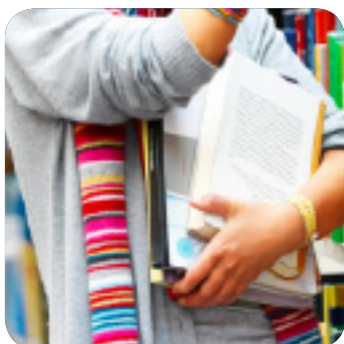


The KBC Group



Corporate Social Responsibility Report 2010



	2007	2008	2009	2010
Environmental Data				
direct and indirect GHG emissions in tons	59 061	50 406	36 586	35 215
GHG emissions of direct energy use	44 247	21 355	13 615	13 905
GHG emissions of indirect energy use	14 814	29 051	22 971	21 310
Total paper consumption in tons FSC+ Recycled	277	2 663	2 696	2 635
Business travel (long+ short haul flights in Km)	30 027 676	66 083 378	45 598 456	20 753 378
Commuter travel (rail travel in Km)	81 393 717	64 721 994	50 231 491	47 530 427
Water (m³)	224 638	199 723	206 400	150 547
Recycled waste (t)	4 140	3 628	3 013	3 717
Annual performance of sustainable Mutual Funds (in %)				
KBC IF Ethical Euro Bond	0.8	9.98	3.42	5.08
KBC IF Global Ethical Defensive	0.96	4.82	9.66	5.40
KBC Ethical Euro Equities	7.27	-47.94	31.09	3.27
KBC Eco Fund World	-0.21	-43.13	32.84	17.63
KBC Eco Fund Alternative Energy	44.88	-57.89	24.45	-15.40
KBC Eco Fund Climate Change	7.56	-47.02	18.97	11.30
KBC Eco Fund Water	3.4	-40.62	30.64	20.70
Our Workforce*				
Belgium	19 196	19 636	19 363	17 706
CEE	31 947	37 135	33 697	30 760
Rest of the World	5 542	5 765	4 886	4 483
Male in %	42	41	41	41
Female in %	58	59	59	59
Sustainability Indexes				
FTSE 4Good Index				
Aspi Index				
Ethibel Excellence				
Esi Europe				

* Absolute figures incl.KBL EPB; percentages excl.KBL EPB

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Jan Vanhevel, CEO

Jan Huygebaert, Chairman

Dear Reader,

In last year's report, we pointed out that 2009 was as challenging as 2008, when the financial crisis erupted.

And we have to acknowledge that 2010 turned out to be another very challenging year.

In 2010, KBC started to execute its EU approved restructuring plan, a result of the support from both the Flemish and Federal governments.

KBC further implemented its updated strategy, which will transform KBC into a more focused, regional European player with a lower risk profile.

In spite of the many challenges in 2010, KBC continued to take up its role as a responsible member of the society.

We have and will continue to have the intention to execute our activities in a socially responsible way.

KBC will remain committed to its CSR objectives, as CSR remains an important part of the entire group's strategy.

We are well aware that Corporate Social Responsibility is a long-term process, which requires ongoing focus and adjustments. After all, a suitably embedded CSR policy improves the way a company conducts its business, not only with regard to making profit, but also with regard to stakeholder's increasing demands for transparency and accountability.

In future KBC will bring the customer even more into the spotlight and will continue to treat its employees respectfully.

KBC's Net 3.0 project in Belgium, which offers better and more tailor-made services to KBC customers, is one example of how KBC implements its renewed strategy.

The positive results in the customer and employee satisfaction surveys reflect this focus. The aim of this CSR report is to provide you with more information on how KBC embeds CSR in its policy, its activities and its investments.

KBC wishes to expand CSR to include not only its employees, but also its customers and suppliers. Each year, more and more KBC departments and staff show an interest in, and concern for, CSR commitments.

This CSR report is a result of fruitful co-operation between a huge number of departments and colleagues throughout the group, who acknowledge the importance of a CSR policy that is effectively implemented.

The concept of and the illustrations in the CSR report reflect our focus on the future. We are well aware that social responsibility and the way we treat today our environment are extremely important for future generations and their happiness and well-being.

We have updated the list of companies we exclude from our investments and credit portfolios; the ecological footprint remains one of our top priorities. The Equator Principles continue to determine our financing policy, and our HR policy is still based on CSR standards. These are but a few of our achievements in 2010.

Our CSR report provides a detailed overview of our achievements in several domains, departments and countries; we hope you will enjoy reading it.

About this report and the GRI Index

Reporting period and scope

KBC has been publishing CSR reports since 2005. This report refers to the performance between January and December 2010 and covers KBC's CSR performance in its home markets of Belgium and Central and Eastern Europe, and its operations in Western Europe and around the world.

Contents, Methodology and Goals

The KBC CSR report has been produced in accordance with the G3 Guidelines of the Global Reporting Initiative and the GRI Financial Service Sector Supplements on Social Performance and on the Environment.

Every department that covers CSR commitment and achievements has provided us with information. This information forms the basis for our report. Topics regarding environment, human rights, HR, community involvement were considered to be relevant. When we were determining which topics were relevant, we took into account the point of view of our stakeholders. Clients, shareholders, NGO's, suppliers ... are very sensitive to and interested in the topics we deal with in our CSR report.

In May 2010 KBC organised a NGO-debate, with the purpose of having a constructive dialogue with this particular stakeholders group regarding KBC's CSR projects. In October KBC took part in the *Expertmeeting* that was organised by NetwerkVlaanderen¹. Furthermore, KBC tries to give transparent answers to questions that NGO's have: KBC always takes these questions very seriously and considers them as triggers to fine-tune its policy. KBC has frequently contact by mail or telephone with NGO's. Shareholders got the opportunity to give feedback during KBC's Annual General Meeting.

As in previous years, the environmental results of the different entities are presented separately in order to provide a more transparent view of the various efforts made at different entities.

We continue to aim at developing clear group-wide environmental strategies and defining a clear set of Key Performance Indicators (KPIs) for all other relevant stakeholder issues among the different entities.

We consider this CSR report as an extension of KBC's annual report and financial statements.

In this report we review how KBC deals with the inclusion of stakeholders' values in its corporate decision-making in line with the triple bottom line concept: People, Planet, Profit.

We have followed the GRI guidelines and, as shown in the table at the end of the report, we have satisfied the requirements.

KBC adheres closely to sustainability principles and has clearly embedded CSR principles within the group structure.

KBC aims to be as transparent as possible and strives to meet the expectations of its stakeholders.

The aim of this CSR report is to provide an overview of the most representative actions that have been taken at group level.

This report should give the reader a clearer idea of KBC's achievements over the last year and of how it has progressed with its long-term objectives.

In accordance with our plan to reduce paper consumption, we continue to publish our CSR report online. It is available at www.kbc.com.

¹ www.netwerkvlaanderen.be

KBC yesterday and tomorrow

Created in 1998 from the merger of two Belgian banks (the Kredietbank and Cera Bank) and the Belgian insurance company ABB, KBC launched its unique *bancassurance* model in Belgium.

One year later it began its expansion in Central and Eastern Europe with the acquisition of ?SOB, both in the Czech Republic and Slovakia. In 2005, the group expanded its *bancassurance* model in Poland and Hungary, and became one of the top three players in the region's financial sector.

The KBC group was created on 2 March 2005 through the merger of the KBC Bank and Insurance Holding Company and its parent company, Almanij.

A new management structure was put in place, composed of five business units: Belgium, Central & Eastern Europe and Russia, Merchant Banking, European Private Banking and Shared Services & Operations, each with its own management and objectives.

2007 and 2008 were years of consolidation of the group's presence in Central and Eastern Europe, with the acquisition of activities in Bulgaria, Russia, Romania and Serbia.

2010 was characterised by the implementation of the EU approved restructuring plan, which includes the wind down of a number of activities as well as the divestments of other activities, such as the following deals that were closed:

- the sale of the reverse mortgage portfolio of World Alliance Financial Corp. (24 February 2010)
- BNP Paribas took on the staff of KBC Securities Japan's cash equity business (19 March 2010)
- the MBO of KBC Asset Management (UK) Ltd (2 June 2010)
- the management buy-out of KBC Securities Baltic Investment Company (7 July 2010)
- the sale of KBC Asset Management Ltd (Dublin) to RHJ International (11 October 2010)
- the sale of Secura NV to QBE Insurance Group (2 November 2010)
- the sale of KBC FP's Global Convertible Bond and Asian Equity Derivatives businesses to Daiwa Capital Markets (19 November 2010)
- the sale of KBC Business Capital to the PNC Financial Services Group (22 November 2010)
- the buy-out of Peel Hunt (29 November 2010)
- the sale of its KBC FP held Life Settlement Portfolio to certain funds managed by affiliates of Fortress Investment Group LLC (20 December 2010)

Shareholder structure

KBC Ancora	23%
Cera	7.3%
MRBB	12.9%
Other core shareholders	11.7%
KBC Group companies	5.1%
Free float	40%
Total	100%

Branches, network and staff

Customers worldwide	31/12/2010
Number of staff (in FTE)	12 million
Belgium	17706
Central and Eastern Europe and Russia	30760
Rest of the world	4483
Total	52949

For more detailed information on credit ratings and key financial figures and events, please refer to the KBC 2010 Annual Report.

Our presence in CEE and Russia



Breakdown of Profit after tax by Business unit (in EUR million)

Belgium Business Unit	1187
CEER Business Unit	440
Merchant Banking Business Unit	172
Group Centre	62

Corporate Governance

2010 brought some changes in our management. Christian Defrancq, managing director and CRO, retired at the Annual General Meeting on 29 April 2010. The shareholders meeting formally approved the appointment of Jan Vanhevel as CEO and President of the Executive Committee.

The appointment of Luc Philips, CFO, as executive director, to succeed Herman Agneessens was also formally approved at the shareholders meeting.

John Hollows, CEO of the CEER Business Unit, succeeded Chris Defrancq as CRO and Marco Voljč became the new CEO of the CEER Business Unit.

On 15 November, Etienne Verwilghen, managing director and CEO of the KBL European Private Banking Business Unit, retired.

As KBL EPB is to be divested as a result of the EU restructuring plan, Etienne Verwilghen will not be replaced.

In order to uphold our high transparency standards and maintain the relationship with our stakeholders and financial and media contacts, we provide information through the annual report, quarterly reports, conferences for the media and financial analysts and at our Annual General Meeting.

The Corporate Governance Charter and Corporate Governance Statement can be viewed at www.kbc.com.

The Corporate Governance Statement in the annual report contains more information regarding KBC's corporate governance structure, further details on any relevant events that took place during the year, a detailed remuneration report and a description of the most important aspects of the internal control and risk management systems regarding the process of financial reporting.

Compliance: our integrity in practice

KBC considers integrity of paramount importance and is well aware that employees are a crucial element in complying with integrity principles.

KBC wants to encourage its employees to become drivers of corporate integrity and attaches great importance to the internal framework of its risk-prevention regulations.

KBC is very well aware of the vital importance of detecting corruption in various forms and provides systems to detect and report any form of corruption.

The KBC group makes sure that all policies regarding integrity are clearly communicated, comprehensively rolled out and successfully implemented.

The KBC Compliance department is responsible at group and local level for the coordination, implementation and organisation of overall ethics and fraud risk management, in cooperation with all other stakeholders involved.

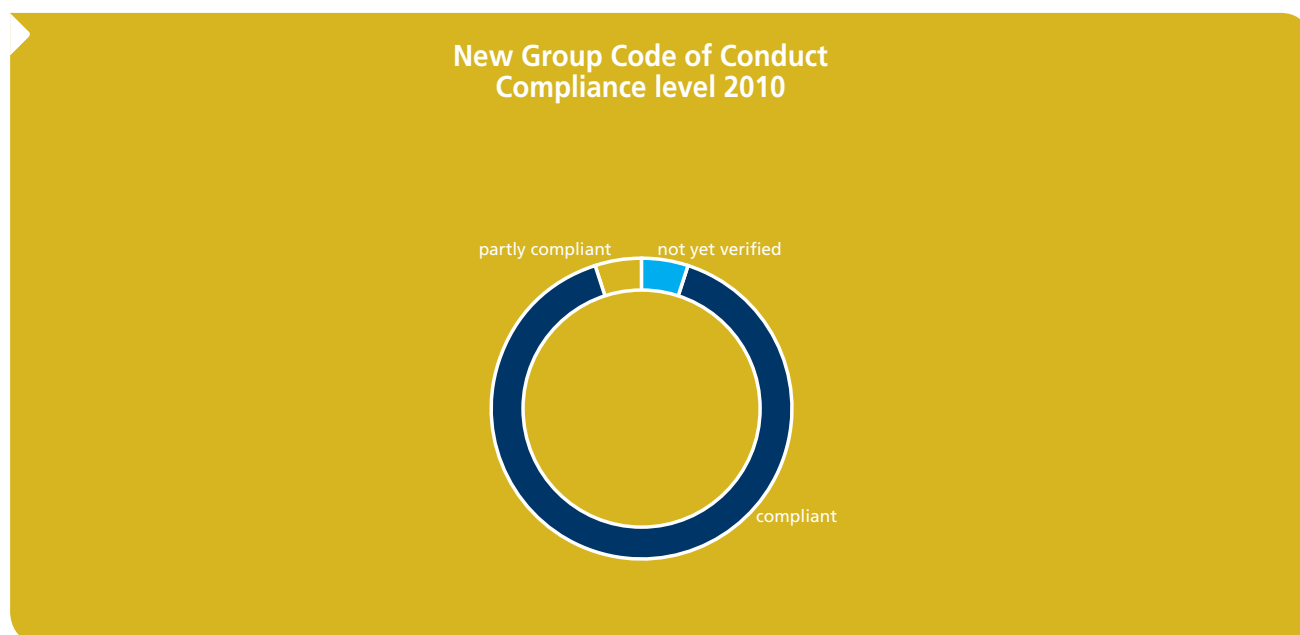
KBC Group Compliance is responsible for:

1. Code of Conduct for KBC Group Employees
2. Policy for the Protection of Whistleblowers in KBC Group
3. Anti-corruption policy statement
4. KBC Group Anti Money Laundering Policy
5. Human Rights Policy Statement

Code of Conduct for KBC Group Employees

The implementation of the new KBC Code of Conduct that was rolled out in 2009 has continued.

26 of the 28 entities have implemented the KBC Code of Conduct.



The follow-up of the implementation of the Code of Conduct is part of the Compliance Monitoring Programme.

Group Compliance plans several training sessions on the principles of the code and a local communication campaign in Belgium has been set up.

Policy for the Protection of Whistleblowers in KBC Group

An updated version of the Whistleblower Policy was rolled out group-wide in 2010.

The policy was adjusted to increase the focus on the points of contact and the organisation of the single point of investigation.

Group Compliance will have a more centralised role, and hence a better overview of whistleblower issues group-wide.

The rights of the whistleblower and of persons concerned have been fine-tuned, taking into consideration the protection of the rights of all concerned as well as the interest of the entity and the investigation.

Group Compliance created a reporting mailbox at group level with strict access and confidentiality rights.

Whistleblower procedures became more refined; flexibility was added to adapt them – if and where necessary – to local circumstances.

A greater emphasis has been placed on the issue of corruption.

All entities are requested to implement the policy and to report on the status of implementation. The roll-out of the adapted policy was used as an opportunity to enhance awareness of the policy and to improve familiarity with the procedures.

A first status of implementation report will be drawn up in 2011.

As a result of a weaker focus on the programme, a smaller number of cases was reported in the course of 2009. An information campaign was launched, resulting in better reporting of previously unreported cases. This resulted in a marked increase in the number of cases reported in 2009. This was one of the reasons behind the decision to increase the role of compliance in the updated 2010 version of the policy.

Given that some delay in reporting is inevitable, 2010 looks set to be another busy year in terms of cases of whistleblowing.

Group Compliance is planning another campaign in 2011 to boost awareness of the policy.

