



**KBC Bank**  
***Naamloze Vennootschap* (company with  
limited liability)**  
**Havenlaan 2 – B-1080 Brussels**  
**VAT BE 0462.920.226 (RLP Brussels)**

Convening notice for the Annual General Meeting and the Extraordinary General Meeting of KBC Bank NV, which will be held at the company's registered office, 1080 Brussels, 2 Havenlaan, on 29 April 2009, at 11 a.m.

The Annual General Meeting will start at 11 a.m. and will be followed immediately by the Extraordinary General Meeting.

The agendas are as follows:

**Agenda of the Annual General Meeting**

1. Review of the combined annual report of the Board of Directors of KBC Bank NV regarding the company and consolidated annual reports for the financial year ending on 31 December 2008.
2. Review of the auditor's reports on the company and consolidated annual accounts of KBC Bank NV for the financial year ending on 31 December 2008.
3. Review of the consolidated annual accounts of KBC Bank NV for the financial year ending on 31 December 2008.
4. Motion to approve the company annual accounts of KBC Bank NV for the financial year ending on 31 December 2008.
5. Motion to approve the appropriation of the results of KBC Bank NV for the financial year ending on 31 December 2008.
  - a withdrawal in the amount of 608 325 092.94 EUR from the available reserves of KBC Bank NV to compensate for the loss made in the financial year.
  - profit appropriation for the KBC Bank NV 2008 financial year where
    - \* no dividend will be paid;
    - \* no profit quotas/share will be paid.
6. Motion to grant discharge to the directors of KBC Bank NV for the performance of their mandate during the 2008 financial year.
7. Motion to grant discharge to the auditor of KBC Bank NV for the performance of his mandate during the 2008 financial year.
8. Appointments

- a. Motion to reappoint Mrs Sonja De Becker as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- b. Motion to reappoint Mr Pierre Konings as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- c. Motion to reappoint Mrs Orlent-Heyvaert Marita as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- d. Motion to reappoint Mr Paul Peeters as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- e. Motion to reappoint Mr Gustaaf Sap as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- f. Motion to reappoint Mr Guido Segers as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- g. Motion to reappoint Mr Patrick Vanden Avenne as director for a period of four years, i.e. until after the Annual General Meeting of 2013.
- h. Motion to reappoint Mr Dirk Wauters as director for a period of four years, i.e. until after the Annual General Meeting of 2013.

9. Other business

**Agenda for the Extraordinary General Meeting**

1. Review and discussion of the merger proposal of 19 February 2009 regarding the merger between KBC Bank NV and Immo Parijsstraat NV, with registered office at 1080 Brussels, Havenlaan 2, drawn up by the management bodies of the companies to be merged in accordance with Article 719 of the Companies Code, and which is available free of charge to the shareholders.
2. Motion to approve the merger proposal of 19 February 2009 regarding the merger between KBC Bank NV and Immo Parijsstraat NV, as drawn up by the management bodies of the companies to be merged.
3. Motion to approve the operation whereby the acquiring company, KBC Bank NV, takes over the acquired company, Immo Parijsstraat NV, by means of a transaction equivalent to a merger by acquisition within the meaning of Article 676, 1° of the Companies Code, and whereby all the assets and liabilities of Immo Parijsstraat NV, without exception or general reservation, will be transferred to KBC Bank NV.
4. Review and discussion of the joint merger proposal of 19 February 2009 with respect to the cross-border merger between KBC Bank NV and KBC Bank Nederland NV, with registered office at Watermanweg 92, 3067 GG Rotterdam, in the Netherlands, drawn up in accordance with Article 772/6 of the Companies Code and Articles 312, 326 and 333d of Book 2 of the Dutch Civil Code, and which is available free of charge to the shareholders.
5. Review and discussion of the report of the Board of Directors of KBC Bank NV with respect to the cross-border merger between KBC Bank NV and KBC Bank Nederland NV, drawn up in accordance with Article 772/8 of the Companies Code, and which is available free of charge to the shareholders.
6. Motion to approve the joint merger proposal of 19 February 2009 with respect to the cross-border merger between KBC Bank NV and KBC Bank Nederland NV, as drawn up by the management bodies of the companies to be merged.

