



Brussels, 10 November 2016

KBC continues preparing for the future, focusing on its clients and staff

The world around us is changing and the competition and new market entrants are constantly on the move. Clients are changing their behaviour, too, with today's clients demanding a different way of doing their banking and insurance business.

At many financial institutions, including KBC, this is increasingly leading to a shift between the various distribution channels and a move towards digitalisation. And that requires many changes within the company, the rate of which is determined by clients. So KBC is making sure that it is ready and is keeping ahead of its clients. What's more, the company has noticed that this approach is paying off and client satisfaction is improving year after year.

KBC is determined, as always, to implement the changes needed to prepare for the future while at the same time showing respect for its employees. It will do this through open and constructive dialogue with all those involved and within a clear framework that allows the impact of the changes to be absorbed. Moreover, KBC has been gradually adapting its organisation for the past number of years, in line with the changing behaviour of its clients and with respect for its employees, shareholders and other stakeholders.

During a regular meeting of the works council this afternoon, KBC informed its social partners that, in accordance with the Collective Labour Agreement (CLA) on Employment 2016-2017, it intends to make individual offers to a select group of employees in Belgium to allow it to better respond to changing client behaviour. It will make these offers under its Pre-Retirement Exemption from Work scheme, with set, predefined conditions.

In addition, KBC will continue to recruit selectively.

The above offer will not have any impact on KBC's third-quarter results. However, KBC will set aside a provision of 28 million euros in the fourth quarter of this year.

KBC will release its detailed results for the third quarter on 17 November 2016.

Determined to be the reference now and in the future

The whole financial industry is facing major challenges at present. Financial institutions are striving for a balance between the changes they are forced to make and responsibility for their employees. KBC wants to be the reference in this area, too, because KBC believes in the power of its staff. That's why the group invests continuously in training its employees and stimulating life-long learning. Its HR policy is sharply focused on coaching and guidance and it makes available the necessary budgets for this.

In addition, KBC is already proactively taking numerous measures to prepare both its employees and its organisation for the many changes ahead. For instance, employees are encouraged and coached to become more digitally savvy and innovation and inspiration days are organised to keep everyone up-to-date on the latest technologies and trends.

Furthermore, KBC launched innovative programmes, such as Minerva and Experience@Work, a few years ago to prepare its employees for the reality of working longer. Although these alternatives are proving their value and will be continued in the future, they are unfortunately not enough and don't provide a solution for all those concerned.

The increase in the retirement age means that employees have to work for longer. That's not easy for everyone, especially not when the changes keep coming at an ever-faster pace.

Selective individual offer

KBC has sought out a solution for certain employees because, on the one hand, the requirements of their jobs will be vastly different in the (near) future from what they do today and, on the other, it is not always possible to find redeployment opportunities for them at KBC.

Under the CLA on Employment 2016-2017 guaranteeing employment security until the end of 2017, an agreement was made with the social partners at the start of 2016 that every KBC employee is entitled to a Pre-Retirement Exemption from Work provided that certain predefined criteria are met.

The aforementioned CLA on employment also includes the option for KBC to extend the scheme to a larger group of staff. KBC now intends to use this option and make an offer to a limited group of employees for whom the start date of the scheme would be brought forward. The employees concerned have already reached or will reach at least 40 years seniority with KBC during the term of the CLA (i.e. 2016-2017), or were at least 56 years old on 31 December 2015, and they work in departments going through, or scheduled to go through, a significant change in order to respond to the changing behaviour of clients. The offer does not apply to CBC employees.

This means that employees themselves cannot ask to be given an offer.

KBC wants to guarantee and secure the continuity of the service to its clients. Consequently, it is making this offer only to a limited group of employees so that their departure can be absorbed by the organisation as a whole and the teams in which they work. KBC intends to make the offer to some 200 employees in Belgium (out of a total of 13 247 FTEs; figure as at end-June 2016). The company will assess thoroughly how this selective offer and accelerated departure of this group of employees will be absorbed by the organisation and by the employees.

The employees concerned will receive the offer through their managers in the coming days and weeks. Once they receive the offer, they will be invited to an information session and individual meeting with a representative from HR to assess further their individual situation. This will allow those employees to make an informed decision about their future.

Employees who want to accept the offer will have until 31 January 2017 to sign it. Depending on the needs of the entity for which they work, most will leave in the second half of 2017.

As is traditional and in the interests of good social consultation, KBC will continue to talk with the social partners in the coming period to explain this offer in more detail and answer their questions.

Recruitment to continue

There is a natural attrition rate of around 600 employees from KBC every year.

KBC will continue to recruit selectively externally. Such recruitment will concern primarily replacement recruits and the recruiting of specific profiles that are not available at all or are in short supply in the company, such as lawyers, IT specialists, IFRS specialists, risk specialists, auditors, data specialists, insurance specialists.

At the end of September 2016, 282 people had been recruited from outside the company and there were 83 open vacancies, and the trend for selective external recruitment will continue.

As regards the future, KBC will closely track trends and developments in the environment in which it operates and the impact of the digital revolution and changing client behaviour on its business model and strategy. Where necessary, KBC will recruit externally, probably in the region of a few hundred new employees each year.

Note to the editors :

The Pre-Retirement Exemption from Work scheme is an end-of-career initiative that is already in use in KBC. It exempts employees from work prior to their earliest possible retirement date under certain conditions and for a set period (between three and 24 months depending on the age and seniority of the employee). During this period the employee retains a fixed percentage of their most recent gross salary.

In practice, the scheme involves a reduction in the employment percentage to 50% and an exemption from having to work, both in consultation with the person concerned. KBC pays a part-time salary, including the relevant taxes and social security, just as it would for any employee working 50%. But the employee availing of the Pre-Retirement Exemption from Work scheme is not required to work and will start receiving their statutory pension on the earliest possible retirement date.

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