

To the Kind attention of KBC Bank Board of directors!

Date: April 26, 2018

Sender: Prelovsky Attila (client of KBC Group, potential shareholder of KBC Bank N.V.)

Subject: Shareholders questions to the Board of directors of KBC Bank

Introduction:

I am Attila Prelovsky as shareholder of KBC Bank sending my official shareholder's questions for the AGM of May 3, 2018 in line with the Articles of Association of KBC Bank and the AGM Convening notice.

K&H Bank is fully owned by KBC Bank N.V. **This Question list contains just the fragments of the total problems with KBC Group. I will introduce more at the AGM of May 3, 2018 personally.**

Initial request and other general introduction:

I kindly request KBC Board of Directors to include my questions in the document to be disclosed publicly. Moreover I kindly request KBC Bank to Quote my questions in this document very exactly. Please give proper, direct, detailed and fair answers on these questions. I am a KBC Group client. I made 5 major contracts with K&H Bank in December 2013. Unfortunately it turned out a few years ago that K&H Bank is much much more below the level of all other Hungarian commercial banks.

My aim is to protect shareholder value of KBC Bank and I request all KBC Bank control functions to be seriously alert to solve and examine the situation. I experienced that KBC Bank is neither not able to face real compliance problems and nor able to solve them at all.

Quite a few of the questions are related to K&H Bank, which is a major subsidiary of KBC Bank in Hungary. I already presented the problems to KBC Management several times, but nothing has happened.

I definitely think that we as shareholders face unfortunately one of the most serious scandal of KBC Group of the past 10 years. And this is due to serious non compliance with KBC Group Code of conduct, human negligence, unethical approach and creating lies lies and lies by K&H Bank (fully owned by KBC Bank).

The operation and profit generation of KBC Group is related to and exposed to client trust. The steps and moves of a KBC Group affiliate (K&H Bank) is incredible seriously undermines client trust. My expert estimate and assumption is that if K&H Bank as a major KBC Group affiliate continues its sick, non-transparent, and anti-civilized activity for six more months there is huge chance that it will be downgraded by International Rating agencies by several grades and notches. KBC Group cannot loose client contracts.

Question 1 in relation to Agenda Nr 1:

Page of the Annual Report: 51, Topic: Sustainability governance

Page of the Annual Report: 101, Topic: Non financial risks

Page of the Annual Report: 103, Topic: Reputational risk

Page of the Annual Report: 137, Topic: Non compliance with the Corporate Governance Code


Page of the Annual Report: 140-144, Topic: Main features of the internal control and risk m. systems

Background

It is well known for KH Management and KBC Executive Committee that I placed USD deposit to K&H Bank IN 2013 (a major affiliate of KBC Group) and 8,35 % of my hard earned money was stolen by K&H Bank through 33 foreign transactions. KBC and KH Bank released a written promise in November, 2015 (quasi bank guarantee) that it will investigate all transactions and will provide all information on rates, margins and all information to be able to reconcile all my 33 FX transactions made through K&H Bank. So this is a quasi bank guarantee, but it was shockingly withdrawn by K&H Bank and KBC Bank. K&H Bank is fully owned by KBC Bank N.V.

AS A SHAREHOLDER TO KBC BANK I DO NOT TOLERATE IF A BANK GUARANTEE IS WITHDRAWN, BECAUSE IT SERIOUSLY ENDANGERS SUSTAINABILITY AND INCREASES REPUTATION RISK AND REDUCES CLIENT TRUST.

How could it happen that K&H Bank and KBC Bank withdrew a major written bank guarantee in relation to my stolen-disappeared deposit? Is it part of KBC Strategy and Corporate sustainability to withdraw bank guarantee? Did anyone investigated that who is responsible for withdrawing a KBC Bank and K&H Bank written promise/guarantee? Is it a habit at KBC Group to withdraw bank guarantees?