Anti-corruption policy statement

In 2010 a new anti-corruption and bribery Policy Statement was established for the entire KBC group.

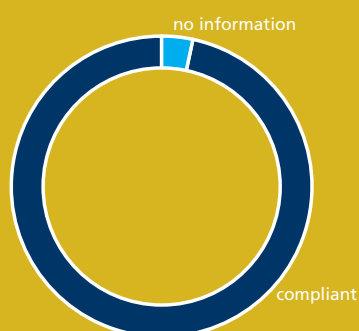
The policy states that KBC has a zero-tolerance culture for all its employees or representatives.

The role of Group Compliance in preventing and monitoring the risk of corruption was clearly defined.

The policy became more explicit in defining corruption, bribery or facilitation payments; the relation with the general KBC values (Professionalism, Respect and Openness) was stressed and the link with existing, concrete KBC policies related to corruption was highlighted.

The Gift-acceptance policy for members of KBC group, which was issued in 2007, has been implemented in 27 of the 28 entities.

Gift-acceptance policy 2010



Miscellaneous

Training

KBC knows full well that maintaining a high level of staff awareness of global integrity at a high level requires ongoing awareness campaigns and training.

Group Compliance attaches great importance to training courses relating to integrity issues.

A new internal Training & Communication Officer was recruited in 2010; this resulted in double the number of specific and specialised training courses, including courses on AML, Investor Protection, and internal regulations such as discretion and external mandates and others.

Customer data protection

A Data Protection Manager was appointed in 2009 to be part of the Group Compliance Department. In close consultation with the Legal Department and the Cyber Risk unit, the Data Protection Manager is responsible for the overall management of all issues related to data protection and the duty of professional secrecy.

This appointment led to an extension of activities:

- Listing, assessing and streamlining the Data Protection Operations of KBC Global Services, KBC Bank and KBC Insurance on a risk basis.
- Drafting a group-wide standard (group compliance rule), which will facilitate the management of (personal) data processing group-wide.
- In a joint effort with other departments, raising awareness within KBC group.
- Consulting and involvement for privacy impact assessment in various major projects, setting up new data processing operations, or adjusting existing operations.

Sustainability ratings, awards and indices

Solidaritest

Over the last few years KBC has gained a consistent reputation with CSR rating agencies and has proved its commitment to corporate social responsibility in many ways.

In 2010, KBC was again named as the Solidaritest Champion by Solidaritest, an annual survey that monitors the efforts of Belgian companies or Belgian branches of international companies in the field of social solidarity.

The survey is organised with the support of the Belgian Red Cross, VBO², Vigeo (a leading European CSR rating agency), Forum Ethibel (the ethical label for ethical products), Vlerick Management School and several other Belgian actors interested in fostering corporate innovation in the field of solidarity.

KBC received the prestigious award for its active participation in campaigns benefiting children who have been victims of traffic accidents (Levenslijn), its support to victims of drug abuse (De Sleutel), and its "Solidarity Plan", which provides for support to employees involved in local associations with a social commitment.



Sam Sustainability Yearbook 2010

KBC has been included in **"The Sustainability Yearbook 2010"**, the world's most comprehensive publication on corporate sustainability and the related challenges and opportunities for companies.

Each year, the 2 500 largest companies in the world, as reflected in the Dow Jones Global Total Stock Market Index, are invited to participate in SAM's Corporate Sustainability Assessment. Only the top-scoring 15% of the companies in each of the 58 sectors assessed are eligible for inclusion in the Sustainability Yearbook. This year, KBC's efforts in this area were rewarded by its inclusion in the yearbook.



The New Economy Carbon Leadership Awards 2010

KBC won the New Economy Carbon Leadership Award 2010 (Best Carbon Reporting). The award is made to those companies that are at the forefront of the battle to meet the challenges of sustainable energy production and climate change head-on, setting industry benchmarks across a range of fields of specialisation and expertise.

Memberships

KBC renewed its membership of UN Global Compact Belgium and its membership of Business & Society

See www.businessandsociety.be and www.globalcompact.be

² VBO: Verbond van Belgische Ondernemingen, Federation of Enterprises in Belgium

Key CSR achievements and targets – 2010/2011

In the previous CSR reports KBC set several goals for the period 2008-2010.

Although the continuing turmoil on the financial markets and the EU approved restructuring plan were a challenge to the achievement of all our CSR targets, KBC was nevertheless able to report positive results.

The following chapters highlight examples of our achievements on CSR issues (community involvement, paper consumption, waste management, asset management policies, HR, customers, etc.).

Our goal is to redefine the previous targets and try to achieve them over the next years. We continue to focus on previous achievements and trying to maintain or improve the results; we intend to launch projects that will help to achieve previous and new targets more quickly.

2011 Targets

1. Further outlining KBC's CSR policy

a. Climate change and its consequences: KBC (Belgium) has the intention to adapt its climate change position statement, as KBC had decided at the beginning of 2010 to focus more on alternatives to the purchase of CO₂ certificates (e.g. implementing different measures like sharing workstations and working locally). KBC assesses annually whether or not the remaining potential measures will have a sufficient impact on its energy consumption. After assessing the results for 2010, we will set adapted, realistic objectives. KBC already has a policy concerning its energy consumption in place, setting targets towards 2012. This policy must be seen as a part of its global climate change policy. An additional part in the climate change position will be a policy and targets for mobility. This mobility policy will be worked out in 2011. KBC aims to redefine its global climate change policy in 2012.

b. Energy policy: In the field of corporate credits and project finance KBC is further elaborating on an energy policy.

2. Increase CSR awareness and commitment by creating a group-wide CSR forum in order to exchange experiences, knowhow and best practices.

3. Improve the relationship between KBC and its stakeholders:

a. Ongoing development of volunteer programmes for KBC employees

b. Continue and improve the dialogue with NGO's



1 Global Community

Best practices 2010

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This chapter contains an overview of our involvement with the global community.

Although KBC was focused on implementing its EU approved restructuring plan, KBC nevertheless launched or continued several projects and campaigns that show KBC's continuing and improving community involvement.

In 2010, all members of the KBC group showed their involvement with the community. The following examples and projects give you an idea of the depth of the commitment throughout the KBC group.

Best practices of 2010

K&H

K&H helps red sludge victims

K&H granted clients who were victims of the “sludge disaster” several concessions. Clients living in the affected area could apply for suspension of repayment obligations on consumer loans for a period of six months. After this period, K&H clients could request additional concessions. K&H also abolished the additional charges for cash withdrawals from branches for clients whose bank cards were destroyed by the sludge. K&H did not charge for stopping and replacing cards or for reprinting bank statements. K&H Insurance granted emergency aid of 150 000 HUF (545 EUR) for all clients with a home insurance policy.

The employees of K&H Group made donations, and K&H matched the 3 826 000 HUF (13 805 EUR) collected.

K&H Medi Magic Programme / A large box-full of love for children

Under the K&H Medi Magic Programme, 22 K&H branches collected children’s books and toys for young hospital patients.

5 200 toys have been distributed to children’s wards in 22 hospitals for Christmas. K&H intends to help young patients to recover and return to their families and live a full life as soon as possible.



Financial education for children

K&H Group launched a financial knowledge quiz called “Ready, Steady, Money”. The competition was open to children attending any primary school in Hungary. The first round of the quiz was held in September 2010, and the second round will start in February 2011, with regional semi-finals and then the finals, which will be held in Budapest in May 2011.

K&H wants to help young people to improve their knowledge of financial matters. K&H hopes that the quiz will help them to make more considered decisions on financial matters.

Kredyt Bank and WARTA

Kredyt Bank and WARTA – as socially responsible companies – act to contribute to the safe and friendly development of the community in which they operate and in which clients and employees work and live, with the emphasis on the needs of children.

Through various activities (financial and material support and voluntary work), both companies support projects aimed at tackling local social problems. In line with the strategy of social commitment adopted in 2009, companies are involved in creating a favourable environment for community development, with particular support for the safe development of children.

In 2010, Kredyt Bank and WARTA continued to cooperate with the Association of Volunteer Centre as the partners of the “Business Volunteering” Programme.

The Corporate Volunteering Programme of Kredyt Bank and WARTA, “YES from the heart”, is becoming increasingly popular. The number of volunteers is growing and their projects are becoming more frequent and diverse. Employees devote their time to others and help to fulfil the dreams of disadvantaged children, mostly from orphanages and care and education centres. They also provide support for those in difficult situations.

Kredyt Bank and WARTA facilitate this commitment – each employee can spend one day a year undertaking voluntary activities – and help to finance the specific volunteers’ needs relating to their initiative. The WARTA and Kredyt Bank Foundation is actively involved in this financial assistance, providing grants to employees for specific social projects.

The following are but a few examples of projects and campaigns launched by Kredyt Bank and WARTA:

In January and March, 11 employees of the Corporate Banking Centre in Katowice helped children from **the Family Support Centre in Chorzów**. The work involved renovating and painting teenagers’ rooms. Bank volunteers decided to provide this Centre with on-going care and support.



In June, WARTA employees organised a big, fun-filled party for six small children from the “Child’s Haven” foundation in Gdynia. By providing balloons, clowns, face painting, fun dance; gifts and games, WARTA employees gave those kids an unforgettable Children’s Day. They also renovated garden play equipment and donated it to the children of the “Child’s Haven” foundation.



In July, a group of employees from the SME Macroregion department in Warsaw repaired rooms and renovated park benches in the “Soplicowo” orphanage in Otwock.



In May, a group of volunteers from ICT Services Poland organised a charity collection of used toys for a poor rural kindergarten in Sienica. Subsequently, they also renovated and adapted rooms to the children’s needs. A further voluntary project took place in November. Twenty-four volunteers took part - not only employees of Kredyt Bank and WARTA and their partners, but also parents of children and

kindergarten staff. Volunteering has gained an extra dimension – involvement of the local community. This is very valuable, because it involves the community in a good cause. Thanks to the WARTA and Kredyt Bank Foundation, new equipment (including tables, chairs and educational equipment) was donated to the kindergarten.

In 2010, the WARTA and Kredyt Bank Foundation undertook many other initiatives.

In January, the Foundation supported the earthquake recovery efforts in Haiti. A financial donation of 10 000 PLN (2 564 EUR) was allocated to provide drinking water, medicine and materials for rebuilding destroyed schools and houses. In addition, 19 100 PLN (4 897 EUR) was donated to victims of accidents and violence.

In 2010, the Foundation continued the “I want to help” Voluntary Support Programme. The involvement and enthusiasm of as many as **89** volunteers of Kredyt Bank and WARTA made it possible for the Foundation to aid **37** different initiatives, with the donations amounting to **194 600 PLN (49 897 EUR)**. Support was provided to children in foster homes and social day-rooms, pupils of elementary schools, junior high-schools and high schools, and also to kindergarteners. The “I want to help” programme helped finance summer and winter holidays, theatre tickets and swimming pool activities for underprivileged children, sport events involving children and teenagers, Christmas gifts for the disadvantaged, rehabilitation equipment, play equipment for a village playground, and renovations to kindergartens and foster homes. The aid reached over **2 000** children countrywide. It also reached a number of institutions supporting the elderly and terminally ill.

In the summer, the Foundation and volunteers from Kredyt Bank and WARTA organised two cultural events for children in the Żazienki Park in Warsaw. The events attracted more than 300 children and their parents and guardians. In addition, the Żazienki Park Museum received a donation for the renovation of its playground. The Foundation donated **31 039 PLN (7 959 EUR)** for these two projects.



ČSOB CZECH REPUBLIC

Financial literacy

ČSOB launched the ČSOB Foundation Education Programme that aimed at increasing financial literacy in the Czech Republic.

ČSOB supported 10 charitable projects and supported as general partner the new national “Financial Literacy” competition for elementary and secondary schools. The competition was organised by NGO Finanční gramotnost, o.p.s. and MŠMT (the Ministry of Education).

ČSOB published research findings on the level of financial literacy in the Czech Republic.

ČSOB is the leader in this area. No other Czech bank supports financial literacy to the same extent as ČSOB.

Association of Citizen Advisory Offices

For ČSOB, one of the key projects is their support to the **Association of Citizen Advisory Offices**, which gives the public the opportunity to obtain free information about financial topics like e.g. personal finance, debt trap and financing basics. Advisors help people to create their personal and family budget, help them to set priorities in their finances and help them to take responsible decisions.

Advisors also help to cope with debt problems. Along with other key players in the financial sector, ČSOB gives financial support to the activities and development of **the Advisory in Financial Straits**, a body where experts give practical advises regarding responsible indebtedness and help solving debt-related problems.

ČSOB Volunteering Programme 2010

As it does each year, ČSOB offered its employees the opportunity to get involved in different volunteering programmes.

ČSOB attended common volunteering days organised by NGO Donors Forum for helping victims of the flood in the Liberec region.

Fifty-two ČSOB employees took up the opportunity to help.



In 2010, 300 ČSOB employees participated in regular volunteering days and grants were provided to support 37 projects carried out by ČSOB employees.

Christmas at ČSOB

ČSOB employees and clients helped disabled people and children in a children's home:

2 December: Corporate segment organised a **client charity event**. This included an exhibition of items such as pictures produced by children in children's homes. They were granted 150 000 CZK for their hobbies and other activities.

3 December: St. Nicholas Day with philanthropic activity. The entire 50 000 CZK donated by children and the bank was awarded to NGO Kontakt BB, the partner of Postal Saving Bank.

13 December: Christmas markets. Employees could buy presents, which were made by disabled people in sheltered workshops.

17 December: Charitable autograph session of actors from Dejvické Theatre. Employees could buy DVDs of a theatre performance by Přebýhy obyčejného lidství. The entire 100 000 CZK donated by the staff and the bank was awarded to NGOs Múzy dětí and Foundation Fund Rozum a Cit.

6 January: Private Banking employees and clients will take part in a cross-country ski Jizerská 50 race to raise money for NGO Výbor dobré vůle - Olga Havlova Foundation.





ČSOB Slovakia

PrieStory

ČSOB continued its charitable donations to the PrieStory project, which was launched in 2005. The aim of PrieStory is to renovate neglected public spaces and transform them into vital meeting places. In addition, ČSOB wants to involve people living in the neighbourhood in planning this renovation through the PrieStory project. This means that people not only assist in the renovation, but also provide input on how the place should look and how it should be used.

The goal of the programme is to involve citizens in improving their environment, increasing their participation in public affairs and strengthening their communities.



In 2010 and 2011, the Priestory project focuses on the renovation of public spaces in towns and villages that were destroyed by floods or landslides.

Naša Bratislava (Our Bratislava)

The Pontis Foundation and the Engage Group organised several events to support projects in four categories: health care, environmental restoration, social work, and education and development.

ČSOB employees used this as an opportunity to show the general public that private businesses can be good neighbours; they participated in different environmental and community activities.

ČSOB HlavaPäta

This is a ČSOB Project for creative students with innovative ideas, where students solve actual problems set by ČSOB. The first competition, for University of Economy students in Bratislava, was held on 28 October 2010. The winning three-member team will participate in a ČSOB trainee programme. The second competition will be held in April 2011.

More beautiful schools

The programme aims at creating spaces in primary schools that will motivate children to become involved in creative activities (eco classrooms, playgrounds, etc.).

Several projects were launched and implemented in 2010.

Donations

In May 2010 a 40 000 EUR donation was used to purchase a special ventilator for the Neonatal Centre in Kosice for babies with breathing difficulties.

36 562 EUR was donated to the Children's Cardio Centre Foundation in Bratislava for the purchase of special technical equipment.

CIBANK

In 2010, CIBank launched a charity campaign for children with severe kidney disease. The first modern (for Bulgaria) apparatus for the bloodless monitoring of vital parameters of sick children was donated to the Clinic of Nephrology and Hemodialysis at the University Children's Hospital.

The new apparatus allows doctors to obtain a comprehensive picture of the patient's condition from a bracelet on their arm or leg.

