

KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°2)

dated 19 November 2018



KBC Group NV

(incorporated with limited liability in Belgium)

EUR 10,000,000,000

Euro Medium Term Note Programme

This supplement dated 19 November 2018 (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 12 June 2018 as supplemented by the Supplement N°1 dated 18 September 2018 (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

Introduction

On 15 November 2018, the Issuer published its extended quarterly report for the third quarter in the document “*KBC Group Quarterly Report 3Q 2018*”.

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 document, incorporated by reference in the Base Prospectus, can be obtained from the website of the Issuer (www.kbc.com¹) and from the website of Euronext Brussels (www.euronext.com).

A copy of the extended quarterly report has been filed with the FSMA.

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.

1. 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 limb to the list of documents which are incorporated and form part of the Base Prospectus:

“(c) the unaudited financial statements of the Issuer, set out in the Quarterly Report 3Q 2018 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 2016 and 31 December 2017*”:

“The table below sets out the relevant page references for the unaudited financial statements of the Issuer, as set out in the Quarterly Report 3Q 2018 of the Issuer.

2. Selected Financial Information

The section “*Selected Financial Information*” on pages 151 to and including 155, 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.

3. General Information

Paragraph (3) on page 179 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 June 2018 and no material adverse change in the prospects of the Issuer since 31 December 2017.*”

II. General

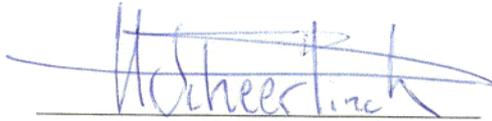
Save as disclosed in this Supplement N°2, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since 12 June 2018, the date of publication of the Base Prospectus.

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.

¹ https://www.kbc.com/MISC/D9e01/Homepagina_KBCCOM_Engels/investor_relations/debt_issuance

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) and the website of the Issuer (www.kbc.com²).

19 November 2018



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

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 2016 and 31 December 2017 and from the unaudited consolidated financial statements of the Issuer included in the quarterly report 3Q 2018 of the Issuer.

The consolidated financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2017 have been audited in accordance with ISA.

Note: As of 2018, KBC Group started applying IFRS 9. In simplified terms, this means that the classification of financial assets and liabilities, as well as the impairment methodology, have changed significantly. As a result, some of the profit and loss and balance sheet figures are not fully comparable to the 2017 and 2016 reference figures (which are still based on IAS 39, as KBC is making use of transition relief for comparative data). More information on the transition to IFRS 9 is provided in KBC Group's 1Q2018, 2Q2018 and 3Q2018 quarterly reports, available on www.kbc.com.

Consolidated balance sheet

ASSETS (in millions of EUR)	31-12- 2016	31-12- 2017	30-06- 2017	30-09- 2018
Cash, cash balances with central banks and other demand deposits from credit institutions	20 686	29 727	32 546	32 893
Financial assets	246 298	254 753	255 465	262 859
Held for trading	9 683	7 431	9 055	-
Designated at fair value through profit or loss	14 184	14 484	14 408	-
Available for sale	36 708	34 156	35 418	-
Loans and receivables	151 615	167 458	164 754	-
Held to maturity	33 697	30 979	31 432	-
Amortised cost	-	-	-	220 823
Fair value through other comprehensive income	-	-	-	18 304
Fair value through profit and loss	-	-	-	23 509
Of which Held for trading	-	-	-	7 733
Hedging derivatives	410	245	399	223
Reinsurers' share in technical provisions	110	131	119	130
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	202	-78	-3	-179
Tax assets	2 312	1 625	2 210	1 600
Current tax assets	66	82	91	118
Deferred tax assets	2 246	1 543	2 119	1 482
Non-current assets held for sale and assets associated with disposal groups	8	21	24	960
Investments in associated companies and joint ventures	212	240	217	208
Property and equipment and investment property	2 877	3 207	2 983	3 314
Goodwill and other intangible assets	999	1 205	1 152	1 264
Other assets	1 496	1 512	1 767	1 689
TOTAL ASSETS	275 200	292 342	296 479	304 740

