

## CREDIT OPINION

26 October 2022

Update



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### RATINGS

#### Groupe Crelan

Domicile	Brussels, Belgium
Long Term CRR	Not Assigned
Long Term Issuer Rating	Not Available
Type	Not Available
Outlook	Not Available

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Groupe Crelan

### Update to credit analysis

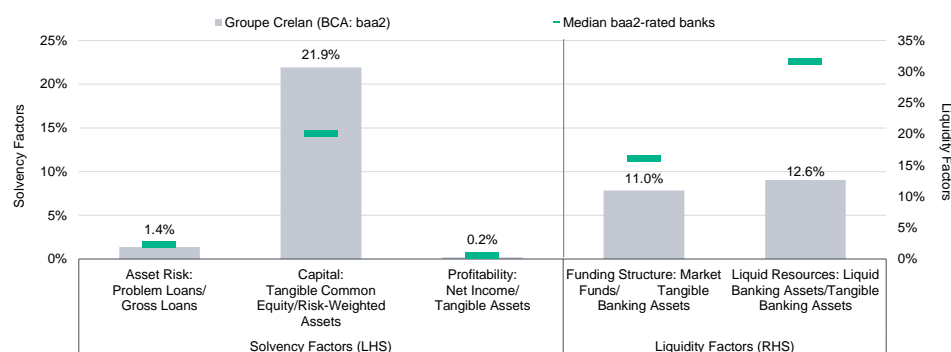
#### Summary

Crelan SA/NV's long-term deposit and issuer ratings of A3 reflect (1) the bank's Baseline Credit Assessment (BCA) of baa2; (2) one-notch uplift from our Advanced Loss Given Failure (LGF) analysis because of the low loss-given-failure of these instruments; and (3) one notch of rating uplift resulting from a moderate probability of government support in view of Crelan's likely systemic importance in Belgium.

The baa2 BCA incorporates Crelan's strong financial profile after its acquisition of [Axa Bank Belgium](#) (ABB), including low asset risk, robust capitalisation, modest but resilient profitability, and limited business diversification. The new group will also exhibit sound liquidity and funding structure. The baa2 BCA of Crelan SA/NV also reflects the bank's key role as an issuing vehicle and the strong solidarity mechanisms existing within the cooperative group under the Belgian law.

Exhibit 1

#### Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

## Credit strengths

- » Low risk profile resulting from the concentration on Belgian residential mortgages
- » Robust capitalisation with significant headroom above capital requirements
- » Large deposit base providing stable funding resources

## Credit challenges

- » Weak profitability resulting from dominance of low-margin products
- » Integration costs and operational risks linked to the acquisition of ABB
- » Commercial franchise strictly limited to the competitive Belgian retail market

## Rating outlook

The outlook on Crelan SA/NV's long-term deposit and issuer ratings is stable, reflecting our view that the bank's strong capitalisation and sound funding profile will continue to support its creditworthiness.

## Factors that could lead to an upgrade

- » An upgrade of Crelan SA/NV's BCA could result from an improvement of the new group's business diversification, reducing the share of residential mortgages in its loan book and increasing the proportion of fee and commission income derived from insurance and asset management sales.
- » The BCA could also be upgraded if (1) the group's profitability were to increase structurally while its low risk profile would be kept unchanged and (2) its capitalisation substantially increased.
- » We would upgrade Crelan SA/NV's deposit and issuer ratings if MREL-eligible debt issuance of subordinated and/or junior senior debt (senior non-preferred) resulted in lower loss-given-failure for these instruments.

## Factors that could lead to a downgrade

- » A downgrade of Crelan SA/NV's BCA could result from a deterioration of asset quality and profitability, or unexpected operational difficulties in ABB's integration, which could prompt a weakening of its capitalisation.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Key Indicators

