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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF KBC GROUP NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of KBC Group NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 5 May 2022, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Company's annual accounts for eight consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 40.250.886.167 and a profit and loss account showing a profit for the year of EUR 2.301.616.363.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2023, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory Auditor's responsibilities for the audit of the annual accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report, of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code and the Company's articles of association.

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Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code, and to report on these matters.

Aspects related to the directors' report

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Regarding the non-financial information, as mentioned in the directors' report, the information is provided at the level of the highest Belgian consolidating entity, KBC Group NV, in the directors' report on the consolidated accounts.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required under this Code, including, but not limited to, in relation to salaries and education, and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemised in the notes to the annual accounts.

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Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code that we have to report to you.
- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.
- We have evaluated the property effects resulting from the decisions of the board of directors dated 8 February 2023 and 16 March 2023 as described in section "Conflicts of interest that fell within the scope of article 7:115, 7:116 or 7:117 of the CAC" of the directors' report and we have no remarks to make in this respect.
- By virtue of article 7:213 of the Companies' and Associations' Code, during the year an interim dividend has been distributed in relation to which we have prepared the attached report, in accordance with the legal requirements.

Diegem, 29 March 2024

The statutory auditor
PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
represented by

Damien Walgrave*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Damien Walgrave BV/SRL

Jeroen Bockaert**
Bedrijfsrevisor/Réviseur d'entreprises

**Acting on behalf of Jeroen Bockaert BV/SRL

Appendix: Statutory auditor's report on 3 August 2023 to the board of directors of KBC Group NV on the statement of assets and liabilities in connection with the distribution of an interim dividend

To the attention of the board of directors of KBC Group NV

STATUTORY AUDITOR'S REVIEW REPORT OF KBC GROUP NV ON THE STATEMENT OF ASSETS AND LIABILITIES IN CONNECTION WITH THE DISTRIBUTION OF AN INTERIM DIVIDEND (ART. 7:213 CAC)

In our capacity of statutory auditor, we issue our review report on the statement of assets and liabilities as of 30 June 2023 to the board of directors of KBC Group NV (the "Company"), in accordance with article 7:213 of the Companies' and Associations' Code (hereafter "CAC") and the Company's Articles of Association.

We have performed the review of the accompanying statement of assets and liabilities (the "Statement") of the Company as of 30 June 2023, prepared in accordance with the financial reporting framework applicable in Belgium.

Responsibility of the board of directors for the preparation of the statement of assets and liabilities

The board of directors is responsible for the preparation of this statement of assets and liabilities of the Company as of 30 June 2023 in accordance with the financial reporting framework applicable in Belgium and for compliance with the requirements of article 7:213, 1° and 2° CAC.

Responsibility of the statutory auditor

We are responsible for formulating a conclusion on the statement of assets and liabilities based on our review. We conducted our review in accordance with ISRE 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". Such review of the Statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all material matters that might be identified in an audit.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Company's accompanying statement of assets and liabilities as of 30 June 2023, showing a balance sheet total of EUR 37.201.470.263, a result of the current period of 6 months of EUR 1.507.868.922 and accumulated profits of EUR 7.255.156.648, has not been prepared, in all material respects, in accordance with the financial reporting framework applicable in Belgium.

Limitation of use of our report

This report is prepared solely to address the requirements of article 7:213 CAC, and may not be used for any other purpose.

Diegem, 3 August 2023

The statutory auditor
PwC Bedrijfsrevisoren BV
represented by

Damien Walgrave
Accredited auditor

Jeroen Bockaert
Accredited auditor

Appendix: Statement of assets and liabilities as of 30 June 2023

KBC Group NV
(non-consolidated level)

