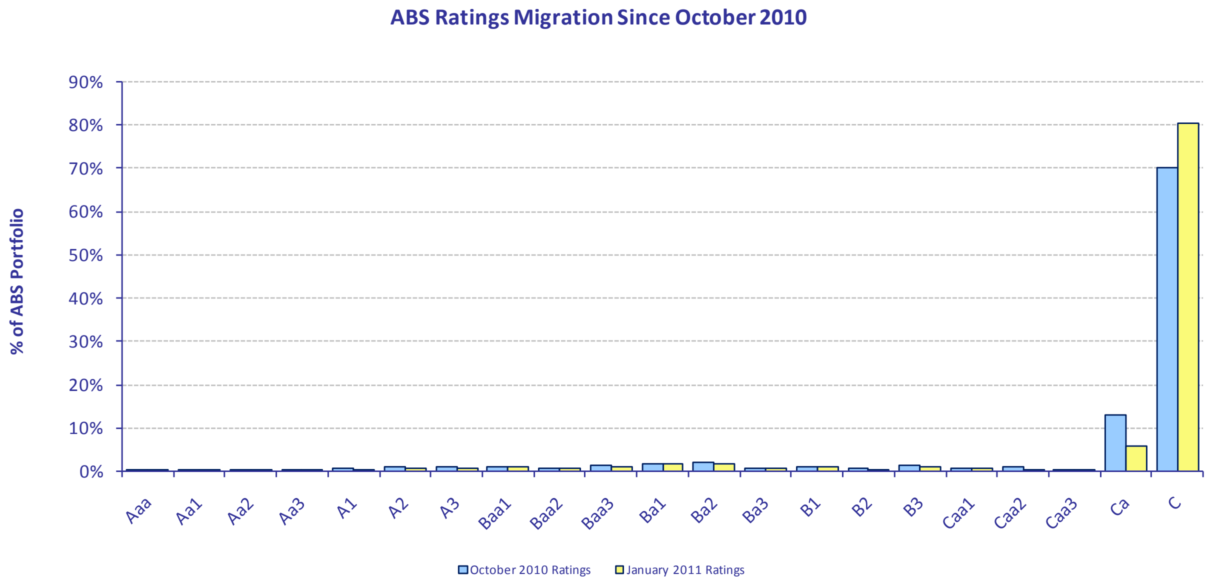


Corporate Industry Distribution
(Direct Corporate exposure shown as a % of Total Direct Portfolio, which includes Direct ABS exposure), January 2011

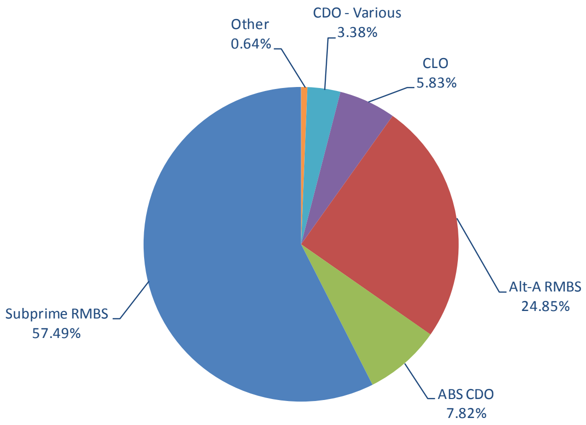


Breakdown towards multi-sector ABS portion

Ratings Distribution
Ratings as of 7 October 2010 and 7 January 2011, based on Moody's Ratings (NR mapped from S&P/Fitch)

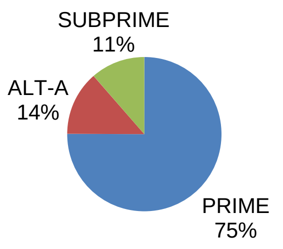


Sector Distribution, 7 January 2011

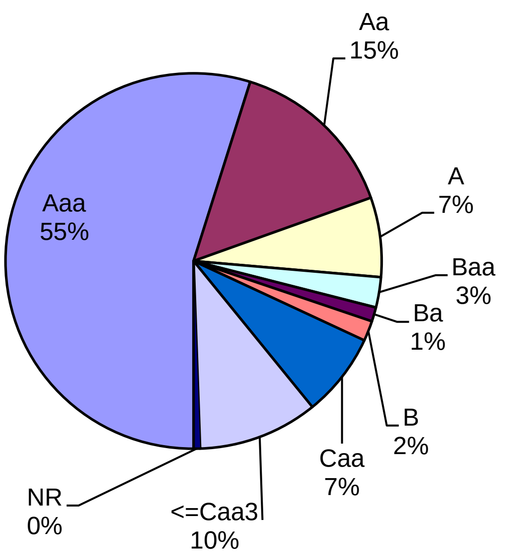


Details of the underlying assets of other ABS exposure

Sector Distribution, 31 December 2010



Ratings Distribution, 31 December 2010, based on Moody's Ratings



Market risks

Market risks in non-trading activities

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.

BPV of the ALM book, banking (in millions of EUR)	2009	2010
Average 1Q	89	65
Average 2Q	94	70
Average 3Q	85	71
Average 4Q	67	64
End of period	62	57
Maximum in period	98	72
Minimum in period	62	57

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.

Investment portfolio KBC Insurance (carrying value, in millions of EUR)	31-12- 2009	31-12- 2010
Bonds and other fixed-income securities	20 594	21 733
Shares and other variable-yield securities	1 463	1 534
Other securities	33	30
Loans and advances to customers	203	285
Loans and advances to banks	2 789	3 026
Property and equipment and investment property	432	441
Assets backing unit-linked contracts	7 957	7 329
Other	126	30
Total	33 598	34 408

Market risk in trading activities (banking activities)

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.

VAR trading activities (in millions of EUR, 1-day holding period)	2009		2010	
	KBC Bank	KBC Financial Products	KBC Bank	KBC Financial Products
Average 1Q	10	14	6	9
Average 2Q	8	15	8	9
Average 3Q	6	9	6	8
Average 4Q	6	10	5	7
End of period	5	11	4	8
Maximum in period	13	21	13	13
Minimum in period	5	6	4	5

Solvency

Solvency KBC Group

KBC reports its solvency at group, banking and insurance level, calculating it on the basis of IFRS figures and the relevant guidelines issued by the Belgian regulator. For group solvency, the so-called 'building block' method is used. This entails comparing group regulatory capital (i.e. parent shareholders' equity less intangible assets and a portion of the revaluation reserve for available-for-sale assets, plus subordinated debt, etc.) with the sum of the separate minimum regulatory solvency requirements for KBC Bank, KBL EPB and the holding company (after deduction of intercompany transactions between these entities) and KBC Insurance. The total risk-weighted volume of insurance companies is calculated as the required solvency margin under Solvency I divided by 8%. The internal target for the tier-1 capital ratio at group level has been set at 10%.

In millions of EUR	31-12-2009	31-12-2010
Regulatory capital		
Total regulatory capital, KBC Group (after profit appropriation)	20 414	21 726
Tier-1 capital	**15 426**	**16 656**
Parent shareholders' equity	9 662	11 147
Non-voting core-capital securities	7 000	7 000 (2)
Intangible fixed assets (-)	- 398	- 429
Goodwill on consolidation (-)	- 2 918	- 2 517
Innovative hybrid tier-1 instruments	554	598 (2)
Non-innovative hybrid tier-1 instruments	1 642	1 689 (2)
Minority interests	159	161
Equity guarantee (Belgian State)	601	446
Revaluation reserve available-for-sale assets (-)	- 457	- 66
Hedging reserve, cashflow hedges (-)	374	443
Valuation diff. in fin. liabilities at fair value - own credit risk (-)	- 151	- 190
Minority interest in AFS reserve & hedging reserve, cashflow hedges (-)	- 1	- 3
Equalization reserve (-)	- 131	- 128
Dividend payout (-)	0	- 854 (3)
IRB provision shortfall (50%) (-)	- 77	0
Limitation of deferred tax assets	0	- 243
Items to be deducted (1) (-)	- 433	- 397
Tier-2 & 3 capital	**4 988**	**5 069**
Perpetuals (incl. hybrid tier-1 not used in tier-1)	321	30
Revaluation reserve, available-for-sale shares (at 90%)	348	392
Minority interest in revaluation reserve AFS shares (at 90%)	0	0
IRB provision excess (+)	0	132
Subordinated liabilities	4 685	4 730
Tier-3 capital	145	182
IRB provision shortfall (50%) (-)	- 77	0
Items to be deducted (1) (-)	- 433	- 397
Capital requirement		
Total weighted risks	143 359	132 034
Banking	128 303	116 129
Insurance	15 022	15 676
Holding activities	86	264
Elimination of intercompany transactions between banking and holding activities	- 52	- 34
Solvency ratios		
Tier-1 ratio	10,76%	12,62%
Core Tier-1 ratio	9,23%	10,88%
CAD ratio	14,24%	16,45%

(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).

(2) According to CRD II, these items are considered as grandfathered items.

(3) for 31/12/2010: includes 595 million euros coupon on non-voting core capital securities and 259 million euros dividend on ordinary shares

Solvency banking and insurance activities separately

The tables below show the tier-1 and CAD ratios calculated under Basel II for the banking activities of the group (KBC Bank and KBL EPB combined) and the solvency ratio of the insurance activities of the group (KBC Insurance).

Banking activities

In millions of EUR	31-12-2009 Basel II	31-12-2010 Basel II
Regulatory capital		
Regulatory capital, banking (after profit appropriation)	18 938	19 643
Tier-1 capital	**14 144**	**14 488**
Parent shareholders' equity	13 165	14 220
Intangible fixed assets (-)	- 162	- 171
Goodwill on consolidation (-)	- 1 986	- 1 895
Innovative hybrid tier-1 instruments	507	520
Non-innovative hybrid tier-1 instruments	1 945	1 689
Minority interests	492	584
Equity guarantee (Belgian State)	462	354
Tier 2 instruments (-)	- 18	- 30
Revaluation reserve available-for-sale assets (-)	11	374
Hedging reserve, cashflow hedges (-)	374	446
Valuation diff. in fin. liabilities at fair value - own credit risk (--	- 151	- 190
Minority interest in AFS reserve & hedging reserve, cashflow hedges (-)	0	- 5
Dividend payout (-)	0	- 656
IRB provision shortfall (50%) (-)	- 77	0
Limitation deferred tax assets		- 379
Items to be deducted [1] (-)	- 419	- 373
Tier-2 & 3 capital	**4 794**	**5 155**
Mandatorily convertible bonds	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	313	359
Revaluation reserve, available-for-sale shares (at 90%)	149	124
Minority interest in revaluation reserve AFS shares (at 90%)	- 1	1
IRB provision excess (+)	0	132
Subordinated liabilities	4 685	4 730
Tier-3 capital	145	182
IRB provision shortfall (50%) (-)	- 77	0
Items to be deducted [1] (-)	- 419	- 373
Weighted risks		
Total weighted risk volume	128 303	116 129
Credit risk [2]	110 916	100 876
Market risk [2]	5 551	3 608
Operational risk	11 835	11 644
Solvency ratios		
Tier-1 ratio	11,0%	12,5%
Of which core tier-1 ratio	9,1%	10,6%
CAD ratio	14,8%	16,9%

[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 w hich KBC Bank has betw een a 10% and 50% share

[2] Counterparty risk (derivatives) w as shifted retroactively from market risk to credit risk

Insurance activities

in millions of EUR	31-12-2009	31-12-2010
Available capital	3 130	2 712
Parent shareholders' equity	3 331	3 904
Dividend payout (-)	0	- 923
Minority interests	74	57
Subordinated liabilities	0	10
Intangible fixed assets (-)	- 20	- 17
Goodwill on consolidation (-)	- 401	- 393
Revaluation reserve available-for-sale investments (-)	- 540	- 482
Equalization reserve (-)	- 131	- 128
Equity guarantee (Belgian State)	139	92
Defined Benefit Obligations		
Cash flow hedge		- 3
90% of positive revaluation reserve, available-for-sale shares	264	304
Latent gains on bonds	346	210
Latent gains on real estate	67	83
Limitation of latent gains on financial assets and real estate	0	0
Required solvency margin	1 202	1 254
Non-life and industrial accidents - legal lines	322	315
Annuities	8	9
Subtotal, non-life	330	324
Class 21	845	901
Class 23	16	15
Subtotal, life	861	916
Other	10	14
Solvency ratios and surplus		
Solvency ratio (%)	260%	216%
Solvency surplus, in millions of EUR	1 928	1 458

Quarterly time series

of balance sheet items

KBC Group, 4Q2010 and FY2010

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

Financial assets and liabilities, by product

FINANCIAL ASSETS (in millions of EUR)

	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Loans and advances to credit institutions and investment firms [1]	21 204	24 980	22 335	19 346	15 502
Loans and advances to customers [2]	153 230	153 640	157 024	149 982	150 666
Discount and acceptance credit	125	82	210	102	119
Consumer credit	4 947	4 949	4 433	4 389	4 274
Mortgage loans	59 180	58 795	60 056	60 879	61 577
Term loans	71 652	74 482	77 924	70 658	71 681
Finance leasing	5 569	5 278	5 225	5 209	4 909
Current account advances	5 123	5 726	5 144	4 752	4 456
Securitised loans	0	0	0	0	0
Other	6 635	4 328	4 034	3 993	3 649
Equity instruments	5 414	5 208	4 307	3 905	3 833
Investment contracts (insurance)	7 957	8 392	7 034	7 117	7 329
Debt instruments issued by	92 838	96 776	91 603	92 971	85 562
Public bodies	69 362	74 360	71 325	74 287	68 114
Credit institutions and investment firms	9 903	8 308	8 207	7 658	6 879
Corporates	13 572	14 109	12 071	11 026	10 569
Derivatives	21 160	25 986	21 879	19 271	15 970
Total carrying value excluding accrued intrest income	301 804	314 983	304 182	292 593	278 862
Accrued interest income	2 254	2 051	2 069	2 033	2 378
Total carrying value including accrued interest income	304 057	317 033	306 251	294 625	281 240
[1] Of which reverse repos	*6 297*	*7 295*	*4 431*	*3 167*	*2 284*
[2] Of which reverse repos	*6 295*	*8 697*	*13 311*	*7 570*	*9 486*

FINANCIAL LIABILITIES (in millions of EUR)

	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Deposits from credit institutions and investment firms [3]	45 444	39 757	40 596	26 888	27 856
Deposits from customers and debt certificates [4]	193 464	203 367	205 108	198 825	197 870
Deposits from customers	145 319	153 912	156 897	147 215	152 920
Demand deposits	44 421	52 565	49 253	46 899	48 246
Time deposits	57 441	56 840	62 515	54 685	59 142
Savings deposits	38 645	39 445	40 106	40 351	40 245
Special deposits	3 677	3 804	3 822	3 956	4 005
Other deposits	1 135	1 258	1 202	1 324	1 281
Debt certificates	48 146	49 454	48 211	51 610	44 950
Certificates of deposit	15 788	17 501	17 747	21 096	14 987
Customer savings certificates	2 583	2 514	2 377	2 261	2 155
Convertible bonds	0	0	0	0	0
Non-convertible bonds	20 363	19 577	18 675	18 798	18 674
Convertible subordinated liabilities	0	0	0	0	0
Non-convertible subordinated liabilities	9 411	9 862	9 412	9 455	9 134
Liabilities under investment contracts	7 939	7 908	6 496	6 488	6 693
Derivatives	27 185	34 570	30 260	27 911	23 166
Short positions	2 147	1 758	830	633	1 119
in equity instruments	486	398	35	22	10
in debt instruments	1 661	1 360	795	611	1 110
Other	1 931	3 665	3 852	3 244	2 709
Total carrying value excluding accrued interest expense	278 111	291 025	287 142	263 988	259 414
Accrued interest expense	1 339	1 354	1 392	1 455	1 169
Total carrying value including accrued interest expense	279 450	292 379	288 535	265 443	260 582
[3] Of which repos	*11 513*	*9 998*	*12 612*	*7 224*	*8 265*
[4] Of which repos	*13 199*	*16 615*	*22 097*	*15 606*	*15 398*
Of which own credit risk	*- 204*	*- 202*	*- 249*	*- 202*	*- 258*

Selected balance sheet items, per business unit

Customer loans and advances (excluding reverse repos)

