

BASE PROSPECTUS SUPPLEMENT N°3
dated March 6, 2019



KBC IFIMA S.A.
(incorporated with limited liability in the Grand Duchy of Luxembourg)
€10,000,000,000
Euro Medium Term Note Programme
Unconditionally and irrevocably guaranteed by KBC Bank NV
(incorporated with limited liability in Belgium)

This base prospectus supplement n°3 (the “**Supplement N°3**”) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC (the “**Prospectus Directive**”) and Article 13 of the Luxembourg Law of 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Law**”) implementing the Prospectus Directive. The Supplement N°3 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 21 June 2018, as supplemented by the supplement n°1 dated 12 September 2018 and the supplement n°2 dated 27 September 2018 (together the “**Base Prospectus**”), prepared in connection with the €10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by KBC IFIMA S.A. (the “**Issuer**”) for the purpose of giving information with regard to the issue of Notes under the Programme. 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°3.

This Supplement N°3 has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* as competent authority under the Prospectus Directive. This Supplement N°3 will be published on the website of the Issuer (www.kbc.com) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer accepts responsibility for the information contained in this Supplement N°3. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement N°3 is in accordance with the facts and contains no omissions likely to affect its import.

In accordance with Article 13 (2) of the Luxembourg Law on Prospectuses for securities, investors who have already agreed to purchase or subscribe for the Securities before this Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be Friday 8 March 2019.

1. FALL-BACK PROVISIONS FOR INDEX LINKED NOTES

In order to take account of the entry into force of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, the Issuer wishes to introduce certain changes to the Base Prospectus. With effect from the date of this Supplement N°3, the sections of the Base Prospectus will therefore be amended as set out below.

1.1 Important information relating to the use of the Base Prospectus

The fifth paragraph entitled “Benchmark Regulation” on page ii of the Base Prospectus will be deemed to be deleted and replaced by the following:

“**BENCHMARK REGULATION** – Amounts payable under the Notes may be calculated by reference to certain reference rates, including the Euro Interbank Offered Rate (“**EURIBOR**”), the London Interbank Offered Rate (“**LIBOR**”) or the Norwegian Interbank Offered Rate (“**NIBOR**”), which are provided by the European Money Markets Institute (“**EMMI**”), the ICE Benchmark Administration Limited (“**ICE**”) and the Norske Finansielle Referanser AS (“**NoRe**”), respectively, or by reference to certain indices. Any such reference rate or index may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”). If any such reference rate or index does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the Benchmark Regulation. Not every reference rate or index will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator. As at the date of this Base Prospectus, EMMI and NoRe do not appear but ICE appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI and NoRe are not currently required to obtain authorisation or registration.”

1.2 Summary of the Base Prospectus

1.2.1 Element C.8

The fourth paragraph of sub-paragraph “Autocall Early Redemption” of Element C.8 (*Description of rights attached to the Notes, ranking and including limitations to those rights*) on page 14 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“[(For Index Linked Notes) [●], acting as the “Calculation Agent”, may deem a successor index to apply to the Notes if a successor sponsor announces the index or the index is replaced or if an Index Adjustment Event occurs. Further, if the index sponsor intends to modify, or has modified, the formula or methodology of the index or permanently cancels or fails to calculate the index or if an Index Adjustment Event occurs, then the Issuer may [(if the prohibition of sales to consumers in Belgium does not apply), subject to certain conditions] ask the Calculation Agent to determine if such event has a material effect on the Notes, in which case it will substitute the index with a replacement index or determine the index level based on the latest applicable formula or early redeem the Notes at their early redemption amount.] (If Correction of Index Levels applies) Subsequent corrections to published index levels may be taken into account for future determinations on the Notes.]”

1.2.2 Element C.15

- (a) The fourth paragraph of sub-section “Redemption” of Element C.15 ([Description of how the value of your investment is affected by the value of the Underlying Assets]) on page 24 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“[If the prohibition of sales to consumers in Belgium is specified as applicable, if redeemed as a result of an illegality[,][or] a Tax Redemption [,][or] an Index Adjustment Event[,][or] a de-listing, merger event, nationalisation and insolvency] [,][or] a tender offer] [,][or] a currency disruption event][,][or] an Additional Disruption Event][,][or] a Specified Currency Disruption Event], the Notes shall redeem at [[●][an amount in the specified currency equal to [●] per cent. of its nominal amount][, together with accrued interest]][their fair market value. The fair market value is determined by the Calculation Agent [and includes accrued interest], but is adjusted to fully account for losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any hedging and funding arrangements.]”

