

RETAIL BASE PROSPECTUS SUPPLEMENT (N°2) dated 9 September 2015



KBC IFIMA S.A.

(Incorporated with limited liability in Luxembourg)

Unconditionally and irrevocably guaranteed by KBC Bank NV

(Incorporated with limited liability in Belgium)

€10,000,000,000

Retail Euro Medium Term Note 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 13 of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities (the “**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 25 June 2015 as supplemented by the supplement dated 25 June 2015 (the “**Supplement N°1**”), issued by KBC IFIMA S.A. (the “**Issuer**”), for the purpose of giving information with regard to the issue of Notes under its €10,000,000,000 Retail Euro Medium Term Note Programme during the period of twelve months after 25 June 2015. Terms defined in the Retail Base Prospectus or in any document incorporated by reference in the Retail 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 Luxembourg Commission de Surveillance du Secteur Financier (the “**CSSF**”), as competent authority under the Prospectus Directive. This Supplement N°2 will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the www.kbc.com¹ website.

Each of the Issuer and the Guarantor 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) Introduction

On 6 August 2015, KBC Group NV published its extended quarterly report for the second quarter and the first half of 2015 in the document “*KBC Group – Extended Quarterly Report*” accompanied by a press release entitled “*First Half of 2015 generates a firm 1.2 billion euros of profit.*” On 11 August 2015 KBC IFIMA S.A. published its unaudited half year results of 2015 for the half year ending on 30 June 2015 in the document “*Unaudited semi-annual accounts as at 30 June 2015*”. On 28 August 2015 KBC Bank NV published its unaudited half year results of 2015 for the half year ending on 30 June 2015 in the document “*Half-Year Report – 1H2015*”.

¹ <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ47O7/~BZIZTPN/BZJ0507/BZJ06PN>

As the financial position of KBC Group NV might affect the position of KBC Bank NV, the Guarantor, the latter being a direct subsidiary of KBC Group NV and in order to ensure that the information contained in the Retail Base Prospectus is up-to-date as required by the Prospective Directive and the Prospectus Law, the aforementioned press release of KBC Group NV and the financial reports of the Issuer and the Guarantor will be incorporated by reference in the Retail Base Prospectus. A copy of these documents can be obtained from the www.kbc.com website², from the website of the Luxembourg Stock Exchange at www.bourse.lu and from the registered office of the Issuer and the Principal Paying Agent.

Due to the new information, the following sections of the Retail Base Prospectus are amended as described below.

2) Summary of the Base Prospectus

(i) Item B.12 will be replaced as follows:

B.12	Selected historical key financial information / Material adverse change / Significant change in the financial or trading position:	<i>Selected historical key information:</i> 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 2013 and 31 December 2014 and from the Issuer's interim financial report for the six months ended on 30 June 2014 and for the six months ended on 30 June 2015 (unaudited):				
		<i>Income Statement</i>				
		Summary of profit and loss account	2013 (EUR)	2014 (EUR)	June 30, 2014	June 30, 2015
		Gross margin and other income	4,691,861	3,636,344	3,326,737	3,840,934
		Total Expenses	(603,501)	(1,291,655)	(342,985)	(1,291,655)
		Profit before taxation	4,088,360	2,344,689	2,983,752	2,064,650
		Corporation tax	(1,014,341)	(575,972)	(734,898)	(620,329)
		Net profit for the year	3,074,019	1,768,717	2,248,854	1,444,321
		<i>Statement of Financial Position</i>				
		Summary of balance sheet	2013 (EUR)	2014 (EUR)	June 30, 2015	
		Total Assets	17,581,347,896	10,400,897,169	8,395,492,510	
		Total bonds outstanding	17,038,605,545	10,098,253,772	8,036,020,353	
		Of which maturing within one year	6,736,241,998	3,459,372,263	1,537,762,331	
		Shareholders' equity	12,088,545	10,757,262	10,450,325	
		Gross interest margin	4,691,861	3,636,344	3,840,934	
		Profit after tax	3,074,019	1,768,717	1,444,321	
		Solvency ratio	0.07%	0.10%	0.13%	
		Dividends paid out of previous year's profits	(3,500,000)	3,100,000	1,700,000	

² <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ4707/~BZIZTPN/BZJ0507/BZJ06PN>

Material adverse change:

There has been no material adverse change in the prospects of the Issuer since 31 December 2014.

