Brussels, 7 August 2025 (07.00 a.m. CEST)

KBC Group: Second-quarter result of 1 018 million euros

KBC Group – overview (consolidated, IFRS)	2Q2025	1Q2025	2Q2024	1H2025	1H2024
Net result (in millions of EUR)	1 018	546	925	1 564	1 431
Basic earnings per share (in EUR)	2.50	1.32	2.25	3.82	3.44
Breakdown of the net result by business unit (in millions of EUR)					
Belgium	*607*	*281*	*519*	*888*	*761*
Czech Republic	*240*	*207*	*244*	*447*	*441*
International Markets	*237*	*135*	*224*	*372*	*370*
Group Centre	*-65*	*-77*	*-61*	*-143*	*-141*
Parent shareholders' equity per share (in EUR, end of period)	58.9	58.8	53.2	58.9	53.2

'We recorded an excellent net profit of 1 018 million euros in the second quarter of 2025. Compared to the result for the previous quarter, our total income benefited from several factors, including the sharp increase in net interest income, higher insurance income, better trading and fair value income and the seasonal peak in dividend income, while net fee and commission income – though still at a high level – was down somewhat quarter-on-quarter.
Our loan portfolio continued to expand, increasing by 2% quarter-on-quarter and by 7% year-on-year. Customer deposits – excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches – were also up 2% quarter-on-quarter and 7% year-on-year.

Operating expenses were down significantly on their level in the previous quarter, due to the fact that the bulk of bank and insurance taxes for the full year were recorded – as usual – in the first quarter. Disregarding bank and insurance taxes, operating expenses were up by 2% quarter-on-quarter. Insurance service expenses after reinsurance were down, whereas loan loss impairment charges increased, though the credit cost ratio for the first six months of 2025 remained at a favourable level of 15 basis points, well below the through-the-cycle value of 25-30 basis points.
Consequently, when adding up the results for the first and second quarters of the year, our net profit for the first half of 2025 amounted to 1 564 million euros, up 9% on the year-earlier figure.

Our solvency position remained strong, with an unfloored fully loaded common equity ratio under Basel IV of 14.6% at the end of June 2025. Our liquidity position remained very solid too, as illustrated by an LCR of 157% and an NSFR of 135%. In line with our dividend policy, we will pay out an interim dividend of 1 euro per share in November 2025 as an advance on the total dividend for financial year 2025. Furthermore, we also decided to increase our guidance for net interest income for full-year 2025 to at least 5.85 billion euros, up from our initial guidance of 5.7 billion euros, as well as our guidance for 2025 total income growth to at least 7%, up from our initial guidance of 5.5%.

We continue to lead the way in digital innovation, with Kate playing a pivotal role in delivering smarter, faster, and more personal, safe and trusted services to our customers. Today, 5.7 million customers use Kate, that's 19% more than one year ago. Operationally, Kate now autonomously resolves 7 out of 10 customer queries across our core markets. That's equivalent to the workload of over 300 full-time employees, allowing our teams to focus on more complex and valuable customer conversations.

Our ambition remains clear: to be the reference bank-insurer in all our home markets. We pursue that goal not only through a strong, customer-focused business model, but above all thanks to the trust placed in us by our customers, employees, shareholders and other stakeholders. That trust means a lot to us – and I want to thank you sincerely for it.'

Johan Thijs
Chief Executive Office

Financial highlights in 2Q2025

Net interest income increased by 6% quarter-on-quarter and by 9% year-on-year. The net interest margin for the quarter under review amounted to 2.08%, up 2 basis points on the previous quarter and down 2 basis points year-on-year. Customer loan volumes increased by 2% quarter-on-quarter and by 7% year-on-year. Customer deposits, excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches, also went up by 2% quarter-on-quarter and 7% year-on-year.

The insurance service result (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held) amounted to 166 million euros (up on the 142 million euros and 113 million euros recorded in the previous and year-earlier quarters, respectively) and breaks down into 113 million euros for non-life insurance and 53 million euros for life insurance. The non-life insurance combined ratio for the first half of 2025 came to an excellent 85%, compared to 90% for full-year 2024. Sales of non-life insurance products increased by 8% year-on-year, while life insurance sales were down 35% on the very high level recorded in the previous quarter and up 6% on their level in the year-earlier quarter.

Net fee and commission income was down 3% on its high level in the previous quarter, due mainly to lower fees from asset management activities caused by a lower average asset base and some seasonality, combined with lower fees for banking services. Net fee and commission income was still up 7% year-on-year, thanks to higher fees for both asset management and banking services.

Trading & fair value income and insurance finance income and expense was up 11 million euros but down 37 million euros on the figures for the previous and year-earlier quarters, respectively. **Net other income** was above its normal run rate due mainly to higher-than-average gains on the sale of real estate. **Dividend income** was up on the previous quarter's level, since the bulk of dividend income is traditionally received in the second quarter.

