Management report of the Board of Directors dated 31/12/2021

1. We are pleased to report to you on the activities of KBC Ifima S.A. (the "company") during the period from 1 January 2021 to 31 December 2021. 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 363 762

   Total assets amounted to EUR 787 343 961 as at 31 December 2021, compared to EUR 1 110 293 276 as at 31 December 2020.

   The financial assets are composed of:

   - loans to affiliated undertakings: EUR 772 291 134
   - accrued interests: EUR 2 674 865

   The cash at bank amounts to EUR 7 078 235

   The matured items have not been replaced by new investments.

   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 2021.

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 to 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.

  At the time this report was being prepared, the invasion of Russia in Ukraine required additional attention at group level and in our home markets in Central and Eastern Europe. KBC Group has very limited direct exposure to Ukraine and Belarus (less than EUR 10 mln combined) and only limited direct exposure to Russia of less than 50 million euros, mainly stemming from trade financing. KBC Group is keeping a very close eye on the related macroeconomic impact (e.g., impact of high gas and oil prices on inflation and economic growth) and on spillover effects to KBC Group and its clients, both financially and operationally, among other things with high focus on information security threats. Economic and financial sanctions by the West might further impact the European economy. Continuous monitoring and reporting of the situation is in place.

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 has no branch offices.

7. The total income from loans and other investments is EUR 12 843 018. The total interest payable amount is EUR 12 239 288.

8. A dividend of EUR 691 012 has been distributed on 17 June 2021.

9. The activity of the issuing of the notes has started again in February 2022.

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 2021 to 31 December 2021
- To affect the profit of EUR 363 762
    - Legal Reserve to be constituted (5% of the net result): EUR 18 188
    - WHT Reserve 2022: EUR 184 946
    - WHT Reserve 2017 to be liberated: 516 250 EUR
    - Dividend to be distributed: EUR 676 878

Luxembourg, 23 March 2022

The Board of Directors:

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