

**FT.com unlocked**  
 4 weeks complete  
 and unrestricted  
 access for just €1 ▶




FT Home > Companies > Financials > Financial Services

## KBC considers shift in strategy

By Stanley Pignal and Nikki Tait in Brussels  
 Published: June 2 2011 05:10 | Last updated: June 2 2011 05:10

**KBC**, the Belgian financial group, on Wednesday said it was considering wholesale changes to its post-crisis strategy amid press reports of a large capital-raising and a possible shelving of plans to float its Czech business.

KBC joins its Belgian rival Dexia, also the beneficiary of a large bail-out during the financial crisis, in seeking to renegotiate commitments made with European regulators to mitigate the distortions in competition caused by state intervention.

### EDITOR'S CHOICE

- [KBC warns of further writedowns](#) - Aug-09
- [KBC sells Centea arm to Crédit Agricole](#) - Mar-04
- [KBC profits surge on string of divestments](#) - Feb-10
- [KBC warns Hungary over €700m banking levy](#) - Aug-05
- [Daiwa buys KBC capital markets unit](#) - Jul-05

The group responded to an [article](#) in De Tijd, the Belgian daily, that detailed a new strategy for KBC, including the early repayment of state aid by the end of 2011, a €2bn (\$2.9bn) capital raising in spring 2012, and a divestment of its Polish units Kredyt Bank and Warta.

The latter move could be in lieu of a planned flotation of part of its CSOB, its Czech operation, which was originally mooted for the first half of this year but has been delayed by concerns about market conditions.

KBC said any changes in strategy would respect the main [commitments it made to the European Commission in November 2009](#) to slim down its balance sheet by nearly a fifth and significantly reduce its risk profile.

It declined to confirm the various elements detailed by the paper but confirmed it was "currently proactively examining what the added value of certain changes to its strategic plan could be".

The reduction in the size of the balance sheet and risk-weighted assets imposed by Brussels was designed to address potential distortions in competition resulting from the €7bn bail-out KBC received from Belgian authorities during the downturn.

The imposed restructuring was less drastic than at other bailed out banks partly because the Commission acknowledged the high quality of the units being divested by KBC and the high price it is paying for the state credit line – two elements that could be part of the re-evaluation of the existing strategy.

An early repayment of state aid could result in a smaller bill for KBC, but also lower the returns made by the state in exchange for putting forward the money – an element that could be met by opposition from the Commission.

KBC is the latest to join the list of banks that received government assistance as a result of the financial crisis but are now trying to change the terms on which it was approved under EU state aid rules. In general, competition officials in Brussels are reviewing these situations on a case-by-case basis, but there is substantial resistance to easing the conditions unless this can be fully justified. Another recent case involved [Dexia, which recently sought to accelerate asset disposals](#).

The Commission said only that it was monitoring both the KBC and Dexia situations and was in contact with the governments in the two cases.

Albert Ploegh, analyst at ING, said the fresh capital would raise the bank's core tier one ratio, a measure of capital strength, to near 10 per cent by 2013, compared with a forecast of just under 8 per cent.

Copyright The Financial Times Limited 2011. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

[Print article](#) [Email article](#) [Clip this article](#) [Order reprints](#)

[Twitter](#)   [Digg](#)   [LinkedIn](#)   [Delicious](#)  
[reddit](#)   [BX](#)   [Facebook](#)   [stumbleupon](#)   [Vimeo](#)

### MORE FROM THIS SECTOR

- [Goldman's Sorrell in move to Man Group](#)
- [Astorg in lead to buy FCI unit](#)
- [IG benefits from volatile markets](#)

**The Banker Database**  
 The Banker Database offers a versatile solution for your research needs  
[www.thebankerdatabase.com/trial](http://www.thebankerdatabase.com/trial)  
 ENTER ACCESS CODE BA071JFW

**DEALS & DEALMAKERS**

While mergers and acquisitions in Europe and the US have seen a faltering recovery since the financial crisis, Chinese dealmaking is evolving fast, creating new opportunities and challenging preconceptions. Part five of the Deals & Dealmakers series investigates the outlook for M&A in China and beyond.

[More](#)

**LATEST HEADLINES FROM CNBC**

[Bet on Big US Firms with Exposure in Asia: Analyst](#)  
[Chinese Stocks Could Drop 30% in Another Global Crisis: Expert](#)  
[Silver Offers Greater Upside Than Gold: Experts](#)  
[Gold 'Bubble' an 'Absurdity': Analyst](#)  
[European Shares Seen Edging Higher as Gold Hits \\$1,900](#)

[More](#)

Jobs   Business for sale   Contracts & tenders

**SEARCH**  [Go](#)

**Sales & Marketing Director**  
**Digital Communications (B2B)**  
**Partner**  
**Professional Services/ Audit/ Tax**  
**CFO - Expat Opportunity**  
**Major Conglomerate**  
**CEO Construction**  
**Construction**

- [Activist fund wants McGraw-Hill quartered](#)
- [Sutesh Sharma to go it alone](#)
- [Banks shift assets to cut pension deficits](#)
- [Adia restructures management](#)
- [Traders unprepared for anti-fraud rules](#)
- [World's largest pension to dip into emerging markets](#)
- [Active ETFs could kick-start new growth in fund industry](#)
- [Asia drives mutual fund sales](#)

### RECRUITERS

FT.com can deliver talented individuals across all industries around the world  
[Post a job now](#)

### RELATED SERVICES

- |   |  |
|---|--|
| <a href="#">FT Lexicon</a>              | <a href="#">MBA-Direct.com</a>             |
| <a href="#">FT Bespoke Forums</a>       | <a href="#">FT Newspaper subscriptions</a> |
| <a href="#">Market research</a>         | <a href="#">FT Diaries</a>                 |
| <a href="#">Growth companies</a>        | <a href="#">FT Conferences</a>             |
| <a href="#">Corporate subscriptions</a> | <a href="#">FT Syndication services</a>    |
| <a href="#">Luxury Travel brochures</a> | <a href="#">The Non-Executive Director</a> |
| <a href="#">Analyst Research</a>        |  |

[FT Home](#)

[Site map](#) [Contact us](#) [About us](#) [Help](#)

[Advertise with the FT](#) [Media centre](#) [FT Newspaper subscriptions](#) [FT Conferences](#) [FT Syndication](#) [Corporate subscriptions](#) [FT Group](#) [Careers at the FT](#)

Partner sites: [Chinese FT.com](#) [The Mergermarket Group](#) [Investors Chronicle](#) [Exec-Appointments.com](#) [Money Media](#) [The Banker](#) [fDi Intelligence](#) [MBA-Direct.com](#) [The Non-Executive Director](#)

© Copyright The Financial Times Ltd 2011. "FT" and "Financial Times" are trademarks of The Financial Times Ltd. [Privacy policy](#) [Terms](#)