In millions of EUR	31-03-2009	30-06-2009	30-09-2009	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Total	151 978	152 801	147 890	146 935	144 943	143 713	142 413	141 179
Breakdown per business unit								
Belgium	48 972	49 505	48 932	49 593	50 318	51 186	51 554	51 961
Central and Eastern Europe and Russia	30 668	31 536	31 829	30 671	31 110	30 733	31 714	31 724
Merchant Banking	53 449	53 386	49 107	49 100	46 400	45 854	44 284	42 752
Group Centre	18 889	18 375	18 023	17 571	17 115	15 941	14 861	14 742

Mortgage loans

In millions of EUR	31-03-2009	30-06-2009	30-09-2009	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Total	56 092	57 265	58 257	59 180	58 795	60 056	60 879	61 577
Breakdown per business unit								
Belgium	23 246	23 775	24 353	25 029	25 434	25 987	26 466	26 952
Central and Eastern Europe and Russia	10 995	11 614	12 088	12 075	12 577	13 625	14 157	14 506
Merchant Banking	13 696	13 594	13 432	13 383	13 217	13 162	13 025	12 809
Group Centre	8 155	8 282	8 383	8 693	7 567	7 282	7 231	7 310

Customer deposits and debt certificates (excluding repos)

In millions of EUR	31-03-2009	30-06-2009	30-09-2009	31-12-2009	31-03-2010	30-06-2010	30-09-2010	31-12-2010
Total	193 559	181 652	179 587	180 265	186 751	183 011	183 219	182 473
Breakdown per business unit								
Belgium	66 349	66 186	67 333	64 507	65 607	67 393	67 404	69 595
Central and Eastern Europe and Russia	36 593	39 183	39 241	38 949	40 111	40 022	40 567	41 032
Merchant Banking	61 590	51 936	48 744	53 496	58 480	60 955	60 959	59 427
Group Centre	29 026	24 346	24 269	23 313	22 554	14 642	14 289	12 418

Technical provisions life insurance

Technical provisions, Life Insurance (In millions of EUR)	30-09-2009		31-12-2009		31-03-2010		30-06-2010		30-09-2010		31-12-2010	
	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked
Total	17 086	7 313	17 517	7 958	18 069	8 392	17.957	7.034	18.327	7.117	18.770	7.330
Breakdown per business unit												
Belgium	13 447	5 837	13 813	6 021	14 330	6 271	14.655	6.073	14.959	6.076	15.343	6.294
Central and Eastern Europe	1 079	698	1 071	747	1 045	816	1.045	858	1.063	939	1.056	932
Group Centre	2 559	778	2 633	1 189	2 695	1 305	2.257	102	2.305	103	2.371	105

Assets under management, per business unit and product

Assets under advice or management (AUM) at KBC group, in millions of EUR	31/dec/09	31/mrt/10	30/jun/10	30/sep/10	31/dec/10
By business unit					
Belgium	145 719	149 833	149 299	151 630	147 522
Central & Eastern Europe and Russia	12 419	13 378	12 582	13 220	12 691
KBC FP (included in BU Group Centre)	20	21	23	23	0
KBL (included in BU Group Centre)	47 079	47 442	46 990	47 010	48 600
Total	205 237	210 674	208 895	211 883	208 813
By product or service					
Investment funds for private individuals	93 620	96 358	94 973	96 252	95 338
Assets managed for private individuals	45 162	46 597	45 861	46 602	43 389
Assets managed for institutional investors	44 111	44 137	44 025	44 096	45 800
Group assets (managed by KBC Asset Management)	22 345	23 582	24 036	24 933	24 286
Total	205 237	210 674	208 895	211 883	208 813

Presentation

KBC Group, 4Q2010 & FY2010

Unaudited.

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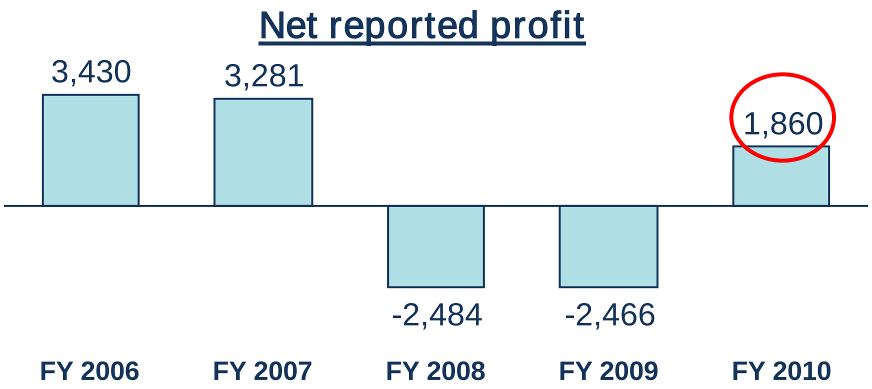
Content

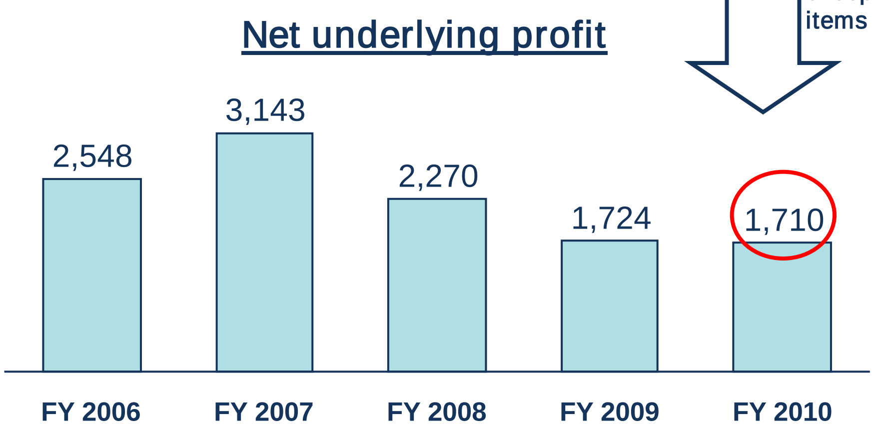
Section 1

FY 2010
Financial highlights

FY 2010 Group profit



Excluding exceptional items



Amounts in m EUR

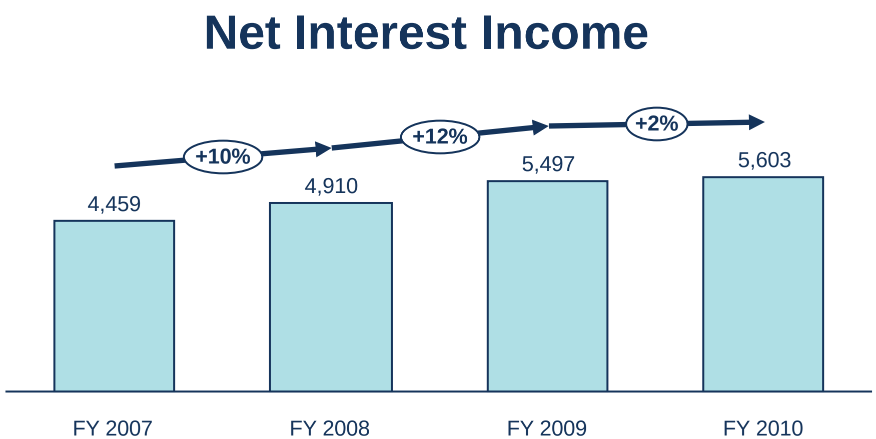
- 1.9bn EUR net reported profit, a clear break from the results of the previous 2 years
- 1.7bn EUR net underlying profit, in line with 2009
  - Good revenue generation (both NII and net F&C)
  - Strict cost management
  - Lower impairments
  - Despite items such as bank tax and one-off provisions for Ireland and KBC Lease UK

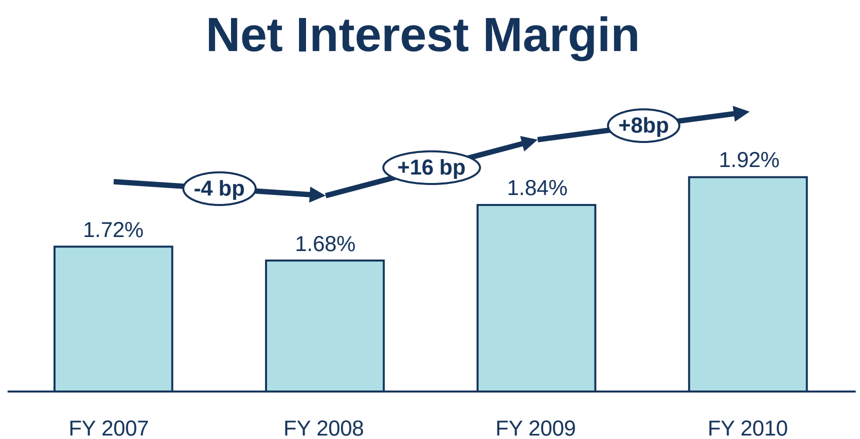
Highlights underlying full year 2010 results

- Net underlying profit of 1.7bn EUR
- Rising net interest income thanks to a higher net interest margin (1.92% in 2010 vs 1.84% in 2009)
- Increased sales of unit-linked products, offset by lower sales of ‘guaranteed interest’ products; combined ratio stable at 100%
- Strong recovery in net fee and commission income, reflecting the gradually improved investment climate
- 9% lower trading and fair value income
- Lower operating expenses (-1% y-o-y), reflecting strong cost management, despite the Belgian and Hungarian bank tax
- Significantly lower loan loss provisions: consistently low in Belgium BU and substantially lower in the CEE and Group Centre BUs
- Solid capital (4.5bn EUR surplus capital) and liquidity position

Rising net interest income based on healthy interest margins

Underlying performance





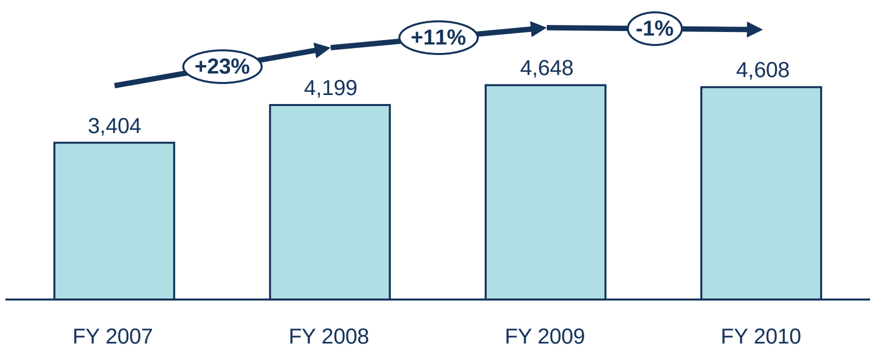
- Net interest income from lending and deposit-taking of 5.6bn EUR, up 2% based on healthy interest margins. Customer deposits were up by 6%, with Belgium posting 8% growth and CEE 3%
- Lower loan volumes compared to year-earlier level (-2%). Increase in volumes in Belgian retail loans (+5% y-o-y) offset by intentional scaling down in Russia and international corporate loan book

Amounts in m EUR

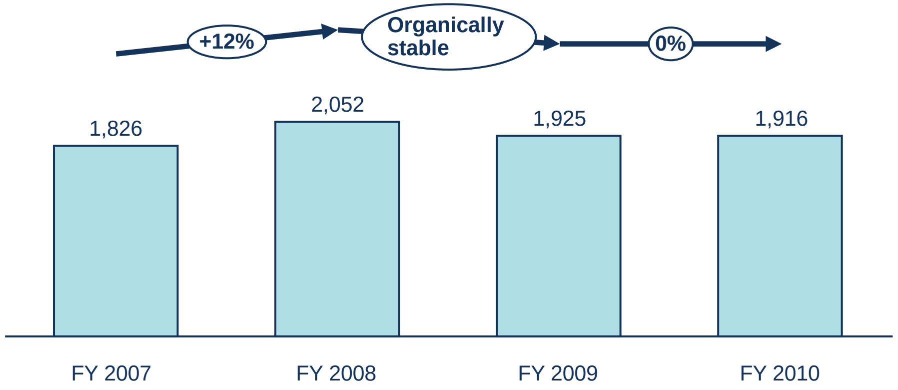
Roughly stable insurance sales

Underlying performance

Sales - Life



Gross Earned Premium – Non-Life



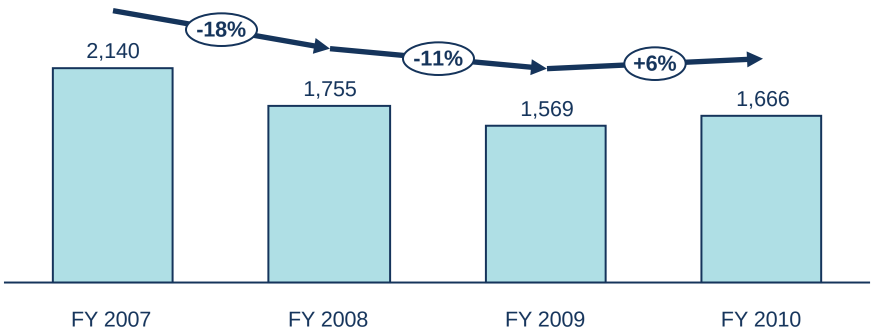
- Increased sales of unit-linked products, offset by lower sales of ‘guaranteed interest’ products
- Stable gross earned premiums for non-life
- Combined ratio stable at 100%

Amounts in m EUR

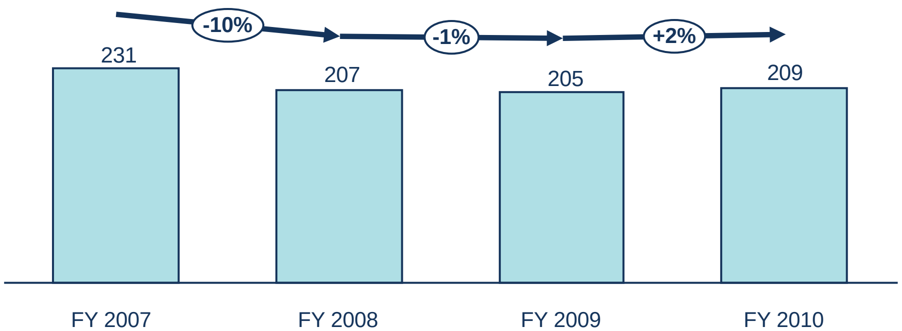
Strong recovery in net F&C income

Underlying performance

Net Fee & Commission Income



Assets Under Management



Amounts in bn EUR

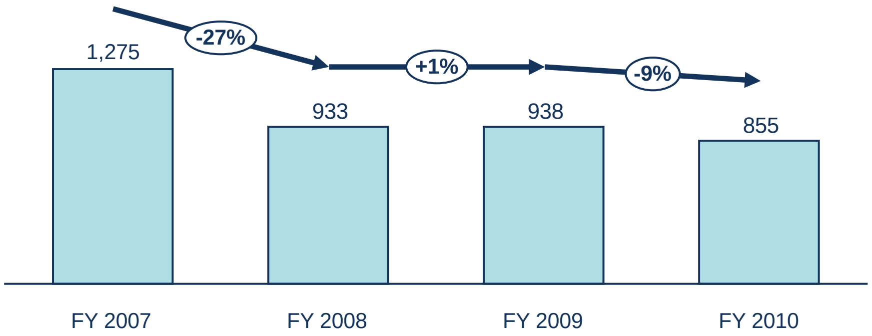
- Strong recovery in net fee and commission income, reflecting the gradually improved investment climate
- Assets under management at 209bn EUR (+2% y-o-y): 148bn EUR in Belgium, 49bn EUR in European Private Banking (sale already announced) and 13bn EUR in CEE

