2022 Consolidated Financial Statements

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2022 Consolidated Financial Statements

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

Consolidated balance sheet

Assets (in EUR)	Note	31/12/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	4.1.	7.130.436.023	4.995.388.966
Financial assets held for trading	4.2.	11.751.718	46.209.151
Financial assets mandatorily recognised at fair value through profit or loss	4.3.	6.494.954	6.817.925
Financial assets designated at fair value through profit or loss	4.3.	0	0
Financial assets measured at fair value through other comprehensive income (FVOCI)	4.3.	242.148.851	417.550.258
Financial assets measured at amortised cost		48.748.763.581	46.747.763.891
Debt securities	*4.3.*	*969.923.456*	*1.021.065.405*
Loans and advances (including finance leases)	*4.4.*	*47.778.840.125*	*45.726.698.486*
Derivatives used for hedging	4.14.	325.518.582	17.070.019
Changes in fair value of hedged items in fair value hedge of portfolio interest rate risk	4.15.	-3.149.398.494	431.353.867
Property, plant and equipment	4.5.	84.612.482	84.361.376
Goodwill and intangible assets	4.6.	47.118.576	44.435.710
Investments in subsidiaries, joint ventures and associates		12.686.005	12.686.264
Tax assets	4.7.	216.807.015	48.855.347
Other assets	4.8.	165.356.098	159.367.589
Assets held for sale and discontinued operations	4.10.	0	0
Total Assets		**53.842.295.391**	**53.011.860.363**

Liabilities (in EUR)	Note	31/12/2022	31/12/2021
Financial liabilities held for trading	4.2.	36.418.642	44.398.252
Financial liabilities at fair value through profit or loss	4.11.2.	376.190.783	742.648.663
Financial liabilities measured at amortised cost		50.483.073.823	49.537.070.330
Deposits from Credit institutions	*4.11.1.1.*	*1.388.156.060*	*1.449.350.189*
Deposits other than from Credit Institutions	*4.11.1.1.*	*42.404.600.558*	*41.200.800.246*
Debt securities including bonds	*4.11.1.2.*	*5.950.058.478*	*6.362.888.120*
Subordinated liabilities	*4.11.1.3.*	*209.047.595*	*226.316.082*
Other financial liabilities	*4.11.1.4.*	*531.211.132*	*297.715.693*
Derivatives – Hedge accounting	4.14.	7.076.007	53.640.768
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4.15.	-40.456.212	3.787.639
Provisions	4.12.	246.758.423	*181.876.734*
Tax liabilities	4.7.	237.499.893	51.563.175
Other liabilities	4.8.	164.607.600	*202.855.611*
Liabilities associated with asset groups held for sale and discontinued operations	4.10.	0	*0*
Total Liabilities		**51.511.168.959**	**50.817.841.172**

Equity (in EUR)	Note	31/12/2022	31/12/2021
Capital		912.298.467	895.456.452
Paid up capital	*4.17.*	912.298.467	*895.456.452*
Unpaid capital which has been called up		0	*0*
Share premium		0	0
Equity instruments issued other than capital	4.17.	245.171.946	244.400.438
Other equity			0
Accumulated other comprehensive income		5.784.762	4.655.594
Items that will not be reclassified to profit and loss		2.873.857	1.649.188
Actuarial gains or loss on defined benefit pension plans	4.17.	*-13.917.633*	*1.649.188*
Changes in fair value of equity instruments measured at fair value through other comprehensive income	4.17.	*-33.863*	*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	4.17.	*16.825.353*	*0*
Items that may be reclassified to profit and loss		2.910.905	3.006.407
Fair value changes of debt instruments measured at fair value through other comprehensive income	*4.17.*	*2.910.905*	*3.006.407*
Reserves (including retained earnings)	4.17.	1.009.671.703	389.160.642
Income from current year	4.17.	158.199.554	660.346.065
Minority interests		0	0
Total Equity		**2.331.126.432**	**2.194.019.191**
Total Equity and total Liabilities		**53.842.295.391**	**53.011.860.363**

Consolidated statement of the comprehensive income

Consolidated Statement of profit or loss (in EUR)	Note	31/12/2022	31/12/2021
CONTINUING OPERATIONS			
TOTAL OPERATING INCOME, NET		**774.105.912**	**362.490.775**
Interest income	5.1.	813.288.828	303.617.350
Interest expenses	5.1.	-135.192.782	-47.356.834
Dividend income	5.3.	791.622	1.121.098
Fee and commission income	5.2.	247.213.736	129.850.673
Fee and commission expenses	5.2.	-193.623.813	-96.506.384
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	5.4.	7.459.366	2.635.249
Gains or (-) losses on financial assets and liabilities held for trading, net	5.5.	-64.492.840	6.484
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	5.5.	51.220.887	133.569
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net		-186.253	
Gains or (-) losses from hedge accounting, net	5.5.	10.498.903	2.978.443
Exchange differences [gain or (-) loss], net	5.5.	1.406.942	948.366
Gains (losses) on derecognition of assets other than held for sale, net	5.7.	-2.744	46.659.643
Other operating income	5.8.	36.028.219	27.794.358
Other operating expenses	5.8.	-304.159	-9.391.240
Administrative Expenses		**-492.809.145**	**-233.390.735**
Staff Expenses	5.9.1.	-184.374.299	-91.417.175
Other administrative Expenses	5.9.2.	-308.434.846	-141.973.560
Cash contributions to resolution funds and deposit guarantee schemes	5.9.3.	**-45.362.850**	**-20.732.847**
Depreciation		**-15.740.263**	**-11.208.492**
Property, Plant and Equipment	4.5.	-11.064.188	-7.434.915
Intangible assets (other than goodwill)	4.6.	-4.676.075	-3.773.577
Modification gains or (-) losses, net		**147.659**	**-222.824**
Provisions	4.12.	**13.974.347**	**2.577.990**
Impairment	5.10.	**-24.651.363**	**-22.278.213**
Impairment losses on financial assets not measured at fair value through profit or loss		-24.651.363	-22.278.213
Financial assets at fair value through other comprehensive income (FVOCI)		*0*	*0*
Financial assets at amortised cost		*-24.651.363*	*-22.278.213*
Impairment on Property, plant and equipment		0	0
Negative goodwill recognised in profit or loss		**3.731.000**	**598.807.907**
Profit or (-) loss from non-current assets and disposal groups classified as held for sale*		**0**	**8.485.840**
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		213.395.297	684.529.401
Tax Expenses or (-) income related to profit or loss from continuing operations	5.11.	-55.195.743	-24.183.337
Current taxes		*-37.889.458*	*-11.315.500*
Deferred taxes		*-17.306.285*	*-12.867.837*
NET PROFIT OR LOSS		**158.199.554**	**660.346.064**
Statement of comprehensive income			
Comprehensive income that may be reclassified to profit or loss		-95.552	878.526
Revaluation of financial assets at fair value through other comprehensive income (FVOCI)		-82.277	878.526
Income tax related to items transferable to profit or (-) loss		-13.275	0
Comprehensive income that will not to be reclassified to profit or loss		1.224.670	5.077.225
Actuarial gains (losses) on defined benefit pension plans		-21.356.835	5.077.225
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		-33.863	0
Fair value changes of equity instruments measured at fair value with other comprehensive income		22.433.804	0
Income tax on items that will not be reclassified		181.564	0
Total comprehensive income (net)		**1.129.118**	**5.955.751**
Total profit or loss and comprehensive income for the year		**159.328.672**	**666.301.815**

* Following the decision to sell Crelan Insurance in 2021, the results of Crelan Insurance as at 31/12/2021 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)

Consolidated cash report

OPERATING ACTIVITIES	31/12/2022 in EUR	31/12/2021 in EUR
Net profit (loss)	158.199.554	660.346.065
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	**119.688.584**	**26.020.959**
(Current and deferred tax income, recognised in income statement)	0	0
Current and deferred tax expenses, recognised in income statement	55.195.744	26.969.325
Unrealised foreign currency gains and losses	0	-948.366
FV through P&L	64.492.840	0
INVESTING AND FINANCING	**26.320.305**	**37.304.070**
Depreciation	15.643.288	11.197.980
Impairment	24.651.364	22.277.302
Provisions net	-13.974.347	3.820.608
Net gain (loss) on sale of property, plant and equipment	0	8.180
Other adjustments	**1.076.648**	**-20.272.561**
Cash flows from operating profits before changes in operating assets and liabilities	**305.285.091**	**703.398.533**
Decrease (increase) in working capital (excl. cash & cash equivalents):	**1.927.607.791**	**0**
Decrease (increase) in operating assets (excl. cash & cash equivalents):	**-2.353.001.571**	**-27.515.672.632**
Decrease (increase) in balances with central banks	0,00	0,00
Decrease (increase) in financial assets at amortised cost	-2.025.503.396	-26.905.674.926
Decrease (increase) in financial assets at fair value through other comprehensive income	175.305.905	-407.880.471
Decrease (increase) in financial assets held for trading	34.457.433	-46.169.692
Decrease (increase) in financial assets designated at fair value through profit or loss	322.971	1.104.023
Decrease (increase) in non-trading financial assets mandatorily at fair value through profit or loss	0	0
Decrease (increase) in asset-derivatives, hedge accounting	-308.448.563	-14.192.450
Decrease (increase) in other assets (definition balance sheet)	-229.135.921	-142.859.116
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	**4.280.609.362**	**29.017.432.748**
Increase (decrease) in deposits from credit institutions	-61.194.129	1.036.626.918
Increase (decrease) in deposits (other than credit institutions)	1.203.513.566	21.231.574.352
Increase (decrease) in debt certificates (including bonds)	-412.829.642	5.680.383.428
Increase (decrease) in financial liabilities held for trading	-72.472.450	43.004.379
Increase (decrease) in financial liabilities designated at fair value through profit or loss	-366.457.880	742.648.663
Increase (decrease) in liability-derivatives, hedge accounting	3.489.943.749	7.377.538
Increase (decrease) in other financial liabilities	233.782.190	0
Increase (decrease) in other liabilities (definition balance sheet)	266.323.958	275.817.470
	2.232.892.882	**2.205.158.649**
Income taxes (paid) refunded	-39.007.704	9.983.731
Net cash flow from operating activities	**2.193.885.178**	**2.215.142.380**

INVESTING ACTIVITIES	31/12/2022 in EUR	31/12/2021 in EUR
(Cash payments to acquire tangible assets)	-11.315.293	-16.219.192
Cash receipts from the sale of tangible assets	0	0
(Cash payments to acquire intangible assets)	-7.261.709	-12.421.896
Proceeds from the disposal of joint ventures, associates and subsidiaries, net of cash acquired	0	46.659.820
(Cash payments for investment in joint ventures, associates and subsidiaries, net of cash acquired)	0	-775.231.000
Other cash receipts from investing activities	0	314.627
Net cash flow from investing activities	**-18.577.002**	**-756.897.641**

FINANCING ACTIVITIES	31/12/2022 in EUR	31/12/2021 in EUR
(Dividends paid)	-26.604.530	199.347.416
(Paid coupon on AT1)	-13.230.113	0
Cash proceeds from the issuance of subordinated liabilities	0	0
(Cash repayments of subordinated liabilities)	-17.268.487	-50.204.040
Cash proceeds from issuing shares or other equity instruments	16.842.015	243.336.034
(Other cash payments from financing activities)	0	-125.283
Net cash flow from financing activities	**-40.261.115**	**392.354.127**
Effect of exchange rate changes on cash and cash equivalents	0	0

	31/12/2022 in EUR	31/12/2021 in EUR
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2.135.047.061**	**1.850.598.866**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**4.995.388.966**	**3.144.790.100**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**7.130.436.027**	**4.995.388.966**
Components of cash and cash equivalents:	0	0
On hand (cash)	105.854.410	105.088.041
Cash and balances with central banks	6.931.111.039	4.792.091.611
Financial assets at amortised cost	93.470.575	98.209.314
Financial assets at fair value through other comprehensive income	0	0
Total cash and cash equivalents at end of the period	**7.130.436.024**	**4.995.388.966**
Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by the group	419.513.333	195.161.055
Undrawn borrowing facilities (with breakdown if material)	0	0
Supplemental disclosures of operating cash flow information:	0	0
Interest income received	1.009.709.842	210.229.357
Dividend income received	791.622	1.121.098
Interest expense paid	333.070.103	194.094.999

Consolidated statement of equity adjustments

	Capital	Equity instruments issued other than capital	Accumulated Other Comprehensive Income	Reserves (including retained earnings)	Income from current year	Total
Opening balance at 1 January 2022	895.456.452,00	244.400.438,00	4.655.594,00	389.160.642,00	660.346.065,00	2.194.019.191,00
Issuance of Ordinary Shares	16.842.015,00			0,00		16.842.015,00
Dividends				-39.834.643,00		-39.834.643,00
Other increase or (-) decrease in equity		771.508,00		682.191.903,00	-682.192.266,00	771.145,00
Total profit or loss and comprehensive income for the year			1.129.169,00		158.199.554,00	159.328.723,00
Closing balance at 31 December 2022	912.298.467,00	245.171.946,00	5.784.763,00	1.009.671.702,00	158.199.554,00	2.331.126.431,00

	Capital	Equity instruments issued other than capital	Accumulated Other Comprehensive Income	Reserves (including retained earnings)	Income from current year	Total
Opening balance at 1 January 2021	896.520.900,00	0,00	-1.300.156,00	348.793.667,00	45.602.831,00	1.289.617.242,00
Issuance of Ordinary Shares						
Issuance of Other Equity Instruments		244.400.438,00				244.400.438,00
Capital Reduction	-1.064.448,00					-1.064.448,00
Dividends				-26.228.313,00		-26.228.313,00
Transfers among components of equity				4.398.619,00	-67.449.032,00	-63.050.413,00
Equity increase or (-) decrease resulting from business combinations			24.917.625,00	-1,00		24.917.624,00
Other increase or (-) decrease in equity				62.196.670,00		62.196.670,00
Total profit or loss and comprehensive income for the year			-18.961.875,00		682.192.266,00	663.230.391,00
Closing balance at 31 December 2021	895.456.452,00	244.400.438,20	4.655.594,00	389.160.642,00	660.346.065,00	2.194.019.191,00

Abbreviations and acronyms

ABS :	Asset-Backed Securities
ALM :	Asset & Liability Management
ATM :	Automated Teller Machine
BCBS :	Basel Committee on Banking Supervision
BSRC :	Balance Sheet Risk Committee
CAD :	Capital Adequacy
CDS :	Credit Default Swap
CFC :	Capital and Funding Committee
CIR :	Crelan Insurance
COREP :	Common Solvency Ratio Reporting
CRD :	Capital Requirements Directive
CRO :	Chief Risk Officer
CRR :	Capital Requirements Regulation
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
EMTN :	European Medium Term Notes
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
GDP :	Gross Domestic Product
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
ILS :	Internal Liquidity Stress
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
LRC :	Lending Risk committee

MBS :	Mortgage-Backed Securities
MRO :	Main Refinancing Operation
MtM :	Mark to Market
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
O-SII :	Other Systemically Important Institution
OTC :	Over-The-Counter
PD :	Probability of Default
PLC :	Public Limited Company
POCI :	Purchased or Originated Credit-Impaired
PUC :	Projected Unit Credit
RAF :	Risk Appetite Framework
REPO :	Sale and Repurchase Agreement
RMSA :	Risk & Monitoring Self-Assessment
RoU :	Right-of-Use
RWA :	Risk-Weighted Asset
SME :	Small or Medium Enterprise
SNP :	Senior Non Preferred
SPPI :	Solely Payments of Principal and Interest
SREP :	Supervisory Review and Evaluation Process
SRT :	Significant Risk Transfer
STeLF :	Short-Term Liquidity Framework
TLTRO :	Targeted Longer-Term Refinancing Operation
TRIM :	Targeted Review of Internal Models
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 2022, the balance sheet total of the Group increased by EUR 830.0 million. Regarding the composition of the balance sheet assets, financial assets continue to be measured at amortized cost. At 90.5%, they are still the main component of the assets. Cash and cash balances at central banks are the second largest component, at 13.2%.

On the asset side, "cash and cash balances at central banks" recorded the highest increase, with EUR +2.135 billion. This increase is mainly due to holdings with the central bank. Loans and advances to customers increased by EUR 2.001 billion. This increase is due to a good credit production, which was above repayments in 2022. In 2022, loan production amounted to EUR 8.1 billion, mostly in the retail segment.

Another major development on the asset side is the "change in the fair value of items covered under an interest rate risk hedge", but this time in a negative manner for an amount of EUR -3.581 billion, corresponding to the change in market value due to the evolution of financial markets.

98% of the Group's liabilities are measured at amortised cost. Most of this amount (93.8% of the balance sheet total) concerns customer deposits.

"Financial liabilities at fair value through profit or loss" decreased by EUR 366 million in 2022, due to the maturities of Euro Medium Term Notes (EMTNs) for EUR -272 million, a decrease in Market To Market (MTMs) for EUR -71 million, and a decrease in debt value adjustments (DVA) for an amount of EUR -23 million.

"Financial liabilities measured at amortised cost" increased by EUR 946 million. On the one hand, debts securities and subordinated liabilities (i.e. savings certificates, deposit certificates and subordinated loans respectively) decreased by EUR 430 million. It should be noted that this decrease is mainly due to the EUR -458 million evolution of covered bonds, the EUR 256 million decrease in certificates of deposit and the EUR 17 million decrease in subordinated bonds, offset by the issuance of EUR +301 million in Senior Non Preferred (SNP) certificates by Crelan in the course of 2022. On the other hand, deposits with credit institutions decreased by EUR 61 million while customer deposits increased by EUR 1,204 million. Finally, other financial liabilities rose by EUR 233 million mainly as a result of the increase in cash collateral.

"Provisions" rose by EUR 65 million compared to 2021. There are several reasons for this increase: on the one hand, the fact that in 2021 certain provisions were reclassified to other liabilities for EUR 58 million, which was not the case in 2022 and actually generates a EUR 70 million increase corresponding to the balance of the provision for the pension plans at the end of 2022; on the other hand, a EUR 4 million decrease both in the provisions for commitments and guarantees and the EUR 1 million decrease in the provisions for litigation and miscellaneous claims.

The movements in equity capital are justified by a EUR 16.8 million additional subscriptions by cooperators following the sale of shares in 2022, the EUR 98.7 million increase in the reserves after setting aside the 2021 result (after assigning the EUR 26.6 million dividends to members), the EUR 522.7 million increase in the accumulated profit divided between the allocation of the 2021 result (EUR +536 million) and the recording of interest on capital securities issued in 2021 (EUR -13.3 million).

The result decreased due to two exceptional events that occurred in 2021: on the one hand, a EUR 598.8 million negative goodwill following the purchase of AXA Bank Belgium, and on the other hand, a EUR 46.6 million capital gain on the sale of Crelan Insurance. Apart from these two events, the 2022 result shows a significant improvement compared to 2021.

The Group's CAR (Capital Adequacy Ratio) (including AXA Bank Belgium) is 26.28%, compared to 19.74% at the end of 2021. The Tier 1 ratio was 24.02% at the end of 2022 compared to 17.97% at the end of 2021. Therefore, the capital ratios remain very high and confirm the Group's strong financial health.

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 in 2020 and 2021 were transferred to a separate line, namely, " Profit or (-) loss from non-current assets and disposal groups classified as held for sale".

An important event in 2022, which can help to understand the evolution compared to 2021, is the addition of AXA Bank Belgium's figures in the income statement for the first time, which explains the strong variations between the two years.

"Interest income" increased by EUR 509.7 million, including the EUR 467.4 million added from AXA Bank Belgium.
The evolution of interest income, excluding the addition of AXA Bank Belgium in 2022, shows a growth of EUR 42.3 million mainly in "financial assets measured at amortized cost" (changes in interest rates and good credit production).
"Interest expenses" increased by EUR 5.4 million, excluding the contribution from AXA Bank Belgium (EUR 87.8 million, including EUR 82.4 million from AXA Bank Belgium in 2022), mainly due to the increase in "financial liabilities measured at amortised cost" (EUR +13.7 million). This increase is as a result of the issuance of SNP (Senior Non-Preferred) for EUR 300 million in 2022 and of subordinated debts for EUR 200 million at the end of 2021, and is mainly offset by the decrease in the interest (EUR -7.9 million) on cash collateral with the London Clearing House and on assets held with the National Bank (evolution of rates).

The total interest income and expenses thus increased by EUR 421.8 million, including EUR 374.3 million resulting from the addition of AXA Bank Belgium data in 2022.

The line "Gains or losses on financial assets & liabilities not measured at fair value through profit or loss(net)" mainly pertains to gains on private equity and investments (for EUR 0.4 million) and income made from the sale of non-performing loans (for EUR 1.2 million). All this results in an income of EUR 7.5 million in 2022, compared to EUR 2.6 million in 2021.

For the items "Gains or losses on financial assets and liabilities held for trading (net)" and "Gains or losses on financial assets and liabilities designated at fair value through profit or loss (net)", the amounts come almost entirely from AXA Bank Belgium. The former includes realised and unrealised gains on EMTNs (European Medium Term Notes) as well as changes in the market value of receiver swaps (EUR -64.5 million) while the latter also includes results related to EMTNs (European Medium Term Notes) (EUR +50.2 million).

"Fee and commission income" (commission income activity) increased by EUR 117.4 million in 2022, including EUR 111.4 million from AXA Bank Belgium. Without the addition of AXA Bank Belgium data, the remaining EUR 6.0 million increase is mainly due to an increase in commissions in 2022, amounting to EUR 9.6 million, mainly on payment services, an increase in management fees for EUR 3.1 million and an increase in insurance fees received (for UR 0.5 million, all of which was offset by a decrease in securities transaction fees for EUR -7.2 million.

The commissions paid to agents increased by EUR 97.1 million compared to 2021, including EUR 91.9 million from the addition of AXA Bank Belgium figures in 2022. Without the AXA Bank Belgium figures, this increase is due to a combination of the following factors: the increase in trailer fees, offset by the decrease in growth fees, intervention fees for revitalisation and production fees, also decreasing at the off-balance sheet level.

"Other operating income" increased by EUR 8.2 million in 2022, including EUR 15.1 million after the addition of AXA Bank Belgium's figures in 2022. Without the AXA Bank Belgium figures, we have a decrease of EUR 6.9 million mainly due to the first-time activation of credit processing fee recoveries for EUR -7.5 million at Crelan, exceptional recoveries in 2022 not encountered in 2021 for EUR +2.2 million, a decrease in rebilling to Crelan Insurance for EUR -0.7 million in 2022 and finally, a decrease in recoveries on deposits for EUR -0.3 million.

"Other operating expenses" fell by EUR 9.1 million compared to 2021; this is due to the fact that in 2021 the costs for the closing with AXA Bank Belgium were included in this item (Success Fees).

Administrative costs and depreciation

"Total interest income and expenses" thus increased by EUR 259.4 million, including EUR 230.4 million resulting from the addition of AXA Bank Belgium data in 2022. If we exclude the AXA Bank Belgium data added in 2022 and intra-group activities with AXA Bank Belgium, we see that staff expenses increased by EUR 12.1 million compared to 2021 (mainly due to salary indexation in 2022), while "other administrative expenses" increased (EUR 51.6 million). This increase was mainly due to merger related costs (EUR +27.2 million), higher vehicle leasing and personnel counselling costs (EUR +1.6 million), higher IT costs (EUR +16.9 million), higher bank charges (EUR +2.1 million), other cost increases (EUR +1.8 million), and finally an increase in other operating expenses (EUR +2.0 million), particularly due to the increase in the contributions to supervisory bodies (FSMA, NBB, etc.).

The item "Cash contributions to resolution funds and deposit guarantee schemes" increased by EUR +24.6 million, including the EUR +23.9 million added from AXA Bank Belgium data in 2022.

"Depreciation" increased by EUR +4.5 million in 2022, including the EUR +4.4 million added from AXA Bank Belgium figures in 2022.

Since 2020 a new expense has been appearing under the line "Modification gains or losses, net" which corresponds to the loss incurred as a result of interest not received for Covid files for income below EUR 1,700. This new expense amounts to EUR 0.1 million for 2022, to be fully attributed to AXA Bank Belgium.

Cost/income ratio (CIR) fell to 67.30% in 2022 from 73.81% in 2021.

Allowances and impairment

"Provisions" increased by EUR 11.4 million, including the EUR 9.9 million added from AXA Bank Belgium in 2022. This change is mainly due to a EUR 4.6 million decrease, at Crelan, recorded in 2022, in the provisions for restructuring (head office and network) set up in 2016 but also as a result of the increase in the provisions for litigation and miscellaneous claims by EUR +2.3 million and of the increase in the provision for given commitments and guarantees by EUR +1.2 million. Finally, a change in the distribution of the provision (pension plan) included in the provisions in 2022 and in personal expenses in 2021 means that the provision amount fell by EUR 0.2 million. At Europabank we recorded a decrease of EUR 0.2 million.

"Impairment" increased by EUR 2.4 million in 2022.

The table below provides a breakdown of this evolution by entity.

(in mio EUR)	**2022**	**2021**	**Δ**	%
Evolution stages 1 & 2 (Crelan)	4.7	-9.6	14.3	-149%
Evolution stage 3 (Crelan)	4.0	-1.1	5.1	-446%
Europabank	5.2	3.4	1.8	52%
AXA Bank Belgium	10.8	29.6	-18.8	-64%
Total Group	**24.7**	**22.3**	**2.4**	**11%**

Notes to this table:

In 2022, the geopolitical situation (war in Ukraine, energy crisis, economic activity) had a negative impact on the macro-economic parameters used in the calculation and valuation models for clients having a negative impact on adjustments in the value of loans calculated in our systems, resulting in an additional cost of Stage 1 & 2 provisions above that of 2021 by EUR 14.3 million.

At Crelan, regarding Stage 3 (700 and CTX status), we observe an overall negative trend compared to 2021 for an amount of EUR 5.1 million. Evolution due to the economic situation outlined above and an additional global provision of EUR 1.2 million for Stage 3.

We have an overall increase in the provisions for an amount of EUR 1.8 million for Europabank.

AXA Bank Belgium had made an additional provision for stages 1&2 of EUR 29.6 million in 2021.

Finally, an important factor in the explanation of the evolution of the result in 2022, compared to 2021, is the recording of excess badwill following the final payment for the acquisition of AXA Bank Belgium for an amount of EUR 3.7 million compared to EUR 598.8 million initially in 2021.

General result

Pre-tax profit thus fell from EUR 684.5 million to EUR 213.4 million, including EUR 149.5 million for AXA Bank Belgium. The main impacts are on various items: the increase in financial and operating income for EUR +411.6 million (including EUR +408.8 million for AXA Bank Belgium), the increase in administrative costs for EUR +259.4 million (including EUR +230.4 million for AXA Bank Belgium), the increase in contributions to the resolution funds and deposit guarantee schemes for EUR+24.6 million (including EUR +23.9 million for AXA Bank Belgium), the net increase in provisions and depreciation for an amount of EUR +2.4 million, the badwill for EUR 3.7 million in 2022, i.e. a decrease of EUR 595.1 million compared to 2021, and finally the decrease in the result of Crelan Insurance for EUR -8.5 million included in a separate line as held for sale because it was sold at the end of 2021.

"Tax expenses" increased by EUR 31.0 million compared to 2021, including EUR 45 million due to the addition of AXA Bank Belgium 's figures in 2022. Regardless of this addition, we observe a decrease in deferred taxes. The net result thus decreased by EUR 502.1 million to EUR 158.2 million at the end of 2022.

Return on equity was 7.33% at the end of 2022 compared to 51.39% at the end of 2021 (taking into account badwill and the capital gain on the sale of Crelan Insurance). (If these two factors are not taken into account, it would be 5.16%).

Return on assets (ratio between the net result for the year and the total assets at the end of the year) was 0.29% at the end of 2022 compared to 1.25% at the end of 2021 (taking into account goodwill and the capital gain on the sale of Crelan Insurance). (If these two factors are not taken into account, it would be 0.28%).

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 4,551 employees (2021: 4,883 employees), 833 points of sale (2021: 881 points of sale), 1,790,823 customers (2021: 1,799,525 customers) and 277,755 shareholders (2021: 274,003 shareholders).

Crelan NV is a medium-sized Belgian retail bank and has 277,755 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 year, both banks will continue to prepare the merger in order 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 277,755 shareholders, farmers and private customers. The operational management of CrelanCo CV is implemented by the executive board of Crelan NV.

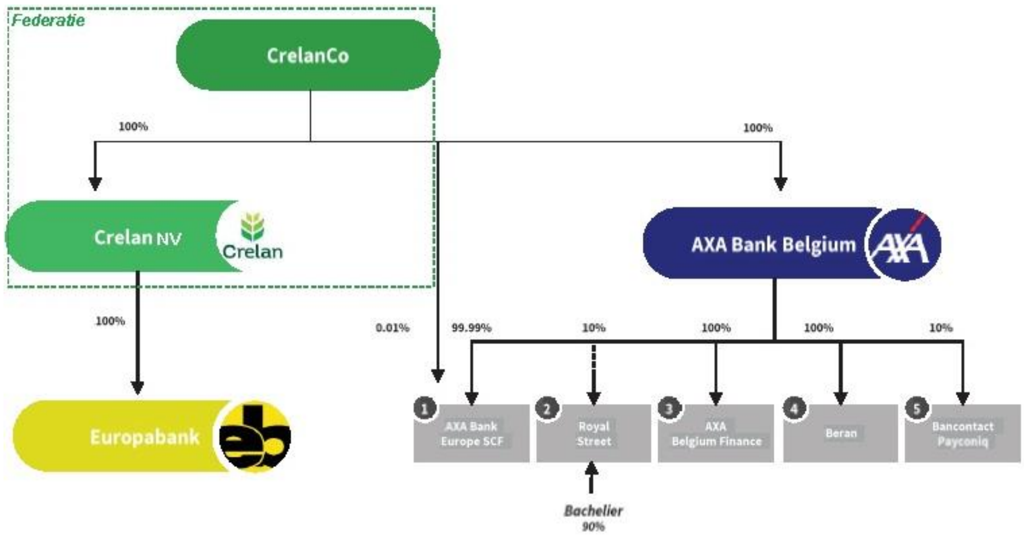
Since halfway through 2015, the authorised cooperative bank CrelanCo CV holds 100% of the total number of shares and rights to vote in Crelan NV. On 31 December 2021, the cooperative bank CrelanCo CV is also the full owner of AXA Bank Belgium.

