

KBC IFIMA S.A.
R.C.S. Luxembourg B 193 577
4 Rue du Fort Wallis
L – 2714 Luxembourg
Unaudited semi-annual accounts as at
30 June 2018

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Management report of the Board of Directors
dated 30/06/2018

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2018 to 30 June 2018. In accordance with the law and our articles of association, we hereby submit the accounts for your information. The annual accounts are presented in Euros.

2. The Company recorded a result of EUR 230 626.
Total assets amounted to EUR 2 310 292 777 as at 30 June 2018, compared with EUR 2 355 017 439 as at 31 December 2017.

The financial assets are composed by:
 - loans to affiliated undertakings: EUR 2 263 362 431
 - structured deposits to affiliated undertakings: EUR 6 327 532
 - accrued interests: EUR 29 566 007
The cash at bank amounts to EUR 4 281 126

3. Risks and uncertainties facing the Company:

The Company is actively managing risk on its existing portfolio by ensuring that the entity maintains a market risk neutral position. These risks are overseen by an independent risk management function and a risk committee which are in turn overseen by the risk management function, committees and audit functions at KBC Bank NV level, in accordance with outsourcing agreements taken out by the Company.

4. Activities in research and development, as provided for by law, are not applicable to the Company.

5. The Company did not purchase any of its own shares.

6. The Company has no branch offices.

7. A new activity has been launched in 2017. This new business line, called tRACER, uses KBC IFIMA S.A. as a vehicle of warrants issuance. The first item has been issued in December 2017.

8. A dividend of EUR 971 987 has been paid on 18 June 2018.
9. No subsequent event has occurred since 30 June 2018.
10. The Company is included in the consolidated accounts drawn up by the KBC Group.

Luxembourg, 24 July 2018

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL

KBC IFIMA SA
4, Rue du Fort Wallis
L-2714 Luxembourg

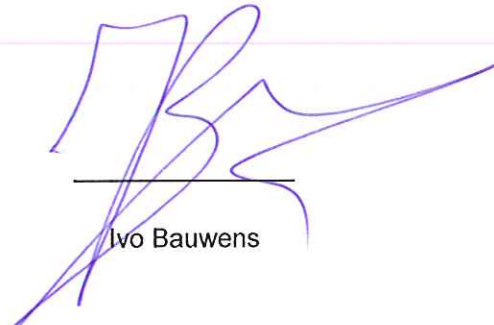
(the "Company")

R.C.S. Luxembourg N° B 193 577

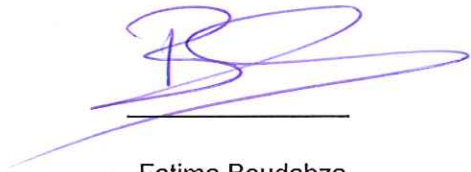
Directors' statement of responsibility

The Directors hereby confirm that the statements made by the persons responsible within the Company, to the best of their knowledge, the annual accounts prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that we face.

Luxembourg, 24 July 2018



Ivo Bauwens



Fatima Boudabza

KBC IFIMA S.A.
Société Anonyme

Balance sheet as at 30 June 2018

<u>ASSETS</u>	<u>Notes</u>	<u>30/06/2018</u>	<u>31/12/2017</u>
		EUR	EUR
A. Subscribed capital unpaid			
I. Subscribed capital not called			
II. Subscribed capital called but unpaid			
B. Formation expenses			
C. Fixed assets		1 380 965 617	1 280 705 176
I. Intangible assets			
1. Costs of development			
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration			
b) created by the undertaking itself			
3. Goodwill, to the extent that it was acquired for valuable consideration			
4. Payments on account and intangible assets under development			
II. Tangible assets			
1. Land and buildings			
2. Plant and machinery			
3. Other fixtures and fittings, tools and equipment			
4. Payments on account and tangible assets in the course of construction			
III. Financial assets		1 380 965 617	1 280 705 176
1. Shares in affiliated undertakings			
2. Loans to affiliated undertakings	Note 3	1 380 965 617	1 280 705 176
3. Participation interest			
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests			
5. Investments held as fixed assets			
6. Other loans			
D. Current assets		922 323 139	1 067 536 227
I. Stocks			
1. Raw materials and consumables			
2. Work in progress			
3. Finished goods and goods for resale			
4. Payments on account			
II. Debtors		918 042 013	1 062 507 827
1. Trade debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
2. Amounts owed by affiliated undertakings	Note 3	918 042 013	1 062 507 827
a) becoming due and payable within one year		918 042 013	1 062 507 827
b) becoming due and payable after more than one year			
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Other debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
III. Investments			
1. Shares in affiliated undertakings			
2. Own shares			
3. Other investments			
IV. Cash at bank and in hand		4 281 126	5 028 400
E. Prepayments		7 004 021	6 776 036
TOTAL ASSETS		2 310 292 777	2 355 017 439

