KBC Group NV

(incorporated with limited liability in Belgium)

EUR 10,000,000,000
Euro Medium Term Note Programme

Under this EUR 10,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), KBC Group NV (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 10,000,000,000 (or its equivalent in any other currencies). Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein. Notes to be issued under the Programme may comprise (i) unsubordinated Notes ("**Senior Notes**") and (ii) Notes which are subordinated as described herein and have terms capable of qualifying as Tier 2 Capital (as defined herein) (the "**Subordinated Tier 2 Notes**"). The Notes will be issued in the Specified Denomination(s) specified in the applicable Final Terms. The minimum Specified Denomination of the Notes shall be at least EUR 100,000 (or its equivalent in any other currency). The Notes have no maximum Specified Denomination.

The Notes may be issued on a continuing basis to the Dealer specified below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**").

This base prospectus (the "**Base Prospectus**") has been approved on 2 June 2020 by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the "**FSMA**") in its capacity as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). It contains information relating to the issue by the Issuer of Notes under the Programme and must be read in conjunction with the documents incorporated by reference herein. The FSMA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in any Notes.

In addition, application has also been made to Euronext Brussels ("**Euronext Brussels**") for Notes issued under the Programme during the period of twelve months from the date of approval of the Base Prospectus to be listed on Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels. References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been listed and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MiFID II**"). The Issuer may also issue Notes which are not listed or request the listing of Notes on any other stock exchange or market.

This Base Prospectus is valid for twelve months from its date. The obligation to supplement the Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply after this period of twelve months from the date of approval of the Base Prospectus.

The Notes will be issued in dematerialised form in accordance with the provisions of the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended (the "**Belgian Companies and Associations Code**") and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**Securities Settlement System**"). Access to the Securities Settlement System is available through those of its Securities Settlement System participants whose membership extends to securities such as the Notes. Securities Settlement System Participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Monte Titoli**") and Interbolsa S.A. ("**Interbolsa**"). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa and investors may hold their Notes within securities accounts in Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa. The Notes issued in dematerialised form and settled through the Securities Settlement System may be eligible as ECB collateral, provided that the applicable ECB eligibility requirements are met.

Information on the aggregate nominal amount of Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and other information which is applicable to each Tranche (as defined herein) of such Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the FSMA and Euronext Brussels on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on Euronext Brussels will be published on the website of the Issuer (www.kbc.com/en/investor-relations/debt-issuance/kbc-group.html).

Notes issued under the Programme may be rated or unrated. When an issue of a certain Series (as defined herein) of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme (if any) and such rating may be specified in the applicable Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus, setting out certain risks in relation to Senior Notes and Subordinated Tier 2 Notes. In particular, holders of Senior Notes and Subordinated Tier 2 Notes may lose their investment if the Issuer were to become non-viable or the Notes were to be (in the case of the Subordinated Tier 2 Notes) written down and/or converted or (in the case of the Senior Notes) bailed-in. See pages 24 to 26 of this Base Prospectus. Moreover, Subordinated Tier 2 Notes include certain risks specific to the nature of such instruments, such as subordination, write-down/conversion features, increased illiquidity, conflicts of interest and redemption. See pages 12 to 33 for a description of the risk factors and pages 25 and 26 for a description of the risk factors specific to Subordinated Tier 2 Notes.

The Notes may not be a suitable investment for all investors. Accordingly, prospective investors in Notes should decide for themselves whether they want to invest in the Notes and obtain advice from a financial intermediary in that respect, in which case the relevant intermediary will have to determine whether or not the Notes are a suitable investment for them.

If the "Prohibition of Sales to Consumers" is specified as applicable in the Final Terms in respect of any Notes, the Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, by any Dealer to "consumers" *(consumenten / consommateurs)* within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended.

Arranger and Dealer
KBC Bank

The date of this Base Prospectus is 2 June 2020.

Innocenzo Soi
Authorised Signatory

Jérôme Ferri
Authorised Signatory

A41303987

IMPORTANT INFORMATION

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving the necessary information which is material to enable investors to make an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance of the Notes and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). Unless specifically incorporated by reference into this Base Prospectus, information contained on websites mentioned herein does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans.

Words such as "believes", "expects", "projects", "anticipates", "seeks", "estimates", "intends", "plans" or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the Issuer or the Issuer and its subsidiaries taken as a whole (the "**Group**") conducts operations; (iv) the potential impact of sovereign risk in certain European Union countries; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer or the Group; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's and/or the Group's business and practices in one or more of the countries in which the Issuer or the Group conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the Issuer's and/or the Group's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

This Base Prospectus contains various amounts and percentages which have been rounded and, as a result, when those amounts and percentages are added up, they may not total.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

If at any time during the life of the Programme the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "*Subscription and Sale*".

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO CONSUMERS – If the "Prohibition of Sales to Consumers" is specified as applicable in the Final Terms in respect of any Notes, the Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, by any Dealer to any "consumer" (*consument / consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – For each issue of Notes, the Dealers acting as manufacturers in respect of the Notes pursuant to MiFID II will produce and communicate to the Issuer the target market assessment in respect of the Notes and determine which channels for distribution of the Notes are appropriate.

The Final Terms in respect of such Notes will include a legend entitled "MiFID II Product Governance" which will outline the relevant target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the

Notes (a "**distributor**") should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593, as amended (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Nothing stated herein should be construed as limiting the protections granted to potential investors under mandatorily applicable investor protection rules, including any such rules included in MiFID II.

BENCHMARK REGULATION – Amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

This Base Prospectus is a base prospectus and therefore does not, without the applicable Final Terms which has been duly completed and signed by the Issuer, constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any Notes.

To the fullest extent permitted by law, none of the Arranger or the Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers. If at any time during the duration of the Programme the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

The Notes may not be a suitable investment for all investors. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by

reference in this Base Prospectus or any applicable supplement and all information contained in the applicable Final Terms;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal and/or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices, interest rates and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation, by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on the regulated market of Euronext Brussels, shall constitute a supplement as required by Article 23 of the Prospectus Regulation.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public

disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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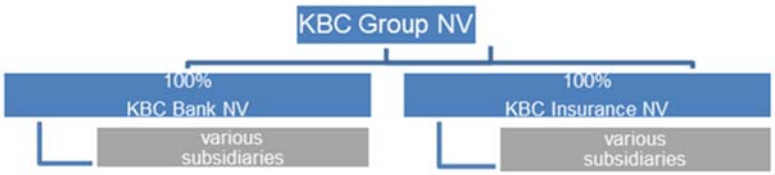
OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980, as amended.

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this overview.

Information relating to the Issuer

Issuer:	KBC Group NV.
Legal Entity Identifier (LEI) of the Issuer:	213800X3Q9LSAKRUWY91.
Description of the Issuer:	The Issuer is a financial holding company, which has as its object the direct or indirect ownership and management of shareholdings in other companies, including but not restricted to credit institutions, insurance companies and other financial institutions. The Issuer also has as its object to provide support services for third parties, as mandatary or otherwise, in particular for companies in which the Issuer has an interest – either directly or indirectly. A simplified chart of KBC Group's legal structure is provided below: 
Principal activities of the Issuer:	The Issuer and its subsidiaries (the "**Group**") are an integrated bank insurance group, catering mainly for retail, private banking, small and medium-sized enterprises and mid-cap clients. Geographically, the Group focusses on its core markets of Belgium, the Czech Republic, the Slovak Republic, Hungary, Bulgaria and Ireland. Elsewhere in the world, the Group is present, to a limited extent, in several other countries to support corporate clients from the Group's core markets. The Group's core business is retail and private bank-insurance (including asset management), although it is also active in providing services to corporations and market activities. Across its home markets, the Group is active in a large number of products and activities, ranging from the plain vanilla deposit, credit, asset management and life and non-life insurance businesses to specialised activities such as, but not exclusively, payments services, dealing room activities (money and debt market activities), brokerage and corporate finance, foreign trade finance, international cash management, leasing, etc.

Information relating to the Programme

Description:	Euro Medium Term Note Programme. Notes to be issued under the Programme may comprise (i) unsubordinated Notes ("**Senior Notes**") and (ii) Notes which are subordinated as described herein and have terms capable of qualifying as Tier 2 Capital (as defined herein) (the "**Subordinated Tier 2 Notes**").
Arranger and Dealer:	KBC Bank NV. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Agent:	KBC Bank NV.
Size:	Up to EUR 10,000,000,000 (or its equivalent in any other currencies) aggregate nominal amount of Notes outstanding at any one time pursuant to the Euro Medium Term Note Programme (the "**Programme**").
Distribution:	The Notes will be distributed by way of private placement on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**"), whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number. A "**Tranche**" means, in relation to a Series, those Notes of that Series that are identical in all respects. The final terms and conditions for the Notes (or the relevant provisions thereof) will be completed in the final terms (the "**Final Terms**").
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturity:	Subject to compliance with all relevant laws (including the Applicable Banking Regulations), regulations and directives and unless previously redeemed or purchased and cancelled, each Note will have the maturity as specified in the applicable Final Terms. Unless otherwise permitted by the Applicable Banking Regulations, Subordinated Tier 2 Notes constituting Tier 2 Capital will have a minimum maturity of five years.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	The Notes will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended. The Notes will be represented exclusively by book entry in the records of the

	clearing system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**Securities Settlement System**"). The Notes cannot be physically delivered and may not be converted into bearer notes (*effecten aan toonder/titres au porteur*). Title to the Notes will pass by account transfer.
Specified Denomination:	The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in the case of any Notes the specified denomination shall be EUR 100,000 (or its equivalent in any other currency).
Status of Senior Notes:	Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Status of Subordinated Tier 2 Notes:	Subordinated Tier 2 Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Noteholders in respect of the Subordinated Tier 2 Notes are subordinated in the manner as set out below. In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of bankruptcy (*faillissement/faillite*) or otherwise (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), the rights and claims of the holders of the Subordinated Tier 2 Notes against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Subordinated Tier 2 Notes shall, subject to any obligations which are mandatorily preferred by law, rank (a) junior to the claims of all Senior Creditors of the Issuer, (b) at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and (c) senior to (1) the claims of holders of all share capital of the Issuer, (2) the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer and (3) the claims of holders of all obligations of the Issuer which are or are expressed to be subordinated to the Subordinated Tier 2 Notes.
Terms of the Notes:	Notes (i) bear interest calculated by reference to a fixed rate of interest (such Note, a "**Fixed Rate Note**"), (ii) bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on one or more dates specified in the Final Terms and by reference to a mid-market swap rate (such Note, a "**Fixed Rate Reset Note**"), (iii) bear interest by reference to one or more floating rates of interest (such Note, a "**Floating Rate Note**") or (iv) are a combination of two or more of (i) to (iii) of the foregoing, as specified in

	the Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Notes will be redeemed either (i) at 100% of the Calculation Amount or (ii) at an amount per Calculation Amount specified in the applicable Final Terms.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.
Early Redemption:	Except as provided in "*Optional Redemption*" above, Notes can be early redeemed at the option of the Issuer prior to their stated maturity for tax reasons if the Tax Call Option and the Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms. If so specified in the applicable Final Terms and to the extent the Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, Notes may also be early redeemed, subject to certain conditions, (i) in respect of Subordinated Tier 2 Notes, upon the occurrence of a Capital Disqualification Event and (ii) in respect of Senior Notes, upon the occurrence of a Loss Absorption Disqualification Event.
Ratings:	Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Belgium, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts on interest (but not on principal or any other amount) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding been required.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Belgian law.
Listing and Admission to Trading:	Application has been made to Euronext Brussels for Notes issued under the Programme to be listed and to be admitted to trading on the regulated market of Euronext Brussels. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes. See "*Subscription and Sale*" below. The Issuer is a Category 2 Issuer for the purposes of Regulation S under the Securities Act.

RISK FACTORS

This section sets out risks which the Issuer believes are specific to it, the Group and/or to the Notes and which are deemed to be material to investors for taking an informed investment decision in respect of Notes issued under the Programme. Any such factors may affect the Issuer's ability to fulfil its obligations under such Notes. All of these factors are contingencies which may or may not occur.

The Issuer believes that the factors described below represent the material risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to fulfil its obligations under any Notes may occur for other reasons which may not be considered material risks by the Issuer based on the information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision and consult with their own professional advisors (if they consider it necessary).

The Issuer has assessed the materiality of the risks factors based on the expected magnitude of their negative impact on the Issuer and/or the Group (including any relevant mitigation measures) and the probability of their occurrence. For the risks relating to the Issuer and the Group set out below, the result of this assessment is mentioned after the title of each risk factor, using a scale of "low", "medium" or "high". The qualitative scale of the materiality of a risk factor using the labels "low", "medium" or "high" is only intended to compare the expected magnitude of the negative impact of such risks on the Issuer and/or the Group (including any relevant mitigation measures) and the probability of their occurrence among the risk factors included in this section. These labels do not correspond to certain amounts or percentages and are based on an assessment in good faith by the Issuer.

The "Group" refers to KBC Group NV and its subsidiaries from time to time (including KBC Bank NV and KBC Insurance NV). Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in "Terms and Conditions of the Notes" below. Any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

RISKS RELATING TO THE ISSUER AND THE GROUP

The overall management responsibility of a financial institution can be defined as managing capital, liquidity, return (income versus costs) and risks, which in particular arise from the special situation of banks as risk transformers. Taking risks and transforming risks is an integral part – and, hence, an inevitable consequence – of the business of a financial institution. Therefore, the Group does not aim to eliminate all the risks involved (risk avoidance), but instead looks to identify, control and manage these in order to make optimal use of its available capital (i.e., risk-taking as a means of creating value). This approach may leave the Group exposed to unidentified, unanticipated or incorrectly quantified risks.

Coronavirus (COVID-19) pandemic (high risk)

Whilst the Group thoroughly assesses and underpins its risk assessment of the risks related to the Issuer and the Group, the worldwide outbreak of the COVID-19 pandemic is an unprecedented event which has put this assessment and its underpinnings to the test.

The Group handled the transition to new ways of working (e.g. remote working from backup locations and home office) in an organised way and without major incidents. It is clear, however, that the coronavirus

pandemic will have longer lasting consequences which open virtually all risk types to a re-assessment, including and most notably, but not limited to, credit risk in all its forms, market risk, liquidity risk, insurance risk, operational risk, performance and capital risk. At the date of this Base Prospectus, related uncertainty is very high, making it difficult to predict what the final outcome of the coronavirus crisis and its impact on the different risks related to the Issuer and the Group will be.

The economic challenges, worldwide but also in the European Union resulting from this crisis will undoubtedly have an impact on credit losses in general, including credit losses incurred by the Group, in the coming years. Such credit losses may include, but may not be limited to, credit losses situated in the Group's loan portfolio. Please also refer to the risk factor entitled "*Credit risk*".

Next to credit risk in general, the coronavirus crisis might also have a negative impact on counterparty credit risk as counterparties might be negatively impacted by this crisis, preventing them from fulfilling their financial obligations towards the Group.

The Issuer may also face potential losses stemming from financial instruments to which the Issuer is exposed via its trading and non-trading activities. Please also refer to the risk factors entitled "*Market risk in non-trading activities*" and "*Market risk in trading activities*".

Funding and liquidity risk also increase during a crisis as trust between financial institutions might decrease or disappear, which can influence the Group's funding capabilities in the market as well as its liquidity position. As at the date of this Base Prospectus the liquidity position of the Group is still solid. Please also refer to the risk factor entitled "*Liquidity risk*".

The coronavirus crisis might also affect the Group's insurance business, as pandemics/epidemics are mostly covered by the Group's insurance policies, though reinsurance cover is available for mortality risk at KBC Insurance NV. Please also refer to the risk factor entitled "*Insurance business*".

Other risks will also be impacted by the coronavirus crisis, such as operational risk, both within KBC and in third parties to which the Group has outsourced its activities. Other operational risks are related to business continuity management, information security and IT risk. Please also refer to the risk factor entitled "*Operational risks*".

The coronavirus pandemic may also lead to regulatory developments in the jurisdictions in which the Issuer operates. Please also refer to the risk factor entitled "*Regulatory developments*". Examples of regulatory developments in response to the coronavirus crisis which may have an adverse effect on the Issuer's business and operations may include, without limitation, the measures and regulations adopted by the Belgian Federal Government regarding the granting of payment deferments, additional lines of credit or other types of financial relief provided by the Belgian financial sector. For further information, please refer to the section entitled "*Recent events*" on pages 100 and 101 of this Base Prospectus.

All these risks might have a negative impact on the profitability (performance) of the Issuer and on its capital.

This might also be reflected in the credit ratings of the Group, including the ratings of the Issuer, may be adversely affected by the coronavirus crisis. Such adverse effects may include, but may not be limited to, a downgrade in the credit ratings or the outlook currently assigned to the Issuer. It is possible that the current credit ratings of the Issuer or the Group will not be maintained. Please also refer to the risk factor entitled "*Credit ratings*" and the section entitled "*Credit ratings*" on pages 82 and 83 of this Base Prospectus for an overview of the Group's current credit ratings.

Performance risk (medium risk)

Over the last years, the Group remained best in class in terms of performance, which underlines the resiliency of its business model in a challenging environment.

Going forward, the market environment is likely to remain challenging, especially taking into account the potential impact of the COVID-19 pandemic, both for the Group and its peers, which might put pressure on the Group's profitability and/or credit ratings:

- (Longer than expected) low interest rates, negatively impacting the reinvestment yield and influencing client behaviour, e.g. through a drop in traditional life insurance sales.
- Increasing political uncertainty, both on a global and European level (e.g. rising protectionism, trade war, etc.). One of the factors that currently remain uncertain, is the structure of the future relationship of the United Kingdom with the European Union (the "**EU**"). Under the terms of an EU-UK agreement on the withdrawal of the United Kingdom from the European Union, a transition period applies which will last until 31 December 2020 and which may be extended once by up to two years. During this period, most EU rules and regulations will continue to apply to and in the United Kingdom and negotiations in relation to a free trade agreement will be ongoing. The Group is keeping track of possible consequences of several scenarios, with strategic contingency plans being developed. Domains that are expected to be affected most by an exit without agreement as to the EU-UK future relationship at the end of the transition period are: KBC Bank Ireland, the exposure to corporates and small and medium-sized enterprises ("**SMEs**"), net interest income and the Group's asset management activities. The risk linked to derivatives clearing activities has temporarily decreased thanks to the temporary recognition of LCH as a qualified central clearing counterparty. KBC Bank NV has also become a direct clearing member of Eurex as an additional mitigation measure.
- Higher competition affected by consumer demand, technological changes (including the growth of digital banking), regulatory action and changes in competitive behaviours due to new entrants to the market (including potential non-traditional financial services providers, such as large retails or technology conglomerates) and new lending models (such as, for example, peer-to-peer lending). These competitive pressures could result in increased pricing pressures on a number of the Group's products and services and in the loss of market share in one or more such markets.
- Volatility on financial markets, putting pressure on the sales of investment products.
- An increasingly digital world, which offers opportunities but also challenges in terms of more and new competitors and changing client behaviour. Due to investments in digital transformation and mitigation risk measures, operational costs are expected to increase over the coming years. For some of these risks, please refer to the risk factor entitled "*Operational risks*" above.
- Climate-related risks (and opportunities) remain high on the agenda. The Group has to deal with growing climate-related expectations of different stakeholders, such as institutional investors, governments and clients. These risks are expected to affect the activities and products of the Group in the coming years, including in the insurance sector.
- Workforce mismatches due to the digital transformation and pressure on the labour market / war for talent making it more difficult to build a future-proof workforce. In addition, more staff needs to be involved in reporting towards regulators.

Credit risk (medium risk)

Credit risk is the potential negative deviation from the expected value of a financial instrument arising from the non-payment or non-performance by a contracting party (for instance a borrower), due to that party's insolvency, inability or lack of willingness to pay or perform, or to events or measures taken by the political or monetary authorities of a particular country (country risk). Credit risk thus encompasses default risk and country risk, but also includes migration risk, which is the risk for adverse changes in credit ratings.

The Group is subject to a wide range of credit risks, in particular taking into account the potential impact of the COVID-19 pandemic. Please also refer to the risk factor entitled "*Coronavirus (COVID-19) pandemic*". The main source of which is the Group's loan portfolio. It includes all the loans and guarantees that the Group has granted to individuals, companies, governments and banks (including debt securities if they are issued by companies or banks). The aggregate outstanding amount of the Group's loan portfolio amounted to EUR 175 billion on 31 December 2019. Most counterparties are private individuals (41.7%) and corporates (47.7%). Most counterparties are located in Belgium (64.1%) or in the Czech Republic (18.4%). 3.5% of this portfolio constitute impaired loans (i.e., loans where it is unlikely that the full contractual principal and interest will be repaid/paid).

The main sources of other credit risks in the banking activities of the Group are trading book securities, counterparty risk of derivatives and government securities.

A more detailed breakdown of the Group's loan portfolio, including information on impairments, can be found on pages 97 and following of the Issuer's 2019 annual report. More information on credit risks relating to trading book securities, counterparty risk of derivatives and government securities can be found on page 103 of the Issuer's 2019 annual report. The Issuer's 2019 annual report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Operational risk (medium risk)

The Group is exposed to a large array of operational risks, which are defined as risk of loss resulting from inadequate or failed internal processes and systems, human errors or sudden man-made or natural external events, that could give rise to material losses in services to customer and to loss or liability to the Group. These events can potentially result in financial loss, liability to customers, administrative fines, penalties and/or reputational damages.

The Group endeavours to hedge such risks by implementing adequate systems, controls and processes tailored to its business. Nevertheless, it is possible that these measures prove to be ineffective in relation to operational risks to which the Group is exposed, also taking into account the potential impact of the COVID-19 pandemic. Please also refer to the risk factor entitled "*Coronavirus (COVID-19) pandemic*".

The main operational risks of the Group are as follows (in order of importance):

- *Conduct and compliance risk*: The risk of losses or sanctions due to failure (or the perceived failure) to comply with the statutory and regulatory codes of integrity and conduct or with the internal policy in this regard and with the institution's own values and codes of conduct in relation to the integrity of its activities. This also includes the current or prospective risk of losses arising from inappropriate supply of financial services, including cases of wilful or negligent misconduct. Conduct risk covers many "hard" legal aspects, such as informing customers, providing the required transparency, avoiding misleading information and forced tying of products, selling the right product to the right customer and at the right time, conflicts of interest in doing business, manipulation of benchmarks, obstacles to changing financial products during their lifetime, automatic provision of products or

unfair treatment of customers' complaints. There are also softer aspects to include in conduct risk. These are based specifically on behaviour and are linked to people, culture and mindset.

- *Information security risk*: The risk of losses due to an intentional or unintentional breach – originating from within or outside the institution – to the availability, confidentiality and integrity of the organisation's information assets.
- *IT (Information Technology) risk*: The risk of losses due to the unavailability of systems and data (without threatening the normal continuation of business, which is a business continuity risk) inappropriateness of systems or inability to change.
- *Process risk*: Risks of losses caused by insufficient, badly designed or poorly implemented processes and processing controls and unintentional human errors or omissions during normal (transaction) processing.
- *Model risk*: The Group is exposed to risks of losses or potential for adverse consequences arising from decisions based on incorrect or misused model outputs and model reports.
- *Outsourcing risk and third party risk*: Risks stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to or partnered with third parties (whether or not within a group) or from the equipment or staff made available by these third parties.
- *Legal risk*: Risks of losses caused by bad management of disputes, the inability to protect our intellectual property (IP), failure to manage (non-)contractual obligations or failure to timely and correctly detect, assess and implement legislation and regulations.
- *Fraud risk*: Risks of deliberate abuse of procedures, systems, assets, products and/or services by one or more persons who intend to deceitfully or unlawfully benefit themselves or others.
- *Business continuity risk*: Risks of sudden (man-made or natural) external events (e.g. natural disasters, power outages, terrorism) leading to a situation that threatens the normal continuation of business of the Issuer.
- *Personal and physical security risk*: Risks of losses arising from acts inconsistent with employment, health or safety laws or agreements, from personal injury claims, or from diversity / discrimination events.

Market risk in non-trading activities (medium risk)

Market risk is defined as the potential negative deviation from the expected value of a financial instrument (or portfolio of such instruments) due to changes in the level or in the volatility of market prices (e.g. interest rates, exchange rates and equity or commodity prices). Market risk is related to trading (which can be found in the risk factor entitled "*Market risk in trading activities*" below) and non-trading activities.

The Group is mainly exposed to interest rate risk, credit spread risk and equity price risk:

- Interest rate risk is the potential negative deviation from the expected value of a financial instrument or portfolio due to changes in the level or in the volatility of interest rates. The value of interest bearing positions will decrease when market interest rates increase and vice-versa, unless the position contains inherent protection against such decrease, such as a variable or floating interest rate mechanism. The Issuer estimates that, as at 31 December 2019, an increase of market interest rates by 10 basis points would lead to a decrease of the value of the Group's total portfolio with EUR -73 million.

- Credit spread risk is the risk due to changes in the level or in the volatility of credit spreads. The value of the Group's positions will decrease when credit spread increases, and vice-versa. This is mainly relevant for the Group's portfolio of sovereign and non-sovereign bonds. As at 31 December 2019, the total carrying value (i.e., the amount at which an asset or liability is recognised in the Group's accounts) of the Group's sovereign and non-sovereign bond portfolio combined was EUR 63 billion. The Issuer estimates that an increase in credit spread of 100 basis points across the entire curve would lead to a theoretical negative economic impact of EUR 3.2 billion on the value of both portfolios combined.
- Equity risk is the risk due to changes in the level or in the volatility of equity prices. The total value of the Group's equity portfolio as at 31 December 2019 was EUR 1.7 billion. The Issuer estimates that a 25% drop in equity prices would have a negative impact of EUR -426 million on the value of this portfolio.

More information regarding market risks in non-trading activities generally, and interest rate risk, credit spread risk and equity risk specifically, can be found on pages 106 to 111 of the Issuer's 2019 annual report. More information on credit risks relating to trading book securities, counterparty risk of derivatives and government securities can be found on page 97 of the Issuer's 2019 annual report. The Issuer's 2019 annual report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

The COVID-19 pandemic can negatively impact the non-trading market risk exposure of the Group, as evidenced for example by the losses in the first quarter of 2020 in the equity portfolios of the Group, as well as the increased credit and funding spreads of the Group. Please also refer to the Issuer's extended quarterly report for the first quarter of 2020, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Regulatory developments (medium risk)

The Group's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates.

There have been significant regulatory developments in response to the global financial crisis, including various initiatives, measures, stress tests and liquidity risk assessments taken at the level of the EU, national governments, the European Banking Authority and/or the European Central Bank (the "**ECB**"). This has led to the adoption of a new regulatory framework and the so-called "Banking Union", as a result of which the responsibility for the supervision of the major Eurozone credit institutions (including KBC Bank NV) has been assumed at the European level. For insurance undertakings, Directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance ("**Solvency II**") is the regulatory framework in Europe which sets requirements with regard to capital, risk management and reporting standards. Any such increased regulation or changes thereto could have an adverse effect on the Group's operations.

Recent regulatory and legislative developments applicable to credit institutions, such as KBC Bank NV, or insurance undertakings, such as KBC Insurance NV, may adversely impact the Group, its business, financial condition or results of operation. A non-exhaustive overview of certain important regulatory and legislative developments, such as changes to the prudential requirements for credit institutions, capital adequacy rules, recovery and resolution mechanisms, is set out in the sections entitled "*Banking supervision and regulation*" and "*Insurance supervision and regulation*" as from page 90 and 96, respectively, of this Base Prospectus.

Furthermore, the regulatory measures in response to the COVID-19 pandemic taken in the different jurisdictions in which KBC Group operates could have a negative impact on the Group.

Moreover, there seems to have been an increase in the level of scrutiny applied by governments and regulators to enforce applicable regulations and calls to impose further charges on the financial services industry in recent years. Such increased scrutiny or charges may require the Group to take additional measures which, in turn, may have adverse effects on its business, financial condition and results of operations.

Any failure of the Group to meet regulatory requirements could result in administrative actions or sanctions.

Liquidity risk (low risk)

Liquidity risk is the risk that the Group will be unable to meet its liabilities and obligations as they come due, without incurring higher-than-expected costs.

CRD IV requires the Group to meet targets set for the Basel III liquidity related ratios, i.e., (i) the liquidity coverage ratio ("**LCR**") which requires banks to hold sufficient unencumbered high quality liquid assets to withstand a 30-day stressed funding scenario and (ii) the net stable funding ratio ("**NSFR**") which is calculated as the ratio of an institution's amount of available stable funding to its amount of required stable funding. Any failure of the Group to meet the liquidity ratios could result in administrative actions or sanctions or it ultimately being subject to any resolution action.

Due to the challenges for the economy posed by the coronavirus crisis, the ECB decided in March 2020 to allow credit institutions to operate temporarily below the LCR targets.

Please also refer to the section entitled "*Liquidity risk*" on pages 129 to 132 of the Issuer's 2019 annual report. The Issuer's 2019 annual report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Liquidity risk can be sub-divided in contingency liquidity risk, structural liquidity risk and operational liquidity risk.

Contingency liquidity risk is the risk occurring when the Group may not be able to attract additional funds or replace maturing liabilities under stressed market conditions. This risk, assessed on the basis of liquidity stress tests, relates to changes to the liquidity buffer of a bank under extreme stressed scenarios.

Structural liquidity risk is the risk occurring when the Group's long-term assets and liabilities might not be (re)financed on time or can only be refinanced at a higher-than-expected cost. Typical for banking operations, funding sources generally have a shorter maturity than the assets that are funded, leading to a negative net liquidity gap in the shorter time buckets and a positive net liquidity gap in the longer-term buckets. This creates liquidity risk if the Group would be unable to renew maturing short-term funding.

Operational liquidity risk is the risk occurring when the Group's operational liquidity management cannot ensure that a sufficient buffer is available at all times to deal with extreme liquidity events in which no wholesale funding can be rolled over.

Stressed or extreme market conditions as mentioned above can be triggered for example by the COVID-19 pandemic. Please also refer to the risk factor entitled "*Coronavirus (COVID-19) pandemic*".

Besides a liquidity risk management framework and a funding management framework, standards for stress testing and policies on ILAAP (the internal liquidity adequacy assessment process), collateral management, use of public funding sources and intraday liquidity management are also in place to steer the overall liquidity risk management process of the Group.

Market risk in trading activities (low risk)

The Group is exposed to market risks via the trading activities of its dealing rooms in Belgium, the Czech Republic, Slovakia, Bulgaria and Hungary, as well as via a minor presence in the United Kingdom and Asia.

Wherever possible and practical, the residual trading positions of the Group's foreign entities are systematically transferred to KBC Bank NV, reflecting that the Group's trading activity is managed centrally both from a business and a risk management perspective. Consequently, KBC Bank NV holds about 96% of the trading-book-related regulatory capital of the Issuer.

Market risk exposures in the trading book are measured by the Historical Value-at-Risk ("**HVaR**") method, which is defined as an estimate of the amount of economic value that might be lost due to market risk over a defined holding period. The Group uses the historical simulation method, based on patterns of experience over the previous two years. The Group's HVaR estimate, calculated on the basis of a one-day holding period, was EUR 5 million as at 31 December 2019, and varied between EUR 4 million and EUR 9 million during the financial year of 2019.

The COVID-19 pandemic can negatively impact the trading market risk exposure of the Group, as evidenced for example by the valuation adjustments in the first quarter of 2020. Please also refer to the Issuer's extended quarterly report for the first quarter of 2020, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Insurance business (low risk)

KBC Insurance NV, a subsidiary of the Issuer, is confronted with risks related to economic (such as lapse rates, expenses) and non-economic (such as mortality, longevity, disability) parameters in the life insurance business and catastrophe and non-catastrophe risks in the non-life insurance business. In order to manage these risks, KBC Insurance NV strives for a balanced spread of life, non-life and health insurance (and its related lines of business, such as insurance with profit-sharing, unit-linked insurance, fire insurance, motor insurance and workers' compensation insurance) over the different insurance branches in its portfolio. Furthermore, the underwritten risks are mostly reinsured under reinsurance contracts.

