

1.1 Management report of the Board of Directors *dated 30/06/2020*

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2020 to 30 June 2020. 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 profit of EUR 20 957

Total assets amounted to EUR 1 508 971 006 as at 30 June 2020, compared to EUR 1 351 216 673 as at 31 December 2019.

The financial assets are composed of:

- loans to affiliated undertakings: EUR 1 484 805 045
- structured deposits to affiliated undertakings: EUR 1 315 602
- accrued interests: EUR 12 096 931

The cash at bank amounts to EUR 5 492 465

The matured items are not replaced by the new investments.

The Company aims at providing products (issuance of debt securities, warrants, etc.) to its customers and invest its proceeds. The evolution of the outstanding volume will largely depend on the interest climate. The Company foresees to continue these activities.

No new product is planned to be launched so far. It means that no evolution of the risk profile is expected for the time being.

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. The counterparty risk of KBC Ifima S.A. is limited to KBC Bank Bank as well as its liquidity, treasury and credit risks, except for local operational expenses. Local Operational Risk Management (LORM) functions are divided between KBC Bank NV and the Company, depending on the services performed by each entity. The Company aims to ensure continuity in terms of outsourced risks as laid down in the Service Level Agreements.

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 nor allocated any free shares.

6. The Company has no branch offices.

7. New products have been launched in 2017 (tRACER) and 2018 (tJUMPER) using KBC IFIMA S.A. as a vehicle of warrant issuance. The first items have been issues in December 2017 for tRACER and September 2018 for tJUMPER. There is no new product launched as at 30 June 2020.
8. The total income from loans and other investments is EUR 14 703 520. The total interest payable amount is EUR 14 430 190.
9. A dividend of EUR 555 819 has been distributed on 18 June 2020.
10. No subsequent event has occurred since 30 June 2020

The Company is expected continue its normal development. COVID-19 is a constantly evolving situation which is leading to a global recession. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the execution of our daily operations. At this stage, the impact on our business and results has not been significant, and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people. The Board of Directors will continue to monitor this going forward and will take any action they deem necessary.

11. The Company is included in the consolidated accounts drawn up by the KBC Group.

Luxembourg, 7 August 2020

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL