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KBC Bank Ireland PLC

Primary Credit Analyst:
Letizia Conversano, Dublin 353 1 568 0615; letizia.conversano@spglobal.com

Secondary Contact:
Anastasia Turdyeva, Dublin (353) 1-568-0622; anastasia.turdyeva@spglobal.com

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KBC Bank Ireland PLC

SACP	bb	
Anchor	bbb	
Business Position	Weak	-2
Capital and Earnings	Strong	+1
Risk Position	Weak	-2
Funding	Average	0
Liquidity	Adequate	

\+

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

\+

Additional Factors	0

Issuer Credit Rating

BBB/Stable/A-2

Resolution Counterparty Rating

BBB+/--/A-2

Major Rating Factors

Strengths:	Weaknesses:
• 100% ownership by KBC Bank N.V. (KBC) • Funding from the parent, which ensures business model stability and reduces refinancing and liquidity risks • Solid capitalization	• Modest competitive position and undiversified profile • Still-high stock of nonperforming loans (NPLs) • Limited near-term profitability prospects

Outlook: Stable

The stable outlook over balances KBC Bank Ireland PLC's (KBCI) gradually improving financial profile with its yet-to-be-proven ability to generate stronger and more predictable statutory earnings, as it progresses with its digital strategy during S&P Global Ratings' two-year outlook period.

We could raise the ratings if we believed that KBCI had become more important to its parent, becoming a stronger and more material contributor to group earnings; and saw the development of profitable bancassurance operations that reflected more KBC group's overall business model. This could lead us to revise upward our group status assessment. We could also raise the ratings if KBCI's stand-alone credit characteristics improved because of a further significant reduction in NPLs and stronger profitability, indicating a viable autonomous business model over the cycle.

We could lower the ratings if KBCI had difficulties translating its digital banking efforts into earnings that were acceptable to its parent.

Rationale

With a balance sheet made of about €12 billion of assets expected at end 2019, and about 7% market share in the Irish lending market (10% in the domestic mortgage market), KBCI remains the smallest of the five main domestic retail banks in Ireland.

The bank's lack of franchise depth and well-developed business diversity will likely continue to constrain its revenue generation capacity over the next two years, in our view.

While management has progressed in developing KBCI into a full-service retail bank with a strong digital focus, we also believe the bank may require several years of successful strategic execution before improved and sustainable pre-provision earnings.

In addition, KBCI's still-material stock of NPE could challenge the implementation of the bank's digital transformation strategy in the planned horizon. As of Dec. 31, 2018, KBCI's NPE ratio stood at 29% of its customer loans, and likely above 25% at year-end 2019, still much higher compared with the 11.4% expected industry average.

Positively, underpinning the ratings is the potential extraordinary support KBCI could receive from KBC group in case of stress. The bank is in our view a subsidiary of strategic importance for the group, which has provided the necessary capital, managerial, and liquidity support, including at the climax of the Irish bank crisis a decade ago. KBC considers its Irish subsidiary integral to its strategy, notably as a center of digital expertise. We also continue to believe that KBCI's funding and liquidity is bolstered by the ongoing support KBC provides to KBCI, which has enabled the latter to deal with any refinancing risk despite the modest, albeit improving, nature of its deposit-taking franchise.

Anchor: 'bbb' for a bank operating primarily in Ireland

The starting point for our ratings on KBCI is its 'bbb' anchor, which reflects our view of the economic risks in Ireland, where KBCI operates.

We view the economic risk trend in Ireland as stable. This reflects our assumption that Ireland's GDP growth, while moderating, will remain higher than the eurozone average. This, along with low unemployment and continued, albeit slowing, property price appreciation should help make banks' balance sheets more resilient. There has been a significant balance sheet clean up over the last couple of years, but we think domestic banks remain vulnerable to potential imbalances. The pursuit of growth, as well as increasing competition, among banks and non-bank financial institutions could not only affect margins but also increase the sector's risk appetite. Moreover, banks in Ireland are exposed to macroeconomic uncertainties linked to post-Brexit trade agreement negotiations between the U.K. and the EU.