7. Motion to approve the operation whereby KBC Bank NV, as the acquiring company, takes over KBC Bank Nederland NV, the acquired company, by means of a cross-border merger, and whereby KBC Bank Nederland NV will cease to exist and KBC Bank NV will acquire under general title the assets and liabilities of KBC Bank Nederland NV.
8. Motion to replace the first paragraph of Article 5 bis with the following text:  
'Profit-sharing certificates, with the features, terms and conditions as laid down in the annexes to these Articles of Association, will be issued in the circumstances provided for in Article 2 of the respective annexes. The annexes form an integral part of these Articles of Association.'
9. Motion to scrap in the first sentence of the first paragraph of Article 20 the words 'and the members of which it appoints and dismisses,' and to replace the fourth paragraph of Article 20 with the following text:  
'The president and members of the Executive Committee are appointed and dismissed by the Board of Directors, in accordance with the relevant legal and regulatory provisions. Appointments are made on the nomination of the Board of Directors, after consulting the Executive Committee.  
The president of the Executive Committee holds the title of President of the bank.'
10. Motion to amend point 2 a) of Article 37 of the Articles of Association as follows: 'a) to allocate payments to the holders of profit-sharing certificates as stipulated in the annexes to these Articles of Association'.
11. Motion to add the following text in a second annex to the Articles of Association, of which it will be an integral part:

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

The Profit-Sharing Certificates will be issued in certain circumstances, as set out in Condition 2.1 (*Issuance of the Profit-Sharing Certificates - Circumstances*), by KBC Bank NV (the "**Issuer**"), pursuant to a resolution of the Issuer's general shareholders meeting passed on 29 April 2009.

The Profit-Sharing Certificates are the subject of (a) a contingent guarantee agreement dated 14 May 2008 (as amended or supplemented from time to time, the "**Contingent Guarantee Agreement**") between the Issuer and KBC Group NV ("**KBC Holding**") and (b) an agency agreement dated 14 May 2008 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, KBC Bank NV as fiscal agent, domiciliary agent and calculation agent (the "**Fiscal Agent**", the "**Domiciliary Agent**" and the "**Calculation Agent**", which expressions include any successor fiscal agent, domiciliary agent or calculation agent appointed from time to time in connection with the Profit-Sharing Certificates) and the paying agents named therein (together with the Fiscal Agent and the Domiciliary Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Profit-Sharing Certificates). Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Contingent Guarantee Agreement and the Agency Agreement and are subject to their detailed provisions. The holders of the Profit-Sharing Certificates (the "**Holders of Profit-Sharing Certificates**" or the "**Holders**") and the holders of the related dividend coupons are bound by, and are deemed to have notice of, all the provisions of the Contingent Guarantee Agreement and the Agency Agreement applicable to them. Copies of the Contingent Guarantee Agreement and the Agency Agreement are available for inspection by any interested person during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 1. DEFINITIONS

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

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

“**Securities**” means the Euro Directly Issued Perpetual Debt Securities issued by the Issuer on 14 May 2008, as well as any further securities issued pursuant to Condition 16 (*Further Issues*) of the Securities, in each case forming a single series therewith.

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

“**Issuer Ordinary Shares**” means ordinary shares of the Issuer or any ordinary share equivalent that may replace or be substituted for the ordinary shares of the Issuer.

“**KBC Holding Ordinary Shares**” means ordinary shares of KBC Holding or any ordinary share equivalent that may replace or be substituted for the ordinary shares of KBC Holding.

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

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

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

“**TARGET Settlement Day**” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto is open for business.

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

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

“**Deferred Distribution**” means a distribution or any part thereof which has been deferred pursuant to the provisions of Condition 4.4 (*Distributions - Deferral of distributions*).

“**Distribution Date**” has the meaning given in Condition 4.2 (*Distributions - Fixed distributions*).

“**Distribution Period**” has the meaning given in Condition 4.2 (*Distributions - Fixed distributions*).

“**Mandatory Distribution**” means a distribution on the Profit-Sharing Certificates which is mandatorily payable pursuant to Condition 6 (*Mandatory Distributions*).

“**Net Assets Deficiency Event**” means (i) with respect to the Issuer or KBC Holding, a decline in the net assets of the Issuer or KBC Holding, respectively, to below the sum of its paid in capital and non-distributable reserves, as determined in accordance with, or by applying the computation method provided in, Article 617 of the Company Code in relation to the distribution of dividends, or (ii) with respect to the Issuer, a decline in the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer on a company or on a consolidated basis to below the requirements set out in Article III.1 § 1, 3° of the Decree of 17 October 2006 of the CBFA on the regulation of the own funds of the credit institutions and investment firms as resulting from the international regulations in force regarding solvency (the “**2006 Decree**”). For the purposes hereof, references to the 2006 Decree and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions. Net assets are to be understood (subject to any change in Article 617 of the Company Code that may occur after 14 May 2008) as the total assets as they appear in the most recent audited annual non-consolidated balance sheet of the Issuer or KBC Holding, as the case may be, after deduction of provisions, debts (including, for the avoidance of doubt, the Securities), formation expenses not yet written off and research and development costs not yet written off.

“**Company Code**” means the Belgian company code enacted by the law of 7 May 1999, as the same may be amended from time to time.

