2020 Consolidated Financial Statements

This English version is merely a translation of the Dutch and French versions of the annual accounts filed with the Central Balance Sheet Office.

Consolidated balance sheet
Consolidated statement of the comprehensive income
Consolidated cash report
Consolidated statement of equity adjustments

Notes

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Consolidated balance sheet

Assets (in EUR)	Note	31/12/2020	31/12/2019
Cash, cash balances at central banks	4.1.	3,113,595,469	1,876,717,846
Financial assets held for trading	4.2.	39,459	22,882,716
Financial assets at fair value through profit or loss	4.3.	6,781,148	6,953,077
Financial assets at fair value through other comprehensive income (FVOCI)	4.3.	9,669,787	8,705,691
Financial assets at amortised cost		18,808,394,736	18,869,961,526
Loans and receivables (including finance leases) to banks	*4.4.*	*123,949,884*	*113,917,039*
Loans and receivables (including finance leases) to customers	*4.4.*	*17,683,734,930*	*17,560,864,241*
Debt securities	*4.3.*	*1,000,709,922*	*1,195,180,246*
Derivatives – Hedge accounting	4.14.	2,877,569	28,577,911
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	4.15.	694,165,840	598,799,289
Property, plant and equipment	4.5.	35,309,001	34,827,565
Goodwill and intangible assets	4.6.	35,889,122	32,825,049
Investments in subsidiaries, joint ventures and associates		90,000	0
Tax assets	4.7.	44,430,707	43,711,950
Other assets	4.8.	14,538,179	12,571,559
Assets held for sale and discontinued operations*	4.10.	53,433,499	59,007,085
Total Assets		**22,819,214,516**	**21,595,541,264**

Liabilities (in EUR)	Note	31/12/2020	31/12/2019
Financial liabilities held for trading	4.2.	1,393,873	23,908,344
Financial liabilities at amortised cost		21,291,883,236	19,451,833,322
Deposits		*20,419,169,177*	*18,233,847,899*
from Credit institutions	*4.11.1.*	*417,217,715*	*24,576,488*
from Other than credit institutions	*4.11.1.*	*20,001,951,462*	*18,209,271,411*
Debt securities including bonds	*4.11.2.*	*682,504,692*	*906,798,610*
Subordinated liabilities	*4.11.3.*	*77,172,706*	*177,956,787*
Other financial liabilities	*4.11.4.*	*113,036,661*	*133,230,027*
Derivatives – Hedge accounting	4.14.	46,263,230	682,810,463
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4.15.	9,383,220	8,884,620
Provisions	4.12.	16,521,280	*21,201,429*
Tax liabilities	4.7.	10,577,749	7,036,535
Other liabilities	4.8.	105,641,187	*101,393,590*
Liabilities associated with asset groups held for sale and discontinued operations*	4.10.	26,087,207	*35,463,778*
Total Liabilities		**21,507,750,982**	**20,332,532,081**

Equity (in EUR)	Note	31/12/2020	31/12/2020
Capital		896,520,856	871,767,914
Paid up capital	*4.17.*	*896,520,856*	*871,767,914*
Unpaid capital which has been called up		*0*	*0*
Share premium		0	0
Other components of equity		-1,300,156	-51,730
Revaluation reserve: changes in fair value of debt instruments measured at fair value through other comprehensive income	*4.17.*	*2,127,880*	*2,123,414*
Revaluation reserve: actuarial gains and losses on defined benefit pension plans	*4.17.*	*-3,428,037*	*-2,175,144*
Reserves (including retained earnings)	4.17.	366,836,880	320,995,423
Income from current year	4.17.	49,405,954	70,297,576
Minority interests		0	0
Total Equity		**1,311,463,534**	**1,263,009,183**
Total Equity and total Liabilities		**22,819,214,516**	**21,595,541,264**

* Following the decision to sell Crelan Insurance in 2021, the assets and liabilities of Crelan Insurance are reclassified at 31/12/2019 and 31/12/2020 on a separate line as a group of assets and liabilities held for sale (see paragraph 4.10.1)

Consolidated statement of the comprehensive income

Consolidated Statement of profit or loss	Note	31/12/2020	31/12/2019
(in EUR)			
CONTINUING OPERATIONS			
TOTAL OPERATING INCOME, NET		**312,179,148**	**316,734,011**
Interest income	5.1.	311,551,406	324,140,992
Interest expenses	5.1.	-45,187,258	-50,505,948
Dividend income	5.3.	634,571	1,207,908
Fee and commission income	5.2.	110,565,298	103,693,615
Fee and commission expenses	5.2.	-99,386,610	-95,256,186
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	5.4.	1,997,450	4,796,646
Gains or (-) losses on financial assets and liabilities held for trading, net	5.5.	-1,303,377	-1,461,377
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	5.6.	14,628	452,454
Gains or (-) losses from hedge accounting, net		5,608,223	-859,493
Exchange differences [gain or (-) loss], net		1,002,573	988,656
Gains or (losses) on derecognition of assets other than held for sale, net	5.7.	398,343	-12,671
Other operating income	5.8.	26,404,964	29,706,787
Other operating expenses	5.8.	-121,063	-157,372
Administrative Expenses		**-212,007,307**	**-219,071,400**
Staff Expenses	5.9.1.	-90,762,696	-91,684,205
Other administrative Expenses	5.9.2.	-121,244,611	-127,387,195
Cash contributions to resolution funds and deposit guarantee schemes	5.9.3.	**-17,799,291**	**-16,820,789**
Depreciation		**-10,634,817**	**-11,961,896**
Property, Plant and Equipment	4.5.	-6,910,994	-8,011,703
Intangible assets (other than goodwill)	4.6.	-3,723,823	-3,950,193
Modification gains or (-) losses, net		**-3,134,853**	**0**
Provisions	4.12.	**4,591,300**	**8,951,900**
Impairment	5.10.	**-17,743,064**	**1,226,839**
Impairment losses on financial assets not measured at fair value through profit or loss		-17,743,064	1,226,839
Financial assets at fair value through other comprehensive income (FVOCI)		*0*	*0*
Financial assets at amortised cost		*-17,743,064*	*1,226,839*
Impairment on Property, plant and equipment		0	0
Negative goodwill recognised in profit or loss		**0**	**0**
Profit or (-) loss from non-current assets and disposal groups classified as held for sale*		**6,302,987**	**5,049,650**
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		61,754,103	84,108,315
Tax Expenses or (-) income related to profit or loss from continuing operations	5.11.	-12,348,149	-13,810,739
Current taxes		*-10,207,326*	*-11,676,946*
Deferred taxes		*-2,140,823*	*-2,133,793*
NET PROFIT OR LOSS		**49,405,954**	**70,297,576**
Statement of comprehensive income			
Comprehensive income that may be reclassified to profit or loss			
Revaluation of financial assets at fair value through other comprehensive income (FVOCI)		*4,466*	*-1,480,339*
Comprehensive income that will not to be reclassified to profit or loss			
Actuarial gains (losses) on defined benefit pension plans		*-1,252,892*	*-1,646,112*
Total comprehensive income (net)		**-1,248,426**	**-3,126,451**
Total profit or loss and comprehensive income for the year		**48,157,528**	**67,171,125**

* Following the decision to sell Crelan Insurance in 2021, the results of Crelan Insurance at 31/12/2019 and 31/12/2020 are reclassified on a separate line as Losses and gains on non-current assets or disposal groups classified as held for sale (see section 4.10.2)

Consolidated cash report

(in EUR)	31/12/2020*	31/12/2019*
OPERATING ACTIVITIES		
Net profit (loss)	49,405,954	70,297,576
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	17,817,179	19,510,171
Current and deferred tax expense, recognised in the income statement	14,430,156	15,839,128
Unrealised foreign currency gains and losses	-1,002,573	-988,656
INVESTING AND FINANCING ACTIVITIES		
Depreciation	10,626,974	11,983,515
Impairment	17,740,503	-1,225,109
Provisions net	2,124,282	-2,984,927
Net gain (loss) on sale of property, plant and equipment	-398,343	12,671
OPERATING ACTIVITIES		
Net unrealised gain on available-for-sale investments	4,466	-1,480,339
Other adjustments	-25,708,286	-1,646,112
Cash flows from operating profits before changes in operating assets and liabilities	**67,223,133**	**89,807,747**
Decrease (increase) in operating assets (excl. cash & cash equivalents):	-6,426,262	733,989,505
Increase (decrease) in loans and receivables	0	0
Increase (decrease) in financial assets at amortised cost	39,515,331	741,280,292
Increase (decrease) in available for sale assets	0	0
Increase (decrease) in financial assets at fair value through other comprehensive income	964,096	-3,667,609
Increase (decrease) in financial assets held for trading	-22,843,257	2,299,312
Increase (decrease) in financial assets designated at fair value through profit or loss	-79,748	1,432,694
Increase (decrease) in asset-derivatives, hedge accounting	-25,700,342	-8,611,454
Increase (decrease) in income receivable from financial assets	0	0
Increase (decrease) in non-current assets and disposal groups held for sale	0	0
Increase (decrease) in other assets (definition balance sheet)	1,717,658	1,256,270
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	1,271,171,666	1,129,046,282
Increase (decrease) in deposits from credit institutions	392,641,227	-18,884,421
Increase (decrease) in deposits (other than credit institutions)	1,779,037,124	1,021,808,308
Increase (decrease) in debt certificates	-224,293,918	-61,146,843
Increase (decrease) in financial liabilities held for trading	-22,514,471	3,761,965
Increase (decrease) in liabilities-derivatives, hedging accounting	-636,547,233	127,354,215
Increase (decrease) in other liabilities (definition balance sheet)	-17,151,063	56,153,058
Increase (decrease) in working capital, net	**1,277,597,928**	**395,056,777**
Cash flow from operating activities	**1,344,821,061**	**484,864,524**
Income taxes (paid) refunded	-11,525,692	-15,702,881
Net cash flow from operating activities	**1,333,295,369**	**469,161,643**
INVESTING ACTIVITIES		
(Cash outflows for the acquisition of tangible assets)	7,123,047	22,600,999
Cash inflows from sale of tangible assets	0	0
(Cash outflows to acquire intangible assets)	6,788,472	3,026,817
Cash inflows from sale of intangible assets	0	0
(Cash outflows for acquisition of held-to-maturity investments)	0	0
Other cash inflows from investing activities	144,378	19,823
Net cash flow from investing activities	**-13,767,141**	**-25,607,993**
FINANCING ACTIVITIES		
(Dividends paid)	0	24,257,034
(Cash outflows to repay subordinated debt)	100,784,081	64,054,687
Cash inflows from the issue or redemption of shares or other equity instruments	24,752,986	53,058,378
(Other cash outflows from financing activities)	726	0
Net cash flow from financing activities	**-76,031,821**	**-35,253,343**
Effect of exchange rate changes on cash and cash equivalents	-608,467	312,122
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,242,887,940**	**408,612,430**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,901,902,160**	**1,493,289,730**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,144,790,100**	**1,901,902,160**
Components of cash and cash equivalents :		
Cash on hand	50,363,464	51,451,730
Cash at central banks	3,063,232,004	1,825,266,116
Loans and receivables	31,194,631	25,184,314
Total cash and cash equivalents at the end of the period	**3,144,790,100**	**1,901,902,160**
Of which: amount of cash and cash equivalents held by the company but not available to the group	180,638,363	164,044,510
Additional information on operating cash flows:		
Interest income received	422,327,426	442,074,926
Dividends received	634,571	1,207,908
Interest expense paid	108,854,776	363,515,818

* Movements include CRI

Consolidated statement of equity adjustments

(in EUR)	Capital	Revaluation reserve: Changes in fair value of debt instruments at fair value through other comprehensive income	Revaluation reserve: Actuarial gains / losses on pension plans	Reserves (including retained earnings)	Income from current year
Opening balance at 1 January 2020	871,767,914	2,123,415	-2,175,145	320,995,423	70,297,576
Capital increase					
Capital reduction					
Entry/exit of cooperators	24,752,942				
Dividends paid				-24,455,393	
Directors' fees paid					
Transactions with shareholders	24,752,942			-24,455,393	
Transfer to retained earnings				70,297,576	-70,297,576
Revaluation of assets		1,001,154			
Securities sold and matured		-995,199			
Fair value macro hedge					
Gains/losses on pension plans			-1,670,524		
Deferred taxes		-1,488	417,631		
Other				-726	
Result for the year					49,405,954
Non-shareholder transactions		4,467	-1,252,893	70,296,850	-20,891,622
Closing balance at 31 December 2020	**896,520,856**	**2,127,882**	**-3,428,038**	**366,836,880**	**49,405,954**

(in EUR)	Capital	Revaluation reserve: Changes in fair value of debt instruments at fair value through other comprehensive income	Revaluation reserve: actuarial gains / losses on pension plans	Reserves (including retained earnings)	Income from current year
Opening balance at 1 January 2019	818,709,492	3,603,753	-529,032	279,458,538	65,794,729
Capital increase					
Capital reduction					
Entry/exit of cooperators	53,058,422				
Dividends paid				-24,257,034	
Directors' fees paid					
Transactions with shareholders	53,058,422			-24,257,034	
Transfer to retained earnings				65,794,729	-65,794,729
Revaluation of assets		-1,963,613			
Securities sold and matured		-307,919			
Fair value macro hedge					
Gains/losses on pension plans			-1,706,836		
Deferred taxes		791,194	60,723		
Other				-810	
Results for the year					70,297,576
Non-shareholder transactions		-1,480,338	-1,646,113	65,793,919	4,502,847
Closing balance at 31 December 2019	**871,767,914**	**2,123,415**	**-2,175,145**	**320,995,423**	**70,297,576**

Abbreviations and acronyms

ABS :	Asset-Backed Securities
ALM :	Asset & Liability Management
ATM :	Automated Teller Machine
CAD :	Capital Adequacy
CC :	Cooperative Company
CCLL :	Cooperative Company with Limited Liability
CDS :	Credit Default Swap
COREP :	Common Solvency Ratio Reporting
CRI :	Crelan Insurance
CRO :	Chief Risk Officer
CSA :	Credit Support Annex
CVA :	Credit Valuation Adjustment
DBO :	Defined Benefit Obligation
DTI :	Definitively Taxed Income
DVA :	Debit Valuation Adjustment
EAD :	Exposure At Default
EB :	Europabank
EBA :	European Banking Authority
ECB :	European Central Bank
EMIR :	European Market Infrastructure Regulation
EONIA :	Euro OverNight Index Average
ERM :	External Risk Management
ESTER :	European Short Term Rate
EUR :	Euro
FTE :	Full Time Equivalent
FVOCI :	Fair Value through Other Comprehensive Income
FVPL :	Fair Value through Profit and Loss
GMRA :	Global Repurchase Master Agreement
HQLA :	High Quality Liquid Asset
HTC :	Hold-to-Collect
IAS :	International Accounting Standards
IBNR :	Incurred But Not Reported
ICAAP :	Internal Capital Adequacy Assessment Process
IFRIC :	International Financial Reporting Interpretations Committee
IFRS :	International Financial Reporting Standards
IRB :	Internal Ratings Based
IRS :	Interest Rate Swap
ISDA :	International Swap and Derivatives Association
LCH :	London Clearing House
LCR :	Liquidity Coverage Ratio
LGD :	Loss Given Default
LL :	Lease Liabilities
MBS :	Mortgage-Backed Securities
NBB :	National Bank of Belgium
NSFR :	Net Stable Funding ratio

OCI :	Other Comprehensive Income
OLO :	Obligation Lineaire Obligaties
OR :	Operational Risk
ORM :	Operational Risk Management
OTC :	Over-The-Counter
PD :	Probability of Default
PLC :	Public Limited Company
PUC :	Projected Unit Credit
REPO :	Sale and Repurchase Agreement
RMSA :	Risk & Monitoring Self-Assessment
RoU :	Right-of-Use
RWA :	Risk-Weighted Asset
SME :	Small or Medium Enterprises
SPPI :	Solely Payments of Principal and Interest
TLTRO :	Targeted Longer-Term Refinancing Operation
USD :	US Dollar
VaR :	Value-at-Risk

Notes

1. General notes in relation to the evolution of the balance sheet and income statement.

1.1. General notes in relation to the evolution of the balance sheet.

As was the case last year, the total assets of the Group increased by 5.67%.[1] The financial assets measured at amortised cost continue to be the most important component with 82.42% of the total assets even though they decreased by -0.33% when compared to 2019. Within the financial assets measured at an amortised cost price, various evolutions can be spotted depending on the product type: the loans and receivables related to customers have increased by EUR +0.70% while 4.7% without taking the application of the IAS 32 standard into account (see 4.16 "Offsetting of financial assets and liabilities") while the security portfolio has decreased by -16.27%. Despite the coronavirus pandemic and the related economic crisis, the production of new loans in relation to customers has maintained itself well with even a strong growth of the housing loans and corporate loans. The decrease in the "Financial assets and liabilities held for commercial purposes" and "Derivatives used for hedging" items can be explained by the application of IAS 32 halfway through 2020 (see 4.16 "Offsetting of financial assets and liabilities").

A second important balance sheet item consists of cash and current accounts at central banks that represent for 13.64% of the balance sheet (2019: 8,.7%). The decrease of the other balance sheet items was mainly coupled with a strong increase of cash (2020: EUR +65.9%). This increase can be ascribed to: (1) The large increase in savings during the coronavirus crisis, (2) the accumulation of liquidities in relation to the transaction with AXA Bank Belgium and (3) the participation by Crelan in the TLTRO III programme.

For the analysis of assets held for the sale and terminated corporate activities, refer to explanatory note 1.3.

99.0% of liabilities consist of products valued at amortised cost. Most of them are related to customer deposits (89.5% of the balance sheet total). The explanations are the same as for the increase of cash and cash and cash equivalents. Uncertainty about the future and employment have incentivised many households to save during the coronavirus crisis and therefore deposits have reached record levels. On the other hand, the deposits of credit institutions have strongly increased (EUR +1,597.6%) thanks to the TLTRO III programme. A third element that explains this increase of the deposits is the continuing downwards trend in "debt securities" and "subordinated debts" (-24.7% and -56.6%, respectively) that is expressed in a transfer of these resources to deposits. Due to the low interest rates, customers are not choosing to invest their resources long term.

For the analysis of the obligations held for the sale and terminated corporate activities, refer to Explanatory note 1.3.

The increase of the equity, at a capital level was less spectacular than last year (EUR +24.8 million). This can be ascribed to the fact that, on the one hand, the production of 2019 was exceptional and, on the other hand, the Group suspended its issues during a short period to include the takeover of AXA Bank Belgium in its prospectus. The reserves increased by EUR +45.8 million (appropriation of the 2019 result after deducting the distribution of dividends for 2019). Under the reservation of the recommendations of the ECB and the NBB within the framework of the coronavirus, the dividend paid to shareholders should be EUR 26.2 million.

The CAD ratio amounts to 22.02% at the end of 2020 compared to 21.85% at the end of 2019. The tier I ratio amounts to 21.72% at the end of 2020 and 21.03% at the end of 2019. These capital ratios are again part of the best on the Belgian market and are a witness to the healthy financial capacity of the Group.

[1] Including Crelan Insurance NV. Other percentages do not take Crelan Insurance NV into account.

1.2. General notes in relation to the evolution of the income statement

The decrease of the net interest income[2] (EUR -7.3 million) can mainly ascribed to a relatively large decrease of the interest revenue (EUR -12.6 million) rather than the decrease of the interest costs (EUR -5.3 million). Despite the confirmation in 2020 of the good commercial performance that the Group managed in 2019 in relation to both the credit production and commercial margins thereon, the strong decrease of the reference interest rates led to an even greater decrease of the interest income. While the same dynamics could have been expected for the interest charges, the increase of the liabilities as a result of the savings of customers exposed the bank to higher costs.

During 2020, Crelan has adjusted the presentation of the interest received and charges in relation to current hedging instruments for both 2020 and 2019. The charges and revenue in relation to these instruments are now presented on the same lines as the hedged assets and liabilities. This amendment better reflects the earned interest revenue and charges of the assets and liabilities in hedging relationships. This amendment does not have an impact on the net interest result.

The net revenue from fees and payments in relation to the activities in the area of "fee business" led to a sound result (EUR +6.9 million). This result can be thanked to the production of investment products (issue of securities: EUR +2.4 million, orders for security transfer: EUR +2.8 million and received management fees: EUR +3.1 million) in a context in which investors tried to profit from a market correction in March 2020 and the revival of those financial markets because of the optimistic news about a vaccine. The progress in the production van life insurance products offered by our "new partner" (partnership as from the end of 2018) Allianz also contributed to the increase of our fees.
An increase of the charges due to fees and payments (EUR +4.1 million) is also linked to the aforementioned evolution. In addition to the increase of the investments, the increase of the deposits has also led to an increase of the production and growth fees that were paid to agents.

To conclude, the decrease of the other operational revenue when compared to the 2019 accounting period can mainly be ascribed to the fact that the bank managed to show an exceptional recovery that year in relation to the CEO fraud of 2016.

The Interbank Offered Rate (IBOR) transition has had little impact on Crelan. Interbank Offered Rates On the one hand, there are no commercial or financial contracts in currencies except the euro and, on the other hand, the Euro Interbank Offered Rate (Euribor) was confirmed as the benchmark. This means that changes are only related to the Euro OverNight Index Average (EONIA) interest rate (current interest rate in euros). This reference interest rate was gradually replaced after October 2019 by the new short-term interest rate for the EUR: Euro Short-term Rate (ESTER) and was still linked to ESTER until the end of 2021. The daily fixing of the EONIA interest rate will be stopped at that time. In view of the fact that Crelan does not have any commercial contracts with its customers, this does not have any impact whatsoever on the commercial activity. In relation to financial contracts, only the cash placements within the framework of the trade in derivatives is paid out based on the EONIA interest rate. Since the last quarter of 2020, negotiations have been started with counterparties to change these to an ESTER payment. For the LCH counterparty, this change to ESTER was implemented halfway through 2020. Crelan received a cash payment for this from LCH (see 4.14. Derivatives and accounting processing).
Within the bank, an "IBOR" taskforce was set up under the responsibility of the Fin. department. This guarantees monitoring of the file.

Administrative costs and depreciation and amortisations

The administrative expenditure decreased considerably in 2020 (EUR -7 million). The decrease of the number of FTEs but also the expansion of working from home have contributed to the decrease of the staff costs (EUR -0.92 million).

[2] Unless stated otherwise, the results of Crelan Insurance NV have not been taken into account in the figures specified in this chapter.

COVID-19, moreover, made the Group review its marketing expenditure because nearly all events that should have taken place during the year were cancelled (for example, the trade fair of Libramont which is an important event in our marketing campaigns and represents a considerable budget was cancelled). The Group, moreover, relied less on expensive external consultants by recruiting internal IT profiles.

To conclude, the costs in relation to the takeover of AXA Bank Belgium including integration costs dropped slightly when compared to last year and amount to EUR 6.2 million (2019: EUR 6.7 million).

The cost-income ratio (CIR) amounts to 73.36%[3] in 2020 when compared to 73.59% at the end of 2019.

Allowances and impairment

The result before allowances and impairment amounts to EUR 71.7 million when compared to EUR 68.9 million the year before. The allowances and especially the impairment will lead to the strong decrease of the net result. As a result of the review of parameters due to the health crisis (see item 7.2.1.1. Loans and receivables), the Group had to absorb impairment for an amount of EUR 17.7 million for its portfolio of assets measured at amortised cost price.

General result

The result before tax decreases from EUR 84.1 million to EUR 61.8 million. The tax charges decreased by 1.5 million when compared to 2019. The net result as on 31 December 2020 amounts to 49.4 million (2019: 70.3 million).

The return on equity amounted to 3.91% at the end of 2020 when compared to 6.02% a year before.

1.3. Planned takeover of AXA Bank Belgium by Crelan Group

The Crelan Group and AXA Group entered into a contract on 24 October 2019 a regarding the takeover of AXA Bank Belgium by Crelan Group.

The Board of Directors of CrelanCo CV is of the opinion that the takeover of AXA Bank Belgium forms a unique strategic opportunity for Crelan that will mainly strengthen the Crelan Group in the future (in particular, the combination of IT investments) and improve services to customers. The Board of Directors of CrelanCo CV has decided to continue with the proposed takeover after a detailed assessment of the opportunity and the financial equilibrium of the transaction.

At the end of 2019, AXA Bank Belgium was the sixth largest Belgian bank in terms of assets (EUR 30 billion of which EUR 22 billion in customer loans). It offers a range of bank and investment products to nearly 860,000 customers. This mainly concerns loans, investment solutions, daily banking operations and deposit accounts. On 1 January 2020, the company had 850 employees and it distributed its products through a network of approximately 500 bank offices throughout Belgium. The Crelan Group will double in size due to the takeover of AXA Bank Belgium.

The effective performance of this transaction depends on the approval by the supervisory authorities including the European Central Bank, the National Bank of Belgium and the Banque de France.

[3] Please note that these ratios do not take the exceptional costs of EUR 6,2 million (2019: EUR 6,7 million) in relation to the transaction with AXA Bank Belgium into account. When we include these costs, the CIR would be 75,23% (2019: 75,57%).

New schedule for the takeover:

After consulting the supervisors, the decision was taken to review the takeover schedule and to defer the closing originally planned for the end of June 2020. This does not impair the objective of the operation, but allows for better preparation in view of the complexity of the file and the climate of uncertainty after the COVID-19 pandemic.

The objective, however, is to complete the integration and merger within two years of the closing date that has been postponed until the end of the second quarter of 2021.

After the closing (= effective implementation of the agreement with AXA), Crelan will implement its IT integration and migration plan that is expected to run for 24 months. After completion, AXA Bank Belgium could if relevant merge with Crelan NV. All activities will then be performed under the Crelan brand name.

The most important developments are the following:

The purchase price of AXA Bank Belgium that was previously set to EUR 620 million has now been set at EUR 590 million; CrelanCo CV pays EUR 590 million to AXA NV for 100% of the shares of AXA Bank Belgium. CrelanCo CV and Crelan NV, in turn, sell 100% of their shares in Crelan Insurance NV (the insurance company of the Crelan Group that mainly sells outstanding balance insurances linked to credits) to AXA Belgium for an amount of EUR 80 million. This would mean that an amount of EUR 510 million would be paid.

The financing of the takeover will take place as follows:

Crelan NV has the intention of increasing its regulatory tier 2 capital before the closure by issuing subordinated loans for a total amount of EUR 340 million of which EUR 240 million will be subscribed by AXA NV and/or the subsidiaries of the AXA Group and EUR 100 million by AMUNDI ASSET MANAGEMENT SAS (AMUNDI). Crelan may also put one or more institutional investors in the place of AXA for an amount of no more than EUR 110 million.

To conclude, Crelan NV will buy back from AXA Germany the century-old AT1 loan from AXA Bank Belgium for the nominal value of EUR 90 million and the possible incurred and not yet expired interest rate.

The payment of the purchase price does not entail financing costs for Crelan. The net amount in liquid means that will be paid will amount to EUR 260 million EUR that will come from the liquidity surplus.

In the first instance, not much will change for customers and both banks will continue to exist. This should allow for the products and processes of both banks to be aligned to subsequently support all customers and offices quickly using one uniform system.

Crelan has also entered into a distribution agreements in the long term for selling AXA non-life and outstanding balance insurances through its networks.

The Crelan Group will double in size due to the takeover of AXA Bank Belgium.

Due to this transaction, the decision was taken to present the assets and liabilities with regard to Crelan Insurance NV on two different lines (Asset: "Assets held for sale and terminated corporate activities"; Liability: "Liabilities held for sale and terminated corporate activities").

It continues, however, to be possible for the reader to reconstruct a balance sheet in which the activities of Crelan Insurance NV are integrated thanks to the details in explanatory note 4.10.1. "Crelan Insurance NV balance sheet".

The results of Crelan Insurance NV were also aligned under the section "Gains and losses on long-term assets or groups of assets that are being sold off classified as being retained for sale".
They are explained in table "4.10.2 Groups of assets that are being sold off classified as being retained for sale".

2. General information

2.1. Official name and legal form of the entity

The Crelan Group (hereinafter referred to as the "Group") comprises Crelan NV, Crelan Insurance NV, the cooperative bank CrelanCo CV and Europabank NV.

2.2. The domicile, country of formation and address of the registered office

Crelan NV was formed and is established in Belgium. The main office is at Sylvain Dupuislaan 251, 1070 Brussels.

2.3. Main activities

The Crelan Group now has 2,734 employees (2019: 2,772 employees), 549 points of sale (2019: 583 points of sale), 918,871 customers (2019: 915,492 customers) and 275,015 shareholders (2019: 275,054 shareholders).

Crelan NV is a medium-sized Belgian retail bank and has 275,015 shareholders: a strong cooperative basis. The bank offers full banking services to farmers and horticulturists, private customers, self-employed persons and businesses through a network of independent branch managers (bank branches).

In 2007, the insurance corporation Crelan Insurance NV was formed. Through Crelan Insurance NV, the Group commercialises outstanding balance insurances, finance settlement insurances (i.e., to settle a debt) and temporary death cover insurances. The Group, moreover, puts financial insurance products (branches 21, 23 and 26) on the market thanks to a distribution agreement with insurance companies.

Europabank NV is a true niche bank because of the very specific products and services it offers. The greatest area of expertise of Europabank NV is granting credit to customers with a different risk profile when compared to the Crelan NV customer base. Granting credit takes place through a simple network of agencies and through self-employed brokers. On the deposit side, the emphasis is on traditional savings products. In addition, Europabank NV attracts more and more businesses and dealers with its unique card business: Europabank NV has, after all, international Visa and Mastercard licences.

Europabank had a subsidiary: EB-Lease. In 2020, the merger between Europabank and EB-Lease was realised. This merger was prompted by the fact that EB-Lease was under the same management as Europabank, it commercialised basically the same "credit" products, there was a shared management in the area of procedures, accountancy and decision levels and EB-Lease worked with the same shared IT platform AND with the same members of staff as Europabank.

The Group opted to give the niche bank Europabank NV a large degree of autonomy to further expand their specialised activities.

2.4. Structure of the Crelan Group

Crelan NV and the authorised cooperative bank CrelanCo CV, of which the commitments support each other, together form a federation of credit institutions in the meaning of Article 61 of the Act of 22 March 1993 regarding the status of credit institutions where Crelan NV assumes the role of central institution in accordance with Article 239 of the Act of 25 April 2014 regarding the status of credit institutions and their supervision. There is total solidarity between the different entities of the Group.

CrelanCo CV was formed on 5 November 2015 after the merger of CV Lanbokas, CV Agricaisse and eight regional cooperative banks. The cooperative values are, in this way, combined in one strong and creditworthy cooperative society.

The cooperative capital of CrelanCo CV is the property of 275,015 shareholders, farmers and private customers. The operational management of CrelanCo CV is implemented by the Management Committee of Crelan NV.

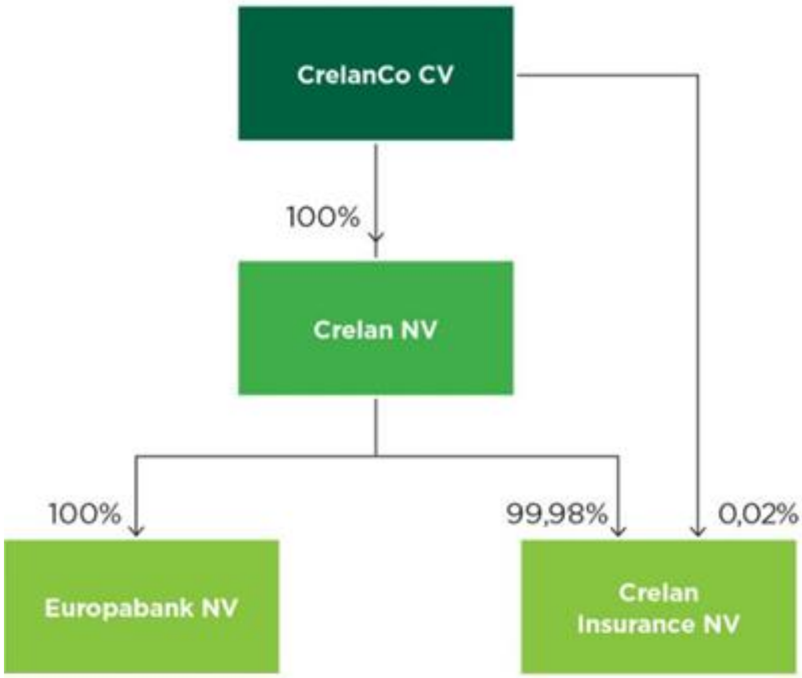
Since halfway through 2015, the authorised cooperative bank CrelanCo CV holds 100% of the total number of shares and rights to vote in Crelan NV.

Crelan NV owns 100% of the shares of the insurance company Crelan Insurance NV and Europabank NV. Europabank NV has been part of the Crelan Group since 2004.

The consolidated financial statements of the Crelan Group therefore comprises the figures of the authorised cooperative bank CrelanCo CV, Crelan NV and its subsidiaries (in particular, Europabank NV and Crelan Insurance NV).

There is no significant limitation that applies to the Group with regard to its access to or use of assets within the Group; or to settle the liabilities within the Group.

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



2.5. Geographic location

The Crelan Group only focuses on the Belgian market.

2.6. Employees of the Group

At the end of December 2020, the Group relied on 2,734 workers of which 1,110 employees and 1,624 self-employed agents and employees of self-employed agents when compared to 2,772 workers at the end of 2019 (1,120 employees and 1,652 self-employed agents and employees of self-employed agents). This represents a reduction of the number of workers by -1.37%. Of the 2,734 workers in 2020, 1,391 were men and 1,343 women.

With regard to pension liabilities, the Group has various defined retirement benefit plans (see item 4.13.1).

2.7. Events after the balance sheet date

2.7.1. Dividend

The Board of Directors will propose at the General Meeting of Shareholders on 22 April 2021 that CrelanCo CV allocates a dividend of 3% or EUR 0.37 per share for an overall amount of EUR 26.2 million (2020: EUR 24.5 million). The payment of dividends by financial institutions is, however, still linked to the ECB and NBB guidelines due to the COVID-19 pandemic. In a normal situation, this dividend would be deposited at the end of April or the beginning of May, but due to the COVID-19 guidelines that are in force, we will need to wait for a better development of the financial situation in Europe and the cancellation of the restrictions. The earliest that this dividend can be paid is in October 2021.

For the dividend of the 2019 accounting period (EUR 24.5 million), the new guidelines that have been in force since 1 January 2021 allowed us to make a payment within specific limits provided that the supervisors gave their approval.
The maximum allowed part of 1.36% was paid during the first months of 2021. For the payment of the remaining part of the dividend of 2019 for 1.64%, we will have to wait for a better development of the financial situation in Europe and the cancellation of the restrictions as indicated above.

2.7.2. Important events after balance sheet date

The current coronavirus pandemic and the various measures that were taken by the authorities to deal with this pandemic may also still have an impact in 2021 on the results and the measurement at fair value of specific assets and liabilities. The possible consequences were already anticipated in 2020, but the situation remains extremely uncertain. Based on the facts that are currently known, we are not aware of an additional financial impact on the figures for the 2020 accounting period.

Aside from the aforementioned, for the reporting period, there are no events that occurred after the balance sheet date and before the approval date of the unconsolidated financial statements by the Board of Directors (25 March 2021) that could have an important impact on the reported figures.

3. IAS/IFRS Statement of Compliance

The Consolidated Financial Statements of the quoted companies within the European Union must be drawn up since 1 January 2005 with an opening balance sheet on 1 January 2004 in accordance with the standards of International Financial Reporting Standards ("IFRS") defined by the European Union. In various countries including Belgium, national supervisors have determined that all financial corporations that draw up Consolidated Financial Statements must also draw them up in accordance with the IFRS regardless of whether they are quoted on the stock market or not. As a consequence, the Crelan Group also presents the Consolidated Financial Statements (periodic reports) drawn up in accordance with the IAS and IFRS standards that apply on the balance sheet date as accepted by the European Union.
On 25 March 2021, the Board of Directors assessed the financial statements and approved them for publication. The financial statements will be presented to the General Meeting of Shareholders on 22 April 2021 for adoption.

3.1. Application of new standards and interpretations

Standards and interpretations that apply to the accounting period starting on 1 January 2020:

- Changes to IAS 1 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Changes to IFRS 3 Business Combinations: Definition of a company
- Changes to IFRS 9, IAS 39 and IFRS 7, Reform of Reference Rates - phase 1
- Changes to the references to the Conceptual framework in IFRS standards

Standards and interpretations that were published, but not yet effective with regard to the accounting period starting from 1 January 2020:

- IFRS 17 Insurance contracts (applicable to accounting periods as of 1 January 2023, but not yet approved in the European Union)
- Changes to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current (applicable to accounting periods as of 1 January 2023, but not yet approved in the European Union)
- Changes to IAS 16, Property, Plant and Equipment: income from normal use (applicable to accounting periods as of 1 January 2022, but not yet approved in the European Union)
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets: loss-making contracts - Cost to meet the contract (applicable to accounting periods as of 1 January 2022, but not yet approved in the European Union)
- Changes to IFRS 3, Business Combinations: references to the conceptual framework (applicable to accounting periods as of 1 January 2022, but not yet approved in the European Union)
- Changes to IFRS 4, Insurance Contracts - deferral of IFRS 9 (applicable to accounting periods as of 1 January 2021, but not yet approved in the European Union)
- Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Reform of Reference Rates - phase 2 (applicable to accounting periods as of 1 January 2021, but not yet approved in the European Union)
- Changes to IFRS 16 Leases: Rent concessions related to COVID-19 (applicable to accounting periods as of 1 June 2020)
- 2018–2020 Annual Improvements (applicable to accounting periods as of 1 January 2022, but not yet approved in the European Union)

Phase 1 of the IBOR transition only had limited consequences for Crelan; see item 1.2 "General notes in relation to the evolution of the income statement . Crelan did not apply early adoption in relation to stage 2 since it only has hedging relationships in EUR under Euribor.
The other standards and interpretations did not have an impact on the evolution of the balance sheet or income statement.

4. Notes regarding the balance sheet

4.1. Liquid assets and current accounts at central banks

The liquid assets and current accounts at central banks have been compiled as follows as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Cash	50,363,464	51,451,730
Cash balances at central banks	2,882,593,642	1,661,221,606
Monetary reserve deposits with the National Bank of Belgium	180,638,363	164,044,510
Total Cash, cash balances at central banks	**3,113,595,469**	**1,876,717,846**
of which included in the cash flow statement	3,113,595,469	1,876,717,846

The "cash" item matches the cash in the agencies.
In addition, this section comprises the deposits at central banks as well as the monetary reserve deposits at the National Bank of Belgium.

The deposits at central banks increased by EUR 1.22 billion and still form the most important category in this section. This increase is the result of the strong increase of the savings during the COVID-19 crisis. The savings ratios have significantly increased during the crisis, which led to an influx of funds that could not immediately be converted into loans. The surplus is therefore added to the ECB. For more information about the liquidity management of the bank, please refer to explanatory note 7.4. Liquidity risk.

It is also important to state that the Group holds a sufficient liquidity level within the framework of the takeover of AXA Bank Belgium to complete the transaction without impacting the liquidity ratios thereafter.

4.2. Financial assets and liabilities held for trading

The Crelan Group does not engage in any trading activities. When Centea NV was taken over, Crelan NV, however, was confronted with derivatives that could not be identified as current hedging instruments in accordance with the IFRS rules. These derivatives therefore needed to be incorporated in the portfolio of assets/liabilities kept for trading; the outstanding amount of these derivatives drops as they mature.
For more information about the Group's derivatives, refer to the notes in 4.14.

(in EUR)	31/12/2020	31/12/2019
Assets held for trading		
Derivatives held for trading	39,459	22,882,716
Debt securities	0	0
Total Financial assets held for trading	**39,459**	**22,882,716**
Liabilities held for trading		
Derivatives held for trading	1,393,873	23,908,344
Debt securities	0	0
Total Financial liabilities held for trading	**1,393,873**	**23,908,344**

In 2020, Crelan applied netting for the first time in accordance with IAS 32 ("Offsetting of Financial Instruments"). This explains the decreases of the aforementioned accounts when compared to 2019. This is discussed in greater depth in section 4.16 "Offsetting of financial assets and liabilities".

