

**ANNUAL
REPORT**
2019/2020



KBC ANCORA BACKGROUND

1998

KBC Ancora SCA (Société en commandité par actions) was incorporated on 18 December 1998 as Cera Ancora SA (Société anonyme). Cera Ancora's capital was formed by the contribution of 35,950,000 Almanij shares and approximately EUR 12.4 million in cash, subscribed virtually entirely by Cera (then 'Cera Holding') SCRL (Société coopérative à responsabilité limitée). Cera Ancora was thus an almost wholly owned subsidiary of Cera.

2001

The foundations were laid in 2000 for the fundamental restructuring of Cera Ancora and of Cera, with approval being granted on 12 and 13 January 2001, respectively. The restructuring was carried out in implementation of a settlement reached in conclusion of a legal dispute which went back to the merger in 1998 of CERA Bank, ABB and Kredietbank.

On the one hand, the restructuring of Cera Ancora led to the conversion of Cera Ancora NV to Almancora SCA, the splitting of the Almancora shares, so that the capital of the company was represented by 55,929,510 shares, and an increase (through contributions and purchase) of the participating interest in Almanij to 55,929,510 shares (28.56%). On the other hand, the restructuring of Cera gave Cera members the right to three Almancora shares for each cooperative D-share surrendered on withdrawal.

Almancora was listed on the stock exchange for the first time on 4 April 2001. From that date onwards it was possible to trade the shares on the 'double fixing' segment of the Brussels Stock Exchange.

2005

On 2 March 2005 the structure of the Almanij/KBC group was simplified by means of a merger in the form of the acquisition of Almanij by KBC Bank-insurance Holding. The merger to form KBC Group had a number of important consequences for Almancora:

- As a result of the merger Almancora acquired KBC Group shares on 2 March 2005, based on an exchange ratio of 1.35 KBC Group shares for each Almanij share.
- Until the merger, the shareholder stability of the Almanij/KBC group was guaranteed by Cera, Almancora and the Other Permanent Shareholders via a shareholder agreement. Following the merger this was replaced by a new shareholder agreement, to which MRBB also became a party. The core shareholders of the KBC group were henceforth Cera, Almancora, MRBB and the Other Permanent Shareholders.
- The disappearance of Almanij also brought to an end the reserving of profit at Almanij level.

2007

On 15 June 2007 the company name Almancora was changed to KBC Ancora and the Almancora share was split by a factor of 1.4 (seven new KBC Ancora shares per five existing Almancora shares). The purpose of these two changes was to make the link between the KBC Ancora share and the

KBC Group share even more explicit. The split also means that since 15 June 2007, Cera members who withdraw with their D-shares have the right to receive 4.2 KBC Ancora shares in exchange for each D-share surrendered. This 'reimbursement on withdrawal' means that the proportion of Cera's participation in KBC Ancora to be distributed will decline steadily over time.

Since 15 June 2007, the KBC Ancora share has been listed on the continuous segment of the Euronext Brussels stock exchange.

On 8 August 2007, Cera and KBC Ancora reported that their joint participating interest in KBC Group had been increased to over 30%. Exceeding the 30% threshold was important in the context of the law on public takeover bids which came into effect in Belgium on 1 September 2007. Under this law, participating interests of more than 30% which were in existence at the time the law came into force are exempt from any obligation to issue a bid, whereas after that date exceeding this threshold carried a mandatory requirement to issue a public bid.

2012

KBC Group increased its capital by EUR 1.25 billion in December 2012 through the issue of new shares. KBC Ancora supported this capital increase, but did not participate in it itself. Cera participated less than proportionately in the capital increase. As a result of the increase, the joint participating interest of Cera and KBC Ancora fell below the 30% threshold. Cera and KBC Ancora did however contribute additional KBC Group shares which they already held to the shareholder agreement between Cera, KBC Ancora, MRBB and the Other Permanent Shareholders, so that this agreement continues to represent more than 30% of the total number of KBC Group shares.

2013

Since July 2013, KBC Ancora has a new lender for EUR 325 million of its debt, which had previously been provided by KBC Bank. KBC Ancora sold 4.7 million KBC Group shares in November 2013. The proceeds of this sale were used to repurchase a loan with a nominal amount of EUR 175 million, which had been provided to KBC Ancora by KBC Bank in 2007. Both transactions had a positive impact on the capital position of KBC Bank.

2014

On 1 December 2014 Cera and KBC Ancora, together with MRBB and the Other Permanent Shareholders, extended their collaboration as a syndicate in updated form with respect to KBC Group for a further term of ten years, thereby ensuring the continued shareholder stability and supporting the further development of the KBC group. Cera, KBC Ancora, MRBB and the Other Permanent Shareholders contributed all their shares to the shareholder agreement, together representing 40% of the total number of KBC Group shares in issue.



Annual Report 2019/2020

KBC Ancora

Legal form: Public limited liability company

Registered office: Muntstraat 1, 3000 Leuven, Belgium

LEI 549300I4XZ0RR3ZOSZ55

Company number: 0464.965.639

www.kbcancora.be

TABLE OF CONTENTS

Letter from the Chairman of the Board of Directors and the Managing Directors	5
Declaration by the responsible individuals	7
Investor information	8
Share price, discount and traded volumes	8
Key figures as at balance sheet date	11
Balance sheet and result	11
Cash flow table	12
Dividend	13
Distribution of KBC Ancora shares	14
KBC Ancora shareholder structure	14
The road to the market	14
Group structure	16
Almancora ASBL	16
Almancora Société de gestion SA	17
KBC Ancora SA	17
Statutory director's report	18
Declaration in connection with risks	18
Declaration concerning effective corporate governance	18
Management structure	20
Board of Directors of Almancora Société de gestion SA	20
Composition of the Board of Directors	21
Powers of the Board of Directors	23
Functioning of the Board of Directors	23
Committees appointed within the Board of Directors	24
Day-to-Day Management Committee	24
Audit Committee	24
Appointments Committee	26
Remuneration Committee	26
Auditor	27
Main features of the evaluation process for the Board of Directors, its committees and its individual members	27
Remuneration report for the financial year	28
Internal control and risk management	35
Code of conduct in respect of conflicts of interest	35
Code of conduct to prevent market abuse	35
Annual notification pursuant to Article 74, §8 of the law of 1 April 2007 on public takeover bids	36
Guidelines for the exercise of directorships	36
Openness in investor communication	36
Declaration concerning results and other information	37
Balance sheet as at 30 June 2020	37

Assets	37
Liabilities	40
Profit and loss account for the financial year 2019/2020	41
Income	41
Expenses	41
Result and proposed profit appropriation	42
Additional information	42
No consolidated financial statements for KBC Ancora	43
Financial year 2019 and available information for 2020 on KBC Group	43
Past financial year of KBC Group	43
First half of KBC Group's financial year 2020	46
Outlook for the financial year 2020/2021	49
Financial report	50
Balance sheet	50
Profit and loss account	51
Notes	52
Auditor's report	57
Auditor's report on the financial year	57
Other information	62

LIST OF CHARTS

Chart 1: Trend in KBC Ancora and KBC Group share price during the last financial year	8
Chart 2: Trend in discount of the KBC Ancora share relative to its intrinsic value over the last financial year	9
Chart 3: Traded volumes of KBC Ancora shares on a daily basis in the past financial year	9
Chart 4: Trend in KBC Ancora and KBC Group share prices relative to the BEL20-Index in the last financial year	10
Chart 5: Trend in KBC Ancora and KBC Group share prices relative to Dow Jones EURO STOXX Bank Index in the last financial year	11
Chart 6: Group structure	16
Chart 7: Trend in price of KBC Group share (first half of 2020)	38
Chart 8: Trend in equity per KBC Group share (quarterly)	39
Chart 9: Trend in KBC Group share price (daily)	39

LIST OF TABLES

Table 1: Summary of stock market figures in recent financial years	10
Table 2: Basic figures as at balance sheet date	11
Table 3: Summary of results in recent financial years	12
Table 4: Cash flow table for the most recent financial years	13
Table 5: Composition of the Board of Directors of Almancora Société de gestion SA and summary of attendance	21
Table 6: Remuneration of non-executive directors of Almancora Société de gestion	31
Table 7: Remuneration of Day-to-Day Management Committee of KBC Ancora (in EUR)	31
Table 8: Trend in remuneration of B and C directors and of members of the Day-to-Day Management Committee of KBC Ancora (in EUR)	32
Table 9: Shareholder structure of KBC Ancora (situation up to 30 June 2020)	33
Table 10: Trend in KBC Ancora income	41
Table 11: Trend in KBC Ancora costs	41
Table 12: Costs within the cost-sharing agreement with Cera	42
Table 13: Profit figures and key ratios of KBC Group for the financial years 2019 and 2018	46
Table 14: KBC Group profits in the first half of the financial years 2020 and 2019	48

BOARD OF DIRECTORS OF ALMANCORA SOCIÉTÉ DE GESTION

Standing, from left to right: Katelijn Callewaert, Marc De Ceuster, Johan Massy, Henri Vandermeulen, Joseph Peeters, Liesbet Okkerse

Sitting, from left to right: Rita Van kerckhoven, Herman Vandaele, Franky Depickere, Luc Vandecatseye

Not in the photo: Christiane Steegmans

Letter from the Chairman of the Board of Directors and the Managing Directors

KBC Ancora's results for the financial year

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. The reduction in profit is due almost entirely to the fact that no final dividend was received in May 2020 on the participating interest in KBC Group. This followed the decision by the Board of Directors of KBC Group at the end of March 2020, in line with the recommendations of the European Central Bank, to withdraw the proposal to distribute a final dividend of EUR 2.50 per KBC Group share and not to propose a final dividend in respect of the financial year 2019.

Income therefore consisted primarily of the interim dividend (EUR 1.00 per KBC Group share) which was distributed in November 2019. KBC Ancora accordingly received dividends totalling EUR 77.5 million in the year under review on its participating interest in KBC Group, compared with EUR 271.3 million in the preceding financial year.

KBC Ancora's expenses consisted of the usual cost categories. The operating costs amounted to EUR 2.2 million, EUR 0.3 million less than in the previous financial year. Interest charges amounted to EUR 14.5 million, a reduction of EUR 0.6 million compared with the previous financial year.

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.

Balance sheet

KBC Ancora's total assets amounted to EUR 3.2 billion on 30 June 2020.

Assets

The participating interest in KBC Group remained unchanged in the year under review. On the balance sheet date, KBC Ancora held 77,516,380 KBC Group shares, equivalent to 18.62% of the total number of KBC Group shares in issue. The net book value of these shares was EUR 39.84 per share. KBC Ancora is the largest shareholder of KBC Group and, together with Cera and the other stable shareholders, is responsible for the anchoring of the KBC group.

In addition to its participating interest in KBC Group, KBC Ancora held cash totalling EUR 62 million on the balance sheet date.

Creditors

Amounts owed to creditors totalled EUR 344.6 million at the balance sheet date, in line with the figure at the balance sheet date in the previous financial year.

Financial liabilities at the balance sheet date totalled EUR 343 million, with loans maturing in 2022 (EUR 100 million), 2024 (EUR 143 million) and 2027 (EUR 100 million).

Limited adjustment of dividend policy

The Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, decided in August 2019 to make a limited adjustment to the dividend policy. This adjustment means that, barring exceptional circumstances, 90% of the distributable recurring result for the financial year (i.e. after adjustment for any exceptional results and after the compulsory formation of the legal reserve) will henceforth be paid out as (interim) dividend.

This is a reduction of 10% compared to the previous dividend policy, and will make it possible to accelerate the reduction of the outstanding financial debt.

This amended dividend policy would in principle have applied for the first time to the interim dividend which (barring exceptional circumstances) would have been made payable at the beginning of June 2020.

As indicated above, however, in the light of the Covid-19 pandemic the Board of Directors decided not to distribute an interim dividend in respect of the financial year 2019/2020, nor to propose a final dividend. This decision followed the announcement by KBC Group that it was withdrawing its proposal to declare a final dividend for the financial year 2019 and suspending the proposed repurchase of its own shares. This reflects the decision taken by the statutory director to follow KBC Group in adopting a cautious stance in the present exceptional circumstances.

Appointments at the statutory director Almancora Société de gestion¹

During the year under review, FINTRAC SRL, with Marc De Ceuster as permanent representative, was appointed as a C director, and Joseph Peeters was appointed as a B director, both for a term of four years. Herman Vandaele succeeded Jules Stuyck as Chairman of the Board of Directors.

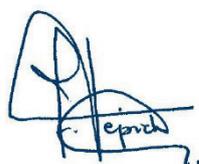
KBC Group

On 6 August 2020, KBC Group announced a result of EUR 205 million for the first half of the financial year 2020, compared with EUR 1,175 million in the same period in the previous financial year. KBC Group also announced that, following the recent recommendation by the European Central Bank, it would be unable to implement its usual dividend policy. This means that an interim dividend will not be distributed in November 2020.

Leuven, 27 August 2020



Herman Vandaele
Chairman of the Board of
Directors
Almancora Société de gestion



Franky Depickere
Managing Director and
permanent representative of
Almancora Société de gestion



Katelijn Callewaert
Managing Director
Almancora Société de gestion

¹ Almancora Société de gestion is the statutory director of KBC Ancora (see Almancora Société de gestion SA)

Declaration by the responsible individuals

Declaration pursuant to the European regulations on transparency as imposed by the Belgian Royal Decree of 14 November 2007.

“We, the members of the Board of Directors of Almancora Société de gestion², statutory director of KBC Ancora SA, hereby declare that, as far as we are aware, a) the KBC Ancora financial statements, which have been prepared in accordance with the financial reporting standards applicable in Belgium, give a true and fair view of the net worth, financial position and results of KBC Ancora; and b) the KBC Ancora annual report gives a true and fair view of the development and results of the business and of the position of KBC Ancora, as well as a description of the principal risks and uncertainties with which the company is confronted.”

² The individual members of the Board of Directors of Almancora Société de gestion are listed in the 'Group structure' section of this Annual Report.

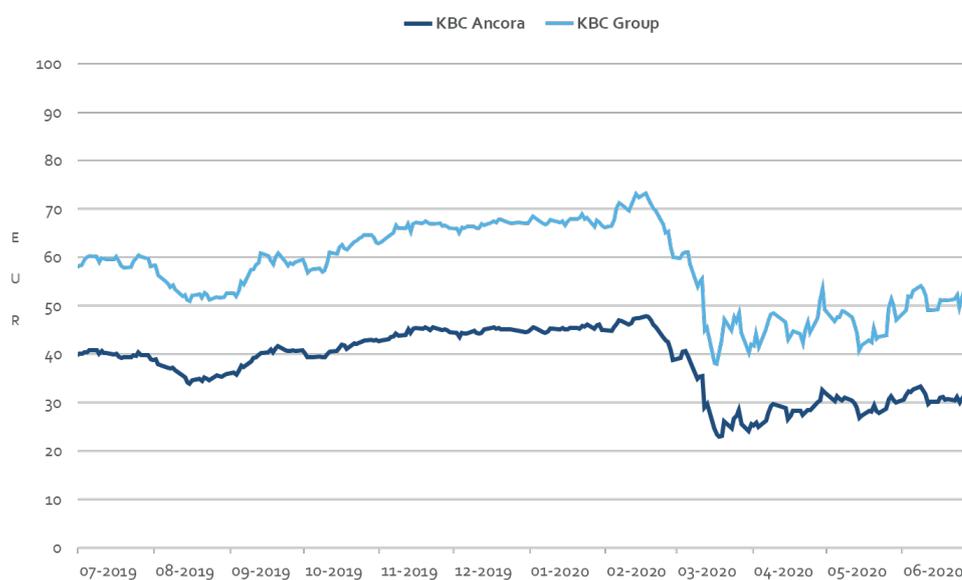
Investor information

Share price, discount and traded volumes

At the balance sheet date, KBC Ancora had a total of 77,516,380 KBC Group shares in portfolio. Debt less other assets amounted to EUR 282.5 million. KBC Ancora has itself issued 78,301,314 shares. The intrinsic value³ of one KBC Ancora share at the balance sheet date accordingly corresponded to the price of 0.99 KBC Group shares less net debt⁴ per share of EUR 3.61.

Chart 1 traces the performance of the KBC Ancora and KBC Group shares during the last financial year.

Chart 1: Trend in KBC Ancora and KBC Group share price during the last financial year



³ Intrinsic value: value per share calculated on the basis of the stock market price of the underlying listed share, less the net debt.

⁴ Net debt is defined in this Annual Report as total liabilities less total assets excluding financial assets.

