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PRESS RELEASE

KBC Bank and Dexia Capital Update - EU Wide Stress Test Results

KBC Bank and Dexia were subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the National Bank of Belgium, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

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

The EU-wide stress test, carried out across 90 banks covering over 65% of the EU banking system total assets, seeks to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.

The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier 1 capital benchmark and are intended to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by the ECB and covers a two-year time horizon (2011-2012). The stress test has been carried out using a static balance sheet assumption as at December 2010. The stress test does not take into account future business strategies and management actions and is not a forecast of KBC Bank's and Dexia's profits.

As a result of the assumed shock, the estimated consolidated Core Tier 1 capital ratio of KBC Bank would change to 10.0% under the adverse scenario in 2012 compared to 10.5% as of end of 2010. The estimated consolidated Core Tier 1 capital ratio of Dexia would change to 10.4% under the adverse scenario in 2012 compared to 12.1% as of end of 2010. These results incorporate the effects of the mandatory restructuring plans agreed with the EU Commission before 31 December 2010.

The EU-wide stress test requires that the results and weaknesses identified, which will be disclosed to the market, are acted on to improve the resilience of the financial system. Following completion of the EU-wide stress test, the results determine that KBC Bank and Dexia meet the capital benchmark set out for the purpose of the stress test. Both banks will continue to ensure that appropriate capital levels are maintained.

Notes to editors

The detailed results of the stress test under the baseline and adverse scenarios as well as information on KBC Bank's and Dexia's credit exposures and exposures to central and local governments are provided in the accompanying disclosure tables based on the common format provided by the EBA.

The stress test was carried out based on the EBA common methodology and key common assumptions (e.g. constant balance sheet, uniform treatment of securitisation exposures) as published in the EBA Methodological note. Therefore, the information relative to the baseline scenarios is provided only for comparison purposes. Neither the baseline scenario nor the adverse scenario should in any way be construed as either bank's forecast or directly compared to their published information.

See more details on the scenarios, assumptions and methodology on the EBA website:

<http://www.eba.europa.eu/EU-wide-stress-testing/2011.aspx>

Annexes:

1. [Communication - KBC Bank](#)
2. [Stress test outputs - KBC Bank](#)
3. [Communication - Dexia](#)
4. [Stress test outputs - Dexia](#)