

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 2019

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Management report of the Board of Directors ***dated 31/12/2019***

1. We are pleased to report to you on the activities of the Company during the period from 1 January 2019 to 31 December 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 profit of EUR 786 309

Total assets amounted to EUR 1 351 216 673 as at 31 December 2019, compared to EUR 1 459 979 622 as at 31 December 2018.

The financial assets are composed of:

- loans to affiliated undertakings: EUR 1 329 678 258
- structured deposits to affiliated undertakings: EUR 1 320 196
- accrued interests: EUR 8 873 296

The cash at bank amounts to EUR 5 499 770

The matured items are not replaced by the new investments.

The Company aims at providing products (issuance of debt securities, warrants, etc.) to its customers and invest its proceeds. The evolution of the outstanding volume will largely depend on the interest climate. The Company foresees to continue these activities.

No new product is planned to be launched so far. It means that no evolution of the risk profile is expected for the time being.

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 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.

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 as no branch offices.

7. 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 issues in December 2017 for tRACER and September 2018 for tJUMPER. There is no new product launched in 2019.
8. The total income from loans and other investments is EUR 38 529 852. The total interest payable amount is EUR 37 421 258.
9. A dividend of EUR 408 657 has been distributed on 11 June 2019.
10. No subsequent event has occurred since 31 December 2019.

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.

11. The Company is included in the consolidated accounts drawn up by the KBC Group.
12. An amended version of the annual accounts for the year ended 31 December 2019 has been approved by the Board of Directors on 22 July 2020. The following changes occurred compared to the previous version of the annual accounts as at 31 December 2019 that were approved by the Board on 19 March 2020 :

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.

The Board of Directors proposes:

- To approve annual account as disclosed hereafter;
- To discharge Directors from their current mandate with the period of 1 January 2019 to 31 December 2019;
- To re-appoint Rik Jos Janssen, Frank Maria Caestecker, Ivo Irma Bauwens, Fatima Boudabza and Sabrina Betty Gockel as Directors for a period of six years, until the end of Annual General Meeting of Shareholder of May 2026;

- To affect the profit of EUR 786 309:
 - Legal Reserve to be constituted (5% of the net result) : EUR 39 315
 - WHT Reserve 2020: EUR 191 175
 - Dividend to be distributed: EUR 555 819

Luxembourg, 22 July 2020

The Board of Directors:

Ivo BAUWENS
Falima BOUDABZA
Frank CAESTECKER
Rik JANSSEN
Sabrina GOCKEL



KBC IFIMA SA
F. BOUDABZA
Director

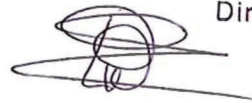


Frank Caestecker
General Manager
Back Office & ICT-Support
Financial Markets



KBC IFIMA SA
I. BAUWENS
Director

KBC IFIMA SA
S. GOCKEL
Director



RIK JANSSEN
CHAIRMAN

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

(the "Company")

R.C.S. Luxembourg N° B 193 577

Corporate governance statement

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 the Company faces.

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 2019, 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 2019;
 - the profit and loss account for the year then ended;
 - the cash flow statement for the year then ended; 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 31 December 2019, are disclosed in Note 14 to the annual accounts.

Emphasis of Matter

We draw attention to Note 17 to these amended 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 27 March 2020 and approved by the Board on 19 March 2020. 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
<p><i>Recoverability of loans to and deposits with affiliated undertakings</i></p> <p>Financial assets are recorded at the lowest amount between their repayment value and their fair value (see Note 2.b).</p> <p>Note 3 to the annual accounts indicates that as at 31 December 2019, 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 1,329,678,258EUR (excluding accrued interests). We focused our audit on their recoverability because these items are the most significant ones on the balance sheet and a recoverability issue could have a significant impact on the earnings of the Company and its ability to continue as a going concern.</p>	<p>As part of our audit we have, among other things:</p> <ul style="list-style-type: none"> • Ensured compliance of the valuation policy with the valuation method and rules permitted by Luxembourg commercial law; • 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 2019 quarterly accounts and the credit rating of the group. KBC Bank N.V. being one of the main driver of the Company’s performance.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including 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 30 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 July 2020

Electronically signed by:
Anthony Dault



Anthony Dault

Annual Accounts Helpdesk :

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RCSL Nr. : B193577

Matricule : 2014 2226 732

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2019 **to** ⁰² 31/12/2019 (in ⁰³ EUR)

KBC IFIMA S.A.

