

**KBC BANK BELGIAN COVERED BONDS BASE PROSPECTUS SUPPLEMENT (N°3) dated 26 May 2014**



**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°3**”) 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°3 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 18 November 2013 as supplemented by the supplement dated 14 January 2014 (the “**Supplement N°1**”) and the supplement dated 8 April 2014 (the “**Supplement N°2**”) (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°3.

This Supplement N°3 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](http://www.nyx.com)) and on the [www.kbc.com](http://www.kbc.com)<sup>1</sup> website.

The Issuer accepts responsibility for the information contained in this Supplement N°3 and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement N°3 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.

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<sup>1</sup> <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZOQCU0/~BZIZTPN/BZJ0507/BZJ06PN/~BZOQCU1>

## I. New information

### 1. Long-term ratings of KBC Bank NV

On 8 May 2014 Moody's France S.A.S ("Moody's") upgraded both KBC Bank NV's long-term and short-term credit ratings to A2/P-1 (from A3/P-2). The main drivers for such upgrades according to Moody's are:

- KBC Bank NV's improved solvency and the expectation of more stable profits going forward;
- the progress made on state aid repayment and virtual completion of the divestment programme; and
- KBC Bank NV's liquidity being still robust.

The asset quality (as a result of the performance of the Irish and Hungarian loan portfolios) however remains challenging which offsets to some extent the strengths mentioned above.

As a result of the above rating upgrade, the reference in the section *Description of the Issuer –Ratings of KBC Bank* of the Covered Bonds Base Prospectus (page 168) to the long-term credit ratings of the Issuer given by Moody's is hereby replaced with "A2".

### 2. Documents Incorporated by Reference

On 15 May 2014, KBC Group NV published a press release regarding its earnings statement on the first quarter of 2014 in the document "*Good start to the year: close to 400 million euros profit*".

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 press release will be incorporated by reference in the Covered Bonds Base Prospectus.

A copy of this document can be obtained from the [www.kbc.com](http://www.kbc.com)<sup>2</sup> website, from the of Euronext Brussels at [www.nyx.com](http://www.nyx.com) and from the registered office of the Issuer and the Principal Paying Agent.

The document "*Good start to the year: close to 400 million euros profit*" 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 73 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:

" • Press release of KBC Group NV dated 15 May 2014 - "*Good start to the year: close to 400 million euros profit*";

• the Extended Quarterly Report 1Q2014 of KBC Group NV"

- (ii) The sub-section *Specific items contained in Documents Incorporated by Reference* on pages 74 - 75 of the Covered Bonds Base Prospectus shall be supplemented as follows:

"*Unaudited KBC Group NV 1Q2014 Extended Quarterly Report* \*  
report on 1Q2014

5-16

<sup>2</sup> [https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM\\_VDB\\_pb\\_1Q2014\\_15\\_Mei\\_en.pdf](https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_VDB_pb_1Q2014_15_Mei_en.pdf)

analysis of 1Q2014 results	17-33
consolidated financial statement according to IFRS	34-57
risk and capital management	58-66"

## II. General

Save as disclosed in this Supplement N°3, there has been no significant change in the information in the Covered Bonds Base Prospectus and no significant new factor, material mistake, or inaccuracy has arisen since 8 April 2014, the date of the publication of the Supplement N°2 to the Covered Bonds Base Prospectus.

Copies of this Supplement N°3 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](http://www.nyx.com) and (iii) on the [www.kbc.com](http://www.kbc.com)<sup>3</sup> website.

To the extent that there is an inconsistency between (a) any statement in this Supplement N°3 and (b) any statement in, or incorporated by reference into, the Covered Bonds Base Prospectus, the statements in (a) above will prevail.

26 May 2014

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Authorized signatory  
on behalf of KBC Bank NV

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Authorized signatory  
on behalf of KBC Bank NV

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<sup>3</sup> <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZOQCU0/~BZIZTPN/BZJ0507/BZJ06PN/~BZOQCU1>