KBC Group NV

Key Rating Drivers

Strong Business Profile: KBC Group NV's ratings reflect its leading franchises in banking and insurance in Belgium and the Czech Republic resulting in a strong, diversified and stable profitability and funding profile. Fitch Ratings also considers KBC's strong internal capital generation and adequate risk controls in less developed and more volatile markets in central and eastern Europe (CEE). Asset quality is a rating weakness, but we expect it to remain resilient with contained credit losses.

Ratings Reflect Consolidated Group: The failure risk of KBC and its main subsidiary KBC Bank NV (90% of group assets) is substantially the same, given the high integration of insurance and banking operations. KBC is the group's holding company, and its Viability Rating (VR) is equalised with KBC Bank's. The group is regulated on a consolidated basis and holding company double leverage is maintained at below 120%. Liquidity is managed centrally and capital fungibility is high.

Uplifted Opco Rating: The Long-Term IDR of the group's main operating entity, KBC Bank, is two notches above the group's VR to reflect the group's very large resolution debt buffer.

Strong Franchise in Core Countries: KBC is the second-largest bank in Belgium and a market leader in the Czech Republic. It also has well-established operations in Slovakia, Bulgaria and Hungary. KBC's stable business model is underpinned by insurance and asset-management operations, which provide ample cross-selling opportunities and revenue diversification, contributing to the group's resilient profitability.

Moderate Risk Appetite: The conservative risk appetite is supported by the dominance of fairly low-risk and stable operations in Belgium and the Czech Republic. Risks in exposure to the more volatile markets of Slovakia, Bulgaria and Hungary are mitigated by strong integration of risk controls and credit standards within the group. Prudent management of insurance risks leads to low risk of losses.

Stable Asset Quality: We expect Belgium and the Czech Republic to maintain sound impaired loans ratios and low loan impairment charges (LICs). Asset quality in Slovakia, Hungary and Bulgaria should also remain under control due to strong underwriting, although these markets are more sensitive to credit cycle swings. We forecast the consolidated impaired loans ratio to remain below 2% in 2026 and 2027, while LICs should be contained at about 20bp of loans.

Robust Earnings: KBC has built up a robust record of resilient and strong profitability. It is underpinned by the group's integrated bancassurance model, geographical diversification, low reliance on net interest income, sound pricing power and tight cost control. We expect KBC to remain one of the most profitable banking groups in the eurozone. Its operating profit/risk-weighted assets (RWAs) ratio should increase to 3.8% in 2026 and 4% in 2027, fuelled mainly by growth in loans, insurance products and assets under management, and stable asset quality.

Strong Internal Capital Generation: KBC's net profit/RWAs ratio has averaged about 2.5% over the past decade, underpinned by stable asset quality and sound geographical risk diversification between emerging and developed markets. We expect KBC's common equity Tier 1 (CET1) ratio to remain close to 14.5% in 2026 and 2027. A material reduction would result from either a large acquisition or a discretionary extraordinary capital distribution, which we do not expect.

Sound Funding and Liquidity: KBC's funding and liquidity profile is a rating strength, underpinned by a diversified retail and SME deposit franchise, which is its main source of funding. All subsidiaries are self-funded, except for the one in Slovakia. We expect KBC's consolidated loans/deposits ratio to slightly exceed 90% in 2027 and remain close to that level in 2028. KBC has good access to wholesale funding markets, upcoming maturities are reasonably balanced, and an ample liquidity buffer adequately mitigates refinancing risk.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The IDRs of KBC and KBC Bank are primarily sensitive to a downgrade of the VR and a reduction in the resolution debt buffer. KBC Bank's IDRs would also be downgraded following a downgrade of Belgium's sovereign rating.

KBC's and KBC Bank's VRs are mainly sensitive to a substantial and durable deterioration in asset quality, translating into erosion of the bank's profitability and capital generation. This could be signalled by an increase in the impaired loans ratio to above 3%, operating profit durably below 3% of RWAs and our expectation of the group's CET1 ratio falling below 14% without prospects of a swift recovery.

An adverse change in the risk appetite could be negative for the VRs of KBC and KBC Bank, for example, if the contribution of more volatile CEE countries to KBC's earnings rises rapidly, as this could imply an increase in exposure to weaker operating environments.