4, rue du Fort Wallis
L-2714 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>892.762.772,00</u>	110 <u>1.275.368.353,00</u>
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

RCSL Nr. : B193577

Matricule : 2014 2226 732

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	<u>892.762.772,00</u>	<u>1.275.368.353,00</u>
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139 <u>Note 3</u>	<u>892.762.772,00</u>	<u>1.275.368.353,00</u>
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	<u>453.160.443,00</u>	<u>179.048.130,00</u>
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	<u>447.660.673,00</u>	<u>173.764.334,00</u>
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	<u>447.660.673,00</u>	<u>173.764.334,00</u>
a) becoming due and payable within one year	1173 <u>Note 3</u>	<u>447.660.673,00</u>	<u>173.764.334,00</u>
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183	184
a) becoming due and payable within one year	1185	185	186
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B193577

Matricule : 2014 2226 732

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>5.499.770,00</u>	198 <u>5.283.796,00</u>
E. Prepayments	1199 <u>Note 4</u>	199 <u>5.293.458,00</u>	200 <u>5.563.139,00</u>
TOTAL (ASSETS)		201 <u>1.351.216.673,00</u>	202 <u>1.459.979.622,00</u>

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>Note 5</u>	301 <u>7.647.069,00</u>	302 <u>7.269.417,00</u>
I. Subscribed capital	1303 _____	303 <u>5.296.266,00</u>	304 <u>5.296.266,00</u>
II. Share premium account	1305 _____	305 _____	306 _____
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>1.564.494,00</u>	310 <u>1.351.696,00</u>
1. Legal reserve	1311 _____	311 <u>269.065,00</u>	312 <u>237.992,00</u>
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 _____	429 <u>1.295.429,00</u>	430 <u>1.113.704,00</u>
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 <u>1.295.429,00</u>	434 <u>1.113.704,00</u>
V. Profit or loss brought forward	1319 _____	319 _____	320 _____
VI. Profit or loss for the financial year	1321 _____	321 <u>786.309,00</u>	322 <u>621.455,00</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 <u>336.294,00</u>	332 <u>354.481,00</u>
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 <u>Note 6</u>	335 <u>305.785,00</u>	336 <u>223.823,00</u>
3. Other provisions	1337 _____	337 <u>30.509,00</u>	338 <u>130.658,00</u>
C. Creditors	1435 _____	435 <u>1.338.408.909,00</u>	436 <u>1.447.214.985,00</u>
1. Debenture loans	1437 _____	437 <u>1.338.397.970,00</u>	438 <u>1.447.205.824,00</u>
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 <u>1.338.397.970,00</u>	446 <u>1.447.205.824,00</u>
i) becoming due and payable within one year	1447 <u>Note 7</u>	447 <u>445.635.197,00</u>	448 <u>171.837.471,00</u>
ii) becoming due and payable after more than one year	1449 <u>Note 7</u>	449 <u>892.762.773,00</u>	450 <u>1.275.368.353,00</u>
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

RCSL Nr. : B193577

Matricule : 2014 2226 732

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 _____	368 _____
a) becoming due and payable within one year	1369 _____	369 _____	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 10.939,00	452 9.161,00
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 8.893,00	396 7.115,00
c) Other creditors	1397 _____	397 2.046,00	398 2.046,00
i) becoming due and payable within one year	1399 _____	399 2.046,00	400 2.046,00
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 Note 8	403 4.824.401,00	404 5.140.739,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405 _____	1.351.216.673,00	1.459.979.622,00

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B193577

Matricule : 2014 2226 732

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2019 **to** ⁰² 31/12/2019 (in ⁰³ EUR)

