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KBC Bank Ireland PLC

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KBC Bank Ireland PLC

SACP	bb	+	Support	+3	+	Additional Factors	-1

Anchor	bb+	
Business Position	Moderate	-1
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	+3
Sovereign Support	0

Issuer Credit Rating
BBB-/Stable/A-3

Major Rating Factors

Strengths

- 100% ownership by KBC Bank N.V. (KBC).
- Funding stability and liquidity underpinned by access to parental funding.
- Improving capitalization, supported by capital injections from KBC.

Weaknesses

- Modest market position and geographic diversification.
- Large stock of non-performing assets.
- Slow return to recurring and sustainable profitability compared with peers.

Outlook

The stable outlook on KBC Bank Ireland PLC (KBCI) reflects our view that the improving macroeconomic environment and reducing impairments will support KBCI's capital position over the coming 18-24 months. We forecast that KBCI's capital position will remain sustainably above 7%, as measured by our projected risk-adjusted capital (RAC) ratio.

However, while we view KBCI's strategy as logical, we consider management's attempt to reposition the KBCI franchise as a work in progress. We could therefore lower the ratings if we believe that the bank is lagging behind its peers in terms of working through its large stock of nonperforming assets (NPAs), or if we consider that management is unlikely to develop KBCI into a retail-focused bank that can generate solid and sustainable earnings. We could then revise our risk position to moderate from adequate or our business position to weak from moderate.

We could take a similar action if we observe that the links between KBCI and KBC are weakening, which could lead us to revise our group status assessment and the uplift for potential group support that we factor into our ratings on KBCI. We could raise the ratings by removing the negative transitional notch if we see strong indications that the bank is able to generate recurring and sustainable profits, which would indicate the strategic repositioning is working successfully, while continuing to make progress in working through its NPAs.

Rationale

The starting point for our ratings on KBCI is our view of the banking system in Ireland. We then review the bank's stand-alone credit factors. We consider KBCI's business position to be less competitive than that of its peers because it lacks the franchise and diversity of larger banks in Ireland. We view the bank's regulatory capital position as solid, supported by capital injections from parent KBC and deleveraging of commercial loans. We consider KBCI's capital levels to be stabilizing, and expect that the bank will likely maintain a RAC ratio above 7% through end-2017, with the parent supporting its capitalization where needed.

Our assessment of KBCI's risk position reflects its geographical concentration and loss experience, which we consider to be broadly on par with peers. Notwithstanding a large stock of NPAs, it also reflects our view that embedded losses have now been largely recognized. When we assess KBCI's funding and liquidity, we view favorably the support provided to KBCI by its parent KBC, which has enabled KBCI to deal with any refinancing risk despite the growing but still-modest nature of its deposit-taking franchise.

Anchor: 'bb+'

We continue to view economic risks in Ireland as high, albeit improving. We are seeing sustained evidence that the Irish economy is recovering from its deep contraction and that property prices are trending upward. Furthermore, the private sector has gone through a substantial deleveraging. We expect domestic systemwide credit losses to remain low on the back of provision releases (albeit not to the same extent as 2015) and declining inflows into new defaults. This factor supports the positive trend on economic risk. However, the stock of NPAs is high relative to higher-ranked banking systems and we expect its workout to take a while. We expect the Brexit vote in the U.K. referendum on EU membership to slow the pace of Irish macroeconomic recovery and result in a prolonged period of uncertainty related to trade and investment between the two countries. Nevertheless, we expect the Irish economy to remain broadly resilient to any negative impacts of Brexit.

Ireland's banking industry risk has reduced but remains high relative to many peers. Preprovision profitability for Irish banks has improved on the back of expanding net interest margins and we view the post-crisis structure of the industry as stable, with relatively few domestically-focused players. That said, Ireland's weak regulatory track record, government ownership of much of the banking sector, and relatively shallow domestic debt capital markets continue to be constraining factors.

