



Regulated information, Leuven, 31 January 2020 (17.40 hrs CET)

Interim Financial Report 2019/2020

KBC Ancora recorded a profit of EUR 69.1 million in the first half of the financial year 2019/2020, an increase of EUR 0.4 million compared with the same period in the previous financial year. The difference was due principally to a reduction in interest charges.

Abridged financial summaries and notes¹

Results for the first half of the financial year 2019/2020

	1H fin. year (x EUR 1,000)	2019/2020 per share (in EUR)	1H fin. year (x EUR 1,000)	2018/2019 per share (in EUR)
Income	77,543	0.99	77,545	0.99
Dividends from financial fixed assets	77,516	0.99	77,516	0.99
Other income	26	0.00	29	0.00
Expenses	-8,450	-0.11	-8,853	-0.11
Cost of debt	-7,235	-0.09	-7,576	-0.10
Services and sundry goods	-1,214	-0.02	-1,276	-0.02
Other costs	-1	-0.00	-1	-0.00
Result after taxes	69,093	0.88	68,692	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 positive result of EUR 69.1 million in the first six months of the current financial year, equivalent to EUR 0.88 per share, compared with a positive result of EUR 68.7 million in the same period in the previous financial year.

The result consisted primarily of the interim dividend received from KBC Group (EUR 77.5 million), interest charges on debt (EUR 7.2 million) and operating expenses (EUR 1.2 million).

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



Balance sheet as at 31 December 2019

(x EUR 1,000)	31.12.2019	*30.06.2019
BALANCE SHEET TOTAL	3,165,789	3,089,448
Assets		
Fixed assets	3,088,253	3,088,253
<i>Financial fixed assets</i>	3,088,253	3,088,253
Current assets	77,536	1,195
Liabilities		
Equity	2,813,981	2,744,889
<i>Issued capital</i>	2,021,871	2,021,871
<i>Legal reserve</i>	72,132	72,132
<i>Unavailable reserves</i>	650,117	650,117
<i>Profit (loss) carried forward</i>	767	767
<i>Result for the period</i>	69,093	0
Creditors	351,808	344,559
<i>Amounts falling due after more than one year</i>	343,000	343,000
<i>Amounts falling due within one year</i>	205	179
<i>Accruals and deferred income</i>	8,603	1,380

* The balance sheet as at 30 June 2019 is shown after appropriation of profit.

The balance sheet total stood at EUR 3.2 billion, an increase of EUR 76.3 million compared with the end of the financial year 2018/2019.

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

Equity increased by EUR 69.1 million, i.e. the positive result recorded for the first six months of the current financial year. Debt increased by EUR 7.2 million due to the pro rata application of interest charges during the first six months of the financial year.



Interim report on the first six months of the financial year 2019/2020

Notes on the first half of the current financial year 2019/2020

Results for the first six months of the financial year 2019/2020

KBC Ancora recorded a positive result of EUR 69.1 million in the first six months of the current financial year, compared with a positive result of EUR 68.7 million in the same period in the previous financial year.

This result was influenced principally by the following factors:

- Dividend income amounting to EUR 77.5 million. KBC Group distributed an interim dividend of EUR 1 per share in November 2019.
- Interest charges amounting to EUR 7.2 million, EUR 0.34 million lower than in the same period in the previous financial year. This reduction is principally the result of a reduction in financial debt (EUR 343.0 million in the first half of financial year 2019/2020 versus EUR 375 million in the first half of the previous financial year)
- Operating expenses amounting to EUR 1.2 million, EUR 0.1 million less than in the same period in 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 costs.

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.

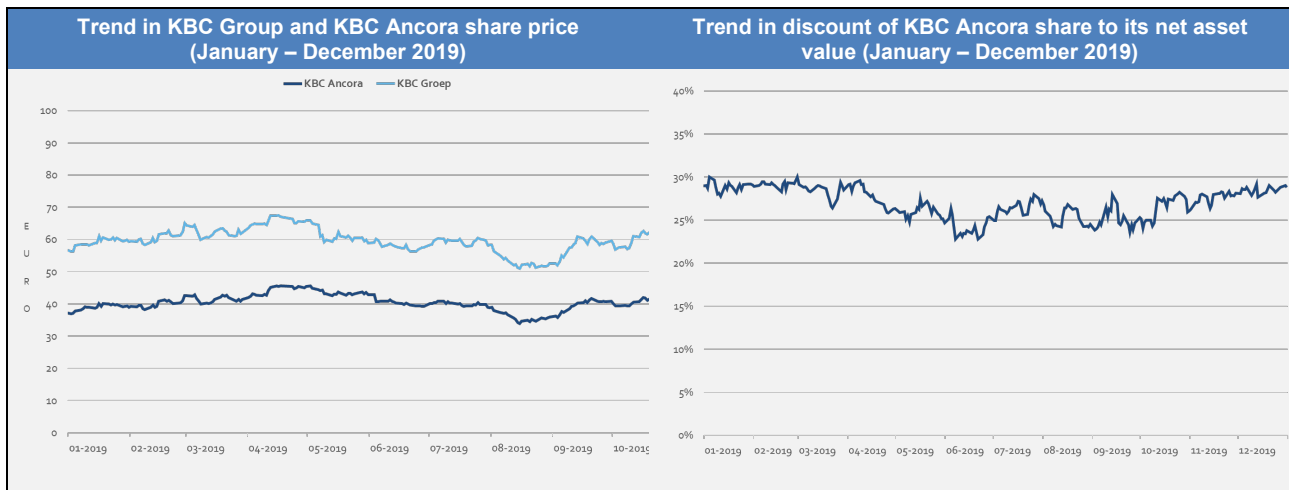
KBC Ancora's net debt amounted to EUR 3.50 per share as at 31 December 2019, a decrease of EUR 0.88 per share compared with 30 June 2019. The reduction in net debt was the result of the interim dividend distributed by KBC Group in November 2019. In view of the intention of KBC Ancora to distribute an interim dividend in June 2020, net debt will increase again in the second half of the year.

