



Press Release – After trading hours – Regulated information*

Brussels, 27 th July 2011

KBC Group receives approval from European Commission to amend its 2009 strategic plan

KBC Group today received approval from the European Commission to amend its 2009 strategic plan and to divest its banking (Kredyt Bank) and insurance activities (Warta) in Poland and sell or unwind selected ABS and CDO assets instead of floating minority stakes of CSOB Bank (Czech Republic) and of K&H Bank (Hungary) and selling and leasing back its headquarter offices in Belgium.

Jan Vanhevel, KBC Group CEO, welcomed today's decision, commenting as follows: *'KBC prepared the application with great diligence following an open and constructive dialogue with the European Commission. We are grateful to the European Commission and to the Belgian authorities for considering the changed (regulatory) environment with which we were confronted and which prompted us to proactively propose alternative measures. The new measures are expected to release the same amount of capital as the originally intended measures and will help us to repay the state aid in a timely manner as agreed with the European Commission, without jeopardising the fundamentals of our strategy.*

KBC group has a sound bancassurance business model which is and remains at the core of our strategy. We will continue to develop this model within our home markets of Belgium, the Czech Republic, the Slovak Republic, Hungary and Bulgaria. These strong fundamentals will remain the cornerstone of our group's future.

Moreover, divesting our Polish banking and insurance activities will help us to become an ever more focused and less complex group, while maintaining economies of scale and scope. Maintaining our stake in our Czech (CSOB Bank) and Hungarian (K&H Bank) banks will help us to retain our growth options for the future.

Now that we have received the approval of the European Commission, we will start two separate divestment processes for Kredyt Bank and Warta. We will manage the process for each company in the best way to ensure we achieve the best result in terms of speed, price and the overall attractiveness of the transaction both for the KBC group and the entities concerned. We will also do our best to ensure the divestment process is completed under correct and fair conditions, giving great care and consideration to the employees and agents of Kredyt Bank and Warta, while ensuring the same level of quality service to their customers.

We have already received several spontaneous indications of interest for both companies. Given the attractiveness of the Polish market and of the two companies, we are confident that we will be able to reach a satisfactory outcome.

After all, Poland is the largest Central European country with sound macroeconomic developments and performance of the financial sector. It was one of the few European countries that did not go through a recession during the financial crisis. Moreover, the country has been attracting a lot of interest from investors eagerly looking for interesting strategic investment opportunities now that consolidation seems to be picking up in the rather fragmented Polish market. There have recently been some successful transactions at attractive prices for the seller.

Warta is the second largest insurer in Poland, a very strong brand and a household name. Kredyt Bank is a strong 'challenger' in the market with solid positions in specific segments. The bank represents a unique

opportunity in an appealing market, also considering its strong retail focus (381 branches and around 1.1 million retail customers).

Therefore, we are convinced that we will be able to ensure the future of our colleagues in Poland, of their customers, shareholders and other stakeholders within the hands of new long-term stable shareholders. Until we have done so, Kredyt Bank and Warta and their staff can count on KBC's full and ongoing support'

Background

On 13 July 2011, KBC communicated that, after careful and thorough consideration, it and the Belgian authorities had formally applied to the European Commission on 12 July to amend the strategic plan which was submitted on 30 September 2009 and which the European Commission approved on 18 November 2009 (the 'EC Decision'). The relevant notification had also been made to the National Bank of Belgium.

Due to the impact of certain changes in the regulatory environment (especially Basel III and draft IFRS rules on leases) and the difficulty involved in floating K&H in the current circumstances, some measures presented in the initial plan had become less effective in achieving the intended aim. KBC's main objective is and remains to execute the plan within the agreed timeframe and to repay the Belgian authorities in a timely manner.

In their application to the European Commission, KBC and the Belgian authorities therefore proposed replacing those measures by others, and formally applied to the European Commission for its approval to replace the planned IPOs of a minority stake of CSOB Bank in the Czech Republic and K&H Bank in Hungary and the sale and lease back of KBC's headquarter offices in Belgium by the divestment of KBC's Polish banking and insurance subsidiaries, Kredyt Bank and Warta (and their subsidiaries) and the sale or unwind of selected ABS and CDO assets. The sale/unwind will not happen overnight but will of course be subject to favourable market conditions going forward.

(For more details and background information, also see the press release and PowerPoint presentation of 13 July 2011 on www.kbc.com)

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