The industry risk trend is also stable. We assume that deposits to loans (according to our calculations) will remain sustainably above 75% because we expect loan books to expand very slowly. Despite good access to capital markets seen in 2019, and our belief that domestic banks will keep building up loss absorption capacity with planned issuance of bail-in-able instruments, we see the operating environment for Irish financial institutions as still challenging. In addition to the difficulties posed by "lower for longer" interest rates, banks in Ireland also face domestic growth and transformation headwinds (including high cost structures and digital investments) that could weigh on their ability to achieve profitability targets. Finally, we also assume that the government's longstanding stakes in a large part of the banking system will reduce to zero only over the course of the coming decade.

Table 1

KBC Bank Ireland PLC--Key Figures					
	--Year ended Dec. 31--				
(Mil. €)	**2018**	**2017**	**2016**	**2015**	**2014**
Adjusted assets	12,024.8	13,267.1	13,128.4	13,443.7	13,681.0
Customer loans (gross)	10,707.8	12,232.0	13,249.3	14,088.4	14,647.8
Adjusted common equity	1,070.9	981.3	954.6	750.0	502.6
Operating revenues	293.3	292.7	287.3	268.4	242.7
Noninterest expenses	216.9	188.7	146.7	149.0	136.0
Core earnings	162.5	290.7	227.8	74.8	(81.2)

Business position: Small size and domestic concentration, digital transformation is still work-in-progress

This year, KBCI will enter the third year of an intensive strategic journey that will transform it into a fully digital customer-centric bank, from a previously traditional commercial one. As a retail digital bank, KBCI will offer daily banking products, as well as access to credit, savings, and investments on the same platform, with a focus on being innovative, quick, and easily accessible.

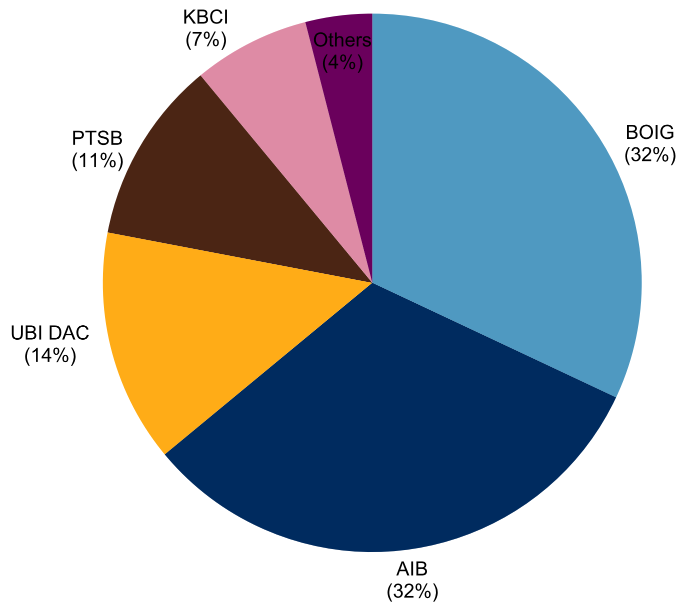
This strategy could provide KBCI with some competitive advantage with respect to the other traditional and larger Irish banks, whose innovative potential might be challenged by their complex legacy operating systems.

In particular, a lean cost base from a fully digital model could help the bank offsetting the risks stemming from its structurally undiversified earnings streams. Currently, the revenue mix is 99% made of net interest income, with a very low proportion of fees. In our view, this revenue structure leaves the bank vulnerable to price competition and interest rates.

Nevertheless, we believe that it will take several years of major upfront investments and effective implementation for this strategy to translate into sustainably higher pre-provision earnings. Therefore, we expect that KBCI's small size and business concentration in the highly competitive domestic mortgage market will continue to weight on the bank's earnings-generation capacity over the next two years. These two factors could make KBCI's targets for volume and recurring revenue growth more difficult to achieve compared to peers, especially in a persistently low interest-rate environment.

