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PRESS RELEASE

Capital buffer exercise 2011

KBC Bank and Dexia were subject to the 2011 capital buffer exercise conducted by the European Banking Authority (EBA) in cooperation with the National Bank of Belgium.

The National Bank of Belgium notes the announcements made today by the EBA, KBC Bank and Dexia on the EU-wide capital buffer exercise and fully acknowledges the outcomes of this exercise.

The capital exercise proposed by the EBA and agreed by the Council on 26 October 2011 requires banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect market prices. In addition, it requires them to establish a buffer such that the Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012. The amount of any final capital shortfall identified is based on September 2011 figures. The amount of the sovereign capital buffer will not be revised.

71 banks across Europe, including KBC Bank and Dexia, were subject to the capital exercise whose objective is to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risk related to the current difficult market environment. This buffer would explicitly not be designed to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

Following completion of the capital exercise conducted by the European Banking Authority, in close cooperation with the competent national authority, the exercise has determined that:

KBC Bank meets the 9% Core Tier 1 ratio after the removal of the prudential filters on sovereign assets in the Available-for-Sale portfolio and prudent valuation of sovereign debt in the Held-to-Maturity and Loans and receivables portfolios, reflecting market prices at end September.

Dexia has a capital shortfall of 6.3bn. This amount should be considered as pro-forma. After the cut-off date of 30 September, this Group has indeed been deeply restructured and a state guarantee will be provided on the funding issued by Dexia SA and its subsidiary Dexia Credit Local subject to the approval of the European Commission. The restructured group, which will not further develop significant cross-border activity and will gradually shrink in size, will not remain in the EBA sample. The sale of Dexia Bank Belgium has led to a fresh cash injection of 4bn euros whilst the disposal processes of other important entities (Dexia Bank Internationale à Luxembourg, RBC Dexia Investor Services, Dexia Asset Management, Dexia Municipal Agency and DenizBank) will aim to further strengthen its capital position. "

The methodology underlying the capital exercise was outlined by the EBA prior to its announcement to ensure consistency across all banks in the EU banking system involved in the exercise.