

KBC BANK BELGIAN COVERED BONDS BASE PROSPECTUS SUPPLEMENT (N°2) dated 23 February 2016



KBC Bank NV

(Incorporated with limited liability in Belgium)

Euro 10,000,000,000

Residential Mortgage Covered Bonds Programme

This base prospectus supplement (the “**Supplement N°2**”) constitutes a supplement for the purposes of Article 16 of Directive n° 2003/71/EC (the “**Prospectus Directive**”) and Article 34 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the “**Belgian Prospectus Law**”), implementing the Prospectus Directive. The Supplement N°2 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 10 November 2015 and the supplement dated 12 January 2016 (the “**Supplement N°1**”) (together the “**Covered Bonds Base Prospectus**”), issued by KBC Bank NV (the “**Issuer**”), for the purpose of giving information with regard to the issue of Belgian covered bonds (the “**Covered Bonds**”) under the Euro 10,000,000,000 Residential Mortgage Covered Bonds Programme during a period of twelve (12) months after the date of the Covered Bonds Base Prospectus. Terms defined in the Covered Bonds Base Prospectus or in any document incorporated by reference in the Covered Bonds 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 Financial Services and Markets Authority (the “**FSMA**”), as competent authority under the Prospectus Directive and will be published on the website of Euronext Brussels (www.nyx.com) and on the www.kbc.com¹ website.

The Issuer accepts responsibility for the information contained in this Supplement N°2 and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement N°2 is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

I. New Information

1) Long-term ratings of the Issuer

On 28 January 2016, Moody’s France S.A.S (“**Moody’s**”) upgraded the Issuer’s long-term credit ratings to “**A1**” from “**A2**” to reflect (1) the upgrade of the Issuer’s Baseline Credit Assessment (“**BCA**”) to “**baa1**”; (2) the two-notch Advanced Loss Given Failure uplift from the “**baa1**” adjusted BCA given the material

¹ <https://www.kbc.com/en/euro-10000000000-residential-mortgage-covered-bonds-programme-issued-kbc-bank-nv?agree=1>

level of subordination below both deposits and senior debt; and (3) government support uplift of one notch, reflecting a moderate probability of support.

As a result of the ratings upgrade described above, the reference in the Base Prospectus to the long-term credit ratings of the Issuer given by Moody's is hereby replaced with "A1" in Clause 6 (Ratings of KBC Bank NV) of the Information Relating to the Issuer on page 170 of the Base Prospectus.

2) Documents Incorporated by Reference

On 18 February 2016, KBC Group NV published a press release entitled "*KBC returns profit of 2.6 billion euros for the full year; profit of 862 million euros posted for last quarter of 2015*"² and released its "*Extended Quarterly Report for 4Q2015*"³.

As the financial position of KBC Group NV might affect the financial position of the Issuer, the latter being a direct subsidiary of KBC Group NV and in order to ensure that the information contained in the Covered Bonds Base Prospectus is up-to-date as required by the Prospectus Directive and the Belgian Prospectus Law, the aforementioned "*Extended Quarterly Report for 4Q2015*" will be incorporated by reference in the Covered Bonds Base Prospectus.

The document "*Extended Quarterly Report for 4Q2015*" of KBC Group NV will be added to the documents incorporated by reference. This will have the following text impacts.

- (i) The section *Documents incorporated by reference* on page 79 of the Covered Bonds Base Prospectus will be supplemented by adding the following limb to the list of documents which are incorporated and form part of the Covered Bonds Base Prospectus:
- *Extended Quarterly Report 4Q2015 of KBC Group NV.*
- (ii) The sub-section *Specific items contained in Documents Incorporated by Reference* on page 80 – 81 of the Covered Bonds Base Prospectus shall be supplemented as follows:

<i>Extended Quarterly Report 4Q2015 of KBC Group NV *</i>	Page number
report for 4Q2015 and FY2015	5 - 13
4Q2015 results by business unit	14 - 23
consolidated financial statements according to IFRS	24 - 44
consolidated income statement	25
consolidated statement of comprehensive income (condensed)	26
consolidated balance sheet	27
consolidated statement of changes in equity	28
consolidated cash flow statement	29
notes on segment reporting	30 - 32
other notes	33 - 44
risk and capital management 4Q2015 and FY2015	45 - 56

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

² https://www.kbc.com/en/system/files/doc/investor-relations/Results/4Q2015_pb_20160218_en.pdf

³ https://www.kbc.com/en/system/files/doc/investor-relations/Results/4Q2015_Quarterly_Report_en.pdf

II. General

Save as disclosed in this Supplement N°2, there has been no significant change in the information in the Covered Bonds Base Prospectus and no significant new matter has arisen since 12 January 2016, the date of the publication of the Supplement N°1.

Copies of this Supplement N°2 will be available without charge (i) at the specified office of the Issuer and the Paying Agent, (ii) on the website of Euronext Brussels at www.nyx.com and (iii) on the www.kbc.com⁴ website.

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 Covered Bonds Base Prospectus, the statements in (a) above will prevail.

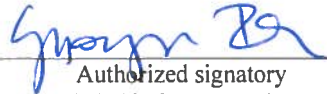
23 February 2016



Authorized signatory
on behalf of KBC Bank NV

CAROLI WE
ROSENFELD

SENIOR LEGAL
ADVISER



Authorized signatory
on behalf of KBC Bank NV

Gyongyver Fekete

⁴ <https://www.kbc.com/en/euro-10000000000-residential-mortgage-covered-bonds-programme-issued-kbc-bank-nv?agree=1>