Chart 2 shows the trend in the discount of the KBC Ancora share relative to its intrinsic value over the year under review. This fluctuated between 23% and 40%.

Chart 2: Trend in discount of the KBC Ancora share relative⁵ to its intrinsic value over the last financial year

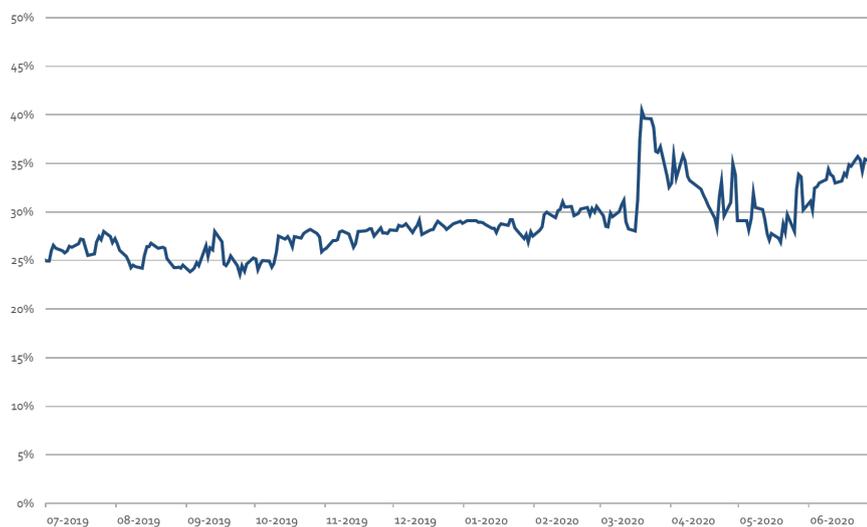
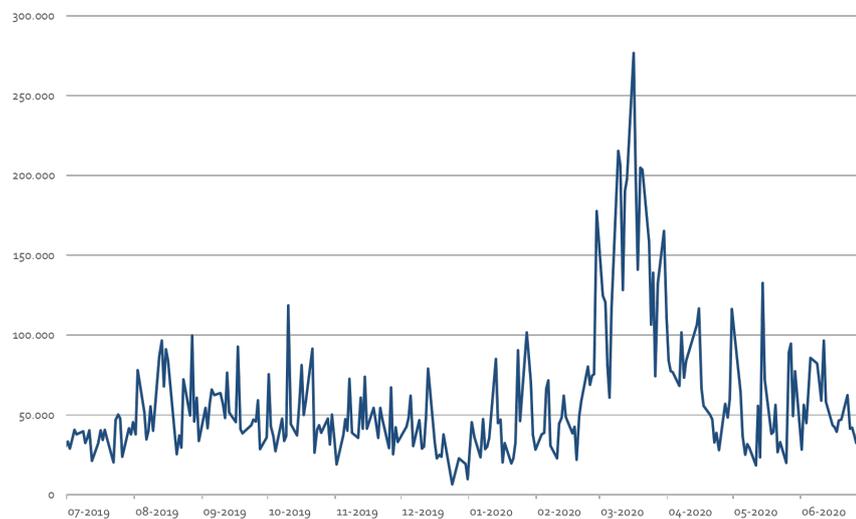


Chart 3 illustrates the liquidity of the KBC Ancora share.

Chart 3: Traded volumes of KBC Ancora shares on a daily basis in the past financial year



⁵ Intrinsic value per KBC Ancora share (IV) = (price of KBC Group share x number of KBC Group shares held by KBC Ancora + other assets – liabilities) / number of KBC Ancora shares in issue.
Discount in relative terms = (IV – KBC Ancora share price) / IV

Table 1 summarises a number of stock market figures and compares them with the performance in previous financial years.

Table 1: Summary of stock market figures in recent financial years

	Financial year	Financial year	Financial year
High (EUR)	47.94	47.00	56.30
Low (EUR)	23.00	36.28	43.065
Price on the balance sheet date (EUR)	30.28	39.30	45.92
Average number of shares traded per day	58,988	45,746	52,432

Charts 4 and 5 show the trend in KBC Ancora's share price relative to that of the KBC Group share, the BEL20 Index and the Dow Jones EURO STOXX Bank Index in the year under review.

Chart 4: Trend in KBC Ancora and KBC Group share prices relative to the BEL20-Index in the last financial year

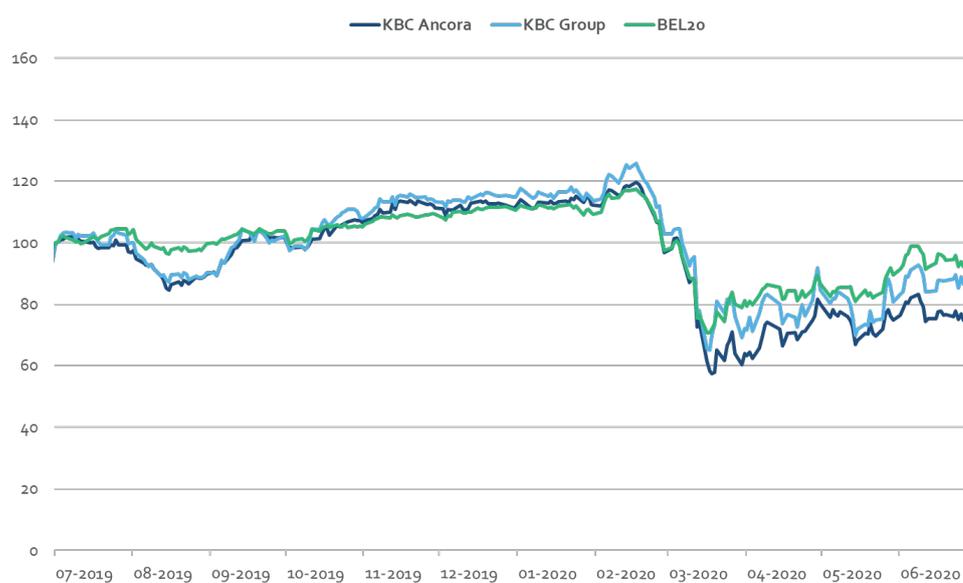
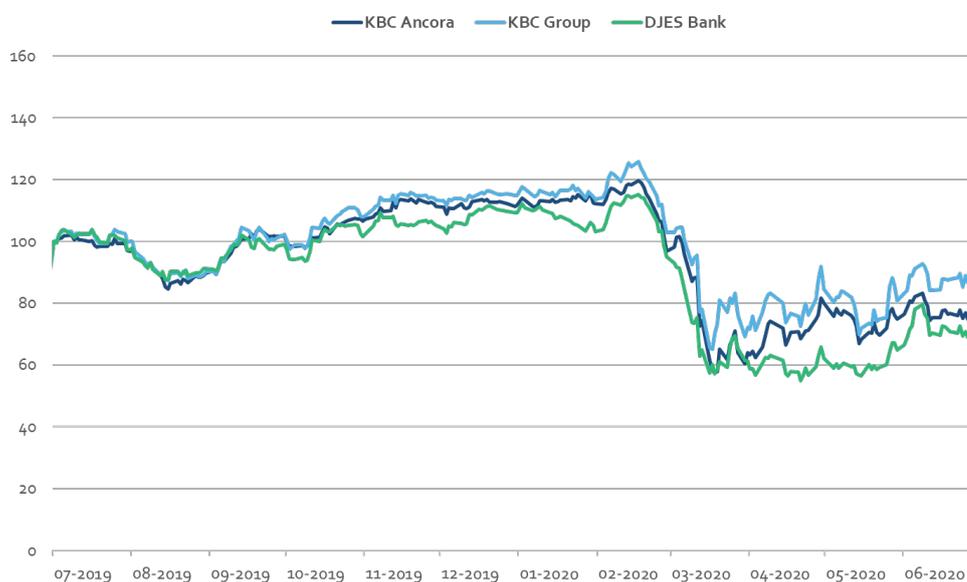


Chart 5: Trend in KBC Ancora and KBC Group share prices relative to Dow Jones EURO STOXX Bank Index in the last financial year



Key figures as at balance sheet date

Balance sheet and result

Table 2 contains a number of key figures as at the balance sheet date for the most recent financial years.

Table 2: Basic figures as at balance sheet date

	30 June 2020	30 June 2019	30 June 2018
Number of shares in issue	78,301,314	78,301,314	78,301,314
Number of KBC Group shares in portfolio	77,516,380	77,516,380	77,516,380
Balance sheet total in EUR	3,150,309,364	3,089,488,016	3,108,930,196
Market capitalisation in EUR (based on share price on balance sheet date)	2,370,963,788	3,077,241,640	3,595,596,339
Book value of capital and reserves in EUR	2,805,736,698	2,744,888,523	2,732,313,297
Market capitalisation/book value of capital and reserves	0.85	1.12	1.32

Table 3 summarises the results in recent financial years.

Table 3: Summary of results in recent financial years

Result of KBC Ancora (x EUR million)	Financial year 2019/2020	Financial year 2018/2019	Financial year 2017/2018
Income	77.6	271.4	232.7
Dividends from financial fixed assets	77.5	271.3	232.5
Other income	0.0	0.0	0.1
Expenses	16.7	17.6	17.6
Cost of debt	14.5	15.1	15.2
Services and sundry goods	2.2	2.5	2.5
Other costs	0.0	0.0	0.0
Result	60.8	253.7	215.0

Cash flow table

Table 4 shows KBC Ancora's cash flows.

The cash flow from operating activities in the financial year 2019/2020 (EUR 60.9 million) was determined by the difference between the dividends received by KBC Ancora from its participating interest in KBC Group on the one hand and the operating and finance costs on the other. KBC Ancora did not engage in any investing or financing activities, resulting in an increase in the cash holdings on an annualised basis of EUR 60.9 million.

The cash flow from operating activities in the financial year 2018/2019 (EUR 253.7 million) was determined by the difference between the dividends received by KBC Ancora from its participating interest in KBC Group on the one hand and the operating and finance costs on the other. These funds were used primarily to distribute an interim dividend (total EUR 241.2 million). The financial debt was also reduced by EUR 32.0 million, leading to a reduction in the cash reserves on an annualised basis of EUR 19.5 million.

The cash flow from operating activities in the financial year 2017/2018 (EUR 215.0 million) was determined by the difference between the dividends received by KBC Ancora from its participating interest in KBC Group on the one hand and the operating and finance costs on the other. These funds were used primarily to distribute an interim dividend (total EUR 204.4 million). The balance (EUR 10.6 million) was held in the form of cash and cash equivalents.

Table 4: Cash flow table for the most recent financial years

Cash flow table (x EUR million)	Financial year 2019/2020	Financial year 2018/2019	Financial year 2017/2018
Net cash flow	60.9	-19.5	10.6
Indirect method			
Cash position at start of year	1.2	20.7	10.0
Operating activities	60.9	253.7	215.0
Net result	60.8	253.7	215.0
Movement in net working capital	0.0	0.0	0.0
Investing activities	0.0	0.0	0.0
Financial fixed assets	0.0	0.0	0.0
Financing activities	0.0	-273.2	-204.4
Financial liabilities	0.0	-32.0	0.0
Distribution of interim dividend	0.0	-241.2	-204.4
Cash position at end year	62.0	1.2	20.7

Dividend

Limited adjustment of dividend policy announced in August 2019

The Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, decided in August 2019 to make a limited adjustment to the dividend policy. This adjustment means that, barring exceptional circumstances, 90% of the distributable recurring result for the financial year (i.e. after adjustment for any exceptional results and after the compulsory formation of the legal reserve) will be paid out as (interim) dividend. This represents a reduction of 10% compared to the previous dividend policy.

As KBC Ancora is holding more cash within the business as a result, this will enable the outstanding financial liabilities to be reduced more quickly. That makes KBC Ancora's balance sheet more resilient against shocks and, from May 2022, on the next loan maturity date (EUR 100 million out of a total of EUR 343 million), will in principle lead to an accelerated reduction in the interest charges payable.

No dividend for financial year 2019/2020 due to exceptional circumstances

The adjusted dividend policy would in principle have applied for the first time to the interim dividend which (barring exceptional circumstances) would have been made payable at the beginning of June 2020. However, in the light of the Covid-19 pandemic which has been impacting the world since the spring of 2020, the Board of Directors of Almancora Société de gestion, statutory director of KBC Ancora, decided in early April 2020 to deviate from this adjusted dividend policy. It decided not to distribute an interim dividend, nor to propose a final dividend in respect of the financial year 2019/2020. This decision followed the announcement by KBC Group that it was withdrawing its proposal to declare a final dividend for the financial year 2019 and suspending the proposed repurchase of its own shares.

This reflects the decision by the statutory director to follow KBC Group in adopting a cautious stance in the present exceptional circumstances.

The appropriation of the result is discussed in more detail in the section Result and proposed profit appropriation

Distribution of KBC Ancora shares

KBC Ancora shareholder structure

There is a statutory requirement to disclose participating interests in listed companies of (multiples of) 5%. In addition, KBC Ancora's Articles of Association stipulate disclosure thresholds of 1% and 3%.

On 19 August 2020 Cera reported (pursuant to Article 74 §8 of the law of 1 April 2007 on public takeover bids) that as at 30 June 2020 it (still) held more than 30% of the voting rights in KBC Ancora. Specifically, Cera reported that it held 40,087,275, or 51.20%, of the total of 78,301,314 KBC Ancora shares.

On 1 July 2020 DWS Investment announced that on 25 June 2020 it had exceeded the disclosure threshold of 1% as set in the Articles of Association. At that date it held 817,984 KBC Ancora shares.

On 20 July 2020 DWS Investment announced that on 15 July 2020 its participating interest had fallen back below the disclosure threshold of 1% as set in the Articles of Association. At that date DWS Investment held 732,893 KBC Ancora shares.

On 24 April 2020 Lansdowne Partners International Limited reported that on 20 April 2020 Lansdowne Partners Austria GmbH had fallen below the disclosure threshold of 1% as set in the Articles of Association. At that date Lansdowne Partners Austria GmbH held 772,419 KBC Ancora shares.

On 7 November 2019 FMR LLC announced that on 1 November 2019 Fidelity Management & Research Company LLC (a company controlled by FMR LLC) had exceeded the disclosure threshold of 1% as set in the Articles of Association. At that date Fidelity Management & Research Company LLC held 848,234 KBC Ancora shares. Earlier transparency reports from FMR LLC in the year under review were made on 29 October 2019 and 28 August 2019.

On 16 October 2019 BlackRock, Inc. announced that on 15 October 2019 (also excluding equivalent financial instruments) it had exceeded the disclosure threshold of 1% as set in the Articles of Association. At that date, it held 783,210 KBC Ancora shares (1.00%) and 1,382 equivalent financial instruments (0.00%) which, in the context of transparency disclosures, equates to a total participating interest of 1.00%. Earlier transparency reports from BlackRock, Inc. in the year under review were made on 14 October 2019, 30 August 2019, 28 August 2019, 26 August 2019 and 19 August 2019.

In addition, the disclosures made in earlier financial years by Norges Bank (1.00%) and Portus SA, controlled by Gino Coorevits (1.49%), are also relevant for the shareholder structure.

A complete list of the participating interest disclosures received in previous financial years can be found on the KBC Ancora website.

The road to the market

Members of the Cera cooperative who withdraw with their cooperative D-shares receive a special 'reimbursement on withdrawal', consisting primarily of 4.2 KBC Ancora shares. In other words, members receive 4.2 KBC Ancora shares for each D-share which they surrender on withdrawal from Cera. They can then choose between keeping the KBC Ancora shares or selling them on the stock market.

