KBC BANK IRELAND PLC

AND SUBSIDIARIES

COUNTRY-BY-COUNTRY REPORTING
ANNEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

BASIS OF DISCLOSURES

KBC Bank Ireland plc and its subsidiary companies (referred to in whole as "the Bank") prepare consolidated financial statements under International Financial Reporting Standards ("IFRS").

KBC Bank Ireland plc is a credit institution authorised by the Central Bank of Ireland. All subsidiaries are consolidated for both financial statement presentation and regulatory reporting; the regulatory returns and financial statements are similar other than presentation.

The disclosures contained in this report have been prepared for KBC Bank Ireland plc. and its subsidiaries on a consolidated basis as at 31 December 2016. These disclosures have been prepared to comply with Regulation 77 of SI 158 of 2014 "Capital Requirement Regulations" which sets out the following disclosure requirements for 31 December 2016 with respect to "Country-by-Country reporting".

(a) name(s), nature of activities and geographical location;
All locations shown are the country of incorporation. The tax residency of each company is the same as its country of incorporation, except for Rolata Limited whose tax residency is Ireland.

(b) turnover;
Turnover consists of net interest income, net gain/loss on financial assets and liabilities at fair value through profit or loss, net realised gains/losses on sales of financial assets, net fee and commission income and dividend income.

(c) number of employees on a full time equivalent basis;
Average number of full time employees (FTE's) provided. There are no full time employees in any of the Bank's non-domestic subsidiaries.

(d) Profit or loss before tax;

(e) Tax on profit or loss;
Tax on profit or loss has been interpreted as the corporation tax paid/refunded in each country during the year.

(f) Public subsidies received;
The Bank or any of its subsidiaries has not received any public subsidies in the year-ended 31 December 2016.

Country-by-Country reporting

Country	Turnover (€'000)	Average FTE's	Profit/(loss) before tax (€'000)	Taxation (refund)/paid(€'000)
Ireland	286,813	1,057	184,088	303
United Kingdom	152	-	111	7
Isle of Man	332	-	327	-

For a full list of the Banks subsidiaries please see Note 33 'Subsidiaries and non-subsidiary companies' of the Bank's consolidated financial statements. The Bank's non-domestic subsidiaries are as follows:

Name	Nature of Activity	Country
Rolata Limited	Placing of deposit for interest income	Isle of Man
Premier Homeloans Limited	Retail mortgage lending	United Kingdom
Merrion Leasing Services Limited	Leasing	United Kingdom
Merrion Commercial Leasing Limited	Dormant company	United Kingdom
Merrion Equipment Finance Limited	Dormant company	United Kingdom
Merrion Leasing Assets Limited	Dormant company	United Kingdom
Merrion Leasing Finance Limited	Dormant company	United Kingdom
Merrion Leasing Industrial Limited	Dormant company	United Kingdom
Merrion Leasing Limited	Dormant company	United Kingdom

....
Director

....
Director

Date: 21/12/2017

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF KBC BANK IRELAND PLC IN CONNECTION WITH THE COUNTRY BY COUNTRY REPORTING SCHEDULE FOR THE YEAR ENDED 31 DECEMBER 2016

To the Directors of KBC Bank Ireland plc

Our opinion

In our opinion, the financial information of KBC Bank Ireland plc and subsidiaries as included in the Country by Country Reporting Schedule for the year ended 31 December 2016, is prepared, in all material respects, in accordance with the Basis of Disclosures.

We have audited the accompanying financial information of KBC Bank Ireland plc and subsidiaries which comprises the Country by Country Reporting Schedule including the Basis of Disclosures for the year ended 31 December 2016. The Country by Country Reporting Schedule for the year ended 31 December 2016 has been prepared by management of in in accordance with management's basis of preparation (the "Basis of Disclosures").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial information section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial information in Ireland. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of preparation and restriction on distribution and use

We draw attention to the Basis of Disclosures of the financial information. The Country by Country Reporting Schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result the financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the benefit of the directors. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

The financial information does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Responsibilities of the directors and those charged with governance for the financial information

The directors are responsible for the preparation of the financial information in accordance with the Basis of Disclosures and for determining that the Basis of Preparation is acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF KBC BANK IRELAND PLC IN CONNECTION WITH THE COUNTRY BY COUNTRY REPORTING SCHEDULE FOR THE YEAR ENDED 31 DECEMBER 2016 - CONTINUED

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Dublin
22 December 2017