Research Update:

KBC Group N.V. And Its Core Subsidiaries Affirmed On Consistent Resilient Performance; Outlook Remains Positive

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Overview

- We expect Belgium-based KBC Group N.V. to continue delivering robust risk-adjusted profitability, leveraging its strong franchise across key markets and through a diversified bancassurance business model and advanced digital capabilities and infrastructure.
- We anticipate that KBC Group's strong fundamentals and disciplined risk management will enable it to navigate evolving economic conditions and continue closing the performance gap with higher-rated global peers.
- We therefore affirmed our issuer credit ratings on KBC Group and its core subsidiaries.
- The outlook on all entities remains positive.

Rating Action

On Nov. 23, 2026, S&P Global Ratings took the following rating actions:

- We affirmed our long- and short-term issuer credit ratings on holding company KBC Group N.V. at 'A-/A-2' and our 'A+/A-1' ratings on the operating company, KBC Bank N.V. We also affirmed our 'AA-/A-1+' long- and short-term resolution counterparty ratings on KBC Bank and our issue ratings on all debt instruments issued by KBC Group and KBC Bank. The outlook on both entities remains positive.
- We affirmed our 'A' issuer credit and financial strength ratings on KBC Insurance N.V. and KBC Group Re S.A., core subsidiaries of KBC Group N.V. The outlook on both entities remains positive.

Rationale

The affirmation of the ratings and maintenance of the positive outlook reflect our view that KBC Group's strong fundamentals put it in a good position to sustain its resilient performance

and earnings generation capacity. KBC will continue to benefit from its leading position in Belgium and Czech Republic and its meaningful market shares in several other Central and Eastern European (CEE) countries. Looking ahead, we expect the group's integrated bancassurance model and digital leadership--anchored by the AI-enhanced "Kate" infrastructure--to bolster business volumes, customer loyalty, and operating efficiency. We project that key profitability metrics will remain robust, with average return on common equity expected to stay above 15% and core earnings to risk-weighted assets above 2%, well exceeding the median metrics for rated European banks. Furthermore, we anticipate that KBC's strategic focus on organic growth, supplemented by targeted bolt-on acquisitions in Belgium and the CEE region, will allow the group to scale its banking and insurance segments effectively. While we expect a moderate increase in cost of risk over the next two years, to about 20 basis points (bps) from 13 bps in 2025, we anticipate it will remain below cyclical levels of 25 bps-30 bps due to the group's contained risk appetite and disciplined risk management.

We have reassessed KBC Group's funding profile to strong from adequate, with no impact on the rating. The revision reflects the long-standing stability and resilience of the group's diversified retail funding base across its key markets. We expect this robust funding position to persist, supported by a consolidated loan-to-deposit ratio (about 90% as of September 2026), remaining well below the European peer median, and a net stable funding ratio of 131% (well above the median). Liquidity buffers remain solid, with a regulatory liquidity coverage ratio of 157% as of September 2026, reflecting the large stock of high-quality liquid assets. Moreover, in our view, the funding and liquidity ratios and treasury policy at KBC's key operating subsidiaries are also supportive.

Capitalization should remain a rating strength. KBC aims to remain among the better-capitalized banks in Europe. As of end-September 2026 its unfloored fully loaded common equity Tier 1 (CET1) ratio (fully loaded Basel 4 CET1 excluding output floor impact) stood at 14.6%, above the minimum unfloored fully loaded CET1 ratio of 13% (under Basel IV) that KBC set in 2025. The dividend payout ratio is unchanged at 50%-65% of annual consolidated profit, and we incorporate a 60% payout ratio in our forecast. We think that the group's capital generation remains strong, being above 250 bps per year.

The group also retains capacity to mitigate any weakening of its capital metrics through 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, versus a maximum of 25%) and the use of significant risk transfer (SRT) transactions (KBC's SRT transactions completed over the past 12 months strengthened unfloored fully loaded CET1 by a modest 30 bps). As a result, we expect the risk-adjusted capital (RAC) ratio to remain within the 11.0%-11.5% range through end-2028. This offers a meaningful but modest buffer above our 10% threshold. Therefore, higher-than-anticipated organic growth, a shift to more risky exposures, or material acquisitions could weigh on our capitalization assessment.

