



1Q26 Comparative Quarters Note

KBC Investor Relations

21 April 2026

This document is provided for information purposes only. It does not constitute an offer to sell or the solicitation to buy any security issued by the KBC Group. KBC believes that this document is reliable, although some information is condensed and therefore incomplete. KBC cannot be held liable for any loss or damage resulting from the use of the information.

This document may include forward-looking statements with respect to future development in our business, with respect to expectations for our future financial performance and with respect to indicative impacts of recent external events. There is a risk that forward-looking statements differ materially and as such, that actual results differ materially from those projected in any forward-looking statement.

General market developments

- In 1Q26, the **ECB** and **CNB policy rates** remained stable at respectively 2.00% and 3.50%. **MNB** lowered their policy rate from 6.50% to 6.25% on February 25th.
- The **average exchange rate EUR/CZK** stood at 24.31 at the end of the first quarter (i.e. +1.6% q-o-q and +3.2% y-o-y). The **average exchange rate EUR/HUF** stood at 380.78 at the end of the first quarter (i.e. +4.4% q-o-q and +6.3% y-o-y).
- The economy started the year strong. As of March however the conflict in the Middle East has triggered an adverse energy price shock, a period of volatility and, on the whole, a global risk-off sentiment. Depending on the length and severity of the conflict, this might further translate into changed expectations for GDP & inflation going forward. At the end of 1Q26, the labour market remained resilient in our home countries.

Net interest income: NII amounted to 1,608m EUR in 4Q25. Compared to 4Q25, there are a number of known differentiating factors & seasonalities in 1Q26 based on publicly available data:

- The **consolidation of 365.bank** in the P&L as of 1/1/2026 will positively contribute to NII (+157m EUR guided for FY26).
- Positive impact of **lower MRR in Bulgaria** following Eurozone entrance (roughly +35m EUR impact for FY26).
- The external rate on savings accounts in Belgium remained stable during 1Q26. In CSOB CZ the savings account rate was lowered by 20bps early January.
- A further increase of the **commercial transformation result** (replication portfolio) will remain one of the key drivers for our NII growth going forward (both for ST & LT financial guidance) despite the fact that 4Q is traditionally a quarter with strong deposit growth whereas 1Q is seasonally weaker.
- **Lower N° of days effect** (2 days less q-o-q, so roughly 17m EUR less NII q-o-q).
- **NII on inflation-linked bonds**, where we noticed a negative evolution in the Euro area HICP excluding tobacco, as seen in the first quarter of previous years (as a reminder, absolute NII from inflation-linked bonds stood at -13m EUR at 1Q24 and -5m EUR at 1Q25).

As known, **FY26 NII** is guided for **at least 6 725m EUR**.



Net fee and commission income: 4Q25 NFCI was 725m EUR.

- **Assets-under-management (AuM)** increased by 3% q-o-q in 4Q25. This provided a higher starting base for 1Q26. The positive start of equity markets early 2026 was more than offset by losses due to the conflict in the Middle East.
- The **consolidation of 365.bank** in the P&L as of 1/1/2026 will positively contribute to NFCI.
- The **4Q25 company presentation mentioned roughly 15m EUR one-off year-end effect** (linked to the performance of the CZ pension fund) not to be extrapolated going forward.
- **Payment-related fees typically have a seasonal lower effect in 1Q** after benefitting from a positive seasonal effect both in 3Q (holiday season) and 4Q (Christmas period).
- Following EUR adoption in Bulgaria, NFCI will be negatively impacted by the **loss of income on EUR/BGN exchange transactions** (est. -16m EUR impact for FY26).
- 1Q26 will be the **first quarter with full impact of SRT coupon payment** (as a result of our inaugural SRT mid-November 4Q25), to the tune of roughly 20m EUR on an annual basis.

Insurance business (always best to look to the y-o-y comparison, due to seasonal effects)

- We guided for 2026 and 2025-2028 CAGR a total insurance revenue growth of at least 7.5% y-o-y and a combined ratio below 91%.
- **Non-life insurance revenue** was 648m EUR in 1Q25. In the previous quarters, non-life insurance revenue saw high single digit growth y-o-y, due to a combination of volume and tariff increases. **Non-life insurance service expenses** amounted to -543m EUR in 1Q25.
- **Life insurance revenue** amounted to 125m EUR in 1Q25. **Life insurance service expenses** were at -79m EUR in 1Q25.
- **Net result from reinsurance contracts held** was -9m EUR in 1Q25.

Dividend income: 1Q25 dividend income was 9m EUR.