Chart 1

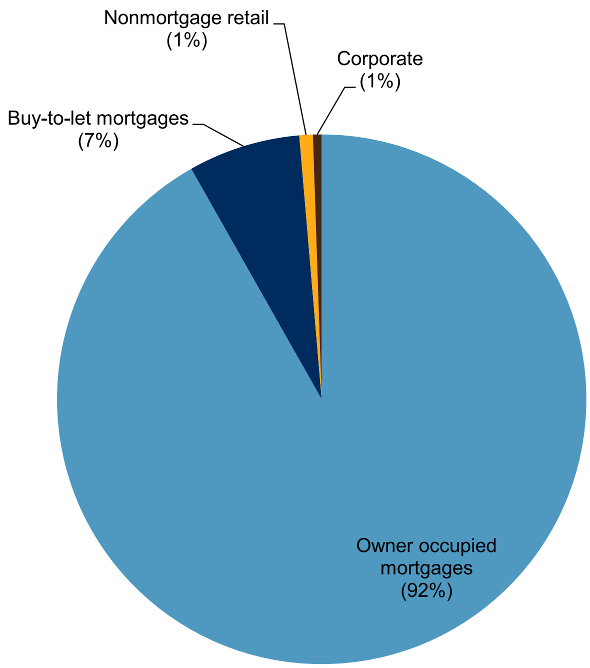
KBCI Is The Smallest Player Among The Five Major Domestic Banks



Source: Annual Reports and Central Bank of Ireland. AIB: Allied Irish Banks. BOI--Bank of Ireland. UBI DAC--Ulster Bank Ireland DAC. PTSB--Permanent TSB PLC. KBCI--KBC Ireland PLC. Other--Barclays and Lloyds.

Chart 2

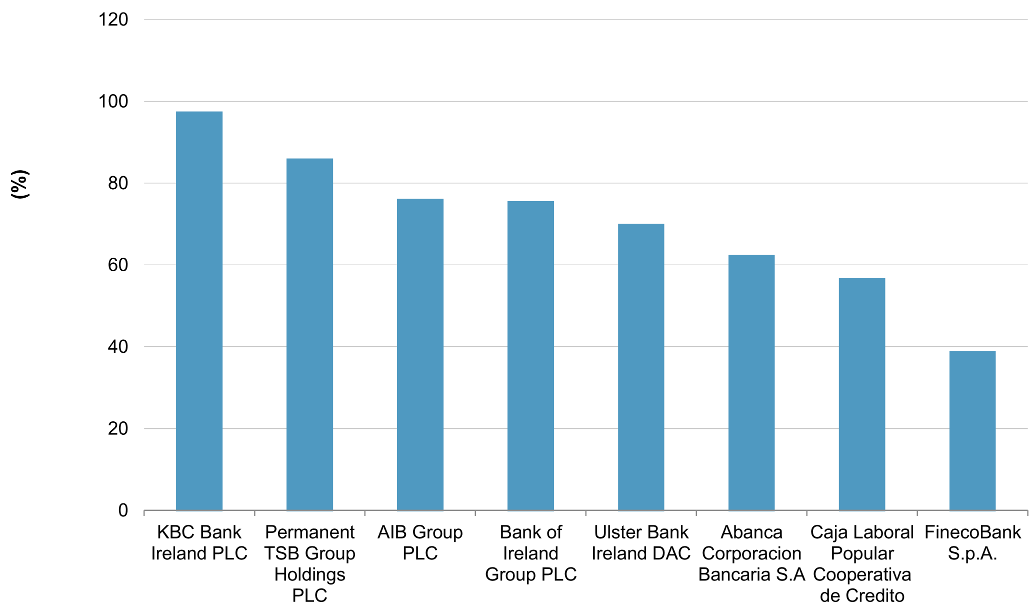
KBC Bank Ireland PLC Net Loans As Of September 2019 (€10.0 Bil.)



Source: KBC Bank Ireland PLC.

Chart 3

KBCI's Current Lack Of Diversity Is Evident From Its Heavy Reliance On Net Interest Income
As of year-end 2018



