



Brussels, 21 August 2016

Non-regulated savings accounts for legal entities

Over the past few days and weeks, KBC has informed its **legal entity clients** (companies, government authorities, etc.) that specific **savings accounts** (KBC Savings Account PRO and KBC Savings Account PLUS) will become non-regulated accounts as of 23 October 2016. There is no legal obligation to offer regulated savings accounts to legal entities. At the same time as these accounts are converted, the rate of interest on the KBC Savings Account PRO and KBC Savings Account PLUS will be adjusted to 0%.

At present, the KBC Savings Account PLUS and KBC Savings Account PRO are regulated accounts, i.e. the minimum rate of interest is set by law at 0.01% for the base rate and 0.10% for the fidelity bonus.

In the current climate of low interest rates (EURIBOR and EONIA are negative, as are rates for five- and six-year interest rate swaps and linear government bonds with maturities up to eight years), the rate (benchmark) on savings accounts is under intense pressure.

KBC currently invests liquid assets not used for lending purposes at negative rates at the European Central Bank. As a bank, therefore, KBC itself has to invest at a negative interest rate, like many other financial institutions.

For this reason, the KBC Savings Account PRO and KBC Savings Account PLUS will become non-regulated savings accounts (but retain their account number) as of 23 October 2016. This means that withholding tax will amount to 27% (instead of 15%). When interest is paid after these changes are made, 27% tax will be withheld from the entire amount of interest. Given current low rates of interest, however, the actual impact will be negligible.

Transactions permitted on the savings accounts will remain the same as before, as will the deposit guarantee.

Professional clients have the opportunity to close their savings accounts at any time for free within two months of receiving notification of the changes.

Please note that nothing will change regarding regulated savings accounts held by private individuals at KBC.

- The KBC Savings Account currently pays a base rate of interest of 0.01% and a fidelity bonus of 0.10%.
- The KBC Start2Save Savings Account pays a base rate of interest of 0.60% and a fidelity bonus of 0.15%.

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