

KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°3)

dated 22 February 2021



KBC Group NV

(incorporated with limited liability in Belgium)

EUR 15,000,000,000

Euro Medium Term Note Programme

This supplement dated 22 February 2021 (the “**Supplement N°3**”) constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129, as amended from time to time (the “**Prospectus Regulation**”). The Supplement N°3 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 2 June 2020, as amended by a first supplement dated 18 August 2020 (the “**Supplement N°1**”) and the second supplement dated 20 November 2020 (the “**Supplement N°2**”) and together with the base prospectus, the “**Base Prospectus**”), prepared in connection with the EUR 15,000,000,000 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 Prospectus Regulation. 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°3 is in accordance with the facts and does not omit anything likely to affect the import of such information.

I. New information

a) Introduction

Coronavirus (COVID-19) pandemic

Since the date of Supplement N°2 and as regards recent developments, the coronavirus (COVID-19) pandemic and ensuing global health crisis have further expanded and continue to cause uncertainty. This constitutes significant information which makes it necessary to amend the risk factor titled “*Coronavirus (COVID-19) pandemic (high risk)*” and subsection “*Coronavirus (COVID-19) pandemic*” in section “*Recent events*” of the Base Prospectus, for the purpose of Article 23 of the Prospectus Regulation.

Regulatory treatment of Green Bonds

In light of the European Banking Authority's report titled "*EBA Report on the Monitoring of TLAC- / MREL-Eligible Liabilities Instruments of European Union Institutions*"¹, the Issuer wishes, for the avoidance of doubt, to clarify that any Green Bonds issued under the Programme will be treated as any other bond for bail-in and resolution purposes.

KBC Group Quarterly Report 4Q2020

On 11 February 2021, the Issuer published its extended quarterly report for the fourth quarter 2020 in the document "*KBC Group Quarterly Report 4Q2020*" accompanied by a press release entitled "*KBC Group: Fourth-quarter result of 538 million euros*".

In order to ensure that the information contained in the Base Prospectus is up-to-date as required by the Prospectus Regulation, 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 Prospectus Regulation, 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) Risk factors

In the section "*Risks relating to the Issuer and the Group*" on page 12 *et seq.* of the Base Prospectus, the last paragraph of the subsection titled "*Coronavirus (COVID-19) pandemic (high risk)*" shall be amended and replaced as follows:

"The Issuer also refers to the annual reports and the extended quarterly reports of the Issuer which are incorporated by reference into this Base Prospectus as set out in the section entitled "Documents incorporated by reference", and which include the financial reporting for each of the four quarters of 2020 (in which the COVID-19 crisis started)."

In the subsection titled "*Risks related to Notes which are issued as Green Bonds*" on page 28 of the Base Prospectus, the third paragraph shall be amended and replaced as follows:

"Further, although the Issuer may agree at the Issue Date of any Green Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green or sustainable projects (as specified in the relevant Final Terms), it would not be an event of default under, nor would it impact the regulatory treatment of the Green Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the relevant Final Terms; (ii) the Compliance Opinion were to be withdrawn and/or (iii) there would be a lack of Green Bond Eligible Assets in which the Issuer may invest. Any failure to use the net proceeds of any Series of Green Bonds in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets."

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https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2020/934726/TLAC%20MREL%20Monitoring%20Report%20EBA-REP-2020-27.pdf

In the same subsection, the following paragraph shall be added after the third paragraph:

“Green Bonds issued under the Programme will be subject to bail-in and resolution measures provided by the BRRD in the same way as any other Notes issued under the Programme. As to such measures see the risk factor entitled “Noteholders may be required to absorb losses in the event the Issuer becomes non-viable or were to fail”.”

c) Recent events

In the section “Recent events” on page 100 *et seq.* of the Base Prospectus, the subsection “Coronavirus (COVID-19) pandemic” shall be amended and replaced as follows:

“Since December 2019, a significant increase of cases of pneumonia associated with the coronavirus (COVID-19) has been reported worldwide. Initially reported in the province of Hubei in the People’s Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries and leading to a global pandemic.

In addition to the human suffering caused by the pandemic itself, the coronavirus crisis has also triggered unprecedented economic consequences. It has become clear that the coronavirus crisis has had and will continue to have a significant impact for the foreseeable future, especially in particular sectors. The long-term impact on the economy will also depend on the occurrence and intensity of new outbreaks of the coronavirus, both as at the date of this Base Prospectus as in the foreseeable future.