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 2022, the Group had 4,551 employees of which 1,738 employees and 2,813 self-employed agents and employees of self-employed agents when compared to 4,883 employees at the end of 2021 (1,813 employees and 3,070 self-employed agents and employees of self-employed agents). Of the 4,551 employees, AXA Bank Belgium has 1,991 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 4% or EUR 0.37 per share for an overall amount of EUR 35.5 million (2022: EUR 26.6 million) during the General Meeting of Shareholders to be held on 27 April 2023. This dividend provides an attractive return within the current climate of low interest rates.

2.7.2. Important events after balance sheet date

In January, we issued a successful Senior Non-Preferred Note in the market for EUR 500 million at 5 years.

In January, the plans were explained to all bank agents of Crelan and AXA Bank of the branch network of the future. After an effective merger between Crelan and AXA Bank (which is expected in 2024), we plan to (still) have the branch network with the largest number of bank branches. We are evolving towards fewer, but larger branches with more expertise per branch. The process for determining the numerical impact has started.

During the 2nd half of March, 2 US banks ran into financial difficulties. Crelan (and its subsidiaries) have no direct exposures to these banks. In the aftermath of these problems in the US, uncertainty also arose regarding Credit Suisse, which had to be bailed out by the Swiss government over the weekend of 18 March. Currently, we see that there is still nervousness surrounding the financial sector in Europe and the US, but the situation seems to be stabilizing. We follow the evolutions around this very attentively. In general, the bank has no material exposures to other banks for which no collateral is exchanged. The exchange of collateral significantly reduces the bank's risk. As of 24/03, there is a total amount of EUR 7.3 million in nostri accounts vis-à-vis 2 European banks for which no collateral was exchanged.
In terms of indirect impact, Crelan (and its subsidiaries) have distributed through their network notes guaranteed by several European banks. Should the bank in question default, this could lead to a capital loss for the customers who bought these products.

No other significant events have occurred since the balance sheet date that require an adjustment to the consolidated financial statements of the company as at 31 December 2022 or the notes thereto.

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 28 March 2023, 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 27 April 2023 for adoption.

3.1. Application of new standards and interpretations

Standards and interpretations applicable for the annual period beginning on or after 1 January 2022 :

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)
- Amendments to IAS 16 Property, plant and equipment: income obtained for intended use (applicable for annual periods beginning on or after 1 January, 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2022 :

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024 or later, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)

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 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Cash	105,854,410	105,088,041
Cash balances at central banks	6,931,111,039	4,792,091,611
Other demand deposits	93,470,574	98,209,314
Total Cash, cash balances at central banks and other demand deposits	**7,130,436,023**	**4,995,388,966**

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 increased sharply by EUR 2,139.0 million. This is due to a positive interest rate that applies back to these placements.

For more information about the liquidity management of the bank, refer to the notes in 7.3 "Liquidity risk".

4.2. Financial assets and liabilities held for trading

(in EUR)	31/12/2022	31/12/2021
Assets		
Derivatives held for trading	11,211,935	45,800,326
Debt securities	539,783	408,825
Total Financial assets held for trading	**11,751,718**	**46,209,151**
Liabilities		
Derivatives held for trading	36,418,642	44,398,252
Debt securities	0	0
Total Financial liabilities held for trading	**36,418,642**	**44,398,252**

The acquisition of AXA Bank Belgium mainly resulted in the "assets and liabilities held for trading" presented in the table above.

For more information about the Derivatives of the Group, we refer to the notes in 4.14.

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 not 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 2022 and 31 December 2021 :

(in EUR)	2022			
	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	763,758,984	0	0	0
- Axa Bank Belgium	60,686,496	76,605,453	0	0
Bonds and other fixed income securities				
- Crelan	145,477,976	0	0	0
- Axa Banque Belgium	0	152,165,423	0	0
Shares and other non-fixed income securities				
- Crelan	0	0	6,494,954	0
- Axa Bank Belgium	0	55,075	0	0
Financial fixed assets				
- Crelan	0	13,214,671	0	0
- Axa Bank Belgium	0	108,229	0	0
Total	969,923,456	242,148,851	6,494,954	0

(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	0	0	0	0
- Crelan	748,978,676	0	0	0
- Axa Bank Belgium	83,071,637	247,896,189	0	0
Bonds and other fixed income securities	0	0	0	0
- Crelan	189,015,092	0	0	0
- Axa Banque Belgium	0	157,203,925	0	0
Shares and other non-fixed income securities	0	0	0	0
- Crelan	0	0	6,817,925	0
- Axa Bank Belgium	0	88,939	0	0
Financial fixed assets	0	0	0	0
- 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

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 2022.12 in '000 EUR	Fair value 2021.12 in '000 EUR
SWIFT	60	60
Privatrust	25	25
Europay	23	23
VISA	1	1
Banking Funding Company	0	2
NCR Corporation	55	89
TOTAL	164	200

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. 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 2022 and 2021 accounting periods :

(in EUR)	2022			
	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	1.021.065.405	417.550.258	6.817.925	0
Acquisitions	136.189.530	0	0	0
Sales and maturities	-155.917.526	-181.590.022	0	0
Changes in fair value				
- via result	-2.540.368	0	-321.539	0
- via equity	0	1.016.400	0	0
Changes in provisions (stage 1)	-6.750	0	0	0
Use and reversal of impairment losses (stage 3)	0	0	0	0
Exchange rate fluctuations	0	0	0	0
Other movements	-28.866.835	5.172.215	-1.432	0
Closing balance	**969.923.456**	**242.148.851**	**6.494.954**	**0**

(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**

Crelan Group excl. AXA Bank Belgium

During the course of 2022, a total amount of EUR 136 million was invested.
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 2022 by EUR 6,750.

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

This portfolio has decreased in 2022, on the one hand, securities came to maturity and, on the other hand, no securities were purchased.

IFRS 9: no IFRS 9 provision 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 7.4.
For a discussion of the market risk of the investment portfolio, refer to 7.6.

4.4. Loans and receivables

4.4.1. Loans and receivables

The loans and receivables have been split up as follows:

(in EUR)	31/12/2022				
	Stage 1	Stage 2	Stage 3	POCI's	Total
Total Outstanding	**42,861,509,865**	**4,551,179,062**	**345,365,648**	**192,498,323**	**47,950,552,898**
Interbank loans Crelan	57,198,900	0	0	0	57,198,900
Interbank loans Axa Bank Belgium	415,760,623	0	0	0	415,760,623
Home loans Crelan	12,185,199,886	853,829,505	50,597,987	0	13,089,627,378
Home loans Axa Bank Belgium	20,974,496,927	2,877,962,494	81,555,993	142,464,831	24,076,480,245
Retail loans	820,510,177	77,747,455	35,763,425	0	934,021,057
Agricultural loans	1,888,838,230	156,125,841	57,390,170	0	2,102,354,241
Corporate loans	2,007,975,664	198,264,934	65,633,305	0	2,271,873,903
Instalment loans Crelan	763,000,219	21,439,407	3,805,295	0	788,244,921
Instalment loans Axa Bank Belgium	855,092,471	78,187,259	5,193,556	3,321,322	941,794,608
Cash collateral deposited	189,223,514	0	0	0	189,223,514
Term loans Axa Bank Belgium	2,199,224,616	247,825,006	21,649,579	43,130,584	2,511,829,785
Other loans and receivables Crelan	374,996,693	29,075,384	21,403,069	0	425,475,146
Other loans and receivables Axa Bank Belgium	129,991,945	10,721,777	2,373,269	3,581,586	146,668,577
Impairment losses	**-42,683,538**	**-37,847,077**	**-85,658,281**	**-5,523,877**	**-171,712,773**
Interbank loans Crelan	0	0	0	0	0
Interbank loans Axa Bank Belgium	0	0	0	0	0
Home loans Crelan	-2,609,713	-7,441,250	-12,407,924	0	-22,458,887
Home loans Axa Bank Belgium	-4,173,647	-15,534,707	-3,937,661	-3,054,540	-26,700,555
Retail loans	-6,815,074	-1,874,391	-8,416,760	0	-17,106,225
Agricultural loans	-13,029,108	-1,108,795	-19,428,078	0	-33,565,981
Corporate loans	-5,677,035	-2,514,190	-21,329,403	0	-29,520,628
Instalment loans Crelan	-687,561	-146,933	-1,581,450	0	-2,415,944
Instalment loans Axa Bank Belgium	-3,532,738	-3,807,006	-639,990	-255,915	-8,235,649
Cash collateral deposited	0	0	0	0	0
Term loans Axa Bank Belgium	-2,494,564	-4,061,525	-3,251,003	-1,852,998	-11,660,090
Other loans and receivables Crelan	-3,556,986	-995,052	-13,668,654	0	-18,220,692
Other loans and receivables Axa Bank Belgium	-107,112	-363,228	-997,358	-360,424	-1,828,122
Total Loans and receivables	**42,818,826,327**	**4,513,331,985**	**259,707,367**	**186,974,446**	**47,778,840,125**

(in EUR)			31/12/2021		
	Stage 1	Stage 2	Stage 3	POCI's	Total
Total circulation	**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**

The total loan portfolio increases further in 2022 to EUR 48 billion (+ EUR 2 billion).

The Crelan Group delivers the same performance in 2022 as in 2021 with an increase of the total outstanding amounts by 4.5% (when compared to 5.12% in 2021). This strong growth can again be ascribed to housing loans (EUR +1,397 million or +3.9%).

The healthy outstanding loans increase for all loan categories.

Overall, the quality of the loan portfolio has remained stable. There has been an increase in loans in Stage 2, mainly in the retail segment. This is largely due to model changes, changes in parameters and scenarios and harmonization between AXA Bank Belgium and Crelan.

The same reasons partly explain the increase in provisions for loans in Stage 1 and 2. In addition, for reasons of prudence, it was also decided to grant management overlays to cover potential risks associated with the energy crisis (both in retail and in agriculture) and the changing regulatory framework for certain agricultural activities.

We see in 2022 an increase in doubtful loans (stage 3 + POCIs) as well as an increase in impairments created for this purpose.

Paid-up cash deposits at a central counterparty increases till EUR 189 million (2021: EUR 156 million).

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

The tables below show the breakdown on 31 December 2022 and 31 December 2021 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)	31/12/2022	31/12/2021
Healthy circulation	45,858,898,515	44,101,114,082
Expired	1,643,614,215	1,290,908,720
Loans and receivables in default	448,040,168	485,386,919
Total	47,950,552,898	45,877,409,721
Impairments incurred	-171,712,773	-150,711,235
Total loans and receivables	**47,778,840,125**	**45,726,698,486**

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

(in EUR)	31/12/2022
Loans and receivables - healthy outstandings	
- Interbank loans Crelan	57,198,900
- Interbank loans AXA Bank Belgium	415,760,623
- Housing loans Crelan	12,217,642,841
- Housing loans AXA Bank Belgium	23,796,929,562
- Retail loans	626,780,403
- Agricultural loans	1,965,867,226
- Business loans	2,040,120,026
- Instalment loans Crelan	767,757,282
- Instalment loans AXA Bank Belgium	868,159,647
- Deposited cash collateral	189,223,514
- Term loans AXA Bank Belgium	2,434,341,239
- Other loans and advances Crelan	348,353,474
- Other loans and advances AXA Bank Belgium	130,763,778
Total healthy outstandings	45,858,898,515
Impairments	-70,788,427
Total healthy loans and receivables	**45,788,110,088**

(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**

The loans with payment arrears regarding which no individual impairment has (yet) been recorded can be detailed as follows as on 31 December 2022 and 2021 :

(in EUR)	31/12/2022	
Loans in default	<= 30 days	> 30 days
- Interbank loans Crelan	0	0
- Interbank loans AXA Bank Belgium	0	0
- Housing loans Crelan	800,578,004	20,808,546
- Housing loans AXA Bank Belgium	101,789,858	19,311,102
- Retail loans	233,562,931	35,845,361
- Agricultural loans	78,116,989	979,856
- Business loans	153,030,688	11,598,114
- Instalment loans Crelan	15,136,029	1,546,316
- Instalment loans AXA Bank Belgium	63,551,415	3,072,038
- Deposited cash collateral	0	0
- Term loans AXA Bank Belgium	34,446,495	3,609,977
- Other loans and advances Crelan	50,035,604	5,197,573
- Other loans and advances AXA Bank Belgium	10,764,709	632,610
Total Loans in default	1,541,012,722	102,601,493
Impairments	-7,196,752	-2,545,436
Total Loans and receivables in default	1,533,815,970	100,056,057

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

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)	31/12/2022	
Impaired loans and receivables	Gross	Impairment
- Interbank loans Crelan	0	0
- Interbank loans AXA Bank Belgium	0	0
- Housing loans Crelan	50,597,987	-12,407,924
- Housing loans AXA Bank Belgium	158,449,723	-6,619,843
- Retail loans	37,832,362	-8,278,948
- Agricultural loans	57,390,170	-19,428,079
- Business loans	67,125,075	-21,376,823
- Instalment loans Crelan	3,805,294	-1,581,450
- Instalment loans AXA Bank Belgium	7,011,508	-824,937
- Deposited cash collateral	0	0
- Term loans AXA Bank Belgium	39,432,074	-4,845,776
- Other loans and advances Crelan	21,888,495	-13,759,045
- Other loans and advances AXA Bank Belgium	4,507,480	-2,059,333
Total Impaired loans and receivables	**448,040,168**	**-91,182,158**

(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**

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 01/01/2022	Additions	Recovery and Depreciation	Others	Closing balance 31/12/2022
Interbank loans Crelan	**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
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	**25,197,792**	**2,017,799**	**-1,879,492**	**-2,877,212**	**22,458,887**
Stage 1	3,055,580	269,543	-39,153	-676,257	2,609,713
Stage 2	7,529,724	1,637,633	-228,486	-1,497,621	7,441,250
Stage 3	14,612,488	110,623	-1,611,853	-703,334	12,407,924
Home loans Axa Bank Belgium	**12,280,178**	**1,428,062**	**-1,384,221**	**14,376,536**	**26,700,555**
Stage 1	12,280,178	664,016	-73,816	-8,696,731	4,173,647
Stage 2	0	699,452	-819,255	15,654,510	15,534,707
Stage 3	0	64,594	-202,885	4,075,952	3,937,661
POCI	0	0	-288,265	3,342,805	3,054,540
Retail loans	**18,887,675**	**1,239,160**	**-2,703,512**	**-317,098**	**17,106,225**
Stage 1	5,946,924	871,973	-3,725	-98	6,815,074
Stage 2	2,605,099	-725,189	-5,425	-94	1,874,391
Stage 3	10,335,652	1,092,376	-2,694,362	-316,906	8,416,760
Agricultural loans	**27,815,160**	**5,150,052**	**-3,582,830**	**4,183,599**	**33,565,981**
Stage 1	9,329,305	123,437	-31,557	3,607,923	13,029,108
Stage 2	914,698	140,821	-42,584	95,860	1,108,795
Stage 3	17,571,157	4,885,794	-3,508,689	479,816	19,428,078
Corporate loans	**29,458,041**	**1,908,330**	**-2,558,391**	**712,648**	**29,520,628**
Stage 1	4,654,172	-49,195	-49,927	1,121,985	5,677,035
Stage 2	2,702,850	248,619	-100,784	-336,495	2,514,190
Stage 3	22,101,019	1,708,906	-2,407,680	-72,842	21,329,403
Instalment loans Crelan	**2,289,118**	**575,359**	**-273,793**	**-174,740**	**2,415,944**
Stage 1	554,556	223,553	-36,328	-54,220	687,561
Stage 2	101,205	44,237	-5,281	6,772	146,933
Stage 3	1,633,357	307,569	-232,184	-127,292	1,581,450
Instalment loans Axa Bank Belgium	**4,401,285**	**1,620,774**	**-498,022**	**2,711,612**	**8,235,649**
Stage 1	4,401,285	1,533,520	-87,410	-2,314,657	3,532,738
Stage 2	0	68,324	-328,213	4,066,895	3,807,006
Stage 3	0	18,930	-14,501	635,561	639,990
POCI	0	0	-67,898	323,813	255,915
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	**12,447,672**	**2,304,799**	**-1,146,024**	**-1,946,357**	**11,660,090**
Stage 1	12,447,672	1,154,583	-64,148	-11,043,543	2,494,564
Stage 2	0	1,038,706	-546,327	3,569,146	4,061,525
Stage 3	0	111,510	-130,392	3,269,885	3,251,003
POCI	0	0	-405,157	2,258,155	1,852,998
Other loans and receivables Crelan	**17,425,509**	**2,863,071**	**-1,732,217**	**-335,671**	**18,220,692**
Stage 1	2,942,500	617,853	-14,309	10,942	3,556,986
Stage 2	782,287	239,944	-36,461	9,282	995,052
Stage 3	13,700,722	2,005,274	-1,681,447	-355,895	13,668,654
Other loans and receivables Axa Bank Belgium	**508,805**	**699,401**	**-347,054**	**966,970**	**1,828,122**
Stage 1	508,805	155,713	-56,363	-501,043	107,112
Stage 2	0	510,515	-100,896	-46,391	363,228
Stage 3	0	33,173	-114,784	1,078,969	997,358
POCI	0	0	-75,011	435,435	360,424
Total	150,711,235	19,806,807	-16,105,556	17,300,287	171,712,773
Stage 1	56,120,977	5,564,996	-456,736	-18,545,699	42,683,538
Stage 2	14,635,863	3,903,062	-2,213,712	21,521,864	37,847,077
Stage 3	79,954,395	10,338,749	-12,598,777	7,963,914	85,658,281
POCI	0	0	-836,331	6,360,208	5,523,877

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)	31/12/2022								
	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	86,277,067	20,238,943	0	-433,403	-2,768,854	0	82,995,245	17,321,651	0
Home loans Axa Bank Belgium	370,868,430	71,543,418	0	-1,756,673	-2,861,182	0	357,760,932	67,125,639	0
Retail loans	15,272,573	1,851,298	0	-156,686	-168,039	0	14,716,821	1,537,113	0
Agricultural loans	15,045,755	34,445,305	0	-99,095	-11,354,535	0	14,514,406	22,818,143	0
Corporate loans	29,882,176	30,730,481	0	-265,508	-6,545,986	0	27,544,425	24,017,325	0
Instalment loans Crelan	216,874	81,827	0	-534	-26,431	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	53,112,782	22,737,512	0	-422,616	-2,339,442	0	50,743,228	20,373,357	0
Other Loans and receivables Crelan	890,377	182,772	0	-26,498	-43,556	0	487,807	59,016	0
Other Loans and receivables Axa Bank Belgium	0	0	0	-1	0	0	0	0	0
Total Forborne Loans and Receivables	571,566,034	181,811,556	0	-3,161,014	-26,108,025	0	548,762,864	153,252,244	0

(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 2020-2021, we 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. In 2022, the impact of this decreases as the 2-year period of enhanced supervision for these loans has expired.

The decrease in the number of forbearance customers is limited given that many forbearance measures were taken in 2022 as part of the energy crisis. This had the most impact within the retail segment. All residential customers with energy deferrals were considered forborne regardless of other conditions.

Non-performing forbearance customers followed the trend of the rest of the portfolio and also showed a decline.

For businesses and agricultural loans, the impact of energy deferrals is more limited. Here we see a stronger decrease in forborne loans in percentage terms.

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 50, 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 50.

4.4.3. Remunerative and non-remunerative exposures

We note that, despite the corona and energy crises, the portfolio of non-remunerative exposures is decreasing compared to 2021. This decrease is due to the portfolio management through which records are realised and / or amortised 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.

The stage 2 portfolio increased significantly. This is because the stage 2 figures of AXA Bank Belgium were reported in stage 1 at the time of its acquisition by Crelan at the end of 2021. After the time of acquisition in 2022, they were placed back in stage 2.

4.4.3.1. Per exposure type

The mix of remunerative and non-remunerative exposures on 31 December 2022 and 31 December 2021 is as follows:

(in EUR)	31/12/2022				
	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	57,198,900	0	0	0	0
Interbank loans Axa Bank Belgium	415,760,623	0	0	0	0
Home loans Crelan	13,018,220,845	20,808,546	32,534,834	11,764,291	6,298,862
Home loans Axa Bank Belgium	23,898,719,420	19,311,102	127,890,909	19,748,656	10,810,158
Retail loans	860,380,669	35,845,362	23,210,756	13,463,979	1,120,291
Agricultural loans	2,043,984,214	979,856	49,809,292	3,227,303	4,353,576
Corporate loans	2,193,133,810	11,598,114	38,564,905	14,059,052	14,518,022
Instalment loans Crelan	782,893,309	1,546,316	2,415,702	1,305,358	84,236
Instalment loans Axa Bank Belgium	931,711,063	3,072,038	6,162,218	837,221	12,069
Cash collateral deposited	189,223,514	0	0	0	0
Term loans Axa Bank Belgium	2,468,787,734	3,609,977	33,741,896	4,997,491	692,687
Other loans and receivables Crelan	398,368,648	5,197,573	14,677,852	6,738,183	492,890
Other loans and receivables Axa Bank Belgium	141,528,486	632,610	2,862,923	888,813	755,744
Total Performing and non-performing according to days past due	**47,399,911,234**	**102,601,495**	**331,871,287**	**77,030,347**	**39,138,536**

(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 Belgium	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**

4.4.3.2. Per stage

Below, we give the presentation of remunerative and non-remunerative exposures per stage in 2022:

(in EUR)	31/12/2022						
PERFORMING	brutoboekwaarde/nominaal bedrag			geaccumuleerde bijzondere waardevermindering, geaccumuleerde negatieve veranderingen in de reële waarde als gevolg van kredietrisico en voorzieningen			Ontvangen zekerheden en financiële garanties
Totale omloop	waarvan Stage 1	waarvan Stage 2	POCI's	waarvan Stage 1	waarvan Stage 2	POCI's	
Interbancaire kredieten Crelan	57,198,900	0	0	0	0	0	0
Interbancaire kredieten AXA Bank Belgium	415,760,623	0	0	0	0	0	4,690,000
Woonkredieten Crelan	12,185,199,886	853,829,505	0	-2,609,713	-7,441,250	0	12,603,602,244
Woonkredieten AXA Bank Belgium	20,974,496,926	2,877,962,494	65,571,102	-4,173,647	-15,534,707	-372,357	23,080,785,046
Particulieren	820,455,005	75,701,351	0	-7,033,451	-1,787,890	0	687,318,381
Landbouwkredieten	1,888,838,230	156,125,841	0	-13,029,108	-1,108,795	0	1,686,074,964
Ondernemingen	2,008,582,578	196,149,346	0	-5,763,873	-2,379,232	0	1,792,023,498
Leningen op Afbetaling Crelan	763,000,220	21,439,407	0	-687,561	-146,933	0	0
Leningen op afbetaling AXA Bank Belgium	855,092,470	78,187,259	1,503,371	-3,532,738	-3,807,006	-70,968	12,185,995
Gestorte cash waarborgen	189,223,514	0	0	0	0	0	0
Leningen op termijn AXA Bank Belgium	2,199,224,616	247,825,006	25,348,088	-2,494,564	-4,061,525	-258,224	2,272,697,198
Andere leningen en vorderingen Crelan	380,374,449	23,191,773	0	-3,251,767	-1,008,299	0	131,745,233
Andere leningen en vorderingen AXA Bank Belgium	129,991,946	10,721,777	1,447,374	-107,113	-363,229	-32,402	20,473,455
Totaal performing per stages	**42,867,439,363**	**4,541,133,760**	**93,869,934**	**-42,683,535**	**-37,638,865**	**-733,950**	**42,291,596,014**

(in EUR)	31/12/2022						
NON-PERFORMING	brutoboekwaarde/nominaal bedrag			geaccumuleerde bijzondere waardevermindering, geaccumuleerde negatieve veranderingen in de reële waarde als gevolg van kredietrisico en voorzieningen			Ontvangen zekerheden en financiële garanties
Totale omloop	waarvan Stage 2	waarvan Stage 3	POCI's	waarvan Stage 2	waarvan Stage 3	POCI's	
Interbancaire kredieten Crelan	0	0	0	0	0	0	0
Interbancaire kredieten AXA Bank Belgium	0	0	0	0	0	0	0
Woonkredieten Crelan	0	50,597,987	0	0	-12,407,924	0	37,907,956
Woonkredieten AXA Bank Belgium	0	81,555,993	76,893,730	0	-3,937,662	-2,682,183	147,547,922
Particulieren	2,099,129	35,765,572	0	-86,927	-8,197,957	0	23,885,218
Landbouwkredieten	0	57,390,170	0	0	-19,428,078	0	35,239,889
Ondernemingen	1,550,398	65,591,581	0	-96,391	-21,281,132	0	40,768,411
Leningen op Afbetaling Crelan	0	3,805,294	0	0	-1,581,450	0	0
Leningen op afbetaling AXA Bank Belgium	0	5,193,556	1,817,952	0	-639,990	-184,948	42,098
Gestorte cash waarborgen	0	0	0	0	0	0	0
Leningen op termijn AXA Bank Belgium	0	21,649,579	17,782,496	0	-3,251,004	-1,594,773	34,998,704
Andere leningen en vorderingen Crelan	466,277	21,442,647	0	-25,684	-13,934,942	0	3,541,807
Andere leningen en vorderingen AXA Bank Belgium	0	2,373,269	2,134,212	0	-997,357	-328,022	1,239,728
Totaal Non performing per stages	**4,115,804**	**345,365,648**	**98,628,389**	**-209,002**	**-85,657,495**	**-4,789,926**	**325,171,733**

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

(in EUR)	31/12/2021						
PERFORMING	brutoboekwaarde/nominaal bedrag			geaccumuleerde bijzondere waardevermindering, geaccumuleerde negatieve veranderingen in de reële waarde als gevolg van kredietrisico en voorzieningen			Ontvangen zekerheden en financiële garanties
Totale omloop	waarvan Stage 1	waarvan Stage 2	POCI's	waarvan Stage 1	waarvan Stage 2	POCI's	
Interbancaire kredieten Crelan	73,248,792	0	0	0	0	0	0
Interbancaire kredieten AXA Bank Belgium	374,751,675	0	0	0	0	0	8,677,728
Woonkredieten Crelan	11,758,904,952	633,945,441	0	-3,055,580	-7,529,724	0	9,387,178,471
Woonkredieten AXA Bank Belgium	23,138,129,999	0	0	-12,280,178	0	0	22,230,170,267
Particulieren	751,617,846	69,637,851	0	-6,212,675	-2,474,366	0	606,119,392
Landbouwkredieten	1,854,496,946	160,743,549	0	-9,329,305	-914,698	0	822,707,413
Ondernemingen	1,831,126,258	226,913,398	0	-4,809,158	-2,637,201	0	976,173,467
Leningen op Afbetaling Crelan	679,674,115	17,935,006	0	-554,556	-101,195	0	0
Leningen op afbetaling AXA Bank Belgium	868,244,792	0	0	-4,401,285	0	0	12,206,370
Gestorte cash waarborgen	156,322,193	0	0	0	0	0	0
Leningen op termijn AXA Bank Belgium	2,279,401,763	0	0	-12,447,672	0	0	2,084,384,869
Andere leningen en vorderingen Crelan	348,167,211	20,819,859	0	-2,521,763	-801,460	0	111,918,517
Andere leningen en vorderingen AXA Bank Belgium	147,941,157	0	0	-508,805	0	0	19,323,462
Totaal performing per 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	brutoboekwaarde/nominaal bedrag			geaccumuleerde bijzondere waardevermindering, geaccumuleerde negatieve veranderingen in de reële waarde als gevolg van kredietrisico en voorzieningen			Ontvangen zekerheden en financiële garanties
Totale omloop	waarvan Stage 2	waarvan Stage 3	POCI's	waarvan Stage 2	waarvan Stage 3	POCI's	
Interbancaire kredieten Crelan	0	0	0	0	0	0	0
Interbancaire kredieten AXA Bank Belgium	0	0	0	0	0	0	0
Woonkredieten Crelan	0	68,875,347	0	0	-14,612,488	0	52,322,779
Woonkredieten AXA Bank Belgium	0	0	169,319,645	0	0	0	174,096,267
Particulieren	2,669,533	37,069,761	0	-115,206	-10,085,428	0	23,549,401
Landbouwkredieten	0	55,169,718	0	0	-17,571,157	0	34,607,344
Ondernemingen	684,948	65,962,638	0	-33,295	-21,978,387	0	39,498,780
Leningen op Afbetaling Crelan	9,752	3,923,301	0	-10	-1,633,357	0	0
Leningen op afbetaling AXA Bank Belgium	0	0	6,755,711	0	0	0	135,489
Gestorte cash waarborgen	0	0	0	0	0	0	0
Leningen op termijn AXA Bank Belgium	0	0	50,071,639	0	0	0	49,191,648
Andere leningen en vorderingen Crelan	462,269	20,518,829	0	-28,706	-14,073,580	0	3,744,125
Andere leningen en vorderingen AXA Bank Belgium	0	0	3,893,827	0	0	0	1,937,001
Totaal Non performing per stages	**3,826,502**	**251,519,594**	**230,040,822**	**-177,217**	**-79,954,397**	**0**	**379,082,834**

4.5. Tangible fixed assets

The mix of the tangible fixed assets as on 31 December 2022 and 31 December 2021 is as follows:

(in EUR)	2022					
	Owner-occupied land and building	IT equipment	Office equipment	Other equipment	IFRS 16	Total
Opening balance 1 January 2022	57,022,486.00	5,380,672.00	2,207,395.00	13,202,464.00	6,548,359.00	84,361,376.00
Acquisition price	124,773,789	41,928,558	15,645,881	47,822,685	11,350,384	241,521,298
Accumulated depreciation	67,751,303	36,547,886	13,438,486	34,620,221	4,802,025	157,159,922
Total net carrying amount	57,022,486	5,380,672	2,207,395	13,202,464	6,548,359	84,361,376
Variations 2022	0	0	0	0	0	0
Acquisitions	1,888,562	3,491,874	492,483	4,237,968	2,695,716	12,806,603
Disposals	0	0	0	2,120,444	0	2,120,444
Depreciation	3,903,116	2,057,591	594,884	2,171,621	1,661,828	10,389,040
Reversals due to write-offs	0	0	1,301	55,585	98,127	155,013
Other	0	0	0	0	0	0
Closing balance 31 December 2022	55,007,932	6,814,955	2,103,693	13,201,782	7,484,120	84,612,482
Closing balance 31 December 2022						
Acquisition price	125,426,128	44,090,007	15,444,748	49,552,468	13,674,738	248,188,089
Accumulated depreciation	70,418,197	37,275,050	13,341,055	36,350,687	6,190,618	163,575,607
Total Net carrying amount	55,007,931	6,814,957	2,103,692	13,201,782	7,484,120	84,612,482

(in EUR)	2021					
	Owner-occupied land and building	IT equipment	Office equipment	Other equipment	IFRS 16	Total
Opening balance 1 January 2021	8,840,863.00	3,078,814.00	2,305,799.00	13,632,669.00	7,450,856.00	35,309,001.00
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
Depreciation 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

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.

