**KBC IFIMA S.A.**
**R.C.S. Luxembourg B 193 577**
**4 Rue du Fort Wallis**
**L – 2714 Luxembourg**
**Annual accounts as at 31 December 2018**

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# Management report of the Board of Directors
## *dated 31/12/2018*

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2018 to 31 December 2018. 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 621 455.

   Total assets amounted to EUR 1 459 979 622 as at 31 December 2018, compared to EUR 2 355 017 439 as at 31 December 2017.

   The financial assets are composed of:

   - loans to affiliated undertakings: EUR 1 437 105 471
   - structured deposits to affiliated undertakings: EUR 1 325 135
   - accrued interests: EUR 10 256 326

   The cash at bank amounts to EUR 5 283 796

   The matured items are not replaced by the new investments.

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.

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 allocated any free shares.

6. The Company has no branch offices.

7. The total income from loans and other investments is EUR 51 771 101. The total interest payable amount is EUR 50 559 790.

8. A new activity has been lauched in 2018. This new business line, called tJUMPER, also uses KBC IFIMA S.A. as a vehicle of warrants issuance. The first item has been issued in September 2018.

9. A dividend of EUR 971 987 has been distributed on 31 May 2018. A decrease of capital by an amount of EUR 5 000 000 has been operated and the same amount has been reimbursed to the Shareholder.

10. The accounting and reporting system of the Company are integrated in the group-wide financial reporting package. This ensures that registered transactions are controlled systematically for plausibility and as such fraud and error risks are mitigated

11. No subsequent event has occurred since 31 December 2018.

    The Company is expected continue its normal development. COVID-19 is a constantly evolving situation which is leading to a global retrocession. 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.

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

13. An amended version of the annual accounts for the year ended 31 December 2018 has been approved by the Board of Managers on 22 July 2020 . The following changes occurred compared to the previous version of the annual accounts as at 31 December 2018 that were approved by the Board on 19 March 2019 :

    The Company has voluntarily prepared a Cash Flow Statement to meet the requirements of the Commission Delegated Regulation (EU) 2019/980) in the context of the EMTN and warrants issuance programs of the Company on the Luxembourg stock exchange. The Cash Flow Statement is included in the annual accounts whereas it was included as unaudited "Supplementary information" in the previous version of the annual accounts.

Luxembourg, 22 July 2020

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL

KBC IFIMA SA
F. BOUDABZA
Director

KBC IFIMA SA
S. GOCKEL
Director

Frank Caestecker
General Manager
Back Office & ICT-Support
Financial Markets

KBC IFIMA SA
I. BAUWENS
Director

P.P. RIK JANSSEN
CHAIRMAN

KBC IFIMA SA
4, Rue du Fort Wallis
L-2714 Luxembourg

(the "Company")

R.C.S. Luxembourg N° B 193 577

Directors' statement of responsibility

The Directors hereby confirm that the statements made by the persons responsible within the Company, to the best of their knowledge, and the annual accounts prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. The Directors also confirm that the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that we face.

Luxembourg, 22 July 2020

Ivo Bauwens | Fatima Boudabza | Frank Caestecker

Rik Janssen | Sabrina Gockel

**Audit report**

To the Shareholder of
**KBC Ifima S.A.**

## Report on the audit of the annual accounts

### Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of KBC Ifima S.A. (the “Company”) as at 31 December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

*What we have audited*

The Company’s annual accounts comprise:

- the balance sheet as at 31 December 2018;
- the profit and loss account for the year then ended;
- the cash flow statement as at 31 December 2018; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 12 to the annual accounts.