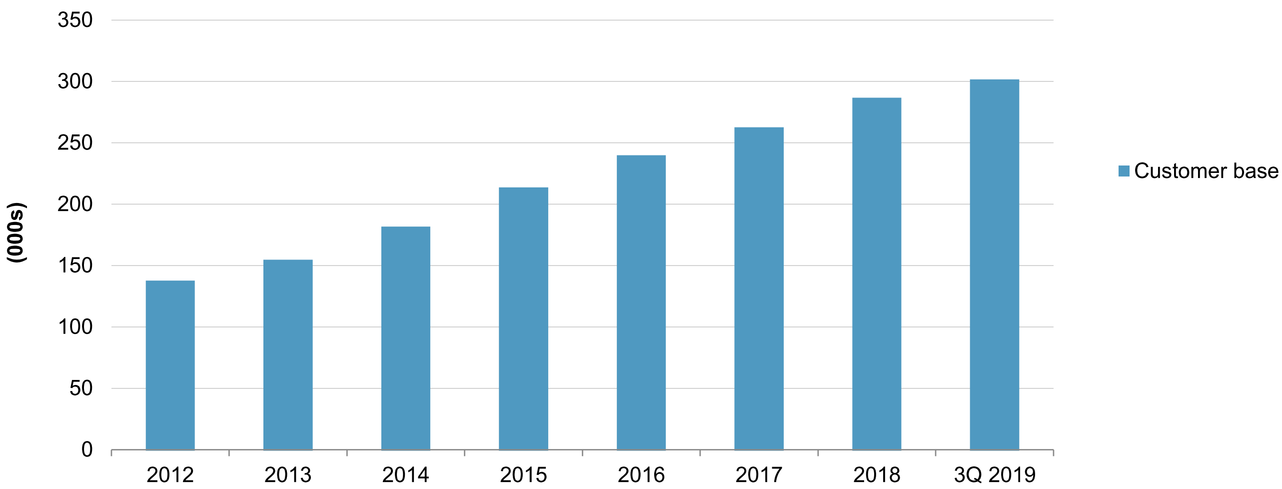
Source: S&P Global Ratings.

Our group of rated peers includes the two largest, and more diversified, banks in Ireland: AIB Group (group SACP 'bbb') and Bank of Ireland Group PLC (group SACP 'bbb'), but also smaller Irish peers like Permanent TSB Group Holdings PLC (group SACP 'bb+') and foreign-owned Ulster Bank Ireland DAC (SACP 'bbb-'), in the Irish banking system. Peers outside Ireland include Spanish banks Caja Laboral (SACP 'bbb'), Abanca (SACP 'bb+'), and Italian digital bank FinecoBank SpA (SACP 'bbb'). These banks are somewhat similar in size and operate in systems with fairly similar industry risks as Ireland. KBCI's SACP is at the lower end of peers', because its business model does not support sufficient revenues generation to cover operating and credit costs over the cycle, and the profitability (provisions releases excluded) is still below that of peers, although improving.

We see KBCI's dedication to continue progressing in its digital transformation as positive. This is because this strategy reflects KBC Group's commitment to Ireland and its position as a "Digital First" retail bank; and the strategic initiatives taken by KBCI to attract new customers have succeeded so far. In particular, as of Sept. 30, 2019, the number of customers increased to 301,000, up 8% year-on-year, which we view positively because it shows there is a market for players such digital player in Ireland. Still, we believe this development is possible under the group's umbrella, which continues to provide ongoing funding support and allows the bank to grow.

Chart 4

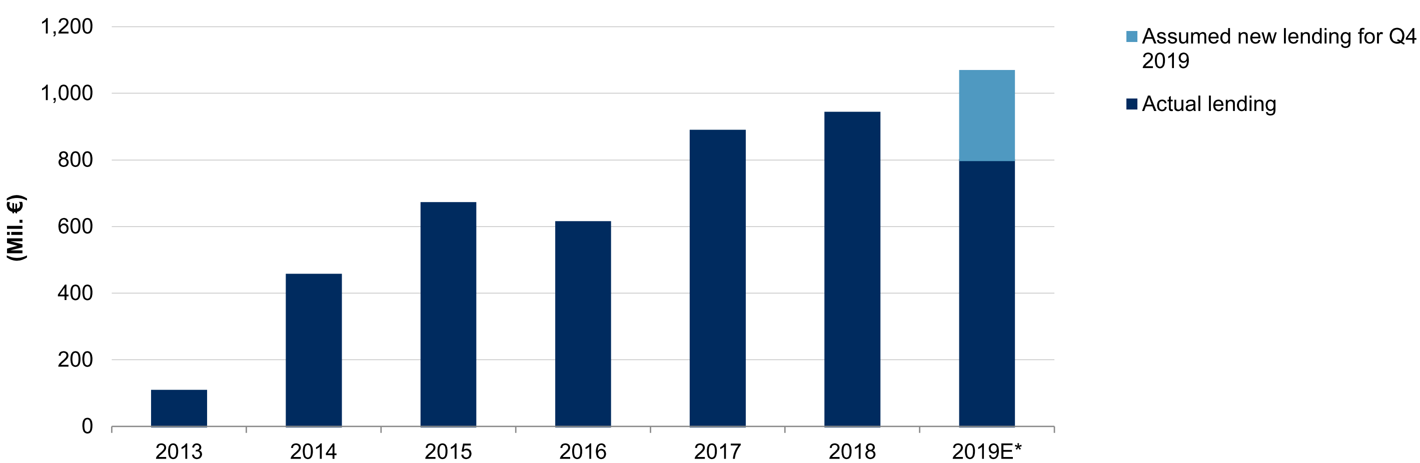
KBCI's Customer Base Keeps Increasing



Source: KBC Bank Ireland PLC.