## **2. ISSUANCE OF THE PROFIT-SHARING CERTIFICATES**

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

For the purposes of the foregoing, a “**Supervisory Event**” will be deemed to occur if (i) the amount of total regulatory capital of the Issuer on a company or on a consolidated basis declines below the requirements set out in Article III.1 § 1, 3° of the Decree of 17 October 2006 of the CBFA on the regulation of the own funds of the credit institutions and investment firms as resulting from the international regulations in force regarding solvency (the “**2006 Decree**”), (ii) the amount of core tier 1 regulatory capital of the Issuer on a company or on a consolidated basis declines below 5/8 of the requirements set out in Article III.1 §1, 3° of the 2006 Decree, (iii) Article 633 of the Company Code becomes applicable by virtue of the Issuer's net assets becoming less than 50 per cent. of its corporate capital, (iv) Article 23 of the Belgian law of 22 March 1993 on the status and supervision of credit institutions (the “**Law of 22 March 1993**”) applies by virtue of the Issuer's capital falling below EUR 6.2 million or (v) at the discretion of the CBFA, in the event that Article 57 §1 of the Law of 22 March 1993 becomes applicable due to the special measures imposed by the CBFA in application thereof. For the purposes hereof, references to the 2006 Decree, the Law of 22 March 1993 and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

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

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

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

### **3. NATURE, DENOMINATION, FORM AND STATUS**

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

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

3.3 *Form:* If the board of directors or executive committee of the Issuer determines that Profit-Sharing Certificates in registered form or in dematerialised form are able to be cleared through Euroclear (CIK NV/SA) (*Interprofessionele effectendeposito- en girokas/Caisse interprofessionnelle de dépôts et de virements de titres*) and/or Clearstream, Luxembourg or their respective successors, the Profit-Sharing Certificates will be in those forms. In any event, the

Profit-Sharing Certificates will be in registered form or dematerialised form at the choice of the Issuer.

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

#### **4. DISTRIBUTIONS**

4.1 *Conditional entitlement*: The Holders of Profit-Sharing Certificates are entitled to the distributions set out in this Condition 4, subject only to the availability of distributable profits in accordance with Article 617 of the Company Code and to the conditions set out in Condition 4.3 (*Net assets deficiency*) and Condition 4.4 (*Deferral of distributions*) below. Those distributions will be made in priority to any dividend distribution on the Junior Securities of the Issuer. Distributions will be calculated and paid in euro.

4.2 *Fixed distributions*: The distribution entitlement will be calculated at a rate per annum on their nominal amount equal to the rate of interest payable on the Securities, payable in arrear on 14 May in each year (each, a “**Distribution Date**”). On the first Distribution Date following the date of issue of the Profit-Sharing Certificates, the amount of the distribution will be calculated *pro rata temporis*, provided that no distribution will accrue on that first Distribution Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*). For the purposes hereof and of Condition 8.5 (*Redemption -Redemption price*), *pro rata* accruals will be calculated on the basis of the actual number of days elapsed and the actual number of days in the Distribution Period. “**Distribution Period**” means each period from (and including) the issue date of the Securities (being 14 May 2008) or any Distribution Date to (but excluding) the next Distribution Date.

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

4.4 *Deferral of distributions*: If a distribution on the Profit-Sharing Certificates is not mandatorily due and payable on a Distribution Date pursuant to Condition 6 (*Mandatory Distributions*) and no Net Assets Deficiency Event has occurred, then the Issuer may elect to defer payment of a distribution (or a specified portion thereof) otherwise available to be paid on such Distribution Date by giving notice (a “**Deferral Notice**”) to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*) on or before the 15th business day immediately preceding the relevant Distribution Date. In such event, the Issuer will not declare any such distribution or shall declare less than the full amount of such distribution.

Each Deferral Notice shall specify whether the full amount of the distribution due and payable in respect of the Profit-Sharing Certificates on the relevant Distribution Date will be deferred or, if not, the amount of the distribution which will be deferred.

Deferred Distributions will become mandatorily payable, subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, upon any payment of dividends on Junior Securities or Parity Securities of the Issuer or KBC Holding or any redemption, repurchase or other acquisition by the Issuer or KBC Holding of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition). The Issuer may, however, elect to pay Deferred Distributions at any time before they become mandatorily payable.

4.5 *Distributions not cumulative*: Any distribution missed by reason of the application of Condition 4.3 (*Net assets deficiency*) above or of insufficiency of distributable profits in accordance with Article 617 of the Company Code will be definitively forgone, and the Holders of Profit-Sharing Certificates will not be entitled to any carry forward of such missed distribution.

## **5. DIVIDEND STOPPER**

5.1 *Issuer*: If a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then the Issuer will not, for a period of twelve months after such Distribution Date, declare or pay any dividend on its Junior Securities or Parity Securities or redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

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

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

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

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

## **6. MANDATORY DISTRIBUTIONS**

6.1 *Circumstances*: Notwithstanding Condition 4.3 (*Distributions – Net assets deficiency*) and Condition 4.4 (*Distributions – Deferral of distributions*), but subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, if the Issuer or KBC Holding (A) pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), then the distributions payable on each Distribution Date occurring during the Relevant Period will be mandatorily payable on each such date.