## Emphasis of Matter

We draw attention to Note 15 to these annual accounts, which indicates that following the decision taken by the Board of Directors these annual accounts replace the previous ones including our signed opinion dated 19 March 2019 and approved by the Board on 19 March 2019. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the Key audit matter |
|---|---|
| *Recoverability of loans to and deposits with affiliated undertakings*<br><br>As at 31 December 2018, the loans to and deposits with affiliated undertakings (included in the captions "Loans to affiliated undertakings" and "Amounts owed by affiliated undertakings becoming due and payable within one year") amount to 1,437,105,471EUR. These items are the most significant items in the balance sheet and a recoverability issue could have a significant impact on the balance sheet and the earnings of the Company.<br><br>Financial assets are recorded at the lowest amount between their repayment value and their fair value (see Note 2.b). | As part of our audit we have, among other things:<br><br>• ensured compliance of the valuation policy with the valuation method and rules permitted by Luxembourg commercial Law;<br><br>• ensured that recoverability of the loans is not compromised. For that purpose, we verified the financial position and financial performance of KBC Group N.V. by obtaining each of the 2018 quarterly accounts and the rating of the group. The financial result of KBC Group N.V. being largely positive (KBC Bank N.V. being one of the main driver of this performance), similarly as the overall net equity remaining quite strong, no information obtained led to challenging management's assessment relating to the recoverability of the loans. |

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

## Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the General Meeting of the Shareholders on 31 May 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

## Other matter

The Corporate Governance Statement includes, when applicable, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 July 2020

Electronically signed by:
Marc Voncken

Marc Voncken

**KBC IFIMA S.A.**
**Société Anonyme**

Balance sheet as at 31 December 2018

| ASSETS | Notes | 31/12/2018 | 31/12/2017 |
|---|---|---|---|
| | | EUR | EUR |
| | | | |
| **A. Subscribed capital unpaid** | | | |
| I. Subscribed capital not called | | | |
| II. Subscribed capital called but unpaid | | | |
| | | | |
| **B. Formation expenses** | | | |
| | | | |
| **C. Fixed assets** | | **1 275 368 353** | **1 280 705 176** |
| I. Intangible assets | | | |
| 1. Costs of development | | | |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | | | |
| a) acquired for valuable consideration | | | |
| b) created by the undertaking itself | | | |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | | | |
| 4. Payments on account and intangible assets under development | | | |
| II. Tangible assets | | | |
| 1. Land and buildings | | | |
| 2. Plant and machinery | | | |
| 3. Other fixtures and fittings, tools and equipment | | | |
| 4. Payments on account and tangible assets in the course of construction | | | |
| III. Financial assets | | 1 275 368 353 | 1 280 705 176 |
| 1. Shares in affiliated undertakings | | | |
| 2. Loans to affiliated undertakings | *Note 3* | 1 275 368 353 | 1 280 705 176 |
| 3. Participation interests | | | |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | | | |
| 5. Investments held as fixed assets | | | |
| 6. Other loans | | | |
| | | | |
| **D. Current assets** | | **179 048 130** | **1 067 536 227** |
| I. Stocks | | | |
| 1. Raw materials and consumables | | | |
| 2. Work in progress | | | |
| 3. Finished goods and goods for resale | | | |
| 4. Payments on account | | | |
| II. Debtors | | 173 764 334 | 1 062 507 827 |
| 1. Trade debtors | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 2. Amounts owed by affiliated undertakings | *Note 3* | 173 764 334 | 1 062 507 827 |
| a) becoming due and payable within one year | | 173 764 334 | 1 062 507 827 |
| b) becoming due and payable after more than one year | | | |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 4. Other debtors | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| III. Investments | | | |
| 1. Shares in affiliated undertakings | | | |
| 2. Own shares | | | |
| 3. Other investments | | | |
| IV. Cash at bank and in hand | | 5 283 796 | 5 028 400 |
| | | | |
| **E. Prepayments** | | **5 563 139** | **6 776 036** |
| | | | |
| **TOTAL ASSETS** | | **1 459 979 622** | **2 355 017 439** |

