



Press release

Outside trading hours – Regulated information*

Brussels, 14 June 2017 – 07.00 a.m. CEST

KBC completes acquisition of United Bulgarian Bank and Interlease

Yesterday, KBC completed the acquisition of United Bulgarian Bank and Interlease from the National Bank of Greece for a total consideration of 610 million euros, representing a 1.10x multiple of the 2016 Tangible Book Value of UBB and Interlease. The acquisition – which was announced on 30 December 2016 - was approved by the relevant regulatory authorities and received anti-trust approval.

KBC will use available funds to pay the acquisition price in cash.

The transaction will only have a limited impact of 0.54% on KBC's solid capital position, keeping its CET1 ratio well above the regulatory minimum capital requirements. KBC's CET1 stood at 15.7% (fully loaded, Danish compromise) at the end of 1Q17.

Together, UBB-CIBANK and DZI will become the reference in bank-insurance in Bulgaria, one of KBC's core markets, boasting strong macroeconomic fundamentals while still offering potential for further penetration of financial services. Following this acquisition, KBC will also become active in leasing, asset management and factoring in Bulgaria, offering its clients now a full range of financial services. The operational integration of the business entities will be gradually introduced in the coming months.

During its first corporate governance meetings under KBC realm today, UBB will decide about the composition of its supervisory and management board, which will be led by Peter Andronov, current country manager Bulgaria and CEO of CIBANK.

Johan Thijs, KBC Group CEO had this to say: *'I am very pleased with our acquisition. Today, 10 years after our group set its first steps in Bulgaria, we take a quantum leap in the country. In this core market we now also have become a strong market player, who will be able to put its mark on all the different businesses it is active in: banking, insurance, asset management, leasing et cetera. Our commitment to Bulgaria is a long-term proposition which is reflected in our strategy to be among the market leaders – like in all other core markets of KBC. Expanding our activities in the country, building on the competence and dynamism of UBB and CIBANK, and leveraging our joint product and service offering will help us reaching this goal and ensure future success.'*

Luc Popelier, CEO of KBC Group's International Markets Business Unit added: *"This transaction substantially strengthens KBC's position in Bulgaria and is a fine example of KBC's strategic approach on its core markets. We are convinced that both the clients of UBB and CIBANK and the Bulgarian economy as a whole will benefit from the joint forces of these two strong brands."*

Peter Andronov, CEO of CIBANK, and Country Manager Bulgaria welcomes yesterday's transaction: *'The joint forces of CIBANK, UBB, DZI and the other Bulgarian entities supported by KBC Group, ensure our Bulgarian clients of high quality banking, insurance and other financial services up to the standards and level they deserve. This new combined financial group will substantially solidify and strengthen our current position on the Bulgarian market and play a major role in supporting our local economy. I look forward to collaborating with my new management and staff members and am convinced that, together, we will become the reference for all our clients.'*

Note for the editors:

About KBC (www.kbc.com)

KBC is an integrated multi-channel bank-insurance group, catering mainly for retail, SME and local midcap clients. It concentrates on its core markets of Belgium, Bulgaria, Czech Republic, Hungary, Ireland and Slovakia. Elsewhere around the globe, the group has established a presence in selected countries and regions. KBC's headquarters are located in Brussels (Belgium). The group employs more than 38 000 people and is listed on Euronext Brussels (ticker symbol 'KBC').

About KBC's presence in Bulgaria (www.cibank.bg, www.dzi.bg, www.kbc.com)

In 2007, KBC acquired both CIBANK and DZI Insurance. Collaboration in the field of bank-insurance between DZI and CIBANK has grown significantly in recent years.

CIBANK currently holds ninth position in terms of total assets. The bank serves its 240,000 retail and SME clients through a network of approximately 100 branches and through electronic channels. Insurance is distributed through various channels. CIBANK is a universal bank, focused on home finance and savings. The bank offers a comprehensive range of financial services on the market, using the successful KBC distribution model for bank-insurance. CIBANK has 1.6 billion euros worth of assets (1Q2017), a loan portfolio of 0.9 billion euros and deposits of 0.9 billion euros.

DZI Insurance is active in both life and non-life insurance with market shares of 11,1% and 10,9%, respectively.

About UBB

UBB was established in 1992 through the merger of 22 Bulgarian regional commercial banks and has been part of the financial group of the National Bank of Greece (NBG) since 2000.

UBB caters for retail, SME and large corporate clients and offers the full range of financial and banking products, among which investment banking, insurance, mutual funds, brokerage services and leasing through its affiliates. UBB's network comprises 190 branches and 691 ATMs in prime locations across the country.

UBB is Bulgaria's fourth-largest banking group by total assets (3.5 billion euros) with market share of 7,4% as at the end of March 2017. UBB caters for approximately 875 000 retail clients with market share of 9,7% in retail loans. UBB also has a strong presence in the corporate banking market with a share of 7,6% in corporate loans.

UBB has a track record of strong pre-provision profitability. The bank has a robust capital position (CET1 ratio of 22.8% as at the end of March 2017) and reported the highest CET1 ratio among large banks in both the base and adverse stress test scenarios during the recent 2016 Asset Quality Review/Stress Tests. Its cost/income ratio amounted to 45% in the first quarter of 2017, putting it among the most cost efficient banks in the sector.

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

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