Operating expenses excluding bank and insurance taxes were up 2% quarter-on-quarter and 5% year-on-year. Bank and insurance taxes were down significantly on the previous quarter as the first quarter of the year traditionally includes the bulk of bank and insurance taxes for the full year. The cost/income ratio for the first six months of 2025 came to 45%, compared to 47% for full-year 2024. In that calculation, certain non-operating items have been excluded and bank and insurance taxes spread evenly throughout the year. When excluding all bank and insurance taxes, the cost/income ratio for the first six months of 2025 amounted to 41%, compared to 43% for full-year 2024.

Loan loss impairment charges increased to 116 million euros, compared to 38 million euros in the previous quarter and 72 million euros in the year-earlier quarter. The quarter-on-quarter increase was due entirely to the change in the reserve for geopolitical and macroeconomic uncertainties (up 40 million euros in the quarter under review, as opposed to a release of 45 million euros in the previous quarter). The credit cost ratio for the first six months of 2025 amounted to 0.15%, compared to 0.10% for full-year 2024. Impairment on assets *other than loans* amounted to 8 million euros, compared to virtually zero in the previous quarter and 13 million euros in the second quarter of 2024.

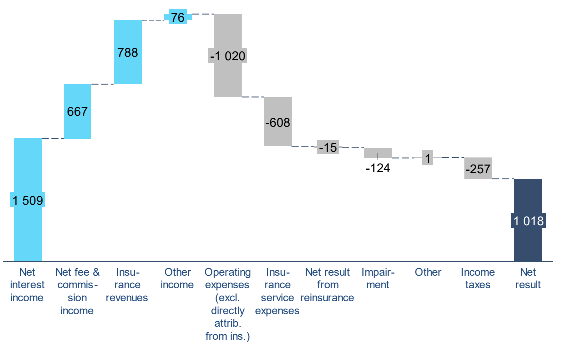
Our **liquidity position** remained strong, with an LCR of 157% and NSFR of 135%. Our **capital base** remained robust, with an unfloored fully loaded common equity ratio of 14.6%*.

The cornerstones of our strategy

- We place our customers at the centre of everything we do
- We look to offer our customers a unique bank-insurance experience
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth
- We assume our role in society and local economies
- We build upon the PEARL + values, while focussing on the joint development of solutions, initiatives and ideas within the group

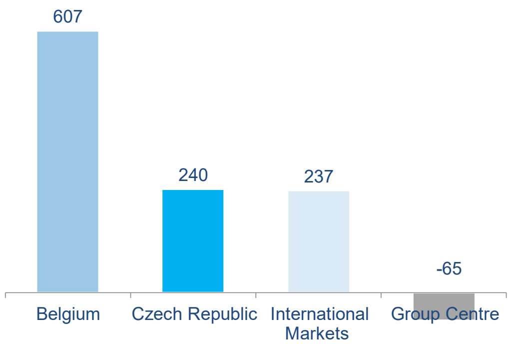
Breakdown of 2Q2025 result

(in millions of EUR)



Contribution of the business units to 2Q2025 group result

(in millions of EUR)



* For the fully loaded common equity ratio as of 2025, KBC focuses on the so-called unfloored fully loaded common equity ratio, which takes into account the total risk-weighted asset impact of Basel IV, excluding the output floor impact.

