AXA Bank Belgium

2022 IFRS Consolidated Financial Statements

Contents

All amounts included in the tables in the Consolidated Financial Statements are expressed in thousands of euros, and the comments in millions of euros, unless stated otherwise.
The figures are presented according to absolute values and must therefore be read in conjunction with the description of the relevant section, except in sections where there is a distinction between profits (absolute value) and losses (- sign).

Consolidated Income Statement

Consolidated income statement in '000 EUR	2022.12	2021.12	Disclosure
CONTINUING OPERATIONS			
Financial & operating income and expenses	383.382	340.920	
Interest income	469.551	408.600	
Financial assets held for trading (if accounted for separately)	47.952	87.009	
Non-trading financial assets mandatorily at fair value through profit or loss			
Financial assets designated at fair value through profit or loss (if accounted for separately)			
Financial assets at fair value through other comprehensive income	1.324	1.517	
Financial assets at amortised cost	411.145	306.463	
Derivatives - Hedge accounting, interest rate risk	0	0	
Other liabilities	1.162		
On liabilities	7.968	13.611	
(Interest expenses)	117.282	118.487	
Financial liabilities held for trading (if accounted for separately)	31.930	64.496	
Financial liabilities designated at fair value through profit or loss (if accounted for separately)	11.872	13.066	
Financial liabilities measured at amortised cost	64.672	30.025	
Derivatives - Hedge accounting, interest rate risk	0	0	
Other liabilities			
On assets	8.808	10.900	
Expenses on share capital repayable on demand			
Dividend income	454	19	
Financial assets held for trading (if accounted for separately)			
Non-trading financial assets mandatorily at fair value through profit or loss			
Financial asssets at fair value through other comprehensive income	454	19	
Investments in subsidiaries, joint ventures and associates other than accounted for using the equity method			
Fee and commission income	111.384	110.904	7
(Fee and commission expenses)	91.919	93.837	
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss,	-85	-4.171	8
Financial assets at fair value through other comprehensive income	0	753	
Financial assets at amortised cost	-85	-4.666	
Financial liabilities measured at amortised cost		-259	
Other			
Gains (losses) on financial assets and liabilities held for trading (net)	-64.472	13.599	
Equity instruments and related derivatives	-37.864	-1.848	
Interest rate instruments and related derivatives	-28.066	2.926	
Foreign exchange trading	1.458	12.520	
Credit risk instruments and related derivatives			
Commodities and related derivatives			
Other (including hybrid derivatives)			
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net			
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	49.811	7.214	9
Gains (losses) from hedge accounting	10.110	12.239	10
Exchange differences , net	712	-12.356	
Gains (losses) on derecognition of assets other than held for sale, net		-207	
Other operating net income	15.119	17.405	11

Consolidated income statement in '000 EUR	2022.12	2021.12	Disclosure
Administration costs	254.207	217.492	
Personnel expenses	80.902	84.065	13
General and administrative expenses	173.305	133.427	14
Depreciation	9.756	5.647	
Property, Plant and Equipment	2.932	2.899	23
Investment Properties			
Intangible fixed assets (other than goodwill)	6.824	2.748	24
Modification gains or (-) losses, net	148	132	
Financial assets at fair value through other comprehensive income			
Financial assets at amortised cost	148	132	
Provisions	-9.937	-10.615	
Impairment losses on financial assets not measured at fair value through profit or loss	11.027	325	
Financial assets at fair value through other comprehensive income			
Financial assets at amortised cost	11.027	325	15.2
Impairment on			
Property, plant and equipment			
Investment properties			
Goodwill			
Intangible fixed assets (other than goodwill)			
Investments in associates and joint ventures accounted for using the equity method			
Other			
Negative goodwill immediately recognised in profit or loss			
Share of the profit or loss of associatesand joint ventures accounted for using the equity method			
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations			
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	118.476	128.203	
Tax expense (income) related to profit or loss from continuing operations	37.206	35.530	16
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	81.270	92.673	
Total profit or loss after tax from discontinued operations			
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	81.270	92.673	
Profit or loss attributable to minority interest			
NET PROFIT OR LOSS	81.270	92.673	

Table CIS.1

For 2022, the reporting of interest income and expenses is adjusted to the hedging instruments. The expenses and income on these instruments are reported now on the same line as the hedged assets and liabilities. This change better reflects the effective interest income and expenses of assets and liabilities in the hedging relationships. This change does not impact the net interest result.

Compared with the prior year, the net interest margin increased by 62 million EUR.

Some elements to be noted are:

- The decline in the net interest & similar income from the trading activities by 6.5 million; EUR
- Increase in lending interest received by 104.7 million EUR
- The interest costs of issued EMTNs declined by 1.2 million EUR in part due to the fact that EMTNs are reaching maturity.
- -Increase in deposits interest paid by 34.6 million EUR.

Consolidated statement of realised and non-realised results in '000 EUR	2022.12	2021.12	
PROFIT (LOSS) FOR THE YEAR	81.270	92.673	
NON-REALISED RESULTS			
Elements not transferrable to result	9.235	6.811	
Actuarial gains (losses) on defined benefit pension plans	-11.485	11.283	(3)
Fair value changes of financial liabilities at fair value through profit or loss that is attributable to changes in their credit risk	23.843	-2.217	(4)
Fair value changes of equity instruments measured at fair value through other comprehensive income	-34	12	(5)
income tax related to previous elements	-3.090	-2.268	
Transferred to profit or loss	-1.142	-5.352	
Foreign currency translation			
Translation gains/losses taken to equity			
Transferred to profit or loss			
Other reclassifications			
Cash flow hedges (effective portion)			(1)
Valuation gains/losses taken to equity			
Transferred to profit or loss			
Transferred to initial carrying amount of hedged items			
Other reclassifications			
Financial assets at fair value through other comprehensive income	-1.522	-7.135	(2)
Valuation gains/losses taken to equity	-2.571	-13.247	
Transferred to profit or loss	1.049	6.112	
Other reclassifications			
Income tax relating to components of other non-realised results	381	1.784	
TOTAL NON-REALISED RESULTS FOR THE YEAR	8.093	1.459	
TOTAL REALISED AND NON-REALISED RESULTS FOR THE YEAR	89.363	94.133	
Attributable to equity holders of the parent	89.363	94.133	
Attributable to minority interest			
CHANGES IN EQUITY RELATING TO PRIOR PERIODS			
Restated balance			
Attributable to equity holders of the parent			
Attributable to minority interest			
Effects of changes in accounting policy			
Attributable to equity holders of the parent			
Attributable to minority interest			

Table CIS.2

The table below presents the amounts before tax as well as the deferred taxes with respect to the items disclosed in the previous table (overview in thousands of euros).

Cash flow hedges (1)	2022.12	2021.12
Gross	0	0
Tax	0	0
Net	0	0

Financial assets at fair value through other comprehensive income (2)	2022.12	2021.12
Gross	-1.522	-7.135
Tax	381	1.784
Net	-1.141	-5.352

Actuarial gains (losses) on defined benefit plans (3)	2022.12	2021.12
Gross	-11.485	11.283
Tax	2.871	-2.821
Net	-8.614	8.462

Fair value financial liabilities-own credit risk (4)	2022.12	2021.12
Gross	23.843	-2.217
Tax	-5.961	554
Net	17.882	-1.663

Fair value changes of equity instruments measured at fair value through other comprehensive income (5)	2022.12	2021.12
Gross	-34	12
Tax	0	0
Net	-34	12

Table CIS.3

Consolidated Balance Sheet

Consolidated Balance Sheet - Assets in '000 EUR	2022.12	2021.12	Annexes
Cash and balances with central banks	3.743.640	1.784.347	17
Financial assets held for trading	11.060	45.992	18 / 22
Non-trading financial assets mandatorily at fair value through profit or loss			19
Financial assets designated at fair value through profit or loss			19
Financial assets at fair value through other comprehensive income	228.934	405.299	20
Financial assets at amortised cost *	27.454.154	26.364.367	21
Debt instruments	58.425	80.626	
Loans and advances	27.395.729	26.283.742	
Derivatives - hedge accounting	199.311	1.210	22
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-2.027.876	557.980	
Tangible fixed assets	34.534	37.281	
Property, Plant and Equipment	34.534	37.281	23
Investment property			
Intangible fixed assets	13.700	17.673	
Goodwill			
Other intangible assets	13.700	17.673	24
Investments in associates, subsidiaries and joint ventures (accounted for using the equity method- including goodwill)	9.253	9.254	25
Tax assets	200.744	33.984	
Current tax assets	337	301	16
Deferred tax assets	200.408	33.683	
Other assets	29.415	23.870	26
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**29.896.870**	**29.281.256**	

Table CBS.1

(*) includes reverse repos for an amount of 0 EUR in 2022 and 0.04 million EUR in 2021.
As stated under chapter 33 'Offsetting', AXA Bank Belgium also applies this offsetting to repos and reverse repos transactions with counterparties with which master offsetting agreements have been concluded which allow offsetting under all circumstances (2000 and 2011 version). At the end of 2022 the impact of this offsetting amounted to 750 million EUR

Consolidated Balance Sheet - Liabilities in '000 EUR	2022.12	2021.12	Annexes
Financial liabilities held for trading	35.832	42.831	27
Financial liabilities designated at fair value through profit or loss	376.191	742.649	28
Financial liabilities measured at amortised cost	26.838.090	26.717.926	29
Deposits from Credit institutions	431.843	2.784	
Deposits from Other than credit institutions	20.926.870	20.836.062	
Debt certificates including bonds	5.134.337	5.689.050	
Subordinated liabilities			
Other financial liabilities	345.040	190.030	
Financial liabilities associated with transferred assets	844.122	250.039	30
Derivatives - hedge accounting	6.605	19.524	22
Fair value changes of the hedged items in a portfolio hedge of interest rate risk			
Provisions	102.423	100.557	31
Tax liabilities	217.572	36.483	
Current tax liabilities	25.553	24.317	16
Deferred tax liabilities	192.019	12.167	
Other liabilities	76.354	58.526	32
Liabilities included in disposal groups classified as held for sale			
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	**28.497.189**	**27.968.534**	

