



Press Release

Regulated information
28 August 2020 (17.40 hrs CEST)
Annual press release

Regulated information, Leuven, 28 August 2020 (17.40 hrs CEST)

KBC Ancora closes financial year 2019/2020 with a profit of EUR 60.8 million

KBC Ancora recorded a profit of EUR 60.8 million in the financial year 2019/2020, equivalent to EUR 0.78 per share. This compares with a profit of EUR 253.7 million in the previous financial year. The full-year result was determined by the income from the interim dividend received on the participating interest in KBC Group (EUR 77.5 million), operating costs (EUR 2.2 million) and interest charges (EUR 14.5 million). The result in the second half of the financial year was EUR -8.2 million, or EUR -0.11 per share.

As announced on 2 April 2020, the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, decided not to distribute an interim dividend in respect of the financial year 2019/2020 and not to propose payment of a final dividend.

The Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora NV, hereby announces the annual figures for the financial year ended 30 June 2020, subject to the approval of the General Meeting of KBC Ancora Shareholders to be held on 30 October 2020.

Abridged financial summaries and notes¹

Results for the financial year

	Financial year 2019/2020		Financial year 2018/2019	
	total	per share	total	per share
	(x EUR 1,000)	(in EUR)	(x EUR 1,000)	(in EUR)
Income	77,561	0.99	271,353	3.47
Dividends from financial fixed assets	77,516	0.99	271,307	3.46
Other income	45	0.00	46	0.00
Expenses	16,713	0.21	17,610	0.22
Cost of debt	14,470	0.18	15,096	0.19
Services and sundry goods	2,241	0.03	2,512	0.03
Other costs	2	0.00	1	0.00
Result after taxes	60,848	0.78	253,743	3.24
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 profit of EUR 60.8 million in the financial year 2019/2020, compared with a profit of EUR 253.7 million in the previous financial year.

Income (EUR 77.6 million) principally comprised the dividend received on the participating interest in KBC Group (EUR 77.5 million). Expenses (EUR 16.7 million) consisted mainly of the usual operating costs (EUR 2.2 million) and interest charges (EUR 14.5 million).

¹ KBC Ancora's reporting is based on Belgian GAAP.



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Developments in the last six months of the financial year 2019/2020

KBC Group did not distribute a final dividend in respect of the financial year 2019. KBC Ancora decided not to distribute an interim dividend in respect of the financial year 2019/2020, and not to propose payment of a final dividend.

In a press release dated 30 March 2020, KBC Group announced that its Board of Directors had decided, in line with the European Central Bank recommendation in relation to the Covid-19 pandemic, not to propose a final dividend for the financial year 2019. This was followed on 2 April 2020 by a press release from KBC Ancora announcing that the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, had decided not to distribute an interim dividend in respect of the financial year 2019/2020 and not to propose a final dividend. The press release also stated that the Board of Directors will propose to the General Meeting of Shareholders in October 2020 to allocate 5% of the result to the legal reserve and to add the balance to the available reserves. As a result KBC Ancora has a liquidity buffer which can be used to meet its future financial obligations. These decisions reflect the decision by the statutory director to adopt, like KBC Group, a cautious stance in exceptional circumstances.

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

KBC Ancora did not buy or sell any KBC Group shares in the second half of the financial year, and holds 77,516,380 KBC Group shares.

The net asset value of the KBC Ancora share corresponds to 0.99 times the price of the KBC Group share, less the net debt² per share. KBC Ancora's net debt position as at 30 June 2020 stood at EUR 3.61 per share. The net debt position at the end of the previous financial year amounted to EUR 4.39 per share.