Overview of results and balance sheet

Consolidated income statement, IFRS, KBC Group (simplified; in millions of EUR)	2Q2025	1Q2025	4Q2024	3Q2024	2Q2024	1H2025	1H2024
Net interest income	1 509	1 421	1 433	1 394	1 379	2 930	2 748
Insurance revenues before reinsurance	788	773	764	740	726	1 561	1 441
Non-life	*667*	*648*	*640*	*631*	*613*	*1 316*	*1 211*
Life	*121*	*125*	*124*	*109*	*114*	*246*	*230*
Dividend income	33	9	13	11	26	42	33
Net result from financial instruments at fair value through P&L and Insurance finance income and expense	-34	-45	-74	-42	3	-79	-52
Net fee and commission income	667	690	700	641	623	1 357	1 237
Net other income	77	67	27	45	51	143	109
Total income	3 041	2 915	2 863	2 787	2 809	5 955	5 516
Operating expenses (excl. directly attributable from insurance)	-1 020	-1 498	-1 126	-1 058	-950	-2 518	-2 381
Total operating expenses excluding bank and insurance taxes	*-1 125*	*-1 106*	*-1 201*	*-1 135*	*-1 074*	*- 2 232*	*-2 137*
Total bank and insurance taxes	*-27*	*-539*	*-55*	*-47*	*-2*	*-566*	*-521*
Minus: operating expenses allocated to insurance service expenses	*132*	*148*	*131*	*124*	*126*	*280*	*276*
Insurance service expenses before reinsurance	-608	-622	-635	-688	-590	-1 230	-1 152
Of which Insurance commission paid	*-105*	*-102*	*-103*	*-99*	*-92*	*-206*	*-181*
Non-Life	*-541*	*-543*	*-561*	*-615*	*-514*	*-1 084*	*-1 003*
Life	*-67*	*-79*	*-74*	*-72*	*-76*	*-146*	*-149*
Net result from reinsurance contracts held	-15	-9	-4	28	-24	-24	-41
Impairment	-124	-38	-78	-69	-85	-162	-101
Of which: on financial assets at amortised cost and at fair value through other comprehensive income[1]	*-116*	*-38*	*-50*	*-61*	*-72*	*-155*	*-88*
Share in results of associated companies & joint ventures	1	0	-1	78	2	2	2
Result before tax	1 275	747	1 020	1 079	1 162	2 022	1 842
Income tax expense	-257	-202	96	-211	-237	-458	-412
Result after tax	1 018	546	1 115	868	925	1 564	1 431
attributable to minority interests	0	0	0	0	0	0	0
attributable to equity holders of the parent	**1 018**	**546**	**1 116**	**868**	**925**	**1 564**	**1 431**
Basic earnings per share (EUR)	2.50	1.32	2.75	2.14	2.25	3.82	3.44
Diluted earnings per share (EUR)	2.50	1.32	2.75	2.14	2.25	3.82	3.44

Key consolidated balance sheet figures, IFRS, KBC Group (in millions of EUR)	30-06-2025	31-03-2025	31-12-2024	30-09-2024	30-06-2024
Total assets	390 669	380 313	373 048	353 261	361 945
Loans & advances to customers	202 031	197 326	192 067	188 623	187 502
Securities (equity and debt instruments)	85 490	84 419	80 339	75 929	73 941
Deposits from customers	236 626	231 022	228 747	221 851	221 844
Insurance contract liabilities	17 022	16 912	17 111	17 012	16 521
Liabilities under investment contracts, insurance	15 757	15 631	15 671	15 193	14 780
Total equity	26 229	25 191	24 311	23 300	22 936

Selected ratios for KBC Group (consolidated)	1H2025	FY2024
Return on equity[2]	13%	15%
Cost/income ratio, group		
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	45%	47%
- excl. all bank and insurance taxes	41%	43%
Combined ratio, non-life insurance	85%	90%
Common equity ratio (CET1), fully loaded (Basel IV as of 2025, Danish Compromise, unfloored[3])	14.6%	15.0%
Credit cost ratio[4]	0.15%	0.10%
Impaired loans ratio	1.8%	2.0%
for loans more than 90 days past due	1.0%	1.0%
Net stable funding ratio (NSFR)	135%	139%
Liquidity coverage ratio (LCR)	157%	158%

1 Also referred to as 'Loan loss impairment'.
2 15% for the first half of 2025 (and 14% for full-year 2024), when non-operating items are excluded and bank and insurance taxes spread evenly throughout the year.
3 For the fully loaded common equity ratio as of 2025, KBC focuses on the so-called unfloored fully loaded common equity ratio, which takes into account the total risk-weighted asset impact of Basel IV, excluding the output floor impact.
4 A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (2Q2025)

Total income: 3 041 million euros
+4% quarter-on-quarter and +8% year-on-year

Net interest income amounted to 1 509 million euros, up 6% quarter-on-quarter and 9% year-on-year.

The quarter-on-quarter increase was due to factors such as the positive impact of a higher commercial transformation result, the higher level of income from lending activities (strong loan volume growth, partly offset by the negative impact of pressure on loan margins in some core markets), higher net interest income from inflation-linked bonds, increased interest income from dealing room activities, a greater number of days in the period under review, and lower subordinated funding costs. These items were partially offset by a lower level of interest income from customer term deposits (owing to a shift from term deposits to savings accounts) and from short-term cash management activities.

The year-on-year increase was due to a combination of a significantly higher commercial transformation result, a higher level of income from lending activities and increased interest income from dealing room activities. These items were partly offset by a lower level of interest income from customer term deposits, lower net interest income from inflation-linked bonds and a lower level of interest income from short-term cash management activities.

The net interest margin for the quarter under review amounted to 2.08%, up 2 basis points quarter-on-quarter but down 2 basis points year-on-year (due to the reasons mentioned above combined with an increase of the interest-bearing asset base). Customer loan volume amounted to 202 billion euros and was up 2% quarter-on-quarter and 7% year-on-year, with increases in every core country. Customer deposits amounted to 237 billion euros, up 2% quarter-on-quarter and 6% year-on-year. When excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches (driven by short-term cash management opportunities), customer deposits were up 2% quarter-on-quarter and 7% year-on-year. The growth figures above exclude the forex-related impact.