4.6. Goodwill and other intangible fixed assets

The mix of the goodwill and intangible fixed assets as on 31 December 2022 and 31 December 2021 is as follows:

(in EUR)	Goodwill	Internally developed software	Acquired software	Other intangible assets	Total
Opening balance 1 January 2022	23,642,057.00	17,265,779.00	3,527,874.00	0.00	44,435,710.00
Acquisition price	23,642,057	27,389,097	37,827,302	0	88,858,456
Accumulated depreciation	0	10,123,318	34,299,428	0	44,422,746
Total net carrying amount	23,642,057	17,265,779	3,527,874	0	44,435,710
Variations 2022					
Additions					
- from separate acquisition/from internal development	0	7,416,453	717,284	0	8,133,737
- from business combinations	0	0	0	0	0
Disposals	0	675,147	0	0	675,147
Depreciation	0	3,332,258	1,356,400	0	4,688,658
Reversals due to write-offs	0	0	87,065	0	87,065
Other	0	0	0	0	0
Closing balance 31 décembre 2022	23,642,057	20,674,827	2,801,693	0	47,118,577
Closing balance 31 décembre 2022					
Acquisition price	23,642,059	34,130,402	38,444,937	0	96,217,398
Accumulated depreciation	0	13,455,576	35,643,245	0	49,098,821
Total Net carrying amount	23,642,059	20,674,826	2,801,692	0	47,118,577

(in EUR)	Goodwill	Internally developed software	Acquired software	Other intangible assets	Total
Opening balance 1 janvier 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

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 2022.

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 2022 and 2021. Deferred tax assets and liabilities are allocated per legal entity of the Group.

(in EUR)	31/12/2022	31/12/2021
Current taxes		
Assets	864,173	540,800
Liabilities	25,553,397	25,138,732
Total current taxes	-24,689,224	-24,597,932
Deferred taxes		
Assets	215,942,842	48,314,548
Liabilities	211,946,496	26,424,444
Total deferred taxes	3,996,346	21,890,104

The table below gives the mix of deferred tax assets and liabilities on the balance sheet as on 31 December 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Recorded in the statement of financial position	**-2,760,008**	**13,883,687**
Spread of commissions according to the effective interest rate	*-17,006,003*	*-13,237,320*
Impairment losses on loans	*10,930,196*	*130,532*
Adjustment of investment portfolio	*631,393*	*741,717*
Derivatives and hedging transactions	*-137,583*	*10,438,941*
Employee benefits	*7,604,760*	*2,008,651*
Depreciation of tangible and intangible fixed assets	*-78,546*	*1,118*
Impairment losses on property, plant and equipment	*0*	*0*
Provisions	*6,428,915*	*3,896,453*
Impact of definitively taxed income (DTI)	*13,152,193*	*13,152,193*
Goodwill	*0*	*0*
Impact aquisition Centea	*-2,635,623*	*-3,271,312*
Acquisition AXA Bank Belgium	*-18,304,440*	*0*
Other	*-3,345,270*	*22,714*
Recognised in the revaluation reserves	**6,756,354**	**8,006,417**
Investment portfolio adjustment	*-893,896*	*-1,002,136*
Employee benefits	*10,020,002*	*-592,038*
Value adjustments related to own credit risk on financial liabilities	*-3,880,993*	*0*
Acquisition AXA Bank Belgium	*1,511,241*	*9,600,591*
Total deferred taxes	**3,996,346**	**21,890,104**

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 2022 and 2021 can be represented as follows:

(in EUR)	2022	2021
Opening balance	21,890,104	34,352,602
Recognised in result for the year	**-16,609,641**	**-20,077,837**
Spread of commissions according to the effective interest rate	*-3,768,682*	*1,378,013*
Impairments	*10,799,663*	*-798,088*
Adjustment of investment portfolio	*-110,324*	*-124,699*
Derivatives and hedging transactions	*-10,576,524*	*-1,362,037*
Employee benefits	*5,632,306*	*-22,950*
Depreciation of tangible and intangible fixed assets	*-941*	*-3,988*
Impairment losses on property, plant and equipment	*0*	*0*
Provisions	*2,532,463*	*549,939*
Impact of definitively taxed income (DTI)	*0*	*-20,455,499*
Goodwill	*0*	*0*
Follow-up to the acquisition of Centea	*635,689*	*749,614*
AXA Bank Belgium (incl impact IFRS3)	*-18,304,440*	*0*
Other	*-3,448,851*	*11,858*
Recognised in the revaluation reserves	**-1,284,117**	**7,615,339**
Adjustment of investment portfolio	*108,240*	*-292,843*
Employee benefits	*10,575,842*	*-1,692,409*
Value adjustments related to own credit risk on financial liabilities	*-3,880,993*	*0*
AXA Bank Belgium (incl impact IFRS3)	*-8,087,206*	*9,600,591*
Closing balance	**3,996,346**	**21,890,104**

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 2022 and 2021, the deferred tax assets below were not included on the balance sheet due to uncertainty about the future taxable profit:

(in EUR)	31/12/2022	31/12/2021
Impairments	8,665,479	8,313,424
Provisions	0	0
Tax losses	13,135,689	13,135,689
Unrecognised impact of definitively taxed income (FDI)	29,012,720	23,725,910
Notional interest	0	0
Total Deferred tax assets not recognised in the balance sheet	**50,813,888**	**45,175,023**

4.8. Other assets and liabilities

The mix of the other assets on 31 December 2022 and 31 December 2021 is as follows:

(in EUR)	31/12/2022	31/12/2021
Employee benefits	263,641	775,234
Prepaid charges	9,197,284	4,365,779
Accrued income	22,764,121	23,460,598
Precious metals, goods and commodities	186,046	183,789
Other advances	4,835,029	8,613,765
Taxes to be recovered	0	0
Other	128,109,978	121,968,424
Total other assets	**165,356,099**	**159,367,589**

The mix of the other liabilities on 31 December 2022 and 31 December 2021 is as follows:

(in EUR)	31/12/2022	31/12/2021
Defined benefit plans	2,716,218	56,296,348
Other employee benefits	12,855,977	17,907,741
Social security charges	18,649,989	16,579,010
Accrued charges	85,605,263	36,334,292
Income received in advance	9,444,145	16,131,614
Tax liabilities	6,888,825	4,906,350
Other liabilities	28,447,184	54,700,257
Total Other liabilities	**164,607,601**	**202,855,611**

The total of other assets increased in 2022 by EUR 6.0 million.

The total of other liabilities in 2022 decreased by EUR 38.2 million.
This decrease is explained by the transfer in 2022 of EUR 58 million of defined benefit plans from other liabilities to provisions.

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 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 two main asset classes that are subject to lease liability:

- 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:

- Company vehicles: interest rate on a vehicle lease for 5 years (+/- 2.9%);
- Cash dispensers (i.e. "ATMs") : 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 2022 :

	2022				
(in EUR)	Opening balance	Additions	Amortization	Impairment	Closing balance
Crelan	7,187,667	435,842	-3,030,770	0	4,592,739
Buildings	*2,132,903*	*0*	*-2,132,903*	*0*	*0*
Cars	*2,096,498*	*751,616*	*-526,014*	*0*	*2,322,100*
ATM	*2,958,266*	*-315,773*	*-371,854*	*0*	*2,270,639*
Europabank	6,548,359	2,695,716	-1,661,828	-98,127	7,484,120
Buildings	*6,117,394*	*1,796,233*	*-1,296,308*	*-98,127*	*6,519,192*
Cars	*430,965*	*899,483*	*-365,520*	*0*	*964,928*
ATM	*0*	*0*	*0*	*0*	*0*
Total	**13,736,026**	**3,131,558**	**-4,692,598**	**-98,127**	**12,076,859**

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
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 lease liabilities as on 31 December 2022 :

	2022		
(in EUR)	Crelan	Europabank	Total
Opening balance	7,352,933	6,474,092	13,827,025
Additions	1,033,071	2,695,716	3,728,787
Withdrawals	0	-98,126	-98,126
Lease payments	-4,401,676	-1,888,623	-6,290,299
Interest	871,172	-13,123	858,049
Closing balance	**4,855,500**	**7,169,936**	**12,025,436**

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**

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 2022 and 31 December 2021 :

(in EUR)	2022	2021
Depreciation on right of use	-4,692,599	-3,721,134
Interest on lease obligations	-858,049	-556,574
Lease payments	6,290,300	5,330,606
Difference in addition ROU and LL	-597,378	-1,100,476
Total	**142,273**	**-47,578**

Below we provide the details of the impact on cash flows on 31 December 2022 and 2021 :

(in EUR)	2022	2021
Total outgoing leasing cash flows	-6,290,300	-5,330,606

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 142,273 in 2022 (EUR -47,578 in 2021).

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	927,450
> 1 year ≤ 5 years	851,100
> 5 years	48,000
TOTAL NOMINAL AMOUNT	**1,826,550**
For the lessor - residual maturity	
< 1 year	2,400,116
> 1 year ≤ 5 years	9,410,043
> 5 years	2,850,705
TOTAL NOMINAL AMOUNT	**14,660,864**

4.10. Available for sale: Crelan Insurance NV

In 2021, Crelan Insurance was sold as part of the takeover of AXA Bank Belgium.
All related assets and liabilities were derecognized as of the end of 2021. All gains and losses of Crelan Insurance were presented in 2021 on a separate line called " Profit or (-) loss from non-current assets and disposal groups classified as held for sale."
Consequently, in 2022, no result related to Crelan Insurance was recognized anymore.

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 2022 and 2021 is as follows :

(in EUR)	31/12/2022	31/12/2021
Deposits of credit institutions	**1,388,156,059**	**1,449,406,652**
- deposits of central banks	1,250,916,064	1,432,521,289
- sight deposits	1,281,914	2,331,520
- time deposits	135,671,110	14,553,843
- financial liabilities related to transferred financial assets (repos)	286,971	0
Deposits (other than from credit institutions)	**42,404,600,559**	**41,200,743,783**
- deposits at sight	10,227,150,071	9,865,365,637
- time deposits	1,070,352,264	1,162,729,332
- savings deposits	30,860,820,280	29,884,471,667
- other deposits	246,277,944	288,177,147
Total deposits	**43,792,756,618**	**42,650,150,435**

(in EUR)	31/12/2022	31/12/2021
Guarantee deposits under the CSA	1,223,571,360	73,208,179

The deposits increase by EUR 1.14 billion.

The decrease in central bank deposits comes from the expiration of a PELTRO for EUR 200 million in 2022.
Deposits (other than credit institutions) have seen a significant increase. This increase is mainly due to customer deposits in both current and savings accounts. In contrast, time deposits continue to decrease. The low interest rates we experienced for the most part in 2022 meant that time deposits, savings bonds (see section 4.11.1.2) and subordinated certificates are not reinvested (see section 4.11.1.3).

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

31/12/2022 (in EUR)	*Financial assets held for trading*	*Debt securities at amortised cost*	*Loans and receivables*
Carrying amount of the assets transferred	0	1,680,687,378	0
Carrying amount of the associated liability for netting	0	1,594,304,671	0
Netting	0	-750,183,099	0
Carrying amount of the associated liability after netting	0	844,121,571	0

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 netting	0	1,748,430,003	0
Netting	0	-1,498,391,263	0
Carrying amount of the associated liability after netting	0	250,038,740	0

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 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Savings bonds	416,299,212	558,141,280
Certificates of deposit	0	100,069,187
Covered Bonds	5,188,856,598	5,646,692,911
Credit Linked Notes	44,234,476	57,984,742
Senior Non Preferred	300,668,192	0
Total debt securities	**5,950,058,478**	**6,362,888,120**

Within the Group, savings bonds are only brought to market by Crelan. They also experienced a decrease in 2022: EUR -141.8 million. Due to the low interest rates, customers are no longer attracted by this product type.

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

In 2022, the certificates of deposit issued reached maturity. Covered Bonds decreased by EUR 457.8 million. A successful Senior Non-Preferred Note issue was made in 2022.

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 2022 and 2021 can be detailed as follows :

(in EUR)	31/12/2022	31/12/2021
Maturity		
Current year	0	0
Current year +1	3,871,329	17,460,726
Current year +2	5,661,659	3,861,334
Current year +3	0	5,646,606
Current year +4	0	0
Beyond current year +4	199,514,607	199,347,416
Total subordinated debt	**209,047,595**	**226,316,082**

The subordinated debts decreased by EUR 17.3 million. This decrease stems from the portion related to subordinated certificates intended for customers. This is for the same reason as explained in previous item (4.11.1.2.). The fall in market interest rates reduces the remuneration for this type of product and consequently the interest of customers.

4.11.1.4. Other financial liabilities

The other financial liabilities can be detailed as follows:

(in EUR)	31/12/2022	31/12/2021
IFRS16	12,025,436	13,814,476
Suspense accounts	519,185,696	283,901,217
Total other financial liabilities	**531,211,132**	**297,715,693**

The increase is mainly due to the increase in Cash Collateral for EUR +265 million.

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

Crelan Group has participated in the TLTRO loan subscribed by the ECB for EUR 1,266 million.

TLTROs are Eurosystem operations aimed at providing longer-term funding to credit institutions. They offer this long-term funding to banks on attractive terms with the aim of easing private sector credit conditions and boosting bank lending to the economic community.

On March 7, 2019, the European Central Bank announced that it would provide a new series of TLTRO loans (TLTRO III) consisting of 7 tranches, each running over a period of 3 years with the possibility of early repayment after 2 years.

On March 12, 2020, the European Central Bank subsequently decided to modify three TLTRO-III parameters to support bank lending to those most affected by the spread of the Coronavirus-induced disease (COVID-19), particularly small and medium-sized enterprises, namely :

- to increase the loan volume from 30% to 50%;
- to change the maximum subscription amount for individual TLTRO-III, and
- with effect from September 2021 to provide an early repayment option for amounts borrowed under TLTRO-III after the lapse of 12 months from the settlement of each transaction, instead of 24 months.

In addition, it was decided that for the period from March 1, 2020 to March 31, 2021 (= "special" reference period), it was decided to bring the credit performance threshold to 0% (= "special" reference period).

In addition, to accommodate the expected decrease in bank lending since March 1, 2020, the deviation from the outstanding amount benchmark is reduced from 2.5% to 1.15% (i.e., this includes the period from April 1, 2019 to March 31, 2021 with the exception of the 'special' reference period mentioned above) in order to achieve the maximum discount through previous lending performance criteria.

Furthermore, on April 30, 2020, the European Central Bank decided to provide for an additional temporary reduction in interest rates applicable to all TLTROs-III under certain conditions in order to support lending to households and businesses against the backdrop of prevailing economic disturbances and increased uncertainty.

Against the same background, on January 29, 2021, the European Central Bank decided to offer 3 additional tranches within this series. These have maturity dates in 2024. The additional temporary reduction was also extended by 1 year through June 23, 2022.

As already mentioned under the valuation rules under item 8.13, AXA Bank Belgium considers the European Central Bank, a supra-national institution operating within the framework of the European Union, as an institution similar to a public institution. Consequently, the benefit resulting from these more favorable than market conditions is recognized as a government grant.

We consider that it can benefit from this market-favorable interest rate. The benefit of this market-favorable interest rate is spread in result over the term of the respective tranches of the TLTRO loan.

In 2022, the ECB announced and implemented a number of interest rate increases in which the interest rate experienced a positive evolution and consequently led to the recording of an interest income. The benefit of 0.5% of this market-favorable interest rate was retained and - as in the previous fiscal year - spread in results over the term of the respective tranches of the TLTRO loan.

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 2022 and 2021 :

31/12/2022 (in EUR)	Restructuring	Pensions and other post employment defined benefit obligations	Pending legal issues and tax litigation	Other commitments and guarantees given	Other provisions	Total
Opening balance	6,506,851	0	23,385,847	0	151,984,036	181,876,734
Additions	2,250,000	598,367	3,340,084	669,932	720,541	7,578,924
Amounts used	-1,585,075	-5,669,997	-1,446,222	-4,587,971	-3,790,812	-17,080,077
Unused amounts reversed during the year	-3,321,199	-317,519	-818,261	-30,663	-76,034	-4,563,676
Other movements	1,455,397	77,111,926	-76,033	8,226,579	-7,771,351	78,946,518
Closing balance	**5,305,974**	**71,722,777**	**24,385,415**	**4,277,877**	**141,066,380**	**246,758,423**

31/12/2021 (in EUR)	Restructuring	Pending legal issues 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**

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 6.5 million at the end of 2021. In 2022, after a review of the remaining needs and the use of the provisions a decrease was recorded for EUR -4.6 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 +1.57 million refers to both new and existing files. Most of these cases mainly refer to legal disputes with agents.

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. In addition, a contingent liability of EUR 121 million was recognized. This provision is capped by the indemnification asset of EUR 113 million on the asset side (other assets).

4.13. Employee benefits

4.13.1. Crelan (and Europabank) employee benefits

Liabilities due to the defined retirement benefit plans are included in the " Provisions" 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.

Crelan and Europabank have 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 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”[1] 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[2] 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

[1] 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.

[2] 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).

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.

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)	31/12/2022		31/12/2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Opening balance	62,439,691	80,338,847	69,274,876	83,482,710
Current service cost	2,254,980	3,058,116	2,659,836	3,165,095
Financial cost	531,173	773,514	276,937	440,942
Plan participants' contributions	151,109	930,135	166,350	887,823
Income tax	-397,272	-395,523	-362,243	-371,079
Actuarial differences - experience adjustments	9,135,416	0	-19,874	0
Actuarial differences - demographic assumptions	0	0	0	0
Actuarial differences - financial assumptions	-13,518,676	-19,762,707	-7,229,977	-3,340,068
Benefits paid	-4,785,766	-4,940,154	-2,326,214	-3,926,576
Acquisition/sale	-636,144	-491,000	0	0
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	**55,174,511**	**59,511,228**	**62,439,691**	**80,338,847**

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

(in EUR)	31/12/2022		31/12/2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Active employees	47,741,339	49,531,365	52,643,076	66,907,255
Ex-employees	7,233,159	9,828,152	9,283,868	13,204,548
Beneficiaries	6,718	0	8,026	0
Taxes	193,291	151,711	504,720	227,040
Balance	**55,174,507**	**59,511,228**	**62,439,690**	**80,338,843**

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)	31/12/2022		31/12/2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Opening balance	58,712,503	78,399,574	58,694,253	81,608,941
Interest income on plan assets	503,757	770,771	231,404	439,960
Return on plan assets above/(below) discount rate	-1,540,452	-19,139,603	-705,827	-3,114,459
Employer contributions	3,320,780	3,069,705	3,014,782	2,874,966
Contributions from plan members	151,109	930,135	166,350	887,823
Capping assets	-1,740,906	0	0	0
Acquisition/sale	-700,237	-479,508	0	0
Benefits paid	-4,785,767	-4,940,155	-2,326,215	-3,926,578
Taxes	-397,272	-395,523	-362,243	-371,079
Reclassifications from defined contribution plans	0	0	0	0
Closing balance	**53,523,515**	**58,215,396**	**58,712,504**	**78,399,574**

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)	31/12/2022		31/12/2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Gross liability for defined benefit plans	55,174,511	59,511,228	62,439,691	80,338,846
Fair value of plan assets	-53,523,515	-58,215,396	-58,712,503	-78,399,574
Net liability for defined benefit plans	**1,650,996**	**1,295,832**	**3,727,188**	**1,939,272**
Amounts recognised in the balance sheet				
Liabilities for firm commitment plans	1,650,995	1,295,832	3,727,187	1,939,272
Assets for defined benefit plans	0	0	0	0
Net liability for defined benefit plans	**1,650,995**	**1,295,832**	**3,727,187**	**1,939,272**

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

(in EUR)	31/12/2022		31/12/2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Current service cost	2,254,980	3,058,116	2,659,836	3,165,095
Interest cost	531,173	773,514	276,937	440,942
Prior period service cost - reductions	0	0	0	0
Capping assets	-1,128,428	0	0	0
Termination benefit	0	0	0	0
Interest income on plan assets	-503,757	-770,771	-231,404	-439,960
Total expense recognised in profit or loss	**1,153,968**	**3,060,859**	**2,705,369**	**3,166,077**
Revaluation reserves recognised in equity	-2,842,808	-623,104	-6,544,024	-225,609
Capping assets	1,003,976	0	0	0
Total expense recognised in other comprehensive income	**-684,864**	**2,437,755**	**-3,838,655**	**2,940,468**

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

	2022		2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Discount rate	3,76% - 3,87%	3,64% - 3,91%	0,80% - 1,09%	0,78% - 1,19%
Expected salary increases in percent	3.30%	3.30%	2.80%	2.80%
Expected inflation	2.30%	2.30%	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:

	2022		2021	
	Defined benefit pension schemes	Ex-defined contribution pension schemes	Defined benefit pension schemes	Ex-defined contribution pension schemes
Discount rate	0,80%- 1,09%	3,64% - 3,91%	0,33%- 0,68%	0,78% - 1,19%
Expected salary increases in percent	2.80%	3.30%	2.80%	2.80%
Expected inflation	1.80%	2.30%	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 2023 for the defined retirement benefit plans and the Belgian defined benefit plans of the Group are shown in the table below:

(in EUR)	31/12/2023	
	Defined benefit pension schemes	Ex-defined contribution pension schemes
Employer contributions to the plan assets (including taxes)	2,925,485	2,681,888
Plan members contributions	156,096	868,812
Benefits paid	3,429,910	1,275,191
Benefits paid by employer	1,530	0
Taxes	410,382	0
	6,923,403	4,825,891

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)	31/12/2022 Defined benefit pension schemes
Gross liabilities at the end of the period based on previous year's assumptions	
a. Gross liabilities - Nominal value	69,483,541
Sensitivity to discount rates	
a. Original assumption	3.82%
b. Gross liabilities	55,174,507
a. Assumption - Variation 1	4.32%
b. Gross liabilities - Nominal value	53,188,933
a. Assumption - Variation 2	3.32%
b. Gross liabilities - Nominal value	57,372,902
Sensitivity of planned salary increases in percent	
a. Original assumption	3.30%
b. Gross liabilities	55,174,507
a. Assumption - Variation 1	3.80%
b. Gross liabilities - Nominal value	57,896,340
a. Assumption - Variation 2	2.80%
b. Gross Liabilities - Nominal Value	53,337,551
Mortality rate sensitivity	
a. Original assumption	MR/FR-5
b. Gross Liabilities	55,174,507
a. Assumption - Variation 1	MR/FR
b. Gross liabilities - Nominal value	55,220,532
Sensitivity of expected inflation	
a. Original assumption	2.30%
b. Gross liabilities	55,174,507
a. Assumption - Variation 1	2.80%
b. Gross liabilities - Nominal value	56,759,197
a. Assumption - Variation 2	1.80%
b. Gross liabilities - Nominal value	53,731,953

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)	31/12/2022
	Ex-defined contribution pension schemes
Discount rate +50bp	
Gross liability	56,552,732
Plan assets	55,350,837
Discount rate -50bp	
Gross liability	62,715,892
Plan assets	61,316,419
Discount rate +25bp	
Gross liability	58,002,777
Plan assets	56,755,051
Discount rate -25bp	
Gross liability	61,081,173
Plan assets	59,734,815

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)	31/12/2022	31/12/2021
	Defined benefit pension schemes	Defined benefit pension schemes
Opening balance	170,996,181	177,945,595
Pension costs	5,300,249	5,914,465
Interest on actuarial debt	1,473,540	358,048
Employee contributions	316,000	329,103
Actuarial gains (losses) due to experience-based changes	11,239,109	2,373,000
Actuarial differences due to changes in demographic assumptions	0	
Actuarial differences due to changes in financial assumptions	-34,829,051	-5,593,412
Paid performance	-10,751,033	-10,203,566
Performance paid directly by employer	-128,710	-127,051
Recalculation of modified parameters	7,669,735	0
Closing balance	**151,286,020**	**170,996,181**

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

(in EUR)	31/12/2022 Defined benefit pension schemes	31/12/2021 Defined benefit pension schemes
Opening balance	129,639,284	112,073,159
Implied return on individual asset items	974,691	221,753
Real return on individual asset items, excluding implied return on individual asset items	-44,892,084	19,737,406
Employer contributions	7,096,217	7,608,481
Employee contributions	316,000	329,103
Paid performance	-10,879,744	-10,330,617
Recalculation of modified parameters	5,812,248	0
Closing balance	**88,066,613**	**129,639,284**

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)	31/12/2022 Defined benefit pension schemes	31/12/2021 Defined benefit pension schemes
Net position (excluding individual asset items)	-151,286,020	-170,995,714
Fair value of individual asset items at the end of the period	88,066,613	129,639,284
Net economic financing (of which individual asset items)	**-63,219,406**	**-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.

The table below shows the total costs included in comprehensive income during the year :

(in EUR)	31/12/2022 Defined benefit pension schemes
Pension costs	5.616.249
Employee contributions	-316.000
Interest on actuarial debt	1.473.540
Implied return on plan assets / individual asset items	-974.691
Total expenses recognized in comprehensive income	**5.799.098**
Revaluation reserves included in equity	23.160.058
Total expenses recognized in other comprehensive income	**28.959.156**

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 made 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.

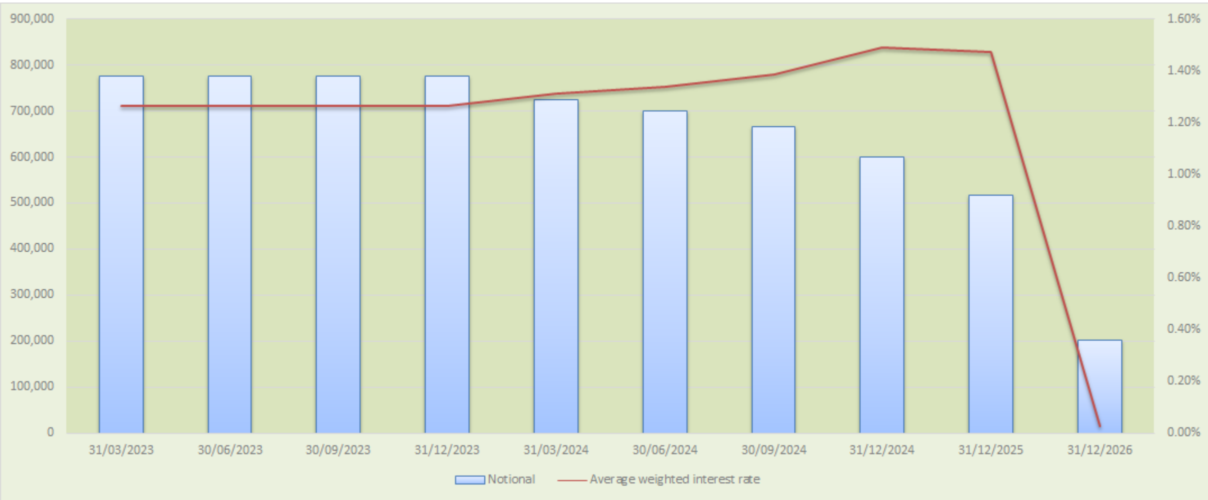
The Group only applies fair value hedging that covers the risk or variation in the fair value of an asset or liability.

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 loans, 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 following charts provide an overview for the interest rate swaps of the outstanding notional amounts per fiscal year as well as the average weighted interest rate of the fixed leg of the hedging instrument (amounts in 000):



The adjustments on the balance sheet are included in the "Changes in fair value of hedged items in fair value hedge of portfolio interest rate risk" 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 hedge accounting" section.

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

The following chart shows the notional amount of caps and swaptions and the average weighted strike price, which is the average interest rate at which the options (payer swaps or caps) can be exercised:

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 floating leg of the IRS provides the ineffectiveness.

The inefficiency of interest rate swaps results from:

- Change valuation of the floating leg of the interest rate swap;
- Change valuation derived from basis risk, which is the difference between the valuation of the interest rate derivatives based on the Ester swap curve (formerly Eonia swap curve) and the valuation of the hedged interest rate component to the Euribor swap curve.

The table below shows the fair value of the current hedging assets that were held on 31 December 2022 and 2021 :

	31/12/2022		
	Notional	Carrying amount	
(in EUR)		Assets	Liabilities
Fair value hedge Crelan (macro-hedging)	12,018,439,159	126,207,668	471,275
Fair value hedge AXA Bank Belgium (macro-hedging)	26,736,683,900	199,244,793	3,494,263
Fair value hedge AXA Bank Belgium (micro-hedging)	5,825,500,000	66,121	3,110,469
Total derivatives used for hedging purposes	**44,580,623,059**	**325,518,582**	**7,076,007**
	31/12/2021		
	Notional	Carrying amount	
(in EUR)		Assets	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**

The following table provides an overview of the book value of the hedged items for 2022 and 2021 :

(in EUR)	31/12/2022 Carrying amount Assets Crelan	Assets AXA Bank Belgium	Liabilities Crelan	Liabilities AXA Bank Belgium
Carrying amount of the hedged item				
of which loans to customers at amortised cost	546,410,197	19,974,083,900	0	0
of which debt securities at amortised cost ASSETS	-2,538,773	60,686,496	0	0
of which debt securities OCI ASSETS	0	228,770,878	0	0
of which debt securities at amortised cost LIABILITIES	0	0	-37,755,132	5,090,107,761
Total	**543,871,424**	**20,263,541,274**	**-37,755,132**	**5,090,107,761**

(in EUR)	31/12/2021 Carrying amount Assets Crelan	Assets AXA Bank Belgium	Liabilities Crelan	Liabilities 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
of which debt securities at amortised cost ASSETS	-11,184,783	83,071,637	0	0
of which debt securities OCI ASSETS	0	405,100,117	0	0
of which debt securities at amortised cost LIABILITIES	0	0	7,350,212	5,534,460,823
Total	**-465,940,663**	**19,740,637,304**	**7,350,212**	**5,534,460,823**

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.