Exhibit 2

### Groupe Crelan (Consolidated Financials) [1]

	06-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Million)	53,302.8	53,011.9	22,819.2	20,883.1	19,849.9	32.6 <sup>4</sup>
Total Assets (USD Million)	55,725.2	60,068.1	27,920.6	23,441.3	22,691.3	29.3 <sup>4</sup>
Tangible Common Equity (EUR Million)	1,939.8	1,902.2	1,273.4	1,228.1	1,129.6	16.7 <sup>4</sup>
Tangible Common Equity (USD Million)	2,028.0	2,155.4	1,558.1	1,378.5	1,291.4	13.8 <sup>4</sup>
Problem Loans / Gross Loans (%)	1.1	1.1	1.6	1.8	2.2	1.5 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	21.9	16.4	--	22.6	19.3	20.1 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	24.0	23.5	20.4	22.8	28.2	23.8 <sup>5</sup>
Net Interest Margin (%)	1.1	0.7	1.2	1.3	1.3	1.1 <sup>5</sup>
PPI / Average RWA (%)	1.3	--	--	1.2	1.5	1.3 <sup>6</sup>
Net Income / Tangible Assets (%)	0.2	1.2	0.2	0.3	0.3	0.5 <sup>5</sup>
Cost / Income Ratio (%)	82.4	69.5	77.5	78.2	72.7	76.0 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	8.5	11.0	4.9	4.5	5.1	6.8 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	15.2	12.6	17.6	13.7	14.0	14.6 <sup>5</sup>
Gross Loans / Due to Customers (%)	109.5	110.3	89.0	97.2	97.6	100.7 <sup>5</sup>

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

## Profile

Crelan is a Belgian cooperative banking group headquartered in Brussels and fully owned by around 275,000 individual cooperative shareholders. The cooperative group, constituting a "federation of credit institutions" under the Belgian law, includes (i) the cooperative company CrelanCo, issuing cooperative shares to private individuals, and (ii) Crelan SA/NV, acting as the central body and refinancing vehicle for the whole group. CrelanCo and Crelan SA/NV are both credit institutions which conduct banking activities and have loans on their balance sheets, but the daily management of CrelanCo is delegated to Crelan SA/NV's executive committee. Both CrelanCo and Crelan SA/NV book loans on their respective balance sheets, but this has no particular bearing for our analysis and only reflects historical and practical reasons.

The federation of credit institutions is governed under the Belgian law by articles 239 to 241 of the Act of 25 April 2014 on the status and supervision of credit institutions and by the rules of affiliation of the federation. Under the Belgian law, the obligations of the affiliated institution (CrelanCo) and the central institution (Crelan SA/NV) are joint and several. For regulatory purposes, CrelanCo and Crelan SA/NV are therefore considered as one reporting entity.

Crelan offers loans to individuals, professionals and farmers.

## Acquisition of ABB by Groupe Crelan

The closing of the acquisition of ABB by Belgian cooperative banking group Crelan occurred on 31 December 2021, after the transaction obtained the approval of regulatory authorities on 15 December 2021. Crelan SA/NV acquired 100% of ABB from French insurance group [AXA](#) (A2 stable) and transferred 100% of Crelan Insurance to AXA Belgium, AXA's insurance subsidiary in Belgium. Crelan and AXA also concluded a long-term distribution agreement under which Crelan will distribute AXA's property and casualty (P&C) insurance and loan insurance products in Belgium. Crelan offers life insurance savings through a partnership with [Allianz](#) (Aa3 stable) and asset management through various partnerships, notably with Amundi and AXA Investment Managers.

Groupe Crelan paid €611 million<sup>1</sup> in net cash consideration to AXA for ABB's shares and the transfer of Crelan Insurance shares (valued at €80 million) to AXA. It also purchased ABB's €90 million Additional Tier 1 which had been subscribed by AXA. These cash considerations were paid from Crelan's own resources and the issuance of subordinated debt. As part of the transaction, Crelan SA/NV issued €245 million Additional Tier 1 securities, which were bought by AXA, and €200 million Tier 2 debt, bought by external investors.

ABB added 367 retail branches to Crelan's domestic branch network.

As of end-June 2022, the consolidated group now has a network of 881 retail branches in Belgium, including 467 Crelan branches, 47 branches owned by the group selling the consumer loans of its subsidiary Europabank and 367 ABB branches. Both Crelan and ABB's branches are operated by independent agents. Total assets as of end-June 2022 amounted €53.3 billion. The group currently ranks as the fifth bank measured against market shares of deposits and residential mortgages in Belgium. We expect ABB's integration to take two years with an eventual legal merger of ABB into Crelan SA/NV, at which point we will withdraw ABB's ratings.

