



KBC Group EBA Stress Test 2025

01 August 2025

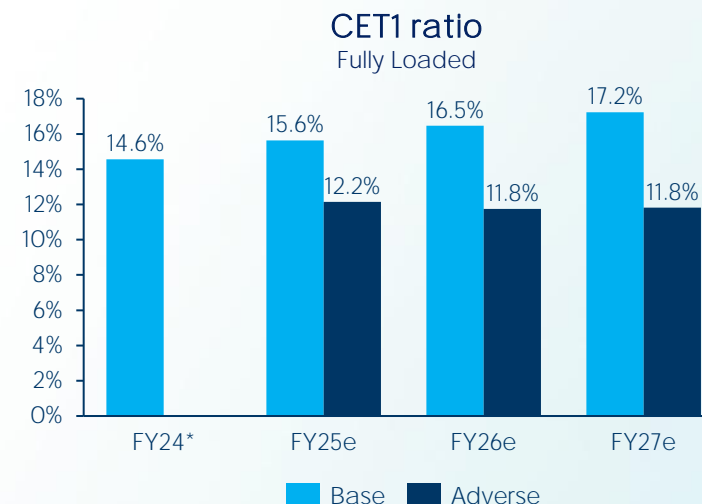
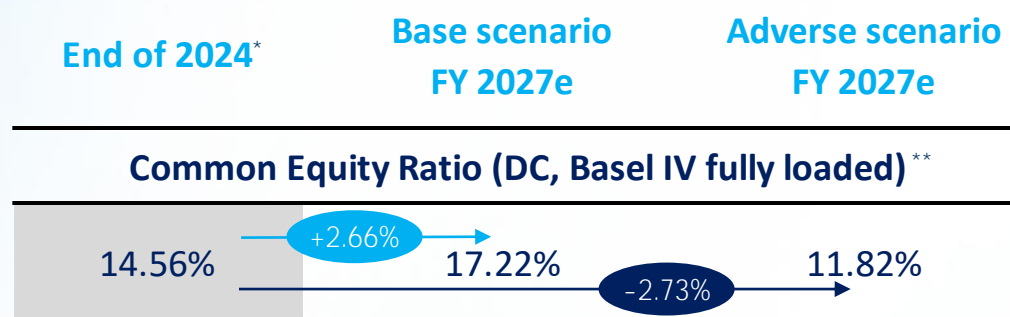
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KBC's strong capital position is confirmed, MDA level not breached in EBA stress test

- Under the adverse scenario, the depletion in fully loaded CET1 ratio in 2027 is limited to 273bps vs. fully loaded CET1 ratio 2024 (max. depletion in 2026 of 281bps). This is significantly less than in the 2023 EBA stress test, which had a final impact of 386bps and a max. depletion of 450bps.
- The MDA level is not breached over the stress test horizon, with a fully loaded CET1 ratio of 11.82% under the adverse scenario vs. MDA level of 11.48% in 2027 (10.86% after filling AT1/T2 shortfalls, which in practice are filled since May 2025).
- The outcome of this stress test does not have impact on KBC's capital deployment going forward.



* CET1 ratio FY24 under Basel IV as calculated according to the latest available method at the time of stress test submission

** The CET1 ratio on a **transitional** basis would shift from 14.86% at year-end 2024 to 17.44% under the base scenario and to 11.92% under the adverse scenario at year-end 2027

