

Joint press release – Before trading hours – Regulated information¹

Brussels / Hannover, 20 January 2012

Talanx and KBC reached an agreement concerning the acquisition of KBC's Polish insurance subsidiary WARTA

- **WARTA is the 2nd largest insurer in Poland with an estimated consolidated market share of 8.1% (3Q11).**
- **Talanx to pay EUR 770 million.**
- **KBC increases its tier-1 ratio by slightly less than 0.7 %.**
- **Talanx significantly increases its market share in Poland.**

KBC group ('KBC') has reached an agreement with Talanx International AG for the sale of 100% of the shares of KBC's Polish insurance subsidiary TUIR Warta S.A. (Towarzystwo Ubezpieczen i Reasekuracji Warta S.A.) for a total consideration of EUR 770 million, adjusted by changes in net asset value between 30 June 2011 and the closing date. Closing of the transaction is subject to the customary regulatory approvals and is expected to be completed in the second half of 2012.

- WARTA is one of the largest and most established insurance companies in Poland with a strong market position across business segments and a highly recognised brand. During the first three quarters of 2011, WARTA collected over PLN 3.6 billion (approx. EUR 800 million) in gross written premiums: PLN 1.7 billion of which came from the non-life business (TUIR WARTA S.A) and PLN 1.9 in from life (TUnŻ WARTA S.A.). WARTA recorded a net profit of 164 million PLN for the first nine months of 2011.
WARTA has strong positions in both the Non-Life – through TUIR WARTA S.A (number 3 player with a 8.9% market share at 3Q 2011) – and Life – through TUnŻ WARTA S.A. (number 3 player with a 7.5% market share at 3Q 2011) – segments.
WARTA caters for a total of 1.5 million clients. Two-thirds of clients in the non-life business are private individuals and one third are corporate clients.
With a workforce of 2 765 employees, WARTA operates a distribution network of 8 000 tied and multi-tied sales people accessed through 4 000 agencies and approximately 240 WARTA branch offices. The vast multi-distribution network provides WARTA with a significant competitive advantage in the Polish market. It commands a particularly strong market position in marine and aviation insurance.
Furthermore, WARTA benefits from a strong financial position: at the end of September 2011, the solvency margin coverage ratio amounted to 277.7% for TUIR WARTA and to 322.5% for TUnŻ WARTA, well above regulatory requirements.
- The existing bancassurance collaboration between WARTA and Kredyt Bank (KBC's banking subsidiary in Poland, which is also the subject of a separate divestment process) regarding the distribution of WARTA's Life and Non-life insurance products through the Kredyt Bank branch network, will remain in place for the foreseeable future.
- To date, Talanx has been operating in Poland through two companies in motor, general liability, property and life insurance: HDI Asekuracja TU S.A. and HDI-Gerling Zycie TU S.A. Additionally, in

¹ This press release contains information subject to the transparency requirements imposed on listed companies.

December last year, Talanx and Meiji Yasuda announced the take-over of the majority of Europa Group, based in Wroclaw. After the closing of today's transaction, Talanx will be the second largest insurance group in Poland (according to a 2010 statistic published by the Polish Financial Supervision Authority).

With this additional acquisition in Poland, Talanx is continuing to deliver on its strategy of strengthening the international part of its portfolio. Central and Eastern Europe and Latin America are target markets for Talanx. Talanx aims, in the long run, to grow the foreign share of gross premiums from primary insurance (Industrial Lines and Retail) to half of the total gross premiums from primary insurance.

Poland is one of the largest insurance markets in Central and Eastern Europe and already one of the most important markets by revenues for Talanx International. The characteristics of this market indicate the potential for further growth.

- On the basis of figures as at 30 September 2011, the transaction is expected to release almost EUR 0.7 billion in capital for KBC, resulting in an increase in KBC's tier-1 ratio of slightly below 0.7%. The transaction will have a positive impact of approximately EUR 0.3 billion on KBC's profit and loss, at the time of closing of the transaction.

