

Annex to the Articles of Association of KBC Bank Naamloze
Vennootschap (company with limited liability)

**TERMS AND CONDITIONS OF THE PROFIT-SHARING
CERTIFICATES**

The Profit-Sharing Certificates are issued in certain circumstances and subject to the conditions set out in Condition 2 (*Issuance of the Profit-Sharing Certificates*) by KBC Bank NV (the '**Issuer**'), pursuant to a resolution of the Issuer's general shareholders meeting passed on 29 April 2004, a resolution of the Issuer's general shareholders meeting passed on 27 April 2005 and a resolution by the general meeting of shareholders of the Issuer on 23 April 2008.

The Profit-Sharing Certificates are the subject of (a) a contingent guarantee agreement dated 19 December 2003 (as amended or supplemented from time to time, the '**Contingent Guarantee Agreement**') between the Issuer and KBC Bank and Insurance Holding Company NV (the name of which has been changed to KBC Group, hereinafter '**KBC Group**') and (b) an agency agreement dated 19 December 2003 (as amended or supplemented from time to time, the '**Agency Agreement**') between the Issuer, Kredietbank SA Luxembourgeoise as fiscal agent and calculation agent (the '**Fiscal Agent**' and the '**Calculation Agent**', which expressions include any successor fiscal agent or calculation agent appointed from time to time in connection with the Profit-Sharing Certificates) and the paying agents named therein (together with the Fiscal Agent, the '**Paying Agents**', which expression includes any successor or additional paying agents appointed from time to time in connection with the Profit-Sharing Certificates). Certain provisions of these terms and conditions (the '**Conditions**') are summaries of the Contingent Guarantee Agreement and the Agency Agreement and subject to their detailed provisions. The holders of the Profit-Sharing Certificates (the '**Holders of Profit-Sharing Certificates**' or the '**Holders**') and the holders of the related dividend coupons are bound by, and are deemed to have notice of, all the provisions of the Contingent Guarantee Agreement and the Agency Agreement applicable to them. Copies of the Contingent Guarantee Agreement and the Agency Agreement are available for inspection by any interested person during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. DEFINITIONS

Terms used in these Conditions in relation to the Securities referred to below will have the meaning defined in the Terms and Conditions of those Securities. In addition, in these Conditions the following expressions have the following meanings:

'**Applicable Banking Regulations**' means at any time the capital adequacy regulations then in effect of the CBFA or other regulatory authority in Belgium (or if the Issuer becomes domiciled in a jurisdiction other than Belgium, such other jurisdiction) having primary bank supervisory authority with respect to the Issuer.

‘CBFA’ means the Belgian Banking Finance and Insurance Commission (*Commission Bancaire, Financière et des Assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*), together with any successor authority that administers the Applicable Banking Regulations.

‘Distribution Date’ means a Fixed Distribution Payment Date or a Floating Distribution Payment Date, as defined in Conditions 4.2 and 4.3 (*Distributions - Fixed distributions and Floating distributions*).

‘Distribution Period’ means a Floating Distribution Period or a Fixed Distribution Period, as defined in Conditions 4.2 and 4.3 (*Distributions - Fixed distributions and Floating distributions*).

‘Exchange Upper Tier 2 Instruments’ means instruments constituting ‘upper tier 2’ regulatory capital of the Issuer under Applicable Banking Regulations having the same material terms as the Profit-Sharing Certificates, except that each such instrument will (i) be a perpetual security issued by the Issuer with cumulative interest, (ii) rank *pari passu* with any other upper tier 2 capital securities issued by the Issuer, (iii) not be redeemable upon a Tier 1 Disqualification Event, and (iv) be subject to such terms and conditions as may be required under the Applicable Banking Regulations to be capable of constituting ‘upper tier 2’ regulatory capital of the Issuer. The terms of such Exchange Upper Tier 2 Instruments will be documented by the Issuer and may be reflected in one or more agency agreements or in an agency agreement supplemental to the Agency Agreement, without the consent of the Holders of Profit-Sharing Certificates, at the time of conversion.

‘Issuer Ordinary Shares’ means ordinary shares of the Issuer or any ordinary share equivalent that may replace or be substituted for the ordinary shares of the Issuer.