Amounts in m EUR

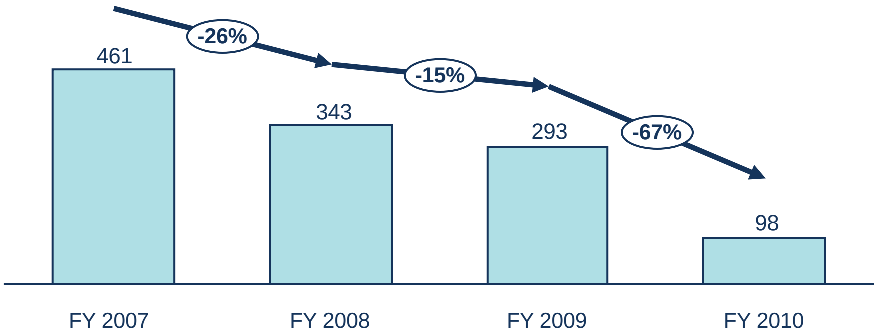
Lower trading and fair value income

Underlying performance

FV gains



Gains realised on AFS



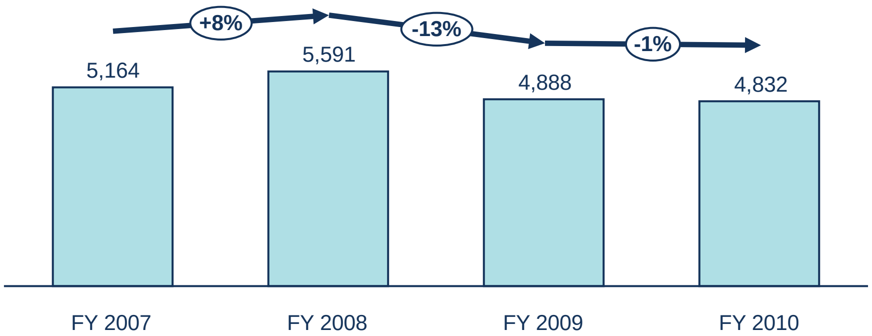
- Trading and fair value income 9% lower y-o-y
- Sharply lower realised gains on available-for-sale investments

Amounts in m EUR

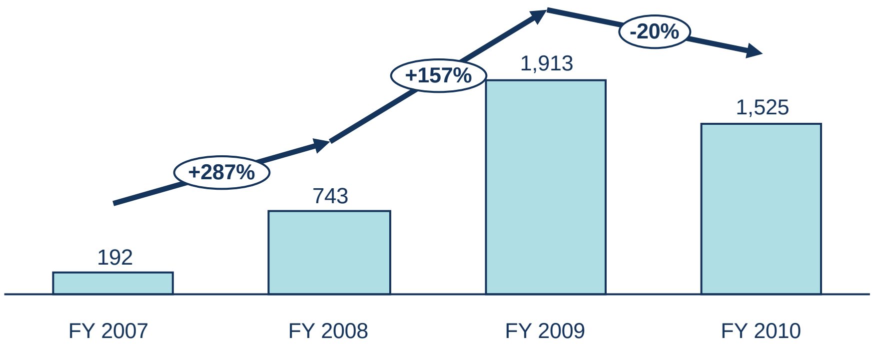
Costs contained, significantly lower loan loss provisions

Underlying performance

Operating expenses



Asset impairment



- Lower operating expenses (-1% y-o-y), reflecting strong cost management, despite the Belgian and Hungarian bank tax
- Significantly lower loan loss provisions (-20% y-o-y): consistently low in Belgium BU and substantially lower in the CEE and Group Centre BUs

Amounts in m EUR

Loan loss provisions and credit cost ratio

Underlying performance

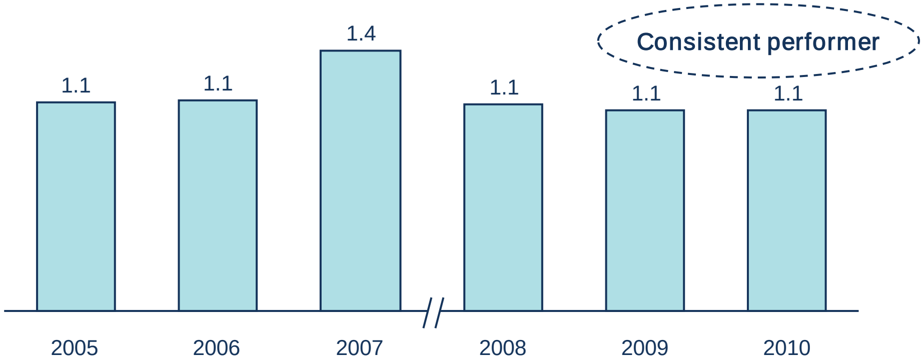
- Credit cost ratio fell to 0.91% (compared to 1.11% in 2009). NPL ratio amounted to 4.1%
- Credit cost in Belgium remained at a low level
- Sharply lower credit cost in CEE (-178m EUR y-o-y), driven mainly by Kredyt Bank (-75m EUR y-o-y) and CSOB CR (-64m EUR y-o-y, thanks chiefly to the SME segment)
- Credit cost in MEB remained at a high level in 2010, fully attributable to KBC Bank Ireland

Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY
		'Old' BU reporting			'New' BU reporting	
Belgium	**54bn**	0.13%	0.09%	0.17%	0.15%	0.15%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%
Merchant B. (incl. Ireland)	**54bn**	0.02%	0.48%	1.32%	1.19%	1.38%
Total Group	**164bn**	0.13%	0.46%	1.11%	1.11%	0.91%

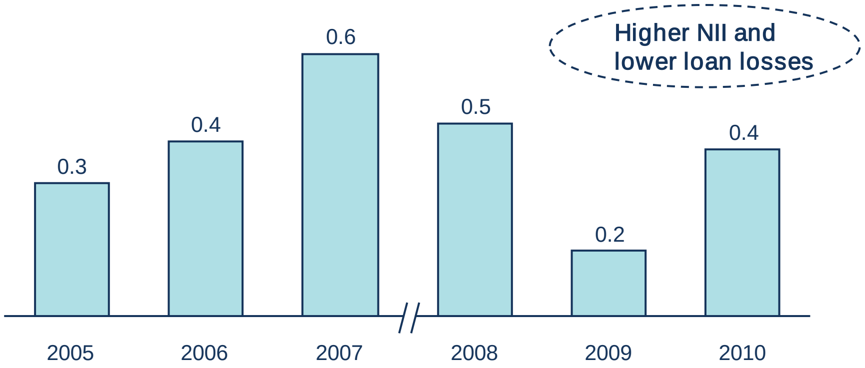
Satisfying FY results in home markets

Underlying net profit Belgium (retail)



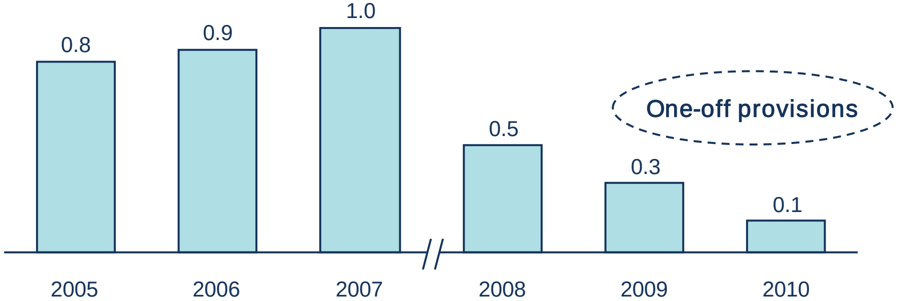
YTD ROAC: 37%

Underlying net profit CEE



YTD ROAC: 17%

Underlying net profit Merchant Banking (BE +Intl)



YTD ROAC: 3%

New BU reporting as of 2010
(pro forma 2008 and 2009 figures)

Amounts in bn EUR

Market shares keep up well**

	BE	Vs 09	CZ	Vs 09	SK	Vs 09	HU	Vs 09	PL	Vs 09	BG	Vs 09
Loans and deposits	21%	↑	23%*	→	10%	→	9%	→	4%	→	3%	→
Investment funds	39%	→	32%	↓	11%	↓	20%	→	5%	→	-	
Life insurance	17%	→	9%	→	5%	→	3%	↓	8%	↑	13%	↓
Non-life insurance	10%	→	5%	→	2%	→	4%	→	9%	→	12%	↓

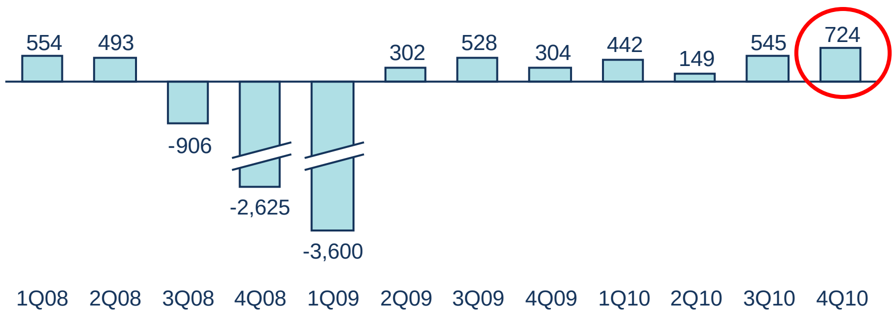
* Including the joint venture with CMSS. Excluding this, the market share would amount to roughly 20%-21%
** Market shares are based on preliminary figures

Section 2

4Q 2010 Financial highlights

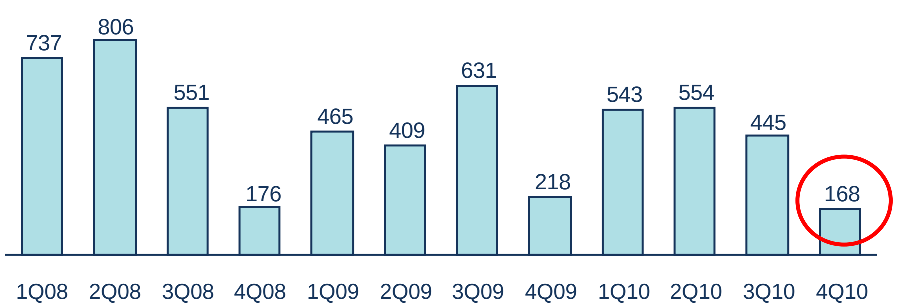
Solid earnings power

Reported net profit

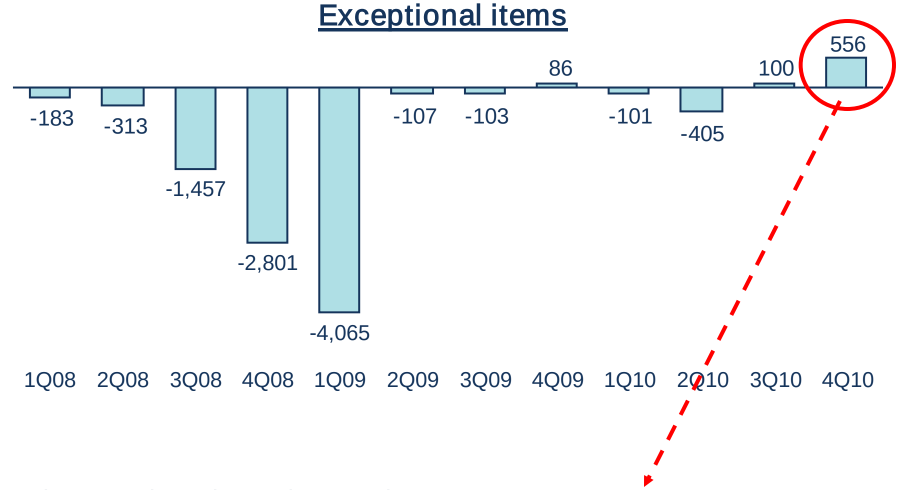


Excluding exceptional items

Underlying net profit



Exceptional items



Main exceptional items (post-tax)

- Structured credit portfolio revaluation +0.3bn
- Divestments +0.2bn
- Other + 0.1bn

+0.6bn

Amounts in m EUR

Financial highlights 4Q 2010

- Higher net interest income driven by both volume growth in our core markets and historically high margins
- Increased fee and commission income resulting from a well-publicised sales campaign in Belgium
- Improved combined ratio of 98% thanks to substantially lower claims. Successful life insurance campaign in Belgium
- Weak dealing room income, in line with the negative market trend
- One-off provision for irregularities at KBC Lease UK to cover maximum exposure before any possible recovery
- Operational expenses remain under control, but with some end-of-year effects
- Significantly lower loan loss provisions in CEE, stable trend in Belgium and an additional provision in Ireland
- Including the impact of the divestments already announced, regulatory capital accumulated in excess of the 10% tier-1 solvency target amounted to roughly 4.5bn EUR at the end of 4Q10. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 4Q10 amounted to roughly 3.8bn EUR (incl. the effect of divestments already announced)

Looking forward

Jan Vanhevel, Group CEO:

- 'We continued to make good progress regarding the execution of our strategic plan:
  - During 4Q10, we closed some (already announced) divestments of among other things the global convertible bond and Asian equity derivatives businesses of KBC FP, Secura and KBC Peel Hunt
  - We continued reducing RWA in 4Q10, primarily in the activities of KBC FP
  - A number of companies are still scheduled for divestment as part of the planned reduction of the international loan portfolio
  - Preparations to float a minority stake in our Czech banking subsidiary are on track; we are on stand-by to launch the IPO programme when we observe optimal conditions for a successful transaction
  - The sales process for our Belgian complementary sales channels (Centea and Fidea) is ongoing, as according to plan

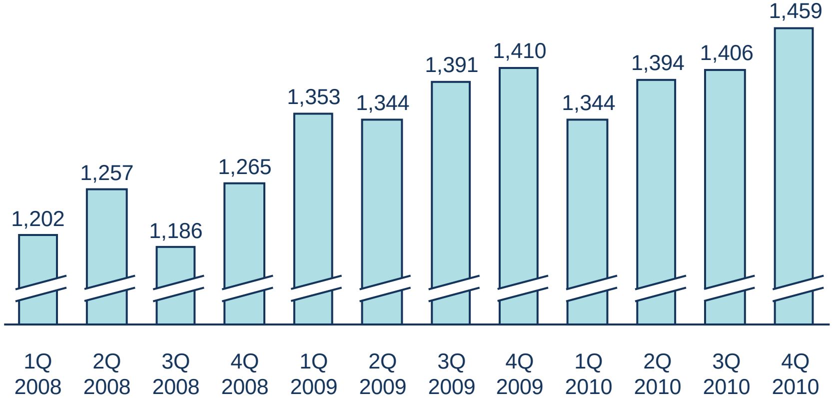
- 'We continue to expect good revenue generation'
- 'We still believe that costs on a like-for-like basis will start to increase somewhat going forward'
- 'At the next AGM, a gross dividend per share of 0.75 EUR will be proposed'
- 'We reiterate that KBC Group is able to meet the targeted common equity ratio under Basel III. We estimate this ratio at roughly 8.0% at the end of 2013'

Section 3

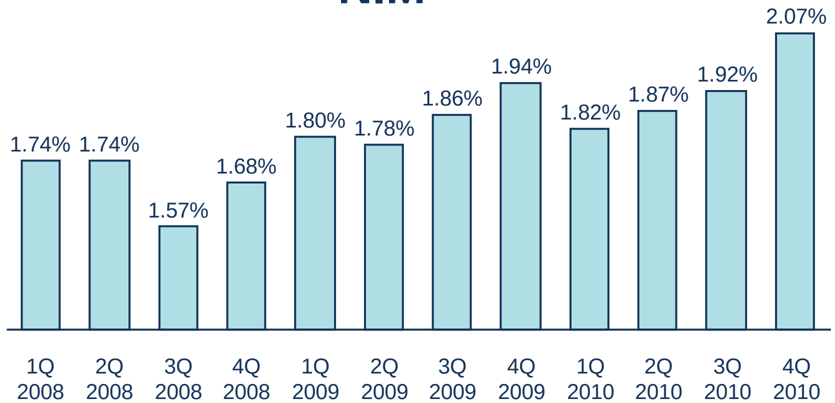
4Q 2010 underlying business performance

Revenue trend - Group

NII



NIM



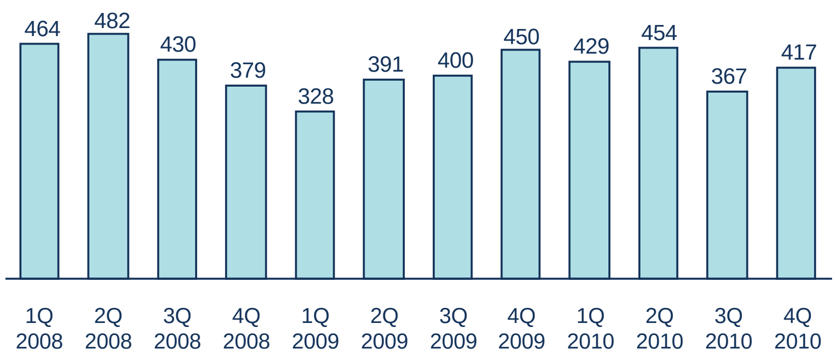
- Net interest income increased 4% both year-on-year and quarter-on-quarter, with continued loan volume growth in Belgium, driven by mortgages
- Net interest margin at historically high level (2.07%)
  - NIM in Belgium went up slightly (+1bp q-o-q), while the margin in Central/Eastern Europe increased more markedly (+11bps q-o-q)
  - The 15bps q-o-q rise in NIM at group level is for a large part attributable to some technical items
- Loan volumes down year-on-year (-2%) due, among other things, to a reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Deposit volumes rose 6% year-on-year