ASSETS	Code	30/06/2023
Formation expenses	20	**0**
FIXED ASSETS	21/28	**36.310.573.611**
Intangible fixed assets	21	**0**
Tangible fixed assets	22/27	**0**
Land and Buildings	22	0
Plant, machinery and equipment	23	0
Furniture and vehicles	24	0
Leasing and other similar rights	25	0
Other tangible fixed assets	26	0
Assets under construction and advance payments	27	0
Financial fixed assets	28	**36.310.573.611**
Affiliated enterprises	280/1	36.309.435.417
Participating interests	280	16.367.520.105
Amounts receivable	281	19.941.915.312
Other entreprises linked by participating interests	282/3	914.658
Participating interests	282	914.658
Amounts receivable	283	0
Other financial assets	284/8	223.536
Shares	284	223.536
Amounts receivable and cash guarantees	285/8	0
CURRENT ASSETS	29/58	**890.896.652**
Amounts receivable after more than one year	29	**0**
Trade debtors	290	0
Other amounts receivable	291	0
Stocks and contracts in progress	3	**0**
Stocks	30/36	0
Raw materials, consumables	30/31	0
Goods in progress	32	0
Finished goods	33	0
Commercial goods	34	0
Real estate available for sale	35	0
Advances	36	0
Contracts in progress	37	0
Amounts receivable within one year	40/41	**8.904.995**
Trade debtors	40	8.278.888
Other amounts receivable	41	626.107
Current investments	50/53	**600.000.000**
Own shares	50	0
Other investments and deposits	51/53	600.000.000
Cash at bank and in hand	54/58	**40.304.438**
Deferred charges and accrued income	490/1	**241.687.219**
TOTAL ASSETS	**20/58**	**37.201.470.263**

EQUITY AND LIABILITIES	Code	30/06/2023
EQUITY	10/15	**17.019.818.591**
Capital	10	**1.460.538.769**
Issued capital	100	1.460.538.769
Uncalled capital	101	0
Share premium account	11	**5.509.617.704**
Revaluation surpluses	12	**0**
Reserves	13	**1.286.636.547**
Legal reserve	130	146.053.877
Reserves not available	131	1.338.625
In respect of own shares held	1310	0
Other	1311	1.338.625
Untaxed reserves	132	190.493.634
Available reserves	133	948.750.411
Accumulated profits (losses)	14	**7.255.156.648**
Result for the period	RES	**1.507.868.922**
Investment grants	15	**0**
Advance to associates on the distribution of the net assets	19	**0**
PROVISIONS AND DEFERRED TAXES	16	**291.977**
Provisions for liabilities and charges	160/5	**291.977**
Pensions and similar obligations	160	291.977
Fiscal charges	161	0
Major repairs and maintenance	162	0
Environmental commitments	163	0
Other liabilities and charges	164/5	0
Deferred taxes	168	0
AMOUNTS PAYABLE	17/49	**20.181.359.695**
Amounts payable after more than one year	17	**16.448.350.573**
Financial debts	170/4	16.448.350.573
Subordinated loans	170	3.680.490.904
Unsubordinated debentures	171	12.767.859.669
Leasing and other similar obligations	172	0
Credit institutions	173	0
Other loans	174	0
Trade Debts	175	0
Suppliers	1750	0
Bills of exchange payable	1751	0
Advances received on contracts in progress	176	0
Other amounts payable	178/9	0
Amounts payable within one year	42/48	**3.532.593.841**
Current portion of amounts payable after more than one year falling due within one year	42	3.500.579.873
Financial debts	43	0
Credit institutions	430/8	0
Other loans	439	0
Trade debts	44	1.039.854
Suppliers	440/4	1.039.854
Bills of exchange payable	441	0
Advances received on contracts in progress	46	0
Taxes, remuneration and social security	45	16.233.834
Taxes	450/3	0
Remuneration and social security	454/9	16.233.834
Other amounts payable	47/48	14.740.280
Accrued charges and deferred income	492/3	**200.415.281**
TOTAL LIABILITIES	**10/49**	**37.201.470.263**

Disclosure : Breakdown of financial fixed assets by maturity (281)	**EUR**
Financial fixed assets : Amounts receivable due within one year	3.500.579.873
Financial fixed assets : Amounts receivable after more than one year	16.441.335.439

I. GENERAL OVERARCHING VALUATION RULES

In accordance with Article 3:6 of the Royal Decree April 29, 2019 implementing the Companies and Associations Code, the directors decide as follows.

GENERAL

For all that is mandatory law, the general principles appearing in the aforementioned Royal Decree will apply and in particular those appearing in Chapter II "Valuation Rules".

With respect to matters that are additionally regulated by law and to the extent that the law leaves a choice in this regard to the company, the directors resolve that the special valuation rules be adopted as stated below.

The financial statements are prepared in accordance with the principle of true and fair view. Transparent, clear and consistent financial reporting is important for KBC as a financial group. Therefore, the principle is applied to align the BGAAP valuation rules as much as possible with International Financial Reporting Standards IFRS, which apply to the consolidated financial statements where legally and systematically possible.

