

KBC Group N.V. (HoldCo); KBC Bank N.V. (Lead Operating Bank)

April 28, 2026

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: a

Support: +1

Additional factors: 0

Anchor	bbb+	
Business position	Strong	1
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	0	

ALAC support	1
GRE support	0
Group support	1
Sovereign support	0

Issuer credit rating
A+/Positive/A-1
Resolution counterparty rating
AA-/--/A-1+
Holding company ICR
A-/Positive/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Group stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Clear strategic focus on diversification and disciplined growth across geographies and business lines to leverage the bank insurance model and achieve a leading competitive position in Belgium and Central and Eastern Europe (CEE).

Solid capitalization and strong earnings capacity compared with European peers.

Continued focus on digital innovation and straight-through processing.

Key risks

Exposure to higher economic risk in CEE.

Sizable exposure to corporates and small and midsize enterprises (SMEs) that could be more vulnerable to an economic slowdown.

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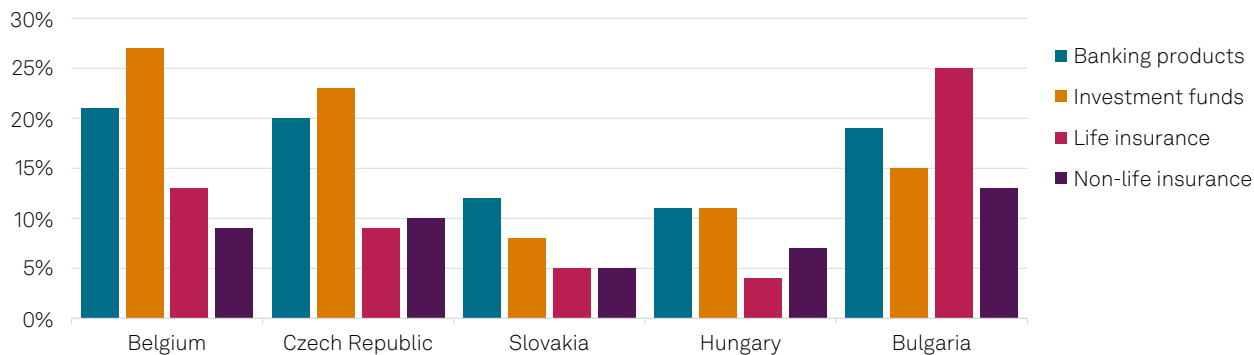
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We anticipate KBC Group (KBC) will adhere to robust risk management practices and remain focused on consolidating its presence in its core markets. The group will likely pursue mostly organic growth, but we do not rule out further bolt-on acquisitions--both in Belgium and CEE countries where the group is active--to achieve larger scale in its core business segments, particularly in banking and insurance. We view the recent acquisition of 365.Bank in Slovakia, in this context, because it will allow KBC to increase its market share in banking products in Slovakia--a somewhat moderate 12% as of end-2025--to reach about 16% after the acquisition. Similarly, its acquisitions of Business Lease s.r.o. (Business Lease Czech Republic) and Business Lease Slovakia s.r.o. (Business Lease Slovakia) will also support expansion of CSOB leasing and bridge the gap with top leasing players in Czech Republic and Slovakia. We further note that over the years, KBC has demonstrated a good ability to efficiently integrate its acquisitions.

Chart 1

KBC has strong market share across products and countries of operation

Market share by products and country as of Dec. 31, 2025



Source: S&P Global Ratings.