The accompanying notes form an integral part of these annual accounts

**KBC IFIMA S.A.**
**Société Anonyme**

Balance sheet as at 31 December 2018

| Capital, reserves and liabilities | *Notes* | 31/12/2018 | 31/12/2017 |
|---|---|---|---|
| | | EUR | EUR |
| | | | |
| **A. Capital and reserves** | *Note 4* | **7 269 417** | **12 619 949** |
| I. Subscribed capital | | 5 296 266 | 10 296 266 |
| II. Share premium account | | 0 | 0 |
| III. Revaluation reserve | | | |
| IV. Reserves | | 1 351 696 | 968 460 |
| 1. Legal reserve | | 237 992 | 170 231 |
| 2. Reserve for own shares | | | |
| 3. Reserves provided for by the articles of association | | | |
| 4. Other reserves, including the fair value reserve | | 1 113 704 | 798 229 |
| a) other available reserves | | | |
| b) other non available reserves | | 1 113 704 | 798 229 |
| V. Profit or loss brought forward | | | |
| VI. Profit or loss for the financial year | | 621 455 | 1 355 223 |
| VII.Interim dividends | | | |
| VIII. Capital investment subsidies | | | |
| | | | |
| **B. Provisions** | | **354 481** | **1 098 019** |
| 1. Provisions for pensions and similar obligations | | | |
| 2. Provisions for taxation | *Note 5* | 223 823 | 956 201 |
| 3. Other provisions | | 130 658 | 141 818 |
| | | | |
| **C. Creditors** | | **1 447 214 985** | **2 335 425 251** |
| 1. Debenture loans | | 1 447 205 824 | 2 335 419 177 |
| a) Convertible loans | | | |
| i. becoming due and payable within one year | | | |
| ii. becoming due and payable after more than one year | | | |
| b) Non convertible loans | | 1 447 205 824 | 2 335 419 177 |
| i. becoming due and payable within one year | *Note 6* | 171 837 471 | 1 054 714 001 |
| ii. becoming due and payable after more than one year | *Note 6* | 1 275 368 353 | 1 280 705 176 |
| 2. Amounts owed to credit institutions | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 3. Payments received on account of orders in so as they are shown separately as deductions from stocks | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 4. Trade creditors | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 5. Bills of exchange payable | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 6. Amounts owed to affiliated undertakings | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | | | |
| a) becoming due and payable within one year | | | |
| b) becoming due and payable after more than one year | | | |
| 8. Other creditors | | 9 161 | 6 074 |
| a) Tax authorities | | | |
| b) Social security authorities | | 7 115 | 4 027 |
| c) Other creditors | | 2 046 | 2 047 |
| i. becoming due and payable within one year | | 2 046 | 2 047 |
| ii. becoming due and payable after more than one year | | | |
| | | | |
| **D. Deferred income** | | **5 140 739** | **5 874 220** |
| | | | |
| **TOTAL CAPITAL, RESERVES AND LIABILITIES** | | **1 459 979 622** | **2 355 017 439** |

