



LUXEMBOURG, 10 OCTOBER 2011

Precision Capital acquires KBL epb, KBC's private banking subsidiary KBC increases its tier-1 ratio by 0.6%

The KBC group ('KBC') has reached an agreement with Precision Capital for the sale of its dedicated private banking subsidiary KBL European Private Bankers ('KBL epb') for a total consideration of EUR 1.050 billion, EUR 50 million of which depend on the results of KBL epb ('conditional earn out').

- Precision Capital is a Luxembourg entity, a company representing the business interests of a Qatari investor.
- KBL *epb* is one of Europe's largest onshore private banking groups with affiliated local banks in numerous locations across nine European countries: Belgium, France, Germany, Luxembourg, Monaco, the Netherlands, Spain, Switzerland and the United Kingdom.
- As at 30 June 2011, KBL *epb* had assets under management of EUR 47 billion, assets under custody of EUR 38.2 billion (and, through a 51.13% stake in EFA, assets under administration of EUR 87.5 billion).
- The transaction comprises the sale of KBC's entire interest in KBL *epb* and includes all the private banking subsidiaries as well as the custody and life insurance businesses of KBL *epb*.
- The KBL *epb* brand, management team and operations will be maintained in their entirety and KBL *epb* will continue to be headquartered in Luxembourg.
- The closing of the transaction is subject to customary regulatory approvals and is expected to be completed in the first quarter of 2012.
- The transaction will release a total of approximately EUR 0.7 billion in capital for KBC, resulting in a 0.6 % increase in KBC's tier-1 ratio. In addition, over the last 18 months, some EUR 115 million in capital have already been released as a result of a reduction in risk-weighted assets. The transaction will have a negative impact of approximately EUR 0.4 billion on KBC's third-quarter P&L.
- KBC will continue to offer private banking services in Belgium and Central and Eastern Europe through its KBC-branded private banking businesses.

Jan Vanhevel, KBC Group CEO: *'The least we can say is that the market circumstances of the last few months have been particularly challenging. All the more reason why we are pleased to be able to announce today's deal. This agreement marks a crucial step in implementing our refocus strategy, while at the same time providing continuity, stability and certainty to the customers and staff of KBL epb. The agreement will allow KBC to release a*

significant amount of capital, to reduce our risk profile and to further strengthen our focus on the core bancassurance expertise and markets of Belgium and Central and Eastern Europe. It is also reassuring to see that a Qatari investor recognises and values the strengths and potential of a European private banking group. Precision Capital believes it can grow KBL epb organically onshore and through strategic opportunities and also wishes to further capitalise on links with the Middle East and Asia.

On a personal note, it is with regret that I say goodbye to our KBL epb colleagues, with whom we have worked together successfully for many years. I especially wish to express my appreciation for the hard work and commitment they have shown, giving their customers the same high-quality service in these challenging circumstances and during the period of uncertainty of the last few months. I am convinced that Precision Capital will provide KBL epb with ample growth opportunities, secure the future of KBL epb's staff and continue to offer excellent customer service.'

Jacques Peters, KBL epb CEO : 'We are pleased with the agreement which has been signed and which allows us to end this period of uncertainty. We can now look to the future with more confidence. Precision Capital will be for us a leading partner who is committed to supporting our customer-driven business model and strategy with a long-term perspective. With Precision Capital, we will be able to work closely together with the aim of tapping into new markets, in particular in the Middle East and Asia. We are convinced that our private banking clients, our staff and the Luxembourg financial centre as a whole will benefit from the highly committed support of our new owner.'

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ABOUT KBL EPB

KBL *epb* operates a unique private banking business model focused on local client service supported by centralised operations. This model has resulted in the global-hub concept based in Luxembourg with control functions such as audit, compliance and risk management.

KBL *epb* operates some of the strongest brands in leading European markets:

- Theodoor Gilissen Bankiers aux Pays-Bas
- Merck Finck & Co en Allemagne
- Puilaetco Dewaay en Belgique
- Brown Shipley & Co au Royaume-Uni
- KBL *epb* Luxembourg
- Puilaetco Dewaay Luxembourg
- KBL *epb* Richelieu Banque Privée en France
- KBL *epb* Switzerland
- KBL *epb* Monaco
- KBL *epb* España.
- Luxembourg-based life insurance subsidiary VITIS Life.

The group employs 2 553 staff, 401 of whom are private bankers.

ABOUT KBC

On 18 November 2009, KBC announced its updated strategy of focusing on its core bancassurance expertise in its home markets (in Belgium and Central Europe) and further reducing the risk profile of the group.

As part of this updated strategy, the group announced its intention to deconsolidate the activities of the European Private Banking Business Unit, which operated with commercial autonomy and benefited from lower-than-average synergies with the bancassurance activities of the group. The announcement today represents the implementation of a major element of the strategic plan presented in November 2009.

KBC will continue to offer private banking services in Belgium and Central and Eastern Europe through its KBC-branded private banking businesses.

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