2021 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.

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2021 Consolidated Financial Statements

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Consolidated balance sheet

Assets (in EUR)	Note	31/12/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	4.1.	4,995,388,966	3,144,790,100
Financial assets held for trading	4.2.	46,209,151	39,459
Non-trading financial assets mandatorily at fair value through profit or loss	4.3.	6,817,925	6,781,148
Financial assets at fair value through profit or loss		0	0
Financial assets at fair value through other comprehensive income (FVOCI)	4.3.	417,550,258	9,669,787
Financial assets at amortised cost		46,747,763,891	18,777,200,104
Debt securities	*4.3.*	*1,021,065,405*	*1,000,709,922*
Loans and advances (including finance leases)	*4.4.*	*45,726,698,486*	*17,776,490,182*
Derivatives – Hedge accounting	4.14.	17,070,019	2,877,569
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4.15.	431,353,867	694,165,840
Property, plant and equipment	4.5.	84,361,376	35,309,001
Goodwill and intangible assets	4.6.	44,435,710	35,889,122
Investments in subsidiaries, joint ventures and associates		12,686,264	90,000
Tax assets	4.7.	48,855,347	44,430,707
Other assets	4.8.	159,367,589	14,538,180
Assets held for sale and discontinued operations*	4.10.	0	53,433,499
Total Assets		**53,011,860,363**	**22,819,214,516**

Liabilities (in EUR)	Note	31/12/2021	31/12/2020
Financial liabilities held for trading	4.2.	44,398,252	1,393,873
Financial liabilities at fair value through profit or loss	4.11.2.	742,648,663	0
Financial liabilities at amortised cost		49,537,070,330	21,291,883,236
Deposits from Credit institutions	*4.11.1.*	*1,449,350,189*	*417,217,715*
Deposits from Other than credit institutions	*4.11.1.*	*41,200,800,246*	*20,001,951,463*
Debt securities including bonds	*4.11.2.*	*6,362,888,120*	*682,504,692*
Subordinated liabilities	*4.11.3.*	*226,316,082*	*77,172,706*
Other financial liabilities	*4.11.4.*	*297,715,693*	*113,036,660*
Derivatives – Hedge accounting	4.14.	53,640,768	46,263,230
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4.15.	3,787,639	9,383,219
Provisions	4.12.	181,876,734	*16,521,280*
Tax liabilities	4.7.	51,563,175	10,577,749
Other liabilities	4.8.	202,855,611	*105,641,188*
Liabilities associated with asset groups held for sale and discontinued operations*	4.10.	0	*26,087,207*
Total Liabilities		**50,817,841,172**	**21,507,750,982**

Equity (in EUR)	Note	31/12/2021	31/12/2020
Capital		895,456,452	896,520,856
Paid up capital	*4.17.*	895,456,452	*896,520,856*
Unpaid capital which has been called up		0	*0*
Share premium		0	0
Equity instruments issued other than capital		244,400,438	0
Accumulated other comprehensive income		4,655,594	-1,300,156
Items that will not be reclassified to profit and loss		1,649,188	-3,428,037
Actuarial gains or loss on defined benefit pension plans	4.17.	*1,649,188*	*-3,428,037*
Changes in fair value of equity instruments measured at fair value through other comprehensive income		*0*	*0*
Change in fair value of a financial liability at fair value through profit or loss that is attributable to changes in the credit risk of that liability		*0*	*0*
Items that may be reclassified to profit and loss		3,006,407	2,127,880
Fair value changes of debt instruments measured at fair value through other comprehensive income	*4.17.*	*3,006,407*	*2,127,880*
Reserves (including retained earnings)	4.17.	389,160,642	366,836,880
Income from current year	4.17.	660,346,065	49,405,954
Minority interests		0	0
Total Equity		**2,194,019,191**	**1,311,463,534**
Total Equity and total Liabilities		**53,011,860,363**	**22,819,214,516**

* Following the decision to sell Crelan Insurance in 2021, the assets and liabilities of Crelan Insurance are reclassified at 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 (in EUR)	Note	31/12/2021	31/12/2020
CONTINUING OPERATIONS			
TOTAL OPERATING INCOME, NET		**362,490,775**	**312,179,148**
Interest income	5.1.	303,617,350	311,551,406
Interest expenses	5.1.	-47,356,834	-45,187,258
Dividend income	5.3.	1,121,098	634,571
Fee and commission income	5.2.	129,850,673	110,565,298
Fee and commission expenses	5.2.	-96,506,384	-99,386,610
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	5.4.	2,635,249	1,997,450
Gains or (-) losses on financial assets and liabilities held for trading, net	5.5.	6,484	-1,303,377
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	5.6.	133,569	14,628
Gains or (-) losses from hedge accounting, net		2,978,443	5,608,223
Exchange differences [gain or (-) loss], net		948,366	1,002,573
Gains (losses) on derecognition of assets other than held for sale, net	5.7.	46,659,643	398,343
Other operating income	5.8.	27,794,358	26,404,964
Other operating expenses	5.8.	-9,391,240	-121,063
Administrative Expenses		**-233,390,735**	**-212,007,307**
Staff Expenses	5.9.1.	-91,417,175	-90,762,696
Other administrative Expenses	5.9.2.	-141,973,560	-121,244,611
Cash contributions to resolution funds and deposit guarantee schemes	5.9.3.	**-20,732,847**	**-17,799,291**
Depreciation		**-11,208,492**	**-10,634,817**
Property, Plant and Equipment	4.5.	-7,434,915	-6,910,994
Intangible assets (other than goodwill)	4.6.	-3,773,577	-3,723,823
Modification gains or (-) losses, net		**-222,824**	**-3,134,853**
Provisions	4.12.	**2,577,990**	**4,591,300**
Impairment	5.10.	**-22,278,213**	**-17,743,064**
Impairment losses on financial assets not measured at fair value through profit or loss		-22,278,213	-17,743,064
Financial assets at fair value through other comprehensive income (FVOCI)		*0*	*0*
Financial assets at amortised cost		*-22,278,213*	*-17,743,064*
Impairment on Property, plant and equipment		0	0
Negative goodwill recognised in profit or loss		**598,807,907**	**0**
Profit or (-) loss from non-current assets and disposal groups classified as held for sale*		**8,485,840**	**6,302,986**
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		684,529,401	61,754,102
Tax Expenses or (-) income related to profit or loss from continuing operations	5.11.	-24,183,337	-12,348,149
Current taxes		*-11,315,500*	*-10,207,326*
Deferred taxes		*-12,867,837*	*-2,140,823*
NET PROFIT OR LOSS		**660,346,064**	**49,405,953**
Statement of comprehensive income			
Comprehensive income that may be reclassified to profit or loss		878,526	4,466
Revaluation of financial assets at fair value through other comprehensive income (FVOCI)		*878,526*	*4,466*
Comprehensive income that will not to be reclassified to profit or loss		5,077,225	-1,252,892
Actuarial gains (losses) on defined benefit pension plans		*5,077,225*	*-1,252,892*
Total comprehensive income (net)		**5,955,751**	**-1,248,426**
Total profit or loss and comprehensive income for the year		**666,301,815**	**48,157,527**

* Following the decision to sell Crelan Insurance in 2021, the results of Crelan Insurance as at 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)	31/12/2021	31/12/2020*
OPERATING ACTIVITIES		
Net profit (loss)	660,346,065	49,405,954
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	43,052,468	17,817,179
Current and deferred tax expense, recognised in the income statement	26,969,325	14,430,156
Unrealised foreign currency gains and losses	-948,366	-1,002,573
INVESTING AND FINANCING ACTIVITIES	0	0
Depreciation	11,197,980	10,626,974
Impairment	22,277,302	17,740,503
Provisions net	3,820,608	2,124,282
Net gain (loss) on sale of property, plant and equipment	8,180	-398,343
OPERATING ACTIVITIES	0	0
Net unrealised gain on available-for-sale investments	878,527	4,466
Other adjustments	-21,151,088	-25,708,286
Cash flows from operating profits before changes in operating assets and liabilities	**703,398,533**	**67,223,133**
Decrease (increase) in operating assets (excl. cash & cash equivalents):	27,515,672,632	-6,426,262
Increase (decrease) in loans and receivables	0	0
Increase (decrease) with Credit institutions	-775,231,000	0
Increase (decrease) in financial assets at amortised cost	27,680,905,926	39,515,331
Increase (decrease) in available for sale assets	0	0
Increase (decrease) in financial assets at fair value through other comprehensive income	407,880,471	964,096
Increase (decrease) in financial assets held for trading	46,169,692	-22,843,257
Increase (decrease) in financial assets designated at fair value through profit or loss	-1,104,023	-79,748
Increase (decrease) in asset-derivatives, hedge accounting	14,192,450	-25,700,342
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)	142,859,116	1,717,658
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	29,017,432,748	1,271,171,666
Increase (decrease) in deposits from credit institutions	1,036,626,918	392,641,227
Increase (decrease) in deposits (other than credit institutions)	21,231,574,352	1,779,037,124
Increase (decrease) in debt certificates	5,680,383,428	-224,293,918
Increase (decrease) in financial liabilities held for trading	43,004,379	-22,514,471
Increase (decrease) in financial liabilities designated at fair value through profit or loss	742,648,663	0
Increase (decrease) in liabilities-derivatives, hedging accounting	7,377,538	-636,547,233
Increase (decrease) in other liabilities (definition balance sheet)	275,817,470	-17,151,063
Increase (decrease) in working capital, net	**1,501,760,116**	**1,277,597,928**
Cash flow from operating activities	**2,205,158,649**	**1,344,821,061**
Income taxes (paid) refunded	9,983,731	-11,525,692
Net cash flow from operating activities	**2,215,142,380**	**1,333,295,369**
INVESTING ACTIVITIES		
(Cash outflows for the acquisition of tangible assets)	16,219,192	7,123,047
Cash inflows from sale of tangible assets	0	0
(Cash outflows to acquire intangible assets)	12,421,896	6,788,472
Cash inflows from sale of intangible assets	0	0
(Cash outflows for acquisition of held-to-maturity investments)	0	0
Cash inflows from disposal of joint ventures, associates and subsidiaries, net of cash disposed of	46,659,820	0
(Cash outflows for the investment in joint ventures, associates and subsidiaries, net of cash acquired)	775,231,000	0
Other cash inflows from investing activities	314,627	144,378
Net cash flow from investing activities	**-756,897,641**	**-13,767,141**
FINANCING ACTIVITIES		
(Dividends paid)	199,347,416	0
(Cash outflows to repay subordinated debt)	50,204,040	100,784,081
Cash inflows from the issue or redemption of shares or other equity instruments	243,336,034	24,752,986
(Other cash outflows from financing activities)	853,879	726
Net cash flow from financing activities	**391,625,531**	**-76,031,821**
Effect of exchange rate changes on cash and cash equivalents	728,596	-608,467
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,850,598,866**	**1,242,887,940**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3,144,790,100**	**1,901,902,160**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,995,388,966**	**3,144,790,100**
Components of cash and cash equivalents	0	0
Cash on hand	105,088,041	50,363,464
Cash at central banks	4,792,091,611	3,063,232,004
Loans and receivables	98,209,314	31,194,631
Total Cash and cash equivalents at the end of the period	**4,995,388,966**	**3,144,790,100**
Including : amount of cash and cash equivalents held by the company but not available for use by the group	195,161,055	180,638,363
Additional information on cash flows from operating activities:	0	0
Interest income received	210,229,357	442,074,926
Dividends received	1,121,098	1,207,908
Interest expense paid	194,094,999	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	Other equity	Reserves (including retained earnings)	Income from current year
Opening balance at 1 January 2021	896,520,856	2,127,881	-3,428,037	0	366,836,880	49,405,954
Capital increase	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0
Entry/exit of cooperators	-1,064,404	0	0	0	0	0
Dividends paid	0	0	0	0	-26,228,313	0
Directors' fees paid	0	0	0	0	0	0
Transactions with shareholders	-1,064,404	0	0	0	-26,228,313	0
Issuance of other equity instruments	0	0	0	244,400,438	0	0
Transfer to retained earnings	0	0	0	0	49,405,954	-49,405,954
Revaluation of assets	0	878,526	0	0	-854,642	0
Securities sold and matured	0	0	0	0	0	0
Fair value macro hedge	0	0	0	0	0	0
Gains/losses on pension plans	0	0	6,769,632	0	0	0
Deferred taxes	0	0	-1,692,408	0	0	0
Other equity instruments issued	0	0	0	0	0	0
Other	0	0	0	0	763	0
Result of the year	0	0	0	0	0	660,346,065
Non-shareholder transactions	0	878,526	5,077,224	244,400,438	48,552,075	610,940,111
Closing balance at 31 December 2021	**895,456,452**	**3,006,407**	**1,649,187**	**244,400,438**	**389,160,642**	**660,346,065**

(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	Other equity	Reserves (including retained earnings)	Income from current year
Opening balance at 1 January 2020	871,767,914	2,123,415	-2,175,145	0	320,995,423	70,297,576
Capital increase	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0
Entry/exit of cooperators	24,752,942	0	0	0	0	0
Dividends paid	0	0	0	0	-24,455,393	0
Directors' fees paid	0	0	0	0	0	0
Transactions with shareholders	24,752,942	0	0	0	-24,455,393	0
Transfer to retained earnings	0	0	0	0	70,297,576	-70,297,576
Revaluation of assets	0	1,001,153	0	0	0	0
Securities sold and matured	0	-995,199	0	0	0	0
Fair value macro hedge	0	0	0	0	0	0
Gains/losses on pension plans	0	0	-1,670,523	0	0	0
Deferred taxes	0	-1,488	417,631	0	0	0
Other	0	0	0	0	-726	0
Results for the year	0	0	0	0	0	49,405,954
Non-shareholder transactions	0	4,466	-1,252,892	0	70,296,850	-20,891,622
Closing balance at 31 December 2020	**896,520,856**	**2,127,881**	**-3,428,037**	**0**	**366,836,880**	**49,405,954**

Abbreviations and acronyms

ABS :	Asset-Backed Securities
ALM :	Asset & Liability Management
ATM :	Automated Teller Machine
CAD :	Capital Adequacy
CDS :	Credit Default Swap
CIR :	Crelan Insurance
COREP :	Common Solvency Ratio Reporting
CRO :	Chief Risk Officer
CS :	Cooperative Society
CSA :	Credit Support Annex
CVA :	Credit Valuation Adjustment
DBO :	Defined Benefit Obligation
DTI :	Definitively Taxed Income
DFR :	Deposit Facility Rate
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
LLCS :	Limited Liability Cooperative Society
MBS :	Mortgage-Backed Securities
MRO :	Main Refinancing Operation
NBB :	National Bank of Belgium
NSFR :	Net Stable Funding ratio

OCI :	Other Comprehensive Income
OLO :	Obligation Lineaire Obligaties (Linear Obligation)
OR :	Operational Risk
ORM :	Operational Risk Management
OTC :	Over-The-Counter
PD :	Probability of Default
PLC :	Public Limited Company
POCI :	Purchased or Originated Credit-Impaired
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 Enterprise
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.

In 2021, the total assets of the Group increased[1] by 30.19 billion or 132.3%. This more than doubling is the result of the takeover of AXA Bank Belgium regarding which the balance sheet as on 31 December 2021 is being included in the consolidation perimeter of the Crelan Group. Without the incorporation of AXA Bank Belgium, the balance sheet total amounts to EUR 24.47 billion. This entails a balance sheet growth of EUR 1.65 billion or 7.24%, which leads to a stronger growth than recorded in 2020 (namely, 5.67%).

The takeover of AXA Bank Belgium has an impact on many balance sheet items and makes the "recurring" evolution thereof difficult. The component that has grown the most comprises the loans and receivables measured at fair value based on the amortised cost; this refers to a growth of EUR 27.95 billion or 157.23%. Without the incorporation of the loans and receivables of AXA Bank Belgium, we get a 'standardised' growth of EUR 1.19 billion or 6.70%, which is still a much more explicit growth than was the case in 2020 (EUR 0.13 billion or 0.75%). This growth arises from a good credit production, namely, EUR 3.9 billion regarding which the largest part is part of the private customer segment. In terms of outstanding exposures, these growth percentages equal 5.7% for the housing loans and 5.98% for loans (credit) to businesses. The growth percentages are less strong for the consumer loans (credit) (4.99%) and the farm loans (1.28%).
The securities portfolio shrinks further by 6.27% if we do not include the incorporation of the AXA Bank Belgium portfolio in the numbers. This further decline is due to the persistently low level of interest rates, which means that bonds reaching maturity are not fully reinvested in new securities.

A second important balance sheet item is cash and current accounts at central banks, which account for 9.4% of the balance sheet. In this balance sheet item, the total growth of EUR 1.85 billion can also be mainly (for EUR 1.78 billion) attributed to the incorporation of these assets of AXA Bank Belgium.

A third item of the balance sheet that we examine separately is the Financial assets measured at fair value through the non-realised results. An amount of EUR 405.3 million comes from AXA Bank Belgium. The other assets also grow strongly due to the takeover (EUR +144.8 million of which EUR 136.8 million to be at AXA Bank Belgium).

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

97.5% of liabilities consist of products valued at amortised cost. Most of them are related to deposits (80.5% of the balance sheet total). The financial liabilities measured at an amortised cost increase by EUR 28.245 billion of which EUR 27.08 billion are a result of the incorporation of AXA Bank Belgium.

The portfolio of savings bonds, covered bonds and subordinated loans have risen by EUR 5.830 billion (of which EUR 5.805 billion in covered bonds at AXA Bank Belgium). Within Crelan, the portfolios in question have been shrinking in volume for a number of years as there is little willingness among clients to invest for the longer term at the still low interest levels.

The decrease in subordinated liabilities this year is offset by the fact that Crelan issued subordinated securities for an amount of EUR 200 million in 2021 as part of the closing with AXA Bank Belgium.

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

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

In equity, there is a capital decrease of EUR 1 million as a result of a temporary suspension of the sale of company shares in 2021. The reserves have increased by EUR 22 million (appropriation of the 2020 result after deduction of the distribution of dividends of EUR 26.2 million to the members of the cooperative). We also had the issue of capital securities for an amount of EUR 244 million at the end of 2021.

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

The capital adequacy ratio (CAR) of the Group (including AXA Bank Belgium) amounts to 19.74% when compared to 22.02% at the end of 2020 (excluding AXA Bank Belgium). The Tier 1 ratio amounted to 17.97% at the end of 2021 (including AXA Bank Belgium), which comes from 21.72% at the end of 2020 (excluding AXA Bank Belgium). This means that the capital ratios remain at a very high level and the healthy financial soundness of the Group is confirmed.

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

Since Crelan Insurance was sold in 2021 as part of the takeover of AXA Bank Belgium, all gains and losses of Crelan Insurance were transferred to a separate line in both 2020 and 2021, namely, "Gains and losses on long-term assets or groups of assets that are being sold off classified as being retained for sale".

The decrease of the net interest income[2] (EUR -10.1 million) can be ascribed to the relatively large decrease of the interest revenue (EUR -7.9 million) as was the case in previous years rather than the decrease of the interest costs (EUR -2.2 million). Within the interest revenue, the credit portfolio continues to be affected by the impact of the low interest rate level: older loans based on higher interest rates are shrinking or are paid back early or financed internally and the new loans start at lower interest rates. This, however, will be compensated to a large degree in 2021 due to the stronger growth of outstanding exposures. The commercial margins of the total loans outstanding will, moreover, remain at the same level in 2021 (slight growth of 2 base points). The investment portfolio shrinks further because matured bonds and debentures are not fully reinvested in relation to the low interest rate level. The interest costs are falling to a lesser degree since most of the customer deposits is concentrated in savings deposit books in relation to which the interest rates are already at the statutory minimum rates of interest. The volumes of the savings deposit books are, moreover, also strongly increasing in 2021 despite the negative fair interest rate; very many savers continue not liking taking risks and keep their savings in cash in view of lower consumption levels due to the coronavirus. The decrease of the interest costs is due to the extinguishing portfolio of subordinated certificates and in the further downsized savings bond portfolio.

The interest income and expense of the hedging instruments also have a negative impact on the net interest income due to the net higher cost of the interest rate swaps. This is the result of the lower Euribor/Ester interest rate. After all, this weighs on the "income legs" of the payer swaps linked to short-term interest rates (we receive a variable short-term interest rate and pay a fixed long-term interest rate to hedge against interest rate increases). The average active volume with regard to interest rate swaps has also, furthermore, increased, which is logical when there is an increase of the credit volumes to be hedged.

The net income from fees and remunerations in relation to the activities in the area of the "fee business" gave a wonderful result with an increase of EUR 19.3 million or +17.44%. This strong performance is due to the production of investment products. Thus, the income from security issues increases by EUR 9.6 million, mainly realised in investment funds. This is, however, partly cancelled by the EUR 2.9 million lower income from orders to buy and sell due to the drop in sales revenue from notes. The collected management fees for the investment products have grown by EUR 9.6 million and form an important element in the high-fee business. The success of the investment products falls within the context where savers are even less inclined to invest for a longer period in fixed-term accounts, savings bonds or eurobonds but, instead, by preference, wish to benefit to a small degree from the stock exchange performance by investing in funds.

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

In the second half of the year, in particular, the saver came to realise more and more that keeping cash in current accounts or savings accounts, erodes their purchasing power where they find relatively safe alternatives in the funds and not so much in individual shares. The income from insurance products is staying stable, but, in fact, shows signs of an increase of EUR 0.72 million if we remove the "double" final settlement of Fidea from the 2020 figures. This means that the 2021 "transition year" did indeed ensure good figures in the area of insurances despite the change of partner for the non-life insurances (from Fidea to AXA Insurances). The strongly appreciating production in the life insurance products offered by Allianz contributes towards this.

The fees paid to agents have dropped when compared to 2020 by EUR 2.9 million. This is the result of, on the one hand, higher production fees in investment products and, on the other hand, is compensated by lower growth fees for the deposits. This arises from a renegotiation of the 2020 scales, which means that the volumes and growth of traditional deposits are less paid out and 'capped'.

To conclude, the other operating expenses rose by EUR 9.3 million when compared to 2020, which can be ascribed to the closing with AXA Bank Belgium that was recorded in this item in 2021.

Administrative costs and depreciation

The administrative expenditure in 2021 increased considerably by EUR 21.4 million or 10%. Employee expenses increased when compared to 2020 by EUR 0.7 million (no decrease of the average full-time equivalent (FTE)). The general and administrative costs rose globally by EUR 20.7 million mainly as a result of the higher costs related to the merger project (pre-execution phase: EUR +6.8 million), higher marketing costs that had fallen in 2020 as a result of the coronavirus pandemic (EUR 1.2 million), higher IT costs (EUR 3.97 million), higher bank taxes (EUR 1,8 million) and additional costs in relation to the improvement of IT systems and security (EUR 4.2 million).

The contributions in hard cash to the resolution funds and deposit guarantee schemes increased in 2021 by EUR 2.9 million.

The cost-income ratio (CIR) amounts to 73.81% at the end of 2021 on a Group level (including AXA Bank Belgium) when compared to 73.36% at the end of 2020 (excluding AXA Bank Belgium). For both years, this concerns adjusted calculations. The exceptional costs of EUR 6.2 million regarding the transaction with AXA Bank Belgium are not taken into account in the 2020 figures. When these costs are included, the CIR amounts to 75.23% in 2020. In 2021, the figures were adjusted by EUR 21.60 million in costs (exceptional costs and success fees regarding the transaction with AXA Bank Belgium) and by EUR 46.67 million in the revenue (elimination from the revenue of the net realised capital gain related to the Crelan Insurance sale). The CIR amounts to 70.45% without these adjustments.

Allowances and impairment

The change in allowances is mainly the result of the use of the allowances recorded in 2021 for restructuring (head office and network) that were started in 2016.

The impairments amount to EUR 22.3 million (when compared to EUR 17.7 million in 2020). The mix thereof is as follows: an addition of EUR 20 million for the loans under stages 1 and 2, a correcting entry of EUR 1.1 million in stage 3 (i.e., status 700 and Contentieux) and a per balance deposit of EUR 3.4 million impairment in relation to Europabank. The addition of EUR 20 million for the loans under stages 1 and 2 is the result of the accounting entry of an allowance at AXA Bank Belgium for EUR 29.6 million within the framework of the closing. We have determined an enhancement in the Crelan figures of the macroeconomic parameters that leads to a positive effect of EUR 16.7 million for stages 1 & 2, but, as a precaution, Crelan has limited these adjusting entries by applying a management overlay of EUR 10.4 million while the coronavirus situation is still not completely behind us.

To conclude, the following is an important element in the mix of the result for 2021: the recognition of the badwill calculated due to the takeover of AXA Bank Belgium for an amount of EUR 599 million.

General result

The result before taxes increases strongly from EUR 61.8 million to EUR 684.5 million. The realised capital gain on the sale of Crelan Insurance and the recognition of the badwill due to the takeover of AXA Bank Belgium led to this increase. The tax expenses have increased by EUR 11.8 million when compared to 2020 mainly on the level of the deferred taxes and as a result of the depreciation of EUR 20.5 million in deferred tax assets. The net result therefore increased by EUR 610.9 million to EUR 660.3 million at the end of 2021.

The return on equity increased strongly from 3.91% at the end of 2020 to 51.38% at the end of 2021. This last figure is being favourably impacted by the takeover of AXA Bank Belgium. If we eliminate all elements of an exceptional nature that are related to this, we have an adjusted return on equity (ROE) of 5.16%.

1.3. Projected takeover of AXA Bank Belgium by Crelan Group

The Crelan Group and AXA Group had entered into a contract on 24 October 2019 about the takeover of AXA Bank Belgium by Crelan Group; at the end of 2021, Crelan got the green light from the regulators for this takeover and, on 31 December 2021, the closing (= effective execution of the agreement with AXA) was completed. After the closing, Crelan will implement its IT integration and migration plan, which is expected to run for 27 months.

The Crelan Group doubles in size due to the takeover of AXA Bank Belgium. It will be the fifth bank of Belgium. Due to the continued low interest rate, the interest margin of the banks has been under pressure for a while. The digitisation and increased regulations and capital adequacy requirements, moreover, demand additional investments from banks. Due to the merger, we will be able to make these investments for twice as many customers and therefore it will be easier to make them profitable.

The takeover price amounts to EUR 686 million. This includes the agreed price adjustment of EUR -6 million based on the adjustment for December in view of the fact that the takeover price was determined on the figures for November. CrelanCo acquires 100% of the shares of AXA Bank Belgium. In addition, Crelan NV has purchased back from AXA Deutschland (i.e., AXA Germany) the perpetual AT1 loan of AXA Bank Belgium for the nominal value of EUR 90 million plus the accrued and not yet due interest. This refund is regarded as an additional consideration and makes the total takeover price EUR 776 million.

The net reported equity as on 31 December 2021 amounts to EUR 1,313 million based on the consolidated FINREP figures of AXA Bank Belgium. Since the takeover of AXA Bank Belgium complies with the definition of a business combination, the party taking over must apply the accounting processing that is described under IFRS 3, Business Combinations (see below). After applying the IFRS 3 adjustments, the consolidated FINREP equity of AXA Bank Belgium amounts to EUR 1,374 million.

The difference between the total takeover price and the IFRS equity of AXA Bank Belgium after applying IFRS 3 (badwill) amounts to EUR 599 million.

Crelan is acquiring AXA Bank Belgium with a discount of 43.6% when compared to the equity value, which leads to a badwill of EUR 599 million. This discount is (on average) in line with what can be observed on the market in relation to the acquisition negotiation. The representation for this can be found in the falling earning power of the bank sector in general: the transition that characterises the sector today. The fast technological evolutions, changing behaviour of customers and the increasing regulatory pressure do indeed ensure the traditional bank model is under pressure and banks find it necessary to change their model if they wish to keep their earning power at an appropriate level. This implies that important investments continue to be required, which exercises additional pressure on the earning power.

The costs that can be directly linked to the successfully closing on 31 December 2021 amount to EUR 9 million. These costs will be included in full in the result under "other operating expenses". (Note 5.8.) They are fees paid to professional parties and merchant bankers. After allocating the tax effect, the costs amount to EUR 8.7 million.

Financing

In addition to the above, CrelanCo and Crelan NV sold all their shares in Crelan Insurance NV to AXA Belgium for an amount of EUR 80 million on the closing date too.

Crelan Insurance was established in 2007 to offer their own range of loan-related insurances such as outstanding balance insurances. Despite the great result, it did mean for Crelan that it had to invest continuously both in logistics resources and in knowledge and know-how for a relatively limited range of insurance products. At AXA Group, an international insurer, the opposite could be seen. The Belgian bank activity with AXA Bank Belgium was not part of their core business. Now, the AXA Group and Crelan Group can specifically dedicate themselves to their own speciality, namely, on the one hand, insure and, on the other hand, bank. Crelan has, in addition, entered into a long-term distribution agreement for selling AXA Belgium non-life and outstanding balance insurances.

On the closing date, Crelan has increased its Tier 1 regulatory capital by issuing AT 1 capital securities to which AXA NV and/or companies associated with it have subscribed for an amount of EUR 245 million.

In addition, EUR 200 million worth of Tier 2 subordinated securities were issued that were taken out within the Amundi and Allianz Groups.

The issuance costs of the AT 1 capital securities (EUR 0.8 million) were deducted from the equity. The issuance costs of the Tier 2 subordinated certificates (EUR 0.65 million) were deducted from the amortised cost of the debt and are included in the result in a spread manner by applying the effective return.

Notes regarding the IFRS 3 implementation in relation to the takeover of AXA Bank Belgium by Crelan

The takeover of AXA Bank Belgium complies with the definition of a business combination. This is why Crelan must apply the accounting processing that is prescribed by IFRS 3 Business Combinations. Business combinations are processed in accordance with the "takeover method" that requires that the acquired assets and taken over liabilities are measured at fair value on the takeover date. For the items on the balance sheet that are not measured and presented for their fair/market value, a repricing is required. An explanation of this repricing is given for each item of the balance sheet item.

Assets

Assets (in EUR)	31/12/2021				
	Consolidated	AXA Bank Belgium (excl IFRS 3 corr)	IFRS 3 corr AXA Bank Belgium	AXA Bank Belgium	Crelan
Cash, cash balances at central banks and other demand deposits	4,995,388,966	1,784,346,901	0	1,784,346,901	3,211,042,065
Financial assets held for trading	46,209,151	45,992,370	0	45,992,370	216,781
Financial assets mandatorily at fair value through profit or loss	6,817,925	0	0	0	6,817,925
Financial assets at fair value through profit or loss	0	0	0	0	0
Financial assets at fair value through other comprehensive income (FVOCI)	417,550,258	405,298,897	0	405,298,897	12,251,361
Financial assets at amortised cost	46,777,401,836	26,364,367,343	757,214,507	27,121,581,850	19,655,819,986
Debt securities	*1,021,065,405*	*80,625,792*	*2,445,845*	*83,071,637*	*937,993,768*
Loans and receivables (including finance leases)	*45,756,336,431*	*26,283,741,551*	*754,768,662*	*27,038,510,213*	*18,717,826,218*
Derivatives – Hedge accounting	17,070,019	1,209,640	0	1,209,640	15,860,379
Fair value changes of the hedged items in portfolio hedge of interest rate risk	431,353,867	557,980,356	-557,980,356	0	431,353,867
Property, plant and equipment	84,361,376	37,280,753	13,139,694	50,420,447	33,940,929
Goodwill and intangible assets	44,435,710	17,672,525	-13,754,402	3,918,123	40,517,587
Investments in subsidiaries, joint ventures and associates	12,686,265	9,253,622	3,342,643	12,596,265	90,000
Tax assets	48,855,347	33,983,948	0	33,983,948	14,871,399
Other assets	159,367,589	23,869,944	112,979,214	136,849,158	22,518,431
Assets held for sale and discontinued operations	0	0	0	0	0
Total Assets	**53,041,498,309**	**29,281,256,299**	**314,941,300**	**29,596,197,599**	**23,445,300,710**

Financial assets measured at amortised cost, debt certificates:

The financial assets measured at amortised cost (debt certificates) consist of Belgian government bonds of which the prices are quoted on a regulated market. These bonds and debentures are fully hedged by a fair value hedge in relation to the interest rate risk. The net value effect in this section consists of the alignment of the fair value of the bonds and debentures compensated by the alignment of the hedging that is being amortised (IFRS 3 requires that all hedging relationships of AXA Bank Belgium are again indicated as if they were started on the takeover date).