KBC's ratings could also be downgraded should the holding company's double leverage rise above 120% on a sustained basis without a clear path to reduction.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Positive changes for KBC's and KBC Bank's VRs would require a stronger operating environment assessment for the group, accompanied by a stronger business and risk profile leading to improved asset quality while maintaining strong profitability. KBC Bank's Long-Term IDR would additionally require an upgrade of Belgium's sovereign rating and a resolution debt buffer consistently above 15% of RWAs.

Other Debt and Issuer Ratings

Rating Level	KBC Group NV	KBC Bank NV	KBC IFIMA S.A.
Senior unsecured debt (long-term/short-term)	A/F1	AA-/F1+	AA-/F1+
Deposits (long-term/short-term)	-	AA-/F1+	-
Tier 2 subordinated debt	BBB+	-	-
Additional Tier 1 notes	BBB-	-	-

Source: Fitch Ratings

KBC Bank's Derivative Counterparty Rating (DCR) and long-term deposit and senior unsecured debt ratings are two notches above the VR. This reflects our view of creditor and depositor protection from KBC's very large resolution debt buffer. KBC is the holding company that meets the group's minimum requirements for own funds and eligible liabilities. Under the group's single-point-of-entry resolution strategy, senior unsecured debt issued by KBC is downstreamed to KBC Bank and statutorily subordinated to the subsidiary's senior creditors.

At end-March 2026, we estimate that the resolution debt buffer was 16.1% of RWAs, and we expect it to remain sustainably above 15%. For the same reason, KBC's long-term senior unsecured debt rating is in line with the group's VR.

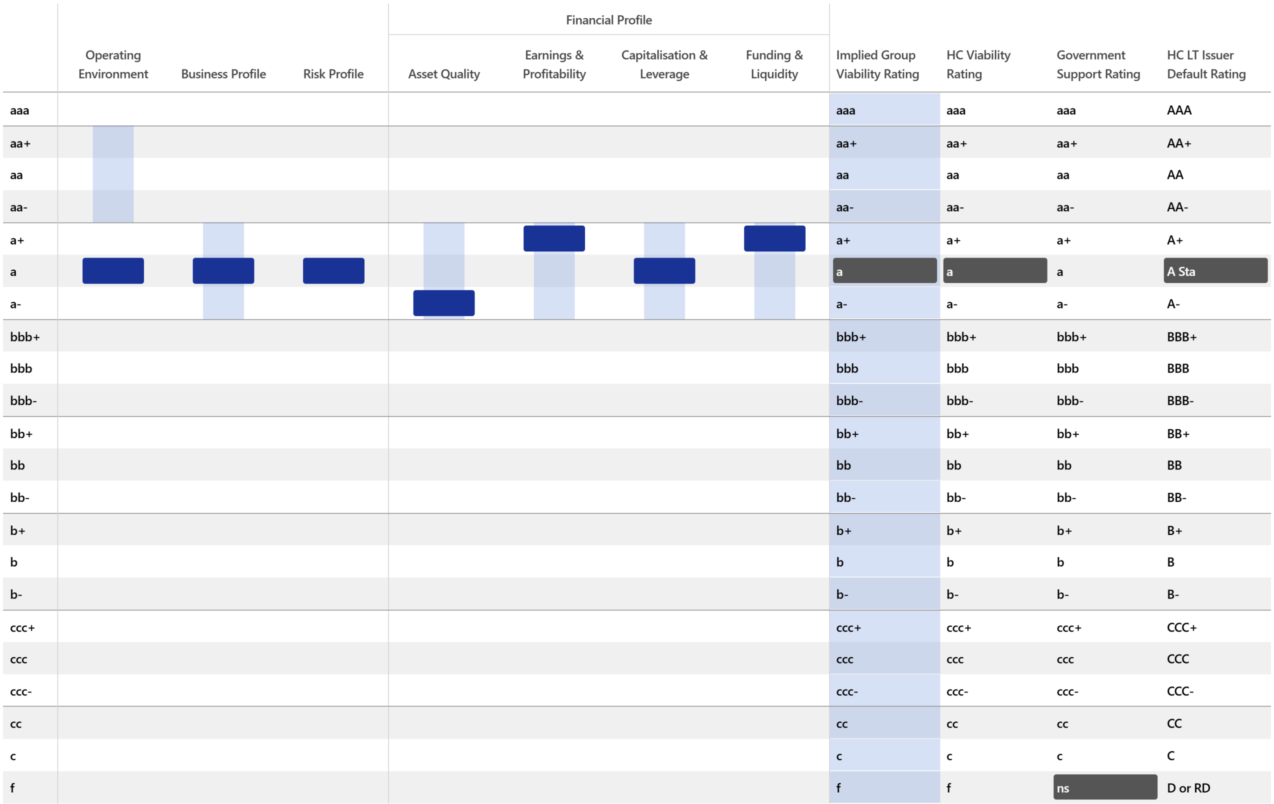
KBC's Short-Term IDR and short-term senior unsecured debt rating of 'F1' are the lower of the two options that map to their respective long-term ratings of 'A', reflecting our 'a+' assessment of funding and liquidity. KBC Bank's Short-Term IDR, short-term senior unsecured debt and deposit ratings of 'F1+' are the only option that map to their corresponding long-term ratings of 'AA-'.

