



Brussels, 30 July 2021 (6.15 p.m. CEST)

KBC remains strongly capitalised under 2021 EU-wide EBA stress test

KBC notes the announcements made today by the European Banking Authority (EBA) regarding the results of the 2021 EU-wide stress test. A brief [set of slides](#) on the KBC data is available at www.kbc.com.

The impact of the stress test on KBC's fully loaded Common Equity Tier-1 (CET1) ratio of 17.58% at year-end 2020 caused this ratio to increase by 1.92 percentage points to 19.50% at year-end 2023 under the base scenario. Under the adverse scenario, KBC's fully loaded CET1 ratio would fall by 3.51 percentage points to 14.07%¹. KBC's leverage ratio, which stood at 6.42% at year-end 2020, would increase to 7.09% under the base scenario and decrease to just 5.53% under the adverse scenario.

Commenting on today's announcements, Johan Thijs, KBC Group CEO had this to say: 'The results of this regular, theoretical exercise conducted by the EBA give us additional insights into the capital requirements that KBC must be able to meet under various possible economic scenarios. Our consistent results reassure our stakeholders that our company is and would remain well capitalised should an adverse scenario occur on top of the unprecedented economic upheaval caused by the coronavirus pandemic. The results also reflect our strong fundamentals in the form of: a healthy customer-oriented bank-insurance model, a solid liquidity position supported by a very solid and loyal customer deposit base in our core markets, and a comfortable level of solvency. This enables us to actively support the communities and economic environment in which we operate on a continuous basis during these challenging times.'

KBC was subject to the 2021 EU-wide stress test conducted by the European Banking Authority (EBA) in cooperation with the National Bank of Belgium (NBB), the European Central Bank (ECB) and the European Systemic Risk Board (ESRB).

KBC notes the announcements made today by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise. The 2021 test does not contain a pass-fail threshold, but is designed instead to be used as an important source of information for the purpose of the supervisory review process (SREP). The results will assist competent authorities in assessing KBC's ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2021-2023). The stress test was carried out applying a static balance sheet assumption as at December 2020 and therefore,

¹ The CET1 ratio on a **transitional** basis would shift from 18.11% at year-end 2020 to 19.64% under the base scenario and to 14.29% under the adverse scenario at year-end of 2023.

does not take into account future business strategies and management actions. It is not a forecast of KBC's profits.

An extensive set of Q&As, plus details of the methodology and the baseline and adverse scenarios, are available on the EBA's website.

This information is provided only for comparison purposes with other banks and should not in any way be directly compared to KBC's other published information.

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

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