

Banks Ratings Navigator		
Navigator date:	11 Oct 2018	
Last rating action:	13 Sep 2018	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Belgium	
Country IDR:	AA- Stable	
Last action:	01 Jun 18 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	2	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
13 Sep 18	aa+	Affirmed
27 Sep 17	aa+	Affirmed
07 Oct 16	aa+	Affirmed
Issuer Default Rating (IDR)		
13 Sep 18	AA+ Stable	Affirmed
27 Sep 17	AA+ Stable	Affirmed
07 Oct 16	AA+ Stable	Affirmed
Support Rating Floor (SRF)		
13 Sep 18	NF	Affirmed
27 Sep 17	NF	Affirmed
07 Oct 16	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
72	DM Europe Universal Commercial	
4	Belgium Universal Commercial	
Relevant Criteria & References		
Bank Rating Criteria (Jun 2018)		
Macro-Prudential Risk Monitor (Mar 2018)		
Analysts		
Olivia Perney (+33 1 44 29 91 74)		
Benjamin Schmidt (+49 69 768076 115)		

Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Financial Profile				Viability Rating	Support Rating Floor	Issuer Default Rating
					Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity			
aaa									aaa	AAA	AAA
aa+									aa+	AA+	AA+ Stable
aa									aa	AA	AA
aa-									aa-	AA-	AA-
a+									a+	A+	A+
a									a	A	A
a-									a-	A-	A-
bbb+									bbb+	BBB+	BBB+
bbb									bbb	BBB	BBB
bbb-									bbb-	BBB-	BBB-
bb+									bb+	BB+	BB+
bb									bb	BB	BB
bb-									bb-	BB-	BB-
b+									b+	B+	B+
b									b	B	B
b-									b-	B-	B-
ccc+									ccc+	CCC+	CCC+
ccc									ccc	CCC	CCC
ccc-									ccc-	CCC-	CCC-
cc									cc	CC	CC
c									c	C	C
f									f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	A or A-		
Actual country D-SIB SRF	NF		
Support Rating Floor:	NF		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy		✓	
Size of potential problem	✓		
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance	✓		
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
Leading Market Position; Very Strong Financial Profile	Euroclear Bank's ratings reflect its leading franchise in the international post-trade securities services industry, in particular in settlement and custody services, as well as its very strong financial metrics.
Strong Capitalisation	The bank's capitalisation is stronger than that of its direct peer, Clearstream Banking SA, and has a high influence on its ratings. Regulatory capital is small considering the business volumes, but the bank maintains a healthy margin above minimum regulatory requirements.
Resilient Revenue Bases	Safekeeping and settlement revenue is sensitive to changes in asset prices and client transaction volumes but has proven resilient. The cost base is well managed, with incremental investments primarily focused on ensuring system resilience and strengthening ancillary businesses.
Low Exposure to Credit Risk	Credit-risk exposure is very low, as credit lines granted to clients are mostly intraday, collateralised credit lines to facilitate settlement. The Central Securities Depositories Regulation (CSDR) requires to collateralise all non-sovereign lending, limiting uncollateralised lending.
Prudent Liquidity Management	Liquidity management is prudent and reflects the short-term nature of the balance sheet. Liquidity needs are largely intraday and transaction driven. One of CSDR's requirements is to hold sufficient liquidity to cover the defaults of the two largest counterparties.
Very Strong Risk Controls	The risk-control framework is very strong, and investments in risk management are a management priority. The bank has a strong corporate culture with a high risk awareness.
Operational Risk/Capitalisation Key Sensitivities	Due to the high-volume business and reliance on robust IT systems, operational risk is a key rating sensitivity, considering the low absolute volume of capital. Inability to adapt to regulatory changes, weakening capitalisation or a higher risk appetite could be rating negative.
Sensitive to Belgium Sovereign Downgrade	A Belgium sovereign downgrade into the 'A' category could trigger a downgrade of the bank's rating because, in accordance with Fitch's criteria, the potential uplift of bank ratings above the sovereign in the eurozone is typically limited to a maximum of two notches.

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