

Brussels, 18 February 2019

## **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***
- ***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](http://www.kbc.com).**

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## 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%
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## OCR + P2G

CET1	11,60%	11,70%
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