SUPPLEMENT DATED JANUARY 6, 2023 TO THE OFFERING MEMORANDUM REFERRED TO BELOW

KBC Group NV

(*incorporated with limited liability in Belgium*)

U.S.$10,000,000,000

U.S. Medium Term Note Programme

This offering memorandum supplement dated January 6, 2023 (the "**Supplement"**) is supplemental to, and should be read in conjunction with, the offering memorandum dated October 13, 2022 (the "**Offering Memorandum**") and is prepared in connection with the U.S.$10,000,000,000 U.S. Medium Term Note Programme (the "**Programme**"), established by KBC Group NV (the **Issuer** and, together with its subsidiaries, the "**Group**"). Terms defined in the Offering Memorandum have the same meaning when used in this Supplement. References in this Supplement to "Notes" include CDIs representing interests in the Notes unless the context otherwise requires.

This Supplement does not constitute a base prospectus supplement for the purposes of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for the approval of this Supplement as a base listing particulars supplement.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or any applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States or any other jurisdiction. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of a Note will be deemed, by its acceptance or purchase thereof, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Note, as described in the Offering Memorandum, and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases (see "*Plan of Distribution; Subscription and Sale*" in the Offering Memorandum).

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

See "*Risk Factors*" beginning on page 12 of the Offering Memorandum for a discussion of certain factors to be considered in connection with an investment in the Notes issued under the Programme.

Purpose of this Supplement

The purpose of this Supplement is to:

- incorporate by reference the unaudited consolidated interim financial statements as of and for the nine months ended September 30, 2022 and the auditors' report thereon (contained on pages 12 to 41 of the Issuer's quarterly report for the nine months ended September 30, 2022);

- update the "Presentation of Financial Information" section;

- update the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section;

- update the "Risk Management" section; and

- update the "Capital Management" section.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Memorandum by this Supplement and (b) any other statement in or previously incorporated by reference in the Offering Memorandum, the statements in (a) above will prevail.

If documents that are incorporated by reference in this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement except where such information or other documents are specifically incorporated by reference in the Supplement. References in this Supplement, or in any documents incorporated by reference in the Offering Memorandum by virtue of this Supplement, to websites are made for information purposes only, and the contents of those websites (save for the documents incorporated by reference in the Offering Memorandum) do not form part of this Supplement.

Copies of this Supplement, the Offering Memorandum and all documents that are incorporated by reference in the Offering Memorandum are available on the Issuer's website (https://www.kbc.com/en/investor-relations/debt-issuance/kbc-group/us-mtn-programme.html). Copies of this Supplement and the Offering Memorandum are also available on the website of Euronext Dublin (https://live.euronext.com).

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Offering Memorandum since the publication of the Offering Memorandum.

ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE

On November 9, 2022, the Issuer published the KBC Group Quarterly Report for the Third Quarter 2022 (the "**Q3 Report**") (available on https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/3q2022/3q2022-quarterly-report-en.pdf).

By virtue of this Supplement, the unaudited consolidated interim financial statements as of and for the nine months ended September 30, 2022 and the auditors' report thereon (the "**Q3 Interim Financial Statements**"), comprising the information set out on pages 12 to 41 of the Q3 Report, are incorporated in, and form part of, the Offering Memorandum.

PRESENTATION OF FINANCIAL INFORMATION

The following section shall replace the section titled "Alternative performance measures" in the "Presentation of Financial Information" section of the Offering Memorandum.

Alternative performance measures

The Offering Memorandum includes certain alternative performance measures ("**APMs**") that are not defined or recognized under IFRS. Key financial ratios that are regulated by IFRS or other legislation (CRR/CRD) and non-financial data are not considered APMs. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. APMs as reported by the Group may not be comparable to similarly titled amounts reported by other companies. The APMs discussed in this Offering Memorandum are used in the internal management of the Group, along with the most directly comparable IFRS financial measures, in evaluating operating performance. The Group's management believes that these APMs, when considered in conjunction with IFRS measures, accurately reflect the Group's economic performance and enhance investors' and management's overall understanding of the Group's performance.

Set forth below are the Group's APMs used in this Offering Memorandum and their respective definitions:

- **Combined ratio** gives insight into the technical profitability (i.e. after eliminating investment returns, among other items) of the non-life insurance business; more particularly the extent to which insurance premiums adequately cover claim payments and expenses. The combined ratio takes ceded reinsurance into account. The Group also uses the same methodology to calculate this ratio for each business unit.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million) (Unaudited)		
Technical insurance charges, including the internal cost of settling claims (A)	829	789	1,081	945	1,006
/					
Earned insurance premiums (B)	1,468	1,368	1,841	1,742	1,693
+					
Operating expenses (C)	468	423	565	536	526
/					
Written insurance premiums (D)	1,564	1,448	1,875	1,769	1,728
= (A/B) + (C/D)	86%	87%	89%	85%	90%

- **Cost/income ratio** gives an impression of the relative cost efficiency (costs relative to income) of the Group. The Group also uses the same methodology to calculate this ratio for each business unit. Where relevant, the Group also eliminates exceptional and/or non-operating items when calculating the cost/income ratio. This calculation aims to give a better idea of the relative cost efficiency of the pure business activities.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Operating expenses (A)	3,658	3,318	4,396	4,156	4,303
/					
Total income (B)	6,355	5,671	7,558	7,195	7,629
= (A) / (B)	58%	59%	58%	58%	56%

- **Coverage ratio** indicates the proportion of impaired loans that are covered by specific impairment charges. The numerator and denominator in the formula relate to all impaired loans. See "*Risk Management—Credit Risk—Credit risk exposure in the banking activities arising from lending and investing*".

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million) *(Unaudited)*		
Specific impairment on loans (A)	2,082	2,638	2,569	2,638	2,584
/					
Impaired loans (B)	4,202	5,737	5,454	5,902	6,160
= (A) / (B)	50%	46%	47%	45%	42%

- **Credit cost ratio** gives an idea of loan impairment charges recognized in the income statement for a specific period, relative to the total loan portfolio (as defined below). In the longer term, this ratio can provide an indication of the credit quality of the portfolio. The Group also uses the same methodology to calculate this ratio for each business unit.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Net changes in impairment for credit risks (A)	71	(269)	(329)	1,068	204
/					
Average loan portfolio (B)	197,561	182,985	184,640	177,542	170,128
= (A) / (B)	0.05%	(0.20)%	(0.18)%	0.60%	0.12%

- **Dividend payout ratio** gives an idea of the extent to which the Group distributes its annual profit (and, therefore, also indirectly the extent to which profits are used to strengthen the capital reserves).

	Nine months ended June 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Amount of dividend to be distributed (including interim dividend) (A) [(1)]	-	-	3,585	1,017	416
+					
Coupon on additional Tier 1 instruments included in equity (B)	-	-	50	50	56
/					
Net result, group share (C)	-	-	2,614	1,440	2,489
= (A+B) / C	-	-	139%	74%	19%

(1) When calculating the dividend payout ratio, the Group allocated €2 of the interim dividend paid in November 2021 (€3 per share entitled to dividend) to financial year 2020 and €1 to financial year 2021. This brings the total dividend for

2021 to €8.6 per share, of which €4.6 is an extraordinary dividend. If the Group had only included the ordinary dividend (of €4) in the calculation, the dividend payout ratio for 2021 would have been 66%.

- **Impaired loans ratio** indicates the proportion of impaired loans in the loan portfolio (as defined below) and, therefore, gives an idea of the creditworthiness of the portfolio. Impaired loans are loans where it is unlikely that the full contractual principal and interest will be repaid/paid. These loans have a Group default status of PD 10, PD 11 or PD 12. Where appropriate, the numerator in the formula may be limited to impaired loans that are more than 90 days past due (PD 11 + PD 12). See "*Risk Management—Credit Risk—Credit risk exposure in the banking activities arising from lending and investing*". The Group also uses the same methodology to calculate this ratio for each business unit.

	Nine months ended September 30,		**Year ended December 31,**		
	2022	**2021**	**2021**	**2020**	**2019**
			(EUR million) (Unaudited)		
Amount of impaired loans (A)	4,202	5,737	5,454	5,902	6,160
/					
Total loan portfolio (B)	206,733	185,079	188,400	180,891	175,431
= (A) / (B)	2.0%	3.1%	2.9%	3.3%	3.5%

- **Life insurance sales** comprises life insurance premiums and unit-linked life insurance premiums. As required under IFRS, the Group uses margin deposit accounting for most of these unit-linked contracts, which means they are not recognized under "earned insurance premiums". Similar data for the nine months ended September 30, 2022 and 2021 is not available.

