

Annual report 2021

Creilan Group

On 31/12/2021, 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 determine the group's success in the coming years. On the one hand, cooperation is important to prepare the integration of Crelan and AXA Bank Belgium by Spring 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.

In accordance with Article 105 of the Company Code, the figures in this report are an abbreviated version of the officially published financial statements of the Crelan Group, closed on 31 December 2021. These are the consolidated financial statements under IFRS. Our auditor issued an unqualified 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.

CEO review of 2021

While coronavirus had less impact on our society last year than it did in the crisis year of 2020, the pandemic still held us firmly in its grip.

Economic activity clearly improved, partly as a result of increased consumption during periods of lower contagion and the effectiveness of financial support measures at federal and federated level.

Unfortunately, these recoveries were short-lived and increased contacts again led to rising infection rates. Towards the end of the year, uncertainty surrounding the new Omicron variant prevailed. Supply chain issues led to insufficient supply in the face of increased consumer demand. This development and the sky-high energy prices raised the spectre of sharply rising inflation or even stagflation in 2022 as a result of the invasion of Ukraine, the consequences of which no one can predict.

In 2021, more consumers made use of digital payment facilities and contactless payments. The perception of work also changed significantly. Likewise, at Crelan - where working from home two days a week was already an option in the pre-coronavirus period - we shifted up a gear with the option of an extra day's work from home per week and more flexibility in our own work planning. It is a question of rights and duties and in practice we find that this works and is appreciated by employees who have a strong desire for autonomy and responsibility and who have an inquisitive mind.

Customers also expressed their appreciation for the way in which we yet again remained readily available. Digitally, or by appointment when necessary, but also without appointments at the office as soon as it was feasible and provided that the necessary safety and hygiene measures were respected.

This again led to excellent production results. The loan portfolio increased by 5.9%, while customer deposits rose by 5.6% and sales of off-balance sheet products (funds, notes, investment insurance, etc.) increased by 24.2%.

The Crelan Group closed 2021 on a high note by acquiring AXA Bank Belgium on the very last day of the year. Crelan was until recently a less significant financial institution in terms of size, yet we were nevertheless able to acquire a larger bank under the supervision of the European Central Bank (ECB). This is a first for Belgium and also rare at European level.

The acquisition makes Crelan Group the fifth largest financial banking group by balance sheet total among Belgian retail banks. It also gives us the status of a significant financial institution and we will therefore be directly monitored by the ECB.

We are grateful for the trust placed in us by the regulators and we intend to conduct ourselves responsibly.

Consumers will not yet see any visible changes. Crelan and AXA Bank will remain separate banks. However, the teams of Crelan and AXA Bank are currently enthusiastically preparing the integration of both banks in the background.

The merged bank is scheduled to open in the spring of 2024. We hope to integrate both banks as smoothly as possible for our customers and offer them an even better service through the bundled expertise and experience.

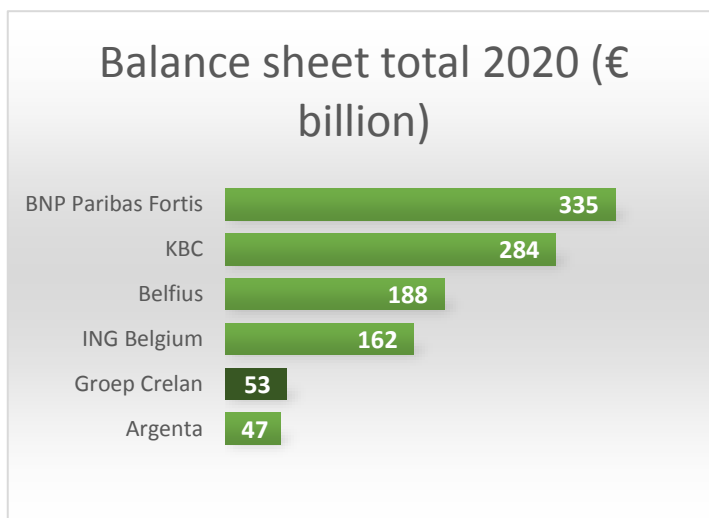
Philippe Voisin,
CEO of Crelan and AXA Bank Belgium

Who are we?

The Crelan Group comprises 4,869 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 consists of CV CrelanCo, NV Crelan, NV Europabank and NV AXA Bank Belgium. It ranks fifth in terms of balance sheet total among Belgian retail banks.

The Crelan group therefore comprises 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 society is formed by the participation of **over 274,000 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, the self-employed, and SMEs. Crelan does not want to offer its customers products, but rather total solutions with payment formulas, savings and investment products, forms of credit and insurance policies. Crelan relies on its own product range to this end, which it complements with products from a number of partners, each of whom a reference in their own field. This includes non-life insurance policies from AXA Belgium, life insurance policies from Allianz and investment formulas from Amundi and Econopolis Wealth Management.

Furthermore, with a specialised range of products, the bank is the preferred 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 pride ourselves on bringing financial advice closer to our customers. Not only through digital banking channels, but also through our network of independent banking agents who are intimately familiar with their local area and their customers. More than 460 branch doors are open to our customers 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 sixth time in a row in 2021.

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

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 Belgium became a **subsidiary of Crelan** in 31/12/2021, when the Crelan Group acquired it from the French international insurer AXA Group.

AXA Bank Belgium **empowers 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 locally anchored thanks to its network of independent banking agents. User-friendly digital tools and personal contact go hand in hand. The bank has received several awards for this in the last five years, including that of most innovative bank in 2021, awarded by customers.

The group cooperates on commercial, technical and financial matters.

The figures in the table below take into account the composition after the acquisition of AXA Bank Belgium and the sale of Crelan Insurance.

| Company | Number of employees | Number of branches | Number of customers | Number of cooperative shareholders | Operating in |
|------------------|---------------------|--------------------|---------------------|------------------------------------|--------------|
| Crelan | 2,270* | 467 | 758,207 | 274,003 | Belgium |
| Europabank | 351 | 47 | 168,092 | - | Belgium |
| AXA Bank Belgium | 2,248** | 367 | 873,226 | - | Belgium |

*722 staff members and 1,548 employees within the independent agent network
 **726 members staff and 1,522 employees within the independent agent network

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

Structure and shareholdings

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

The CV CrelanCo owns 100% of the shares and voting rights in NV Crelan. As at 31 December 2021, the cooperative capital of CrelanCo was held by 274,003 cooperative shareholders. As such, Crelan is a 100% Belgian bank with 100% cooperative roots.

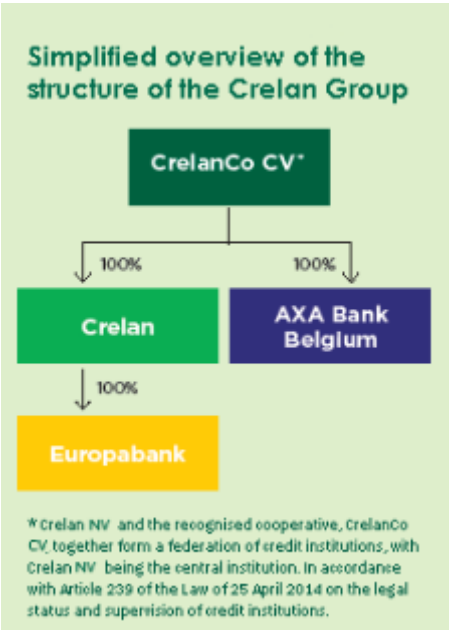
The Management Committee of NV Crelan is responsible for the operational policy of NV Crelan, CV CrelanCo and NV AXA Bank Belgium.

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 are included in the consolidation scope of the Crelan Group according to the Royal Decree of 23 September 1992 on the consolidated financial statements of credit institutions. As AXA Bank Belgium joined the group on 31 December 2021, the balance sheet figures for this entity are included in the consolidation parameter, but not the income statement. The results of AXA Bank Belgium are described in this report for informational purposes only.

The Crelan Group does not have any branches.

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



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 Belgium 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.

2021 at a glance

The markets

CONTEXT

The 2021 global economy was characterised by three themes: **growth, inflation and a normalisation of monetary policy**.

As vaccination coverage increased, economic activity picked up and growth returned after the massive shock of 2020. Coronavirus, however, continued to be a disruptive factor due to temporary periods of restrictions during new waves of infection. The combination of increased demand and disrupted supply, in turn, boosted inflation.

In response, initially the emerging economies tightened their monetary policy and then, at the end of the year, the central banks of the advanced economies also announced the gradual phasing out of support measures.

These trends did not manifest to the same extent everywhere.

The **US economy** performed very strongly despite major supply chain issues of semi-finished products and the resulting pricing pressures. Favourable base effects from the previous half-year, rising energy prices and high demand also contributed to the high inflation rate in the second half of the year.

The job market recovery continued and the business environment remained favourable. This development led to a change of course for the Federal Reserve, which, after a long period of supportive measures, announced a gradual reduction in its asset purchases during its final two monetary policy committees of the year.

Strict restrictions imposed to slow down the spread of COVID-19 initially kept the **the eurozone** recovery in a stranglehold. This recovery did occur in the second quarter due to the positive influence of the increased vaccination coverage and the reopening of various sectors. At the end of the year, however, activity slowed down again due to uncertainty surrounding the new Omicron variant.

As in the US, inflation rebounded throughout the euro area due to the disruption of global supply chains, a sharp rise in energy prices, favourable base effects and high demand as a result of the reopening of the economy. Here, too, the job market improved despite more limited support measures.

The ECB, however, remained flexible and provided substantial support to the economies of the Member States, whose governments also continued to intervene through significant fiscal measures at national level.

2021 was a turbulent year for **emerging economies**. They, too, recorded growth and a high inflation rate, which left their central banks with no choice but to raise interest rates fairly quickly, unlike their counterparts in more developed countries.

China prioritised structural rather than cyclical objectives. In its fight against increased social inequality, the government tightened regulation in various sectors so as to give workers a greater share in the distribution of national income.

In Latin America, in addition to Covid and inflation problems, political events determined economic development.

IMPACT ON STOCK EXCHANGES AND MARKETS

Stock markets performed strongly again in 2021. For example, the MSCI ACWI index rose by 19.1%. This index has a global portfolio and is therefore an excellent indication of global economic performance.

The United States and Europe, in particular, showed strong growth rates of 25.2% and 19.9% respectively. Developing countries had a harder time of it, especially Brazil (-18%) and China (-22.7%). The Chinese economy suffered from the sharp rise in the dollar exchange rate, reduced support measures and the tightening of measures by the Chinese government.

In addition to the strong stock market performance, **government bond yields** rose sharply. The German 10-year yield did close 2021 on a negative note at -0.18%, but this does imply an increase of 40 base points year-on-year. In the United States, the 10-year interest rate rose even more sharply by 60 base points to reach a level of 1.5%.

Less good news came from the energy market with spectacular price increases of 50% for Brent oil and of more than 200% for gas. At one point, the price of gas peaked at over 700%.

In general, the prices of **industrial metals** also rebounded sharply. The dollar exchange rate rose by 26% for nickel, by 27% for copper and by over 40% for aluminium. Iron ore lagged behind, with the dollar price falling by almost 28% due to the crisis in China's construction sector.

Gold also underperformed as investors were concerned about a possible rise in US real interest rates. This caused the price to fall by 3.5% year-on-year.

Trends at Crelan Bank

SAVINGS AND INVESTMENTS

Three trends marked 2021 in the field of savings and investments: the continued growth of savings accounts, the continued interest in investment funds and the continued growth of current account deposits.

The total deposit on **the regulated savings accounts and Crelan Business Savings accounts** together increased by 5.38% to EUR 14.6 billion.

The easy availability of saved funds and the tax-friendly treatment of interest continue to convince many savers. In addition, investors also use savings accounts as a suspense account in function of new investment opportunities. Nevertheless, the increase in savings was not as strong as in 2020, which had a lot to do with the changed spending pattern. After the particularly severe impact of coronavirus in 2020, customers again spent more on travel, restaurant visits and purchases in 2021.

For several years now, the persistently low market interest rates have convinced more investors to switch to **mutual funds** given that the expected long-term returns from such investments are higher than those from savings accounts.

