MOODY'S INVESTORS SERVICE

CREDIT OPINION

27 December 2023

Update

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RATINGS

Belfius Bank SA/NV

Domicile	Brussels, Belgium
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

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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Belfius Bank SA/NV

Update to credit analysis

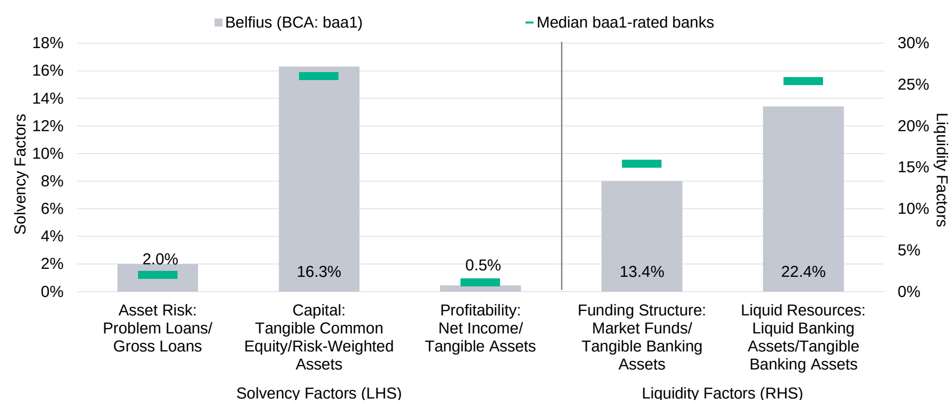
Summary

Belfius Bank SA/NV's (Belfius) A1 long-term deposit and senior unsecured debt ratings reflect the bank's standalone Baseline Credit Assessment (BCA) of baa1; a two-notch uplift from our Advanced Loss Given Failure (LGF) analysis for both instruments; and our assumption of a moderate probability of support from the Government of Belgium (Aa3 stable), which translates into an additional one-notch uplift because we consider Belfius a systemically important bank in Belgium.

Belfius' BCA reflects its solid financials and strong market shares in retail banking, corporate banking, public finance and insurance in Belgium. Belfius' creditworthiness benefits from moderate asset risk because of the bank's focus on the Belgian market and high capital buffers. The bank's profitability is moderate, although relatively stable, because of its good business diversification. Belfius' funding and liquidity benefit from a strong deposit base, which is a common characteristic of the Belgian banking sector.

Exhibit 1

Rating Scorecard - Key financial ratios



Scorecard values as of June 2023

Source: Moody's Financial Metrics

Credit strengths

» Moderate asset risk underpinned by the strong focus on the wealthy Belgian market

» Strong capital buffers and moderate leverage

» Strong funding and adequate liquidity

Credit challenges

» Some sector concentration in the corporate and SME loan book and borrower concentration in public sector finance

» Moderate profitability albeit commensurate with the moderate risk profile

» Weakening operating environment and inflationary pressures

Outlook

The positive outlook on the deposit and senior unsecured ratings reflect our expectations that Belfius will continue to demonstrate a sustainably solid asset quality despite the economic slowdown and continued inflationary pressures it will face over the coming quarters. We also expect that the bank's profitability and business model will remain resilient to negative economic trends, and continue to be capital accretive in the next 18 months.

Factors that could lead to an upgrade

Belfius' BCA and long-term ratings could be upgraded if the bank manages to preserve its solid asset quality, high capital ratio, improved profitability and robust liquidity and funding in the more challenging operating environment over the coming quarters.

The long-term deposit, senior unsecured and junior senior unsecured debt ratings could also be upgraded if there is a decrease in loss given failure, should these instruments benefit from a significantly higher subordination, which we however do not expect since the bank already meets its minimum requirement for own funds and eligible liabilities (MREL).

Factors that could lead to a downgrade

The BCA and long-term ratings could be downgraded if the bank were to incur a significant deterioration in its asset quality and profitability or a negative development in its liquidity or capitalisation.

The senior unsecured and junior senior unsecured debt ratings could be downgraded if there is an increase in their loss given failure if these instruments were to benefit from lower subordination. The senior unsecured debt rating could also be downgraded if the instrument were to account for a significantly smaller share of the bank's overall liability structure.

