CREDIT OPINION
31 July 2024

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	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

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

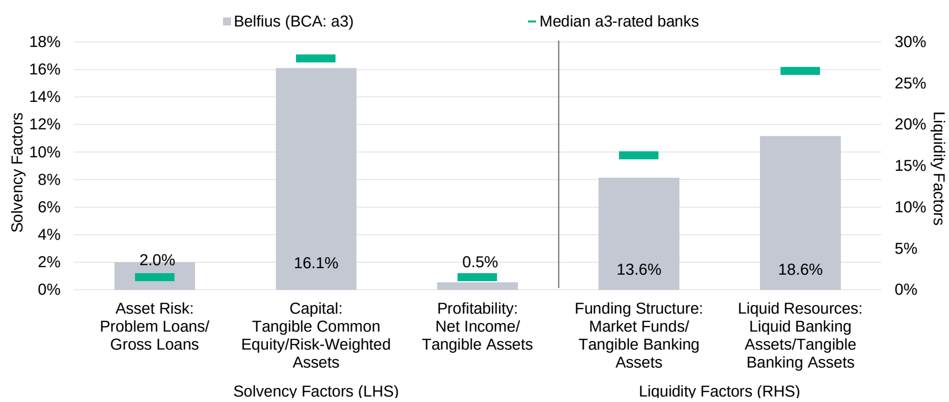
Update following rating action

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 a3; 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), its 100% shareholder, which however does not result in any rating uplift.

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 commensurate with its risk profile and benefited from the rise in interest rates. 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



As of end-December 2023
Source: Moody's Ratings

Credit strengths

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

» Belfius has strong capital buffers, making it resilient to an unexpected shock.

» Profitability has improved and is commensurate with the bank's risk profile.

» Large and stable customer deposits combined with well-diversified issued medium and long term wholesale debt provides a robust funding base.

Credit challenges

» The corporate and SME loan book includes some concentrations on vulnerable sectors

» Borrower concentration in the loan book to the public sector is mitigated by the high quality of the borrowers

Outlook

The outlook on the long-term deposit and senior unsecured debt ratings is stable, reflecting our view that Belfius' profitability, asset quality, capital and liquidity will remain resilient over the outlook horizon.

Factors that could lead to an upgrade

Although unlikely in the short-term, the BCA and the long-term ratings could be upgraded if profitability were to further improve while preserving its current asset quality and high level of capital.

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 (1) the bank's improved profitability were to be less sustained than expected, or (2) its asset quality were to deteriorate materially, or (3) its capitalization target were to be revised downwards in order, for example, to achieve material acquisitions or faster balance sheet growth.

The junior senior unsecured debt rating could also be downgraded if there is an increase in loss given failure if the instrument were to benefit from lower subordination.

Key indicators

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

	12-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	172,392.3	172,008.2	175,580.8	166,098.5	150,175.6	3.5[4]
Total Assets (USD Million)	190,434.1	183,575.3	198,951.6	203,230.8	168,571.9	3.1[4]
Tangible Common Equity (EUR Million)	11,186.1	10,555.1	10,373.6	9,584.9	9,122.3	5.2[4]
Tangible Common Equity (USD Million)	12,356.8	11,264.9	11,754.4	11,727.6	10,239.8	4.8[4]
Problem Loans / Gross Loans (%)	2.0	1.9	1.9	2.0	2.0	2.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.1	16.5	15.9	16.2	16.2	16.2[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.1	16.4	16.6	17.5	17.5	17.0[5]
Net Interest Margin (%)	1.4	1.2	1.2	1.3	1.3	1.3[5]
PPI / Average RWA (%)	2.4	2.0	1.9	2.0	1.9	2.0[6]
Net Income / Tangible Assets (%)	0.7	0.4	0.6	0.3	0.5	0.5[5]
Cost / Income Ratio (%)	55.4	58.7	60.6	61.6	62.9	59.8[5]
Market Funds / Tangible Banking Assets (%)	13.6	13.4	17.4	18.9	15.8	15.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	18.6	22.4	23.8	21.1	13.4	19.9[5]
Gross Loans / Due to Customers (%)	95.8	91.7	91.4	95.2	100.3	94.9[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 Ratings and company filings

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 €179.2 billion (€172.4 billion adjusted for derivatives netting) as of December 2023. Its market share is around 17.5% in domestic mortgages and 21.1% 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 21% of Belfius' net income (excluding one-off items) in 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

Moderate asset risk reflects the bank's focus on the Belgian economy

The assigned a3 score for Asset Risk, two notches below the a1 macro-adjusted score, reflects the anticipation of some deterioration in asset quality in relation to some pockets of risk in its corporate loan portfolio, notably the relatively high exposure to the real estate sector.