KBC's subordinated Tier 2 debt securities are two notches below the VR to reflect their loss severity, which is the baseline notching for this type of debt under Fitch's criteria.

KBC's additional Tier 1 (AT1) notes are four notches below the VR to reflect their loss severity (two notches) and their high risk of non-performance (two notches), due to fully discretionary coupons. We expect KBC to operate with a CET1 ratio comfortably above the coupon omission trigger.

KBC IFIMA S.A.'s senior debt rating is aligned with KBC Bank's IDRs, because all debt obligations of KBC IFIMA are unconditionally and irrevocably guaranteed by KBC Bank.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

HC = Holding company

Factor Outlook
Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

The operating environment score of 'a' is below the 'aa' category implied score due to the following adjustment reasons: geographical scope (negative), and sovereign rating (negative).

Company Summary and Key Qualitative Factors

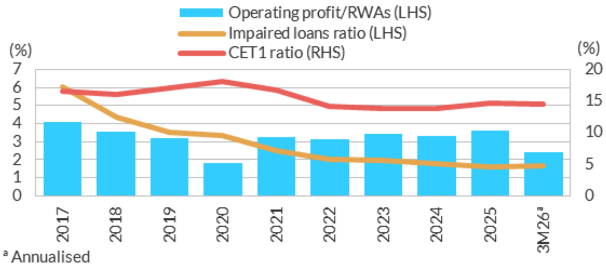
Business Profile

KBC holds about 20% of loans and deposits in Belgium and the Czech Republic, with strong positions in insurance and asset management. It has consolidated its CEE footprint through acquisitions, with 11%–12% market shares in Slovakia and Hungary and 19% in Bulgaria. Diversification into CEE provides superior growth opportunities and cost synergies compared with peers concentrated in saturated developed markets.

The strategy in Belgium and the Czech Republic centres on optimising the bank–insurance model through innovation and digitalisation. In other CEE markets, KBC targets organic growth and selective bolt-on acquisitions, while expanding digital capabilities across insurance and banking.

KBC operates a stable, well-diversified bancassurance model focused on retail, SME and mid-cap clients. Its income is more diversified than peers', with about 50% derived from net interest income, supporting strong through-the-cycle profitability, including at times of low interest rates. At end-2025, banking represented roughly 90% of assets and 80% of group net profit, while insurance is highly integrated and mainly distributed through banking channels. Income contributions are almost 60% from Belgium, about 20% from the Czech Republic and the rest is from other CEE markets. The share of Belgium in the bank's income statement and balance sheet will continue to shrink gradually, as foreign markets offer significantly better growth prospects.

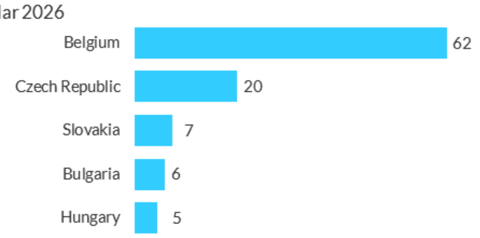
Performance Through the Cycle



ª Annualised
Source: Fitch Ratings, Fitch Solutions, KBC

Lending Exposure Split by Geography (%)

End-Mar 2026



Source: Fitch Ratings, Fitch Solutions, KBC

Risk Profile

KBC has a strong, well-controlled risk profile and moderate risk appetite. Loans are about 55% of assets, with high-quality underwriting anchored in stable Belgium and the Czech Republic and stricter standards than industry norms across other CEE markets under centralised oversight. KBC's lending has been outgrowing that of domestic peers, supported by faster CEE economic growth, while pursuing cautious bolt-on acquisitions limited to CEE.