Chart 5

KBCI's Product Offering Proves Effective
New mortgage lending volumes



*Expected total new lending in 2019.Source: S&P Global Ratings.

KBC operates in Belgium, the Czech Republic, Hungary, and Bulgaria as a bancassurance group but conducts banking operations only in Ireland. This explains the profitability gap between KBCI and Czech-based #eskoslovenská obchodní banka or Hungary-based Kereskedelmi és Hitelbank. We understand the group might be interested to replicate this model in Ireland, but both developing greenfield insurance operations or acquiring an existing player are challenging.

Table 2

KBC Bank Ireland PLC--Business Position

	--Year ended Dec. 31--				
(%)	**2018**	**2017**	**2016**	**2015**	**2014**
Total revenues from business line (currency in millions)	N/A	292.7	287.3	268.6	242.7
Commercial banking/total revenues from business line	N.M.	4.3	4.3	4.3	4.3
Retail banking/total revenues from business line	N.M.	88.6	88.6	88.6	88.6
Commercial and retail banking/total revenues from business line	N.M.	92.9	92.9	92.9	92.9
Trading and sales income/total revenues from business line	N.M.	5.0	5.0	5.0	5.0
Other revenues/total revenues from business line	N.M.	2.1	2.1	2.1	2.1
Investment banking/total revenues from business line	N.M.	5.0	5.0	5.0	5.0
Return on average common equity	12.6	13.6	20.3	10.1	(14.6)

N/A--Not applicable. N.M.--Not meaningful.

Capital and earnings: Solid capital base but still weak earnings

We view KBCI's capital as a key rating strength, based on our expectations that its risk-adjusted capital (RAC) ratio will be 14.5%-15.0%, as progress continues on NPL reductions.

However, we doubt that the 15% threshold will be exceeded in the next two years owing to the modest internal capital generation, some more dynamic volume growth after years of deleveraging, and the likely scenario that some part of KBCI's excess capital could be up-streamed, given the group's investments over the past 10 years.

KBCI's RAC ratio improved to 14.7% at year-end 2018 from 12.6% at year-end 2017, as commercial loans, which carry a higher risk weight, are gradually replaced by lower-risks mortgage loans and NPL stock reduced. The bank reported a regulatory fully loaded Common Equity Tier 1 of 15.87% as of Sept. 30, 2019.

Like domestic peers, focused on residential mortgages and commercial real estate loans, KBCI was loss-making from 2010-2014 due to high loan impairment charges. However, these charges subsequently reversed, which helped a strong recovery in earnings in 2015-2018. We expect those effects will have normalized as of 2019, which means we explain we expect a much lower statutory profit in 2019 than a year before. Fundamentally, profitability remains weak, though. The bank reported post-tax profit of €29.3 million as of September 2019, down from €144 million in the same period in 2018 (including massive provision reversals) and we expect post-tax profit to be below €50 million at end 2019. We understand that Brexit-related uncertainty, a high level of competition weighing on margins, and decreasing impairment releases will continue to weigh on KBCI's performance at least for the next 12 months.

We base our RAC projection on the following assumptions:

- Contained volume growth over 2019-2021. Despite increasing new lending activity, we expect the trend in gross customer loans to continue to be affected by a high level of repayments and portfolio deleveraging, the latter mainly in connection to the NPL stock work-out strategy. We expect the loan book (gross) to likely decline to €10.5 billion in 2019 and stay stable in 2020

- S&P Global Ratings-calculated risk-weighted assets to fall in 2019-2021, more rapidly than loans, as a result of the above
- Continued trend release of credit provisions, albeit more slowly. The provision release was €112 million for 2018 and we assume that it may be half of it in 2019. We expect still reversals as well in 2020, but a much smaller amount
- Competitive pressure and the low interest rate environment mean that we expect NIM to fall
- A post-tax profit below €50 million in 2019, and potentially smaller in 2020 as the benefit of provision releases fades. We also expect a high cost to income, above 80% in 2019 and 2020, due to the large investments needed for the digital strategy, while revenue benefits will take more time to come. Therefore, the post-tax return on equity is unlikely to exceed 3% over the horizon, of if so marginally
- KBCI will continue to pay out 100% of its earnings as a dividend to its parent.

