

On 31 December 2021 the Crelan Group acquired AXA Bank Belgium. Since then, the Crelan Group has operated with three bank brands: Crelan, Europabank and AXA Bank Belgium.

The cooperation between these three banks will largely determine the group's success in the coming years. On the one hand, cooperation is important to prepare for the integration of Crelan and AXA Bank Belgium in the spring of 2024. On the other hand, we want to further optimise the synergies within the Crelan Group.

To illustrate this, in this annual report you will regularly see photos depicting this collaboration, sent by colleagues from AXA Bank Belgium, Europabank and Crelan.

# Annual report 2022

## Crelan Group

In accordance with Article 3:17 of the Code of Companies and Associations, the figures in this report are an abbreviated version of the officially published annual accounts of the Crelan Group, closed on 31 December 2022. 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, Europabank and AXA Bank Belgium.

The full consolidated financial statements can be requested from the General Office by e-mail: [general.office@crelan.be](mailto:general.office@crelan.be).





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## CEO review of 2022

2022 will be remembered as a turning point, characterised by the return of war in Europe, with decisions in which the cohesion of European governments and the strong support of public opinion were remarkable.

The war has had major consequences in the EU, in all Member States at the economic, ecological and social levels with the energy crisis.

But what has remained constant in these dangerous times is once again the collective group capacity to face these challenges.

In a year in which insecurity, doubts and fear had the upper hand, the Crelan cooperative group managed to post a very solid result, while the integration of AXA Bank was actively continued.

The underlying operating net result of the Crelan-Group (Crelan, AXA Bank and Europabank together) amounted to €164 million in 2022, representing an increase of 8.4% relative to the operating net result for financial year 2021 calculated on a like-for-like basis.

This good business result is partly due to the 12% growth in the group's net banking result, to €942 million.

Financial solidity remains at a very high level, with a total solvency ratio of 26.3%, one of the highest percentages among European banks.

From the commercial point of view, the group granted more than €8 billion in loans, including €6 billion in loans to private individuals, in a context in which the housing market started to return to normal in the last quarter of 2022.

Outstanding loans and advances of the Crelan Group grew by nearly 7% in 2022.

The year 2022 also underlined the bank's solidarity with its agricultural customers, who suffered irreversible damage in the extreme drought of the summer of 2022.

These solid commercial and financial results of the Crelan Group are made possible by a common strategy based on three important pillars: proximity, with Belgium's most extensive network of branches in which entrepreneurship and anchoring in the community take pride of place, sustainability, with social responsibility being part of the Crelan Group's DNA, and finally its cooperative power, with Crelan being fully owned by its nearly 278,000 cooperative shareholders, giving rise to a collective responsibility and stimulating our development.

The year 2022 was also the first in which Crelan and AXA Bank worked together to prepare the merger. Together with all our employees and bank agents we have put a lot of energy into this.

We remain a confidential and reliable partner for our 1.8 million customers.

I wish to thank our employees, agents and partners for their efforts in 2022 and for the considerable progress we have made towards integrating AXA Bank.

It is with this pride and that trust that we must arm ourselves for 2023!

**Philippe Voisin**  
CEO of Crelan and AXA Bank Belgium



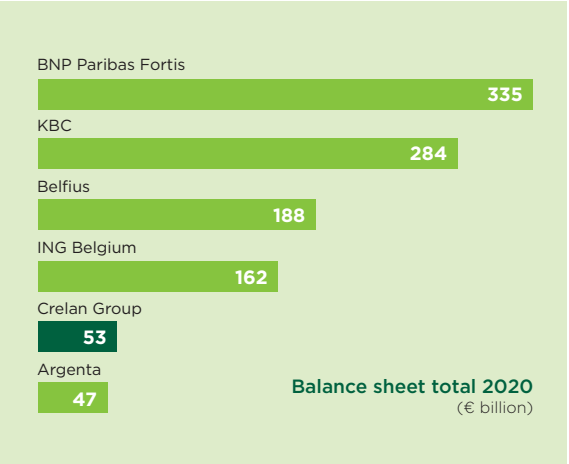


# Who are we?

The Crelan Group comprises 4.606 enthusiastic employees - both staff members and independent bank agents with their employees - who give their all every day for almost 1.8 million customers.

The financial group is formed by the cooperative society CrelanCo, the public limited company Crelan, the public limited company Europabank and the public limited company AXA Bank Belgium. Based on the balance sheet total at the end of 2020, it is the fifth biggest Belgian retail bank.

Visually, then, the Crelan group is represented by three bank logos: Crelan, AXA Bank and Europabank.



CrelanCo CV is **the sole and 100% shareholder** of the Crelan Group. The authorised capital of this recognised cooperative company is formed by the participation of **over 277,000 cooperative shareholders**. The latter are thus all part-owners of our banking group.

Crelan's cooperative roots date back to the 1960s and have their origins in the bank's strong ties with the Belgian agriculture and horticulture sectors. The first cooperative societies collected the savings of farmers, which in turn enabled the bank to grant agricultural loans. From the 1990s onwards,

these cooperative societies joined Crelan's shareholder structure and thus played an important role in the privatisation of the originally state-owned financial institution. In November 2015, all the former cooperative societies merged and CrelanCo became sole shareholder.

The Crelan Group, therefore, is not only a cooperative but also a 100% Belgian banking group whose decision-making centre is in its own country and a range of products and services that are exclusively aimed at the Belgian market.





Crelan Bank is **a federation of credit unions**, formed by Crelan NV and its shareholder, CV CrelanCo. Full solidarity exists between the two.

**Crelan offers a wide range of banking and insurance products for private individuals, entrepreneurs and SMEs.** Crelan seeks to offer its customers total solutions rather than just products, with payment concepts, savings and investment products, various forms of credit and insurance policies. Crelan uses its own product range that it completes with products from a number of partners who are all a reference within their domain. This includes non-life insurance policies from AXA Belgium, life insurance policies from Allianz and investment formulas from Amundi, Econopolis Wealth Management and AXA Invest Managers.

Furthermore, with a specialised range of products, the bank is the privileged partner of

farmers and large companies in the agricultural and horticultural sector.

If you ask our customers why they chose Crelan, **they invariably mention the close relationship they have** with their Crelan bank agent. We therefore boast of offering financial advice close to customers. Not just via digital banking channels, but also via our network of independent bank agents who know local communities and their customers well. More than 450 office doors are open for our customers each and every day.

The only way to achieve satisfied customers is through satisfied employees. Crelan therefore pays constant attention to the well-being of its employees and was in fact awarded the Top Employer label for the seventh time in a row in 2022.

Sustainable decisions and social commitment, including through the Crelan Foundation, are self-evident to us.

### europabank

Contrary to what its name might suggest, Europabank is a Belgian bank, based in Ghent, and has been part of the Crelan group since 2004.

As **a subsidiary of Crelan** Europabank offers a specific range of products and services for individuals and entrepreneurs. It is known in particular for its **specialisation in consumer credit**. Traders and entrepreneurs also know the bank

as a **processor of transactions carried out with debit cards and Visa and MasterCard credit cards** and as a provider of **finance leasing and renting**.

The bank has 47 branches.

Unlike Crelan and AXA Bank Belgium, Europabank does not work with a network of independent banking agents, but exclusively with employees.



AXA Bank Belgium is the youngest and also the largest entity of the Crelan Group. AXA Bank became **Crelan's sister-bank** on 31/12/2021, when the Crelan Group acquired it from the French international insurer AXA Group.

AXA Bank **strengthens its customers, Belgian families and entrepreneurs, by proactively guiding them in building and managing their assets, through tailor-made advice on home loans and investments.** The bank is embedded locally thanks to its network of independent bank agents. User-friendly digital tools and personal contact go hand-in-hand. The bank was awarded several awards during the past five years including the one for being considered the most innovative bank in 2021 by its customers.

The group cooperates on commercial, technical and financial matters.

For more information on the history of Crelan and the Crelan Group, please visit [www.crelan.be](http://www.crelan.be).

### Figures at 31 December 2022

Company	Number of employees	Number of branches	Number of customers	Number of cooperative shareholders	Working in
Crelan	2,199*	453	759,224	273,427	Belgium
Europabank	361	47	173,451	-	Belgium
AXA Bank Belgium	2,046**	333	858,148	4,328	Belgium

\*717 staff members and 1,482 employees within the independent agent network  
\*\*715 members staff and 1,331 employees within the independent agent network

## 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.**

scope of the Crelan Group according to the Royal Decree of 23 September 1992 on the consolidated financial statements of credit institutions.

The Crelan Group does not have any branches.

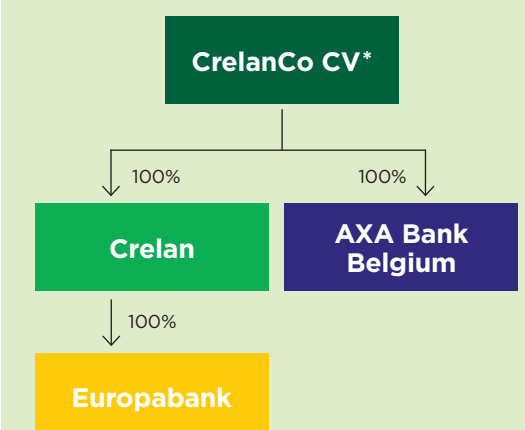
The CV CrelanCo owns 100% of the shares and voting rights in NV Crelan. At 31 December 2022, the cooperative capital of CrelanCo was held by 277,755 cooperative shareholders. As such, Crelan is a 100% Belgian bank with 100% cooperative roots.

The Management Committee of NV Crelan is responsible for the operational policy of NV Crelan, CV CrelanCo and NV AXA Bank Belgium.

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.

Europabank's accounts and those of AXA Bank Belgium are included in the consolidation

### 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. In accordance with Article 239 of the Act of 25 April 2014 on the status and supervision of credit institutions

# 2022 at a glance

## Crelan and AXA Bank Belgium embark on a common future

The strong similarities between Crelan and AXA Bank in terms of product range, service with independent banking agents, customer approach are immediately apparent. This also explains why Crelan and AXA Bank are currently preparing an integration by spring 2024.

By combining our know-how, experience and resources, we want to improve even more and create added value for our customers, our bank agents and employees and for the bank itself. After the integration, the bank will continue its activities under the Crelan banner.



## The markets

### CONTEXT

From an economic and financial point of view, 2022 was largely a year of stagflation, a combination of slow growth and high inflation. This was attributable above all to the delayed effects of the COVID-19 crisis and from the end of February also to the influence of the Ukrainian conflict.

The central banks reacted by abruptly tightening their monetary policy with a view to containing inflation, even though this heightened the risk of a further slowdown in economic activity.

Economic activity in **the United States** started the year still suffering the effects of the COVID-19 restrictions, but started to recover from February. However, the high inflation of the end of 2021 proved more resistant than expected and gradually spread from prices of imported goods - especially energy and foodstuffs - to services and housing.

As a result household purchasing power was curtailed. Despite starting to cool off from the summer, inflation led the Federal Reserve to hike its key rates much faster than had been originally expected. This had a braking effect on economic activity in many sectors, including real estate.

In the second half of the year most economic

indicators pointed to a slowdown. And yet this did not lead to a weaker labour market. On the contrary, unemployment fell to the historically low level of 3.5%. So in terms of economics the United States was able to end the year 2022 with its labour market in good shape and with short-term economic surveys still indicating strong activity in the service sector.

On the political front, the Republicans took control of the House of Representatives, while the Democrats held on to the Senate in the November mid-term elections.

The **euro zone** economy was just getting over the COVID-19 restrictions when Russia invaded Ukraine at the end of February. Apart from the blow to confidence - out of concern that the conflict might spread - the immediate and tangible consequence was strong upward pressure on energy and commodity prices. Agricultural commodities and metals saw explosive price increases due to expected supply chain problems. From the summer, fears of a complete halt to Russian gas supplies drove European gas prices to historically high levels. Furthermore the COVID-19 restrictions in China weighed on industrial production chains.

Inflation continued to accelerate - to double figures in October - leading the European Central Bank (ECB) to start ratcheting up its key rates from June and reaching the fastest pace since its establishment. At the same time governments tried to lighten the



energy burden for businesses and households. However, this was done in a somewhat uncoordinated and therefore disparate fashion.

The end of the summer brought better news, with data proving considerably less bad than feared. In particular the price of natural gas was down sharply, albeit still a multiple of the previous year's average. The risk of scarcity also declined and fourth quarter indicators pointed to a moderate shrinkage in economic activity.

The formation of a new Italian government, led by a prime minister regarded as euro-sceptic, was the most important event on the internal political front. And yet her appointment in 2022 did not lead to any particular market tensions either in Italy or in other euro zone countries.

For **growth countries** the year 2022 began with the re-opening of most economies and the expectation that the negative effects of the pandemic would abate. But in February, Russia's invasion of Ukraine cast a dark shadow on this scene and led to a sharp rise in global

inflation. The inflationary environment, in combination with increasing risk aversion in the markets, weighed heavily on growth countries' assets, in the first instance on their currencies, most of which depreciated sharply.

**Emerging countries'** central banks had to tighten their monetary policy even before those of the developed countries did so. Factors such as falling household purchasing power and rising borrowing and production costs had a combined braking effect on economic growth. Furthermore in most of these countries the budgetary room for manoeuvre to absorb this shock is limited following the effects of the pandemic.

Even so, the impact varied greatly from one country to another. Asian countries were largely spared, while countries in Central and Eastern Europe were hit very hard, partly due to their proximity to the war in Ukraine and the difficult labour market.

Domestic politics, with elections in several countries, especially in Latin America, was another factor in the volatile results of these growth countries' assets.

China also experienced specific difficulties due to the COVID-19 restrictions remaining in place for most of the year. The Chinese government's sudden abolition of them later in the year was the most striking event of 2022.

### Impact on the markets

Interest rate increases in the **bond markets** were exceptionally sharp in 2022; indeed, such increases had not been seen since the 1980s. The German 10-year interest rate started the year in negative territory and ended it above 2.3%. The US 10-year interest rate topped 4% in October/November, compared with a low of 1.5% in January.

The recent signs of moderation in global inflation were not enough to allay central bankers' fears. The Fed remained deeply concerned about tensions in the labour market and inflation of basic services. The ECB also expects pressure on prices to remain high in all sectors as a result of high energy costs.

Furthermore the easing inflationary pressure has yet to be translated into a decline in core inflation. ECB president Christine Lagarde also stressed that budgetary measures that were not targeted and specific, were likely to increase inflationary pressure

In this environment spreads of peripheral countries held up fairly well.

**Equity markets** fell considerably in 2022. The MSCI World AC index lost 17.5% in the course of the year.

Despite the resilience of the US economy in general and the labour market in particular, the MSCI USA index underperformed its European counterpart, with a decline of 20.8% compared with a 10.9% fall in the latter case. Due to the strong concentration in growth stocks (specifically the big tech stocks) the US market suffered more from the increases in real interest rates.

The MSCI Japan index proved even more resilient than its European counterpart, ending the year with a decline of 6.6%, while the MSCI Emerging Markets index was down by a more substantial 17.9%.

The **dollar** strengthened against most other currencies but again lost ground towards year-end. The dollar index rose by 8.2% in 2022.

The biggest gains were those of **commodities**, the index for which rose by 16.1%. On the energy front, the price of crude oil (WTI) rose by 6.7% to 80.30 USD/bbl. Prices of agricultural commodities rose by 15.6%. However, the increase was not across the board - industrial metals fell back by an average of 2.4% as a result of fears of inflation. They recovered strongly in the fourth quarter, driven by hopes of a revival of economic activity in China. **Gold** was able to burnish its reputation as a safe haven in times of crisis, but only to a limited extent. The increase in real interest rates weighed on the price of gold, which declined by 0.3% (in USD).





## In the spotlight

Below is an overview of the most important financial economic events at Crelan Group. We have included an overview of events with

a specifically sustainable character in Crelan Group's Sustainability Report 2022.

5 january



### WELCOMING AXA BANK COLLEAGUES

On 31 December 2021 Crelan Group acquired AXA Bank Belgium from AXA Group. The newly formed management committee for Crelan and AXA Bank Belgium organised a **webinar** in which they welcomed all new colleagues and gave some explanations and comments on the takeover and future plans.

14 january



### EB-LEASE EXPANDS OFFERING

Eb-lease expands its offering of renting solutions. Henceforth second-hand cars, vans, lorries, agricultural vehicles and industrial machinery such as excavators and loaders are eligible.

1 march



### SECOND PHASE OF UNIFIED ORGANISATIONAL STRUCTURE

The new management committee for Crelan and AXA Bank had already been presented in January. Now it was the turn of the **new managers and direct reports**, the members of the so-called Crelan Circle. Following this second phase of the project to bring about a unified organisational structure, in the coming months each department will further break down its structure down to team level.

19 april



### NEW CEO FOR EUROPABANK

Rudi Vanlangendyck retired on 19 April and was succeeded as CEO of Europabank by **Paul Malfeyt**.

20, 25 and 27 april



### EUROPABANK ROADSHOWS

In three regionally organised road-shows, Europabank laid out its offering and possibilities for collaboration to AXA Bank agents. They can now work with Europabank, just as their Crelan colleagues do, in the areas of lending, financial renting and leasing and the supply of payment terminals.

30 april



### 3% DIVIDEND

In the weekend of 30 April the cooperative shareholders of CrelanCo received a gross dividend of 3% in their account. In this way CrelanCo wishes to acknowledge their commitment to Crelan Group.

