



3Q26 Comparative Quarters Note

KBC Investor Relations

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General market developments

- In 3Q26, the **ECB** increased its policy rate from 2.25% to 2.50% on September 16th while the **MNB** lowered its policy rate from 6.00% to 5.75% on July 22nd and from 5.75% to 5.50% on August 26th. The **CNB** policy rate remained stable at 3.75%.
- The **average exchange rate EUR/CZK** over the third quarter stood at 24.23 (i.e. +0.3% q-o-q and +1.1% y-o-y). The **average exchange rate EUR/HUF** over the third quarter stood at 362.56 (i.e. -0.5% q-o-q and +9.2% y-o-y).
- Tensions in the Middle East resulted in an acceleration of Euro area inflation following a further increase in energy prices over the summer. At the same time, euro area economic growth and the labour market remain resilient for now.

Net interest income: NII amounted to 1,805m EUR in 2Q26. Compared to 2Q26, there are a number of known differentiating factors & seasonalities in 3Q26 based on publicly available data:

- **Inflation-linked bonds** had a +45m EUR NII contribution in 2Q26. Combined with the -12m EUR NII from 1Q26 this brings the total for 1H26 to +34m EUR NII. This is in the middle of our already flagged FY26 guidance of the 30m-40m EUR range.
- As indicated before, a further increase of the **commercial transformation result** (replication portfolio) will remain one of the key drivers for our NII growth going forward. Deposit growth in 2Q26 was supported in part by the seasonal impact of holiday allowance payments. Traditionally these are subsequently largely consumed in the third quarter, leading to lower q-o-q current account volumes as can be noted in the last 3 years. Furthermore in 3Q26:
 - The Czech Ministry of Finance concluded the issuance of a retail government bond with payment date on the 7th of July and a total subscribed volume of 74bn CZK.
 - The Belgian government attracted 1.3bn EUR through a retail state note issuance with start date on the 4th of September.
- 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 rate at 1.50%).
- The strong 2Q26 organic loan growth may not be extrapolated due traditionally slower summer months (as was mentioned during the 2Q26 conference call).
- **Higher N° of days effect** (1 day more q-o-q, so roughly 9m EUR higher NII q-o-q).
- Note that 2Q26 included a +4m EUR one-off impact on NII in Hungary (as shown on slide 6 of the 2Q26 company presentation).

As known, **FY26 NII** is guided for **approximately 7.05bn EUR**.



Net fee and commission income: 2Q26 NFI was 758m EUR.

- **Assets-under-management (AuM)** increased by 10% q-o-q in 2Q26. This provided a higher starting base for 3Q26. During 3Q26 equity markets remained relatively flat while bond markets were negatively impacted by rising yields. Finally, entry fees are typically lower in 3Q due to summer months (seasonal).
- **Payment-related fees** typically have a seasonal higher effect in 3Q due to the holidays. On the other hand, the holiday season typically has a negative seasonal effect on **securities-related fees** and **credit-related fees**.
- 3Q26 will be the **first quarter with full impact of SRT coupon payment** from the SRT issued at end of June, to the tune of roughly 10m 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 a total insurance revenue growth of approximately 9% y-o-y and a combined ratio below 91%.
- **Non-life insurance revenue** was 688m EUR in 3Q25. 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 -578m EUR in 3Q25. Note that during 3Q26 there was a large industrial fire in Czech Republic as well as in Slovakia. In Slovakia there were also some summer storms. Finally, remember that the normal claims in Belgium in 2Q26 were unsustainably low (which resulted in a 1H26 combined ratio of 83% notwithstanding some NatCat events).
- **Life insurance revenue** amounted to 122m EUR in 3Q25. **Life insurance service expenses** were at -66m EUR in 3Q25.
- **Net result from reinsurance contracts held** was -25m EUR in 3Q25.

Dividend income: 3Q25 dividend income was 12m EUR.

FIFV (net result from financial instruments at fair value through P&L) and IFIE (insurance finance income and expenses) amounted to -92m EUR in 2Q26 and was mainly characterized by a positive change in 'ALM derivatives and other'.

Net other income:

- 2Q26 NOI was 50m EUR, exactly at the normal run rate.

Operating expenses (Opex)

- **Total bank and insurance taxes** amounted to -64m EUR in 2Q26. As can be noticed on slide 12 of the 2Q26 company presentation, the total bank and insurance taxes are estimated at -58m EUR in 3Q26.
- **Total Opex excluding bank and insurance taxes** amounted to -1,209m EUR in 2Q26 and -1,143m EUR in 3Q25.
 - 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, o/w already -65m EUR booked in 1H26).

As known, **FY26 Opex** is guided for approximately +7.7% y-o-y full scope and approximately +3.4% y-o-y organic (excl. acquisitions and FX effect). 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 approximately +8.2% y-o-y full scope.



Impairments

- **The 1H26 credit cost ratio** amounted to **11bps** like-for-like (excl. 365.bank and without ECL & management overlay for geopolitical & macroeconomic uncertainties) and **17bps** including both elements.
- The total ECL & management overlay for geopolitical & macroeconomic uncertainties increased by 13m EUR in 2Q26 and stood at 188m EUR at the end of 2Q26.
- Net loan loss impairment charges were relatively low in 2Q26 (53m EUR in 2Q26 versus 89m EUR in 1Q26). As was mentioned during the 2Q26 conference call, we do expect a gradual normalisation going forward. That being said, we continue to guide **for 2026 and 2028 well below the through-the-cycle credit cost ratio of 25-30bps**, given our strong track record with a well-diversified loan book.
- There has been no progress from the Hungarian government regarding possible (partial) reversal of the lifetime extension of the mortgage interest cap regulation. Therefore, in 3Q26 there will be no reversal of the 42m EUR modification loss booked in 2Q26.

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 (unfloored fully loaded, Basel IV) were 138,062m EUR at the end of 2Q26 (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. Note that no SRT transaction has been completed during 3Q26 (contrary to 2Q26).

CET1 ratio (unfloored fully loaded, Basel IV) stood at 14.4% at the end of 2Q26.

- In line with our **dividend policy and capital deployment plan**, the dividend accrual taken into account in the unfloored fully loaded CET1 ratio in 3Q26 will be 50% (i.e. the low end of the 50%-65% range according to the dividend policy).
- The **BGAAP result of Insurance** is upstreamed on a quarterly basis, with one quarter delay. The BGAAP result related to 2Q26 of **208m EUR** will be upstreamed in 3Q26.
- **Increasing spreads on bonds booked in FVOCI on the Banking side** will have a negative impact on the CET1 ratio (note however that FVOCI bonds on the Insurance side have no impact on the CET1 ratio due to the Danish Compromise).

Financial Agenda:

- 23rd October 2026: start of black-out period of 3Q26 results at close of business
- 12th November 2026: third quarter 2026 results publication
- 22nd January 2027: start of black-out period of 4Q26 and FY26 results at close of business
- 11th February 2027: fourth quarter and full-year results 2026 + Topical event