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CREDIT OPINION
21 November 2024

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

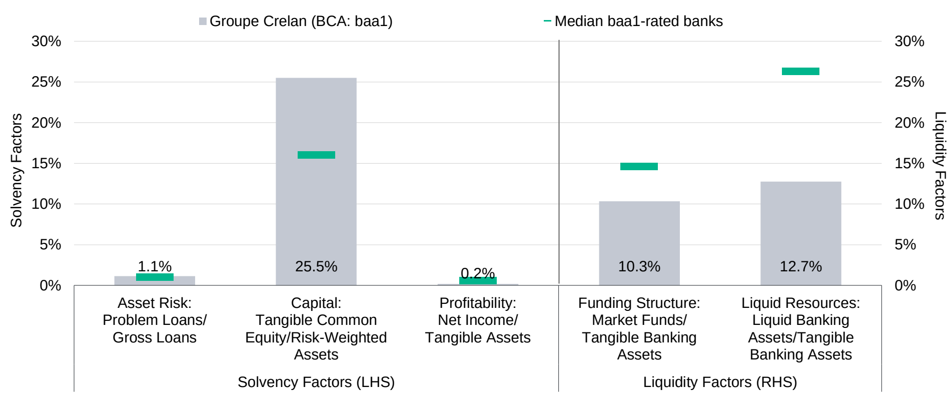
Update following rating action

Summary

Crelan SA/NV's long-term deposit of A1 and issuer rating of A2 reflect (1) the bank's Baseline Credit Assessment (BCA) of baa1; (2) an uplift from our Advanced Loss Given Failure (LGF) analysis of two notches and one notch respectively reflecting the very low and low loss-given-failure of the respective 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.

Crelan's baa1 BCA reflects its low asset risk, robust capitalization, modest but resilient profitability, and sound funding structure and liquidity. These strengths are partly offset by its limited business diversification.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» Low asset risk profile resulting from the focus on the Belgian retail market

» Robust capitalisation with significant headroom above capital requirements

» Modest but resilient profitability commensurate with the group's low risk profile

» Large and granular deposit base providing stable funding resources

Credit challenges

» Commercial franchise focused on the competitive Belgian mortgage market

Rating outlook

The outlook on Crelan SA/NV's long-term issuer rating is stable, reflecting our view that asset quality and profitability will remain resilient and that the bank will preserve a sound level of capital and liquidity.

The outlook on the long-term deposit rating is negative and reflects the negative outlook on the rating of the government of Belgium. If the sovereign rating were downgraded, the moderate government support assumption will likely no longer result in any support uplift for deposits as is typically the case when such support would lead bank ratings to be in line with or above the sovereign debt rating.

Factors that could lead to an upgrade

» Although unlikely in the short-term, the BCA could be upgraded if Crelan's asset risk and capital, including its leverage ratio were to improve substantially. An upgrade of the BCA would result in an upgrade of all the long-term ratings except for the long-term deposit ratings.

» The long-term issuer rating could also be upgraded if further MREL-eligible debt issuance of subordinated and/or junior senior debt were to result in lower loss-given-failure for the instrument.

Factors that could lead to a downgrade

» The BCA could be downgraded if Crelan's asset quality, capital or profitability were to materially decline or if its funding structure or liquidity were to deteriorate. A downgrade of the BCA would result in a downgrade of all the long-term ratings and the short-term issuer rating.

» A downgrade of the long-term deposit rating could also result from a downgrade of the rating of the government of Belgium, or if its loss-given-failure were to increase as a result of a decrease in subordinated instruments.

Key Indicators

Exhibit 2

Groupe Crelan (Consolidated Financials) [1]

