



Regulated information, Leuven, 29 January 2021 (17.40 hrs CET)

Interim Financial Report 2020/2021

KBC Ancora recorded a loss of EUR 8.1 million in the first half of the financial year 2020/2021. This compared with a profit of EUR 69.1 million in the same period in the previous financial year. The difference was due almost entirely to the decision by KBC Group, following the recommendation of the European Central Bank (ECB), not to distribute an interim dividend in the second half of financial year 2020.

Abridged financial summaries and notes¹

Results for the first half of the financial year 2020/2021

	1H fin. year 2020/2021		1H fin. year 2019/2020	
	(x EUR 1,000)	per share (in EUR)	(x EUR 1,000)	per share (in EUR)
Income	34	0.00	77,543	0.99
Dividends from financial fixed assets	0	0.00	77,516	0.99
Other income	34	0.00	26	0.00
Expenses	-8,115	-0.10	-8,450	-0.11
Cost of debt	-6,884	-0.09	-7,235	-0.09
Services and sundry goods	-1,230	-0.02	-1,214	-0.02
Other costs	-1	-0.00	-1	-0.00
Result after taxes	-8,081	-0.10	69,093	0.88
Number of shares in issue*		78,301,314		78,301,314

* No instruments have been issued which could lead to dilution.

KBC Ancora recorded a loss of EUR 8.1 million in the first six months of the current financial year, equivalent to EUR -0.10 per share, compared with a positive result of EUR 69.1 million in the same period in the previous financial year.

The result principally comprised interest charges on debt (EUR 6.9 million) and operating expenses (EUR 1.2 million). KBC Group did not distribute an interim or final dividend during the period under review. In the same period in the previous year, KBC Group distributed an interim dividend of EUR 1.00 per share.

¹ KBC Ancora's reporting is based on Belgian GAAP.
See Appendix for the balance sheet and profit and loss account.



Balance sheet as at 31 December 2020

(x EUR 1,000)	31.12.2020	*30.06.2020
BALANCE SHEET TOTAL	3,149,165	3,150,309
Assets		
Fixed assets	3,088,253	3,088,253
<i>Financial fixed assets</i>	3,088,253	3,088,253
Current assets	60,912	62,057
Liabilities		
Equity	2,797,656	2,805,737
<i>Issued capital</i>	2,021,871	2,021,871
<i>Legal reserve</i>	75,175	75,175
<i>Other unavailable reserves</i>	650,117	650,117
<i>Available reserves</i>	57,806	57,806
<i>Profit (loss) carried forward</i>	767	767
<i>Result for the period</i>	-8,081	0
Creditors	351,509	344,573
<i>Amounts falling due after more than one year</i>	343,000	343,000
<i>Amounts falling due within one year</i>	257	198
<i>Accrued expense and deferred income</i>	8,252	1,374

* The balance sheet as at 30 June 2020 is shown after appropriation of profit.

The balance sheet total at 31 December 2020 stood at EUR 3.1 billion, a reduction of EUR 1.1 million compared with the end of the financial year 2019/2020.

The number of shares held by KBC Ancora in KBC Group remained unchanged at 77,516,380.

Equity decreased by EUR 8.1 million, reflecting the negative result recorded for the first six months of the current financial year. Debt increased by EUR 6.9 million, principally due to the pro rata application of interest charges in respect of the first six months of the financial year.



Interim report on the first six months of the current financial year 2020/2021

Notes on the first half of the current financial year 2020/2021

Results for the first six months of the financial year 2020/2021

KBC Ancora recorded a loss of EUR 8.1 million in the first six months of the current financial year, compared with a positive result of EUR 69.1 million in the same period in the previous financial year.

This result was influenced principally by the following factors:

- No (interim) dividend on KBC Ancora's participating interest in KBC Group. In line with the recommendation issued by the European Central Bank (ECB) in July 2020, KBC Group announced in August 2020 that it would be unable to implement its usual dividend policy. As a result, KBC Group did not distribute an interim dividend in November 2020. The interim dividend distributed in November 2019 amounted to EUR 1 per KBC Group share.
- Interest charges amounting to EUR 6.9 million, EUR 0.35 million less than in the same period in the previous financial year. This reduction was the result of the lowering of the interest rate charged on an existing loan of EUR 100 million (see below).
- Operating expenses amounting to EUR 1.2 million, in line with the previous financial year. The recurring operating expenses consisted primarily of costs incurred under the cost-sharing agreement with Cera (EUR 0.9 million). In addition, there were the usual costs such as listing fees and management expenses.

