

KBC Group

Solvency II

External Communication

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Contents

- 1 Solvency II : From SI to SII at KBC
- 2 Key features Solvency II : Fundamental differences vs Solvency I
- 3 Solvency Own Funds
- 4 Solvency Capital Requirements per risk category
- 5 KBC Solvency II : sensitivities
- 6 Wrap up : SII @ KBC

Solvency II

From SI to SII at KBC

Solvency I

Uneven playing field

Punishes prudent behaviour

Limited (supervisory) reporting

One size fits all

SI Ratio: 276%

Based on 3Q15 numbers

Available Capital:
2,76b EUR

Required Solvency
margin : 1,00b EUR

From accounting based to
economic/fair value based

Technical provisions at best
estimate + Risk Margin

All assets @ market value

Looks detailed at all risks

Full risk driven approach

Solvency II

Aims at a more level playing field

Rewards active risk management

Full set financial (supervisory) reporting

Impact on product mix – no changes at KBC

SII Ratio: 242%

Based on 3Q15 numbers

Total Own Funds:
3,62b EUR

Total SCR
1,50b EUR

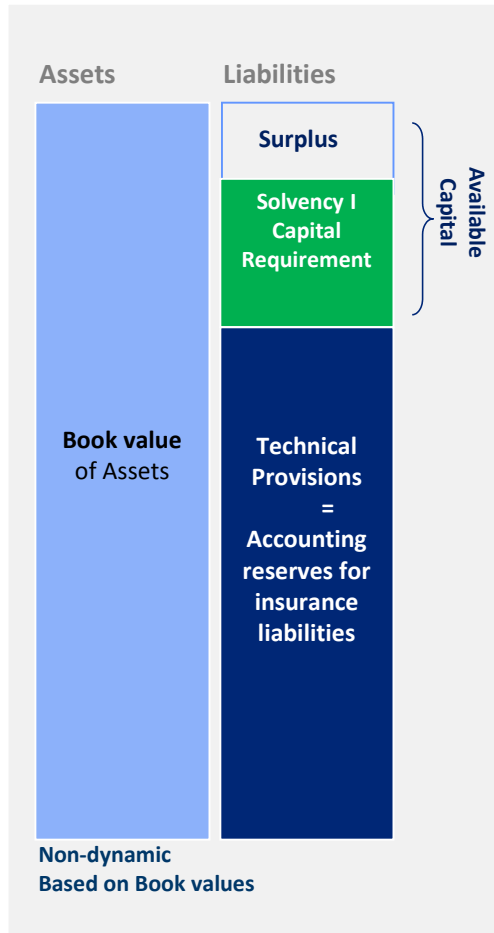
SII @ KBC

- STANDARD FORMULA MODEL APPROACH
- NO TRANSITIONAL MEASURES
- VOLATILITY ADJUSTMENT (SII RATIO without VA 225%)

