Ten years after the start of the crisis: contours of a new normal
The financial sector had to rebuild trust
KBC focused on its core markets, lowered its risk profile and strengthened its capital base.

- **2008**: 1st state aid
- **2009**: 2nd state aid & CDO guarantee
- **2010**: Start repayment of state aid
- **2011**: EC approval new strategic plan & start divestment program
- **2014**: Divestment programme completed
- **2015**: Repayment of state aid completed

**Divestments**

- KBC FP Convertible Bonds
- KBC Securities Sàrl
- KBC FP Asian Equity Derivatives
- Creditportfolio of foreign branches
- KBC FP Insurance Derivatives
- Credia
- KBC FP Reverse Mortgages
- Polia
- KBC Peat Hunt
- Warf
- KBC AM in UK
- KBL European Private Bankers
- KBC AM in Ireland
- KBC Autolease Polska
- KBC Securities BIC
- KBC Lease Deutschland
- KBC Business Capital
- Zigted
- Besara
- NLB
- KBC Conmed Taiwan
- Kredyt Bank
- KBC Goldstate China
- Absolut Bank
- KBC Securities Romania
- KBC Banca
- Amherst Diamondbank
- KBC Bank Deutschland

**CDO-exposure** fully collapsed from 25 bn EUR

- 2008: 24.6
- 2009: 22.5
- 2010: 17.3
- 2011: 15.5
- 2012: 6.3
- 2013: 0.0

**RWA (EUR/Bn)**
whilst at the same time strengthened its Risk Management,

A few milestones

2010 Risk Harbour Strategy
- Independent CROs
- Local risk teams
- G-Risk

2013 KBC mission/vision
We want risk to be in the hearts and minds of everyone, for KBC to create sustainable growth and to deserve its customers’ trust

2017
- Highly connected
- Agile
- Simple
- Smart
- Digi & Data Savvy
and its corporate and risk culture

- **Speaking up**
- **Open feedback**
- **Learning from mistakes (of others)**
- **Taking accountability**
- **Tone from the top**
- **Remuneration**
- **Diversity**

**Culture is what people do, when nobody is looking**

**Responsible behavior a condition for good risk culture**

**Risk awareness as part of our DNA, embedded in our corporate culture**

**PEARL**
- Performance
- Empowerment
- Accountability
- Responsiveness
- Local embeddedness
Prudential framework had a positive impact on KBC’s Governance and Risk Management

**Corporate governance**
- Segregation of duties and responsibilities between
  - **Board of Directors**: sets and oversees objectives and strategies incl. risk appetite and risk management policies
  - **Risk and Compliance Committee**: Challenging the quality of the risk management function
  - **Executive Committee**: Implementation of risk management
- With a stronger oversight role (Risk Appetite, Remuneration,...)

**Internal controls**
- 3 lines of defence
  - Business
  - Risk, Compliance,...
  - Internal Audit
- Group Key Controls & Internal Control Statement

**Risk management**
- Governance: Group CROs, Country CROs and local & group Risk Departments
- Time-out right CROs
- Strong frameworks to identify, assess, manage and report on company risks
- Assisting senior management in the implementation of the Risk Management Framework
KBC’s experience with regulation and supervision

• As an integrated bank-insurance group, we face some challenges
  • walls between insurance and banking regulators
  • different attention points for different (local) regulators and supervisors

• Important to avoid over-regulation

• Call for simple, clear and stable regulatory and supervisory requirements taking into account the customer’s view
Thank you

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