‘Junior Securities’ means, with respect to the Issuer or KBC Group, (i) Issuer Ordinary Shares or KBC Group Ordinary Shares, (ii) profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) of the Issuer or KBC Group ranking junior to the Parity Securities of the Issuer or KBC Group, as the case may be, or (iii) any other securities or obligations of the Issuer or KBC Group ranking or expressed to rank junior to the Parity Securities of the Issuer or KBC Group, as the case may be, whether issued directly by the Issuer or KBC Group or by any subsidiary of the Issuer or KBC Group benefiting from a guarantee or support agreement from the Issuer or KBC Group ranking or expressed to rank junior to the Profit-Sharing Certificates and the Support Agreement.

‘KBC Group Ordinary Shares’ means ordinary shares of KBC Group or any ordinary share equivalent that may replace or be substituted for the ordinary shares of KBC Group.

‘London Interbank Sterling Offered Rate’ means, in respect of any period, the offered rate in the London interbank market for pounds sterling deposits for such period, as determined by the Calculation Agent in accordance with the provisions of the Agency Agreement.

‘Mandatory Distribution’ means a distribution on the Profit-Sharing Certificates which is mandatorily payable pursuant to Condition 6 (*Mandatory distributions*).

‘Net Assets Deficiency Event’ means (a) with respect to the Issuer or KBC Group, a decline in the net assets of the Issuer or KBC Group respectively to below the sum of its paid-in capital and non-distributable reserves, as determined in accordance with, or by applying the computation method provided in, Article 617 of the Company Code in relation to the distribution of dividends, or (b) with respect to the Issuer, a decline in the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer to below the minimum amount required by solvency requirements for credit

institutions as provided by the current and future European banking regulations and Basel guidelines, as currently translated by Article 82 §1, 3° of the Decree of 5 December 1995 of the CBFA on the regulation of the own funds of the credit institutions (the '**1995 Decree**') (of which the current requirements include as their main component a total capital ratio of 8 per cent.). For the purposes hereof, references to the 1995 Decree and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

'**Parity Securities**' means, with respect to the Issuer or KBC Group, (i) the most senior ranking preferred or preference shares or profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) ('**Parity Shares**') of the Issuer or KBC Group, if any, and (ii) guarantees by the Issuer or KBC Group (whether through an agreement or instrument labelled as a guarantee, as a support agreement, or with some other name but with an effect similar to a guarantee or support agreement) of preferred securities or preferred or preference shares issued by any of the Issuer's or KBC Group's subsidiaries, ranking or expressed to rank *pari passu* with the Issuer's or KBC Group's Parity Shares ('**Parity Guarantees**').

'**Permitted Share Acquisition**' means an acquisition of Junior Securities or Parity Securities (i) by simultaneous replacement with other Junior Securities or, as the case may be, Parity Securities of the same aggregate principal amount and the same or a lower ranking, (ii) in connection with transactions effected for the account of customers of the Issuer or KBC Group or any of their subsidiaries or in connection with the distribution, trading or market-making in respect of such securities, (iii) in connection with the satisfaction by the Issuer or KBC Group or any of their subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants. For the avoidance of doubt, Set Rate Parity Securities may be replaced with new Set Rate Parity Securities, subject to (i) above, but Parity Securities which are not Set Rate Parity Securities may not be replaced by Set Rate Parity Securities.

'**Securities**' means the £525,000,000 Directly Issued Perpetual Debt Securities issued by the Issuer on 19 December 2003 (£200,000,000), on 3 November 2004 (£175,000,000) and on 12 October 2007 (£150,000,000), as well as any further securities issued pursuant to Condition 16 (*Further issues*) of the Securities, in each case forming a single series therewith.

'**Set Rate Parity Securities**' means Parity Securities carrying a right to a set level of dividend (whether by reference to a fixed or floating rate or otherwise), as opposed to a right to dividend which, subject to the availability of profits, is essentially discretionary.

2. ISSUANCE OF THE PROFIT-SHARING CERTIFICATES

2.1 *Circumstances:* The Profit-Sharing Certificates are issued upon the occurrence of a Supervisory Event or any event resulting in a general concursus creditorum on the assets of the Issuer, on the Issuer giving not less than 30 nor more than 60 days' notice to the Holders of Securities in accordance with Condition 17 (*Notices*) of the Securities.

