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Ratings

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Crelan S.A.

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Crelan S.A.

Rating Score Snapshot

Global Scale Ratings
Issuer Credit Rating
BBB+/Stable/A-2
Resolution Counterparty Rating
A-/--/A-2

SACP: bbb → **Support: +1** → **Additional factors: 0**

Anchor	a-	
Business position	Constrained	-2
Capital and earnings	Strong	+1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
BBB+/Stable/A-2
Resolution counterparty rating
A-/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Cooperative organization and solid capital position, albeit dented by the acquisition of AXA Bank Belgium (ABB).	Weak efficiency and limited earnings prospects, with the prospect of only gradually benefitting from synergies with ABB.
Set to rank No. 5 in Belgium by market share in domestic mortgages and deposits, thanks to the acquisition of ABB.	Execution risks inherent to the integration of ABB.
Low-risk loan book, predominantly made up of domestic mortgages.	Limited diversification by geography and business.
	The need to issue a sizable amount of bail-in-able debt by 2023 to meet the minimum requirement for own funds and eligible liabilities (MREL).

We see Crelan's business diversification as limited compared with that of the universal banks that dominate the Belgian market. However, we factor in the fact that, with the acquisition of ABB, Crelan is building a retail bank with greater scale in the concentrated domestic market and in a better position to gain diversification in the professional sector. Crelan already has a leading franchise in the Belgian agricultural sector.

Crelan benefits from recurring revenue, which is typical of its retail activities, but the group's profitability, and in particular its cost efficiency, are weak. We believe that the integration of ABB will over time generate material cost synergies and will help Crelan improve its operating-cost efficiency, but only in the longer term.

We see the group's capitalization as a rating strength, despite lower leverage and capitalization following the acquisition of ABB. We forecast that Crelan's S&P Global Ratings-adjusted risk-adjusted capital (RAC) ratio will remain in the 12.5%-13.5% range in the coming two years.

Crelan has a low-risk retail profile, with concentration on a single economy and on mortgage loans. The group enjoys a favorable loan-loss track record, with a cost of risk below 10 basis points (bps), including in 2020. Nonperforming loans (NPLs) are low and adequately provisioned, in our view.

In 2023, Crelan aims to issue €1.2 billion in senior nonpreferred debt to build its subordinated MREL. We see this as a sizable amount to execute considering that the bank has only started building its buffer by issuing €300 million of senior nonpreferred (SNP) notes in 2022, instead of the €1 billion originally planned, and another €500 million of SNP notes in January 2023.

Due to its nature and scale, the integration of ABB entails execution risks. We consider that important medium-term challenges could stem from blending two corporate cultures and two large sets of branches, and from integrating and modernizing information technology (IT) systems.

Outlook

The stable outlook on Crelan reflects our view that, within the coming two years, the group will focus on integrating ABB with the aim of building a stronger, more efficient franchise, while maintaining strong solvency and resilient asset-quality metrics. Although ABB's integration could create a retail group with greater scale in the concentrated domestic market, we believe that the process poses challenges, notably blending corporate cultures, large branch networks, and IT systems, while enhancing digital capabilities. As a result, we think that synergies and improvements in profitability could be gradual. The stable outlook also reflects our view that challenging market conditions could delay Crelan's progress with its ambitious issuance plans.

Upside scenario

We could raise our long-term rating on Crelan and ABB if the group continues to build its additional loss-absorbing capacity (ALAC) and we are confident that its ALAC buffer will sustainably exceed the 8% threshold for the second notch of support.

In time, we could also revise up the 'bbb-' stand-alone credit profile, and so raise all issuer credit and issue level ratings, if Crelan successfully integrates ABB, realizes material synergies, and aligns its profitability and efficiency metrics more closely with those of higher-rated peers.

Downside scenario

We could lower our rating if the integration of ABB poses substantial operating or business challenges that prevent the bank from a profitability turnaround.