Belgian and Czech residential mortgages accounted for 21% and 10% of lending exposure, respectively, and including reverse repos, at end-March 2026. Origination standards are conservative, limiting leveraged borrowers. Belgian mortgages are fully amortising and mainly fixed-rate, with new high-leverage lending constrained by National Bank of Belgium guidelines since 2020. Czech mortgages skew to variable or resettable rates, with regulatory caps on loan-to-value (80%), debt service/income (45%) and debt/annual income (8.5x) ratios. The average indexed LTV was 55% and 52% in Belgium and Czech Republic, respectively, at end-March 2026.

Concentration risk is moderate, with specific country-level limits. Real estate and construction were nearly 7% and 5% of total lending exposure (about 85% and 60% of CET1 capital), respectively, at end-March 2026. Close monitoring of asset-type concentrations results in a well-diversified real estate book and moderate appetite for higher-risk development projects.

The group has a well-established and consistent risk framework and low-risk culture embedded in decision-making across all entities. KBC is highly focused on operational resilience and cyber risk, taking into account its growing reliance on technology, increased cooperation with third parties, and continuously evolving regulatory framework.

Debt securities represent almost 25% of assets. The bank's treasury invests mainly in Belgian, Czech and other CEE sovereign debt, as well as highly rated EU sovereigns and covered bonds. Insurance investments are largely investment-grade bonds and low-risk mortgages. Most life products are unit-linked, with market risk borne by clients.

Interest rate sensitivity is lower than peers' because KBC is less vulnerable to net interest margin variation through loan re-pricing and core deposit franchise. This reflects its share of stable non-net interest income and effective through-the-cycle rate positioning that aligns reinvestment horizons of assets and liabilities. At end-2025, the supervisory outlier test on net interest income and economic value of equity equalled about 1% and 6% of Tier 1 capital, respectively, and was comfortably below the supervisory thresholds (5% and 15%).

Financial Profile

Asset Quality

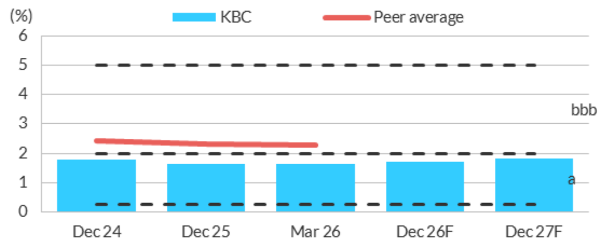
We expect the group's loan mix to remain dominated by stable Belgian and Czech exposure, despite fast growth in Hungary and Bulgaria. The consolidated impaired loans ratio was 1.6% at end-March 2026, with loans over 90 days past due at about 1%. Purchased or originated credit impaired assets, which we do not include in the impaired loan ratio, represented a modest 0.3% of loans. Impaired loans were 1.8% in Belgium, 1.3% in the Czech Republic and 2.0% on average in CEE. We expect a small rise in Czech Republic and CEE as portfolios season following rapid growth.

The consolidated impaired loans coverage by specific loan loss allowances was adequate at 54% at end-March 2026. We expect loan impairment charges of about 20bp in the coming years, below the through-the-cycle average of 25bp–30bp. In 1Q26 the cost of risk was 28bp, but about half of LICs related to management overlay for geopolitical and macroeconomic uncertainties.

Residential mortgages are a key asset-quality stabiliser, supported by Belgium’s high share of fixed-rate, fully amortising loans and strict CEE underwriting with moderate debt service ratios, alongside stable labour markets and limited risk of sharp house price corrections. SME and corporate exposure is concentrated in Belgium (41% of group loans) and Czech Republic (9%) and we expect asset quality to be broadly stable, aided by diversification across sectors, geographies and asset types. The group's single-name concentration is moderate. The bank has low direct exposure to the Middle East and negligible exposure to private credit. The share of most vulnerable sectors to cyclical performance swings was only 6% of lending exposure and it comprised: automotive, chemicals, oil and gas shipping, software and aviation. Commercial real estate exposure is concentrated in Belgium and Luxembourg (about 70%) and the Czech Republic (about 20%). The NPL ratio in this segment was about 3%, and we expect it to remain roughly stable.

