3Q25 Comparative Quarters Note

KBC Investor Relations

21 October 2025

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General market developments

- In 3Q25, the ECB, CNB and MNB policy rate remained stable at respectively, 2.00%, 3.50% and 6.50%.
- The average exchange rate EUR/CZK stood at 24.84 at the end of the third quarter (i.e. +0.6% q-o-q and +1.0% y-o-y). The average exchange rate EUR/HUF stood at 401.67 at the end of the third quarter (i.e. +0.5% q-o-q and -2.5% y-o-y).
- Overall economic conditions remained supportive for growth, while core service inflation remained at elevated levels. We note resilience in labour markets in our core markets.

Net interest income: NII amounted to 1,509m EUR in 2Q25. Compared to 2Q25, there are a number of known differentiating factors in 3Q25 based on publicly available data and seasonalities to be mentioned:

- Inflation-linked bonds had a +24m EUR NII contribution in 2Q25, combined with the -5m EUR NII from 1Q25 this brings the 1H25 to +19m EUR NII. This is close to our already flagged FY25 guidance of the low end of the 20m-30m EUR range.
- As mentioned during the 2Q25 conference call, a further increase of the commercial transformation result will be one of the key drivers for our NII growth going forward (both for ST & LT financial guidance).
- As of 1 July 2025 the total rate on the regular saving accounts in Belgium was lowered from 0.70% to 0.60% (driven by a reduction of the fidelity bonus from 0.30% to 0.20%, with a stable base rate at 0.40%).
- The strong 2Q25 organic loan growth may not be extrapolated (as was mentioned during the 2Q25 conference call).
- Deposit growth in 2Q25 was supported in part by the seasonal impact of holiday allowance payments. Traditionally these are subsequently partially consumed in the third quarter, leading to lower quarter-on-quarter current accounts and saving account volumes, as can be noted in the last three years.
- Higher N° of days (1 day more q-o-q, so roughly 7m to 8m EUR higher NII q-o-q).
- In September 2024 KBC sold 6 and 13-month term deposits related to the Belgian State Note maturity. Consequently, the majority of that volume will only come to maturity in 4Q25 for KBC.

As known, FY25 NII is guided for at least 5.85bn EUR.

Net fee and commission income: 2Q25 NFCI was 667m EUR.

- On one hand, **Assets-under-management** (AuM) increased by 3% q-o-q in 2Q25. This provides a higher starting base for 3Q25. Furthermore, stock markets continued to recover from a lower 2Q25 that was affected by the initial market reaction to "Liberation Day". This leads to a higher average asset base q-o-q.
- On the other hand, the holiday season typically has a positive seasonal effect on **payment-**related fees and a negative seasonal effect on **securities-**related fees and **credit** related **fees**.

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

- We disclosed for 2025 and 2024-2027 CAGR a total insurance revenue growth of at least 7% y-o-y and a combined ratio below 91%.
- **Non-life insurance revenue** was 631m EUR in 3Q24. In the previous quarters, non-life insurance revenue saw high single digit growth year-on-year, due to a combination of volume and tariff increases. **Non-life insurance service expenses** amounted to -615m EUR in 3Q24, affected by storm Boris which had a -71m EUR pre-tax impact before reinsurance at that time.
- **Life insurance revenue** amounted to +109m EUR in 3Q24. **Life insurance service expenses** were at -72m EUR in 3Q24.
- **Net result from reinsurance contracts held** was +28m EUR in 3Q24, affected by a +39m EUR recovery related to storm Boris.

Dividend income: 3Q24 dividend income was 11m EUR.

FIFV (net result from financial instruments at fair value through P&L) and IFIE (insurance finance income and expenses) amounted to -34m EUR in 2Q25 and was mainly characterized by a positive change in 'ALM derivatives and other'.

Net other income:

- 2Q25 NOI was +77m EUR, above the normal run rate of roughly 50m EUR per quarter mainly due to higher-than-average gains on the sale of real estate.

Operating expenses (Opex)

- **Total bank and insurance taxes** amounted to -27m EUR in 2Q25. As can be seen on slide 12 of the 2Q25 company presentation, the total bank and insurance taxes are estimated at -51m EUR in 3Q25.
- **Total Opex excluding bank and insurance taxes** amounted to -1,125m EUR in 2Q25 and -1,135m EUR in 3Q24. Note that Opex excluding bank and insurance taxes in 2024 was relatively backloaded (as the y-o-y growth in 2024 was mainly concentrated in 3Q24 and 4Q24). We refer to our FY25 guidance for Opex (excl. bank and insurance taxes) below +2.5% y-o-y.

Loan loss impairments

- **The 1H25 credit cost ratio** amounted to 15bps, in- and excluding the release of the ECL buffer for geopolitical and macroeconomic uncertainties. The loan loss impairments amounted to -116m EUR in 2Q25 of which -40m EUR was related to an increase of the ECL buffer for geopolitical and macroeconomic uncertainties. This buffer stood at 112m EUR at the end of 2Q25.
- For 2025 and 2027, 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

- Apart from the first quarter, which is affected by upfront bank and insurance taxes, the average income tax on KBC Group profits is somewhere between 20 to 22%.

Risk-weighted Assets (fully loaded) were 126,220m EUR at the end of 2Q25 (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.

CET1 ratio (unfloored fully loaded, Basel IV) stood at 14.6% at the end of 2Q25.

- In line with our dividend policy and capital deployment plan, a dividend accrual of 50% of the KBC Group profit is taken into account in the unfloored fully loaded CET1 ratio.
- As mentioned on slide 15 of the company presentation the BGAAP results of Insurance will be upstreamed on a quarterly basis, with one quarter delay, as of 3Q25. Given this policy change the BGAAP result related to both 1Q25 and 2Q25 will be upstreamed in 3Q25 (110m EUR in total). As of 4Q25 only the BGAAP result of the previous quarter (3Q25) will be upstreamed.
- The liquidation of KBC Bank Ireland has now been finalised, as indicated on page 15 of the 2Q25 company presentation. This leads to a favourable capital impact from the DTA usage (largest part in 2H25, remainder in 2026).
- The capital impact of the announced acquisition of 365.bank in Slovakia is estimated at approximately -50bps (unfloored fully loaded CET1 ratio), upon closing, which is expected by the end of this year as indicated on slide 40 of the 2Q25 company presentation.

Please note that KBC Investor Relations Office will be in black-out period at close of business on 24 October 2025.