	Year ended December 31,		
	2021	**2020**	**2019**
		(EUR million)	
Life insurance – Earned premiums before reinsurance (A)	1,196	1,223	1,323
+			
Life insurance: difference between written premiums and earned premiums before reinsurance (B)...............	1	2	1
+			
Investment contracts without DPF (unit-linked), margin deposit accounting (C)	768	764	525
= (A) + (B) + (C)	1,964	1,989	1,849

- **Loan portfolio** gives an idea of the magnitude of lending activities.

	Nine months ended September 30,		**Year ended December 31,**		
	2022	**2021**	**2021**	**2020**	**2019**
			(EUR million)		
Loans and advances to customers (A)	177,100	156,712	159,728	159,621	155,816
+					
Reverse repos (not with central banks) (B).......................................	2,222	703	719	3,295	1,559
+					
Debt instruments issued by corporates and by credit institutions and investment firms (banking) (C)	5,614	5,076	4,830	6,056	5,894
+					
Other exposures to credit institutions (D)	4,912	4,525	4,392	4,009	4,629
+					

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Financial guarantees granted to clients (E)	10,075	8,677	9,040	7,919	8,160
+					
Impairment on loans (F).................	2,632	2,694	2,581	3,703	2,866
-					
Insurance entities (G)	(2,027)	(2,071)	(2,077)	(2,198)	(2,288)
-					
Non-loan-related receivables (H)....	(900)	(341)	(338)	(592)	(738)
+					
Other (I)..	7,105	9,102	9,525	(923)	(468)
Gross Carrying Amount= (A) + (B) + (C)+(D)+(E)+(F)-(G)-(H)+(I)	206,733	185,079	188,400	180,891	175,431

- **Net interest margin** gives an idea of the net interest income of the banking activities (one of the most important sources of revenue for the Group) relative to the average total interest-bearing assets of the banking activities. The Group also uses the same methodology to calculate this ratio for each business unit.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million) *(Unaudited)*		
Net interest income of the banking activities* (A).................................	3,210	2,858	3,863	3,788	3,853
/					
Average interest-bearing assets of the banking activities* (B)	221,779	210,362	211,020	203,616	194,731
= (A) / (B) x 360/number of calendar days	1.91%	1.79%	1.81%	1.84%	1.95%

* After elimination of all divestments and volatile short-term assets used for liquidity management purposes.

- **Parent shareholders' equity per share** gives the carrying value of a KBC share, i.e. the value in euros represented by each share in the parent shareholders' equity of the Group.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Parent shareholders' equity (A).......	18,540	22,096	21,577	20,030	18,722
/					
Number of ordinary shares less treasury shares (at period-end) (B)..	417	417	417	417	416
= (A) / (B) (in EUR)	44.5	53.0	51.8	48.1	45.0

- **Return on equity** gives an idea of the relative profitability of the Group, more specifically the ratio of the net result to equity.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
Result after tax, attributable to equity holders of the parent (A)	2,046	1,951	2,614	1,440	2,498

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
-					
Coupon on the additional tier-1 instruments included in equity (B) ..	(37)	(37)	(50)	(50)	(56)
/					
Average parent shareholders' equity, excluding the revaluation reserve for FVOCI and for FVPL – overlay (C)	19,688	19,697	19,463	17,954	16,907
= (A-B) / (C)	13.6%	13.0%	13%	8%	14%

- **Total assets under management ("AuM")** comprise third-party assets and Group assets managed by the Group's various asset management companies (including KBC Asset Management and ČSOB Asset Management), as well as assets under advisory management at KBC Bank. The assets, therefore, consist mainly of KBC investment funds and unit-linked insurance products, assets under discretionary and advisory management mandates of (mainly retail, private banking and institutional) clients, and certain Group assets. The size and development of total AuM are major factors behind net fee and commission income (generating entry and management fees) and hence account for a large part of any change in this income line. In that respect, the AuM of a fund that is not sold directly to clients but is instead invested in by another fund or via a discretionary/advisory management portfolio, are also included in the total AuM figure in view of the related work and any fee income linked to them.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million) (Unaudited)		
Belgium Business Unit (A)	184	209	216	195	200
+					
Czech Republic Business Unit (B)..	14	13	14	11	11
+					
International Markets Business Unit (C)	7	7	7	6	5
= (A) + (B) + (C)	205	229	236	212	216

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section shall replace the section titled "Results of Operations for the Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

Recent Developments

In November 2022, the Czech Parliament approved the Windfall Tax ("**WFT**") that will become effective from January 1, 2023. In the banking sector, the WFT will apply to banks on a standalone basis with net interest income greater than CZK 6 billion in the previous year. The WFT rate will be 60% and will apply to the concerned companies as a tax surcharge to the standard tax rate of 19%, making the effective tax rate on the windfall profit 79%. The additional 60% tax rate will be applied against the positive difference between the income tax base (adjusted profit before tax) of the respective year and the arithmetic average of its historical tax bases for the four preceding tax years before 2022 (i.e. 2018-2021), increased by 20%. The WFT assumes time limited effect for the years 2023 to 2025. While the WFT may result in additional tax liabilities, the Group estimates the impact on CSOB, as the only entity fulfilling the statutory definition, will be largely limited.

On December 2, 2022, the Group received final approval from the Irish Minister of Finance for the sale of substantially all of KBC Bank Ireland's performing loan assets and liabilities to the Bank of Ireland Group. It is expected that the migration of customers to Bank of Ireland Group will occur in the first quarter of 2023.

Results of Operations for the Nine Months Ended September 30, 2022 Compared to the Nine Months Ended September 30, 2021

The financial information of the Group as at and for the nine months ended September 30, 2022 and the comparative information as at and for the nine months ended September 30, 2021 discussed in this section has been extracted from the Q3 Interim Financial Statements, which are incorporated by reference in this Offering Memorandum.

The table below summarizes the Group's consolidated income statement for the nine months ended September 30, 2022 and September 30, 2021.

	Nine months ended September 30,		
	2022	**2021**	**% change**
	(EUR million) *(Unaudited)*		
Net interest income	3,745	3,274	14.4
Non-life insurance (before reinsurance)	657	601	9.2
Life insurance (before reinsurance)	75	35	115.6
Ceded reinsurance result	19	10	82.3
Dividend income	50	36	37.1
Net result from financial instruments at fair value through profit or loss	289	183	57.5
Net realized result from debt instruments at fair value through OCI	(21)	5	-
Net fee and commission income	1,396	1,357	2.9
Other net income	146	168	(13.0)
Total income	**6,355**	**5,671**	**12.1**
Staff expenses	(1,899)	(1,842)	3.1
General administrative expenses	(1,486)	(1,223)	21.5
Depreciation and amortization of fixed assets	(272)	(252)	8.1
Total operating expenses	**(3,658)**	**(3,318)**	**10.3**
Impairment on financial assets at amortized cost and at fair value through OCI	(72)	272	-
Impairment on goodwill	-	-	-
Impairment on other	(79)	(27)	197.1
Total impairment	**(151)**	**245**	**-**
Share in results of associated companies and joint ventures	(7)	(3)	131.7
Results before tax	**2,538**	**2,595**	**(2.2)**
Income tax expense	(493)	(644)	(23.5)
Results after tax	**2,046**	**1,951**	**4.9**

Total Income

Total income increased by €684 million, or 12.1%, from €5,671 million for the nine months ended September 30, 2021 to €6,355 million for the nine months ended September 30, 2022. The increase was primarily due to higher results from net interest income (which increased by €471 million, or 14.4%, from €3,274 million for the nine months ended September 30, 2021 to €3,745 million for the nine months ended September 30, 2022) and higher results from financial instruments at fair value through profit or loss (which increased by €106 million, or 57.5%, from €183 million for the nine months ended September 30, 2021 to €289 million for the nine months ended September 30, 2022).

The Group's total income consists of net interest income, technical insurance results (earned premiums less technical charges plus the ceded insurance result), dividend income, net result from financial instruments at fair value through profit or loss, net realized result from debt instruments at fair value through other comprehensive income (**OCI**), net fee and commission income and other net income, each of which is discussed further below.

