2Q26 Comparative Quarters Note

KBC Investor Relations

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General market developments

- In 2Q26, the **ECB** increased their policy rate from 2.00% to 2.25% on June 17th, the **CNB** increased their policy rate from 3.50% to 3.75% on June 19th, while the **MNB** lowered their policy rate from 6.25% to 6.00% on June 24th.
- The **average exchange rate EUR/CZK** over the second quarter stood at 24.30 (i.e. +0.1% q-o-q and +2.6% y-o-y). The **average exchange rate EUR/HUF** over the second quarter stood at 360.81 (i.e. +6.4% q-o-q and +12.0% y-o-y).
- The conflict in the Middle East continues to create a large uncertainty with respect to energy prices, impact on growth, inflation and the central bank's (ECB) reaction. Depending on the length and severity of the conflict, this might further translate into changed expectations for GDP and inflation going forward.

Net interest income: NII amounted to 1,672m EUR in 1Q26. Compared to 1Q26, there are a number of known differentiating factors (besides the above indicated policy rate changes) & seasonalities in 2Q26 based on publicly available data:

- 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 1Q26 saw a shift from current and savings accounts to term deposits, driven amongst others by the increasing interest rate environment as a result of the conflict in the Middle East (as can be noticed from slide 8 of the 1Q26 company presentation). Note that deposit growth is traditionally weaker (seasonal) in 1Q.
- The external rate on **regular savings accounts** (Cat. A) in **Belgium** remained stable during 2Q26. As of 1 August 2026, the total rate on the Start2Save (Cat. B) savings account in Belgium was increased from 2.25% to 3.15% (entirely driven by an increase of the base rate by 90bps to 1.65%, with a stable fidelity bonus rate at 1.50%). Note that this account has a monthly deposit limit of 500 EUR and therefore a relatively limited weight within the overall deposits of BU Belgium. In **CSOB CZ** the savings account rate was lowered by 20bps early January 2026.
- As mentioned during the 1Q26 conference call, **organic loan volume growth** in the second quarter will be boosted by a good pipeline of SME and corporate loan demand.
- For NII on **inflation-linked bonds** (-12m EUR in 1Q26), we noticed a strong positive evolution in the Euro area HICP excluding tobacco index, relevant for 2Q26 (compared to a negative evolution in 1Q26).
- **Higher N° of days effect** (1 day more q-o-q, so roughly 9m EUR higher NII q-o-q).

- Note that 1Q26 included -6m EUR one-off impact on NII in Hungary (as shown on slide 6 of the 1Q26 company presentation).

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

Net fee and commission income: 1Q26 NFCI was 729m EUR.

- **Assets-under-management** (AuM) decreased by 1% q-o-q in 1Q26. This provided a slightly lower starting base for 2Q26. Equity markets were able to recover in 2Q26, after the drop at the end of 1Q26 due to the conflict in the Middle East. Next to that, entry fees are typically lower in 2Q (seasonal).
- **Payment-related fees** typically have a seasonal lower effect in 1Q and 2Q after benefitting from a positive seasonal effect both in 3Q (holiday season) and 4Q (Christmas period).

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 667m EUR in 2Q25. 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 -541m EUR in 2Q25. Note that during 2Q26 there were some storms (floods and hail) impacting Belgium and to a lesser extent Bulgaria. Note that in the Czech Republic, the combined ratio in 1Q26 was extremely low (77% in 1Q26 versus 81% in 1Q25) and there were two industrial fires during 2Q26.
- **Life insurance revenue** amounted to 121m EUR in 2Q25. **Life insurance service expenses** were at -67m EUR in 2Q25.
- **Net result from reinsurance contracts held** was -15m EUR in 2Q25.

Dividend income: 2Q25 dividend income was 33m EUR.

FIFV (net result from financial instruments at fair value through P&L) and IFIE (insurance finance income and expenses) amounted to -118m EUR in 1Q26 and was mainly characterized by a negative change in 'ALM derivatives and other' (due mainly to hedge accounting ineffectiveness and increased interest rates) and lower dealing room result (due to market turbulence in March). General market volatility remained at elevated levels in 2Q26 and xVA will be negatively impacted by decreased long-term interest rates (both in EUR, CZK and especially HUF)

Net other income:

- 1Q26 NOI was 89m EUR, above the normal run rate of roughly 50m EUR per quarter, mainly due to a positive one-off in Hungary as a result of a legal case.

Operating expenses (Opex)

- **Total bank and insurance taxes** amounted to -549m EUR in 1Q26 (based on IFRIC 21, a large part of the bank and insurance taxes were booked upfront in the first quarter). As can be noticed on slide 12 of the 1Q26 company presentation, the total bank and insurance taxes are estimated at -58m EUR in 2Q26.
- **Total Opex excluding bank and insurance taxes** amounted to -1,214m EUR in 1Q26 and -1,125m EUR in 2Q25.
    - 1Q26 included a 23m EUR one-off profit bonus to employees
    - Yearly wage negotiations in CEE always take place during the second quarter, while Belgium has a system of automatic wage indexation.

- Opex is 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 excl. BIT** 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 23m EUR one-off bonus to all employees that was booked entirely in 1Q26. Including the latter, FY26 Opex excl. BIT is guided at max. +8.2% y-o-y full scope.

Loan loss impairments

- **The 1Q26 credit cost ratio** amounted to **15bps** like-for-like (excl. 365.bank and without ECL & management overlay for geopolitical & macroeconomic uncertainties) and **20bps** including both elements.
- The total ECL & management overlay for geopolitical & macroeconomic uncertainties increased by 75m EUR in 1Q26 (due to the geopolitical turmoil in the Middle East) and stood at 175m EUR at the end of 1Q26.
- 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.

Other impairments

- The (previous) Hungarian government has extended the interest rate cap on mortgage loans for an undefined prolonged period, leading to potentially significant one-off modification losses (estimated at maximum 41m EUR).

Income Tax

- Note that the income 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.
- Typically, the average income tax rate on KBC Group profits is somewhere **between 20% to 22%**.

Risk-weighted Assets (unfloored fully loaded, Basel IV) were 134,511m EUR at the end of 1Q26 (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. As mentioned during the 1Q26 conference call, organic loan volume growth in the second quarter will be boosted by a good pipeline of SME and corporate loan demand.
- 2Q26 RWA increase due to **FX appreciation** (especially HUF in 2Q26).
- We also note that **market risk RWA** is subject to the volatility, which we have seen in the financial markets over the last months.
- In June 2026, KBC completed a second **SRT transaction** (on a 1.25bn EUR corporate loan portfolio), leading to **RWA savings of approximately 0.7bn EUR** (as indicated in the press release of 24 June 2026).

CET1 ratio (unfloored fully loaded, Basel IV) stood at 14.4% at the end of 1Q26.

- In line with our **dividend policy and capital deployment plan**, the dividend accrual taken into account in the unfloored fully loaded CET1 ratio in 2Q26 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 1Q26 of **25m EUR** will be upstreamed in 2Q26 (the difference with the 1Q26 Insurance IFRS result is mainly due to a timing difference, given that in IFRS the profit of the Insurance subsidiaries is always fully consolidated whereas in BGAAP, this profit

is only taken into account when dividends will be upstreamed from the subsidiaries to the parent company in 3Q26).

Financial Agenda:

- 22nd July 2026: start of black-out period of 2Q26 results at close of business
- 6th August 2026: second quarter 2026 results publication
- 23rd October 2026: start of black-out period of 3Q26 results at close of business
- 12th November 2026: third quarter 2026 results publication