2 may



### ANNOUNCEMENT OF ANNUAL RESULTS

Crelan Group was once again able to present good results for financial year 2021.

4 may



### EXPANSION OF PARTNERSHIPS

Before the takeover, both Crelan and AXA Bank already worked with a number of strong partners for the investment offering. With the opening up of this cooperation for both banks, the customers of Crelan and AXA Bank Belgium can now choose from an even wider range. In this way AXA Investment Managers is introduced to Crelan agents as an additional partner, while the offerings of Amundi and Econopolis Wealth Management are made available to AXA Bank agents.

6 may



### NOMINATED FOR DEAL OF THE YEAR

The weekly magazines Trends and Trends-Tendances announced that the acquisition of AXA Bank Belgium by Crelan Group in 2021 was **one of five deals nominated** for the 'Deal of the Year' award.

20 may



### NEW EDITION OF AGRIDAYS

As **main sponsor**, Crelan was emphatically present at the 2022 edition of the Agridays trade fair in Ravels.

1 june



### CAR LOAN, 'BEST OF THE TEST'

The Crelan car loan for new cars was awarded the 'Best of the Test' label by the consumer organisation Testaankoop/Test Achats. Test Aankoop/Test Achats compared the online rates for car loans of all Belgian banks, and for the past 12 months Crelan came out on top.

21 june



### CRELAN FIBA 3X3 WORLD CUP

From 21 to 26 June the FIBA 3x3 basketball World Cup took place in Antwerp. For six days, the city of Rubens was host to this most accessible of sports. As main sponsor, Crelan involved its employees and customers in the event.

29 july



### 86<sup>TH</sup> EDITION OF THE LIBRAMONT TRADE FAIR

From 29 July to 1 August the **86th edition of the Libramont Trade Fair** took place. This leading agricultural & horticultural event welcomed more than 199,000 visitors. **Crelan was the main sponsor** of this event for the **46th time in a row**.

11 august



### SUPPORT MEASURES FOR THE DROUGHT

Many agricultural and horticultural businesses were once again badly affected by the



persistent drought. Crelan's agricultural customers can now count on support from their banker. Specifically, Crelan offers them the possibility of suspending principal repayments on their loans for one year to ease the temporary pressure on their cash flow.

4 september



### LAUNCH OF COOPERATIVE CAPITAL IN AXA BANK

AXA Bank customers who are interested and who meet the requirements as regards investment profile can now subscribe to cooperative shares in CrelanCo through their AXA Bank branch office.

16 september



### EW CYCLO-CROSS TEAM: CRELAN FRISTADS

The new cyclo-cross team, Crelan Fristads, successor to Iko Crelan, was presented to the press.

27 september



### ENERGY SUPPORT MEASURES FOR PROFESSIONAL CUSTOMERS

Crelan, AXA Bank and Europa-bank take part in the energy support measures that the government and the banking sector elaborated globally for households experiencing temporary difficulties due to the increased energy bills.

But **Crelan and AXA Bank go beyond this for their professional customers**. At the end of September both banks announced that professional customers whose cash position comes under pressure as a result of higher energy prices could apply for a specially developed energy loan on very special terms.

13 october



### INVEST WEBINAR 'IS OUR WELL-BEING UNDER THREAT?'

On 13 October Crelan and AXA Bank organised an **online investment event** for customers.

The main guest in this Dutch-language webinar was geopolitical analyst and China expert **Jonathan Holslag**,

who conversed with our Chief Economist: **Bart Abeloo**s. This conversation was professionally moderated by **Indra De Witte**.

For the French-language webinar the main guest was **Etienne De Callatay**, with **Christophe Deborsu** as moderator.

**More than 12,000 people** watched this fascinating conversation either live or recorded.

1 november



### UNIFIED ORGANISATIONAL STRUCTURE

Following the announcement in mid-October of the new people managers in the various divisions, it was now time to start with the new unified organisational structure for both Crelan and AXA Bank.

22 december



### ANNOUNCEMENT OF INCREASED INTEREST RATES FOR SAVERS

As a way of getting savers off to a good start in 2023, Crelan and AXA Bank Belgium announced that the interest paid on savings accounts would be increased from 16 January 2023. This interest rate increase, the first in a very long time, is a consequence of the increase in the ECB's rates.



**"As an independent banking agent, I know very well what concerns an entrepreneur. I bring that know-how into my advice to professional customers"**

**Nele Verhofstadt**, Crelan bank agent in Lokeren and **Nick Verhaeghe**, of bakery NiVa.

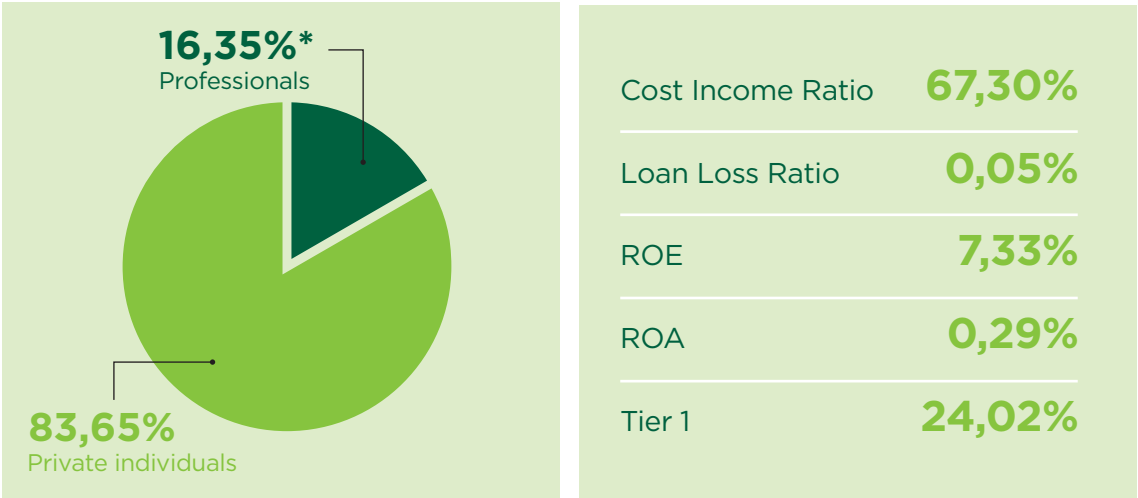


# Crelan Group, Key Figures 2022

## Employees, offices, cooperative shareholders and customers



## Distribution of loan outstandings Consolidated ratios



\* including 28.46% agriculturalists and horticulturalists

### Legend

**CIR (Cost Income Ratio):** Compares operating costs with operating revenues. Efficiency indicator (For each euro of revenue, the group incurs costs of €0.673.)

**Loan Loss Ratio:** Expresses loan losses as a % of total loan outstandings. Indicator for quality of lending portfolio. (The group loses €0.005 for every euro of outstanding loans).

**ROE (Return on equity):** Expresses net profit as a % of equity. Indicator of return or profitability. (For every euro of equity the group obtains €0.07733 net profit)

**ROA (Return on Assets):** Net profit as a % of total assets. Indicator of return or profitability. (For every euro of assets the group obtains €0.0029 in net profit)

**Tier 1 capital ratio:** Compares core capital with risk-weighted assets. Indicator of solvency. (For every euro of risk-weighted assets on the balance sheet, the group has €0.2402 of core capital)

## Consolidated key figures

(IN MILLIONS OF EUROS)	2021	2022	EVOLUTION
Customer deposits (incl. subordinated certificates)	47.790,00	48.563,71	+1,62%
Loans to customers (IFRS)	45.278,70	47.303,72	+4,47%
Loans and receivables	45.726,70	47.778,84	+4,49%
Financial portfolio	1.445,43	1.218,57	-15,69%
Equity (incl. cooperative capital)	2.194,02	2.331,13	+6,25%
Total assets	53.011,86	53.842,30	+1,57%
Net result	660,35	158,20	-76,04%





# What does the merger of Crelan and AXA Bank mean for customers?

Since the acquisition of AXA Bank Belgium on 31 December 2021, the Crelan Group has been operating with three bank brands – Crelan, its subsidiary Europabank, and AXA Bank Belgium.

The aim is to integrate Crelan and AXA Bank Belgium and to continue the activities of the merged bank under the Crelan banner.

This integration, which is scheduled for 2024, underwent preparation in 2022. It will be an essential part of the Crelan Group's strategy for the coming years.

The management of the Crelan Group would like to explain the why of the merger and what it will mean for customers and cooperative members of the bank.

## Why this integration?



**Emmanuel Vercoustre, CFO:** 'Acquisition of AXA Bank Belgium and its integration with Crelan is part of a long-term vision to strengthen our banking group and give us the opportunity to

respond to the wishes of our customers more effectively. Banks are having to face significant investments, both in well-established and up-to-date digital services and in the implementation of changed and ever-evolving regulations. At the same time, profit margins are becoming limited. With this in mind, the scale of a bank is important. The integration of Crelan and AXA Bank Belgium means a bank twice the size providing services to twice as many customers. This way, our investments become more profitable.'

## Will it also benefit customers?



**Jean-Paul Grégoire, COO-CHRO:** 'That's certainly the intention. A bank that is twice the size means shared experience and expertise and a larger offering for customers. We have already

made our own services and those of the financial partners with which Crelan and AXA Bank collaborate available to all of our customers as much as possible. That way, if they wish, AXA Bank customers can become cooperative shareholders of Crelan, provided that they have the appropriate investor profile. They now also have access to investment formulas from fund managers Amundi and Econopolis Wealth Management and insurance formulas from Allianz in their AXA Bank branch. Professional customers can make use of leasing and renting formulas and the range of payment terminals from Europabank. For Crelan customers, we have introduced investment formulas from AXA IM and the insurance programme from AXA Belgium. In addition, we're also working on a new mobile banking app that will gradually be opened up to Crelan and AXA Bank customers.'

## Does a merger automatically mean fewer bank branches, fewer cash machines and reduced service?



**Joris Knockaert, CCO:** 'Close proximity to our customers is in the DNA of both Crelan and AXA Bank and that won't change



'The acquisition of AXA Bank Belgium and the planned merger of AXA Bank Belgium with Crelan not only makes our financial group stronger, but will also expand our services and offering to customers. Our financial group has doubled in size, but remains true to its philosophy of proximity to customers, local anchoring of bank branches, care for its cooperative shareholders and a focus on a sustainable transition. Digitisation is necessary and useful, but only in combination with the strong local presence of professional, independent banking agents who are available to advise our customers.'

**Philippe Voisin, CEO**

in the future. We will maintain a strong local presence, but with fewer buildings and more experts in each branch. With 833 branches spread across the country, the Crelan Group has the largest branch network today. The same also applies to our cash machines, which are operated at 477 locations. To say that the merger would have an effect on the number of branches would be incorrect. In many areas, Crelan and AXA Bank branches are very close, often on the same street. We have developed a future vision for our branches that takes into consideration factors such as the size of portfolios, the expertise available, facilities, the size of the branch team ... Within that framework, we estimate that by the end of 2027, we'll have a branch network of 420 to 500 branches, which will still be one of the largest, if not the largest, network of branches in Belgium. We will gradually enter into dialogue with our independent branch holders who make their own decisions in this respect. If branches are merged, we will still maintain a local presence with a larger branch team on hand to offer a more focused and all-round service to customers. By following this approach, the number of locations with a Crelan cash machine will remain high.'

## Do customers need to do anything in response to the merger?



**Frédéric Mahieu, CIO:** 'Integration of Crelan and AXA Bank Belgium is scheduled for 2024. An important, if not the most important, part of this project is the migration of AXA Bank data

to the Crelan platform. That way, AXA Bank customers will be able to visit any Crelan branch in the future, while the bank will be able to put all of their investments on a single IT platform.

Our aim is to minimise disruption to customers as much as possible by making the process as good as automated. This also explains why we have earmarked two years of preparation time. Customers will be informed promptly and will have to take very little, if any, action. The conditions of their current investments, loans and insurance products will remain unchanged.'





you're good at, grow one step at a time with continuous attention to a prudent risk policy and take care of your cooperative shareholders and customers. This philosophy is part of our DNA and has allowed us to create a solid path for growth. Always under our own steam. Here at the Executive Board, we are keen to remain true to these principles. A cooperative bank, rooted in the agricultural midlands, needs to take care of the interests of its cooperative shareholders, its customers and its bank agents and employees like a good custodian. They make and are the bank and I would like to thank them wholeheartedly.'

**Luc Versele,**  
Chairman of the Executive Board  
of Crelan

'I have watched the evolution of the Crelan Group closely for more than 39 years. The following elements have always been central to this – do what

### Will the merged bank still be a secure bank?



**Pieter Desmedt, CRO:** 'The acquisition of AXA Bank Belgium and the merger with Crelan is a strategic and financially sound decision. The process is being closely followed and monitored

by relevant supervisors. The acquisition of AXA Bank Belgium makes Crelan a significant financial institution under the direct super-

vision of the European Central Bank (ECB). We have fully adapted our reporting and monitoring procedures in response to this. For the 2022 financial year, the bank was able to post a net result of 164 million Euros and a solvency ratio of 26.3 per cent. Cooperative shareholders of our banking group can expect to receive a 4 per cent dividend. In addition, we were also able to start an EMTN programme for institutional investors in 2022, which immediately attracted 300 million Euros in the autumn. Crelan and AXA Bank are long-standing, financially healthy banks, and the merger will only make them stronger.'



"The combination of the Crelan and AXA Bank offer for investments offers our customers even more options."

Massin Jérôme,  
Head Value Proposition Invest



# Consolidated management report of the Crelan Group, financial year 2022

## Results and synergies of the Group and its members

### Synergies

Crelan Group is active with three banking brands in the Belgian market: Crelan, Europa-bank, and AXA Bank.

Three banks, each with several decades of experience. By sharing this experience and by working together in a targeted way as regards service provision and product offering you create a lever effect to the benefit of Crelan Group and its customers.

This cooperation finds expression in the granting of loans, financial renting and leasing, the supply of payment terminals and the processing of payment traffic.

The entities forming the group also worked closely together on larger projects, such as determining the ESG (Environment, Social, Governance) policy and strategy, financial management of the bank portfolio, governance of the second line of defence, etc. The commercial synergies of recent years between the various entities of Crelan Group continued.

More detailed information on this can be found in the description of the strategy and functioning of the three banks in this annual report.





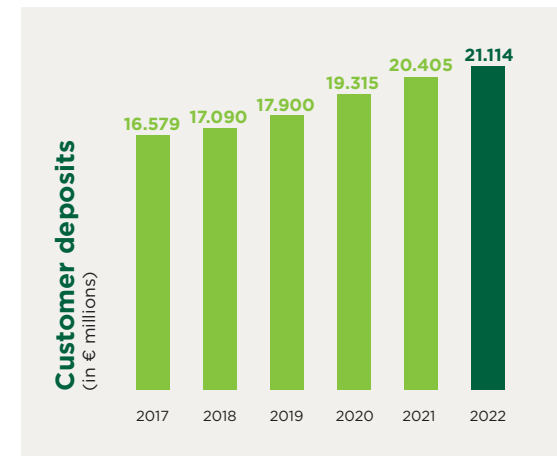
## Crelan NV results



### COOPERATIVE SHAREHOLDERS AND CUSTOMERS

At 31 December 2022, 273,427 cooperative shareholders and 759,224 customers had placed their trust in Crelan.

### CUSTOMER DEPOSITS: SAVINGS AND CURRENT ACCOUNT DEPOSITS CONTINUE TO GROW



At the end of 2022 Crelan had €21.1 billion in customer deposits. As a result of the ECB's adjusted interest rate policy and the increase in the deposit rate, in the autumn of 2022 various initiatives were rolled out. As a result, despite a declining savings market, we were able to maintain total outstandings of savings accounts at €15.15 billion. The growth in current accounts and deposit products amounted to €710.99 million, an increase of 3.5%.

High inflation, combined with a slowdown in economic growth, led to slower growth in the second half of the year.

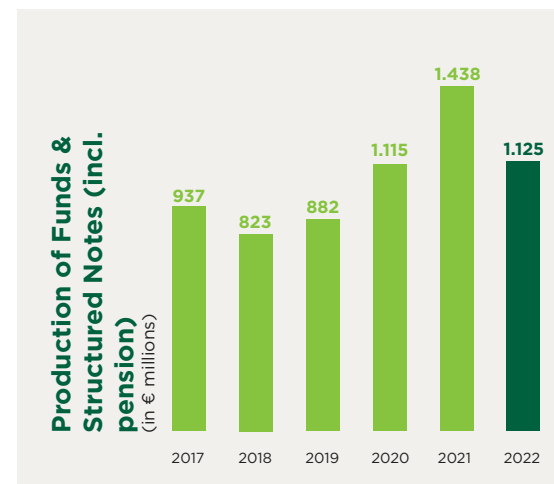
Growth in 2022 breaks down as follows:

- Current accounts increased by 11.6% to €6.4 billion, representing a slowdown in growth relative to the 13.08% of 2021, and a direct consequence of higher inflation and consumption. The number of private individual current accounts grew by 3.4%

to 479,999, while for professional current accounts we saw growth of 2.04% to 88,075.