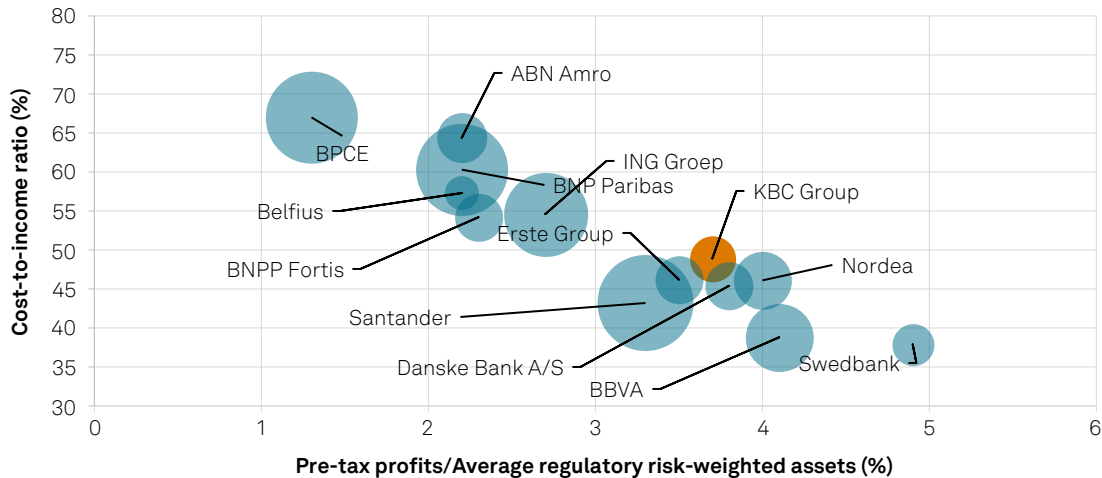
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KBC's digitally advanced, geographically diversified, integrated bancassurance business model will continue to support the group's earnings generation capacity. Its strategic focus and consistent execution have led to a sustainably strong performance over the past 10 years, with an average reported return on common equity (ROE) of about 14.1% and an average return on regulatory risk-weighted assets of 2.8%, in line with larger and more diversified European and global peers. KBC entered the current period of geopolitical and macroeconomic uncertainty in a strong position with healthy credit metrics and solid results in 2025, with reported ROE of 14.4%. We note that KBC faces a limited direct impact from the conflict, but economies it operates in are vulnerable to the global energy price shock. We forecast lower than previously anticipated economic and loan growth but still expect a ROE of about 15% over the next two years, higher than most of the bank's European peers. Its strong franchise in its core markets and its well-diversified bancassurance business model will support this. We also expect the group will maintain cost discipline, which, combined with its digitally advanced capabilities, will help keep the cost-to-income ratio (excluding bank levies) below 45%. As part of its medium-term plan, KBC guides toward a cost-to-income ratio (excluding bank levies) of below 38% by 2028.

Chart 2

KBC's profitability compensates for its smaller size

Efficiency and risk-adjusted profitability ratios compared with peers (as of Dec. 2025)



Bubble size represents gross customer loans in euros billion. Cost/income ratio calculated by S&P where costs include all expenses and bank levies. Source: S&P Global Ratings.

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We see capitalization as a relative strength for KBC but will continue to monitor developments under the group's updated capital deployment policy.

While its aims to remain among the better-capitalized financial institutions in Europe, KBC reduced the minimum unfloored fully loaded common equity Tier 1 (CET 1) ratio to 13% (under Basel IV; as of Dec. 31, 2025, the ratio was 14.9%) in 2025 and slightly increased its dividend payout ratio to 50%-65% of annual consolidated profits, from at least 50%. The acquisition of Slovakia-based 365.bank (closed on Jan. 15, 2026) and Business Lease Czech Republic and Slovakia (closed on Feb. 10, 2026) could result in an approximate negative 50 basis point (bp) effect on KBC's CET 1 ratio. However, we think that the group's capital buildup remains strong, and any material negative impact on its capital metrics could be partly offset by the issuance of additional capital instruments (the share of hybrid instruments in S&P Global Ratings' total adjusted capital represented only about 12% as of end-2025) and the use of significant risk transfer (SRT) transactions (KBC's first SRT transaction completed in November 2025 strengthened unfloored fully loaded common equity Tier 1 by about 23 bps). Factoring in the recent acquisition and updated payout ratios, we forecast our risk-adjusted capital (RAC) ratio will remain in the 10.5%-11.0% range over 2026-2027, with a relatively small buffer above our 10% threshold. Therefore, higher-than-anticipated organic growth or any new material acquisitions could put pressure on our capitalization assessment.

Asset quality is gradually improving, but we do not exclude some deterioration over the next 12 months.

