# Press Release

Outside trading hours - Regulated information*

Brussels, 18 February 2019 – 6 p.m.

# KBC discloses new ECB capital requirements

## KBC's capital remains well above the minimum requirements

***KBC has been informed by the European Central Bank (ECB) of its new minimum capital requirements, which bring the combined CET1 requirement for KBC (under the Danish Compromise) to 10.7%.***
***At the close of the fourth quarter of 2018, KBC's CET1 ratio came to 16%, well above the new CET1 requirement.***

***Following the Supervisory Review and Evaluation Process (SREP) performed for 2018, the ECB has formally notified KBC of its decision to maintain***

- ***the pillar 2 requirement (P2R) at 1.75% of CET1***
- ***the pillar 2 guidance (P2G) at 1.0% of CET1***

The capital requirement for the KBC group is determined not only by the ECB, but also by the **decisions taken by the various local competent authorities in KBC's core markets, namely to**:

- increase the countercyclical capital buffer in the Czech Republic from 1.25% to 1.50% effective from 1 July 2019
- increase the countercyclical capital buffer in Slovakia from 1.25% to 1.50% effective from 1 August 2019
- introduce a countercyclical capital buffer in Bulgaria (0.5% in 2019 and 0.75% in 2020)
- introduce a countercyclical capital buffer in Ireland (1.0% effective from 5 July 2019)

That corresponds to an additional CET1 requirement of 0.45% at KBC group level (up from 0.35%).

**The National Bank of Belgium** had already announced its capital buffers for Belgian systemic banks last year. For KBC, the capital buffer requirement is 1.5%, while the capital conservation buffer is 2.50% as from 2019. These buffers are held on top of the minimum CET1 requirement of 4.5% under Pillar 1.

For KBC, this brings the **overall CET1 requirement (under the Danish Compromise) to 10.7% (10.6% last year), with an additional Pillar 2 guidance of 1%**. KBC clearly exceeds this requirement, as illustrated by **its CET1 ratio of 16% at the close of the fourth quarter of 2018.**

**Johan Thijs, KBC Group CEO**, had this to say: *'The ECB's decision reaffirms KBC's low risk profile and its resilience to adverse economic conditions. Our capital position is an extremely solid one and that sends out a reassuring signal to all stakeholders placing their trust in us.*

*KBC will continue to pursue a policy of maintaining a dynamic buffer above the legally required minimum. That reflects a number of factors, including our attitude towards potentially adverse economic conditions, any new capital requirements and our position relative to our peers. We've set our 'own capital target' at 14% of CET1 and want to keep a flexible buffer of up to 2% of CET1 for potential mergers and acquisitions that would strengthen our position in our core markets. The aggregate figure of 16% of CET1 represents the 'reference capital position'.*

*We will also continue to concentrate on our sound fundamentals of having a dynamic client-driven bank-insurance business model, a healthy risk profile, a robust liquidity position supported by a very solid and loyal customer deposit base in our core markets, and a comfortable solvency position that enables us to continue to increase lending to our clients and actively support the communities and economies where we operate.'*

**More details on the composition of the new capital requirements can be found in the table attached to this press release and at www.kbc.com.**

## For more information, please contact:

Kurt De Baenst, General Manager, Investor Relations, KBC Group
Tel.: +32 2 429 35 73 – E-mail: kurt.debaenst@kbc.be

Viviane Huybrecht, General Manager of Corporate Communication/KBC Group Spokesperson
Tel.: + 32 2 429 85 45 – E-mail: pressofficekbc@kbc.be

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

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

**Press Office**
**Tel. +32 2 429 65 01 Stef Leunens**
**Tel. +32 2 429 29 15 Ilse De Muyer**
**Tel. +32 2 429 32 88 Pieter Kussé**
**E-mail: pressofficekbc@kbc.be**

**KBC press releases are available at www.kbc.com or can be obtained by sending an e-mail to pressofficekbc@kbc.be**

**Follow us on www.twitter.com/kbc_group**

**Check this document's authenticity**

| Fully loaded figures | | Previous targets | NEW targets |
|---|---|---|---|
| **Pillar 1 minimum requirement (P1 min)** | CET1 | 4,50% | 4,50% |
| | AT1 | 1,50% | 1,50% |
| | T2 | 2,00% | 2,00% |
| **Pillar 2 requirement (P2R)** | CET1 | 1,75% | 1,75% |
| **Total SREP Capital Requirement (TSCR)** | CET1 | 6,25% | 6,25% |
| | Tier 1 | 7,75% | 7,75% |
| | Total capital | 9,75% | 9,75% |
| Combined Buffer Requirement (CBR) | | | |
| Conservation buffer | CET1 | 2,50% | 2,50% |
| O-SII buffer | CET1 | 1,50% | 1,50% |
| Countercyclical buffer | CET1 | 0,35% | 0,45% |
| **Overall capital requirement (OCR) = MDA threshold** | CET1 | **10,60%** | **10,70%** |
| | Tier 1 | 12,10% | 12,20% |
| | Total capital | 14,10% | 14,20% |
| Pillar 2 Guidance (P2G) | CET1 | 1,00% | 1,00% |
| **OCR + P2G** | CET1 | 11,60% | **11,70%** |