



KBC Equisafe Duo Coupon 18

A good start is half the battle

Your investment tracks the performance of **a selection of 20 international blue-chip shares** with high market capitalisation and a low price/earnings ratio, and is **particularly suited to investors who prefer coupons**. What's more, a portion of the capital you invest can be made available to you again after one year.

Major advantages

- The first half of your initial investment (i.e. 500 EUR of 1000 EUR, before charges) will be repaid early on the interim maturity date (31/08/2012). You will receive **a fixed coupon of 7%⁽²⁾** on this amount, i.e. **35 EUR⁽²⁾**.
- The second half of your initial investment (i.e. 500 EUR of 1000 EUR, before charges) will remain in the fund until the final maturity date (30/08/2019). **Eight variable coupons⁽³⁾** will be calculated on this amount at the end of each of eight interim periods. The value of these coupons will **depend on the performance of the basket of shares⁽⁴⁾**:
 - for each share whose price at the end of an interim period is higher than its initial value, 7% will be taken into account;
 - for each share whose price at the end of an interim period is lower than or remains the same as its initial value the actual performance will be taken into account (limited to a maximum decline of -10%);
 - the coupon will be equal to the average of the performances taken into account, with a minimum of 1%⁽²⁾ and a maximum of 7%⁽²⁾.
- **Your initial investment (1000 EUR, before charges) will be 100% protected**, of which:
 - 100% protection for the first half of the investment (i.e. 500 EUR of 1000 EUR) on the interim maturity date (31/08/2012);
 - 100% protection for the second half of the investment (i.e. 500 EUR of 1000 EUR) on the final maturity date.

(1) The term 'fund' refers to a sub-fund of the Belgian bevek KBC Equisafe.

(2) Gross on an annualised basis, before 15% withholding tax.

(3) The first fixed coupon of 7% is not an indication of the return that can be expected for the eight variable coupons.

(4) (Value of the basket at the end of the interim period less initial value of the basket) divided by initial value of the basket.

Is this something for you?

Legal risk indicator:

I on a scale of 0 (low risk) to VI (high risk)

Product score:



Customer's risk profile: from 'Defensive'

If you have a different risk profile, this product may also be suitable for you as part of a portfolio-based strategy.

Ask your adviser for more advice.

Marketing Information: This product description is only complete when accompanied by its terms and conditions (see pages 2 and 3)

Specifications

INTERNET SEARCH TERM	BE6222713669 (ISIN-code)
LEGAL FORM	Sub-fund of the Belgian Bevek KBC Equisafe
CURRENCY	EUR
TERM	8 years and almost 1 month
ISSUE	Distribution shares of 1000 EUR
LAUNCH	4 July 2011 through 29 July 2011 (unless the issue period is curtailed) with value day 5 August 2011
MATURITY	30 August 2019
NET ASSET VALUE	Calculated twice a month: the first calculation is no earlier than D+1 banking day, and the second no later than D+4 banking days, where D = the 16th (if this is not a banking day, the banking day immediately preceding it) and the last banking day of the month, respectively, except during the first month following the initial subscription period. The first net asset value following the initial subscription period is the net asset value on Wednesday 31 August 2011. Despite the capital protection (at maturity), the fund's net asset value may (temporarily) fall below 100% during its life.

Return

STARTING VALUE OF A SHARE	Average of closing price of each share in the basket during the first five evaluation days starting and including Wednesday 3 August 2011.
CLOSING VALUE OF A SHARE FOR EACH INTERIM PERIOD	For each share in the basket, the average of closing price during the first five evaluation days starting and including August 2012 until August 2019.

Risk

LEGAL RISK INDICATOR	I on a scale of Ø (low risk) to VI (high risk). The risk indicator or risk rating, is required by law. Newly launched investment funds are assigned a risk rating based on the average volatility in the net asset value of similar products. When a fund has existed for more than one year, the risk rating is recalculated every six months, using the annual return in euros and the extent to which this return deviates from the average return (i.e. standard deviation).
CAPITAL PROTECTION	The initial capital invested is 100% protected, of which 100% of the first half of the initial subscription value (namely 500 EUR of 1000 EUR) if held to interim maturity date, and 100% protection of the second half of the initial subscription value (namely 500 EUR of 1000 EUR) if held to maturity (each time before charges).

Product score

PRODUCT SCORE	3 on a scale of 1 (most defensive) to 7 (most dynamic) This specific score allows a comparison to be made of KBC-group <i>savings and investment products</i> . Along with the extent to which returns could fluctuate, it also takes account of a number of other elements (capital protection, credit ratings, asset allocation, exposure to foreign currencies, and liquidity). The score is revised every six months upwards or downwards.
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Fees

ENTRY FEE	2.50% during the issue period; 3.50% afterwards (of which 1% for the fund)
EXIT FEE	At maturity: none Before maturity: 1.00% (orders of 1250000 EUR or more: 0.50%) Amount to discourage sale within one month of purchase: max. 5%
CUSTODY	Free on a custody account of KBC Group NV.