Key indicators

Exhibit 2
Belfius Bank SA/NV (Consolidated Financials) [1]

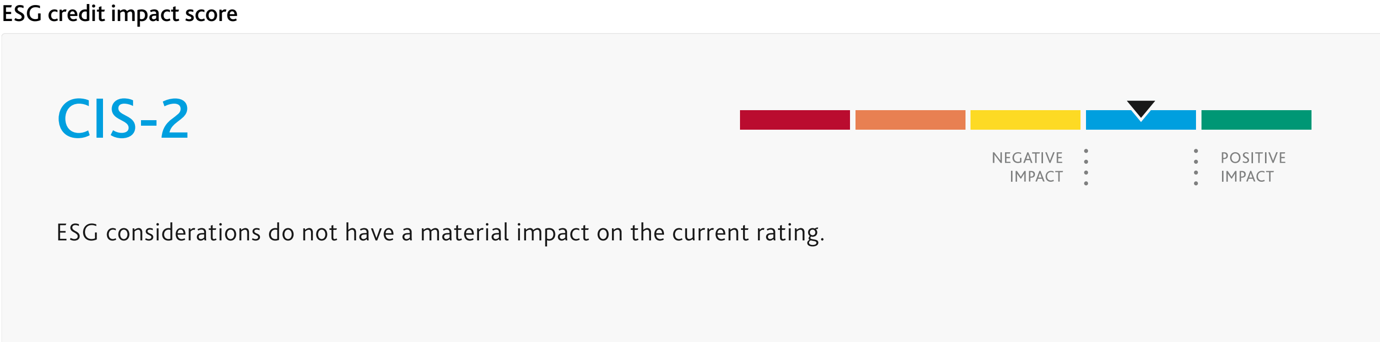
	06-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	171,670.5	172,405.8	175,580.8	166,098.5	150,175.6	3.9[4]
Total Assets (USD Million)	187,292.6	183,999.6	198,951.6	203,230.8	168,571.9	3.1[4]
Tangible Common Equity (EUR Million)	10,594.9	10,946.2	10,373.6	9,584.9	9,122.3	4.4[4]
Tangible Common Equity (USD Million)	11,559.0	11,682.4	11,754.4	11,727.6	10,239.8	3.5[4]
Problem Loans / Gross Loans (%)	2.0	1.9	1.9	2.0	2.0	2.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.3	16.9	15.9	16.2	16.2	16.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.2	15.9	16.6	17.5	17.5	16.9[5]
Net Interest Margin (%)	1.4	1.2	1.2	1.3	1.3	1.3[5]
PPI / Average RWA (%)	2.1	2.1	1.9	2.0	1.9	2.0[6]
Net Income / Tangible Assets (%)	0.6	0.4	0.6	0.3	0.5	0.5[5]
Cost / Income Ratio (%)	61.6	60.3	60.6	61.6	62.9	61.4[5]
Market Funds / Tangible Banking Assets (%)	13.7	13.4	17.4	18.9	15.8	15.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	20.9	22.4	23.8	21.1	13.4	20.3[5]
Gross Loans / Due to Customers (%)	90.6	91.8	91.4	95.2	100.3	93.9[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 Investors Service and company filings

ESG considerations

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

Exhibit 3
ESG credit impact score



Source: Moody's Investors Service

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

Exhibit 4
ESG issuer profile scores

Source: Moody's Investors Service

Environmental

Belfius has moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk. In line with its peers, Belfius is exposed to mounting business risks and stakeholder pressure to meet more demanding carbon transition targets. Belfius is actively engaged in further developing its comprehensive risk management and climate risk reporting frameworks. Moreover, Belfius has moderate exposure to physical climate risk through its property and casualty insurance activities.

Social

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

Governance

Belfius faces neutral-to-low governance risks, and its risk management policies and procedures are in line with industry best practices. The group has a track record of conservative financial policies and a contained risk appetite. Belfius has a simple legal structure with a governance structure and controls that are not complex, reflecting its domestic focus. Belfius is majority owned by the Belgian federal state, but the large presence of independent administrators, and Belgium's developed legal and regulatory frameworks mitigate governance risks.

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.

Profile

Belfius Bank SA/NV (Belfius) is a state-owned bank, the third-largest Belgium bank in terms of total assets, with a reported consolidated asset base of €178.3 billion (€171.7 billion adjusted for derivatives netting) as of June 2023. Its market share is around 17% in domestic mortgages and 19% in terms of corporate loans. Belfius is a domestic bank that provides retail, commercial and private banking, as well as treasury management and services to individuals, self-employed professionals, small and medium-sized enterprises, companies, and public and social institutions. The bank also offers life and non-life insurance products to individuals, businesses, and public and social institutions. Insurance activities represented 20% of Belfius' net income (excluding one-off items) in H1 2023.

Belfius was established in 1860 as Crédit Communal de Belgique. Until October 2011, the bank operated as Dexia Bank Belgium and comprised the Belgian activities of the Dexia Group (established in 1996). On 20 October 2011, Dexia Bank Belgium was acquired by the Belgian federal state through the Federal Holding and Investment Company (FHIC). On 1 March 2012, it began operations as Belfius Bank & Insurance. The bank was formally renamed Belfius Bank on 11 June 2012.

After its nationalisation in 2011, the bank started transforming its business model from a bank principally geared towards the public sector to a more balanced model, where retail and commercial banking rank first (in terms of outstanding loan portfolios) compared with public-sector and corporate banking. In 2021 the bank adjusted its reporting replacing the former "Retail and Commercial" and "Public and Corporate" segments by "Individuals" and "Entrepreneurs, Enterprises and Public" (E&E&P) segments.