Net interest income

The following table shows the components of the Group's net interest income for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,		
	2022	**2021**	**% change**
	(EUR million) (Unaudited)		
Total	3,745	3,274	14.4
Interest income	7,753	4,566	69.8
Interest income on financial instruments calculated using the effective interest rate method			
Financial assets at amortized cost	5,490	3,448	59.2
Financial assets at fair value through OCI	190	219	(13.2)
Hedging derivatives	1,180	227	419.8
Financial liabilities (negative interest rate)	243	295	(17.6)
Other	71	15	373.3
Interest income on other financial instruments			
Financial assets MFVPL other than held for trading	24	17	41.2
Financial assets held for trading	553	345	60.3
Of which economic hedges	461	318	45.0
Other financial assets at fair value through profit and loss	0	0	0
Interest expense	(4,008)	(1,291)	210.5
Interest expense on financial instruments calculated using the effective interest rate method			
Financial liabilities at amortized cost	(1,267)	(335)	278.2
Hedging derivatives	(93)	(187)	(50.3)
Financial assets (negative interest rate)	(1,278)	(438)	191.8
Other	(4)	(6)	(33.3)
Interest expense on other financial instruments			
Financial liabilities held for trading	(1,346)	(316)	325.9
Of which economic hedges	(1,310)	(283)	362.9
Other financial liabilities at fair value through profit or loss	(21)	(9)	133.3
Net interest expense relating to defined benefit plans	(1)	(1)	0

Net interest income increased by €471 million, or 14.4%, from €3,274 million for the nine months ended September 30, 2021 to €3,745 million for the nine months ended September 30, 2022. The increase was attributable in part to the improvement in reinvestment yields in all core countries, lending and deposit volume growth, increased income related to funding, the higher netted positive impact of ALM foreign exchange swaps, the consolidation of Raiffeisenbank Bulgaria since the third quarter of 2022 and a positive foreign exchange effect. The increase was partly offset by the negative effect of several factors, including pressure on loan margins in almost all core countries, the abolishment during the third quarter of 2022 of the charging of negative interest rates on current accounts held by corporate entities and SMEs and no positive ECB tiering effect since the end of July 2022. On an organic basis (excluding changes in the scope of consolidation and foreign exchange effects), the volume of customer lending rose by 9% and deposits excluding debt certificates rose by 6% year-on-year. The net interest margin in the first nine months of 2022 came to 1.91%, up 12 basis points year-on-year.

Non-life insurance (before reinsurance)

Non-life insurance results (before reinsurance) increased by €56 million, or 9.2%, from €601 million for the nine months ended September 30, 2021 to €657 million for the nine months ended September 30, 2022. The increase was primarily due to higher technical charges, which was affected by the impact of storms mainly in the first quarter of 2022 in Belgium (a negative impact of €101 million before tax and before reinsurance).

Life insurance (before reinsurance)

Life insurance results (before reinsurance) increased by €40 million, from €35 million for the nine months ended September 30, 2021 to €75 million for the nine months ended September 30, 2022. However, in compliance with IFRS, certain types of life insurance (i.e. unit-linked products) have been excluded from the figures for premiums and technical charges in the life insurance business. If the premium income from such products is included, premium income from the life insurance business totaled €1,362 million for the nine months ended September 30, 2022, representing a 4% decrease compared to the nine months ended September 30, 2021, as a result of lower sales of unit-linked products.

Ceded reinsurance result

Ceded reinsurance result increased by €9 million, or 82.3%, from €10 million for the nine months ended September 30, 2021 to €19 million for the nine months ended September 30, 2022. The increase was primarily related to higher recoveries from higher technical charges as a result of substantial storm damage in the nine months ended September 30, 2022 (mainly in the first quarter in Belgium), compared to a milder storm season and lower storm-related recoveries in the nine months ended September 30, 2021.

Ceded reinsurance result includes the net amount of all actual or estimated amounts which, under contractual reinsurance arrangements, are recuperated, as well as the premiums paid for this reinsurance.

Dividend income

Dividend income increased by €14 million, or 37.1%, from €36 million for the nine months ended September 30, 2021 to €50 million for the nine months ended September 30, 2022. The increase was primarily due to an exceptional liquidation dividend paid in the third quarter of 2022.

Net result from financial instruments at fair value through profit or loss

The following table shows the components of the Group's net result from financial instruments at fair value through profit or loss for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,		
	2022	**2021**	**% change**
	(EUR million) (Unaudited)		
Total	289	183	57.5
Total broken down by driver			
Market value adjustments (MVA)	79	48	65.6
Change in the value of derivatives used for asset/liability management purposes	11	(92)	-
Financial instruments to which the overlay approach is applied	44	87	(49.4)
Dealing room	155	140	10.2

Net result from financial instruments at fair value through profit or loss increased by €106 million, or 57.5%, from €183 million for the nine months ended September 30, 2021 to €289 million for the nine months ended September

30, 2022. The increase was primarily related to higher dealing room results, positive changes in the market value of derivatives used for asset and liability management purposes and more positive impact from market value adjustments. This was partly offset by lower positive net results related to the share portfolio of the insurance business and other income for the nine months ended September 30, 2022 and fully driven by higher impairments on equity instruments due to weak equity markets despite higher realized gains.

Net realized result from debt instruments at fair value through OCI

Net realized result from debt instruments at fair value through OCI was negative €21 million for the nine months ended September 30, 2022, compared to a €5 million net realized result from debt instruments at fair value though OCI for the nine months ended September 30, 2021. The decrease was primarily due to losses on the sale of low yielding bonds for the nine months ended September 30, 2022.

Net fee and commission income

The following table shows the components of the Group's net fee and commission income for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,		
	2022	**2021**	**% change**
	(EUR million) *(Unaudited)*		
Total	1,396	1,357	2.9
Fee and commission income	2,088	1,975	5.7
Fee and commission expense	(691)	(618)	11.8
Breakdown by type			
Asset management services	890	878	1.4
Fee and commission income	931	936	(0.5)
Fee and commission expense	(41)	(58)	(29.3)
Banking services	756	701	7.8
Fee and commission income	1,092	974	12.1
Fee and commission expense	(336)	(273)	23.1
Distribution	(249)	(221)	12.7
Fee and commission income	64	66	(3.0)
Fee and commission expense	(314)	(287)	9.4

Net fee and commission income increased by €39 million, or 2.9%, from €1,357 million for the nine months ended September 30, 2021 to €1,396 million for the nine months ended September 30, 2022. The increase was partly accounted for by the consolidation of Raiffeisenbank Bulgaria in the third quarter of 2022, with the remainder being accounted for by organic growth of fees for asset management services and banking services, partly offset by higher distribution fees paid. At the end of September 2022, total assets under management were down 11% to €205 billion, due to the negative market performance.

Net other income

The following table shows the components of the Group's net other income for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,		
	2022	2021	% change
	(EUR million) (Unaudited)		
Total	146	168	(13.0)
Of which gains or losses on			
Sale of financial assets measured at amortized cost	(78)	22	-
Repurchase of financial liabilities measured at amortized cost	0	0	-
Other, including:	223	146	52.5
Income from operational leases	87	73	19.4
Income from VAB Group	40	40	-
Legacy legal cases	7	0	-
Gain on sale real estate subsidiary at KBC Insurance	68	0	-
Gain on sale KBC Tower in Antwerp	0	13	-
Provisioning for tracker mortgage review	0	(13)	-

Net other income decreased by €22 million, or 13.0%, from €168 million for the nine months ended September 30, 2021 to €146 million for the nine months ended September 30, 2022. The decrease was primarily due to realized losses on the sale of bonds at amortized cost in the nine months ended September 30, 2022 (compared to realized gains in the nine months ended September 30, 2021), partly offset by a realized gain on the sale of a real estate subsidiary in the second quarter of 2022.

Total operating expenses

Total operating expenses increased by €340 million, or 10.3%, from €3,318 million for the nine months ended September 30, 2021 to €3,658 million for the nine months ended September 30, 2022. The increase was primarily due to wage drift, inflation and indexation, higher ICT expenses, higher marketing and professional fee expenses, bank and insurance levies, an extraordinary profit bonus for staff (compared to a smaller COVID-19 related bonus for the nine months ended September 30, 2021) and significantly higher bank taxes, partly offset by lower full time employees, among other things. With respect to bank taxes, the first nine months of 2022 included an extraordinary payment of €24 million to the deposit guarantee fund related to Sberbank Hungary and €78 million related to a new bank and insurance tax in Hungary.

