

KBC IFIMA S.A.
R.C.S. Luxembourg B 193 577
4 Rue du Fort Wallis
L – 2714 Luxembourg
Unaudited semi-annual accounts as at
30 June 2019

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Management report of the Board of Directors *dated 30/06/2019*

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2019 to 30 June 2019. 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 result of EUR 164 330.

Total assets amounted to EUR 1 471 390 092 as at 30 June 2019, compared with EUR 1 459 979 622 as at 31 December 2018.

The financial assets are composed by:

- loans to affiliated undertakings: EUR 1 443 280 564
- structured deposits to affiliated undertakings: EUR 1 325 135
- accrued interests: EUR 16 037 018

The cash at bank amounts to EUR 5 381 063

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.

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.

6. The Company has no branch offices.

7. New activities 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.

8. A dividend of EUR 408 657 has been paid on 11 June 2019.
9. No subsequent event has occurred since 30 June 2019.
10. The Company is included in the consolidated accounts drawn up by the KBC Group.

Luxembourg, 06 August 2019

The Board of Directors:

Ivo BAUWENS
Fatima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL

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

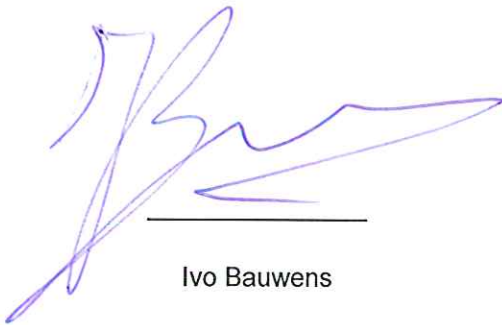
(the "**Company**")

R.C.S. Luxembourg N° B 193 577

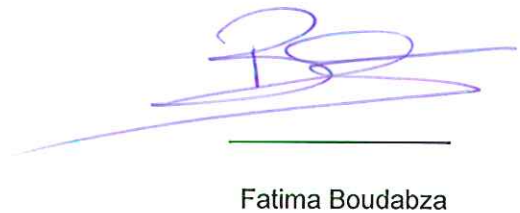
Directors' statement of responsibility

The Directors hereby confirm that the statements made by the persons responsible within the Company, to the best of their knowledge, 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 and 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, 06 August 2019



Ivo Bauwens



Fatima Boudabza

KBC IFIMA S.A.
Société Anonyme

Balance sheet as at 30 June 2019

<u>ASSETS</u>	<u>Notes</u>	30/06/2019	31/12/2018
		EUR	EUR
A. Subscribed capital unpaid			
I. Subscribed capital not called			
II. Subscribed capital called but unpaid			
B. Formation expenses			
C. Fixed assets		1 302 346 577	1 275 368 353
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		1 302 346 577	1 275 368 353
1. Shares in affiliated undertakings			
2. Loans to affiliated undertakings	Note 3	1 302 346 577	1 275 368 353
3. Participation interest			
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		163 677 203	179 048 129
I. Stocks			
1. Raw materials and consumables			
2. Work in progress			
3. Finished goods and goods for resale			
4. Payments on account			
II. Debtors		158 296 140	173 764 334
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	158 296 140	173 764 334
a) becoming due and payable within one year		158 296 140	173 764 334
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		5 381 063	5 283 796
E. Prepayments		5 366 312	5 563 140
TOTAL ASSETS		1 471 390 092	1 459 979 622