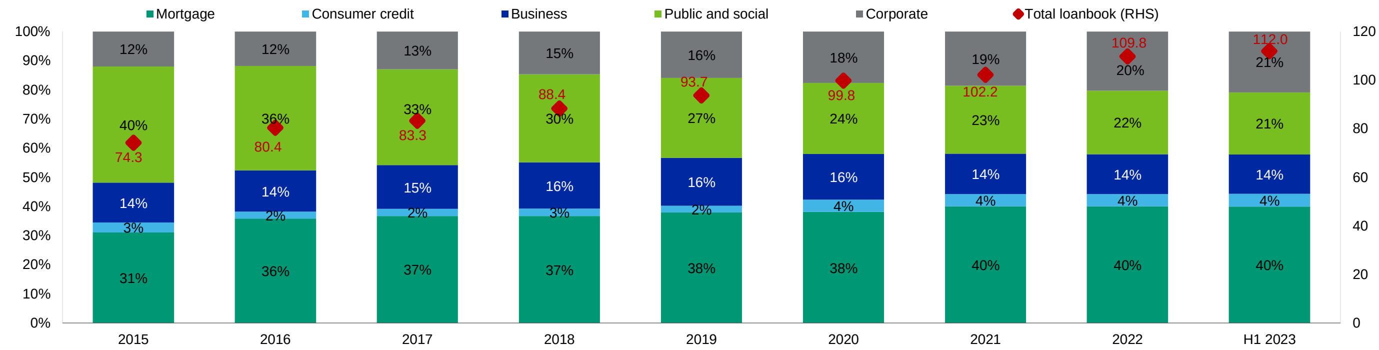
Detailed credit considerations

Asset risk is moderate

The bank's loan book (€109 billion or 64% of total assets as of end-June 2023[1]) is essentially exposed to the wealthy Belgian economy through mortgages (40%), loans to local social and public sectors (21%), to businesses (14%), to corporates (21%), and consumer finance (4%). The composition of the portfolio has progressively shifted since 2015 from being strongly focused on the public sector to a better diversified portfolio with an increased share of mortgages and lending to the business and corporate sectors (Exhibit 5).

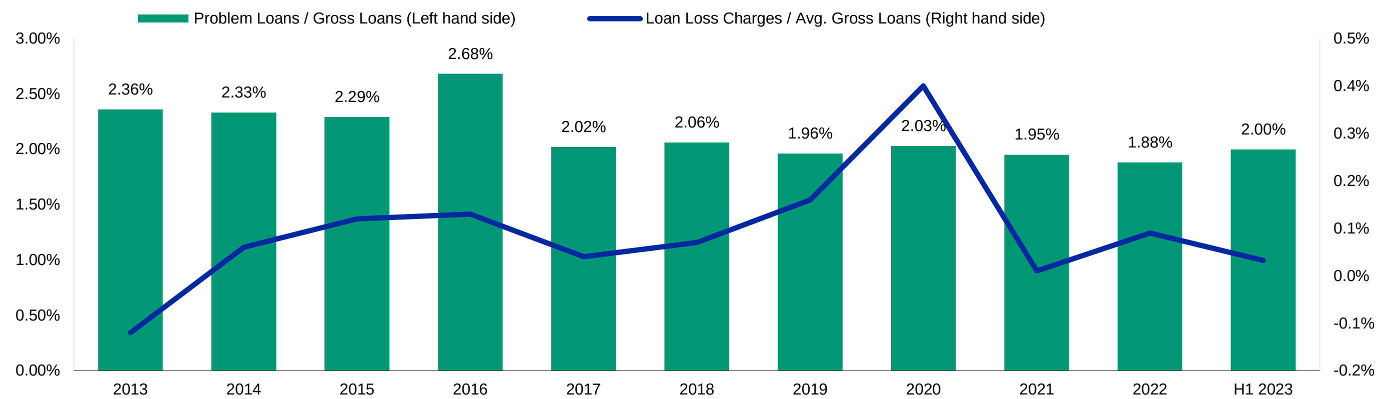
The shift in the portfolio did not trigger any deterioration in asset performance, as reflected in the declining problem loan ratio since 2015. The amount of problem loans only slightly increased in 2020 in the context of the pandemic and has remained broadly stable since then. The problem loan ratio was 2.0%[2] at end-June 2023, slightly up from 1.9% at year-end 2022 as a result of an increase in stage 3 loans in the corporate and business portfolios.

Exhibit 5
Belfius has materially diversified its loan book since 2015
Composition of loan book by type of borrowers in % and total loan book in € billions



Source: Company reports and Moody's Investors Service

Exhibit 6
Belfius has a track record of stable asset quality



Source: Company reports and Moody's Investors Service

The Stage 2 loan[3] ratio was 15.3% at end-June 2023[4] (versus 14.7% for the Belgian banking system as of the same date), broadly unchanged from year-end 2022 but up from 12.5% at year-end 2021. In addition to stage shifts resulting from changes in internal ratings, Belfius also puts exposures for specific risk pockets in stage 2. These pockets of risk were initially sectors deemed vulnerable in the context of Covid, subsequently replaced by sectors exposed to high energy costs and inflation as well as some real estate exposures.

