

Management report of the Board of Directors *dated 30/06/2023*

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2023 to 30 June 2023. 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 loss of EUR 341 712

Total assets amounted to EUR 406 793 762 as at 30 June 2023, compared to EUR 352 669 689 as at 31 December 2022.

The financial assets are composed of:

- loans to affiliated undertakings: EUR 392 206 253
- accrued interests: EUR 5 609 041

The cash at bank amounts to EUR 6 597 489

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 NV 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 losses 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 losses 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. No sensitivity analysis is required as, from the point of view of the Company, all the transactions are perfectly hedged. 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.

- Climate-related and other ESG risks are gradually integrated in existing management frameworks and in risk management processes.
- 4. The rising rate environment makes the coupons for Notes typically more appealing to the retail clients, therefore the Company is expecting a positive correlation between the higher level of the interest rates and the issuance activity as pointed out in Ifima's previsions.
- 5. Activities in research and development, as provided for by law, are not applicable to the Company.
- 6. The Company did not purchase any of its own shares nor holds any own shares.
- 7. The Company has no branch offices.
- 8. The total income from loans and other investments is EUR 6 619 773. The total interest payable amount is EUR 6 515 901.
- 9. A dividend of EUR 428 875 has been recorded as payable and distributed on 31 July 2023.
- 10. No subsequent event has occurred since 30 June 2023.
- 11. The Company is included in the consolidated accounts drawn up by the KBC Group.

Luxembourg, 10 August 2023

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Damien DEBBAUT
Rik JANSSEN
Sabrina GOCKEL