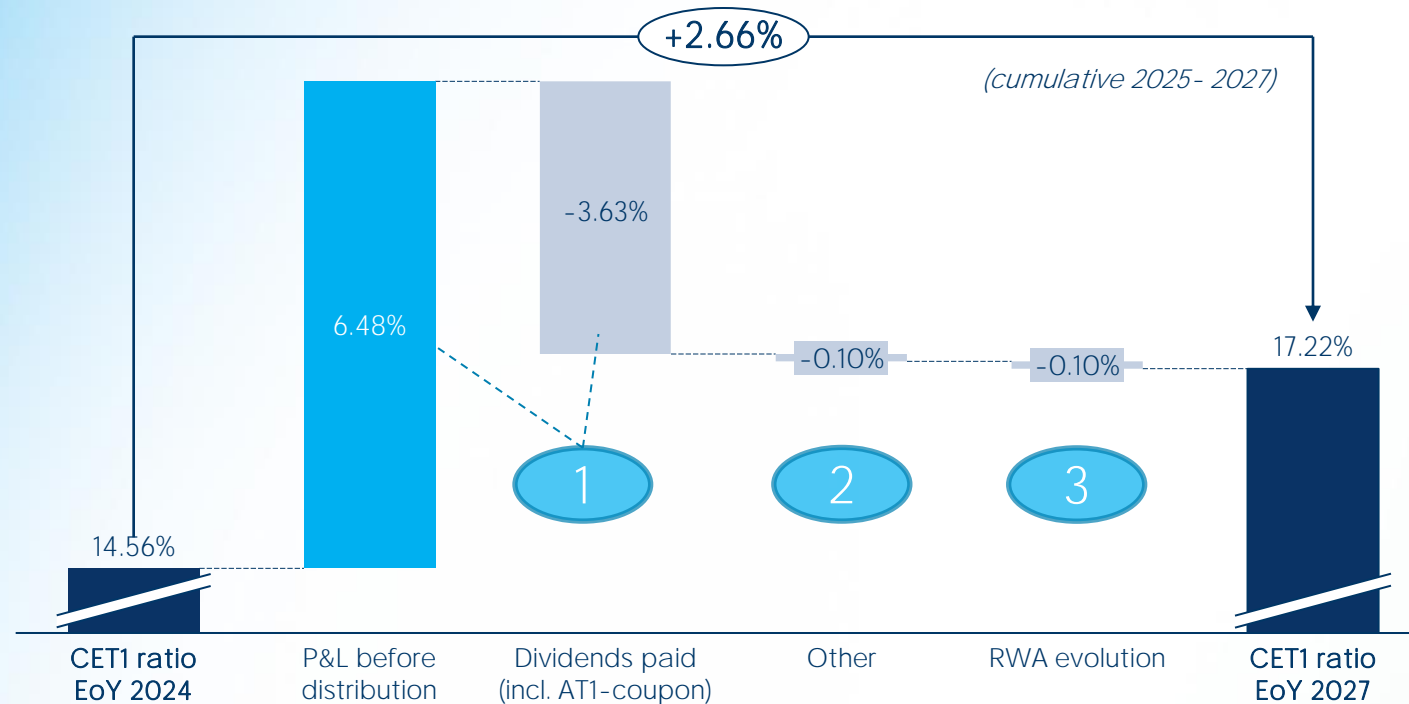
Context of 2025 EBA Stress Test

- No hurdle rate, i.e. not a 'pass or fail' test
- Quantitative and qualitative results/findings will be integrated into the SREP process
- Common methodology:
 - All banks use the same imposed scenario as defined by ECB/ESRB
 - 3-year projections on year-end 2024 figures (base case and adverse scenario), with integration of Basel IV into the starting points and projections
 - Static balance sheet assumption
 - Use of EBA models and own models, subject to challenge from EBA/ECB, combined with imposed caps and floors
 - For the KBC home markets, the adverse scenario results in a severe contraction of real GDP with a strong increase in unemployment. The 3-year cumulative deviation from the baseline scenario is larger for CEE GDP than in previous exercises, but lower for inflation. In terms of asset prices, residential real estate is less impacted, while the deviation from the baseline for commercial real estate is more severe vs. the previous exercise.

| Adverse scenario | Cumulative 3y impact | | | | | Rate 2027 | | | |
|------------------------|----------------------|-----------------|---------------------------|--------------------------|--------------|-----------|--------------|---------------|--------------------------|
| KBC Group main markets | GDP | Consumer prices | Resid. real estate prices | Comm. real estate prices | Stock prices | Unemploy. | 1m swap rate | 10y swap rate | FX rate (change vs. EUR) |
| Belgium | -5.4% | 9.3% | -20.4% | -32.3% | -41.8% | 10.9% | 3.3% | 3.0% | |
| Czech Republic | -7.9% | 14.3% | -17.5% | -35.5% | -41.8% | 8.6% | 4.2% | 4.1% | -4.7% |
| Slovakia | -7.8% | 17.2% | -18.6% | -39.8% | -41.8% | 11.7% | 3.3% | 3.0% | |
| Hungary | -5.1% | 14.8% | -25.3% | -29.0% | -41.8% | 8.9% | 7.9% | 7.6% | -10.1% |
| Bulgaria | -5.5% | 8.8% | -19.4% | -32.2% | -41.8% | 8.7% | 3.4% | 4.5% | 0.0% |
| European Union | -6.3% | 10.7% | -15.7% | -29.5% | -41.8% | 11.6% | 3.3% | 3.0% | |