Key Metrics

Crelan S.A.--Key Ratios And Forecasts

	--Fiscal year ended Dec.31--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	(3.6)	0.6	68.2-83.3	9.3-11.4	8.1-9.9
Growth in customer loans	0.7	154.8	5.4-6.6	2.7-3.3	2.7-3.3
Net interest income/average earning assets (NIM)	1.4	0.8	1.1-1.2	1.2-1.3	1.3-1.4
Cost to income ratio	80.4	85.1	75.7-83.1	73.4-80.6	71.3-78.3
Return on assets	0.2	0.0	0.1-0.2	0.2-0.2	0.2-0.2
New loan loss provisions/average customer loans	0.1	0.07	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	3.2	2.5	2.3-2.7	2.3-2.7	2.3-2.7
Risk-adjusted capital ratio	13.7	12.8	12.4-13.2	12.8-13.6	13.1-13.9

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' For Banks Operating Only In Belgium

S&P Global Ratings classifies the banking sector of Belgium (unsolicited ratings AA/Stable/A-1+) in group '2' under its Banking Industry Country Risk Assessment (BICRA) methodology. We rank BICRAs on a 1-10 scale, where group '1' represents the lowest economic and industry risks. Peer countries in BICRA group '2' are Finland, Germany, Luxembourg, Canada, Sweden, Switzerland, and Norway. We also include France and The Netherlands in the peer group, although these countries' banking systems are in BICRA group '3', due to some similarities among the banking systems. We use our BICRA economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating under our bank criteria. The anchor for banks operating predominantly in Belgium is 'a-'.

We see the Belgium's economy as a small, open, economy, well integrated in global supply chains. This is why we expect GDP growth to be close to 0% in 2023, on the back of a general deterioration of the global and eurozone economic environment. That said, we continue to see Belgium's economic prospects as solid in the medium term and expect GDP to rebound to 1.8% in 2024 and 2.0% in 2025, mostly driven by household consumption(supported by the domestic wage indexation mechanism), business investments, and the implementation of some structural reforms by local authorities, which should support the economic activity further. In this context, we do expect Belgium-based banks' cost-of-risk to likely increase above the normalized 20 bps in 2023 and mostly be linked to corporate exposures. However, at this stage, we believe that this increase in domestic banks' cost-of-risk will still remain manageable, thanks to robust capital levels and part of the COVID-19 provisions already converted to address the ongoing economic uncertainty. In addition, private-sector debt, especially in the corporate sector, remains at the lower end of the peer spectrum. The buildup of households' debt should further slow-down in 2023 due to the increasing interest rates and lower consumer confidence, and with that, housing prices. House prices should report negative growth of about 2% in 2023 in nominal terms but normalize from 2025, as the economy recovers.

Regarding industry risk, we consider that the Belgian banking system's ample domestic deposits to be a key strength. These stem from strong household wealth that are in excess of domestic loans. We expect net interest income to increase, benefiting from interest rate rise, and to mitigate partly operating costs growth due to high inflation and the continuation of investment in digitalization. Efficiency improvements and diversification of revenue from the bancassurance business model, as well growing fees from asset management activities remain important to banks' ability maintain profits. The four largest banks maintain stable domestic market shares, which underpin industry stability. Regulatory standards are, in our opinion, in line with those of Western European peers. As for most eurozone countries, we view the Belgian government's propensity to support the banking system as uncertain since the implementation of the European Banking Recovery and Resolution Directive on Jan. 1, 2016.

Business Position: Set To Rank No. 5 In Domestic Retail Banking; Cost Efficiency Will Improve Gradually

We view Crelan's business position as weaker than that of the universal banks that dominate the Belgian market, notably reflecting its limited business diversification. In addition, Crelan has unfavorable operating efficiency compared with BNP Paribas Fortis SA/NV, Argenta Spaarbank N.V., Belfius Bank SA/NV, and KBC Group N.V.

