Management report of the Board of Directors of KBC IFIMA S.A.

1. We are pleased to report to you on the activities of the Company during the year ending as at 31 December 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 275 457

   Total assets amounted to EUR 480 325 022 as at 31 December 2023, compared to EUR 352 669 689 as at 31 December 2022.

   The financial assets are composed of :

   - loans to affiliated undertakings: EUR 463 472 638
   - accrued interests: EUR 8 467 355

   The cash at bank amounts to EUR 5 946 566

   Because of unfavorable economic conditions, the new investments were put in stand-by between the second quarters 2020 and 2022.
   The increase of new investments in 2023 is supposed to continue in the next three years thanks in particular to new bonds issuance towards institutional investors. Thus, a new issue of EUR 1 billion is expected during the first quarter 2024.

   A warrant business has been launched in 2017 (tRACER) and 2018 (tJUMPER) using KBC IFIMA S.A. as a vehicle of issuance. The first items have been issued in December 2017 for tRACER and September 2018 for tJUMPER. In September 2022, another new product, called tOPTIMISER, also based on warrant issuance has been launched. After a testing period without any new issue in 2023, the tOPTIMISER's are planned to be back in 2024.

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 the principal or interest. The Company is not exposed to any significant credit risk. In2023 KBC Bank NV had a rating of "A1 " for long term issuer credit rating and "P-1" for the short term issuer credit rating (positive outlook) from Moody's

- 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 as a hedging by KBC Bank has been put in place.

- 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.

- Derivatives are implemented so as to hedge the following risks:

  ° Interest rate risk
  ° Credit 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 15 089 241. The total interest expense amount is EUR 15 048 607.

9. A dividend of EUR 428 875 has been recorded as payable and distributed on 31 July 2023.

No subsequent event has occurred since 31 December 2023.

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

11. The Board of Directors proposes:
    - To approve annual accounts as disclosed hereafter;
    - To discharge Directors from their current mandate with the period of 1 January 2023 to 31 December 2023;
    - Allocation result:
    ° Loss: EUR 275 457
    ° WHT Reserve 2019 to be liberated: EUR 181 725
    ° Loss brought forward to be reported: EUR 93 732

Luxembourg, 28 March 2024

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Damien DEBBAUT
Rik JANSSEN
Sabrina GOCKEL