Financial assets measured at amortised cost, loans and receivables:

The most important and complex element of the adjustment of the fair value is the determination of the fair value of the loan portfolio that is currently included based on the amortised cost.
In relation to the measurement of the loan portfolio, a two-step approach was followed:

- Understand and project the contractual cash flows for every loan;
- Discount the contractual cash flows using the suitable discount rate.

In addition, an additional alignment was listed for the deferred acquisition costs. These deferred acquisition costs are no longer included on the balance sheet in compliance with IFRS 3.

For stage 3 assets, only the specific cash flows are taken into account. In combination with the IFRS 9 requirement that a non-distorted and probably weighted amount is taken into account in relation to the expected credit loss (ECL) that is established by a series of possible results and by assessing the time value of cash, the best assessment of the fair value of the loans subjected to a special impairment of stage 3 is the net book value (including the special impairments). This is why the allowances for the special impairment of stage 3 is not reversed in accordance with IFRS 3 since they are regarded as part of the fair value. This net book value is emphasised by a rise in price of the discount rate, which leads to an additional adjustment of the fair value.

Changes to the fair value of the hedged positions in relation to fair value hedging of the interest rate risk of a portfolio:

IFRS 3 requires that all hedging relationships of AXA Bank Belgium are respecified as if they had been started on the takeover date. Since all hedge accounting items were reserved, all balance sheet items were adjusted accordingly.

Property, plant and equipment and investments in subsidiaries, joint ventures and associates:

The value of the office of AXA Bank Belgium at Grotesteenweg 214, 2600 Berchem, Belgium, was remeasured based on the assessed fair value.

For the remeasurement at fair value of the site, property of a subsidiary, that is, Beran, that is the full property of AXA Bank Belgium, a remeasurement at fair value of this participating interest was made for EUR 3.3 million in the section "Investments in subsidiaries, joint ventures and associates".

Goodwill and intangible assets:

The capitalisations of the investments in IT projects of AXA Bank Belgium were assessed. IT elements that will no longer be operational after the merger, were removed from the balance sheet.

In addition to the remeasurement at fair value of all balance sheet assets and liabilities, the party taking over can include an intangible asset in relation to the takeover of another business such as the value of the network, the brand, the customer list, etc. Management decided not to determine any intangible assets for the takeover of AXA Bank Belgium.

No value was assessed for the brand name (since it may only be used for a very limited period) or for the customer base and distribution network. In relation to this last issue, it should be noted that AXA Bank Belgium customers are the property of its agents and that this only concerns whether a positive fair value must be allocated to the AXA Bank Belgium distribution network to reflect future production. In view of the fact that the AXA Bank Belgium network is too large and must be reduced (large network when compare to the market share, digitisation, etc.) and the modest cost effectiveness of AXA Bank Belgium, the decision was taken to allocate a fair value to the AXA Bank Belgium network.

Other assets:

The EUR 113 million in other assets represents an indemnification that Crelan has negotiated with the seller of AXA Bank Belgium linked to the included contingent liability.

Liabilities

Liabilities (in EUR)	Consolidated	AXA Bank Belgium (excl IFRS 3 corr)	IFRS 3 corr AXA Bank Belgium	AXA Bank Belgium	Crelan
Financial liabilities held for trading	44,398,252	42,831,161	0	42,831,161	1,567,091
Financial liabilities at fair value through profit or loss	742,648,663	742,648,663	0	742,648,663	0
Financial liabilities at amortised cost	49,537,070,329	26,967,964,839	116,264,898	27,084,229,737	22,452,840,592
Deposits from Credit institutions	*1,449,350,189*	*1,302,487,671*	*-9,237,212*	*1,293,250,459*	*156,099,730*
Deposits from Other than credit institutions	*41,200,800,245*	*19,786,397,368*	*9,805,118*	*19,796,202,486*	*21,404,597,759*
Debt securities including bonds	*6,362,888,120*	*5,689,049,848*	*115,696,992*	*5,804,746,840*	*558,141,280*
Subordinated liabilities	*226,316,082*	*0*	*0*	*0*	*226,316,082*
Other financial liabilities	*297,715,693*	*190,029,952*	*0*	*190,029,952*	*107,685,741*
Derivatives – Hedge accounting		19,523,827	0	19,523,827	34,116,941
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3,787,639	0	0	0	3,787,639
Provisions	181,876,735	38,273,668	129,709,485	167,983,153	13,893,582
Tax liabilities	58,972,661	36,483,307	19,324,808	55,808,115	3,164,546
Other liabilities	202,855,611	120,808,959	-11,674,936	109,134,023	93,721,588
Liabilities held for sale and discontinued operations*	0	0	0	0	0
Total Liabilities	**50,825,250,658**	**27,968,534,424**	**253,624,255**	**28,222,158,679**	**22,603,091,979**

Financial liabilities measured at amortised cost, Deposits of credit institutions:

The targeted longer-term refinancing operations (TLTROs) are measured at fair value since their maturity profile is more than one year. The principle is that the TLTROs are discounted for the risk-free interest rate without a credit spread since these transactions are fully covered by securities.

Financial liabilities measured at amortised cost, Deposits other than credit institutions:

Most of the debt certificates, current accounts and savings accounts do not mature. As a consequence, measurement at fair value did not take place because they can be taken by the clientele at any time.
The fixed-term accounts of private customers are measured at fair value since their maturity is more than a year. For the fixed-term accounts, the cash flows are discounted based on a spread that corresponds with senior non-safeguarded financing instruments with an A+/A/A- rating on the initial maturity between buckets of 5/10/15 years. Prudence has dictated that the discount factor should not be capped at 1 (and therefore the commitment increases).

Financial liabilities measured at amortised cost, Debt embodied in debt certificates including bonds and debentures:

In this section, the effect of the repricing of covered bonds (CBs) and credit linked notes are shown. Due to the illiquidity of the CBs, the fair value is determined based on a fair value hierarchy (decision tree) in the following order if available: (1) External counterparty, (2) Bloomberg Valuation Service (BVAL) and (3) internal model of AXA Bank Belgium that takes the characteristics, due and payable nature and adjustments of the credit spread into account. Only the BVAL was used and these prices are sufficiently representative.

The CBs are hedged based on the interest rate risk by fair value hedging (FVH). The issuance costs of the CBs are retracted under IFRS 3. The total impact of these adjustments to the CBs amounts to EUR 112 million.

For the credit-linked notes, a measurement was carried out internally by AXA Bank Belgium where both an internal measurement methodology (2/3 of the price) and the credit default swap (CDS) value (1/3 of the price) were used as proxy. This resulted in a fair value adjustment of EUR 3,5 million.

Provisions:

This item contains different items:

- A contingent liability was included for EUR 121 million. This provision is restricted by the asset for indemnification of EUR 113 million on the asset side (other assets);
- A provision was started in relation to a supplier's contract that will be terminated in relation to IT licences for EUR 2.5 million;
- The irrevocable payment commitments (IPCs) that AXA Bank Belgium entered into in the past and that were recorded as a security are regarded as a cash-out in the IFRS 3 opening balance sheet. As a consequence, a provision was started for EUR 6.4 million.

Tax liabilities:

On all fair value and other adjustments except the remeasurement at fair value of the participating interest in Beran, a tax rate of 25% was included.

The remeasurement at fair value of the participating interest in Beran is related to the remeasurement at market value. Since a share transaction would be the most probable option to realise this market value, no accumulated tax allocation needs to be included.

Other commitments:

A reconciliation was made to obtain consistency of the IAS 19 assumptions such as the discount rate, inflation percentage, etc. between Crelan and AXA Bank Belgium. This has meant that the pension liabilities were reduced by EUR 11.7 million.

Equity

Equity (in EUR)	Consolidated	AXA Bank Belgium (excl IFRS 3 corr)	IFRS 3 corr AXA Bank Belgium	AXA Bank Belgium
Capital	895,456,452	636,318,241	0	636,318,241
Paid up capital	*895,456,452*	*636,318,241*	*0*	*636,318,241*
Unpaid capital which has been called up	*0*	*0*	*0*	*0*
Share premium	0	0	0	0
Other equity instruments issued	244,400,438	90,000,000	0	90,000,000
Accumulated other comprehensive income	4,655,594	-29,015,709	4,098,083	-24,917,626
Items that will not be reclassified to profit and loss	1,649,188	-31,157,270	6,239,644	-24,917,626
Actuarial gains or loss on defined benefit pension plans	*1,649,188*	*-24,980,653*	*0*	*-24,980,653*
Changes in fair value of equity instruments measured at fair value through other comprehensive income	*0*	*63,027*	*0*	*63,027*
Change in fair value of a financial liability at fair value through profit or loss that is attributable to changes in the credit risk of that liability	*0*	*-6,239,644*	*6,239,644*	*0*
Items that may be reclassified to profit and loss	*3,006,407*	*2,141,561*	*-2,141,561*	*0*
Fair value changes of debt instruments measured at fair value through other comprehensive income	*3,006,407*	*2,141,561*	*-2,141,561*	*0*
Reserves (including retained earnings)	389,160,641	522,745,976	149,892,323	672,638,299
Income from current year	682,574,522	92,673,364	-92,673,364	0
Minority interest	0	0	0	0
Total Equity	**2,216,247,647**	**1,312,721,872**	**61,317,042**	**1,374,038,914**
Total Equity and total liabilities	**53,041,498,305**	**29,281,256,296**	**314,941,297**	**29,596,197,593**

The net reported equity based on the consolidated FINREP figures of AXA Bank Belgium amounted to EUR 1,313 million on 31 December 2021 for IFRS 3 adjustments.

The equity was mainly built up from the following elements:

- Share capital
- Contingent convertibles (CoCos)
- Other comprehensive income (OCI) & other reserves
- Result for the current accounting period

The CoCos are an important element (EUR 90 million) maintained by AXA Germany that were taken over just before the closing date by Crelan and, as a consequence, were removed from the consolidation.

Applying IFRS 3 had a positive impact on the equity of AXA Bank Belgium for an amount of EUR 61.3 million. After application, the consolidated FINREP equity of AXA Bank Belgium amounted to EUR 1,374 million.

In addition, the IFRS 9 provisions under stages 1 & 2 were entered again on the opening balance sheet in order to be prudent. The day one P&l impact of these as on 31 December 2021 amounts to EUR -22.2 million after taxes and put the equity at EUR 1,352 million.

The revenue from the current accounting period for the Crelan Group (EUR 660 million) is mainly the result of including the badwill in the result and the realised added value in relation to the sale of Crelan Insurance.

In addition, we also see an increase of the equity due to the issue of AT1 capital securities (EUR 245 million).

It is not being expected that the badwill will change significantly in 2022.

2. General information

2.1. Official name and legal form of the entity

The Crelan Group (hereinafter to be referred to as the "Group") comprises Crelan NV, the cooperative bank (society) CrelanCo CV, Europabank NV and AXA Bank Belgium NV (including subsidiaries).

The aforementioned takeover of AXA Bank Belgium by the Crelan Group was completed on 31 December 2021 and, linked to this event, the sale of Crelan Insurance.

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 4,883 employees (2020: 2,734 employees), 881 points of sale (2020: 549 points of sale), 1,799,525 customers (2020: 918,871 customers) and 274,003 shareholders (2020: 275,015 shareholders).

Crelan NV is a medium-sized Belgian retail bank and has 274,003 shareholders, a strong cooperative anchoring. 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. On 31 December 2021, the insurance corporation was sold within the framework of the takeover of AXA Bank Belgium. Through Crelan Insurance NV, the Group commercialised outstanding balance insurances, finance settlement insurances (i.e., to settle a debt) and temporary death cover insurances.

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.

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

On 31 December 2021, the takeover of AXA Bank Belgium was completed.

The legal consolidation scope of AXA Bank Belgium comprises the Belgian banking, the subsidiaries AXA Belgium Finance B.V. and AXA Bank Europe SCF (Société de Crédit Foncier), the special purpose vehicle (SPV) Royal Street NV as well as the Caspr S.à r.l. formed in 2020. The subsidiary Beran NV has not been included in the consolidation scope in view of its negligible significance.

AXA Bank Belgium offers a range of banking products for private and professional customers. It mainly concerns loans, investment solutions, easily marketable bank transactions and securities accounts.

The Crelan Group is taking an important position in the Belgian banking landscape with the takeover of AXA Bank Belgium.

By combining forces, Crelan and AXA Bank Belgium can better anticipate on the strongly changing financial world with ever faster digitisation and additional investments. During the coming 27 months, both banks will prepare a merger to continue all banking activities thereafter under the Crelan logo. Until then, both banks will continue to exist alongside each other. Nothing will change in the short term for customers.

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 274,003 shareholders, farmers and private customers. The operational management of CrelanCo CV is implemented by the executive board of Crelan NV.

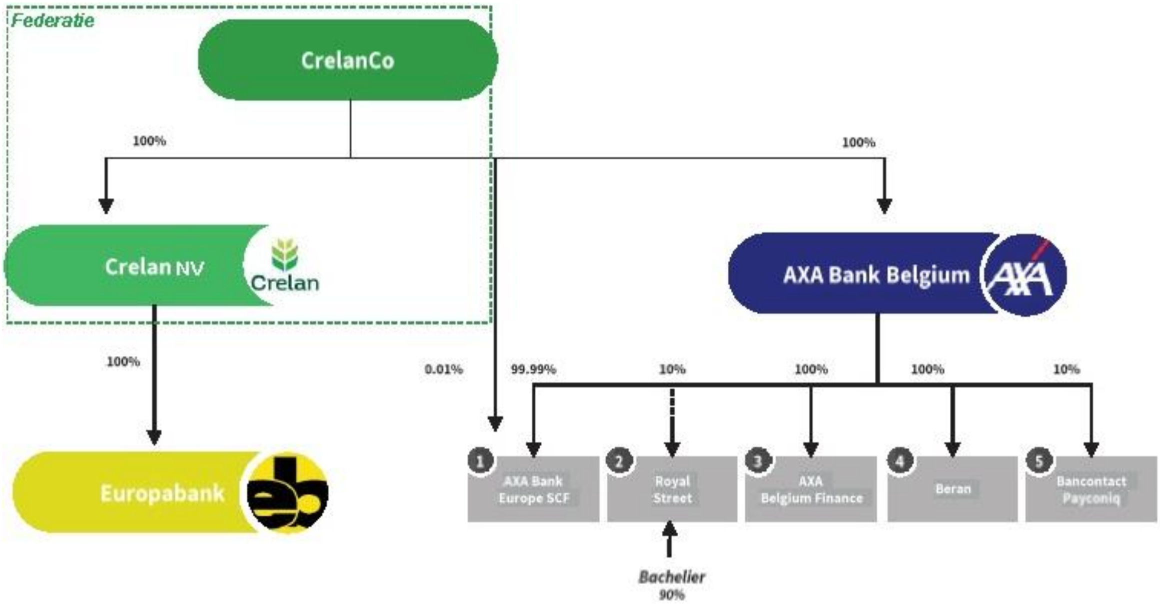
Since halfway through 2015, the authorised cooperative bank CrelanCo CV holds 100% of the total number of shares and rights to vote in Crelan NV. On 31 December 2021, the cooperative bank CrelanCO CV is also the full owner of AXA Bank Belgium.

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

The Consolidated Financial Statements of the Crelan Group therefore comprise the figures of the authorised cooperative bank CrelanCo CV, Crelan NV and its subsidiaries Europabank NV and AXA Bank Belgium 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 2021, the Group had 4,883 employees of which 1,813 employees and 3,070 self-employed agents and employees of self-employed agents when compared to 2,734 employees at the end of 2020 (1,110 employees and 1,624 self-employed agents and employees of self-employed agents). Of the 4,883 employees, AXA Bank Belgium has 2,248 employees.

With regard to pension liabilities, the Group has various defined retirement benefit plans (see item 4.13).

2.7. Events after the balance sheet date

2.7.1. Dividend

The Board of Directors will propose that CrelanCo CV allocates a dividend of 3% or EUR 0.37 per share for an overall amount of EUR 26.6 million (2021: EUR 26.2 million) during the General Meeting of Shareholders to be held on 28 April 2022. This dividend provides an attractive return within the current climate of low interest rates.

2.7.2. Important events after balance sheet date

The Russian invasion in Ukraine may have a negative impact on the financial sector. Crelan and AXA Bank Belgium, however, do not currently have tangible exposures with regard to customers who come from or are active in the involved region. The strong increase of energy prices that are the result of this conflict may, however, have a negative impact on the financial situation of specific customers. Crelan and AXA Bank Belgium, however, do not have any customers who operate in the energy sector. The rising prices may, however, be a consideration regarding the repayment capacity of retail customers. On the other hand, social rates and the automatic indexation of wages form an important protection for these customers. On the level of the agricultural sector, those sectors that are more dependent on heating/lighting are followed closely by the bank to identify any issues at an early stage.

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 (31 March 2022) 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 31 March 2022, 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 28 April 2022 for adoption.

3.1. Application of new standards and interpretations

Standards and interpretations that apply to the accounting period starting on 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Reform of Reference rates - phase 2
- Amendments to IFRS 16, Leases: Rent concessions related to COVID-19 (applicable to accounting periods as of 1 June 2020)
- Amendments to IFRS 4, Insurance Contracts - Extension of the temporary exemption from the application of IFRS 9 until 1 January 2023 (applicable to accounting periods as of 1 January 2021)

Standards and interpretations that were published, but not yet effective with regard to the accounting period starting from 1 January 2021:

- Amendments to IFRS 16, Leases: Rent concessions related to COVID-19 after 30 June 2021 (applicable to accounting periods as of 1 April 2021)
- Amendments to IAS 16, Property, Plant and Equipment: income from normal use (applicable to accounting periods as of 1 January 2022)
- 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)
- Amendments to IFRS 3, Business Combinations: references to the conceptual framework (applicable to accounting periods as of 1 January 2022)
- Annual improvements 2018–2020 (applicable to accounting periods as of 1 January 2022)
- IFRS 17, Insurance Contracts (applicable to accounting periods as of 1 January 2023)
- Amendments 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 effective in the European Union)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Notes regarding principles of financial reporting (applicable to accounting periods as of 1 January 2023, but not yet effective in the European Union)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Assessments and Errors: Definition of Assessments (applicable to accounting periods as of 1 January 2023, but not yet effective in the European Union)
- Amendments to IAS 12 Income Taxes: Accumulated tax allocations with regard to assets and liabilities that arise from one single transaction (applicable to accounting periods as of 1 January 2023, but not yet effective in the European Union)

Phase 1 of the IBOR transition only had limited consequences for Crelan.
Crelan did not apply early adoption in relation to stage 2 since it only has hedging relationships in EUR under Euribor. The IBOR transition is no longer a topic for Crelan.

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 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Cash	105,088,041	50,363,464
Cash balances at central banks	4,792,091,611	3,063,232,005
Other demand deposits	98,209,314	31,194,631
Total Cash, cash balances at central banks and other demand deposits	**4,995,388,966**	**3,144,790,100**

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 have slightly increased by EUR 56.5 million without taking the integration of the figures of AXA Bank Belgium into account and still form the largest category in this section.

At Europabank, the amount increased considerably from EUR 133.7 million in 2020 to EUR 241.6 million in 2021. This is due to a combination of the negative interest rates and the exemption from sanctions for exceeding the ceiling amount for the investment in the monetary reserve.

For more information about the liquidity management of the bank, refer to the notes in 7.4 "Liquidity risk".

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 assets 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)	31/12/2021	31/12/2020
Assets		
Derivatives held for trading	45,800,326	39,459
Debt securities	408,825	0
Total Financial assets held for trading	**46,209,151**	**39,459**
Liabilities		
Derivatives held for trading	44,398,252	1,393,873
Debt securities	0	0
Total Financial liabilities held for trading	**44,398,252**	**1,393,873**

The takeover of AXA Bank Belgium was responsible for the increase of assets and commitments for trading that can be noticed in the table above.

4.3. Investment portfolio

In view of the takeover of AXA Bank Belgium on 31 December 2021, the policy principles of AXA Bank Belgium are those used by the Crelan Group. The notes below are split into, on the one hand, the Crelan Group excluding AXA Bank Belgium and, on the other hand, AXA Bank Belgium.

The tables below show the compilation of the securities portfolio as on 31 December 2021 and 31 December 2020:

(in EUR)	2021			
	At amortised cost	At fair value through OCI	Mandatory at fair value through profit or loss	At fair value through profit or loss
Government bonds				
- Crelan	748,978,676	0	0	0
- Axa Bank Belgium	83,071,637	247,896,189	0	0
Bonds and other fixed income securities				
- Crelan	189,015,092	0	0	0
- Axa Banque Belgium	0	157,203,925	0	0
Shares and other non-fixed income securities				
- Crelan	0	0	6,817,925	0
- Axa Bank Belgium	0	88,939	0	0
Financial fixed assets				
- Crelan	0	12,251,361	0	0
- Axa Bank Belgium	0	109,844	0	0
Total	**1,021,065,405**	**417,550,258**	**6,817,925**	**0**

(in EUR)	2020			
	At amortised cost	At fair value through OCI	Mandatory at fair value through profit or loss	At fair value through profit or loss
Government bonds	737,638,044	0	0	0
Bonds and other fixed income securities	263,071,878	0	0	0
Shares and other non-fixed income securities	0	0	6,781,148	0
Financial fixed assets	0	9,669,787	0	0
Total	**1,000,709,922**	**9,669,787**	**6,781,148**	**0**

Crelan Group excl. AXA Bank Belgium

The portfolios are classified based on the IFRS 9 guidelines for the classification and measurement 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 that is documented by the financial strategy of the Group, the portfolio is nearly completely allocated to the hold to collect (HTC) category measured at amortised cost. 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 fund 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.

AXA Bank Belgium

Financial assets for amortised cost
Part of the bond portfolio that is managed is included in the "held for receiving cash flows" business model and measured at amortised cost to agree with the assessed maturity of the liabilities without set due date (such as saving accounts) and because of the return.

Financial assets measured at fair value with processing of value changes in the other components of the total result (OCI)
A bond loan is measured at fair value with the processing of value changes in the other components of the total result (OCI) if it complies with the following conditions and it is not earmarked as measured at fair value with processing of value changes in profits or losses:

- Keeping the financial asset fits in with the business model that has the goal of keeping financial assets to obtain both the contractual cash flows and to sell the financial assets ("held to receive cash flows and to sell")
- The contractual provisions of the asset led to contractual cash flows that only consist of refunds of capital and interests on the outstanding amount on specific dates.

This measurement category is used by AXA Bank Belgium for the component of the bond portfolio held for liquidity goals, balance sheet management and optimisation of the risk versus performance.

When initially including a share that is not being held for trading, AXA Bank Belgium may make a non-revocable choice to include the fair value measurement changes in the other components of the comprehensive income (OCI) (with the exception of dividends that continue to be included in the profits or losses). This choice is made instrument-by-instrument. AXA Bank Belgium has used this option of its entire portfolio of shares because it is of the opinion that a measurement at fair value through the result would not be the correct reflection of the fact that these shares are really kept because of strategic reasons and not for trading. Except for non-consolidated participating interests in subsidiaries and associated enterprises, this portfolio includes the following shares:

Description	Fair value 2021.12 in '000 EUR	Fair value 2020.12 in '000 EUR
SWIFT	60	60
Privatrust	25	25
Europay	23	23
VISA	1	1
Banking Funding Company	2	2
NCR Corporation	89	77
TOTAL	**200**	**188**

The measurement of these financial assets and then mainly the bond portfolio is determined based on market prices on an operational market. For some shares, use is made of measurement techniques based on market data and dividend yield.

No indications are recorded either by AXA Bank Belgium that would point to a less liquid or operational market with regard to these securities within the framework of the current COVID-19 crisis. The information is still sufficiently available and no abnormal evolutions in margins or asking prices were determined, which means that the information is still sufficiently representative for the calculation of the fair market value.

This is in line with the expectations since AXA Bank Belgium's investment strategy consists of almost exclusively in investing in very liquid securities.

The table below shows the evolution of the financial portfolio during the course of the 2021 and 2020 accounting periods:

(in EUR)	2021			
	At amortised cost	At fair value through OCI	Mandatory at fair value through profit or loss	At fair value through profit or loss
Opening balance	1,000,709,922	9,669,787	6,781,148	0
Acquisitions	164,879,283	201,942	0	0
Sales and maturities	-201,276,535	0	0	0
Changes in fair value				
- via result	-4,033,783	0	38,209	0
- via equity	0	2,379,632	0	0
Changes in provisions (stage 1)	-3,177	0	0	0
Use and reversal of impairment losses (stage 3)	0	0	0	0
Exchange rate fluctuations	0	0	0	0
Acquisition AXA Bank Belgium	83,071,637	405,298,897	0	0
Other movements	-22,281,942	0	-1,432	0
Closing balance	**1,021,065,405**	**417,550,258**	**6,817,925**	**0**

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

Crelan Group excl. AXA Bank Belgium

During the course of 2021, a total amount of EUR 167 million was invested because of the low interest rate situation. The largest part of this amount consists of investments in Belgian and Regional authorities and supranational institutions. An amount of EUR 2.2 million was invested in a private equity/private debt portfolio.

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 2021 by EUR 3,177.

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 assets 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.

AXA Bank Belgium

Transactions: in 2021, no securities other than shares were additionally bought by AXA Bank Belgium. The bond portfolio of AXA Bank Belgium was added to the portfolio of the Crelan Group as a result of the acquisition.

IFRS 9: no IFRS 9 amount for possible credit loss has been started by AXA Bank Belgium.

Hedging:
"Micro hedging of fixed rate securities other than shares with interest rate swaps:
Specific fixed rate securities other than shares of the investment portfolio of AXA Bank Belgium are hedged individually through an interest rate swap to compensate the part of the fair value fluctuation of the securities other than shares due to interest rate changes. Only the interest rate risk is hedged. This is usually the largest part of the total fair value fluctuation. The other risks that are not hedged are mainly the credit spreads and liquidity. The individual hedge ratio agrees with the ratio between the notional amount of the interest rate swap and the notional amount of the hedged security. If the efficiency of this fair value hedging can be proven, the value fluctuation of the hedged instrument that arises from the evolution of the interest rate of the fixed-income security is included in 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 risk 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)	31/12/2021				
	Stage 1	Stage 2	Stage 3	POCI's	Total
Total Outstanding	**44,262,027,698**	**1,133,821,606**	**251,519,595**	**230,040,822**	**45,877,409,721**
Interbank loans Crelan	73,248,792	0	0	0	73,248,792
Interbank loans Axa Bank Belgium	374,751,675	0	0	0	374,751,675
Home loans Crelan	11,758,904,952	633,945,441	68,875,347	0	12,461,725,740
Home loans Axa Bank Belgium	23,138,129,999	0	0	169,319,645	23,307,449,644
Retail loans	756,666,231	67,000,315	37,328,445	0	860,994,991
Agricultural loans	1,854,496,946	160,743,549	55,169,718	0	2,070,410,213
Corporate loans	1,830,773,985	227,615,309	66,297,948	0	2,124,687,242
Instalment loans Crelan	679,674,114	17,944,759	3,923,301	0	701,542,174
Instalment loans Axa Bank Belgium	868,244,792	0	0	6,755,711	875,000,503
Cash collateral deposited	156,322,193	0	0	0	156,322,193
Term loans Axa Bank Belgium	2,279,401,763	0	0	50,071,639	2,329,473,402
Other loans and receivables Crelan	343,471,099	26,572,233	19,924,836	0	389,968,168
Other loans and receivables Axa Bank Belgium	147,941,157	0	0	3,893,827	151,834,984
Impairment losses	**-56,120,977**	**-14,635,863**	**-79,954,395**	**0**	**-150,711,235**
Interbank loans Crelan	0	0	0	0	0
Interbank loans Axa Bank Belgium	0	0	0	0	0
Home loans Crelan	-3,055,580	-7,529,724	-14,612,488	0	-25,197,792
Home loans Axa Bank Belgium	-12,280,178	0	0	0	-12,280,178
Retail loans	-5,946,924	-2,605,099	-10,335,652	0	-18,887,675
Agricultural loans	-9,329,305	-914,698	-17,571,157	0	-27,815,160
Corporate loans	-4,654,172	-2,702,850	-22,101,019	0	-29,458,041
Instalment loans Crelan	-554,556	-101,205	-1,633,357	0	-2,289,118
Instalment loans Axa Bank Belgium	-4,401,285	0	0	0	-4,401,285
Cash collateral deposited	0	0	0	0	0
Term loans Axa Bank Belgium	-12,447,672	0	0	0	-12,447,672
Other loans and receivables Crelan	-2,942,500	-782,287	-13,700,722	0	-17,425,509
Other loans and receivables Axa Bank Belgium	-508,805	0	0	0	-508,805
Total Loans and receivables	**44,205,906,721**	**1,119,185,743**	**171,565,200**	**230,040,822**	**45,726,698,486**

(in EUR)	31/12/2020			
	Stage 1	Stage 2	Stage 3	Total
Total circulation	**16,469,851,126**	**1,161,976,122**	**289,177,318**	**17,921,004,566**
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	711,377,956	66,969,656	46,532,928	824,880,540
Agricultural loans	1,828,214,791	150,853,327	65,078,903	2,044,147,021
Corporate loans	1,681,820,268	247,237,479	75,689,829	2,004,747,576
Instalment loans	645,671,758	18,684,715	3,857,898	668,214,371
Cash collateral deposited	141,945,529	0	0	141,945,529
Other loans and receivables	276,362,506	24,012,320	22,218,887	322,593,713
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	-8,013,339	-1,868,090	-13,387,555	-23,268,984
Agricultural loans	-11,237,659	-2,278,855	-19,541,387	-33,057,901
Corporate loans	-7,548,357	-6,012,816	-25,646,704	-39,207,877
Instalment loans	-2,077,547	-222,161	-1,698,864	-3,998,572
Cash collateral deposited	0	0	0	0
Other loans and receivables	-2,867,535	-1,095,707	-15,319,818	-19,283,060
Total Loans and receivables	**16,434,448,332**	**1,144,975,757**	**197,066,093**	**17,776,490,182**

Due to the integration of the AXA Bank Belgium portfolio, the total in relation to loans increases by 257%.

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

The Crelan Group (excluding AXA Bank Belgium) delivers the same performance in 2021 as in 2020 with an increase of the total outstanding amounts by 5.12% (when compared to 4.42% in 2020). This strong growth can again be ascribed to housing loans (EUR +671.2 million or +5.69%) and to loans to businesses (EUR +119.9 million or +5.98%).

