Press Release – Outside trading hours – Regulated information*

Brussels, 3 December 2012

KBC successfully priced its inaugural Belgian residential mortgage covered bond Benchmark issue.

KBC launched today a highly successful Mortgage Pfandbriefen benchmark issue in EURO, being the inaugural benchmark covered bond issue from KBC.

The Euro 1.25 Billion covered bond issue will mature on December 11, 2017 and bear a coupon of 1.125 % per annum payable annually. Pricing was at a reoffer spread over euro mid swaps of 30 basis points resulting in an issue price of 99.638%.
Joint bookrunners were DEUTSCHE BANK, DZ BANK, GOLDMAN SACHS, KBC and NATIXIS.

On 19 November 2012 KBC publicly announced its intention to launch an inaugural issue backed by Belgian residential mortgages. This was followed by an extensive communication process followed by a pan European investor's roadshow to institutional investors from 22 till 28 November 2012.

The issuance was extremely well received in the market as it offers geographical diversification to covered bond investors, particularly with Belgium being the latest European country to adopt a covered bond legislation. The covered bonds are rated Aaa/AAA by Moody's and Fitch and are UCITS and CRD compliant.
The covered bond benchmark issue will further strengthen KBC's name and credit story in the bond markets as a leading issuer in the Belgian market. It also gives KBC the opportunity to further diversify its investor base and long-term funding mix and resources through covered bonds.

Distribution

The orderbook reached EUR 5.2 billion with 200 investors involved.

Geographical distribution was well spread across Europe, with geographical demand (after allocation) split up as follows : Germany/Austria (43%), Benelux (20%), Nordics (12%), France (11%), UK (8%), Switzerland (3.%), Southern Europe (1%), other (2%)

In terms of different types of investors (after allocation), banks were the most active investors (48%), followed by Asset Managers (36%), Central Banks (3%), Insurance (3%), Pension fund (4%), and others (6%).

<u>For further information, please contact:</u>

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