Consequently, investment production rose sharply again by 23.9%. Specifically, general fund production grew by 39.9%. There was a lot of interest in mixed (profile) funds and equity funds. Investments that focus on sustainability (global ecology, climate action, water, sustainable value, etc.) also garnered considerable interest.

Structured products with capital protection, notes and funds with a large bond allocation, savings bonds and fixed-term accounts were less popular.

The production growth of funds and notes commercialised by Crelan, including pension savings, amounted to 28.23%. This growth, combined with the positive market development of underlying securities, resulted in a solid 20% increase in the circulation of these products. More precisely, the turnover increase for funds amounted to 32.75% and for pension savings to 16%. The circulation of cooperative shares remained stable while that of structured notes decreased by 13%.

The increase in **current accounts** at Crelan on the one hand and, on the other, perhaps the lower incentive for customers to transfer funds to savings accounts due to the low market interest rates, once again resulted in a substantial increase of 13.08% in current account deposits. However, as in the case of savings accounts, the spending pattern shift is also responsible for lower growth in current accounts than in 2020.

LENDING

Excluding internal refinancing, the amount of credit disbursed was close to EUR 3.5 billion, an increase of 5.9% or almost EUR 200 million more than in 2020.

In terms of private loans, we noted a 4.3% increase in the production of home loans, while investment loans to professional clients - agriculture, SMEZ and Corporate - also increased by more than 5% on average.

In the spotlight

Below is an overview of the most important financial economic events at Crelan. We have included an overview of events with a specifically sustainable character in Crelan's Sustainability Report 2021.

1 JANUARY: PARTNERSHIP AXA BELGIUM

Crelan and AXA Belgium enter into a distribution agreement for the sale of non-life insurance.

From now on, Crelan agents will be able to offer the wide range of AXA Belgium products to customers from their position as insurance brokers. This cooperation is part of the global agreement concluded between Crelan Group and AXA Group on the acquisition of AXA Bank Belgium by Crelan.

4 JANUARY: EXPANSION OF DIGITAL CHANNELS

Crelan customers can now add the **current account(s)** they hold at **other banks** to their **myCrelan subscription and in the Mobile app**. They can then consult these accounts on the Crelan platform. From August, customers will also be able to make transactions through these channels.

25 JANUARY: TOP EMPLOYER FOR THE SIXTH TIME

Crelan is awarded the title of Top Employer for the sixth consecutive year. This recognition is only granted after **an independent and thorough screening of the HR policy** in comparison with an international benchmark.

1 FEBRUARY: EXTENSION OF CREDIT RANGE

Crelan is all set to offer the **Flemish Renovation Loan** to its customers.

1 MARCH: DIVIDEND PAY-OUT

When the COVID-19 pandemic broke out, financial regulators temporarily froze dividend pay-outs by financial institutions. They did so in order to first get a better idea of the impact of the pandemic. Crelan has **consistently followed the applicable guidelines with the aim of being able to remunerate the cooperative shareholders as quickly as possible**. Crelan receives approval from the NBB (National Bank of Belgium) in late February 2021 to already pay out a first instalment of 1.36% of the 2019 gross dividend. On the weekend of 16 October, after the

complete lifting of restrictions, Crelan pays out the remaining gross interest of 1.64% for 2019 and the 3% gross interest of 2020 to the cooperative shareholders.

1 MARCH: MOBILE APP CUSTOMER SURVEY

In order to better tailor the **Crelan Mobile app** to the needs of its customers, Crelan consults a representative sample of active users.

7 APRIL: COOPERANT PHOTOGRAPHIC COMPETITION

To give shape to its **2022 calendar**, Crelan repeats its successful 2020 photo competition. Cooperative shareholders again have the opportunity to submit their own photos with a chance of illustrating one of the twelve months of 2022.

3 MAY: GOOD RESULTS LEAD TO 3% DIVIDEND

Crelan announces its results and, with EUR 3.3 billion of new loans, EUR 1.41 billion of off-balance sheet production, EUR 1.36 billion of growth in customer deposits, and EUR 49.41 million of profit, can look back on a good year. Cooperative shareholders also share in this success with a **gross dividend of 3%**.

3 MAY: CRELAN LAUNCHES THE CWM TOOL

Crelan Wealth Management (CWM) is a **brand new advisory tool** which provides Crelan agents and investment advisers in the branches with a **fully integrated investment process** and supports them in their customer meetings. Later in the year, Crelan also uses the tool to provide investment information to customers in myCrelan and Crelan Mobile.

23 JULY: FREE DIGIPASS IN THE CONTEXT OF FLOODING

Customers whose digipasses were damaged by the massive flooding that hit our country can have them exchanged free of charge.

6 SEPTEMBER: INVESTMENT OFFER IN THE SPOTLIGHT

It's practically a tradition: Crelan shines a spotlight on its investment products with an autumn campaign.

This time the focus is on periodic investments, cooperative shares and pension savings. It publishes a variety of interesting articles, including on its blog. The figures don't lie, the number of investors has steadily increased in recent years, boosted by the persistently low interest rates on savings accounts and the more traditional term investments.

20 OCTOBER: WEBINAR WITH GEERT NOELS

As part of its autumn campaign, Crelan organises a webinar for its customers on sustainable investments. Guest speakers include our investment expert Bart Abeloos and the well-known economist Geert Noels of Econopolis Wealth Management.

17 NOVEMBER: CRELAN & ECONOPOLIS WEALTH MANAGEMENT, PARTNERS FOR 10 YEARS

We have already been working with Geert Noels' asset manager Econopolis Wealth Management for 10 years. An advertisement in the funds section of the newspaper De Tijd touches on this.

17 DECEMBER: NBB AND ECB APPROVE THE ACQUISITION OF AXA BANK BELGIUM

Financial regulators the National Bank of Belgium, the Banque de France and the European Central Bank approve the plan submitted by Crelan for the takeover of AXA Bank Belgium. The French international insurer AXA Group and Crelan Group concluded an agreement on this in October 2019.

Besides the takeover of AXA Bank Belgium by Crelan, the agreement also includes the transfer of Crelan Insurance to AXA Belgium, the Belgian insurance arm of AXA Group, and the distribution agreement for AXA non-life insurance via Crelan branches, which started in January.

Crelan Group and AXA Group will now immediately set to work to handle all the formalities by the end of the year.

31 DECEMBER: CRELAN GROUP WELCOMES AXA BANK BELGIUM

The takeover of AXA Bank Belgium by Crelan Group and the transfer of Crelan Insurance to AXA Belgium are officially completed.

Crelan and AXA Bank employees can look forward to a shared future and start preparing for the integration of both banks, scheduled for spring 2024.

Key figures Crelan Group 2021

Employees, offices, cooperative shareholders and customers

| | |
|--------------------------|-----------|
| Employees | 4,869 |
| Branches | 881 |
| Cooperative shareholders | 274,003 |
| Customers | 1,799,525 |

Credit distribution

| | |
|---------------------|---------|
| Private individuals | 83.60% |
| Professionals | 16.40%* |

* 29.62% of which to farmers and horticulturists

Consolidated key figures

(IN EUR MILLION)

| | 2020 | 2021 | EVOLUTION |
|---|-----------|-----------|------------|
| Customer deposits (incl. subordinated certificates) | 20,761.63 | 47,790.00 | +130.18% |
| Loans to customers (IFRS) | 17,683.73 | 45,278.70 | +156.05% |
| Loans and receivables | 17,807.68 | 45,726.70 | +156.78% |
| Financial portfolio | 1,017.16 | 1,445.43 | +42.10% |
| Equity (incl. cooperative capital) | 1,311.46 | 2,194.02 | +67.30% |
| Total assets | 22,819.21 | 53,011.86 | +132.31% |
| Net result | 49.41 | 660.35 | +1,236.47% |

Consolidated ratios

2021

| | |
|-------------------|----------|
| Cost Income Ratio | 73.81% * |
| Loan Loss Ratio | 0.05% |
| ROE | 5.16% * |
| ROA | 0.28% * |
| Tier 1 | 17.97% |

* Adjusted figures

Legend

CIR (Cost Income Ratio): Contrasts operating costs with operating revenues. Efficiency indicator.
(For each euro raised, the group incurs 73.81 cent costs.)

Loan Loss Ratio: Contrasts credit losses with the total loan portfolio. Indicator for quality of loan portfolio.
(Per euro of outstanding credit, the group incurs a loss of 0.05 cents.)

ROE (Return on equity): Contrasts net profit with equity. Profitability indicator.
(For every euro of equity, the Group earns 5.16 cents net profit.)

ROA (Return on Assets): Contrasts net profit with balance sheet total. Profitability indicator.
(For every euro of balance sheet total, the Group earns 0.28 cents net profit.)

Tier 1: Contrasts core capital with risk-weighted assets in the balance sheet. Solvency indicator.
(For every euro of risk on the balance sheet, the Group keeps 17.97 cents of core capital for hedging.)

EXPLANATION OF THE RATIOS

The figures published above are adjusted figures, as the 2021 results are strongly influenced upwards by the acquisition of Axa Bank Belgium. All result elements linked to the completion of the acquisition (including realised capital gains, goodwill, success fees) have been removed from the results. If we look at the "observed" results, we get an ROE of 51.38% instead of 5.16% and a Cost/Income ratio of 70.45% instead of 73.81%.

Our outlook for the future, as presented by the CEO and the Chairman

On 31 December 2021, Crelan Group acquired AXA Bank Belgium from the French international insurer AXA.

AXA Bank Belgium is thus now part of the Crelan Group. 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 currently being prepared, is planned for spring 2024. This integration is an essential part of the bank's strategy for the coming years.

What is the purpose of this integration?

Philippe Voisin, CEO: "The way people bank is changing rapidly. The digital evolution, or rather revolution, and consumer expectations in this regard are evolving even further. Adapting the offer and the service to this requires continuous attention and investments.

The low market interest rates that have persisted for years also mean that banks have rather limited margins to achieve returns.

Crelan and AXA Bank Belgium have always achieved excellent results thanks to a well thought-out policy and have never run into problems, not even during the financial crisis. However, individually we are a bit too small.

The takeover of AXA Bank Belgium and the integration with Crelan change this. Joining forces enables us to create scale. The Crelan Group is currently the fifth largest banking group among Belgian retail banks in terms of balance sheet total.

Henceforth, we will be investing for twice as many customers, almost 1.8 million to be precise. We will thus be able to respond faster and better to customers' expectations. And, importantly, we know the business inside out because of the very similar profile of both banks. We are not starting in unknown territory."

Is integration a purely financial matter, then?

Philippe Voisin: "Of course there is a financial motive for the integration, but there is also more to it. I see integration primarily as a story of cooperation, of collectively striving for more. We now have the luxury, not to mention duty, to share our expertise, know-how and experience. Getting to know each other's working methods is an enriching experience and helps avoid getting bogged down in a one-sided mindset. This cooperation aims to create added value, not only for the bank, but also for customers, agents and employees. I am convinced of that."

The takeover agreement also included the transfer of Crelan Insurance to AXA Belgium and a distribution agreement for AXA non-life insurance. Is that not a contradiction?

Luc Versele, Chairman of the Board: "No, on the contrary, it will create more opportunities. We set up Crelan Insurance in 2007 to be able to offer our own range of credit-related insurance policies such as outstanding balance insurance. Despite the great result, it did mean that Crelan had to invest continuously both in logistics resources and in knowledge and know-how for a relatively limited range of insurance products. The opposite was the case at AXA Group, an international insurer. Belgian bank

activity with AXA Bank Belgium was not part of its core business. Now, the AXA Group and Crelan Group can dedicate themselves to their individual specialities: insurance and banking respectively.

Thanks to the distribution agreement that we concluded with AXA Belgium for non-life insurance, we can continue to offer our customers a first-rate insurance package.

This policy of supplementing the bank's own range of products - particularly payment transactions, savings and traditional investment products - with products from partners is not new to Crelan.

For example, we have a partnership with Allianz for life insurance and with Amundi, Econopolis Wealth Management and AXA Investors Management for investment solutions.

This offer enables us to offer our customers - private individuals, the self-employed and entrepreneurs, agricultural and horticultural companies - a total solution."

What is Europabank's position in the Crelan Group?