LIABILITIES AND EQUITY (in millions of EUR)	31-12-2016	31-12-2017	30-06-2017	30-09-2018
Financial liabilities	234 300	251 260	255 641	263 103
Amortised cost	207 485	227 944	231 148	240 818
Fair value through profit or loss	25 112	22 032	22 985	21 118
Of which Held for trading	8 559	6 998	8 019	5 981
Hedging derivatives	1 704	1 284	1 508	1 167
Technical provisions, before reinsurance	19 657	18 641	18 905	18 533
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	204	-86	79	-279
Tax liabilities	681	582	659	407
Current tax liabilities	188	148	205	114
Deferred tax liabilities	493	434	455	293
Liabilities associated with disposal groups	0	0	0	0
Provisions for risks and charges	238	399	257	278
Other liabilities	2 763	2 743	2 873	3 420
TOTAL LIABILITIES	257 843	273 540	278 414	285 462
Total equity	17 357	18 803	18 065	19 278
Parent shareholders' equity	15 957	17 403	16 665	16 878
Additional Tier-1 instruments included in equity	1 400	1 400	1 400	2 400
Minority interests	0	0	0	0
TOTAL LIABILITIES AND EQUITY	275 200	292 342	296 479	304 740

Consolidated income statement

In millions of EUR	2016	2017	3Q 2017	3Q 2018
Net interest income	4 258	4 121	1 039	1 136
Interest income	6 642	6 337	1 605	1 754
Interest expense	-2 384	-2 216	-566	-618
Non-life insurance before reinsurance	628	706	188	197
Earned premiums Non-life	1 410	1 491	378	403
Technical charges Non-life	-782	-785	-190	-205
Life insurance before reinsurance	-152	-58	-3	-9
Earned premiums Life	1 577	1 271	282	293
Technical charges Life	-1 728	-1 330	-284	-302
Ceded reinsurance result	-38	-8	16	-6
Dividend income	77	63	11	12
Net result from financial instruments at fair value through profit or loss	540	856	182	79
Of which Result on equity instruments (overlay)	-	-	-	2
Net realised result from available-for-sale assets	189	199	51	-
Net realised result from debt instruments at fair value through other comprehensive income	-	-	-	0
Net fee and commission income	1 450	1 707	408	424
Fee and commission income	2 101	2 615	606	606
Fee and commission expense	-651	-908	-198	-182
Net other income	258	114	4	56
TOTAL INCOME	7 211	7 700	1 896	1 888

Operating expenses	-3 948	-4 074	-914	-981
Staff expenses	-2 252	-2 303	-578	-593
General administrative expenses	-1 449	-1 505	-268	-318
Depreciation and amortisation of fixed assets	-246	-266	-68	-70
Impairment	-201	30	-31	2
on loans and receivables	-126	87	-15	-
on financial assets at amortised cost and at fair value through other comprehensive income	-	-	-	8
on available-for-sale assets	-55	-12	-6	-
on goodwill	0	0	0	0
on other	-20	-45	-11	-6
Share in results of associated companies and joint ventures	27	11	8	2
RESULT BEFORE TAX	3 090	3 667	959	911
Income tax expense	-662	-1 093	-268	-211
Net post-tax result from discontinued operations	0	0	0	0
RESULT AFTER TAX	2 428	2 575	691	701
Attributable to minority interest	0	0	0	0
<i>of which relating to discontinued operations</i>	0	0	0	0
Attributable to equity holders of the parent	2 427	2 575	691	701
<i>of which relating to discontinued operations</i>	0	0	0	0
Earnings per share (in EUR)				
Basic	5,68	6,03	1,62	1,63
Diluted	5,68	6,03	1,62	1,63