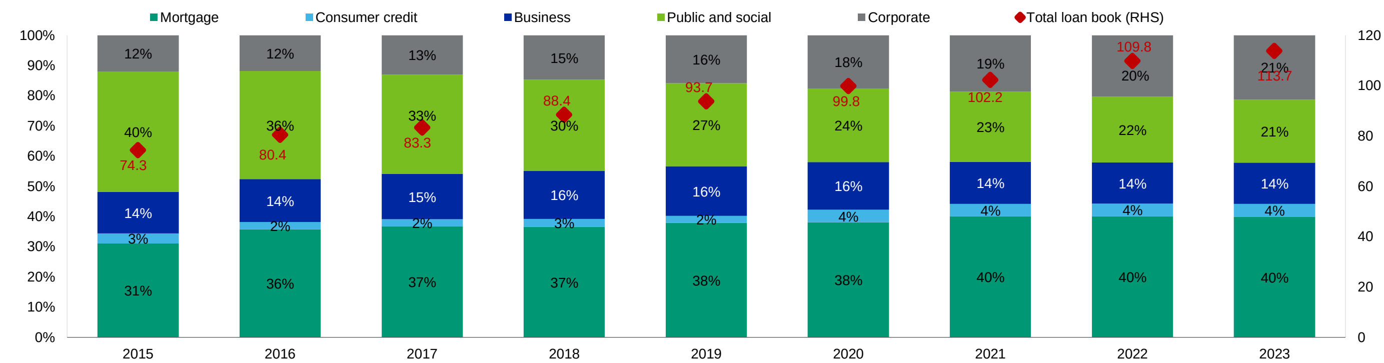
The bank's loan book (€111 billion or 62% of total assets as of end-December 2023[1]) is essentially exposed to the wealthy Belgian economy through mortgages (40%), loans to local social and public sectors (21%), to businesses (14%), to corporates (21%), and consumer finance (4%). The composition of 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.

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% at end-December 2023, slightly up from 1.9% at year-end 2022[2] as a result of an increase in stage 3 loans in the business portfolio.

Exhibit 3

Belfius has materially diversified its loan book since 2015

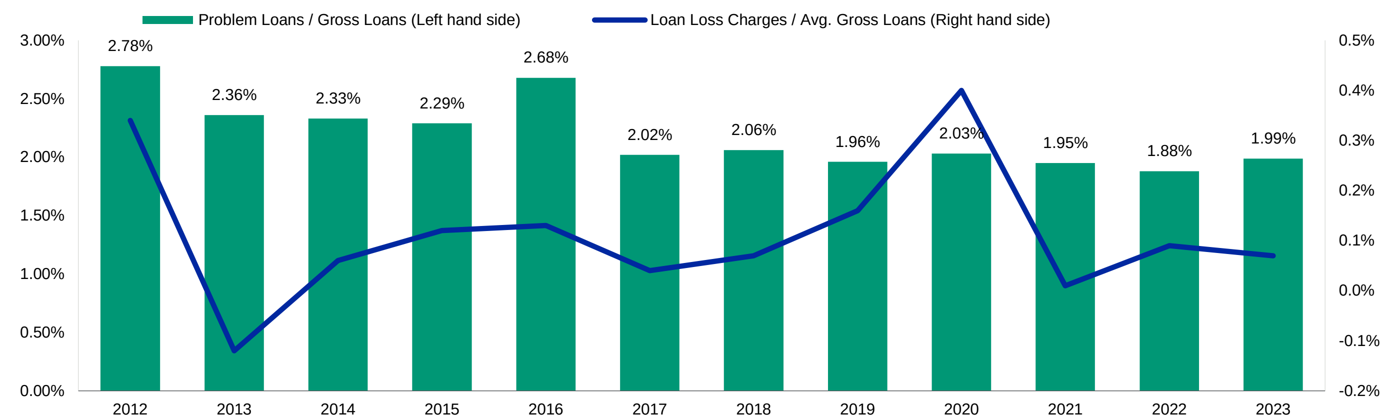
Composition of loan book by type of borrowers in % and total loan book in € billions