Moderated economic growth, coupled with persistent geopolitical stress, makes the credit risk outlook uncertain, in our view. In our base-case scenario, we expect a potential deterioration from pockets of SMEs that are exposed to cyclical sectors or to be affected by emerging geopolitical risks. Nevertheless, we expect the effect to be moderate with nonperforming assets hovering at about 2.0% and estimate the group's cost-of-risk to increase to about 20 basis points (bps) over the next two years, but to remain still below the normalized level of 25 bps-30 bps. We also think that KBC's good coverage ratio compared with most peers

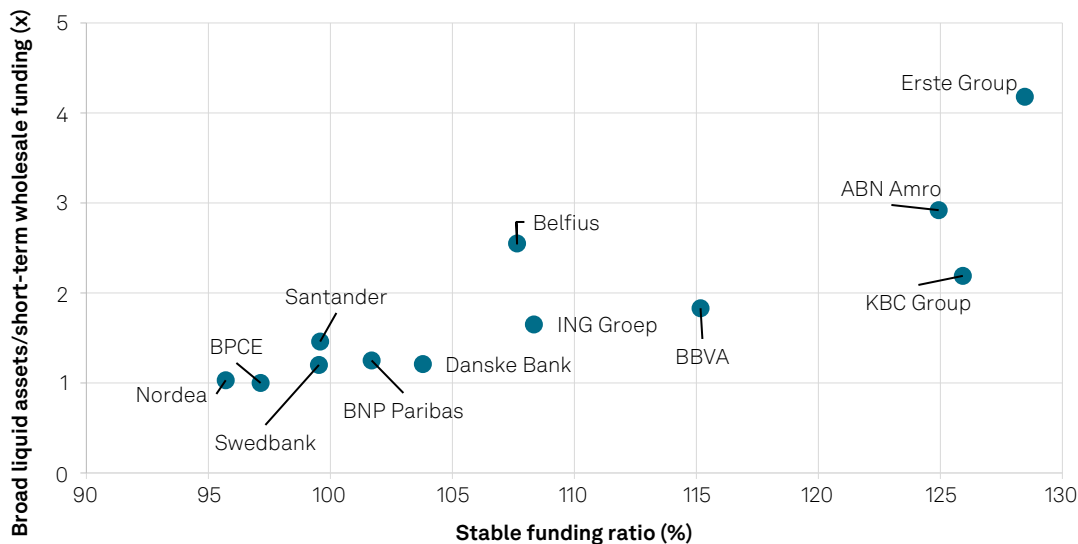
and its resilient earnings profile provides a cushion against unexpected losses before impacting capital.

We expect funding and liquidity profiles to remain robust thanks to the group's strong franchise and stable core deposit base. This reflects the stability of the group's well-managed large and diversified retail funding base in its markets of operation, resulting in a consolidated loan-to-deposit ratio of 88% as of end-2025, better than the European peer average. Funding metrics are also robust with a stable funding ratio of 125.9% (as per S&P Global Ratings' calculations) and a liquidity coverage ratio of 159%, reflecting the large stock of high-quality liquid assets (HQLA) as of Dec. 31, 2025. HQLA was about €101 billion as of Dec. 31, 2025 (about 25% of total assets) of which 30% is in cash and 70% in high quality European Central Bank-eligible bonds. We assume that these indicators of robust consolidated funding and liquidity ratios at the group level will also remain evident at each operating subsidiary.

Chart 3

KBC Group's funding and liquidity metrics compare well with peers

...thanks to high deposit bases in Belgium and Czech Republic



Data as of end-2025. Source: S&P Global Ratings.

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Outlook

The positive outlooks on KBC Group and its core operating entities reflect our view that over the next 18-24 months the group will continue to deliver robust risk-adjusted returns more in line with 'a+' stand-alone credit profile peers and grow its operations while maintaining strong capital ratios. The outlooks also reflect our expectation that economic conditions at KBC Group's main markets will remain sound.

Downside scenario

We could revise our outlook to stable if:

- Our economic forecasts weaken sharply for Belgium and CEE, indicating a high degree of correlation among these economies and leading to asset quality pressures on the group beyond our current expectations;
- We observed KBC Group departing from its prudent capital management, with aggressive growth via mergers and acquisitions or higher capital distributions, leading to our forecast RAC ratio sustainably decreasing below 10%; or
- The group's structural profitability was to weaken and no longer be in line with higher-rated peers.

Upside scenario

We could consider taking a positive rating action if KBC Group continued to demonstrate its ability to deliver robust financial performance through the cycle consistent with that of higher-rated peers. We could also raise our ratings on the group if KBC retained its solid funding and liquidity metrics both at the group and subsidiaries levels. At the same time, an upgrade would require the group to have a balanced risk appetite and solid capital buffers, with our RAC ratio remaining sustainably above 10%.

