

Annual report 2020

Crelan Group

The coronavirus severely restricted our freedom of movement in 2020. Society even came to a complete standstill for a while and had to adapt to new realities: a different way of working, of experiencing free time, of shopping, etc.

Activity in some sectors of the economy came to a complete halt, resulting in loss of income, while other professions, such as healthcare workers, came under considerable pressure. Their efforts deserve nothing but respect.

Crelan too has continued to play its role as an essential service provider. The Crelan Group's 2,734 employees remained at the service of its customers day in day out, from their homes or with appropriate safety measures in place at the branches.

A few of our colleagues will show exactly how this was done in practice throughout this annual report with a coronavirus-style photo.

In accordance with Article 105 of the Company Code, the figures in this report are an abbreviated version of the officially published annual accounts of the Crelan Group, closed on 31 December 2020. These are the consolidated financial statements under IFRS. Our auditor issued an unqualified positive opinion on these published financial statements.

The figures presented in this annual report may relate to the whole of the Crelan Group as well as to the individual entities, namely Crelan, Crelan Insurance and Europabank.

The full consolidated financial statements may be obtained from the General Secretariat and Corporate Communication Department by e-mail: general.office@crelan.be.

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The CEO looks back

➤ **Mr Voisin, what are your thoughts on the extraordinary year of 2020?**

In 2020, crises prevailed, both in the area of health and in the area of economic and social developments.

These crises came on top of existing structural challenges: climate change, the fight against unsustainable inequalities in our societies and the great digital revolution.

This accumulation of short-term crises and long-term, profound and structural changes have heavily shaped our way of life and is truly quite exceptional. It holds up a mirror to us about who we are and what our purpose is.

Crelan fulfilled this goal by being readily available and responsive to its customers. This powerful mobilisation of all our employees, from our bank branches and head office, led to strong production despite the difficult context. It was a record year for loans and investments alike.

For Crelan bank, credit turnover increased by 4.7%, customer deposits by 7.6% and off-balance sheet investments by 8.7%. Moreover, we were able to draw more than 37,000 new customers.

In that sense, this crisis only further confirmed our mission.

We are part of a cooperative enterprise that has proven its resilience with respectable results and proven financial health.

Moreover, the enthusiasm for the future project will also bring additional benefits, allowing us to paint an optimistic picture of the future for our customers and employees alike.

Philippe Voisin,
CEO Crelan

Who are we?

The Crelan Group comprises the cooperative bank Crelan and its two subsidiaries, Crelan Insurance and the niche bank Europabank. The cooperative bank Crelan is a federation of credit institutions formed by Crelan NV and its main shareholder, CV CrelanCo.



Crelan is a 100% Belgian and cooperative bank and its strong cooperative shareholder CrelanCo. The balance sheet total of Group Crelan (including its subsidiaries Europabank and Crelan Insurance) amounts to EUR 22.8 billion, making it the seventh largest Belgian bank.

Crelan offers a wide range of banking and insurance products for private individuals, the self-employed and SMEs. Furthermore, with a specialised range of products, the bank is the privileged partner of farmers and large companies in the agricultural and horticultural sector.

Customers are offered financial advice from over 500 branches run by locally based independent agents. Under the motto 'Banking differently together', Crelan emphasises personal contact and a relationship of trust with its customers. The bank employs a sustainable model and demonstrates a genuine commitment to society.



Crelan Insurance has offered credit-related insurance since 2007. These include debt balance insurance, finance settlement insurance and death insurance with constant capital. The insurer's product range therefore fits in seamlessly with the credit products of Crelan and Europabank.



Europabank is a typical niche bank. It offers a specific range of products and services. It is known in particular for its specialisation in consumer credit. Traders also know the bank as a processor of transactions carried out with debit cards and Visa and Mastercard credit cards. Among companies, SMEs and the liberal professions, Europabank is also known as a provider of financial leasing and renting.

The group cooperates on commercial, technical and financial matters.

Company	Number of employees	Number of branches	Number of customers	Number of cooperative shareholders	Operational in
Crelan	2,363*	502	759,250	275,015	Belgium
Crelan Insurance	14	-	128,648	-	Belgium
Europabank	357	47	159,621	-	Belgium

*739 staff members and 1,624 employees within the independent agent network

For more information on the history of Crelan and the Crelan Group, please visit www.crelan.be.

Structure and shareholdings

NV Crelan and the official cooperative company, CV CrelanCo, together form a federation of credit institutions, with NV Crelan as its central institution. There is full solidarity between the two and the results of NV Crelan and CV CrelanCo are therefore consolidated.

The CV CrelanCo owns 100% of the shares and voting rights in NV Crelan. As at 31 December 2020, the cooperative capital of CrelanCo was held by 275,015 cooperative shareholders. As such, Crelan is a 100% Belgian bank with 100% cooperative roots.

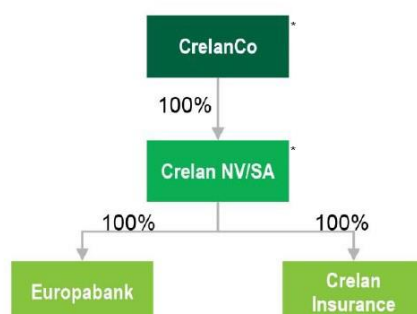
The Management Committee of NV Crelan is responsible for the operational policy of both NV Crelan and CV CrelanCo.

The entity formed by NV Crelan and CV CrelanCo is referred to in this report as "Crelan" or "the Bank", while the broader name "Crelan Group" or "the Group" refers to all the entities or subsidiaries listed below that are included in the consolidation through full integration.

The accounts of the subsidiaries of NV Crelan, namely Europabank since 2004 and Crelan Insurance since 2007 are included in the consolidation perimeter of the Crelan Group pursuant to the Royal Decree of 23 September 1992 on the consolidated accounts of credit institutions.

The Crelan Group does not have any branches.

The diagram below gives a simplified overview of the structure of the Crelan Group.



* NV Crelan and the official cooperative company, CV CrelanCo, together form a federation of credit institutions, with NV Crelan as its central institution. Pursuant to Article 239 of the Act of 25 April 2014 on the status and supervision of credit institutions.

2020 at a glance

The markets

Context

A good start until...

2020 was a year of major fluctuations with a strong beginning and end of the year.

The first two months of the year continued the positive momentum of 2019 with strong investor confidence. The favourable combination of abating trade tensions, macroeconomic news beating expectations and momentum in sectors such as IT and financial services bolstered market confidence.

Coronavirus

However, things rapidly derailed as more news of the coronavirus infection in China reached us and the rapid spread of COVID-19 became apparent. Global lockdowns and other freedom-restricting measures paralysed social and economic life, resulting in one of the most severe market corrections ever.

In March, during the first lockdown, stock volatility peaked above the levels of the great financial crisis of 2008, including a historic loss of 33.7% for the MSCI All Country World index in USD.

However, the duration of this recession varied greatly. A number of regions and countries, with China in the lead, already recorded positive figures at the end of 2020. Other regions, such as Europe, will need another one or two years for economic activity to return to pre-coronavirus levels.

The situation there was much more difficult due to the appreciation of the euro and the resulting increase in export prices. Moreover, the second lockdown and the difficult Brexit negotiations also affected activity on the European domestic market.

Nevertheless, there was also hopeful news with the agreement on the European Recovery Plan during summer. The plan contains very ambitious medium-term goals. The EUR 500 billion stimulus fund based on EU loans was perceived as a breakthrough in terms of pooling European debt and boosted investor confidence. For the first time, the European Union issued bonds itself, whereas previously this was always done at the level of individual Member States. Positive momentum was further increased during the summer by encouraging macro figures, both in the US and in Europe, by encouraging news on COVID-19 treatments and the resumption of trade talks between the US and China.

Despite rising infection rates, sentiment remained positive towards the end of the year. The positive Pfizer and BioNTech vaccine trial results, followed by Moderna and others, fuelled hopes of a return to normal economic activity in the course of 2021. Investor euphoria intensified when the United Kingdom and the European Union reached an agreement on an orderly Brexit, and following

agreement by US Republicans and Democrats on the final tranche of the USD 900 billion stimulus package.

The strong supportive and proactive role played by the central banks also ensured stability. Their interventions were unprecedented both in terms of scale - larger than during the great financial crisis of 2008 - and in the speed with which they were implemented.

Stock market impact

The COVID-19 pandemic and the resulting economic disruption caused one of the sharpest market declines ever.

However, the rapid reaction of governments and central banks with fiscal and monetary stimuli offered investors new perspectives and placed the focus on a potential path to recovery.

Over the summer, confidence increased even more due to positive economic and political developments and good news about the coronavirus vaccines. From then on, the stock markets went from a U-shaped to a V-shaped recovery.

After a five-month market rally, investors' risk appetite wavered again in September and October, partly due to the increase in contagion in Europe and the US. The recovery curve appeared to be heading for a U-shape again and investors decided to take profits, especially on the large US IT stocks.

But positive news in late 2020 ultimately made for a good year for investors. A record amount of liquidity injected by central banks boosted all assets. Equities, bonds and certain commodities such as gold all had a good year - regardless of whether they were generally considered 'risky' or 'safe haven'. In equity markets, we saw a wide spread between regions, including a global increase of +16.3% (MSCI ACWI in USD). Of all regions, the US market performed best with +20.7% (USD), followed by emerging countries (+18.3% in USD) and Japan (+8.8% in JPY), while Europe lagged behind at -3.3% (in EUR).

At present, many assets are trading at quite high levels. We therefore expect a more challenging market in the coming period during which it will be important to remain vigilant and to diversify.

Trends at Crelan Bank

Savings and investments

In 2020, three trends were noticeable in savings and investments: savings accounts continued to grow, investment funds became more successful in the search for higher returns, and current account deposits continued to increase.

Deposits on all regulated savings accounts and Crelan Business savings account together rose by 7.46% to EUR 13.8 billion. Savings growth is therefore even stronger than in 2019. The easy availability of saved funds and the tax-friendly treatment of interest continue to convince many savers. But this coronavirus year also meant that savers spent less on, for instance, travel, the hotel and catering industry, and physical purchases, and thus had more savings at their disposal. This, combined with concerns about economic development, encouraged additional saving behaviour. In addition, investors also use savings accounts as a suspense account in function of new investment opportunities.

The continuing low market interest rates make more and more investors, in search of higher returns, consider off-balance sheet products. Customers are therefore increasingly switching to investment funds, with or without a built-in form of capital protection.

The strongest production was recorded in the first and last three months of the year. In terms of funds, technology funds were in demand. The Econopolis Exponential Technologies fund was one of our best-selling funds and achieved a year-on-year return of +51%. The Belgian equity fund Econopolis Belgian Champions also achieved good turnover and was the only fund in its category to realise a positive result in 2020 (+2.9%).

Good communication and proactive transparency are always important, but in this coronavirus year, they demanded even more attention. As a result, we did not notice any panic among our investors at any time during the year. After the stock exchange decline in March, there was even a slight increase in interest in shares.

As a result, Crelan recorded a 24.4% increase in the production of funds and notes in markets, including pension savings, which led to a 9% increase in the turnover of these products.

We observe a turnover increase in funds (+14.9%), the cooperative shares of CrelanCo (+2.8%) and in pension savings (+5.5%).

Deposits on current accounts also rose sharply again, by 21.5%. A number of factors are responsible for this increase: the number of current accounts rose by 11%, the consumption pattern changed due to the coronavirus and, perhaps due to the low market interest rates, funds remained in current accounts longer instead of flowing through to savings accounts.

Lending

In 2020, Crelan, excluding internal refinancing, granted more than EUR 3.2 billion in loans to private individuals and entrepreneurs. This represents an increase of 5% compared to 2019.

With regard to private loans, the production of home loans increased by 8.9%. This is a particularly good result as the market fell by 9.3%* as a result of COVID-19. Investment loans to professional clients (agriculture, SMEZ and Corporate) also increased by 8.8%.

* Source statistics NBB, home loans to individuals.

In the spotlight

9 January

At the New Year reception, our CEO, Philippe Voisin, handed over a cheque for EUR 14,255 to Brigitte Demunter of the Stichting tegen Kanker [Foundation against Cancer]. This donation is the result of our employees' participation in the Crelan Foundation's operations in 2019.

11-12 January

At the BK cyclo-cross in Antwerp, the IKO Crelan Team takes home three gold, two silver and one bronze medal.

30 January

Crelan is awarded the label of Top Employer Belgium/Belgique for the fifth time in a row. An excellent reward for the bank's efforts to provide its employees with a motivating and pleasant working environment.

28 February

Crelan is the main sponsor of the Agridagen in Ravels. Its stand is buzzing with activity. Sanne Cant also pays a visit to the stand, which is greatly appreciated by many fans.

11 March

Crelan and the crowdfunding platform MiiMOSA launch their fourth call for crowdfunding projects in Wallonia's agriculture and agri-food sector. Groupe One, the agency specialising in assisting start-up sustainable projects, participates as well. The project follows on from the successful 2019 campaign in which 31 local projects received the support of 2,800 participants for a total amount of 228,985 EUR.

18 March

The federal government, followed by the regional governments, takes drastic measures to prevent the spread of the coronavirus. It is the beginning of a long struggle with periods of lockdown and compulsory remote working. Crelan manages to fully switch to working from home within a time span of 2 weeks. Crelan continuously adapts its working methods to the new regulations throughout the year with two goals in mind: guaranteeing the safety of its customers and employees, and continuing to provide its services.

1 April

Febelfin publishes the first charters containing the rules within which clients who have been financially affected by the coronavirus crisis can request postponement of payment for their home loans and professional loans. Crelan did not wait around for this and already began offering solutions to customers on its own initiative. In the end, the bank grants a moratorium to 4,921 retail and 1,505 professional customers.

15 April

Crelan offers its employees who are struggling with the coronavirus crisis a helpline at Securex. The internal reception structures also remain available. A well-being survey, information videos, tips & tricks and fun initiatives such as competitions and e-peros also aim to maintain the group spirit.

27 April

Crelan Pension Fund is now called Crelan Pension Fund Sustainable after the three fund compartments Stability, Balanced and Growth were awarded the Febelfin 'Towards sustainability label' in November 2019, a quality standard for sustainable and socially responsible financial products.

4 May

Anne Fievez and Paul Malfeyt join Crelan's Management Committee, thereby completing it again, as CIO and CFO respectively.

28 May

Crelan introduces the Flex Income Plan which offers colleagues the opportunity to convert half of the end-of-year bonus into a number of benefits such as the use of an electric lease bicycle, reimbursement of subscriptions (parking, car sharing, bike sharing, train pass upgrades), etc.

20 June

1,100 cooperative shareholders submit almost 3,000 photos for the Calendar 2021 photo competition. Twelve winners are selected by a jury and their photos will appear in the Crelan calendar 2021.

29 June

Crelan announces the annual results of the Crelan Group. This is two months later than in previous years because the General Assembly was postponed due to the coronavirus. The Group realised a net profit of EUR 70.30 million and distributed a dividend of 3% to its cooperative shareholders. Its disbursement is postponed pursuant to the COVID-19 guidelines for financial institutions of the supervisory authorities ECB and NBB.

3 July

Crelan gets involved as a sponsor in 3x3 basketball, one of the most popular urban sports activities. The sponsorship includes the 3x3 Masters Tour, the European Championships and support for the national women's and men's teams.

