



Press Release

Outside trading hours – Regulated information*

Brussels, Dublin, 30 August 2021 (8.00 a.m. CEST, before stock exchange hours)

KBC Bank Ireland sells substantially all of its remaining non-performing mortgage loan portfolio

No immediate changes or actions for customers.

Following the announcement made on the 16th April 2021 by KBC Group and KBC Bank Ireland that they were exploring options to divest the remaining non-performing mortgage loan portfolio of KBC Bank Ireland, KBC Bank Ireland can now confirm it has reached agreement to dispose of a non-performing mortgage loan portfolio of roughly 1.1 billion euros (Private Dwelling House (PDH) and Buy to let (BTL) and a small number of non-mortgage non-performing loans) in a transaction financed by funds managed by CarVal Investors (“CarVal”).

Post completion, Pepper Finance Corporation (Ireland) DAC will be managing the loans as Legal Title Holder. Pepper is regulated by the Central Bank of Ireland. Customers will continue to have the same legal and regulatory protections (for example under the Consumer Protection Code (CPC) and the Code of Conduct on Mortgage Arrears (CCMA)) after the sale.

There is no immediate change for customers. KBC Bank Ireland customers do not need to take any action as a result of today's announcement. Prior to the closing of the transaction, KBC Bank Ireland will contact the customers whose loan(s) is/are included in the sale, to inform them that their loan(s) is/are being transferred.

The transaction is marginally capital accretive with a combined impact (P&L and RWA) on the pro-forma 2Q21 CET1 ratio of KBC Group of approximately 2bps. It will have an impact on KBC Group's P&L, almost fully booked in 3Q21, which is estimated at -0.1 billion euros. The risk-weighted assets decrease by 0.8 billion euros.

Johan Thijs, KBC Group CEO welcomed today's transaction : “*In the past few years, KBC Bank Ireland already gradually built down its legacy non-performing corporate loan portfolio and buy to let mortgage loan portfolio in Ireland. These sales have now been complemented with the sale of substantially all of the remaining non-performing mortgage loan portfolio. This transaction allows KBC Bank Ireland to clean up legacy and further reduce its NPL ratio.*”

KBC Bank Ireland CEO, Ales Blazek commented: “*I'm confident that the agreement we have signed for the sale of substantially all of the remaining non-performing mortgage loan portfolio, and with Pepper managing the loans post completion, offers a good and sustainable solution for our non-performing mortgage loan customers. We can assure that any customers whose loans are included in the transaction will continue to be afforded the same legal and regulatory protections. Pepper is a well*

established player in the Irish market. Affected customers will be contacted shortly regarding concrete steps related to them.”

Note to the editors

CarVal Investors is an established global alternative investment manager focused on distressed and credit-intensive assets and market inefficiencies. Since 1987, CarVal's team has navigated through ever-changing credit market cycles, opportunistically investing \$130 billion in 5,550 transactions across 82 countries. Today, CarVal Investors has approximately \$10 billion in assets under management in corporate securities, loan portfolios, structured credit and hard assets.

Pepper Finance Corporation (Ireland) DAC (“Pepper”) will be managing the loans post completion as the Legal Title Holder and the lender of record. Pepper is regulated by the Central Bank of Ireland, so all customers will continue to be afforded all regulatory protections.

For more information, please contact:

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* This news item contains information that is subject to the transparency regulations for listed companies.

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