

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the contracts described below.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the **stock exchange**) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

You are warned that the price of the contracts may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. You should fully understand their potential risks and rewards and independently determine that they are appropriate for you. You should consult with advisers if necessary.

**Contracts
issued by**

KBC Financial Products International Ltd.

(Incorporated with limited liability in the Cayman Islands)

unconditionally and irrevocably guaranteed by

KBC Bank NV

(Incorporated with limited liability in Belgium)

Sponsor/Manager

KBC Financial Products Hong Kong Limited

Announcement

The directors of KBC Financial Products International Ltd. (the **Issuer**) intend to issue the following callable bear contracts detailed below (**contracts**).

Contracts	Series A
Number	168,000,000 contracts
Stock code	61504
Index	Hang Seng Index
Style	European
Type	Bear
Category	R
Settlement method	Cash Settled
Exercise amount	10,000 contracts
Issue price	HK\$0.250 per contract

Contracts	Series A
Strike level	16,500
Call level	15,700
Initial funding costs	HK\$0.1835 (35.00% p.a.; 6-month HIBOR + 33.40% p.a.)
Expiry date/Valuation Date	29 June 2009
Trading board lots	10,000 contracts
Divisor	15,000
Premium*	17.8%
Gearing*	4.1x
Effective gearing*	4.1x
Liquidity provider	KBC Financial Products Trading Hong Kong Limited (Broker ID: 9523) Suite 802-814, 8/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong Tel: 2238 6133

* The gearing, effective gearing and premium may not be comparable to similar information provided by other issuers of index callable contracts as each issuer may use different pricing models.

The contracts are in global registered form and exercisable only in the relevant trading board lots specified above.

What is a mandatory call event? What happens if a mandatory call event occurs?

Bear contract: A mandatory call event means the first occurrence on a business day during the mandatory call observation period whereby the spot level is equal to or greater than the call level; and

Spot level means the spot level of the index as compiled and published by the index compiler.

The mandatory call observation period commences from the mandatory call observation period start date and ends on the mandatory call observation period end date (both dates inclusive).

Mandatory call observation period start date means 13 January 2009.

Mandatory call observation period end date means the business day immediately preceding the expiry date.

Upon the occurrence of a mandatory call event, the contracts will terminate automatically on the mandatory call date and in respect of each series, for every exercise amount you will receive from the Issuer, the mandatory call payoff being an amount calculated by the Issuer in accordance with the following formula:

Bear contract:

mandatory call payoff per exercise amount:

$$(\text{strike level} - \text{maximum index level}) \times \text{HK\$}1.00 \times \frac{10,000}{\text{divisor}} - \text{expenses}$$

Maximum index level means the maximum index level of the index during the period from the time of the occurrence of the mandatory call event up to the end of the next trading session for callable bull/bear contracts on Hong Kong indices as compiled by Hang Seng Indexes Company Limited on the stock exchange (in accordance with the conditions).

If the mandatory call payoff is at or below zero, you will lose all your investment in the contracts.

How do we calculate the cash settlement amount at expiry?

If no mandatory call event occurs during the mandatory call observation period and on the expiry date, the value of the cash settlement amount is greater than zero, the contracts will be automatically exercised. You are not required to deliver any exercise notice and you will receive from the Issuer the cash settlement amount (if any) in Hong Kong dollars calculated by the Issuer as follows:

Bear contract:

cash settlement amount per exercise amount:

$$(\text{strike level} - \text{closing level}) \times \text{HK\$}1.00 \times \frac{10,000}{\text{divisor}} - \text{expenses}$$

The closing level is the final settlement price for settling the Hang Seng Index June 2009 Futures Contracts determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures and the Contract Specifications for Hang Seng Index Futures Contracts (as amended from time to time) of Hong Kong Futures Exchange.

Where can you obtain further information?

The base listing document dated 28 April 2008, together with any addenda or successor document and the supplemental listing document(s) to be dated 12 January 2009 will be available for inspection at the office of KBC Financial Products Hong Kong Limited, which is presently at Suite 802-814, 8/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Information on the KBC Financial Products Group and the guarantor can also be found on website www.kbcfp.com and www.kbc.be respectively.

How will the liquidity provider provide quotes?

The liquidity provider will provide liquidity by responding to requests for bid and offer quotes. A quote may be obtained by calling its telephone number.

Additional information

The contracts will constitute general unsecured contractual obligations of the issuer and the guarantor and no other person.

The payment and delivery obligations of the issuer in relation to the contracts will be unconditionally and irrevocably guaranteed by KBC Bank NV (the **guarantor**).

An application will be made to the stock exchange for the listing of, and permission to deal in the contracts on the stock exchange. The date of commencement of dealings in the contracts is expected to be 13 January 2009.

Other than the guarantor being a licensed bank in Hong Kong regulated by the Hong Kong Monetary Authority, neither the issuer nor the guarantor is regulated by any of the bodies referred to in rule 15A.13(2) or (3) of the stock exchange rules. The guarantor is supervised by the Belgian Banking and Finance Commission.

The guarantor's long term credit ratings are A+ by Standard and Poor's Ratings Group, A+ by Fitch IBCA Ltd, and Aa2 by Moody's Investors Service, Inc.

Index disclaimer

The Hang Seng Index is published and compiled by Hang Seng Indexes Company Limited (the **index compiler**) pursuant to a licence from Hang Seng Data Services Limited. The mark and name **Hang Seng Index** is proprietary to Hang Seng Data Services Limited. The index compiler and Hang Seng Data Services Limited have agreed to the use of, and reference to, the index by the Issuer in connection with the contracts **but neither the index compiler nor Hang Seng Data Services Limited warrants or represents or guarantees to any broker or holder of the contracts or any other person (i) the accuracy or completeness of the index and its computation or any information related thereto; or (ii) the fitness or suitability for any purpose of the index or any component or data comprised in it; or (iii) the results which may be obtained by any person from the use of the index or any component or data comprised in it for any purpose, and no warranty or representation or guarantee of any kind whatsoever relating to the index is given or may be implied.** The process and basis of computation and compilation of the index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by the index compiler without notice. **No responsibility or liability is accepted by the index compiler or Hang Seng Data Services Limited (i) in respect of the use of and/or reference to the index by the Issuer in connection with the contracts, or (ii) for any inaccuracies, omissions, mistakes or errors of the index compiler in the computation of the index; or (iii) for any inaccuracies, omissions, mistakes, errors or incompleteness of any information used in connection with the computation of the index which is supplied by any other person; or (iv) for any economic or other loss which may be directly or indirectly sustained by any broker or holder of the contracts or any other person dealing with the contracts as a result of any of the aforesaid, and no claims, actions or legal proceedings may be brought against the index compiler and/or Hang Seng Data Services Limited in connection with the**

contracts in any manner whatsoever by any broker, holder or other person dealing with the contracts. Any broker, holder or other person dealing with the contracts does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on the index compiler and/or Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and the index compiler and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

By Order of the Board
KBC Financial Products International Ltd.
Hong Kong, 6 January 2009