 1

Question 2 in relation to Agenda Nr 1:

Page of the Annual Report: 51, Topic: Sustainability governance

Page of the Annual Report: 101, Topic: Non financial risks

Page of the Annual Report: 103, Topic: Reputational risk

Page of the Annual Report: 137, Topic: Non compliance with the Corporate Governance Code

Page of the Annual Report: 140-144, Topic: Main features of the internal control and risk m. systems

Page of the Annual Report: 50, Topic: Human rights (actually the breach of Human rights)

This issue is strictly in relation the Question Nr 1

When I try to enter a KBC Group Branch (K&H Bank Branch) as a KBC Group client I experience that the Panic button is pushed immediately on my arrival regularly by K&H Branch staff based on the insane, mean and crazy written order of K&H Bank Headquarter.

So the panic button is immediately pushed, when I enter a KBC Group Branch (K&H Bank) and I try to receive information on fulfilling the written bank guarantee of KBC Bank and KH Bank dated November 2015 and when I try to ask for my Account statements or when I try to launch a written complaint. In all these cases due to the panic button press Police arrive with huge forces, because they assume it is a robbery or anything similar Panic button is always pushed without reason. In the past two years K&H Bank pushed the panic button die to my appearance 32 times. This panic button pushing has very serious racist mitivation by KH Bank, plus its aim is to fully block my service (this is total discrimination) and the incredibly mean target and aim of this panic button call is to put incredibly serious psychological pressure on me. In these cases the Branch staff behaviour is incredibly rude, it violates my honesty, I have to suffer quite offent verbal atrocities and sometime physical atrocities. I do not know whether KBC Management heard about the Strabucks police call incident on two persons. You may know how serious scandal it was. This case is much more brutal, because the police was called not through phone, but through panic button calls, which is for serious crime cases only. And as a KBC Group client I had to suffer 32 panic button calls in the past two years without the slightest reasons of it. K&H Bank has a seriously sick and non compliant management. Panic button pushes of K&H Bank have some seriously racist motivation as well.

I usually show the written bank guarantee of KBC Bank and KH Bank, why I arrived to the branch and it is hard for them to find words why K&H Bank pushes the panic button regularly without the slightest reason. Police forces are always very professional and fair on their work.

Related questions: What would be the effect on KBC Corporate sustainability if KBC Bank would push the panic button on its clients regularly, who wish to launch a complaint or request for KBC Group Account statement? Is the pushing of Panic button on a fair and prudent client a regular way to serve KBC Group clients and solve its banking problems? If So, when was it introduced at KBC Group? I reported the constant panic button calls of K&H Bank to KBC Bank several times. Has anyone investigated the case? I have no information about it. Which Committee is responsible at KBC Group for Human right violations such as regular and sly panic button calls on clients? Please investigate this case urgently and please inform me about its result urgently!! **Unjustified and threatening panic button calls on fair clients will never solve anything, it will just result in very serious additional problems and client trust could be lost.**

Question 3 in relation to Agenda Nr 1:

Page of the Annual Report: 51, Topic: Sustainability governance

Page of the Annual Report: 101, Topic: Non financial risks

Page of the Annual Report: 103, Topic: Reputational risk

Page of the Annual Report: 137, Topic: Non compliance with the Corporate Governance Code

Page of the Annual Report: 140-144, Topic: Main features of the internal control and risk m. systems

Page of the Annual Report: 50, Topic: Human rights (actually the breach of Human rights)

This issue is strictly in relation the Question Nr 1 and Nr 2.

I raised this issue to KH Bank and also to KBC Bank several times, but nothing happaned at all.

I wrote already to KBC Bank top Management that I was a victim of a serious racial atrocity committed by KH Bank against me. This nasty, mean, brutal anti-Semitic atrocity occured against me in a public area, in a Vth District K&H Branch (Nyugati square) in October 4, 2016 by K&H Bank, moreover it was a Life threatening anti-Semitic atrocity and threat by K&H Bank. I can confirm, that it was the first case in my life that I had to suffer a threatening, brutal racist attack and it was committed by KH Bank.

 2

KH Bank pushed the panic button immediately without reason, when I arrived to the branch and the arriving G4S security guard told me the followings in the name of KH Bank officially:

„I got a panic call, I have the right to act and I call you that You should leave the branch immediately.”