3 July

The Digi Days get a safe coronavirus version, the Digi Remote Days. The principle remains the same, namely to guide customers who want to get better acquainted with the digital channels. Instead of organising the training session at the office, agents now conduct electronic meetings with customers.

10 August

The Berchem regional office moves from the Post X site to the AXA Bank building, a few hundred metres away, during the weekend of 8 and 9 August. This move is unrelated to the planned takeover of AXA Bank, but once this agreement is approved by the regulators, it will already be a first step in the integration process.

1 September

The start of the new school year also marks the beginning of the Crelan Leadership Journey, a training cycle for leaders. Due to the coronavirus, many sessions are held electronically, with a great deal of attention for tips and tricks for remote management.

7 September

The successful 2019 'Wake up' investment campaign gets a sequel. This time around, the theme is 'Sleep well. We will keep your money awake'. Through newsletters, blogs and social media, the bank emphasises the importance of a good investment conversation and sound advice. As a gift, agents gift a box of chamomile tea, known for its sleep enhancing properties, after each investment call.

19 September

The OPR (Opération pièces rouges) campaign by Télévie and Bel RTL collected EUR 486,288.71 for the fight against cancer and leukaemia. Crelan is again a partner in this second edition and together with Bel RTL distributes 12,500 piggy banks.

4 November

The 'New way of working' project is launched. The coronavirus imposes many restrictions on us, but also offers a few positives. With this project, Crelan wants to prepare itself for a new way of working post-coronavirus with more autonomy for colleagues in terms of workplace and planning, attention to sustainable mobility and support through adapted leadership styles, adapted ergonomics at the branches and modern IT tools.

16 November

On 16 November, Crelan submits an additional information file to the ECB and the NBB in connection with the acquisition of AXA Bank and the transfer of Crelan Insurance to AXA Belgium. In it, the bank explains, among other things, the modified governance, the strengthening of Tier 2 capital through contributions from AXA Groupe and Amundi, and the future IT landscape.

18 November

The Care@Crelan project gets off to a flying start. This initiative is aimed at ensuring an appropriate follow-up of colleagues who are absent for long periods of time. By establishing tailored contact during their absence and providing adequate support upon their return, Crelan aims first and foremost to provide better support to colleagues involved and also to minimise the consequences for teams, agents and customers.

8 December

Crelan offers its employees and its cooperative shareholders the opportunity to buy an office chair at a low price through a group purchase. At a time of high demand for good office chairs and limited supply, this is a popular initiative. 242 chairs are ordered.

9 December

The Belgian Competition Authority (BMA) approves the acquisition of AXA Bank by Crelan. This approval by the Competition Authority is a necessary step in the planned acquisition of AXA Bank, in addition to the pending approval by the NBB and ECB.

9 December

In collaboration with Codabox, an Isabel Group subsidiary, Crelan is the first Belgian bank to offer the CARO programme. This programme enables accountants, with the consent of cardholders, to automatically import digital credit card statements into their accounting package and link them to their customers' accounts. Since this was previously a manual process, CARO saves a lot of time.

22 December

Credit rating agencies Moody's and Standard & Poor's rate the future merged bank.

Moody's assigns a Baa1 rating with a positive prospect and Standard & Poor's assigns a BBB+ rating with a negative prospect.

These ratings demonstrate that Crelan is a healthy and solid bank and allow us to look forward with confidence to the AXA Bank acquisition project. This project does still requires approval by the ECB and the NBB in order to get started.

31 December

As thanks for the extra efforts in a difficult coronavirus context, Crelan sends a nice gift basket to all offices and colleagues at the branches. A lovely gift to close 2020 and a great prelude to the digital New Year's party in January.

Key figures Crelan Group 2020

Employees, offices, cooperative shareholders and customers

Employees	2,734
Branches	549
Cooperative shareholders	275,015
Customers	918,871

Credit turnover distribution

Private individuals	73.91%
Agriculture and horticulture	11.90%
Companies	14.19%

Ratios

	2020
Cost Income Ratio	73.36%
Loan Loss Ratio	0.10%
ROE	3.91%
ROA	0.22%
Tier 1	21.72%

Consolidated result

(IN EUR MILLION)*

	2019	2020	EVOLUTION
Customer deposits (incl. subordinated certificates)	19,294.03	20,761.63	+7.6%
Loans to customers (IFRS)	17,560.86	17,683.73	+0.7%
Loans and receivables	17,674.78	17,807.68	+0.8%
Financial portfolio	1,210.84	1,017.16	-16.0%
Equity (incl. cooperative capital)	1,263.01	1,311.46	+3.8%
Total assets	21,595.54	22,819.21	+5.7%
Net result	70.30	49.41	-29.7%

Legend

CIR (Cost Income Ratio) : Contrasts operating costs with operating revenues. Efficiency indicator.
(For every euro raised (profit?) the group incurs 73.36 cents in costs.)

Loan Loss Ratio : Compares the credit losses with the total credit portfolio. Indicator for quality of credit portfolio.
(Per euro of outstanding credit, the group suffers a loss of 0.1 cents.)

ROE (Return on equity) : Contrasts net profit with equity. Profitability indicator.
(For every euro of equity, the Group earns 3.91 cents net profit.)

ROA (Return on Assets) : Contrasts net profit with balance sheet total. Profitability indicator.
(For every euro of balance sheet total, the Group earns 0.2 cents net profit.)

Tier 1 : Contrasts core capital with risk-weighted assets in the balance sheet. Solvency indicator.
(For every euro of risk on the balance sheet, the Group keeps 21.72 cents of core capital for hedging.)

Outlook

Scale to operate more profitably

On Friday 25 October 2019, Crelan and AXA Group announced a major partnership. Crelan will acquire AXA Bank, the Belgian banking arm of this international group. In addition, Crelan will transfer its subsidiary Crelan Insurance to AXA Belgium, the Belgian insurance arm of AXA Group and market leader in non-life insurance. Both parties also agreed that Crelan bank agents will offer AXA non-life insurance as of 1 January 2021.

The relevant regulators - the National Bank of Belgium, the Banque de France and the European Central Bank - are currently assessing this agreement. The agreement can only enter into force after their approval.

Following this approval, Crelan and AXA Bank will be able to embark on a joint future. Initially, both brands will continue to co-exist, but the plan is to achieve a full legal and operational merger in a period of about two years after the effective closing (entry into force) of the agreement. All activities will then continue under the Crelan banner.

In the course of 2020, Crelan and the regulators kept in frequent contact. Crelan also took several steps in preparation for this project, including introducing a new governance structure, strengthening its Tier2 capital and mapping out its future IT landscape and migration and integration planning. Naturally, the NBB and the ECB are also eager to ascertain the impact of the coronavirus and, in that context too, Crelan will provide additional information on the basis of the 2020 annual figures.

Philippe Voisin, Crelan CEO, sees this agreement as a major but realistic strategic move in the face of banking sector challenges.

"We will double in size as a result of the merger of AXA Bank and Crelan. We will become the fifth largest bank in Belgium. Thus, the Crelan Group will manage more than EUR 40 billion in deposits and more than EUR 40 billion in loans. It is not the fifth place that is important, but the fact that we are growing together and are able to exchange knowledge. Due to the continued low interest rate, the interest margin of the banks has been under pressure for a while. The digitisation and increased regulations and capital adequacy requirements, moreover, demand additional investments from banks. Due to the merger, we will be able to make these investments for twice as many customers, which will make it easier to make them profitable. The evolution of the coronavirus and its large-scale impact on economic activities worldwide further strengthen our conviction of the usefulness of this project."

A comprehensive banking and insurance offer

By transferring Crelan Insurance to AXA Belgium, Crelan will fully concentrate its know-how on banking products. It will further complement this offer with insurance and investment products from renowned partners such as AXA Belgium for non-life and credit insurance, Allianz for life insurance and Econopolis, Amundi and AXA IM for investments. This comprehensive offer will give the bank's customers - private families, entrepreneurs, SMEs and farmers - the opportunity to benefit from a complete financial offer and Crelan the opportunity to generate commission income. In anticipation of the closing of the agreement with AXA Group, AXA Belgium and Crelan have already concluded a temporary distribution agreement which will allow Crelan branches to offer the full range of AXA non-life insurance from 1 January 2021.

Customer focus

The fact that we will become a larger bank does not mean that we will lose our strong relationship of trust with our customers. On the contrary, our customers will remain at the centre of our decisions and *modus operandi*. We want to further tailor our advice to important key moments in the lives of

customers such as coming of age, starting a family, buying a car and a house, saving for later, etc. To this end, we will not only fully adapt our offer, but also our commercial structure, to this way of working.

Focus on proximity

We are committed to quality and user-friendly digital channels so that customers can conduct their own transactions where and when they wish. However, we are also convinced that chat bots will never be able to replace the advice of an actual advisor. Our future bank will therefore continue to have room for a broad network of locally based independent banking agents to whom customers can turn for expert advice. Specialised service offices, the so-called label offices, will also be responsible for customised services for professional customers and agriculture and horticulture.

Omnichannel approach

In the future, our branch network, our digital channels and a Customer Care Centre will interact optimally and exchange information so that we can offer customers the best possible customer experience.

Jean-Pierre Dubois, the Chairman of the Board of Directors of CrelanCo, insists that even after the acquisition of AXA Bank, Crelan will remain very close to its customers and retain its family character. "Thanks to our independent banking agents who know the local market inside out, we have always been able to maintain a genuine personal relationship with our customers. Our customers know that they can always turn to their local branch team for advice and assistance. We forge long-term customer relationships. This low threshold and this friendly character are our hallmark now and in the future.

Focus on a cooperative approach

The cooperative spirit is in our DNA, past, present and future. We will continue to translate that into a sustainable approach with consideration for our cooperative shareholders and society. We continue to work with our cooperative shareholders to build a genuine community through nice benefits and, through the Crelan Foundation, we continue to support socially relevant projects submitted by cooperative shareholders. In the future, AXA Bank customers will also be able to become cooperative shareholders of Crelan, should they so wish.

Broadening synergies within the Group

The existing synergies with subsidiary Europabank, such as its range of payment solutions, will also be extended to AXA Bank's branch network in the future.

With this strategy, Crelan wants to respond to the many challenges the banking sector is facing. **Luc Versele, Chair of the Board of Directors of Crelan:** "With revenues under pressure and increased investment in regulation and digitisation, banks need to reinvent themselves and prepare for the future. With the takeover of AXA Bank, we are strengthening the Crelan Group and Crelan and AXA Bank colleagues can work together to shape the future of the new merged bank. By pooling our

strengths and know-how, we want to offer the customers of both banks an even more comprehensive service through an extensive range of products, high-performance digital channels and the advice of our local agents".

Consolidated management report of the Crelan Group, financial year 2020

1. Results and synergies within the Group

Crelan NV results

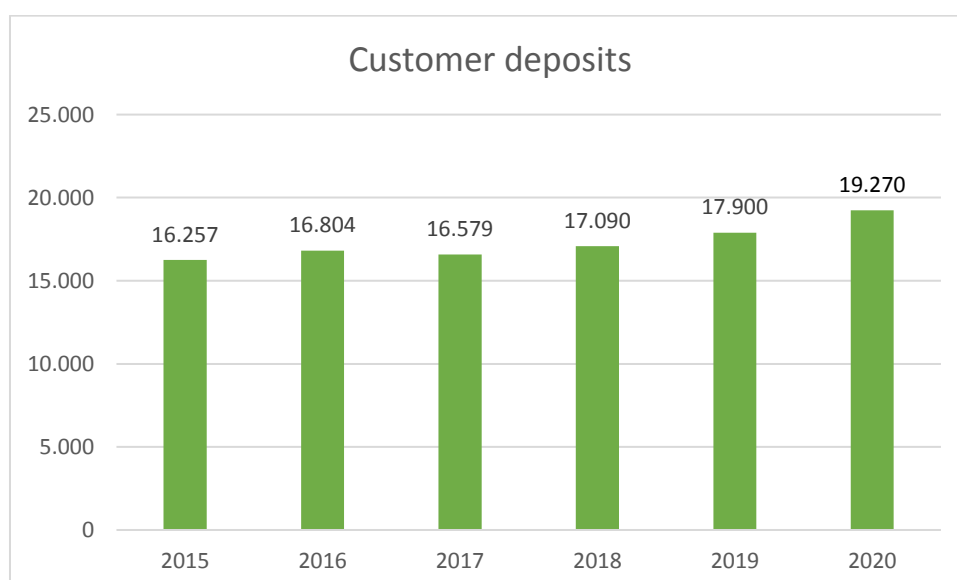


Cooperative shareholders and customers

As of 31 December 2020, Crelan had the trust of 275,015 cooperative shareholders and 759,250 customers.

Customer deposit turnover

(in EUR million)



Customer deposits amounted to EUR 19.27 billion in late 2020. This represents an increase of 7.6% compared to the previous year. Thus, despite a persistently low interest rate environment, deposits continue to rise.

If we closely examine the evolution of customer deposits, we note a further increase in current account volumes. By late 2020, this amounted to EUR 4.43 billion, an increase of 21.5% compared to 2019.

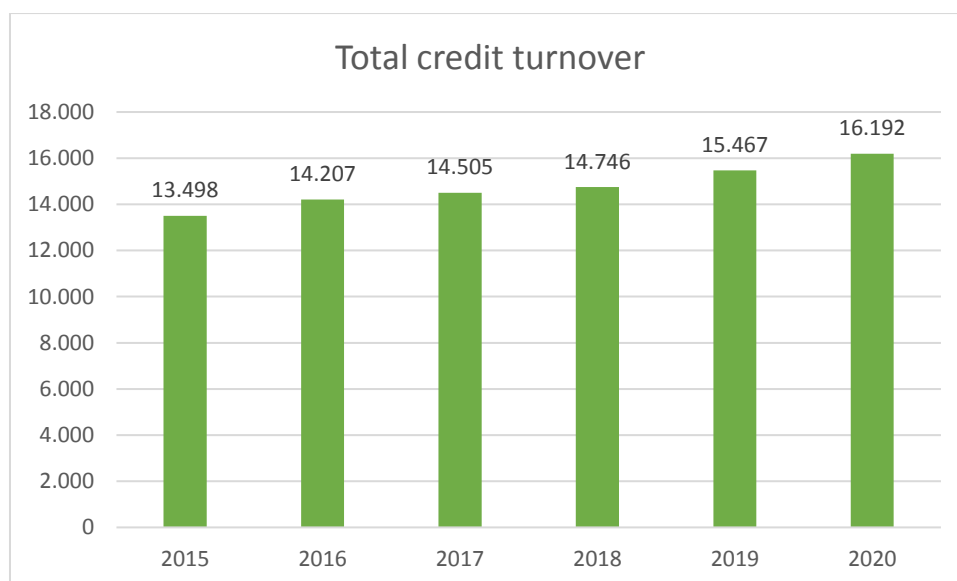
Partly due to the low market interest rate, funds tend to stay longer in current accounts, with customers transferring them less frequently to their savings accounts. In addition, this increase can be explained by the growth in the number of current accounts (+11%) and other factors such as the changed consumption pattern caused by the coronavirus.

The outstanding volumes on regulated savings accounts also increase significantly compared to 2019. From EUR 12.28 billion in late 2019 to EUR 13.13 billion in late 2020, an increase of EUR 847 million (+6.9%). The upward trend is even more pronounced for Crelan Business savings accounts at 18.9%. Its deposits will evolve from EUR 596 million at the end of 2019 to EUR 709 million at the end of 2020.