Annualised reduction in interest charges of EUR 0.6 million

The interest rate applying for an existing bullet loan of EUR 100 million, which matures in May 2027, was reduced in mid-October and took effect at the end of May 2020.

As a result of this change, the interest charges payable by KBC Ancora in the current financial year have reduced by EUR 0.65 million. The annualised reduction in interest charges in the subsequent years will amount to EUR 0.6 million. Over the total term of this loan, the reduction in interest charges will amount to EUR 4.2 million.

In the light of this interest rate reduction, an additional 10 million KBC Group shares were pledged.

Participating interest in KBC Group, net debt position and net asset value

The number of KBC Group shares in portfolio remained unchanged during the past six months, at 77,516,380. KBC Ancora holds 0.99 KBC Group shares per KBC Ancora share in issue. The average book value of the KBC Group shares is EUR 39.84 per share.



KBC Ancora’s net debt amounted to EUR 3.71 per share as at 31 December 2020, an increase of EUR 0.10 per share compared with 30 June 2020.

The net asset value of one KBC Ancora share as at 31 December 2020 was thus equivalent to the price of 0.99 KBC Group shares less EUR 3.71.

Based on the closing price of the KBC Group share on 31 December 2020 (EUR 57.28), the net asset value of one KBC Ancora share amounted to EUR 52.99, and the KBC Ancora share (EUR 34.98) was trading at a discount of 34.0% to its net asset value.

The following charts illustrate the movements in the price of the KBC Group and KBC Ancora shares and the discount of the KBC Ancora share to its net asset value.



Introduction of loyalty voting rights and scrapping of 1% disclosure threshold

The Extraordinary General Meeting of KBC Ancora held on 30 October 2020 decided to introduce a system of loyalty voting rights. This means that a double voting right is assigned to each KBC Ancora share which, in accordance with Article 27 of the Articles of Association, has been entered in the Register of Shareholders in the name of the same shareholder for an uninterrupted period of at least two years.

It was also decided at the same meeting to renew the powers of the statutory director in relation to the authorised capital and in relation to the repurchase and reissuing of the company’s own shares, and to scrap the disclosure threshold of 1% as set out in the Articles of Association. The lowest disclosure threshold set out in the Articles of Association now stands at 3%.

Following the introduction of the loyalty voting rights, Cera announced that as at 30 October 2020 it held 67.27% of the voting rights in the company (passive exceeding of the threshold). KBC Ancora received no transparency disclosures (in respect of shareholdings of at least 3%) from any other parties.



Principal risks and uncertainties in the remaining months of the financial year

Certain risk factors could have an impact on the value of the assets held by KBC Ancora and on its ability to distribute a dividend. Reference is made in this regard to the description of the risks in the most recent annual report (page 18).

KBC Group reported a net result of EUR 0.90 billion for the first nine months of 2020. It will announce its result for the full financial year 2020 on 11 February 2021.

In addition to any dividend received from KBC Group, KBC Ancora's result in the second half of the current financial year (2020/2021) will consist principally of interest charges plus the usual limited operating expenses (costs under the cost-sharing agreement with Cera, listing fees and management expenses). KBC Ancora estimates the total expenses in respect of the financial year 2020/2021 at approximately EUR 16.5 million.

If KBC Ancora were to close the financial year with a positive recurring result, it intends, as announced in the press release dated 30 August 2019, to pay out 90% of the recurring result available for distribution in the form of an interim dividend (i.e. after adjustment for any exceptional results and after mandatory formation of the legal reserve).