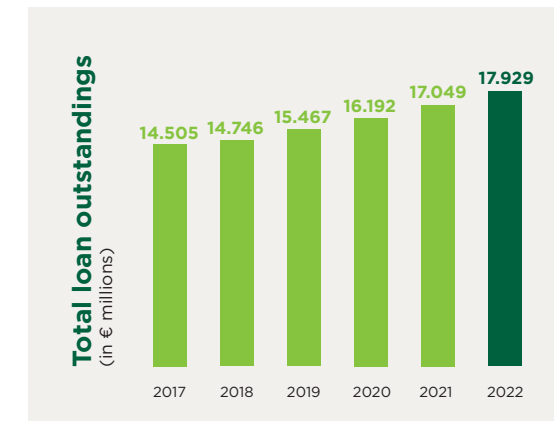
- For the first time in five years the Belgian savings market was in decline. Crelan saw slower but nonetheless positive growth of 3.9% to total outstandings of €15.15 billion. Inflation, combined with higher consumption, led to reduced savings effort, and the growing demand for bonds contributed to this result.
- Term bonds and cash certificates declined by 19.3% to €607 million. The decline was due to the low interest remuneration in 2022 on long-term products. Term accounts with short maturities were, given the interest rate evolution, reactivated through bank agents in the autumn of 2022.

### PRODUCTION OF FUNDS AND STRUCTURED NOTES: INSECURITY LEADS TO PRUDENCE



The geopolitical tensions, inflation and the slowdown in growth led investors to adopt a rather cautious stance. Following years of growth, production of Funds and Structured Notes declined by 20.93%. Even so, it remained at a high level, and despite this slowdown, 2022 was the bank's second best production year ever.

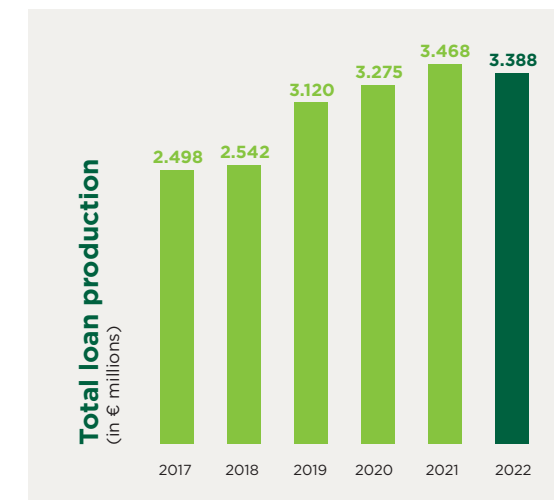
## EVOLUTION OF CREDIT PORTFOLIOS



Total loan outstandings increased by 5.1% in 2022 to €17.93 billion.

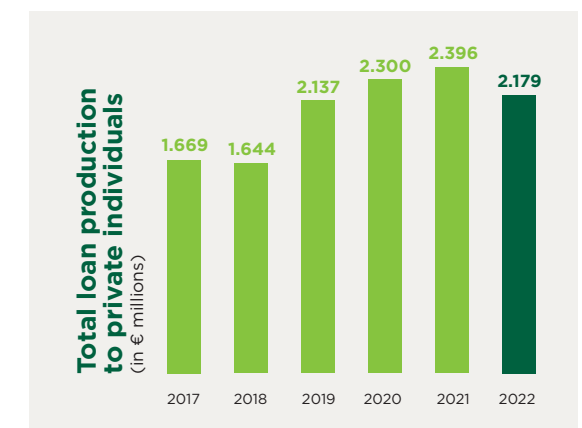
Outstandings under housing loans rose to €13 billion, an increase of 5.3%. Outstanding loans to self-employed entrepreneurs and SMEs increased by 7.6% and those to the agricultural sector increased by 2.3%.

### EVOLUTION OF LOAN PRODUCTION: €3.4 BILLION IN NEW LOANS GRANTED



In 2022, Crelan granted €3.4 billion of loans to its private individual and professional customers. This figure does not include refinancing operations. The slight decline comes from housing loans, due to the exceptional macro-economic circumstances. Professional loans continued their steady annual growth in 2022.

## EVOLUTION OF LENDING TO PRIVATE INDIVIDUAL CUSTOMERS

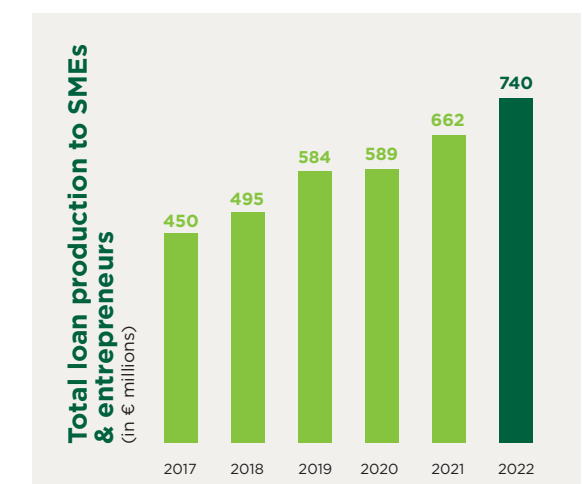


Loans granted to private individual customers declined by 9%. This decline is above all attributable to the lower production of housing loans, despite a stable market share of approved loans. The year 2022 was characterised by exceptional macro-economic developments and also by an unprecedentedly sharp rise in market interest rates, leading to greatly intensified competition.

The production of instalment loans saw an increase of 17%. The fall in car loans caused by the semi-conductor crisis was amply offset by growth in refurbishment loans.

### EVOLUTION OF LENDING TO PROFESSIONAL CUSTOMERS: CONTINUED STRONG GROWTH

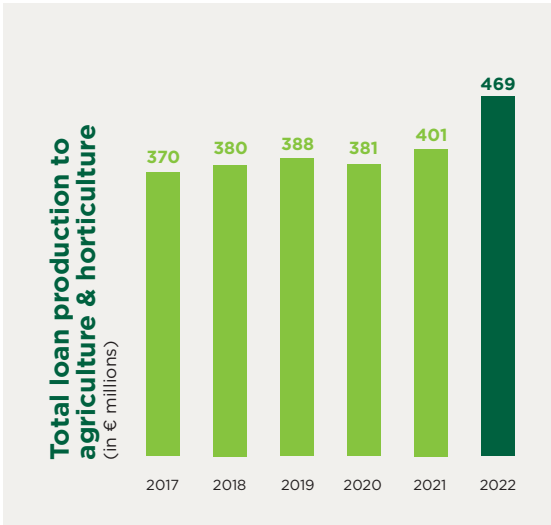
#### Financing of SMEs and entrepreneurs





With €740 million of loans granted to SMEs and self-employed entrepreneurs, the strong growth trend of recent years steadily continued, after a temporary stabilisation in 2020 under the effects of COVID-19. This 12% increase is the more remarkable in a year with a slower pace of investment due to war and energy crisis.

**Financing of agricultural and horticultural projects**



Credit production in the agriculture and horticulture segment increased by 17%. We did note a clear difference between Flanders and Wallonia, with most of the growth taking place in Wallonia. Since last year the investment climate in the Flemish agriculture & horticulture sector has evolved less favourably, due among other things to the uncertain long-term prospects linked to the nitrogen problem.



**Results of Europabank**



**PRODUCTION RESULTS**

In 2022, Europabank granted **loans of €526.6 million**. This is €77.2 million more than in 2021 and beats the previous record production of 2019 by €67.1 million. The share of Crelan branches in this result is €48.5 million, as against €39.2 million in 2021. Since May 2022 AXA Bank branches have been able to contribute loans, and this led to production of €19.2 million.

Thanks to the record production, total loan outstandings grew by 11% (€139.2 million).

**Deposits increased by €52.7 million** (+3.4%).

In 2022, we once again noted strong growth in the processing of card transactions. **Turnover rose by 49.4% to €4.4 billion**. This compares with turnover of €2.9 billion in 2021.

**FINANCIAL RESULTS**

Europabank closed 2022 with net profit of €31.5 million under IFRS (and €31.9 million under BE GAAP). This fine result is thanks above all to the new record loan production, the relatively low impairments and the strong growth in the processing of card transactions.

Despite the strong indexing of wages, the Cost/Income Ratio for 2022 fell slightly, to 53.1% compared with 53.9% in 2021, which

demonstrates that the bank has a high-performing and solid structure.

The return on equity remained high at 19.2%.

**OPERATIONAL FUNCTIONING**

Europabank has **47 branches**. The workforce increased slightly, by 2.8%. At the end of 2022 **361 staff members** were employed by Europabank (182 in branches and 179 at head office) compared to 351 in 2021.

In April 2022 Europabank/eb-lease organised three exclusive road-shows for the AXA Bank branch network in order for people to get to know each other and to present the product offering of eb-lease and Europabank Cards. Like their colleagues in Crelan, AXA Bank agents can now offer their customers credit products of eb-lease and the payment solutions of Europabank-Cards.

Europabank remains permanently committed to innovation and new technologies. The new eb-lease website was launched in April, and meanwhile work continues apace on a complete overhaul of the online brokers platform E-broker. The brand new E-broker website will be rolled out in the spring of 2023 for all affiliated producers.

Digitisation is an important pillar for Europabank, vis-à-vis its customers too. Accordingly, new functionalities are regularly added to eb online, the online banking platform. Thanks to the integration of a document portal for e-signing, customers can sign more and more documents remotely. The bank will continue to extend this digitisation into the future too.

Within Europabank an ESG working group has been set up. Together with Crelan it has sketched out a trajectory for actions to be taken in the coming months to stimulate further sustainable operation of the bank.





## Results of AXA Bank Belgium



### CUSTOMERS AND COOPERATIVE SHAREHOLDERS

At 31 December 2022, 4,328 cooperative shareholders and 858,148 customers had placed their trust in AXA Bank Belgium.

### CUSTOMER DEPOSITS

Total customer deposits stood at €19.87 billion at 31 December 2022, representing an increase of 2.3% or €442 million. The economic context of rising inflation and falling purchasing power resulted in a clear slowdown in growth.

The total of €19.87 billion in customer deposits breaks down as follows:

- current accounts grew by 5.1% to €4.11 billion. In number of current accounts we see growth of 2.2% in comfort2bank accounts as against a further fall of 1.9% in the free start2bank accounts



- total outstandings of private individuals' and professional customers' savings accounts grew by 2.2% to €15.31 billion. The slowdown in growth in 2022, to €328 million from €591 million in 2021, is in line with market trends and the exceptional macro-economic context.
- total term deposits however did not perform well, declining by 14.7% to €441 million. This decline is attributable to persistently low interest remuneration.

### EVOLUTION OF INVESTMENTS

The total portfolio of investment funds and structured products evolved from €6.09 billion to €5.71 billion (-6.1%) as a direct result of the uncertain market circumstances.

**Investment funds** in particular **were less in demand. Production amounted to €424.6 million.** €201 million of this was invested in the Delegio formula, an integrated formula of profile funds focused on the personal banking segment, launched in 2020.

For the professional segment, the bank launched a dedicated FDI solution in the autumn of 2021. In 2022, €8.5 million was invested in this product.

At the end of 2022 AXA Bank Belgium launched a new EMTN (Euro Medium Term Notes) issue, which with gross production of €75 million can be considered a success.

The insecurity on the financial markets as a result of the geopolitical situation between Ukraine and Russia made for lower stock exchange activity in 2022, which led not only to a lower production result but also to outstandings being 8.2% lower.

### EVOLUTION OF LENDING

In 2022, production of housing loans at AXA Bank exceeded €3.2 billion. The global market for housing loans was slowed by the challenging macro-economic developments in 2022 (inflation, energy crisis) and the increase in interest rates. As a result the market was very competitive and margins came under pressure. AXA Bank obtained a market share of 7.1%. The strategy of positioning housing loans as an advisory product, supported by professional local bank agents, remained unchanged. The portfolio of housing loans continued to grow in 2022, reaching €24.3 billion and its quality is outstanding.

#### Production of loans to professionals

amounted to **€666 million** in 2022, 7% less than in 2021 (€713 million) and the same as in 2020, the COVID year. The uncertain economic and geopolitical context certainly played role in this. The portfolio evolved from €2.33 billion to €2.53 million (+8.5%). Since 2015, AXA Bank has been specifically investing in a Business Banking Model. In 2022, this resulted in the appointment of 37 business bankers.

The accounting events continued to take place in hybrid form in 2022. Crelan label agents were also able to invite their accountants starting with the autumn edition.

With the continued investment in agent training, the encouragement of a proactive approach and the sustained commercial efforts of recent years in the B2B segment, we are convinced that next year we will once again be able to achieve solid growth in this segment.

The market for instalment loans was made even harder in 2022 than in 2021 by the crisis in the semi-conductor industry. This had a heavy impact on the volume of car loans. Against this, however, was the appreciable growth in refurbishment loans as a result of the stimulus effect of the energy crisis. Overall, production of instalment loans increased by 6% to €346 million. This meant a consolidation of our market share at 4.2%. In 2022, we continued to focus on online instalment loans to existing customers. The proportion of online credit applications has increased appreciably since the beginning of 2022.





# Balance sheet and income statement

## Consolidated accounting figures in IFRS

### CONSOLIDATION

#### Valuation rules

Due to the inclusion of AXA Bank Belgium in the consolidation scope of Crelan, the valuation rules need to be expanded.

In 2022, the application of Crelan's valuation rules at the level of capitalisation and amortisation of remuneration for credit applications

as a result of harmonisation with AXA Bank Belgium had an impact on the result of -€7.5 million.

#### Consolidated balance sheet

The following table shows the evolution of the main elements of the consolidated assets and liabilities and the consolidated equity between 2021 and 2022.

### Assets

ASSETS (IN € MILLIONS)	31/12/22	31/12/21	Δ	%
Cash in hand, current accounts with central banks and other on-demand deposits.	7.130	4.995	2.135	42,7%
Financial assets held for trading.	12	46	-34	-74,6%
Financial assets at fair value with changes through profit or loss.	6	7	0	-4,8%
Financial assets at fair value through other comprehensive income (FVOCI)	242	418	-175	-42,0%
Financial assets at amortised cost	48.749	46.748	2.001	4,3%
Loans and advances to customers (including finance leases)	47.779	45.727	2.052	4,5%
Debt securities	970	1.021	-51	-5,0%
Hedging derivatives	326	17	308	1807,0%
Changes in the fair value of hedged positions upon fair value hedging of the interest rate risk of a portfolio	-3.149	431	-3.581	-830,1%
Property, plant and equipment	85	84	0	0,3%
Goodwill and other intangible assets	47	44	3	6,0%
Investments in subsidiaries, joint ventures and associates	13	13	0	0,0%
Tax receivables	217	49	168	343,8%
Other assets	165	159	6	3,8%
Assets held for sale and discontinued operations	0	0	0	
<b>Total assets</b>	<b>53.842</b>	<b>53,012</b>	<b>830</b>	<b>1,6%</b>

As regards the composition of the balance sheet on the assets side, financial assets continue to be valued at amortised cost. At 90.5% they remain the largest component of the assets. Liquid assets and current account balances with central banks form the second most important component, at 13.2%.

The balance sheet total increased by €830.0 million in the course of 2022. On the assets side, cash and current accounts with central banks showed the biggest increase, of €2,135 million, due above all to balances with the central bank, while loans and advances to customers showed an increase of €2,001

million. This increase can be ascribed to good loan production, which exceeded repayments in 2022. In 2022, credit production amounted to €8.1 billion, the majority of which was in the private individuals segment.

Another important development on the assets side is the change in fair value of the hedged positions in the context of the hedging of the interest rate risk, but this time in a negative direction, for an amount of -€3,581 million, which corresponds to the change in the market value as a result of changes in the financial markets.

### Liabilities

LIABILITIES (IN € MILLIONS)	31/12/22	31/12/21	Δ	%
Financial liabilities held for trading	36	44	-8	-18,0%
Financial liabilities at fair value with changes through profit or loss	376	743	-366	-49,3%
Financial liabilities at amortised cost	50.483	49.537	946	1,9%
Deposits	43.793	42.650	1.143	2,7%
Credit institutions	1.388	1.449	-61	-4,2%
Other than credit institutions	42.405	41.201	1.204	2,9%
Debts embodied in debt securities including bonds	5.950	6.363	-413	-6,5%
Subordinated liabilities	209	226	-17	-7,6%
Other financial liabilities	531	298	233	78,4%
Hedging derivatives	7	54	-47	-86,8%
Changes in the fair value of hedged positions upon fair value hedging of the interest rate risk of a portfolio	-40	4	-44	-1168,1%
Provisions	247	182	65	35,7%
Provisions for taxation	237	52	186	360,6%
Other liabilities	165	203	-38	-18,9%
Liabilities relating to groups of assets held for sale and discontinued operations	0	0	0	
<b>Total liabilities</b>	<b>51.511</b>	<b>50.818</b>	<b>693</b>	<b>1,4%</b>

98.0% of the liability side consists of liabilities measured at amortised cost. The bulk of this amount (93.8% of the balance sheet total) relates to customer deposits.

Financial liabilities at fair value with changes through profit or loss fell by -€366 million in 2022 as a result of the maturity of the



EMTN (European medium term notes) for -€272 million, a reduction of -€71 million in MtM (mark to market) and lastly a reduction of -€23 million in DVA (Debt Value Adjustment).

Financial liabilities at amortised cost rose by €946 million. On the one hand, debts embodied in debt certificates and subordinated debts (i.e. cash bonds and subordinated bonds) decreased by €430 million. It should be pointed out that this reduction is mainly the result of the development of the position in covered bonds (-€458 million), the decrease in certificates of deposit (-€256 million) and subordinated loans (-€17 million), which were all offset by the issue of €301 million in SNP (Senior non preferred) notes by Crelan in the course of 2022.

