

RETAIL BASE PROSPECTUS SUPPLEMENT (N°1) dated 15 September 2016



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°1**”) 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°1 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 21 June 2016 (the “**Retail Base Prospectus**”), 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 the date of the Retail Base Prospectus. 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°1.

This Supplement N°1 has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the “**CSSF**”), as competent authority under the Prospectus Directive. This Supplement N°1 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°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

On 31 August 2016 KBC Bank NV published its unaudited half year results of 2016 for the half year ending on 30 June 2016 in the document “*Half-Year Report – 1H2016*”. On 7 September 2016 KBC IFIMA S.A. published its unaudited half year results of 2016 for the half year ending on 30 June 2016 in the document “*Unaudited semi-annual accounts as at 30 June 2016*”.

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 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

¹ <https://www.kbc.com/en/kbc-ifima>

www.kbc.com website, 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 Retail Base Prospectus

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

B12 Selected historical key financial information / Material adverse change / Significant change in the financial or trading position:

Selected historical key information:

The Issuer carried out a cross-border transfer of its statutory seat from The Netherlands to Luxembourg, which became effective at midnight on 31 December 2014. Therefore the tables below set out a summary of key financial information extracted from the Issuer's financial reports (i) for the fiscal year ended on 31 December 2014 the audited financial information prepared under generally accepted accounting principles applicable in The Netherlands (“**Dutch GAAP**”) and the non-audited financial information prepared in accordance with generally accepted accounting principles applicable in the Grand Duchy of Luxembourg (“**Luxembourg GAAP**”), (ii) for the fiscal year ended on 31 December 2015 the audited financial information prepared in accordance with Luxembourg GAAP, and (iii) for the six months ended on 30 June 2015 and for the six months ended on 30 June 2016, the non-audited financial information prepared in accordance with Luxembourg GAAP.

Income Statement

	2014 (EUR) prepared under Dutch GAAP (audited)	2014 (EUR) prepared under Luxembourg GAAP (non- audited)	2015 (EUR) prepared under Luxembourg GAAP (audited)	HY 2015 (EUR) prepared under Luxembourg GAAP (non- audited)	HY 2016 (EUR) prepared under Luxembourg GAAP (non- audited)
Summary of profit and loss account					
Gross margin and other income	3,636,344	N/A	N/A	N/A	N/A
Total Expenses	(1,291,655)	N/A	N/A	N/A	N/A
Other external charges	N/A	1,064,225	578,351	126,707	152,528
Staff costs	N/A	225,236	151,636	90,622	94,264
Profit before taxation	2,344,689	N/A	N/A	N/A	N/A
Corporation tax	(575,972)	N/A	N/A	N/A	N/A
Income tax (includes all taxes applicable)	N/A	627,230	990,577	620,329	406,156
Net profit for the year	1,768,717	N/A	N/A	N/A	N/A

Profit for the financial year	N/A	1,948,977	2,296,717	1,444,321	1,003,578
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Statement of Financial Position

	2014 (EUR) prepared under Dutch GAAP (audited)	2014 (EUR) prepared under Luxembourg GAAP (non- audited)	2015 (EUR) prepared under Luxembourg GAAP (audited)	HY 2016 (EUR) prepared under Luxembourg GAAP (non- audited)
Summary of balance sheet				
Total Assets	10,400,897,169	10,289,467,638	6,630,556,146	4,967,664,731
Total bonds outstanding	10,098,253,772	N/A	N/A	N/A
Of which maturing within one year	3,459,372,263	N/A	N/A	N/A
Non subordinated debts – non convertible loans	N/A	10,263,942,889	6,607,854,248	4,936,724,579
Of which maturing within one year	N/A	3,615,655,539	2,536,174,843	975,940,615
Shareholders' equity	10,757,262	N/A	N/A	N/A
Capital and reserves	N/A	10,937,523	11,302,721	20,545,765
Gross interest margin	3,636,344	N/A	N/A	N/A
Profit after tax	1,768,717	N/A	N/A	N/A
Solvency ratio	0.10%	N/A	N/A	N/A
Dividends paid out of previous year's profits	3,100,000	N/A	1,700,000	2,181,881

Cash flow statement

	2014 (EUR) prepared under Dutch GAAP (audited)	2014 (EUR) prepared under Luxembourg GAAP (non- audited)	2015 (EUR) prepared under Luxembourg GAAP (audited)
Net profit	1,768,717	1,948,977	2,296,717
Ajdstment for:			
Depreciation	1,752	1,752	N/A
Interests income/charges	N/A	(3,251,656)	(3,765,946)
Net amortisation on loans and bonds	(374,421)	(374,421)	(243,450)
Other provision	N/A	(180,260)	(215,209)
Other – adjustment	N/A	-	(231,519)