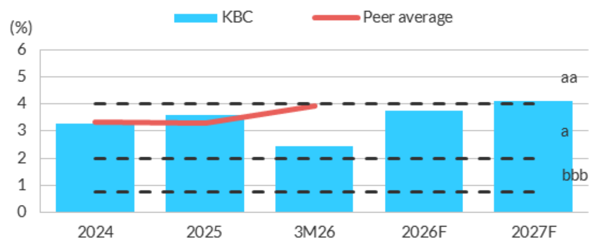
Non-loan exposure represented a high 45% of assets at end-March 2026, but credit risk is low. It mainly comprises high quality fixed-income securities, cash and cash equivalents, reverse repos with banks and assets under unit-linked investment contracts.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

KBC’s operating profit/RWAs ratio has outperformed the domestic sector at an average of close to 3% over the past decade. Belgium and the Czech Republic underpin earnings stability, and CEE offers solid growth opportunities due to low mortgage and insurance product penetration. The quality of KBC's profitability is high due to its balanced income growth by geography, products and revenue lines, which underpinned strong earnings generation, even in a low-interest-rate environment.

Unlike most eurozone peers, KBC’s net interest income has been rising and we forecast about 13% increase in 2026, amplified by completed acquisition of 365.bank in Slovakia and Business Lease in Slovakia and the Czech Republic. We view the bank's at least 8.6% guidance for net interest income CAGR in 2025-2028 as realistic, fuelled by a healthy loan and deposit growth, mostly in foreign markets.

We expect insurance income, about 23% of group income, to grow by about 7% annually. Fees contribute also about 23%, mainly from asset management services. At end-March 2026, the group's assets under management were EUR295 billion (nearly 90% in Belgium).

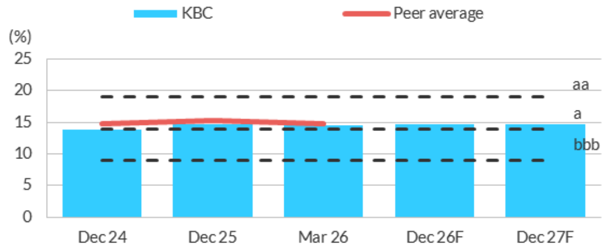
Cost control is strong, though the cost/income ratio is heightened versus international peers as the bank presents insurance income and related costs separately. We add the latter to operating expenses, together with bank and insurance taxes. The bank's plan to maintain cost growth significantly below that of revenue is achievable through automation and a highly digitalised offering.

Capitalisation and Leverage

KBC's CET1 ratio was 14.5% at end-March 2026, including about a 50bp impact from the acquisitions in 1Q26. The ratio is unlikely to weaken materially over the medium term, supported by robust internal capital generation, a 50%–65% dividend payout and the bank's aim to remain among Europe’s better-capitalised banks. We do not view KBC’s 13% minimum acceptable unfloored fully loaded CET1 ratio as a near-term target.

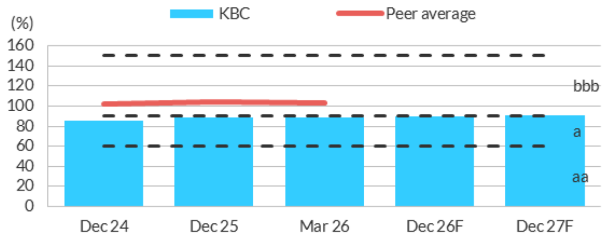
The CET1 surplus over minimum requirements was 3.6pp at end-March 2026. Capital is managed centrally, with healthy buffers at subsidiaries. The bank executed two significant risk transfers, in November 2025 (RWAs reduction of about EUR2 billion) and in June 2026 (lowered RWAs by about EUR0.7 billion) with a small total CET1 ratio relief of below 50bp. KBC plans additional significant risk transfers for 2026, which will have a small impact on RWAs. The Danish Compromise provides a small benefit, lifting the CET1 ratio by 26bp.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

KBC's funding is mainly deposit-based (about 75% of non-equity funding), supported by strong franchises in Belgium (62% of group deposits at end-2025) and the Czech Republic (22%). Deposits are granular as about 85% come from retail and SME customers and almost 60% are guaranteed. Most subsidiaries are self-funded by deposits, except Slovakia.

