

**KBC BANK WARRANT BASE PROSPECTUS SUPPLEMENT (N°1)
dated 23 June 2020**



KBC Bank NV
(incorporated with limited liability in Belgium)

Warrant Programme

This base prospectus supplement dated 23 June 2020 (the “**Supplement N°1**”) constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Supplement N°1 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 18 February 2020 (the “**Base Prospectus**”), prepared in connection with the Warrant Programme (the “**Programme**”) established by KBC Bank NV (incorporated as a limited liability company under the laws of Belgium, with registered office at Havenlaan 2, B-1080 Brussels and registered with the Crossroads Bank of Enterprises under number 0462.920.226 (Brussels)) (the “**Issuer**”), for the purpose of giving information with regard to the issue of call warrants (*koopwarranten/warrants d’achat*) relating to an Underlying Share (as defined in the Base Prospectus) (the “**Warrants**”) under the Programme during a period of twelve (12) months after the date of the Base Prospectus. 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°1.

This Supplement N°1 has been approved by the Financial Services and Markets Authority (the “**FSMA**”) on 23 June 2020, as competent authority under the Prospectus Regulation. This approval does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement N°1 and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement N°1 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) Introduction

Coronavirus (COVID-19) pandemic

The coronavirus (COVID-19) pandemic and ensuing global health crisis constitute a significant new factor for the purpose of Article 23 of the Prospectus Regulation.

Annual Report 2019

On 3 April 2020, the Issuer published its annual report for the financial year ended 31 December 2019 together with the related statutory auditors’ report in the document titled “*KBC Bank Annual Report for 2019*”.

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

Due to this new information the Base Prospectus is amended as described below.

2) Risk factors

In the section “Risks relating to the Issuer and the KBC Bank Group” on page 15 *et seq.* of the Base Prospectus, a new subsection titled “Coronavirus (COVID-19) pandemic (high risk)” shall be inserted:

“Coronavirus (COVID-19) pandemic (high risk)

Whilst the KBC Bank Group thoroughly assesses and underpins its risk assessment of the risks related to the Issuer and the KBC Bank Group, the worldwide outbreak of the COVID-19 pandemic is an unprecedented event.

The KBC Bank Group handled the transition to new ways of working (e.g. remote working from backup locations and home office) in an organised way and without major incidents. It is clear, however, that the coronavirus pandemic will have longer lasting consequences which open virtually all risk types to a re-assessment, including and most notably, but not limited to, credit risk in all its forms, market risk, liquidity risk, operational risk, performance and capital risk. Related uncertainty is currently very high, making it difficult to predict what the final outcome of the coronavirus crisis and its impact on the different risks related to the Issuer and the KBC Bank Group will be.

The economic challenges, worldwide but also in the European Union resulting from this crisis will undoubtedly have an impact on credit losses in general, including credit losses incurred by the KBC Bank Group, in the coming years. Such credit losses may include, but may not be limited to, credit losses situated in the Issuer’s loan portfolio. Please also refer to the risk factor entitled “*Credit risks (medium risk)*”.

Next to credit risk in general, the coronavirus crisis might also have a negative impact on counterparty credit risk as counterparties might be negatively impacted by this crisis, preventing them from fulfilling their financial obligations towards the KBC Bank Group.

The Issuer may also face potential losses stemming from financial instruments to which the Issuer is exposed via its trading and non-trading activities. Please also refer to the risk factors entitled “*Market risk in non-trading activities (medium risk)*” and “*Market risk in trading activities (low risk)*”.

Funding and liquidity risk also increase during a crisis as trust between financial institutions might decrease or disappear, which can influence the KBC Bank Group’s funding capabilities in the market as well as its liquidity position. Currently, the liquidity position of the KBC Bank Group is still solid. Please also refer to the risk factor entitled “*Liquidity risk (low risk)*”.

Other risks will also be impacted by the coronavirus crisis, such as operational risk, both within the KBC Bank Group and in third parties to which the KBC Bank Group has outsourced its activities. Other operational risks are related to business continuity management, information security and IT risk. Please also refer to the risk factor entitled “*Operational risks (medium risk)*”.

The coronavirus pandemic may also lead to regulatory developments in the jurisdictions in which the Issuer operates. Please also refer to the risk factor entitled “*Regulatory developments (medium risk)*”. Examples of regulatory developments in response to the coronavirus crisis which may have an adverse effect on the Issuer’s business and operations may include, without limitation, the measures and regulations adopted by the Belgian Federal Government regarding the granting of payment deferrals, additional lines of credit or other types of financial relief provided by the Belgian financial sector. For further information, please refer to the section entitled “*Recent events*” on page 53 *et seq.* of this Base Prospectus.

All these risks might have a negative impact on the profitability (performance) of the Issuer and on its capital.