Technical insurance risks stem from uncertainty regarding the frequency and severity of insured losses. Changes in the frequency of the underlying risk factors may affect the level of liabilities of KBC Insurance NV and its realised technical income, which may have an adverse impact on the business, financial condition and results of operations of the Group. The Group's insurance business activities could also be impacted by the COVID-19 pandemic. Please also refer to the risk factor entitled "*Coronavirus (COVID-19) pandemic*".

Credit ratings (low risk)

The credit ratings of the Group are important to maintain access to key markets and trading counterparties. Please also refer to the section entitled "*Credit ratings*" on pages 82 and 83 of this Base Prospectus for an overview of the Group's current credit ratings.

Any failure by the Group to maintain its credit ratings could adversely impact the competitive position of the Group, make entering into hedging transactions more difficult and increase borrowing costs or limit access to the capital markets or the ability of the Group to engage in funding transactions. In connection with certain trading agreements, the Group might also be required, if its current ratings are not maintained, to provide additional collateral.

Capital adequacy (low risk)

As a bank-insurance group, the Group is subject to the capital requirements and capital adequacy ratios imposed by Directive 2013/36/EU ("**CRD IV**") and Solvency II.

The requirements of CRD IV include a capital conservation buffer and, in certain circumstances, a systemic buffer and/or a countercyclical buffer which come on top of the minimum requirements. These additional requirements are being gradually phased in and have an impact on the Group and its operations, as it imposes

higher capital requirements. Capital requirements will increase if economic conditions or trends in the financial markets worsen and, as such, further capital increases may be difficult to achieve or only be raised at high costs in the context of adverse market circumstances.

Solvency II includes requirements for the Group to keep adequate capital buffers (eligible own funds) to absorb the impact of adverse circumstances (such as deteriorated market conditions, counterparty defaults, specific risks linked to insurance policies, etc.). These solvency capital requirements are determined on the basis of the risk profiles and on the way in which such risks are managed. Distinction is made between the Solvency Capital Requirement ("**SCR**") and the Minimum Capital Requirement ("**MCR**"), which are both calculated on a quarterly basis. In case the SCR exceeds the eligible own funds, this is an early warning indicator to the supervisory authority and insurance company to better manage the risks, whereas for the MCR, this means the insurance company is technically insolvent.

In the event that the capital position of KBC Insurance NV would decrease below the capital requirements stipulated in Solvency II, KBC Insurance NV could raise additional capital, e.g. by way of a capital increase, to which the Issuer would subscribe on an exclusive basis.

Due to the challenges for the economy posed by the coronavirus crisis, the ECB decided in March 2020 to allow credit institutions to operate temporarily below the level of capital defined by the pillar 2 guidance (P2G) and the capital conservation buffer. These temporary measures were enhanced by the appropriate release of the countercyclical capital buffer by the National Bank of Belgium. Various local competent authorities in the Group's core markets also decided to release the countercyclical capital buffer.

Please refer to the section entitled "*Banking supervision and regulation*" as from page 90 of this Base Prospectus in which a broader overview of the capital adequacy requirements is provided.

Any failure of the Group to meet the regulatory capital ratios could result in administrative actions or sanctions or it ultimately being subject to any resolution action.

RISKS RELATING TO THE NOTES

Risks relating to the Conditions

Noteholders may be required to absorb losses in the event the Issuer becomes non-viable or were to fail.

Noteholders may lose their investment in case the Issuer were to become non-viable or fail. In such circumstances, resolution authorities may require Subordinated Tier 2 Notes to be written down or converted and Senior Notes to be bailed-in pursuant to Directive 2014/59/EU (the "**BRRD**"). The BRRD provides a set of resolution tools to the Resolution Authority under BRRD in relation to distressed credit institutions and investment firms. These include a "write-down and conversion power" and a "bail-in" power.

Write-down / conversion of tier 2 capital instruments, including Subordinated Tier 2 Notes.

The BRRD requires the Resolution Authority to write down the principal amount of tier 2 capital instruments (including the Subordinated Tier 2 Notes) or to convert such principal amount into common equity tier 1 of the Issuer so as to ensure that the regulatory capital instruments (including the Subordinated Tier 2 Notes) fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the Resolution Authority shall be required to write down or convert such capital instruments (including the Subordinated Tier 2 Notes) immediately before taking any resolution action or, independently from any resolution action, if the Issuer were to be deemed to have reached the point of non-viability or were to benefit from public support.

An institution will be deemed to be no longer viable if (i) it is failing or likely to fail and (ii) there is no reasonable prospect that a private action would prevent the failure within a reasonable timeframe.

The resolution authorities have to exercise the write down and conversion powers in a way that results in (i) common equity tier 1 and additional tier one instruments of the Issuer being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of other tier 2 capital instruments (including Subordinated Tier 2 Notes) being written down potentially on a permanent basis or converted into common equity tier 1.

In circumstances of financial distress (whether related to the economy or markets generally or events specific to the Group), there may be uncertainty as to the likelihood that resolution authorities could in the future decide to write down or convert Subordinated Tier 2 Notes into tier 1 instruments. Due to the uncertainty as to whether any such write down or conversion could occur, the trading price of the Subordinated Tier 2 Notes could drop significantly.

Any indication that the Issuer's securities may run the risk of being required to absorb losses in the future is likely to have an adverse effect on the market price of the Subordinated Tier 2 Notes. Under such circumstances, investors may not be able to sell their Subordinated Tier 2 Notes or at prices comparable to the prices of more conventional investments.

Bail-in of senior debt and other eligible liabilities, including Senior Notes.

Holders of Senior Notes are at risk of losing some or all of their investment (including outstanding principal and accrued but unpaid interest) upon exercise by the Resolution Authority of the "bail-in" resolution tool in circumstances where the Issuer fails or is likely to fail. The bail-in power includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant financial institution and the power to convert a liability from one form to another, all with a view to recapitalising the failing credit institution.

The Resolution Authority has the power to bail-in (i.e., write down or convert) senior debt such as the Senior Notes, after having written down or converted tier 1 capital instruments and tier 2 capital instruments (such as the Subordinated Tier 2 Notes). The bail-in power enables the Resolution Authority to recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors (including holders of Senior Notes) in a manner which is consistent with the hierarchy of claims in an insolvency of a relevant financial institution. The BRRD contains certain safeguards which provide that shareholders and creditors that are subject to any write down or conversion should in principle not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings.

Importantly, certain liabilities of credit institutions will be excluded from the scope of the "eligible liabilities" and therefore not subject to bail-in. These included covered deposits, secured liabilities (including covered bonds) as well as certain debt with maturities of less than seven days and certain other liabilities. All other liabilities (including the Senior Notes) will be deemed "eligible liabilities" subject to the statutory bail-in powers.

BRRD specifies that governments will only be entitled to use public money to rescue credit institutions if a minimum of 8% of the own funds and total liabilities have been written down, converted or bailed in. Moreover, the resolution authorities will be entitled to first bail-in senior debt issued at the level of the Issuer (including the Senior Notes) before writing down or bailing in any tier 1, tier 2 capital instruments or senior debt issued at the level of KBC Bank NV.

Impact.

The determination that all or part of the principal amount of any series of Subordinated Tier 2 Notes and Senior Notes are subject to loss absorption (i.e., conversion or write-down) is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. This determination will also be made by the Resolution Authority and there may be many factors, including factors not directly related to the Group, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any resolution tool may occur.

Accordingly, trading behaviour in respect of the Subordinated Tier 2 Notes and potentially Senior Notes is not necessarily expected to follow the trading behaviour associated with other types of securities. Potential investors in the Subordinated Tier 2 Notes and the Senior Notes should consider the risk that a Noteholder may lose all of its investment, including the principal amount plus any accrued and unpaid interest, if such statutory loss absorption measures are acted upon or that the Subordinated Tier 2 Notes or the Senior Notes may be converted into ordinary shares. Noteholders may have limited rights or no rights to challenge any decision to exercise such powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Please also refer to the section "*The strategy of the Group*" on page 83 of this Base Prospectus for more information.

As the Issuer is a holding company, the holders of Notes will be structurally subordinated to other creditors who hold debt instruments at the level of one or more of the operating subsidiaries of the Issuer.

The Issuer is the financial holding company of the Group and has two important subsidiaries, KBC Bank NV and KBC Insurance NV. The main sources of operating funds for the Issuer are the dividends, distributions, interest payments and any advances it receives from its operating subsidiaries and the amounts raised through the issuance of debt instruments. The ability of the subsidiaries to make dividends and other payments to the Issuer may depend on their profitability and may be subject to certain legal or contractual restrictions. The extent to which the Issuer is able to receive or raise such funds will, in turn, affect its ability to make payments on the Notes and any other debt instruments of the Issuer, which, in addition, may rank senior. The Notes do not benefit from any guarantee from any of the subsidiaries.

Moreover, the holders of Notes will be structurally subordinated to other creditors who hold debt instruments at the level of one or more of the operating subsidiaries of the Issuer, including, without limitation, the contingent Tier 2 capital notes issued by KBC Bank NV. The subsidiaries of the Issuer generally hold more operational assets than the Issuer. If the assets of the Issuer's subsidiaries were to be realised, it is possible that, after such realisation, insufficient assets would remain available for distribution to the Issuer in order to enable it to fulfil any payment obligations under the Notes. Please also refer to the risk factor entitled "*Noteholders may be required to absorb losses in the event the Issuer becomes non-viable or were to fail*" on pages 20 to 22 of this Base Prospectus.

The Notes are subject to early redemption by the Issuer, subject to certain conditions.

The Issuer may have an optional redemption right, in its sole and full discretion, in the circumstances and subject to the conditions set out in Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*), Condition 4(d) (*Redemption at the Option of the Issuer*) and Condition 4(e) (*Redemption of Senior Notes following the occurrence of a Loss Absorption Disqualification Event*).

The Issuer's ability to redeem the Notes at its option may affect the market value of the Notes. In particular, during any period when the Issuer has the right to elect to redeem the Notes or the market anticipates that redemption might occur, such as when the Issuer's cost of borrowing is lower than the interest rate on the

Notes, the market value of the Notes generally would not be expected to rise substantially above the redemption price.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield.

The Issuer is not prohibited from issuing additional debt.

There is no restriction on the amount of debt that the Issuer may issue, which may rank *pari passu* or, in the case of Subordinated Tier 2 Notes, senior with the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon an insolvency of the Issuer. If the Issuer's financial condition were to deteriorate, the holders could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the holders could suffer loss of their entire investment.

In certain instances the Noteholders may be bound by certain amendments to the Notes to which they did not consent, which may result in less favourable terms of the Notes.

Condition 12 (*Meeting of Noteholders and Modifications*) and Schedule 1 (*Provisions on meetings of Noteholders*) to the Conditions contain provisions for Noteholders to consider matters affecting their interests generally, including modifications to the Conditions. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution or provide their electronic consents for the passing of the relevant resolution.

Further, Condition 12 (*Meeting of Noteholders and Modifications*) provides that the Issuer may, without the consent or approval of the Noteholders, make such amendments to the Conditions or the Agency Agreement which are of a formal, minor or technical nature or made to correct a manifest error or comply with mandatory provisions of law or such amendments to the Agency Agreement which are not prejudicial to the interests of the holders (except those changes in respect of which an increased quorum is required).

In addition, pursuant to Condition 3(j) (*Benchmark replacement*), if a Benchmark Event occurs, certain changes may be made to the interest calculation and related provisions of the Floating Rate Notes and the Fixed Rate Reset Notes, as well as the Agency Agreement in the circumstances and as otherwise set out in such Condition, without the consent or approval of the Noteholders. Please also refer to the risk factor entitled "*Risks related to certain Notes which are linked to "benchmarks'*" on pages 26 to 28 of the Base Prospectus.

Finally, in case such option has been specified in the Final Terms, the Issuer will, subject to certain conditions, be entitled to substitute and/or vary the terms of the relevant Notes upon the occurrence and continuation of a Loss Absorption Disqualification Event (in accordance with Condition 7 (*Senior Notes –Variation or Substitution following a Loss Absorption Disqualification Event*)) or a Capital Disqualification Event (in accordance with Condition 6 (*Subordination Tier 2 Notes –Variation following a Capital Disqualification Event*)), as applicable, so as to ensure that they remain or become Eligible Liabilities Instruments or Qualifying Securities, as applicable. Please also refer to the risk factors entitled "*Substitution and variation of Senior Notes upon the occurrence of a Loss Absorption Disqualification Event*" and "*Variation of Subordinated Tier 2 Notes upon the occurrence of a Capital Disqualification Event*" on page 24 and 25, respectively, of the Base Prospectus.

Accordingly, there is a risk that the terms of the Notes may be modified, waived or varied in circumstances where a holder does not agree to such modification, waiver or variation, which may adversely impact the rights of such holder. Such decisions may for example relate to a reduction of the amount to be paid by the

Issuer upon redemption of the Notes, which would then impact the return an investor may receive on its Notes.

Changes in law or the application, interpretation or administrative practice may affect the rights of Noteholders.

As set out in Condition 15 (*Governing Law and Jurisdiction*), the Conditions are governed by, and construed in accordance with, Belgian law as is in effect as of the date of this Base Prospectus. Any change in law or in the official application, interpretation or administrative practice after the date of this Base Prospectus may affect the enforceability of the Noteholders' rights under the Conditions or render the exercise of such rights more difficult and, hence, materially adversely impact the value of any Notes affected by it. This may for example relate to the implementation of statutory resolution and loss-absorption tools. Please also refer to the risk factor entitled "*Noteholders may be required to absorb losses in the event the Issuer becomes non-viable or were to fail*" on pages 20 to 22 of this Base Prospectus.

Risks relating to particular Notes

Risks related to Senior Notes.

Substitution and variation of Senior Notes upon the occurrence of a Loss Absorption Disqualification Event.

Pursuant to Condition 7 (*Senior Notes – Variation or Substitution following a Loss Absorption Disqualification Event*), the Issuer has the option to specify in the Final Terms in relation to Senior Notes that a Loss Absorption Disqualification Event Variation or Substitution is applicable. A Loss Absorption Disqualification Event Variation or Substitution would, if selected in the applicable Final Terms, allow the Issuer in circumstances where a Loss Absorption Disqualification Event has occurred and is continuing, to elect either to (i) substitute all (but not some only) of such Series of Senior Notes or (ii) vary the terms of all (but not some only) of such Series of Senior Notes, so that they become or remain Eligible Liabilities Instruments, subject to, and to the extent required at such date, the prior written approval of the Relevant Regulator and/or the Resolution Authority.

Eligible Liabilities Instruments are securities issued by the Issuer that have, *inter alia*, terms not materially less favourable to the Noteholders than the terms of the Senior Notes as reasonably determined by the Issuer (provided that the Issuer shall have delivered a certificate to that effect to the Agent). Where Eligible Liabilities Instruments are issued, it is however possible that these will not be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would not make the same determination as the Issuer as to whether the terms of the relevant Eligible Liabilities Instruments are not materially less favourable to Noteholders than the terms of the Senior Notes. In circumstances where the applicable Final Terms in relation to Senior Notes specify that Loss Absorption Disqualification Event Variation or Substitution is applicable, the Senior Notes are intended to qualify in full towards the Issuer's and/or the Group's minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments under the applicable Loss Absorption Regulations. Given the current status and evolving nature of the legislation on this topic and the interpretation thereof, there is, nevertheless, uncertainty regarding the final substance of the applicable Loss Absorption Regulations. It is therefore possible that the Senior Notes will not be or will not remain MREL-eligible instruments.

The Issuer has the option to specify in the Final Terms that no events of default for Senior Notes apply allowing acceleration of payment, other than in a dissolution or liquidation.

Condition 10 (*Senior Notes – Events of Default and Enforcement*) provides that the Issuer has the option to specify in the Final Terms in relation to Senior Notes that no events of default would apply allowing for acceleration of the Senior Notes if certain events occur. In such case, the Noteholders will not be able to accelerate the maturity of such Notes. Accordingly, if the Issuer fails to meet any obligations under the Senior

Notes (including any failure to pay interest when due), investors will not have the right to accelerate payment of principal (other than in the event of the Issuer's dissolution or liquidation). Upon a payment default, the sole remedy available to holders of Senior Notes for recovery of amounts owing in respect of any payment of principal or interest on the Senior Notes will be the institution of dissolution or liquidation proceedings to the extent permitted under Belgian law. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Risks related to Subordinated Tier 2 Notes.

The Subordinated Tier 2 Notes are subordinated obligations which do not provide for events of default allowing acceleration of payment, other than in a dissolution or liquidation.

Condition 2(b) (*Status of the Subordinated Tier 2 Notes*) states that the Subordinated Tier 2 Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and shall, in the event of a dissolution, liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), be subordinated in right of payment to the claims of Senior Creditors of the Issuer.

Therefore, if the Issuer were to be wound up, liquidated or dissolved, the liquidator would first apply assets of the Issuer to satisfy all rights and claims of such Senior Creditors. If the Issuer does not have sufficient assets to settle such claims in full, the claims of the holders of Subordinated Tier 2 Notes will not be met and, as a result, the holders will lose the entire amount of their investment in the Subordinated Tier 2 Notes. The Subordinated Tier 2 Notes will share equally in payment with other *pari passu* claims. If the Issuer does not have sufficient funds to make full payments on all of them, holders could lose all or part of their investment.

Furthermore, the Conditions of the Subordinated Tier 2 Notes do not provide for events of default allowing for acceleration of the Subordinated Tier 2 Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Subordinated Tier 2 Notes, including the payment of any interest, investors will not have the right to accelerate payment of principal, which shall only be due in the event of the Issuer's dissolution or liquidation. Upon a payment default, the sole remedy available to holders of Subordinated Tier 2 Notes for recovery of amounts owing in respect of any payment of principal or interest on the Subordinated Tier 2 Notes will be the institution of dissolution or liquidation proceedings to the extent permitted under Belgian law in order to enforce such payment.

Holders should further be aware that, in or prior to any such dissolution or liquidation scenario, the resolution authorities could decide to write down the principal amount of the Subordinated Tier 2 Notes to zero or convert such principal amount into equity or tier 1 instruments. Please also refer to the risk factor entitled "*Noteholders may be required to absorb losses in the event the Issuer becomes non-viable or were to fail*" on pages 20 to 22 of this Base Prospectus.

Variation of Subordinated Tier 2 Notes upon the occurrence of a Capital Disqualification Event

Pursuant to Condition 6 (*Subordinated Tier 2 Notes –Variation following a Capital Disqualification Event*), the Issuer has the option to specify in the Final Terms in relation to Subordinated Tier 2 Notes that a Capital Disqualification Event Variation is applicable. A Capital Disqualification Event will apply if, as a result of a change to the regulatory classification, the Issuer would no longer be able to count the Subordinated Tier 2 Notes wholly or in part towards its tier 2 capital. A Capital Disqualification Event Variation would entitle the Issuer in such circumstances to vary the terms of such Subordinated Tier 2 Notes (subject to certain conditions) in order to ensure that they remain or become Qualifying Securities (i.e., qualify again as tier 2 capital of the Issuer). Importantly, the Issuer would in such circumstances be entitled to vary, subject to the

conditions set out in Condition 6 (*Subordinated Tier 2 Notes –Variation following a Capital Disqualification Event*), the terms of the Subordinated Tier 2 Notes without the consent of the holders of the Subordinated Tier 2 Notes. The Issuer would treat the investors as a class and the individual position of the Noteholders may be prejudiced, despite the conditions set out in Condition 6 (*Subordinated Tier 2 Notes –Variation following a Capital Disqualification Event*).

Potential conflicts of interest specific to Subordinated Tier 2 Notes

Potential investors should be aware that the reason for issuing the Subordinated Tier 2 Notes is to raise tier 2 capital which enhances the loss absorption capacity for the Issuer. The Issuer is the parent of KBC Bank NV, which is expected to act as Dealer in connection with the issue and placement of certain issues of Subordinated Tier 2 Notes. Therefore, if at any given time the Issuer would face problems with regard to its regulatory capital, which may for instance be caused by financial problems at the level of KBC Bank NV, the Issuer and KBC Bank NV will act in their own best interest and will not be obliged to protect the interests of the holders of the Subordinated Tier 2 Notes.

Furthermore, upon the occurrence of a Capital Disqualification Event, the Issuer may decide to redeem Subordinated Tier 2 Notes early or proceed with a variation thereof in accordance with Condition 6 (*Subordinated Tier 2 Notes –Variation following a Capital Disqualification Event*). In determining its course of action in such circumstances, the Issuer will take its own best interest into account, without being obliged to protect the interests of the holders of the Subordinated Tier 2 Notes.

Risks related to certain Notes which are linked to "benchmarks".

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate ("**EURIBOR**") and the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

In particular, on 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicated that the continuation of LIBOR on the current basis is not guaranteed after 2021. Subsequent speeches by the Chief Executive of the United Kingdom Financial Conduct Authority and other Financial Conduct Authority officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. Other interbank offered rates suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Any changes to the administration of a Benchmark or the emergence of alternatives to a Benchmark as a result of these reforms, may cause such Benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a Benchmark or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such Benchmark. Uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark. The development of alternatives to a Benchmark may result in

Notes linked to or referencing such Benchmark performing differently than would otherwise have been the case if such alternatives to such Benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a Benchmark.

Condition 3(j) (*Benchmark replacement*) provides for certain fall-back arrangements in the event that a Benchmark Event occurs, for example where a published Benchmark, such as LIBOR, (including any page on which such Benchmark may be published (or any successor service)) becomes unavailable. The Benchmark Events also include the situation where the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) announces that the methodology to calculate such Reference Rate or Mid-Swap Rate (as applicable) has materially changed. If a Benchmark Event occurs, the Issuer may, after appointing and consulting with an Independent Adviser, determine a Successor Rate or Alternative Reference Rate to be used in place of the relevant Benchmark where that relevant Benchmark has been selected as the Reference Rate or Mid-Swap Rate (as applicable) to determine the Rate of Interest. The use of any such Successor Rate or Alternative Reference Rate to determine the Rate of Interest may result in Notes linked to or referencing the relevant Benchmark performing differently (including paying a lower Rate of Interest) than they would do if the relevant Benchmark were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Reference Rate for the relevant Benchmark is determined by the Issuer, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval of the Noteholders. Please also refer to the risk factor entitled "*In certain instances the Noteholders may be bound by certain amendments to the Notes to which they did not consent, which may result in less favourable terms of the Notes*" on pages 23 and 24 of this Base Prospectus.

If a Successor Rate or Alternative Reference Rate is determined by the Issuer, the Conditions also provide that an Adjustment Spread will be determined by the Issuer to be applied to such Successor Rate or Alternative Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as is practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the relevant Benchmark with the Successor Rate or the Alternative Reference Rate. However, it is possible that the application of an Adjustment Spread will not reduce or eliminate economic prejudice to Noteholders.

In addition, if the relevant Benchmark is discontinued permanently and the Issuer, for any reason, is unable to determine the Successor Rate or Alternative Reference Rate, the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the relevant Benchmark was discontinued and such Rate of Interest will continue to apply until maturity. This will result in the Floating Rate Notes, in effect, becoming Fixed Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Any such consequences could have a material adverse effect on the value of, and return on, any Notes to which the fall-back arrangements are applicable. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could adversely affect the ability of the Issuer

to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Risks related to Notes which are issued as Green Bonds.

The Issuer may issue Notes where the use of proceeds is specified in the relevant Final Terms to be for the financing and/or refinancing of specified "green" or "sustainability" projects of the Group, in accordance with certain prescribed eligibility criteria (any Notes which have such a specified use of proceeds are referred to as "**Green Bonds**").

In connection with an issue of Green Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue an independent opinion (a "**Compliance Opinion**") confirming that any Green Bonds are in compliance with the International Capital Market Association ("**ICMA**") Green Bond Principles. The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable", and therefore the green or sustainable projects to be specified in the relevant Final Terms may not meet all investors' expectations regarding sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the ICMA Green Bond Principles, and are expected to be developed in accordance with applicable legislation and standards, it is still possible that adverse environmental and/or social impacts will occur during the design, construction, commissioning and/or operation of any such green or sustainable projects. Where any negative impacts are insufficiently mitigated, green or sustainable projects may become controversial, and/or may be criticised by activist groups or other stakeholders. Potential investors should be aware that any Compliance Opinion will not be incorporated into, and will not form part of, this Base Prospectus or the relevant Final Terms. Any such Compliance Opinion may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Bonds. Any such Compliance Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue.

Further, although the Issuer may agree at the Issue Date of any Green Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green or sustainable projects (as specified in the relevant Final Terms), it would not be an event of default under the Green Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the relevant Final Terms and/or (ii) the Compliance Opinion were to be withdrawn. Any failure to use the net proceeds of any Series of Green Bonds in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

Each potential purchaser of any Series of Green Bonds should determine for itself the relevance of the information contained in this Base Prospectus and in the relevant Final Terms regarding the use of proceeds and its purchase of any Green Bonds should be based upon such investigation as it deems necessary.

Risks related to Fixed Rate Reset Notes.

Fixed Rate Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Margin or as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period could be less than the Initial

Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Notes.

Risks related to Fixed/Floating Rate Notes.

Fixed/Floating Rate Notes may bear interest at a rate that will be converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The conversion of the interest rate will affect the secondary market and the market value of such Notes since the conversion will usually be effected when the new interest rate is likely to produce a lower overall cost of borrowing. If a fixed rate is converted to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same Reference Rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If a floating rate to a fixed rate is converted, the fixed rate may be lower than then prevailing rates on its Notes.

Risks related to Notes where a Minimum and/or Maximum Rate of Interest applies.

Notes where a Minimum and/or Maximum Rate of Interest applies, will be less exposed to the positive and negative performance or fluctuations of the underlying Reference Rate.

Notes where a Maximum Rate of Interest applies to a particular Interest Basis have an interest rate that is subject to a maximum specified rate. The maximum Interest Amount payable in respect of such Interest Basis will occur when the applicable formula leads to a Rate of Interest which is higher than the maximum specified rate, in which case the Rate of Interest will be limited to the Maximum Rate of Interest specified in the Final Terms. Investors in such Notes will therefore not benefit from any increase in the relevant Reference Rate.

Risks relating to the subscription of the Notes, the listing and settlement of the Notes and the market in the Notes

An active secondary market in respect of the Notes may never be established or may be illiquid and this could adversely affect the value at which investors could sell their Notes.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. This is likely to be particularly the case for Subordinated Tier 2 Notes given that they are designed for specific investment objectives and have been structured to meet the investment requirements of limited categories of investors.

In similar vein, liquidity is likely to be very limited if the relevant Notes are not listed or no listing is obtained. The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market.

Moreover, although pursuant to Condition 4(h) (*Purchases*) the Issuer can purchase Notes at any time, the Issuer is not obliged to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market. In the case of Subordinated Tier 2 Notes, purchases by the Issuer and its subsidiaries are subject to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*). This has as a consequence that the Issuer and its subsidiaries will generally be prohibited from purchasing any Subordinated Tier 2 Notes and will not be able to act as market maker in respect of such securities.

Hedging transactions may affect the market price, liquidity or value of Notes.

In the ordinary course of its business, including, without limitation, in connection with its market making activities (if any), the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Reference Rate(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Rate(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Rate(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the relevant Noteholders.

A Noteholder's actual return on Notes may be adversely impacted by transaction costs and/or fees.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes which is initially determined to be received by potential investors of such Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. Noteholders must furthermore take into account that they may be charged for the brokerage fees, commissions and other fees and expenses of third parties which are involved in the execution of an order (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), holders must also take into account any follow-up costs (such as custody fees). The incurrence of any such costs and/or fees will impact the return an investor receives on its Notes.

Investors are exposed to the risks of a downgrade of any credit ratings assigned to the Issuer and/or the Notes.

The Issuer has been and the Notes may be assigned a credit rating by one or more independent credit rating agencies, as will be stated in the applicable Final Terms. One or more independent credit rating agencies may assign ratings to an issue of Notes and/or the Issuer, which, however, will not necessarily reflect all risks relating to an investment in the Notes.

In addition, it is possible that any rating of the Issuer and/or the Notes will not be maintained by the Issuer following the date of this Base Prospectus or the date of the applicable Final Terms, respectively. If any rating assigned to the Issuer and/or the Notes is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be negatively influenced.

Finally, any negative change in or withdrawal of a rating assigned to the Issuer could adversely affect the trading price of the Notes, including where this would lead to a negative change in or withdrawal of a credit rating assigned to such Notes. Please also refer to the risk factor entitled "*Credit ratings*" on page 19 of this Base Prospectus.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes exposes the relevant investor to the risk that the price of such Fixed Rate Note falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that

movements of the Market Interest Rate can adversely affect the price of Fixed Rate Notes and can lead to losses for the Noteholders if they sell such Fixed Rate Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market value of securities issued at a substantial discount or premium to their nominal amount tends to fluctuate more in relation to general changes in interest rates than the price for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility compared to conventional interest-bearing securities with comparable maturities. This may have an impact on the ultimate return which an investor may receive on such Notes.

The transfer of any Notes, any payments made in respect of any Notes and all communications with the Issuer will occur through the Securities Settlement System.

A Noteholder must rely on the procedures of the Securities Settlement System to receive payment under its Notes. Furthermore, pursuant to Condition 13 (*Notices*), notices to Noteholders shall be valid if delivered, among other, if delivered by or on behalf of the Issuer to the NBB (in its capacity as operator of the Securities Settlement System) for onward communication by it to the participants of the Securities Settlement System. It is expected that notices will in principle be disseminated to Noteholders in this way. A Noteholder will therefore also need to rely on the procedures of the Securities Settlement System to receive communications from the Issuer.

Neither the Issuer nor the Agent will have any responsibility or liability for the records relating to, or payments made in respect of, the Notes within, or any other improper functioning of, the Securities Settlement System and Noteholders should in such case make a claim against the Securities Settlement System through participants in the Securities Settlement System. Any such risk may adversely affect the rights and/or return on investment of a Noteholder, for example where the Noteholder would not receive a payment or notification in due time following a malfunction of the Securities Settlement System.

The Agent is not required to segregate amounts received by it in respect of Notes cleared through the Securities Settlement System

Conditions 5(a) (*Payment in euro*) and 5(b) (*Payment in other currencies*) and the Agency Agreement provide that the Agent will debit the relevant account of the Issuer and use such funds to make the relevant payments to the holders under the Notes. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the holders directly any amounts due in respect of the relevant Notes. However, the Agent is not required to segregate any such amounts received by it in respect of the Notes, and in the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, holders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws. This may have a negative impact on the Noteholders' ability to obtain full or partial repayment.

Potential conflicts of interest

The Issuer may from time to time be engaged in transactions which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential investors should be aware that the Agent, some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own

account and for the accounts of their customers. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. They might therefore have conflicts of interest which could have an adverse effect on the interests of the Noteholders.

Furthermore, potential investors should be aware that the Issuer is the parent company of KBC Bank NV, which may act as Dealer, and that the interests of KBC Bank NV and the Issuer may conflict with the interests of the holders of Notes. Moreover, the holders of Notes should be aware that KBC Bank NV, acting in whatever capacity, will not have any obligations vis-à-vis the holders of any Notes and, in particular, will not be obliged to protect the interests of the holders of any Notes.