	06-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	56,693.1	53,988.0	53,842.3	53,011.9	22,819.2	29.7[4]
Total Assets (USD Million)	60,761.0	59,638.1	57,463.0	60,068.1	27,920.6	24.9[4]
Tangible Common Equity (EUR Million)	2,338.5	2,214.6	2,003.3	1,902.2	1,273.4	19.0[4]
Tangible Common Equity (USD Million)	2,506.2	2,446.4	2,138.1	2,155.4	1,558.1	14.5[4]
Problem Loans / Gross Loans (%)	1.1	1.0	1.1	1.1	1.6	1.2[5]
Tangible Common Equity / Risk Weighted Assets (%)	25.5	26.3	22.5	16.4	--	22.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	21.8	19.7	24.7	23.5	20.4	22.0[5]
Net Interest Margin (%)	1.5	1.8	1.3	0.7	1.2	1.3[5]
PPI / Average RWA (%)	1.8	4.4	2.2	--	--	2.8[6]
Net Income / Tangible Assets (%)	0.2	0.4	0.3	0.1	0.2	0.2[5]
Cost / Income Ratio (%)	82.3	64.0	72.5	69.5	77.5	73.1[5]
Market Funds / Tangible Banking Assets (%)	10.8	10.3	9.6	11.0	4.9	9.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	16.2	12.7	16.1	12.6	17.6	15.1[5]
Gross Loans / Due to Customers (%)	112.4	114.8	112.0	110.3	89.0	107.7[5]

[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 Ratings and company filings

Profile

Crelan is a Belgian cooperative banking group headquartered in Brussels and fully owned by 289,519 individual cooperative shareholders. The cooperative group, constituting a “federation of credit institutions” (referred to in the rest of the report as the federation) 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.

The group offers loans and deposit products to individuals, professionals and farmers. It also offers insurance and asset management products through various partnerships[1] On 31 December 2021, Crelan SA/NV acquired 100% of ABB from French insurance group AXA (A2 stable). Concurrently, Crelan 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 distribute AXA's property and casualty (P&C) insurance and loan insurance products in Belgium.

After a 2.5 year integration process, the merger by absorption of ABB into Crelan SA/NV was completed on 10 June 2024 and ABB has ceased to exist. Since the merger, the former ABB's activities are carried out under the Crelan brand. Data migration of the customers and branches from ABB's systems to those of Crelan and the digital re-onboarding of the customers to Crelan's platform were executed concurrently.

As of end-June 2024, the consolidated group has a network of 770 retail branches in Belgium (down from 792 as of year-end 2023), including 723 Crelan branches and 47 branches owned by its subsidiary Europabank. Crelan's branches are operated by independent agents. Total consolidated assets as of end-June 2024 amounted to €56.7 billion. The group currently ranks as the fifth bank measured against market shares of deposits and residential mortgages in Belgium.

Detailed credit considerations

Crelan's asset quality is strong

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 subdued economic growth outlook. 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.

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 end-June 2024, 83% of the outstanding loans to customers were retail loans, the vast majority of which were housing loans (around 79%). Loans to professionals and agricultural loans represented 12% and 4% respectively of the loan portfolio as of the same date. The consolidated loan book amounted to €49.1 billion at end-June 2024 (excluding loans to credit institutions).

Similar to other European markets, transaction volumes in the Belgian mortgage market have dropped by close to 40% compared to recent peak years and are now back to pre-2019 levels. Growth in house prices have also materially decelerated from the strong rise between 2019 and 2021. Crelan's retail loan production has followed the same trend with a drop of around 25% in 2023 compared to 2022 and a further 5% in H1 2024 compared to the same period in 2022. Although stabilizing since the beginning of the year, the origination of loans to entrepreneurs and SMEs were also down by 10% and 17% respectively in 2023. As a result of the slowdown in new origination, the increase in Crelan's loan book has been relatively limited over the past 1.5 years with a growth of 1.1% in H1 2024 and 2.6%% in full-year 2023, down from 4.5% in 2022 and 7.1% in 2021.

Asset quality is good, with problem loans at 1.1% of gross customer loans at end-June 2024, broadly stable from the previous years (year-end 2023: 1%; year-end 2022: 1.1%). [2] As of the same date, the stage 3 ratio was 1% within the retail portfolio and 2.2% in the rest of the portfolio. We believe that these stage 3 ratios calculated on the consolidated loan portfolio of the group are somewhat higher than those on Crelan's standalone portfolio because of the higher risk profile of Europabank's customers.