For the purchase of the apparatus, CIBank started an e-charity campaign to raise funds through payments with MasterCard and Maestro cards issued by CIBank at commercial outlets across Bulgaria. Citizens can participate in the campaign not by donating money, but by paying at a POS terminal instead of withdrawing cash from an ATM.

For every transaction, CIBank donated part of the bank's fee received from the merchant to a special fund-raising account.

CIBank also launched an internal charity campaign to encourage CIBank employees to use their cards more often.

At CIBank's Christmas party, staff organised a charity raffle (one euro for a ticket); the amount raised was donated to the Clinic.



KBC Belgium and ARGUS

In view of the co-operation and support that characterises the relationship between KBC and ARGUS³, a wide range of initiatives and programmes were organised in 2010, focusing on sustainable development and biodiversity. Various symposia, seminars and lectures on these topics were supported or organised for both KBC employees and external stakeholders. Another series of lectures was organised on technical, practical and financial aspects of residential solar panels.

A symposium, held in September in cooperation with BBL (Bond Beter Leefmilieu), focused on the potential and challenges of the introduction of electric transport. In October, ARGUS organised the "Point of No Return" event in conjunction with 2Mpact and UMiO. This was the opening event of Ifest (International Fair on Environmental and Safety Technologies), and concerned the breakthrough of a green economy. In December, ARGUS supported a stakeholder meeting for the Flemish C2C network, organised by OVAM. In addition, ARGUS again launched campaigns for KBC employees, one promoting the purchase of solar panels (in 2009 the peak was more than 2MWp megawatt, resulting in more than 500 installations being purchased) and another campaign encouraging the purchase of electric bicycles to support more sustainable travel.

In 2010 a total of 7 333 tons of CO₂ was generated by the Greenlease labelled KBC fleet in Belgium. ARGUS bought and retired 7 286 VER⁴ to offset the emissions. These VER relate to the Sao Judas Tadeu Fuel Switching Project, which involves the switching fuel from native wood to rice husk to feed the kilns of two small ceramic production sites. The project is in line with the carbon features of Brazil, which differs from industrialised countries in that it contributes to global warming through deforestation rather than burning of fossil fuel. The project complies with the Voluntary Carbon Standard and with the Social Carbon Methodology. The ownership and retirement are registered in the VCS Market environmental register. Since no more VER from the Sao Judas Tadeu project are available, the remaining 47 VER will be bought from another project to be selected in early 2011.

At that time, approximately 7 500 VER will be purchased and retired to offset the 2010 emissions from the KBC fleet.



KBC AND BRS

As mentioned in previous CSR reports, KBC continues to support BRS. The cooperation between KBC and BRS helps BRS to continue to spread *bancassurance* know-how to the microfinance and microinsurance sector.

BRS campaigns include more than just financial support⁵; the financial expertise and consultancy contribute to the success of the projects supported.

BRS wishes to give added value to the microfinance and microinsurance companies through consultancy and education.

Several KBC employees offer their expertise to BRS partners in the south and, thanks to a unique agreement between KBC and BRS, KBC employees can take part in BRS projects to a certain extent during working hours.

HONDURAS and Pilarh

The Pilarh Project, which was launched in 2008, is a savings and credit organisation located in Honduras; its clients are mainly small coffee farmers.

Pilarh aims to provide its target group with financial stability and a full range of financial services.

BRS aims to optimise internal control and audit, launch more marketing campaigns for saving products for young people and introduce financial planning.

On 11 January 2010, three KBC employees organised a 12-day visit to Honduras to evaluate the situation and to make recommendations for the future in 3 areas:

One employee focused on marketing and products (market strategies and positions, product innovation, reputation building, etc.), another one focused on internal audit, and the last one was responsible for financial analysis and planning.

³ An independent non-profit environmental organisation headquartered in Antwerp

⁴ Voluntary emission reductions

⁵ E.g. in 2011, KBC plans to offer furniture for sale to employees. The proceeds will go to BRS.



BRS and Close the Gap

In 2010, KBC and BRS continued their work with Close the Gap, an international organisation that helps bridge the digital divide by restoring used computers.

KBC, BRS and Close The Gap again invested in the Cameroon Cooperative Credit Union Leagues Limited (CamCCUL).

In 2010, KBC donated about 500 computers to Close the Gap. In February 2010, someone of the KBC ICT department and Aurélie Dupont of Close the Gap visited Cameroon and followed the computers to their final destination in order to evaluate the entire procedure, which involves re-use of old KBC computers.

A BRS camera team made a documentary about the visit of three BRS consultants to Cameroon (www.brs-vzw.be to view the full documentary).

Each year, BRS consultants try to visit one of their projects in order to improve knowledge of microfinance and microinsurance and increase awareness.

After all, BRS goes well beyond donating money; consultancy is the driving force of BRS.

BRS and its consultants hope that the cooperation with the local microfinance and insurance institutions will lead to dignified, sustainable development and a better economic future for the local people.

BRS considers a project successful when the local microfinance institution is able to work independently and is able to implement the shared information and technical know-how.

Microfinance Lunch Break

In 2010, BRS continued its tradition of organising a six-monthly Microfinance Lunch Break.

The Microfinance Lunch Break in February focused on Microfinance and Regulation.

Guest speaker Eric Ekué, an expert on regulation in microfinance and former manager of the Decentralised Financial Systems of the Central Bank of West African States (BCEAO), shared his experience on the matter. He believes that regulation will make financial services more accessible to the population and will create greater opportunities for development.

The Lunch Break in September 2010 focused on microinsurance. Expert Craig Churchill, Chair of the Microinsurance Network and head of the ILO's Microinsurance Innovation Facility, gave his views on microinsurance.

A detailed overview of the Lunch Break sessions is available at www.microfinancelunchbreak.be.

Sponsoring and community involvement in Belgium

KBC shows strong community involvement and supports different initiatives in Belgium.

KBC supports the "Bonnevie" community centre in Brussels, where people from disadvantaged groups prepare exotic lunches and sell them to KBC employees.

KBC encourages volunteer work through the Solidarity Fund "Aandacht voor Anderen" and "Aanloop naar Pensioen".

KBC employees who participate in local associations with a social aim in their free time qualify for a subsidy from KBC.

KBC continues to support larger solidarity projects like "Kom Op Tegen Kanker" (project for cancer prevention), "Levenslijn" (traffic safety and young road victims) and "De Sleutel" (Drug prevention).

In co-operation with the publishing company Van Inn, KBC presented two educational packs on the subject of financial education, named "Een bank vooruit! Je klare kijk op geld (en verzekeringen)". One pack is intended for 3rd level primary school pupils, while the other is for first level secondary school pupils. KBC wishes to use this project as a way of putting its weight behind better financial education of young people.



In 2010, KBC supported several organisations and projects of considerable social and cultural importance.

KBC funded a few universities and the emergency aid projects for the victims of the humanitarian disasters in Haiti and Pakistan.

In 2010, the total amount of these donations increased to 890 182 EUR.

One of the forthcoming projects is a co-operation with Antwerp University. KBC will continue its sponsorship with Antwerp University and will launch a Risk Chair in February 2011. In this way the university enhances its co-operation with the business world and KBC funds doctoral students who conduct research into subjects defined by KBC. In addition, KBC will organise a number of information sessions and attend conferences and symposia during the research project. We will report on the state of affairs in next year's CSR report.

Investing responsibly

Proxy voting

An active 'proxy voting and engagement' policy was introduced at KBC Asset Management (KBC AM) in 2008 with the aim of upholding clients' and investors' interests through exercising the rights of shares held by the investment funds. The policy is centred on the Proxy Voting and Engagement Committee (PVEC), which coordinates the various steps of the policy pursued and which consists of seven members, including an external adviser. The PVEC submits a voting recommendation to the Executive Committee of KBC AM, which will take the final decision on how the vote should be cast.

Where appropriate, KBC AM will enter into dialogue with the management of the companies concerned, if necessary before voting takes place. Among the issues that may prompt dialogue are:

- lack of transparency regarding elements of economic, strategic or corporate governance or corporate social responsibility;
- falling short of peer performance as regards one or more 'sustainable business' criteria;
- economic measures that threaten to destroy shareholder value.

The table below presents key voting and engagement facts for 2010. Since the start of the 'proxy voting and engagement' policy in 2008, KBC AM has examined 231 companies. The PVEC gave voting recommendations on a case by case basis and, where appropriate, advised the Executive Committee to vote in a certain way. For seven companies, the Executive Committee judged that no action was required.

Table 1: Proxy voting and engagement: overview of action taken

	2009	2010
Number of companies involved in voting and/or engagement	107	114
Number of companies engaged with	91	79
Number of companies analysed for voting	16	35
Number of meetings at which a vote was cast	11	28

During 2010, KBC AM took part in 28 Annual General Meetings, focusing mainly on the specific agenda items in accordance with its voting policy. KBC's voting policy encompasses:

- *actively supporting proposals made at general meetings to create shareholder value in the medium and long term;*
- *encouraging companies to draft corporate governance policies that make them sustainable and socially responsible players in their field;*
- *opposing proposals that conflict with shareholder interests and the widely accepted principles of corporate governance and corporate social responsibility.*

KBC AM works actively to support proposals made at the general meetings that help create shareholder value in the medium and long term and that focus on implementing sustainable policy measures, by remaining true to generally accepted CSR principles. As part of KBC AM's involvement, companies are contacted directly and given the opportunity to enter into constructive dialogue on sensitive issues. Table 2 illustrates the different matters that prompted an exchange of views.

	2009	2010	Total
Involved in the production of controversial weapons	8	1	9
Activities in controversial countries	8	30	38
Disclosure and transparency	65	48	113
Clarification on specific allegations	10	0	10

SRI as a topic for academic research

In 2009, KBC AM, assisted by the external advisory board, developed a brand-new screening model. This innovative SRI model was used for evaluating ±2 200 companies worldwide. Approximately 750 listed companies passed the test and the fund managers of the responsible investment funds may invest in them.

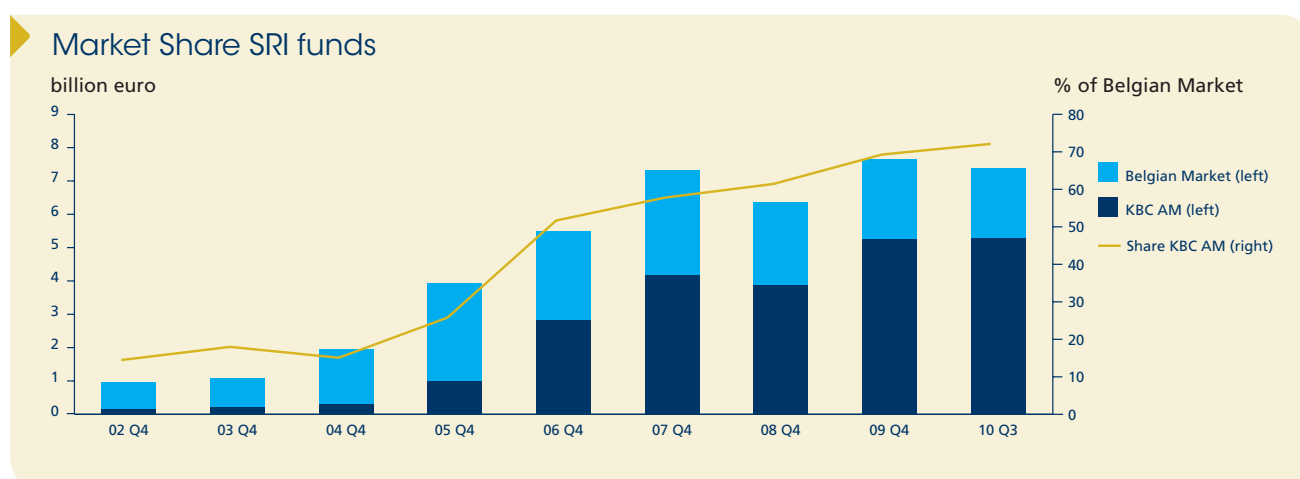
Our screening approach was presented to the prestigious Vlerick Leuven Gent Management School. In December 2010, this business school invited the management of Belgian listed companies to discuss this screening methodology. By raising awareness, KBC and Vlerick Leuven Gent Management School hopes to encourage listed companies to improve their efforts in the area of sustainable business.

Besides this initiative, KBC AM supported 8 academic research projects at different Universities and University Colleges, including one PhD thesis and two internships. In March 2010, Ecological Economics, the Journal of the International Society for Ecological Economics,

published a research paper entitled “Robust Corporate Social Responsibility investment screening”. This study assesses the robustness of the KBC SRI screening model as regards several modelling assumptions.

KBC’s market share in SRI investment funds

KBC has succeeded in increasing its market share from 13% in 2002 to 71% in 2010. The Belgian SRI market is recovering after the setback of the 2008 financial crisis. Even in tough financial times, KBC was able to increase its market share from 61% in 2008 to 71% in 2010.



Source: BEAMA

KBC SRI online chat

On 19 October, KBC AM organised its first online chat session on socially responsible investments, in partnership with the Belgian financial newspaper De Tijd. Via the homepage of De Tijd⁶, investors and other stakeholders could become acquainted with the KBC SRI methodology, our recent accomplishments and the returns on social responsible investments. They could also enter into a real-time dialogue with the KBC SRI team, to consider pressing questions. In this way, KBC was able to enter into an open dialogue with its stakeholders and reach more than 4 000 participants. The chat session and related articles are still available for consultation on KBC AM’s website⁷.

KBC’s blacklist

Since 2004, KBC has been pursuing a restrictive policy with regard to companies manufacturing controversial weapons. Based on in-house research and information from external research partners, the new KBC blacklist now contains 49 companies and is available on the KBC Asset Management website at (www.kbcam.be). The list contains companies involved in the development, testing, storage or manufacture of (essential components of) controversial weapons systems. The list is drawn up on the basis of in-house research and external research by Ethix SRI Advisors, and reviewed by KBC’s External Advisory Board for Sustainability Analysis.

The companies in question will be disqualified from inclusion in KBC’s investment funds. By publishing its exclusion list, KBC aims to provide transparency for its customers and society in general. This also constitutes an implicit appeal to the companies in question to stop these activities.

⁶ www.tijd.be

⁷ www.kbcam.be

The Equator Principles

In 2010, project finance was characterised by a substantial increase in the number of renewable energy projects, in particular solar energy. This is in line with our expectation that the announced reduction in the level of government support from 2011 would result in a boom in solar energy projects. On the other hand, despite the cautious economic recovery witnessed during the year, and because of the change in the business strategy, KBC's involvement in other project finance transactions has remained at roughly the same level as in 2009.

In 2010, Equator Principle Financial Institutions (EPFI) started extensive discussions on the EP Strategic Review, which coincides with the update of IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy Information Disclosure Standards (Sustainability Framework). The proposed changes, which should enhance accountability and transparency, as well as clarify and enhance commitments to climate change, human rights and corporate governance, are mainly based on lessons learned in implementation over the past four years. In the 4th quarter of 2011, a detailed Implementation Action Plan, which is being developed to ensure effective implementation of the revised Sustainability Framework, will be submitted to the Board of the EPFI for approval.

Project Finance Assessment in 2010

The table below shows the number and share of the transactions which were concluded by KBC in 2010. In line with the June 2006 revision of the Equator Principles, KBC has committed to apply the Equator Principles to all projects with capital costs above 10 million USD.

Equator Principles assessed by project category

2010	Total number of transactions		Of which: Refinancing
	Number	As % of 2010 project finance lending volume	
Category A	1	8.85%	1
Category B	7	34.84%	0
Category C	21	56.31%	1

In 2010, KBC financed 29 project finance transactions, including 2 refinancing transactions, one in power and one in infrastructure/real estate, 7 more than in 2009. This 32% increase in the number of transactions signed and closed in 2010 signifies a reversal of the downward trend reported in 2008 and 2009. Lending volume also increased by 44% in 2010 compared to 2009. Nevertheless, because of the smaller size of the majority of the projects, total investment costs of all projects financed remained at the same level as in 2009.