Amounts in m EUR

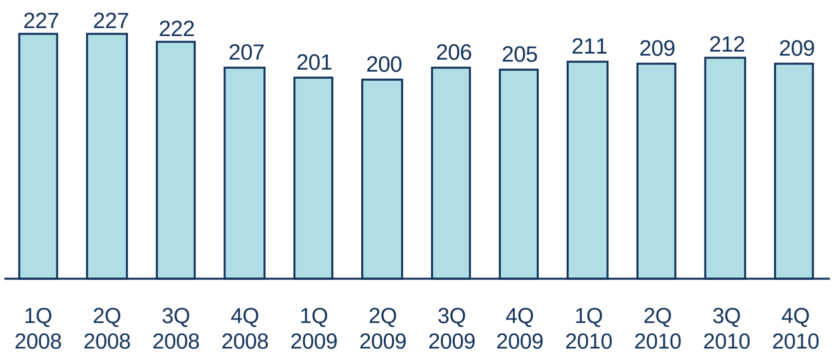
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



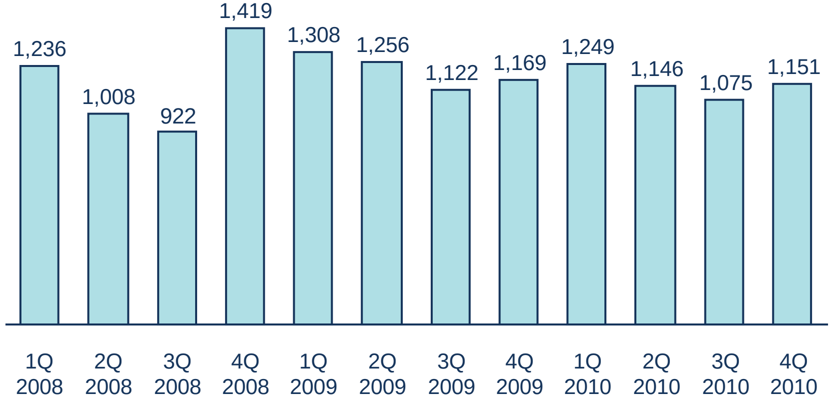
Amounts in bn EUR

- Net fee and commission income rose by 14% quarter-on-quarter, but fell by 7% year-on-year
  - The fourth quarter benefited from increased marketing of mutual fund products and insurance products, while the third quarter was impacted by the seasonal effect (summer time) and very low risk appetite
  - Net fee and commission income from the banking business went up by 10% q-o-q. The opposing movements (increasing net F&C income vs. decreasing AuM) is attributable to the shift in the AuM portfolio towards more fee generating products (equity related)
  - Commission paid on the sale of insurance contracts fell by 10% q-o-q due to a decrease in commission paid on gross written non-life premiums, partly offset by an increase in commission paid on gross written life premiums
- Assets under management rose by 2% year-on-year, but fell by 1% quarter-on-quarter (caused by negative price movements in fixed-income related products) to 209bn EUR at the end of FY 2010

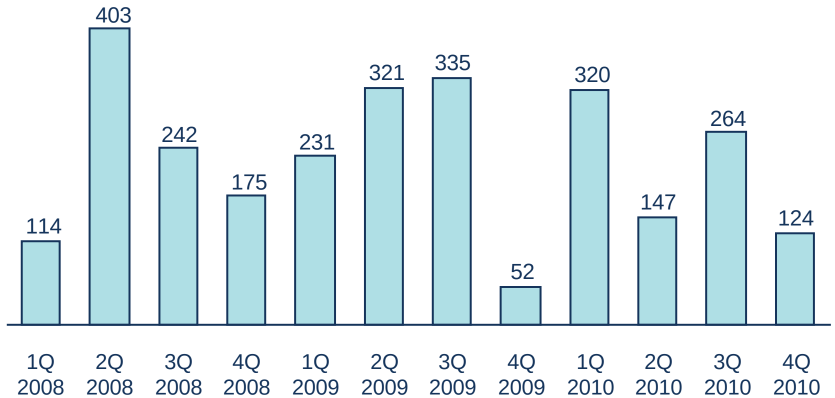
Amounts in m EUR

Revenue trend - Group

Premium income



FV gains

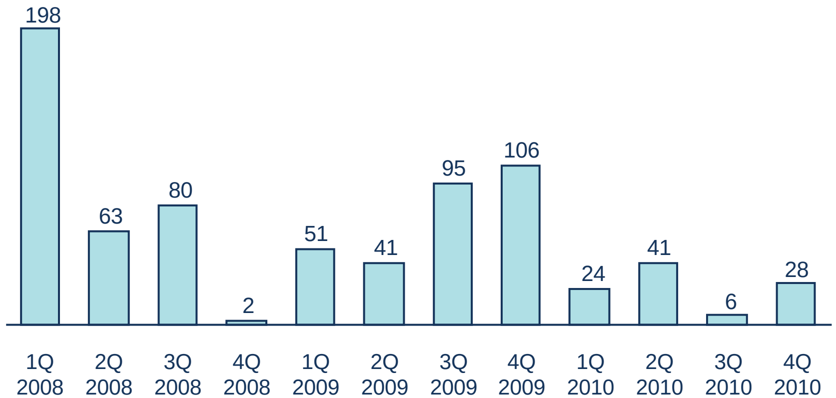


- Insurance premium income at 1,151m EUR
  - Non-life premium income (451m), down 9% q-o-q and 5% y-o-y, partly due to the sale of Secura in 4Q10
  - Life premium income (699m), up 21% q-o-q thanks to the anticipation on the expected decrease of the guaranteed interest rate in Belgium (from 2.50% to 2.25% at the end of November 2010) and the extra contributions (traditionally) made for pension savings in December
- Combined ratio of 98% in 4Q10, down on the 103% recorded in 3Q10 (which was strongly impacted by flood-related claims in CEE)
- The low figure for net gains from financial instruments at fair value (124m EUR) is the result of weak dealing room activity, in line with the negative market trend

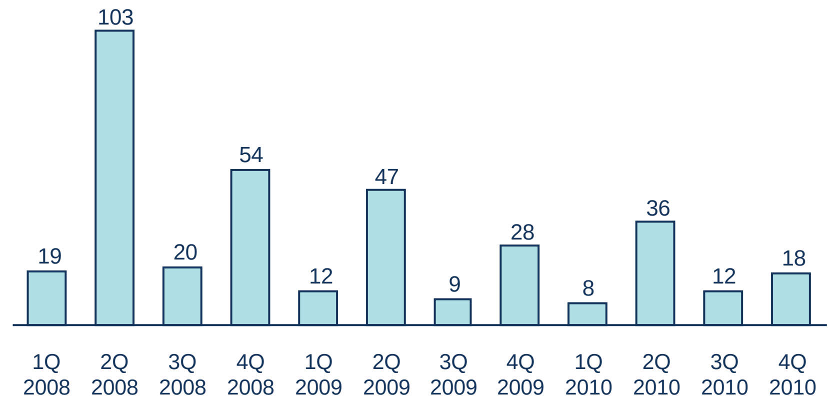
Amounts in m EUR

Revenue trend - Group

Gains realised on AFS



Dividend income

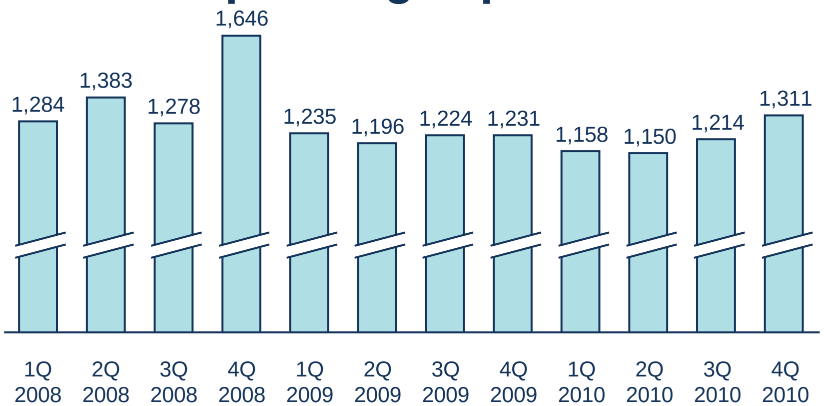


- Gains realised on AFS came to 28m EUR
- Dividend income amounted to 18m EUR, up quarter-on-quarter but down on the year-earlier quarter due to the decrease in the share portfolio

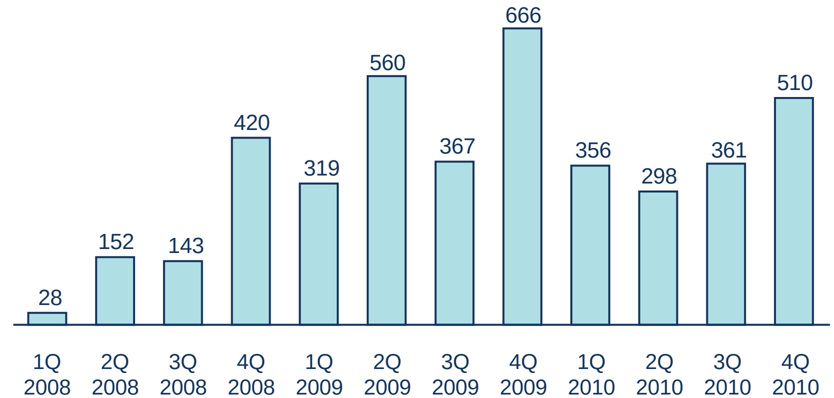
Amounts in m EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Costs remained well under control: -1.1% y-o-y for FY 2010, but +8.0% q-o-q in 4Q10
  - Operating expenses rose by 6.5% y-o-y to 1,311m EUR in 4Q10, partly due to the costs related to the Belgian Deposit Guarantee Scheme and variable remuneration
  - Operating expenses rose by 8.0% q-o-q in 4Q10, due to some year-end effects, such as higher marketing, communication and ICT expenses and certain restructuring charges
  - However, operating expenses for FY 2010 fell by 1.1% y-o-y to 4,832m EUR. Underlying cost/income ratio for banking stood at 56% for FY 2010 (compared to 55% for full year 2009)
  - We still believe that costs in 2011 on a like-for-like basis will start to increase somewhat going forward
- Higher impairments (510m EUR)
  - Quarter-on-quarter increase of 149m EUR in impairments, due entirely to the increased loan losses in Ireland (MEB)

Amounts in m EUR

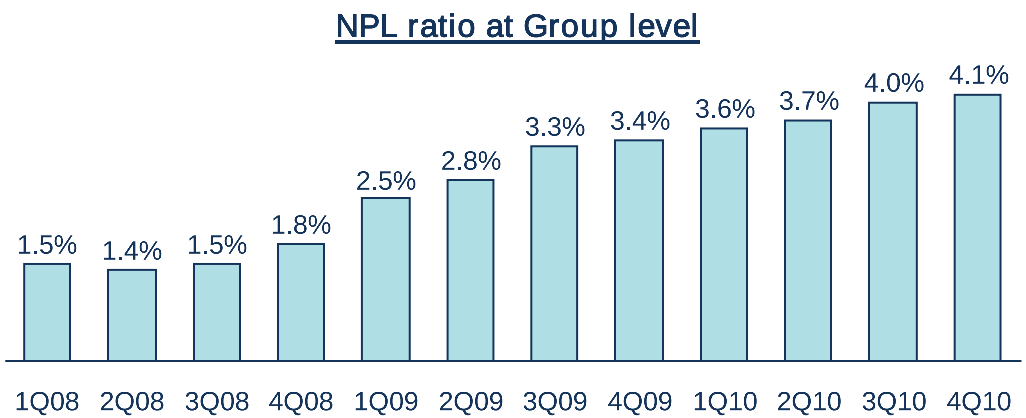
Loan loss provisions

- Credit cost ratio fell to 0.91% (compared to 1.11% in 2009). NPL ratio amounted to 4.1%
- Credit cost in Belgium remained at a low level
- Sharply lower credit cost in CEE (-58m EUR q-o-q), driven mainly by K&H Bank (-31m EUR q-o-q, thanks primarily to the corporate segment) and CSOB CR (-21m EUR q-o-q, thanks chiefly to the SME segment)
- Credit cost significantly higher in Merchant Banking (+218m EUR q-o-q), fully attributable to KBC Bank Ireland

Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY
		‘Old’ BU reporting			‘New’ BU reporting	
Belgium	**54bn**	0.13%	0.09%	0.17%	0.15%	0.15%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%
Merchant B. **(incl. Ireland)**	**54bn**	0.02%	0.48%	1.32%	1.19%	1.38%
Total Group	**164bn**	0.13%	0.46%	1.11%	1.11%	0.91%

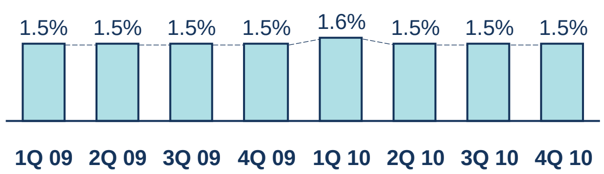
NPL ratio at Group level



FY 2010	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.5%	2.6%	1.2%
CEE BU	5.6%	6.4%	2.2%
MEB BU	5.2%	6.4%	4.6%

NPL ratios per business unit

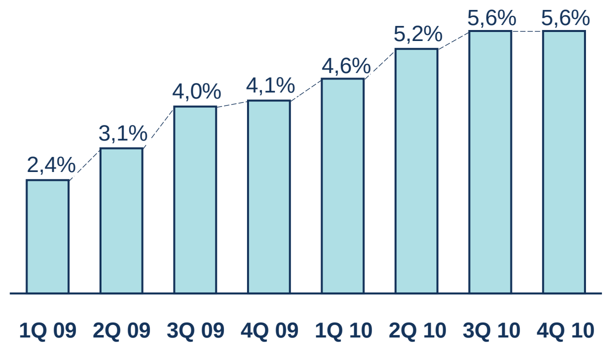
BELGIUM BU



non performing loans

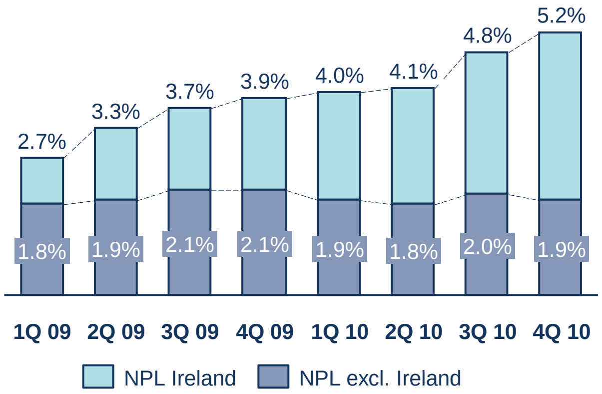
New BU reporting as of 2010
(pro forma 2009 figures)

CEE BU



MEB BU

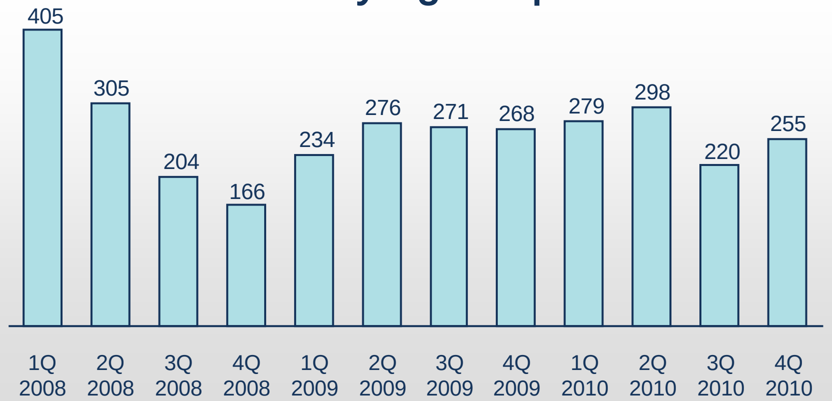
(incl. Ireland)