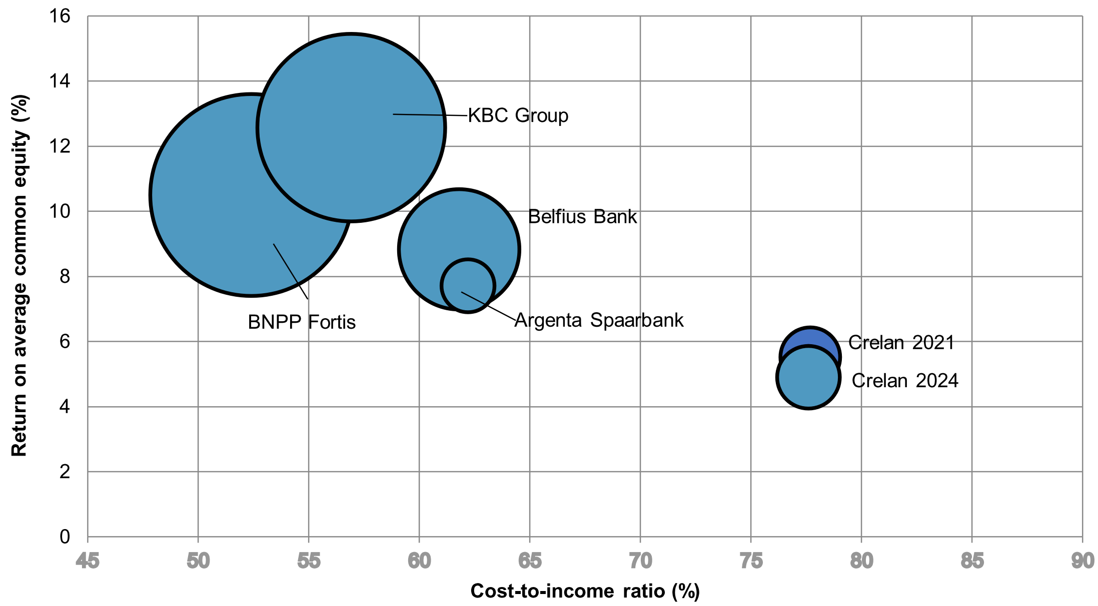
However, with the addition of ABB, the group's retail operations gained in size compared with its direct peers in Belgium, leading it to rank No. 5 by market share in Belgian loans and deposits. We expect some synergies to materialize progressively.

The overwhelming part of Crelan's business is in domestic mortgages, which represented 81% of its total customer loans at half year 2022. Crelan has a 13% market share in domestic mortgages. Furthermore, Crelan also enjoys a leading franchise in the Belgian agricultural sector and is active in lending to professionals. The group generates stable and recurring revenue from its loan book, and we foresee potential revenue synergies from insurance distribution, asset management, and professional loans across its own historical and ABB's networks.

Crelan also benefits from ABB's expertise in digital services and refinancing know-how, and from cost optimization resulting from its integration. However, although we expect some cost synergies, we forecast that our measure of Crelan's recurring cost-to-income ratio will only improve incrementally from our estimate of 77.7% in 2021 pro forma the acquisition (see chart 1), and will still stand above 75% in 2024.

Chart 1

Crelan Group Has Poor Efficiency Compared With Its Peers



Bubble size represents revenue. Cost-to-income ratio excludes one-off costs. Return on average common equity includes one-off costs. Data are for 2021, except Crelan 2024. Crelan 2021 is pro forma the acquisition of ABB, which closed Dec. 31, 2021 and Net Profit is adjusted from extraordinary income. Crelan 2024 reflects S&P Global Ratings' forecast for the Crelan group in 2024. ABB--AXA Bank Belgium.
Source: S&P Global Ratings.

Furthermore, we believe that due to its nature and scale, the integration of ABB comes with challenges. The group will need to facilitate the emergence of a blended culture and move to operating all branches under a common brand. Also, we expect that integrating and modernizing IT systems and enhancing digital capabilities will be demanding, particularly because some banks in Belgium already have best-in-class digital capabilities.

