

**KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°2)**

**Dated 19 November 2019**



**KBC Group NV**

*(incorporated with limited liability in Belgium)*

**EUR 10,000,000,000**

**Euro Medium Term Note Programme**

This supplement dated 19 November 2019 (the “**Supplement N°2**”) 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°2 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 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°2.

This Supplement N°2 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°2. 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 14 November 2019, the Issuer published its extended quarterly report for the third quarter of 2019 in the document “*KBC Group Quarterly Report 3Q2019*” accompanied by a press release entitled “*KBC Group: Third-quarter result of 612 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](http://www.kbc.com/investors)) and from the website of Euronext Brussels ([www.euronext.com](http://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°2 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°2.

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 nine months ended 30 September 2019 which have been reviewed by the auditor in accordance with the International Standard on Review Engagements 2410, set out in the Quarterly Report 3Q2019 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 of the Issuer, as set out in the Quarterly Report 3Q2019 of the Issuer.

**Unaudited Interim financial report for the half year to 30 September 2019 of the Issuer\***

report for 3Q2019	page 2
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other notes	page 21
report of the accredited auditor to the shareholders of KBC Group NV on the review of the interim condensed consolidated financial statements as of 30 September 2019 and for the nine-month period then ended	

\* 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°2.

**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 30 September 2019 and no material adverse change in the prospects of the Issuer since 31 December 2018."*<sup>1</sup>

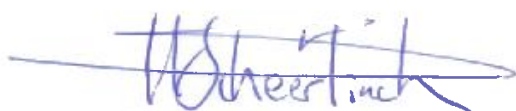
**II. General**

Save as disclosed in this Supplement N°2, 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°2 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°2 will be available without charge at the specified office of the Issuer and the Agent, on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)) and the website of the Issuer ([www.kbc.com](http://www.kbc.com)<sup>1</sup>).

19 November 2019



Hendrik Scheerlinck  
Executive Director

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Authorized signatory  
on behalf of KBC Group NV



Christine Van Rijseghem  
Executive Director

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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 3 quarters ended 30 September 2018 and 30 September 2019 which have been reviewed by the auditor in accordance with the International Standard on Review Engagements 2410 included in the KBC Group Quarterly Report 3Q2019 of the Issuer.*

*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)	30-09- 2018	30-09- 2019
Cash, cash balances with central banks and other demand deposits from credit institutions	29 727	18 691	32 893	7 758
Financial assets	254 753	256 916	262 859	277 544
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	220 823	233 090
Fair value through other comprehensive income	-	18 279	18 304	19 356
Fair value through profit and loss	-	21 663	23 509	24 915
Of which Held for trading	-	6 426	7 733	8 915
Hedging derivatives	245	183	223	184
Reinsurers' share in technical provisions insurance	131	120	130	131
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	-78	64	-179	930
Tax assets	1 625	1 549	1 600	1 506
Current tax assets	82	92	118	106
Deferred tax assets	1 543	1 457	1 482	1 400
Non-current assets held for sale and disposal groups	21	14	960	0
Investments in associated companies and joint ventures	240	215	208	62
Property and equipment and investment property	3 207	3 299	3 314	3 752
Goodwill and other intangible assets	1 205	1 330	1 264	1 567
Other assets	1 512	1 610	1 689	1 580
<b>TOTAL ASSETS</b>	<b>292 342</b>	<b>283 808</b>	<b>304 740</b>	<b>294 830</b>

LIABILITIES AND EQUITY (in millions of EUR)	31-12-2017 (IAS 39)	31-12-2018 (IFRS 9)	30-09-2018	30-09-2019
Financial liabilities	251 260	242 626	263 103	252 719
Amortised cost	227 944	220 671	240 818	228 250
Fair value through profit or loss	22 032	20 844	21 118	23 099
Of which Held for trading	6 998	5 834	5 981	7 134
Of which designated at fair value through profit or loss	15 034	-		
Hedging derivatives	1 284	1 111	1 167	1 371
Technical provisions, before reinsurance	18 641	18 324	18 533	18 549
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	-86	-79	-279	7
Tax liabilities	582	380	407	487
Current tax liabilities	148	133	114	56
Deferred tax liabilities	434	247	293	431
Liabilities associated with disposal groups	0	0	0	0
Provisions for risks and charges	399	235	278	217
Other liabilities	2 743	2 689	3 420	3 265
<b>TOTAL LIABILITIES</b>	<b>273 540</b>	<b>264 175</b>	<b>285 462</b>	<b>275 245</b>
Total equity	18 803	19 633	19 278	19 585
Parent shareholders' equity	17 403	17 233	16 878	18 086
Additional Tier-1 instruments included in equity	1 400	2 400	2 400	1 500
Minority interests	0	0	0	0
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>292 342</b>	<b>283 808</b>	<b>304 740</b>	<b>294 830</b>