Total impairment

The following table shows the components of the Group's impairment for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30, 2022	2021	% change
	(EUR million) *(Unaudited)*		
Total	(151)	245	-
Impairment on financial assets at AC and at FVOCI	(72)	272	-
Of which impairment on financial assets at AC	(73)	270	-
By product			
Loans and advances	(96)	250	-
Debt securities	(2)	(1)	120.3
Off-balance-sheet commitments and financial guarantees	24	20	21.4
By type			
Stage 1 (12-month ECL)	(18)	58	-
Stage 2 (lifetime ECL)	(51)	404	-
Stage 3 (lifetime ECL)	(7)	(196)	(96.7)
Purchased or originated credit impaired assets	2	4	(46.2)
Of which impairment on financial assets at FVOCI	1	2	(47.6)
Debt securities	1	2	(47.6)
Stage 1 (12-month ECL)	0	3	-
Stage 2 (lifetime ECL	1	0	-
Stage 3 (lifetime ECL)	0	0	-
Impairment on goodwill	0	0	-
Impairment on other	(79)	(27)	197.1
Intangible fixed assets (other than goodwill)	(22)	(7)	196.2
Property and equipment (including investment property)	(9)	(11)	(15.3)
Associated companies and joint ventures	0	0	-
Other	(48)	(8)	466.8

Impairment on financial assets at amortized cost and at fair value through OCI

Impairment on financial assets evolved from a €272 million net release for the nine months ended September 30, 2021 to a net charge of €72 million for the nine months ended September 30, 2022. Impairment on financial assets at amortized cost and at fair value through OCI for the nine months ended September 30, 2022 included a net impairment charge of €116 million for the geopolitical, emerging and COVID-19 related risks (of which there was a €18 million charge in the first quarter of 2022, a €5 million release in the second quarter of 2022 and a €103 million charge in the third quarter of 2022), compared to a release of €415 million due to a collective COVID-19 ECL impact in the nine months ended September 30, 2021. Additionally, the impairments on financial assets at amortized cost and at fair value through OCI for the nine months ended September 30, 2022 included €43 million of net releases mainly related to a number of corporate and retail files in the Czech Republic and Belgium (of which there was a €33 million release in the first quarter of 2022, a €14 million charge in the second quarter of 2022 and a €24 million release in the third quarter of 2022), compared to €28 million net releases in the nine months ended September 30, 2021.

Impairment on other

Impairment on other increased by €52 million, from €27 million for the nine months ended September 30, 2021 to €79 million for the nine months ended September 30, 2022. The increase was primarily due to higher modification losses (€38 million for the nine months ended September 30, 2022 compared to €7 million for the nine months ended September 30, 2021), largely related to the extension of the interest cap regulation in Hungary, and higher impairments on property and equipment and intangible assets, primarily related to a one-off impairment on fixed assets in Ireland in the first quarter of 2022 in view of the pending sale.

Results before tax

Results before tax decreased by €57 million, or 2.2%, from €2,595 million for the nine months ended September 30, 2021 to €2,538 million for the nine months ended September 30, 2022. The decrease was primarily due to an increase in total operating expenses and impairments, partly offset by an increase in total income.

Income tax expense

Income tax expense decreased by €151 million, or 23.5%, from €644 million for the nine months ended September 30, 2021 to €493 million for the nine months ended September 30, 2022. The decrease was primarily due to the derecognition of deferred tax assets as a result of the pending sale transactions in Ireland in the third quarter of 2021.

Results after tax

Results after tax increased by €95 million, or 4.9%, from €1,951 million for the nine months ended September 30, 2021 to €2,046 million for the nine months ended September 30, 2022. The increase was primarily due to the lower income tax expense, which more than compensated for the lower result before tax.

Results by Business Unit

The following text and tables shall replace the lead-in language to and the first two tables in the section titled "Results by Business Unit" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

The following tables set forth certain data for the Group's business units for the nine months ended September 30, 2022 and 2021 and the years ended December 31, 2021, 2020 and 2019:

	Nine months ended September 30, 2022								
	Belgium Business Unit	**Czech Republic Business Unit**	**International Markets Business Unit**	***Of which: Hungary***	***Slovakia***	***Bulgaria***	**Group Centre**	***Of which: Ireland***	**KBC Group**
					(EUR million) (Unaudited)				
Net interest income	2,014	991	617	300	169	148	123	183	3,745
Non-life insurance (before reinsurance)	359	157	127	40	26	61	14	0	657
Earned premiums	939	296	263	106	52	105	13	0	1,512
Technical charges	(581)	(140)	(136)	(66)	(26)	(44)	2	0	(855)
Life insurance (before reinsurance)	(33)	75	33	8	10	15	0	0	75
Earned premiums	610	128	86	30	23	34	0	0	824
Technical charges	(643)	(52)	(54)	(22)	(13)	(19)	0	0	(749)
Ceded reinsurance result	49	(8)	(9)	(2)	(2)	(5)	(13)	0	19
Dividend income	44	1	1	0	0	1	3	0	50
Net result from financial instruments at fair value through profit or loss	82	135	84	51	34	0	(12)	(4)	289
Net realized result from debt instruments at fair value through OCI	(2)	(12)	(5)	(5)	0	0	(3)	0	(21)
Net fee and commission income	961	169	270	161	53	55	(4)	(1)	1,396
Other net income	179	(29)	2	(3)	3	3	(6)	(7)	146
TOTAL INCOME	**3,653**	**1,479**	**1,120**	**549**	**293**	**277**	**103**	**172**	**6,355**
Operating expenses	(2,032)	(689)	(695)	(368)	(186)	(141)	(241)	(167)	(3,658)
Impairment	(3)	(32)	(90)	(61)	(12)	(17)	(26)	(22)	(151)
on financial assets at amortized cost and at fair value through OCI	4	(23)	(51)	(24)	(11)	(16)	(2)	1	(72)
Share in results of associated companies and joint ventures	(6)	(1)	0	0	0	0	0	0	(7)
RESULT BEFORE TAX	**1,611**	**756**	**335**	**120**	**96**	**120**	**(164)**	**(17)**	**2,538**
Income tax expense	(376)	(116)	(63)	(29)	(22)	(12)	63	21	(493)
Net post-tax result from discontinued operations	0	0	0	0	0	0	0	0	0
RESULT AFTER TAX	**1,234**	**640**	**272**	**91**	**73**	**107**	**(100)**	**4**	**2,046**
attributable to minority interests	0	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	1,234	640	272	91	73	107	(100)	4	2,046

	Nine months ended September 30, 2021								
	Belgium Business Unit	**Czech Republic Business Unit**	**International Markets Business Unit**	***Of which: Hungary***	***Slovakia***	***Bulgaria***	***Ireland***	**Group Centre**	**KBC Group**
					(EUR million) (Unaudited)				
Net interest income	1,892	680	713	221	173	105	214	(11)	3,274
Non-life insurance (before reinsurance)	360	107	120	38	27	55	0	13	601
Earned premiums	889	248	251	108	45	98	0	11	1,399
Technical charges	(528)	(141)	(131)	(71)	(18)	(43)	0	2	(798)
Life insurance (before reinsurance)	(38)	44	30	7	10	12	0	0	35
Earned premiums	605	135	81	29	23	28	0	0	820
Technical charges	(643)	(92)	(51)	(22)	(13)	(16)	0	0	(786)
Ceded reinsurance result	23	9	(12)	(2)	(6)	(5)	0	(10)	10
Dividend income	31	1	1	0	0	0	0	4	36
Net result from financial instruments at fair value through profit or loss	191	60	29	29	4	0	(4)	(96)	183
Net realized result from debt instruments at fair value through OCI	2	(1)	0	0	0	0	0	5	5
Net fee and commission income	982	161	218	143	53	26	(3)	(4)	1, 357
Other net income	157	18	(5)	2	4	3	(14)	(2)	168
TOTAL INCOME	**3,599**	**1,078**	**1,093**	**437**	**265**	**197**	**194**	**(100)**	**5,671**
Operating expenses	(1,878)	(599)	(785)	(253)	(193)	(105)	(234)	(56)	(3,318)
Impairment	260	112	(119)	26	17	3	(165)	(7)	245
on financial assets at amortized cost and at fair value through OCI	258	116	(94)	34	17	4	(149)	(7)	272
Share in results of associated companies and joint ventures	(2)	(2)	0	0	0	0	0	0	(3)
RESULT BEFORE TAX	1,979	590	189	211	89	95	(206)	(163)	2,595
Income tax expense	(468)	(90)	(119)	(31)	(22)	(10)	(56)	33	(644)
Net post-tax result from discontinued operations	0	0	0	0	0	0	0	0	0
RESULT AFTER TAX	1,511	500	70	180	67	85	(261)	(130)	1,951
attributable to minority interests	0	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	**1,511**	**500**	**70**	**180**	**67**	**85**	**(261)**	**(130)**	**1,951**

Belgium Business Unit

The following paragraph shall replace the first paragraph in the section titled "Belgium Business Unit" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

Results after tax for the Belgium Business Unit decreased by €277 million, or 18.3%, from €1,511 million for the nine months ended September 30, 2021 to €1,234 million for the nine months ended September 30, 2022. The decrease was primarily due to higher costs mainly due to wage drift/indexation, higher ICT expenses and higher banking taxes, as well as higher impairments, mainly related to the COVID-19 pandemic and exceptional geopolitical and emerging risks, only partly compensated by higher total income.