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

6.3 *Relevant Period*: For the purposes of the foregoing, “**Relevant Period**” means one year commencing on and including the day of the relevant dividend or redemption, repurchase or other acquisition but not including the corresponding day of the twelfth month thereafter.

## **7. TAXATION**

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

(i) held or presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Profit-Sharing Certificate by reason of its having some connection with the Kingdom of Belgium other than the mere holding of the Profit-Sharing Certificate; or

(ii) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Profit-Sharing Certificate to another paying agent of the Issuer in a Member State of the European Union; or

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

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

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

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

## **8. REDEMPTION**

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

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

8.3 *Redemption at the option of the Issuer:* The Profit-Sharing Certificates may, subject to prior approval by the CBFA, be redeemed at the option of the Issuer, in whole (but not in part), on 14 May 2013 (the “**First Call Date**”) or on any subsequent Distribution Date at the Base Redemption Price; *provided that* the Issuer will give notice to the Holders of Profit-Sharing Certificates not less than 60 business days but not more than 90 business days prior to any such redemption on the First Call Date and not less than 30 days but not more than 60 days prior to any such redemption on any date following the First Call Date.

8.4 *Redemption upon Tier 1 Disqualification Event:* Upon the occurrence of a Tier 1 Disqualification Event, the Issuer will have the right, subject to prior approval by the CBFA, by giving not less than 30 nor more than 60 days’ notice to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*), (i) at any time before the First Call Date, to redeem the Profit-Sharing Certificates, in whole (but not in part), at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or at any time thereafter, to redeem the Profit-Sharing Certificates, in whole (but not in part), at the Base Redemption Price, or (iii) at any time, to convert the Profit-Sharing Certificates, in whole (but not in part), into Exchange Upper Tier 2 Instruments. For the purposes of the foregoing, “**Tier 1 Disqualification Event**” means the receipt by the Issuer of an opinion or declaration, rule or decree of the CBFA to the effect that there has been either (i) a change in law or regulation or (ii) a change in the official interpretation thereof, resulting in more than an insubstantial risk that the Profit-Sharing Certificates (or any portion thereof) will no longer be capable of constituting tier 1 capital of the Issuer under Applicable Banking Regulations.

8.5 *Redemption price:* For the purposes of the foregoing, “**Base Redemption Price**” means an amount equal to the aggregate of (i) the aggregate nominal value of the Profit-Sharing Certificates, (ii) an amount equal to *pro rata* unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption and (iii) unpaid Deferred Distributions, if any, in each case including Supplemental Amounts, if any, in accordance with Condition 7 (*Taxation*). “**Make Whole Amount**” means, in respect of each Profit-Sharing Certificate, an amount equal to the aggregate of (i) the present value of the nominal value of the Profit-Sharing Certificate discounted from the First Call Date, (ii) the present values of scheduled distributions from (and including) the date fixed for redemption until the First Call Date, (iii) an amount equal to *pro rata* unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption and (iv) unpaid Deferred Distributions, if any, in each case including Supplemental Amounts, if any, all as determined by the Calculation Agent. The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the date when the Profit-Sharing Certificates are to be redeemed on an annual basis at the Adjusted Yield. For these purposes “**Adjusted Yield**” means the rate per annum, as observed and fixed on the date on which the issue of the Securities is priced, equal to the annual yield to maturity of such European government bond as the Calculation Agent may, with the advice of three brokers of, and/or market-makers in, European government bonds selected by the Calculation Agent in consultation with the Issuer determine to be appropriate for determining the Make Whole Amount (as notified by the Issuer on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu))) plus the margin to be determined prior to the issue date of the Securities and notified by the Issuer on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Base Redemption Price and the Make Whole Amount will be expressed in euro.

8.6 *Conditions and procedure:* Any redemption or conversion of Profit-Sharing Certificates is subject to compliance with all applicable regulatory requirements, including prior approval by the CBFA. In any event, no redemption of Profit-Sharing Certificates will be permitted if, before or after giving effect to any distribution on the Profit-Sharing Certificates, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer. Any redemption of the Profit-Sharing Certificates will further be subject to the conditions and procedures set out in Articles 612, 613 and 620 of the Company Code (save that Articles 612 and 613 will not apply in

the case of a redemption made in accordance with Condition 8.4 (*Redemption – Redemption upon Tier 1 Disqualification Event*) above); for the avoidance of doubt, any redemption or conversion decided in execution of this Condition 8 will not constitute a modification to the respective rights of the Holders of Profit-Sharing Certificates compared to the rights of the holders of any shares or other profit-sharing certificates of the Issuer for the purposes of Article 560 of the Company Code, and the Holders of Profit-Sharing Certificates will not be entitled to vote on any decision made in accordance with Articles 612 and 620 of the Company Code.

