

Joint press release



29 August 2007 (during trading hours)

KBC Securities closes acquisition of Baltic Investment Company (Latvia)

KBC Securities acquires 51% of Latvian corporate finance specialist

Brussels, Riga – Today, KBC completed the acquisition of majority ownership (51%) of Baltic Investment Company (BIC). KBC announced on 2 July that it had reached agreement with the two owners of the company.

BIC is headquartered in Riga and has offices in Latvia (Riga), Russia (Moscow), Ukraine (Kiev) and the Baltic States. Following the transaction, BIC will be renamed KBC Securities Baltic Investment Company. The Ukrainian subsidiary of BIC has been renamed KBC Securities Ukraine.

By acquiring the majority stake in BIC, KBC Securities consolidates its position as market leader in the region and creates a platform for KBC to expand into the Russian, Ukrainian and Baltic markets.

Commenting on the deal, **Andrei Zadornov and Kirill Jurzditsky, board members of BIC**, stated: "We are delighted that we can now continue developing our business and grow the company with a long-term shareholder of international repute like KBC. We expect there to be a significant development in securities markets, with many corporate finance and IPO deals taking place over the next few years in those countries where we are active. The know-how and the Central and Eastern European network that KBC Securities has built up constitutes significant added value for us while developing investment banking business in the Baltic States, Ukraine and Russia. It also provides attractive prospects for our employees."

Commenting on the deal, **Guy Van Eechaute, CEO of KBC Securities**, had this to say: "We are very happy that we have finalised this deal, which expands our corporate finance presence into almost every country in the Central and Eastern European region. The KBC Securities corporate finance network now covers the Baltic States, Russia, Ukraine, Poland, the Czech and Slovak Republics, Hungary, Romania, Bulgaria, Serbia, Montenegro, Macedonia and Bosnia. This creates ample opportunities for cross—border M&A deals and for cross-border Equity Capital Markets transactions. Moreover, I am delighted that we will also get involved in the brokerage business in Ukraine, because today this is largely a capital market".

Over the past six months, KBC Securities has further consolidated its position as market leader in Central and Eastern Europe with the acquisitions of Swiss Capital (now KBC Securities Romania), Equitas (now KBC Securities Hungary), DZI Invest (Bulgaria) and three Serbian companies: Hipobroker, Senzal (both brokers) and Bastion (a company specialised in corporate finance transactions).

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Note for the Editor

***Baltic Investment Company:* www.bic.lv**

Baltic Investment Company, one of the leading corporate finance boutiques in the Baltic States, Ukraine and Russia was founded in 1999 in Riga (Latvia) by two partners – each of whom took a 50% stake in the company. The company is active in the M&A business in the Baltic States, and in 2003 expanded into Russia and Ukraine.

BIC specialises in assisting international investors in acquiring businesses, as well as local companies in attracting strategic partners, and can look back on a number of successfully completed M&A transactions. From one region to another, the value of the deals it works on varies between 10 and 200 million euros. Its business portfolio is spread evenly across the various regions in which the company operates. BIC targets midcaps and is a strong player in the financial services, consumer goods, retail, distribution and selected industrial sectors.

Recently, BIC has acquired the Ukrainian securities brokerage company, Indigo Capital, which has been renamed KBC Securities Ukraine.

In the years ahead, BIC aims to diversify into full-scale investment banking operations by adding brokerage and ECM business in countries where it currently operates.

***KBC Securities NV:* www.kbcsecurities.be**

KBC Securities, the wholly-owned broking subsidiary of KBC Group NV (www.kbc.com), focuses on both institutional and retail customers.

KBC Securities has already established a strong home base in Central and Eastern Europe. In the Czech Republic, the broker Patria Finance (a wholly-owned subsidiary of KBC Securities) is No. 1 on the market, with a 27% share of the local market. In Hungary, KBC Securities Hungary has increased its market share from 14% in 2006 to 24% year-to-date in 2007. In Poland, KBC Securities acquired full ownership of the existing brokerage activities of Kredyt Bank – KBC's Polish banking subsidiary – at the start of 2005. Since then, its market share has gone up from 1% to 5%. In Romania, Swiss Capital has tripled its market share to 10.9% and became market leader since being acquired by KBC Securities at the end of 2006. In total, KBC's stock broking firms in Central and Eastern Europe currently employ 315 individuals. KBC Securities' activities in Central and Eastern Europe accounted for roughly 37% of its turnover in 2006, a figure that had already risen to 45% by the end of May 2007.