- (b) The fifth paragraph of sub-section “Redemption” of Element C.15 ([Description of how the value of your investment is affected by the value of the Underlying Assets]) on page 25 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“[If the prohibition of sales to consumers in Belgium is specified as not applicable, if redeemed as a result of an illegality[,][or] an Index Adjustment Event][,][or] a de-listing, merger event, nationalisation and insolvency] [,][or] a tender offer] [,][or] a currency disruption event][,][or] an Additional Disruption Event][,][or] a Specified Currency Disruption Event], the Notes shall redeem at [the choice of the Noteholder at, (a) the fair market value or (b) the amount which is the product of (i) the market value of the savings component and the derivative component, where account is taken of the accrued unpaid interest and (ii) the nth power of the sum of 1 and the funding rate from that date until maturity (whereby n equals the remaining maturity expressed in years), or by default, the fair market value][the fair market value][the higher of the fair market value or the nominal amount], in each case, without any costs being charged for such termination and with a pro rata refund to the Noteholder of the costs initially paid by the Noteholders to the Issuer. In case of an early redemption due to a force majeure, the Notes shall redeem at the fair market value, without any costs being charged for such early termination.]”

1.2.3 Element D.6

Indent (d) of the first paragraph of Element D.6 (*Risk warning that investors may lose value of entire investment*) on page 29 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“(d) Risks associated with investing in the Notes include, without limitation, [(i)] [risk of disruption to valuations], [(ii)] [adjustment to the conditions, substitution of the relevant index and/or early redemption following an adjustment event or an illegality], [(iii)] [postponement of interest payments] [and/or] minimum [and]/[or] maximum limits imposed on interest rates, (iv) cancellation or scaling back of offers to the public or the issue date being deferred, [(v)] [hedging activities of the Issuer and/or any of its affiliates], [(vi)] conflicts of interest between the Issuer and/or any of its affiliates and holders of Notes, [(vii)] modification of the terms and conditions of Notes by majority votes binding all holders, [(viii)] change and interpretation of law, [(ix)] illiquidity of denominations consisting of integral multiples, [(x)] payments being subject to withholding or other taxes, [(xi)] fees and commissions not being taken into account when determining secondary market prices of Notes, [(xii)] there being no secondary market, [(xiii)] [exchange rate risk], [(xiv)] general risks relating to Credit Linked Notes, such as the variation of the Reference Entities as the result of the determination of one or more successor Reference Entities and factors influencing the risk of a credit event occurring and the event of losses following the occurrence of a credit event], [(xv)] market value of Notes being affected by various factors independent of the creditworthiness of the Issuer or the Guarantor [including] [the occurrence of a credit event in respect of the Notes] [and] [credit risk in respect of the Reference Entities and obligations of such Reference Entity], [(xvi)] credit ratings not reflecting all risks] [and] [(xvii)] [the regulation and reform of benchmarks adversely affecting the value of Notes linked to or referencing such benchmarks].”

1.3 Risk Factors

1.3.1 Risk factor 5.1(iv)

Risk factor 5.1(iv) (*Exposure to Index adjustments and correction of Index Levels*) in the sub-section “Risk Factors relating to the Notes” of the section “Risk Factors” on page 72 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original index with another and/or to cause early redemption of the Notes, any of which may be adverse to Noteholders in connection with an Index Adjustment Event (which shall include Index Modification, Index Cancellation, Index Disruption or Administrator/Benchmark Event). The Calculation Agent may determine that the consequence of any such event is to replace such Index or the value of such Index with another, to make calculations and/or adjustments to the Notes or to cause early redemption of the Notes. The Calculation Agent may (subject to the terms and conditions of the relevant Notes) also amend the relevant Reference Price (being the level of the Index) due to corrections in the level reported by the Index Sponsor.

