

# Press release



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4 June 2010 (1 p.m. CEST)

## **KBC gives update on strategy during Investor Lunch today**

During its Investor Lunch in London today, KBC Group CEO, Jan Vanhevel, and CFO, Luc Philips, gave an update on the implementation of the reviewed strategy (announced on November 18, 2009) and the capital planning.

**Jan Vanhevel** summarised the group's position and recent track record as follows: *'In the last six months, we have made good progress. We have completed the sale of KBL epb, the international private banking division, and we have taken a decision regarding KBC Private Equity. We are running down the international merchant banking loan portfolio and further exploring some opportunities to sell sub-portfolio assets. We are continuing to wind down 'legacy' trading positions and have made clear progress in the sales process of other non-core capital market activities. In the preparation of the IPO process (minority stake) of ČSOB in the Czech Republic, we are well advanced and will continue to observe market circumstances very closely. Furthermore, we have designed the stand-alone strategy for the Belgian assets (Centea and Fidea) and prepared the launch of the divestment process. Meanwhile we were also able to present solid underlying results that reflect the strong fundamentals of our group, with its focus on its core bancassurance expertise and home markets (Belgium, Czech Republic, Slovakia, Poland, Hungary and Bulgaria) and its reduced risk-profile. Despite tough market circumstances, KBC is living up to its promise.'*

**Luc Philips** added: *'Our divestment program is on track. The capital budget remains 'matched', while execution risk is declining. Our available surplus currently represents 20% of our capital needs. As previously announced, our target was to reduce risk-weighted assets across the group by 39 billion euros (-25%) between 2008 and 2013, mainly through reducing capital market activities and international corporate lending. Including the sale of KBL epb, our risk-weighted assets have already fallen by 17 billion euros, so that we have realised 44% of our target.'*

As far as **KBC Private Equity** is concerned, the following specific announcement was made:

On 18 November 2009, as part of its updated strategy, KBC group announced its intention to discontinue its private equity activity. In recent months, various options for KBC Private Equity have been explored, discussions with third parties have taken place and proposals have been analysed. However, in the current market, the sale of KBC Private Equity at a correct and acceptable price turned out not to be the best option in terms of creating value for all stakeholders involved.

Taking into account the interests of customers, employees and other stakeholders, KBC concluded that it can create more value for its shareholders by managing the KBC Private Equity portfolio itself.

KBC took this decision in line with the strategic plan agreed with the European Commission in November 2009 allowing KBC to implement divestments or wind down activities under the best possible conditions.

***Today's presentation can be found on [www.kbc.com](http://www.kbc.com).***

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