The accompanying notes form an integral part of these annual accounts

**KBC IFIMA S.A.**
**Société Anonyme**

Profit and Loss account for the year ended 31 December 2018

| | *Notes* | 31/12/2018 | 31/12/2017 |
|---|---|---|---|
| | | EUR | EUR |
| | | | |
| **1. Net turnover** | | | |
| | | | |
| **2. Variation in stocks of finished goods and in work in progress** | | | |
| | | | |
| **3. Work performed by the undertaking for its own purposes and capitalised** | | | |
| | | | |
| **4. Other operating income** | | | |
| | | | |
| **5. Raw materials and consumables and other external expenses** | | **-246 073** | **-158 103** |
| a) Raw materials and consumables | | | |
| b) Other external expenses | *Note 7* | -246 073 | -158 103 |
| | | | |
| **6. Staff costs** | *Note 9* | **-225 709** | **-224 247** |
| a) Wages and salaries | | -184 278 | -182 309 |
| b) Social security costs | | -34 362 | -32 983 |
| i) relating to pensions | | -8 949 | -8 573 |
| ii) other social security costs | | -25 413 | -24 410 |
| c) Other staff costs | | -7 069 | -8 955 |
| | | | |
| **7. Value adjustments** | | | |
| a) in respect of formation expenses and of tangible and intangible fixed assets | | | |
| b) in respect of current assets | | | |
| | | | |
| **8. Other operating expenses** | | | |
| | | | |
| **9. Income from participating interests** | | | |
| a) derived from affiliated undertakings | | | |
| b) other income from participating interests | | | |
| | | | |
| **10. Income from other investments and loans forming part of the fixed assets** | | **51 771 101** | **73 366 821** |
| a) derived from affiliated undertakings | *Note 10* | 51 771 101 | 73 366 821 |
| b) other income not included under a) | | | |
| | | | |
| **11. Other interest receivable and similar income** | | **98 547** | **58 734** |
| a) derived from affiliated undertakings | | | |
| b) other interest and similar income | *Note 11* | 98 547 | 58 734 |
| | | | |
| **12. Share of profit or loss of undertakings accounted for under the equity method** | | | |
| | | | |
| **13. Value adjustments in respect of financial assets and of investments held as current assets** | | | |
| | | | |
| **14. Interest payable and similar expenses** | | **-50 559 790** | **-71 261 133** |
| a) concerning affiliated undertakings | | | |
| b) other interest and similar expenses | *Note 10* | -50 559 790 | -71 261 133 |
| | | | |
| **15. Tax on profit or loss** | | **-216 621** | **-426 849** |
| | | | |
| **16. Profit or loss after taxation** | | **621 455** | **1 355 223** |
| | | | |
| **17. Other taxes not shown under items 1 to 16** | | | |
| | | | |
| **18. Profit or loss for the financial year** | | **621 455** | **1 355 223** |

The accompanying notes form an integral part of these annual accounts

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

| | **2018** | **2017** |
|---|---|---|
| Net profit | 621 455 | 1 355 223 |
| | | |
| Adjustments for: | | |
| Interests income/charges | -1 211 311 | -2 105 688 |
| Net amortization on loans and bonds | -63 228 | -122 089 |
| Other provision | -11 160 | -3 936 |
| Other - adjustment | | |
| | -664 244 | -876 490 |
| | | |
| | | |
| Other advance | -2 827 | 1 165 |
| Change in other assets and liabilities | 58 114 | -6 017 |
| Taxes (paid)/received | 471 921 | -948 320 |
| Tax provision | -732 377 | -1 183 383 |
| **Net cash flow from operational activities** | **-869 413** | **-3 013 045** |
| | | |
| Distribution on liquidation of subsidiaries | | |
| Financial fixed assets - issued | -143 014 182 | -101 963 015 |
| Financial fixed assets - repaid | 1 028 995 998 | 1 830 022 665 |
| Interest received | 59 888 120 | 107 082 935 |
| **Net cash flow from investment activities** | **945 869 936** | **1 835 142 585** |
| | | |
| EGM | -5 000 000 | -8 849 110 |
| Bonds issued | 141 689 047 | 100 427 504 |
| Bonds repaid | -1 022 645 688 | -1 819 585 435 |
| Dividend paid | -971 987 | -536 282 |
| Interest Paid | -57 816 499 | -105 497 866 |
| **Net cash flow from financing activities** | **-944 745 127** | **-1 834 041 189** |
| | | |
| **Net cash flow** | **255 396** | **-1 911 649** |
| | | |
| Cash balance as at January 1st | 5 028 400 | 6 940 049 |
| Cash balance as at December 31st | 5 283 796 | 5 028 400 |
| **Net cash flow** | **255 396** | **-1 911 649** |
| | | |

The accompanying notes form an integral part of these annual accounts

***Note 1 - General information***

KBC IFIMA S.A. (“The Company”) is a wholly-owned subsidiary of KBC Bank NV, Brussels. The Company carried out a cross-border transfer of its legal seat from The Netherlands to Luxembourg, effective at midnight on 31 December 2014. At the same time, the name of the Company was changed to KBC IFIMA S.A. (previous name: KBC International Financieringsmaatschappij n.v.).

