



Press release



Brussels, New York – 27 September 2010

KBC Group to sell KBC Business Capital

The KBC group reached agreement to sell KBC Business Capital, the specialist asset-based lending (ABL) division located in the United Kingdom, to a wholly owned subsidiary of The PNC Financial Services Group, Inc. (NYSE: PNC). The transaction provides capital relief, though not to a material extent, for KBC and has no impact on its Tier-1 ratio.

- KBC Business Capital is a provider of asset-based lending solutions to UK companies across a broad range of sectors. It has 21 staff operating from Haywards Heath and London, and 4 offices throughout the UK.
- The transaction provides capital relief, though not to a material extent, for KBC and has no impact on its Tier-1 ratio.
- PNC is one of the largest diversified financial services organisations in the United States, with assets of 262 billion USD as of 30 June 2010.
- The closing of the transaction is subject to customary regulatory approval and is expected to be completed in the fourth quarter of 2010.

Luc Popelier, CEO of KBC Group's Market Activities was pleased with today's transaction: *"The agreement announced today is another step in KBC's strategy of refocusing its Merchant Banking Business Unit. With this divestment, we are strengthening the group's focus on its core bancassurance markets and know-how. We are convinced that new leadership will enable this profitable business to grow, while securing the future of its staff and maintaining excellent customer service levels."*

Paul Beveridge, Managing Director of KBC Business Capital continued: *"We are very pleased to join PNC as it will ensure our customers and staff benefit from being part of one of the US' leading financial services companies. The agreement with PNC will give us the possibility to develop our activities further, building on the strong market position we have built up over the years and the know-how and scale available within PNC."*

PNC has been a leading asset-based lender in the US for nearly 15 years, managing more than 20 billion USD in loan commitments. It operates 30 ABL offices across the United States and in Canada. The combination of PNC and KBC unites the leading asset-based lending expertise from two continents, while retaining a local presence and knowledge of the UK business community, economic challenges and banking regulations.

Not a core activity for 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 and Eastern Europe). As part of this review, KBC decided to exit from the asset-based lending business.

KBC Business Capital is an established market player in asset-based lending for UK companies. Asset-Based Lending (ABL) is a financing solution whereby the combined assets are the primary factor in establishing the debt capacity of a business and may ultimately be the source of repayment; this in contrast to traditional commercial bank lending, where a company's cash flow determines its debt and repayment capacity. According to the ABL trade body, the Asset Based Finance Association, of which KBC Business Capital is a member, over 42 000 UK companies use some form of ABL to provide their businesses with client advances exceeding 14 billion GBP (as at 31 March 2010).

Asset-based lending provides funding through senior debt injections for a variety of scenarios, ranging from refinancing, restructuring, growth financing, turnarounds, mergers & acquisitions, management buy-outs and buy-ins for SMEs, midcaps and corporate entities in different sectors. KBC Business Capital looks beyond financial statements to determine advances and frequently provides funds where traditional sources are not available. Despite the global financial and economic crises shortly after KBC Business Capital was launched, it has grown into a profitable business with over 300 million GBP in commitments to its clients, that has had zero credit losses. However, this business was no longer deemed consistent with the core strategy of KBC and, consequently, was earmarked for divestment.

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Note for the editor

About KBC Business Capital (www.assetbasedlendinguk.com)

A UK-based division of KBC's Merchant Banking Business Unit, KBC Business Capital provides asset-based lending solutions to UK companies in a broad variety of sectors whose funding requirements start from 2 million GBP (approx 2.4 million EUR). It operates predominantly from Haywards Heath and London, with experienced collaborators based in Birmingham, Manchester, Leeds and Cambridge. KBC Business Capital employs 21 staff.

About PNC (www.pnc.com)

The PNC Financial Services Group, Inc. is one of the US' largest diversified financial services organisations providing retail and business banking; residential mortgage banking; specialised services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management.

Follow [@PNCNews](https://twitter.com/PNCNews) on Twitter for breaking news, updates and announcements from PNC.

About KBC Group NV (www.kbc.com)

KBC is a bancassurer that focuses on its home markets in Belgium and Central & Eastern Europe (Czech Republic, Slovakia, Poland, Hungary and Bulgaria). Its headquarters are located in Brussels (Belgium), the heart of Europe. The KBC group employs around 54 000 staff and caters for 12 million customers. KBC Group NV is listed on NYSE Euronext Brussels (ticker symbol 'KBC').

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