KBC IFIMA S.A.
 4, rue du Fort Wallis
 L-2714 Luxembourg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 _____
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-190.002,00</u>	672 <u>-246.073,00</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 <u>Note 9</u>	603 <u>-190.002,00</u>	604 <u>-246.073,00</u>
6. Staff costs	1605 <u>Note 11</u>	605 <u>-225.057,00</u>	606 <u>-225.709,00</u>
a) Wages and salaries	1607 _____	607 <u>-187.349,00</u>	608 <u>-184.278,00</u>
b) Social security costs	1609 _____	609 <u>-30.775,00</u>	610 <u>-34.362,00</u>
i) relating to pensions	1653 _____	653 <u>-9.284,00</u>	654 <u>-8.949,00</u>
ii) other social security costs	1655 _____	655 <u>-21.491,00</u>	656 <u>-25.413,00</u>
c) Other staff costs	1613 _____	613 <u>-6.933,00</u>	614 <u>-7.069,00</u>
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____	621 _____	622 _____

RCSL Nr. : B193577

Matricule : 2014 2226 732

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715 _____	715 _____	716 _____
a) derived from affiliated undertakings	1717 _____	717 _____	718 _____
b) other income from participating interests	1719 _____	719 _____	720 _____
10. Income from other investments and loans forming part of the fixed assets	1721 _____	721 <u>38.529.852,00</u>	722 <u>51.771.101,00</u>
a) derived from affiliated undertakings	1723 <u>Note 12</u>	723 <u>38.529.852,00</u>	724 <u>51.771.101,00</u>
b) other income not included under a)	1725 _____	725 _____	726 _____
11. Other interest receivable and similar income	1727 _____	727 <u>174.243,00</u>	728 <u>98.547,00</u>
a) derived from affiliated undertakings	1729 _____	729 _____	730 _____
b) other interest and similar income	1731 <u>Note 13</u>	731 <u>174.243,00</u>	732 <u>98.547,00</u>
12. Share of profit or loss of undertakings accounted for under the equity method	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 _____	665 _____	666 _____
14. Interest payable and similar expenses	1627 _____	627 <u>-37.421.258,00</u>	628 <u>-50.559.790,00</u>
a) concerning affiliated undertakings	1629 _____	629 _____	630 _____
b) other interest and similar expenses	1631 <u>Note 12</u>	631 <u>-37.421.258,00</u>	632 <u>-50.559.790,00</u>
15. Tax on profit or loss	1635 _____	635 <u>-81.469,00</u>	636 <u>-216.621,00</u>
16. Profit or loss after taxation	1667 _____	667 <u>786.309,00</u>	668 <u>621.455,00</u>
17. Other taxes not shown under items 1 to 16	1637 _____	637 _____	638 _____
18. Profit or loss for the financial year	1669 _____	669 <u>786.309,00</u>	670 <u>621.455,00</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

KBC IFIMA S.A.		
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31 2019		
	2019	2018
Net profit	786 309	621 455
Adjustments for:		
Interests income/charges	-1 108 594	-1 211 311
Net amortization on loans and bonds	-57 747	-63 228
Other provision	-100 149	-11 160
Other - adjustment		
	-480 181	-664 244
Other advance	3 498	-2 827
Change in other assets and liabilities	1 778	58 114
Taxes (paid)/received	0	471 921
Tax provision	81 962	-732 377
Net cash flow from operational activities	-392 943	-869 413
Distribution on liquidation of subsidiaries		
Financial fixed assets - issued	-44 050 569	-143 014 182
Financial fixed assets - repaid	151 482 721	1 028 995 998
Interest received	39 814 534	59 888 120
Net cash flow from investment activities	147 246 686	945 869 936
EGM	0	-5 000 000
Bonds issued	42 730 373	141 689 047
Bonds repaid	-150 157 586	-1 022 645 688
Dividend paid	-408 657	-971 987
Interest Paid	-38 801 899	-57 816 499
Net cash flow from financing activities	-146 637 769	-944 745 127
Net cash flow	215 974	255 396
Cash balance as at January 1st	5 283 796	5 028 400
Cash balance as at December 31st	5 499 770	5 283 796
Net cash flow	215 974	255 396

The notes in the annex form an integral part of the annual accounts

KBC IFIMA S.A.
Société Anonyme

Notes to the annual accounts
As at 31 December 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 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 products 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. There is no new product launched in 2019.