The registered office of the Company is established 4, rue du Fort Wallis, L-2714 Luxembourg.

The activities of the Company remain unchanged after the transfer of legal seat.

KBC IFIMA S.A. was incorporated on 15 April 1982 as a “société anonyme”.

The Company is established for an unlimited period.

The accounting year of the Company begins on the 1st January of each year and terminates on the 31 December of the same year.

The purpose of KBC IFIMA S.A. is the issue of bonds and on-lending the proceeds to KBC Bank NV. The principal activity of the company since a few years consists of the administration of the retail bonds and warrants issued and the loans made. The retail notes issued by the company are fully guaranteed by KBC Bank NV.

The annual accounts of the Company are fully consolidated in the consolidated accounts of KBC Bank NV Brussels, which forms the smallest body of undertakings of which the Company forms a part as a subsidiary and in the consolidated accounts of KBC Group NV, which forms the largest body of undertakings of which the Company forms a part as a subsidiary. Group accounts and consolidated management reports are available at its head office Haavenlan 2, B - 1080 Brussels.

As at 28 June 2016, the Sole Shareholder had approved the merger (the “Merger”) by acquisition between KBC IFIMA S.A. (the acquiring company) and KBC FINANCIAL PRODUCTS INTERNATIONAL S.A., a société anonyme, incorporated under the laws of Luxembourg (formerly a Cayman company named KBC Financial Products International Limited.) having its registered office at 5, Place de la gare, L-1616 Luxembourg and registered with the Luxembourg trade and companies register under number B 184.148, incorporated by a deed enacted by Maître Francis KESSELER, notary residing in Esch-sur-Alzette, on 31 December 2013, published in the Memorial , Recueil des Sociétés et Associations number 810 of 29 March 2014 (“KBC FPI” and together with the Company the “Merging Companies”) as the acquired company.

New activities have been launched. The new business lines, called tRACER (launched in December 2017) and tJUMPER (launched in September 2018), both use KBC IFIMA S.A. as a vehicle of warrants issuance.

During the Extraordinary General Meeting of 21 June 2018, it has been decided to reduce the share capital by an amount of EUR 5 000 000 by way of reimbursement to the Shareholder and by decreasing the par value of the share representing the capital.

Since the 28th of December 2018, KBC IFIMA S.A. has been integrated in a Luxembourg tax unity. KBC Group Re is the integrating company. The other entities in scope are KBC Asset Management S.A., KBC Lease Luxembourg SA and KBC Asset Management Participations S.A. system. This Tax Unity is effective from 01 January 2018.

### *Note 2 - Summary of significant accounting policies*

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting policies are as follows:

a) *Foreign currency translation*

Annual accounts are expressed in EUR.

Transactions, income and charges denominated in currencies other than Euro are translated at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities items denominated in currencies other than Euro are translated in Euro at exchange rate prevailing as at the date of the balance sheet. Realized exchange gains and losses and unrealized exchange gains and losses are recorded in the profit and loss account.

Non-monetary assets and liabilities items denominated in currencies other than Euro are translated in Euro at the exchange rate prevailing at the date of the balance sheet. Realized gains or losses and realized losses are recorded in the profit and loss account while the unrealized exchange gains are not recorded.

b) *Financial assets: Notional amount*

Loans are recorded on the assets side of the balance sheet at the lowest amount between their repayment value and their estimated fair value. Value adjustments are only taken into consideration when, according to the Board of Directors, the depreciation is deemed permanent.

c) *Non-convertible bonds*

Non-convertible bonds are recorded on the liabilities side of the balance sheet at the repayment value. The bonds are issued on the EURO-MTF market in the Luxembourg Stock Exchange.

d) *Premiums on loans*

The premiums related to these loans (i.e. the difference between the issue price and the repayment value) are booked in the caption “deferred income” in liabilities. These premiums are taken to financial income on the duration of the loans.