The healthy outstanding loans increase for all loan categories. On the other hand, bad loans drop (stage 3) for all loan categories, for example, housing loans by -9%, businesses loans by -12% and farmer loans by -15%.

The impairment (the ECL) has decreased in all groups of loans and, in particular, with regard to loans to businesses (EUR -9 million), that is to say, a decrease of the ECL by approximately 25%. The impairment for bad loans has also dropped in all credit portfolios (-14% of the total).

The net exposures have therefore significantly risen on a global level (EUR +908 million or 5.28%), but also on the level of all credit portfolios.

Paid-up cash deposits at a central counterparty remained stable at EUR 156 million (2020: EUR 142 million).

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

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)	31/12/2021								
	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	POCI's	On Performing Forbearance	On Non-Performing Forbearance	POCI's	Performing Forbearance	Non-Performing Forbearance	POCI's
Interbank loans Crelan	0	0	0	0	0	0	0	0	0
Interbank loans Axa Bank Belgium	0	0	0	0	0	0	0	0	0
Home loans Crelan	172,645,795	30,865,500	0	-413,500	-3,103,048	0	149,560,032	26,668,838	0
Home loans Axa Bank Belgium	322,075,747	89,702,985	0	-1,020,790	0	0	310,972,358	88,706,906	0
Retail loans	11,774,135	3,831,752	0	-156,157	-662,973	0	9,311,001	3,040,748	0
Agricultural loans	18,776,308	31,193,990	0	-146,420	-9,769,697	0	12,971,585	20,815,982	0
Corporate loans	53,540,493	34,579,271	0	-611,222	-6,638,652	0	37,505,771	27,149,908	0
Instalment loans Crelan	698,629	196,569	0	-2,088	-80,798	0	0	0	0
Instalment loans Axa Bank Belgium	0	0	0	0	0	0	0	0	0
Cash collateral deposited	0	0	0	0	0	0	0	0	0
Term loans Axa Bank Belgium	54,412,755	25,689,834	0	-925,751	0	0	51,693,033	25,632,503	0
Other Loans and receivables Crelan	988,925	308,853	0	-47,093	-66,058	0	389,581	99,589	0
Other Loans and receivables Axa Bank Belgium	0	0	0	0	-32	0	0	0	0
Total Forborne Loans and Receivables	**634,912,787**	**216,368,754**	**0**	**-3,323,021**	**-20,321,258**	**0**	**572,403,361**	**192,114,474**	**0**

(in EUR)	31/12/2020					
	Gross carrying amount/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	201,438,623	25,714,083	-1,088,148	-3,261,307	171,722,797	21,853,184
Retail loans	10,760,359	4,366,853	-168,923	-846,525	8,114,592	3,117,642
Agricultural loans	18,054,990	37,508,992	-321,178	-10,394,750	13,114,526	24,193,550
Corporate loans	52,649,468	32,772,241	-1,219,783	-6,392,871	33,798,690	25,394,315
Instalment loans	878,032	238,451	-9,828	-67,951	0	0
Cash collateral deposited	0	0	0	0	0	0
Other loans and receivables	1,853,606	1,047,075	-80,571	-232,167	824,597	647,771
Total Forborne Loans and Receivables	**285,635,078**	**101,647,695**	**-2,888,431**	**-21,195,571**	**227,575,202**	**75,206,462**

In 2020, Crelan saw an increase of the exposure of loans that led to forbearance measures being taken within the framework of the coronavirus crisis where monthly payment interruptions were allowed.

The maturities of the first six months of 2021 could also use these monthly interruptions.

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.

The presence of different requests for monthly interruptions during the COVID-19 crisis was interpreted as only a single renegotiation (i.e., forbearance).

At the end of 2021, the exposure to loans for which a deferral of payment was granted had dropped considerably (-14%) and this was even more the case for the part of the forbearance outstanding loans (-16%).

At Crelan, 528 (when compared to 3,073 in 2020) contracts were added with the forbearance status during the course of 2021 while 850 (when compared to 750 in 2020) contracts stopped having this status. In particular for the Small Business and Self-employed Persons segment, the number of contracts that now has the forbearance status (186) matches the number of contracts that stops having the forbearance status (184). In the private customer segment, the situation is as follows: more contracts are ending (451) than starting (238).

The integration of AXA Bank Belgium in the group has meant that the amount of the forbearance receivables has increased by 222% for the forbearance remunerative receivables and by 212% for the forbearance non-remunerative receivables.

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. This means that if the contract is in arrears for more than 30 days for an amount of more than EUR 90, 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 and an amount of more than EUR 90.

4.4.3. Remunerative and non-remunerative exposures

Without taking into account the takeover of the non-remunerative exposures of AXA Bank Belgium, we have determined that despite the coronavirus crisis, the portfolio of non-remunerative exposures is decreasing when compared with 2020. 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 relative limited inflow despite the downsizing of the support measures that were worked out by the government and the financial sector within the framework of the coronavirus crisis.

In relation to stage 2 of the portfolio, exposures remain relatively stable around 6% of the total outstanding without taking the takeover of AXA Bank Belgium into account. Consolidated with the figures of AXA Bank Belgium, this proportion drops considerably since the taken over portfolio is being placed in stage 1 at the acquisition moment. They will only be positioned in stage 2 when there is a significant rise of the credit risk on AXA Bank Belgium exposures since the takeover moment.

4.4.3.1. Per exposure type

The mix of remunerative and non-remunerative exposures on 31 December 2021 and 31 December 2020 is as follows:

(in EUR)	31/12/2021				
	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 Crelan	73,248,792	0	0	0	0
Interbank loans Axa Bank Belgium	374,751,675	0	0	0	0
Home loans Crelan	12,370,985,581	21,864,812	48,618,323	12,354,855	7,902,169
Home loans Axa Bank Belgium	23,120,284,327	17,845,672	136,832,361	20,826,126	11,661,158
Retail loans	788,901,989	32,353,709	33,116,392	5,711,283	911,618
Agricultural loans	2,015,099,639	140,857	42,418,917	4,669,900	8,080,900
Corporate loans	2,049,710,649	8,329,006	39,386,108	10,879,279	16,382,200
Instalment loans Crelan	696,403,022	1,206,099	3,039,148	518,201	375,704
Instalment loans Axa Bank Belgium	864,983,590	3,261,202	5,825,517	911,322	18,872
Cash collateral deposited	156,322,193	0	0	0	0
Term loans Axa Bank Belgium	2,276,300,800	3,100,963	43,297,565	6,022,622	751,452
Other loans and receivables Crelan	365,805,602	3,181,468	17,082,511	2,845,355	1,053,232
Other loans and receivables Axa Bank Belgiu	146,997,085	944,072	2,453,127	727,153	713,547
Total Performing and non-performing according to days past due	**45,299,794,944**	**92,227,860**	**372,069,969**	**65,466,096**	**47,850,852**

(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	746,722,109	27,869,207	41,333,158	7,664,075	1,291,991
Agricultural loans	1,978,387,305	680,814	50,030,072	7,390,003	7,658,827
Corporate loans	1,920,735,799	7,341,875	43,458,371	16,108,171	17,103,360
Instalment loans	663,051,470	1,281,852	2,682,925	580,121	618,003
Cash collateral deposited	141,945,529	0	0	0	0
Other loans and advances	325,162,578	4,617,857	19,608,714	3,239,891	1,159,304
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**

4.4.3.2. Per stage

Below, we give the presentation of remunerative and non-remunerative exposures per stage in 2021:

(in EUR)	31/12/2021						
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	POCI's	of which Stage 1	of which Stage 2	POCI's	
Interbank loans Crelan	73,248,792	0	0	0	0	0	0
Interbank loans Axa Bank Belgium	374,751,675	0	0	0	0	0	8,677,728
Home loans Crelan	11,758,904,952	633,945,441	0	-3,055,580	-7,529,724	0	9,387,178,471
Home loans Axa Bank Belgium	23,138,129,999	0	0	-12,280,178	0	0	22,230,170,267
Retail loans	751,617,846	69,637,851	0	-6,212,675	-2,474,366	0	606,119,392
Agricultural loans	1,854,496,946	160,743,549	0	-9,329,305	-914,698	0	822,707,413
Corporate loans	1,831,126,258	226,913,398	0	-4,809,158	-2,637,201	0	976,173,467
Instalment loans Crelan	679,674,115	17,935,006	0	-554,556	-101,195	0	0
Instalment loans Axa Bank Belgium	868,244,792	0	0	-4,401,285	0	0	12,206,370
Cash collateral deposited	156,322,193	0	0	0	0	0	0
Term loans Axa Bank Belgium	2,279,401,763	0	0	-12,447,672	0	0	2,084,384,869
Other loans and receivables Crelan	348,167,211	20,819,859	0	-2,521,763	-801,460	0	111,918,517
Other loans and receivables Axa Bank Belgium	147,941,157	0	0	-508,805	0	0	19,323,462
Total Performing by stages	**44,262,027,699**	**1,129,995,104**	**0**	**-56,120,977**	**-14,458,644**	**0**	**36,258,859,956**

(in EUR)	31/12/2021						
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	POCI's	of which Stage 2	of which Stage 3	POCI's	
Interbank loans Crelan	0	0	0	0	0	0	0
Interbank loans Axa Bank Belgium	0	0	0	0	0	0	0
Home loans Crelan	0	68,875,347	0	0	-14,612,488	0	52,322,779
Home loans Axa Bank Belgium	0	0	169,319,645	0	0	0	174,096,267
Retail loans	2,669,533	37,069,761	0	-115,206	-10,085,428	0	23,549,401
Agricultural loans	0	55,169,718	0	0	-17,571,157	0	34,607,344
Corporate loans	684,948	65,962,638	0	-33,295	-21,978,387	0	39,498,780
Instalment loans Crelan	9,752	3,923,301	0	-10	-1,633,357	0	0
Instalment loans Axa Bank Belgium	0	0	6,755,711	0	0	0	135,489
Cash collateral deposited	0	0	0	0	0	0	0
Term loans Axa Bank Belgium	0	0	50,071,639	0	0	0	49,191,648
Other loans and receivables Crelan	462,269	20,518,829	0	-28,706	-14,073,580	0	3,744,125
Other loans and receivables Axa Bank Belgium	0	0	3,893,827	0	0	0	1,937,001
Total Non-performing by stages	**3,826,502**	**251,519,594**	**230,040,822**	**-177,217**	**-79,954,397**	**0**	**379,082,834**

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		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	711,237,459	63,353,858	-7,907,712	-1,713,392	558,110,451
Agricultural loans	1,828,214,791	150,853,327	-11,237,659	-2,278,855	851,989,585
Corporate loans	1,684,127,198	243,950,476	-7,945,474	-5,834,471	920,511,709
Instalment loans	645,671,758	18,661,565	-2,077,547	-222,119	11,168
Cash collateral deposited	141,945,529	0	0	0	0
Other loans and receivables	305,180,775	24,599,660	-2,573,363	-1,128,865	98,425,314
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-PERFORMANT	Gross carrying amount/nominal amount		Cumulative impairments, cumulative negative changes in fair value due to credit risk and provisions		Collateral and financial guarantees received
Total Outstanding	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	3,775,377	46,513,846	-154,870	-13,493,010	29,706,924
Agricultural loans	0	65,078,903	0	-19,541,388	40,653,170
Corporate loans	1,652,149	75,017,752	-75,585	-25,352,347	43,623,644
Instalment loans	23,150	3,857,898	-42	-1,698,864	0
Cash collateral deposited	0	0	0	0	0
Other loans and advances	1,209,234	22,798,678	-72,112	-15,508,720	5,243,385
Total Non-performing exposures	**6,659,910**	**289,065,950**	**-302,609**	**-92,111,225**	**176,840,532**

4.5. Tangible fixed assets

The mix of the tangible fixed assets as on 31 December 2021 and 31 December 2020 is as follows:

(in EUR)	2021					
	Owner-occupied land and building	**IT equipment**	**Office equipment**	**Other equipment**	**IFRS 16**	**Total**
Opening balance 1 January 2021						
Acquisition price	35,480,615	32,518,183	15,046,096	41,147,949	10,672,033	134,864,876
Accumulated depreciation	26,639,752	29,439,369	12,740,297	27,515,280	3,221,177	99,555,875
Total net carrying amount	8,840,863	3,078,814	2,305,799	13,632,669	7,450,856	35,309,001
Variations 2021						
Acquisitions	1,107,421	2,556,166	272,304	1,264,354	1,068,982	6,269,227
Disposals	0	456,334	0	26,560	0	482,894
Depreciation	882,033	1,755,141	611,905	2,388,751	1,695,352	7,333,182
Reversals due to write-offs	0	456,334	1,030	400	276,127	178,777
Acquisition AXA Bank Belgium	47,956,235	1,500,833	242,227	721,152	0	50,420,447
Other	0	0	0	0	0	0
Closing balance 31 December 2021	**57,022,486**	**5,380,672**	**2,207,395**	**13,202,464**	**6,548,359**	**84,361,376**
Closing balance 31 December 2021						
Acquisition price	36,588,036	34,618,015	15,068,831	42,287,387	11,350,384	139,912,653
Acquisition AXA Bank Belgium	88,185,753	7,310,543	577,050	5,535,298	0	101,608,644
Accumulated depreciation	27,521,785	30,738,176	13,103,663	29,806,075	4,802,025	105,971,724
Acquisition AXA Bank Belgium	40,229,518	5,809,710	334,823	4,814,146	0	51,188,197
Total Net carrying amount	57,022,486	5,380,672	2,207,395	13,202,464	6,548,359	84,361,376

(in EUR)	2020					
	Owner-occupied land and building	IT equipment	Office equipment	Other equipment	IFRS 16	Total
Opening balance 1 January 2020						
Acquisition price	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
Total net carrying amount	8,980,260	2,065,896	2,743,612	4,996,778	16,041,020	34,827,566
Variations 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	308,762	0	8,675,569
Depreciation	910,614	1,669,784	686,557	1,660,759	9,511,053	14,438,767
Reversals due to write-offs	28,124	7,636,871	674,196	298,899	18,583	8,656,673
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 price	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
Total Net carrying amount	8,840,862	3,078,814	2,305,799	4,991,115	16,092,411	35,309,001

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 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. More details with regard to the various developments are described in item 4.9. (IFRS 16).

As can be seen from the table, there are no large changes in this section for Crelan.
The section increases due to the takeover of AXA Bank Belgium for an amount of EUR 50.4 million. Without taking the takeover into account, the section would have slightly dropped by EUR 1.4 million.

4.6. Goodwill and other intangible fixed assets

The mix of the goodwill and intangible fixed assets as on 31 December 2021 and 31 December 2020 is as follows:

(in EUR)	Goodwill	Internally developed software	Acquired software	Other intangible assets	Total
Opening balance 1 January 2021					
Acquisition price	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
Total net carrying amount	23,642,057	8,481,671	3,765,394	0	35,889,122
Variations 2021					
Additions					
- from separate acquisition/from internal development	0	7,274,687	1,229,086	0	8,503,773
- from business combinations	0	0	0	0	0
Disposals	0	12,827,702	0	0	12,827,702
Depreciation	0	2,408,702	1,466,606	0	3,875,308
Reversals due to write-offs	0	12,827,702	0	0	12,827,702
Acquisition AXA Bank Belgium	0	3,918,123	0	0	3,918,123
Other	0	0	0	0	0
Closing balance 31 décembre 2021	**23,642,057**	**17,265,779**	**3,527,874**	**0**	**44,435,710**

Closing balance 31 décembre 2021					
Acquisition price	23,642,057	21,529,099	37,665,845	0	82,837,001
Acquisition AXA Bank Belgium	0	5,859,998	161,457	0	6,021,455
Accumulated depreciation	0	8,181,443	34,137,971	0	42,319,414
Acquisition AXA BanK Belgium	0	1,941,875	161,457	0	2,103,332
Total Net carrying amount	23,642,057	17,265,779	3,527,874	0	44,435,710

(in EUR)	Goodwill	Internally developed software	Acquired software	Other intangible assets	Total
Opening balance 1 janvier 2020					
Acquisition price	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
Total net carrying amount	23,642,632	4,742,287	4,440,127	0	32,825,046
Variations 2020					
Additions					
- from separate acquisition/from internal development	0	5,646,080	1,142,392	0	6,788,472
- from business combinations	0	0	0	0	0
Disposals	575	0	3,970,806	1,143,487	5,114,868
Depreciation	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 décembre 2020	**23,642,057**	**8,481,671**	**3,765,394**	**0**	**35,889,122**

Closing balance 31 décembre 2020					
Acquisition price	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
Total Net carrying amount	23,642,057	8,481,671	3,765,394	0	35,889,122

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.

Currently, only the goodwill of EUR 23.6 million from the purchase of Europabank NV is included in this section. No impairment indicators were observed in 2021. The impairment test on Europabank was performed and resulted in no impairment.

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 2021 and 2020. Deferred tax assets and liabilities are allocated per legal entity of the Group.

(in EUR)	31/12/2021	31/12/2020
Current taxes		
Assets	540,800	1,348,915
Liabilities	25,138,732	1,848,559
Total current taxes	**-24,597,932**	**-499,644**
Deferred taxes		
Assets	48,314,548	43,081,792
Liabilities	26,424,444	8,729,190
Total deferred taxes	**21,890,104**	**34,352,602**

The table below gives the mix of deferred tax assets and liabilities on the balance sheet as on 31 December 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Recorded in the statement of financial position	**13,883,687**	**33,994,167**
Spread of commissions according to the effective interest rate	*-13,237,320*	*-14,615,332*
Impairments	*130,532*	*928,621*
Adjustment of investment portfolio	*741,717*	*866,416*
Derivatives and hedging transactions	*10,438,941*	*11,800,978*
Employee benefits	*2,008,651*	*2,045,869*
Depreciation of tangible and intangible fixed assets	*1,118*	*5,105*
Impairment losses on property, plant and equipment	*0*	*0*
Provisions	*3,896,453*	*3,364,888*
Impact of definitively taxed income (DTI)	*13,152,193*	*33,607,692*
Goodwill	*0*	*0*
Impact aquisition Centea	*-3,271,312*	*-4,020,926*
Other	*22,714*	*10,856*
Recognised in the revaluation reserves	**8,006,417**	**358,435**
Investment portfolio adjustment	*-1,002,136*	*-709,293*
Employee benefits	*-592,038*	*1,067,728*
Acquisition AXA Bank Belgium	*9,600,591*	*0*
Total deferred taxes	**21,890,104**	**34,352,602**

The accumulated tax allocations show a strong fluctuation when compared to last year. This is the result of the reversal of part of the dividend received deductions (DRDs). This does not comprise the deferred tax assets on transferred losses.

Since 2018, the conditions for the use of dividend received deductions and transferred losses has been tightened. As from then, only 70% of these tax deductions may be applied to an income of more than EUR 1 million. Accumulated tax allocations are only included if they can be settled with future profits.

The evolution of deferred tax assets and liabilities in 2021 and 2020 can be represented as follows:

(in EUR)	2021	2020
Opening balance	34,352,602	36,077,280
Recognised in result for the year	**-20,077,837**	**-2,140,823**
Spread of commissions according to the effective interest rate	*1,378,013*	*-484,554*
Impairments	*-798,088*	*-2,538,572*
Adjustment of investment portfolio	*-124,699*	*-233,451*
Derivatives and hedging transactions	*-1,362,037*	*-2,057,341*
Employee benefits	*-22,950*	*17,860*
Depreciation of tangible and intangible fixed assets	*-3,988*	*-4,212*
Impairment losses on property, plant and equipment	*0*	*0*
Provisions	*549,939*	*1,903,478*
Impact of definitively taxed income (DTI)	*-20,455,499*	*-193,772*
Goodwill	*0*	*0*
Follow-up to the acquisition of Centea	*749,614*	*1,445,482*
Other	*11,858*	*4,259*
CRI	*0*	*0*
Recognised in the revaluation reserves	**7,615,339**	**416,145**
Adjustment of investment portfolio	*-292,843*	*-1,489*
Employee benefits	*-1,692,409*	*417,634*
Other	*0*	*0*
Acquisition AXA Bank Belgium	*9,600,591*	*0*
Closing balance	**21,890,104**	**34,352,602**

On a global level, we see a decrease of EUR 12.46 million of our accumulated tax allocations. The strongest decrease can be found in the dividend received deduction section.

A deferred tax asset is only included if it is likely that the accumulated tax allocation asset will be compensated by future expected profits.

As on 31 December 2021 and 2020, the deferred tax assets below were not included on the balance sheet due to uncertainty about the future taxable profit:

	Consolidated (A + B)	AXA Bank Belgium (A)	Crelan (B)	Crelan
(in EUR)	31/12/2021			31/12/2020
Impairments	8,313,424	0	8,313,424	11,239,199
Provisions	0	0	0	0
Tax losses	13,135,689	0	13,135,689	13,135,689
Unrecognised impact of definitively taxed income (FDI)	23,725,910	0	23,725,910	704,510
Notional interest	0	0	0	0
Total Deferred tax assets not recognised in the balance sheet	**45,175,023**	**0**	**45,175,023**	**25,079,398**

4.8. Other assets and liabilities

The mix of the other assets on 31 December 2021 and 31 December 2020 is as follows:

(in EUR)	31/12/2021	31/12/2020
Employee benefits	775,234	0
Prepaid charges	4,365,779	1,628,527
Accrued income	23,460,598	9,780,704
Precious metals, goods and commodities	183,789	144,591
Other advances	8,613,765	1,818,733
Taxes to be recovered	0	0
Other	121,968,424	1,165,624
Total other assets	**159,367,589**	**14,538,179**

Refer to item 1.3. "Projected takeover of AXA Bank Belgium by Crelan Group" for more information about the EUR 122 million in "Other".

The mix of the other liabilities on 31 December 2021 and 31 December 2020 is as follows:

(in EUR)	31/12/2021	31/12/2020
Defined benefit plans	56,296,348	12,515,229
Other employee benefits	17,907,741	3,736,530
Social security charges	16,579,010	12,160,187
Accrued charges	36,334,292	29,093,021
Income received in advance	16,131,614	1,572
Tax liabilities	4,906,350	2,937,729
Other liabilities	54,700,257	45,196,919
Total Other liabilities	**202,855,611**	**105,641,187**

The total of other assets increased in 2021 by EUR 144.8 million mainly due to the takeover of AXA Bank Belgium. AXA Bank Belgium has an amount of EUR 136.8 million under other assets.

The total of other liabilities in 2021 increased by EUR 97.2 million.

Within the framework of the pension reform, the federal government decided in 2021 to increase the pay ceiling that is used for the calculation of the statutory pension. This has led to a decrease of the liability and pension costs for the defined retirement benefit plans within Crelan since the takeover of AXA Bank Belgium is not considered. The defined retirement benefit plans at AXA Bank Belgium amount to EUR 50.6 million.

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 (+/- 2.2%);
- Company vehicles: interest rate on a vehicle lease for 5 years (+/- 2.9%);
- Gelddistributeurs: interest rate on professional loans with a maturity of 7 years (+/- 3.3%).

During the course of 2021, the Crelan Group terminated all leases with the old Post X leased building.

Below we provide the details of the evolution of the right-of-use asset as on 31 December 2021:

	2021				
(in EUR)	Opening balance	Additions	Amortization	Impairment	Closing balance
Crelan	8,641,555	571,894	-2,025,782	0	7,187,667
Buildings	*3,126,036*	*0*	*-993,133*	*0*	*2,132,903*
Cars	*2,441,404*	*77,088*	*-421,994*	*0*	*2,096,498*
ATM	*3,074,115*	*494,806*	*-610,654*	*0*	*2,958,266*
Europabank	7,450,856	1,068,982	-1,695,352	-276,127	6,548,359
Buildings	*6,813,026*	*860,797*	*-1,298,660*	*-257,769*	*6,117,394*
Cars	*637,830*	*208,185*	*-396,692*	*-18,358*	*430,965*
ATM	*0*	*0*	*0*	*0*	*0*
CRI	0	0	0	0	0
Cars	0	0	0	0	0
Total	**16,092,411**	**1,640,876**	**-3,721,134**	**-276,127**	**13,736,026**

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	Amortization	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
Cars	*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
Cars	*732,465*	*300,982*	*-377,034*	*-18,583*	637,830
ATM	*0*	*0*	*0*	*0*	0
CRI	6,999	6,777	-13,776	0	0
Cars	*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 lease liabilities as on 31 December 2021:

	2021			
(in EUR)	Crelan	Europabank	CRI	Total
Opening balance	8,754,712	7,381,121	0	16,135,833
Additions	1,672,369	1,068,982	0	2,741,351
Withdrawals	0	-276,127	0	-276,127
Lease payments	-3,527,523	-1,803,083	0	-5,330,606
Interest	453,027	103,199	347	556,573
Closing balance	**7,352,585**	**6,474,092**	**347**	**13,827,024**

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
Withdrawals	-3,217,312	-18,583	0	-3,235,895
Lease payments	-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**

Impact on the result

The interest rate on the lease liability will be included as interest charges and therefore the financial costs increase. Based on IAS 17, 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 2021 and 31 December 2020:

(in EUR)	2021	2020
Depreciation on right of use	-3,721,134	-9,524,829
Interest on lease obligations	-556,574	-372,224
Lease payments	5,330,606	7,444,050
Difference in addition ROU and LL	-1,100,476	2,436,065
Total	**-47,578**	**-16,938**

Below we provide the details of the impact on cash flows on 31 December 2021 and 2020:

(in EUR)	2021	2020
Total outgoing leasing cash flows	-5,330,606	-4,226,738

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 -47,578 in 2021 (EUR -16,938 in 2020).

In the table below, we provide an overview of future minimum lease payments of AXA Bank Belgium.

(in EUR)	AXA Bank Belgium
For the lessee - residual maturity	
< 1 year	1,487,335
> 1 year ≤ 5 years	2,596,489
> 5 years	403,004
TOTAL NOMINAL AMOUNT	**4,486,828**
For the lessor - residual maturity	
< 1 year	2,143,888
> 1 year ≤ 5 years	8,490,260
> 5 years	4,556,777
TOTAL NOMINAL AMOUNT	**15,190,926**

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 measured 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 advances (including finance leases) to banks	38,479,574	-39,500,619	-1,021,045
Loans and advances (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 assets	470,620	0	470,620
Other assets	2,110,293	-139,999	1,970,294
Total assets	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	66,415,277	-40,328,070	26,087,207
Net carrying amount	**27,346,292**	**0**	**27,346,292**

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

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" to include the insurance activities within the scope of the Group.

4.10.2. Available for sale: Crelan Insurance NV result

The mix of the income statement on a "Stand-alone" basis of Crelan Insurance NV as on 31 December 2021 is the following:

Statement of realised and unrealised results		**31/12/2021**	
(in EUR)	**Crelan Insurance**	**Eliminations**	**Total**
Ordinary activities			
Financial and operating income and expenses	**21,165,882**	**-29,110,069**	**-7,944,187**
Interest income	840,216	-219,773	620,443
Interest expenses	-219,719	219,773	54
Dividends	0	0	0
Fee and commission income	2,572,916	-4,788,228	-2,215,312
Fee and commission expense	-10,298,115	4,761,136	-5,536,979
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)	212,471	0	212,471
Fair value adjustments in hedge accounting	0	0	0
Revaluation of exchange rate differences	0	0	0
Gains and losses on derecognition of assets other than held for sale	177	-27,832,177	-27,832,000
Other operating income	28,069,298	-1,250,800	26,818,498
Other operating expenses	-11,362	0	-11,362
Administrative expenses	**-5,114,843**	**1,277,892**	**-3,836,951**
Staff costs	-1,041,561	0	-1,041,561
General and administrative expenses	-4,073,282	1,277,892	-2,795,390
Cash contributions to resolution funds and deposit guarantee schemes	**-2,769**	**0**	**-2,769**
Amortisation	**10,513**	**0**	**10,513**
Property, plant and equipment	10,513	0	10,513
Intangible assets (other than goodwill)	0	0	0
Change in gains or (-) losses, net	**0**	**0**	**0**
Provisions	**-4,787,866**	**0**	**-4,787,866**
Impairment losses	**911**	**0**	**911**
Impairments on financial assets not measured at fair value through profit or loss	911	0	911
Financial assets measured at fair value through profit or loss (FVOCI)	*0*	*0*	*0*
Financial assets measured at amortised cost	*911*	*0*	*911*
Impairment losses on property, plant and equipment	0	0	0
Negative goodwill recognised immediately in profit or loss	**0**	**0**	**0**
Gains and losses on non-current assets or disposal groups classified as held	**0**	**0**	**0**
TOTAL PROFIT OR LOSS FROM ORDINARY ACTIVITIES BEFORE TAX AND MINORITY INTERESTS	11,271,828	-27,832,177	-16,560,349
Tax expense (income tax) associated with profit or loss from ordinary activities	-2,785,988	0	-2,785,988
NET PROFIT OR LOSS	**8,485,840**	**-27,832,177**	**-19,346,337**

In 2021, the capital gain on the sale of Crelan Insurance under IFRS amounts to EUR 46.7 million. This represents the difference between the amount of the shareholding held by Crelan and CrelanCo of EUR 5.5 million, to which we add the equity acquired (reserves and retained earnings) during its ownership, i.e. EUR 27.8 million, and the amount received by the buyer, i.e. EUR 80 million.

The mix of the income statement on a "Stand-alone" basis of Crelan Insurance NV as on 31 December 2020 was the following:

Statement of realised and unrealised results		**31/12/2020**	
(in EUR)	**Crelan Insurance**	**Eliminations**	**Total**
Ordinary 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 expenses	-79,065	90,893	11,828
Dividends	0	0	0
Fee and commission income	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
Revaluation of exchange rate differences	0	0	0
Gains and losses on derecognition of assets other than held for sale	0	0	0
Other operating income	25,314,968	-1,093,801	24,221,166
Other operating expenses	0	0	0
Administrative expenses	**-4,742,753**	**1,104,595**	**-3,638,157**
Staff costs	-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**
Amortisation	**7,843**	**0**	**7,843**
Property, plant and equipment	7,843	0	7,843
Intangible assets (other than goodwill)	0	0	0
Change in gains or (losses), net	**0**	**0**	**0**
Provisions	**-4,404,720**	**0**	**-4,404,720**
Impairment losses	**2,561**	**0**	**2,561**
Impairments on financial assets not measured at fair value through profit or loss	2,561	0	2,561
Financial assets measured at fair value through profit or loss (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 recognised immediately in profit or loss	**0**	**0**	**0**
Gains and losses on non-current assets or disposal groups classified as held	**0**	**0**	**0**
TOTAL PROFIT OR LOSS FROM ORDINARY ACTIVITIES BEFORE TAX AND MINORITY INTERESTS	8,384,993	0	8,384,993
Tax expense (income tax) associated with profit or loss from ordinary activities	-2,082,007	0	-2,082,007
NET PROFIT OR LOSS	**6,302,986**	**0**	**6,302,986**

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

The result of Crelan Insurance NV as on 31 December 2021 amounts to EUR 8.5 million, an increase of EUR 2.2 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 2020, the insurance activities led to stable revenue for the Group.

