

# Reaction

Brussels, 28 October 2011

## **KBC continues to work on (process) efficiency and internal optimisation**

In the light of its strategic refocusing (on bancassurance in its 5 core countries) and the already implemented or planned divestments, KBC continues to look to how it can adapt and optimise its organisation and business efficiency.

KBC is constantly striving to develop the healthy structure which can flexibly and cost-effectively support its commercial operations and can best tackle the present and future challenges it faces.

Several initiatives are already being taken across the KBC group.

At the beginning of this year, for example, KBC introduced a new organisational structure for its ICT operations and other shared services within the Shared Services & Operations Business Unit. This new structure strengthens the business unit in its role as internal service provider and partner for internal clients, while of course taking into account any recent market developments within its domain. (*The Belgian newspaper De Tijd previously already reported on this topic.*)

Within the Belgium Business Unit, work is underway to strengthen the commercial network, improve services to customers (in the light of Net 3.0), and optimise head office operations.

KBC has also made the strategic choice to maximise the synergy within the group by expanding and exploiting to the full the extensive know-how and expertise that exists in the group's core national markets. Within that framework, it was decided some time ago to focus certain activities and business processes – which are currently organised in various locations within the KBC group – in a single location where those centralised activities can be brought together as efficiently and profitably as possible to make optimal use of the local know-how and competencies.

KBC is looking here for cross-border synergies within the group, and exploiting the increased benefits from the extensive knowledge and expertise that exist in the group's five core countries. By streamlining its organisation, KBC is ensuring that it can adapt smoothly to an ever faster and more dramatically changing environment.

Based on objective parameters such as the labour market, the availability of office space, local and international accessibility and a set of financial and administrative criteria, KBC already decided last year to organise these centralised activities from Brno (in the Czech Republic). KBC also wishes to make clear its intention to keep those activities within the KBC group.

Certain activities in the Payments domain (processing cross-border transfers), and in the Finance/Accounting domain (accounts payable/receivable), are already being run from Brno. A number of KBC's back-office and middle-office dealing room activities will be gradually transferred to Brno starting in 2012 and continuing to the end of 2015.

These decisions will in no way affect our customers because they only concern internal, primarily administrative and non-language-dependent back-end business processes. The increased efficiency achieved will in the long run benefit all stakeholders, including the customers.

Such group-wide projects, including the divestments already implemented or planned (within the framework of the strategic plan agreed with the European Commission), will understandably impact the company's project portfolio.

These will also involve internal moves and changes for a number of the group's employees, but as is its custom, KBC will - with the necessary guidance and support - absorb these within its own organisation.

Belgian staff impacted by the migration (about 160 employees altogether in the three projects to be relocated to Brno in the coming years) will be offered suitable alternative jobs within KBC. Demographic trends and natural attrition will ensure sufficient employment opportunities within the company.

Moreover, KBC will continue to tap the external labour market, especially for its network of bank branches and insurance agencies, and for specialised head-office functions for which KBC does not currently have people with the right profile.

These projects and decisions have, over the last months, been extensively discussed with the social partners and communicated to the employees concerned.

### **Contact details**

Wim Allegaert, General Manager, Investor Relations, KBC Group  
Tel 32 2 429 40 51 [wim.allegaert@kbc.be](mailto:wim.allegaert@kbc.be)

Viviane Huybrecht, General Manager, Group Communications/Spokesperson, KBC Group  
Tel 32 2 429 85 45 [pressofficekbc@kbc.be](mailto:pressofficekbc@kbc.be)

**KBC Group NV**  
Havenlaan 2 – 1080 Brussels  
Viviane Huybrecht:  
General Manager Group  
Communication /Spokesperson  
Tel. +32 2 429 85 45

Press Office  
Tel. +32 2 429 65 01  
Fax +32 2 429 81 60  
E-mail: [pressofficekbc@kbc.be](mailto:pressofficekbc@kbc.be)

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