



Press Release

Outside trading hours - Regulated information*

Brussels, 8 January 2014 (before trading hours)

KBC repays second instalment of 500 million euros in Flemish state aid again ahead of schedule, fully respecting the capital requirements set by the regulator

KBC will today repay a second instalment (0.5 billion euros, comprising 0.33 billion euros in principal plus a penalty of 50%) to the Flemish Regional Government. This repayment is again ahead of the schedule agreed with the European Commission and has been made possible on account of KBC's robust capital position. The National Bank of Belgium has not opposed this repayment.

Moreover, the supervisory authorities, with the National Bank of Belgium as the consolidating supervisor, have taken their Joint Home-Host Capital Decision for KBC Group. KBC Group has been informed of the request for a permanent minimum Basel III (fully loaded) common equity ratio (excluding latent gains¹) of 9.25%.

The pro-forma ratio at 30 September 2013 (excluding latent gains) stood at 11,4%. Even after the repayment to the Flemish Regional Government and taking into account the impact of impairment charges for Ireland and shareholder loans which, as already announced, will be recognised in the fourth quarter, KBC is expected to have a solid buffer above this 9.25% requirement.

On 3 July 2013, KBC already made an accelerated initial repayment of 1.17 billion euros' worth of state aid plus a penalty of 0.58 billion euros – or 1.75 billion euros in total – to the Flemish Regional Government. Today's repayment reduces the outstanding state aid to 2 billion euros.

Johan Thijs, KBC Group CEO: *'We are delighted that we can get 2014 off to a positive start by announcing today that we are meeting another part of our commitment towards the Flemish Regional Government. Our solid capital position, as illustrated by a common equity ratio of 12.5% (at end-3Q13 and including latent gains) under fully loaded Basel III rules, has made this possible. This capital position was further boosted by the repayment of shareholder loans and despite the fact that loan loss provisions are scheduled to be set aside for Ireland in the fourth quarter of 2013.*

I would like to take this opportunity to once again express our sincere gratitude to the Flemish Regional Government for its support at a crucial time during the worst financial crisis in decades. After paying back a first, sizeable instalment early in July last year, we are again in a position to make another significant repayment, thanks to the efforts of our staff and the loyalty and support of our clients and shareholders. We are repaying 500 million euros (principal plus penalty) earlier than scheduled. The agreement with the European Commission involves repaying the outstanding balance of 2.33 billion euros between 2014 and

¹ Latent gains : this concerns the revaluation reserve of available-for-sales assets . As per 30 September 2013, this amounts to 1.0 billion euros for KBC Group.

2020 in seven equal instalments of 0.33 billion euros (plus penalty), with each repayment being made before 31 December of the relevant year. However, we may opt to accelerate these repayments going forward, too, if our capital position so allows and the National Bank grants its approval.

Thanks to our core activities and successful bank-insurance model, our group is currently one of the best capitalised and most liquid financial institutions in Europe. The strategic plan we agreed with the European Commission five years ago is virtually complete. Just before Christmas, we announced that we had found a buyer for the last remaining divestment (Antwerp Diamond Bank) and that the deal to divest KBC Banka in Serbia had been successfully concluded. This completes all the agreed divestments and the requested reduction of our balance sheet.

We can now focus entirely on our core activities and implementation of our updated strategy. Our client-focused and integrated bank-insurance model in Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria, together with our strong market positions, form the foundations for profitability and growth in the interest of our clients, shareholders, staff and the communities we serve.'

After fully reimbursing the Belgian Federal Government at the end of 2012, and repaying a first, large instalment of 1.17 billion euros plus a penalty of 0.58 billion euros to the Flemish Regional Government on 3 July 2013, today's repayment brings the total amount in principal repayments, coupon payments and fees for the CDO guarantee to 9.5 billion euros.

And by the time KBC has repaid all the aid it received, this total figure will have risen to more than 13 billion euros, compared to the 7 billion euros borrowed from the two governments in 2008 and 2009.

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

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