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KBC repays all outstanding debt to government 5 years ahead of schedule

- ° KBC thanks the government and its clients, employees and shareholders for their trust
- ° Following repayment of state aid, capital buffers still well above the minimum capital requirements of the European Central Bank and National Bank of Belgium

KBC will pay back to the Flemish Regional Government the full outstanding tranche of 2 billion euros of state aid, and will pay a penalty of 50%, before the end of this year. In so doing, the group will meet all the remaining financial obligations imposed on it during and after the recent financial crisis and can now close that chapter completely.

This repayment is made possible thanks to KBC's robust capital position, and was approved by both the National Bank of Belgium (NBB) and the European Central Bank (ECB). Following the repayment, KBC will still have a solid buffer of 3,4% (pro forma phased-in, based on the consolidated figures at 30 September 2015) above the minimum threshold of 10.25% set by the regulators.

At the end of November, the ECB informed KBC of its new minimum capital requirements, i.e. a common equity tier-1 ratio (CET1) of at least 9.75%, phased in under the Danish compromise. At the end of October, the NBB announced its new capital buffers for Belgian systemic banks, which for KBC means an additional capital buffer of 0.5% CET1 (phased in under the Danish compromise) for 2016. This figure will go up on a straight-line basis over a three-year period, reaching 1.5% in 2018.

KBC far exceeds the new requirements of the ECB (9.75%) and NBB (0.5% in 2016), totalling 10.25% for 2016.

Johan Thijs, KBC Group CEO: *'By year end, we will have fulfilled in full the commitment we made to the Flemish Regional Government in 2009 by settling all our outstanding debt. We will pay the Flemish Regional Government all 2 billion euros of remaining state support plus a penalty of 1 billion euros, well ahead of the official deadline of 2020. I would, therefore, like to take this opportunity to explicitly thank the Flemish and Federal governments once again for their support at a crucial time during the worst financial crisis in decades. I would also like to express our sincere gratitude to our staff for their relentless efforts and to our clients and shareholders for their loyalty and support. This will allow us to soon close the page on the dark times of the recent past.'*

The repayment is made possible thanks to the solid capital base we have built up in recent years. Even after making this repayment of state aid, we still have robust capital buffers that far exceed the minimum requirements imposed on us by the ECB and NBB. That is a comforting sign to all stakeholders who have put their trust in us. We are now in a position to focus entirely on the continued growth of our bank-insurance business and on supporting the local economies and clients in the countries in which we operate.'

Having repaid the Belgian Federal Government in full at the end of 2012, KBC will settle its remaining debt to the Flemish Regional Government before the end of 2015.

Flemish Minister-President Geert Bourgeois commented: *'I am pleased that KBC has decided to pay back the full outstanding tranche of state aid to the Flemish Regional Government ahead of schedule. The support that KBC received from the Flemish Regional Government during the financial crisis of 2008 has enabled the bank-insurer to subsequently reposition itself as a solvent and reliable institution in the international financial sector. The fact that KBC is able to repay all remaining state aid more quickly than required by the European Commission shows that the company's recovery has been a highly impressive one. I would like to express my congratulations on this achievement and to wish them every success in the future. It also proves that the Flemish Regional Government took the right decision at the start of 2009 and justifies the confidence it had placed in the healthy economic structure of KBC.'*

Johan Thijs continued: *'Fully in accordance with the agreements made, we completed at the end of 2014 the strategic plan agreed with the European Commission in 2009. Our client-centric and integrated bank-insurance model and our strong market positions in Belgium, the Czech Republic, Slovakia, Hungary, Bulgaria and Ireland today form the foundations for future profitability and growth to the benefit of the clients, shareholders, employees and communities we serve'.*

The KBC of today is fundamentally different to the KBC before the financial crisis. In the past few years, KBC has divested 29 entities and business lines, reduced risk weighted assets* by 45% and repaid ahead of schedule and in full the state aid received, including payment of all penalties applying. During the same period, KBC maintained its role as supporter of the economy, with a consistent increase in lending since the end of 2008 and more clients entrusting their money to the group.

Thanks to the resilience and support of its employees and shareholders, KBC is closing the page on the dark times of the recent past. KBC is back on track, has learned from what happened and is ready to head to the future with confidence. Going forward, the bank-insurance group will continue to work on earning the respect and trust of its 10 million clients and all its stakeholders by investing in providing the very best service and advice through a multichannel approach in which the client is centre stage.

*(*under phased-in approach)*

Repayment schedule

In 2008, KBC received financial aid amounting to 3.5 billion euros from the Belgian Federal Government. In 2009, the group received a further 3.5 billion euros from the Flemish Regional Government as well as a guarantee** from the Federal Government to cover its exposure to CDOs. In exchange for this aid, KBC will have paid in total 13.09 billion euros to the two governments at the end of 2015.

Summary of payments made by KBC to the Belgian governments

(in euros)	Total from 2008 till end 2015
Federal Government	3 499 999 977
Flemish Government	3 499 999 977
Penalties	2 274 999 985
Coupon to Federal Government	841 039 073
Coupon to Flemish Government	1 064 110 786
Sub-total	11 180 149 798
CDO guarantee**	1 911 355 956
Total	13 091 505 754

(**This guarantee was released in October 2014.)

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* This press release contains information provided in compliance with European transparency legislation for listed companies. .

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