## Detailed credit considerations

### Crelan's asset quality is strong

Crelan's focus on lending to Belgian retail, professional and agricultural clients results in a very granular loan book and a low risk profile overall. As of year-end 2021, 84% of the consolidated loan portfolio were retail loans, the vast majority of which were housing loans (79%) and the rest were consumer loans (5%). Loans to professionals and agricultural loans represented 11% and 4% respectively of the total portfolio at the same date.

Asset quality is good, with problem loans at 1.07% of gross customer loans at end-June 2022, broadly stable from 1.06% at year-end 2021 (in this ratio, impaired loans include both stage 3 loans and those classified as "purchased or originated credit-impaired" or POCIs. POCIs correspond to the net carrying value of ABB's impaired loans). This consolidated problem ratio is slightly below Crelan and ABB's standalone problem ratios of 1.3% and 1.1% respectively at year-end 2021. The difference is due to the revaluation of ABB's loan portfolio and resetting of loan loss provisions as part of purchase accounting in the consolidated accounts under IFRS 3 (business combinations) applied in the context of the acquisition of ABB by Crelan. That being said, both Crelan and ABB's standalone problem loan ratios have been decreasing from 1.6% and 1.5% respectively at year-end 2020.

Strong asset quality is also reflected in the low cost of risk of Crelan and ABB, which excluding all specific items related to the acquisition of ABB and the sale of Crelan Insurance, was a net release of €7 million in 2021 (or around 2 basis points of average loans), down from a net charge of €42.5 million in 2020 (or around 10 basis points of average loans). Loan loss provisions at both Crelan and ABB included material amount of forward-looking provisions (stage 1 and stage 2) in 2020 in the context of the pandemic, but even then remained lower than the cost of risk of the other banks in Belgium and in the EU. Stage 1 and stage 2 provisions were partly released in 2021 as a result of improved macroeconomic scenarios, offset by some precautionary additions to provisions through management overlay. The group continued to release provisions in H1 2022 (€1.2 million on a consolidated basis).

The assigned asset risk score of a2, two notches below the macro-adjusted score of aa3 takes account of the risk of some deterioration in asset quality as a result of uncertainties related to inflation and the economic repercussions of the military conflict between Russia and Ukraine. The negative impact of inflationary pressures on mortgage borrowers' creditworthiness is to a large extent mitigated by salary indexation in Belgium as well as the fact that mortgages are essentially fixed-rate.

### Capitalisation is robust on a risk-weighted basis and above minimum requirements

Crelan's risk-weighted capitalisation is robust given its low risk profile and will help it cope with any deterioration in asset quality, beyond our current central scenario, and future regulatory requirements.

Its consolidated Common Equity Tier 1 (CET1) ratio was 20.8% at end-June 2022, materially up from 15.9% at year-end 2021 (15.65% pro-forma at year-end 2020). The improvement in the CET1 ratio comes to a large extent from the removal of the macro-prudential risk-weighted asset (RWA) add-on on Belgian real estate exposures. The National Bank of Belgium replaced this add-on by a Sectoral Systemic Risk Buffer, a new macro-prudential tool aimed at ensuring that banks have sufficient capital buffers when risks materialize in the domestic mortgage market. This Sectoral Systemic Risk Buffer was the main driver of the rise in Crelan's minimum CET1 requirement under the Supervisory Requirement and Evaluation Process (SREP) to 11.7% at end-June 2022<sup>2</sup> from 10.19% as of year-end 2021<sup>3</sup> (post-acquisition). Additionally, Crelan indicates that, as a bank supervised by the European Central Bank since the acquisition of ABB, an O-SII buffer of 0.75% will start to apply from 1 January 2023, which will further raise the CET1 regulatory requirement to 12.45%.

Crelan's regulatory leverage ratio fell to 3.7% at end-June 2022 from 4.1% at year-end 2021 as the temporary exclusion of exposure to the European Central Bank from the leverage exposure amount has been lifted. The group targets a leverage ratio of 4.1% by year-end 2024.

