

Statement

8 April 2011

KBC decides on variable remuneration

In its remuneration policy, KBC follows the CEBS Guidelines on Remuneration Policy and Practices and the CBFA/FSMA guidelines.

The remuneration policy is based on a fixed remuneration supplemented by a results-based variable remuneration and an individual performance-based remuneration.

During the crisis years of 2008 and 2009, the CEO and the entire KBC Group Executive Committee relinquished all forms of variable pay.

Apart from the CEO, the current Executive Committee is made up of a new team of people that were not members when the crisis began.

An internal (multidisciplinary) remuneration committee monitors both the amounts and the way in which such remuneration is granted. On the advice of the Remuneration Committee, and following open dialogue and an assessment of the implementation of the strategic plan agreed with the European Commission, the Board of Directors decided unanimously to allocate the variable remuneration for 2010.

In consultation with the Chairman of the Board of Directors and of the Remuneration Committee, KBC has, however, decided to postpone to 2012 payment of the 25% cash component of the variable remuneration allocated by the Board of Directors to the members of the Executive Committee and to link the payment to reimbursement of the financial support received from the government as outlined in the strategic plan agreed with the European Commission.*

Remuneration of the CEO

The CEO's remuneration consists of a fixed basic component and a variable component that amounts to some 60% of the fixed component but which may never exceed the fixed component.

In the past, the variable component was simply a set percentage of profit. Now the profit-related component is smaller and part of the variable remuneration (the performance-related component) is based on non-financial criteria (e.g., risk reduction, implementation of the EU plan, etc.).

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|---|-------------------|
| 1. Fixed basic remuneration | 712.500 EUR gross |
| This remuneration is comparable with what Mr Vanhevel's predecessor received. | |
| 2. Profit/results-based variable remuneration | 372.059 EUR gross |
| During the crisis years of 2008 and 2009, the KBC Group CEO relinquished all forms of variable pay. | |
| 3. Performance-based variable remuneration | 106.875 EUR gross |
| During the crisis years of 2008 and 2009, the KBC Group CEO relinquished all forms of variable pay. | |

As regards variable remuneration, the following rules of deferred pay apply:
Variable remuneration for 2010 will be paid

- **25% in cash in 2011***
- 8.33% in cash and 25% in equity-related instruments in 2012
- 8.33% in cash and 8.33% in equity-related instruments in 2013
- 8.33% in cash and 8.33% in equity-related instruments in 2014
- 8.33% in equity-related instruments in 2015

The final share of the 2010 variable remuneration will, therefore, only be paid out five years after the work was actually performed.

Moreover, the deferred share is not simply an entitlement since, depending on certain circumstances, it can be reduced (but never increased).

Remuneration of other members of the Executive Committee

Remuneration paid to the other members of the Executive Committee consists of a fixed basic component and a variable component that amounts to some 60% of the fixed component but which may never exceed the fixed component.

In the past, the variable component was simply a set percentage of profit. Now the profit-related component is smaller and part of the variable remuneration (the performance-related component) is based on non-financial criteria (e.g., risk reduction, implementation of the EU plan, etc.).

1. Fixed total basic remuneration for all members of the Executive Committee (excluding the CEO)
3.653.233 EUR gross
 - 2 members of the Executive Committee retired in 2010
 - 1 new member joined on 1 May 2010
 - The remaining members were members for the full year

2. Profit/results-based variable remuneration 1.810.687 EUR gross
Total for all members of the Executive Committee (excluding the CEO).
During the crisis years of 2008 and 2009, the entire Executive Committee of KBC Group relinquished all forms of variable pay.

3. Performance-based variable remuneration 550.367 EUR gross
Total for all members of the Executive Committee (excluding the CEO).
During the crisis years of 2008 and 2009, the entire Executive Committee of KBC Group relinquished all forms of variable pay.

As regards variable remuneration, the following rules of deferred pay apply:

Variable remuneration for 2010 will be paid

- **25% in cash in 2011***
- 8.33% in cash and 25% in equity-related instruments in 2012
- 8.33% in cash and 8.33% in equity-related instruments in 2013
- 8.33% in cash and 8.33% in equity-related instruments in 2014
- 8.33% in equity-related instruments in 2015

The final share of the 2010 variable remuneration will, therefore, only be paid out five years after the work was actually performed.

Moreover, the deferred component is not simply an entitlement since, depending on certain circumstances (loss, embezzlement, etc.), it can be reduced (but never increased).

Non-executive directors:

No fixed remuneration whatsoever was paid to non-executive directors for 2008 and 2009. They received only attendance fees. At KBC, non-executive directors never receive variable remuneration or payment in the form of shares or options.