Under a single-point-of-entry resolution, the holding company issues subordinated and senior unsecured debt for subsidiaries. KBC's wholesale access remained strong despite Belgium's sovereign downgrade in June 2025, evidenced by several issuances, including Tier 2 and senior debt.

Wholesale funding is diversified, with a manageable about EUR12.5 billion of long-term maturities spread over 2026–2028. Liquidity is sound, with prudential ratios well above minima. High-quality liquid assets were on average in 1Q26 at EUR103 billion, equal to about 25% of assets. These comprised cash, central bank receivables and highly rated bonds at market values.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'a' category. Peer average includes Belfius Bank SA/NV (VR: a-), ING Belgium NV/SA (a-), ING Groep N.V. (a+), Danske Bank A/S (a+), Erste Group Bank AG (a), Ceska Sporitelna, a.s. (a), Banco Santander, S.A. (a), UniCredit S.p.A. (a-), CaixaBank, S.A. (a). Latest data available for Belfius Bank SA/NV, ING Belgium NV/SA, Ceska Sporitelna, a.s. are for FY25. Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26	31 Dec 26F	31 Dec 27F
	12 months	12 months	12 months	1st quarter	12 months	12 months
	(EURm)	(EURm)	(EURm)	(EURm)	(EURm)	(EURm)
Summary income statement						
Net interest and dividend income	5,532	5,631	6,142	1,683	-	-
Net fees and commissions	2,349	2,578	2,789	729	-	-
Other operating income	2,916	3,038	3,275	815	-	-
Total operating income	10,797	11,247	12,206	3,227	13,362	14,342
Operating costs	6,949	7,107	7,346	2,272	7,818	8,113
Pre-impairment operating profit	3,848	4,140	4,860	955	5,544	6,229
Loan and other impairment charges	-17	199	273	164	441	440
Operating profit	3,865	3,941	4,587	791	5,103	5,789
Other non-operating items (net)	314	-	-7	-	-	-
Tax	778	527	1,010	234	-	-
Net income	3,401	3,414	3,570	557	3,978	4,513
Other comprehensive income	495	-122	1,142	-248	-	-
Fitch comprehensive income	3,896	3,292	4,712	309	-	-
Summary balance sheet						
Assets						
Gross loans	186,087	194,515	211,104	217,174	224,006	233,121
– of which impaired	3,694	3,472	3,420	3,579	-	-
Loan loss allowances	2,474	2,448	2,492	2,687	-	-
Net loans	183,613	192,067	208,612	214,487	-	-
Interbank	2,779	2,439	3,060	3,058	-	-
Derivatives	2,511	2,925	995	1,138	-	-
Other securities and earning assets	114,123	118,844	140,247	143,531	-	-
Total earning assets	303,026	316,275	352,914	362,214	-	-
Cash and due from banks	34,530	46,834	34,005	22,712	-	-
Other assets	9,365	9,939	10,453	11,894	-	-
Total assets	346,921	373,048	397,372	396,820	402,853	410,624
Liabilities						
Customer deposits	216,423	228,746	237,868	246,450	249,498	257,620
Interbank and other short-term funding	37,213	48,313	58,299	48,331	-	-
Other long-term funding	28,689	30,115	29,649	26,648	-	-
Trading liabilities and derivatives	6,825	5,491	5,676	5,728	-	-
Total funding and derivatives	289,150	312,665	331,492	327,157	-	-
Other liabilities	33,511	36,072	37,895	41,378	-	-
Preference shares and hybrid capital	2,250	1,864	2,500	2,500	-	-

Total equity	22,010	22,447	25,485	25,785	-	-
Total liabilities and equity	346,921	373,048	397,372	396,820	402,853	410,624
Exchange rate	USD1= EUR0.9127	USD1= EUR0.9622	USD1= EUR0.8511	USD1= EUR0.8697	-	-