Belfius loan book's good quality is underpinned by a track record of very low cost of risk below 16 basis points of outstanding loans since 2015, except for 2020 where the rise in Stage 1 and Stage 2 provisions in the context of the pandemic drove to a higher loan loss provision charge of 39 basis points.[5] In H1 2023, the cost of risk was very low at €17 million (or 3 basis points of gross loans[6]) versus €106 million in full-year 2022 (or 9 basis points of gross loans). The cost of risk of H1 2023 resulted from €62 million reversal of IFRS 9 forward-looking provisions[7] more than offset by €79 million allowance on stage 3 loans. As a result of partial reversals, the stock of Stage 1 and Stage 2 provisions on the loan book at end-June 2023 (€522 million[8]) is now below the peak level of December 2020 (€629 million). However, the level of provisioning of the Stage 3 loans remains high as reflected by a coverage ratio by total loan loss reserves of 82% at end-June 2023, versus Belgian peers average of 68%.

Although we consider that the loan portfolio is well balanced between retail, corporate and public borrowers, we note some material sector concentrations within the business and corporate portfolio. As of end-June 2023, the bank's exposures to the construction sector and other real estate activities represented around 4.9% and 5.4%[9] respectively of the gross loan book (and together 105% of the bank's CET1 capital). While these exposures continue to perform well (NPL in construction and real estate activities was 2.5% at end-June 2023), we consider these sectors as highly volatile.

Single name concentrations in the loan and investment portfolios, inherent to the financing of public sector entities, continue to be relatively large. This risk is however mitigated by the high credit quality of the largest exposures. Excluding sovereign exposures, the bank's top 10 exposures (representing around twice the bank's CET1 capital at year-end 2022) were essentially composed of lending to public sector entities. Single name exposures in the project finance and corporate lending book remain reasonable with the top 20 exposures totaling some 60% of the bank's CET1 capital at year-end 2022.

Belfius continues to manage the legacy portfolio inherited from Dexia Bank Belgium in run-off. This portfolio has decreased significantly over the last few years through both amortization and tactical de-risking. As of end-June 2023, it was composed of a bond portfolio with a notional value of €3.1 billion, credit guarantees on financial products with a notional value of €2 billion and interest rate derivatives for a notional amount of €7.6 billion (€3.1 billion, €2 billion and €8.1 billion respectively at year-end 2022). In terms of regulatory credit risk exposure, it accounted for 7.5% of the bank's credit risk weighted assets as of the same date. Although some credit concentrations remain and certain maturities can be very long, we believe that the overall credit risks embedded in the legacy portfolio are limited.

Belfius has a very limited direct exposure to Russia, Ukraine and Belarus (below €1 million). The bank has been reducing its exposures to this region since the first geopolitical turmoils of 2014 and the limits were tightened in December 2019.

The assigned baa1 score for Asset Risk, three notches below the a1 macro-adjusted score, reflects the anticipation of some deterioration in asset quality given the expected macroeconomic headwinds and the relatively high exposure to the real estate sector.

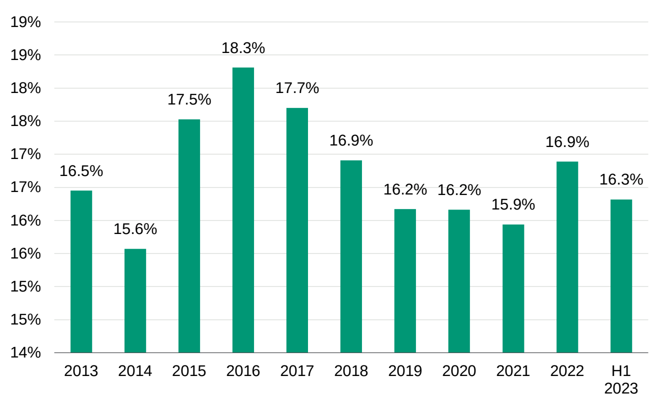
Belfius has strong capital buffers

As of end-June 2023, Belfius' Common Equity Tier 1 (CET1) ratio was 16.5% (year-end 2022: 16.5%) and its IFRS 17 pro forma CET1 ratio was 16.4%, above its target range of 15.0%-15.5%[10] and well above its minimum CET1 Supervisory Review and Evaluation Process (SREP) requirement of 10.07%.[11]Including the Pillar 2 Guidance of 0.75% the minimum CET1 ratio for at end-June 2023 was 10.8%.

Belfius reported a MREL ratio of 30% of Total Risk Exposure Amount (TREA) and a subordinated MREL ratio of 23.5% of TREA at end-June 2023, already complying with the final binding targets to be met by 1 January 2024 of 27.6%[12] and 20.2% respectively. In terms of Leverage Ratio Exposure (LRE), the bank's subordinated MREL stood at 8.6% at end-June 2023, above the 6.9% requirement.