Consolidated Balance Sheet - Equity in '000 EUR	2022.12	2021.12	Annexes
Share capital	636.318	636.318	
Paid in capital	636.318	636.318	
Called up share capital			
Share premium			
Other Equity	90.000	90.000	
Equity component of combined financial instruments	90.000	90.000	
Other			
Non-realised results	-20.923	-29.016	
Items that will not be reclassified to profit and loss	-21.922	-31.157	
Tangible fixed assets			
Intangible fixed assets			
Actuarial gains/losses relating to defined benefit plans	-33.594	-24.981	
Non-current assets and disposal groups held for sale			
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates			
Changes in fair value of equity instruments measured at fair value through other comprehensive income	29	63	
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income			
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	11.643	-6.240	
Items that may be reclassified to profit and loss	1.000	2.142	
Hedge of net investments in foreign operations (effective portion)			
Foreign currency translation			
Cash flow hedges (effective portion)			
Fair value changes of debt instruments measured at fair value through other comprehensive income	1.000	2.142	
Hedging instruments [not designated elements]			
Non-current assets and disposal groups held for sale			
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates			
Reserves (including retained earnings)	613.016	522.746	
<Treasury shares>			
Income from current year	81.270	92.673	
<Interim dividends>			
Minority interest			
Revaluation reserves and other valuation differences			
Other items			
TOTAL EQUITY	1.399.681	1.312.722	35
TOTAL LIABILITIES AND EQUITY	29.896.870	29.281.256	

Table CBS.3

Roll Forward of Financial Assets at Fair Value through Other Comprehensive Income

2022-12	Gross value	Impact on taxes	net value
Eindbalans (vorig jaar)	2.918	-714	2.205
Investment brought in prior accounting periods			
Transfer to P&L following sale			
Transfer to P&L following impairment write back following recovery in value			
Transfer to P&L following increase in impairment accounted in the accounting period			
Transfers to P&L following changes in premium/discount	1.049	-262	787
Foreign exchange impact	1		1
Adjustments in the current accounting period	-2.606	643	-1.963
Investments bought in the current accounting period			
Adjustements in the current accounting period			
Closing balance	1.362	-333	1.030

Table CBS.4

2021-12	Gross value	Impact on taxes	net value
Openingsbalans (lopend jaar)	10.042	-2.498	7.544
Investment brought in prior accounting periods			
Transfer to P&L following sale	-754	188	-566
Transfer to P&L following impairment write back following recovery in value			
Transfer to P&L following increase in impairment accounted in the accounting period			
Transfers to P&L following changes in premium/discount	6.865	-1.716	5.149
Foreign exchange impact	1		1
Adjustments in the current accounting period	-13.236	3.312	-9.923
Investments bought in the current accounting period			
Adjustements in the current accounting period			
Closing balance	2.918	-714	2.205

Table CBS.5

Consolidated Statement of Changes in Equity

Sources of equity changes 2022.12 in '000 eur	Paid in capital	Equity components of combined financial instruments	Other equity instuments	Unrealised gains and losses - reserves from foreign currency translations	Unrealised gains and losses - cashflow hedges	unrealised gains and losses - at fair value through other comprehenive income	actuarial gains and losses - pension benefits	Own credit risk - financial liabilities	non current assets and disposal groups - held for sale	reserves (including retained earnings)	income from current year*	Total
Opening balance (current year)	636.318	90.000	0	0	0	2.205	-24.981	-6.240	0	522.746	92.673	1.312.722
changes in capital												
issuance												
profit (loss)											81.270	**81.270**
Dividends declared and other remunerations										-2.404		**-2.404**
Change in fair value of financial assets at fair value through other comprehensive income						-1.176						**-1.176**
changes in fair value							-8.614	17.883				**9.269**
cash flow hedges												
releases to retained earnings										92.674	-92.673	
capital reduction												
other			0									
Closing balance	636.318	90.000	0	0	0	1.029	-33.594	11.643	0	613.016	81.270	1.399.681

Table CSCE.2

* of which 81.3 million EUR attributable to the shareholders of the parent company

Sources of equity changes 2021.12 in '000 eur	*Paid in capital*	*Equity components of combined financial instruments*	*Other equity instuments*	*Unrealised gains and losses - reserves from foreign currency translations*	*Unrealised gains and losses - cashflow hedges*	*unrealised gains and losses - at fair value through other comprehenive income*	*actuarial gains and losses - pension benefits*	*Own credit risk - financial liabilities*	*non current assets and disposal groups - held for sale*	*reserves (including retained earnings)*	*income from current year**	*Total*
Opening balance (current year)	**636.318**	**90.000**	**0**	**0**	**0**	**7.544**	**-33.443**	**-4.576**	**0**	**460.319**	**65.627**	**1.221.789**
changes in capital												
issuance												
profit (loss)											92.673	**92.673**
Dividends declared and other remunerations										-3.200		**-3.200**
Change in fair value of financial assets at fair value through other comprehensive income						-5.339						**-5.339**
changes in fair value							8.462	-1.664				**6.799**
cash flow hedges												
releases to retained earnings										65.627	-65.627	
capital reduction												
other			0									
Closing balance	**636.318**	**90.000**	**0**	**0**	**0**	**2.205**	**-24.981**	**-6.240**	**0**	**522.746**	**92.673**	**1.312.722**

Table CSCE.2

* of which 92.7 million EUR attributable to the shareholders of the parent company

Consolidated Cash Flow Statement

OPERATING ACTIVITIES	2022.12 in '000 EUR	2021.12 in '000 EUR
Net profit (loss)	81.270	92.673
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	55.344	54.257
(Current and deferred tax income, recognised in income statement)		
Current and deferred tax expenses, recognised in income statement	37.206	35.530
Unrealised foreign currency gains and losses		
FV through P&L	18.138	18.727
INVESTING AND FINANCING	10.846	-4.642
Depreciation	9.756	5.648
Impairment	11.027	325
Provisions net	-9.937	-10.615
Other adjustments	6.682	3.478
Cash flows from operating profits before changes in operating assets and liabilities	154.142	145.766
Decrease (increase) in working capital (excl. cash & cash equivalents):	1.834.214	-2.067.644
Decrease (increase) in operating assets (excl. cash & cash equivalents):	-1.298.123	-1.361.473
Decrease (increase) in balances with central banks		
Decrease (increase) in financial assets at amortised cost	-1.100.666	-1.767.542
Decrease (increase) in financial assets at fair value through other comprehensive income	175.223	322.523
Decrease (increase) in financial assets held for trading	34.932	17.658
Decrease (increase) in financial assets designated at fair value through profit or loss		
Decrease (increase) in non-trading financial assets mandatorily at fair value through profit or loss		
Decrease (increase) in asset-derivatives, hedge accounting	-198.101	-995
Decrease (increase) in other assets (definition balance sheet)	-209.511	66.883

OPERATING ACTIVITIES	2022.12 in '000 EUR	2021.12 in '000 EUR
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	3.132.337	-706.171
Increase (decrease) in deposits from credit institutions and central banks	826.942	-1.227.491
Increase (decrease) in deposits (other than credit institutions)	287.008	963.219
Increase (decrease) in debt certificates (including bonds)	-554.712	-646.503
Increase (decrease) in financial liabilities held for trading	-74.767	-40.023
Increase (decrease) in financial liabilities designated at fair value through profit or loss	-316.828	-148.026
Increase (decrease) in liability-derivatives, hedge accounting	2.572.937	515.528
Increase (decrease) in other financial liabilities	155.010	-31.481
Increase (decrease) in other liabilities (definition balance sheet)	236.747	-91.395
	1.988.356	-1.921.879
Income taxes (paid) refunded	-26.027	-19.764
Net cash flow from operating activities	1.962.329	-1.941.642

INVESTING ACTIVITIES	2022.12 in '000 EUR	2021.12 in '000 EUR
(Cash payments to acquire tangible assets)	-185	-3.002
Cash receipts from the sale of tangible assets		
(Cash payments to acquire intangible assets)	-2.852	-1.991
Net cash flow from investing activities	-3.037	-4.993

FINANCING ACTIVITIES	2022.12 in '000 EUR	2021.12 in '000 EUR
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities		
(Cash repayments of subordinated liabilities)		-6.906
Cash proceeds from issuing shares or other equity instruments		
Net cash flow from financing activities		-6.906
Effect of exchange rate changes on cash and cash equivalents		

	2022.12 in '000 EUR	2021.12 in '000 EUR
NET INCREASE IN CASH AND CASH EQUIVALENTS	1.959.292	-1.953.541
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1.784.347	3.737.888
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3.743.639	1.784.347
Components of cash and cash equivalents:		
On hand (cash)	48.196	47.061
Cash and balances with central banks	3.638.320	1.672.385
Financial assets at amortised cost	57.123	64.901
Financial assets at fair value through other comprehensive income		
Total cash and cash equivalents at end of the period	3.743.639	1.784.347
Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by the group		
Undrawn borrowing facilities (with breakdown if material)		
Supplemental disclosures of operating cash flow information:		
Interest income received	469.551	600.963
Dividend income received	454	19
Interest expense paid	117.282	310.851

Cash and cash equivalents increased by 1,959.3 million EUR in 2022, mainly due to an increase in cash and balances with central banks (1,965.9 million EUR). In addition, we also see an increase in cash (+1.1 million EUR) and a decrease in financial assets at amortized cost (nostro accounts) (- 7.8 million EUR).
It should be noted that the balance, especially on the accounts with central banks, is very volatile and can be subject to large fluctuations depending on the day-to-day management of the bank's treasury and liquidity.

The operating activities had a positive impact on the net cash and cash equivalents of 1,962.3 million EUR. The cash flows from operating profits increased by 154.1 million EUR. Cash flows resulting from the asset and liability changes (working capital) increased by a total of 1,834.2 million EUR.

- Operating assets increased by 1,298.1 million EUR, leading to a decrease in cash flows:
  - the increase in financial assets at amortised cost (+ 1,100.7 million EUR) was mainly driven by the increase in credit production;
  - the decrease in financial assets at fair value through other comprehensive income (OCI) (- 175.2. million EUR), mainly explained by bonds maturing;.
  - the decrease in financial assets held for trading (- 34.9 million EUR) is mainly due to a decrease in derivatives transactions concluded in the context of the EMTN activity;
  - the increase of 198.1 million EUR due to hedging operations (both on assets and liabilities)
  - the increase of other assets by 209.5million EUR should be considered together with the increase of the other liabilities by 236.7 million EUR.

- Operating liabilities increased with 3,132.3 million EUR which led to an increase in cashflows mainly due to:
  - the increase of deposits of credit institutions and central banks by 826.9 million EUR. This increase is caused on the one hand by a rise of 427 million EUR in interbank deposits and on the other hand by an increase of 594 million EUR in repo-transactions with CRELAN, In addition the outstanding amount of TLTRO/PELTRO .decreased by 196 million EUR;
  - the increase in deposits from institutions other than credit institutions or central banks of 287.0 million EUR;
  - the increase of 2,572.9 million EUR due to hedging operations (both on assets and liabilities)
  - the increase of the other financial liabilities by 155 million EUR and by 236.7 million EUR of the other liabilities.