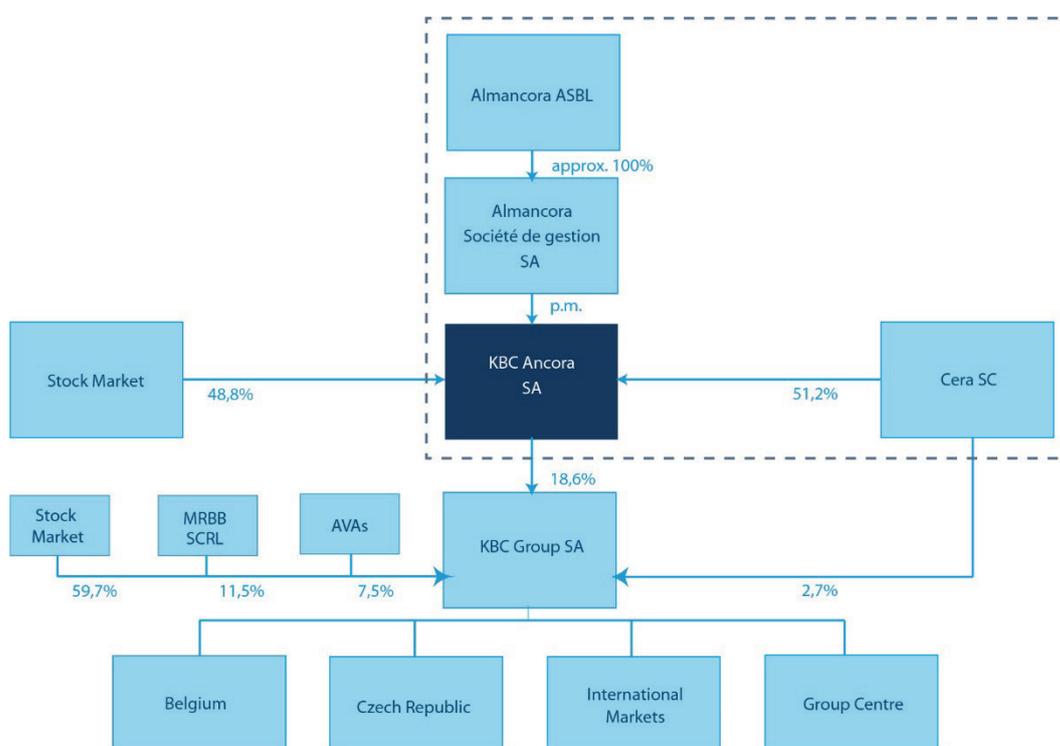
In principle, Cera members are permitted to withdraw voluntarily with their shares during the first half of each financial year. However, Cera's Articles of Association provide the possibility for the statutory director of Cera, Cera Société de gestion, to temporarily refuse or suspend withdrawal by members. Members were permitted to withdraw voluntarily during the first half of the financial year 2020. Cera Société de gestion did however reserve the right to limit such withdrawals to 10% of the capital, in order to safeguard the stability of the company. Consequently, requests for

withdrawal submitted in the first half of the financial year 2020 were not executed until the end of June 2020, after expiry of the withdrawal period. Since the number of withdrawals was well below the 10% threshold, all withdrawal requests submitted were met in full. Compulsory withdrawals (e.g. as a result of death) are in all cases implemented in full.

Group structure

Chart 6 shows KBC Ancora's group structure within the KBC group. The dotted line indicates the companies that belong to the Cera/KBC Ancora group.

Chart 6: Group structure⁶



Based on latest public data of end of June 2020

Almancora ASBL

The object of Almancora ASBL ('Association sans but lucratif') is to support the stability and continuity of KBC Group. As controlling shareholder of Almancora Société de gestion, it plays an important part in the appointment of the latter's Board of Directors.

In the same capacity, Almancora ASBL has the casting vote at the General Meeting of Shareholders of Almancora Société de gestion.

⁶ AVAs: Other Stable Shareholders

MRBB: Maatschappij voor Roerend Bezit van de Boerenbond CVBA. These parties together with Cera and KBC Ancora constitute the stable shareholders of KBC Group and have entered into a shareholder agreement to this end with a view to supporting the general policy of KBC Group (see KBC Ancora).

Ancora ASBL (the former ad hoc representative of KBC Ancora) was wound up and liquidated on 1 January 2020 and is therefore no longer included in the above group structure. Ancora ASBL lost its main raison d'être because, from 1 January 2020, it would no longer have been able to act as ad hoc representative of KBC Ancora if a conflict of interest should arise between KBC Ancora and Almancora Société de gestion.

Almancora ASBL's Board of Directors comprises the representatives of Cera members serving on the Board of Directors of Almancora Société de gestion SA and the managing directors of Almancora Société de gestion.

Almancora Société de gestion SA

KBC Ancora does not have a Board of Directors of its own but is instead managed by a statutory director, Almancora Société de gestion SA. In this role, the duties of Almancora Société de gestion SA include setting out the policy to be pursued by KBC Ancora.

Almancora Société de gestion's Board of Directors (see Board of Directors of Almancora Société de gestion SA) is made up of at least four representatives of Cera members, at least two managing directors and at least three independent directors.

KBC Ancora SA

KBC Ancora's principal activity is the maintenance and management of its shareholding in KBC Group with a view to ensuring, in collaboration with Cera, MRBB and the Other Stable Shareholders, the shareholder stability and continuity of KBC Group. To this end, KBC Ancora signed a shareholder agreement with these parties on 23 December 2004. Cera and KBC Ancora are viewed as a single party for the purposes of the agreement.

In December 2012, Cera and KBC Ancora contributed additional KBC Group shares which they already held to the shareholder agreement between Cera, KBC Ancora, MRBB and the Other Stable Shareholders, so that this agreement continued to represent more than 30% of the total number of KBC Group shares, including after the capital increase effected by KBC Group in December 2012. On 1 December 2014 Cera and KBC Ancora, together with MRBB and the Other Stable Shareholders, extended their collaboration as a syndicate in updated form with respect to KBC Group for a further term of ten years. In this connection, Cera, KBC Ancora, MRBB and the Other Stable Shareholders contributed all their shares to the shareholder agreement.

The shareholder agreement currently represents 167.6 million KBC Group shares, equivalent to 40.26% of the total number of KBC Group shares in issue. Cera and KBC Ancora have together committed 88.6 million KBC Group shares, or 21.29% of the total number of KBC Group shares. KBC Ancora has committed 77.5 million KBC Group shares, or 18.62% of the total, and Cera the rest.

Statutory director's report

Declaration in connection with risks

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.

KBC Ancora's assets consist almost entirely of a participating interest in KBC Group. For information on the specific risks to which KBC Group is exposed, reference is made to the annual report and press releases of KBC Group, which are available on the website www.kbc.com.

A fall in the KBC Group share price will inevitably have a negative influence on the value of KBC Ancora's assets.

The investment in KBC Group is funded from capital and reserves in combination with loans from financial institutions. At the balance sheet date, those loans amounted to EUR 343 million. These are long-term loans carrying fixed rates of interest, with repayment dates in 2022 (EUR 100 million), 2024 (EUR 143 million) and 2027 (EUR 100 million). KBC Ancora closely monitors the interest-rate and refinancing risk.

In principle, KBC Ancora's recurring income consists mainly of the dividend it receives from its participating interest in KBC Group.

In the event that KBC Ancora does not receive a dividend from its participating interest in KBC Group in any given financial year, KBC Ancora will itself not pay a dividend in that year. If KBC Ancora once again receives KBC Group dividend in a subsequent financial year, its carried-forward result will be taken into account when determining the profit available for distribution.

Declaration concerning effective corporate governance

KBC Ancora attaches great importance to corporate governance. It applies the Belgian Corporate Governance Code 2020 as a reference code. It is committed to implementing the 2020 Code as fully as possible.

KBC Ancora's Corporate Governance Charter explains the principal elements of the company's policy in relation to corporate governance. It is available on the website www.kbcancora.be.

As KBC Ancora is managed by a statutory director, the provisions of the Belgian Corporate Governance Code are applied at the level of the Board of Directors of Almancora Société de gestion SA.

The Board of Directors of Almancora Société de gestion applies the principles from the Corporate Governance Code in full. It deviates from the provisions of the Code where the specific characteristics of KBC Ancora or its statutory director or specific circumstances make this necessary. In such cases the deviation is explained in accordance with the 'comply or explain' principle.

KBC Ancora's Corporate Governance Charter deviates from only a small number of the provisions of the Code.

Contrary to Provisions 2.13, 4.1 and 4.21 of the Corporate Governance Code, the Appointments Committee of Almancora Société de gestion may submit proposals directly (i.e. without the intervention of the Board of Directors) to the General Meeting of Shareholders of Almancora Société de gestion as regards the appointment of A, B and C directors. This offers the best guarantee of an independent nominations policy, in which the focus is exclusively on KBC Ancora's interests.

In addition, contrary to Provisions 7.7 and 7.8 of the Corporate Governance Code, the members of the Day-to-Day Management Committee receive no variable remuneration for their actual and set functions within KBC Ancora, and contrary to Provision 7.6 of the Corporate Governance Code, the executive and non-executive directors receive no remuneration in the form of shares in the company. Lastly, contrary to Provision 7.9 of the Corporate Governance Code, no obligation is

imposed on the members of the Day-to-Day Management Committee to hold a minimum number of shares in the company.

KBC Ancora's Corporate Governance Charter was comprehensively revised in the year under review to bring it into line with the provisions of the Belgian Code of Companies and Associations, the 2020 Corporate Governance Code and the recent amendments to the Articles of Association of KBC Ancora and Almancora Société de gestion which came into effect on 1 January 2020.

The principal changes are as follows:

- Veto rights for the statutory director pursuant to the Articles of Association rather than veto rights pursuant to the law, in connection with the transformation of KBC Ancora from a partnership limited by shares into a public limited liability company.
- Explicit emphasis on sustainable value creation, whereby the management body develops an inclusive approach which strikes a balance between the legitimate interests and expectations of the shareholders and other stakeholders.
- Additional requirements in relation to the composition of the management body (sufficient expertise regarding the various activities of the company and sufficient diversity in terms of competencies, background, age and gender), and particular attention for talent development and succession planning for directors and members of the Day-to-Day Management Committee.
- Amendment of the independence criteria for independent directors (cf. Provision 3.5 of the 2020 Code and Section 7:87 of the Belgian Code of Companies and Associations).
- Scrapping of the (optional) rotation system for directorships. The system was introduced on the incorporation of the company to prevent all directorships expiring at the same time; since then, however, a natural spread of directorships has developed.
- Explicit description of the tasks of the Board of Directors of Almancora Société de gestion, with particular attention for aspects such as responsible and ethical behaviour by directors, the development of a succession plan for the members of the Day-to-Day Management Committee and openness in communication with shareholders.
- Introduction of a Code of Ethics for the leadership of the company (directors and members of the Day-to-Day Management Committee).
- Explicit description of the tasks of the Chairman of the Board of Directors of Almancora Société de gestion and the tasks of the Company Secretary.
- Introduction of a three-year evaluation of the Board of Directors, its members and its committees.
- Amendment of the rules governing conflicts of interest between KBC Ancora and Almancora Société de gestion (cf. Section 7:102 of the Belgian Code of Companies and Associations), between KBC Ancora and an enterprise affiliated with KBC Ancora (cf. Section 7:97 of the Belgian Code of Companies and Associations), and between KBC Ancora and a director of Almancora Société de gestion (cf. Section 7:96 of the Belgian Code of Companies and Associations).
- Deletion from the Corporate Governance Charter of the remuneration policy, which was previously attached as an appendix to the Internal Rules of the Remuneration Committee. The remuneration policy will henceforth be a separate document which, in accordance with the Law of 28 April 2020 and the 2020 Corporate Governance Code, will be submitted for approval to the General Meeting of Shareholders on 30 October 2020.
- The section '*Potential conflict of interest between KBC Ancora and a party affiliated with KBC Ancora that is not a subsidiary*' has been brought into line with the new statutory rules on conflicts of interest as defined in Section 7:97 of the Belgian Code of Companies and Associations.

Management structure

The statutory director has joint and several liability for the commitments of the company dating from before the conversion of the company from a partnership limited by shares to a public limited liability company.

Pursuant to Article 29 of the Articles of Association, decisions to amend the Articles of Association, decisions to make distributions to shareholders and decisions to dismiss the statutory director may only take effect when and if the statutory director agrees to them. The statutory director was appointed under the Articles of Association for the entire duration of the company. Its mandate may only be terminated under exceptional circumstances. The statutory director may however choose to resign without having to seek the endorsement of the General Meeting of Shareholders. Almancora Société de gestion is authorised as director to do all that is necessary for or conducive to the achievement of the company's object, with the exception of powers that are reserved by law for the General Meeting of Shareholders. Almancora Société de gestion receives no remuneration for exercising its mandate as director, but costs incurred during the exercise of that mandate are reimbursed.

Board of Directors of Almancora Société de gestion SA

The following changes took place in the composition of the Board of Directors in the year under review:

- At the General Meeting of Shareholders of Almancora Société de gestion held on 29 November 2019, FINTRAC SRL (with Marc De Ceuster as permanent representative) was appointed as a C director for a term of four years, succeeding Jules Stuyck, who had reached the age limit set in the Articles of Association.
- At the Extraordinary General Meeting of Almancora Société de gestion held on 24 April 2020, Joseph Peeters was appointed as a new B director for a term of four years, as the successor to Koen Kerremans, who had completed his final term of office.

Table 5 shows the composition of the Board of Directors of Almancora Société de gestion and the committees set up under the Board's aegis. The number of meetings attended by each Board member is reported for the Board of Directors and its committees. The Board met twelve times in the financial year 2019/2020; the Day-to-Day Management Committee met eleven times; the Audit Committee met six times, the Appointments Committee four times and the Remuneration Committee twice.

Table 5: Composition of the Board of Directors of Almancora Société de gestion SA and summary of attendance

Name	End of current term	A directors	B directors	C directors	Day-to-Day Management Committee	Audit Committee	Appointments Committee	Remuneration Committee
Franky Depickere	2022	12			11		4	
Katelijan Callewaert	2020	11			11			
Koen Kerremans (until 24.04.2020)	2020		10				4	2
Johan Massy	2021		12			6		
Liesbet Okkerse	2020		12					
Joseph Peeters ¹ (since 24.04.2020)	2023		2					
Luc Vandecatseye	2023		12					
Henri Vandermeulen	2020		12					
BODA SCS (with Rita Van kerckhoven as permanent representative)	2020			11		6	3	
FINTRAC SRL (with Marc De Ceuster as permanent representative) ² (since 29.11.2019)	2023			8		4	2	2
Jules Stuyck (until 29.11.2019)	2019			3			2	
Herman Vandaele (Chairman) ³	2021			11		2	4	2
VISIONALITY SRL (with Christiane Steegmans as permanent representative)	2021			10		5		

¹ Joseph Peeters has been a member of the Board of Directors since 24 April 2020 (succeeding Koen Kerremans). Since taking up his mandate, he has attended all meetings of the Board of Directors.

² FINTRAC SRL, with Marc De Ceuster as permanent representative, has been a member of the Board of Directors since 29 November 2019 (succeeding Jules Stuyck). Since taking up his mandate, he has attended all meetings of the Board of Directors. He was appointed on 29 November 2019 as a member and chair of the Audit Committee (succeeding Herman Vandaele), as a member of the Appointments Committee (succeeding Jules Stuyck) and as a member of the Remuneration Committee (succeeding Jules Stuyck).

³ Herman Vandaele has been Chairman of the Board of Directors since 29 November 2019, as well as chair of the Appointments Committee and chair of the Remuneration Committee (in each case, succeeding Jules Stuyck).

Composition of the Board of Directors

The mandate of the statutory director, Almancora Société de gestion, may only be terminated with its agreement or by the courts, if there are lawful reasons for doing so. For this reason, a great deal of attention has been paid to the way in which the Board of Directors of Almancora Société de gestion is constituted. Account was taken when drafting the Articles of Association of KBC Ancora's anchoring objective, the principles of effective corporate governance – more specifically recommendations from competent authorities – and the legal rules regarding conflicts of interest in listed companies.

The Board of Directors of Almancora Société de gestion consists of three types of directors, each with its own specific conditions for appointment:

- A directors are those whose directorship forms part of their everyday professional activity. The individuals in question are managing directors of Almancora Société de gestion, with individual powers of representation. The two current A directors are also managing directors of Cera Société de gestion, Cera's statutory director. This creates a personal link between KBC Ancora and Cera.
- B directors are non-executive directors who are members of the consultative bodies that operate within Cera Ancora ASBL as long as the latter does not oppose their candidacy. These directors personify the institutional link between KBC Ancora and Cera, as also enshrined in the description of KBC Ancora's object as set out in its Articles of Association.
- C directors are independent directors. They are appointed because of their independence vis-à-vis the management of KBC Ancora, Cera and the KBC group.

Directors are appointed for a maximum term of four years.

A directorships are renewable without limit but end by operation of law at the moment that the director concerned reaches the statutory retirement age. B directorships end by operation of law in any event following the Annual General Meeting of Shareholders held in the sixteenth year of the directorship or after the General Meeting of Shareholders following the year in which the director in question has reached the age of 70 years. C directorships end by operation of law in any event following the Annual General Meeting of Shareholders held in the twelfth year of the directorship or after the General Meeting of Shareholders following the year in which the director in question has reached the age of 70 years.

Directorships may be renewed. If a directorship is renewed within the same category, the director concerned may be reappointed one or more times on expiry of each term of office, though only for immediately following terms.