Where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer (including KBC Bank NV), potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions (such as in the case of any applicable interest rate determination) which may influence the amount receivable under the Notes. Where any such determination or judgement is to be made, there is generally no or very limited room for discretion as the Conditions stipulate the objective parameters on the basis of which the Calculation Agent has to perform its calculations and tasks (such as, for example, determining a rate by computing a predetermined rate and a screen rate). The Conditions nevertheless provide that, in certain limited and exceptional cases, the Calculation Agent may have to determine certain rates in its sole discretion as fall-back in the absence of any such objective parameters (see, for example, Condition 3(b) (*Interest on Fixed Rate Reset Notes*) and Condition 3(c)(iii)(A) (*ISDA Determination for Floating Rate Notes*) and Condition 3(c)(iii)(B) (*Screen Rate Determination for Floating Rate Notes*)). In such circumstances, the Calculation Agent is likely, but not required, to make use of methodologies and determinations which are available or customarily used in the market.

Risks relating to the status of investors

There may be no tax gross-up protection.

Potential investors should be aware that if the Tax Call Option and the Prohibition of Sales to Consumers are specified as not applicable in the applicable Final Terms, Condition 8 (*Taxation*) does not require the Issuer or any other person to gross up the net payments received by a Noteholder in relation to the Notes with the amounts withheld or deducted for tax purposes.

To the extent the Tax Call Option and the Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, Condition 8 (*Taxation*) provides that if any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment of interest in respect of the Notes (but not principal or any other amount) is required to be made, the Issuer shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. However, no such additional amounts shall be payable in respect of any Notes in the circumstances defined in paragraphs (i), (ii), (iii) and (iv) of Condition 8 (*Taxation*).

In any case where no gross-up requirement applies to the Issuer, the Noteholders (and no other person) will be liable for, and be obliged to pay, any tax, duty, charge, withholding or other payment whatsoever as may arise as a result of, or in connection with, the ownership, transfer or payment in respect of the Notes. This could have a significant impact on the net amounts the investors will receive pursuant to the payments to be made under the Notes and could also materially adversely affect the value of such Notes.

Taxation may have an impact on the return a Noteholder may receive on its Notes.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes (if any), or profits realised by a Noteholder upon the sale or repayment of its Notes, may be subject to taxation in the home jurisdiction of the potential investor or in other jurisdictions in which it is required to pay taxes.

Potential investors are advised not to rely solely upon the tax summary contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the potential investor. This risk factor should be read in connection with the taxation sections of this Base Prospectus. Please refer to the section entitled "*Taxation*" on pages 118 to 125 of this Base Prospectus.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls (as some have done in the past). An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Exchange controls could adversely impact an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes, which may have an impact on the return an investor receives on its Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the FSMA, shall be incorporated in, and form part of, this Base Prospectus:

(a) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018, together with the related auditors' report (available on www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/JVS_2018/JVS_2018_GRP_en.pdf);

(b) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019, together with the related auditors' report (available on www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/JVS-2019/JVS_2019_GRP_en.pdf);

(c) the extended quarterly report for the first quarter of 2019 of the Issuer (available on www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/1Q2019/1Q2019_Quarterly_Report_en.pdf);

(d) the extended quarterly report for the first quarter of 2020 of the Issuer (available on www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/1Q2020/1Q2020-quarterly-report-en.pdf);

(e) the base prospectus dated 4 June 2019 relating to the EUR 10,000,000,000 Euro Medium Term Note Programme of the Issuer (available on www.kbc.com/content/dam/kbccom/doc/investor-relations/7-Debt-issuance/KBC_Group/20190605_KBC_Group_EMTN_base.pdf); and

(f) the following press releases:

  (i) the press release dated 23 March 2020 entitled "*KBC reaction to measures announced by Belgian Federal Government*" (available on www.kbc.com/content/dam/kbccom/doc/newsroom/pressreleases/2020/20200323_reaction-government-measures_en.pdf);

  (ii) the press release dated 30 March 2020 entitled "*In line with ECB recommendations, KBC Group withdraws final dividend over 2019 profit and cancels proposed share buy-back*" (available on www.kbc.com/content/dam/kbccom/doc/newsroom/pressreleases/2020/20200330-maatregelen-KBC_en.pdf);

  (iii) the press release dated 17 April 2020 entitled "*KBC Group update on impact of Coronavirus crisis on 1Q2020 results*" (available on www.kbc.com/content/dam/kbccom/doc/newsroom/pressreleases/2020/20200417_KBC-Group-update_en.pdf); and

  (iv) the press release dated 14 May 2020 entitled "*KBC Group: First-quarter result of -5 million euros*" (available on www.kbc.com/content/dam/kbccom/doc/newsroom/pressreleases/2020/1Q2020-pb-en.pdf).

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the FSMA in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in a document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is

incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the website of the Issuer (www.kbc.com/en/investor-relations/debt-issuance/kbc-group.html). This Base Prospectus and each document incorporated by reference may also be published on the website of Euronext Brussels (www.euronext.com). The information on the website of the Issuer and on the website of Euronext Brussels does not form part of this Base Prospectus, except to the extent that such information is explicitly incorporated by reference in this Base Prospectus, and has not been scrutinised or approved by the FSMA.

The table below sets out the relevant page references for (i) the audited consolidated statements for the financial years ended 31 December 2018 and 31 December 2019, respectively, as set out in the Issuer's Annual Report, (ii) the unaudited condensed consolidated financial statements of the Issuer for the first quarter of 2019 and for the first quarter of 2020 and (iii) the base prospectus dated 4 June 2019 relating to the EUR 10,000,000,000 Euro Medium Term Note Programme of the Issuer. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus. Such non-incorporated parts are either deemed not relevant for investors or are covered elsewhere in this Base Prospectus.

The terms and conditions included in the base prospectus dated 4 June 2019 have been incorporated by reference to allow drawdowns under this Base Prospectus which are intended to be fungible with notes issued under the base prospectus dated 4 June 2019.

The press releases referred to in paragraph (f) above have been incorporated in their entirety.

Audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019*

	Issuer's Annual Report for the financial year ended 31 December 2018	Issuer's Annual Report for the financial year ended 31 December 2019
Audited consolidated annual financial statements of the Issuer		
report of the Board of Directors	page 6-167	page 6-177
income statement	page 170-171	page 180-181
balance sheet	page 174-175	page 184
statement of changes in equity	page 176	page 185-186
cash flow statement	page 177-178	page 186-187
notes to the financial statements	page 179-251	page 188-254
Auditors' report	page 252-258	page 255-262
Additional information		
ratios used	page 267-273	page 273-278

** Page references are to the English language PDF version of the relevant incorporated documents.*

Unaudited condensed consolidated financial statements of the Issuer for the first quarter of 2019 and for the first quarter of 2020*

	Issuer's extended quarterly report for the first quarter of 2019	Issuer's extended quarterly report for the first quarter of 2020
Unaudited condensed consolidated financial statements of the Issuer for the first quarter of the financial year		
income statement	page 11	page 11
statement of comprehensive income	page 13	page 13
balance sheet	page 14	page 14
statement of changes in equity	page 15-16	page 15-16
cash flow statement	page 17	page 17-18
notes to the financial statements	page 17-28	page 19-34
Auditors' report	page 29-30	page 35-36
Additional information		
ratios used	page 50-54	page 57-62

** Page references are to the English language PDF version of the relevant incorporated documents.*

The base prospectus dated 4 June 2019 relating to the EUR 10,000,000,000 Euro Medium Term Note Programme of the Issuer

Terms and Conditions of the Notes	page 51-91

TERMS AND CONDITIONS OF THE NOTES

The following (excluding italicised paragraphs) is the text of the terms and conditions that, subject to completion with the provisions of the applicable Final Terms, shall be applicable to the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Final Terms. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued subject to a domiciliary, calculation and paying agency agreement (the "**Agency Agreement**") dated on or about the date of this Base Prospectus between KBC Group NV (the "**Issuer**") and KBC Bank NV as domiciliary agent and paying agent (the "**Agent**", which expression shall include any successor domiciliary agent and paying agent). The calculation agent for the time being (if any) is referred to below as the "**Calculation Agent**". The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

For the purpose of these terms and conditions (the "**Conditions**"), a "**Series**" means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number. "**Tranche**" means, in relation to a Series, those Notes of that Series that are identical in all respects.

Copies of the Agency Agreement are available for inspection free of charge during normal business hours by the holders at the specified office of the Agent. If the Notes are admitted to trading on the regulated market of Euronext Brussels, the applicable Final Terms will be published on the website of the Issuer (www.kbc.com/en/investor-relations/debt-issuance/kbc-group.html) and the website of Euronext Brussels (www.euronext.com). If the Notes are neither admitted to trading on a regulated market in the European Economic Area or in the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will be obtainable at the registered office of the Issuer and of the Agent only by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Agent as to its holding of such Notes and identity.

The final terms for the Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms and complete these Conditions. References to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) and expressions defined or used in the applicable Final Terms shall have the same meanings in these Conditions, unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination and Title

The Notes will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended. The Notes will be represented exclusively by book entry in the records of the securities settlement system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**Securities Settlement System**"). The Notes can be held by their holders through participants in the Securities Settlement System, including Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or other participants in the Securities Settlement System. The Notes are accepted for clearance through the Securities Settlement System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is

modified by other provisions from time to time) and the rules of the Securities Settlement System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition 1 being referred to herein as the "**Securities Settlement System Regulations**"). Title to the Notes will pass by account transfer. The Notes cannot be physically delivered and may not be converted into bearer notes (*effecten aan toonder/titres au porteur*).

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an "**Alternative Clearing System**").

Noteholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of the Belgian Companies and Associations Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Notes (or the position held by the financial institution through which such holder's Notes are held with the NBB, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Notes are issued in the Specified Denomination(s) specified in the applicable Final Terms. The minimum Specified Denomination of the Notes shall be at least EUR 100,000 (or its equivalent in any other currency). The Notes have no maximum Specified Denomination.

The Notes (i) bear interest calculated by reference to a fixed rate of interest (such Note, a "**Fixed Rate Note**"), (ii) bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on one or more dates specified in the Final Terms and by reference to a mid-market swap rate (such Note, a "**Fixed Rate Reset Note**"), (iii) bear interest by reference to one or more floating rates of interest (such Note, a "**Floating Rate Note**") or (iv) are a combination of two or more of (i) to (iii) of the foregoing, as specified in the Final Terms.

In addition, the Final Terms of the Notes will specify that the rights of Noteholders with regard to payments under the Notes will either be (i) unsubordinated ("**Senior Notes**") or (ii) subordinated in the manner described under Condition 2(b) (*Status of the Subordinated Tier 2 Notes*) below with a fixed redemption date and with terms capable of qualifying as Tier 2 Capital (the "**Subordinated Tier 2 Notes**"). The term "**Tier 2 Capital**" has the meaning given in the Applicable Banking Regulations (as defined in Condition 2(b) (*Status of the Subordinated Tier 2 Notes*)).

In these Conditions, "**Noteholder**" and "**holder**" mean, in respect of any Note, the holder from time to time of the Notes as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in this Condition 1 and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

2 Status of the Notes

(a) Status of the Senior Notes

(i) *Status*

The Senior Notes (being any Series of the Notes in respect of which the Final Terms specify their status as Senior) constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(ii) *Waiver of set-off*

If the applicable Final Terms in respect of Senior Notes specify that this Condition 2(a)(ii) applies, then, subject to applicable law, no holder of any such Senior Notes ("**Senior Noteholders**") may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Notes, and each Senior Noteholder shall, by virtue of its subscription, purchase or holding of any Senior Note, be deemed to have waived all such rights of set-off.

(b) Status of the Subordinated Tier 2 Notes

(i) *Status*

The Subordinated Tier 2 Notes (being any Series of the Notes the Final Terms in respect of which specify their status as Subordinated Tier 2) constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Noteholders in respect of the Subordinated Tier 2 Notes are subordinated in the manner provided in Condition 2(b)(ii) (*Subordination*) below.

(ii) *Subordination*

In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of bankruptcy (*faillissement/faillite*) or otherwise (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), the rights and claims of the holders of the Subordinated Tier 2 Notes against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Subordinated Tier 2 Notes shall, subject to any obligations which are mandatorily preferred by law, rank (a) junior to the claims of all Senior Creditors of the Issuer, (b) at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and (c) senior to (1) the claims of holders of all share capital of the Issuer, (2) the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer and (3) the claims of holders of all obligations of the Issuer which are or are expressed to be subordinated to the Subordinated Tier 2 Notes.

For the purposes of these Conditions:

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, rules, guidelines and policies of the Relevant Regulator, or of the European Parliament and Council then in effect

in Belgium, relating to capital adequacy and applicable to the Issuer at such time (and, for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD IV).

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended or replaced from time to time.

"**Capital Requirements Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended or replaced from time to time.

"**Capital Requirements Regulation**" means Regulation (EU) n° 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) n° 648/2012, as amended or replaced from time to time.

"**CRD IV**" means, taken together, (i) the Capital Requirements Directive, (ii) the Capital Requirements Regulation and (iii) any Future Capital Instruments Regulations.

"**Future Capital Instruments Regulations**" means any further Applicable Banking Regulations that come into effect after the Issue Date and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer to the extent required by (i) the Capital Requirements Regulation or (ii) the Capital Requirements Directive.

"**Senior Creditors**" means creditors of the Issuer whose claims are in respect of obligations which are unsubordinated (including, for the avoidance of doubt, holders of Senior Notes) or which otherwise rank, or are expressed to rank, senior to obligations which constitute Tier 1 Capital or Tier 2 Capital of the Issuer (including any holders of Subordinated Tier 2 Notes).

"**Tier 1 Capital**" and "**Tier 2 Capital**" have the respective meanings given to such terms in the Applicable Banking Regulations from time to time.

(iii) *Waiver of set-off*

Subject to applicable law, no holder of a Subordinated Tier 2 Note may exercise or claim any right of set off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Tier 2 Notes and each holder of a Subordinated Tier 2 Note shall, by virtue of his subscription, purchase or holding of any Subordinated Tier 2 Note, be deemed to have waived all such rights of set off.

3 Interest and other calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rates *per annum* (expressed as a percentage) equal to the Rate of

Interest(s), such interest being payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 3.

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding nominal amount, subject to Condition 3(j) (*Benchmark replacement*):

(i) from and including the Interest Commencement Date up to but excluding the First Reset Date at the Initial Rate of Interest;

(ii) in the First Reset Period, at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(f) (*Calculations*).

In these Conditions:

"**First Reset Date**" means the date specified as such in the Final Terms;

"**First Reset Period**" means the period from and including the First Reset Date up to but excluding the Second Reset Date or, if no such Second Reset Date is specified in the Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means the rate of interest as determined by the Calculation Agent on the relevant Reset Determination Date corresponding to the First Reset Period as the sum of the Mid-Swap Rate plus the relevant Margin;

"**Initial Rate of Interest**" means the initial rate of interest per annum specified in the Final Terms;

"**Margin**" means the margin (expressed as a percentage) in relation to the relevant Reset Period specified as such in the Final Terms;

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is Sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Sterling which (a) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (c) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis);

(ii) if the Specified Currency is Euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (a) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis); and

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (a) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate

Period; (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (c) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis);

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified in the applicable Final Terms) mid swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified in the Final Terms) as displayed on the Relevant Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Relevant Screen Page at such time and date, the relevant Reset Reference Bank Rate;

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such in the Final Terms or, if none is so specified, (b) (i) if the Specified Currency is Sterling or Renminbi, the first Business Day of such Reset Period, (ii) if the Specified Currency is Euro, the day falling two Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

"**Reset Date**" means each of the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period or, (ii) in the case of the Reset Period commencing the First Reset Date, an amount equal to the Initial Rate of Interest less the Margin;

"**Reset Reference Banks**" means five leading swap dealers in the principal interbank market relating to the Specified Currency selected by the Calculation Agent in its discretion after consultation with the Issuer;

"**Second Reset Date**" means the date specified as such in the Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms;

"**Subsequent Reset Period**" means the period from and including the Second Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent on the Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Mid-Swap Rate plus the relevant Margin;

"**Swap Rate Period**" means the period specified as such in the Final Terms; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(c) Interest on Floating Rate Notes

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(f) (*Calculations*). Such Interest Payment Date(s) is/are either specified in the Final Terms as Specified Interest Payment Dates or, if Specified Interest Payment Date(s) is/are specified in the Final Terms as not applicable, "**Interest Payment Date**" shall mean each date which falls the number of months or other period specified in the Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless, except in relation to the Maturity Date or any applicable date for early redemption, it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless, except in relation to the Maturity Date or any applicable date for early redemption, it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention,

such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the Final Terms;

(y) the Designated Maturity is a period specified in the Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Final Terms.

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined by the Calculation Agent in its sole and absolute discretion (though applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest, if any, relating to the Interest Accrual Period).

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(1) Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided in this Condition 3(c)(B), Condition 3(e) (*Margin, Maximum Rate of Interest, Minimum Rates of Interest, Callable Amounts and Rounding*) and Condition 3(j) (*Benchmark replacement*), be either:

(i) the offered quotation; or

(ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question as determined by the Calculation Agent.

(2) If the Reference Rate is specified in the applicable Final Terms to be LIBOR or EURIBOR, where:

(a) five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations; or

(b) the Relevant Screen Page is not available or if Condition 3(c)(iii)(B)(1)(i) above applies and no such offered quotation appears on the Relevant Screen Page or if Condition 3(c)(iii)(B)(1)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(c) If paragraph (b) above applies, the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bank suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding

Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(3) If the Reference Rate is Constant Maturity Swap ("**CMS**") and no quotation appears on the Relevant Screen Page at the Relevant Time on the relevant Interest Determination Date, then the Rate of Interest will be determined on the basis of the mid-market annual swap rate quotations provided by five leading swap dealers in the European inter-bank market at approximately the Relevant Time on the relevant Interest Determination Date. The Calculation Agent will select the five swap dealers in its sole discretion and will request each of those dealers to provide a quotation of its rate in accordance with market practice. If at least three quotations are provided, the Rate of Interest for the relevant Interest Period will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event, of equality, one of the highest and one of the lowest quotations. If fewer than three quotations are provided, the Calculation Agent will determine the Rate of Interest in its sole discretion.

(d) Accrual of Interest

Interest (if any) shall cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 3 to (but excluding) the Relevant Date (as defined in Condition 4(m) (*Definitions*)).

(e) Margin, Maximum Rate of Interest, Minimum Rates of Interest, Callable Amounts and Rounding

(i) If any Margin is specified in the Final Terms (either (A) generally, (B) in relation to one or more Interest Accrual Periods or (C) in relation to one or more Reset Periods), an adjustment shall, unless the relevant Margin has already been taken into account in determining such Rate of Interest, be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods or Reset Periods, in the case of (B) or (C), calculated, in each case, in accordance with Condition 3(b) (*Interest on Fixed Rate Reset Notes*) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always (in the case of Floating Rate Notes only) to the next paragraph.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest or Callable Amount is specified in the Final Terms in relation to one or more Interest Accrual Periods, then any Rate of Interest or Callable Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such

currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(f) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

(g) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall as soon as practicable on each Interest Determination Date, Reset Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period (or, if determining the First Reset Rate of Interest or a Subsequent Reset Rate of Interest in respect of Fixed Rate Reset Notes, the Interest Amount for each Interest Accrual Period falling within the relevant Reset Period), calculate the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount to be notified to the Agent, the Issuer, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange or admitted to listing by another relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 3(c)(ii) (*Rate of interest for Floating Rate Notes*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and repayable under Condition 10 (*Senior Notes – Events of Default and Enforcement*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding on all parties.

(h) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means a day other than a Saturday or Sunday on which:

(i) the Securities Settlement System is operating;

(ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Belgium and in each Additional Business Centre specified in the applicable Final Terms; and

(iii) either (1) in relation to any sum payable in a Specified Currency other than euro, commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively), or (2) in relation to any sum payable in euro, the TransEuropean Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the "**TARGET2 System**") is open.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/365**" or "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \cdot (Y_2 - Y_1)] + [30 \cdot (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \cdot (Y_2 - Y_1)] + [30 \cdot (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \cdot (Y_2 - Y_1)] + [30 \cdot (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

(vii) if "**Actual/Actual ICMA**" is specified in the Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year; or

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date (as specified in the Final Terms) in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date specified as such in the Final Terms or, if specified as not applicable in the Final Terms, the Interest Payment Date.

"**Euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

"**Eurozone**" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the Final Terms as being payable on the Interest Payment Date on which the Interest Period of which such Interest Accrual Period forms part ends; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Basis**" means the interest basis specified in the Final Terms.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) if the specified Relevant Screen Page is a LIBOR (other than euro LIBOR or Sterling LIBOR) rate, the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of such Interest Accrual Period; (ii) if the specified Relevant Screen Page is a Sterling LIBOR rate, the first day of such Interest Accrual Period; (iii) if the specified Relevant Screen Page is a EURIBOR or euro LIBOR rate, the second day on which the TARGET2 System is open prior to the start of such Interest Accrual Period; and (iv) if the specified Relevant Screen Page is a CMS rate, the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of such Interest Accrual Period.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the Final Terms.

"**Interest Period End Date**" means each Interest Payment Date unless otherwise specified in the Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as amended and supplemented and published by the International Swaps and Derivatives Association, Inc. (or as otherwise specified in the Final Terms).

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the Final Terms.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent.

"**Reference Rate**" means the rate specified as such in the Final Terms.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

"**Relevant Time**" means, if the Reference Rate is LIBOR, approximately 11.00 a.m. (London time), if the Reference Rate is EURIBOR, 11.00 a.m. (Brussels time), if the Reference Rate is CMS, 11.00 a.m. (Frankfurt time) or as otherwise specified in the Final Terms.

"**Specified Currency**" means the currency specified in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

(i) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents appointed if provision is made for them in the Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or Reset Period or to calculate any Interest Amount, Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) Benchmark replacement

Without prejudice to the other provisions in this Condition 3, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate or Mid-Swap Rate (as applicable) specified in the applicable Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate or Mid-Swap Rate (as applicable), then the following provisions shall apply to the relevant Notes:

(i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint an Independent Adviser to advise the Issuer in determining (without any requirement for the consent or approval of the Noteholders) (A) a Successor Rate or, failing which, an Alternative Reference Rate, for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread;

(ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 3(j);

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate or Mid-Swap Rate (as applicable) for each of the future Interest Periods or Reset Periods (as applicable) (subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(j));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or Alternative Reference Rate (as applicable). If the Issuer, following consultation with the Independent Adviser, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if the Issuer, following consultation with the Independent Adviser (if any), determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to these Conditions and/or the Agency Agreement in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate (as

applicable) and, in either case, the applicable Adjustment Spread, including, but not limited to, (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, Reset Determination Date and/or the definition of Reference Rate or Mid-Swap Rate applicable to the Notes and (B) the method for determining the fall-back rate in relation to the Notes. For the avoidance of doubt, the Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 3(j). No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Agent and any other agents party to the Agency Agreement (if required or useful); and

(vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and, in either case, the applicable Adjustment Spread, give notice thereof to the Agent, the Calculation Agent and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the applicable Adjustment Spread and any consequential changes made to the Agency Agreement and these Conditions (if any),

provided that the determination of any Successor Rate or Alternative Reference Rate (as applicable) and, in either case, the applicable Adjustment Spread and any other related changes to the Notes, shall be made in accordance with the relevant Applicable Banking Regulations (if applicable).

An Independent Adviser appointed pursuant to this Condition 3(j) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent, the Calculation Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 3(j).

Notwithstanding any other provision in this Condition 3(j), no Successor Rate or Alternative Reference Rate (as applicable) and, in either case, the applicable Adjustment Spread will be adopted, and no other amendments to the Conditions will be made pursuant to this Condition 3(j), if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in a change in the regulatory classification of the Notes giving rise to a Capital Disqualification Event or a Loss Absorption Disqualification Event.

Without prejudice to the obligations of the Issuer under this Condition 3(j), the Reference Rate or Mid-Swap Rate (as applicable) and the other provisions in this Condition 3 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the applicable Adjustment Spread and any consequential changes made to the Agency Agreement and the Conditions (if any).

For the purposes of this Condition 3(j):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if any) determines is customarily applied to the relevant Successor Rate or Alternative Reference Rate (as applicable) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate or Mid-Swap Rate (as applicable); or

(iii) if the Issuer determines that no such spread is customarily applied, the Issuer, following consultation with the Independent Adviser (if any), determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate or Mid-Swap Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable).

"**Alternative Reference Rate**" means the rate that the Issuer determines has replaced the relevant Reference Rate or Mid-Swap Rate (as applicable) and is customarily applied in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the Specified Currency of the Notes and of a comparable duration to the relevant Interest Period or Reset Period (as applicable), or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its discretion is most comparable to the relevant Reference Rate or Mid-Swap Rate (as applicable).

"**Benchmark Event**" means:

(i) a public statement by the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) stating that, in the view of such administrator, the methodology to calculate such Reference Rate or Mid-Swap Rate (as applicable) has materially changed;

(ii) the relevant Reference Rate or Mid-Swap Rate (as applicable) ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(iii) a public statement by the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) stating that it has ceased or that it will cease to publish the relevant Reference Rate or Mid-Swap Rate (as applicable), permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate or Mid-Swap Rate (as applicable)); or

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) stating that the relevant Reference Rate or Mid-Swap Rate (as applicable) has been or will be permanently or indefinitely discontinued; or

(v) a public statement by the supervisor or the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) that means that the relevant Reference Rate or Mid-Swap Rate (as applicable) will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(vi) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) that the relevant Reference Rate or Mid-Swap Rate (as applicable) is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vii) it has become unlawful for the Agent, the Calculation Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to any Noteholders using the relevant Reference Rate or Mid-Swap Rate (as applicable),

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (iii) and (iv) above, on the date of the cessation of publication of the Reference Rate or Mid-Swap Rate (as applicable) or the discontinuation of the Reference Rate or Mid-Swap Rate (as applicable), (b) in the case of sub-paragraph (v) above, on the date of the prohibition of the use of the Reference Rate or Mid-Swap Rate (as applicable) and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the relevant Reference Rate or Mid-Swap Rate (as applicable) will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**IA Determination Cut-Off Date**" means no later than five Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable).

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense.

"**Relevant Nominating Body**" means, in respect of a Reference Rate or Mid-Swap Rate:

(i) the central bank for the currency to which the Reference Rate or Mid-Swap Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate or Mid-Swap Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate or Mid-Swap Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate or Mid-Swap Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

"**Successor Rate**" means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate or Mid-Swap Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

4 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the Final Terms at its Final Redemption Amount (which is its nominal amount, unless otherwise provided in the Final Terms.

Unless otherwise permitted by the Applicable Banking Regulations, Subordinated Tier 2 Notes constituting Tier 2 Capital will have a minimum maturity of five years.

(b) Redemption upon the occurrence of a Tax Event

If the Tax Call Option and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, the Issuer may, at its option (subject, in the case of Subordinated Tier 2 Notes, to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*)), having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 13 (*Notices*) (which notice shall subject, in the case of Subordinated Tier 2 Notes, as provided in Condition 4(j)

(*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*), be irrevocable), redeem all, but not some only, of the Notes outstanding on (if the Notes are Floating Rate Notes) the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time, at the Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption and any additional amounts payable in accordance with Condition 8 (*Taxation*), if, at any time, a Tax Event has occurred, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (i) the Issuer would be obliged to pay any additional amounts in case of a Tax Gross-up Event, and (ii) a payment in respect of the Notes would not be deductible by the Issuer for Belgian corporate income tax purposes or such deduction would be reduced in case of a Tax Deductibility Event, in each case, were a payment in respect of the Notes then due.

The Issuer shall deliver to the Agent an opinion of an independent legal advisers of recognised standing to the effect that a Tax Event exists.

A "**Tax Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

(A) in making payments under the Notes, the Issuer has or will on or before the next Interest Payment Date or the Maturity Date (as applicable) become obliged to pay additional amounts on interests from the Notes (but not principal or any other amount) as provided or referred to in Condition 8 (*Taxation*) (and such obligation cannot be avoided by the Issuer taking reasonable measures available to it) (a "**Tax Gross-up Event**"); or

(B) on the next Interest Payment Date or the Maturity Date any payments by the Issuer in respect of the Notes ceases (or will cease) to be deductible by the Issuer for Belgian corporate income tax purposes or such deductibility is reduced (a "**Tax Deductibility Event**").

In these Conditions, a "**Tax Law Change**" means any change or proposed change in, or amendment or proposed amendment to, the laws or regulations of Belgium, including any treaty to which Belgium is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court, or any interpretation or pronouncement by any relevant tax authority, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) on or after the Issue Date.

(c) Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event

If Capital Disqualification Event and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, the Issuer may at its option but subject to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*), having given not less than 30 nor more than 60 days' notice in accordance with Condition 13 (*Notices*), redeem all but not some only of the Subordinated Tier 2 Notes at any time at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption if a Capital Disqualification Event has occurred and is continuing.

In these Conditions:

A "**Capital Disqualification Event**" will occur if at any time the Issuer determines that as a result of a change (or prospective future change which the Relevant Regulator considers to be sufficiently certain) to the regulatory classification of the relevant Series of Subordinated Tier 2 Notes, in any such case becoming effective on or after the Issue Date, such Subordinated Tier 2 Notes cease (or would cease)

to be included, in whole or in part, in, or count towards the Tier 2 Capital of the Issuer (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer).

"**Group**" means KBC Group NV and its subsidiaries from time to time.

"**Relevant Regulator**" means the National Bank of Belgium or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer.

(d) Redemption at the Option of the Issuer

If the Issuer Call Option and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, the Issuer may at its option (subject, in the case of Subordinated Tier 2 Notes, to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*)), on giving not less than 30 nor more than 60 days' irrevocable notice to the holders (or such other notice period as may be specified in the Final Terms), redeem all or, if so provided, some only of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the Final Terms (which may be the Early Redemption Amount (as described in Condition 4(f) (*Early Redemption Amounts*) below)), together with interest accrued to the date fixed for redemption. In the case of a redemption of Notes in part, any such redemption must, if so specified in the Final Terms, relate to Notes of a nominal amount at least equal to the Minimum Callable Amount to be redeemed specified in the Final Terms and no greater than the Maximum Callable Amount to be redeemed specified in the Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 4.

(e) Redemption of Senior Notes following the occurrence of a Loss Absorption Disqualification Event

If, in the case of Senior Notes, Loss Absorption Disqualification Event and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, the Issuer has the option to specify in the Final Terms that a Loss Absorption Disqualification Event is applicable. Where such Loss Absorption Disqualification Event is specified in the Final Terms as being applicable, then any Series of Senior Notes may on or after the date specified in the applicable Final Terms be redeemed at the option of the Issuer in whole, but not in part, on (if the Notes are Floating Rate Notes) the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time, on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the holders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), if the Issuer determines that a Loss Absorption Disqualification Event has occurred and is continuing.

Upon the expiration of such notice, the Issuer shall be bound to redeem such Notes at their Early Redemption Amount (as determined in accordance with Condition 4(f) (*Early Redemption Amounts*) below) together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

As used in this Condition 4(e), a "**Loss Absorption Disqualification Event**" shall be deemed to have occurred if:

(i) at the time that any Loss Absorption Regulation becomes effective, and as a result of such Loss Absorption Regulation becoming so effective, in each case with respect to the Issuer and/or the Group, the Notes do not or (in the opinion of the Issuer or the Relevant Regulator) are likely not to qualify in full towards the Issuer's and/or the Group's minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments; or

(ii) as a result of any amendment to, or change in, any Loss Absorption Regulation, or any change in the application or official interpretation of any Loss Absorption Regulation, in any such case becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes are or (in the opinion of the Issuer or the Relevant Regulator) are likely to be fully or partially excluded from the Issuer's and/or the Group's minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments,

in each case as such minimum requirements are applicable to the Issuer and/or the Group and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that in the case of (i) and (ii) above, a Loss Absorption Disqualification Event shall not occur where the exclusion of the Notes from the relevant minimum requirement(s) is due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the relevant Loss Absorption Regulations effective with respect to the Issuer and/or the Group as at the Issue Date.