Table 3

KBC Bank Ireland PLC Risk-Adjusted Capital Framework Data

	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	1,425,213,195	301,721,323	21.2	100,944,800	7.1
Of which regional governments and local authorities	30,712,095	27,737,555	90.3	1,842,726	6.0
Institutions and CCPs	2,350,732,707	170,823,338	7.3	169,695,477	7.2
Corporate	289,533,123	297,233,229	102.7	248,250,430	85.7
Retail	8,016,225,309	4,770,684,431	59.5	3,806,625,717	47.5
Of which mortgage	7,940,954,981	4,716,383,519	59.4	3,721,053,387	46.9
Securitization§	0	0	0.0	0	0.0
Other assets†	1,601,761,537	69,865,978	4.4	2,489,697,265	155.4
Total credit risk	13,683,465,871	5,610,328,299	41.0	6,815,213,689	49.8
Credit valuation adjustment					
Total credit valuation adjustment	--	359,114	--	0	--
Market risk					
Equity in the banking book	0	0	0.0	0	0.0
Trading book market risk	--	288	--	431	--
Total market risk	--	288	--	431	--
Operational risk					
Total operational risk	--	380,788,329	--	480,209,600	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	5,992,127,140	--	7,295,423,720	100.0
Total diversification/concentration adjustments	--	--	--	2,632,255,729	36.1

Table 3

KBC Bank Ireland PLC Risk-Adjusted Capital Framework Data (cont.)					
RWA after diversification	--	5,992,127,140	--	9,927,679,449	136.1

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	1,059,127,598	17.7	1,070,919,000	14.7
Capital ratio after adjustments‡	1,059,127,598	17.7	1,070,919,000	10.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' 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 2018', S&P Global Ratings.

Our assessment of capital and earnings also looks beyond the capital analysis and considers the quality and capacity of earnings. We project KBCI's earnings buffer--which measures the capacity of earnings to cover normalized losses through the credit cycle--to be negative, and near 90 basis points in our forecast period.

Table 4

KBC Bank Ireland PLC--Capital And Earnings					
	--Year ended Dec. 31--				
(%)	**2018**	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	17.7	14.3	13.4	13.3	12.7
S&P Global Ratings' RAC ratio before diversification	N/A	12.6	N/A	8.9	5.6
S&P Global Ratings' RAC ratio after diversification	N/A	9.1	N/A	7.2	4.6
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	75.2	75.2
Net interest income/operating revenues	99.1	98.3	97.3	102.7	105.8
Fee income/operating revenues	(0.5)	(0.3)	(0.2)	(1.2)	(1.1)
Market-sensitive income/operating revenues	1.4	1.9	2.9	(1.5)	(4.8)
Noninterest expenses/operating revenues	74.0	64.5	51.0	55.5	56.0
Preprovision operating income/average assets	0.6	0.8	1.1	0.9	0.8
Core earnings/average managed assets	1.3	2.2	1.7	0.6	(0.6)

N/A--Not applicable.

Risk position: Improving, but still materially high NPL stock

We view KBCI's risk position as weaker than that of peers with similar product mixes and operating in banking systems with comparable economic risk. As of year-end 2018, our calculation of KBCI's NPL ratio--which includes Stage 3 loans and performing renegotiated loans--was 29.1%. At end 2019, we estimate NPE ratio at around 26% and probably still above 20% in 2020. We consider this high relative to the average of 11.4% and 9.60%, respectively, at industry level.

However, KBCI will continue to focus on organically reducing its legacy portfolio of NPLs over the next two years, while resorting to NPL disposals only when convenient. For example, in November 2018, the bank sold a loan portfolio of approximately €1.9 billion to entities established and financed by Goldman Sachs, composed of performing and nonperforming U.K. buy-to-let mortgage loans and nonperforming corporate book and Irish buy-to-let mortgage loans.

This transaction accelerated the reduction of Stage 3 loans, to €2.5 billion as of Dec. 30, 2018, from approximately €4.5 as of Jan. 1, 2018.