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

## **9. CONTINGENT GUARANTEE**

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

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

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

## **10. VOTING AND PREFERENCE RIGHTS**

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

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

## **11. ACCOUNTING TREATMENT**

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

## **12. AMENDMENTS**

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

### **13. TRANSFERABILITY**

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

In accordance with Articles 463, 465, 468 and 508 of the Company Code, the register of Profit-Sharing Certificates and any certificates evidencing inscriptions in the register of Profit-Sharing Certificates shall mention the transferability conditions set out in this Condition 13.

### **14. FURTHER ISSUES**

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

### **15. NOTICES**

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

The Holders of Profit-Sharing Certificates shall be deemed to have waived any right to individual notice such holders may have pursuant to Article 533 or 570 of the Company Code, as the case may be, with respect to general meetings of shareholders of the Issuer or meetings of bondholders of the Issuer.

### **16. GOVERNING LAW AND JURISDICTION**

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

12. Motion to add the following text in a third annex to the Articles of Association, of which it will be an integral part:

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

The Profit-Sharing Certificates will be issued in certain circumstances, as set out in Condition 2.1 (*Issuance of the Profit-Sharing Certificates – Circumstances*), by KBC Bank NV (the “**Issuer**”), pursuant to a resolution of the Issuer's general shareholders meeting meeting passed on 29 April 2009.

The Profit-Sharing Certificates are the subject of (a) a contingent guarantee agreement dated 27 June 2008 (as amended or supplemented from time to time, the “**Contingent Guarantee Agreement**”) between the Issuer and KBC Group NV (“**KBC Holding**”) and (b) an agency agreement dated 27 June 2008 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, KBL European Private Bankers S.A. as fiscal agent (the “**Fiscal Agent**”, which expressions include any successor fiscal agent appointed from time to time in connection with the Profit-Sharing Certificates), the Calculation Agent and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Profit-Sharing Certificates). Certain provisions of these terms and conditions (the “**Conditions**”) are summaries of the Contingent Guarantee Agreement and the Agency Agreement and are subject to their detailed provisions. The holders of the Profit-Sharing Certificates (the “**Holders of Profit-Sharing Certificates**” or the “**Holders**”) and the holders of the related dividend coupons are bound by, and are deemed to have notice of, all the provisions of the Contingent Guarantee Agreement and the Agency Agreement applicable to them. Copies of the Contingent Guarantee Agreement and the Agency Agreement are available for inspection by any interested person during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### **1. DEFINITIONS**

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

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

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

“**Company Code**” means the Belgian company code enacted by the law of 7 May 1999, as the same may be amended from time to time.

“**Deferred Distribution**” means a distribution or any part thereof which has been deferred pursuant to the provisions of Condition 4.4 (*Distributions – Deferral of distributions*).

“**Distribution Date**” has the meaning given in Condition 4.2 (*Distributions – Fixed distributions*).

“**Distribution Period**” has the meaning given in Condition 4.2 (*Distributions – Fixed distributions*).

“**Exchange Upper Tier 2 Instruments**” means instruments constituting “upper tier 2” regulatory capital of the Issuer under Applicable Banking Regulations having the same material

terms as the Profit-Sharing Certificates, except that each such instrument will (i) be a perpetual security issued by the Issuer with cumulative interest, (ii) rank *pari passu* with any other upper tier 2 capital securities issued by the Issuer, (iii) not be redeemable upon a Tier 1 Disqualification Event, and (iv) be subject to such terms and conditions as may be required under the Applicable Banking Regulations to be capable of constituting "upper tier 2" regulatory capital of the Issuer.

The terms of such Exchange Upper Tier 2 Instruments will be documented by the Issuer and may be reflected in one or more agency agreements or in an agency agreement supplemental to the Agency Agreement, without the consent of the Holders of Profit-Sharing Certificates, at the time of conversion.

**“Issuer Ordinary Shares”** means ordinary shares of the Issuer or any ordinary share equivalent that may replace or be substituted for the ordinary shares of the Issuer.

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

**“KBC Holding Ordinary Shares”** means ordinary shares of KBC Holding or any ordinary share equivalent that may replace or be substituted for the ordinary shares of KBC Holding.

**“Mandatory Distribution”** means a distribution on the Profit-Sharing Certificates which is mandatorily payable pursuant to Condition 6 (*Mandatory Distributions*).

