

Public

KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°3)

Dated 18 February 2020



KBC Group NV

(incorporated with limited liability in Belgium)

EUR 10,000,000,000

Euro Medium Term Note Programme

This supplement dated 18 February 2020 (the “**Supplement N°3**”) constitutes a supplement for the purposes of Article 34 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market, as amended from time to time (the “**Belgian Prospectus Law**”). The Supplement N°3 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 4 June 2019 (the “**Base Prospectus**”) as supplemented by the supplement N°1, dated 20 Augustus 2019 (the “**Supplement N°1**” and supplement N°2, dated 19 November 2019 (the “**Supplement N°2**”) and together, the “**Base Prospectus**”), prepared in connection with the EUR 10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), established by KBC Group NV, incorporated as a limited liability company under the laws of Belgium, with registered office at Havenlaan 2, 1080 Brussels and registered with the Crossroads Bank of Enterprises VAT BE0403.227.515 (Brussels) (the “**Issuer**”). Terms defined in the Base Prospectus or in any document incorporated by reference in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement N°3.

This Supplement N°3 has been approved by the FSMA, as competent authority under the Belgian Prospectus Law. This approval does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement N°3. The Issuer confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement N°2 is in accordance with the facts and does not omit anything likely to affect the import of such information.

I. New information

a) Introduction

On 13 February 2020, the Issuer published its extended quarterly report for the fourth quarter of 2019 in the document “*KBC Group Quarterly Report 4Q2019*” accompanied by a press release entitled “*KBC Group: Fourth-quarter result of 702 million euros*”.

In order to ensure that the information contained in the Base Prospectus is up-to-date as required by the Belgian Prospectus Law, the aforementioned documents will be incorporated by reference in the Base Prospectus. A copy of these documents, incorporated by reference in the Base Prospectus, can

be obtained from the registered office of the Issuer, the website of the Issuer (www.kbc.com/investors) and from the website of Euronext Brussels (www.euronext.com).

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement N°3 for the purposes of the Belgian Prospectus Law, except where such information or other documents are specifically incorporated by reference or attached to this Supplement N°3.

Due to this new information the Base Prospectus is amended as described below.

b) Documents incorporated by reference

- (i) The section “*Documents incorporated by reference*” on page 49 of the Base Prospectus will be supplemented by adding the following point to the list of documents which are incorporated and form part of the Base Prospectus:

“(e) the unaudited consolidated financial statements of the Issuer for the twelve months ended 31 December 2019 which have been reviewed by the auditor in accordance with the International Standard on Review Engagements 2410, set out in the Quarterly Report 4Q2019 of the Issuer.”

- (ii) The section “*Documents incorporated by reference*” on page 49 of the Base Prospectus will be supplemented by adding the following sub-section below the sub-section “Audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018*”:

“The table below sets out the relevant page references for the unaudited financial statements for the period ended 30 September 2019 and 31 December 2019 of the Issuer, as set out in the Quarterly Report 3Q2019 and Quarterly Report 4Q2019 of the Issuer.

	Issuer’s Quarterly Report for the quarter ended 30 September 2019 of the Issuer	Issuer’s Quarterly Report for the quarter ended 31 December 2019 of the Issuer
report for 4Q2019	page 2	
consolidated financial statements according to IFRS	page 12	Page 11
consolidated income statement	page 12	Page 12
consolidated statement of comprehensive income (condensed)	page 14	Page 14
consolidated balance sheet	page 15	Page 15
consolidated statement of changes in equity	page 16	Page 16
consolidated cash flow statement	page 18	Page 17

Public

notes on statement of compliance and changes in accounting policies	page 19	page 18
notes on segment reporting	page 20	page 19
other notes	page 21	page 20

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

c) Selected Financial Information

The section “*Selected Financial Information*” on pages 150 to and including 154, shall be deemed to be deleted in its entirety and replaced with the updated section “*Selected Financial Information*” set out in Annex 1 to this Supplement N°3.

d) General Information

Paragraph (3) on page 177 of the Base Prospectus shall be deleted and replaced by the following paragraph:

“(3) Other than as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2019 and no material adverse change in the prospects of the Issuer since 31 December 2018.”¹

II. General

Save as disclosed in this Supplement N°3, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since 4 June 2019, the date of publication of the Base Prospectus.

To the extent that there is an inconsistency between (a) any statement in this Supplement N°3 and (b) any statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Copies of this Supplement N°3 will be available without charge at the specified office of the Issuer and the Agent, on the website of Euronext Brussels (www.euronext.com) and the website of the Issuer (www.kbc.com¹).

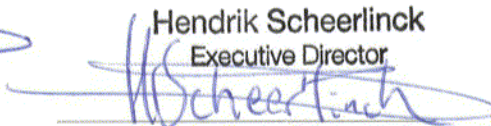
18 February 2020



Erik Luts
Executive Director

Authorized signatory
on behalf of KBC Group NV

Hendrik Scheerlinck
Executive Director



Authorized signatory
on behalf of KBC Group NV

Annex 2
Selected Financial Information

The following tables set out in summary form certain statements of financial position, income statements, statements of comprehensive income and cash flow information relating to the Issuer. The information has been extracted from the audited consolidated financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2018 and from the unaudited consolidated financial statements of the Issuer for the 2 quarters ended 30 September 2018 and 31 December 2019 included in the KBC Group Quarterly Report 3Q and 4Q 2019 of the Issuer which have been reviewed by the auditor in accordance with the International Standard on Review Engagements 2410.