The portfolio of savings certificates, term deposits and subordinated certificates continued to decline in line with expectations. In late 2020, turnover amounted to EUR 934 million, 385 million less than in 2019 (-29.2%). Low market interest rates discourage customers from locking in their deposits for years in these products.

Credit turnover

(in EUR million)

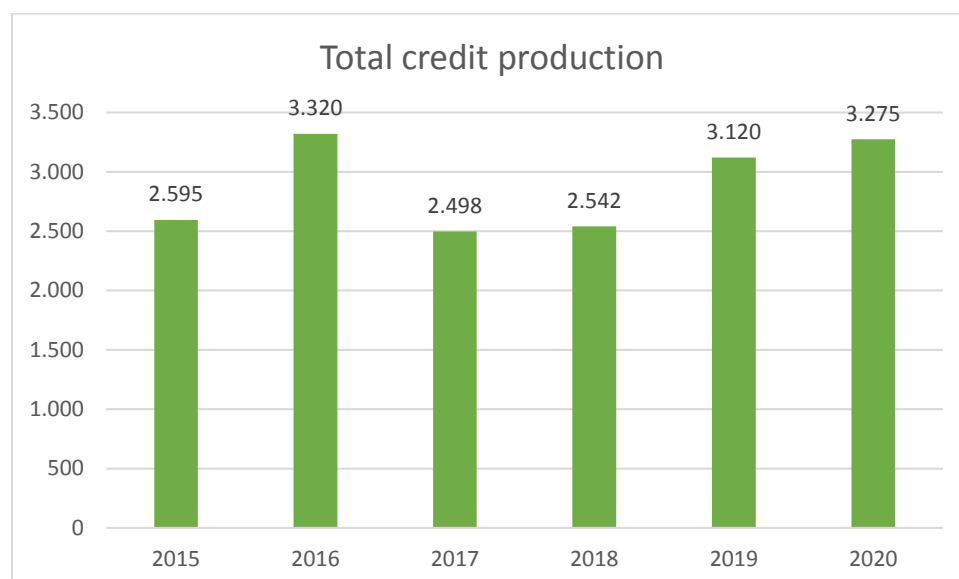


Total credit turnover increased by 4.69% to EUR 16.19 billion in 2020 compared to the previous year.

Home loan turnover rose to EUR 11.68 billion, an increase of 5.2%. Credit turnover to the self-employed and small and medium-sized enterprises increased by 6.8% compared to 2019. Credit turnover to farmers decreased slightly by 0.3%.

Credit production

(in EUR million)

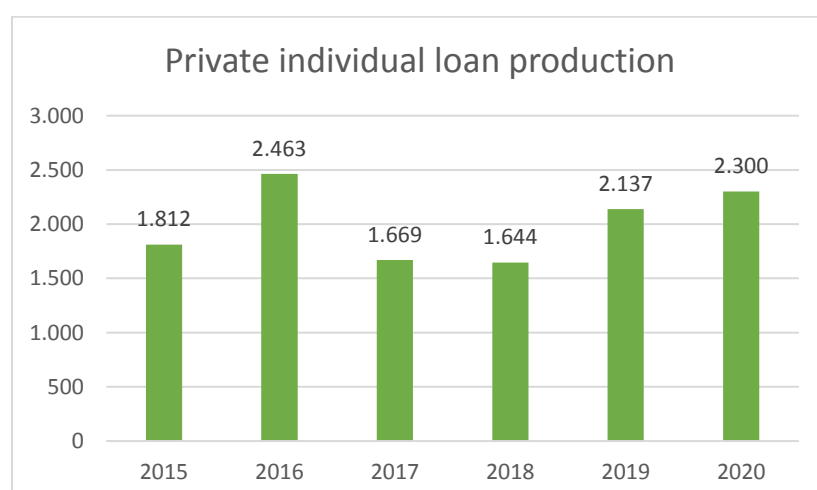


In 2020, total credit production, excluding internal refinancing, will be more than EUR 3.2 billion, bringing us close to the record year of 2016 and growing by 5% compared to 2019. This is a particularly good result considering the coronavirus crisis, the pressure on the credit market and the fierce competition between Belgian banks.

The high credit production in 2016 was explained by the many external refinancings that affected production in that year.

Loans to private individuals

(in EUR million)



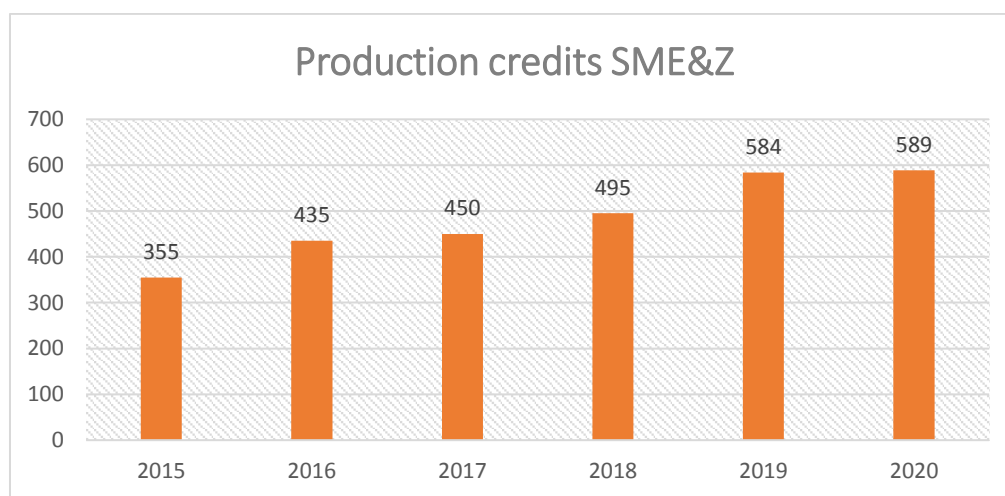
In private lending, we achieved 7.6% more production in 2020 than in 2019. The reason for this increase is attributable to the production of home loans, in which we achieved as much as 8.9% more in 2020 than in 2019.

For loan production on instalments in particular, we see a small decline of 3.8% compared to 2019. Despite the impact of the coronavirus crisis, including the temporary closure of shops and garages, we continued to achieve a strong result in instalment loans in 2020.

Loans to professionals

➤ Loans to SMEs and the self-employed

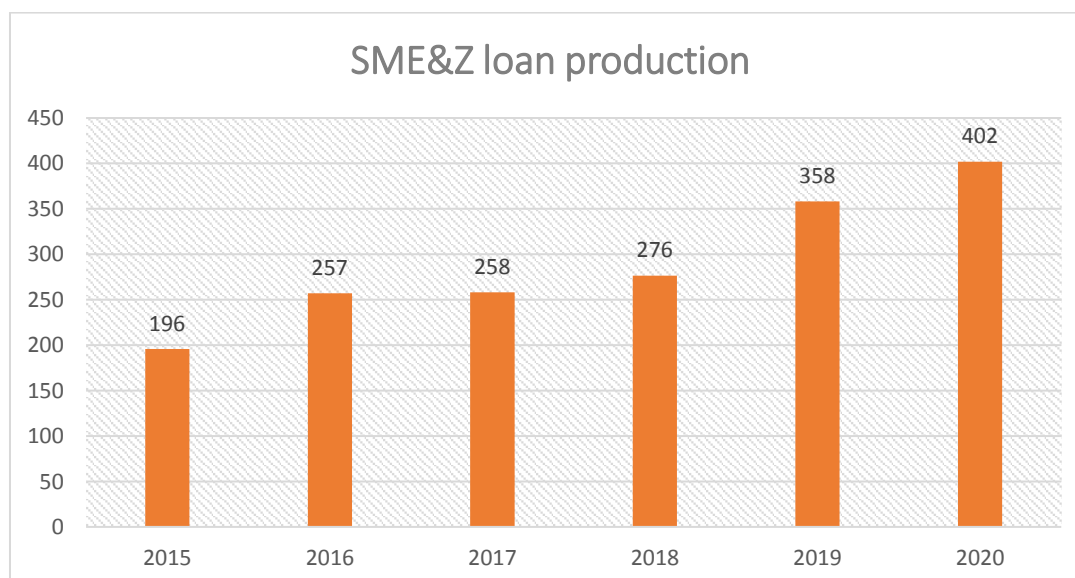
(in EUR million)



At EUR 589 million, total production loans to the SME and self-employed segment (SMEZ) matched the level of 2019, a year in which we recorded a significant increase.

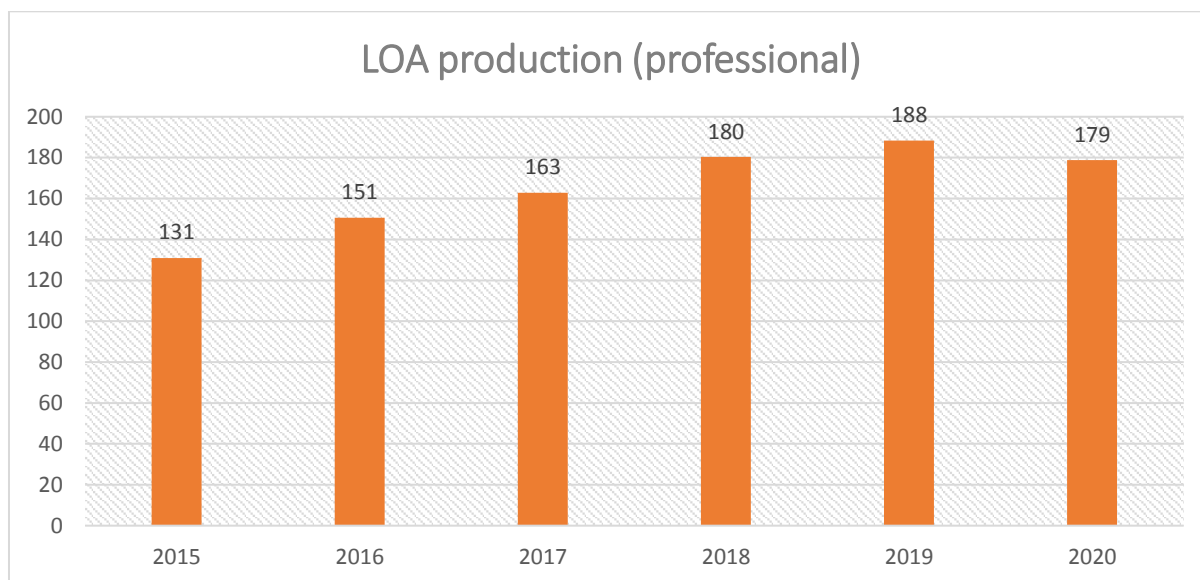
However, when taking a closer look at medium and long-term loans (MLT) and instalment loans (LOA), we observe major differences.

(in EUR million)



As a result of the bank's strategy of profiling itself in the area of investment lending (MLT), its production has increased continuously since 2015. The increase in 2020 was 12.3% and that despite the health crisis.

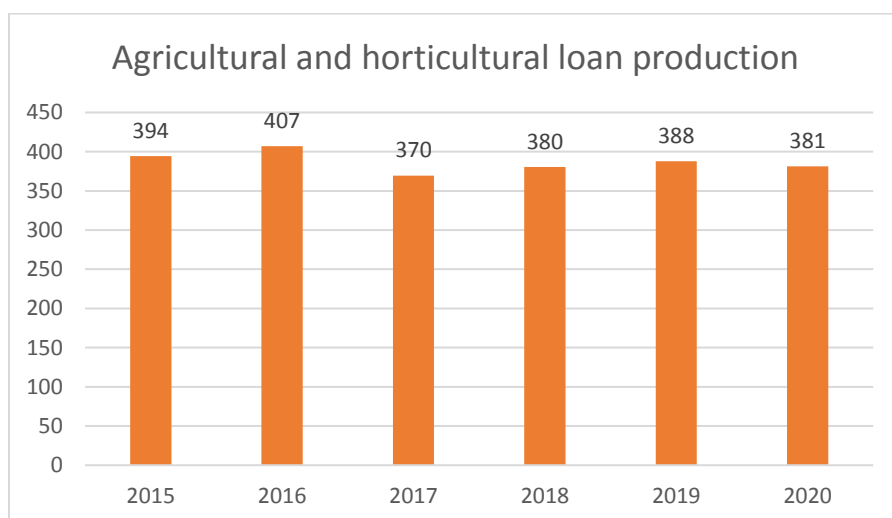
(in EUR million)



The coronavirus did have a negative impact on smaller scale investments such as cars and materials. As with private individuals, LOA production in the professional market is also falling, partly because a number of investments may be postponed and partly due to temporary closures of shops and garages.

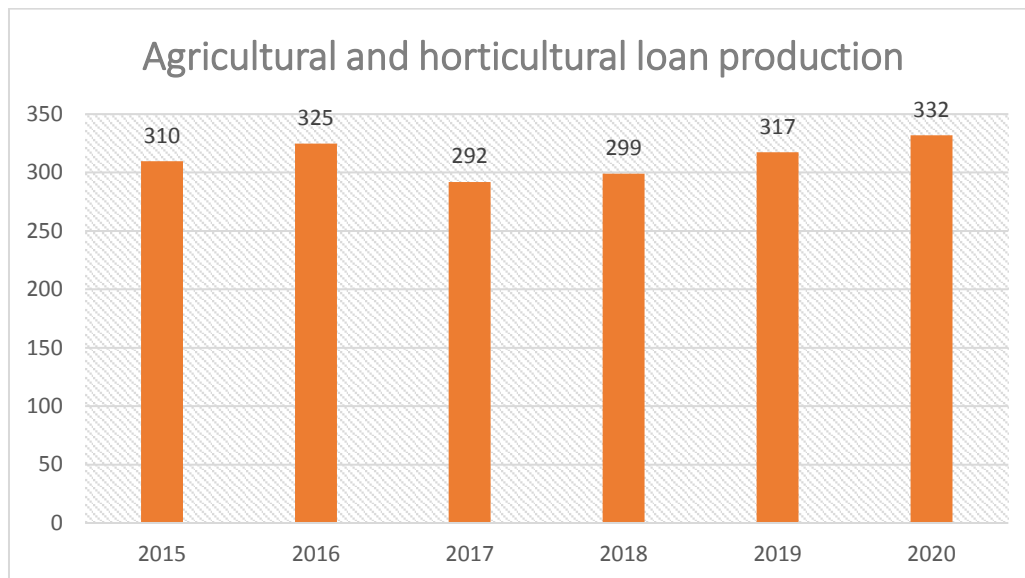
Loans to farmers and horticulturalists

(in EUR million)



In the agricultural and horticultural segment, we note a slight decrease in total loan production, again mainly due to a decrease in short-term loan production (LOA).

