

*Unofficial translation of the original Dutch version. Should discrepancies exist, the Dutch version will take precedence.*

**KBC GROUP NV**

Havenlaan 2  
1080 BRUSSELS

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VAT BE 0403.227.515  
RLP Brussels

**KBC GLOBAL SERVICES NV**

Havenlaan 2  
1080 BRUSSELS

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VAT BE 0465.746.488  
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**MERGER PROPOSAL IN ACCORDANCE WITH ARTICLE 719 OF THE BELGIAN  
COMPANIES CODE**

In accordance with Article 719 of the Belgian Companies Code, the boards of directors of KBC Group NV, a *naamloze vennootschap* (company with limited liability), with its registered office at Havenlaan 2, 1080 Brussels, entered in the Register of Legal Persons in Brussels under number 0403.227.515 (hereinafter referred to as 'KBC Group NV') and KBC Global Services NV, a *naamloze vennootschap* (company with limited liability), with its registered office at Havenlaan 2, 1080 Brussels, entered in the Register of Legal Persons in Brussels under number 0465.746.488 (hereinafter referred to as 'KBC Global Services NV'), have jointly drawn up a merger proposal proposing that KBC Group NV acquires KBC Global Services NV by way of a transaction equivalent to a merger by acquisition as defined in Article 676, 1° of the Companies Code.

KBC Group NV holds all shares of KBC Global Services NV. Consequently, pursuant to Article 722, §6 of the Companies Code, the approval of the general meetings of the acquiring company and the acquired company is not required if the conditions of that article are met. The boards of directors of KBC Group NV and KBC Global Services NV undertake to meet these conditions. Nevertheless, the completion of the merger, which will take legal effect on 1 July 2013 and which will have retroactive effect for accounting purposes as of 1 January 2013, will be recorded in the minutes of an Extraordinary General Meeting of KBC Group NV by authentic deed to be executed on 2 May 2013 because the merger involves an amendment to the purpose of KBC Group NV set out in the Articles of Association.

The reasons for the merger are as follows:

**(i) To streamline and simplify the structure of the group**

KBC Group NV currently operates solely as a holding company within the KBC group. The staff providing the supporting services to companies of the KBC group are employed primarily by KBC Global Services NV. The historical reasons for the existence of a separate company to provide the supporting services no longer exist. With a view to consolidating the management of the KBC group, the aim is to limit the number of legal entities with separate decision-making bodies.

In addition, KBC Group NV already holds all of the shares in KBC Global Services NV. The merger is therefore part of the efforts to streamline and simplify the structure of the KBC group.

**(ii) To reduce operating expenses**

The merger will lead to operational cost savings, since the disappearance of KBC Global Services NV will result in the elimination of expenses associated with legal requirements inherent to the running of a separate legal entity (including keeping separate accounts, preparing and filing annual accounts, having audits performed by the statutory auditor and publishing notifications in the *Appendices to the Belgian Official Gazette*).

**(iii) To apply the new PEARL group strategy to the organisational structure of the legal entities of the KBC group**

One of the main features of the new KBC group strategy is the local embeddedness of companies and the need to assess the profitability of certain investments from a local perspective.

This also implies that the need to have and maintain a global service provider (which is the core business of KBC Global Services NV) no longer exists as a result of the new strategy. The functions that will continue to be carried out on a group-wide basis, such as Audit and certain risk functions, are better placed in the holding company which has an overview of the whole KBC group.

The merger will take place by way of dissolving KBC Global Services NV without liquidating it and will result in all assets and liabilities of KBC Global Services NV being transferred by operation of the law to KBC Group NV, in accordance with Article 682, 3° of the Companies Code.

The boards of directors of KBC Group NV and KBC Global Services NV propose the following merger:

**1. Legal form, name, purpose/object and registered office of the companies to be merged**

**(a) the company being acquired**

The company being acquired, **KBC Global Services NV**, is a *naamloze vennootschap* (company with limited liability) under Belgian law. Its registered office is established at Havenlaan 2, 1080 Brussels.