Europabank is a fully-owned subsidiary of Crelan specialised in consumer loans, mortgages, leasing and other banking and payment services to a niche client base of individuals and SMEs with typically a lower credit profile than the group's core customers. Europabank's stage 3 ratio was 3% at year-end 2023, down from 5.4% at year-end 2022 (the peak over the past four years was 8.4% at year-end 2019). Although growing, Europabank's loan book is still very small relative to Crelan's aggregate loan book (€1.6 billion or 3.2% of Crelan's consolidated loans as of year-end 2023). Additionally, Europabank's revenues are commensurate with its risk profile, as reflected by its ability to consistently generate a return on asset exceeding 2% (net profit divided by outstanding loan book) since 2019 despite loan loss provisioning charges ranging from 39 basis points of gross loans (2022) to 107 basis points over the period to year-end 2023.

The group's stage 2 ratio was 8.1% at end-June 2024, broadly stable from year-end 2023 (8.3%) but down from year-end 2022 (9.6%).

Strong asset quality is also reflected in low cost of risk of 7 basis points of average loans in H1 2024 and 9 basis points in full-year 2023. At end-June 2024, the total stock of loan loss provisions of €235 million,[3] 41% of which were forward-looking provisions (stage 1 and stage 2), covered 42% of stage 3 loans.[4] These provisions include management overlay of €33 million at the level of Crelan and €9 million at the level of Europabank.

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

The assigned capital score of aa3, two 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.

Crelan's consolidated Common Equity Tier 1 (CET1) ratio was 24.2% at end-June 2024 (year-end 2023: 25.5%; year-end 2022: 21.3%). The ratio is well above its minimum CET1 requirement of 11.26% under the Supervisory Requirement and Evaluation Process (SREP), comprised of the Pillar 1 requirement (4.5%), the Pillar 2 requirement (1.69%), the capital conversation buffer (2.5%), the sectoral systemic risk buffer[5] (1.3%), the other systemic institution buffer[6] (O-SII, 0.75%) and the countercyclical buffer (CCyB, 0.52%). The CCyB increased to 1% since 1 October 2024.

Crelan's regulatory leverage ratio was 4.3% at end-June 2024, stable from year-end 2023 and higher than 3.9% at year-end 2022.

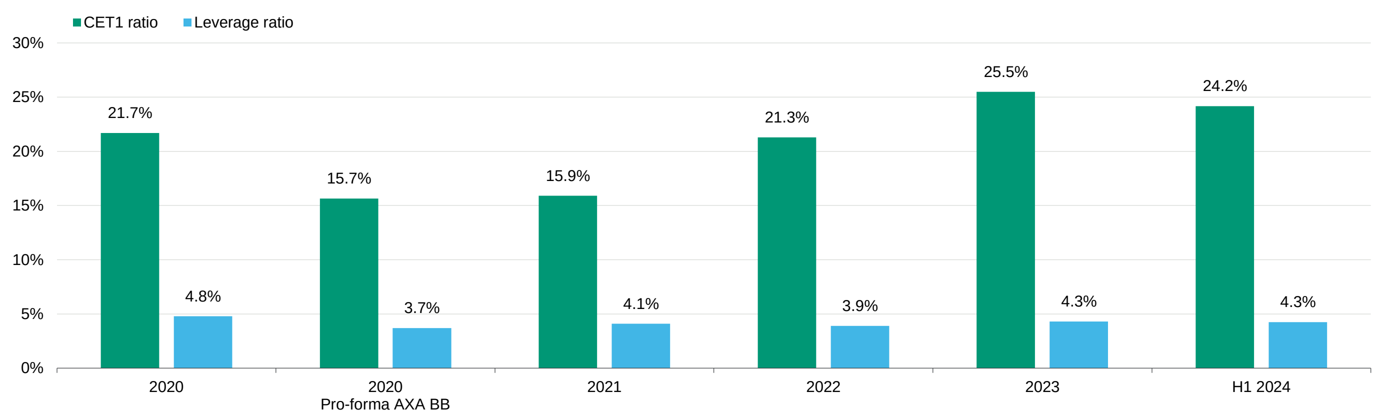
Thanks to its cooperative nature, Crelan regularly issues cooperative shares in order to boost its capitalisation. The group benefited from a €105 million capital increase through issuance of mutual shares in H1 2024 (€28 million in 2023, €17 million in 2022, nil in 2021 and €25 million in 2020). The high increase in cooperative shares in H1 2024 is partly attributable to the change in March 2024 in the maximum investment amount per member to €7,500 from €5,000 previously and the rebranding of the former ABB's points of sale to Crelan. The sale of Crelan's cooperative shares to the customers of the former ABB had started in September 2022.