4.11. Financial liabilities

4.11.1. Financial liabilities measured at amortised cost

4.11.1.1. Deposits

The mix of the deposits on 31 December 2021 and 2020 is as follows:

(in EUR)	31/12/2021	31/12/2020
Deposits of credit institutions	1,449,406,652	417,217,715
- deposits of central banks	1,432,521,289	400,919,290
- sight deposits	2,331,520	3,455,726
- time deposits	14,553,843	12,842,699
Deposits (other than from credit institutions)	41,200,743,783	20,001,951,463
- deposits at sight	9,865,365,637	4,461,766,367
- time deposits	1,162,729,332	746,674,422
- savings deposits	29,884,471,667	14,649,517,796
- other deposits	288,177,147	143,992,878
Total deposits	**42,650,150,435**	**20,419,169,178**

(in EUR)	31/12/2021	31/12/2020
Guarantee deposits under the CSA	73,208,179	2,839,772

The deposits without taking into account the deposits that must be allocated to the integration of the figures of AXA Bank Belgium increase by EUR 1.14 billion.

This increase can mainly be ascribed to the deposits of clients on both current accounts, EUR +642.5 million, and saving accounts, EUR +855.2 million. On the other hand, time deposits are still dropping: EUR -118.8 million.

The low interest rates, after all, mean that time deposits, savings bonds (see item 4.11.1.2) and subordinated certificates are not reinvested (see item 4.11.1.3).

The deposits at financial institutions outside AXA Bank Belgium drop by EUR 261 million. This decrease is related to current deposits that are negative in relation to EUR 250.7 million. This refers to reverse repurchase agreements with AXA Bank Belgium that are eliminated in the consolidation as a result.

This amount can be found in the financial liabilities linked to the transferred financial assets (repurchase agreements) in the figures of AXA Bank Belgium.

To conclude, Crelan, excluding AXA Bank Belgium, has received securities for an amount of EUR 14.5 million in cash in relation to these derivative transactions.

Crelan does not have a repurchase agreement any more in accounting period 2021 if AXA Bank Belgium is not considered. 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:

31/12/2021 (in EUR)	*Financial assets held for trading*	*Debt securities at amortised cost*	*Loans and receivables*
Carrying amount of the assets transferred	0	1,898,605,545	0
Carrying amount of the associated liability for netti	0	1,748,430,003	0
Netting	0	-1,498,391,263	0
Carrying amount of the associated liability after net	0	250,038,740	0

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 corresponding liability	0	0	0

Refer to section 7.4 in relation to the maturity aspect of the financial liabilities measured at amortised cost.

4.11.1.2. Debts embodied in debt certificates including bonds and debentures

The debts embodied in debt certificates are made up as follows as on 31 December 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Savings bonds	558,141,280	682,504,692
Certificates of deposit	100,069,187	0
Cover Bonds	5,646,692,911	0
Credit Linked Notes	57,984,742	0
Total debt securities	**6,362,888,120**	**682,504,692**

Within the Group, savings bonds are only brought to market by Crelan. They also experienced a decrease in 2021: EUR -124.3 million. Due to the low interest rates, customers are no longer attracted by this product type.

The other debts that are represented by a security are products commercialised by AXA Bank Belgium.

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.

4.11.1.3. Subordinated liabilities

The subordinated liabilities only consist of subordinated certificates for customers and the issue of a security in relation to the takeover of AXA Bank Belgium to increase the Tier 2 capital of the bank. The remaining maturity as on 31 December 2021 and 2020 can be detailed as follows:

(in EUR)	31/12/2021	31/12/2020
Maturity		
Current year	0	0
Current year +1	17,460,726	50,274,290
Current year +2	3,861,334	17,415,246
Current year +3	5,646,606	3,851,556
Current year +4	0	5,631,614
Beyond current year +4	199,347,416	0
Total subordinated debt	**226,316,082**	**77,172,706**

The subordinated debts increased by EUR 149.1 million. This increase is the result of the issue of a subordinated security for EUR 200 million in relation to the takeover of AXA Bank Belgium. While the part that is related to the subordinated certificates intended for customers decreases further by EUR -44.6 million. The same reason applies to this as specified in the previous item (4.11.1.2.). 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.

4.11.1.4. Other financial liabilities

The other financial liabilities can be detailed as follows:

(in EUR)	31/12/2021	31/12/2020
IFRS16	13,814,476	16,135,834
Suspense accounts	283,901,217	96,900,827
Total other financial liabilities	**297,715,693**	**113,036,661**

The other liabilities mainly consist of suspense accounts that are used for incoming and outgoing payments of customers.

Without taking the figures of AXA Bank Belgium into account, the variation is not significant: going from EUR 96.9 million in 2020 to EUR 93.9 million in 2021.

4.11.1.5. 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 2021 accounting period 2021, this amounts to approximately EUR 2 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 2 million was recorded as interest revenue.

4.11.2. Financial liabilities measured at fair value with processing of value changes in the profit and loss account

The European Medium Term Notes (EMTM) of AXA Bank Belgium are included in this section. They are issued by AXA Belgium Finance, a subsidiary of AXA Bank Belgium, with the exception of 1 issued directly by the bank itself. AXA Bank Belgium has opted for the option to indicate EMTNs measured at fair value with the processing of value changes in profit or loss and has therefore included these issues on the balance sheet for their fair value. The debit valuation adjustments (DVAs) were also included in the parts of the total result (OCI) as from the 2017 accounting period. The OCI reserve was amortised on the closing date when IFRS 3 was applied.

4.12. Provisions

The provisions can be detailed as follows per type for 2021 and 2020:

31/12/2021 (in EUR)	**Reorganisation**	**Outstanding litigation and tax litigation**	**Other provisions**	**Total**
Opening balance	7,363,190	7,148,331	2,009,759	16,521,280
Additions	0	138,241	32,678	170,919
Amounts used	-856,339	-133,426	0	-989,765
Unused amounts reversed during the year	0	-742,950	-1,065,902	-1,808,852
Reclassification as held for sale	0	0	0	0
Acquisition AXA Bank Belgium	0	16,975,651	151,007,501	167,983,152
Other movements	0	0	0	0
Closing balance	**6,506,851**	**23,385,847**	**151,984,036**	**181,876,734**

31/12/2020 (in EUR)	**Reorganisation**	**Outstanding litigation and tax litigation**	**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 year	0	-424,134	0	-424,134
Reclassification as held for sale	0	0	0	0
Other movements	0	0	0	0
Closing balance	**7,363,190**	**7,148,331**	**2,009,759**	**16,521,280**

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 7.4 million at the end of 2020. In 2021, the use of the provisions was included for an amount of EUR 0.9 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 -0.74 million refers to both new and existing files. Most of these cases mainly refer to legal disputes with agents, the retraction in 2021 of the provision for the tax risk of EUR 0.1 million that was started in 2020.

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 IFRS 9 since 2018.

To conclude, the technical provision for the insurance activity since 2019 is no longer included separately in the statements but, for 2020, on the "Liabilities held for the sale and terminated corporate activities " line. In 2021, the insurance company was sold. The balance at the end of 2020 can be found in item 4.10. The provisions of Crelan Insurance NV amount to EUR 66.5 million what represents a variation of approximately EUR +3.7 million when compared with 2020.

4.13. Employee benefits

4.13.1. Crelan (and Europabank) employee benefits

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 Crédit Agricole and Centea. Europabank NV has set up a Belgium defined benefit plan.

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 risk and inflation risk.

The Group has four "defined benefit plans, one for previous Crédit Agricole 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 Crédit Agricole 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. 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"[3] 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[4] 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.

[3] 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.

[4] 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)	31/12/2021		31/12/2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Opening balance	69,274,876	83,482,710	71,269,078	82,124,832
Current service cost	2,659,836	3,165,095	2,653,723	3,197,469
Financial cost	276,937	440,942	451,058	649,077
Plan participants' contributions	166,350	887,823	169,527	867,623
Income tax	-362,243	-371,079	-377,442	-349,984
Actuarial differences - experience adjustments	-19,874	0	-140,918	0
Actuarial differences - demographic assumptions	0	0	71,981	0
Actuarial differences - financial assumptions	-7,229,977	-3,340,068	1,941,971	1,596,665
Benefits paid	-2,326,214	-3,926,576	-6,764,103	-4,602,973
Current service cost - reductions	0	0	0	0
Termination benefits	0	0	0	0
Reclassifications from defined contribution plans	0	0	0	0
Closing balance	**62,439,691**	**80,338,847**	**69,274,875**	**83,482,709**

Within the framework of the pension reform, the federal government decided in 2021 to increase the pay ceiling that is used for the calculation of the statutory pension. This has led to a decrease of the liability and pension costs for the defined retirement benefit plans.

The higher paid benefits of 2020 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)	31/12/2021		31/12/2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Active employees	52,643,076	66,907,255	58,318,863	69,286,278
Ex-employees	9,283,868	13,204,548	9,742,908	13,977,059
Beneficiaries	8,026	0	8,787	0
Taxes	504,720	227,040	1,204,318	219,373
Balance	**62,439,690**	**80,338,843**	**69,274,876**	**83,482,710**

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)	31/12/2021		31/12/2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Opening balance	58,694,253	81,608,941	62,354,820	80,356,530
Interest income on plan assets	231,404	439,960	393,154	649,012
Return on plan assets above/(below) discount rate	-705,827	-3,114,459	-217,948	1,987,255
Employer contributions	3,014,782	2,874,966	3,136,245	2,701,478
Contributions from plan members	166,350	887,823	169,527	867,623
Benefits paid	-2,326,215	-3,926,578	-6,764,104	-4,602,974
Taxes	-362,243	-371,079	-377,442	-349,984
Reclassifications from defined contribution plans	0	0	0	0
Closing balance	**58,712,504**	**78,399,574**	**58,694,252**	**81,608,940**

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)	31/12/2021		31/12/2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Gross liability for defined benefit plans	62,439,691	80,338,846	69,274,876	83,482,710
Fair value of plan assets	-58,712,503	-78,399,574	-58,694,253	-81,608,941
Net liability for defined benefit plans	**3,727,188**	**1,939,272**	**10,580,623**	**1,873,769**
Amounts recognised in the balance sheet				
Liabilities for firm commitment plans	3,727,187	1,939,272	10,580,623	1,873,769
Assets for defined benefit plans	0	0	0	0
Net liability for defined benefit plans	**3,727,187**	**1,939,272**	**10,580,623**	**1,873,769**

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

(in EUR)	31/12/2021		31/12/2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Current service cost	2,659,836	3,165,095	2,653,723	3,197,469
Interest cost	276,937	440,942	451,058	649,077
Prior period service cost - reductions	0	0	0	0
Termination benefit	0	0	0	0
Interest income on plan assets	-231,404	-439,960	-393,154	-649,012
Total expense recognised in profit or loss	**2,705,369**	**3,166,077**	**2,711,627**	**3,197,535**
Revaluation reserves recognised in equity	-6,544,024	-225,609	2,090,981	-390,591
Total expense recognised in other comprehensive income	**-3,838,655**	**2,940,468**	**4,802,609**	**2,806,944**

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

	2021		2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Discount rate	0,80% - 1,09%	0,78% - 1,19%	0,33% - 0,68%	0,31% - 0,82%
Expected salary increases in percent	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:

	2021		2020	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Discount rate	0,33%- 0,68%	0,78% - 1,19%	0,59%- 0,96%	0,31% - 0,82%
Expected salary increases in percent	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 2022 for the defined retirement benefit plans and the Belgian defined benefit plans of the Group are shown in the table below:

(in EUR)	31/12/2022	
	Defined benefit pension schemes	Ex-defined contribution pension schemes
Employer contributions to the plan assets (including taxes)	2,713,965	2,634,631
Plan members contributions	171,007	874,896
Benefits paid	3,272,728	1,902,373
Benefits paid by employer	1,530	0
Taxes	372,685	0
	6,531,915	5,411,900

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)	31/12/2021 Defined benefit pension schemes
Gross liabilities at the end of the period based on previous year's assumptions	
a. Gross liabilities - Nominal value	69,669,667
Sensitivity to discount rates	
a. Original assumption	1.89%
b. Gross liabilities	62,439,690
a. Assumption - Variation 1	2.89%
b. Gross liabilities - Nominal value	59,599,159
a. Assumption - Variation 2	0.89%
b. Gross liabilities - Nominal value	65,378,343
Sensitivity of planned salary increases in percent	
a. Original assumption	5.60%
b. Gross liabilities	62,439,690
a. Assumption - Variation 1	6.60%
b. Gross liabilities - Nominal value	66,253,122
a. Assumption - Variation 2	4.60%
b. Gross Liabilities - Nominal Value	59,210,558
Mortality rate sensitivity	
a. Original assumption	MR/FR-3
b. Gross Liabilities	62,439,690
a. Assumption - Variation 1	MR/FR
b. Gross liabilities - Nominal value	62,222,129
Sensitivity of expected inflation	
a. Original assumption	3.60%
b. Gross liabilities	62,439,690
a. Assumption - Variation 1	4.60%
b. Gross liabilities - Nominal value	64,491,737
a. Assumption - Variation 2	2.60%
b. Gross liabilities - Nominal value	60,385,050

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)	31/12/2021 Ex-defined contribution pension schemes
Discount rate +50bp	
Gross liability	75,685,605
Plan assets	73,904,108
Discount rate -50bp	
Gross liability	85,433,982
Plan assets	83,317,108
Discount rate +25bp	
Gross liability	77,960,108
Plan assets	76,102,026
Discount rate -25bp	
Gross liability	82,827,915
Plan assets	80,802,501

4.13.2. AXA Bank Belgium employee benefits

Since 31 December 2021, AXA Bank Belgium is a part of the Crelan Group.

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

(in EUR)	31/12/2021 Defined benefit pension schemes
Opening balance	177,945,595
Pension costs	5,914,465
Interest on actuarial debt	358,048
Employee contributions	329,103
Actuarial gains (losses) due to experience-based changes	2,373,000
Actuarial gains and losses due to changes in demographic assumptions	0
Actuarial gains and losses due to changes in financial assumptions	-5,593,412
Benefits paid	-10,203,566
Benefits paid directly by the employer	-127,051
Closing balance	**170,996,182**

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

(in EUR)	31/12/2021 Defined benefit pension schemes
Opening balance	112,073,159
Implied return on individual assets	221,753
Actual return on individual assets, excluding implicit return on individual assets	19,737,406
Employer contributions	7,608,481
Employee contributions	329,103
Benefits paid	-10,330,617
Closing balance	**129,639,285**

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)	31/12/2021 Defined benefit pension schemes
Net position (excluding individual assets)	-170,995,714
Fair value of individual assets at end of period	129,639,284
Net economic financing (including individual assets)	**-41,356,430**

At AXA Bank Belgium, the retirement benefit plans decrease under the retirement benefit plans of the defined pensions type.

The amount that is included as a net liability due to defined benefit entitlements consists of the net total of the following amounts:

- The cash value of the gross liability from defined retirement benefit entitlements on the balance sheet date where use is made of the projected unit credit method;
- Reduced by the fair value on the balance sheet date of any fund investments based on which the liabilities must be settled directly.

The aforementioned fund investments may concern either assets or insurance contracts.

The assumptions and assessments are regularly reviewed and adjusted.

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 Crelan 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.

The actual effectiveness of the hedging transactions is determined on a monthly basis. 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) hedging instrument(s) and the hedged position(s) must decrease within a scope of 80-125 percent. If this is not the case, the hedging relationship is terminated. This monthly effectiveness test is also intended to trace possible over-hedging in future time buckets. When this is the case, specific derivatives from the hedging relationship are removed to reduce the observed over-hedging.

The table below shows the fair value of the current hedging assets that were held on 31 December 2021 and 2020:

(in EUR)	31/12/2021 Notional	Carrying amount Assets	Carrying amount Liabilities
Fair value hedge Crelan (macro-hedging)	10,636,729,756	15,860,379	34,116,941
Fair value hedge AXA Bank Belgium (macro-hedging)	19,252,465,550	992,097	4,031,688
Fair value hedge AXA Bank Belgium (micro-hedging)	5,736,000,000	217,543	15,492,139
Total derivatives used for hedging purposes	**35,625,195,306**	**17,070,019**	**53,640,768**

(in EUR)	31/12/2020 Notional	Carrying amount Assets	Carrying amount Liabilities
Fair value hedging (macro-hedging)	9,209,045,929	2,877,569	46,263,230
Fair value hedging (micro-hedging)	0	0	0
Total derivatives used for hedging purposes	**9,209,045,929**	**2,877,569**	**46,263,230**

The following table provides an overview of the book value of the hedged items for 2021 and 2020:

31/12/2021 (in EUR)	Carrying amount Assets Crelan	Carrying amount Assets AXA Bank Belgium	Carrying amount Liabilities Crelan	Carrying amount Liabilities AXA Bank Belgium	Basis Adjustment Crelan	Basis Adjustment AXA Bank Belgium
Carrying amount of the hedged item						
of which loans to customers at amortised cost	-454,755,880	19,252,465,550	0	0	-3,145,929	0
of which debt securities at amortised cost ASSETS	-11,184,783	83,071,637	0	0	-43,558	28,378,626
of which debt securities OCI ASSETS	0	405,100,117	0	0	0	5,601,081
of which debt securities at amortised cost LIABILITIES	0	0	7,350,212	5,534,460,823	3,139	4,223,174
Total	**-465,940,663**	**19,740,637,304**	**7,350,212**	**5,534,460,823**	**-3,186,348**	**38,202,881**

31/12/2020 (in EUR)	Carrying amount Assets	Carrying amount Liabilities	Basis Adjustment
Carrying amount of the hedged item			
of which loans to customers at amortised cost	-707,534,893	0	-4,086,969
of which debt securities at amortised cost ASSETS	-15,764,871	0	-45,315
of which debt securities at amortised cost LIABILITIES	0	13,958,396	-8,517
Total	**-723,299,764**	**13,958,396**	**-4,140,801**

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 delta between the used benchmarks, the hedging instrument and the hedged position.

Below a table is provided with the maturities in relation to hedge accounting (excluding AXA Bank Belgium):

(in EUR)	<=3 months	>3 months <=1 year	>1 year <=5 years	>5 years <=10 years	>10 years	Total
31 december 2021						
Fair Value hedges - macro						
Payers - Interest rate	-5,555	-7,900	-125,302	-221,413	-141,728	-501,899
Receivers - Interest rate	0	1,755	7,698	-100	0	9,354
31 december 2020						
Fair Value hedges - macro						
Payers - Interest rate	-2,338	-3,495	-146,157	-324,276	-293,723	-769,990
Receivers - Interest rate	0	791	10,665	5,130	-5	16,581

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:

	31/12/2021			
(in EUR)	Gains Crelan	Losses Crelan	AXA Bank Belgium	AXA Bank Belgium
Fair value hedge of an individual asset or liability				
- changes in the fair value of the hedged item	0	0	0	0
- changes in fair value of hedging derivatives	0	0	0	0
Fair value hedge of a portfolio interest rate risk				
- changes in the fair value of the hedged item	0	-255,513,005	0	0
- changes in the fair value of hedging derivatives	256,377,174	0	0	0
- amortisation and other value adjustments	487,140	0	0	0
Total gains and losses	**256,864,314**	**-255,513,005**	**0**	**0**
Net result of administrative treatment of hedging transactions	**1,351,309**		**0**	

	31/12/2020	
(in EUR)	Gains	Losses
Fair value hedge of an individual asset or liability		
- changes in the fair value of the hedged item	0	0
- changes in fair value of hedging derivatives	0	0
Fair value hedge of a portfolio interest rate risk		
- changes in the fair value of the hedged item	93,263,203	0
- changes in fair value of hedging derivatives	0	-89,915,092
- amortisation and other value adjustments	2,260,113	0
Total profit and loss	**95,523,316**	**-89,915,092**
Net result of administrative treatment of hedging transactions	**5,608,224**	

The total result impact as on 31 December 2021 amounts to EUR 1.35 million (2020: EUR 5.6 million).

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 2021 and 2020 and therefore consists only of derivatives for which no hedging could be documented in accordance with IFRS rules:

(in EUR)	31/12/2021			31/12/2020
	Consolidated (A + B)	AXA Bank Belgium	Crelan (B)	Crelan
Assets				
Derivatives held for trading	45,800,326	45,583,545	216,781	39,459
Debt securities	408,825	408,825	0	0
Total assets held for trading	**46,209,151**	**45,992,370**	**216,781**	**39,459**
Liabilities				
Derivatives held for trading	44,398,252	42,831,161	1,567,091	1,393,873
Debt securities	0	0	0	0
Total liabilities held for trading	**44,398,252**	**42,831,161**	**1,567,091**	**1,393,873**

The table below shows the mix of derivatives held for commercial purposes on 31 December 2021 and 2020.

(in EUR)	31/12/2021		
	Notional	Carrying amount	
		Assets	Liabilities
Crelan interest instruments			
- IRS (interest rate swap contract)	77,000,000	0	1,359,972
- Caps	425,668,124	216,781	207,119
- Swaptions	0	0	0
Interest rate instruments AXA Bank Belgium			
- IRS (interest rate swap contract)	4,215,800,000	5,894,424	36,154,327
- Caps	7,111,441,329	6,219,257	70,609
- Swaptions	39,700,000	0	0
Equity instruments AXA Bank Belgium			
- Equity forwards	13,205,500	0	0
- Other	448,785,675	32,655,322	3,105,995
Foreign exchange instruments AXA Bank Belgium			
- Currency swaps	210,753,701	255,916	740,693
- Forward exchange transactions	99,868,769	558,626	2,759,538
Total derivatives held for trading	**12,642,223,098**	**45,800,326**	**44,398,253**
	31/12/2020		
	Notional	Carrying amount	
		Assets	Liabilities
Interest rate instruments			
- IRS (interest rate swap contract)	77,000,000	0	1,357,324
- Caps	640,816,014	39,459	36,548
- Swaptions	0	0	0
Total derivatives held for trading	**717,816,014**	**39,459**	**1,393,872**

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)	31/12/2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables	45,726,698,487	45,978,114,111	0	0	45,978,114,111
Interbank loans Crelan	*323,287,220*	*323,287,220*	*0*	*0*	*323,287,220*
Interbank loans AXA Bank Belgium	*124,713,247*	*124,713,247*	*0*	*0*	*124,713,247*
Home loans Crelan	*12,436,527,948*	*12,617,185,009*	*0*	*0*	*12,617,185,009*
Home loans AXA Bank Belgium	*23,295,169,466*	*23,295,169,466*	*0*	*0*	*23,295,169,466*
Retail loans	*842,107,316*	*840,580,535*	*0*	*0*	*840,580,535*
Agricultural loans	*2,042,595,053*	*2,088,006,474*	*0*	*0*	*2,088,006,474*
Corporate loans	*2,095,229,201*	*2,126,237,244*	*0*	*0*	*2,126,237,244*
Instalment loans Crelan	*699,253,056*	*697,839,401*	*0*	*0*	*697,839,401*
Instalment loans AXA Bank Belgium	*870,599,218*	*870,599,218*	*0*	*0*	*870,599,218*
Deposited cash collateral	*156,322,193*	*156,322,193*	*0*	*0*	*156,322,193*
Term loans AXA Bank Belgium	*2,317,025,731*	*2,317,025,731*	*0*	*0*	*2,317,025,731*
Other loans and advances Crelan	*372,542,659*	*369,822,195*	*0*	*0*	*369,822,195*
Other loans and advances AXA Bank Belgium	*151,326,179*	*151,326,179*	*0*	*0*	*151,326,179*
Securities	1,021,065,405	1,054,543,658	927,298,179	127,245,479	0
At amortised cost Crelan	*937,993,768*	*971,472,021*	*844,226,542*	*127,245,479*	*0*
At amortised cost AXA Bank Belgium	*83,071,637*	*83,071,637*	*83,071,637*	*0*	*0*
Liabilities					
Deposits Crelan	21,811,466,252	21,829,789,002	0	20,081,197,554	1,748,591,449
Deposits AXA Bank Belgium	20,838,684,184	20,838,684,184	0	0	20,838,684,184
Debt securities Crelan	558,141,280	564,583,604	0	0	564,583,604
Debt securities AXA Bank Belgium	5,804,746,840	5,804,746,840	0	5,704,677,653	100,069,187
Subordinated liabilities Crelan	226,316,082	226,618,954	0	0	226,618,954
Subordinated liabilities AXA Bank	0	0	0	0	0

(in EUR)	31/12/2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables	17,776,490,182	18,314,260,867	0	0	18,314,260,867
Interbank loans	*92,755,252*	*92,803,350*	*0*	*0*	*92,803,350*
Home loans	*11,764,827,942*	*12,145,547,486*	*0*	*0*	*12,145,547,486*
Retail loans	*801,611,556*	*807,705,866*	*0*	*0*	*807,705,866*
Agricultural loans	*2,011,089,119*	*2,097,733,612*	*0*	*0*	*2,097,733,612*
Corporate loans	*1,965,539,698*	*2,030,037,895*	*0*	*0*	*2,030,037,895*
Instalment loans	*664,215,798*	*666,121,541*	*0*	*0*	*666,121,541*
Cash collateral deposited	*141,945,529*	*141,945,529*	*0*	*0*	*141,945,529*
Other loans and advances	*334,505,288*	*332,365,588*	*0*	*0*	*332,365,588*
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
Debt securities	682,504,692	695,294,332	0	0	695,294,332
Subordinated liabilities	77,172,706	78,598,965	0	0	78,598,965

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 2021 and in 2020, 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 2021				
	Total	**Level 1**	**Level 2**	**Level 3**
At fair value with changes in value recognised in the income statement				
Loans				
TOTAL				
Held for trading				
Debt securities	408,825	0	0	408,825
Derivatives	45,800,326	0	16,694,021	29,106,305
Other	0	0	0	0
TOTAL	**46,209,151**	**0**	**16,694,021**	**29,515,130**
At fair value through OCI				
Debt securities	405,100,117	405,100,117	0	0
Funds	0	0	0	0
Other	12,450,143	88,734	60,664	12,300,746
TOTAL	**417,550,260**	**405,188,851**	**60,664**	**12,300,746**
At fair value through profit or loss				
Debt securities	5,236,444	0	0	5,236,444
Funds	1,581,481	1,581,481	0	0
Other	0	0	0	0
TOTAL	**6,817,925**	**1,581,481**	**0**	**5,236,444**
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	820,462	0	820,462	0
Swaptions	13,265,121	0	13,265,121	0
Caps	2,984,436	0	2,984,436	0
TOTAL	**17,070,019**	**0**	**17,070,019**	**0**
Held for sale				
Land and buildings	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

Fair value of financial liabilities 2021				
	Total	Level 1	Level 2	Level 3
Held for trading				
Debt securities	0	0	0	0
Derivatives	44,398,252	0	43,034,732	1,363,521
Other	0	0	0	0
TOTAL	**44,398,252**	**0**	**43,034,732**	**1,363,521**
At fair value through profit or loss				
Debt securities	742,648,663	0	328,328,371	414,320,292
Hedging derivatives				
Interest Rate Swaps	53,640,768	0	53,640,768	0
Swaptions	0	0	0	0
Caps	0	0	0	0
TOTAL	**53,640,768**	**0**	**53,640,768**	**0**

Fair value of financial liabilities 2020				
	Total	Level 1	Level 2	Level 3
At fair value with changes in value recognised in the income statement				
Loans				
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 or 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**

The tables for 2021 contain the figures including AXA Bank Belgium that was incorporated at the end of 2021 into the Crelan Group. The notes are drawn up based on those for the Crelan Group excluding AXA Bank Belgium and with specific notes about the methodology used in relation to AXA Bank Belgium.

Crelan Group excl. AXA Bank Belgium

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, 5 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 2021, the measurement at fair value of interest rate swaps is 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 2021, we measured a spread VaR of EUR 18.3 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.

Finally, there are the investments in the private equity portfolio and those classified under fair value through OCI amounting to EUR 12.3 million (level 3).

For the assumptions that are used for the calculations of Level 3, no tangible adjustments were implemented in 2021 in addition to the normal market value-adjustments.

In 2021, there were no significant transfers of financial assets or liabilities between the various levels.

The table below shows the evolution of Level 3 in 2021:

31/12/2021	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	9,669,787	0	5,333,234	0
Results						
via achieved results	0	0	0	0	0	0
via unrealized results	0	0	1,171,367	0	0	0
Purchases	0	0	93,207,938	0	-96,790	0
Sales	0	0	-1,797,731	0	0	0
Final maturity date	0	0	0	0	0	0
Transfers in/out Level 3	0	0	0	0	0	0
Acquisition AXA Bank Belgium	408,825	29,106,305	0	49,385	0	0
Closing balance	**408,825**	**29,106,305**	**102,251,360**	**49,385**	**5,236,444**	**0**

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						
via achieved results	0	0	0	0	0	0
via unrealized results	0	0	5,955	0	-96,558	0
Purchases	0	0	958,141	0	0	0
Sales	0	0	0	0	0	0
Final maturity date	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**

AXA Bank Belgium:

Fair value of retail activities:

For short-term assets and liabilities or those that are immediately repayable, AXA Bank Belgium uses the book value as the best approach.

The fair value of the other retail products is calculated in a number of steps:

- The future cash flows are calculated based on the product characteristics (interest rate of the customer, payment frequency, end date, etc.);
- The capital to be repaid, the interests, early repayments and reinvestment benefit related to this are taken into account in cash flows of the assets;
- For assets, the cash flows are subsequently adjusted to take the following into account:
  - Conditional early repayments per interest bucket per loan type on a loan per loan basis;
  - Caps and floors that are entailed in the variable housing loans;
  - Expected asset losses.
- To conclude, the (adjusted) cash flows are discounted based on the overnight index swap (OIS) curve increased by a liquidity spread and a spread that covers other (administrative) costs.

Fair value of financing activities (treasury):

The financial instruments are classified into 3 categories.

The first category consists of the financial instruments regarding which fair value level 1 is determined based on market prices in an active market.

The determination of the existence of an active market is usually unequivocal with market information being available to the public and investors. There is no derived description of a minimum threshold of the activity that represents "regularly occurring market transaction" and therefore the level of the actual transactions must be assessed while taking the frequency and volume into account. A low transaction volume, nevertheless, still represents a price if it has been determined in a normal economic environment objectively. The transaction amounts are important indicators of the fair value.

If the market for a specific instrument is not active or if the market prices are not available or only not available regularly, use is made of the measurement at fair value techniques based on the updated value of future cash flows or based on option models. These measurement at fair value techniques use market data such as interest rate curves, dividend yield, index levels and volatility data. AXA Bank Belgium uses information from Bloomberg, Markit or as supplied by reliable brokers. These prices are subsequently validated internally or the instruments are measured at fair value based on the internal measurement at fair value techniques.

The use of observable input parameters leads to a fair value level 2 while the use of non-observable input leads to a fair value level 3 unless their impact is not significant. Observable inputs are developed by using market data such as publicly available information about factual events or transactions that reflect the assumptions that market participants would use when determining the price of the instrument.
The importance of non-observable parameters is assessed (1) on the level of each individual financial instrument and (2) entirely.

1. The specific impact of non-observable parameters on the fair value of each financial instrument is assessed as long as the mark-to-market thereof exceeds 0.05% of the total balance sheet. They are regarded as having more than an unimportant impact when they influence the fair value of a financial instrument by 30% or more. If AXA Bank Belgium cannot measure using reasonable efforts of the specific impact of the non-observable parameters on the fair value of the instrument, the instrument will be automatically catalogued as being level 3.

2. An audit is performed on the total level to see whether the global value of all financial instruments regarding which the fair value is calculated using non-observable parameters and that are not catalogued under level 3 does not exceed 2% of the total balance sheet.