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
Société Anonyme

Balance sheet as at 30 June 2018

<u>Capital, reserves and liabilities</u>	<u>Notes</u>	30/06/2018	31/12/2017
		EUR	EUR
A. Capital and reserves	<i>Note 4</i>	11 878 588	12 619 949
I. Subscribed capital		10 296 266	10 296 266
II. Share premium account		0	0
III. Revaluation reserves			
IV. Reserves		1 351 696	968 460
1. Legal reserve		237 992	170 231
2. Reserve for own shares			
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve		1 113 704	798 229
a) other available reserves			
b) other non available reserves		1 113 704	798 229
V. Profit or loss brought forward			
VI. Profit or loss for the financial year		230 626	1 355 223
VII. Interim dividends			
VIII. Capital investment subsidies			
B. Provisions		722 209	1 098 019
1. Provisions for pensions and similar obligations			
2. Provisions for taxation	<i>Note 5</i>	569 193	956 201
3. Other provisions		153 016	141 818
C. Creditors		2 292 246 983	2 335 425 251
1. Debenture loans		2 292 238 426	2 335 419 177
a) Convertible loans			
i. becoming due and payable within one year			
ii. becoming due and payable after more than one year			
b) Non convertible loans		2 292 238 426	2 335 419 177
i. becoming due and payable within one year	<i>Note 6</i>	911 272 809	1 054 714 001
ii. becoming due and payable after more than one year	<i>Note 6</i>	1 380 965 617	1 280 705 176
2. Amounts owed to credit institutions			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
3. Payments received on account of orders as far as they are shown separately as deductions from stocks			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Trade creditors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
5. Bills of exchange payable			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
8. Other creditors		8 557	6 073
a) Tax authorities			
b) Social security authorities		6 512	4 027
c) Other creditors		2 046	2 047
i. becoming due and payable within one year		2 046	2 047
ii. becoming due and payable after more than one year			
D. Deferred income		5 444 997	5 874 220
TOTAL CAPITAL, RESERVES AND LIABILITIES		2 310 292 777	2 355 017 439

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
Société Anonyme

Profit and Loss account as at 30 June 2018

	<u>Notes</u>	30/06/2018 EUR	31/12/2017 EUR
1. Net turnover			
2. Variation in stocks of finished goods and in work in progress			
3. Work performed by the undertaking for its own purposes and capitalised			
4. Other operating income			
5. Raw materials and consumables and other external expenses		-149 356	-158 103
a) Raw materials and consumables			
b) Other external expenses	Note 7	-149 356	-158 103
6. Staff costs	Note 8	-126 800	-224 247
a) Wages and salaries		-99 588	-182 309
b) Social security costs		-23 310	-32 983
i) relating to pensions		-8 949	-8 573
ii) other social security costs		-14 361	-24 410
c) Other staff costs		-3 902	-8 955
7. Value adjustments			
a) in respect of formation expenses and of tangible and intangible fixed assets			
b) in respect of current assets			
8. Other operating expenses			
9. Income from participating interests			
a) derived from affiliated undertakings			
b) other income from participating interests			
10. Income from other investments and loans forming part of the fixed assets		27 676 338	73 366 821
a) derived from affiliated undertakings	Note 9	27 676 338	73 366 821
b) other income not included under a)			
11. Other interest receivable and similar income		11 650	58 734
a) derived from affiliated undertakings			
b) other interest and similar income	Note 10	11 650	58 734
12. Share of profit or loss of undertakings accounted for under the equity method			
13. Value adjustments in respect of financial assets and of investments held as current assets			
14. Interest payable and similar expenses		-27 101 729	-71 261 133
a) concerning affiliated undertakings			
b) other interest and similar expenses	Note 9	-27 101 729	-71 261 133
15. Tax on profit or loss		-79 476	-426 849
16. Profit or loss after taxation		230 625	1 355 223
17. Other taxes not shown under items 1 to 16			
18. Profit or loss for the financial year		230 625	1 355 223

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
Société Anonyme

Notes to the annual accounts
As at 30 June 2018

Note 1 – General information

KBC IFIMA S.A. ("The Company") is a wholly-owned subsidiary of KBC Bank NV, Brussels. The Company carried out a cross-border transfer of its legal seat from The Netherlands to Luxembourg, effective at midnight on 31 December 2014. At the same time, the name of the Company was changed to KBC IFIMA S.A. (previous name: KBC International Financieringsmaatschappij n.v.).

The registered office of the Company is established in 4, rue du Fort Wallis, L-2714 Luxembourg.