**“Net Assets Deficiency Event”** means (i) with respect to the Issuer or KBC Holding, a decline in the net assets of the Issuer or KBC Holding, respectively, to below the sum of its paid in capital and non-distributable reserves, as determined in accordance with, or by applying the computation method provided in, Article 617 of the Company Code in relation to the distribution of dividends, or (ii) with respect to the Issuer, a decline in the amount of total regulatory capital of the Issuer on a company or on a consolidated basis to below the requirements set out in Article III.1 § 1, 3<sup>o</sup> of the Decree of 17 October 2006 of the CBFA on the regulation of the own funds of the credit institutions and investment firms as resulting from the international regulations in force regarding solvency (the **“2006 Decree”**). For the purposes hereof, references to the 2006 Decree and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions. Net assets are to be understood (subject to any change in Article 617 of the Company Code that may occur after 27 June 2008) as the total assets as they appear in the most recent audited annual non-consolidated balance sheet of the Issuer or KBC Holding, as the case may be, after deduction of provisions, debts (including, for the avoidance of doubt, the Securities), formation expenses not yet written off and research and development costs not yet written off.

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

**“Permitted Share Acquisition”** means an acquisition of Junior Securities or Parity Securities (i) by simultaneous replacement with other Junior Securities or, as the case may be, Parity Securities of the same aggregate principal amount and the same or a lower ranking, (ii) in connection with transactions effected for the account of customers of the Issuer or KBC Holding or any of their

subsidiaries or in connection with the distribution, trading or market-making in respect of such securities, (iii) in connection with the satisfaction by the Issuer or KBC Holding or any of their subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants. For the avoidance of doubt, Set Rate Parity Securities may be replaced with new Set Rate Parity Securities, subject to (i) above, but Parity Securities which are not Set Rate Parity Securities may not be replaced by Set Rate Parity Securities.

“**Securities**” means up to €700,000,000 Euro Directly Issued Perpetual Debt Securities issued by the Issuer on 27 June 2008, as well as any further securities issued pursuant to Condition 16 (*Further Issues*) of the Securities, in each case forming a single series therewith.

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

“**TARGET2 Settlement Day**” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto is open for business.

## **2. ISSUANCE OF THE PROFIT-SHARING CERTIFICATES**

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

For the purposes of the foregoing, a “**Supervisory Event**” will be deemed to occur if (i) the amount of total regulatory capital of the Issuer on a company or on a consolidated basis declines below the requirements set out in Article III.1 § 1, 3° of the Decree of 17 October 2006 of the CBFA on the regulation of the own funds of the credit institutions and investment firms as resulting from the international regulations in force regarding solvency (the “**2006 Decree**”), (ii) the amount of core tier 1 regulatory capital of the Issuer on a company or on a consolidated basis declines below 5/8 of the requirements set out in Article III.1 §1, 3° of the 2006 Decree, (iii) Article 633 of the Company Code becomes applicable by virtue of the Issuer's net assets becoming less than 50% of its corporate capital, (iv) Article 23 of the Belgian law of 22 March 1993 on the status and supervision of credit institutions (the “**Law of 22 March 1993**”) applies by virtue of the Issuer's capital falling below EUR 6.2 million or (v) at the discretion of the CBFA, in the event that Article 57 §1 of the Law of 22 March 1993 becomes applicable due to the special measures imposed by the CBFA in application thereof. For the purposes hereof, references to the 2006 Decree, the Law of 22 March 1993 and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

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

2.3 *Amount:* The Profit-Sharing Certificates will be issued with a total nominal value in euro equal to the Mandatory Conversion Amount.

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

## **3. NATURE, DENOMINATION, FORM AND STATUS**

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

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

3.3 *Form:* If the board of directors or executive committee of the Issuer determines that Profit-Sharing Certificates in registered form or in dematerialised form are able to be cleared through Euroclear and/or Clearstream, Luxembourg or their respective successors, the Profit-Sharing Certificates will be in those forms. In any event, the Profit-Sharing Certificates will be in registered form or dematerialised form at the choice of the Issuer.

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

#### **4. DISTRIBUTIONS**

4.1 *Conditional entitlement:* The Holders of Profit-Sharing Certificates are entitled to the distributions set out in this Condition 4, subject only to the availability of distributable profits in accordance with Article 617 of the Company Code and to the conditions set out in Condition 4.3 (*Net assets deficiency*) and Condition 4.4 (*Deferral of distributions*) below. Those distributions will be made in priority to any dividend distribution on the Junior Securities of the Issuer. Distributions will be calculated and paid in euro.

4.2 *Fixed distributions:* The distribution entitlement will be calculated at a rate per annum on their nominal amount equal to the rate of interest payable on the Securities, payable in arrear on 27 June in each year (each, a “**Distribution Date**”). On the first Distribution Date following the date of issue of the Profit-Sharing Certificates, the amount of the distribution will be calculated *pro rata temporis*, provided that no distribution will accrue on that first Distribution Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates – Amount*). For the purposes hereof and of Condition 8.5 (*Redemption – Redemption price*), *pro rata* accruals will be calculated on the basis of the actual number of days elapsed and the actual number of days in the Distribution Period. “**Distribution Period**” means each period from (and including) the issue date of the Securities (being 27 June 2008) or any Distribution Date to (but excluding) the next Distribution Date.