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 28 December 2018, KBC IFIMA S.A. has been integrated in a Luxembourg tax unity. The other entities in scope are KBC Lease Luxembourg S.A. and KBC Group Re, which is the integrating company.

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 Luxembourg Stock Exchange market.

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) Prepayments

Prepayments include accrued amounts such as commissions, premiums or pension benefits, tax advances paid to the Administration and income to be received during the next financial year.

j) 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

KBC IFIMA S.A.
Société Anonyme

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 parent and is composed of:

- Long term loans: EUR 892 762 772 (2018: EUR 1 275 368 353);
- Short term loans: EUR 436 915 486 (2018: EUR 161 737 118);
- Short term bank deposits: EUR 1 320 196 with a maturity date of 30 April 2020 (2018: EUR 1 325 135);
- Accrued interest on loans and related derivatives: EUR 8 875 778 (2018: EUR 10 258 323);
- Accrued interest on deposit: EUR - 2 482 (2018: EUR -1 997);
- Other amounts due by the Parent: EUR 551 695 (2018: EUR 445 755).

The loans granted can be disclosed as follows:

Maturity	AUD	CZK	EUR	JPY	NOK	NZD	PLN	USD	TOTAL (EUR equivalent)
Less than 1 year	8 524 000	-	314 943 379	-	126 060 000	19 972 000	14 970 000	100 739 000	438 235 682
Between 1 and 5 years	75 448 000	3 100 000	335 205 000	-	1 225 650 000	7 576 000	-	234 888 000	720 390 167
More than 5 years	-	-	11 700 000	1 500 000 000	-	-	-	166 680 514	172 372 606
TOTAL	83 972 000	3 100 000	661 848 379	1 500 000 000	1 351 710 000	27 548 000	14 970 000	502 307 514	1 330 998 455

The matured items are not replaced by the new investments. The Company aims at providing products (issuance of debt securities, warrants, etc.) to its customers and invest its proceeds. The evolution of the outstanding volume will largely depend on the interest climate. The Company foresees to continue these activities.

Note 4 - Prepayments

The prepayments account includes some accrued amounts, the 2018 tax advances paid to the Administration (EUR 369 300 for CIT and EUR 119 073 for MBT) and a receivable amount linked to a warrant fee to be received.

EUR	2019	2018
Accrued premiums (discount on bonds)	2 500 188	2 155 070
Accrued commission	2 249 501	2 853 211
Tax advances 2018	488 374	488 374
Accrued pension benefit	30 826	31 774
Other receivable	24 569	34 710
TOTAL	5 293 458	5 563 139

Note 5 - Capital and reserves

EUR	Subscribed capital	Legal reserve	Reserve IF	Profit or loss brought forward	Result of the financial year
31/12/2018	5 296 266	237 992	1 113 704	0	621 455
AGM 30/05/2019		31 073	181 725		-212 798
Dividend 2019					-408 657
Result 2019					786 309
31/12/2019	5 296 266	269 065	1 295 429	0	786 309

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.

A special Net Wealth Tax reserve has been created in order to reduce the Net Wealth Tax of the Company. This special reserve amounts to five times the envisaged Net Wealth Tax credit. This special Net Wealth Tax reserve has to remain unavailable for distribution for five years, to take advantage of the reduction in Net Wealth Tax liability.

Note 6 - Provisions for taxation

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

The Tax provision concerns the fiscal debts to KBC Group Re, head of the fiscal unity to which the Company is included in.

Note 7 - Debenture loans - Non convertible loans

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

- Long term notes: EUR 892 762 773 (2018: EUR 1 275 368 353);
- Short term notes: EUR 436 915 486 (2018: EUR 161 737 118);
- Accrued interests on notes and related derivatives: EUR 8 719 712 (2018: EUR 10 100 354).

