



**KBC IFIMA S.A.**

*(Incorporated with limited liability in the Grand Duchy of Luxembourg)*

**Unconditionally and irrevocably guaranteed by KBC Bank NV**

*(Incorporated with limited liability in Belgium)*

**€10,000,000,000**

**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 2017 (the “**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 Euro Medium Term Note Programme during the period of twelve 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 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](http://www.bourse.lu)) and on the [www.kbc.com](http://www.kbc.com)<sup>1</sup> 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 2017 KBC Bank NV published its unaudited half year results of 2017 for the half year ending on 30 June 2017 in the document “*Half-Year Report – 1H2017*”. On 1 September 2017 KBC IFIMA S.A. published its unaudited half year results of 2017 for the half year ending on 30 June 2017 in the document “*Unaudited semi-annual accounts as at 30 June 2017*”.

In order to ensure that the information contained in the Base Prospectus is up-to-date as required by the Prospectus Directive and the Prospectus Law, the financial reports of the Issuer and Guarantor will be incorporated by reference in the Base Prospectus. A copy of these documents can be obtained from the

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<sup>1</sup> <https://www.kbc.com/en/kbc-ifima>

[www.kbc.com](http://www.kbc.com) website, from the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://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 Base Prospectus are amended as described below.

## 2) Summary of the Base Prospectus

(i) Item B.12 on page 3 and following of the Base Prospectus will be replaced as follows:

<b>B.12</b>	Selected historical key financial information / Material adverse change / Significant change in the financial or trading position:	<p><i>Selected historical key information:</i></p> <p>The tables below set out a summary of key financial information extracted from the Issuer’s financial statements (i) for the fiscal years ended on 31 December 2015 and 31 December 2016 the audited financial information and (ii) for the six months ended on 30 June 2017, the non-audited financial information prepared in accordance with generally accepted accounting principles applicable in the Grand Duchy of Luxembourg (“Luxembourg GAAP”).</p> <p><i>Income Statement</i></p> <table border="1"> <thead> <tr> <th></th> <th>2015 (EUR) prepared under Luxembourg GAAP (audited)</th> <th>2016 (EUR) prepared under Luxembourg GAAP (audited)</th> <th>HY 2016 (EUR) prepared under Luxembourg GAAP (unaudited)</th> <th>HY 2017 (EUR) prepared under Luxembourg GAAP (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Summary of profit and loss account</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gross margin and other income</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Total expenses</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Other external charges</td> <td>578,351</td> <td>367,470</td> <td>152,528</td> <td>92,663</td> </tr> <tr> <td>Staff costs</td> <td>151,636</td> <td>188,408</td> <td>94,264</td> <td>120,546</td> </tr> <tr> <td>Profit before taxation</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Corporation tax</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Income tax (includes all taxes applicable)</td> <td>990,577</td> <td>479,819</td> <td>406,156</td> <td>71,035</td> </tr> <tr> <td>Net profit for the year</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Profit for the financial year</td> <td>2,296,717</td> <td>1,107,928</td> <td>1,003,578</td> <td>312,814</td> </tr> </tbody> </table> <p><i>Statement of Financial Position</i></p>		2015 (EUR) prepared under Luxembourg GAAP (audited)	2016 (EUR) prepared under Luxembourg GAAP (audited)	HY 2016 (EUR) prepared under Luxembourg GAAP (unaudited)	HY 2017 (EUR) prepared under Luxembourg GAAP (unaudited)	Summary of profit and loss account					Gross margin and other income	N/A	N/A	N/A	N/A	Total expenses	N/A	N/A	N/A	N/A	Other external charges	578,351	367,470	152,528	92,663	Staff costs	151,636	188,408	94,264	120,546	Profit before taxation	N/A	N/A	N/A	N/A	Corporation tax	N/A	N/A	N/A	N/A	Income tax (includes all taxes applicable)	990,577	479,819	406,156	71,035	Net profit for the year	N/A	N/A	N/A	N/A	Profit for the financial year	2,296,717	1,107,928	1,003,578	312,814
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Summary of balance sheet				
Total Assets	6,630,556,146	4,118,851,117	4,967,664,731	2,795,283,904
Total bonds outstanding	N/A	N/A	N/A	N/A
Of which maturing within one year	N/A	N/A	N/A	N/A
Non subordinated debts – non convertible loans	6,607,854,248	4,088,813,841	4,936,724,579	2,767,718,177
Of which maturing within one year	2,536,174,843	1,803,537,635	975,940,615	486,183,761
Shareholders 'equity	N/A	N/A	N/A	N/A
Capital and reserves	11,302,721	20,650,114	20,545,765	20,426,646
Gross interest margin	N/A	N/A	N/A	N/A
Profit after tax	N/A	N/A	N/A	N/A
Solvency ratio	N/A	N/A	N/A	N/A
Dividends paid out of previous year's profits	1,700,000	2,181,881	2,181,881	536,281.72
<b><i>Cash flow statement</i></b>				
	2015 (EUR) prepared under	2016 (EUR) prepared under		