"**Loss Absorption Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Kingdom of Belgium, the Relevant Regulator, the Resolution Authority, the Financial Stability Board and/or of the European Parliament or of the Council of the European Union then in effect in the Kingdom of Belgium including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Relevant Regulator and/or the Resolution Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer or to the Group).

"**Resolution Authority**" means the Single Resolution Board (SRB) (established pursuant to the Regulation 806/2014 of the European Parliament and the Council of 15 July 2014 relating to the Single Resolution Mechanism) and, where relevant, the resolution college of the National Bank of Belgium (within the meaning of Article 21*ter* of the Act of 22 February 1998 establishing the organic statute of the National Bank of Belgium) or any successor or replacement entity having responsibility for the recovery and resolution of the Issuer.

(f) Early Redemption Amounts

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*), Condition 4(d) (*Redemption at the Option of the Issuer*) or Condition 4(e) (*Redemption of Senior notes following the occurrence of a Loss Absorption Disqualification Event*) shall be the Final Redemption Amount(s) unless otherwise specified in the Final Terms.

(g) Directors' Certificate

Prior to the publication of any notice of redemption pursuant to this Condition 4 (other than redemption at the option of the Issuer pursuant to Condition 4(d) (*Redemption at the Option of the Issuer*)), the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, including (in the case of a Tax Event, a Capital Disqualification Event or a Loss Absorption Disqualification Event (as applicable)) that a Tax Event (as defined in Condition 4(b) (*Redemption upon the occurrence of a Tax*

Event) above), a Capital Disqualification Event (as defined in Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*) above) or a Loss Absorption Disqualification Event (as defined in Condition 4(e) (*Redemption of Senior notes following the occurrence of a Loss Absorption Disqualification Event*) above) exists.

(h) Purchases

Subject to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*) in the case of Subordinated Tier 2 Notes, the Issuer or any of its subsidiaries may at any time, but is not obliged to, purchase Notes in the open market or otherwise at any price. Any Notes so purchased or otherwise acquired may, at the Issuer's discretion, be held or resold or, at the option of the Issuer, surrendered to the Agent for cancellation.

This Condition 4(h) shall apply in the case of Subordinated Tier 2 Notes to the extent purchases of Subordinated Tier 2 Notes are not prohibited by Applicable Banking Regulations.

(i) Cancellation

All Notes which are redeemed or purchased or otherwise acquired as aforesaid and surrendered to the Agent for cancellation will forthwith be cancelled. All Notes so cancelled cannot be reissued or resold.

(j) Conditions to Redemption and Purchase of Subordinated Tier 2 Notes

Any optional redemption of Subordinated Tier 2 Notes pursuant to Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*) or Condition 4(d) (*Redemption at the Option of the Issuer*) and any purchase of Subordinated Tier 2 Notes pursuant to Condition 4(h) (*Purchases*) are subject to the following (in each case only if and to the extent then required by Applicable Banking Regulations):

(i) compliance with any conditions prescribed under Applicable Banking Regulations, including the prior approval of the Relevant Regulator (if required);

(ii) in respect of any redemption of the relevant Subordinated Tier 2 Notes proposed to be made prior to the fifth anniversary of the Issue Date, (a) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that (A) the Tax Law Change was not reasonably foreseeable as at the Issue Date and (B) the Tax Law Change is material or (b) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable by the Issuer as at the Issue Date; and

(iii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Applicable Banking Regulations for the time being or required by the Relevant Regulator.

(k) Additional conditions to redemption or purchase of Senior Notes prior to their Maturity Date

Any optional redemption of Senior Notes pursuant to Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), 4(d) (*Redemption at the Option of the Issuer*) or 4(e) (*Redemption of Senior Notes following the occurrence of a Loss Absorption Disqualification Event*) and any purchase of Senior Notes pursuant to Condition 4(h) (*Purchases*) will, if and to the extent required at such date, be subject to the prior approval of the Relevant Regulator and/or the Resolution Authority.

(l) Notices Final

Subject to Condition 4(j) (*Conditions to Redemption and Purchase of Subordinated Tier 2 Notes*), upon the expiry of any notice period as is referred to in Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*), Condition 4(d) (*Redemption at the Option of the Issuer*) and Condition 4(e) (*Redemption of Senior notes following the occurrence of a Loss Absorption Disqualification Event*) the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

(m) Definitions

As used in these Conditions, the "**Relevant Date**" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Agent on or prior to such date) the date on which notice is given to the Noteholders that such moneys have been so received.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to this Condition 4 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 (*Interest and other calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts on interests from the Notes (but not principal or any other amount) that may be payable under Condition 8 (*Taxation*).

5 Payments

(a) Payment in euro

Without prejudice to the Belgian Companies and Associations Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the Securities Settlement System in accordance with the Securities Settlement System Regulations. The payment obligations of the Issuer under the Notes will be discharged by payment to the NBB in respect of each amount so paid.

(b) Payment in other currencies

Without prejudice to the Belgian Companies and Associations Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the Agent.

(c) Method of payment

Each payment referred to in Condition 5(a) (*Payment in euro*) will be made in euro by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System. Each payment referred to in Condition 5(b) (*Payment in other currencies*) will be made in a Specified Currency other than euro by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency.

(d) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or agreements to which the Issuer or the Agent agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments. The Issuer reserves the right to require a Noteholder to provide the Agent with such certification or information as may be required to enable the Issuer to comply with the requirements of the United States federal income tax laws or any agreement between the Issuer and any taxing authority.

(e) Appointment of Agents

The Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed in the applicable Final Terms. The Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent or the Calculation Agent provided that the Issuer shall at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require, and (iii) such other agents as may be required by any other stock exchange on which the Notes may be listed. Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

6 Subordinated Tier 2 Notes –Variation following a Capital Disqualification Event

In the case of Subordinated Tier 2 Notes the Issuer has the option to specify in the Final Terms that a Capital Disqualification Event Variation is applicable. Where such Capital Disqualification Event Variation is specified in the Final Terms as being applicable and the Issuer has satisfied the Agent that a Capital Disqualification Event (as defined in Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*)) has occurred and is continuing, then the Issuer may, subject to the other provisions of this Condition 6 (without any requirement for the consent or approval of the Noteholders (subject to the notice requirements below)) vary the terms of all (but not some only) of the Subordinated Tier 2 Notes so that they remain or, as appropriate, become, Qualifying Securities.

In connection with any variation in accordance with this Condition 6, the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any variation in accordance with this Condition 6 is subject to the Issuer (i) obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given; and (ii) giving not less than 30 nor more than 60 calendar days' notice to the Noteholders (which notice shall be irrevocable),in accordance with Condition 13 (*Notices*), which notice shall be irrevocable. Any such notice shall specify the relevant details of the manner in which such variation shall take effect and where the holders can inspect or obtain copies of the new terms and conditions of the Subordinated Tier 2 Notes.

Any variation in accordance with this Condition 6 does not otherwise give the Issuer an option to redeem the relevant Notes under the Conditions.

As used in this Condition 6:

"**Fitch**" means Fitch France S.A.S. or any affiliate thereof.

"**Moody's**" means Moody's France S.A.S. or any affiliate thereof.

"**Qualifying Securities**" means securities issued by the Issuer that:

(a) rank equally with the ranking of the Subordinated Tier 2 Notes;

(b) have terms not materially less favourable to Noteholders than the terms of the Subordinated Tier 2 Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect of two Directors of the Issuer shall have been delivered to the Agent prior to the issue of the relevant securities), provided that such securities:

(1) contain terms such that they comply with the then Applicable Banking Regulations in relation to Tier 2 Capital;

(2) include terms which provide for the same Rate of Interest from time to time, Interest Payment Dates, Maturity Date and Early Redemption Amount(s) as apply from time to time to the relevant Series of Subordinated Tier 2 Notes immediately prior to such variation;

(3) shall preserve any existing rights under the Conditions to any accrued interest, principal and/or premium which has not been satisfied;

(4) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest;

(5) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares; and

(6) are otherwise not materially less favourable to Noteholders;

(c) are listed on (i) the regulated market of Euronext Brussels or (ii) such other regulated market in the European Economic Area as selected by the Issuer; and

(d) where the Subordinated Tier 2 Notes which have been varied had a published rating from a Rating Agency immediately prior to their variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Subordinated Tier 2 Notes.

"**Rating Agency**" means each of Fitch, Moody's and S&P or their respective successors.

"**S&P**" means S&P Global Ratings Europe Limited or any affiliate thereof.

7 Senior Notes –Variation or Substitution following a Loss Absorption Disqualification Event

In the case of Senior Notes, the Issuer has the option to specify in the Final Terms that a Loss Absorption Disqualification Event Variation or Substitution is applicable. Where such Loss Absorption Disqualification Event Variation or Substitution is specified in the Final Terms as being applicable and the Issuer has satisfied the Agent that a Loss Absorption Disqualification Event (as defined in Condition 4(e) (*Redemption of Senior notes following the occurrence of a Loss Absorption Disqualification Event*)) has occurred and is continuing, then the Issuer may, subject to the other provisions of this Condition 7 but without any requirement for the consent or approval of the Noteholders (subject to the notice requirements below), substitute all (but not some only) of such Series of Senior Notes or vary the terms of all (but not some only) of such Series of Senior Notes so that they remain or, as appropriate, become, Eligible Liabilities Instruments (as defined below).

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any variation in accordance with this Condition 7 is subject to the Issuer (i) obtaining the permission therefor from the Relevant Regulator and/or Resolution Authority, if and to the extent required at such date; and (ii) giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with Condition 13 (*Notices*), which notice shall be irrevocable. Any such notice shall specify the relevant details of the manner in which such variation shall take effect and where the holders can inspect or obtain copies of the new terms and conditions of the Senior Notes.

Any variation in accordance with this Condition 7 does not otherwise give the Issuer an option to redeem the relevant Notes under the Conditions.

For the purpose of this Condition 7, "**Eligible Liabilities Instruments**" means securities issued by the Issuer that have terms not materially less favourable to Noteholders than the terms of the Senior Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect of two Directors of the Issuer shall have been delivered to the Agent prior to the issue of the relevant securities or, in the case of a variation, the date such variation becomes effective), provided that such securities:

(a) contain terms which comply with the then applicable Loss Absorption Regulations;

(b) include terms which provide for the same (or, from a Noteholder's perspective, more favourable) Rate of Interest from time to time, Interest Payment Dates, Maturity Date and Early Redemption Amount(s) as apply from time to time to the relevant Series of Senior Notes immediately prior to such substitution or variation;

(c) rank at least *pari passu* with the Senior Notes prior to the relevant substitution or variation;

(d) not be immediately subject to a Tax Event;

(e) are listed on (i) the regulated market of Euronext Brussels or (ii) such other regulated market in the European Economic Area as selected by the Issuer (to the extent that the Senior Notes were listed on the regulated market of Euronext Brussels or (ii) such other regulated market in the European Economic Area as selected by the Issuer prior to the substitution or variation); and

(f) have a solicited published rating ascribed to them or expected to be ascribed to them if the Senior Notes which have been substituted or varied had a solicited published rating from a rating agency immediately prior to their substitution or variation (as applicable).

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

The Issuer will not be required to pay any additional or further amounts in respect of such withholding or deduction.

Notwithstanding the foregoing, if the Tax Call Option and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, the Issuer shall pay such additional amounts on interests from the Notes (but not principal or any other amount) as shall result in receipt by the Noteholders of such amounts as would have

been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Belgium other than the mere holding of the Note; or

(ii) where such withholding or deduction is imposed because the holder of the Note is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the Note but has since ceased (as such term is defined from time to time under Belgian law) being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was outside that person's control), or is an Eligible Investor but is not holding the Note in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or

(iii) to a Noteholder who is liable to such Taxes because the Notes were upon its request converted into registered Notes and could no longer be cleared through the Securities Settlement System; or

(iv) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4(m) (*Definitions*)) in respect of them.

10 Senior Notes – Events of Default and Enforcement

(a) Senior Notes – Events of Default

If the applicable Final Terms in respect of Senior Notes specify that this Condition 10(a) applies and if any of the following events (each, an "**Event of Default**") occurs and is continuing:

(i) the Issuer fails to pay any principal or interest due in respect of the Senior Notes when due and such failure continues for a period of 30 Business Days; or

(ii) the Issuer does not perform or comply with any one or more of its other obligations under these Conditions and the Senior Notes or the Agency Agreement which default is incapable of remedy, or, if capable of remedy is not remedied within 90 Business Days after notice of such Event of Default shall have been given by any Noteholder to the Issuer or the Agent at its specified office; or

(iii) (a) proceedings are commenced against the Issuer, or the Issuer commences proceedings itself for bankruptcy or other insolvency proceedings of the Issuer falling under the applicable Belgian or foreign bankruptcy, insolvency or other similar law now or hereafter in effect (including Book XX of the Belgian Code of Economic Law), unless the Issuer defends itself in good faith against such proceedings and such a defence is successful, and a judgment in first instance (*eerste aanleg/première instance*) has rejected the petition within the framework of the proceedings within three months following the commencement of such proceedings, or (b) the Issuer is unable to pay its debts as they fall due (*staking van betaling/cessation de paiements*) under applicable law, or (c) the Issuer is announced bankrupt by an authorised court; or

(iv) an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, following which the surviving entity assumes all rights and obligations of the Issuer (including the Issuer's rights and obligations under the Senior Notes); or

(v) an enforceable judgment (*uitvoerend beslag/saisie exécutoire*), attachment or similar proceeding is enforced against all or a substantial part of the assets of the Issuer and is not discharged, stayed or paid within 60 Business Days, unless the Issuer defends itself in good faith against such proceedings,

then any Senior Note may, by notice in writing given to the Issuer at its address of correspondence by the holder with a copy to the Agent at its specified office, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest (if any) without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent.

(b) Senior Notes – Enforcement (eligible liabilities instruments)

If the applicable Final Terms in respect of Senior Notes specify that this Condition 10(b) applies, then, any holder may, without further notice, institute proceedings for the dissolution or liquidation of the Issuer in Belgium if default is made in the payment of any principal or interest due in respect of the Senior Notes or any of them and such default continues for a period of 30 days or more after the due date.

In the event of the dissolution or liquidation (other than on a solvent basis) of the Issuer (including, without limiting the generality of the foregoing, bankruptcy (*faillissement/faillite*), and judicial or voluntary liquidation (*vrijwillige of gedwongen vereffening/liquidation volontaire ou forcée*), under the laws of Belgium), any holder may give notice to the Issuer that the relevant Senior Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment.

No remedy against the Issuer other than as referred to in this Condition 10(b), shall be available to the holders of Senior Notes, whether for recovery of amounts owing in respect of the Senior Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Senior Notes.

For the avoidance of doubt, holders of Senior Notes waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or to demand legal proceedings for the rescission (*ontbinding/résolution*) of the Senior Notes and (ii), to the extent applicable, all their rights whatsoever in respect of the Senior Notes pursuant to Article 7:64 of the Belgian Companies and Associations Code.

11 Subordinated Tier 2 Notes – Enforcement

If default is made in the payment of any principal or interest due in respect of the Subordinated Tier 2 Notes or any of them and such default continues for a period of 30 days or more after the due date any holder may, without further notice, institute proceedings for the dissolution or liquidation of the Issuer in Belgium.

In the event of the dissolution or liquidation (other than on a solvent basis) of the Issuer (including, without limiting the generality of the foregoing, bankruptcy (*faillissement/faillite*), and judicial or voluntary liquidation (*vrijwillige of gedwongen vereffening/liquidation volontaire ou forcée*), under the laws of Belgium), any holder may give notice to the Issuer that the relevant Subordinated Tier 2 Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment.

No remedy against the Issuer other than as referred to in this Condition 11, shall be available to the holders of Subordinated Tier 2 Notes, whether for recovery of amounts owing in respect of the Subordinated Tier 2 Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Subordinated Tier 2 Notes.

For the avoidance of doubt, the holders of Subordinated Tier 2 Notes waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or to demand legal proceedings for the rescission (*ontbinding/résolution*) of the Subordinated Tier 2 Notes and (ii), to the extent applicable, all their rights whatsoever in respect of the Subordinated Tier 2 Notes pursuant to Article 7:64 of the Belgian Companies and Associations Code.

12 Meetings of Noteholders and Modifications

(a) Meetings of Noteholders

Schedule 1 (*Provisions on meetings of Noteholders*) of these Conditions contains provisions for convening meetings of Noteholders (the "**Meeting Provisions**") to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Notes. For the avoidance of doubt, any modification or waiver of the Conditions shall be subject to the consent of the Issuer.

All meetings of Noteholders will be held in accordance with the Meeting Provisions. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than 10% of the aggregate nominal amount of the outstanding Notes.

Any modification or waiver of the Conditions or the Notes proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution. An "**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these Conditions and the Meeting Provisions by a majority of at least 75% of the votes cast, provided, however, that any such proposal (i) to amend the dates of maturity or redemption of the Notes or date for payment of interest or interest amounts, (ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest, (iii) to assent to a reduction of the nominal amount of the Notes or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment in circumstances not provided for in the Conditions, (v) to change the currency of payment of the Notes, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (vii) to amend the requirement for an Extraordinary Resolution for the sanctioning of any modification or waiver of the Conditions or the Notes, may, in each case, only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or

more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum.

Resolutions duly passed in accordance with the Meeting Provisions shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Meeting Provisions furthermore provide that, for so long as the Notes are in dematerialised form and settled through the Securities Settlement System, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing systems as provided in the Meeting Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) by or on behalf of the holders of not less than 75% in aggregate nominal amount of the Notes outstanding. To the extent such electronic consent is not being sought, the Meeting Provisions provide that a resolution in writing signed by or on behalf of the holders of not less than 75% in aggregate nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by, or on behalf of, one or more Noteholders.

(b) Modification and Waiver

Without prejudice to Condition 3(j) (*Benchmark replacement*) and subject to obtaining the approval therefor from the Relevant Regulator if so required pursuant to applicable regulations, the Agent and the Issuer may agree, without the consent of the holders, to:

(i) any modification (except such modifications in respect of which an increased quorum is required, as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the holders; or

(ii) any modification of these Conditions, the Agency Agreement or of any agreement supplemental to the Agency Agreement, which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the holders and any such modification shall be notified to the holders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

13 Notices

Notices to the holders shall be valid if (i) delivered by or on behalf of the Issuer to the NBB (in its capacity as operator of the Securities Settlement System), for onward communication by it to the participants of the Securities Settlement System, (ii) in the case of Notes held in a securities account, through a direct notification through the applicable clearing system, (iii) in the case of Notes which are not listed or if otherwise required by applicable law, any notice sent pursuant to Condition 4(b) (*Redemption upon the occurrence of a Tax Event*), Condition 4(c) (*Redemption of Subordinated Tier 2 Notes following the occurrence of a Capital Disqualification Event*), Condition 4(d) (*Redemption at the Option of the Issuer*) or Condition 4(e) (*Redemption of Senior notes following the occurrence of a Loss Absorption Disqualification Event*), shall be published in a leading daily newspaper of general circulation in Belgium (which is expected to be *L'Echo* and *De Tijd*) or otherwise if (iv) in compliance with all applicable legal requirements. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or

on different dates, on the date of the first publication as provided above or, in the case of delivery to the NBB or direct notification through the applicable clearing system, any such notice shall be deemed to have been given on the date immediately following the date of delivery/notification.

In addition to any of the methods of delivery mentioned above, the Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Agent may approve.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further notes shall be consolidated and form a single Series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single Series with the Notes.

15 Governing Law and Jurisdiction

(a) Governing Law

The Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Belgian law.

(b) Jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders that the courts of Brussels, Belgium are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and/or the Notes (including, in each case, any dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement and/or the Notes (including, in each case, any Proceedings relating to any non-contractual obligation arising therefrom or in connection therewith) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of Brussels, Belgium and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Brussels, Belgium shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) Acknowledgement of the Bail-in Power

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 15(c), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of the Bail-in Power by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any Bail-in Power by the Resolution Authority, which exercise may (without limitation) include and result in any of the following, or a combination thereof:

(A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in Power by the Resolution Authority.

For the purpose of this Condition,

"**Bail-in Power**" means any power existing from time to time under applicable Loss Absorption Regulations or under applicable laws, regulations, requirements, guidelines, rules, standards and policies relating to the transposition of the BRRD pursuant to which the obligations of the Issuer (or an affiliate of the Issuer) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or converted into shares, other securities or other obligations of the Issuer or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Power by the Resolution Authority.

SCHEDULE 1
PROVISIONS ON MEETINGS OF NOTEHOLDERS

Interpretation

1. In this Schedule:

1.1 references to a "**meeting**" are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment;

1.2 references to "**Notes**" and "**Noteholders**" are only to the Notes of the Series and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;

1.3 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;

1.4 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 8;

1.5 "**Electronic Consent**" has the meaning set out in paragraph 29.1;

1.6 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75% of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;

1.7 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50% of the votes cast;

1.8 "**Recognised Accountholder**" means a member (*aangesloten lid/affilié*) referred to in the Belgian Companies and Associations Code with whom a Noteholder holds Notes on a securities account;

1.9 "**Securities Settlement System**" means the securities settlement system operated by the NBB or any successor thereto;

1.10 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 7;

1.11 "**Written Resolution**" means a resolution in writing signed by the holders of not less than 75% in principal amount of the Notes outstanding; and

1.12 references to persons representing a proportion of the Notes are to Noteholders, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

General

2. All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.

Extraordinary Resolution

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);

3.2 to assent to any modification of the Conditions or the Notes proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers (or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes in circumstances not provided for in the Conditions or in applicable law; and

3.7 to accept any security interests established in favour of the Noteholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 17 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph 3.6 or for the purpose of making a modification to the Conditions or the Notes which would have the effect of (other than in accordance with the Conditions or pursuant to applicable law):

(i) to amend the dates of maturity or redemption of the Notes or date for payment of interest or interest amounts;

(ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;

(iii) to assent to a reduction of the nominal amount of the Notes or a modification of the conditions under which any redemption, substitution or variation may be made;

(iv) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment in circumstances not provided for in the Conditions;

(v) to change the currency of payment of the Notes;

(vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or

(vii) to amend this proviso.

Ordinary Resolution

4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders shall have power by Ordinary Resolution:

   4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders;

   4.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or

   4.3 to assent to any other decisions which do not require an Extraordinary Resolution to be passed.

   For the avoidance of doubt, any modification or waiver of the Conditions shall always be subject to the consent of the Issuer.

Convening a meeting

5. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Noteholders holding at least 10% in principal amount of the Notes for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.

6. Convening notices for meetings of Noteholders shall be given to the Noteholders in accordance with Condition 13 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

Arrangements for voting

7. A Voting Certificate shall:

   7.1 be issued by a Recognised Accountholder or the Securities Settlement System;

   7.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

      (i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

      (ii) the surrender of the Voting Certificate to the Recognised Accountholder or the Securities Settlement System who issued the same; and

   7.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

8. A Block Voting Instruction shall:

8.1 be issued by a Recognised Accountholder or the Securities Settlement System;

8.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

8.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the Securities Settlement System that the vote(s) attributable to the Note or Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing 48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

8.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

8.5 naming one or more persons (each hereinafter called a "**proxy**") as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in 8.4 above as set out in such document.

9. If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least 48 hours before the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.

10. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

11. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.

12. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the Securities Settlement System and which have been deposited at the registered office at the Issuer not less

than 48 hours before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

13. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

Chairman

14. The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

15. The following may attend and speak at a meeting:

    15.1 Noteholders and their agents;

    15.2 the chairman and the secretary of the meeting;

    15.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

Quorum and Adjournment

16. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

17. One or more Noteholders or agents present in person shall be a quorum:

    17.1 in the cases marked "**No minimum proportion**" in the table below, whatever the proportion of the Notes which they represent

17.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

Purpose of meeting	**Any meeting except for a meeting previously adjourned through want of a quorum**	**Meeting previously adjourned through want of a quorum**
	Required proportion	Required proportion
To pass a special quorum resolution	75%	25%
To pass any Extraordinary Resolution	A clear majority	No minimum proportion
To pass an Ordinary Resolution	10%	No minimum proportion

18. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 16.

19. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

Voting

20. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2% of the Notes.

21. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

22. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

23. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

24. On a show of hands or a poll every person has one vote in respect of each Note so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

25. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Effect and Publication of an Extraordinary Resolution

26. An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Ordinary Resolution or an Extraordinary Resolution to Noteholders within fourteen days but failure to do so shall not invalidate the resolution.

Minutes

27. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

28. The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

Written Resolutions and Electronic Consent

29. For so long as the Notes are in dematerialised form and settled through the Securities Settlement System, then in respect of any matters proposed by the Issuer:

29.1 Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing system(s) as provided in sub-paragraphs 29.1.1 and/or 29.1.2, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding (the "**Required Proportion**") by close of business on the Relevant Date ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

29.1.1 When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

29.1.2 If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such

period as determined by the Issuer. Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph 29.1.1 above. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution which is not then the subject of a meeting that has been validly convened in accordance with paragraph 6 above, unless that meeting is or shall be cancelled or dissolved.

29.2 To the extent Electronic Consent is not being sought in accordance with paragraph 29.1, a resolution in writing signed by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. For the purpose of determining whether a resolution in writing has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the clearing system(s) with entitlements to the Notes or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the Securities Settlement System, Euroclear, Clearstream or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders of the relevant Series, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

30. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution or an Ordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent.

DESCRIPTION OF THE ISSUER

This section provides a description of the Issuer's and the Group's business activities as well as certain financial information in respect of the Issuer and the Group.

1 Corporate structure, share capital and credit ratings

General information

KBC Group NV (the "**Issuer**") is incorporated as a limited liability company (*naamloze vennootschap*) under the laws of Belgium. The Issuer's LEI code is 213800X3Q9LSAKRUWY91. Its registered office is at Havenlaan 2, B-1080 Brussels, Belgium, it can be contacted via +32 (0)2 429 11 11 and its website is www.kbc.com. Unless specifically incorporated by reference into this Base Prospectus, information contained on this website does not form part of this Base Prospectus and has not been scrutinised or approved by the Financial Services and Markets Authority ("**FSMA**").

Corporate object (Article 2 of the articles of association of the Issuer)

The Issuer is a financial holding company, which has as its object the direct or indirect ownership and management of shareholdings in other companies, including but not limited to credit institutions, insurance companies and other financial institutions.

The Issuer also has the object to provide support services for third parties, as mandatary or otherwise, in particular for companies in which it has an interest – either directly or indirectly.

The object of the Issuer is also to acquire in the broadest sense of the word (including by means of purchase, hire and lease), to maintain and to operate resources, and to make these resources available in the broadest sense of the word (including through letting, and granting rights of use) to the beneficiaries referred to in the previous paragraph.

In addition, the Issuer may function as an intellectual property company responsible for, among other things, the development, acquisition, management, protection and maintenance of intellectual property rights, as well as for making these rights available and/or granting rights of use in respect of these rights to the beneficiaries referred to in the second paragraph above.

The Issuer may also perform all commercial, financial and industrial transactions that may be useful or expedient for achieving its object and that are directly or indirectly related to this object. The Issuer may also by means of subscription, contribution, participation or in any other form participate in all companies, businesses or institutions that have a similar, related or complementary activity.

In general, the Issuer may, both in Belgium and abroad, perform all acts which may contribute to the achievement of its object.

Short history of the Issuer

KBC Group NV was incorporated in Belgium on 9 February 1935 for an indefinite duration in the form of a public limited liability company (under number BE 0403.227.515) as Kredietbank NV. In 1998 Kredietbank merged with CERA Bank and ABB (Insurance). A short history since then is provided below:

1998:	Two Belgian banks (Kredietbank and CERA Bank) and a Belgian insurance company (ABB) merge to create the KBC Bank and Insurance Holding Company. KBC's unique bancassurance model is launched in Belgium
1999:	The group embarks upon its policy of expansion in Central and Eastern Europe with the

	acquisition of ČSOB (in the Czech Republic and the Slovak Republic).
2000–2005:	The group continues to expand its position in the banking and insurance markets of Central and Eastern Europe by acquiring banks and insurance companies in Poland, Hungary, the Czech Republic and the Slovak Republic. The bancassurance model is gradually introduced to the home markets in Central and Eastern Europe.
2005:	The KBC Bank and Insurance Holding Company merges with its parent company (Almanij) to create KBC Group NV. The benefits to the group include the addition of a network of European private banks.
2006-2008:	KBC's presence in Central and Eastern Europe is stepped up through acquisitions in Bulgaria, Romania and Serbia. KBC establishes a presence on the Russian banking market. Add-on acquisitions/greenfield operations in various countries Capital transactions (state aid) and guarantee agreements with the government (in 2008 and 2009)
2009:	Renewed strategy focuses on home markets in Belgium and five countries in Central and Eastern Europe (the Czech Republic, the Slovak Republic, Hungary, Poland and Bulgaria)
2010:	Start of divestment programme (related to the state aid)
2011–2013:	Strategic plan is amended (including planned sale of activities in Poland). Further execution of divestment programme First partial repayment of state aid (in 2012, remainder in 2013, 2014 and 2015)
2014:	Divestment programme finished Updated strategy and targets announced on an Investor Day
2015:	Repayment of all remaining outstanding state aid
2016:	Update of corporate sustainability strategy
2017:	Ireland also defined as home market Acquisition of UBB and Interlease in Bulgaria Update of KBC Group strategy, capital deployment plan and financial guidance 2020
2019:	Acquisition of remaining part in ČMSS in the Czech Republic

Organisation of the Group

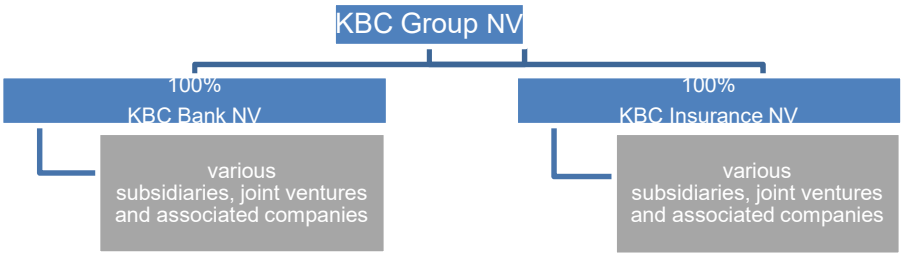
The Issuer has two main subsidiaries:

(i) KBC Bank NV ("**KBC Bank**"), incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under the laws of Belgium, having its registered office is at Havenlaan 2, B-1080 Brussels, Belgium and registered with the Crossroads Bank for Enterprises under number 0462.920.226 (RLP Brussels), FSMA 26 256; and

(ii) KBC Verzekeringen NV ("**KBC Insurance**"), incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under the laws of Belgium, having its registered office is at Professor Roger Van Overstraetenplein 2, 3000 Leuven, Belgium, registered with the Crossroads Bank for Enterprises under number 0403.552.563 (RLP Leuven) and authorised for all classes of insurance under code number 0014 (Royal Decree of 4 July 1979; Belgian Official Gazette, 14 July 1979),

as shown in the simplified schematic below.

"**KBC Group**" or the "**Group**" means KBC Group NV including all group companies that are included in the scope of consolidation.



A list containing the main group companies as at the end of 2019 is set out further below in the section entitled "*Main Companies belonging to the Group (as at 31 December 2019)*".

Main companies belonging to the Group (as at 31 December 2019)

The Group's legal structure comprises KBC Group NV which controls two large companies, being KBC Bank NV and KBC Insurance NV. Each of these companies has several subsidiaries and sub-subsidiaries, the most important of which are listed in the table.

A full list of all companies belonging to the Group is available on www.kbc.com.