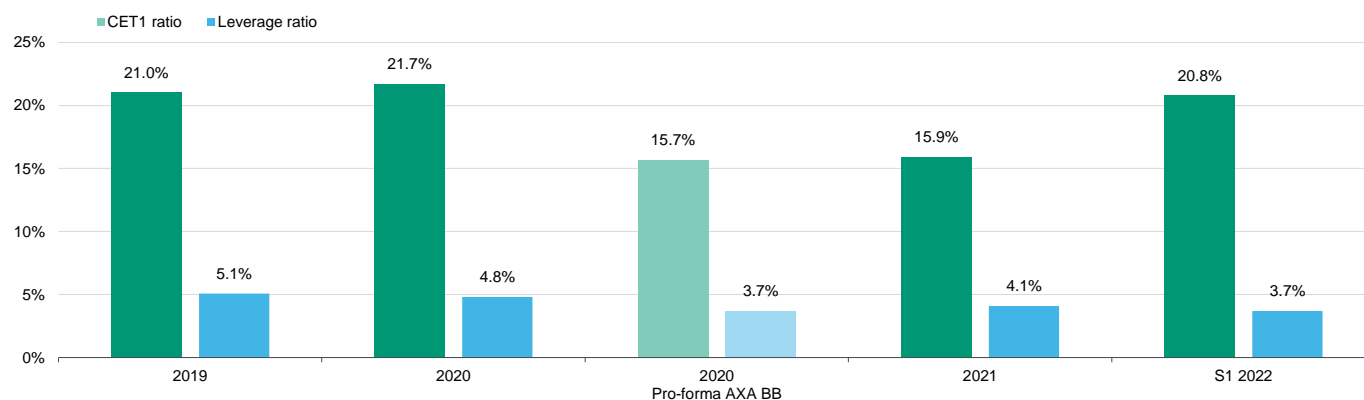
Thanks to its mutualist nature, Crelan regularly issues mutual shares in order to boost its capitalisation. The group benefited from a €25 million capital increase through issuance of mutual shares in 2020 and €53 million in 2019. Crelan would be able to boost its capitalisation if needed by tapping into ABB's 873,000 customers in order to issue new cooperative shares.

Crelan currently has about 274,000 cooperative shareholders out of its 1.8 million customers (including 873,000 from ABB), with cooperative shares worth €895 million as of year-end 2021 (49% of group CET1 capital). During the period 2017-2021, the coupon on cooperative shares was 3.0% of nominal. The payment to cooperative shareholders was therefore €26.6 million for 2021, which represented a payout of 14% of the group's recurring consolidated net income (including contribution from ABB but excluding specific items related to the acquisition of ABB and sale of Crelan insurance) and €26.2 million for 2020. The group's earnings retention is therefore high compared to Belgian peers.

The assigned capital score of a1, three notches below the macro-adjusted score of aa1, reflects the robust risk-weighted capital ratio of the group, partly offset by its relatively low leverage ratio.

Exhibit 3

### Crelan's capitalisation is robust given its risk profile and will remain solid post-acquisition of ABB



Source: Bank's reports

### Crelan's profitability is constrained by the dominance of low-margin residential mortgages

Because of the lack of scale and limited pricing power in the competitive Belgian retail market, Crelan's profitability is relatively limited and so is its ability to preserve its margins. Modest product diversification does not allow the bank to offset these effects. However, the dominance of housing loans ensures a low risk profile and provides strong earnings stability.

Crelan reported a consolidated net profit of €660 million in 2021, up from €49 million in 2020. Since ABB was acquired on 31 December 2021, Crelan's consolidated results of 2021 do not include ABB's contribution. The reported profit of 2021 is also distorted by €599 million positive impact of the recognition of the badwill following ABB's acquisition and €47 million capital gain upon the disposal of Crelan Insurance, partly offset by €30 million additional provisions recorded on ABB's loan book in the context of the closing of its acquisition by Crelan.