Luc Versele: "Europabank has its own specific profile. It has built up strong expertise in areas such as card transaction processing, merchant payment terminals, financial renting and leasing and consumer credit. Unlike Crelan and AXA Bank Belgium, it does not work with independent banking agents, and its branches are mainly located in urban areas. Its specific banking activities have allowed us to set up interesting synergies between Europabank and Crelan branches and in the future we will also launch them with AXA Bank branches."

Will customers still be comfortable with the merged bank?

Philippe Voisin: "Crelan and AXA Bank Belgium already have a very similar profile and our future strategy is also in keeping with the DNA of both banks. We continue to strive for simplicity in banking. Close customer relationship. Simplicity and proximity. Bankers are meant to simplify their customers' lives, not make them more complex. Our goal is for Crelan and AXA Bank Belgium customers alike to feel right at home in the merged bank.

Our customers will therefore continue to be able to rely on their local bank agent's advice, they will continue to be able to use user-friendly digital banking channels and we also plan the establishment of a customer care centre. By allowing these three channels to exchange information effectively, our customers should be able to manage their banking affairs 24/7 and keep abreast of the status of their current files."

Will Crelan remain a cooperative bank?

Luc Versele: "With CrelanCo as sole and 100% shareholder, the Crelan Group will remain a 100% Belgian banking group with 100% cooperative roots. A group that focuses 100% on the Belgian market, moreover, and where decisions are also taken in the home country with local knowledge. We will therefore continue to support the local economy as much as possible and engage in society with a sustainable policy through the Crelan Foundation, among others. Within this framework, we are also examining the possibilities of expanding our offer of cooperative shares in the near future to AXA Bank Belgium customers interested in participating financially in our common future project."

Consolidated management report of the Crelan Group, financial year 2021

Results and synergies of the Group and its members

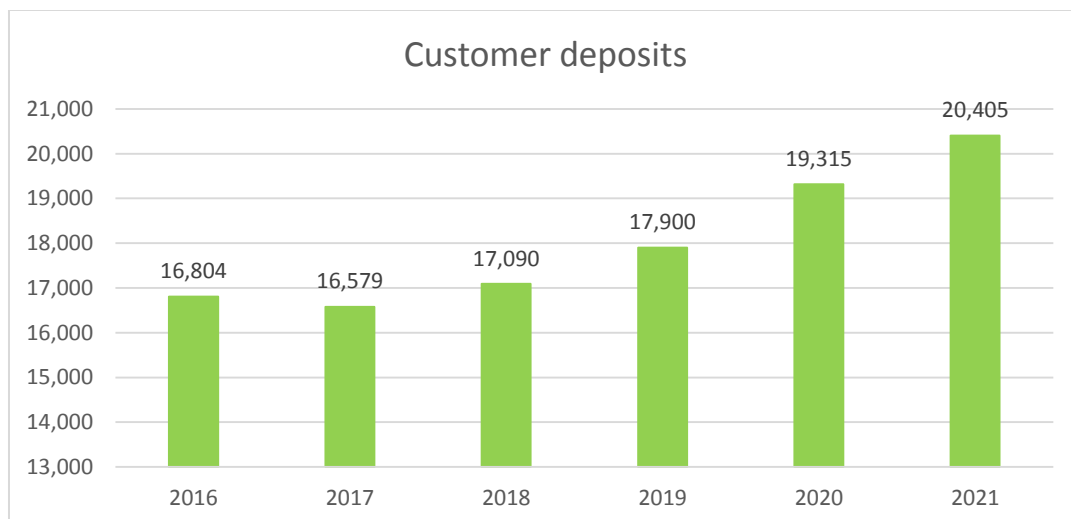
Crelan NV results

COOPERATIVE SHAREHOLDERS AND CUSTOMERS

As of 31 December 2021, Crelan had 274,003 cooperative shareholders and 758,207 customers.

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

(in EUR million)

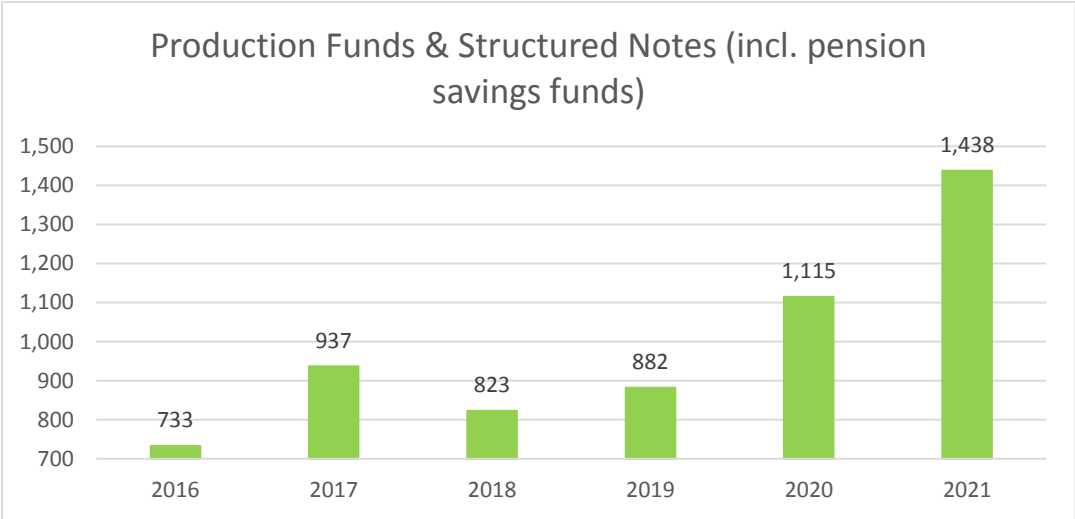


In late 2021, Crelan managed **EUR 20.4 billion in customer deposits**. This corresponds to an increase of 5.64% in deposits. Deposits, despite the persistently low interest rate environment, therefore continue to rise.

If we closely examine the evolution of customer deposits, we see that:

- deposits in current accounts continued to grow by 13.08%. On the one hand, the 4.32% increase in the number of new current accounts plays an important role in this. On the other hand, due to low market interest rates, deposits may remain in current accounts that used to flow more easily into savings accounts. However, growth in current accounts was lower than in 2020 as customers again consumed more during the periods of relaxed coronavirus measures;
- deposits in regulated savings accounts also increased again by EUR 697 million (+5.31%) to EUR 13.82 billion at the end of 2021. As with current accounts, this increase is more limited than in 2020, when customers spent less due to coronavirus. Crelan Business savings accounts grew by 6.69%. Its deposits evolved from EUR 708.5 million in late 2020 to EUR 756 million by late 2021;
- finally, the portfolio of savings certificates, term deposits and subordinated certificates further decreased by EUR 217 million (-23.2%) to EUR 718 million. This trend has been going on for several years and is a result of the low market remuneration for these products.

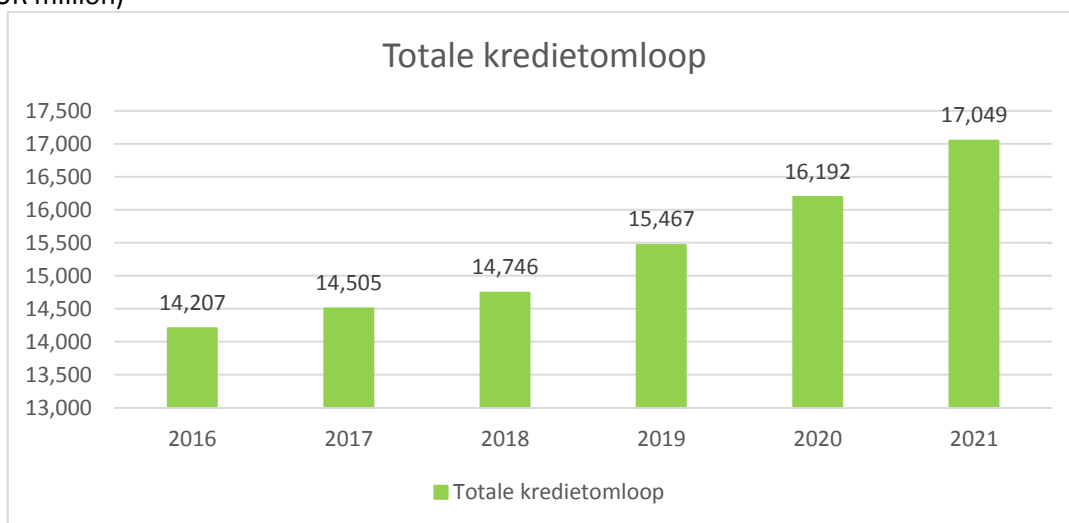
PRODUCTION FUNDS AND NOTES: INCREASING POPULARITY OF INVESTMENT FUNDS
(in EUR million)



Customer interest in fund investments continues to grow, resulting in the best ever production result for funds and structured notes (including retirement savings) in 2021. Overall growth amounted to 28.23%, which Crelan mainly attributed to strong fund production (excluding discretionary management). The latter was up almost 40%. The Crelan Invest Balanced, Conservative and Dynamic profile funds together account for 16% of production.

EVOLUTION OF CREDIT PORTFOLIOS

(in EUR million)

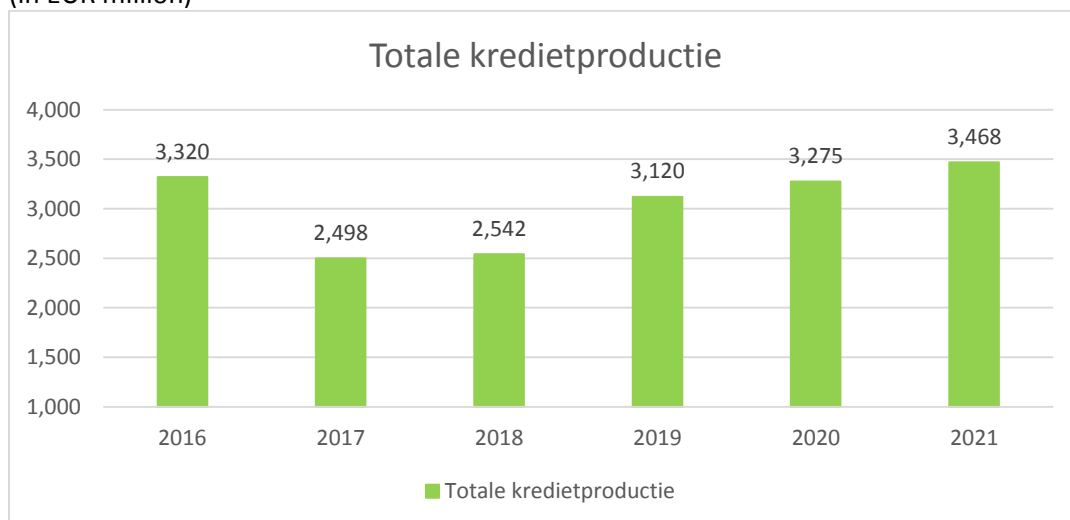


The **loans outstanding** increased by 5.3% in 2021 to **EUR 17.04 billion**.

Outstanding home loans rose to EUR 12.35 billion, an increase of 5.8%. Loans to the self-employed and small and medium-sized enterprises increased by 7.3% and agricultural loans by 1.2%.

