Earnings statement 3Q2010 and 9M 2010

KBC Group

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Summary

KBC ended the third quarter of 2010 with a net profit of 545 million euros, compared with a net profit of 149 million euros in the previous quarter and 528 million euros in the corresponding quarter of 2009. As a result, net profit came to 1 136 million euros in the first nine months of the year, as opposed to a net loss of 2 770 million euros in the first nine months of 2009 (which included a significant CDO-related loss in the first quarter of 2009).

Excluding exceptional items, the 'underlying' net result for the quarter under review came to 445 million euros, compared with 554 million euros in 2Q 2010 and 631 million euros in 3Q 2009.

Jan Vanhevel, Group CEO: 'A third quarter is often impacted by seasonal effects, but after taking these into account, we are satisfied with the results. Our core strategy, which focuses on bancassurance in Belgium and selected Central European countries, generated 445 million euros through a combination of stable revenues and well-controlled operating expenses, notwithstanding higher credit costs. With respect to exceptional items, the most noteworthy item this quarter is a mark-up on the CDO portfolio. The total impact of all exceptional items is a positive 100 million euros, leading to a reported profit for 3Q of 545 million euros'.

Overview	3Q 2009	2Q 2010	3Q 2010	Cumul. 9M2009	Cumul. 9M2010
Net result, IFRS (in millions of EUR)	528	149	545	-2 770	1 136
Earnings per share, basic, IFRS (in EUR) [1]	1.56	0.00	1.17	-8.16	2.03
Underlying net result (in millions of EUR)	631	554	445	1 506	1 542
Underlying earnings per share, basic (in EUR)	1.86	1.19	0.87	4.44	3.23
Breakdown of underlying net result per business unit (in millions of EUR) [2]					
Belgium	271	298	220	782	797
Central & Eastern Europe	39	112	53	175	275
Merchant Banking	162	121	156	327	361
Group Centre	158	23	16	222	109
Parent shareholders' equity per share (in EUR, end of period)	27.7	30.2	33.1	27.7	33.1

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 adapted retroactively.

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

Financial highlights for 3Q 2010:

- Stable net interest income, with continued loan volume growth in Belgium, driven by mortgages
- Lower fee and commission income, following a difficult summer season
- Slightly better combined ratio in non-life insurance
- Good income generated by the dealing room
- Operating expenses under control, but impacted by costs related to Hungarian bank tax and Belgian deposit guarantee scheme
- Increase in loan loss impairment in Central and Eastern Europe and in Merchant Banking
- Pro forma tier-1 ratio – including the effect of all divestments for which a sale agreement has been signed to date – at approximately 13.4%.

Financial highlights 3Q 2010

Jan Vanhevel, Group CEO, summarises the ***underlying*** business performance for 3Q 2010 as follows:

- Underlying net interest income stood at 1 406 million euros, comparable to the figure recorded in the previous quarter and a year earlier. There was some pressure on the net interest margin in Belgium, but credit volume growth continued in the third quarter, especially in mortgages. In Central and Eastern Europe, the net interest margin widened somewhat. For the group as a whole, the average net interest margin in the quarter stood at 1.92%.
- Net fee and commission income amounted to 367 million euros, down 8% year-on-year and 19% quarter-on-quarter. Sales of commission-based products had a difficult third quarter, which was due to more than just the traditional seasonal effect. This led to lower front-end loads and management fees, resulting in the above-mentioned drop in net fee and commission income.
- The net result from financial instruments at fair value, which includes dealing room activities, stood at 264 million euros, recovering from the low 147 million euros recorded in the previous quarter.
- Net of technical charges and the ceded reinsurance result, technical insurance income stood at 90 million euros, up one-third on the second quarter, due to *inter alia* lower claims in Central and Eastern Europe.
- Operating expenses came to 1 214 million euros. Excluding the booking of the bank tax for the full year in Hungary, this was roughly the same as the previous quarter.
- Loan loss impairment stood at 356 million euros, up on 2Q 2010, and comparable to 3Q 2009. The year-to-date credit cost ratio stood at 0.80%: 0.12% for the Belgian retail book, 1.32% in Central and Eastern Europe (down from 1.70% for 2009) and 1.01% for Merchant Banking (down from 1.19% for 2009).
- At the end of the current quarter, the KBC group generated capital in excess of the 10% tier-1 target of roughly 4.3 billion euros (including the effect of all divestments for which a sale agreement has been signed to date).