The net asset value of one KBC Ancora share as at 31 December 2019 was thus equivalent to the price of 0.99 KBC Group shares less EUR 3.50.

Based on the closing price of the KBC Group share on 31 December 2019 (EUR 67.06), the net asset value of one KBC Ancora share amounted to EUR 62.88, and the KBC Ancora share (EUR 44.76) was trading at a discount of 28.8% 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.



Changed legal form of KBC Ancora

The Extraordinary General Meeting held on 25 October 2019 resolved to amend the Articles of Association of KBC Ancora with effect from 1 January 2020 to bring them into line with the provisions of the new Belgian Code on Companies and Associations ('opt-in'). With effect from that date, the Company has been transformed from a partnership limited by shares (Société en Commandite par Actions (SCA)) into a public limited company (Société Anonyme (SA)) with a sole director appointed pursuant to the Articles of Association. In effecting this transformation, use was made of the opportunities offered by a ('new-style') public limited company structure to assign the same rights in the Articles of Association to the sole director as in a partnership limited by shares (SCA), so that amending the legal form has no impact on the anchoring structure. As has been the case since the company was first listed in 2001, the mandate of the director appointed pursuant to the Articles of Association may only be revoked if there are lawful grounds for doing so, and the consent of the director is required for decisions to amend the Articles of Association, decisions to make distributions to shareholders and decisions to dismiss the sole director.

Appointments at the statutory director Almancora Société de gestion

On 29 November 2019 Herman Vandaele, who has been an independent director since 2010, was appointed Chairman of the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora. He succeeds Jules Stuyck, who had reached the age limit set in the Articles of Association.

Fintrac SA (with Marc De Ceuster as permanent representative) was appointed to succeed Jules Stuyck as an independent director within the Board of Directors of Almancora Société de gestion.



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 17).

KBC Group reported a net result of EUR 1.79 billion for the first nine months of 2019. It will announce its result for the full financial year 2019 on 13 February 2020.

KBC Group's dividend policy provides for a dividend payout ratio (including the coupon on the outstanding Additional Tier-1 instruments) of at least 50% of the consolidated profit. Following its annual general meeting in May 2020, KBC Group will distribute a final dividend, which together with the interim dividend distributed in November 2019 will constitute the total dividend in respect of the financial year 2019.

In addition to a final dividend from KBC Group, KBC Ancora's result in the second half of the current financial year (2019/2020) will consist principally of interest charges plus the usual limited operating expenses (costs under the cost-sharing agreement with Cera, listing fees and management costs).

Barring unforeseen circumstances, KBC Ancora will close the financial year 2019/2020 with a positive result. As already announced in the press release of 30 August 2019, KBC Ancora intends 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). Payment of the interim dividend will take place on 11 June 2020. The amount of the interim dividend will be announced on 29 May 2020 (17.40 hrs CEST). A final dividend will not be distributed.

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:

29 May 2020 (17.40 CEST)	Announcement of amount of interim dividend
11 June 2020	Payment date of interim dividend
28 August 2020	Annual press release for the financial year 2019/2020
29 September 2020 (17.40 CEST)	Annual Report 2019/2020 available
30 October 2020	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)	31.12.2019	30.06.2019
BALANCE SHEET TOTAL	3,165,789	3,089,448
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	77,536	1,195
Receivables due within one year	4	6
<i>Trade receivables</i>	4	6
Cash at bank and in hand	77,532	1,184
Prepayments and accrued income	0	5
Liabilities		
Equity	2,813,981	2,744,889
Capital	2,021,871	2,021,871
<i>Issued capital</i>	2,021,871	2,021,871
Reserves	722,250	722,250
<i>Legal reserve</i>	72,132	72,132
<i>Unavailable reserves</i>	650,117	650,117
Profit (loss) carried forward	767	767
Profit (loss) for the period	69,093	n/a
Creditors	351,808	344,559
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	205	179
<i>Trade creditors</i>	147	132
<i>Suppliers</i>	147	132
<i>Other creditors</i>	58	47
Accruals and deferred income	8,603	1,380

KBC Ancora

indirect investment in KBC Group



Press Release

Regulated information
31 January 2020 (17.40 hrs CET)
Interim financial report

(x EUR 1,000)	01.07.2019/ -31.12.2019	01.07.2018/ -31.12.2018
RESULTS	69,093	68,692
Expenses	8,450	8,853
Cost of debt	7,235	7,576
Other financial expenses	0	0
Services and sundry goods	1,214	1,276
Miscellaneous current expenses	0	0
Income	77,542	77,545
Income from financial fixed assets	77,516	77,516
<i>Dividend</i>	77,516	77,516
Other financial income	0	0
Other current income	26	29



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 2019 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 2019/2020, containing the condensed balance sheet of KBC Ancora NV as at 31 December 2019, 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 2019 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.

Brussels, 31 January 2020

KPMG Réviseurs d'Entreprises
Statutory Auditor
represented by

Kenneth Vermeire
Bedrijfsrevisor