For guidance regarding expected net interest income in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

The **insurance service result** (insurance revenues before reinsurance – insurance service expenses before reinsurance + net result from reinsurance contracts held; the two latter items are not part of total income) amounted to 166 million euros and breaks down into 113 million euros for non-life insurance and 53 million euros for life insurance.

The **non-life** insurance service result went up by 17% quarter-on-quarter, owing primarily to higher insurance revenues and marginally lower insurance service expenses, partly offset by a worse reinsurance result. It was up 49% year-on-year thanks to much higher insurance revenues and a better reinsurance result, only partially offset by higher insurance service expenses. The life insurance service result was up 17% quarter-on-quarter, essentially due to lower insurance service expenses. It was up 42% year-on-year, thanks to a combination of higher insurance revenues and lower insurance service expenses.

The combined ratio of the non-life insurance activities amounted to an excellent 85% in the first half of 2025, compared to 90% for full-year 2024. At 671 million euros, non-life insurance sales were up 8% year-on-year, with growth in all countries and all main classes. At 655 million euros, sales of life insurance products were down 35% on the level recorded in the previous quarter (which had included very high sales of unit-linked insurance products, attributable to the successful launch of structured issues in Belgium in the first quarter of 2025) and up 6% on the level recorded in the year-earlier quarter (with higher sales of interest-guaranteed and hybrid products more than offsetting the drop in unit-linked insurance sales). Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 46% and 43%, respectively, with hybrid products (mainly in Belgium and the Czech Republic) accounting for the remainder.

For guidance regarding expected insurance revenues and the combined ratio in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Net fee and commission income amounted to 667 million euros, down 3% quarter-on-quarter but up 7% year-on-year. The decrease on the high level in the previous quarter was mainly accounted for by fees related to asset management activities (due in part to the effect of a lower average asset base and seasonally lower entry fees, and despite good net inflows in the quarter under review) and, to a lesser extent, by fees related to banking activities (following a strong first quarter). The year-on-year increase in net fee and commission income was attributable to higher fees for asset management activities (mainly increased management fees) and banking services (primarily payments and securities).

At the end of June 2025, our total assets under management amounted to 280 billion euros, up 3% quarter-on-quarter thanks to a positive market performance in the quarter (+2 percentage points) combined with the positive impact of net inflows (+1 percentage point). Assets under management grew by 7% year-on-year, with net inflows accounting for 4 percentage points and the positive market performance during the year for 3 percentage points.

Trading & fair value income and insurance finance income and expense amounted to -34 million euros, up 11 million euros quarter-on-quarter but down 37 million euros year-on-year. The quarter-on-quarter increase was due to the positive change in ‘market value of derivatives used for asset/liability management purposes and other’, partially offset by a lower dealing room result, whereas the year-on-year decrease was due mainly to the negative change in the ‘market value of derivatives used for asset/liability management purposes and other’.

The **other remaining income items** included dividend income of 33 million euros (up significantly on the previous quarter since the bulk of dividend income is traditionally received in the second quarter) and net other income of 77 million euros (higher than its 50-million-euro normal run rate, as it included higher-than-average gains on the sale of real estate).

Operating expenses excluding bank and insurance taxes: 1 125 million euros

+2% quarter-on-quarter and +5% year-on-year

Operating expenses excluding bank and insurance taxes amounted to 1 125 million euros in the second quarter of 2025, up 2% on their level in the previous quarter and up 5% year-on-year*. The quarter-on-quarter increase was due mainly to higher staff costs, higher ICT costs and seasonally higher marketing expenses. The year-on-year increase was primarily accounted for by higher staff costs, ICT costs and depreciation expenses.

Bank and insurance taxes in the quarter under review amounted to 27 million euros, down significantly on the 539 million euros recorded in the previous quarter, as the bulk of the bank and insurance taxes for the full year is traditionally recorded in the first quarter of the year. Year-on-year, bank and insurance taxes were up 24 million euros, owing mainly to the partial reversal of the contribution to the deposit guarantee fund in Belgium in the second quarter of 2024.

When certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year, the cost/income ratio for the first six months of 2025 amounted to 45%, compared to 47% for full-year 2024. When excluding all bank and insurance taxes, the cost-income ratio amounted to 41%, compared to 43% for full-year 2024.

For guidance regarding expected operating expenses in 2025 and the years to come, please refer to the section entitled ‘Our guidance’.

* Note that operating expenses excluding bank and insurance taxes were low in the first half of 2024, hence we feel comfortable with our full year 2025 guidance of growth for operating expenses excluding bank and insurance taxes of below 2.5% year-on-year.