On the other hand deposits with credit institutions fell by -€61 million, while customer deposits increased by €1,204 million. Lastly, other financial liabilities increased by €233 million, mainly due to the increase in cash collateral.

Provisions showed an increase of €65 million relative to 2021, due to a number of different factors: on the one hand the fact that in 2021 there was a redistribution of certain provisions to other liabilities for an amount of €58 million, which was no longer the case in 2022 and which led to a de facto increase of €70 million, which agrees with the balance of the provision for pensions at the end of 2022, and on the other hand a €4 million reduction in the provisions for commitments and guarantees issued and a €1 million reduction in provisions for disputes and sundry debtors.

The movements in equity concern on the one hand a capital increase of €16.8 million due to the sale of shares in 2022. And on the other hand the reserves increased by €98.7 million as a result of the appropriation of the result for 2021, after allocation of the dividend of €26.6 million to the cooperative shareholders and lastly a change to retained earnings in an amount of €522.7 million, divided between appropriation of the result for 2021 (+536 million) and recognition of the interest on the equity instruments issued in 2021 for an amount of -€13.3 million.

Finally, the result was reduced by two exceptional events in 2021, on the one hand “badwill” of €598.8 million as a result of the acquisition of AXA Bank Belgium, and on the other a capital gain of €46.6 million on the sale of Crelan Insurance. Without these two items the results for 2022 show a satisfactory trend relative to 2021.

The CAR (capital adequacy ratio) stood at 26.28% at the end of 2022 compared to 19.74% at the end of 2021. The Tier 1 ratio was 24.02% compared to 17.97% in 2021.

## Equity

<b>EQUITY FONDS</b> (IN € MILLIONS)	31/12/22	31/12/21	Δ	%
Capital subscribed	912	895	17	1,9%
Capital paid up	912	895	17	1,9%
Capital called but not yet paid up	0	0	0	0,0%
Share premium account	0	0	0	0,0%
Other equity	245	244	1	0,0%
Other components of equity	6	5	1	24,2%
Items that will not be reclassified to profit and loss	3	2	1	74,2%
Actuarial gains/losses on pension plans	-14	2	-16	-943,9%
Changes in fair value of financial liabilities at fair value with changes through profit and loss due to changes in their credit risk	17	0	17	
Items that may be reclassified to profit and loss	3	3	0	-3,2%
Changes in the fair value of debt instruments at fair value with changes through other comprehensive income	3	3	0	-3,2%
Reserves (including retained earnings)	1.010	389	621	159,4%
Profit for the year	158	660	-502	-76%
Non-controlling interests	0	0	0	0,0%
<b>Total equity</b>	<b>2.331</b>	<b>2.194</b>	<b>137</b>	<b>6,2%</b>
<b>Total liabilities and equity</b>	<b>53.842</b>	<b>53.012</b>	<b>830</b>	<b>1,6%</b>

## Consolidated result

Because Crelan Insurance was sold in 2021 as part of the acquisition of AXA Bank Belgium, we transferred all gains and losses of Crelan Insurance in 2021 to a separate line called

“Gains and losses on fixed assets or group assets that are being sold, classified as held for sale”. This was no longer the case in 2022.

<b>ORDINARY BUSINESS ACTIVITIES</b> (IN € MILLIONS)	31/12/22	31/12/21	Δ	%	31/12/22 AXA Bank Belgium
<b>Financial and operating income and expenditure</b>	<b>774,1</b>	<b>362,5</b>	<b>411,6</b>	<b>113,6%</b>	<b>408,8</b>
Interest received	813,3	303,6	509,7	167,9%	467,4
Interest paid	-135,2	-47,4	-87,8	185,5%	-93,1
Dividends	0,8	1,1	-0,3	-29,4%	0,5
Income from commissions and remuneration	247,2	129,9	117,4	90,4%	111,4
Commission and remuneration expense	-193,6	-96,5	-97,1	100,6%	-91,9
Realised gains and losses on financial assets and liabilities that are not measured at fair value through profit and loss	7,5	2,6	4,8	183,1%	5,8
Gains and losses on financial assets and liabilities held for trading	-64,5	0,0	-64,5	-994732,9%	-64,5
Gains and losses on financial assets and liabilities at fair value with changes through profit and loss (net)	51,2	0,1	51,1	38247,9%	51,2
Gains or (-) losses on financial assets not held for trading that must be measured at fair value with changes through profit and loss, net	-0,2	0,0	-0,2		0,0
Adjustments to fair value upon administrative processing of hedge transactions	10,5	3,0	7,5	252,5%	6,1
Revaluations of exchange rate differences	1,4	0,9	0,5	48,3%	0,7
Gains and losses on derecognition of assets other than those held for sale	0,0	46,7	-46,7	-100,0%	0,0
Other operating income	36,0	27,8	8,2	29,6%	15,1
Other operating expense	-0,3	-94	9,1	-96,8%	-0,1



<b>Administration costs</b>	<b>-492,8</b>	<b>-233,4</b>	<b>-259,4</b>	<b>111,2%</b>	<b>-230,4</b>
Personnel costs	-184,4	-91,4	-93,0	101,7%	-80,9
General and administrative expenses	-308,4	-142,0	-166,5	117,2%	-149,5
<b>Cash contributions to resolution funds and deposit guarantee schemes</b>	<b>-45,4</b>	<b>-20,7</b>	<b>-24,6</b>	<b>118,8%</b>	<b>-23,9</b>
<b>Depreciation and amortisation</b>	<b>-15,7</b>	<b>-11,2</b>	<b>-4,5</b>	<b>40,4%</b>	<b>-4,4</b>
Property, plant and equipment	-11,1	-7,4	-3,6	48,8%	-3,8
Intangible assets (other than goodwill)	-4,7	-3,8	-0,9	23,9%	-0,6
<b>Gains or (-) losses on value adjustments, net</b>	<b>0,1</b>	<b>-0,2</b>	<b>0,4</b>	<b>-166,0%</b>	<b>-0,1</b>
<b>Provisions</b>	<b>14,0</b>	<b>2,6</b>	<b>11,4</b>	<b>442,1%</b>	<b>9,9</b>
<b>Exceptional value adjustments for impairment</b>	<b>-24,7</b>	<b>-22,3</b>	<b>-2,4</b>	<b>10,7%</b>	<b>-10,8</b>
Exceptional value adjustments for impairment of financial assets not measured at fair value with changes through profit and loss	-24,7	-22,3	-2,4	10,7%	-10,8
Financial assets at fair value through other comprehensive income (FVOCI)	0,0	0,0	0,0	0,0%	0,0
Financial assets at amortised cost	-24,7	-22,3	-2,4	10,7%	-10,8
Exceptional value adjustments for impairment of property, plant and equipment	0,0	0,0	0,0	0,0%	0,0
<b>Negative goodwill immediately recognised in profit and loss</b>	<b>3,7</b>	<b>598,8</b>	<b>-595,1</b>	<b>-99,4%</b>	<b>0,0</b>
<b>Gains and losses on fixed assets that are being sold off, classified as held for sale</b>	<b>0,0</b>	<b>8,5</b>	<b>-8,5</b>	<b>-100%</b>	<b>0,0</b>
Total profit/(loss) for the year from continuing operations before deduction of tax and non-controlling interests	213,4	684,5	-471,1	-68,8%	149,5
Tax in respect of the profit/(loss) for the year from continuing operations	-55,2	-24,2	-31,0	128,2%	-45,0
Current taxation	-37,9	-11,3	-26,6	234,8%	-26,0
Deferred taxation	-17,3	-12,9	-4,4	34,5%	-19,0
<b>Net profit or loss</b>	<b>158,2</b>	<b>660,3</b>	<b>-502,1</b>	<b>-76,0%</b>	<b>104,5</b>

An important element in 2022 for understanding the evolution relative to 2021 is the first-time addition of the figures of AXA Bank Belgium to the income statement (including application of IFRS 3 for €23 million), which explains the large variations between the two years.

Interest income increased by €509.7 million, of which €467.4 million due to the addition of AXA Bank. If we leave this addition out, interest income increases by €42.3 million, thanks above all to the financial assets measured at amortised cost (explained by the evolution of interest rates and the good loan production). Interest paid increased by €87.8 million, of which €82.4 million due to AXA Bank. Excluding the contribution of AXA Bank it

thus increased by €5.4 million. The following movements underlay this increase: the €13.7 million increase in financial liabilities at amortised cost, the €300 million of SNP notes issued during 2022, the €200 million of subordinated debt issued at the end of 2021, partly offset by the decrease of -€7.9 million in interest, mainly on the cash collateral with the London Clearing House on the one hand and on the assets held with the National Bank of Belgium on the other (due to the evolution of rates).

So net interest increased by €421.9 million, of which €374.3 million due to the addition of AXA Bank in 2022.

In 2022, the line ‘realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss’ relates mainly to Crelan’s gains on private equity and participations amounting to €0.4 million, and to gains realised on the sale of cancelled loans amounting to €1.2 million. All this results in revenue of €7.5 million in 2022 , compared with €2.6 million in 2021.

As regards the items ‘Gains and losses on financial assets and liabilities held for trading’ (net) and ‘Gains and losses on financial assets and liabilities at fair value with changes through profit and loss (net)’, the amounts relate almost entirely to AXA Bank and comprise realised and unrealised gains on EMTNs and changes in the market value of receiver swaps (-€64.5 million). For the last-named item it also includes the results relating to EMTNs (+€50.2 million).

Income from fees and commissions increased to €117.4 million in 2022, of which €111.4 due to the addition of AXA Bank. Excluding this addition, the remaining increase of €6.0 million is mainly attributable to an increase in commissions in 2022 for an amount of €9.6 million, largely from payment services, management fees received for €3.1 million and insurance

commission received for €0.5 million. These are offset by a fall of €7.2 million in commissions on securities transactions.

Commissions paid to agents increased by €97.1 million compared with 2021, €91.9 million of the increase being due to the addition of AXA Bank. Excluding this addition, the increase was due to a combination of the increase in turnover commissions, offset by the decline in growth commissions, an increase in remuneration for energising interventions and a fall in commissions for off-balance sheet production.

Other income increased by €8.2 million net in 2022, of which €15.1 million as a result of the addition of AXA Bank. Excluding this addition, we note a €6.9 million decline, mainly as a result of the capitalisation - for the first time in Crelan - of the income relating to the recovery of credit case remuneration for an amount of €7.5 million, the exceptional recoveries in 2022 for an amount of €2.2 million, the €0.7 million reduction in re-invoicing to Crelan Insurance and, lastly, the €0.3 million decrease in recoveries on deposits.

Other business costs fell by €9.1 million relative to 2021 because the success fees relating to the closing of the acquisition deal were recognised under this head.

## Administrative costs and depreciation and amortisations

Compared to 2021, administrative expenses increased by €259.4 million, of which €230.4 million as a result of the addition of AXA Bank. Excluding this addition there was on the one hand an increase of €12.1 million in personnel costs, mainly as a result of the wage indexing for 2022, and on the other hand an overall increase of €51.6 million in general and administrative costs consisting mainly of the costs linked to the merger project (+€27.2 million), miscellaneous costs for vehicle leasing and personnel advice (+€1.6 million), other business costs (+€2.0 million), in particular contributions to supervisors (FSMA,

NBB, etc.), IT costs (+€16.9 million), bank taxes (+€2.1 million) and other costs (+€1.8 million).

In 2022, the item “Cash contributions to resolution funds and deposit guarantee schemes” increased by €24.6 million, of which €23.9 million as a result of the addition of AXA Bank.

Depreciation and amortisation increased by €4.5 million relative to 2021, €4.4 million of this increase being due to the addition of AXA Bank.



Since 2020 a new levy has appeared on the line 'Changes to profit and loss' (net). This corresponds to the loss due to interest not collected on loans to customers with incomes of less than €1,700 granted moratoriums during the COVID-19 crisis. This new expense

## Provisions and impairments

Provisions increased by €11.4 million, of which €9.9 million due to the addition of AXA Bank. For Crelan this evolution is explained mainly by a €4.6 million reversal in 2022 of a provision made in 2016 for restructuring of the head office and network, but also by an increase of €2.3 million in the provision for disputes and sundry debtors and by the €1.2 million increase in the provision for commitments and guarantees issued. Lastly the change in reporting of provisions for the pension plan – shown until 2021 under personnel costs whereas from 2022 they are recognised under provisions– led to an impact of -€0.2 million.

Impairments increased by €2.4 million in 2022.

In 2022, the geopolitical situation and the energy crisis had a negative effect on the macro-economic parameters used in the customer calculation and valuation models. This in turn had a negative effect on the value adjustments used by the bank for its loan portfolio. This led to €14.3 million higher stage 1 & 2 provisioning. On the other hand in 2022 the bank was also able to reverse €18.8 million of the €29.6 million stage 1 & 2 provision set aside by AXA Bank in 2021.

item represents an amount of €0.1 million for 2022 and is entirely attributable to AXA Bank.

The cost-income ratio (CIR) declined in 2022 to 67.30% (as against 73.81% in 2021).

As regards stage 3 (status 700 and CTX (contentieux: in litigation)) there was generally a negative evolution of €5.1 million as a result of the less favourable macro-economic evolution and a global supplementary provision of €1.2 million for stage 3 cases.

Finally at Europabank provisions rose by €1.8 million.

All these effects combined to produce the following changes in impairments:

in millions of euros	2022	2021	Δ	%
Evolution of stages 1 & 2	4,7	-9,6	14,3	-149%
Evolution of stage 3	4,0	-1,1	5,1	-446%
Europabank	5,2	3,4	1,8	52%
AXA Bank Belgium	10,8	29,6	-18,8	-64%
<b>Total group</b>	<b>24,7</b>	<b>22,3</b>	<b>2,4</b>	<b>11%</b>

An important contributory factor in the overall result for 2022 was the recognition of surplus “badwill” in an amount of €3.7 million after the last payment in the context of the acquisition of AXA Bank (as against €598.8 million in 2021).

## Overall result

The result before tax thus fell from €684.5 million to €213.4 million, of which €149.5 million can be attributed to AXA Bank. The most important underlying factors are: the increase in financial and operating income for €411.6 million (of which €408.8 million for AXA Bank), the increase in administrative costs of €259.4 million (of which €230.4 million for AXA Bank), an increase in contributions to resolution funds and deposit guarantee schemes for €24.6 million (of which €23.9 million for AXA Bank Belgium), a net increase in provisions and depreciation and amortisation for an amount of €2.4 million, “badwill” for €3.7 million (a decrease of €595.1 million relative to 2021) and lastly a reduction of €8.5 million in the results of Crelan Insurance, globally recognised in a separate line following its effective disposal at the end of 2021.

Taxes increased by €31.0 million, including €45 million as a result of the addition of AXA Bank. Excluding this addition, here was a

decrease in deferred taxation, as a result of which the net result was ultimately reduced by €502.1 million to €158.2 million.

Return on equity (RoE) amounted to 7.33% for 2022 (compared with 51.38% for 2021, which admittedly takes account of the goodwill and the capital gain on the disposal of Crelan Insurance, or compared with 5.16% if these items are not taken into account).

The return on assets (RoA, net profit for 2022 as a percentage of total assets at year-end) amounted to 0.29% in 2022 (compared with 1.25% for 2021, taking account of the goodwill and the capital gain on the disposal of Crelan Insurance or compared with 0.28% if no account is taken of these).

## Solvency

### Crelan

Crelan Group posted solid capital ratios at 31 December 2022, with a CET 1 ratio of 21.27% (15.9% in 2021) and a total CRD capital ratio of 26.3% (19.7% in 2021).

Equity increased to €2,343 million (as against €2,291 million in 2021), mainly thanks to the appropriation of the net profit for the year after deduction of a 4% dividend that will be proposed to the General Meeting of Shareholders of CrelanCo on 27 April 2023.

Risk-weighted assets (RWA) declined to €8,915 million (as against €11,602 million in 2021). The underlying exposure to customer loans increased by €2.1 billion thanks to good production during the year. The NBB dispensed with the risk-weighted additions

applied to certain Belgian housing loans until the second quarter of 2022. This led to a capital ratio of approximately 3%.

The leverage ratio came to 3.9% (as against 4.1% in 2021 or 3.8% on a like-for-like basis, i.e. including all positions with central banks).

### AXA Bank

AXA Bank maintained a solid capital basis with a CET1 ratio of 26.09% (compared with 20.0% in 2021). Despite an appreciable increase in loans to customers (+€1.1 billion) thanks to a good production during the year, AXA Bank saw its risk-weighted assets (RWA) decline over the course of the year, again largely due to the NBB's decision to do away with the additions to certain Belgian home loans.



## Liquidity

### Crelan

In 2022, Crelan maintained its liquidity buffer at a high level, with a liquidity coverage ratio (LCR) of 196% at the end of 2022 (as against 178% in 2021).

Retail financing rose by €0.9 billion in 2022, mainly in the first half of the year. Furthermore Crelan was also active on the institutional market, with the issue of a first Senior Non-Preferred Note of €300 million, eligible liabilities for MREL purposes, and a covered bond of €750 million issued by AXA Bank Europe SCF, a French subsidiary of AXA Bank.

Additionally, the Crelan Group's retail loan portfolio increased by €2.1 billion in 2022 and the bank benefited from substantial inflows of cash collateral on derivatives as a result of the rise in interest rates.

### AXA Bank

AXA Bank increase its financing of private individuals by approximately €0.3 billion and its loan portfolio by €1.1 billion. In the fourth quarter the bank also issued covered bonds for €750 million, more than offsetting a €500 million maturity earlier in the year.

Finally the bank also benefited from internal deposits within the Crelan Group.