- Scope of the exercise is KBC Group whereby:
 - KBC Insurance, for Solvency purposes, is integrated according to the Danish Compromise method

Base Scenario – Fully loaded CET1 ratio increases to 17.22% by 2027 (including a 56% payout ratio)



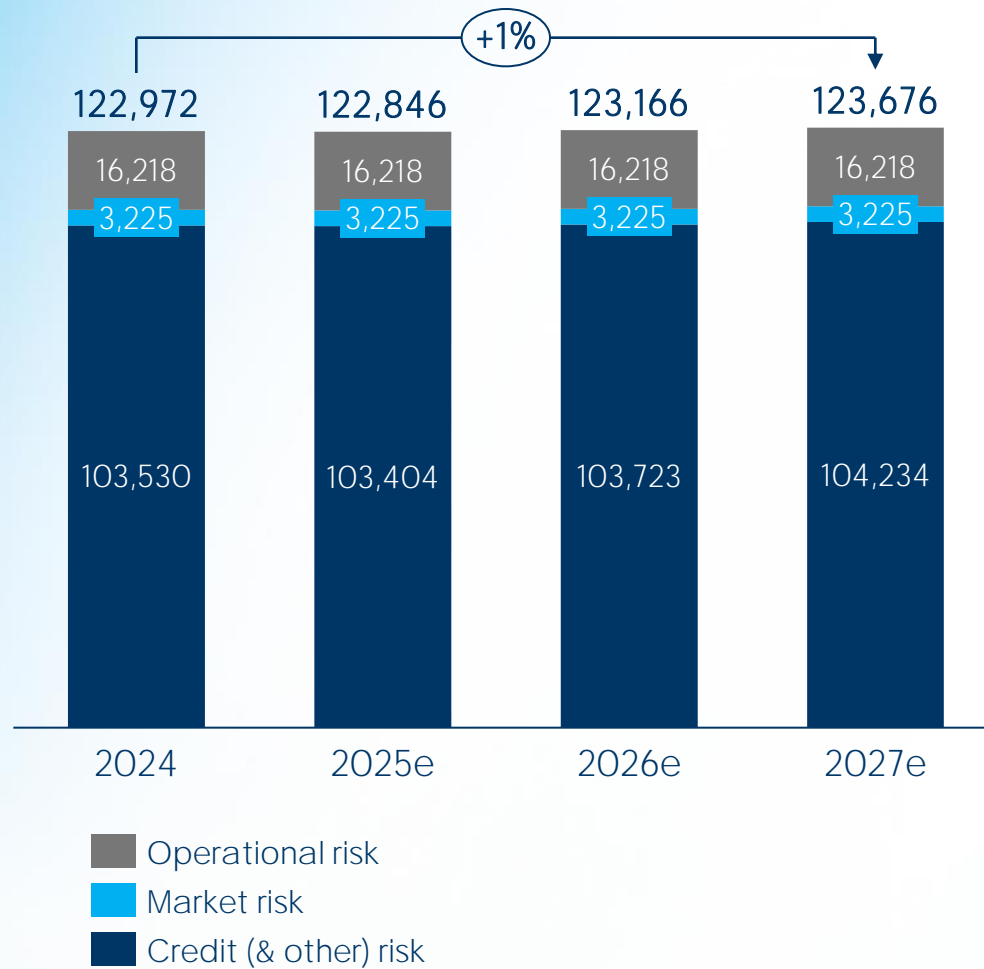
- Of the 7,972m EUR cumulative net result, 56% or 4,464m EUR is paid out as a combination of dividend and AT1 coupon (92m EUR yearly)
- DTAs on losses carried forward to be deducted from CET1 decreases thanks to profit generated in KBC Bank with existing DTAs on LCF at the start of the stress test horizon
 - The 2024 amount of impairments and depreciation is applied on intangible assets in every year of the stress test, reducing the amount to be deducted from CET1
 - The shortfall vs the Pillar 1 NPL backstop comes from the existing 2024 default portfolio, as these are subject to a 100% unsecured and at least 25% secured backstop by 2027. These shortfalls are high given "no cure, no work-out" EBA methodology
- See slide 6 for more detail on RWA impact