Loan loss impairment: 116-million-euro net charge

versus a 38-million-euro net charge in the previous quarter and a 72-million-euro net charge in the year-earlier quarter

In the quarter under review, we recorded a 116-million-euro net loan loss impairment charge, compared to a net charge of 38 million euros in the previous quarter and 72 million euros in the year-earlier quarter. Of the net impairment charge in the quarter under review, 76 million euros related to the loan book (compared to 83 million euros, of which 41 million euros related to lowering the backstop shortfall for old non-performing loans in Belgium, in the previous quarter) and 40 million euros to an update of the reserve for geopolitical and macroeconomic uncertainties due to a management overlay (compared to a release of 45 million euros in the previous quarter). As a consequence, the outstanding reserve for geopolitical and macroeconomic uncertainties amounted to 112 million euros at the end of June 2025.

The resulting credit cost ratio amounted to 0.15% for the first six months of 2025 (likewise 0.15% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties), compared to 0.10% for full-year 2024 (0.16% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties). At the end of June 2025, 1.8% of our total loan book was classified as impaired ('Stage 3'), compared to 2.0% at year-end 2024. Impaired loans that are more than 90 days past due amounted to 1.0% of the loan book, the same as at year-end 2024.

For guidance regarding the expected credit cost ratio in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Impairment charges on assets *other than loans* amounted to 8 million euros in the quarter under review, compared to virtually zero in the previous quarter and 13 million euros in the year-earlier quarter. The figure for the quarter under review mainly includes the impairment charges related to modification losses on the extended interest rate cap regulation in Hungary and impairment charges on software.

Net result by business unit

Belgium 607 million euros; Czech Rep. 240 million euros; International Markets 237 million euros; Group Centre -65 million euros

Belgium: at first sight, the net result (607 million euros) was more than double the result for the previous quarter. However, when excluding bank and insurance taxes (the bulk of which for the full year is recorded in the first quarter and hence distorts the quarter-on-quarter comparison), the net result increased slightly by 1% quarter-on-quarter, due to the combined effect of:

- higher total income (accounted for mainly by increased net interest income, net other income and the seasonal peak in dividend income, partially offset by lower trading & fair value income and net fee and commission income);
- a more or less stable level of costs;
- lower insurance service expenses after reinsurance;
- higher impairment charges.

Czech Republic: at first sight, the net result (240 million euros) was up 16% on the result for the previous quarter. However, when excluding bank and insurance taxes, the net result was up 4% quarter-on-quarter, due to the combined effect of:

- higher total income (due primarily to higher net interest income, insurance revenues and trading & fair value income, partially offset by lower net fee and commission income);
- a slightly higher level of costs;
- higher insurance service expenses after reinsurance;
- slightly lower impairment charges.

International Markets: the 237-million-euro net result breaks down as follows: 25 million euros in Slovakia, 122 million euros in Hungary and 90 million euros in Bulgaria. For the business unit as a whole, the net result was, at first glance, up 75% on the previous quarter's result. However, when excluding bank and insurance taxes, the net result fell slightly by 3% quarter-on-quarter, due to the combined effect of:

- higher total income (increases in all income items);
- higher costs;
- lower insurance service expenses after reinsurance;
- higher impairment charges.

Group Centre: the net result (-65 million euros) was 12 million euros higher than the figure recorded in the previous quarter, due in part to higher trading & fair value income, partially offset by higher costs.

A full results table is provided in the 'Additional information' section of the quarterly report. A short analysis of the results per business unit is provided in the analyst presentation (available at www.kbc.com).

	Belgium		Czech Republic		International Markets	
Selected ratios by business unit	**1H2025**	**FY2024**	**1H2025**	**FY2024**	**1H2025**	**FY2024**
Cost/income ratio						
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	43%	44%	42%	45%	45%	46%
- excl. all bank and insurance taxes	39%	41%	41%	43%	37%	38%
Combined ratio, non-life insurance	86%	88%	83%	86%	89%[2]	96%[2]
Credit cost ratio[1]	0.14%	0.19%	0.12%	-0.09%	0.19%	-0.08%
Impaired loans ratio	1.9%	2.0%	1.3%	1.3%	1.5%	1.6%

1 A negative figure indicates a net impairment release (positively affecting results). See 'Details of ratios and terms' in the quarterly report.
2 Excluding windfall insurance taxes in Hungary, the combined ratio amounted to 93% for full-year 2024 and 85% for the first six months of 2025.