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

4.4 *Deferral of distributions:* If a distribution on the Profit-Sharing Certificates is not mandatorily due and payable on a Distribution Date pursuant to Condition 6 (*Mandatory Distributions*) and no Net Assets Deficiency Event has occurred, then the Issuer may elect to defer payment of a distribution (or a specified portion thereof) otherwise available to be paid on such Distribution Date by giving notice (a “**Deferral Notice**”) to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*) on or before the 15th business day immediately preceding the relevant Distribution Date. In such event, the Issuer will not declare any such distribution or shall declare less than the full amount of such distribution. Each Deferral Notice shall specify whether the full amount of the distribution due and payable in respect of the Profit-Sharing Certificates on the relevant Distribution Date will be deferred or, if not, the amount of the distribution which will be deferred.

Deferred Distributions will become mandatorily payable, subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, upon any payment of dividends on Junior Securities or Parity Securities of the Issuer or KBC Holding or any redemption, repurchase or other acquisition by the Issuer or KBC Holding of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition). The Issuer may, however, elect to pay Deferred Distributions at any time before they become mandatorily payable.

4.5 *Distributions not cumulative:* Any distribution missed by reason of the application of Condition 4.3 (*Net assets deficiency*) above or of insufficiency of distributable profits in accordance with Article 617 of the Company Code will be definitively forgone, and the Holders of Profit-Sharing Certificates will not be entitled to any carry forward of such missed distribution.

## **5. DIVIDEND STOPPER**

5.1 *Issuer:* If a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then the Issuer will not, for a period of 12 months after such Distribution Date, declare or pay any dividend on its Junior Securities or Parity Securities or redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

5.2 *KBC Holding:* KBC Holding has agreed in the Contingent Guarantee Agreement that, if a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then for a period of 12 months after such Distribution Date, (A) it (i) will not propose to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend on its Junior Securities or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), and (B) it will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described in Condition 5.1 (*Dividend Stopper – Issuer*) above.

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

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

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

## 6. MANDATORY DISTRIBUTIONS

6.1 *Circumstances:* Notwithstanding Condition 4.3 (*Distributions – Net assets deficiency*) and Condition 4.4 (*Distributions – Deferral of distributions*), but subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, if the Issuer or KBC Holding (A) pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), then the distributions payable on each Distribution Date occurring during the Relevant Period will be mandatorily payable on each such date.

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

6.3 *Relevant Period:* For the purposes of the foregoing, “**Relevant Period**” means one year commencing on and including the day of the relevant dividend or redemption, repurchase or other acquisition but not including the corresponding day of the 12th month thereafter.

## 7. TAXATION

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

- (a) held or presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Profit-Sharing Certificate by reason of its having some connection with the Kingdom of Belgium other than the mere holding of the Profit-Sharing Certificate; or
- (b) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Profit-Sharing Certificate to another paying agent of the Issuer in a Member State of the European Union; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Profit-Sharing Certificate would have been entitled to such additional amounts on presenting such Profit-Sharing Certificate for payment on the last day of such period of 30 days; or
- (d) where or to the extent that the Relevant Tax is imposed or levied because the holder (or beneficial owner) has not made a declaration or claim for exemption or reduction of the Relevant Tax, if the Issuer or its agent has given the beneficial owner or its nominee at least 60 days' prior written notice of an opportunity to make the declaration or claim; or
- (e) upon its redemption or conversion by the Issuer pursuant to Condition 8.3 (*Redemption-Redemption at the option of the Issuer*) or Condition 8.4 (*Redemption-Redemption upon a Tier 1 Disqualification Event*).

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

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

## **8. REDEMPTION**

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

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

8.3 *Redemption at the option of the Issuer:* The Profit-Sharing Certificates may, subject to prior approval by the CBFA, be redeemed at the option of the Issuer, in whole (but not in part), on 27 June 2013 (the “**First Call Date**”) or on any subsequent Distribution Date at the Base Redemption Price; *provided that* the Issuer will give notice to the Holders of Profit-Sharing Certificates not less than 60 business days but not more than 90 business days prior to any such redemption on the First Call Date and not less than 30 days but not more than 60 days prior to any such redemption on any date following the First Call Date.

8.4 *Redemption upon Tier 1 Disqualification Event:* Upon the occurrence of a Tier 1 Disqualification Event, the Issuer will have the right, subject to prior approval by the CBFA, by giving not less than 30 nor more than 60 days' notice to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*), (i) at any time before the First Call Date, to redeem the Profit-Sharing Certificates, in whole (but not in part), at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or at any time thereafter, to redeem the Profit-Sharing Certificates, in whole (but not in part), at the Base Redemption Price, or (iii) at any time, to convert the Profit-Sharing Certificates, in whole (but not in part), into Exchange Upper Tier 2 Instruments. For the purposes of the foregoing, “**Tier 1 Disqualification Event**” means the receipt by the Issuer of an opinion or declaration, rule or decree of the CBFA to the effect that there has been either (i) a change in law or regulation or (ii) a change in the official interpretation thereof, resulting in more than an insubstantial risk that the Profit-Sharing Certificates (or any portion thereof) will no longer be capable of constituting tier 1 capital of the Issuer under Applicable Banking Regulations.