Key Metrics

KBC Group N.V. Key ratios and forecasts

%	Fiscal year ended Dec. 31				
	2023a	2024a	2025a	2026f	2027f
Growth in operating revenue	4.754708	-2.84097	9.86	7.0-8.0	4.5-5.5
Growth in customer loans	2.997714	4.529064	8.53	5.0-6.0	4.0-4.5
Net interest income/average earning assets (NIM)	2.063624	2.007571	2.01	2.0-2.0	2.0-2.1
Cost to income ratio	51.23738	52.15306	48.93	47.0-49.0	46.5-48.5
Return on average common equity	16.4674	15.36281	14.91	14.8-15.8	14.8-16.0
New loan loss provisions/average customer loans	-0.00873	0.104571	0.13	0.1-0.2	0.1-0.2
Gross nonperforming assets/customer loans	2.206495	1.997789	1.85	1.8-2.0	1.9-2.1
Risk-adjusted capital ratio	10.9094	10.77893	10.5-11.0	10.5-11.0	10.8-11.3

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin. Costs in cost to income ratio include bank levies.

Key Statistics

KBC Group N.V. Key Figures

Mil. EUR	2025	2024	2023	2022	2021
Adjusted assets	357,910	336,254	313,034	323,817	303,367
Customer loans (gross)	211,104	194,515	186,087	180,671	162,301
Adjusted common equity	17,279	15,662	14,968	14,792	14,048
Operating revenues	9,618	8,755	9,011	8,602	7,553
Noninterest expenses	4,706	4,566	4,617	4,818	4,299

KBC Group N.V. (HoldCo); KBC Bank N.V. (Lead Operating Bank)

KBC Group N.V. Key Figures

Core earnings	3,624	3,456	3,609	2,972	2,745
EUR--euro.					

KBC Group N.V. Business Position

(%)	2025	2024	2023	2022	2021
Total revenues from business line (currency in millions)	9,618	8,755	9,011	8,602	7,553
Commercial & retail banking/total revenues from business line	48.9	48.2	52.9	69.7	69.9
Trading and sales income/total revenues from business line	1.8	2.0	3.6	4.7	1.9
Insurance activities/total revenues from business line	33.3	33.6	29.7	11.3	11.3
Asset management/total revenues from business line	16.1	16.2	13.8	14.3	16.9
Return on average common equity	14.9	15.4	16.5	13.4	12.6

KBC Group N.V. Capital And Earnings

(%)	2025	2024	2023	2022	2021
Tier 1 capital ratio	16.8	16.5	16.8	16.7	16.9
S&P Global Ratings' RAC ratio before diversification	N/A	10.8	10.9	10.6	11.2
S&P Global Ratings' RAC ratio after diversification	N/A	11.9	12.0	11.6	11.9
Adjusted common equity/total adjusted capital	87.4	89.4	89.5	90.8	90.4
Net interest income/operating revenues	63.1	63.8	60.7	60.0	58.9
Fee income/operating revenues	29.0	29.5	26.1	21.5	24.3
Market-sensitive income/operating revenues	2.2	1.6	3.3	4.2	2.7
Cost-to-income ratio	48.9	52.2	51.2	56.0	56.9
Provision operating income/average assets	1.4	1.2	1.3	1.1	1.0
Core earnings/average managed assets	0.9	1.0	1.0	0.9	0.8
N.M.--Not meaningful. N/A--Not applicable.					

KBC Group N.V. Risk Position

(%)	2025	2024	2023	2022	2021
Growth in customer loans	8.5	4.5	3.0	11.3	(0.6)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(8.6)	(9.1)	(8.1)	(6.0)
Total managed assets/adjusted common equity (x)	23.0	23.8	23.2	24.1	24.2
New loan loss provisions/average customer loans	0.1	0.1	(0.0)	0.1	(0.2)
Net charge-offs/average customer loans	N.M.	(0.2)	(0.2)	(0.2)	(0.4)
Gross nonperforming assets/customer loans + other real estate owned	1.9	2.0	2.2	2.2	2.5
Loan loss reserves/gross nonperforming assets	64.0	63.0	60.3	64.7	63.1
N.M.--Not meaningful. N/A--Not applicable.					