For 2022, the total inefficiency recorded was EUR +10.5 million.

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:

(in EUR)	31/12/2022 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	685,142,484	-24,495,234
- changes in fair value of hedging derivatives	0	0	126,848	-670,270,961
Fair value hedge of a portfolio interest rate risk				
- changes in the fair value of the hedged item	0	-1,030,723,650	0	-2,584,559,685
- changes in the fair value of hedging derivatives	1,035,082,374	0	2,604,016,841	-3,820,112
- amortisation and other value adjustments	0	0	0	0
Total gains and losses	**1,035,082,374**	**-1,030,723,650**	**3,289,286,173**	**-3,283,145,992**
Net result of administrative treatment of hedging transactions	**4,358,723**		**6,140,181**	

(in EUR)	31/12/2021 Gains Crelan	Losses Crelan	Gains AXA Bank Belgium	Losses 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**	

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 or 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 2022 and 2021 and therefore consists only of derivatives for which no hedging could be documented in accordance with IFRS rules:

(in EUR)	31/12/2022			31/12/2021		
	Consolidated (A + B)	AXA Bank Belgium (A)	Crelan (B)	Consolidated (A + B)	AXA Bank Belgium (A)	Crelan (B)
Assets						
Derivatives held for trading	11,211,935	10,520,544	691,391	45,800,326	45,583,545	216,781
Debt securities	539,783	539,783	0	408,825	408,825	0
Total assets held for trading	**11,751,718**	**11,060,327**	**691,391**	**46,209,151**	**45,992,370**	**216,781**
Liabilities						
Derivatives held for trading	36,418,642	35,831,833	586,809	44,398,252	42,831,161	1,567,091
Debt securities	0	0	0	0	0	0
Total liabilities held for trading	**36,418,642**	**35,831,833**	**586,809**	**44,398,252**	**42,831,161**	**1,567,091**

The table below shows the mix of derivatives held for commercial purposes on 31 December 2022 and 2021.

(in EUR)	31/12/2022		
	Notional	Carrying amount	
		Assets	Liabilities
Crelan interest instruments			
- IRS (interest rate swap contract)	77,000,000	0	0
- Caps	261,480,809	691,391	586,809
- Swaptions	0	0	0
Interest rate instruments AXA Bank Belgium			
- IRS (interest rate swap contract)	7,713,149,999	365,667	8,079,123
- Caps	20,700,000	1,121,752	0
- Swaptions	32,200	0	0
Equity instruments AXA Bank Belgium			
- Equity forwards	8,635,080	0	0
- Other	322,261,538	8,906,097	21,216,337
Foreign exchange instruments AXA Bank Belgium			
- Currency swaps	55,990,222	1	6,204,437
- Forward exchange transactions	200,380,156	127,027	331,937
Total derivatives held for trading	**8,659,630,004**	**11,211,935**	**36,418,643**

(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)	7,111,441,329	6,219,257	70,609
- Caps	4,215,800,000	5,894,424	36,154,327
- 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	99,868,769	558,626	2,759,538
- Forward exchange transactions	210,753,701	255,916	740,693
Total derivatives held for trading	**12,642,223,098**	**45,800,326**	**44,398,253**

Below a table is provided with the maturities in relation to hedge for 2022:

(in EUR)	<= 3 months	> 3 months <= 1 year	> 1 year <= 5 years	> 5 years <= 10 years	> 10 years	Total
31/dec/22						
Caps	0	0	180,820	2,539,189	0	2,720,008
Interest rate swaps	-3,527,936	39,082,866	257,535,485	280,717,278	1,110,958,587	1,684,766,281
Performance swaps on interest rate	0	0	0	0	-7,917,775	-7,917,775
Payer swaptions - forward premium	2,351,960	13,103,665	71,354,287	45,250,872	15,146,007	147,206,791

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/dec/21						
Fair Value hedges - macro						
Payers - Interest rate	-5,555,068	-7,900,243	-125,410,215	-221,521,648	-141,728,168	-502,115,341
Receivers - Interest rate	0	1,755,040	7,805,581	0	0	9,560,621

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)	31/12/2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables	47,778,840,125	42,561,208,576	0	0	42,561,208,576
Interbank loans Crelan	*57,198,900*	*57,198,900*	*0*	*0*	*57,198,900*
Interbank loans AXA Bank Belgium	*415,760,623*	*415,760,623*	*0*	*0*	*415,760,623*
Home loans Crelan	*13,067,168,491*	*11,789,220,919*	*0*	*0*	*11,789,220,919*
Home loans AXA Bank Belgium	*24,049,779,691*	*20,795,821,123*	*0*	*0*	*20,795,821,123*
Retail loans	*916,914,832*	*817,494,704*	*0*	*0*	*817,494,704*
Agricultural loans	*2,068,788,260*	*1,925,096,735*	*0*	*0*	*1,925,096,735*
Corporate loans	*2,242,353,275*	*2,092,117,152*	*0*	*0*	*2,092,117,152*
Instalment loans Crelan	*785,828,977*	*756,920,838*	*0*	*0*	*756,920,838*
Instalment loans AXA Bank Belgium	*933,558,960*	*910,189,760*	*0*	*0*	*910,189,760*
Deposited cash collateral	*189,223,514*	*189,223,514*	*0*	*0*	*189,223,514*
Term loans AXA Bank Belgium	*2,500,169,696*	*2,255,400,199*	*0*	*0*	*2,255,400,199*
Other loans and advances Crelan	*407,254,453*	*410,852,981*	*0*	*0*	*410,852,981*
Other loans and advances AXA Bank Belgium	*144,840,454*	*145,911,129*	*0*	*0*	*145,911,129*
Securities	969,923,456	918,361,405	806,156,700	112,204,705	0
At amortised cost Crelan	*909,236,960*	*861,722,155*	*749,517,450*	*112,204,705*	*0*
At amortised cost AXA Bank Belgium	*60,686,496*	*56,639,250*	*56,639,250*	*0*	*0*
Liabilities					
Deposits Crelan	21,591,151,476	21,594,750,690	0	21,125,570,603	469,180,086
Deposits AXA Bank Belgium	22,201,605,142	22,201,605,142	0	0	22,201,605,142
Debt securities Crelan	716,967,404	705,902,092	0	0	705,902,092
Debt securities AXA Bank Belgium	5,233,091,074	5,072,170,188	0	5,027,935,712	44,234,476
Subordinated liabilities Crelan	209,047,595	208,958,552	0	0	208,958,552
Subordinated liabilities AXA Bank Belgium	0	0	0	0	0

(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 Belgium	0	0	0	0	0

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 2022 and in 2021, 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 2022				
	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	539,783	4,288	0	535,495
Derivatives	11,211,935	0	4,653,417	6,558,518
Other	0	0	0	0
TOTAL	11,751,718	4,288	4,653,417	7,094,013
At fair value through OCI				
Debt securities	228,770,878	228,770,878	0	0
Funds	0	0	0	0
Other	13,377,974	54,871	214,515	13,108,589
TOTAL	242,148,852	228,825,749	214,515	13,108,589
At fair value through profit or loss				
Debt securities	0	0	0	0
Funds	6,494,954	1,397,194	0	5,097,760
Other	0	0	0	0
TOTAL	6,494,954	1,397,194	0	5,097,760
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	66,681,715	0	66,681,715	0
Swaptions	239,888,372	0	239,888,372	0
Caps	18,948,496	0	18,948,496	0
TOTAL	325,518,583	0	325,518,583	0
Held for sale				
Land and buildings	0	0	0	0
TOTAL	0	0	0	0

Fair value of financial liabilities 2022				
	Total	Level 1	Level 2	Level 3
Held for trading				
Debt securities	0	0	0	0
Derivatives	36,418,642	0	16,350,052	20,068,590
Other	0	0	0	0
TOTAL	36,418,642	0	16,350,052	20,068,590
At fair value through profit or loss				
Debt securities	376,190,783	0	133,503,432	242,687,352
Hedging derivatives				
Interest Rate Swaps	7,076,008	0	7,076,008	0
Swaptions	0	0	0	0
Caps	0	0	0	0
TOTAL	7,076,008	0	7,076,008	0

Fair value of financial liabilities 2021				
	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	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

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, 2 bonds and debentures are measured at fair value based on a model price. For these bonds and debentures, the cash flows of bonds and debentures are measured at fair value based on the distribution of the liquid bonds and debentures of the same issuer.

For derivatives, the market value is determined as follow: since 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 is 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 bonds and debentures under level 3 are not subject to an interest rate 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 13.1 million (level 3).

For the assumptions that are used for the calculations of Level 3, no tangible adjustments were implemented in 2022 in addition to the normal market value-adjustments.

In 2022, there were no significant transfers of financial assets or liabilities between the various levels.

The table below shows the evolution of Level 3 in 2022 :

31/12/2022	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	408,825	29,106,305	12,251,360	49,385	5,236,444	0
Results						
via achieved results	-69,420	-12,438,068	0	0	0	0
via unrealized results	0	0	-180,483	0	-96,791	0
Purchases	196,091	0	1,709,991	0	0	0
Sales	0	0	-566,198	0	-41,894	0
Final maturity date	0	-10,109,719	0	-1,615	0	0
Transfers in/out Level 3	0	0	-153,851	0	0	0
Closing balance	**535,496**	**6,558,518**	**13,060,819**	**47,770**	**5,097,759**	**0**

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	3,207,938	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**	**12,251,360**	**49,385**	**5,236,444**	**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 used 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. 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. It 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.

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.

31/12/2022				Other conditionally offset amounts		
(in EUR)	Gross amounts recognised before any offsetting effects	Gross amounts effectively offset in the accounts	Net amounts presented in the summary statements	Gross amounts of financial assets/liabilities under master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	Net amount after all offsetting effects
Financial assets						
Derivatives	2,658,916,559	2,321,646,258	337,270,300	18,409,720	245,969,502	72,351,296
- Trading	27,408,585	15,656,867	11,751,718	1,718,545	8,966,465	526,924
- Hedging	2,631,507,974	2,305,989,391	325,518,582	16,691,174	237,003,037	71,824,371
Repo's & reverse repo's	750,183,099	750,183,099	0	0	0	0
Total assets	3,409,099,658	3,071,829,357	337,270,300	18,409,720	245,969,502	72,351,296
Financial liabilities						
Derivatives	860,321,793	816,827,143	43,494,649	18,409,720	20,469,567	4,615,363
- Trading	56,216,402	19,797,760	36,418,642	16,911,843	18,317,591	1,189,208
- Hedging	804,105,391	797,029,383	7,076,008	1,497,877	2,151,975	3,426,156
Repo's & reverse repo's	1,594,304,671	750,183,099	844,121,571	839,717,685	4,403,887	0
Total liabilities	2,454,626,463	1,567,010,243	887,616,221	858,127,404	24,873,454	4,615,363

31/12/2021				Other conditionally offset amounts		
(in EUR)	Gross amounts recognised before any offsetting effects	Gross amounts effectively offset in the accounts	Net amounts presented in the summary statements	Gross amounts of financial assets/liabilities under master netting agreement	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

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 2022 and 2021 is as follows :

(in EUR)	31/12/2022	31/12/2021
Capital	912,298,467	895,456,452
Other equity instruments issued	245,171,946	244,400,438
Fair value changes of debt instruments measured at fair value through other comprehensive income	2,910,905	3,006,407
Changes in fair value of equity instruments measured at fair value through other comprehensive income	-33,863	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	16,825,353	0
Actuarial gains or loss on defined benefit pension plans	-13,917,632	1,649,188
Reserves	1,009,671,702	389,160,641
Net profit for the year	158,199,554	660,346,065
Minority interests	0	0
Total equity	**2,331,126,432**	**2,194,019,191**

The capital has increased with EUR 16,8 million. The reserves have increased by EUR 621 million, EUR +98.7 million due to appropriation of the 2021 result and EUR +522.7 million due to the increase of the result carried forward. The result decreases due to 2 exceptional events in 2021. We had 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 47 million.

The table below shows the evolution of the capital in 2022 and 2021 :

	2022		2021	
(in EUR)	number of shares	capital	number of shares	capital
Opening balance	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
Variations	1,358,227	16,842,015	-85,839	-1,064,404
- entries/exits of co-operators	1,358,227	16,842,015	-85,839	-1,064,404
- other	0	0	0	0
Solde de clôture	73,572,457	912,298,467	72,214,230	895,456,452
- registered shares	0	0	0	0
- joint shares	73,572,457	912,298,467	72,214,230	895,456,452

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.

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 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 01/01/2022	4,008,542	1,002,135	3,006,407
Revaluation of assets	-127,336	-382,008	-95,502
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 31/12/2022	**3,881,206**	**620,127**	**2,910,905**

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

4.18. Encumbered assets

The table below provides an overview of the encumbered and non-encumbered assets in 2022 and 2021 :

31/12/2022 (in EUR)	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Cash and sight accounts with central banks	66,575,683	7,063,860,340
Financial assets measured at fair value with value adjustments recognised in the income statement	0	6,494,954
Financial assets measured at fair value through unrealized profit or loss (FVOCI)	101,509,356	140,639,496
Financial assets measured at amortised cost	8,824,326,722	37,422,582,451
Other assets	14,382,063	201,924,332
Total assets	**9,006,793,824**	**44,835,501,573**

31/12/2021 (in EUR)	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Cash and sight accounts with central banks	74,227,669	4,921,161,298
Financial assets measured at fair value with value adjustments recognised in the income statement	0	6,817,925
Financial assets measured at fair value through unrealized profit or loss (FVOCI)	217,171,672	200,378,586
Financial assets measured at amortised cost	11,044,144,059	35,703,619,833
Other assets	13,809,461	830,529,861
Total assets	**11,349,352,860**	**41,662,507,503**

16.73% of the total assets was regarded as encumbered at the end of 2022 (2021: 21.41%). These assets cannot be used immediately by Crelan in order to support future financing.

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

31/12/2022 (in EUR)	Corresponding or contingent liabilities	Encumbered assets and encumbered guarantees received
Derivatives	43,494,649	588,687,553
Deposits	1,239,918,754	1,511,207,571
Debts evidenced by certificates, including bonds	5,233,091,074	6,402,876,728
Other financial liabilities	0	0
Repos	834,429,499	1,023,413,834
Other (contingent) liabilities	561,379,968	598,297,893
Total	**7,912,313,945**	**10,124,483,580**

31/12/2021 (in EUR)	Corresponding liabilities or contingent liabilities	Encumbered assets and encumbered guarantees received
Derivatives	98,039,020	535,960,284
Deposits	1,195,522,830	1,818,669,520
Debts evidenced by certificates, including bonds	5,588,980,661	6,739,255,129
Other financial liabilities	0	0
Repos	1,642,213,975	2,049,299,113
Other (contingent) liabilities	241,985,073	206,168,814
Total	**8,766,741,560**	**11,349,352,860**

4.19. 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)	31/12/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	7,130,436,023	4,995,388,966
Financial assets held for trading	11,751,718	60,708,457
Loans and receivables		
- Interbank loans Crelan	57,198,900	73,248,792
- Interbank loans AXA Bank Belgium	415,760,623	374,751,675
- Home loans Crelan	13,067,168,491	12,436,527,948
- Home loans AXA Bank Belgium	24,049,779,690	23,295,169,466
- Retail loans	916,914,832	842,107,316
- Agricultural loans	2,068,788,260	2,042,595,053
- Corporate loans	2,242,353,275	2,095,229,201
- Instalment loans Crelan	785,828,977	699,253,056
- Instalment loans AXA Bank Belgium	933,558,959	870,599,218
- Cash collateral paid	189,223,514	156,322,193
- Term loans AXA Bank Belgium	2,500,169,695	2,317,025,730
- Other loans and advances Crelan	407,254,454	372,542,659
- Other loans and advances AXA Bank Belgium	144,840,455	151,326,179
Securities portfolio		
- Government securities	901,050,933	1,079,946,502
- Bonds and other fixed income securities	297,643,399	346,219,017
- Shares and other variable income securities	6,550,029	6,906,864
- Financial fixed assets	13,322,900	12,361,205
Undrawn credit lines	2,583,522,333	2,863,689,219
Bank guarantees	56,919,555	57,877,742
Maximum credit risk	**58,780,037,015**	**55,149,796,458**

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.

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	**41,222.3**	**76.3%**	**37,911.2**
Households	41,199.0	76.3%	37,911.2
of which lending for house purchase	36,538.6	67.6%	36,538.6
of which credit for consumption	1,922.3	3.6%	1,372.6
Credit institutions	0.0	0.0%	0.0
Other financial corporations	23.2	0.0%	0.0
Non-financial corporations	0.1	0.0%	0.0
2. Excluded from numerator of GAR calculation	**4,638.2**	**8.6%**	
SME's	6,264.8	11.6%	
Derivatives	11.2	0.0%	
On demand interbank loans	93.5	0.2%	
Cash and cash-related assets	105.9	0.2%	
Other assets	-1,837.2	-3.4%	
3. Excluded from numerator and denominator of GAR	**8,153.5**	**15.1%**	
Sovereigns	1,221.9	2.3%	
Central bank exposure	6,931.1	12.8%	
Trading book	0.5	0.0%	
Total assets	**54,014.0**	**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 2022 and 2021 is shown in the table below:

(in EUR)	31/12/2022	31/12/2021
Interest income		
Financial assets held for trading	49,557,055	1,835,842
Financial assets measured at fair value with value adjustments recognised in the income statement	525,715	421,410
Financial assets measured at fair value through unrealized gains and losses (FVOCI)	0	0
Loans and receivables measured at amortised cost	735,633,815	274,854,931
Securities measured at amortised cost	4,080,568	4,565,850
Interest income on financial liabilities	7,967,801	0
Derivatives used for hedging purposes	11,807,782	17,843,091
Other	3,716,092	4,096,226
Total interest income	813,288,828	303,617,350
Interest expense		
Financial liabilities held for trading	33,560,806	1,806,510
Deposits	50,679,218	23,887,778
Debt securities (including bonds)	22,552,051	4,827,030
Subordinated debt	7,901,266	1,881,000
Interest expense on financial assets	20,094,419	14,681,609
Derivatives used for hedging purposes	0	0
Other	405,022	272,907
Total interest expense	135,192,782	47,356,834
Net interest income	**678,096,046**	**256,260,516**

As from 2022, figures of AXA Bank Belgium are added to the income statement.

The net interest income increased by EUR 421.8 million, of which EUR 374.3 million by adding the data of AXA Bank Belgium.

The interest income increased by EUR 509.7 million, of which EUR 467.4 million by adding the data of AXA Bank Belgium. The increase of EUR 42.3 million of the interest income, without AXA Bank Belgium, is mainly due to the evolution of the interest rates and a good credit production.

Interest expense increased by EUR 5.4 million, excluding the contribution of AXA Bank Belgium. This increase is mainly due to the issuance of SNP (Senior Non Preferred) of EUR 300 million in the course of 2022 and of subordinated debt, at the end of 2021, in the amount of EUR 200 million.

5.2. Income and charges from commissions and benefits

The net income from commissions and fees were as follows on 31 December 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Securities		
- securities issued	73,889,553	28,891,457
- transfer orders	5,567,550	3,158,626
- other	2,265,401	0
Custody, monitoring and management of assets		
- asset management	236,252	287,015
- custody	1,807,151	1,277,262
Credit commitments and financial guarantees	722,199	790,618
Payment services	78,698,744	37,699,022
Management fees received	47,731,883	44,463,214
Commissions received from insurance companies	10,066,103	9,597,167
Other financial services	26,228,900	3,686,292
Total fee and commission income	**247,213,736**	**129,850,673**
Commissions paid to agents (acquisition costs)	147,878,697	95,881,280
Compensation et règlement	957,528	0
Other financial services	44,787,588	625,104
Total fee and commission expense	**193,623,813**	**96,506,384**
Net fee and commission income	**53,589,923**	**33,344,289**

The changes in this section are the result of the integration with AXA Bank Belgium.

5.3. Dividends

The table below provides the details regarding the received dividends during the course of 2022 and 2021:

(in EUR)	31/12/2022	31/12/2021
Financial assets held for trading	0	0
Financial assets at fair value through other comprehensive income (FVOCI)	791,622	1,121,098
Dividend income	**791,622**	**1,121,098**

The dividends that the Group received in 2022 amounts to EUR 0.8 million and have decreased by EUR 0.3 million.

The most important dividends come from VISA for EUR 0.5 million, from FORTINO for EUR 0.2 million and from PMF for EUR 0.1 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 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Realised gains		
Financial assets/liabilities at fair value through other comprehensive income (FVOCI)	392,000	1,642,117
Financial assets / liabilities at amortised cost		
Debt securities	0	0
Loans and advances	7,097,387	993,132
Total realised gains	7,489,387	2,635,249
Realised losses		
Financial assets/liabilities at fair value through other comprehensive income (FVOCI)	30,021	0
Financial assets / liabilities at amortised cost		
Debt securities	0	0
Loans and advances	0	0
Total realised losses	30,021	0
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	7,459,366	2,635,249

The gains have increased by EUR 4.8 million when compared with 2021.

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 (-EUR 1.2 million compared to 2021).

The realised gains on loans and receivables increased by EUR 6.1 million and refer to the yield from the sale of amortised loan files to a collection agency and reinvestment fees.

5.5. Gains and losses on financial assets and liabilities, hedging transactions and exchange differences

The positive result in the sections “Gains or (-) losses on financial assets & liabilities held for trading, net”, “Gains or (-) losses on financial assets & liabilities designated at fair value through profit or loss, net”, “Gains or (-) from hedge accounting, net” and “Exchange differences” are to be considered together. The P&L-effect of the EMTN activity as well as the transfer of hedging swaps to the trading portfolio is split over different sections.

5.6. Badwill

As per the terms of the Share Purchase Agreement between Crelan and AXA SA a review of the Final Net Asset Value determining the final price to be paid by Crelan for the acquisition of AXA Bank Belgium by Crelan and the potential price adjustment was conducted. This review, led to a proposal to reduce the price. As a result, the comparison of the new price with the equity of AXA Bank Belgium (Badwill) increases by the same amount (EUR 3.7 million) which is recognised directly in P&L.

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)	31/12/2022	31/12/2021
Gains		
Sale CRI	0	46,667,823
Property, plant and equipment	45,160	26,622
Losses		
Property, plant and equipment	47,904	34,802
Gains (losses) on derecognition of assets other than held for sale	**-2,744**	**46,659,643**

This section shows a decrease as the result of the added value on the sale of Crelan Insurance in 2021.

5.8. Other operating benefits and charges

The operating benefits and charges can be detailed as follows as on 31 December 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Recovery of charges related to credits	10,970,428	11,245,545
Contributions to deposits	4,749,151	4,368,383
Net premiums on insurance contracts	0	0
Commissions received by the insurance company	0	0
Recoveries on written off receivables	8,371,638	5,291,537
Result of refactoring	603,792	1,274,504
Other operating income	11,333,210	5,614,389
Total other operating income	36,028,219	27,794,358
Other operating expenses	304,159	9,391,240
Total other operating expenses	304,159	9,391,240
Other net operating income	**35,724,060**	**18,403,118**

The total other net operating benefits increases with EUR 17.3 million compared to 2021.

This is partly explained by the strong increase in other operating income of EUR 8.2 million compared to 2021 and on the other hand, due to the sharp decrease in other operating expenses amounting to EUR -9.1 million (success fees AXA Bank Belgium, booked in 2021 for EUR 9.2 million).

5.9. Administration costs

5.9.1. Employee expenses

At the end of December 2022, the Group had 4,551 employees when compared to 4,883 at the end of 2021.

The total employee expenses can be broken down as follows:

(in EUR)	31/12/2022	31/12/2021
Remuneration	127,026,663	65,468,116
Social security contributions	33,190,608	17,448,832
Employer's contributions to supplementary pension schemes	13,511,901	6,191,770
Retirement and survivor's pensions and similar expenses	184,217	138,147
Other	10,460,910	2,170,310
Total staff expenses	**184,374,299**	**91,417,175**

Personnel costs increased significantly in 2022 compared to 2021.
This increase amounts to EUR 93.0 million and is mainly due to the acquisition of AXA Bank Belgium, as this relates to EUR 80.8 million.

In addition, EUR 2.2 million relates to the Fit For the Future provision and EUR 10 million to remuneration, benefits, employer contributions, etc. other than those relating to AXA Bank Belgium.

5.9.2. General and administrative expenses

The general and administrative expenses can be detailed as follows:

(in EUR)	31/12/2022	31/12/2021
Marketing expenses	10,627,939	7,811,050
Consulting and professional services	26,943,444	7,364,622
Information Technology expenses	142,180,258	56,648,216
Rentals	1,085,940	1,551,205
Leasing expenses	1,278,946	0
Operating tax expenses	55,353,160	26,877,739
Other	70,965,159	41,720,728
Total Other administrative expenses	**308,434,846**	**141,973,560**

The general and administrative costs increased globally by EUR 166.5 million. Of this, EUR 114.8 million relates to AXA Bank Belgium (EUR 2.4 million marketing costs, EUR 19 million fees, EUR 9.3 million IT costs, EUR +27.4 million in business taxes and EUR 56.4 million in other general and administrative expenses).

In addition to the evolution resulting from the acquisition of AXA Bank Belgium, we note an increase of EUR 5 million in fees, an increase of EUR 42.4 million in IT expenditure, of which EUR 39.6 million related to the integration project, an increase of EUR 2.1 million in bank taxes and finally an increase of EUR 3.2 million in other general and administrative costs of which EUR 1.8 million represents a recovery of legal costs.

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)	31/12/2022	31/12/2021
Deposit guarantee schemes	32,775,938	17,403,925
Single Resolution Funds	12,586,912	3,328,922
Cash contributions to resolution funds and deposit guarantee schemes	**45,362,850**	**20,732,847**

The acquisition of AXA Bank Belgium led to an increase in the amounts due to the deposit guarantee scheme for EUR +23.9 million. This is the most significant increase in this item.

5.10. Special impairments

Special impairments can be detailed as follows as on 31 December 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
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	-15,241	5,393
- loans and receivables	-24,636,122	-22,283,606
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	**-24,651,363**	**-22,278,213**

Non-financial assets, such as tangible and intangible assets, were not impaired in 2022.

During the 2022 accounting period, the Group increased the impairment for a consolidated amount of EUR 24.7 million. Crelan NV increased its impairments by EUR 8.7 million (compared to a reversal of EUR 10.8 million in 2021), while Europabank increased its provisions by EUR 5.2 million (compared to EUR 3.4 million in 2021) and AXA Bank Belgium recorded a provision of EUR 10.8 million at the end of 2022 (compared to EUR 29.6 million in 2021).

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)	31/12/2022	31/12/2021
Current taxes	37,889,457	11,315,499
Deferred taxes	17,306,287	12,867,838
Total income tax expense	**55,195,743**	**24,183,337**

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)	31/12/2022		31/12/2021	
	Tax rate	Tax expense	Tax rate	Tax expense
Profit before tax		212,868,201		106,873,598
Statutory tax rate	25.00%	53,217,051	25.00%	26,718,399
Tax effect of tax rates in other tax jurisdictions	2.62%	5,568,935	0.00%	0
Tax effect of exemption of capital gains on shares	0.00%	0	-17.43%	-18,623,201
Tax effect of non-taxable income	-3.91%	-8,320,867	-5.95%	-6,356,286
Tax effect of expenses that are not tax deductible	1.19%	2,525,747	0.85%	911,336
Tax effect of using previously unrecognised tax assets	-0.58%	-1,241,362	-2.86%	-3,056,756
Tax effect of movements of provisions or reserves	0.43%	923,109	-0.71%	-762,386
Accounting eliminations	1.22%	2,592,355	30.86%	32,979,558
Separately taxed capital gains	0.00%	0	0.00%	0
Acquisition of AXA Bank Belgium	0.00%	0	-6.93%	-7,409,487
Other	-0.03%	-69,225	-0.20%	-217,840
Effective tax charge for the financial year	**25.93%**	**55,195,744**	**22.63%**	**24,183,337**

The tax rate is based on the Belgian legal tax rate of 25%.

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)	31/12/2022	31/12/2021
1. Remuneration of the auditors	882,232	367,484
2. Remuneration for exceptional activities or special commissions performed within the company by the auditors	323,337	170,005
a. Other audit activities	141,181	35,600
b. Tax advisory activities	0	0
c. Other activities outside audit activities	182,156	134,405
3. Remuneration for exceptional or special commissions performed within the company by persins associated with the auditors	58,745	37,209
a. Other audit activities	0	0
b. Tax advisory activities	53,745	14,915
c. Other activities outside audit activities	5,000	22,294
Total Fees paid to the auditors	**1,264,314**	**574,698**

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.

The Crelan Group has an outstanding amount of EUR 2.8 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 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Short-term employee benefits	8,058,581	3,944,550
Post-employment benefits	1,412,787	1,292,662
Other long-term employee benefits	1,255,135	0
Severance payments	0	0
Share-based payments	0	0
Total	**10,726,503**	**5,237,212**

The remuneration policy is implemented in line with the regulations of the BNB.

5.14. Segment reporting

Operating segments are components of Crelan Group :

- that engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Management Committee of Crelan to make decisions about resources to be allocated to the segments and assess their performance;
- and for which discrete financial information is available.

The Management Committee of Crelan is considered to be the chief operating decision maker as defined under IFRS 8 – Operating Segments.

The following operating segments are reported separately based on the guidelines of IFRS 8:

- Crelan Federation (NV + CV)
- AXA Bank Belgium subconso – AXA Bank Belgium subconso (including AXA Bank Belgium NV, Royal Street SPV, AXA Belgium Finance BV, AXA Bank Europe SCF, CASPR sprl)
- Europabank NV

The banking activity of the Crelan Federation and AXA Bank Belgium consists mainly of a retail activity meaning collecting funding (daily operations, savings products) and providing loans to its customers (households, professionals and small businesses) through its network of independent agents. The reported figures includes also the related BSM results (Balance Sheet Management), whose main purpose is to manage the exposure to interest rate, liquidity and foreign exchange risks. The treasury activity which is also embedded in the BSM team consists in providing short term liquidity and funding as a support for the growth of the retail business. Both banks have a common Management Committee and a common strategy.