The increased number of transactions is mainly due to projects in the renewable energy sector, in particular solar energy, with 17 transactions as opposed to 7 in 2009. This 100%+ increase is attributable to the announced change and reduction in the level of government support for solar energy projects, which prompted investors to bring forward their investment plans in order to benefit from the higher tariffs.

On the other hand, despite the cautious recovery in several economic activities, but mainly because of the change in KBC's business strategy, the number of transactions outside the renewable energy sector remained unchanged at 12, including two refinancing transactions.

It is worth mentioning that the reported statistics do not take into account the increasing number of small projects, with total investment costs below the 10 million USD threshold. This signifies a continuation of the trend that began in 2008, both in Belgium and in Central Europe. Another striking feature is the increase in the number of deals with a 'corporate character', but where the funds were used to finance small-scale renewable projects.

The following tables illustrate the sector concentration and geographical distribution.

Equator Principles assessed by category and sector

2010	Energy	Infrastructure	Oil & Gas	Real Estate	Total
Category A	1	-	-	-	1
Category B	3	2	1	-	6
Category C	15	-	3	4	22
Total	19	2	4	4	29

The Category "A" project relates to the refinancing of a coal-fired power project, which was made EP compliant through a comprehensive action plan.

Category "B" entails projects in the energy (oil and gas projects, power plants) and infrastructure sectors. The Category "C" projects, whose impact on the natural and social environment is considered rather limited or minimal, refer to financing of renewable energy projects (wind farms and solar energy), as well as to financing real estate projects.

In 2010, KBC financed 17 renewable energy projects, of which 14 were related to solar energy - 7 in the Czech Republic and 7 in Belgium. The limited number of feasible sites for wind farms and the exhaustive quantities of biomass suitable for renewable energy are a possible explanation for the low number of other renewable energy transactions. In terms in lending volume, it is worth mentioning the successful closing in November 2010 of the 1 007 million EUR financing for the expansion of C-Power, an off-shore wind farm project in Belgium (see below).

Equator Principles assessed by category and region

	Western Europe		Central & Eastern Europe		Africa & Middle East		Asia Pacific Oceania	
	2010	2009	2010	2009	2010	2009	2010	2009
Category A	-	-	-	-	-	-	1	-
Category B	2	4	-	2	1	2	3	-
Category C	10	3	11	9	-	-	1	2
Total	12	7	11	11	1	2	5	2

The stabilisation of the number of project finance transactions financed in Central and Eastern Europe mainly reflects the shift from larger to smaller scale transactions, where total investment costs are below the 10 million USD level and as such are not included in the reported statistics. As in Belgium, the decline in the level of government support – mainly in the Czech Republic - also weighed on new investments in renewable energy projects.

Like in previous reporting years, a number of project finance transactions have been rejected, but not primarily because of environmental and/or social concerns.

Given the strict application of the Equator Principles at an early stage by our lending staff, any transaction that is not, or cannot be made, compliant with the Principles is turned down at this early stage and not submitted to the credit committee.

► C Power – Expansion of the first off-shore wind farm in Belgium

The project consists of the development and operation of an 300MW+ off-shore wind farm on Thornton Bank, 30 km off the coast of Zeebrugge. Construction of the first 'pilot' phase of 6 turbines of 5MW capacity each was successfully completed in late August 2009, since when it has been fully operational. To date, over 155GWh of electricity has been generated, achieving an availability rate of about 97% in 2010.

Financial close of the second and third phases, which consist of the installation of 48 turbines, was achieved in November 2010. Following construction, which is to take place between 2011 and 2013, the wind turbines will have a combined total additional capacity of 295 MW, bringing the total capacity of the completed wind farm to 325 MW. That is enough to provide power to 600 000 people and to avoid 450 000 tonnes of carbon emissions.

Overall, C-Power will thus contribute 10% of the renewable energy capacity needed for Belgium to meet its EU objective of reaching 13% renewable energy by 2020.

In addition to the ecological benefits, the visual impact of this wind farm is negligible, as it will be situated in an area which is of limited importance to the fishing sector and at an adequate distance from the coastline and bird forage areas.



2 Giving our customers a voice

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Fairness in business practices

As KBC aims at a long-term relationship with its customers, it continues to focus on fairness in its business practices.

The results of a customer survey showed that KBC customers attach great importance to transparency and fair treatment.

In order to meet the customers' needs, KBC launched several initiatives and surveys to get a clearer picture of what customers mean by these concepts and to ensure that KBC actually meets these commitments.

The New and Active Product Committees (NAPC) were set up for both the Product Factory and the Distribution Channel.

All new products or adjustments to existing products are to be approved by the NAPC. In order to create a consistent screening procedure, KBC launched a checklist, which focuses on transparency and fair treatment.

The Risk Management Department plays a supervisory role on the NAPC and monitors whether each NAPC uses the checklist. The Risk Management Department ensures that each new product or product adjustment is based on transparency and fair treatment.

BELRIS

The Investors' Risk project establishes the means for an integrated investment approach resulting in transparency and correct, tailor-made advice for our customers, in line with the MiFID regulation.

The key factor is the risk profile, which determines the customer's investment wishes and capacity and draws up a risk profile.

The KBC risk profile is based on the results of a questionnaire in which KBC gathers information on the customer's financial situation, expertise and experience, investment goals and level of risk aversion.

The risk profile forms the basis for correct, transparent and fair investment advice.

In 2010, 338 000 renewed risk profiles were registered.

In addition, transparent product information sheets will help customers to better assess the risk of investment products.

Each investment product is assigned a score ranging from 1 to 7 to indicate the risks linked to the product concerned.

1	2	3	4	5	6	7
Very Defensive	Defensive		Dynamic		Highly Dynamic	

Customer satisfaction

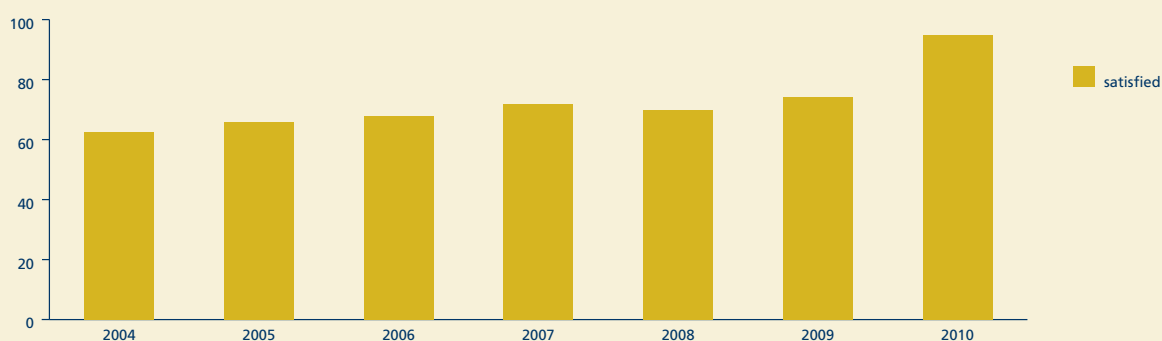
KBC continues to focus on customer satisfaction and runs an annual customer satisfaction survey.

The most recent survey, which involved the KBC Bank branches, confirms that customers generally remain highly satisfied. 95% of customers are satisfied, and 74% describe themselves as 'very satisfied' (giving their branch a score of 8 out of 10 or more).

Panel research indicates that KBC stands out from other banks as a *bancassuranceur* with an assertive, self-confident and dynamic brand personality.

Thanks to the personal approach by the KBC branch staff, 72% of KBC's customers would choose KBC again.

Customer satisfaction rate (in %)





3 KBC and the Environment

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“It’s certainly a diverse range of initiatives, but they all share a common thread: sustainability. Caring for the environment – and more importantly, providing the means to help others do the same – is a natural extension of our philosophy”.

Jan Vanhevel, KBC Group CEO

In-house, financial institutions are a relatively clean sector. The environmental impact of energy, water and paper consumption is not comparable to many other sectors of the economy. However, KBC is big enough to have a significant environmental impact. In the Belgium Business Unit, for instance, more than 16 000 people are involved in a daily commute to 800 branches and 40 administrative buildings (area management of 632 828 m²), which was equivalent to 155 million kilometres travelled in 2010. We are proud of our environmental performance this year. Significant efforts were made. The results of the Belgian business entities are discussed in detail in this chapter.

The construction and operation of buildings has an extensive direct and indirect impact on the environment. Buildings use resources such as energy, water and raw materials, generate waste and emit potentially harmful atmospheric emissions.

The goal is for all KBC buildings to be sustainable, taking into account considering all phases of the facility life cycle. This approach encourages an increased commitment to environmental stewardship and conservation, and results in an optimal balance between cost and environmental, societal and human benefits, while fulfilling the purpose and function of the intended facility.

KBC applies numerous measures to find more ecological solutions within its buildings, both existing and new.

KBC has developed its own "Green Building Guidelines" (detailed construction specifications for new builds and total renovation of administrative buildings) and "Green Basics" (derived from green building guidelines, focusing on best practices for existing constructions, and primarily energy performance in offices).

The Green Building Guidelines have been incorporated in the design of the *Artevelde Tower* (Ghent, Belgium). The building will bring together the support services scattered throughout the Ghent region in a single location.

The following are some examples of sustainability in practice:

- The building is near a train and bus station
- A skyscraper provides a sizeable working space (1 200 work stations) in a relatively small surface area (20 800 m²)
- Primary energy use = E70 instead of E100 (legal maximum)
- Global insulation level is K32 instead of K45 (legal maximum)

Work commenced on 3 March 2010. The building is under construction and will be ready for use at the end 2012.

We would also like to mention the construction of data centres in Hungary and a new K&H Head Office.

Early 2011, two identical brand-new data centres for the processing of ICT business in Central and Eastern Europe will gradually become operational near Budapest (Törökbálint and Baracska). The twin data centre will replace the 23 different data centres currently in use at 18 locations in Poland, the Czech Republic, Slovakia and Hungary. There will be no impact on staff in the former data centres at the other locations.

Two 2000 m² computer rooms were built. Two areas of 1000 m² are completely equipped (750W/m²), which can be expanded to 3000 m² and 1500W/m². Only a limited area is designed for offices and logistic spaces.

The following are some examples of sustainability:

- Buildings can be enlarged in accordance with needs; a modular approach precludes losses due to overcapacity
- Enhanced efficiency of air circulation (cold isle containment)
- Maximum use of "free cooling"
- PUE = Power Use Efficiency +/- 1.3 instead of +/- 2 in other data centres.

The K&H Group endeavours to contribute to the creation of a sustainable society and environment. As tangible evidence of this, outstanding achievements aimed at its climate control initiatives have been made at the K&H Head Office.

In the use of existing buildings, we also maximise our efforts to achieve greater energy efficiency. We optimise our energy use. Some of our most successful measures in Belgium are:

- adapting start and stop times of technical installations to the real use of the building
- heating in winter time set to 21° C instead of 22° C
- cooling in summer time set at 24° C instead of 22°C
- replacing older equipment by more energy efficient equipment
- installing or improving insulation
- replacing standard bulbs with energy saving bulbs

At the same time we refined the energy and water *monitoring systems* in our offices, which brought incidents such as water leaks to light.

Although we are not yet using *renewable energy* on a large scale, we increased our knowledge of solar and wind energy and planned some pilots last year:

- We installed a solar water heater at our Head Office in Brussels. A solar water heater makes it possible to provide kitchens with hot water in summer when equipment using combustibles is off.
- for the same building, we arranged the installation of a cogeneration unit. This involves a combustion engine that drives an electro-generator to produce electricity; while heat from the motor is used to provide hot water for consumption (cooking) or heating.

Further *pilots* are planned for next year, e.g. the installation of solar panels on the roof of KBC's building in Mechelen.

Energy consumption

As a result of all the efforts mentioned above, backed up by intensive awareness campaigns, we are able to report a reduction in energy consumption: total energy consumption dropped again in our Belgian business entities. We have succeeded in reducing total energy consumption by almost 13% since 2006. Electricity consumption has decreased by more than 8% since 2006.

Over a five-year period, we managed to lower our fossil fuel consumption by over 20% in absolute terms.

Taken into consideration the higher number of colder days, the registered results can be seen as an even better achievement.

Another positive result has been the increase in the percentage of electricity from green sources, from 35% in 2007 to 100% at present.

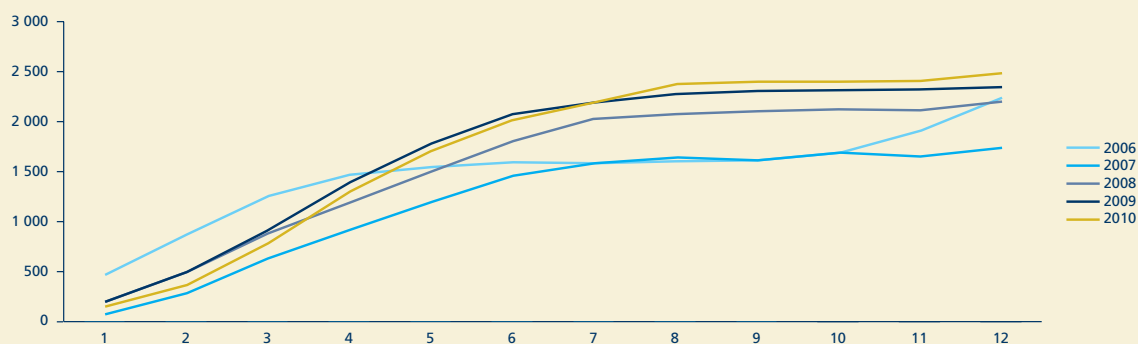
KBC's goal is to reduce energy consumption by 20% by 2020, and we are certainly on target to achieve this goal.

We have set ourselves a specific goal for 2012: reducing our oil and gas consumption for heating purposes by 16%⁸. We are set to reach this goal.

On the other hand, we aim to reduce electricity consumption by 12% in 2012 compared with 2006. This goal will be hard to achieve.

KPI ENERGY	2010	2009	2008	2007	2006
Energy (GJ)					
Electricity consumed	395.378	405.355	421.537	415.430	430.033
% of electricity derived from green energy	100%	100%	75%	39%	35%
Fossil Fuels (GJ)	243.351	237.436	241.072	254.010	302.391
Natural gas	229.245	221.044	217.060	227.389	269.087
Heating oil	14.106	16.392	24.012	26.621	33.304
TOTAL(GJ)	638.729	642.791	662.609	669.440	732.424

Number of degree days (cumulated)



⁸ Target compared with 2006 results

KBC always considers sustainable mobility for its employees as a priority. Every year, further steps are taken to achieve more sustainable mobility. In 1998, KBC became one of the first companies to reimburse 100% of the cost of a train season ticket. KBC is a pioneer in car pooling, and it also remunerates those employees who come to work by bike.

The introduction of flexible working hours means that KBC staff can commute outside of rush hours, so they can avoid traffic jams and full trains.

KBC's mobility policy is based on three pillars: avoiding superfluous commuting (by allowing staff to work locally or at home), providing financial rewards, and making it easier for staff to achieve sustainable mobility (reimbursement of train season tickets, incentive for travelling by bicycle and provision of large bike shelters, free shuttle service, etc.). In addition, we support events that stimulate sustainable mobility (Bike to Work, free guarded bike stands at festivals and support of "safe cycling to school" campaigns).

Last year, KBC again focused on sustainable mobility. The 'Plato project' was extended: 453 locally based work stations were added, with a view to further expansion within existing and new buildings (for example, about 400 locally based work stations in the new office building in Ghent), in order to avoid excess expenditure.