Base Scenario – Trend in P&L

| in EUR millions | Net result 2024 | Base | | |
|---|-----------------|--------------|--------------|--------------|
| | | 2025e | 2026e | 2027e |
| Net interest income | 5,157 | 5,832 | 5,949 | 5,896 |
| Dividend income | 23 | 23 | 23 | 23 |
| Net result from FIFV through P&L | 81 | 263 | 263 | 263 |
| Net fee and commission income | 2,606 | 2,606 | 2,580 | 2,541 |
| Net other income | 106 | 159 | 151 | 140 |
| Total income | 7,972 | 8,883 | 8,965 | 8,862 |
| Operating expenses | -4,521 | -4,728 | -4,813 | -4,909 |
| Impairments | -247 | -774 | -709 | -622 |
| o/w on FA at AC and FVOCI | -223 | -790 | -723 | -638 |
| o/w CCR (counterparty credit risk) | 0 | 0 | 0 | 0 |
| o/w on other | -24 | 16 | 15 | 16 |
| Share in results of assoc. comp. & joint ventures | 513 | 374 | 426 | 444 |
| Gains/losses arising from operational risk | 0 | -32 | -32 | -32 |
| Result before tax | 3,717 | 3,723 | 3,837 | 3,743 |
| Income tax | -385 | -1,098 | -1,130 | -1,102 |
| Net Result | 3,333 | 2,624 | 2,707 | 2,641 |
| Dividends (incl. AT1 coupon) paid | 2,010 | 1,470 | 1,516 | 1,479 |
| Credit Cost ratio | 0.10% | 0.37% | 0.34% | 0.30% |

- NII increases strongly under the base scenario parameters, mainly due to a decrease in funding costs. This is driven by the decline in the 1M swap rate and the high prescribed pass-through rates on non-maturity deposits (75% for NFC, 50% for households, 100% for others)
- Non-net interest income:
 - Net Fee and commission income is calculated based on an ECB imposed, bank-specific, growth rate (Y1: 1%; Y2:-1%; Y3:-3%) and capped at the level of FY24.
 - Dividend income is based on an internal forecasting model
- Impairment losses on financial assets are mainly concentrated in Belgian corporate and SME portfolios
- The dividend paid by KBC Insurance is included in 'Share in results of associated companies & joint ventures'
- Other P&L lines are subject to caps & floors or are mostly calculated mechanically (e.g. prescribed methodology on operating expenses mostly linked to inflation scenarios)
- The dividend (and AT1 coupon) is set to a pay-out ratio of 56%, in line with EBA requirements. This is the median of the period 2020-2024

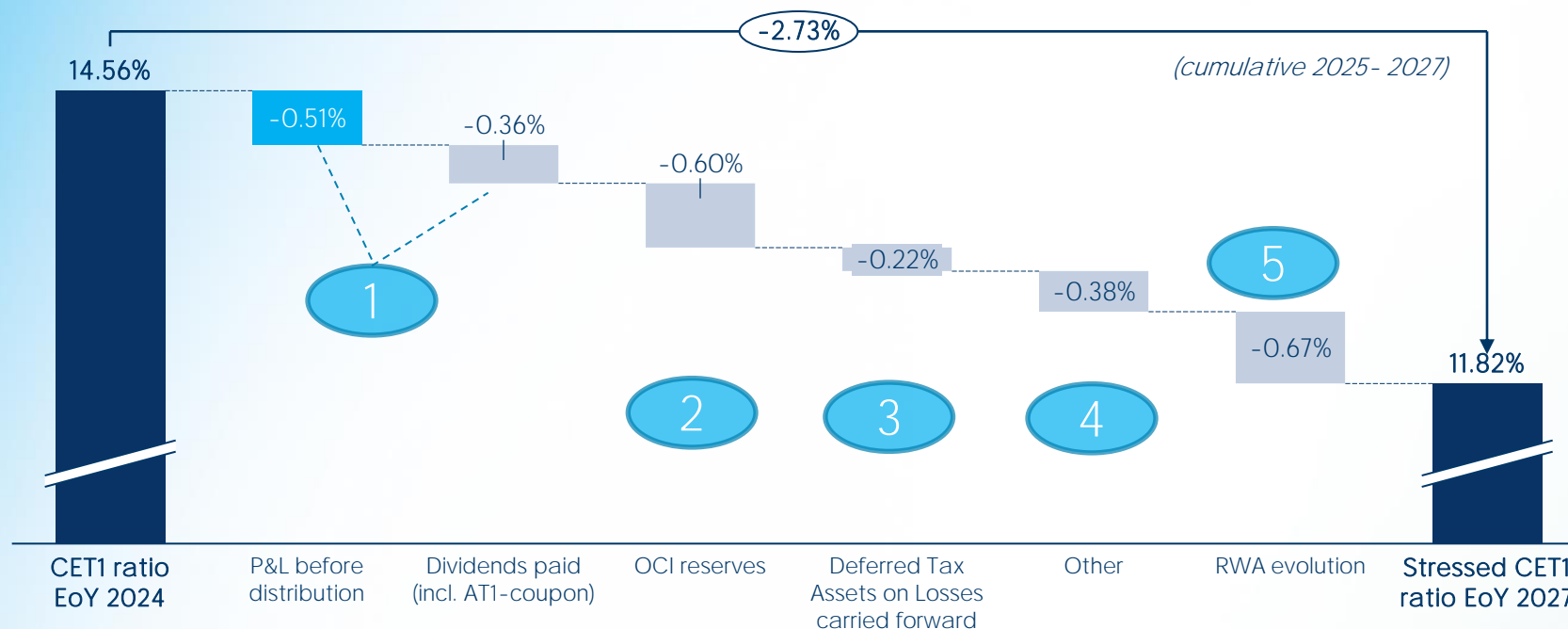
Base Scenario – Trend in RWA (fully loaded)