In cases where the Internal Rules permit the taking up of a directorship in a different category, possibly following a cooling off period of two years, the maximum total term of the directorship is calculated taking into account the years spent as a director in both categories.

In the event that there are one or more unfilled directorships, the remaining directors of the same category are authorised to co-opt a new director from among the candidates proposed by the Appointments Committee. The mandate of a co-opted director is submitted for ratification to the next General Meeting of Shareholders.

The Board selects a Chairman from among its B and C members.

There must be a minimum of three C directors. The A and C directors together constitute the majority on the Board of Directors. Persons may only be appointed as A, B or C directors by the General Meeting of Shareholders at the nomination of the Appointments Committee of Almancora Société de gestion. The C directors constitute the majority of the members of this Appointments Committee.

All C directors meet the specific independence criteria set out in Provision 3.5 of the Corporate Governance Code and the independence criteria as referred to in Section 7:87 of the Belgian Code of Companies and Associations.

Since 1 January 2017, at least one third of the members of the Board of Directors must be of a different gender from the remaining members. On the balance sheet date, the Board of Directors consisted of four women and seven men, thus meeting the requirements of the law.

Powers of the Board of Directors

The Board of Directors of Almancora Société de gestion is authorised to perform all acts which are necessary for or conducive to the achievement of the company's object and, in the context of its directorship of KBC Ancora, for the achievement of KBC Ancora's object.

In exercising its directorship within KBC Ancora, Almancora Société de gestion pays particular attention to KBC Ancora's object. That object is aimed at the maintenance and management of a participating interest in KBC Group, or every company and/or group of companies which is a continuation thereof in order, together with Cera, to achieve and maintain the anchoring of KBC Group as described in the KBC Ancora Articles of Association.

The Board of Directors carries out all tasks which are assigned to it by law and/or the Articles of Association. Decisions on the company's strategy, its values and the focus of its policy take account of the consultations between KBC Ancora and Cera.

The Board of Directors exercises these powers with regard both to the management of Almancora Société de gestion itself and in relation to the management of KBC Ancora, given the capacity of Almancora Société de gestion as statutory director of KBC Ancora, all in accordance with the respective provisions of the Articles of Association. Where relevant, the Board of Directors also takes account of the cost-sharing agreement between Cera and KBC Ancora (see Expenses).

The Board of Directors is also authorised, in view of the capacity of Almancora Société de gestion as statutory director of KBC Ancora, to consult and collaborate with Cera in the light of their parallel anchoring objective.

Almancora Société de gestion is bound to implement its mandate as statutory director personally. However, as permitted by KBC Ancora's Articles of Association, the Board of Directors of Almancora Société de gestion has delegated the day-to-day management of KBC Ancora and of Almancora Société de gestion, as well as the implementation of the decisions taken by the statutory director, to two A directors who together constitute the Day-to-Day Management Committee.

Functioning of the Board of Directors

The functioning of the Board of Directors is governed by the Articles of Association, supplemented by the relevant provisions of the Belgian Code of Companies and Associations. Further details are contained in the 'Guidelines for Directors of Almancora Société de gestion for the exercise of their directorship', which form part of the Internal Addendum to the KBC Ancora Corporate Governance Charter.

The Board of Directors met twelve times in the year under review. Each of these meetings was attended by virtually all members. In addition to its traditional duties (adopting the annual and interim results, proposing the appropriation of the result, monitoring the activities of the Audit Committee, Appointments Committee and Remuneration Committee, approving the budgets, etc.), the Board of Directors also addressed the following topics among others in the financial year 2019/2020:

- Monitoring the strategy and results of the KBC group and the functioning of the shareholder syndicate;
- Valuation of KBC Ancora's financial fixed assets;
- Proposal to bring the company within the scope of the Belgian Code of Companies and Associations with effect from 1 January 2020 (opt-in) and to amend KBC Ancora's Articles of Association accordingly (with effect from 1 January 2020);
- Proposal to amend KBC Ancora's dividend policy;
- Decision not to distribute an interim dividend by KBC Ancora in 2020 and to propose to the General Meeting of KBC Ancora shareholders not to declare a final dividend for the financial year 2019/2020;
- Proposal to appoint a C director;
- Proposal to appoint a B director;
- Appointment of chairman of Board of Directors;

- Appointment of a member and chairman of the Audit Committee;
- Appointment of a member and chairman of the Appointments Committee;
- Appointment of a member and chairman of the Remuneration Committee;
- Budgets for the financial year 2020/2021;
- Update of the KBC Ancora Corporate Governance Charter and approval of the Code of Ethics for the KBC Ancora management.

Committees appointed within the Board of Directors

Day-to-Day Management Committee

Composition:

The Day-to-Day Management Committee is a collegial body and comprises the two A directors. The term of office of the members of the Day-to-Day Management Committee ends on expiry of their term of office as A directors on the Board of Directors.

Powers:

The Day-to-Day Management Committee prepares the meetings of the Board of Directors and forwards proposals for decisions to the Board.

The Committee exercises its powers autonomously, but always within the framework of the general strategy as adopted by the Board of Directors.

The Day-to-Day Management Committee is authorised to conduct the day-to-day management of both Almancora Société de gestion and KBC Ancora.

Functioning:

The Day-to-Day Management Committee has been charged by the Board of Directors with the day-to-day management of the company. In principle, the Day-to-Day Management Committee meets once a month. The Committee met eleven times in the year under review. In addition, there were of course ongoing informal contacts between the Managing Directors.

Audit Committee

Composition:

The Audit Committee comprises a minimum of three directors, other than A directors. More than half the members of the Audit Committee must be C directors.

C directors are independent directors, all of whom meet the independence criteria set in the Belgian Corporate Governance Code and in Section 7.87 of the Belgian Code of Companies and Associations.

Marc De Ceuster (permanent representative of FINTRAC SRL) and Christiane Steegmans (permanent representative of VISIONALITY SRL) were designated as the Audit Committee members with specific experience in relation to accounting and audit.

Marc De Ceuster (permanent representative of FINTRAC SRL) holds a doctorate in Applied Economics (UFSIA) and a *Master's* degree in Law (UIA). He has been a Professor of Financial Economics at Antwerp University since 2002. He is Academic Director at the Antwerp Management School, a member of the General Council of the Antwerp Management School and a former member of the Supervisory Board of Arkea Direct Bank. He also spent six years as a member of the Board of Directors of KBC Group on behalf of the Flemish Government.

Christiane Steegmans (permanent representative of VISIONALITY SRL) obtained a Master's degree in Commercial Engineering at the Solvay Brussels School of Economics and Management at Université Libre de Bruxelles. After performing finance assignments in a variety of sectors, she joined IBM Consulting as an associate partner, working on financial advisory assignments and on setting up a system of shared services. She followed this with a variety of financial and strategic

roles at Delhaize Group, at both Belgian and European level. When she left Delhaize in 2013, Christiane was Senior Vice President Corporate Development Belgium. She went on to fulfil a number of consultancy roles. Since 2016 she has been a partner at Innovity, a consultancy which advises company leaders on strategy, finance and governance. Christiane Steegmans has wide experience in finance and strategy in a variety of situations and sectors.

It is evident from the foregoing that a sufficient number of the independent directors who are members of the Audit Committee meet the independence and expertise criteria as laid down in Section 3.6, §1, 9° of the Belgian Code of Companies and Associations, and that the Audit Committee therefore possesses sufficient relevant expertise in relation to accounting and audit. The Audit Committee elects a chairman from among its members, who may not also be the Chairman of the Board of Directors, and appoints a secretary. The Audit Committee is chaired by FINTRAC SRL (represented by Marc De Ceuster).

Powers:

The Audit Committee supports the Board of Directors in the performance of its supervisory tasks in respect of audit in the widest sense.

The Audit Committee's tasks relate in particular to:

- Financial reporting and communication;
- Internal control and risk management;
- Overseeing the effective functioning of the company's internal control system;
- The external audit function performed by the auditor;
- Additional audit duties.

Functioning:

The Audit Committee meets as often as necessary for its proper functioning, and at least four times a year.

The Audit Committee's activities are governed by the Internal Rules of the Audit Committee, which are incorporated in the Corporate Governance Charter.

The managing directors are not members of the Audit Committee, but are invited to attend meetings. This arrangement guarantees the necessary dialogue between the Board of Directors and the executive management.

The Audit Committee met six times during the year under review. Among the topics discussed by the Audit Committee in the financial year 2019/2020 were the following:

- Valuation of KBC Ancora's financial fixed assets;
- Draft financial statements and draft annual report of KBC Ancora for the financial year 2018/2019;
- KBC Ancora remuneration report for the financial year 2018/2019;
- Proposal to amend KBC Ancora's dividend policy;
- Annual discussion concerning the independence of the auditor;
- Audit planning by the auditor;
- Budgetary controls and cost-sharing agreement between Cera and KBC Ancora;
- Interim figures of KBC Ancora;
- Proposal not to distribute an interim dividend by KBC Ancora in 2020 and to propose to the General Meeting of Shareholders not to declare a final dividend for the financial year 2019/2020;
- KBC Ancora's budgets for the financial year 2020/2021;
- Evaluation of the effectiveness of the Audit Committee and the adequacy of the Internal Rules of the Audit Committee.

Appointments Committee

Composition:

The Appointments Committee comprises a minimum of three directors. C directors form the majority of the Committee's members.

The Appointments Committee is chaired by the Chairman of the Board of Directors of Almancora Société de gestion, except where the choice of his or her successor is being discussed.

Powers:

The Appointments Committee submits proposals directly (i.e. without the intervention of the Board of Directors) to the General Meeting of Shareholders of Almancora Société de gestion as regards the appointment of A, B and C directors.

As the majority of the Appointments Committee consists of independent, non-executive directors (C directors), the direct nomination of candidate directors offers the best guarantee of an independent nominations policy, in which the focus is exclusively on KBC Ancora's interests.

No directors may be appointed who have not been nominated by the Appointments Committee.

Functioning:

The Appointments Committee meets as often as necessary for its proper functioning, and at least twice a year.

The Appointments Committee's activities are governed by the Internal Rules of the Appointments Committee, which are incorporated in the Corporate Governance Charter.

The Appointments Committee met four times during the year under review. Among the matters discussed at these meetings were the following:

- Nomination for appointment of a C director;
- Nomination for appointment of a B director;
- Filling the vacant position of Chairman of the Board of Directors;
- Filling the vacant positions of member and chair of the Audit Committee;
- Filling the vacant positions of member and chair of the Appointments Committee;
- Filling the vacant positions of member and chair of the Remuneration Committee;
- Evaluation of the activities of the Appointments Committee in 2018/2019;
- Evaluation of the composition and size of the Board of Directors and the Committees.

Whenever necessary or appropriate, joint meetings are organised with the Appointments Committee of Cera Société de gestion.

Remuneration Committee

Composition:

The Remuneration Committee comprises at least three directors, other than A directors, of whom the majority are C directors.

The Remuneration Committee is chaired by the Chairman of the Board of Directors of Almancora Société de gestion.

Powers:

The Remuneration Committee:

- Puts forward proposals regarding the remuneration policy at least every four years or whenever a material change makes this necessary (cf. Section 7:89/1 of the Belgian Code of Companies and Associations) for B and C directors and for members of the Day-to-Day Management Committee (A directors);
- Puts forward proposals concerning the individual remuneration of B and C directors and of members of the Day-to-Day Management Committee in line with the approved remuneration policy (cf. Section 7:89/1 of the Belgian Code of Companies and Associations);
- Prepares the remuneration report;

- Explains the remuneration report at the General Meeting of Shareholders. Where relevant, consultation takes place with the Remuneration Committee of Cera Société de gestion.

Functioning:

The Remuneration Committee meets as often as necessary for its proper functioning, and at least twice a year. The Remuneration Committee met twice in the year under review.

The Remuneration Committee has sufficient relevant expertise in the field of remuneration policy. Among the members of the Remuneration Committee, Herman Vandaele possesses specific experience in the field of HR management and remuneration of company directors.

The Remuneration Committee's activities are governed by the Internal Rules of the Remuneration Committee, which are incorporated in the KBC Ancora Corporate Governance Charter.

Among the matters discussed in the Remuneration Committee in the year under review were the remuneration of B and C directors, the job descriptions scheme and an evaluation of the functioning of the Remuneration Committee.

Auditor

The General Meeting of Shareholders held on 27 October 2017 reappointed KPMG Réviseurs d'entreprises SCRL (KPMG) as auditor for a further period of three years. KPMG Réviseurs d'entreprises appointed Kenneth Vermeire as its permanent representative.

KPMG Réviseurs d'entreprises received a fee of EUR 15,604.71 (excluding VAT) for the financial year 2019/2020 for the performance of its normal auditing duties.

Main features of the evaluation process for the Board of Directors, its committees and its individual members

The Board of Directors discusses and evaluates its size, composition and activities on a regular basis, and at least once every three years, as well as the functioning of the Board and its committees and the interaction between the Board of Directors and the Day-to-Day Management Committee. This evaluation is performed by the Board of Directors on the initiative of the chairman and assisted by the Appointments Committee. In addition, each committee tests and assesses its effectiveness regularly, and at least every three years, and submits a report on this to the Board of Directors. Where necessary, the committee in question proposes changes to the Board of Directors.

The contribution of each member of the Board of Directors is periodically evaluated in order to be able to adapt the composition of the Board of Directors to take account of changing circumstances. The evaluation takes into account their general role as directors as well as their specific roles as chairman or member/chairman of a committee, respectively. In the event of a reappointment, the commitment and effectiveness of the director are assessed in accordance with a predetermined and transparent procedure.

The Board of Directors acts on the basis of the results of the evaluation by further developing its strengths and addressing its weaknesses. Where appropriate this means that new members are proposed for appointment, that a proposal is made that existing members should not be reappointed or that measures are taken that are deemed conducive to the effective functioning of the Board of Directors.

B and C directors meet at least once a year in the absence of the A directors in order to evaluate their interaction with the Day-to-Day Management Committee.

Remuneration report for the financial year

Description of the procedures for the development of the remuneration policy for setting the remuneration of individual directors and members of the Day-to-Day Management Committee

Almancora Société de gestion receives no remuneration for performing its mandate as statutory director. It does receive reimbursement of the costs it incurs in respect of the remuneration paid to the directors and for the reimbursement of expenses paid to B and C directors.⁷

As KBC Ancora is managed by a statutory director, the legal provisions concerning remuneration policy and the relevant provisions of the Belgian Corporate Governance Code are applied transparently at the level of the Board of Directors of Almancora Société de gestion SA. The Board of Directors of Almancora Société de gestion has appointed a Remuneration Committee which formulates proposals in respect of the remuneration policy, makes recommendations concerning the individual remuneration for the B and C directors and for the members of the Day-to-Day Management Committee (A directors) and prepares and explains the remuneration report to the General Shareholders Meeting. The Remuneration Committee has an advisory function.

The Remuneration Committee monitors trends in legislation, the Corporate Governance Code and market practices, paying particular attention to developments in the remuneration policy at KBC Group SA, and may seek external advice where necessary. The Board of Directors may also instruct the Remuneration Committee on its own initiative or at the proposal of the Day-to-Day Management Committee to investigate possible changes to the remuneration policy and to advise the Board of Directors accordingly.

Whenever necessary or appropriate, joint meetings are organised between the Remuneration Committee of Almancora Société de gestion and the Remuneration Committee of Cera Société de gestion.

Declaration concerning the remuneration policy pursued during the year under review with respect to directors and members of the Day-to-Day Management Committee

A directors:

A directors exercise their mandate within Almancora Société de gestion without remuneration. They are reimbursed for their duties as members of the Day-to-Day Management Committee of KBC Ancora (see below).

B and C directors:

As a basic principle, non-executive directors (B and C directors) of Almancora Société de gestion receive a fair level of remuneration which is proportionate to their contribution to the policy of KBC Ancora and which is based on the following principles:

- The remuneration of B and C directors takes into account their responsibilities and time investment.
- B and C directors receive a fixed remuneration and an attendance fee for each meeting of the Board of Directors attended. The remuneration of B directors also takes into account the remuneration they receive for their membership of the Board of Directors of Cera Société de gestion.

⁷ In addition to the payments to directors, which account for the majority of the total expenses incurred by Almancora Société de gestion in the performance of its mandate as director, Almancora Société de gestion's other operating costs are also charged in full to KBC Ancora (see Expenses).