Headlines of underlying performance per business unit:

- All business units contributed positively to the net underlying result.
- The profit contribution of the Belgium Business Unit amounted to 220 million euros in 3Q 2010, down 78 million euros on the 2Q 2010 figure due primarily to lower fees and commissions from the sale and management of funds, lower realised gains on the sale of bonds and shares, the traditional seasonal drop in dividend income and a cost related to the Belgian deposit guarantee scheme.
- The profit contribution of the Central and Eastern Europe Business Unit amounted to 53 million euros in 3Q 2010. This was 59 million euros lower than in 2Q 2010, and for a large part caused by the booking of the bank tax for the full year in Hungary. Higher loan loss impairment, notably in Hungary, also impacted the result. Insurance results improved after a weak 2Q 2010 that had been impacted by the bad weather conditions.
- The profit contribution of the Merchant Banking Business Unit amounted to 156 million euros in 3Q 2010, up 35 million euros on the previous quarter. The main driver was the good dealing room result, partly offset by higher impairment charges for Ireland and a few large credit files.
- 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 3Q 2010, the Group Centre's net result came to 16 million euros.

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 3Q 2010 amounted to a positive 0.1 billion euros. Apart from some smaller items, the main non-operational item in 3Q 2010 was the valuation mark-up of CDO exposure in the amount of 0.2 billion euros, resulting mainly from a tightening of credit spreads between the end of June 2010 and the end of September 2010.

First nine months of 2010: results per heading

Explanations per heading of the ***IFRS*** income statement for 9M 2010 (see summary table on the next page):

- The net result for the first nine months of 2010 amounted to 1 136 million euros, compared to -2 770 million euros a year earlier, which included significant losses related to CDOs and shares in the first quarter, among other things. Excluding exceptional items, the *underlying* net result for the first nine months of 2010 totalled 1 542 million euros, up 2% on the figure for the first nine months of 2009.
- Net interest income amounted to 4 647 million euros, up 8% year-on-year. On a comparable basis, credit volumes were down 2% year-on-year, while customer deposits were up by 8%. The net interest margin increased from 1.81% in 9M 2009 to 1.87% in 9M 2010.
- Earned insurance premiums, before reinsurance, stood at 3 466 million euros, down 6% year-on-year. Net of technical charges and the ceded reinsurance result, technical insurance income came to 240 million euros. The claims level was relatively high during the first nine months of 2010, due to factors such as the storm Xynthia and flooding in Central and Eastern Europe.
- Net fee and commission income amounted to 917 million euros, up 14% year-on-year. Sales of commission-based products were up on the low levels of 2009, a year still very much impacted by the effects of the financial crisis.
- The net result from financial instruments at fair value (trading and fair value income) came to -506 million euros, compared to -3 846 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 P&L line), trading and fair value income amounted to 731 million euros, down 17% year-on-year.
- The remaining income components were as follows: dividend income from equity investments amounted to 76 million euros (104 million euros a year earlier), the net realised result from available-for-sale assets (bonds and shares) stood at 61 million euros (128 million euros a year earlier) and other net income totalled 345 million euros (384 million euros a year earlier).
- Operating expenses amounted to 3 246 million euros, down 12% year-on-year. This reflects the strategic refocus programme where non-core activities are being wound down, as well as the continued effects of rigorous cost control measures throughout the group. The underlying cost/income ratio for banking – a measure of cost efficiency – stood at 53%, a further improvement on the 55% recorded for the first nine months of 2009.
- Impairment on loans and receivables stood at 990 million euros, down 21% year-on-year. This decrease was most pronounced in Central and Eastern Europe and Merchant Banking. As a result, the annualised credit cost ratio for 9M 2010 amounted to 0.80%, down on the figure of 1.11% for FY 2009. Other impairment charges totalled 112 million in 9M 2010 and related mainly to available-for-sale assets (shares and bonds) and goodwill on subsidiaries and associated companies.
- Income tax amounted to 16 million euros in the nine months 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 278 million euros. This comprises the results and impairment related to the sale agreement on KBL EPB, which are regrouped in this single line under IFRS accounting rules (reference figures were adjusted accordingly).
- At end-September 2010, total equity came to 18.8 billion euros, an increase of 1.6 billion compared to the start of the year, due predominantly to the inclusion of the positive result for the first nine months of 2010 and to an increase 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 12.1%. Including the effect of all sale agreements announced to date (such as KBL EPB), the *pro forma* tier-1 ratio amounts to approximately 13.4%.