Liquidity

ACCESSIBILITY	You can place orders twice a month, up to the 16 th (if this is not a banking day, the banking day immediately preceding it) and the last day of the month (in December, the second-last banking day of the month), respectively. In both cases orders have to be placed before 6 a.m.
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Tax

GENERAL	The tax treatment depends on your individual circumstances and may in the future subject to change.
STOCK MARKET TAX	None
WITHHOLDING TAX	15% on the coupons
TAXATION OF COMPANY	Distribution shares do not have to be deducted from the shareholders' equity for the calculation of the notional interest deduction.

Composition of the basket

(Rest of Europe 42% - U.S.A. 22% - EMU 17% - Japan 7% - Taiwan 7% - Canada 5%) (Insurances 8% - Utilities 4% - Food, Beverage and Tobacco 24% - Food & Staples Retailing 2% - Pharmaceuticals & Biotechnology 22% - Semiconductors & Semiconductor Equipment 7% - Telecommunication Services 16% - Retailing 5% - Banks 5% - Real Estate 7%)	
BANK OF MONTREAL Canada - Banks	IMPERIAL TOBACCO GROUP PLC Rest of Europe - Food, Beverage and Tobacco
DEUTSCHE TELEKOM AG-REG EMU - Telecommunication Services	RSA INSURANCE GROUP PLC Rest of Europe - Insurances
ENEL SPA EMU - Utilities	TESCO PLC Rest of Europe - Food & Staples Retailing
UNIBAIL-RODAMCO SE EMU - Real Estate	UNILEVER PLC Rest of Europe - Food, Beverage and Tobacco
EISAI CO LTD Japan - Pharmaceuticals & Biotechnology	TAIWAN SEMICONDUCTOR MANUFAC Taiwan - Semiconductors & Semiconductor Equipment
ASTRAZENECA PLC Rest of Europe - Pharmaceuticals & Biotechnology	ALTRIA GROUP INC U.S.A. - Food, Beverage and Tobacco
BRITISH AMERICAN TOBACCO PLC Rest of Europe - Food, Beverage and Tobacco	AT&T INC U.S.A. - Telecommunication Services
BRITISH LAND CO PLC Rest of Europe - Real Estate	MERCK & CO. INC. U.S.A. - Pharmaceuticals & Biotechnology
GLAXOSMITHKLINE PLC Rest of Europe - Pharmaceuticals & Biotechnology	PHILIP MORRIS INTERNATIONAL U.S.A. - Food, Beverage and Tobacco
HENNES & MAURITZ AB-B SHS Rest of Europe - Retailing	VERIZON COMMUNICATIONS INC U.S.A. - Telecommunication Services

Some examples

NEUTRAL SCENARIO	Closing price ⁽⁵⁾ per interim period for...			Resultant dividend (before 15% withholding tax ⁽⁶⁾)	You receive ⁽⁷⁾ (in euros)
	share A	share B	share C		
Interim maturity date				fixed coupon = 7,00%	500 + 35 = 535
+ Interim period 1	101 (7%)	102 (7%)	92 (-8%)	$(7\%+7\%-8\%)/3=2.00\%$	+ 10 = 545
Interim period 2	90 (-10%)	110 (7%)	102 (7%)	$(-10\%+7\%+7\%)/3=1.33\%$	6,67
Interim period 3	94 (-6%)	111 (7%)	104 (7%)	$(-6\%+7\%+7\%)/3=2.67\%$	13,33
Interim period 4	93(-7%)	112 (7%)	110 (7%)	$(-7\%+7\%+7\%)/3=2.33\%$	11,67
Interim period 5	101 (7%)	94 (-6%)	115 (7%)	$(7\%-6\%+7\%)/3=2.67\%$	13,33
Interim period 6	95 (-5%)	120 (7%)	120 (7%)	$(-5\%+7\%+7\%)/3=3.00\%$	15,00
Interim period 7	98 (-2%)	99 (-1%)	125 (7%)	$(-2\%-1\%+7\%)/3=1.33\%$	6,67
Interim period 8	99 (-1%)	102 (7%)	99 (-1%)	$(-1\%+7\%-1\%)/3=1.67\%$	500 + 8,33 = 508,33

This example is based on a basket of three equally weighted shares, whose starting prices are each 100.

(5) The figure in brackets after each closing price is the contribution made by each share to the dividend for the relevant interim period.

(6) Subject to changes in applicable legislation.

(7) 50% of the initial subscription value will be repaid on the interim maturity date, and 50% at maturity.

These examples provide no indication of future returns expected, nor do they indicate which scenario is most likely. The investment can go down as well as up in value and the investor may not get back the amount invested in the case of early redemption.

Two additional examples are given in the (simplified) prospectus.

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Customer's risk profile

For the complete overview of customer risk profiles, go to www.kbc.be/profilderisque

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