Czech Republic Business Unit

The following paragraph shall replace the first paragraph in the section titled "Czech Republic Business Unit" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

Results after tax for the Czech Republic Business Unit increased by €140 million, or 28%, from €500 million for the nine months ended September 30, 2021 to €640 million for the nine months ended September 30, 2022. The increase was primarily due to higher total income mainly as a result of rate increases in the Czech Republic, partly offset by higher costs, mainly due to wage drift/inflation and foreign exchange impact given the strong appreciation of Czech Koruna, and higher impairments, mainly related to the COVID-19 pandemic and exceptional geopolitical and emerging risks.

International Markets Business Unit

The following paragraph shall replace the first paragraph in the section titled "International Markets Business Unit" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

Results after tax for the International Markets Business Unit increased by €202 million, from €70 million for the nine months ended September 30, 2021 to €272 million for the nine months ended September 30, 2022. The increase was primarily due to the transfer of KBC Bank Ireland (which contributed a negative result in the nine months ended September 30, 2021) from the International Markets Business Unit to Group Centre as of January 1, 2022.

Group Centre

The following paragraph shall replace the first paragraph in the section titled "Group Centre" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

Results after tax for the Group Centre increased by €30 million, or 23.1%, from a loss of €130 million for the nine months ended September 30, 2021 to a loss of €100 million for the nine months ended September 30, 2022. The decrease was primarily due to the inclusion of Ireland in the Group Centre since 2022 in relation to the pending sale and the tempered mark-to-market of ALM derivatives.

Financial Condition

The following section shall replace the section titled "Financial Condition" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

The following table summarizes the components of the Group's consolidated balance sheet data as at the dates indicated.

	As at September 30,	As at December 31,		
	2022	2021	2020	2019
		(EUR million)		
	(Unaudited)			
ASSETS				
Cash, cash balances with central banks and other demand deposits with credit institutions	49,759	40,653	24,583	8,356
Financial assets	300,012	281,658	286,386	273,399
Reinsurers' share in technical provisions, insurance	228	191	145	121
Profit/loss on positions in portfolios hedged against interest rate risk	(4,489)	(436)	1,360	478
Tax assets	1,324	1,296	1,624	1,434
Non-current assets held for sale and disposal groups	8,558	10,001	19	29
Investments in associated companies and joint ventures	32	37	24	25
Property and equipment and investment property	3,483	3,568	3,691	3,818
Goodwill and other intangible assets	2,243	1,749	1,551	1,458
Other assets	2,377	1,630	1,361	1,474
Total assets	**363,528**	**340,346**	**320,743**	**290,591**
LIABILITIES AND EQUITY				
Financial liabilities	320,643	291,667	276,781	248,400
Technical provisions, before reinsurance	18,569	18,967	18,718	18,560
Profit/loss on positions in portfolios hedged against interest rate risk	(1,599)	(863)	99	(122)
Tax liabilities	229	435	498	476
Liabilities associated with disposal groups	2,400	4,262	-	-
Provisions for risks and charges	257	282	209	227
Other liabilities	2,988	2,520	2,908	2,827
Total liabilities	**343,488**	317,269	299,214	270,369
Total equity	20,040	23,077	21,530	20,222
Parent shareholders' equity	18,540	21,577	20,030	18,722
Additional tier-1 instruments included in equity	1,500	1,500	1,500	1,500
Total liabilities and equity	**363,528**	**340,346**	**320,743**	**290,591**

Assets

As at September 30, 2022, the Group's total assets were €363,528 million, an increase of €23,182 million, or 6.8%, as compared to €340,346 million as at December 31, 2021. The increase was primarily due to the acquisition of Raiffeisenbank Bulgaria, higher cash balances with central banks and higher loans and advances to customers. This was partly offset by higher losses on positions taken in portfolios hedged for interest rate risk due to the substantial increase in interest rates.

As at December 31, 2021, the Group's total assets were €340,346 million, an increase of €19,603 million, or 6%, as compared to €320,743 million as at December 31, 2020. The increase was primarily due to an increase of cash, cash balances with central banks and other demand deposits with credit institutions (up €16,070 million, or 65% as compared to December 31, 2020), due primarily to higher balances at the National Bank of Belgium, European Central Bank and the Bank of England. Both the strong increase in non-current assets held for sale and disposal groups and the substantial decrease in financial assets relate to the transfer of the loan portfolio of KBC Ireland in connection with the upcoming sale (following the application of IFRS 5). Excluding this transfer from the Group's financial assets, the change in total assets between December 31, 2021 and December 31, 2020 was due to a strong increase in the loan portfolio (in all countries), partly offset by a decreasing bond portfolio (mainly in Belgium) following matured and sold positions which were not yet fully reinvested due to unfavourable market conditions.

As at December 31, 2020, the Group's total assets were €320,743 million, an increase of €30,152 million, or 10%, as compared to €290,591 million as at December 31, 2019. The increase was primarily due to an increase of cash, cash balances with central banks and other demand deposits with credit institutions (up €16,227 million as compared to December 31, 2019), due primarily to higher balances driven by TLTRO III funding and placed at the National Bank of Belgium, European Central Bank and the Bank of England. Additionally, a strong increase of financial assets (up by €12,987 million as compared to December 31, 2019) due to strong mortgage loan growth in all countries and an increasing bond portfolio and the integration of OTP Banka Slovensko (not included in consolidation as at December 31, 2019) also contributed to the Group's increase in total assets.

Liabilities

As at September 30, 2022, the Group's total liabilities were €343,488 million, an increase of €26,219 million, or 8.3%, as compared to €317,269 million as at December 31, 2021. The increase was primarily due to the acquisition of Raiffeisenbank Bulgaria, as well as higher repos and demand and time deposits. This was partly offset by higher losses on positions taken in portfolios hedged for interest rate risk due to substantial increases in interest rates.

As at December 31, 2021, the Group's total liabilities were €317,269 million, an increase of €18,055 million, or 6%, as compared to total liabilities of €299,214 million as at December 31, 2020. The increase was primarily due to an increase in financial liabilities, due primarily to strong client-driven deposit growth and a robust increase in non-maturity funding (primarily saving and deposit accounts) in all of the Group's core markets, and to a lesser extent, additional TLTRO III funding. The strong increase in liabilities associated with disposal groups (up €4,262 million as compared to December 31, 2020) related to the transfer of client deposits of KBC Bank Ireland in view of the upcoming sale (applying IFRS5).

As at December 31, 2020, the Group's total liabilities were €299,214 million, an increase of €28,845 million, or 11%, as compared to €270,369 million as at December 31, 2019. The increase was primarily due to an increase in financial liabilities, due primarily to additional TLTRO III funding, and to a lesser extent, to strong client-driven deposit growth and a robust increase in non-maturity funding (primarily saving and deposit accounts) in all of the Group's core markets.

Equity

As at September 30, 2022, the Group's total equity was €20,040 million, a decrease of €3,037 million, or 13.2% as compared to €23,077 million as at December 31, 2021. The decrease was primarily due to the payment of the final dividend (€7.60 per share) for 2021 in May 2022 and the interim dividend (€1.00 per share) for 2022 payable in November 2022 (a decrease of €3.6 billion in total) and a decrease in the revaluation reserves (a decrease of €1.5 billion), partly offset by the inclusion of the profit for the first nine months of 2022 (an increase of €2.0 billion).

As at December 31, 2021, the Group's total equity was €23,077 million, an increase of €1,547 million, or 7%, as compared to €21,530 million as at December 31, 2020. The increase was primarily due to the inclusion of the annual profit (an increase of €2.6 billion), an increase in the revaluation reserves (an increase of €0.4 billion), the dividend payments in May and November 2021 (a decrease of €1.4 billion) and various smaller items.

As at December 31, 2020, the Group's total equity was €21,530 million, an increase of €1,308 million, or 6%, as compared to €20,222 million as at December 31, 2019. The increase was primarily due to the inclusion of the annual profit (an increase of €1.4 billion), an increase in the revaluation reserves for debt instruments (an increase of €0.1 billion), translation differences (a decrease of €0.3 billion, due largely to the depreciation in the reporting period of the Czech koruna and the Hungarian forint) and various smaller items.