The activity of Europabank consist also of a retail activity but with a own strategy & corresponding positioning in the market. On top of that it is also offering leasing services and as a specific profile in payment services related to Visa and MasterCard.

Transactions between the different operating segments are carried out on an arm's length basis.
Figures are based on the information currently provided to the chief operating decision maker at the end of 2022 taking into account the former and the new different legal entities of the consolidated scope which are contributing to the current results.

The reconciliations between the total of the operating segments and the Group result are mainly :

2022 – in miljons of EUR	Crelan Federation + ABB	Europabank	Reconciliation	Figures reported in consolidated income statement
Net banking income (Interest margin + fee income and capital gains)	871.1	97.1	-194.1	774.1
Commissions	-451.6	-53.9	-48.4	-553.9
Operating expenses	-234.3	0.0	234.3	0.0
Impairment on loans	-13.3	0.6	2.2	-10.5
Taxes	-37.9	-12.2	-5.1	-55.2
Discontinued operations	-7.4	0.0	11.1	3.7
Net result	**126.6**	**31.6**	**0.0**	**158.2**

Crelan group : balance sheet at operational segment level not included in the reporting provided to the chief operating decision maker, so also not to be reported in the consolidated financial statements.

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 2022 and 2021 :

(in EUR)	31/12/2022	31/12/2021
Loan commitments		
- given	2,582,781,807	3,358,667,029
- received	35,000,000	534,976,000
Financial guarantees		
- given	56,919,555	57,877,742
- received	2,648,487,989	2,650,279,521
Collateral		
- given	6,526,287,215	8,395,196,700
- received	49,026,142,839	45,712,258,632
Commitments under finance leases		
- given to another counterparty	18,136,436	9,050,600
- received from another counterparty	32,722,488	26,276,070

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

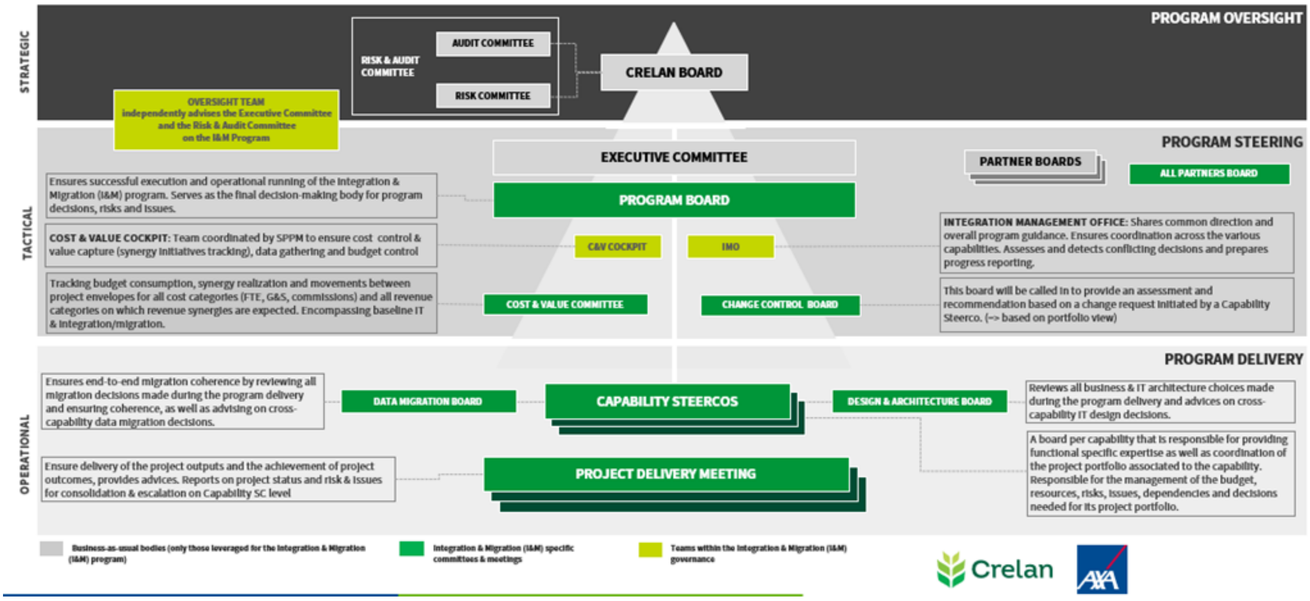
7.1. Introduction

7.1.1. Risk management during an integration and migration process

On 31 December 2021 Crelan Group acquired AXA Bank Belgium from AXA Group. A migration and Integration program is set up to execute the operational integration, which is foreseen in 2024. The Integration and Migration plan consists of 76 projects.
The main projects are the following:

1. Human Resources: The 'One Organisation' for Crelan and AXA Bank Belgium is implemented as from November 2022. Harmonization of reward and labour conditions is planned for 2024.
2. Network – Agencies: Building the network of the future by resizing the landscape, by having capable & knowledgeable agents, based on a clear footprint.
3. Harmonization of the product offer.
4. Data migration and Integration: Implementation of "missing" processes and functionalities, followed by the migration of all client and product data from AXA Bank Belgium to Crelan Group.
5. Change and communication Plan.
6. Management of budget and synergies.

Seen the importance and the size of this plan, a specific governance is put in place to ensure the necessary follow-up.



To assure the oversight and the quality, a 2nd and 3rd line follow-up is foreseen. Seen the nature and size of this program, an external party, experienced in mergers, supports the CRO in the second line follow-up. At Board level, a dedicated committee, ABARC, is created to allow to focus on the risks linked to the integration & migration. Specific instruments are created dedicated to the follow-up of risks related to the Integration & Migration program: a risk register, a Key Risk Indicator (KRI) dashboard. Each of these are at least quarterly assessed at ABARC level. The Risk Management Department also provides second opinions to the ABARC on specific topics (infrastructure readiness, status at cut-over, migration approach…). Finally, there is also a quarterly reporting to ECB in place.

7.1.2. Risk management in an energy crisis context

As a result of the war in Ukraine, energy prices have risen sharply since the end of 2021, which had an impact on inflation. Both households and companies were impacted by this cost increase. In Belgium, automatic salary indexation and social tariffs protect the employees' purchasing power to a large extent, making the decrease of purchasing power in Belgium among the lowest in the EU.
On the other hand, the rapid rise in wages (especially from January 2023) will lead to rising costs for Belgian companies which may lead to financial problems within this segment. If multiple entrepreneurs were to go into default due to rising costs, this could potentially lead to increased unemployment. Finally, the bank should also be attentive to spill-over effects to the public sector since the government today takes a significant share of the burden. This was also stated in the publications of the National Bank of Belgium (NBB) where it is stated that the Belgian economy looks set to slip into a brief recession in the course of 2023.
Crelan Group management has taken multiple actions to steer the bank during this crisis and to made sure that follow-up of the impact on the bank was incorporated in the business as usual see section 7.1.2.1. Additionally, the Belgian banking sector also implemented some measures which are described in section 7.1.2.2.

7.1.2.1. Internal governance

In 2022, the bank has actively worked on the management of credit risk related to the energy crisis. Next to the 'regular' follow-up of the portfolio, the following actions were taken (among others):

- Analysis of repayment capacity of retail clients;
- Leverage of ECB ESG stress test to determine potential financial impacts;
- Assessment of impact for the large exposure portfolio;
- Review of the forbearance framework regarding the new Febelfin measures.

In order to make sure that the bank will timely identify emerging issues and will be able to cope with increasing loans in pre-litigation the following measures will be implemented:

- Capacity analysis at the level of the pre-litigation department;
- Review of large exposures which are heavily impacted;
- Dashboards with focus on DPD (or reminders) to identify arrears in an early stage;
- Risk-based analysis to identify loans with an increasing risk and individual follow-up together with the client journey teams.

The uncertainties that will continue to be present in 2023 have been reflected in the parameters of the IFRS9 models and post-Covid review of management overlays. This resulted in a prudent and general increase in provisions compared to 2021 as described in section 7.4.1.1.2.

All the above mentioned actions were presented to the Lending Risk Committee (LRC) for validation. A regular follow-up of the evolution of the KPI's on the portfolio of Crelan Group (with Europabank) was put in place via an energy crisis dashboard next to the regular follow-up of the portfolios. Those dashboards are also reported to the LRC.

7.1.2.2. Measures at the level of the Belgian Banking sector

The Belgian banking sector, via Febelfin, has decided to introduce accompanying measures for mortgage loan clients, as was already the case for COVID-19. Clients can request deferral of the capital payment under the following conditions:

- Main residence is in Belgium;
- The total of the movable assets does not exceed EUR 10,000;
- At 1 March 2022, there were no payment arrears on the loan for which the payment deferral has been requested;

- A payment plan is requested to or provided by the energy supplier.

This is a 12 months deferral of capital with the possibility of an extension of the term. Interest is still due and will be added to the contractual repayment schedule. These adaptations to contracts should be reserved for those who really need them.
Application must be introduced between October 1, 2022 and March 31, 2023. At end 2022 capital suspensions granted are very limited for both banks (see section 7.4.1.1). All those loans are flagged as forborne.

There are no measures at the level of the Belgian Banking sector for professional credits. The measures available for professional clients are decided on a case-by-case basis (including for example the granting of new short-term loans or working capital credits). Crelan has decided to grant a credit line to solid companies and self-employed people whose turnover is processed through a Crelan account and who are experiencing temporary liquidity problems due to the energy crisis. These are treated as a new credit application and an individual credit analysis is carried out. Depending on the risk profile of the borrower, an adjusted proposal can be made.

See section 7.4.1.1 for the financial impact of these measures on Crelan Group.

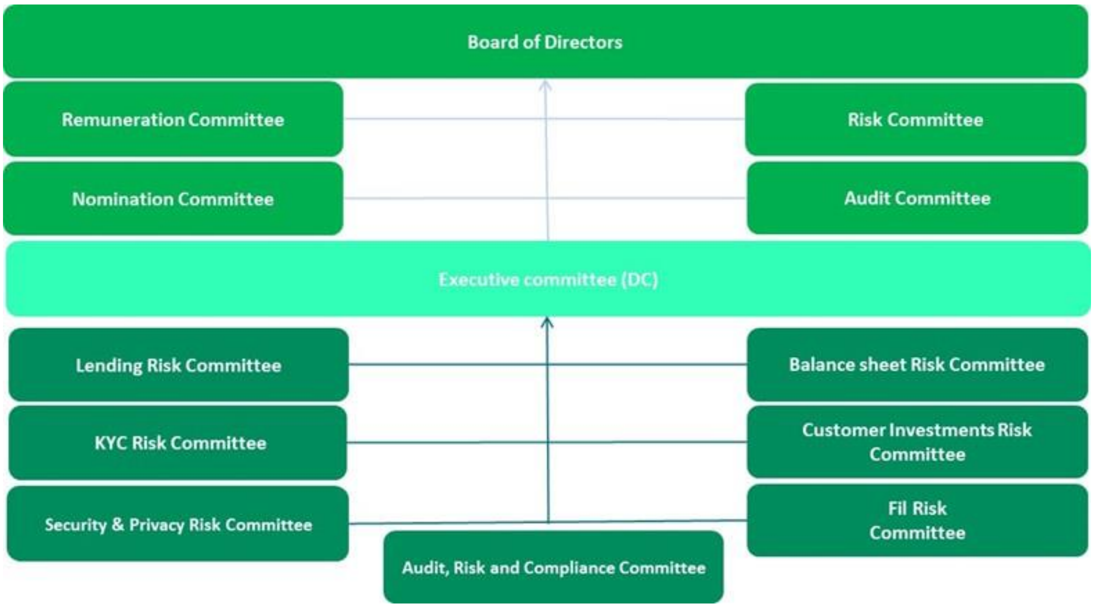
7.1.3. Risk Management framework

In the exceptional conditions of 2022, Crelan Group continued to build towards coherent and prudent risk management by applying its risk management framework. The bank has broadly implemented robust strategies, policies, processes, and systems for identifying, measuring, managing, and monitoring its risks. The risk management framework is built around 5 components:

- Risk governance structure;
- Risk assessment process, consisting of risk identification, risk measurement, risk mitigation and risk reporting;
- Review and validation;
- Stress testing framework;
- Risk data, aggregation and IT systems.

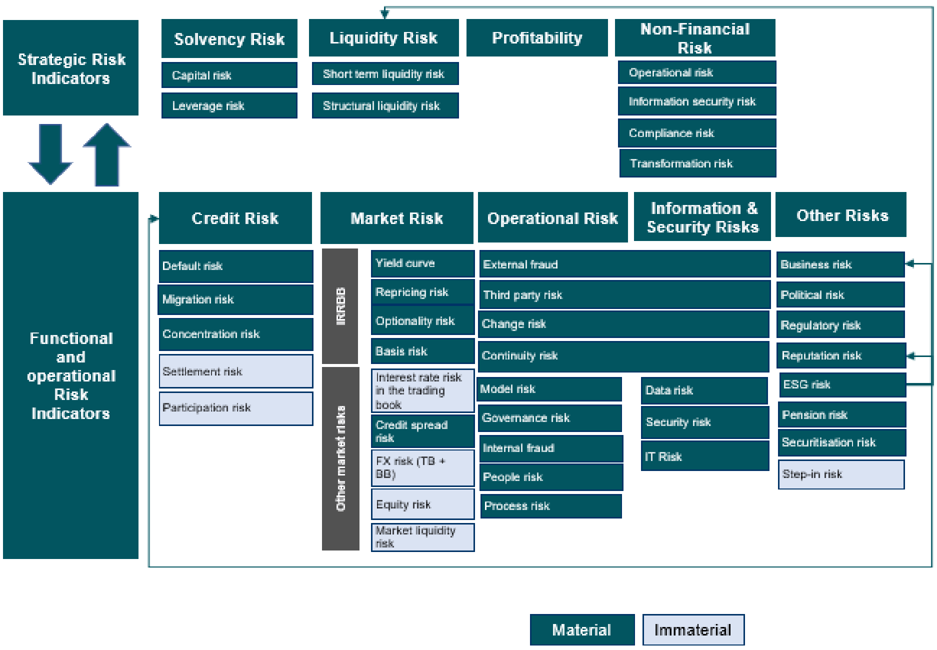
Risk governance structure

An effective risk governance structure requires the correct understanding and awareness of risks at all levels of the organization, facilitated by an efficient monitoring, reporting and communication structure. Crelan Group's risk management governance and organization are illustrated below.



Risk assessment process and risk appetite framework

Crelan Group has put in place a yearly risk assessment process. This exercise is performed by the Risk Management department and consists of risk identification, risk measurement, risk mitigation & limits and risk reporting. The aim of this process is to identify risks, assess their materiality, provide an overview of all mitigating actions and risk reporting. The risk assessment leads to a risk taxonomy where all material risks Crelan Group faces are identified.



The risk assessment process is closely linked with the risk appetite framework of the bank. The permanent identification and quantification of the bank's material risks are at the heart of Crelan Group's risk policy. These risks are measured, limited and constantly tracked using an internal risk appetite framework (Risk Appetite Framework, RAF).

A strategic risk appetite is determined for the main areas (capital, profitability, economic value and liquidity), taking the stress sensitivity of these domains into account. This strategic risk appetite is translated into functional risk limits. This risk appetite model was approved by the Board of Directors and was used by this management body and the Executive Committee as a central tool for managing the risks of Crelan Group in 2022.

All material risks are translated into relevant indicators, summarised in the 'risk dashboard' (risk reporting). This includes both regulatory and internal indicators. Different levels of severity are defined for each indicator, so management is warned early enough if an indicator approaches its maximum risk appetite. This 'risk dashboard' forms an integral part of the general risk monitoring process and is reported quarterly to the Executive Committee, the Group and the Board of Directors. These risks are more frequently followed up in more detail by the relevant Crelan Group specialized risk committees.

The prospects in the strategic plan and the budget are checked against the RAF limits. The strategic plan undergoes multiple iterations until equilibrium is reached between both profitability and risks. The strategic plan is designed so all risks fall within the risk appetite and the regulatory limits, while taking new and existing regulations into account to meet the regulatory requirements. On top of that stress tests are applied to the strategy plan to test the robustness of the plan.

For capital and liquidity financial risks, next to the regulatory framework, the risks are also subject to an economic framework that generates forecasts covering different horizons. The economic capital is distributed to all activities of the bank, and this based on the Crelan Group's risk objectives. The management of Crelan Group imposes a limit on the total economic capital applied to ensure the bank always has enough financial resources. The bank also developed an internal liquidity approach to follow-up on its liquidity position. Crelan Group's risk appetite framework sets the appropriate governance, reporting requirements, limits, controls and decision processes to drive management decisions.

Crelan Group's risk appetite is documented and reported in various reports for internal and external use (supervisor, external and internal audit). Any breach of alerts limits must be escalated to the members of the Management Board or the Board of Directors to, if needed, take corrective actions.

Review and validation
Review and validation are an essential part of the risk management framework. On a yearly basis, Crelan Group performs a global assessment which ensures that management takes a moment to assess the current status of the bank's risk department and sets out objectives for the upcoming year. By doing so, it provides management with a better view on the overall strengths and weaknesses on each identified risk dimension. Complimentary to the global assessment, which is rather focused on financial risks, the annual Internal control process results in Internal Control report. Furthermore, model validation is an important component when measuring risk and performing stress testing exercises. A strong governance in model validation supports the analyses and computations done by the individual risk departments.

Stress testing framework
Stress testing is an analysis conducted to determine whether the bank has enough capital and/or liquidity to withstand the impact of adverse developments, such as the impact under unfavourable economic scenarios. These tests are meant to detect weak spots in the bank at an early stage, so that preventive actions can be taken by the bank itself. It plays an important role in:

- Providing forward-looking assessments of risk;
- Overcoming limitations of models and/or historical data;
- Feeding into capital and liquidity planning procedures;
- Informing the setting of a banks' risk tolerance/appetite;
- Facilitating the development of contingency plans.

The results of the various stress testing exercises are also used by the supervisor in their SREP assessment. The stress testing framework aims at providing the methodology and process for the performance of stress testing by Crelan Group as part of the risk management process, taking into account the applicable regulation. The scope of the program extends to all entities managed or controlled by Crelan Group. When performing stress tests all material risk domains of all entities in the scope of the program are taken into account.

Risk data, aggregation and IT systems
Management, control and monitoring of risk data, aggregation and IT systems remained an important pillar in 2022. Crelan Group was able to meet all regulatory reporting requirements. Since the bank became a significant institution, these reporting requirements increased. Furthermore, significant investments are done within the integration & migration project to safeguard the banks risk data & aggregation capabilities.

In the following sections, first the focus will lay on the more important risk categories to which Crelan Group was exposed in 2022, namely credit, market, liquidity, and operational risks. All these risks have a potential impact on the bank's objectives in terms of solvency, liquidity and profitability. The other risks of the bank are described in chapter 4.8.

7.2. Solvency Risk

7.2.1. Management

Under the EU Capital Requirements Regulation and Directive (CRR/CRD IV) as well as the Basel accords, Crelan Group must maintain a minimum level of own funds to cover its credit, market and operational risk. This obligation is known as the 'Pillar 1 Minimum Regulatory Capital Requirement'. Banks must also have in place sound, effective and complete strategies, and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of the risks to which they are or might be exposed to. This obligation is known as ICAAP (Internal Capital Adequacy Assessment Process) and is the Pillar 2 requirement of the Basel framework.

Both for regulatory and economic capital, the 'available capital' of banks is compared to measured 'capital requirements'. The differences between the two are due to their measurement methodologies3 and the scope of the risks that are covered4 .

The capital risk is the risk that the bank has or may have insufficient capital to cover the risks to which the bank is exposed. In practice, this is translated into a cross-check of the capital base against the minimum regulatory capital requirements (Pillar 1) and the economic capital requirements (Pillar 2).

The capital base is carefully monitored by the 'Balance Sheet Risk Committee' (BSRC). The committee is supported in this mission by a working group: the Capital and Funding Committee (CFC). The CFC oversees the new regulations ('regulatory watch'), follows up on the current and projected solvency ratios, anticipates and manages the economic and regulatory capital requirements.

The calculations for regulatory capital are reported to the supervisor (COREP) on a quarterly basis.

The bank reports the required economic capital to the supervisor in an annual ICAAP file on top of that the required economic capital is quarterly calculated and used in several internal reports and incorporated in the risk appetite. The ICAAP is the internal review process of the institution itself, which allows it to assess the adequacy of its capital considering its risk profile and its organisation.

[3] Under Pillar 1, the methods are defined by the regulator whilst the methods are defined by Crelan Group under Pillar 2.
[4] Only three risks are covered under Pillar 1, whilst all material risks must be covered under Pillar 2.

7.2.2. Regulatory Environment

The EU introduced stricter rules around capital requirements for banks in the aftermath of the financial crisis that are based on the Basel III accords. The requirements for banks are set out in the 'Capital Requirements Regulation' (CRR) and the 'Capital Requirements Directive' (CRD IV). The CRR/CRD IV was gradually introduced since 1 January 2014 and is fully in force since 2019. As from June 2021 CRR2/CRD V entered into force.

The minimum capital ratios (Pillar 1 requirements) which are to be met according to CRR/CRD IV are 4.5% for the core capital (CET1), 6.0% for the tier 1 capital ratio and 8.0% for the total capital ratio.

Besides the minimum own funds requirements of the CRR, Crelan Group should also comply with the various buffers that are imposed in accordance with CRD IV.

The CRD IV provides for a capital conservation buffer. In times of an economic boom, this can be up to 2.5%. The premise is to reserve additional capital in times of financial prosperity. In times of financial stress, the institution will be able to use this capital. The condition is then that the institution may not pay out a dividend to shareholders. This buffer phased in to a final level of 2.5%.

Crelan Group may also be obliged to build a counter-cyclical capital buffer representing an additional core Tier 1 capital requirement. This buffer's aim is to protect the bank against risks arising from the financial cycle and can be up to 2.5%, possibly higher. This requirement came into effect in 2016. Due to COVID-19, the activation of the countercyclical capital buffer of 0.5% for Belgium was postponed, consequently a 0 % countercyclical buffer rate for Belgium is applicable.

The Belgian supervisor has appointed Crelan Group as O-SII or 'Other Systemically Important Institution' and therefore is subject to an additional core Tier 1 capital requirement (O-SII buffer) of 0.75% as from 1 January 2023.

As from Q2 2022 a sectoral systemic risk buffer (SSRB) has been imposed by the NBB, replacing the macro-prudential add-ons. This buffer is calculated as 9% of the risk weighted assets under the IRB approach for exposures secured by Belgian Real estate. In practice, this results in a 2.89% extra capital requirement at 31 December 2022.

Following his 'Supervisory Review and Evaluation Process' review, (SREP), the competent supervisory authority (the European Central Bank for Crelan Group) may impose higher minimum ratios (= Pillar 2 requirements), when, for example, not all risks are properly reflected in the regulatory Pillar 1-calculations. Crelan Group's Pillar 2 requirement (P2R) amounts to 3.16% as per the SREP 2022 cycle. This is the weighted average of the P2R of Crelan and the P2R of ABB at 31 December 2021 as per the methodology applied in acquisition situation

As an O-SII Crelan will also be subject to requirements set by the SRB (Single Resolution Board) under BRRD II/SRMR II. It is yet unclear what Crelan's MREL target will be as an official target has not yet been communicated by the SRB. On a sub-consolidated level, AXA Bank Belgium has an old BRRD I target which remains applicable until official communication of the Crelan Group BRRD II target.

7.2.3. Own Funds eligible liabilities

The own funds for solvency requirements are slightly different from the equity in accounting.

The accounting core capital is adjusted with:

- Prudential filters, which exclude certain items of own funds, such as changes in the value of own credit risk and additional value adjustments in the context of prudent valuation; and

- Other deductions, such as intangible fixed assets, CET1 deduction for securitisation, the deferred tax assets which are based on future profitability, deficits in terms of provision of 'Internal Rating Based approach' (IRB). If the IRB approach is applied to calculate the credit risk, banks are required to compare their actual provisions with their expected losses. Any shortfall should be deducted from Tier 1 while an excess will be eligible for inclusion in Tier 2 capital subject to a cap.

The reconciliation of the accounting equity based on IFRS with the own funds for solvency requirements can be seen in the table below:

COMPOSITION OF USEFUL CAPITAL (in 000 EUR)	31/12/2022	31/12/2021
Paid up capital	912,298	895,456
Reserves (including retained earnings)	256,025	209,944
Resut of the current year	753,647	655,588
Other reserves	122,688	157,371
Accumulated other comprehensive income	5,785	4,656
ACCOUNTING COMMON EQUITY TIER 1 CAPITAL	**2,050,443**	**1,923,014**
Pruential filters	-19,263	-1,625
Value adjustment of own credit risk	*-18,577*	*-326*
Value adjustment of prudent valuation	*-686*	*-1,299*
Deductions of Common Equity Tier 1 capital	-134,959	-80,352
Regulatory adjustments accumulated other comprehensive income	*0*	*0*
Intangible assets	*-31,858*	*-35,928*
Deferred tax assets that rely on future profitability	*-37,028*	*-13,152*
Other deductions	*-27,875*	*-13,047*
Securitization	*-2,478*	*-2,825*
IRB provision shortfall	*-35,720*	*-15,400*
Gebruikt KAPITAAL COMMON EQUITY TIER 1 (CET1)	**1,896,222**	**1,841,037**

The CET1 amounts to EUR 1,896 million in 2022 versus EUR 1,841 million in 2021. This increase in CET1 is mainly caused by:

- The increase in cooperative capital of EUR 16.8 million: net evolution of the cooperative capital during 2022;
- The increase in retained earnings of EUR 10.8 million including the EUR 122.7 million eligible profit;
- The increase in other reserves of EUR 98.7 million;
- The adjustments to prudential filters of -EUR 17.6 million;
- Evolution of other intangible assets of EUR 4.1 million;
- Evolution of IRB shortfall of -EUR 20.3 million;
- Evolution of Deferred Tax Assets of -EUR 23.9 million;
- Evolution in coverage for non-performing exposures -EUR 0.9 million;
- Evolution in additional deductions due to art. 3 of CRR -EUR 14 million.

This strengthens the equity of Crelan Group.

The prudential own funds, the senior non-preferred debt of EUR 300 million, subordinated debt with remaining maturity > 1 year of EUR 1.4 million and the EMTNs with remaining maturity > 1 year of EUR 324 million are eligible liabilities which are relevant for the MREL ratio at the end of 2022.

The total own funds for solvency requirements include:

- CET1;
- additional Tier 1 capital consisting of applicable convertible bonds;
- Tier 2 capital, consisting of the useful value of the subordinated loans, perpetual subordinated loans and including Basel III transitional measures.

TOTAL OWN FUNDS FOR SOLVENCY REQUIREMENTS (in 000 EUR)	31/12/2022	31/12/2021
CET1	1,896,222	1,841,037
Additional Tier 1 capital	245,172	244,400
TIER 1	2,141,393	2,085,437
TIER 2	201,715	205,289
Subordinated debts	201,715	205,289
Perpetual subordinated debts	0	0
Perpetuals	*0*	*0*
Perpetuals phase out	*0*	*0*
TOTAL OWN FUNDS FOR SOLVENCY REQUIREMENTS	**2,343,108**	**2,290,726**

The total own funds of Crelan Group evolved from EUR 2,291 million in 2021 to EUR 2,343 million at the end of 2022.

7.2.4. Regulatory Capital Requirements

The regulatory capital requirements are based on the concept of Risk Weighted Assets (RWA) Pillar 1 minimum regulatory capital requirements calculation methods are defined specifically in the regulation. The Internal Rating Based Approach (IRB) is applied for the bulk of the Belgian credit activity (see 7.4.5). The Standardised approach is used for a smaller part of the exposure (see 7.4.4).

The RWA for Crelan Group under the Basel III rules amounted to EUR 8,915 million on December 2022 coming from EUR 11,602 million at the end of 2021. This EUR -2,687 million RWA decrease is mainly driven by the removal of the macro-prudential add-on as of Q2 2022 which is replaced by the sectoral systemic risk buffer as described in section 7.2.2, this led to an RWA decrease of EUR 2,790 million compared to the first quarter of 2022. Furthermore, an increase of EUR 96 million RWA stems from operational risk. The operational risk information is updated once a year. This results in an Own Funds requirement of EUR 97.7 million with a corresponding RWA level of EUR 1,222 million. Finally, credit valuation adjustment RWA of Crelan Group increased with EUR 21.1 million during 2022 due to increased interest rates.

RISK EXPOSURE AMOUNTS (in 000 EUR)	31/12/2022	31/12/2021
Risk weighted exposure amounts for credit risk	7,620,968	10,419,328
Risk exposure amount for market risk	10,024	16,014
Risk exposure amount for operational risk	1,221,509	1,125,528
Risk exposure amount for credit valuation adjustment	62,692	41,552
TOTAL RISK EXPOSURE AMOUNTS	**8,915,193**	**11,602,422**

7.2.5. Securitisation – Significant Risk Transfer

In December 2020, Crelan Group sub entity AXA Bank Belgium has set up a synthetic securitisation on its mortgage loan portfolio, to optimise AXA Bank Belgium's risk-return balance, and to support the growth of the loan portfolio while maintaining the envisaged solvency levels (as set in the risk appetite framework of the bank). It consists of a balance sheet synthetic securitisation with Significant Risk Transfer (SRT) whereby AXA Bank Belgium (originator and seller) sells the mezzanine tranches to a third party while retaining the senior and first loss tranches as well as a 5% vertical slice of the whole portfolio.

The first loss tranche is fully deducted from CET1 capital. It is computed as the sum of all exposures that would be weighted at 1250% (the first loss tranche as well as the excess spread) to which the specific provisions as estimated for the underlying exposures may be deducted. In this case, the deduction is therefore equal to EUR 2.5 million in Q4 2022 compared to EUR 2.8 million in Q4 2021. The computed deduction value is directly deducted from CET1 capital. As a result, only the retained senior tranche needs to be risk weighted. The RWA of the retained senior tranche amounts to EUR 60.9 million at the end of 2022 compared to EUR 77.7 million in Q4 2021. This senior tranche RWA is measured according to SEC-IRBA method as all underlying credits are IRB exposures. Adjustments are made for maturity mismatches between the credit protection and the underlying exposures, and the Senior tranche risk weight is floored at the weighted-average risk weight that would be applicable to the underlying exposures had they not been securitised. The final risk weight of the senior tranche equals 15% which corresponds with the risk weight floor applicable under the securitisation framework.

