

**KBC BANK BELGIAN COVERED BONDS BASE PROSPECTUS SUPPLEMENT (N°1)
dated 28 April 2020**



KBC Bank NV
(incorporated with limited liability in Belgium)

Euro 10,000,000,000
Residential Mortgage Covered Bonds Programme

This base prospectus supplement dated 28 April 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 12 November 2019 (the “**Covered Bonds Base Prospectus**”), prepared in connection with the Euro 10,000,000,000 Residential Mortgage Covered Bonds 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 Belgian covered bonds (the “**Covered Bonds**”) under the 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°1.

This Supplement N°1 has been approved by the Financial Services and Markets Authority (the “**FSMA**”) on 28 April 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).

Programme Amount increase

On 7 April 2020, the NBB approved the Issuer's request to increase the Programme Amount from EUR 10,000,000,000 to EUR 11,500,000,000 outstanding at any time.

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

2) Programme Amount

The Programme Amount as set out on the cover page, in the section "Information relating to the Programme" on page 4, in the section "Form of Final Terms" on page 153, and throughout the document in the footer section of the Base Prospectus shall be increased from EUR 10,000,000,000 to EUR 11,500,000,000 outstanding at any time.

3) Risk factors

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

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

The impact of the global pandemic resulting from the outbreak of a strain of novel coronavirus disease, COVID-19, as declared by the World Health Organization on 11 March 2020 presents the KBC Bank Group and, moreover, the global economy with complex challenges.

The economic challenges, worldwide but also in the Eurozone and Belgium, resulting from this crisis will undoubtedly have an impact on credit losses in general, including credit losses incurred by the Issuer, in the coming years. Such credit losses may include but may not be limited to credit losses situated in the Issuer's loan portfolio (see also the section "*Credit risks (medium risk)*").

The Issuer may also face potential losses stemming from financial instruments to which the Issuer is exposed via its trading and non-trading activities (see also the sections "*Market risk in non-trading activities (medium risk)*" and "*Market risk in trading activities (low risk)*").

The coronavirus pandemic may also lead to regulatory developments in the jurisdictions in which the Issuer operates (see also the section "*Regulatory developments (medium risk)*") in response to the crisis. Examples of such regulatory developments currently include the announcement of the Basel Committee on Banking Supervision ("**BCBS**") of 27 March 2020 to postpone the introduction of Basel IV with one year to 1 January 2023; also the phasing-in of the aggregated output floor has been delayed with one year and should be fully phased in on 1 January 2028 (instead of 1 January 2027). The BCBS further announced on 3 April 2020 that jurisdictions may allow banks to add-back up to 100% of the transitional adjustment amount to CET1 in 2020 and 2021 (the "add-back" amount must then be phased-out on a straight line basis over the subsequent three years). In the EU, these measures require amendments to the Capital Requirements Regulation ("**CRR**"). Other examples of regulatory developments in response to the coronavirus crisis and 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 (see also the subsection "*Coronavirus (COVID-19) pandemic*" in the section "*Recent events*").

The credit ratings of the Group, including the ratings of the Issuer, 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 currently assigned to the Issuer. There can thus be no assurance that the current credit ratings of the Issuer or the Group will be maintained (see also the section "*Credit ratings (low risk)*")."

4) Recent events

In the section “The Issuer’s business” on page 40 *et seq.* of the Covered Bonds 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. Pursuant to this agreement, the Belgian financial sector is 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 will be required to evidence the fact that they are in distress because of the coronavirus crisis and request their bank for a postponement of payment.

In addition to the above, 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.

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 Group is closely monitoring the situation on a daily basis."

5) Financial information of the Issuer

The section “*Financial information of the Issuer*” on page 61 of the Covered Bonds 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 **Error! Bookmark not defined.** See Section “Where more information can be found” on page 194 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 190), with the consent of the auditor.

Changes since the most recent published financial statements

As stated in the press release titled “KBC Group update on impact of Coronavirus crisis on 1Q2020 results” dated 17 April 2020¹, the growing public health crisis around the world has distressed financial markets amid concerns that the global economy, and the EU’s economies in particular, are heading towards a sharp contraction in the second quarter of 2020 and for full year 2020.

The coronavirus pandemic has triggered a chain of events in the markets that has led to a massive sell-off across asset classes and a sharp increase in volatility.

The significant deterioration in the economic outlook has brought about an unprecedented monetary policy response from central banks and governments around the world, resulting in flattening yield curves and widening credit spreads.

All these trends will adversely affect the Financial Instruments at Fair Value (“**FIFV**”) in KBC Group’s results for the first quarter of 2020. The FIFV are being affected by the increased volatility in financial markets. The combination of a number of market-driven factors, such as sharply lower stock markets, widening credit spreads and lower long-term interest rates, will have a negative impact on the fair value of financial instruments at KBC Group NV of close to 0.4 billion euro.

The credit cost in the first quarter of 2020 will be characterised mainly by impairments on a number of corporate loans in Belgium, as was the case in previous quarters.

Going forward, no reliable estimate can be made at this point on the size of the impact of the coronavirus pandemic on KBC’s credit costs, because a number of events such as the length and

¹ https://www.kbc.com/content/dam/kbccom/doc/newsroom/pressreleases/2020/20200417_KBC-Group-update_en.pdf. Please note that the press release is not incorporated by reference in this Base Prospectus.

depth of the downturn of the economy and legislative actions that are being taken by authorities in the different home markets may have an impact on our assessment of future loan losses.

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.”

6) 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 190 to 191 of the Covered Bonds 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
<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

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

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 Covered Bonds Base Prospectus since 12 November 2019, the date of the publication of the Covered Bonds 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 Covered Bonds 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 Paying Agent, (ii) on the website of Euronext Brussels (www.euronext.com) and (iii) on the website of the Issuer (www.kbc.com⁴).

28 April 2020


 Frederik Vyncke
 Manager Wholesale Funding
 Authorized signatory
 on behalf of KBC Bank NV


 Bramson Moduckx
 authorized signatory
 Authorized signatory
 on behalf of KBC Bank NV

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