



# Press release

Regulated information



December 15, 2008 - after trading hours

## **KBC adapts equity-linked market activities to current market circumstances**

On 10 December, the KBC group announced that it is currently examining its operations outside its home markets and evaluating whether or not they belong to its core activities, generate sufficient return or use up too much capital. As part of this group-wide exercise and as stated before by the Group CEO, some of the derivatives-based market activities are being subjected to an in-depth evaluation by KBC Financial Products ('KBCFP'). KBC FP has conducted a strategic review of operations and decided to discontinue some of its hedge fund related activities. However, the remaining positions of existing investors will be managed until they reach maturity. This decision has already led to and could lead to further internal transfers and, where no suitable alternatives are available, to redundancies.

As part of this strategic review, KBC has also decided to close KBC Alternative Investment Management ('KBC AIM'). KBC AIM is a hedge fund manager specialising in a variety of strategies including relative value and market neutral bias across multiple products and asset classes. KBC AIM's offices are based in London, New York and Hong Kong, and the company employs 28 investment professionals in total. The closure of KBC AIM will lead to a number of job losses with some positions being reallocated to other KBC business units. All investors in the funds have been fully redeemed.

At the same time, Pacific Alternative Asset Management Company ('PAAMCO'), a 9-billion-USD fund of hedge funds company, announced on 2 December that the investment team of KBC Alpha Asset Management ('KBC Alpha'), a 700-million-USD hedge fund of funds will be transferred to PAAMCO. The team will be integrated into PAAMCO's global portfolio management team and will initially operate as a separate division within PAAMCO, known as Pan Asia Alpha Strategies. KBC Alpha has offices in London, Hong Kong, Tokyo and Singapore. The group manages multi-strategy funds of hedge funds, which invest across Asia on behalf of Japanese, European and North American investors.

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