



Joint Press Release



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3 August 2007 (during trading hours)

KBC finalises acquisition of 70% stake in DZI Insurance (Bulgaria)

Brussels/Sofia – On 30 January 2007, KBC and Kontrakt Sofia announced that they had reached an agreement for KBC to acquire a 70% stake in DZI Insurance, the Bulgarian market leader in non-life and life insurance.

Today, KBC has received all the regulatory approvals needed and has successfully closed the acquisition of the 70% stake. KBC plans to launch a public takeover bid in the near future for the outstanding 30% of DZI Insurance's shares.

Commenting on the deal, **Mr André Bergen, KBC Group CEO**, had this to say, "KBC has been quick to respond to Bulgaria's entry into the European Union (1 January 2007), becoming the first Belgian investor in the Bulgarian financial sector. Today, we have officially become DZI's new shareholder. KBC considers DZI Insurance to be a unique platform to start building a long-term presence in this promising market. DZI Insurance is the clear market leader in both non-life and life insurance and a true household name, achieving excellent growth and good profitability. DZI's leading and longstanding presence in the country and its dense, nationwide, multi-channel distribution network also provides KBC with a platform to develop bancassurance in the high-growth Bulgarian market. KBC wants to ensure the growth and future of DZI for the benefit of its customers, employees, insurance agents and brokers, shareholders and the Bulgarian community at large."

Welcoming the new shareholder, **Mrs. Vessela Kyuleva, DZI Insurance's former majority shareholder**, added, "Becoming part of a leading financial and international group like KBC also guarantees the future and the career prospects of DZI Insurance's employees, agents and brokers. We look forward to that and wish KBC all the best with its future operations in Bulgaria."

Mr. Nedyalko Chandarov, Chairman of the Management Board and Executive Director of DZI Insurance, added, "Joining a leading financial group such as KBC will offer DZI Insurance new opportunities to strengthen growth. Given the professionalism, enthusiasm and determination of all DZI Insurance employees, insurance agents and brokers, we are convinced that, together, DZI Insurance and KBC will be able to grow and further strengthen their position in the league of strong performers in the years to come."

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Note to the editor

DZI insurance: www.dzi.bg

DZI Insurance was created as a state insurer in 1946 and has 60 years of experience, knowledge and understanding of the markets and customers in all insurance segments. DZI Insurance is a well established, respected and widely recognised brand (a true household name) in insurance in Bulgaria. Building upon its longstanding presence and expertise, DZI has managed to maintain its number 1 position on the Bulgarian non-life and life insurance markets, despite significant international competition, which started in the late 1990s.

DZI Insurance has an extensive, multi-channel distribution network with true nationwide coverage. The company is present not only in the main urban centres but also in rural areas, with 200 direct sales outlets, more than 9 000 (7 800 non-life and 2 400 life) licensed insurance agents, and a network of 217 brokers.

DZI Insurance is the sixth largest public company in Bulgaria, with 975 FTEs. DZI Insurance focuses on the retail business, holds strong and stable positions both in the life and non-life segments, and especially in motor insurance (which accounts for over 70% of non-life premium income). DZI Health Insurance, active in voluntary health insurance, is also part of the well diversified insurance group. As part of the deal, KBC will also acquire DZI Invest, a provider of intermediary services on the Bulgarian Stock Exchange.

KBC Group: www.kbc.com

KBC is one of the leading financial groups in Europe. A multi-channel bancassurance group with a geographic focus on Europe, it caters mainly for retail and private banking customers and small and medium-sized enterprises. Besides focusing on providing retail and private bancassurance services, it is also active in asset management, the provision of corporate services and market activities.

KBC occupies significant, even leading positions in its two home markets of Belgium and Central and Eastern Europe and has an extensive private banking network operating under the European Private Bankers concept. It has also selectively established a presence in a number of other countries and regions around the world.

Over the past decade, KBC has built up a strong position in Poland, the Czech Republic, Slovakia and Hungary. KBC's long-term strategy includes continuing to seek out market opportunities in the future new EU member states and beyond. Since the end of last year, the group has taken significant steps and expanded its activities into a number of other countries through the acquisition of Romstal Leasing and INK Insurance Broker (Romania), A Banka (Serbia), Absolut Bank (Russia), and the broking companies, Swiss Capital (Romania), Equitas (Hungary), Bastion, Senzal and Hipobroker (Serbia), and Baltic Investment Company (with activities in Latvia (Riga), Russia (Moscow), Ukraine (Kiev) and the Baltic states).

KBC Group is listed on Euronext Brussels (ticker symbol 'KBC') and the Luxembourg Stock Exchange. With a market capitalisation of around 36 billion euros, KBC is one of the top Belgian companies and one of the leading financial groups in Europe, employing 50 000 staff and catering for 11 million customers.