EVOLUTION OF CREDIT PRODUCTION: 3.4 BILLION NEW LOANS GRANTED

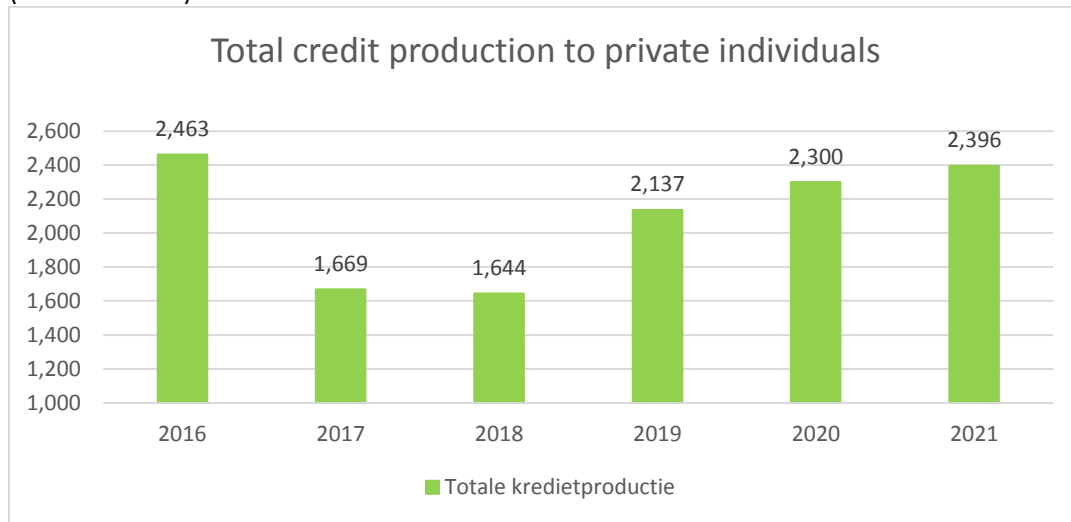
(in EUR million)



In 2021, Crelan granted more than EUR 3.4 billion in credit to its private and professional customers. As a result, growth was 5.8%. This figure does not take into account the files that were granted internal refinancing. With this remarkable result, despite coronavirus and strong competition, we broke our record year of 2016, a year in which we did a lot of external refinancing.

CREDIT TREND AMONG PRIVATE CUSTOMERS: HOME LOANS PREDOMINATE

(in EUR million)



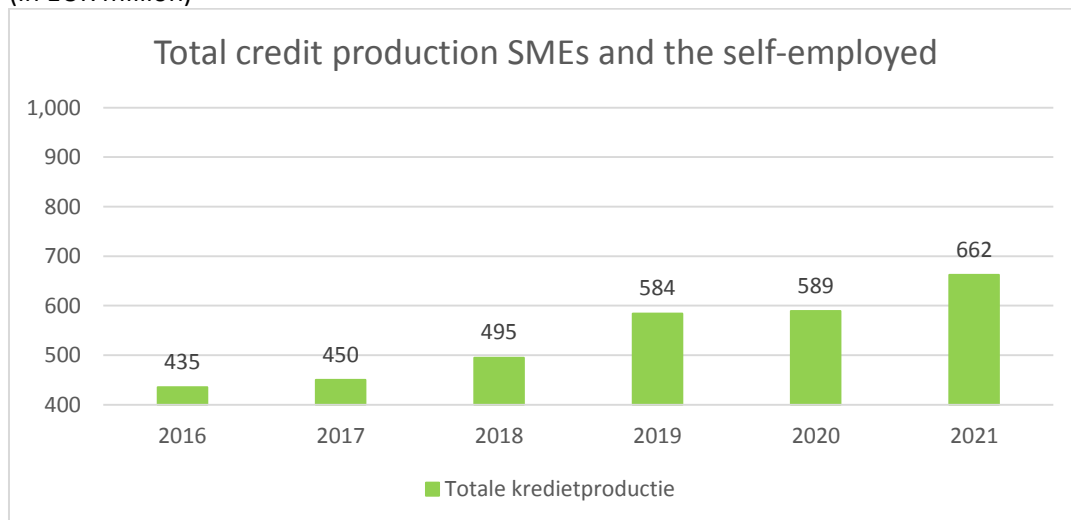
The amount of credit granted to private customers increased by 4.1%, and this growth was mainly due to the increase in home loans (+4.3%).

The production of loans on instalments saw a limited decline of 0.8%.

CREDIT EVOLUTION AMONG PROFESSIONAL CLIENTS: GROWTH MOMENTUM RESUMES AFTER THE 2020 CORONAVIRUS YEAR

Financing for SMEs and the self-employed

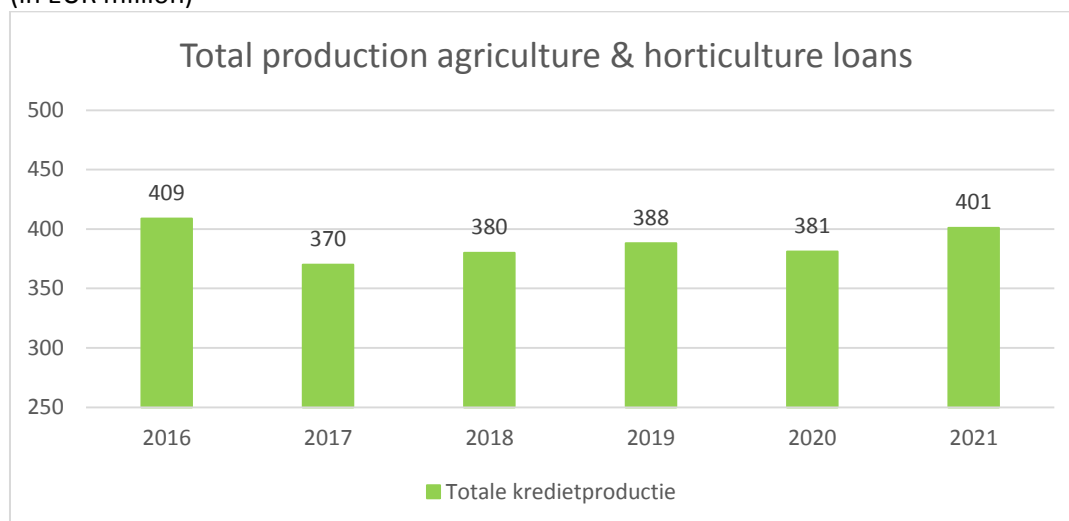
(in EUR million)



With EUR 662 million of loans granted to SMEs and the self-employed, the growth trend of recent years resumed, after a temporary stabilisation in 2020 caused by coronavirus. This production figure represents an increase of 12%.

Financing of agricultural and horticultural projects

(in EUR million)



Credit production in the agriculture and horticulture segment increased by 5%. We did note a clear difference between Flanders and Wallonia.

After several years of growth, in 2021 the number of loan files stabilised and production decreased by 7%. The regulations in Flanders contributed to the postponement of investment projects.

In Wallonia, on the other hand, we see both a solid 20% increase in production and an 8% increase in the number of loan files.

CONSOLIDATED FINANCIAL RESULTS

For the Crelan Group, 2021 was all about the takeover of AXA Bank Belgium and, in tandem with this takeover, the sale of Crelan Insurance.

The Crelan Group recorded a gross operating profit of EUR 96.94 million. This is an increase of EUR 28.33 million or 41.30% compared to 2020.

This higher result is due to the strong growth in commission activities (EUR +19.29 million) and the added value realised on the sale of Crelan Insurance (EUR 46.66 million). These two developments offset the increase in administrative costs (EUR +20.73 million), the increase in other operating costs related to the costs of concluding the acquisition of AXA Bank Belgium (EUR +9.30 million) and the decrease in interest income (EUR -7.93 million).

Crelan Group's net profit for the 2021 financial year rose by EUR 610.94 million to EUR 660.35 million. This sharp increase is mainly due to the recognition of the goodwill following the takeover of AXA Bank Belgium (EUR +598.81 million), offset by an additional provision for the credit portfolio that AXA Bank Belgium recorded in the context of the closing with Crelan (EUR +29.6 million), which resulted in a net consolidated increase in risk costs of EUR +22.28 million. Finally, taxes increased by EUR 11.84 million compared to 2020.

The Cost Income Ratio (CIR) evolved from 73.36% to 73.81% (in this figure the impact of the acquisition was neutralised).

The return on equity amounted to 51.38% at the end of 2021 (taking into account the goodwill and the capital gain on the sale of Crelan Insurance). Without taking these elements into account, this amounts to 5.16%, compared to 3.91% a year earlier.

Crelan Insurance results

On 31 December 2021, the Crelan Group transferred its insurance company Crelan Insurance to AXA Belgium. This transaction was part of a larger agreement between Crelan Group and AXA Group on the acquisition of AXA Bank Belgium by Crelan.

Nevertheless, in this annual report we will still describe the activities and the result of Crelan Insurance because it continued to remain part of the group for almost the entire financial year.

In addition to debt balance insurance, Crelan Insurance also offers financing balance insurance and temporary death insurance with constant capital.

PRODUCTION RESULTS

In 2021, Crelan Insurance again achieved strong volumes, linked to the increased home loan production of the Crelan branches. The insurer therefore closed the financial year with a good result.

In 2021, 13,708 outstanding balance insurance policies and 6,330 financing balance insurance policies were underwritten.

Premium collection increased from EUR 33.25 million in 2020 to EUR 37.09 million by the end of 2021.

FINANCIAL RESULTS

Crelan Insurance closed the year 2021 with a positive result (Be Gaap) of EUR 8.27 million.

The members of the Board of Directors and of the Management Committee would like to thank the employees of Crelan Insurance for their loyalty and their active contribution to the growth of the Crelan Group. In addition, they wish them every success and new opportunities within the framework of their new working environment at AXA Belgium.

Europabank results

PRODUCTION RESULTS

Europabank extended **EUR 449.4 million of credit** in 2021. This is EUR 76.4 million more than in 2020 and only EUR 10.6 million away from the production record in 2019. The share of Crelan branches in this result amounts to EUR 39.2 million, which is the same contribution as in 2020.

The higher credit production resulted in a total credit turnover growth of 6.5% (EUR 77.4 million).

Deposits increased by EUR 140.7 million (+9.7%).

Commercial and hospitality businesses still had to reckon with (partial) closures during periods of high coronavirus infection levels in 2021. Nevertheless, we noted strong growth in the processing of card transactions. **The turnover of card transactions rose sharply by 44.7% to EUR 2.9 billion.** This result is even higher than the turnover of the pre-coronavirus year 2019 when it amounted to EUR 2.5 billion.

FINANCIAL RESULTS

Although the pandemic continued to affect Europabank's figures, the bank still achieved an excellent result. This was due, among other things, to healthy credit production and relatively low impairments. Europabank closed 2021 with a result of **EUR 28.3 million under IFRS** (and EUR 28.4 million in Be Gaap).

The return on equity remained high at 18.3%.

The Cost/Income Ratio for 2021 increased slightly to 53.9% compared to 48.3% in 2020 and 52.6% in 2019, demonstrating that the bank has a high-performing and solid structure.

OPERATIONAL FUNCTIONING

Europabank has **47 branches**. The workforce decreased slightly by 1.7%. In late 2021 **351 staff members** were employed by Europabank (176 in branches and 175 at head office) compared to 357 in 2020.

Europabank remains permanently committed to innovation and new technologies.

In 2021, the bank further expanded **the features of eb online**, the online banking platform. Among other things, customers can now update their personal details online, log in and make payments with Itsme and manage their debit cards. This increases the level of service to its customers.

In 2021, Europabank also further rolled out the **'remote digital signing'**. Customers can now digitally sign documents remotely or from their homes using eID or Itsme. These are documents relating to current and savings accounts. Europabank also paid close attention to the project for the digital signing of Personal Loans.

Within the context of PSD2 (Payment Services Directive 2) customers can now also add and manage current accounts they hold with other Belgian banks in eb online.

In addition, Europabank also launched a number of projects that extend its services to professional clients:

- a **wider range of Renting options**, with the new Renting formulas for new business equipment and used cars;
- **more extensive options for credit card payments in web shops**.

A **redesigned eb lease website** supporting the work of brokers, dealers and Crelan agents.

AXA Bank Belgium results

AXA Bank Belgium has been a part of the Crelan Group since 31 December 2021. The balance sheet figures in this annual report take account of this new group composition and therefore also include the figures of AXA Bank Belgium. However, the results of AXA Bank Belgium for the financial year 2021 did not yet affect the group result, but we will return to them in this annual report for the sake of completeness.

CUSTOMER DEPOSIT TURNOVER:

Current account deposit increased by EUR 538 million compared to EUR 514 million in 2020, bringing the total current account turnover to EUR 3.9 billion by the end of 2021.

Regulated savings accounts also increased by EUR 591 million, whereas savings bonds and fixed-term deposits decreased by EUR 7 million and EUR 117 million respectively.

The growth in savings and current accounts can be partly explained by increased saving activity during the various lockdowns. However, the bank also achieved a solid net increase in the number of current accounts by 12,872. The strongest increase was in income-generating comfort2bank accounts (+9,093). The portfolio of free start2bank accounts grew by 1,791 accounts.