Significant change in financial or trading position:

Not applicable; there has been no significant change in the financial or trading position of the Issuer since 30 June 2015.

(ii) Item B19/B.12 will be replaced as follows:

B19/ B.12	Selected historical key financial information / Material adverse change / Significant change in the financial or trading position:	<i>Selected historical key financial information:</i> The tables below set out a summary of key financial information extracted from the Guarantor's audited comprehensive income statements for each of the two years ended, and statements of financial position as at, 31 December 2013 and 31 December 2014 and from the Guarantor's consolidated balance sheet and consolidated income statement for the six months ended on 30 June 2014 and on 30 June 2015 (limited review):
		<i>Income Statement</i>
		Summary of consolidated profit and loss account data (in millions of EUR, IFRS)
		FY 2013 FY 2014 1 H 2014 1 H 2015
		Total income 6,240 5,734 2,637 3,302
		Operating expenses -3,252 -3,311 -1,648 -1,810
		Impairment -1,821 -472 -249 -219
		Result after tax, group share 590 1,312 472

Statement of Financial Position

Summary of consolidated balance sheet data (in millions of EUR, IFRS – audited)	31 December 2013	31 December 2014	30 June 2015
Total assets	206,087	211,116	221,639
Parent shareholders' equity	11,662	11,676	11,371

Material adverse change:

There has been no material adverse change in the prospects of the Guarantor or KBC Bank Group since 31 December 2014.

Significant change in the financial or trading position:

Not applicable, there has been no significant change in the financial or trading position of the Guarantor or KBC Bank Group since 30 June 2015.

3) Documents incorporated by reference

The section *Documents incorporated by reference* on page 93 of the Base Prospectus will be supplemented by adding the following limbs to the list of documents which are incorporated in and form part of the Retail Base Prospectus:

- (d) “the unaudited financial statements of the Issuer for the six months ended on 30 June 2015, set out in the document “Unaudited semi-annual accounts as at 30 June 2015”;
- (e) the unaudited financial statements of the Guarantor for the six months ended on 30 June 2015, set out in the document “Half-Year Report – 1H2015”; and
- (f) the press release of KBC Group NV dated 6 August 2015 “First Half of 2015 generates a firm 1.2 billion euros of profit.

The sub-section *Specific items contained in “Documents Incorporated by Reference”* on page 95 of the Retail Base Prospectus shall be supplemented as follows:

Unaudited Interim financial report for the half year to June 30, 2015 of the Issuer

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Interim financial report for the half year to June 30, 2015 of the Guarantor (limited review)

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The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of the Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

II. Credit Linked Notes

1) Introduction

The Issuer noticed inaccuracies relating to Credit Linked Notes. Consequently, the sections “*Summary of the Base Prospectus*”, “*Form of Final Terms*” and “*Annex 1 – Credit Linked Conditions*” of the Retail Base Prospectus are amended as described below.

2) Summary of the Base Prospectus

- (i) In item C.8 of the Summary of the Base Prospectus the following text

“[(*For Credit Linked Notes*) The occurrence of a relevant credit event will affect whether the Notes redeem early and the amount paid on early redemption or at maturity.]”

shall be replaced by:

“[(*For Credit Linked Notes*) The occurrence of a relevant credit event may affect whether the Notes redeem early and the amount paid on early redemption or at maturity.]”