As of 2018, the financial information is prepared in accordance with IFRS 9.

Consolidated balance sheet

ASSETS (in millions of EUR)	31-12- 2017 (IAS 39)	31-12- 2018 (IFRS 9)	31-12- 2019
Cash, cash balances with central banks and other demand from deposits with credit institutions	29 727	18 691	8 356
Financial assets	254 753	256 916	273 399
Held for trading	7 431	-	-
Designated at fair value through profit or loss	14 484	-	-
Available for sale	34 156	-	-
Loans and receivables	167 458	-	-
Held to maturity	30 979	-	-
Amortised cost	-	216 792	230 639
Fair value through other comprehensive income	-	18 279	19 037
Fair value through profit and loss	-	21 663	23 563
Of which Held for trading	-	6 426	7 266
Hedging derivatives	245	183	158
Reinsurers' share in technical provisions insurance	131	120	121
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	-78	64	478
Tax assets	1 625	1 549	1 396
Current tax assets	82	92	96
Deferred tax assets	1 543	1 457	1 300
Non-current assets held for sale and disposal groups	21	14	29
Investments in associated companies and joint ventures	240	215	25
Property and equipment and investment property	3 207	3 299	3 818
Goodwill and other intangible assets	1 205	1 330	1 640
Other assets	1 512	1 610	1 474
TOTAL ASSETS	292 342	283 808	290 735

LIABILITIES AND EQUITY (in millions of EUR)	31-12- 2017 (IAS 39)	31-12- 2018 (IFRS 9)	31-12- 2019
Financial liabilities	251 260	242 626	248 400
Amortised cost	227 944	220 671	224 093
Fair value through profit or loss	22 032	20 844	23 137
Of which Held for trading	6 998	5 834	6 988
Of which designated at fair value through profit or loss	15 034	-	
Hedging derivatives	1 284	1 111	1 171
Technical provisions, before reinsurance	18 641	18 324	18 560
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	-86	-79	
Tax liabilities	582	380	478
Current tax liabilities	148	133	98
Deferred tax liabilities	434	247	380
Liabilities associated with disposal groups	0	0	0
Provisions for risks and charges	399	235	227
Other liabilities	2 743	2 689	2 827
TOTAL LIABILITIES	273 540	264 175	270 371
Total equity	18 803	19 633	20 365
Parent shareholders' equity	17 403	17 233	18 865
Additional Tier-1 instruments included in equity	1 400	2 400	1 500
Minority interests	0	0	0
TOTAL LIABILITIES AND EQUITY	292 342	283 808	290 735

Consolidated income statement

(in millions of EUR)	Note	2019	2018	4Q 2019	3Q 2019	4Q 2018
Net interest income	3.1	4 618	4 543	- 1 182	1 174	1 166
Interest income	3.1	7 244	6 996	1 809	1 806	1 848
Interest expense	3.1	- 2 626	- 2 453	- 627	- 632	- 682
Non-life insurance (before reinsurance)	3.7	756	760	229	192	198
Earned premiums	3.7	1 721	1 582	441	440	409
Technical charges	3.7	- 966	- 822	- 212	- 248	- 211
Life insurance (before reinsurance)	3.7	- 6	- 18	2	- 5	- 3
Earned premiums	3.7	1 323	1 359	364	291	416
Technical charges	3.7	- 1 329	- 1 377	- 363	- 297	- 418
Ceded reinsurance result	3.7	- 25	- 41	- 11	- 9	- 12
Dividend income		82	82	17	14	15
Net result from financial instruments at fair value through profit or loss	3.3	181	231	130	- 46	2
of which result on equity instruments (overlay approach)		93	51	28	17	- 3
Net realised result from debt instruments at fair value through OCI		6	9	0	5	0
Net fee and commission income	3.5	1 734	1 719	445	444	407
Fee and commission income	3.5	2 476	2 456	643	629	602
Fee and commission expense	3.5	- 741	- 737	- 198	- 185	- 196
Net other income	3.6	282	226	47	43	76
TOTAL INCOME		7 629	7 512	2 041	1 813	1 848
Operating expenses	3.8	- 4 303	- 4 234	- 1 045	- 975	- 996
Staff expenses	3.8	- 2 357	- 2 343	- 602	- 585	- 580
General administrative expenses	3.8	- 1 595	- 1 612	- 352	- 299	- 343
Depreciation and amortisation of fixed assets	3.8	- 351	- 280	- 92	- 90	- 73
Impairment	3.10	- 217	17	- 82	- 26	- 43
on financial assets at AC and at FVOCI	3.10	- 203	62	- 75	- 25	- 30
on goodwill	3.10	0	0	0	0	0
other	3.10	- 14	- 45	- 7	- 1	- 13
Share in results of associated companies and joint ventures		7	16	- 1	0	4
RESULT BEFORE TAX		3 116	3 310	912	812	814
Income tax expense	3.12	- 627	- 740	- 210	- 200	- 192
Net post-tax result from discontinued operations		0	0	0	0	0
RESULT AFTER TAX		2 489	2 570	702	612	621
attributable to minority interests		0	0	0	0	0
of which relating to discontinued operations		0	0	0	0	0
attributable to equity holders of the parent		2 489	2 570	702	612	621
of which relating to discontinued operations		0	0	0	0	0
Earnings per share (in EUR)						
Ordinary		5.85	5.98	1.66	1.44	1.44
Diluted		5.85	5.98	1.66	1.44	1.44