Cash Flows

The following section shall replace the section titled "Cash Flows" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

The following table summarizes the Group's consolidated cash flow for the nine months ended September 30, 2022 and 2021 and the years ended December 31, 2021, 2020 and 2019.

	Nine months ended September 30,		Year ended December 31,		
	2022	2021	2021	2020	2019
			(EUR million)		
	(Unaudited)				
Net cash from or used in operating activities	11,711	29,328	14,043	26,369	(2,462)
Net cash from or used in investing activities	(1,862)	3,191	822	(7,253)	(1,854)
Net cash from or used in financing activities	(3,228)	180	(448)	451	(1,148)
Net increase or decrease in cash and cash equivalents	6,622	32,699	14,417	19,566	(5,464)
Cash and cash equivalents at the beginning of the period	63,554	47,794	47,794	29,118	34,354
Effects of exchange rate changes on opening cash and cash equivalents	(115)	738	1,343	(891)	228
Cash and cash equivalents at the end of the period	70,061	81,230	63,554	47,794	29,118

Net cash from or used in operating activities

Net cash from operating activities was €11,711 million for the nine months ended September 30, 2022, compared to net cash from operating activities of €29,328 million for the nine months ended September 30, 2021. This change was primarily due to the significant growth of deposits, thanks to higher demand deposits and repos, slightly offset by an increasing mortgage and term loan portfolio.

Net cash from operating activities was €14,043 million in the year ended December 31, 2021, compared to €26,369 million in the year ended December 31, 2020. This change was primarily due to the lower amount borrowed under TLTRO III, €2.5 billion in the year ended December 31, 2021 compared to €19.5 billion in the year ended December 31, 2020.

Net cash from operating activities was €26,369 million in the year ended December 31, 2020, compared to net cash used in operating activities of €2,462 million in the year ended December 31, 2019. This change was primarily due to the higher level of borrowing under TLTRO III €19.5 billion in the year ended December 31, 2020 compared to €2.5 billion in the year ended December 31, 2019, as well as the repayment of €6.5 billion of TLTRO III funds in the year ended December 31, 2019.

Net cash from or used in investing activities

Net cash used in investing activities was €1,862 million for the nine months ended September 30, 2022, compared to net cash from investing activities of €3,191 million for the nine months ended September 30, 2021. This change was primarily due to additional investments in debt securities at amortized cost, as well as a €51 million mainly related to the acquisition of Raiffeisenbank Bulgaria (the acquisition price of €1,009 million for the shares and €58 million for the AT1 was almost offset by the available cash and cash equivalents on the Raiffeisenbank Bulgaria balance sheet) for the nine months ended September 30, 2022.

Net cash from investing activities was €822 million in the year ended December 31, 2021, compared to net cash used in investing activities of €7,253 million in the year ended December 31, 2020. This change was primarily due to higher investments in debt securities at amortized costs in the year ended December 31, 2020 and higher proceeds from the repayment of debt securities at amortized cost in the year ended December 31, 2021.

Net cash used in investing activities was €7,253 million in the year ended December 31, 2020, compared to €1,854 million in the year ended December 31, 2019. This change was primarily due to higher investments in debt securities at amortized costs in the year ended December 31, 2020.

Net cash from or used in financing activities

Net cash used in financing activities was €3,228 million in the nine months ended September 30, 2022, compared to net cash from financing of €180 million in the nine months ended September 30, 2021. This change was primarily due to a dividend payment of €3,168 million and the repayment of €750 million of subordinated liabilities in the nine months ended September 30, 2022, partly compensated by an increase in the volume of issued debt securities compared to the prior period.

Net cash used in financing activities was €448 million in the year ended December 31, 2021, compared to net cash from financing activities of €451 million in the year ended December 31, 2020. This change was primarily due to the €1.4 billion dividend pay-out in the year ended December 31, 2021 and lower issuances and repayments of promissory notes in 2021 compared to 2020, partly offset by higher proceeds from subordinated liabilities in 2021 compared to 2020.

Net cash from financing activities was €451 million in the year ended December 31, 2020, compared to net cash used in financing activities of €1,148 million in the year ended December 31, 2019. This change was primarily due to the €1.5 billion dividend pay-out and the issuance of additional tier-1 instruments in the year ended December 31, 2019, partly offset by higher repayment of promissory notes and other debt securities in 2019 compared to 2020.

Liquidity and Funding

The following shall replace the first table in the section titled "Liquidity and Funding" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Offering Memorandum.

	As at September 30,	**As at December 31,**		
	2022	**2021**	**2020**	**2019**
		(EUR million)		
	(Unaudited)			
Net unsecured interbank funding	10.7%	11.7%	11.7%	6.2%
Net secured funding	(4.3)%	(8.4)%	(10.0)%	(10.8%)
Debt issues placed at institutional relations	18,083	18,959	17,042	16,778
Total equity	20,040	23,077	21,530	20,222
Certificates of deposit	2.0%	2.4%	2.3%	4.9%
Funding from retail customers	48.6%	56.9%	46.6%	51.3%

RISK MANAGEMENT

The following text and tables shall replace the first paragraph in the section titled "Credit risk exposure in the banking activities arising from lending and investing" in the "Risk Management" section of the Offering Memorandum.

Credit risk arises in both the banking and insurance activities of the Group. With respect to banking activities, the main source of credit risk is KBC Bank's loan portfolio. It includes all the loans and guarantees that KBC Bank has granted to individuals, companies, governments and banks. Debt securities are included in the investment portfolio if they are issued by companies or banks. Government bonds are not included in the investment portfolio. Furthermore, the tables below do not take into account the credit risk related to the trading book (issuer risk) and the counterparty credit risk related to derivative transactions, which are described separately below. The loan portfolio as defined in this section differs from 'Loans and advances to customers' in Note 4.1 of the 2021 Financial Statements.

Loan and investment portfolio, banking	**As at September,**	**As at December 31,**		
A: Total loan portfolio	**2022**	**2021**	**2020**	**2019**
Total loan portfolio (in billions of EUR)				
Amount outstanding and undrawn	258	237	225	218
Amount outstanding	207	188	181	175
Loan portfolio breakdown by business unit (as a % of the outstanding portfolio)				
Belgium	63%	63%	64%	64%
Czech Republic	18%	19%	18%	18%
International Markets	14%	17%	17%	16%
Group Centre[2]	5%	1%	2%	2%
Total	100%	100%	100%	100%
Loan portfolio breakdown by counterparty sector (as a % of the outstanding portfolio)				
Private individuals	43%	44%	43%	42%
Finance and insurance	7%	6%	8%	8%
Governments	4%	3%	3%	3%
Corporates	47%	47%	46%	48%
Services	10%	10%	11%	11%
Distribution	8%	8%	7%	7%
Real estate	6%	6%	6%	6%
Building and construction	4%	4%	4%	4%
Agriculture, farming, fishing	3%	3%	3%	3%
Automotive	3%	2%	2%	3%
Other (sectors < 0.5%)	3%	14%	13%	14%
Total [1]	100%	100%	100%	100%

Loan and investment portfolio, banking	**As at September 30,**	**As at December 31,**		
Loan portfolio breakdown by region (as a % of the outstanding portfolio)[1,3]	**2022**	**2021**	**2020**	**2019**
Core markets	88%	89%	87%	86%
Belgium	53%	54%	53%	53%
Czech Republic	18%	18%	17%	18%
Ireland	4%	6%	6%	6%
Slovakia	6%	6%	6%	5%
Hungary	3%	4%	3%	3%
Bulgaria	4%	2%	2%	2%
Rest of Western Europe	7%	7%	9%	9%
Rest of Central and Eastern Europe	0%	0%	0%	0%
North America	1%	1%	1%	2%
Asia	2%	1%	1%	2%
Other	1%	1%	2%	2%
Total	100%	100%	100%	100%

