

KBC GROUP NV BASE PROSPECTUS SUPPLEMENT (N°2) DATED 14 APRIL 2015



KBC Group NV
(incorporated with limited liability in Belgium)

EUR 2,000,000,000

Euro Medium Term Note Programme

This supplement dated 14 April 2015 (the “**Supplement N°2**”), which 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 15 July 2014 as supplemented by the supplement dated 10 February 2015 (together the “**Base Prospectus**”), prepared in connection with the EUR 2,000,000,000 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.

The English version of 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 whole of the Supplement N°2 has been translated into Dutch and French. In the event of any discrepancy between the English and the Dutch or French version of this Supplement N°2, the English version shall prevail. The Issuer assumes responsibility for the consistency between the English and the Dutch and French version of this Supplement N°2.

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 2 April 2015, the Issuer published its annual financial results for the financial year ended 31 December 2014 together with the related statutory auditor’s report.

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 document will be incorporated by reference in the Base Prospectus. A copy of this 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 annual report has been filed with the FSMA.

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

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. Point (a) of the first paragraph of Section “*Documents incorporated by reference*” on page 12 of the Base Prospectus shall be deleted and replaced by the following:

“(a) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014.”

- ii. The fourth paragraph of Section “*Documents incorporated by reference*” on page 12 of the Base Prospectus shall be deleted and replaced by the following:

“The table below sets out the relevant page references for the audited consolidated statements for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014, as set out in the Issuer’s respective annual reports. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

	<i>Issuer’s Annual Report for the financial year ended 31/12/2012*</i>	<i>Issuer’s Annual Report for the financial year ended 31/12/2013*</i>	<i>Issuer’s Annual Report for the financial year ended 31/12/2014*</i>
<i>report of the board of directors</i>	<i>Pg 5-111</i>	<i>Pg 6-163</i>	<i>Pg 6-173</i>
<i>balance sheet</i>	<i>Pg 118</i>	<i>Pg 168</i>	<i>Pg 178</i>
<i>income statement</i>	<i>Pg 116</i>	<i>Pg 166</i>	<i>Pg 176</i>
<i>cash flow statement</i>	<i>Pg 120-121</i>	<i>Pg 170-171</i>	<i>Pg 180 - 181</i>
<i>notes to the financial statements</i>	<i>Pg 122-183</i>	<i>Pg 172-235</i>	<i>Pg 182-255</i>
<i>auditor’s report</i>	<i>Pg 114-115</i>	<i>Pg 164-165</i>	<i>Pg 174-176</i>
<i>statement of changes in equity</i>	<i>Pg 119</i>	<i>Pg 169</i>	<i>Pg 179</i>

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

2. Summary of the Base Prospectus

- i. Element B.12 (“Selected financial information”) of the Section “Summary of the Base Prospectus” on page 17 of the Base Prospectus shall be deemed to be deleted in its entirety and replaced with the updated section B.12, set out in Annex 1 to this Supplement N°2.

- ii. Element B.16 (“Extent to which the issuer is directly or indirectly owned or controlled”) of the Section “Summary of the Base Prospectus” on page 18 of the Base Prospectus shall be deemed to be deleted in its entirety and replaced by the updated section B.12, set out in Annex 2 to this Supplement N°2.

3. Selected Financial Information

Section “*Selected Financial Information*” on pages 136 to and including 138, shall be deemed to be deleted in its entirety and replaced with the updated section “*Selected Financial Information*” set out in Annex 3 to this Supplement N°2.

4. General Information

Paragraph (3) on page 172 of the Base Prospectus shall be deleted and replaced by the following paragraph:

“(3) Other as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2014 and no material adverse change in the prospects of the Issuer since 31 December 2014.”

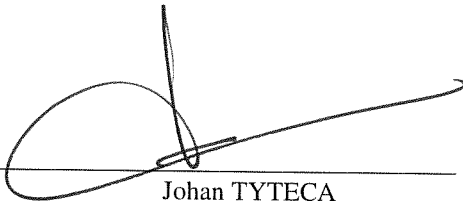
II. General

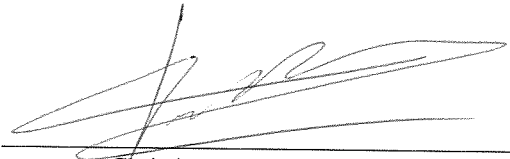
Save as disclosed in this Supplement N°2, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since 10 February 2015, the date of publication of the Supplement N°1.