- Given the large amount of time he/she invests in KBC Ancora, the Chairman of the Board of Directors enjoys a deviating remuneration regime. He or she receives a higher fixed remuneration, but no attendance fees.
- B and C directors who are members of the Audit Committee also receive an attendance fee for each meeting of the Committee they attend. The chairman of the Audit Committee receives a fixed remuneration.
- The members of the Appointments Committee and the Remuneration Committee do not receive attendance fees, but merely reimbursement of travel expenses incurred.
- Finally, B and C directors are entitled to reimbursement of expenses incurred in exercising their function as directors.

Where relevant, consultation takes place with the Remuneration Committee of Cera Société de gestion.

B and C directors receive no remuneration in the form of shares in the company. Since KBC Ancora is a single-asset holding company, the company's result is very largely determined by the results of KBC Group. The ultimate object of KBC Ancora, namely the anchoring of KBC Group, is moreover predicated on a very long-term vision. In view of this, the statutory director is of the opinion that reimbursing B and C directors partly in the form of shares in the company offers insufficient added value. For this reason, the director has chosen to deviate from Provision 7.6 of the Corporate Governance Code, which recommends that part of the remuneration of non-executive directors should be awarded in the form of shares in the company.

The members of the Day-to-Day Management Committee of KBC Ancora:

The Day-to-Day Management Committee, a collegial body comprising the A directors of the statutory director, is charged with the day-to-day management of KBC Ancora.

Their remuneration package is fixed contractually by Cera. With the exception of any variable remuneration of the chairman of the Day-to-Day Management Committee (which is paid in full by Cera), 20% of their total reimbursement is charged on to KBC Ancora in the context of the cost-sharing agreement between Cera and KBC Ancora (see Expenses). Where relevant, consultation takes place with the Remuneration Committee of Cera Société de gestion.

All decisions concerning the remuneration of members of the Day-to-Day Management Committee of KBC Ancora require the consent of both the management body of Cera and the Board of Directors of the statutory director of KBC Ancora, where the costs of that remuneration are born in part by KBC Ancora.

The remuneration of the members of the Day-to-Day Management Committee, 20% of which is paid by KBC Ancora, consists of a fixed remuneration, the use of a company car or travel allowance and a competitive insurance package, which among other things includes a supplementary retirement or survivor's pension, disability insurance, hospitalisation insurance and emergency assistance insurance.

The amount of the fixed remuneration is determined on the basis of the individual responsibilities and powers of the A directors, taking into account the remuneration paid for comparable functions in the marketplace.

Franky Depickere's employment contract is of indefinite duration and commenced on 1 September 2006. It provides for severance pay amounting to 24 months' fixed remuneration. The employment contract agreed with Katelijne Callewaert took effect on 3 August 2016 and provides for a severance package equivalent to 12 months' fixed remuneration. The company is bound to contribute to the observance of this contractual undertaking if the situation should arise.

Any variable remuneration of the members of the Day-to-Day Management Committee within Cera is not passed on via the cost-sharing agreement. The members of the Day-to-Day Management Committee also receive no variable remuneration from KBC Ancora. The ultimate object of KBC Ancora, namely the anchoring of KBC Group, in itself presupposes a very long-term vision. In the light of this, it is not entirely appropriate to formulate performance criteria, the assessment of which will inevitably be based on a relatively short-term perspective. Moreover, variable remuneration which is based solely on individual performance criteria pertaining to one member of the Day-to-Day Management Committee within KBC Ancora will inevitably be limited in scope compared with the fixed remuneration. Bearing in mind the modest share taken by KBC Ancora in the fixed remuneration (20%), the benefits of this limited variable remuneration are not sufficient to justify the administrative complexity it involves, because it would bring the personal financial interests of the members of the Day-to-Day Management Committee and the interests of KBC Ancora into line to only a limited extent. For this reason, KBC Ancora has opted to deviate from Provisions 7.7 and 7.8 of the Corporate Governance Code, which recommend that an appropriate portion of the remuneration package of the executive management be linked to the performance of the company and to the performance of the individuals concerned.

Members of the Day-to-Day Management Committee receive no remuneration in the form of shares in the company. Since KBC Ancora is a single-asset holding company, the company's result is very largely determined by the results of KBC Group. The ultimate object of KBC Ancora, namely the anchoring of KBC Group, in itself presupposes a very long-term vision. In view of this, KBC Ancora is of the opinion that imposing an obligation on the members of the Day-to-Day Management Committee to hold shares in the company offers insufficient added value. For this reason, KBC Ancora has chosen to deviate from Provision 7.9 of the Corporate Governance Code, which recommends setting a minimum threshold for the number of shares in the company that must be held by the members of the executive management.

Relative weight of the different remuneration components

During the year under review, the fixed portion of the remuneration and the pension contributions were the most important components.

Features of the performance bonuses in the form of shares, options or other rights to acquire shares

Not applicable.

Information on the remuneration policy for the next two financial years

The Remuneration Committee periodically evaluates the remuneration policy, and at the present time has no intention of materially amending the principles on which that policy is based.

Remuneration of individual non-executive directors of Almancora Société de gestion SA

Table 6: Remuneration of non-executive directors of Almancora Société de gestion

	Board of Directors fixed	Board of Directors attendance fee	Audit Committee fixed	Audit Committee Attendance fee	Total
Koen Kerremans	3,176	4,284	-	-	7,460
Johan Massy	5,722	5,356	-	2,858	13,936
Liesbet Okkerse	3,814	5,356	-	-	9,170
Joseph Peeters	638	716	-	-	1,354
Henri Vandermeulen	3,814	5,356	-	-	9,170
BODA SCS (with Rita Van kerckhoven as permanent representative)	7,738	7,860	-	2,858	18,456
FINTRAC SRL (with Marc De Ceuster as permanent representative)	3,673	6,926	5,404	-	16,003
Jules Stuyck	13,367	-	-	-	13,367
Herman Vandaele	23,771	2,848	3,164	-	29,783
Luc Vandecatseye	3,814	5,356	-	-	9,170
Visionality SRL (with Christiane Steegmans as permanent representative)	9,363	8,644	-	2,597	20,604
Total	78,890	52,702	8,568	8,313	148,473

Remuneration paid to individual members of the Day-to-Day Management Committee

The Day-to-Day Management Committee is a collegial body and comprises two members. The company is therefore not led by a CEO in the sense of a sole operational and responsible representative of the enterprise. Nonetheless, there is a material difference in the amounts of remuneration received by the two Managing Directors. On the one hand this difference reflects the difference in employment percentage (100% for Franky Depickere and 20% for Katelijjn Callewaert), and on the other the additional responsibilities held by Franky Depickere (including as permanent representative of Almancora Société de gestion and Cera Société de gestion, Chairman of the Day-to-Day Management Committees of KBC Ancora and Cera, Chairman of the Risk and Compliance Committee of KBC Group, KBC Bank and KBC Insurance, and numerous other mandates within the KBC group). The figures shown in table 7 are the amounts actually charged by Cera to KBC Ancora.

Table 7: Remuneration of Day-to-Day Management Committee of KBC Ancora (in EUR)

	fixed	pension**	other***
Franky Depickere*	133,375	26,836	3,388
Katelijn Callewaert*	14,134	-	347

* Mandate exercised on the basis of a self-employment contract.

** The pension contributions take the form of fixed contributions to fund a supplementary retirement or survivor's pension.

*** Other remuneration comprises the use of a company car or travel allowance, hospitalisation insurance and emergency assistance insurance package.

Ratio of highest remuneration of the members of the Day-to-Day Management Committee to lowest remuneration of employees

Not applicable since KBC Ancora has no employees.

Shares, share options and other rights to acquire KBC Ancora shares granted, exercised or lapsed during the year under review, on an individual basis

No shares, share options or other rights to acquire KBC Ancora shares were granted or exercised during or before the year under review.

Annual change in the remuneration of KBC Ancora in the last five financial years

Table 8: Trend in remuneration of B and C directors and of members of the Day-to-Day Management Committee of KBC Ancora (in EUR)

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Franky Depickere	163,599	160,818	156,983	145,767	144,617
Katelijn Callewaert (since 03/08/2016)	14,481	12,837	11,915	12,771	-
Luc Discry (until 03/08/2016)	-	-	-	-	22,191
Total remuneration paid to B and C directors	148,473	137,793	131,400	121,586	131,651

As KBC Ancora has no employees, it is not possible to present a summary of the annual change in the average remuneration of employees.

The total amount of remuneration is in line with the remuneration policy as approved by the Ordinary General Meeting of Shareholders. In view of the limited operational activity of the company, it is not considered helpful to link the remuneration to the long-term trend in its performance. That long-term performance has to be judged in the light of the ultimate object of the company and its statutory director, which in essence is focused on realising and maintaining the anchoring of KBC Group, together with the Cera cooperative. Since the long-term performance of the company is not linked to its financial performance, it does not regard a comparison between the trend in annual remuneration and the trend in the (financial) performance of the Company to be a useful exercise.

Information as referred to in Article 14, paragraph 4 of the Law of 2 May 2007 concerning the disclosure of major shareholdings in issuers whose shares have been admitted for trading on a regulated market

Shareholder structure as at 30 June 2020

There is a statutory requirement to disclose participating interests in listed companies of (multiples of) 5%. In addition, KBC Ancora's Articles of Association stipulate disclosure thresholds of 1% and 3%.

On 19 August 2020 Cera reported (pursuant to Article 74 §8 of the law of 1 April 2007 on public takeover bids) that as at 30 June 2020 it (still) held more than 30% of the voting rights in KBC Ancora. Specifically, Cera reported that it held 40,087,275, or 51.20%, of the total of 78,301,314 KBC Ancora shares.

On 1 July 2020 DWS Investment announced that on 25 June 2020 it had exceeded the disclosure threshold of 1% as set in the Articles of Association. At that date it held 817,984 KBC Ancora shares. On 20 July 2020 DWS Investment announced that on 15 July 2020 its participating interest had fallen back below the disclosure threshold of 1% as set in the Articles of Association.

On 24 April 2020 Lansdowne Partners International Limited reported that on 20 April 2020 Lansdowne Partners Austria GmbH had fallen below the disclosure threshold of 1% as set in the Articles of Association. At that date Lansdowne Partners Austria GmbH held 772,419 KBC Ancora shares.

On 7 November 2019 FMR LLC announced that on 1 November 2019 Fidelity Management & Research Company LLC (a company controlled by FMR LLC) had exceeded the disclosure threshold of 1% as set in the Articles of Association. At that date Fidelity Management & Research Company LLC held 848,234 KBC Ancora shares. Earlier transparency reports from FMR LLC in the year under review dated from 29 October 2019 and 28 August 2019.

On 16 October 2019, BlackRock, Inc. announced that on 15 October 2019 (also excluding equivalent financial instruments) it had exceeded the disclosure threshold of 1% as set in the Articles of Association. As at that date, it held 783,210 KBC Ancora shares (1.00%) and 1,382 equivalent financial instruments (0.00%) which, in the context of transparency disclosures, equates to a total participating interest of 1.00%. Earlier transparency reports from BlackRock, Inc. in the year under review dated from 14 October 2019, 30 August 2019, 28 August 2019, 26 August 2019 and 19 August 2019.

Table 9 summarises the shareholder structure of KBC Ancora based on all notifications received up to and including 30 June 2020.

A detailed summary of all participating interest disclosures may be found on the KBC Ancora website.

Table 9: Shareholder structure of KBC Ancora (situation up to 30 June 2020)

Informant	Situation as at	Number of shares and equivalent financial instruments	Participating interest
Cera SC	30 June 2020	40,087,275	51.20%
DWS Investment	25 June 2020	817,984	1.04%
FMR LLC	1 November 2019	848,234	1.08%
BlackRock, Inc.	25 October 2019	784,592	1.00%
Norges Bank	27 November 2017	785,016	1.00%
Gino Coorevits/Portus SA	30 October 2009	1,164,510	1.49%

Information as referred to in Article 34 of the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments that are admitted for trading on a regulated market

On 30 June 2020 the capital of KBC Ancora was represented by 78,301,314 shares without nominal value, each representing an equal portion of the capital.

On 19 August 2020 Cera reported (pursuant to Article 74 §8 of the law of 1 April 2007 on public takeover bids) that as at 30 June 2020 it (still) held more than 30% of the voting rights in KBC Ancora. Specifically, Cera reported that it held 40,087,275, or 51.20%, of the total of 78,301,314 KBC Ancora shares.

KBC Ancora is managed by a statutory director appointed pursuant to the Articles of Association. At the Extraordinary General Meeting of Shareholders held on 12 January 2001, Almancora Société de gestion was appointed as statutory director for the duration of the company. The mandate of the statutory director may only be terminated with its agreement or by the courts, if there are lawful reasons for doing so. Decisions to amend the Articles of Association, decisions to make distributions to shareholders and decisions to dismiss the statutory director may only⁸ take effect when and if the statutory director agrees to it.

Holders of securities in which special control rights are vested

None.

Limitations to the exercise of the voting right imposed by the law or the Articles of Association

There are no limitations on the exercise of the voting right. Each share confers the right to one vote.

As statutory director, Almancora Société de gestion does have a right of veto over decisions to amend the Articles of Association, decisions to make distributions to shareholders and decisions to dismiss the statutory director.

Rules governing the appointment and replacement of members of the management body and amendment of the Articles of Association

When the company was established in 2001, Almancora Société de gestion was appointed as the statutory director by the Articles of Association for an indefinite period. Its mandate may only be terminated on 'legitimate grounds'.

The attendance and majority requirements as set by the law apply for amendments of the Articles of Association. Pursuant to Article 29 of the Articles of Association, a resolution to amend the Articles of Association takes effect only when and if the statutory director agrees to it.

Powers of the statutory director in relation to the issue and repurchase of shares

Within the limits and on the conditions as set out in Article 8 of the Articles of Association, Almancora Société de gestion may decide to increase the authorised capital of KBC Ancora without seeking the prior authorisation of the General Meeting of Shareholders.

Almancora Société de gestion is also authorised to acquire or dispose of shares in the company within the limits and on the conditions as set out in Article 9 of the Articles of Association.

⁸ The statutory attendance and majority requirements as set out in Section 7:153 ff. of the Belgian Code of Companies and Associations also apply.

Internal control and risk management

Since KBC Ancora is a single-asset holding company whose sole asset is a substantial participating interest in KBC Group, the operational activities of KBC Ancora are fairly limited. KBC Ancora employs no staff. The operational activities are in the hands of joint staff of Cera and KBC Ancora (with costs being charged by Cera to KBC Ancora via the cost-sharing agreement; see Expenses). The budgets are prepared by the Day-to-Day Management Committee and are explained and discussed in the Audit Committee before being submitted for approval to the Board of Directors. The Day-to-Day Management Committee periodically monitors the budgets and submits a report on them to the Audit Committee and the Board of Directors.

The system of internal control and risk management is characterised by the following elements:

- Sufficient information is made available to the Audit Committee to enable the cost of debt as well as the direct operating costs of KBC Ancora to be discussed and monitored in depth;
- The other operating costs are shared costs of KBC Ancora and Cera, which are borne by Cera and which to the extent that they relate to KBC Ancora are subsequently charged on to KBC Ancora. The Audit Committee of Almancora Société de gestion is closely involved in the following aspects of the discussion and monitoring of the budgets relating to the shared costs:
 - Organisation of an annual joint meeting of the Audit Committees of Cera Société de gestion and Almancora Société de gestion to discuss the budgets and cost-sharing agreement between Cera and KBC Ancora;
 - Discussion of the audit cycle during this joint annual meeting;
- The provision of transparent and regular information to the Audit Committee of Almancora Société de gestion concerning the operational activities and controls in place at Cera, in so far as these are relevant for the cost-sharing agreement between Cera and KBC Ancora;
- Taking cognisance and discussion of the annual audit report by the auditor and of the specific activities of the auditor.

During the year under review, the Audit Committee of Almancora Société de gestion evaluated the adequacy of the present system of internal control and risk management. Based on this evaluation, the Audit Committee judged that there is currently no need to put in place additional control measures or to initiate an internal audit function.

Code of conduct in respect of conflicts of interest

In addition to the legal provisions concerning potential conflicts of interest with a director or key shareholder (Section 7:96 in conjunction with Sections 7:102 and 7:103 and Section 7:97 of the Belgian Code of Companies and Associations), the Board of Directors of Almancora Société de gestion has drawn up rules governing potential conflicts of interest between directors/members of the Day-to-Day Management Committee of Almancora Société de gestion and KBC Ancora. These rules are incorporated in the KBC Ancora Corporate Governance Charter.

No incidents occurred in the year under review for which the rules on conflicts of interest with the statutory director or the rules on conflicts of interest with a major shareholder needed to be applied. There were also no conflicts of interest between directors/members of the Day-to-Day Management Committee of Almancora Société de gestion and KBC Ancora.