Source: Company reports and Moody's Ratings

Exhibit 4

Belfius has a track record of stable asset quality



Source: Company reports and Moody's Ratings

The Stage 2 loans[3] ratio was 13% at end-December 2023[4] (versus 11.4% for the Belgian banking system as of the same date[5]), down from 15.2% at year-end 2022, primarily as a result of some credits that moved from stage 2 to stage 3. In addition to stage shifts resulting from changes in internal ratings, Belfius also puts in stage 2 exposures to specific risk pockets[6] that form the basis for the determination of the overlay for vulnerable exposures aimed at supplementing the model-based provisions. 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 reflected by a track record of very low cost of risk below 16 basis points of outstanding loans to customers 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.[7] In 2023, the cost of risk on loans to customers remained very low at 7 basis points, slightly below 9 basis points in 2022. The provisioning charge of 2023 mainly consisted of allowances for specific provisions on stage 3 loans, partly offset by releases of overlay for economic uncertainties and vulnerable exposures. As a result of partial reversals, the stock of Stage 1 and Stage 2 provisions on the loan book at end-December 2023 (€569 million of which €194 million overlays) is below the peak level of December 2020 (€629 million of which €331 million overlays). However, the level of provisioning of the Stage 3 loans remains high as reflected by a coverage ratio by stage 3 provisions of 56%, and by total loan loss reserves of 81% at end-December 2023, versus Belgian peers average of 57%.

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. At year-end 2023, the bank's exposures to the construction sector and other real estate activities represented around 5% and 5.7%[8] respectively of the gross loan book (and together 107% of the bank's CET1 capital). The performance of these exposures has somewhat deteriorated over the past quarters as reflected by a rise in NPL ratio to 2.8% at year-end 2023 from 2.4% at year-end 2022 and pockets of risks identified by the bank amongst smaller projects and files.

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 2023) 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 62% of the bank's CET1 capital at year-end 2023.

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-December 2023, it was composed of a bond portfolio with a notional value of €3 billion, credit guarantees on financial products with a notional value of €1.9 billion and interest rate derivatives for a notional amount of €7 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 6% of the bank's credit risk weighted assets as of the same date. Excluding some exposure to the UK utilities sector which could generate some losses for the bank, we believe that the overall credit risks embedded in the legacy portfolio remain limited despite some credit concentrations remain and certain maturities can be very long.

Belfius has strong capital buffers, making it resilient to an unexpected shock

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.

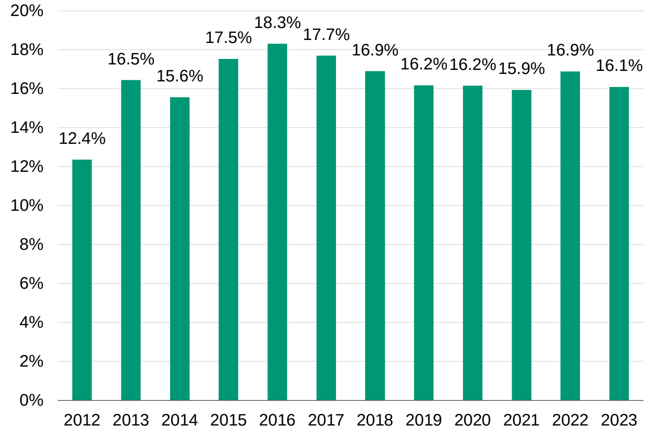
At year-end 2023, Belfius' Common Equity Tier 1 (CET1) ratio was 15.95%, down from its IFRS 17 pro-forma ratio of 16.4% at year-end 2022. The decrease can mainly be attributed to 8% rise in risk-weighted assets (RWAs), part of which stemmed from the growth in the loan books (+3.6% year-on-year) and the rest came from the transition to the standardized model approach for some low default portfolios. The CET1 ratio at year-end 2023 was above the bank's well target range of 15.0%-15.5%[9] and well above its minimum CET1 Supervisory Review and Evaluation Process (SREP) requirement of 10.1%.[10] Including the Pillar 2 Guidance of 0.75% the minimum CET1 ratio at end-December 2023 was 10.8%.

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 December 2023 is 37 basis points higher under the deduction method than under the Danish Compromise.[11] 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 (currently 370%) on its equity participation in insurance.