7.2.6. Capital Ratios

The regulatory solvency ratios compare the own funds of Crelan Group to its risk weighted assets.

Capital Ratios	31/12/2022	31/12/2021
Common Equity Tier 1 ratio	21.27%	15.87%
TIER 1-ratio	24.02%	17.97%
Capital ratio	26.28%	19.74%

Crelan Group shows solid solvency ratios at the end of 2022. The increased solvency ratios are largely explained by the net profit of 2022 that was fully included in capital (see section 4.2.3), the increase in cooperative capital and the decrease of RWA in 2022, due to the removal of the macro-prudential add-on (see section 4.2.4). As per 31 December 2022, Crelan Group's Tier 1 ratio stands at 24.02% (17.97% in 2021) and total capital ratio at 26.28% (19.74% in 2021).

7.2.7. Economic capital

Next to the regulatory (normative) perspective for managing capital risk, Crelan Group also decided upon an internal economic framework to measure the adequacy of its capital in 2022. Approach for the consolidated scope:

- Starts from the risks which were identified by AXA Bank Belgium in the 2021 ICAAP. Therefore, not only the financial risks such as IRRBB and market risk are included, but also credit risk;
- The general idea is that Crelan Group tries to measure 1 in 1,000 years shocks per risk type for the most material risks: credit risk and IRRBB;
- For credit risk, the starting point is the internal ECAP model (asymptotic single risk factor at 99.9% confidence level)[5] which was developed by AXA Bank Belgium and which is validated on a yearly basis. As it was not possible to fully integrate the Crelan (incl. Europabank) exposures and risk parameters into the AXA Bank Belgium systems, a simple rule of 3 was applied to extrapolate the ECAP requirements for to the entire portfolio. The rule of 3 is applied based on the relative share of the two banks to the total regulatory RWA of the combined bank;
- For IRRBB, Crelan Group applies the following approach:
    - The six shocks defined by Crelan Group are computed (parallel down, up, short rates down, short rates up, steepened and flattened). This clearly shows that on consolidated level, the parallel up shock is the most severe;
    - Crelan Group then relied on its internal stress testing models where historical data on interest rates is used to check what 1 in 1,000 years shocks are: for an upward shock this corresponds to +175 bps; The resulting amount is an ECAP requirement of EUR 187.8 million;
- For operational risk a simplified approach has been used: regulatory standardised approach;

[5] The economic capital model can be computed at various confidence level. The 99.9% confidence level is used for Pillar II purpose.

- For business risk, the scenario approach of AXA Bank Belgium was maintained but on the entire portfolio;
- The correlation matrix of AXA Bank Belgium was maintained;
- For the other, less material risks, Crelan Group falls back to the regulatory approach where RWA amounts are translated into capital requirements.

Crelan Group measures its economic capital requirements by using the methods described in the table below:

Model	Approach
Retail credit risk	Asymptotic Single Risk Factor
Non-retail credit risk	Regulatory Approach
IRRBB	Value at Risk
Market risk	Market Risk - Regulatory Approach
Operational risk	Monte Carlo VaR
Business risk	Scenario Approach
Risk aggregation	Correlation Matrix

Crelan Group's excess capital is measured by subtracting from the bank's internal capital (after stress) its total economic capital requirements (ECAP). Crelan Group measures its economic capital requirements by assuming a confidence level of 99.9%.

7.2.8. Leverage Ratio

The leverage ratio is defined as Tier 1 capital over the bank's total exposure measure, which consists of both on- and off-balance sheet items. The aim is to constrain excessive leverage and to bring the institutions' assets more in line with their capital.

Crelan Group's leverage ratio according to current CRR legislation ('Delegated Act') has decreased to a level of 3.89 % in Q4 2022 compared to 4.12% in Q4 2021 (3.77% excluding the impact of temporary of central bank reserves). The decrease in Leverage ratio in 2022 is largely explained by the temporary relief measure of the central banks which came to an end in Q1 2022. As from Q2 2021, Crelan Group was allowed to exclude the central bank exposures from total leverage ratio exposure. This temporary relief measure was applicable until March 2022. When excluding the central bank exposure from total leverage exposure the leverage ratio requirement of 3% needed to be recalibrated. The recalibrated Leverage Ratio requirement of Crelan Group was 3.28% until March 2022. From Q2 2022 the exemption was no longer allowed. Hence the central bank exposures were again included in the leverage exposure of Crelan Group. Consequently, the leverage ratio exposure increased by EUR 5,383 million in Q2 2022 and the leverage ratio requirement was brought back to 3%, the same level as it was before the application of the central bank exemptions. This increase in Leverage Exposure was partially offset by netting in the derivatives portfolio EUR -1,167 million in Q4 2022.

	31/12/2022	31/12/2021
Leverage ratio	3.89%	4.12%

7.3. Liquidity Risk

The 'Basel Committee on Banking Supervision' (BCBS) defines the liquidity risk as the risk of not being able to quickly and easily increase the cash position to absorb shocks as a result of financial and economic stress.

Crelan Group's Risk Taxonomy considers the following two aspects of liquidity risk which both fall within the scope of liquidity risk management:

- Short Term Liquidity Risk is defined as the risk that Crelan Group can not meet its financial liabilities when they come due (within a month), at a reasonable cost and in a timely manner. It results from short term cash and collateral positions (intra-day, overnight, one day to one month).
- Structural Liquidity Risk is the risk that Crelan Group cannot meet its financial liabilities when they come due on a medium- and long-term horizon (more than one month), at a reasonable cost and in a timely manner.

7.3.1. Liquidity Risk Management

7.3.1.1. Risk Policy, Limit Framework and Reporting

Crelan Group has stable sources of short- and long-term funding. It has a robust retail deposit base and a well established covered bond program (via ABE SCF) to attract well priced, non-volatile wholesale funding. To evaluate and manage its consolidated liquidity risk, Crelan Group's Balance Sheet Risk committee monitors:

1. Internal indicators: Internal Liquidity Stress (ILS) and Short-Term Liquidity Framework (STeLF);
2. Regulatory indicators: LCR, NSFR, ALMM and asset encumbrance.

All these indicators are underpinned by a common approach: guarantee that Crelan Group's liquidity buffer is sufficient to cope with a range of stress events. More specifically, Crelan Group's own Internal Liquidity Indicator has been designed to ensure that the bank maintains an adequate liquidity cushion to be able to withstand combined idiosyncratic and market stresses over a 3-month horizon.

Internal Liquidity Stresses (ILS)
The internal liquidity stress methodology is derived from the regulatory Liquidity Coverage Ratio (LCR) reporting requirements. The data from the prudential LCR liquidity reporting are used for the calculation of the internal liquidity requirement under stress. However, where well-defined haircuts need to be applied in the LCR, the internal stress methodology will deviate by applying higher bank-specific shocks to assets and liabilities in order to simulate the impacts on the value of assets, inflows and outflows during a defined period of stress.

The ILS is measured as a liquidity buffer in EUR, which is the amount of high-quality liquid assets that exceeds the net liquidity outflow of the defined stress scenario. Crelan Group has defined a stress scenario that covers a longer period of time than the LCR's 30 calendar days window. The length of the stress scenario has been set at 3 months, this gives the bank time to adjust to a new liquidity situation and to also consider both a severe financial market and an idiosyncratic shock.

The extreme financial market stress assumes the following two circumstances which are supposed to happen at the same time:

The cash collateral of the derivative portfolio is dependent on movements on interest rates. Crelan Group needs to add cash collateral in case of a negative interest rate movement. We define this stress as a downward parallel shift of the interest curve. Secondly, an instantaneous widening by 150 bps of credit spreads on bonds.

The idiosyncratic stress assumes that the behaviour of retail and wholesale clients changes compared to normal market conditions. This leads to outflow rates that are up to 50% higher than the LCR calculation. Moreover, there are additional outflow rates foreseen for credits in pipeline, as under stress the drawing behaviour of clients can change. Finally, the amount of inflows received from retail clients is limited to the principal payments, ignoring interests.

Finally, the ILS of Crelan Group also foresees a mitigating action, to remedy the stress experienced on during the considered 3-month time horizon. This action consists of issuing retained covered bonds through the SCF vehicle of sub entity AXA Bank Belgium.

in 000 EUR	31/12/2022	Limit	Buffer
Internal Liquidity Stress Indicator	3,882,958	1,300,000	2,582,958

Short Term Liquidity Framework (STeLF)
To complement the regulatory liquidity framework and the Internal Liquidity Stress calculations, Crelan Group has created a liquidity indicator computed on a daily basis which assesses the liquidity position over the next 5 business days. This indicator is called the Short-Term Liquidity Framework (STeLF). It measures the liquidity buffer defined as the sum of unencumbered ECB eligible securities and EUR cash balances and is calculated for two scenarios. In the business-as-usual scenario, the STeLF liquidity buffer takes inflows and outflows into account for the next five business days. While in the stress scenario only the outflows are taken into account along with an extra stress outflow on top of that.

Regulatory Indicators
Crelan Group monitors the LCR and NSFR of the Basel III framework.

- LCR (Liquidity Coverage Ratio) became binding in October 2015 while NSFR (Net Stable Funding Ratio) became binding with the introduction of the CRR II in June 2021.
- ALMM (Additional Liquidity Monitoring Metrics) is reported to the supervisor since April 2016. Asset encumbrance (broad and narrow) ratios are calculated in accordance with Belgian regulation

7.3.1.2. Policies for Liquidity Risk Management

Crelan Group's liquidity contingency plan has been adapted and the bank established a special task force which, during systemic or idiosyncratic liquidity crises, must immediately intervene and take appropriate action. Regular forward-looking projections of the main liquidity ratios support the active management of the liquidity risk within the bank.

7.3.2. Liquidity Buffer Assessment

Crelan Group has a very robust liquidity position as demonstrated by its strong liquidity buffer that clearly exceeds regulatory and internal limits.

Both Basel III indicators are well above the minimum requirements at the end of 2022 (100% limit) thanks to a comfortable stock of liquid assets and a solid financing structure.

Ratio	31/12/2022	31/12/2021	Limit
LCR	196%	178%	100%
NSFR	149%	142%	100%

Funding
The main sources of stable funding for the bank are retail deposits (EUR 42.1 billion on 31 December of 2022) and covered bonds (EUR 5.9 billion on 31 December 2022). Crelan Group also participated to the long-term refinancing operations (TLTRO) of the ECB for EUR 1.3 billion on 31 December 2022. This funding is received by pledging retained covered bonds as collateral at the ECB. More detail can be found in the table below.

Maturity Analysis

31/12/2022 (in 000 EUR)	< 6 months	6-12 months	> 12 months	Total
Capital	-	726	2,342,382	2,343,108
Retail funding	40,591,742	225,664	1,257,399	42,074,805
Stable retail funding	28,358,389	121,795	577,868	29,058,053
Other retail funding	12,233,353	103,869	679,531	13,016,753
Non-financial customers	840,682	21,079	23,824	885,585
Central bank funding	11,389	400,000	887,286	1,298,675
Financial customers	1,516,595	260,889	5,264,136	7,041,620
Covered bonds	752,007 -		5,128,278	5,880,285
Other financial customers	764,589	260,889	135,857	1,161,335
Other counterparties	295,020	11,301	563,613	869,934
Total	**43,255,428**	**919,660**	**10,338,640**	**54,513,728**

In this table the fair value of derivatives is not included since we do not consider these derivatives as ‘funding’,

Covered Bonds
AXA Bank Belgium, part of the Crelan Group created AXA Bank Europe SCF for issuing covered bonds, whereby AXA Bank Europe SCF directly purchases mortgage loans from AXA Bank Belgium. Although not yet applied, the set up also allows executing a secured loan transaction between AXA Bank Belgium and AXA Bank Europe SCF with mortgages as underlying collateral to issue covered bonds with a shorter time to market.

The strong underlying quality of AXA Bank Belgium’s retail mortgage portfolio in Belgium is the ideal collateral for a covered bond program. This program enables Crelan Group to manage its liquidity risk. It provides the bank with diversification in funding sources and minimises funding concentrations in time buckets. The covered bond program gives Crelan Group access to the covered bond market, allowing to reduce the cost of long-term institutional funding. This program offers the bank access to funding markets that remain open in times of market stress. The bank launched its first covered bond in November 2010. The covered bond program amounts to EUR 9.25 billion in 2022 of which EUR 5.75 billion remains on a consolidated level: EUR 5.75 billion are placed in the market, and EUR 3.5 billion of these covered bonds are retained by AXA Bank Belgium (used in secured funding transactions) and were eliminated in the consolidated balance sheet.

Since the bonds issued with this program are covered by mortgage loans, a part of the mortgage loan portfolio of the bank is considered to be encumbered. To ensure that the amount of encumbered assets does not grow too large, Crelan Group calculates the economic asset encumbrance indicator. This indicator specifies the amount of assets that are encumbered compared to the total balance sheet. The table below shows that even while using mortgage loans to issue covered bonds, the economic asset encumbrance ratio stays below its limit.

In %	31/12/2022	Limiet
Economic Asset Encumbrance Ratio	19%	25%

7.4. Credit Risk

7.4.1. Credit Risk Management

Crelan Group defines credit risk as the risk of loss associated with the obligor’s incapacity to fully meet contractually agreed financial obligations. The goal of credit risk management is to ensure that a (set of) credit event(s) would not significantly threaten the bank's solvency nor profitability. In order to reach this objective, credit risk exposures are maintained within strict boundaries. The effective management of credit risk is a critical component of a comprehensive approach to risk management and is essential to the long-term success of any banking organization.

Crelan Group's main business is to provide mortgage (79%), professional (10%), agricultural (4%), consumer (4%) and other (3%) loans, with mortgage loans representing the most important share. These products are offered in Belgium only.

7.4.1.1. Impact energy crisis on the Group's portfolio

As from October 2022, Belgian banks provide payment deferrals to individual clients that are affected by the energy crisis. As explained in 4.1.2.2. As of 31 December 2022 capital suspensions granted by both banks represents only 0.5% of the total portfolio (see table below).

Economic barometer for Belgian households and NFCs	Entity	Outstanding		payment deferral - sum of initially granted since 19/9/2022 until 31/12/2022			
		# of facilities	total exposure (€)	# of facilities	amount of deferred capital repayments	total exposure (€)	total exposure (% of total)
	Crelan Mortgage loans	165,032	12,161,517,108	560	2,555,723	54,553,838	0.4%
	AXA Mortgage loans	248,690	23,039,675,251	958	5,125,717	112,812,334	0.5%
	Total	413,722	35,201,192,359	1,518	7,681,440	167,366,171	0.5%

7.4.1.1.1. Forbearance rules

The regulation refers to contract amendments requested by customers in financial difficulty. In a normal setting Crelan uses its internal rating system to make the distinction with commercial adaptations. At AXA Bank Belgium, capital suspensions for a period of 6 months or more are considered as forborne. Mortgage loans energy measures are for 12 months and conditioned on a repayment plan with the energy supplier and a limited savings amount that corresponds to financial difficulties. All the files with energy measures will be flagged as forborne at both banks without considering the customer's rating. This is also in line with Febelfin consensus. All those files will be classified in stage 2 or in stage 3 if a forbearance flag is still active (in the 2-year probation period). The impact on the expected credit losses is described in the following section.

7.4.1.1.2. Management overlay

Crelan Group ended 2021 with management overlays on its expected credit loss figures. These overlays were deemed to cover uncertainties related to new rating models, the impact of COVID-19 and the volatility of the agricultural sector. A quantitative re-assessment of both the relevance and levels of the overlays was performed at the end of the year in the context of the energy crisis, alongside the pursuance of the harmonisation of the IFRS9 framework and methodologies of Crelan and AXA Bank Belgium. The Bank has identified pockets of risk in its portfolios consisting of clients who could potentially face repayment problems if energy prices and inflation remain historically high in the coming months.

Mortgage and consumer loans

Mortgage loans are the most important product within Crelan Group's credit portfolio concentrated on Belgium residential real estates. An important risk parameter in granting loans is the client's ability to repay. In the case of mortgage loans, all income and expenses, including those related to loans, are taken into account to obtain a net income that is compared to what is known as the minimum disposable income, i.e.

what the client should have left over for everyday expenses such as food, heating, etc. If this minimum income is not reached, the loan is rejected.
In order to have a view on the impact of the energy crisis on the repayment capacity of our retail clients we simulated this impact on the disposable income that is present in the database (dates mainly back to the loan origination). We have indexed these incomes and have decreased them with the average impact on the energy bill in Belgium.
All the credits which do not reach the minimum remaining income and of which the borrower does not have EUR 2,500 assets under management at Crelan Group were taken into account to determine a management overlay of EUR 6.8 million corresponding to the application of the coverage ratio of credits in stage 2 to those credits (which are classified in stage 1).

Professional and agriculture loans
Risk department has conducted an analysis to identify the riskiest credit files based on a series of negative indicators. Each client in the portfolio is given a score based on various internal and external indicators. The higher the score, the higher the risk. Based on the selection of clients at risk, we consider the application of the stage 2 coverage ratio on those exposures in stage 1 to determine the management overlay for both portfolios. This management overlay of EUR 3.1 million comes above the collective provision on the agricultural sector (see below).

Sectorial provision on agriculture market
In Q4 2022 a reassessment was done of the vulnerabilities in the agriculture market including the main changes that have occurred in the last year and their impact on agriculture and horticulture. Conclusion was that all sectors are affected by a sharp increase in the cost structure. In some sectors this increase can be compensated by the increase of sales prices. But pricing power may come under pressure by the negative macro-economic environment. Farms operating in monoculture are particularly affected because they do not benefit from risk diversification and for horticulture, the increase in staff costs is added to that of energy. Moreover, especially on the Flemish side, regulatory changes create significant uncertainty for the agricultural sector. Given the increased uncertainty the existing overlay for the agricultural sector was revised upwards from EUR 8.8 million to EUR 12 million at the end of 2022. Regardless of these evolutions the agricultural portfolio currently remains resilient. Additionally, the agricultural portfolio was not impacted by COVID-19. The overall portfolio quality has been constantly improving over the last years due to a prudent policy, a diversification over sectors, strong collateralization, an in-depth knowledge of the sector and a strict limit framework. On top, all important files are reviewed annually by the Credit Committee.

7.4.1.2. Risk policy, Limit Framework and Reporting

The purpose of credit risk management is to correctly identify and measure the credit risk on the balance sheet, to monitor the credit risk and to take the necessary actions to keep the credit risk within the risk appetite so preventing credit events to materially affecting the solvency or profitability of the bank.

To achieve this objective, loan portfolios must remain within certain predetermined limits. These limits are determined by a previously elaborated risk appetite framework (RAF) in which functional limits are defined. These functional limits are translated into operational limits which are used daily to ensure that the credit activity operates within the risk appetite defined by the Board of Directors

The risks on Crelan Group’s Belgium mortgage loans, personal loans, agricultural loans and professional credits are managed in four phases (acquisition, management, remedy and recovery) based on the credit policies.

Mortgage loans are accepted based on a set of acceptance standards and policy rules. Acquisition scoring models are internally developed and regularly reviewed to assess the validity of these internal risk models. Crelan Group is compliant with the guidance of the NBB (so called “speed limits”).

An essential part of credit risk management is formed by the Bank Remedy Department. This department adopts measures to minimize the bank's credit risk depending on the nature and severity of the incident.

Moreover, the department determines the amount of monthly provisions to make for future write-offs. The procedures and controls for the write-off on non-performing loans are incorporated in a write-off policy in accordance with the EBA guidelines.

In compliance with regulatory expectations, Crelan Group performs stress testing for retail credit risk. The main goal is to assess the sensitivity of credit losses for the existing credit portfolio as well as to assess the solvency of the bank under stressed situations.

The evolution of credit risk is actively tracked as part of the reporting for the Lending Risk Committee which reviews the risk on a regular basis. All these principles lead to a highly effective risk management system with control processes that prevent undesired manipulations. This system is strongly integrated into the operations of the 'Financial and Credit Risk' division and is subject to continuous monitoring by the Risk Committee at Board level.

7.4.1.3. Portfolio

The loan portfolio consists of mortgages, professional, agricultural, consumer and other loans, with mortgage loans representing the most important share.

Given the good collateral coverage and the low probability of default, the risk profile of the total credit portfolio is low.

7.4.2. Credit Risk Exposure

For the vast majority of Belgian loans credit risk measurement is done by means of Internal Rating Based (IRB) models at Crelan and AXA Bank Belgium. A residual proportion of loans are measured by the Standardised Approach. Europabank measures all its exposures with the Standardised approach as they target a specific client segment. Crelan Group applies the Standardised approach for the investment portfolio and participations, as seen in section 7.4.4.

The credit risk exposures are risk-weighted for 21% according to the Standardised Approach and for 79% according to the IRB. When only looking at the Retail portfolio, 98% is risk-weighted following IRB.

For on-balance sheet items, the net value is the gross carrying value of the exposure less allowances/ impairments. For off-balance sheet items, the net value is the gross carrying value (nominal amount) of the exposure less provisions.

Crelan Group's retail portfolio is mainly concentrated towards households. These households are serviced by Crelan by means of mortgage loans, consumer loans and credit facilities to current accounts. Furthermore, Crelan Group has some exposure towards non-financial and financial corporations. These exposures correspond to our professional loan portfolio targeting farmers, self-employed clients, liberal professions, and micro enterprises. A diverse mix of industry sectors are served by Crelan.

The mortgage portfolio has risen in 2022 with 3.9% thanks to the high new production of mortgages which proofs to be of good quality (compliant with the speed limits).

For the consumer loan portfolio, we noticed an increase in 2022 (9.7%). The production did more than compensate for the natural erosion of the portfolio despite not being a strategic product.

The professional loan portfolio of Crelan Group Increased in 2022 with 7.4%. This is in line with Crelan Group's strategic initiatives to intensify the relationship in the professional segment.

Finally, the agricultural portfolio of Crelan Group increased with 1.5% during 2022.

7.4.3. Credit Quality

7.4.3.1. Definition of default

Crelan and AXA Bank Belgium both have a definition of default for retail loans that is compliant with the harmonized definition of default formulated by EBA.

Both banks consider a client/facility to be in default if and if only one or more of the following conditions is fulfilled:

- The client/facility is in litigation. In such a case, the contract with the client has been cancelled, and actions such as claiming guarantees are taken to recover the full amount of the exposure;
- The client/facility has more than 90 days past due of material arrears. The materiality threshold for the arrears is set EUR 100 and at least 1% of the exposure;
- The client/facility is "unlikely to pay". The banks perceive indications that the client will most likely not be able to fully satisfy its credit payments without possible claim on the guarantees. Indications of unlikeliness to pay include bankruptcy, fraud, contagion through connected clients, and deterioration of credit worthiness of forborne loans.

In case a client/facility is in the 2 last categories, it is referred to a "possible loss". On the contrary, a credit/facility which is in litigation is said to be doubtful.

When a client/facility becomes defaulted, it is considered to be impaired and thus a specific (collectively or individually assessed) provision has to be accounted for. At that moment an evaluation should always be made if this default has an impact on the estimated future cash flows of the financial asset, and if accordingly, an impairment loss should be recognised.

7.4.3.2. Acceptance policy

Both Crelan and AXA Bank Belgium have a selective and prudent acceptance policy in place. As a result, the new production of both banks was characterised by a high quality and the entire credit portfolio showed a good performance despite the current macro-economic challenges such as the energy crisis.

In 2022 the focus was on aligning the acceptance policies of Crelan and AXA Bank Belgium. A gap analysis was therefore performed, and some "quick wins" were identified. In close collaboration with the Risk department, most of the principles are today aligned.

7.4.3.3. Credit quality stages

7.4.3.3.1. Performing – stage 1

Under IFRS 9, within the segment of performing loans, a distinction is made between loans without any significant increase in credit risk since origination on the one hand and loans with a significant increase in credit risk since origination on the other hand. Loans that are in the performing segment without any significant increase in credit risk are categorised as Stage 1. For Stage 1, the impairments are recognized for a 12-month expected credit loss. If none of the qualitative or quantitative triggers as described in Stage 2 and 3 are triggered, a loan is categorised in Stage 1.

7.4.3.3.2. Underperforming – stage 2

Crelan and AXA Bank Belgium consider the following conditions, both quantitative as qualitative, to attribute to a significant increase in credit risk (SICR) and therefore the loans are categorized as Stage 2 (underperforming):
Triggers for both banks:

- Days past due greater or equal to 30;
- Negative listed in CKP 12 database;
- Forbearance measures on credit.

Specific triggers for AXA Bank Belgium:

- Current PD rating in bucket 9.
- Current PIT6 PD is above a factor 3 times PD at origination and absolute difference is above 67 BPS.
- Difference in current PIT PD to PD at origination is greater or equal than 2%-points.

Specific triggers for Crelan:

- Current rating downgraded outside RAF after the origination (rating C- or lower).
- Rating downgrade resulting in a 12-month PD increase of at least 200% compared to origination.
- Transfer to the watch-list by decision of the credit committee, based on negative qualitative signals identified during the reviews and monitoring process of the portfolio.

If a single one of the qualitative or quantitative triggers conditions is met, the loan will be classified as Stage 2.
Note that the criteria have been harmonized from a conceptual point of view end Q4 2022. Some differences remain due to technical differences in the tool and/or processes.

7.4.3.3.3. Non-performing – stage 3

Stage 3 contains all loans in default, see section 7.4.3.1 for its definition.

When a client/facility becomes non-performing, an impairment loss should be recognized. At that moment an evaluation should always be made if this default has an impact on the estimated future cash flows of the financial asset.

Furthermore, the default status is fully aligned with the 'non-performing' and 'impaired' statuses and hence with stage 3.

7.4.3.4. Specific and general credit risk adjustments

Based on the CRR definition, credit risk adjustments are the amounts of specific and general loan loss provisions for credit risk that have been recognised in the financial statements in accordance with the applicable accounting framework. The Consolidated Financial Statements of Crelan Group are drawn up in compliance with the IFRS – including the International Accounting Standards (IASs) and interpretations as accepted within the European Union.

Under IFRS 9 the credit risk and the potential associated credit losses are captured through the expected credit loss principles and all credit risk adjustments are categorised as specific. There is no general loss allowance as defined under the Bank Accounts Directive (Council Directive 86/635/EEC).

All expected credit losses calculated through internally developed statistical models and other historical data are considered being collectively measured allowances. At AXA Bank Belgium, only loans having a 'CX' status as part of the credit-impaired loans portfolio are having individually measured allowances.

At Crelan all loans in default (litigated in contentieux and not litigated in pré-ctx) have individually measured allowances. Crelan Group calculates expected credit losses starting from the initial recognition of the loan on the balance sheet. For loan commitments, the date that Crelan Group becomes party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements.

[6] Point-in-time

Based on the following key inputs:

- Exposure at default
- Loss given default
- Probability of default

expected credit losses are calculated as a probability-weighted outcome based on 3 scenarios: an up-turn scenario, a base scenario and a down-turn scenario.

Crelan Group uses a separate provision account, which reflects the impairment special depreciation, undergone by the underlying financial asset as a result of credit losses. The calculation of the expected losses also takes into account the impact of the time value and the related adjustment is recognised through the interest yield.

Negative differences between the calculated recoverable amounts and the carrying amount are recognised in the income statement as an impairment loss. Each increase due to a downswing is recognised through the addition for impairment accounts in the income statement. Each decrease due to objective indicators that show that the recoverable amount increases as a result of an improvement in the assessed recoverable cash flow is accounted for through the write-back of impairments in the income statement account. However, it shall never lead to an amortised cost, which would be higher than the amortised cost if no impairment depreciation had taken place. The provisions are directly booked against the receivables if there is no possibility of recovery.

7.4.3.5. Credit Risk Mitigation (CRM)

Both AXA Bank Belgium and Crelan define in their credit policies the need to establish collaterals to mitigate the credit risk.

7.4.3.5.1. Main types of collateral received

Based on the product there are different types of collaterals given.

Collateral for mortgage loans
The credit is typically secured by a mortgage (inscription or mandate) on immovable property (full ownership) in Belgium. The property should be normally marketable. The mortgage that must be provided can be reused in the context of potential subsequent mortgage loans (and even used for other loans). All collaterals complementing mortgage must be provided before the official registration of the loan.

Collateral for professional loans
These collaterals are the following:

- Tangible collaterals concern a property, movable or immovable, with an intrinsic value, in most of the cases a mortgage inscription or mandate.
- Personal guarantees consist of claims against a person.
- Moral undertakings provide no means of enforcement to the bank and rely on the honesty of those that have issued them.

Collateral for agricultural loans
They are similar to the professional loans with mortgages and mandates on the immovable properties (including land) and pledges on the movable assets (equipment, cattle, …).

Collateral for consumer loans
For consumer credits transfer of debt collection or act of relinquishment of wages and other income is used as collateral. For clients who also have a mortgage loan, the mortgage can also be considered as collateral.

Valuation policy for non-performing loans
Clients with loans in arrears are a limited part of the bank's portfolio but applying an indexation approach might not be appropriate for these loans as the assessment of potential losses more heavily rely on property values at this stage. Crelan Group therefore performs an external valuation at the moment of becoming doubtful for those properties for which no recent (i.e. ≤ 3 year) individual valuation is available. A yearly verification will be performed to ensure the last external valuation is less than 3 years old. In case of older external valuations, a (new) valuation will be performed.

7.4.3.6. Changes in the stock of credit risk adjustments

Since the start of IFRS 9 at the beginning of 2018, all credit risk adjustments are categorised as specific.

7.4.3.7. Evolution portfolio in 2022

Notwithstanding the COVID-19 crisis in 2021 and the energy crisis which unfolded in 2022 (see section 4.1.2) the credit portfolio of Crelan Group remains healthy without material signals of deterioration. This is mainly due to the intrinsic quality of the credit portfolio and the prudent acceptance policy. The tables in section 4.4.1 provide an overview of the evolution of Crelan Group's credit portfolio in 2022 over the various IFRS 9 stages and show the expected loss level per stage.

In 2022, the non-performing loans (NPL) ratio further decreased to 0.9% (1.1% in 2021) as all flagged UTP COVID-19[7] credits have exited stage 3 in 2022 (after retrieving normal payments during a 3-months probation period).