In accordance with Article 3 of its Articles of Association, the object of KBC Global Services NV is as follows:

*'The company has as its object the provision of all support services to third parties and in particular to companies belonging to the KBC group.'*

*The object of the company is also to procure in the broadest sense of the word (including by means of purchase, hire and lease), to maintain and to operate resources, and to make these resources available in the broadest sense of the word (including through letting, and granting rights of use) to the beneficiaries referred to in paragraph one.*

*In addition, the company may function as an 'intellectual property' company responsible for, among other things, the development, acquisition, management, protection and maintenance of intellectual property rights, as well as for making these rights available and/or granting rights of use in respect of these rights to the beneficiaries referred to in paragraph one.*

*The company may also perform all commercial, financial and industrial transactions that may be useful or expedient for achieving the object of the company and that are directly or indirectly related to this object. The company may also by means of subscription, contribution, participation or in any other form whatsoever participate in all companies, businesses or institutions that have a similar, related or complementary activity. In general, the company may, both in Belgium and abroad, perform all acts which may contribute to the achievement of its object.'*

**(b) the acquiring company**

The acquiring company is **KBC Group NV**, a *naamloze vennootschap* (company with limited liability) under Belgian law, with its registered office at Havenlaan 2, 1080 Brussels.

The purpose of KBC Group NV, as set out in Article 2 of its Articles of Association, is as follows:

*'The company is a financial holding company, which has as its purpose, the direct or indirect holding and management of shareholdings in other companies, including but not restricted to credit institutions, insurance companies and other financial institutions'*

*The company also has as object to provide support services for third parties, as mandatory or otherwise, in particular for companies in which the company has an interest – either directly or indirectly.*

*The company may do everything that directly or indirectly can contribute to the realisation of its purpose in the widest sense.'*

As a result of the merger, it will be proposed to the Extraordinary General Meeting of KBC Group NV, mentioned in item 6 of this merger proposal, that the purpose of KBC Group NV be amended to bring it in line with the activities that will be pursued following the merger.

**2. The date from which the activities of the company being acquired are deemed to be carried out for accounting purposes on behalf of the acquiring company**

It will be proposed that all the transactions carried out by KBC Global Service NV from 1 January 2013 are recognised for accounting purposes as being carried out on behalf of KBC Group NV.

**3. The rights that the acquiring company assigns to the shareholders of the company being acquired, who have special rights, as well as to the holders of securities other than shares, or the measures proposed in their respect**

Given that KBC Global Services NV is a wholly owned subsidiary of KBC Group NV and that KBC Group NV therefore holds all the shares of KBC Global Services NV, no rights will be assigned to the shareholder (KBC Group NV) of the company being acquired (KBC Global Services NV). Consequently, no exchange ratio has to be set for the shares either.

KBC Global Services NV has not issued any other securities apart from shares.

**4. Special benefits awarded to the members of the governance bodies of the companies to be merged**

No special benefits will be awarded to the members of the boards of directors of the companies to be merged.

**5. Tax clause**

The merger will be carried out with application of the exemption under Articles 117, §1 and 120, last paragraph of the Wetboek van Registratie, Hypotheek en Griffierechten (Code on Registration, Mortgage and Court Registry Duties) and of the exemption system set out in Article 211 of the 1992 Income Tax Code. The merger is exempt from VAT through the operation of a VAT entity ('KBC BTW EENHEID') as defined in Article 4, §2 of the VAT Code.

**6. Filing with the court registry – powers of attorney – dates of general meetings**

After being approved by the boards of directors of KBC Group NV and KBC Global Services NV, the merger proposal will be filed with the registry of the Brussels Commercial Court.

KBC Group NV hereby grants power of attorney to Mr Marc Verlegh, residing at Grote Steenweg 144, 3440 Zoutleeuw, and to Mr Peter Billiet, residing at Markt 29, 9900 Eeklo, each individually authorised, with authority to appoint a substitute, to file the merger proposal with the registry of the Brussels Commercial Court and in this regard to sign all necessary documents and take all necessary action.

KBC Global Services NV hereby grants power of attorney to Mr Marc Verlegh, residing at Grote Steenweg 144, 3440 Zoutleeuw, and to Mr Peter Billiet, residing at Markt 29, 9900 Eeklo, each individually authorised, with authority to appoint a substitute, to file the merger proposal with the registry of the Brussels Commercial Court and in this regard to sign all necessary documents and take all necessary action.

The completion of the merger, which will take legal effect on 1 July 2013 and which will have retroactive effect for accounting purposes from 1 January 2013, will be recorded in the minutes of the Extraordinary General Meeting of KBC Group NV by authentic deed to be executed on 2 May 2013.

Done in quadruplicate on 13 February 2013. KBC Group NV and KBC Global Services NV each acknowledge receipt of two original copies, one for filing with the registry of the commercial court and one for filing in the company files.

## **KBC GROUP NV**

Name:  
Director

Name:  
Director

## **KBC GLOBAL SERVICES NV**

Name:  
Director

Name:  
Director