Some of these contracts can be subject to an early redemption.

e) *Discounts on non-convertible bonds*

The discounts related to these non-convertible bonds (i.e. the difference between the issue price and the repayment value) are booked in the caption “prepayments”. These discounts are taken to financial expenses on the duration of the non-convertible loans.

f) *Income and expenses recognition*

Interest income and expenses are recorded on an accrual basis.

g) *Taxes*

Taxes are charged to the profit and loss account on an accrual basis and not in the year in which the payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessment has been issued by the tax authorities.

h) *Derivatives financial instruments*

The Company may enter into financial instruments such as options, swaps, futures or foreign exchange contracts.

In the case of hedging of an asset or a liability which is not recorded at fair value, unrealized gains or losses are deferred until recognition of the realized gains or losses on the hedged item.

Commitments relating to options/swaps/futures/warrants/foreign exchange contracts transactions are recorded in the off-balance sheet accounts.

i) *Cash Flow Statement*

The Cash Flow Statement shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds.

The Company presents its cash flows using the indirect method. The indirect method adjusts accrual basis net profit or loss for the effects of non-cash transactions. Differentiation is made between cash flows from operating activities, from investing activities and from financing activities. Cash flow from operating activities is the cash and cash equivalents raised as a result of the main revenue-producing activities of the Company that are not investing or financing activities, so operating cash flows include cash received from customers and cash paid to suppliers and employees. It is determined on the basis of net profit. As part of the indirect determination of cash flow, the changes in balance sheet items due to operating activities were applied where necessary. Cash flow from investing activities is the cash and cash equivalents raised as a result of acquisition and disposal of long-term assets and other investments that are not considered to be cash equivalents. Cash flow from financing activities is the cash and cash equivalents raised as a result of activities that alter the equity capital and borrowing structure of the Company.

Interest and dividends received and paid are classified as financing cash flows consistently from period to period.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

### *Note 3 - Financial assets*

The caption relates to the loans granted by the Company to its parents and is composed of:

- Long term loans: EUR 1 275 368 353 (2017: EUR 1 280 705 176);
- Short term loans: EUR 161 737 118 (2017: EUR 1 037 368 471);
- Short term bank deposits: EUR 1 325 135 with a maturity date of 30 July 2019 (2017: EUR 6 338 775);
- Accrued interest on loans and related derivatives: EUR 10 258 323 (2017: EUR 17 605 550);
- Accrued interest on deposit: EUR - 1 997 (2017: EUR 178 049);
- Other amounts due by the Parent: EUR 445 755 (2017: EUR 1 016 982).

The loans granted can be disclosed as follows:

| Maturity | AUD | EUR | JPY | NOK | NZD | PLN | RON | USD | TOTAL (EUR equivalent) |
|---|---|---|---|---|---|---|---|---|---|
| Less than 1 year | 19 338 000 | 88 502 000 | - | - | 39 398 000 | - | 34 500 000 | 35 284 000 | 161 737 118 |
| Between 1 and 5 years | 78 646 000 | 617 134 182 | - | 1 183 990 000 | 19 972 000 | 14 970 000 | - | 321 331 000 | 1 080 463 892 |
| More than 5 years | - | 38 394 000 | 1 500 000 000 | - | - | - | - | 165 557 279 | 194 904 461 |
| **TOTAL** | **97 984 000** | **744 030 182** | **1 500 000 000** | **1 183 990 000** | **59 370 000** | **14 970 000** | **34 500 000** | **522 172 279** | **1 437 105 471** |

The matured items are not replaced by the new investments.