8.5 *Redemption price:* For the purposes of the foregoing, “**Base Redemption Price**” means an amount equal to the aggregate of (i) the aggregate nominal value of the Profit-Sharing Certificates, (ii) an amount equal to *pro rata* unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption and (iii) unpaid Deferred Distributions, if any, in each case including Supplemental Amounts, if any, in accordance with Condition 7 (*Taxation*).

“**Make Whole Amount**” means, in respect of each Profit-Sharing Certificate, an amount equal to the aggregate of (i) the present value of the nominal value of the Profit-Sharing Certificate discounted from the First Call Date, (ii) the present values of scheduled distributions from (and including) the date fixed for redemption until the First Call Date, (iii) an amount equal to *pro rata* unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption and (iv) unpaid Deferred Distributions, if any, all as determined by the Calculation Agent. The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the date when the Profit-Sharing Certificates are to be redeemed on an annual basis at the Adjusted Yield.

For these purposes “**Adjusted Yield**” means the rate per annum, as observed and fixed on the date on which the issue of the Securities is priced, equal to the annual yield to maturity of such European government bond as the Calculation Agent may, with the advice of three brokers of,

and/or market-makers in, European government bonds selected by the Calculation Agent in consultation with the Issuer determine to be appropriate for determining the Make Whole Amount (as notified by the Issuer on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu))) plus the margin to be determined prior to the issue date of the Securities and notified by the Issuer on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Base Redemption Price and the Make Whole Amount will be expressed in euro.

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

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

## **9. CONTINGENT GUARANTEE**

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

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

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

## **10. VOTING AND PREFERENCE RIGHTS**

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

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

## **11. ACCOUNTING TREATMENT**

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

## **12. AMENDMENTS**

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

## **13. TRANSFERABILITY**

The transferability of Profit-Sharing Certificates is subject to the provisions of Article 508 of the Company Code (which provides that: "Profit-sharing certificates..... are transferable from the tenth day after the filing of the second annual accounts that follows their issuance.

Until the end of that period their transfer may only be operated by public deed or by written agreement, notified to the company within a month of the transfer, all this under sanction of nullity. The nullity may only be invoked by the purchaser"), to the extent applicable.

In accordance with Articles 463, 465, 468 and 508 of the Company Code, the register of Profit-Sharing Certificates and any certificates evidencing inscriptions in the register of Profit-Sharing Certificates shall mention the transferability conditions set out in this Condition 13.

## **14. FURTHER ISSUES**

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

## **15. NOTICES**

Without prejudice to the applicable provisions of the Company Code, notices to the Holders of Profit-Sharing Certificates will be published in a leading Belgian newspaper in Belgium (which is expected to be the *De Tijd* or *L'Echo*) and, so long as the Profit-Sharing Certificates are listed on the Luxembourg Stock Exchange and its rules so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If and as long as the Profit-Sharing Certificates are deposited with a settlement system, notices may also be published through such system. Any such notice will be deemed to have been given on the date of first publication.

The Holders of Profit-Sharing Certificates shall be deemed to have waived any right to individual notice such holders may have pursuant to Article 533 or 570 of the Company Code, as the case may be, with respect to general meetings of shareholders of the Issuer or meetings of bondholders of the Issuer.

## **16. GOVERNING LAW AND JURISDICTION**

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

13. Motion to grant authorisation for the implementation of the decisions taken, the coordination of the Articles of Association and the completion of the formalities relating to the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen*) and the tax authorities.

In accordance with Article 27 of the Articles of Association, holders of bearer bonds who want to attend the Annual General Meeting and the Extraordinary General Meeting with advisory voting capacity must deposit their bonds at least four business days prior to the meeting at the registered office of KBC Bank NV. Bearer bonds thus deposited will be placed on an account and will not be returned in physical form.

Owners of registered bonds must notify the registered office in writing, within the same period of time, of their intention to attend the meetings.

Holders of book-entry bonds who wish to be admitted to the Annual General Meeting and the Extraordinary General Meeting must, at least four business days prior to the meeting, deposit at the registered office, a certificate drawn up by the recognised account holder or by the clearing house, attesting to the non-availability of the bonds until the date of the meeting.

In order to avoid confusion, please note that the present convening notice concerns KBC Bank NV, whose shares are privately held. This notice is only being published to comply with legal requirements.

The convening notice for the Annual General Meeting and the Extraordinary General Meeting of KBC Group NV, which will be held on 30 April 2009, is being published separately.

The Board of Directors