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
Société Anonyme

Balance sheet as at 30 June 2019

<u>Capital, reserves and liabilities</u>	<u>Notes</u>	30/06/2019 EUR	31/12/2018 EUR
A. Capital and reserves	<i>Note 4</i>	7 025 090	7 269 417
I. Subscribed capital		5 296 266	5 296 266
II. Share premium account		0	0
III. Revaluation reserves			
IV. Reserves		1 564 494	1 351 696
1. Legal reserve		269 065	237 992
2. Reserve for own shares			
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve		1 295 429	1 113 704
a) other available reserves			
b) other non available reserves		1 295 429	1 113 704
V. Profit or loss brought forward			
VI. Profit or loss for the financial year		164 330	621 455
VII. Interim dividends			
VIII. Capital investment subsidies			
B. Provisions		312 574	354 481
1. Provisions for pensions and similar obligations			
2. Provisions for taxation	<i>Note 5</i>	275 664	223 823
3. Other provisions		36 910	130 658
C. Creditors		1 459 129 119	1 447 214 985
1. Debenture loans		1 459 116 159	1 447 205 824
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		1 459 116 159	1 447 205 824
i. becoming due and payable within one year	<i>Note 6</i>	156 769 582	171 837 471
ii. becoming due and payable after more than one year	<i>Note 6</i>	1 302 346 577	1 275 368 353
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 as far 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		12 960	9 161
a) Tax authorities			
b) Social security authorities		10 914	7 115
c) Other creditors		2 046	2 046
i. becoming due and payable within one year		2 046	2 046
ii. becoming due and payable after more than one year			
D. Deferred income		4 923 308	5 140 739
TOTAL CAPITAL, RESERVES AND LIABILITIES		1 471 390 092	1 459 979 622

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
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Profit and Loss account as at 30 June 2019

	<u>Notes</u>	30/06/2019 EUR	31/12/2018 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		-114 848	-246 073
a) Raw materials and consumables			
b) Other external expenses	Note 7	-114 848	-246 073
6. Staff costs	Note 9	-116 082	-225 709
a) Wages and salaries		-94 066	-184 278
b) Social security costs		-20 380	-34 362
i) relating to pensions		-9 284	-8 949
ii) other social security costs		-11 096	-25 413
c) Other staff costs		-1 636	-7 069
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		20 070 462	51 771 101
a) derived from affiliated undertakings	Note 10	20 070 462	51 771 101
b) other income not included under a)			
11. Other interest receivable and similar income		167 139	98 547
a) derived from affiliated undertakings			
b) other interest and similar income	Note 11	167 139	98 547
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		-19 789 276	-50 559 790
a) concerning affiliated undertakings			
b) other interest and similar expenses	Note 10	-19 789 276	-50 559 790
15. Tax on profit or loss		-53 064	-216 621
16. Profit or loss after taxation		164 330	621 455
17. Other taxes not shown under items 1 to 16			
18. Profit or loss for the financial year		164 330	621 455

The accompanying notes form an integral part of these annual accounts

KBC IFIMA S.A.
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Notes to the annual accounts
As at 30 June 2019

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 in 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 31st December of the same year.

The purpose of KBC IFIMA S.A. was the issue of bonds and on-lending the proceeds to KBC Bank NV. The principal activity of the company consists of the administration of the bonds and warrants issued and the loans made. The bonds 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 Group accounts and consolidated management report are available at its head office Haavenlan 2, B – 1080 Brussels.

As at 28 June 2016, the Sole Shareholder approves 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 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".

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.

KBC IFIMA S.A.
Société Anonyme

Note 3 – Financial assets

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

- Long term loans: EUR 1 302 346 577 (2018: EUR 1 275 368 353)
- Short term loans: EUR 140 933 987 (2018: EUR 161 737 118)
- Short term bank deposits: EUR 1 325 135 with a maturity date of 31 July 2019
- Accrued interest on loans: EUR 16 041 346 (2018: EUR 10 258 323)
- Accrued interest on deposit: negative amount of EUR - 4 329 (2018: EUR -1 997)

The loans granted can be disclosed as follow:

Maturity	AUD	CZK	EUR	JPY	NOK	NZD	PLN	RON	USD	TOTAL (EUR equivalent)
Less than 1 year	19 338 000	-	80 878 135	-	-	37 804 000	-	34 500 000	22 645 000	142 259 122
Between 1 and 5 years	82 480 000	3 100 000	617 134 182	-	1 183 990 000	19 972 000	14 970 000	-	334 947 000	1 099 798 721
More than 5 years	-	-	43 394 000	1 500 000 000	13 940 000	-	-	-	165 557 279	202 547 856
TOTAL	101 818 000	3 100 000	741 406 317	1 500 000 000	1 197 930 000	57 776 000	14 970 000	34 500 000	523 149 279	1 444 605 699