For the purposes of the foregoing, a '**Supervisory Event**' will be deemed to occur if (i) the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer declines below the minimum amount required by solvency requirements for credit institutions as provided by the current and future European banking regulations and

Basel guidelines, as currently translated by Article 82 §1, 3° of the Decree of 5 December 1995 of the CBFA on the regulation of the own funds of the credit institutions (the ‘**1995 Decree**’) (of which the current requirements include as their main component a total capital ratio of 8 per cent.), (ii) the amount of core tier 1 regulatory capital of the Issuer declines below 5/8 of the amount of total regulatory capital as required from time to time by Article 82 §1, 3° of the 1995 Decree, (iii) Article 633 of the Belgian Company Code becomes applicable by virtue of the Issuer's net assets becoming less than 50 per cent. of its corporate capital, (iv) Article 23 of the Belgian law of 22 March 1993 on the status and supervision of credit institutions (the ‘**Law of 22 March 1993**’) applies by virtue of the Issuer’s capital falling below EUR 6.2 million or (v) at the discretion of the CBFA, in the event that Article 57 §1 of the Law of 22 March 1993 becomes applicable due to the special measures imposed by the CBFA in application thereof. For the purposes hereof, references to the 1995 Decree, the Law of 22 March 1993 and the Belgian Company Code and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

2.2 *Consideration:* The Profit-Sharing Certificates will be issued in consideration for the contribution in kind to the Issuer of the outstanding Securities and all outstanding rights attached thereto.

2.3 *Amount:* The Profit-Sharing Certificates will be issued with a total nominal value in pounds sterling equal to the sum of (i) the aggregate principal amount of the outstanding Securities, (ii) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period accrued on a daily basis to (but excluding) the date of the Mandatory Conversion, (iii) unpaid Deferred Coupons, if any, and (iv) Additional Amounts, if any.

2.4 *Powers:* The contribution referred to in Condition 2.2 (*Consideration*) above will take place by virtue of the terms and conditions of the Securities, without the need for further consent or action by the Holders of Securities. The issuance of the Profit-Sharing Certificates will be recorded by authentic deed made at the request of the Board of Directors of the Issuer, unless otherwise required by law.

3. NATURE, DENOMINATION, FORM AND STATUS

3.1 *Nature:* The Profit-Sharing Certificates constitute *winstbewijzen/parts bénéficiaires* as described under Article 483 of the Company Code. They do not represent the capital of the Issuer.

3.2 *Denomination:* The denomination of each Profit-Sharing Certificate is equal to the total nominal value issued in accordance with Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*), divided by the number of outstanding Securities contributed in consideration for their issuance. The denomination of the Profit-Sharing Certificates will be expressed in pounds sterling.

3.3 *Form:* The Board of Directors or the Executive Committee of the Issuer will decide whether the profit-sharing certificates are in registered or in book-entry form. If they do not, the profit-sharing certificates will be in either registered or book-entry form, as the Holders choose.

3.4 *Status:* The Profit-Sharing Certificates constitute unsecured subordinated obligations of the Issuer. In the event of a general concursus creditorum (*concourts des créanciers/samenloop van schuldeisers*) on the entire assets of the Issuer, the rights of the Holders of Profit-Sharing Certificates will rank behind those of all creditors of the Issuer, including subordinated creditors (other than those, if any, whose claims are capable of constituting tier 1 regulatory capital of the Issuer), and their payment will be subject to the condition precedent that all such creditors of the Issuer will have been paid in full. The Holders of Profit-Sharing Certificates will rank equally with the Parity Securities of the Issuer and will rank ahead of the Junior Securities of the Issuer. In a liquidation of the Issuer, the Holders of Profit-Sharing Certificates will be entitled to the repayment of the nominal value of the Profit-Sharing Certificates, subject to the above ranking provisions, but will not be entitled to share in further liquidation proceeds of the Issuer.

4. DISTRIBUTIONS

4.1 *Conditional entitlement:* The Holders of Profit-Sharing Certificates are entitled to the distributions set out in this Condition 4, subject only to the availability of distributable profits in accordance with Article 617 of the Company Code and to the condition set out in Condition 4.5 (*Net assets deficiency*). Those distributions will be made in priority to any dividend distribution on the Junior Securities of the Issuer. Distributions will be calculated and paid in pounds sterling.