Code of conduct to prevent market abuse

The Board of Directors of Almancora Société de gestion has drawn up a code of conduct intended to prevent market abuse. The principles of the code of conduct have been incorporated in the KBC Ancora Corporate Governance Charter.

The code of conduct to prevent market abuse provides among other things for the drawing up of a list of insiders, the setting of annual blackout periods, the reporting of trades by directors and employees involved to the Compliance Officer and the reporting of trades by management to the Belgian Financial Services and Markets Authority (FSMA).

Annual notification pursuant to Article 74, §8 of the law of 1 April 2007 on public takeover bids

The majority of the shares are held by Cera SC. On 19 August 2020 Cera reported (pursuant to Article 74 §8 of the law of 1 April 2007 on public takeover bids) that as at 30 June 2020 it (still) held more than 30% of the voting rights in KBC Ancora. Specifically, Cera reported that it held 40,087,275, or 51.20%, of the total of 78,301,314 KBC Ancora shares.

This notification was made with a view to retaining the exemption from the obligation to issue a bid for the entire body of securities with voting rights of KBC Ancora SA.

Guidelines for the exercise of directorships

The 'Guidelines for directors of Almancora Société de gestion for the exercise of their directorship mandates' form part of the 'Internal Addendum to the KBC Ancora Corporate Governance Charter'. They were most recently updated on 21 December 2007.

The Audit Committee oversees compliance with the 'Guidelines for directors of Almancora Société de gestion for the exercise of their directorship mandates'.

Openness in investor communication

In fulfilling its duty to inform, KBC Ancora focuses on natural communication opportunities at which it not only provides accurate information but also strives to convey that information in a clear, straightforward manner.

KBC Ancora publishes its periodic financial reports, annual reports and all other information that it is required to make public as a listed company on its website www.kbcancora.be.

This information is disseminated using the usual European media and the KBC Ancora website. In addition, every interested party has the opportunity to subscribe to the KBC Ancora electronic mailing list free of charge via the website.

Since KBC Ancora's principal asset is a major participating interest in KBC Group, specific information – which frequently relates to the underlying group results – can also be found in the KBC Group annual report and website and those of its subsidiaries.

Declaration concerning results and other information

Balance sheet as at 30 June 2020

KBC Ancora's balance sheet total stood at EUR 3,150.3 million on 30 June 2020, EUR 60.9 million more than on 30 June 2019.

Assets

The assets consist almost entirely of a substantial participating interest in KBC Group. The number of KBC Group shares held by KBC Ancora remained unchanged in the year under review. At the balance sheet date, KBC Ancora held 77,516,380 KBC Group shares, and had a participating interest of 18.62% in KBC Group. This qualifies as a participating interest within the meaning of Section 1:22 of the Belgian Code of Companies and Associations and is treated as a financial fixed asset for accounting purposes.

Accounting valuation of the KBC Group shares

General

KBC Ancora is subject to Belgian accounting rules. As regards the KBC Group shares, which constitute a financial fixed asset for KBC Ancora, this means that an impairment must be applied in the event of a lasting reduction or depreciation in value, justified by the status, profitability or outlook of the company in which those shares are held (in this case, KBC Group). These impairments are reversed to the extent that they are higher at the end of the financial year than the amount that is required pursuant to a current assessment of the previously applied impairments.

Application of impairments with effect from 31 March 2009

In the spring of 2009, the Board of Directors of the statutory director formed the opinion that there had been a lasting reduction or depreciation in the value of the KBC Group shares in portfolio, and that the book value of these shares should be written down. In early 2009 the decision was taken to write down the average book value (at that time) from EUR 46.44 to EUR 31.50 per KBC Group share, an amount that corresponded with the (audited) equity value per KBC Group share as at 31 December 2008 (according to the IFRS rules applying for KBC Group).

Partial reversal of impairments on 30 June 2017

The Board of Directors was of the opinion that the positive developments at the level of KBC Group warranted a reappraisal of the impairments applied in the past. For reasons of consistency, it was decided to apply the same criterion as when the impairments were applied, namely the (underlying) IFRS equity value per KBC Group share. At 30 June 2017, this value amounted to EUR 39.84 per KBC Group share.

The weighted average initial book value of the 77.5 million KBC Group shares held in portfolio by KBC Ancora was EUR 46.44 per share. Since 31 March 2009 the net asset value of these KBC Group shares has stood at EUR 31.50.

As the equity value per KBC Group share stood at EUR 39.84 on 30 June 2017, it was decided on 31 August 2017 that the impairments previously applied to the KBC Group shares should be partially reversed on 30 June 2017, resulting in a net book value after this partial reversal of EUR 39.84 per share as at the balance sheet date.

This generated a non-recurring result of EUR 646.5 million in the financial year 2016/2017.

Evaluation on 30 June 2020

On 30 June 2020, the IFRS equity value amounted to EUR 44.9 per KBC Group share and the KBC Group share was listing at a price of EUR 51.06.

The Board of Directors is of the opinion that as at 30 June 2020 no adjustment of the (remaining) impairments applied to KBC Group shares is required. The book value therefore remains unchanged at EUR 39.84 per KBC Group share.

In this context, the Board of Directors makes reference among other things to the Covid-19 pandemic, which has had a major negative impact on the prices of financial stocks, including the KBC Group share. In March 2020, the KBC Group share price actually briefly dipped below its net book value of EUR 39.84 per share.

Chart 7: Trend in price of KBC Group share (first half of 2020)



The impact of the Covid-19 pandemic on the economy will also be significant, and this could weigh on (the outlook for) the financial sector. This has prompted the European Central Bank to recommend to financial institutions that they refrain from distributing any dividends until the end of 2020.

The remaining impairments as at 30 June 2020 amounted to EUR 511.7 million.

The trend in equity per KBC Group share and the stock market price of the KBC Group share since 2009 are presented in the following charts.

Chart 8: Trend in equity per KBC Group share (quarterly)

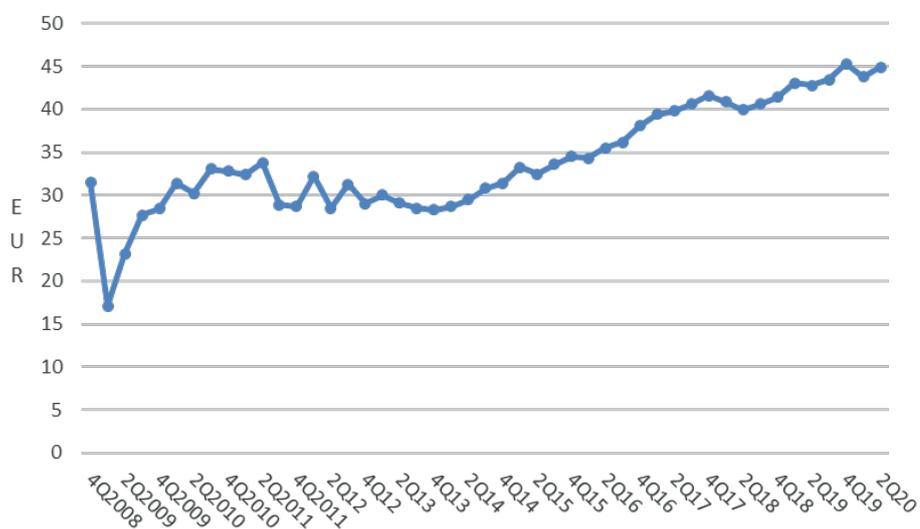
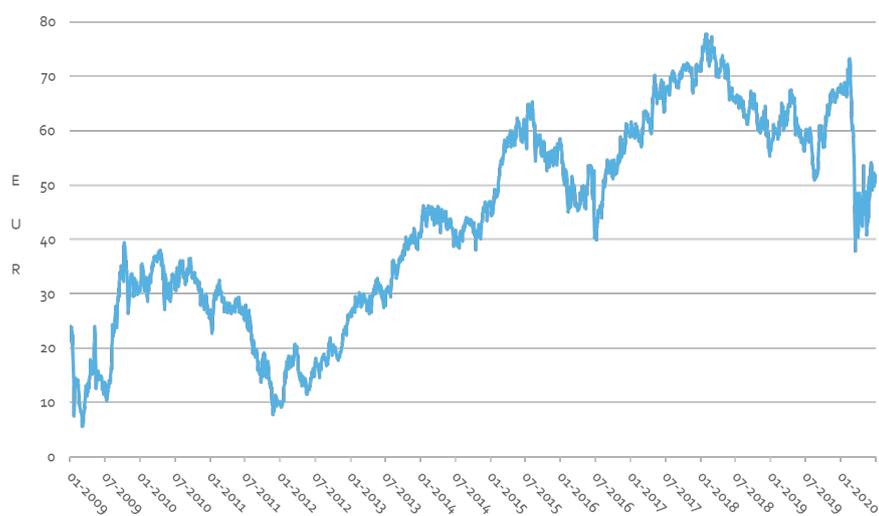


Chart 9: Trend in KBC Group share price (daily)



In addition to its participating interest in KBC Group, KBC Ancora held current assets of EUR 62 million on the balance sheet date, consisting almost entirely of cash at bank and in hand. The latter increased by EUR 60.9 million compared with the balance sheet date in the previous financial year as a result of KBC Ancora's decision not to propose a dividend for the financial year 2019/2020. This gives KBC Ancora a substantial liquidity buffer which can be addressed to meet future financial obligations.

As regards the liquidity position of KBC Ancora, it should be noted that KBC Ancora's recurring income consists principally of dividend it receives from its participating interest in KBC Group.

In the event that KBC Ancora does not receive a dividend from its participating interest in KBC Group in any given financial year, KBC Ancora will itself not pay a dividend in that year. If KBC Ancora once again receives KBC Group dividend in a subsequent financial year, its carried-forward result will be taken into account when determining the profit available for distribution.

KBC Group has declared its intention of seeking to achieve a dividend payout ratio (including the coupon on the outstanding Additional Tier-1 instruments) of at least 50% of the consolidated profit. Barring exceptional circumstances, an interim dividend of EUR 1.00 per share will therefore be paid in November each year, with the balance being distributed after the KBC Group General Meeting. In a press release dated 6 August 2020, KBC Group announced that following the recent recommendation by the European Central Bank, it would be unable to implement its usual dividend policy. This means that an interim dividend will not be distributed in November 2020.

Liabilities

Capital and reserves amounted to EUR 2,805.7 million, an increase of EUR 60.8 million, or 2.2%, compared with the previous financial year.

The issued capital amounts to EUR 2,021.9 million.

The legal reserve amounted to EUR 75.2 million at year-end, an increase of EUR 3.0 million.

The other unavailable reserves totalled EUR 650.1 million. On the one hand, the unavailable reserves were formed in the financial years 2013/2014 and 2014/2015 in order to neutralise the impact of the partial reversal of the substantial impairment applied on 31 March 2009 (amounting to EUR 35.955 million) following the sale of 4.7 million KBC Group shares in November 2013, on KBC Ancora's ability to distribute dividends. On the other hand, impairments applied to the KBC shares in portfolio were reversed to an amount of EUR 646.5 million in the financial year 2016/2017. The impact of this non-recurring result on KBC Ancora's ability to pay dividends was neutralised by adding 95% of this result (EUR 614.2 million) to the unavailable reserves and the remaining 5% (EUR 32.3 million) to the legal reserve.

The available reserves amounted to EUR 57.8 million. These reserves are being formed for the first time using the portion of the result for the financial year which, due to the decision not to distribute a dividend in respect of the financial year 2019/2020, will not be paid out in the form of dividend. The result to be carried forward to the next financial year amounts to EUR 0.8 million, unchanged compared with the previous financial year.

Amounts owed to credit institutions stood at EUR 343 million, unchanged from the balance sheet date in the previous financial year. These financial liabilities concern long-term loans at fixed rates of interest, and are scheduled to be repaid in full on the respective maturity dates (bullet loans).

The maturity dates are as follows:

- May 2022 (EUR 100 million);
- May 2024 (EUR 143 million);
- May 2027 (EUR 100 million);

Collateral was provided in the form of a pledge on KBC Group shares. In total, KBC Ancora pledged 25.7 million KBC Group shares. The pledge relates to long-term liabilities totalling EUR 343 million. Other amounts falling due within one year amounted to EUR 0.2 million.

Accrued expense and deferred income (EUR 1.4 million) relate to interest charges recognised on a pro rata basis. These charges are in line with the previous financial year.

Profit and loss account for the financial year 2019/2020

KBC Ancora recorded a profit for the financial year 2019/2020 of EUR 60.8 million, equivalent to EUR 0.78 per share.

Income

KBC Ancora generated income of EUR 77.6 million in the year under review.

Table 10 summarises the movements in the various income categories within KBC Ancora in recent financial years.

Table 10: Trend in KBC Ancora income

(x EUR million)	Financial year 2019/2020	Financial year 2018/2019	Financial year 2017/2018
Income from financial fixed assets	77.5	271.3	232.5
Other income	0.0	0.0	0.1
Total	77.6	271.4	232.7

Income from financial fixed assets

KBC Group distributed a total dividend of EUR 1.00 per share in respect of the financial year 2019. This amount was distributed as an interim dividend in November 2019. This was followed by the decision at the end of March 2020, in line with the ECB recommendations, to withdraw the proposal to distribute a final dividend of EUR 2.50 per share and not to propose a final dividend in respect of the financial year 2019. KBC Ancora consequently received dividend income totalling EUR 77.5 million. KBC Ancora received dividends totalling EUR 271.3 million from its participating interest in KBC Group in the previous financial year.

Other income

Other income amounted to EUR 0.04 million.

Expenses

KBC Ancora's total costs in the year under review amounted to EUR 16.7 million, or EUR 0.21 per share, EUR 0.9 million lower than in the previous financial year.

Table 11 summarises the movements in the various cost categories in recent financial years.

Table 11: Trend in KBC Ancora costs

(x EUR million)	Financial year 2019/2020	Financial year 2018/2019	Financial year 2017/2018
Costs of cost-sharing agreement	1.7	1.7	1.8
Cost of debt	14.5	15.1	15.2
Other operating costs	0.5	0.8	0.7
Total	16.7	17.6	17.6

Costs within the cost-sharing agreement with Cera

KBC Ancora entered into a cost-sharing agreement with Cera in 2001 in order to enhance the cost-efficiency of both parties' operations. A budget is drawn up annually, setting out the different costs within the cost-sharing agreement. KBC Ancora reimburses Cera for a quarter of these budgeted costs every quarter on a pro rata basis. Settlement then occurs at the end of each calendar year based on the actual costs.

The costs in connection with the cost-sharing agreement amounted to EUR 1.7 million in the year under review, in line with the previous financial year.

Table 12 summarises the various cost categories within the cost-sharing agreement with Cera and the cost allocation percentage as this has been applied since 1 January 2018.

Table 12: Costs within the cost-sharing agreement with Cera

Cost-sharing agreement	Cost allocation percentage	Amount (x EUR million)
Administration/management/advice	20%	0.56
Communications	20%	0.11
Financial Unit	50%	0.41
Membership and capital administration	5%	0.07
Support	15%	0.58
Total		1.74

Cost of debt

The cost of debt amounted to EUR 14.5 million in the year under review, EUR 0.6 million less than in the previous financial year. The cost of debt is determined almost entirely by the interest payable on the long-term loans taken out with credit institutions. These reduced due to the partial refinancing of the loan which matured in May 2019. Of the total loan of EUR 175 million, EUR 32 million was repaid and EUR 143 million refinanced until May 2024.

Other operating costs

Other operating costs amounted to EUR 0.5 million, EUR 0.3 million less than in the previous financial year. These costs related among other things to listing fees and costs associated with the directorship of the company.

Taxation

KBC Ancora has no corporation tax liability in respect of the year under review.

Result and proposed profit appropriation

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.

Additional information

No material events occurred after the balance sheet date.

No activities were carried out in the area of research and development.

The company has no branch offices.

KBC Ancora's principal asset is a participating interest in KBC Group. The value of KBC Ancora's assets, as well as its holdings of cash instruments and its results, are dependent on developments relating to the KBC group.

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 in respect of 2019 of EUR 2.50 per share, 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, in line with 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 an interim dividend will not be distributed in November 2020.

It is not possible at this point in time to make a reliable assessment of the impact of the Covid-19 pandemic on KBC Ancora's results in the financial year 2020/2021.

KBC Ancora announced on 2 April 2020 that it would not be distributing a dividend in respect of the financial year 2019/2020, and consequently held a cash position of EUR 62.05 million at 30 June 2020; this position can be addressed to meet future financial obligations.