4.3. Investment portfolio

The tables below show the compilation of the security portfolio as on 31 December 2020 and 31 December 2019:

(in EUR)	2020		
	At amortised cost	At fair value through OCI	At fair value through profit and loss
Government bonds			
- listed	707,633,306	0	0
- unlisted	30,004,738	0	0
Bonds and other fixed income securities			
- listed	263,071,878	0	0
- unlisted	0	0	0
Shares and other non-fixed income securities			
- listed	0	0	0
- unlisted	0	0	6,781,148
Financial fixed assets			
- listed	0	0	0
- unlisted	0	9,669,787	0
Total	**1,000,709,922**	**9,669,787**	**6,781,148**

(in EUR)	2019		
	At amortised cost	At fair value through OCI	At fair value through profit and loss
Government bonds			
- listed	835,167,635	0	0
- unlisted	20,006,832	0	0
Bonds and other fixed income securities			
- listed	340,005,779	0	0
- unlisted	0	0	0
Shares and other non-fixed income securities			
- listed	0	0	0
- unlisted	0	0	6,863,077
Financial fixed assets			
- listed	0	0	0
- unlisted	0	8,705,691	90,000
Total	**1,195,180,246**	**8,705,691**	**6,953,077**

The portfolios of the Group are classified based on the IFRS 9 guidelines for the classification and measurement at fair value of financial assets. The classification category is based on the business model and the test of principal and interest payments (SPPI test, i.e., SPPI = "solely payments of principal and interest"). Based on the business model documented through the financial group strategy, the portfolio is nearly completely allocated to the Hold-to-Collect (HTC) category: for an amortised cost price. The Crelan business model consists of investing in assets with a low risk and keeping them subsequently until the due date. Selling with regard to the investment portfolio only occurs in exceptional cases (for example, increased credit risk, due date within the same calendar year, etc.). The analysis of the sale of bonds and debentures will take place on an annual basis. Selling less than 5% of the global portfolio is regarded as acceptable (although with the exclusion of those bonds and debentures that represent a significantly increased credit risk or that mature within the year).

The investments in the private equity portfolio and a limited number of participating interests were reported using the fair value through other comprehensive income (FVOCI). To conclude, the property certificates and a limited investment in a bond loan and share fund was catalogued as fair value through profit and loss (FVPL) in a mandatory fashion given that it is not in accordance with the SPPI criteria.

The table below shows the evolution of the financial portfolio during the course of the 2019 and 2020 accounting periods:

(in EUR)	2020		
	At amortised cost	At fair value through OCI	At fair value through profit and loss
Opening balance	1,195,180,246	8,705,691	6,953,077
Acquisitions	135,165,805	0	0
Sales and maturities	-315,887,698	0	0
Changes in fair value	0	0	0
- via result	-4,375,439	0	-80,732
- via equity	0	964,096	0
Changes in provisions (stage 1)	49,775	0	0
Use and reversal of impairment losses (stage 3)	0	0	0
Exchange rate fluctuations	0	0	0
Other movements	-9,422,767	0	-91,197
Closing balance	**1,000,709,922**	**9,669,787**	**6,781,148**

(in EUR)	2019		
	At amortised cost	At fair value through OCI	At fair value through profit and loss
Opening balance	1,647,719,970	12,373,300	6,569,002
Sale of Insurance entity	-58,905,754	0	0
New opening balance sheet	1,588,814,216	12,373,300	6,569,002
Acquisitions	7,164,481	1,372,677	90,000
Sales and maturities	-379,835,142	-3,152,000	0
Changes in fair value	0	0	0
- via result	-3,865,797	0	-12,029
- via equity	0	-1,788,978	0
Changes in provisions (stage 1)	7,610	0	0
Use and reversal of impairment losses (stage 3)	0	0	369,125
Exchange rate fluctuations	0	0	0
Other movements	-17,105,122	-99,308	-63,021
Closing balance	**1,195,180,246**	**8,705,691**	**6,953,077**

During the course of 2020, a total amount of EUR 135.1 million was invested because of the low interest rate situation. The largest part of this amount consists of investments in Belgian and regional authorities.

In addition to the aforementioned guidelines, IFRS 9 also includes requirements for a model of provisions where possible credit losses are recognised based on an expected loss model. The assessed loss is calculated for all debt instruments classified under amortised cost or for the fair value through the OCI. The assessed loss calculated based on this model dropped at the end of 2020 by EUR 49,775.

Macro hedging is applied to a part of the financial portfolio. The interest rate risk of a portfolio of bonds and debentures with analogue characteristics is hedged by using a portfolio of interest rate swap agreements. Changes to the fair value of the bond portfolio that can be allocated to the hedged risk leads to an amendment of the book value of these bonds and debentures when compared to the income statement. Changes in the fair value of the portfolio of current hedging instruments leads to an opposite development in the income statement. Possible inefficiencies of the hedging relationship remain below the section

"Adjustments to the fair value in relation to the administrative processing of hedging transactions" with regard to the result.

For the management of the interest rate risk of the investment portfolio, refer to 7.3.1.
For a discussion of the market exposure of the investment portfolio, refer to 7.3.3.

4.4. Loans and receivables

4.4.1. Loans and receivables

The loans and receivables have been split up as follows:

(in EUR)	31/12/2020			
	Stage 1	Stage 2	Stage 3	Total
Total circulation	**16,501,045,758**	**1,161,976,122**	**289,177,318**	**17,952,199,198**
Interbank loans	123,955,812	0	0	123,955,812
Home loans	11,060,502,506	654,218,625	75,798,873	11,790,520,004
Retail loans Short Term	51,914,056	3,136,496	1,097,656	56,148,208
Retail loans Long term	659,463,900	63,833,160	45,435,272	768,732,332
Agricultural loans Short Term	75,691,216	9,766,125	5,030,954	90,488,295
Agricultural loans Long Term	1,752,523,575	141,087,202	60,047,949	1,953,658,726
Corporate loans Short Term	98,936,515	23,507,351	8,955,620	131,399,486
Corporate loans Long Term	1,582,883,753	223,730,128	66,734,209	1,873,348,090
Instalment loans	645,671,758	18,684,715	3,857,898	668,214,371
Comfort and cash loans	40,712,929	10,451,485	7,880,113	59,044,527
Guaranteed credits	72,411	269	683,966	756,646
Leasing contracts	152,664,713	12,661,411	8,575,036	173,901,160
Cash collateral deposited	141,945,529	0	0	141,945,529
Other loans and receivables	114,107,085	899,155	5,079,772	120,086,012
Impairment losses	**-35,402,794**	**-17,000,365**	**-92,111,225**	**-144,514,384**
Interbank loans	-5,928	0	0	-5,928
Home loans	-3,652,429	-5,522,736	-16,516,897	-25,692,062
Retail loans Short Term	-16,008	-9,819	-466,896	-492,723
Retail loans Long term	-7,997,331	-1,858,271	-12,920,659	-22,776,261
Agricultural loans Short Term	-47,295	-42,520	-1,496,279	-1,586,094
Agricultural loans Long Term	-11,190,364	-2,236,335	-18,045,108	-31,471,807
Corporate loans Short Term	-488,381	-223,824	-3,541,269	-4,253,474
Corporate loans Long Term	-7,059,976	-5,788,992	-22,105,435	-34,954,403
Instalment loans	-2,077,547	-222,161	-1,698,864	-3,998,572
Comfort and cash loans	-567,823	-433,032	-5,264,908	-6,265,763
Guaranteed credits	0	0	-643,918	-643,918
Leasing contracts	-2,257,020	-565,590	-4,480,256	-7,302,866
Cash collateral deposited	0	0	0	0
Other loans and receivables	-42,692	-97,085	-4,930,736	-5,070,513
Total Loans and receivables	**16,465,642,964**	**1,144,975,757**	**197,066,093**	**17,807,684,814**

(in EUR)	31/12/2019			
	Stage 1	Stage 2	Stage 3	Total
Total circulation	**16,666,901,494**	**838,853,703**	**313,563,319**	**17,819,318,516**
Interbank loans	113,922,367	0	0	113,922,367
Home loans	10,628,847,004	513,487,650	76,512,703	11,218,847,357
Retail loans Short Term	49,846,031	3,156,020	1,226,710	54,228,761
Retail loans Long term	647,505,856	68,398,360	56,089,598	771,993,814
Agricultural loans Short Term	87,273,325	5,941,508	5,652,147	98,866,980
Agricultural loans Long Term	1,805,130,295	74,800,286	73,497,790	1,953,428,371
Corporate loans Short Term	109,831,497	6,991,965	8,624,424	125,447,886
Corporate loans Long Term	1,539,915,496	129,243,841	61,115,776	1,730,275,113
Instalment loans	617,352,980	12,461,338	3,556,838	633,371,156
Comfort and cash loans	56,039,634	12,114,060	10,496,105	78,649,799
Guaranteed credits	53,896	0	769,063	822,959
Leasing contracts	140,693,906	11,271,953	9,760,757	161,726,616
Cash collateral deposited	736,956,001	0	0	736,956,001
Other loans and receivables	133,533,206	986,722	6,261,408	140,781,336
Impairment losses	**-19,000,913**	**-8,712,317**	**-116,824,006**	**-144,537,236**
Interbank loans	-5,328	0	0	-5,328
Home loans	-964,104	-3,234,282	-22,672,605	-26,870,991
Retail loans Short Term	-4,861	-2,814	-544,872	-552,547
Retail loans Long term	-3,828,477	-2,117,964	-19,178,261	-25,124,702
Agricultural loans Short Term	-17,721	-6,485	-1,995,342	-2,019,548
Agricultural loans Long Term	-9,486,862	-516,299	-26,995,976	-36,999,137
Corporate loans Short Term	-63,098	-11,256	-3,121,051	-3,195,405
Corporate loans Long Term	-2,730,745	-1,658,411	-22,505,061	-26,894,217
Instalment loans	-457,159	-78,379	-1,364,379	-1,899,917
Comfort and cash loans	-564,969	-417,521	-6,976,219	-7,958,709
Guaranteed credits	0	0	-636,373	-636,373
Leasing contracts	-850,527	-577,874	-4,759,778	-6,188,179
Cash collateral deposited	0	0	0	0
Other loans and receivables	-27,062	-91,032	-6,074,089	-6,192,183
Total Loans and receivables	**16,647,900,581**	**830,141,386**	**196,739,313**	**17,674,781,280**

Macro hedging is applied on part of the credit portfolio. For more information about this topic, see the notes in 4.14.

In relation to the production, the Group again had a performance in 2020 that was comparable with the performance of 2019 with an increase of the total outstanding amount of 4.42% (when compared to 4.9% in 2019)[4]. This strong growth can again be ascribed to housing loans (EUR +572.85 million) and to professional long-term loans to businesses (EUR +135.01 million).

Paid-up cash deposits at a central counterparty amounted to EUR 142 million (2019: EUR 737 million). The decrease can be completely explained by the offsetting that was applied in 2020. The interbank loans comprised EUR 44.8 million in guarantees (2019: EUR 46.9 million). These amounts match the collaterals that the Group has paid within the framework of its transactions involving derivatives.

For more details with regard to the special impairment, refer to the notes in 5.10 and the notes in 7.2.1.1.

The "Other borrowings and receivables" category comprises amounts in relation to the financing of credit cards of temporary and other accounts.

[4] All loans with the exception of interbank loans, deposits in the form of a pledge in cash and other loans and advances.

4.4.2. Forbearance

Receivables on which forbearance measures apply are defined by the European Banking Authority (EBA) as contracts where the client can or will no longer meet his/her obligations due to financial difficulties, which means that the institution will take one of the following measures:

- Amend the duration or conditions of the contract so that the client can repay its debt.
- A full or partial refinance of the contract.

The table below provides an overview of the loans and receivables that are regarded as forborne within the Group:

(in EUR)	31/12/2020					
	Gross carrying amount/nominal amount of exposures subject to renegotiation measures		Accumulated impairment, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received on renegotiated exposures	
	Performing Forbearance	Non-Performing Forbearance	On Performing Forbearance	On Non-Performing Forbearance	Performing Forbearance	Non-Performing Forbearance
Interbank loans	0	0	0	0	0	0
Home loans	201,438,623	25,714,083	-1,088,148	-3,261,307	171,722,797	21,853,184
Retail loans Short Term	1,089,070	726,526	-3,069	-362,238	782,027	141,693
Retail loans Long term	9,671,289	3,640,327	-165,854	-484,287	7,332,565	2,975,949
Agricultural loans Short Term	270,114	295,643	-719	-40,066	0	14,137
Agricultural loans Long Term	17,784,876	37,213,349	-320,459	-10,354,684	13,114,526	24,179,413
Corporate loans Short Term	897,359	1,841,965	-7,822	-1,535,475	610,796	0
Corporate loans Long Term	51,752,109	30,930,276	-1,211,961	-4,857,396	33,187,894	25,394,315
Instalment loans	878,032	238,451	-9,828	-67,951	0	0
Comfort and cash loans	1,187,446	889,263	-70,025	-200,462	547,083	602,078
Guaranteed credits	0	0	0	0	0	0
Leasing contracts	666,160	157,812	-10,546	-31,705	277,514	45,693
Cash collateral deposited	0	0	0	0	0	0
Other loans and receivables	0	0	0	0	0	0
Total Forborne loans and receivables	**285,635,078**	**101,647,695**	**-2,888,431**	**-21,195,571**	**227,575,202**	**75,206,462**

(in EUR)	31/12/2019					
	Gross book value/nominal value of exposures with respite measures		Accumulated impairment, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received on respite exposures	
	Performing Forbearance	Non-Performing Forbearance	On Performing Forbearance	On Non-Performing Forbearance	Performing Forbearance	Non-Performing Forbearance
Interbank loans	0	0	0	0	0	0
Home loans	30,431,004	12,307,848	-96,052	-2,125,275	16,533,338	12,394,050
Retail loans Short Term	695,820	396,801	-573	-337,989	0	0
Retail loans Long term	7,839,558	3,035,873	-103,836	-332,984	7,448,585	2,424,839
Agricultural loans Short Term	100,158	285,927	0	-58,249	0	1,603,044
Agricultural loans Long Term	13,682,445	42,368,221	-80,516	-14,266,880	8,911,965	9,260,257
Corporate loans Short Term	585,053	1,493,457	-585	-1,487,497	581,043	0
Corporate loans Long Term	10,993,786	20,284,983	-147,677	-4,969,862	7,840,930	6,509,732
Instalment loans	97,992	0	-458	0	0	1,386,258
Comfort and cash loans	1,471,266	506,160	-68,586	-244,620	1,224,225	3,041,680
Guaranteed credits	0	0	0	0	0	296,286
Leasing contracts	478,252	222,362	-6,120	-32,634	242,924	83,609
Cash collateral deposited	0	0	0	0	0	0
Other loans and receivables	0	0	0	0	0	749,271
Total Forborne loans and receivables	**66,375,334**	**80,901,632**	**-504,403**	**-23,855,990**	**42,783,010**	**37,749,026**

The exposure of loans for which forbearance measures have been included has increased considerably. This increase is linked to the monthly payment interruptions that were allocated within the framework of the management of the coronavirus crisis for expiry dates between 1 April 2020 and 31 December 2020. Crelan has not changed its rules with regard to forbearance as a result of COVID-19. This means that not all customers who use a form of moratorium as a result of COVID-19 were earmarked automatically as forborne, but only insofar as they met the different conditions.
Nonetheless, a sensitive increase can still be observed of files in forbearance.

This increase can be ascribed to the allocation of credit facilities to people that have been hit by this crisis:

- Housing loans for private customers and self-employed persons
- Professional loans for self-employed persons and businesses

The increase is greater in relation to profitable than with regard to non-profitable contracts.

At Crelan, 3073 contracts were added with the forbearance status during the course of 2020 while 750 contracts stopped having this status.

Special impairments on restructured/forborne loans are only reversed when the following conditions have been met:

- The contract is not in arrears by not a single day and there are no longer any indications of a problem with the repayment;
- At least 1 year has elapsed since taking forbearance measures;

If both conditions are met and the impairment is reversed, the contract will continue for 2 years under tightened supervision. If the contract is in arrears for more than 30 days, again an impairment is recorded.

Loans and receivables are no longer regarded as a topic of forbearance when the following conditions are met:

- An impairment has not been entered during the past 2 years with regard to unpaid debts of the debtor;
- The debtor does not have any outstanding receivable with arrears of more than 30 days.

4.4.3. Remunerative and non-remunerative exposures

We have globally determined that despite the coronavirus crisis, the portfolio of non-profitable exposures is decreasing when compared with 2019. This decrease is the result of the portfolio management due to which records are amortised and realised and, as a consequence, disappear from the accounting. On the other hand, there was a relatively limited influx and mainly because the various support measures that were worked out by the government and the financial sector ensures customers could stay afloat. Within the profitable exposures, files decrease with arrears. The reason for this can also be found here in the various support mechanisms due to COVID-19.

For the evolution of the portfolio of non-performing, please refer to the table in the explanatory note in item .4.1. We see an important increase when compared to 2019 in relation to the stage 2 portfolio. This increase is the result of an increase of the outstandings of the files under forbearance.
In view of the fact that forbearance in stage 2 are being covered, this has led to an important increase of the outstandings in stage 2. In addition, the usual criteria were applied in relation to the migration from stage 1 to stage 2 to determine whether a significant increase in credit risk occurred, which has also led to an increase of the outstandings in stage 2. We also see am important increase for S1 and S2 at the level of the fees. This increase can integrally be ascribed to COVID-19 and therefore the various parameters that lead to the fee showed a negative evolution when compared to 2019 (deterioration of the economic context and outlook). The increase is linked to the professional sector to an important degree.

4.4.3.1. Per exposure type

The mix of remunerative and non-remunerative exposures on 31 December 2020 and 31 December 2019 is as follows:

(in EUR)	31/12/2020				
	Gross carrying amount / Nominal amount				
	Performing exposures		Non-performing exposures		
	Not overdue or ≤ 30 days overdue	Overdue > 30 days ≤ 90 days	Payment unlikely and not overdue or ≤ 1 year	> 1 year and ≤ 5 years overdue	Overdue > 5 years
Interbank loans	123,955,812	0	0	0	0
Home loans	11,696,471,911	18,249,219	50,317,195	17,019,226	8,462,453
Retail loans Short Term	54,629,677	420,874	370,819	301,900	424,938
Retail loans Long term	692,092,432	27,448,333	40,962,339	7,362,175	867,053
Agricultural loans Short Term	85,457,341	0	4,664,800	222,063	144,090
Agricultural loans Long Term	1,892,929,963	680,814	45,365,272	7,167,940	7,514,737
Corporate loans Short Term	122,683,837	385,198	3,660,350	2,421,859	2,248,242
Corporate loans Long Term	1,798,051,962	6,956,677	39,798,021	13,686,312	14,855,118
Instalment loans	663,051,470	1,281,852	2,682,925	580,121	618,003
Comfort and cash loans	48,797,420	854,418	6,443,785	2,102,460	846,444
Guaranteed credits	72,221	459	142,951	313,464	227,551
Leasing contracts	161,286,698	3,762,980	7,942,206	823,967	85,309
Cash collateral deposited	141,945,529	0	0	0	0
Other loans and receivables	115,006,240	0	5,079,772	0	0
Total Performing and non-performing according to days past due	**17,596,432,513**	**60,040,824**	**207,430,435**	**52,001,487**	**36,293,938**

(in EUR)	31/12/2019				
	Gross carrying amount / Nominal amount				
	Performing exposures		Non-performing exposures		
	Not overdue or ≤ 30 days overdue	Overdue > 30 days ≤ 90 days	Payment unlikely and not overdue or ≤ 1 year	> 1 year and ≤ 5 years overdue	Overdue > 5 years
Interbank loans	113,922,367	0	0	0	0
Home loans	11,114,951,975	27,382,679	50,019,669	15,988,155	10,504,879
Retail loans Short Term	52,742,707	259,344	668,723	131,411	426,576
Retail loans Long term	685,500,774	35,902,046	42,488,084	7,070,990	1,031,920
Agricultural loans Short Term	93,214,799	34	5,098,219	304,369	249,559
Agricultural loans Long Term	1,879,014,021	916,560	55,906,818	11,215,167	6,375,805
Corporate loans Short Term	116,435,513	239,228	5,101,509	2,535,788	1,135,848
Corporate loans Long Term	1,648,131,954	11,711,740	38,990,012	13,903,244	17,538,163
Instalment loans	628,153,705	1,011,039	2,446,555	600,810	1,159,047
Comfort and cash loans	67,484,522	465,201	6,658,332	2,667,816	1,373,928
Guaranteed credits	53,896	0	37,775	502,985	228,303
Leasing contracts	147,303,700	4,155,512	9,470,343	706,395	90,666
Cash collateral deposited	736,956,001	0	0	0	0
Other loans and receivables	134,519,742	186	6,261,408	0	0
Total Performing and non-performing according to days past due	**17,418,385,676**	**82,043,569**	**223,147,447**	**55,627,130**	**40,114,694**

4.4.3.2. Per stage

Below, we give the presentation of remunerative and non-remunerative exposures per stage in 2020:

(in EUR)	31/12/2020				
PERFORMING	Gross carrying amount/nominal amount		Accumulated impairment losses, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received
Total circulation	of which Stage 1	of which Stage 2	of which Stage 1	of which Stage 2	
Interbank loans	123,955,810	0	-5,928	0	0
Home loans	11,060,502,506	654,218,625	-3,652,429	-5,522,736	9,170,336,062
Retail loans Short Term	51,914,056	3,136,496	-16,008	-9,819	23,589,393
Retail loans Long term	659,323,403	60,217,362	-7,891,704	-1,703,573	534,521,058
Agricultural loans Short Term	75,691,216	9,766,125	-47,295	-42,520	6,838,573
Agricultural loans Long Term	1,752,523,575	141,087,202	-11,190,364	-2,236,335	845,151,012
Corporate loans Short Term	101,365,813	21,703,223	-885,970	-117,791	11,377,709
Corporate loans Long Term	1,582,761,385	222,247,253	-7,059,504	-5,716,680	909,134,000
Instalment loans	645,671,758	18,661,565	-2,077,547	-222,119	11,168
Comfort and cash loans	38,269,590	11,382,247	-205,787	-494,658	22,826,797
Guaranteed credits	72,411	269	0	0	35,522
Leasing contracts	152,731,688	12,317,989	-2,324,884	-537,122	75,562,995
Cash collateral deposited	141,945,529	0	0	0	0
Other loans and receivables	114,107,086	899,155	-42,692	-97,085	0
Total Performing by stages	**16,500,835,826**	**1,155,637,511**	**-35,400,112**	**-16,700,438**	**11,599,384,289**

(in EUR)	31/12/2020				
NON-PERFORMING	Gross carrying amount/nominal amount		Accumulated impairment losses, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received
Total circulation	of which Stage 2	of which Stage 3	of which Stage 2	of which Stage 3	
Interbank loans	0	0	0	0	0
Home loans	0	75,798,873	0	-16,516,897	57,613,409
Retail loans Short Term	0	1,097,656	0	-466,896	617,194
Retail loans Long term	3,775,377	45,416,190	-154,870	-13,026,114	29,089,730
Agricultural loans Short Term	0	5,030,954	0	-1,496,280	597,353
Agricultural loans Long Term	0	60,047,949	0	-18,045,108	40,055,817
Corporate loans Short Term	59,121	8,271,329	-2,738	-3,246,975	1,074,560
Corporate loans Long Term	1,593,028	66,746,424	-72,847	-22,105,372	42,549,084
Instalment loans	23,150	3,857,898	-42	-1,698,864	0
Comfort and cash loans	865,812	8,526,878	-43,644	-5,521,674	4,091,297
Guaranteed credits	0	683,966	0	-643,918	0
Leasing contracts	343,422	8,508,061	-28,468	-4,412,392	1,152,088
Cash collateral deposited	0	0	0	0	0
Other loans and receivables	0	5,079,772	0	-4,930,736	0
Total Non performing by stages	**6,659,910**	**289,065,950**	**-302,609**	**-92,111,225**	**176,840,532**

Below, we give the presentation of remunerative and non-remunerative exposures per stage in 2019:

(in EUR)	31/12/2019				
PERFORMING	Gross carrying amount/nominal amount		Accumulated impairment losses, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received
Total circulation	of which Stage 1	of which Stage 2	of which Stage 1	of which Stage 2	
Interbank loans	113,922,367	0	-5,328	0	0
Home loans	10,628,847,004	513,487,650	-964,104	-3,234,282	6,980,432,581
Retail loans Short Term	49,846,031	3,156,020	-4,861	-2,814	14,293,545
Retail loans Long term	655,331,633	65,720,240	-3,698,956	-2,007,503	512,790,438
Agricultural loans Short Term	87,273,325	5,941,508	-17,721	-6,485	405,638
Agricultural loans Long Term	1,805,130,295	74,800,286	-9,486,862	-516,299	474,731,484
Corporate loans Short Term	109,643,244	7,031,497	-65,843	-11,277	7,657,565
Corporate loans Long Term	1,532,711,967	127,131,727	-2,730,165	-1,594,062	636,794,117
Instalment loans	616,703,406	12,461,338	-457,159	-78,379	73,100
Comfort and cash loans	56,193,559	11,756,164	-613,415	-381,771	9,234,365
Guaranteed credits	53,896	0	0	0	0
Leasing contracts	140,755,560	10,703,652	-929,437	-532,602	68,257,260
Cash collateral deposited	736,956,001	0	0	0	0
Other loans and receivables	133,533,206	986,722	-27,062	-91,032	0
Total Performing by stages	**16,666,901,494**	**833,176,804**	**-19,000,913**	**-8,456,506**	**8,704,670,093**

(in EUR)	31/12/2019				
NON-PERFORMING	Gross book value/nominal amount		Accumulated impairment losses, accumulated negative fair value changes due to credit risk and provisions		Collateral and financial guarantees received
Total circulation	of which Stage 2	of which Stage 3	of which Stage 2	of which Stage 3	
Interbank loans	0	0	0	0	0
Home loans	0	76,512,703	0	-22,672,605	26,821,338
Retail loans Short Term	0	1,226,710	0	-544,872	84,051
Retail loans Long term	2,665,958	48,275,983	-110,680	-19,307,563	29,417,038
Agricultural loans Short Term	0	5,652,147	0	-1,995,342	1,630,857
Agricultural loans Long Term	0	73,497,790	0	-26,995,976	22,904,627
Corporate loans Short Term	521	8,772,624	-19	-3,118,266	1,304,330
Corporate loans Long Term	2,108,586	68,322,833	-63,966	-22,506,024	22,269,857
Instalment loans	0	4,206,412	0	-1,364,379	8,212,017
Comfort and cash loans	319,232	10,380,844	-35,712	-6,927,811	10,104,759
Guaranteed credits	0	769,063	0	-636,373	1,090,423
Leasing contracts	582,602	9,684,802	-45,434	-4,680,706	1,732,027
Cash collateral deposited	0	0	0	0	0
Other loans and receivables	0	6,261,408	0	-6,074,089	1,995,351
Total Non performing per stages	**5,676,899**	**313,563,319**	**-255,811**	**-116,824,006**	**127,566,675**

4.4.4. Moratoriums

The financial sector concerned itself with viable non-financial businesses, SMEs, self-employed persons and non-profit organisations as well as mortgage borrowers with payment issues as a result of the coronavirus crisis by giving them a suspension of payment (moratorium).
Initially, payments (as from April 2020) could be postponed by a maximum of six months, which was afterwards extended until the end of the year.
In December 2020, the decision was taken to again make a payment deferral for companies and private customers possible although based on the condition that the allocated postponement would never be more than 9 months within the framework of the first and second postponements. In February 2021, the decision was taken to allow the second payment postponement for business loans in relation to expiry dates up to 30 June 2021 and the decision was taken to grant additional payment postponement to healthy companies/organisations that already enjoyed a maximum payment postponement of 9 months under the first and/or second payment postponement corporate credits.

The scope of the granted payment postponement can be found in the tables reported below. On 31 December 2020, the gross book value of the moratoriums subjected to legislation amounted to EUR 645 million.

4.4.4.1. Breakdown of loans and advances for which legally and non-legally determined moratoriums apply based on the remaining length of validity of moratoriums.

(in EUR)	31/12/2020			
	Number of debtors	Gross book value		
			Of which: legally established moratoria	Of which: expired
Loans and advances for which a moratorium has been granted	6,294	785,551,105		
Loans and advances subject to a moratorium (granted)	5,562	644,827,385	644,827,385	644,827,385
Retail loans Long Term		51,015,701	51,015,701	51,015,701
Agricultural loans Long Term		14,870,322	14,870,322	14,870,322
Corporate loans Long Term		258,013,616	258,013,616	258,013,616
Home loans		309,386,138	309,386,138	309,386,138
Instalment loans		11,541,608	11,541,608	11,541,608

In view of the support measures of the government, it is possible to make an exact estimate of this today in the area of credit risk. Crelan has, however, catered for this by identifying processes to identify customers with an increased risk, analyse their credit files in detail and, if required, start to make additional impairments.

Within the framework of the measures taken to soften the consequences of the Covid-19 pandemic for the borrowers, Crelan and Europabank set up moratoriums for individual customers and companies that have been hit by the pandemic.
Some of these moratoriums have led to both banks loosing income in view of the fact that no interest rate is charged during the moratorium period on loans (this is the case for mortgage loans to "vulnerable" customers whose net income is less than EUR 1,700 a month). This loss in income amounted to EUR 3.1 million and was entered under the "Change losses of the result statement" section.

Although the moratoriums have fully elapsed as on 31 December 2020, the expected extensions (as from 1 January 2021) are already known. Up to now, the amount to EUR 81 million.

You can find an overview in the tables below of the loans (profitable and non-profitable) on which moratoriums apply.

4.4.4.2. Information about profitable loans and advances for which legally and non-legally determined moratoriums apply.

(in EUR)	31/12/2020					
	Gross book value			Accumulated impairment, accumulated negative fair value changes due to credit risk		
		Of which: exposures with respite measures	Of which: instruments with significant increase in credit risk since initial recognition but which are not impaired instruments (Phase 2)		Of which: exposures with respite measures	Of which: instruments with significant increase in credit risk since initial recognition but which are not impaired instruments (Phase 2)
Retail loans Long Term	50,505,032	1,475,692	4,723,331	-297,255	-20,062	-142,437
Agricultural loans Long Term	14,575,594	2,539,731	4,751,007	-120,652	-81,772	-103,400
Corporate loans Long Term	252,432,555	43,334,716	93,088,690	-2,942,596	-942,204	-2,106,877
Home loans	305,350,392	79,542,291	87,269,182	-697,713	-419,663	-562,652
Instalment loans	11,348,106	828,341	1,919,950	-77,477	-9,419	-20,958
Performing loans and advances subject to moratoria	**634,211,679**	**127,720,771**	**191,752,160**	**-4,135,693**	**-1,473,120**	**-2,936,324**

4.4.4.3. Information about non-profitable loans and advances for which legally and non-legally determined moratoriums apply.

(in EUR)	**31/12/2020**						
	Gross carrying amount			Accumulated impairment, accumulated negative fair value changes due to credit risk			Inflows to non-performing exposures
		Of which: exposures with respite measures	Of which: unlikely payments not past due or past due ≤ 90 days		Of which: exposures with respite measures	Of which: instruments with significant increase in credit risk since initial recognition but which are not impaired instruments (Phase 2)	
Retail loans Long Term	510,670	211,887	417,743	-51,989	-32,410	-35,475	0
Agricultural loans Long Term	294,727	269,726	294,727	-102,811	-101,003	-102,811	294,727
Corporate loans Long Term	5,581,060	4,319,203	4,286,334	-849,418	-659,535	-552,884	2,922,057
Home loans	4,035,746	4,029,772	4,035,746	-279,884	-279,399	-279,884	1,888,460
Instalment loans	193,502	157,937	187,706	-51,208	-38,803	-48,925	128,269
Non-performing loans and advances subject to moratoria	**10,615,705**	**8,988,525**	**9,222,256**	**-1,335,310**	**-1,111,150**	**-1,019,979**	**5,233,513**

4.4.4.4. Information about new loans and advances issued based on new government guarantee schemes that were introduced due to the COVID-19 crisis

(in EUR)	31/12/2020			
	Gross carrying amount		Maximum eligible amount of the guarantee	Gross carrying amount
		Of which: with respite	State guarantees received	Inflows to non-performing exposures
Retail loans Long Term	0	0	0	0
Agricultural loans Long Term	0	0	0	0
Agricultural loans Short Term	7,845,792	0	0	0
Corporate loans Short Term	5,150,194	254,100	0	0
Corporate loans Long Term	760,594	0	0	200,000
Home loans	0	0	0	0
Instalment loans	8,377,357	0	0	0
New loans and advances benefiting from State guarantee schemes	**22,133,937**	**254,100**	**0**	**200,000**

In addition to the payment postponement, the government also activated two guarantee schemes for new loans that banks issued.
The first guarantee scheme made a provision in the safeguarding of loans with a maximum duration of 12 months issued up to 30 September 2020. This term was afterwards extended to 31 December 2020. The target group was composed of non-financial companies, SMEs, self-employed persons and non-profit organisations.
The second guarantee scheme made a provision in the safeguarding of loans with a duration of more than 12 months and up to 36 months, issued up to 31 December 2020. The issue term was extended until 30 June 2021 and the duration up to 5 years. The target group was composed of small- or medium-sized non-financial entities.
The total outstanding among was the following as on 31 December 2020: EUR 22 million).

4.5. Tangible fixed assets

The mix of the tangible fixed assets as on 31 December 2020 and 31 December 2019 is as follows:

(in EUR)	2020					
	Land and buildings	**IT equipment**	**Office equipment**	**Other equipment**	**IFRS 16**	**Total**
Opening balance 1 January 2020						
Acquisition cost	34,713,023	37,499,530	15,516,395	29,703,065	19,594,561	137,026,574
Accumulated depreciation	25,732,763	35,433,634	12,772,783	24,706,287	3,553,541	102,199,008
Net carrying amount	8,980,260	2,065,896	2,743,612	4,996,778	16,041,020	34,827,566
Movements 2020						
Acquisitions	847,832	2,682,702	248,744	1,688,855	9,581,027	15,049,160
Disposals	55,740	7,636,871	674,196	265,140	0	8,631,947
Depreciations	532,624	1,242,158	-507,213	462,287	9,511,053	7,925,003
Reversals due to write-offs	-20,876	7,636,871	674,196	275,003	-18,583	8,546,611
Other	0	0	0	0	0	0
Closing balance 31 December 2020	**8,840,862**	**3,078,814**	**2,305,799**	**4,991,115**	**16,092,411**	**35,309,001**
Closing balance 31 December 2020						
Acquisition cost	35,480,615	32,518,183	15,046,096	30,211,357	29,136,396	142,392,647
Accumulated depreciation	26,639,753	29,439,369	12,740,297	25,220,242	13,043,985	107,083,646
Property, plant and equipment Net carrying amount	8,840,862	3,078,814	2,305,799	4,991,115	16,092,411	35,309,001

(in EUR)	2019					
	Land and buildings	IT equipment	Office equipment	Other equipment	IFRS 16	Total
Opening balance 1 January 2019						
Acquisition cost	35,033,177	37,279,991	15,145,145	30,631,115	0	118,089,428
Accumulated depreciation	26,062,022	34,274,690	12,131,178	25,357,726	0	97,825,616
Net carrying amount	8,971,155	3,005,301	3,013,967	5,273,389	0	20,263,812
Movements 2019						
Acquisitions	401,286	567,435	529,578	1,483,792	19,606,237	22,588,328
Disposals	721,441	2,491	107,568	2,272,351	0	3,103,851
Depreciations	18,457	1,211,938	-566,216	569,312	3,556,890	1,616,017
Reversals due to write-offs	721,440	2,491	107,453	2,266,564	-8,327	3,089,621
Other	0	0	-3,674	3,674	0	0
Closing balance 31 December 2019	**8,980,259**	**2,065,896**	**2,743,612**	**4,996,778**	**16,041,020**	**34,827,565**
Closing balance 31 December 2019						
Acquisition cost	34,713,022	37,499,530	15,516,395	29,703,065	19,594,561	137,026,573
Accumulated depreciation	25,732,763	35,433,634	12,772,783	24,706,287	3,553,541	102,199,008
Property, plant and equipment Net carrying amount	8,980,259	2,065,896	2,743,612	4,996,778	16,041,020	34,827,565

The rights of use that have been recorded in accordance with IFRS 16 were classified as tangible fixed assets. For the sake of clarity, we have separated the developments with regard to leasing from the other tangible fixed assets and have subsequently incorporated them under the same column regardless of their nature. Under the IFRS 16 column, all leasing assets are included and, in particular, vehicles, buildings and ATMs.

In view of the commencement of the standard on 1 January 2019, the Group has processed the rights of use of 2019 under "purchases" and not under "purchase price". More details with regard to the various developments are described in item 4.9. (IFRS 16).

The small difference in the net book value between 2019 and 2020 is mainly explained by the depreciations in relation to office equipment (EUR +0.57 million) and changes to the IT infrastructure (EUR +1.01 million). The changes in these two categories are related to the decommissioning of fully written off assets. This is a reduction of the statements on the asset side without consequences for the result.

The Group did not pup up property, plant and equipment as guarantees for liabilities.

4.6. Goodwill and other intangible fixed assets

The mix of the goodwill and intangible fixed assets as on 31 December 2020 and 31 December 2019 is as follows:

(in EUR)	Goodwill	Internally developed software	Acquired software	Other intangible assets	Total
Opening balance 1 January 2020					
Acquisition cost	23,642,632	21,436,033	39,265,173	1,143,487	85,487,325
Accumulated depreciation	0	16,693,746	34,825,046	1,143,487	52,662,279
Net carrying amount	23,642,632	4,742,287	4,440,127	0	32,825,046
Variations 2020					
Additions					
- separately acquired/internally developed	0	5,646,080	1,142,392	0	6,788,472
- through business combinations	0	0	0	0	0
Disposals	575	0	3,970,806	1,143,487	5,114,868
Amortisation	0	1,906,696	1,817,125	0	3,723,821
Reversals due to write-offs	0	0	3,970,806	1,143,487	5,114,293
Other	0	0	0	0	0
Closing balance 31 December 2020	**23,642,057**	**8,481,671**	**3,765,394**	**0**	**35,889,122**
Closing balance 31 December 2020					
Acquisition cost	23,642,057	27,082,113	36,436,759	0	87,160,929
Accumulated depreciation	0	18,600,442	32,671,365	0	51,271,807
Goodwill and intangible fixed assets					
Net carrying amount	23,642,057	8,481,671	3,765,394	0	35,889,122
Opening balance 1 January 2019					
Acquisition cost	23,642,632	20,136,100	37,701,507	1,143,487	82,623,726
Accumulated depreciation	0	14,730,201	33,032,748	1,076,784	48,839,733
Net carrying amount	23,642,632	5,405,899	4,668,759	66,703	33,783,993
Variations 2019					
Additions					
- separately acquired/internally developed	0	1,299,933	1,726,884	0	3,026,817
- through business combinations	0	0	0	0	0
Disposals	0	0	44,716	0	44,716
Amortisation	0	1,963,545	1,919,945	66,703	3,950,193
Reversals due to write-offs	0	0	9,145	0	9,145
Other	3	0	0	0	3
Closing balance 31 December 2019	**23,642,635**	**4,742,287**	**4,440,127**	**0**	**32,825,049**
Closing balance 31 December 2019					
Acquisition cost	23,642,632	21,436,033	39,265,173	1,143,487	85,487,325
Accumulated depreciation	0	16,693,746	34,825,046	1,143,487	52,662,279
Goodwill and intangible fixed assets					
Net carrying amount	23,642,632	4,742,287	4,440,127	0	32,825,046

With the exception of the goodwill, all intangible fixed assets have a limited economic life span. In contrast with intangible fixed assets, the goodwill is not amortised, but is subjected annually to an impairment test as the result of the application of IAS 36. If the book value of the involved entity is higher than the assessed value of this entity that can be realised, an impairment is included in the profit and loss statement.

IAS 36, paragraph 134, requires the provision of information for each cash generating unit for which the book value for the goodwill and/or intangible assets with an indefinite use duration is significant when compared to the total.

Currently, only the goodwill of EUR 23.6 million from the purchase of Europabank NV is included in this section as on 31 December 2020.

The recoverable amount is estimated based on the fair value minus costs related to the sale (that is to say, the "Fair value less costs to sell"). This amount is determined based on the discounted cash flow method (that is to say, the "discounted cash flow model"). In accordance with this method, the recoverable amount is calculated as the net present value of all future cash flows of the relevant operational unit.