To the extent that the directors consider that they are not sufficiently significant to warrant an additional or amending resolution, the cases of valuation not expressly provided for here will be governed by methods of the same nature as those that follow below, without special mention.

The financial year runs from January 1 to December 31.

The balance sheet and income statement are drawn up annually in euros.

II. ASSETS

1.FORMATION COSTS

The costs of capital increase are immediately and fully charged to the result in the financial year in which the capital increase took place.

2.INTANGIBLE FIXED ASSETS

2.1 General

All intangible fixed assets are recorded at acquisition cost less accumulated amortization.

Intangible fixed assets are amortized pro rata temporis on a daily basis.

Additional or extraordinary amortization is applied when, due to changes in economic or technological conditions, the book value exceeds the value in use.

When intangible assets are sold, realized gains or losses are immediately recorded in income.

Upon destruction, the remaining amount to be written off is immediately charged to earnings.

2.2 Goodwill

Goodwill includes:

- the positive difference between the acquisition price and the net value of the acquired business (or line of business);

- the positive difference between the conventional value of the contribution of a business as a whole and its net value.

Capitalized goodwill is amortized on a straight-line basis over a period of 5 years, unless otherwise decided by the Board of Directors.

2.3. Software

In order to optimize the synergistic effect of the KBC merger in Belgium, in principle (and subject to possible exceptions) all software in this company is capitalized, with the cost of using the software being passed on to the customers in a "cost-sharing" manner.

As of fiscal year 2004, all software purchases are capitalized from the first euro, provided the conditions for capitalization are met. Additional costs incurred when purchasing software are also capitalized and depreciated over the economic life of the software.

The following distinctions are made within software:

System software

System software is software linked to a hardware purchase, where the hardware does not work without this initial software installed. This software controls the internal workings of the computer, handles communication with the environment or network. So this includes operating systems, support software and compilers. Purchasing the hardware usually gives KBC a lifetime right to use it.

The system software follows the depreciation rhythm of the hardware and will therefore be depreciated on a straight-line basis over three years from the time the software is ready for use.

Standard Software

This refers to software purchased from third parties. This is the "application software" referred to by the Accounting Standards Commission which includes product-related software, management software, database software, communication software, infrastructure software, security software and development software. Thus, this refers to all software that is not operating software and whose utility life runs over several years.

Standard software is capitalized and amortized on a straight-line basis over 5 years from the time the software is ready for use.

Core systems with longer durations are amortized pro rata over 8 years. Core systems are types of standard software including back-end data applications for daily processing and updates of balance balances on the mainframe.Examples of such core systems are the applications used for processing deposits, loans and credits, interfaces with the general ledger and reporting tools.

Customized software and custom software

Some purchased software and/or software models are customized before delivery/commissioning. There is then custom software development on top of the existing standard software, the whole thing being called customized software. Custom software corresponds to curated software, in the sense that 'custom' software is developed at the request of the bank, but starting from scratch, i.e. not on top of existing software.

Both external and internal IT specialists are used for such developments.

All costs of continuity files are immediately recorded in results, as well as research costs of investment files. However, development costs (both internal and external) of investment files are capitalized as intangible fixed assets and amortized over a period of 5 years if the following conditions are met :

- It must necessarily contribute to the company's activities;

- a future benefit is expected;

- the price must be individually determinable;

- The software will be permanently used for the activity.

Regarding the qualification of ICT projects to be activated (investment or continuity projects), the accounting department agrees in advance with the business departments.

An investment project is one that :

- introduces or replaces a major business activity

- is large in scope.

Core systems with longer durations are amortized pro rata temporis over 8 years. Core systems are types of standard software that include back-end data applications for daily processing and updates of balance balances on the mainframe. Examples of such core systems are the applications used to process deposits, loans and credits, interfaces with the general ledger and reporting tools.

Subsequent costs relating to customized software and custom software are expensed unless it is probable that the expenditure will generate future economic benefits for the company as compared with the original estimates of future benefits. Also, the expense must be separately and reliably allocable to the software already capitalized. When these conditions are met then the additional expense can be capitalized and amortized over its remaining useful life.

Depreciation is not applied until the asset is ready for use.

3.TANGIBLE ASSETS

3.1. General

All property, plant and equipment are recorded at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated pro rata temporis on a daily basis.

All property, plant and equipment are recorded at acquisition cost including the additional directly attributable costs (acquisition costs, non-deductible VAT, demolition costs, etc.). These additional costs are depreciated over the life of the asset.

