

KBC Group NV

**STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF
THE COMPANY KBC GROUP NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2016**

As required by law and the articles of association, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the annual accounts, as well as the required additional statements. The annual accounts include the balance sheet as at 31 December 2016, the income statement for the year then ended, and the disclosures.

Report on the annual accounts – Unqualified opinion

We have audited the annual accounts of KBC Group NV (“the Company”) for the year ended 31 December 2016, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of EUR 19.780 million and a profit for the year of EUR 1.182 million.

The board of directors' responsibility for the preparation of the annual accounts

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

Statutory auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as endorsed in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts.

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

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

Unqualified Opinion

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2016 and of its results for the year then ended in accordance with the financial-reporting framework applicable in Belgium.

Other matter

The annual accounts of the Company for the year ended 31 December 2015 were audited by another statutory auditor who expressed an unqualified opinion on these annual accounts on 17 March 2016.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report, for the compliance with the applicable legal and regulatory requirements regarding bookkeeping, the Companies' Code and the Company's articles of association.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not impact our opinion on the annual accounts:

- The directors' report, prepared in accordance with articles 95 and 96 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by the Companies' Code, is consistent with the financial statements, and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate;
- The social balance sheet, to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the legally required information and does not present any significant inconsistencies compared to the information we have at our disposition in our audit file;
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium;
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association;
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code that we have to report to you;

- An interim dividend has been distributed during the year in relation to which we have issued the attached report in accordance with legal requirements.

Sint-Stevens-Woluwe, 17 March 2017

The statutory auditor
PwC Bedrijfsrevisoren bcvba
represented by

Roland Jeanquart
Accredited auditor

Tom Meuleman
Accredited auditor

Appendix: Statutory auditor's report on 4 August 2016 to the board of directors of KBC Group NV on the statement of assets and liabilities in connection with the distribution of an interim dividend

STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF KBC GROUP NV ON THE STATEMENT OF ASSETS AND LIABILITIES IN CONNECTION WITH THE DISTRIBUTION OF AN INTERIM DIVIDEND

Introduction

We have performed a review of the accompanying statement of assets and liabilities (hereafter the "Statement") of KBC Group NV as of 30 June 2016, based on which the board of directors of KBC Group NV (hereafter "Company") proposes to distribute an interim dividend of EUR 418.087.058 (i.e. EUR 1 per share), as allowed by article 38 of the articles of association.

The board of directors is responsible for the preparation and fair presentation of this Statement as of 30 June 2016, in accordance with the financial reporting framework applicable in Belgium and the Companies' Code. Our responsibility is to express a conclusion on this Statement based on our review, in accordance with ISRE 2410 and by virtue of article 618 of the Companies' Code.

Scope of Review

We conducted our review of the Statement as of 30 June 2016 in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). A review of the Statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than that of an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that would cause us to believe that the Statement does not fairly present, in all material respects, the Company's net equity and financial position as of 30 June 2016, in accordance with the financial reporting framework applicable in Belgium and the Companies' Code.

Finally, according to the Statement, the proposed distribution would not lead to a decrease in the Company's net assets, as required by article 617 of the Companies' Code, to an amount lower than the sum of the Company's paid-up capital and those reserves that the Companies' Code or the Company's articles of association do not allow to be distributed.

This report is prepared solely to address the requirements as set by virtue of article 618 of the Companies' Code, and may not be used for any other purpose.

Sint-Stevens-Woluwe, 4 August 2016

The statutory auditor
PwC Bedrijfsrevisoren bcvba
represented by

Roland Jeanquart
Accredited auditor

Tom Meuleman
Accredited auditor

Appendix: Statement of assets and liabilities as of 30 June 2016

KBC Groep NV
(vennootschappelijk)