Alternatively, Crelan's creditworthiness could be supported in the longer term by delivering on ABB's integration, associated synergies, and cost-cutting targets.

Capital And Earnings: Cooperative Status, But The Acquisition Of ABB Has Reduced Capitalization

We see Crelan's capitalization as a rating strength because we forecast a RAC ratio at 12.5%-13.5% until 2024. We believe that Crelan will benefit from rising interest rates, recurring revenue, and a low but increasing cost of risk, but that profitability and retained earnings will still be constrained by poor recurring cost efficiency.

At year-end 2021, our RAC ratio for the group--that is, including ABB--settles at 12.83% (see table 4), in the middle of our strong assessment category (10%-15%). In line with our forecast, the acquisition of ABB reduced Crelan's capital metrics (RAC of 13.7% at year-end 2020) without modifying our view factoring the acquisition into our central scenario since 2019. We expect Crelan to issue new cooperative shares, including through ABB branches, which will maintain Crelan's strong capital position.

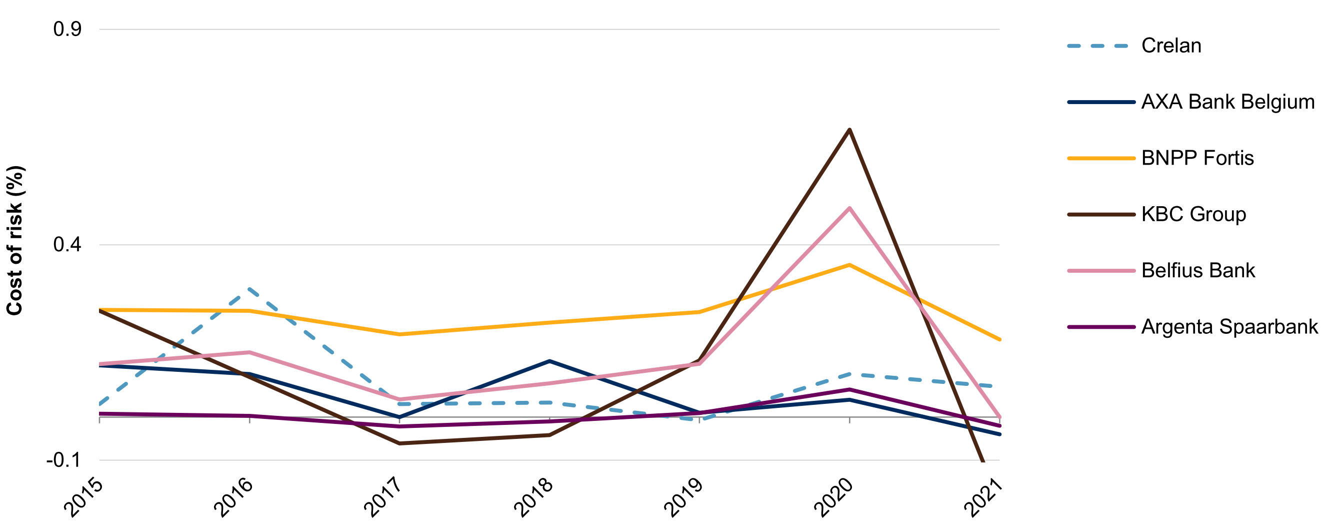
We believe that it will be important for Crelan to expand its franchise and gradually derive synergies to support its profitability. In our 2023-2024 projections, we assume average annual growth of the loan book of 3%, and strong revenue growth thanks to raising interest rates, albeit generating headwinds in noninterest expenses and cost of risk. Based on these assumptions, we project that the group will generate net income of €80 million-€120 million annually over 2022-2024. Our projections also reflect our expectation of a stable payout on cooperative shares of around €30 million annually, corresponding to 3% of the shares' nominal value.