- These increases were partly compensated by:
  - a decrease in debt certificates by 554.7 million EUR relates to the decrease in "covered bonds" of 445 million EUR, of 10 million EUR of Credit Linked Notes and to the decrease in outstanding amounts of Certificates of Deposit of 100 million EUR;
  - a decrease of financial liabilities held for trading by 74.8 million EUR which relate to the Swaps and Swaptions portfolio.
  - A decrease of financial liabilities designated at fair value through profit or loss by 316.8 million EUR is largely the consequence of EMTNs that have matured or repurchased and settled.

Investments resulted in a further decrease of cash and cash equivalents of –3.0 million EUR, mainly due to further investments in IT-projects (+2.9 million EUR).

The financing activities didn't have an impact on the cash and cash-equivalents.

Notes to the Consolidated Financial Statements

1 General

At 31 December 2022, AXA Bank Belgium, a limited company under Belgian law, whose registered office is at 1070 Brussels, Sylvain Dupuislaan 251 was a subsidiary 100% owned by CrelanCo.

The legal consolidation scope of AXA Bank Belgium comprises the Belgian bank activities, the subsidiaries of AXA Belgium Finance B.V. and AXA Bank Europe SCF (Société de Crédit Foncier) and the SPV Royal Street NV/SA as well as Caspr S.à r.l., founded in 2020

The subsidiary Beran NV is not included in the scope of consolidation, given its negligible significance (see more about this in Chapter 2.1 Consolidation principles)

Further information regarding these companies can be found under chapter 25 *Investments in Subsidiaries, Joint Ventures and Associates*. The measurement method can be found in chapter 20 *Financial Assets at Fair Value through OCI*.

AXA Bank Belgium empowers its customers, Belgian families and entrepreneurs, by proactively guiding them in the construction and management of their assets, through tailor-made advice for home loans and investments. The bank is locally anchored thanks to its network of independent bank agents. User-friendly digital tools and personal contact go hand in hand with her.
For this, the bank has received several awards in the last five years, including that of most innovative bank in 2021 awarded by its customers.

On 31 december 2022, the bank employed 660 active staff members and distributed its products to 858.148 customers via a network of 333 independent bank agencies spread over Belgium.

Since 31 December 2021, AXA Bank Belgium is part of the Crelan Group.
With the acquisition of AXA Bank Belgium, the Crelan Group assumes an important position in the Belgian banking landscape.
By bundling their forces, Crelan and AXA Bank Belgium can better respond to the strongly changing financial world with an ever-faster digitisation and additional investments. During the coming months, both banks will be preparing a merger in order, subsequently, to continue all bank activities under the Crelan logo. Until then, both brands shall continue to exist alongside each other. For customers, nothing changes in the short term.

2 Accounting Policies

2.1 Consolidation Principles

2.1.1 General

AXA Bank Belgium currently only has subsidiaries, i.e. companies over which it exercises full control, and an associated company, as mentioned under chapter 25 *Investments in Subsidiaries, Joint Ventures and Associates*, that is not consolidated for immateriality reasons.
In assessing control, in addition to the participation interest, the objective of the undertaking, its relevant activities and the possibility of influencing those relevant activities and the related revenues are all taken into consideration.
As a departure from this principle, AXA Bank Belgium has decided, based on the principles of relevance and immateriality, not to integrate the subsidiaries that are out of the consolidation scope for the application of the IFRS Consolidated Financial Statements. This decision applies to subsidiaries whose total balance sheet during the previous financial year constitutes less than 0.15% of the total balance sheet of AXA Bank Belgium, unless decided otherwise by the Board of Directors.
The subsidiaries AXA Belgium Finance BV, AXA Bank Europe SCF, SPV Royal Street NV and Caspr S.a.r.l. are fully consolidated.

2.1.2 Purchase of Entities of the Crelan Group

Regarding business combinations with other entities of the Crelan Group, these entities fall under common control and thus, these business combinations are not covered by IFRS 3 – *Business Combinations*. AXA Bank Belgium applies, in such a case, a method under which the integrated assets and liabilities retain the same carrying amount as in the purchased entity. Adjustments are only implemented to achieve harmonisation of accounting policies.

2.2 Financial Assets and Liabilities

2.2.1 Recognition and Initial Measurement

The balance sheet of AXA Bank Belgium includes principally the following financial assets: loans and receivables, bonds and derivatives. Furthermore, AXA Bank Belgium has a very small equity portfolio. The main financial liabilities are deposits, debt securities issued (including Senior non-preferred debt), subordinated loans issued and derivatives.

Bonds are defined as negotiable paper generating interest through coupons or interest capitalisation.
Shares are contracts evidencing the residual interest in the assets of an entity after deducting all its liabilities.

Financial assets and liabilities are recognised when AXA Bank Belgium becomes party to the contractual provisions of the instrument, which is the origination date for loans and receivables, deposits, debt securities issued, and subordinated loans issued, and the trade date for all other financial assets and liabilities (bonds, shares, derivatives).

Financial assets and liabilities are initially measured at fair value, plus or minus, if not at fair value through profit or loss, transaction costs and fees that are directly attributable to the acquisition or issue of the financial asset or financial liability. For loans and receivables, these transaction costs and fees include the acquisition costs paid to intermediaries, the handling costs charged to clients and (until the end of 2021) the refinancing fees charged on mortgage loans. For bonds and shares, for reasons of immateriality, the transaction costs and fees are not added to the initial fair value. The portfolio commission on current and savings accounts are recognised immediately in profit or loss (fee and commission income and expenses). The management fees on current accounts are also recognised immediately in profit or loss (fee and commission income and expenses). Prepaid option premiums to compensate non-zero values at the start are part of the fair value.

2.2.2 Classification and Subsequent Measurement

2.2.2.1 Financial Assets: Measurement Categories

Financial assets are measured at amortised cost, at fair value through other comprehensive income (OCI) or at fair value through profit or loss, based on both:

- the business model used by AXA Bank Belgium for managing the financial assets, and
- the contractual cash flow characteristics of the financial assets.

The business models are determined by the Management Board based on the way in which financial assets are managed to achieve a certain goal. The determination of the business models considers experience regarding frequency, volume and time of selling, the reasons for the selling and expectations of future sales activities, the way in which the performance of the business models are reported to the key management personnel, how the risks are assessed and managed and how the managers are compensated.

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if it meets the following conditions and is not designated as at fair value through profit or loss:

- the financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows (‘hold to collect’)
- the contractual terms of the assets give rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This measurement category is used by AXA Bank Belgium for loans and receivables and for part of the bonds portfolio that is held to match the estimated duration of the liabilities without stated maturity (such as savings accounts) and for interest yield purposes.

Interest revenue is calculated by using the effective interest method.

For these financial assets, a distinction is made in the income statement between the interest margin and realised profit and loss.

Impairment for expected losses is recognised on these financial assets through profit or loss.

Financial Assets Measured at Fair Value through Other Comprehensive Income (OCI)

A bond is measured at fair value through OCI if it fulfils the following conditions and it is not designated as at fair value through profit or loss:

- the financial assets are held within a business model whose objective is to hold financial assets in order both to collect contractual cash flows and to sell the financial assets (‘hold to collect and sell’)
- the contractual terms of the assets give rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This measurement category is used by AXA Bank Belgium for the part of the bonds portfolio held for liquidity purposes, balance sheet management and optimisation of the risk-return relationship.

Interest revenue is calculated by using the effective interest method.

At first recognition of a share that is not held for trading purposes, AXA Bank may irrevocably decide to measure the shares at fair value through OCI (except for dividends which remain in profit or loss). This decision is made instrument by instrument. AXA Bank Belgium has made use of this possibility.

The dividends are recognised in profit or loss when the company acquires the right to receive payment, it is probable that the dividend will be received and that the amount of the dividend can be measured reliably.

The changes in fair value of derivatives that are part of qualifying cash flow hedges are also recognised in OCI.

Financial Assets Measured at Fair Value through Profit or Loss

All other financial assets are classified as measured at fair value through profit or loss, including assets held for trading and derivatives that are not part of qualifying cash flow hedges.

Financial assets held for trading are financial assets that are acquired primarily for selling them in the short term or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking.

In addition, at initial recognition, AXA Bank Belgium may irrevocably designate a financial asset (that otherwise meets the conditions to be measured at amortised cost or at fair value through OCI) as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. After initial recognition, a reclassification within this category or to another category is no longer possible. AXA Bank Belgium has not used this category.

For these financial assets a distinction is made in the income statement between dividends received and fair value changes. However, no distinction is made between realised and unrealised gains and losses.

Reclassifications

Financial assets can only be reclassified if AXA Bank Belgium was to change its business model for the management of financial assets. Future changes to a business model are very infrequent and must be the result of significant external or internal changes to AXA Bank Belgium activities that are demonstrable to external parties. Any change to a business model must be approved by the ALCO Committee (and formally approved in a documented manner by all internal parties such as Risk Management, Finance, IT, Operations, etc.) and endorsed by the Board of Directors. After a change in the business model, AXA Bank Belgium will no longer carry out activities based on the old business model.

Reclassifications are only implemented prospectively without adjustment of previously recognised gains, losses or interest:

- reclassification of amortised cost to fair value through profit or loss: each gain or loss arising from the difference between the previous amortised cost and fair value is included in profit or loss
- reclassification of fair value through profit or loss to amortised cost: the fair value at reclassification becomes the new gross carrying amount
- reclassification of amortised cost to fair value through OCI: any gain or loss from the difference between the previous amortised cost and fair value is recognised in OCI

- reclassification of fair value through OCI to amortised cost: the financial assets are reclassified at their fair value at the reclassification date. In addition, the cumulative gain or loss in OCI is removed from equity and adjusted against the fair value of the financial asset at the reclassification date
- reclassification of fair value through profit or loss to fair value through OCI: the financial asset continues to be measured at fair value
- reclassification of fair value through OCI to fair value through profit or loss: the financial assets continues to be measured at fair value and the cumulative gain or loss in OCI is reclassified from equity to profit or loss.

2.2.2.2 Financial Liabilities: Measurement Categories

Financial liabilities are measured at amortised cost or at fair value through profit or loss.

Financial Liabilities Measured at Amortised Cost

All deposits, debt securities issued (except EMTNs) and subordinated loans issued are measured at amortised cost.