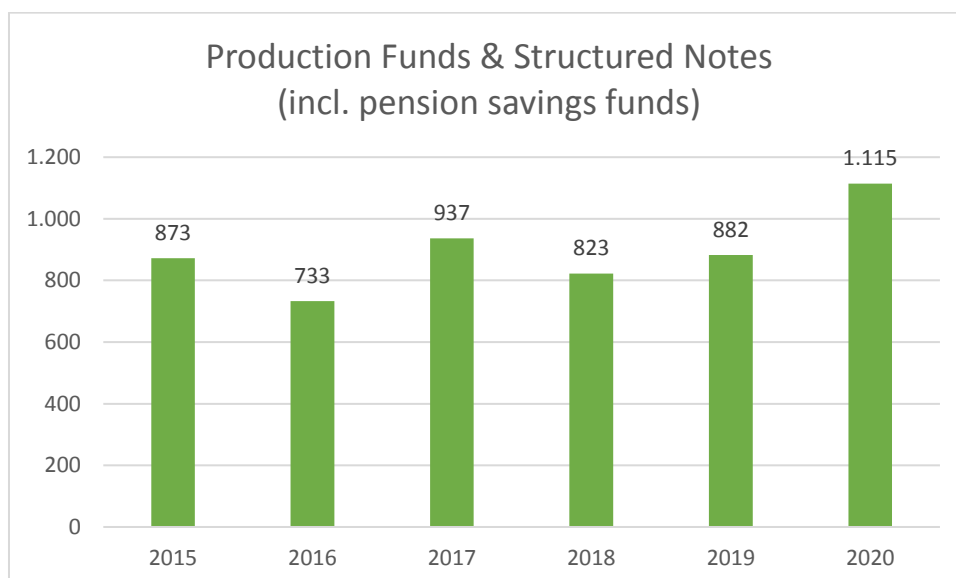
(in EUR million)



The production of investment credits (MLT) also saw an increase of 4.6% compared to 2019.

Production Funds and Notes

(in EUR million)



Total production funds (including pension savings) and structured notes increased by 24.4% compared to 2019. This is the best result ever and Crelan owes this mainly to the very strong fund production

(excluding discretionary management). This is 44.2% higher than in 2020. The Crelan Invest Balanced, Conservative and Dynamic profile funds together account for a quarter of net production.

➤ Financial results

Despite the impact of the coronavirus crisis, the Crelan Group managed to keep the gross operating profit at the 2019 level: with a figure of EUR 68.62 million, we recorded a decrease of barely EUR 0.26 million or 0.37%. This stable result is the outcome of the strong growth in fee business activities (EUR +6.87 million) and the reduction in administration costs (EUR 7.41 million). Both developments offset the decrease in interest income (EUR -7.28 million) and the increase in commissions paid (EUR +4.13 million).

The net result of the Crelan Group for the 2020 financial year fell by EUR 20.89 million to EUR 49.41 million. The reason for this decrease lies mainly in the additional provisions that Crelan made for the credit portfolio in the context of the coronavirus crisis and the resulting net increase in the cost of risk (EUR +18.97 million). The measures devised by the government and the banking sector to grant payment deferrals for loans to individuals and companies financially affected by the coronavirus also resulted in an additional charge to the result of EUR 3.13 million. Taxes decrease by EUR 1.46 million compared to 2019.

The Cost Income Ratio (CIR) decreased from 73.59% to 73.36% (excluding one-off costs for the planned acquisition and merger project).

The Return on Equity (ROE) will fall from 6.02% to 3.91% by the end of 2020. This is almost exclusively attributable to the higher provisions in the context of the coronavirus crisis.

Crelan Insurance results



Crelan Insurance offers life insurance products linked to the loans of the Crelan Group distribution network. These include debt balance insurance, financing balance insurance and death insurance with constant capital.

Production results

In 2020, Crelan Insurance again achieved strong volumes, linked to the increased home loan production of the Crelan branches. The insurer therefore closed the financial year with a good result.

In 2020, 14,002 outstanding balance insurance policies and 5,843 financing balance insurance policies were underwritten. Of the latter, Crelan branches signed 2,314 contracts and Europabank branches 3,529.

Premium collection increased from EUR 31.93 million in 2019 to EUR 33.25 million by the end of 2020.

Financial results

Crelan Insurance closed 2020 with a positive result (Be Gaap) of EUR 6.21 million.

Europabank results



Production results

The total credit production for 2020 amounts to EUR 373.0 million. This implies a decrease of EUR 87 million compared to the record production of 2019. Production by the Crelan branches also fell from EUR 46.2 million in 2019 to EUR 39.2 million in 2020.

Despite lower production, total credit turnover still grew by 2.9%.

Deposits, on the other hand, grew by EUR 107.5 million, an increase of 8.1% compared to 2019.

The lockdown and closure of shops and restaurants had a clear impact on card transactions. The turnover of card transactions fell by 19.9% and just exceeded EUR 2 billion compared to over EUR 2.5 billion in 2019.

Financial results

On the one hand, Europabank NV's result (after its merger with eb-lease) suffered under the influence of COVID-19, but was also positively influenced by eb-lease's merger with Europabank, so that Europabank still achieved an excellent result overall. Europabank closes 2020 with a result of EUR 27.5 million under IFRS (and EUR 25.1 million in Be Gaap) given the inclusion of the realised merger result of EUR 7.5 million.

The Cost/Income Ratio for 2020 decreased further and amounts to 48.3% compared to 52.6% in 2019, which demonstrates that the bank has a high-performing and solid structure.

Operational functioning

Europabank has 47 branches. The workforce increased slightly by 0.6%. In late 2020 357 staff members were employed by Europabank (186 in branches and 171 at head office) compared to 355 in 2019.

Europabank remains committed to innovation and new technologies year in and year out.

In 2020, the bank further expanded the features of eb-online, the online banking platform. Among other things, customers can update their identity data online and log in via Itsme. This increases the level of service to its customers.

In 2020, Europabank completed the first phase of digital signing of documents. Documents needed to open an account can now be signed online with the eID. Internal and external documents with third parties will also be digitally signed with eID or Itsme from now on.

The bank launched a pilot project in the branches that allows customers to choose to sign certain documents either physically or digitally. After signing them digitally, these customers immediately receive the documents by e-mail. In the future, these documents will also be made available in eb online. The project will be rolled out further in 2021.

Furthermore, since September 2020, customers have been able to update their identity data via eID and Itsme.

Within the context of the PSD2 (Payment Services Directive 2) Europabank is investigating the possibilities of acting as a TPP (Third Party Provider) itself. A new feature to enable current accounts held by customers with other Belgian banks to be added to eb-online was opened to staff members in a pilot phase. Europabank also developed the generic flow to initiate payments from other financial institutions. To this end, the bank will provide further developments such as integration in eb-online and in the e-commerce payment module for traders.

The application of the various Febelfin charters on granting payment deferrals as a result of COVID-19 also had an impact on the operation of the branches and head office. Thanks to certain investments, the various Febelfin charters could be processed and followed up fully automatically, which had a positive impact on customer services. Europabank therefore accommodated more than 3,000 customers in their request for payment deferral as a result of COVID-19.

Synergies

The commercial synergies of recent years between the various entities of Crelan Group continued.

Crelan and Europabank branches can refer customers to one another in the area of leasing and home loans if it appears that the partner's offer is better suited to the customer in question's needs and profile.

Europabank also centralises domestic payment transactions for the Group, while Crelan branches also promote terminal or online payment solutions offered by Europabank to professional customers. They refer these customers to affiliate Europabank branches to this end.

Since 2007, Crelan Insurance has been selling its debt and financing balance insurance through the Crelan agent network. Finance settlement insurance is also marketed through the branches of Europabank.

Within the framework of a group financial policy, all Crelan Group entities outsource the front office for the management of their financial portfolio to Crelan.

2. Balance sheet and income statement

Consolidated accounting figures in IFRS

Measurement rules

The International Accounting Standard 32 (IAS32) describes the principles that determine, on the one hand, whether an issued financial instrument is to be regarded as a liability or as equity and, on the other hand, the offsetting of financial assets and financial liabilities.

The IAS32.42 guideline states that the net amount should only be included in the balance sheet if the entity:

- Has a right that is currently enforceable in law to offset the included amounts. Crelan must therefore have a right to offset enforceable in law on this netting. This means that the right of netting:
 - o May not depend on a future event;
 - o Must be enforceable in law in each of the following circumstances:
 - During the normal course of the transaction;
 - In case of non-payment;
 - In case of insolvency or bankruptcy of the entity and all counterparties.
- Intends either to settle the liability on a net basis, or to realise the asset simultaneously with the settlement of the liability (IAS32.48). Crelan must therefore either intend to exercise on a net basis or sell the asset and the liability at the same time.

Our agreements with London Clearing House (LCH) meet the criteria of IAS32 to offset financial assets and financial liabilities.

Relan started applying this compensation principle in 2020, which produced the following effects as of 31 December 2020.

Assets		Liabilities	
Financial assets held for trading	-19	Financial liabilities held for trading	19
Derivatives used for hedging	-17	Derivatives used for hedging	727
Loans and receivables	-710		
	-746		746

Consolidated balance sheet

The tables below show the evolution of the main items of the consolidated assets and liabilities and of the consolidated equity between 2019 and 2020.

➤ Assets

Assets (in million EUR)	31/12/2020	31/12/2019	Δ	%
Cash, cash balances at central banks	3,114	1,877	1,237	65.9%
Financial assets held for trading	0	23	-23	-99.8%
Financial assets at fair value through profit or loss	7	7	0	-2.5%
Financial assets at fair value through other comprehensive income (FVOCI)	10	9	1	11.1%
Financial assets at amortised cost	18,808	18,870	-62	-0.3%
<i>Loans and receivables to banks (including finance leases)</i>	<i>124</i>	<i>114</i>	<i>10</i>	<i>8.8%</i>
<i>Loans and receivables to customers (including finance leases)</i>	<i>17,684</i>	<i>17,561</i>	<i>123</i>	<i>0.7%</i>
<i>Debt securities</i>	<i>1,001</i>	<i>1,195</i>	<i>-194</i>	<i>-16.3%</i>
Derivatives used for hedging	3	29	-26	-89.9%
Fair value changes of the hedged items in a fair value hedge of a portfolio's interest rate risk	694	599	95	15.9%
Property, plant and equipment	35	35	0	1.4%
Goodwill and intangible assets	36	33	3	9.3%
Tax assets	44	44	1	1.6%
Other assets	15	13	2	15.6%
Assets held for sale and discontinued operations	53	59	-6	-9.4%
Total Assets	22,819	21,596	1,224	5.7%

The financial assets on the **asset side of the balance sheet** continue to be valued at amortised cost and, at 82.4%, constitute the main component. The second most important component is cash and current accounts with central banks, which account for 13.6% of the balance sheet.

The balance sheet total increased by EUR 1.224 billion in the course of 2020. On the assets side, the item 'cash and current accounts with central banks' recorded the strongest increase at EUR 1.237 billion. This increase is caused by the inflow of funds from the liabilities side of the balance sheet (see below) and the debt securities of the balance sheet that we were not able to fully convert into loans or off-balance sheet loans.

Loans and advances to customers, excluding the netting of hedging transactions, recorded a strong increase of EUR 833 million. In 2020, loan production amounted to EUR 3.7 billion, most of which was extended to the private customer segment.

Since 2019, Crelan has grouped all asset items of its subsidiary Crelan Insurance under the new line "Assets held for sale and discontinued operations", as this company will be sold to the insurer AXA Belgium in 2021. This sale is part of the global agreement with AXA Group on the purchase of AXA Bank Belgium by Crelan.

➤ Liabilities

Liabilities (in EUR)	31/12/2020	31/12/2019	Δ	%
Financial liabilities held for trading	1	24	-23	-94.2%
Financial liabilities at amortised cost	21,292	19,452	1,840	9.5%
<i>Deposits</i>	20,419	18,234	2,185	12.0%
<i>Credit institutions</i>	417	25	393	1597.6%
<i>Other than credit institutions</i>	20,002	18,209	1,793	9.8%
<i>Debt securities including bonds</i>	683	907	-224	-24.7%
<i>Subordinated liabilities</i>	77	178	-101	-56.6%
<i>Other financial liabilities</i>	113	133	-20	-15.2%
Derivatives used for hedging	46	683	-637	-93.2%
Fair value changes of the hedged items in a fair value hedge of a portfolio's interest rate risk	9	9	0	5.6%
Provisions	17	21	-5	-22.1%
Tax liabilities	11	7	4	50.3%
Other liabilities	106	101	5	4.2%
Liabilities associated with asset groups held for sale and discontinued operations	26	35	-9	-26.4%
Total Liabilities	21,508	20,333	1,175	5.8%

The **liability side of the balance sheet** consists for 99% of liabilities measured at amortised cost. The bulk of this (93.3%) relates to deposits vis-à-vis customers.

Financial liabilities measured at amortised cost increased by EUR 1.840 billion. On the one hand, debts embodied in debt certificates and subordinated liabilities (i.e. cash bonds and subordinated bonds) decreased by EUR 325 million. This portfolio has been declining for several years as these products have become less popular due to low market interest rates. Furthermore, Crelan does not currently have an ongoing subordinated bond issuance programme. On the other hand, deposits vis-à-vis credit institutions will increase by EUR 393 million following the EUR 400 million TLTRO operation. Deposits to customers also increase by EUR 1.793 billion. Crelan Group is succeeding in attracting additional funds from the market.

The item "derivatives, hedge accounting" decreased significantly by EUR 637 million in 2020 due to a change in the performance by the realised netting between hedging instruments and underlying products (see also the evolution of "loans and receivables - including finance leases - from customers"). Without this netting, there would have been an increase of EUR 90 million.

As with the assets, since 2019 we also note a new line 'Liabilities held for sale and discontinued operations' under liabilities that takes over all Crelan Insurance liabilities because of the planned sale of this subsidiary.

➤ Equity

Equity (in million eur)	31/12/2020	31/12/2019	Δ	%
Capital	897	872	25	2.8%
<i>Paid up capital</i>	897	872	25	2.8%
<i>Unpaid capital which has been called up</i>	0	0	0	0.0%
Agio	0	0	0	0.0%
Other components of equity	-1	0	-1	
<i>Revaluation reserve : Fair value changes of debt instruments measured at fair value through other comprehensive income</i>	2	2	0	0.2%
<i>Revaluation reserve : Actuarial gains or loss on defined benefit pension plans</i>	-3	-2	-1	57.6%
Reserves (including retained earnings)	367	321	46	14.3%
Income from current year	49	70	-21	-29.7%
Minority interests	0	0	0	0.0%
Total Equity	1,311	1,263	48	3.8%
Total Equity and total Liabilities	22,819	21,596	1,224	5.7%

The changes in **equity** relate, on the one hand, to an increase in capital of EUR 25 million due to good sales results of cooperative shares. On the other hand, the reserves increased by EUR 46 million through the inclusion of the 2019 result, after deduction of EUR 24.5 million in dividends paid to the cooperative shareholders.

The CAD ratio increased from 21.85% at the end of 2019 to 22.02% at the end of 2020, while the TIER I ratio increased from 21.03% to 21.72% over the same period. These capital ratios are among the best on the Belgian market.

➤ Consolidated result

Because Crelan Insurance will be sold as part of AXA Bank Belgium's global acquisition portfolio, in both 2019 and 2020 all gains and losses of this entity have been transferred to a separate item called "Gains and losses on non-current assets or disposal groups classified as held for sale". As a result, the 2019 figures are no longer broken down as in the report for the 2019 financial year. However, the overall result remains unchanged.

