



Press Release

Outside trading hours - Regulated information*

Brussels, Dublin - 9 August 2018 (before trading hours)

KBC Bank Ireland sells part of legacy corporate and buy to let loan portfolio to Goldman Sachs

This morning, KBC Bank Ireland reached agreement with Goldman Sachs to sell a loan portfolio of approximately €1.9bn, comprising of:

- Non-performing Corporate book
- Non-performing Irish Buy-to-Let Mortgage Loans
- Performing and Non-performing UK Buy-to-Let Mortgage Loans

to entities established and financed by Goldman Sachs (Beltany Property Finance DAC, Tramore Funding DAC and Banna Funding DAC).

As a result of the transaction, NPL levels in KBC Bank Ireland reduce by approximately 40% resulting in the NPL ratio reducing by roughly 11 %-points to around 25% pro forma at end 2Q18 (from reported 35.6% at end 2Q18).

The transaction is expected to result in a net P&L impact of +14m EUR (based on 1Q18 numbers and including all costs related to the transaction), a release of risk-weighted assets of approximately €0.4bn at KBC Group, leading to an improvement of KBC Group CET1 ratio of 7 bps.

Going forward, KBC reconfirms that its guidance for loan impairments in KBC Bank Ireland for full year 2018 is for a net release of 100 to 150 million euros.

The transaction is expected to close in the 4th quarter of 2018.

Prior to closing of the transaction, KBC Bank Ireland will contact the relevant customers to inform them that their loan(s) is/are being transferred, and to confirm that existing legal and regulatory protections continue to remain in place with Pepper Asset Servicing, managing the loans post completion on behalf of the buyer.

Johan Thijs, KBC Group CEO welcomed today's transaction: "KBC Bank Ireland has been building down organically its legacy portfolio of non-performing loans in Ireland over the past few years. However, over the last months, there has been a growing interest from the international financial markets for non-performing loan exposures. This is a clear market trend. KBC wishes to accelerate the reduction of non-performing loans by acting upon the increased interest presented in the market.

During the first quarter of the year, we assessed views on market valuations for this type of portfolio. Following this exercise and based on the value of the portfolios, we decided to proceed with a confidential process to maintain the efficiency and minimise the potential disruption to the business and the execution of our strategic plan in Ireland.

The sale of sub-portfolios fully fits within the bank's strategy and ambition. It will allow KBC Bank Ireland to achieve a NPL ratio reduction of approximately 11%-points (versus end 2Q18), thus accelerating KBC Bank Ireland's ongoing NPL reduction efforts. Moreover, the sale of the UK Buy-to-Let portfolio allows KBC Bank Ireland

to enhance the focus on its core strategy 'Digital First' in (Irish) retail and micro SME banking and contributes to a de-risking linked to Brexit. At the same time, the transaction results in balance sheet optimization allowing KBC Bank Ireland to reduce future earnings volatility, to clean up legacy and to fully focus on sustainably and profitably growing its retail and micro SME business."

Wim Verbraeken, CEO KBC Bank Ireland concludes : "Over the past two years, KBC Bank Ireland has focused on the implementation of its new 'Digital First' strategy. KBC Bank Ireland has already launched a broad range of new products and services, now offering a full suite of competitive retail banking products. This has resulted in a continued expansion in the retail market. Going forward, our focus will be on retail and micro SME, as already confirmed during the KBC Group Investor Event and strategy update in Dublin in June 2017. "

For more information, please contact:

- Kurt De Baenst, General Manager, Investor Relations, KBC Group
Tel + 32 2 429 35 73 - E-mail: investor.relations@kbc.com
- Viviane Huybrecht, General Manager, Corporate Communication/Spokesperson, KBC Group
Tel + 32 2 429 85 45 - E-mail: pressofficekbc@kbc.be

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

KBC Group NV

Havenlaan 2 – 1080 Brussels
Viviane Huybrecht
General Manager
Corporate Communication /Spokesperson
Tel. +32 2 429 85 45

Press Office
Tel. +32 2 429 65 01 Stef Leunens
Tel. +32 2 429 29 15 Ilse De Muyer
Tel. +32 2 429 32 88 Pieter Kussé
E-mail: pressofficekbc@kbc.be

KBC press releases are available at www.kbc.com or can be obtained by sending an e-mail to pressofficekbc@kbc.be

Follow us on www.twitter.com/kbc_group

[Check this document's authenticity](#)
