



Press Release

Outside trading hours – Regulated information*

Brussels, 22 October 2021 (8.20 a.m. CEST, before stock exchange hours)

KBC Bank Ireland confirms sale of substantially all of its performing loan assets and liabilities to Bank of Ireland Group

No immediate actions for customers.

Following the announcement made on the 16th April 2021 that KBC Bank Ireland had entered into a Memorandum of Understanding (MoU) with Bank of Ireland Group, KBC Bank Ireland confirms that it has now entered into a legally binding agreement with Bank of Ireland relating to the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book to Bank of Ireland Group. In addition, a small portfolio of non-performing mortgages (NPEs) will also be acquired as part of the transaction.

The acquisition for a total consideration of c.€5.0 billion (net of deposits), involves c.€ 8.8 billion of performing mortgages, c.€ 0.1 billion of mainly performing commercial and consumer loans, c.€ 0.3 billion of non-performing mortgages, and c. € 4.4 billion of deposits. The exact size of the portfolio and consideration payable will depend on movements in the portfolio up to completion, but is not expected to materially change.

Bank of Ireland Group will acquire the portfolio and will fund it from its existing resources.

KBC Bank Ireland customers do not need to take any immediate action as a result of this announcement. Customers can continue to access KBC Bank Ireland's retail banking and insurance products through its digital channels and hubs. Customers will also continue to be afforded all legal and regulatory protections. KBC Bank Ireland is focused on ensuring that the migration of its customers to Bank of Ireland Group is carried out in an orderly manner.

The transaction remains subject to regulatory, including Irish competition, approvals.

The transaction will have an impact on KBC Group's P&L which is estimated at +0.2 billion euros at completion. Furthermore, as the transaction would ultimately result in KBC Group's withdrawal from the Irish market, this will also trigger a P&L impact in 3Q21 of an estimated -0.2 billion euros (primarily increased impairment on limited non-performing loans included in the transaction, provisions for restructuring costs and the write-down of deferred tax, tangible and intangible assets). Combined, it further improves KBC's solid capital position on completion of the transaction (expected in 3Q22), with a positive impact of +0.9% pt. on the CET1 ratio primarily by reducing risk-weighted assets by c.5 billion euros upon completion of the transaction and a further 1 billion thereafter.

As a result of this announcement, the P&L of KBC Bank Ireland will be transferred from Business Unit International Markets (KBC Group) to Group Centre as of 1 January 2022 (not retroactive).

KBC Bank Ireland has been very focused on the welfare of its employees throughout this process. KBC Bank Ireland remains acutely aware of the need to maintain open lines of communication with its employees and to provide as much certainty as possible in the context of this transaction. In this regard, KBC Bank Ireland has recently engaged in a Redundancy Consultation process with its Employee Council resulting in strong terms that compare very favourably in the sector and reflect the bank's deep appreciation for the service given by its employees. KBC Bank Ireland confirms that it will abide by the rules of the TUPE legislation where applicable.

Following a notification to all customers KBC will pause the acceptance of new applications for PRSAs, Investments, Personal and Business Overdrafts, and Business Credit Cards. For customers wishing to apply for a new Current Account, Mortgage, Deposit, Personal Loan, Business Loans, Life, Home and Car Insurance or Personal Credit Card we remain open for business as usual.'

Further announcements/updates will be made in due course.

*Announcing the binding agreement, **KBC Group CEO, Johan Thijs**, said : "Today's agreement with Bank of Ireland Group regarding the sale to Bank of Ireland Group of substantially all of the performing loan assets and deposits of KBC Bank Ireland and a small portfolio of non-performing mortgages represents an important step in KBC Group's withdrawal from the Irish market. The transaction remains subject to regulatory approvals. Yet, I'm confident that together with Bank of Ireland Group our customers will be provided with a good home, whilst continuing to enjoy the same legal and regulatory protections. We remain committed to managing this process responsibly over the coming period."*

Francesca McDonagh, Group CEO of Bank of Ireland continued: *"We are delighted to have reached agreement with KBC on this important transaction. This acquisition is a positive development for our business and consistent with our growth strategy. We look forward to supporting our new customers on their important financial decisions over the years ahead."*

KBC Bank Ireland CEO, Ales Blazek added : *"I would like to reassure our customers that they do not need to take any immediate action at this point as a result of this announcement. KBC Bank Ireland remains committed to servicing customers of its retail banking and insurance products through its digital channels and hubs. We will communicate to our customers well in advance of any actual steps that may be taken with respect to their products or if our customers need to take any action at any point.*

The Board and the Executive Committee of KBC Bank Ireland are fully conscious of the responsibilities to our customers and colleagues, and the role of KBC as part of the Irish banking system, and we are committed to those responsibilities until the transaction and subsequent withdrawal from the Irish market have been completed. KBC Bank Ireland remains focused on the welfare of its staff."

For more information, please contact:

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** This announcement contains inside information.*

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

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