AXA Bank Belgium uses a decision tree where the allocated levels per class of financial instrument is shown. A specific committee ensures a regular review of at least once a year of this decision tree so that it is accurate and all-encompassing. The special committee at least consists of the managers of the account policy rules (including CTFM) and the middle office that represents the company.

If there is disagreement on the level of this specific committee about the fair value classification, the issue will be transferred to the CFO of AXA Bank Belgium for a decision about the level classification.

The second category includes the following elements:

Assets

Receivables on other bankers
Receivables on other bankers include interbank deposits and reverse repurchase agreements.
The assessed fair value is based on discounted cash flows based on the current market conditions.

Financial assets held for commercial purposes & derivatives used for hedging
Derivatives that have a hedging strategy as the objective and that depend on the observance of the IAS 39 conditions for the application of hedge accounting are included in one or both sections. Their fair value represents the discounted amount of the assessed future cash flows regarding which the most important parameters are observable market data such as the market interest rate, exchange rates or the price of underlying assets.

Liabilities

Deposits and borrowing
The assessed fair value of fixed rate deposits, repurchase transactions and other fixed rate borrowing without a quoted market price is based on discounted cash flows based on the current market conditions.

Issued debt instruments
For the issued deposit certificates, a discounted cash flow model is used based on a current return curve that applies to the remaining maturity of the instrument until the maturity date.

Financial liabilities held for commercial purposes & derivatives sued for hedging
This concerns the same type of derivative transactions as included in the financial assets held for commercial purposes & derivatives used for hedging.

The third category includes the following elements:

Assets

Loans and receivables on customers
These loans and receivables are included for their net book value after impairment. The assessed fair value of loans and receivables represents the discounted amount of the future expected cash flows. These expected cash flows are discounted in accordance with the current market conditions to thus determine the fair value.

Financial assets measured at fair value while using the fair value with processing of value adjustments in the other components of the total result (OCI)
Shares that are included for their purchase price as the best assessment of their market value.

Derivative transactions also decrease under this that have been carried out in relation to EMTN issues. The fair value of these derivatives is determined based on the "discounted cash flow" method where, in particular, use is made of volatilities based on historic data and, if applicable, based on benchmark indices such as, for example, Eurostoxx 50.

Liabilities

Financial liabilities held for commercial purposes
This concerns the same type of derivative transactions as included under the financial assets held for commercial purposes.

Financial liabilities specified as measured at fair value using the fair value with processing of value adjustment in profit or loss.
Issued EMTNs; as happens in relation to the derivatives, the fair value of this is determined based on the "discounted cash flow" method where volatilities based on historic data are used as non-observable inputs, in this case, based on benchmarks such as, for example, the Eurostoxx 50. An increase or decrease of 10% of the growth rate would lead within this context to an increase or decrease of the fair value by EUR 7 million (2020: EUR 13.5 million). This also applies to derivative transactions since they reflect the benefit structure included in the EMTNs.

The financial liabilities for cost regarding which the fair value was calculated concern the covered bonds regarding which the fair value is based on either information drawn up by more than 20 market participants or can be obtained via Bloomberg.

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 the offsetting to the balance sheet for the derivatives cleared via LCH.

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. 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.

The impact of the takeover of AXA Bank Belgium mainly explains the increase of the gross and net amounts for the derivatives in the 2021 accounting period.

31/12/2021 (in EUR)	Gross amounts recognised before any offsetting effects	Gross amounts effectively offset in the accounts	Net amounts presented in the summary statements	Other conditionally offset amounts: Gross amounts of financial assets/liabilities under master netting agreement	Other conditionally offset amounts: Amounts of other financial instruments received as collateral, including security deposit	Net amount after all offsetting effects
Financial assets						
Derivatives	466,568,146	403,697,801	62,870,345	17,392,732	42,719,203	2,758,410
- Trading	218,587,421	172,787,095	45,800,326	16,848,045	27,834,170	1,118,111
- Hedging	247,980,725	230,910,706	17,070,019	544,687	14,885,033	1,640,299
Repo's & reverse repo's	1,498,428,990	1,498,391,263	37,728	0	0	37,728
Total assets	**1,964,997,136**	**1,902,089,064**	**62,908,073**	**17,392,732**	**42,719,203**	**2,796,138**
Financial liabilities						
Derivatives	1,521,858,864	1,423,819,844	98,039,020	17,392,732	77,149,662	3,496,627
- Trading	153,428,567	109,030,315	44,398,252	12,423,124	31,703,508	271,621
- Hedging	1,368,430,297	1,314,789,529	53,640,768	4,969,608	45,446,154	3,225,006
Repo's & reverse repo's	1,498,391,263	1,498,391,263	0	0	0	0
Total liabilities	**3,020,250,127**	**2,922,211,107**	**98,039,020**	**17,392,732**	**77,149,662**	**3,496,627**

31/12/2020 (in EUR)	Gross amounts recognised before any offsetting effects	Gross amounts effectively offset in the accounts	Net amounts presented in the summary statements	Other conditionally offset amounts: Gross amounts of financial assets/liabilities under master netting agreement	Other conditionally offset amounts: Amounts of other financial instruments received as collateral, including security deposit	Net amount after all offsetting effects
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 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 liabilities	**793,555,147**	**745,898,044**	**47,657,103**	**36,549**	**47,400,702**	**219,852**

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 2021 and 2020 is as follows:

(in EUR)	31/12/2021	31/12/2020
Capital	895,456,452	896,520,856
Other equity instruments issued	244,400,438	0
Revaluation reserve: Changes in fair value of debt instruments measured at fair value through profit or loss	3,006,407	2,127,880
Actuarial gains / losses on pension plans	1,649,188	-3,428,037
Reserves	389,160,641	366,836,881
Net profit for the year	660,346,065	49,405,954
Minority interests	0	0
Total equity	**2,194,019,191**	**1,311,463,534**

The capital has decreased by EUR 1 million as a result of a temporary suspension of the sale of no-par value shares in 2021. The reserves have increased by EUR 22 million (appropriation of the 2020 result after deduction of the distribution of dividends of EUR 26.2 million to the members of the cooperative). In 2021, we also have the issue of capital securities for an amount of EUR 244 million. The net profit has seen a huge increase because of the badwill of EUR 598.8 million as the result of the purchase of AXA Bank Belgium and the recorded additional value on the sale of Crelan Insurance for an amount of EUR 46.6 million.

The table below shows the evolution of the capital in 2021 and 2020:

	2021		2020	
(in EUR)	number of shares	capital	number of shares	capital
Opening balance	72,300,069	896,520,856	70,303,864	871,767,914
- registered shares	0	0	0	0
- joint shares	72,300,069	896,520,856	70,303,864	871,767,914
Variations	-85,839	-1,064,404	1,996,205	24,752,942
- entries/exits of co-operators	-85,839	-1,064,404	1,996,205	24,752,942
- other	0	0	0	0
Solde de clôture	**72,214,230**	**895,456,452**	**72,300,069**	**896,520,856**
- registered shares	0	0	0	0
- joint shares	72,214,230	895,456,452	72,300,069	896,520,856

The shares have a nominal value of EUR 12.40 per share; the capital of Crelan consists completely of shares. All shares are fully paid-up ones.

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 reimbursement	Date of reimbursement
Between the 01/01 and 30/06 of year X	After the General Assembly of the year X+1
Between 01/07 and 31/13 of the year X	After the General Assembly of the year X+1

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 2022, we expect that an amount of EUR 14,804,360 will be repaid to customers and will be deducted from the capital after repayment.
For 2023, this amounts to the amount that was known on 31 December 2021 EUR 2,657,406.80.

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 01/01/2021	2,837,173	709,293	2,127,880
Revaluation of assets	1,171,369	292,842	878,527
Securities sold and matured	0	0	0
Impairment	0	0	0
Fair value micro-hedge	0	0	0
Macro fair value hedge	0	0	0
Other	0	0	0
Closing balance 31/12/2021	**4,008,542**	**1,002,135**	**3,006,407**

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[5]. 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.

[5] 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)	31/12/2021	31/12/2020
Gross technical provisions		
Provision for insurance contracts	0	60,172,861
Provision for claims	0	2,575,603
Reinsurers' share		
Provision for insurance contracts	0	0
Provision for claims	0	2,244,049
Premiums		
Gross premiums	37,089,385	33,252,699
Premiums ceded to reinsurers	9,023,102	8,014,777
Payments		
Gross	7,348,302	6,916,807
Reinsurers' share	5,683,785	5,310,861

The gross technical provisions as well as the share of the reinsurer were included on the balance sheet in the "Provisions" section until 2018. Thereafter, they were classified under "Liabilities in relation to groups of assets held for sale and terminated company activities". On 31 December 2021, Crelan Insurance was sold and both sections were set to zero.

The table below shows the adjustments that were made in the technical provisions during the 2021 and 2020 accounting periods:

(in EUR)	2021		2020	
	Gross	Reinsurers	Gross	Reinsurers
Opening balance	62,748,464	2,244,049	56,856,566	772,227
Gross premiums	0	0	33,252,699	0
Premium deductions	0	0	-5,191,748	0
Risk premiums deducted	0	0	-22,820,635	0
Fees charged	0	0	-1,268,824	0
Assigned interest income	0	0	1,315,190	0
Indemnities (reserve movements)	0	0	509,779	1,471,822
Other	0	0	95,438	0
Sale CRI	-62,748,464	-2,244,049	0	0
Closing balance	**0**	**0**	**62,748,464**	**2,244,049**

The authorities (ECB, NBB, etc.) approved the takeover of AXA Bank Belgium by Crelan at the end of 2021 and the insurance activities of the Crelan Group were sold to AXA Verzekeringen Belgium and therefore they have left the scope of consolidation of the Crelan Group.

4.19. Encumbered assets

The table below provides an overview of the encumbered and non-encumbered assets in 2021 and 2020:

31/12/2021 (in EUR)	Carrying amount of encumbered assets Crelan	Carrying amount of encumbered assets AXA Bank Belgium	Carrying amount of unencumbered assets Crelan	Carrying amount of unencumbered assets AXA Bank Belgium
Cash and sight accounts with central banks	10,606,560	63,621,109	3,200,435,506	1,720,725,792
Financial assets measured at fair value with value adjustments recognised in the income statement	0	0	6,817,925	0
Financial assets measured at fair value through unrealized profit or loss (FVOCI)	0	217,171,672	12,251,361	188,127,225
Financial assets measured at amortised cost	470,895,606	10,573,248,453	19,184,924,380	16,518,695,453
Other assets	13,809,461	0	545,559,913	284,969,948
Total assets	**495,311,627**	**10,854,041,233**	**22,949,989,084**	**18,712,518,418**

31/12/2020 (in EUR)	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Cash and sight accounts with central banks	189,807,771	2,904,618,864
Financial assets measured at fair value with value adjustments recognised in the income statement	0	0
Financial assets measured at fair value through unrealized profit or loss (FVOCI)	0	0
Financial assets measured at amortised cost	634,924,781	18,158,726,259
Other assets	11,346,645	871,856,697
Total assets	**836,079,197**	**21,935,201,820**

In relation to Crelan, 2.18% of the total assets was regarded as encumbered at the end of 2021 (2020: 3.67%). These assets cannot be used immediately by Crelan in order to support future financing. The most important encumbered assets within Crelan in 2021 concern:

- The monetary reserve placed at the National Bank of Belgium (EUR 10.1 million).
- Securities given as security held at the National Bank of Belgium as a guarantee for payment activities (EUR 282.2 million).
- Securities paid in cash within the framework of the Credit Support Annex (CSA) or the ISDA documentation regarding (EUR 187.1 million).

The liquid assets and current accounts have decreased by EUR -163.8 million; only the monetary reserve of Europabank stays in this item.

In order to be aligned with AXA Bank Belgium, the decision was taken not to include the monetary reserve any more in the encumbered assets since these are due and payable directly.

The significant decrease of the securities given as security is related to a reverse repurchase agreement within the group that is limited in the consolidation (the same applies to deposits in the corresponding liabilities).

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

31/12/2021 (in EUR)	Corresponding or contingent liabilities Crelan	Corresponding or contingent liabilities AXA Bank Belgium	Encumbered assets and encumbered guarantees received Crelan	Encumbered assets and encumbered guarantees received AXA Bank Belgium
Derivatives	35,684,032	62,354,988	187,147,193	348,813,091
Deposits	146,587,892	1,299,703,792	195,262,938	1,623,406,582
Debts evidenced by certificates, including bonds	0	5,588,980,661	0	6,739,255,129
Other financial liabilities	0	0	0	0
Repos	0	1,391,445,121	0	2,049,299,113
Other (contingent) liabilities	149,450,150	92,534,923	112,901,496	93,267,318
Total	**331,722,074**	**8,435,019,486**	**495,311,627**	**10,854,041,233**

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

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.

4.20. Sustainability report

The table below provides an overview of the composition of the Crelan Group's active assets and their distribution according to the Taxonomy requirements :

	Gross carrying amount		Of which Taxonomy eligible
	In mln €	% of total	In mln €
1. Covered assets in GAR calculation	**39,693.3**	**74.7%**	**36,476.4**
Households	39,670.8	74.6%	36,476.4
of which lending for house purchase	35,236.1	66.3%	35,219.8
of which credit for consumption	1,765.5	3.3%	1,256.6
Credit institutions	0.0	0.0%	0.0
Other financial corporations	22.5	0.0%	0.0
Non-financial corporations	0.1	0.0%	0.0
2. Excluded from numerator of GAR calculation	**7,226.8**	**13.6%**	
SME's	5,744.2	10.8%	
Derivatives	45.8	0.1%	
On demand interbank loans	98.2	0.2%	
Cash and cash-related assets	105.1	0.2%	
Other assets	1,233.5	2.3%	
3. Excluded from numerator and denominator of GAR	**6,242.5**	**11.7%**	
Sovereigns	1,450.0	2.7%	
Central bank exposure	4,792.1	9.0%	
Trading book	0.4	0.0%	
Total assets	**53,162.6**	**100.0%**	

The business model of the Crelan Group is primarily focused on its core business of Belgian retail banking. Crelan is first and foremost a retail bank, focusing on retail financing and lending, i.e. serving customers in their financing needs and facilitating savings and investments.

Crelan's activity is 74.6% focused on households, the majority of which consisting of mortgage loans and a smaller proportion of consumer loans. Due to the importance of the activity in Crelan's activities, the major part of household and consumer lending activities are therefore included in the Taxonomy's reporting.

The table has not been audited and is prepared to the best of our ability.

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 2021 and 2020 is shown in the table below:

(in EUR)	31/12/2021	31/12/2020
Interest income		
Financial assets held for trading	1,835,842	1,621,007
Financial assets measured at fair value with value adjustments recognised in the income statement	421,410	491,087
Financial assets measured at fair value through unrealized gains and losses (FVOCI)	0	0
Loans and receivables measured at amortised cost	274,854,931	300,552,287
Securities measured at amortised cost	4,565,850	7,840,076
Derivatives used for hedging purposes	17,843,091	0
Other	4,096,226	1,046,949
Total interest income	303,617,350	311,551,406
Interest expense		
Financial liabilities held for trading	1,806,510	1,643,966
Deposits	23,887,778	24,817,075
Debt securities (including bonds)	4,827,030	1,614,749
Subordinated debt	1,881,000	6,179,193
Interest expense on financial assets	14,681,609	10,785,859
Derivatives used for hedging purposes	0	0
Other	272,907	146,416
Total interest expense	47,356,834	45,187,258
Net interest income	**256,260,516**	**266,364,148**

The net interest income decreased by EUR 10.1 million when compared with 2020 and amounts to EUR 256.3 million.

This decrease can, on the one hand, be explained due to the decrease of the interest income by EUR 7.9 million.

This decrease can mainly be ascribed to the following elements:

The considerable decrease of EUR 25.7 million of the loans and receivables is the result of an adjustment in the presentation of the figures since the income from the derivatives used for hedging objectives is specified on a separate line while this amount was included on the line for loans and receivables in 2020. This is an amount of EUR 17.8 million when compared to an amount of EUR 11.2 million in 2020.

If we do not take this variation into account, the interest income continues to decrease in view of the persistent low interest rates and this has an impact on the margins.

Another impact is the activation and levelling off of IFRS loan commissions.
In accordance with the IFRS, production commissions are activated on the underlying products and therefore do not stay in the commission charges. Subsequently, these activated commissions are amortised based on the remaining maturity of the underlying value and are included in the interest result included as a reduction of the interest income, in this case, loans since the underlying securities are loans.

On the other hand, the interest charges have also increased by EUR 2.2 million when compared with 2020.

The increase can be explained due to the adjusted presentation: the revenue from derivatives for hedging objectives is included on a line on the level of the benefits while this amount was included on the level of the interest charges in 2020 in relation to the debts embodied in debt certificates (this refers to an amount of EUR 6.1 million), but, in reality, the interest charges are decreasing.

Without taking this change into account in the presentation, the interest rates decrease in relation to savings bonds and subordinated securities by EUR 7.19 million when compared with 2020 because the interest rates are low and the outstanding amount is still decreasing.

The increase of the interest charges on financial assets can be explained by the increase of the interest rate on the monetary reserve.

Europabank NV, on the other hand, continues to benefit from an increase of the interest income by EUR 0.92 million that surpasses the increase of the costs by EUR 0.28 million and therefore its net interest income increased by EUR 0.64 million from EUR 73.8 million to EUR 74.4 million.

5.2. Income and charges from commissions and benefits

The net income from commissions and fees were as follows on 31 December 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Securities		
- securities issued	28,891,457	19,308,933
- transfer orders	3,158,626	6,030,690
- other	0	0
Custody, monitoring and management of assets		
- asset management	287,015	328,279
- custody	1,277,262	1,041,429
Credit commitments and financial guarantees	790,618	708,192
Payment services	37,699,022	34,652,273
Management fees received	44,463,214	35,140,889
Commissions received from insurance companies	9,597,167	9,660,920
Other financial services	3,686,292	3,693,693
Total fee and commission income	129,850,673	110,565,298
Commissions paid to agents (acquisition costs)	95,881,280	99,156,828
Other financial services	625,104	229,782
Total fee and commission expense	96,506,384	99,386,610
Net fee and commission income	**33,344,289**	**11,178,688**

The net income from commissions and benefits increased by EUR 22.2 million when compared with 2020. This can be explained due to the good growth of the securities (EUR +9.6 million) and the received management fees (EUR +9.3 million).

On the other hand, we have a decrease of the brokers' commissions and fees in relation to the purchase and sale of securities to clients (EUR -2.9 million).

The commissions paid to brokers have also decreased from EUR 99.1 million in 2020 to EUR 95.9 million in 2021 (EUR -3.2 million), which is due to the application of a new growth premium.

5.3. Dividends

The table below provides the details regarding the received dividends during the course of 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Financial assets held for trading	0	0
Financial assets at fair value through other comprehensive income (FVOCI)	1,121,098	634,571
Dividend income	**1,121,098**	**634,571**

The dividends that the Group received in 2021 amounts to EUR 1.1 million and have increased by EUR 0.5 million.

The most important dividends come from Vectis III for EUR 0.7 million and from PMF for EUR 0.2 million.

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 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Realised gains		
Financial assets/liabilities at fair value through other comprehensive income (FVOCI)	1,642,117	172,000
Financial assets / liabilities at amortised cost		
Debt securities	0	996,329
Loans and advances	993,132	829,121
Total realised gains	2,635,249	1,997,450
Realised losses		
Financial assets/liabilities at fair value through other comprehensive income (FVOCI)	0	0
Financial assets / liabilities at amortised cost		
Debt securities	0	0
Loans and advances	0	0
Total realised losses	0	0
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**2,635,249**	**1,997,450**

The gains have increased by EUR 0.6 million when compared with 2020.

The amount that is included in "Financial assets/liabilities measured at fair value via the non-realised results" is the result of a realised added value on the Alven Capital fund.

The realised gains on loans and receivables increased by EUR 0.2 million and refer to the yield from the sale of amortised loan 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 2021 and 2020.

(in EUR)	31/12/2021	31/12/2020
Interest rate instruments	6,484	-1,303,377
Currency trading	0	0
Gains or (-) losses on financial assets and liabilities held for trading, net	**6,484**	**-1,303,377**

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 such.

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)	31/12/2021		31/12/2020	
Changes in value	for the period	cumulative	for the period	cumulative
Total	133,569	0	14,628	0
due to :				
- market risk	133,569	0	14,628	0
- credit risk	0	0	0	0
Changes in value related to credit derivatives	0	0	0	0

Gains and losses in relation to adjustments of the fair value continued to be marginal in 2021 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.

5.7. Gains and losses on the assets no longer to be included

The table below provides an overview of the realised gains and losses in relation to not including assets any more:

(in EUR)	31/12/2021	31/12/2020
Gains		
Sale CRI	46,667,823	0
Property, plant and equipment	26,622	440,151
Losses		
Property, plant and equipment	34,802	41,808
Gains (losses) on derecognition of assets other than held for sale	**46,659,643**	**398,343**

This section shows an increase of EUR 46.3 million when compared with 2020 as the result of the added value on the sale of Crelan Insurance in 2021 (EUR 46.7 million).

5.8. Other operating benefits and charges

The operating benefits and charges can be detailed as follows as on 31 December 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Recovery of charges related to credits	11,245,545	11,263,714
Contributions to deposits	4,368,383	4,197,363
Net premiums on insurance contracts	0	0
Commissions received by the insurance company	0	0
Recoveries on written off receivables	5,291,537	4,340,543
Other operating income	6,888,893	6,603,344
Total other operating income	27,794,358	26,404,964
Other operating expenses	9,391,240	121,063
Total other operating expenses	9,391,240	121,063
Other net operating income	**18,403,118**	**26,283,901**

The total other net operating benefits decreases by EUR 7.9 million when compared with 2020.

The largest increase of the other operating benefits related to the recovery on amortised receivables by an amount of EUR +1 million when compared with 2020.

The decrease of the total other net operating benefits can mainly be explained by a strong increase of the operating charges by EUR 9.3 million. The success fees regarding the takeover of AXA Bank Belgium that have been recorded as costs from the main component in this amount.

5.9. Administration costs

5.9.1. Employee expenses

At the end of December 2021, the Group had 4,883 employees when compared to 2,734 at the end of 2020.

The total employee expenses can be broken down as follows:

(in EUR)	31/12/2021	31/12/2020
Remuneration	65,468,116	65,093,687
Social security contributions	17,448,832	17,490,375
Employer's contributions to supplementary pension schemes	6,191,770	5,551,442
Retirement and survivor's pensions and similar expenses	138,147	202,791
Other	2,170,310	2,424,401
Total staff expenses	**91,417,175**	**90,762,696**

5.9.2. General and administrative expenses

The general and administrative expenses can be detailed as follows:

(in EUR)	31/12/2021	31/12/2020
Marketing expenses	7,811,050	6,641,794
Consulting and professional services	7,364,622	6,953,394
Information Technology expenses	56,648,216	38,805,496
Leasing expenses	1,551,205	1,469,001
Operating tax expenses	26,877,739	24,916,952
Other	41,720,728	42,457,974
Total Other administrative expenses	**141,973,560**	**121,244,611**

The general and administrative costs increased globally by EUR 20.7 million. This is mainly due to higher costs in relation to the merger project (EUR 6.8 million), higher marketing costs that had decreased in 2020 as a result of the coronavirus pandemic (EUR 1.2 million), higher IT costs (EUR 3.97 million), higher banking taxes (EUR 1.8 million) and extra costs in relation to the improvement of IT systems and security (EUR 4.2 million).

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

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

(in EUR)	31/12/2021	31/12/2020
Deposit guarantee schemes	17,403,925	15,132,918
Single Resolution Funds	3,328,922	2,666,373
Cash contributions to resolution funds and deposit guarantee schemes	**20,732,847**	**17,799,291**

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 system (EUR +2.9 million).

5.10. Special impairments

Special impairments can be detailed as follows as on 31 December 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Impairment on financial assets		
- 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	5,393	49,775
- loans and receivables	-22,283,606	-17,792,839
Impairments on non-financial assets		
- property, plant and equipment	0	0
- investment property	0	0
- intangible assets	0	0
- other assets	0	0
Total Impairments	**-22,278,213**	**-17,743,064**

Due to the introduction of IFRS 9, special impairments are not only determined in accordance with a new impairment model, but special impairments are also recorded based on different types of receivables.

Specifically, this refers to credits at credit institutions, securities in the investment portfolio and off-balance sheet liabilities (permissible credit lines and approved applications). The security of this extra income on the result amounts to EUR 1.1 million in 2021 and is included in the provisions. On non-financial assets such as tangible and intangible fixed assets, no impairment was recorded in 2021.

During the 2021 accounting period, the Group increased the impairment for a consolidated about of EUR 22.3 million. Crelan NV has, namely, reversed EUR 10.8 million in impairments (when compared to an allocation of EUR 5.2 million in 2020) while Europabank has increased its allocations by EUR 3.4 million (when compared to EUR 12.6 million in 2020) and AXA Bank Belgium has recorded an allocation of EUR 29.6 million at the end of 2021 within the framework of the closing with Crelan.

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)	31/12/2021	31/12/2020
Current taxes	11,315,499	10,207,326
Deferred taxes	12,867,838	2,140,823
Total income tax expense	**24,183,337**	**12,348,149**

For more information about the deferred tax liabilities in the profit and loss statement, refer to the notes in 4.7.

The taxable income comprises non-deductible costs and gains that are not subjected to income tax.

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

(in EUR)	31/12/2021		31/12/2020	
	Tax rate	Tax expense	Tax rate	Tax expense
Profit before tax		106,873,598		57,950,980
Statutory tax rate	25.00%	26,718,399	25.00%	14,487,745
Tax effect of tax rates in other tax jurisdictions	0.00%	0	0.00%	0
Tax effect of exemption of capital gains on shares	-17.43%	-18,623,201	0.00%	0
Tax effect of non-taxable income	-5.95%	-6,356,286	-10.79%	-6,254,050
Tax effect of expenses that are not tax deductible	0.85%	911,336	1.42%	825,020
Tax effect of using previously unrecognised tax assets	-2.86%	-3,056,756	-8.28%	-4,796,067
Tax effect of movements of provisions or reserves	-0.71%	-762,386	5.64%	3,270,287
Accounting eliminations	30.86%	32,979,558	11.54%	6,686,294
Separately taxed capital gains	0.00%	0	0.00%	0
Acquisition of AXA Bank Belgium	-6.93%	-7,409,487	0.00%	0
Other	-0.20%	-217,840	-3.23%	-1,871,080
Effective tax charge for the financial year	**22.63%**	**24,183,337**	**21.31%**	**12,348,149**

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 22.63%, which represents a slight increase when compared with last year.

This increase of the effective tax rate can mainly be ascribed to a reduction of the buffer of deferred tax assets (see the Accounting eliminations line).

Received dividends were not fully deducted from the result of the year (see the line "Taxation consequences of the use of tax assets previously not included").

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)	31/12/2021	31/12/2020
1. Remuneration of the auditors	367,484	354,702
2. Remuneration for exceptional activities or special commissions performed within the company by the auditors	170,005	123,877
a. Other audit activities	35,600	11,115
b. Tax advisory activities	0	0
c. Other activities outside audit activities	134,405	112,762
3. Remuneration for exceptional or special commissions performed within the company by persins associated with the auditors	37,209	59,985
a. Other audit activities	0	0
b. Tax advisory activities	14,915	1,485
c. Other activities outside audit activities	22,294	58,500
Total Fees paid to the auditors	**574,698**	**538,564**

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. AXA Bank Belgium has been a part of the Crelan Group since 31 December 2021. Their figures were not included in the figures below.

The Crelan Group has an outstanding amount of EUR 2.4 million in loans and receivables to members of the Board of Directors and the Management Committee guaranteed by EUR 0.8 million loan liabilities, financial guarantees and other made commitments as from the end of 2021. All transactions with associated parties take place in line with market conditions.

The following benefits were paid out to members of the Board of Directors in 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Short-term employee benefits	3,944,550	3,535,540
Post-employment benefits	1,292,662	1,193,826
Other long-term employee benefits	0	0
Severance payments	0	0
Share-based payments	0	0
Total	**5,237,212**	**4,729,366**

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 2021 and 2020:

(in EUR)	31/12/2021	31/12/2020
Loan commitments		
- given	3,358,667,029	1,228,176,514
- received	534,976,000	35,000,000
Financial guarantees		
- given	57,877,742	43,703,406
- received	2,650,279,521	358,830,556
Collateral		
- given	8,395,196,700	1,426,603,792
- received	45,712,258,632	19,593,068,387
Commitments under finance leases		
- given to another counterparty	9,050,600	5,621,014
- received from another counterparty	26,276,070	20,958,352

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.).

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 risk and liquidity risk. Market risk 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, Report with the internal audits, 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 security risk based on internal score cards.
- Actively supporting the various management bodies within the bank in relation to the management of security and operational risks.

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.

A risk committee is closely linked to the Board of Directors. This committee has 4 members of the Board of Directors of which 2 independent directors. The risk committee focuses on the organisation of the monitoring of the risks within the bank and advises the Board of Directors within the framework of risk management.

Due to the takeover of AXA Bank Belgium by Crelan as on 31 December 2021, the organisation of the committees will be adjusted during the course of 2022 to achieve harmonisation between both institutions.

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:

Risk category		Europabank	Crelan	Axa Bank Belgium
Credit Risk	Retail	STA	IRB	IRB *Loans to large companies in STA*
	Non-retail	STA	STA	STA
	Counterparty Credit Risk (Derivatives)	NA	Standard method	Standard method
	Counterparty credit risk (SFT)	NA	Financial Comprehensive Method	Financial Comprehensive Method
Market Risk		NA	NA	STA
Operational Risk		TSA	TSA	TSA

IRB Internal Ratings Based Approach
STA Standard Approach
TSA Standard Approach for Operational Risk

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 and AXA Bank Belgium are monitored in 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 NBB carried out an inspection between May and November 2021 and approved the adjustments proposed by Crelan through a letter dated 21 December 2021. They comprise the permission to apply advanced approaches to the portfolio of the self-employed persons of Centea and therefore the roll-up plan is concluded. These adjustments will be implemented in the course of 2022.

In 2021, Crelan made use of its adjusted processes that supervise the default management as required by the regulations in order to comply with the requirements of the European Banking Authority (EBA) guidelines that came into force on 1 January 2021. The risk monitoring systems are now supplied on this basis as part of the supervision on and the issuing of provisions for irrecoverable loans. The assessment of the performance of the IRB models that are used to measure risks is also performed based on the new definition of non-payment.

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

- Europabank NV mainly invests in government debt, mortgages and consumer loans (credit).
- AXA Bank Belgium mainly invests in loans to private persons and, in particular, mortgages, but also loans to small businesses.

- Crelan NV mainly invests in loans to private persons including mortgages, but also in loans to farmers and small businesses.