	Nine months ended September 30, 2022	Year ended December 31, 2021
Loan portfolio breakdown by IFRS 9 ECL stage (as % of the outstanding portfolio)		
Stage 1 (credit risk has not increased significantly since initial recognition)	80.4%	83.5%
of which PD 1 – 4	61.8%	62.3%
of which PD 5 - 9 including unrated	18.6%	21.2%
Stage 2 (credit risk has increased significantly since initial recognition - not credit impaired) incl. POCI[4]	17.6%	13.6%
of which PD 1 – 4	6.7%	5.1%
of which PD 5 - 9 including unrated	10.9%	8.5%
Stage 3 (credit risk has increased significantly since initial recognition - credit impaired) incl. POCI[4]	2.0%	2.9%
of which PD 10 impaired loans	0.9%	1.4%
of which more than 90 days past due (PD 11+12)	1.1%	1.5%
Impaired loan portfolio (in millions of EUR)		
Impaired loans (PD10 +11+12)	4,202	5,454
of which more than 90 days past due	2,309	2,384
Impaired loans rate (%)		
Belgium	1.8%	2.2%
Czech Republic	1.6%	1.8%
International Markets	21%	5.7%
Group Centre[2]	6.4%	21.5%
Total	**2.0%**	**2.9%**
of which more than 90 days past due	1.1%	1.5%
Loan loss impairment (in millions of EUR)		
Loan loss Impairment for Stage 1 portfolio	158	127
Loan loss Impairment for Stage 2 portfolio	632	559
Loan loss Impairment for Stage 3 portfolio	2,082	2,569
of which more than 90 days past due	1,578	1,905
Cover ratio of impaired loans (%)		
Loan loss impairments for stage 3 portfolio / impaired loans	49.5%	47.1%
of which: more than 90 days past due	68.4%	66.1%
Cover ratio of impaired loans, mortgage loans excluded (%)		
Loan loss impairments for stage 3 portfolio impaired loans, mortgage loans excluded	52.2%	50.9%
of which more than 90 days past due	71.5%	72.8%
Credit cost ratio (%)		
Belgium	(0.01)%	(0.26)%
Czech Republic	0.08%	(0.42)%
International Markets	0.28%	0.36%
Slovakia	0.13%	(0.16)%
Hungary	0.46%	(0.34)%
Bulgaria	0.31%	(0.06)%
Ireland[2]	-	1.43%
Group Centre	0.02%	0.28%
o.w. Ireland	(0.02)%	
Total	**0.05%**	**(0.18)%**

[1] Outstanding portfolio includes all on-balance sheet commitments and off-balance sheet guarantees but excludes off-balance sheet undrawn commitments; the amounts are measured in Gross Carrying Amounts
[2] As a result of the pending sale to Bank of Ireland Group of substantially all of KBC Bank Ireland's performing loan assets, its deposit book, and a small portfolio of non-performing mortgages (NPEs), the loan portfolio of KBC Bank Ireland has been transferred from the International Markets Business Unit to Group Centre as of 1 January 2022 (without retroactive restatement)
[3] Other includes corporate sectors not exceeding 0.5% concentration and unidentified sectors
[4] Purchased or originated credit impaired assets

As at September 30, 2022, the total outstanding loan portfolio included €4.4 billion following the acquisition of Raiffeisenbank Bulgaria.

During the nine months ended September 30, 2022, a collective shift to stage 2 has been applied to the stage 1 portfolios that are indirectly exposed to Russia, Ukraine and Belarus or vulnerable to the emerging risks. The direct exposure to these countries was €28 million or 0.01% of the outstanding loan portfolio as of September 30, 2022.

CAPITAL MANAGEMENT

Solvency reporting

The following text shall appear immediately before the final paragraph in the section titled "Solvency reporting" in the "Capital Management" section of the Offering Memorandum.

For the nine months ended September 30, 2022, the interim profit is included in the fully loaded CET1 (taking into account 50% pay-out in line with the Group's dividend policy), while no interim profit is recognized in the official (transitional) CET1.

The following table sets forth the Group's solvency at the Group level according to different methodologies and calculation methods, including the deduction method, as at September 30, 2022.

		As at September 30, 2022		
		Numerator (Common Equity)	**Denominator (Total Weighted Risk Volume)**	**Ratio**
Common Equity ratio		*(EUR millions)*		
Danish Compromise	Fully loaded	16,504	110,245	14.97%
Deduction Method	Fully loaded	15,708	105,294	14.92%
Financial Conglomerates Directive	Fully loaded	17,844	122,587	14.56%
Danish Compromise	Transitional	15,373	110,236	13.95%
Deduction Method	Transitional	14,461	104,993	13.77%
Financial Conglomerates Directive	Transitional	17,237	122,578	14.06%

The Group's fully loaded CET1 ratio of 14.97% as at September 30, 2022 represented a solid capital buffer of 2.97% compared with the Maximum Distributable Amount (MDA) of 12.01%.

The acquisition of Raiffeisenbank Bulgaria had a capital impact of -0.9pp on the Group's CET1 ratio in the third quarter of 2022.

Solvency figures under CRR/CRD

The following text shall replace the lead-in paragraph to, and the following table shall appear above, the table included in the section titled "Solvency figures under CRR/CRD" in the "Capital Management" section of the Offering Memorandum.

A summary calculation of the Group's solvency ratios under the Danish compromise method is given in the tables below, including a breakdown of the deductions and filters applicable to the Group.

	As at September 30, 2022		As at December 31, 2021	
	Fully loaded	**Transitional**	**Fully loaded**	**Transitional**
	(EUR million)			
Total regulatory capital, after profit appropriation	19,729	18,673	19,445	20,732
Tier-1 capital	18,004	16,873	17,724	18,997
Common equity	16,504	15,373	16,224	17,497
Parent shareholders' equity (after deconsolidating KBC Insurance)	18,559	16,826	20,049	17,708
Intangible fixed assets, incl. deferred tax impact (-)	(630)	(630)	(539)	(539)
Goodwill on consolidation, incl. deferred tax impact (-)	(1,161)	(1,161)	(746)	(746)
Minority interests	-	-	-	-
Hedging reserve, cashflow hedges (-)	985	985	1,108	1,108

	As at September 30,		As at December 31,	
	2022		2021	
	Fully loaded	Transitional	Fully loaded	Transitional
Valuation differences in financial liabilities at fair value – own credit risk (-)	(49)	(49)	(16)	(16)
Value adjustment due to requirements for prudent valuation (-)	(31)	(31)	(28)	(28)
Dividend pay-out (-)	(569)	0	(3,168)	0
Coupon on AT1 instruments (-)	(15)	(15)	(12)	(12)
Deduction with regard to financing provided to shareholders (-)	(57)	(57)	(57)	(57)
Deduction with regard to irrevocable payment commitments (-)	(90)	(90)	(72)	(72)
Deduction with regard to NPL backstops (-)	(134)	(134)	(68)	(68)
Deduction with regard to pension plan assets (-)	(129)	(129)	-	-
IRB provision shortfall (-)	0	-	-	(31)
Deferred tax assets on losses carried forward (-)	(177)	(177)	(227)	(227)
Transitional adjustments to CET1	-	34	-	477
Limit on deferred tax assets from timing differences relying on future profitability and significant participations in financial entities (-)	-	-	-	-
Additional going concern capital	**1,500**	**1,500**	**1,500**	**1,500**
CRR-compliant AT1 instruments	1,500	1,500	1,500	1,500
Minority interests to be included in additional going concern capital	-	-	0	0
Tier-2 capital	**1,725**	**1,800**	**1,721**	**1,735**
IRB provision excess (+)	-	153	224	493
Transitional adjustments to Tier-2 capital	1,498	(31)	0	(493)
Subordinated liabilities	-	1,677	1,439	1,678
Subordinated loans to non-consolidated financial sector entities (-)	-	-	0	0
Minority interests to be included in tier-2 capital	-	-	0	0
Total weighted risk volume	**110,245**	**110,236**	**104,646**	**104,362**
Banking	100,599	100,590	95,120	94,836
Insurance	9,133	9,133	9,133	9,133
Holding-company activities	536	536	396	396
Elimination of intercompany transactions	(23)	(23)	(4)	(4)
Solvency ratios				
Common equity ratio (or CET1 ratio)	14.97%	13.95%	15.5%	16.8%
Tier-1 ratio	16.33%	15.31%	16.9%	18.2%
Total capital ratio	17.90%	16.94%	18.6%	19.9%

Note: The difference between the fully loaded total own funds (€19,729 million; interim profit after 50% pay-out regarding 2022 is included) and the transitional own funds (€18,673 million; interim profit after 50% pay-out regarding 2022 is not included) as at September 30, 2022 is explained by the net result for 2022 (€1,733 million under the Danish Compromise method), the 50% pay-out including AT1 coupon of IFRS profit (-€986 million dividend, of which –€417 million interim dividend and –€569 million final dividend accrual), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (+€71 million) and the grandfathered tier-2 subordinated debt instruments (-€180 million).

Maximum Distributable Amount

The following text and table shall replace the text and table in the section titled "Maximum Distributable Amount" in the "Capital Management" section of the Offering Memorandum.

Amounts for distribution (dividend payments, payments related to additional tier-1 instruments or variable remuneration) are limited when the combined buffer requirements described above are breached. This limitation is referred to as Maximum Distributable Amount ("**MDA**") thresholds. The table below provides an overview of the Group's buffers compared to these thresholds, both on a transitional basis (i.e. transitional figures relative to the regulatory targets that apply on the reporting date) and on a fully loaded basis (i.e. fully loaded figures relative to the regulatory targets that will apply going forward).

