



# Press release – Outside trading hours

Brussels, 25 April 2013

## **KBC Group 2012 reference figures according to the new business unit breakdown**

**On 16 May 2013, KBC Group will issue its first quarterly results based on its new business unit structure, which had been announced at an earlier date. In order to prepare investors and analysts for the change, the group is pro-actively providing the market with the 2012 reference figures.**

### **New business unit structure since 1 January 2013**

A new management structure was introduced at the start of 2013, reflecting the group's updated strategy. More information on this is available in the press release ('KBC 2013 and beyond') and presentation of 8 October 2012, and the 2012 annual report, available on [www.kbc.com](http://www.kbc.com).

Based on this new management structure, the group also reworked its financial segment reporting presentation.

Up until the end of 2012, the segments consisted of the Belgium Business Unit (retail bancassurance), the Central & Eastern Europe Business Unit (Czech Republic, Hungary, Slovakia, Bulgaria), the Merchant Banking Business Unit (corporate banking and market activities in Belgium and abroad, plus KBC Bank Ireland) and the Group Centre (results of the holding company, certain items that were not allocated to the business units, and the results of companies to be divested).

In the new reporting presentation, the segments<sup>1</sup> are essentially:

- the Belgium Business Unit (all activities in Belgium)
- the Czech Republic Business Unit (all activities in the Czech Republic)
- the International Markets Business Unit (activities in Ireland, Hungary, Slovakia, Bulgaria)
- the Group Centre (results of the holding company, certain items that are not allocated to the business units, results of companies to be divested, and the *legacy and own credit risk* impact (see below)).

A more detailed definition is provided in annex.

The main differences between the former and new business units are:

- The former Belgium Business Unit has been extended to include the Belgian merchant banking activities (corporate banking and market activities), including KBC Bank's foreign branches (previously part of the Merchant Banking Business Unit).
- The former Central & Eastern Europe Business Unit has been split up into a separate Czech Republic Business Unit, reflecting the importance of that country within the group's operations, while the operations in the other core countries – Hungary, Slovakia and Bulgaria – have been grouped under the International Markets Business Unit.
- KBC Bank Ireland, which belonged to the former Merchant Banking Business Unit, has now been incorporated into the International Markets Business Unit.

1 The management structure of the group also includes an International Product Factories Business Unit. The results of the activities of this business unit are included in the results of the other business units based on geography. Consequently, this business unit is not presented separately when the results are reported by segment.

## Introduction of the 'result excluding the impact of legacy CDO and divestment activities and own credit risk' ('result excluding legacy and OCR')

In the previous reporting framework, the IFRS profit and loss account was supplemented by a so-called 'underlying' profit and loss account (excluding non-operational and exceptional items). This is not the case anymore. However, in addition to the figures according to IFRS, KBC will still provide figures aimed at giving more insight into the ongoing business performance.

This means that, over and above the IFRS profit and loss account, a *reworked* profit and loss account will be provided, in which a limited number of non-operational items is excluded from the P/L and summarised into three lines at the bottom of the reporting presentation<sup>2</sup>. Segment reporting is based on this reworked presentation.

The items in question are:

- legacy CDO activities (mainly valuation changes of CDOs and fees for the CDO guarantee agreement);
- legacy divestment activities (impairment and gains/losses in relation to divestments);
- the impact of changes in fair value of own debt instruments due to own credit risk.

In the segment reporting presentation, these items are all assigned to the Group Centre.

### New reference quarterly figures for 2012

Via this [link](#) and on [www.kbc.com](http://www.kbc.com) (home page), the 2012 quarterly reference figures are available in an Excel file. Separate sheets are provided for the:

- Total for KBC Group
- Belgium Business Unit
- Czech Republic Business Unit
- International Markets Business Unit (with separate sheets for Slovakia, Hungary, Bulgaria and Ireland)
- Group Centre

### Annex: definition of segments

The Belgium Business Unit includes the activities of KBC Bank NV and KBC Insurance NV, as well as their Belgian subsidiaries (CBC Banque, KBC Asset Management, KBC Lease Group, KBC Securities, KBC Group Re, etc.). Results related to the legacy businesses and the valuation of own credit risk have been moved to the Group Centre.

The Czech Republic Business Unit includes all of KBC's activities in the Czech Republic. This encompasses the ČSOB group (operating mainly under the brands ČSOB, Era, Postal Savings Bank, Hypoteční banka and CMSS), the insurance company ČSOB Pojišťovna, ČSOB Asset Management and Patria Finance.

The International Markets Business Unit mainly includes the activities in the other (i.e. non-Czech) Central and Eastern European core markets (ČSOB Bank and ČSOB Poist'ovňa in Slovakia, K&H Bank and K&H Insurance in Hungary, CIBank and DZI Insurance in Bulgaria) and KBC Bank Ireland.

The Group Centre incorporates the results of the holding company KBC Group NV, KBC Global Services, some results that are not attributable to the other business units, the elimination of intersegment transactions and the results of the remaining companies that have still to be divested and activities in run-off. It also includes results related to the legacy businesses (CDOs, divestment results) and the valuation of own credit risk.

<sup>2</sup> The former 'underlying' figures also excluded changes in the fair value of certain ALM hedging instruments; these are now included in the business units' results. Moreover, trading results, which are included in various line items in the IFRS presentation, are still being moved to 'Net results from financial instruments at fair value'. Whereas this was performed for every business unit in the former reporting presentation, it is now limited to KBC Bank Belgium (Belgium Business Unit), due to materiality.

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