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 2021, 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%

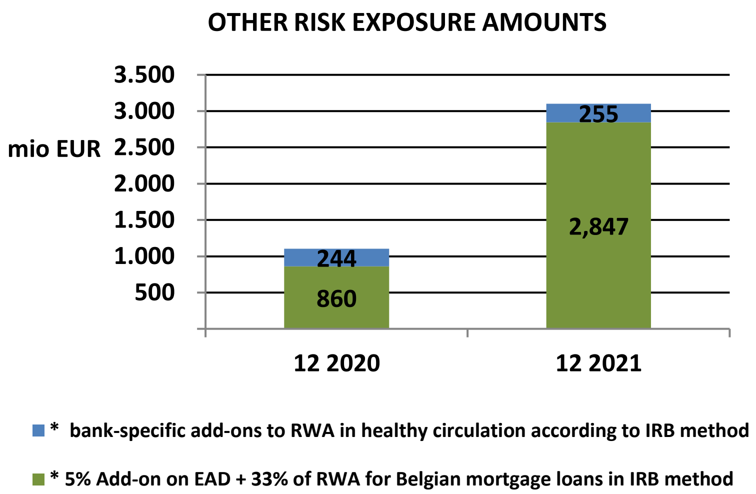
COVID-19 measures

Crelan continued to support healthy counterparties in 2021 by allocating or expanding facilities to ensure the issues related to COVID-19 could be dealt with. At the end of 2021, these measures came to an end and most economic sectors resumed their activities. Since then, the majority of customers has resumed the normal course of the repayments as provided for in the contracts without the Bank registering an increase of the payment arrears and non-payments in the credit portfolio.

There are still a limited number of counterparties who continue to be vulnerable and regarding which the risk monitoring is reinforced and, in particular, via a regular review of the file. When the degradation of the risk requires this, these files were transferred to stage 2 or in default with a strengthened provision based on the unchanged rules, for example, of the IFRS 9 system.

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 2021 and 31 December 2020 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 13.01 (i.e., securitisation). 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 regulator 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 regulator 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 3,101 million in total on 31 December 2021 versus EUR 1,104 million on 31 December 2020. This is an increase of EUR 1,997 million and can be mainly ascribed to the takeover of AXA Bank Belgium on 31 December 2021.



Standard approach

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

In million EUR - 31 12 2021	Balance	Off-balance sheet	Derivatives	Repo-style transactions	Total
Total EAD	10,654	278	770	320	**12,022**
Total RWA	2,117	193	50	127	**2,487**
Average RW in %	**19.9%**	**69.5%**	**6.6%**	**39.6%**	**20.7%**

Internal Rating Based approach

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

In million EUR - 31 12 2021	Balance	Off-balance sheet	Derivatives	Repo-style transactions	Total
Total EAD	41,789	2,501	-	-	**44,290**
Total RWA	4,141	335	-	-	**4,476**
Average RW in %	**9.9%**	**13.4%**	**NA**	**NA**	**10.1%**

On 31 December 2021, the average risk weight of the exposures that are reported under the standard approach was 20.7%. This is a decrease when compared with the average risk weight of 21.9% on 31 December 2020. The total exposure of the EAD under the standard approach increased by EUR 3.4 billion when compared to the previous year. This increase can mainly be attributed to the takeover of AXA Bank Belgium on 31 December 2021.

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 2021 and 31 December 2020 respectively:

Standard approach

In million EUR - 31 12 2021	EAD	RWA	RW
Total	**12,022**	**2,487**	**20.7%**
Institutions	1,977	308	15.6%
Companies	511	376	73.6%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	5,650	-	0.0%
Guarantees on real estate	1,360	552	40.6%
Receivables on customers	1,001	688	68.7%
Regional governments	128	-	0.0%
Administrative and non-commercial institutions	5	1	20.0%
Development banks	173	-	0.0%
International organisations	160	-	0.0%
Overdue items	82	94	115.0%
High risk items	28	42	150.0%
Covered bonds	56	6	10.0%
Receivables on UCITS	2	20	1250.0%
Shares	5	5	100.0%
Other	883	395	44.7%
Securitisation	-	-	NA

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 UCITS	1	1	100.0%
Shares	24	33	133.9%
Other	941	253	26.9%
Securitisation	-	-	NA

The average risk weight of the exposures reported under the IRB approach decreased from 11.9% on 31 December 2020 to 10.1% on 31 December 2021. The total exposure of EAD under the IRB approach increased by EUR 28.1 billion when compared to the previous year. This increase can mainly be attributed to the takeover of AXA Bank Belgium on 31 December 2021.

The table below indicates the share of each credit scoring model in the evolution of the risk weight for the period 31 December 2020 to 31 December 2021. This only concerns the IRB credit scoring models of Crelan.

Weighted average RW	31/12/2020	11.9%
Farmers/Horticulturists		-0.1%
Self-employed		0.1%
Individuals		-0.3%
Small businesses		-0.1%
Risk-Homogeneous Groups		-0.2%
Weighted average	31/12/2021	11.3%

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.

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 2021 and 31 December 2020, respectively:

In million EUR - 31 12 2021	mio EUR EAD	mio EUR RWA	RW
Internal Ratings Based (IRB) approach	**44,290**	**4,476**	**10.1%**
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	***44,290***	***4,476***	**10.1%**
Governments and Central Banks	-	-	NA
Institutions	-	-	NA
Companies - SME	1,400	507	36.2%
Companies - Specialised Lending	-	-	NA
Companies - Other	-	-	NA
Retail - SME Property Guarantees	6,287	1,082	17.2%
Retail - Non-SME property guarantees	33,474	2,300	6.9%
Retail - Qualifying revolving	-	-	NA
Other Retail - SME	1,832	219	11.9%
Other Retail - non-SME	1,297	369	28.4%
Shares	-	-	NA
Securitisation	-	-	NA

In million EUR - 31 12 2020	mio EUR EAD	mio EUR RWA	RW
Internal Ratings Based (IRB) approach	**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
Companies - 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

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 Based approach

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

In million EUR - 31 12 2021	Balance	Off-balance sheet	Derivatives	Repo-style transactions	Total
Total EAD	52,443	2,779	770	320	**56,312**
Total RWA	6,258	528	50	127	**6,963**
Average RW in %	**11.9%**	**19.0%**	**6.6%**	**39.6%**	**12.4%**

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 the Crelan Group that is reported in accordance with the IRB method.

In million EUR

PD Master scale	Gross exposure (EAD) RWA RW Average in %	31/12/2020 Retail	31/12/2021 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	4,672	12,985
[0,02 - 0,04]	Sum RWA	68	179
0	RW Weighted average	1%	1%
B	Sum EAD	2,655	5,348
] 0,04 - 0,08]	Sum RWA	77	142
0	RW Weighted average	3%	3%
C+	Sum EAD	2,484	10,641
] 0,08 - 0,16]	Sum RWA	139	465
0	RW Weighted average	6%	4%
C	Sum EAD	1,861	5,422
] 0,16 - 0,32]	Sum RWA	198	493
0	RW Weighted average	11%	9%
C-	Sum EAD	1,510	3,301
] 0,32 - 0,64]	Sum RWA	197	468
0	RW Weighted average	13%	14%
D+	Sum EAD	622	635
] 0,64 - 0,85]	Sum RWA	182	190
0	RW Weighted average	29%	30%
D	Sum EAD	400	2,243
] 0,85 - 1,28]	Sum RWA	97	503
0	RW Weighted average	24%	22%
D-	Sum EAD	1,023	1,836
] 1,28 - 2,56]	Sum RWA	285	588
0	RW Weighted average	28%	32%
E+	Sum EAD	417	422
] 2,56 - 5,12]	Sum RWA	211	216
0	RW Weighted average	51%	51%
E	Sum EAD	354	701
] 5,12 - 15]	Sum RWA	252	443
0	RW Weighted average	71%	63%
E-	Sum EAD	26	333
] 15 - 99,999]	Sum RWA	20	257
0	RW Weighted average	76%	77%
F/Z	Sum EAD	185	422
100	Sum RWA	201	530
0	RW Weighted average	109%	126%
Gross exposure Total		**16,210**	**44,290**
Risk-Weighted Assets Total		**1,925**	**4,476**
RW Weighted Average (%)		**11.9%**	**10.1%**

The above table shows that the gross exposure that is reported under the IRB approach has increased from a level of EUR 16.2 billion on 31 December 2020 to a level of EUR 44.3 billion on 31 December 2021. The increase of the exposure can mainly be ascribed to the takeover of AXA Bank Belgium as on 31 December 2021. The risk weighted assets have therefore increased from EUR 1.92 billion on 31 December 2020 to EUR 4.48 billion on 31 December 2021. The weighted average risk weight of the exposures decreased from a level of 11.9% on 31 December 2020 to a level of 10.1% on 31 December 2021.

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

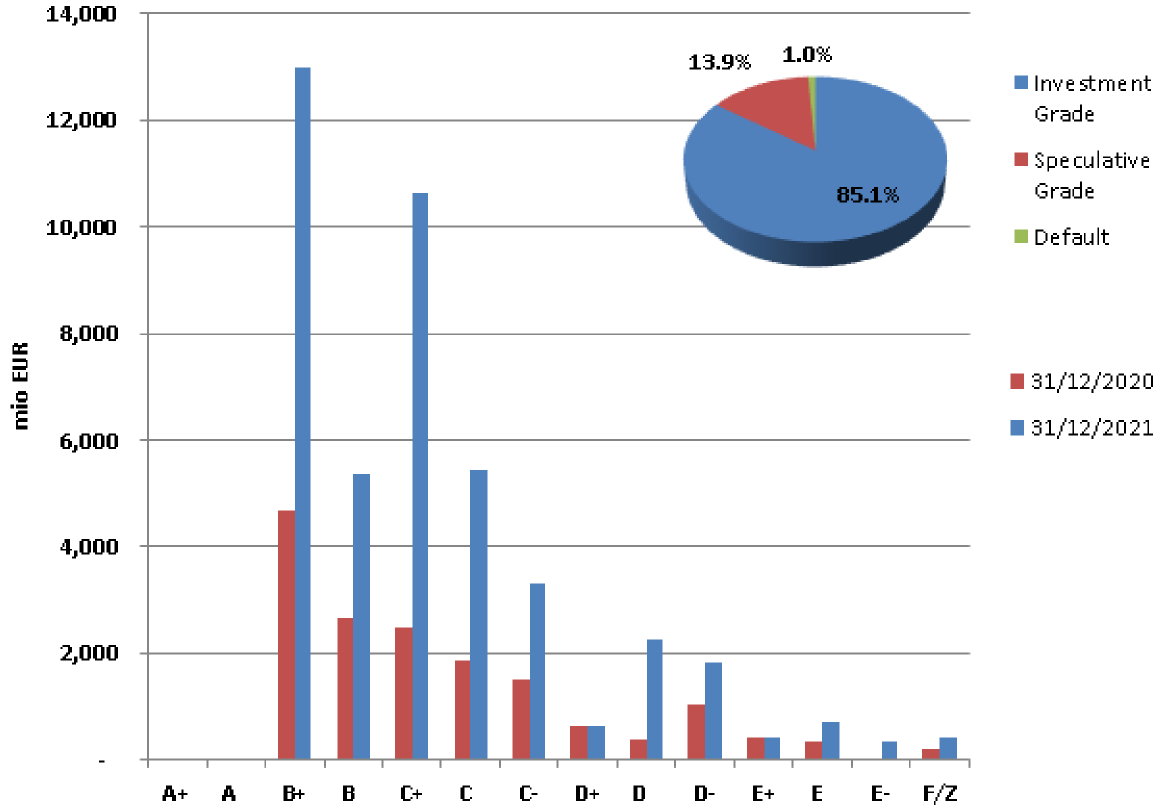
	External Rating	MASTER SCALE			31/12/2020	31/12/2021
	Rating	Rating	Reference PD (as percentage)	PD Range (as percentage)	Gross exposure (EAD) (mio EUR)	Gross exposure (EAD) (mio EUR)
Inv. Grade	AAA	A+	0.001	0.001	-	-
	AA+ to AA	A	0.01	0.01	-	-
	AA- to A+	B+	0.02	[0,02 - 0,04]	4,672	12,985
	A to A-	B	0.06	] 0,04 - 0,08]	2,655	5,348
	BBB+	C+	0.16	] 0,08 - 0,16]	2,484	10,641
	BBB	C	0.30	] 0,16 - 0,32]	1,861	5,422
	BBB-	C-	0.60	] 0,32 - 0,64]	1,510	3,301
Speculative Grade	BB+	D+	0.75	] 0,64 - 0,85]	622	635
	BB	D	1.25	] 0,85 - 1,28]	400	2,243
	BB-	D-	1.90	] 1,28 - 2,56]	1,023	1,836
	B+ to B	E+	5.00	] 2,56 - 5,12]	417	422
	B-	E	12.00	] 5,12 - 15]	354	701
	CCC to C	E-	20.00	] 15 - 99,999]	26	333
Default	D	F/Z	100	100	185	422
					16,210	44,290

	31/12/2020	31/12/2021
Investment Grade	81.3%	85.1%
Speculative Grade	17.5%	13.9%
Default	1.1%	1.0%
Total IRB	100%	100%

Of these exposures that are reported under the IRB approach on 31 December 2021, 85.1% is therefore of investment grade quality (when compared with 81.3% on 31 December 2020), 13.9 % is speculative grade (when compared with 17.5% on 31 December 2020) and 1.0% is in default (when compared with 1.1% on 31 December 2020). 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 2021 when compared with 31 December 2020 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 2020

Masterscale Rating	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-	F/Z	Total
EAD	-	-	4,672	2,655	2,484	1,861	1,510	622	400	1,023	417	354	26	185	**16,210**
Balance sheet amount	-	-	4,561	2,506	2,296	1,712	1,368	566	356	855	391	336	24	171	**15,140**
Off-balance sheet amount	-	-	110	148	187	146	141	55	44	168	26	18	2	13	**1,056**
CCF Average in % of total	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%**

In mio EUR 31 december 2021

Masterscale Rating	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-	F/Z	Total
EAD	-	-	12,985	5,348	10,641	5,422	3,301	635	2,243	1,836	422	701	333	422	**44,290**
Balance sheet amount	-	-	12,455	5,065	10,066	5,136	3,047	579	2,022	1,621	394	669	321	414	**41,789**
Off-balance sheet amount	-	-	530	284	574	286	254	56	221	215	29	32	12	8	**2,501**
CCF Average in % of total	0.0%	0.0%	100.6%	101.0%	100.6%	102.2%	101.4%	103.3%	101.1%	100.9%	101.7%	102.7%	100.1%	105.5%	**101.1%**
LGD%	0.0%	0.0%	12.1%	14.3%	14.0%	17.3%	18.2%	27.7%	17.9%	18.7%	19.6%	17.9%	15.1%	21.6%	**15.0%**

The average applied CCF percentage on 31 December 2021 amounts to 101.1% and is therefore basically equal to the average CCF applied on 31 December 2020, which amounted to 101.3%. The EAD weighted average LGD percentage on 31 December 2021 amounts to 15.0% and is therefore lower than the EAD weighted average LGD percentage on 31 December 2020 (17.1%).

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 2021	EAD	RWA	RW
Total	**1,818**	**663**	**36.5%**
Institutions	1	1	99.0%
Companies	12	9	76.2%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	470	-	0.0%
Guarantees on real estate	779	294	37.7%
Receivables on customers	279	190	68.0%
Regional governments	25	-	0.0%
Administrative and non-commercial institutions	-	-	NA
Development banks	-	-	NA
International organisations	-	-	NA
Overdue items	43	46	107.2%
High risk items	-	-	NA
Covered bonds	-	-	NA
Receivables on UCITS	-	-	NA
Shares	-	-	NA
Other	208	123	59.1%
Securitisation	-	-	NA

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 UCITS	-	-	NA
Shares	-	-	NA
Other	171	104	60.5%
Securitisation	-	-	NA

The average risk weight on 31 December 2021 amounts to 36.5% and is lower than the one on 31 December 2020 (39.0%). The credit quality of the credit portfolio at Europabank NV is therefore generally better than that of last year.

AXA Bank Belgium:

The exposures of AXA Bank Belgium are reported within the framework of the Basel regulations in accordance with the standard approach and the IRB approach. AXA Bank Belgium reports the retail credit risk mainly in accordance with the IRB approach. The minimum prudent requirements for the non-retail credit risk are reported using the standard approach.

The following tables provide an overview of the EAD, RWA and risk weights per counterparty type respectively in accordance with the standard approach and the IRB approach:

In million EUR - 31 12 2021	EAD	RWA	RW
Internal Ratings Based (IRB) approach	**27,136**	**2,537**	**9.3%**
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	**27,136**	**2,537**	**9.3%**
Governments and Central Banks	-	-	NA
Institutions	-	-	NA
Companies - SME	-	-	NA
Companies - Specialised Lending	-	-	NA
Companies - Other	-	-	NA
Retail - SME Property Guarantees	1,651	348	21.1%
Retail - Non-SME property guarantees	24,049	1,767	7.3%
Retail - Qualifying revolving	-	-	NA
Other Retail - SME	352	61	17.3%
Other Retail - non-SME	1,085	361	33.3%
Shares	-	-	NA
Securitisation	-	-	NA

Standard approach

In million EUR - 31 12 2021	EAD	RWA	RW
Total	**3,693**	**652**	**17.6%**
Institutions	990	201	20.3%
Companies	286	206	72.1%
Short-term receivables on institutions and companies	-	-	NA
Governments and central banks	1,848	-	0.0%
Guarantees on real estate	5	3	51.3%
Receivables on customers	66	46	70.3%
Regional governments	-	-	NA
Administrative and non-commercial institutions	-	-	NA
Development banks	157	-	0.0%
International organisations	155	-	0.0%
Overdue items	9	10	113.2%
High risk items	13	19	150.0%
Covered bonds	-	-	NA
Receivables on UCITS	-	-	NA
Shares	-	-	NA
Other	163	167	102.1%
Securitisation	-	-	NA

Statement of loans & receivables within the Crelan Group:

The tables below show the breakdown on 31 December 2021 and 31 December 2020 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)	31/12/2021	31/12/2020
Healthy circulation	44,101,114,082	16,676,117,257
Expired	1,290,908,720	949,161,450
Loans and receivables in default	485,386,919	295,725,859
Total	45,877,409,721	17,921,004,566
Impairments incurred	-150,711,235	-144,514,384
Total loans and receivables	**45,726,698,486**	**17,776,490,182**

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

(in EUR)	31/12/2021
Loans and receivables - healthy outstandings	
- Interbank loans Crelan	73,248,792
- Interbank loans AXA Bank Belgium	374,751,675
- Housing loans Crelan	11,731,847,229
- Housing loans AXA Bank Belgium	23,034,029,358
- Retail loans	619,145,682
- Agricultural loans	1,956,648,634
- Business loans	1,936,139,310
- Instalment loans Crelan	684,413,512
- Instalment loans AXA Bank Belgium	813,913,383
- Deposited cash collateral	156,322,193
- Term loans AXA Bank Belgium	2,247,466,644
- Other loans and advances Crelan	334,350,180
- Other loans and advances AXA Bank Belgium	138,837,490
Total healthy outstandings	44,101,114,082
Impairments	-62,227,667
Total healthy loans and receivables	**44,038,886,415**

(in EUR)	31/12/2020
Loans and receivables - healthy outstandings	
- Interbank loans	123,955,812
- Housing loans	11,187,377,423
- Retail loans	564,548,616
- Agricultural loans	1,917,487,604
- Business loans	1,824,168,333
- Instalment loans	652,987,521
- Cash collateral deposited	141,945,529
- Other loans and advances	263,646,419
Total healthy outstandings	16,676,117,257
Impairments	-45,178,604
Total healthy loans and receivables	**16,630,938,653**

The loans with payment arrears regarding which no individual impairment has (yet) been recorded can be detailed as follows as on 31 December 2021 and 2020:

(in EUR)	31/12/2021			
Loans in default	**<=30 days**	**>30 days and <=90 days**	**>90 days and <=180 days**	**>180 days**
- Interbank loans Crelan	0	0	0	0
- Interbank loans AXA Bank Belgium	0	0	0	0
- Housing loans Crelan	639,138,352	21,864,812	0	0
- Housing loans AXA Bank Belgium	86,254,969	17,845,672	0	0
- Retail loans	170,662,246	29,988,698	0	0
- Agricultural loans	58,451,004	140,857	0	0
- Business loans	113,461,280	8,329,006	0	0
- Instalment loans Crelan	11,793,430	1,206,363	0	0
- Instalment loans AXA Bank Belgium	51,070,207	3,261,202	0	0
- Deposited cash collateral	0	0	0	0
- Term loans AXA Bank Belgium	28,834,156	3,100,963	0	0
- Other loans and advances Crelan	33,260,157	3,141,679	0	0
- Other loans and advances AXA Bank Belgium	8,159,595	944,072	0	0
Total Loans in default	1,201,085,396	89,823,324	0	0
Impairments	-5,589,716	-2,939,457	0	0
Total Loans and receivables in default	**1,195,495,680**	**86,883,867**	**0**	**0**

(in EUR)	31/12/2020			
Loans in default	**<=30 days**	**>30 days and <=90 days**	**>90 days and <=180 days**	**>180 days**
- Interbank loans	0	0	0	0
- Housing loans	509,094,489	18,249,219	0	0
- Retail loans	182,173,495	27,869,207	0	0
- Agricultural loans	60,899,700	680,814	0	0
- Business loans	96,567,467	7,341,875	0	0
- Instalment loans	10,063,950	1,281,851	0	0
- Deposited cash collateral	0	0	0	0
- Other loans and advances	30,315,367	4,617,858	6,158	0
Total Loans in default	889,114,468	60,040,824	6,158	0
Impairments	-5,339,837	-1,884,537	-181	0
Total Loans and receivables in default	**883,774,631**	**58,156,287**	**5,977**	**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)	31/12/2021	
Impaired loans and receivables	Gross	Impairment
- Interbank loans Crelan	0	0
- Interbank loans AXA Bank Belgium	0	0
- Housing loans Crelan	68,875,347	-14,612,488
- Housing loans AXA Bank Belgium	169,319,645	0
- Retail loans	41,198,365	-10,672,672
- Agricultural loans	55,169,718	-17,571,157
- Business loans	66,757,646	-22,069,308
- Instalment loans Crelan	4,128,869	-1,677,472
- Instalment loans AXA Bank Belgium	6,755,711	0
- Deposited cash collateral	0	0
- Term loans AXA Bank Belgium	50,071,639	0
- Other loans and advances Crelan	19,216,152	-13,351,298
- Other loans and advances AXA Bank Belgium	3,893,827	0
Total Impaired loans and receivables	**485,386,919**	**-79,954,395**

(in EUR)	31/12/2020	
Impaired loans and receivables	Gross	Impairment
- Interbank loans	0	0
- Housing loans	75,798,873	-16,516,897
- Retail loans	50,289,222	-13,345,272
- Agricultural loans	65,078,903	-19,541,387
- Business loans	76,669,901	-25,427,930
- Instalment loans	3,881,049	-1,698,906
- Deposited cash collateral	0	0
- Other loans and advances	24,007,911	-15,580,833
Total Impaired loans and receivables	**295,725,859**	**-92,111,225**

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 01/01/2021	Additions	Recovery and Depreciation	Others	Closing balance 31/12/2021
Interbank loans Crelan	**5,928**	**0**	**-5,928**	**0**	**0**
Stage 1	5,928	0	-5,928	0	0
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Interbank loans Axa Bank Belgium	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
Home loans Crelan	**25,692,062**	**7,365,032**	**-2,501,705**	**-5,357,597**	**25,197,792**
Stage 1	3,652,429	2,339,777	-196,120	-2,740,506	3,055,580
Stage 2	5,522,736	4,638,139	-435,094	-2,196,057	7,529,724
Stage 3	16,516,897	387,116	-1,870,491	-421,034	14,612,488
Home loans Axa Bank Belgium	0	12,280,178	0	0	12,280,178
Stage 1	0	12,280,178	0	0	12,280,178
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Retail loans	**23,268,984**	**3,200,381**	**-7,586,530**	**4,840**	**18,887,675**
Stage 1	8,013,339	3,834	-2,069,944	-305	5,946,924
Stage 2	1,868,090	746,828	-7,168	-2,651	2,605,099
Stage 3	13,387,555	2,449,719	-5,509,418	7,796	10,335,652
Agricultural loans	**33,057,901**	**1,553,652**	**-2,607,668**	**-4,188,725**	**27,815,160**
Stage 1	11,237,659	158,152	-105,409	-1,961,097	9,329,305
Stage 2	2,278,855	78,302	-160,245	-1,282,214	914,698
Stage 3	19,541,387	1,317,198	-2,342,014	-945,414	17,571,157
Corporate loans	**39,207,877**	**2,349,571**	**-5,087,715**	**-7,011,692**	**29,458,041**
Stage 1	7,548,357	256,263	-449,748	-2,700,700	4,654,172
Stage 2	6,012,816	270,913	-510,573	-3,070,306	2,702,850
Stage 3	25,646,704	1,822,395	-4,127,394	-1,240,686	22,101,019
Instalment loans Crelan	**3,998,572**	**475,649**	**-560,038**	**-1,625,065**	**2,289,118**
Stage 1	2,077,547	183,355	-182,505	-1,523,841	554,556
Stage 2	222,161	24,980	-10,381	-135,555	101,205
Stage 3	1,698,864	267,314	-367,152	34,331	1,633,357
Instalment loans Axa Bank Belgium	**0**	**4,401,285**	**0**	**0**	**4,401,285**
Stage 1	0	4,401,285	0	0	4,401,285
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
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
Term loans Axa Bank Belgium	0	12,447,672	0	0	12,447,672
Stage 1	0	12,447,672	0	0	12,447,672
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Other loans and receivables Crelan	19,283,060	1,529,125	-4,523,069	1,136,393	17,425,509
Stage 1	2,867,535	181,628	-27,188	-79,475	2,942,500
Stage 2	1,095,707	22,910	-234,832	-101,498	782,287
Stage 3	15,319,818	1,324,587	-4,261,049	1,317,366	13,700,722
Other loans and receivables Axa Bank Belgium	**0**	**508,805**	**0**	**0**	**508,805**
Stage 1	0	508,805	0	0	508,805
Stage 2	0	0	0	0	0
Stage 3	0	0	0	0	0
Total	**144,514,384**	**46,111,350**	**-22,872,653**	**-17,041,846**	**150,711,235**
Stage 1	**35,402,794**	**32,760,949**	**-3,036,842**	**-9,005,924**	**56,120,977**
Stage 2	**17,000,365**	**5,782,072**	**-1,358,293**	**-6,788,281**	**14,635,863**
Stage 3	**92,111,225**	**7,568,329**	**-18,477,518**	**-1,247,641**	**79,954,395**

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.

31/12/2021	3A	2A	1A	Less than 1A	Not rated	TOTAL
Securitisation	0	0	0	0	0	0
Financial sector	16,159,857	0	21,804,126	6,997,404	11,240,621	56,202,008
Private Sector	14,248,976	13,318,584	37,733,153	22,784,649	1,662,606	89,747,968
Government securities	184,946,284	963,816,054	62,337,339	26,050,751	6,166,061	1,243,316,489
Covered Bonds	55,968,343	0	0	0	0	55,968,343
Equity	0	0	0	0	88,937	88,937
Financial Assets	0	0	0	0	109,843	109,843
Total Securities Portfolio	*271,323,460*	*977,134,638*	*121,874,618*	*55,832,804*	*19,268,068*	*1,445,433,588*
31/12/2020	*3A*	*2A*	*1A*	*Less than 1A*	*Not rated*	*TOTAL*
Securitisation	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*

In 2021, the global turnover of the portfolio of the Crelan Group excluding AXA Bank Belgium decreased by EUR 60 million to EUR 0.96 billion. With the purchase of AXA Bank Belgium with a financial portfolio of EUR 488 million, the global turnover increases to EUR 1.44 billion. The quality of the investment portfolio remains very high provided that it includes 86% in securities with a rating of at least 2A when compared to 82% at the end of 2020.

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

(in EUR)	31/12/2021	31/12/2020
Belgium	634,293,960	481,422,220
Euro zone	403,053,376	401,359,870
Other EU countries	0	7,275,833
Rest of the world	74,313,829	92,015,079
Supra-national institutions	333,772,423	35,087,855
Total	**1,445,433,588**	**1,017,160,857**

The following provisions only apply to the Crelan Group excluding AXA Bank Belgium.

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 remains 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.

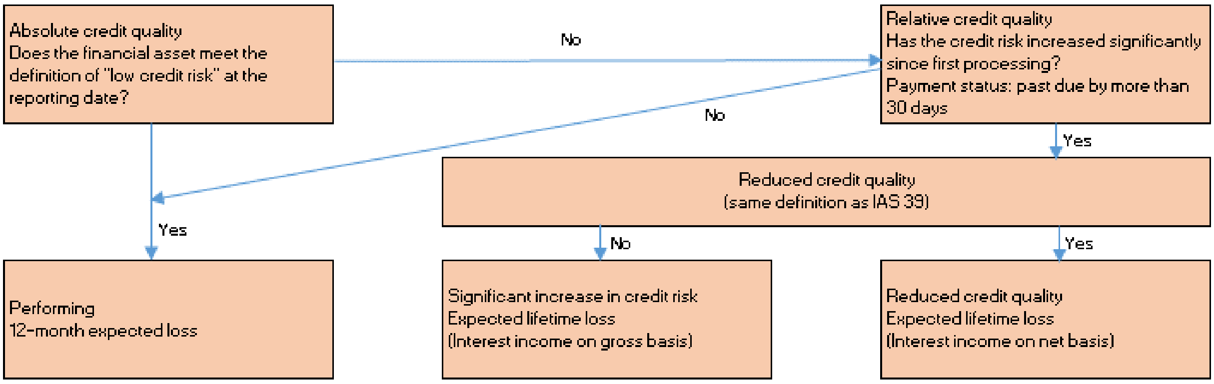
For equity instruments, a durable or significant value decrease of the relevant title forms an objective indication.

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 certificates classified under amortised cost or at fair value via OCI the diagram below clarifies the process that is used as a 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 month (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) is 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 -88,831.74.

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)	31/12/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	4,995,388,966	3,144,790,100
Financial assets held for trading	60,708,457	18,580,776
Loans and receivables		
- Interbank loans Crelan	73,248,792	123,949,884
- Interbank loans AXA Bank Belgium	374,751,675	0
- Home loans Crelan	12,436,527,948	11,764,827,942
- Home loans AXA Bank Belgium	23,295,169,466	0
- Retail loans	842,107,316	801,611,556
- Agricultural loans	2,042,595,053	2,011,089,120
- Corporate loans	2,095,229,201	1,965,539,699
- Instalment loans Crelan	699,253,056	664,215,799
- Instalment loans AXA Bank Belgium	870,599,218	0
- Cash collateral paid	156,322,193	141,945,529
- Term loans AXA Bank Belgium	2,317,025,730	0
- Other loans and advances Crelan	372,542,659	303,310,654
- Other loans and advances AXA Bank Belgium	151,326,179	0
Securities portfolio		
- Government securities	1,079,946,502	737,638,044
- Bonds and other fixed income securities	346,219,017	263,071,878
- Shares and other variable income securities	6,906,864	6,781,148
- Financial fixed assets	12,361,205	9,669,787
Reinsurance assets	0	2,244,049
Undrawn credit lines	2,863,689,219	1,229,926,760
Bank guarantees	57,877,742	43,703,406
Credit risk for assets classified as held for sale	0	50,992,586
Maximum credit risk	**55,149,796,458**	**23,283,888,717**

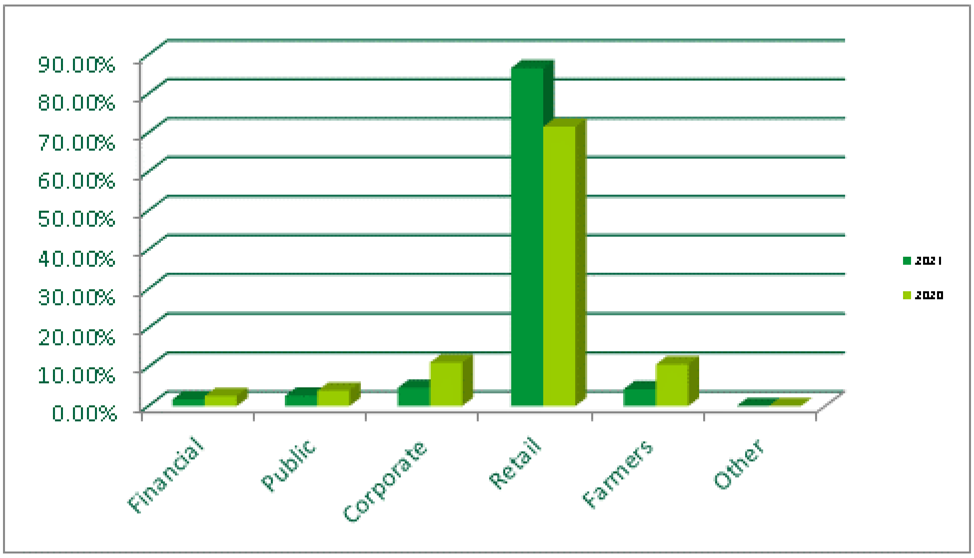
To limit the credit risk, the Group receives specific securities or collaterals. For the loans and receivables in relation to customers (excluding consumer loans (credit) and advances in a current account), it mainly concerns mortgages, trading enterprises and agricultural privileges.