4.2 *Fixed distributions:* If the Profit-Sharing Certificates are issued before 19 December 2019, the distribution entitlement until (but excluding) that date will be calculated at the rate of 6.202 per cent. per annum on their nominal amount, payable in arrear on 19 December in each year (each, a '**Fixed Distribution Payment Date**'). On the first Fixed Distribution Payment Date following the date of issue of the Profit-Sharing Certificates, the amount of the distribution will be calculated pro rata temporis, provided that no distribution will accrue on that first Fixed Distribution Payment Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*). For the purposes hereof and of Condition 8.5 (*Redemption - Redemption price*), pro rata accruals will be calculated on the basis of the actual number of days elapsed and the actual number of days in the Fixed Distribution Period. '**Fixed Distribution Period**' means each period from (and including) the issue date of the Securities (being 19 December 2003) or any Fixed Distribution Payment Date to (but excluding) the next Fixed Distribution Payment Date.

4.3 *Floating distributions:* After 19 December 2019, the distribution entitlement will be calculated at the Floating Distribution Rate and will be payable on each 19 March, 19 June, 19 September and 19 December in each year (each, a '**Floating Distribution Payment Date**'). If any Floating Distribution Payment Date would otherwise fall on a date which is not a London Business Day (as defined below), it will be postponed to the next London Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding London Business Day. Each period beginning on (and including) 19 December 2019 or the issue date of the Profit-Sharing Certificates (whichever is later) or any Floating

Distribution Payment Date and ending on (but excluding) the next Floating Distribution Payment Date is herein called a '**Floating Distribution Period**'.

The Floating Distribution Rate for a Floating Distribution Period will be the sum of the London Interbank Sterling Offered Rate for such period and 1.93 per cent. per annum. If the Profit-Sharing Certificates are issued after 19 December 2019, then for the first Floating Distribution Period following the date of issue, the amount of the distribution will be calculated pro rata temporis, provided that no distribution will accrue on that first Floating Distribution Payment Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*) and, unless the Profit-Sharing Certificates were issued on a Floating Distribution Payment Date, the Floating Distribution Rate will be the same as the Floating Rate of Interest prevailing in respect of the Securities at the time of issuance of the Profit-Sharing Certificates. For the purposes hereof and of Condition 8.5 (*Redemption - Redemption price*), pro rata accruals will be calculated on the basis of the actual number of days elapsed in the Floating Distribution Period and a year of 365 days (or, if any portion of the Floating Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Floating Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Floating Distribution Period falling in a non-leap year divided by 365).

'**London Business Day**' means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

4.4 *Calculations and publication:* The amount of distribution payable on each Floating Distribution Payment Date will be calculated by the Calculation Agent, and such amount and each Floating Distribution Rate will be published by the Calculation Agent, in accordance with the provisions of the Agency Agreement and notified by the Calculation Agent, as soon as practicable after such determination, to each listing authority, stock exchange and/or quotation system (if any) by which the Profit-Sharing Certificates have been admitted to listing, trading and/or quotation.

4.5 *Net assets deficiency:* If and to the extent that, before or after giving effect to any distribution on the Profit-Sharing Certificates, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer, the Issuer will not declare any such distribution (subject to Condition 6 (*Mandatory distributions*)).

4.6 *Distributions not cumulative:* Any distribution missed by reason of the application of Condition 4.5 (*Net assets deficiency*) or of insufficiency of distributable profits in accordance with Article 617 of the Company Code will be definitively forgone, and the Holders of Profit-Sharing Certificates will not be entitled to any carry forward of such missed distribution.

5. DIVIDEND STOPPER

5.1 *Issuer:* If a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then the Issuer will not, for a period of twelve months after such Distribution Date, declare or pay any dividend on its Junior

Securities or Parity Securities or redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

5.2 *KBC Group*: KBC Group has agreed in the Contingent Guarantee Agreement that, if a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then for a period of twelve months after such Distribution Date (A) it (i) will not propose to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend on its Junior Securities or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), and (B) it will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described in Condition 5.1 (*Dividend stopper - Issuer*) above.