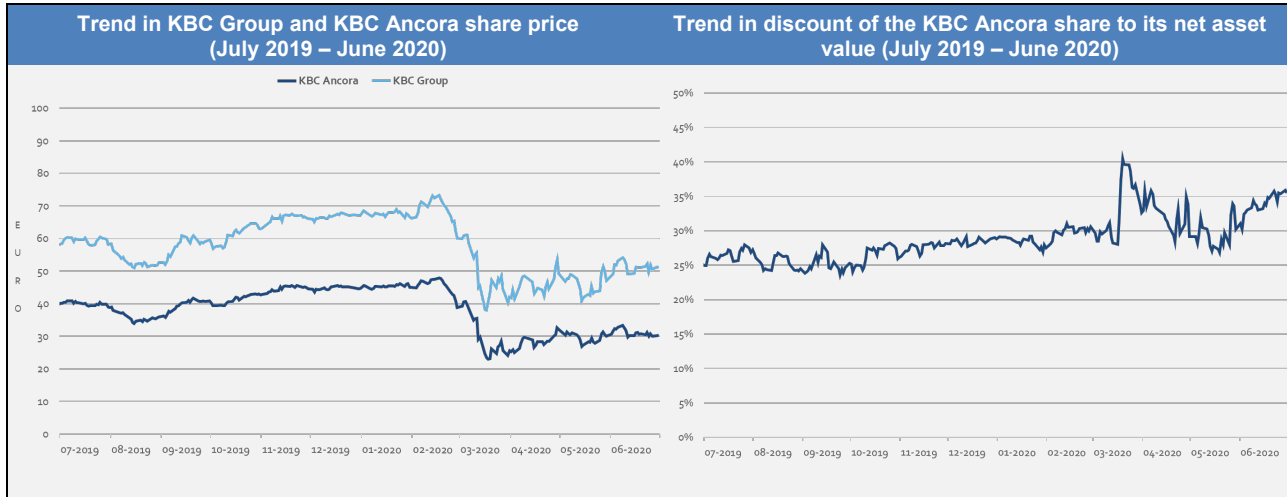
Based on the price of the KBC Group share on 30 June 2020 (EUR 51.06), the net asset value of one KBC Ancora share amounted to EUR 46.94, and the KBC Ancora share (EUR 30.28) was trading at a discount of 35.5% to its net asset value.

² Net debt is defined here as total liabilities less total assets excluding financial fixed assets.



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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.



Result for the second half of the financial year (FY) 2019/2020

	2H FY 2019/2020		2H FY 2018/2019	
	total (x EUR 1,000)	per share (in EUR)	total (x EUR 1,000)	per share (in EUR)
Income	18	0.00	193,808	2.48
Dividends from financial fixed assets	0	0.00	193,791	2.47
Other income	18	0.00	17	0.00
Expenses	8,263	0.11	8,757	0.11
Cost of debt	7,235	0.09	7,519	0.10
Services and sundry goods	1,027	0.01	1,237	0.02
Other costs	1	0.00	1	0.00
Result after taxes	-8,244	-0.11	185,051	2.36
Number of shares in issue	78,301,314		78,301,314	

KBC Ancora recorded a loss after tax of EUR 8.2 million in the second half of the year under review, or EUR 0.11 per share. In the same period in the previous financial year, KBC Ancora recorded a profit of EUR 185.1 million.

As KBC Group did not distribute a final dividend in respect of the financial year 2019, KBC Ancora received virtually no income in the second half-year. Over the same period in the previous financial year, KBC Ancora received dividends amounting to EUR 193.8 million on its participating interest in KBC Group.



Expenses in the second half-year (EUR 8.3 million) were EUR 0.5 million lower than a year earlier, and were principally determined by the following factors:

- The usual operating expenses amounted to EUR 1.0 million, EUR 0.2 million less than in the same period in the previous financial year. Of this total, EUR 0.8 million relates to costs incurred within the cost-sharing agreement with Cera. Other costs consisted among other things of listing fees and management costs.
- Cost of debt amounted to EUR 7.2 million, EUR 0.3 million less than in the same period in the previous financial year. The difference was due mainly to the reduction of EUR 32 million in outstanding financial liabilities from May 2019.