The bank expects the impact of CRR3 to be positive in 2025[12] as the more favourable treatment of equity stakes in insurance subsidiaries under the Danish Compromise[13] will offset the negative impacts, a large portion of which will be front-loaded in 2024. Under the Basel IV rules as currently proposed in the EU version, Belfius does not expect the output floor to have further impact when it is implemented.

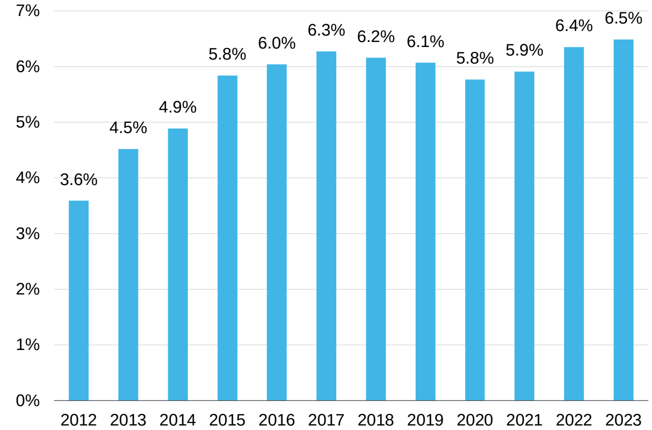
Belfius' regulatory Tier 1 leverage ratio was 6.6% at end-December 2023, up from 6.17% at year-end 2022. The ratio is in line with most its European peers'.[14]

Exhibit 5
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 Ratings

Exhibit 6
Belfius' TCE leverage ratio has improved over the past three years
Tangible common equity (TCE) / total assets (percentage)



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

Belfius reported a MREL ratio of 29% of Total Risk Exposure Amount (TREA) and a subordinated MREL ratio of 21.8% of TREA at year-end 2023, already complying with the final binding targets to be met from 1 January 2024 of 28.2%[15] and 19.6% respectively. In terms of Leverage Ratio Exposure (LRE), the bank's subordinated MREL stood at 8.6% at end-December 2023, above the 7.1% requirement.

Profitability strongly benefits from the higher interest rate environment

The assigned Profitability score of baa3, one notch below the macro-adjusted score of baa2, reflects our view that Belfius' profitability, although slightly declining from the peak reached in 2023, will likely remain resilient over the outlook horizon. There will likely be some pressure on net interest margins as higher interest rates continue to be passed on to depositors. We nonetheless expect this negative pressure will at least be partly offset by further repricing of assets and some increase in lending volumes. We also expect the cost of risk to remain contained despite the likelihood of some deterioration in asset quality as overlay provisions get released.

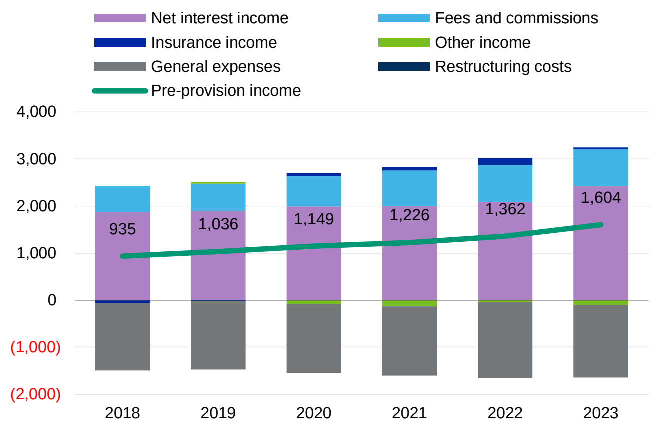
Belfius' adjusted net income represented 49 bps of tangible assets on average [16]over the five-year period ended 31 December 2023 (67 bps in 2023). This is somewhat below the average of the five largest Belgian banks (58 bps on average over the five-year period to year-end 2023 and 75 bps in 2023), which is boosted by the higher metrics of some peer banks consolidating significant operations outside Belgium. We believe that Belfius' profitability is overall reflective of its exposure to the mature Belgian banking market and consider it as sound and stable.