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.

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).

14 April 2015


Johan TYTECA
Group Secretary


Christine VAN RIJSSEGHEM
Executive Director

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

Annex 1

Summary of the Base Prospectus Element B.12

The tables below each set out a summary of key financial information extracted from the Issuer's Financial Reports (audited) for the fiscal years ended on 31 December 2012, 31 December 2013 and 31 December 2014:

Highlights of consolidated balance sheet *			
KBC Group (in millions of EUR)	31/12/2012	31/12/2013	31/12/2014
Total assets	256 928	238 686	245 174
Loans and advances to customers	128 492	120 371	124 551
Securities (equity and debt instruments)	67 296	64 904	70 359
Deposits from customers and debt certificates	159 632	161 135	161 783
Technical provisions, before reinsurance	19 205	18 701	18 934
Liabilities under investment contracts, insurance	10 853	11 787	12 553
Parent shareholders' equity	12 017	11 826	13 125
Assets under management	155 216	162 977	185 704

* Note that the 2013 reference figures have been adjusted slightly following the application of the new IFRS 11 standard. This standard stipulates that joint ventures must be accounted for using the equity method instead of the proportionate consolidation method. For KBC, this applies to ČMSS, a joint venture of ČSOB in the Czech Republic. This change does not affect equity, but has an impact on various items in the consolidated balance sheet and P&L. Moreover, in accordance with IFRS 5, the assets and liabilities of a number of divestments have been reallocated to 'Non-current assets held for sale and disposal groups' and 'Liabilities associated with disposal groups', which slightly distorts the comparison between periods.

Highlights of consolidated income statement			
(in millions of EUR)	31/12/2012	31/12/2013	31/12/2014
Total income	7 733	7 448	6 720
Operating expenses	- 4 248	- 3 843	-3 818
Impairment	- 2 511	- 1 927	-506
Result after tax, attributable to equity holders of the parent	612	1 015	1 762
Earnings per share (in EUR) basic	-1.09	1.03	3.32
Earnings per share (in EUR) diluted	-1.09	1.03	3.32

* Note that the 2013 reference figures have been adjusted slightly following the application of the new IFRS 11 standard. This standard stipulates that joint ventures must be accounted for using the equity method instead of the proportionate consolidation method. For KBC, this applies to ČMSS, a joint venture of ČSOB in the Czech Republic. This change does not affect equity, but has an impact on various items in the consolidated balance sheet and P&L. Moreover, in accordance with IFRS 5, the assets and liabilities of a number of divestments have been reallocated to 'Non-current assets held for sale and disposal groups' and 'Liabilities associated with disposal groups', which slightly distorts the comparison between periods.

There has been no significant change in the financial or trading position of the Issuer since 31 December 2014 and no material adverse change in the prospects of the Issuer since 31 December 2014.

Annex 2
Summary of the Base Prospectus Element B.16

The shareholder structure shown in the table below is based on the most recent notifications made under the transparency rules.

Shareholder structure of KBC Group NV (based on notifications)	Number of shares at the time of disclosure	% of the current number of shares
KBC Ancora (December 2014)	77,516,380	18.6%
Cera (December 2014)	11,127,166	2.7%
MRBB (December 2014)	47,889,864	11.5%
Other core shareholders (December 2014)	32,020,498	7.7%
Subtotal for core shareholders	168,553,908	40.3%
Free float	249,226,750	59.7%
Total	417,780,658	100.0%

A shareholder agreement was concluded between the core shareholders of the Issuer (KBC Ancora, Cera and MRBB) in order to support and co-ordinate the general policy of the Group and to supervise its implementation (more information in the Corporate Governance Charter, available on www.kbc.com). The agreement provides for a contractual shareholder syndicate. The shareholder agreement includes stipulations on the transfer of securities and the exercise of voting rights within the shareholder syndicate.

Annex 3 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 2012, 31 December 2013 and 31 December 2014.

The consolidated financial statements of the Issuer for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 have been audited in accordance with ISA.