Crelan currently has about 289,500 cooperative shareholders out of its 1.7 million customers, with cooperative shares worth €1,046 million as of end-June 2024 (47% of the group's CET1 capital). The dividend the group can pay on cooperative shares is capped at 6% of the shares' nominal value, as set by the rules of the federation and by the law. The coupon on cooperative shares was 3.0% of nominal during the period 2017-2021 and was raised to 4% in 2022 and further to 4.25% in 2023. The payment to cooperative shareholders amounted to €38.6 million in 2023, which represented a payout ratio of 19% of the group's consolidated net income of the year (up from €35.5 million or 22% of the group's consolidated net income in 2022). The group's earnings retention therefore remains higher than that of the Belgian peers.

Crelan's minimum requirement for own funds and eligible liabilities (MREL), to be met by 30 June 2025, was set at 6.58% of total exposure amount.[7] As of end-June 2024, Crelan already complies with this requirement with a ratio of 8.57% of total exposure amount solely met with junior liabilities (i.e. capital, AT1, Tier 2 and senior non-preferred debt). This also already complies with the subordinated MREL requirement of 7.66% of total exposure measure that will become applicable from 2 May 2026.

While the expected impact of the revised Basel IV framework is relatively limited, Crelan indicates that the introduction of the output floor will have a material impact on its solvency ratio, partially because of the treatment of Belgian mortgage mandates. This issue is not specific to Crelan and affects all Belgian banks. While discussions with the regulator are still ongoing on how mortgage mandates will be tackled under Basel IV, the probability that these have to be treated as unsecured loans is high. From 2025 until the end of 2029, the impact will be softened by the transitional measures whereby the total amount of RWAs after the application of the output floor will be capped at 125% of the revised RWA (i.e. before the application of the output floor), but it would become significant from 2030. We do not adjust the assigned capital score for this issue because we believe that the bank will be able to preserve a high capital ratio through both capital generation [8] over the coming years and management actions to build buffers that will offset the expected increase in RWAs in 2030.

Exhibit 3
Crelan's capitalisation is robust given its risk profile



Source: Bank's reports

Profitability is moderate but commensurate with the bank's low risk profile

The assigned score for profitability is adjusted up to ba2 from the macro-adjusted score of b1.[9] This reflects the average profitability that we expect Crelan to be able to sustainably generate over a credit cycle in the current interest rate environment. It incorporates both the normalisation of net interest income to lower levels than in 2023 and the expectation of rising cost of risk from the extremely low levels reported since 2021. It also takes account of the anticipated decrease in ABB-related integration and IT migration costs as soon as H2 2024 and the positive impact of synergies over the coming quarters.

In 2023, reported net profit increased by 31% to €207 million in 2023 from €158 million in 2022. Boosted by 50% increase in net interest income (NII), revenues were up by 35% on 2022. This more than absorbed a 17% rise in underlying operating expenses, mainly stemming from higher commissions paid to the independent agent network (+20%).[10] The underlying pre-provision income consequently increased by 91% to €437 million, which was only partly offset by higher cost of risk. As a result, Crelan's underlying profit rose by 74% to €288 million, providing ample margin to absorb non-recurring IT migration and platform optimization costs related to the integration of ABB (€81 million), leaving a net profit of 38 bps of tangible assets in 2023.

As a result of relatively short repricing periods retained in the modeling of customer deposits and a hedging strategy minimising interest rate gaps, a substantial share of the group's balance-sheet has repriced since the middle of 2022.[11] The low pass-through rate of the rise in interest rates on deposits has implied a substantial improvement in deposit margins, driving the strong rise in the group's net interest margin (NIM, 183 bps on average in 2023) and therefore its net interest income. Although customer deposits are a structurally abundant resource in Belgium and represent a less competitive market than, for example, mortgages, their cost started to increase in H2 2023 as banks progressively rose the savings' rates and more customers moved their cash holdings to better remunerated term accounts. Positively, Crelan's deposit structure has stabilized since the beginning of 2024.[12]

In H1 2024, Crelan's NII decreased by 12.4%. While partly driven by the aforementioned migration of deposits, the decrease in NII is also attributable to (1) the higher cost of funding due to the increase in junior liabilities at the bank following the issuance of junior senior debt and Tier 2 securities, (2) the lowering of the remuneration of mandatory reserves to 0% by the European Central Bank from September 2023, and (3) the temporary negative effect of the mark-to-market of short term hedging swaps.[13] At 149 bps on average in H1 2024, NIM is materially down from the peak of €184 bps reached in H2 2023, but remains significantly higher than the NIM of 111 bps achieved prior to H2 2023, i.e. before the hike in interest rates. Although NIM will likely continue to normalize with the expected decrease in ECB rates, we believe that Crelan will be able to keep it well above the levels reported when interest rates were negative.

