



Press release



2 July 2009

KBC reaction to story about KBC FP in New York Times

Yesterday an article was published in the *New York Times* that focuses on how KBC Group is coping with the current economic crisis and the role of KBC Financial Products (KBC FP).

KBC is of the opinion that the article in the *New York Times* does not contain any new facts and moreover, also misrepresents a number of things. Therefore KBC wishes to rectify them.

In the past two years KBC already repeated several times that the CDO-problem of KBC is not linked to the American housing market. Many CDOs contain only a small number of mortgages, while the overall part of the underlying assets is made up of credit risks attached to West European and US companies.

Therefore, the solvency problems KBC was confronted with are not the result of the collapse of the American housing market.

KBC wishes to point out again that losses or mark-downs on CDO's are something many financial institutions worldwide have been faced with as a result of the financial crisis and deteriorating economic climate.

A couple of years ago, these investment decisions had been taken in good faith and at the time seemed justified on the basis of the information which was then available to us (such as ratings of reputable international rating agencies, the market circumstances at that time, and the liquidity of the markets concerned).

Moreover, in April, a group of experts stated in their final report to the Parliamentary commission examining the banking and financial crisis in Belgium that the KBC Group risk management was very prudent (cf. paragraph 989. "The general management adopted an extremely defensive attitude; also par. 226 " in the middle of 2007 the Executive Committee of KBC Group already announced a moratorium on ABS and CDO investments"). This is repeated several times in the experts report.

The experts also stated that KBC was mainly forced by market circumstances to ask the government for help.

The media have already largely and repeatedly covered all these elements. The article in the *New York Times* does not bring any new elements.

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De persberichten van KBC zijn beschikbaar op www.kbc.com.

1/1

* Dit nieuwsbericht bevat informatie waarop de Europese transparantieregeling voor beursgenoteerde bedrijven van toepassing is