Declaration by the responsible individuals

"We, the members of the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora SA, hereby jointly declare that, in so far as we are aware:

- a) the abridged financial summaries, drawn up in accordance with the applicable standards for financial statements, present a true and fair picture of the capital position, financial position and results of KBC Ancora;
- b) the interim financial report presents a true and fair view of the key events and principal transactions with affiliated parties during the first six months of the current financial year and of their impact on the abridged financial summaries, as well as a description of the principal risks and uncertainties during the remaining months of the financial year."



Information on the external audit

The statutory auditor has reviewed the abridged interim financial information and accompanying notes. The statutory auditor's report is appended to this interim report.

KBC Ancora is a listed company which holds 18.6% of the shares in KBC Group and which together with Cera, MRBB and the Other Permanent Shareholders is responsible for the shareholder stability and further development of the KBC group. As core shareholders of KBC Group, these parties have signed a shareholder agreement to this effect.

Financial calendar:

27 August 2021 (17.40 hrs CEST)	Annual press release for the financial year 2020/2021
28 September 2021 (17.40 CEST)	Annual Report 2020/2021 available
29 October 2021	General Meeting of Shareholders

This press release is available in Dutch, French and English on the website www.kbcancora.be.

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Appendix: Balance sheet and profit and loss account with comparative figures

(x EUR 1,000)	31.12.2020	30.06.2020
BALANCE SHEET TOTAL	3,149,165	3,150,309
Assets		
Fixed assets	3,088,253	3,088,253
Financial fixed assets	3,088,253	3,088,253
<i>Companies with which there is a participatory relationship</i>	3,088,253	3,088,253
<i>Participating interests</i>	3,088,253	3,088,253
Current assets	60,912	62,057
Receivables due within one year	4	4
<i>Trade receivables</i>	4	4
Cash at bank and in hand	60,908	62,047
Accrued expense and deferred income	0	6
Liabilities		
Equity	2,797,656	2,805,737
Contribution	2,021,871	2,021,871
<i>Issued capital</i>	2,021,871	2,021,871
Reserves	783,098	783,098
Unavailable reserves	725,292	725,292
<i>Legal reserve</i>	75,175	75,175
<i>Other unavailable reserves</i>	650,117	650,117
Available reserves	57,806	57,806
Profit (loss) carried forward	767	767
Profit (loss) for the period	-8,081	n/a
Creditors	351,509	344,573
Amounts falling due after more than one year	343,000	343,000
<i>Financial liabilities</i>	343,000	343,000
<i>Credit institutions</i>	343,000	343,000
Amounts falling due within one year	257	198
<i>Trade creditors</i>	191	161
<i>Suppliers</i>	191	161
<i>Other creditors</i>	66	38
Accrued expense and deferred income	8,252	1,374

KBC Ancora

indirect investment in KBC Group



Press Release
 Regulated information
 29 January 2021 (17.40 hrs CET):
 Interim financial report

(x EUR 1,000)	01.07.2020 -31.12.2020	01.07.2019 -31.12.2019
Operating income	34	26
Other operating income	34	26
Operating costs	1,231	1,215
Services and sundry goods	1,230	1,215
Other operating costs	1	0
Operating profit (Operating loss)	-1,197	-1,189
Financial income	0	77,516
Recurring financial income	0	77,516
Income from financial fixed assets	0	77,516
Financial expenses	6,884	7,235
Cost of debt	6,884	7,235
Other financial expenses	0	0
Profit (loss) before tax	-8,081	69,093
Profit (loss) after tax	-8,081	69,093



Statutory auditor's report to the board of directors of KBC Ancora NV on the review of the condensed interim financial information as at 31 December 2020 and for the 6-month period then ended

FREE TRANSLATION OF A REPORT ORIGINALLY PREPARED IN DUTCH

Introduction

We have reviewed the accompanying interim financial report 2020/2021, containing the condensed balance sheet of KBC Ancora NV as at 31 December 2020, the condensed profit and loss statement and notes ("the condensed interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with the financial reporting framework applicable in Belgium for interim financial information. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 31 December 2020 and for the 6-month period then ended is not prepared, in all material respects in accordance with the financial reporting framework applicable in Belgium for condensed interim financial information.

Zaventem, 29 January 2021

KPMG Réviseurs d'Entreprises
Statutory Auditor
represented by

Kenneth Vermeire
Réviseur d'Entreprises