## APPROPRIATION OF PROFITS OF THE VARIOUS ENTITIES IN THE GROUP.

The Board of Directors of CrelanCo will propose the **payment of a 4% dividend** to the cooperative shareholders, totalling €35.5

million. In the current interest rate context, this dividend is an excellent return on this type of investment.

## Corporate governance

### Boards of Directors and Management Committees



#### CRELAN NV

##### > Board of Directors

The governance structure of Crelan Group was further optimised in 2022 with a view to:

- creating a simpler group structure with better delimitation of responsibilities and powers between NV Crelan and CV CrelanCo;
- strengthening the Boards with directors who have accumulated years of experience in financial, ICT and audit-related fields;
- monitoring and guiding progress on the takeover and integration of AXA Bank Belgium.

The new structure will enable 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.

The following changes took place in 2022:

- The terms of office of vice-chairman Jean-Pierre Dubois and of non-executive directors Alain Diéval, Robert Joly and Clair Ysebaert ended on 28/04/2022 as they reached the maximum age.
- The appointment of Benoît Bayenet and Bernard De Meulemeester on 1 January 2022 and of Pierre Léonard, Claude Melen and Sarah Scaillet on 28 April 2022 as non-executive directors. Benoît Bayenet has also fulfilled the role of vice-chairman since 28 April 2022.
- The appointment of Frédéric Mahieu as executive director on 28 December 2022.
- The ending of the term of office of Jeroen

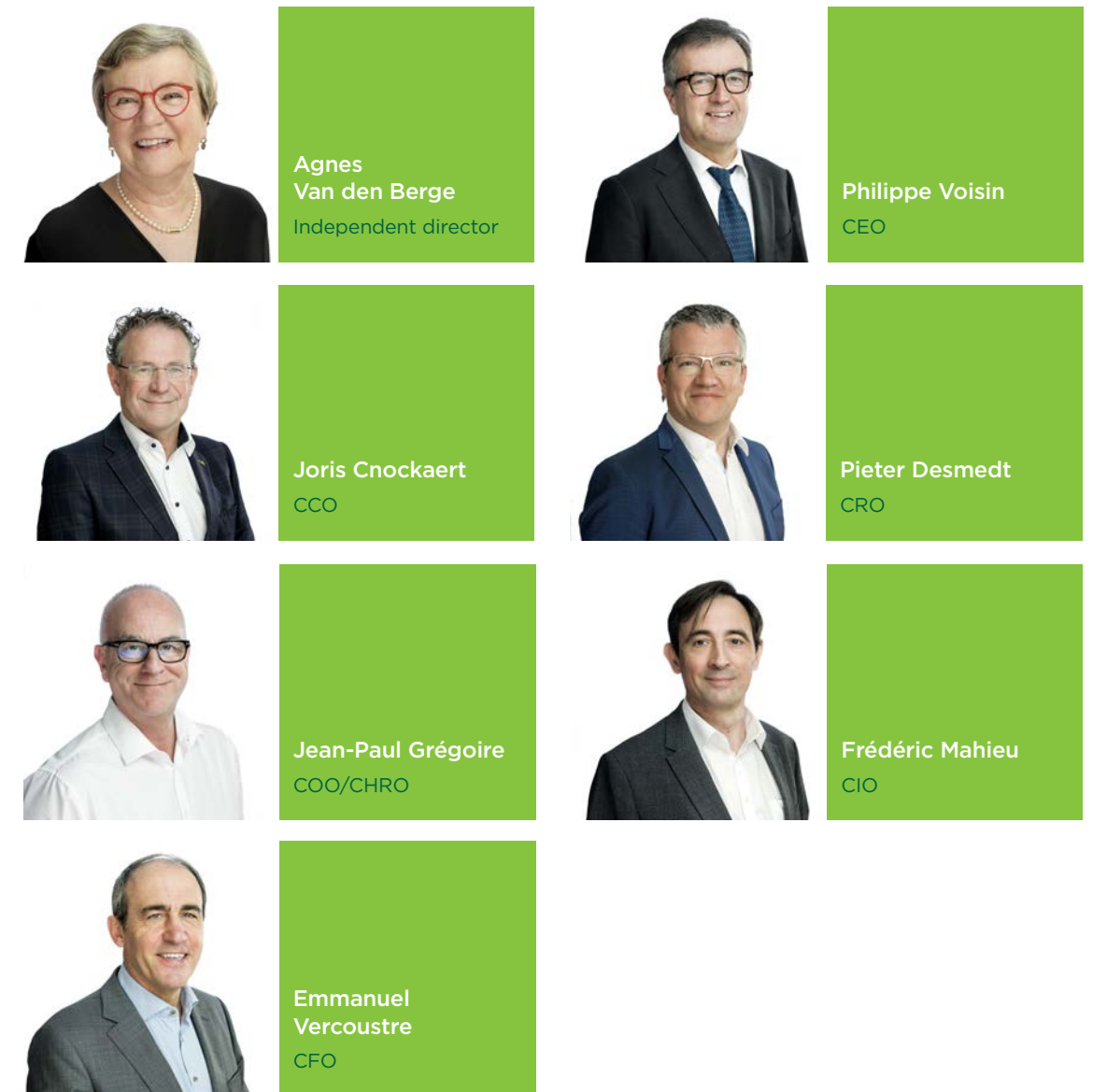
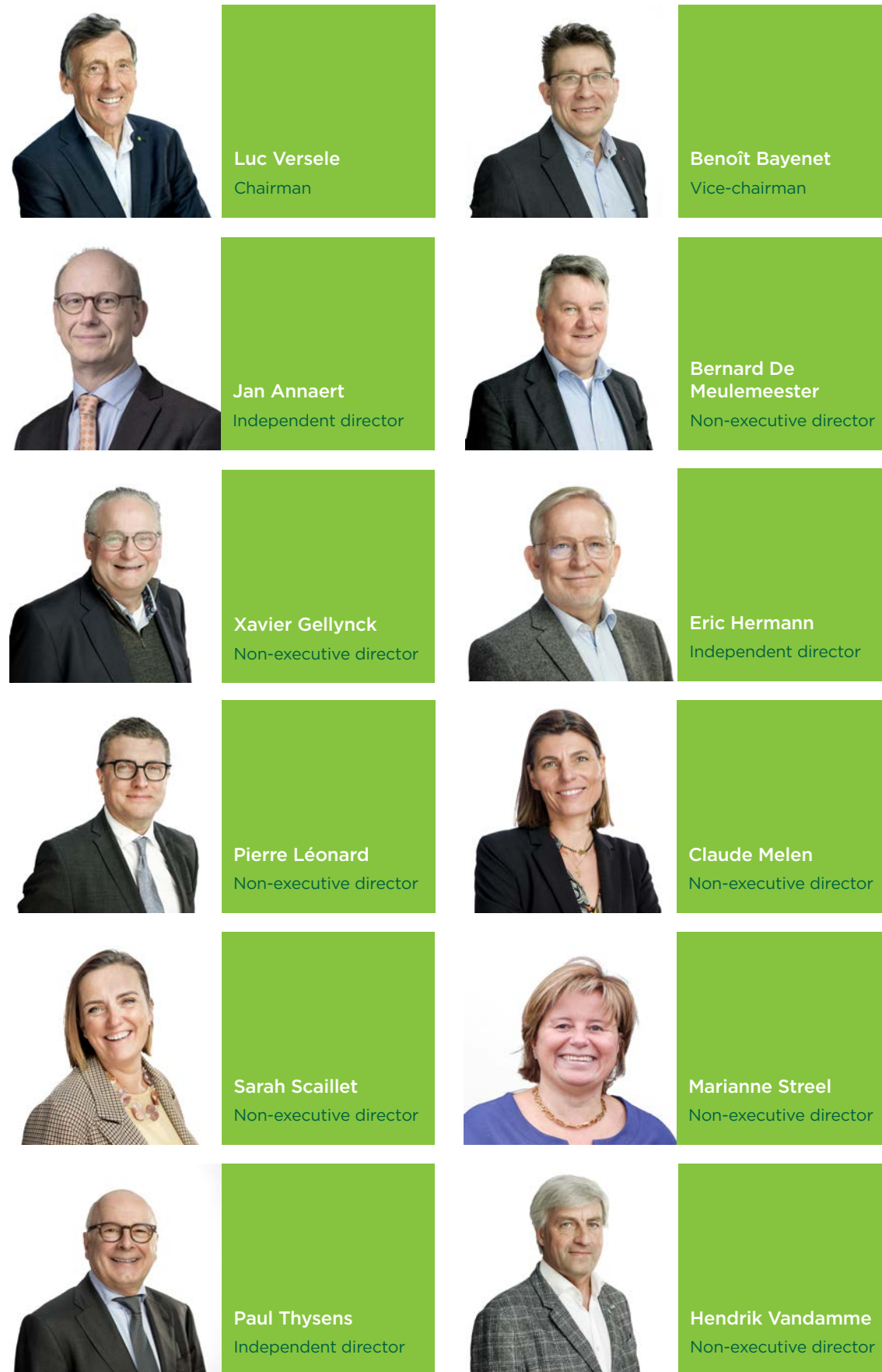
Ghysel as executive director on 31 August 2022.

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





> Board of Directors of NV Crelan at 31 December 2022



The Board of Directors of NV Crelan met nine times in 2022.

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 also why 9 representatives of CV CrelanCo sit on the Board of NV Crelan.

The four independent Directors – Jan Annaert, Eric Hermann, 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 that they chair and of which they are members. They also monitor compliance with rules on risk management, compliance, ethics and good practices within Crelan.

In its meeting of 22 April 2021 the Board of Directors formally approved the bank's diversity policy. This policy meets the requirements of the EU Directive of 22 October 2014 and the Law of 23 March 2019 introducing the Code of Companies and Associations (Article



7:86). It strives towards a balanced composition of the Board of Directors and the Crelan Circle. The Crelan Circle consists of members of the Management Committee and all their managers and direct reports. In determining the composition of these bodies there are of course no limitations imposed as regards gender, religion or ethnic origin. Essential elements are a good balance between banking knowledge, managerial abilities and social engagement in the context of the bank's philosophy of cooperative work.

The diversity policy approved by the Board of Directors includes a target of 25% for the under-represented gender. In 2022, great efforts were made in this direction, with the appointment in April 2022 of two new female directors to replace three departing male directors. As a result the percentage of the under-represented gender rose from 14% to 31%, close to the 1/3 rule.

For the Crelan Circle – which was installed in the context of the integration of AXA Bank Belgium on 1 March 2022, a target of at least 25% of the under-represented gender was applicable. At 31 December 2022 the ratio was also effectively 25% women and 75% men.

**> The composition of the committees at 31 December 2022**

**> Audit Committee**

Agnes Van den Berge	Chairman
Claude Melen*	Member
Xavier Gellynck	Member
Paul Thysens	Member

*\* from 28 April 2022*

As stated in the Crelan Group Audit Committee Charter, half of the members of the Audit Committee are independent within the meaning of Article 7:87 of the Belgian Companies and Associations Code, with the chair having the casting vote in the event of a tie. The members of the Audit Committee have both collectively and individually the necessary knowledge and experience and skills required by the law in the field of the bank's activities and in the field of auditing and accounting.

Agnes Van den Berge has a degree in economics. Having been an assistant professor at Ghent University, she went to work for the National Bank of Belgium in 1980, occupying the positions of Head Front Office, Head Financial Market (and adviser to the Board of Directors) and Head Controlling.

Paul Thysens is a qualified Industrial Engineer in Nuclear Energy and also has a Master's in General Management. He occupied various positions in the IT departments of Generale Bank and Fortis Bank, including that of CIO of Banca Nazionale del Lavoro (part of the BNP Paribas group) in Italy, before returning to Fortis Bank in Belgium, first as co-Head and later as CIO (member of the management committee).

Xavier Gellynck has a Master's in Applied Economic Sciences and Business Administration and a PhD from Ghent University. He is a professor at Ghent University in the Agricultural Economy department. He was also an expert on "Food Quality assurance and Certification schemes managed within the integrated supply chain" for the European Commission.

Claude Melen has a Master's in Management sciences (speciality Finance) and additional studies in Analysis, Control and Audit. She started her professional career as an auditor and, with a few intermediate steps in various ministerial offices, moved to the Belgian Court of Audit, first as financial auditor and then as lead auditor (charged with auditing and the accounts and budgets of the French-speaking Community).

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 those persons with whom they have a close relationship.

The Audit Committee met seven times in 2022.

It discussed, among other things, the follow-up of the annual audit plan for 2022, progress on pending recommendations, the preparation of the annual audit plan for 2023, the organisation of the Bank's system of internal control and the activities of Internal Audit, Risk Management, Inspection of the Agent Network and Compliance, as well as the supervisory activities carried out within the Audit Committee of Europabank.

There were also seven joint meetings of the Audit and Risk Committees in 2022, focusing exclusively on monitoring progress of the Integration and Migration Programme of AXA Bank Belgium.

**> Risk Committee**

Eric Hermann	Chairman
Jan Annaert	Member
Bernard De Meulemeester	Member
Sarah Scaillet*	Member

*\* from 28 April 2022*

The Risk Committee met nine times in 2022.

**> Remuneration Committee**

Jan Annaert	Chairman
Benoît Bayenet*	Member
Eric Hermann	Member
Luc Versele	Member

*\* from 28 April 2022*

The Remuneration Committee met four times in 2022.

**> Nomination Committee**

Paul Thysens	Chairman
Benoît Bayenet*	Member
Agnes Van den Berge	Member
Luc Versele	Member

*\* from 28 April 2022*

The Nomination Committee met six times in 2022.

Pursuant to Article 62 §2 of the Act of 25 April 2014 on the legal 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 list at 31 December 2022 is as follows:

	Functions within Crelan NV	Undertaking in which the external office is taken up	Place of establishment	Type of activity	Listed	Functions within this undertaking
Luc VERSELE	Chairman of the Board of Directors and member of the Nomination Committee & Remuneration Committee	Incofin CVSO	Sneeuwbeslaan 20, 2610 Wilrijk Belgium	Microfinancing	No	Non-executive director
		Centrum voor Agrarische Boekhouding en Bedrijfsleiding (CCAB) vzw	Sylvain Dupuislaan 251, 1070 Brussel Belgium	Accountancy and consultancy	No	Non-executive director
Benoît BAYENET	Vice-chairman of the Board of Directors and member of the Nomination Committee & Remuneration Committee	La Financière du Bois SA	Rue de la Plaine 11, 6900 Marche-en-Famenne Belgium	Investment company	No	Chairman of the Board of Directors
		Caisse d'investissement de Wallonie SA	Avenue Maurice-Destenay 13, 4000 Liège Belgium	Investment company	No	Non-executive director
Bernard DE MEULEMEESTER	Non-executive director & Member of the Risk Committee	Bernard De Meulemeester BV	Boerendreef 17, 2970 Schilde Belgium	Management & consulting company	No	Manager
		Adviesbureau De Annes BV	Boerendreef 17 2970 Schilde Belgium	Real estate company	No	Manager
		Xerius Ondernemingsloket vzw	Brouwersvliet 4 2000 Antwerpen Belgium	Enterprise counter	No	Non-executive director
		Xerius Contact vzw	Brouwersvliet 4 2000 Antwerpen Belgium	Service provider	No	Non-executive director
		Xerius Sociaal Verzekeringskantoor vzw	Brouwersvliet 4 2000 Antwerpen Belgium	Service provider	No	Non-executive director
		Xerius OVV	Brouwersvliet 4 2000 Antwerpen Belgium	Mutual insurance association	No	Non-executive director
		Landsbond van de Onafhankelijke Ziekenfondsen (Helan)	Lenniksebaan 788A, 1070 Brussel Belgium	National federation of independent mutual provident funds	No	Non-executive director and member of the Audit Committee
		MLOZ Insurance vmob	Lenniksebaan 788A 1070 Brussel Belgium	Insurance company	No	Non-executive director and member of the Audit Committee
Xavier GELLYNCK	Non-executive director & member of the Audit Committee	Thalix BV	Beekstraat 35 9920 Lievegem Belgium	Management company	No	Manager
		Bravura Global KFT	Hongarije	Market research	No	Manager
Eric HERMANN	Independent director & chairman of the Risk Committee	Eric Hermann Management SRL	Champ de Présenne 46 1390 Grez-Doiceau Belgium	Management company	No	Manager
		Golf et Sporting Club de Grez-Doiceau SA	Les Gottes 1 1390 Grez-Doiceau Belgium	Golf club	No	Chairman of the Board of Directors
Pierre LEONARD	Non-executive director	Sowafinal SA	Avenue Maurice-Destenay 13 4000 Liège Belgium	Investment company	No	Non-executive director
		AWEX SA	Place Saintelette 2 1080 Bruxelles Belgium	Investment company	No	Non-executive director
		Le Circuit de Spa-Francorchamps SA	Route du Circuit 55, 4970 Stavelot Belgium	Operation of motor-racing circuit	No	Non-executive director

Claude MELEN	Non-executive director & member of the Audit Committee	Ethias SA	Rue des Croisiers 24, 4000 Liège Belgium	Insurance company	No	Non-executive director & member of the Audit Committee and the Risk Committee
		Brussels South Charleroi Airport SA	Rue des Frères Wright 8 6042 Charleroi Belgium	Airport operator	No	Non-executive director & chairman of the Audit Committee
Marianne STREEL	Non-executive director	Rhisnagri SA	Rue Godefroid 1A 5000 Namur Belgium	Wealth management	No	Non-executive director
		La Ferme du Manoir SA	Rue du Spinoy 3 5080 Rhisnes Belgium	Wealth management	No	Non-executive director
		Monjoie-Streel Société agricole	Rue du Spinoy 3 5080 Rhisnes Belgium	Agricultural company	No	Manager
		Securex Integrity, caisse libre d'assurances sociales pour travailleurs indépendants asbl	Tervurenlaan 43 1040 Etterbeek Belgium	Insurance fund	No	Non-executive director
		Promo-Agri SRL	Chaussée de Namur 47, 5030 Gembloux Belgium	Real estate company	No	Managing Director
		Le Secrétariat des Assurances SC	Chaussée de Namur 47, 5030 Gembloux Belgium	Insurance broker	No	Non-executive director
Hendrik VANDAMME	Non-executive director	eFWA SRL	Chaussée de Namur 47, 5030 Gembloux Belgium	ICT services	No	Non-executive director
		FWA Invest SRL	Chaussée de Namur 47, 5030 Gembloux Belgium	Investment company	No	Non-executive director
		Immo-Conscience CV	Industrieweg 53 8800 Roeselare Belgium	Wealth management	No	Administrateur non-exécutif
		Centrum voor Agrarische Boekhouding en Bedrijfsleiding (CCAB) vzw	Sylvain Dupuislaan 251, 1070 Brussel Belgium	Accountancy and consultancy	No	Non-executive director
Agnes VAN DEN BERGE	Independent director	Sopabe SC	Anspachlaan 111 bus 10, 1000 Brussel Belgium	Investment company	No	Non-executive director
		Sopabe-T SC	Anspachlaan 111 bus 10, 1000 Brussel Belgium	Investment company	No	Non-executive director
Jean-Paul GREGOIRE	Executive director	Food Tech Consult SA	De Meeûssquare 35 1000 Brussel Belgium	Consulting company	No	Non-executive director
Emmanuel VERCOUSTRE	Executive director	Centrum voor Agrarische Boekhouding en Bedrijfsleiding (CCAB) vzw	Sylvain Dupuislaan 251, 1070 Brussel Belgium	Accountancy and consultancy	No	Non-executive director
		AXA Banque France SA	Rue Carnot 203-205, 94138 Fontenay-sous-Bois France	Credit institution	No	Non-executive director & member of the Audit Committee













> **Composition of the Board of Directors of CV CrelanCo at 31 December 2022**

The composition of the Board of Directors of CV CrelanCo changed as follows in 2022:

- The appointment of Bernard De Meulemeester from 1 January 2022, and of Pierre Léonard, Claude Melen and Sarah Scaillet from 28 April 2022 as non-executive directors.