5.3 *Partial distributions*: If a partial distribution is paid on the Profit-Sharing Certificates on any Distribution Date, Conditions 5.1 and 5.2 (*Dividend stopper – Issuer and KBC Group*) will not prevent the distribution of a partial dividend, in the same proportion, on any Set Rate Parity Securities during the period beginning on such Distribution Date and ending before the next succeeding Distribution Date.

5.4 *Exchange Upper Tier 2 Instruments*: The Issuer agrees and KBC Group has agreed in the Contingent Guarantee Agreement that the provisions thereof relating to the Dividend Stopper described in this Condition 5 will, after the conversion of all (but not part) of the Profit-Sharing Certificates into Exchange Upper Tier 2 Instruments in accordance with Condition 8.4 (*Redemption - Redemption upon Tier 1 Disqualification Event*), continue to apply mutatis mutandis by reference to the deferral of interest payments due under the Exchange Upper Tier 2 Instruments.

5.5 *Enforcement by the Issuer*: The Issuer undertakes promptly to take all necessary steps to enforce the terms of the Contingent Guarantee Agreement against KBC Group in case of breach thereof.

6. MANDATORY DISTRIBUTIONS

6.1 *Circumstances*: Notwithstanding Condition 4.5 (*Distributions - Net assets deficiency*), but subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, if the Issuer or KBC Group (A) pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), then the distributions payable on each Distribution Date occurring during the Relevant Period (as defined below) will be mandatorily payable on each such date.

6.2 *Partial distributions*: If a partial distribution is paid on any Set Rate Parity Securities, Condition 6.1 (*Mandatory distributions – Circumstances*) will only render mandatory the payment of a partial distribution, in the same proportion, on the Profit-Sharing Certificates during the Relevant Period.

6.3 *Relevant Period*: For the purposes of the foregoing, ‘**Relevant Period**’ means:

6.3.1 for any Relevant Period commencing on or before 19 December 2019, one year; provided that if such Relevant Period commences after 19 December 2018, it will end on and include 19 December 2019; and

6.3.2 for any Relevant Period commencing after 19 December 2019:

(a) one year, in the case of (A) any dividend on Junior Securities or Parity Securities that have annual scheduled payments or have no scheduled payment dates, or (B) any redemption, repurchase or other acquisition of Junior Securities or Parity Securities,

(b) six months, in the case of any dividend on Junior Securities or Parity Securities that have semi-annual scheduled payments, and

(c) three months, in the case of any dividend on Junior Securities or Parity Securities that have quarterly (or more frequent) scheduled payments,

provided in each case that such Relevant Period (unless it commences after 19 December 2018 and ends on and includes 19 December 2019) will commence on and include the day of the relevant dividend or redemption, repurchase or other acquisition but will not include the corresponding day of the third, sixth or twelfth month thereafter, as the case may be.

7. TAXATION

All distribution payments in respect of the Profit-Sharing Certificates by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges (the '**Relevant Tax**') is required by law. In that event the Issuer will pay such additional amounts (the '**Supplemental Amounts**') as will result in receipt by the Holders of Profit-Sharing Certificates after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Supplemental Amounts will be payable in respect of any Profit-Sharing Certificate:

(a) held or presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Profit-Sharing Certificate by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Profit-Sharing Certificate; or

(b) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Profit-Sharing

Certificate to another paying agent of the Issuer in a member state of the European Union; or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Profit-Sharing Certificate would have been entitled to such additional amounts on presenting such Profit-Sharing Certificate for payment on the last day of such period of 30 days; or

(d) where or to the extent that the Relevant Tax is imposed or levied because the holder (or beneficial owner) has not made a declaration or claim for exemption or reduction of the Relevant Tax, if the Issuer or its agent have given the beneficial owner or its nominee at least 60 days' prior written notice of an opportunity to make the declaration or claim.

In these Conditions, '**Relevant Date**' means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders of Profit-Sharing Certificates.

Any reference in these Conditions to distributions will be deemed to include any Supplemental Amounts which may be payable under this Condition 7.

8. REDEMPTION

8.1 *No fixed redemption date:* The Profit-Sharing Certificates do not have a fixed redemption date.