Jan Vanhevel, KBC Group CEO, welcomed today's transaction, commenting as follows: *"Today's transaction is another major milestone in implementing our updated strategy. Even in an extremely challenging macroeconomic environment and in very volatile market circumstances, we have succeeded in carrying out one of our most important divestment files and obtaining an attractive price, resulting in an important positive impact on our profit and loss. This divestment also releases a significant amount of capital and further strengthens the KBC group, with its focus on its core bancassurance expertise and markets (Belgium and Central and Eastern Europe), and with its reduced risk profile. This important transaction increases the group's tier-1 ratio by slightly less than 0.7%."*

Taking the decision to divest WARTA was a very difficult one, especially in view of its profitable growth in recent years. We absolutely believe in the potential of WARTA, in the professionalism of its employees and agents and in the superior service they deliver to their customers. However, sometimes difficult decisions have to be taken. Today, we are pleased to announce that we have found a new, stable and strategic owner for WARTA. We are sure Talanx, one of the important insurance players in Europe, will be the ideal partner for WARTA and will help contribute to enhancing the already strong track record of the company, to the benefit of all its stakeholders."

Herbert Haas, CEO of Talanx Group comments: *"We are very pleased to welcome WARTA as part of our group. We intend to ensure that WARTA clients continue to receive dedicated service from a highly-motivated staff working in a new and promising environment. We look forward to working with the existing team of WARTA who we believe is doing an excellent job. We plan to invest further in the business, maintaining each of the subsidiaries and further improving the service and product offering to the clients."*

*"Through the acquisition of WARTA we are participating to a much greater extent in the further development of this highly dynamic insurance market. Furthermore, we are making a decisive step to reach our strategic growth target", said **Torsten Leue, Board Member of Talanx AG and CEO of Talanx International AG.***

Jarosław Parkot, WARTA CEO, commented: *"The acquisition of WARTA by Talanx is good news both for our company as well as for our clients and business partners. This transaction significantly strengthens WARTA's position on the Polish market. At the same time our company gains a professional and globally recognised shareholder whose experience, financial standing and support will allow the further development and strengthening of WARTA's market position."*

WARTA's results improved from quarter to quarter last year, a clear indication that we are a company developing dynamically, growing faster than the market, and oriented towards our clients. It is our ambition to continue this trend together with our new shareholder."

Note for the editor:

About Talanx Group

With premium income of some EUR 23 billion for 2010, the Talanx Group is Germany's third-largest insurance group and Europe's eleventh biggest European insurance group. Talanx operates as a multi-brand provider. Its brands include HDI, HDI-Gerling, Hannover Re, one of the world's leading reinsurers, Targo Insurers, PB Insurers, Neue Leben and financial services provider AmpegaGerling. The Hannover-based group is active in 150 countries. The rating agency Standard & Poor's has given the Talanx primary insurance group a financial strength rating of A+/stable (strong) and the Hannover Re Group a rating of AA-/stable (very strong).

About WARTA:

WARTA is one of the largest and most established insurance companies in Poland. The company is the number two insurer in Poland with a market share of 8.1% (consolidated life & non-life at the end of 3Q2011).

WARTA Reinsurance Company was founded in 1920. In 2000, KBC became a shareholder of WARTA, acquiring a 40% stake. A year later, WARTA signed a bancassurance agreement with Kredyt Bank in a partnership that made the two companies pioneers of bancassurance services in the Polish market. In 2006, KBC acquired a 100% stake in the company.

About KBC:

KBC is an integrated multi-channel bancassurance group, catering mainly for retail, SME and local midcap customers. It concentrates on its home markets of Belgium and certain countries in Central and Eastern Europe (Czech Republic, Slovakia, Bulgaria and Hungary). Elsewhere around the globe, the group has established a presence in selected countries and regions.

KBC provides banking, insurance and asset management products and services via its integrated distribution channel consisting of bank branches, insurance agents and brokers and the Internet.

KBC's headquarters are located in Brussels (Belgium), the heart of Europe. The KBC group employs 50 000 FTE (nearly 31 000 of whom in Central and Eastern Europe) and caters for 12 million customers.

KBC is listed on NYSE Euronext Brussels (ticker symbol 'KBC').

Additional information: www.kbc.com; Follow KBC at www.twitter.com/kbc_group

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