The method is based on a number of assumptions:

Europabank NV cash flow assumptions

In relation to the financial side, the low level of interest rates continued in 2020 and therefore the interest rate margin has been put under downward pressure.

Management is assuming that the net banking product will be followed by growth in 2022 and 2023 by 3.4% and 2.9%, respectively, after a decrease of -4.1% in 2021. Annual growth is expected between 2024 and 2026 of 0.5% of the net banking product of Europabank NV.

The operating charges for 2021 to 2023 are based on the expected development of the costs. For the following years, it is being assumed that the operating charges will develop based on the operating charges/net capital gain ratio of 2020.

A detailed forecast is being made of the activities for the coming 5 years. After the explicit forecast period of 5 years, the final value of the companies taken into account by extrapolating the cash flows infinitely. This is based on a final growth after 5 years of 1.5% on an annual basis. This definitive growth percentage is determined by management based on the expected average market growth in the long term for each activity.

The discount rate

The net cash value of the cash flows expected from Europabank NV is calculated based on the applicable discount rate. The discount rate reflects the required return on equity. This discount rate is based on the Capital Asset Pricing Model (CAPM) and consists of a risk-free market interest rate and a market exposure premium multiplied by a company-dependent beta. The risk-free market interest rate is based on the Interest Rate Swap interest rate for 10 years. It amounted to -0.26% on 31 December 2020 (in 2019: 0.15%). The market exposure premium amounted to 5% in 2020 (5% in 2019). Beta is the systemic risk of an investment in comparison with the market as a whole. The beta of each reported unit was determined based on its specific risk profile. In 2020, the beta was 1.5 (1,5 in 2019). This can be translated into a discount rate of 7.2% for Europabank NV (2019: 7.6%).

Sensitivity

The sensitivity of the net present value of the recoverable amount of the unit is also calculated. In this case, the effect of the net present value of the entity is simulated as a result of a decrease and an increase of the risk-free interest rate beta and the activity-dependent beta, respectively. The effect of a decrease of the cash flow growth forecast is also simulated infinitely. To conclude, a stress test is performed by applying a negative annual grow percentage of 0.25% to future cash flows infinitely and by discounting the net value of future cash flows with a limited discount rate of 11.4%. Sensitivity and stress tests show that the thus obtained recoverable amounts are higher than the book values for Europabank NV.

4.7. Current and deferred tax assets and liabilities

The table below provides an overview of current and deferred tax assets and liabilities as on 31 December 2020 and 2019. Deferred tax assets and liabilities are allocated per legal entity of the Group.

(in EUR)	31/12/2020	31/12/2019
Current taxes		
Assets	1,348,915	1,104,136
Liabilities	1,848,559	506,001
Total Current taxes	**-499,644**	**598,135**
Deferred Taxes		
Assets	43,081,792	42,607,814
Liabilities	8,729,190	6,530,534
Total Deferred taxes	**34,352,602**	**36,077,280**

The table below gives the mix of deferred tax assets and liabilities on the balance sheet as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Recognised in the income statement	**33,994,167**	**36,170,228**
Spread of commissions according to the effective interest rate	*-14,615,332*	*-14,130,778*
Impairment losses on loans	*928,621*	*3,423,469*
Adjustment of investment portfolio	*866,416*	*1,099,867*
Derivatives and hedge accounting	*11,800,978*	*13,858,319*
Employee benefits	*2,045,869*	*2,063,250*
Depreciation of tangible and intangible fixed assets	*5,105*	*9,317*
Amounts written off tangible fixed assets	*0*	*0*
Provisions	*3,364,888*	*1,505,132*
Impact of definitively taxed income (DTI)	*33,607,692*	*33,801,464*
Goodwill	*0*	*0*
Impact of Centea takeover	*-4,020,926*	*-5,466,408*
Other	*10,856*	*6,596*
Included in revaluation reserves	**358,435**	**-92,948**
Adjustment of investment portfolio	*-709,293*	*-707,804*
Employee benefits	*1,067,728*	*614,856*
Total Deferred taxes	**34,352,602**	**36,077,280**

The deferred taxes do not show strong fluctuations when compared to last year. As was the case in 2019, the impact on the dividend received deduction (DRD) remains the largest item for an amount of EUR 33.6 million. This comprises the deferred tax assets on transferred losses.

During the course of 2018, the conditions for the use of dividend received deductions and transferred losses has been tightened. As from now, the tax credits may only be applied by 70% on the result that exceeds EUR 1 million. This may, in the future, lead to a remeasurement at fair value of the stock. Deferred taxes are only recognised if they can be offset against future profit.

The evolution of deferred tax assets and liabilities in 2020 and 2019 can be represented as follows:

(in EUR)	2020	2019
Opening balance	36,077,280	37,330,937
Recognised in profit or loss for the year	**-2,140,823**	**-2,133,564**
Spread commissions according to the effective interest rate	*-484,554*	*-394,554*
Write-downs on loans	*-2,538,572*	*-851,250*
Adjustment of investment portfolio	*-233,451*	*-436,941*
Derivatives and hedge accounting	*-2,057,341*	*-766,828*
Employee benefits	*17,860*	*119,754*
Depreciation of tangible and intangible fixed assets	*-4,212*	*-164,538*
Amounts written off tangible fixed assets	*0*	*0*
Provisions	*1,903,478*	*64,472*
Income definitively taxed (RDT)	*-193,772*	*-851,965*
Goodwill	*0*	*0*
Follow-up of Centea takeover	*1,445,482*	*1,141,719*
Other	*4,259*	*6,800*
CRI	*0*	*-233*
Included in revaluation reserves	**416,145**	**879,674**
Adjustment of investment portfolio	*-1,489*	*571,587*
Employee benefits	*417,634*	*308,086*
Other	*0*	*1*
Closing balance	**34,352,602**	**36,077,047**
Sale of CRI	0	233
Closing balance	**34,352,602**	**36,077,280**

On a global level, we see a slight decrease of our deferred taxes. The evolution of the deferred taxes in the result of the financial period shows a slight decrease of approximately EUR 0.5 million when compared to 2019. The ones that can be allocated in the subtotals to a reduction of the revaluation reserves. In 2020, we had a low use for the impact of the dividend received deductions of only EUR 0.2 million and EUR 0.9 million, respectively, as we did in 2019.

Deferred tax assets are only included if it is probable that the deferred tax asset will be compensated by profits expected in future.

As on 31 December 2020 and 2019, the deferred tax assets below were not included on the balance sheet due to uncertainty about the future taxable profit:

(in EUR)	31/12/2020	31/12/2019
Write-downs on loans and advances	11,239,199	7,838,313
Provisions	0	0
Tax losses	13,135,689	13,135,689
Unrecognised impact of definitively taxed income (DTI)	704,510	6,192,429
Notional interest	0	0
Total Deferred tax assets not included in balance sheet	**25,079,398**	**27,166,431**

4.8. Other assets and liabilities

The mix of the other assets on 31 December 2020 and 31 December 2019 is as follows:

(in EUR)	31/12/2020	31/12/2019
Prepaid expenses	1,628,527	1,371,786
Income to be received	9,780,704	7,873,524
Precious metals, goods and raw materials	144,591	145,387
Other advances	1,818,733	2,173,218
Taxes to be recovered	0	0
Other	1,165,624	1,007,644
Total Other assets	**14,538,179**	**12,571,559**

The mix of the other liabilities on 31 December 2020 and 31 December 2019 is as follows:

(in EUR)	31/12/2020	31/12/2019
Defined benefit pension plans	12,515,229	11,986,275
Other employee benefits	3,736,530	5,013,395
Social charges	12,160,187	12,519,521
Accrued charges	29,093,021	30,376,353
Deferred income	1,572	1,561
Tax liabilities	2,937,729	4,669,132
Other liabilities	45,196,919	20,752,850
Lease commitments (IFRS 16 - Leasing)	0	16,074,503
Total Other liabilities	**105,641,187**	**101,393,590**

The total other assets increased in 2020 by EUR 2 million, which was mainly due to an increase of the revenue to be received (fees on notes and funds).

The total of other liabilities increased in 2020 by EUR 4.2 million. The dividend for the 2019 accounting period could not be paid due to the coronavirus crisis and this has meant that the other liabilities rose by EUR 24.4 million. This significant increase of the other liabilities is, however, compensated by a transfer of EUR 16 million of the lease liabilities to other finance lease liabilities, the decrease of the other employee benefits by EUR 1.3 million, the accrued charges and deferred income (liabilities) by EUR 1.3 million EUR and the taxes, remuneration and social security by EUR 1.7 million.

The absence of finance lease liabilities (IFRS 16 - Leases) in the table above for 2020 is explained by the inclusion thereof in the explanatory note 4.11.4. Other financial liabilities.

The notes with regard to employee benefits and IFRS 16 can be found in explanatory notes 4.9. and 4.13, respectively.

4.9. IFRS 16

This standard has been introduced to improve the financial reporting about leases. The IFRS 16 standard came into force on 1 January 2019 and has changed the processing of leases (that is to say, leasing) in the business environment.
Lease transactions must be included on the balance sheet as from this date by means of a right-of-use asset (lease assets - split into "Tangible fixed assets") and a lease liability (liabilities - "Other financial liabilities"). However, there are two exceptions: on the one hand, short-term leases are excluded (less than 12 months) and, on the other hand, leases with a low value are excluded (less than USD 5,000).

For leases that decrease under the rules of IFRS 16, we subsequently determine the term of the lease. Lease transactions have a specific term, but also often include the option of renewing the lease. The entity decides whether the lease will or will not be renewed based on all available information. If it is probable that the lease will be renewed, this extends the term; the opposite situation is naturally also possible.

The transition method selected by Crelan is the "Modified Retrospective Method". In accordance with this method, the right-of-use asset and the lease liability are recalculated on the effective date of IFRS 16 at the marginal interest rate on 1 January 2019.

Impact on the balance sheet

Under IFRS 16, we adopt the right-of-use asset and the lease liability on the balance sheet. Both financial assets and liabilities will therefore increase. The book value of the right-of-use asset, moreover, usually decreases faster than the book value of the lease liability; this results in a decrease of equity when compared to the previous IAS 17 standard.

The Group has identified three main asset classes that are subject to lease liability:

- Buildings;
- Company vehicles;
- ATMs .

For each of these assets, Crelan also needed to identify the implicit interest rate that must be applied to the financing of these leases:

- Buildings: interest rate in relation to a mortgage with a maturity of 10 years (+/- 1.9%);
- Company vehicles: interest rate on a vehicle lease for 5 years +/- 2.8%);
- Money distributors: interest rate on professional loans with a maturity of 7 years (+/- 3.4%).

In 2020, much changes in the area of IFRS16 leases. The Crelan Group entered into a new lease at AXA Bank Belgium. The staff in Antwerp therefore relocated to the new building. The old lease of the Post X building had a fixed lease term. The Crelan Group decided to sublease approximately ¾ of this lease to a third party. Later on, this same part was transferred. The remaining part of approximately ¼ of the old Post X leased building is still charged to the Crelan Group. The Crelan Group has the intention to also transfer this part. In that case, the Crelan Group would no longer have any contractual obligation with the old Post X leased building. In relation to the ATMs, a new contract with Jofico was entered into. It is important to note that the final values of the right to use, lease liability and the effect on the result continue to be very limited despite the amendments to the leases.

Below we provide the details of the evolution of the right-of-use asset as on 31 December 2020:

	2020				
(in EUR)	Opening balance	Additions	Depreciation	Impairment	Closing balance
Crelan	8,214,145	8,280,510	-7,853,100	0	8,641,555
Buildings	*3,611,156*	*5,505,229*	*-5,990,349*	*0*	*3,126,036*
Vehicles	*2,321,608*	*1,475,026*	*-1,355,229*	*0*	*2,441,404*
ATM	*2,281,381*	*1,300,255*	*-507,521*	*0*	*3,074,115*
Europabank	7,826,875	1,300,517	-1,657,953	-18,583	7,450,856
Buildings	*7,094,410*	*999,535*	*-1,280,919*	*0*	*6,813,026*
Vehicles	*732,465*	*300,982*	*-377,034*	*-18,583*	*637,830*
ATM	*0*	*6,777*	*0*	*0*	0
CRI	6,999	6,777	-13,776	0	0
Vehicles	6,999	6,777	-13,776	0	0
Total	**16,048,018**	**9,587,804**	**-9,524,829**	**-18,583**	**16,092,411**

Below we provide the details of the evolution of the right-of-use asset as on 31 December 2019:

	2019				
(in EUR)	Opening balance	Additions	Depreciation	Impairment	Closing balance
Crelan	9,139,557	1,044,296	-1,969,708	0	8,214,145
Buildings	*4,196,749*	*0*	*-585,593*	*0*	3,611,156
Vehicles	*2,005,119*	*1,044,296*	*-727,807*	*0*	2,321,608
ATM	*2,937,689*	*0*	*-656,308*	*0*	2,281,381
Europabank	8,734,737	687,647	-1,587,182	-8,327	7,826,875
Buildings	*7,852,823*	*511,915*	*-1,270,328*	*0*	7,094,410
Vehicles	*881,914*	*175,732*	*-316,854*	*-8,327*	732,465
ATM	*0*	*0*	*0*	*0*	0
CRI	39,897	0	-32,898	0	6,999
Vehicles	*39,897*	*0*	*-32,898*	*0*	6,999
Total	**17,914,190**	**1,731,943**	**-3,589,788**	**-8,327**	**16,048,018**

Below we provide the details of the evolution of the lease liabilities as on 31 December 2020:

	2020			
(in EUR)	Crelan	Europabank	CRI	Total
Opening balance	8,309,358	7,758,044	7,101	16,074,503
Additions	5,844,547	1,300,517	6,675	7,151,739
Decreases	-3,217,312	-18,583	0	-3,235,895
Lease payment	-2,465,201	-1,747,360	-14,177	-4,226,738
Interest	283,320	88,503	401	372,224
Closing balance	**8,754,712**	**7,381,121**	**0**	**16,135,833**

Below we provide the details of the evolution of the lease liabilities as on 31 December 2019:

	2019			
(in EUR)	Crelan	Europabank	CRI	Total
Opening balance	9,139,557	8,734,737	39,897	17,914,190
Additions	1,044,296	687,647	0	1,731,943
Decreases	0	-8,327	0	-8,327
Lease payment	-2,099,900	-1,675,815	-33,345	-3,809,060
Interest	225,405	19,802	549	245,757
Closing balance	**8,309,358**	**7,758,044**	**7,101**	**16,074,503**

Impact on the result

The depreciation with regard to the right of use is shown in the result under depreciations. The interest rate on the lease liability is included as interest charges and therefore the financial costs increase. The result effect of the lease payments can be found under operating charges. Based on IAS 17 rules, the total costs were linked to the lease linked to the operating costs.

Below we provide the details of the impact on the profit and loss account on 31 December 2020 and 31 December 2019:

(in EUR)	2020	2019
Depreciation of right-on-use assets	-9,524,829	-3,589,788
Interest on lease liabilities	-372,224	-245,757
Lease payment	7,444,050	3,809,060
Difference in addition ROU and LL	2,436,065	0
Total	**-16,938**	**-26,485**

Below we provide the details of the impact on cash flows on 31 December 2020 and 2019:

(in EUR)	2020	2019
Total cash outflow before lease	-2,479,378	-3,809,060

As described above, the impact on the coming into force of this new standard has been very limited for the Group. The difference between the right of use and the lease liabilities resulted in a P&L impact of EUR -16,938 in 2020 (EUR -26,485 in 2019).

4.10. Crelan Insurance NV balance sheet and result

4.10.1. Available for sale: Crelan Insurance NV balance sheet

The mix of the balance sheet on a "Stand-alone" basis of Crelan Insurance NV as on 31 December 2020 is the following:

(in EUR)	31/12/2020		
Assets	**Crelan Insurance**	**Eliminations**	**Total**
Financial assets at fair value through profit or loss	1,140,800	0	1,140,800
Financial assets measured at amortised cost	90,039,856	-40,188,071	49,851,785
Loans and receivables (including finance leases) to banks	38,479,574	-39,500,619	-1,021,045
Loans and receivables (including finance leases) to customers	48,597	-687,452	-638,855
Debt securities	51,511,686	0	51,511,686
Property, plant and equipment	0	0	0
Goodwill and Intangible assets	0	0	0
Tax receivables	470,620	0	470,620
Other assets	2,110,293	-139,999	1,970,294
Total Assets held for sale and discontinued operations	93,761,569	-40,328,070	53,433,499
Liabilities			
Financial liabilities measured at amortised cost	111,735	-38,400,720	-38,288,985
Deposits	79,213	-38,400,361	-38,321,148
Other financial liabilities	32,522	-359	32,163
Provisions	62,748,464	0	62,748,464
Tax liabilities	78,350	0	78,350
Other liabilities	3,476,728	-1,927,350	1,549,378
Total Liabilities held for sale and discontinued operations	66,415,277	-40,328,070	26,087,207
Net carrying amount	**27,346,292**	**0**	**27,346,292**

The mix of the balance sheet on a "Stand-alone" basis of Crelan Insurance NV as on 31 December 2019 is the following:

(in EUR)	31/12/2019		
Assets	**Crelan Insurance**	**Eliminations**	**Total**
Financial assets at fair value through profit or loss	1,048,619	0	1,048,619
Financial assets measured at amortised cost	81,491,060	-26,233,126	55,257,934
Loans and receivables (including finance leases) to banks	24,179,622	-25,114,782	-935,160
Loans and receivables (including finance leases) to customers	87,953	-1,118,344	-1,030,391
Debt securities	57,223,485	0	57,223,485
Property, plant and equipment	6,999	0	6,999
Goodwill and Intangible assets	0	0	0
Tax receivables	474,277	0	474,277
Other assets	2,332,256	-113,000	2,219,256
Total Assets held for sale and discontinued operations	85,353,211	-26,346,126	59,007,085
Liabilities			
Financial liabilities measured at amortised cost	47,829	-24,179,623	-24,131,794
Deposits	0	-24,179,623	-24,179,623
Other financial liabilities	47,829	0	47,829
Provisions	56,084,339	0	56,084,339
Tax liabilities	0	0	0
Other liabilities	5,677,736	-2,166,503	3,511,233
Total Liabilities held for sale and discontinued operations	61,809,904	-26,346,126	35,463,778
Net carrying amount	**23,543,307**	**0**	**23,543,307**

The sale of the insurance branch of Crelan (Crelan Insurance NV) is part of the negotiations in relation to the transaction between Crelan and AXA.

The first "Crelan Insurance" column gives the accounting position of the subsidiary independently.

The "Eliminations" column comprises all intercompany transactions between Crelan Insurance NV and the other entities of the Group.

The "Total" column represents the amounts that must be added to the "Consolidated balance sheet" (see page 5) to include the insurance activities within the scope of the Group.

The increase of the net book value by EUR 3.8 million between 2019 and 2020 matches the result of the insurance activities for 2020 (see the next section, 4.10.2. "Income statement of Crelan Insurance NV") regarding which the distribution of dividends are deducted from the central entity of the Group.

4.10.2. Available for sale: Crelan Insurance NV result

The mix of the income statement on a "standalone" basis of Crelan Insurance NV as on 31 December 2020 is the following:

Consolidated statement of realised and unrealised results	31/12/2020		
(in EUR)	Crelan Insurance	Eliminations	Total
ORDINARY OPERATING ACTIVITIES			
Financial and operating income and expenses	**17,524,873**	**-1,104,595**	**16,420,278**
Interest income	949,516	-90,893	858,623
Interest expense	-79,065	90,893	11,828
Dividends	0	0	0
Income from commissions and fees	459,982	-4,209,480	-3,749,498
Fee and commission expense	-9,239,366	4,198,686	-5,040,680
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	26,657	0	26,657
Gains and losses on financial assets and liabilities held for trading (net)	0	0	0
Gains and losses on financial assets and liabilities at fair value through profit or loss (net)	92,182	0	92,182
Fair value adjustments in hedge accounting	0	0	0
Revaluations of currency differences	0	0	0
Gains and losses on derecognition of assets other than held for sale	0	0	0
Other operating income	25,314,967	-1,093,801	24,221,166
Other operating expenses	0	0	0
Administration costs	**-4,742,752**	**1,104,595**	**-3,638,157**
Staff expenses	-977,955	0	-977,955
General and administrative expenses	-3,764,797	1,104,595	-2,660,202
Cash contributions to resolution funds and deposit guarantee schemes	**-2,811**	**0**	**-2,811**
Depreciation	**7,843**	**0**	**7,843**
Tangible assets	7,843	0	7,843
Intangible assets (other than goodwill)	0	0	0
Foreign exchange gains or (losses), net	**0**	**0**	**0**
Provisions	**-4,404,720**	**0**	**-4,404,720**
Impairment losses	**2,561**	**0**	**2,561**
Impairment losses on financial assets not measured at fair value through profit or loss	2,561	0	2,561
Financial assets at fair value through other comprehensive income (FVOCI)	*0*	*0*	*0*
Financial assets measured at amortised cost	*2,561*	*0*	*2,561*
Impairment losses on property, plant and equipment	0	0	0
Negative goodwill immediately recognised in profit or loss	**0**	**0**	**0**
Gains and losses on non-current assets or disposal groups classified as held for sale	**0**	**0**	**0**
TOTAL PROFIT OR LOSS FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY INTEREST	8,384,994	0	8,384,994
Income tax expense (income) related to profit or loss from continuing operations	-2,082,007	0	-2,082,007
Current tax	*-2,081,341*	*0*	*-2,081,341*
Deferred tax	*-666*	*0*	*-666*
NET PROFIT OR LOSS from non-current assets and disposal groups classified as held for	**6,302,987**	**0**	**6,302,987**

The mix of the income statement on a "standalone" basis of Crelan Insurance NV as on 31 December 2019 was the following:

Consolidated statement of realised and unrealised results	31/12/2019		
(in EUR)	Crelan Insurance	Eliminations	Total
ORDINARY OPERATING ACTIVITIES			
Financial and operating income and expenses	**17,732,736**	**-880,778**	**16,851,958**
Interest income	1,002,320	-2,933	999,387
Interest expense	-549	2,933	2,384
Dividends	0	0	0
Income from commissions and fees	403,088	-4,777,569	-4,374,481
Income from commissions and fees	-9,399,497	4,739,543	-4,659,954
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	0	0	0
Gains and losses on financial assets and liabilities held for trading (net)	0	0	0
Gains and losses on financial assets and liabilities at fair value through profit or loss (net)	53,737	0	53,737
Fair value adjustments in hedge accounting	0	0	0
Revaluations of currency differences	0	0	0
Gains and losses on derecognition of assets other than held for sale	0	0	0
Other operating income	25,673,802	-842,752	24,831,050
Other operating expenses	-165	0	-165
Administration costs	**-5,105,528**	**880,778**	**-4,224,750**
Staff expenses	-1,582,156	0	-1,582,156
General and administrative expenses	-3,523,372	880,778	-2,642,594
Cash contributions to resolution funds and deposit guarantee schemes	**-56**	**0**	**-56**
Depreciation	**-21,619**	**0**	**-21,619**
Tangible assets	-21,619	0	-21,619
Intangible assets (other than goodwill)	0	0	0
Foreign exchange gains or (losses), net	**0**	**0**	**0**
Provisions	**-5,525,761**	**0**	**-5,525,761**
Impairment losses	**-1,730**	**0**	**-1,730**
Impairment losses on financial assets not measured at fair value through profit or loss	-1,730	0	-1,730
Financial assets at fair value through other comprehensive income (FVOCI)	*0*	*0*	*0*
Financial assets measured at amortised cost	*-1,730*	*0*	*-1,730*
Impairment losses on property, plant and equipment	0	0	0
Negative goodwill immediately recognised in profit or loss	**0**	**0**	**0**
Gains and losses on non-current assets or disposal groups classified as held for sale	**0**	**0**	**0**
TOTAL PROFIT OR LOSS FROM CONTINUING OPERATIONS BEFORE TAX AND MINORITY	7,078,042	0	7,078,042
Income tax expense (income) related to profit or loss from continuing operations	-2,028,392	0	-2,028,392
Current tax	*-2,028,623*	*0*	*-2,028,623*
Deferred tax	*231*	*0*	*231*
NET PROFIT OR LOSS from non-current assets and disposal groups classified as held for sale	**5,049,650**	**0**	**5,049,650**

The result of Crelan Insurance NV as on 31 December 2020 amounts to EUR 6.3 million, an increase of EUR 1.3 million when compared with the previous year. The activities of Crelan Insurance NV are closely linked to the mortgages that Crelan has issued in the sense that the mainly offered product is an outstanding balance insurance.

Since the credit production remained comparable with that of 2019, the insurance activities led to stable revenue for the Group. The increase of the net result can mainly be ascribed to the decrease of the provisions between 2019 and 2020 (EUR -1.1 million).

4.11. Financial liabilities measured at amortised cost

4.11.1. Deposits

The mix of the deposits on 31 December 2020 and 2019 is as follows:

(in EUR)	31/12/2020	31/12/2019
Deposits from credit institutions	417,217,715	24,576,488
- deposits from central banks	400,919,290	101,931
- sight deposits	3,455,726	3,791,121
- deposits with agreed maturity	12,842,699	15,720,871
- financial liabilities linked to transferred financial assets (repos)	0	4,962,565
Deposits from other than credit institutions	20,001,951,462	18,209,271,411
- sight deposits	4,461,766,367	3,639,213,180
- deposits with agreed maturity	746,674,422	811,855,673
- savings deposits	14,649,517,795	13,626,800,297
- other deposits	143,992,878	131,402,261
Total deposits	**20,419,169,177**	**18,233,847,899**

(in EUR)	31/12/2020	31/12/2019
Deposited collaterals in the context of CSA	2,839,772	5,719,441

The increase of the deposits (EUR +2.19 billion) can be ascribed to two factors:

- The high savings ratios that were observed during the crisis;
- The launch of a third series of targeted longer-term refinancing operations (TLTRO III).

In relation to the deposits of non-credit institutions, we note that, in addition to the aforementioned increase, the basic trend remains the same when compared to the previous accounting periods with a shift of time deposits that are not renewed (EUR -65.18 million) to the current and savings account deposits (EUR +1.85 billion). This is mainly the result of ever greater monetary relaxation that the ECB has applied to support the European economy during the COVID-19 crisis, which means that the interest rates become lower and lower.

To conclude, the Group received EUR 2.84 million EUR in securities in cash in relation to the derivative transactions.

The Group does not have any reverse repurchase agreement anymore this year. This explains why there is no difference between the book value and the market value that are being used to determine the amount of the deposits.

The table below provides an overview of the value of the financial assets transferred of the Group:

31/12/2020 (in EUR)	*Financial assets held for trading*	*Debt securities at amortised cost*	*Loans and receivables*
Carrying amount of assets transferred	0	0	0
Carrying amount of the associated liability	0	0	0

31/12/2019 (in EUR)	*Financial assets held for trading*	*Debt securities at amortised cost*	*Loans and receivables*
Carrying amount of assets transferred	0	5,021,463	0
Carrying amount of the associated liability	0	4,962,565	0

4.11.2. Debts embodied in debt certificates including bonds and debentures

The debts embodied in debt certificates are only made up of bank certificate and are as follows as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Banknotes	682,504,692	906,798,610
Bonds	0	0
Total Debt securities including bonds	**682,504,692**	**906,798,610**

The decrease of the outstanding amount by EUR -224.3 million (2019: EUR -61.1 million) is even clearer than in the previous accounting period. This continuation of the decreasing trend of the volume can be explained by the loss in interest for this product type amongst customers. This can be ascribed to the fact that the capital of the customer is tied up for a specific period when compared to an interest rate that has dropped significantly during the last few years as a result of the continuous decrease of the market interest rate. As previously expressed, these dynamics is even strengthened by the various stimulating measures of the ECB in the aftermath of the coronavirus crisis.

Macro hedging is applied to a part of the savings bond portfolio. For more information about this topic, refer to the notes in 4.14.

4.11.3. Subordinated liabilities

The subordinated obligations only consist of subordinated certificates. The remaining maturity as on 31 December 2020 and 2019 can be detailed as follows:

(in EUR)	31/12/2020	31/12/2019
Expiry date	0	0
Current year	0	0
Current year +1	50,274,290	100,980,627
Current year +2	17,415,246	50,144,924
Current year +3	3,851,556	17,370,591
Current year +4	5,631,614	3,842,932
More than current year +4	0	5,617,713
Total Subordinated liabilities	**77,172,706**	**177,956,787**

The subordinated debts dropped further in 2020 (EUR -100.8 million). The decrease of the outstanding amount can be ascribed to the certificates reaching their final maturity date and the fact that they are not being renewed. The same reason applies to this as specified in the previous item (4.11.2.). Due to the decrease of the market interest rate, the benefit for this product type decreases and, as a consequence, also the interest from customers.

4.11.4. Other financial liabilities

The other financial liabilities can be detailed as follows:

(in EUR)	31/12/2020	31/12/2019
IFRS16	16,135,834	0
Suspense accounts	96,900,827	133,230,027
Total Other financial liabilities	**113,036,661**	**133,230,027**

The IFRS16 section was classed in 2019 under "Other obligations" (see item 4.8.).

4.11.5. Targeted longer-term refinancing operations (TLTRO) loans

Crelan has participated in the TLTRO loan subscribed by the ECB for EUR 400 million. The TLTRO loan is entered based on the amortised cost with an effective interest rate based on the main refinancing operations (MRO) interest rate (MRO) of the ECB. A discount of 50 base points is allocated for the period from 30 September 2020 to 23 June 2022 independently from the growth of the loan book that is eligible for the third TLTRO. This benefit of a market advantageous interest rate is included in the result spread over the period to which these discounts apply (IAS 20.7 and IAS 20.12). For the 2020 accounting period, this amounts to approximately EUR half a million, which was entered as interest rate revenue. The additional discount and mainly the difference between the MRO interest rate and the deposit facility rate (DFR), which currently amounts to another 50 base points does depend on the growth of the loan book that is eligible for the third TLTRO. In view of the current assessment of this growth, Crelan deems it sufficiently realistic that this additional discount will be realised and an additional EUR half a million was recorded as interest revenue.

4.12. Provisions

The provisions can be detailed as follows per type for 2020 and 2019:

31/12/2020 (in EUR)	Reorganisation	Legal disputes pending	Other provisions	Total
Opening balance	13,042,533	7,191,314	967,582	21,201,429
Additions	65,396	739,508	1,042,177	1,847,081
Amounts used	-5,744,739	-358,357	0	-6,103,096
Unused amounts reversed during the period	0	-424,134	0	-424,134
Reclassification as held for sale	0	0	0	0
Other movements	0	0	0	0
Closing balance Provisions	**7,363,190**	**7,148,331**	**2,009,759**	**16,521,280**

31/12/2019 (in EUR)	Reorganisation	Legal disputes pending	Other provisions	Total
Opening balance	23,365,163	5,948,823	828,634	30,142,620
Additions	0	2,140,280	158,787	2,299,067
Amounts used	-4,555,784	-814,628	0	-5,370,412
Unused amounts reversed during the period	-5,766,846	-83,161	-19,839	-5,869,846
Reclassification as held for sale	0	0	0	0
Other movements	0	0	0	0
Closing balance Provisions	**13,042,533**	**7,191,314**	**967,582**	**21,201,429**

In October 2016, the Board of Directors of Crelan NV approved the strategic "Fit for the Future" plan for the reorganisation of the central services and network of agents. The provisions within the framework of this project amounted to EUR 38 million and were related to the gradual decrease of the number of full-time jobs over a period of 4 years and the restructuring of the agent network. After the various transfers, expenditure and allocations during the prior years, these facilities amounted to EUR 13.0 million at the end of 2019. In 2020, an application of funds was entered for EUR 5.7 million, the remeasurement at fair value of the allowance requirements led to an allocation of EUR 0.1 million.

Current disputes refer to various legal cases and claims. The amount of the provision is examined individually in relation to each case by the legal department or by Human Resources in the case of a claim that involves an employee. The variation of EUR 0.04 million refers to both new and existing files. Most of these files mainly refer to legal disputes with members of staff. In 2020, a provision for taxation risk of EUR 0.1 million was added.

The other provisions refer to liabilities and guarantees in relation to credit lines and current accounts for Stage 1 and Stage 2. They are being determined in accordance with IFRS9 since 2018.

To conclude, the technical provision for the insurance activity since 2019 is no longer included separately in the statements but on the "Liabilities held for the sale and terminated corporate activities" line since it is the intentions to sell the insurance company in 2021. The balance at the end of the year can be found in item 4.10. The provisions of Crelan Insurance NV amount to EUR 63 million what represents a variation of approximately EUR +7 million when compared with 2019.

4.13. Employee benefits

4.13.1. Pension liabilities

Liabilities due to the defined retirement benefit plans are included in the "Other liabilities" section. Crelan NV has two defined retirement benefit plans that cover employees of the previous Landbouwkrediet and Centea. The other entities of the Group have set up Belgian committed benefit plans.

Since 2012, it is no longer interesting to close defined retirement benefit plans. They are financed by group insurance contracts or individual pension liabilities taken out with Belgian insurers. The financing method selected by the employer makes provisions for an annual allocation to the financing ceilings. This fund takes into account the assumptions of wage increases, inflation, discount rate, pensionable age and staff turnover while observing the statutory minimum financing.

On the pensionable age, employees receive a specific amount in capital calculated based on the annual compensation and seniority.

Defined retirement benefit plans cover the actuarial risk and mainly the interest rate risk, market exposure and inflation risk.

The Group has four "defined benefit plans, one for previous Landbouwkredit employees who are employed since 2008, two for the previous Centea employees, who are employed from before 1999 and one for Europabank NV. Employees of the former Landbouwkredit who are registered in relation to the retirement benefit plans have, moreover, been transferred to defined benefit plans if they continue to work after the pensionable age. The subsidiary Europabank NV also has its own defined benefit plan for all its employees. All these retirement benefit plans are financed by group insurances where the insurer guarantees a minimum return.

The Belgian defined benefit plans were subjected to a statutory minimum return of 3.25% on the employer benefits and 3.75% on the personal benefits that must be guaranteed by the employer until recently. This guaranteed return could be changed through a royal decree. In this case, it was expected that the new returns would be applied to the built-up benefits from the past and future benefits. In view of the limited risk, these retirement benefit plans are regarded as defined benefit plans and processed as such under IAS 19.

Belgian legislation was amended on 1 January 2016: the minimum return to be guaranteed by the employer varies depending on the performance of the 10 year OLO (Lineaire Obligatie; Linear Bond) with a minimum of 1.75% and a maximum of 3.75%. For benefits paid as from 2016, the guaranteed minimum return is 1.75%.
For retirement benefit plans that are financed by group insurance contracts in accordance with which the insurance company guarantees a contractual interest rate, the percentage of 3.25% or 3.75% will continue to apply to accumulated benefits as on 31 December 2015 until the date when employment is left by the working employee. In fact, these Belgian defined benefit plans can be classified as defined retirement benefit plans in accordance with IAS 19 as from 2016.

As from 2016, the Group has been carrying out the entire calculation of the liabilities for defined benefit plans in accordance with IAS 19. The gross liabilities for defined benefit entitlements are measured at fair value in accordance with the "Projected Unit Credit"[5] method.
The "Projected Unit Credit (PUC) cost method" is an actuarial technique where the gross liabilities that arise from defined benefit entitlements are assessed through a forecast of future discounted benefits. The cash value of the gross defined benefit obligation is subsequently compared with the fair value of the investments. A provision is made for any possible shortfall. While taking into account the benefit costs that should be allocated to the year of service, the adjustment in the liability is included through the remeasurement at the fair value reserve. The measurement at fair value of assets in defined benefit plans is based on the application of paragraph 115[6] of IAS 19 while taking the standard risk of insurance institutions into account. Defined retirement benefit plans are measured in accordance with the method of the fair value of the assets (IFRS 13) where assets equal the cash value of future cash flows while taking the risk of non-payment into account.

To determine the fair value of the assets, an assessment of the non-payment risk is performed:

- For the fair value of the assets that remain within the limits of the mathematical reserves, the non-payment risk is set to equal the non-payment risk of corporate bonds with an AA rating. The discount rate that is used to determine the cash value is therefore identical to the discount rate that is used to calculate the defined benefit obligation (DBO).

- For the fair value of assets that exceed the mathematical reserves, an additional standard risk is taken into consideration that is included as follows in the discount rate: the added risk premium equals the revenue on corporate bonds with an AA rating minus the yield of financial institutions with the rating of the relevant insurance companies.

This method therefore takes the risk that the insurance company cannot meet its liabilities into account, that is to say, that it cannot achieve its contractually agreed guaranteed return.

[5] The "Projected Unit Credit" method is used to determine the cash value, gross liabilities linked to the defined benefit plan and the costs of the provided services. In accordance with this method, a "projected accumulated benefit" is calculated based on the working status on the measurement date, but, when the formula for the calculation of benefits is based on future salary and social insurance levels, by using assumptions about the growth of these projected amounts on the age at which the employee is expected to stop working. Normally, the "expected accrued benefit" based on the plan formula. If employment in future years, however, cause substantially higher benefits than in previous years, the "expected accumulated benefits" are calculated by allocating the benefits linearly over the assessment period.
[6] This means that the assets equal the cash value of the insured capital in group insurance contracts that make provisions for an interest rate guaranteed by the insurer (Branch 21).

The table below shows the evolution of the current value of the gross liability of defined retirement benefit plans and Belgian defined benefit plans:

(in EUR)	31/12/2020		31/12/2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Opening balance	71,269,078	82,124,832	65,907,721	74,730,585
Current service cost	2,653,723	3,197,469	2,563,353	2,813,919
Interest cost	451,058	649,077	900,921	1,072,962
Plan participants' contributions	169,527	867,623	176,966	836,997
Taxes	-377,442	-349,984	-340,444	-347,473
Actuarial gains and losses - experience	-140,918	0	-504,542	0
Actuarial gains and losses - demographic assumpti	71,981	0	0	0
Actuarial gains and losses - financial assumptions	1,941,971	1,596,665	5,425,228	7,330,491
Benefits paid	-6,764,103	-4,602,973	-2,860,125	-4,312,649
Operating expenses prior period - deductions	0	0	0	0
Severance pay	0	0	0	0
Reclassification from defined contribution plans	0	0	0	0
Closing balance	**69,274,876**	**83,482,710**	**71,269,078**	**82,124,832**

The considerable increase in 2019 of the actuarial earnings and losses in relation to financial assumptions can be fully ascribed to the decrease of the discount rates. The decrease of the discount rates continues in 2020 but to a limited degree. The ultimate effect on the gross liability in 2020 is therefore smaller when compared to 2019.

The increase in the paid benefits can mainly be ascribed to the plan for early retirement that the Group offered its employees who were older than 58.

The breakdown of the gross liability of Belgian defined retirement benefit plans and defined benefit plans can be as follows:

(in EUR)	31/12/2020		31/12/2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Active employees	58,318,863	69,286,278	61,350,273	68,858,703
Ex-employees	9,742,908	13,977,059	8,845,112	13,059,104
Beneficiaries	8,787	0	64,545	0
Taxes	1,204,318	219,373	1,009,149	207,025
Balance	**69,274,876**	**83,482,710**	**71,269,079**	**82,124,833**

The assets are held in exchange for defined retirement benefit plans and defined benefit plans.

The table below shows the evolution of the fair value of the assets involved:

(in EUR)	31/12/2020		31/12/2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Opening balance	62,354,820	80,356,530	58,686,984	72,950,261
Interest income on plan assets	393,154	649,012	815,598	1,069,818
Return on plan assets above/(below) the discount rate	-217,948	1,987,255	3,075,402	7,469,378
Contributions by the employer	3,136,245	2,701,478	2,800,438	2,690,198
Contributions by plan participants	169,527	867,623	176,966	836,997
Benefits paid	-6,764,104	-4,602,974	-2,860,125	-4,312,649
Taxes	-377,442	-349,984	-340,443	-347,473
Reclassification from defined contribution plans	0	0	0	0
Closing balance	**58,694,253**	**81,608,941**	**62,354,820**	**80,356,530**

The observed return on the assets of the committed retirement schemes amount to EUR 0.2 million in 2020 (2019: EUR 3.9 million). In general, the fair value of the involved assets has decreased due to an increase in the paid benefits and a decrease of the observed return.
The assets do not comprise financial instruments that have been issued by the Group or property investments or assets that are used by the Group. All assets are invested in group insurance contracts that make provisions in a contractual interest rate guaranteed by the insurer (contracts in branch 21).