Risk Position: Purely Domestic Player Focused On Mortgages

Our assessment balances Crelan's concentration on a single economy and on mortgage loans, an asset class that we see as low-risk in Belgium, and its low risk profile with a good loan-loss track record (see chart 2).

Chart 2

Crelan Group Has A Track Record Of A Very Low Cost Of Risk



Crelan group did not include ABB before end-2021. Source: S&P Global Ratings.

Housing loans make up 81% of Crelan's loan book as of June 30, 2022. Agricultural and consumer loans each stand for 4% of the total loans, while corporate loans, mainly to small and midsize enterprises(SMEs) make up around 11% of the portfolio. We expect that those portfolios will continue to perform well, even if worsening economic forecast will put some pressure on SMEs and consumer finance lending.

As of year-end 2021, we estimated the proportion of our measure of NPLs at 2.5% of total gross customer loans, and coverage by loan-loss provisions at about 31%, which we see as adequate considering the bank's asset and risk profile. However, stage 3 provisions only cover 17% of stage 3 and purchased or originated credit-impaired loans, which is low, in our view. We expect the NPL ratio to remain at 2%-3% as underwriting conditions are likely to remain steady.

Our assessment factors in the necessary catch-up measures that Crelan will have to take in terms of nonfinancial risks, like compliance and anti-money laundering. Although neither Crelan nor ABB has suffered setbacks on these risks so far, they are gaining in importance, including for the regulator.

Funding And Liquidity: Largely Deposit Funded But Reliance On Market Debts Expected To Increase

We view Crelan's funding and liquidity profile as neutral for the rating. As of year-end 2020 (before the acquisition of ABB), we measured loans to deposits at 85% at Crelan and 113% at ABB. As of June 30, 2022, Crelan (integrating ABB) represents a lower funding level with a 110% loan-to-deposit ratio. Our measure of the long-term funding ratio and the regulatory net stable funding ratio remain resilient at 99% and 149%, respectively, thanks to the very low dependency on short-term wholesale funding. Core deposits, which we believe are very stable considering the banks' solid retail franchises and long histories in the Belgium market, still represent 85% of Crelan's funding base as of June 30, 2022 (97% in 2020).

We believe that Crelan benefits from ABB's refinancing expertise and diversification, including the use of covered bonds, which is a stable source of funding. Crelan issued additional tier 1 and tier 2 instruments at the end of 2021 and launched its first SNP issuance in 2022 with a large SNP issuance program for 2023. Crelan's issuance program led to €300 million and €500 million SNP issuance in 2022 and January 2023. We therefore expect its reliance on wholesale funding to increase significantly and rapidly in the next two years.

Support: One Notch Of Uplift For ALAC Support

Crelan plans to issue a sizable €2 billion in SNP debts to comply with its MREL, which will be applicable by year-end 2023. So far Crelan is behind in its plans to build its bail-in-able buffer, with only €300 million of SNP issued in 2022 (against our expectation of €1 billion) and €500 million of SNP issued in January 2023. We estimate the group's proforma ALAC ratio at 579 bps at year-end 2022.

We qualitatively adjusted our thresholds for one notch of ALAC uplift on Crelan to 400 bps (800 bps for two notches of uplift) because we expect the bank's issuance plan to entail atypical maturity concentration.

Crelan currently has a MREL shortfall against the year-end 2023 requirement of about €0.9 billion. If the group achieves its plans, the ALAC buffer could reach the 800 bps threshold for a second notch of support. Given challenging market conditions and no regulatory requirement to issue subordinated MREL-eligible debt, Crelan could switch to senior preferred debt issuance and potentially reduce its planned issuances by €300 million to manage its cost of funding.

We understand the group's preferred resolution strategy is evolving to an open bank bail-in, with the possibility of a transfer of business as an alternative. This evolution should be supportive of the full and timely payment of the senior preferred creditors of Crelan S.A. and ABB if they became nonviable.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis of Crelan. Governance factors are important, though, as local cooperative banks are credit institutions whose equity capital is held by members who are also customers. Such local roots support Crelan's competitive position within the retail and agricultural segments, as well as its focus on sustainability.