The activities of the Company remain unchanged after the transfer of legal seat.

KBC IFIMA S.A. was incorporated on 15 April 1982 as a "société anonyme".

The Company is established for an unlimited period.

The accounting year of the Company begins on the 1st January of each year and terminates on the 31st December of the same year.

The purpose of KBC IFIMA S.A. was the issue of bonds and on-lending the proceeds to KBC Bank NV. The principal activity of the company consists of the administration of the bonds and warrants issued and the loans made. The bonds issued by the company are fully guaranteed by KBC Bank NV.

The annual accounts of the Company are fully consolidated in the consolidated accounts of KBC Bank NV Brussels Group accounts and consolidated management report are available at its head office Haavenlan 2, B – 1080 Brussels.

As at 28 June 2016, the Sole Shareholder approves the merger (the "Merger") by acquisition between KBC IFIMA S.A. (the acquiring company) and KBC FINANCIAL PRODUCTS INTERNATIONAL S.A., a société anonyme, incorporated under the laws of Luxembourg (formerly a Cayman company named KBC Financial Products International Limited.) having its registered office at 5, Place de la gare, L-1616 Luxembourg and registered with the Luxembourg trade and companies register under number B 184.148, incorporated by a deed enacted by Maitre Francis KESSELER, notary residing in Esch-sur-Alzette, on 31 December 2013, published in the Memorial, Recueil des Sociétés et Associations number 810 of 29 March 2014 ("KBC FPI" and together with the Company the "Merging Companies") as the acquired company.

A new activity has been launched in 2017. This new business line, called tRACER, uses KBC IFIMA S.A. as a vehicle of warrants issuance. The first item has been issued in December 2017.

Note 2 – Summary of significant accounting policies

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting policies are as follows:

a) Foreign currency translation

Annual accounts are expressed in EUR.

Transactions, income and charges denominated in currencies other than Euro are translated at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities items denominated in currencies other than Euro are translated in Euro at exchange rate prevailing as at the date of the balance sheet. Realized exchange gains and losses and unrealized exchange gains and losses are recorded in the profit and loss account.

Non-monetary assets and liabilities items denominated in currencies other than Euro are translated in Euro at the exchange rate prevailing at the date of the balance sheet. Realized gains or losses and realized losses are recorded in the profit and loss account while the unrealized exchange gains are not recorded.

b) Financial assets: Notional amount

Loans are recorded on the assets side of the balance sheet at the lowest amount between their repayment value and their estimated fair value. Value adjustments are only taken into consideration when, according to the Board of Directors, the depreciation is deemed permanent.

c) Non-convertible bonds

Non-convertible bonds are recorded on the liabilities side of the balance sheet at the repayment value. The bonds are issued on the EURO-MTF market in the Luxembourg Stock Exchange.

d) Premiums on loans

The premiums related to these loans (i.e. the difference between the issue price and the repayment value) are booked in the caption "deferred income" in liabilities. These premiums are taken to financial income on the duration of the loans.

Some of these contracts can be subject to an early redemption.

e) Discounts on non-convertible bonds

The discounts related to these non-convertible bonds (i.e. the difference between the issue price and the repayment value) are booked in the caption "prepayments". These discounts are taken to financial expenses on the duration of the non-convertible loans.

f) Income and expenses recognition

Interest income and expenses are recorded on an accrual basis.

g) Taxes

Taxes are charged to the profit and loss account on an accrual basis and not in the year in which the payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessment has been issued by the tax authorities.

h) Derivatives financial instruments

The Company may enter into financial instruments such as options, swaps, futures or foreign exchange contracts.

In the case of hedging of an asset or a liability which is not recorded at fair value, unrealized gains or losses are deferred until recognition of the realized gains or losses on the hedged item.

Commitments relating to options/swaps/futures/warrants/foreign exchange contracts transactions are recorded in the off-balance sheet accounts.

Note 3 – Financial assets

The caption relates to the loans granted by the Company to its parents and is composed

- Long term loans: EUR 1 380 965 617 (2017: EUR 1 280 705 176)
- Short term loans: EUR 882 396 814 (2017: EUR 1 037 368 471)
- Short term bank deposits: EUR 6 327 532 with a maturity date of 30 July 2018
- Accrued interest on loans: EUR 29 317 821 (2017: EUR 17 605 550)
- Accrued interest on deposit: negative amount of EUR 155 (2017: EUR 178 049)
- Other accrued interest : EUR 248 341 (2017 : EUR 49 479)

Note 4 – Capital and reserves

	Subscribed capital	Share premium and similar premiums	Legal reserve	Reserve IF 2017	Profit or loss brought forward	Result of the financial year
31/12/2017	10 296 266	0	170 231	798 229	0	1 355 223
AGM 31/05/2018			67 761	315 475		-383 236
Dividend 2017					0	-971 987
Result 2018						230 626
30/06/2018	10 296 266	0	237 992	1 113 704	0	230 626

Subscribed capital

As of 30 June 2018 the subscribed share capital is set at EUR 10 296 266 divided into 22 679 shares with a par value of EUR 454 each.