	Luxembourg GAAP (audited)	Luxembourg GAAP (audited)
Net profit	2,296,717	1,107,928
Adjustment for:		
Depreciation	N/A	N/A
Interest income/charges	(3,765,946)	(1,954,808)
Net amortisation on loans and bonds	(243,450)	(241,678)
Other provision	(215,209)	965
Other - adjustment	(231,519)	-
	<u>(2,159,407)</u>	<u>(1,087,593)</u>
Merger		10,421,347
Other advance		(18,013)
Change in other assets and liabilities accruals	N/A	N/A
Change in other assets and liabilities	24,288	(110,492)
Taxes (paid)/received	(535)	678,025
Tax provision	969,111	515,884
<b>Net cash flow from operational activities</b>	<b>(1,166,543)</b>	<b>10,399,158</b>
Distribution on liquidation of subsidiaries	N/A	N/A
Financial fixed assets – issued	(112,631,764)	(91,200,650)
Financial fixed assets – repaid	3,710,206,174	2,558,509,585
Interests received	302,451,735	177,378,562
<b>Net cash flow from investment activities</b>	<b>3,900,026,145</b>	<b>2,644,687,497</b>
Bonds issued	112,631,764	80,796,465
Bonds repaid	(3,710,135,676)	(2,558,356,950)
Dividend paid	(1,700,000)	(2,181,881)
Interest paid	(297,790,483)	(174,876,082)
<b>Net cash flow from financing activities</b>	<b>(3,896,994,395)</b>	<b>(2,654,618,448)</b>
<b>Net cash flow</b>	<b>1,865,207</b>	<b>468,208</b>

		Cash balance as at 1 January	4,606,635	6,471,842
		Cash balance as at 31 December	6,471,842	6,940,050
		<b>Net cash flow</b>	<b>1,865,207</b>	<b>468,208</b>
		<i>Material adverse change:</i> There has been no material adverse change in the prospects of the Issuer or KBC Bank Group since 31 December 2016.		
		<i>Significant change in financial or trading position:</i> Not applicable; there has been no significant change in the financial or trading position of the Issuer or KBC Bank Group since 30 June 2017.		

(ii) Item B19/B.12 on page 9 and following of the Base Prospectus will be replaced as follows:

<b>B19/ B.12</b>	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 (i) the Guarantor's audited comprehensive income statements for each of the two years ended, and statements of financial position at, 31 December 2015 and 31 December 2016 and (ii) the Guarantor's interim financial report for the six months ended on 30 June 2016 (non-audited) and 30 June 2017:			
		<b><i>Income Statement</i></b>			
	Summary of consolidated profit and loss account data (in millions of EUR, IFRS)	FY 2015 (audited)	FY 2016 (audited)	HY 2016 (unaudited)	HY 2017 (unaudited)
	Total income	6,145	6,240	3,118	3,368
	Operating expenses	- 3,388	- 3,399	- 1,854	- 1,893
	Impairment	-650	-145	- 55	67
	Result after tax, group share	2,239	2,026	923	1,187
	<b><i>Statement of Financial Position</i></b>				
	Summary of consolidated balance sheet data (in millions of EUR, IFRS)	FY 2015 (audited)	FY 2016 (audited)	HY 2016 (unaudited)	HY 2017 (unaudited)
	Total assets	217,626	239,333	230,270	260,522

		Parent shareholders' equity	11,888	12,568	11,890	13,344
		<p><i>Material adverse change:</i> There has been no material adverse change in the prospects of the Guarantor or KBC Bank Group since 31 December 2016.</p> <p><i>Significant change in the financial or trading position:</i> Not applicable, there has been no significant change in the financial or trading position of the Guarantor or KBC Bank Group since 30 June 2017.</p>				

### 3) Documents incorporated by reference

(i) The section *Documents incorporated by reference* on page 100 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 Base Prospectus:

- “ (c) *The unaudited financial statements of the Issuer for the six months ended on 30 June 2017, set out in the document “unaudited semi-annual accounts as at 30 June 2017”;* and
- (d) *The unaudited financial statements of the Guarantor for the six months ended on 30 June 2017, set out in the document “half-year report – 1H2017”;*

(ii) The sub-section *Specific items contained in “Documents Incorporated by Reference”* on page 101 of the Base Prospectus shall be supplemented as follows:

(a) *Unaudited Interim financial report of the Issuer for the half year ended 30 June 2017 (Luxembourg GAAP)\**

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(b) *Unaudited Interim financial report of the Guarantor for the half year ended 30 June 2017 (IFRS)\**

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\* 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.*

#### **4) Significant or Material Change**

The sub-section Significant or Material Change on page 400 of the Base Prospectus shall be deleted and replaced by the following paragraph:

“There has been:

(a) no significant change in the financial or trading position of the Issuer, the Guarantor or the KBC Bank Group since 30 June 2017; and

(b) no material adverse change in the prospects of the Issuer, the Guarantor or the KBC Bank Group since 31 December 2016.”

## **II. General**

Save as disclosed in this Supplement N°1, there has been no significant new factor, material mistake or inaccuracy since 21 June 2017, the date of the publication of the 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](http://www.bourse.lu) and (iii) on the [www.kbc.com](http://www.kbc.com)<sup>2</sup> 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 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 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 27 September 2017.

22 September 2017

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<sup>2</sup> <https://www.kbc.com/en/kbc-ifima>