Interest paid is calculated using the effective interest method.

For these financial liabilities a distinction is made between the interest margin and the realised gains and losses.

Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities held for trading and derivatives that are not part of qualifying cash flow hedges are measured at fair value through profit or loss.

A financial liability held for trading is a financial liability that is incurred principally to repurchasing it in the near term or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

In addition, at initial recognition, AXA Bank Belgium may irrevocably designate a financial liability (that otherwise meets the conditions to be measured at amortised cost) as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. In addition, if a contract contains one or more embedded derivatives, AXA Bank Belgium may designate the entire hybrid contract at fair value through profit or loss, except:

- if the derivative(s) embedded in the contract doe/does not significantly modify the cash flows that would otherwise be required by the contract, or;
- If it is clear, with little or no analysis, that separation of the embedded derivative(s) is prohibited.

AXA Bank Belgium has used this possibility in the case of issued EMTNs (European Medium Term Notes).

For this last category AXA Bank Belgium has opted to recognise all fair value changes in profit or loss, except for the changes in credit risk of the liability (DVA, debit valuation adjustment) that are recognised in OCI.

Reclassifications

Financial liabilities are never reclassified.

2.2.2.3 Amortised Cost

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition, increased or reduced by the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets adjusted for any loss allowance.

The effective interest rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate, AXA Bank Belgium estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses.

2.2.2.4 Calculation of Fair Value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place in the principal market of the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

If available, AXA Bank Belgium measures the fair value of an instrument using the quoted price in an active market for that instrument (= 'level 1'). A market is regarded as active if transactions for that asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If no quoted prices are available, AXA Bank Belgium uses valuation techniques that maximise the use of relevant and observable inputs (= 'level 2') and minimise non-verifiable inputs (= 'level 3'). The chosen valuation technique incorporates all factors that market participants would use when pricing a transaction.

The fair value when purchasing a financial instrument is normally the agreed transaction price. If AXA Bank Belgium however is of the opinion that the fair value is different from the transaction price and if the fair value was determined as non-observable elements these day one changes are postponed. These changes must then be written off over the term of the underlying instrument or until observable prices become available

2.2.2.5 Impairment

General principe

AXA Bank Belgium measures expected credit losses on financial assets at amortised cost and at fair value through OCI, on financial guarantees issued and on loan commitments issued through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses resulting from events on the financial instrument that are possible within 12 months after the reporting date) ('stage 1'); or
- full lifetime expected credit losses (expected credit losses arising from all possible default events over the life of the financial instrument) ('stage 2').

'Stage 3' or non-performing includes financial instruments that have objective evidence of impairment and is equal to all defaulted instruments.

Interest revenue is calculated differently according to the status of the asset regarding credit impairment. In the case of a financial asset for which there is no objective evidence of impairment at the reporting date ('stage 1 and 2'), interest revenue is calculated by applying the effective interest rate method to the gross carrying amount. In the case of a financial asset that has become 'credit-impaired' ('stage 3'), interest revenue is calculated by applying the effective interest rate to the amortised cost balance, which comprises the gross carrying amount adjusted for any loss allowance.

Financial assets measured at fair value through profit or loss and shares included in the category " financial assets at fair value through other comprehensive income (OCI)" are not impaired

For loan commitments and financial guarantee contracts, the date that AXA Bank Belgium becomes party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements.

Stage 1 and 2

Significant Increase in Credit Risk

At each reporting date, AXA Bank Belgium measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if there was a significant increase in credit risk since origination. If, at the reporting date, the credit risk of a financial instrument has not increased significantly since initial recognition, AXA Bank Belgium measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A loss allowance is measured at an amount equal to 12-month expected credit losses for financial instruments for which the criteria for the recognition of lifetime expected credit losses are no longer met.

The criteria used by AXA Bank Belgium to identify a significant increase in the credit risk of a financial instrument at the reporting date in the retail book is based on the probability of default. AXA Bank Belgium transfers all financial instruments for which the probability of default over 12 months between origination date and reporting date has increased by a relative amount and to an absolute fixed level. Additional triggers are :

- more than 30 days late payment, not counting the deferral of payments within the framework of the measures developed by the Government and the banks to temporarily support businesses, self-employed persons and families.
- tolerance measures ('forbearance') other than the deferral of payment mentioned in the previous paragraph
- the negative report in the Belgian Credit Centre
- a second request for deferral of payments within the framework of the measures developed by the Government and the banks to temporarily support businesses, self-employed persons and families
- internal scoring based on:
    - combination of a request for deferral of payments with observation of a changing behaviour in the current account
    - for professional loans, an addition of an external scale-up indicating the extent to which a professional customer may or may not be crisis-proof.

For the non-retail book, the significant increase in credit risk identification is based on the rating of the financial instruments which must deteriorate by a minimum number of notches since the purchase date and to an absolute fixed level (in general below investment grade).

Low Credit Risk

AXA Bank Belgium considers a financial instrument's credit risk as low if the financial instrument

- has a low risk of default,
- the borrower has a strong capacity to meet its cash commitments in the near future, considering changes in the economic and business circumstances that could reduce the ability of the borrower to meet its credit obligations.

In particular, non-retail exposures that are ranked as investment grade (BBB- or higher) will be ranked automatically on the date of conclusion in stage 1 (12-month expected credit losses). For public exposures, this is lowered to BB- and higher. In the retail portfolio, however, loans and receivables are never automatically considered ‘at low credit risk’. Consequently, all those loans and receivables are subject to a test for significant increase in credit risk.

Inputs, Assumptions and Valuation Techniques

The key inputs into the measurement of expected credit losses (ECL) are the following variables:

- probability of default (PD): the probability that the counterparty will default over a certain time horizon;
- loss given default (LGD): percentage of exposure at default (EAD) to be lost in the event of default of the counterparty;
- exposure at default (EAD): amount to which the bank is exposed in the event of default of counterparty.

The parameters for the retail book are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information and any prudential conservativeness is filtered out.

For the non-retail book, these parameters are derived from historical data and adjusted to statistically meaningful parameters. It should be highlighted that the non-retail portfolio consists solely of high investment grade and often secured exposures: sovereign and supranational bonds, reverse repos and secured loans. Therefore, expected credit losses are immaterial.

Two types of PDs are used for calculating ECLs:

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs;
- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’ and ‘stage 3’ exposures.

For the retail portfolio, AXA Bank Belgium derives the marginal PD from the Basel IRB model (‘Internal Ratings Based’) over a time frame of 12 months with the necessary adjustments to ensure that this results in the best possible assessment. In these models, AXA Bank Belgium uses customer- and contract-specific information that make it possible to group the credit portfolio into classes in which the credits have a similar risk for non-payment.

The lifetime PD is determined by forecasting the marginal PDs for the different time steps by including forward-looking macro-economic information (regression model). Beyond the forecasting horizon of the macro-economic variables, a long term target PD estimate is used to which the marginal PD will converge after some time. The typically decreasing PD behaviour, due to ageing, for certain portfolios such as mortgage loans, is considered.

EAD for the retail book is determined based on an estimate of the exposure at a future default date, whereas the non-retail book uses the gross carrying amount.

AXA Bank Belgium doesn't have any revolving products. The EAD for products with regular repayment is determined as follows:

- Balance sheet products: for products with regular repayment under IFRS 9, it is necessary to determine the redemption curve of each credit. For balance sheet products, the correct cash flow schedule is derived from the contractual data. Repayment tables are compiled on each reporting date by the IFRS 9-calculation module for all standard credit types:

  - Repayment with fixed instalments
  - Repayment with fixed capital repayments
  - Bullet loans

  Repayment is drawn up based on the exact payment frequency (monthly, quarterly, etc.).

- Structured mixed products: these have no fixed expiration date but depend on several behavioural activities (usually the case with credit cards, overdrafts, etc.). These are therefore modelled with a specific 'until further notice' contract type, in fact, a bullet cash flow schedule with a long maturity and an annual turnover. An assumption is made for products with no apparent maturity.

It uses a credit conversion factor (CCF) for credits that have yet to be fully taken up.

LGD is based on the difference between the contractual cash flows due and those that AXA Bank Belgium expects to receive, including from any collateral. For mortgage loans, loan-to-value ratios are used as a key parameter in determining LGD. For this purpose, a forecasted house price index is used. Beyond the forecasting horizon of the loan-to-value ratios, expert opinion is used to estimate the average yearly growth of the house price index.

There are two LGD models, for the material segments, depending on whether the credit is covered by a mortgage. If so, the LGD is calculated based on the mortgage model; If not, it is based on the non-mortgage model.

For the mortgage model, the Loss Given Recovery (LGR) and the Probability of Cure (PC) depends on the credit's Loan-to-Value (LTV). A credit's LTV is the ratio of all exposures of a customer versus the related safeguards. The LTV is recalculated for each period and for each scenario, because the credit amount is evolving because of repayments, and guarantees because of the evolution of real estate prices. The LGR takes the discount effect and the cost into account. The expected recuperation on a credit will also be discounted based on the time in the future.

For the non-mortgage model, the LGD depends on the original maturity of the credit and the elapsed term ('Years on Book'). The YOB is calculated based on the number of months that have elapsed since granting of the credit and the credit scoring in the LGD.

AXA Bank Belgium will derive the expected credit losses on the balance sheet based on a discounting of the expected losses (based on the effective interest rate), the contractual payments and possible advance payments, with adjustments for missed payments in the period that preceded the default.

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

Grouping

Modelling of the parameters is done on a collective basis. The financial instruments are grouped based on common risk characteristics such as

- type of instrument
- credit risk ratings
- collateral type
- 'loan-to-value' ratio for mortgage loans
- date of initial recognition
- remaining duration
- number of years in the accounts.

The groups are regularly reviewed to ensure the different groups remain homogeneous.

Future-oriented Information

AXA Bank Belgium uses 3 years future-oriented information.

In the retail portfolio, the economic scenarios used include the following sets of core indicators:

- unemployment rate
- gross national product growth
- evolution of real estate prices

The derived macro-economic key indicators are those that are statistically the most relevant according to the AXA Bank Belgium macro-economic models. A series of macro-economic factors were tested, and its relationship assessed against the AXA Bank Belgium default rates. On that basis, the most appropriate core indicators reflecting the risk were derived. In addition, the macroeconomic core indicators are also the ones recommended by AXA Bank Belgium experts (such as the Loan-to-Value for the LGD). In addition, in the further monitoring of the IFRS 9 outputs, the point in time estimates are constantly compared with the real point in time amounts (which contain the observed point in time).