Table 1

KBC Bank Ireland PLC Key Figures					
	--Year-ended Dec. 31--				
(Mil. €)	**2015**	**2014**	**2013**	**2012**	**2011**
Adjusted assets	13,443.7	13,681.0	14,628.3	17,163.9	18,589.1
Customer loans (gross)	14,088.4	14,647.8	15,234.1	16,045.6	16,928.7
Adjusted common equity	750.0	502.6	528.9	456.2	842.3
Operating revenues	268.4	242.7	260.9	273.0	284.3
Noninterest expenses	149.0	136.0	102.0	73.6	66.9
Core earnings	74.8	(81.2)	(863.7)	(304.4)	(269.3)

Business position: Sustainable profitability would validate the repositioned business model

We view KBCI's business position as moderate compared with larger and more diverse peers, such as market-leaders Allied Irish Banks PLC and Bank of Ireland. At end-2015, KBCI reported total assets of €13.5 billion, placing it outside the top-five largest banks in Ireland. Other than AIB and BOI, KBCI's main rated peer active in the Irish banking industry is Permanent TSB PLC, while the broader Irish peer group includes foreign-owned bank Ulster Bank Ltd. Peers outside Ireland include Spain-based Bankinter S.A., and Portugal-based Banco BPI S.A. and Banco Comercial Portugues S.A. These banks have similar business models as KBCI and operate in systems with similar industry risks as Ireland.

As a retail and commercial bank, KBCI has a more diverse spread of revenues than is typical for relatively small lenders. Revenues comprise recurring interest and commission income from retail, corporate, and consumer finance lending, as well as from asset management, which was launched in the fourth quarter of 2014. We consider that the absence of a branch network and the substantial use of parent funding significantly aid efficiency, but contribute to the KBC brand being less deeply ingrained in the Irish market than leading bank brands.

KBCI has deleveraged significantly since 2007, shrinking total assets by €10.6 billion to €13.5 billion by end-2014, as it is winding down its corporate and legacy retail portfolio. It has reduced its corporate exposure by about €2.7 billion since 2008. As the bank has reduced corporate lending, pre-provision earnings have also declined. Nonetheless, the business has been relatively stable in our view, aided by financial support from parent KBC.

KBCI's repositioning of its franchise and its operational capabilities for broad-based growth in retail banking has led to heavy investment in technology to facilitate deposit gathering, the operation of current accounts, internet and mobile banking, brand awareness, and distribution (including the opening of 15 physical "hubs" in city centers within reach of

55% of the Irish population and 80% of the bank's target segments). We view this strategy as logical and showing the group's commitment to the Irish business, but still a work in progress.

By the end of 2015, KBCI had market shares of about 11% in mortgage lending, 6% in retail deposits, and 1% in current accounts. We note that the bank performed well in 2015, recording a 14% market share of new mortgages and 5.3% of household deposits (excluding current accounts). It also reported a market share of 12% of new current accounts opened in 2015.

We expect KBCI to continue building on progress made to date in its repositioning initiative, in a banking system that remains competitive but which has consolidated substantially since 2008. However, it is requiring significant upfront investment and, in our view, prospects for volume and revenue growth remain somewhat constrained by the low interest-rate environment, combined with continued asset margin pressure as a function of stronger competition, as well as still-low customer activity.

The bank's efficiency has weakened to about 55% from between 20%-30% in previous years, as measured by noninterest expenses to operating revenues, and we expect that this phase of development will limit improvements in the bank's efficiency within our 18-24 month rating horizon.

Table 2

KBC Bank Ireland PLC Business Position

	--Year-ended Dec. 31--				
(%)	**2015**	**2014**	**2013**	**2012**	**2011**
Total revenues from business line (currency in millions)	268.6	242.7	260.9	273.0	284.3
Commercial banking/total revenues from business line	4.3	4.3	14.4	20.0	23.6
Retail banking/total revenues from business line	88.6	88.6	78.6	73.0	72.1
Commercial & retail banking/total revenues from business line	92.9	92.9	92.9	92.9	95.7
Trading and sales income/total revenues from business line	5.0	5.0	5.0	5.0	4.0
Other revenues/total revenues from business line	2.1	2.1	2.1	2.1	0.3
Investment banking/total revenues from business line	5.0	5.0	5.0	5.0	4.0
Return on equity	10.1	(14.6)	(154.3)	(46.7)	(34.1)