Taken together, KBC remains one of the strongest banking groups in Europe, in our view. We expect that it will remain resilient even if the macroeconomic outlook moderately weakens.

Outlook

KBC Group NV (holding company) and KBC Bank NV (operating company)

Primary analyst: Anastasia Turdyeva

The positive outlook reflects our expectation that KBC Group and its core operating entities will continue to deliver robust risk-adjusted returns supported by its strong franchise; sound risk management, funding, and liquidity metrics; and digitally advanced bancassurance business model.

Downside scenario

We could revise our outlook to stable if:

- KBC Group departs from its prudent capital management, with aggressive growth via mergers and acquisitions, shifting into more risky exposures or higher capital distributions, leading our forecast RAC ratio to approach 10%; or
- We anticipate a prolonged deterioration of the operating environment in KBC's key markets, leading to asset quality and profitability pressures on the group beyond our current expectations.

Upside scenario

We could upgrade KBC Group, and its core operating entities, if it continues to deliver robust through-the-cycle financial performance, successfully executes its strategic initiatives, and maintains a well-controlled risk appetite and solid capital buffers, with our RAC ratio remaining sustainably and markedly above 10%. Overall, such performance would be consistent with that of much larger and more diversified European and global peers with an 'a+' stand-alone credit profile.

KBC Insurance NV and KBC Group Re SA

Primary analyst: Marc-Philippe Juilliard

Our positive rating outlook on KBC Insurance NV and KBC Group Re SA mirrors that on their ultimate parent, KBC Group, given their core strategic importance to the group.

Downside scenario

We could revise the outlook on KBC Insurance and KBC Group Re to stable over the next 12-24 months if we take a similar action on KBC Group. Although unlikely, we could also revise the outlook to stable if we no longer view KBC Insurance or KBC Group RE as core entities of KBC Group.

Upside scenario

We would raise the ratings over the next 12-24 months if we were to revise up our assessment of KBC Group's SACP. We consider KBC Insurance's SACP unlikely to strengthen over the next two years. This would require a more diverse business model or increased capital adequacy, notably due to a less demanding dividend policy.

Rating Component Scores

Rating Component Scores

	To	From
Issuer Credit Rating	A-/Positive/A-2	A-/Positive/A-2
SACP	a	a
Anchor	bbb+	bbb+
Business position	Strong (1)	Strong (1)
Capital and earnings	Strong (1)	Strong (1)
Risk position	Adequate (0)	Adequate (0)
Funding and liquidity	Strong and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	0	0
Support	1	1
ALAC support	1	1
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity.
GRE--Government-related entity.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, May 5, 2026
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- 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

- Belgium, Oct. 26, 2026
- KBC Group N.V. (HoldCo); KBC Bank N.V. (Lead Operating Bank), April 28, 2026
- Bulletin: Belgium's Banking Sector Remains Resilient Despite Sovereign Downgrade, April 27, 2026

Ratings List

Ratings List	
Ratings Affirmed	
KBC Group N.V.	
Issuer Credit Rating	A-/Positive/A-2
KBC Bank N.V.	
Issuer Credit Rating	A+/Positive/A-1
Resolution Counterparty Rating	AA-/--/A-1+
KBC Bank N.V.	
Certificate Of Deposit	A+/NR
KBC Group Re S.A.	
KBC Insurance N.V.	
Issuer Credit Rating	
Local Currency	A/Positive/--
Financial Strength Rating	
Local Currency	A/Positive/--
KBC Group N.V.	
Senior Unsecured	A-
KBC Group N.V.	
KBC Bank N.V.	
Junior Subordinated	BBB-
KBC Group N.V.	
KBC Insurance N.V.	
Subordinated	BBB+
KBC Ifima S.A.	
Senior Unsecured	A+

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