

Management report of the Board of Directors dated 30/06/2024

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2024 to 30 June 2024. 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 gain of EUR 424 751.

Total assets amounted to EUR 1 522 612 349 as at 30 June 2024, compared to EUR 480 325 022 as at 31 December 2023.

The financial assets are composed of:

- loans to affiliated undertakings: EUR 1 502 224 869
- accrued interests: EUR 11 667 392

The cash at bank amounts to EUR 6 344 508.

The increase of new investments that was observed in 2023 (after a period of stand-by due to unfavorable economic conditions) is expected to continue until end 2026 at least, thanks in particular to new bonds issuance towards institutional investors (retail investors excluded). This is attested by the new issue of EUR 1 billion that was performed during the first quarter of 2024.

A warrant business has 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. In 2022 another new product, called tOPTIMISER, also based on warrant issuance has been launched in September 2022. After a testing period without any new issue in 2023, the Company issued new products during the first quarter of 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 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.
 - 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 24 275 743. The total interest expense amount is EUR 23 518 719.
 9. No dividend has been recorded in 2024 because of the loss from 2023.
 10. No subsequent event has occurred since 30 June 2024.
 11. The Company is included in the consolidated accounts drawn up by the KBC Group.

Luxembourg, 05 August 2024

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Damien DEBBAUT
Rik JANSSEN
Sabrina GOCKEL