Consolidated Statement of profit or loss (in million EUR)	31/12/2020	31/12/2019	Δ	%
CONTINUING OPERATIONS				
TOTAL OPERATING INCOME, NET	312.2	316.7	-4.6	-1.4%
Interest income	311.6	324.1	-12.6	-3.9%
Interest expenses	-45.2	-50.5	5.3	-10.5%
Dividend income	0.6	1.2	-0.6	-47.5%
Fee and commission income	110.6	103.7	6.9	6.6%
Fee and commission expenses	-99.4	-95.3	-4.1	4.3%
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	2.0	4.8	-2.8	-58.4%
Gains or (-) losses on financial assets and liabilities held for trading, net	-1.3	-1.5	0.2	-10.8%
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	0.0	0.5	-0.4	-96.8%
Gains or (-) losses from hedge accounting, net	5.6	-0.9	6.5	-752.5%
Exchange differences [gain or (-) loss], net	1.0	1.0	0.0	1.4%
Gains or (losses) on derecognition of assets other than held for sale, net	0.4	0.0	0.4	-3243.7%
Other operating income	26.4	29.7	-3.3	-11.1%
Other operating expenses	-0.1	-0.2	0.0	-23.1%
Administrative Expenses	-212.0	-219.1	7.1	-3.2%
Staff Expenses	-90.8	-91.7	0.9	-1.0%
Other administrative Expenses	-121.2	-127.4	6.1	-4.8%
Cash contributions to resolution funds and deposit guarantee schemes	-17.8	-16.8	-1.0	5.8%
Depreciation	-10.6	-12.0	1.3	-11.1%
Property, Plant and Equipment	-6.9	-8.0	1.1	-13.7%
Intangible assets (other than goodwill)	-3.7	-4.0	0.2	-5.7%
Modification gains or (-) losses, net	-3.1	0.0	-3.1	
Provisions	4.6	9.0	-4.4	-48.7%
Impairment	-17.7	1.2	-19.0	-1546.2%
Impairment losses on financial assets not measured at fair value through profit or loss	-17.7	1.2	-19.0	-1546.2%
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>	0.0	0.0	0.0	0.0%
<i>Financial assets at amortised cost</i>	-17.7	1.2	-19.0	-1546.2%
Impairment on Property, plant and equipment	0.0	0.0	0.0	0.0%
Negative goodwill recognised in profit or loss	0.0	0.0	0.0	0.0%
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	6.3	5.0	1.3	24.8%
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTEREST	61.8	84.1	-22.4	-26.6%
Tax Expenses or (-) income related to profit or loss from continuing operations	-12.3	-13.8	1.5	-10.6%
<i>Current taxes</i>	-10.2	-11.7	1.5	-12.6%
<i>Deferred taxes</i>	-2.1	-2.1	0.0	0.3%
NET PROFIT OR LOSS	49.4	70.3	-20.9	-29.7%

Interest income fell by EUR 12.6 million due to the continuous decline in income from the credit portfolio, which in turn was caused by a fall in interest rates. Interest charges also fell by EUR 5.3 million due to the reduction in the portfolio of savings certificates and the persistently low interest rates. The sum of interest income and charges therefore decreased by EUR 7.3 million.

The interest result also saw a decrease in costs relating to hedging transactions, as the Group did not prematurely terminate any swaps in 2020, in contrast to the 2019 financial year when this amounted to EUR 4.5 million.

The item 'realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss' in 2020 mainly relates to EUR 1.0 million proceeds from the sale of securities (bonds), EUR 0.2 million capital gains on private equity and participations and EUR 0.8 million proceeds from the sale of bad loan files. This resulted in a revenue of EUR 2.0 million in 2020 compared to EUR 4.8 million in 2019.

Income from commissions and fees (fee business) increased by EUR 6.9 million in 2020. This increase is mainly due to two developments. On the one hand, commissions on securities rose to EUR 5.12 million as market developments encouraged our clients to make purchases, which also meant that commissions for portfolio management and investment advice rose by EUR 3.09 million. On the other hand, Crelan received EUR 1.21 million more income from its insurance partners due to increased production. The EUR 1.80 million decrease in commissions on payment transactions mitigated the increase in income from commissions and fees. This decrease was due to the lockdown periods during the COVID-19 pandemic.

Commissions paid to agents increased compared to 2019 (EUR 4.1 million). This movement is a result of the new 2020 commission schedule, which resulted in increased production commissions and new growth commissions on the one hand, and a decrease in turnover commissions on the other.

Other operating income decreased compared to 2019, as additional income related to the first application of IFRS16 (leasing) was recorded in that year.

Administrative costs and depreciation and amortisation

Administration costs decreased by EUR 7.1 million compared to 2019. Personnel costs fell by EUR 0.9 million. General and administration costs also decreased compared to 2019 by EUR 6.1 million due mainly to lower costs for the acquisition project (EUR 1.7 million), lower marketing, payment and other costs due to the impact of COVID-19 (EUR 3.27 million) and the activation of ICT costs for EUR 5.25 million. The latter in contrast to 2019 when nothing was activated. The increase in bank taxes (EUR 1.24 million) and additional costs related to the improvement of IT systems and IT security (EUR 3.02 million) caused a counter-movement.

While depreciation increased in 2019 due to the first application of IFRS16 (leasing), this effect normalised in 2020. As a result, depreciation fell by EUR 1.3 million.

Since 2020, a new expense amounting to EUR 3.1 million has appeared under the item 'Change gains or (losses), net'. This corresponds to the interest not received for files that were able to invoke deferred payment in the context of income of less than EUR 1,700.

The operating coefficient or CIR (Cost Income Ratio) - excluding one-off costs for the planned acquisition and merger project - fell to 73.36% in 2020 from 73.59% at the end of 2019.

Provisions and impairments

The change in allowances is mainly the result of the use of the allowances recorded in 2020 for restructuring (head office and network) that were started in 2016.

The negative impact of the COVID-19 crisis on the economic environment had an adverse effect on loan valuations, which led to a sharp increase in stage 1 & 2 provisions. The 'stage level' is a classification of credit files according to their risk, with stage 1 representing healthy turnover, stage 2 for loans where the risk has increased significantly since they were granted and stage 3 for loans that are in default.

COVID-19 led to changed parameters in the framework of the calculations in our systems. The deferral of payments granted to businesses affected the ratings of the credit files, causing them to move to stage 2. This crisis also had an impact on the development of macroeconomic indicators such as GDP (Gross Domestic Product), among others. This also had a negative effect on the calculation of provisions.

With regard to stage 3 (pre-contentieux and contentieux files), a generally positive trend can be observed, but it is much less pronounced than in 2019. The reversal on the updates for the cancelled loans under stage 3 also has a positive impact on the figures. In the past, the discount cost on these loans was set at 15% of the amounts in arrears. This cost has now been reduced to 8.39% taking into account the portfolio to be included and the evolution of lower interest rates on the markets; after all, a lower rediscount rate also leads to lower rediscount costs.

Finally, provisions increased by EUR 12.5 million at Europabank.

All these factors will cause the next evolution of provisions:

(in million EUR)	2020	2019	Δ	%
Evolution Stages 1&2	-16.9	1.1	-18.0	-1636%
Evolution Stage 3	11.7	7.8	3.9	50%
Europabank	-12.5	-7.7	-4.8	62%
Total Group	-17.7	1.2	-19.0	-1546%

Overall result

The pre-tax result fell from EUR 84.1 million to EUR 61.8 million. The following five elements had an important impact:

- the decrease in financial and operating income by EUR 4.6 million;
- the decrease in administrative costs by EUR 7.4 million;
- the increase of the Change gains or (-) losses, by EUR 3.1 million net;
- the increase in provisions and commissions by EUR 23.4 million;
- the increase in the result of Crelan Insurance by EUR 1.3 million.

Tax expenses decreased significantly by EUR 1.5 million compared to 2019.

The net result thus decreased from EUR 70.3 million to EUR 49.4 million by the end of 2020.

The return on equity at the end of 2020 was 3.91% compared to 6.02% a year earlier. The return on assets evolved from 0.33% in late 2019 to 0.22% in late 2020.

➤ **Allocation of profits of the various entities of the group.**

The Board of Directors of CrelanCo CV will propose the allocation of a dividend of **3%** to the members of the cooperative totalling **EUR 26.2 million**. Within the current interest rate context, this dividend constitutes a very attractive remuneration.

➤ Important events after balance sheet date

The current coronavirus pandemic and the various measures taken by governments to deal with it may still have an impact on the results and on the valuation of certain assets and liabilities in 2021. Potential consequences were already anticipated in 2020, but the situation remains highly uncertain. Based on currently known information, we are not aware of any additional financial impacts on the figures of the 2020 financial year.

Besides this, there are no other events worth mentioning for the reporting period that could have a significant impact on the reported figures and that occurred after the balance sheet date and before the date of approval of the statutory financial statements by the Board of Directors (25 March 2021).

3. Corporate governance

Boards of Directors and Management Committees

Crelan NV



➤ Board of Directors

On 4 May 2020, the Board of Directors of NV Crelan welcomed two new members with the appointment of Anne Fievez as managing director (CIO) and Paul Malfeyt as managing director (CFO).

Later in the year, the entire governance structure of the Crelan Group was also fundamentally modified with the following objectives:

- simplifying the group structure with more defined responsibilities and powers between the NV Crelan and the CV CrelanCo;
- strengthening the Boards with directors who have accumulated years of experience in financial, ICT and risk-related fields.

This led to the following additional changes on 1 October 2020:

- The expiry of the mandates of Catherine Houssa as independent director and of René Bernaerdt, Ann Dieleman, Xavier Gellynck, Robert Joly and Clair Ysebaert as non-executive directors;
- The appointment of Paul Thysens as independent director.

The bank wishes to express its gratitude to the directors whose mandates expired for their years of commitment and contribution to the growth of the Crelan Group.

The new structure will enable the Crelan Group to respond even better to the rapidly changing market situation and new developments, and also to meet the expectations of regulators in this area.

➤ Board of Directors of NV Crelan (31/12/2020)

CHAIR

Luc Versele ⁽³⁾ ⁽⁴⁾

Appointment/Mandate renewal: 25 June 2020

VICE-CHAIR

Jean-Pierre Dubois ⁽³⁾ ⁽⁴⁾

Appointment/Mandate renewal: 25 June 2020

DIRECTORS

Jan Annaert ⁽²⁾ ⁽³⁾, independent director

Appointment/Mandate renewal: 19 January 2017

Joris Cnockaert

Appointment/Mandate renewal: 5 July 2017

Alain Diéval ⁽¹⁾ ⁽²⁾

Appointment/Mandate renewal: 18 June 2015

Anne Fievez

Appointment/Mandate renewal: 4 May 2020

Jean-Paul Grégoire

Appointment/Mandate renewal: 25 June 2020

Paul Malfeyt

Appointment/Mandate renewal: 4 May 2020

Marianne Streel

Appointment/Mandate renewal: 18 June 2015

Paul Thysens ⁽¹⁾ ⁽²⁾ ⁽⁴⁾, independent director

Appointment/Mandate renewal: 1 October 2020

Hendrik Vandamme

Appointment/Mandate renewal: 23 April 2015

Agnes Van den Berge ⁽¹⁾ ⁽³⁾ ⁽⁴⁾, independent director

Appointment/Mandate renewal: 3 September 2017

Philippe Voisin

Appointment/Mandate renewal: 27 April 2017

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Risk Committee

⁽³⁾ Member of the Remuneration Committee

⁽⁴⁾ Member of the Nomination Committee

The Board of Directors of NV Crelan met ten times in 2020.

In accordance with Article 27 of the Act of 25 April 2014 on the status and supervision of credit institutions, a Remuneration Committee, a Risk Committee, an Audit Committee and a Nomination Committee support the Board of Directors in its tasks.

The bank pays close attention to a balanced composition and a good representation of the cooperative shareholder in its Board of Directors. That is why a number of members of the Board of Directors of CV CrelanCo also sit on the Board of NV Crelan. In addition to the Chair and the Vice-Chair, these are the two representatives of the farmers' organisations and the external advisor, Alain Diéval.

The three independent Directors – Jan Annaert, Paul Thysens and Agnes Van den Berge - have, among other things, the task of ensuring objective decision-making in both the Board of Directors and the committees of which they are members. They also monitor compliance with rules on risk management, compliance, ethics and good practices within Crelan.

➤ The composition of the committees on 31 December 2020

Audit Committee

Agnes Van den Berge	Chair - Independent Director
Alain Diéval*	Director
Paul Thysens*	Independent Director

* as of 1 October 2020

As stated in the Crelan Group Audit Committee Charter, the majority of the members of the Audit Committee are independent within the meaning of Article 7:87 of the Belgian Companies and Associations Code. The members of the Audit Committee have both collective and individual powers in the field of the bank's activities and in the field of auditing and accounting as required by law.

The Audit Committee's remit is to assist the Board of Directors in its supervisory and control function, specifically in relation to:

- monitoring the financial reporting process;
- monitoring the effectiveness of the bank's internal control and risk management systems;
- monitoring the internal audit and related activities;
- monitoring the statutory audit of the (consolidated) financial statements and the questions and recommendations formulated by the auditor;
- assessing and monitoring the auditor's independence, with particular reference to the provision of additional services to the bank or to a person with whom it has a close relationship.

The Audit Committee met five times in 2020.

It discussed, among other things, the organisation of the Bank's system of internal control and the activities of Internal Audit, Risk Management, Agent Network Inspection and Compliance, as well as the supervisory activities carried out within the Audit Committees of the subsidiaries.

In addition, five joint meetings of the Audit and Risk Committee took place in 2020.

Risk Committee

Jan Annaert *	Chair - Independent Director
Alain Diéval	Director
Paul Thysens**	Independent Director

* Chair as of 1 October 2020

** as of 1 October 2020

The Risk Committee met five times in 2020.

Remuneration Committee

Jan Annaert*	Chair – Independent Director
Jean-Pierre Dubois**	Director
Agnes Van den Berge**	Independent Director
Luc Versele**	Director

* Chair as of 1 October 2020

* as of 1 October 2020

The Remuneration Committee met three times in 2020.

Nomination Committee

Luc Versele	Chair
Jean-Pierre Dubois	Director
Paul Thysens*	Independent Director
Agnes Van den Berge	Independent Director

* as of 1 October 2020

The Nomination Committee met three times in 2020.

The Chair of the Board of Directors and the Chair of the Executive Committee may be invited to attend the meetings of the various committees in which they do not have a seat.

Pursuant to Article 62 §2 of the Act of 25 April 2014 on the status and supervision of credit institutions and the regulations of the National Bank of Belgium, the Bank is required to disclose the external positions held by its directors and executive officers outside the Crelan Group. The Bank complies with this obligation through publication on the Crelan website (www.crelan.be).

➤ **Composition of the Board of Directors of CV CrelanCo**

Following the amended governance structure of the Crelan Group, Benoît Bayenet took up a directorship on 30 September 2020.