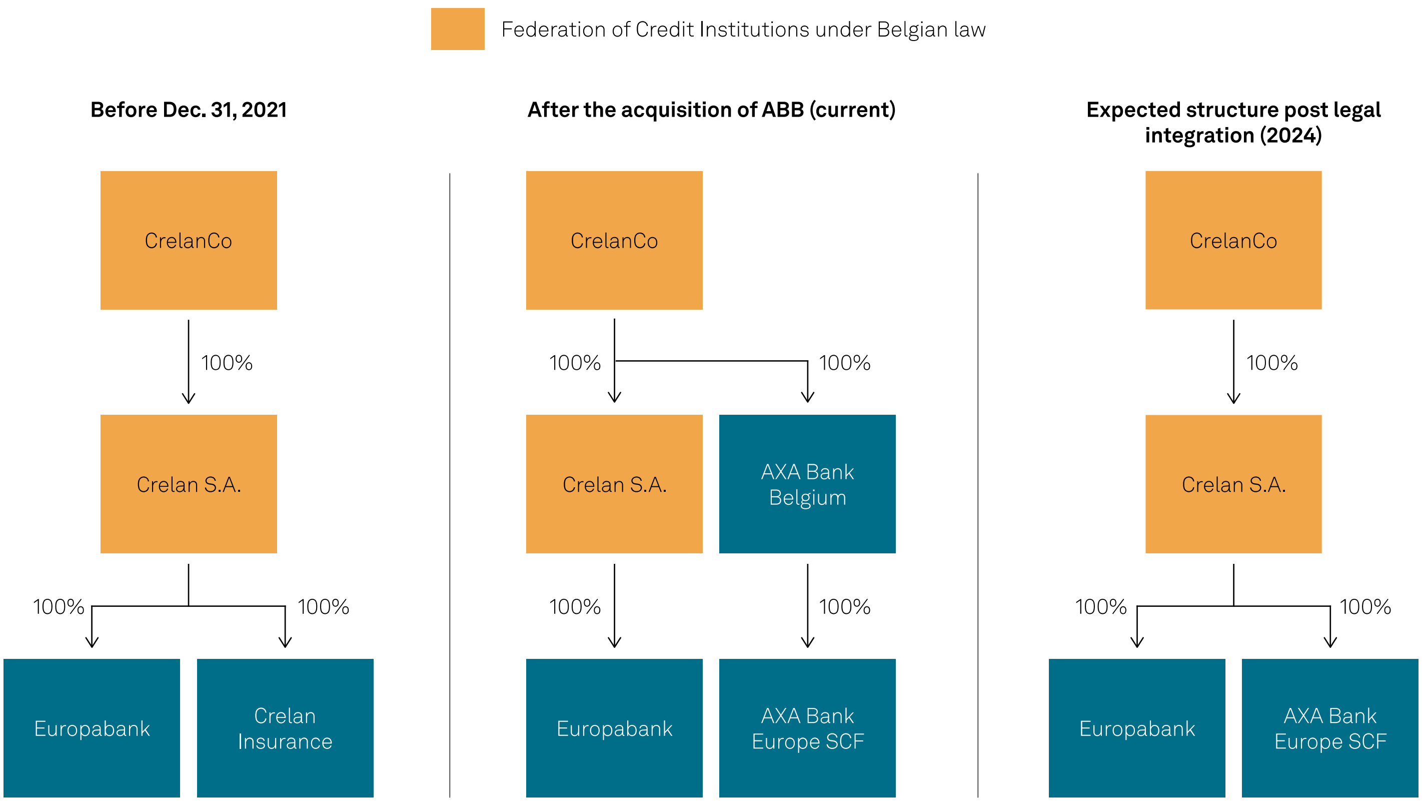
Group Structure

Crelan S.A. is the central institution of the Belgian banking federation Crelan, of which CrelanCo is the 100% cooperative shareholder. Europabank is the consumer credit specialist subsidiary of the Crelan group. On Dec. 31, 2021, CrelanCo acquired ABB from the AXA group for €611 million in cash. As part of the same transaction, Crelan transferred its subsidiary Crelan Insurance to AXA (see chart 3).