Reserve

As per the General Meeting of Shareholder held on 31 May 2018, it has been decided to allocate an amount of EUR 315 475 to a five-year net wealth tax reserve from the 'result brought forward' account.

Note 5 – Taxes and social security debts – tax debts

Since the Company is registered in Luxembourg, the Company is subject to all taxes applicable to a fully taxable company in Luxembourg.

There is no Net Wealth Tax (NWT) in 2017. Indeed it is possible to reduce this tax by creating a net wealth tax reserve provided the CIT is high enough and such reserve is constituted before 31 December 2018. This special reserve for NWT reduction must be equal to five times the NWT. The amount transferred to reserve is EUR 315 475.

Note 6 – Non-subordinated debts - Non convertible loans

The caption relates to notes issued by the Company and is composed of:

- Long term notes: EUR 1 380 965 617 (2017: EUR 1 280 705 176)
- Short term notes: EUR 882 390 818 (2017: EUR 1 037 356 936)
- Accrued interests: EUR 28 881 991 (2017: EUR 17 357 062)

Note 7 – Other external charges

The Company and its affiliated provide to each other certain support and other services for which they compensated each other on a monthly basis pursuant to service agreements.

	30/06/2018	31/12/2017
Intra group charges	35 849	42 974
External charges	113 507	115 129
Total	149 356	158 103

Note 8 – Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The Company has 3 full time employees on 30 June 2018. The Directors did not receive any remuneration for the year ended.

	30/06/2018	31/12/2017
Salaries and wages	99 588	182 309
Social security on salaries and wages	14 361	24 410
Pensions	8 949	8 573
Other social costs	3 902	8 955
TOTAL	126 800	224 248

Note 9 – Interest income and expense

Income from fixed interest investments results from a fixed interest deposit placed with KBC Bank NV. The interest receivable income results from the loans granted by the KBC IFIMA to KBC Bank NV, Brussels, Belgium. The interest expense relates to bonds issued.

	30/06/2018	31/12/2017
Interest income from:	27 676 338	73 366 821
fixed interest deposit	24 300	182 339
granted loans	27 652 038	73 184 482
Interest expenses from:	27 038 729	71 261 133
bonds related	27 038 729	71 261 133

Note 10 – Other interest and other financial income

Prescribed coupons can be divided between coupons and mantels (nominal amounts) repaid to the issuer by the paying agent. Coupons are repaid 5 years after due date and nominal amounts 10 years after due date.

As at 30 June 2018 an amount of EUR 11 650 (2017: 60 427) has been refunded by the paying agent. Prescribed coupons are classified under “other interest and similar financial income” caption. When it is requested by a client, the Board decided to grant a refund as a commercial gesture in case the prescribed date has been reached.

Note 11 – Auditor’s fees

The fees of the auditor of the Company as at 30 June 2018 is EUR 21 000 (2017: EUR 42 000) excluding VAT.

Note 12 – Subsequent event

No subsequent significant events occurred after the balance sheet date.

Note 13 – Off-balance sheet

The fair value and notional value of the Company’s derivative financial instruments at 30 June 2018 and 31 December 2017 are reflected per type of product in the table below:

Derivatives assets:

	30/06/2018		31/12/2017	
	Notional amount (EUR)	Unrealized G/L (EUR)	Notional amount (EUR)	Unrealized G/L (EUR)
Equity Option	51 610 480	49 651 190	4 983 900	5 263 250
Equity Swap	183 127 768	17 146 333	244 909 143	39 720 674
Interest Option	8 776 483	536 243	8 699 235	531 346
Interest Rate Swap	523 196 801	32 666 969	497 020 391	17 630 198
TOTAL	766 711 532	100 000 735	755 612 669	63 145 468

Derivatives liabilities:

	30/06/2018		31/12/2017	
	Notional amount (EUR)	Unrealized G/L (EUR)	Notional amount (EUR)	Unrealized G/L (EUR)
Equity Swap	183 127 768	-17 146 333	248 409 143	-39 751 696
Interest Option	6 011 000	-2 183	6 011 000	-3 249
Interest Rate Swap	404 521 744	-30 387 302	241 944 190	13 423 947
Tracer	51 610 480	-49 651 190	4 983 900	5 263 250
TOTAL	645 270 992	-97 187 008	501 348 233	-21 067 748