KBC Group: main companies included in the scope of consolidation at year-end 2019

Company	Registered office	Share of capital held at group level (in %)	Business unit*	Activity
KBC Bank (group)				
KBC Bank NV	Brussels – BE	100.00	BEL/GRP	credit institution
CBC BANQUE SA	Namur – BE	100.00	BEL	credit institution
Československá Obchodná Banka a.s.	Bratislava – SK	100.00	IMA	credit institution
Československá Obchodní Banka a.s.	Prague – CZ	100.00	CZR	credit institution
KBC Asset Management NV	Brussels – BE	100.00	BEL	asset management
KBC Autolease NV	Leuven – BE	100.00	BEL	leasing
KBC Bank Ireland Plc.	Dublin – IE	100.00	IMA	credit institution
KBC Commercial Finance NV	Brussels – BE	100.00	BEL	factoring
KBC Credit Investments NV	Brussels – BE	100.00	BEL/GRP	investment firm
KBC IFIMA SA	Luxembourg – LU	100.00	GRP	financing
KBC Securities NV	Brussels – BE	100.00	BEL	stockbroker
K&H Bank Zrt.	Budapest – HU	100.00	IMA	credit institution
Loan Invest NV	Brussels – BE	100.00	IMA	securitisation
United Bulgarian Bank AD	Sofia – BG	99.91	IMA	credit institution
KBC Insurance (group)				
KBC Insurance NV	Leuven – BE	100.00	BEL/GRP	insurance company
ADD NV	Heverlee – BE	100.00	BEL	insurance broker
KBC Group Re SA	Luxembourg – LU	100.00	GRP	reinsurance company
ČSOB Pojišťovna a.s.	Pardubice – CZ	100.00	CZR	insurance company
ČSOB Poisťovňa a.s.	Bratislava – SK	100.00	IMA	insurance company
DZI (group)	Sofia – BG	100.00	IMA	insurance company
Groep VAB NV	Zwijndrecht – BE	100.00	BEL	driving school/roadside assistance
K&H Biztosító Zrt.	Budapest – HU	100.00	IMA	insurance company
NLB Vita d.d. (equity method)	Ljubljana – SI	50.00	IMA	life insurance
KBC Group				
KBC Group NV	Brussels – BE	100.00	GRP	bank-insurance holding company
KBC Bank (group)	various locations	100.00	various	credit institution
KBC Insurance (group)	various locations	100.00	various	insurance company

* BEL = Belgium Business Unit, CZR = Czech Republic Business Unit, IMA = International Markets Business Unit, GRP = Group Centre.

Share capital and major shareholders

Share capital

The share capital of the Issuer now consists of 416,394,642 ordinary shares with no nominal value. All ordinary shares carry voting rights and each share represents one vote. The shares are listed on Euronext Brussels.

Recent capital increase: In December 2019, the Issuer increased its capital by issuing 238,966 new shares following the capital increase reserved for staff.

Authorisation to increase capital: On 4 October 2018, the General Meeting authorised the Board of Directors to increase, in one or more steps, the share capital, including by issuing subordinated or unsubordinated convertible bonds or subscription rights, whether or not linked to subordinated or unsubordinated bonds, that could lead to increases in capital. This authorisation is valid until 23 October 2023 and may be renewed. The authorisation has been granted (i) for an amount of EUR 291,000,000, whereby the Board of Directors is entitled – in the Issuer's interest – to restrict or suspend the preferential subscription rights of existing shareholders and (ii) for an amount of EUR 409,000,000, without the Board of Directors having the power to restrict or suspend the preferential subscription rights. Consequently, when taking into account the accounting par value of a share in the Issuer at the end of December 2019 (EUR 3.51) and the issuance of 238,966 shares in December 2019, the Board of Directors of the Issuer is authorised to issue up to a maximum of 198,933,124 new shares of which up to 82,408,908 shares can be issued with the possibility for the Board of Directors to restrict or suspend the preferential subscription rights of the existing shareholders.

Additional Tier 1 capital instruments: In March 2014, the Issuer issued a EUR 1.4 billion CRD IV compliant additional Tier-1 (AT1) instrument. The proceeds were used to strengthen the Issuer's and KBC Bank's Tier-1 capital. In April 2018, the Issuer issued another EUR 1 billion CRD IV compliant additional Tier-1 (AT1) instrument. On 19 March 2019, the Issuer redeemed the EUR 1.4 billion AT1 instruments. In March 2019, the Issuer issued a EUR 500 million additional Tier-1 instrument.

Dividends: It is the Issuer's intention, subject to the approval of the General Meeting of Shareholders, to pay out at least 50% of the available consolidated profit as dividend (dividends on shares and coupon on the additional tier-1 instruments combined). Starting in 2016, the Issuer intends to continue to pay an interim dividend of EUR 1 per share annually in November as an advance on the total dividend, plus a final dividend after the Annual General Meeting of Shareholders, barring exceptional or unforeseen circumstances. The General Meeting of Shareholders of 2 May 2019 decided to pay a gross dividend of EUR 3.50 per share for the financial year ended 31 December 2018 (of which EUR 1 was already paid as an interim dividend in November 2018). In November 2019, an interim dividend of EUR 1 was paid as an advance on the total dividend for 2019. In line with the recent recommendations made by the ECB on dividend payments, the Issuer will not pay out a final dividend for 2019. Please also refer to the press release of 30 March 2020 entitled "*In line with ECB recommendations, KBC Group withdraws final dividend over 2019 profit and cancels proposed share buy-back*", which is available on www.kbc.com.

Major shareholders

The shareholder structure shown in the table below is based on the notifications received under the transparency rules until the date of this Base Prospectus or, if they are more recent, disclosures made under the Law of 1 April 2007 on public takeover bids or other available information. The number of shares stated in the notifications and other disclosures (situation as at the date of this Base Prospectus and hence in the table below) may differ from the current number in possession, as a change in number of shares held does not always give rise to a new notification or disclosure.

Shareholder structure of KBC Group NV (based on notifications as at 27 May 2020)	Number of voting rights at the time of disclosure	% of the current number of voting rights
KBC Ancora	77,516,380	18.6%
Cera	11,127,166	2.7%
MRBB	47,887,696	11.5%
Other core shareholders	31,113,727	7.5%
Subtotal for core shareholders	167,644,969	40.3%
Free float	248,749,673	59.7%
Of which*:		
BlackRock Inc. (31 October 2018)	20,778,528	5.0%
FMR LLC (6 September 2018)	12,531,817	3.0%
Total	416,394,642	100.0%

*including potential voting rights ("TOTAL A+B" in the original notification sheets which are available on www.kbc.com).

Core shareholders: According to the notifications received under the transparency rules until the date of this Base Prospectus, the core shareholders own approximately 40% of the Issuer's shares between them. The current core shareholders of the Issuer are MRBB, Cera, KBC Ancora and a group of legal entities and individuals referred to as 'Other core shareholders'. A shareholder agreement was concluded between these core shareholders in order to ensure shareholder stability and guarantee the continuity of the Group, as well as to support and co-ordinate the Group's general policy. To this end, the core shareholders act in concert at the General Meeting of the Issuer and are represented on its Board of Directors. The current shareholder agreement entered into force on 1 December 2014, for a period of ten years.

Notifications received under the transparency rules are available on www.kbc.com. These notifications are not incorporated by reference into and do not form part of this Base Prospectus and have not been scrutinised or approved by the FSMA.

Credit ratings

As at the date of this Base Prospectus, the following long term credit ratings have been assigned to the Issuer with the cooperation of the Issuer in the rating process:

Fitch	A
According to Fitch's Rating Definitions, an A rating is described as high credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.	
Moody's	Baa1
According to Moody's Rating Symbols and Definitions, obligations rated A are judged to be medium grade and are subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.	
Standard and Poor's	A-
According to Standard and Poor's Global Ratings Definitions, an obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. The addition of a plus (+) or minus (-) sign shows relative standing within the rating categories.	

More information regarding the Issuer's long term credit ratings can be found in the latest credit opinion from the relevant credit rating agencies, available on https://www.kbc.com/en/credit-ratings, and in the applicable

rating methodologies published by the relevant credit rating agencies. None of that website, those credit opinions or those rating methodologies are incorporated by reference in or form part of this Base Prospectus and they have not been scrutinised or approved by the FSMA.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Issuer does not represent that it will maintain any level of credit rating, or any credit rating at all, with any credit rating agency.

These credit ratings relate to the Issuer's financial obligations generally, and not to any specific financial obligation such as the Notes or any Series thereof. If a certain Series of Notes is assigned an issue-specific credit rating on or prior to the issuance with the cooperation of the Issuer in the rating process, this may be specified in the applicable Final Terms.

Each credit rating agency referred to above is established in the EEA and is listed on the "*List of Registered and Certified CRA's*" as published by ESMA in accordance with Article 18(3) of Regulation (EC) No. 1060/2009 on credit rating agencies (the "**CRA Regulation**"). If an issue-specific credit rating is specified in the applicable Final Terms, then those Final Terms will also specify whether that credit rating is (i) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (ii) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (iii) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation.

2 The Issuer's business

The strategy of the Group

A summary is given below of the strategy of the Group, where KBC Bank NV is essentially responsible for the banking business and KBC Insurance NV for the insurance business.

The Group's strategy rests on four principles:

- The Group places its clients at the centre of everything it does.
- The Group looks to offer its clients a unique bank-insurance experience.
- The Group focuses on the Group's long-term development and aims to achieve sustainable and profitable growth.
- The Group meets its responsibility to society and local economies.

The Group implements its strategy within a strict risk, capital and liquidity management framework.

A summary of the Group's strategy is set out on pages 32 to 66 of the Issuer's 2019 Annual Report, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

General description of the activities of the Group

The Group is an integrated bank insurance group, catering mainly for retail, private banking, small and medium sized enterprises ("**SMEs**") and mid-cap clients. Its geographic focus is on Europe. In its "home" (or "core") markets Belgium, the Czech Republic, the Slovak Republic, Hungary, Bulgaria and Ireland, the Group has important and (in some cases) even leading positions (based on internal data). The Group is also present in other countries where the primary focus is on supporting the corporate clients of the home markets.

The Group's core business is retail and private bank-insurance (including asset management), although it is also active in providing services to corporations and market activities. Across most of its home markets, the

Group is active in a large number of products and activities, ranging from the plain vanilla deposit, credit, asset management and insurance businesses (via the Issuer's subsidiary KBC Insurance NV) to specialised activities such as, but not exclusively, payments services, dealing room activities (money and debt market activities), brokerage and corporate finance, foreign trade finance, international cash management, leasing, etc.

Network (as at 31 December 2019)

Distribution network in Belgium:	518 bank branches, 355 insurance agencies, various electronic channels
Distribution network in Central and Eastern Europe (Czech Republic, Slovak Republic, Hungary and Bulgaria):	733 bank branches, insurance via various channels (agents, brokers, multi-agents, etc.), various electronic channels
Distribution network in the rest of the world:	mainly 27 bank branches of KBC Bank and KBC Bank Ireland

Activities in Belgium

Market position in the Belgian market of the Group's network in Belgium, as at 31 December 2019*
518 bank branches
355 insurance agencies
Estimated market share of 20% for traditional banking products, 30% for investment funds, 13% for life insurance and 9% for non-life insurance
Approx. 3.5 million customers

** Market shares and customer numbers: based on own estimates and latest available data. Share for traditional bank products: average estimated market share for loans and deposits. Market share for life insurance: based on reserves.*

The Group has a network of 518 bank branches and 355 insurance agencies in Belgium: KBC Bank and KBC Insurance NV branches in Flanders, CBC Banque SA and CBC Assurances SA branches in Wallonia and KBC Brussels branches in the Brussels area. The branches focus on providing clients with a broad area of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products (in cooperation with the Issuer's subsidiary, KBC Insurance NV) and other specialised financial banking products and services. KBC Bank's bricks-and-mortar networks in Belgium are supplemented by electronic channels, such as ATMs, telephones and the Internet (including a mobile banking app). The Group serves, based on its own estimates, approximately 3.5 million clients in Belgium.

The Group considers itself to be an integrated bank-insurer. Certain shared and support services are organised at Group level, serving the entire Group, and not just the bank or insurance businesses separately. It is the Group's aim to continue to actively encourage the cross-selling of bank and insurance products. The success of the Group's integrated bank-insurance model is in part due to the cooperation that exists between the bank branches and the insurance agents of KBC Insurance NV and CBC Assurance, whereby the branches sell standard insurance products to retail customers and refer their customers to the insurance agents for non-standard products. Claims-handling is the responsibility of the insurance agents, the call centre and the head office departments at KBC Insurance NV.

At the end of 2019, the Group had, based on its own estimates (see table above), a 20% share of traditional banking activities in Belgium (the average of the share of the lending market and the deposit market). Over the past few years, KBC Group has built up a strong position in investment funds too, with an estimated market share of approximately 30%.

The Group's share of the insurance market came to an estimated 13% for life insurance and 9% for non-life insurance.

The Group believes in the power of a physical presence through a branch and agency network that is close to its clients. At the same time, however, it expects the importance of online and mobile bank-insurance to grow further and it is constantly developing new applications in these areas. That includes the various mobile banking apps for smartphones and tablets, which are being continuously improved and expanded.

With more and more customers opting for digital channels, the Group is gradually aligning its omni-channel distribution network with this changing customer behaviour. The Group is in the process of converting a number of smaller branches into unstaffed ones and closing some of the existing unstaffed branches in Flanders. At the same time, it continues to invest in its full-service branches, in KBC Live (online contact service with specialists from KBC) and in its digital channels. The Group also optimised its group-wide governance model at management level and is in the process of further improving operational efficiency throughout the entire organisation in order to take customer service to an even higher level. This adaptation is essential in response to the new environment in which organisations are expected to be more agile, take decisions more quickly and thus continue to meet the expectations of customers and society.

In the Group's financial reporting, the Belgian activities are combined into a single Belgium Business Unit. The results of the Belgium Business Unit comprise the activities of KBC Bank NV and KBC Insurance NV, and their Belgian subsidiaries, the most important of which are CBC Banque, KBC Asset Management, KBC Lease Group (Belgium) and KBC Securities.

The Group's aim in Belgium is:

- to focus on an omnichannel approach and invest in the seamless integration of the different distribution channels (bank branches, insurance agencies of KBC Insurance, regional advisory centres, websites and mobile apps). KBC Group is also investing specifically in the further digital development of its banking and insurance services. Where necessary, KBC Group will collaborate with partners through 'eco-systems' which enable it to offer its clients comprehensive solutions;
- to expand the service provision via own and other channels. KBC Group collaborates to this end with partners through 'eco-systems' that enable it to offer clients comprehensive solutions. To integrate a range of selected partners in its own mobile app and for KBC Group's products and services to be present in the distribution channels of selected third parties (e.g. cycle loans and insurance at cycle dealers).
- to exploit the potential in Brussels more efficiently via the separate brand, KBC Brussels, which reflects the capital's specific cosmopolitan character and is designed to better meet the needs of the people living there;
- to expand bank-insurance services at CBC Banque in specific market segments and to expand its presence and accessibility in Wallonia;
- to work on the ongoing optimisation of the bank-insurance model in Belgium;
- to continue the pursuit of becoming the reference bank for SMEs and mid-cap enterprises based on thorough knowledge of the client and a personal approach; and
- to express its commitment to Belgian society by taking initiatives in areas including environmental awareness, financial literacy, entrepreneurship and demographic ageing. KBC Group actively participates in the mobility debate and develops solutions.

Activities in Central and Eastern Europe

Market position in 2019*	**Czech Republic**	**Slovak Republic**	**Hungary**	**Bulgaria**
Bank branches	225**	117	208	183
Insurance agencies	Various distribution channels	Various distribution channels	Various distribution channels	Various distribution channels
Customers (millions)	4.2	0.6	1.6	1.3
Market shares (estimates by the issuers)				
– Bank products	21%	10%	10%	10%
– Investment funds	24%	7%	13%	16%
– Life insurance	8%	3%	3%	23%
– Non-life insurance	8%	4%	8%	10%

** Market shares and customer numbers: based on own estimates and latest available data. For bank products: average estimated market share for loans and deposits. For life insurance: based on premiums.*
*** ČSOB Bank branches + Postal Savings Bank financial (which is one of the brands of the ČSOB-group under which certain financial products and services are offered) centres.*

In the Central and Eastern European region, the Group focuses on four home countries, being the Czech Republic, the Slovak Republic, Hungary and Bulgaria. The main Central and Eastern European entities of the Group in those home markets are United Bulgarian Bank and DZI Insurance in Bulgaria, ČSOB and ČSOB Poist'ovna in the Slovak Republic, ČSOB and ČSOB Pojist'ovna in the Czech Republic, and K&H Bank and K&H Insurance in Hungary.

In its four home countries, the Group caters to almost 8 million customers. This customer base makes KBC Group one of the larger financial groups in the Central and Eastern European region. The Group companies focus on providing clients with a broad area of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products (in co-operation with KBC Insurance NV's subsidiaries in each country) and other specialised financial products and services. As is the case in Belgium, the bricks-and-mortar networks in Central and Eastern Europe are supplemented by electronic channels, such as ATMs, telephone and the internet.

The Group's bank-insurance concept has over the past few years been exported to its Central and Eastern European entities. In order to be able to do so, KBC Group has built up a second home market in Central and Eastern Europe in insurance (via KBC Insurance NV). KBC Group has an insurance business in every Central and Eastern European home country: in the Czech Republic, KBC Group's insurer is ČSOB Pojist'ovňa, in the Slovak Republic it is ČSOB Poist'ovňa, in Hungary it is K&H Insurance and in Bulgaria it is DZI Insurance. Contrary to the situation of KBC Group in Belgium, the Group's insurance companies in Central and Eastern Europe operate not only via tied agents (and bank branches) but also via other distribution channels, such as insurance brokers and multi-agents.

The Group's estimated market share as at 31 December 2019 (the average of the share of the lending market and the deposit market, see table above) amounted to 21% in the Czech Republic, 10% in the Slovak Republic, 10% in Hungary, and 10% in Bulgaria (rounded figures). The Group also has a strong position in

the investment fund market in Central and Eastern Europe (estimated at 24% in the Czech Republic, 7% in the Slovak Republic, 13% in Hungary and 16% in Bulgaria) as at 31 December 2019. The estimated market shares in insurance are (figures for life and non-life insurance, respectively): Czech Republic: 8% and 8%; Slovak Republic: 3% and 4%; Hungary: 3% and 8%; and Bulgaria: 23% and 10% as at 31 December 2019.

In the Group's financial reporting, the Czech activities are separated in a single Czech Republic Business Unit, whereas the activities in the other Central and Eastern European countries, together with Ireland (see further), are combined into the International Markets Business Unit. The Czech Republic Business Unit hence comprises all KBC's activities in the Czech Republic, consisting primarily of the activities of the ČSOB group (under the ČSOB, Postal Savings Bank, Hypotečni banka, Patria and ČMSS brands) and the insurer ČSOB Pojišt'ovna and ČSOB Asset Management. The International Markets Business Unit comprises the activities conducted by entities in the other (non-Czech) Central and Eastern European core countries, namely ČSOB and ČSOB Poist'ovňa in the Slovak Republic, K&H Bank and K&H Insurance in Hungary and UBB and DZI Insurance in Bulgaria, plus KBC Bank Ireland's Irish operations.

The focus of the Group in the future is the following:

- in relation to the Czech Republic Business Unit:
    - to maintain its position as the reference for bank-insurance by offering integrated, client-centric solutions;
    - to continue to digitalise services and to introduce new innovative products and services, including open bank-insurance solutions;
    - to concentrate on further simplifying products, processes (including application of Robotic Process Automation (RPA) and Intelligent Process Automation (IPA)), the head office, distribution model and branding, with a view to achieving even greater cost efficiency;
    - to unlock business potential through advanced use of data, to leverage its position as market leader in home finance and to focus even more strongly on growing the volume and profitability of its insurance offering;
    - to strengthen its business culture, with the goal of becoming even more flexible, agile and diverse; and
    - to express its social engagement by focusing on environmental awareness, financial literacy, entrepreneurship and demographic ageing;
- in relation to the International Markets Business Unit (excluding Ireland):
    - to simplify products and processes in all countries. This is being supported by a specific business transformation project and software. The Group is also striving to achieve additional synergies via shared service centres, competence centres and group projects;
    - to become the undisputed leader in the area of innovation in Hungary. The Group is aiming to raise its profitability by targeting income through vigorous client acquisition in all banking segments and through more intensive cross-selling. The Group also aims to expand its insurance activities substantially, primarily through sales at bank branches and, for non-life insurance, via both online and traditional brokers;
    - to maintain its robust growth in strategic products in the Slovak Republic (i.e., home loans, consumer finance, SME funding, leasing and insurance), partly through cross-selling to

ČSOB group and via digital clients. Other priorities include the sale of funds and increased fee income;

- to focus – as regards the banking business in Bulgaria – on increasing our share of the lending market in all segments, while applying a robust risk framework. The Group's insurer in Bulgaria, DZI, is likewise maintaining its goal of growing faster than the market in both life and non-life insurance, via the bank and other channels; and
- to implement a socially responsible approach in all countries, with a particular focus on environmental awareness, financial literacy, entrepreneurship and health.

An overview of the Group's recent acquisitions is set out in the chapter "*We focus on sustainable and profitable growth*" of the Issuer's 2019 Annual Report, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Activities in the rest of the world

A number of companies belonging to the Group are also active in, or have outlets in, countries outside the home markets, among which KBC Bank, which has a network of foreign branches and KBC Bank Ireland. Please also refer to the list of main companies under the section entitled "*Main companies belonging to the Group (as at 31 December 2019)*" above or the full list which is available on www.kbc.com.

KBC Bank Ireland

The loan portfolio of KBC Bank Ireland plc stood at approximately EUR 10 billion as at the end of December 2019, almost entirely relating to mortgage loans. At the end of December 2019, approximately 16% (EUR 1.7 billion) of the total Irish loan portfolio was impaired (of which EUR 0.9 billion more than 90 days past due). For the impaired loans, approximately EUR 0.4 billion impairments have been booked. The Group estimates its share of the Irish retail market in 2019 at 9%. It caters to around 0.3 million clients there. KBC Bank Ireland has sixteen branches (hubs) in Ireland, next to its digital channels. A full profit and loss scheme for Ireland is available in KBC Bank's segment reporting (see page 66 and following of the Issuer's 2019 Annual Report which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*").

As regards the Group's strategy in Ireland, please refer to the section entitled "*The strategy of the Group*" above.

In the Group's financial reporting, KBC Bank Ireland is included in the International Markets Business Unit.

Foreign branches of KBC Bank

The foreign branches of KBC Bank are located mainly in Western Europe, Southeast Asia and the U.S. and focus on serving customers that already do business with KBC Bank's Belgian or Central and Eastern European network. In the past years, many of the other (niche) activities of these branches have been built down, stopped or sold, and the purely international credit portfolio has been scaled down.

In the Group's financial reporting, the foreign branches of KBC Bank are part of the Belgium Business Unit.

Group Centre

The three business units (Belgium, Czech Republic and International Markets) are supplemented by the group centre. The group centre includes, among other things, costs related to the holding of participations and the results of the remaining companies or activities earmarked for divestment or in run-down.

Competition

All of the Group's operations face competition in the sectors they serve.

Depending on the activity, competitor companies include other commercial banks, saving banks, loan institutions, consumer finance companies, investment banks, brokerage firms, insurance companies, specialised finance companies, asset managers, private bankers, investment companies, fintech and e-commerce companies etc.

In both Belgium and Central and Eastern Europe, the Group has an extensive bank-insurance network of branches, insurance agencies and other distribution channels. The Group believes most of its companies have strong name brand recognition in their respective markets.

In Belgium, the Group is perceived as belonging to the top three (3) financial institutions. For certain products or activities, the Group estimates it has a leading position (e.g. in the area of investment funds). The main competitors in Belgium are BNP Paribas Fortis, Belfius, ING, Ageas, Ethias and AXA, although for certain products, services or markets, other financial institutions may also be important competitors.

In its Central and Eastern European home markets, the Group is one of the important financial groups, occupying significant positions in banking and insurance (see market shares). In this respect, the Group competes, in each of these countries, against local financial institutions, as well as subsidiaries of other large foreign financial groups (such as Erste Bank, Unicredit and others).

In the rest of the world, the Group's presence mainly consists of KBC Bank Ireland plc, which is active in Ireland, and a limited number of branches and subsidiaries. In the latter case, the Group faces competition from both local companies and international financial groups.

KBC Bank Ireland plc is a challenger bank. Given that it has only launched its retail strategy in 2014, it has a small single digit market share of the outstanding stock in all products except mortgage loans, in which it has a market share of approximately 10% (KBC estimate). Its main competitors are the large domestic banks (such as Allied Irish Banks plc and Bank of Ireland plc).

Staff

As at the end of 2019, the Group had, on average and on a consolidated basis, about 41,000 employees (this is around 38,000 in full time or equivalent-numbers), the majority of whom were located in Belgium (largely employed by KBC Bank) and Central and Eastern Europe. In addition to consultations at works council meetings and at meetings with union representatives and with other consultative bodies, the Group also works closely in other areas with employee associations. There are various collective labour agreements in force.

Risk management

Mainly active in banking, insurance and asset management, the Group is exposed to a number of typical risks such as – but certainly not exclusively – credit risk, market risks, movements in interest rates and exchange rates, currency risk, liquidity risk, insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations and customer litigation as well as the economy in general. Material risk factors affecting the Issuer are mentioned in the section entitled "*Risk factors*".

Risk management in the Group is effected group-wide. As a consequence, the risk management for KBC Bank is embedded in the Group's risk management and cannot be seen separately from it. An overview of KBC Group's risk management approach is set out in the section entitled "*How do we manage our risks?*" on pages 90 to 135 of the Issuer's 2019 Annual Report, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

More detailed information can be found in the Issuer's 2019 Risk Report, which is available at www.kbc.com.

Banking supervision and regulation

Introduction: supervision by the European Central Bank

KBC Bank, a credit institution governed by the laws of Belgium, is subject to detailed and comprehensive regulation in Belgium, and is supervised by the European Central Bank ("**ECB**"), acting as the supervisory authority for prudential supervision of significant financial institutions. The ECB exercises its prudential supervisory powers by means of application of EU rules and national (Belgian) legislation. The supervisory powers conferred to the ECB include, amongst others, the granting and withdrawal of authorisations to and from credit institutions, the assessment of acquisitions and disposals of qualifying holdings in credit institutions, ensuring compliance with the rules on equity, liquidity, statutory ratios and the carrying out of supervisory reviews (including stress tests) for credit institutions.

Since November 2014, the ECB holds certain supervisory responsibilities which were previously handled by the National Bank of Belgium ("**NBB**") pursuant to Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions ("**Single Supervision Mechanism**" or "**SSM**"). Pursuant to Regulation (EU) n° 468/2014 of 16 April 2014 establishing a framework for cooperation within the Single Supervisory Mechanism between the ECB and national competent authorities, a joint supervisory team has been established for the prudential supervision of KBC Bank (and of the Issuer). This team is composed of staff members from the ECB and from the national supervisory authority (*in casu* the NBB) and working under the coordination of an ECB staff member.

The FSMA, an autonomous public agency, is in charge of the supervision of conduct of business rules for financial institutions and financial market supervision.

EU directives (as implemented through legislation adopted in each Member State, including Belgium) and regulations have had and will continue to have a significant impact on the regulation of the banking business in the EU. The general objective of these EU directives and regulations is to promote the realisation of a unified internal market for banking services and to improve standards of prudential supervision and market efficiency through harmonisation of core regulatory standards and mutual recognition among EU Member States of regulatory supervision and, in particular, licensing.

Supervision and regulation in Belgium

The banking regime in Belgium is governed by the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms (the "**Banking Law**"). The Banking Law implements various EU directives, including, without limitation:

(i) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended by Directive (EU) 2019/878 of 20 May 2019, and as may be further amended or replaced from time to time ("**CRD**") and, where applicable, Regulation (EU) n° 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended by Regulation (EU) 2019/876 of 20 May 2019, and as may be further amended or replaced from time to time ("**CRR**", and together with CRD, "**CRD IV**"), implementing the revised regulatory framework of Basel III in the European Union and

(ii) Directive 2014/59 of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended by Directive (EU) 2019/879 of 20 May 2019[1] ("**BRRD**") by setting up a new recovery and resolution regime for credit institutions which introduced

[1] This amending Directive in principle needs to be transposed into Belgian legislation by 28 December 2020.

certain tools and powers with a view to addressing banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. CRD IV applies in Belgium since 1 January 2014, subject to certain requirements being phased in over a number of years, as set out therein. BRRD has formally been transposed into Belgian law by amending the Banking Law with effect from 16 July 2016.

The Banking Law sets forth the conditions under which credit institutions may operate in Belgium and defines the regulatory and supervisory powers of the ECB and the NBB. The main objective of the Banking Law is to protect public savings and the stability of the Belgian banking system in general.

Supervision of credit institutions

All Belgian credit institutions must obtain a license from the ECB before they may commence operations. In order to obtain a license and maintain it, each credit institution must fulfil numerous conditions, including certain minimum paid-up capital requirements. In addition, any shareholder holding 10% or more (directly or indirectly, alone, together with affiliated persons or in concert with third parties) of the capital or the voting rights of the institution must be of "fit and proper" character to ensure proper and prudent management of the credit institution. The ECB therefore requires the disclosure of the identity and participation of any shareholder with a 10% or greater capital or voting interest. If the ECB considers that the participation of a shareholder in a credit institution jeopardises its sound and prudent management, it may suspend the voting rights attached to this participation and, if necessary, request that the shareholder transfers to a third party its participation in the credit institution. Prior notification to and non-opposition by the ECB is required each time a person intends to acquire shares in a credit institution, resulting either in the direct or indirect ownership of a qualified holding of the capital or voting rights (i.e., 10% or more), or in an increase of such qualified holding thereby attaining or surpassing 20%, 30% or 50%, or when the credit institution would become his subsidiary. Furthermore, a shareholder who wishes to directly or indirectly sell his participation or a part thereof, which would result in his shareholding dropping below any of the above-mentioned thresholds, must notify the ECB thereof. The Belgian credit institution itself is obliged to notify the ECB of any such transfer when it becomes aware thereof. Moreover, every shareholder acquiring, decreasing or increasing its holding (directly or indirectly, alone, together with affiliated persons or in concert with third parties) to 5% or more of voting rights or capital without reaching the qualifying holding threshold of 10%, must notify the ECB thereof within 10 working days.

The Banking Law requires credit institutions to provide detailed periodic financial information to the ECB and, under certain circumstances, the FSMA. The ECB also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to credit institutions. The ECB sets the minimum capital adequacy ratios applicable to credit institutions. The ECB may also set other ratios, for example, with respect to the liquidity and gearing of credit institutions. It also sets the standards regarding solvency, liquidity, risk concentration and other limitations applicable to credit institutions, and the publication of this information. The NBB may in addition impose capital requirements for capital buffers (including countercyclical buffer rates and any other measures aimed at addressing systemic or macro-prudential risks). In order to exercise its prudential supervision, the ECB may require that all information with respect to the organisation, the functioning, the position and the transactions of a credit institution be provided to it. Further, the ECB supervises, among other things, the management structure, the administrative organisation, the accounting and the internal control mechanisms of a credit institution. In addition, the ECB may conduct on-site inspections (with or without the assistance of NBB staff). The comprehensive supervision of credit institutions is also exercised through statutory auditors who cooperate with the supervisor in its prudential supervision. A credit institution selects its statutory auditor from the list of auditors or audit firms accredited by the NBB. Within the context of the European System of Central Banks, the NBB issues certain recommendations regarding monetary controls.

The Banking Law has introduced a prohibition in principle on proprietary trading as from 1 January 2015. However, certain proprietary trading activities are excluded from this prohibition. Permitted proprietary trading activities (including certified market-making, hedging, treasury management, and long-term investments) are capped, and these types of activities must comply with strict requirements on reporting, internal governance and risk management.