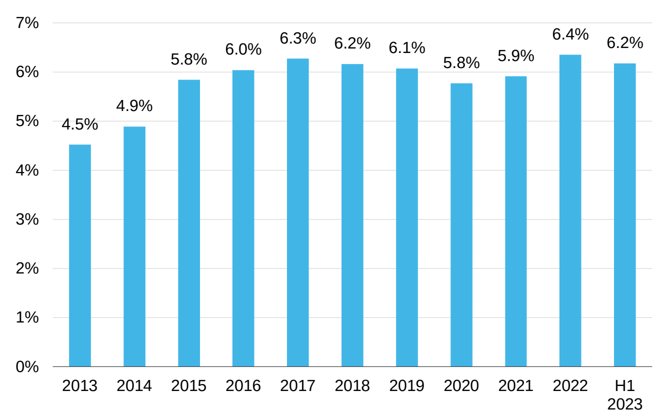
Belfius' regulatory Tier 1 leverage ratio was 6.3% at end-June 2023, slightly up from 6.2% at year-end 2022. The ratio is in line with most its European peers'.[13]

Exhibit 7
Belfius has sound capitalisation on a risk-weighted basis
Tangible common equity/RWA (percentage)



Tangible common equity is obtained following Moody's calculations.
Source: Company's report and Moody's Investors Service

Exhibit 8
Belfius' TCE leverage ratio has materially improved since 2013
Tangible common equity (TCE)/total assets (percentage)



Tangible common equity is obtained following Moody's calculations.
Source: Company's report and Moody's Investors Service

Belfius is applying the so-called Danish compromise, an exemption to the full deduction of equity participations in insurance companies from the bank's own funds. While the use of the Danish compromise generally results in a higher CET1 ratio than under the deduction method, Belfius' CET1 ratio at the end of June 2023 is 48 basis points higher under the deduction method than under the

Danish Compromise.[14] The National Bank of Belgium allowed Belfius to choose between the Danish compromise and the deduction method in 2014. The bank, which chose to use the Danish compromise because it was more beneficial at that time, cannot cherry-pick the regulatory method and, therefore, must continue to apply it, which entails a regulatory risk weight (370%) on its equity participation in insurance.

The bank expects only very limited impact from Basel IV[15] as the more favourable treatment of equity stakes in insurance subsidiaries[16] will offset the negative impact expected from regulatory changes for market and operational risk.

The assigned Capital score of aa3, one notch below the aa2 macro-adjusted score, reflects the bank's comfortable solvency but also incorporates the likelihood of some decline in the capital ratio in line with the announced target of 15% to 15.5% CET1 ratio.

Belfius' profitability is moderate but resilient

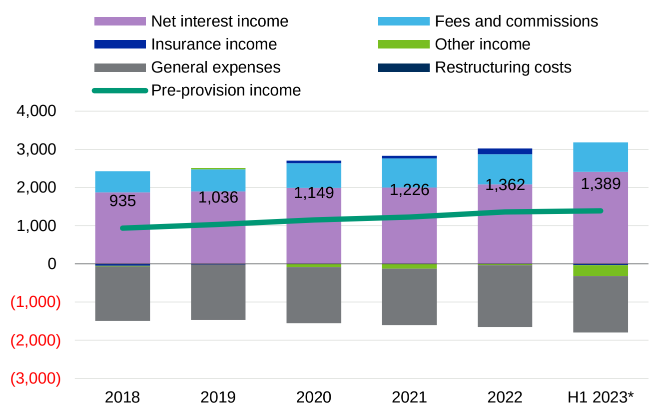
We consider Belfius' profitability to be moderate although stable, overall reflective of the bank's exposure to the mature Belgian banking market. Its H1 2023 adjusted net income represented 0.55%[17] of tangible assets, below the aggregate level of the Belgian banking system of 1.0% over the same period.

Since 2015, Belfius has been successfully improving its retail and commercial banking franchise and its corporate finance segment, including significant market share gains, diversifying its business base while maintaining its franchise in the public and social segment. Furthermore, Belfius aims at increasing its footprint in private banking, insurance and wealth management. Business diversification has contributed to the gradual improvement of the bank's profitability in terms of net income by tangible assets despite pressure on net interest margins over the period. The growth in income also stemmed from non-interest revenues. Coupled with the tail wind from increasing interest rates in the Euro area which has been supportive of net interest income since the middle of 2022, we expect the bank's business mix to ensure resilience of revenues over the coming quarters.

Exhibit 9

Pre-provision income has been gradually increasing over the past five years...