	1,396,048	(1,855,608)	(2,159,407)
Change in other assets and liabilities accruals	920,310	N/A	N/A
Change in other assets and liabilities	N/A	N/A	24,288
Taxes (paid)/received	(48,729)	(624,701)	(535)
Tax provision	N/A	575,972	969,111
Net cash flow from operational activities	2,267,629	(1,904,337)	(1,166,543)
Distribution on liquidation of subsidiaries	N/A	N/A	N/A
Financial fixed assets – issued	(328,366,811)	(328,366,811)	(112,631,764)
Financial fixed assets – repaid	7,321,451,623	7,321,451,623	3,710,206,174
Interests received	N/A	495,748,486	302,451,735
Net cash flow from investment activities	6,993,084,812	7,488,833,298	3,900,026,145
Bonds issued	328,366,811	328,366,811	112,631,764
Bonds repaid	(7,321,498,443)	(7,321,498,443)	(3,710,135,676)
Dividend paid	(3,100,000)	(3,100,000)	(1,700,000)
Interest paid	N/A	(491,576,520)	(297,790,483)
Net cash flow from financing activities	(6,996,231,632)	(7,487,808,152)	(3,896,994,395)
Net cash flow	(879,191)	(879,191)	1,865,207
Cash balance as at 1 January	5,485,826	5,485,826	4,606,635
Cash balance as at 31 December	4,606,635	4,606,635	6,471,842
Net cash flow	(879,191)	(879,191)	1,865,207

Material adverse change:

There has been no material adverse change in the prospects of the Issuer or KBC Bank Group since 31 December 2016.

Significant change in financial or trading position:

Not applicable; there has been no significant change in the financial or trading position of the Issuer or KBC Bank Group since 30 June 2016.

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

B19/ Selected *Selected historical key financial information:*
B.12 historical key financial information / Material adverse change / Significant change in the financial or trading position:

Selected historical key financial information:
The tables below set out a summary of key financial information extracted from (i) the Guarantor's audited comprehensive income statements for each of the two years ended, and statements of financial position as at, 31 December 2014 and 31 December 2015 and (ii) the Guarantor's interim financial report for the six months ended on 30 June 2015 and for the six months ended on 30 June 2016 (unaudited):

Income Statement

Summary of consolidated profit and loss account data (in millions of EUR, IFRS)	FY 2014 (audited)	FY 2015 (audited)	HY 2015 (unaudited)	HY 2016 (unaudited)
Total income	5,734	6,145	3,302	3,118
Operating expenses	-3,311	-3,388	-1,810	-1,854
Impairment	-472	-650	-219	-55
Result after tax, group share	1,312	2,239	895	923

Statement of Financial Position

Summary of consolidated balance sheet data (in millions of EUR, IFRS)	31 December 2014 (audited)	31 December 2015 (audited)	30 June 2016 (unaudited)
Total assets	211,116	217,626	230,270
Parent shareholders' equity	11,676	11,888	11 890

Material adverse change:

There has been no material adverse change in the prospects of the Guarantor or KBC Bank Group since 31 December 2015.

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 2016.

3) Documents incorporated by reference

The section *Documents incorporated by reference* on page 97 of the Retail 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 2016, set out in the document “Unaudited semi-annual accounts as at 30 June 2016”;* and
- (e) *the unaudited financial statements of the Guarantor for the six months ended on 30 June 2016, set out in the document “Half-Year Report – 1H2016”;*

The sub-section *Specific items contained in “Documents Incorporated by Reference”* on page 98 of the Retail Base Prospectus shall be supplemented as follows:

*Unaudited Interim financial report of the Issuer for the half year ended 30 June 2016 **

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*Unaudited Interim financial report of the Guarantor for the half year ended 30 June 2016**

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The section “Report for the first six months of 2016” on pages 2 to 8 and the section “Other information” on pages 28 to 33 is not incorporated by reference.

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

The information incorporated by reference that is not included in the cross-reference list and is not explicitly excluded to be incorporated by reference 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. General

Save as disclosed in this Supplement N°1, there has been no significant new factor, material mistake or inaccuracy since 21 June 2016, the date of the publication of the Retail Base Prospectus.

Copies of this Supplement N°1 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.com² website.

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 Retail Base Prospectus, the statements in (a) above will prevail.

² <https://www.kbc.com/en/kbc-ifima>

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°1 was published, have the right to withdraw their acceptances within two working days after the publication of this Supplement N°1, namely up to and including 19 September 2016.

15 September 2016