No consolidated financial statements for KBC Ancora

KBC Ancora has only one equity holding in another company, namely its participating interest in KBC Group. KBC Ancora has no control over that company, either in law or in practice. Consequently, KBC Ancora is not obliged to produce consolidated financial statements.

KBC Ancora shareholders who are interested can however find additional useful information in KBC Group's consolidated annual report, which may be found on the KBC Group website (www.kbc.com). The annual report may also be requested from: KBC Group SA, Investor Relations, Havenlaan 2 SEE, 1080 Brussels, or by e-mail from IR4U@kbc.be.

Financial year 2019 and available information for 2020 on KBC Group

Past financial year of KBC Group

KBC Group's most recent financial year (2019) was discussed in the financial press release on the financial year 2019 and in its last annual report. The main financial highlights are set out below. The net result for the financial year 2019 amounted to EUR 2,489 million, compared with a net profit of EUR 2,570 million in 2018.

Net interest income

Net interest income came to EUR 4,618 million in 2019, up 2% on its year-earlier level. Pressure on commercial credit margins in most core countries (despite some recovery in margins on new mortgage loans), the adverse effect of low reinvestment rates in the core countries in the euro area and the lower net positive effect of ALM forex swaps were more than compensated for by factors including increased lending volumes (see below), lower funding costs, higher interest rates in the Czech Republic and the full consolidation of ČMSS in the Czech Republic with effect from June 2019.

Loans and advances to customers (excluding reverse repos) went up by 6% in 2019 to EUR 156 billion. With an unchanged scope, the figure was 3%, with a 2% increase at the Belgium Business Unit, 5% at the Czech Republic Business Unit and 6% at the International Markets Business Unit (with growth in all countries). The total deposit volume (deposits from clients and debt securities, excluding repos) stood at EUR 203 billion, an increase of 5% on the year-earlier figure. With an unchanged scope, the figure was 2%, with no change at the Belgium Business Unit, and growth of 3% at the Czech Republic Business Unit and 6% at the International Markets Business Unit (with growth again in all countries).

The net interest margin for the banking activities came to 1.95%, 5 basis points lower than in 2018. It amounted to 1.69% in Belgium, 3.04% in the Czech Republic and 2.64% at the International Markets Business Unit.

Net fee and commission income

Net fee and commission income came to EUR 1,734 million in 2019, up 1% on the year-earlier figure. Most of the increase was accounted for by higher fees for banking services (including payments) and the positive impact of consolidating ČMSS with effect from 2019. The contribution from asset management activities (chiefly management fees for investment funds and unit-linked life insurance products) declined and distribution fees rose (primarily on insurance sales).

At the end of 2019, total assets under management came to approximately EUR 216 billion, up almost 8% on the year-earlier figure. This was entirely attributable to price increases (+11%), which more than offset the net outflow (3%). Most of these assets at year-end 2019 were managed at the Belgium Business Unit (EUR 200 billion) and the Czech Republic Business Unit (EUR 11 billion).

Insurance premiums and technical charges

The technical insurance result (earned premiums less technical charges plus the ceded reinsurance result) amounted to EUR 726 million.

Non-life insurance contributed EUR 734 million to this result, up 2% on the year-earlier figure, due to growth in premium income (+9%) and a higher reinsurance result, which was partly offset by an increase in technical charges (+17%: primary attributable to an increased amount of larger claims). The combined ratio at group level came to an excellent 90% compared to 88% in 2018.

Life insurance accounted for EUR -9 million of the technical insurance result, compared to the year-earlier figure of EUR -20 million. However, in compliance with IFRS, certain types of life insurance (i.e. unit-linked products) have been excluded from the figures for premiums and technical charges in the life insurance business. If the premium income from such products is included, premium income from the life insurance business totalled around EUR 1.8 billion, roughly 2% more than in 2018. The increase occurred primarily in Belgium by unit-linked life insurance products. For the group as a whole, products offering guaranteed rates accounted for 60% of premium income from the life insurance business in 2019, and unit-linked products for 40%.

Other income

Other income came to an aggregate EUR 551 million, as opposed to EUR 548 million in 2018. The 2019 figure includes EUR 82 million in dividends received and the EUR 6 million net result from debt instruments at fair value through other comprehensive income. It also includes EUR 181 million in trading and fair value income. The latter figure was down EUR 49 million year-on-year, due primarily to lower dealing room results and a decline in the value of derivatives used for asset/liability management purposes. This was only partially offset by a higher result from shares at the insurance business and the impact of various fair value adjustments. Lastly, other income also included EUR 282 million in other net income in 2019. This is EUR 55 million more than the previous year, thanks to factors including the EUR 82 million positive impact of the revaluation of the existing 55% stake in ČMSS when the remaining 45% interest was purchased. The most significant one-off negative item in other net income for 2019 was a negative EUR 23 million relating to the tracker mortgage review in Ireland (EUR 14 million of which concerned the formation of a provision for a potential sanction).

Operating expenses

Expenses amounted to EUR 4,303 million in 2019, a limited increase of 1.6% on the year-earlier figure. This reflected a number of items, including in particular the consolidation of ČMSS in the Czech Republic as of June 2019 and higher bank taxes (up 6% to EUR 491 million, most notably in Ireland, Belgium and the Czech Republic). Adjusted for these two factors, costs remained roughly unchanged on their 2018 level, reflecting the strict management of costs. As a result, the

cost/income ratio of the banking activities came to 57.9%, compared to 57.5% in 2018. The ratio was 57.7% for the Belgium Business Unit, 44.4% for the Czech Republic Business Unit and 69.7% for the International Markets Business Unit. If a number of non-operating and exceptional items are excluded, the cost/income ratio came to 58.3%, compared to 57.4% in 2018.

Impairment

There was a net increase in loan loss impairment charges totalling EUR 203 million in 2019, compared to a net reversal of EUR 62 million in 2018. The net increase in 2019 comprised EUR 241 million for Belgium (primarily relating to various cases in the corporate segment), EUR 12 million for the Czech Republic, EUR 11 million for Slovakia and EUR 5 million for Bulgaria, and a net reversal for the Group Centre (EUR 32 million), Hungary (EUR 1 million) and Ireland (EUR 33 million, compared to a net reversal of EUR 112 million in 2018). As a result, the overall credit cost ratio amounted to 12 basis points in 2019, compared to -4 basis points in 2018. (A negative figure signifies a net reversal of impairments and hence a positive impact on the results). There was a further improvement in the quality of loans. The proportion of impaired loans in the loan portfolio was 3.5% at year-end 2019, compared to 4.3% for 2018. This breaks down into 2.4% in Belgium, 2.3% in the Czech Republic and 8.5% at International Markets. The figure for the International Markets Business Unit in particular was substantially lower than in previous years, due primarily to Ireland, which recorded an impaired loans ratio of 16% at year-end 2019 (three years ago, the ratio there was still 43%). The significant reduction in Ireland in recent years benefited, moreover, from the sale of a portfolio of largely impaired loans in 2018 and the writing off of fully provisioned legacy loans in 2019. For the group as a whole, the proportion of impaired loans more than 90 days past due came to 1.9%, compared to the year-earlier figure of 2.5%. At year-end 2019, 42% of the impaired loans were covered by accumulated specific ('Stage 3') impairment charges. Other impairment charges totalled just EUR 14 million in 2019. The figure in 2018 was EUR 45 million, which related significantly to the impact of revising the residual values of car leases in the Czech Republic.

Income tax expense

Income tax expense came to EUR 627 million in 2019, compared to a year-earlier figure of EUR 740 million. The decline reflected factors including the lower result before tax, the untaxed one-off impact of the acquisition of the remaining stake in ČMSS along with a positive one-off item in 2019. Besides paying income tax, special bank taxes and direct supervisory expenses were also paid. In 2019, these amounted to EUR 491 million (up 6%) and EUR 36 million (up 10%), respectively, and are recognised in 'operating expenses'.

Total assets

At the end of 2019, the group's consolidated total assets came to EUR 291 billion, up 2% year-on-year. Risk-weighted assets (Basel III, fully loaded) increased by 4% to EUR 99 billion.

Equity

On 31 December 2019, the group's total equity came to EUR 20.4 billion. This figure included EUR 18.9 billion in parent shareholders' equity and EUR 1.5 billion in additional tier-1 instruments. Total equity rose by EUR 0.7 billion in 2019, with the most important components in this respect being the inclusion of the annual profit (EUR +2.5 billion), the call of an additional tier-1 (AT1) instrument and the issue of a new AT1 instrument (EUR -1.4 billion and EUR +0.5 billion, respectively), the payment of a final dividend for 2018 in May and an interim dividend in November 2019 (an aggregate EUR -1.5 billion), changes in the revaluation reserves (EUR +0.6 billion) and various smaller items. On 31 December 2019, the fully loaded common equity ratio (Basel III, under the Danish compromise) stood at 17.1%, compared to 16.0% in 2018. The leverage ratio came to an excellent 6.8%. The group's liquidity position also remained excellent, as reflected in an LCR ratio of 138% and an NSFR ratio of 136%.

The profit figures and key ratios in Table 13 give an impression of the result of KBC Group in the financial year 2019 and a comparison with the financial year 2018.

Table 13: Profit figures and key ratios of KBC Group for the financial years 2019 and 2018

	2019	2018
Net group profit (x EUR million)	2,489	2,570
<i>Belgium</i>	1,344	1,450
<i>Czech Republic</i>	789	654
<i>International Markets</i> <i>(Slovakia, Hungary, Bulgaria, Ireland)</i>	379	533
<i>Group Centre</i>	-23	-67
Shareholders' equity per share (in EUR)	45.3	41.4
Net earnings per share (in EUR)	5.85	5.98
Dividend per share (in EUR)	1.00	3.50
Return on equity	14%	16%
Cost/income ratio, banking activities	58%	58%
Credit cost ratio, banking activities	0.12%	-0.04%
Combined ratio, non-life insurance	90%	88%
Common equity ratio of the group (CET1; Basel III, Danish compromise method), fully loaded:	17.1%	16.0%
Leverage ratio (Basel III, Danish compromise method), fully loaded	6.8%	6.1%
Liquidity coverage ratio (LCR)	138%	139%
Net stable funding ratio (NSFR)	136%	136%

First half of KBC Group's financial year 2020

KBC Group published its results for the first half of 2020 on 6 August 2020. The financial highlights are presented below.

The net result for the first half of 2020 amounted to EUR 205 million, compared to EUR 1,175 million in the first half of 2019. The decline was largely accounted for by the impact of the coronavirus lockdown and related economic turmoil, which pushed up loan loss impairments from EUR 103 million in the first half of 2019 to EUR 966 million in the period under review. Moreover, net fee and commission income, trading and fair value income, dividend income and net other income were all down on their reference period levels. On the positive side, net interest income increased slightly and the technical insurance result rose, while costs fell compared to the first half of 2019.

Highlights (compared to the first half of 2019):

- Slightly higher net interest income (up 1% to EUR 2,278 million), as inter alia higher commercial lending volumes, somewhat lower funding costs, the effect of ECB tiering, a larger bond portfolio and the ČMSS impact (consolidated for six months in 2020 compared to just one month in the first half of 2019) more than offset the negative impact of rate cuts in the Czech Republic, the negative effects of lower reinvestment yields, continued pressure on portfolio margins in most core countries (except Belgium), the lower netted positive impact of ALM FX swaps and the depreciation of the Czech koruna and Hungarian forint against the euro. The volume of deposits and debt certificates increased by 7% (or 11% excluding debt certificates) and lending volumes increased by 4%, with growth in all

business units. The net interest margin in the first half of 2020 came to 1.89%, down 7 basis points year-on-year.

- An increase in the contribution to profit made by the technical insurance result (up 30% to EUR 425 million). The non-life insurance technical result was up 27% on the figure for the year-earlier period, thanks largely to the lower level of technical charges (partly related to the lower level of claims due to the lockdown). The year-to-date non-life combined ratio amounted to 83%, compared to 90% for full-year 2019. Life insurance sales (EUR 988 million) were up by 1%, with the increase in sales of unit-linked products being partly offset by a decrease in sales of guaranteed-interest products.
- Lower net fee and commission income (down 3% to EUR 816 million), attributable primarily to a decline in fees for asset management services (lower sales and a lower level of assets under management). At the end of June 2020, total assets under management mounted to EUR 202 billion, down 4% on the level recorded a year earlier (-1% price decrease, -3% net outflow).
- Lower trading and fair value income (down from EUR 97 million to EUR -132 million). The figure for the first six months of the year is the result of a huge drop in the first quarter (the outbreak of the coronavirus crisis initially caused stock markets to tumble, credit spreads to widen and long-term interest rates to fall) followed by a significant, but still partial, recovery in the second quarter.
- A lower level of all other income items combined (down 45% to EUR 135 million) attributable to the fact that the reference period had included the ČMSS-related positive one-off gain of EUR 82 million and also – to a lesser extent – to lower dividend income.
- Lower operating expenses (down 2% to EUR 2,242 million). Excluding bank taxes, operating expenses were down 3%, thanks to items such as a reduction in FTEs, lower accruals for variable remuneration, lower travel, marketing, facilities and event costs and the depreciation of the Czech koruna and Hungarian forint against the euro. These items more than offset the higher depreciation charges and the ČMSS impact (consolidated for six months in 2020 compared to just one month in the first half of 2019), among other things. The year-to-date cost/income ratio came to 66%, or an adjusted 59% when bank taxes are evenly spread throughout the year and certain non-operating items are excluded (compared to 58% for full-year 2019).
- A significant increase in loan loss impairment charges (net addition of EUR 966 million, compared to EUR 103 million in the first half of 2019). Over 80% (EUR 789 million) of these impairment charges in the period under review was related to collective impairment charges for the coronavirus crisis, with EUR 639 million based on a 'management overlay' and EUR 150 million captured by the ECL models through updated macroeconomic variables. As a result, the credit cost ratio for the whole group went up to 0.64%, compared to 0.12% for full-year 2019.

Table 14 compares the trend in profits in the various KBC Group Business Units in the first half of 2020 with the same period in 2019.

Table 14: KBC Group profits in the first half of the financial years 2020 and 2019

	1H2020	1H2019
Net group profit (x EUR million)	205	1,175
<i>Belgium</i>	119	564
<i>Czech Republic</i>	165	425
<i>International Markets</i>	-11	175
<i>Group Centre</i>	-68	11
Equity per share (in EUR)	44.9	42.8
Net earnings per share (in EUR)	0.43	2.75
Return on equity	2%	14%
Cost/income ratio, banking activities	66%	63%
Credit cost ratio, banking activities	0.64%	0.12%
Combined ratio, non-life insurance	83%	92%
Common equity ratio according to Basel III (CET1; Basel III, Danish compromise method), fully loaded)	16.6%	15.6%
Leverage ratio (Basel III, Danish compromise method), fully loaded	6.0%	6.1%
Liquidity coverage ratio (LCR)	136%	140%
Net stable funding ratio (NSFR)	142%	133%

Outlook for the financial year 2020/2021

Income

KBC Ancora's income consists of the dividend it receives from its participating interest in KBC Group. Forecasts of KBC Group's future dividend rely heavily on factors such as the projection of KBC Group's future earnings.

KBC Group published its interim results on 6 August 2020, showing a net result of EUR 210 million in the first six months of 2020, compared with EUR 1,175 million in the same period a year earlier. The interim result is discussed in more detail in the previous section of this report.

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 in respect of 2019 of EUR 2.50 per share, 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, in line with 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 an interim dividend will not be distributed in November 2020.

Expenses

Costs within the cost-sharing agreement with Cera are expected to amount to approximately EUR 1.8 million. The total interest charge for the financial year 2020/2021 is estimated at approximately EUR 14.5 million.

Other operating costs are likely to be around EUR 0.8 million. It is likely that that KBC Ancora will have no corporation tax liability in the financial year 2020/2021.