Balance sheet as at 30 June 2020

(x EUR 1,000)	30.06.2020	30.06.2019	30.06.2018
BALANCE SHEET TOTAL	3,150,309	3,089,448	3,108,930
Assets			
Fixed assets	3,088,253	3,088,253	3,088,253
<i>Financial fixed assets</i>	<i>3,088,253</i>	<i>3,088,253</i>	<i>3,088,253</i>
Current assets	62,057	1,195	20,678
Liabilities			
Equity	2,805,737	2,744,889	2,732,313
<i>Contributed capital</i>	<i>2,021,871</i>	<i>2,021,871</i>	<i>2,021,871</i>
<i>Legal reserve</i>	<i>75,175</i>	<i>72,132</i>	<i>59,445</i>
<i>Other unavailable reserves</i>	<i>650,117</i>	<i>650,117</i>	<i>650,117</i>
<i>Available reserves</i>	<i>57,806</i>	<i>0</i>	<i>0</i>
<i>Profit (loss) carried forward</i>	<i>767</i>	<i>767</i>	<i>879</i>
Creditors	344,573	344,559	376,617
<i>Amounts falling due after more than one year</i>	<i>343,000</i>	<i>343,000</i>	<i>200,000</i>
<i>Amounts falling due within one year</i>	<i>198</i>	<i>179</i>	<i>175,186</i>
<i>Accruals and deferred income</i>	<i>1,374</i>	<i>1,380</i>	<i>1,431</i>

Total assets stood at EUR 3.15 billion on 30 June 2020, EUR 60.8 million more than a year earlier.

The number of KBC Group shares in portfolio remained unchanged in the year under review. At the balance sheet date, KBC Ancora held a total of 77,516,380 KBC Group shares. The net book value of the KBC Group shares was unchanged, at EUR 39.84 per share. The stock market price of the KBC Group share on the balance sheet date was EUR 51.06.

Debt remained virtually unchanged from the position as at the balance sheet date in the previous financial year (EUR 344.6 million, including financial debt of EUR 343 million). Current assets rose by EUR 60.9 million compared with a year earlier, to stand at EUR 62.0 million.



After addition of the result carried forward from the previous financial year (EUR 0.8 million), the result available for appropriation amounted to EUR 61.6 million. As announced on 2 April 2020, the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, decided not to distribute an interim dividend in respect of the financial year 2019/2020 and not to propose a final dividend. The following appropriation of profit will accordingly be proposed to the General Meeting of Shareholders to be held on 30 October 2020:

- addition of EUR 3.0 million (5% of the profit for the financial year) to the legal reserve;
- addition of EUR 57.8 million to the available reserves
- carry-forward of the balance of EUR 0.8 million, or EUR 0.01 per share, to the next financial year.

Notes on anticipated developments in the financial year 2020/2021

Costs within the cost-sharing agreement with Cera are expected to amount to approximately EUR 1.8 million. Total interest charges for the financial year 2020/2021 are estimated at approximately EUR 14.5 million. Other operating costs are likely to be around EUR 0.8 million.

Barring exceptional or unforeseen circumstances, KBC Group's dividend policy is to aim for a dividend payout ratio (including the coupon on the outstanding Additional Tier-1 instruments) of at least 50% of the consolidated profit. In normal circumstances, an interim dividend of EUR 1.00 per share will be distributed in November each year, followed by a final dividend after the Annual General Meeting of Shareholders.

KBC Group announced on 30 March 2020 that, in line with the recommendation by the European Central Bank as a result of the Covid-19 pandemic, it was withdrawing the proposal to the General Meeting of KBC Group on 7 May 2020 to distribute a final dividend of EUR 2.50 per share in respect of 2019, and that an evaluation would be carried out in October 2020 of whether all or part of this withdrawn final dividend could be distributed later this year (2020) in the form of an interim dividend.

On 6 August 2020 however, following the most recent recommendation from the European Central Bank (July 2020), KBC Group announced that it would be unable to implement its usual dividend policy. This means that no interim dividend will be paid out in November 2020.

Information on the external audit of the annual accounting data

The auditor, KPMG Réviseurs d'entreprises, represented by Kenneth Vermeire, has issued an unqualified opinion on the financial statements and has confirmed that the accounting data included in this press release contain no obvious inconsistencies compared with the financial statements.

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



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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 September 2020	Annual Report 2019/2020 available and notice of Annual General Meeting of Shareholders
30 October 2020	Annual General Meeting of Shareholders
29 January 2021	Interim financial report (1H)
27 August 2021	Annual press release for the financial year 2020/2021

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

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