Pre-provision income structure, items in € millions



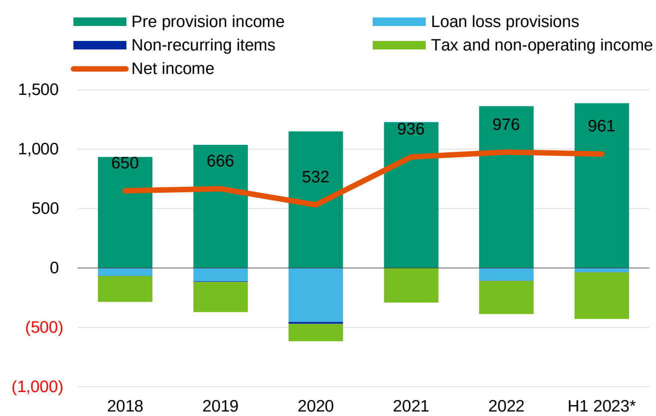
*H1 2023 Figures are annualized

Source: Moody's Investors Service

Exhibit 10

....Leading to progressive growth in net profit

Net Income structure, items in € millions



*H1 2023 Figures are annualized

Source: Moody's Investors Service

Reported pre-tax income increased by 35% to €676 million in H1 2023 from €500 million in H1 2022[18] underpinned by improved results in both banking (+28% to €524 million) and insurance activities (+67% to €151 million).

The increase in the profit generated by the banking activities essentially stems from the 30% increase in net interest income (which accounted for 85% of the bank's revenues in H1 2023), just partly offset by the 9% increase in operating expenses and an increase in the cost of risk to a small net allowance in H1 2023 from a net release in H1 2022. The strong progression in net interest income primarily reflected improved margins on non-maturing deposits in the context of rising interest rates, progressively offset by customers' migrations to higher remunerated term deposits. Based on our calculations, Belfius' net interest margin improved to 1.4% in H1 2023 from 1.06% in H1 2022. The higher amount of loan books, which were up by 4.4% year-on-year,[19] also underpinned the increase in net interest income. Fee and commission income remained roughly stable year over year. The increase in operating costs reflects both the impact of inflation and substantial investments in work force, brand and innovation to sustain strong commercial growth.

The improvement in the contribution from insurance activities primarily comes from non-life insurance businesses which benefited, amongst other factors, from the absence of material natural catastrophes in H1 2023.

Belfius' cost-to-income ratio was 62%[20] in H1 2023, down from 70% in H1 2022. Although materially down from last year, the ratio is higher than the average of the Belgian banking system which stood at 55.1% in H1 2023. Wage indexation on inflation in Belgium and the need for increased investments in Belfius' strategic development and digitalisation make it challenging for the bank to further improve efficiency in the foreseeable future.

The assigned Profitability score of ba2 reflects our view on Belfius' sound earnings generating capacity commensurate with its risk profile. The one-notch negative adjustment from the macro-adjusted score of ba1 reflects our expectation that the bank's profitability will somewhat weaken over the coming quarters as a result of higher cost of risk and higher operating expenses due to wage indexation on salaries. We also expect the positive impact on revenues of the rise in interest rates to partly erode as higher interest rates continue to be passed on to depositors.

Belfius has strong funding and liquidity

Belfius' funding structure is sound, as reflected in a loan-to-deposit ratio of 91%[21] as of end-June 2023 (customer funding in the denominator of the ratio was composed of customer deposits, saving certificates and bonds distributed in the retail network). We consider that the bank's deposit base is stable because of the high share of retail and business deposits (around 74% of total deposits as of end-June 2023). As of the same date, customer funding (€119 billion) represented 84% of the bank's funding sources, reflecting a moderate reliance on wholesale funding.

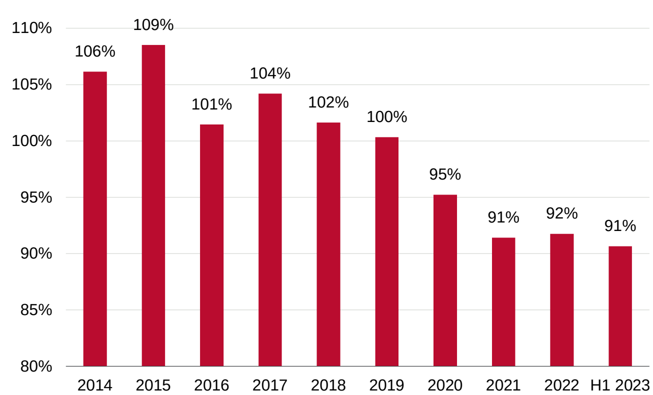
Belfius has continued to diversify its funding sources. At end-June 2023, outstanding medium-to-long-term wholesale debt securities issued (€14.3 billion) were 45% composed of covered bonds, 25% of senior preferred bonds, 14% of senior non-preferred bonds, 13% of Tier 2 debt and 3% of Additional Tier 1 debt.