If the prohibition of sales to consumers in Belgium is specified as not applicable in the applicable Final Terms, adjustments and modifications shall be subject to the conditions set out in Condition 6(b)(v).”

1.3.2 Risk factor 9.7

- (a) The sixth paragraph of risk factor 9.7 (*Risks related to using benchmarks to determine the value of or amounts payable under the Notes*) in the sub-section “Risk Factors relating to the Notes” of the section “Risk Factors” on page 103 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“The Conditions provide for certain fall-back arrangements for floating rate interest in the event that a published Benchmark Reference Rate, such as LIBOR, (including any page on which such Benchmark Reference Rate may be published (or any successor service)) becomes unavailable. The Issuer may, after appointing and consulting with an Independent Adviser, determine a Successor Rate or Alternative Reference Rate to be used in place of the relevant Benchmark Reference Rate where that relevant Benchmark has been selected as the Reference Rate to determine the Rate of Interest. The use of any such Successor Rate or Alternative Reference Rate to determine the Rate of Interest may result in Notes linked to or referencing the relevant Benchmark Reference Rate performing differently (including paying a lower Rate of Interest) than they would do if the relevant Benchmark Reference Rate were to continue to apply in its current form.”

- (b) The following paragraph will be added at the end of risk factor 9.7 (*Risks related to using benchmarks to determine the value of or amounts payable under the Notes*) in the sub-section “Risk Factors relating to the Notes” of the section “Risk Factors” on page 104 of the Base Prospectus:

“The Conditions also provide for certain fall-back arrangements for Index Linked Notes in the event that an Index Adjustment Event (which shall include Index Modification, Index Cancellation, Index Disruption or Administrator/Benchmark Event) occurs. See risk factor “*Index Linked Notes*” above.”

1.4 Terms and Conditions of the Notes

The amendments in relation to the terms and conditions of the securities shall only apply to final terms, the date of which falls on or after the approval of this Supplement.

1.4.1 Condition 5

- (a) The last paragraph of Condition 5(f) (*Illegality*) of section “Terms and Conditions of the Notes” on page 219 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“Paragraph (f)b. shall not apply if the Prohibition of sales to consumers in Belgium is specified as not applicable in the applicable Final Terms.”

- (b) The following new paragraph will be inserted below paragraph (j) as paragraph (k) in Condition 5 (*Redemption and Purchase*) of section “Terms and Conditions of the Notes” on page 220 of the Base Prospectus:

“(k) (*Conditions for Adjustments and early redemptions*)

If the Prohibition of sales to consumers in Belgium is specified as not applicable in the applicable Final Terms, adjustments and modifications pursuant to this Condition 5 cannot relate to an essential feature of the Notes and the Notes cannot be early redeemed by the Issuer, other than, in each case, if a force majeure or an event occurs which significantly alters the economics of the contract as initially agreed between the parties and for which the Issuer is not accountable. In addition, any such adjustment or modification may not create a significant imbalance between the rights and obligations of the parties to the detriment of the Noteholder and the Issuer may not charge costs to the Noteholder for any such adjustment or modification.”

1.4.2 Condition 6

- (a) Condition 6(b)(ii) (*Modification and Cessation of Calculation of an Index*) of section “Terms and Conditions of the Notes” on page 221 of the Base Prospectus will be deemed to be deleted and replaced by the following:

“(ii) (*Occurrence of an Index Adjustment Event*)

If, on or prior to a Valuation Date, an Index Adjustment Event occurs, then the Issuer shall require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, then the Issuer may, in accordance with Condition 6 (*Cancellation and Adjustments*), require the Calculation Agent to:

- (a) substitute that Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of that Index and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution; or
- (b) if the Calculation Agent is unable to substitute the Index in accordance with paragraph (a) above, calculate the Reference Price in relation to any Valuation Date using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event.