### Consolidated income statement

In millions of EUR	2017 (IAS 39)	2018 (IFRS 9)	3Q 2018	3Q 2019
Net interest income	4 121	4 543	1 136	1 174
Interest income	6 337	6 996	1 754	1 806
Interest expense	-2 216	-2 453	-618	-632
Non-life insurance before reinsurance	706	760	197	192
Earned premiums Non-life	1 491	1 582	403	440
Technical charges Non-life	-785	-822	-205	-248
Life insurance before reinsurance	-58	-18	-9	-5
Earned premiums Life	1 271	1 359	293	291
Technical charges Life	-1 330	-1 377	-302	-297
Ceded reinsurance result	-8	-41	-6	-9
Dividend income	63	82	12	14
Net result from financial instruments at fair value through profit or loss	856	231	79	-46
Of which Result on equity instruments (overlay approach)	-	51	2	17
Net realised result from available-for-sale assets	199	-	-	-
Net realised result from debt instruments at fair value through other comprehensive income	-	9	0	5
Net fee and commission income	1 707	1 719	424	444



Fee and commission income	2 615	2 456	606	629
Fee and commission expense	-908	-737	-182	-185
<b>Other net income</b>	<b>114</b>	<b>226</b>	<b>56</b>	<b>43</b>
<b>TOTAL INCOME</b>	<b>7 700</b>	<b>7 512</b>	<b>1 888</b>	<b>1 813</b>
Operating expenses	-4 074	-4 234	-981	-975
Staff expenses	-2 303	-2 343	-593	-585
General administrative expenses	-1 505	-1 612	-318	-299
Depreciation and amortisation of fixed assets	-266	-280	-70	-90
Impairment	30	17	2	-26
on loans and receivables	87	-	-	-
on financial assets at amortised cost and at fair value through other comprehensive income	-	62	8	-25
on available-for-sale assets	-12	-	-	-
on goodwill	0	0	0	-
on other	-45	-45	-6	-1
Share in results of associated companies and joint ventures	11	16	2	0
<b>RESULT BEFORE TAX</b>	<b>3 667</b>	<b>3 310</b>	<b>911</b>	<b>812</b>
Income tax expense	-1 093	-740	-211	-200
Net post-tax result from discontinued operations	0	0	0	0
<b>RESULT AFTER TAX</b>	<b>2 575</b>	<b>2 570</b>	<b>701</b>	<b>612</b>
Attributable to minority interest	0	0	0	0
<i>of which relating to discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Attributable to equity holders of the parent</b>	<b>2 575</b>	<b>2 570</b>	<b>701</b>	<b>612</b>
<i>of which relating to discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Earnings per share (in EUR)				
Basic	6.03	5.98	1.63	1.44
Diluted	6.03	5.98	1.63	1.44

#### Consolidated cash flow statement

In millions of EUR	2017 (IAS 39)	2018 (IFRS 9)	30-09- 2018	30-09- 2019
<b>Operating activities</b>				
Result before tax	3 667	3 310		
Adjustments for:				
Result before tax related to discontinued operations	0	0		
Depreciation, impairment and amortisation of property and equipment, intangible fixed assets, investment property and securities	340	414		
Profit/Loss on the disposal of investments	-16	19		
Change in impairment on loans and advances	-87	-59		
Change in technical provisions (before reinsurance)	-149	-30		
Change in the reinsurers' share in the technical provisions	-18	10		
Change in other provisions	121	-58		
Other unrealised gains or losses	-621	158		
Income from associated companies and joint ventures	-11	-16		