In September 2023, the Belgian state issued 1-year treasury notes available to the general public, raising €22 billion overall. Due to high gross yield of 3.3%, the Belgian banks - unable to offer matching yields on their savings products - experienced material outflow of funds (€3.5 billion for Belfius, representing around 2.9% of its customer deposit base as of end-June 2023). This will translate into temporary deterioration of Loan-to-deposit ratios. This issuance has pushed the banks to offer higher remuneration on the savings accounts, which creates some pressure on their cost of funding and therefore their NIM.

Exhibit 11

Loans to deposit ratio is currently at its lowest

Gross loans/due to customers in %

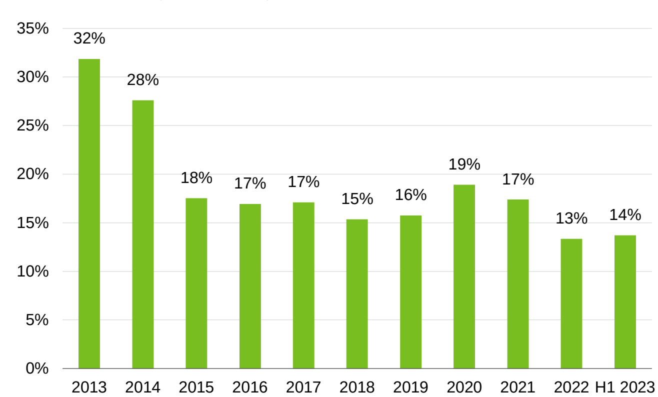


Loan-to-deposit ratio as per our calculations
Source: Moody's Investors Service

Exhibit 12

Reliance on confidence-sensitive funding is relatively low

Market funds/tangible banking assets in %



Source: Moody's Investors Service

The bank's liquidity profile is strong. At 156% at end-June 2023 (year-end 2022: 173%), its liquidity coverage ratio is significantly above the minimum requirement of 100%. The bank's available liquid asset buffer amounted to €45.0 billion at end-June 2023 [22] against €6.7 billion of debt securities maturing within one year which represents a coverage of 6.7x. This also leaves comfortable buffer to cover the repayment of the residual borrowing from the TLTRO (€2.7 billion at end-June 2023) as well as the amount due to credit institutions (€3.2 billion at end-June 2023).

Because we believe that the borrowings from the TLTRO are largely deposited back at the ECB rather than being recycled for investment purposes, we have deducted the amount from both market funds and liquid resources for the calculation of the scorecard's Market Funding and Liquid Resources ratios as of end-June 2023. The Market Funding ratio consequently improves to 9.9% from 13.4% initially and the Liquid Resources ratio deteriorates to 19.2% from 22.4% initially. These adjustments are incorporated in the assigned combined liquidity score of a3.

Support and structural considerations

Loss Given Failure (LGF) analysis

Belfius is subject to the European Union's Bank Recovery and Resolution Directive (BRRD), which we consider an operational resolution regime. We assume a residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits (which represent 26% of total deposits), a 5% runoff in preferred deposits, and assign a 25% probability to deposits being preferred over senior unsecured debt. These are in line with our standard assumptions. We also adjusted the tangible banking assets by removing the residual borrowing from the TLTRO which we now consider to be temporary.

Our LGF analysis indicates a very low loss given failure for deposits and senior unsecured debt, leading us to assign a two-notch uplift above the Adjusted BCA.

The junior senior debt is rated in line with the BCA, which better captures the risk characteristics of this class of debt following our revised view around the distribution of losses post failure.

For subordinated debt, our LGF analysis confirms a high level of loss given failure. This leads us to assign a negative adjustment of one notch to the Adjusted BCA. Regarding junior subordinated debt, an additional downward adjustment of one notch is applied to capture the coupon suspension risk ahead of resolution.

Government support considerations

Belfius is considered a systemic bank by the resolution authority, and, hence, we consider the probability of government support to be moderate, resulting in a one-notch additional uplift for the bank's deposit and senior unsecured debt ratings. Belfius' government-owned status does not change our view of the probability of support because the bank is likely to be, at least partially, privatised in the medium term and also because Belfius is currently subject to the constraints embedded in the BRRD on bail-in and the European state aid framework.

For subordinated debt and other junior securities, the probability of government support is low, and, therefore, these ratings do not include any uplift.

Counterparty Risk Ratings (CRRs)

Belfius' CRRs are Aa3/P-1

Belfius' CRRs are positioned four notches above its Adjusted BCA of baa1, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

Belfius' CR Assessment is Aa3(cr)/Prime-1(cr)

Belfius' CR Assessment, before government support, is positioned three notches above its Adjusted BCA of baa1, 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 public support, in line with our support assumptions on deposits and senior unsecured debt.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 13
Belfius Bank SA/NV