Source: Fitch Ratings, Fitch Solutions, KBC

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26	31 Dec 26F	31 Dec 27F
Profitability						
Operating profit/risk-weighted assets	3.4	3.3	3.6	2.4	3.8	4.1
Net interest income/average earning assets	1.8	1.8	1.8	1.9	2.0	2.0
Non-interest expense/gross revenue	64.3	63.6	60.2	70.4	58.5	56.6
Net income/average equity	15.9	15.6	15.0	8.8	-	-
Asset quality						
Impaired loans ratio	2.0	1.8	1.6	1.6	1.7	1.8
Growth in gross loans	3.0	4.5	8.5	2.9	6.1	4.1
Loan loss allowances/impaired loans	67.0	70.5	72.9	75.1	70.8	71.8
Loan impairment charges/average gross loans	0.0	0.1	0.1	0.3	0.2	0.2
Capitalisation						
Common equity Tier 1 ratio	13.8	13.9	14.7	14.5	14.6	14.7
Fully loaded common equity Tier 1 ratio	15.2	15.0	14.9	14.4	-	-
Tangible common equity/tangible assets	5.6	5.2	5.8	5.8	-	-
Basel leverage ratio	5.2	5.1	5.5	5.6	-	-
Net impaired loans/common equity Tier 1	7.8	6.2	4.9	4.7	-	-
Funding and liquidity						
Gross loans/customer deposits	86.0	85.0	88.7	88.1	89.8	90.5
Liquidity coverage ratio	159.0	158.0	159.0	159.0	-	-
Customer deposits/total non-equity funding	75.7	73.8	72.2	75.8	-	-
Net stable funding ratio	136.0	139.0	138.0	135.0	-	-

Source: Fitch Ratings, Fitch Solutions, KBC

Support Assessment

Government Support

Sovereign		Belgium
Sovereign Long-Term Issuer Default Rating	•	A+/Stable
Total adjustment (notches)		—
Typical D-SIB Government Support for sovereign's rating level		a to a-
Actual jurisdiction D-SIB Government Support		ns
Government Support Rating		ns
Government ability to support D-SIBs		
Size of banking system	•	Neutral
Structure of banking system	•	Neutral
Sovereign financial flexibility (for rating level)	•	Neutral
Government propensity to support D-SIBs		
Resolution legislation	•	Negative
Support stance	•	Neutral
Government propensity to support bank		
Systemic importance	•	Neutral
Liability structure	•	Neutral
Ownership	•	Neutral

The colours indicate the influence of each support factor in our assessment. Influence: Dark blue = neutral; Red = higher
Source: Fitch Ratings

KBC’s and KBC Bank’s Government Support Ratings of ‘no support’ (ns) reflect Fitch’s view that sovereign support for senior creditors of KBC and KBC Bank cannot be relied on given the implementation of the Bank Resolution and Recovery Directive in Belgium.

Subsidiaries and Affiliates

Subsidiary Ratings

Rating Level	Kereskedelmi es Hitelbank Zrt (K&H Bank Zrt)	United Bulgarian Bank AD (UBB)
Long-Term IDR	BBB+/Negative	A/Stable
Short-Term IDR	F1	F1+
Viability Rating	bbb-	bb+
Shareholder Support Rating	bbb+	a

Source: Fitch Ratings

UBB’s and K&H’s IDRs are driven by their Shareholder Support Ratings (SSRs), which reflect Fitch’s view of a very high (UBB) and high (K&H) probability of support from their owner, KBC Bank, in case of need. Both SSRs are notched from KBC Bank's uplifted Long-Term IDR due to the protection for creditors provided by the group's resolution debt buffers, which are downstreamed to subsidiaries.

UBB’s Long-Term IDR is capped at two notches above the Bulgarian sovereign rating of ‘BBB+’/Stable as we believe there would be some uncertainty about the parent’s commitment in a potential scenario of sovereign stress. K&H’s Long-Term IDR of ‘BBB+’ is capped at one notch above Hungary’s rating (BBB/Negative) to reflect the country risks faced by domestic banks, particularly the record of state intervention. The Stable and Negative Outlooks on UBB’s and K&H’s Long-Term IDRs reflect those on the Bulgarian and Hungarian sovereigns, respectively.

