

**KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°3)**

**dated 15 February 2022**



**KBC Group NV**

*(incorporated with limited liability in Belgium)*

**EUR 15,000,000,000**

**Euro Medium Term Note Programme**

This supplement dated 15 February 2022 (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 1 June 2021, as amended by a first supplement dated 24 August 2021 (the “**Supplement N°1**”) and the second supplement dated 16 November 2021 (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.

*Divestiture of KBC Bank Ireland’s portfolio of non-performing mortgage loans*

On 7 February 2022, the Issuer published a press release announcing that it and KBC Bank Ireland finalised the deal announced on 30 August 2021 concerning the sale of a non-performing mortgage loan portfolio of roughly 1.1 billion euros (mainly Private Dwelling House (PDH) and Buy to let (BTL)) in a transaction financed by funds managed by CarVal Investors.

*KBC Group Quarterly Report 4Q2021*

On 10 February 2022, the Issuer published its extended quarterly report for the fourth quarter 2021 in the document “*KBC Group Quarterly Report 4Q2021*” accompanied by a press release entitled “*KBC Group: Fourth-quarter result of 663 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](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°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 13 *et seq.* of the Base Prospectus, the ninth paragraph of the subsection titled “*Coronavirus (COVID-19) pandemic (high risk)*” shall be amended and replaced as follows:

*The coronavirus pandemic has also led to regulatory developments in the jurisdictions in which the Issuer operates. As stated in the section “Note 1.4: Impact of the coronavirus crisis” on pages 191 to 196 of the Issuer’s 2020 Annual Report which is incorporated by reference into this Base Prospectus as set out in the section entitled “Documents incorporated by reference” on page 37 and following of this Base Prospectus, impairment on loans totaling EUR 1,074 million was recognized for financial year 2020. It comprised collective impairment charges related to the coronavirus crisis for an amount of EUR 783 million (EUR 111 million captured by Expected Credit Loss (“ECL”) models, and a management overlay of EUR 672 million) and other impairment charges for an amount of EUR 291 million. As stated in the section “Covid-19 (note 1.4)” on pages 22 to 24 of the extended quarterly report for the fourth quarter of 2021 of KBC Group NV, which is available on <https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/4q2021/4q2021-quarterly-report-en.pdf> and is incorporated by reference into this Base Prospectus, the Group performed an update of its COVID-19 impact assessment in the fourth quarter of 2021 which resulted in a total collective COVID-19 ECL of EUR 289 million (compared to 368 million euros at the end of September). The latter implies a ECL decrease of 79 million euros in 4Q 2021 compared to the 260 million euros ECL decrease of 3Q 2021 (26 million euros in 1Q 2021 and 129 million euros in 2Q 2021). Including the total coronavirus-related ECL, the credit cost ratio amounted to 0.60% in 2020. Disregarding the collective coronavirus-related ECL, it would have been 0.16%. According to the extended quarterly report for the fourth quarter of 2021 of KBC Group NV, the credit cost ratio of the Group for the twelve month period ended 31 December 2021 stood at -0.18% (0.09% excluding the amount recorded for the coronavirus crisis) compared to 0.60% for full-year 2020 (0.16% excluding the amount for the coronavirus crisis). A negative sign implies a positive impact on the results. For*

*more information on the financial impact of the coronavirus pandemic on the KBC Group, as well as a status overview of the different government and sector measures in each of the KBC Group's core countries, please refer to pages 191 to 196 of the Issuer's 2020 Annual Report.*

In the same subsection, the last paragraph shall be amended 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 the financial year 2021.”*

**c) Recent events**

In the section “Recent events” on page 107 *et seq.* of the Base Prospectus, the following paragraph shall be added:

*“On 7 February 2022, the Issuer announced that it and KBC Bank Ireland finalised the deal announced on 30 August 2021 concerning the sale of a non-performing mortgage loan portfolio of roughly 1.1 billion euros (mainly Private Dwelling House (PDH) and Buy to let (BTL)) in a transaction financed by funds managed by CarVal Investors. The transaction is marginally capital accretive with a combined impact (P&L and RWA) of approximately 2 basis points on the Issuer's CET1 ratio, fully recognised in 2021. The -0.1 billion euros impact on the Issuer's P&L was almost fully booked in the third quarter ending 30 September 2021. The risk-weighted assets decreased by 0.8 billion euros, also in the third quarter of 2021.”*

