Press Release

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Brussels, 13 March 2014 (08.00 a.m. CET)

KBC successfully places a CRD IV-compliant Additional Tier-1 instrument for 1.4 billion euros

Following a very successful investor roadshow throughout Europe and Asia from Monday 10 through Wednesday 12 March 2014, KBC Group NV today issued 1.4 billion euros in non-dilutive, CRD IV-compliant Additional Tier-1 (AT1) securities. There was considerable interest in the issue, which was five times oversubscribed.

Johan Thijs, KBC Group CEO commented on the transaction as follows: '*On 4 March 2014, we announced our intention to issue a euro-denominated CRD IV-compliant Additional Tier-1 instrument of benchmark size. The successful transaction was completed in a very brief period of time, which underscores KBC's ability to access capital on a global basis, while further strengthening its already robust total capital structure.*'

The securities were offered in minimum denominations of 100 000 euros and were placed with institutional and high-net-worth investors spread across Europe and Asia. On an allocated basis, we saw following geographical distribution: UK/Ireland 34%, France 14%, Asia 9%, Germany/Austria 8%, Switzerland 8%, BeNeLux 7%, Southern Europe 7%, Nordics 5% and other 8%. In terms of investor type, the bulk has been taken by Asset Managers (56%), Banks/Private Banks (20%) and Hedge Funds (19%).

The securities are perpetual with an optional call from year 5 onwards and a coupon of 5.625% per annum, payable each quarter. They will qualify as CRD IV-compliant AT1 capital under Basel III standards and are expected to be rated 'BB' by Standard & Poor's (S&P) and 'BB' by Fitch.

The transaction will close and the securities are expected to be issued on 19 March 2014. Application has been made for the securities to be listed on Euronext Brussels.

Given this transaction, KBC's target capital structure now includes 1.5% of RWA in the form of AT1 instruments, in line with the new CRD IV Regulation. This increases our leverage ratio on a fully loaded basis from 4.4% (as reported at year-end 2013) to 5.0% on a *pro forma* basis, including the 1.4 billion euros in newly issued AT1 securities. Furthermore, the issue strengthens the level of Risk-Adjusted Capital (S&P definition), which has contributed to the upgrade of our senior debt ratings by S&P (for instance, to 'A' with a stable outlook for KBC Bank).

Goldman Sachs International, J.P. Morgan, KBC Bank, Morgan Stanley and UBS were mandated as Joint Bookrunners and Joint Lead Managers for this transaction.

Taking into account the success of this AT1 transaction, KBC intends to call its outstanding stock of classic Tier-1 securities on their next possible call dates in order to optimise its capital structure in the light of the new CRD IV Regulation. This concerns specifically the following securities with the next possible call dates as follows:

- KBC Funding Trust II (XS 0099124793, EUR 119 m, 30 June 2014)
- KBC Funding Trust III (US2445QAA68/US48239AAA79, USD 169 m, 2 May 2014)
- KBC Funding Trust IV (US48239FAA66/USU2445TAA08, EUR 121 m, 10 May 2014)
- KBC Bank NV (BE0934378747, EUR 1 250 m, 14 May 2014) [*]
- KBC Bank NV (XS0368735154, EUR 700 m, 27 June 2014) [*]

[*] partly issued to private retail investors

KBC is one of the best capitalised and well-positioned financial institutions in Europe. Its fully loaded common equity ratio (*pro forma*) under the current Basel III framework came to 12.5%[1] at the end of the fourth quarter of 2013, well above the targeted common equity ratio of 10% under Basel III (fully loaded).

KBC's core strategy remains focused on providing bank-insurance products and services to retail, SME and mid-cap clients in Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria.

(1) Fully loaded, but including the remaining aid from the Flemish Regional Government, the impact of the agreements signed (but not yet closed) for the divestment of KBC Bank Deutschland and Antwerp Diamond Bank, as well as the payment of 500 million euros to the Flemish Regional Government at the beginning of 2014

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

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