A few moments later Police force arrived and after one or two minutes the G4S Security Guard told me the following sentences without reason and in front of K&H Branch Manager (Arányiné Enesei Mária), plus permanent Branch Security guard, other K&H workers and some clients, plus in front of one policemen:

„It is Your luck that we are not living during the Szálasi Regime” (Hitleristic period in 1944-1945 in Hungary)

I asked the security him what does he mean by that? He replied:

„You would have been buried long ago during the Szálasi Regime” (Hitleristic period in 1944-45 in Hungary)

I mentioned it to the Senior Police officer, G4S Security Guard never apologized, in addition K&H Bank Branch Office manager lady is also aware that and she and KH Bank never apologized.

K&H Bank never examined the case, although I requested that several times in writing, plus chief K&H Bank executives are very clearly aware the case (especiallly Mr Scheerlinck, Mr Beke, Mr Singlovics and the new comer Mr Mucheron). No answer was ever provided on my written compliants, it means that KH Bank supported the case obviously, moreover obviously they ordered it. Otherwise KH Bank would have already apologized me for the case, and it would have investigated it, but it has never happened.

K&H Bank received the official voice recording of the case two times.

KH Bank conveyed the racial, threatening message through a G4S Security guard: *That I would have been buried during the Hungarian Hitleristic period.* KH Bank should not dare to threaten its fair client through such a nasty way. Police was involved and witnessed the case, plus it was witnessed several KH Bank branch workers and some KH Bank clients. Noone from KH Bank apologized, in additional the brach manager lady is a real disaster as she also agrees and supports what has happened as she never apoloigoized me. K&H Bank and KBC Bank supports anti-Semitism and using serious brutal anti-Semitic atrocities against its clients. This atrocity was made in public K&H Branch area in front of several people.

K&H Bank pushed the panic button again without reason and K&H Bank executives instigated, urged and motivated a G4S Ltd security guard who launched a primitave, inhuman, threatening ani-Semitic atrocity against me. This security guard was called by K&H Bank, this is key point. KH Bank has contract with G4s Ltd. KH Bank is ultimately responsible for the case. Without the instigation of K&H Bank executives it would have never happened, because this External G4S NAZI security guard never saw me.

Related questions: Is antisemitism and racism a major element of KBC’s strategy? Does KBC Bank Executive Committee tolerates antisemitism and racism? If not please do apologize to me immendiately! Which KBC Committee is examining the serious violations of human rights of its clients? Will KBC Bank investigate this incident finally? The proof of this serious incident (official voice recording, signed Police report) has been provided to K&H Bank two times. KH Bank is just lying

What would be the effect on sustainable operation if racism and antisemitism would be a major element in client management? Is antisemitism and racism is in the focus of Client Centrity of KBC Group?

Question 4 in relation to Agenda Nr 1:

Page of the Annual Report: 51, Topic: Sustainability governance

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Page of the Annual Report: 103, Topic: Reputational risk

Page of the Annual Report: 137, Topic: Non compliance with the Corporate Governance Code

Page of the Annual Report: 140-144, Topic: Main features of the internal control and risk m. systems

Today I have official proofs that K&H Bank lost all my Account contracts and my Bank Card Contract. Related years of the contracts (contracting and contract modification): 2013, 2014, 2016.

I know it is hard to believe K&H Bank lost them well before preservation period. It is serious scandal. And these contract are my personal data and these data are to be managed by K&H Bank on the basis of three milestone laws. It is even more critical that KH Bank has no copy of these contracts at all, plus it is also proved that KH Bank never scanned my contacts. There is incredible chaos at KH Bank in a crucial issue.

My conclusion and assumption is (based on several other documentation as well) that KH Bank lost client contracts in very serious masses, around tens of thousands of KH Bank client contracts could have been completely lost. In addition by today I assume that even hunders of thousands of KH Bank client contracts may have been lost and disappeared completely. In a digital and regulated world it cannot happen that Basic



account contracts and bank cards are lost, when every bank in the world scans key contracts immediately and stores even the copies at a safe place. There has been criminal investigation against K&H Bank for more than a year, not only because of lost contracts, but also because of a dozen other data protection issues. As I mentioned at Question 1 a part of my own saving disappeared (i.e. it was stolen by KH Bank), but also KH Bank lost all related contracts completely as well.

On July 4, 2017 I talked officially to Mr Lukács Zsolt the Internal Data Protection Officer and a Chief Compliance Officer of KH Bank.