- Quarter-on-quarter stabilisation of the NPL ratio in Belgium BU and CEE BU
- MEB BU: the NPL ratio rose sharply q-o-q, due entirely to KBC Bank Ireland

Belgium Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	**52bn**	**27bn**	**70bn**	**148bn**	**22bn**
Growth q/q*	**+1%**	**+2%**	**+3%**	**-3%**	**+3%**
Growth y/y	**+5%**	**+8%**	**+8%**	**+1%**	**+9%**

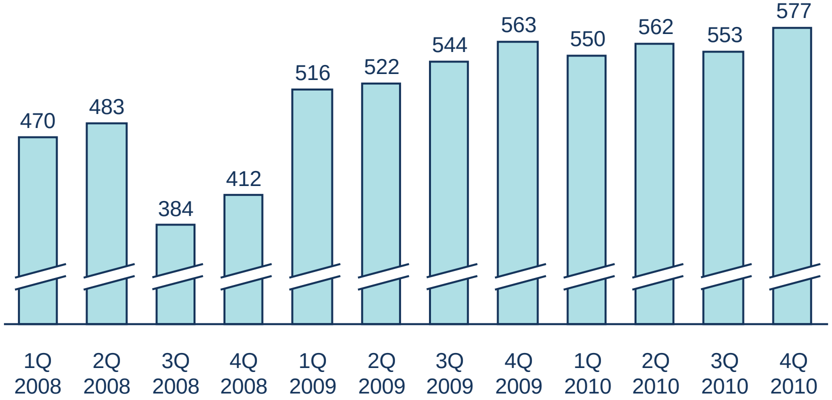
** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit of Belgium Business Unit recovered quarter-on-quarter (+16%) to 255m EUR. The increase reflects mainly a further improvement in net interest income, a recovery in net fee and commission income and higher net realised gains from AFS assets
- Increase in quarter-on-quarter and year-on-year loan volume, driven by mortgage loan growth
- Deposit volumes increased 3% quarter-on-quarter and as much as 8% year-on-year. Term deposits rose sharply in 4Q10
- Assets under management and life reserves are growing year-on-year

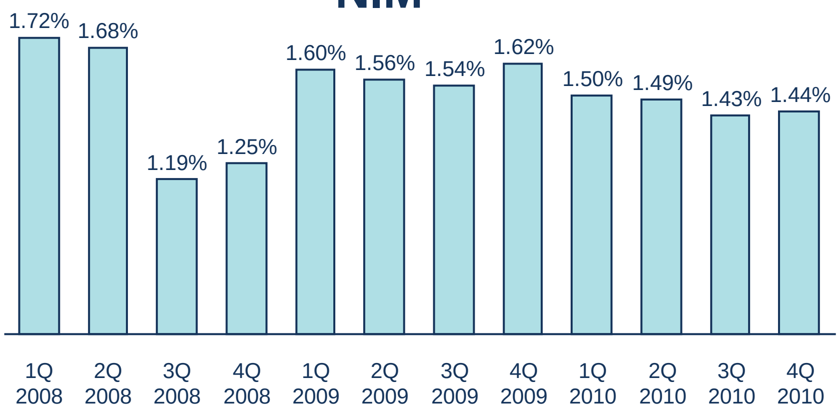
Amounts in m EUR

Belgium Business Unit (2)

NII



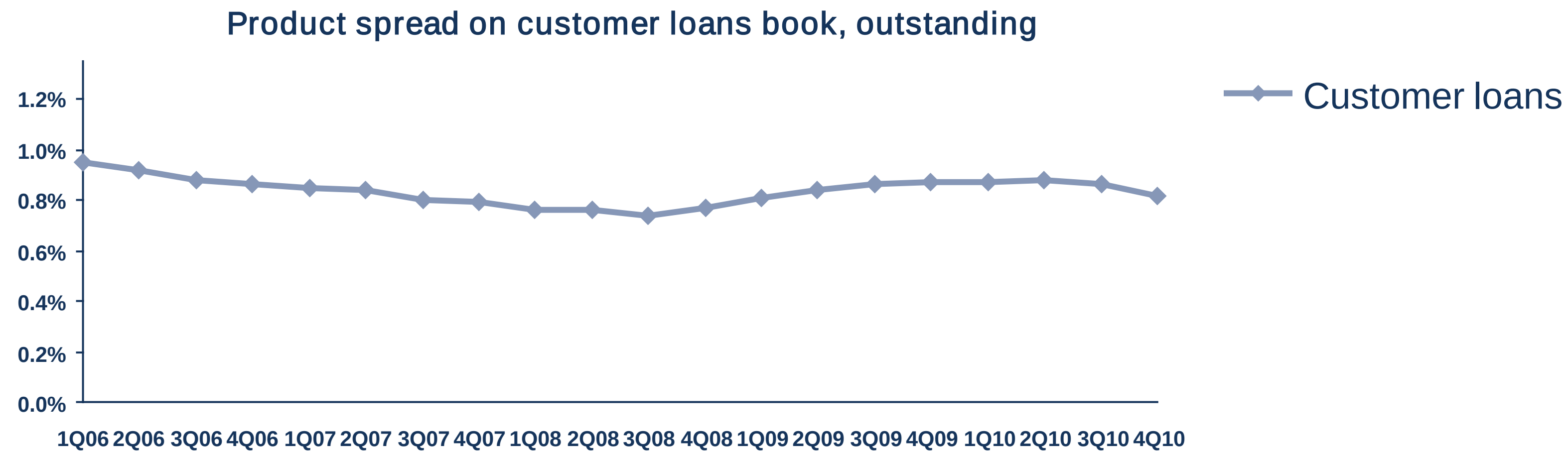
NIM

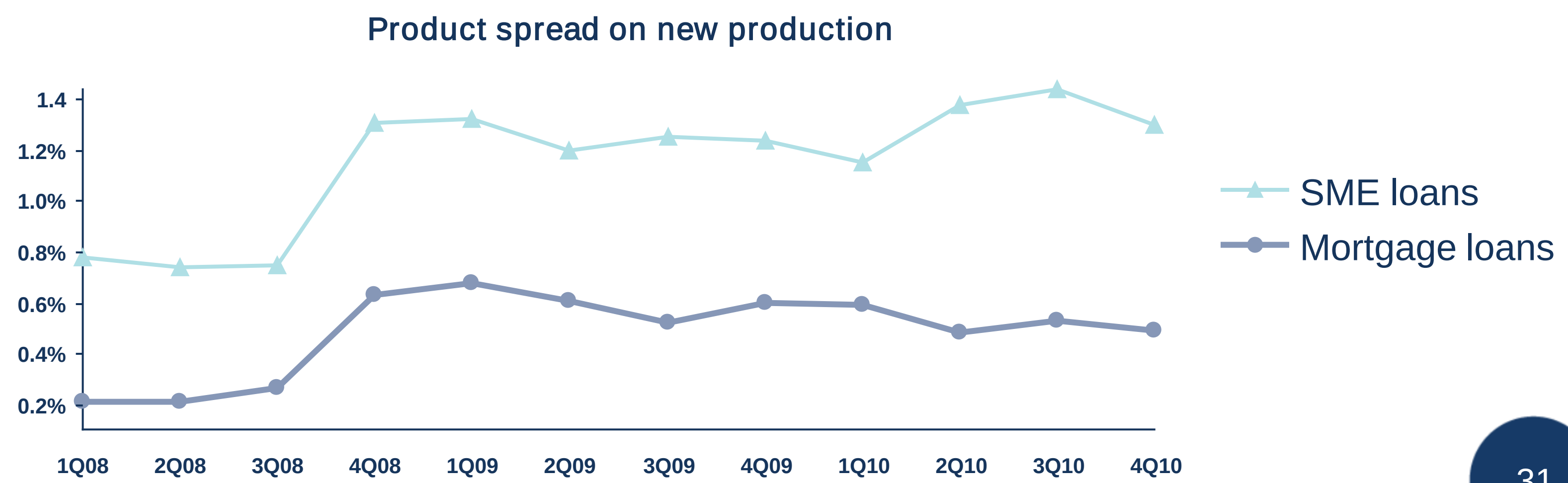


- Net interest income (577m EUR) remained healthy with continued loan volume growth, driven by mortgages
  - An increase of 3% year-on-year and 4% quarter-on-quarter
  - The net interest margin rose by 1bp q-o-q to 1.44%. The negative impact of the generally lower reinvestment yields was more than offset by the positive impact generated by the 25bps decrease in the fidelity premium on saving accounts. The current NIM remains much higher than the 2H 2008 level

Amounts in m EUR

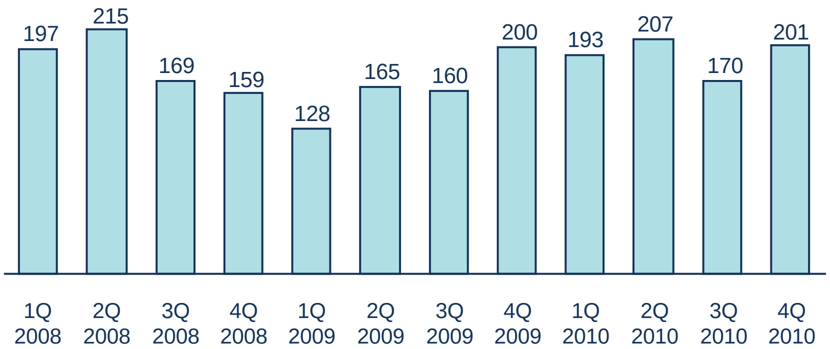
Credit margins in Belgium



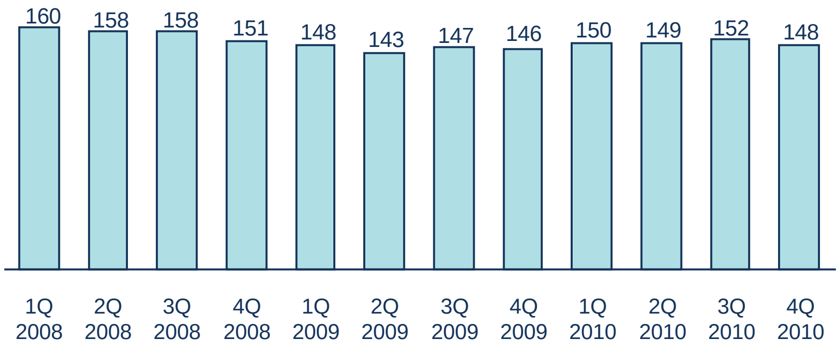


Belgium Business Unit (3)

F&C



AUM



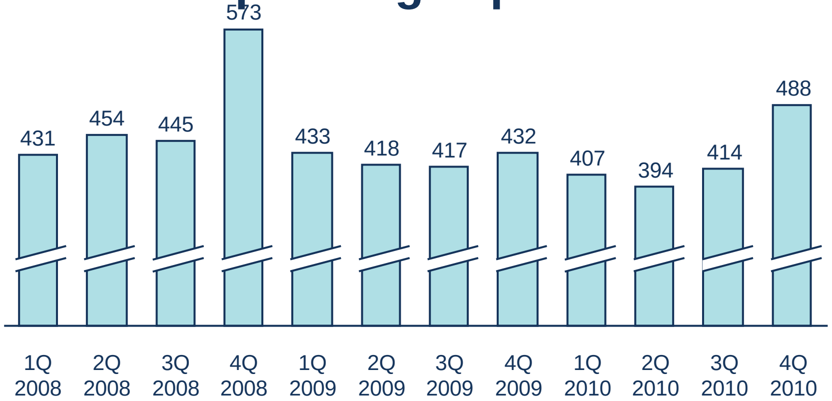
Amounts in bn EUR

- Recovery in net fee and commission income (201m EUR)
  - Net fee and commission income from banking activities (238m EUR) increased by a significant 10% quarter-on-quarter, thanks to, inter alia, traditional factors such as increased marketing of mutual fund products and customers' slightly higher risk appetite for investment products. Assets under management fell by 3% q-o-q (to 148bn EUR), of which 1% net outflow
  - Commission related to insurance activities (-37m EUR, mainly commission paid to insurance agents) was considerably lower than the previous quarter and than a year earlier (-20% and -14% respectively), partly related to the sale of Secura

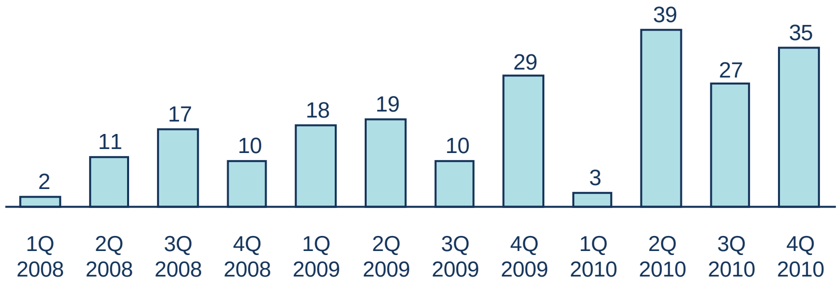
Amounts in m EUR

Belgium Business Unit (4)

Operating expenses



Asset impairment

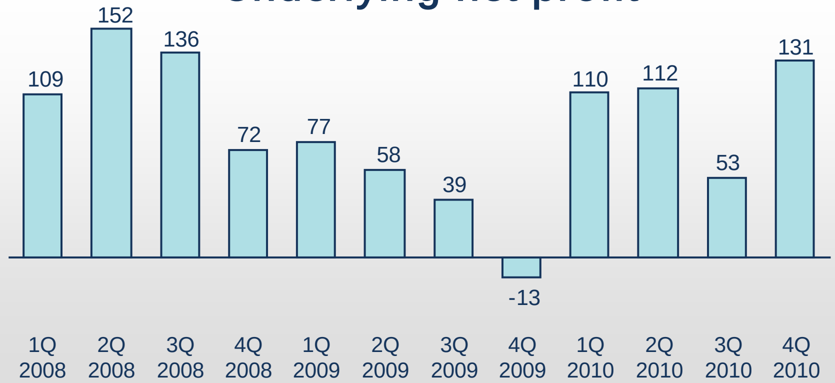


- Operating expenses increased significantly in 4Q10, but stabilised year-on-year for FY 2010
  - Operating expenses rose sharply in 4Q10 (+18% q-o-q and +13% y-o-y). Even after excluding the costs related to the Belgian Deposit Guarantee Scheme (-30 million), costs in 4Q10 increased quarter-on-quarter partly due to some typical year-end effects, such as higher marketing, communication and ICT expenses, certain restructuring charges and variable remuneration
  - However, operating expenses in FY 2010 stabilised year-on-year
  - Further improvement in the cost/income ratio: 55% YTD (compared to 57% for full year 2009)
- Asset impairment remained at a low level (35m EUR). Credit cost ratio of 15 bps YTD. NPL ratio at 1.5%

Amounts in m EUR

CEE Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	32bn	15bn	41bn	13bn	2bn
Growth q/q*	0%	+1%	+1%	-4%	-1%
Growth y/y	-3%	+4%	+3%	+2%	+9%

Non-annualised

** *Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit at CEE Business Unit of 131m EUR
  - CEE profit breakdown: 79m Czech Republic, 13m Slovakia, 41m Hungary, 21m Poland, 3m Bulgaria, other -26m (mainly funding costs of goodwill)
  - Results from the banking business were positively impacted by higher net interest income and lower loan loss provisions
  - Results from the insurance business improved markedly after a weak 3Q10, which was impacted by the bad weather conditions

Amounts in m EUR

CEE Business Unit (2)

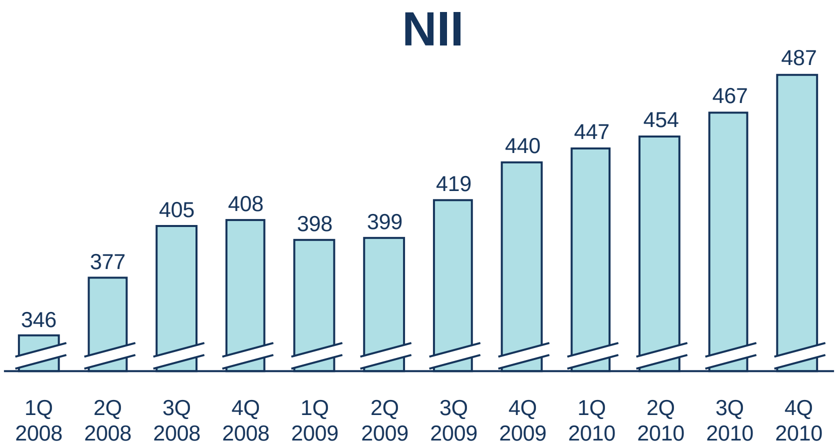
Organic growth(*)