Stage 3

Retail

The AXA Bank Belgium definition of default is in line with Directive (EU) No 575/2013, the directives of the European banking authority (EBA) on tolerance measures and non-payment, and the Capital Requirements Regulation of Basel III. AXA Bank Belgium has matched the definitions of default with credit-impaired and non-performing.

AXA Bank Belgium will flag a financial asset in the retail portfolio as 'default' if one or more of the following conditions is met:

- 'Unlikely to pay': the borrower will probably not be able to meet its full credit obligations, without taking possible remedy by AXA Bank Belgium as collateral into account;
- 90 days of 'material' past due : there is more than 90 days of past due payment on a credit obligation vis-vis AXA Bank Belgium where materiality is assessed based on 2 thresholds (the deferral of payments within the framework of the measures developed by the government and the banks to temporarily support businesses, self-employed persons and families is not included):
    - o an absolute threshold: overdue credit amount > €100
    - o a relative threshold: overdue credit amount > 1 % of the outstanding credit on the balance
- 'Pre-litigation' (uncertain/pre-litigation – PCX) the borrower has more than 90 days past due and is part of a recovery plan (not considering the deferral of payment under the above measures)
- 'Litigation' (doubtful/'litigation', CX): the borrower is 9 months or longer in 'pre-litigation' or the credit has ended.

Assumptions used for the recovery ratio ('cure rate'):

- 'Unlikely to pay': the borrower is no longer in forbearance; the borrower is past due less than 30 days;
- 90 days past due: the borrower is past due less than 90 days;
- 'Pre-litigation': no past due anymore;
- 'Litigation': irrevocable procedure

Probation period:

- 'Unlikely to pay' means at least 2 years since the granting of forbearance measures or the moment when the forborne credit is again considered 'performing' (this is in case credits with forbearance measures nevertheless fall into the status of default);
- 'default': means 3 months (from the moment that the credit commitment is no longer more than 90 days past due, or the 'unlikely to pay' status.

The elements that are considered in the estimates of non-payment and the importance of it may change over time to take account of changes in legislation, market practices, etc.

Non-retail

AXA Bank Belgium flags a financial asset in the non-retail portfolio as 'default' as soon as non-payment is established based on the terms and conditions of the contract.

Acceptable Credit Risk

In retail, each portfolio has a separate set of guidelines for granting a loan, including

- product: purpose of the facility, maximum amount, maximum duration
- scoring: a 'probability of default' score is awarded based on different characteristics. Based on that score, a decision is made on refusing or granting the loan. In some cases, management or an analyst may amend the decision should they determine certain elements were not considered.
- budget analysis: as a rule, the monthly disposable income should exceed the monthly repayment by a certain fixed amount
- guarantees: types of guarantees and minimum amount

With non-retail:

- portfolios 'hold to collect' and 'hold to collect and sell': the AXA Bank Belgium investment guidelines do not allow the purchase of bonds with a rating less than 'BBB'. If a bond previously had a higher rating and was reduced to a level below 'BBB', the Wholesale Risk Committee should decide whether the old position should be held or not.

- reverse repos: only regulated financial institutions with a rating of 'A-' or higher are eligible as counterparty for reverse repos

- deposits with banks: AXA Bank Belgium may not make deposits with banks without collateral. AXA Bank Belgium holds nostro accounts for its operations with different banks, but to a minimum, and doesn't make deposits with these banks

- The AXA Bank Belgium Board of Directors also established a suitable investment framework:

    - exposure to a group of interconnected issuers may not exceed a certain percentage of the capital, depending on the credit rating
    - for new investments, the exposure to a group of interconnected publishers may not exceed 25% of the total portfolio
    - bonds issued by the Belgian Kingdom are an exception to these rules, because they may be needed to avoid the basis risk in mortgage hedges
    - additional restrictions are in effect, such as in the nature of the issuer, restrictions in terms of maturity, maximum RWA, only EUR as currency, etc.

Forbearance Measures

Forbearance measures consist of concessions towards a borrower facing or about to face financial difficulties. Forbearance measures can be taken only if there is a mutual agreement between the borrower and the bank on these measures. Concessions are changes in the modalities of a credit facility or a total or partial refinancing in favour of the borrower, which are granted, when the borrower is in financial difficulties. This favour wouldn't be granted if the debtor is not experiencing financial difficulties. Concessions may (and not must) entail a loss for the lender and typically imply a change in the terms and conditions of the credit contract.

Triggered by specific events, the bank's credit exposure on a borrower is reviewed. On that occasion, a risk assessment is made by experts who can be assisted by rating models. This assessment is ultimately submitted to the competent decision level. From the moment a concession will be or is granted to a borrower, the following situations are considered as important indicators that the borrower is in financial difficulties. Financial difficulties refer to the situation in which the debtor is considered to be unable to comply with the terms and conditions of a credit ('troubled debt'). Financial difficulties must always be assessed on a client level.
The concession is thus to be classified as a forbearance measure when:

1. the modified facility was totally or partially past-due by more than 30 days (without being in default) at least once during the three months prior to its modification or would be more than 30 days past-due, totally or partially, without modification;
2. simultaneously, with or close in time to the granting of additional debt, the borrower made payments of principal or interest on another credit within AXA Bank Belgium; that was totally or partially 30 days past due at least once during the three months prior to its refinancing;
3. embedded forbearance clauses are used for borrowers who are 30 days past-due. Or who would be 30 days past-due without the exercise of these clauses.

When there are no indications that the debtor is in financial difficulties, the concession is not to be treated as forborne. By example, if the consumer asks for a reduction of his interest rate otherwise he will resign his loan, this is not forbearance even if it is a concession.
The forbearance classification on performing expositions can be stopped when all the following conditions are met:

1. the facility is considered as performing;
2. a minimum 2-year probation period has passed from the date the forborne facility was considered as performing or granted;
3. regular payments of the full foreseen amount have been made during at least half of the probation period;
4. none of the exposures to the debtor is more than 30 days past due at the end of the trial period (= minimum period during which a facility is to be catalogued as specified).

Derecognition

Loans and bonds are derecognised (in full or partially) when there is no realistic possibility of recovery. This will be the case when AXA Bank Belgium assumes that the borrower has insufficient assets or income sources which could generate sufficient cash flows to pay back the amounts concerned. Derecognised amounts may still be subject to recovery activities in line with relevant AXA Bank Belgium procedures.

2.2.2.6 Hedge Accounting

AXA Bank Belgium has chosen to continue applying the hedging principles of IAS 39 – Financial Instruments – Recognition and Measurement in place of that of IFRS 9 – Financial Instruments.

AXA Bank Belgium designates certain derivatives held for risk management in qualified hedging relationships. When concluding the hedge, AXA Bank Belgium formally documents the relationship between the hedging instrument and the hedged instruments, including the risk management objective and strategy when entering into the hedging relationship, as well as the method that will be used to determine the effectiveness of the hedging relationship.

The following types of hedges are used by AXA Bank Belgium:

- Fair value hedges: these hedge the risk of fair value changes of a recognised asset or liability (a micro fair value hedge) or a portfolio of assets or liabilities (macro fair value hedge) relating to a particular risk and that could have an effect on the profit or loss.

    - Micro fair value hedge: the continuing hedge effectiveness is reviewed periodically using prospective and retrospective testing. During each of the effective periods, the fair value change that is related to the hedged risk adjusts the carrying amount of the financial instrument. The fair value change is recognised directly in profit or loss. The fair value change of the corresponding derivatives is also recognised directly in profit or loss. As soon as the hedge is no longer effective, it is discontinued and the value adjustments – in the case of debt instruments – is depreciated over the remaining life of the instrument by adjusting the effective interest rate.

    - Macro fair value hedge: the continuing effectiveness of the hedge is reviewed periodically using prospective and retrospective testing. During each of the effective periods, the fair value change that is related to the risk of a reference amount being hedged is booked to the portfolio of underlying financial instruments. This fair value change is amortised. Based on IFRS, depreciation may start as soon as a value adjustment took place. The amortisation should start no later than when the hedged instrument is no longer adjusted for changes in fair value related to the hedged risk. AXA Bank Belgium has decided to start depreciation at the end of the hedge. The fair value change of the corresponding derivatives is booked directly in profit or loss.

- Cash flow hedges: these hedge the possible variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable expected future transaction and that could have an effect on the profit or loss. The continuing effectiveness of the hedge is reviewed periodically using prospective and retrospective testing. During each of the effective periods, the effective portion of the fair value change of the hedging instrument (derivative) is deferred in OCI and the ineffective portion is recognised in profit or loss. As soon as the hedge is no longer effective, it is discontinued. The deferred amount remains deferred through OCI until the expected future transaction is carried out, after which the results are included symmetrically in profit or loss with those of the risk being hedged.

2.2.2.7 Embedded Derivatives

An embedded derivative is a component of a hybrid contract that also contains a non-derivative host contract. The consequence is that some cash flows from the composite instrument change in the same way as that of a stand-alone derivative.

If a hybrid contract contains a host that is a financial asset, the regulation in point 2.2.2.1 applies for the entire hybrid contract.

If a hybrid contract contains a host that is a financial liability, an embedded derivative is separated from the host contract and recognised as a derivative, if and only if:

- the economic characteristics and the risks of the embedded derivative are not closely related to the economic characteristics and risks of the host
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative
- the hybrid contract is not measured at fair value through profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

If the contract, however, contains one or more embedded derivative and the host contract is a financial liability, AXA Bank Belgium may decide to designate the entire hybrid contract as at fair value through profit or loss, provided that the conditions specified in Chapter 2.2.2.2 Financial Liabilities: Measurement Categories, subject line 'Financial Liabilities at Fair Value through Profit or Loss' are met.

2.2.2.8 Derecognition

Financial Assets

AXA Bank Belgium derecognises financial assets when the contractual rights to the cash flows from the financial asset expire, or when they transfer the contractual rights to the receipt of cash flows from the financial asset in a transaction in which virtually all risks and rewards as the owner of the financial asset are transferred, or in which AXA Bank Belgium neither transfers nor retains nearly all risks and rewards, and no longer has control over the financial assets.

At the derecognition of the financial asset, the difference between the asset's carrying amount and the sum of the compensation received and the cumulative profit or cumulative loss that was embedded in OCI (except for shares designated at fair value through OCI) is included in profit or loss as realised gains or losses.

AXA Bank Belgium concludes transactions in which they are transferring assets on its balance sheet but retains all or substantially all risks and rewards of the transferred assets or a portion of it. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and repos.