8.2 *No redemption at the option of the Holders:* The Profit-Sharing Certificates are not redeemable at the option of the Holders.

8.3 *Redemption at the option of the Issuer:* The Profit-Sharing Certificates may be redeemed at the option of the Issuer, in whole (but not in part), on 19 December 2019 (the '**First Call Date**') or on any subsequent Distribution Date at the Base Redemption Price; provided that the Issuer will give notice to the Holders of Profit-Sharing Certificates not less than 60 business days but not more than 90 business days prior to any such redemption on the First Call Date and not less than 30 days but not more than 60 days prior to any such redemption on any subsequent Distribution Date.

8.4 *Redemption upon Tier 1 Disqualification Event:* Upon the occurrence of a Tier 1 Disqualification Event, the Issuer will have the right by giving not less than 30 nor more than 60 days' notice to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*), (i) at any time before the First Call Date, to redeem the Profit-Sharing Certificates in whole (but not in part) at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or on any subsequent Distribution Date, to redeem the Profit-Sharing Certificates in whole (but not in part) at the Base Redemption Price, or (iii) at any time, to convert the Profit-Sharing Certificates in whole (but not in part) into Exchange Upper Tier 2 Instruments. For the purposes of the foregoing, '**Tier 1 Disqualification Event**' means the receipt by the Issuer of an opinion or declaration,

rule or decree of the CBFA to the effect that there has been either (i) a change in law or regulation or (ii) a change in the official interpretation thereof, resulting in more than an insubstantial risk that the Profit-Sharing Certificates (or any portion thereof) will no longer be capable of constituting tier 1 capital of the Issuer under Applicable Banking Regulations.

8.5 *Redemption price:* For the purposes of the foregoing, '**Base Redemption Price**' means an amount equal to the aggregate of (i) the aggregate nominal value of the Profit-Sharing Certificates and (ii) an amount equal to pro rata unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption, including Supplemental Amounts, if any, in accordance with Condition 7 (*Taxation*). '**Make Whole Amount**' means a price for the Profit-Sharing Certificates such that the gross redemption yield of the Profit-Sharing Certificates, calculated on the assumption of full distributions made from the date fixed for redemption until the First Call Date and of a redemption at the nominal value on the First Call Date, is equal to the gross redemption yield of a benchmark UK government bond plus 0.5 per cent., all as determined by the Calculation Agent in accordance with the provisions of the Agency Agreement. The Base Redemption Price and the Make Whole Amount will be expressed in pounds sterling.

8.6 *Conditions and procedure:* Any redemption or conversion of Profit-Sharing Certificates is subject to compliance with all applicable regulatory requirements, including the prior approval of the CBFA. In any event, no redemption of Profit-Sharing Certificates will be permitted if, before or after giving effect to any distribution on the Profit-Sharing Certificates, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer. Any redemption of Profit-Sharing Certificates will further be subject to the conditions and procedures set out in Articles 612, 613 and 620 of the Company Code (save that Articles 612 and 613 will not apply in the case of a redemption made in accordance with Condition 8.4 (*Redemption - Redemption upon Tier 1 Disqualification Event*)); for the avoidance of doubt, any redemption or conversion decided in execution of this Condition 8 will not constitute a modification to the respective rights of the Holders of Profit-Sharing Certificates compared to the rights of the holders of any shares or other profit-sharing certificates of the Issuer for the purposes of Article 560 of the Company Code, and the Holders of Profit-Sharing Certificates will not be entitled to vote on any decision made in accordance with Articles 612 and 620 of the Company Code.

8.7 *No further rights:* Upon redemption of the Profit-Sharing Certificates, their Holders will cease to be entitled to any subsequent distribution or other rights.

9. CONTINGENT GUARANTEE

9.1 *Mandatory distributions:* KBC Group has agreed in the Contingent Guarantee Agreement to pay any Mandatory Distribution if and to the extent that the Issuer has not paid the same when due. KBC Group has the option to satisfy this obligation by either (i) making the required payment directly to the Holders of Profit-Sharing Certificates or (ii) making a contribution to the capital or own funds of the Issuer sufficient to permit the Issuer to pay the relevant Mandatory Distribution.