ASSET EVOLUTION

The total portfolio of off-balance sheet investments evolved from EUR 4.9 billion to EUR 6.1 billion (+24%) due to record production on the one hand and favourable price developments on the other.

Investment funds in particular were in demand, with a production of EUR 819 million. EUR 462 million of this is entirely due to the success of the Delegio formula, an integrated formula of profile funds focused on the personal banking segment, launched in 2020. The Delegio Privileged Portfolio was the most successful of this range.

For the professional segment, the bank launched a dedicated FDI solution that was available from the fourth quarter and which already realised a total production of 17 million in that short period.

Due to difficult market conditions, AXA Bank Belgium launched only 2 new EMTN issues (Euro Medium Term Notes) with a gross production of EUR 20 million.

Volatility in the financial markets due to the COVID-19 pandemic led to increased stock market activity in 2020. This trend slowed in 2021, but production still remained at a higher level than in 2019. The total volume traded was EUR 156 million, down 25% on 2020 and up 62% on 2019. Pension savings products grew by EUR 16 million.

CREDIT EVOLUTION

AXA Bank Belgium granted EUR 4.2 billion in home loans **in 2021**. The bank's market share thus remained stable at around 9%. The portfolio grew further to EUR 22.6 billion. Home loans were also added to the home banking and mobile app.

The **growth in professional loans** was EUR 713 million in 2021 (+7%) compared to EUR 665 million (+4%) in 2020. The growth slowdown due to coronavirus was thus less pronounced. The portfolio evolved from EUR 2,112 million to EUR 2,332 million (+10%). Since 2015, AXA Bank Belgium has been specifically investing in a Business Banking Model. In 2021, this resulted in the appointment of 37 business bankers.

The accounting events held in digital format in 2020 continued in hybrid form for the first time in the second half of 2021.

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, the bank is confident that it will soon be able to return to double-digit growth rates, as it did in the pre-coronavirus period.

The **consumer credit market** suffered in particular in the second half of 2021 as a result of the semiconductor crisis in the car market. Due to a good commercial positioning, **production** nonetheless amounted to **EUR 345 million** (+3%). The market share remained stable at 4.2%. The share of digitally submitted loan applications increased substantially.

FINANCIAL RESULTS

In 2021, AXA Bank Belgium achieved excellent results, driven by both higher revenues and lower costs, but also by some extraordinary corrections. The **consolidated net profit increased to EUR 93 million**.

Synergies

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

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

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

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

This continued through 2021. However, on 31 December 2021, the Crelan Group transferred its insurance subsidiary to AXA Belgium. This transaction was part of the broader agreement concluded between Crelan Group and AXA Group on the acquisition of AXA Bank Belgium by Crelan. This agreement also includes a distribution agreement for AXA Belgium non-life insurance through the branches of Crelan, Europabank and AXA Bank Belgium. This means that Crelan Insurance will be integrated into AXA Belgium and that the branches of Crelan, Europabank and AXA Bank Belgium will be able to offer credit-related insurance and, by extension, all AXA Belgium non-life insurance policies to customers.

Now that AXA Bank Belgium is part of the Crelan Group, the existing partnerships between Crelan and Europabank will also be extended to the AXA Bank branches.

Balance sheet and income statement

Consolidated accounting figures in IFRS

CONSOLIDATION

Important events in 2021

On 31 December 2021, the Crelan Group completed the acquisition of AXA Bank Belgium and the corresponding sale of Crelan Insurance.

Measurement rules

By incorporating AXA Bank Belgium into the consolidation perimeter of Crelan, the measurement rules of AXA Bank Belgium were integrated.

This has no impact on the result for the financial year 2021.

Consolidated balance sheet

The chart below shows the evolution of the most important elements of the consolidated assets and liabilities and the consolidated equity between 2020 and 2021, including the addition of the figures of AXA Bank Belgium at the end of 2021.

Assets

| Assets (in million eur) | 31/12/2021 | 31/12/2020 | Δ | % | AXA Bank Belgium déc-21 |
|---|---------------|---------------|---------------|---------------|----------------------------|
| Cash, cash balances at central banks and other demand deposits | 4,995 | 3,144 | 1,851 | 58.9% | 1,784 |
| Financial assets held for trading | 46 | 0 | 46 | | 46 |
| Non-trading financial assets mandatorily at fair value through | 7 | 7 | 0 | 0.5% | 0 |
| Financial assets at fair value through other comprehensive income | 418 | 10 | 408 | 4218.1% | 405 |
| Financial assets at amortised cost | 46,748 | 18,777 | 27,971 | 149.0% | 27,092 |
| <i>Loans and advances (including finance leases)</i> | 45,727 | 17,776 | 27,950 | 157.2% | 27,009 |
| <i>Debt securities</i> | 1,021 | 1,001 | 20 | 2.0% | 83 |
| Derivatives – Hedge accounting | 17 | 3 | 14 | 493.2% | 1 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 431 | 694 | -263 | -37.9% | 0 |
| Property, plant and equipment | 84 | 35 | 49 | 138.9% | 50 |
| Goodwill and intangible assets | 44 | 36 | 9 | 23.8% | 4 |
| Investments in subsidiaries, joint ventures and associates | 13 | 0 | 13 | | 13 |
| Tax assets | 49 | 44 | 4 | 10.0% | 34 |
| Other assets | 159 | 15 | 145 | 996.2% | 137 |
| Assets held for sale and discontinued operations | 0 | 53 | -53 | -100.0% | 0 |
| Total Assets | 53,012 | 22,819 | 30,193 | 132.3% | 29,567 |

As regards the composition of the balance sheet on the assets side, **financial assets** continue to be valued at amortised cost. **At 88.2%** they remain the **largest component of the assets**. Cash and current accounts at central banks are the second most important component at 9.4%.

The balance sheet total increased by EUR 30.193 billion in the course of 2021. This sharp increase is largely due to the addition of the accounts of AXA Bank Belgium after its acquisition in late 2021 (EUR 29.567 billion).

In terms of assets, loans and advances to customers showed the strongest increase at EUR 27.950 billion. This increase is due, on the one hand, to the addition of the figures of AXA Bank Belgium (EUR 27.009 billion) but also to a good loan production, which was higher than the repayments. In 2021, credit production amounted to EUR 3.9 billion, the majority of which was in the private customer segment.

Cash and current accounts at central banks showed an increase of EUR 1.851 billion. This increase is mainly due to the inclusion of the AXA Bank Belgium component for EUR 1.784 billion.

In 2021, the "Assets held for sale and discontinued operations" line that comprises all asset items of Crelan Insurance was set to zero since this business was sold in 2021 as part of the acquisition of AXA Bank Belgium.

Liabilities

| Liabilities (in million eur) | 31/12/2021 | 31/12/2020 | Δ | % | AXA Bank Belgium déc-21 |
|--|---------------|---------------|---------------|---------------|----------------------------|
| Financial liabilities held for trading | 44 | 1 | 43 | 3085.2% | 43 |
| Financial liabilities at fair value through profit or loss | 743 | 0 | 743 | | 743 |
| Financial liabilities at amortised cost | 49,537 | 21,292 | 28,245 | 132.7% | 27,084 |
| <i>Deposits</i> | 42,650 | 20,419 | 22,231 | 108.9% | 21,089 |
| <i>Credit institutions</i> | 1,449 | 417 | 1,032 | 247.3% | 1,293 |
| <i>Other than credit institutions</i> | 41,201 | 20,002 | 21,199 | 106.0% | 19,796 |
| <i>Debt securities including bonds</i> | 6,363 | 683 | 5,680 | 832.3% | 5,805 |
| <i>Subordinated liabilities</i> | 226 | 77 | 149 | 193.3% | 0 |
| <i>Other financial liabilities</i> | 298 | 113 | 185 | 163.4% | 190 |
| Derivatives – Hedge accounting | 54 | 46 | 7 | 15.9% | 20 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 4 | 9 | -6 | -59.6% | 0 |
| Provisions | 182 | 17 | 165 | 1000.9% | 168 |
| Tax liabilities | 52 | 11 | 41 | 387.5% | 48 |
| Other liabilities | 203 | 106 | 97 | 92.0% | 109 |
| Liabilities associated with asset groups held for sale and discontinued operations | 0 | 26 | -26 | -100.0% | 0 |
| Total Liabilities | 50,818 | 21,508 | 29,310 | 136.3% | 28,215 |

97.5% of the liability side consists of liabilities measured at amortised cost. Most of them (93.4% of the balance sheet total) relate to deposits vis-à-vis customers.

Financial liabilities measured at amortised cost increased by EUR 28.245 billion.

Debt embodied in certificates and subordinated debt (i.e. cash certificates and subordinated bonds, respectively) increased by EUR 5.830 billion (EUR 5.805 billion of which was AXA Bank Belgium). Aside from the addition of the figures from AXA Bank Belgium, these portfolios at Crelan have been declining for a number of years. Due to low market interest rates, these products are not popular with customers.

In the case of subordinated bonds, however, this decrease is offset by the issuance of EUR 200 million of subordinated securities by Crelan in 2021 as part of the closing with AXA.

In addition, deposits with credit institutions increased by EUR 1,032 million and customer deposits by EUR 21,199 million, taking into account the inclusion of AXA Bank Belgium's figures. Without this inclusion, deposits with credit institutions would have decreased by EUR 261 million and deposits with customers would have increased by EUR 1,403 million.

Provisions rose by EUR 165 million, explained by an increase of EUR 168 million as a result of the inclusion of the AXA Bank Belgium accounts. This addition was offset to a limited extent by Crelan's use of provisions created in 2016 as part of the restructuring of its network and head office.

In 2021, the "Liabilities held for sale and discontinued operations" line that comprises all liabilities of Crelan Insurance was set to zero as is the case in relation to assets since this business was sold in 2021 as part of the purchase of AXA Bank Belgium.

Equity

| Equity (in million eur) | 31/12/2021 | 31/12/2020 | Δ | % | AXA Bank Belgium déc-21 |
|---|---------------|---------------|---------------|---------------|----------------------------|
| Capital | 895 | 897 | -1 | -0.1% | 0 |
| <i>Paid up capital</i> | 895 | 897 | -1 | -0.1% | 0 |
| <i>Unpaid capital which has been called up</i> | 0 | 0 | 0 | 0.0% | 0 |
| Share premium | 0 | 0 | 0 | 0.0% | 0 |
| Other equity | 244 | 0 | 244 | | 0 |
| Other components of equity | 5 | -1 | 6 | -458.1% | 0 |
| <i>Revaluation reserve : Fair value changes of debt instruments measured at fair value through other comprehensive income</i> | 2 | 2 | 0 | -22.5% | 0 |
| <i>Revaluation reserve : Actuarial gains or loss on defined benefit pe.</i> | 3 | -3 | 6 | -187.7% | 0 |
| Reserves (including retained earnings) | 389 | 367 | 22 | 6.1% | 0 |
| Income from current year | 660 | 49 | 611 | 1236.6% | -22 |
| Minority interests | 0 | 0 | 0 | 0.0% | 0 |
| Total Equity | 2,194 | 1,311 | 883 | 67.3% | 1,352 |
| Total Equity and total Liabilities | 53,012 | 22,819 | 30,193 | 132.3% | 29,567 |

The movements in equity include a capital decrease of EUR 1 million due to a temporary interruption of the sale of company shares in 2021. In addition, reserves increased by EUR 22 million due to the appropriation of the 2020 result after the allocation of the EUR 26.2 million dividend to the members of the cooperative. On the closing date, Crelan increased its capital by issuing EUR 244 million in capital securities

To conclude, the result rose considerably due to two exceptional events. On the one hand, the goodwill of EUR 598.8 million due to the purchase of AXA Bank Belgium, and, on the other hand, the recorded additional value on the sale of Crelan Insurance for an amount of EUR 46.6 million.

The **CAD ratio at the end of 2021 is 19.74%** compared to 22.02% a year earlier. **The Tier I ratio is 17.97%**, compared to 21.72% in 2020.