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 the pressure on net interest margins that prevailed until the end of 2021. 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 7

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

Pre-provision income structure, items in € millions

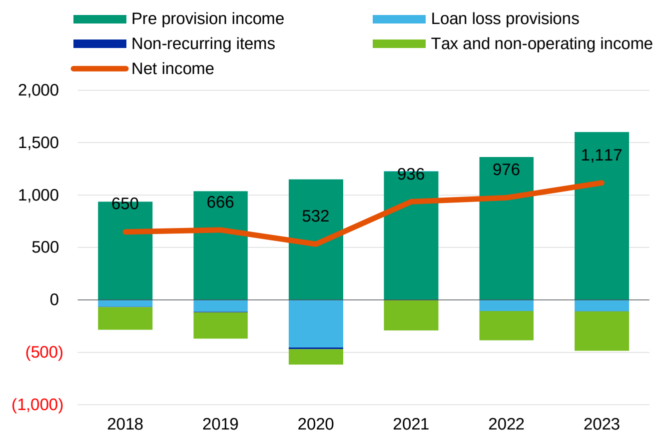


Source: Moody's Ratings

Exhibit 8

....Leading to progressive growth in net profit

Net Income structure, items in € millions



Source: Moody's Ratings

Reported net profit increased by 20% to €1,117 million in 2023 from €932 million in 2022,[17] reflecting improved results from both banking (+15% to €876 million) and insurance activities (+41% to €239 million). The main driver of this progression was the strong increase in net interest income (NII) generated by the banking activities (+20%), just partly offset by a 7.4% rise in operating expenses.

The increase in NII 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. Margins on lending remained very tight due to strong competition. Based on our calculations, Belfius' net interest margin improved to 1.4% in 2023 from 1.1% in 2022. The higher stock of loans, which was up by 3.6% year-on-year,[18] also contributed to the increase in net interest income. Fee and commission income remained roughly stable as higher payment and non-life insurance product distribution fees through the banking network were offset by 3% decline in fees from asset management services.

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

The 7.4% rise in operating costs reflects both the impact of inflation and substantial investments in work force, brand and innovation to sustain commercial growth. The cost-to-income ratio was 55%[19] in 2023, down from 59% in 2022, and broadly in line with the average of the main Belgian banks (56%). 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.

Belfius has strong funding and sound liquidity

The assigned combined liquidity score is a3, in line with the macro-adjusted score.

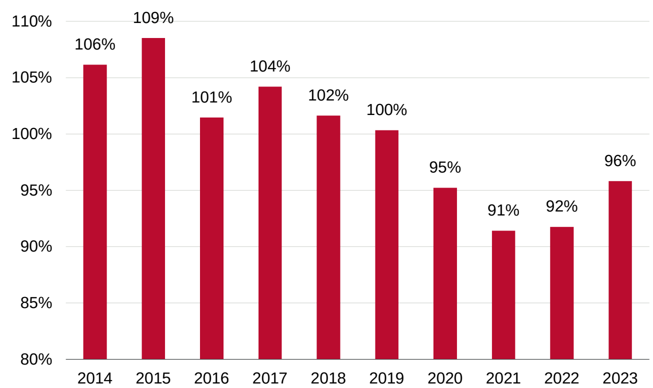
Belfius' funding structure is sound, as reflected in a loan-to-deposit ratio of 96%[20] as of year-end 2023, up from 92% at year-end 2022 (customer funding in the denominator of the ratio was composed of customer deposits, saving certificates and bonds distributed in the retail network). The deterioration in the ratio results from the combined impact of 3% increase in loans and 1% decline in deposits.

The decline in deposits is partly attributable to the 1-year treasury notes issued by the Belgian state in August 2023. Due to the high gross yield of 3.3% and a withholding tax of 15%,[21] 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). State notes issued since the beginning of 2024 have not incorporated any tax competitive advantage, and hence did not result in additional deposit outflows from banks.

Despite the slight decrease in 2023, we consider that the bank's deposit base is stable because of the high share of retail and business deposits (around 72% of total deposits as of end-December 2023). As of the same date, customer funding (€117 billion) represented 83% of the bank's funding sources, reflecting a moderate reliance on wholesale funding.