UBB's VR is underpinned by its leading domestic franchise and balanced business model, good asset quality, resilient profitability, adequate capital buffers and a healthy funding and liquidity profile. UBB has consolidated its position as the largest Bulgarian bank by assets following the merger with KBC Bank Bulgaria in 2023, and has strong market shares of about 20% of loans and deposits. The bank leverages its parent's business model by offering comprehensive banking, insurance and asset management services to its clients.

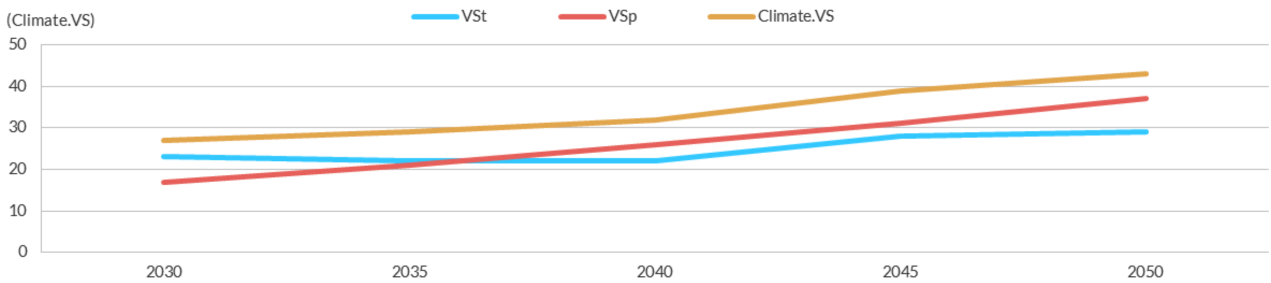
K&H's VR underscores its solid franchise as the country's third-largest bank, and its sound asset quality and resilient performance through the cycle. The assessment also captures the bank's balanced business model and lower risk appetite than domestic peers. Adequate capital metrics and sound deposit-based funding further underpin the rating.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify issuers whose credit profiles have a higher potential exposure to climate-related risks, and to subject those ratings to additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk).

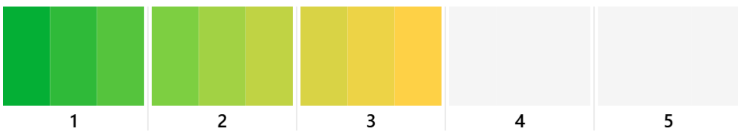
The Climate.VS for KBC Group for 2035 is 29, which indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a transition risk (VSt) component signal of 22 and a physical risk (VSp) component signal of 21. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework.

Climate Vulnerability Signals for KBC Group NV



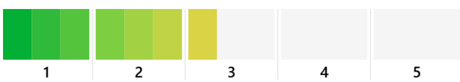
Source: Fitch Ratings

Environmental, Social and Governance Considerations



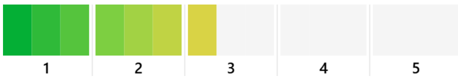
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile; Risk Profile; Asset Quality



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile; Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile; Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile

ESG Scoring	Credit-Relevant ESG Scale	
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

Foreign Currency	
Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Government Support Rating	ns
Sovereign Risk (Belgium)	
Long-Term Foreign-Currency IDR	A+
Long-Term Local-Currency IDR	A+
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores	
KBC Bank NV and KBC Group NV	
Environmental	3
Social	3
Governance	3

Climate Vulnerability
2035 Climate Vulnerability Signal: 29
Transition (VSt): 22
Physical (VSp): 21

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Hungary's New Government Faces Economic and Fiscal Challenges (June 2026)
Fitch Affirms Hungary at 'BBB'; Outlook Negative (June 2026)
Global Economic Outlook (June 2026)
Fitch Affirms Belgium at 'A+'; Outlook Stable (May 2026)
Bulgaria’s Decisive Election Result Should Improve Political Stability (April 2026)
Public Finances Are CEE Sovereigns’ Main Vulnerability to Iran Conflict (April 2026)
Fitch Affirms Bulgaria at 'BBB+'; Outlook Stable (March 2026)
Fitch Affirms Czech Republic at 'AA-'; Outlook Stable (February 2026)

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