Other initiatives include a further expansion of the bicycle shelter facilities in the KBC head quarters (bicycle repair kit, showers, lockers, covered bike stands, a supervisor for each building). In addition, employees were granted discounts for the purchase of electric bikes and carrier cycles. In the near future KBC plans to install more charging stations for electric bikes (only a few are available at present).

The shuttle service in Leuven and Brussels has been improved. More shuttles are available so that both headquarters premises have frequent, punctual shuttles (every 5 minutes during rush hours in Brussels and every 15 minutes in Leuven). The KBC shuttle service has been free since 1 January 2010.

More than 1 500 KBC employees use the shuttle service every day, which encourages employees to travel to those cities by train.

In order to promote car pooling, KBC employees who share cars are allocated a parking place in the KBC headquarters garages.

All these efforts have helped reduce the amount of commuter and business travel. There has been a reduction in the mileage for all forms of transport. In spite of the measures to encourage the use of bicycles - modern facilities, for instance - fewer people commuted by bike this year.

KPI TRANSPORT	2010	2009	2008	2007	2006
Commuter Travel (km)	155.191.723	168.342.523	163.127.503	173.178.121	155.572
Rail	47.530.427	50.231.491	64.721.994	81.393.717	77.786
Road	97.476.206	107.347.141	85.461.110	79.661.936	66.201
Bus	6.790.060	7.175.927	9.245.999	8.658.906	8.275
Bicycle	3.395.030	3.587.964	3.698.400	3.463.562	3.310
Business Travel (km)	86.097.650	116.282.772	140.207.841	93.430.128	76.000
Rail (km)	3.440.553	3.139.587	3.160.808	2.670.000	1.827
Road (km)	61.901.695	67.543.329	70.961.033	60.731.286	62.163
Plane					
Short-haul Flights (km)	729.541	1.002.652	1.821.798	817.552	0
Long-haul Flights (km)	20.023.837	44.595.804	64.261.580	29.210.124	12.010
Short-haul Flights (number tickets)	2.024	1.400	2.622	1.166	
Long-haul Flights (number tickets)	13.896	16.406	24.648	11.332	
TOTAL(km)	241.289.373	284.625.295	303.335.344	266.608.249	231.572

We are of course aware that the initiatives referred to above are only a partial solution; we simply cannot imagine commuting without cars. Many KBC employees need their cars because they have to make daily visits to clients, branches or insurance agencies. That is why KBC focuses on having a cleaner fleet.

KBC Car Lease took this goal on board and was quick to subscribe to the "Cleaner Car Contracts Programme", an initiative of six European green organisations (including the Belgian *Bond Beter Leefmilieu*). The programme aims at introducing much faster, cleaner cars into companies' fleets and boosting the interest in electric cars.

KBC Car Lease realises that "green" cars offer ecological advantages and provide customers with operational and tax savings. KBC Car Lease committed to the Gold Fleet challenge, which aims to cut the average carbon dioxide emissions of new lease cars to 120 gr/km or less by 2012.

Through a limited fuel surcharge, KBC Car Lease offers the opportunity to contribute to the ARGUS Climate Fund: 2.640 eurocents per litre of diesel and 2.392 eurocents per litre of petrol. The Argus Climate fund invests in forestation projects.

Greener fleet

KBC assumes that the lease cars are used by employees who need to replace their own cars. This means that the KBC fleet does not result in increased traffic volumes. The KBC lease cars help make the total car market "greener", as KBC introduced standards and limits for carbon dioxide. The European regulation regarding maximum CO₂ emissions and the legal obligation of diesel particulate filters for diesel cars will result in a significant reduction in soot emissions.

KBC employees are granted financial incentives to encourage the choice of green cars: in other words, the employee gets "more car for their money" (more accessories, for instance) and their own (tax) contribution will be limited. This type of incentive scheme will also be used in the "cafeteria plan", further details of which are given in the chapter on HR.

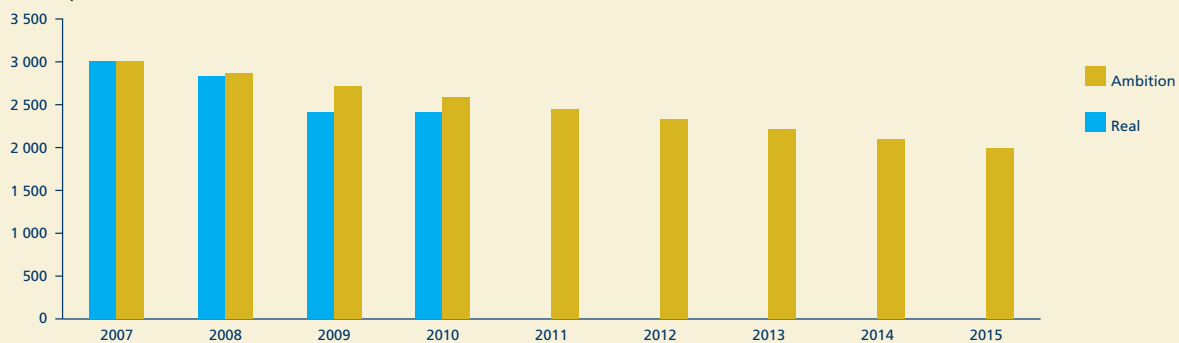
In line with its goal of reducing paper usage by 5% each year, KBC continued its initiatives to support this ambitious goal in 2010. Of course, involving our staff is the most important factor in our paper reduction plan, because it is they who can make a real difference. We continued raising awareness but could not repeat one-off campaigns from 2009 such as using lower grade paper or replacing in-house paper mail with electronic communication.

KBC continues to develop its processing systems, i.e. everything relating to digital printing and post-processing, as part of the archiving and scanning activities that are the domain of the Logistics Department.

KPI PAPER	2010	2009	2008	2007	2006
Recycled (ton)	0	3	16	8	0
FSC (ton)	2.635	2.693	2.646	270	0
FSC (% of total)	94	95	84	9	

KPI Paper

KPI Paper in TON



Real	3.01	2.83	2.41	2.41					
Ambition	3.01	2.86	2.71	2.58	2.45	2.33	2.21	2.10	1.99

Procurement and Eco-friendly catering

Catering facilities are carefully studied and assessed at KBC, and there is a major emphasis on choosing reusable materials when acquiring equipment for the kitchen and the in-house restaurant. The BioWare range of cups used at KBC in Belgium has been developed to reduce the impact on the environment; the cups are made with various compostable raw materials (mainly bio-coated paper and biopolymers). In 2010, KBC employees used 3 500 000 bio-degradable cups.

In the snack dispensers, KBC replaced some of the products with fair trade confectionery. Staff consumed 2 300 of these products in six months.

The KBC in-house restaurants in Belgium used an estimated 2000 kg of fair trade rice in 2010.

In our previous CSR report we mentioned that KBC planned to switch some of the products we serve to fair trade products. Since 2010 some of the drinks in the drinks dispensers are fair trade drinks. 3 000 000 fair trade drinks were dispensed last year.

In 2007, KBC launched a specific suppliers' policy (based on the UN Global Compact Principles), which aimed at encouraging KBC suppliers to subscribe to KBC's sustainable standards and requirements. Moreover, KBC does not do business with suppliers that do not comply with the KBC policy or the UN Global Compact Principles.

In 2010, KBC continued to implement this policy, resulting in an increase in the number of suppliers that signed up to the suppliers' policy.

As at 30 June 2010, 814 suppliers had subscribed to the policy, compared with 786 in 2009.

In 2011, KBC wants to increase the number of subscriptions by larger suppliers (those that bill KBC more than 500 000 EUR a year). KBC plans to continue monitoring compliance with the policy by existing subscribers.

KBC will not appoint new suppliers that do not accept the KBC suppliers' policy or comply with the KBC principles.

In its relationship with its suppliers, KBC applies the Cradle to Cradle principle.

Cradle to Cradle (abbreviated to C2C) is an holistic economic, industrial and social framework that seeks to create systems that are not just efficient but most of all essentially waste free: materials should circulate continuous in a biological or technical life cycle. The choice is simple: either you can eat them (biological nutrient) or you can return them to your supplier (technical nutrient). Raw materials are precious and are becoming expensive. They are meant to be recycled (economical aspect). C2C also seeks to remove dangerous technical nutrients (synthetic materials such as mutagenic materials, heavy metals and other dangerous chemicals) from current life cycles (health aspect). The principle will be included in upcoming environmental legislation: changes as regards waste regulation in "material use" legislation.

Extending our knowledge of the potential of C2C products and services and sharing it with suppliers, and incorporating this in future tenders, will gradually prepare KBC for drafting a C2C purchase catalogue.

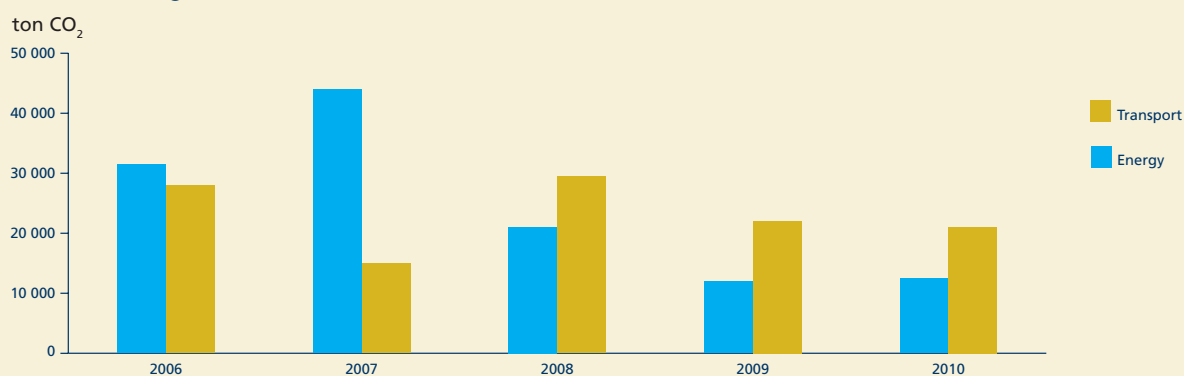
The recent review of the KBC ISO14001 certified management system for environmental excellence resulted in the decision to develop a C2C indicator.

Green house gases

Following a Board decision in 2007, KBC set itself the target of achieving carbon neutrality in Belgium by 2010. In line with this decision, the Belgian Business Unit decided to reach this target by given it top priority in its agenda for the reduction of carbon emissions. As evidence of this constructive approach, we have achieved a significant difference in the last four years, which have seen an increase of up to 46% in GHG emissions. Although the level of GH emissions of indirect energy use has increased in the last three years, the total direct and indirect emissions decreased, both in absolute and relative terms, by 27% in 2009.

GREEN HOUSE GASES BELGIUM as reported in CSR	2010	2009	2008	2007	2006
GHG Direct	13.905	13.615	21.355	44.247	31.388
GHG Indirect	21.310	22.971	29.051	14.814	27.579
GHG by car	19.582	21.058	26.240	13.536	22
GHG by plane	1.728	1.913	2.811	1.278	1.158

GHG in Belgium



Campaigns

As in previous years, KBC continued to launch internal campaigns to increase employees' awareness of specific environmental issues in 2010. Employees obtain information on these issues and campaigns by means of posters and intranet messages. Some examples of these campaigns are:

Earth Hour Belgium

In March 2010, KBC again supported the WWF initiative for the Earth Hour campaign in Belgium. The aim of this worldwide initiative is to encourage everyone around the world to join together in combating climate change.

Environmental awareness meetings

At these meetings, employees were given practical tips on how to show their environmental awareness. This included advice on reducing the number of printouts and using digital presentations, switching off projectors and lights in the meeting room afterwards, clearing up the meeting rooms and sorting waste. All these tips were well received and there were few questions. Employees were subsequently able to reflect on the consequences of their behaviour.



SMOG alert

Due to pollution peaks, commuters should take account of certain measurements in the Brussels region. KBC informed its employees about these measurements. To help find a solution, KBC also gave some practical advice on alternatives (e.g., using public transport, cycling to work, car pooling and PLATO).

Fair trade week

In September, KBC participated in the fair trade week. Special, exotic dishes made with fair trade products were included on the menu in the in-house restaurant. At the same time, employees could buy fair trade products at an Oxfam Wereldwinkel stand.



Environmental management system

KBC strives to reduce its environmental footprint by taking into consideration those ecological risks which are relevant to its daily operations. The basic KBC environmental policy is in line with its mission statement and covers all the business units and entities within the group. At the same time, they are able to design and implement their own initiatives.

To deal with environmental risks in this complex organisation, the Belgium Business Unit uses the ISO14001 certified environmental management system as its basis. The system focuses on those environmental initiatives that provide the best results. That implies procedures that help us to apply clear, uniform agreements, supported by all staff and accessible for everyone.

Green products

We back up our concern for the environment by providing the means to encourage others to do the same.

Some examples are:

- KBC Team Renewable Energy: KBC has a good market penetration with regard to the financing of projects dealing with renewable energy. KBC finances 37% of the biogas installations in Belgium. Furthermore, KBC is lender or co-lender for 50% of the installed capacity of solar panels in industrial projects set up in Belgium during the past two years. Since 2007, a special Renewable Energy Team has gathered knowledge and supported the KBC network and advisers. The Team is made up of 20 members from different domains within KBC.
- In 2009, KBC was one of the first banks to grant green loans. We were the sole provider of the green home loans for several months. Most banks have since followed our example. KBC is still an important player on the home loan market. Thanks to our pioneering role, our market share of green loans in this segment is twice as big as the market share of standard home loans. The following table shows that the green loans and mortgage loans are very successful.

		2009	2010	Total
Mortgage loan	Number of loans	5.408	12.095	17.503
	Amount (in €)	90.194.276	243.222.724	333.417.000
	Average loan amount (in €)	16.678	20.109	19.049
Loan	Number of loans	1.056	1.860	2.916
	Amount (in €)	12.738.000	18.623.000	31.361.000
	Average loan amount (in €)	12.063	10.012	10.755

KBC and the environment – CEER

The efforts within the group to consolidate our environmental data continue, and in 2011 we will be working to achieve full alignment to enable us to fully consolidate data and have comparable group-wide figures for the future. Below are figures relating to some of the entities based in Central and Eastern Europe. Please note that all the figures have been normalised⁹ and that the figures relating to business travel include data for rail, road, short-haul and long-haul flights.

ČSOB Group	2010	2009	2008	2007
Energy (GJ)	31,56	22,62	20,46	20,83
Total Business travel	1969	6062	2236	2627
Paper (t)	0,19	0,17	0,15	0,14
Water (m ³)	15,94	14,5	14	13
Waste	0,27	0,22	0,21	0,25
Serbia	2010	2009	2008	2007
Energy (GJ)	69,63	72,45	38,98	32,64
Total Business travel	N/A	1068	1336	1613
Paper (t)	0,06	0,05	0,06	0,05
Water (m ³)	21	33	27	36
Waste	0,008	0,008	0,007	N/A
K&H	2010	2009	2008	2007
Energy (GJ)	30,78	15,34	16,35	15
Total Business travel	2509	3043	1515	2380
Paper (t)	0,16	0,16	0,23	30
Water (m ³)	8,9	9,7	9,7	9,5
Waste	0,28	0,44	0,46	0,65

Kredyt Bank and WARTA

In spring 2010, Kredyt Bank and WARTA initiated an ecological programme called "INWESTUJEMY W ZIELONE" ("We invest in green"), which is intended for staff and customers alike. Its goal was to promote environmentally friendly attitudes and behavior both at work and in the private sphere.

This project encourages campaigns for wildlife conservation, efficient use of natural resources and savings. Even simple actions can help protect and save the environment and our immediate surroundings.

Kredyt Bank and WARTA organised a competition for the name of the ecological programme and many staff took part. The prize was an ecological appliance.

In order to increase staff awareness, Kredyt Bank and WARTA prepared special eco messages with ecological reminders (e.g., save water, save paper, switch the light off, print on both sides, etc.), which were placed next to printers, on light switches and so on. They are used in the networks of Kredyt Bank and WARTA (390 branches of KB and almost 250 representatives of WARTA).