- The ending, on 28 April 2022, of the term of office of the chairman Jean-Pierre Dubois and of non-executive directors Robert Joly and Clair Ysebaert due to their reaching the maximum age and of non-executive director René Bernaerdt for personal reasons. Benoît Bayenet succeeded Jean-Pierre Dubois as chairman.

Composition at 31 December 2022

	<b>Benoît Bayenet</b> Chairman		<b>Luc Versele</b> Vice-chairman
	<b>Bernard De Meulemeester</b> Non-executive director		<b>Ann Dieleman</b> Non-executive director
	<b>Xavier Gellynck</b> Non-executive director		<b>Pierre Léonard</b> Non-executive director
	<b>Claude Melen</b> Non-executive director		<b>Sarah Scaillet</b> Non-executive director
	<b>Marianne Streeel</b> Non-executive director		<b>Hendrik Vandamme</b> Non-executive director

The Board of Directors of CV CrelanCo met six times in 2022.

> **Management Committee**

On 31 August 2022 the term of office of Jeroen Ghysel (CIO) was ended by mutual consent. On 28 December 2022 Frédéric Mahieu was formally appointed as his successor.

This resulted in the following new composition of the management committee at 31 December 2022:

	<b>Philippe Voisin</b> CEO		<b>Joris Cnockaert</b> CCO
	<b>Pieter Desmedt</b> CRO		<b>Jean-Paul Grégoire</b> COO/CHRO
	<b>Frédéric Mahieu</b> CIO		<b>Emmanuel Vercoustre</b> CFO

The management committee takes over the operational management of CrelanCo CV, Crelan NV and AXA Bank Belgium NV.



## AXA BANK BELGIUM

Following the acquisition of AXA Bank Belgium by Crelan on 31 December 2021, the offices of Jef Van In as chairman, Patrick Lemoine and Marie-Cécile Plessix as non-executive directors, Michael Jonker, Patrick Keusters and Philippe Rucheton as independent directors, Peter Devlies (CEO) and Frank Goossens and Peter Philippaerts as executive directors, were ended.

These directors' offices were subsequently assigned to:

- Luc Versele and Jean-Pierre Dubois (chairman and vice-chairman);
- Alain Diéval, Xavier Gellynck, Robert Joly, Marianne Streel, Hendrik Vandamme and Clair Ysebaert (non-executive directors);

- Jan Annaert, Eric Hermann, Paul Thysens and Agnes Van den Berge (independent directors)
- Philippe Voisin (CEO), Joris Cnockaert (CCO) and Jean-Paul Grégoire (COO & CHRO) as executive directors.

Pieter Desmedt (CRO), Jeroen Ghysel (CIO) and Emmanuel Vercoustre (CFO) kept their positions as executive directors.

Since 1 January the governance of the Board of Directors, its specialised committees and the Management Committee of AXA Bank Belgium has been copied from that of Crelan. The changes in the composition of these governance bodies in 2022 as described under the heading Crelan nv therefore apply also to AXA Bank.

## europabank

## EUROPABANK

The composition of the Board of Directors of Europabank change as follows in 2022:

- The retirement of Rudi Vanlangendyck ended his term of office as executive director and chairman of the management committee on 19 April 2022. Paul Malfeyt succeeded him.
- The ending of the term of office of Jan Annaert as independent director on 19 April 2022. He was replaced on that same date by Sophie Hozée
- The ending of the term of office of Cédric Ryckaert as executive director (CFO) on 7 December 2022.

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

*\* at 31 December 2022 only three members in view of the vacant position of CFO*

### > The composition of Europabank's Board of Directors at 31 December 2022:

Joris Cnockaert	Chairman
Gérald Bogaert	Member of the Management Committee
Marc Claus	Member of the Management Committee
Xavier Gellynck	Director
Jean-Paul Grégoire	Director
Sophie Hozée	Independent director
Paul Malfeyt	Chairman of the Management Committee
Agnes Van den Berge	Independent Director
Luc Versele	Director
Clair Ysebaert	Director

The Board of Directors met six times in 2022.

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

### > The composition of Europabank's Board of Directors at 31 December 2022\*:

Paul Malfeyt	Chairman
Gérald Bogaert	Member
Marc Claus	Member

*\* at 31 December 2022 the position of CFO was vacant*

## Auditor's report

The General Meeting of Shareholders of Crelan nv of 25 June 2020 decided to reappoint EY Bedrijfsrevisoren/EY Réviseurs d'Entreprises as auditor for a period of 3 years, until the general meeting of shareholders of April 2023. EY is represented by Jean-François Hubin.

With a view to working with a single auditor for all entities of the Crelan Group, the office of Pwc Bedrijfsrevisoren, represented by Ludovic

Joos was revoked by the general meeting of shareholders of AXA Bank Belgium on 28 April 2022. At the same time EY Bedrijfsrevisoren, represented by Jean-François Hubin, was appointed as auditor.

EY consequently audits the consolidated accounts of the Crelan Group.

## Amendments to the Articles of Association

In 2022, no changes were made to the Articles of Association of Crelan NV, CrelanCo CV, AXA Bank Belgium NV or Europabank NV.

## 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 NBB in January 2023 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. This memorandum will be updated during the first half of 2023.



## Remuneration policy

The Board of Directors delegated some of its members to a Remuneration Committee to make recommendations on remuneration to the Board of Directors. As mentioned above, the Remuneration Committee is chaired by an independent director in the meaning of Article 3, 83 of the law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms.

The composition of the Remuneration Committee is 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.

Without prejudice to the powers of the General Meeting of Shareholders, the proposals of the Remuneration Committee shall include the financial status of the executive and non-executive directors of the Bank and its subsidiaries as well as the financial status of the persons responsible for the independent control functions and the so-called “Identified Staff”.

The Remuneration Committee issues a professional and independent opinion on the remuneration policy, the remuneration practices and the associated incentives, taking account of the risk control, capital requirements and liquidity position, and does so more specifically by means of:

- giving advice to the Board of Directors on remuneration policy, especially for employees whose activities have a material impact on the bank’s risk profile, as well as ensuring that the remuneration policy is gender-neutral and supports the equitable treatment of employees of different genders;
- giving advice to the Board of Directors on the selection of persons for functions characterised as Identified Staff;
- preparing decisions of the Board of Directors on remuneration, taking account of the long-term interests of shareholders, investors and other interested parties, as well as the general interest;
- checking the remuneration of employees responsible for independent control functions;

- overseeing all important retention, departure and onboarding arrangements.

After the Remuneration Committee has given its opinion, the Remuneration Policy is approved by the Board of Directors.

Without prejudice to the tasks of the Remuneration Committee, to promote sound remuneration practices and a healthy remuneration policy, the Risk Committee looks to see whether the incentives inherent in the remuneration system take appropriate account of risk management, capital requirements and the liquidity position of the bank and the probability and distribution over time of profit. The Risk Committee also provides input for the identification of the Identified Staff.

The compliance function analyses the consequences of the remuneration policy for the institution’s compliance with laws and regulations, internal policy and risk culture, and reports all compliance risks detected and any non-compliant issues to the Board of Directors.

In accordance with its role, the compliance function gives effective input for establishing the bonus pools, performance criteria and allocation of remuneration whenever it is concerned about the effect thereof on the conduct of employees and the risk level of the activities carried out. The compliance function also provides input for the identification of the Identified Staff.

Taking account of Article 67 of the law of 25 April 2014 on the legal status and supervision of credit institutions and its implementing decrees and of Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014, the Board of Directors has defined the perimeter of Identified Staff within the Bank as follows:

- Category 1: members of the Board of Directors;
- Category 2: members of Senior Management;
- Category 3: the employees established in accordance with the Commission Delegated Regulation and other regulations with a function that involves the taking of risks;
- Category 4: employees responsible for the independent control functions;

- Category 5: employees established in accordance with the Commission Delegated Regulation whose total remuneration places them at the same level as senior management and the persons with a function that involves the taking of risks.

The remuneration policy is structured in such a way that the overall remuneration package is split in a balanced way into fixed and variable components.

The composition of the global package is such that it does not encourage the taking of exceptional risks. The fixed portion is structurally enough to reward the Identified Staff members for their work, years of service, expertise and professional experience and means a guarantee for the volatile variable remuneration and more specifically the risk of non-payment of an element of variable remuneration.

## Fixed remuneration

The basic salary for Identified staff is determined taking account of the organisational responsibilities, as described in the job description, and of the positioning relative to an external benchmark. The basic salary may also consist partly of benefits in kind.

Decisions on the evolution of the fixed remuneration of Identified staff are based on performance reviews and positioning relative to an external benchmark. Individual increases are granted on the basis of the following principles:

- fair treatment;
- strict delegation rules; and,
- a systematic dual control by the line management and the HR department.

Each year Crelan and AXA Bank will determine the available budget for the evolution of the fixed remuneration, the results of both entities (compared with the objectives set) being the decisive factor. If the results are negative or significantly lower than the objectives the evolution of the fixed remuneration may be limited to the regulatory, legal or contractual increases.

## Variable remuneration

The variable remuneration for the Identified staff is determined in accordance with the rules set forth in the remuneration policy and is aligned with the risks and performances of the institution, the business unit and the individual.

The performance of the team to which the member of Identified Staff belongs and his or her individual performance are assessed by means of a mandatory annual individual assessment by the line management of at least the following elements:

- qualitative achievement of the established objectives;
- professional conduct with regard to values, compliance requirements and procedures, aligned with the Group’s values;
- contribution to risk management, including operational risk;
- the employee’s leadership capacity (if applicable).

The Board of Directors, following the opinion of the Remuneration Committee, shall carry out a supplementary assessment of all members of the Identified Staff taking account of:

- the contribution to the permanent supervisory framework;
- involvement with material risks and associated decisions;
- any incidents during the year and the corrective measures taken.

This assessment may have an impact on the variable remuneration.

The variable remuneration for each member of the Identified Staff is limited to the higher of:

- an amount equal to the fixed remuneration, but not higher than that of the fixed remuneration and with a maximum of €50,000;
- 50% of the fixed remuneration.

This limitation of the ratio between the fixed and variable remuneration applies also to allocations of variable remuneration when objectives are over-achieved (‘above target’).

In accordance with the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms the variable remuneration of the Identified staff must: Contain a deferred portion of a least 40% (possibly as much as 60% for the highest variable remunerations).

The deferral scheme works as follows:

- Vesting of the deferred variable remuneration for members of the Management Committee and senior management if they are not in the management committee is spread over five years, one fifth of the deferred amount vesting each year;
- For all other members of the Identified staff vesting is spread over four years, with one quarter of the deferred portion vesting every year.

At least 50% of the variable remuneration (both the deferred and the non-deferred parts), is composed of an appropriate balance of:

- financial instruments linked to shares, or equivalent instruments (“non-cash instruments”); and possibly, if necessary,
- other equity instruments as provided by law.

These instruments are subject to a holding period meaning that the holder of the instruments must remain their owner. This is intended to align incentives with the long-term interests of Crelan and AXA Bank.

The other 50% of the variable remuneration will be paid in cash or – in accordance with § 284 of the EBA guidelines – in other benefits that do not meet the criterion of financial instruments.

All variable remuneration may be reduced, possibly to zero (malus), or reclaimed (clawback) within the maximum deferral period in accordance with the following conditions:

Following the issue of an opinion by the Remuneration Committee, the Board of

Directors will decide to reduce (malus) or reclaim (clawback) such portions of the variable remuneration of all or of particular present or past Identified Staff as have not yet vested or been paid if the Bank or the BU concerned posts a negative or reduced financial result or if any of the following cases is discovered:

- the Identified Staff does not comply with the standards in force regarding expertise and professional integrity;
- the Identified Staff is involved in a special mechanism with the aim or result of promoting tax fraud by third parties;
- any circumstance implying that payment of the variable remuneration would infringe the Bank’s good remuneration policy, its risk management strategy or its low-to-medium risk profile.

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, having taken a prior decision on the proposal of the Remuneration Committee, grants a special 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 bank paid out the following benefits in 2022:

Total remuneration (€ millions)	Fixed remuneration	Variable remuneration
Directors of the Crelan Group	5,05	0,55

### > Total remuneration of Identified Staff in 2022 (excluding remuneration of non-executive directors)

to Identified Staff of Crelan and AXA Bank in the meaning of the CRD IV and Belgian banking law, but is not a reflection of the remuneration granted to other employees:

The quantitative informative hereunder concerns the remuneration allocated for 2022

POPULATION	Fixed remuneration	Variable remuneration	Remuneration upon entry	Severance pay		
				Paid	Allocated	
<b>Executive directors</b>	€ 3.010.937	€ 417.100	- €	€ 69.307,2	€ 173.268	Amount (€)
	6	6	0	1	1	# Involved wdws
<b>Senior management (excluding executive directors)</b>	€ 683.190	€ 122.089 €	- €	- €	- €	Amount (€)
	3	3	0	0	0	# Involved wdws
<b>Other indentified staff</b>	€ 1.555.931	€ 152.550	- €	- €	- €	Amount (€)
	8	8	0	0	0	# Involved wdws
<b>Total</b>	€ 5.250.058	€ 691.739	- €	€ 69.307	€ 173.268	Amount (€)
	17	17	0	1	1	# Involved wdws

Population	Forms of (allocated) variable remuneration				Out-standing deferred remuneration	Deferred remuneration		
	Cash	Shares	Share-linked financial instruments	Other types	Vested	Allocated	Paid out	Clawed back
<b>Executive Board Members</b>	€ 230.960	N/A	N/A	€ 186.140	€ 281.738	€ 148.912	€ 242.893	- €
<b>Higher management (beyond executive directors)</b>	€ 122.089	N/A	N/A	- €	- €	- €		- €
<b>Other indentified staff</b>	€ 152.550	N/A	N/A	- €	- €	- €		- €
<b>Total</b>	€ 505.598	- €	- €	€ 186.140	€ 281.738	€ 148.912	€ 242.893	- €



## Evaluation of governance

In the context of governance obligations for financial institutions, including the 'fit & proper' requirements for directors, in the first quarter of 2022 the Nomination Committee, in accordance with Article 31 §2 of the Law of 25 April 2014 on the legal 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 balanced and to make recommendations to the Board of Directors with regard to possible amendments.



Webinars and live meetings are part of the communication plan to inform employees about the strategic framework of the bank.

## Crelan, an evolving bank

### Initiatives to customers

#### 'BANKING DIFFERENTLY TOGETHER'

The three banking brands of the Crelan Group: Crelan, AXA Bank and Europabank all share the determination to be close to their customers, and this was once again expressed in 2022 in a number of different ways.

In January the banking group expanded its investment offering with the launch of Econopolis Climate Fund, a sustainable investment managed by our partner Econopolis Wealth Management. The fund, which invests in some forty shares of companies that are working towards a climate-neutral world, offers investors a new opportunity to diversify their sustainable portfolios.