Solvency and liquidity

Common equity ratio of 14.6%, NSFR of 135%, LCR of 157%

At the end of June 2025, total equity came to 26.2 billion euros and comprised 23.3 billion euros in parent shareholders' equity and 2.9 billion euros in additional tier-1 instruments. Total equity was up 1.9 billion euros on its level at the end of 2024. This was due to the combined effect of:

- the inclusion of the profit for the first six months of 2025 (+1.6 billion euros);
- the payment of the final dividend for 2024 in May 2025 (-1.2 billion euros);
- higher revaluation reserves (+0.6 billion euros);
- higher additional tier-1 instruments (+1.0 billion euros, owing to a new issue in May 2025);
- a number of smaller items.

We have provided details of these changes under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section of the quarterly report.

In the first six months of 2025, risk-weighted assets rose by 6.3 billion euros to 126.2 billion euros, driven primarily by the application of Basel IV and volume growth.

Our solvency position remained strong, as illustrated by an unfloored fully loaded common equity ratio (CET1) of 14.6% under

Basel IV at 30 June 2025, compared to 15.0% under Basel III at the end of December 2024 (corresponding to14.6% under Basel IV). The solvency ratio for KBC Insurance under the Solvency II framework was 213% at the end of June 2025, compared to 200% at the end of 2024. We have provided more details on solvency under 'Solvency' in the 'Additional information' section of the quarterly report. We estimate that the acquisition of 365.bank in Slovakia, which was announced in the previous quarter, will have an impact of -50 basis points on our unfloored fully loaded common equity ratio when completed (expected before the end of 2025).

The dividend policy and capital deployment policy are explained in the 'Our guidance' section of this report. In line with that policy, we will pay an interim dividend of 1 euro per share in November 2025 as an advance on the total dividend for financial year 2025.

Our liquidity position also remained excellent, as reflected in an LCR ratio of 157% and an NSFR ratio of 135%, compared to 158% and 139%, respectively, at the end of 2024, well above the regulatory minima of 100%.

Analysis of the year-to-date period (1H2025)

Net result for 1H2025: 1 564 million euros

up 9% year-on-year

Highlights (compared to the first six months of 2024, unless otherwise stated):

- **Net interest income**: up 7% to 2 930 million euros. This was attributable in part to the much higher commercial transformation result and increased level of interest income from lending activities, lower costs related to the minimum required reserves held with central banks, lower subordinated funding cost as well as the higher level of interest income from dealing room activities, partly offset by lower interest income related to ALM, short-term cash management activities and customer term deposit funding. Excluding forex effects, the volume of customer loans rose by 7% while customer deposits increased by 6% year-on-year (+7% when excluding KBC Bank's foreign branches). The net interest margin in the first six months of 2025 came to 2.06%, down 3 basis points year-on-year.
- **Insurance service result** (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held): up 24% to 307 million euros. The non-life combined ratio for the first six months of 2025 amounted to 85%, compared to 90% for full-year 2024. Non-life insurance sales were up 8% to 1 462 million euros, with increases in all main classes, while life insurance sales were up 20% to 1 668 million euros, thanks to higher sales of unit-linked, interest-guaranteed and hybrid products.
- **Net fee and commission income**: up 10% to 1 357 million euros. This was attributable to higher fees for asset management services and for banking services (mainly payment services, network income and securities services). At the end of June 2025, total assets under management were up 7% to 280 billion euros due to a combination of net inflows (+4 percentage points) and the effect of a positive year-on-year market performance (+3 percentage points).
- **Trading & fair value income and insurance finance income and expense**: down 27 million euros to -79 million euros. This was due in part to lower dealing room income.
- **All other income items combined**: up 31% to 186 million euros, thanks mainly to higher net other income.
- **Operating expenses excluding bank and insurance taxes**: up 4% to 2 232 million euros. This increase on what was a relatively low level in the reference period was attributable to higher staff costs, higher ICT costs and higher depreciation expenses. Bank and insurance taxes amounted to 566 million euros, up 9% year-on-year. The cost/income ratio for the first six months of 2025 amounted to 45% when certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year (47% for full-year 2024). When bank and insurance taxes are fully excluded, the cost-income ratio for the period under review amounted to 41% (43% for full-year 2024).
- **Loan loss impairment**: net charge of 155 million euros, compared to a net charge of 88 million euros in the reference period. The first six months of 2025 included a net charge of 159 million euros for the loan book and a small net release of 5 million euros in the reserve for geopolitical and macroeconomic uncertainties (compared to a net charge of 101 million euros and a net release of 13 million euros, respectively, in the reference period). As a result, the credit cost ratio amounted to 0.15%, compared to 0.10% for full-year 2024. Impairment charges on *assets other than loans* amounted to 8 million euros, compared to 13 million euros in the reference period.
- **The 1 564-million-euro net result for the first six months of 2025** breaks down as follows: 888 million euros for the Belgium Business Unit (up 126 million euros on its year-earlier level), 447 million euros for the Czech Republic Business Unit (up 6 million euros), 372 million euros for the International Markets Business Unit (up 1 million euros) and -143 million euros for the Group Centre (down 1 million euros).