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 and cash flow 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. 9M 2009	Cumul. 9M 2010
Net interest income	1 407	1 375	1 535	1 500	1 519	1 567	1 562	-	4 317	4 647
Interest income	3 384	2 915	2 771	2 618	2 621	2 651	2 627	-	9 070	7 900
Interest expense	-1 977	-1 539	-1 237	-1 118	-1 103	-1 085	-1 065	-	-4 753	-3 253
Earned premiums, insurance (before reinsurance)	1 307	1 254	1 119	1 168	1 248	1 144	1 074	-	3 680	3 466
Technical charges, insurance (before reinsurance)	-1 158	-1 120	-1 033	-1 101	-1 163	-1 123	-957	-	-3 311	-3 243
Ceded reinsurance result	-15	-17	-2	-30	-9	50	-23	-	-33	18
Dividend income	22	55	26	35	15	40	21	-	104	76
Net result from financial instruments at fair value through profit or loss	-3 738	63	-170	361	-11	-721	227	-	-3 846	-506
Net realised result from available-for-sale assets	35	-2	95	95	19	30	11	-	128	61
Net fee and commission income	230	286	289	326	322	336	259	-	805	917
Fee and commission income	471	491	514	582	549	578	480	-	1 476	1 607
Fee and commission expense	-241	-206	-224	-256	-227	-242	-221	-	-671	-690
Other net income	150	116	117	44	98	182	65	-	384	345
Total income	-1 760	2 010	1 977	2 398	2 038	1 504	2 239	-	2 227	5 781
Operating expenses	-1 122	-1 396	-1 171	-1 089	-1 072	-1 044	-1 130	-	-3 690	-3 246
Impairment	-701	-614	-441	-969	-383	-299	-420	-	-1 756	-1 102
on loans and receivables	-308	-578	-368	-648	-355	-278	-357	-	-1 253	-990
on available-for-sale assets	-306	-11	-4	-6	-1	-16	-5	-	-320	-23
on goodwill	-79	-33	-58	-313	-27	-1	-13	-	-170	-41
on other	-9	8	-11	-2	0	-3	-45	-	-12	-48
Share in results of associated companies	0	-3	2	-24	-2	-9	-5	-	0	-16
Result before tax	-3 584	-3	367	315	581	153	683	-	-3 219	1 418
Income tax expense	-20	302	16	-42	-164	304	-124	-	298	16
Net post-tax result from discontinued operations	24	27	35	15	31	-302	-7	-	86	-278
Result after tax	-3 580	326	419	288	448	155	553	-	-2 835	1 156
attributable to minority interests	20	24	-109	-16	6	6	8	-	-65	20
attributable to equity holders of the parent	**-3 600**	**302**	**528**	**304**	**442**	**149**	**545**	**-**	**-2 770**	**1 136**
Belgium	-951	533	343	579	283	131	321	-	-75	734
Central & Eastern Europe	32	29	2	-149	99	119	76	-	62	294
Merchant Banking	172	-12	267	-16	64	73	173	-	427	310
Group Centre	-2 853	-248	-83	-110	-3	-174	-24	-	-3 183	-202
Earnings per share, basic (in EUR)[2]	-10.60	0.89	1.56	0.90	0.86	0.00	1.17	-	-8.16	2.03
Earnings per share, diluted (in EUR)[2]	-10.60	0.89	1.56	0.90	0.86	0.00	1.17	-	-8.16	2.03

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'.