Board of Directors of the CV CrelanCo (31/12/2020)

CHAIR

Jean-Pierre Dubois	Appointment/Mandate renewal: 25 June 2020
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Vice-Chair

Luc Versele	Appointment/Mandate renewal: 27 April 2017
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DIRECTORS

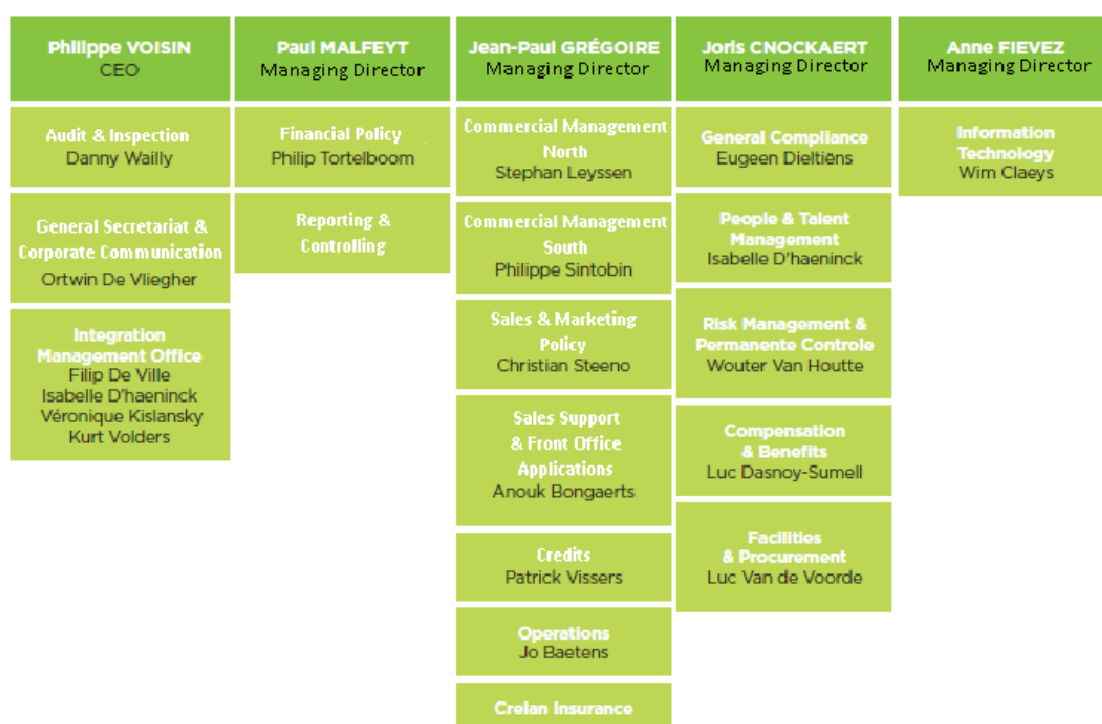
Benoît Bayenet	Appointment/Mandate renewal: 30 September 2020
René Bernaerdt	Appointment/Mandate renewal: 5 November 2015
Ann Dieleman	Appointment/Mandate renewal: 5 November 2015

Xavier Gellynck	Appointment/Mandate renewal: 26 April 2018
Robert Joly	Appointment/Mandate renewal: 25 June 2020
Marianne Streel	Appointment/Mandate renewal: 5 November 2015
Hendrik Vandamme	Appointment/Mandate renewal: 28 April 2016
Clair Ysebaert	Appointment/Mandate renewal: 25 June 2020

The Board of Directors of CV CrelanCo met nine times in 2020.

➤ Management Committee

After the appointment of Anne Fievez (CIO) and Paul Malfeyt (CFO) on 4 May 2020, the Management Committee was again complete, resulting in the following organisation chart on 31 December 2020:



➤ Crelan Insurance

Paul Malfeyt has been on the Board of Directors of Crelan Insurance as managing director (CFO) since 18 June 2020.

The composition of the Board of Directors of Crelan Insurance on 31 December 2020:

Chair:	Philippe Voisin
Directors:	Joris Cnockaert Ortwin De Vliegheer Jean-Pierre Dubois

Jean-Paul Grégoire
Paul Malfeyt
Luc Versele

The Board of Directors met four times in 2020.

➤ **The composition of the Board of Directors of Crelan Insurance on 31 December 2020**

Chair: Jean-Paul Grégoire (CEO)

Members: Joris Cnockaert (CRO)
Paul Malfeyt (CFO)

➤ **Europabank**



The Board of Directors of Europabank also underwent some changes:

- In November 2020, the Board of Directors bade farewell to Luc De Wilde upon his retirement. Cedric Ryckaert will take over as successor. The Board would like to thank Luc De Wilde for his valued input.
- The changes to the governance structure at NV Crelan in December 2020 resulted in the termination of the directorships of Philippe Voisin, Jean-Pierre Dubois and Hendrik Vandamme and the appointment of Xavier Gellynck, Jean-Paul Grégoire and Clair Ysebaert as their replacements.
- Joris Cnockaert was appointed Chair of the Board of Directors in December 2020.

The Board of Directors is therefore composed of eleven members, five of whom represent the main shareholder, Crelan NV, four members of the Executive Committee and two independent directors.

The composition of Europabank's Board of Directors on 31 December 2020

Chair: Joris Cnockaert

Directors: Jan Annaert (Independent Director)
Gérald Bogaert (Member of the Management Committee)
Marc Claus (Member of the Management Committee)
Xavier Gellynck
Jean-Paul Grégoire
Cedric Ryckaert (Member of the Management Committee)
Agnes Van den Berge (Independent Director)
Rudi Vanlangendyck (Chair of the Management Committee)
Luc Versele
Clair Ysebaert

The Board of Directors met six times in 2020.

The Audit Committee and the Remuneration Committee operate under the authority of the Board of Directors.

The composition of Europabank's Board of Directors on 31 December 2020

Chair: Rudi Vanlangendyck

Members: Gérald Bogaert
Marc Claus
Cedric Ryckaert

Auditor's report

The General Meeting of 25 June 2020 decided to reappoint the recognised auditing company EY as auditor for a period of 3 years. EY is represented by Jean-François Hubin.

EY consequently audits the consolidated accounts of the Crelan Group.

Statutory amendments

The articles of association of the CV CrelanCo were last amended on 30 January 2020, due to the change of legal form from CVBA to CV (Cooperative Society) and a number of other amendments in line with the renewed Companies and Associations Code of 23 March 2019.

Corporate governance

Pursuant to Circular NBB_2011_09 of 20 December 2011 on the evaluation of internal control, the Bank's executive management evaluated its system of internal control and established permanent second- and third-line control.

The Report of Effective Management on the Assessment of Internal Control and the Report of Effective Management on the Assessment of Internal Control over Investment Services and Activities are based on the detailed risk mapping of the Bank's processes from 2016 onwards.

The Bank transferred said reports to the National Bank of Belgium in January 2020 after the Boards of Directors approved them.

Pursuant to Circular NBB_2018_28 / EBA Guidelines of 26 September 2017 on Internal Governance (EBA/GL/2017), the corporate governance memorandum must be evaluated annually for compliance and must be adjusted in the event of significant changes affecting the policy structure and organisation of the financial institution.

The Board of Directors of 17 December 2020 approved the amended Memorandum of Corporate Governance, after which it was transmitted to the National Bank of Belgium.

Remuneration policy

The Board of Directors delegated some of its members to a Remuneration Committee to make recommendations to the Board of Directors. The committee's proposals cover the financial status of the executive and non-executive directors of the Bank and its branches as well as the financial status of the persons responsible for the independent control functions, without prejudice to the competences of the General Meeting.

In making its recommendations, the Remuneration Committee takes into account both the long-term interests of the Bank's shareholders, investors and other stakeholders, as well as the public interest.

The composition of the Remuneration Committee shall be such as to enable it to exercise sound and independent judgement on the remuneration policy and its incentives for risk management, capital requirements and liquidity.

The Remuneration Policy was approved by the Board of Directors on 17 December 2020, following advice from the Remuneration Committee.

The remuneration of the members of the Management Committee comprises a fixed basic remuneration and a variable component. For the variable remuneration, the Board of Directors, at the recommendation of the Remuneration Committee, annually proposes an amount based on both quantitative and qualitative criteria. This variable component may not exceed 30% of the fixed basic remuneration, unless the Board of Directors, with a prior decision on the proposal of the Remuneration Committee, grants a specific exception.

Severance payments are calculated on the basis of the basic compensation, excluding the variable component, and are limited to a maximum of 18 months' compensation. This remuneration may be higher in the case of a takeover or merger. If the remuneration exceeds 12 months or is higher than 18 months on the reasoned recommendation of the Remuneration Committee, the General Meeting must grant its prior approval.

The non-executive directors are entitled to an annual lump-sum fee paid in monthly instalments. This remuneration covers all costs, including travel expenses, and its size depends on the role of the non-executive directors in the various specialised committees.

The non-executive directors decided to reduce their monthly remuneration by 10% for the period from May to December 2020 in the context of the coronavirus crisis. This amount was used by Relan to purchase reusable face masks. Each employee received a package of ten face masks for himself and his family. The purchase in Cambodia was also linked to a socially sustainable initiative, more information about which is available in Crelan's 2020 sustainability report.

The bank paid out the following benefits in 2020:

Total remuneration (EUR million)	Fixed remuneration	Variable remuneration
Crelan NV's directors	2.85	0.23
Directors of the Crelan Group	4.22	0.51

The Risk Committee conducts annual independent reviews of the remuneration policy and reports to the Board of Directors. In addition, Internal Audit and Compliance also annually monitor the correct application of this remuneration policy.

Governance review

Pursuant to the governance obligations for financial institutions, including the 'fit & proper' requirements for directors, the Nomination Committee, in accordance with Article 31 §2 of the Act of 25 April 2014 on the status and supervision of credit institutions, evaluated the structure, size, composition and performance of the Board of Directors and its committees.

The bank called on the independent expertise of Deloitte for this evaluation. The evaluation makes use of written questionnaires and individual interviews and aims to:

- Identify the directors' expectations of the role and operation of the Board of Directors and its committees;
- Identify the competence and expertise of the existing governance profiles;
- Identify the governance practices within the Board of Directors;
- Follow up the implementation of the recommendations from the previous evaluation.

Based on the results of this exercise, the Nomination Committee was able to evaluate whether all knowledge, skills, diversity and experience are present and evenly distributed and to make recommendations to the Board of Directors with regard to possible amendments.

4. Crelan, an evolving bank

Initiatives to customers

'Banking differently together'

The slogan 'Banking differently together', which powerfully sums up the bank's cooperative identity, was also central to our communication with customers in 2020. Crelan employed various channels to introduce its products and services.

For example, the website was again used to a great extent in our brand and product communication. This resulted in a significant increase in investments in all kinds of digital marketing and communication. As such, we placed our investment offerings in the spotlight through the fall Investment Campaign. After the successful 'Wake up' campaign of 2019, this time around the theme was 'Sleep well. We will keep your money awake'. Through newsletters, blogs and social media, the bank emphasises the importance of a good investment conversation and sound advice.

The digital messages also focused on brand awareness and image. Through social media, we circulated playful images and messages centred on popular sportsmen and women sponsored by Crelan. In 2020, Crelan's in-house TV channel was further expanded. Using this digital publicity channel in the branches, our agents inform customers of all the ins and outs of Crelan.

Radio campaigns ran on traditional media around the themes of Housing and Investment. The various ads in these campaigns highlighted the added value of personal advice from Crelan agents when customers are taking important decisions. Crelan also continued its presence on Flemish public television as a sponsor of a number of popular programmes.

In Wallonia, the popular Libramont Agricultural Fair in 2020, at which Crelan is a regular main sponsor, was not held this year due to the coronavirus crisis.

A wider product range through partnerships

➤ Non-life and life insurance partnerships

Since October 2018, Crelan agents have been able to offer the broad and qualitative range of Allianz life insurances to their customers. The bank and Allianz concluded a cooperation agreement to this end.

In 2020, the production of life insurance through the Crelan branches amounted to almost EUR 210 million, of which a small fraction was produced by Fidea.

Cooperation with Fidea for non-life and life insurance ended in late 2020. From January 2021, Crelan agents have been able to avail themselves of the very comprehensive and high-performance AXA Belgium non-life insurances package.

Through these cooperation agreements, Crelan can, in addition to its banking products, also offer customers a full range of insurance from world-renowned partners.

➤ Banking investment partnerships

Crelan also continued its cooperation with Econopolis Wealth Management, the management company of Geert Noels. This cooperation includes both the sub-funds of the Crelan Fund sicav, for which Econopolis Wealth Management manages the investment portfolio, and the sub-funds of the EconoPolis Funds sicav under Luxembourg law.

The close cooperation with Amundi was also extended. Crelan markets a wide selection of funds from Amundi and its subsidiaries. Within Crelan Invest sicav, for which Amundi is responsible for managing the investment portfolio, our three profile funds (Conservative, Balanced and Dynamic) reached the EUR 400 million turnover mark in less than three years from launch. These are funds that invest in a wide range of diversified assets and that are managed using a risk-based approach that is customised to different investor profiles. They also adhere to a sustainable and ethical approach.

With regard to structured products, Crelan works with a number of preferred partners, namely BNP Paribas, Crédit Suisse, Société Générale, Natixis, Goldman Sachs and CACIB.

In terms of fiscal pension savings, Crelan distributes 3 pension savings funds (Crelan Pension Fund Sustainable Stability, Balanced and Growth) which act as a feeder to the BNP Paribas pension savings funds. In November 2019, this fund was awarded the 'Towards Sustainability' label.

For the Private Banking activity, there is a cooperation with Crédit Agricole Luxembourg.

➤ Focus on sustainable investments

Customers are increasingly interested in sustainability, including in the products they invest in. Given that the concept of 'sustainability' can often be interpreted and defined in different ways, the umbrella federation of banks, Febelfin developed a quality standard for sustainable financial products. Products that meet this standard, and are ideally even more ambitious, receive a sustainability label. With this label, consumers can be confident that the product meets a number of quality requirements and that their money is going to companies that truly focus on sustainability.

As a cooperative bank, Crelan also has an eye for sustainability and is keen to meet the growing demand from customers for socially responsible investments.

The following funds within the Crelan range have already received the Febelfin sustainability label in the period 2019 to 2020:

- CRELAN FUND ECONOFUTURE
- CRELAN FUND ECONOSTOCKS
- CRELAN FUND SUSTAINABLE
- CRELAN INVEST BALANCED
- CRELAN INVEST DYNAMIC
- KBI INSTITUTIONAL WATER FUND
- CRELAN PENSION FUND STABILITY
- CRELAN PENSION FUND BALANCED
- CRELAN PENSION FUND GROWTH
- AMUNDI FUNDS EUROPEAN EQUITY CONSERVATIVE
- AMUNDI FUNDS EUROPEAN EQUITY GREEN IMPACT
- AMUNDI FUNDS GLOBAL ECOLOGY ESG
- FIRST EAGLE AMUNDI SUSTAINABLE VALUE FUND
- CPR INVEST EDUCATION
- CPR INVEST FOOD FOR GENERATIONS

Crelan wants to expand this offer even further in the future. This year, for example, the label will be applied for the defensive profile fund CRELAN INVEST CONSERVATIVE.

Crelan also launched a whole series of notes with a sustainable equity index as the underlying value.

Over 500 agencies at the service of customers

On 31 December 2020, the Crelan branch network consisted of 502 agencies spread across Belgium. This reduced the number by 34 agencies in 2020.

As part of the continuous optimisation of the branch network, 25 mergers and/or acquisitions took place. The existing branch remained in place while knowledge and skills were pooled to expand services to customers.

In addition to the renovation and refurbishment of existing branches, a completely new sales outlet opened its doors in Laakdal and 10 new agents were appointed by Crelan.