In addition, together with RWE (electricity and gas company), Kredyt Bank and WARTA issued two eco-guides for employees and clients. Anyone interested can consult more information on the initiative on either company's website¹⁰.

Kredyt Bank and WARTA are currently working on the second phase of this programme, which will be intended solely for clients, but no further details are available at present. We hope to be able to present some results in our next CSR report.

⁹ FTE in ČSOB 2007: 9 099, 2008: 9 256, 2009: 8 8720, 2010: 7 629; Serbia 2007: 383, 2008: 602, 2009: 635, 2010: 632; K&H 2007: 3 962, 2008: 4 127, 2009: 4 270, 2010: 4 358

¹⁰ www.kredytbank.pl, www.warta.pl



K&H Group

K&H started building a completely new head office complex in Budapest. It will be one of the biggest investments in sustainable development that Budapest has ever known. Thanks to the application of renewable energy resources, energy consumption is expected to drop by 25% compared to the LEED model, resulting in a similar reduction in operating costs.

The new head office building is being built in the spirit of two of the four focus areas within K&H's sustainable strategy, namely the creation of attractive workplaces and environmental protection. In designing and implementing the construction work, K&H has applied up-to-date solutions with regard to environmental awareness. K&H's employees (numbering some 2 500) will be working in modern, dynamic and healthy working conditions, in an inspiring environment.





4 Our Human Resources

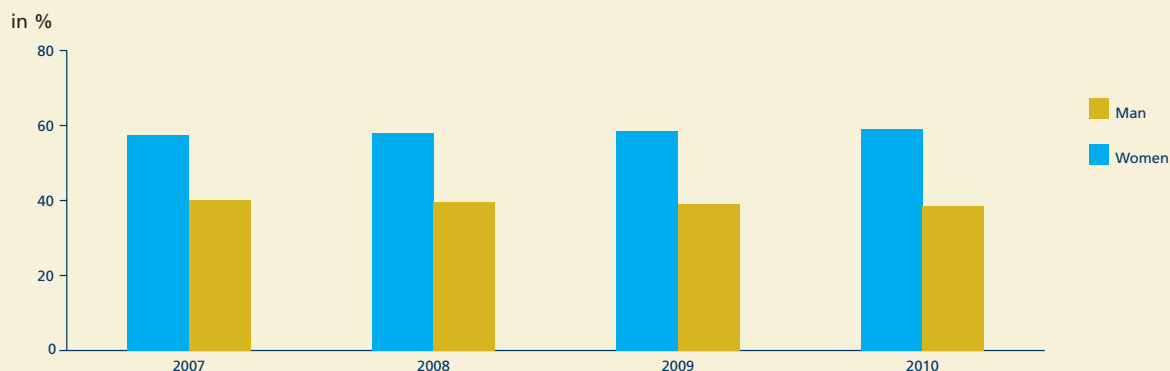
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Breakdown by age and gender

For some components we used the data for the period from January 2010 to December 2010. But for other components, for practical reasons, we used the quantitative HR data¹¹ for the period from January 2010 to September 2010 and annualised these data, to make it possible to compare them with previous years.

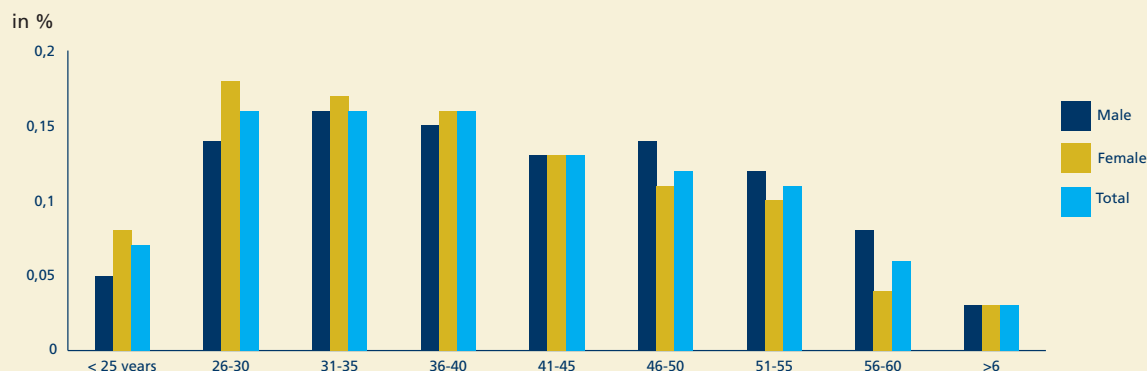
The HR policy is based on clear pillars of job stability, attractive personnel structures and a relationship based on mutual trust. Ensuring our workforce's good career development potential is also mirrored in the ratio of men and women. As the table shows, the percentage of women in KBC has remained more or less stable in the past four years. The ratio is a good reflection of the balanced situation in all entities of the group.

Breakdown by gender of the KBC Group 2010



The same is true of the composition of the workforce in terms of age, which is very much in line with the results of the previous year. One striking feature is the increase in the number of men in the 56-60 age range, from 6% in 2009 to 8% in 2010. This is offset by a decrease (from 15% in 2009 to 13% in 2010) in the number of men in the 41-45 age range. The biggest difference is in the category of women aged 60+, where the percentage has increased to 3.1% (as against 0.4% in the previous year). This increase is due entirely to the increase in women in this age category in Central and Eastern Europe. The average age is 39.6 and the average duration of employment is 11.5 years.

Breakdown by age and gender of the KBC Group 2010

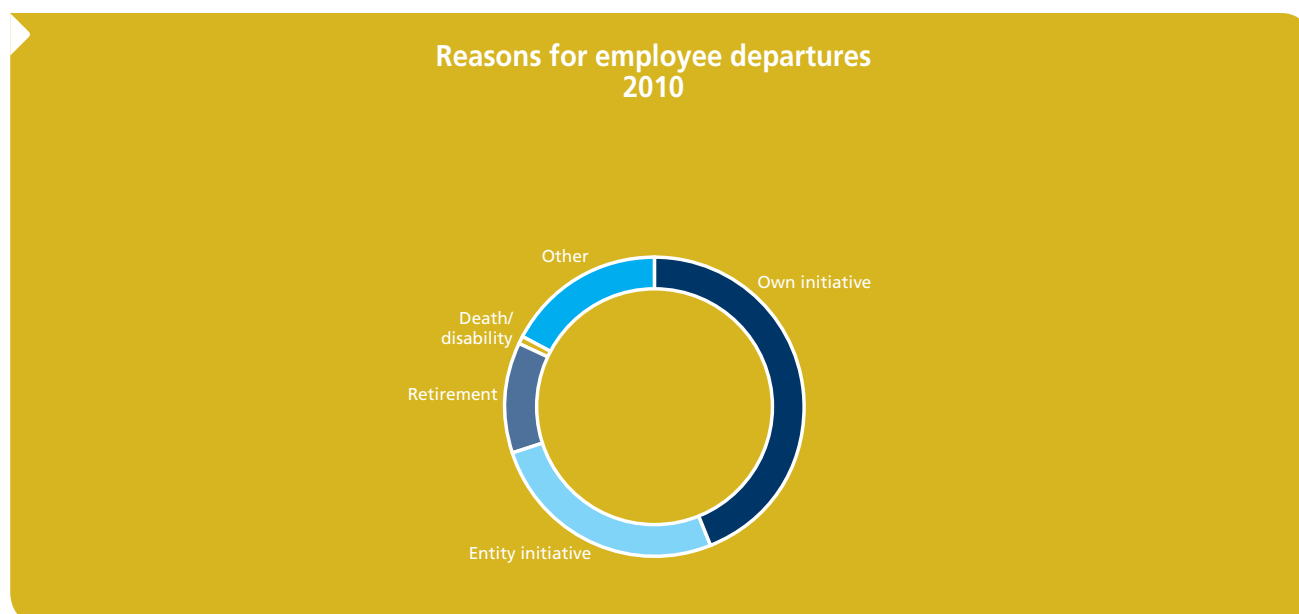


¹¹ The data from KBL EPB are not included because of the planned divestment.

The table below shows the percentage of women in the senior management category (Top 400).

Breakdown per pay category	2010 ¹²
Senior management	0,7%
- of which women	12,0%
Junior and middle management	35,0%
- of which women	40,0%
White collar and blue collar staff	64,0%
- of which women	69,0%

The following table shows the reasons behind staff departures. Results varied significantly in the previous three years. In 2010, the percentage of employees who left at the initiative of KBC dropped to 26%, after the peak of 38% in 2009. Conversely, the percentage of employees who left of their own accord has flattened off. The percentage of retirements is still on the up, from 4% in 2008 to 8% in 2009 and then to 12% in 2010.



The ratio of new recruits to employee departures has risen by 69% compared with 2009, due to both the decrease in departures and the increase in new recruits.

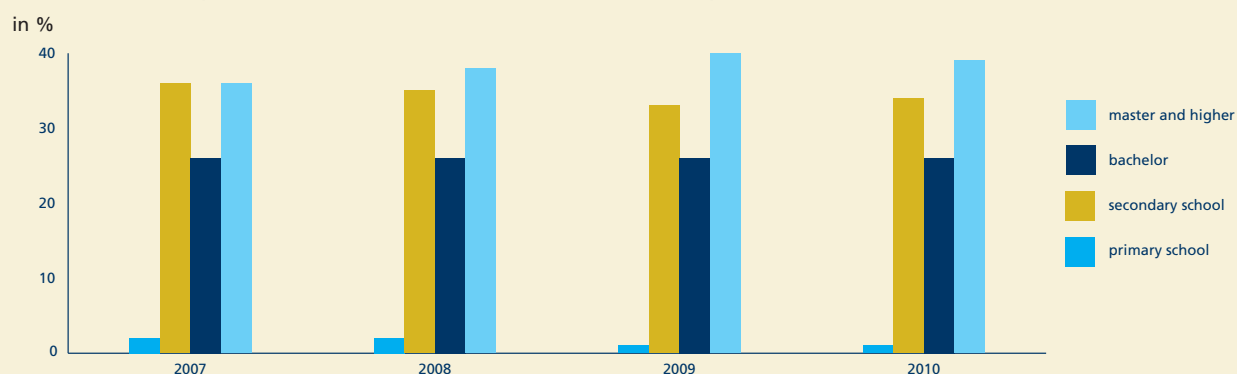
(in number of employees)	2007	2008	2009	2010
New recruits	10.018	9.752	3.629	4.675
Employee departures	7.443	6.501	7.013	5.322

	2005	2006	2007	2008	2009	2010
Number of course participants						
days (total)	277.956	282.316	290.656	401.747	292.183	292.183
In-house courses	187.045	207.709	193.844	289.084	233.034	287.100
External courses	90.911	74.607	96.812	112.752	59.149	101.029
Average number of training days						
per FTE	7,44	6,88	7,44	6,52	5,19	7,09

¹² As we use a new, restrictive definition of senior management, we are unable to provide any comparative information from the previous years.

The number of participants in in-house courses increased in 2010, returning to almost the same level as in 2008. There was also a marked increase in the number of participants in external courses. This is due to the fact that KBC continues to focus on, and invest in, training facilities. The average number of training days per FTE varied in the past years and increased in 2010.

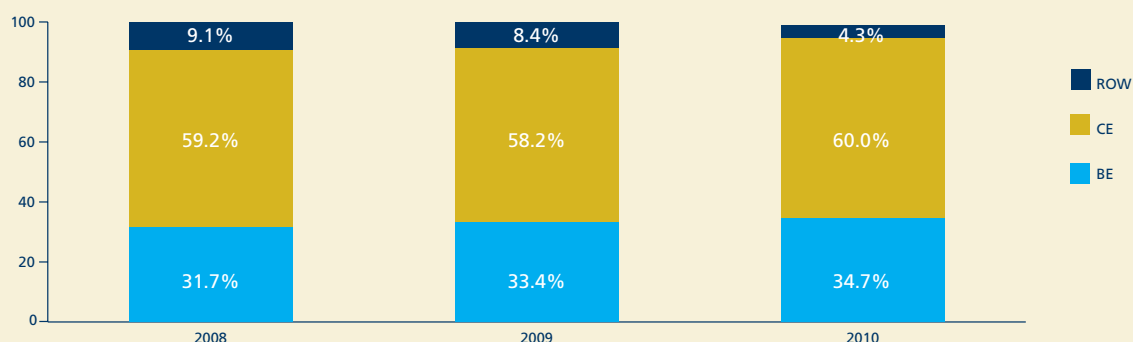
Breakdown by educational level of the KBC Group



The composition of our workforce has been more or less stable for the past four years. The most significant changes are in the number of those with a secondary school certificate, which has gone down by 5.5% in the last four years, and which has been offset by an 8% increase in those who hold a master degree or a higher qualification.

The graph below shows that the breakdown of international deployment has been more or less stable over the past three years. In 2010 there was a slight shift in the percentages.

Breakdown by educational level of the KBC Group



Absenteeism

A notable positive trend is the percentage of absenteeism due to illness, which has gone down since last year. In the CEE countries and ROW, the percentage of absenteeism has increased. The logical reason behind this in the CEE countries is the increase in the percentage of absenteeism for maternity leave. In the ROW countries, the increase is attributable to this and other reasons.

Employee absenteeism, KBC Group (in %)	2007	2008	2009	2010
due to				
Sickness	7,1	8,5	8,4	7,5
Maternity leave	4,1	5,6	5,5	7,6
Accidents	0,2	0,2	0,2	0,2
Other	0,2	0,2	2,2	2,3
Total	11,6	14,5	14,2	15,3
In Belgium	7,9	8,4	8,4	8,2
In CEE	14,3	18,8	21,8	23,6
In ROW	8,3	9,3	9,5	16,2

Finger on the Pulse

As in 2009, KBC conducted a staff satisfaction survey in February-March 2010. There was a large response, with 72% of the staff filling in the anonymous questionnaire.

Despite the global financial crisis, KBC received a very strong overall satisfaction score. No less than 96% of staff are satisfied with KBC as an employer; this is the same as the pre-crisis level.

The scores on topics such as collegiality, management and communication were also high. Less positive scores were obtained on issues that also score badly at other companies: career development and potential for skills development, the appraisal policy and financial reward. Management therefore made these issues priorities for consideration (see below).

KBC employees have a more positive view of the climate and future than in 2009, which is shown in higher scores for statements such as "positive feeling about the economic climate in the *bancassurance* sector", "having confidence in my prospects within KBC" and "I am sure that I will be able to hold my position within KBC".

Despite a small decrease, the general involvement index at KBC remains high. The KBC involvement index scores higher than most other sectors, with only the consultancy sector achieving higher scores. The minor decline is a result of the perception that KBC faces a more difficult competitive environment.

In 2009, KBC employees were asked to make financial sacrifices, but these did not lead to a substantial reduction in pay satisfaction (77% in 2010, compared to 79% in 2009). This response shows that KBC employees are able to put the essential measures taken into perspective.

The results of the internal satisfaction survey - Finger on the Pulse - confirm the results of the Vlerick Best Employer survey of November 2009. This Vlerick survey is based on fixed (international) standards and compares companies to each other at both international and national level. In Belgium, KBC ranks 6th on the list of companies with more than 500 employees. One feature worthy of note is that KBC is the only company with more than 2 000 employees and - even more remarkably - the only financial institution in the top ten. At European level, KBC has a positive score in the "Great Place to Work" list: for the first time KBC reached the top 50 (ranked 34th).

New Compensation & Benefits

As evidenced by the results of the survey by Vlerick and Great Place to Work, KBC features among Belgium's top ten best employers, for the fifth time in a row. KBC wants to maintain or even improve its position, both among current employees and the new generation of graduates, who have different expectations and wish to achieve a better balance between individual and professional development.