RWA remains almost flat by 2027 compared to the end of 2024

- Due to the static balance sheet assumption, the increase in **Credit (& other) risk RWA** remains low
- RWA for **Market risk** and **Operational risk** are kept constant, in line with EBA's methodological guidance

Adverse Scenario – KBC's capital position decreases by 273bps in the severe adverse scenario



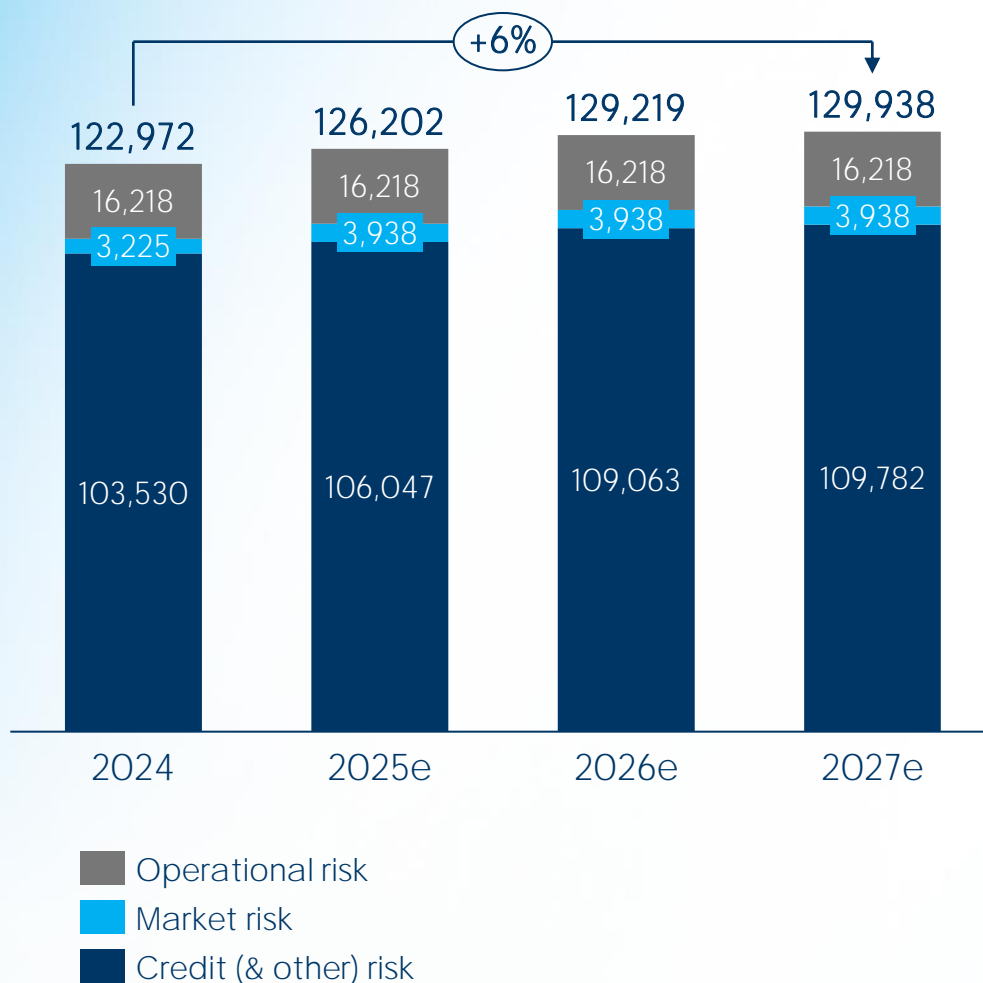
1. Although retained earnings decrease over the stress test horizon due to a cumulative loss of -627m EUR over 2025-2027, 439m EUR is paid out (yearly AT1 coupon of 92m EUR and dividend in 2027)
2. The impact on OCI reserves is mainly driven by revaluation of FVOCI bonds at higher interest rates, credit spreads and FX shocks (materially higher compared to the 2023 exercise due to higher volumes)
3. P&L losses, mainly in 2025, increase DTA on losses carried forward to be deducted from CET1. This DTA is only partly reduced by profits made in 2026 and 2027
4. The impact mainly relates to the shortfall vs. the Pillar 1 NPL backstop from the existing 2024 default portfolio, as these are subject to a 100% unsecured and at least 25% secured backstop by 2027. These shortfalls are high given "no cure, no work-out" EBA methodology.
5. See slide 9 for more detail on RWA impact