In the section “Recent events” on page 107 *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 variants of the coronavirus, both as at the date of this Base Prospectus as in the foreseeable future.*

*As stated in the section “COVID-19 (note 1.4)” on page 22 of the Issuer's extended quarterly report for the fourth quarter ended on 31 December 2021 which is incorporated by reference into this Base Prospectus as set out in Section “Documents incorporated by reference” on pages 37 and following, referring to the disclosure in the Issuer's annual report for the financial year ended 31 December 2020 (which is incorporated by reference into this Base Prospectus as set out in Section “Documents incorporated by reference” on pages 37 and following), the Issuer's Expected Credit Loss (ECL) models are not able to adequately reflect all the specifics of the COVID-19 crisis or the various government measures implemented in the different countries to support households, SMEs and corporates through this crisis. Therefore, an expert-based calculation at portfolio level is required via a management overlay. In the fourth quarter of 2021, the Issuer performed an update of its COVID-19 impact assessment which resulted in a total collective COVID-19 ECL of 289 million euros (versus 783 million euros at the end of 2020). The latter implies a P&L release of 79 million euros in the fourth quarter of 2021 compared to the 260 million euros P&L release of the third quarter of 2021. This quarter on quarter release is mainly driven by i) the reduction in the existing non-*

performing portfolio collective COVID-19 ECL (33 million euros), since there is no indication that additional ECL will materialize for the collectively managed stage 3 exposures from the coronavirus crisis above a through the cycle level, except for Ireland where this part is locked in related to the envisaged sale, ii) release of additional COVID-19 impairments (32 million euros) for low-risk sectors (e.g. financial and pharma sector) given that forward-looking indicators (such as turnover on accounts and sentiment indicators) indicate that no deterioration in credit risk is expected for these exposures, and iii) the remainder of the movement is mainly driven by further smaller changes in the macroeconomic scenarios (14 million euros).

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 191 to 196 of the Issuer's annual report for the financial year ended 31 December 2020 and to pages 22 to 24 of the Issuer's extended quarterly report for the fourth quarter ended on 31 December 2021.

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 37 of the Base Prospectus will be supplemented by adding the following points 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 2021 of the Issuer (available on <https://www.kbc.com/content/dam/kbcom/doc/investor-relations/Results/4q2021/4q2021-quarterly-report-en.pdf>);

(j) the press release dated 10 February 2022 entitled "KBC Group: Fourth-quarter result of 663 million euros" (available on [\)](https://www.kbc.com/content/dam/kbcom/doc/newsroom/pressreleases/2022/4q2021-pb-en.pdf?zone=)

- (ii) The section "Documents incorporated by reference" on page 37 *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 third quarter of 2021":

"The table below sets out the relevant page references for the unaudited financial statements for the twelve-month period ended 31 December 2021 of the Issuer, as set out in the Quarterly Report 4Q2021 of the Issuer.

#### Issuer's extended quarterly report for the fourth quarter of 2021 \*

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

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

cash flow statement <sup>1</sup>	page 19
notes to the financial statements	page 20 – 42
Additional information	page 43 – 67
ratios used	page 62 – 67

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

#### **e) General Information**

Paragraph (3) on page 113 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 2021 and no material adverse change in the prospects of the Issuer since 31 December 2020.”*

## **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 1 June 2021, 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](http://www.euronext.com)) and the website of the Issuer ([www.kbc.com](http://www.kbc.com)<sup>2</sup>).

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<sup>1</sup> More details will be available in the Issuer’s annual report for the financial year ended 31 December 2021.

<sup>2</sup> [https://www.kbc.com/MISC/D9e01/Homepagina\\_KBCCOM\\_Engels/investor\\_relations/debt\\_issuance](https://www.kbc.com/MISC/D9e01/Homepagina_KBCCOM_Engels/investor_relations/debt_issuance)

15 February 2022



Luc Ropelier  
Executive Director

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Authorized signatory  
on behalf of KBC Group NV



Johan Thijs  
Executive Director

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Authorized signatory  
on behalf of KBC Group NV