Excluding all the one-offs related to the transaction, the combined net profit reported by Crelan and ABB in 2021 amounted to €159 million, up 38% from €115 million in 2020. The improvement was primarily driven by the material drop in loan loss provision charges (down €49.5 million to a net release of €7 million in 2021) and to a lesser extent by €14 million (or 8%) increase in the combined pre-provision income. The rise in pre-provision income was in turn driven by a steady increase in revenues (+4.6%) as a result of sustained loan production and strong increase in fee and commission income supported by higher assets under management. The increase in revenues was partly offset by 3.6% increase in operating expenses stemming from additional expenses related to the acquisition of ABB and IT investments. Based on the combined results, the group's cost-to-income ratio was a 79% in 2021 (80% in 2020). Crelan's objective is to bring its cost-to-income ratio below 65% over the medium term, mainly through an increase in fees and commissions, strong cost controls and cost synergies expected from the merger with ABB. In the short-term, however, large integration costs will continue to weigh on the bank's profitability.

In H1 2022, the group reported a consolidated net profit of €55.9 million,<sup>4</sup> 7% down from €60.3 million combined result in H1 2021. This mainly resulted from 8% decrease in pre-provision income due to higher rise in operating expenses (+5.8%) than in revenues (+3.6%) reflecting the integration costs of ABB, higher staff costs due to wage indexation and higher bank levies.

The assigned score is adjusted down to b2 from the macro-adjusted score of b1. It incorporates the expected negative impact of ABB's integration costs as well as the expectation of some normalisation in the cost of risk from the extremely low levels reported in 2021 and H1 2022.

### The bank has a sound liquidity and funding structure

While still largely deposit-funded, Crelan's loan-to-deposit ratio somewhat deteriorated to 110% at year-end 2021 from 89% at year-end 2020 as a result of the consolidation of ABB which has a large retail customer funding deficit on a standalone basis. As a consequence, the market funds-to-tangible-banking-asset ratio increased to 11% at year-end 2021, which we still consider as low, from 4.9% at year-end 2020. The higher reliance on wholesale funding is mitigated by the fact that close to 75% of the outstanding debt as of year-end 2021 were long-term (which mainly consisted of covered bonds and to a lesser extent borrowings from the TLTRO<sup>5</sup>). The planned issuance of €2 billion junior senior unsecured debt by the end of 2023 needed to comply with the minimum requirement for own funds and eligible liabilities (MREL) of 8% of total liabilities and own funds (TLOF) will further contribute to lengthen the average maturity of the group's market funds. We also continue to believe that Crelan's deposit quality is good because they are retail by nature and very granular, providing the group with a stable funding source.

The Liquidity Coverage Ratio (LCR) and the Net Stable Fund Ratio (NSFR) were at a comfortable 200% and 149% at end-June 2022.

As of year-end 2021, 75% of the €6.7 billion on-balance-sheet liquid assets consisted of central bank deposits.

The sound liquidity and funding structure are reflected in a combined liquidity score of baa1.

### Qualitative adjustment

Crelan's baa2 BCA reflects its Financial Profile score of baa1, which, however, is adjusted downward by one notch to reflect the group's limited franchise outside residential mortgages.

## ESG considerations

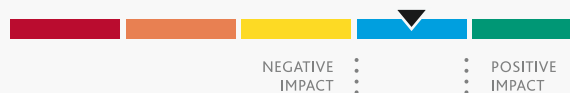
### Crelan SA/NV's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 4

#### ESG Credit Impact Score

# CIS-2

## Neutral-to-Low

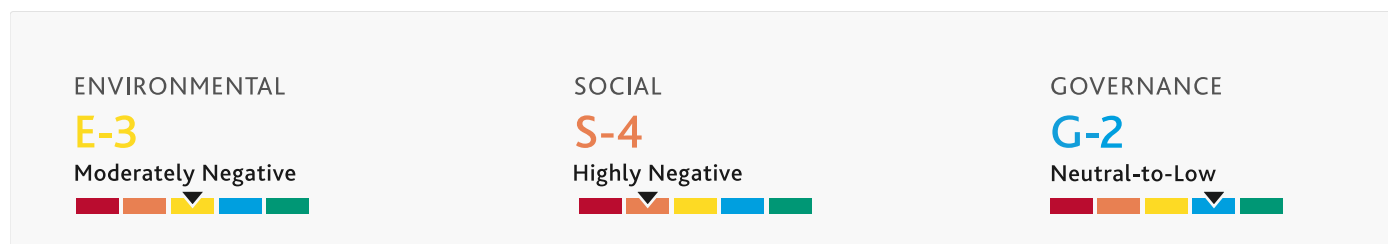


For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Crelan's ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting the limited credit impact of environmental, social factors on the rating to date. It also signals neutral-to-low governance risks despite a relatively aggressive financial strategy demonstrated through Crelan's acquisition of AXA Bank Belgium closed at the end of 2021. This is mitigated by strong track record of conservativeness in Crelan's lending and investing practices, as well as the willingness to rapidly reduce financial leverage.