We see ABB as having core strategic importance to the group, and equalize our ratings on ABB with those on its parent. Although we believe it will take time, we factor in the fact that ABB will be merged with Crelan in 2024 and will become integral to the group's business. Furthermore, the long-term insurance-distribution agreement with the AXA group, agreed along with the transfer of ABB, will support the latter's strategic importance to Crelan.

Chart 3

Crelan Group Organizational Structure Chart



Source: S&P Global Ratings.

Resolution Counterparty Ratings (RCRs)

We have assigned 'A-/A-2' RCRs to Crelan S.A. because we assess the resolution regime to be effective in Belgium, and think that the bank is likely to be subject to a resolution that entails a bail-in if it reaches nonviability. An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institution. We position the long-term RCR up to one notch above the long-term issuer credit rating (ICR) when the ICR ranges from 'BBB-' to 'A+' inclusive.

Key Statistics

Table 1

Crelan S.A.--Key Figures

		--Year ended Dec. 31--			
(Mil. €)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Adjusted assets	53,260.0	52,967.4	22,783.3	21,562.7	20,412.1

Table 1

Crelan S.A.--Key Figures (cont.)

		--Year ended Dec. 31--			
(Mil. €)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Customer loans (gross)	46,983.6	45,429.4	17,828.2	17,705.4	16,755.6
Adjusted common equity	1,909.1	1,860.8	1,190.1	1,148.6	1,071.2
Operating revenues	372.8	420.2	417.6	433.4	418.0
Noninterest expenses	305.3	357.4	335.9	348.0	321.4
Core earnings	45.8	16.2	51.0	70.8	71.9

YTD--Year till date.

Table 2

Crelan S.A.--Business Position

		--Year ended Dec. 31--			
(%)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	372.8	420.2	417.6	433.4	418.0
Retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	5.7	40.5	3.8	5.8	5.7

YTD--Year till date.

Table 3

Crelan S.A.--Capital And Earnings

		--Year ended Dec. 31--			
(%)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	23.6	18.0	21.7	21.0	17.8
S&P Global Ratings' RAC ratio before diversification	N/A	12.8	13.7	14.3	N/A
Adjusted common equity/total adjusted capital	88.6	88.4	100.0	100.0	100.0
Net interest income/operating revenues	79.6	61.0	63.8	63.4	63.5
Fee income/operating revenues	8.4	30.8	26.4	22.9	24.0
Market-sensitive income/operating revenues	6.3	1.6	1.8	0.9	1.1
Cost to income ratio	81.9	85.1	80.4	80.3	76.9
Preprovision operating income/average assets	0.3	0.2	0.4	0.4	0.5

YTD--Year till date. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

Crelan S.A.--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	6,117,080,173.2	1,017,306.5	0.0	36,504,013.4	0.6
Of which regional governments and local authorities	127,857,477.9	0.0	0.0	4,602,869.2	3.6
Institutions and CCPs	2,035,803,901.0	313,928,697.9	15.4	328,882,125.2	16.2