Consolidated income statement

In millions of EUR	2012	2013	2014
Net interest income	4 669	4 077	4 308
Interest income	10 134	8 343	7 893
Interest expense	- 5 465	- 4 266	- 3 586
Non-life insurance before reinsurance	622	536	512
Earned premiums Non-life	1 500	1 259	1 266
Technical charges Non-life	- 878	- 723	- 754
Life insurance before reinsurance	- 240	- 242	- 216
Earned premiums Life	1 475	1 132	1 247
Technical charges Life	- 1 714	- 1 373	- 1 463
Ceded reinsurance result	- 13	- 5	16
Dividend income	45	47	56
Net result from financial instruments at fair value through profit or loss	420	1 191	227
Net realised result from available-for-sale assets	181	252	150
Net fee and commission income	1 315	1 469	1 573
Fee and commission income	2 005	2 268	2 245
Fee and commission expense	- 690	- 798	- 672
Net other income	734	122	94
TOTAL INCOME	7 733	7 448	6 720
Operating expenses	- 4 248	- 3 843	- 3 818
Staff expenses	- 2 543	- 2 312	- 2 248
General administrative expenses	- 1 396	- 1 262	- 1 303
Depreciation and amortisation of fixed assets	- 310	- 269	- 266
Impairment	- 2 511	- 1 927	- 506
on loans and receivables	- 1 072	- 1 714	- 587
on available-for-sale assets	- 95	- 34	- 29
on goodwill	- 421	- 7	0
on other	- 923	- 173	109
Share in results of associated companies	2	30	25
RESULT BEFORE TAX	976	1 708	2 420
Income tax expense	- 362	- 678	- 657
Net post-tax result from discontinued operations	27	0	0
RESULT AFTER TAX	641	1 029	1 763

Attributable to minority interest	29	14	0
<i>of which relating to discontinued operations</i>	0	0	0
Attributable to equity holders of the parent	612	1 015	1 762
<i>of which relating to discontinued operations</i>	27	0	0
Earnings per share (in EUR)			
Basic	-1.09	1,03	3,32
Diluted	-1.09	1,03	3,32

Consolidated balance sheet

ASSETS (in millions of EUR)	31-12-2012	31-12-2013	31-12-2014
Cash and cash balances with central banks	4 426	4 294	5 771
Financial assets	236 898	222 887	231 421
Held for trading	21 159	16 885	12 182
Designated at fair value through profit or loss	16 295	16 441	18 163
Available for sale	30 622	27 307	32 390
Loans and receivables	139 225	130 153	135 784
Held to maturity	28 510	31 323	31 799
Hedging derivatives	1 088	777	1 104
Reinsurers' share in technical provisions	137	146	194
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	204	120	168
Tax assets	2 188	1 723	1 814
Current tax assets	174	242	88
Deferred tax assets	2 014	1 481	1 726
Non-current assets held for sale and assets associated with disposal groups	7 138	3 769	18
Investments in associated companies	8	182	204
Investment property	638	598	568
Property and equipment	2 581	2 457	2 278
Goodwill and other intangible assets	1 328	1 277	1 258
Other assets	1 383	1 233	1 480
TOTAL ASSETS	256 928	238 686	245 174

LIABILITIES AND EQUITY (in millions of EUR)	31-12-2012	31-12-2013	31-12-2014
Financial liabilities	213 265	199 421	205 644
Held for trading	19 459	13 119	8 449
Designated at fair value through profit or loss	20 563	24 931	23 908
Measured at amortised cost	170 813	159 693	169 796
Hedging derivatives	2 430	1 678	3 491
Technical provisions, before reinsurance	19 205	18 701	18 934
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	69	- 2	189
Tax liabilities	647	518	697
Current tax liabilities	192	109	98

Deferred tax liabilities	455	409	599
Liabilities associated with disposal groups	3 739	2 027	0
Provisions for risks and charges	526	523	560
Other liabilities	3 598	2 983	2 629
TOTAL LIABILITIES	241 048	224 172	228 652
Total equity	15 879	14 514	16 521
Parent shareholders' equity	12 017	11 826	13 125
Non-voting core-capital securities	3 500	2 333	2 000
Additional Tier-1 instruments included in equity		0	1 400
Minority interests	362	354	- 3
TOTAL LIABILITIES AND EQUITY	256 928	238 686	245 174