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 2021:



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

7.3. Market risk

The market 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 market prices.

The market risk 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, the Risk and the 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
- The liquidity risk
- The interest rate risk (including the optional interest rate risk and the basic OLO (Lineaire Obligatie; Linear Bond) IRS risk (every quarter))
- Monitoring of early repayments of mortgages
- The financial portfolio
- Hedging or investment mandates (followed by the allocated mandates and new proposals)
- Limits

The 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 interest rate 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 + 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 risk 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 +/- 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 +/- 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 and without (announced at the end of December 2021) AXA Bank Belgium) on 31 December 2021 and 31 December 2020 for the aforementioned described shift in the interest rate curve with +/- 100 base points.

(in 000 EUR)	31/12/21		31/12/20	
	+100 bp	-100 bp	+100 bp	-100 bp
Impact on the result	-26,139	-853	-21,695	-295

The management of the interest rate risk is based on similar principles at AXA Bank Belgium:

- Calculation of the impact of interest rate stresses on the actuarial value of future cash flows of the financial assets and liabilities. In those calculations, those cash flows are considered up to their following interest rate review date in a similar way as what Crelan does in relation to the reverse cumulative interest rate gaps. In those calculations, a model is used that depends on the interest rate scenario for determining the expected early repayments of housing loans.

- Hedging through interest rate swap agreements and buying interest rate options.

For the analysis of the interest rate risk of the figures based on IFRS 7 and for more descriptions of the management of the ALM interest rate risk at AXA Bank Belgium, refer to section 4.5.1 Interest rate risk "banking book" in the annual report of AXA Bank Belgium.

7.3.2. Market risk in the trading portfolio

The Crelan Group does not perform any trading activity at its own expense. Until AXA Bank Belgium was taken over by the Crelan Group, no market risk was reported within the framework of the Basel standards. Within AXA Bank Belgium, market risk is reported in accordance with the "Standardised Approach" as defined in chapter IV of the Capital Requirements Directive (CRD) for valuing, monitoring, reporting and managing its market risks. The market risk is limited to financial instruments that must be recorded under the ‘trading portfolio’ classification and amounts to EUR 16.0 million on 31 December 2021. For the description of the management of the market risk, refer to section 4.5.2.1 Market risk management in the annual report of AXA Bank Belgium.

7.3.3. Market risk in the non-trading portfolio

The market risk in the non-trading portfolio (including the retail portfolio) is monitored for the Crelan and Europabank entities within the Crelan Group 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.

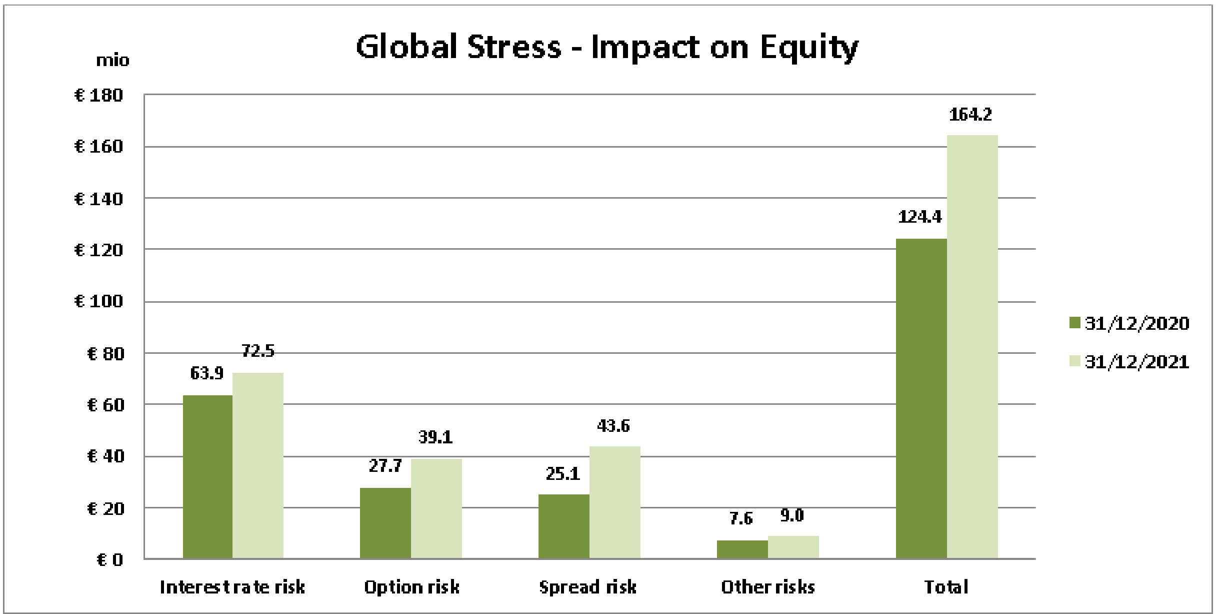
- The "credit spread" risk on the portfolio is calculated based on a value at risk (VaR) methodology by means of a parametric VaR with a 99.5% reliability interval and for a time horizon of 3 months.

- 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.

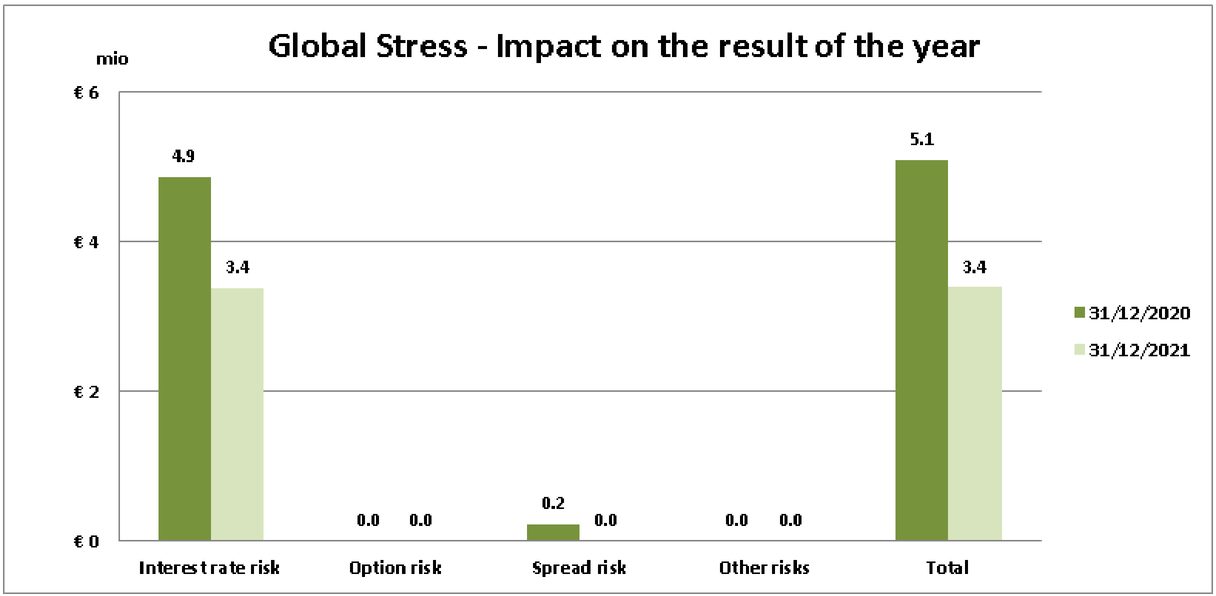
The thus calculated stress on the various risk types are added together to obtain a global stress. Diversification securities between risks amongst each other is therefore not taken into account.

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 2020 and 31 December 2021:

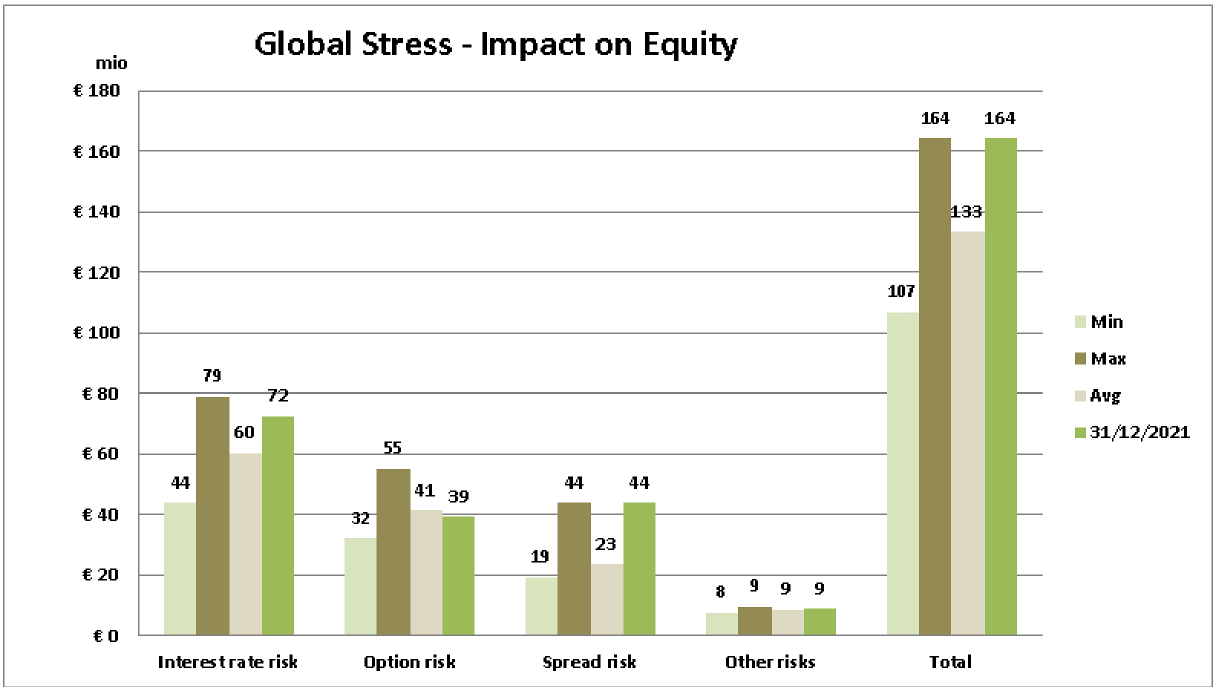


The global stress that calculates the impact on the equity amounts to EUR 164.2 million on 31 December 2021. When compared with 31 December 2020, this represents an increase of EUR 39.8 million. The most significant risk in the global stress comes from the interest rate risk followed by the spread and option risk.



The global stress that calculates the impact on the annual result amounts to EUR 3.4 million on 31 December 2021. When compared with 31 December 2020, this is a decrease of EUR 1.7 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 2021:



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.

For the monitoring of the market risk in the non-trading portfolio within AXA Bank Belgium, refer to section 4.5.1 Interest rate risk "banking book" in the annual report of AXA Bank Belgium.

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. On 31 December 2021 (if we also consider the purchased AXA Bank Belgium at the end of December 2021), this determination still applies with exclusively the ECB as the only creditor of the Crelan Group (including AXA Bank Belgium) for more than 1% of the total funding (table EBA C67.00).

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 (excluding AXA Bank Belgium) consists of securities that 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 very limited in 2021. After a decrease by ± EUR 193 million in 2020, the number of outstanding securities decreased by EUR 61 million in 2021.

Globally (and if we exclude AXA Bank Belgium), the available liquidity buffer (LCR liquidity buffer) increased in 2021 by EUR 244 million (EUR 3,703 million on 31 December 2021 when compared to EUR 3,464 million on 31 December 2020). This increase is due to the growth of the current deposits of Crelan at the ECB by EUR 53 million and due to the increase of the portfolio of available high-quality liquid assets (HQLA) of Crelan (mainly level 1 for LCR) despite a few security maturity days in 2021: EUR 250 million (at the end of December 2021) of reverse repurchase agreements with AXA Bank Belgium (in relation to which Crelan delivers cash and receives securities (intragroup SCF covered bonds)). This is the additional element that explains this evolution. That intragroup cover bonds (non-HQLA if not used) partially replace the HQLA securities that were used as securities within the framework of the participation of Crelan in the TLTRO (LT financing of the ECB) for EUR 400 million since 30 September 2020.

The main reason for the increase by EUR 239 million of the liquidity buffer LCR in 2021 (excluding AXA Bank Belgium) are:

- The increase of the customer deposits (EUR +1.25 billion) that was greater than that of the loans (excluding deposited cash guarantees at LCH) (EUR +0.95 billion)
- The additional positive security on the liquidity of the decrease by more than EUR 0.2 billion of the decrease of the deposited cash guarantees at LCH.
- The net cash payment of about EUR 0.25 billion linked to the acquisition of AXA Bank Belgium at the end of December 2021.
  (= - paid purchase price for AXA Bank Belgium and the CoCo debt issued to AXA Bank Belgium that AXA Bank Belgium had previously purchased
  + the sale price of Crelan Insurance of EUR +445 million received from the issue of AT1 and T2 debts partially bought by AXA Bank Belgium).

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.

For the Group (excluding AXA Bank Belgium), the increase in 2021 of our available liquidity buffers (+7%) has not led to an increase of the LCR (liquidity in a month under stress) between 31 December 2020 and 31 December 2021.

	Excl. ABB	Excl. ABB	Incl. ABB
	31/12/2020	31/12/2021	31/12/2021
Liquidity buffer	3,464,065,628	3,702,769,359	7,117,282,251
Total net cash outflows	1,946,673,151	2,161,767,221	3,989,156,784
LCR (%)	177.9%	171.3%	178.4%

This is mainly because the increase by EUR 215 million of the net LCR outflows (excluding AXA Bank Belgium) can mainly be ascribed to:

- The prescribed LCR outflows (1 month) on customer deposits that increased after outflow-weighting (between 5% and 20% for retail customers, 40% for corporate and public customers and 100% for financial customers) by EUR 190 million between 31 December 2020 and 31 December 2021 due to the higher circulation of deposits;
- The increase of the prescribed LCR outflows (1 month) in relation to the pipeline loans by EUR 25 million. This results due to the increase by EUR 80 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:

Crelan Sub Conso		Total weighted value	Total weighted value	Total weighted value	Total weighted value
EUR					
Quarter ending on		31 3 2021	30 6 2021	30 9 2021	31 12 2021
Number of data points used in the calculation of averages		3	3	3	3
21	LIQUIDITY BUFFER	3,705,231,551	3,906,996,807	3,856,064,439	3,813,040,724
22	TOTAL NET CASH OUTFLOWS	2,009,653,286	2,107,131,092	2,107,222,033	2,116,967,317
23	LIQUIDITY COVERAGE RATIO (%)	184.4%	185.4%	183.0%	180.1%

The timing and financing sources of our financial liabilities (excluding AXA Bank Belgium) are shown based on the analysis of the remaining maturity below:

31/12/2021 (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	5,270,269								5,270,269
Non-regulated passbooks accounts	755,703								755,703
Regulated passbook accounts	14,742,576								14,742,576
Customer term accounts	34,872	20,093	40,365	64,031	94,956	342,555	46,166	0	643,038
Interbank debts	23,372	0	0	0	394,940	38	0	0	418,350
Securities issued (savings bonds + sub. certificates) for customers	11,670	23,249	62,097	64,377	161,194	253,324	12,105	0	588,017
Other securities issued (excluding AT1 (= FP))	557	1,113	1,670	3,340	6,680	159,845	63,883	0	237,089
Other liabilities	215,375								215,375
Total contractual maturities of liabilities excluding derivatives	21,054,394	44,456	104,133	131,748	657,770	755,762	122,155	0	22,870,417
Net interest on IRS (based on Euribor Forward)	4,388	26,369	22,854	38,781	72,803	183,359	138,918	8,523	495,995
Total contractual maturities of derivative liabilities	4,388	26,369	22,854	38,781	72,803	183,359	138,918	8,523	495,995

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 passbooks accounts	708,497								708,497
Regulated passbook accounts	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 debts	6,379	-576	-863	8,251	-1,833	400,056	0	0	411,413
Securities issued (savings bonds + sub. certificates) for customers	15,060	37,170	46,373	76,271	163,803	365,088	64,895	0	768,659
Other securities issued (excluding AT1 (= FP))									0
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 (based on Euribor Forward)	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

This maturity day calendar of our liabilities comprises the current accounts (incl. non-regulated savings deposit books) and regulated savings deposit books. These represent 26% and 65% of the liabilities, respectively, on 31 December 2021 instead of 25% and 65%, respectively, on 31 December 2020.

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 (excluding AXA Bank Belgium) has been further elaborated in the maturity day balance sheet below:

31/12/2021 (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)	3,119,707								3,119,707
Other interbank receivables	21,627	0	0	340,055	0	0	0	30,825	392,507
Mortgage loans	87,976	163,426	245,903	486,218	948,899	2,655,440	3,782,411	4,394,473	12,764,746
Other loans granted to customers	146,455	265,293	289,809	575,175	763,529	1,562,026	1,369,179	1,244,429	6,215,895
ECB eligible securities - free of mobilisation	16,002	50,526	508	23,687	131,169	227,360	221,306	0	670,557
ECB eligible securities - mobilised/blocked	3,002	1,005	0	47,986	30,084	146,385	339	0	228,802
Securities other than ECB eligible - free of mobilisation	0	4,032	1,337	9,461	11,951	41,966	0	5,102	73,849
Securities other than ECB eligible - mobilised/blocked	0	0	0	0	0	0	0	0	0
Other assets								1,534,830	1,534,830
Total contractual maturity of assets	3,394,769	484,282	537,556	1,482,584	1,885,632	4,633,177	5,373,234	7,209,658	25,000,892

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 - free of mobilisation	30,000	16,097	58,448	55,285	32,146	176,329	140,704	0	509,009
ECB eligible securities - mobilised/blocked	0	0	0	34,081	103,202	242,021	71,755	0	451,059
Securities other than ECB eligible - free of mobilisation	2,000	1,636	1,640	3,315	16,821	43,798	18,666	5,064	92,940
Securities other than ECB eligible - mobilised/blocked	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

The CSA Deposits deposited with London Clearing House (EUR 852 million and EUR 631 million, respectively, on 31 December 2020 and 31 December 2021) 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 670 million) of ECB securities that are eligible that can be mobilised at any time and the interbanking receivables at the NBB (± EUR 2.9 billion on top of the mandatory monetary reserve) formed our liquidity reserve (excluding ABB) on 31 December 2021 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 (excluding AXA Bank Belgium) consisting of mortgages on 31 December 2021. 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 2 billion for the Group excluding AXA Bank Belgium).

The LCR figure on 31 December 2021 (178.4%) on a Group level (including AXA Bank Belgium) is slightly higher than that of the Group excluding ABB (171.3%).

After the integration of AXA Bank Belgium, which has been issuing covered bonds for many years already (through its subsidiary AXA Bank Europe SCF), the existing programmes of covered bond issues can apparently be expanded to use the buffer in mortgages at Crelan (excluding AXA Bank Belgium) partially as a guarantee for covered bond-too.

For the IFRS 7 analysis of the liquidity risk based on figures and for more descriptions of the management of the liquidity risk at AXA Bank Belgium, refer to section "4.3 Liquidity risk" in the annual report of AXA Bank Belgium.

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:

- An OR strategy that is reviewed each year and a set of standards (ORM Set of Standards) including the OR policy where it is specified what the risk tolerance and alarm and escalation limits are;
- A Risk & Monitoring Self-Assessment (RMSA) performed by the process owners of the bank under the form of a map of the risks and the control of these risks;
- 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;
- Key Operational Risk Indicators (KORI) based on the permanent audits realised within the business lines and supplied by the ORM correspondent banks.

The monitoring by ORM of the remediation plans drawn up by the business lines for the greatest risks, most important incidents and indicators with insufficient.

7.5.1. Map

In the course of the 2021 accounting period, a new RMSA of the Bank was performed that focused on the operational risks of the ORM perimeter at 19 organisational units and for a total of 184 processes. Thanks to this new risk assessment, a total of 1,220 risks could be identified and assessed of which 199 were deemed at least significant by the end of the exercise, which resulted in as many action plans to limit these risks. Most of these action plans will be implemented during the course of the 2022 accounting period and the first full follow-up will be carried out by ORM at the end of the first quarter of 2022.

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 2021, the direct net consolidated financial losses (Crelan + Europabank) amounted to EUR 2,750,436.71 for a total of 195 incidents. The incidents that entailed more than EUR 20,000 are systemically reported to the OpRisk committee based on a close follow-up both with regard to the regulations thereof in the short term and in relation to the introduction of corrective measures to prevent repetition.

7.5.3. Key risk indicators

A summary chart of 134 risk indicators (as on 31 December 2021) 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.

Fifteen action plans remained open at the end of 2021 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 12.1 billion as on 31 December 2021 (2020: EUR 11.1 billion) and the technical provisions amount to EUR 67.4 million (2020: 62.8 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 2021 amounts to EUR 12.1 billion (2020: EUR 11.1 billion) and the technical provisions amount to EUR 67.4 million (2020: 62.8 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 4.5 million as on 31 December 2021 (2020: 4.9 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 outstanding balance insurances, 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 (on short-term amounts with regard to the self-retention of 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

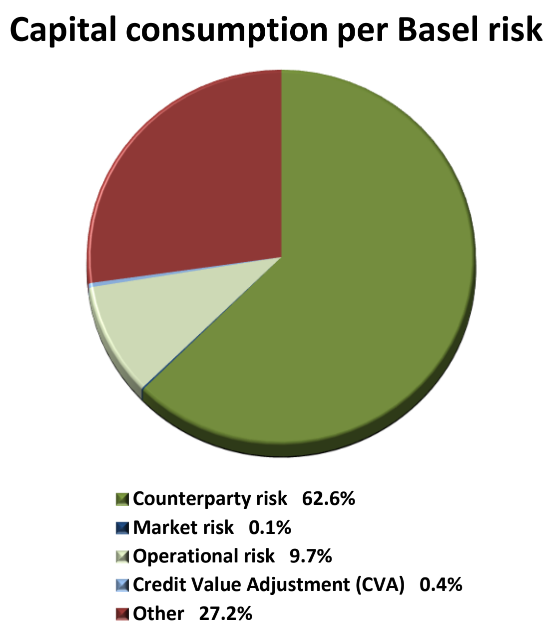
The prices are determined based on, on the one hand, the insured risk and, on the other hand, the profile of the client that emerges from the acceptance procedure. The prices (including for the risk premiums, the various pricing costs and the technical interest rates) may, moreover, be adjusted by the 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 prices for the existing outstanding balance insurances and finance settlement insurances were not changed.

7.7. Capital Management

The risks and the capital that are allocated to these risks are monitored every quarter.

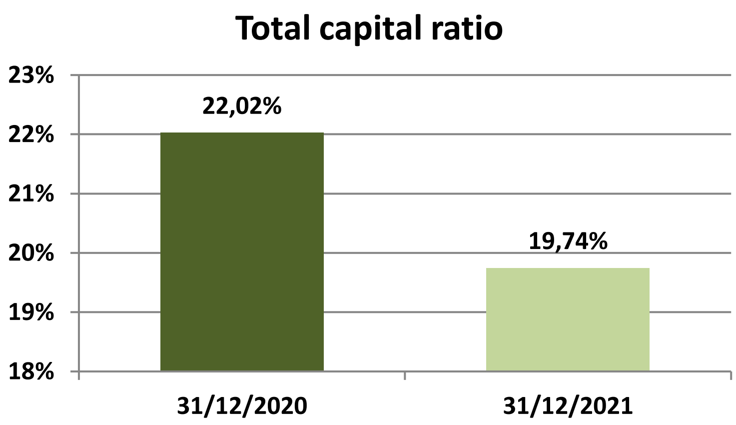
The supervision in relation to capital requirements takes place within the prescribed framework. The National Bank of Belgium imposes a Supervisory Review and Evaluation Process (SREP) Tier 1 ratio of 11.61% for the Crelan Group.

The mix of the equity and the allocation thereof to the different risks can be shown as follows for 31 December 2021:



The counterparty risk forms the greatest risk for the Crelan Group with 62.6%. In addition, the operational risk represents 9.7% 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. The market risk is limited to 0.1% of the total reported risk. 27.2% 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 2021, the total capital ratio or capital adequacy (CAD) ratio was 19.74% when compared with a CAD ratio of 22.02% on 31 December 2020.

The total available equity consists of:

- Common Equity Tier 1 capital (CET1);
- Additional Tier 1 capital;
- Tier 2 capital.

In accordance with the definition of the Basel Committee for bank supervision, the CET1 capital contains the paid-up share capital and all reserves (including the remeasurement at fair value reserve). Regarding these, a number of elements must be deducted. Namely:

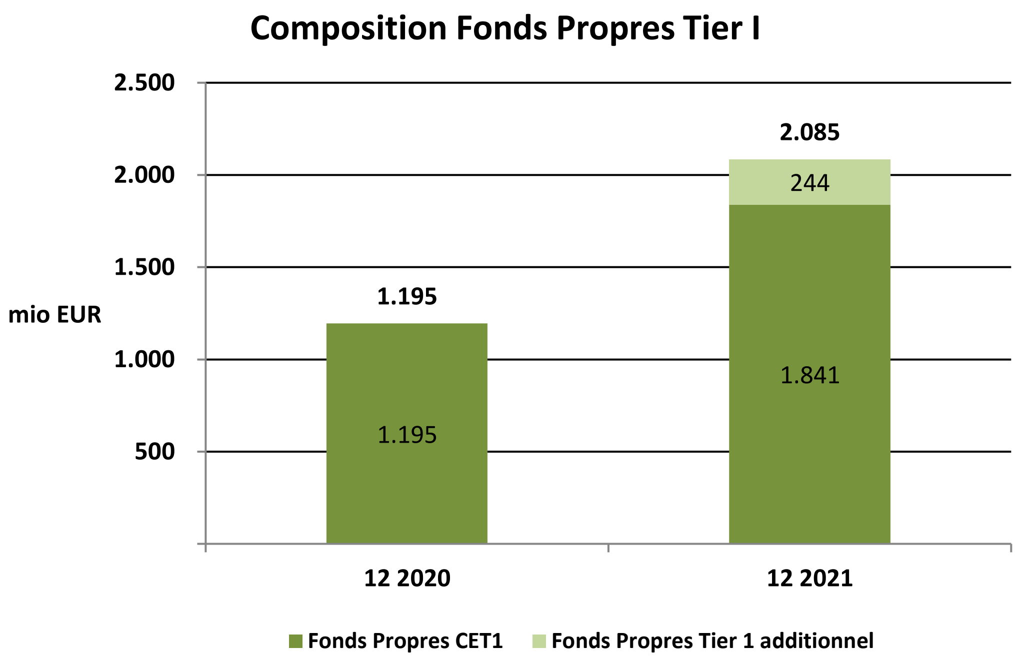
- Deferred tax assets that are based on future profitability;
- Goodwill and other intangible fixed assets;
- Deficit in relation to the IRB provision versus the expected losses;
- Other adjustments.

The Tier 1 capital of the bank is composed of the CET1 and the additional Tier 1 capital.

The available equity amounted to EUR 2.291 billion on 31 December 2021 and is composed as follows:

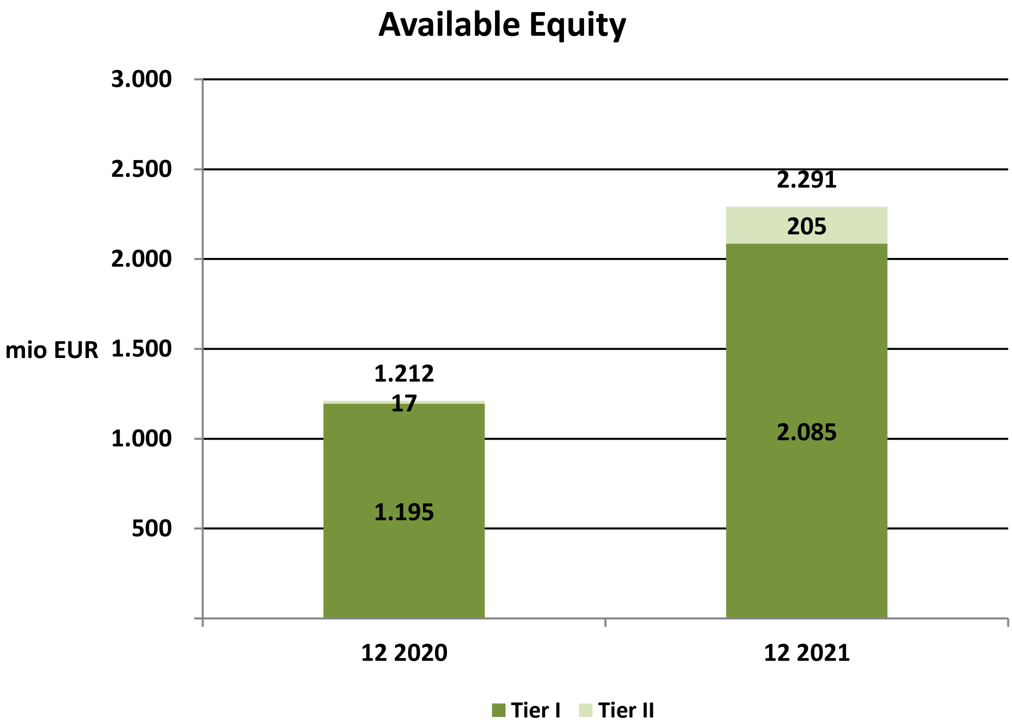
(in EUR)	31/12/2021	31/12/2020
Capital	895,456,452	896,520,900
Reserves	1,022,902,179	368,168,702
Adjustments to reserves from revaluation in equity	4,655,594	-1,300,157
Deferred tax assets based on future profitability	-13,152,193	-33,607,692
Surplus/deficit on IRB provision	-15,400,047	1,581,330
Goodwill and other intangible assets	-35,927,892	-32,751,064
Securitisation positions	-2,825,402	0
Insufficient coverage of non-performing exposures	-573,498	0
Capital instruments qualifying as AT1 capital	244,400,438	0
Subordinated certificates	205,289,034	14,982,006
Other adjustments	-14,098,278	-2,091,894
Available Equity	**2,290,726,387**	**1,211,502,131**

The graph below shows the mix of the Tier 1 capital:



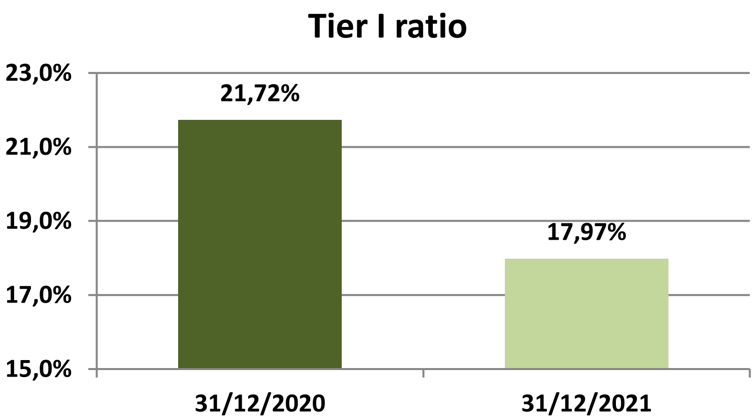
Tier 2 capital, or the additional capital, consists of the subordinated certificates that meet the conditions of the Basel Committee and also forms a part of the capital position of the Crelan Group. In 2021, we also have the issue of capital securities for an amount of EUR 244 million that have also been added to Tier 2.

