



Press release

Brussels, 16 May 2019 (8.45 a.m. CEST)

KBC Group optimises group-wide governance to further increase operational efficiency

In a rapidly changing and highly competitive environment, KBC wants to continuously adapt, remain agile and operationally efficient and thus respond better and more appropriately to the changing and increasing expectations of customers and of society.

Since 2012, KBC has continued to thoroughly adapt its organisational structure, distribution network and way of working on a regular basis in order to offer its customers the fast and efficient experience and ease of use that they expect.

KBC is currently reviewing the group's governance model. The Executive Committee has started recently a group-wide internal exercise to further optimize and simplify the governance model at management level (Top 300) and to reduce the number of decision layers. This can cause certain positions to shift, change or even disappear. Discussions are currently underway with the managers involved.

The changes have a non-material financial impact on KBC Group.

In the coming weeks, senior management will be asked to indicate in concrete terms how they are going to further improve operational efficiency in their respective units and thus also take customer service to an even higher level. The execution itself is scheduled for the third quarter of this year.

It is KBC's intention to make the necessary changes with full respect for its employees and through an open and constructive dialogue with all involved and with the social partners. As always, the exercise will be carried out within a clear framework, within which the possible impact of the changes, if any, will be absorbed.

Johan Thijs, KBC Groep-CEO sums up the ambition: *"This adaptation of our group-wide governance is essential and an inevitable next step to respond to the new environment in which organisations are expected to be more agile, take decisions more quickly and thus meet the expectations of customers and society. Only in this way can we remain the reference in bancassurance in our core markets and perfectly meet the challenges of the fintechs, GAFA's and everyone else".*

Johan Thijs, KBC Group CEO explains why KBC is starting this review: *"Our customers deserve all our energy and attention. That is the only way we can earn their trust and loyalty. The fulfillment of our customers' financial needs is right at the top of our priority list and since 2012 we have fundamentally changed our*

company, our organizational structure, our distribution network and our way of working in line with the changing behaviour of our customers while at the same time showing respect for our employees, shareholders and other stakeholders. We also invested in new, innovative products and services. Our customers recognized those efforts, noticed that things had changed and we won several awards for innovation and customer satisfaction.

*Today our customers are demanding a different way of doing their banking and insurance business. **Consumers in general want no hassle, no friction and increasingly faster decisions.** But there is no such thing as a uniform customer. Some customers require full digital service, while others still prefer to be served through the traditional non-digital channels, with more human or face-to-face contact and the choice digital versus non-digital may vary according to the product they buy. How will that choice of service evolve over time? That is very hard to predict. We continue to closely monitor that evolution in order to find the right balance and decide how much to invest in technology and digital services and how much in non-digital, human-led service.*

We assume our responsibility and are determined to make the changes necessary to ensure that we are ready, that we are ahead of our customers' demands and that we can continue to offer them an unparalleled customer experience. But that is why we need to further adapt our internal organisation, simplify our governance, make our organisation as agile as possible, with fewer layers of decision making, with faster decision-making processes and with more empowerment within the existing risk framework. This is how we safeguard the future of KBC as a financial institution and as an employer.

While the starting point and final goal of the exercise is to further improve internal operational efficiency, this optimization exercise will also bring changes for some employees. Given KBC's customer centric focus, it is logical that customer facing processes, customer facing contacts are likely to require more FTEs."