Financial Liabilities

AXA Bank Belgium discontinues financial liabilities when the contractual obligations are discharged or cancelled or expired.

2.2.2.9 Presentation

Offsetting

Financial assets and financial liabilities are offset, and the net amount is included on the balance sheet if, and only if AXA Bank Belgium has a legally enforceable right to set off the amounts and intends either to settle them on a net basis, or to realise the receivable and the liability simultaneously.

Income and expense items are included gross except for the trading portfolio for which the results are set off.

Other presentation rules

For interest-bearing financial instruments, the interest is included in the interest margin, in other words apart from the measurement results (for financial instruments at fair value through profit or loss) and of the realised gains or losses.

For all financial instruments, except those that are measured at fair value through profit or loss, the measurement results and realised gains or losses are presented separately.

For financial instruments at fair value through profit or loss, no distinction is made between the measurement results and realised gains or losses.

2.3 Equity

Equity components are assessed at cost.

Treasury shares are deducted from the equity at acquisition price, including directly assignable incremental transaction expenses.

Dividends are deducted from equity when they become due.

2.4 Financial Guarantees Issued

Financial guarantees issued are initially recognised on the contract date. They are recognised at fair value, which typically corresponds to the received commission for issuing the financial guarantee. If the premium received does not correspond to market practices, the difference with the fair value is included immediately in profit or loss.

First, the received premium is amortised pro rata temporis over the term of the contract. This takes place on a per-contract basis.
It is subsequently checked (on a portfolio basis) whether a provision is to be created for potential or certain execution. This provision is discounted if the impact is material.

Derecognition takes place at maturity date or in the event of execution. The guarantee issued shall be derecognised for the guaranteed amount, which was built up through the provision.

2.5 Fee Income

Based on IFRS 15 – Revenues from contracts with customers, the commission income is accounted for in the income statement based on a five-stage approach:

- identification of the contract with the customer: at AXA Bank Belgium, these are mainly services provided for maintaining accounts, payment transactions, issues and placements, purchases and sales of securities, the holding of safes and securities accounts and financial guarantees issued. In principle, each transaction leads to 1 contract with the customer.
- identification of the performance obligations in the contract (description of the service as stated above).
- determining the transaction price, namely the amount charged per service provided. At AXA Bank Belgium, there are no performance fees, non-cash fees or financing components.
- allocation of the transaction price to the performance obligations in the contracts.
- recognition of revenue when or as the entity satisfies the performance obligation.

Based on these elements, the commission income for holding accounts, safes and securities accounts are in principle spread in the income statement over the term of the service provided, while the commission income for payment transactions, issues and placements, purchases and sales of securities and provided financial guarantees are included one shot in the income statement, at the time when the service is provided.

2.6 Foreign Currency Translation

The presentation currency of AXA Bank Belgium is the euro.

The functional currency is the euro for the parent company and the subsidiaries (all in the Eurozone).

2.6.1 Conversion of Monetary Components into a Functional Currency

Monetary components are currency units held as well as assets and liabilities which must be received or paid in a fixed number or a number to be determined of currency units. This concerns fixed rate securities, loans and receivables as well as the deposits and debts

At recognition date, monetary components in foreign currency are converted into the functional currency at the current exchange rate on the transaction date or the spot price of the underlying exchange transaction.

Each month a monetary measurement process takes place based on the balance, where the total outstanding monetary balance in foreign currency is converted at the closing rate. All positive and negative differences are recognised in profit or loss, regardless of the measurement category to which the monetary components belong.

Upon derecognition, monetary components in foreign currency are converted into euros at the current exchange rate on the transaction date or the spot price of the underlying exchange transaction.

2.6.2 Conversion of Non-monetary Components into a Functional Currency

Non-monetary components are components other than monetary ones. This primarily involves non-fixed income securities.

When recognised in the balance sheet, non-monetary components in foreign currency are converted into euros at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

The periodic non-monetary remeasurement process differs depending on the measurement category:

1. for non-monetary components valued at cost, once the conversion into euros has taken place, this value in euros is maintained until derecognised from the balance sheet;
2. for non-monetary components falling under the valuation categories ‘Assets and liabilities designated at fair value through profit or loss’, there is a periodic revaluation of fair value, which consists of two components: the fair value change and the foreign currency exchange result. Both components are included in profit or loss;

3. for non-monetary components belonging to the valuation category ‘Financial assets at fair value through OCI’, there is also a periodic revaluation of the fair value, which consists of two components: the fair value change and the foreign currency exchange result. Both components are deferred in equity. If a negative rating should be booked as impairment, both components are booked from equity and transferred to profit or loss.

Upon derecognition, non-monetary components in foreign currencies are converted into euros at the current exchange rate on the transaction date or the spot price of the underlying exchange transaction.

2.7 Contingent Assets and Liabilities and Provisions

2.7.1 Contingent Assets and Liabilities

Contingent assets are not recognised in the balance sheet; they are, however, included in the disclosures if an inflow of economic benefits is virtually certain.

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Contingent liabilities are not recognised in the balance sheet; they are, however, included in the disclosures, unless the possibility of an outflow of resources embodying economic benefits is remote.

2.7.2 Provisions

Provisions are only recognised if a present obligation exists as a result of a past event, that can be reliably estimated and for which it is more likely than not that a payment will be required.

The existing obligation can be either legally enforceable or constructive.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, considering the risks and uncertainties and any future events; they are discounted if the impact of the time value is material.

Compensation to be received in connection with the provisions made is recognised as an asset.

On each balance sheet date provisions are reassessed and adjusted, either to take into account the time value (accrued through financial charges), either to increase it (failing adequate provisions) or to reverse it (in the event of surplus provisions).

The provision shall only be used for the expenditure for which it was created.

2.8 Employee Benefits

Employee benefits are accounted for in the income statement in the year in which the services were provided.

For short-term employee benefits, which are paid within one year of the closing date, such as salaries, social security payments, sick leave, holiday pay and bonuses, provisions are created that are not discounted.

For long-term employee benefits not including benefit plans, such as career breaks, bonuses for 25 and 35 years of service, bonuses or other remuneration, only paid more than one year following the closing date, the calculation of cash value of gross liabilities applies. The actuarial differences because of the periodic revision of valuations and assumptions are recognised directly in the income statement. At AXA Bank Belgium, pension plans fall under the defined benefit plan category.

The amount recognised as a net liability based on defined benefit rights consists of the net total of the following amounts:

1. present value of the gross amount of liabilities from defined contribution rights as at the balance sheet date, where the ‘projected unit credit’ method is used;
2. less the fair value on the balance sheet date of any plan assets from which the liabilities must be settled directly.

The latter plan assets can involve both assets and insurance contracts.

Assumptions and estimates are periodically revised and adjusted.

Profits or losses on the major curtailment or settlement of a defined benefit plan are recognised at the time the curtailment or settlement takes place.

Redundancy payments, including early retirement, are only recognised upon acquiring legal effect regarding third parties. Discounting is also applied if the payment is more than one year from the balance sheet date.

2.9 Income Taxes

2.9.1 Current Taxes

Taxes due and tax refunds receivable over the current reporting period relating to current and previous periods are recognised as a liability, provided they have not yet been paid.

If the amount already paid, with respect to current and previous periods, is greater than the amount owed for these periods, the balance is recognised as an asset.

2.9.2 Deferred Taxes

Deferred tax liabilities are recognised on the balance sheet for all temporarily taxable differences. They are created:

- through the income statement if the underlying temporary difference is also recognised through the income statement;
- through equity if the underlying temporary difference is also recognised through equity.

Deferred tax assets related to tax losses carried forward for transferable tax credit are only recognised on the balance sheet if the temporary differences can be settled in accordance with local tax legislation.
Other deferred tax assets are always recognised on the balance sheet since it is assumed that these temporary differences shall always be able to be recuperated.

At each closing date, the recoverability of the deferred tax asset is assessed. If the deferred tax asset cannot be recovered, impairment is accounted for. This impairment is reassessed at each closing date and adjusted, if needed, if additional information on the recoverability is obtained.

For accounting purposes netting takes place between deferred tax assets and deferred tax liabilities only inasmuch as the nature of the tax expense and the expiry date are similar for each fiscal entity.

For presentation purposes, netting between deferred tax assets and deferred tax liabilities occurs per fiscal entity.

The outstanding balance of the deferred tax assets or deferred tax liabilities is periodically revalued to consider the changes in tax rates and/or tax legislation of the fiscal entity.

Assets or liabilities because of tax on profits are not discounted.

2.9.3 Estimate of Deferred Taxes

The following distinction is made regarding deferred taxes and their recoverability.

Deferred tax through OCI

These tax assets are booked on:

- adjustments regarding the actuarial assumptions used for the calculation of the provisions related to pension schemes;
- the measurement results on derivatives used for cash flow hedging;
- the measurement results on securities that are classified under the ‘financial assets measured at fair value through OCI’ category.

As no impairment is noted on the receivable, no credit losses on debt instruments are expected. Therefore, the receivable is considered as fully recoverable.

Deferred tax because of a difference in the timing of accounts being processed (including losses)

A deferred tax asset is recognised insofar as future accounting profits will be available to both recover the deferred tax asset and for the unused tax credit balance that can be offset.

2.10 Property, Plant and Equipment

There is no capitalisation of tangible fixed assets secured under an operating lease and rental expenses are accounted for on a linear basis and included in the income statement over the term of the lease.

The initial recognition of tangible fixed assets obtained under a financial lease takes place for the fair and cash value of the minimum lease payments. Initially directly assignable expenses related to the acquisition are also capitalised. Financing expenses are recognised in the income statement based on the implicit interest rate.

The initial recognition of tangible fixed assets acquired takes place at acquisition value plus any additional attributable expense and directly attributable transaction costs. Financing expenses during the construction period are capitalised, if material.

Subsequent measurement takes place at amortised cost, which considers amortisation and periodic impairment testing.

For the depreciation, the residual value and the useful economic service life is considered. Typically, the depreciation of buildings must consider the ‘component approach’. Due to the principle of immateriality on the one hand and to, on the other hand, also consider the accounting policies imposed by the parent company, AXA Bank Belgium has decided not to apply the component split for the time being.

On each reporting date, the impairment test for buildings and land compares the cost after deduction of any depreciation accounted for with the value in use determined based on an independent survey:

- if the unrealised loss is less than 15%, no special impairment depreciation is booked;
- if the unrealised loss is more than 15% the ‘discounted future cash flow’ method is applied

If the value based on the discounted future cash flow is lower than the carrying amount, an impairment is booked for an amount equal to the difference between:

- the cost price after deduction of the recorded depreciation;
- the higher value of the independent surveys and the value based on discounted future cash flow.