This might also be reflected in the credit ratings of the KBC Group, including the ratings of the Issuer, which may be adversely affected by the coronavirus crisis. Such adverse effects may include, but may not be limited to, a downgrade in the credit ratings or the outlook currently assigned to the Issuer. It is possible that the current credit ratings of the Issuer or the KBC Group will not be maintained. Please also refer to the risk factor entitled “*Credit ratings (low risk)*” and the section entitled “*Credit ratings*” on page 31 and 32 of this Base Prospectus for an overview of the Issuer’s current credit ratings.

3) Recent events

In the section “The Issuer’s business” on page 38 *et seq.* of the Base Prospectus, a new subsection titled “Recent events” shall be inserted prior to the subsection “Litigation”:

“Recent events

Coronavirus (COVID-19) pandemic

Since December 2019, a significant increase of cases of pneumonia associated with the coronavirus (COVID-19) has been reported worldwide. Initially reported in the province of Hubei in the People’s Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries and leading to a global pandemic.

As the coronavirus pandemic and the ensuing global health crisis have led to a massive impact on economic activity, the Belgian Federal Government, the NBB and Febelfin (the Belgian banking federation) reached an agreement at the end of March 2020 on a number of measures for banks.

As set out in a charter on the payment moratorium for corporate credits, the Belgian financial sector committed to providing viable (i.e., if there were no payment arrears on 1 February 2020 or payment arrears of less than 30 days on 29 February 2020) non-financial companies, self-employed persons and individuals with mortgage credit which have payment problems due to the coronavirus crisis with a temporary deferment of payment until 30 September 2020 without charge. Non-financial companies are required to have a permanent establishment in Belgium. Borrowers are required to evidence the fact that they are in distress because of the coronavirus crisis and request their bank for a postponement of payment.

Pursuant to the Belgian Royal Decree of 14 April 2020 granting a State guarantee for certain credits in the combat against the consequences of the corona virus, qualifying short-term credits granted by credit institutions to viable non-financial companies could benefit from a State guarantee. The regime extends to new credits granted by either Belgian credit institutions or Belgian branches of foreign credit institutions between 1 April 2020 and 30 September 2020 with a maturity of up to twelve months. Only companies which are deemed viable (i.e., which do not have pre-existing financial difficulties) could benefit from the State guarantee. Furthermore, the Royal Decree requires that the companies are registered in the Belgian Crossroads Bank for Enterprises, covering both Belgian companies as well as foreign companies which have activities in Belgium.

In addition, Belgium’s four largest banks (Belfius, BNP Paribas Fortis, ING and the Issuer) agreed on measures to support companies facing difficulties due to the coronavirus crisis, such as the granting of extensions for the repayment of interest and/or capital and the granting of additional credit. This agreement is likely to be extended to other, if not all, banks which are active in the granting of loans. Each bank will act on a case-by-case basis and will invite its client companies to contact it to find the appropriate solution.

The measures taken by the Belgian federal authorities are part of a series of measures taken in countries all over Europe and are also supported by the response of the ECB in reaction to the coronavirus pandemic. These are meant to protect the economy and the most vulnerable sectors and individuals.

The economic impact of the coronavirus pandemic on the Belgian economy is still uncertain. Although it is not possible at this stage to make a detailed and correct assessment of potential provisioning or financial impact of the measures announced by the Belgian Federal Government, the KBC Bank Group is closely monitoring the situation on a daily basis.”

4) Financial information of the Issuer

The section “*Financial information of the Issuer*” on pages 58 and 59 of the Base Prospectus will be amended as follows:

“Financial statements

The Issuer’s 2018 and 2019 annual reports contain:

- the Issuer’s audited consolidated financial statements drawn up in accordance with International Financial Reporting Standards (IFRS) for the last two financial years (2018 and 2019); and
- the Issuer’s audited non-consolidated financial statements drawn up in accordance with Belgian Generally Accepted Accounting Principles (GAAP) for the last two financial years (2018 and 2019).

These annual reports of the Issuer are incorporated by reference into this Base Prospectus as set out in Section “Documents incorporated by reference” on page 107. See Section “Where more information can be found” on page 110 for information on where you can find these reports.

Audit and review by the Issuer’s statutory auditors

PricewaterhouseCoopers Bedrijfsrevisoren CVBA (*erkend revisor/réviseur agréé*), represented by R. Jeanquart and G. Joos, with offices at Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium (**PwC**), has been appointed as auditor of the Issuer for the financial years 2016-2018 and this appointment has been extended for the financial years 2019-2021. The financial statements of the Issuer have been audited in accordance with International Standards on Auditing by PwC for the financial years ended 31 December 2018 and 31 December 2019 and resulted in an unqualified audit opinion with an emphasis of matter paragraph in the 2019 audit opinion.

PwC is a member of the *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d’Entreprises*.

The report of the Issuer’s auditor on (i) the audited consolidated annual financial statements of the Issuer and its consolidated subsidiaries for the financial years ended 31 December 2018 and 31 December 2019, and (ii) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019, are incorporated by reference in this Base Prospectus (as set out in Section “Documents incorporated by reference” on page 107), with the consent of the auditor.