FIFV (net result from financial instruments at fair value through P&L) and IFIE (insurance finance income and expenses) amounted to -22m EUR in 4Q25 and was mainly characterized by a positive change in 'ALM derivatives and other'. This positive change should not be extrapolated into 1Q26 as hedging ineffectiveness is dependent on market volatility (which significantly increased in 1Q).

Net other income:

- 4Q25 NOI was 39m EUR, a bit below the normal run rate of roughly 50m EUR per quarter.

Operating expenses (Opex)

- **Total bank and insurance taxes** amounted to -539m EUR in 1Q25. Based on IFRIC 21, a large part of the bank and insurance taxes are booked upfront in the first quarter.
 - In Belgium, because of budget deficit, still an open question if the government will keep total contributions stable or not. Moving factors are:
 - The deposit guarantee system (DGS) reached its target of 1.8% of covered deposits in 2025.
 - At the same time, the Belgian government as part of their budget agreement in November '25 also agreed on a new banking tax for the Belgian sector for an amount of 150m EUR as of 2026.
 - In Hungary the windfall tax rates for 2026 were increased to 10% on pre-tax profit up to HUF 20bn and 30% on the portion above HUF 20bn, compared with 7% and 18%, respectively before.
 - FY26 guidance on BIT will be provided together with the 1Q26 results.



- **Total Opex excluding bank and insurance taxes** amounted to -1,224m EUR in 4Q25 and -1,106m EUR in 1Q25.
 - As known, the 4th quarter is always negatively distorted by year-end effects (still a lot of invoices are coming in just before year-end).
 - Opex will be impacted by the consolidation of 365.bank & Business Lease in the P&L as of 1/1/2026 (-156m EUR guided for FY26).

As known, **FY26 Opex** is guided for max. +3.4% y-o-y organic (excl. acquisitions and FX effect) and max. +7.7% y-o-y full scope. This excludes the 25m EUR one-off bonus to all employees (as announced together with the 4Q25 results in a separate press release) which will be entirely booked in the first quarter.

Loan loss impairments

- **The FY25 credit cost ratio** amounted to **13bps**. The net loan loss impairment charges on the lending book amounted to -76m EUR in 4Q25, partly offset by +3m EUR related to a decrease of the ECL buffer for geopolitical and macroeconomic uncertainties. This buffer stood at 100m EUR at the end of 4Q25. The macro-economic environment became increasingly volatile due to the Middle East conflict, leading to higher likelihood of downturn scenarios (IFRS 9).
- For 2026 and 2028, the credit cost ratio was guided **well below the through-the-cycle of 25-30bps**, given our strong track record with a well-diversified loan book.

Income Tax

- Income taxes at 1Q25 stood at -202m EUR. Note that the tax rate in 1Q is usually higher than in the other quarters because of the non-tax deductibility of the national bank & insurance taxes in Belgium (as a reminder, the applicable tax rate for 1Q25 was 27,0%).

Risk-weighted Assets (unfloored fully loaded, Basel IV) were 129,455m EUR at the end of 4Q25 (taking into account the total RWA impact from Basel IV, excluding the output floor impact).

- As usual, **organic loan volume growth** will be one of the q-o-q RWA drivers. In addition, we also note that market risk RWA is influenced by volatility on financial markets.
- +2.5bn EUR RWAs as a result of 365.bank and Business Lease acquisitions (o.w. +2.2bn EUR RWAs for 365.bank)

CET1 ratio (unfloored fully loaded, Basel IV) stood at 14.9% at the end of 4Q25.

- In line with our **dividend policy and capital deployment plan**, the dividend accrual taken into account in the unfloored fully loaded CET1 ratio in 1Q26 will be 50% (i.e. the low end of the 50%-65% range according to the dividend policy).
- The **BGAAP results of Insurance** is upstreamed on a quarterly basis, with one quarter delay. The BGAAP result related to 4Q25 of **129m EUR** will be upstreamed in 1Q26.
- The **acquisition of 365.bank in Slovakia and Business Lease in Czech Republic & Slovakia** was closed on 15 January 2026 and 10 February respectively. This will have a capital impact of approximately -50bps (unfloored fully loaded CET1 ratio)...largely due to the RWA increase as mentioned above.

Financial Agenda:

- 24th April 2026: start of black-out period of Q1-2026 results at close of business
- 12th May 2026: first quarter 2026 results
- 22nd July 2026: start of black-out period of Q2-2026 results at close of business
- 6th August 2026: second quarter 2026 results