Exhibit 5

**ESG Issuer Profile Scores**

Source: Moody's Investors Service

**Environmental**

Crelan faces moderate exposure to environmental risks primarily because of its exposure to carbon transition risk from its loan portfolio of small and medium-sized companies. Like its peers, Crelan is facing increasing business risks and stakeholders' pressure to meet more demanding carbon transition targets. Crelan has started directing its investment portfolio towards less carbon-intensive assets.

**Social**

Crelan faces high industrywide social risks, related to regulatory and litigation risks, requiring it to meet high compliance standards. The Belgian supervisor's focus on mis-selling and misrepresentation may result in costs, which are mitigated by developed policies and procedures. High cyber and personal data risks are also mitigated by technology solutions and organisational measures to preclude data failures.

**Governance**

Crelan faces low governance risks. Crelan's risk management policies and procedures are in line with industry best practices. Nonetheless, the bank has undergone a major acquisition, doubling its size and significantly increasing its financial leverage, which indicates a relatively aggressive financial strategy. This is mitigated by Crelan's proven track record of contained risk appetite in its lending and investment activities and by its plan to progressively reduce its financial leverage. Despite its cooperative nature which results in a specific governance set-up, Crelan has a relatively simple legal structure, reflecting its domestic retail franchise.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

**Support and structural considerations****Loss Given Failure analysis**

Crelan is subject to the European Union Bank Recovery and Resolution Directive, which we consider an operational resolution regime. We assume residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions. Because Crelan's deposits are mainly retail in nature, we assume 90% of them will be preferred (and 10% being junior) in an event of failure.

Our advanced Loss Given Failure analysis as of year-end 2021 indicates a moderate loss-given-failure for both deposits and senior unsecured debt. However, we take into account the bank's medium-term issuance programme driven by the need to meet MREL targets (including the €300 million senior non-preferred debt issued in September this year), resulting in a low loss-given-failure for these instruments and one notch of uplift from the Adjusted BCA.

**Government support**

We expect a moderate probability of government support in favour of deposits and senior unsecured debt, in view of Crelan's likely systemic importance in Belgium after its merger with ABB. This results in one notch of rating uplift.

### Counterparty Risk Ratings

#### **Crelan's CRRs are (P)A2/(P)Prime-1.**

The CRR, are positioned two notches above the Adjusted BCA of baa2 reflecting their low loss-given-failure given the high volume of instruments that are subordinated to CRR liabilities. In addition, the CRR benefit of one notch of government support uplift.

### Counterparty Risk (CR) Assessment

#### **Crelan's CR Assessment is A1(cr)/Prime-1(cr)**

The CR Assessment is positioned three notches above the Adjusted BCA of baa2, based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments. The CR Assessment also benefits from one notch of government support uplift.