Bank governance

The Banking Law also puts a lot of emphasis on the solid and efficient organisation of credit institutions and introduces to that effect a dual governance structure at management level, specialised advisory committees within the Board of Directors (Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee), independent control functions, and strict remuneration policies (including limits on the amount of variable remuneration, the form and timing for vesting and payment of variable remuneration, as well as claw-back mechanics).

The Banking Law makes a fundamental distinction between the management of banking activities, which is within the competence of the Executive Committee, and the supervision of management and the definition of the credit institution's general and risk policy, which is entrusted to the Board of Directors. In accordance with the Banking Law, KBC Bank has an Executive Committee of which each member is also a member of the Board of Directors.

Pursuant to the Banking Law, the members of the Executive Committee and the Board of Directors need to permanently have the required professional reliability and appropriate experience. The same goes for the responsible persons of the independent control functions.

The NBB Governance Manual for the Banking Sector (the "**Governance Manual**") contains recommendations to assure the suitability of shareholders, management and independent control functions and the appropriate organisation of the business.

As required by the Banking Law and the Governance Manual, KBC has a Group Internal Governance Memorandum (the "**Governance Memorandum**"), which sets out the corporate governance policy applying to KBC Group and its subsidiaries and of which the governance memorandum of KBC Bank forms part. The corporate governance policy of a credit institution must meet the principles set out in the law and the Governance Manual. The most recent version of the Governance Memorandum was approved on 19 December 2019 by the Board of Directors of the Issuer, KBC Bank and KBC Insurance.

KBC Bank also has a Corporate Governance Charter which is published on www.kbc.com. This Corporate Governance Charter is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

Solvency supervision

Capital requirements and capital adequacy ratios are provided for in the CRR, transposing the Basel III regulation into European law. CRR requires that credit institutions must comply with several minimum solvency ratios. These ratios are defined as Common Equity Tier 1, Tier 1 or Total Capital divided by risk-weighted assets. Risk weighted assets are the sum of all assets and off-balance sheet items weighted according to the degree of credit risk inherent in them. The solvency ratios also take into account market risk with respect to the bank's trading book (including interest rate and foreign currency exposure) and operational risk in the calculation of the weighted risk. On top of the capital requirements defined by the solvency ratios, the regulation imposes a capital conservation buffer and, in certain cases a systemic risk buffer and/or a countercyclical buffer.

Solvency is also limited by the leverage ratio, which compares Tier 1 capital to non-risk weighted assets.

The minimum solvency ratios required under CRD IV/CRR are 4.5% for the common equity tier-1 ("**CET1**") ratio, 6.0% for the tier-1 capital ratio and 8.0% for the total capital ratio (i.e., the pillar 1 minimum ratios). As a result of its supervisory review and evaluation process ("**SREP**"), the competent supervisory authority (in the Issuer's case, the ECB) can require the Issuer to maintain higher minimum ratios (i.e., the pillar 2 requirements which in 2016 have been split by the ECB in a pillar 2 requirement and a pillar 2 guidance) because, for instance, not all risks are properly reflected in the regulatory pillar 1 calculations. On top of this, a number of additional buffers have to be put in place, including a capital conservation buffer of 2.5%, a buffer for systemically important banks ("**O-SII buffer**", to be determined by the national competent authority) and a countercyclical buffer in times of credit growth (between 0% and 2.5%, likewise to be determined by the national competent authority).

Due to the challenges for the economy posed by the coronavirus crisis, the ECB has decided in March 2020 to allow banks to operate temporarily below the level of capital defined by the pillar 2 guidance (P2G), the capital conservation buffer and the liquidity coverage ratio. These temporary measures were enhanced by the appropriate release of the countercyclical capital buffer by the NBB. Various local competent authorities in the Group's core markets have also decided to release the countercyclical capital buffer.

The following table provides an overview of the fully loaded CET1 ratio requirement at the level of the Issuer for 2020:

KBC Group	
Pillar 1 minimum requirement (P1 min)	4.50%
Pillar 2 requirement (P2R)	1.75%
Conservation buffer	2.50%
O-SII buffer	1.50%
Countercyclical buffer*	0.30%
Overall capital requirement (OCR) = MDA threshold**	10.55%

** The fully loaded countercyclical buffer of the Issuer for 2020 takes into account the COVID-19 measures of national authorities to decrease the CCyB rates in countries where the Group has relevant exposures, which will become applicable in the course of 2020.*
*** Maximum Distributable Amount under CRD IV.*

KBC Group clearly exceeds these targets: on 31 December 2019, the fully loaded CET1 ratio for the Issuer came to 17.1%, (16.0% at 31 December 2018) which represented a capital buffer of EUR 6,486 million relative to the minimum requirement of 10.60%. The leverage ratio (Basel III, fully loaded) stood at 6.8% (6.1% at 31 December 2018) relative to the minimum requirement of 3%.

The payment of dividends by Belgian credit institutions is not limited by Belgian banking regulations, except indirectly through capital adequacy and solvency requirements when capital ratios fall below certain thresholds. The pay-out is further limited by the general provisions of Belgian company law.

Large exposure supervision

European regulations ensure the solvency of credit institutions by imposing limits on the concentration of risk in order to limit the impact of failure on the part of a large debtor. For this purpose, credit institutions must limit the amount of risk exposure to any single counterparty to 25% of the eligible capital. The eligible capital is the sum of the Tier 1 capital and the tier 2 capital that is equal or less than one third of Tier 1 capital, as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. European regulations also require that the credit institutions establish procedures to contain concentrations on economic activity sectors and geographic areas.

Money laundering

Belgium has implemented Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, by the law of 18 September 2017 on the prevention of money laundering, terrorist financing and on the limitation of the use of cash (the "**Law of 18 September 2017**"). This legislation contains a preventive system imposing a number of obligations in relation to money laundering and the financing of terrorism. These obligations are related, among other things, to the identification of the client, special attention for unusual transactions, internal reporting, processing and compliance mechanisms with the appointment of a compliance officer, and employee training requirements. A risk-based approach assumes that the risks of money laundering and terrorism financing may take various forms. Accordingly, businesses/individuals subject to the Law of 18 September 2017 do have to proceed to a global assessment of the risks they are facing and formulate efficient and adequate measures. The definition of politically exposed people is being broadened. It will encompass not only national persons who are or who have been entrusted with prominent public functions residing abroad, but also those residing in the country. Member States also have to set up a central register which identifies the ultimate beneficial owner of companies and other legal entities. Payments/donations in cash are capped at EUR 3,000. Member States must also provide for enhanced customer due diligence measures for the obliged entities to apply when dealing with natural persons or legal entities established in high-risk third countries.

When, after investigation, a credit or financial institution suspects money laundering to be the purpose of a transaction, it must promptly notify an independent administrative authority, the Financial Intelligence Unit. This Unit is designated to receive reports on suspicious transactions, to investigate them and, if necessary, to report to the criminal prosecutors to initiate proceedings. The NBB has issued guidelines for credit and financial institutions and supervises their compliance with the legislation. Belgian criminal law specifically addresses criminal offences of money-laundering (Article 505, subsection 1, 2°-4° of the Criminal Code) and sanctions them with a jail term of a minimum of fifteen days and a maximum of five years and/or a fine of a minimum of EUR 26 and a maximum of EUR 100,000 (to be multiplied by 6) or, for legal entities, a fine of a minimum of EUR 500 and a maximum of EUR 200,000 (to be increased with the additional penalty or, in other words, to be multiplied by 8).

Consolidated supervision – supplementary supervision

KBC Bank is subject to consolidated supervision by the ECB on the basis of the consolidated financial situation of KBC Group NV, which covers among other things solvency as described above, pursuant to Articles 165 and following of the Banking Law. As a subsidiary of a Belgian mixed financial holding company (KBC Group NV) and part of a financial conglomerate, KBC Bank is also subject to the supplementary supervision by the ECB, according to Directive 2011/89/EU of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (implemented in Articles 185 and following of the Banking Law). The supplementary supervision relates to, among other things, solvency, risk concentration and intra-group transactions and to enhanced reporting obligations.

The consolidated supervision and the supplementary supervision will be aligned as much as possible, as described in Article 170 of the Banking Law.

KBC Asset Management

As from June 2005, the status of KBC Asset Management has been changed from "investment firm" to a "management company of undertakings for collective investment in transferable securities (UCITS)" (a "**UCITS-management company**"). Its activities are, inter alia, the management of UCITS and the management of portfolios of investments in accordance with mandates given by investors on a discretionary,

client-by-client basis. KBC Asset Management is subject to detailed, comprehensive regulation in Belgium, supervised by the FSMA.

The UCITS-management company regime in Belgium is governed by the Law of 3 August 2012 on certain forms of collective management of investment portfolios (the "**Law of 3 August 2012**"). The Law of 3 August 2012 implements European Directive 2001/107/EC of 21 January 2002 relating to UCITS, as amended from time to time. The Law of 3 August 2012 regulates management companies and sets forth the conditions under which UCITS-management companies may operate in Belgium; furthermore, it defines the regulatory and supervisory powers of the FSMA.

The regulatory framework concerning supervision on UCITS-management companies is mostly similar to the regulation applicable to investment firms. The Law of 3 August 2012 contains, *inter alia*, the following principles:

- certain minimum paid-up capital requirements and rules relating to changes affecting capital structure;
- obligation for management companies to carry out their activities in the interests of their clients or of the UCITS they manage (e.g. creation of Chinese walls);
- obligation to provide, on a periodical basis, a detailed financial statement to the FSMA;
- supervision by the FSMA; and
- subjection to the control of the statutory auditor.

Bank recovery and resolution

The Banking Law establishes a range of instruments to tackle potential crises of credit institutions at three stages:

Preparation and prevention

Credit institutions have to draw up recovery plans, setting out the measures they would take to restore their financial position in the event of a significant deterioration to their financial position. These recovery plans must be updated at least annually or after a change to the legal or organisational structure of the institution, its business or its financial situation, which could have a material effect on, or necessitates a change to, the recovery plans. In its review of the recovery plan, the ECB pays particular attention to the appropriateness of the capital and financing structure of the institution in relation to the degree of complexity of its organisational structure and its risk profile.

The Single Resolution Board ("**SRB**") will have to prepare a resolution plan for each significant Belgian credit institution, laying out the actions it may take if it were to meet the conditions for resolution. The resolution college of the NBB has the same powers with regard to the non-significant Belgian credit institutions. If the SRB or the Resolution College identifies material impediments to resolvability during the course of this planning process, it can require a credit institution to take appropriate measures, including changes to corporate and legal structures.

Early intervention

The ECB/NBB disposes of a set of powers to intervene if a credit institution faces financial distress (e.g. when a credit institution is not operating in accordance with the provisions of the Banking Law or CRD IV), but before its financial situation deteriorates irreparably. These powers include the ability to dismiss the management and appoint a special commissioner, to convene a meeting of shareholders to adopt urgent reforms, to suspend or prohibit all or part of the credit institution's activities (including a partial or complete

suspension of the execution of current contracts), to order the disposal of all or part of the credit institution's shareholdings, and finally, to revoke the license of the credit institution.

Resolution

Pursuant to the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund, as amended by Regulation (EU) 2019/877 of 20 May 2019[2] (the "Single Resolution Mechanism" or "**SRM**"), the Single Resolution Mechanism entered into force on 19 August 2014 and applies to credit institutions which fall under the supervision of the ECB. It established a Single Resolution Board ("**SRB**"), a resolution decision-making authority replacing national resolution authorities (such as the Resolution College of the NBB) for resolution decisions with regard to significant credit institutions. The SRB is responsible since 1 January 2016 of vetting resolution plans and carrying out any resolution in cooperation with the national resolution authorities (the SRB together with the resolution college of the NBB is hereinafter referred to as the "**Resolution Authority**").

The Issuer and KBC Bank NV are credit institutions falling within the scope of the Single Supervisory Mechanism.

The resolution authority can decide to take resolution measures if it considers that all of the following circumstances are present: (i) the determination has been made by the resolution authority, after consulting the competent authority, that a credit institution is failing or is likely to fail, (ii) there is no reasonable prospect that any alternative private sector measures or supervisory action can be taken to prevent the failure of the institution, and (iii) resolving the credit institution is necessary from a public interest perspective. The resolution tools are: (i) the sale of (a part of) the assets/liabilities or the shares of the credit institution without the consent of shareholders, (ii) the transfer of business to a temporary structure ("bridge bank"), (iii) the separation of clean and toxic assets and the transfer of toxic assets to an asset management vehicle and (iv) bail-in. Each decision will be subject to prior judicial control.

The fourth resolution tool, i.e. the bail-in tool, entered into force on 1 January 2016. It was implemented into Belgian law through the Royal Decree of 18 December 2015 implementing the Banking Law. Bail-in is a mechanism to write down the eligible liabilities (subordinated debt, senior debt and eligible deposits) or to convert debt into equity, as a means of restoring the institution's capital position. The resolution authority is also empowered (and in certain circumstances required) to write down or convert capital instruments (such as Common Equity Tier 1-, Additional Tier 1- and Tier 2-instruments), before or together with the use of any resolution tools, if it determines that a credit institution becomes non-viable, that the conditions for the exercise of the resolution powers are fulfilled and/or that a credit institution has asked for public support.

The applicability of the resolution tools and measures to credit institutions that are part of a cross-border group are regulated by the Royal Decree of 26 December 2015 amending the Banking Law, which entered into force on 1 January 2016.

Insurance supervision and regulation

Introduction

KBC Insurance NV, an insurance company governed by the laws of Belgium, is subject to detailed, comprehensive regulation in Belgium, supervised by the NBB.

[2] This Regulation is expected to apply as from 28 December 2020.

Since the implementation on 1 April 2011 of the "Twin Peaks Act", the powers relating to prudential supervision have been transferred from the *Commissie voor het Bank-, Financie- en Assurantiewezen/ Commission bancaire, financière et des assurances* ("**CBFA**") (now the FSMA) to the NBB. The remaining supervisory powers previously exercised by the CBFA are now exercised by the FSMA. This autonomous public agency is in charge of supervision with regard to conduct of business rules and financial services providers (intermediaries).

EU directives have had and will continue to have a significant impact on the regulation of the insurance business in the EU, as such directives are implemented through legislation adopted within each Member State, including Belgium. The general objective of these EU directives is to promote the realisation of a unified internal market and to improve standards of prudential supervision and market efficiency through harmonisation of core regulatory standards and mutual recognition among EU Member States of regulatory supervision, and in particular, licensing.

Supervision and regulation in Belgium

The insurance regime in Belgium is governed by the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance undertakings (the "**Insurance Supervision Law**"), and the (general) Insurance Act of 4 April 2014.

The Insurance Supervision Law, among other things, implements the European legislation on EU Directive 2009/138/EC of 25 November 2009 ("**Solvency II**"). It sets forth the conditions under which insurance companies may operate in Belgium and defines the regulatory and supervisory powers of the NBB.

The Insurance Act of 4 April 2014, among other things, implements European legislation such as the consumer related aspects provided in Solvency II. It sets forth the conditions under which insurance companies may operate on the Belgian insurance market and defines the regulatory and supervisory powers of the FSMA.

The regulatory framework is applicable to insurance companies in some respects similar to the regulation applicable to banks in Belgium.

Supervision of insurance companies

All Belgian insurance companies must obtain a licence from the NBB before they commence operations. In order to obtain a licence and maintain it, each insurance company must fulfil numerous conditions, including certain minimum capital requirements. This requires the calculation of best estimate cash flows, raised with a risk margin, corresponding to what was previously known as "technical reserves". In addition, a Solvency Capital Requirement ("**SCR**") and a Minimal Capital Requirement ("**MCR**") should be calculated and respected. The SCR is the capital an insurer needs to limit the default risk to less than 0.5% in the next twelve months.

In addition, any shareholders holding (directly or indirectly, acting alone or in concert with third parties) a substantial stake in the company (in general, this means 10% or more of the capital or the voting rights) must be of "fit and proper" character to ensure proper and prudent management of the insurance company.

Moreover, any shareholder wishing to increase such substantial stake to a 20%, 30% or 50% capital or voting interest or to any stake that allows him to exercise control over the company, must disclose this to the NBB. If the NBB considers that the influence of such a shareholder in an insurance company jeopardises its sound and prudent management, it may suspend the voting rights attached to this participation. Furthermore, a shareholder who wishes to sell his participation or a part thereof, which sale would result in his shareholding dropping below any of the above-mentioned thresholds, must notify the NBB thereof. The Belgian insurance company itself is obliged to notify the NBB of any such transfer when it becomes aware of it.

The Insurance Supervision Law requires insurance companies to provide detailed periodic financial information to the NBB and the public (i.a. through the Solvency and Financial Conditions Reporting ("**SFCR**") and the Regular Supervisory Reporting ("**RSR**"). The NBB also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to insurance companies.

Pursuant to the Insurance Supervision Law, the NBB may, in order to exercise its prudential supervision, require that all information with respect to the financial position and the transactions of an insurance company be provided to it, either by the insurance company itself or by its affiliated companies. The NBB may supplement these communications by on-site inspections. The NBB also exercises its comprehensive supervision of insurance companies through statutory auditors who collaborate with the NBB in its prudential supervision. An insurance company selects its statutory auditors from among the list of auditors or audit firms accredited by the NBB.

If an insurance company does not provide for the required capital requirements, the NBB may restrict or prohibit the company's free use of its assets. If an insurance company no longer meets the SCR, the NBB must require that a recovery plan be prepared. If an insurance company no longer meets the MCR, its authorisations should be withdrawn.

In general, if the NBB finds that an insurance company is not operating in accordance with the provisions of the Insurance Supervision Law, the decrees and regulations implementing the Insurance Supervision Law or the directly applicable European regulations, that its management policy or its financial position is likely to prevent it from honouring its commitments or that its administrative and accounting procedures or internal control systems present deficiencies, it will set a deadline by which the situation must be rectified. If the situation has not been rectified by the deadline, the NBB has the power to appoint a special commissioner to replace management, to prohibit or limit certain activities, to dispose of all or part of its activities, and to order the replacement of the Board of Directors and management, failing which it will itself appoint a provisional manager.

Insurance governance

The Insurance Supervision Law puts a lot of emphasis on the solid and efficient organisation of insurance companies and introduces to that effect a dual governance structure at management level, specialised advisory committees within the Board of Directors (Audit Committee, Risk Committee and Remuneration Committee), independent control functions, and sound remuneration policies.

The Insurance Supervision Law makes a fundamental distinction between the management of insurance activities, which is the competence of the Executive Committee, and the supervision of management and the definition of the insurance company's general and risk policy, which is entrusted to the Board of Directors. KBC Insurance has an Executive Committee of which each member is also a member of the Board of Directors.

Pursuant to the Insurance Supervision Law, the members of the Executive Committee need to permanently have the required professional reliability and appropriate experience. The same goes for the responsible persons of the independent control functions. The fit and proper standards have been further elaborated by the NBB in the Circular of 18 September 2018 and the Manual on Assessment of Fitness and Propriety.

The Circular of 5 July 2016 regarding the prudential expectations of the NBB with respect to the governance system of the insurance and reinsurance sector, as amended in September 2018 (the "**Circular Governance**") contains recommendations to assure the autonomy of the insurance function, the organisation of the independent control functions and the proper governance of the insurance company.

As required by the Insurance Supervision Law and the Circular Governance, the Group has a Governance Memorandum, which sets out the corporate governance policy applying to KBC Group and its subsidiaries

and of which the Governance Memorandum of KBC Insurance forms part. The corporate governance policy of an insurance company must meet the principles set out in the law and the Circular Governance. The most recent version of the Governance Memorandum was approved on 19 December 2019 by the Board of Directors of the Issuer, KBC Bank NV and KBC Insurance NV. The public part of the governance memorandum of KBC Insurance (SFCR) is updated annually and published on www.kbc.com. The governance memorandum of KBC Insurance is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

Money laundering

Belgian insurance companies are also subject to the Law of 18 September 2017 referred to above.

Material contracts

As at the date of this Base Prospectus, the Issuer has not entered into any material contracts outside the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.

However, investors should note that, due to the coronavirus crisis, governments of the countries in which the Group is active have issued measures to support the economy and to alleviate the pressure on companies and private individuals, such as the granting of payment holidays to corporate customers and SMEs and payment holidays for mortgage loans of private individuals. For further information, please refer to the section entitled "*Recent events*" on pages 100 and 101 of this Base Prospectus.

Trend information

The main sources for this section are the European Banking Authority, the ECB and the European Commission.

Banking sector

After ongoing recapitalisation in the aftermath of the Eurocrisis, banks in the Eurozone continued to strengthen their balance sheet, closely monitored by the ECB. At the same time, they adjusted their business models to the evolving regulatory and challenging operating environment. While overall progress is significant, the results remain uneven across institutions and countries, with Italian and Portuguese banks still facing the toughest challenges. On the other hand, the asset quality of banks in core countries such as Belgium withstood the recent crises years rather well and continue to be good. The Czech and Slovakian banking systems are also characterised by good asset quality, while in Hungary and Bulgaria high non-performing loans are decreasing. The non-performing loans ratio in Ireland has been falling significantly in recent years.

Looking forward, enhanced economic governance and the banking union, which still needs to be completed, significantly strengthened the Eurozone architecture and offer a more stable banking sector environment than in the pre-crisis years. Amid a very uncertain macroeconomic environment with the impact of the coronavirus crisis lingering on, bank profitability faces significant challenges to enhance cost efficiency in a competitive environment and to withstand ongoing pressure on revenue growth. At the same time new technologies trigger new challenges to business models. Banks with a large customer and diversified income base are likely best suited to cope with these challenges.

General economic environment and risks

The coronavirus (COVID-19) pandemic has caused major disruption and dislocation to the global economy. KBC expects a widespread recession in Europe as well as in the U.S. due to the pandemic. Policy responses to the coronavirus crisis are fast and far-reaching and are likely to mitigate the lasting impact of the crisis as well as to assist the speed of the recovery. In particular, monetary authorities are adopting markedly more

accommodative policy measures. On top of that, many governments have already announced substantial fiscal stimulus. Therefore, we expect that the coronavirus crisis will cause a deep, but temporary global recession. By the end of 2020 and through 2021, a gradual recovery is expected while the long-term outlook for the global economy is maintained. Risks remain clearly to the downside.

KBC expects an internationally synchronized deterioration in the business cycle. Nevertheless, the magnitude of the recession linked to the coronavirus pandemic is likely to differ across countries. The latter will depend on the importance of tourism, the integration of countries in European and global production chains, the availability and quality of medical services, each economy's recent growth momentum and the available budgetary space to mitigate the economic impact.

The coronavirus crisis will also cause some dampening effects on inflation rates, since global demand will fall. However, the price war on the oil markets between Saudi Arabia and Russia will have a greater downward impact on inflation expectations in the euro zone. The lower oil price is expected to have a temporary positive impact on European growth as it will provide a marginal offset to the negative effects of the coronavirus pandemic.

Central banks have already taken drastic measures to provide substantial support to contain the recession due to the coronavirus crisis, consisting of policy rate cuts, substantial measures in terms of liquidity provision and additional quantitative easing. KBC expects central banks to take further action as needed. Further interest rate cuts by the ECB and the U.S. Federal Reserve are unlikely at the moment, but significant further unconventional policy initiatives may be required in response to the unprecedented and still evolving coronavirus crisis.

The coronavirus crisis and the shock in the oil markets have caused a sharp risk-off wave in financial markets. As a result of a widespread global flight to safe havens in combination with expectations of more accommodative monetary policies, long-term government bond yields dropped substantially and are expected to stay low. However, those same risk-off drivers coupled with expectations of potentially massive fiscal initiatives have caused yields to bounce off their lowest levels and spreads between countries to widen notably. These influences are likely to remain a source of significant volatility in interest rate markets in the current environment.

Recent events

Information about recent events in relation to the Issuer can be found in the following sections: "*General description of the activities of the Group*", "*Activities in Belgium*", "*Activities in Central and Eastern Europe*", "*Activities in the rest of the world*", "*Banking supervision and regulation*", "*Insurance supervision and regulation*" and "*Litigation*".

On 13 February 2020, the Issuer published its consolidated results for 2019. The Issuer recorded a net profit attributable to equity holders of the parent of EUR 2,489 million for full-year 2019. On 14 May 2020, the Issuer published its consolidated results for the first quarter of 2020. The Issuer recorded a net loss attributable to equity holders of the parent of EUR 5 million.

Detailed information is set out in the Issuer's press releases and financial reports, all of which are available on www.kbc.com. For the avoidance of doubt, the information available on the Issuer's website, www.kbc.com, shall not be incorporated by reference in, or form part of, this Base Prospectus, other than as referred to in the section entitled "*Documents incorporated by reference*".

Coronavirus (COVID-19) pandemic

Since December 2019, a significant increase of cases of pneumonia associated with the coronavirus (COVID-19) has been reported worldwide. Initially reported in the province of Hubei in the People's Republic of

China, it has spread across other countries, resulting in reported infections and deaths in numerous countries and leading to a global pandemic.

As the coronavirus pandemic and the ensuing global health crisis have led to a massive impact on economic activity, the Belgian Federal Government, the NBB and Febelfin (the Belgian banking federation) reached an agreement at the end of March 2020 on a number of measures for banks.

As set out in a charter on the payment moratorium for corporate credits, the Belgian financial sector committed to providing viable (i.e., if there were no payment arrears on 1 February 2020 or payment arrears of less than 30 days on 29 February 2020) non-financial companies, self-employed persons and individuals with mortgage credit which have payment problems due to the coronavirus crisis with a temporary deferment of payment until 30 September 2020 without charge. Non-financial companies are required to have a permanent establishment in Belgium. Borrowers are required to evidence the fact that they are in distress because of the coronavirus crisis and request their bank for a postponement of payment.

Pursuant to the Belgian Royal Decree of 14 April 2020 granting a State guarantee for certain credits in the combat against the consequences of the corona virus, qualifying short-term credits granted by credit institutions to viable non-financial companies could benefit from a State guarantee. The regime extends to new credits granted by either Belgian credit institutions or Belgian branches of foreign credit institutions between 1 April 2020 and 30 September 2020 with a maturity of up to twelve months. Only companies which are deemed viable (i.e., which do not have pre-existing financial difficulties) could benefit from the State guarantee. Furthermore, the Royal Decree requires that the companies are registered in the Belgian Crossroads Bank for Enterprises, covering both Belgian companies as well as foreign companies which have activities in Belgium.

In addition, Belgium's four largest banks (Belfius, BNP Paribas Fortis, ING and KBC Bank) agreed on measures to support companies facing difficulties due to the coronavirus crisis, such as the granting of extensions for the repayment of interest and/or capital and the granting of additional credit. This agreement is likely to be extended to other, if not all, banks which are active in the granting of loans. Each bank will act on a case-by-case basis and will invite its client companies to contact it to find the appropriate solution.

The measures taken by the Belgian federal authorities are part of a series of measures taken in countries all over Europe and are also supported by the response of the ECB in reaction to the coronavirus pandemic. These are meant to protect the economy and the most vulnerable sectors and individuals.

The economic impact of the coronavirus pandemic on the Belgian economy is still uncertain. Although it is not possible at this stage to make a detailed and correct assessment of potential provisioning or financial impact of the measures announced by the Belgian Federal Government, the Group is closely monitoring the situation on a daily basis.

Litigation

This section sets out material litigation to which the Issuer or any of its companies (or certain individuals in their capacity as current or former employees or officers of the Issuer or any of its companies) are party. It describes all claims, quantified or not, that could lead to the impairment of the company's reputation or to a sanction by an external regulator or governmental authority, or that could present a risk of criminal prosecution for the company, the members of the board or the management.

Although the outcome of these matters is uncertain and some of the claims concern relatively substantial amounts in damages, the management does not believe that the liabilities arising from these claims will adversely affect KBC Group's consolidated financial position or results, given the provisions that, where necessary, have been set aside for these disputes.

Lazare Kaplan International Inc.

Lazare Kaplan International Inc. is a U.S. based diamond company ("**LKI**"). Lazare Kaplan Belgium NV is LKI's Belgian affiliate ("**LKB**"). LKI and LKB together are hereinafter referred to as "LK". The merger between KBC Bank and Antwerpse Diamantbank NV ("**ADB**") on 1 July 2015 entails that KBC Bank is now a party to the proceedings below, both in its own name and in its capacity as legal successor to ADB. However, for the sake of clarity, further reference is made to ADB on the one hand and KBC Bank on the other hand as they existed at the time of the facts described.

Fact summary

Since 2008, LKB has been involved in a serious dispute with its former business partners, DD Manufacturing NV and KT Collection BVBA ("**Daleyot**"), Antwerp based diamond companies belonging to Mr. Erez Daleyot. This dispute relates to a joint venture LK and Daleyot set up in Dubai (called "**Gulfdiam**").

LKB and Daleyot became entangled in a complex litigation in Belgium, each claiming that the other party is their debtor. Daleyot initiated proceedings before the Company Court of Antwerp for payment of commercial invoices for an amount of (initially) approximately USD 9 million. LKB launched separate proceedings for payment of commercial invoices for (initially) an amount of approximately USD 38 million.

At the end of 2009, ADB terminated LK's credit facilities. After LK failed to repay the amount outstanding of USD 45,000,000, ADB started proceedings before the Company Court of Antwerp, section Antwerp, for the recovery of said amount. In a bid to prevent having to pay back the amount owed, LK in turn initiated several legal proceedings against ADB and/or KBC Bank in Belgium and the USA. These proceedings, which are summarised below, relate to, inter alia, the dispute between ADB and LKI with regard to the termination of the credit facility and the recovery of all the monies LKI owes under the terminated credit facility as well as allegations that LK was deprived out of circa USD 140 million by DD Manufacturing and other Daleyot entities in cooperation with ADB.

Overview Legal Proceedings

(A) Belgian proceedings (overview per court entity)

Company Court of Antwerp, section Antwerp

On 16 March 2010, proceedings were initiated by ADB against LKI in order to recover the monies owed to it under the terminated credit facility (approximately USD 45 million in principal). LKB voluntarily intervened in this proceeding and claimed an amount of USD 350 million from ADB. LKI launched a counterclaim of USD 500 million against ADB (from which it claims any amount awarded to LKB must be deducted).

LKI and/or LKB started numerous satellite proceedings with the sole aim to delay the decision of the Company Court of Antwerp, section Antwerp regarding ADB's recovery claim (please also refer to the proceedings described below).

Numerous times LKI and/or LKB were convicted for reckless and vexatious legal actions and were ordered to pay KBC Bank in damages for a total amount of EUR 595,000 and legal expenses (including the legal representation costs) of EUR 222,015.51 (including the amounts granted by the decisions described below).

All decisions (45) regarding these proceedings rejected LKI and/or LKB's claims and legal actions. Only two decisions were rendered in favour of LKI. The first was a decision of the United States Court of Appeals for the Second Circuit in 2013 whereby the RICO case was reversed and remanded back to the District Court on legal technical grounds (please see further under point (B) below). The second

decision was the ruling of Court of Cassation dated 19 December 2019 which only partially annulled the Antwerp Court of Appeal decision of 13 December 2018 regarding the lack of reasoning in relation to the order of LKI and LKB to pay damages for vexatious reckless proceedings. The case was only sent to the Brussel Court of Appeal on this aspect.

As of today, after almost ten years of litigation, the Company Court of Antwerp, section Antwerp has still not been able to decide on the merits of the case.

Company Court of Antwerp, section Antwerp

On 28 July 2014, LK launched proceedings against ADB and certain Daleyot entities. This claim is aimed at having certain transactions of the Daleyot entities declared null and void or at least not opposable against LK.

LK also filed a damage claim against ADB for a provisional amount of USD 60 million based on the alleged third party complicity of ADB. This case is still pending. The court postponed the case sine die.