In April 2022 Crelan launched its third photographic competition for the cooperative shareholders. From the photographs sent in, a jury selected 12 pictures for the 2023 Crelan calendar. At the beginning of December 2022 the bank invited the winners to a convivial and festive reception. The winners of the two previous editions were also at the reception because owing to the COVID-19 restrictions they had so far received only electronic congratulations.

At the beginning of May 2022 the cooperative shareholders received a dividend of 3% for financial year 2021, a well-deserved acknowledgement of the commitment they show to the Crelan Group.

In June 2022 Crelan obtained the "Best of the Test" label from the consumer organisation Testaankoop for its car loan product applied for new cars. In other words the average online rates for the Crelan car loan over the previous twelve months were the most favourable. Good news for customers turning to their Crelan agent for financing the car they've been dreaming of.

In August 2022 Crelan and AXA Bank decided to support customers in the agriculture and horticulture sectors suffering from the persistent drought. Both banks offered them the possibility of suspending principal repayments on their loans. This commitment and our sponsorship of various agricultural trade fairs such as AgriFlanders and the Libramont Trade Fair during the year underline the Crelan Group's close connections with Belgian farmers and market gardeners.

Needless to say, Crelan, AXA Bank and Europabank also took part in the energy support measures that the government and the banking sector put together globally for households experiencing temporary difficulties due to the increased energy bills. But Crelan and AXA Bank went beyond this for their professional customers. At the end of September 2022 both banks announced that professional customers whose cash position came under pressure as a result of higher energy prices could apply for a specially developed energy loan on very special terms.







Since September 2022 customers of AXA Bank who are interested in cooperative shares of CrelanCo have also been able to subscribe to them through their AXA Bank branch office providing they have the right investment profile. In this way AXA Bank customers too can now become financially engaged in the future of the bank and form part of the cooperative community.

In September 2022 the bank launched its fourth collective purchase of energy for the cooperative shareholders of CrelanCo.

On 13 October 2022 more than 12,000 interested investors followed the webinar organised by Crelan and AXA Bank on the impact of the geopolitical tensions and the energy crisis on the economy and the investment climate. Our chief economist Bart Abeloos shared his insights for Dutch-speaking viewers with Indra Dewitte, editor-in-chief of regional newspaper Het Belang van Limburg, and Jonathan Holslag, professor of international politics at the Free University of Brussels. For French-speaking viewers the speakers were Christophe Deborsu, journalist and presenter of the weekly current affairs programme “C’est pas tous les jours dimanche” (“It isn’t Sunday every day”) on RTL TVI and the well-known economist Étienne de Callataÿ.

Before winter set in, Crelan and AXA Bank agents together welcomed interested accountancy and auditing firms in specially arranged country-wide meetings to introduce them to our offering of banking services.

Over the whole of 2022 41 cooperative shareholders were once again able to support a project close to their heart thanks to a financial contribution of more than €70,000 from the Crelan Foundation.

As a way of getting savers off to a good start, on 22 December 2022 Crelan and AXA Bank Belgium announced that the interest paid on savings accounts would be increased from 16 January 2023. This interest rate increase, the first in a very long time, was a consequence of the increase in the ECB’s rates.

### A MORE EXTENSIVE PRODUCT OFFERING THANKS TO COOPERATION WITHIN THE GROUP AND PARTNERSHIPS

One of the objectives of the takeover of AXA Bank was to share knowledge and know-how and to work together within the Crelan group as optimally as possible. In this way we can serve our customers faster, more comprehensively and more efficiently.

In 2022, we immediately set to work on this.

#### > Cooperation with Europabank

The Crelan group makes extensive use of the specific knowledge that Europabank has accumulated in processing card transactions and providing financial renting and leasing services.

In this way Crelan branch offices can offer their professional customers Europabank’s payment solutions via terminals or online. They refer these customers to affiliate Europabank branches to this end.

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. In this regard

eb-lease further expanded its offering of renting formulas such that now second-hand cars, vans, trucks, tractors and other agricultural vehicles and industrial equipment such as excavators and loaders can also be offered via this formula

In 2022, Europabank held various familiarisation sessions to introduce these products to AXA Bank agents, so that now Europabank and AXA Bank branch offices can cooperate in the same way.

#### > Cooperation with partners

In order to be able to offer a comprehensive financial service to our target customer groups – private families, self-employed entrepreneurs, the liberal professions, SMEs and farmers and market gardeners – Crelan and AXA Bank work together with a number of preferred partners, all of which are leading names in their fields.

In this way both banks’ ranges, consisting of current accounts and facilities, savings accounts, cash certificates, term deposits and credit facilities, are expanded, with investment products and insurance formulas.

#### > Non-life and life insurance partnerships

Since October 2018, Crelan agents have been able to offer the wide and qualitative range of **Allianz life insurances** to their customers. In 2022, this cooperation was also opened up to AXA Bank agents.

Until 31 December 2021 AXA Bank belonged to the AXA Group. So historically AXA Bank agents had long been working with the insurer **AXA Belgium** with an extensive **non-life insurance** offering. Since January 2021 Crelan agents have also been able to make use of this very extensive and effective offering, since this cooperation was part of the global agreement between AXA Group and Crelan Group on the takeover of AXA Bank Belgium.

#### > Banking investment partnerships

Crelan has now been working together with **Econopolis Wealth Management**, an asset management company co-founded by its CEO Geert Noels, for more than ten years. 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** also continued. Crelan markets a wide selection of funds from Amundi and its subsidiaries. Amundi also manages the investment portfolio of the SICAV Crelan Invest with three profile funds: Conservative, Balanced and Dynamic – which invest in a broad range of diversified assets and each of which, with its specific risk approach, is designed for a particular investor profile. They also adhere to a sustainable and ethical approach.

Asset manager **AXA IM (AXA Investment Manager)** had long been supplying funds for AXA Bank agents’ product offering. Since May 2022 this offering has also been open to Crelan agents, just as the offerings of Econopolis Wealth Management and Amundi have also been open to AXA Bank agents, further expanding the investment offering for customers of both banks.

With regard to structured products, Crelan works with a number of preferred partners, namely BNP Paribas, Credit 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.



## FOCUS ON SUSTAINABLE INVESTMENTS

### > Sustainability label

Consumers are increasingly interested in sustainability, including in the products in which they invest.

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 Group also has an eye for sustainability and is keen to meet the growing demand from customers for socially responsible investments.

Meanwhile 19 funds offered by Crelan have received this sustainability label, as have 22 funds offered by AXA Bank.

### > SFDR (Sustainable Finance Disclosure Regulation)

Within the framework of sustainable investments, Crelan also wants to compose its range of funds in such a way that the majority of the funds comply with articles 8 and 9 of the SFDR regulations.

The SFDR regulations align with the Environmental, Social and Governance (ESG) regulations that resulted from the Sustainable Financing Action Plan published by the European Commission in 2018.

Their aim is to create more transparency with regard to sustainability and to provide sound protection for investors in this regard. These rules are applicable as of 10 March 2021 and require financial institutions, market participants and advisors to publish specific infor-



mation on the sustainability aspect of their investments and policies on their websites.

Pursuant to Article 6 of the SFDR regulation, the so-called UCITS prospectus must explain at product level how the financial participant integrates sustainability risks into investment decisions and how it assesses the likely impact of sustainability risks on the performance of the financial product. This information must be made available to investors at a pre-contractual stage. Even if the financial participant does not consider there to be any sustainability risks, he must briefly explain this.

**Articles 8 and 9 deal specifically with financial products that promote environmental or social issues or which have sustainable investment as their objective.** In the case of Article 9, it must also be possible to measure the impact. For the funds covered by these articles, the pre-contractual documents and periodic reports must provide investors with additional information. It is clear then that these products offer investors the best assurance as regards sustainability. Crelan is resolved to focus above all in future on funds that promote environmental or social goals or that have sustainable investment as their objective, in other words to have a range of funds that mostly fall under Article 8 or 9 of the SFDR.

At the moment 75% of Crelan's fund offering already consists of funds meeting the conditions of Article 8 or 9 of the SFDR.

More information on how the Crelan Group banks are working on the sustainable

investment offering can be found in the separately published Sustainability Report. You can consult this report on [www.crelan.be](http://www.crelan.be), [www.axabank.be](http://www.axabank.be) or [www.europabank.be](http://www.europabank.be).

## A PROFESSIONAL BRANCH NETWORK AT THE SERVICE OF CUSTOMERS

On 31 December 2022, the Crelan branch network consisted of 453 Branch offices spread across Belgium. This was 14 offices fewer than a year before. At the end of 2022, AXA Bank had 333 branch offices, 34 fewer than one year earlier.

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 and AXA Bank 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, both

Crelan and AXA Bank thus continue to attach great importance to a strong local presence.

## 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. In 2022, a start was made on rolling out the same approach in the AXA Bank branch network.

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.

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

## EXPANSION OF THE DIGITAL OFFER

In 2022, Crelan invested further in the expansion of digital services and in ‘open banking’:

### > Overview of investments added to Crelan Mobile:

From now on customers will also be able to find an overview of their investment portfolio in the Crelan Mobile app. The following possibilities are available:

- an overview of all investments, including those for which the customer is the legal representative or holder of power of attorney. This overview can also be printed;
- an overview of all active securities accounts, including empty ones;
- an indication of the currency of the investment.

### > Bank identity confirmation certificate (RIB)

Customers needing an RIB can now print it themselves via myCrelan. They no longer have to ask their bank agency for it. You just click on “RIB” in the menu under the account in question.



### > Exporting credit card statements to an Excel file

Users of myCrelan (Pro) can now export their Visa card spending record to an Excel or PDF file, for easy upload to their bookkeeping program for example.

Customers can also quickly find information on requests for payment of credit card amounts on the customer’s account.

### > New Card Stop telephone number

The telephone number of Card Stop changed in January 2022. A clear banner in our digital applications draws customers’ attention to the new number.

### > Optimisation of customer data

Within the framework of anti-money laundering and anti-terrorist financing (AML CFT) regulations, banks must keep their customers’ data up-to-date and request additional information from them on a regular basis. The questionnaire that Crelan uses for this has had extra questions on FATCA, CRS, etc. added to it and the work flow has been optimised. Customers can consult and amend the data they completed previously and if necessary are also asked to answer some new questions. This questionnaire is available both on the myCrelan website and in the Crelan Mobile app.

## Staff initiatives

At 31 December 2022, 1,793 staff members are part of Crelan Group, of whom 717 work for Crelan, 361 for Europabank and 715 for AXA Bank.

In addition to this salaried staff in the various Group entities, the agent network of Crelan NV also has 1,482 employees and that of AXA Bank Belgium has 1,331 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 4,606.

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

## RECRUITMENT AND INTERNAL MOBILITY

In 2022, great efforts were made in the field of recruitment. Since Crelan’s takeover of AXA Bank, all vacancies of both banks have been opened up together and also promoted internally. At the same time the bank was looking for a large number of new employees, as a result of the many projects within the bank but also of retirements and spontaneous departures.

In all no fewer than 111 vacancies were filled in 2022, 46 of them for AXA Bank.

More than 40% of all these vacancies were filled in the first instance by means of internal mobility: employees within the bank opting for a new challenge, to develop new skills, create variety in their careers and ultimately to contribute actively themselves to their own sustainable employability.

At the same time the bank recruited 62 new employees, who started in the various areas of the bank. In cooperation with the managers, great efforts are made via information sessions, mentoring, training plans and socialising to make sure these new colleagues quickly feel at home.

## DIVERSITY

In its personnel and recruiting policies, Crelan Group strives to reflect the society in which it operates, and accordingly sets great store by diversity. In Crelan, 52.2% of employees are male and 47.8% female, while in AXA this is the other way round: 45.6% male and 54.4% female.





In Crelan, 9.3% of employees are in the 20-35 age group, 52.6% in the 35-55 age group and 38.1% are 55 years old or more. The corresponding percentages in AXA Bank are 12.2%, 46.7% and 41.1%.

As regards level of education, in Crelan 23.7% of employees have a secondary education diploma, 36.8% have higher vocational training and 39.5% have university degrees. The corresponding percentages in AXA Bank are 21.0%, 41.5% and 37.5%.

In Crelan, twelve nationalities are represented, in AXA Bank ten.

### TOP EMPLOYER: SEVEN TIMES IN A ROW

In 2022, Crelan again received convincing acknowledgement as Top Employer Belgium.

The international Top Employer Institute granted this label to Crelan after very thoroughly screening it on its personnel strategy in the widest sense.

For example during this investigation the way Crelan onboards new employees was subjected to thorough examination under the microscope, as was career counselling, learning



and development, performance, salary and secondary conditions, health and well-being, digital and physical workstation, company canteen, mobility policy and so on.

Account was also taken of how Crelan conveys business values, sustainability and CSR, etc. to its employees. Particularly in these last-named subjects Crelan made good progress as an employer in 2022, thanks to the large number of initiatives.

Every year the bar for obtaining and keeping this label is raised a notch: the main thing is the degree to which Crelan continues to develop as an employer, incorporating new trends and insights in the field of work into its policies.

So to obtain this recognition once more after such an extensive investigation is something that Crelan is just as proud of every year.

### TOGETHER IN A UNIFIED ORGANISATION

In order to make a success of the integration project with AXA Bank, Crelan has opted among other things to evolve as early as 2022 towards a unified organisational structure with a unified management team. In this way all teams, each composed of Crelan and AXA Bank colleagues, can start straight away under full steam on the optimal preparation of this challenging project by means of intensive cooperation and knowledge sharing across both banks.

At the same time many initiatives were taken to stimulate team spirit and encourage employees of both banks to get to know one another, such as team building sessions, speed-dating, network moments, staff excursions with families, etc.

Communication naturally played a central role in keeping employees informed at all times about the progress of the integration project.

Lastly Crelan also implemented the Pulse Survey in 2022. By means of short periodic questioning of the entire workforce, the bank keeps a finger on the pulse: how are things with the employees, how do they experience

their day-to-day work context, and what do they need in order to continue giving of their best? In this way the employees themselves are given a real voice with which to make themselves heard on subjects that affect them. So, a win-win situation for employee and employer, particularly in this period of intense change!

At the beginning of 2022 Mindlab was launched with all employees of the bank. Mindlab is an online platform devoted to mental well-being, consisting of various modules (such as Sleeping Better, Living with Stress and Mindfulness and Meditation) which employees can tackle at their own pace, when and where it suits them, to increase their mental resilience. More than 150 modules have so far been followed, and based on the high satisfaction score we decided to continue to offer Mindlab to all employees in 2023.

### ADVANCING TOGETHER IN LEARNING AND DEVELOPMENT

More than ever, 2022 was a year of learning and developing together. The harmonisation of the Learning & Development (L&D) policy, procedures, budgets, learning platforms and workshops must also be mentioned.

The new, stricter, FSMA legislation led to a huge increase in the number of training hours for our PCPs ('public-facing staff') and VVDs (credit intermediaries and insurance distributors). So it should come as no surprise to read that training on retail & business banking was the most followed in 2022.

We also launched language courses for Dutch, French and English. Some eighty enthusiastic and committed colleagues took part.

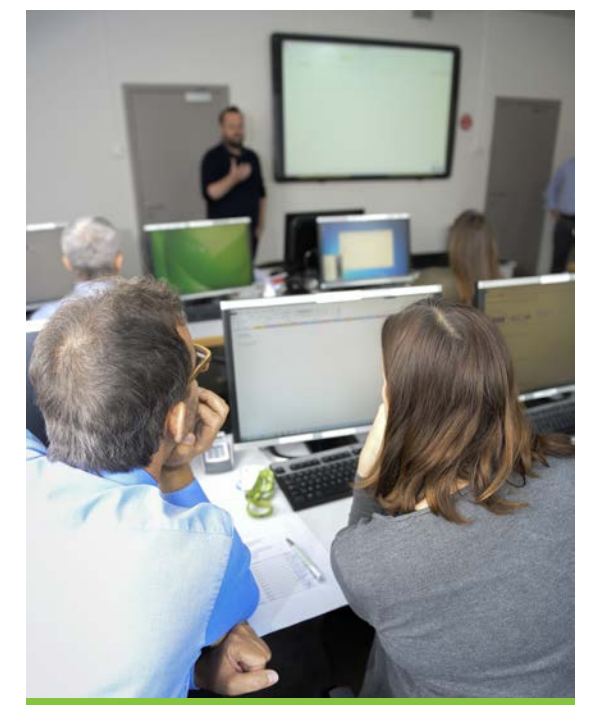
In 2022, "leadership" and "change & culture" were much discussed themes.

Our managers took part in Change Coaching & Change Connection workshops. We also developed new guidance for the team agreements in an effort to support our managers as well as possible in accompanying their new teams in the unified organisational structure.

The members of the Crelan Circle (the 40 managers who report direct to a member of the management committee) participated in various workshops on change & culture. The organisation of a 'Corporate Values Week', complemented by a corporate theatre session was a great success. Via focus groups we stay in close contact with our employees so that we always have a feeling for what is going on on the shop floor and how we can link the necessary actions to it.

Online and digital learning is certainly here to stay. Accordingly we turned an extra spotlight on the GoodHabitZ learning platform last year and launched access to this platform for the AXA Bank colleagues. Among other things, the "Snack & Learn" campaign in October 2022 boosted the number of users and online training hours.

Much of the attention was directed to preparations for the "Start to Lead" programme for new managers, the gradual building of a strong business culture, leadership and the preparations for the "Learning Together" project that enables employees to set to work optimally with new bank applications.