### *Note 4 - Capital and reserves*

| | Subscribed capital | Share premium and similar premiums | Legal reserve | Reserve IF 2018 | Profit or loss brought forward | Result of the financial year |
|---|---|---|---|---|---|---|
| 31/12/2017 | 10 296 266 | 0 | 170 231 | 798 229 | 0 | 1 355 223 |
| AGM 31/05/2018 | | | 67 761 | 315 475 | | -383 236 |
| Dividend 2018 | | | | | | -971 987 |
| Result 2018 | | | | | | 621 455 |
| EGM 21/06/2018 | -5 000 000 | | | | | |
| **31/12/2018** | **5 296 266** | **0** | **237 992** | **1 113 704** | **0** | **621 455** |

#### Subscribed capital

As per the Extraordinary General Meeting of 21 June 2018, the subscribed share capital has been reduced by an amount of EUR 5 000 000 by way of reimbursement to the Shareholder and by decreasing the par value of the shares representing the capital. The Shareholder decided to suppress the nominal value of the 22 679 shares representing the whole capital of the Company.

**Reserve**

The Company is required under Luxembourg law to allocate a minimum of 5% of its annual statutory net profit to a legal reserve until the aggregate reserve equals 10% of the subscribed share capital. Such reserve is not available for distribution, except in case of dissolution.

As per the General Meeting of Shareholder held on 31 May 2018, it has been decided to allocate an amount of EUR 315 475 to a five-year net wealth tax reserve from the 'result brought forward' account.

### *Note 5 - Taxes and social security debts - tax debts*

Since the Company is registered in Luxembourg, the Company is subject to all taxes applicable to a fully taxable company in Luxembourg.

There is no Net Wealth Tax (NWT) in 2018. Indeed it is possible to reduce this tax by creating a net wealth tax reserve provided the CIT is sufficient enough and such reserve is constituted before 31 December 2018. This special reserve for NWT reduction must be equal to five times the NWT. The amount transferred to the reserve in 2018 is EUR 315 475.

### *Note 6 - Non-subordinated debts - Non convertible loans*

The caption relates to notes issued by the Company and is composed of:

- Long term notes: EUR 1 275 368 353 (2017: EUR 1 280 705 176);
- Short term notes: EUR 161 737 118 (2017: EUR 1 037 356 936);
- Accrued interests on notes and related derivatives: EUR 10 100 354 (2017: EUR 17 357 062).

The non-subordinated debts are broken down as follows:

| Maturity | AUD | EUR | JPY | NOK | NZD | PLN | RON | USD | TOTAL (EUR equivalent) |
|---|---|---|---|---|---|---|---|---|---|
| Less than 1 year | 19 338 000 | 88 502 000 | - | - | 39 398 000 | - | 34 500 000 | 35 284 000 | 161 737 118 |
| Between 1 and 5 years | 78 646 000 | 617 134 182 | - | 1 183 990 000 | 19 972 000 | 14 970 000 | - | 321 331 000 | 1 080 463 892 |
| More than 5 years | - | 38 394 000 | 1 500 000 000 | - | - | - | - | 165 557 279 | 194 904 461 |
| **TOTAL** | **97 984 000** | **744 030 182** | **1 500 000 000** | **1 183 990 000** | **59 370 000** | **14 970 000** | **34 500 000** | **522 172 279** | **1 437 105 471** |

### *Note 7 - Other external charges*

The Company and its affiliated provide to each other certain support and other services for which they compensated each other on a monthly basis pursuant to service agreements.

| | 2018 | 2017 |
|---|---|---|
| Intra group charges | -173 625 | -141 374 |
| Intra group income | 99 488 | 98 400 |
| External charges | -171 936 | -115 129 |
| **TOTAL** | **-246 073** | **-158 103** |
| | | |

***Note 8 - Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies***

The Directors did not receive any remuneration for the year ended.