Furthermore, in line with its strategic plan, KBCI has been deleveraging its corporate portfolio. In June 2019, the bank sold about €260 million performing net corporate exposures to Bank of Ireland. As a result, KBCI's customer loan portfolio is now concentrated on retail mortgages and consumer finance.

The bank reported net provision releases of €112 million in 2018. This was supported by a more favourable economic backdrop, and the deleveraging of commercial loans. As mentioned in our capital projection, we expect further provision releases over our projected period, but less than in the recent past.

The increase in provisioning from 2013-2015 years stems from a reassessment of KBCI's provisioning adequacy in fourth-quarter 2013, prompted by the European Banking Authority paper on forbearance and NPLs, as well as the asset quality review performed inlate 2014. Despite this, we consider KBCI's provisioning, at about 30% of troubled assets, broadly in line with that of its Irish peers.

We see credit risks as the major source of risk for the bank. However, Irish banks are exposed to conduct risks, notably the ongoing consequences of the industry wide tracker mortgage examination and investigation, led by the central bank of Ireland. KBCI was not immune to this relatively old case and net profit in third-quarter 2019 was affected by an additional €18 million, of which €14 million is a provision for a potential sanction. We cannot exclude several other provisions in 2020.

The full digital strategy KBCI is following entails some new risks the bank will have to monitor closely. The acquisition of many new clients (60,000 new accounts opened in 2019), to some extent as a benefit from open-banking, forces KBCI to beef up its "know your customer," compliance, and other on-boarding procedures.

Table 5

KBC Bank Ireland PLC--Risk Position					
	--Year ended Dec. 31--				
(%)	**2018**	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	(12.5)	(7.7)	(6.0)	(3.8)	(3.8)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	38.7	40.4	24.4	21.4
Total managed assets/adjusted common equity (x)	11.3	13.6	13.8	18.0	27.3
New loan loss provisions/average customer loans	(1.0)	(1.7)	(0.3)	0.3	1.3
Net charge-offs/average customer loans	16.5	5.7	1.6	0.9	0.0
Gross nonperforming assets/customer loans + other real estate owned	29.1	40.7	49.7	52.0	54.1
Loan loss reserves/gross nonperforming assets	31.8	31.2	37.9	38.2	36.7

N/A--Not applicable.

Funding and liquidity: Supported by the demonstrated stability of parent funding

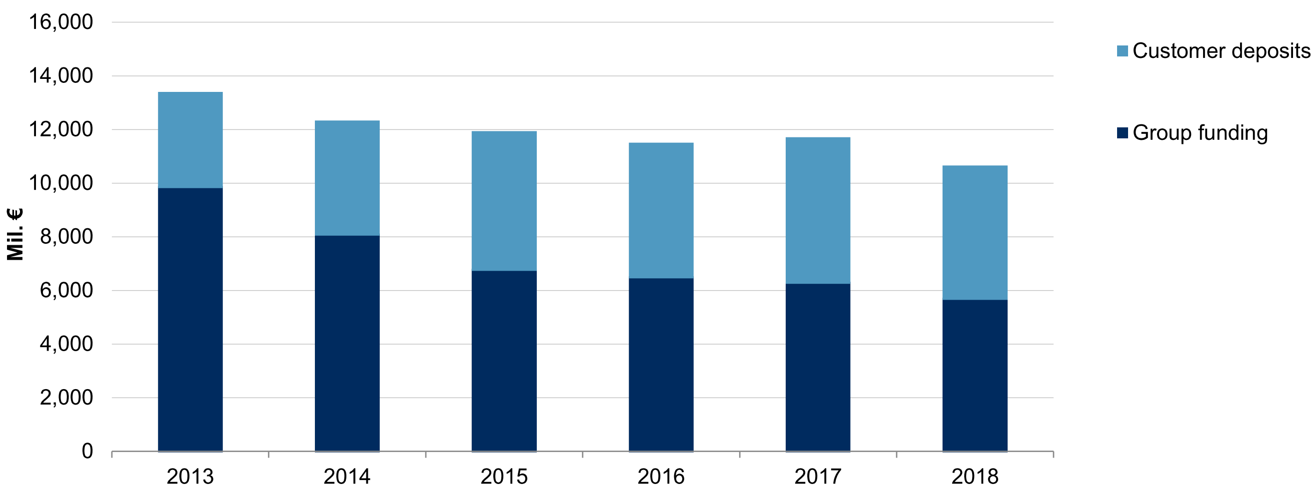
We believe support from KBC will continue to allow KBCI to deal with any refinancing risk despite its modest deposit-taking franchise. We expect our funding and liquidity assessment to remain at this level over our outlook horizon. At year-end 2018, core deposits stood at about 46% of total funding and should be at about 50% in 2019, still weaker than that of domestic peers, but up from about 34% as of 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 54% of total funding at year-end 2018, and was likely a bit less in 2019 but still material. The S&P Global Ratings-calculated stable funding ratio of about 78.6% at year-end 2018 should have risen gradually to about 80% in 2019, substantially up from about 30% in 2012. It remains still relatively weak because we classify group funding as wholesale and it is largely short term. KBCI's 0.5x 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 ongoing parent funding.