Changes since the most recent published financial statements

As stated in the section titled “*Expected credit losses*” on pages 22 to 23 of KBC Group NV’s extended quarterly report for the first quarter of 2020¹, the KBC Group estimates the full-year 2020

¹ <https://www.kbc.com/content/dam/kbc.com/doc/investor-relations/Results/1Q2020/1Q2020-quarterly-report-en.pdf>. Please note that KBC Group NV’s extended quarterly report for the first quarter of 2020 is not incorporated by reference in this Base Prospectus.

impairment to range between roughly 0.8 billion euro (optimistic scenario) and roughly 1.6 billion euro (pessimistic scenario).

As stated in the section titled “*Financial instruments at fair value through P&L*” on page 24 of KBC Group NV’s extended quarterly report for the first quarter of 2020, the combination of a number of market-driven factors, such as sharply lower stock markets, widening credit spreads and lower long-term interest rates, has had a negative impact on the fair value of financial Instruments at the KBC Group of 0.4 billion euro.

Save as disclosed in this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2019, i.e. the date of its last published audited financial statements.

There has been no significant change in the financial position of the group nor in the insolvency of the Issuer since 31 December 2019, i.e. the end of the last financial period for which financial information has been published.”

5) Documents incorporated by reference

The document titled “*KBC Bank Annual Report for 2019*” will be added to the documents incorporated by reference. The relevant paragraphs on pages 107 to 108 of the Base Prospectus will be deleted and replaced as follows:

“The Issuer’s annual report for the financial year ended 31 December 2018 (FY 2018)² and the Issuer’s annual report for the financial year ended 31 December 2019 (FY 2019)³, which includes the following information (without limitation):

	FY 2018	FY 2019
<i>Report of the Board of Directors</i>		
Group profile	p. 6 – 29	p. 6 – 34
Review of the consolidated financial statements	p. 30 – 34	p. 35 – 38
Review of the business units	p. 35 – 41	p. 39 – 45
Risk management	p. 42 – 70	p. 46 – 78
Capital adequacy	p. 71 – 74	p. 79 – 82
Corporate governance statement	p. 75 – 83	p. 83 – 91
<i>Consolidated financial statements (IFRS)</i>		
Consolidated income statement	p. 85	p. 93
Consolidated statement of comprehensive income	p. 86 – 87	p. 94 – 95
Consolidated balance sheet	p. 88 – 89	p. 96
Consolidated statement of changes in equity	p. 90 – 92	p. 97 – 98
Consolidated cashflow statement	p. 93 – 95	p. 99 – 101
Explanatory notes on the accounting policies, segment reporting, income statement, financial assets and liabilities on the balance sheet, other balance sheet items, and other notes	p. 95 – 172	p. 102 – 174

² https://www.kbc.com/en/system/files/doc/investor-relations/Results/JVS_2018/JVS_2018_BNK_en.pdf

³ https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/JVS-2019/JVS_2019_BNK_en.pdf

<i>Statutory auditor's report on the consolidated accounts</i>	p. 173 – 180	p. 175 – 182
<i>Non-consolidated statutory annual accounts (Belgian GAAP)</i>		
Balance sheet after appropriation	p. 185 – 187	p. 187 – 189
Income statement	p. 188 – 189	p. 190 – 191
Appropriation account	p. 190	p. 192
Explanatory notes	p. 191 – 265	p. 193 – 269
Social balance sheet	p. 267 – 270	p. 270 – 273
<i>Statutory auditor's report on the non-consolidated statutory annual accounts</i>	p. 271 – 277	p. 275 – 281
<i>Ratios used</i>	p. 279 – 281	p. 283 - 286

Page references are to the English language PDF version of the relevant documents incorporated by reference.”

II. GENERAL

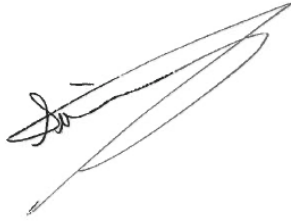
Save as disclosed in this Supplement N°1, there has been no other significant new factor, material mistake, inaccuracy or change relating to the information included in the Base Prospectus since 18 February 2020, the date of the publication of the Base Prospectus.

To the extent that there is an inconsistency between (a) any statement in this Supplement N°1 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°1 will be available without charge (i) at the specified office of the Issuer and the Warrant Agent, (ii) on the website of Euronext Brussels (www.euronext.com) and (iii) on the website of the Issuer (www.kbc.com⁴).

⁴ <https://www.kbc.com/nl/no-menu/kbc-bank-warrant-programme.html>

23 June 2020

A handwritten signature in black ink, consisting of several overlapping, sweeping strokes that form a stylized, somewhat abstract shape.

Authorized signatory
on behalf of KBC Bank NV

A handwritten signature in black ink, featuring a large, prominent initial 'S' followed by a series of smaller, more intricate strokes.

Authorized signatory
on behalf of KBC Bank NV