



Statement

Brussels, 18 February 2016

KBC appeals in the 5-5-5 case

On 8 October 2012, a number of those who had subscribed to the 5-5-5 issues by KBC Group and by KBC Ifima raised proceedings before Brussels Court of First Instance.

In the case involving the KBC Group issue, the court handed down a judgment on 20 January 2016, which found in favour of one of the plaintiffs.

KBC Bank and KBC Group have examined the judgment in detail and are of the view that there is sufficient ground for appealing the case, and have therefore decided to file a petition to that effect.

Note to the editor

When the 5-5-5 issues were launched, the country risks were generally regarded as very low and almost hypothetical, so they did not form an obstacle to a defensive risk assessment. The countries that 5-5-5 was linked to were Member States of the European Union that were also in the euro area. The unexpected, far-reaching changes in market conditions early in 2010 with the Greek crisis changed the risk profile of this product.

At the start of 2011, KBC pro-actively decided to offer additional security to holders of 5-5-5 bonds and informed them of this in writing: if a credit event occurred, investors would still get back the amount they had invested, less the coupons already received and less taxes and charges. On 9 March 2012, a credit event actually occurred in Greece. KBC met the promise it made. On 22 March, the clients in question received the settlement proposed by KBC.

KBC is still convinced that this arrangement was appropriate and fair.

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