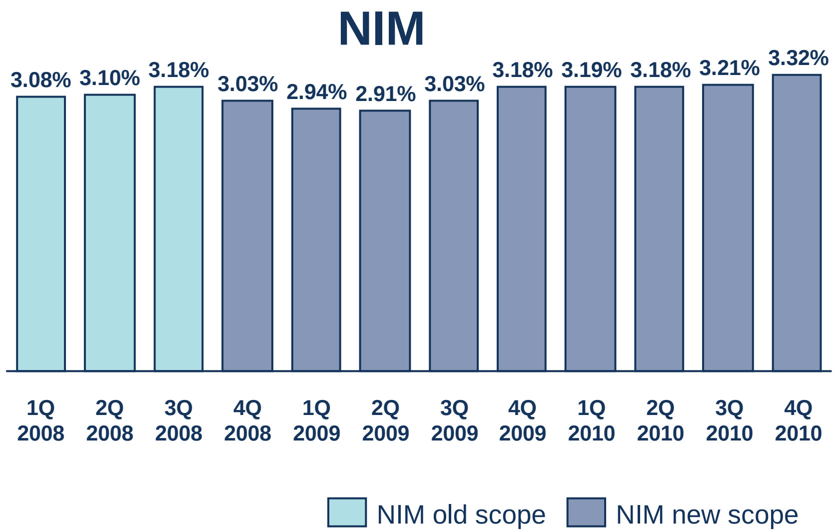
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	+1%	0%	+2%	+8%	+1%	+5%
SK	-1%	+3%	+5%	+25%	+7%	-3%
HU	-2%	-11%	-2%	-6%	+1%	-9%
PL	-1%	-3%	0%	+1%	0%	+17%
BU	-1%	-4%	-1%	-4%	-3%	-16%

- The total loan book stabilised q-o-q and fell by 3% y-o-y, with Hungary showing the largest relative decrease (-11% y-o-y due to a decrease in the corporate loan book and mortgages)
- Total deposits rose by 1% q-o-q (mainly in Slovakia thanks to an increase of MM deposits and a campaign for current accounts) and by 3% y-o-y (primarily thanks to increased retail savings in Poland)
- Loan to deposit ratio at 77%

(*) organic growth excluding FX impact, q-o-q figures are non-annualised

CEE Business Unit (3)



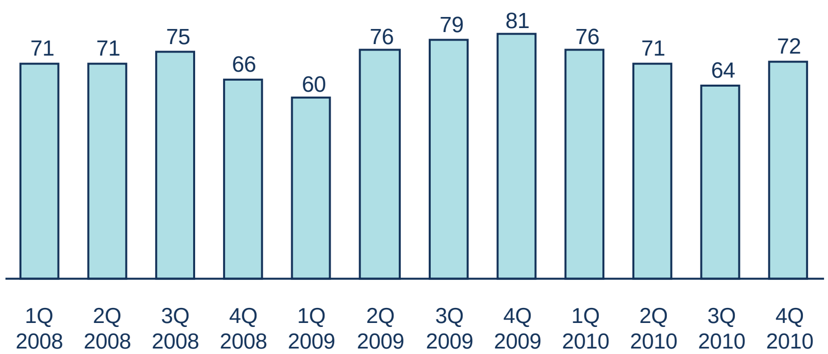


- Net interest income rose by 4% q-o-q and 7% y-o-y to 487m EUR (only organic growth)
- Net interest margin at 3.32%, up 11bps on the previous quarter. In the Czech Republic, for instance, deposits were reinvested at higher margins

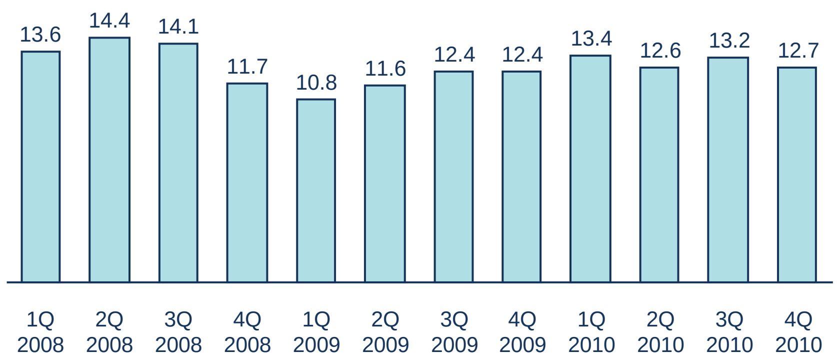
Amounts in m EUR

CEE Business Unit (4)

F&C



AUM



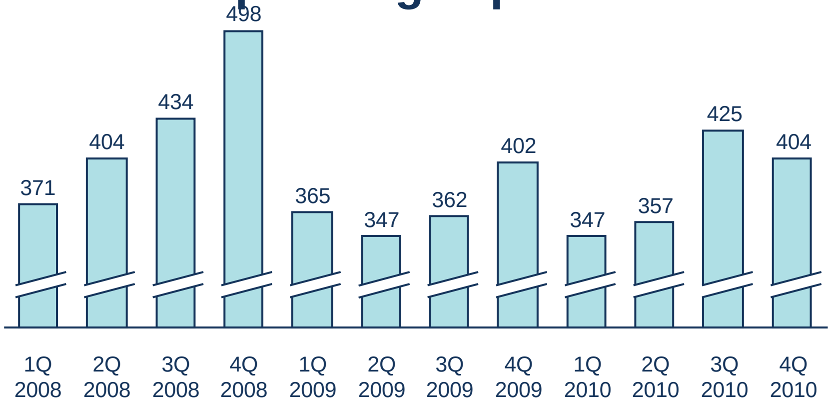
Amounts in bn EUR

- Net fee and commission income (72m EUR) increased by 11% q-o-q on an organic basis (excluding FX impact)
  - This q-o-q increase was driven mainly by the banking business (in all major banking entities), but also partly by the small decrease in commission paid on insurance sales
  - The y-o-y comparison was impacted by an accounting change to the recording of distribution fees paid to the Czech Post (shift from expenses to commission income since the start of 2010, without impacting the bottom line)
- Assets under management amounted to roughly 13bn EUR

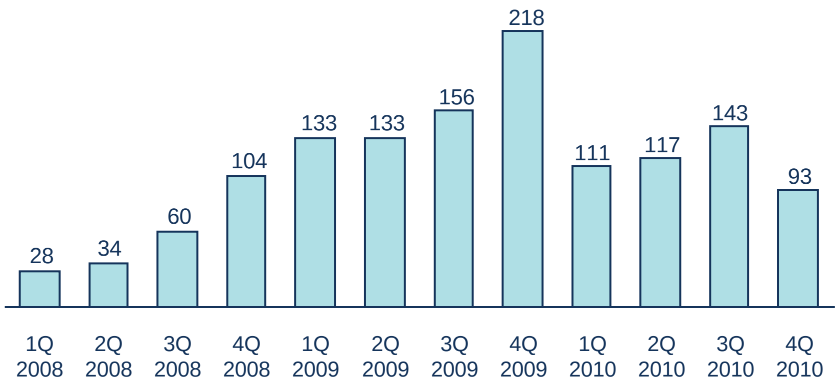
Amounts in m EUR

CEE Business Unit (5)

Operating expenses



Asset impairment



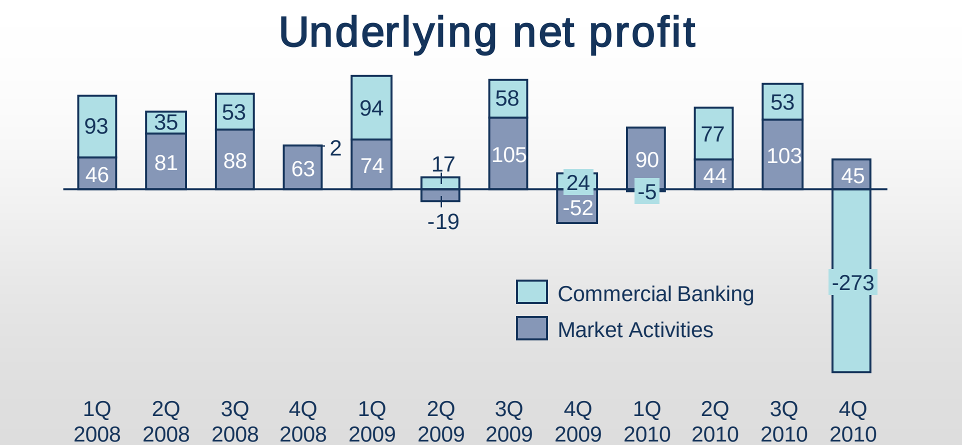
- Operating expenses (404m EUR) fell by 6% q-o-q and 2% y-o-y on an organic basis (excluding FX impact)
  - The q-o-q decrease is attributable chiefly to the recognition of a 57m EUR (pre-tax) cost related to the new bank tax in Hungary (recorded entirely in 3Q 2010), partly offset by somewhat higher costs (i.e. staff, marketing, ICT expenses) at CSOB Bank CZ and Kredyt Bank
  - Ytd cost income ratio at 54% (59% FY 2009)
- Asset impairment at 93m, mainly on L&R
  - Credit cost ratio rose to 1.22% in FY10 (1.32% in 9M10). NPL ratio at 5.6%

	Loan book	2008* CCR	2009* CCR	2009 CCR	2010 CCR
CEE	**38bn**	0.73%	2.12%	1.70%	1.22%
- Czech Rep.	18bn	0.38%	1.12%	1.12%	0.75%
- Poland	8bn	0.95%	2.59%	2.59%	1.45%
- Hungary	7bn	0.41%	2.01%	2.01%	1.98%
- Slovakia	4bn	0.82%	1.56%	1.56%	0.96%
- Bulgaria	1bn	1.49%	2.22%	2.22%	2.00%

** CCR according to 'old' business unit reporting*

Amounts in m EUR

Merchant Banking Business Unit



Volume trend

	Total loans	Customer deposits
Volume	**43bn**	**59bn**
Growth q/q*	**-3%**	**-3%**
Growth y/y*	**-13%**	**+11%**

**non-annualized*

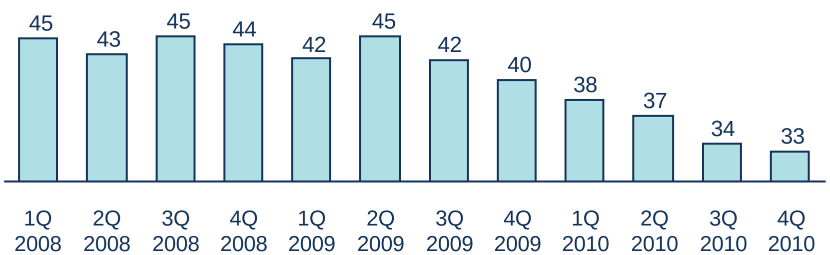
- Underlying net profit in Merchant Banking Business Unit (-228m EUR), significantly below the average of the last four quarters (84m)
    - Result from Commercial Banking of -273m EUR, heavily impacted by higher impairments at KBC Bank Ireland and the one-off net provision of 125m EUR in KBC Lease (due to irregularities in KBC Lease UK)
    - Result from Market Activities of +45m EUR, down q-o-q due to weak dealing room activity

- Reminder: a significant part of the merchant banking activities (assets to be divested) has been shifted to the Group Centre since 1Q10

Amounts in m EUR

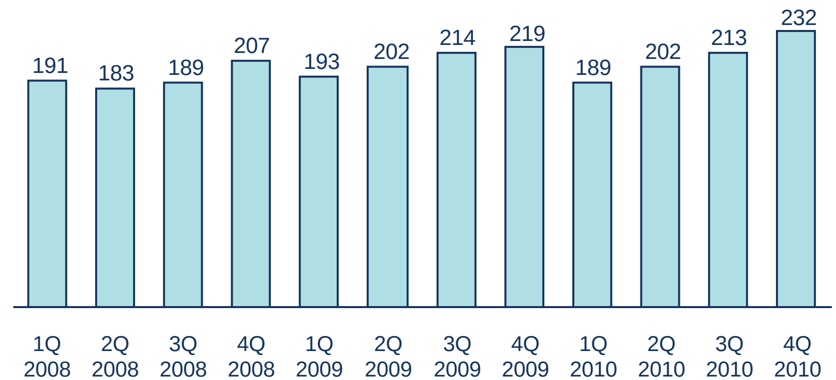
Merchant Banking Business Unit (2)

RWA banking
(Commercial Banking)



Amounts in bn. EUR

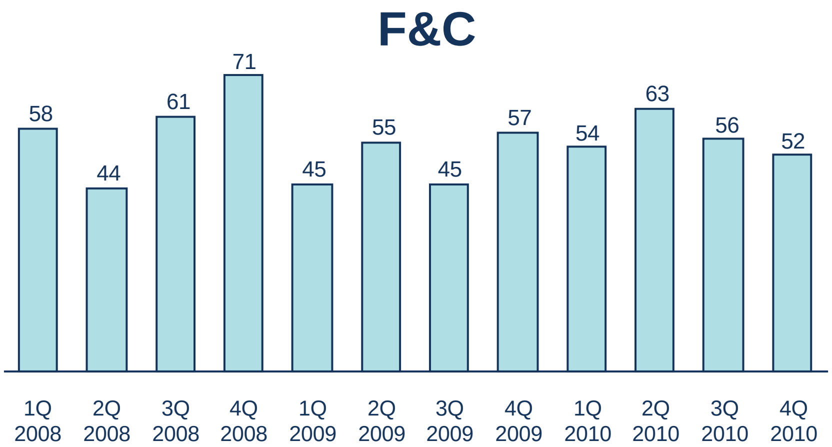
NII (Commercial Banking)

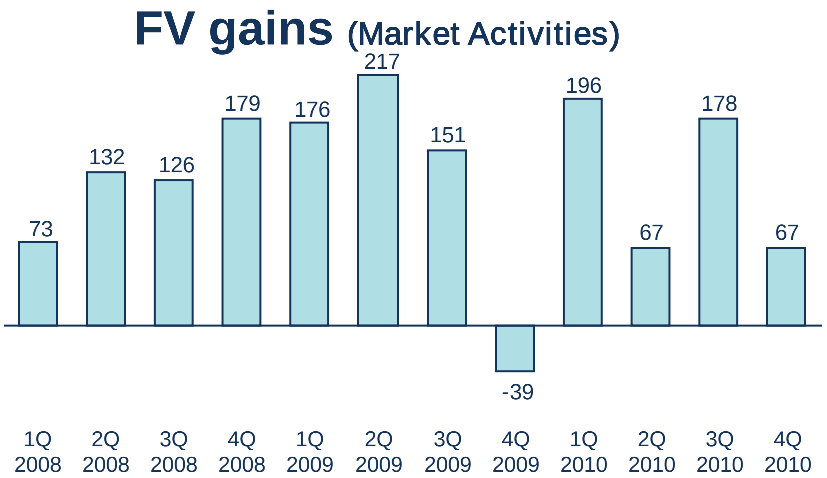


- Lower risk weighted assets in Commercial Banking due to further organic reduction in international corporate loan book
- Net interest income (relating to the Commercial Banking division) went up by 9% q-o-q (+6% y-o-y), mainly thanks to technical items. As anticipated, volumes in this business unit went down (e.g. loans -3% q-o-q and -13% y-o-y). This decrease is expected to continue for a number of years, as it is the result of the refocused strategy of the group (gradual scaling down of a large part of the international loan portfolio outside the home markets)

Amounts in m EUR

Merchant Banking Business Unit (3)