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	31-12-2009
Total assets	347 400	344 415	334 219	324 231	340 128	350 232	328 590	-
Loans and advances to customers*	154 409	158 949	156 974	153 230	153 640	157 024	149 982	-
Securities (equity and debt instruments)*	95 834	96 559	97 252	98 252	101 984	95 910	96 876	-
Deposits from customers and debt certificates*	205 110	194 141	194 748	193 464	203 367	205 108	198 825	-
Technical provisions, insurance*	20 124	20 860	21 508	22 012	23 222	22 384	22 843	-
Liabilities under investment contracts, insurance*	6 877	6 987	7 319	7 939	7 908	6 496	6 488	-
Parent shareholders' equity	6 636	7 888	9 416	9 662	10 677	10 259	11 245	-
Non-voting core-capital securities	3 500	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%	-	-	15%	-
Cost/income ratio, banking				55%	-	-	53%	-
Combined ratio, non-life insurance				101%	-	-	101%	-
KBC Group solvency								
Tier-1 ratio				10.8%	-	-	12.1%	-
Core tier-1 ratio				9.2%	-	-	10.4%	-

* 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' starting 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. 9M 2009	Cumul. 9M 2010
Net interest income	1 353	1 344	1 391	1 410	1 344	1 394	1 406	-	4 088	4 144
Earned premiums, insurance (before reinsurance)	1 308	1 256	1 122	1 169	1 249	1 146	1 075	-	3 687	3 470
Technical charges, insurance (before reinsurance)	-1 164	-1 127	-1 039	-1 086	-1 168	-1 129	-962	-	-3 330	-3 259
Ceded reinsurance result	-15	-17	-2	-30	-9	50	-23	-	-33	18
Dividend income	12	47	9	28	8	36	12	-	68	55
Net result from financial instruments at fair value through profit or loss	231	321	335	52	320	147	264	-	886	731
Net realised result from available-for-sale assets	51	41	95	106	24	41	6	-	187	71
Net fee and commission income	328	391	400	450	429	454	367	-	1 119	1 249
Other net income	119	98	93	34	85	68	62	-	309	215
Total income	2 222	2 353	2 405	2 131	2 282	2 205	2 206	-	6 980	6 693
Operating expenses	-1 235	-1 196	-1 224	-1 231	-1 158	-1 150	-1 214	-	-3 656	-3 521
Impairment	-319	-560	-367	-666	-356	-298	-361	-	-1 247	-1 015
on loans and receivables	-307	-567	-356	-652	-355	-278	-356	-	-1 230	-989
on available-for-sale assets	-3	-1	0	-11	-1	-17	-5	-	-4	-23
on goodwill	0	0	0	0	0	0	0	-	0	0
on other	-9	8	-11	-3	0	-3	0	-	-12	-3
Share in results of associated companies	0	-2	3	-24	-1	-9	-5	-	2	-15
Result before tax	667	595	816	210	767	749	626	-	2 079	2 142
Income tax expense	-181	-162	-167	3	-218	-189	-173	-	-510	-580
Result after tax	486	433	649	213	549	559	453	-	1 568	1 562
attributable to minority interests	21	24	18	-5	6	6	8	-	63	20
attributable to equity holders of the parent	**465**	**409**	**631**	**218**	**543**	**554**	**445**	**-**	**1 506**	**1 542**
Belgium	234	276	271	268	279	298	220	-	782	797
Central & Eastern Europe	77	58	39	-13	110	112	53	-	175	275
Merchant Banking	168	-2	162	-28	85	121	156	-	327	361
Group Centre	-13	77	158	-9	70	23	16	-	222	109
Earnings per share, basic (in EUR)[2]	1.37	1.21	1.86	0.64	1.16	1.19	0.87	-	4.44	3.23
Earnings per share, diluted (in EUR)[2]	1.37	1.21	1.86	0.64	1.16	1.19	0.87	-	4.44	3.23