Underlying revenue fell by 5.2% in H1 2024 compared to H1 2023 as the decrease in NII was partly offset by improved fee and commission income. The fall in revenue drove 14% decrease in pre-provision income while operating expenses remained broadly flat. Helped by slightly lower cost of risk, the decrease in underlying profit was limited to 5.3%. The underlying profit (€142.3 million) allowed the bank to continue to absorb IT migration costs of €42.5 million while leaving a net income representing around 35 bps of tangible assets[14].

Since the merger with ABB was completed in H1 2024, migration and integration costs will materially reduce from H2 2024. We expect the decrease in these non-recurring costs and upcoming synergies from the merger to offset the eventual pressure on NII and normalisation of cost of risk over the coming quarters.

The bank has a sound liquidity and funding structure

Crelan's sound liquidity and funding structure are reflected in a combined liquidity score of baa1.

Crelan's loan-to-deposit (LTD) ratio was 112% at end-June 2024, down from 115% at year-end 2023 but broadly stable from year-end 2022. The slight deterioration in the ratio at year-end 2023 was driven by 2.6% increase in the loan book combined with stable customer deposits in 2023. Deposit growth was hampered in 2023 by Belgian State bond issuance in September, which triggered deposit outflows at all Belgian banks.[15] In H1 2024, customer deposits at Crelan grew by 3.1% while loans to customers increased by only 1%. Crelan recovered the deposits that had flown out last year when the State bonds were repaid in September 2024.

Crelan's LTD ratio remains higher than that of the large Belgian banks who generally report ratios below 100%. This is mainly due to the acquisition of ABB, which used to have a material retail customer funding deficit.[16] We nonetheless consider that Crelan's higher LTD ratio is to a large extent mitigated by the quality of its deposits, which are retail by nature and very granular, providing the group with a stable funding source. As of end-June 2024, 75% of its €43.7 billion customer deposits were insured.

Reliance on markets funds is relatively limited as reflected in a market funds-to-tangible-banking-asset ratio of 10.8%[17] at end-June 2024 (year-end 2023: 10.3%; year-end 2022: 9.6%). The vast majority of the group's wholesale funding consists of long-term resources including covered bonds issued through its issuing vehicle Crelan Home Loan SCF [18] (55% of total wholesale funding as of end-June 2024), senior non-preferred debt (SNP, 26%), borrowings from the TLTRO (9%), savings bonds distributed by Crelan (2%) and ABB's European medium term notes (3%). Based on our estimations, some 30% of the outstanding wholesale funding at end-June 2024 (including the TLTRO) will be maturing by year-end 2025, but the amount is more than three times covered by Crelan's liquidity portfolio.

Crelan's €9.2 billion on-balance-sheet liquid assets at end-June 2024[19] was 85% composed of cash at central banks, 9% of highly rated securities portfolio (of which the vast majority were government bonds) and 7% were amounts due from banks. The unrealised losses on the investment portfolio was negligible at €18.1 million at year-end 2023 or 0.8% of the group's CET1 capital.

The Liquidity Coverage Ratio (LCR) and the Net Stable Fund Ratio (NSFR) were at a comfortable 202% and 131% at end-June 2024.

