



Press release

7 November 2008

KBC Asset Management and Union Bank of India sign shareholders' agreement to set up an asset management joint-venture company in India

(Brussels – Mumbai) – *Today, KBC Asset Management, the globally active asset manager of the Belgian KBC group, and Union Bank of India (UBI), a leading state bank in India, formally signed the shareholders' agreement to set up a joint-venture asset management company in India, in which they will take a stake of 49% and 51%, respectively. The agreement was signed by Mr André Bergen, CEO of KBC Group NV, and Mr M.V. Nair, Chairman & Managing Director of Union Bank of India, in the presence of His Royal Highness King Albert II of Belgium and Belgian Minister for Foreign Affairs, Karel De Gucht.*

Commenting on the agreement, **André Bergen, CEO of KBC Group NV**, had this to say: 'The joint venture is KBC Asset Management's first step into the Indian asset management market. We are happy to work with such a reliable partner as Union Bank of India. Their knowledge of local investors and their extensive network of branches and service points, combined with the expertise of KBC Asset Management, especially in capital-protected investment funds for retail customers, represents the perfect blend of ingredients to create a top asset management company for retail and corporate investors in India.'

Mr M. V. Nair, Chairman & Managing Director, Union Bank of India said: 'The Indian mutual fund industry has been growing at a rapid pace of 47% year-on-year over the last five years. However, current penetration levels are just 4-5%, clearly indicating the vast untapped potential in this area. These factors clearly show that the Indian mutual fund industry is at a nascent stage and there is ample scope for growth in the coming years, especially in the retail segment. We believe the time is right for us to enter the market by offering innovative customer-specific solutions.'

Note to the editor:

About Union Bank of India:

Union Bank of India is a large public sector bank, with a network of 2 593 outlets across the country and 20 million customers in over 1 500 centres. At the end of September 2008, the bank had a total business mix of 202 488 crore INR (approx. 30.04 billion EUR). Its total deposits amounted to 115 939 crore INR (approx. 17.20 billion EUR), while advances came to 86 549 crore INR (approx 12.84 billion EUR). The bank's net profit for the half-year ended September 2008 was 590 crore INR (approx. 87.5 million EUR), representing year-on-year growth of 17.76%. The gross NPA ratio (non-performing assets) was 1.93%, while the net NPA ratio came to 0.14%. The capital adequacy ratio for the bank stood at 12.53% at the end of September 2008. Union Bank is one of the first public sector banks in India to set up a separate division to distribute third-party products, such as mutual funds and insurance, and has developed considerable marketing and cross-selling capabilities in this area in the last six years.

KBC Group NV
Havenlaan 2 - 1080 Brussels
Viviane Huybrecht
Head of Group Communications
and Press Office / spokesperson:
Tel (02) 429 85 45

Press Office:
Tel. (02) 429 65 01
Fax (02) 429 81 60
E-mail: pressofficekbc@kbc.be

About KBC Asset Management NV (KBC AM): www.kbcam.be

KBC Asset Management is a 100% subsidiary of the **KBC group** and a leading Belgian asset manager with operations around the world. It is mainly active on KBC's home markets of Belgium and Central and Eastern Europe, but it is also stepping up its activities in other growth markets like China, Taiwan, Hong Kong, South Korea, New Zealand, Spain, the Netherlands, the US, Switzerland, Germany and Austria.

Figures provided by the Belgian Asset Managers' Association (at year-end 2007) show that KBC Asset Management leads the field in Belgium, with a market share of 35.6%. Its share of the Belgian market for capital-protected products comes to no less than 55%.

The company has also successfully rolled out its business model in a number of Central and Eastern European markets, thereby acquiring a substantial market position in several countries, including the Czech Republic, Hungary and the Slovak Republic. Last year, it set up successful joint ventures and co-operation agreements in China, Taiwan and New Zealand. KBC Asset Management's results are indicative for the right skill set, product range, flexibility and coaching structures that will be made available to the joint venture entered into with Union Bank of India.

About KBC Group NV: www.kbc.com

KBC is a top bancassurer in Belgium and a top financial player in Central and Eastern Europe and Russia (on the basis of consolidated assets, branches and employees). KBC's headquarters are located in Brussels (Belgium), the heart of Europe.

The KBC group is present in more than 35 countries worldwide, employs 60 000 staff and caters for 12 million customers.

KBC GROUP NV is listed on NYSE EURONEXT and the Luxembourg Stock Exchange (ticker symbol 'KBC').

KBC is a multi-channel bancassurer with a geographic focus on Europe, catering mainly for retail and private banking customers and small and medium-sized enterprises. Besides focusing on providing retail and private bancassurance services (via bank branches, insurance agents/brokers and the Internet), it is active in asset management and private equity, and in the field of corporate banking, leasing, factoring, re-insurance, insurance, securities' brokerage, project and trade finance in Belgium, Central and Eastern Europe and elsewhere (mainly in Europe).

Besides the significant, even leading positions KBC enjoys in its home markets of Belgium and Central and Eastern Europe and Russia, the group also has an extensive private banking network in eight Western European countries.

In addition to its asset management activities, KBC operates in India through Antwerp Diamond Bank, which specialises in providing banking services to the diamond industry, and through Value Source Technologies, an ICT company which is located in Chennai and which helps KBC develop its IT capabilities.