Key Information Document

Purpose
This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Name of the Product:
3 year KBC IFIMA S.A. (LUX) structured bond in USD with a variable interest rate

ISIN: XS1860186300
Manufacturer of the product: KBC IFIMA S.A.
Contact: KBC Bank acting on behalf of KBC Ifima SA (PRIIP-Developer) https://www.kbc.com/en/contacts-and-head-office - call 0800 62 084 for more information
Competent Authority: Commission de Surveillance du Secteur Financier (CSSF)
Date of production of the KID: 30 July 2018

Alert: You are about to purchase a product that is complex and may be difficult to understand.

What is this product?

Type
The 3-year, variable-rate KBC IFIMA S.A. (LUX) Structured Bond in USD is a transferable debt instrument under English law.

Objectives
An investment in this product is made in expectation of an increase in the USD 3-month LIBOR.

How is the coupon calculated?
Each quarter and for each denomination, you are entitled to a variable coupon that is linked to the USD 3-month LIBOR, i.e. the three-month interbank reference rate. The variable coupon is equal to the USD 3-month LIBOR, with a minimum of 2.50% (gross) per year. These coupons are payable each quarter on 6 December, 6 March, 6 June and 6 September, each year, starting from 6 December 2018 until the maturity date.
The level of the USD 3-month LIBOR is set two banking days before the interest period starts.

Interest periods:

	Date interest period starts	Date interest period ends
1	6 September 2018	6 December 2018
2	6 December 2018	6 March 2019
3	6 March 2019	6 June 2019
4	6 June 2019	6 September 2019
5	6 September 2019	6 December 2019
6	6 December 2019	6 March 2020
7	6 March 2020	8 June 2020
8	8 June 2020	8 September 2020
9	8 September 2020	7 December 2020
10	7 December 2020	8 March 2021
11	8 March 2021	7 June 2021
12	7 June 2021	7 September 2021

Product details:

Repayment	100,00%
Issue price	100.75%
Denominations	2 000 USD
Issue date	6 September 2018
Maturity date	6 September 2021
Interest payment dates	Payable every three months on 6 December, 6 March, 6 June, and 6 September each year, starting from 6 December 2018 until the maturity date.

At maturity, you are entitled to redemption at 100,00% of the invested amount in USD, namely 2 000 USD per denomination.

If certain unexpected circumstances occur as set out in the prospectus, adjustments may be made to the product and/or the developer may terminate it before maturity.

Intended retail investor
This product is intended specifically for investors who are interested in receiving a fixed minimum return, but also a potentially higher return, while still being able to redeem all their money at maturity. Investors will not be able to access the portion of their assets invested in this product for three years. They must also be familiar with underlying interest rate applying to this complex product.

What are the risks and what could I get in return?

Risk indicator

1	2	3	4	5	6	7

The risk indicator assumes you keep the product until the maturity date. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to cash in early. You may have to pay significant extra costs to cash in early.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 1 out of 7, which is 1 the lowest risk class. This rates the potential losses from future performance at a very low level, and poor market conditions are very unlikely to impact our capacity to pay you.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

You are entitled to receive back at least 100,00% of your capital and a coupon and a coupon of at least 2.50% (gross). Any amount over this, and any additional return, depends on future market performance and is uncertain.

This protection against future performance does not apply if you sell your investment before maturity.

If we are not able to pay you what is owed, you could lose your entire investment.

Performance scenarios

Investment USD 10 000 Scenarios		1 year	2 years	3 years (Maturity date 5 July 2021)
Stress scenario	**What you might get back after costs**	**USD 10.287**	**USD 10.478**	**USD 10.671**
	Average return each year	2,87%	2,39%	2,24%
Unfavourable scenario	**What you might get back after costs**	**USD 10.458**	**USD 10.863**	**USD 11.156**
	Average return each year	4,58%	4,32%	3,85%
Moderate scenario	**What you might get back after costs**	**USD 10.585**	**USD 11.052**	**USD 11.355**
	Average return each year	5,85%	5,5.26%	4,52%
Favourable scenario	**What you might get back after costs**	**USD 10.732**	**USD 11.284**	**USD 11.586**
	Average return each year	7,32%	6,42%	5,29%

This table shows the money you could get back during the next three years, under different scenarios, assuming that you invest 10 000 USD.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your adviser or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before maturity. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your adviser or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if KBC IFIMA S.A. is unable to pay out?

The obligations of KBC IFIMA S.A. are guaranteed integrally, irrevocably and unconditionally by KBC Bank NV. Redemption and interest payments depend on the solvency of KBC IFIMA S.A. (the developer) and KBC Bank NV (the guarantor). Investors may lose some or all of their investment and the interest earned in the event of the bankruptcy, or risk of bankruptcy, of the developer or the guarantor, or in the event of a bail-in. If there is a bail-in, the regulator may decide that, should the KBC Bank Group (i.e. KBC Bank NV and its subsidiaries) go bankrupt or there is a risk of bankruptcy, the bonds could be written off in full or in part, or converted into capital instruments (i.e. shares).

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest 10 000 USD. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment of 10 000 USD Scenarios	If you cash in after 1 year	If you cash in after 2 years	If you cash in at maturity
Total costs	**USD 175**	**USD 275**	**USD 375**
Impact on return (RIY) per year	1,75 % (max)	1,38% (max)	1,25% (max)

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	**Entry costs**	0,25%	The impact of the costs already included in the price.
	Exit costs	0,00%	The impact of the costs of exiting your investment when it matures
Ongoing costs	**Portfolio transaction costs**	0,0%	The impact of the costs that we take each year for managing your investments
	Other ongoing cost	1,00%(max)	The impact of costs of us buying and selling underlying investments for the product.
Incidental costs	**Performance fees**	0,00%	The impact of performance fee. We take these from you investment if the product outperforms its benchmarkt.
	Carried interests	0,00%	The imapct of carried interest.

How long should I hold it and can I take money out early?

Recommended holding period: until the maturity date

Recommended holding period: three years (corresponds to the maturity date of the product).
Due to the capital guarantee at maturity, you are advised to hold this product until it reaches maturity.

It could be that investors are not able to sell their bonds before maturity. However, if it is possible to sell the bonds, this will be done at the price determined by KBC Bank NV, which can act as the counterparty. KBC Bank NV does not undertake to systematically buy back the bonds.

If the bonds are sold before maturity, exit charges will be payable as set out in the table under 'What are the costs?'

How can I complain?

Any complaints regarding the person selling you or advising you about this product can be submitted directly to him/her. You can submit any complaints you may have about this product by e-mail to complaints@kbc.be or gestiondesplaintes@cbc.be, by telephone on 0800 62 084 (KBC) or 02 547 12 14 (CBC), or by e-mail to ombudsman@ombudsfin.be. You can also write to KBC Complaints Management, Brusselsesteenweg 100, 3000 Leuven. The full complaints procedure is provided at https://www.kbc.be/retail/en/contact/suggestions-or-complaints.html or www.cbc.be.

Other relevant information

Investors seeking detailed information on the risk factors or the sales restrictions should carefully read the Medium Term Note Programme base prospectus (21 June 2018) and the Final Terms (30 July 2018). These documents are available from your KBC branch and at https://www.kbc.com/en/kbc-ifima .