KBC Group N.V. Funding And Liquidity

(%)	2025	2024	2023	2022	2021
Core deposits/funding base	73.3	74.8	76.9	77.5	74.2
Customer loans (net)/customer deposits	87.7	84.0	84.8	79.3	80.0
Long-term funding ratio	83.9	81.3	83.4	84.7	90.4

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KBC Group N.V. Funding And Liquidity

Stable funding ratio	125.9	126.0	125.6	127.7	141.1
Short-term wholesale funding/funding base	18.1	20.0	17.9	16.3	10.4
Regulatory net stable funding ratio	138.0	139.0	136.0	136.0	148.0
Broad liquid assets/short-term wholesale funding (x)	2.2	2.0	2.2	2.5	4.1
Broad liquid assets/total assets	32.5	33.5	32.4	33.7	33.8
Broad liquid assets/customer deposits	55.6	54.6	51.9	53.5	57.5
Net broad liquid assets/short-term customer deposits	29.6	30.3	31.0	34.7	45.5
Regulatory liquidity coverage ratio (LCR) (x)	159.3	158.0	159.0	152.0	167.0
Short-term wholesale funding/total wholesale funding	65.8	77.6	75.3	70.9	39.6
Narrow liquid assets/three-month wholesale funding (x)	3.2	2.2	2.6	4.5	5.4
N/A--Not applicable.					

Rating Component Scores

Issuer Credit Rating - KBC Group NV (HoldCo)	A-/Positive/A-2
Issuer Credit Rating - KBC Bank NV (Lead Operating Bank)	A+/Positive/A-1
SACP	a
Anchor	bbb+
Business position	Strong (+1)
Capital and earnings	Strong (+1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021

KBC Group N.V. (HoldCo); KBC Bank N.V. (Lead Operating Bank)

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Bulletin: Belgium's Banking Sector Remains Resilient Despite Sovereign Downgrade](#), April 27, 2026
- [Economic Research: Europe's Middle East Dependencies: Price Surges Precede Supply Chain Vulnerabilities](#), April 23, 2026
- [Economic Research: Economic Outlook Europe Q2 2026: Global Shock Leaves Recovery Uncertain](#), March 25, 2026
- [Benelux Banking Outlook 2026: Sound Economic Momentum To Drive Solid Creditworthiness](#), Jan. 26, 2026
- [Bulletin: Van Lanschot Kempen And KBC Join Forces To Create A Leading Equities Broker In The Benelux](#), Jan. 07, 2026
- [Ratings On Multiple European Bank Hybrids Raised On Revised Analytical Expectations](#), Nov. 21, 2025
- [KBC Group NV \(HoldCo\); KBC Bank NV \(Lead Operating Bank\)](#), Oct. 21, 2025

Ratings Detail (as of April 28, 2026)*

KBC Group N.V.

Issuer Credit Rating	A-/Positive/A-2
Junior Subordinated	BBB-
Senior Unsecured	A-
Subordinated	BBB+

Issuer Credit Ratings History

29-Nov-2024	<i>Foreign Currency</i>	A-/Positive/A-2
24-Jun-2021		A-/Stable/A-2
23-Apr-2020		A-/Negative/A-2
29-Nov-2024	<i>Local Currency</i>	A-/Positive/A-2
24-Jun-2021		A-/Stable/A-2
23-Apr-2020		A-/Negative/A-2

Sovereign Rating

Belgium	AA-/Stable/A-1+
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Related Entities

Ceskoslovenska Obchodni Banka A.S.

Issuer Credit Rating	A+/Positive/A-1
Resolution Counterparty Rating	AA-/--/A-1+

KBC Group N.V. (HoldCo); KBC Bank N.V. (Lead Operating Bank)

Ratings Detail (as of April 28, 2026)*

KBC Bank N.V.

Issuer Credit Rating	A+/Positive/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Junior Subordinated	BBB-

KBC Group Re S.A.

Financial Strength Rating	
<i>Local Currency</i>	A/Positive/--
Issuer Credit Rating	
<i>Local Currency</i>	A/Positive/--

KBC Insurance N.V.

Financial Strength Rating	
<i>Local Currency</i>	A/Positive/--
Issuer Credit Rating	
<i>Local Currency</i>	A/Positive/--

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