ESG developments, risk statement and economic views

ESG developments

KBC continues to stride forward in its sustainability journey, together with its customers, employees and other stakeholders. We share sustainability information in a transparent and consistent manner. Since this year, we have done so in a dedicated Sustainability Statement in our Annual Report, as well as in our voluntary Sustainability Report. Both publications are available at www.kbc.com.

We have received broad recognition for our transparent sustainability communication in the form of several sustainability-related awards and ESG ratings. For example, we have been included in the S&P Global Yearbook and remain a FTSE4Good Index Series constituent. Furthermore, K&H in Hungary, UBB in Bulgaria and KBC Bank in Belgium all recently received the Euromoney Award for Best Bank for ESG in their respective countries.

These acknowledgements reflect the group's continued commitment to integrating environmental, social, and governance principles across its operations and strategy. They also highlight our strong performance in sustainability and reaffirm our position as a leader in responsible business practices.

Risk statement

As we are mainly active in banking, insurance and asset management, we are exposed to a number of typical risks for these financial sectors such as – but not limited to – credit default risk, counterparty credit risk, concentration risk, movements in interest rates, currency risk, market risk, liquidity and funding risk, insurance underwriting risk, changes in regulations, operational risk, customer litigation, competition from other and new players, as well as the economy in general. KBC closely monitors and manages each of these risks within a strict risk framework, but they may all have a negative impact on asset values or could generate additional charges beyond anticipated levels.

At present, a number of factors are considered to constitute the main challenges for the financial sector. These stem primarily from geopolitical risks which have increased significantly over the past few years (including the war in Ukraine, conflicts in the Middle East and trade wars as a consequence of US tariff policies). These risks result or may result in shocks for the global economic system (e.g., GDP and inflation) and the financial markets (including interest rates). European economies, including KBC's home markets, are affected too, creating an uncertain business environment, including for financial institutions. Regulatory and compliance risks (in relation to capital requirements, anti-money laundering regulations, GDPR and ESG/sustainability) also remain a dominant theme for the sector, as does enhanced consumer protection. Digitalisation (with technology, including AI, as a catalyst) presents both opportunities and threats to the business model of traditional financial institutions, while climate and environmental-related risks are becoming increasingly prevalent. Cyber risk has become one of the main threats during the past few years, not just for the financial sector, but for the economy as a whole. The war in Ukraine and geopolitical tensions in general have triggered an increase in attacks worldwide. Finally, we have seen governments across Europe taking additional measures to support their budgets (via increased tax contributions from the financial sector) and their citizens and corporate sector (by, for instance, implementing interest rate caps on loans or by pushing for higher rates on savings accounts).

We provide risk management data in our annual reports, quarterly reports and dedicated risk reports, all of which are available at www.kbc.com.

Our view on economic growth

US economic activity rose by 0.7% (non-annualised) in the second quarter of 2025, compared to negative growth of -0.1% in the first quarter of 2025. The rebound was largely attributable to resilient consumer demand and net exports. As a result of recent US economic policy – specifically with respect to import tariffs – growth in the US is expected to slow down again and to stagnate in the third quarter, before moderately recovering.

Euro area growth in the second quarter amounted to 0.1%, after 0.6% had been recorded in the first quarter of 2025. Notwithstanding the US-EU tariff agreement of 27 July, uncertainty surrounding economic policy and trade relations are likely to keep economic growth in the euro area subdued in the next few quarters. Meanwhile, the medium-term growth outlook has improved somewhat on the back of expected defence spending and infrastructure investments.

Quarter-on-quarter growth in Belgium was 0.2% in the second quarter, markedly weaker than in the previous quarter. Relatively strong domestic demand still remains the most important contributor to economic growth. For the next few quarters, we expect growth to remain broadly in line with that of the euro area.

The Czech economy grew by 0.2% in the second quarter, down from the 0.7% recorded in the first quarter of 2025, due to a weak industrial recovery. Hungarian economic activity rebounded by 0.4% in the second quarter after a decline of 0.1% in the first quarter. In Bulgaria and Slovakia, second-quarter real GDP growth was relatively resilient at 0.5% and 0.3%, respectively.

The main risk to our short-term outlook for European growth is a further escalation of the ongoing global trade conflict. Of particular concern is the continued threat of new US policy actions (even after the US-EU tariff agreement) and EU countermeasures to this and to the potential trade diversion of Chinese export goods away from the US market towards the EU.

Our view on interest rates and foreign exchange rates

In the euro area, inflation hit 2.0% in July, with core inflation remaining steady at 2.3%. Disinflationary pressures exerted by lower energy prices, the negative demand shock caused by US trade tariffs and the strength of the euro are likely to persist in the coming months. In the US, both headline and core inflation picked up in June, increasing to 2.7% and 2.9%, respectively. US inflation is likely to increase further in the course of 2025, as a consequence of the import tariffs imposed by the government there.