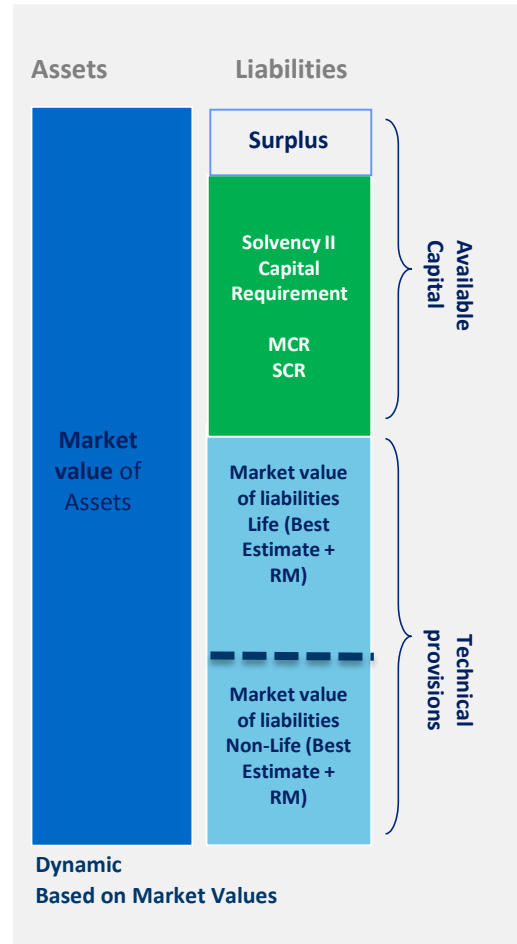
Key features Solvency II

Fundamental differences vs. Solvency I

Solvency I

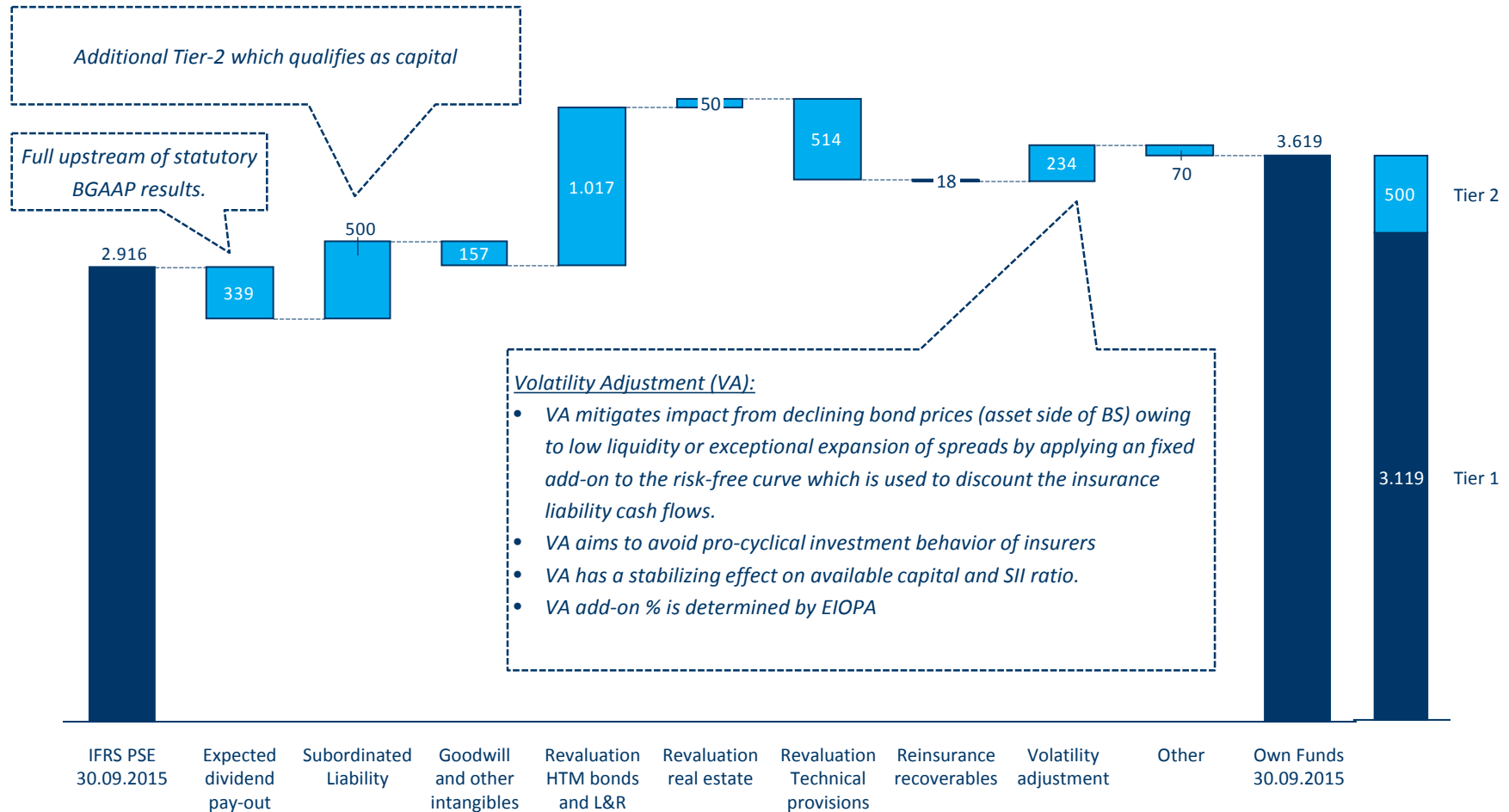


Solvency II



KBC Solvency Own Funds

Waterfall (data 30/9/15)