Over the past three or four years, group-sourced funding, including deposits from KBC Dublin branch, has fallen in absolute terms due to extensive deleveraging and because KBCI is increasing customer deposits. From year-end 2016 to year-end 2018, group funding fell by about €1.0 billion, and the reduction of the commercial funding gap will likely continue in 2020.

Chart 6

KBCI's Funding From The Group Has Fallen



Source: KBC Bank Ireland PLC.

We consider the development of a stronger, retail-focused deposit franchise to generally support the ratings. However, we give the most analytical weight to franchise-based insured deposits that are granular and balanced between current and savings accounts, as these tend to be stickier. While we expect growth of the customer deposit base to be modest, in part because of the ongoing deleveraging, we see deposit quality as a long-term development.

We view the bank's pool of eurozone government securities and ability to generate collateral from its mortgage book as supporting liquidity because these can provide access to secured funding, such as covered bonds, or contingent external sources such as monetary authorities. 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--				
(%)	2018	2017	2016	2015	2014
Core deposits/funding base	46.4	46.1	43.4	42.8	33.9
Customer loans (net)/customer deposits	197.3	198.4	215.8	219.7	278.3
Long-term funding ratio	66.8	61.7	57.4	51.7	41.8
Stable funding ratio	77.1	71.5	66.4	58.5	46.4
Short-term wholesale funding/funding base	36.9	42.5	47.5	52.8	62.2
Broad liquid assets/short-term wholesale funding (x)	0.4	0.4	0.3	0.3	0.2
Net broad liquid assets/short-term customer deposits	(44.1)	(56.1)	(130.9)	(100.8)	(313.1)
Short-term wholesale funding/total wholesale funding	68.8	78.9	83.9	88.7	91.0
Narrow liquid assets/three-month wholesale funding (x)	0.5	0.5	0.4	0.6	0.2

Support: Ratings benefit from continued strong KBC support

We apply a three-notch upward adjustment to KBCI's 'bb' stand-alone credit profile, reflecting our view that KBCI is strategically important to parent KBC. However, while KBC announced Ireland is a core market for the group and it remains highly supportive of its Irish subsidiary--including in the current phase of investment-- KBCI remains an underperformer in the context of the wider peer group. We do not consider KBCI integral to the group's long-term strategy. That said, we believe it is becoming increasingly important especially given that much of the group's digital investment is being channelled through KBCI. We therefore think that a potential sale is unlikely within the two-year outlook horizon--supported by 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 factors: None

No additional factors supported the rating.

Related Criteria

- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011

- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Banking Industry Country Risk Assessment: Ireland, Dec. 17, 2018
- KBC Group N.V., Jan. 15, 2020
-

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 February 11, 2020)*	
KBC Bank Ireland PLC	
Issuer Credit Rating	BBB/Stable/A-2
Resolution Counterparty Rating	BBB+/--/A-2
Issuer Credit Ratings History	
17-Dec-2018	BBB/Stable/A-2
08-Nov-2017	BBB-/Positive/A-3
20-Jul-2015	BBB-/Stable/A-3
Sovereign Rating	
Ireland	AA-/Stable/A-1+
Related Entities	
Ceskoslovenska Obchodni Banka A.S.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
KBC Bank N.V.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+

Ratings Detail (As Of February 11, 2020)*(cont.)	
Certificate Of Deposit	A-1
Commercial Paper	
Foreign Currency	A-1
Junior Subordinated	BBB-
KBC Group N.V.	
Issuer Credit Rating	A-/Stable/A-2
Junior Subordinated	BB+
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	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.