This call contains the following information regarding my lost contracts:

L.Zsolt, Internal data protection officer of KH Bank: „ *how should I know that when the KH Bank archives will be able to search Your contracts*” (I told him that my contracts dated December, 2013 were lost by KH Bank and I asked where are my client contracts; six months before in January, 2017 KH Bank did not already find my key client contracts)

L.Zsolt, Internal data protection officer of KH Bank: „ *It may happen, that these contracts are gone, it can happen that noone finds them, It can happen that these contracts are lost*”

(It is KH Bank's official answer on the status of key client documentation, a real disaster)

L.Zsolt, Internal data protection officer of KH Bank: „*Anything can happen*” „*It can happen, that these contracts were sorted out*”

These sentences by Mr L. Zsolt are supporting the fact that there is incredibly serious chaos and disorder at KH Bank and KH Bank archives. This mess is deteriorating client trust as well. What happens if KH Bank loses the most essential original client documents and does not have any archived copy of them? How serious the chaos could be at other fields at KH Bank? KH Bank never provided me the status of my most important client contracts, although from data protection and prudential point of view, these are essentially important issues. I request all control function of KBC Bank to help KH Bank to stand up, because it is the essential interest of all depositors of KH Bank, plus all shareholders of KBC Bank.

There has been a financial supervision authority examination going on against KH Bank (by the National Bank of Hungary). The National Bank asked the copy of my contracts from KH Bank during the investigation. But KH Bank (fully owned subsidiary of KBC Bank) could not attach them as KH Bank lost all of them, and none of these contracts were found until today.

Questions: Did anyone conduct a KBC Group investigation due to my lost KBC Group contracts? If so, please give details when and by whom and what was the result! When was it reported first time that client contracts were lost? How many client contracts were lost by K&H Bank in 2015, 2016, 2017, 2018? Please detail and explain the related KBC Group investigations! How could it happen that client contracts were lost? Based on the July 2017 official statement of Lukács Zsolt Chief compliance Officer tens of thousand of client contracts could have been lost.

Question 5 in relation to Agenda Nr 1:

Page of the Annual Report: 103, Topic: Reputational risk

Page of the Annual Report: 137, Topic: Non compliance with the Corporate Governance Code

I am as shareholder of KBC Bank experienced that K&H Bank (a major subsidiary of KBC Bank) commissioned Ormai and Partners Cameron CMS External Legal Office Hungary to manage my cases.

As I can clearly overview the junk and non professional activity of this Legal office I can estimate that K&H Bank spent at least EUR 300 thousand on my cases towards Ormai and Partners Cameron CMS Legal Office Hungary. I can confirm that this legal office generated dozens of incredibly low quality documents (especially Ormai Gabriella and Kohl Z. József, but also Peter Szilaj as well), and this „legal agency” did not spare with the paper as well.

While KBC Group spent serious amounts of money on incredibly junk and unprofessional external lawyers (Ormai and Partners Cameron) they could not reach any single result at all, absolutely nothing, indeed they just generated very-very serious reputational risk for KBC Group. There is and incredibly serious disproportion and inequality as well, because my very original client claim against KH Bank in 2015 was only EUR 3 thousand and KH Bank as KBC Group affiliate spends an incredibly high amount of Money on truly junk lawyers (approx EUR 300 thousand) without any result and without any justification. All compliance issues must be solved by KH Bank and KBC Bank itself. KBC Group has dozens of committees from Audit Committee to Risk and Compliance Committee and KBC Group employs hundreds of Compliance officers and Internal Auditors Group wide and I have not yet talked about Internal KBC Group legal counsels. Why are they get paid for?

 4

Are not they able to keep, monitor, observe and control the most elementary compliance regulations, legal regulations and enforce the compliance with KBC Bank Group code of conduct and with KBC Group's Sustainability Framework? This is a very serious shame for KBC Group. The efficiency of these KBC Group divisions must be improved seriously. **What did Mrs Christine Van Rijsegghem as Group CRO of KBC do to manage and solve the critical problems arose in 2015-2016-2017-2018? Was she aware of those at all? Does she plan to resign? She is member of Board of directors at KH Bank as well. Incredibly weak performance by Mrs Rijsegghem at both positions.**

Closing the eyes in front of serious compliance breaches and waiting for a chocolate cake is not enough at all. I think this is basic and elementary expectation of each shareholder of KBC Bank. Management responsibility must be increased at KBC Group.