In that spirit, KBC will introduce an HR policy that responds to the changing environment. This is a long-term project. As all personnel systems are connected, each adjustment has an impact on all systems.

Several HR systems will be readjusted, resulting in benefits for all KBC employees.

In April 2010, the KBC Recruitment Department launched a new selection model. This year, the Human Resources Potential Department will adjust the assessment procedures. In order to remain attractive on the labour market, KBC ICT is to launch a pilot project in June, containing a new remuneration concept for new young executives.

In the long run, KBC plans to introduce a simplified, more transparent job classification system, which will be the basis for making the appraisal and remuneration system more objective.

The "Cafeteria plan" will provide the option of exchanging part of the salary for other benefits.

Cafeteria plan: choose your own wage composition

KBC has always been very progressive in its HR policy and endeavours to respond to the needs of KBC employees. KBC's new remuneration policy (Cafeteria plan) follows the same course. It offers KBC employees (within certain categories) the opportunity of establishing their remuneration package using those components that meet their current personal situation (for instance, free time if needed, a lease car or additional pension contributions).

The first phase of the Cafeteria plan will be for lease cars for managerial staff.

In 2010, KBC launched the first phase of the plan by offering a wage package with or without a lease car to new ICT employees.

As from January 2011, KBC will roll out subsequent phases of this plan to other employees.

Because of legal restrictions, KBC lease cars will only be made available to managerial staff.

Other components will be included in the Cafeteria plan in order to respond to the varied and changing needs and wishes of staff. In 2011, KBC will also consider improvements and other ways to meet these requirements.

Young executives

Market research and low staff turnover confirm that new employees consider KBC as an attractive employer. However, KBC also wishes to remain attractive to the younger generation, which has different expectations and different job requirements: some focus on promotion potential, while others are less ambitious or are seeking a better balance between work and their private life. This is a reality that KBC has to take into consideration. Therefore, together with the ICT department, KBC launched the "Young Professional Programme" for young executives in spring 2010. This entails different promotion speeds and an adapted remuneration package, linked to realistic prospects for the future.

Employees opting for a fast career track can obtain additional challenges and financial stimuli. The higher individual variable wage is a means of specifically providing young professionals with a higher reward for their achievements and efforts.

The ICT pilot project has been positively received by young executives and will be rolled out to the entire company in 2011.

Job classification system

KBC's current job classification system is based on 180 positions of reference and sets the level of positions and the attendant remuneration.

KBC plans several adjustments to the job classification system around 2011, which should result in:

- Grouping similar positions under one job description in order to reduce the number of job descriptions
- A more realistic job description and level that allow KBC to specify its expectations as regards new employees and to make adjustments in line with the employees' level.
- The criteria take account of an international dimension and specific expertise, making them appropriate for the present situation.

The new job classification system will be implemented in the branch network in 2011, and in the rest of the group in 2012.

Appraisal system

The Finger on the Pulse survey has pointed to several weaknesses in the KBC appraisal system. KBC employees question the objectivity and transparency of the appraisal and their own remarks.

After due reflection, KBC will adjust the appraisal system in stages as from 2011.

There will be a clear distinction between the appraisal of the skill level (which employees can consult in the new job description) and the employee's achievements during the past year. The employee will not only be assessed on the results achieved, but also on the way in which they were achieved.

Moreover, managers will be able to better differentiate between weaker, average and top performers.

The new assessment system was tested in the ICT "young professionals" pilot group during the 2010 HR appraisal.

Variable remuneration for 2011 and 2012 financial years

At the end of November 2010, KBC and its social partners¹³ signed a new collective labour agreement regarding variable remuneration for the financial years 2011 and 2012. The new CLA is based on principles previously agreed: income guarantee, sustainability and transparency.

KBC aims to achieve a maximum net payment from the predetermined budget. As a result, KBC has opted for a tax-friendly employee profit-sharing bonus and a one-off tax-free profit linked bonus.

If KBC achieves its predetermined profit targets that comply with EU standards in 2011 and 2012, each KBC employee will receive this net variable pay.

With this commitment, KBC wishes to reward its employees if the targets (as determined in the strategic plan) are achieved.

Despite the uncertainty of variable pay, KBC is making several guarantees: KBC commits itself to always paying out the entire planned budget for employees' profit-sharing bonuses, by paying a gross bonus if required.

¹³ Business should uphold the freedom of association and the effective recognition of the right of collective bargaining. Due to privacy issues trade unions are not willing to disclose the number of members. Therefore it is not possible to either present or monitor this indicator.

(Young) Managers Programme at CBC¹⁴

CBC developed a programme specifically for young employees holding a managerial post for the first time. In the year after becoming manager, they are invited to attend a course on management principles. With this course, CBC wants to make the young managers aware of typical pitfalls in commercial entities. In addition, all young managers are trained in the appraisal process. After two or three years, all the managers take part in a 3-day seminar dealing with topics such as managerial styles, team management, communication and conflict management.

Manager Development Programme

Based on the results of a satisfaction survey in 2009, CBC has organised a workshop at which a representative group of managers held a brainstorming session concerning a charter for “best practices to be a stimulating, motivating and communicative manager”. The Executive Committee has approved this charter. Before publication, managers will follow a special guidance course to enable them to comply with the terms of this charter.

Training on dealing with verbal aggression

CBC staff working in branches are given training on dealing with verbal aggression, with which they are confronted increasingly. During the course, employees learn how to react to clients who are verbally aggressive. Fifty-six employees took part in this course in 2010.

Gender diversity in managerial posts

Following the restructuring and adoption of the new strategic course at the beginning of 2010, CBC pays particular attention to giving female employees access to managerial posts. Several women were promoted to such posts in 2010.

¹⁴ www.cbc.be

Management Development Programme (MDP) 2010

In 2010, DZI launched its Management Development Programme. It was designed to bridge concrete gaps in DZI management's competence levels, measured by the internal Assessment Centre and Performance Evaluation system. An initial assessment of employees provides input on the individual development needs in accordance with the requisite skills.

Managers attend training modules, covering particular skills that they need to improve. In this way, the MDP has been tailored to the development needs of every manager.

The programme is based on the belief that effective leadership and people management are a matter of knowledge, skills and attitudes (beliefs), and the programme encompasses all three aspects. It was provided by one of the leading skills training companies – Consul-team Human Capital Bulgaria. The modules involved covered Team Motivation, Delegation and Monitoring and Coaching.

In 2010, 40 DZI middle and senior managerial staff, involved in team management, took part in the programme.

Participation in the "Careers 2010" Forum together with CIBank

The Careers Forum is a traditional annual Bulgarian jobs fair, which aims at getting young specialists and students acquainted with the real business world so that they are prepared for the future and are able to choose an appropriate career. The forum is part of the organisers' initiatives for creating a favourable environment for the development of young specialists, hence keeping them in Bulgaria. DZI's participation in Career 2010 with Cibank was the first joint initiative aimed at introducing KBC as an employer on the Bulgarian market. At the same time, the initiative represents a step in the DZI employer branding project, launched in 2009. As the name suggests, this project aims at branding DZI as an employer and has already included initiatives such as presentations in different universities and support for local youth organisations.

HR specialists from both companies introduced the traineeship programmes in Sofia and Svishtov (where the "Tsenov" Economic Academy is based). The programmes attracted considerable interest.

The result for DZI was two-fold: there was a surge in interest in its Traineeship Programme, resulting in the scope of the programme being widened and the number of candidates increasing.

System for Training Efficiency measurement implemented and optimisation of training process

In the past year DZI introduced a Training Efficiency measurement, which is based on the scoring of the Kirkpatrick and Philips five levels of learning. It focuses not only on the assessment of the quality of the actual training activity, but also of the applicability to the real business environment and the practical implementation of skills. It is one of the initiatives for turning the Training Process at DZI into a structured, objective, business-oriented support system.

The Efficiency Evaluation was used for the first time for the Management Development Programme 2010 (provided by our partner). This pilot is currently being developed. It will serve as the basis for further benchmarking and process optimisation.

Subsequently, efforts in Training Efficiency measurement will continue and DZI will apply the five levels of learning methodology company-wide.

Partnership between Postal Savings Bank and Ergotep

At ČSOB, the statutory obligation for the workforce to include a 4% ratio of disabled persons is met through the partnership between Postal Saving Bank and Ergotep, a cooperative of disabled people with the status of a sheltered workshop. Launched in 2004, the unique partnership was based on a customer-supplier relationship providing benefits to both partners. Numerous services are offered to Postal Saving Bank from Proseč u Skutče, Ergotep's home town. The cooperative is responsible for manufacturing and distributing marketing materials and performs some back-office tasks in the newly established administrative centre. The innovative feature here is that they are also responsible for the technological process of ČSOB's internet projects (e.g., the knowledge competition PaySecCUP, part of ČSOB's project www.bezpecne-online.cz).

The ever-increasing volume of orders resulted in 120 new jobs for the disabled. This is a unique partnership that would provide a good example for other companies. It has received numerous awards, the most recent being the "Mosty 2009" award (Bridges 2009).

Audit of gender and work-life balance

The NGO Aperio offered ČSOB the opportunity to participate in the Czech gender audit project, which aims at determining the gender conditions in companies in Prague. ČSOB accepted this opportunity and requested Aperio to make a gender audit and also to audit the work-life balance at the same time. The audit was carried out in 2010, and Aperio presented the findings at the end of 2010.

ČSOB established an internal working party, involving HR, Internal Communication, Company Culture and Relationship. This working party is preparing an initial strategy and concrete action plan to put the audit recommendations into practice (e.g., in recruitment processes and the promotion of women to managerial positions). We hope to report on further progress and concrete steps in our next CSR report.

K&H "Welcome Back" programme for young mothers

K&H launched a programme called Welcome Back for colleagues who are on long-term leave raising children.

K&H believes it is important to keep them up to date with current events at the K&H Group, and to offer them a helping hand so that as many of them as possible can return to their jobs after maternity leave.

As a company committed to social responsibility, K&H must be prepared in this regard, as a large proportion of the Group's female employees are at an age when they start to plan a family in the near future. This programme is a means of retaining skilled and experienced staff, who have considerable local knowledge.

The number of colleagues returning to the Group to work has increased since the programme started. We try to keep in touch with young mothers so that they feel that they are not left on their own. In the weeks following childbirth, mothers receive a letter and a questionnaire in which K&H asks them about their plans to return to work, and encourages them to stay in touch with K&H. The questionnaire asks them about the positions in which they are interested, the areas in which they trained and whether they have any special requests. In this way, K&H is able to avoid learning about the intentions of young mothers only a few days before they are due to return to work, which makes administration more difficult. The Bank also offers mothers help in purchasing everything they will need when the baby arrives. For years, K&H Bank has worked in partnership with the Social and Self Aid Foundation, from which our employees may receive social assistance. Mothers may apply for social assistance by filling in the social assistance request form and returning it to K&H. The amount of this assistance is 40 000 HUF (147 EUR) and it is tax free. K&H also informs young mothers of the person in charge of the programme so that they know who they can turn to for help. The key to the success of the re-integration of mothers is mutual contact.

K&H hopes that the Welcome Back programme will provide security for all our colleagues staying at home with children, and that it makes clear that they are not alone: they can count on K&H!

In 2010, 487 people participated in the programme.

K&H Network Management Programme 3

K&H Bank developed a targeted 2-year internal training programme for talented staff with management potential. The purpose of this programme is to identify a new generation of branch managers and provide for their long-term development. Good performers with management potential and who meet specific criteria can apply for the programme. Applicants who succeed in HR interviews and assessment centres can start the programme. During the 2-year programme, participants are offered soft skill training, professional workshops and mentoring. As well as general modules, the programme also contains individual components and development blocks that are tailored to the participants' requirements and level of readiness. At the beginning of each year of the programme, the participant, mentor and HR department agree on the components that are to be the focus of the next year's individual programme. These development targets are recorded in a personal development plan (PDP).

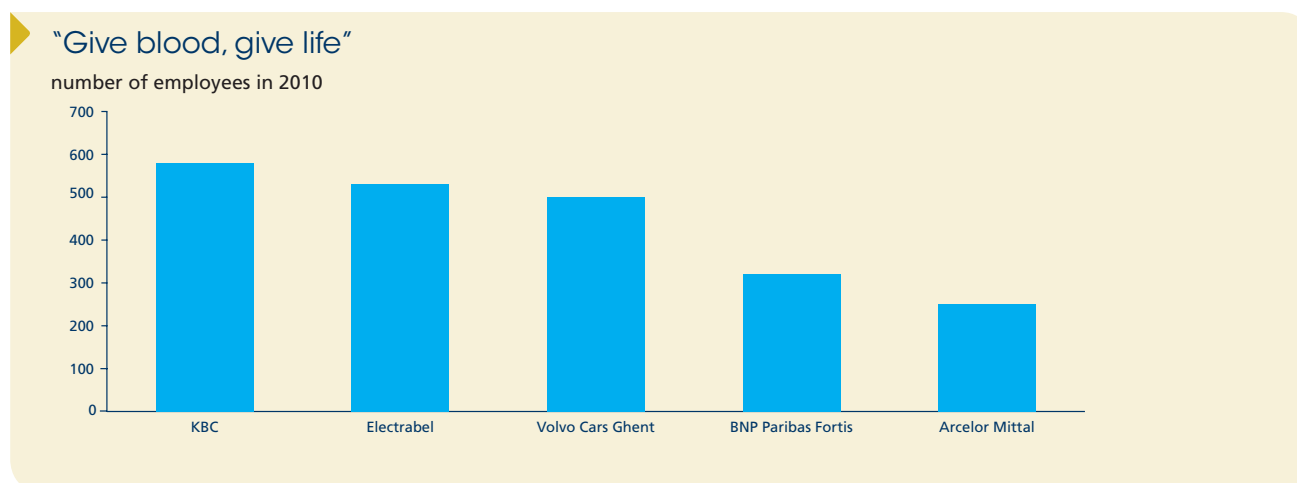
Participants can also receive general feedback once during the programme.

By the end of the programme, participants should be ready to fill the following positions, based on personal development and the opportunities available: branch manager, deputy branch manager, senior adviser or sales support officer. The third series of the programme finished in September 2010.

35 employees have completed the programme successfully since it was launched; 27 became branch managers or took up senior positions.

K&H is to organise the fourth series of the programme in 2011.

In August 2009, the Red Cross in Flanders launched its 'Give blood, give life' campaign that aimed at recruiting 4 000 new blood donors per month in one year. KBC participated in the January 2010 campaign, which focused on Flemish-based companies. With 4 831 new donors, the January target of 4 000 new donors in these companies was easily exceeded. The aim was to acquire 200 candidates per company. 572 KBC employees put themselves forward as blood donors, helping KBC achieve an extraordinary result, being ranked first in the top five participating companies:



In addition, KBC organises an annual blood collection drive in its administrative buildings in Brussels and Leuven. In September 348 donors participated in the blood collection, including 88 new donors.

Because KBC participated in both campaigns, the Red Cross awarded it the **'Company with a heart'** logo. KBC considers this award as the pinnacle of years of good partnership with the Red Cross, which KBC wishes to continue in the future.

Anti-flu campaign

As in previous years, KBC launched a flu vaccination campaign, which attracted an enormous response: 1 750 employees were vaccinated at the medical department. This result can partly be attributed to the fear of the H1N1 pandemic. In 2009, KBC continued its measures to protect its employees against the pandemic until the danger was over.

Alcohol gels for disinfecting hands, and other products that improve hygiene, were again provided during the normal flu season.

Information and consciousness-raising

KBC adopted a standard practice of keeping all employees up to date with useful information, through the intranet and internal publications. In addition, KBC aims to increase its employees' awareness and change attitudes.