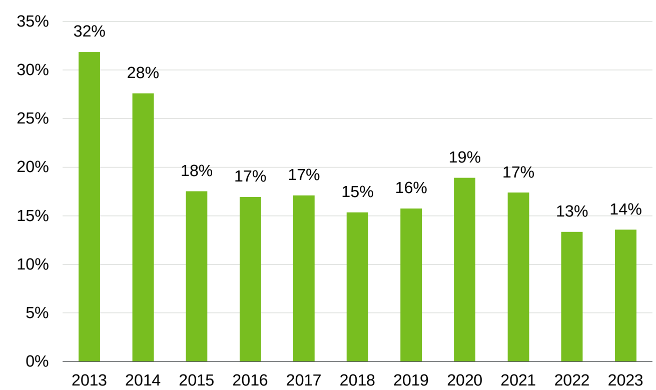
Belfius has continued to diversify its funding sources. At end-December 2023, outstanding medium-to-long-term (MLT) wholesale debt securities issued (€15 billion) were 45% composed of covered bonds, 27% of senior preferred bonds, 13% of senior non-preferred bonds, 11% of Tier 2 debt and 3% of Additional Tier 1 debt. The redemption profile of the MLT debt is well-spread over time with repayments consistently below €3 billion in any single year.

Exhibit 9
Loans to deposit ratio slightly increased in 2023
Gross loans / due to customers in %



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

Exhibit 10
Reliance on confidence-sensitive funding remains relatively low
Market funds / tangible banking assets in %



Source: Moody's Ratings

The bank's liquidity profile is sound. At 139% at year-end 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 €45.1 billion at year-end 2023 [22] against €13.2 billion of wholesale funding maturing within one year[23] which represents a coverage of 3.4x.

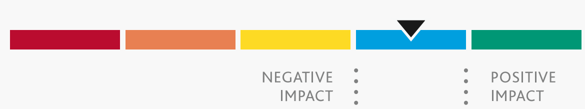
The residual amount of TLTRO (€1.4 billion at year-end 2023) was fully repaid in March. We have deducted the amount from both market funds and liquid resources for the calculation of the scorecard's Market Funding and Liquid Resources ratios as of year-end 2023 but this adjustment had no impact on the assigned combined liquidity score of a3.

ESG considerations

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

Exhibit 11
ESG credit impact score

CIS-2

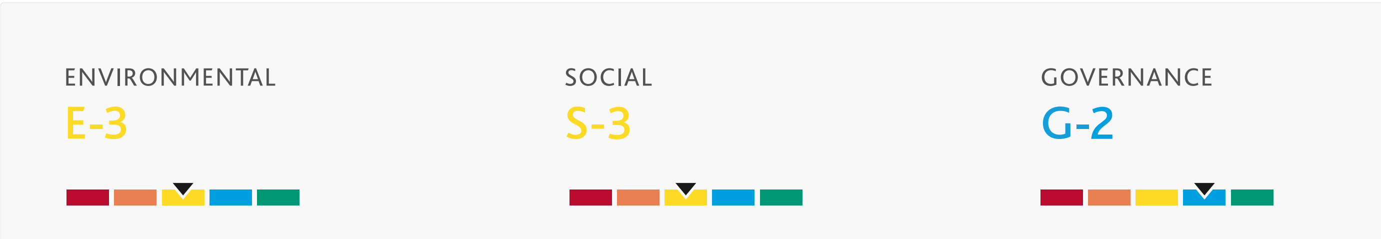


ESG considerations do not have a material impact on the current rating.

Source: Moody's Ratings

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

Exhibit 12
ESG issuer profile scores



Source: Moody's Ratings

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 moderate 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.

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. However this assumption does not result in any rating uplift, as is typically the case when such support would lead the bank's deposit and senior unsecured debt ratings to be in line with the sovereign debt rating. 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.