The table below gives the details of the reconciliation between the actual value of the gross liabilities and the fair value of the assets in relation to the Belgian defined retirement benefit plans and defined benefit plans as well as the assets and liabilities that appear on the balance sheet:

(in EUR)	31/12/2020		31/12/2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Gross liabilities for defined benefit plans	69,274,876	83,482,710	71,269,078	82,124,832
Fair value of plan assets	-58,694,253	-81,608,941	-62,354,820	-80,356,530
Net defined benefit liabilities	**10,580,623**	**1,873,769**	**8,914,258**	**1,768,302**
Amounts recognised in the balance sheet				
Liability for defined benefit plans	10,580,623	1,873,769	8,914,258	1,768,302
Defined benefit plan assets	0	0	-2	0
Net defined benefit liabilities	**10,580,623**	**1,873,769**	**8,914,256**	**1,768,302**

The table below shows the total costs that are included in the total result during the course of the year:

(in EUR)	31/12/2020		31/12/2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Retirement benefit costs allocated to the financial year	2,653,723	3,197,469	2,563,353	2,813,919
Interest expense	451,058	649,077	900,921	1,072,962
Operating expenses prior period - reductions	0	0	0	0
Severance pay	0	0	0	0
Interest income on plan assets	-393,154	-649,012	-815,599	-1,069,818
Total expense recognised in profit or loss	**2,711,627**	**3,197,535**	**2,648,675**	**2,817,063**
Revaluation reserves recognised in equity	2,090,981	-390,591	1,845,284	-138,887
Total expense recognised in other comprehensive income	**4,802,609**	**2,806,944**	**4,493,959**	**2,678,176**

The most important actuarial assumptions with regard to Belgian defined retirement benefit plans and defined benefit plans are shown in the table below:

	2020		2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Discount rate	0,33% - 0,68%	0,31% - 0,82%	0,59%-0,96%	0,59%-1,11%
Expected percentage salary increases	2.80%	2.80%	2.80%	2.80%
Expected inflation	1.80%	1.80%	1.80%	1.80%

The most important actuarial assumptions that have been used to determine the total costs that are included in the profit and loss account during the year are shown in the table below:

	2020		2019	
	Defined benefit schemes	Ex-allocated contribution schemes	Defined benefit schemes	Ex-allocated contribution schemes
Discount rate	0,59%- 0,96%	0,31% - 0,82%	1,37%-1,72%	0,59%-1,11%
Expected percentage salary increases	2.80%	2.80%	2.80%	2.80%
Expected inflation	1.80%	1.80%	1.80%	1.80%

The discount rate that is used to determine the value of the liabilities of the retirement benefit plan is different for ex-Centea and Crelan NV and for the Belgian defined retirement benefit plans and the Belgian defined benefit plans. (Relatively) older employees are in the defined retirement benefit plan of Crelan NV. The defined benefit plan of ex-Centea was only implemented in 2009 and applies to all those persons who started their employment after 1998. Since the average period to be financed is longer for ex-Centea than for Crelan NV, the discount rate that is used for the calculation of the defined benefit obligation higher for ex-Centea than for Crelan NV. The same note applies to Belgian defined benefit plans.

The expected cash flows in 2021 for the defined retirement benefit plans and the Belgian defined benefit plans of the Group are shown in the table below:

(in EUR)	31/12/2021	
	Defined benefit schemes	Ex-allocated contribution schemes
Employer's contributions to plan assets (including taxes)	2,724,182	2,683,159
Contributions by plan participants	174,274	870,226
Benefits paid	3,998,854	664,088
Benefits paid by employer	1,530	0
Taxes	388,010	0

The average maturity of the liabilities with regard to the defined retirement benefit plans is 9 years for Crelan NV and 16 years for ex-Centea. The average maturity of the liabilities with regard to the various defined benefit plans is between 9 and 15 years.

The sensitivity analysis of the actuarial assumptions with regard to the gross liability of the defined benefit plans at the end of the period is shown in the table below:

	(in EUR)	31/12/2020
		Defined benefit schemes
1	Gross Liability at the end of the period based on prior year assumptions	
	a. Gross Liability - Nominal value	67,260,924
2	Sensitivity of discount rates	
	a. Original assumption	1.01%
	b. Gross Liability	69,274,876
	a. Hypothesis - Variation 1	2.01%
	b. Gross Liability - Nominal value	65,699,033
	a. Hypothesis - Variation 2	0.01%
	b. Gross liability - Nominal value	73,141,201
3	Sensitivity of expected percentage salary increases	
	a. Original assumption	5.60%
	b. Gross Liability	69,274,876
	a. Hypothesis - Variation 1	6.60%
	b. Gross Liability - Nominal value	74,377,711
	a. Hypothesis - Variation 2	4.60%
	b. Gross Liability - Nominal Value	64,727,301
4	Sensitivity of the mortality rate	
	a. Original hypothesis	MR/FR -3
	b. Gross Liability	69,274,876
	a. Hypothesis - Variation 1	MR/FR
	b. Gross Liability - Nominal value	69,024,746
5	Sensitivity of expected inflation	
	a. Original assumption	3.60%
	b. Gross Liability	69,274,876
	a. Hypothesis - Variation 1	4.60%
	b. Gross Liability - Nominal value	71,794,186
	a. Hypothesis - Variation 2	2.60%
	b. Gross Liability - Nominal value	66,916,087

The sensitivity analysis of the actuarial assumptions in relation to the value of the gross liabilities and assets of Belgian defined benefit plans at the end of the period is presented in the table below:

(in EUR)	31/12/2020 Ex-allocated contribution schemes
Discount rate +50bp	
Gross Liability	78,436,098
Plan assets	76,734,727
Discount rate -50bp	
Gross Liability	89,019,305
Plan assets	86,950,538
Discount rate +25bp	
Gross Liability	80,901,638
Plan assets	79,116,687
Discount rate -25bp	
Gross Liability	86,186,160
Plan assets	84,217,932

4.14. Derivatives and accounting processing

A derivative is a financial instrument of which the value depends on the value of an underlying value (for example, interest rate, exchange rate, share price, index, etc.) for which a limited initial investment is required and regarding which the payment is mad at a later time.

The Group only holds derivatives within the framework of hedging transactions. The following types of derivatives are used within the Group:

- An **Interest rate swap** is an agreement where two parties agree to swap interest payments regularly.

- A **cap** is an interest rate option that limits the maximum interest rate for the buyer of the cap at a level defined in advance for various periods.

- A **swaption** is an option on an interest rate swap where the owner of the swaption has the right but not the obligation to enter into a swap.

The Group only applies fair value hedging that covers the risk or variation in the fair value of an asset or liability.

In relation to the fair value hedging of the interest rate risk of a portfolio of financial assets or liabilities, three portfolios were put together at NV that are all hedged separately by a portfolio of interest rate swaps:

- Asset portfolio consisting of consumer loads, mortgages and investment loans
- Investment portfolio
- Portfolio of liabilities consisting of savings bonds and fixed-term accounts

The portfolios of assets (1) or liabilities (3) are the subject of hedging relationships via macro hedging. Macro hedging means that the interest rate risk of a portfolio with comparable characteristics is hedged by using a portfolio of interest rate swap agreements. Adjustments to the fair value of the underlying portfolio to be ascribed to the hedged risk lead to an adjustment of the book value of the underlying portfolio when compared with the income statement.

The adjustments on the balance sheet are included in the "Adjustments to the fair value of the hedged positions in relation to fair value hedging of the interest rate risk of a portfolio" section on the asset or liability side of the balance sheet (depending on the side on which the hedged portfolio is: asset or liability).

The adjustments in the profit and loss account and also every inefficiency of the hedging relationship are included in the "Fair value adjustments in relation to the administrative processing of hedging transactions" section.

Since 2011, the Group also applies fair value hedging with caps and swaptions. For this, Crelan NV implicitly placed synthetic portfolios of caps linked to mortgages with a variable interest rate as a hedged position on which fair value hedging is applies.

For all fair value hedging, the required efficiency tests are performed on each balance sheet date.

The table below shows the fair value of the current hedging instruments that were held on 31 December 2020 and 2019:

	31/12/2020			
	Notional		Carrying amount	
(in EUR)	Receivable	Payable	Assets	Liabilities
Fair value hedge (macro hedging)	3,475,845,929	5,733,200,000	2,877,569	46,263,230
Fair value hedge (micro-hedging)	0	0	0	0
Total Derivatives – Hedge accounting	**3,475,845,929**	**5,733,200,000**	**2,877,569**	**46,263,230**
	31/12/2019			
	Notional		**Carrying amount**	
(in EUR)	**Receivable**	**Payable**	**Assets**	**Liabilities**
Fair value hedge (macro hedging)	2,849,641,324	4,954,723,259	28,577,911	682,810,463
Fair value hedge (micro-hedging)	0	0	0	0
Total Derivatives – Hedge accounting	**2,849,641,324**	**4,954,723,259**	**28,577,911**	**682,810,463**

In 2020, Crelan applied netting (i.e. offsetting; IAS 32) on the derivatives with the LCH counterparty (see item "4.16 Offsetting of financial assets and liabilities"). This explains the huge decrease of the book value of both the assets and the liabilities when compared to the end of 2019 in the table above.

The following table provides an overview of the book value of the hedged items for 2020 and 2019:

	31/12/2020		
	Carrying amount		Basis
(in EUR)	Assets	Liabilities	Adjustment
Carrying amount of the hedged item	0	0	0
of which AC loans to customers	-707,534,893	0	-4,086,969
of which AC debt securities ASSETS	-15,764,871	0	-45,315
of which AC debt securities LIABILITIES	0	13,958,396	-8,517
Total	**-723,299,764**	**13,958,396**	**-4,140,801**
	31/12/2019		
	Carrying amount		**Basis**
(in EUR)	**Assets**	**Liabilities**	**Adjustment**
Carrying amount of the hedged item	0	0	0
of which AC loans to customers	-609,186,904	0	-4,211,352
of which AC debt securities ASSETS	-18,498,402	0	-91,992
of which AC debt securities LIABILITIES	0	10,387,630	13,600
Total	**-627,685,306**	**10,387,630**	**-4,289,744**

As explained above, the Group only hedges its positions through fair value hedging. Assets with the same characteristics (for example, maturity date/review date and the contract interest rate) are grouped in synthetic portfolios. Each of these portfolios is fully hedged by its respective derivatives where the difference in value mainly arises from the difference in the used benchmarks between the hedging instrument and the hedged position.

The following table provides an overview of the net result as the result of the inefficiency in relation to the processing of the hedging transactions:

	31/12/2020		31/12/2019	
(in EUR)	Gains	Losses	Gains	Losses
Fair value hedge of an individual asset or liability				
- changes in the fair value of the hedged item	0	0	0	0
- changes in the fair value of the hedging derivatives	0	0	0	0
Fair value hedge of interest rate risk of a portfolio				
- changes in the fair value of the hedged item	93,263,203	0	138,134,938	0
- changes in fair value of the hedging derivatives	0	-89,915,092	0	-139,868,886
- amortisation and other fair value adjustments	2,260,113	0	874,455	0
Total gains and losses	**95,523,316**	**-89,915,092**	**139,009,393**	**-139,868,886**
Net result from hedge accounting	**5,608,224**		**-859,493**	

The total result impact as on 31 December 2020 amounts to EUR 5.6 million (2019: EUR -0.86 million).

An important aspect regarding this is a cash compensation that the Group received from LCH in view of the fact that this counterparty has changed the calculation curve from EONIA to ESTER.

When Centea NV was taken over, Crelan NV was confronted with derivatives that could not be documented as hedging based on IFRS rules (although they are linked to hedging from an economics perspective). These derivatives therefore needed to be placed in the portfolio for commercial purposes ("Financial assets of liabilities held for commercial purposes"). This concerns interest rate swap agreements, caps and swaptions.

The table below shows the mix of the financial assets and liabilities held for commercial purposes on 31 December 2020 and 2019 and therefore consists only of derivatives for which no hedging could be documented in accordance with IFRS rules:

(in EUR)	31/12/2020	31/12/2019
Assets		
Derivatives held for trading	39,459	22,882,716
Debt securities	0	0
Total assets held for trading	**39,459**	**22,882,716**
Liabilities		
Derivatives held for trading	1,393,873	23,908,344
Debt securities	0	0
Total liabilities held for trading	**1,393,873**	**23,908,344**

Both in 2020 and in 2019, no financial assets were held for assets held for trading as a security for obligations or conditional obligations.

The table below shows the mix of derivatives held for commercial purposes on 31 December 2020 and 2019. For the notional amount, a distribution is made between "to be received" (receiver) and "to be paid" (payer).

(in EUR)	31/12/2020			
	Notional		Carrying amount	
	Receivable	Payable	Assets	Liabilities
Interest rate instruments				
- IRS (interest rate swap agreement)	40,000,000	37,000,000	0	1,357,324
- Caps	298,316,014	342,500,000	39,459	36,548
- Swaptions	0	0	0	0
Total derivatives held for trading	**338,316,014**	**379,500,000**	**39,459**	**1,393,872**
	31/12/2019			
	Notional		Carrying amount	
	Receivable	Payable	Assets	Liabilities
Interest rate instruments				
- IRS (interest rate swap agreement)	60,000,000	47,000,000	22,852,862	23,884,253
- Caps	371,600,539	522,500,000	29,855	24,091
- Swaptions	7,300,000	8,000,000	0	0
Total derivatives held for trading	**438,900,539**	**577,500,000**	**22,882,717**	**23,908,344**

The decrease of the different notional amounts arises from the current hedging instruments that are reaching their end expiry date. The decrease of the book value can be explained by the already reported netting (IAS 32) (see item 4.16. "Offsetting of financial assets and liabilities")

Cash guarantees are received from/paid to the counterparty as security for the credit risk with regard to the positive or negative market value of the derivatives. These guarantees amounted to EUR 141.9 million on 31 December 2020 (2019: EUR 783.9 million). They are entered under the "Loans and receivables/interbank credits and guarantees that have been deposited in cash" section (see explanatory note 4.4.1.). The decrease in this cash collateral when compared to 2019 can be fully explained by the previously mentioned offsetting (IAS 32) that was applied in 2020 (see item 4.16 "Offsetting of financial assets and liabilities").

4.15. Fair value of financial assets and financial liabilities

The fair value is the price that would be received to sell an asset or that would be paid to transfer a liability in a regular transaction between market participants on the measurement at fair value date.

Based on the observability of the parameters, the fair value is divided into 3 categories:

Level 1: quoted prices (not adjusted) in asset markets for identical assets and liabilities;

Level 2: use of parameters other than quoted prices that can be observed for the asset or liability either directly or indirectly;

Level 3: use of non-observable parameters or when an observable input requires an adjustment by using a non-observable input and this adjustment results in a considerable adjustment of the fair value.

4.15.1. Fair value of financial assets and liabilities based on the amortised cost

The table below shows the book value and the fair value of the assets and liabilities included on the balance sheet at the amortised cost:

(in EUR)	31/12/2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables	17,807,684,814	18,345,455,499	0	0	18,345,455,499
Interbank loans	*123,949,884*	*123,997,982*	*0*	*0*	*123,997,982*
Home loans	*11,764,827,942*	*12,145,547,486*	*0*	*0*	*12,145,547,486*
Retail loans Short Term	*55,655,485*	*55,616,817*	*0*	*0*	*55,616,817*
Retail loans Long Term	*745,956,071*	*752,089,049*	*0*	*0*	*752,089,049*
Agricultural loans Short Term	*88,902,200*	*88,931,799*	*0*	*0*	*88,931,799*
Agricultural loans Long Term	*1,922,186,919*	*2,008,801,813*	*0*	*0*	*2,008,801,813*
Corporate loans Short Term	*127,146,011*	*127,126,406*	*0*	*0*	*127,126,406*
Corporate loans Long Term	*1,838,393,687*	*1,902,911,489*	*0*	*0*	*1,902,911,489*
Instalment loans	*664,215,798*	*666,121,541*	*0*	*0*	*666,121,541*
Comfort and cash loans	*52,778,765*	*52,778,765*	*0*	*0*	*52,778,765*
Guaranteed credits	*112,729*	*112,729*	*0*	*0*	*112,729*
Leasing contracts	*166,598,294*	*164,458,594*	*0*	*0*	*164,458,594*
Paid-up cash guarantees	*141,945,529*	*141,945,529*	*0*	*0*	*141,945,529*
Other loans and receivables	*115,015,500*	*115,015,500*	*0*	*0*	*115,015,500*
Securities	1,000,709,922	1,053,621,029	1,034,558,314	19,062,714	0
At amortised cost	*1,000,709,922*	*1,053,621,029*	*1,034,558,314*	*19,062,714*	*0*
Liabilities					
Deposits	20,419,169,177	20,435,424,250	0	18,775,500,670	1,659,923,580
Debts evidenced by certificates	682,504,692	695,294,332	0	0	695,294,332
Subordinated liabilities	77,172,706	78,598,965	0	0	78,598,965

(in EUR)			31/12/2019		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables	17,674,781,280	18,175,801,790	0	0	18,175,801,790
Interbank loans	*113,917,039*	*113,952,216*	*0*	*0*	*113,952,216*
Home loans	*11,191,976,366*	*11,524,663,237*	*0*	*0*	*11,524,663,237*
Retail loans Short Term	*53,676,214*	*53,623,131*	*0*	*0*	*53,623,131*
Retail loans Long Term	*746,869,112*	*747,684,535*	*0*	*0*	*747,684,535*
Agricultural loans Short Term	*96,847,432*	*96,860,546*	*0*	*0*	*96,860,546*
Agricultural loans Long Term	*1,916,429,234*	*2,013,604,175*	*0*	*0*	*2,013,604,175*
Corporate loans Short Term	*122,252,481*	*122,433,584*	*0*	*0*	*122,433,584*
Corporate loans Long Term	*1,703,380,896*	*1,772,924,578*	*0*	*0*	*1,772,924,578*
Instalment loans	*631,471,239*	*633,038,463*	*0*	*0*	*633,038,463*
Comfort and cash loans	*70,691,090*	*70,691,090*	*0*	*0*	*70,691,090*
Guaranteed credits	*186,586*	*186,587*	*0*	*0*	*186,587*
Leasing contracts	*155,538,437*	*154,594,494*	*0*	*0*	*154,594,494*
Paid-up cash guarantees	*736,956,001*	*736,956,001*	*0*	*0*	*736,956,001*
Other loans and receivables	*134,589,153*	*134,589,153*	*0*	*0*	*134,589,153*
Securities	1,195,180,246	1,248,807,248	1,229,417,163	19,390,084	0
At amortised cost	*1,195,180,246*	*1,248,807,248*	*1,229,417,163*	*19,390,084*	*0*
Liabilities					
Deposits	18,233,847,899	18,246,562,820	0	16,632,958,711	1,613,604,109
Debts evidenced by certificates	906,798,610	918,148,086	0	0	918,148,086
Subordinated liabilities	177,956,787	182,488,519	0	0	182,488,519

For deposits up to a year, it is assumed that the fair value equals the book value. For the other assets and liabilities, the fair value is determined based on:

- The evolution of the risk-free interest rate: the issue is to investigate the difference between the historic and the current interest rate. As a risk-free interest rate, the IRS interest rate is applied on a comparable cash flow structure.
- The evolution of margins on assets and liabilities: here we investigate the difference between historic and current margins on various products. The margin is calculated as being the interest rate that the customer pays minus the risk-free interest rate. The weighted average of the margins on the production of the various products over the past 12 months is taken as the current margin.

To get the impact on the fair value, the adjustment in the margin is multiplied by the outstanding balance and the risk-free interest rate is discounted. The same margin is used for the remaining maturity of the asset/liability and therefore does not take interest rate adjustments into account.

Both in 2020 and in 2019, there were no significant transfers of financial assets or liabilities between the various levels.

4.15.2. Measurement at fair value of financial assets and liabilities included based on fair value

The tables below show the classification of the fair value of the financial assets and liabilities on Levels 1, 2 and 3 in accordance with the observability of the used parameters:

Fair value of financial assets 2020				
	Total	Level 1	Level 2	Level 3
At fair value through profit or loss				
Loans	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Held for trading				
Debt securities	0	0	0	0
Derivatives	39,459	0	39,459	0
Other	0	0	0	0
TOTAL	**39,459**	**0**	**39,459**	**0**
At fair value through OCI				
Debt securities	0	0	0	0
Funds	0	0	0	0
Other	9,669,787	0	0	9,669,787
TOTAL	**9,669,787**	**0**	**0**	**9,669,787**
At fair value through profit and loss				
Debt securities	5,333,235	0	0	5,333,235
Funds	1,447,912	1,447,912	0	0
Other	0	0	0	0
TOTAL	**6,781,147**	**1,447,912**	**0**	**5,333,235**
At amortised cost				
Debt securities	0	0	0	0
Funds	0	0	0	0
Other	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Hedging derivatives				
Interest Rate Swaps	0	0	0	0
Swaptions	2,050,245	0	2,050,245	0
Caps	827,324	0	827,324	0
TOTAL	**2,877,569**	**0**	**2,877,569**	**0**
Held for sale				
Land and Buildings	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

Fair value of financial liabilities 2020				
	Total	Level 1	Level 2	Level 3
Held for trading				
Debt securities	0	0	0	0
Derivatives	1,393,873	0	1,393,873	0
Other	0	0	0	0
TOTAL	**1,393,873**	**0**	**1,393,873**	**0**
Hedging derivatives				
Interest Rate Swaps	46,263,230	0	46,263,230	0
Swaptions	0	0	0	0
Caps	0	0	0	0
TOTAL	**46,263,230**	**0**	**46,263,230**	**0**

Fair value of financial assets 2019				
	Total	**Level 1**	**Level 2**	**Level 3**
At fair value through profit or loss				
Loans	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Held for trading				
Debt securities	0	0	0	0
Derivatives	22,882,716	0	22,882,716	0
Other	0	0	0	0
TOTAL	**22,882,716**	**0**	**22,882,716**	**0**
At fair value through OCI				
Debt securities	0	0	0	0
Funds	0	0	0	0
Other	8,705,691	0	0	8,705,691
TOTAL	**8,705,691**	**0**	**0**	**8,705,691**
At fair value through profit and loss				
Debt securities	5,429,792	0	0	5,429,792
Funds	1,433,285	1,433,285	0	0
Other	90,000	0	0	90,000
TOTAL	**6,953,077**	**1,433,285**	**0**	**5,519,792**
At amortised cost				
Debt securities	0	0	0	0
Funds	0	0	0	0
Other	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Hedging derivatives				
Interest Rate Swaps	22,839,430	0	22,839,430	0
Swaptions	4,031,237	0	4,031,237	0
Caps	1,707,244	0	1,707,244	0
TOTAL	**28,577,911**	**0**	**28,577,911**	**0**
Held for sale				
Land and Buildings	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

Fair value of financial liabilities 2019				
	Total	**Level 1**	**Level 2**	**Level 3**
Held for trading				
Debt securities	0	0	0	0
Derivatives	23,908,344	0	23,908,344	0
Other	0	0	0	0
TOTAL	**23,908,344**	**0**	**23,908,344**	**0**
Hedging derivatives				
Interest Rate Swaps	682,810,463	0	682,810,463	0
Swaptions	0	0	0	0
Caps	0	0	0	0
TOTAL	**682,810,463**	**0**	**682,810,463**	**0**

Financial assets and liabilities regarding which there are no quoted prices are measured at fair value based on the market assessments of reputable external financial counterparties. These market assessments are systematically verified by the Financial Markets department and the back office. Due to a lack of a market price, 2 bonds and debentures are measured at fair value based on a model price. For these bonds and debentures, the cash flows of bonds and debentures are measured at fair value based on the distribution of the liquid bonds and debentures of the same issuer.

For derivatives, the market value is determined as follow: since 2013, the measurement at fair value of interest rate swaps is based on the ESTER curve. In the course of 2020, the measurement method for the contracts at the central LCH clearing house changed and become based on the ESTER curve. For caps and swaptions, we use the market volatility of various counterparties. Next, the market value of the option is based on the characteristics of the underlying derivative.

A sensitivity analysis of the total portfolio is performed on a monthly basis. The interest rate risk and spread risk are measured and verified based on the limits that are imposed by boards of directors. The interest rate risk is measured by using a cumulative nominal interest rate difference. The spread risk is calculated based on a value-at-risk spread (spread VaR) with a reliability interval of 99.5%, a risk period of 3 months and based on the historic asset spreads per bond class over several years. On 31 December 2020, we measured a spread VaR of EUR 19.8 million on the global portfolio.

The bonds and debentures under level 3 are not subject to an interest rate risk and a spread risk because of the nature of the investment.

To conclude, we also have the investments in the private equity portfolio and those that are catalogued under fair value via OCI for an amount of EUR 9.7 million (level 3) and the investments in funds for an amount of EUR 1.4 million (Level 1).

For the assumptions that are used for the calculations of Level 3, no tangible adjustments were implemented in 2020 in addition to the normal market value-adjustments.

In 2020 and 2019, there were no significant transfers of financial assets or liabilities between the various levels.

The table below shows the evolution of Level 3 in 2020:

31/12/2020	Financial assets held for trading		At fair value through OCI		At fair value through profit or loss	
	Debt securities	Derivatives	Other	Funds	Debt securities	Funds
Opening balance	0	0	8,705,691	0	5,519,792	0
Results						
through realised results	0	0	0	0	0	0
through unrealised results	0	0	5,955	0	-96,558	0
Purchases	0	0	958,141	0	0	0
Sales	0	0	0	0	0	0
Arrived at maturity	0	0	0	0	0	0
Transfers in/out Level 3	0	0	0	0	-90,000	0
Closing balance	**0**	**0**	**9,669,787**	**0**	**5,333,234**	**0**

The table below shows the evolution of Level 3 in 2019:

31/12/2019	Financial assets held for trading		At fair value through OCI		At fair value through profit or loss	
	Debt securities	Derivatives	Other	Funds	Debt securities	Funds
Opening balance	0	0	8,854,071	0	5,219,047	0
Results						
through realised results	0	0	0	0	0	0
through unrealised results	0	0	-148,380	0	0	0
Purchases	0	0	0	0	300,745	0
Sales	0	0	0	0	0	0
Arrived at maturity	0	0	0	0	0	0
Transfers in/out Level 3	0	0	0	0	0	0
Closing balance	**0**	**0**	**8,705,691**	**0**	**5,519,792**	**0**

4.16. Offsetting of financial assets and liabilities

To limit the risks when accepting derivatives, an International Swaps and Derivatives Association (ISDA) master agreement, a Credit Support Annex (CSA) and a Global Master Repurchase Agreement (GMRA) is entered into with each financial counter party. These agreements determine that, in the case of default, compensation can take place on all rights and obligations that arise from the derivatives that are traded with this counterparty. The risk is further restricted by offering a cash guarantee in relation to the contractual obligation in case of a negative net market value of the derivative portfolio. If the net market value is positive, this will lead to receiving a cash guarantee.

A residual risk always remains since, in case a counterparty with whom derivatives have been entered into remains in default, a new counterparty must be found and therefore it is possible that the replacement costs may exceed the cash guarantee.

To further restrict the risk that is linked to the trading in derivatives, new transactions are settled via a central clearing member. The is mainly the counterparty risk that is thus significantly decreased.

IAS 32 has the aim of determining the bases for presenting financial instruments such as liability or equity and for setting off financial assets and financial liabilities.
This standard contains guidelines in relation to the offsetting of financial assets and liabilities. It determines that a financial asset and liability must be set off and the net amount must be included on the balance sheet only if the entity (IAS 32.42):

- Has a right that is currently enforceable in law to set off the included amounts. Crelan must have a right to offset enforceable in law. This means that the right to offset:
  - May not depend on a future event;
  - Must be enforceable in law in each of the following circumstances:
    - During the normal course of the transaction;
    - In case of non-payment;
    - In relation to insolvency or bankruptcy of the entity and all counterparties;

- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. (IAS 32.48) Crelan must therefore have the intention to settle on net basis or to sell the asset and the liability simultaneously.

In 2020, Crelan changed clearing agent for the taking out of derivatives with LCH. After a legal verification of the most important clauses in the contract with the new clearing agent, Crelan came to the conclusion that these positions were eligible for offsetting in accordance with the rules of IAS 32. As a consequence, the decision was taken to apply offsetting as from that accounting period to the balance sheet for the derivatives cleared via LCH. The comparable figures were not applied for this because it could not be stated with sufficient certainty at the end of the previous accounting period whether the criteria for the netting (offsetting) were fulfilled.

The following table provides an overview of the financial assets and liabilities to which an enforceable ISDA compensation master agreement applies. This applies to derivative transactions and to agreements for the sale and repurchase of securities. Since the beginning of 2020, Crelan no longer has any repurchase agreements. The amounts that are offset on the balance sheet can be found in the first three columns with figures.

The amounts of the enforceable master netting agreements or equivalent agreements that are not offset and the net amount that remains after deduction of these amounts are specified below in the columns with figures.

31/12/2020 (in EUR)	Gross amounts, before any netting in the balance sheet	Amounts actually netted in the balance sheet	Net amounts in the balance sheet, including netting	Offsetting under certain conditions: Amounts netted under a convention	Offsetting under certain conditions: Guarantees obtained or given, including cash collateral	Net amount, after any netting effect
Financial assets						
Derivatives	38,902,136	35,985,109	2,917,028	36,549	2,718,630	161,849
- Trading	18,580,776	18,541,317	39,459	36,549	2,910	0
- Hedging	20,321,360	17,443,791	2,877,569	0	2,715,720	161,849
Repo's & reverse repo's	0	0	0	0	0	0
Total Financial assets	**38,902,136**	**35,985,109**	**2,917,028**	**36,549**	**2,718,630**	**161,849**
Financial liabilities						
Derivatives	793,555,147	745,898,044	47,657,103	36,549	47,400,702	219,852
- Trading	19,935,176	18,541,303	1,393,873	36,549	1,357,324	0
- Hedging	773,619,971	727,356,741	46,263,230	0	46,043,378	219,852
Repo's & reverse repo's	0	0	0	0	0	0
Total Financial liabilities	**793,555,147**	**745,898,044**	**47,657,103**	**36,549**	**47,400,702**	**219,852**

31/12/2019 (in EUR)	Gross amounts, before any netting in the balance sheet	Amounts actually netted in the balance sheet	Net amounts in the balance sheet, including netting	Offsetting under certain conditions: Amounts netted under a convention	Offsetting under certain conditions: Guarantees obtained or given, including cash collateral	Net amount, after any netting effect
Financial assets						
Derivatives	51,460,627	0	51,460,627	45,716,382	5,543,297	200,948
Repo's & reverse repo's	0	0	0	0	0	0
Total Financial assets	**51,460,627**	**0**	**51,460,627**	**45,716,382**	**5,543,297**	**200,948**
Financial liabilities						
Derivatives	706,881,917	0	706,881,917	45,716,383	661,165,534	0
Repo's & reverse repo's	4,962,565	0	4,962,565	0	4,962,565	0
Total Financial liabilities	**711,844,482**	**0**	**711,844,482**	**45,716,383**	**666,128,099**	**0**

The obtained and given guarantees are completely cash guarantees. The amount of the guarantee is regulated and is therefore legally enforceable based on a Credit Support Annex (CSA) agreement that is added to the ISDA agreement.

4.17. Equity

The mix of the equity as on 31 December 2020 and 2019 is as follows:

(in EUR)	31/12/2020	31/12/2019
Share capital	896,520,856	871,767,914
Revaluation reserve: Changes in fair value of debt instruments measured at fair value through other comprehensive income	2,127,880	2,123,414
Actuarial gains/losses on pension schemes	-3,428,037	-2,175,144
Reserves	366,836,881	320,995,423
Net profit for the year	49,405,954	70,297,576
Minority interests	0	0
Total Equity	**1,311,463,534**	**1,263,009,183**

The equity slightly increased in 2020. Despite the difficult conditions, the Crelan Group still managed to have the cooperative capital grow by EUR 24.8 million. The net profit for the accounting period did, however, show a significant decrease.

The table below shows the evolution of the capital in 2020 and 2019:

	2020		2019	
(in EUR)	Number of shares	Capital	Number of shares	Capital
Opening balance	70,303,864	871,767,914	66,024,959	818,709,492
- registered shares	0	0	0	0
- cooperative shares	70,303,864	871,767,914	66,024,959	818,709,492
Changes	1,996,205	24,752,942	4,278,905	53,058,422
- cooperatives joining and leaving the company	1,996,205	24,752,942	4,278,905	53,058,422
- other	0	0	0	0
Closing balance	**72,300,069**	**896,520,856**	**70,303,864**	**871,767,914**
- registered shares	0	0	0	0
- cooperative shares	72,300,069	896,520,856	70,303,864	871,767,914

The shares have a nominal value of EUR 12.40 EUR per share; the capital of Crelan consists completely of shares. All shares are fully paid-up ones. The Group announce in July 2019 that it had raised the ceiling for the subscription amount for cooperative shares. This is now EUR 5,009.6 for a maximum quantity of 404 shares (compared with EUR 4,005.2 and 323 shares for this, respectively). This increase led to a strong production of cooperative capital during the second half of 2019. The categories of members of the cooperative who have contributed the most to the increase of the outstanding amount were the existing members of the cooperative who have increased the number of shares in their possession from 323 to 404 and new members of the cooperative who subscribed directly in relation to the maximum number of shares that can be held.

The requests for repayment made during the year will only be executed after approval by the annual general meeting. These requests will be executed as follows:

Date of application for repayment	Date of repayment
Between 01/01 and 30/06 of the year X	After the General Assembly of year X+1
Between 01/07 and 31/12 of the year X	After the General Assembly of year X+2

There is only one exception to the general rule for the repayment of cooperative shares:
Upon the death of the cooperative shareholder or the spouse, the repayment of cooperative shares takes place immediately where the value date is deemed to be 1 January.

For 2021, we expect that an amount of EUR 12,003,249.60 will be repaid to customers and will be deducted from the capital after repayment.
For 2022, this amounts to the amount that was known on 31 December 2020 EUR 3,157,226.

Evolution of revaluation reserves

The reserves from the remeasurement refer to the adjustments in the fair value of debt instruments measured at fair value by means of non-realised results and on actuarial gains and losses in relation to benefit plans. The other reserves refer to reserves in accordance with the articles of association and deducted gains.

The evolution of the adjustments in fair value of debt instruments measured at fair value by means of non-realised results is shown in the table below:

(in EUR)	Gross	Deferred taxes	Total
Opening balance 01/01/2020	2,831,219	-707,805	2,123,414
Revaluation of assets	1,001,153	-250,288	750,865
Securities sold and matured	-995,199	248,800	-746,399
Impairment losses recognised	0	0	0
Fair value hedge micro hedge	0	0	0
Fair value hedge macro hedge	0	0	0
Other	0	0	0
Closing balance 31/12/2020	**2,837,174**	**-709,293**	**2,127,880**

The payment of the dividend has already been reported in issue 2.7. "Events after balance sheet date".

4.18. Insurance contracts

Since September 2007, Crelan Insurance NV only sells risk insurances of the "outstanding balance insurance", "temporary life insurance" and " finance settlement insurances" types.

The target group of an outstanding balance insurance are all people or companies that take out a loan and wish to pay it back in full or partially in case of death (of one) of the persons taking out the loan or company managers (if the loan was taken out by a company).

If the insured person should die or one of the two insured persons should die, the balance of the finance settlement insurance will pay a fixed amount that will be aligned with the sum of the repayments[7]. The policyholder, moreover, may also take out one or more additional insurances. These possible additional insurances cover the risk of "death due to an accident " and "successive death".

The target group for the finance settlement insurances are all people or companies that take out a loan (repayment loan) and who/that wish to guarantee the full repayment of the loan to be repaid in case of death (of one) of the borrowers or company managers (when the loan has been taken out by a company). If the insured person should die or one of the two insured persons should die, the balance of the finance settlement insurance will pay a fixed amount that will be aligned with the sum of the repayments. The principal sum decreases every month with a monthly payment.

[7] Can also be less than 100% of the loan

The table below provides an overview of the insurance liabilities, reinsurance assets, benefits and charges that arise from insurance contracts:

(in EUR)	31/12/2020	31/12/2019
Gross technical provisions		
Provision for insurance contracts	60,172,861	55,944,596
Provision for claims	2,575,603	911,970
Reinsurer's share		
Provision for insurance contracts	0	0
Provision for claims	2,244,049	772,227
Premiums		
Gross premiums	33,252,699	31,929,895
Outgoing reinsurance premiums	8,014,777	6,685,311
Payments		
Gross	6,916,807	8,311,120
Reinsurers' share	5,310,861	6,726,837

The gross technical provisions as well as the share of the reinsurer were included on the balance sheet in the "Provisions" section until 2018. During the previous year and this year, they were classified under "Liabilities in relation to groups of assets held for sale and terminated company activities".

The table below shows the adjustments that were made in the technical provisions during the 2020 and 2019 accounting periods:

(in EUR)	2020		2019	
	Gross	Reinsurers	Gross	Reinsurers
Opening balance	56,856,566	772,227	51,888,189	1,314,256
Gross premiums	33,252,699	0	31,938,912	0
Premium deductions	-5,191,748	0	-5,052,632	0
Risk premiums withdrawn	-22,820,635	0	-20,571,265	0
Costs withdrawn	-1,268,824	0	-1,157,157	0
Interest income allocated	1,315,190	0	1,245,631	0
Benefits paid (change in reserves)	509,779	1,471,822	-1,408,465	-542,028
Other	95,438	0	-26,647	0
Closing balance	**62,748,464**	**2,244,049**	**56,856,566**	**772,227**

For the outstanding balance insurance, the General Terms and Conditions determine that prices (including for risk premiums, various pricing costs and technical interest rates) may be adjusted by the insurer within the framework of a general price review for the insurance category to which the contract belongs or if the legally prescribed obligations impose this.

This review is possible:

- If the insurer is of the opinion that the balance of the insured portfolio is being put at risk by an increase of the risk of the involved insured event or events in relation to the population or the Belgian insurance market in its own portfolio;
- If conditions present themselves that allow the insurer to adjust the rate in accordance with the law;
- If the insurer can prove that the costs for the management of a contract have increased since the date on which the contract was signed;
- If the applied interest rate is no longer in line with the market.

This means that the company has the option to implement a rate review in case the provisions to cover future contractual cash flows are deemed inadequate.

As a reminder in case of a positive recommendation of the authorities (ECB, NBB, etc.) about the transaction between AXA and Crelan, the insurance activities of the Crelan Group will be sold to AXA and will therefore leave the consolidation scope of the Crelan Group.

4.19. Encumbered assets

The table below provides an overview of the encumbered and non-encumbered assets in 2020 and 2019:

31/12/2020 (in EUR)	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Cash and current accounts with central banks	189,807,771	2,923,787,698
Financial assets at fair value through profit or loss	0	6,781,148
Financial assets at fair value through other comprehensive income (FVOCI)	0	9,669,787
Financial assets measured at amortised cost	634,924,781	18,173,469,955
Other assets	11,346,645	869,426,731
Total assets	**836,079,197**	**21,983,135,319**

31/12/2019 (in EUR)	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Cash and current accounts with central banks	172,478,517	1,704,239,329
Financial assets at fair value through profit or loss	0	6,953,077
Financial assets at fair value through other comprehensive income (FVOCI)	0	8,705,691
Financial assets measured at amortised cost	817,876,197	18,052,085,329
Other assets	7,346,645	825,856,479
Total assets	**997,701,359**	**20,597,839,905**

At the end of 2020, 3.67% of the total assets were regarded as encumbered (2019: 3.94%). These assets cannot be used immediately by the Group to support future financing. The main encumbered assets within the Group are related to the following in 2020:

- The monetary reserve placed at the National Bank of Belgium (EUR 189.8 million).
- Securities other than shares that were used as security at the National Bank of Belgium within the framework of the flow of payments (EUR 484.2 million)
- Paid-up cash collaterals within the framework of the "credit support annexe" (CSA) of the ISDA documentation on derivatives (EUR 150.7 million)

In June 2020, Crelan decided to offset between the market value of specific derivatives and business securities in cash as permitted by IAS 32. The objective van this standard is to determine bases for the presentation of financial instrument such as liabilities or equity and for offsetting financial assets and liabilities.

As on 31 December 2020, the impact of offsetting on Other loans was a decrease of EUR -745.9 million.