Capital and earnings: Recurring profitability in sight but to lag most domestic peers

We view KBCI's capital and earnings as adequate, reflecting a RAC ratio of 8.9% at year-end 2015. Its Tier 1 ratio at end-2015 was a reported 13.3%, and we expect it to remain at 13%-14%. Similar to domestic peers who are exposed to residential mortgages and commercial real estate, KBCI has been loss-making since 2010 due to high loan impairment charges. However, the bank returned to a modest post-tax profit in 2015 and we note that KBC remains supportive of KBCI, having partly offset the accounting losses and stabilized the regulatory capital ratio through capital injections, offering some degree of stability to capitalization.

KBCI's RAC ratio improved to 8.9% at end-2015, from 5.6% at end-2014. The rise is partly explained by a €160 million capital injection from its parent in first-quarter 2015, following a capital injection of €130 million in 2014. In addition to KBC's capital injection, other drivers behind this increase were the deleveraging of commercial loans, reduced risk-weights on government exposures following the upgrade of Ireland in June 2015, and the higher amount of hybrids permitted in total adjusted capital (TAC) as the capital injection increased adjusted common equity.

Furthermore, KBCI returned to profitability as it reported a post-tax profit of €75 million in full-year 2015, a significant improvement from the post-tax losses of €91 million in full-year 2014 and €864 million in 2013. In our view, the full-year 2015 results indicate that KBCI continues to make progress in paring back losses, as indicated by a reduction to €48 million in 2015 (33 basis points [bps] of average loans) from about €200 million in 2014 (1.33% of average loans). However, this process could remain somewhat uneven from quarter to quarter and we still assume that impairment charges will remain around €50 million-€100 million a year within our 18-24 month forecast horizon. We recognize that impairment charges could be lower in the event of changes in provisioning policies or write-backs.

We project that KBCI's RAC will remain at 9.0%-9.5% within our 18-24 month rating horizon. KBCI's net interest margin improved in 2015 on the back of lower funding costs. Our RAC projection factors in a stable but still-squeezed net interest margin, and we expect to see limited margin improvements given competition in the domestic mortgage market (although low-cost parental funding and potential growth in higher-margin consumer lending could be supportive elements). Our projection also takes into account relatively low retail customer activity and ongoing high investment. Together, these factors will likely continue to weigh on pre-provision earnings.

We also consider that findings from the current Central Bank of Ireland's investigation into mortgage redress could result in conduct provisions hurting the bank's bottom line. Finally, we also incorporate continued deleveraging, including the steady divestment of corporate loans at or close to book value, and our expectation that KBC will remain supportive, injecting or optimizing KBCI's capital base where needed.

We understand that the bank has replaced the €280 million hybrid capital instruments that KBCI issued to KBC in 2012 with ordinary share capital, which will improve the bank's quality of capital as measured by adjusted common equity to TAC. We no longer include these instruments in KBCI's TAC. The large gap between the RAC ratio and the Tier 1 ratio primarily reflects:

- A material difference in the risk-weights that we apply to credit exposures;
- A lower tolerance for the proportion of hybrid capital instruments we include in the capital base; and
- Our exclusion from TAC of deferred tax assets for tax-loss carry-forwards.

Table 3

KBC Bank Ireland PLC Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	**2015**	**2014**	**2013**	**2012**	**2011**
Tier 1 capital ratio	13.3	12.7	12.2	11.1	11.0
S&P RAC ratio before diversification	8.9	5.6	4.9	3.9	5.1
S&P RAC ratio after diversification	7.2	4.6	4.0	3.3	4.3
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2	100.0
Net interest income/operating revenues	102.7	105.8	108.0	104.2	106.9
Fee income/operating revenues	(1.2)	(1.1)	(1.6)	(0.7)	0.3
Market-sensitive income/operating revenues	(1.5)	(4.8)	(6.4)	(3.5)	(7.5)
Noninterest expenses/operating revenues	55.5	56.0	39.1	27.0	23.5
Preprovision operating income/average assets	0.9	0.8	1.0	1.1	1.2

Table 3

KBC Bank Ireland PLC Capital And Earnings (cont.)