Company Court of Antwerp, section Antwerp

On 10 December 2014, LKB filed a proceeding against ADB and KBC Bank claiming an amount of approximately 77 million USD, based on the allegedly wrongful grant and maintenance of credit facilities by ADB and KBC Bank to the Daleyot entities. In its last court brief LK claims an additional amount of approximately 5 million USD.

By decision of 7 February 2017, the Company Court of Antwerp, section Antwerp dismissed LKB's claim. Moreover, the court decided that the proceedings initiated by LKB were reckless and vexatious and ordered LKB to pay EUR 250,000 in damages, as well as the maximum legal representation cost of EUR 72,000.

LKB appealed against the decision of 7 February 2017. On 28 February 2019, the Antwerp Court of Appeals dismissed LKB's appeal. LKB was ordered to pay the legal representation cost for the appeal proceedings of EUR 18,000. On 18 June 2019, LKB initiated proceedings before the Court of Cassation against the decision of the Antwerp Court of Appeals dated 28 February 2019. These proceedings are still pending.

LKI – which was not a party to the first instance proceedings – commenced third-party opposition proceedings against the decision of 7 February 2017 with the Company Court of Antwerp, section Antwerp. By decision of 7 May 2019, the Company Court dismissed the third-party opposition proceedings initiated by LKI. The court ordered LKI to pay the legal representation cost of EUR 1,440.

Criminal complaint

On 13 October 2016, LK filed a criminal complaint with the Investigating Magistrate at the Dutch speaking Court of First Instance of Brussels against KBC Bank. The criminal complaint is based on: embezzlement, theft and money-laundering.

On 19 April 2019, LK filed an additional complaint in these ongoing criminal proceedings against amongst others KBC Bank for embezzlement, fraud, forgery, money laundering and criminal organization.

Although this investigation started at the initiative of LK, it follows its own course and will be submitted at the end of it to the chambers section of the criminal court for a judgment (either dismissal of charges or referral to the criminal court).

(B) US proceedings

A complaint of USD 500 million was initiated by LKI against both ADB and KBC Bank in 2011, alleging violations of the RICO Act (which provides for trebling of any damage award) and numerous other claims under state law. This complaint is, in fact, a non-cumulative duplicate of the one LKI brought before the Company Court of Antwerp, section Antwerp. The United States District Court for the Southern District of New York granted ADB's and KBC Bank's motions to dismiss in 2012 on the basis of the doctrine of *forum non conveniens*, holding that the case should be heard in Belgium. In 2013, the United States Court of Appeals for the Second Circuit reversed and remanded the case back to the District Court for further proceedings. The Court of Appeals ordered the District Court to first resolve which of two contested forum selection clauses applied to LKI's claims prior to ruling on *forum non conveniens* or any other grounds on which ADB and KBC Bank moved to dismiss.

By Opinion and Order of 29 August 2018, the District Court granted KBC Bank / ADB's motion to dismiss, ruling that the case must be heard in Belgium. This ruling is based on an analysis of the forum selection clauses and a *forum non conveniens* analysis.

On 27 September 2018, LKI filed a notice of appeal against the Opinion and Order of 29 August 2018. On 19 November 2019, the US Court of Appeals dismissed LKI's appeal and affirmed the decision of the District Court of 29 August 2018.

On 27 September 2018, LKI also requested a pre-motion conference before the District Court to file a motion in order to vacate its judgement dated 29 August 2018. By letter of 2 October 2018, KBC opposed this request. The District Court has not yet ruled on LKI's request. Following the decision of the District Court dated 4 February 2020 allowing LKI to file a motion to seek relief from its judgement, LKI decided not to file a motion to reopen the case.

Bernard L. Madoff Investments Securities LLC and Bernard L. Madoff

On 6 October 2011, Irving H. Picard, trustee for the substantively consolidated SIPA (Securities Investor Protection Corporation Act) liquidation of Bernard L. Madoff Investments Securities LLC and Bernard L. Madoff, sued KBC Investments Ltd before the bankruptcy court in New York to recover approximately USD 110 million worth of transfers made to KBC entities. The basis for this claim were the subsequent transfers that KBC had received from Harley International, a Madoff feeder fund established under the laws of the Cayman Islands. This claim is one of a whole set made by the trustee against several banks, hedge funds, feeder funds and investors. In addition to the issues addressed by the district court, briefings were held on the applicability of the Bankruptcy Code's 'safe harbor' and 'good defenses' rules to subsequent transferees (as is the case for KBC). KBC, together with numerous other defendants, filed motions for dismissal. District court Judge Jed Rakoff has made several intermediate rulings in this matter, the most important of which are the rulings on extraterritoriality and good faith defences.

On 27 April 2014, Judge Rakoff issued an opinion and order regarding the 'good faith' standard and pleading burden to be applied in the Picard/SIPA proceeding based on sections 548(b) and 559(b) of the Bankruptcy Code. As such, the burden of proof that lies on Picard/SIPA is that KBC should have been aware of the fraud perpetrated by Madoff. On 7 July 2014, Judge Rakoff ruled that Picard/SIPA's reliance on section 550(a) does not allow for the recovery of subsequent transfers received abroad by a foreign transferee from a foreign transferor (as is the case for KBC Investments Ltd.). Therefore, the trustee's recovery claims have been dismissed to the extent that they seek to recover purely foreign transfers. In June 2015, the trustee filed a petition against KBC to overturn the ruling that the claim fails on extraterritoriality grounds. In this petition, the trustee also amended the original claim including the sum sought. The amount has been increased to USD 196 million.

On 21 November 2016, Judge Bernstein issued a memorandum decision regarding claims to recover foreign subsequent transfers, including the transfers which the trustee seeks to recover from KBC. In this memorandum decision, Judge Bernstein concluded that the trustee's claims based on foreign transfers should be dismissed out of concern for international comity and ordered a dismissal of the action against KBC. On 3 March 2017, the Bankruptcy Court issued an appealed order denying Madoff trustee's request for leave to amend his complaint and dismissing the complaint. On 16 March 2017, the trustee Picard filed an appeal of dismissal, on 27 September 2017 the Second Circuit granted trustee Picard's petition for a direct appeal, on 10 January 2018 trustee Picard filed his opening brief in appeal to Second Circuit. Briefing in the appeal was completed on 8 May 2018, and the Second Circuit held oral argument on 16 November 2018.

On 28 February 2019, the Second Circuit reversed the Bankruptcy Court's dismissal of the actions against KBC on extraterritoriality and international comity grounds. The action against KBC has therefore been remanded back to the Bankruptcy Court for further proceedings. KBC believes it has substantial and credible defences to this action and will continue to defend itself vigorously.

In April 2019, a request for rehearing was denied.

On 30 August 2019, a petition for writ of Certiorari was filed with the U.S. Supreme Court to consider the appeal and reverse the Second Circuit decision by the joint defence group.

On 10 December 2019, the U.S. Supreme Court entered a brief order inviting the U.S. Solicitor General to file a brief expressing the views of the United States Government.

3 Financial information of the Issuer

Financial statements

The Issuer's 2018 and 2019 annual reports contain:

- the Issuer's audited consolidated financial statements drawn up in accordance with International Financial Reporting Standards (IFRS) for the last two financial years (2018 and 2019); and
- the Issuer's audited non-consolidated financial statements drawn up in accordance with Belgian Generally Accepted Accounting Principles (GAAP) for the last two financial years (2018 and 2019).

Additionally, the Issuer has published unaudited condensed consolidated financial statements for the first quarter of 2019 and for the first quarter of 2020, drawn up in accordance with IFRS, in its extended quarterly report for the first quarter of 2019 and its extended quarterly report for the first quarter of 2020, respectively.

These annual reports and the extended quarterly reports of the Issuer are incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*".

Audit and review by the Issuer's statutory auditors

PricewaterhouseCoopers Bedrijfsrevisoren BV (*erkende revisor/réviseur agréé*), represented by Roland Jeanquart and Tom Meuleman, with offices at Woluwedal 18, B-1932 Sint-Stevens-Woluwe (Brussels) ("**PwC**"), has been appointed as auditor of the Issuer for the financial years 2016-2022. The consolidated financial statements of the Issuer (as well as the annual accounts of the Issuer) for the years ended 31 December 2018 and 31 December 2019 have been audited in accordance with International Standards on Auditing by PwC and the audits resulted, in each case, in an unqualified opinion with an emphasis of matter paragraph in the audit opinion relating to the financial statements for the year ended 31 December 2019 (see page 256 of the Issuer's 2019 Annual Report which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*").

PwC is a member of the *Instituut der Bedrijfsrevisoren/Institut des Reviseurs d'Entreprises*.

The report of the Issuer's auditor on (i) the audited consolidated annual financial statements of the Issuer and its consolidated subsidiaries for the financial years ended 31 December 2018 and 31 December 2019 and (ii) the unaudited condensed consolidated interim financial statements of the Issuer and its consolidated subsidiaries for the first quarter of 2019 and for the first quarter of 2020 are incorporated by reference in this Base Prospectus (as set out in the section entitled "*Documents incorporated by reference*"), with the consent of the auditor.

Changes since the most recent published financial statements

Other than as disclosed in this Base Prospectus, there has been no significant change in the financial position or the financial performance of the Group since 31 March 2020 and no material adverse change in the prospects of the Issuer since 31 December 2019.

4 Administrative, management and supervisory bodies

In accordance with the Belgian Companies and Associations Code, the Banking Law and the Insurance Supervision Law, the Issuer is managed by a Board of Directors and an Executive Committee.

Board of Directors

The Issuer's Board of Directors has the powers to perform everything that is necessary or useful to achieve the Issuer's corporate purpose, with the exception of those powers of which, pursuant to the law and its Articles of Association, solely another body is empowered to perform.

The Issuer's corporate object is set out in article 2 of its articles of association. It includes the execution of all banking operations in the widest sense, as well as the exercise of all other activities which banks are or shall be permitted to pursue and all acts that contribute directly or indirectly thereto.

To the extent these laws and regulations apply to the Issuer, the Issuer complies with the laws and regulations of Belgium regarding corporate governance.

Pursuant to Article 24 of the Banking Law, the Issuer's Board of Directors has set up an Executive Committee which has the powers to perform the acts referred to in Article 7:104 of the Belgian Companies and Associations Code and article 18 of the Issuer's articles of association. However, these powers relate neither to the definition of general policy, nor to the powers which are reserved to the Board of Directors by law. The Board of Directors is responsible for the supervision of the Executive Committee. The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the Members of the Board of Directors detailed below and their private interests or other duties.

As at the date of this Base Prospectus, the members of the Board of Directors are the following:

Name and address	Position	Expiry date mandate	External mandates
VLERICK Philippe Ronsevaalstraat 2 8510 Bellegem Belgium	Deputy Chairman[3]	2021	Executive Director of Raymond Uco denim Private Chairman of the Board of Directors of Indus Kamdhenu Fund Non-executive Director of Durabilis NV Chairman of the Board of Directors of Bareldam SA

[3] As at the date of this Base Prospectus and until the Board of Directors appoints Mr Koenraad Debackere as Chairman of the Board of Directors, Mr Philippe Vlerick acts as Chairman *ad interim* of the Board of Directors of the Issuer.

Name and address	Position	Expiry date mandate	External mandates
			Chairman of the Board of Directors of Sapient Investment managers Non-executive Director of Vlerick Business School Non-executive Director of B.M.T. NV Non-executive Director of KBC Verzekeringen NV Chairman of the Board of Directors of BATIBIC NV Non-executive Director of ETEX GROUP SA Chairman of the Board of Directors and Executive Director of Midelco NV Chairman of the Board of Directors of Belgian International Carpet C° Non-statutory Director of Arteveld Non-executive Director of BMT International SA Chairman of the Board of Directors Vobis Finance NV Chairman of the Board of Directors of VIT NV Executive Director of CECAN Invest NV Non-executive Director of De Robaertbeek Non-executive Director of BESIX Group NV Non-executive Director of Concordia Textiles NV Non-executive Director of Mediahuis Partners NV Non-executive Director of Europalia Non-executive Director of Exmar NV Non-executive Director of LVD Company NV Chairman of the Board of Directors of Point NV Chairman of the Board of Directors of Smartphoto Group NV Chairman of the Board of Directors of Vlerick Investeringsmaatschappij CVBA Chairman of the Board of Directors of UCO NV Non-executive Director of Oxurion NV Non-executive Director of Mediahuis NV Chairman of the Board of Directors of Vlerick Vastgoed NV

Name and address	Position	Expiry date mandate	External mandates
			Chairman of the Board of Directors of Pentahold NV Executive Director of Cecan NV
DEPICKERE Franky KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non-executive Director	2023	Executive Director of Almancora Beheers-maatschappij NV Executive Director of Cera cvba Executive Director of Cera Beheersmaatschappij NV Non-executive Director of International Raiffeisen Union e.V. Non-executive Director of KBC Bank NV Non-executive Director of BRS Microfinance Coop cvba Non-executive Director of KBC Verzekeringen NV Member of the Supervisory Board of Ceskoslovenska Obchodni Banka a.s. (CR) Executive Director of KBC Ancora commanditaire vennootschap op aandelen Non-executive Director of Euro Pool System International BV Non-executive Director of United Bulgarian Bank AD Non-executive Director of CBC Banque SA
CALLEWAERT Katelijn KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non- executive Director	2021	Non-executive Director of KBC Verzekeringen NV Non-executive Director of CBC Banque SA Non-executive Director of KBC Bank NV Executive Director of Cera Beheersmaatschappij NV Executive Director of Almancora Beheersmaatschappij NV Member of the Executive Committee of Cera CVBA
DONCK Frank KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non-executive Director	2023	Executive Director and CEO of 3D Non-executive Director of Iberanfra BVBA Executive Director and CEO of TRIS NV Executive Director of Ibervest NV Non-executive Director of Anchorage NV Executive Director of Hof Het Lindeken CVBA Executive Director of Huon & Kauri NV Executive Director of Winge Golf NV

Name and address	Position	Expiry date mandate	External mandates
			Non-executive Director of KBC Verzekeringen NV Non-executive Director of Elia System Operator NV Non-executive Director of Elia Asset NV Non-executive Director of Elia Transmission Belgium NV Non-executive Director of Ter Wyndt NV Non-executive Director of Ter Wyndt cvba Executive Director of 3D Private Investeringen NV Non-executive Director of BARCO NV Non-executive Director of Academie Vastgoedontwikkeling NV Non-executive Director of Bouwinvest NV Non-executive Director of Dragonfly Belgium NV Non-executive Director of Tele Columbus ag Non-executive Director of 3D Real Estate NV Chairman of the Board of Dirctors of Atenor NV Non-executive Director of Tasco NV Non-executive Director of 3D Land NV Non-executive Director of Foratenor NV Non-executive Director of Dossche Immo NV
VAN RIJSSEGHEM Christine KBC Group NV Havenlaan 2 1080 Brussels Belgium	Executive Director	2022	Executive Director of KBC Bank NV Executive Director of KBC Verzekeringen NV Non-executive Director of Ceskoslovenska Obchodni Banka a.s. (CR) Member of the Supervisory Board of Ceskoslovenska Obchodna Banka a.s. (SR) Non-executive Director of K & H Bank Zrt. Non-executive Director of KBC Bank Ireland Plc. Member of the Supervisory Board of KBC Bank NV, Dublin Branch Non-executive Director of United Bulgarian Bank AD
DEBACKERE Koenraad	Independent Director	2023	Non-executive Director of Group Joos Non-executive Director of Cera

Name and address	Position	Expiry date mandate	External mandates
A. Stesselstraat 8 3012 Leuven Belgium			Beheersmaatschappij NV Non-executive Director of KBC Verzekeringen NV Non-executive Director of ZB Sports Development Non-executive Director of Gemma Frisius-Fonds K.U. Leuven Non-executive Director of Better3Fruit NV Non-executive Director of I-propeller Non-executive Director of Bio Incubator Leuven NV Non-executive Director of Essenscia Innovation Fund Non-executive Director of Televic Group NV Non-executive Director of Umicore NV Non-executive Director of LRM/Mijnen
SCHEERLINCK Hendrik KBC Group NV Havenlaan 2 1080 Brussels Belgium	Executive Director	2021	Executive Director of KBC Verzekeringen NV Executive Director of KBC Bank NV Non-executive Director of KBC Credit Investments NV
ROUSSIS Theodoros KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non-executive Director	2024	Executive Director of Asphalia NV Non-executive Director of KBC Verzekeringen NV Non-executive Director of Pentahold NV
THIJS Johan KBC Group NV Havenlaan 2 1080 Brussels Belgium	Executive Director (CEO)	2024	Executive Director and CEO of KBC Verzekeringen NV Chairman of the Board of Directors of Febelfin Executive Director and CEO of KBC Bank NV Non-executive Director of VOKA Non-executive Director of European Banking Federation Non-executive Director of VBO – Verbond van Belgische Ondernemingen Non-executive Director of Museum Nicolaas Rockox Non-executive Director of Gent Festival van Vlaanderen Non-executive Director of BVB – Belgische Vereniging van Banken

Name and address	Position	Expiry date mandate	External mandates
DE BECKER Sonja MRBB Diestsevest 32/5b 3000 Leuven Belgium	Non-executive Director	2024	Chairman of the Board of Directors of BB-Patrim CVBA Non-executive Director of KBC Bank NV Chairman of the Board of Directors of M.R.B.B. CVBA – Maatschappij voor Roerend Bezit van de Boerenbond Chairman of the Board of Directors of Boerenbond Non-executive Director of Agri Investment Fund CVBA Non-executive Director of KBC Verzekeringen NV Non-executive Director of Acerta cvba Chairman of the Board of Directors of SBB Accountants en Belastingconsulenten BV CVBA Chairman of the Board of Directors of SBB Bedrijfsdiensten cvba
WITTEMANS Marc MRBB cvba Diestsevest 32/5b 3000 Leuven Belgium	Non-executive Director	2022	Non-executive Director of KBC Bank NV Non-executive Director of Arda Immo NV Non-executive Director of Acerta cvba Non-executive Director of Acerta Consult CVBA Non-executive Director of KBC Verzekeringen NV Non-executive Director of Acerta Public NV Non-executive Director of KBC Ireland Plc Executive Director and CEO of M.R.B.B. CVBA – Maatschappij voor Roerend Bezit van de Boerenbond Executive Director and CEO of Aktiefinvest CVBA Non-executive Director of KBC Verzekeringen NV Non-executive Director of Shéhérazade Developpement CVBA Non-executive Director of AVEVE NV – Aan- en verkoopvennootschap van de Belgische Boerenbond Non-executive Director of Agri Investment Fund CVBA Non-executive Director of SBB Accountants en Belastingconsulenten BV

Name and address	Position	Expiry date mandate	External mandates
			CVBA Non-executive Director of SBB Bedrijfsdiensten cvba Member of the Supervisory Board of K&H Bank Zrt
KIRALY Julia KBC Bank NV Havenlaan 2 1080 Brussels Belgium	Independent Director	2022	Executive Director Fintor Holding Ltd Non-executive Director KBC Bank
PAPIRNIK Vladimira KBC Group NV Havenlaan 2 1080 Brussels Belgium	Independent Director	2024	Non-executive Director KBC Bank
BOSTOEN Alain Coupure 126 9000 Gent Belgium	Non-executive Director	2023	Executive Director of Quatorze Juillet BVBA Executive Director of ALGIMO NV Executive Director of Christeyns Group NV Non-executive Director of KBC Verzekeringen NV Non-executive Director of AGROBOS NV Non-executive Director of Desotec NV
CLINCK Erik KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non-executive Director	2024	Non-executive Director of Cera Beheersmaatschappij NV Executive Director of Prieel 18 Non-executive Director of KBC Verzekeringen NV Non-executive Director of Van Breda Risk and Benefits NV
OKKERSE Liesbet KBC Group NV Havenlaan 2 1080 Brussels Belgium	Non-executive Director	2024	Non-executive Director of KBC Verzekeringen NV Non-executive Director of Almancora Beheersmaatschappij NV

The Board of Directors does not include any legal persons among its members and its Chairman may not be a member of the Executive Committee. A mandate is no longer than six years (in practice four years). Directors can be re-elected when their term expires. The mandate of non-executive directors comes to an end at the date of the annual meeting following the day on which they reach the age of 70, save for exceptional situations. The mandate of executive directors ends at the end of the month when they reach the age of 65, save for exceptional situations.

The Board of Directors is responsible for determining the overall strategy and to perform all acts which, by law, are reserved specifically for it. The Board of Directors is also responsible for monitoring the Executive

Committee. It meets at least eight times a year and decides by simple majority. The activities of the Board are governed by the Belgian Companies and Associations Code, the Banking Law, the Insurance Supervision Law and the statutes of the Issuer.

Audit Committee

The Audit Committee has been set up by the Board of Directors and has – with some limited legal exceptions – an advisory role. The Audit Committee, among other things, supervises the integrity and effectiveness of the internal control measures and the risk management in place, paying special attention to correct financial reporting. The powers and composition of the Audit Committee, as well as its way of functioning, are extensively dealt with in the Corporate Governance Charter of the Issuer which is published on www.kbc.com. The Corporate Governance Charter is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

The members of the Issuer's Audit Committee are:

- Marc Wittemans (chair)
- Frank Donck
- Julia Király (independent director)
- Vladimira Papirnik (independent director)

Risk & Compliance Committee

The Risk & Compliance Committee has been set up by the Board of Directors and has an advisory role. The Risk and Compliance Committee, among other things, provides advice to the Board of Directors about the current and future risk tolerance and risk strategy.

The powers and composition of the Risk and Compliance Committee, as well as its way of functioning, are extensively dealt with in the Issuer's Corporate Governance Charter, which is available on www.kbc.com. The Corporate Governance Charter is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

The members of the Issuer's Risk and Compliance Committee are:

- Franky Depickere (chair)
- Frank Donck
- Marc Wittemans
- Vladimira Papirnik (independent director)

Nomination Committee

The Nomination Committee has been set up by the Board of Directors and has an advisory role. The Nomination Committee, among other things, provides advice to the Board of Directors about the selection of suitable candidate members for the Board of Directors, its advisory committees, and the Executive Committee of the Issuer.

The powers and composition of the Nomination Committee, as well as its way of functioning, are extensively dealt with in the Issuer's Corporate Governance Charter, which is available on www.kbc.com. The Corporate Governance Charter is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

The members of the Issuer's Nomination Committee are:

- Koenraad Debackere (chair) (independent director)
- Franky Depickere
- Philippe Vlerick
- Sonja De Becker
- Vladimira Papirnik (independent director)

Remuneration Committee

The Remuneration Committee has been set up by the Board of Directors and has an advisory role. The Remuneration Committee, among other things, provides advice to the Board of Directors on the remuneration policy that the Board of Directors has to draw up and on any amendment to that policy.

The powers and composition of the Remuneration Committee, as well as its way of functioning, are extensively dealt with in the Issuer's Corporate Governance Charter, which is available on www.kbc.com. The Corporate Governance Charter is not incorporated by reference into and does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

The members of the Issuer's Remuneration Committee are:

- Koenraad Debackere (chair) (independent director)
- Julia Király (independent director)
- Philippe Vlerick

Executive Committee

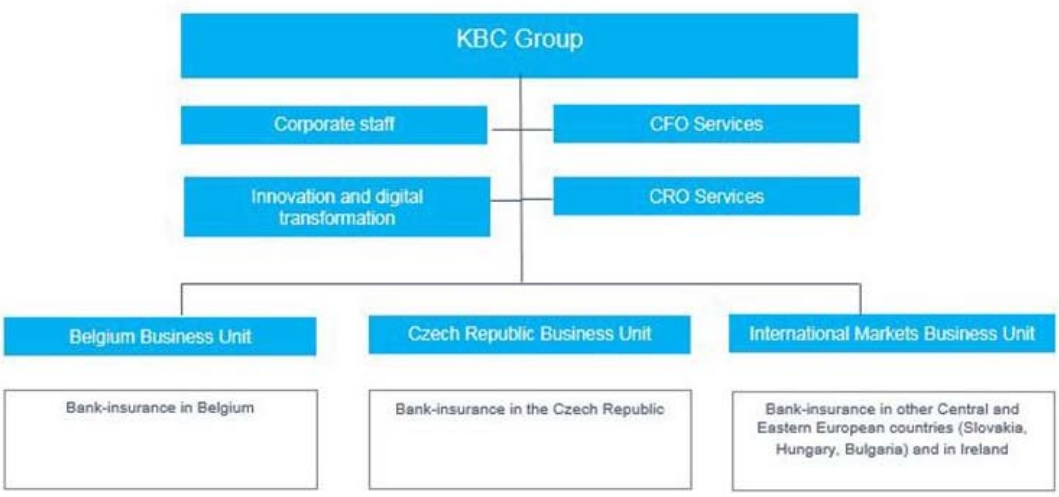
The Executive Committee is empowered to perform all acts that are necessary or useful in achieving the Issuer's object, apart from those powers invested in the Board of Directors (Article 7:110 of the Belgian Companies and Associations Code, Article 212 *juncto* Article 24 of the Banking Law and Article 443 *juncto* Article 45 of the Insurance Supervision Law).

The Executive Committee exercises such powers autonomously, but always within the framework of the strategy adopted by the Board of Directors. The Executive Committee consists of seven members appointed by the Board of Directors.

Johan Thijs	**Hendrik Scheerlinck**	**Christine Van Rijsseghem**	**Daniel Falque**	**Luc Popelier**	**John Hollows**	**Erik Luts**
in service since 1988	in service since 1984	in service since 1987	in service since 2009	in service since 1988	in service since 1996	in service since 1988
CEO (Chief Executive Officer)	CFO (Chief Financial Officer)	CRO (Chief Risk Officer)	CEO Belgium Business Unit	CEO International Markets Business Unit	CEO Czech Republic Business Unit	CIO (Chief Innovation Officer)

Management structure

KBC Group's strategic choices are fully reflected in the Group structure, which consists, as at the date of this Base Prospectus, of a number of business units and support services and which are presented in simplified form as follows:



The management structure of KBC Group essentially comprises:

- the three business units, which focus on local business and are expected to contribute to sustainable profit and growth:
    - Belgium Business Unit;
    - Czech Republic Business Unit; and
    - International Markets Business Unit: this encompasses the other core countries in Central and Eastern Europe (the Slovak Republic, Hungary and Bulgaria) and Ireland;
- the pillars 'CRO Services' and 'CFO Services' (which act as an internal regulator, and whose main role is to support the business units), 'Corporate Staff' (which is a competence centre for strategic know-how and best practices in corporate organisation and communication) and 'Innovation and digital transformation'.

Each business unit is headed by a Chief Executive Officer (CEO), and these CEOs, together with the Group CEO, the Chief Risk Officer (CRO), the Chief Innovation Officer (CIO) and the Chief Financial Officer (CFO) of KBC Group constitute the executive committee of KBC Group.

Corporate governance

The Banking Law and the Insurance Supervision Law, of which certain provisions also apply to (mixed) financial holding companies, make a fundamental distinction between the management of the activities of KBC Group, which is within the competence of the Executive Committee, and the supervision of management and the definition of the institution's general policy, which is entrusted to the Board of Directors. According to these laws, KBC Group has an Executive Committee of which at least three members are also a member of the Board of Directors.

The members of the Executive Committee and the Board of Directors need to permanently have the required professional reliability and appropriate experience. The same goes for the responsible persons of the independent control functions. The fit and proper standards have been further elaborated by the NBB in a Circular of 18 September 2018 and the Manual on Assessment of Fitness and Propriety.

KBC has a Governance Memorandum, which sets out the corporate governance policy applying to the Issuer and its subsidiaries.

Furthermore, in its capacity as listed company, KBC Group uses the Belgian Corporate Governance Code 2020 (the "**Code**") as reference code. The Code seeks to ensure transparency in the area of corporate governance through the publication of information in the Corporate Governance Charter and the Corporate Governance Statement.

The Corporate Governance Memorandum sets out the main aspects of the policy of KBC Group in the area of corporate governance, such as the governance structure, the internal regulations of the Board of Directors, its advisory committees and the Executive Committee, and other important topics.

The Corporate Governance Statement is published in the annual report and contains more factual information about the corporate governance of KBC Group, including a description of the composition and functioning of the Board, relevant events during the year, provisions of the Code which may be waived, the remuneration report and a description of the main features of the internal control and risk management systems.

Conflicts of interests policy

Conflicts of interest on the part of members of the Executive Committee or Board of Directors and Intragroup conflicts of interest

The policy related to these conflicts of interests can be found in the Corporate Governance Charter of the Issuer.

The information regarding conflicts of interest which took place in the course of the year is mentioned in the Corporate Governance Statement in the annual reports of the Issuer.

The Issuer is not aware of any potential conflicts of interests between the obligations which a director has with respect to the Issuer and the personal interests and / or other obligations of that director.

Other conflicts of interests

The information related to the policy of other conflicts of interest (e.g. intragroup conflicts of interest, conflicts of interest between shareholders/employees/clients and the Issuer) is set out in the Governance Memorandum.

USE OF PROCEEDS

The net proceeds from the Notes to be issued under the Programme will be used for general corporate purposes of the Group.

The net proceeds of the Subordinated Tier 2 Notes will strengthen the Issuer's capital base under a fully loaded CRD IV approach and are part of the Issuer's long-term funding, which the Issuer uses to fund and manage its activities and which it may on-lend to its subsidiaries. The Issuer may on-lend the proceeds of the Subordinated Tier 2 Notes to KBC Bank NV under a framework agreement which will also qualify at the level of KBC Bank NV as Tier 2 capital for regulatory capital purposes.

The Issuer may, if it so elects, on-lend the proceeds of the Senior Notes to its subsidiaries on a subordinated basis in order for the relevant loan to be included as minimum requirement for own funds and eligible liabilities ("**MREL**") under applicable regulation.

If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

In particular, the Issuer may issue Notes where the applicable Final Terms specify that an amount equivalent to the net proceeds from the offer of the Senior Notes or Subordinated Tier 2 Notes will specifically be applied for loans, assets, projects and activities of the Group that promote climate-friendly and other environmental or sustainable purposes ("**Green Bond Eligible Assets**"). The Issuer will on-lend the net proceeds to KBC Bank NV in order for KBC Bank NV to finance and/or refinance the relevant Green Bond Eligible Assets.

TAXATION

The tax legislation in force in the jurisdiction of a potential investor, in the Issuer's country of incorporation (i.e., Belgium) and in any other relevant jurisdiction may have an impact on the income which may be received from the Notes. The statements herein regarding taxation are based on the laws in force in Belgium as of the date of this Base Prospectus and are subject to any changes in law, potentially with a retroactive effect. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective Noteholder or beneficial owner of Notes should consult its tax advisor as to the Belgian tax consequences of any investment in, or ownership and disposition of, the Notes or that of any other relevant jurisdiction.

Belgium

The following summary describes the principal Belgian tax considerations of acquiring, holding and selling the Notes. This information is of a general nature based on the Issuer's understanding of current law and practice and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Notes. In some cases, different rules can be applicable. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Base Prospectus, all of which can be amended in the future, possibly implemented with retroactive effect. Furthermore, the interpretation of the tax rules may change. Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account their own particular circumstances and the influence of each regional, local or national law.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

Belgian withholding tax

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) in case of a realisation of the Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the holding period.

Payments of interest on the Notes made by or on behalf of the Issuer are as a rule subject to Belgian withholding tax, currently at a rate of 30% on the gross amount.

However, the holding of the Notes in the securities settlement system of the NBB (the "**Securities Settlement System**") permits investors to collect payments of interest and principal on their Notes free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the Notes are held by

certain investors (the "**Eligible Investors**", see below) in an exempt securities account ("**X-account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the Securities Settlement System. Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa are directly or indirectly Participants for this purpose.