Since 30 September 2020, Crelan participated in the TLTRO of the ECT for EUR 400 million (see item "4.11.5. Targeted longer-term refinancing operations (TLTRO) loans This results in an increase of the enhancement debt securities with EUR 396.5 million.

When compared to the previous year and also since 30 September 2020, one security has been pledged to ensure we can still make payments in the extremely seldom case that there are problems with the ICM system that we use for our transactions. This also results in an increase of these encumbered debt securities by EUR 61.6 million.

The table below provides an overview of the encumbered assets and related liabilities:

31/12/2020 (in EUR)	Liabilities or contingent liabilities	Encumbered assets and encumbered collateral received
Derivatives	47,657,103	150,710,420
Deposits	400,919,290	396,469,849
Debts evidenced by certificates	0	0
Other financial liabilities	0	0
Repurchase agreements	0	0
Other (contingent) liabilities	273,495,905	288,898,928
Total	**722,072,298**	**836,079,197**

31/12/2019 (in EUR)	Liabilities or contingent liabilities	Encumbered assets and encumbered collateral received
Derivatives	706,718,807	785,458,646
Deposits	0	0
Debts evidenced by certificates	0	0
Other financial liabilities	0	0
Repurchase agreements	4,962,565	4,254,032
Other (contingent) liabilities	197,756,332	207,988,680
Total	**909,437,704**	**997,701,358**

The other liabilities have not been included on the balance sheet because this concerns conditional liabilities in relation to monetary reserves and securities that have been given to the National Bank of Belgium as security.

5. Notes regarding the income statement

5.1. Interest income and interest charges

The breakdown of the interest income and charges as on 31 December 2020 and 2019 is shown in the table below:

(in EUR)	31/12/2020	31/12/2019
Interest income		
Financial assets held for trading	1,621,007	2,382,500
Financial assets at fair value through profit or loss	491,087	449,736
Financial assets at fair value through other comprehensive income (FVOCI)	0	0
Loans and receivables measured at amortised cost	300,552,287	312,209,520
Securities measured at amortised cost	7,840,076	9,052,291
Derivatives used for hedging	0	0
Other	1,046,949	46,945
Total Interest income	311,551,406	324,140,992
Interest expenses		
Financial liabilities held for trading	1,643,966	1,919,570
Deposits	24,817,075	26,471,297
Debt securities including bonds	1,614,749	4,667,697
Subordinated liabilities	6,179,193	8,372,201
Interest expense on financial asset	10,785,859	8,829,976
Derivatives used for hedging	0	0
Other	146,417	245,207
Total Interest expenses	45,187,258	50,505,948
Net Interest income	**266,364,148**	**273,635,044**

During 2020, Crelan has adjusted the presentation of the interest received and charges in relation to current hedging instruments for both 2020 and 2019. The charges and revenue in relation to these instruments are now presented on the same lines as the hedged assets and liabilities. This amendment better reflects the earned interest revenue and charges of the assets and liabilities in hedging relationships. This amendment does not have an impact on the net interest result. Both the interest received and the interest charges of 2020 and 2019 decreased due to this by EUR 104.9 million and EUR 105.7 million, respectively.

Despite a difficult 2019, the Group still managed to use the decrease of the interest rates to reduce its interest charges as well as generate a net interest received of EUR 273.6 million. On a consolidated level, the increase of the net interest return can be ascribed to the fact that the decrease of the charges was greater than the decrease of the revenue. The Europabank NV subsidiary also experienced an increase of its interest income in 2019.

This trend continued in 2020. The interest margin at Crelan further decreased. This decrease can be ascribed to the considerable increase of the deposits, which meant that the interest charges could not be lowered despite the decrease of the interest rates. As a result of this, this increase also led to a decrease of the loan-to-deposit ratio. Due to the large influx of deposits, the bank could not convert them directly into credits, which had an impact on the net income from brokering.
The Europabank NV subsidiary continues to benefit from its strong commercial margins and therefore its income has increased during the course of the accounting period from EUR 71.4 million to EUR 73.8 million.

Thanks to Crelan's careful credit policy, the impact of the COVID-19 measures on the interest income remained limited. They amount to EUR 1.81 million at the end of 2020. Crelan received few requests for postponement payments and coronavirus guarantee claims.

The following items had a significant positive effect on the interest income:

- The effects of the tiering continued to be felt between January and October and softened the costs of surplus liquidity; and
- On the other hand, the bank could also receive an attractive payment in exchange of encumbered assets thanks to the TLTRO III programme.

The smaller decrease of the deposit costs can be ascribed to a combination of factors of which the most important ones are: (1) The fact that the expiring bank certificates and fixed-term accounts are not being extended by customers, but, instead, are transferred to deposit accounts and therefore they do not contribute towards the decrease of the costs in this category and (2) the strong increase of outstanding deposits that Crelan had to deal with since January.

5.2. Income and charges from commissions and benefits

The net income from commissions and fees were as follows on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Securities		
- issues	19,308,933	16,914,380
- purchase and sale orders	6,030,690	3,284,250
- other	0	20,636
Trust and fiduciary activities	0	0
- asset management	328,279	464,887
- safekeeping	1,041,429	1,028,600
Loan commitments	708,192	690,936
Payment services	34,652,273	36,453,023
Management fees received	35,140,889	32,048,658
Committees received from shipping companies	9,660,920	8,548,464
Other financial services	3,693,693	4,239,781
Total Fee and commission income	110,565,298	103,693,615
Commissions paid to intermediaries (acquisition costs)	99,156,828	94,982,687
Other financial services	229,782	273,499
Total Fee and commission expenses	99,386,610	95,256,186
Net fee and commission income	**11,178,688**	**8,437,429**

The net income from commissions and benefits increased by EUR 2.7 million when compared with 2019. This can be explained due to the increase in the securities (EUR +5.1 million), the received management fees (EUR +3.1 million) and the commissions received from insurance companies (EUR +1.1 million).

The securities and the received management fees have mainly been influenced by the "opportunistic" behaviour of investors during the market correction in March as well as by the renewed optimism and risk appetite after the revival in November. Commissions received for investment products (funds, notes, etc.) consist of two aspects: a production commission and a commission on the amount of the managed assets. While the first increased during the course of the year, the second one had to deal with a very sharp decrease after the market correction in March before slowly returning to the earlier level thanks to the revival at the end of the year and the influx of new investments that took place during the course of the year.

The increase of the commissions received from insurance companies are, moreover, the result of two elements: a received final settlement from Fidea and a strong increase of the life assurance production at our partner Allianz.

The decrease of the payment services in 2020 can be ascribed directly to the consecutive lockdowns that took down during the course of the year. The decrease of the commercial and economic activity has contributed to an important degree to the decrease of card income.

The fees paid to brokers, however, also increased what can be ascribed to the strong production of investment products (funds, notes, etc.) and the strong increase of deposits.
In addition to the pressure on the interest income, the strong increase of savings has also led to a greater than normal increase of the commissions linked to the deposits.

5.3. Dividends

The table below provides the details regarding the received dividends during the course of 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Financial assets held for trading	0	0
Financial assets at fair value through other comprehensive income (FVOCI)	634,571	1,207,908
Total Dividend income	**634,571**	**1,207,908**

The dividends received by the Group in 2020 decreased and consist of EUR 0.62 million from a participating interest in VISA Belgium and EUR 0.01 million from a participating interest in a fund.

5.4. Realised gains and losses on financial assets and liabilities that are not measured at fair value in the profit and loss account

The table below shows the mix of the realised gains and losses on financial assets and liabilities that are not measured at fair value via the income statement on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Realised gains		
Financial assets/liabilities designated at fair value through other comprehensive income (FVOCI)	172,000	2,366,733
Financial assets/liabilities measured at amortised cost		
Debt securities	996,329	1,568,458
Loans and receivables	829,121	903,086
Total realised gains	1,997,450	4,838,277
Realised losses		
Financial assets/liabilities measured at fair value through other comprehensive income (FVOCI)	0	0
Financial assets/liabilities measured at amortised cost		
Debt securities	0	41,631
Loans and receivables	0	0
Total realised losses	0	41,631
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**1,997,450**	**4,796,646**

The decrease in 2020 is the result of less income from the private equity portfolio when compared to 2019.

The realised profits in relation to loans and receivables are linked to the revenue from the sale of amortised credit files to a collection agency. It mainly concerns amortised cash credits and repayment loans that were definitely no longer included on the balance sheet. These files are sold to a collection agency.

5.5. Gains and losses on financial assets and liabilities held for commercial purposes

The table below provides an overview of the gains and losses on financial assets and liabilities held for commercial purposes as on 31 December 2020 and 2019.

(in EUR)	31/12/2020	31/12/2019
Interest rate instruments	-1,303,377	-1,461,377
Currency trading	0	0
Gains or (-) losses on financial assets and liabilities held for trading, net	**-1,303,377**	**-1,461,377**

As explained before, the Group does not have any assets of liabilities for commercial purposes. The only assets that are held for this purpose refer to derivatives that arise from the acquisition of Centea NV, but that could not be documented as hedging transactions.

5.6. Gains and losses on financial assets and liabilities measured at fair value including the processing of value adjustments in the profit and loss account

(in EUR)	31/12/2020		31/12/2019	
Value changes	of the period	cumulative	of the period	cumulative
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	14,628	0	452,454	0
as a result of :				
- market risk	14,628	0	452,454	0
- credit risk	0	0	0	0
Value changes related to credit derivatives	0	0	0	0

Gains and losses in relation to adjustments of the fair value continued to be marginal in 2020 and this can mainly be ascribed to participating interests in specific funds such as property certificates and SICAVs (société d'investissement à capital variable or investment company with variable capital) that fall in this category in accordance with IFRS 9.

The amount that is included the table above for 2019 is different from the amount that was included in the previous annual statement (that is to say, for the 2019 accounting period). This can be ascribed to the fact that the activities of CRI were not consolidated at the level of the result statement in the previous year.

5.7. Gains and losses on the assets no longer to be included than for the sale of the held assets

The table below provides an overview of the realised gains and losses in relation to not including assets any more that are no longer intended for selling:

(in EUR)	31/12/2020	31/12/2019
Profits		
Tangible assets	440,151	12,968
Losses		
Tangible assets	41,808	25,639
Gains or (losses) on derecognition of assets other than held for sale, net	**398,343**	**-12,671**

The 2020 profit mainly refers to the selling of a site in Gembloux. The included loss for this year refers to the transaction that took place at the Europabank NV subsidiary and is negligible.

5.8. Other operating benefits and charges

The operating benefits and charges can be detailed as follows as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Charges recovered in relation to credits	11,263,714	10,612,716
Contributions to deposits	4,197,363	3,974,553
Net premiums on insurance contracts	0	0
Commissions received from the insurance company	0	0
Recoveries on written off receivables	4,340,543	4,840,813
Other operating income	6,603,344	10,278,705
Total Other operating income	26,404,964	29,706,787
Other operating expenses	121,063	157,372
Total Other operating expenses	121,063	157,372
Total Other net operating income	**26,283,901**	**29,549,415**

The evolution by EUR -3.27 million can be ascribed to a decrease by EUR -3.68 million of the other revenues. The explanation for this is that the bank has managed an exceptional clawback of EUR +2.14 million in the 2019 accounting period in relation to the CEO fraud that occurred in 2016.

The clawback of bad debt is not much lower than in 2019 (EUR -0.5 million). The recovery of costs on loans contributes by an additional EUR +0.65 million than in 2019.

5.9. Administration costs

5.9.1. Employee expenses

At the end of December 2020, the Group had 2,734 employees when compared to 2,772 at the end of 2019.

The staff costs decreased when compared to last year (EUR -0.92 million) in part due to the reduction of the number of FTEs, but mainly due to working from home becoming the norm within the bank. The bank introduced a strict policy to protect its employees and to limit the risk of infection at the workplace as much as possible. In addition to the well-known coronavirus measures (keeping a distance of 1.5 m between each workplace, reduction of the number of persons per meeting room, etc.), the bank also split the teams into two groups (A and B); every group can only go to the main office in turn without obligation. All these measures have therefore contributed to a considerable reduction of travelling and catering expenses, etc.

The total employee expenses can be broken down as follows:

(in EUR)	31/12/2020	31/12/2019
Salaries	65,093,687	65,144,871
Social charges	17,490,375	16,876,031
Contributions to supplementary pension schemes	5,551,442	6,331,726
Retirement and survivors' pensions and similar expenses	202,791	229,146
Other	2,424,401	3,102,431
Total Staff Expenses	**90,762,696**	**91,684,205**

5.9.2. General and administrative expenses

The general and administrative expenses can be detailed as follows:

(in EUR)	31/12/2020	31/12/2019
Marketing costs	6,641,794	8,332,985
Fees	6,953,394	7,175,685
IT expenses	38,805,496	38,560,152
Rents	1,469,001	1,370,666
Corporate taxes	24,916,952	23,679,023
Deposit protection and resolution fund	0	0
Other	42,457,974	48,268,684
Total Other administrative Expenses	**121,244,611**	**127,387,195**

The "Deposit protection and resolution fund" item was removed from the table above and place in item 5.9.3. "Contributing to the resolution funds and deposit guarantee schemes" in these annual financial statements.

Based on the other items, the expenditure in 2020 decreased by EUR -6.14 million. Two sections are mainly responsible for this decrease: on the one hand, the marketing costs decreased during the course of 2020 due to cancellations of various events and, on the other hand, the other expenditure decreased. This last section is explained by the lower costs in relation to the takeover of the bank activities of AXA (2020: EUR 6.16 million vs. 2019: EUR 6.67 million).

Although the impact is not expressed in the IT expenditure (slight increase of EUR +0.25 million), Crelan managed to fill a considerable number of vacancies by recruiting new employees and therefore external consultants had to be used less and the costs could therefore be limited.

To conclude, an increase of the trade income taxes (EUR +1.24 million) were determined. This is the result of the strong increase of the deposits that was observed during the course of 2020. This remark also applies within the context of the deposit guarantee scheme in the next section.

5.9.3. Contributions in cash to settlement funds and deposit guarantee schemes

The contribution to settlement funds and deposit guarantee schemes can be detailed as follows:

(in EUR)	31/12/2020	31/12/2019
Deposit Guarantee Scheme	15,132,918	14,603,399
Single Resolution Funds	2,666,373	2,217,390
Total Cash contributions to resolution funds and deposit guarantee schemes	**17,799,291**	**16,820,789**

As within the framework of the bank branches (see the previous section), the increase of the deposits on the liability side has mechanically led to an increase of the amounts that were due and payable to the deposit guarantee scheme (EUR +0.53 million).

5.10. Special impairments

Special impairments can be detailed as follows as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Impairment losses on financial assets	0	0
- debt securities designated at fair value through profit or loss	0	0
- debt securities measured at fair value through other comprehensive income (FVOCI)	0	0
- debt securities measured at amortised cost	49,775	7,610
- loans and receivables	-17,792,839	1,219,229
Impairment losses on non-financial assets	0	0
- tangible assets	0	0
- investment property	0	0
- intangible assets	0	0
- other assets	0	0
Total Impairment	**-17,743,064**	**1,226,839**

Due to the introduction of IFRS 9, impairments are not only determined in accordance with a new impairment model, but impairments are also recorded based on several types of receivables. Specifically, this refers to credits at credit institutions, titles in the investment portfolio and off-balance sheet liabilities (permissible credit lines and approved applications). The effect of these extra products on the result amounts to EUR 1.1 million in 2020 and is included in the provisions. In 2020, no impairments were entered on non-investments and long-term receivables such as tangible and intangible assets.

During the 2020 accounting period, the Group increased the impairment for a consolidated about of EUR 17.8 million. Crelan NV, namely, increased its impairments by EUR 5.2 million (when compared to a reversal of EUR 8.9 million in 2019) while Europabank made its provisions increase by EUR 12.6 million (when compared to EUR 7.7 million in 2019).

For the evolution of the impairment, refer to 7.2.1
Detailed information about the impairment of financial assets was already discussed in notes 4.3. and 4.4.

5.11. Income taxes

The table below gives a breakdown of the current and accumulated tax allocations:

(in EUR)	31/12/2020	31/12/2019
Current taxes	10,207,326	11,676,946
Deferred taxes	2,140,823	2,133,793
Total Income taxes	**12,348,149**	**13,810,739**

The information with regard to the deferred taxes is included in explanatory note 4.7. that is already processed in the income statement.

The taxable profit comprises the expenditure that is not deductible from a taxation perspective as well as profits regarding which income tax is not levied.

The following table shows the relationship between the statutory taxes and the effective taxes on income:

(in EUR)	31/12/2020		31/12/2019	
	Tax rate	Tax charge	Tax rate	Tax charge
Profit before tax		57,950,980		79,246,890
Statutory tax rate	25.00%	14,487,745	29.58%	23,441,235
Tax effect of tax rates in other tax jurisdictions	0.00%	0	0.00%	0
Tax effect of notional interest deduction	0.00%	0	-0.21%	-166,138
Tax effect of non-taxable income	-10.79%	-6,254,050	-8.66%	-6,863,250
Tax consequences of expenses that are not tax deductible	1.42%	825,020	1.21%	962,574
Tax consequences of the use of previously unrecognised tax assets	-8.28%	-4,796,067	-8.74%	-6,928,277
Tax effect of movements of provisions or reserves	5.64%	3,270,287	-3.96%	-3,141,275
Accounting eliminations	11.54%	6,686,294	9.43%	7,474,527
Separately taxed capital gains	0.00%	0	-0.50%	-398,438
Other	-3.23%	-1,871,080	-0.72%	-570,219
Effective tax charge for the year	**21.31%**	**12,348,149**	**17.43%**	**13,810,739**

The tax rate is based on the Belgian legal tax rate that has been lowered to 25% as from the 2021 taxation year with regard to an accounting period that starts on 1 January 2020 at the earliest. The effective tax rate is 21.31%, which represents a slight increase when compared with last year.

This increase of the effective tax rate is mainly the result of the increase of the taxed provisions (see the "Taxation consequences of the movements of provisions or reserves" line).

Received dividends were not fully deducted from the result of the year and part of the stock regarding Definitive Taxed Income could also be allocated (see the "Taxation consequences of the use of tax assets previously not included" line).

5.12. Benefit for the member of the board of directors

The table below shows the benefits for the board of auditors of the Group for the accounting period:

(in EUR)	31/12/2020	31/12/2019
1. Remuneration of the Commissioner(s)	354,702	359,014
2. Remuneration for exceptional activities or special assignments carried out within the company by the auditor(s)	123,877	44,030
a. Other audit assignments	11,115	5,055
b. Tax consultancy	0	0
c. Other assignments outside audit assignments	112,762	38,975
3. Remuneration for exceptional activities or special assignments performed within the company by persons with whom the auditor(s) is (are) associated	59,985	470,380
a. Other audit assignments	0	0
b. Tax consultancy	1,485	84,133
c. Other assignments outside auditing assignments	58,500	386,247
Total Fees paid to auditors	**538,564**	**873,424**

The services provided by EY were approved by the Audit Committee.

5.13. Information provision about linked parties

The associated parties of the Group include the members of the Board of Directors (incl. the members of the Management Committee) and the businesses associated to the Group. Since the takeover of the shares by the Belgian shareholders in 2015 (see explanatory note 2.4.), there are no enterprises linked to the Group anymore.

Crelan has an outstanding amount of EUR 2.4 million in loans and receivables to members of the Board of Directors and the Management Committee as from the end of 2020. They are safeguarded by EUR 0.9 million in loan liabilities, financial guarantees and other commitments. All transactions with associated parties took place in line with market conditions.

The following benefits were paid out to members of the Board of Directors in 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Short-term employee benefits	3,535,540	3,683,683
Post-employment benefits	1,193,826	886,474
Other long-term employee benefits	0	0
Severance payments	0	0
Share-based payments	0	0
Total	**4,729,366**	**4,570,157**

The remuneration policy is implemented in line with the regulations of the Belgian Financial Services and Markets Authority (FSMA).

6. Notes regarding the off-balance sheet

The table below provides information about the off-balance sheet liabilities of the Group as on 31 December 2020 and 2019:

(in EUR)	31/12/2020	31/12/2019
Loan commitments		
- granted	1,228,176,514	1,015,411,473
- received	35,000,000	35,000,000
Financial guarantees		
- granted	43,703,406	43,633,516
- received	358,830,556	358,553,013
Collateral		
- granted	1,426,603,792	859,310,855
- received	19,593,068,387	18,990,311,404
Obligations under finance leases		
- granted to another counterparty	5,621,014	4,350,838
- received from another counterparty	20,958,352	17,460,013

The allocated liabilities from loans refer to credit lines granted to customers that have not (yet) been included. The received liabilities from loans are the not (yet) included credit lines that the Group keeps when compared with other financial counterparties and that can be used within the framework of a shortage of liquidities.

The received financial guarantees and received securities serve as guarantees for customer liabilities within the framework of allocating loans. The largest part concerns the received mortgages. The allocated guarantee mainly consists of security deposits that have been paid under the Credit Support Annex (CSA) or the ISDA documentation about derivatives (see the notes in 4.4.).

The strong increase of the granted guarantees in 2020 when compared to 2019 can be ascribed to the TLTRO III programme in which the bank has participated.

Liabilities in relation to any counterparty within the framework of financial leasing refer to purchase liabilities in relation to suppliers. The liabilities of another counterparty within the framework of a financial lease refer to purchase options for customers.

7. Risk management

The Crelan Group is subject to various risks and, in particular, the credit risk, operational risk, market exposure and liquidity risk. Market exposure comprises the interest rate risk, the spread risk and the currency risk.

The risk management procedures of the Group focus on identifying, measuring and managing these risks.

A discussion of the risk management organisation and the various types of risks that the Group is subjected to is discussed in this chapter.

7.1. General organisation within the Group

In general, the various business lines within the bank manage their risks. Risk Management forms the second-line of defence of the bank. The role of Risk Management is to ensure the identification, measurement and management of the risks runs correctly.

Risk Management performs its activities independently and reports directly to the Chief Risk Officer (CRO) who is part of the Management Committee.

The main activities of Risk Management consist of:

- Calculating and following up the solvency ratios (equity and RWA).
- Drawing up a Capital Planning.
- Defining a Risk strategy.
- Drawing up specific official reports (ICAAP, COREP, ILAAP, Recovery Plan, RACI, etc.).
- Performing and calculating the impact of specific stress tests.
- Developing and validating internally credit score models including the models that were developed within the framework of IFRS 9.
- Providing advice with regard to credit applications of which the decision is the responsibility of the Management Committee.
- Monitoring evolutions in the area of credit risk, financial risk, operational risk and operational risk based on internal score cards.
- The implementation of the Solvency II requirements within Crelan Insurance NV.

7.1.1. The risk committees

Risk Management already has had various risk committees for many years:

The Coméri Committee is in charge of the internal models that are used in the operational decision-making processes and when calculating the capital requirements. All modelling and validation aspects are submitted to the committed and decided upon within this committee.

The CredRisk committee is in charge of the credit risk and is mainly involved in the credit acceptance policy of the bank, monitoring improvements regarding risk management, score cards and implementation of limits.

The FinRisk committee discusses the financial risk of the bank, the interest rate risk and liquidity risk. It is also in charge of the implementation of specific financial limits. It also validates the financial policy and the methodology choices that are proposed by the business lines.
The OpRisk committee is in charge of operational risks and the permanent audit. It follows the evolution in relation to incidents and validates the policy regarding operational risks.

The IT Risk committee is busy on the security of the IT systems.

The FilRisk committee follows the risks with regard to subsidiary Europabank NV.

In 2015, the Risk Commission was set up within the framework of the new legislation regarding banks. This committee has 4 members of the Board of Directors of which 2 independent directors. Its role and responsibilities were described in a charter.

7.1.2. Basel

The bank has developed and implemented a series of measures related to risk management that are in accordance with the internal ratings-based (IRB) regulations with regard to equity. A rating is allocated to each debtor and each transaction. These parameters are used to measure the internal capital adequacy assessment process (ICAAP) requirements in relation to the risks to which the bank is subjected, both under normal conditions and in economically unfavourable periods (stress).

This rating system is also used for managing the operational risk of credits and for implementing the current policy with regard to the credit risk.

The results of the rating system are regularly audited and validated once a year.

The following table provides a historical overview of the reporting method with regard to the Basel standards for each entity within the Crelan Group:

Roll-out Basel III pillar I	2010	2011	2012	2013	2014(3)	2016(4)-2020
IRB Advanced approach		Crédit Agricole(1)	Crédit Agricole	Crelan(2)	Crelan(2)	Crelan(2)
Standardised approach	Crédit Agricole					
	Centea	Centea	Centea			
	Keytrade	Keytrade	Keytrade	Keytrade	Keytrade	
	Europabank	Europabank	Europabank	Europabank	Europabank	

(1) Since 31/12/2011
(2) Credit circulation ex-Centea remains in the Standardised Approach
(3) Reporting according to the CRD IV (Basel III standards)
(4) Sale of Keytrade

7.2. Credit risk

The credit risk is the risk that one of the parties involved in a transaction is in default before the definitive settlement of the cash flows related to the transaction. The Group is subject to credit risk as a result of granting loans and advances and maintaining an investment portfolio. The main cause of this risk type is that the counterparty continues not to make payments.

The credit risk is the main risk by far to which the Group is exposed and it is closely monitored by the competent committee within each entity (see item "7.1.1. The risk committees"). The credit risk, moreover, is reported on in detail each quarter. Via the CRO of Crelan NV, the reports of the aforementioned are submitted and discussed in the Management Committee.

Only the credit risk on the loans and receivables and the investment portfolio is discussed in this section. For information with regard to the credit risk of the reinsurance assets, refer to the notes in 7.6.3.

7.2.1. Controlling the credit risk

7.2.1.1. Loans and receivables

The credit risk as a result of granting loans and advances is actively managed by every entity of the Group while using information system adjusted to the entity and applying measurement at fair value methods of the counterparties. Before a credit is granted, the application is subjected to an in-depth investigation of the counterparty, the project to be financed and the structure of the set up transaction. The analysis is performed based on a formally determined decision system. The credit decision is, to conclude, taken by the competent persons at the competent level within the business lines.

The Group annually invests in IT of real time quality data coming from internal and external data sources for the monitoring of loans (credits). This information forms the basis for the format of the score cards to monitor the credit activity as well as the allocation to the various risk monitoring systems.

The credit risk is controlled in various ways within the Group. Each operational entity is responsible for the allocation of ratings and the monitoring of the credit risk of its own customers. The various entities of the Group therefore operate in fully different segments and niches of the market. Important risks, however, are reported to the Management Committee through the competent credit risk committees. If required, the Risk Management of the Group can impose additional limits and adjust existing risks.

The Crelan Group has decided to keep its subsidiary Europabank NV in the STA standardised approach (STA) method (Standardised approach) on a prescribed level because of the specific nature of its risks and the monitoring thereof. Only the retail perimeter of Crelan NV will be monitored using the IRBA (IRB Advanced) approach.

The ratings are calculated in the Credit department when a credit is applied for. They are also kept up-to-date based on the events during the maturity of the credit and based on the typology of the risks.

As from 13 March 2019, the National Bank of Belgium (NBB) has given Crelan permission to process apart of the ex-Centea credits in accordance with the IRB method (roll-out plan). Crelan has developed specific models for this to manage the credit risk on this portfolio purchased in 2013 that was initially processed in accordance with the standard method. These models were inspected by the NBB during the course of 2018 where the attention mainly fell on their performance level.
The switch to IRB for this part of the former Centea loans was carried out by Crelan for the calculation of the equity as from the situation on 31 March 2019.

The last phase of the roll-out plan was completed in 2020 with the development of a specific model for loans to ex-Centea self-employed persons. In December, an authorisation request was submitted to the NBB for a calculation of the capital requirements in accordance with the advanced method on this part of the portfolio. This request also comprises the approval of improvements to other models, in particular, due to the recommendations of the NBB mission in 2018. Decisions are being expected during the course of 2021.

In 2020, Crelan also implemented changes to the processes and the IT system that is in charge of the administration of the default in order to comply with the requirements of the EBA guidelines that are coming into force on 1 January 2021.

We can currently segment the credit activity of the Crelan Group in various asset classes:

- Europabank NV mainly invests in consumer credit and mortgages and government debt.
- Crelan NV mainly invests in loans to private customers including mainly mortgages but also credits to framers and small enterprises.

Each entity has specific operational subdepartments with their own professionals and instruments for risk management. Within Crelan NV, rating systems are used for the market of farmers and horticulturists and the market for small businesses and self-employed persons as well as a credit scoring system for consumer credit.

The outstanding credit (loans) are constantly monitored and classified in accordance with their degree of risk while taking events that have an impact on the credit quality into account. Standard monitoring was integrated into the information systems of loans that ensures there is automatic sending of reminders when there are arrears. The qualitative indicators are also monitored by using suppliers of business data. All entities of the Group also apply risk-reducing techniques of which the one most frequently used is having guarantees (i.e., securities). The main guarantees when approving loans and advances are immovable property, movable property and financial assets. For the securities, clear assessment standards were defined that take the legal aspects of the guarantee into account and the economic characteristics of the encumbered property. The concurrence between the other creditors to determine the recovery value is also taken into account.

When it is likely that the counterparty will not be able to comply with its obligations, an individual impairment will be recorded. This is subsequently monitored individually in order to keep the risk at an acceptable level and to try and recover the amounts in arrears by agreement. If this is not possible, the loans are passed onto the Legal Affairs department as are disputes for the action to recover guarantees.

The impairment on loans is determined based on models linked to historic loss data as well as linked to the professional opinion of the experts who are part of the impairment committee. As prescribed by the IFRS 9 standard, the impairment also takes the expected economic situation of the coming years into account. The following macroeconomic indicators, for example, serve as input for the models:

- GDP (gross domestic product) growth in Belgium;
- The unemployment percentage in Belgium;
- The evolution of property prices in Belgium.

For each parameter, 3 scenarios are used. A basic scenario, a positive scenario and a negative scenario. On 31 December 2020, the following parameters and weights were allocated:

	scenario	weight	31/12/2020	31/12/2021	31/12/2022
BBP_BE	Downturn	30%	-7.08%	-1.14%	1.46%
	Base	55%		0.21%	2.01%
	Upturn	15%		1.49%	2.41%
HOUSEPRICE_BE (12/2019 = 100%)	Downturn	30%	99.78%	97.00%	97.77%
	Base	55%		100.47%	103.12%
	Upturn	15%		104.19%	108.64%
UNEMPLOYMENT_BE	Downturn	30%	5.47%	6.80%	6.79%
	Base	55%		5.94%	6.17%
	Upturn	15%		5.06%	5.52%

The sensitivity of the choice of the allocated weights to each scenario is shown in the table below:

		Positive scenario											
		0%	10%	15%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Negative scenario	0%	-0.5%	-0.7%	-0.8%	-0.9%	-1.1%	-1.3%	-1.6%	-1.8%	-2.0%	-2.2%	-2.4%	-2.7%
	10%	-0.2%	-0.4%	-0.5%	-0.6%	-0.9%	-1.1%	-1.3%	-1.5%	-1.7%	-1.9%	-2.2%	
	20%	0.1%	-0.2%	-0.3%	-0.4%	-0.6%	-0.8%	-1.0%	-1.2%	-1.5%	-1.7%		
	30%	0.3%	0.1%	0.0%	-0.1%	-0.3%	-0.5%	-0.8%	-1.0%	-1.2%			
	40%	0.6%	0.4%	0.3%	0.2%	-0.1%	-0.3%	-0.5%	-0.7%				
	50%	0.9%	0.6%	0.5%	0.4%	0.2%	0.0%	-0.2%					
	60%	1.1%	0.9%	0.8%	0.7%	0.5%	0.3%						
	70%	1.4%	1.2%	1.1%	1.0%	0.7%							
	80%	1.7%	1.4%	1.3%	1.2%								
	90%	1.9%	1.7%										
	100%	2.2%											

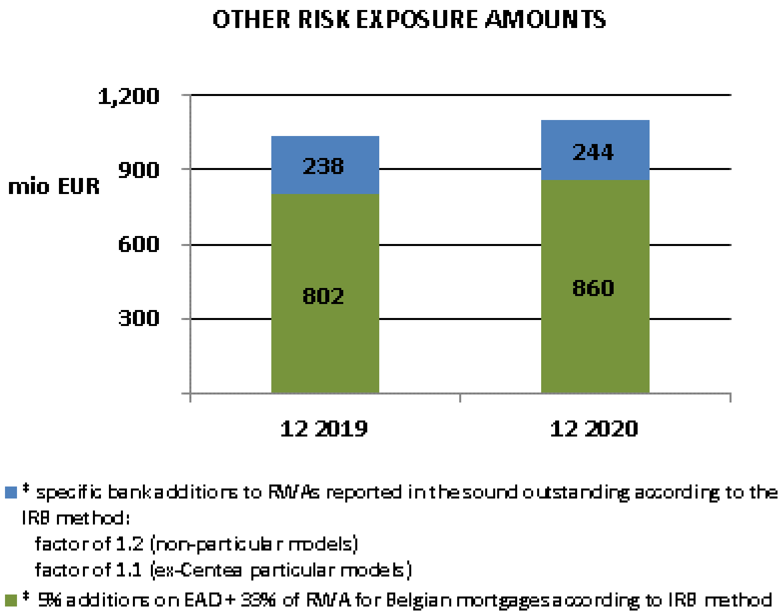
As you give more weight to the positive and/or negative scenarios, this may have an impact of between +2.2% and -2.7% when compared to the currently started impairments.

<u>COVID-19 measures</u>
As from the beginning of the coronavirus crisis in March 2020, specific actions were undertaken to strengthen the measurement and monitoring of risks in the credit portfolio. They were defined in a two-monthly memorandum that was shared with the senior management of the bank and discussed with the NBB:

- The risk monitoring indicators were issued and their reporting frequency was increased.
- The IT system was adjusted for the management of government measures that specifically apply to Crelan (moratoriums and short-term loans).
- Portfolio reviews ensured we could identify customers and sectors that have been damaged by the crisis from amongst which, the most important risks were assessed by the Credit Commission. In the case of a significant increase of the risk, the loans were transferred to phase 2 with an increased provisioning based on the unchanged rules of IFRS9 system.
- The IFRS9 model was regularly updated to include the expected changes in macro-economic scenarios.
- Stress tests were performed on the portfolio to estimate the impact of the coronavirus on commissions and fees and RWA.

The following tables provide an overview for the Crelan Group of the exposure at default (EAD), risk weighted assets (RWA) and average risk weight (RW) as a percentage for 31 December 2020 and 31 December 2019 in accordance with the reporting within the framework of the Basel standards: the RWA and average RW are based on the reported figures in Corep table 7 (i.e., standard approach), table 8 (i.e., internal listing approach) and table 12 (i.e., securitisation based on a standard approach). Table 8 does not take the 5% add-on into account in accordance with the guideline of the NBB that is imposed by the Belgian supervisor on Belgian banks that report Belgian mortgages in accordance with the IRB method. Moreover, an additional 33% of the RWA on Belgian mortgages must be taken into account in accordance with the IRB method since 30 June 2018. No account is taken in table 8 of factors that are imposed specifically by the Belgian supervisor in accordance with the guideline of the NBB with regard to the RWA in healthy turnover that is reported by Crelan NV in accordance with the IRB method. These additional prudent measures are reported separately in table 2 of the COREP in the "Other Risk Exposure Amounts" section.

The table below provides an overview of the evolution for "Other Risk Exposure Amounts". These amounted to EUR 1,104 million in total on 31 December 2020 versus EUR 1,040 million on 31 December 2019. This is an increase of EUR 64 million and can be mainly ascribed to the increase of the outstanding mortgages.



Standard approach

In million EUR - 31 12 2019	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	7,123	210	143	0	7,476
Total RWA	1,782	149	22	0	1,952
RW Average in %	25.0%	70.7%	15.1%	20.0%	26.1%

In million EUR - 31 12 2020	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	8,313	190	136	-	8,638
Total RWA	1,737	134	18	-	1,889
RW Average in %	20.9%	70.3%	13.0%	NA	21.9%

Internal Rating Approach

In million EUR - 31 12 2019	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	14,374	832	-	-	15,206
Total RWA	1,685	164	-	-	1,849
RW Average in %	11.7%	19.7%	NA	NA	12.2%

In million EUR - 31 12 2020	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	15,140	1,070	-	-	16,210
Total RWA	1,720	205	-	-	1,925
RW Average in %	11.4%	19.1%	NA	NA	11.9%

On 31 December 2020, the average risk weight of the exposures that are reported under the standard approach was 21.9%. This is a decrease when compared with the average risk weight of 26.1% on 31 December 2019. The total exposure of EAD under the standard approach has increased by approximately EUR 1 billion when compared to the previous year. This increase mainly comes from the cash that is placed with central bank. This is weighted at 0% and therefore explains the decrease of the total average risk weight in the standard approach.

The following tables provide an overview of the EAD, RWA and average risk weight per counterparty type that are reported in accordance with the standard approach for 31 December 2020 and 31 December 2019 respectively:

Standard approach

In million EUR - 31 12 2020	EAD	RWA	RW
Total	**8,638**	**1,889**	**21.9%**
Institutions	1,139	116	10.2%
Companies	253	191	75.4%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	3,770	-	0.0%
Guarantees on real estate	1,351	538	39.8%
Receivables on customers	922	633	68.7%
Regional governments	30	-	0.0%
Administrative and non-commercial institutions	5	1	20.0%
Development banks	30	-	0.0%
International organisations	5	-	0.0%
Overdue items	87	96	111.1%
High risk items	13	20	150.0%
Covered bonds	67	7	10.0%
Receivables on OPCVM	1	1	100.0%
Shares	24	33	133.9%
Other	941	253	26.9%
Securitisation	-	-	NA

Standard approach

In million EUR - 31 12 2019	EAD	RWA	RW
Total	**7,476**	**1,952**	**26.1%**
Institutions	1,022	102	10.0%
Companies	284	207	73.0%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	2,650	-	0.0%
Guarantees on real estate	1,393	562	40.4%
Receivables on customers	929	639	68.7%
Regional governments	20	-	0.0%
Administrative and non-commercial institutions	19	4	20.0%
Development banks	51	-	0.0%
International organisations	9	-	0.0%
Overdue items	123	137	111.3%
High risk items	12	18	150.0%
Covered bonds	89	9	10.0%
Receivables on OPCVM	1	1	100.0%
Shares	24	24	100.0%
Other	848	248	29.2%
Securitisation	-	-	NA

The average risk weight of the exposures reported under the IRB approach decreased from 12.2% on 31 December 2019 to 11.9% on 31 December 2020.

The table below indicates the share of each credit scoring model in the evolution of the risk weight for the period 31 December 2019 to 31 December 2020.

Weighted average RW	31/12/2019	12.2%
Farmers		-0.3%
Self-employed		0.2%
Private individuals		-0.2%
Small enterprises		-0.1%
Homogeneous groups of risks		0.2%
Weighted average RW	**31/12/2020**	**11.9%**

A decrease in risk weight is noticeable in relation to each credit scoring model except in relation to self-employed persons and the homogeneous groups of risks. This last issue is composed of starting self-employed persons for whom there is no individual rating as yet, counterparties with arrears of at least 90 days and counterparties regarding whom credit was cancelled.