	--Year-ended Dec. 31--				
(%)	**2015**	**2014**	**2013**	**2012**	**2011**
Core earnings/average managed assets	0.6	(0.6)	(5.4)	(1.7)	(1.5)

Table 4

KBC Bank Ireland PLC Risk-Adjusted Capital Framework Data

	Exposure*	Basel II RWA	Average Basel II RW (%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Credit risk					
Government and central banks	1,258,992,159	290,353,830	23	98,823,336	8
Institutions	3,767,679,896	194,999,445	5	131,476,152	3
Corporate	2,593,007,824	1,070,649,445	41	3,772,725,006	145
Retail	12,090,546,849	6,335,093,445	52	6,541,530,038	54
Of which mortgage	12,068,372,667	6,320,735,101	52	6,514,947,161	54
Securitization§	0	0	0	0	0
Other assets	91,707,095	102,723,965	112	165,792,849	181
Total credit risk	19,801,933,823	7,993,820,130	40	10,710,347,381	54
Market risk					
Equity in the banking book†	0	0	0	0	0
Trading book market risk	--	0	--	0	--
Total market risk	--	0	--	0	--
Insurance risk					
Total insurance risk	--	--	--	0	--
Operational risk					
Total operational risk	--	402,779,902	--	450,879,983	--

	Basel II RWA	Standard & Poor's RWA	% of Standard & Poor's RWA
Diversification adjustments			
RWA before diversification	8,396,600,032	11,161,227,364	100
Total Diversification/Concentration Adjustments	--	2,718,840,712	24
RWA after diversification	8,396,600,032	13,880,068,075	124

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	Standard & Poor's RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	1,115,512,006	13.3	997,526,600	8.9
Capital ratio after adjustments‡	1,115,512,006	13.3	997,526,600	7.2

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2015, Standard & Poor's.

Risk position: Embedded losses recognized, but the workout of NPAs will take time

We view KBCI's risk position as adequate when compared with peers that have a similar product mix and operate in banking systems with similar economic risk. We look at the same peer group that was mentioned under business position. We consider that the low complexity of the bank's business model aids management control and that the uplift in provisioning in 2010 and in late 2013 has improved coverage of weaker performing loans.

At end-2015, KBCI's €14.1 billion gross loan book was biased toward residential mortgages (€11.7 billion or 83% of total loans), with corporate lending (most of it SME and real-estate-related) accounting for about 17% of balances. The spread of retail and commercial credit exposures notionally offers some diversification, but given the pressures--albeit reducing--on Irish household and corporate borrowers and the small size of the Irish market, this spread of exposures does not enhance KBCI's credit standing. We expect the bank will continue to gradually deleverage in the coming two years given its focus on winding down its €2.4 billion corporate book, but we believe this will be increasingly counterbalanced by new lending in mortgages and, to a lesser extent, consumer finance.

On a gross basis, KBCI's loan book reduced by €560 million in 2015, as corporate loans were deleveraged by €366 million and as redemptions outpaced new retail lending, resulting in a reduction of €200 million in the retail book. Consumer lending grew by €8 million, and we understand that the bank is targeting controlled growth in this segment in the coming two years. KBCI's stock of NPAs reduced, for the first time, by 13% in 2015 as a result of (a) a stabilizing portfolio, (b) deleveraging, and (c) property sales. However, we still consider NPAs to be large, at 47% of customer loans at year-end 2015.

Impairment charges reduced significantly in 2015, supported by a more favorable economic backdrop, deleveraging of commercial loans, and a collective loan impairment reversal of €10 million. As mentioned in our capital projection, we expect underlying impairment charges to remain at 30-40 bps within our rating horizon, which is in line with our normalized loss rate assumptions in our capital framework.