Start to Run. Seven years ago, employees in Mechelen and Leuven launched the Start to Run programme and Brussels followed four years later. Some S2R sessions involve a 5km run, and others a distance of 10km. Training and the final test are organised under the supervision of the medical department and some sport-loving employees. The majority of the runners make it to the finish and for many of them this programme has long-term benefits, as they continue running afterwards on their own initiative. In 2007, 120 employees participated in the programme. The number halved in the next two years. About 22 employees attended the sessions in Leuven in the last year and they all succeeded. In Brussels, 25 started the programme, and 16 succeeded.



Stress and coping with stress. In turbulent times, people can suffer (extreme) levels of stress. KBC has adopted a preventative policy. This means that we try to head off risks that might threaten the psychological and social well-being of employees. At the same time, we try to identify and minimise existing threats. In 2010, KBC organised three lectures, with free access for all staff, during which everyone could learn more about stress and coping techniques. These lectures were well supported.

Bereavement support. KBC has established a bereavement support programme and set up a 'KBC care team' system. This care team includes a company nurse, a company doctor and an psychosocial adviser. When an employee dies, this care team comes to the work place to support colleagues, the line manager and - if necessary- the relatives. As well as moral support, they also provide practical information and guidance.

Stop smoking support. Ten years ago 20% of staff were smokers. This percentage has dropped to 12%. The medical department supports employees with a stop smoking programme. After an initial discussion, the employee and the medical personnel choose the most appropriate method. The medical department then follows up the results and provides support.



Statement GRI Application Level Check

GRI hereby states that **KBC Group** has presented its report "KBC Corporate Social Responsibility Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

18 March 2011, Amsterdam

A handwritten signature in blue ink, appearing to read "Nelmar Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 8 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

G3 Content Index - Financial Services Sector Supplement - GRI Application Level B

Application Level B		Assured by	self-declared		
STANDARD DISCLOSURES PART I: Profile Disclosures					
REPORT FULLY ON THE BELOW SELECTION OF PROFILE DISCLOSURES OR PROVIDE A REASON FOR OMISSION					
1. Strategy and Analysis					
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	Reason for omission	Explanation
1,1	Statement from the most senior decision-maker of the organization.	Fully	p.5-6		
1,2	Description of key impacts, risks, and opportunities.	Fully	p.14		
2. Organizational Profile					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
2,1	Name of the organization.	Fully	front cover, p.7-8		
2,2	Primary brands, products, and/or services.	Fully	p.7		
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	p.7-8		
			https://www.kbc.com/Group profile		
2,4	Location of organization's headquarters.	Fully	p.8		
2,5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	p.8		
2,6	Nature of ownership and legal form.	Fully	p.7		
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	p.7-8		
2,8	Scale of the reporting organization.	Fully	p.2, p.76		
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	p.7		
2,10	Awards received in the reporting period.	Fully	p.13		
3. Report Parameters					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	p.6		
3,2	Date of most recent previous report (if any).	Fully	p.6		
3,3	Reporting cycle (annual, biennial, etc.)	Fully	p.6		
3,4	Contact point for questions regarding the report or its contents.	Fully	p.79		
3,5	Process for defining report content.	Fully	p.6		
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	p.6		
3,7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	p.6		
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	p.6-8		
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	p.6, p.56		
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Not	Not applicable, because no changes have appeared		
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not	Not applicable, because no changes in methods and reporting have been made		
3,12	Table identifying the location of the Standard Disclosures in the report.	Fully	G3 Content Index		
3,13	Policy and current practice with regard to seeking external assurance for the report.	Fully	p6, GRI CHECK		

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Application Level B		Assured by	self-declared	
STANDARD DISCLOSURES PART I: Profile Disclosures				
REPORT FULLY ON THE BELOW SELECTION OF PROFILE DISCLOSURES OR PROVIDE A REASON FOR OMISSION				
4. Governance, Commitments, and Engagement				
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission Explanation
4,1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	p.9	
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Annual report 2010	
4,3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Annual report 2010	
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Annual report 2010	
4,5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Partially	Annual report 2010, chapter Corporate Governance. Partially disclosed, for privacy reasons	
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	"Annual report 2010; Charter Corporate Governance (link below)" (www.kbc.com/corporate governance)	
4,7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	"Annual report 2010; Charter Corporate Governance (link below)" (www.kbc.com/corporate governance)	
4,8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	p.10-12	
4,9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Charter Corporate Governance (link below) (www.kbc.com/corporate governance)	
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Charter Corporate Governance (link below) (www.kbc.com/corporate governance)	
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Charter Corporate Governance (link below) (www.kbc.com/corporate governance) KBC's Code of Conduct	
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	p.29-30, p.31-32,, p.46-47	
4,13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	p.13; www.kbc.com/Corporate Social Responsibility (UNGC Belgium, Business&Society)	
4,14	List of stakeholder groups engaged by the organization.	Fully	www.kbc.be/Corporate Social Responsibility/business ethics	
4,15	Basis for identification and selection of stakeholders with whom to engage.	Fully	www.kbc.com/corporate Social responsibility/Our principles and policies/our Stakeholders The 4 pdf's mentioned under 'Our stakeholders' www.kbc.com/CSR report 2009, p.28	
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	www.kbc.com/corporate Social responsibility/Our principles and policies/our Stakeholders p.7, p.43-44, p.65, p.52-53	
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	p.37, p.60 Report of the Annual General Meeting	

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Application Level B		Assured by	self-declared	
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
REPORT ON THE DISCLOSURES ON MANAGEMENT APPROACH FOR EACH CATEGORY. YOU SHOULD BE ABLE TO DISCLOSE THIS INFORMATION ON THE ASPECT LEVEL FOR EACH PERFORMANCE INDICATOR THAT YOU HAVE REPORTED FULLY ON.				
G3 DMA	Description	Reported	Cross-reference/Direct answer	Further comments
DMA PS	Disclosure on Management Approach PS			
Aspects	Product Portfolio			
FS1	Policies with specific environmental and social components applied to business lines.	Fully	www.kbc.com/corporate Social responsibility/Our principles and policies	
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	www.kbc.com/corporate Social responsibility/Our principles and policies	
FS3	Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	www.kbc.com/corporate Social responsibility/Our principles and policies	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	p.12	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Not	Not applicable	
	Audits	Fully	p.6	
	Active Ownership	Fully	p.10, p.13-14	
DMA EC	Disclosure on Management Approach EC			
Aspects	Economic PerformanceCOMM	Fully	Annual report 2010	
	Market presence	Fully	Annual report 2010	
	Indirect economic impacts	Fully	Annual report 2010	
DMA EN	Disclosure on Management Approach EN			
Aspects	Materials	Fully	p.41-43, p.46-48	
	Energy	Fully	p.2, p.43-44	
			www.kbc.com/Corporate Social Responsibility/Environment	
	Water	Fully	www.kbc.com/Corporate Social Responsibility/Environment	
	Biodiversity			
	Emissions, effluents and waste	Fully	p.26, p.44-45, p.48	
			www.kbc.com/Corporate Social Responsibility/Environment	
	Products and services	Fully	p.46-48, p.50-52	
	Compliance			
	Transport	Fully	p.44-45	
			www.kbc.com/Corporate Social Responsibility/Environment	
	Overall			
DMA LA	Disclosure on Management Approach LA			
Aspects	Employment	Fully	p.56-59	
	Labor/management relations			
	Occupational health and safetyCOMM	Fully	p.60, p.67-68	
	Training and education	Fully	p.58, p.61-67	
	Diversity and equal opportunity	Fully	p.56-57, p.63, p.65-66	
DMA HR	Disclosure on Management Approach HR			

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STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)			
REPORT ON THE DISCLOSURES ON MANAGEMENT APPROACH FOR EACH CATEGORY. YOU SHOULD BE ABLE TO DISCLOSE THIS INFORMATION ON THE ASPECT LEVEL FOR EACH PERFORMANCE INDICATOR THAT YOU HAVE REPORTED FULLY ON.			
Aspects	Investment and procurement practices	Fully	p.29-32, p.47
	Non-discrimination	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Code of conduct; www.kbc.com/Corporate Social Responsibility/Responsibility towards employees
	Freedom of association and collective bargaining	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Group employee policy; www.kbc.com/Corporate Social Responsibility/Responsibility towards employees
	Child labor	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Group employee policy;
	Forced and compulsory labor	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Group employee policy;
	Security practices	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Group employee policy;
	Indigenous rights	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and policies/Group employee policy;
DMA SO Disclosure on Management Approach SO			
Aspects	Community	Fully	p.10-28 www.kbc.com/Corporate Social responsibility/Our principles and policies/Community Involvement policy
	Corruption	Fully	p.10-12 www.kbc.com/Corporate Social Responsibility/Our principles and policies/Anti-corruption policy
	Public policy	Fully	www.kbc.com/Corporate Social Responsibility/Our principles and Policies/Public policy
	Anti-competitive behavior	Fully	www.kbc.com/Corporate Social Responsibility/Business Ethics
	Compliance	Fully	p.10-12 www.kbc.com/corporate Social responsibility/Our principles and policies
			www.kbc.com/Corporate Social Responsibility/Business Ethics
DMA PR Disclosure on Management Approach PR			
Aspects	Customer health and safety		
	Product and service labelling		
FS15	Policies for the fair design and sale of financial products and services.	Fully	p.10-12, p.37
	Marketing communications		
	Customer privacy		
	Compliance		

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Application Level B		Assured by	self-declared
STANDARD DISCLOSURES PART III: Performance Indicators			
REPORT FULLY ON AT LEAST 20 CORE OR ADDITIONAL PERFORMANCE INDICATORS - AT LEAST 1 FROM EACH CATEGORY (ECONOMIC, ENVIRONMENT, LABOR PRACTICES & DECENT WORK, HUMAN RIGHTS, SOCIETY, PRODUCT RESPONSIBILITY) OF THOSE 20: REPORT ON AT LEAST 14 "ORIGINAL G3" PERFORMANCE INDICATORS			
Product and Service Impact			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Product portfolio			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Not	We do not report in this disclosure (no intention of reporting in the future), since the information is proprietary.
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Not	We do not report in this disclosure (no intention of reporting in the future), since the information is proprietary.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Not	We do not report in this disclosure (no intention of reporting in the future), since the information is proprietary.
Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	External audit system for environmental topics (ISO 14001) and internal audit (yearly) starting in 2011.
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	www.kbcam.com
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	"Total new business: 5 753 698 973,12 Total SRI: 728 251 513,08 Percentage SRI = 12,66% "
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Fully	p.29-30, www.kbcam.be/duurzaam beleggen/proxy voting and engagement
Economic			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Economic performance			
EC1COMM	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	p.79, www.kbc.com/Corporate Social Responsibility
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	p.14, p.31-32, p.41-43, p.50-52, p.52-53
EC3	Coverage of the organization's defined benefit plan obligations.		
EC4	Significant financial assistance received from government.	Fully	In 2010 KBC did not receive any government support.
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	We partially disclose on suppliers policy and practices on p.51-53. But we have no data on breakdown of spending to individual suppliers. We will report on this in 2011.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	p.18-28
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		

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STANDARD DISCLOSURES PART III: Performance Indicators			
REPORT FULLY ON AT LEAST 20 CORE OR ADDITIONAL PERFORMANCE INDICATORS - AT LEAST 1 FROM EACH CATEGORY (ECONOMIC, ENVIRONMENT, LABOR PRACTICES & DECENT WORK, HUMAN RIGHTS, SOCIETY, PRODUCT RESPONSIBILITY) OF THOSE 20: REPORT ON AT LEAST 14 "ORIGINAL G3" PERFORMANCE INDICATORS			
Environmental			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Fully	p.2, p.47, p.52-53
EN2	Percentage of materials used that are recycled input materials.	Fully	p.47
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	p.2, p.43-44
EN4	Indirect energy consumption by primary source.	Not	We do not report on this indicator, because this data is not sufficiently available. We will be able to disclose on this when suppliers provide us with this information.
EN5	Energy saved due to conservation and efficiency improvements.	Fully	p.41-44
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	p.44-45, p.50-52
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		
Water			
EN8	Total water withdrawal by source.	Fully	p.2, p.52-53
EN9	Water sources significantly affected by withdrawal of water.		
EN10	Percentage and total volume of water recycled and reused.		
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	Not reported - KBC does not own land in protected areas.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	Not reported - KBC does not own land in protected areas.
EN13	Habitats protected or restored.		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
Emissions, effluents and waste			
EN-16COMM	Total direct and indirect greenhouse gas emissions by weight.	Fully	p.2, p.48
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	p.48
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		
EN19	Emissions of ozone-depleting substances by weight.		
EN20	NOx, SOx, and other significant air emissions by type and weight.		
EN21	Total water discharge by quality and destination.		
EN-22COMM	Total weight of waste by type and disposal method.	Partially	We partially report on p.2, 56-57. We cannot provide further breakdown of waste, as this data is not available. We will report on this in 2011.
EN23	Total number and volume of significant spills.		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		

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Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	p.26-27, p.41-53
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not	None
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		p.48
Overall			
EN30	Total environmental protection expenditures and investments by type.		
Social: Labor Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Employment			
LA1	Total workforce by employment type, employment contract, and region.	Fully	p.2, www.kbc.com/Corporate Social Responsibility/Our responsibility towards employees
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partially	We partially report on departures. But only the total amount of departures is known. We do not report on this disclosure, since the information is proprietary
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	not	p.63 footnote
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	p.59
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	p.67-68
LA9	Health and safety topics covered in formal agreements with trade unions.		
Training and education			
LA10	Average hours of training per year per employee by employee category.	Fully	p.57
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	p.63-65, p.66-68
LA12	Percentage of employees receiving regular performance and career development reviews.		

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STANDARD DISCLOSURES PART III: Performance Indicators			
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Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	p.2, p.56-58
LA14	Ratio of basic salary of men to women by employee category.		
Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Diversity and equal opportunity			
HR1COMM	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	www.kbcam.be/Responsible investments/publications and downloads/companies' screening results www.kbcam.be/Responsible investments/publications and downloads/methodology We fully comply with the UN Global Compact Principles and thus covers Human Rights 100%; 2100 companies were screened by KBC Asset Management. Criteria for exclusion are mentioned on the website (see link above)
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	p.47-48
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.		
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	www.kbcam.be/Responsible investments/publications and downloads/companies' screening results ; www.kbc.com/Corporate Social responsibility/Our principles and policies/Human rights policy statement
Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Fully	www.kbcam.be/Responsible investments/publications and downloads/companies' screening results ; www.kbc.com/Corporate Social responsibility/Our principles and policies/Human rights policy statement
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		
Social: Society			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	www.kbc.be ; www.kbc.com/KBC worldwide

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STANDARD DISCLOSURES PART III: Performance Indicators			
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FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	p.19, p.22, p.28-29
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	p.10-12
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	p.12
SO4	Actions taken in response to incidents of corruption.		
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	none
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not	none
Social: Product Responsibility			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	p.37
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not	none
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	p.37
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	p.19, p.22, p.28-29
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not	None
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	None
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Annual report 2010

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 on loans and receivables		-701	-614	-441	-969	-383	-299	-420	-555									-2 725	-1 656
on available-for-sale assets		-308	-578	-368	-648	-355	-278	-357	-492									-1 901	-1 483
on goodwill		-306	-11	-4	-6	-1	-16	-5	-9									-326	-31
on other		-79	-33	-58	-313	-27	-1	-13	-47									-483	-88
Share in results of associated companies		-9	8	-11	-2	0	-3	-45	-6									-14	-54
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 -10,6		0,89	1,56	0,9	0,86	0	1,17	1,69	-7,26									3,72	
Earnings per share, basic (EUR), before coupon ² , ,		-10,6	0,89	1,56	0,9	1,3	0,44	1,6	2,13									-7,26	5,48
Earnings per share, diluted (EUR) ²		-10,6	0,89	1,56	0,9	0,86	0	1,17	1,69									-7,26	3,72
Earnings per share, diluted (EUR), before coupon ²		-10,6	0,89	1,56	0,9	1,3	0,44	1,6	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 Annual Report 2010 'Additional information on the financial statements'.



Corporate Social Responsibility CSR Communication

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