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
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		2.0%	a1	↔	a3	Sector concentration	Single name concentration
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		16.1%	aa2	↓	aa3	Expected trend	
Profitability							
Net Income / Tangible Assets		0.5%	baa2	↔	baa3	Expected trend	
Combined Solvency Score			a1		a3		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		13.6%	a2	↔	a2	Term structure	Deposit quality
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		18.6%	baa2	↔	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					a3		
Affiliate Support notching					0		
Adjusted BCA					a3		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	17,501	11.4%	28,644	18.7%
Deposits	109,246	71.2%	98,103	64.0%
Preferred deposits	80,842	52.7%	76,800	50.1%
Junior deposits	28,404	18.5%	21,303	13.9%
Senior unsecured bank debt	17,746	11.6%	17,746	11.6%
Junior senior unsecured bank debt	2,000	1.3%	2,000	1.3%
Dated subordinated bank debt	1,678	1.1%	1,678	1.1%
Junior subordinated bank debt	72	0.0%	72	0.0%
Preference shares (bank)	500	0.3%	500	0.3%
Equity	4,600	3.0%	4,600	3.0%
Total Tangible Banking Assets	153,343	100.0%	153,343	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	31.2%	31.2%	31.2%	31.2%	3	3	3	3	0	aa3
Counterparty Risk Assessment	31.2%	31.2%	31.2%	31.2%	3	3	3	3	0	aa3 (cr)
Deposits	31.2%	5.8%	31.2%	17.3%	2	3	2	2	0	a1
Senior unsecured bank debt	31.2%	5.8%	17.3%	5.8%	2	2	2	2	0	a1
Junior senior unsecured bank debt	5.8%	4.5%	5.8%	4.5%	0	0	0	0	0	a3
Dated subordinated bank debt	4.5%	3.4%	4.5%	3.4%	-1	-1	-1	-1	0	baa1
Junior subordinated bank debt	3.4%	3.3%	3.4%	3.3%	-1	-1	-1	-1	-1	baa2
Non-cumulative bank preference shares	3.3%	3.0%	3.3%	3.0%	-1	-1	-1	-1	-2	baa3

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	aa3	0	Aa3	Aa3
Counterparty Risk Assessment	3	0	aa3 (cr)	0	Aa3(cr)	
Deposits	2	0	a1	0	A1	A1
Senior unsecured bank debt	2	0	a1	0	A1	A1
Junior senior unsecured bank debt	0	0	a3	0	A3	
Dated subordinated bank debt	-1	0	baa1	0	Baa1	
Junior subordinated bank debt	-1	-1	baa2	0		Baa2 (hyb)
Non-cumulative bank preference shares	-1	-2	baa3	0	Baa3 (hyb)	

[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 14

Category	Moody's Rating
BELFIUS BANK SA/NV	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	A1
Junior Senior Unsecured -Dom Curr	A3
Junior Senior Unsecured MTN -Dom Curr	(P)A3
Senior Subordinate -Dom Curr	(P)Baa1
Jr Subordinate	Baa2 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)
Other Short Term -Dom Curr	(P)P-1
BELFIUS FINANCING COMPANY S.A	
Outlook	Stable
Bkd Sr Unsec MTN -Dom Curr	(P)A1
Bkd Subordinate	Baa1
Bkd Jr Subordinate	Baa2 (hyb)
Bkd Commercial Paper -Dom Curr	P-1

Source: Moody's Ratings

Endnotes

1 These figures include Moody's adjustments.

2 The problem loan ratios at year-end 2023 and year-end 2022 are 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 Source: EBA dashboard.

6 As of year-end 2023, these vulnerable exposures amounted to €6.5 billion or 45% of the stage 2 loans.

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

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

9 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.

10 The minimum SREP requirement is composed of Pillar 1 minimum of 4.5%, a Pillar 2 requirement (P2R) of 1.2%, a capital conservation buffer of 2.5%, an Other Domestic Systemically Important Institution (O-SII) buffer of 1.5%, a Sectoral Systemic Risk buffer of 0.27% and a Countercyclical buffer of 0.13%. The increase from the 10.05% SREP requirement as of year-end 2022 came from the increase of the Countercyclical buffer from 0.06% to 0.13%.

11 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.

12 The estimated CET1 impact (including management mitigation actions) is +1.11% at first time application in 2025.

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

14 According to EBA data, the aggregated transitional leverage ratios in Belgium and EU/EEA amounted to 6.1% and 5.8% respectively at end-December 2023.

15 This includes 4.4% combined buffer requirements.

16 Based on Moody's adjusted ratio.

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

18 Outstanding loan book was up year-on-year despite loan production declining by 6% in 2023 compared to 2022 as 30% decrease in mortgage and consumer loan production more than offset the positive effect of 8% progression in the origination of business and corporate loans.

19 Based on our calculations.

20 Moody's-adjusted figure.

21 Products issued by the banks have a withholding tax of 30%.

22 The buffer consisted of €20.2 billion cash, €8.8 billion in high quality bonds and €16.1 billion other assets eligible at the ECB.

23 This amount is the sum of debt securities issued and interbank borrowings with a residual maturity of less than 1 year (also including saving certificates and bonds distributed in the retail network) and the residual amount of the TLTRO.

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
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EMEA	44-20-7772-5454