



# Press release

Regulated information\*

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27 May 2009, 5.40 p.m. CEST

## **KBC to pay coupon on hybrid tier-1 securities, will not call the outstanding issue on 30 June**

In June 1999, KBC Bank issued perpetual non-callable 10-year preferred securities through KBC Bank Funding Trust II worth 280 million euros (ISIN code XS0099124793). These securities carry a coupon of 6.875% and qualify as hybrid tier-1 bank capital. Although KBC did not pay a dividend on its ordinary shares in 2009, it intends to pay the coupon on the preferred securities on the next coupon date of 30 June 2009. However, KBC has decided not to exercise its option to redeem the securities on that date.

In accordance with the offering memorandum, the coupon for the securities will be adjusted after the call date to a floating rate of 300 basis points above the 3-month EURIBOR, payable in arrears on a quarterly basis. In light of changing market conditions, KBC intends to review the possibility to call the securities on a quarterly basis.

KBC has not yet taken a decision on its call option for two similar transactions issued by KBC Bank Funding Trust III and KBC Bank Funding Trust IV and whose first call date is in November 2009.

KBC is fully aware of investors' preferences regarding hybrid securities and will actively follow up the process of exercising call options applicable to such securities. The decision to call is subject to the opinion of the CBFA (the Belgian financial regulator). Any call notice will be given at least 30 days prior to the call date.

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