About half of our branches are equipped with one or more self-banking machines, typically with extensive features.

With the exception of the head office in Brussels, all Crelan NV sales points are run by independent agents who know the local market well and who have good customer relationships.

Proximity, the personal approach and the continuity that our agents offer are the assets that make Crelan stand out in the market. In addition to digital channels and contacts with call centres, many customers still consider it important to be able to count on personal advice from local trusted advisers who are familiar with their personal situation. Despite the decline in the number of agencies, Crelan therefore continues to attach great importance to a strong local presence.

Accessible and available, even during the coronavirus

The coronavirus had a major impact on society, but as an essential service provider, Crelan continued to play its part. Thanks to the enthusiasm and flexibility of our office staff, our offices remained open to customers, subject to appropriate protective measures. During periods of general lockdown, Crelan switched to consultancy by appointment.

This approach clearly paid off because, despite the difficult circumstances, Crelan achieved excellent production results in virtually all fields, it welcomed new customers and increased its market share.

Competence centres for advice to entrepreneurs

Crelan wants to distinguish itself through its advisory banking services. The bank therefore devotes a great deal of attention to training competent advisers who are as close to the customers as possible. Crelan also aspires to be a leader in the field of advice for professional clients - entrepreneurs in agriculture, horticulture and the food sector on the one hand, and the self-employed, liberal professions and local SMEs on the other. Crelan works with specialised competence centres to this end. These are agents who, in addition to advising private clients, have also built up a great deal of expertise in assisting professional clients and are therefore best placed to advise them.

The competence centres are recognisable on the street by an externally applied 'label'.

They also cooperate with agencies in their area that do not have this expertise. In this case, professional customers can, for example, continue to rely on their trusted agency for their basic services, and turn to the competence centre for specialised advice. The agency can then make contact with the nearby competence centre depending on the customer's needs.

The business model of independent agents close to the customer still offers considerable room for growth, even in the professional customer segment.

Crelan therefore continues to invest in the expertise and skills of its employees through training, with the aim of further expanding the number of competence centres.

➤ **A new investment advice tool**

In order to be even better able to take on the role of investment advisor, Crelan prepared the introduction of a new investment tool in 2020. CWM (Crelan Wealth Management), the name of the tool, will be implemented in the spring of 2021.

➤ **Expansion of the digital offer**

In 2020, Crelan invested further in the expansion of digital services and launched its first 'open banking' project:

- **Access to myCrelan and Crelan Mobile is now also possible without a current account**

From now on, customers who do not have a Crelan current account can also open a myCrelan account and activate the Crelan Mobile app. Following up accounts, investments and loans is now more efficient for them too, as is activating digital account statements or receiving tax documents for pension savings and home loans.

- **Limit management**

Since July, Crelan customers have been able to set their own daily limit for transfers via myCrelan. However, the bank advises its customers to be cautious when it comes to phishing and to never share personal secret information such as access and transaction validation codes.

- **Updating customer data**

Within the framework of the fight against money laundering and terrorist financing, banks must keep their customers' data up-to-date and request additional data. By making this questionnaire available via myCrelan, customers need not visit their Crelan branch for this purpose.

- **Extra features in Crelan Mobile**

Transfers above this limit are now possible because of the addition of a 'step up' authentication via the digipass. In addition, it is now possible to enter non-SEPA transfers, manage the beneficiary file, consult tax certificates and credit card expenditure statements and request a pdf of a transaction. Given that the mobile app can also be used on a tablet and that the separate tablet application was hardly used at all, Crelan discontinued the tablet application.

- **Open Banking, adding external accounts to myCrelan and the mobile app**

Within the framework of PSD2 (Payment Services Directive 2), Crelan wants to act as a TPP (Third Party Provider). The bank took a first step in this direction by offering customers the possibility of adding current accounts held at other Belgian banks to myCrelan and to Crelan Mobile. From then on, they can use the Crelan application to monitor balances, transaction history and transaction details for these accounts. In a following phase, planned for 2021, it will also become possible for customers to make transfers from these accounts using the Crelan application.

Staff initiatives

As of 31 December 2020, 1,110 staff members were part of Crelan Group of whom 739 were working for Crelan, 14 for Crelan Insurance and 357 for Europabank.

In addition to this salaried staff in the various Group entities, the agent network of Crelan NV also has 1,624 employees working with the status of delegated agent or as salaried employee of a delegated agent. This brings the total number of Crelan Group employees to 2,734.

More information on the composition and diversity of Crelan's workforce is included in the bank's sustainability report.

Digitally welcome new colleagues

Although the workforce decreased overall, mainly due to the non-replacement of retiring employees, Crelan also recruited 29 new employees in 2020.

In total, the bank filled 41 vacancies, of which almost 30% were filled through internal mobility.

The coronavirus also posed many challenges here, as the entire recruitment procedure, followed by the introduction and the actual launch, was conducted exclusively digitally.

The talent partners worked closely with the relevant managers and colleagues of the newcomers to provide them with a solid framework and to help them find their way in their new jobs.

In the fall, a new group of 3 young graduates started at Crelan. Over the next two years, these colleagues will follow a specific pathway in which they will explore the various challenges and specialisations within the HR and IT domains.

Top Employer: five times in a row

In 2020, Crelan was again awarded the Top Employer label. This was the fifth year in a row that the Top Employer Institute awarded this recognition to Crelan, which also means that the bank company passed the extensive research that preceded this title.

Crelan wants to support its colleagues by offering them a pleasant working environment, good coaching and growth potential. The annual report of Top Employer thoroughly screens human resources and the personnel policy and compares it with a benchmark. This shows the bank what it excels in, and what it can improve on, and also constantly challenges it.

A survey of new colleagues showed that 35% of them knew that Crelan holds the Top Employer label and that this element had a positive influence on their decision to apply for a job at the bank.

Digital learning leads the way

Corona also brought about a turnaround in the training courses on offer.

90% of training courses for head office colleagues in 2020 were conducted via e-learning and webinars.

Crelan provided blended learning pathways for colleagues just starting out, and online sessions also gained momentum in the training courses offered to office workers.

Crelan organised 73 different in-house training courses for its colleagues at head office. For colleagues in the branch network, the bank offered 36 additional training courses in addition to classic starter programmes for banking, investments and loans.

Specific learning pathways such as a leadership pathway, a training course for young professionals and a learning pathway for starting customer advisors in the agencies complemented the regular offer.

Finally, Crelan also made the new online learning platforms LinkedIn Learning and Secure Code Warrior available to its employees. Towards the end of the year, Crelan prepared the introduction of GoodHabitZ. This new platform will, from January 2021, offer training in a wide range of topics, such as language training, teamwork, communication skills, stress management, brainstorming, project management, etc. The range of offers focuses on personal development and gives colleagues the opportunity to learn new skills at their own pace.

Clearer job descriptions

With a new job model - which combines existing, detailed job descriptions in a more generic model - Crelan wants to provide more clarity and insight into possible growth paths within the bank. The bank thus wants to stimulate internal mobility and sustainable employability. In 2020, the substance of the project (new job descriptions, weightings, allocations) and the communication plan were developed in cooperation with social partners. The job framework will be effectively implemented and applied in the systems in early 2021.

Flex Income Plan

In May 2020, Crelan introduced the Flex Income Plan. With this so-called cafeteria plan, staff members can voluntarily convert up to half of their end-of-year bonus into one or more benefits in the area of mobility, re-payment of individual pension savings and work life balance.

This plan gives employees more freedom in putting together their individual salary package. Crelan wants to expand this system even further through regular enquiries about the findings of its colleagues.

Extension of the collective agreement for meal vouchers

In December, the bank extended the fixed-term collective agreement on the granting of meal vouchers.

The coronavirus way by Crelan: health & service

From March onwards, society as a whole was turned upside down and everyone had to adapt to an unprecedented lifestyle and work life with many restrictions.

Two principles have always been central to Crelan's approach to the crisis: protecting the health and well-being of its employees, agents, customers and suppliers on the one hand, and continuing to provide its customers with the quality service they deserve as an essential service provider on the other.

Even before working from home became mandatory, Crelan had already taken the initiative to give all colleagues at head office the confidence to work completely from home. This created an extensive logistical organisation, but the initiative was welcomed by colleagues. This allowed them to work remotely in safety and also to take care of their children if necessary.

Home working prevailed in 2020 anyway, but in the periods outside the lockdowns, Crelan also offered its employees the opportunity to work on a voluntary basis at the head office in a two-shift system alternating between a week of homework and a week of working at the head office.

At its head office and in its branches, Crelan of course took all necessary safety measures such as the 1.5m distancing rule, face masks, gel, screens and an adapted cleaning schedule.

To facilitate homeworking, Crelan took supporting measures such as making equipment available, a psychosocial helpline at our External Prevention Service Securex, tips on ergonomics, etc. In addition, employees were given the option to purchase a desk chair at a discounted rate through a group purchasing scheme.

Through a digital survey, the bank also gauged employee sentiment and their opinion on the handling of the health crisis.

Through various initiatives such as information videos, a photo competition, sending a pack of reusable face masks for the families of employees, e-peros, a gift basket on 31 December and a digital New Year's meeting, the bank supported the group spirit and morale of employees.

In addition, a number of general initiatives on well-being at work were also carried out, such as training courses on stress management and the proactive detection of signs of burnout, and the introduction of the Care@Crelan programme, which focuses on the care and support of employees with long-term illnesses.

New way of working

The coronavirus crisis has taught us to work differently: remotely and digitally. Crelan wants to adopt the positive aspects of this new way of working and therefore started the New Way of Working project. The project will define, in consultation with the social partners, how we proceed post coronavirus.

The focus is on more autonomy regarding the workplace, the way colleagues organise their work and in relation to sustainable mobility choices. It will focus on output and strong cooperation. To support and facilitate this new way of working, the bank will invest in training for appropriate leadership styles, in output management, in appropriate ergonomics and layout of the head office and in modern IT applications.

IT developments and projects in development

40 large and 150 smaller projects

40 large and 150 smaller business projects were on the 2020 IT menu. These were both in-house projects and outsourced assignments monitored and coordinated by the IT teams.

Some of the most important accomplishments included:

- Introducing additional features to the digital channels Crelan Mobile and myCrelan (more information on this is available under the item 'Expansion of the digital offer' on page 57);
- the technical implementation of the Comarch application as part of the new Crelan Wealth Management tool, scheduled for 2021;
- adding extra features to the Creops credit application, allowing loans without a mandated Crelan account and making expense and income management more efficient.

A secure banking environment

As part of a continuous focus on a safe banking environment, Crelan also made some sizeable investments in 2020, such as:

- Enhanced protection against so-called DDOS (Distributed Denial Of Service) attacks. The goal of these attacks is to destabilise applications;
- reinforced security of the internal business applications, the so-called De-Militarised Zone (DMZ), by renovating the components of the data centre network;
- the introduction of a new platform for the digital channels myCrelan and Crelan Mobile. This platform offers additional security against unwanted interference as well as greater scale and additional cloud facilities;
- Activating the latest software versions for all critical database management systems and for business-critical applications.

Finally, as part of New Way of Working, a project was also launched that will set up a central command and management system for all devices connecting to the Crelan network by 2021.

Logistics projects

2020 was an extra busy year in terms of logistics infrastructure.

Due to the COVID-19 pandemic and the safety measures implemented, the capacity of remote working had to be expanded exponentially in a short period of time in March. Fortunately, working from home was already commonplace at the bank, but the transformation to 100% remote working nevertheless required a lot of effort.

Within the framework of the New Way of Working project, with which Crelan wants to prepare the workplace of the future, our IT colleagues also made the first logistical steps and preparations in the fall.

The first step towards this is planned for the beginning of 2021 with the replacement of the thin-client devices with laptops. From now on, every staff member will have a laptop to use at the branches and at home.

The same action is planned for branch employees in the second half of 2021 and will be accompanied by the full roll-out of a new WAN (Wide Area Network) that will further increase the capacity of the network significantly. This will also increase the potential to organise video conferences.

Preparation of the AXA project

In our IT colleagues' already busy schedule, much attention was also paid to the further preparations for the takeover of AXA Bank.

The focus was on mapping out the future IT landscape for the merged bank, planning the migration and integration of data and estimating the workload and the necessary budgets. To this end, Crelan also recruited a number of new IT colleagues with specific expertise.

Portfolio management

The financial and investment policy of the bond portfolio at the Crelan group is based on safety and security.

For financial policy purposes, the interest rate, option and liquidity risk are measured under various simulated stress scenarios. The limits imposed and approved ensure that profitability and solvency cannot be compromised under any circumstances.

The investment policy in the bond portfolio did not change in 2020. The portfolio is part of the buffer of highly liquid assets to bridge future periods of liquidity stress. After all, bonds are easy to mobilise when used as collateral in interbank lending.

Crelan took advantage of this in 2020 by participating in the ECB's TLTRO3 programme, which involved attracting short-term liquidity at -1%, albeit subject to sufficient credit production.

Due to the relatively low interest rates in 2020 and in order to support its clients during the COVID-19 crisis, Crelan decided to mobilise the excess liquidity in the loan portfolio rather than in the bond portfolio. The average maturities of the production loans are significantly higher than the maturities of the commercial liabilities, with the risk of damaging the interest margin in case of substantial interest rate and curve movements. Crelan therefore regularly employs hedging via interest rate swaps.

5. Crelan, a safe bank

Various departments within the bank are responsible for risk management. Below is an overview of the main activities that ensure that Crelan is and will remain a safe bank.

General Risk Management

Risk Management focuses on various specialisations:

- Identifying, measuring, monitoring and controlling credit, financial, operational and IT security risks.
- Providing advice in all major loan files.
- Developing and validating internal models used within the framework of IRB (Internal Rating Based approach) and of IFRS 9.
- Drafting, coordinating and validating the regulatory reports such as ICAR (Internal control annual report), ICAAP (Internal Capital Adequacy Assessment Process), ILAAP (Internal Liquidity Adequacy Assessment Process), the Recovery Plan, the pillar 3 report, etc.

The bank set up several internal risk committees in order to organise risk management as effectively as possible. These risk committees monitor credit, financial, operational (including permanent audits) and IT risks, as well as entity-related risks.

The bank has also implemented a Risk Appetite Framework that takes into account a number of key indicators for the solvency, liquidity, profitability and other parameters of the credit portfolio. Compliance with limits is checked at least quarterly.

The COVID-19 crisis called for a lot of attention from Risk Management. The team took regular stock of the pandemic's impact on the various risks (credit risk, liquidity risk and operational risk). Based on these findings, the bank took the necessary actions to adequately manage these risks.

Credit risk

Crelan manages credit risk on the basis of both its credit policy and the separation of functions in the credit activity. For example, various committees monitor the risk appetite.

The authority to grant loans is divided between the Executive Committee and the Credit Committee according to certain levels of credit turnover and customer rating. Moreover, there is also a delegation of powers within the loan department.

The Credit Monitoring Committee is responsible for managing credit turnover, including loans on the "credit monitoring list".

The Credit Provisioning Committee has the authority to place customers in "qualitative default", determine and adjust impairments, cancel loans and write off receivables.

Credit limits are updated annually in the context of the Bank's overall credit risk and are approved by the Risk Committee and the Board of Directors.

Credit risk is managed using rating models that assign a score to each loan client. This customer rating is decisive for decisions on the granting and management of loans. The performance of the models is regularly monitored and the results are validated and approved by a specific committee, in particular Comeri.

