



Press release

Outside trading hours - Regulated information*

Brussels, Sofia, 7 July 2022 (5.45 p.m. CEST)

KBC completes acquisition of Raiffeisen Bank International's Bulgarian operations

Today, KBC Bank and Raiffeisen Bank International ('RBI') completed the deal announced on 15 November 2021 concerning the acquisition of 100% of the shares of Raiffeisenbank (Bulgaria) EAD, which is responsible for the banking operations of RBI in Bulgaria.

The transaction also includes Raiffeisenbank Bulgaria's fully owned subsidiaries Raiffeisen Leasing Bulgaria, Raiffeisen Asset Management (Bulgaria), Raiffeisen Insurance Broker and Raiffeisen Service.

The acquisition, worth a total of 1 009 million euros paid in cash, reflects the quality of the Raiffeisen franchise in Bulgaria and the potential for synergy. The transaction will have a capital impact of around -1 pp on KBC Group's CET1 in 3Q2022.

Raiffeisenbank (Bulgaria) has systematically developed its banking activities since entering the market in 1994. It is one of Bulgaria's leading universal banks, offering a full range of banking, asset management, leasing and insurance services to individuals, SMEs and business customers.

The bank ranks sixth with a local market share of 7.9% in assets and 8.4% in loans. Raiffeisenbank (Bulgaria) has a network of 122 bank branches across the country which are complemented by a network of mobile banking advisors, external partners and credit intermediaries. Raiffeisenbank (Bulgaria) has 2 500 employees and serves 635 000 customers.

The transaction¹ also includes:

- Raiffeisen Leasing Bulgaria, the fourth largest leasing company in Bulgaria (10.5% market share)
- Raiffeisen Asset Management (Bulgaria), the third largest asset management company in Bulgaria (9.7% market share and 106 million euros of assets under management)
- Raiffeisen Insurance Broker, which serves the leasing and business customers of Raiffeisenbank (Bulgaria) and distributes products from 12 insurance companies (1% market share)
- Raiffeisen Service

Raiffeisenbank (Bulgaria)'s risk appetite/risk profile and compliance governance are similar to those of KBC Group.

¹ Market data upon announcement on 15 November 2021

The strong credit rating of UBB, which is the highest credit rating among banks in Bulgaria and 2 notches higher than that of Bulgaria as a country, indicated by Fitch rating agency, confirms that UBB is consistently a reference on the Bulgarian market in terms of financial strength and stability. Raiffeisenbank (Bulgaria) and UBB will merge their operations, allowing KBC to further strengthen its position in the Bulgarian banking market. The pro forma combined entity (UBB and Raiffeisenbank (Bulgaria)) would achieve a 19.3% market share in terms of assets (compared to 11.4% for UBB today), making it the biggest bank in Bulgaria.

Johan Thijs, CEO of KBC Group, is pleased with the completion of this acquisition: *‘Over the past 15 years, KBC Group has established itself as the biggest investor in Bulgaria, taking the leading position as part of the consolidation of Bulgaria’s financial sector. The Belgian KBC Group’s Bulgarian business is a successful example of building a sustainable bank-insurance model in accordance with KBC’s strategy for its core markets. By acquiring Raiffeisenbank (Bulgaria) and its subsidiaries, we will now ensure high-quality financial intermediation for over 2.5 million Bulgarian customers. We would like to offer a warm welcome to our new customers and colleagues joining our big family!’*

Peter Andronov, CEO International Markets of KBC Group, added: *‘This acquisition once again serves to underline our commitment to the Bulgarian market and our support for the Bulgarian economy. The clear focus on innovation and digitalisation combined with high customer satisfaction will allow us to further expand our Bulgarian operations and consolidate our leadership position on the Bulgarian financial market together with the staff and management team.’*

Peter Roebben, Country CEO for KBC Group in Bulgaria, concluded: *‘The acquisition of Raiffeisenbank (Bulgaria) further strengthens KBC Group’s leading position as the top integrated financial group in the country. We are fully prepared to quickly and decisively proceed with the merger of Raiffeisenbank (Bulgaria) and UBB. In particular, we will ensure that we pay proper attention to the needs of our customers and staff throughout this process. This is an exciting moment: a new banking leader is emerging in Bulgaria, and we are committed to making a positive impact for all stakeholders.’*

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

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