The following tables provide an overview of the EAD, RWA and average risk weight per counterparty type that are reported in accordance with the IRB approach for 31 December 2020 and 31 December 2019, respectively:

In million EUR - 31 12 2020	mio EUR EAD	mio EUR RWA	RW
Internal Ratings Based approach (IRB)	**16,210**	**1,925**	**11.9%**
IRB approach - no own estimates of LGD and/or CCF	**-**	**-**	**NA**
Governments and central banks	-	-	NA
Institutions	-	-	NA
Companies - SME	-	-	NA
Companies - Specialised Lending	-	-	NA
Companies - Other	-	-	NA
IRB approach - own estimates of LGD and/or CCF	***16,210***	***1,925***	**11.9%**
Governments and Central Banks	-	-	NA
Institutions	-	-	NA
Companies - SME	1,315	485	36.9%
Companies - Specialised Lending	-	-	NA
Corporate - Other	-	-	NA
Retail - SME Property Guarantees	4,243	719	16.9%
Retail - Non-SME property guarantees	9,004	556	6.2%
Retail - Qualifying revolving	-	-	NA
Other Retail - SME	1,455	158	10.9%
Other Retail - non-SME	193	8	4.0%
Shares	-	-	NA
Securitisation	-	-	NA

In million EUR - 31 12 2019	mio EUR EAD	mio EUR RWA	RW
Internal Ratings Based approach (IRB)	**15,206**	**1,849**	**12.2%**
IRB approach - no own estimates of LGD and/or CCF	**-**	**-**	**NA**
Governments and central banks	-	-	NA
Institutions	-	-	NA
Companies - SME	-	-	NA
Companies - Specialised Lending	-	-	NA
Companies - Other	-	-	NA
IRB approach - own estimates of LGD and/or CCF	***15,206***	***1,849***	**12.2%**
Governments and Central Banks	-	-	NA
Institutions	-	-	NA
Companies - SME	1,182	512	43.3%
Companies - Specialised Lending	-	-	NA
Corporate - Other	-	-	NA
Retail - SME Property Guarantees	3,877	605	15.6%
Retail - Non-SME property guarantees	8,506	554	6.5%
Retail - Qualifying revolving	-	-	NA
Other Retail - SME	1,454	171	11.7%
Other Retail - non-SME	187	8	4.3%
Shares	-	-	NA
Securitisation	-	-	NA

The RWA on exposures of small- and medium-sized enterprises are calculated since 31 March 2019 based on LGD values coming from the internal models and therefore no longer with the regulatory imposed LGD values in the IRB Foundation approach.

The total exposures and risk weighted assets within the Crelan Group under the standard approach and the IRB approach are shown in the table below:

Standard & Internal Rating Approaches

In million EUR - 31 12 2019	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	21,497	1,042	143	0	22,682
Total RWA	3,467	313	22	0	3,801
RW Average in %	16.1%	30.0%	15.1%	20.0%	16.8%

In million EUR - 31 12 2020	Balance	Off-balance	Derivatives	Repo securities	Total
Total EAD	23,453	1,260	136	-	24,848
Total RWA	3,457	338	18	-	3,814
RW Average in %	14.7%	26.9%	13.0%	NA	15.3%

To ensure the various risk classes and the various segments can be compared, the Crelan Group uses a master scale. Via this master scale, the portfolio can be compared with international standards.

A distribution of the credit portfolio is shown in the table below in terms of the EAD and risk-weighted assets while using various used risk classes in accordance with the master scale. This only concerns the retail segment of Crelan NV that is reported in accordance with the IRB method.

In million EUR

PD Master Scale	Gross exposure (EAD) RWA RW Average in %	31/12/2019 Retail	31/12/2020 Retail
A+	Sum EAD	-	-
0.001	Sum RWA	-	-
0	RW Weighted average	NA	NA
A	Sum EAD	-	-
0.010	Sum RWA	-	-
0	RW Weighted average	NA	NA
B+	Sum EAD	4,390	4,672
[0,02 - 0,04]	Sum RWA	63	68
0	RW Weighted average	1%	1%
B	Sum EAD	2,679	2,655
] 0,04 - 0,08]	Sum RWA	92	77
0	RW Weighted average	3%	3%
C+	Sum EAD	2,037	2,484
] 0,08 - 0,16]	Sum RWA	105	139
0	RW Weighted average	5%	6%
C	Sum EAD	1,201	1,861
] 0,16 - 0,32]	Sum RWA	93	198
0	RW Weighted average	8%	11%
C-	Sum EAD	2,047	1,510
] 0,32 - 0,64]	Sum RWA	377	197
0	RW Weighted average	18%	13%
D+	Sum EAD	605	622
] 0,64 - 0,85]	Sum RWA	172	182
0	RW Weighted average	28%	29%
D	Sum EAD	350	400
] 0,85 - 1,28]	Sum RWA	87	97
0	RW Weighted average	25%	24%
D-	Sum EAD	1,046	1,023
] 1,28 - 2,56]	Sum RWA	312	285
0	RW Weighted average	30%	28%
E+	Sum EAD	371	417
] 2,56 - 5,12]	Sum RWA	191	211
0	RW Weighted average	51%	51%
E	Sum EAD	261	354
] 5,12 - 15]	Sum RWA	192	252
0	RW Weighted average	74%	71%
E-	Sum EAD	23	26
] 15 - 99,999]	Sum RWA	18	20
0	RW Weighted average	79%	76%
F/Z	Sum EAD	196	185
100	Sum RWA	148	201
0	RW Weighted average	75%	109%
Gross exposure Total		15,206	16,210
Risk-Weighted Assets Total		1,849	1,925
RW Weighted Average (%)		12.2%	11.9%

The above table shows that the gross exposure that is reported under the IRB approach has increased from a level of EUR 15.2 billion on 31 December 2019 to a level of EUR 16.2 billion on 31 December 2020. The increase of the exposure can mainly be ascribed to the increased production of mortgages in 2020. The risk weighted assets have therefore increased from EUR 1.85 billion on 31 December 2019 to EUR 1.93 billion on 31 December 2020. The weighted average risk weight of the exposures decreased from a level of 12.2% on 31 December 2019 to a level of 11.9% on 31 December 2020.

When the master scale is translated into an equivalent external rating, we get the following subdivision of the EAD in accordance with the rating:

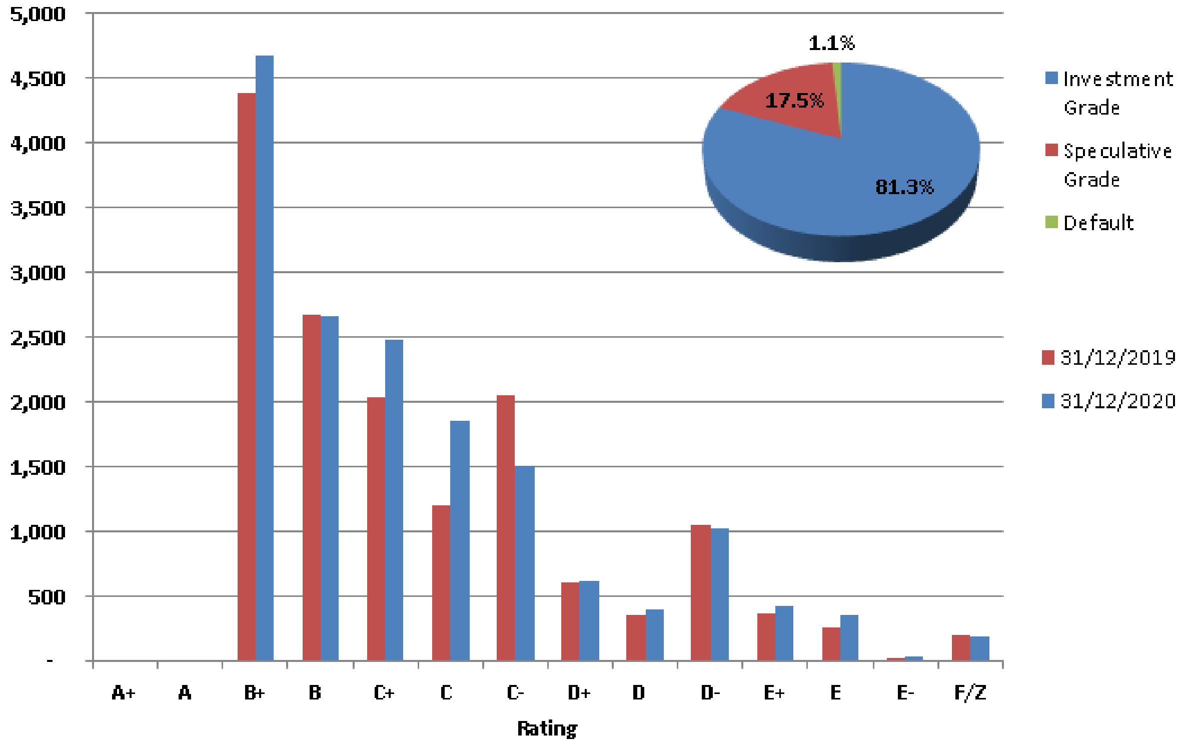
	External Rating	MASTER SCALE			31/12/2019	31/12/2020
	Rating	Rating	Reference PD (as percentage)	PD Range (as percentage)	Bruto exposure (EAD) (mio EUR)	Bruto exposure (EAD) (mio EUR)
Inv. Grade	AAA	A+	0.001	0.001	-	-
	AA+ to AA	A	0.01	0.01	-	-
	AA- to A+	B+	0.02	[0,02 - 0,04]	4,390	4,672
	A to A-	B	0.06	] 0,04 - 0,08]	2,679	2,655
	BBB+	C+	0.16	] 0,08 - 0,16]	2,037	2,484
	BBB	C	0.30	] 0,16 - 0,32]	1,201	1,861
	BBB-	C-	0.60	] 0,32 - 0,64]	2,047	1,510
Speculative Grade	BB+	D+	0.75	] 0,64 - 0,85]	605	622
	BB	D	1.25	] 0,85 - 1,28]	350	400
	BB-	D-	1.90	] 1,28 - 2,56]	1,046	1,023
	B+ to B	E+	5.00	] 2,56 - 5,12]	371	417
	B-	E	12.00	] 5,12 - 15]	261	354
	CCC to C	E-	20.00	] 15 - 99,999]	23	26
Default	D	F/Z	100	100	196	185
					15,206	16,210

	31/12/2019	31/12/2020
Investment Grade	81.2%	81.3%
Speculative Grade	17.5%	17.5%
Default	1.3%	1.1%
Totaal IRB	100%	100%

Of these exposures that are reported under the IRB approach on 31 December 2020, 81.3% is therefore of investment grade quality (when compared with 81.2% on 31 December 2019), 17.5 % is speculative grade (the same as on 31 December 2019) and 1.1% is in default (when compared with 1.3% on 31 December 2019). The definition of default matches that of the Basel regulations and, in particular, arrears in payments of at least 90 days.

The rating is calculated in relation to each new loan application or during the regular reviews of the portfolio as described above. It acts and a decision-supporting instrument for the determination of, for example, the interest rate and guarantee conditions. The procedures of the credit decision process are adjusted in stages in such a way that the requested guarantees match the rating of the relevant client.

The graph below provides an overview of 31 December 2020 when compared with 31 December 2019 of the distribution of the retail portfolio of Crelan NV per master scale rating:



F/Z refers to loans in default (F) and cancelled loans (Z).

The following table provides an overview per master scale rating of the EAD, the amount on the balance sheet, the amount off the balance sheet, the average credit conversion factor (CCF %) that is applied to the undrawn part of a loan and the EAD weighted loss given default (LGD) percentage:

In mio EUR 31 december 2019

Masterscale Rating	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-	F/Z	Totaal
EAD	-	-	4,390	2,679	2,037	1,201	2,047	605	350	1,046	371	261	23	196	**15,206**
Balans bedrag	-	-	4,293	2,530	1,946	1,130	1,881	550	325	917	348	246	20	188	**14,374**
Buiten balans bedrag	-	-	96	147	91	69	162	53	25	127	23	14	2	8	**818**
Gemiddelde CCF %	0.0%	0.0%	101.7%	101.6%	100.4%	102.1%	102.0%	104.1%	101.1%	100.9%	102.5%	102.2%	100.3%	102.8%	**101.7%**
LGD%	0.0%	0.0%	14.0%	17.0%	16.0%	16.0%	19.0%	25.0%	18.0%	19.0%	18.0%	18.0%	18.0%	21.0%	**16.8%**

In mio EUR 31 december 2020

Masterscale Rating	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-	F/Z	Totaal
EAD	-	-	4,672	2,655	2,484	1,861	1,510	622	400	1,023	417	354	26	185	**16,210**
Balans bedrag	-	-	4,561	2,506	2,296	1,712	1,368	566	356	855	391	336	24	171	**15,140**
Buiten balans bedrag	-	-	110	148	187	146	141	55	44	168	26	18	2	13	**1,056**
Gemiddelde CCF %	0.0%	0.0%	101.4%	101.2%	100.6%	102.1%	101.2%	103.4%	100.7%	100.4%	102.6%	103.6%	100.5%	101.7%	**101.3%**
LGD%	0.0%	0.0%	15.0%	16.0%	17.0%	20.0%	16.0%	27.0%	19.0%	18.0%	19.0%	19.0%	17.0%	20.0%	**17.1%**

The average applied CCF percentage on 31 December 2020 amounts to 101.3% and is therefore basically equal to the average CCF applied on 31 December 2019, which amounted to 101.7%. The EAD weighted average LGD percentage on 31 December 2020 amounts to 17.1% and is therefore lower than the EAD weighted average LGD percentage on 31 December 2019 (16.8%).

Europabank NV:

The exposures of Europabank NV are reported within the framework of the Basel regulations in accordance with the standard approach. The average risk weight (RW) gives an indication of the quality of the underlying assets. The higher this risk weight, the higher the risk of the exposures. The following tables provide an overview of the EAD, RWA and risk weights per counterparty type:

Standard approach

In million EUR - 31 12 2020	EAD	RWA	RW
Total	**1,670**	**651**	**39.0%**
Institutions	67	14	20.8%
Companies	13	10	76.2%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	364	-	0.0%
Guarantees on real estate	718	273	38.0%
Receivables on customers	284	193	68.2%
Regional governments	0	-	0.0%
Administrative and non-commercial institutions	-	-	NA
Development banks	-	-	NA
International organisations	-	-	NA
Overdue items	54	57	105.8%
High risk items	-	-	NA
Covered bonds	-	-	NA
Receivables on OPCVM	-	-	NA
Shares	-	-	NA
Other	171	104	60.5%
Securitisation	-	-	NA

Standard approach

In million EUR - 31 12 2019	EAD	RWA	RW
Total	**1,561**	**644**	**41.3%**
Institutions	35	7	20.8%
Companies	13	10	76.2%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	315	-	0.0%
Guarantees on real estate	684	263	38.4%
Receivables on customers	290	199	68.7%
Regional governments	-	-	NA
Administrative and non-commercial institutions	-	-	NA
Development banks	-	-	NA
International organisations	-	-	NA
Overdue items	57	60	105.7%
High risk items	-	-	NA
Covered bonds	-	-	NA
Receivables on OPCVM	-	-	NA
Shares	-	-	NA
Other	167	105	62.7%
Securitisation	-	-	NA

The average risk weight on 31 December 2020 amounts to 39.0% and is lower than the one on 31 December 2019 (41.3%). The credit quality of the credit portfolio at Europabank NV is therefore generally slightly better than that of last year.

Statement of loans & receivables within the Crelan Group:

The tables below show the breakdown on 31 December 2020 and 31 December 2019 of the consolidated portfolio of loans and receivables with a healthy turnover, loans and receivables that have already matured but that are not (yet) the object of a special impairment and loans and receivables regarding which a special impairment was recorded.

(in EUR)	31/12/2020	31/12/2019
Healthy circulation	16,707,311,889	16,386,391,134
Expired	949,161,450	1,119,364,063
Impaired	295,725,859	313,563,319
Total	17,952,199,198	17,819,318,516
Impairments applied	-144,514,384	-144,537,236
Total Loans and receivables	**17,807,684,814**	**17,674,781,280**

The loans with a healthy turnover can be detailed as follows:

(in EUR)	31/12/2020
Loans and receivables - healthy circulation	
- Interbank loans	123,955,812
- Home loans	11,187,377,423
- Retail loans Short Term	51,960,162
- Retail loans Long Term	512,588,454
- Agricultural loans Short Term	84,779,047
- Agricultural loans Long Term	1,832,708,557
- Corporate loans Short Term	121,695,691
- Corporate loans Long Term	1,702,472,642
- Instalment loans	652,987,521
- Comfort and cash loans	47,178,397
- Guaranteed credits	57,470
- Leasing contracts	132,598,944
- Paid-up cash guarantees	141,945,529
- Other loans and advances	115,006,240
Total Healthy circulation	16,707,311,889
Impairments	-45,178,604
Total Healthy loans and advances	**16,662,133,285**

(in EUR)	31/12/2019
Loans and receivables - healthy circulation	
- Interbank loans	113,922,367
- Home loans	10,548,008,178
- Retail loans Short Term	47,852,277
- Retail loans Long Term	459,542,458
- Agricultural loans Short Term	92,825,300
- Agricultural loans Long Term	1,813,852,948
- Corporate loans Short Term	114,236,813
- Corporate loans Long Term	1,530,099,715
- Instalment loans	616,179,343
- Comfort and cash loans	65,025,347
- Guaranteed credits	53,896
- Leasing contracts	113,316,749
- Paid-up cash guarantees	736,956,001
- Other loans and advances	134,519,742
Total Healthy circulation	16,386,391,134
Impairments	-20,669,747
Total Healthy loans and advances	**16,365,721,387**

The loans with payment arrears regarding which no individual impairment has (yet) been recorded can be detailed as follows as on 31 December 2020 and 2019:

(in EUR)			31/12/2020	
Overdue loans	<=30 days	>30 days and <=90 days	>90 days and <=180 days	>180 days
- Interbank loans	0	0	0	0
- Home loans	509,094,489	18,249,219	0	0
- Retail loans Short Term	2,669,516	420,874	0	0
- Retail loans Long Term	179,503,979	27,448,333	0	0
- Agricultural loans Short Term	678,294	0	0	0
- Agricultural loans Long Term	60,221,406	680,814	0	0
- Corporate loans Short Term	988,147	385,198	0	0
- Corporate loans Long Term	95,579,320	6,956,677	0	0
- Instalment loans	10,063,950	1,281,851	0	0
- Comfort and cash loans	1,612,864	854,418	6,158	0
- Guaranteed credits	14,750	460	0	0
- Leasing contracts	28,687,753	3,762,980	0	0
- Paid-up cash guarantees	0	0	0	0
- Other loans and advances	0	0	0	0
Total Overdue loans	889,114,468	60,040,824	6,158	0
Impairments	-5,339,837	-1,884,537	-181	0
Total Past due loans and receivables	**883,774,631**	**58,156,287**	**5,977**	**0**

(in EUR)			31/12/2019	
Overdue loans	<=30 days	>30 days and <=90 days	>90 days and <=180 days	>180 days
- Interbank loans	0	0	0	0
- Home loans	566,943,797	27,382,679	0	0
- Retail loans Short Term	4,890,430	259,344	0	0
- Retail loans Long Term	229,484,894	34,670,181	20,298	0
- Agricultural loans Short Term	389,499	34	0	0
- Agricultural loans Long Term	65,161,073	916,560	0	0
- Corporate loans Short Term	2,972,935	214,228	0	0
- Corporate loans Long Term	118,451,134	12,652,717	0	0
- Instalment loans	11,656,094	1,329,307	0	0
- Comfort and cash loans	2,527,290	606,443	109,875	0
- Guaranteed credits	0	0	0	0
- Leasing contracts	34,300,322	4,423,966	777	0
- Paid-up cash guarantees	0	0	0	0
- Other loans and advances	0	186	0	0
Total Overdue loans	1,036,777,468	82,455,645	130,950	0
Impairments	-4,802,283	-2,223,255	-17,945	0
Total Past due loans and receivables	**1,031,975,185**	**80,232,390**	**113,005**	**0**

When IFRS 9 started to be used (at the beginning of 2018), the existing incurred but not reported (IBNR) provision was replaced by the calculated provisions for loans under stages 1 and 2. As determined in IFRS 9, both this retraction and this deposit have been recorded via the equity.

The table below provides the details for the loans and receivables regarding which a special impairment (Stage 3) was recorded:

(in EUR)	31/12/2020	
Impaired loans and receivables	Gross	Individual impairments
- Interbank loans	0	0
- Home loans	75,798,873	-16,516,897
- Retail loans Short Term	1,097,656	-466,896
- Retail loans Long Term	49,191,566	-13,180,983
- Agricultural loans Short Term	5,030,954	-1,496,279
- Agricultural loans Long Term	60,047,949	-18,045,108
- Corporate loans Short Term	8,330,450	-3,249,713
- Corporate loans Long Term	68,339,451	-22,178,217
- Instalment loans	3,881,049	-1,698,906
- Comfort and cash loans	9,392,690	-5,565,319
- Guaranteed credits	683,966	-643,918
- Leasing contracts	8,851,483	-4,440,860
- Paid-up cash guarantees	0	0
- Other loans and advances	5,079,772	-4,930,736
Total Impaired loans and receivables	**295,725,859**	**-92,413,832**

(in EUR)	31/12/2019	
Impaired loans and receivables	Gross	Individual impairments
- Interbank loans	0	0
- Home loans	76,512,703	-22,672,605
- Retail loans Short Term	1,226,710	-544,872
- Retail loans Long Term	48,275,983	-14,020,960
- Agricultural loans Short Term	5,652,147	-1,995,342
- Agricultural loans Long Term	73,497,790	-26,995,976
- Corporate loans Short Term	8,023,910	-3,160,960
- Corporate loans Long Term	69,071,547	-27,409,445
- Instalment loans	4,206,412	-1,704,867
- Comfort and cash loans	10,380,844	-6,927,811
- Guaranteed credits	769,063	-636,373
- Leasing contracts	9,684,802	-4,680,706
- Paid-up cash guarantees	0	0
- Other loans and advances	6,261,408	-6,074,089
Total Impaired loans and receivables	**313,563,319**	**-116,824,006**

Special impairment is recorded when there are objective indications that the client can no longer meet his or her payment obligations. The following is, for example, meant with objective indications: arrears and starting bankruptcy proceedings. The special impairment shows the loss that the Group expects to suffer. This amount is determined as being the maximum credit risk of the client reduced by the fair value of the received provisions of security and other credit improvements.

If a counterparty continues to be in default after repeated attempts of the Group to come to a friendly arrangement, the received securities and guarantees will be enforced. When all normal efforts to recover the claim have been used, the outstanding balance will be amortised.

The table below shows the changes of the impairment:

	Opening balance 01/01/2020	Additions	Recovery and Depreciation	Other	Closing balance 31/12/2020
Interbank loans	**5,328**	**1,083**	**-7**	**-476**	**5,928**
Stage 1	5,328	1,083	-7	-476	5,928
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Home loans	**26,870,991**	**1,823,622**	**-1,886,088**	**-1,116,463**	**25,692,062**
Stage 1	964,104	987,549	-57,970	1,758,746	3,652,429
Stage 2	3,234,282	715,428	-266,450	1,839,476	5,522,736
Stage 3	22,672,605	120,645	-1,561,668	-4,714,685	16,516,897
Retail loans Short Term	**552,547**	**59,552**	**-113,022**	**-6,354**	**492,723**
Stage 1	4,861	16,008	-4,631	-230	16,008
Stage 2	2,814	9,819	-2,566	-248	9,819
Stage 3	544,872	33,725	-105,825	-5,876	466,896
Retail loans Long term	**25,124,702**	**4,168,854**	**-2,896,675**	**-3,620,620**	**22,776,261**
Stage 1	3,828,477	4,168,854	0	0	7,997,331
Stage 2	2,117,964	0	0	-259,693	1,858,271
Stage 3	19,178,261	0	-2,896,675	-3,360,927	12,920,659
Agricultural loans Short Term	**2,019,548**	**1,298,820**	**-1,569,407**	**-162,867**	**1,586,094**
Stage 1	17,721	47,157	-16,587	-996	47,295
Stage 2	6,485	42,234	-6,408	209	42,520
Stage 3	1,995,342	1,209,429	-1,546,412	-162,080	1,496,279
Agricultural loans Long Term	**36,999,137**	**899,610**	**-1,603,452**	**-4,823,488**	**31,471,807**
Stage 1	9,486,862	435,077	-24,309	1,292,734	11,190,364
Stage 2	516,299	215,408	-11,557	1,516,185	2,236,335
Stage 3	26,995,976	249,125	-1,567,586	-7,632,407	18,045,108
Corporate loans Short Term	**3,195,405**	**2,030,559**	**-741,110**	**-231,380**	**4,253,474**
Stage 1	63,098	454,625	-29,365	23	488,381
Stage 2	11,256	219,073	-6,505	0	223,824
Stage 3	3,121,051	1,356,861	-705,240	-231,403	3,541,269
Corporate loans Long Term	**26,894,217**	**9,942,378**	**-3,443,102**	**1,560,910**	**34,954,403**
Stage 1	2,730,745	2,759,469	-34,509	1,604,271	7,059,976
Stage 2	1,658,411	708,981	-40,651	3,462,251	5,788,992
Stage 3	22,505,061	6,473,928	-3,367,942	-3,505,612	22,105,435
Instalment loans	**1,899,917**	**1,504,415**	**-315,421**	**909,661**	**3,998,572**
Stage 1	457,159	918,466	-36,120	738,042	2,077,547
Stage 2	78,379	60,718	-4,845	87,909	222,161
Stage 3	1,364,379	525,231	-274,456	83,710	1,698,864
Comfort and cash loans	**7,958,709**	**29,164**	**-1,399,892**	**-322,218**	**6,265,763**
Stage 1	564,969	9,378	-4,984	-1,540	567,823
Stage 2	417,521	11,744	-31,671	35,438	433,032
Stage 3	6,976,219	8,042	-1,363,237	-356,116	5,264,908
Guaranteed credits	**636,373**	**0**	**-25,393**	**32,938**	**643,918**
Stage 1	0	0	0	0	0
Stage 2	0	0	0	0	0
Stage 3	636,373	0	-25,393	32,938	643,918
Leasing contracts	**6,188,179**	**2,319,404**	**-1,192,433**	**-12,284**	**7,302,866**
Stage 1	850,527	1,406,493	0	0	2,257,020
Stage 2	577,874	0	0	-12,284	565,590
Stage 3	4,759,778	912,911	-1,192,433	0	4,480,256
Cash collateral deposited	**0**	**0**	**0**	**0**	**0**
Stage 1	0	0	0	0	0
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Other loans and receivables	**6,192,183**	**29,853**	**-46,494**	**-1,105,029**	**5,070,513**
Stage 1	27,062	11,167	-10,808	15,271	42,692
Stage 2	91,032	18,686	-35,686	23,053	97,085
Stage 3	6,074,089	0	0	-1,143,353	4,930,736
Total	144,537,236	24,107,314	-15,232,496	-8,897,670	144,514,384
Stage 1	19,000,913	11,215,326	-219,290	5,405,845	35,402,794
Stage 2	8,712,317	2,002,091	-406,339	6,692,296	17,000,365
Stage 3	116,824,006	10,889,897	-14,606,867	-20,995,811	92,111,225

7.2.1.2. Investment portfolio

The credit quality of the investment securities is monitored based on an internal rating that is a reflection of the external rating of the known credit rating agencies. A minimum internal rating of 3B (corresponding to BBB at Fitch and S&P and Baa2 at Moody's) is imposed for investments in the financial portfolio. Securities with a lower rating are only bought based on an express and specific decision of the Management Committee. If a security is listed under the 3B level as a result of a downgrade, a decision regarding the retention or the sale of the relevant security is required. The securities without a rating mainly concern funds and financial fixed assets.

31/12/2020	3A	2A	1A	Lower than 1A	Not rated	TOTAL
Securitization	0	0	0	0	0	0
Financial sector	29,923,221	3,600,337	26,498,205	24,450,528	9,500,580	93,972,871
Private Sector	3,027,872	28,962,089	50,375,124	29,001,075	1,662,606	113,028,766
Government Securities	58,140,913	643,207,836	10,001,302	26,287,993	5,287,749	742,925,793
Covered Bonds	67,233,427	0	0	0	0	67,233,427
Total Securities Portfolio	*158,325,433*	*675,770,262*	*86,874,631*	*79,739,596*	*16,450,935*	*1,017,160,857*
31/12/2019	*3A*	*2A*	*1A*	*Lower than 1A*	*Not rated*	*TOTAL*
Securitization	0	0	0	0	0	0
Financial sector	45,978,684	22,198,685	25,668,372	24,576,334	8,588,976	127,011,051
Private Sector	3,032,472	37,654,921	66,125,560	26,127,600	1,662,524	134,603,077
Government Securities	110,847,842	674,439,445	0	69,887,180	5,407,268	860,581,735
Covered Bonds	88,643,151	0	0	0	0	88,643,151
Total Securities Portfolio	*248,502,149*	*734,293,051*	*91,793,932*	*120,591,114*	*15,658,768*	*1,210,839,014*

In 2020, the global turnover of the portfolio decreased by EUR 194 million to EUR 1.02 billion. In 2020, limited purchases were made because of the low interest rate environment. The quality of the investment portfolio remains very high provided that it includes 82% in securities with a rating of at least 2A when compared to 81.2% at the end of 2019.

The share of government bonds in the portfolio rose from 71.1% in 2019 to 73% of the total portfolio. Of the total portfolio of government bonds, an amount of EUR 426 million was invested in Belgian government bonds, EUR 73 million in Austrian government bonds, EUR 71 million in French government bonds, EUR 87 million in Finnish government bonds, EUR 53 million in Dutch government bonds and, to conclude, EUR 28 million in Spanish government bonds. The remaining amount was invested in Belgian regional authorities.

The Crelan Group grafted its investment policy on the asset classes that are eligible as liquid assets within the framework of the Basel III regulations. Except for bonds and debentures issued by governments and supranational institutions, as a consequence, only the covered bonds and corporate bonds are considered. The volume in covered bonds amounts to EUR 67.2 million and this is EUR 113 million for the corporate bonds. To conclude, we had an amount of EUR 94 million in the financial sector. They are mainly financial vehicles set up by enterprises and, to a lesser extent, direct investments in financial institutions.

The geographic distribution of the total portfolio is shown in the following table:

(in EUR)	31/12/2020	31/12/2019
Belgium	481,422,220	475,758,306
Eurozone	401,359,870	544,048,971
Other countries from EU	7,275,833	25,509,200
Rest of the World	92,015,079	107,321,369
Supra national institutions	35,087,855	58,201,168
Total	**1,017,160,857**	**1,210,839,014**

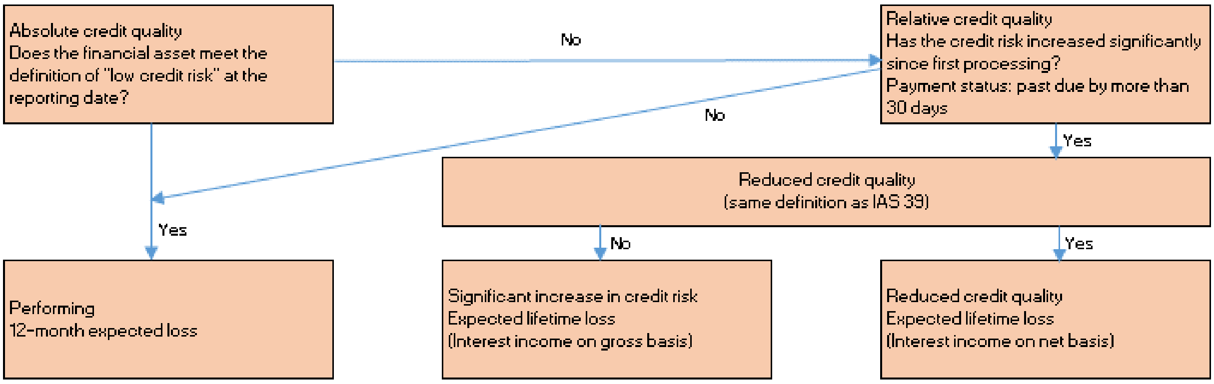
For the control of the credit risk from investment activities, uniform limits per product group and per counterparty were set up for each entity and at the level of the Group. The limits on professional

counterparties and banks are monitors in the back office of the trading room. The limits and ratings of counterparties and the allocation are permanently audited by the back office. Should there be any limit excesses, reports are submitted to management and the Risk Management department.
The pre-settlement counterparty and settlement risk remain limited since all these activities are settled with other financial institutions. The supervision on the item settlement credit risk is monitored daily based on the provisions contained in the investment policy of the Group.

An impairment must be recorded in accordance with the criteria defined in IFRS 9. An impairment will not be recorded for the securities measured at fair value through the processing of value adjustments in the profit and loss account.
For equity instruments, a durable or significant value decrease of the relevant title forms an objective indication.
For debt certificates classified under amortised cost of at fair value via OCI, impairment is recorded in accordance with the expected loss model.

For the equity instruments, the Crelan Group uses quantitative factors as an indicator of possible impairment. This mainly concerns a value decrease of at least 30% during a period of 6 consecutive months. Factors such as financial difficulties of the issuer, forecasts in the short term, etc. are also taken into account. In addition to the aforementioned criteria, an impairment is applied in relation to a value decrease of more than 50% or during a period of at least 3 years.

For debt securities classed as amortised cost price or measured at a fair value through OCI, the following diagram clarifies the process that forms the basis for the calculation:



The calculation of the 12 monthly expected loss is the product of the following values:

- If the decision was taken to apply a Fair Value through Other Comprehensive Income (FVOCI) processing: EAD = Exposure at default; market value of the asset increased by the gross coupon
- If the decision was taken to process in AC= Book value increased with accrued interests calculated based on the actuarial return
- LGD = Loss given default
- Estimated PD 12 months (EPD12) = Estimation of the probability of default in 12 months.

The calculation of the expected loss over the life span of the investment must be calculated as the difference between the updated value of the contractual cash flow and the updated value of the expected cash flows. Based on the credit quality, the interest income on a gross or net basis must be used. The final result is obtained by calculating the updated expected loss for every contractual cash flow based on LGD and estimated PD for the relevant period.

7.2.1.3. Derivatives

To limit the risk when taking out derivatives, an ISDA Master Agreement and a CSA (Credit Support Annex) are entered into with every financial counterparty. These contracts, after all, determine that a netting may take place of all rights and liabilities that arise from the trade in derivatives with these counterparties in relation to bankruptcy. The risk is limited even more through the contractual liability to place cash collaterals in a negative net market value of the derivative portfolio.

The application of IFRS 13 means that the risk that the counterparty or Crelan NV should not meet that counterparty's liabilities must also be included in relation to the value determination of derivatives. This leads to the calculation of a Credit Valuation Adjustment (CVA) and a Debit Valuation Adjustment (DVA). The calculation takes place based on the replacement value of the derivatives and a potential increase thereof (add-on). The creditworthiness is determined based on quoted credit default swaps. The creditworthiness of Crelan NV is measured based on the CDS of entities in the market that are representative for Crelan NV. The measurement at fair value of the derivatives in IFRS must be adjusted using the results of the calculation in CVA/DVA. The impact on the result of the accounting period is EUR -49,385.14.

In 2013, the Crelan Group decided to apply the new regulations related to derivatives toe as described in the European market infrastructure regulation (EMIR). This regulation has the aim to strengthen the legislative framework of the European Union for derivative transactions by improving the stability, transparency and efficiency of the derivative markets. It envisages to reduce the credit, liquidity and operational risks of the counterparties in relation to the clearing of OTC derivative transactions. Crelan NV joined a clearing member for the settlement of interest rate swaps within this framework.

7.2.2. Maximum credit risk

The table below shows the amount for each category of financial instruments that best shows the maximum credit risk to which the entity has been exposed on the balance sheet date without taking any guarantees, securities or other credit improvements into account.

The maximum credit risk is the net book value reduced by the already included impairment losses related to the balance sheet items. For the not included credit lines, the maximum credit risk equals the not included amount and, for the bank guarantees, the amount of the guarantee.

(in EUR)	31/12/2020	31/12/2019
Cash and current accounts with central banks	3,113,595,469	1,876,717,846
Financial assets held for trading	18,580,776	22,882,716
Loans and receivables		
- Interbank loans	123,949,884	113,917,039
- Home loans	11,764,827,942	11,191,976,366
- Retail loans Short Term	55,655,485	53,676,214
- Retail loans Long Term	745,956,071	746,869,112
- Agricultural loans Short Term	88,902,201	96,847,432
- Agricultural loans Long Term	1,922,186,919	1,916,429,234
- Corporate loans Short Term	127,146,012	122,252,481
- Corporate loans Long Term	1,838,393,687	1,703,380,896
- Instalment loans	664,215,799	631,471,239
- Comfort and cash loans	52,778,764	70,691,090
- Guaranteed credits	112,728	186,586
- Leasing contracts	166,598,294	155,538,437
- Paid-up cash guarantees	141,945,529	736,956,001
- Other loans and advances	115,015,499	134,589,153
Securities portfolio		
- Government securities	737,638,044	855,174,467
- Bonds and other fixed income securities	263,071,878	340,005,779
- Shares and other non-fixed income securities	6,781,148	6,863,077
- Financial fixed assets	9,669,787	8,795,691
Reinsurance assets	2,244,049	772,227
Undrawn credit lines	1,229,926,760	1,016,141,373
Bank guarantees	43,703,406	43,633,516
Credit risk for assets classified as held for sale	50,992,586	56,306,553
Maximum credit risk	**23,283,888,717**	**21,902,074,525**

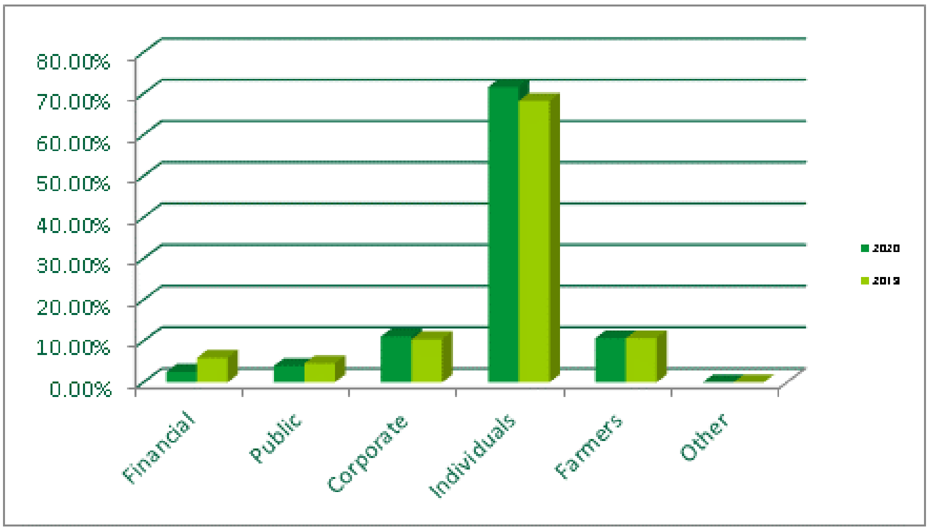
The other loans and receivables mainly are related to the advances in the current account.

To limit the credit risk, the Group receives specific securities or collaterals. For the loans and receivables in relation to customers (excluding consumer loans (credit) and advances in a current account), it mainly concerns mortgages, trading enterprises and agricultural privileges.
In addition, the Group receives cash collaterals for the derivatives with a positive net market value.

7.2.3. Risk concentration

Within the framework of the management of the concentration risks, the policy of the various entities of the Group focus on the optimum determination and monitoring of individual and sector limits in order to meet the regulations that apply.

The table below gives a picture of the risk concentrations to which the Group is subjected on 31 December 2020:



The credit risk can mainly be found in Belgium since the loan granting activity of the Group is concentrated there.

7.3. Market exposure

The market exposure is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as the result of adjustments in market prices.

The market exposure can be found at 3 levels within the Group:

1. The structural position of the balance sheet that is managed within the Asset and Liability Management (ALM interest rate risk)
2. Other price risks in the portfolio of the bank
3. The currency risk on balance sheet positions held in foreign currencies

7.3.1. ALM interest rate risk

The ALM interest rate risk is managed and monitored by the Financial Committee (FinCom) that meets on a monthly basis. The FinCom comprises members of the Management Committee and the Financial, Risk and Commercial departments. This committee issues the required mandates to financial management regarding the management of the interest rate and liquidity risk.

A FinCom Group Committee was set up in 2009. The members of the Management Committee and the financial departments of Crelan NV and Europabank NV meet every quarter with the intention of optimising the financial intra-group relationships and determine a consolidated vision on financial risks.

The Financial Committee discusses the following subjects:

- The economic context
- Liquidity risk
- The interest rate risk (including the optional interest rate risk)
- Monitoring of early repayments of mortgages
- The financial portfolio
- Hedging or investment mandates (followed by the allocated mandates and new proposals)
- Limits

Financial Committee, in the first instance, discusses the adjustment of the main financial indicators (interest rate, stock markets and credit spreads) since the previous committee and the macroeconomic data from Europe, the USA and Asia. Subsequently, the interest rate forecasts are shortly discussed.

The interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as the result of adjustments in the market interest rate.

The base instrument that is used by the bank is a "reversed cumulative gap" report with an overview of the respective average gaps per time interval that equals the difference between all fixed rate assets and all liabilities met a fixed interest rate. All interest rate-carrying assets and liabilities are classified chronologically in accordance with the remaining maturity until the month when the interest rate reaches the maturity day or until the month in which an interest rate review will take place. Surpluses or deficits per future period of fixed rate assets (fixed rate assets - liabilities with a fixed interest rate) are therefore determined and form the position of the non-discretionary interest rate risk of the bank.