Cashflows from operating profit before tax and before changes in operating assets and liabilities	3 227	3 748		
Changes in operating assets (excl. cash & cash equivalents)	694	-5 141		
Loans and receivables	-4 854	-		
Available for sale	2 927	-		
Financial assets held for trading	2 751	-		
Financial assets initially recognised at fair value through profit and loss	-299	-		
Financial assets at amortised cost (excluding debt securities)	-	-7 363		
Financial assets at fair value through other comprehensive income	-	911		
Financial assets at fair value through profit or loss	-	1 350		
Of which financial assets held for trading	-	720		
Hedging derivatives	165	63		
Operating assets associated with disposal groups & other assets	4	-101		
Changes in operating liabilities (excl. cash & cash equivalents)	9 464	-6 015		
Financial liabilities at amortised cost	13 342	-3 586		
Financial liabilities at fair value through profit or loss	-2 888	-1 871		
Of which financial liabilities held for trading	-1 345	-1 132		
Hedging derivatives	-200	-127		
Technical provisions, before reinsurance	-867	-288		
Operating liabilities associated with disposal groups & other liabilities	78	-143		
Income taxes paid	-523	-554		
Net cash from (used in) operating activities	12 863	-7 962	6 398	-5 539
<b>Investing activities</b>				
Purchase of held-to-maturity securities	-2 096	-		
Purchase of debt securities at amortised cost	-	-2 609		
Proceeds from the repayment of held-to-maturity securities at maturity	4 685	-		
Proceeds from the repayment of debt securities at amortised cost	-	5 438		
Acquisition of a subsidiary or a business unit, net of cash acquired (including increases in percentage interest held)	185	-19		
Proceeds from the disposal of a subsidiary or business unit, net of cash disposed (including decreases in percentage interest held)	7	0		
Purchase of shares in associated companies and joint ventures	0	-10		
Proceeds from the disposal of shares in associated companies and joint ventures	0	2		
Dividends received from associated companies and joint ventures	26	23		
Purchase of investment property	-37	-74		
Proceeds from the sale of investment property	19	29		
Purchase of intangible fixed assets (excl. goodwill)	-206	-260		
Proceeds from the sale of intangible fixed assets (excl. goodwill)	6	8		

Purchase of property and equipment	-793	-668		
Proceeds from the sale of property and equipment	152	237		
<b>Net cash from (used in) investing activities</b>	<b>1 947</b>	<b>2 098</b>	<b>3 319</b>	<b>169</b>
<b>Financing activities</b>				
Purchase or sale of treasury shares	-5	-179		
Issue or repayment of promissory notes and other debt securities	-657	1 389		
Proceeds from or repayment of subordinated liabilities	120	-928		
Principal payments under finance lease obligations	0	0		
Proceeds from the issuance of share capital	15	16		
Issue of additional tier-1 instruments	0	995		
Proceeds from the issuance or repayment of preference shares	0	0		
Dividends paid	-1 171	-1 253		
Coupon on additional tier-1 instruments	-52	-70		
<b>Net cash from (used in) financing activities</b>	<b>-1 750</b>	<b>-30</b>	<b>-16</b>	<b>152</b>
<b>Change in cash and cash equivalents</b>				
Net increase or decrease in cash and cash equivalents	13 060	-5 894		
Cash and cash equivalents at the beginning of the period	26 747	40 413	40 413	34 354
Effects of exchange rate changes on opening cash and cash equivalents	606	-165	-178	-127
<b>Cash and cash equivalents at the end of the period</b>	<b>40 413</b>	<b>34 354</b>	<b>49 936</b>	<b>29 009</b>
<b>Additional information</b>				
Interest paid	-2 216	-2 453		
Interest received	6 337	6 996		
Dividends received (including equity method)	89	105		
<b>Components of cash and cash equivalents</b>				
Cash and cash balances with central banks and other demand deposits with credit institutions	29 727	18 691		
Term loans to banks at not more than three months (excluding reverse repos)	643	674		
Reverse repos of up to three month with credit institutions and investment firms	19 475	20 955		
Deposits from banks repayable on demand	-9 431	-5 966		
Cash and cash equivalents included in disposal groups	0	0		
<b>Total</b>	<b>40 413</b>	<b>34 354</b>		
<b>Of which not available</b>	<b>0</b>	<b>0</b>		