ACTIVA	Code	30/06/2016
VASTE ACTIVA	20/28	18.890.051.133,42
I. Oprichtingskosten	20	0,00
II. Immateriële vaste activa	21	171.197.299,65
III. Materiële vaste activa	22/27	102.232.085,60
A. Terreinen en gebouwen	22	29.783.445,67
B. Installaties, machines en uitrusting	23	58.592.092,12
C. Meubilair en robbend materieel	24	12.431.824,99
D. Leasing en soortgelijke rechten	25	0,00
E. Overige materiële vaste activa	26	431.757,05
F. Vaste activa in aanbouw en vooruitbetaling	27	992.965,77
IV. Financiële vaste activa	28	18.616.621.748,17
A. Verbonden ondernemingen	280/1	18.615.483.554,63
Deelnemingen	280	14.043.698.579,11
Vorderingen	281	4.571.784.975,52
B. Ondernemingen waarmee een	282/3	914.657,54
Deelnemingen	282	914.657,54
Vorderingen	283	0,00
C. Andere financiële vaste activa	284/8	223.536,00
Aandelen	284	223.536,00
Vorderingen en borgtochten in contanten	285/8	0,00
VLOTTENDE ACTIVA	29/58	136.817.169,49
V. Vorderingen op meer dan één jaar	29	205.916,73
A. Handelsvorderingen	290	0,00
B. Overige vorderingen	291	205.916,73
VI. Voorraden en bestellingen in uitvoering	3	492.779,96
VII. Vorderingen op ten hoogste één jaar	40/41	47.385.710,65
A. Handelsvorderingen	40	35.381.967,16
B. Overige vorderingen	41	12.003.743,49
VIII. Geldbeleggingen	50/53	0,00
A. Eigen aandelen	50	0,00
B. Overige beleggingen	51/53	0,00
IX. Liquide middelen	54/58	22.876.851,91
X. Overlopende rekeningen	490/1	65.855.910,24
TOTAAL DER ACTIVA	20/58	19.026.868.302,91

KBC Groep NV
(vennootschappelijk)

PASSIVA	Code	30/06/2016
EIGEN VERMOGEN	10/15	13.950.139.695,22
I. Kapitaal	10	1.454.298.014,35
A. Geplaatst Kapitaal	100	1.454.298.014,35
B. Niet-opgevraagd kapitaal	101	0,00
II. Uitgiftepremie	11	5.422.640.121,69
III. Herwaarderingsmeerwaarden	12	232,00
IV.	13	1.466.201.036,31
Wettelijke reserve	130	145.429.801,44
Onbeschikbare reserves	131	<u>1.338.625,03</u>
Voor eigen aandelen	1310	0,00
Andere	1311	1.338.625,03
Belastingvrije reserves	132	190.133.089,69
Beschikbare reserves	133	1.129.299.520,15
V. Overgedragen winst (verlies)	14	5.326.564.575,61
V'. Resultaat van het boekjaar	RES	280.435.715,26
VI. Kapitaalsubsidies	15	0,00
VOORZIENINGEN EN UITGESTELDE BELASTINGEN	16	10.560.663,40
VII. Voorzieningen voor risico's en kosten	160/5	10.560.663,40
A. Pensioenen en soortgelijke verplichtingen	160	9.858.249,98
B. Belastingen	161	0,00
C. Grote herstellings- en onderhoudswerken	162	0,00
D. Overige risico's en kosten	163/5	702.413,42

KBC Groep NV
(vennootschappelijk)

PASSIVA (vervolg)	Code	30/06/2016
SCHULDEN	17/49	5.066.167.944,29
VIII. Schulden op meer dan één jaar	17	3.821.438.224,66
A. Financiële schulden	170/4	3.821.427.109,66
1. Achtergestelde leningen	170	3.080.325.767,19
2. Niet-achtergestelde obligatieleningen	171	741.101.342,47
3. Leasingschulden en soortgelijke schulden	172	0,00
4. Kredietinstellingen	173	0,00
5. Overige leningen	174	0,00
B. Handelsschulden	175	0,00
1. Leveranciers	1750	0,00
2. Te betalen wissels	1751	0,00
C. Ontvangen vooruitbetalingen op bestellingen	176/7	0,00
D. Overige schulden	178/9	11.115,00
IX. Schulden op ten hoogste één jaar	42/48	1.201.806.253,45
A. Schulden op meer dan één jaar, die binnen het jaar vervallen	42	0,00
B. Financiële schulden	43	1.070.000.000,00
1. Kredietinstellingen	430/8	0,00
2. Overige leningen	439	1.070.000.000,00
C. Handelsschulden	44	32.349.081,10
1. Leveranciers	440/4	32.349.081,10
2. Te betalen wissels	441	0,00
D. Ontvangen vooruitbetalingen op bestellingen	46	546.483,77
E. Schulden mbt belastingen, bezoldigingen en sociale lasten	45	68.802.333,06
1. Belastingen	450/3	4.462.549,35
2. Bezoldigingen en sociale lasten	454/9	64.339.783,71
F. Overige schulden	47/48	30.108.355,52
X. Overlopende rekeningen	492/3	42.923.466,18
TOTAAL DER PASSIVA	10/49	19.026.868.302,91