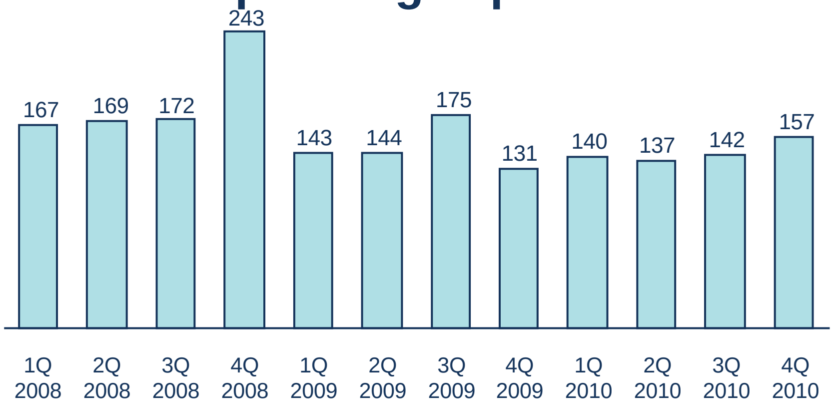


- Net fee and commission income fell by 7% quarter-on-quarter and by 8% year-on-year to 52m EUR
- Lower fair value gains within the ‘Market Activities’ sub-unit, due entirely to weak dealing room activities

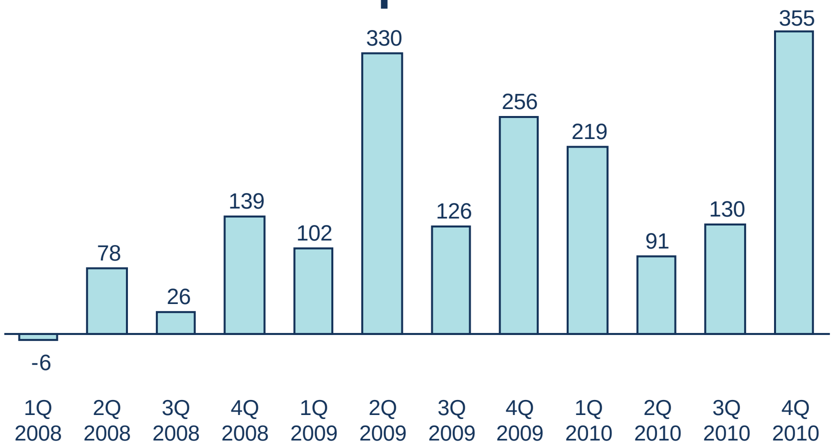
Amounts in m EUR

Merchant Banking Business Unit (4)

Operating expenses



Asset impairment



- Operating expenses increased by 20% year-on-year (due to a number of one-off and non-operating items in 4Q09) and 11% quarter-on-quarter to 157m EUR (e.g. due to higher ICT costs)
- Significantly higher impairments (355m EUR) in 4Q10, due entirely to higher impairment charges at KBC Bank Ireland following the slower-than-anticipated economic recovery in Ireland and the potential negative effect on asset valuations of the 85bn EUR financial aid package (announced on 28 November 2010)
  - Credit cost ratio at 1.38% and NPL ratio at 5.2%

Amounts in m EUR

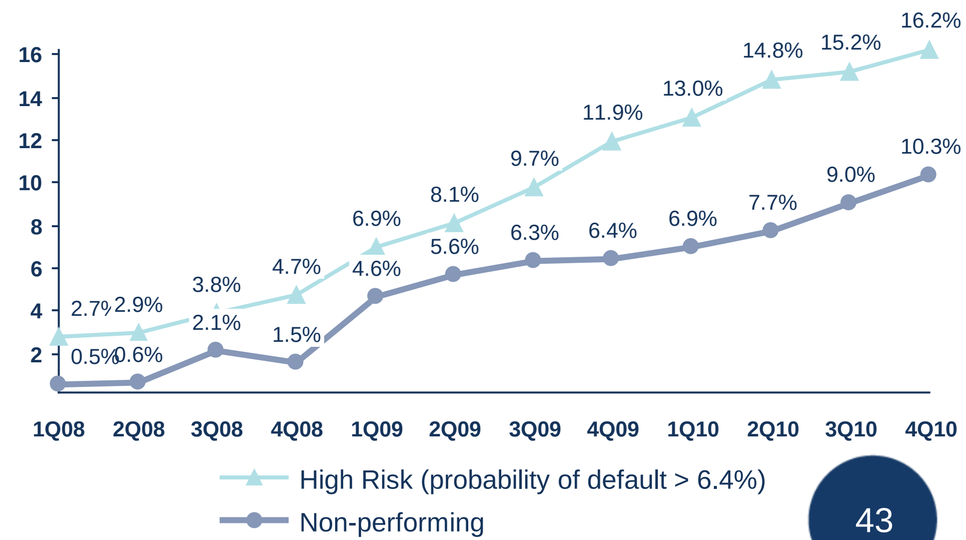
Update on Ireland

- 302m EUR loan impairments charged in 4Q10 (525m EUR in FY10)
- NPL rose to 10.3% in 4Q10 (9.0% in 3Q10), reflecting the continued difficult economic conditions in Ireland. The outstanding portfolio has been reduced from 18.0bn EUR at the end of 2009 to 17.2bn EUR at the end of 2010
- 73% of the outstanding portfolio remains low or medium risk
- The increase in mortgage provisions reflected weaker market conditions in Ireland through 2010
- The NPL coverage ratio has risen to 42% (from 29% in 3Q10). NPL coverage ratio reflects predominance of residential mortgages (and the relatively low exposure to real estate development)
- Local tier-1 ratio was 10.3% at the end of 4Q10 (10.6% at the end of 3Q10)

Irish loan book – key figures December 2010

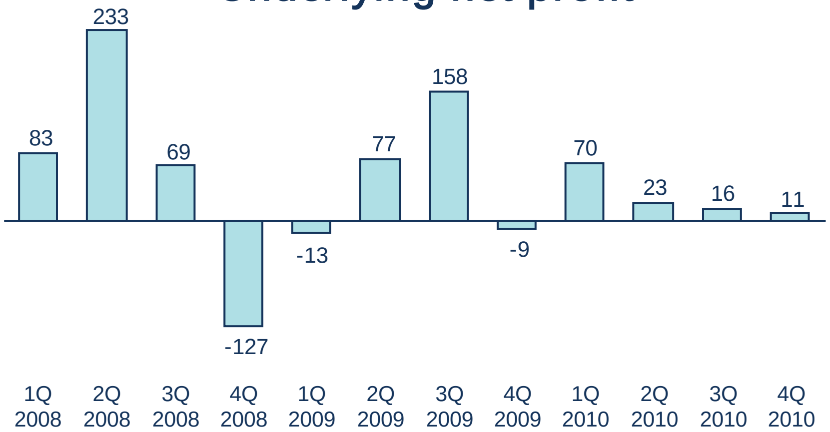
Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.8bn	7.4%	29%
Buy to let mortgages	3.3bn	10.9%	33%
SME /corporate	2.3bn	7.3%	55%
Real estate investment	1.3bn	15.2%	42%
Real estate development	0.6bn	50.4%	76%
	17.2bn	10.3%	42%

Proportion of High Risk and NPLs



Group Centre

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	**15bn**	**12bn**
Growth q/q*	**-1%**	**-13%**
Growth y/y*	**0%**	**-18%**

**non-annualised*

- Besides the existing activities of the holding and shared-services companies at ‘Group Centre’, all upcoming divestments were shifted to ‘Group Centre’ from 1Q10 onwards. The decrease in net group profit (both q-o-q and y-o-y) is largely attributable to the results of the companies that have been earmarked for divestment in the coming years. Note that a number of divestment agreements have already been signed in 2Q10 and 3Q10, of which most of them have been finalised in 4Q10 (Secura, FP convertibles & derivatives and Peel Hunt)
- Only the planned divestments are included. The merchant banking activities that will be wound down organically have NOT been shifted to the ‘Group Centre’

Amounts in m EUR

Group Centre (2)

Breakdown of underlying net group profit

	4Q10
Group item (ongoing business)	**-1**
Planned divestments	**12**
- Centea	12
- Fidea	20
- 40% minorities CSOB Bank CZ	48
- Absolut Bank	6
- ‘old’ Merchant Banking activities	11
- KBL EPB	-8
- Other	-77
TOTAL underlying net group profit	**11**

NPL, NPL formation and restructured loans in Russia

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
NPL	2.3%	3.3%	9.2%	14.0%	17.9%	17.8%	18.3%	16.8%
NPL formation	1.8%	1.0%	5.9%	4.8%	3.9%	-0.1%	0.5%	-1.5%
Restructured loans	3.6%	7.2%	9.8%	11.2%	10.3%	10.3%	9.7%	6.3%
Loan loss provisions (m EUR)	45	33	48	56	0	19	12	-9

Amounts in m EUR

Section 4

Wrap up

Financial highlights 4Q 2010

- Higher net interest income driven by both volume growth in our core markets and historically high margins
- Increased fee and commission income resulting from a well-publicised sales campaign in Belgium
- Improved combined ratio of 98% thanks to substantially lower claims. Successful life insurance campaign in Belgium
- Weak dealing room income, in line with the negative market trend
- One-off provision for irregularities at KBC Lease UK to cover maximum exposure before any possible recovery
- Operational expenses remain under control, but with some end-of-year effects
- Significantly lower loan loss provisions in CEE, stable trend in Belgium and an additional provision in Ireland
- Including the impact of the divestments already announced, regulatory capital accumulated in excess of the 10% tier-1 solvency target amounted to roughly 4.5bn EUR at the end of 4Q10. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 4Q10 amounted to roughly 3.8bn EUR (incl. the effect of divestments already announced)

Section 5

Additional data set

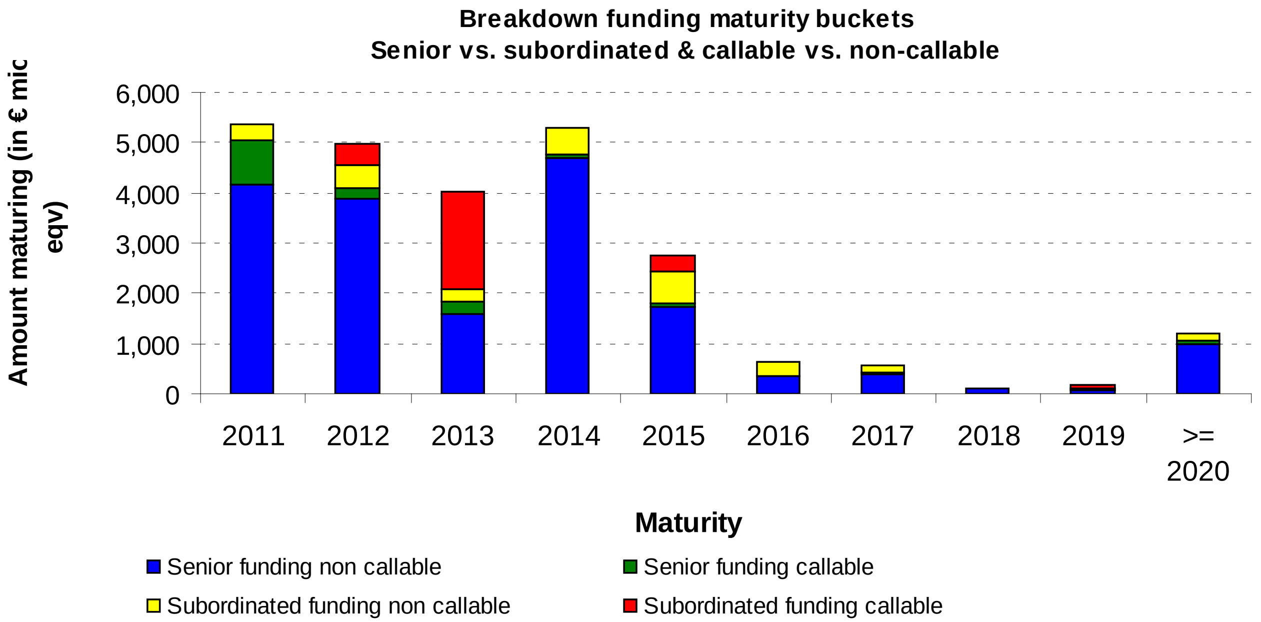
Solid solvency and liquidity position

- Loan to deposit ratio KBC Group at 81%
- KBC Group tier-1 ratio at 12.6% and core tier-1 ratio at 10.9%
- Solid capital and liquidity position in CEER subsidiaries

KBC Group	
Shareholders' equity	11.1
Government capital	7.0
Goodwill	-2.5
Minorities	0.2
Other	-1.4
Core tier-1 capital	14.4
Hybrids	2.3
Total tier 1	16.7
RWA	132.0
Tier-1 ratio	**12.6%**
Core tier-1 ratio	**10.9%**

Amounts in bn EUR

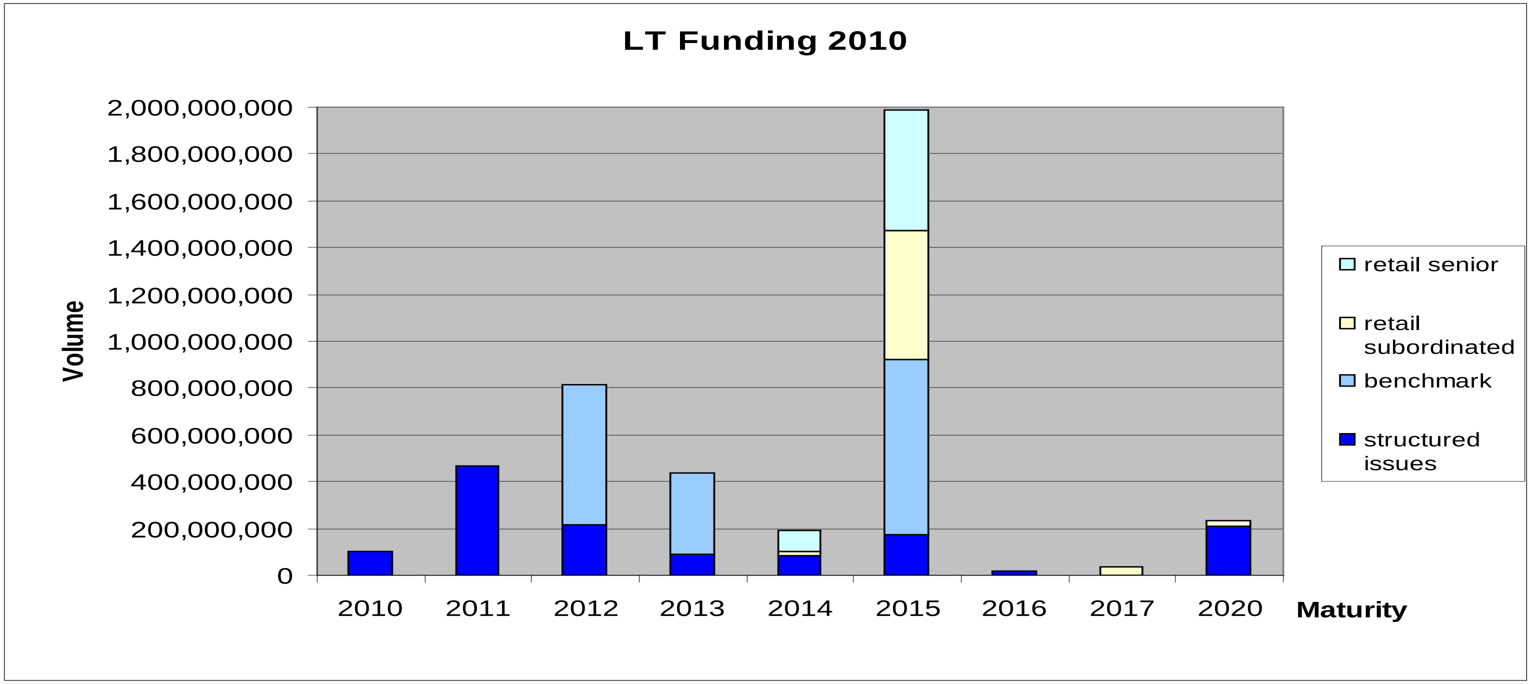
Upcoming mid-term funding maturities in 2011



KBC Bank NV has 3 solid sources of funding:

- Public Benchmark transactions
- Structured Notes using the Private Placement format
- Retail and Private Banking Network Notes