The increase in provisioning from previous years stems from a reassessment of KBCI's provisioning adequacy in the fourth-quarter of 2013, prompted by the European Banking Authority paper on forbearance and nonperforming loans (NPLs), as well as the asset quality review in late 2014. We note that the charge was linked to the re-categorization of almost all restructured mortgages as impaired. Despite this, we consider KBCI's provisioning of troubled assets at 42% to be in line with Irish peers.

In our view, Irish real estate collateral values are now showing relatively broad-based stability and we also consider that the bank has recognized embedded losses. Data for full-year 2015 suggests that underlying asset quality has largely stabilized, with the stock of both mortgage and commercial NPLs starting to reduce. In our view, the stickiness of NPLs is principally due to a lag before a customer can be moved to a better probability of default assessment; slow court processes and a relative lack of foreclosures; and very limited capitalization of arrears. As with peers, we expect the bank will make further progress in the coming year in its efforts to agree arrangements with mortgage borrowers and we should have better clarity on whether it has genuinely succeeded in putting their debt servicing on a sustainable footing.

Table 5

KBC Bank Ireland PLC Risk Position					
	--Year-ended Dec. 31--				
(%)	**2015**	**2014**	**2013**	**2012**	**2011**
Growth in customer loans	(3.8)	(3.8)	(5.1)	(5.2)	(3.3)
Total diversification adjustment / S&P RWA before diversification	24.4	21.4	21.0	20.4	19.3
Total managed assets/adjusted common equity (x)	18.0	27.3	27.7	37.6	22.1
New loan loss provisions/average customer loans	0.3	1.3	6.8	3.3	3.1
Net charge-offs/average customer loans	0.8	(0.1)	0.3	0.3	0.0
Gross nonperforming assets/customer loans + other real estate owned	47.4	51.5	47.9	27.7	21.5
Loan loss reserves/gross nonperforming assets	41.9	38.6	37.3	38.7	34.1

Funding and liquidity: Continued strong focus on deposit gathering

In our opinion, KBCI's funding is average and its liquidity position is adequate. We believe support from KBC will continue to allow KBCI to deal with any refinancing risk despite the growing, but still-modest, nature of its own deposit-taking franchise. At end-December 2015, core deposits as a proportion of total funding stood at about 43%, an improvement from about 34% at end-December 2014.

KBCI's funding position remains underpinned by KBC. Parent funding--sourced directly from the head office and via customer deposits placed with KBC's Dublin branch and on-lent to KBCI--has long accounted for the majority of the bank's funding base. It represented 56% of total funding at year-end 2015. The S&P Global Ratings stable funding ratio of about 60% at end-2015, up from 46% at end-2014, remains relatively weak because we classify group funding as wholesale and it is largely short term. KBCI's 0.27x liquidity ratio, as measured by our broad-liquid-assets to short-term wholesale-funding ratio, is similarly negatively affected. However, our overall funding and liquidity assessment includes a qualitative overlay reflecting the demonstrated stability of parent funding.

Over the past three or four years, group-sourced funding, including deposits from KBC Dublin branch, has been generally reducing in absolute terms due to extensive deleveraging and because KBCI is increasing its retail and corporate deposits. Between end-December 2014 and end-December 2015, group funding reduced by €1.8 billion. Over the same period, the retail deposit base expanded by €125 million to €3.54 billion, while corporate and institutional deposits grew by €0.8 billion to €1.6 billion.

We consider the development of a stronger, retail-focused deposit franchise to be generally supportive of the ratings. However, we give most analytical weight to franchise-based insured deposits (about 56% of deposits are currently covered by the deposit guarantee scheme) that are granular and balanced between current and savings accounts, as these tend to be stickier. While we expect the customer deposit base to continue to grow, we see deposit quality as a longer-term development.

We consider the bank's pool of eurozone government securities and its ability to generate collateral from its mortgage book to support its liquidity because these can provide access to secured funding, such as covered bonds, or contingent external sources such as monetary authorities. Unencumbered collateral was €2.95 billion at end-2015. We understand that the group also remains willing to provide liquidity to the bank if needed.

