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Brussels,10 December 2012

KBC announces

- **The accelerated full repayment of EUR 3.0 billion of state aid together with a premium of EUR 0.45 billion to the Belgian Federal Government in December 2012, approved by the National Bank of Belgium**
- **Its intention to accelerate repayment of EUR 1.17 billion of state aid to the Flemish Regional Government with a premium of EUR 0.58 billion in the first half of 2013 subject to the National Bank of Belgium's customary approval**
- **Its intention to maintain a fully loaded Basel 3 common equity target ratio of 10% as of 1 January 2013**
- **An issuance of new shares for an amount of approximately EUR 1.25 billion to be launched today by means of an Accelerated Book Building ("ABB")**
- **A contingent capital note issue of approximately EUR 0.75 billion to be issued in the first quarter of 2013**

1. Repayment of state aid

KBC announces the accelerated full repayment of EUR 3.0 billion of **state aid to the Belgian Federal Government** in December 2012, plus a 15% premium amounting to EUR 0.45 billion. The National Bank of Belgium authorised the repayment on 4 December 2012. The repayment to the Federal government will be effected on 17 December 2012.

KBC will work towards repaying EUR 1.17 billion of **state aid to the Flemish Regional Government**, plus the 50% premium amounting to EUR 0.58 billion, in the first half of 2013. The repayment will be subject to customary approval from the National Bank of Belgium. KBC is committed to repaying the remaining outstanding balance of EUR 2.33 billion issued to the Flemish Regional government in seven equal instalments of EUR 0.33 billion (plus premium) over the 2014-2020 period, as agreed with the European Commission. KBC however has the option to further accelerate these repayments.

Since receiving state aid during the financial crisis, KBC has significantly enhanced its capital base, both organically and through asset divestments. With today's announced repayments and capital plan, KBC will honour its prior commitment to the European Commission to repay a notional amount of EUR 4.67 billion of state aid before the end of 2013 ahead of schedule, while ranking among the best capitalized European banks.

2. Common share offering

KBC's intention is now to maintain a **fully loaded Basel 3 common equity ratio of 10% as of 1 January 2013**, instead of 31 December 2013 as previously guided on 8 November 2012 at the occasion of the third quarter results announcement.

Consequently, KBC has decided to **issue today EUR 1.25 billion in new shares** by means of an Accelerated Book Building and a contingent non-dilutive capital note of approximately EUR 0.75 billion in the first quarter of 2013.

The capital increase received the full support of KBC's core shareholders.

Pursuant to this Accelerated Book Building, KBC will:

(i) issue approximately 35.8 million new shares that will be listed immediately after the issue;

(ii) and for the remainder, issue new registered shares which will not be listed. In order to enable the global coordinator to deliver listed shares to the investors who participate in the Accelerated Book Building, the newly-issued registered shares will be swapped with a core shareholder against existing listed shares. An application for the listing of these new registered shares will be filed later.

The Offering is made as a private placement to institutional investors in Belgium and internationally, including in the United States to qualified institutional buyers pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, without pre-emption rights to KBC's existing shareholders.

Books open immediately. Pricing and allocation of the new shares are expected to be announced as soon as practicable following the closing of the Offering. The KBC shares will be suspended throughout the book building period.

KBC, as well as certain core shareholders, have agreed to a 6-month lock-up, subject to certain customary exceptions and the granting of a pledge in respect of certain financings.

J.P. Morgan Securities plc has been appointed as Joint Global Coordinator and Joint Bookrunner. Nomura International plc will act as Joint Bookrunner. KBC Securities NV will act as Joint Global Coordinator and Co-Book runner.

3.- Business performance update

We refer to our press release as of 16 October 2012 (relating to the sale of treasury shares), our 9 months 2012 earnings statement as of 8 November 2012, and our press release as of 4 December 2012 (relating to the approval by KNF of the merger between Kredyt Bank and BZ WBK) and would like to provide the following update:

KBC will continue to further de-risk its balance sheet and overall, KBC is confident that the remaining divestments will continue throughout 2013 and will reduce RWAs accordingly.

Furthermore, KBC will continue its open and constructive dialogue with the European Commission, with whom in the initial agreement certain timings and procedures have been agreed regarding the signing of remaining divestments (Antwerp Diamond Bank, KBC Germany, stake in Kredyt Bank, stake in NLB and KBC Serbia by the end of 2012, Absolut Bank by the end of 2013).

From a business perspective, KBC estimates that:

- In its fourth quarter underlying results, its income tax expense could be negatively impacted by approximately EUR 50 million due to the revision of the notional interest legislation expected to be passed in Belgian parliament by year end 2012 as disclosed in our annual report of 2011. This income tax expense will not have a capital impact.
- In its fourth quarter reported profits, based on market conditions as of today, the profit after tax will be impacted by a number of non-recurring items resulting in a net negative adjustment of approximately EUR 100 million, the impact of which on capital will be substantially lower.

Johan Thijs, KBC Group CEO commented on today's announcement as follows : *"We would like to take the opportunity to express our appreciation and gratitude to the Federal and Flemish governments for the support they have given us during the worst financial crisis in decades. Today we are happy to announce that we will honour our commitment to the Federal government by paying back EUR 3 billion of capital plus a premium of EUR 450 million and this earlier than previously planned. We also express our intention to accelerate our first repayment to the Flemish government in the first half of 2013.*

Despite the continuing macroeconomic uncertainty and volatile market conditions, KBC's core strengths and bankinsurance business model have remained fundamentally sound throughout the crisis and today KBC ranks among the best capitalised, most liquid and profitable European banks.

After today's announcement, KBC can entirely focus on its core business, on the implementation of its updated strategy and operating excellence. KBC's client-centric and integrated bankinsurance model in Belgium, Czech Republic, Slovakia, Hungary and Bulgaria, along with its strong market positions, provide a basis for profitability and growth in the interests of clients, shareholders, employees and communities that KBC serves."

In line with the legally required strict publicity guidelines for such transactions, KBC will provide a further update once pricing of the offering has taken place.

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