SPENDING AN INCREDIBLY HIGH AMOUNT OF MONEY ON EXTREMELY JUNK LEGAL OFFICE (Ormai and partners) IS AN INCREDIBLE SERIOUS WASTE OF SHAREHOLDERS MONEY AND KBC GROUP'S EQUITY AS WELL. I PROTEST VERY CLEARLY IF KBC SPENDS MONEY WITHOUT JUSTIFICATION AND WITH ZERO RESULT. **MY QUESTION IS THAT PLEASE EXAMINE AND DISCLOSE TO ME THE WHOSE INTEREST WAS TO COMMISSION THIS INCREDIBLY JUNK LEGAL AGENCY (Ormai and Partners CMS Cameron) WITH MY CASE AND WHY IT WAS NOT ABLE TO SHOW ANY SINGLE RESULT SO FAR? WHO IS RESPONSIBLE FOR THAT IN KBC GROUP? IF KBC GROUP COMMISSIONS A LEGAL OFFICE PLEASE WORK WITH PROFESSIONALS AND WITH THOSE WHO FOLLOW UP KBC GROUP'S BANK STANDARDS AND LEGAL ATTORNEY STANDARDS! WHY DOES KBC GROUP HAVE SEVERAL HUNDRED COMPLIANCE OFFICERS, INTERNAL LAWYERS, INTERNAL CONTROL AUDITORS IF THEY ARE UNABLE TO FOLLOW UP AND ENFORCE THE KBC GROUP CODE OF CONDUCT.**

ADDITIONAL QUESTIONS: OUT OF TOTAL KBC GROUP WAGES PLUS SALARIES AND WAGE RELATED SPENDING FOR 2016 AND 2017 WHAT WAS THE EXACT AMOUNT OF THE WAGES AND SALARIES OF COMPLIANCE OFFICERS, INTERNAL CONTROL OFFICERS, NON FINANCIAL RISK OFFICERS, INTERNAL LEGAL COUNSELS. PLEASE ALSO GIVE THE NUMBER OF STAFF FOR FYE 2016 AND FYE 2017 ON KBC GROUP LEVEL FOR INTERNAL AUDITORS, COMPLIANCE OFFICERS, INTERNAL LEGAL COUNSELS, NON FINANCIAL RISK OFFICERS.

PLEASE DO NOT WASTE SHAREHOLDERS MONEY ANYMORE ON JUNK AND UNNECESSARY LEGAL COUNSEL AND PLEASE BE EFFICIENT AT SUCH KEY DIVISIONS OF KBC GROUP!

WHAT ARE THE MEASURES THAT KBC EC WISHES TO TAKE IN 2018 TO SERIOUSLY IMPROVE THE EFFICIENCY OF KBC GROUP INTERNAL AUDITING, COMPLIANCE DIVISION, INTERNAL LEGAL COUNSELS DIVISION, NON FINANCIAL RISK DIVISION?

DO YOU NEED QUALITY CHANGE OR IS THERE A NEED TO INCREASE STAFF NUMBER AT THESE AREAS? OR JUST KEY CONTROL FUNCTIONS MUST BE STRENGTHENED?

Question 6 in relation to Agenda Nr 1:

Page of the Annual Report: 103, Topic: Reputational risk

Rik Scheerlinck was the CEO of K&H Bank until May 5, 2017. He knew about all topic raised in the shareholder's questions list. KH Bank made official statements towards the National Bank in January, February, March 2017 that it lost my key contracts very well before legal deadlines. Mr Scheerlinck was obviously aware of that, but he did not do anything. Mr Scheerlinck is the CFO of KBC Bank today. This position requires 100 % precisiy. Does Mr Scheerlinck plan to resign for moral reasons? Is there, was there any internal examination against Rik Scheerlinck by any KBC Bank committee? Did Mr Scheerlinck knew about the racist, antisemitic atrocity against me (question 3 of this question list)? Of course I informed KH Bank Management several times in writing. As a KBC shareholder I expect much more from a CFO of a large bank. Who is the responsible KBC director for the performance and supervision of the major subsidiaries?



Budapest, April 26, 2017.

Yours Faithfully: Prelovsky Attila (KBC Bank shareholder)