Table 4

Crelan S.A.--Risk-Adjusted Capital Framework Data (cont.)					
Corporate	1,911,517,634.4	883,040,287.1	46.2	1,268,557,667.5	66.4
Retail	45,251,660,466.8	5,209,458,499.4	11.5	12,292,169,575.7	27.2
Of which mortgage	41,121,083,806.2	3,933,785,229.2	9.6	9,566,433,098.8	23.3
Securitization§	518,127,772.5	77,719,165.9	15.0	103,625,554.5	20.0
Other assets†	999,743,652.3	489,131,864.8	48.9	1,085,947,474.2	108.6
Total credit risk	56,833,933,600.2	6,974,295,821.6	12.3	15,115,686,410.4	26.6
Credit valuation adjustment					
Total credit valuation adjustment	--	41,551,663.6	--	0.0	--
Market risk					
Equity in the banking book	34,094,915.1	66,286,575.7	194.4	294,827,013.2	864.7
Trading book market risk	--	16,012,856.3	--	24,019,284.5	--
Total market risk	--	82,299,432.0	--	318,846,297.7	--
Operational risk					
Total operational risk	--	1,125,527,922.8	--	977,011,520.0	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	11,602,420,677.6	--	16,411,544,228.1	100.0
Total diversification/ Concentration adjustments	--	--	--	4,251,255,553.5	25.9
RWA after diversification	--	11,602,420,677.6	--	20,662,799,781.7	125.9
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2,085,437,353.2	18.0	2,105,175,694.0	12.8
Capital ratio after adjustments‡		2,085,437,353.2	18.0	2,105,175,694.0	10.2

*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, 2021, S&P Global Ratings.

Table 5

Crelan S.A.--Risk Position					
		--Year ended Dec. 31--			
(%)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Growth in customer loans	6.8	154.8	0.7	5.7	1.3
New loan loss provisions/average customer loans	(0.0)	0.1	0.1	(0.0)	0.0
Gross nonperforming assets/customer loans + other real estate owned	1.1	2.5	3.2	2.1	2.6
Loan loss reserves/gross nonperforming assets	29.7	13.5	25.1	38.0	36.6

YTD--Year till date.

Table 6

Crelan S.A.--Funding And Liquidity					
		--Year ended Dec. 31--			
(%)	**YTD June 2022**	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	85.5	82.1	97.5	99.2	99.2
Customer loans (net)/customer deposits	109.9	109.6	85.2	91.0	90.3
Long-term funding ratio	99.5	99.4	99.9	99.9	99.8
Stable funding ratio	103.2	107.6	117.3	109.1	109.6
Short-term wholesale funding/funding base	0.6	0.6	0.1	0.1	0.2
Regulatory net stable funding ratio	149.3	N/A	N/A	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	20.2	14.5	223.8	127.4	61.1
Broad liquid assets/total assets	10.5	8.7	13.1	9.1	9.8
Regulatory liquidity coverage ratio (LCR) (x)	199.8	N/A	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	3.7	3.5	2.5	9.8	22.1

YTD--Year till date. N/A--Not applicable.

Crelan S.A.--Rating Component Scores	
Issuer Credit Rating	**BBB+/Stable/A-2**
SACP	bbb
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Constrained
Capital and earnings	Strong
Risk position	Moderate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

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

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- 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: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: January 2022, Jan. 28, 2022
- The Top Trends Shaping European Bank Ratings In 2022, Jan. 31, 2022
- Ratings On Two Belgium-Based Financial Institutions Affirmed Under Revised Criteria; Outlooks Stable, Jan. 26, 2022
- ESG Credit Indicator Report Card: EMEA Banks, Jan. 19, 2022
- AXA Bank Belgium Downgraded To 'BBB+' From 'A-', Off Watch On Acquisition By Crelan; Crelan 'BBB+/A-2' Ratings Affirmed, Jan. 4, 2022
- Two Belgian Bank Outlooks Revised To Stable On Economic Recovery As Pandemic-Related Problem Loans Loom, June 24, 2021
- Belgian Bank Crelan S.A. Assigned 'BBB+/A-2' Ratings; Outlook Negative, Dec. 21, 2020

Ratings Detail (As Of February 27, 2023)*	
Crelan S.A.	
Issuer Credit Rating	BBB+/Stable/A-2
Resolution Counterparty Rating	A-/--/A-2
Issuer Credit Ratings History	
24-Jun-2021	BBB+/Stable/A-2
21-Dec-2020	BBB+/Negative/A-2
Sovereign Rating	
Belgium	AA/Stable/A-1+

*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.