Consolidated result

Given that Crelan Insurance was sold in 2021 as part of the purchase by AXA Bank Belgium, we transferred all gains and losses of Crelan Insurance in both 2020 and 2021 to a separate line called "Gains and losses on fixed assets or group assets that are being sold classified as held for sale".

| Consolidated Statement of profit or loss (in million EUR) | 31/12/2021 | 31/12/2020 | Δ | % |
|--|---------------|---------------|--------------|----------------|
| CONTINUING OPERATIONS | | | | |
| TOTAL OPERATING INCOME, NET | 362.5 | 312.2 | 50.3 | 16.1% |
| Interest income | 303.6 | 311.6 | -8.0 | -2.6% |
| Interest expenses | -47.4 | -45.2 | -2.2 | 4.9% |
| Dividend income | 1.1 | 0.6 | 0.5 | 76.7% |
| Fee and commission income | 129.9 | 110.6 | 19.3 | 17.4% |
| Fee and commission expenses | -96.5 | -99.4 | 2.9 | -2.9% |
| Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net | 2.6 | 2.0 | 0.6 | 31.9% |
| Gains or (-) losses on financial assets and liabilities held for trading, net | 0.0 | -1.3 | 1.3 | -100.5% |
| Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 0.1 | 0.0 | 0.1 | 813.1% |
| Gains or (-) losses from hedge accounting, net | 3.0 | 5.6 | -2.6 | -46.9% |
| Exchange differences [gain or (-) loss], net | 0.9 | 1.0 | -0.1 | -5.4% |
| Gains (losses) on derecognition of assets other than held for sale, net | 46.7 | 0.4 | 46.3 | 11613.4% |
| Other operating income | 27.8 | 26.4 | 1.4 | 5.3% |
| Other operating expenses | -9.4 | -0.1 | -9.3 | 7657.3% |
| Administrative Expenses | -233.4 | -212.0 | -21.4 | 10.1% |
| Staff Expenses | -91.4 | -90.8 | -0.7 | 0.7% |
| Other administrative Expenses | -142.0 | -121.2 | -20.7 | 17.1% |
| Cash contributions to resolution funds and deposit guarantee schemes | -20.7 | -17.8 | -2.9 | 16.5% |
| Depreciation | -11.2 | -10.6 | -0.6 | 5.4% |
| Property, Plant and Equipment | -7.4 | -6.9 | -0.5 | 7.6% |
| Intangible assets (other than goodwill) | -3.8 | -3.7 | 0.0 | 1.3% |
| Modification gains or (-) losses, net | -0.2 | -3.1 | 2.9 | -92.9% |
| Provisions | 2.6 | 4.6 | -2.0 | -43.9% |
| Impairment | -22.3 | -17.7 | -4.5 | 25.6% |
| Impairment losses on financial assets not measured at fair value through profit or loss | -22.3 | -17.7 | -4.5 | 25.6% |
| <i>Financial assets at fair value through other comprehensive income (FVOCI)</i> | 0.0 | 0.0 | 0.0 | 0.0% |
| <i>Financial assets at amortised cost</i> | -22.3 | -17.7 | -4.5 | 25.6% |
| Impairment on Property, plant and equipment | 0.0 | 0.0 | 0.0 | 0.0% |
| Negative goodwill recognised in profit or loss | 598.8 | 0.0 | 598.8 | 0.0% |
| Profit or (-) loss from non-current assets and disposal groups classified as held for sale | 8.5 | 6.3 | 2.2 | 34.6% |
| TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS | 684.5 | 61.8 | 622.8 | 1008.5% |
| Tax Expenses or (-) income related to profit or loss from continuing operations | -24.2 | -12.3 | -11.8 | 95.8% |
| <i>Current taxes</i> | -11.3 | -10.2 | -1.1 | 10.9% |
| <i>Deferred taxes</i> | -12.9 | -2.1 | -10.7 | 501.1% |
| NET PROFIT OR LOSS | 660.3 | 49.4 | 610.9 | 1236.6% |

The decrease in income from the loan portfolio, caused by the downward trend in interest rates, reduced interest income by EUR 8.0 million. Interest expenses increase by EUR 2.2 million due to a change in the presentation of the sections. After all, the revenue from derivatives for hedging objectives - amounting to EUR 6.1 million - is also included this year in the section 'financial and operating income and expenses'. In 2020, this item was still included in the section 'debt embodied in debt certificates'. In reality, interest costs are dropping. If we ignore this changed presentation, the interest rates decrease in relation to savings bonds and subordinated securities by EUR 6.5 million as a result of the decrease in the portfolio of savings certificates and the still very low interest rates. **The sum of interest income and charges therefore decreased (EUR -10.2 million).**

The 'realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss' line for the financial year 2021 relates to gains on the private equity portfolio and participations amounting to EUR 1.6 million, and to realised gains on the sale of expired loan files amounting to EUR 1.0 million. This results in a revenue of EUR 2.6 million in 2021 compared to EUR 2.0 million in 2020.

Income from commissions (commission income activity) increased by EUR 19.3 million in 2021. This is based, on the one hand, on the EUR 6.70 million increase in commissions on securities trading. This increase is a result of the surge in customer purchases due to the evolution of the markets. This in turn also increased commissions for portfolio management and investment advice by EUR 9.61 million. On the other hand, commissions on payment services also grew by EUR 3.05 million compared to the coronavirus-influenced 2020 result.

The amount of commission paid to agents decreased by EUR 2.9 million. The following elements contributed to this decline: a decrease in the growth commissions, existing rounds were remunerated according to the new scales and a decrease in the intervention commissions for the motivation of agents. Increased production commissions due to higher production results and the new 2020 price scale caused an offsetting effect.

The added value of EUR 46.7 million realised by the Crelan Group on the sale of Crelan Insurance resulted in an increase of EUR 46.3 million in the item 'Gains and losses on disposal of assets other than those classified as held for sale (net)'.

Other operating income increased by EUR 1.4 million during the financial year 2021, mainly due to recoveries made after writing off uncollectible loan files.

Other operating expenses increased by EUR 9.3 million compared to 2020, as the costs of the closing process of the acquisition of AXA Bank Belgium were recorded under this section.

Administrative costs and depreciation and amortisations

Compared to 2020, **administrative expenses** increased by **EUR 21,4 million**. On the one hand, personnel costs increased by EUR 0.7 million and on the other hand, general and administrative costs rose by EUR 20.7 million.

The latter increase is mainly due to higher costs related to the merger project (EUR 6.8 million), higher marketing costs (EUR 1.2 million) after their decrease in 2020 due to coronavirus, higher IT costs (EUR 3.97 million), higher banking costs (EUR 1.8 million) and additional costs related to the improvement of IT systems and IT security (EUR 4.2 million).

Cash contributions to settlement funds and deposit guarantee schemes increased by EUR 2.9 million.

Depreciation also increased by EUR 0.6 million, mainly due to extraordinary depreciation in 2021 related to the decommissioning of certain fixed assets.

Since 2020, a new charge has appeared on the 'change in losses and gains, net' line. This corresponds to the loss due to interest not collected on COVID-19 files that were granted a moratorium. This cost was EUR 0.2 million and is therefore EUR 2.9 million lower than in 2020. This decrease is explained by a phasing out effect as measures introduced in 2020 expired in 2021.

The cost-income ratio (CIR) after closing was 73.81%, in 2021, compared to 73.36% at the end of 2020 (the impact of the acquisition was neutralised in these figures).

Provisions and impairments

The change in allowances is mainly due to the utilisation in 2021 of provisions set up by the bank in 2016 for restructuring activities at its head office and across its network.

The favourable evolution of macroeconomic parameters in 2021, such as GDP development, had a positive impact on calculated loan value adjustments. This led to a reversal of the impairment charges on loans under phases 1 & 2.

As a precaution - after all, the crisis is not yet fully behind us - Crelan limited these adjusting entries by applying a management overlay of EUR 10.4 million.

Moreover, in the context of the closing, AXA Bank Belgium recorded a provision for phases 1 & 2 of EUR 29.6 million, which caused an inverse effect on the positive movement of the provisions for phases 1 & 2 in 2021.

As regards phase 3 (status 700 and CTX), we generally see a much weaker positive trend than in 2020, partly due to the reversal of the updates in 2020. In 2020, the parameters for calculating the discount cost were adjusted: the discount cost decreased from 15% of the realisable value to 8.39%.

Finally, provisions decreased by EUR 9.15 million at Europabank.

All these effects led to the following impairments evolution:

| (in million EUR) | 2021 | 2020 | Δ | % |
|----------------------|--------------|--------------|-------------|------------|
| Evolution Stages 1&2 | -20.0 | -16.9 | -3.1 | 18% |
| Evolution Stage 3 | 1.1 | 11.7 | -10.6 | -91% |
| Europabank | -3.4 | -12.5 | 9.1 | -73% |
| Total Group | -22.3 | -17.7 | -4.6 | 26% |

Overall result

An important element in the composition of the 2021 result is the **badwill calculated on the occasion of the acquisition of AXA Bank Belgium** which was recorded at **EUR 598.8 million**.

The result before taxes increased from EUR 61.8 million to EUR 684.5 million. This increase is the result of the following development: the increase in financial and operating income by EUR 50.3 million, the increase in administrative expenses by EUR 21.4 million, the net decrease in the costs of adjusting losses and profits by EUR 2.9 million, the net increase in provisions and depreciation by EUR 4.5 million, badwill by EUR 598.8 million and the increase in the result of Crelan Insurance by EUR 2.2 million. The latter amount is included in a separate line as 'held for sale'.

The tax expenses increased by EUR 11.8 million when compared to 2020 mainly on the level of the deferred taxes and as a result of the depreciation of EUR 20.5 million in deferred tax assets.

The net result increased by EUR 610.9 million to EUR 660.3 million.

The return on equity was 51.38% at the end of 2021, including badwill and the capital gain on the sale of Crelan Insurance. Without these 2 elements, it stood at 5.16% compared with 3.91% in 2020.

The return on assets - this is the ratio of net income to total assets - was 1.25% at the end of 2021, including goodwill and the capital gain on the sale of Crelan Insurance. Without these 2 elements, it stood at 0.28% compared with 0.22% a year earlier.

ALLOCATION OF PROFITS OF THE VARIOUS ENTITIES OF THE GROUP.

The Board of Directors of CrelanCo will propose the allocation of a **dividend of 3%** to the members of the cooperative totalling EUR 26.6 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 the Crelan Group was further optimised in 2021 with the aim of:

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

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:

- The appointment of Benoît Bayenet* (from 01/01/2022), Bernard De Meulemeester* (from 01/01/2022), Xavier Gellynck (from 01/03/2021), Robert Joly (from 01/05/2021) and Clair Ysebaert (from 01/05/2021) as non-executive directors
- The appointment of Eric Hermann (from 01/05/2021) as independent director
- The appointment of Pieter Desmedt*, Jeroen Ghysel* and Emmanuel Vercoestre* as executive directors (from 31/12/2021)
- The expiry of the mandates of Anne Fievez and Paul Malfeyt as executive directors (on 31/12/2021)

* This appointment is subject to approval by the financial supervisory authorities.

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 on 01/01/2022

The Board of Directors of NV Crelan met twelve times in 2021.

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 10 representatives of CV CrelanCo sit on the Board of NV Crelan, equally divided between the two language groups.

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 of which they are members. They also monitor compliance with rules on risk management, compliance, ethics and good practices within Crelan.

The composition of the committees on 01/01/ 2022

Audit Committee

| | |
|--------|---------------------|
| Chair | Agnes Van den Berge |
| Member | Alain Diéval |
| Member | Xavier Gellynck* |
| Member | Paul Thysens |

* as from 1 March 2021

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 collective and individual powers in the field of the bank's activities and in the field of auditing and accounting as required by law.

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

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

The Audit Committee met six times in 2021.

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

In addition, four joint meetings of the Audit and Risk Committee took place in 2021.

Risk Committee

| | |
|--------|---------------------------|
| Chair | Eric Hermann* |
| Member | Jan Annaert |
| Member | Bernard De Meulemeester** |
| Member | Alain Diéval |

* Chair as of 1 May 2021 - ** as of 1 January 2022

The Risk Committee met nine times in 2021.