## Rating methodology and scorecard factors

Exhibit 6

### Groupe Crelan

Macro Factors										
Weighted Macro Profile		Strong +	100%							
Factor		Historic Ratio	Initial Score	Expected Trend	Assigned Score		Key driver #1		Key driver #2	
Solvency										
Asset Risk										
Problem Loans / Gross Loans		1.4%	aa3	↔	a2		Expected trend			
Capital										
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		21.9%	aa1	↔	a1		Nominal leverage			
Profitability										
Net Income / Tangible Assets		0.2%	b1	↔	b2		Expected trend			
Combined Solvency Score			a2		baa1					
Liquidity										
Funding Structure										
Market Funds / Tangible Banking Assets		11.0%	a2	↔	a2					
Liquid Resources										
Liquid Banking Assets / Tangible Banking Assets		12.6%	ba1	↔	ba1					
Combined Liquidity Score			baa1		baa1					
Financial Profile					baa1					
Qualitative Adjustments					Adjustment					
Business Diversification					-1					
Opacity and Complexity					0					
Corporate Behavior					0					
Total Qualitative Adjustments					-1					
Sovereign or Affiliate constraint					Aa3					
BCA Scorecard-indicated Outcome - Range					baa1 - baa3					
Assigned BCA					baa2					
Affiliate Support notching					0					
Adjusted BCA					baa2					
Balance Sheet			in-scope (EUR Million)		% in-scope		at-failure (EUR Million)		% at-failure	
Other liabilities			8,863		16.7%		11,754		22.2%	
Deposits			41,301		78.0%		38,410		72.5%	
Preferred deposits			37,171		70.2%		35,312		66.7%	
Junior deposits			4,130		7.8%		3,098		5.8%	
Senior unsecured bank debt			743		1.4%		743		1.4%	
Dated subordinated bank debt			227		0.4%		227		0.4%	
Preference shares (bank)			245		0.5%		245		0.5%	
Equity			1,589		3.0%		1,589		3.0%	
Total Tangible Banking Assets			52,967		100.0%		52,967		100.0%	
Debt Class		De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional Preliminary
	Instrument	Sub-	Instrument	Sub-	De Jure	De Facto	Notching	LGF	Assigned	Additional Preliminary
	subordination	ordination	subordination	ordination			Guidance	notching	notching	Rating
							vs.			Assessment
							Adjusted			
							BCA			
Counterparty Risk Rating	11.1%	11.1%	11.1%	11.1%	2	2	2	2	0	a3
Counterparty Risk Assessment	11.1%	11.1%	11.1%	11.1%	3	3	3	3	0	a2 (cr)
Deposits	11.1%	3.9%	11.1%	5.3%	0	1	0	1	0	baa1
Senior unsecured bank debt	11.1%	3.9%	5.3%	3.9%	0	-1	0	1	0	baa1
Junior senior unsecured bank debt	3.9%	3.9%	3.9%	3.9%	-1	-1	-1	-1	0	baa3
Dated subordinated bank debt	3.9%	3.5%	3.9%	3.5%	-1	-1	-1	-1	0	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	2	0	a3	1	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	1	0	baa1	1	A3	A3
Senior unsecured bank debt	1	0	baa1	1	(P)A3	(P)A3
Junior senior unsecured bank debt	-1	0	baa3	0	Baa3	(P)Baa3
Dated subordinated bank debt	-1	0	baa3	0	(P)Baa3	(P)Baa3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

## Ratings

Exhibit 7

Category	Moody's Rating
<b>AXA BANK BELGIUM</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
<b>CRELAN SA/NV</b>	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A3
Senior Unsecured MTN	(P)A3
Junior Senior Unsecured -Dom Curr	Baa3
Junior Senior Unsecured MTN	(P)Baa3
Subordinate MTN	(P)Baa3
ST Issuer Rating	P-2
Other Short Term	(P)P-2

Source: Moody's Investors Service

## Endnotes

- 1 Provisional acquisition price, subject to non-material price adjustments, based on November 2021 figures.
- 2 The CET1 requirement of 11.7% at end-June 2022 is comprised of the Pillar 1 (4.5%), a Pillar 2 requirement (P2R, 1.78%), the capital conversation buffer (CCB, 2.5%) and the newly introduced sectoral systemic risk buffer of 2.92%.
- 3 The CET1 requirement of 10.19% at year-end 2021 (post-acquisition) included the Pillar 1 requirement (4.5%), a Pillar 2 requirement (P2R, 1.94%), the capital conversation buffer (CCB, 2.5%), a countercyclical buffer (CCyB) of 0.50% and a systemic risk buffer for the combined group of 0.75%.
- 4 Crelan indicates that its net profit in H1 2022 would have been €94 million if the bank levies and contribution to the single resolution fund (recorded in H1 2022 in line with IFRIC 21) had been linearized over the full year.
- 5 The outstanding amount of borrowings from the TLTRO as of end-June 2022 was €1.2 billion.

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