

KBC Group

Update on the 2016 Joint Capital Decision

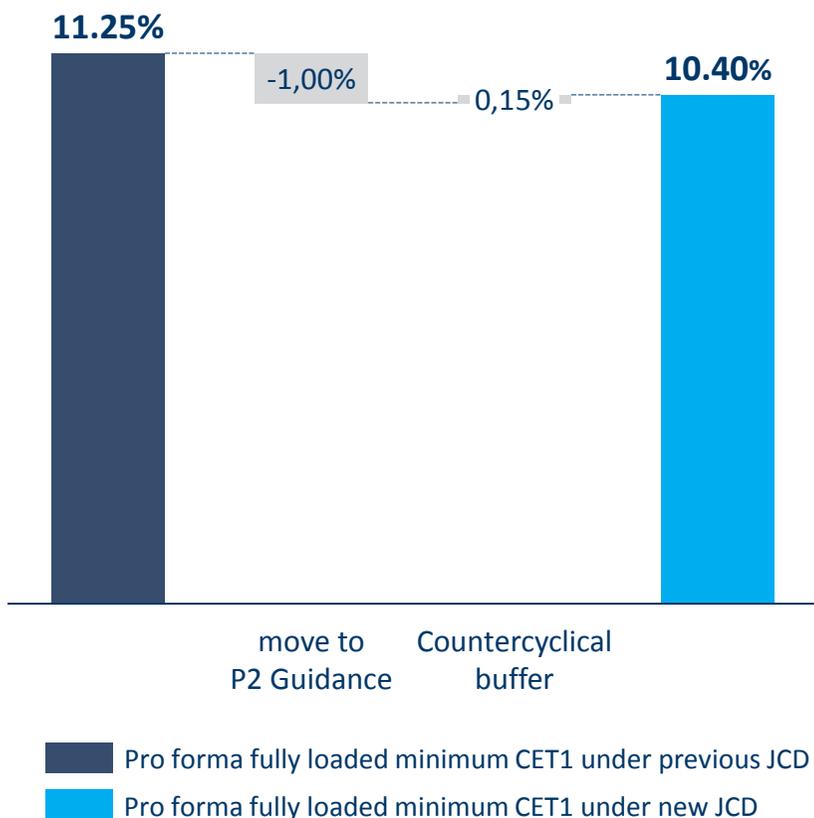
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KBC's capital remains well above the minimum requirements



- KBC was informed by the European Central Bank of its **new minimum capital requirements**, leading to a combined overall **fully loaded regulatory CET1 requirement** (under the Danish Compromise) of **10.40%**

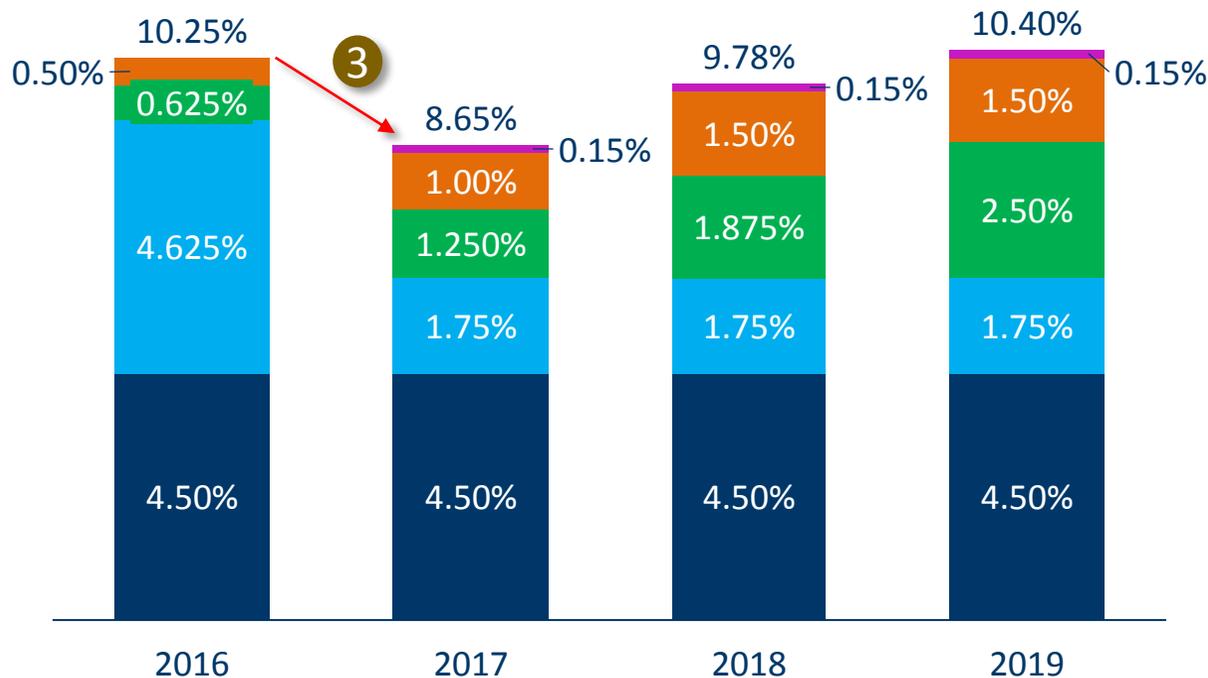
At the **close of the third quarter of 2016**, KBC's **fully loaded CET1 ratio came to 15.3%**, well above the new CET1 requirement