Condensed consolidated cashflow statement

In millions of EUR	2012	2013	2014
Operating activities			
Result before tax	976	1 708	2 420
Adjustments for:	2 012	2 442	1 775
Result before tax related to discontinued operations	15	0	0
Depreciation, impairment and amortisation of property and equipment, intangible assets, investment property and securities	1 774	508	213
Profit/Loss on the disposal of investments	- 579	32	- 25
Change in impairment on loans and advances	1 072	1 714	587
Change in gross technical provisions – insurance	121	28	143
Change in the reinsurers' share in the technical provisions	21	- 11	- 48
Change in other provisions	- 350	15	- 37
Other non realised gains or losses	- 59	187	967
Income from associated companies	- 2	- 30	- 25
Cashflows from operating profit before tax and before changes in operating assets and liabilities	2 988	4 150	4 195
Changes in operating assets (excl. cash & cash equivalents)	8 391	12 070	- 11 151
Loans and receivables	2 959	3 280	- 5 037
Available for sale	8 701	2 866	- 4 561
Held for trading	4 823	5 574	- 248
Designated at fair value through P&L	- 1 845	- 904	- 686
Hedging derivatives	- 722	844	- 325
Operating assets associated with disposal groups & other assets	- 5 527	411	- 294
Changes in operating liabilities (excl. cash & cash equivalents)	- 4 758	- 2 671	11 913
Deposits at amortised cost	5 687	3 046	12 076
Debt certificates at amortised cost	1 477	- 3 625	3 218
Financial liabilities held for trading	- 7 528	- 6 241	- 4 682
Financial liabilities designated at fair value through P&L	- 8 034	5 357	1 112
Liability-derivatives hedge accounting	498	- 752	522
Operating liabilities associated with disposal groups & other liabilities	3 142	- 457	- 333

Income taxes paid	- 337	- 372	- 407
Net cash from (used in) operating activities	6 284	13 177	4 550
Investing activities			
Purchase of held-to-maturity securities	- 16 417	- 3 892	- 1 929
Proceeds from the repayment of held-to-maturity securities at maturity	2 304	1 277	1 012
Acquisition of a subsidiary or a business unit, net of cash acquired (increase in participation interests included)	0	0	0
Proceeds from the disposal of a subsidiary or business unit, net of cash disposed (decrease in participation interests included)	- 941	- 260	559
Purchase of shares in associated companies	0	0	0
Proceeds from the disposal of shares in associated companies	0	0	0
Dividends received from associated companies	0	- 41	- 30
Purchase of investment property	- 55	- 21	- 19
Proceeds from the sale of investment property	8	36	53
Purchase of intangible fixed assets (excl. goodwill)	- 136	- 116	- 153
Proceeds from the sale of intangible fixed assets (excl. goodwill)	60	24	28
Purchase of property and equipment	- 632	- 452	- 441
Proceeds from the sale of property and equipment	363	197	304
Net cash from (used in) investing activities	- 15 444	- 3 248	- 615
Financing activities			
Purchase or sale of treasury shares	349	0	0
Issue or repayment of promissory notes and other debt securities	136	1 113	- 4 148
Proceeds from or repayment of subordinated liabilities	- 1 662	- 184	- 2 396
Principal payments under finance lease obligations	0	0	0
Proceeds from the issuance of share capital	1 239	16	19
Proceeds from or repayment of non-voting core-capital securities	- 3 450	- 1 750	- 500
Proceeds from the issuance or repayment of preference shares	0	0	1 042
Dividends paid	- 599	- 961	- 39
Net cash from (used in) financing activities	- 3 988	- 1 766	- 6 023
Change in cash and cash equivalents			
Net increase or decrease in cash and cash equivalents	- 13 149	8 163	- 2 088
Cash and cash equivalents at the beginning of the period	13 997	948	8 691
Effects of exchange rate changes on opening cash and cash equivalents	133	- 420	- 84
Cash and cash equivalents at the end of the period	982	8 691	6 518
Additional information			
Interest paid	- 5 465	- 4 266	- 3 586
Interest received	10 134	8 343	7 893
Dividends received (including equity method)	45	47	56
Components of cash and cash equivalents			
Cash and cash balances with central banks	4 426	4 294	5 771
Loans and advances to banks repayable on demand and term loans to banks < 3 months	8 994	8 094	4 287
Deposits from banks repayable on demand and redeemable at notice	- 12 658	- 3 307	- 3 539
Cash and cash equivalents included in disposal groups	220	- 391	0
Total	982	8 691	6 518

Of which not available

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