Additional or extraordinary depreciation is applied when, due to changes in economic or technological conditions, the book value exceeds the usage value.

When tangible fixed assets are sold, realized profits or losses are immediately recorded in the income statement.

Upon destruction, the remaining depreciable amount is immediately charged to earnings.

Tangible fixed assets showing a definite and lasting capital gain in relation to the book value may be revalued. This capital gain is depreciated over the average residual useful life of the assets concerned.

3.2. Movable assets

3.2.1. Distinction between cost / investment

The acquisition value of tangible assets is determined by individualizing the price of each component. Only assets included in an internal summary list are capitalized, regardless of their acquisition value. Inclusion on this list depends on, among other things, the unit price, the relative importance of the item and the need for individual follow-up.

For works of art this limit is EUR 2 500 (excl. VAT). However, between EUR 250 and 2,500 one speaks of 'decoration' that is activated and depreciated linearly over 10 years in accordance with furniture. Below EUR 250, decoration is expensed.

3.2.2. Furniture and rolling stock

Movable property (mainly furniture) used in an administrative building (head office) of KBC Bank and KBC Insurance are acquired, capitalized and managed centrally.

Furniture is depreciated on a 10-year straight-line basis (10%).

Rolling stock is also capitalized. Rolling stock is depreciated at 4 years straight-line (25%, including non-deductible VAT).

3.2.3. Machinery, equipment and plant in owned buildings

A distinction is made between various types of plant, each of which (in accordance with practice) has its own depreciation regime.

Machinery, equipment and installations that are classified as hardware are depreciated on a straight-line basis over 3 years by default, for example PCs, printers and servers.

Leases of machinery are also depreciated over 3 years.

Other movable property included under this heading:

- alarm systems 10 years
- safes 10 years
- kitchen installations 10 years
- industrial machinery 10 years
- telephone exchanges 5 years
- cabling works 5 years
- cash and deposit machines 5 years

4. FINANCIAL FIXED ASSETS AND INVESTMENTS

4.1. Participating interests and other portfolio securities

Participating interests and shares are valued at acquisition cost, by identified package. Securities sold are valued according to the method of individualizing the price of each component. Additional costs relating to the acquisition of securities are immediately charged to the result for the financial year.

Where the valuation of securities at the end of the financial year establishes a loss in value that is assessed as real and lasting, a write-down is applied to this security up to the amount of the established loss in value.

To determine the real and permanent nature of the capital loss, the Board of Directors may rely on:

- for listed securities:

o on the development of the share price,

o the development of net equity according to the financial statements,

o on profitability trends and prospects;

- for unlisted securities:

o on the development of net equity according to the financial statements,

o on the development of and prospects for profitability.

If a security previously subject to such an impairment is permanently impaired, it is partially or totally written back.

Participating interests, shares and units belonging to financial fixed assets may be revalued if, depending on their usefulness to the company, they show a definite and lasting capital gain.

Listed shares and other variable-income securities are valued at their acquisition value or their market value at the balance sheet date, whichever is the lower. Other securities are valued at least annually based on the previous year's financial statements. The file managers ensure that significant negative movements during the year are also absorbed.

4.2. Treasury shares

"Treasury Shares" held in portfolio by KBC Group, consist of 2 types of shares to be tracked and valued separately:

- own shares held within the framework of employee stock option plans are valued at their acquisition price. In the event of any non-exercise at final maturity (due to too low stock market price), the shares concerned will be cancelled, with no impact on the results. In case there is a legal impediment to destroy concerned shares, these shares will be valued as shares purchased under the KBC repurchase program (see below).

When stock options are exercised (for the first time in 2004), the treasury shares purchased for this purpose are realized. They are accounted for using the FIFO method (at the acquisition price of shares purchased first).

- own shares purchased as part of the KBC share buy-back program. These treasury shares are valued per identified package at their acquisition price or their market value on the balance sheet date, whichever is lower. When sold, they are valued (in line with shares in the investment portfolio) using the method of individualizing the price of each component.

As long as both types of own shares are included in the assets of the balance sheet, an unavailable reserve must be created. Upon cancellation of the shares, the unavailable reserve is cancelled. When a write-down is recorded on type 2 treasury shares, this amount is transferred directly from the unavailable reserve to the distributable available reserve.