- Following the Supervisory Review and Evaluation Process (SREP) performed for 2016, **the ECB formally notified KBC of its decision to set**
 - a pillar 2 requirement (**P2R**) of **1.75% CET1**
 - a pillar 2 guidance (**P2G**) of **1.0% CET1**

For more information, see the press release of 14 December 2016 on www.kbc.com

Minimum CET1 requirements in detail

AT1 coupon non-payment level falling to 8.65% in 2017



- CounterCyclical buffer **2**
- O-SIFI buffer **1**
- Capital Conservation buffer
- P2 Requirement
- P1 Requirement

1

The National Bank of Belgium decided upon a **systemic buffer** (CET1 phased-in of 0.5% in 2016 under the Danish Compromise) that **gradually increases over a 3-year period, reaching 1.5% in 2018**

2

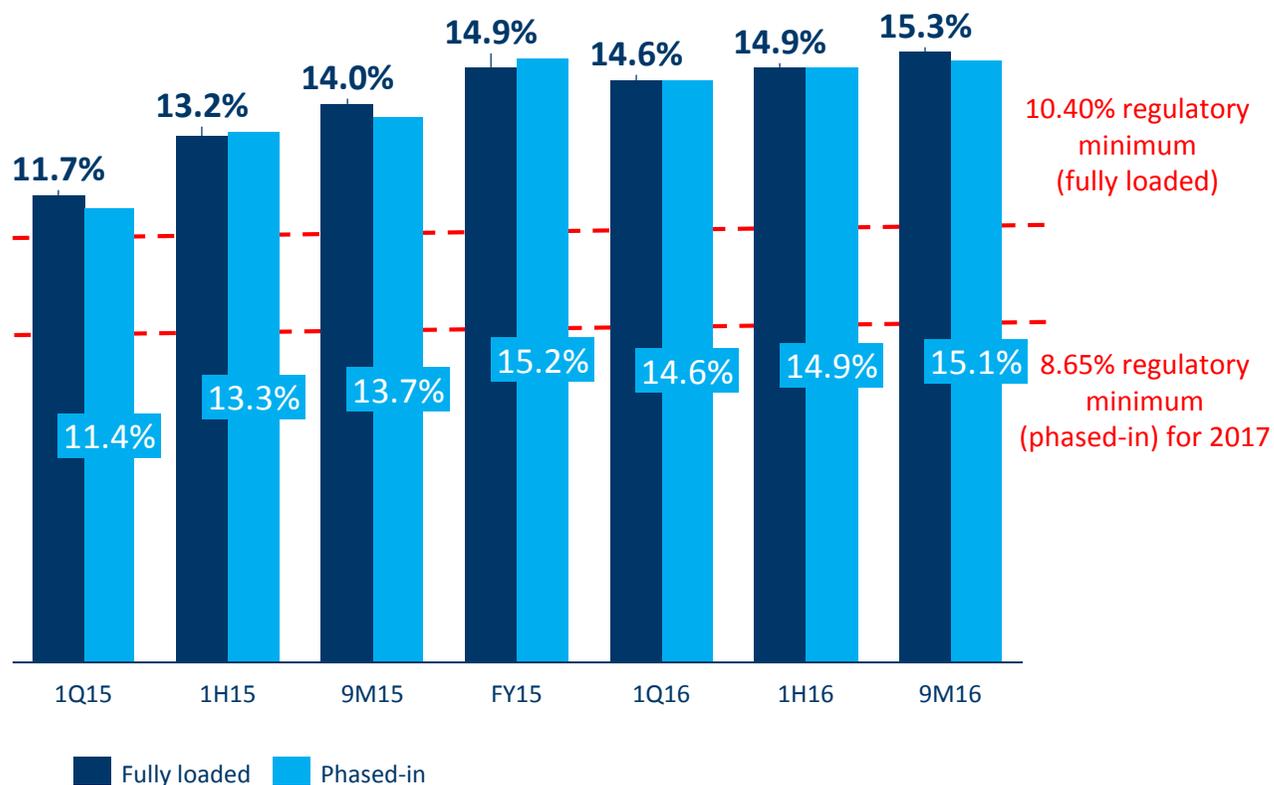
The **Czech and Slovak competent authorities decided to introduce a countercyclical buffer requirement** of 0.5% in 1Q2017 and 3Q2017 respectively, corresponding to an additional 0.15% CET1 requirement at KBC Group level (0.10% + 0.05% respectively)

3

Under the new framework on Maximum Distributable Amounts (MDA), the **restriction to pay coupons on AT1 instruments falls from 10.25% in 2016 to 8.65% in 2017**. (assuming that the T1 and T2 minimum capital bucket continue to be adequately filled with externally placed instruments)

Strong capital position

CET1 RATIO AT KBC GROUP BASED ON THE DANISH COMPROMISE



- **Common equity ratio (phased-in) of 15.1%** based on the Danish Compromise at end 9M16, which **clearly exceeds** the minimum **capital requirements of 8.65%** based on the **2016 Joint Capital Decision (JCD)**
- A **pro forma fully loaded minimum common equity ratio translation to 10.40%** based on the 2016 Joint Capital Decision (JCD) **was clearly exceeded** with a fully loaded common equity ratio of 15.3% based on the Danish Compromise at end 9M16
- **Including the 1% Pillar 2 Guidance the implied fully loaded minimum CET1 requirement stands at 11.40%** (9.65% phased-in for 2017), which is **also amply exceeded** by the actual CET1 ratio at end 9M16

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