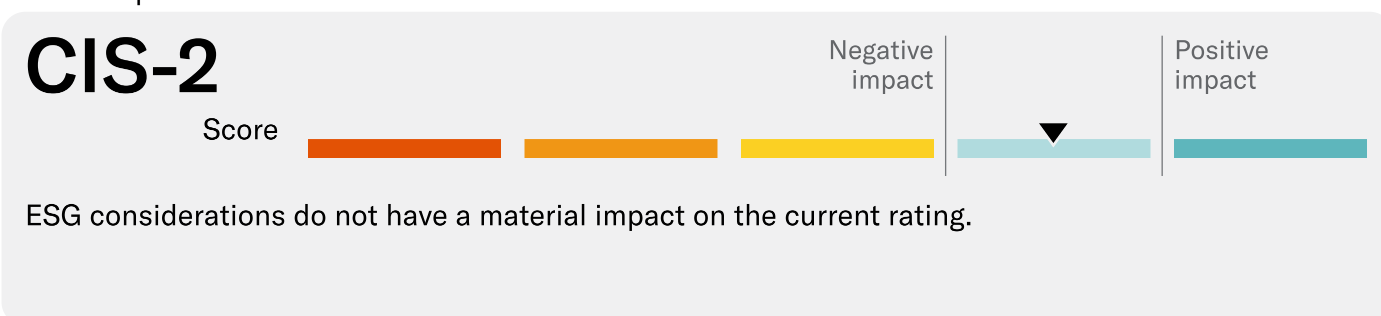
Qualitative adjustment

Crelan's baa1 BCA reflects its Financial Profile score of a3, which, however, is adjusted downward by one notch to reflect the group's limited diversification outside residential mortgages.

ESG considerations

Crelan SA/NV's ESG credit impact score is CIS-2

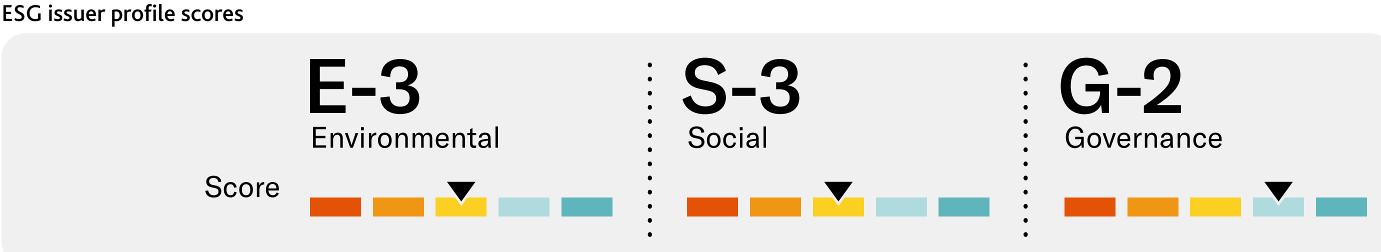
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

Crelan's **CIS-2** reflects the fact that ESG considerations are not material to the rating.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

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 moderate industrywide social risks related to regulatory risk, litigation exposure, requiring the bank to meet high compliance standards. The Belgian supervisor's focus on mis-selling and misrepresentation may have negative implications, which are mitigated by internal policies and procedures. Crelan's high cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

Crelan faces low governance risks. Crelan's risk management policies and procedures are in line with industry best practices. Crelan has a proven track record of contained risk appetite in its lending and investment activities. The bank also plans 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 end-June 2024 indicates a very low loss-given-failure for deposits and low loss-given failure for senior unsecured debt, resulting in two and one notches of uplift from the Adjusted BCA, respectively.

The loss-given-failure for the junior senior unsecured debt and the subordinated debt is low, resulting in a rating with zero notches and one notch below the baa1 Adjusted BCA, respectively.

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.

Rating methodology and scorecard factors

Exhibit 6

Rating Factors

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	1.1%	aa3	↔	a2	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	25.5%	aa1	↔	aa3	Nominal leverage	
Profitability						
Net Income / Tangible Assets	0.2%	b1	↑	ba2	Expected trend	
Combined Solvency Score		a2		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	10.3%	a2	↔	a2	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.7%	ba1	↑	baa3	Expected trend	
Combined Liquidity Score		baa1		baa1		
Financial Profile				a3		
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				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	8,057	14.2%	11,119	19.6%
Deposits	43,742	77.2%	40,680	71.8%
Preferred deposits	39,367	69.5%	37,399	66.0%
Junior deposits	4,374	7.7%	3,281	5.8%
Senior unsecured bank debt	249	0.4%	249	0.4%
Junior senior unsecured bank debt	2,150	3.8%	2,150	3.8%
Dated subordinated bank debt	506	0.9%	506	0.9%
Preference shares (bank)	245	0.4%	245	0.4%
Equity	1,699	3.0%	1,699	3.0%
Total Tangible Banking Assets	56,648	100.0%	56,648	100.0%