In line with the revised CRR/CRD, the ECB allows banks to satisfy the P2R with additional tier-1 instruments (up to 1.5/8) and tier-2 instruments (up to 2/8) based on the same relative weights as allowed for meeting the 8% Pillar 1 requirement. The Group currently does not intend to issue additional tier-1 or tier-2 instruments to meet the P2R; however, the Group may consider doing so to avoid or mitigate an MDA breach.

	As at September 30,		**As at December 31,**					
	2022		**2021**		**2020**		**2019**	
	Fully loaded	**Transitional**	**Fully loaded**	**Transitional**	**Fully loaded**	**Transitional**	**Fully loaded**	**Transitional**
CET1 Pillar 1 minimum .	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Pillar 2 requirement to be satisfied with CET1 ...	1.05%	0.98%	1.05%	0.98%	0.98%	0.98%	1.75%	1.75%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Buffer for systemically important institutions (O-SII)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Systemic Risk Buffer (SRyB)............................	0.32%	0.32%	-	-	-	-	-	-
Entity-specific countercyclical buffer.....	0.75%	0.30%	0.45%	0.17%	0.20%	0.17%	0.30%	0.43%
Overall Capital Requirement (OCR) - with P2R split under CRD Art. 104a(4)..........	**10.62%**	**10.17%**	**10.00%**	**9.66%**	**9.68%**	**9.65%**	**-**	**-**
Pillar 2 requirement that can be satisfied with AT1 & T2	0.81%	0.81%	0.81%	0.77%	0.77%	0.77%	-	-
Overall Capital Requirement (OCR)[1] (A), no P2R split...........	**11.43%**	**10.98%**	**10.81%**	**10.42%**	**10.45%**	**10.42%**	**10.55%**	**10.68%**
CET1 used to satisfy shortfall in AT1 bucket (B)................	0.14%	0.14%	0.07%	0.06%	0.03%	0.03%	0.00%	0.00%
CET1 used to satisfy shortfall in T2 bucket (C)[2]........................	0.44%	0.37%	0.36%	0.34%	(0.13)%	0.12%	0.05%	0.05%
CET1 requirement for MDA (A+B+C).............	**12.01%**	**11.49%**	**11.23%**	**10.82%**	**10.35%**	**10.57%**	**10.60%**	**10.74%**
CET1 capital (in millions of EUR)......	16,504	15,373	16,224	17,497	17,948	18,441	16,989	16,989
CET1 buffer (= buffer compared to MDA) (in millions of EUR)....................	3,269	2,711	4,470	6,203	7,382	7,681	6,486	6,353

1. A negative figure relates to a surplus above the pillar 1 bucket for these instruments, which is available to partly satisfy the pillar 2 requirement.
2. The fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2; these T2 instruments are included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework (introduced as from 2Q2021 reporting).

Leverage ratio

The following paragraph shall replace the third paragraph of the section titled "Leverage ratio" in the "Capital Management" section of the Offering Memorandum.

At September 30, 2022, the fully loaded leverage ratio slightly decreased compared to December 31, 2021, mainly due to higher total assets (driven by short-term money market and repo opportunities), partly compensated by higher Tier 1 capital (mainly driven by inclusion of profits from the nine months ended September 30, 2022).

The following table shall replace the table included in the section titled "Leverage ratio" in the "Capital Management" section of the Offering Memorandum.

	As at September 30,		As at December 31,				
	2022		2021		2020		2019
	Fully loaded	Transitional	Fully loaded	Transitional	Fully loaded	Transitional	Fully loaded
				(EUR million)			
Tier-1 capital	18,004	16,873	17,724	18,997	19,448	19,941	18,489
Total exposure	349,540	349,586	326,792	292,363	303,069	303,696	272,855
Total assets	363,528	363,528	340,346	340,346	320,743	320,743	290,591
Deconsolidation of KBC Insurance	(30,367)	(30,367)	(34,026)	(34,026)	(32,972)	(32,972)	(33,243)
Transitional adjustment	0	46	-	617	-	628	-
Adjustment for derivatives	(8,056)	(8,056)	(1,656)	(1,656)	(4,158)	(4,158)	(2,882)
Adjustment for regulatory corrections in determining tier-1 capital	(2,318)	(2,318)	(1,665)	(1,696)	(1,825)	(1,825)	(2,254)
Adjustment for securities financing transaction exposures	2,281	2,281	1,016	1,016	830	830	638
Central Bank exposures	-	-	-	(35,014)	-	-	-
Off-balance-sheet exposures	24,473	24,473	22,776	22,776	20,451	20,451	20,035
Leverage ratio	5.15%	4.83%	5.4%	6.5%	6.4%	6.6%	6.8%

Minimum requirement for own funds and eligible liabilities (MREL)

The following text shall replace the fifth paragraph of the section titled "Minimum requirement for own funds and eligible liabilities ("MREL")" in the "Capital Management" section of the Offering Memorandum.

As at September 30, 2022, the MREL ratio stood at 27.2% as a percentage of RWA (compared to 27.6% as at June 30, 2022, 27.7% as at December 31, 2021, 27.9% as at December 31, 2020 and 26.2% as at December 31, 2019) and at 8.6% as percentage of LRE (compared to 8.2% as at June 30, 2022, 9.9% as at December 31, 2021, 9.3% as at December 31, 2020 and 9.5% as at December 31, 2019). The MREL ratio as a percentage of RWA at September 30, 2022 decreased, compared to June 30, 2022, due to the increase of the RWA during the third quarter of 2022, with €4 billion being mainly driven by the acquisition of Raiffeisenbank Bulgaria. The negative impact of the RWA increase was partially offset by the increase of the available MREL with the issuance of new HoldCo Senior instruments in the third quarter of 2022. The latter explains the increase of the MREL as a percentage of LRE.

Solvency of KBC Bank and KBC Insurance separately

The following text shall replace the section titled "Solvency of KBC Bank and KBC Insurance separately" in the "Capital Management" section of the Offering Memorandum.

The tables below present the solvency information for KBC Bank and KBC Insurance, separately. As is the case for the Issuer, the solvency of KBC Bank is calculated based on CRR/CRD. The solvency of KBC Insurance is calculated on the basis of Solvency II.

KBC Bank

	As at September 30,		As at December 31,				
	2022		2021		2020		2019
	Transitional	Fully loaded	Fully loaded	Transitional	Fully loaded	Transitional	Fully loaded
				(EUR million)			
Total regulatory capital, after profit appropriation	17,466	17,674	18,318	17,963	17,792	18,021	16,660
Tier-1 capital	15,666	15,769	16,415	16,209	15,585	16,078	14,704
Of which common equity	14,166	14,269	14,915	14,709	14,085	14,578	13,204
Tier-2 capital	1,800	1,905	1,903	1,754	2,206	1,942	1,957
Total weighted risks	100,590	100,599	95,120	94,836	92,903	92,635	89,838
Common equity ratio..........	14.1%	14.2%	15.7%	15.5%	15.2%	15.7%	14.7%
Tier-1 ratio..........................	15.6%	15.7%	17.3%	17.1%	16.8%	17.4%	16.4%
Total capital ratio................	17.4%	17.6%	19.3%	18.9%	19.2%	19.5%	18.5%

KBC Insurance

	As at September 30,	As at December 31,		
	2022	2021	2020	2019
		(EUR million)		
Own funds...	3,897	4,075	3,868	3,496
Tier-1	3,397	3,574	3,368	2,996
IFRS parent shareholders' equity..............................	2,453	3,991	3,815	3,422
Dividend pay-out	(416)	(525)	0	(156)
Deduction of intangible assets and goodwill (after tax)...	(191)	(194)	(136)	(128)
Valuation differences (after tax)	1,389	267	(383)	(196)
Volatility adjustment...	161	43	89	104
Other	0	(8)	(16)	(49)
Tier-2	501	500	500	500
Subordinated liabilities	501	500	500	500
Solvency capital requirement (SCR)................................	1,718	2,029	1,744	1,727
Solvency II ratio...	227%	201%	222%	202%
Solvency surplus above SCR	2,116	2,046	2,124	1,769

SIGNIFICANT CHANGE/MATERIAL ADVERSE CHANGE STATEMENTS

Paragraph (3) under the "General Information" section of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

"There has been no significant change in the financial or trading position of the Issuer since September 30, 2022 and no material adverse change in the prospects of the Issuer since December 31, 2021."