



Press Release – outside trading hours – regulated information*

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KBC reaches agreement with the Republic of Slovenia regarding the sale of its remaining 22% stake in NLB

Remaining divestment files ongoing

Yesterday, KBC Group and the Republic of Slovenia reached an agreement whereby KBC will sell its remaining 22% stake in NLB to the Republic of Slovenia for a total consideration of 2,765,282 euros, which represents 1 euro per share. In doing so, KBC will fully exit NLB and comply with the strategic plan which it agreed with the European Commission in November 2009. In this strategic plan, KBC repeated that its non-strategic stake in NLB was earmarked for divestment.

On Monday, 24 December, KBC announced the divestment of its Russian banking subsidiary, Absolut Bank, to a group of Russian companies representing the pension reserves of the Russian non-state pension fund Blagosostoyanie. This deal – for a total consideration of 0.3 billion euros plus repayment of all KBC funding that is currently placed within Absolut Bank and which amounts to 0.7 billion euros – will free up around 0.3 billion euros of capital for KBC, primarily by reducing risk-weighted assets by 2 billion euros, which will ultimately improve KBC's tier-1 ratio by around 0.4%.

For three of its remaining divestment files, i.e. Antwerp Diamond Bank (Belgium), KBC Banka (Serbia) and KBC Bank Deutschland (Germany), KBC is still in discussions with a number of interested parties, while Kredyt Bank (Poland) is in a merger process with BZ WBK which is ongoing. For all four files, KBC is also maintaining an open and constructive dialogue with the European Commission.

The Republic of Slovenia decided to take over KBC's stake in NLB to be able to control the process of finding new long-term shareholders for NLB in accordance with the decisions taken by the relevant Slovenian authorities. This transaction gives rise to a negative impact on KBC's earnings of -0.1 billion euros reflected in the 4Q2012 results, whilst the impact on KBC's capital is negligible.

KBC's representatives on the Supervisory Board of NLB, John Hollows and Riet Docx, and KBC's representative on the Management Board of NLB, Guy Snoeks, resigned from their positions at NLB, effective 31 December, 2012.

Completion of the agreement is expected early 2013 after the approval of the Slovenian Competition Authority has been obtained.

KBC will continue its open and constructive dialogue with the European Commission, with whom certain timings and procedures have been agreed regarding the signing of some remaining divestments agreements (Antwerp Diamond Bank, KBC Bank Deutschland, stake in Kredyt Bank, and KBC Banka by the end of 2012).

Johan Thijs, CEO of KBC Group commented: *"Following the approval on 4 December 2012 of the Polish regulator, KNF, of the merger of Kredyt Bank with BZ WBK, the European Commission agreed to extend the deadline to complete the divestment process so that it still remains on track. The divestment process for KBC Banka (Serbia) is also well under way as negotiations with a number of bidders are ongoing. For this reason, the Commission also agreed to grant KBC an extension in order to finalise the process,*

provided certain behavioral commitments are also prolonged. As a rule and on principle, KBC will not reveal further details on these files in order not to hinder the divestment process.

In view of the ongoing turbulent climate on the financial markets, the acquisition of Antwerp Diamond Bank and KBC Bank Deutschland by external strategic investors is more challenging. A number of parties remain interested, however, in acquiring these companies. Consequently, KBC will continue to explore further divestment possibilities for them in close collaboration with a Divestiture Trustee, as provided for under the agreement with the European Commission."

A divestiture trustee receives a mandate from the European Commission to continue the divestment process beyond the deadlines imposed on KBC and, as such, make use of possible future market opportunities to the benefit of Antwerp Diamond Bank and KBC Bank Deutschland and their respective stakeholders. In the meantime, both entities, with KBC's support remain fully committed to continuing their business activities and serving their customers who can still count on the same high-quality service.

Background information on NLB

When KBC (Bank) acquired a 34% minority interest in NLB Bank (Slovenia) in 2002, it officially undertook in the shareholder agreement not to increase its investment until the end of 2005. In 2006 it became clear that differences of opinion existed between NLB and the other major shareholders regarding the long-term plans for NLB Bank and KBC's role in its future. Consequently, KBC decided in 2006 to reassess its investment in the Slovenian NLB Bank and to limit its responsibility towards NLB to that of a purely financial investor. KBC did not see itself remaining a minority shareholder in NLB Bank over the long term, without having sufficient say in NLB's operational management. In 2009, as part of KBC's strategic plan agreed with the European Commission, KBC's stake in NLB was earmarked for divestment.

KBC held 22% in NLB, while the rest of the shares are held directly or indirectly by the Republic of Slovenia and several smaller shareholders. In June 2012 the Slovenian Parliament adopted a decision by which it empowered the government to find long-term partners for NLB. Since then, the government has proposed several measures, which, once in force, will make it possible to exit faster from the financial crisis the Slovenian economy is facing, and will make investments in the Slovenian banking sector more attractive. As NLB is an important systemic bank in Slovenia, the Republic of Slovenia has strong interest in controlling the process of finding new long-term shareholders. This led the government to accept the proposal to purchase the NLB shares from KBC.

NLB is the leading bank in Slovenia and also holds strong retail franchises in Macedonia and Kosovo.

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