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. 9M 2009	Cumul. 9M 2010
Result after tax, attributable to equity holders of the parent, UNDERLYING	465	409	631	218	543	554	445	-	1 506	1 542
+ MTM of derivatives for ALM hedging	-137	206	42	-33	-94	-268	23	-	110	-339
+ gains/losses on CDOs	-3 793	996	228	719	182	-160	246	-	-2 568	269
+ MTM of CDO guarantee and commitment fee	0	-1 121	-146	-143	-50	-27	-35	-	-1 266	-112
+ value losses on AFS shares	-311	-50	4	-4	0	0	0	-	-358	0
+ (reversal of) impairment on troubled US & Icelandic banks	16	-1	42	8	13	0	0	-	56	13
+ gain on buy-back of hybrid tier-1 securities	0	0	128	0	0	0	0	-	128	0
+ impairment on goodwill (and associated companies)	-79	-28	-58	-328	-27	-1	-44	-	-166	-72
+ loss on legacy structured derivative business (KBC FP)	0	-760	-153	-166	-101	-101	-41	-	-913	-243
+ MTM of own debt issued	134	200	-330	41	-2	45	-46	-	3	-4
+ Results on divestments	0	0	0	0	0	-338	-46	-	0	-384
+ other	96	63	-33	16	-62	-30	2	-	126	-90
+ taxes and minority interests related to the items above	7	388	176	-24	41	474	40	-	571	555
Result after tax, attributable to equity holders of the parent: IFRS	-3 600	302	528	304	442	149	545	-	-2 770	1 136

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

- In the third quarter of this year, we continued to implement our strategic refocusing plan. At the start of the quarter, we signed sale agreements for the Global Convertible Bond and Asian Equity Derivatives business (with Daiwa Capital Markets), for Secura (with QBE Insurance Group), for KBC Securities Baltic Investment Company (with the management), for KBC Peel Hunt (with the management) and for KBC Business Capital (with PNC Financial Services). Some of these agreements have already been closed, while the closing of others is expected to follow in the months to come. The gradual run-down of the loan portfolio outside the home markets also continued during the third quarter: at the end of September 2010, we had executed roughly two thirds of the targeted organic run-down. In addition, a number of companies are scheduled for divestment to help reduce 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 program once optimal conditions have been identified for a successful transaction. Our Belgian supplementary sales channels (Centea and Fidea) are currently in the sales process, 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, which 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.
- The latest statements on the Basel III framework have led to a need for additional clarification from financial institutions on the exact impact on their capital needs. Although the exact framework for Basel III is not entirely clear or decided upon, the main conclusion is that KBC is in a position to meet the common equity ratio under Basel III without the need to raise capital.
- On 22 July 2010, the Hungarian Parliament passed a law that introduces a new bank tax for 2010, 2011 and 2012. This tax will have a negative impact of about 57 million euros before tax (or 46 million euros after tax) on the profits of K&H Bank and K&H Insurance in 2010. The impact for FY 2010 was booked entirely in 3Q 2010. Moreover, under the Belgian deposit guarantee scheme, the actual cost for 2010 will be 14 million euros higher than initially planned.
- Concerns continued during the third quarter about financial institutions' exposure to certain government bonds. In this respect, it is worth mentioning that following a reduction in both the banking and trading book, KBC's exposure to Greek sovereign bonds dropped to 0.8 billion euros as at 30 September 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.

Statement of risk

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

Additional information on the financial statements

- During the first nine months of 2010, no changes were made to the scope of consolidation or to the valuation rules that had a material net impact on earnings.
- In 9M 2010, the value of local currencies in KBC's Central and Eastern European markets appreciated by (a weighted average of) 5% against the euro, compared to 9M 2009. In 3Q 2010, the comparable figure was unchanged on the 2Q 2010 level and up 1% on the 3Q 2009 level. Significant changes in these exchange rates evidently impact the result components of the Central and Eastern Europe Business Unit.
- *Parent shareholders' equity per share* at 30 September 2010 (33.1 euros) was calculated on the basis of 339.73 million shares (for this calculation, the number of treasury shares held (18.19 million) was deducted from the number of ordinary shares outstanding (357.92 million).
- *Earnings per share* for 9M 2010 (2.03 euros) was calculated on the basis of 339.73 million shares (average number during the period), while *diluted earnings per share* (also 2.03 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 9M 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 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.
- 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.

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