

Joint Press Release – Outside trading hours - Regulated information*

Brussels, 17 October 2011

J.C. Flowers & Co. acquires Fidea (Belgium) from KBC group

KBC Group has reached an agreement with J.C. Flowers & Co. for the sale of its subsidiary Fidea for a total consideration of 243,6 million euros, including 22,6 million euros pre-completion dividend and subject to pricing adjustments on closing accounts.

- With this transaction, Fidea will become part of an international well-established private equity group specialised in participations/investments in the financial services sector. Besides Fidea the portfolio of J.C. Flowers & Co. already contains a number of financial groups such as Pension Corporation (U.K.), NIBC Bank N.V. (The Netherlands) and BTG Pactual (Brazil). Through its investment funds, J.C. Flowers & Co. has owned and operated financial institutions, including insurance companies, across Europe for many years.
- Today's announcement fits in with the refocus strategy that KBC communicated at the end of 2009. The divestment of Fidea is a further step in implementing this plan and will not adversely affect the strength of KBC's business model in its core markets. Indeed, KBC will continue to provide banking and insurance services under the KBC brand name in Flanders and Brussels through its network of 736 bank branches, 19 private banking branches, 13 corporate branches and 513 insurance agencies. It will continue to do the same under the CBC name in Brussels and Wallonia through 88 bank branches, 13 corporate branches, 7 private banking branches and 75 insurance agencies.
- J.C. Flowers pays a total consideration for Fidea of 243,6 million euros, including 22,6 million euros pre-completion dividend and subject to pricing adjustments on closing accounts. A potential 'conditional earn out' is subject to Fidea's future results.

In total, this deal will free up around 0.1 billion euros in capital for KBC, primarily by reducing risk-weighted assets by 1.8 billion euros, but also taking into account that the transaction will ultimately have a negative impact of approximately 0.1 billion euros on KBC's P&L. The overall positive impact on KBC's tier-1 ratio is around 0.1% (impact calculated on 30 June 2011).

- Fidea is a well-established player on the Belgian insurance market and a renowned brand. The company offers both life and non-life insurance products to private customers, the self-employed and companies. It sells its policies through independent insurance brokers and – within a bancassurance co-operation agreement – through Centea's and Crédit Agricole's network of agents.
- The Fidea brand and management team will be maintained and Fidea will continue to operate out of Antwerp.
- In order to ensure continuity of service, KBC will continue providing, among other things, IT-related support to Fidea during the transition phase estimated to last three years.
- The closing of the transaction is subject to customary regulatory approvals and is expected to be completed in the first quarter of 2012.
- In this deal, J.C. Flowers & Co. was advised by Credit Suisse, Deloitte and Cleary Gottlieb Steen & Hamilton, while KBC Group was advised by KBC Securities, Morgan Stanley, Eubelius and Linklaters.

Jan Vanhevel, KBC group CEO: *'Today's deal is yet another step in the implementation of our updated strategy. The divestment of Fidea is one of the difficult choices we have had to make to meet the demands of the European Commission. On the other hand, we are pleased that J.C. Flowers & Co. – a well-established and reputable group with strong expertise and experience in the banking and insurance sector – has chosen Fidea to be its first major investment on the Belgian market. The company will build on the existing expertise and know-how at Fidea, to the benefit of the staff, the brokers and the customers.'*

Johan Thijs, CEO of KBC's Belgium Business Unit and Chairman of Fidea's Board of Directors: *'Fidea is one of the strongest insurance brands in Belgium, with a long and rich history, and dedicated staff who provide a top-quality service to their network of independent brokers. Personally speaking, therefore, it is with a heavy heart that we have to bid farewell to our Fidea colleagues, with whom we have had a successful working relationship for many years. We wish them the very best for the future.'*

'KBC itself will obviously continue to focus on its core activity as a bancassurer in its core markets of Belgium and Central and Eastern Europe. In Belgium, we will operate as before through our comprehensive network of KBC and CBC bank branches and insurance agencies.'

J. Christopher Flowers, Chairman of J.C. Flowers & Co.: *"We are very pleased to invest in Fidea, which we consider to be one of the premier insurance brands within Belgium led by an excellent management team. We look forward to helping Fidea chart a new course for the company outside of KBC Group, and we are eager to get started right away to help continue the growth of Fidea as an independent company. We believe that our deep experience in financial services, including most importantly, owning and operating insurance companies, will enable us to support Fidea to continue its excellent work providing its customers and brokers with leading insurance products."*

Edwin Schellens, Fidea CEO: *'We consider this acquisition to be a positive and reassuring development for our customers, employees, brokers and bank agents. The period of uncertainty is now over for all of the parties involved. We've gotten to know our new shareholder, J.C. Flowers & Co., as a real insurance specialist who fully supports our customer-oriented model. We look forward to working with J.C. Flowers in developing a new strategy as a stand-alone insurance company with a view to strengthening further our client focus and service and enhancing our capital strength and profitability. We are pleased that our customers, staff, brokers and agents will benefit from the commitment and support of our new owner.'*

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About J.C. Flowers & Co.

J.C. Flowers & Co. LLC is a global investment adviser and private fund manager focused solely on the financial services industry. Founded in 1998 by J. Christopher Flowers, the firm's funds have invested over \$11 billion of capital across 13 countries worldwide, more than half of which has been invested in Europe. J.C. Flowers is based in New York and has offices in London.

About Fidea

At the end of 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, KBC announced its intention to deconsolidate Fidea in Belgium. Fidea is a complementary insurance distribution channel (under a separate brand name) which KBC uses in addition to its core bancassurance platform built around tied insurance agents and bank branches.

Fidea is one of the strongest insurance companies in Belgium and a renowned brand. It employs 316 people and has a market share of about 1.50%. It offers a complete range of non-life, life and investment-type insurance products to private customers, the self-employed and companies.

Fidea meets the insurance needs of more than 372 000 private customers, self-employed and small and medium-sized enterprises, thanks to its extensive network of 380 independent brokers and 633 points of sale throughout Belgium run by Centea bank agents, with whom it has worked closely for many years.

Throughout its more than 13-year history, Fidea has consistently pursued and achieved a strategy of cautious but profitable growth.

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