



# Press release

Outside trading hours – Regulated information\*

Brussels, 1 October 2014

## **KBC completes sale of KBC Bank Deutschland**

Yesterday, KBC completed the sale of KBC Bank Deutschland AG to several investors linked to Teacher Retirement System (Texas), Apollo Global Management LLC, Apollo Commercial Real Estate Finance Inc. and Grovepoint Capital LLP. The deal will free up some 0.1 billion euros of capital for KBC, primarily by reducing risk-weighted assets. It will not have any material impact on KBC's financial results, but will improve KBC's solvency position by around 15 basis points. The sale of KBC Bank Deutschland also heralds the final operation to be completed under the divestment programme agreed with the European Commission in 2009.

*Johan Thijs, CEO of KBC Group NV had this to say on the deal: 'I am extremely pleased that this transaction finally brings down the curtain on the divestment programme that we had agreed with Europe. KBC can now fully focus on achieving its aim of becoming one of the best-performing, retail financial institutions in Europe and also the reference in bank-insurance in its core markets. I would like to thank our clients, shareholders, staff and all other stakeholders for the trust they have placed in KBC during this whole period. Due in part to this trust, we have succeeded in completing the entire divestment programme within the set deadline and in what in some cases were far from ideal market conditions. I am convinced that KBC Bank Deutschland will be able to successfully continue its business activities under its new shareholder structure. I would like to take this opportunity to thank all the staff for their dedication and commitment over the past few years and to wish them every success in the future.'*

### **KBC has now met all its commitments to the European Commission**

The sale of KBC Bank Deutschland heralds the end of the divestment programme for KBC. In accordance with the arrangements made with the European Commission and after receiving state aid during the financial crisis of 2008 and 2009, KBC significantly refocused its strategy primarily to include a major divestment programme, a comprehensive reduction in risk-weighted assets and a lowering of the company's risk profile.

25 entities were sold or wound down under this programme and the business focus was redirected to bank-insurance in Belgium, the four core countries in Central Europe (Czech Republic, Slovakia, Hungary and Bulgaria) and Ireland. Scaling back the international loan portfolio has contributed to the decrease of risk-weighted assets by more than one-third since 2008 and the reduction of 22% in KBC's total assets to date.

Thanks to its healthy capital and liquidity position, KBC has already been able to pay back 5 billion euros of the 7 billion euros received in financial support from the Belgian Federal and Flemish Regional governments. The total amount in principal repayments, coupon payments and fees for the CDO guarantee currently stands at 9.5 billion euros. KBC reiterates its intention to accelerate repayment of the remaining support received from the Flemish Regional Government and to pay back the final instalment by no later than the end of 2017 instead of year-end 2020 as agreed with the European Commission. By the time KBC has repaid all the aid it received, the total figure for principal repayments, coupon payments and fees for the CDO guarantee will have risen to more than 13 billion euros.

## **Note for the editors:**

### **About KBC ([www.kbc.com](http://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 home markets of Belgium and certain countries in Central and Eastern Europe (Czech Republic, Slovakia, Bulgaria and Hungary). Elsewhere around the globe, the group has established a presence in selected countries and regions. KBC continues to respond to the international banking needs of its corporate clients for services outside its home markets through a network of branches and network desks in a selection of countries, including a new branch in Düsseldorf, Germany. KBC's headquarters are located in Brussels (Belgium). The group employs more than 36 000 FTEs and is listed on Euronext Brussels (ticker symbol 'KBC').

### **About KBC Bank Deutschland AG ([www.kbcbank.de](http://www.kbcbank.de))**

KBC Bank Deutschland AG is a stand-alone, specialised financial institution for German medium-sized corporate clients (the *Mittelstand*). The bank is also active in professional real estate financing, acquisition finance, institutional asset management and private wealth management for German high-net-worth individuals. Its foundation dates back to 1863 as a cooperative banking organisation in Bremen. The bank specialises in providing finance and financial advice to the *Mittelstand*. In 1982, the bank was acquired by the former Kredietbank, which expanded the bank's network with additional branches in several major German cities. In 1999, the brand name became KBC Bank Deutschland AG.

### **About TRS ([www.trs.state.tx.us](http://www.trs.state.tx.us))**

TRS delivers retirement and related benefits authorised by the Texas Legislature and manages a 130 billion US-dollar trust fund established to finance member benefits. More than 1.4 million public education and higher education employees and retirees participate in the system.

### **About Apollo Global Management ([www.agm.com](http://www.agm.com))**

Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, Houston, Toronto, London, Frankfurt, Luxembourg, Singapore, Mumbai and Hong Kong. Apollo had assets under management of approximately 168 billion US dollars as of 30 June 2014 in private equity, credit and real estate funds invested across a core group of nine industries where Apollo has considerable knowledge and resources. For more information about Apollo, please visit [www.agm.com](http://www.agm.com).

### **About Apollo Commercial Real Estate Finance, Inc. ([www.apolloreit.com](http://www.apolloreit.com))**

Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI) is a real estate investment trust that primarily originates, invests in, acquires and manages performing commercial first mortgage loans, subordinate financings, CMBS and other commercial real estate-related debt investments. The Company is externally managed and advised by ACREFI Management, LLC, a Delaware limited liability company and an indirect subsidiary of Apollo Global Management, LLC, a leading global alternative investment manager with approximately 168 billion US dollars of assets under management at 30 June 2014.

### **About Grovepoint Capital ([www.grovepoint.co.uk](http://www.grovepoint.co.uk))**

Grovepoint Capital LLP was founded in 2010 as a specialist private investment firm for sophisticated investors. It operates through three business units, namely Investment Management, Principal Investments and Specialist Lending. Grovepoint Investment Management, manages investments for pension funds, financial institutions, family offices and high-net-worth individuals, offering its clients specialised opportunities and bespoke portfolio management services. Grovepoint operates as a partnership that has been founded on a set of values that are fundamental to the way it does business. Grovepoint is authorised and regulated by the UK's Financial Conduct Authority (FCA).

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

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#### **KBC Group NV**

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

Press Office  
Stef Leunens      Tel. + 32 2 429 65 01  
Ilse De Muyer    Tel. + 32 2 429 29 15  
Fax + 32 2 429 81 60  
E-mail: [pressofficekbc@kbc.be](mailto:pressofficekbc@kbc.be)

KBC press releases are available at [www.kbc.com](http://www.kbc.com)  
or can be obtained by sending an e-mail to  
[pressofficekbc@kbc.be](mailto:pressofficekbc@kbc.be)

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