Debt Class	**De Jure waterfall**		**De Facto waterfall**		**Notching**		**LGF Notching Guidance vs. Adjusted BCA**	**Assigned LGF notching**	**Additional Notching**	**Preliminary Rating Assessment**
	Instrument volume + subordination	**Sub-ordination**	**Instrument volume + subordination**	**Sub-ordination**	**De Jure**	**De Facto**				
Counterparty Risk Rating	14.4%	14.4%	14.4%	14.4%	3	3	3	3	0	a1
Counterparty Risk Assessment	14.4%	14.4%	14.4%	14.4%	3	3	3	3	0	a1 (cr)
Deposits	14.4%	8.1%	14.4%	8.6%	2	2	2	2	0	a2
Senior unsecured bank debt	14.4%	8.1%	8.6%	8.1%	2	1	2	1	0	a3
Junior senior unsecured bank debt	8.1%	4.3%	8.1%	4.3%	0	0	0	0	0	baa1

Dated subordinated bank debt	4.3%	3.4%	4.3%	3.4%	-1	-1	-1	-1	0	baa2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	0	A1	A1
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	1	0	a3	1	(P)A2	(P)A2
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	(P)Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	(P)Baa2

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

Ratings

Exhibit 7

Category	Moody's Rating
CRELAN SA/NV	
Outlook	Negative(m)
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured MTN	(P)A2
Junior Senior Unsecured -Dom Curr	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate -Dom Curr	Baa2
ST Issuer Rating	P-1
Other Short Term	(P)P-1

Source: Moody's Ratings

Endnotes

1 Crelan has a partnership with Allianz for life insurance products, AXA for property and casualty insurance, and Amundi, AXA Investment Architas and Econopolis for asset management products.

2 In this ratio, impaired loans include both stage 3 loans and the non-performing loans classified as "purchased or originated credit-impaired" or POCIs. POCIs correspond to the net carrying value of ABB's impaired loans

3 Up from €210 million at year-end 2023 and €172 million at year-end 2022.

4 The coverage of stage 3 loans by total provisions was 44% at year-end 2023.

5 The sectoral systemic risk buffer, applicable since May 2022, is a macro-prudential tool aimed at ensuring that banks in Belgium have sufficient capital buffers when risks materialize in the domestic mortgage market. This buffer (which replaced the macro-prudential risk-weighted asset -RWAs - add-on that the Belgian banks had to apply untilMay 2022 on Belgian real estate exposures), is currently calculated as 6% of the risk-weighted exposures to Belgian mortgages.

6 As a bank supervised by the European Central Bank since the acquisition of ABB, an O-SII buffer of 0.75% has started to apply to Crelan from 1 January 2023.

7 The total exposure measure is more constraining than the risk-weighted measure in the case of Crelan

8 Capital generation by retained earnings and issuance of cooperative shares

9 The b1 macro-adjusted score results from the net income-to-tangible asset ratio of H1 2024 which is unadjusted for the bank levies paid in H1.

10 Commissions paid to the agents directly depend on the bank's revenues.

11 The combination of short modelling of deposits and limited interest rate gaps means that Crelan has a material stock of assets at variable rate or that have been converted to variable rate.

12 At end-June 2024, Crelan's deposits were 25% composed of current accounts, 59% of savings accounts an 16% of term deposits.

13 This refers to the swaps that are used for hedging but cannot be reported under hedge accounting.

14 Bank levies paid in H1 have been taken in the P&L in a prorata temporis basis for the purpose of this calculation.

15 The Belgian state issued 1-year treasury notes issued in August 2023 in the context of the slow transmission of higher interest rates offered by Belgian banks to retail savers. Due to the high gross yield of 3.3% and a withholding tax of 15% (while products issued by the banks have a withholding tax of 30%.), the Belgian banks - unable to offer matching yields on their savings products - experienced material outflow of funds ranging from 2.5% to 3% of their deposit base.

16 Crelan's loan-to-deposit ratio was around 90% at year-end 2020, prior to the acquisition of ABB.

17 This is based on Moody's calculation.

18 Previously known as AXA Bank Europe SCF

19 Liquid resources as per Moody's calculation

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