For each file that falls within the competence of the Credit Committee and/or the Management Committee, an independent opinion from Risk Management is necessary.

Interest rate risk, liquidity risk and market risk

Since 2013, the monitoring of financial risk is carried out centrally for all banking entities. This way, the group structure is further strengthened through financial risk monitoring and all entities are operationally integrated into the Group's financial policy and risk monitoring. For Crelan Insurance, only the counterparty risk is integrated in the group level monitoring.

The main risk indicators are:

- The global Value at Risk (VaR), a model developed by the Risk Management Finance Department for all the Group's financial risks in both normal and stress conditions;
- a fixed rate reverse cumulative gap for interest rate risk;
- the Loss Given Default (LGD) limits for counterparty and country risk;
- liquidity risk ratios (LCR).

ALM (Asset Liabilities Management) is responsible for monitoring the interest rate, option and liquidity risk within the bank. This department develops models for identifying, analysing, monitoring and reporting these risks. Risk Management, in turn, validates these models.

Risk Management monitors both the internal fixed-income gap and the regulatory reporting of interest rate risk.

The interest rate risk is hedged with financial instruments such as interest rate swaps, caps and swaptions.

The responsibility for managing and reporting financial risks, as well as controlling the applicable limits, lies primarily with the various business lines themselves. Risk Management is responsible for the second-line control of these financial limits by independently validating the data reported by ALM and Financial Policy. Crelan thus wants to exclude errors in reports for the regulatory authorities, the Financial Committee, the Management Committee and the Board of Directors.

Operational risks

An alert mechanism is in place to detect major operational incidents. The Operational Risk Management team also operates key indicators to assess the extent to which processes are sensitive to risk and to monitor the quality of incident reporting by the various departments.

Functionally, Risk Management, as the manager of operational risks, can draw on a network of some 30 risk correspondents whose task is to report on the operational incidents of their processes and who are trained to do so.

The control systems are based, among other things, on detailed mapping of the risks (Enterprise Risk Management) with the objective of:

- describing the processes in the form of flow charts,
- identifying inherent risks and controls in place,
- identifying residual risks;
- developing appropriate remedial measures for the identified risks.

IT security risks

The financial sector is currently a frequent target of attacks on the security barriers it has put in place. As a company, it is important to continuously monitor and adjust the operation and organisation to adequately deal with the risks.

The bank divided its Security operation into two levels, a so-called first line that concentrates on operational monitoring and a second line that deals with defining the risks, developing the policy and implementing controls.

The bank has also implemented a roadmap to further strengthen internal awareness of these growing risks, such as hacking and phishing techniques, etc.

As part of a continuous improvement programme with increased measures and monitoring, the bank's infrastructure was further secured. A number of projects related to this internal security were implemented. This programme also focuses on electronic customer services and on customer awareness of safe banking. For example, in 2020, the Compliance Department once again devoted a great deal of attention to raising awareness of issues like phishing, fraud and privacy protection.

The agreements we made with suppliers on the security of private data protection and outsourced activities, among others, have been strengthened and are closely monitored. These elements are, of course, subject to repeated scrutiny of the first and second lines of defence.

Finally, Crelan has invested in the preparation of the future infrastructure and organisation of the bank in view of the acquisition and integration of AXA Bank. These projects naturally include forward-looking security from the very outset.

Recovery plan

Crelan has drawn up a recovery plan in accordance with regulator recommendations.

Based on EBA guidelines, the bank has established several risk indicators in the areas of solvency, liquidity and profitability. Alert thresholds and a critical recovery threshold have been defined for each indicator so that recovery options can be triggered in case of breaches.

The bank developed five scenarios to this end: liquidity crisis, interest rate increase, credit crisis, general (systemic) crisis due to an operational incident and a specific scenario linked to the Europabank entity.

Crelan defined four possible recovery options for each of these five scenarios, which can be activated quickly and, if necessary, simultaneously.

In each of these cases, the envisaged recovery options allow the Group to get out of the danger zone.

IFRS 9

As part of the implementation of the new accounting standard IFRS 9, Risk Management introduced the new requirements regarding the modelling of risk parameters.

ICAAP / ILAAP

The goal of these reports is to determine whether the bank has sufficient equity and liquidity, which is the case.

The bank's equity allows it to bear all risks arising from its activities and its liquidity position is well above the statutory minimum, which enable it to cope with stress scenarios.

In assessing capital requirements, the quality and relevance of the internal models play an important role. After all, solvency depends on both the size of the equity and the quality (more or less risky) of the assets. The risk level is therefore primarily based on the risk weighting assigned to the various assets. This risk weighting, in turn, is mainly the result of default forecasts made by internal models (IRB) and of the potential expected losses.

The IRB framework is periodically reviewed and validated by Crelan and the regulator.

The quality of our models and the resulting risks show that the bank is developing a very prudent risk approach, which will result in a CET1 solvency ratio well above 21% by the end of 2020.

Data quality

The bank initiated a large-scale project to significantly improve the quality of data used in its operational processes and in internal, external and regulatory reporting.

This project will, on the one hand, address governance and effective implementation, and on the other hand, focus on loan portfolio data to further strengthen data processes.

Compliance

Reduced payment fraud

Fraudsters also adapted their methods to the new coronavirus reality and used the phone more frequently to deceive consumers at home. In this context, the Febelfin banking umbrella organisation conducted an awareness-raising campaign on money mules in the fall.

However, Crelan customers were notably better protected from phishing-related damage in 2020 than in the previous year. Continuous awareness-raising and elaborate prevention measures have proved their worth in this regard. However, it is important to remain vigilant given that fraud patterns are constantly changing and fraudsters are very determined in their attempts to deceive customers.

Updating of customer data

The Fifth EU Money Laundering Directive on the prevention of money laundering and terrorist financing entered into force in 2020. This Act led, among other things, to a more specific demarcation of the group of customers with the status of politically exposed persons and to adjusted modalities for consulting the register of beneficial ownership of legal persons and other legal entities.

The emphasis of the anti money laundering approach in 2020 was on updating customer data. The purpose of this is to achieve a more accurate risk classification and a more precise monitoring of payment transactions.

During this update, the accuracy of personal data (address, telephone number, etc.) is checked and additional information is obtained on the nature and purpose of the customer relationship and on the expected transaction pattern.

This update for all customers started in the second half of the year and will continue into 2021.

Data protection

In 2020, work continued on IT projects aimed at further strengthening the conformity of data processing with privacy directives and reducing privacy risks. The bank did not report any significant problems in the field of privacy protection.

COVID-19 caused concern for some customers

At the start of the first lockdown period, from mid-March onwards, a number of customers wanted to withdraw significant balances in cash. Dissuasive advice was unable to convince a number of, mainly elderly, customers to keep their funds in their accounts through this crisis. However, a few months later, we saw the return of most of these cash withdrawals. Likely when it became apparent that the COVID-19 crisis was not putting pressure on the financial system.

Internal Audit

The Audit Charter describes the overall mission and values of Internal Audit. The roles and responsibilities contained in the Audit Charter and the Audit Committee Charter are in accordance with the law on the statute and supervision of credit institutions and listed companies.

Internal Audit independently provides reasonable assurance - to both the Board of Directors, through the Audit Committee, and the Management Committee - on the quality and effectiveness of internal controls, on risk management, and on the bank's corporate governance systems and processes.

The scope of Internal Audit covers all activities of the Group. A uniform audit methodology and reporting to the Audit Committee apply in the Group.

For Europabank, the audit activities are entirely entrusted to a dedicated audit department.

In the context of a "Risk Based Auditing" approach, Internal Audit also updated the "Audit Universe" in 2020 in response to new regulations and new or changed activities.

The tasks carried out by Internal Audit in 2020 covered various areas: including IRB credit models, compliance, credit, IT, etc.

Internal Audit also carries out the follow-up of corrective actions. The status of audit recommendations is periodically monitored and reported both to the Management Committee and to the Board of Directors through the Audit Committee.

Network inspection

The Inspection Department monitors the proper functioning of the independent agencies by collecting information at various levels. This information allows it to verify the agency's management in accordance with the Bank's requirements.

To this end, a team of inspectors carries out unannounced checks in the agencies, during which the following elements, among others, are examined: the correctness of the available funds, the completeness of the office administration, the processing of accounting documents, the observance of compliance and other regulations, the processing of loan files, etc.

Furthermore, the inspectors also visit the agencies to carry out cash controls, checks on safes and to ensure compliance with legal provisions.

In addition, a periodic system of basic controls is in place at the head office that checks the cash transactions of the agencies. The structured approach and frequent follow-up ensure that signals can be quickly picked up and processed.

In addition to auditing the cash operations in the agencies, fraud prevention investigations and checks on the financial health of the agents are carried out. These audits include very specific matters such as preliminary screening of and advice on prospective agents and prospective agency employees, handling of complaints involving an agent or an agency employee, balance confirmations, checks after hold-ups etc.

The Inspection Department is also responsible for the elaboration, updating and coordination of the Crelan Charter, which contains the main agreements between the Bank and the independent agencies. The Charter serves as an important reference framework to ensure proper cooperation between the agent and the Bank so that, on the one hand, the legal and regulatory provisions are respected and, on the other hand, customers are served correctly and efficiently.

The quality model of the Inspection Department manages the frequency of audits and the nature of investigations and inspections. The results of the audits provide a risk score according to five categories from low to high risk. This risk score is allocated to each agency on the basis of three elements: administrative and accounting accuracy, financial health and breaches of the Crelan Charter.

The COVID-19 crisis strongly influenced the inspection visits in 2020, which were supplemented by additional remote inspections.

The Quality Management Committee (QMC) initially follows up on the findings of the various checks and determines the exact remedial actions required in response to any potential snags. The COK also deals with complaints when the agent's involvement is questioned and discusses any report of an identified anomaly by another directorate to decide on the appropriate action to be taken with respect to the agent.

If the decision-making authority is exceeded, or in the event of findings that require cross-domain treatment, the COK refers the dossier to the Mediation and Advisory Committee (BAC), which has greater decision-making authority. The BAC is composed of two board members and representatives from Compliance, the Commercial Directorate, Legal Affairs and Inspection. The results of the discussions in the BAC are reported to the Management Committee and the Audit Committee.

6. Crelan, a socially committed and sustainable bank

A sustainable operation at Crelan

Sustainability as a matter of course

Sustainability is in Crelan's DNA. Due to our strategy, our scope of work and our limited size, our operation is by definition already quite sustainable.

Thus, Crelan is a national player that focuses on core banker tasks, i.e. converting funds entrusted to it by savers and investors into loans for Belgian private families and entrepreneurs. In other words, Crelan derives no income from speculative transactions, but fully supports the local initiatives of its customers.

As a cooperative bank, Crelan is not listed on the stock exchange. Like any business, our objective is to grow and create added value, but we can do so at our own pace. Decisions are always taken with a long-term perspective and with a cautious attitude to safeguard the interests of the bank, its employees, its customers and its cooperative shareholders.

Sustainability in practice

Crelan is committed to a pragmatic approach to sustainability with a continuous focus on transitioning to a climate-friendly way of life.

Crelan interprets this principle concretely into attention for:

- a continuous increase in the sustainability of its range of products and services;
- honest, competent and personalised customer service and advice;
- appropriate remuneration for its cooperative shareholders;
- a pleasant and motivating working environment for its employees;
- green investments in its buildings and facility services;
- the sponsorship of a number of talented champions and the training of young athletes in cross-country cycling, basketball and athletics;
- contribute to the society in which it operates through the Crelan Foundation;
- a stake in the capital of and a loan to Incofin, a fund specialised in microfinance in third world countries.

For more concrete information on our sustainable operations, we invite the reader to consult our annually published sustainability report. These reports can be found on Crelan's [website](#).

Sports sponsorship

Crelan believes that sport is an important part of a healthy and balanced lifestyle and a factor of social cohesion that brings people closer together. Fair play and team spirit are what make sport great, and these are therefore values that Crelan is keen to support.

Crelan has long been active as a sponsor of a number of sports. The bank deliberately opts for sports involving a high degree of interaction between athletes and supporters. We sponsor athletes who are consummate professionals, and who are fully committed to results and at the same time close to their supporters. Crelan believes passionately in these values.

Basketball

Crelan on the court with the Belgian Cats and the Belgian Lions!

Crelan has supported our national pride in basketball since May 2019: the Belgian Cats and the Belgian Lions. Together with the Belgian Basketball Federation, Crelan aims to build on the successes of the Cats & Lions. Crelan is also investing in the future and is the sole main sponsor of the Young Belgian Cats & Lions (U20) and the national 3x3 team, the new popular 'street' version of classic basketball. Professional support for young Belgian talent is crucial here. These initiatives underscore Crelan's long-term commitment to Belgian basketball.

Cyclocross

Crelan has been active as a sponsor in cycling since 2000, then still under the name Landbouwkrediet. The philosophy was always to give young Belgian cycling talent a chance to flourish and to surround them with some established names in the team.

Crelan also sponsors multiple world and Belgian champion Sanne Cant

Since September 2019, Crelan has been the main sponsor of the IKO-Crelan women's cyclo-cross team, headed by multiple Belgian and World champion Sanne Cant. In addition to supporting the Women's Elite, the bank is also committed to the training programme of the U17 and U19 youth teams so that young Belgian cyclo-cross talent also gets every opportunity for the future.

Athletics

Since 2011, Crelan has been a loyal partner of the **Borlée family**, which is among the world's best in the 400m and the 4x400m. As brand ambassadors for Crelan **Kevin, Jonathan, and Dylan** have remained highly accessible and open to their supporters throughout their careers, even though they have spent 10 years at the top of international athletics. This is precisely what Crelan values: offering its customers a committed and professional service in a personalised relationship of trust.

7. A word of thanks

2020 was all about the health crisis, which was a difficult time for us all. Not least for those who faced health problems and/or lost income due to the economic impact of the lockdowns.

As an essential service provider, it was important that we remained available to our customers and were able to safely receive them. From the Board of Directors, we closely monitored and supported the necessary actions and investments for this, including the rapid switch to periods of 100% home working by branch staff.

Solidarity can make an even greater difference in times like these. The Board is therefore delighted with the Crelan Foundation's* good result in 2020. Coincidence or not, 21 of the 34 initiatives supported in 2020 were health related.

In that same context, the non-executive members of the Boards of Directors decided it was important to hand in part of their annual board allowance in this difficult year and to use this amount for the purchase of reusable face masks for employees and their families.

The fact that Crelan has nonetheless been able to achieve excellent results under these circumstances is not only the result of a well thought-out policy, but also of the efforts and dedication of our employees and the trust placed in us by our customers and cooperative shareholders.

On behalf of all the members of the Board of Directors of CrelanCo CV and Crelan NV, we would like to thank you for this.

In 2021, we hope we can all bid farewell to the coronavirus and launch a new agenda with plenty of warm encounters.

Luc Versele

Chair of the Board of Directors

Crelan NV

Jean-Pierre Dubois

Chair of the Board of Directors

CrelanCo CV

* More information about the Crelan Foundation initiatives is available in Crelan's 2020 Sustainability Report and on www.crelan.be.

The annual report of the Crelan Group is published in Dutch and in French. It can be viewed at www.crelan.be.

The report was produced by the General Secretariat and Corporate Communication of the Crelan Group.

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