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	2.0%	a1	↔	baa1	Sector concentration	Single name concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.3%	aa2	↓	aa3	Expected trend	
Profitability						
Net Income / Tangible Assets	0.5%	ba1	↓	ba2	Expected trend	
Combined Solvency Score		a2		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	13.4%	a2	↔	a2	Term structure	Deposit quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	22.4%	baa1	↔	baa2	Quality of liquid assets	Expected trend
Combined Liquidity Score		a3		a3		
Financial Profile				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa3		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
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	16,137	10.6%	27,544	18.0%
Deposits	111,829	73.2%	100,423	65.7%
Preferred deposits	82,754	54.1%	78,616	51.4%
Junior deposits	29,076	19.0%	21,807	14.3%
Senior unsecured bank debt	15,959	10.4%	15,959	10.4%
Junior senior unsecured bank debt	2,000	1.3%	2,000	1.3%
Dated subordinated bank debt	1,677	1.1%	1,677	1.1%
Junior subordinated bank debt	140	0.1%	140	0.1%
Preference shares (bank)	500	0.3%	500	0.3%
Equity	4,585	3.0%	4,585	3.0%
Total Tangible Banking Assets	152,826	100.0%	152,826	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	30.5%	30.5%	30.5%	30.5%	3	3	3	3	0	a1
Counterparty Risk Assessment	30.5%	30.5%	30.5%	30.5%	3	3	3	3	0	a1 (cr)
Deposits	30.5%	5.8%	30.5%	16.3%	2	3	2	2	0	a2
Senior unsecured bank debt	30.5%	5.8%	16.3%	5.8%	2	2	2	2	0	a2
Junior senior unsecured bank debt	5.8%	4.5%	5.8%	4.5%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.5%	3.4%	4.5%	3.4%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.4%	3.3%	3.4%	3.3%	-1	-1	-1	-1	-1	baa3
Non-cumulative bank preference shares	3.3%	3.0%	3.3%	3.0%	-1	-1	-1	-1	-2	ba1

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	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	
Dated subordinated bank debt	-1	0	baa2	0	Baa2	
Junior subordinated bank debt	-1	-1	baa3	0		Baa3 (hyb)
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[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 14

Category	Moody's Rating
BELFIUS BANK SA/NV	
Outlook	Positive
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	A1
Junior Senior Unsecured -Dom Curr	Baa1
Junior Senior Unsecured MTN -Dom Curr	(P)Baa1
Senior Subordinate -Dom Curr	(P)Baa2
Jr Subordinate	Baa3 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Other Short Term -Dom Curr	(P)P-1
BELFIUS FINANCING COMPANY S.A	
Outlook	Positive
Bkd Sr Unsec MTN -Dom Curr	(P)A1
Bkd Subordinate	Baa2
Bkd Jr Subordinate	Baa3 (hyb)
Bkd Commercial Paper -Dom Curr	P-1

Source: Moody's Investors Service

Endnotes

1 These figures include Moody's adjustments

2 Based on our calculation.

3 Under IFRS 9 accounting standards, stage 2 loans are those whose credit risk has significantly increased since their initial recognition.

4 Based on our calculation

5 Based on our calculations. As reported, the cost of risk amounted to 35 basis points in 2020.

6 Based on our calculations.

7 The reversal stemmed from slightly improved macroeconomic scenario (€49 million), partial reversal of overlays on vulnerable exposures and from reversals linked to portfolio evolutions.

8 This amount excludes the provisions on loans held by the insurance businesses

9 This calculation is based on on-balance sheet amounts.

10 According to the bank, its CET1 target is made up of an internal minimum CET1 ratio target of 13.5% and an additional management buffer of 1.5%-2%, which takes into account unforeseeable risks.

11 The minimum SREP requirement is composed of Pillar 1 minimum of 4.5%, a capital conservation buffer of 2.5%, an Other Domestic Systemically Important Institution (O-SII) buffer of 1.5%, a Pillar 2 requirement (P2R) of 1.204%, a Sectoral Systemic Risk buffer of 0.29% and a Countercyclical buffer of 0.08%. The increase from the 10.05% SREP requirement as of year-end 2022 comes from the increase of the Countercyclical buffer from 0.06% to 0.08%.

12 This includes 4.4% combined buffer requirements.

13 According to EBA data, the aggregated transitional leverage ratios in Belgium and EU/EEA amounted to 6.2% and 5.7% respectively at end-June 2023.

14 This due to the fact that under the Danish compromise, Belfius risk-weights the internal subordinated debt down-streamed to the insurance subsidiary by 370% in the calculation of its regulatory capital instead of deducting them from the AT1 and T2 stacks at the group level.

15 The CET1 impact based on year-end 2022 balance sheet was -40 basis points without any management actions.

16 The risk weight applied to the stakes in insurance subsidiaries will decrease to 250% from 370% currently.

17 Annualised Moody's adjusted ratio.

18 Comparison is based on IFRS 17 proforma results for H1 2022.

19 Outstanding loan book was up year-on-year despite loan production was down by 7% in H1 2023 compared to H1 2022.

20 Based on our calculations.

21 Moody's-adjusted figure.

22 The buffer consisted of €24.2 billion cash, €8.5 billion in high quality bonds and €12.3 billion other assets eligible at the ECB.

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