The interest rate sensitivity calculated by the "reversed cumulative gap" is supplemented by the interest rate sensitivity of the optional interest rate positions of the "cap" type for the calculation of interest rate risk limits.

In view of the scope of the early repayments of mortgages that were observed between the end of 2014 and the end of 2016, the negative variations in case of interest rate stress tests (that the risk limits cannot be exceeded) have been based on outstanding mortgages that are themselves dependent on the simulated interest rate stress since 2016.

This means that, in our "reversed cumulative gap" models, the interest rate fixed mortgage term will be extended in case of a strong interest rate increase stress: early repayments of mortgages with higher historic interest rates will have the tendency to decrease (less financial benefit for customers to take out a new mortgage to repay the old one early). This extension of our term models of the fixed interest rate term of assets when there is stress or a strong interest rate increase has a negative impact on the value of the bank (retention of assets for a fixed historic price that will often be lower than the price of the new production of this type of assets).

This also means that, in our "reversed cumulative gap" models, the interest rate fixed mortgage term will be shortened in case of stress of decreasing rates: early repayments of mortgages with higher historic interest rates will have the tendency to increase (increased financial benefit for customers to take out a new mortgage to repay the old one). This reduction in our term models of the fixed interest rate term of assets when there is stress of sharp interest rate reductions has a negative impact on the value of the bank (faster outflow of assets for a fixed historic price that will often be higher than the price of the new production of this type of assets).

The model (of which the parameters are annually reviewed) used for interest rate stress tests since 2016 therefore tries to integrate the negative convexity of fixed rate mortgages in Belgium (payments in advance by the customer allowed without legal justification paid based on a 3 months interest rate to the bank): lower added value than a comparable bond portfolio in case of a decrease of the interest rate and less value, which is more detrimental than a comparable bond portfolio in case of an increase of the interest rates.

The impact of the six interest rate curve shocks that have been made mandatory since 30 June 2019 by the EBA (including EUR + 2% and -2% with a linear EBA floor (-1% overnight to 0% on 20 years)) on the future annual interest income of the bank (including the optional interest rate positions) may not exceed specific limits. These limits (in millions) determined based on the equity and the net bank product are determined annually and approved by the Board of Directors.

Financial derivatives are used for the management of the ALM interest rate risk. In addition to the options that have been bought on the market to hedge caps in mortgages with variable interest rates, the non-optional interest rate risk can be hedged by means of interest rate swaps.

This is hedging because, if there is a change in the reference interest rate curve, the adjustment in the net cash value of the interest rate positions of the bank will be reduced due to a reverse adjustment of the net cash value of the hedging instrument.

Crelan NV has compiled three portfolios of balance sheet assets and liabilities as hedged position on which the fair value hedging of the interest rate risk (portfolio hedge accounting) is applied using interest rate swap agreements. For all fair value hedging, the required efficiency tests are performed on each balance sheet date (see item 4.14.).

The ALM determines the sensitivity regarding interest rate fluctuations only based on the Banking Book of the Group. The market exposure of the Trading portfolio monitored by using a Value at Risk (VaR) model.

The interest rate risk analysis that follows and is required due to IFRS 7 is performed based on a maturity balance sheet of interest rate carrying assets and liabilities by analogy with the method of the fixed rate interest rate gaps with a maturity of 1 month over a time horizon of 12 months. Contrary of what ALM normally does, we must consider the following interest rate fluctuations regarding this: an immediate movement of the interest rate in relation to EUR +/- 1% for 12 months without the interest rates could be more negative than the EBA floor.

The following elements are also taken into account in that calculation:

- Expected early loan repayments in accordance with the used internal model.
- Provided withdrawal of approved loans that have not yet been fully included.
- Opportunity cost linked to the implementation of interest rate caps in case of interest rate increase in relation to loans with adjustable interest rate.
- Adjustments of the IFRS remeasurements at fair value of the IRS no-hedge.
- Fluctuations of the interest rates on savings deposit books that equal 70% of the simulated (limited to the EBA floor) market interest rate fluctuations with, moreover, a floor at 0% for the non-regulated savings deposit books (semi-sensitive current accounts) and for 0.11% for the regulated savings deposit books

The remeasurement at fair value of the hedging interest rate swap agreements generates little impact on the result when the interest rate moves by EUR +/- 100 base points. The remeasurement at fair value of the hedged financial instruments, after all, generates a nearly identical, but opposite, variation (except in relation to inefficiency).

Since the beginning of 2018 (coming into force of IFRS 9), the sensitivity of the equity in relation to interest rates has disappeared at Crelan and Europabank since the securities portfolio in relation to the assets are only of the Hold To Collect type.

The table below shows the sensitivity of the gains and the equity of the Group (without Crelan Insurance NV) on 31 December 2020 and 31 December 2019 for the aforementioned described shift in the interest rate curve with +/- 100 base points.

(in 000 EUR	**31/12/2020**		**31/12/2019**	
	+100 bp	-100 bp	+100 bp	-100 bp
Impact on the result	-21,695	-295	-36,064	-1,526

7.3.2. Market exposure in the trading portfolio

The Crelan Group does not have any positions in the trading portfolio. As a consequence, no market exposure is reported within the framework of the Bazel III standards.

7.3.3. Market exposure in the non-trading portfolio

The market exposure in the non-trading portfolio (including the retail portfolio) is monitored for all Crelan Group entities via a uniform methodology and comprises the following risks:

- The interest rate risk is the risk that adjusts the value of a financial instrument as the result of adjustments in the market interest rates. The fixed rate gap forms the basis for determining the interest rate risk.
- The "credit spread" risk on the portfolio that arises from adjustments in the creditworthiness of an issuer.
- The option risk that originates from the options linked to mortgages with a variable interest rate with cap and the hedging of these by means of bought caps and swaptions.
- Other risks in the form of investments in funds, private equity and private debt.

The global risk is measured from a stress scenario approach. A specific stress is applied for each risk type within the global risk of the bank:

- To determine the interest rate risk, the margin loss is calculated based on the fixed rate gap by referring to 6 different interest rate scenarios, namely:

    - A 2% parallel upward shock;
    - A 2% parallel downward shock;
    - A steepening of the interest rate curve (minus 1% of the short-term interest rate and plus 2.5% of the long-term interest rate);
    - A flattening of the interest rate curve (plus 2.5% of the short-term interest rate and minus 1.0% of the long-term interest rate);
    - An upward shock of 2% of the short-term interest rate;
    - A downward shock of 2% of the short-term interest rate.

  The interest rate scenario with the highest negative impact on the net current value of the bank is taken into account as interest rate risk. The option risk becomes similar to the interest rate risk followed by the calculation of the margin loss in relation to the aforementioned interest rate scenarios.

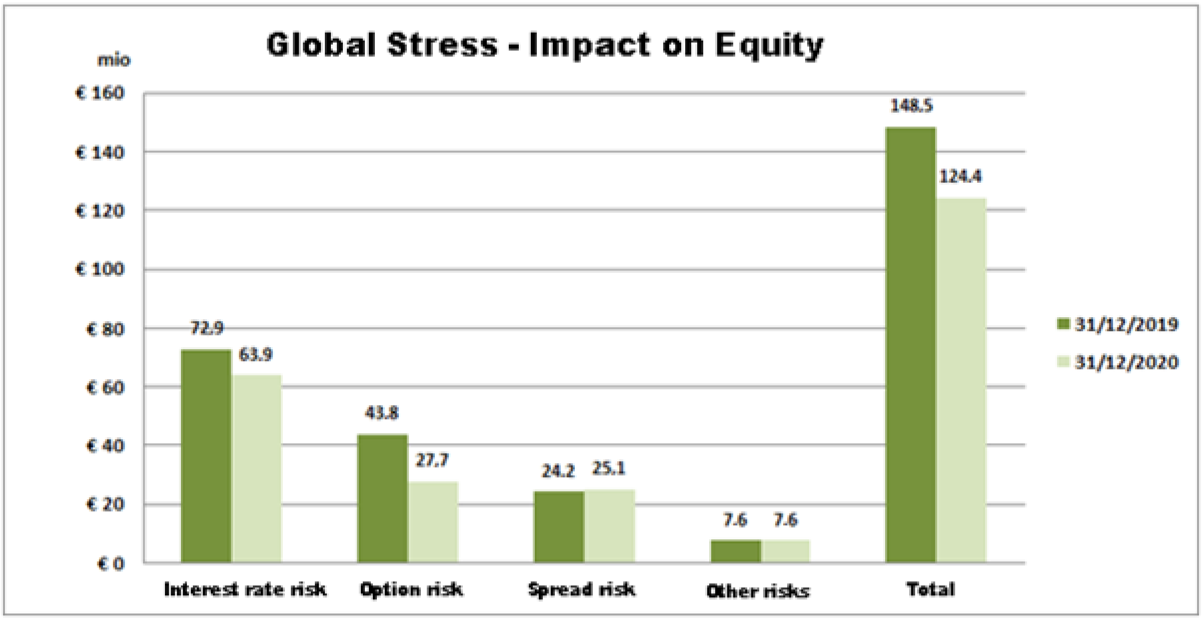
- The "credit spread" risk on the portfolio is calculated based on a value at risk (VaR) methodology by means of a parametric VaR with a 99.5% reliability interval and for a time horizon of 3 months.

- The market price of investments in funds with a capital guarantee is stressed by means of a 20% value decrease and a 30% value decrease for funds without a capital guarantee. Investments in private equity, private debt and property are stressed by means of a 50%, a 30% and a 10% value decrease, respectively.

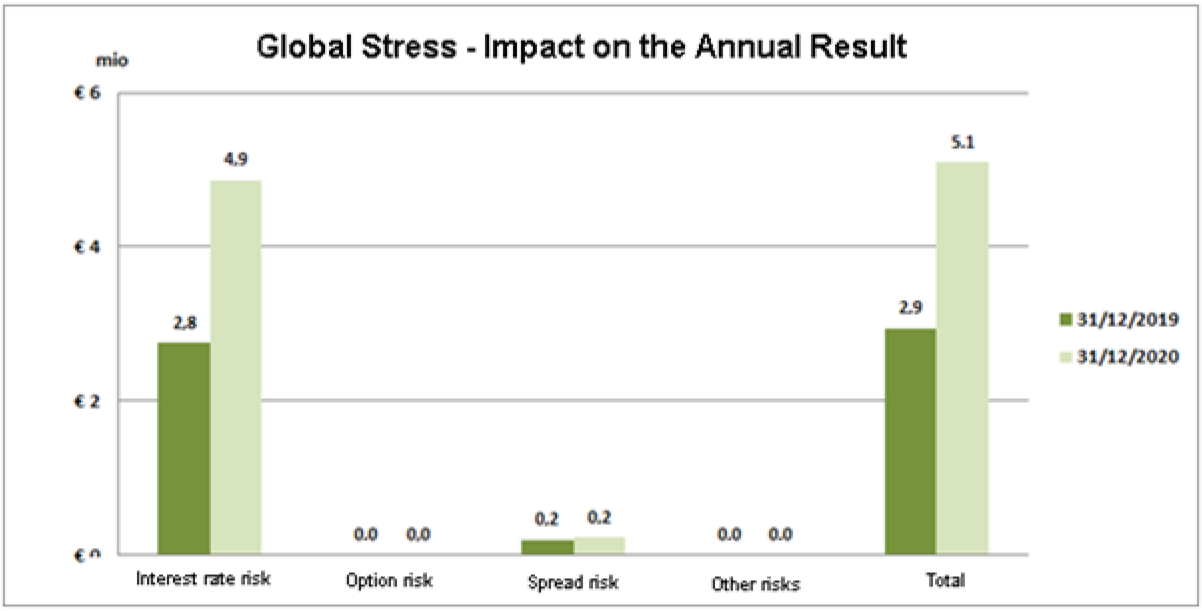
The thus calculated stress on the various risk types are added together to obtain a global stress. Diversification securities between risks amongst each other is therefore not taken into account.

On the one hand, the impact on the equity of the bank is calculated of the various risks on the global portfolio of the bank in case of stress (including retail portfolio). On the other hand, a global stress is also applied where the impact is calculated on the current accounting period of the various risks on the global portfolio of the bank.

The graphs below show the evolution of the global stress for the Crelan Group for 31 December 2019 and 31 December 2020:

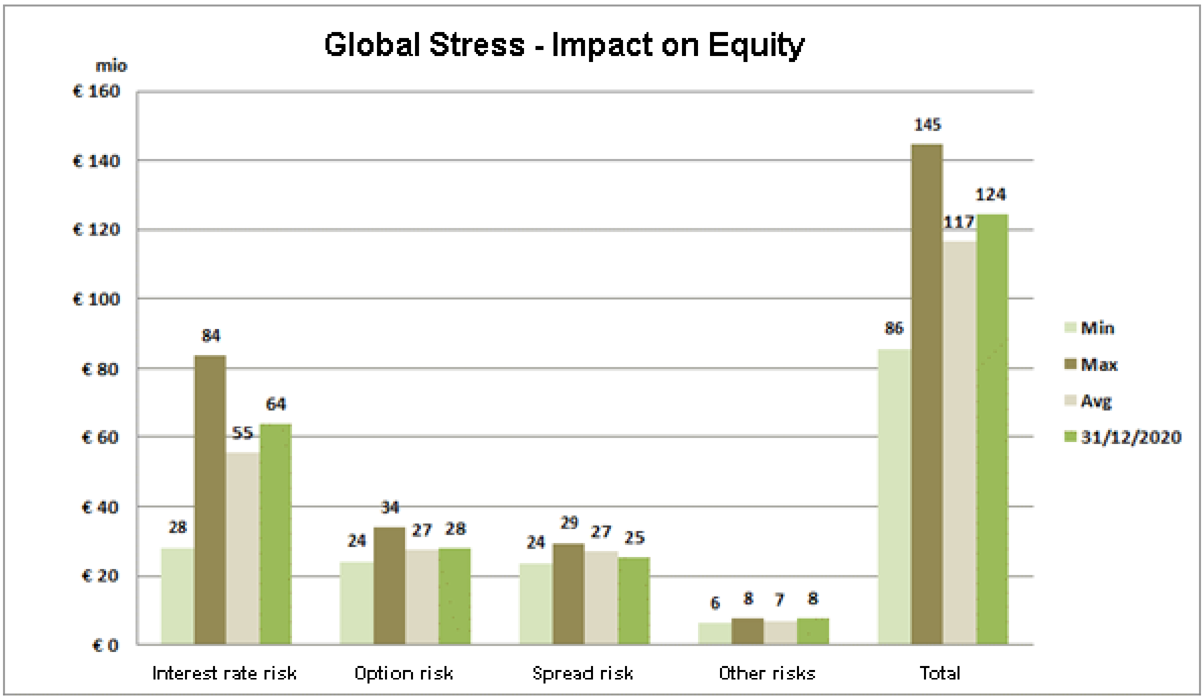


The global stress that calculates the impact on the equity amounts to EUR 124.4 million on 31 December 2020. When compared with 31 December 2019, this is a decrease of EUR 24.1 million. The most significant risk in the global stress comes from the interest rate risk followed by the option risk.



The global stress that calculates the impact on the annual result amounts to EUR 5.1 million on 31 December 2020. When compared with 31 December 2019, this represents an increase of EUR 2.2 million. The largest part of this global stress comes from the interest rate risk.

The graph below also provides an overview of the minimum, maximum and average stress values, respectively, for the various risk factors that were determined during the course of 2020:



Both global stress indicators are calculated and reported to the Financial Committee (FinCom) on a monthly basis. If the limits defined by management are exceeded, the FinCom must undertake the required actions to reduce this risk.

7.3.4. Currency risk

The currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as the result of exchange rate adjustments.

The currency risk within the Group is limited. Balance sheet positions in foreign currencies are immediately hedged with financing in the matching currency. The positions in foreign currencies of the balance sheet are, moreover, monitored and reported by the back office on a daily basis and the global position in a foreign currency may not exceed the limit defined by management.

7.4. Liquidity risk

The liquidity risk is the risk that a business will need to deal with difficulties to meet its financial liabilities.

The Financial Committees (FinCom) monitor the day position as well as the monthly internal dynamic liquidity reporting in the liquidity statement. This ensures the liquidity requirements of the Bank can be measured in the short and medium term.

These internal reports are discussed and monitored during the FinCom meeting together with the liquidity stress test ratios that are imposed by the regulations of the EBA (the liquidity coverage ratio (LCR) (horizon of 1 month) and the net stable funding ratio (NSFR) (1 year horizon)). Whether the liquidity limits are respected as imposed by the Board of Directors are also audited.

The liquidity strategy of the Group has four important elements.

The first one concerns maintaining good relationships with investors through, for example, the daily presence on the monetary market.

The second component concerns maintaining an adequate mix of financing sources. The Group has the aim of having a properly diversified “funding mix” in relation to the financial products of counterparties. Crelan has quite a broad funding for private customers that mainly consists of current accounts, savings back books, time deposits and savings bonds. Although these accounts are mainly short term or immediately repayable, they are regarded as a stable source of “funding” in view of the scope of the customer group.

Extra monthly regulated reports regarding liquidities (Additional Liquidity Monitoring Metrics) that are in force since 30 April 2016 confirm this large number of depositaries since not one of the Crelan Group represents more than 1% of the total funding (table EBA C67.00). The only exception since 30 September 2020 is the participating interest of EUR 400 million in the TLTRO (long-term financing) of the ECB. That TLTRO (extremely cheap) funding only boosts the liquidity of Crelan in view of the fact that it is guaranteed by securities that are eligible for the ECB that are usually also LCR level 1 securities should they have not been provided as a guarantee.

The third element of the liquidity strategy of the Group is the retention of a broad portfolio of assets that can be traded and mobilised that are used to bring disruptions in the cash flow into equilibrium. The Group has relatively large portfolios with non-encumbered, tradable assets that can be easily converted into liquidities via repurchase agreements or via selling. Most of the tradable assets of the Group consists of securities that are accepted as a guarantee by the European Central Bank.

Due to the low interest rates on EUR securities issued by European core counties (even lower than the deposit interest rate at the ECB for the securities with a short remaining term) and the historic low spreads for corporate bonds, reinvestments and bond purchases were limited in 2020. After a decrease by ± EUR 384 million in 2019, the number of outstanding securities decreased by EUR 193 million in 2020.

Globally, the available liquidity buffer (LCR liquidity buffer) increased in 2020 by EUR 665 million (EUR 3.464 million on 31 December 2020 when compared to EUR 2.799 million on 31 December 2019). This increase is due to the growth of the current deposits of Crelan at the ECB by EUR 1.220 million, but is partly cancelled by the decrease of the portfolio of available high-quality liquid assets (HQLA) of Crelan (mainly level 1 for LCR). This decrease is in part related to not extended expiry dates of the assets of Crelan and in part related to the temporary loss of the available character of the HQLA securities in assets that are used as surety within the framework of the participation of Crelan in the TLTRO (LT financing of the ECB) for EUR 400 million as from 30 September 2020.

The main reason for the increase of the liquidity buffer LCR in 2020 is the increase of customer deposits (EUR +1.45 billion) that was greater than that of the loans (excluding deposited cash guarantees at LCH) (EUR +0.85 billion)

The fourth element is the importance that is given to measuring the liquidity risk and not just in the short term (on a daily basis), but also on a monthly basis with a horizon of up to 24 months via a dynamic process so that also the budgeted future balance sheet developments are financed while retaining the future level of liquidity indicators within legal or internal limits.

The considerable increase in 2020 of our available liquidity buffers (+24%) is only partially visible in the increase of the LCR (liquidity in a month under stress) between 31 December 2019 and 31 December 2020.

	31/12/2019	31/12/2020
Liquidity buffer	2,799,023,556	3,464,065,628
Total net cash outflows	1,670,018,733	1,946,673,151
LCR (%)	167.6%	177.9%

This is because the increase by EUR 277 million of the net LCR outflows can mainly be ascribed to:

- The prescribed LCR outflows (1 month) on customer deposits with a remaining maturity shorter than one month that rose by EUR 1.8 billion (of which EUR 1.6 billion for retail) during 31 December 2019 and 31 December 2020 before multiplication by the outflow-weighting (between 5% and 20% for retail customers, 40% for corporate and public customers and 100% for financial customers).

- The increase of the prescribed LCR outflows (1 month) in relation to the pipeline loans by EUR 48 million. This results due to the increase by EUR 206 million of the pipeline loans (buffer in relation of parts of the allocated loans still to be obtained) multiplied by the modelled percentage that would have been obtained during the month that follows.

The evolutions during the year of this consolidated LCR can be summarised as follows:

Consolidated		Total weight value	Total weight value	Total weight value	Total weight value
EUR					
Quarter ending on		31 3 2020	30 6 2020	30 9 2020	31 12 2020
Number of data points used in the calculation of averages		3	3	3	3
21	LIQUIDITY BUFFER	3,018,393,169	3,592,482,000	3,504,335,334	3,386,353,575
22	TOTAL NET CASH OUTFLOWS	1,726,658,362	1,842,159,880	1,887,268,470	1,911,103,814
23	LIQUIDITY COVERAGE RATION (%)	174.8%	195.0%	185.7%	177.2%

The timing and financing sources of our financial liabilities are shown based on the analysis of the remaining maturity below:

31/12/2020 (in 000 EUR)	<= 1 month	>1 month and <=3 months	>3 months and <=6 months	>6 months and <=1 year	>1 year and <=2 years	>2 years and <=5 years	>5 years and <=10 years	>10 years	TOTAL
Current accounts	4,604,688								4,604,688
Non-regulated savings deposits	708,497								708,497
Regulated savings deposits	13,934,947								13,934,947
Customer term accounts	23,514	38,587	49,146	88,253	149,324	399,547	19,481	0	767,851
Interbank liabilities	6,379	-576	-863	8,251	-1,833	400,056	0	0	411,413
EUR securities issued (savings bonds and sub. certificates)	15,060	37,170	46,373	76,271	163,803	365,088	64,895	0	768,659
Other liabilities	266,278								266,278
Total contractual maturities of liabilities excluding derivatives	**19,559,362**	**75,181**	**94,656**	**172,774**	**311,294**	**1,164,690**	**84,376**	**0**	**21,462,333**
Net interest on IRS (on Euribor Forward basis)	2,315	24,265	22,284	41,010	91,422	239,934	250,881	60,374	732,484
Total contractual maturities of derivative liabilities	**2,315**	**24,265**	**22,284**	**41,010**	**91,422**	**239,934**	**250,881**	**60,374**	**732,484**

31/12/2019 (in 000 EUR)	<= 1 month	>1 month and <=3 months	>3 months and <=6 months	>6 months and <=1 year	>1 year and <=2 years	>2 years and <=5 years	>5 years and <=10 years	>10 years	TOTAL
Current accounts	3,769,474								3,769,474
Non-regulated savings deposits	595,793								595,793
Regulated savings deposits	13,025,079								13,025,079
Customer term accounts	75,462	41,587	52,842	107,827	116,910	383,407	57,907	0	835,941
Interbank liabilities	17,304	91	137	274	10,524	40	17	0	28,386
EUR securities issued (savings bonds and sub. certificates)	11,812	80,392	33,495	233,362	173,670	454,632	116,207	0	1,103,570
Other liabilities	286,654								286,654
Total contractual maturities of liabilities excluding derivatives	17,781,578	122,071	86,473	341,462	301,104	838,079	174,130	0	19,644,897
Net interest on IRS (on Euribor Forward basis)	3,228	17,103	19,952	41,159	82,673	222,371	216,666	46,870	650,023
Total contractual maturities of derivative liabilities	3,228	17,103	19,952	41,159	82,673	222,371	216,666	46,870	650,023

This maturity day calendar of our liabilities comprises the current accounts (incl. non-regulated savings deposit books) and regulated savings deposit books. These represent 25% and 65% of the liabilities, respectively, on 31 December 2020 instead of 22% and 66%, respectively, on 31 December 2019. The considerable growth of the Non-maturity Deposits (partially due to a lack of renewal of the matured deposits by a term in view of the extremely low interest rate level) was proportionally even stronger in relation to current accounts than in relation to savings deposit books.

The table above, that has been drawn up in accordance with the requirements of IFRS 7, positions current accounts and regulated saving accounts in the <= 1 month bucket. In practice, the observed balances of repayments on current accounts and regulated books will deviate from these theoretical repayment dates. Both in relation to the EBA methodology for liquidity ratios (LCR and NSFR) and in relation to the methodology used for internal reports, a more realistic assessment is mad of the repayment dates.

In the table above (within the interbanking liabilities), the EUR 400 million TLTRO funding appears at the ECB in the 2 to 5 year bucket. This funding started on 30 September 2020 and theoretically lasts 3 years if Crelan does not repay earlier (which is possible after 1 year).

To conclude, the liquidity structure of our assets has been further elaborated in the maturity day balance sheet below:

31/12/2020 (in 000 EUR)	<= 1 month	>1 month and <=3 months	>3 months and <=6 months	>6 months and <=1 year	>1 year and <=2 years	>2 years and <=5 years	>5 years and <=10 years	>10 years	TOTAL
Overnight NBB receivables (including monetary reserve)	3,063,231								3,063,231
Other interbank receivables	16,095	0	0	10,000	0	0	0	44,750	70,845
Mortgage loans	83,547	155,261	231,389	458,589	899,098	2,520,908	3,579,826	4,075,003	12,003,620
Other loans granted to customers	163,730	258,737	268,158	551,979	730,763	1,501,798	1,316,485	1,461,122	6,252,771
ECB eligible securities - not mobilised	30,000	16,097	58,448	55,285	32,146	176,329	140,704	0	509,009
ECB eligible securities - mobilised	0	0	0	34,081	103,202	242,021	71,755	0	451,059
Securities other than ECB eligible - not mobilised	2,000	1,636	1,640	3,315	16,821	43,798	18,666	5,064	92,940
Securities other than ECB eligible - mobilised	0	0	0	0	0	0	0	0	0
Other assets	1,007,743								1,007,743
Total contractual maturity of assets	4,366,347	431,731	559,635	1,113,249	1,782,030	4,484,854	5,127,435	5,585,939	23,451,220

31/12/2019 (in 000 EUR)	<= 1 month	>1 month and <=3 months	>3 months and <=6 months	>6 months and <=1 year	>1 year and <=2 years	>2 years and <=5 years	>5 years and <=10 years	>10 years	TOTAL
Overnight NBB receivables (including monetary reserve)	1,825,266								1,825,266
Other interbank receivables	14,298	34	26	0	10,000	0	0	46,875	71,233
Mortgage loans	79,402	148,784	221,723	438,400	855,906	2,418,948	3,430,238	3,862,693	11,456,093
Other loans granted to customers	160,933	250,248	265,278	555,481	696,811	1,427,066	1,263,245	1,322,954	5,942,016
ECB eligible securities - not mobilised	24,035	2,007	11,070	245,301	169,884	280,739	367,535	0	1,100,570
ECB eligible securities - mobilised	0	0	0	0	0	0	29,469	0	29,469
Securities other than ECB eligible - not mobilised	0	2,224	6,830	7,503	9,191	49,022	31,866	5,145	111,781
Securities other than ECB eligible - mobilised	0	0	0	0	0	0	0	4,972	4,972
Other assets	965,639								965,639
Total contractual maturity of assets	3,069,573	403,297	504,926	1,246,684	1,741,791	4,175,775	5,122,353	5,242,639	21,507,040

The CSA Deposits deposited with London Clearing House (EUR 737 million and EUR 852 million, respectively, on 31 December 2019 and 31 December 2020) can be found at the "Other loans allowed for customers " since LCH is not a credit institution. Since they are not liquid, you can find them in the table above with a maturity horizon > 10 years.

The portfolio (EUR 509 million) of ECB securities that are eligible that can be mobilised at any time and the interbanking receivables at the NBB (± EUR 2.8 billion on top of the mandatory monetary reserve) formed our liquidity reserve on 31 December 2020 to, namely, settle possible withdrawals of deposits.

The Group, moreover, has guarantees if required for the issue of bonds and debentures of the covered bond type with 51% of the assets of the Group consisting of mortgages on 31 December 2020. In accordance with the provisions of Belgian Law regarding covered bonds, the Group could issue this type of covered bonds up to 8% of the total balance sheet (that is to say ± EUR 1.8 billion for Crelan).

7.5. Operational risk

The operational risk (OR) concerns the risk of losses or costs as the result of the failure of internal processes, people, systems or events caused by external factors.

The Operational Risk Management (ORM) department manages a specific perimeter that is driven by the OpRisk Committee by using quarterly reports.

The management of the operational risks is based on:

1. An OR strategy that is reviewed each year and a set of standards including the OR policy where it is specified what the risk tolerance and warning limits are;
2. A process of Risk & Monitoring Self-Assessment (RMSA) by the owners of the most important key activities of the bank in the form of mapping risks;
3. The online reporting of incidents by the correspondent banks in a decentralised application as well as their assessment, monitoring and reporting by ORM to the OpRisk committee;
4. Key Operational Risk Indicators (KORI) based on the permanent audits realised within the business lines and supplied by the ORM correspondent banks.
5. The monitoring by ORM of the remediation plans of the underlying permanent audits of the business lines for the greatest risks, most important incidents and indicators with insufficient result.

7.5.1. Map

The multi-risk mapping of the Enterprise Risk Management (ERM) type was delivered in February 2017 by a specialised firm and was then adjusted by ORM and transferred in 2018 to a newly integrated application. As on 31 December 2020, only one action plan was open of the 62 risks that were deemed significant after identifying the ERM.
In 2019, a new exercise was started to identify and monitor the risks in the form of the RMSA targeting operational risks by using a new specific application, which will mean that the management's responsibility for the first line in relation to the management of its risks will gradually increase.

7.5.2. Incidents

The incidents are reported via a network of ORM correspondent banks via a specific application. The cost of the incidents is broken down in a direct financial loss (reported to the NBB within the framework of the Corep C17) and/or indirect costs linked to the number of performed working hours of in-house and/or external employees for processing the incidents (analytical monitoring).
In 2020, the direct net and consolidated financial losses (Crelan + Europabank) amounted to EUR 1,107,402 for a total of 259 incidents. The incidents entailing an amount greater than EUR 20,000 are the subject of close monitoring and a regular report at the OpRisk Committee.

7.5.3. Key risk indicators

A summary chart of 138 risk indicators (as on 31 December 2020) is drawn up quarterly by ORM based on the supplied permanent audits from the various business lines. These indicators are drawn up to show an assessment of the design of the underlying audits, the effective execution thereof, the audit results and, if applicable, the remediation actions provided and rolled out by the involved business lines.
21 action plans remained open at the end of 2020 that were monitored by ORM both for inadequate indicators and for other indicators regarding which adjustments were also deemed required.

7.6. Risk management of the insurance activities

7.6.1. Liquidity risk

The main liquidity risk is the payment of claims because of the characteristics of the carried insurance products. Considerable amounts must sometimes be paid mainly due to the realisation of an insured risk when compared to the technical provisions of the insurance contract present. The risk capitals related to death amount to EUR 11.1 billion as on 31 December 2020 (2019: EUR 10.0 billion) and the technical provisions amount to EUR 62.8 million (2019: 56.9 million). The other insured risks (disability income and death due to accidents) are limited in scope.

Crelan Insurance NV has reinsured the risks of the following product groups as follows:

- The finance settlement insurances are reinsured with an excess of EUR 2,000.
- The outstanding balance insurances and temporary life insurances with constant capital are reinsured with an excess of EUR 10,000.

The reinsurance contract was renewed for all products since 2020 for 1 year while taking the fact that Crelan has the intention to hand over the activity to AXA Belgium in the course of 2021 into account. The liquidity risk also remains very limited after this review in this area.
The reinsurance contract makes provisions to ensure a cash payment is made by the reinsurer in relation to important claims. For less important claims and, in particular, for all claims of the finance settlement insurance, a settlement is regularly made that creates a timing difference of a few months at most.

The technical provisions are currently being invested in a number of investment categories (government bonds, corporate bonds, covered bonds, equity funds, time deposit and current accounts). A possible liquidity issue may occur when a large part of the policyholders should request the cash value of their contract at a time when this liquidity need cannot be met or can be met with difficulty due to a (temporary) low market value of the investment instruments. It seems likely that this risk will rather be limited because of the carried product range (risk insurances) since the insurances are not taken out from an "investment perspective" and therefore the surrender behaviour is less correlated with the evolution on the financial markets.

7.6.2. Sensitivity in relation to insurance risks

The technical result and the equity are mainly impacted by the ratio of the margins in the rate of insurance when compared with the actual revenue and costs.

- The result occurrence is formed by the margin between the used occurrence legal framework (death or disability) in the rate and the occurred claims.
- The management result is formed by the costs entailed by the premiums and the various operating costs (administration & commissions).
- The investment result is formed by the technical interest rate comprised by the rate versus the investment revenue.

The sensitivity for unfavourable evolutions is kept under control through a number of measures in particular:

- Through a reinsurance policy that focuses on a (nearly) full reinsurance of the insured risks and therefore the result occurrence is sensitive to a limited degree in the short term for a negative evolution.
- Through the option of having a rate review for existing and new insurance contract for the outstanding balance insurance to absorb any negative impact of deteriorating conditions.

The technical provisions and the equity are currently being invested in a number of investment categories (government bonds, corporate bonds, covered bonds, equity funds, time deposit and current accounts). Currently, the total amount of the investments is more likely to be limited because of the current product range (risk insurances) and because of the fact that the company has started its activity at the end of 2007. Although the investment result in itself is not the most important component is for the technical result, a significant decrease in the investment result can have an impact on the solvency position (the risk capitals for death as on 31 December 2020 amounts to EUR 11.1 billion (2019: EUR 10.0 billion) and the technical provisions amount to EUR 62.8 million (2019: 56.9 million)) since, on the one hand, the margin between the investments and, on the other hand, the technical provisions and required solvency margin are still limited. The investment strategy is an item that needs attention that is monitored very closely because of this reason.

7.6.3. Credit risk

The credit risk is mainly positioned in the area of the creditworthiness of the issuers of the debt certificates that are a part of the investment portfolio as well as in the area of the creditworthiness of the reinsurer.

A separate investment policy was elaborated for the management of the credit risk of the investment portfolio of Crelan Insurance NV while taking the legal guidelines related to this into account. The permitted securities, the limitations per security, the limitations per issuer and the minimum rating upon issue are, amongst other things, determined within this context. Each deviation with regard to the investment policy is submitted without delay to the Management Committee based in a documented report.

A statement of the investment portfolio is submitted to the Financial Committee of Crelan Insurance NV on a monthly basis. When a security loses its value a percentage of its value as laid down in the investment policy, this is reported to the Management Committee. The strategy to be followed is subsequently discussed in the Financial Committee.

The credit risk of the reinsurer is monitored based on the credit rating allocated by the rating agencies. If there are objective indications that the creditworthiness of the reinsurer deteriorates, a special impairment will be recorded accordingly for the reinsurance assets. This has not been the case up to now. The maximum credit risk of the reinsurance assets amounted to EUR 4.9 million as on 31 December 2020 (2019: 3.0 million).

7.6.4. Insurance technical risk

The insurance technical risk, on the one hand, consists of the uncertainty with regard to the frequency of the claims that occur and, on the other hand, of the size of the claim. This risk is kept under control by using a policy regarding taking out insurance, reinsurance policy, reservation policy and pricing policy adjusted to Crelan Insurance NV.

7.6.4.1. Policy regarding taking out insurance

Crelan Insurance NV mainly sells outstanding balance insurance, temporary life insurances and finance settlement insurances to the customers of the bank. In 2009, an additional distribution for the finance settlement insurances was started through Europabank NV. An extensive client acceptance procedure was set up in cooperation with the reinsurer.

7.6.4.2. Reinsurance policy

The insurance company protects itself through reinsurance from many and/or large claims. The bank opted to reinsure the entire insurance portfolio of insurance outstanding balances, temporary life insurances and finance settlement insurances. As from 2011, for the outstanding balance insurances and, as from 2017, for finance settlement insurances, a limited self-retention is applied (in the short term, the self-retention amounts to less than 10% of the insured risk capital).

7.6.4.3. Reservation policy

The technical reserves are calculated based on applicable actuarial principles and assessed by an accredited actuary.

7.6.4.4. Pricing policy

The prices are determined based on, on the one hand, the insured risk and, on the other hand, the profile of the client that emerges from the acceptance procedure. The prices (including for the risk premiums, the various pricing costs and the technical interest rates) may, moreover, be adjusted by the insurer within the framework of a general price review for the insurance category to which the contract belongs or if the legally prescribed obligations impose this. The rates for the existing outstanding balance insurances and finance settlement insurances were not changed.

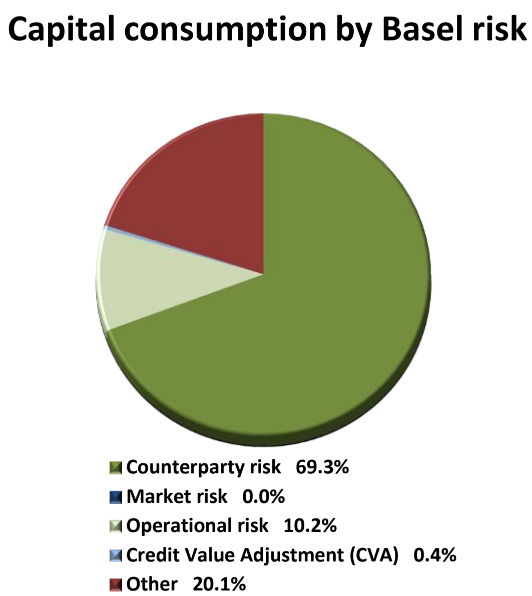
7.6.5. Solvency II

Crelan Insurance NV is subject to Solvency II legislation. The non-reviewed Solvency II ratio amounts to 193.40% at the end of 2020 (2019: 215.44%).

7.7. Capital Management

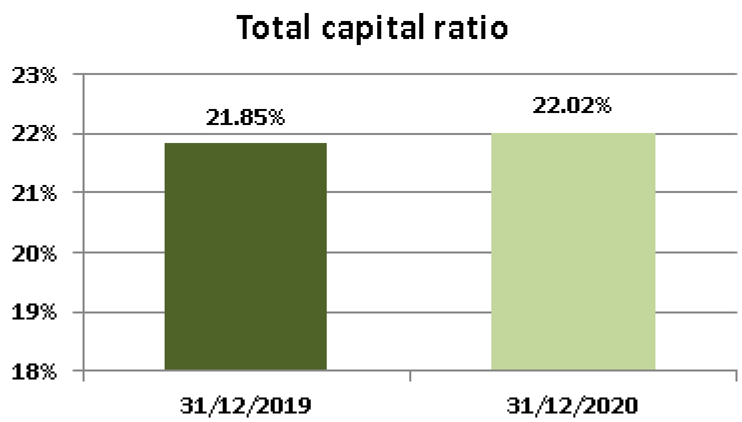
The risks and the capital that are allocated to these risks are monitored every quarter.
The supervision in relation to capital requirements takes place within the prescribed framework. The National Bank of Belgium imposes a SREP TIER I ratio of 11.61% for the Crelan Group.

The mix of the equity and the allocation thereof to the different risks can be shown as follows for 31 December 2020:



The counterparty risk forms the greatest risk for the Group with 69.3%. In addition, the operational risk represents 10.2% of the total reported risk in accordance with the Basel standards. The CVA is an extra capital buffer that must be recorded for derivatives that are not taken up via a central clearing party. No market exposure has been reported. 20.1% of the required capital goes to "other" risks that is composed of the extra required capital for, on the one hand, Belgian mortgages that are reported in accordance with the IRB method, and, on the other hand, the bank specific factors with which risk-weighted assets must be multiplied when reported in accordance with the IRB method.