After an impairment loss is recognised for a building, its outstanding amortisation table is adjusted.

If subsequently, the independent survey is more than 15% higher than the net carrying amount, the impairment is reversed for an amount corresponding to the difference between:

- the net carrying amount;
- the lowest of the independent assessment and the cost after deducting the depreciation recorded (calculated based on the existing depreciation table for depreciation), with a maximum amount of for the previously booked value correction.

Subsequently the outstanding amortisation table is adjusted.

Tangible fixed assets held for sale are valued at the lowest carrying amount (cost minus previously booked depreciations) and the fair value less selling costs. Such tangible fixed assets are no longer amortised and are presented separately on the balance sheet.

Depreciation booked during the financial year according to their economic life expectancy (linear method):

- land for own use: not depreciated
- buildings for own use: 3%
- building design: 10%
- IT equipment: 20%
- furniture, facilities: 10%
- non-IT machines and rolling equipment: 20%.

2.11 Intangible Fixed Assets

Set-up costs are directly recognised in the income statement, unless they can be identified as transaction costs for assets or liabilities

Purchased intangible assets, which satisfy the recognition criteria (future economic benefits and reliable measurement) and of which the useful life exceeds a year, are accounted for at acquisition value, including additional expenses and directly attributable transaction costs. Software for which an annual license is paid is not capitalised.

Depreciation booked during the financial year according to their economic life expectancy (linear method):

- set-up expenses: accounted for in the income statement in the financial years in which they were spent
- software for own use, purchased from third parties: 10 to 20%
- software internally developed: 10 to 20%

In the event of internally generated software, an intangible asset resulting from the development (or out of the development phase of an internal project) is recognised if and only if all conditions below are met:

1. technical feasibility to complete the intangible asset, to make it available for use;
2. intention to complete and use the intangible asset;
3. capacity to use the intangible asset;
4. how the intangible asset is likely to generate future economic benefits;
5. availability of adequate technical, financial and other means to complete the development and use the intangible asset;
6. capacity to reliably evaluate expenses attributable to the intangible asset during its development.

Costs that do not meet these criteria as well as research costs are not capitalised.

Definitions:

- research phase: activities aimed at obtaining new knowledge; the search for applications or research findings or other knowledge; the search for alternatives for devices, products, processes, systems or services; formulation, design, evaluation and final selection of possible alternatives for new or improved devices, products, processes, systems or services.
- development phase: the design, construction and testing of pre-production or pre-use prototypes and models; the design of new devices, products, processes, systems and services; the design, construction and operation of a specific test environment; the design, construction and testing of a chosen alternative.

Intangible fixed assets are subject to an impairment test.

- AXA Bank Belgium assesses at each balance sheet date whether there is an indication of impairment. If such an indication exists, the bank shall estimate the recoverable amount of the asset. This amount is the highest of the fair value minus costs to sell or the value in use of the asset.
- If the recoverable amount of the asset is lower than the carrying amount, an impairment is booked for this difference.
- If there is an indication that an asset should be impaired, the recoverable amount of the asset shall be estimated. If it is impossible to estimate the recoverable amount of the asset, an entity must determine the recoverable amount of the cash-generating unit to which the asset belongs.
- Regardless of whether there is an indication of impairment, intangible assets with indefinite useful life must be tested annually for impairment. The test takes place by comparing the carrying amount with its recoverable amount. This rule also applies to assets that are not yet in use at the balance sheet date.

2.12 Governmental grant

AXA Bank Belgium considers the ECB as a supra-national public institution within the European Union to be a body equal to local, national or international authorities, public institutions.

The more favourable conditions included in its longer-term refinancing operations are therefore considered as governmental grant. The value of the benefit is determined as the difference between the amount received and the initial value of the loan in accordance with IFRS 9 – Financial instruments.
These are expressed on the balance sheet as soon as it can be reasonably stated that:

- AXA Bank Belgium will fulfil the conditions attached to the grant;
- the grants will be received

They are systematically recognised as revenues in the income statement for the periods during which the related costs they aim to offset, are included

2.13 Other Assets and Liabilities

Non-operational debtors and creditors are recognised in the balance sheet on the date they become available.

Other assets are recognised at the nominal value of the claim less any impairment.

Other liabilities are recognised at the nominal value of the debt.

2.14 Supplementary Information

2.14.1 Events After the Balance Sheet Date

Events after the balance sheet date that show circumstances that existed at the balance sheet date (for example, additional information about already-made estimates), will require an adjustment to the financial statements, if material.

Events after the balance sheet date that show circumstances that were created after the balance sheet date (for example, evolution of the dollar or the fair value of securities), will not require an adjustment to the balance sheet, the income statement, the changes in equity or cash flow statement. However, if material, information is provided on the nature and estimated financial impact in order to prevent the financial statements from being misleading.

2.14.2 Interim Financial Reporting

There is no specific interim financial reporting; the company only publishes its figures annually.

2.14.3 Changes in Accounting Policies and Accounting Estimates

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate in accordance with IFRS.

A change in estimate is applied prospectively. Inasmuch as a change in estimate leads to changes in assets and liabilities, or relates to a component of the equity, this change is settled in the period in which the change has taken place, by changing the carrying amount of the relevant asset, the relevant liability or the relevant component of the equity.

Any change in the accounting policy must be applied retroactively.

If it is not feasible to determine the consequences of a change in a financial reporting policy on comparative information for one or more previous reporting periods, the new financial reporting policy is applied on the carrying amount of assets and liabilities from the start of the earliest period (the earliest period can be the reporting period) for which retroactive application is possible. For this period, the initial balance for each relevant component of the equity is adjusted accordingly.

If it is not feasible to determine the cumulative effect, at the beginning of the reporting period, of the application of a new accounting policy on all previous reporting periods, the comparative information is adjusted to apply the new financial reporting policy prospectively from the earliest time at which it is practically feasible.

In such cases additional relevant documentation is provided in the disclosures.

3 Application of IFRS by AXA Bank Belgium

The Consolidated Financial Statements of AXA Bank Belgium were drawn up in compliance with the International Financial Reporting Standards (IFRSs) – including the International Accounting Standards (IASs) and Interpretations - at 31 December 2022 as accepted within the European Union.
Accounting policies that are not specifically mentioned comply with the IFRSs as accepted within the European Union.

3.1 Change in the Accounting Policies

The accounting policies as applied by AXA Bank Belgium in the Consolidated Financial Statements 2022 are unchanged compared to last year.

3.2 Application Dates

An overview is provided below of the impact of changes regarding the IFRS standards. Any reference to the Group should be read as the consolidation scope of AXA Bank Belgium, whose parent company is AXA Bank Belgium.

Standards, Amendments to Standards, Interpretations and Amendments to Interpretations that have been published, accepted within the European Union and for the first time applicable on 1 January 2022

- Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use, effective 1 January 2022
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract, effective 1 January 2022
- Amendments to IFRS 3 Business combinations – References to the conceptual framework, effective 1 January 2022
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use

The amendments prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Companies are required to apply the amendment to annual reporting periods beginning on or after 1 January 2022. The amendment must be applied retrospectively but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

These amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision) directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

At the launch of every new banking product or service a profitability and pricing assessment in line with the "directly related cost approach' is performed by the Group and as such no onerous contracts have been identified or are expected.

Amendments to IFRS 3 Business combinations – References to the conceptual framework

The amendments replaced the reference to an old version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework). The amendments further added an exception to the recognition principle in IFRS 3. That is, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately

an acquirer would apply IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to identify the obligations it has assumed in a business combination. The amendment further added an explicit statement in the standard that an acquirer cannot recognise contingent assets acquired in a business combination.
Companies are required to apply the amendments business acquisitions on or after the beginning of annual reporting period beginning on or after 1 January 2022.

These amendments had no impact on the Group's consolidated financial statements.

Annual Improvements Cycle - 2018-2020

The IASB issued the 2018-2020 cycle improvements to its standards and interpretations. These improvements include:

- *IFRS 1'First-time Adoption of International Financial Reporting Standards*

  The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

  This amendment had no impact on the Group's consolidated financial statements.

- *IFRS 9 Financial instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. An entity shall apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Early application is permitted.
  There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

  These amendments had no impact on the Group's consolidated financial statements.

- *Illustrative Examples accompanying IFRS 16 Leases*

  The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

  These amendments had no impact on the consolidated financial statements of the Group

- *IAS 41 Agriculture – Taxation in fair value measurements*

  The amendments removed the requirement to exclude cash flows for taxation when measuring fair value of assets. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.

  These amendments had no impact on the consolidated financial statements of the Group

Standards, Amendments to Standards, Interpretations and Amendments to interpretations that have been published, accepted within the European Union and that are only applicable at a future date. The Group intends to adopt these standards and interpretations, if applicable, when they become effective:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024[1]
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024[1]
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023

[1] Not yet endorsed by the EU as per 10 November 2022

- IFRS 17 Insurance Contracts, effective 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments)[1]

The amendments clarify the criteria for determining whether to classify a liability as current or non-current. The amendments clarify:
Right to defer settlement - the amendments provide clarification that if an entity's right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period.
Expected deferrals - the amendments clarify that classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period.
Settlement by way of own equity instruments - the amendments clarify that there is an exception to the requirement that settlement of liabilities by way of own equity instruments impacts the classification of liabilities.
Disclosures - the amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Given the fact that the Group is a financial institution for which a current/non-current presentation is not really relevant the amendments to IAS 1 Presentation of Financial Statements for classifying a liability as non-current is not having an impact.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023

The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.
The amendments to IAS 1 will be effective for annual periods starting on or after 1 January 2023 with earlier application permitted.

Those amendments will certainly assist us in our future judgements regarding materiality and classification of topics related to the above but they will have no immediate impact.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023

The amendments introduce a new definition of accounting estimates. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Those amendments will certainly assist us in our future judgements regarding materiality and classification of topics related to the above but they will have no immediate impact.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023

The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The Amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The Amendments apply to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments apply prospectively to transactions that occur on or after the
beginning of the earliest comparative period presented.

The recognition exemption has not been used until now so currently no impact of these amendments on the Group's consolidated financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024[1]

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use retained. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group is currently not involved in Sale and Leaseback operations so currently no impact of these amendments on the Group's consolidated financial statements.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023

The amendment added a transition option for a "classification overlay" to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. If an entity elects to apply the classification overlay,

it can only do so for comparative periods to which it applies IFRS 17 (i.e., from transition date to the date of initial application of IFRS 17). No amendments have been made to the transition requirements of IFRS 9 Financial Instruments.