9.2 *Exceptions:* No such payment or contribution will be required if and to the extent that, before or after giving effect to such contribution, a Net Assets Deficiency Event has occurred and is continuing with respect to KBC Group or KBC Group would not be solvent or would be in a situation of cessation of payment (*cessation de paiement/staking van betalen*); provided that, notwithstanding the occurrence of any Net Assets Deficiency Event with respect to KBC Group, such payment or contribution will be required in connection with any Mandatory Distribution that is triggered by payment of dividends or redemptions, repurchases or other acquisitions in respect of Junior Securities or Parity Securities of KBC Group.

9.3 *Preference shares:* The Issuer agrees and KBC Group has agreed in the Contingent Guarantee Agreement not to authorise, and not to propose to their shareholders to authorise unilaterally, the issue of any additional Junior Securities or Parity Securities unless they are subject to the dividend stopper set out in Condition 5 (*Dividend stopper*).

10. VOTING AND PREFERENCE RIGHTS

10.1 *Voting rights:* The Holders of Profit-Sharing Certificates will have no voting rights, save in the cases mandatorily provided by the Company Code. They will not be entitled to attend shareholders meetings, save when they are entitled to vote.

10.2 *Preference rights:* The Holders of Profit-Sharing Certificates will have no preference rights in respect of any subsequent issuance of shares, profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) or other securities by the Issuer.

11. ACCOUNTING TREATMENT

The contributions made in consideration for the issuance of the Profit-Sharing Certificates will be accounted for as an unavailable reserve. This reserve may only be reduced in accordance with Articles 612 to 614 of the Company Code, save in the case of a redemption made in accordance with Condition 8.4 (*Redemption - Redemption upon Tier 1 Disqualification Event*). The reserve representing the Profit-Sharing Certificates may be reduced by way of absorption of losses in accordance with Article 614 of the Company Code; the entitlement of the Holders of Profit-Sharing Certificates to distributions in accordance with these Conditions, however, will continue irrespective of any such reduction even if it results in the full cancellation of the reserve representing the Profit-Sharing Certificates.

12. AMENDMENTS

These Conditions and the Contingent Guarantee Agreement may be amended without the consent of the Holders of Profit-Sharing Certificates to correct a manifest error. The rights attached to the Profit-Sharing Certificates and these Conditions may be amended in accordance with the rules applicable to modifications to the statutes of the Issuer, taking into account Article 560 of the Company Code as the case may be. The parties to the Agency Agreement or to the Contingent Guarantee Agreement may agree to modify any provision thereof, but the Issuer will not agree, without the consent of the Holders of Profit-Sharing Certificates granted in a general meeting with the same conditions of quorum and majority as those required for modifications to the

statutes, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders of Profit-Sharing Certificates.

13. TRANSFERABILITY

The transferability of Profit-Sharing Certificates is subject to the provisions of Article 508 of the Company Code (which provides that: ‘Profit sharing certificates ... are transferable from the tenth day after the filing of the second annual accounts that follows their issuance. Until the end of that period their transfer may only be operated by public deed or by written agreement, notified to the company within a month of the transfer, all this under sanction of nullity ... The nullity may only be invoked by the purchaser’), to the extent applicable.

Pursuant to Articles 463 and 465 of the Companies Code, the register of profit-sharing certificates, as well as the certificates evidencing entry in the register of profit-sharing certificates, will indicate the terms and conditions governing transferability set out in the present Article 13.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders of Profit-Sharing Certificates, create and issue further securities having the same terms and conditions as the Profit-Sharing Certificates in all respects (or in all respects except for the first distribution) so as to form a single series with the Profit-Sharing Certificates.

15. NOTICES

Without prejudice to the applicable provisions of the Company Code, notices to the Holders of Profit-Sharing Certificates will be published in a leading English newspaper in London (which is expected to be the Financial Times) and, so long as the Profit-Sharing Certificates are listed on the Luxembourg Stock Exchange and its rules so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxembourger Wort). If and as long as the Profit-Sharing Certificates are deposited with a settlement system, notices may also be published through such system. Any such notice will be deemed to have been given on the date of first publication.

16. GOVERNING LAW AND JURISDICTION

The Profit-Sharing Certificates will be governed by Belgian law. Any dispute in connection therewith will be subject to the exclusive jurisdiction of the courts of the registered office of the Issuer.