Financial report

Balance sheet

Balance sheet after appropriation of result

ASSETS (in EUR)	Notes	30 June 2020	30 June 2019
Fixed assets		3,088,252,579	3,088,252,579
Financial fixed assets	6.4.2/ 6.5.1	3,088,252,579	3,088,252,579
Companies with which there is a participatory relationship	6.15	3,088,252,579	3,088,252,579
Participating interests		3,088,252,579	3,088,252,579
Current assets		62,056,784	1,195,437
Receivables due within one year		4,344	5,723
Trade receivables		4,344	5,723
Cash at bank and in hand		62,046,911	1,184,426
Accrued income and deferred expense	6.6	5,530	5,288
TOTAL ASSETS		3,150,309,364	3,089,448,016

LIABILITIES (in EUR)	Notes	30 June 2020	30 June 2019
Equity		2,805,736,698	2,744,888,523
Contribution	6.7.1	2,021,871,293	2,021,871,293
Capital		2,021,871,293	2,021,871,293
Issued capital		2,021,871,293	2,021,871,293
Reserves		783,097,914	722,249,739
Unavailable reserves		725,292,148	722,249,739
Legal reserve		75,174,869	72,132,460
Other		650,117,279	650,117,279
Distributable reserves		57,805,767	
Profit (loss) carried forward		767,491	767,491
Creditors		344,572,665	344,559,493
Amounts falling due after more than one year	6.9	343,000,000	343,000,000
Financial liabilities		343,000,000	343,000,000
Credit institutions		343,000,000	343,000,000
Amounts falling due within one year	6.9	198,429	179,007
Trade creditors		160,784	131,616
Suppliers		160,784	131,616
Other creditors		37,645	47,391
Accrued expense and deferred income	6.9	1,374,236	1,380,486
TOTAL LIABILITIES		3,150,309,364	3,089,448,016

Profit and loss account

(in EUR)	Notes	30 June 2020	30 June 2019
Operating income		44,847	45,522
Other operating income		44,847	45,522
Operating costs		2,242,687	2,513,457
Services and sundry goods		2,241,115	2,512,293
Other operating costs	6.10	1,573	1,164
Operating profit (Operating loss)		-2,197,840	-2,467,936
Financial income		77,516,380	271,307,330
Recurring financial income		77,516,380	271,307,330
Income from financial fixed assets		77,516,380	271,307,330
Financial expenses		14,470,365	15,096,121
Recurring financial expenses		14,470,365	15,096,121
Cost of debt		14,470,240	15,095,865
Other financial expenses		125	256
Profit for the year before tax		60,848,175	253,743,273
Profit for the year		60,848,175	253,743,273
Profit (loss) to be appropriated for the year		60,848,175	253,743,273
Treatment of results			
Profit (loss) to be appropriated		61,615,667	254,622,702
Profit (loss) to be appropriated for the year		60,848,175	253,743,273
Profit (loss) brought forward from previous financial year		767,491	879,429
Addition to capital and reserves		60,848,175	12,687,164
Addition to legal reserve		3,042,409	12,687,164
Addition to other reserves		57,805,767	0
Profit (loss) to be carried forward		767,491	767,491
Profit to be distributed		0	241,168,047
Contributed capital remuneration		0	241,168,047

Notes

STATEMENT OF ASSETS

COMPANIES WITH WHICH THERE IS A PARTICIPATORY RELATIONSHIP – PARTICIPATING INTERESTS AND SHARES (6.4.2)

Acquisition value at end of previous financial year	3,599,978,772
Acquisition value at end of financial year	3,599,978,772
Impairment charges at end of previous financial year	511,726,193
Impairment charges at end of financial year	511,726,193
NET BOOK VALUE AT END OF FINANCIAL YEAR	3.088.252.579

NOTES ON THE PARTICIPATING INTERESTS (6.5.1) PARTICIPATING INTERESTS AND OWNERSHIP RIGHTS IN OTHER COMPANIES AMOUNTING TO AT LEAST 10% OF THE ISSUED CAPITAL

Name, address and company number	Ownership rights held by			Data drawn from most recently available financial statements			
	Form	Directly		Subsidiaries	Financial statements	Equity	Net result
		Number	%	%		(+) OR (-) (in EUR)	
KBC Groep NV (consolidated) Havenlaan 2 1080 Brussels 8 Belgium BE 0403.227.515	Ordinary shares	77,516,380	18.62	0.00	31.12.2019	18,864,694,527	2,489,112,151

STATEMENT OF CAPITAL AND SHAREHOLDER STRUCTURE (6.7.1)

STATEMENT OF CAPITAL

Issued capital	
- at end of previous financial year	2,021,871,293
- at end of financial year	2,021,871,293

	Amount	Number of shares
Capital composition		
Types of shares		
Ordinary shares	2,021,871,293	78,301,314
<i>Registered</i>		40,549,727
<i>Dematerialised shares</i>		37,751,587

SHAREHOLDER STRUCTURE OF THE COMPANY AT YEAR-END ACCORDING TO NOTIFICATIONS RECEIVED BY THE COMPANY

Cera SC: 51.20%

OBA notification dated 19 August 2020 – shareholding as at 30 June 2020

Gino Coorevits/Portus SA: 1.49%

Transparency report dated 9 December 2009 – shareholding as at 30 October 2009

FMR LLC 1.08%

Transparency report dated 7 January 2020 – shareholding as at 1 January 2020

DWS Investment GmbH: 1.04%

Transparency report dated 1 July 2020 – shareholding as at 25 June 2020

BlackRock, Inc.: 1.00%

Transparency report dated 16 October 2019 – shareholding as at 15 October 2019

Norges Bank: 1.00%

Transparency report dated 28 November 2017 – shareholding as at 27 November 2017

STATEMENT OF LIABILITIES, ACCRUED EXPENSE AND DEFERRED INCOME (6.9)

SPECIFICATION OF LIABILITIES WITH AN ORIGINAL TERM OF MORE THAN ONE YEAR, BY REMAINING TERM

	Financial year
Liabilities with a remaining term of between one and five years	
Financial liabilities	243,000,000
Credit institutions	243,000,000
Total liabilities with a remaining term of between one and five years	243,000,000

Liabilities with a remaining term of more than five years	
Financial liabilities	100,000,000
Credit institutions	100,000,000
Total liabilities with a remaining term of more than five years	100,000,000

SECURED LIABILITIES

Liabilities secured on collateral pledged or irrevocably committed on assets of the company⁹	
Financial liabilities	343,000,000
Credit institutions	343,000,000
Total liabilities secured on collateral pledged or irrevocably committed on assets of the company	343,000,000

ACCRUED EXPENSE AND DEFERRED INCOME

Analysis of item 492/3 of the Liabilities, if a substantial amount falls into that category	Financial year
Attributable interest	1,374,236

OPERATING RESULTS (6.10)

OPERATING COSTS

Other operating costs	Financial year	Previous financial year
Other	1,573	1,164

TAXES

TAX ON THE RESULT

Main causes of the differences between the profit before tax, as per the financial statements, and the estimated taxable profit

Dividends-received Deduction on dividend received	Financial year
	-77,516,380

VALUE ADDED TAX AND TAXES IN RESPECT OF THIRD PARTIES

	Financial year	Previous financial year
Value added tax charged		
By the company	1,478	1,692
Amounts withheld in respect of third parties in the form of		
Withholding tax	0	30,742,334

⁹ Collateral was provided in the form of a pledge on KBC Group shares. In total, KBC Ancora pledged 25.7 million KBC Group shares. The pledge relates to long-term liabilities totalling EUR 343 million.

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

COLLATERAL

Collateral pledged by the company on its own assets or irrevocably committed as security for liabilities and commitments of the company

	Financial year
Pledge on other assets – Book value of encumbered assets	1,023,645,494

The collateral provided consists of a pledge by KBC Ancora on 25.7 million KBC Group shares. The pledge relates to long-term liabilities totalling EUR 343 million.

NATURE AND CORPORATE OBJECTIVE OF OFF-BALANCE SHEET SCHEMES

Provided the risks or benefits stemming from such a scheme are of any significance, and to the extent that publication of such risks or benefits is necessary for an assessment of the financial position of the company:

KBC Ancora is a member of a VAT group

RELATIONSHIPS WITH ASSOCIATED COMPANIES AND COMPANIES WITH WHICH THERE IS A PARTICIPATORY RELATIONSHIP (6.15)

COMPANIES WITH WHICH THERE IS A PARTICIPATORY RELATIONSHIP

	Financial year	Previous financial year
Financial fixed assets	3,088,252,579	3,088,252,579
Participating interests	3,088,252,579	3,088,252,579

FINANCIAL RELATIONSHIPS WITH

THE AUDITOR(S) AND THE PERSONS WITH WHOM HE/THEY IS/ARE ASSOCIATED

	Financial year
Remuneration of the auditor(s)	15,605

VALUATION PRINCIPLES (6.19)

The valuation principles are established in accordance with the provisions of the Royal Decree of 29 April 2019 implementing the Belgian Code of Companies and Associations.

The financial year runs from 1 July to 30 June inclusive.

Financial fixed assets consist of ownership rights (shares) held in other companies with a view to creating lasting and specific ties with those companies, so as to enable the company to influence their orientation and policy.

Financial fixed assets are stated at acquisition value, applying the weighted average prices method. Additional acquisition costs are charged directly to the results.

Financial fixed assets may be revalued in the event that their value, determined in accordance with their utility to the company, comes to exceed their book value in a clear and lasting manner.

Impairments may be applied in the event of a lasting decrease in value or depreciation, justified by the circumstances, profitability or prospects of the company in which the shares are held. If the position, profitability and outlook of the company (to be assessed by the Board of Directors) justifies this, impairments will be reversed. In the event that the Board of Directors deems the application/reversal of impairments to be appropriate, it will in principle apply the IFRS equity value per KBC Group share as a reference point.

Amounts receivable and creditors are stated at nominal value.

Impairments are applied if uncertainty exists as to the payment of all or part of an amount receivable on the due date.

Cash at bank and in hand is stated at nominal value.

Capital and reserves are stated at nominal value.

Other asset or liability components are stated at acquisition value.

OTHER INFORMATION TO BE INCLUDED IN THE NOTES (6.20)

KBC Ancora's principal asset is a participating interest in KBC Group. The value of KBC Ancora's assets, as well as its holdings of cash instruments and its results, are dependent on developments in the KBC group.

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 in respect of 2019 of EUR 2.50 per share, 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, in line with 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 an interim dividend will not be distributed in November 2020.

It is not possible at this point in time to make a reliable assessment of the impact of the Covid-19 pandemic on KBC Ancora's results in the financial year 2020-2021.

KBC Ancora announced on 2 April 2020 that it would not be distributing a dividend in respect of the financial year 2019/2020, and consequently held a cash position of EUR 62.05 million at 30 June 2020; this position can be addressed to meet future financial obligations.

Auditor's report

Auditor's report on the financial year

“Statutory auditor’s report to the general meeting of KBC Ancora NV on the annual accounts as of and for the year ended 30 June 2020

FREE TRANSLATION OF THE STATUTORY AUDITOR’S REPORT ORIGINALLY PREPARED IN DUTCH

In the context of the statutory audit of the annual accounts of KBC Ancora NV (“the Company”), we provide you with our statutory auditor’s report. This includes our report on the annual accounts for the year ended 30 June 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 27 October 2017, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 30 June 2020. We have performed the statutory audit of the annual accounts of KBC Ancora NV for 21 consecutive financial years.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the Company as of and for the year ended 30 June 2020, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 30 June 2020, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 3.150.309.364 and the income statement shows a profit for the year of EUR 60.848.176

In our opinion, the annual accounts give a true and fair view of the Company’s equity and financial position as at 30 June 2020 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the “Statutory auditors’ responsibility for the audit of the annual accounts” section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company’s officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – COVID-19 crisis

We draw attention to note VOL 6.20 of the annual accounts, which describes the (possible) effects of the COVID-19 crisis on the operations and financial situation of the Company.

Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgement, 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.

Valuation of the investment in KBC Group

We refer to note C-cap 6.5.1 and C 6.19 of the annual accounts.

— Description

The Company has an investment of 18,62% in KBC Group. The carrying amount of this investment amounts to EUR 3,1 billion on 30 June 2020 or 98,03% of the total assets.

The board of directors is of the opinion that, in case they would decide to account for an additional impairment or a reversal of an impairment, the IFRS equity value per share of KBC Group would be a good basis to determine the carrying amount of the investment.

The valuation of the investment in KBC Group is a key matter of our audit due to:

- the size of the investment compared to the total assets and equity value, and
- the level of judgment required in the Company's assessment of the long-term nature of the impairment, which is subjective to a certain extent as it is impacted by the long-term performance of KBC Group, the sector in which KBC Group operates and the uncertainties KBC Group and the sector are confronted with.

— Our audit procedures

We evaluated and discussed the Company's assessment with management, the audit committee and the board of directors.

We verified the accuracy of the valuation and traced the key assumptions to underlying documentation, in particular the IFRS equity value, the percentage of ownership and other (financial) information.

We have verified whether the board of directors provided appropriate and sufficient disclosure in the annual accounts.

Board of directors' responsibilities for the preparation of the annual accounts

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as 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.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 the users taken on the basis of these annual accounts.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- 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 controls 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 board of directors;
- conclude on the appropriateness of 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 auditors' 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 auditors' 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 the audit committee 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, 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 auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the statutory director's report and the other information included in the annual report (annual report), for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' Code or, as from January 1, 2020, the Companies' and Associations' Code and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the statutory director's report and the other information included in the annual report (annual report) and compliance with certain requirements of the Companies' Code or, as from January 1, 2020, the Companies' and Associations' Code and with the Company's articles of association, and to report on these matters.

Aspects concerning the statutory director's report and other information included in the annual report (annual report)

Based on specific work performed on statutory director's report and other information included in the annual report (annual report), we are of the opinion that statutory director's report and other information included in the annual report (annual report) is consistent with the annual accounts for the same period and has been prepared in accordance with articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the statutory director's report and other information included in the annual report (annual report):

- the letter from the Chairman of the board of directors and Managing Directors
- the investor information

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.

Other aspects

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- We do not have to inform you of any transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code or, as from January 1, 2020, the Companies' and Associations' Code.

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 27 August 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Kenneth Vermeire
Réviseur d'Entreprises / Bedrijfsrevisor"

Other information

KBC Ancora SA

Registered office
Muntstraat 1
3000 Leuven
Belgium
Website: www.kbcancora.be
E-mail: mailbox@kbcancora.be
Tel.: +32 (0)16 27 96 72

Editorial team

Jan Bergmans
Luc De Bolle
Franky Depickere
Kristof Van Gestel

Coordination of figures

Ann Thoelen and Els Lefèvre

Printing and finishing

INNI GROUP nv, Heule

Layout

Raf Berckmans

Final editing

Greet Leynen

Published by

KBC Ancora SA, Hilde Talloen, Muntstraat 1, 3000 Leuven, Belgium
Company number RLP Leuven VAT BE 0464.965.639
LEI 549300I4XZ0RR3ZOSZ55

KBC Ancora's annual report is available at no cost in Dutch, French and English from the company's registered office or its website www.kbcancora.be. Conformity between the translations and the original annual report has been checked by KBC Ancora, which assumes responsibility in this regard. In the event of discrepancies or differences of interpretation, the Dutch version alone shall be legally binding.

PRESS RELEASES IN THE FINANCIAL YEAR 2019/2020

- 20.08.2019 KBC Ancora: Transparency Notification by BlackRock Inc.
- 30.08.2019 KBC Ancora: Transparency Notification by FMR LLC.
- 30.08.2019 KBC Ancora closes financial year 2018/2019 with a profit of EUR 253.7 million. Limited adjustment of dividend policy with a view to accelerating debt reduction.
- 30.08.2019 Convocation of the Ordinary and Extraordinary General Meeting of Shareholders and publication of the Annual Report.
- 01.10.2019 KBC Ancora: Transparency Notification by BlackRock Inc.
- 16.10.2019 KBC Ancora: Transparency Notification by BlackRock Inc.
- 18.10.2019 KBC Ancora: Transparency Notification by BlackRock Inc.
- 30.10.2019 KBC Ancora: Transparency Notification by FMR LLC.
- 12.11.2019 KBC Ancora: Transparency Notification by FMR LLC.
- 29.11.2019 Herman Vandaele becomes new Chairman of KBC Ancora.
- 10.01.2020 KBC Ancora: Transparency Notification by Fidelity Management & Research Company LLC.
- 31.01.2020 Interim Financial Report 2019/2020.
- 02.04.2020 KBC Ancora does not pay out dividend for the financial year 2019/2020.
- 29.04.2020 KBC Ancora: Transparency Notification by Lansdowne Partners Austria.

FINANCIAL CALENDAR 2020/2021

- 29.09.2020 Annual Report 2019/2020 available and convocation to Annual General Meeting.
- 30.10.2020 Annual General Meeting of Shareholders.
- 29.01.2021 Interim financial report 2020/2021.
- 27.08.2021 Annual press release for the financial year 2020/2021.



KBC Ancora

Registered office:
Muntstraat 1 • 3000 Leuven
Tel. 016 27 96 72
mailto:mailbox@kbcancora.be
www.kbcancora.be