***Note 9 - Staff***

The Company has 3 full time employees on 31 December 2018.

| | **2018** | **2017** |
|---|---|---|
| Salaries and wages | 184 278 | 182 309 |
| Social security on salaries and wages | 25 413 | 24 410 |
| Pensions | 8 949 | 8 573 |
| Other social costs | 7 069 | 8 955 |
| **TOTAL** | **225 709** | **224 247** |

***Note 10 - Interest income and expense***

Income from fixed interest investments results from a fixed interest deposit placed with KBC Bank NV. The interest receivable income results from the loans granted by KBC IFIMA to KBC Bank NV, Brussels, Belgium and the related derivatives. The interest expense relates to bonds issued and related derivatives.

| | **2018** | **2017** |
|---|---|---|
| | | |
| **Interest income from:** | **51 771 101** | **73 366 821** |
| fixed interest deposit | 20 060 | 182 339 |
| granted loans and related derivatives | 51 751 041 | 73 184 482 |
| | | |
| **Interest expenses from:** | **50 559 790** | **71 261 133** |
| bonds and related derivatives | 50 533 626 | 71 261 133 |
| other | 26 164 | 0 |
| | | |

***Note 11 - Other interest and other financial income***

Prescribed coupons can be divided between coupons and mantels (nominal amounts) repaid to the issuer by the paying agent. Coupons are repaid 5 years after due date and nominal amounts 10 years after due date.

As at 31 December 2018 an amount of EUR 161 547 (2017: 60 427) has been refunded by the paying agent. Prescribed coupons are classified under “other interest and similar financial income” caption.

***Note 12 - Auditor's fees***

The fees of the auditor of the Company for the year ended 31 December 2018 amount to EUR 44 971 (2017: EUR 42 000) excluding VAT. These fees concern:

- the audit of the annual accounts and the work for the group reporting for an amount of EUR 42 971;

- the work in relation with the issuance of prospectus for an amount of EUR 2 000.

***Note 13 - Subsequent event***

No subsequent significant events occurred after the balance sheet date.

The Company is expected continue its normal development. COVID-19 is a constantly evolving situation which is leading to a global retrocession. 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.
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***Note 14 - Off-balance sheet***

The fair value and notional value of the Company's derivative financial instruments at 31 December 2018 is reflected in the table below (base currency is EUR):

<u>Derivatives Assets</u>

| Derivative | Notional (EUR) | Fair-value (EUR) |
|---|---|---|
| Credit Default Swap | 3 500 000 | 90 934 |
| Equity Option | 83 658 480 | 73 479 768 |
| Equity Swap | 260 433 535 | 11 184 173 |
| Interest Option | 8 826 721 | 332 167 |
| Interest Rate Swap | 940 069 190 | 34 634 384 |
| **TOTAL** | **1 296 487 926** | **119 721 426** |
| | | |

Derivatives Liabilities

| Derivative | Notional (EUR) | Fair-value (EUR) |
|---|---|---|
| Credit Default Swap | 3 500 000 | 90 934 |
| Equity Option | 83 658 480 | 0 |
| Equity Swap | 260 433 535 | 11 184 173 |
| Interest Option | 6 011 000 | 706 |
| Interest Rate Swap | 940 069 190 | 27 950 950 |
| **TOTAL** | **1 293 672 205** | **39 226 763** |
| | | |

The difference between assets and liabilities is EUR 2 815 720,52 as an interest option only has one leg, this implies there is no offsetting balance.

***Note 15 - Other information***

An amended version of the annual accounts for the year ended 31 December 2018 has been approved by the Board of Managers on 22 July 2020 . The following changes occurred compared to the previous version of the annual accounts as at 31 December 2018 that were approved by the Board on 19 March 2019 :

- The Company has voluntarily prepared a Cash Flow Statement to meet the requirements of the Commission Delegated Regulation (EU) 2019/980) in the context of the EMTN and warrants issuance programs of the Company on the Luxembourg stock exchange. The Cash Flow Statement is included in the annual accounts whereas it was included as unaudited "Supplementary information“ in the previous version of the annual accounts.

- Subsequent events have been presented in note 13.