- (ii) In item C.15 of the Summary of the Base Prospectus the following text:

“If the Notes are redeemed due to an event of default, they shall redeem at par [together with accrued interest].”

shall be replaced by:

“If the Notes are redeemed due to an event of default, they shall redeem at [par] [(*For Credit Linked Notes*) the outstanding principal after the Credit Event(s)] [together with accrued interest].”

3) Form of Final Terms

- (i) In item 25 (Final Redemption Amount) of Part A – Contractual Terms of the Form of Final Terms the following text:

“ [In accordance with Conditions] (*applicable for Index Linked Redemption Notes, Equity Linked Redemption Notes, Currency Linked Redemption Notes only*)”

shall be replaced by:

“[In accordance with [Credit Linked] Conditions] (*applicable for Index Linked Redemption Notes, Equity Linked Redemption Notes and Currency Linked Redemption Notes and Credit Linked Notes only*)”

- (ii) In item 30 (xx) (Credit Linked Notes – Cash Redemption Terms) of Part A – Contractual Terms of the Form of Final Terms the following text:

“[Applicable][Not Applicable]”

shall be replaced by:

“[Applicable [as Fallback Redemption Method]][Not Applicable]”

- (iii) In item 32 of Part A – Contractual Terms of the Form of Final Terms the following text:

“Calculation Agent responsible for calculating the [Variable] Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to [Condition 3(c)][Condition 5(d)] [Condition 6][Condition 7][Condition 8][Condition 9].”

shall be replaced by:

“Calculation Agent responsible for calculating the [Variable] Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to [Condition 3(c)][Condition 5(d)] [Condition 6][Condition 7][Condition 8][Condition 9][Credit Linked Conditions].”

- (iv) item 10 and 11 of Part B – Other Information of the Form of Final Terms will be renumbered respectively into item 11 and item 12, and a new item 10 will be included in Part B – Other Information of the Form of Final Terms as follows:

INFORMATION IN RELATION TO THE REFERENCE ENTITY AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY (Credit Linked Notes only)]

[The details of past and future performance and volatility of the Reference Entity can be obtained [insert relevant Bloomberg page].

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)][Not Applicable]

4) Annex I – Credit Linked Conditions

- (i) Credit Linked Condition 2 (c) (*Suspension of Interest following an Applicable DC Credit Event Question*) will be replaced as follows:

Subject to Credit Linked Conditions 2(d) (*Payment of Suspended Interest following an Applicable DC Credit Event Question*), if an Applicable DC Credit Event Question is made in respect of which a DC Resolution (including, but not limited to, a DC Credit Event Announcement or a DC No Credit Event Announcement) has not been published at least five Business Days prior to any Interest Payment Date, the payment of interest (if any) in respect of the maximum possible Applicable Proportion that could arise as a result of the Credit Event, as determined by the Calculation Agent, of each Note scheduled to be paid to Noteholders on or about such Interest Payment Date will be suspended.

- (ii) The definition of Applicable Proportion included in Credit Linked Condition 21 (*Definitions*) will be replaced as follows:

“**Applicable Proportion**” means the Applicable Percentage multiplied by the Specified Denomination of each Credit Linked Note.”

IV. General

Save as disclosed in this Supplement N°2, there has been no significant new factor, material mistake or inaccuracy since 25 June 2015, the date of the publication of the Supplement N°1.

Copies of this Supplement N°2 will be available (i) without charge at the specified office of the Issuer and the Principal Paying Agent, (ii) on the website of the Luxembourg Stock Exchange at www.bourse.lu and (iii) on the www.kbc.com³ 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 Retail Base Prospectus, the statements in (a) above will prevail.

In accordance with Article 13 paragraph 2 of the Prospectus Law, investors who already agreed to purchase or subscribe for Notes under the €10,000,000,000 Retail Euro Medium Term Note Programme before this Supplement N°2 was published, have the right to withdraw their acceptances within two working days after the publication of this Supplement N°2, namely up to and including 11 September 2015.

9 September 2015

³ <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ47O7/~BZIZTPN/BZJ0507/BZJ06PN>