



Press release

Regulated information *



19 January.2009 (during trading hours)

KBC reacts to fall in share price

In recent days, KBC's share price has come under pressure as a result of rumours circulating in the market. KBC would like to clarify the situation and once again to strenuously deny a number of these rumours.

Over the past few months, the KBC group has provided clear information on its activities and position in Central and Eastern Europe, and has at present nothing new to report. The group's position in Russia, Hungary and other countries in the region has not changed in recent weeks. Furthermore, KBC has hedged any potential exchange rate losses resulting from devaluations of local currencies. There is nothing new to report regarding KBC's position on the Irish market either.

On 29 December 2008, KBC informed the market of the impact on its results of a downgrade in the ratings of its CDO portfolio. On 15 January, Moody's Investors Service announced that it was again revising the assumptions on which it based its ratings for corporate synthetic CDOs. However, since Moody's will only be publishing its updated model later this month, KBC cannot currently simulate the extent to which this might adversely affect its results. Furthermore, it has only just come to light that the new model will only apply to three of the 17 CDOs that KBC has in portfolio, three CDOs (with a residual carrying value of approximately 200 million euros) for which KBC had already proactively calculated the financial impact of a potential additional downgrade of three notches back in December.

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