Holding the Notes through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the Securities Settlement System must keep the Notes which they hold on behalf of Eligible Investors on an X-account, and those which they hold on behalf of non-Eligible Investors in a non-exempt securities account ("**N-account**"). Payments of interest made through X-accounts are free of withholding tax; payments of interest made through N-accounts are subject to withholding tax, currently at a rate of 30%, which is withheld from the interest payment and paid by the NBB to the tax authorities.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*), which includes *inter alia*:

(i) Belgian resident companies referred to in Article 2, §1, 5°, b) of the Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) ("**BITC**");

(ii) Without prejudice to Article 262, 1° and 5° of the BITC, the institutions, associations or companies referred to in Article 2, §3 of the law of 9 July 1975 with respect to the control of insurance companies other than those referred to in (i) and (iii);

(iii) Semi-governmental institutions (*parastatalen/institutions parastatales*) for social security or institutions equated therewith referred to in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the BITC (*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*) ("**RD/BITC**");

(iv) Non-resident investors referred to in Article 105, 5° of the RD/BITC whose holding of the Notes is not connected to a professional activity in Belgium;

(v) Investment funds referred to in Article 115 of the RD/BITC;

(vi) Investors referred to in Article 227, 2° of the BITC, subject to non-resident income tax (*belasting van niet inwoners/impôt des non-résidents*) in accordance with Article 233 of the BITC and which have used the income generating capital for the exercise of their professional activities in Belgium;

(vii) The Belgian State, in respect of investments which are exempt from withholding tax in accordance with Article 265 of the BITC;

(viii) Investment funds governed by foreign law (such as *beleggingsfondsen/fonds de placement*) that are an undivided estate managed by a management company for the account of the participants, provided the funds units are not publicly issued in Belgium or traded in Belgium; and

(ix) Belgian resident companies not referred to under (i), whose activity exclusively or principally exists of granting credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident individuals and Belgian non-profit organisations, other than those mentioned under (ii) and (iii) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Transfers of Notes between an X-account and an N-account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N-account (to an X-account or N-account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer to an N-account (from an X-account or an N-account) gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Notes between two X-accounts do not give rise to any adjustment on account of withholding tax.

When opening an X-account with the Securities Settlement System or with a Participant for the holding of Notes, an Eligible Investor will be required to certify its eligible status on a standard form claimed by the Belgian Minister of Finance and send it to the participant to the Securities Settlement System where this account is kept. This statement needs not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Participants to the Securities Settlement System are however required to annually make declarations to the NBB as to the eligible status of each investor for whom they hold Notes in an X-account during the preceding calendar year.

An X-account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Notes that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to central securities depositaries, as defined by Article 2, §1, 1) of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, acting as Participants to the Securities Settlement System, provided that (i) they only hold X-accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries acting as Participants include the contractual undertaking that their clients and account owners are all Eligible Investors.

Hence, these identification requirements do not apply to Notes held in Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa, or any other central securities depository as Participants to the Securities Settlement System, provided that (i) Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa only hold X-accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries include the contractual undertaking that their clients and account owners are all Eligible Investors.

Belgian income tax and capital gains

Belgian resident individuals

For natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold the Notes as a private investment, payment of the 30% withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*bevrijdende roerende voorheffing/précompte mobilier libératoire*). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided that the Belgian withholding tax of 30% was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest payment (as defined above in the Section "*Belgian withholding tax*") in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax rate of 30% or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower. No local surcharges will be due. If the interest payment is declared, the Belgian withholding tax retained is creditable in accordance with the applicable legal provisions.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate (in which case the capital gain will be taxed at 33% plus local municipality surcharge) or unless the capital gains qualify as interest (as defined above in the Section "*Belgian withholding tax*"). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Belgian resident companies

Corporations Noteholders who are Belgian residents for tax purposes, i.e., who are subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*) are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes are taxable at the ordinary corporate income tax rate of 25%. Subject to certain conditions, a reduced corporate income tax rate of 20% applies for small and medium sized enterprises (as defined by Article 1:24, §1 to §6 of the Belgian Companies and Associations Code) on the first EUR 100,000 of taxable profits.

Capital losses realised upon the disposal of the Notes are, in principle, deductible.

Any Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Other tax rules apply to investment companies within the meaning of Article 185bis of the BITC.

Belgian legal entities

For legal entities subject to Belgian legal entities tax (*Rechtspersonenbelasting/Impôts des personnes morales*) which have been subject to the 30% Belgian withholding tax on interest payments, such withholding tax constitutes the final taxation.

Belgian legal entities which have received interest income on Notes without deduction for or on account of Belgian withholding tax are required to declare and pay the 30% withholding tax to the Belgian tax authorities themselves.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined above in the Section "*Belgian withholding tax*"). Capital losses are in principle not tax deductible.

Organisation for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

Belgian non-residents

Holders of Notes who are non-residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will not incur or become liable for any Belgian tax on income or capital gains by reason only of the acquisition, ownership or disposal of the Notes, provided that they qualify as Eligible Investors and hold their Notes in an X-account.

If the Notes are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 30%, possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

Tax on stock exchange transactions and tax on repurchase transactions

The purchase and sale and any other acquisition or transfer for consideration of the Notes on the secondary market that is (i) either entered into or carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by a private individual with habitual residence in Belgium or by a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"), will be subject to the tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les operations de bourse)* at a current rate of 0.12% of the purchase/sale price, capped at EUR 1,300 per transaction and per party. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. No tax will be due on the issuance of the Notes (primary market transaction).

If the intermediary is established outside Belgium, the tax on stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In such a case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with an qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions due and for complying with the reporting obligations and the obligations relating to the order statement (*bordereau/borderel*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

A request for annulment has been introduced with the Constitutional Court in order to annul the application of the tax on stock exchange transactions to transactions carried out with professional intermediaries established outside of Belgium (as described above). The Constitutional Court has asked a preliminary ruling in that regard from the Court of Justice of the European Union (the "**CJEU**"). On 30 January 2020, the CJEU has delivered its preliminary ruling pursuant to which said application of the tax on stock exchange transactions

would not amount to a violation of Article 56 of the Treaty on the Functioning of the European Union or Article 36 of the Agreement on the European Economic Area, provided that the respective legislation provides certain facilities relating both to the declaration and payment of the tax which ensure that the restriction of the freedom to provide services is limited to what is necessary to achieve the legitimate objectives pursued by that legislation. If the Constitutional Court were to annul said application of the tax on stock exchange transactions without upholding its effects, restitution could be claimed of the tax already paid. A tax on repurchase transactions (*taks op de reporten/taxe sur les reports*) at the rate of 0.085% will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum of EUR 1,300 per transaction and per party).

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the Code of miscellaneous taxes and duties (*Wetboek diverse rechten en taksen/Code des droits et taxes divers*) for the tax on stock exchange transactions and Article 139, §2 of the Code of miscellaneous taxes and duties for the tax on repurchase transactions.

As stated above, the EU Commission adopted on 14 February 2013 the Draft Directive on a FTT. The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States (excluding Estonia) and therefore may be changed at any time. The Draft Directive is further described below.

Common Reporting Standard

The exchange of information is governed by the Common Reporting Standard ("**CRS**"). On 24 December 2019, 108 jurisdictions had signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information between EU Member States as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented DAC2, respectively the CRS, pursuant to the law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the "**Law regarding Exchange of Information**").

The Notes are subject to DAC2 and to the Law regarding Exchange of Information. Under DAC2 and the Law regarding Exchange of Information, Belgian financial institutions holding the Notes for tax residents in another CRS contracting state shall report financial information regarding the Notes (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

As a result of the Law regarding Exchange of Information, the mandatory exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States, (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other jurisdictions that have signed the MCAA, as of a date to be further determined by Royal Decree.

In a Royal Decree of 14 June 2017, as amended, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen foreign jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions and as from 2019 (for the 2018 financial year) for another jurisdiction.

Investors who are in any doubt as to their position should consult their professional advisers.

Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Directive (the "**Draft Directive**") for a common financial transaction tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and the Slovak Republic (the "**Participating Member States**"). In December 2015, Estonia withdrew from the Participating Member States.

The Draft Directive currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Draft Directive, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. According to the Draft Directive, the FTT shall be payable on financial transactions provided that at least one party to the financial transaction is established (or deemed established) in a Participating Member State and that there is a financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. The FTT shall, however, not apply to among others primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall in principle be fixed by each Participating Member State, but for transactions involving financial instruments other than derivatives they shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT shall be payable by each financial institution which is established (or which is deemed to be established) in a Participating Member State (i) which is a party to the financial transaction, (ii) which is acting in the name of a party to the transaction or (iii) where the transaction has been carried out on its account. Where the FTT due

has not been paid within the applicable time limits, each party to the relevant financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT.

However, the proposed FTT remains subject to negotiation between the Participating Member States (excluding Estonia) and the scope of any such tax is uncertain. Therefore, it may be altered prior to any implementation, the timing of which also remains unclear. Additional Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

FATCA withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a programme agreement dated on or about the date of this Base Prospectus (the "**Programme Agreement**") between the Issuer, the Permanent Dealer and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealer. However, the Issuer has reserved the right to sell Notes directly on its own behalf to dealers that are not the Permanent Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

As set out in the Programme Agreement, the Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer or sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to Consumers

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to Consumers" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and it will not offer, sell or otherwise make available, the Notes to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

Prohibition of Sales to EEA and UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the UK Financial Services and Markets Act 2000 by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK Financial Services and Markets Act 2000) received by it in connection with the

issue or sale of any Notes in circumstances in which Section 21(1) of the UK Financial Services and Markets Act 2000 would not, if the Issuer was not an authorised person apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the UK Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") and each Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Czech Republic

No approval of a prospectus has been sought or obtained from the Czech National Bank under the Prospectus Regulation with respect to the Notes. No action has been taken to passport a prospectus approved by the competent authority of the home Member State of the Issuer into the Czech Republic by delivery of a certificate of the competent authority of the home Member State of the Issuer to the Czech National Bank attesting that a prospectus approved by the home Member State authority has been drawn up in accordance with the Prospectus Regulation.

No application has been filed nor has any permission been obtained for listing nor has any other arrangement for trading the Notes on any regulated market in the Czech Republic (as defined by the Prospectus Regulation) been made. Accordingly, each Dealer appointed under the Programme will have to represent and agree that it will not offer, sell or otherwise introduce the Notes for trading in the Czech Republic in a manner that would require (i) the approval of a prospectus by the Czech National Bank or (ii) passporting of a prospectus approved by the competent authority of the home Member State of the Issuer into the Czech Republic by delivery of a certificate of the competent authority of the home Member State of the Issuer to the Czech National Bank attesting that a prospectus approved by the home Member State authority has been drawn up in accordance with the Prospectus Regulation.

Accordingly, any person making or intending to make any offer within the Czech Republic of Notes which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to produce a prospectus for such offer. Neither the Issuer nor the Dealers have authorised, nor do they authorise, the making of any offer of Notes through any financial intermediary, other than offers made by Dealers which constitute the final placement of Notes contemplated in this Base Prospectus.

Any person intending to acquire or acquiring any Notes from any person should be aware that, in the context of an offer to the public as defined in Article 2(d) of the Prospectus Regulation, the Issuer may be responsible to the investor for the Base Prospectus under Article 11 of the Prospectus Regulation, only if the Issuer has authorised the offeror to make the offer to the investor. Each investor should therefore enquire whether the offeror is so authorised by the Issuer. If the offeror is not authorised by the Issuer, the investor should check with the offeror whether anyone is responsible for the Base Prospectus for the purposes of Article 11 of the Prospectus Regulation in the context of the offer to the public, and, if so, who that person is. If the investor is

in any doubt about whether it can rely on the prospectus and/or who is responsible for its contents it should take legal advice.

An investor intending to acquire or acquiring any Notes from an offeror will do so, and offers and sales of the Notes to an investor by an offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than a Dealer) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information and an investor must obtain such information from the offeror.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied with and will comply with all the requirements of the Prospectus Regulation, Act No. 256/2004 Coll. on Conducting Business in the Capital Market, as amended (the "**Capital Market Act**") and Act No. 190/2004 Coll. on Bonds, as amended (the "**Bonds Act**") and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in the Czech Republic, the issue of the Notes being classed as "accepting of deposits from the public" by the Issuer in the Czech Republic under Section 2(2) of Act of Czech Republic No.21/1992 Coll. on Banks, as amended (the "**Banking Act**") or requiring a permit, registration, filing or notification to the Czech National Bank or other authorities in the Czech Republic in respect of the Notes in accordance with the Prospectus Regulation, the Capital Market Act, the Bonds Act and the Banking Act or the practice of the Czech National Bank.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Neither the Issuer nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and, that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer nor any Dealer shall have any responsibility therefor.

FORM OF FINAL TERMS

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II") and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the "EEA") or in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II] or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[PROHIBITION OF SALES TO CONSUMERS – The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, by any Dealer to any "consumer"(*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.]

Final Terms dated [●]

KBC Group NV

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 10,000,000,000
Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 2 June 2020 [and the supplement(s) to it dated [*date*]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus (including any supplement thereto). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus (including any supplement thereto). The Base Prospectus and any supplement thereto has been or will be published on the Issuer's website (www.kbc.com/en/investor-relations/debt-issuance/kbc-group.html).

(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a base prospectus with an earlier date.)

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated 4 June 2019 [and the supplement(s) to it dated [*date*]], which are incorporated by reference in the base prospectus dated 2 June 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the base prospectus dated 2 June 2020 [and the supplement(s) to it dated [*date*]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the base prospectus dated 4 June 2019 [and the supplement(s) to it dated [*date*]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the base prospectus dated 4 June 2019 (in respect of the Conditions set forth therein) and the base prospectus dated 2 June 2020 (other than in respect of the Conditions). The Base Prospectus and any supplement thereto has been or will be published on the Issuer's website (www.kbc.com/en/investor-relations/debt-issuance/kbc-group.html).

1	(i) Series Number:	[●]
	(ii) [Tranche Number:]	[●]
	(iii) [Date on which Notes will be consolidated and form a single Series:]	[The Notes will be consolidated and form a single Series with [●] on [[*insert date*]/the Issue Date] [Not Applicable]]
2	Specified Currency:	[●]
3	Aggregate Nominal Amount:	[●]
	(i) [Series:]	[●]
	(ii) [Tranche:]	[●]
4	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
5	(i) Specified Denominations:	[●]
	(ii) Calculation Amount:	[●]
6	(i) [Issue Date:]	[●]
	(ii) [Interest Commencement Date:]	[Issue Date/[●]/Not Applicable]
7	Maturity Date:	[[●]/Interest Payment Date falling in [or nearest to] [*specify month and year*]]
8	Interest Basis:	[Fixed Rate/ Fixed Rate Reset / Floating Rate]
9	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●]% of their nominal amount.
10	Change of Interest Basis:	[[●]/Not Applicable]
11	Issuer Call Option:	[Applicable/Not Applicable] [(further particulars specified below)] (*The Issuer Call Option should only be specified to*

		be applicable if the Prohibition of Sales to Consumers is specified to be applicable.)
12	(i) Status of the Notes:	[Senior Notes] [Subordinated Tier 2 Notes]
	(ii) Waiver of set-off in respect of Senior Notes:	Condition 2(a)(ii): [Applicable/Not Applicable]
	(iii) Event of Default or Enforcement in respect of Senior Notes:	Condition 10(a): [Applicable/Not Applicable] Condition 10(b): [Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	(i) Rate(s) of Interest:	[[●]% per annum payable in arrear [on each Interest Payment Date]]
	(ii) Interest Payment Date(s):	[[●] [and [●]] in each year [from and including [●]][until and excluding [●]]]
	(iii) Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount] [Not Applicable]
	(iv) Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Day Count Fraction:	[Actual/365] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(vi) Determination Dates:	[[●] in each year/Not Applicable]
14	**Fixed Rate Reset Note Provisions**	[Applicable/Not Applicable]
	(i) Initial Rate of Interest:	[●]% per annum payable in arrear [on each Interest Payment Date]
	(ii) Interest Payment Date(s):	[●] [and [●]] in each year [from and including [●]][until and excluding [●]]
	(iii) First Reset Date:	[●]
	(iv) Second Reset Date:	[[●]/Not Applicable]
	(v) Subsequent Reset Date(s):	[[●] [and[●]]/Not Applicable]
	(vi) Reset Determination Dates:	[●]
	(vii) Mid-Swap Rate:	[semi-annual] [annualised]
	(viii) Swap Rate Period:	[[●]]
	(ix) Relevant Screen Page:	[●] [Not Applicable]

	(x) Margin(s):	[+/–][●]% per annum [in respect of the First Reset Period] [+/–][●]% per annum [in respect of each Subsequent Reset Period]
	(xi) Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date:	[[●] per Calculation Amount]
	(xii) Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(xiii) Day Count Fraction:	[Actual/365] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(xiv) Determination Dates:	[[●] in each year/Not Applicable]
15	**Floating Rate Note Provisions**	[Applicable/Not Applicable]
	(i) Interest Period(s):	[[●][, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii) Specified Interest Payment Dates:	[●][from and including [●]][up to and [including/excluding] [●]][, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]] [Not Applicable]
	(iii) Interest Period End Date:	[Not Applicable]/ [●] in each year [up to and [including/excluding] [●]] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
	(iv) First Interest Payment Date:	[●]
	(v) Business Day Convention:	
	Interest Period(s) and Specified Interest Payment Dates:	[Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	Interest Period End Date:	[Floating Rate Convention/Following Business Day

		Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
(vi)	Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition*)
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[●]
(ix)	Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[LIBOR][EURIBOR][CMS]
	– Interest Determination Date(s):	[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date
	– Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"] (*if CMS*)
	– Relevant Time:	[●]
(x)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(xi)	Margin(s):	[+/–][●]% per annum [in respect of each Interest Accrual Period ending on [●]] [[+/–][●]% per annum in respect of each Interest Accrual Period ending on [●]]
(xii)	Minimum Rate of Interest:	[[•]% per annum][Not Applicable]
(xiii)	Maximum Rate of Interest:	[[•]% per annum][Not Applicable]
(xiv)	Day Count Fraction:	[Actual/365] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]

PROVISIONS RELATING TO REDEMPTION

16	**Tax Call Option**	[Applicable/Not Applicable]

		(*The Tax Call Option should only be specified to be applicable if the Prohibition of Sales to Consumers is specified to be applicable. If not applicable, delete the remaining sub-paragraph of this paragraph.*)
	Notice periods for Condition 4(b):	Minimum period: [30] [●] days Maximum period: [60] [●] days
17	**Capital Disqualification Event**	[Applicable/Not Applicable] (*Capital Disqualification Event should only be specified to be applicable if the Prohibition of Sales to Consumers is specified to be applicable. If not applicable, delete the remaining sub-paragraph of this paragraph.*)
	Notice periods for Condition 4(c):	Minimum period: [30] [●] days Maximum period: [60] [●] days
18	**Capital Disqualification Event Variation**	[Applicable/Not Applicable] (*Capital Disqualification Event Variation should only be specified to be applicable if the Prohibition of Sales to Consumers is specified to be applicable.*)
19	**Loss Absorption Disqualification Event Variation or Substitution**	[Applicable/Not Applicable] (*Loss Absorption Disqualification Event Variation or Substitution should only be specified to be applicable if the Prohibition of Sales to Consumers is specified to be applicable.*)
20	**Issuer Call Option**	[Applicable/Not Applicable] (*The Issuer Call Option should only be specified to be applicable if the Prohibition of Sales to Consumers is specified to be applicable. If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
	(iii) If redeemable in part:	[Applicable/Not Applicable]
	(a) Minimum Callable Amount:	[●]/[Not Applicable]
	(b) Maximum Callable Amount:	[●]/[Not Applicable]
	(iv) Notice period:	Minimum period: [30] [●] days Maximum period: [60] [●] days
21	**Loss absorption Disqualification Event in respect of Senior Notes**	Condition 4(e): [Applicable from [●]/Not Applicable] (*Loss Absorption Disqualification Event should only be specified to be applicable if the Prohibition of*

		Sales to Consumers is specified to be applicable. If not applicable, delete the remaining sub-paragraph of this paragraph.)
	Notice periods for Condition 4(e):	Minimum period: [●] days Maximum period: [●] days
22	**Final Redemption Amount**	[[●] per Calculation Amount/[●]]
23	**Early Redemption Amount**	
	Early Redemption Amount(s) payable on redemption following a Tax Event, following a Capital Disqualification Event (in the case of Subordinated Tier 2 Notes), following a Loss Absorption Disqualification Event (in the case of Senior Notes) or on event of default or other early redemption:	[[●] per Calculation Amount/[●]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24	**Form of Notes**	Dematerialised form

THIRD PARTY INFORMATION

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: [●] Duly authorised	By: [●] Duly authorised

PART B – OTHER INFORMATION

1	**LISTING AND ADMISSION TO TRADING**	
	(i) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market, other stock exchange, third country market, SME growth market or MTF*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [[Euronext Brussels][*specify relevant regulated market, other stock exchange, third country market, SME growth market or MTF*]] with effect from [●].] [Not Applicable.]
	(ii) Estimate of total expenses related to admission to trading	[●]
2	**RATINGS**	[The Notes to be issued [are not]/[have been]/[are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: (*Need to include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)* [name of rating agency]: [●] [[●] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"). As defined by [●] a [●] rating means that the obligations of the Issuer under the [Programme] [Notes] are [●]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue." [●]]

(*Amend as appropriate if there are other interests*)

4 **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT**

Reasons for the offer:	[See "Use of Proceeds" in the Base Prospectus/[●]] *(See "Use of Proceeds" in the Base Prospectus – if reasons for the offer are different from general corporate purposes, include those reasons here, including if the Issuer intends to apply the net*

proceeds for Green Bond Eligible Assets.)

	Estimated net amount:	[●]
5	**YIELD** (*Fixed Rate Notes only*)	[Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	Indication of yield:	
	(i) Gross yield:	[●] [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]
	(ii) Net yield:	[●] [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]
	Maximum yield:	[●] (*Include for Floating Rate Notes only where a maximum rate of interest applies*) [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]
	Minimum yield:	[●] (*Include for Floating Rate Notes only where a minimum rate of interest applies*) [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]
6	**HISTORIC INTEREST RATES** (*Floating Rate Notes only*)	[Not Applicable] (*If not applicable, delete the remaining sub-paragraph of this paragraph.*)

[Details of historic [LIBOR/EURIBOR/CMS] rates can be obtained from [Reuters].][Not Applicable]

7 **OPERATIONAL INFORMATION**

(i)	ISIN:	[●]
(ii)	[Temporary ISIN:	[●]]
(iii)	Common Code:	[●]
(iv)	[Temporary Common Code:	[●]]
(v)	[CFI:	[Not Applicable/[●]]]
(vi)	[FISN:	[Not Applicable/[●]]]
(vii)	Any clearing system(s) other than the Securities Settlement System, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/[●]]

(viii)	Delivery:	Delivery against payment
(ix)	Names and addresses of additional Agent(s) (if any):	[●]/[Not Applicable]
(x)	Name and address of the Calculation Agent when the Calculation Agent is not KBC Bank NV:	[●]/[Not Applicable]
(xi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes, provided that Eurosystem eligibility criteria have been met.] [No]
(xii)	[Relevant Benchmark[s]:	[Not Applicable]/[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation.]]

8 **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names and addresses of Dealers:	[Not Applicable/give names and addresses]
	(B) Date of [Subscription] Agreement:	[Not Applicable]/[●]
	(C) Stabilising manager(s) (if any):	[Not Applicable/[●]]
(iii)	If non-syndicated, name and address of Dealers:	[Not Applicable/[●]]
(iv)	US Selling Restrictions	Reg. S Category 2; TEFRA not applicable
(v)	Prohibition of Sales to Consumers:	[Applicable/Not Applicable]
(vi)	Additional selling restrictions:	[Not Applicable/[●]]

GENERAL INFORMATION

(1) The update of the Programme and the issue of Notes have been duly authorised by resolutions of the Issuer's Executive Committee dated 10 October 2017 and by resolution of Rik Janssen (Group Treasurer) dated 18 May 2020.

(2) This Base Prospectus has been approved on 2 June 2020 by the FSMA in its capacity as competent authority under the Prospectus Regulation as a base prospectus for the purposes of Article 8 of the Prospectus Regulation in respect of the issue by the Issuer of Notes. Application has also been made to Euronext Brussels for Notes issued under the Programme during the period of twelve months from the date of approval of this Base Prospectus to be listed on Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of MiFID II.

(3) Other than as disclosed in this Base Prospectus, there has been no significant change in the financial position or the financial performance of the Group since 31 March 2020 and no material adverse change in the prospects of the Issuer since 31 December 2019.

(4) Other than as set out in Section "*Description of the Issuer – Litigation*", the Issuer is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

(5) No entity or organisation has been appointed to act as representative of the Noteholders. The provisions on meetings of Noteholders are set out in Condition 12(a) (*Meetings of Noteholders*) and Schedule 1 (*Provisions on meetings of Noteholders*) to the Conditions.

(6) Notes have been accepted for clearance through the facilities of the Securities Settlement System, Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

(7) Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. Subject to any period or *ad hoc* reporting obligations under applicable laws, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(9) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the website of the Issuer (www.kbc.com):

(i) the constitutional documents of the Issuer;

(ii) the audited consolidated financial statements of the Issuer for each of the two financial years ended 31 December 2018 and 31 December 2019, in each case together with the audit reports in connection therewith;

(iii) the unaudited condensed consolidated financial statements of the Issuer for the first quarter of 2019 and for the first quarter of 2020, in each case together with the report of the auditor in connection therewith;

(iv) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Notes and identity); and

(v) a copy of the Base Prospectus together with any further or supplement prospectuses relating to the Programme.

This Base Prospectus, the Final Terms for Notes that are listed and admitted to trading on the regulated market of Euronext Brussels and each document incorporated by reference will be published on the website of Euronext Brussels (www.euronext.com).

The Agency Agreement will, for so long as Notes may be issued pursuant to this Base Prospectus, be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the registered office of the Agent.

(10) Copies of the latest annual report and audited consolidated annual financial statements of the Issuer and the latest unaudited interim condensed consolidated financial statements of the Issuer may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of the Agent during normal business hours, so long as any of the Notes is outstanding.

PricewaterhouseCoopers Bedrijfsrevisoren BV (*erkende revisor/réviseur agréé*), represented by Roland Jeanquart and Tom Meuleman, with offices at Woluwedal 18, B-1932 Sint-Stevens-Woluwe (Brussels) ("**PwC**"), has been appointed as auditor of the Issuer for the financial years 2016-2022. PwC is a member of the *Instituut der Bedrijfsrevisoren/Institut des Reviseurs d'Entreprises*. The consolidated financial statements of the Issuer (as well as the annual accounts of the Issuer) for the years ended 31 December 2018 and 31 December 2019 have been audited in accordance with ISA by PwC and the audits resulted, in each case, in an unqualified opinion with an emphasis of matter paragraph in the audit opinion relating to the financial statements for the year ended 31 December 2019. The reports of the auditor of the Issuer on the Issuer's consolidated financial statements are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors.

(11) The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment

recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GLOSSARY

The below list contains an overview of certain defined terms which are frequently used in the sections "Risk Factors" and "Description of the Issuer" of this Base Prospectus and are not defined in the Terms and Conditions of the Notes.

ABS:	Asset Backed Securities. ABS are bonds or notes backed by loans or accounts receivables originated by providers of credit such as banks and credit card companies. Typically, the originator of the loans or accounts receivables transfers the credit risk to a trust, which pools these assets and repackages them as securities. These securities are then underwritten by brokerage firms, which offer them to the public.
ALM:	Asset Liability Management, i.e., the ongoing process of formulating, implementing, monitoring and revising strategies for both on-balance-sheet and off-balance-sheet items, in order to achieve an organisation's financial objectives, given the organisation's risk tolerance and other constraints.
Banking Law:	The Belgian law of 25 April 2014 on the status and supervision of credit institutions and stockbroking firms.
BPV:	Basis Point Value, i.e., the measure that reflects the change in the net present value of interest rate positions, due to an upward parallel shift of 10 basis points (i.e., 0.10%) in the zero coupon curve.
BRRD:	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.
CAGR:	compound annual growth rate.
CDO:	Collateral Debt Obligations. CDOs are a type of asset-backed security and a structured finance product in which a distinct legal entity, a special purpose vehicle (SPV), issues bonds or notes against an investment in an underlying asset pool. Pools may differ with regard to the nature of their underlying assets and can be collateralised either by a portfolio of bonds, loans and other debt obligations, or be backed by synthetic credit exposures through use of credit derivatives and credit-linked notes. The claims issued against the collateral pool of assets are prioritised in order of seniority by creating different tranches of debt securities, including one or more investment grade classes and an equity/first loss tranche. Senior claims are insulated

	from default risk to the extent that the more junior tranches absorb credit losses first. As a result, each tranche has a different priority of payment of interest and/or principal and may thus have a different rating.
Combined ratio (non-life insurance):	The sum of technical insurance charges (including the internal cost of settling claims) divided by earned premiums and operating expenses divided by written premiums (after reinsurance in each case)
Common Equity Tier 1 ratio or **CET1:**	Common Equity Tier 1 ratio, i.e., the common equity tier 1 capital of the Group (including the core-capital securities sold to the government that are grandfathered by the regulator) divided by the risk weighted assets of the Group, as calculated based on CRD IV.
Cost/income ratio (banking):	operating expenses of the banking activities divided by the total income of the banking activities.
Cover ratio:	The specific impairment on loans divided by the outstanding impaired loans.
CRD:	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms.
CRD IV:	CRR and CRD.
Credit cost ratio:	The net changes in individual and portfolio-based impairment for credit risks divided by the average outstanding loan portfolio. Note that, inter alia, government bonds are not included in this formula.
CRR:	Regulation (EU) n° 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
CRS:	The Common Reporting Standard.
Dividend payout ratio:	The amount of dividend to be distributed together with the coupon to be paid on the core-capital securities sold to the government and on the additional tier-1 instruments included in equity divided by the consolidated net profit.
ECB:	European Central Bank.
FICOD:	Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council.
FSMA:	The Belgian Financial Services and Markets Authority.

HVaR:	Historical Value-at-Risk estimates the maximum amount of money that can be lost on a given portfolio due to adverse market movements over a defined holding period, with a given confidence level and using real historical market performance data.
IFRS:	International Financial Reporting Standards
Impaired loans ratio:	The total outstanding impaired loans (PD 10-11-12) divided by the total outstanding loans.
LGD:	Loss Given Default, i.e., the loss a bank expects to experience if an obligor defaults, taking into account the eligible collateral and guarantees provided for the exposure.
Liquidity Coverage Ratio or **LCR:**	Stock of high-quality liquid assets divided by total net cash outflows over the next 30 calendar days.
MBIA:	Municipal Bond Insurance Association.
MREL	Minimum requirement for own funds and eligible liabilities
MTM:	Market-to-market.
NBB:	National Bank of Belgium.
NSFR:	available amount of stable funding divided by the required amount of stable funding
PD:	Probability of Default, i.e., the probability that an obligor will default within a one-year horizon.
Single Resolution Mechanism or **SRM:**	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amending Regulation (EU) No 1093/2010 of the European Parliament and of the Council.
Single Supervision Mechanism or **SSM:**	Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
Solvency II:	Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance of 25 November 2009, as amended by Directive 2013/58/EU of 11 December 2013 as regards the date for its transposition and the date of its application and by Directive 2014/51/EU of 16 April 2014.
SVaR:	Stressed Value-At-Risk is analogous to the Historical VaR, but it is calculated for the time series of a maximum stressed period in recent history.
Total capital ratio:	The total regulatory capital of the Group (including the core-capital securities sold to the government that are grandfathered by the regulator) divided by the risk weighted assets of the

	Group, as calculated based on CRD IV.
VaR:	Value at Risk, i.e., the unexpected loss in the fair value (= difference between the expected and worst case fair value), at a certain confidence level and with a certain time horizon.

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