The ECB continued its easing cycle and cut its deposit rate in January, March, April and June 2025 to its current level of 2.0%. We expect the ECB to cut rates one more time in September, followed by a period of unchanged policy rates.

The Fed kept its easing cycle on pause in the first half of the year amidst economic uncertainty, especially about the inflationary and growth impact of higher import tariffs. If its assessment of the impact of US economic policies allows, the Fed will resume its cautious easing path in the second half of 2025.

There has been a disconnect between 10-year bond yields in the US and Germany since the start of the year. This has been driven by several events. Firstly, a huge fiscal spending plan was passed in the German parliament covering defence spending and infrastructure investment, followed by the announcement of increased defence spending at EU level. This pushed up the 10-year German bond yield and caused the US-German 10-year spread to narrow to about 140 basis points. Next, the announcement of so-called reciprocal tariffs by the US on 2 April, which triggered fears of higher inflation and less and/or later monetary policy easing by the Fed, led to a sharp rise in US 10-year bond yields. Later, the rise also gradually started to reflect a more general risk aversion towards US assets, which was also fuelled by fears about central bank independence. The higher general risk aversion towards the US has been reflected in the sizeable depreciation of the US dollar since April.

The Czech National Bank (CNB) cut its policy rate by 25 basis points in both February and May 2025, which brought it to its current level of 3.50%. Only one additional interest rate cut in the last quarter of 2025 is expected as elevated momentum in service inflation remains a source of concern for the CNB. We expect the Czech koruna to gradually appreciate against the euro towards the end of 2025.

The Hungarian central bank has kept its policy rate unchanged at 6.5% since late 2024. With the CPI hovering around – but still above – the 3% target, the National Bank of Hungary will be careful not to lower its policy rate too quickly. We expect just one 25-basis-point cut this year, followed by two rate cuts in 2026 (by 75 basis points in total), which would take the base rate to 5.50%. The forint has strengthened since the beginning of the year, albeit with bumps along the way, such as when reciprocal tariffs were announced on 2 April. We expect the currency to moderately depreciate from its current levels by the end of 2025.

Our guidance

Guidance for full-year 2025 (updated)

- Total income: at least +7% year-on-year (up from 5.5%)
- Net interest income: at least 5.85 billion euros (up from 5.7 billion euros), supported by organic loan volume growth of at least 6.5% (up from approx. 4%)
- Insurance revenues (before reinsurance): at least +7% year-on-year (unchanged)
- Operating expenses (excluding bank and insurance taxes): below +2.5% year-on-year (below full-year 2024 growth excl. Ireland of +2.7%) (unchanged)
- Combined ratio: below 91% (unchanged)
- Credit cost ratio: well below the through-the-cycle credit cost ratio of 25-30 basis points (unchanged)

Medium to long-term guidance (as provided with the full-year 2024 results)

- CAGR total income (2024-2027): at least +6%
- CAGR net interest income (2024-2027): at least +5%
- CAGR insurance revenues (before reinsurance) (2024-2027): at least +7%
- CAGR operating expenses (excluding bank and insurance taxes) (2024-2027): below +3%
- Combined ratio: below 91%
- Credit cost ratio: well below the through-the-cycle credit cost ratio of 25-30 basis points

Dividend and capital deployment policy (as provided with the 1Q2025 results)

- Dividend policy:
  - Payout ratio (including AT1 coupon) between 50% and 65% of consolidated profit of the accounting year;
  - Interim dividend of 1 euro per share in November of each accounting year as an advance on the total dividend.

- Capital deployment policy:
  - We aim to remain amongst the better capitalised financial institutions in Europe;
  - Each year (when announcing the full-year results), the Board of Directors will take a decision, at its discretion, on the capital deployment. The focus will predominantly be on further organic growth and M&A;
  - We see a 13% unfloored fully loaded common equity ratio as the minimum;
  - We will fill up the AT1 and Tier 2 buckets within P2R and will start using SRTs (Significant Risk Transfers) as a part of a risk-weighted assets optimisation programme.

Upcoming events and references

Agenda	Interim dividend of 1 euro: ex-coupon: 5 Nov.2025, record: 6 Nov.2025, payment 7 Nov.2025 3Q2025 results: 13 November 2025 4Q2025/FY2025 results: 12 February 2026 Other events: www.kbc.com / Investor Relations / Financial calendar
More information on the quarter under review	Quarterly report: www.kbc.com / Investor Relations / Reports Company presentation: www.kbc.com / Investor Relations / Presentations

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* This news item contains information that is subject to the transparency regulations for listed companies.

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