



# Press Release

Outside trading hours - Regulated information\*

Brussels, 3 July 2013 (before trading hours)

## **KBC to repay first instalment of state aid received from Flanders today, still ahead of schedule following successful transfer of a portion of shareholder loans**

*Monday morning before trading began, KBC announced that it would not repay the first instalment of the aid received from the Flemish Regional Government in the first half of this year, but in the second half, because it was still investigating the transfer of a portion of the shareholder loans granted in the past to KBC Ancora and/or Cera. This was because the National Bank of Belgium would only approve the accelerated repayment of part of the aid from the Flemish Regional Government provided a portion of the above loans were transferred.*

*Yesterday, KBC succeeded in reaching agreement on the transfer of 0.3 billion euros' worth of loans to KBC Ancora to another international financial institution. In doing so, KBC has met the condition recently set by the National Bank. The transfer will boost KBC's capital position by a further 0.3 billion euros and will generate added value for its shareholders.*

*In practice, this also means that KBC will repay 1.17 billion euros of state aid plus the penalty of 0.58 billion euros – in total, 1.75 billion euros – to the Flemish Regional Government today, still six months in advance of the deadline agreed with the European Commission.*

### **KBC to repay 1.17 billion euros plus penalty of 50% (0.58 billion euros) to Flemish Regional Government today**

On 10 December 2012, KBC announced its intention to repay 1.17 billion euros of state aid (plus the penalty of 50%, which amounts to 0.58 billion euros) received from the Flemish Regional Government in the first half of 2013, in advance of the deadline of end-2013 agreed with the European Commission. This repayment was subject to the customary approval of the National Bank of Belgium, which has granted its approval.

*Johan Thijs, KBC Group CEO: 'We intended to repay in the first half of this year, and ahead of schedule, a substantial portion of the aid received from the Flemish Regional Government. And we have succeeded in doing this, albeit three days late. With a common equity ratio of 12% (at end-1Q13) under full and early application of the new Basel III capital requirements (i.e. fully loaded Basel III), our solid capital position, together with meeting the National Bank's additional condition regarding the shareholder loans, has made this possible.*

*I would like to take this opportunity to express our deep gratitude and appreciation to the Flemish Regional Government for its support at a crucial moment during the worst financial crisis in decades. After years of working hard, and with the loyal support of our staff, clients and shareholders, we are now in a position to*

*fulfil the commitments we entered into. We are happy to be able to announce today that we will fulfil our commitment to the Flemish Regional Government by repaying 1.17 billion euros in principal, plus a penalty of 0.58 billion euros, six months ahead of schedule. In addition, we reconfirm our undertaking, as agreed with the European Commission, to repay the outstanding balance of 2.33 billion euros to the Flemish Regional Government in seven equal instalments of 0.33 billion euros (plus penalty) to be paid between 2014 and 2020. However, we may opt to accelerate these repayments, too, if our capital position so allows and the National Bank grants its approval.*

*Despite the persistent macroeconomic uncertainty and volatile market conditions, our core activities and bank-insurance model have proved throughout the crisis how solid they are. KBC is now one of the best-capitalised and most liquid banks in Europe. Repaying a large portion of the aid received from the Flemish Regional Government will allow us to focus fully on our core activities, on implementing our new strategy and on achieving operational excellence. Our client-focused and integrated bank-insurance model in Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria, and our strong market positions form the foundations for profitability and growth in the interest of our clients, shareholders and staff and the communities we serve.'*

In addition to the full repayment to the Belgian Federal Government at the end of 2012, today's repayment brings the total in repayments, coupon payments and fees for the CDO guarantee to 8.9 billion euros. And by the time KBC has repaid all the aid it received, the total amount in repayments, coupon payments and fees for the CDO guarantee will rise to more than 13 billion euros, compared to an amount of 7 billion euros in principal borrowed in 2008 and 2009 from the two governments.

## **KBC transfers a portion of the loans granted to shareholder, KBC Ancora**

Under Basel III capital rules (fully loaded), shareholder loans must be deducted in full from the bank's equity. The loans KBC granted to KBC Ancora in 2007 fall under this definition.

KBC has concluded an agreement to transfer 0.3 billion euros' worth of the loans to KBC Ancora to another international financial institution. As part of the agreement, KBC has taken over a limited amount in interest rate swaps on the Belgian governments from the bank involved at market rates.

The transfer of the KBC Ancora loans will create added value for shareholders and positively impact KBC's capital position (adding 0.3% to the group's common equity ratio, which came to 12% at the end of the first quarter of 2013 (fully loaded Basel III)).

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\* This press release contains information provided in compliance with European transparency legislation for listed companies.

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