Remuneration Committee

| | |
|--------|--------------------|
| Chair | Jan Annaert |
| Member | Jean-Pierre Dubois |
| Member | Eric Hermann* |
| Member | Luc Versele |

* as from 1 May 2021

The Remuneration Committee met twice in 2021.

Nomination Committee

| | |
|--------|---------------------|
| Chair | Paul Thysens* |
| Member | Jean-Pierre Dubois |
| Member | Agnes Van den Berge |
| Member | Luc Versele |

* as from 1 May 2021

The Nomination Committee met twice in 2021.

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

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

Composition of the Board of Directors of CV CrelanCo on 01/01/2022

The composition of the Board of Directors of CV CrelanCo did not change in 2021

The Board of Directors of CV CrelanCo met ten times in 2021.

Management Committee

On 31 December 2021:

- The mandates of Anne Fievez (CIO) and Paul Malfeyt (CFO) came to an end;
- Pieter Desmedt (CRO)*, Jeroen Ghysel (CIO)* and Emmanuel Vercoustre (CFO)* were appointed and;
- the mandates of Joris Cnockaert (CCO) and Jean-Paul Grégoire (COO & CHRO) were reorganised.

* This appointment is subject to approval by the financial supervisory authorities.

This resulted in the following new composition:



The Management Committee assumes the operational management of CrelanCo CV, Crelan NV and AXA Bank Belgium.

EUROPABANK

The composition of the Board of Directors of Europabank did not change in 2021.

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.

The composition of Europabank's Board of Directors on 31 December 2021:

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

The Board of Directors met six times in 2021.

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

The composition of Europabank's Board of Directors on 31 December 2021:

| | |
|----------|---|
| Chair: | Rudi Vanlangendyck |
| Members: | Gérald Bogaert Marc Claus Cedric Ryckaert |

Auditor's report

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

EY consequently audits the consolidated accounts of the Crelan Group.

Statutory amendments

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

Corporate governance

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

The report of effective management on the assessment of internal control and the report of effective management on the assessment of internal control of investment services and activities are based on a detailed risk mapping of the Bank's processes from 2016 onwards.

The Bank transferred said reports to the National Bank of Belgium in January 2022 after approval by the Boards of Directors.

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

The Board of Directors of 17 December 2020 approved the amended memorandum of corporate governance, after which it was forwarded to the National Bank of Belgium.

Remuneration policy

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

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

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

The Remuneration Policy was approved by the Board of Directors on 27 January 2022, following advice from the Remuneration Committee.

The remuneration of the members of the Management Committee comprises a fixed basic remuneration and a variable component. For the variable remuneration, the Board of Directors, at the recommendation of the Remuneration Committee, annually proposes an amount based on both quantitative and qualitative criteria. This variable component may not exceed 30% of the fixed basic remuneration, unless the Board of Directors, 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 2021:

| Total remuneration (EUR mio) | Fixed remuneration | Variable remuneration |
|--------------------------------------|---------------------------|------------------------------|
| Directors of the Crelan Group | 3.74 | 0.57 |

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

Governance review

Pursuant to governance obligations for financial institutions, including the 'fit & proper' requirements for directors, the Nomination Committee in 2019, in accordance with Article 31 §2 of the Act of 25 April 2014 on the status and supervision of credit institutions, evaluated the structure, size, composition and performance of the Board of Directors and its committees.

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

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

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

A new evaluation is scheduled for the first semester of 2022.

Crelan, an evolving bank

Initiatives to customers

'BANKING DIFFERENTLY TOGETHER'

The slogan 'Banking differently together', which powerfully sums up the bank's cooperative identity, was also central to our communication with customers in 2021. Crelan employed various channels to introduce its products and services.

For example, the website was again used to a great extent in our brand and product communication. This resulted in a significant increase in investments in all kinds of digital marketing and communication. As such, we placed our investment offerings in the spotlight through the fall Investment Campaign. After the successful campaigns of 2019 and 2020, the 2021 campaign had the theme 'Anyone can invest'. Through newsletters, blogs and social media, the bank emphasised the importance of a good investment conversation and sound advice.

The digital messages also focused on brand awareness and image. Through social media, we circulated playful images and messages centred on popular sportsmen and women sponsored by Crelan. In 2021, the company also put a lot of effort into its own Crelan TV channel. Using this digital publicity channel in the branches, our agents informed customers about all the ins and outs of Crelan.

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

In Wallonia, the popular Libramont Agricultural Fair in 2021, at which Crelan is a regular main sponsor, was once again cancelled due to the coronavirus crisis.

A WIDER PRODUCT RANGE THROUGH PARTNERSHIPS

Non-life and life insurance partnerships

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

Since January 2021, Crelan agents have been able to avail themselves of the very comprehensive and high-performance **AXA Belgium non-life insurances package**.

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

Banking investment partnerships

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

The close cooperation with Amundi was also extended. Crelan markets a wide selection of funds from Amundi and its subsidiaries.

Within Crelan Invest sicav, for which Amundi is responsible for managing the investment portfolio, our three profile funds (Conservative, Balanced and Dynamic) reached the EUR 600 million mark in less than four years from launch. These are funds that invest in a wide range of diversified assets and that are managed using a risk-based approach that is customised to different investor profiles. They also adhere to a sustainable and ethical approach.

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

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

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

The following funds within the Crelan range have already received the Febelfin sustainability label:

- CRELAN FUND ECONOFUTURE
- CRELAN FUND ECONOSTOCKS
- CRELAN FUND SUSTAINABLE
- CRELAN INVEST BALANCED
- CRELAN INVEST DYNAMIC
- KBI INSTITUTIONAL WATER FUND
- CRELAN PENSION FUND SUSTAINABLE STABILITY
- CRELAN PENSION FUND SUSTAINABLE BALANCED
- CRELAN PENSION FUND SUSTAINABLE GROWTH
- AMUNDI FUNDS EUROPEAN EQUITY CONSERVATIVE

- AMUNDI FUNDS EUROPEAN EQUITY GREEN IMPACT
- AMUNDI FUNDS GLOBAL ECOLOGY ESG
- AMUNDI FUNDS CASH EUR
- FIRST EAGLE AMUNDI SUSTAINABLE VALUE FUND
- CPR INVEST EDUCATION
- CPR INVEST FOOD FOR GENERATIONS
- CPR INVEST SOCIAL IMPACT

Crelan wants to expand this offer even further in the future. In the meantime a label has also been applied for the defensive profile fund CRELAN INVEST CONSERVATIVE.

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

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 information 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 therefore apparent that these products offer the best guarantee to sustainable investors and it is on these products that Crelan wants to focus its investment offer.

A PROFESSIONAL BRANCH NETWORK AT THE SERVICE OF CUSTOMERS

On 31 December 2021, the Crelan branch network consisted of 467 agencies spread across Belgium. This reduced the number by 35 agencies by 2021.

As part of the continuous optimisation of the branch network, 24 mergers and/or acquisitions took place. The existing branch remained in place while knowledge and skills were pooled to expand services to customers.

In addition to the renovation and refurbishment of existing branches, two completely new sales outlets opened their doors and Crelan appointed 12 new agents.

About half of our branches are equipped with one or more selfbanking machines, typically with extensive functionalities.

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

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

ACCESSIBLE AND AVAILABLE, EVEN DURING CORONAVIRUS

Coronavirus continued to have a major impact on social life in 2021, albeit to a lesser extent than the crisis year of 2020.

As in 2020, Crelan continued to take on its role as an essential service provider and, in doing so, was once again able to count on the enthusiasm and flexibility of our employees in the various branches. Crelan strictly followed the safety regulations in force with a view to protecting the health of its employees and customers. The doors of our branches therefore remained open to customers during the periods when this was possible, while during the periods of general lockdown, we switched to advice by appointment or via digital means.

This approach clearly paid off because, despite the difficult circumstances, Crelan achieved excellent production results in virtually all fields.

COMPETENCE CENTRES FOR ADVICE TO ENTREPRENEURS

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

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

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

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

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

EXPANSION OF THE DIGITAL OFFER

In 2021, Crelan invested further in the expansion of digital services and in 'open banking':

- **New features in myCrelan and/or Crelan Mobile**

- Investment:

In 2021, Crelan revamped the investment screens and features in myCrelan so that myCrelan subscribers could make use of the possibilities and information of the Crelan Wealth Management tool as well. This new investment tool was introduced earlier in the year at Crelan bank branches. Similar changes to Crelan Mobile are planned for early 2022. In 2022, the investment range in myCrelan will continue to be expanded.

- Documents

Crelan expanded the range of documents and correspondence that can be received via the 'Inbox & Documents' section. Customers can manage their delivery methods themselves in myCrelan.

- SMS notification

Customers who carry out a transaction with their debit or credit card in a currency other than the euro within the European Economic Area will now receive an SMS notification as verification.

- Digipass update

Customers who encounter issues with the Appli2 function of their digipass can now easily solve these issues themselves via a support procedure in the myCrelan application itself. They therefore no longer need to rely on intervention by the branch or the bank's service desk.

- **Updating customer data via Crelan Mobile**

Within the framework of anti-money laundering and anti-terrorist financing (AML) regulations, banks must keep their customers' data up-to-date and request additional information from them on a regular basis. The questionnaire used by Crelan for this purpose is no longer only available in myCrelan, but now also in Crelan mobile. Our customers can now also update their data via this much used tool.

- **Open Banking, our digital applications, now also facilitate SEPA transfers with non-Crelan accounts**

Within the framework of PSD2 (Payment Services Directive 2) Crelan acts as a TPP (Third Party Provider). The bank took a first step in this direction in 2020 by offering customers the possibility of adding current accounts held at other Belgian banks to their myCrelan and their Crelan Mobile application. In 2021, we also enabled our customers to make transfers with these accounts through the Crelan applications.

- **Payconiq by Bancontact app**

As from June 2021, customers will be able to link their Crelan current account to the Payconiq by Bancontact app and use it to make payments by scanning the Payconiq QR code.

The mobile app is the leader in transfers

The evolution in which Crelan Mobile is gaining ground on myCrelan continued in 2021. While the number of transfers on an annual basis with Crelan Mobile increased by 24%, the number of transfers with myCrelan decreased by 4.49%.

In May, we recorded a new milestone as Crelan Mobile took the lead for the first time in the number of transfers registered on a monthly basis, namely 1.12 million on its mobile app and 1.05 million in PC banking. The mobile app has since continued to lead the way and accounted for 668,540 more transfers than PC banking on an annual basis.

Staff initiatives

As of 31 December 2021, 1,799 staff members are part of Crelan Group, of whom 722 work for Crelan, 351 for Europabank and 726 for AXA Bank Belgium.

In addition to this salaried staff in the various Group entities, the agent network of Crelan NV also has 1,548 employees and that of AXA Bank Belgium has 1,522 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 4,869.

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

TOP EMPLOYER: SIX TIMES IN A ROW

In 2021, Crelan was awarded the 'Top Employer Belgium' label for the 6th time in a row by the internationally active Top Employer Institute.

This label is only awarded in the event of a favourable assessment as a result of a thorough screening of all facets of the personnel policy in place.

Examples of the themes assessed include: welcoming new employees, career guidance, learning & development, performance, salary and secondary conditions, health & well-being, digital and physical workplace, company restaurant, mobility policy, etc.

But it goes beyond that. After all, the assessment also takes into account the way in which Crelan conveys its corporate values to its employees, translates sustainable and socially responsible entrepreneurship into its processes and policy choices and guides its employees through change processes.

Crelan is therefore proud to have been awarded this recognition again after such an extensive assessment, to which many departments within the bank actively contribute.

RECRUITMENT & INTERNAL MOBILITY

Coronavirus did not get in the way of Crelan filling the highest number of vacancies of the last three years, 71 to be exact.

The bank focused heavily on internal mobility by filling 35% of the vacant positions with its own staff. The bank is a strong believer in this approach because it fits in with the sustainable employability of colleagues and offers them every opportunity for a varied career.

In addition, the bank also recruited 46 new colleagues in various fields.

Various initiatives such as an onboarding package, digital events, an adapted youth work programme and individual career discussions were aimed at providing a sound framework for the new employees to feel welcome, despite the large amount of work done from home.

YOUNG GRADUATE PROGRAM

With the Young Graduate Program, which has now been in place within the bank for several years, Crelan attracts young promising employees looking to gain their first exciting work experience.