If the Issuer is unable to either select a substitute Index in accordance with paragraph (a) above or calculate the Reference Price in accordance with paragraph (b) above or determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution, or is able to do so but determines, in its discretion, (i) that such substitution or adjustment would not achieve a commercially reasonable result for either the Issuer or the Noteholders or (ii) is or would be unlawful at any time under any applicable law or regulation or would contravene any applicable licensing requirements for the Issuer, the Calculation Agent or any other entity to perform the calculations required in respect of the Notes (or it would be unlawful or would contravene those licensing requirements were a calculation to be made at such time), then the Issuer may give

notice to the Noteholders in accordance with Condition 18 (*Notices*) and redeem all, but not some only, of the Index Linked Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

The Issuer shall not have any duty to monitor, enquire or satisfy itself as to whether any Index Adjustment Event has occurred. If the Noteholders provide the Issuer with details of the circumstances which could constitute an Index Adjustment Event, the Issuer will consider such notice, but will not be obliged to determine that an Index Adjustment Event has occurred solely as a result of receipt of such notice.”

- (b) The following new definition will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 223 of the Base Prospectus before the definition of “Averaging Payment”:

“**Administrator/Benchmark Event**” means the occurrence of a Non-Approval Event, a Rejection Event or a Suspension/Withdrawal Event.”

- (c) The following new definitions will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 224 of the Base Prospectus before the definition of “Index Linked Notes”:

“**Index Adjustment Event**” means, in respect of an Index, any of an Index Modification, an Index Cancellation, an Index Disruption and an Administrator/Benchmark Event.

“**Index Cancellation**” means the relevant Index Sponsor, on or prior to a Valuation Date, permanently cancels the Index and no Successor Index exists as at the date of such cancellation.

“**Index Disruption**” means, on a Valuation Date, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index.”

- (d) The following new definition will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 224 of the Base Prospectus before the definition of “Index Sponsor”:

“**Index Modification**” means the relevant Index Sponsor, on or prior to a Valuation Date, makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events).”

- (e) The following new definition will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 227 of the Base Prospectus before the definition of “Reference Price”:

“**Non-Approval Event**” means, in respect of an Index, the determination by the Issuer that one or more of the following events has occurred:

- (a) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Index or the administrator or sponsor of the Index is not obtained;

- (b) the Index or the administrator or sponsor of the Index is not included in an official register; or
- (c) the Index or the administrator or sponsor of the Index does not fulfil any legal or regulatory requirement applicable to the Index Linked Notes, the Issuer or the Calculation Agent or the Index,

in each case, as required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations under the Index Linked Notes. For the avoidance of doubt, a Non-Approval Event shall not occur if the Index or the administrator or sponsor of the Index is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Index is permitted in respect of the Index Linked Notes under the applicable law or regulation during the period of such suspension or withdrawal.”

- (d) The following new definition will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 227 of the Base Prospectus before the definition of “Related Exchange”:

“**Rejection Event**” means, in respect of an Index, the determination by the Issuer that the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Index or the administrator of the Index under any applicable law or regulation for the Issuer, the Calculation Agent to perform or any other entity to perform its or their respective obligations under the Index Linked Notes.”

- (e) The following new definition will be inserted in Condition 6(d) (*Definitions applicable to Index Linked Notes*) of section “Terms and Conditions of the Notes” on page 228 of the Base Prospectus before the definition of “Valid Date”:

“**Suspension/Withdrawal Event**” means, in respect of the Index, the determination by the Issuer that one or more of the following events has occurred:

- (a) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Index or the administrator or sponsor of the Index which is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations under the Index Linked Notes; or
- (b) the Index or the administrator or sponsor of the Index is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations under the Index Linked Notes.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Index is permitted in respect of the Index Linked Notes under the applicable law or regulation during the period of such suspension or withdrawal.”

2. GENERAL

Save as disclosed in this Supplement N°3, there has been no significant new factor, material mistake or inaccuracy since 27 September 2018, being the date of publication of the supplement n°2.

Copies of this Supplement N°3 will be available (i) without charge at the specified office of the Issuer, (ii) on the website of the Issuer (www.kbc.com) and (iii) on the website of the Luxembourg Stock Exchange (www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement N°3 and (b) any statement in, or incorporated by reference into, the Base Prospectus, the statement in this Supplement N°3 will prevail.

Date: 6 March 2019

Name:
Title: authorised signatory
on behalf of KBC IFIMA S.A.

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Title: authorised signatory
on behalf of KBC IFIMA S.A.