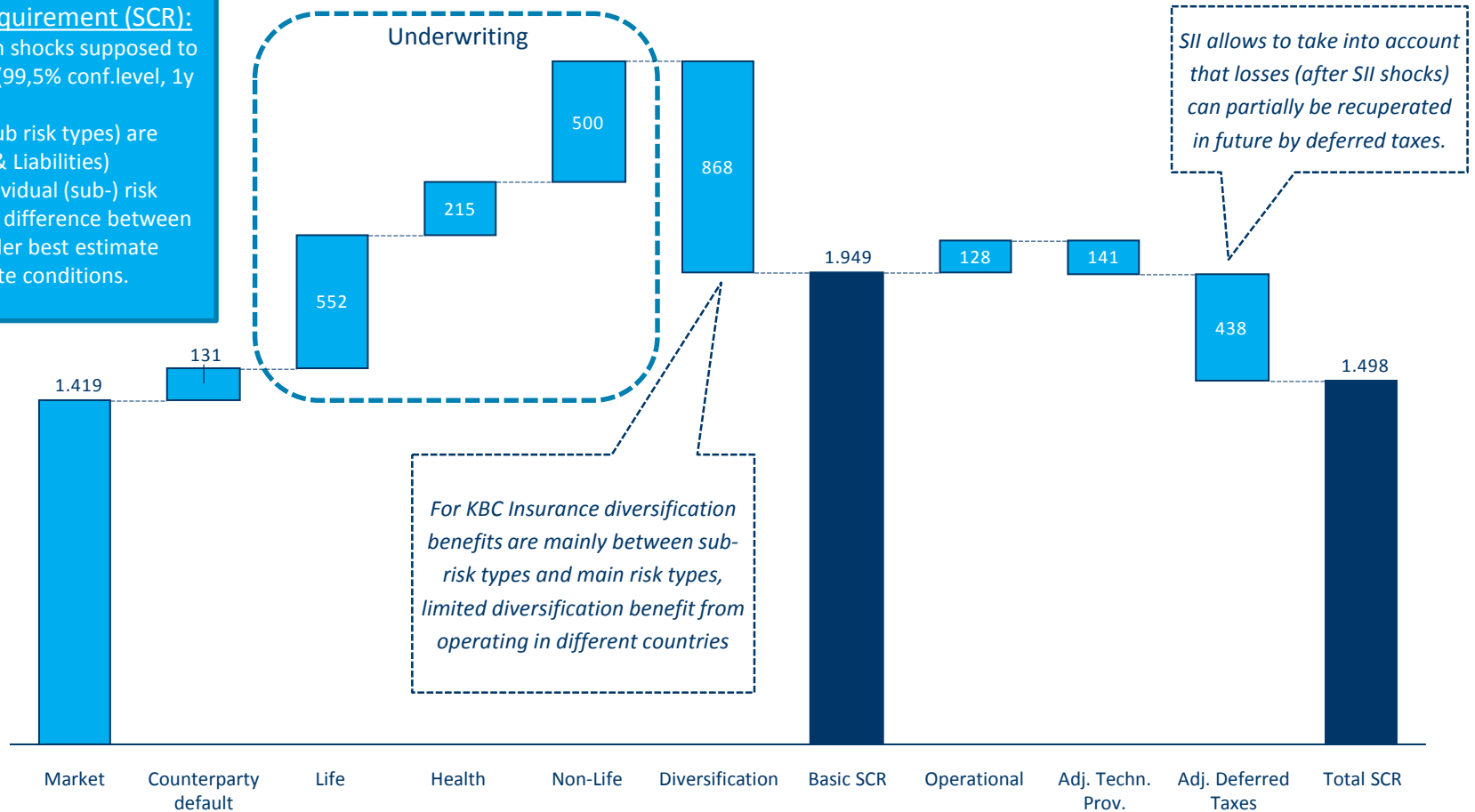


Solvency capital requirement per risk category

SCR waterfall (data 30/9/15)

Solvency Capital Requirement (SCR):

- Based on V-a-R, with shocks supposed to happen every 200y (99,5% conf.level, 1y horizon)
- All risk types (incl. sub risk types) are considered (Assets & Liabilities)
- The SCR of each individual (sub-) risk type is calculated as difference between available capital under best estimate and stressed estimate conditions.



KBC Solvency II

Sensitivities : Biggest impact from VA and spread risk movements

Base case scenario 30/09/2015	
Available capital	3.619
Required capital	1.498
SII-ratio	242%



Individual impacts on KBC SII ratio:

Interest Rate	➤ +100bps	➔ SII ratio: 244%
Bond Spreads	➤ +50bps	➔ SII ratio: 207%
Other shocks	➤ Equity shock: - 40%	➔ SII ratio: 241%
	➤ Property Shock: - 25%	➔ SII ratio: 237%
Volatility Adjustment	➤ No VA	➔ SII: 225%

Wrap up

SII @ KBC

- ✓ **Strong Solvency II ratio at 242% under Standard Formula model approach**
- ✓ **Solvency II ratio resilient to a wide range of shocks**
- ✓ **KBC clearly well positioned amongst its peers in the European insurance industry.**