

Management report of the Board of Directors ***dated 31/12/2020***

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2020 to 31 December 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 633 855

Total assets amounted to EUR 1 110 293 276 as at 31 December 2020, compared to EUR 1 351 216 673 as at 31 December 2019.

The financial assets are composed of:

- loans to affiliated undertakings: EUR 1 092 302 083
- structured deposits to affiliated undertakings: EUR 1 314 064
- accrued interests: EUR 5 896 746

The cash at bank amounts to EUR 5 523 726

The matured items are not replaced by the new investments.

Due to the actual circumstances, no new product is planned to be launched so far.

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 issued in December 2017 for tRACER and September 2018 for tJUMPER. There is no new product launched as at 31 December 2020.

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 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.
- The credit risk covers the possibility that an issuer may default by failing to repay principal or interest. The Company is not exposed to any significant credit risk
- The market risk embodies the potential for both loss and gains and includes currency risk and interest rate risk. The Company's exposure to such risks is outlined below.

- The currency risk covers the potential for both loss and gains as a result of changes in external rates. The Company is not exposed to any significant net currency risk.
- The interest rate risk covers the potential for a change in the value of assets resulting from the change in interest rates. The Company is not exposed to any significant net interest rate risk.
- The other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factor specific to an individual instrument, its issuer or all factors affecting all instruments traded in the market. The Company is not exposed to any significant net other price risk.

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.

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 holds any own shares.
6. The Company as no branch offices.
7. The total income from loans and other investments is EUR 25 716 068. The total interest payable amount is EUR 24 593 549.
8. A dividend of EUR 555 819 has been distributed on 18 June 2020.
9. No subsequent event has occurred since 31 December 2020.
10. The Company is included in the consolidated accounts drawn up by the KBC Group.

- To discharge Directors from their current mandate with the period of 1 January 2020 to 31 December 2020;
- To affect the profit of EUR 633 855:
 - Legal Reserve to be constituted (5% of the net result): EUR 31 693
 - WHT Reserve 2021: EUR 193 125
 - WHT Reserve 2016 to be liberated: 281 975 EUR
 - Dividend to be distributed: EUR 691 012

Luxembourg, 26 March 2021

The Board of Directors:

Ivo BAUWENS
Falima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL

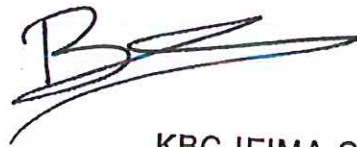


Frank Caestecker
GM BO&IT Support Markets
KBC Bank Nv

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KBC IFIMA SA
S. GOCKEL
Director



KBC IFIMA SA
F. BOUDABZA
Director



KBC IFIMA SA
I. BAUWENS
Director