The capital



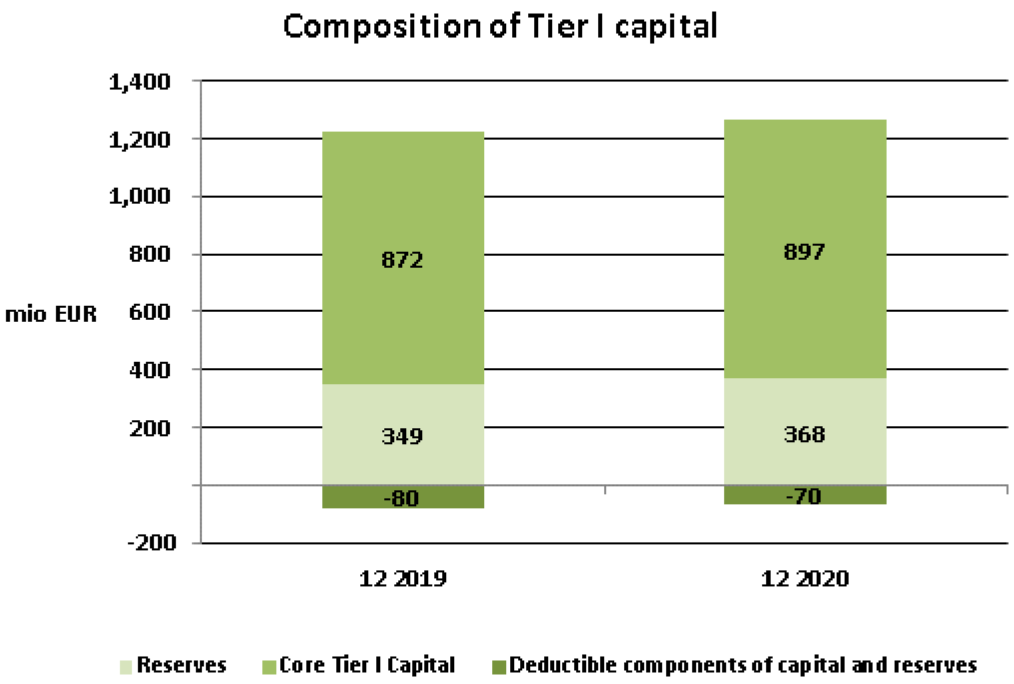
On 31 December 2020, the total capital ratio or capital adequacy (CAD) ratio was 22.02% when compared with a CAD ratio of 21.85% on 31 December 2019.

The available equity amounted to EUR 1.21 billion on 31 December 2020 and is composed as follows:

(in EUR)	31/12/2020	31/12/2019
Capital	896,520,856	871,767,958
Reserves	368,168,702	348,794,255
Adjustments to reserves from revaluation in equity	-1,300,157	-51,731
Deferred tax assets based on future profitability	-33,607,692	-33,801,464
Transitional measures Basel III	0	0
Surplus/deficit in IRB provisions	1,581,330	-11,595,931
Goodwill and other intangible assets	-32,751,064	-32,825,049
Subordinated certificates	14,982,006	44,108,766
Other adjustments	-2,091,850	-1,674,436
Available equity	**1,211,502,131**	**1,184,722,368**

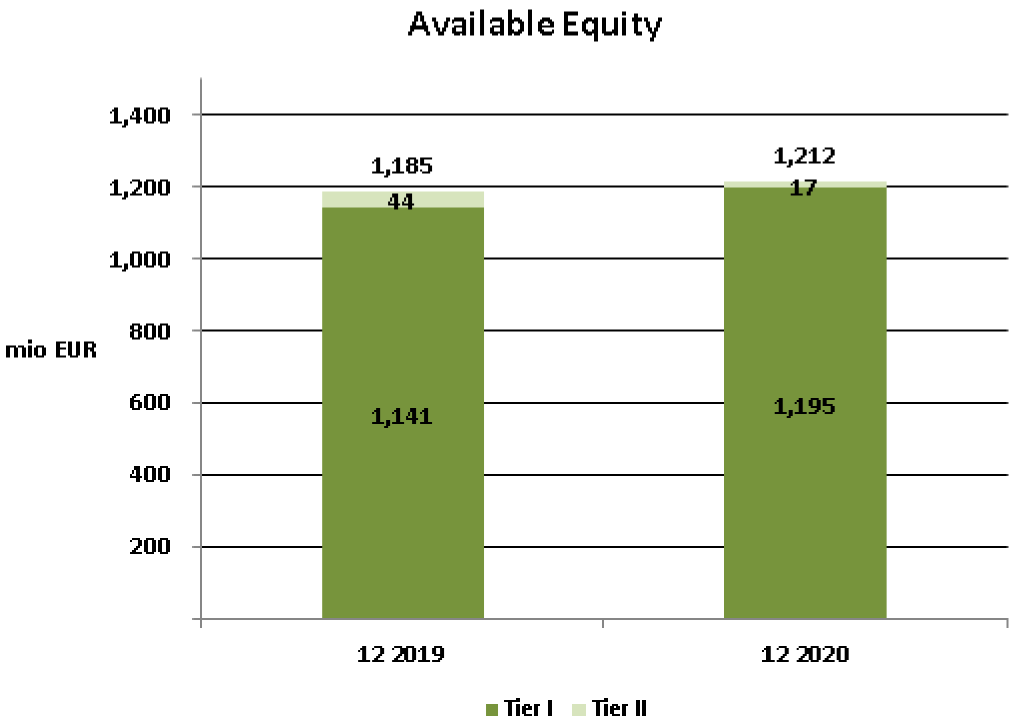
In accordance with the definition of the Basel Committee for bank supervision, the TIER I capital contains the paid-up share capital, all reserves (including the remeasurement at fair value reserve, but excludes goodwill and other intangible fixed assets), the pension equity capital based on fixed payments and a part of the deferred income tax assets. The TIER I capital is also referred to as the core capital of the Crelan Group.

The graph below shows the mix of the Tier I capital:



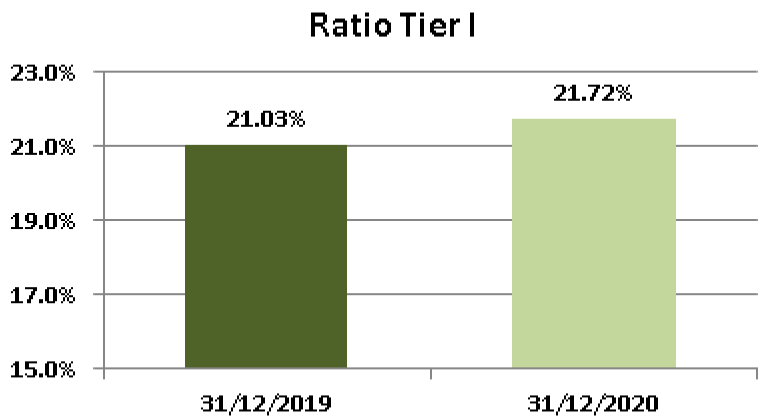
Tier II capital, or the additional capital, consists of the subordinated certificates that meet the conditions of the Basel Committee and also forms a part of the capital position of the Crelan Group.

The Tier I and Tier II capital together form the available assets.



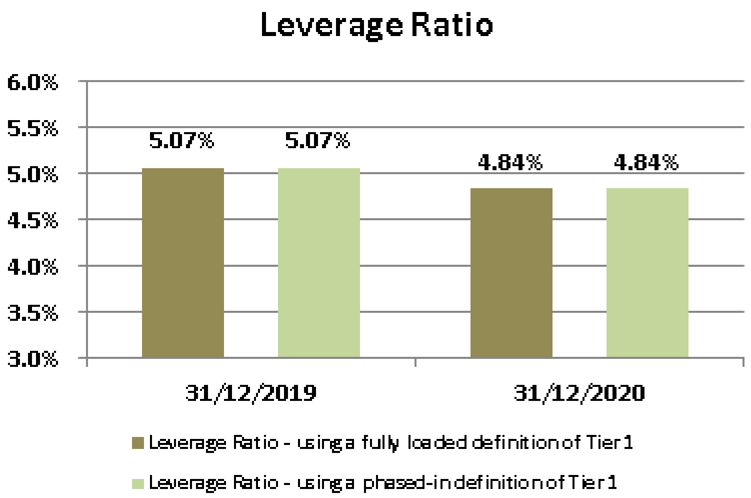
The tier I ratio shows the tier I capital of the Crelan Group as a percentage of its total weighted assets. The supervisor has determined that this must at least be 11.61% for 2020 for the Crelan Group.

The Tier 1 ratio amounts to 21.72% on 31 December 2020 when compared with a Tier 1 ratio of 21.03% on 31 December 2019.



The leverage ratio is a simple standard for the solvency of banks. It is part of Basel III and is defined as the Tier 1 capital divided by the total risk positions that are part of or are not part of the balance sheet items as defined in accordance with the Basel standards. These must at least be 3%. The leverage ratio is reported under Pillar 1 since 1 January 2018.

On 31 December 2020, the leverage ratio amounted to 4.84% when compared to 5.07% on 31 December 2019.



8. Statement of the most important used measurement bases for financial reporting

8.1. General

The following measurement rules apply to the Crelan Group (hereinafter referred to as "Crelan", the "Group" or the "Crelan Group"). These measurement rules are based on the International Financial Reporting Standards (IFRS) as approved by the European Union.

8.2. Consolidation

An investor has control over a participating interest when it is exposed to or is entitled to variable returns due to its connection with the participating interest and has the assets to influence this revenue because of the power it has.

When the consolidated financial statements are drawn up, the Crelan Group integrates the individual financial statements of all entities to be consolidated per item by adding comparable elements of assets, liabilities, equity, benefits and charges.

The following steps are followed so that the consolidated financial statements of the Group shows information as it concerned the financial statements of a separate economic entity:

- The book value of the participation in each subsidiary and the share in the equity of each subsidiary are completely eliminated;
- Balance sheet positions and gains and losses that arise from transactions within the Group (including income, expenses and dividends) are completely eliminated;
- The temporary differences that arise from the elimination of gains and losses on transactions within the Group are subject to IAS 12, Income taxes.

8.3. Inclusion on the balance sheet

8.3.1. Including/no longer including on the balance sheet

Financial assets and liabilities are included on the balance sheet when the Group is impacted by the contractual provisions of the instrument.
Financial assets are no longer included on the balance sheet when the contractual rights on the cash flows thereof no longer apply or the Group transfers the contractual rights on the cash flows and therefore all risks and benefits linked to the immovable property are transferred.

8.3.2. Transaction date and settlement date

All financial liabilities of the Crelan Group are always included on the settlement date on the balance sheet.

All items bought and sold in relation to financial assets that must be settled within the terms that have been determined by regulations or a market agreement are included on the balance sheet on the settlement date: the date when an asset is supplied to or by the Crelan Group.

8.4. Financial assets

The Crelan Group assess financial assets based on the rules defined in the IFRS 9 standard.
The classification depends on the following elements:

- The business model
- The characteristics of the contractual cash flows of the financial asset
- Specific rules

8.4.1. Business model

The first step in the classification process is determining the business model in which the asset is bought. The following business models are distinguished:

- Hold to collect: the business model focuses on receiving contractual cash flows
- Hold to collect and sell: the objective of the business model is to receive contractual cash flows and sell financial assets
- Other business models (including Trading)

8.4.2. Contractual cash flows from financial assets

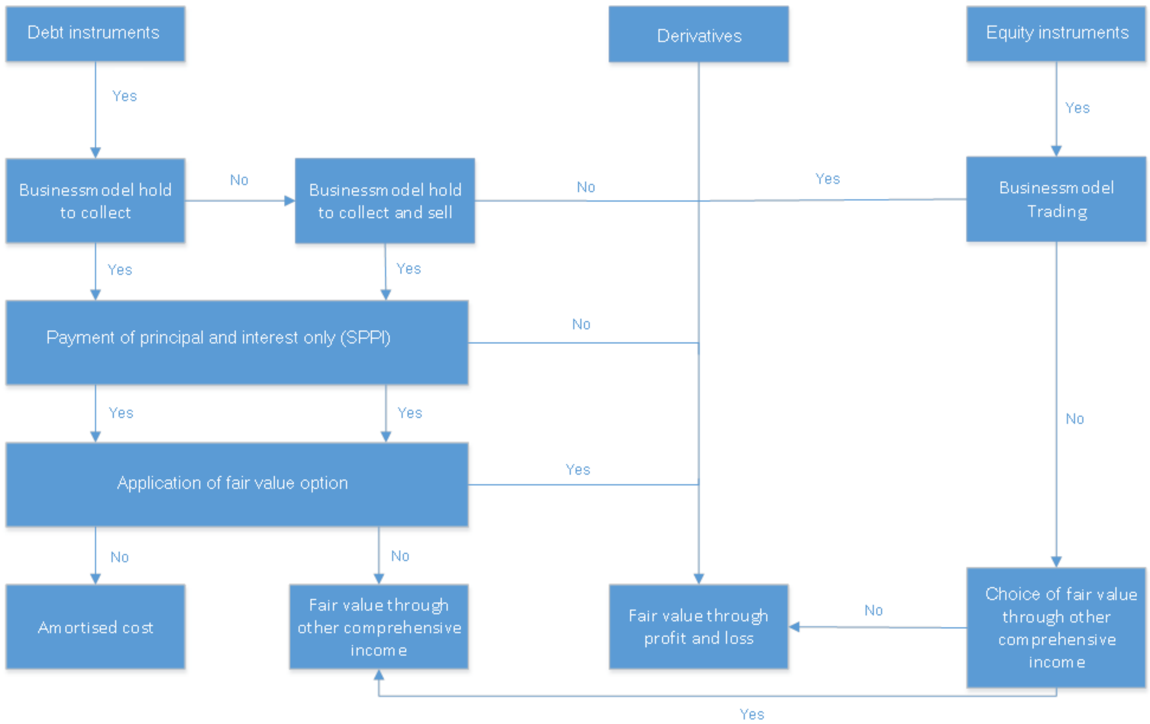
In relation to the contractual cash flows, an assessment is made to determine whether the cash flows are only related to repayments and interest payments in relation to the outstanding principal sum: the term "solely payments of principal and interest" (SPPI) is used.

8.4.3. Specific rules

- The Group may, in the first instance, decide to process the value fluctuations that are normally processed through gains or losses when acquiring the entity's own equity instruments via OCI (revaluation surplus directly in the equity). This choice is irrevocable.
- In relation to the first inclusion and this being irrevocable, the Group may decide to assess an asset for its fair value with value fluctuations in gains or losses if such a choice should eliminate an accounting asymmetry or should considerably reduce this ("fair value option").

8.4.4. Classifications

The table below provides an overview of the various classifications that may apply:



Based on the aforementioned classification, the following sections are identified on the balance sheet:

8.4.4.1. Financial assets held for commercial purposes

This category is measured at fair value with value fluctuations through the profit and loss account. A priori, Crelan is not involved in trading activities. Derivatives regarding which no effective hedging relationship can be defined in accordance with the IFRS rules are included in this category.

8.4.4.2. Non-trading financial assets mandatorily at fair value through profit or loss

This category is measured at fair value using valuation changes through the statement of profit and loss. Debt certificates that have failed the SPPI test are classified in this category.

8.4.4.3. Financial assets designated at fair value through profit or loss

This category is measured at fair value using valuation changes through the statement of profit and loss. This comprises the securities regarding which Crelan would choose for their measurement at fair value with value fluctuations through the profit and loss account.

8.4.4.4. Financial assets at fair value through other comprehensive income

This category is measured at fair value with value fluctuations through OCI. The entity's own equity instruments are classified where Crelan has decided to assess them at fair value with value fluctuations through other comprehensive income elements in this category because they are durable long-term interests.

8.4.4.5. Financial assets at amortised cost

Debt certificates in accordance with the hold-to-collect management model that have passed the SPPI test fall under this category.

8.4.5. Impairment

Special impairment are determined based on an internal model that calculates the expected loss. Financial assets have been subdivided into 3 stages in accordance with IFRS 9:

- Stage 1: this category comprises assets that have not experienced a significant increase of the credit risk since the asset was included on the balance sheet. For these assets, a special impairment loss is calculated based on the expected loss over a time horizon of 1 year.
- Stage 2: This category comprises assets that have experienced a considerable increase of the credit risk since the asset was included on the balance sheet. For these assets, a special impairment loss is calculated based on the expected loss over a time horizon of the full maturity of the asset.
- Stage 3: this category comprises assets that are in default/non-performing.

The macroeconomic parameters that are used within this context or the provisions in accordance with IFRS 9 (Stage 1 + 2) are the following:

- The GDP growth in Belgium (3 year forecast);
- The unemployment percentage in Belgium (3 year forecast);
- The evolution of property prices in Belgium (30 year forecast).

Three scenarios are used for each parameter[8]:

- A basic scenario;
- A positive scenario;
- A negative scenario.

8.4.5.1. Estimation of the credit risk

To determine whether an asset is subject to a significant increase of the credit risk, a selection of parameters (they may vary depending on the asset) may point to an increased credit risk. The presence of at least one of these parameters will then result in the stage transfer within the framework of IFRS 9. They are both quantitative and qualitative factors that may change as time passes. Payment arrears of 30 days are used as a benchmark, which means when a considerable increase of the credit risk is assumed.

8.4.5.2. Determination of the impairment

The special impairment itself is determined as the expected future loss on the cash flows of assets. In practice, this is calculated for the assets of Stages 1 and 2 as a product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD):
PD: the probability of non-payment within a specific time horizon.
EAD: the expected exposure when non-payment occurs.
LGD: difference between expected cash flows without non-payment and expected cash flows in case of non-payment.

[8] The weights that have been allocated to each of the scenarios as on 31 December 2020 are respectively (in order of specification) 55%, 15% and 30%. The higher weight that is allocated to the pessimistic scenario when compared to the optimistic scenario is a clear indication of the prudent risk policy that the Group has chosen.

For assets of Stage 1, a PD is calculated for a horizon of 12 months while, for that of Stage 2, for the entire term.
For assets of Stage 3, the impairment matches the difference between the expected contractual cash flows and the expected future cash flows (while taking the time value into account).

The PDs, LGDs and EADs that are used to determine the special impairment are based on the PDs, LGDs and EADs that are used for prudent credit risk reporting (Basel). Adjustments are made to ensure these parameters are aligned with the IFRS regulations. The most important adjustment concerns the transition from a weighted average over a longer period ("through the cycle") to a provision on at a specific time ("point in time"). The conservative determinations, moreover, that the supervisory authorities have requested are not included and future elements are added.

8.4.5.3. Non-payment

Non-payment can be processed in accordance with quantitative or qualitative criteria. The same criteria as used for the management of the internal credit risk model are used. Considerable arrears of more than 90 days is used as the benchmark.

8.5. Financial liabilities

Financial liabilities are those liabilities held for commercial purposes, debts to credit institutions, debts to customers, debt certificates, subordinated debts and other financing instruments.

The measurement at fair value and the distribution of the results depend on the IFRS category regarding financial liabilities, namely, financial liabilities held for commercial purposes and other financial liabilities.

8.5.1. Financial liabilities held for commercial purposes

The Group considers a financial liability for commercial purposes as:

- It was mainly acquired with a view to sell or buy back in the short term;
- It is one of the identified financial instruments, jointly managed and regarding which there are indications for a recent and actual profit plan programme in the short term;
- It is a derivative regarding which no formal hedging can be documented under IFRS rules.

Liabilities held for commercial purposes are initially measured at fair value and adjustments in fair value are subsequently included in the profit and loss account.

8.5.2. Other financial liabilities

Other financial liabilities comprise debts to credit institutions, debts to customers, debt certificates, subordinated debts and other financial liabilities.

This, in particular, concerns he outstanding balances on current and fixed-term accounts of other credit institutions at the Crelan Group, deposits that are immediately payable, term deposits and saving accounts of customers as well as the (subordinated) deposit certificates.

The financial liabilities are measured at fair value increased by the direct imputable transaction costs when they are first included. Next, the financial liabilities are measured at amortised cost by using the effective interest method. Regular depreciation is included in the profit and loss account included as interest charges.

8.5.3. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is the quoted price of these or identical assets and liabilities on an active market (Level 1). If there is no active market for a financial instrument, the fair value is determined based on a cash value calculation based on observable market data (Level 2). If a fair value determination solely based on observable market data is impossible, the fair value is determined by using non-observable data (Level 3).

8.5.4. Sale and repurchase of securities

Securities linked to a repurchase agreement stay on the asset side of the balance sheet. The debt that arises from the repurchase liability of assets is included in the liabilities on the balance sheet in the form of debts to credit institutions or as debts to non-credit institutions depending on the counterparty.

Securities linked to a repurchase agreement for securities (reverse repurchase agreement) are not included on the balance sheet. The borrowed resources, however, are included on the asset side on the balance sheet as receivables in relation to credit institutions or receivables in relation to other and not credit institutions depending on the counterparty.

The difference between the selling price and the repayment price of the securities is processed as interest income spread over the maturity of the contract.

8.5.5. Offsetting of a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount is only included on the balance sheet if the Group has a right enforceable by law to offset the included amounts and has the intention to either settle the liability on a net basis or to realise the asset at the same time as the liability is settled.

8.6. Derivatives and hedging transactions

8.6.1. Accounting records and measurement at fair value

Derivatives are financial instruments of which the value changes as the result of adjustments in the underlying value (interest rate, exchange rate, index and share), they require little or no initial net investment and are settled at a later time. Derivatives are financial instruments such as swaps, term contracts, futures and options (issued and bought).

The first inclusion of all derivatives takes place at their fair value. Later adjustments to the fair value (excluding accrued interest rate) are included in the profit and loss account. An increased interest rate is processed in proportion to the time in the profit and loss account.

The Group classifies derivatives as follows:

- Derivatives that are not hedging derivatives are held as financial assets or liabilities for commercial purposes
- Hedging derivatives

8.6.2. Hedging

When taking out the derivative, the contract is included as a fair value hedging and therefore the risk of variation in the fair value of an included asset or liability is hedged (i.e., covered). The Group can make a distinction between fair value hedging of an individual asset or individual liability ("micro hedging") and fair value hedging of a portfolio interest rate risk hedging ("macro hedging"). In the last case, the Group defines a group of current hedging instruments to hedge (i.e., cover) the interest rate risk of a group of financial assets and/or liabilities.

Documentation

Hedging derivatives meet the conditions and criteria that apply to current hedging instruments imposed by IAS 39. The hedged assets and/or liabilities meet the conditions and criteria of hedged positions imposed by IAS 39. When entering into the hedging transaction, the hedging relationship is formally indicated and documented as well as the objectives of the Group with regard to the risk management and strategy when entering into the hedging relationship. The documentation contains an indication of (the group of) the hedging instrument or instruments, the hedged position(s), the nature of the risk to be hedged and how the Group will determine whether (the group of) the hedging instrument or instruments is effective when compensating the risk of adjustments in the fair value of the hedged position(s).

Efficiency tests

The Group exclusively enters into hedging transactions that will be very effective at the start and also is expected to be so in the periods that follow in relation to compensating for changes in the fair value to be attributed to the hedged risk. The actual effectiveness of the hedging transactions is determined on a monthly basis. The result of the ratio between the fair value fluctuation of (the group of) the hedging instrument or instruments and the hedged position(s) must fall within a range of 80-125 per cent. If this is not the case, the hedging relationship is stopped.

Measurement at fair value

The profit or loss as the result of fluctuations in the fair value of (the portfolio of) the hedging instrument or instruments is immediately included in the profit and loss account. The profit or loss of the hedged position(s) to be ascribed to the hedged risk leads, on the one hand, to an adjustment of the book value of the hedged position and is, on the other hand, included in the profit and loss account. The variations in the fair value in the profit and loss account as the result of (the portfolio of) the hedging instrument or instruments, on the one hand, and of the hedged position (s), on the other hand, will be fully or partially compensated and every ineffectiveness of the hedging relationship will be included in profit or loss.

If a hedging relationship no longer meets the criteria for hedging transactions as defined in IAS 39, the hedging relationship is prospectively stopped. Hedging derivatives are reclassified as "Financial assets or liabilities held for commercial purposes". The book value of the hedged position(s) is subsequently processed as it would be processed under IFRS without a hedging relationship. Adjustments in the fair value of the history presented on the balance sheet are included in the profit and loss account over the remaining life span of the hedged element(s).

Interest income and charges that arise from, on the one hand, current hedging instruments and, on the other hand, hedged positions are processed in interest result.

8.7. Tangible fixed assets

The Group processes tangible fixed assets in accordance with the cost model. This means that the tangible fixed assets are included on the balance sheet at their cost (including the directly attributable acquisition costs) reduced by the accumulated depreciations and accumulated special impairment. The cost is the amount that was paid to acquire the asset increased by all directly attributable costs that were incurred to have the asset at the intended location and/or condition.

The amount of an asset to be amortised is the purchase price minus its residual value. In practice, the residual value is generally insignificant. If this is the case, the Group has decided not to take the residual value into account when determining the amount to be amortised. Depreciable amounts are allocated over the expected use term of the asset. The estimated use term of an asset is re-examined at each balance sheet date. Sites and engineering equipment are not amortised but are subject to special impairment. The depreciation costs for each period are included in the profit and loss account.

The Group uses the following depreciation periods:

Buildings	
Structural work of non-commercial buildings	33 years
Furnishing of non-commercial buildings	10 years
Structural work of commercial buildings	30 – 40 years
Furnishing of commercial buildings	9 – 10 years
Hardware	5 years
Systems	10 years
Cases	10 – 20 years
Illuminated advertising	3 – 5 years
Machines and material	3 – 5 years
Furniture	10 years
Rolling stock	4 – 5 years

Maintenance and repair costs are included in the profit and loss account for the period during which they were incurred. The costs of spare items are activated and subsequently amortised when these expenses deliver future economic benefits for the Group. The possible book value of the elements to be replaced is no longer included on the balance sheet.

The profit or loss as the result of the inclusion of an asset from the balance sheet as the result of a decommissioning or removal is included in the profit and loss account. If an asset is destroyed, the remaining amount to be amortised will be immediately recorded in the profit and loss account.

If a material fixed asset is being held for selling, it will be classified as held for selling, the depreciable amounts are stopped and the asset is measured at the lowest value of its book value and its fair value minus selling costs.

8.8. Other intangible fixed assets

An intangible fixed asset is an identifiable non-monetary asset without physical form that is only included on the balance sheet when it is likely that the expected future economic benefits that can be ascribed to the asset will go to the entity and that the costs thereof can be determined reliably.

Other intangible fixed assets refer to software that is bought internally or has been created for internal use and bought customer files. For internally generated software, only the development costs are activated that can be directly ascribed to the software that is completed and is used effectively to generate economic benefits.

An intangible fixed asset is measured at cost when first included. Subsequently, the cost model is used. The software is included on the balance sheet at cost reduced by the accumulated depreciable amounts and any accumulated impairment. Software and customer files are amortised linearly. The amount of an intangible fixed asset to be amortised matches the cost reduced by the residual value. In practice, the residual value is generally insignificant. If this is the case, the Group has decided not to take the residual value into account when determining the amount to be amortised.

For intangible fixed assets the following depreciation periods are used:

Internally developed software	3-5 years
Acquired software	5 years
Customer files	10 years

8.9. Business combinations (IFRS 3)

Takeovers are processed based on the takeover method. The Group buys the net assets and includes the acquired assets and the liabilities taken over (including conditional liabilities). The acquired identifiable assets and the liabilities taken over are measured at fair value on the takeover date.

A conditional liability acquired in a business combination is included when it is an existing liability that arises from events in the past and of which the fair value can be determined reliably.

Goodwill paid when acquiring businesses from the scope of consolidation (a subsidiary) is included on the balance sheet as an intangible asset and is initially measured at cost on the takeover date, which is the positive difference between the cost of the business combination and the interest of the Crelan Group in the net fair value of the identifiable assets, liabilities and conditional liabilities. Negative goodwill is immediately processed in the profit and loss account.

Goodwill acquired during a business combination will not be amortised. The Crelan Group subjects the goodwill assessment to an annual impairment test or more often than once a year if specific events indicate that the book value may be higher than the value that can be realised. Previously included special impairment with regard to goodwill will not be reversed.

The annual goodwill measurement test is based on the discounted cash flow-model. If the net current value of the profit forecasts based on the strategic plan of the relevant subsidiary is lower than the included goodwill, the difference between the two amounts will be immediately included in the profit and loss account. The discount rate matches the risk-free interest rate plus a risk premium depending on the risk profile of the relevant subsidiary.

8.10. Special impairment of non-financial assets

The Group assesses whether there is an indication for a possible value loss of a not-financial asset at every reporting date. A special impairment loss is included when the value of the asset that can be realised is lower than the book value. The value that can be realised is the highest of the fair value minus the selling costs for the intrinsic value.

The book value of non-financial assets that have been subjected to a special impairment is reduced up to its estimated value to be realised and the amount of the impairment is included in the profit and loss account for the current reporting period.

If the amount of the impairment of non-financial assets (excluding goodwill) decreases in a next period and the decrease can be objectively linked to an event that has occurred after the impairment, the previously included value loss will be reversed.

8.11. Provisions and conditional liabilities

Provisions are liabilities with uncertainty about the scope of future expenses and when these must be incurred. The Group includes a provision on the balance sheet when - on the balance sheet date - a liability arises from events in the past, when it is likely that the liability will require an outgoing cash flow and when the liability can be estimated reliably.

Within the Crelan Group, provisions are mainly related to legal cases, claims, tax liabilities and pension liabilities.

- For legal cases and claims, provisions are calculated on an individual basis (for each legal file or claim) based on the amounts due and payable to the beneficiaries. The amount and the allocation of future cash flows are uncertain and will depend on the timing of the legal cases or claims.
- For provisions for pension liabilities, refer to the chapter regarding employee benefits (see the notes in 8.18. & 4.13.).
- All identifiable liabilities with uncertainties regarding the scope of future costs and when these costs will be incurred and that cannot be included in the aforementioned categories are included in other provisions.

A conditional liability is entered into when the Group has a potential liability that arises from events in the past, but regarding which it is unlikely that an outflow of resources will be required or regarding which the liability cannot be reliably determined.

8.12. Interest income and charges

Interest income and charges are included in the profit and loss account for all interest-carrying instruments by using the effective interest method. This method is used to calculate the depreciation of a financial asset or a financial liability and allocate interest income and charges toe to the relevant period. The effective interest rate is the interest rate that has exactly been discounted in relation to the expected flow of future payments or cash balances during the expected life span of the financial instrument when compared with the net book value of the financial asset of the financial liability. The Group estimates the cash flows in relation to the calculation of the effective interest rate. This calculation comprises all provisions and benefits paid or received by contract parties that are an integral part of the effective interest rate as well as transaction costs. Transaction costs are the extra costs that can be ascribed directly to the acquisition or disposal of a financial asset or liability. They comprise commissions paid to agents, consultants, brokers and security traders as well as levies from supervisory bodies and stock exchanges and various types of taxes.
Accrued interest on derivatives held for commercial purposes is included in proportion to the time in the profit and loss account.

8.13. Provisions and provision benefits and charges

The Group makes a distinction among different types of commissions:

- In the case of received commissions in exchange for specific services, inclusion in the income statement takes place when the services are provided. This is the case for received commissions for asset management and insurance activities.
- The production commissions paid when creating credits and savings bonds are spread over the duration of the relevant credits and savings bonds and included in the profit and loss account based on the effective interest rate.
- The other commissions with regard to credits and savings bonds are settled on an annual basis and included in the profit and loss account.

8.14. Dividends

Received dividends are included in the income statement when the definitive right to collect them is determined.

8.15. Realised and non-realised gains and losses

Gains and losses realised in relation to the sale and stopping financial instruments classified as 'hold-to-sell', show the difference between the received revenue and the initial book value of the sold asset or liability after the deduction of a possible impairment that could have been included in the profit and loss account and after taking the impact of any adjustments as the result of hedging into account.
The difference between the fair value of financial assets and liabilities held for commercial purposes at the end of the current period and at the end of the previous period is included in the "Gains and losses on financial assets and liabilities held for commercial purposes". For derivatives, the fluctuation of the fair value during the period (excluding the accrued interest) is also included in this section. An increased interest rate is included in interest income and charges.
Non-realised gains or losses on 'hold-to-sell' financial assets that are included in the equity (within the 'other components of the equity' line that is related to other elements of the total result – OCI), are included in the profit and loss account when the relevant financial instruments are sold or when a special impairment loss is included.

8.16. Income taxes

This item includes the current and accumulated tax allocations for the accounting period.
Deferred tax liabilities are included for all taxable temporary differences between the book value of the assets and liabilities and their tax value.

For the tax liabilities for the accounting period, provisions are included based on the expected tax amount in accordance with the tax rates that apply on the closing date.

Deferred tax assets are included when a deductible temporary difference occurs between the book value and the tax value of an asset or liability. Recognition is only possible insofar as it is likely that a taxable profit will be available in the future and regarding which temporary differences can be allocated.

Accumulated tax allocations are calculated based on the expected tax rate during the year of realisation of the asset or the settlement of the liability.

8.17. Leases

The Group as a lessor

The Crelan Group operates as a lessor and only grants financial leases to its customers. Nearly all risks and benefits that are inherent to the property of the asset (except for legal property) are transferred to the lessee. It is, moreover, possible that a transfer of property takes place at the end of the lease.

Financial lease transactions are initially included as receivables on the balance sheet for an amount that equals the net investment in the lease. The net investment in a financial lease matches the gross investment in the financing lease discounted for the implicit interest rate of the lease. The amount of the receivable also implies the directly initial costs that can be allocated as well as the residual value of the lease, namely, the determined value for which the lessee can acquire the leased asset at the end of the lease.

The effective interest rate is calculated based on future cash flows. Based on this effective interest rate, future cash flows are reversed on the balance sheet date to arrive at a net cash value that matches the fair value of the leased asset (including the initial costs that can be immediately allocated).

Non-acquired financial income matches the difference between the gross investment and the net investment in the lease and are included in the profit and loss account based on the aforementioned effective interest distributed over the period of the receivable.

Lease receivables are included on the balance sheet for their net value, that is to say, after deducting any special impairment in relation to this.

The Group as the lessee

As a result of the adjustments in IFRS 16 (Leases), companies must show the lease liabilities to which they are exposed as from 1 January 2019. These liabilities are represented by a right of use on assets and by lease liabilities on the liability side. The assessment method selected by Crelan is the "Modified Retrospective Method". In accordance with this method, the right of use and the lease liability are recalculated on the start date of IFRS 16 at the marginal interest rate on 1 January 2019.
The leases to which the new standard mainly refers to leased buildings, company vehicles and payment terminals. The implicit interest rates are not available and Crelan therefore adjusts the regular amounts using the suitable interest rate for each product[9].
Based on the performed analysis, we regard the impact on the result as not significant.

8.18. Employee benefits

Short-term benefits

Short-term employee benefits such as wages, salaries and social charges are at the expense of the period in which the performance was carried out. Non-discounted provisions are recorded as part of the payments to be made during the year following the end of the current accounting period (for example, holiday pay, bonuses, etc.).

Termination benefits, however, are only recognised when a causal link can be demonstrated.

Pension liabilities

The Group has various defined benefit plans and various defined retirement benefit plans. The pension liabilities are all financed by paying contributions to insurance companies.

With regard to defined benefit plans, the employer and employee pay a fixed amount periodically for the accrual of the retirement capital. On the one hand, this fixed contribution is included as a liability and, on the other hand, as a charge in the period in which the employee has performed his/her job.

For defined retirement benefit plans, expenditure is regularly determined based on actuarial calculations that are performed at least once a year. The PUC method is, on the one hand, used to calculate the cash value of the gross liabilities that must be included on the balance sheet and, on the other hand, for the calculation of the retirement costs at the expense of the year of service that are processed in the profit and loss account.

The retirement costs of the delivered services are immediately included in the profit and loss account unless the benefit is not immediately and unconditionally committed. In that case, the retirement costs of the delivered services are included linearly for the average period that has elapsed until the performances were started unconditionally.

[9] Used interest rates for buildings, company vehicles and ATMs, respectively: the 10 year mortgage interest rate, the 5 your vehicle loan interest rate and the 7 year professional loan interest rate.

Up to and including 31 December 2010, the net cumulative actuarial gains and losses that exceeded the corridor (the highest amount that corresponds with 10% of the cash value of the gross liabilities and 10% of the fair value of fund investments) at the expense of the profit and loss account spread over the remaining years of service of the employees who participate in the plan.

Since 1 January 2011, actuarial gains and losses are fully included in non-realised results for the period in which they occur. The financial statements were adjusted that closed on 31 December 2009 and 31 December 2010 in accordance with IAS 8 regarding adjustments in the bases for financial reporting.

The fund investments of the Group comprise insurance contracts that are eligible in accordance with IAS 19. Insurance contracts are drawn up by non-associated insurers and the revenue of these contracts can only be used to finance employee benefits under defined retirement benefit plans.

Other long-term benefits

For other long-term employee benefits, which are paid after the year after the closing date of the current period (such as long-term bonuses, bridging pensions and hospital admission insurances), a calculation of the cash value of the gross liabilities also applies. The actuarial differences due to the periodic review of the assumptions and assessments are, however, immediately included in the profit and loss account.

8.19. Liquid assets, cash equivalents and cash flows

Liquid assets and cash equivalents comprise the cash, balances at central banks and other financial assets with a maximum maturity of three months as from the acquisition date.

Crelan determines its operational cash flows in accordance with the indirect method. In accordance with this method, the net result for the period is adjusted to take non-monetary transactions, accumulated tax allocations, provisions, adjustments in debts or trading receivables into account as well as income and expenses with regard to investments or financing flows.

8.20. Securities of exchange rate adjustments

Monetary and non-monetary items in a foreign currency are converted into EUR when first included using the exchange rate on the transaction date.

Next, a daily monetary measurement process is performed for the monetary components. All monetary balances that have remained in a foreign currency are converted using the closing rate of the month. All positive and negative differences are included in the profit and loss account included regardless of the rating category.

Non-monetary elements at the Crelan Group only consist of share instruments in foreign currencies. They are measured at fair value the first time. Next, the measurement category is examined. The exchange results as a result of the conversion based on the closing rate is also included in the profit and loss account as an adjustment in the fair value of the underlying instrument in relation to the financial asset category regarding financial assets held for commercial purposes. This exchange result is deferred in the equity in the case of the financial asset category available for selling.

Monetary and non-monetary items in foreign currencies are converted into EUR when removed from the balance sheet date on the transaction date.

In the case of non-monetary elements in foreign currencies that belong to the financial asset category of the financial assets available for selling, the full exchange result between the first inclusion and the removal from the balance sheet as realised added and less value in the profit and loss account is included.

8.21. Equity

Equity comprises capital issued via ordinary shares and cooperative shares, the reserve from the remeasurement of the fair value of financial assets with value fluctuations via OCI as well as the reserves from withheld gains.

8.22. Technical provisions

Insurance provision

This provision is calculated in accordance with the applicable actuarial principles ("Universal Life" technique) and is calculated separately for each insurance contract.

Each individual contract includes an insurance account. Cash inflows and cash outflows are registered there. Cash inflows are, for example, premium payments by the policyholder. Cash outflows are, for example, calculations of management costs and insured risks.

The assets of the insurance account (also referred to as reserves of the insurance account) are invested in one or more investment types and therefore a return is generated for the benefit of the policyholder.

The reserves are calculated generically for all assumed risks (death due to any cause whatsoever, unintentional death, successive death and disability) to structurally create reserves in relation to the ageing population (disability) and risk reserves on top of the reserves that can be claimed by the policyholder.

Provision for claims

The provisions for claims are determined individually by the claims manager based on the characteristics of the claim. When the benefit is related to the allocation of a periodic payment, the provision is calculated as the cash value of expected future allocations.

8.23. IFRS 4 insurance contracts

Adequacy test

The Crelan Group determines at the end of each reporting period whether the included insurance liabilities are sufficient. If the included insurance liabilities are not sufficient, the deficit is fully included in the profit and loss account.

Reinsurance

The assets of reinsurers are included on the balance sheet. If there is objective indication that shows that not all amounts from the reinsurance contract will be collected, the book value of the reinsurance asset will be lowered accordingly and the impairment is included in the profit and loss account.

8.24. Most important sources that lead to estimation uncertainty

Drawing up financial statements in accordance with the IFRS guidelines entails a specific number of assessments and assumptions. Although all available information is used to ensure these assessments and assumptions can be deemed to be as reliable as possible, the actual results may deviate thereof.

The assessments and assumptions are mainly related to the following areas:

- Estimation of the value that can be realised in case of special impairment;
- Determination of the fair value of financial instruments not quoted on the stock exchange;
- Determination of the expected use period of tangible and intangible fixed assets;
- Estimation of the existing liabilities as the result of events in the past when provisions are included;
- Actuarial assumptions in relation to the measurement at fair value of pension liabilities;
- Actuarial assumptions in relation to the measurement at fair value of the technical reserves;