The Young Graduates follow a challenging two-year programme with three consecutive assignments that introduces them to different disciplines within the bank.

They simultaneously receive a comprehensive training and coaching programme to develop their professional knowledge and competences.

The Young Graduates get the chance to give their career a flying start while Crelan prepares young colleagues to work successfully and structurally on the many projects within the bank after the programme.

In 2021, Crelan recruited Young Graduates for its IT and HR management.

DESIRE TO LEARN

As in 2020, digitisation was the focus of the training activities, both in terms of content and support packages. The focus on the New Way of Working strategy and online learning were the perfect match.

A great deal of attention was also paid to the development of leadership, personal and professional skills.

In 2021, the following initiatives in particular were addressed:

- In order to promote hybrid and online working, attention was paid to training on new hardware and software such as MS Teams, the introduction of team agreements, toolboxes on teleworking and leadership and the regular provision of online tips. The annual "Learning Week" was also entirely devoted to efficient hybrid work;
- The introduction of an additional online learning platform 'Good Habitz'. This focuses strongly on personal skills training that is easily accessible. 97% of employees have already followed it.

The expansion of the existing training programmes with new programmes focusing on retail and business banking, digital skills, personal skills, project management, and well-being, among other things, also put these training opportunities back in the spotlight.

The focus of the training offer aimed specifically at our network of employees (our independent agents and their staff) was on providing a professional and high-quality service, among other things in the new learning path for office starters.

However, customer care was also part of staff training, including the new learning path for business analysts.

Finally, attention was also paid to the preparations for shaping and animating the new corporate culture of the merged bank in the coming years.

TALENT DEVELOPMENT

We want to encourage and facilitate a future and result-oriented approach within the bank and the following initiatives fit in with that:

- In order to give result-orientation and talent development every chance, a feedback discussion should not limit itself to looking back, but should also look forward by discussing objectives, challenges and opportunities for the coming years. The latter was therefore given greater prominence by both managers and team members.
- Crelan launched a new generic job model that not only better describes the features, but which also makes the various growth paths and opportunities easier to compare. Crelan is thus fully committed to internal mobility, sustainable employability of employees and talent development.

THE CORONAVIRUS WAY BY CRELAN: SOLIDARITY AND PSYCHOSOCIAL WELL-BEING

In 2021, coronavirus still held us firmly in its grip and we were forced to constantly adapt the way we lived and worked to the changing conditions, measures and restrictions.

Two principles were central to the way we handled the crisis at Crelan. On the one hand, the protection and promotion of the health and well-being of employees, agents, customers and suppliers. On the other hand, continuing to provide quality service to customers.

Due to the prolonged crisis, Crelan focused even more on the psychosocial well-being of its employees in 2021.

The feel good@crelan scan digitally questioned all head office employees on how they felt about the handling of the crisis, what needs they still had and how they felt about returning to work and the New Way of Working.

The importance of solidarity - a central theme of Crelan's actions throughout the coronavirus crisis - emerged as a constant in the results.

Crelan also offered its employees the opportunity to work at the head office on a voluntary basis as soon as the measures were in place.

Our managers, talent partners, internal confidential counsellors, as well as our external prevention service Securex (with its psycho-social helpline), have been on hand throughout the crisis to offer our employees support in difficult moments.

All safety measures in place in 2020, such as the 1.5m distancing rule, face masks, gel, screens and a modified cleaning schedule, continued to apply in 2021 at the head office and in the agencies.

NEW WAY OF WORKING

With a revised homeworking policy, which gave head office employees the option to work from home up to three days a week, Crelan is taking further steps in the New Way of Working.

The rollout of laptops and related tools - separate monitors, mice, keyboards and headsets - allows all employees to work comfortably and ergonomically both in the office and at home.

The New Way of Working emphasises not only greater autonomy over where work is done, but also how employees manage their work. Output and strong cooperation are essential here.

Crelan therefore focuses on adapted training for its managers in order to adapt the leadership style to this.

CAFETERIA AND OTHER BENEFITS

A range of multimedia devices (smartphones, tablets, laptops and peripherals) was added to the cafeteria.

The bank also negotiated a benefits package with various discounts from third parties.

IT developments and projects in development

A SECURE BANKING ENVIRONMENT

A secure IT environment requires constant attention and significant investment. In 2021, these included:

- Central command and management of mobile phones and laptops connecting to the Crelan network;
- Central command of access to critical business applications with the Identity & Access Management programme;
- Migration to a new platform of the digital channels MyCrelan and Crelan Mobile and applications, including the public Crelan website. This platform offers additional security against unwanted interference, greater scale and additional cloud facilities;
- Cooperation with our infrastructure and service providers to further increase responsiveness in terms of solution orientation and speed;
- Support of all software components.

PROJECT DEVELOPMENT

In 2021, 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 rollout of the Crelan Wealth Management tool, a Comarch application in the spring and the addition of new features to it in the autumn of 2021;
- The rollout of additional features on the Crelan Mobile and MyCrelan digital channels;
- The renewal and expansion of the Creops credit application with new features;
- The expansion of the range of documents that can be digitally signed at bank branches.

DESIGNING THE WORKPLACE OF THE FUTURE

As part of the New Way of Working project, IT colleagues exchanged the Thin Client devices for modern and convenient laptops for all head office employees to enable them to work smoothly and securely at the office or at home.

In addition, all Crelan bank branches now have more bandwidth and higher connection availability after the migration to the renewed Wide Area Network (WAN) of our telecom supplier.

In 2022, Crelan will further promote the New Way of Working by also providing employees in bank branches with laptops and new screens and printers.

PREPARATION OF THE MERGER: INTEGRATION AND MIGRATION

In 2021, 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 and;
- The more detailed planning and budget provisions.

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 2021. 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 by using them as collateral in interbank lending.

Crelan took advantage of this in 2020 by participating in the ECB's TLTRO3 programme, which involved attracting short-term liquidity at -1%, albeit subject to sufficient credit production. The borrowed amount under the TLTRO3 remained the same in 2021.

Due to the relatively low interest rates in 2021 and in order to support its clients during the COVID-19 crisis, Relan decided to mobilise the excess liquidity in the loan portfolio rather than in the bond portfolio. The average maturities of the production loans are significantly higher than the maturities of the commercial liabilities, with the risk of damaging the interest margin in case of substantial interest rate and curve movements. Crelan therefore regularly employs hedging via interest rate derivatives.

Crelan, a safe bank

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

General Risk Management

Risk Management focuses on various specialisations:

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

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

In 2022, a great deal of attention will be paid to the integration of Crelan with AXA Bank Belgium. This will impact the organisation of the Risk Department itself. In this regard, we strive to integrate the activities on the basis of a 'best of both worlds' approach. In addition, the risk department 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 Commitment 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 circulation, including loans on the "credit monitoring list".

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

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

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

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

INTEREST RATE RISK, LIQUIDITY RISK AND MARKET RISK

The monitoring of financial risk is carried out centrally for all banking entities. This way, the group structure is further strengthened through financial risk monitoring and all entities are operationally integrated into the Group's financial policy and risk monitoring.

The main risk indicators are:

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

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

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

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

OPERATIONAL RISKS

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

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

The control systems are based, among other things, on detailed mapping of the risks with the objective of:

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

IT SECURITY RISKS

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

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

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

As part of a continuous improvement programme with increased measures and monitoring, the bank's infrastructure was further secured. A number of projects related to this internal security were implemented. This programme also focuses on electronic customer services and on customer awareness of safe banking.

The agreements we made with suppliers on the security of private data protection and outsourced activities, among others, have been strengthened and are closely monitored.

These elements are, of course, subject to repeated scrutiny of the first and second lines of defence.

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

RECOVERY PLAN

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

Based on EBA guidelines, the bank has established several risk indicators in the areas of solvency, liquidity and profitability. Alert thresholds and a critical recovery threshold have been defined for each indicator in order to trigger recovery options in the event of breaches.

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

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

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

ICAAP / ILAAP

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

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

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

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

The quality of our models and the resulting risks show that the bank is developing a very cautious risk approach, which will result in a Tier 1 solvency ratio of 18% by the end of 2021.

DATA QUALITY

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

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

Compliance

PREVENTION OF MONEY-LAUNDERING

In 2021, specific additional initiatives were taken in the fight against money laundering, on the one hand with regard to customer knowledge (Know Your Customer) and on the other hand with regard to the screening of customer transactions (Know Your Transactions).

The updating of customer data continued at a fast pace both through the agencies and the online application. As a result, by the end of 2021, the customer data of over 80% of all customers had been updated, allowing for more accurate risk classification.

A number of additional screening scenarios were also introduced to monitor payment transactions, focusing, among other things, on frequent transactions for small amounts and thus allowing for more sophisticated monitoring.

The customer acceptance policy was updated. A higher number of prospective customers with typical AML risk factors were detected in the new customer acceptance process. This is undoubtedly related

to the more critical attitude of some banks towards these risk groups and the related termination of customer relationships.

IMPLEMENTATION OF NEW CIRCULARS SUPERVISOR

The National Bank issued new circulars in June 2021 regarding tax avoidance policy, special mechanisms and repatriation of funds. E-learning on these topics were organised for agents and their staff in the fall of 2021. The policy texts on these issues were updated as was the procedure for repatriation.

PREVENTION OF PAYMENT FRAUD

The prevention measures and awareness-raising regarding phishing fraud have clearly borne fruit. Crelan customers were only marginally affected by phishing.

Unfortunately, more customers have fallen victim to other types of payment fraud, where the fraudsters do not work under the auspices of the bank, but use other methods to persuade consumers to make fraudulent payments, such as falsifying account numbers on invoices or emotional fraud.

INVESTOR PROTECTION

Compliance participated in the rollout of the new IT application for investment advice and orders in May 2021 and in preparing the introduction of the sustainability preference of investors, scheduled for fall 2022.

A number of adjustments were also initiated regarding the approval of new (investment) products and activities.

A number of additional controls were also installed regarding activity outsourcing.

Internal audit

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

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

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

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

In the context of a "Risk Based Auditing" approach, Internal Audit also updated the "Audit Universe" in 2021 in response to new regulations and new or changed activities.

The tasks carried out by Internal Audit in 2021 covered various areas: including IRB credit models, compliance, credit, IT, etc.

Internal Audit also carries out the follow-up of the 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.

Grid 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 agency checks, during which the following elements, among others, are examined: the correctness of the available funds, the completeness of the office administration, the processing of accounting documents, the observance of compliance and other regulations, the processing of loan files, etc.

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

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

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

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

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

The COVID-19 crisis obviously significantly impacted the inspection visits in 2021.

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

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

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 service and advice to customers;
- proper 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 communities 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 is also investing in the future and is the sole main sponsor of the Young Belgian Cats & Lions (U20) and the national 3x3 team, the new popular 'street' version of classic basketball. Professional support for young Belgian talent is crucial here. These initiatives underscore Crelan's long-term commitment to Belgian basketball.

Within that framework, Crelan is also set to sponsor the **FIBA 3x3 World Cup** which will take place in Antwerp from 21 to 26 June 2022.

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.

Crelan also sponsors multiple world and Belgian champion Sanne Cant

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

In 2021 Sanne Cant won her 12th consecutive Belgian title in the Women's Elite.

Athletics

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

Thanks

The most important event of 2021 for the Crelan Group took place on the very last day of the year, this was the day the Crelan Group acquired AXA Bank Belgium from the French insurer AXA Group.

The Crelan Group at once doubled in size and became the fifth largest financial group by balance sheet total among Belgian retail banks.

This acquisition is another important step in Crelan's rich and long 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, 1.8 million to be precise.

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

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

However, the plan is to integrate both banks and continue all activities under the Crelan banner at a later stage. This integration is scheduled for spring 2024 and is currently being meticulously prepared by Crelan and AXA Bank staff. 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. After all, it is not every day that a Belgian bank acquires a bank from a French financial 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
Directors**

Crelan NV

Jean-Pierre Dubois

Chair of the Board of

CrelanCo CV

The annual report of the Crelan Group is published in Dutch and in French.

It can be viewed at www.crelan.be.

The report was produced by the General Secretariat and Marketing & Communication departments of the Crelan Group.

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