Table 6

KBC Bank Ireland PLC Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	**2015**	**2014**	**2013**	**2012**	**2011**
Core deposits/funding base	42.8	33.9	25.9	17.2	9.8
Customer loans (net)/customer deposits	219.7	278.3	357.4	522.6	921.8
Long term funding ratio	51.7	41.8	32.6	24.0	44.1
Stable funding ratio	58.5	46.4	36.9	27.9	48.8
Short-term wholesale funding/funding base	52.8	62.2	71.9	80.2	58.5
Broad liquid assets/short-term wholesale funding (x)	0.3	0.2	0.2	0.2	0.2
Net broad liquid assets/short-term customer deposits	(100.8)	(313.1)	(264.2)	(454.0)	(1,660.6)
Short-term wholesale funding/total wholesale funding	88.7	91.0	94.3	94.1	64.8
Narrow liquid assets/3-month wholesale funding (x)	0.6	0.2	0.2	0.2	0.2

External support: Ratings benefit from continued strong KBC support

The potential long-term counterparty credit rating is three notches higher than the 'bb' SACP, reflecting our view that KBCI is strategically important to parent KBC. While KBC remains highly supportive of its Irish subsidiary, including in the current phase of investments, we note group management has publicly stated that it is considering various options for KBCI and intends to communicate further on this matter before year-end 2016. While we do not currently consider KBCI to be integral to the group's long-term strategy, we consider that a potential sale is unlikely within the two-year outlook horizon given KBCI's funding reliance on KBC, and we expect that KBC will continue to provide operational, capital, and funding and liquidity support to KBCI.

Additional rating factors: Slow return to profitability compared to larger peers and large stock of NPAs results in a downward adjustment by one notch

The rating is one notch lower than that implied by the three notches of uplift for group support, reflecting the group's still-short track record of improvements in financial performance. Results for full-year 2015 showed a return to modest profitability and an improvement over 2014 in terms of lower loan loss provisions--a positive trend that we expect to continue for the next two years.

However, the stock of NPAs still remains large and, although we expect preprovision earnings to improve, they remain weaker than those of peers. We consider that KBCI is likely to narrow that gap within the next two years. Therefore, we would likely remove the one-notch downward revision if the bank demonstrates a return to sustained profitability within our expected 18-24 month horizon, while continuing to make progress in working through its NPAs.

Related Criteria And Research

Related Criteria

- Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Group Rating Methodology, Nov. 19, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012

- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Commercial Paper I: Banks, March 23, 2004

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	**6**	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	**bb+**	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of July 27, 2016)

KBC Bank Ireland PLC	
Counterparty Credit Rating	BBB-/Stable/A-3
Counterparty Credit Ratings History	
20-Jul-2015	BBB-/Stable/A-3
28-Nov-2013	BBB-/Negative/A-3
16-Jul-2013	BBB-/Stable/A-3
08-Dec-2011	BBB-/Negative/A-3
Sovereign Rating	
Ireland (Republic of)	A+/Stable/A-1
Related Entities	
Ceskoslovenska Obchodni Banka A.S.	
Issuer Credit Rating	A/Negative/A-1
CSOB Pojistovna a. s.	
Financial Strength Rating	
Local Currency	A-/Stable/--
Issuer Credit Rating	
Local Currency	A-/Stable/--
KBC Bank N.V.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A-1
Commercial Paper	
Foreign Currency	A-1

Ratings Detail (As Of July 27, 2016) (cont.)	
Junior Subordinated	BB+
Junior Subordinated	BBB-
Senior Unsecured	A
KBC Group N.V.	
Issuer Credit Rating	BBB+/Stable/A-2
Junior Subordinated	BB
Senior Unsecured	BBB+
KBC Group Re S.A.	
Financial Strength Rating	
Local Currency	A-/Stable/--
Issuer Credit Rating	
Local Currency	A-/Stable/--
KBC Insurance N.V.	
Financial Strength Rating	
Local Currency	A-/Stable/--
Issuer Credit Rating	
Local Currency	A-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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