The Tier 1 and Tier 2 capital together form the available assets.



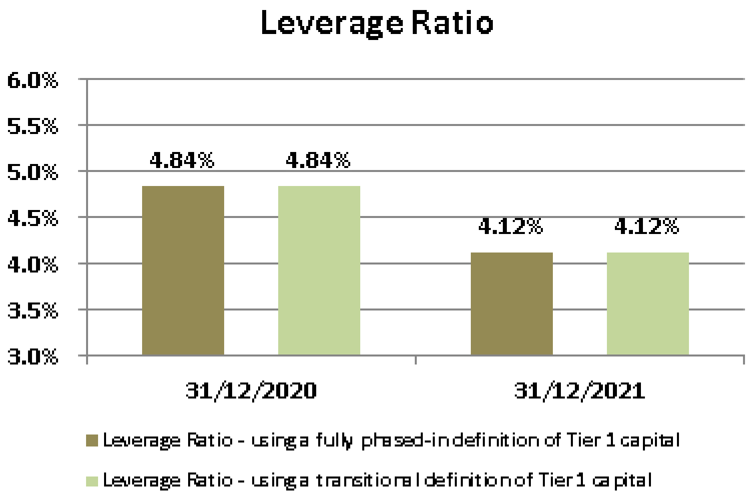
The Tier 1 ratio shows the Tier 1 capital of the Crelan Group as a percentage of its total risk-weighted assets. The regulator has determined that this must at least be 11.61% for 2021 for the Crelan Group.

The Tier 1 ratio amounts to 17.97% on 31 December 2021 when compared with a Tier 1 ratio of 21.72% on 31 December 2020.



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 2021, the leverage ratio amounted to 4.12% when compared to 4.84% on 31 December 2020.



The difference between the 'transitional definition' and the 'fully-loaded definition' can be found in the use of perpetual subordinated loans, but this does not have an impact on the leverage ratio.

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 on 31 December 2021 as approved by the European Union. Bases for financial reporting that are not specifically stated further agree with the IFRS standards as accepted within 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.

In deviation from this principle, the Group has decided not to include integrally specific subsidiaries in relation to the application of the IFRS Consolidated Financial Statements based on the relevant and intangibility principle.

Within this context, a subsidiary whose balance sheet total was lower than 0.15% of the balance sheet total of the Crelan Group in the previous accounting period is regarded as intangible and is not included any more as such in the consolidation scope except when the Board of Directors should take a different decision. This is included on the balance sheet in a separate line 'Investments in associated businesses, subsidiaries and joint ventures'.

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.

This is the case at the Crelan Group for all loans that reach their maturity date and that are fully repaid before the maturity date. Each difference between the book value and the received amount is included in the profit and loss account.

Financial assets are regarded as having been 'adjusted' if the contractual cash flows are renegotiated or are changed otherwise except if those financial assets are no longer included on the balance sheet or when they are reassessed periodically (financial assets with a floating interest rate). In that case, the gross book value of the financial asset must be reassessed (cash value of the adjusted contractual cash flows discounted based on the original effective interest rate) and the difference (amended gains or loss) must be included in the profit and loss account.

Financial liabilities are no longer included when the contractual liabilities are being complied with or terminated and/or they have matured.

A substantial amendment of the conditions of an existing financial liability or a part thereof will be processed from an accounting perspective as the termination of the original financial liability and the inclusion of a new financial liability. An adjustment of more than 10% of the current value where the adjusted cash flows were discounted based on the original effective interest rate is considered as a 'substantial' adjustment.

Any incurred costs or achieved benefits are included as part of the profit or loss with regard to the termination.

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 with the exception of liabilities with regard to derivatives that are included on the transaction date.

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. Assets with regard to derivatives are included on the transaction date.

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 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

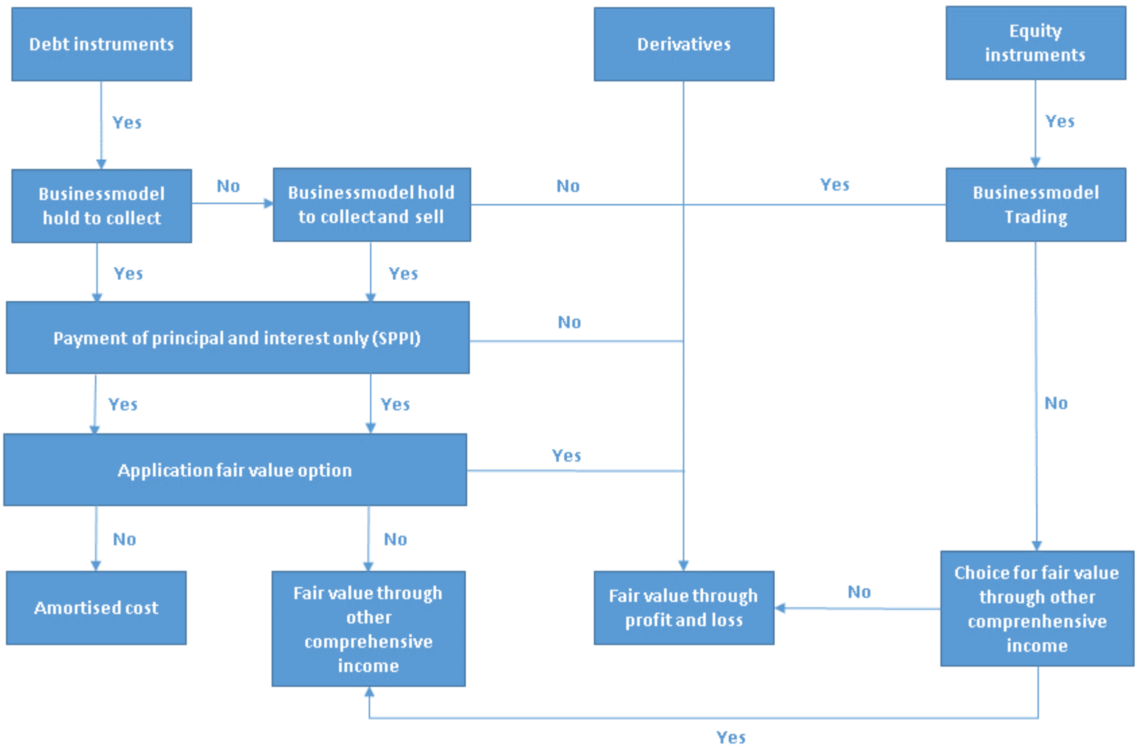
In relation to the contractual cash flows, an assessment is made to determine whether the cash flows are only related to repayments and interest payments in relation to the outstanding principal sum: the term "solely payments of principal and interest" (SPPI) is used.

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 these 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, on the one hand, 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. On the other hand, part of the bond portfolio is also included here that is held for liquidity goals, balance sheet management and optimisation of the risk versus the revenue. This therefore concerns bonds and debentures in the 'Hold to collect and sell' model.

The fluctuations in fair value of derivatives that are a part of qualified cash flow hedges are also included in the other elements of the total result (OCI).

8.4.4.5. Financial assets at amortised cost

The credit portfolio as well as the debt certificates in accordance with the hold to collect management model that have passed the SPPI test fall under this category.

8.4.4.6. Reclassifications

Financial assets can only be reclassified if the Crelan Group should change its business model for the management of the financial assets. Future changes to a business model may only occur very sporadically and must arise from tangible external or internal changes to the activities of the Crelan Group that are visible to external parties. Each change to a business model must be approved by the internal bodies competent for this and must be confirmed by the Board of Directors. After a change to the business model, the Crelan Group will not carry out any activities any more based on the old business model.

Reclassifications are only implemented prospectively without this changing earlier authorised gains, losses or interests:

- Reclassification of amortised cost at fair value with processing of value adjustments in profit or loss: each profit or loss from the difference between the previous amortised cost and the fair value is included as profit or loss.
- Reclassification of the fair value including the processing of value adjustments in profit or loss at amortised cost: the fair value is the new gross book value in relation to reclassification.
- Reclassification of amortised cost at fair value including the processing of value adjustments in the other elements of the total result (OCI): each profit or loss from the difference between the previous amortised cost and fair value is included in the other elements of the total result (OCI).
- Reclassification of the fair value including the processing of value adjustments in the other elements of the total result (OCI) at amortised cost: the financial asset is reclassified at fair value on the reclassification date. In addition, the accumulated profit or loss in other elements of the total result

(OCI) is taken from the equity and adjusted based on the fair value of the financial asset on the reclassification date.

- Reclassification of the fair value including the processing of value adjustments in profit or loss at fair value including the processing of value adjustments in the other elements of the total result (OCI): the financial asset continues to be measured at fair value.
- Reclassification of the fair value including the processing of value adjustments in the other elements of the total result (OCI) at fair value including the processing of value adjustments in profit or loss: the financial asset continues to be measured at fair value and the accumulated profit or loss in the other elements of the total result (OCI) is reclassified from equity to profit or loss.

8.4.5. Impairment

Special impairment with regard to financial assets at amortised cost 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 Crelan Group uses 3 year future-focused information. 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[6]:

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

Low credit risk

The Crelan Group deems the credit risk of a financial instrument as being low if the financial instrument:

- Has a low risk in relation to non-payment.
- The borrower has a high capacity to meet his/her cash liabilities in the near future while taking the adjustments in the economic and business conditions that the possibility of the borrower to meet his/her loan liabilities could decrease into account.

As a consequence, non-retail exposures that are measured at fair value including the processing of value adjustments in the other elements of the total result (OCI) and that are classified based on "investment grade" (BBB and higher) are included on the date of closing are included automatically in stage 1 (expected credit losses over a time horizon of 12 months) included. This is reduced to BB- and higher for government exposures.

[6] The weights that have been allocated to each of the scenarios as on 31 December 2021 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.

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, for example, the probability of default) or the evolution thereof 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 backstop, which means when a considerable increase of the credit risk is assumed.

The Crelan Group uses the "probability of default" as a criterion to determine whether there is a significant increase of the credit risk in the retail portfolio. The Crelan Group transfers, within this context, all financial instruments of which the "probability of default" over more than 12 months between the first inclusion and the reporting date has risen by a relative amount and up to a maximum. Additional triggers are:

- Negative reporting in the Central Individual Credit Register
- Allocation of forbearance
- An individual monitoring list (‘credit monitoring list) of customers where, for example, an individual score that is allocated to each customer, a regular analysis of customers with a circulation of > EUR 1 million and the aforementioned forbearance are taken into account.

In the non-retail portfolio, a significant increase of the credit risk is determined based on the rating of the financial instruments, namely, a decrease by a minimum number of notches since the purchase date and up to a specific absolute level (usually below "investment grade").

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 (non-retail: gross exposure).
LGD: difference between expected cash flows without non-payment and expected cash flows in case of non-payment.

Groups

The modelling of the parameters takes place on a group basis. The financial instruments are grouped based on shared risk characteristics such as:

- Type of instrument
- Credit risk ratings
- Type of collateral
- Loan-to-value ratio for retail mortgage loans
- Date of initial accounting entry
- Remaining maturity
- Number of years on the books

The groups are regularly reviewed to ensure the different groups continue to be homogeneous.

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 ae 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 regulatory authorities have requested are not included and future elements are added.

For the non-retail portfolio, these parameters are derived from historic data and adjusted to statistically meaningful parameters. It should be noted that the non-retail portfolio only consists of "high investment grade" and usually guaranteed positions: government and supranational bonds, reverse repurchase agreement transactions and secured loans. This means that the expected credit losses are immaterial.

8.4.5.3. Non-payment

The definition of non-payment is in line with the EBA guidelines regarding non-payment (EBA/GL/2016/07).

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.

A financial asset in the non-retail portfolio is earmarked as "non-payment" as from when non-payment is determined based on the contract conditions.

8.4.5.4. Special impairment with regard to bought financial assets or financial assets that have already experienced a special impairment when created.

On the reporting date, the Crelan Group only uses as special impairment for expected losses with regard to bought financial assets or financial assets have already experienced a special impairment when created the cumulative adjustment with regard to expected credit losses calculated for the entire life span and since the first inclusion on the balance sheet.

Subsequently, the amount of the adjustment in expected credit losses calculated for the total life span must be included on each reporting date in the profit or loss as a special impairment profit of loss. Favourable adjustments in the expected credit losses calculated over the total life span must be included as a special impairment profit even if the expected credit losses calculated for the total life span are lower than the amount of the expected credit losses that were included in relation to the first inclusion in the estimated cash flows.

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. Financial liabilities indicated as being measured at fair value including the processing of value adjustments in profit or loss

In addition, the Group may make an irrevocable choice when first included to indicate a financial liability (that meets the conditions in relation to the rest to measure at amortised cost) as measured at fair value including the processing of value adjustments in profit or loss if this classification eliminates or limits to an important degree an inconsistency in the measurement at fair value or inclusion that would be the result of the measurement at fair value of assets and liabilities or recognising gains and losses on a different basis. The Group may, moreover, specify that the entire hybrid contract is measured at fair value including the processing of value adjustments in profit or loss if a contract includes one or more derivatives enclosed in the contract, except:

- When the derivative or derivatives in the contract does or do not lead to an important change of the cash flows that would otherwise be required by the contract; or
- When it is clear without or with not much analysis that the separation of derivative or derivatives in a contract is or are not permitted.

The Group has used this option in the case of issued EMTNs (European Medium Term Notes).

For this last category, the Group has opted to include all adjustments in fair value in profit or loss with the exception of the adjustments in the credit risk of the liability (DVA, debit valuation adjustment) that must be included in the other elements of the total result (OCI) as prescribed under IFRS 9.

8.5.3. 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.

8.6. 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).

8.7. 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.

8.8. Issued financial guarantees

The first inclusion of the issued financial guarantees on the balance sheet occurs on the contract date. It takes place based on the fair value, which usually matches the received benefit for issuing the financial guarantee. If the received premium does not match market practices, the difference with the fair value is immediately included in profit or loss.

First, the received premium is in proportion to the time amortised over the maturity of the contract. This takes place on a "contract by contract" basis. Subsequently, it is determined (on a portfolio basis) whether a provision does not need to be recorded for possible or certain enforcements. This provision is discounted if the impact is material.

The write-off occurs when the term expires. In the case of enforcement, the issued guarantee will be removed from the records for the guaranteed amount that was built up through the provision.

8.9. 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.

8.10. Derivatives and hedging transactions

8.10.1. 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

8.10.2. 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 assets 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 assets 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 of the hedged element(s).

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

8.10.3. Embedded derivatives

An embedded derivative is a component of a drawn up contract that also contains a non-derivative basic contract. The result is that some cash flows from the combined instrument change in the same way as that of a standalone derivative.

If a drawn up contract contains a basic contract that is a financial asset, the regulations in item 8.4 applies to the entire combined contract.

If a combined contract contains a basic contract that is a financial liability, a derivative embedded in a contract is separated from the basic contract and recorded as a derivative only if:

- There is no close relationship between the economic characteristics and risks of the derivative embedded in the contract and the economic characteristics and risks of the basic contract
- A separate instrument with the same conditions as the derivative embedded in the contract should comply with the definition of a derivative
- The combined instrument is not measured at fair value including the processing of value adjustments in profit or loss (that is to say, a derivative that is embedded in a financial liability measured at fair value including the processing of value adjustments in profit or loss will not be separated).

If, nevertheless, the contract includes one or more derivatives embedded in the contracts and the basic contract is a financial liability, the Group may decide to indicate the entire combined contract as measured at fair value including the processing of value adjustments in profit or loss insofar as the conditions specified under item 8.5.2 "Financial liabilities indicated as measured at fair value including the processing of value adjustments in profit or loss" have been met.

8.11. 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.

8.12. 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	3-10 years
Acquired software	5-10 years
Customer files	10 years

8.13. Government assistance

The ECB as the supra-national public institution within the European Union is regarded by the Group as an institution that is the same as local, national and international authorities/government institutions.

The more favourable conditions that are included within its targeted longer-term refinancing operations (TLTRO) are therefore deemed as government subsidy. The value of the benefit is determined as the difference between the received amount and the initial value of the loan in accordance with IFRS 9 – Financial instruments.

They are expressed on the balance sheet when the following can be stated with reasonable certainty:

- The Group will fulfil the conditions linked to the subsidy;
- The subsidies will be received.

They are systematically included as revenue in the income statement for the periods in which the related costs that they intend to compensate are included.

8.14. 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.

8.15. 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.

8.16. 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.

Conditional assets (rights) are not included on the balance sheet; they are, however, specified in the notes if an inflow of economic benefits is likely.

8.17. 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 regulatory 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.

8.18. 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.

8.19. Dividends

Received dividends are included in the income statement when the definitive right to collect them is determined.

8.20. Realised and non-realised gains and losses

Gains and losses realised in relation to the sale and stopping financial instruments classified as 'hold to collect and 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. The fluctuation of the fair value of hedging derivatives is presented on a separate line together with the fluctuation of the fair value of the hedged risk. An increased interest rate is included in interest income and charges.

Non-realised gains or losses on 'hold to collect and 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.

Both non-realised and realised gains or losses with regard to equity instruments remain in the other elements of the total result (OCI) with the exception of the received dividends (cfr. 8.14).

8.21. 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.

8.22. 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 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 leases to which the new standard refers mainly refer 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[7].

Based on the principle of immateriality (IAS 8.8), AXA Bank Belgium has not yet applied IFRS 16.

8.23. 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 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.

[7] 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.

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.

In accordance with Belgian legislation that applies to the retirement benefit plans of the second pillar (the legislation regarding additional pensions), all Belgian retirement benefit plans of the defined benefit type under the IFRS standards must be regarded as retirement benefit plans of the defined pension type.

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 performance were started unconditionally.

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.

8.24. 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.

8.25. 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.

8.26. 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.

In addition, it includes the equity and also all issued financial instruments of elements thereof that must be classified as an equity instrument based on their economic characteristics in relation to the contractual agreement.

An important distinction with the classification as a debt instrument within this context is that Crelan Group cannot be made to:

- Deliver liquid assets or financial assets.
- Exchange in financial instruments that can potentially be detrimental.
- Deliver a variable number of its equity instruments.

Both the benefits of such instrument as well as the related transaction costs of the issue are directly deducted from the equity.

8.27. 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 is 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.

8.28. 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 are objective indication that show 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.

8.29. Additional information

8.29.1. 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;
- Measurement at fair value of the CVA and DVA in relation to derivatives and financial liabilities measured at fair value including the processing of value adjustments in profit or loss;
- 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;
- Estimation of deferred tax assets;
- Determination of the hedging reserve when applying fair value hedging;
- Determination of the audit when setting up the scope of consolidation;
- Assessment of the future credit production that will be eligible when verifying the conditions with regard to the targeted longer-term refinancing operations;
- Estimation of the existing liabilities that arise from events in the past when including of other provisions.

8.29.2. Events after the balance sheet date

Events after the balance sheet date that indicate circumstances already present on the balance sheet date (for example, additional information on previous estimates) require an adjustment of the financial statements if material.

Events after the balance sheet date that indicate circumstances after the balance sheet date (for example, evolution of the dollar or the fair value of securities) do not require an adjustment of the balance sheet, the profit and loss account and the statement of changes in the equity of the cash flow statement. If material, however, information is provided on the nature and the estimated financial impact to avoid that the financial statements could be misleading.

8.29.3. Adjustments in the estimates and measurement bases

If it is difficult to determine whether it is a change in the estimation or a change in the assessment principle, a change in estimation is selected based on the IFRS regulations.

A change in estimation is applied prospectively. Insofar a change in estimations leads to adjustments in assets and liabilities or concerns a component of the equity, this change is processed in the period in which the change took place by changing the book value of the asset, of the constraint or the component of the equity concerned.

In the case of a change in the assessment principle, it is applied retrospectively.

When it is unfeasible from a practical perspective to determine the period-linked consequences of a change in a basis for financial reporting based on comparing information from one or more prior reporting periods, the new basis for financial reporting is used on the book value of assets and liabilities as from the earliest period (the earliest period may be the reporting period) for which retrospective application is possible The opening balance for that period is adjusted accordingly for each equity component concerned.

When it is not feasible from a practical perspective to determine the cumulative effect at the beginning of the reporting period of the application of a new basis for financial reporting on all prior reporting periods, the comparing information is adjusted to apply the new basis for financial reporting prospectively as from the earliest date on which this is feasible from a practical perspective.

In these cases, additional documentation regarding this is supplied in the notes.

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Independent auditor's report to the general meeting of Group Crelan for the year ended 31 December 2021

As required by law and the Company's articles of association, we report to you as statutory auditor of Group Crelan (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 December 2021, the consolidated statement of the realized and unrealized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2021 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 25 June 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group during 5 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Group Crelan, that comprise of the consolidated statement of the financial position on 31 December 2021, the consolidated statement of the realized and unrealized results, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 53,011,860,363 and of which the consolidated income statement shows a profit for the year of € 660,346,064.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2021, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the section "Our responsibilities for the audit of the Consolidated Financial Statements" of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Business combination of AXA Bank Belgium: identification of the assets acquired and liabilities assumed, estimate of their fair values and recognition of a gain on a bargain purchase ("badwill")

Description of the key audit matter

On 31 December 2021, the Group acquired all the shares of AXA Bank Belgium NV ("ABB") for € 686 million (the "transaction"). As required by IFRS 3 "Business Combinations", the Group has identified the assets acquired and liabilities assumed, determined their fair values, and compared the net fair value with the consideration paid. For this exercise, which requires to make a variety of assumptions, the Group has been assisted by an external valuation expert.

The difference between the net fair value of the assets acquired and liabilities assumed and the consideration paid resulted in bargain purchase gain (or "badwill") of € 599 million, which has been recognized in the consolidated income statement.

Considering the materiality of the assets acquired, liabilities assumed and badwill recognized (as described in note 1.3 to the consolidated financial statements) and given the degree of judgment involved in the identification and the estimation of the fair values of the assets acquired and liabilities assumed, we consider this business combination to be a key audit matter.

Summary of the procedures performed

- We analysed the share purchase agreement and related contracts in respect of the transaction in order to verify the correct determination of the consideration paid and specific clauses which could have an impact on it.
- We obtained from the auditors of ABB their conclusions on the audit of the consolidated financial statements of ABB as at 31 December 2021, and we performed a review of their workpapers. We performed additional oversight procedures in accordance with ISA 600.
- We analysed the methodology applied by the Group to identify the assets acquired and the liabilities assumed.
- We analysed ABB's vendor due diligence report, the acquisition due diligence report prepared by the Group's external advisors, and the consolidated financial statements of ABB as at 31 December 2021, to challenge whether the Group has identified all of the assets acquired and all of the liabilities assumed.
- We assessed the competence and the independence of the Group's external valuation expert.
- We analysed the report prepared by the Group's external valuation expert with the support of our own internal valuation experts. More specifically, we have assessed the scope of their work and the relevance of the main assumptions and valuation methods used.
- We recalculated, on a sample basis, the fair values of the assets acquired and liabilities assumed at acquisition date. This included, for the valuation of the loans and the pensions, the assistance of our internal valuation experts and actuaries.
- We audited the accuracy of the consolidation entries.

Finally, we have assessed the completeness and accuracy of note 1.3 to the Consolidated Financial Statements in accordance with IFRS requirements.

Credit risk with regard to the loan portfolio

Description of the key audit matter

As at 31 December 2021, the loan receivable portfolio of the Group amounts to € 45,877,409,721 (gross, valued at amortized cost) and the related impairments amount to € 150,711,235. These loans receivable mainly consist of credits granted to individuals and corporates.

Impairments represent the Group's best estimate of the expected credit losses at the balance sheet date. They are calculated based on the default risk over different time horizons, depending on whether the borrower's credit risk has increased significantly since the credit has been granted:

- The impairments of the exposures of which the credit risk has not increased significantly ('stage 1') are based on the expected credit losses over a period of 12 months;
- The impairments of the exposures of which the credit risk has increased significantly or which is credit-impaired ('stage 2' and 'stage 3') are based on the expected credit losses over the lifetime of the credit;

Expected loss calculations are probability-weighted estimates of the present value of the cash deficits, using models, applying scenarios, and taking into account the impact of historical losses on the one hand and forward-looking information on the other. The inputs for these models are based, among other things, on historical loss rates, credit terms and cash flow projections, assessed subjectively to determine the assumptions used to calculate the impairment losses.

Important subjective evaluations in the process are:

- The criteria to determine exposures with a significant increase in credit risk (and the corresponding 'stage');
- The assumptions used in the expected credit loss model such as the borrower's financial condition (and its corresponding default risk), and the credit loss that would be incurred in the event of default (which depends on the expected recovery value of the collateral, if any);
- The inclusion of forward-looking information (probability-weighted macro-economic scenarios);
- Manual adjustments applied where the model parameters or calculations were not deemed representative by management, based on the current risks and conditions of the portfolio.

Considering that the loans and advances and related impairments are significant to the consolidated balance sheet and income statement, and given the degree of subjective judgment involved and the related uncertainty of impairment estimates, we consider this to be a key audit matter.

Summary of the procedures performed

- We have assessed the design and operating effectiveness of the key internal controls related to the credit issuance, the credit risk management (including periodic credit review, monitoring of the borrower's credit quality using indicators such as days in arrears and forbearance, and the determination of the rating), the flow of information between the source systems and the expected credit loss calculation tool, and the model development and monitoring (specifically the independent validation process).

- We compared the inventory of loans and advances for which expected credit losses were calculated with the amounts included in the Consolidated Financial Statements.

- In respect of the models for expected credit losses, we engaged our internal experts to assess the appropriateness of the model and the methodology used (in accordance with IFRS requirements).

- For the specific impairments determined at individual file level, we have selected a sample of loans (in stage 2 and stage 3) and performed a detailed inspection of the credit file, whereby we have assessed that:

  - The credit risk policy has been applied;

  - The credit quality and the 'stage' have been determined correctly;

  - The collateral (if any) has been properly estimated;

  - The recoverability of the loan and the impairment have been determined correctly.

- To assess the reasonableness of the forward-looking information incorporated in the expected credit loss models, we assessed the outlook and the probability weights applied to the different scenarios, and compared them with supporting information (publicly available economic information), if applicable . In particular, we considered whether this forward-looking information adequately reflects the impacts of the Covid-19 crisis and is in line with expectations for Gross Domestic Product and unemployment rates as published by regulators.

- To assess the appropriateness of the manual adjustments applied by management, we considered the possibility that impairment losses may have been impacted by events or trends not reflected in the Group's models, or by limitations in data.

Finally, we have assessed the completeness and accuracy of the notes 4.4 and 7.2 to the Consolidated Financial Statements in accordance with IFRS requirements.

Valuation of derivatives and hedge accounting

Description of the key audit matter

The Group has concluded interest rate swaps (IRS) and interest rate options (caps and swaptions) to hedge its interest rate risk. These derivatives are carried at fair value, with changes in fair value through profit or loss.

In order to limit the effect of these changes in fair value through the profit and loss accounts, the Group has allocated the majority of these derivatives to hedging relationships on the interest rate risk of portfolios of financial assets or liabilities ("portfolio fair value hedging"), so that these portfolios of assets or liabilities are also remeasured to the extent of the hedged risk. This revaluation is recorded in separate lines of the assets or liabilities on the balance sheet ("changes in the fair value of the hedged portfolios").

These two revaluations at fair value (i.e. those of the derivatives and those of the hedged items) neutralize each other in the profit and loss statement, with only a net effect for any ineffectiveness of the hedge relationship.

At 31 December 2021 the derivatives used for hedging had positive and negative fair values of € 247,980,725 and € 1,368,430,297, respectively, before netting with the corresponding cash collateral received or posted (see note 4.16). The revaluations of the financial portfolios of hedged assets and liabilities amounted to € 431,353,867 and € -3,787,639 respectively. An ineffectiveness of € 2,978,443 (gain) was recognized in the income statement.

The audit risk resides on the one hand in the valuation of the derivatives (via valuation techniques) and on the other hand in the correct accounting treatment of the hedging relationships (the documentation has to comply with IAS 39 requirements and the effectiveness tests are based on a number of assumptions regarding expected future early redemptions and renegotiations of certain types of loans), therefore we consider this a key audit matter.

Summary of the procedures performed

- We compared the fair values of the derivatives with the fair values as confirmed by the external counterparties, in the context of so-called "collateralization". With the assistance of our own valuation specialists, we have assessed the adequacy of the valuation models, compared the parameters used (yield curves, volatility curves) with market data and recalculated the fair value for a sample of derivatives;

- We assessed whether the conditions for netting as required under IAS 32 were met and whether this netting was correctly calculated and disclosed in the Consolidated Financial Statements;

- We assessed the existing hedging documentation to determine whether it meets the criteria as described in the "carved-out" version of IAS 39 as adopted by the European Union, and we assessed the effectiveness tests performed by the Group to verify whether the hedging relationships were still effective and whether the ineffectiveness was calculated correctly. In particular, we compared the volume of hedging derivatives with the projected volume of hedged mortgage (and other) loans over future time buckets, taking into account the assumptions regarding expected early repayments and renegotiations, in order to identify any over-hedging situations, that could partially jeopardize the application of hedge accounting;

- We examined the model used by the Group to forecast future early repayments and renegotiations of mortgage loans, and assessed its correct functioning in recent financial years;

- We tested the spreadsheets used by the Group to monitor the hedging models, in order to verify the correctness of the hedge accounting entries, and whether the derivatives, of which the fair value was not zero at the start of the hedging relationship, have been accounted for correctly. We have verified the reconciliation of these spreadsheets with the underlying source systems on the one hand and with the Consolidated Financial Statements on the other hand.

Finally, we have assessed the completeness and accuracy of the notes 4.12, 4.13.2, 4.16, 7.3.1 and 8.6 to the Consolidated Financial Statements in accordance with IFRS requirements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;

- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the Consolidated annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the Consolidated annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the Consolidated annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the Consolidated annual report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non-financial information as required based on article 3:6, § 2 of the Code of Companies and Associations, has been included in the annual report. The Group has not based itself on a European or international framework in order to prepare this non-financial information. We express no assurance whatsoever on individual elements included in this non-financial information.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 7 April 2022

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Jean-François Hubin *
Partner
*Acting on behalf of a BV/SRL

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