Coverage ratio	31/12/2022	31/12/2021
Stage 1	0.10%	0.13%
Stage 2	0.83%	1.29%
Stage 3	24.80%	16.60%
POCI's	2.87%	-

Note that in 2021 the POCI's were added to the stage 3 figures as there were no impairments for these POCI's at the end of 2021. The coverage ratio for Stage 3 increased in 2022 as a result of the implementation of overlays in context of the energy crisis.

7.4.4. Standardised Apporach (STA)

7.4.4.1. Portfolios under the standardized approach

Crelan Group uses the standardised approach for determining the credit risk for a limited part of its portfolio. Europabank measures all its exposures with the Standardised approach as since they target a specific client segment (clients with a slightly higher risk profile). The standardised approach measures credit risk either pursuant to fixed risk weights, which are predefined by the regulator, or through the application of external ratings. More specifically, the standardised approach is used to determine the credit risk of:

- Derivatives and repos;
- Investment portfolio;
- Participations;
- Other small portfolios.

These exposures are discussed in detail in this next section.

[7] Flagged UTP COVID-19 credits are credits that subject to the COVID-19 crisis have been assessed as 'unlikely to pay'. This assessment was made and implemented at the end of November 2020.

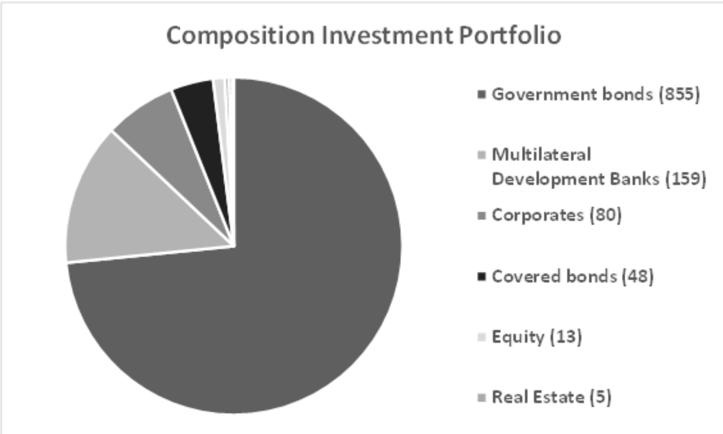
7.4.4.1.1. Derivatives and repos

The exposure on derivatives and repos is calculated according to the standardised approach for counterparty credit risk (SA-CCR) and is therefore set out under the section 4.5 'Counterparty Credit Risk'.

7.4.4.1.2. Investment portfolio

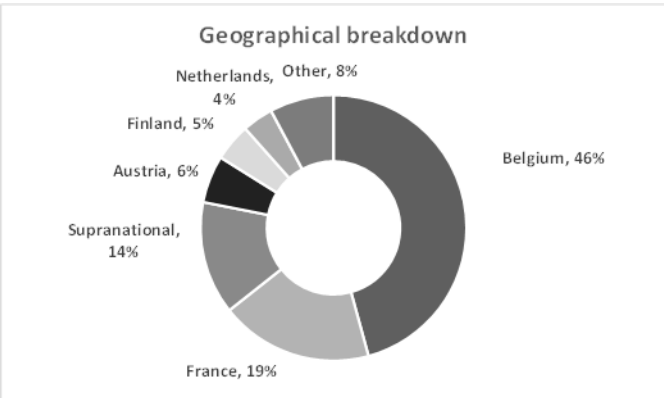
The market value of the investment portfolio decreased over 2022 due the maturity of bonds (EUR 226 million in total). The remaining investment portfolio at the end of December 2022 is EUR 1,164 million.

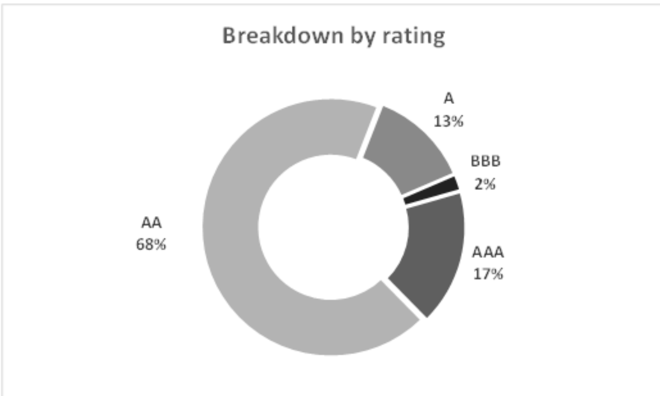
The investment portfolio of Crelan Group mainly consists of high-quality government bonds (74%) and supra-national bonds (14%).
The next graph illustrates the exposures in Crelan Group's investment portfolio (in million EUR).



Moreover, the credit ratings and market price changes of Crelan Group's positions are being carefully monitored to examine the vulnerability of the credit portfolio to a number of adverse developments. There is no single position with a rating below investment grade.

Geographically, the investment portfolio credit risk is mostly limited to countries that are members of the European Union.





7.4.4.1.3. Participations

Crelan Group has a limited participations portfolio (EUR 10 million at the end of December 2022). These shares represent participating interests in non-consolidated subsidiaries (Beran NV), financial intermediary entities (e.g. Visa Belgium), private equity and funds.

7.4.4.1.4. Other small portfolios

Some other small portfolios are treated under the Standardised Approach. It concerns among others tangible assets and other receivables. A very small part of the retail credits that because of their size do not longer qualify as "Retail" is allocated to the exposure class "Corporate" and treated following the Standardised Approach. Small retail portfolios such as tax credits, guarantees and negative current accounts are also treated under the Standardised Approach. Deferred tax assets that rely on future profitability and arise from temporary differences below threshold is also part of the Standardised Approach. Europabank measures all its exposures with the Standardised approach as they target a specific client segment.

7.4.5. Internal Rating Based Approach (IRB)

7.4.5.1. General

Within Crelan Group both Crelan and AXA Bank Belgium received the approval from the NBB/ECB to apply the (A)IRB approach to their Belgian retail credit activity. This is the most sophisticated approach available under the regulatory framework for credit risk and allows a bank to make use of internal credit rating models and subsequent internal estimates of risk parameters. These methods and parameters represent key components of the bank's internal risk management and process supporting the credit approval process, the economic capital, provisions and expected loss calculation and the internal monitoring and reporting of credit risk. AXA Bank Belgium received NBB's permission in 2008 while Crelan in December 2011. For AXA Bank Belgium the approval to use the IRB approach was reconfirmed by the ECB after the Targeted Review of Internal Models (TRIM) in 2017. In Q4 2022 IRB models for AXA Bank Belgium were recalibrated towards the new definition of default while respecting the regulatory guidelines on internal modelling in line with the EBA repair program restoring the trust in internal models used for capital requirement calculations. The IRB landscape of Crelan and AXA Bank Belgium will be harmonized in the next few years.

7.4.5.2. Internal credit rating models

To apply the IRB approach, both Crelan and AXA Bank Belgium have developed internal predictive models in compliance with Basel's III Internal Rating Based Approach. The relevant parameters include the:

- Probability of Default (PD) of retail credits;
- Loss Given Default (LGD);
- Exposure At Default (EAD), including Credit Conversion Factor (CCF).

The input data of these models consist of product characteristics, socio-demographic data of applicants, financial data and external data that must meet certain quality criteria. Given the vast amount of available information it was possible by means of statistical techniques to develop rating models that are highly powerful in predicting future default behaviour.

PD models assign a score to each loan, based on product characteristics and borrower criteria. Based on these scores, PD classes are formed and a long-run PD is attached to each class. This long-run PD is the historic average default rate, corrected for being 'forward looking'. This way at Crelan, 11 PD classes are created, rating A+ being the class with the lowest risk and rating E with the highest risk. Rating classes F and Z contain defaulted loans. For AXA Bank Belgium 10 PD classes are created, 1 being the class with the lowest risk and 9 with the highest risk. The 10th class contains defaulted loans.

The LGD models estimate the size of the loss for loans that default. A workout LGD approach is taken for that purpose. Levels of losses are discriminated thanks to several characteristics such as e.g. the value of the guarantee that backs the loan. LGD is constructed based on two separate elements: the probability of cure and the loss given recovery. The combination of both elements results in a final LGD grade, to which a correction is done to take into account downturn conditions.

The EAD is the amount due by the borrower at the time of default. This amount includes the outstanding capital at the time of default, past due capital repayments and interests and fines. For unused credit lines and offers in the pipeline, CCF models have been developed based on historical data. These models estimate the proportion of the off-balance sheet that will be drawn by the customer at time of default.

As part of the model development, there is a calibration process, linking the rating and the PD/ LGD. This calibration is revised and adjusted during the yearly model review process.

7.4.5.3. Expected losses (EL)

These are the expected value of losses due to default over a specified horizon. EL is typically calculated by multiplying the Probability of Default (percentage) by the Loss Given Default (percentage) and the Exposure at Default (amount). It is considered as an expectation due the Probability of Default factor. PD, LGD, EAD and EL form the building blocks for calculating the capital requirements for credit risk under IRB approach.

7.4.5.4. Impairments

As of 2018, impairment losses are recorded according to IFRS 9 requirements (calculated on a lifetime expected credit loss (ECL) for defaulted loans and on a 12-month or lifetime ECL basis for non-defaulted exposures, depending on whether there has been a credit risk deterioration and a corresponding shift from Stage 1 to Stage 2. Specific IFRS 9 models are used for this purpose which are in fact extension of the existing rating models (see section 7.4.3.3 for more information on the impairment stages).

7.4.5.5. Control mechanisms for rating systems

The 3 lines of defence principle is applied on the rating system. The Risk Analytics team is responsible for the development, maintenance and performance monitoring of the models in the IRB approach. Next to that, the Validation team acts as second line of defence, controlling and validating in accordance with internal guidelines the modelling activities performed by the Risk Analytics team. Finally, Crelan Group's internal audit is the third line of defence, performing internal audit on models following the audit process in place.

7.4.5.6. Exposures using the IRB approach

Crelan Group uses IRB models to calculate the own funds requirements for Corporate SME and for Retail exposures:

- The pre-securitisation Retail portfolio measured with the IRB models increased from EUR 42,890 million at the end of 2021 to EUR 44,528 million at the end of 2022. The quality of the retail portfolio remained stable during 2022 whereas the pre-securitisation RWA (excluding macro-prudential add-on) decreased from EUR 4,127 million in 2021 to EUR 4,058 million at the end of 2022. This RWA decrease is caused by the implementation of the new ELBE model in Q1 2022, this effect was partially compensated by the portfolio growth during the year and the implementation of the new model packages in Q4 2022.
- The Corporate SME portfolio measured with the IRB models increased from EUR 1,400 million at the end of 2021 to EUR 1,611 million at the end of 2022. The corporate SME portfolio showed stable quality during 2022. This, while the RWA decreased from EUR 507 million in 2021 to EUR 498 million at the end of 2022. This is due to the implementation of the new LGD default model and new ELBE model in Q1 2022.

In Q4 2020 AXA Bank Belgium issued a synthetic securitisation with Significant Risk Transfer as explained in chapter 7.2.5 to support the growth of the loan portfolio while optimising the risk-return balance. After securitisation retail RWA decreased with EUR -133 million.

7.4.5.7. Regulatory floors

Crelan Group applies the regulatory 10% LGD floor for its mortgage loans.

7.4.5.8. Belgian specific regulation

As of Q2 2022 the macroprudential add-on on mortgage exposures is no longer applicable and was replaced by the Sector Systemic Risk Buffer (SSRB). The macroprudential measure imposes the constitution of a CET1-capital buffer in the form of a sectoral systemic risks buffer for Belgian residential real estate exposures of banks that use internal models for the computation of risk-weighted exposures (IRB banks). The targeted exposures are the same as the ones targeted by the previous measure applied until 30 April 2022, according to Art of the 458 CRR. That is, the relevant real estate exposures targeted by the measure are retail exposures secured by residential real estate located in Belgium. They also include exposures partially or fully secured by mortgage mandates and cover both defaulted and non-defaulted loans. This sectoral systemic risk buffer is computed by multiplying the risk-weighted assets (RWAs) related to the abovementioned relevant exposures by 9%. Contrarily to the previous Art. of the 458 CRR measure, this measure does not result in an increase of the RWAs but in the constitution of a specific CET1-capital buffer, called (sectoral) systemic risk buffer. The Overall Capital Requirements (OCR) for the SSRB of Crelan Group is at a level of 2.89% at the end of Q4 2022.

7.4.6. Macro-economic outlook

In the beginning of 2022, the macro-economic outlook was uncertain due to the fifth wave of COVID-19 and the future evolution of the pandemic. This uncertainty was reflected in the financial figures of Crelan Group. The uncertainty was soon reduced thanks to the successful vaccination program in Europe. However, the Russian invasion in Ukraine confronted Europe and Belgium with a new crisis in the form of rising energy prices and subsequent high inflation. As the start of that crisis, Crelan Group adapted its macro-economic outlook, and implemented related management overlays (see 7.4.1.1). A close monitoring of the evolution of the crisis was installed, with review of the scenarios when deemed necessary[8] .

More pessimistic macro-economic scenarios were considered throughout the year as the result of the intensity of the energy crisis and updated official forecasts. For end of 2022, Crelan Group has defined 3 macro-economic scenarios for the future years, following the process and methodology internally defined. Those scenarios are provided in the tables below. In the base scenario, a slow GPD growth is forecasted for the upcoming years, with a slight increase in unemployment rate[9] . The negative view on the unemployment rate is the result of the energy crisis and the rising labour costs. The nominal house price is forecasted to be stable in the upcoming years. House price is expected to be affected by the reduction in available incomes Belgian households are (and will be) facing due to the soaring inflation, as well as the sharp increase in interest rates.

The adverse scenario is considering a more pessimistic view on the upcoming years. A decrease in GDP for 2023 is forecasted. This decrease is a consequence of a more pessimistic impact of the energy crisis. In that scenario, a stabilization of the GDP for Belgium is expected in 2024, before a delicate recovery in 2025. Unemployment rate increases sharply, while a significant drop in house price is predicted. In an opposite way, the upturn scenario is considering a more favourable outlook for the economy compared to the base

[8] The macro-economic scenarios were aligned between AXA Bank Belgium and Crelan in the course of 2022.
[9] The unemployment rate for 2022 was 5.70% (based on the figure available end of 2022).

scenario, due to a softer energy crisis. A strong GDP and house price growth is predicted combined with a decrease in unemployment rate.

Crelan Group is considering the upturn scenario as highly unlikely. Therefore, a weight of 0% is given to that scenario under IFRS9. The base and the adverse scenarios are given equal weight (i.e. 50% each) because of both the uncertainty of the consequences of the energy crisis and the more negative macro-economic outlook at the end of 2022.

Those scenarios as well as their associated weights lead to an increase in provisions at the level of Crelan Group since the weighted macro-economic conditions are more pessimistic. Note that forecasting the effect of the energy crisis is extremely challenging since the crisis is polymorph (e.g. direct impact with energy costs and indirect impact with inflation, rising labour costs, etc.). Additionally, many uncertainties remain on the length of the crisis, and the outcome of the Ukrainian war. Given these circumstances, management overlays were also put in place (see 7.4.1.1.2).

In 2022 actions were performed to ensure that these macro-economic scenarios are applied in a consistent way to Crelan and AXA Bank Belgium.

GDP growth%	2023	2024	2025
Adverse	-2.04%	0.03%	0.91%
Base	1.35%	1.34%	1.42%
Upturn	4.76%	2.62%	1.92%

Unemployment (%)	2023	2024	2025
Adverse	6.87%	6.66%	6.42%
Base	5.83%	5.89%	5.87%
Upturn	4.78%	5.12%	5.31%

HPI growth (%)	2023	2024	2025
Adverse	-1.48%	-1.69%	-1.67%
Base	0.00%	0.07%	0.04%
Upturn	1.70%	1.77%	1.66%

7.4.6.1. ECL sensitivity to Macro-economic outlook

The ECL has been computed under each of the macro-economic scenarios internally defined (i.e. base, adverse and upturn)10 .Those computations provide a measure of sensitivity of ECL level with respect to the macro-economic outlook. The table below shows the results. As can be seen, the ECL is the lowest in the upturn scenario and at its highest level in the downturn level. The base scenario represents a mid-point. The sensitivity to macro-economic scenario is mainly influenced by the house price, which directly impact the recoveries on defaulted loans. The house price evolution is the most negative in the adverse scenario.

Crelan + ABB			
	Stage 1 & 2	Stage 3	Total
Base	41.19	91.10	132.29
Adverse	46.45	94.18	140.63
Upturn	36.94	88.16	125.10

[10] The weights for Q4 2022 are the following: 50% for the base scenario and 50% for the downturn scenario.

Note that the results presented in the above table are without management overlays.

7.5. Counterparty Credit Risk

Crelan Group engages in different types of derivatives in order to hedge its balance sheet risks. To measure the counterparty credit risk of these derivatives, we consider the possible future evolution of the derivative value in case of counterparty default. To achieve this, the derivatives are valued after applying market shocks. The losses that are caused by these market shocks should stay under the allowed limit for the counterparty.

Asides derivatives, Crelan Group regularly trades repurchase agreements in which its own-issued covered bond is exchanged for cash or an LCR-eligible asset. As own-issued covered bonds are not included in the liquidity buffer of the Liquidity Coverage Ratio, this type of repurchase agreements has a positive impact on the LCR (see section 7.3 Liquidity Risk). To measure the counterparty credit risk on repos, a similar method as for derivatives is used: market shocks are applied on all securities posted and received. These shocks reflect the possible future fluctuations of the securities in case of counterparty default. Furthermore, an additional haircut is applied in case wrong-way risk is incurred.

Exposure of Crelan Group to derivatives and money market transactions, which are described in the previous paragraph, is limited via a very strict policy regarding collateral requirements. Exposures to such transactions are subject to a daily credit risk monitoring and collateralized on a daily basis with both market counterparties and central clearing counterparties. Collateral exchanged is limited to cash and high-quality securities in order to ensure adequate limitation of credit exposures.

Risk reducing agreements
For all derivatives, it is mandatory to enter into an 'ISDA Master Agreement' and a 'Collateral Service Agreement' (CSA). These CSAs should be compliant with the EMIR regulation. New trades are not allowed with counterparties with whom no EMIR compliant CSA was signed. For repo transactions, it is mandatory to enter into a 'Global Master Repurchase Agreement'. Each new counterparty should be presented to and approved by the Balance Sheet Risk Committee.

Exposure at Default
In this section, we give an overview of our exposure at default of a counterparty related to the dealing room activity for both derivatives and (reverse) repos. The regulatory definition is used, that considers the nature of the instruments and simulates the exposure amount in case of counterparty default. This exposure is used to calculate the risk weighted assets and the capital requirements.

Repo & Reverse Repo
The regulatory exposure of the repo activity is calculated in the following manner:

- All transactions are grouped per netting set. The collateral received under the netting set is deducted from the exposure.

- Supervisory volatility adjustments are applied to non-cash securities received/posted under the repo transaction. These haircuts reflect the possible negative evolution of the securities exchanged

On 31 December 2022, the regulatory exposure of the repo activity amounted to EUR 167 million;
- of which EUR 103 million is caused by the difference between exposure and collateral received;
- of which EUR 64 million is the result of the supervisory volatility adjustment applied to securities posted and received.

Derivatives
The regulatory method to determine exposure at default for derivative counterparties includes the following steps:

a) Transactions are grouped in 'netting sets', in which it is legally possible to net positive and negative market values, collateral received and collateral given. The outcome of this calculation is the net replacement cost, capped at zero in case of a negative sum;
b) For each transaction a risk factor is determined, which reflects the possible negative evolution of the transaction value in case of counterparty default;
c) (a) and (b) are added and are multiplied by the regulatory 1.4 alpha factor. The outcome of this calculation gives the exposure at default per counterparty.

Furthermore, we split the exposure between exposure on bilateral counterparties and exposure on central clearing platform (CCP) for interest rate swaps which we access via clearing broker HSBC. In the course of 2023, we expect to have ABN Amro as a second clearing broker.

The aggregated results as of 31 December 2022 are displayed step by step below.

a) The sum of all positive market values amounts to EUR 1,817 million. These positive market values amounts are neutralised by negative market values (EUR 23 million of negative market values). This neutralisation goes beyond purely accounting netting of off-balance sheet items based on legally enforceable netting rights. In total Crelan Group pledged EUR 21 million collateral and received EUR 1,370 million collateral. This leads to a net replacement cost of EUR 609 million.
b) The sum of the risk factors amounts to EUR 160 million. To clarify: this is the regulatory prescribed calculation of a negative evolution of the derivatives portfolio at the simultaneous default by all counterparties in stressed market conditions.
c) After applying the regulatory alpha factor of 1.4, we arrive at a total exposure at default of EUR 1,077 million in stressed market conditions and at the simultaneous default by all counterparties. Under stable conditions, this exposure still amounts to EUR 609 million. It is important to note that EUR 532 million in these figures stems from the high collateral requirements of the central counterparty LCH Clearnet.

Crelan Group has very high standards regarding the quality of its counterparties and none of the derivatives is past due or impaired.

Concentration Risk
Crelan Group follows the regulatory requirements regarding the limitation of large exposures, where exposure to a group of affiliated counterparties may not exceed 25% of the eligible capital. Due to diversification of counterparties, the concentration risk at Crelan Group is very low: there are no exposures on connected client groups that exceed 10% of eligible capital.

7.6. Market Risk

For market risk, Crelan Group differentiates between the market risk that is related to the 'trading book' (accounting classification), and interest rate risk related to the 'banking book'. The trading book includes all financial instruments that are used in the context of specific trading activities. Crelan Group does not carry out any trading activities for its own account. The financial instruments falling under the 'trading book' accounting classification consist of the handling of secondary customer orders for Forex, the Eurobond and the Structured Notes activity. The banking book includes all other financial instruments that do not belong to the trading book. These mainly concern the bank's retail business.

7.6.1. Interest Rate Risk Banking Book

Interest rate risk in the banking book is defined as the risk of a decrease in economic value or net interest income of the banking book because of changes in interest rates and spreads.

Interest rate risk at Crelan Group arises mainly from the following products/activities:

- As a primarily retail bank, Crelan Group attracts retail deposits (mainly saving and sight accounts) and grants retail loans (mainly mortgage loans); the former typically with shorter maturities than the latter. The mismatch in maturities of those products gives rise to interest rate risk; more specifically yield curve risk.

- The bulk of Crelan Group's retail deposits are non-maturing with rates, although discretionary by nature, linked indirectly to market rates because of a strongly competitive banking environment. Furthermore, saving accounts in Belgium benefit from a legal floored rate of 11 bps. These features are captured in dedicated models which are incorporated in Crelan Group's overall yield curve risk management but which, in turn, give rise to model risk.

- Belgian mortgage loans, which constitute the largest share of Crelan Group's retail loans, are predominantly fixed rate mortgage loans (80%) and the variable rate mortgage loans all have caps which create a partial interest rate hedge for the client. All mortgage loans feature a legal – for the customer rather inexpensive prepayment option. Over the past years, this feature translated into important prepayment waves. This prepayment risk is also captured in dedicated models which are incorporated in Crelan Group's overall interest rate risk management.

- Another specificity of the Belgian mortgage loans market is the fact that client rates of variable rate mortgage loans are indexed to OLO rates and legally capped. Those features create basis risk and option (cap) risk respectively.

7.6.1.1. Interest Rate Risk Management

7.6.1.1.1. Risk Policy, Limits Framework and Reporting

Risk Framework
Interest rate risk in the banking book is extensively covered in Crelan Group's risk appetite framework:

- Crelan Group's most strategic risk appetite statements on solvency, earnings and value defined the buffer to be held above regulatory requirements in function of, amongst others, the sensitivity of Crelan Group's net interest income.
- The regulatory outlier tests are included as strategic risk appetite statements.
- Dedicated functional risk appetite statements set limits on the EVE and NII sensitivity of Crelan Group's banking book.
- On top of the above limits, operational indicators are used to monitor all other subcomponents of interest rate risk (basis, option and spread risks).

On top of this, Treasury activities included in Crelan Group's banking book are also subject to sensitivities and VaR limits monitored daily.

Risk Reporting
Crelan Group's main reporting on interest rate risk in the banking book is included in the monthly Balance Sheet Risk committee (BSRC) book and quarterly risk report. These reports include the following risk indicators:
- Sensitivity of the economic value of the banking book to various rate scenarios: parallel shifts from -200bps to +300bps, steepening and flattening scenarios.
- Sensitivity of the net interest income of the banking book to various rate scenarios: parallel shifts from -200bps to +300bps, steepening and flattening scenarios.
- (Reverse cumulative) maturity and repricing gaps.
- Regulatory economic value and net interest income sensitivity indicators.
- 99.9% Value at Risk (VAR) analysis (in quarterly risk report).

- Dedicated indicators for cap risk, model risk, OLO basis risk and Euribor basis risk.

This set of indicators provides the BSRC with a comprehensive view of all sub-components of IRRBB. They are produced by a dedicated IRRBB management tool managed in coordination between the ALM and Risk Management departments.

7.6.1.1.2. Policies for Hedging and Risk Mitigation Techniques

Crelan Group applies the following hedging policies to mitigate the interest rate risk in its banking book:

- To keep the interest rate sensitivities within the regulatory and internal limits, the bank is actively managing a portfolio of derivatives within its banking book activities. Monthly production of retail assets and liabilities (including pipeline) is hedged systematically to keep Crelan Group's exposure levels within the desired range.
- Cap risk embedded in variable rate mortgage loans is hedged via an active purchasing policy of market caps and swaptions.
- OLO basis risk embedded in variable rate mortgage loans is hedged via the maintenance of an OLO portfolio: declining OLO spreads generating lower revenues on mortgage loans are then compensated by capital gains on OLOs.

Prepayment risk is managed via dedicated models (at Crelan and AXA Bank Belgium) including natural and rate-driven prepayments and a permanent adjustment of Crelan Group's overall interest rate risk position to the desired level (delta hedging). The objective is to fully harmonize the prepayment models in 2023.

7.6.1.1.3. Exposures to Interest Rate Risk in the Banking Book

The banking book of Crelan Group including its subsidiaries mainly consists of retail loans and investments on the asset side, retail savings and deposits and non-retail long term funding including covered bonds and EMTNs on the liability side.
The largest share of retail loans are Belgian mortgage loans, of which 80% have a fixed interest rate and 20% have a floating interest rate. The interests of the variable rate mortgages are linked to the evolution of the OLO rates. The Belgian law imposes a cap on the variable interest rates of these loans. The following table lists the values for 2 internal indicators: the Bank SI ('Solvency Indicator') and the Bank NII ('Net Interest Income').
The absolute Bank SI gives the impact of a parallel 1% rise in market interest rates on the economic value of the banking book. The relative Bank SI expresses this impact as a percentage of the regulatory capital.
The Bank NII gives the impact of a parallel 10 basis points upward and downward shift in market interest rates on the interest result of the banking book.

Interest Rate Risk Indicators (000 EUR)	31/12/2022	31/12/2021
Bank SI (absolute)	44,648	5,632
Bank SI (relative)	2.1%	0.5%
Bank NII (+ 10 bps)	207	1,791
Bank NII (- 10 bps)	-11,547	-9,626

7.6.2. Market Risk Trading Book

The market risk in Crelan Group's trading book is the risk of loss arising from adverse movements in interest rates, market prices or exchange rate fluctuations of the trading book. Crelan Group has a low risk appetite for market risk and the trading risk is hence very limited.

7.6.2.1. Market Risk Management

7.6.2.1.1. Risk Policy, Limits Framework and Reporting

Crelan Group maintains a very conservative approach to market risk of its trading book. Market risk exposures are the object of a continuous follow-up. These exposures are compared to an overall economic capital limit covering all of Crelan Group's market risks. This risk appetite limit is completed by different VaR and sensitivity limits. Alert triggering and escalation processes are also used by Crelan Group's Risk Management department to ensure that the bank remains within its conservative risk appetite for market risk.

To meet the Basel III minimum regulatory capital requirements, Crelan Group uses the Standardised Approach defined in Title IV of the CRD/CRR regulation to measure, monitor, report and manage its market risks. This approach measures the following components of market risks:

- General interest rate risk
- Specific interest rate risk
- Foreign exchange risk

The standardised approach for foreign exchange risk applies to all bank positions meaning positions from both AXA Bank Belgium's trading and banking books.

7.6.2.1.2. Policies for Hedging and Risk Mitigation Techniques

The trading book is subject to materiality thresholds that have been introduced by the National Bank of Belgium (NBB) in 2015 in the framework of the new Belgian bank legislation. The 'Non Risk-Based Ratio' for AXA Bank Belgium, which is based purely on volume, is well below the threshold defined by the NBB. The 'Risk-Based Ratio', which reflects the underlying risks, is also remarkably lower for Crelan Group than the regulatory threshold. This can be explained by the limited market risk strategy for its trading book resulting in low Market Risk Weighted Assets.

Furthermore, Crelan Group's risk limit framework ensures that the VaR with a 99% confidence level and a holding period of 1 day does not exceed 0.25% of T1 capital as requested as well by the Belgian banking law.

7.6.2.1.3. Exposures to Market Risk for the Trading Book

Crelan Group's market risk consists mainly of interest rate risk. In addition, the equity risk arising from the emission of Euro Medium Term Notes (EMTN) is low, since Crelan Group hedges this exposure in the financial markets. Furthermore, Crelan Group is not involved in any trading activities related to commodities.

Crelan Group is also offering externally issued EMTNs towards retail clients. During the period of commercialization Crelan Group bears the full market risk as Front office agrees on a forward sale with the external issuer 6-8 weeks before the issuance of the note. Crelan Group currently calculates the VaR of the third party EMTN in a conservative way. As per end of December 2022 Crelan Group was not in the process of commercializing any of these types of EMTNs.

The activities mentioned in the previous paragraph are closely monitored by the Risk Management department from Crelan Group within a very strict limit framework. The VaR limit for all activities related to the trading book is limited to EUR 5.8 million. The VaR with a confidence level of 99.5% and a time horizon of 10 days is calculated daily using a historical simulation of a two-year time series. The VaR for all trading book activities at the end of 2022 is equal to EUR 0.61 million and therefore well below the predefined limit. Finally, this model is subject to the appropriate yearly back testing and validation by an external auditor to preserve the accuracy and relevance of the model.