Adverse Scenario – Trend in P&L

| in EUR millions | Adverse | | | |
|---|-----------------|---------------|--------------|--------------|
| | Net result 2024 | 2025e | 2026e | 2027e |
| Net interest income | 5,157 | 4,434 | 4,811 | 4,967 |
| Dividend income | 23 | 16 | 17 | 17 |
| Net result from FIFV through P&L | 81 | -451 | 156 | 156 |
| Net fee and commission income | 2,606 | 2,180 | 2,157 | 2,187 |
| Net other income | 106 | 79 | 61 | 57 |
| Total income | 7,972 | 6,258 | 7,202 | 7,385 |
| Operating expenses | -4,521 | -4,738 | -4,916 | -4,994 |
| Impairments | -247 | -3,338 | -2,315 | -1,890 |
| o/w on FA at AC and FVOCI | -223 | -2,665 | -2,088 | -1,789 |
| o/w CCR (counterparty credit risk) | 0 | -525 | 0 | 0 |
| o/w on other | -24 | -148 | -228 | -101 |
| Share in results of assoc. comp. & joint ventures | 513 | 301 | 303 | 304 |
| Gains/losses arising from operational risk | 0 | -152 | -152 | -152 |
| Result before tax | 3,717 | -1,670 | 122 | 653 |
| Income tax | -385 | 501 | -37 | -196 |
| Net Result | 3,333 | -1,169 | 85 | 457 |
| Dividends (incl. AT1 coupon) paid | 2,010 | 92 | 92 | 256 |
| Credit Cost ratio | 0.10% | 1.26% | 0.99% | 0.85% |

- NII drops significantly in 2025 due to the methodology of:
 - a static balance sheet assumption (no volume growth)
 - the immediate repricing of current and savings accounts at high rates, with a weighted average pass-through rate for KBC of 71% for current accounts and 54% for savings accounts, over the full horizon
 - assets are repriced more gradually as floating rate assets follow their repricing schedule and fixed rate assets reach maturity.
- Additional losses for FIFVPL in 2025 were included re. hedge accounting, trading positions and CVA
- Imposed by the ECB, NFCI had to be reduced by 14% in Y1, by 15% in Y2 and by 15% in Y3, compared to FY24 (bank specific), complemented by FX impacts.
- **Operating expenses** increase mainly due to higher inflation in the scenario
- **Impairment losses:**
 - o/w on FA at AC and FVOCI are mainly concentrated in (i) Belgian and Czech SME portfolios and (ii) Belgian and foreign branches corporate portfolios
 - o/w counterparty credit risk triggers a loss in 2025 (methodology prescribes that the 3 most vulnerable counterparties should default)
 - o/w on non-financial assets (own real estate) were the result of a severe real estate price shock as defined in the scenario
- The dividend paid by KBC Insurance is included in 'Share in results of associated companies & joint ventures'
- **Other P&L lines** are subject to caps & floors or are mostly calculated mechanically

Adverse Scenario – Trend in RWA (fully loaded)



RWA increases by 7.0bn EUR by 2027 compared to the end of 2024

- **Credit (& other) risk RWA** are mainly affected by PD increases in Belgian and Czech corporate portfolios, and LGD increases in the Belgian SME portfolio.
- **Market risk RWA** increase in 2025 is driven by an increase in VaR, as this is replaced by the sVaR (EBA requirement)
- **Operational risk RWA** are kept constant

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