Overview of wholesale funding attracted in 2010

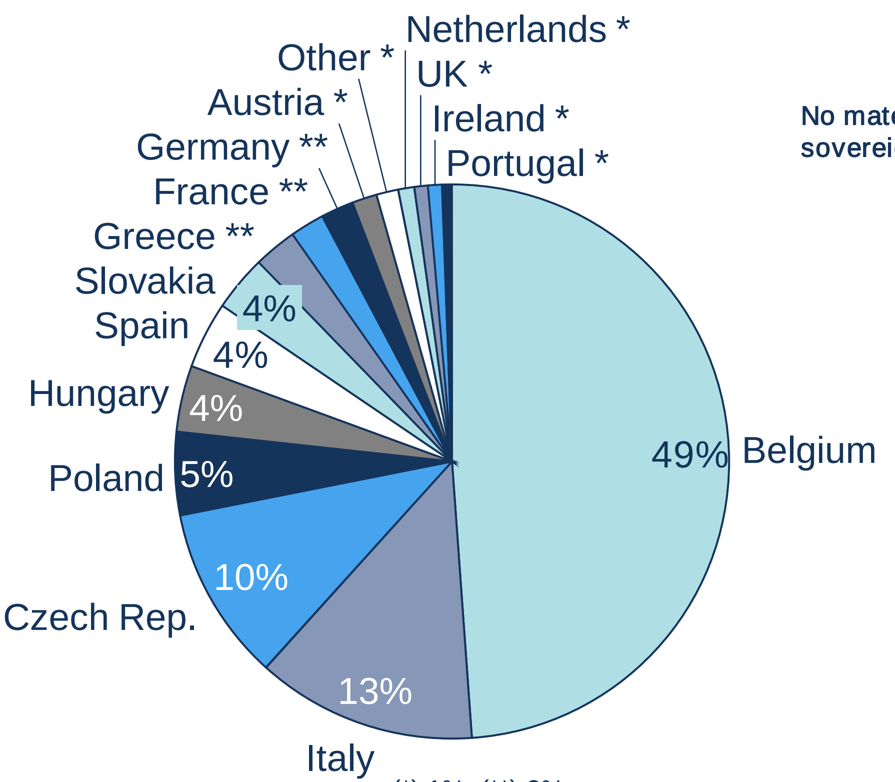


- KBC Bank NV, through KBC Ifima NV, raised 4.3bn EUR LT in 2010, using its EMTN program (40bn EUR)
- KBC Bank NV also has a US MTN program (10bn USD) available for structuring debt capital market transactions in the US

KBC Government bond portfolio

- Around 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

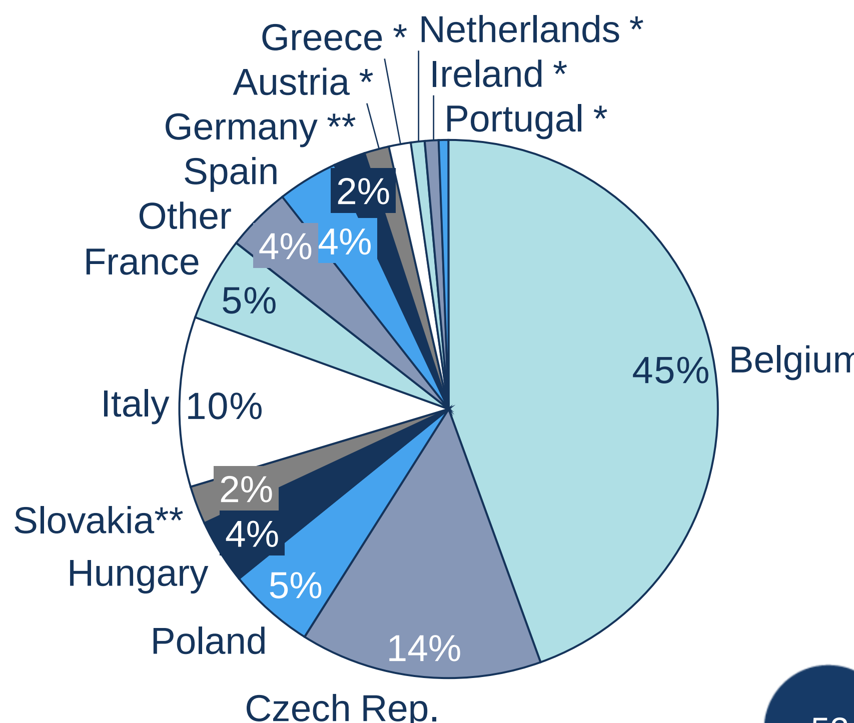
End 2009



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

No material non-EU sovereign exposure

End 2010



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

Sensitivity analysis on government bond exposure

<u>Impact of a 10bps parallel upwards shift of the government bond interest rate curves</u>

(m EUR)	Impact on equity	Impact on P&L	Weighted average duration (in years)
TOTAL	-183	-47	4.6
- of which Belgium	-86	-21	4.1

Belgium... Sovereign concerns?

Why the markets target Belgium….

- No new government yet
- Structural policy measures (social security & labour market reform) still to come
- Still relatively high public debt ratio
- Belgian banking sector's sovereign bond exposure

…Why the reaction is exaggerated

- Regional governments still in full force
- Belgian position in the business cycle is good (supported by strong rebound in Germany): 2.0% real GDP growth in 2010
- Labour market performing well (recovery in job creation & declining unemployment). Unemployment rate of 8.3% at the end of 2010 (vs. peak of 8.5% mid-2010)
- Public balance position not worrying in itself (relatively low deficit level & manageable) and good track-record on fiscal discipline
  - Public deficit as % of GDP: 4.7% in 2010 and 4.1% (or even lower) targeted in 2011
  - Public debt ratio as % of GDP: 98.6% in 2010 (vs. 134.0% in 1993 and 84.2% in 2007)
- No major economic imbalances (fundamentally Belgium is in far stronger position than the peripheral countries)

Exposure to Southern Europe

Total exposure to Greece, Portugal & Spain at the end of 2010 (bn EUR)

	Banking and Insurance book			Trading book Gov. Bonds	Total exposure
	Credit & corporate bonds	Bank bonds	Gov. bonds		
Greece	0.1	0.0	0.6	0.0	**0.7 (vs 2.0 end 2009)**
Portugal	0.3	0.0	0.3	0.0	**0.6 (vs 0.7 end 2009)**
Spain	2.1	0.6	2.2	0.1	**5.0 (vs 5.7 end 2009)**

- Total exposure to the most stressed countries Greece and Portugal amounted to only 1.3bn EUR at the end of 2010 (versus 2.7bn EUR at the end of 2009)
- Total exposure to Spain amounted to 5.0bn EUR at the end of 2010 (versus 5.7bn EUR at the end of 2009)

Breakdown of government bond portfolio, banking and insurance, at the end of 2010 (bn EUR)

	Banking	Insurance	Total
Greece	0.4	0.2	**0.6**
Portugal	0.1	0.2	**0.3**
Spain	1.5	0.7	**2.2**
TOTAL	**2.0**	**1.1**	**3.1**

Hungary: K&H Group remained profitable (1)

Profitable 2010, despite the bank tax and high loan loss provisions in 2010

- Full year 2010 underlying net profit for K&H Group amounted to 78m EUR, despite the ‘bank tax’ of 57m EUR (before tax) and the high loan loss provisions of 133m EUR. Barring unforeseen events, we expect K&H group to remain profitable for 2011 as well

Economic scenario

- Economic recovery will remain supported by external demand as domestic demand is lagging. Private consumption growth will indeed continue to suffer from weak labour market conditions, but investments could pick up as financial markets have stabilised. On balance, growth is expected to accelerate to around 2.5% in 2011 (from 1.0% in 2010)
- Budget deficit < 3% of GDP in 2011 – mainly as a result of short-term solutions (crisis taxes (until 2013) and pension transfers will keep deficit on target of -2.9% in 2010). Hungarian government can continue without IMF assistance, but nevertheless long-term structural adjustments in public finances are required. Markets expect structural measures to be announced in February/March

‘Bank tax’

- The banking tax for 2011 is estimated at 61m EUR before tax

Sovereign exposure

- Government bond exposure: 2.4bn EUR at the end of 4Q10, of which the majority is held by K&H

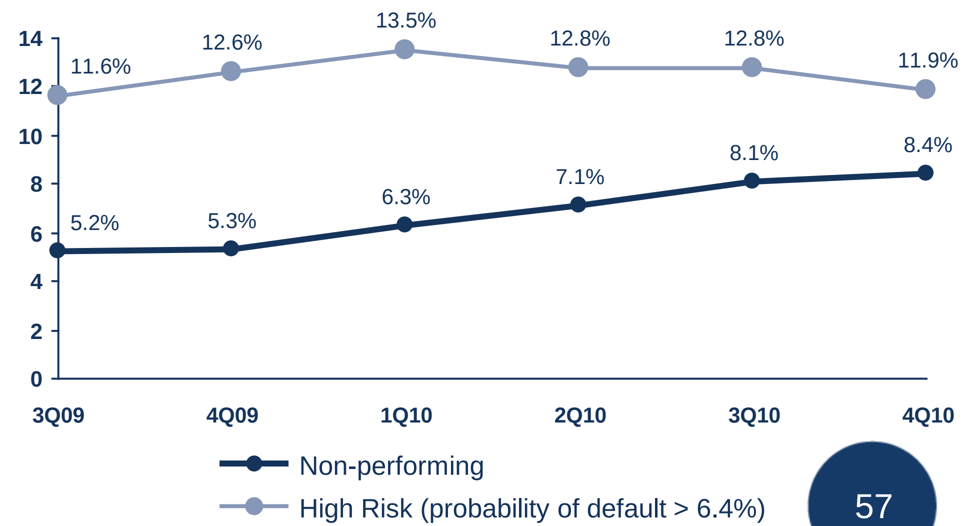
Hungary: K&H Group remained profitable (2)

- Including Q4 loan loss provisions of 19m EUR, the total for 2010 amounted to 133m EUR
- NPL rose to 8.4% in 4Q10 (8.1% in 3Q10), situated in retail and corporate lending
- 77% of the outstanding portfolio remains low or medium risk
- Main driver for 2.3bn EUR FX mortgage portfolio is the CHF/HUF movement. The estimated impact of a further 30% rise (prolonged) in CHF/HUF is an increase of approximately 150m EUR in impairments based on the current portfolio

Hungarian loan book – key figures December 2010

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	3.2bn	7.2 %	76 %
Retail	3.6bn	9.3 %	67%
o/w private	3.1bn	9.0 %	65 %
o/w companies	0.5bn	11.6 %	73 %
	6.7bn	8.4%	71 %

Proportion of NPLs



Update on CDO exposure at KBC (end 2010)

CDO exposure (bn EUR)	Notional	Outstanding markdowns
- **Hedged portfolio** - **Unhedged portfolio**	14.9 7.7	-1.2 -4.8
TOTAL	**22.5**	**-6.0***

* Cumulative markdowns since the start of the crisis amounted to 6.2bn EUR

Amounts in bn EUR	**Total**
Value adjustments (excluding Aldersgate) "Effective" loss (i.e. expect. losses based on claimed credit events)* - Of which impact of settled credit events	-6.0 -1.9 -1.1

* Excl. impact on equity and junior CDO pieces

- The total notional amount decreased by roughly 2.2bn EUR as a result of the first maturity in the CDO book
- Outstanding value adjustments amounted to 6.0bn EUR at the end of 2010
- Effective cash losses amounted to 1.9bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 17% cumulative loss in the underlying corporate risk (approx. 80% of the underlying collateral are corporate reference names)
- Reminder: CDO exposure largely written down or covered by a State guarantee

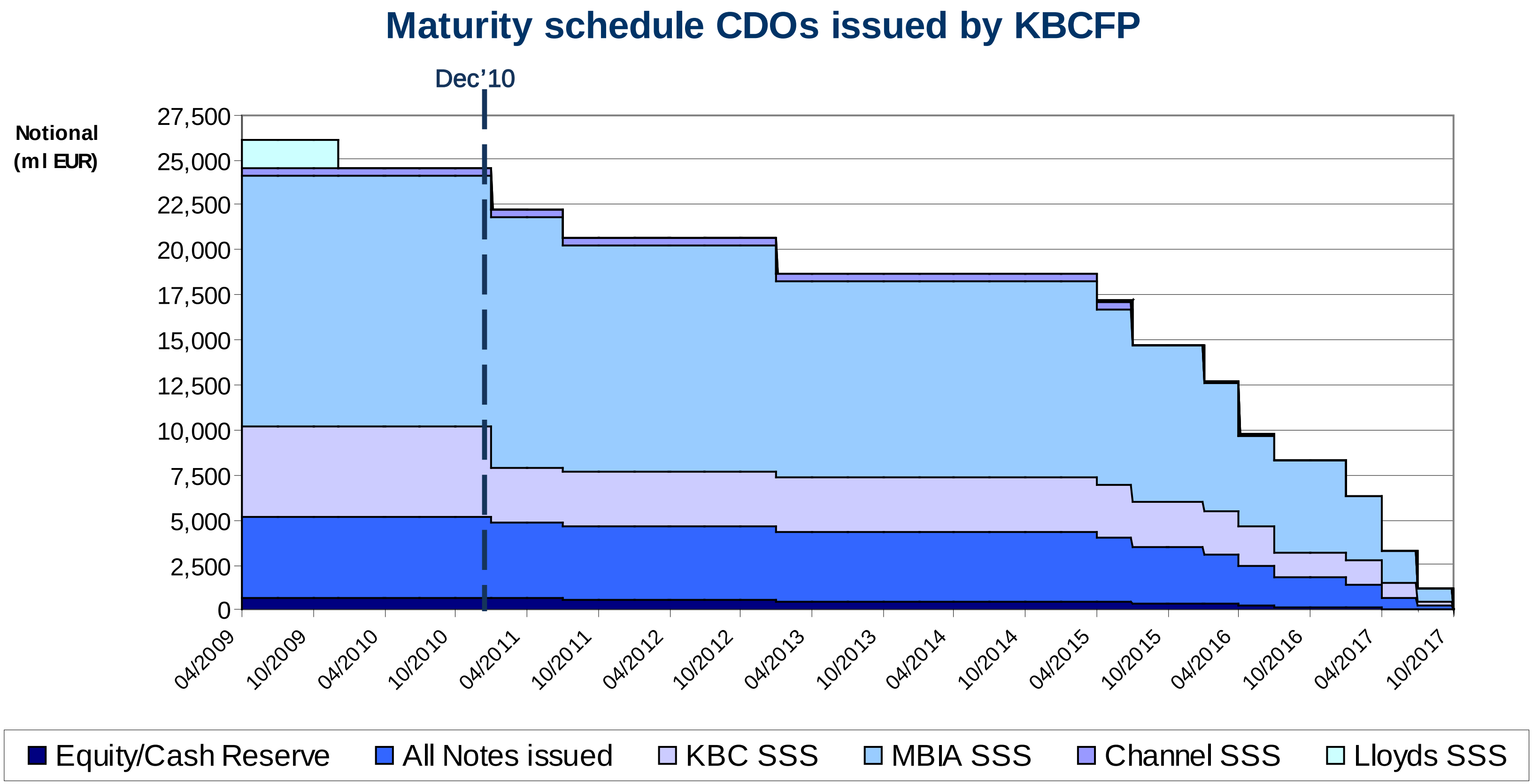
Update on CDO sensitivity

P&L impact* due to a shift in credit spreads (reflecting the credit risk)

	10%	20%	50%
Spread tightening	+0.2bn	+0.3bn	+0.9bn
Spread widening	-0.1bn	-0.3bn	-0.6bn

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

Maturity schedule for CDO portfolio



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

Summary of government transactions (1)

- State guarantee on 18.1bn euros’ worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.6bn EUR) at closing of the transaction
    - CDO-linked exposure towards MBIA, the US monoline insurer (14.4bn EUR)
  - First and second tranche: 5.0bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.7bn EUR (90% of 1.9bn EUR) from the Belgian State if losses exceed 3.1bn EUR
  - Third tranche: 13.0bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach

		Potential *P&L* impact for KBC	Potential *capital* impact for KBC
18.1bn - 100% 1st tranche	3.1bn	100%	100%
15.0bn - 83% 2nd tranche	1.9bn	100%	10% (90% compensated by equity guarantee)
13.0bn - 72% 3rd tranche	13.0bn	10% (90% compensated by cash guarantee)	10% (90% compensated by cash guarantee)

Summary of government transactions (2)

7bn EUR worth of core capital securities subscribed by the Belgian Federal and Flemish Regional Governments

	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 by 5% to the maximum of 150%	No conversion option