Note 4 – Capital and reserves

	Subscribed capital	Share premium and similar premiums	Legal reserve	Reserve IF	Profit or loss brought forward	Result of the financial year
31/12/2018	5 296 266	0	237 992	1 113 704	0	621 455
AGM 31/05/2019			31 073	181 725		-212 798
Dividend 2019						-408 657
Result 2019						164 330
30/06/2019	5 296 266	0	269 065	1 295 429	0	164 330

Subscribed capital

As of 30 June 2019 the subscribed share capital is set at EUR 5 296 266 divided into 22 679 shares with no nominal value.

Reserve

As per the General Meeting of Shareholder held on 31 May 2019, it has been decided to allocate an amount of EUR 181 725 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 high enough and such reserve is constituted before 31 December 2019. This special reserve for NWT reduction must be equal to five times the NWT. The amount transferred to reserve is EUR 181 725.

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 1 302 346 577 (2018: EUR 1 275 368 353)
- Short term notes: EUR 140 933 987 (2018: EUR 161 737 118)
- Accrued interests: EUR 15 835 595 (2018: EUR 10 100 354)

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.

	30/06/2019	31/12/2018
Intra group charges	-89 197	-173 625
Intra group income	50 900	99 488
External charges	-76 551	-171 936
TOTAL	-114 848	-246 073

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 Company has 3 full time employees on 30 June 2019. The Directors did not receive any remuneration for the year ended.

Note 9 – Staff

	30/06/2019	31/12/2018
Salaries and wages	94 066	184 278
Social security on salaries and wages	11 097	25 413
Pensions	9 284	8 949
Other social costs	1 635	7 069
TOTAL	116 082	225 709

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 the KBC IFIMA to KBC Bank NV, Brussels, Belgium. The interest expense relates to bonds issued.

	30/06/2019	31/12/2018
Interest income from:	20 070 462	51 771 101
fixed interest deposit	2 332	20 060
granted loans and related derivatives	20 068 130	51 751 041
Interest expenses from:	19 789 276	50 559 790
bonds and related derivatives	19 788 009	50 533 626
other	1 267	26 164

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 30 June 2019 an amount of EUR 58 808 (2018: 161 547) has been refunded by the paying agent. Prescribed coupons are classified under "other interest and similar financial income" caption. When it is requested by a client, the Board decided to grant a refund as a commercial gesture in case the prescribed date has been reached.

Note 12 – Auditor's fees

The fees of the auditor of the Company as at 30 June 2019 is EUR 21 000 (2018: EUR 44 971) excluding VAT.

Note 13 – Subsequent event

No subsequent significant events occurred after the balance sheet date.

Note 14 – Off-balance sheet

The fair value and notional value of the Company's derivative financial instruments at 30 June 2019 are reflected per type of product in the table below:

Derivatives assets:

Derivative	Notional (EUR)	Fair-value (EUR)
Credit default swap	3 500 000	75 297
Equity Option	93 759 530	91 751 559
Equity Swap	261 268 415	13 553 992
Interest Option	-8 844 040	67 929
Interest Rate Swap	941 999 121	13 553 992
TOTAL	1 278 834 484	119 002 769

Derivatives liabilities:

Derivative	EUR	Fair-value (EUR)
Credit default swap	3 500 000	75 297
Equity Option	93 759 530	0
Equity Swap	261 268 415	13 553 992
Interest Option	6 011 000	162 089
Interest Rate Swap	941 999 121	26 321 157
TOTAL	-1 281 650 205	40 112 535

The difference between assets and liabilities is EUR 2 815 721 as an interest option only has one leg, this implies there is no offsetting balance.