The non-subordinated debts are broken down as follows:

Maturity	AUD	CZK	EUR	JPY	NOK	NZD	PLN	USD	TOTAL (EUR equivalent)
Less than 1 year	-8 524 000	-	-313 623 182	-	-126 060 000	-19 972 000	-14 970 000	-100 739 000	-436 915 486
Between 1 and 5 years	-75 448 000	-3 100 000	-335 205 000	-	-1 225 650 000	-7 576 000	-	-234 888 000	-720 390 167
More than 5 years	-	-	-11 700 000	-1 500 000 000	-	-	-	-166 680 514	-172 372 606
TOTAL	-83 972 000	-3 100 000	-660 528 182	-1 500 000 000	-1 351 710 000	-27 548 000	-14 970 000	-502 307 514	-1 329 678 259

Note 8 - Deferred income

This account includes the sum of the accrued premium amount from liabilities side.

EUR	2019	2018
Premiums accruals	4 824 401	5 140 739

Note 9 - Other external expenses

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

EUR	2019	2018
Intra group charges	-172 733	-173 625
Intra group income	101 800	99 488
External charges	-119 069	-171 936
TOTAL	-190 002	-246 073

Note 10 - 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, 31 December 2019.

Note 11 – Staff costs

The Company has an average of 3 full time employees on 31 December 2019 represented by the following categories:

- Directors: 0 FTE
- Management: 0 FTE
- Employees: 3 FTE

EUR	2019	2018
Salaries and wages	187 349	184 278
Social security on salaries and wages	21 491	25 413
Pensions	9 284	8 949
Other social costs	6 933	7 069
TOTAL	225 057	225 709

Note 12 - Income from other investments and loans forming part of the fixed assets and interest payable and similar expenses

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 S.A. to KBC Bank NV, Brussels, Belgium and the related derivatives. The interest expense relates to bonds issued and related derivatives.

EUR	2019	2018
Interest income from:	38 529 852	51 771 101
fixed interest deposit	5 423	20 060
granted loans and related derivatives	38 524 429	51 751 041
Interest expenses from:	37 421 258	50 559 790
bonds and related derivatives	37 419 826	50 533 626
other	1 432	26 164

Note 13 - Other interest receivable and similar income

This account is mainly composed of refunded prescribed coupons. 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 2019 an amount of EUR 74 243 (2018: EUR 161 547) has been refunded by the paying agent. Prescribed coupons are classified under “other interest and similar financial income” caption.

Note 14 - Auditor’s fees

The fees of the auditor of the Company for the year ended 31 December 2019 amount to EUR 47 355 (2018: EUR 44 971) excluding VAT. These fees concern:

- the audit of the annual accounts and the work for the group reporting for an amount of EUR 45 305
- the consent letter fees for an amount of EUR 2 050

Note 15 - 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.

Note 16 - Off-balance sheet

The fair value and notional value of the Company's derivative financial instruments at 31 December 2019 is reflected in the table below (base currency is EUR):

Derivatives Assets

Derivative	Notional (EUR)	Fair-value (EUR)
Credit default swap	3 500 000	588
Equity Option	146 886 899	148 641 823
Equity Swap	205 232 315	12 549 233
Interest Option	8 880 859	201 224
Interest Rate Swap	889 965 496	39 781 772
TOTAL	1 254 465 569	201 174 640

Derivatives Liabilities

Derivative	Notional (EUR)	Fair-value (EUR)
Credit default swap	3 500 000	588
Equity Option	146 886 899	148 641 823
Equity Swap	205 232 315	12 549 233
Interest Option	6 011 000	260
Interest Rate Swap	889 965 496	26 002 382
TOTAL	1 251 595 710	187 194 286

The difference in notional between assets and liabilities is EUR 2 869 859 as an interest option only has one leg, this implies there is no offsetting balance.

Note 17 – Other information

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

- 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 15.