7.6.3. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in exchange rates. Crelan Group operates a policy to minimise exposure to currency risk. Any material residual positions are hedged systematically. As a result, Crelan Group had no requirement for FX risk in 2022 as its net FX position never exceeded 2% of its equity.

7.7. Operational Risk

Crelan Group defines operational risk, as the risk of loss resulting from inadequate or failed internal processes, or from employees or systems. The failure or inadequacy may result from both internal and external causes.

In the Basel framework, operational risk is divided into 7 categories:

i. **Internal Fraud:** fraudulent financial reporting, improper of fraudulent financial activity as well as misappropriation of assets and other internal frauds
ii. **External Fraud:** theft and fraud as well as information system fraud
iii. **Employment Practices and Workplace Safety:** employee relations, diversity and discrimination, safe environment, loss of key staff and talent management
iv. **Clients, Products and Business Practices:** suitability, disclosure and fiduciary, improper business or market practices, incl. advisory activities, breach of regulation and legislation, unauthorized activity, product flaws
v. **Damage to Physical Assets:** natural disasters, vandalism, terrorism, etc.
vi. **Business Disruption and Systems Failures:** system disruptions and breach of information security
vii. **Execution, Delivery and Process Management:** data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets, etc.

For Crelan Group, the definition of Operational Risk also includes Compliance Risk; which is defined as the risk of loss resulting from the failure of an institution to adopt appropriate policies, procedures or controls, to comply with its legal obligation arising from laws, regulations, or any other type of binding contracts.

For Crelan Group, the definition of Operational Risk excludes Reputation Risk and Strategic Risk. However, when assessing the impacts of operational risks, the potential damages to Crelan's reputation are considered by a qualitative indicator while major damages are followed by the Executive Committee.

7.7.1. Operational Risk Management

7.7.1.1. Risk Policy, Limit Framework and Reporting

For the regulatory capital Crelan Group applies The Standardised Approach (TSA) (i.e. equals the average of the own fund requirements (OFR) across all business lines over the last 3 annual exercises whereas the OFR is the result of the multiplication of the Net Banking Product per Business Line with the Beta-coefficient of the Business Line.) and is only updated at the end of each year.
Europabank applies The Business Indicator Approach (BIA).

For its economic capital, Crelan Group has calculated 3 scenarios for Cyber and infrastructure risks (for Crelan & AXA Bank) in 2022.

Crelan Group installed a dedicated Committee (level Executive Committee), the Audit Risk & Compliance Committee (ARCC), to steer audit, operational, information & security and compliance risks.

The risk & compliance teams work continuously on 'risk awareness' within the entire organisation (by organising training courses for the different business lines, participating in major projects and product launches, by establishing a network of risk correspondents.). Focus point for 2022 were the integration of the teams, methodology, policies, processes and tooling.
A company-wide 'High level Risk Self-Assessment exercise' (a top-down Risk Self-Assessment) was applied to. A roadmap to build up the Internal Control Framework of Crelan processes and systems is built up, aiming to define the Key Risks per macroprocess and the mitigating Controls.

To guide these activities an ORM Charter is in place as well as an Internal Control Charter and Handbook. In the ORM-Charter, the risk appetite framework is incorporated, in which the playing field for operational risk in Crelan's processes is defined and monitored.
Crelan Group uses for Crelan & AXA Bank a GRC-tool combining all ORM-activities (Loss data collection, Risk identification & assessment, Control identification, assessment & testing, Action Plans) and can leverage on the reporting and integrated view capabilities within the application.

The focus for 2023 will be on detecting and preventing fraud and cyber risks (hacking, phishing and cyber/virus-attacks), regulatory risks (related to MIFID, AML, ...), people risk (key employee exposure, pandemic, …) and the integration & migration plan.

7.7.1.2. Policies for Hedging and Risk Mitigation Techniques

Mitigating actions are defined for our most important operational risks. Different options are possible:

- Transfer the risk (e.g.: insurance contract establishments for fire incidents, cyber incidents and agent fraud).

- Action plans to strengthen the process and to reduce the risk to a lower/acceptable level. These action plans are defined by the business, challenged and monitored by the 2nd line Risk teams and reported quarterly to Management.

Crelan Group is monitoring its operational risk by means of an operational, information and compliance risk dashboard in which key risk indicators (KRI's) are measured on a quarterly basis. The dashboards are presented to the ARCC each quarter and are in line with the boundaries set in the risk appetite framework for operational risk.

The Operational Risk and Internal Control team performs 2nd line monitoring and testing of the key controls, covering the main risks in the processes and systems. Note that for AXA Bank Belgium, all processes were reviewed and controls structurally documented and tested. For Crelan the existing setup is to be tuned and extended.

7.7.1.3. Security Risks

Crelan Group defines security risk as a potential threat or vulnerability that could compromise the Crelan Group's operations, assets, or reputation.

The Security and Privacy team is led by the CSO (Director Security) and is part of the 2nd line of defence. The CSO reports to the CRO.

The Security and Privacy team, i.e. responsible for security risk, is divided into 3 divisions:
1. Governance Risk & Compliance & Operational;

2. Technical & Physical Security;
3. DPO Office (Privacy) – with a direct line to the CRO.

Security Risk Management activities are centralized in the Governance Risk and Compliance team, performed by the Security Risk Expert. The Security Risk Expert is responsible for overall security risk management coordination throughout the Security and Privacy team.

The mission of Security Risk Management to identify, assess, and manage the bank's risk exposures in a manner that supports the achievement of its strategic objectives while protecting the bank's reputation and franchise. We will do this by providing independent and objective risk management advice, developing, and implementing effective risk management policies, procedures, and controls and by continuously monitoring and reporting on the bank's risk profile.

The roles and responsibilities include, but are not limited to:

- Identifying potential security risks to the organization's assets, including physical assets, intellectual property, and sensitive information.
- Assessing the likelihood and impact of identified risks.
- Include all identified security risks in the risk register
- Prioritizing risks based on the likelihood and impact of the potential threat.
- Developing and implementing a risk management plan that includes measures to mitigate or eliminate the identified risks.
- Monitoring and reviewing the effectiveness of the risk management plan and making changes as needed.
- Communicating with management and other stakeholders about the status of security risks and the effectiveness of risk management measures.
- The Security Risk Management team is responsible for implementing the risk management plan and monitoring its effectiveness, but it may also involve other departments and employees in risk identification, assessment, and mitigation.

The governance framework that drives Security Risk Management:

Furthermore, 'security risk awareness' is continuously highlighted within the entire organisation. End of 2022, a new phishing simulation and security e- learning tool was launched to continuously train internal and external staff on security practices. To guide internal and external staff, the focus in 2023 will be to further merge the different security policies and procedures into one and to establish a new general security risk reporting on different levels based on a brand new risk register.

In collaboration with Operational Risk and in order to increase (security) risk awareness within Crelan Group, a company-wide 'High level Risk Self-Assessment exercise' (a top-down Risk Self Assessment) is conducted on a yearly basis.
Security Risk Management uses the risk appetite framework as incorporated by Operational Risk in their ORM Charter.

In 2023, the security team will continue to develop the new security control framework which will help to further comply with industry standards, regulations and improve the security posture of Crelan Group. The security team communicates regularly with management and other stakeholders about the status of risks and the effectiveness of the controls

Crelan Group conducts regular assessments on its security posture. These assessments are conducted by independent teams who review the bank's ISMS policies and procedures, assess the effectiveness of controls, and ensure compliance with used standards and regulations. This process helps identify vulnerabilities, areas for improvement and demonstrates to customers and supervisors that Crelan Group takes security seriously, and it's an important aspect of the overall security strategy. It helps the bank to be aware of current threats and adjust the security measures accordingly.

7.7.1.4. Compliance Risks

Compliance risk represents the risk that an institution and/or its employees will be sanctioned at the judicial, administrative, or regulatory level due to non-compliance with the rules of integrity and legal and regulatory conduct, with the consequence, loss of reputation and possible financial harm. This loss of reputation may also be the consequence of non-compliance with the internal policy in this area, and with its own values and rules of conduct in terms of the integrity of the institution's activities. A loss of reputation can undermine the credibility of the institution and its employees. Credibility represents the fundamental element to be able to be active in the financial sector.

The risks of "compliance" can be multiple:

- damage to reputation, which tarnishes the image of Crelan,
- negative publicity that damages customer confidence,
- legal sanctions, including against natural persons whose liability would be called into question,
- the administrative penalty, which may lead to limitations or withdrawals of approvals or licenses,
- the financial loss that the Bank may incur as a result of non-compliance with applicable banking laws, external regulations issued by the supervisory authorities (NBB/FSMA) as well as codes of conduct or standards of good practice applicable to the banking sector.

Compliance risk management at Crelan Group is based on a general integrity policy, a Compliance charter, policies regarding the Compliance domains and a whistleblowing policy. These documents are reviewed on a regular basis to take into account the constant evolution of the regulatory framework and due to changes observed in public opinion.

The organization and operation of the Compliance department are as follows:

Compliance Officer (CO) who coordinates and supervises the Compliance function. The CO therefore assumes overall responsibility for the compliance of Crelan and its subsidiaries and ensures the execution of the integrity policy.

A team of several Compliance advisers and collaborators, with a certain specialization in particular:

- A group, mainly in charge of recurring activities related to the prevention of money laundering and terrorist financing (AML/CFT).
- A team dedicated to formulating opinions and carrying out more specific or ad hoc analyses and which also deals with other sub-areas such as MiFID, investor and consumer protection, etc.
- A group dedicated to monitoring activities.

Compliance Correspondents within several departments of the bank where they exercise their main function.

The operation of this structure is detailed in the yearly Compliance Report.

The Compliance Department intervenes in several key activities of the bank using policies, procedures and second line controls. As there are: the prevention of money laundering and terrorist financing, including in the field of granting and managing credits, sanctions and embargoes, compliance with legal and regulatory requirements regarding MiFID, market abuse, the conflicts of interests, product governance etc. …

Crelan Group has an overall framework (policies & procedures, training, controls) in place to ensure that it is in compliance with all material requirements of the Financial Services and Markets Authority (FSMA) and the National Bank of Belgium (NBB), and any other domestic or foreign regulators. There are however certain specific points on which regulators have asked for remediation both in MiFID and AML domains. Crelan has started remediation plans for which implementation is ongoing throughout a wide range of actions. Main issues are related to:

- Management of potential conflicts of interest in the remuneration of tied agents;
- AML transaction screening procedures;
- Sales tool for invest products.

A file was opened by the FSMA Auditor in June 2019 following a MiFID I inspection in AXA Bank Belgium in 2017. After some iterations between the bank and the auditor, an amicable settlement was reached for € 500,000 and a publication on the FSMA website. This was done on 31/05/2022. Pursuant to the 2017 inspection, AXA Bank Belgium has adapted and strengthened its arrangements, systems and procedures relating to the adequacy of the service provided, internal control, data archiving and product governance.

7.8. Other Risks

7.8.1. Politica land regulatory Risk

Geopolitical risks are risks associated with conflicts between countries. These conflicts can range from sanctions and protectionist measures to outright wars and terrorist attacks.

The most important geopolitical risk at the moment is the war in Ukraine. This war will affect the quality of the loan portfolio, given inflation and the rise in energy prices since the end of 2021. Households will be affected, but so will companies with limited repayment capacity. Crelan also has significant exposure to agriculture, where some sectors face both high volatility in market sales prices and rising energy prices (e.g. pigs and greenhouse horticulture).

It is currently difficult to assess the potential financial impact on the bank; this will depend on the development of the geopolitical situation, but so far there are no signs of portfolio deterioration. Social measures in Belgium also protect borrowers, such as automatic wage indexation or social energy tariffs.

So far, Crelan sees no signs of deterioration in the quality of its borrowers or their ability to repay. In case of future difficulties, the bank will take measures to support its customers in line with risk management procedures and rules.

For intensive agricultural sectors that are highly energy-dependent (e.g. pig and horticulture), conservative lending guidelines apply. Exposure to these sectors represents a limited portion of the portfolio, given the applicable sector lending limits, and is concentrated on a small number of counterparties which the bank knows well and which are regularly reviewed by the committee. The bank has also set up a collective provision of EUR 12 million to cover uncertainties related to this sector.

Apart from the secondary impact of the conflict on the Group's loan portfolio, the Group does not currently experience any other material impact on other risks.

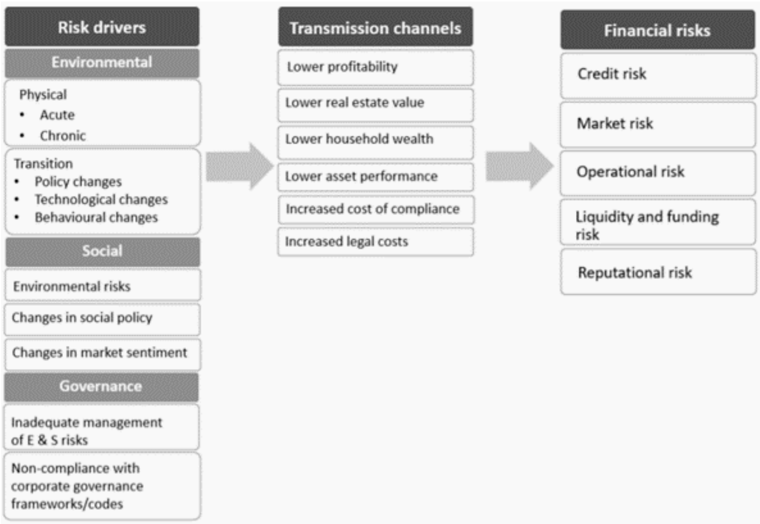
Crelan has a number of mitigating measures in place to deal with this risk. Crelan is closely monitoring the situation and regularly reports to internal committees and the supervisor on the impact of the crisis on the credit portfolio. There is also an evaluation of provisions linked to the development of risks. At the end of 2022 Crelan has increased the management overlay with EUR 3.3 million compared to 2021 (total amounts to EUR 23.6 million).

7.8.2. Model Risk

Model risk relates to the risk of decisions and calculations being related to the erroneous development, implementation and/or wrong usage of models. The Group is exposed to risks of losses or potential for adverse consequences arising from decisions based on incorrect or misused model outputs and model reports.

7.8.3. ESG Risk

The general risk management process of risk identification, assessment & measurement, treatment and reporting is also applied to ESG risks.
Crelan Group's risk identification is performed at least once a year with the review of the bank's risk taxonomy, which includes ESG risk. Note that ESG risk is considered a risk driver affecting other risks in the risk taxonomy. The figure below illustrates how ESG risks may drive other (financial) risks through economic transmission channels.



In line with the EBA definition11 , the bank has defined ESG risks as the risks of any negative financial impact on the institution stemming from the current or prospective impacts of Climate & Environmental (C&E), Social and/or Governance factors on its counterparties, invested assets or own assets & operations.

Note that for risk management purposes, C&E, Social and Governance risks are considered separately in risk assessments and mitigation action plans, with currently an increased focus on the C&E pillar. Furthermore, C&E risks have been subdivided into physical and transition risks.

Physical risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of a changing climate on its counterparties, invested assets or own assets & operations. This includes more frequent extreme weather events (acute physical risks), gradual changes in climate (chronic physical risks) and environmental degradation.

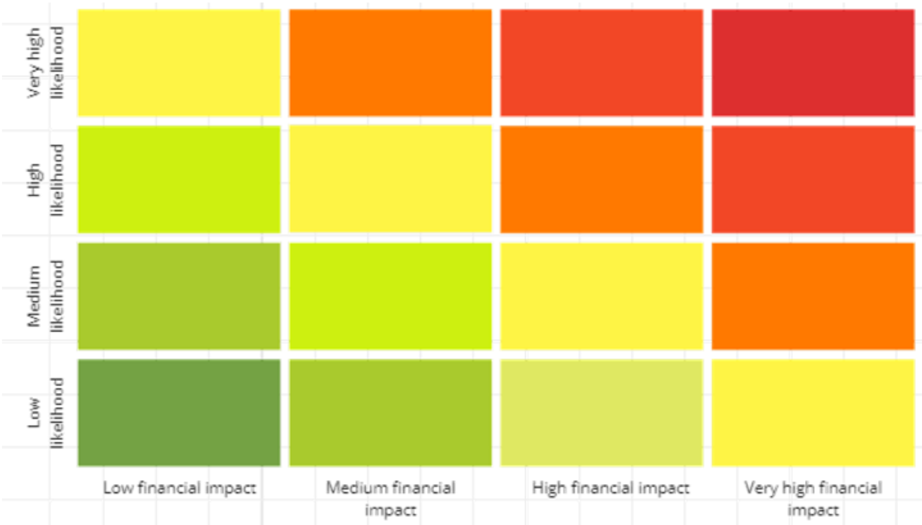
[11] Refer to paragraph 38 (page 28) of the following EBA report: EBA discussion paper ESG risks

Transition risks refer to the institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy on its counterparties, invested assets or own assets/operations. Transition risks can be subdivided into policy & regulation risks, technology risks and market sentiment & demand risks.

Following the yearly review of the bank's risk taxonomy, a risk assessment takes place to determine the materiality of identified risks. As part of this process, an ESG risk materiality assessment is carried out based on expert judgement.

For this exercise, Risk Management develops a number of plausible C&E risk scenarios for financial risks which are then discussed within the respective risk teams. Separate sessions are organized per financial risk (credit, market and liquidity risk). The same exercise is carried out by Operational Risk Management for operational risks.

The materiality assessment considers two axes, namely likelihood (low, medium, high, very high) and financial impact (low, medium, high, very high) over the short (0 to 3 years), medium (4 to 10 years) and long-term (beyond 10 years). Where applicable, ongoing actions & existing processes are considered in these discussions as risk mitigants.



The 2022 exercise has been performed mainly in a qualitative manner but towards the future more quantitative data will become available to support the assessment process.

Today, Crelan's stakeholders, including the supervisor, have increased the focus on the C&E pillar of ESG (e.g. in the context of the EU Green Deal). Hence, as mentioned above, the risk identification and assessment exercise of 2022 focused on C&E risks.

As a financial institution, Crelan Group considers itself materially exposed to C&E risks. In the short and medium-term, it is expected that the main impact on the bank will stem from transition risks. More specifically, the Group believes that transition risks could have a significant impact on its retail credit portfolio and its fundraising capacities. Below, a short overview is provided of the key C&E risks identified as part of the 2022 risk identification & assessment exercise.

Credit risk
The majority of the loans to customers balance consists of retail mortgage loans. Hence, the main C&E risks for the credit portfolio, are:

Retail mortgage loans - transition risks
Energy inefficient housing may become a less attractive investment in the medium and long-term, given the high energy costs associated with such properties. Hence, collaterals with poor energy efficiency values may decrease in value, affecting Loss Given Default (LGD) values. Furthermore, customers with energy inefficient houses may experience increasing difficulty to pay back loans as a larger portion of their income is dedicated to paying energy bills, decreasing their Capacity To Pay (CTP) and increasing their Probability of Default (PD). The risk related to volatile energy prices is expected to be most pertinent in the short-term.

Professional loans - transition risks
The main risks relate to regulatory initiatives in the medium and long-term (such as a carbon tax) affecting carbon-intensive sectors, which will impact their cost of doing business and hence affect their CTP and PD if they have taken out a loan with the bank. For instance, regulation related to nitrogen emissions may impact the costs related to livestock farming and increase the credit risks in this segment. Additionally, soaring energy costs in the short-term may also affect their CTP and PD.

Retail mortgage loans - physical risks
The main risks relate to the damage that may be caused by severe flooding to the property for which a loan was taken out. Owners may need to use their savings to fund repairs, hence affecting their CTP and PD (at least temporarily). Additionally, collateral values may (temporarily) be affected by the damage caused, affecting LGD values. While the financial impact of such a flooding scenario is expected to be similar across different timeframes, the likelihood may increase over time.
Note that flood damage is normally covered by fire insurance in Belgium. This type of insurance is mandatory and hence can be considered a risk mitigant.

Professional loans - physical risks
The main risks relate to the damage that may be caused by severe flooding to company property/operations. They may not have savings in place to cushion the financial damage caused, hence impacting their CTP and PD if they have taken out a loan with the bank. While the financial impact of such a flooding scenario is expected to be similar across different timeframes, the likelihood may increase over time.
Note that a severe drought scenario was also considered in this year's C&E risk materiality assessment exercise in light of the bank's exposure to the agricultural sector. However, the bank notes that its agricultural exposures have shown resilience in light of droughts in the past (FY18, FY19, FY20 & FY22) and counterparties have in most cases made the necessary investments to adapt to the increasing frequency of droughts (e.g., through the re-use of water). Hence, this risk is not considered material at the moment.

Operational risk
The main C&E risk is related to compliance with ESG regulations. A significant portion of this regulation relates to standardized reporting on C&E topics. In order to be able to meet these reporting obligations, identifying & remediating C&E data gaps is crucial. This risk is considered material across all timeframes. While the likelihood of breaches will decrease over time as more data becomes available and proxy methodologies improve, the financial impact remains significant if a breach were to occur.
Another risk, mainly in the short-term, is greenwashing risk at key vendors given the complexity of ESG regulations and a competitive push for green products. Finally, the reputation risks associated with the bank's activities in the agricultural sector have also been assessed. In particular, their impact on the bank's ability to attract and retain talent in the medium and long-term.

Liquidity risk
The group currently does not have a green bond framework in place in order to raise green funding, which can be an important risk, already in the short-term. The bank notes that investor preferences for green bonds (in particular non-covered bonds) compared to traditional issuances are already more pertinent in the market today.

The impact of flood risk on client drawdowns is also considered a relevant risk across all timeframes. While the likelihood is considered low in the short-term, financial impact is expected to be very high, in particular if government and insurance support cannot keep up (which is more likely in an extreme scenario where a more significant portion of the country is flooded).

Market risk
The bank does not carry out any trading activities for its own account. The main C&E risks for the bank relate to the transition risks in the investment portfolio. These risks are expected to be most pertinent over the medium and long-term horizon.

The investment portfolio mainly consists of government bonds, which are concentrated at the moment in 5 EU countries (Belgium, Austria, France, the Netherlands and Finland).

All known identified material risks must be evaluated and mitigated by adequate mitigation techniques and/or processes. To ensure that C&E risks are adequately embedded in the overall business strategy and risk management framework of the bank, C&E risks have been incorporated in the bank's Quarterly Risk Report (QRR) framework and quarterly Risk Presentation (RP).

The RP summarizes significant events of the quarter and can be considered as the executive summary of the QRR. The reports described above are presented on a quarterly basis to the Board of Directors (BoD), Executive Committee (ExCo) and Risk Committee (RC), which will take action based on the outcome of the discussions held. Note that the ECB is also informed of the outcome of the QRR. The different climate risks are monitored and evaluated in the different governance bodies applicable in the Crelan entity.

7.8.4. Pension Risk

The Group defines pension risk as the risk of facing additional contributions to pension schemes owned by the Group and risk of variation in IAS19 results, and subsequently in solvency. Should the Group need to make significant additional contributions, this could have an adverse effect on the financial position of the Group.

7.8.5. Business Risk

Business risk is the Risk arising from a bank's long-term business strategy. It deals with the bank not being able to keep up with the assumed balance sheet, which implies uncertainty in profits or danger of loss. Business risk can also arise from the bank choosing the wrong strategy. Business risk is identified, measured and mitigated through capital and processes (ECAP + stress testing scenarios). The ECAP scenario starts from the central strategic plan scenario and assumes stress on the mortgage production volumes and the margins over a 3-year period (adverse scenario). The business risk scenario is updated assuming lower margins (lower P&L) as well as higher production levels (higher RWA).

7.8.6. Settlement Risk

Settlement risk is the risk that arises when payments are not exchanged simultaneously. The simplest case is when a bank makes a payment to a counterparty but will not be compensated simultaneously. The risk is that the counterparty may default before making the compensating payment or delivery of the financial instrument.

This risk can theoretically appear in several areas at Crelan Group: in wholesale risk transactions (derivatives transactions, foreign exchange transactions and bonds transactions) and in retail risk transactions. The risk is considered immaterial by Crelan Group.

7.8.7. Securitisation Risk

Securitisation risk is the risk related to the setting up of securitisation transactions such as correct regulatory reporting, understanding and measuring of transfer of credit risk, stress testing, etc. Securitisation risk is applicable as from 2021 since AXA Bank Belgium set up a synthetic securitisation transaction. As Crelan Group calculates regulatory capital requirements based on the SEC-IRBA approach, the risk is mitigated via capital and processes.

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 2022 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

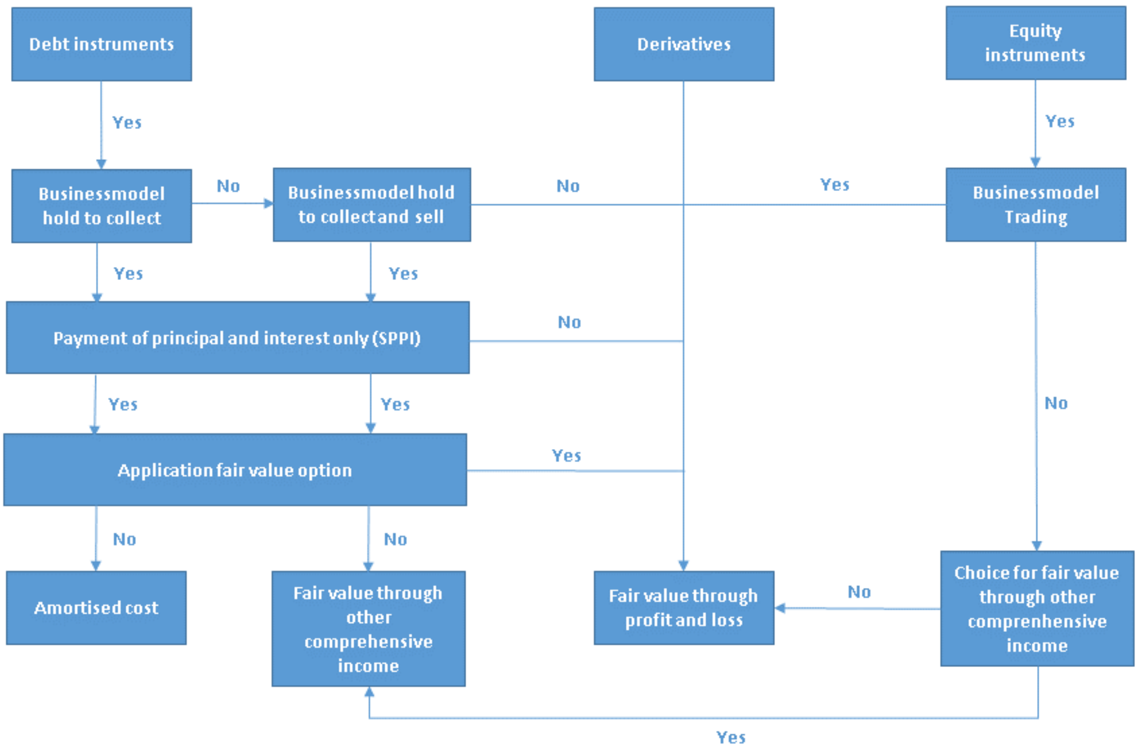
In relation to the contractual cash flows, an assessment is made to determine whether the cash flows are only related to repayments and interest payments in relation to the outstanding principal sum: the term "solely payments of principal and interest" (SPPI) is used.

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[12]:

- 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.

[12] 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 EMTNs (European Medium Term Notes) issued by AXA Bank Belgium or AXA Belgium Finance.

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, senior non preferred debt, 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, file handling costs received from clients 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[13].

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.

[13] 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. Additional information

8.27.1. 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 (see section 4.3 and 4.4);

- Determination of the fair value of financial instruments not quoted on the stock exchange (see section 4.15.2);
- 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 (see section 4.11.2);
- Determination of the expected use period of tangible and intangible fixed assets (see section 4.5 and 4.6);
- Estimation of the existing liabilities as the result of events in the past when provisions are included (see section 4.12);
- Actuarial assumptions in relation to the measurement at fair value of pension liabilities (see section 4.13);
- Estimation of deferred tax assets (see section 4.7);
- Determination of the hedging reserve when applying fair value hedging (see section 4.14);
- Determination of the audit when setting up the scope of consolidation (see section 8.2);
- Assessment of the future credit production that will be eligible when verifying the conditions with regard to the targeted longer-term refinancing operations (see section 4.11.1.5);

8.27.2. 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.

8.27.3. 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.

Based on materiality, the file handling costs received from clients were previously not taken into account when determining the effective interest method (point 8.17). Given the acquisition of AXA Bank Belgium (where these revenues were already considered), this was taken into account from 2022 onwards. Due to the volumes and the life cycle of the loans (mainly in terms of the availability of information on prepayments and refinancings), it is not feasible to reconstitute the comparative information and this change in accounting policy has only been applied prospectively. The following amounts were:

- included on the balance sheet and deferred through the acquisition value: EUR – 7,738,836
- included in the results as part of the effective interest method: EUR + 292,797

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Independent auditor's report to the general meeting of Group Crelan for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of Group Crelan (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2022, 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 2022 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 6 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 2022, 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 € 53.842.295.391 and of which the consolidated income statement shows a profit for the year of € 158.199.554.

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 2022, 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 ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section 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.

Credit risk with regard to the loan portfolio

Description of the key audit matter

As at 31 December 2022, the loan receivable portfolio of the Group amounts to € 47,950,552,898 (gross, valued at amortized cost) and the related impairments amount to € 171,712,773. 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 economic crisis and the increasing energy prices 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.

- We have reviewed the findings of the European Central Bank as part of its Asset Quality Review and considered to which extent those findings have consequences on the Expected Credit Loss to be recorded at year-end.

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 2022 the derivatives used for hedging had positive and negative fair values of € 2,631,507,974 and € 804,105,391, 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 € -3,149,398,494 and € 40,456,212 respectively. An ineffectiveness of € 10,498,903 (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 4.14, 4.16 and 7.3.1 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 ISA's 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 ISA's, 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, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

Responsibilities of the auditor

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

Aspects relating to Board of Directors' report and other information included in the 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 annual report, being:

- Consolidated ratio's and Consolidated key figures
- Balance sheet and Profit and loss statement

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 required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. 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, 6 April 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

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

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