4.3. AMOUNTS RECEIVABLE AFTER ONE YEAR AND AMOUNTS RECEIVABLE WITHIN ONE YEAR.

These are recorded at nominal value. However, receivables represented by fixed-income securities are valued at their acquisition price, reduced or increased by the expired portion of the premium or discount. The difference between the acquisition price and the redemption value is recorded pro rata temporis in the income statement as an interest component over the remaining life of the securities. Inclusion in income is on a discounted basis, based on the actual rate of return at the time of purchase.

Subordinated loans granted to affiliated companies are valued in the same way as fixed-income securities.

A receivable in foreign currency is recorded for its equivalent in Euros at the fixed rate at the end of the previous month. At the valuation at the end of the financial year, the book value is adjusted in accordance with the fixed rate on December 31.

Positive and negative translation differences are recorded in the income statement.

When the realization value of a receivable at the end of the financial year is lower than its book value, and this lower value can be assessed as real and permanent, a write-down is applied to it up to the amount of the established lower value.

Cash guarantees given as security to public authorities or utilities are recorded at their nominal value.

5. OTHER ASSETS

5.1. Stocks of warehouse items.

The warehouse items consist of the necessities for Print and Postprocessing orders.

All items included in warehouse inventory are valued there for accounting purposes at the moving average price calculated from the purchase price of the items.

5.2. Orders in progress

Specific software developed by KBC itself for third parties is classified under contracts in progress. This concerns the commercialization of custom software (developed on a contractual basis and fully specified on the customer's instructions). Its development can either be done entirely by KBC or from purchased basic software.

The manufacturing cost consists of all costs directly attributable to the project (development costs of third parties, deployment of infrastructure, implementation of software). Maintenance and aftercare are considered period costs.

5.3 All other assets

All other assets are recognized at nominal value. A receivable in foreign currency is recorded for its equivalent value in Euros at the fixed rate at the end of the previous month. On valuation at the end of the financial year, the book value is adjusted in accordance with the fixed rate on December 31.

Positive and negative translation differences are recorded in income.

5.4 Accrued charges and deferred income

These items are prepared in such a way that income and expenses are allocated to the correct accounting period. Option premiums received in respect of stock option plans are recognized in income as and when stock options expire or are exercised.

Option premiums received from employers are expensed pro rata over the performance period (period between subscription and exercise).

In the event of movements, of employees holding options, between KBC Group entities, the option premium paid (the portion not yet taken into income) is charged to the company to which the employee moves.

III. LIABILITIES

1. LIABILITIES

1.1. Debts evidenced by certificates

Debts embodied in debt securities are recorded in the balance sheet at the amount made available, plus or minus the difference between this value and the redemption price for the portion already incurred, calculated on the basis of the actuarial yield at recognition.

The difference between the amount made available and the repayment value of the debt is taken to income as interest pro rata on an actuarial basis.

Debt issuance costs are expensed as commission paid on a straight-line basis, over the life of the instrument. The capitalized costs are recorded in deferred charges and accrued income.

With respect to commercial paper debt, the difference between the funds made available and the nominal value is recorded pro rata temporis in the income statement as interest expense.

1.2. Subordinated debts

Subordinated debts are valued in the same way as other debts, whether or not incorporated in securities.

1.3. Other debts

All debts (i.e. debts relating to taxes, remuneration and social security contributions, dividends to be paid on treasury shares and invoices to be paid) the amount of which is known or can be accurately estimated must be recorded at their nominal value. This also applies to debts for which there is not yet a title.

Debts in foreign currencies are recorded at their equivalent value in Euros at the fixed rate at the end of the previous month. When valuation takes place at the end of the financial year, the book value is adjusted in accordance with the fixed rate on December 31.

Positive and negative translation differences are recorded in income.

2. PROVISIONS

2.1 General

Provisions for liabilities and charges are intended to cover losses or charges which, by their nature, are clearly defined and likely to occur at the balance sheet date, and the amount of which can be estimated with sufficient certainty.

2.2 Provision for taxes

Provision for anticipated additional taxes (uncollected taxes) relating to financial years that have expired can be made in respect of the disputed portion of the taxes. The uncontested portion of assessments to be assessed is included in the estimated tax liabilities.

For tax supplements relating to previous years, the full amount of the assessment is charged to the income statement and included in tax liabilities. For the disputed portion of the established tax assessment, a claim, and therefore a revenue, is expressed if an objection is/was filed and to the extent that this claim is sufficiently certain. The expressed receivables for disputed taxes are subject to periodic impairment testing.