As the coronavirus pandemic and the ensuing global health crisis have led to a massive impact on economic activity, the Belgian Federal Government, the NBB and Febelfin (the Belgian banking federation) reached an agreement at the end of March 2020 on a number of measures for banks. As set out in a series of charters on the payment deferral for corporate credits and mortgage credits, the Belgian financial sector committed to providing i) viable (i.e., if there were no payment arrears on 1 September 2020 or payment arrears of less than 30 days on 30 September 2020) non-financial companies, SMEs, self-employed persons and non-profit organisations with a permanent establishment in Belgium and ii) certain individual residential mortgage borrowers, and which have payment problems due to the coronavirus crisis with a temporary deferment of payment until 30 June 2021 without administrative charge. Borrowers are required to evidence the fact that they are in distress because of the coronavirus crisis and request their bank for a postponement of payment. The maximum total deferral period under the respective charters is nine months. Pursuant to the Belgian Royal Decree of 14 April 2020 granting a State guarantee for certain credits in the combat against the consequences of the corona virus, qualifying short-term credits granted by credit institutions to viable non-financial companies could benefit from a State guarantee. The regime extends to new credits granted by either Belgian credit institutions or Belgian branches of foreign credit institutions between 1 April 2020 and 30 September 2020 with a maturity of up to twelve months. Only companies which are deemed viable (i.e., which do not have pre-existing financial difficulties) could benefit from the State guarantee. Furthermore, the Royal Decree requires that the companies are registered in the Belgian Crossroads Bank for Enterprises, covering both Belgian companies as well as foreign companies which have activities in Belgium. In addition, Belgium’s four largest banks (Belfius, BNP Paribas Fortis, ING and KBC Bank), as well as certain other banks, agreed on measures to support companies facing difficulties due to the coronavirus crisis, such as the granting of extensions for the repayment of interest and/or capital and the granting of additional credit. Each bank will act on a case-by-case basis and will invite its client companies to contact it to find the appropriate solution.

The measures taken by the Belgian federal authorities are part of a series of measures taken in countries all over Europe and are also supported by the response of the ECB in reaction to the coronavirus pandemic. These are meant to protect the economy and the most vulnerable sectors and

individuals. The economic impact of the coronavirus pandemic on the Belgian economy is still uncertain.

As stated in the section “Analysis of the year-to-date period (FY2020)” on page 9 of the Issuer’s extended quarterly report for the fourth quarter ended on 31 December 2020 which is incorporated by reference into this Base Prospectus as set out in Section “Documents incorporated by reference” on pages 34 and following, the Issuer estimates loan loss impairment charges of nearly 1.1 billion euro for full-year 2020. Almost three-quarters (783 million euro) of these impairment charges in the period under review was related to collective impairment charges for the coronavirus crisis, with 672 million euro based on a ‘management overlay’ and 111 million euro captured by the Expected Credit Loss (ECL) models through updated macroeconomic variables. As a result, the credit cost ratio for the Group rose to 0.60%, compared to 0.12% for full-year 2019. For more information on the financial impact of the coronavirus pandemic on the Group, as well as a status overview of the different government and sector measures in each of the Group’s core countries, please refer to pages 21 to 27 of the Issuer’s extended quarterly report for the fourth quarter ended on 31 December 2020.

Although it is not possible at this stage to make a comprehensive and definitive assessment of the financial impact of the coronavirus pandemic, the Group continues to closely monitor the situation on a daily basis.”

d) Documents incorporated by reference

(i) The section “Documents incorporated by reference” on page 34 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:

(i) the extended quarterly report for the fourth quarter of 2020 of the Issuer (available on <https://www.kbc.com/content/dam/kbcom/doc/investor-relations/Results/4q2020/4q2020-quarterly-report-en.pdf>);

(f) (vii) the press release dated 11 February 2021 entitled “KBC Group: Fourth-quarter result of 538 million euros” (available on <https://www.kbc.com/content/dam/kbcom/doc/newsroom/pressreleases/2021/4q2020-pb-en.pdf>)

(ii) The section “Documents incorporated by reference” on page 34 *et seq.* of the Base Prospectus will be supplemented by adding the following sub-section below the sub-section “Issuer’s extended quarterly report for the fourth quarter of 2020”:

“The table below sets out the relevant page references for the unaudited financial statements for the twelve-month period ended 31 December 2020 of the Issuer, as set out in the Quarterly Report 4Q2020 of the Issuer.

Issuer’s extended quarterly report for the fourth quarter of 2020 *

Unaudited condensed consolidated financial statements of the Issuer for the fourth quarter of the financial year

income statement	page 14 – 15
statement of comprehensive income	page 16
balance sheet	page 17
statement of changes in equity	page 18 – 19

cash flow statement	page 19
notes on statement of compliance and changes in accounting policies	page 20 – 27
Statement of the auditors	page 12
Additional information	page 40 – 64
ratios used	page 59 – 64

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

e) General Information

Paragraph (3) on page 140 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 2020 and no material adverse change in the prospects of the Issuer since 31 December 2019.”

II. General

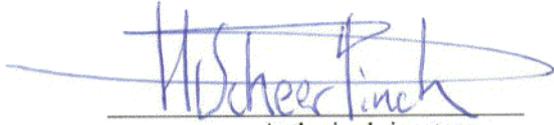
Save as disclosed in this Supplement N°3, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since 2 June 2020, the date of publication of the Base Prospectus.

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.com²).

² https://www.kbc.com/MISC/D9e01/Homepagina_KBCCOM_Engels/investor_relations/debt_issuance

22 February 2021

A handwritten signature in blue ink, appearing to read 'H. Scheerlinck', written over a horizontal line.

Authorized signatory
on behalf of KBC Group NV

Hendrik Scheerlinck
Executive Director

A handwritten signature in blue ink, appearing to read 'J. Thijs', written over a horizontal line.

Authorized signatory
on behalf of KBC Group NV

Johan Thijs
Executive Director