## IT developments and projects in development



### A SECURE BANKING ENVIRONMENT

A secure IT environment requires constant attention and significant investment. In 2022, these included:

- Central command of access to critical business applications with the Identity & Access Management programme;
- Cooperation with our infrastructure and service providers to further increase responsiveness in terms of solution orientation and speed;
- Support of all software components;
- Improved security of the Crelan & AXA Bank IT environments thanks to the elimination of 'technical debt' (ILR/ALR: Infrastructure and application lifecycle refreshment);
- Online screening of new customers;
- Successful execution of disaster recovery tests, with the entire production running on one datacentre for a week.

### PROJECT DEVELOPMENT

In 2022, our IT employees carried out the following projects entirely under their own management or through outsourcing, but with coordination and follow-up within Crelan:

- The sale of cooperative shares through the AXA Bank agent network;
- The renovation and extension of the credit

application for Creops agencies with new functionalities, including the sale of professional loans;

- Loan repayments by means of direct debit;
- ESG projects;
- Onboarding of AXA Bank employees to the Crelan system so as to carry out joint projects;
- ATM as a Service (transition from own ATMs to ATMs managed by a joint venture, Jofico, consisting of Crelan, AXA Bank, Argenta, vdk bank and bpostbank).

### DESIGNING THE WORKSTATION OF THE FUTURE

In the context of the 'New Way of working' project, our IT colleagues rolled out the new workstation, both in head office and in the agencies.

The agencies now have new laptops, with Office 365 and new screens and printers were installed. For all employees the switch was made to Microsoft Teams and lastly the deployment of the new Citrix environment was launched.

In 2023, Crelan will further promote the New Way of Working with the continued deployment of the new workstation in the agent network.

### PREPARATION OF THE MERGER: INTEGRATION AND MIGRATION

In 2022, our IT colleagues also further prepared the IT integration of AXA Bank by:

- Increasing the maturity of key processes;
- Further developing the methodology for developing, testing and managing projects;
- Developing a more detailed planning and budget provisions;
- First steps in the data migration, such as setting up an ODL and leased line between Crelan and AXA data centres.

## 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 2022. 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.



"Being able to share experiences and know-how within Crelan Group creates an added value to the benefit of the bank and of our customers."

Inge De Blick,  
Head Customer Onboarding & Servicing



# Crelan Group, a safe banking group

Within the group, various departments are responsible for risk management. Hereunder is an overview of the most important activities

ensuring that Crelan Group is and remains a safe banking group.

## General Risk Management

Risk Management focuses on various specialisations:

- Identifying, measuring, monitoring and controlling credit, financial, operational and IT security risks;
- Providing advice on 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.

At the beginning of 2022 we exchanged the COVID-19 crisis for the energy crisis. The bank undertook various analyses aimed at being able to assess the possible impact on the financial situation, such as:

- Identification of potential risk cases in the professional and agricultural segments;
- analysis of retail customers' repayment capabilities

- assessment of the impact based on the ECB stress test

At the end of 2022 the bank nevertheless still had a sound loan portfolio and the impact of the energy crisis remained limited. Even so we opted for a prudent policy, and at the end of 2022 the bank made extra provisions to cover possible risks.

In 2022, we devoted much attention to the planned integration of Crelan with AXA Bank. This will impact the organisation of Risk Management itself. In this regard, we strive to integrate the activities on the basis of a 'best of both worlds' approach. In addition, Risk Management will closely monitor the integration and migration process itself in order to effectively manage the risks associated with this project.

### 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 watch list", while the Loan Provisioning Committee has the power to place customers in 'qualitative default', to determine and apply impairments, to cancel loans and to write off debts.

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 the Lending Risk Committee (LRC).

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.

During 2022 Crelan and AXA Bank fully harmonised their credit policies.

### INTEREST RATE RISK, LIQUIDITY RISK AND MARKET RISK

The two banks also harmonised the main indicators for interest rate, liquidity and market risks during 2022.

The monitoring of financial risk therefore goes through a centralised system for all banking entities of the Crelan Group. In 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.

BSM (Balance Sheet Management) is respon-

sible 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.

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

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

The responsibility for the management and reporting of financial risks as well as the monitoring of the limits in force lies, in the first instance, with the various business lines. Risk Management is responsible for the second-line control of these financial limits by independently validating the data reported by BSM. In this way Crelan aims to exclude errors in reports for the regulatory authorities, the Balance Sheet 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.

The control systems are based, among other things, on detailed mapping of the risks 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.

In 2022, the Vendor Risk Procedure and the New Activities & Products Procedure of Crelan and AXA Bank were brought into alignment with each other.

## IT-SECURITY RISKS

The financial sector is increasingly under attack by cybercriminals. As a bank we have the obligation of constantly monitoring threats and anticipating the materialisation of certain security risks.

In 2022, the focus was on maintaining the bank's security maturity in view of the integration of Crelan and AXA Bank.

In 2021, 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 worked further in this policy line, this bringing about a strengthened framework.

The bank also introduced an e-learning & phishing simulation platform and worked on a step-by-step plan to further raise awareness internally about growing risks such as those of hacking and phishing techniques. Continuous security training for external and internal employees also formed part of this. In 2023 these initiatives will be further pursued.

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.

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.

As part of the continuity policy, a combined crisis management team was set up and a continuity framework designed. The continuity strategy for both banks was also tested. In 2023 these activities will be continued and further strengthened.

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

## 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 for this: solvency crisis, liquidity crisis, a mixed scenario, a specific IT security crisis and a scenario with an impact on the leverage ratio.

For these scenarios, Crelan defined a list of possible recovery options that 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.

## 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.

Crelan Group approaches capital adequacy and the appropriateness of the liquidity position from both the regulatory and the economic (internal) points of view. Furthermore the Bank clearly defines its capital and liquidity strategy and the minimum requirements that it must meet in both normal and stressed market circumstances.

## Compliance

### PREVENTION OF MONEY-LAUNDERING

In 2022, much attention was given to the harmonisation of the global operation around the fight against money laundering. Compliance laid down policy guidelines for the whole Crelan Group in the areas of AML, CFT, sanctions and embargoes and the policy on tax evasion.

### TRAINING AND AWARENESS-RAISING

Compliance also took many initiatives in the context of training and awareness-raising. For the employees of both the head offices and the branch network a variety of training courses were on the agenda, on investor protection, investing and sustainability preferences, the management of investment products, AML, CFT, sanctions and embargoes and the policy on tax evasion.

Members of the newly formed Risk Committee also received training on the operation and responsibilities of the compliance function.

The monthly compliance newsletter for employees looked at various compliance subjects and change in the compliance landscape.

Crelan Group may conclude that both its liquidity position and its capital position are healthy.

## 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.

As part of the training, education and integration of the compliance culture within the group, at the request of the Management Committee, a compliance correspondent network was set up and has been active since December 2022.

## INVESTOR PROTECTION

The measures for investor protection were strengthened further by means of the new IT application for investment advice and orders, implemented in 2021. There was also focus on the further deployment of investor sustainability preferences.

Other steps taken in 2022:

- Adjustment to the measures and controls for investor protection in the context of the launch of the new offer of cooperative shares in CrelanCo through the AXA Bank branch network;
- Updating and strengthening of the framework for approving and reviewing new investment products;
- Fine tuning and updating of policy guidelines, processes and procedures for conflicts of interest. This process will be further deployed during 2023.



## 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 of the Group's activities. In this context in 2022 attention was focused on a uniform audit methodology and reporting to the Audit Committee within Crelan 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 2022 in response to new regulations and new or changed activities.

The tasks carried out by Internal Audit in 2022 covered various areas: including IRB credit models, compliance, credit, IT, etc. The integration of AXA Bank also formed an important point for attention, with the corresponding audit assignments.

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.

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 so-called 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, which correspond to the three above-mentioned pillars of the harmonised audit system: administrative and accounting accuracy, financial health and breaches of the Crelan Charter.

In 2022, the bank started the periodic distribution of an electronic newsletter. In the newsletter, the focus is on refreshing certain

specific administrative or regulatory requirements that will be given special attention in a forthcoming audit.

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 QMC 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 QMC refers the dossier to the Mediation and Advisory Committee (MAC), which has greater decision-making authority. The MAC is composed of two members of the Management Board and representatives of Compliance, Commercial Division, Legal and Inspection. The results of the discussions in the MAC are reported to the Management 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, checks to ensure compliance with legal provisions and specific ad hoc checks or so-called theme inspections. In the last two years the COVID-19 crisis imposed certain

restrictions for physical visits and audits in agencies. These restrictions completely disappeared in the course of 2022.

In 2022, Inspection started by setting up a harmonised inspection model for AXA Bank and Crelan. This model will be based on three audit pillars: the administratively correct functioning of the agency, the financial solidity and compliance with essential agreements between the bank and its mandated agents.

Furthermore the model also provides for periodic basic checks by head office, on such things as the cash arrangements and the financial health of the agents. The latter 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.



# 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 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 also invests in the future, and is the only head sponsor of the Young Belgian Cats & Lions (U20). Professional support for young Belgian talent is crucial here. These initiatives underscore Crelan's long-term commitment to Belgian basketball.

As well as the classic 5x5 variant, Crelan is also an important partner in the modern street variant.

In 2022, we were main partner of the Crelan FIBA 3x3 World Cup in Antwerp. For a whole week the centre of Antwerp was taken over by the 3x3 World Cup, and Crelan's presence was prominent. Unfortunately the support of the Antwerp public did not manage to get the Cats and Lions onto the podium.

In 2022, Crelan was also once again the title partner of the Crelan 3x3 Masters, the Belgian 3x3 tournament that brings together young and not so young basketball talent on the courts of ten cities in the summer months.

#### > Cyclocross

Crelan has been active as a cycling sponsor 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.

Since September 2022 Crelan has been the main sponsor of the Crelan-Fristads cyclo-cross team. The home-grown team boasts some top talents such as Joran Wyseure, Emiel Verstrynge, Xaydee Van Sinaey and Julie De Wilde, alongside established figures such as Laurens Sweeck (former Belgian champion) and Sanne Cant (many times Belgian women's champion and world champion). In addition to supporting the Women's Elite, the bank is also committed to the training programme of the U23 youth teams so that young Belgian cyclo-cross talent also gets every opportunity for the future.

In 2022, Sanne Cant won her 13th consecutive Belgian title in the Women's Elite and Emiel Verstrynge won the European cyclocross championship.

#### > Cycling

After an absence of four and a half years, Crelan is once again present as a cycling sponsor. Since 1 July 2022, Crelan has been the banking partner of the Belgian World Tour team: Alpecin Deceuninck. In this way Crelan immediately became a privileged witness of successes such as Jasper Philipsen's victory on the Champs-Élysées in the closing stage of the Tour de France and Gianni Vermeersch's taking the very first rainbow jersey in the UCI Gravel World Championships, as well as the victories of Mathieu van der Poel, Ceylin Alvarado, Puck Pieterse and others.

#### > Athletics

Since 2011 Crelan has been a loyal partner of the **Borlée family**, who must rank 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.



For the Borlée family, 2022 was a very special year in which they won medals in all three categories in international championships:

- Gold in the World Athletics Indoor Championships, Belgrade

- Silver in the European Athletics Championships, Munich
- Bronze in the World Athletics Championships, Eugene (Oregon)

Being professional with the career, but at the same time close to the fans that is something we particularly appreciate about the athletes we sponsor. The Borlée brothers were therefore happy to participate in a carting event for the bank's employees.



## Most important risks and uncertainties

The most important risk for the bank in the short- to mid-term is the **execution risk of the Integration and Migration Programme** (I&M) that aims to integrate AXA Bank into Crelan and to migrate AXA Bank's data to the Crelan environment. Risk management is closely monitoring this I&M programme. Equally important for the integrated bank is to be able to start a successful transformation immediately after the migration. As well as some commercial turnkey projects (Fronteo housing loans, Enterprise Risk management, digital tools), it is very important to allocate sufficient resources for (cyber)security and for further optimisation and industrialisation of the AML and KYC processes.

As well as the risks associated with the I&M programme, another important risk for the bank is **the business model**. Although the simplicity of the current business model is certainly an advantage, it also leads to a lack of diversification. This entails the risk that adverse market circumstances or increased competition in important markets (such as housing loans or private individual investment products) could materially and directly influence the bank's net income. The macro-economic environment influences the bank's profitability, which relies largely on the Belgian private individual market, transforming Belgian savings into loans, which are good for the Belgian economy, mainly housing loans and, to a lesser extent, professional and consumer credit. In 2021, the COVID-19 pandemic made for uncertain macro-economic circumstances, while in 2022 the geopolitical conflict between Russia and Ukraine caused upward pressure on energy prices and led ultimately to a rise in inflation.

It remains uncertain how the consequences of the COVID-19 pandemic and the geopolitical conflict will influence **the quality of the loan portfolio** in the medium-long term.

The evolution of the **Belgian bank landscape** is a material factor of the business risk. The conduct and expectations of customers relative to their banking partner are changing.

Although this is not so much a risk as a fact, the degree to which, or the speed at which the change occurs remains uncertain. The growing use of technology and the digitisation of banking also imply special attention to the security of information, cyberrisk and electronic risk. At the same time, banks are increasingly confronted with ESG risk, partly because of the negative consequences of climate change and the associated transition risk.

The **regulatory and tax context** has a considerable influence on the activities of both banks. Changes in regulations and tax regimes can have a significant impact, especially in view of our simple business model and the concentration on a limited number of activities. For example, the legal floor of 11 bps on savings accounts or the prudential measures of the NBB raising capital requirements for housing loans have had structural consequences for retail banks that transform savings into housing loans. Other examples of evolving regulations and standards are the MREL requirements (minimum capital requirements and eligible liabilities), the completion of Basel IV, IFRS 9, EMIR (the EU market infrastructure regulation), MiFID II, AMLD IV and V, GDPR, DORA (Digital Operational Resilience Act) and possible new central bank regulations on digital currencies.

Crelan and AXA Bank both have a strict zero tolerance approach to misconduct and compliance risks. Accordingly we carry out a bank-wide multidiscipline programme that combines training, certification, checks and rewards and sanctions.

In general, risks are monitored and managed within the risk appetite framework established by the Board of Directors and in accordance with the prescribed risk governance (as described in the chapter headed 'Crelan Group: a safe banking group').



# Significant events after the reporting period

In January 2023, we agreed a €500 million deposit at five years with Crelan.

In January 2023, the plans for the office network of the future were explained to all bank agents of Crelan and AXA Bank. After the effective merger of Crelan and AXA Bank (expected to take place in 2024), Crelan Group plans to still have the office network with the biggest number of offices. We are evolving towards fewer but bigger offices with more expertise per office. The process to determine the impact in figures has started.

In the second half of March 2023, two US banks ran into financial problems. Neither Crelan nor AXA Bank has any direct exposure to these banks. In the wake of these problems in the United States, insecurity also arose concerning Credit Suisse and in the weekend of 18 March 2023 this bank had to be rescued by the Swiss government.

For the time being we see that there is still nervousness about the financial sector in Europe and the United States, but the

situation seems to be stabilising. We are following developments very closely. In general Crelan and AXA Bank have no material positions with other banks for which no collateral is exchanged. The exchange of collateral limits the risk to the bank to a great extent. At 24 March 2023, there was a total of €7.3 million in the form of nostro accounts with two European banks for which no collateral had been exchanged.

As regards indirect impact, through their networks Crelan and AXA Bank have distributed notes bearing the guarantee of various European banks. Should the bank in question go into default, this could lead to a capital loss on the part of the customers who have bought these products.

Since the balance sheet date, there have been no other material events that would require an adjustment to the consolidated annual accounts of the undertaking at 31 December 2022 or a note thereto.



# A word of thanks

On the first day of 2022, Crelan Group doubled in size as a result of the takeover of AXA Bank, becoming the fifth biggest financial group among Belgian retail banks by balance sheet total.

This acquisition is another important step in Crelan's long and rich history. Not growth for growth's sake, but rather a well-considered step to the benefit of Crelan and AXA Bank and their customers.

From now on, the Crelan Group will be able to invest more quickly and efficiently in its services as it serves twice as many clients.

Combining our expertise and experience is enriching and will undoubtedly further improve our customer service and offerings.

Initially, this acquisition brought little to no change for the customers of Crelan and AXA Bank. Both brands continued to operate separately in the market, and its familiar branches and products remained available.

In 2022, an ambitious Integration and Migration programme was rolled out with the intention of integrating both banks in the spring of 2024 and thenceforth conducting all business under the Crelan logo. This integration trajectory is being meticulously prepared and monitored by a large number of Crelan and AXA Bank employees. It is, after all, our ambition to make the integration as smooth and seamless as possible for our customers.

We are very proud of this new step in the growth process of the Crelan Group. We want to honour the trust placed in us by the financial regulators, the National Bank of Belgium and the European Central Bank by making the integration a success for the bank, its agents and its customers.

Crelan's ability to take this step 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.



> **Luc Versele**  
Chair of the Board  
of Directors  
Crelan NV



> **Benoît Bayenet**  
Chair of the Board  
of Directors  
CrelanCo CV





“As a Top-employer, Crelan pays a lot of attention to the well-being of its employees. A good work-life balance is part of that.”

Kim Veny (mum of Oscar and Leonie),  
Head of Learning and Development Agencies





The annual report of the Crelan Group is published in English, Dutch and French. It can be viewed at [www.crelan.be](http://www.crelan.be). The report was produced by the General Office and Marketing & Communication departments of the Crelan Group. For more information, please contact: Eugene Dieltjens, Secretary General, by using the e-mail address [general.office@crelan.be](mailto:general.office@crelan.be).