The amendment is effective for the reporting period in which IFRS 17 Insurance Contracts are initially applied.

This standard is not applicable to the Group.

IFRS 17 Insurance contracts

IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects

The core of IFRS 17 is the general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

4 Risk Management

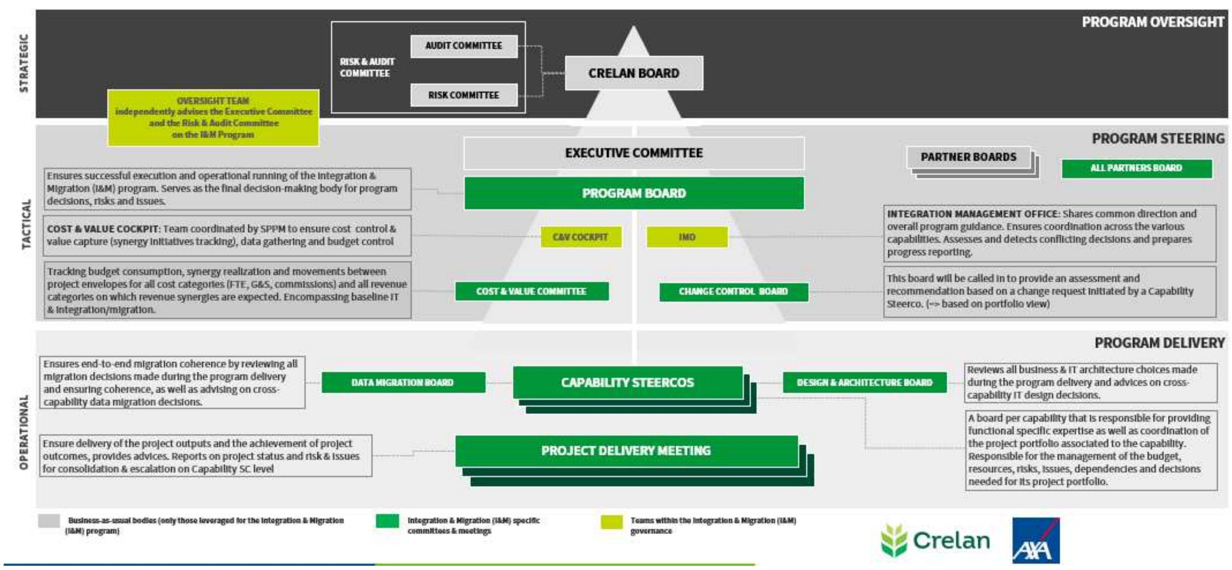
4.1 Introduction

4.1.1 Risk management during an integration and migration process

On 31/12/2021 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.

Given 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.

4.1.2 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.

AXA Bank Belgium 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 4.1.2.1 Additionally, the Belgian banking sector also implemented some measures which are described in section 4.1.2.2.

4.1.2.1 Internal governance

In 2022, the bank has actively continued to work 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 0.

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 AXA Bank Belgium 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.

4.1.2.2 External measures

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 €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 AXA Bank Belgium (see section 4.4.1.1). All those loans are flagged as forborne.

There are no external measures for professional credits. it is a matter of measures to be decided on a case-by-case basis, including in particular the granting of new short terms loans or working capital credits. The bank has decided to grant a Proline 'ENERGY' credit line to solid companies and self-employed people whose turnover is processed through an AXA Bank Belgium account and who are experiencing temporary liquidity problems due to the energy crisis. As this is a new credit application, an individual credit analysis must be carried out. It is therefore not an automatic approval. Depending on the risk profile of the borrower, an adjusted proposal can be made.

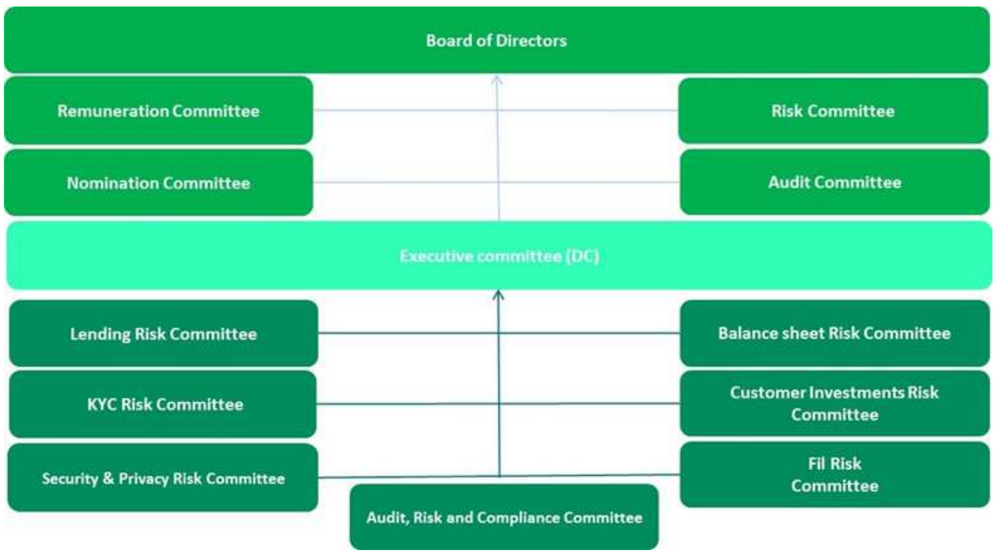
See section 4.4.1.1 for the financial impact of these measures on AXA Bank Belgium.

4.1.3 Risk Management framework

In the exceptional conditions of 2022, AXA Bank Belgium continued to build towards coherent and prudent risk management by applying the risk management framework of Crelan Group, which is also applicable for AXA Bank Belgium. 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.

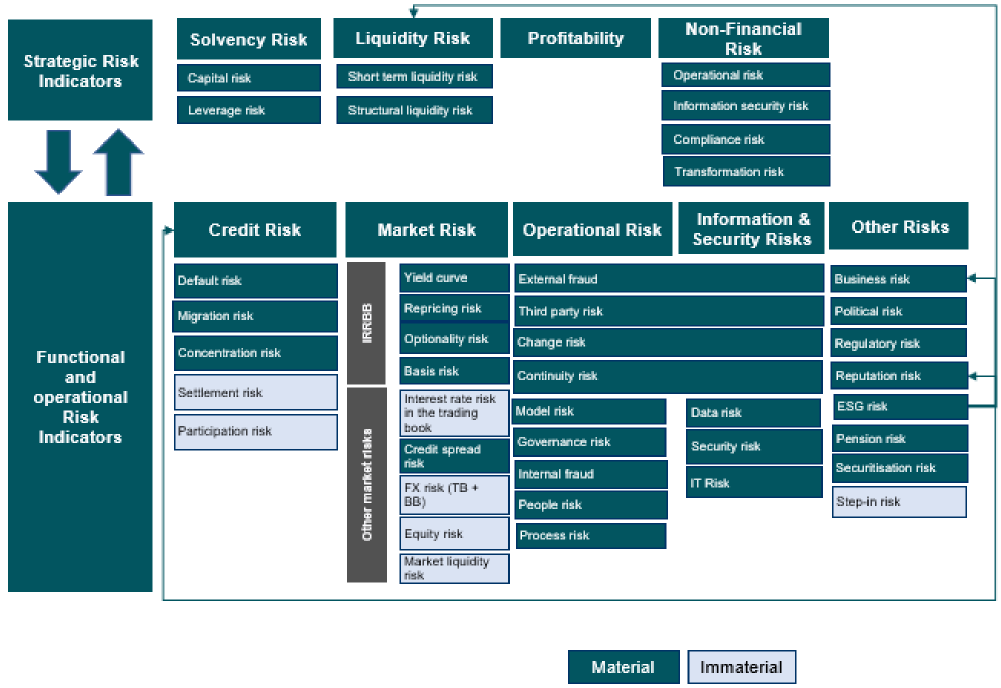
Risk governance structure

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. AXA Bank Belgium's risk management governance and organization are illustrated below, as AXA Bank Belgium is part of the overall Group governance.



Risk assessment process and risk appetite framework

AXA Bank Belgium 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 AXA Bank Belgium'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 AXA Bank Belgium 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 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 AXA Bank Belgium's risk objectives. The management of AXA Bank Belgium 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. AXA Bank Belgium's risk appetite framework sets the appropriate governance, reporting requirements, limits, controls and decision processes to drive management decisions.

AXA Bank Belgium'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 Executive Committee 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, AXA Bank Belgium, as a subsidiary of 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 AXA Bank Belgium 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 further improved in 2022. AXA Bank Belgium applies a data management framework focusing on four main areas (data driven commercial actions, trusted operational data insights, regulatory and financial reporting and data privacy and protection). The principles of both the BCBS 239 directive and the circular NBB_2017_27 have been integrated in the overall data principles of the bank. This guarantees that overall data management in the bank applies best practices that assures that the data is accurate and trusted.

In the following sections, first the focus will lay on the more important risk categories to which AXA Bank Belgium was exposed to 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.

4.2 Solvency Risk

4.2.1 Management

Under the EU Capital Requirements Regulation and Directive (CRR/CRD IV) as well as the Basel accords, AXA Bank Belgium 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 methodologies[2] and the scope of the risks that are covered[3].

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.

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

4.2.2 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, AXA Bank Belgium 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%.

AXA Bank Belgium 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 AXA Bank Belgium 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 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 4.4% extra capital requirement at 31/12/2022.

Following his ‘Supervisory Review and Evaluation Process’ review, (SREP), the competent supervisory authority (the European Central Bank for AXA Bank Belgium) may impose higher minimum ratios (= Pillar 2 requirements), when, for example, not all risks are properly reflected in the regulatory Pillar 1-calculations. AXA Bank Belgium’s Pillar 2 requirement amounts to 2.25% as per the SREP 2022 cycle.

On a sub-consolidated level, AXA Bank Belgium has a BRRD I target which remains applicable until official communication of the Crelan Group BRRD II target. At this moment, AXA Bank Belgium will receive an internal MREL target.

4.2.3 Own Funds

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). When 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)	31/12/2021	31/12/2022
Paid up capital	636,318	636,318
Reserves (including retained earnings)	522,746	613,016
Result of the current year	92,673	0
Other reserves	0	0
Accumulated other comprehensive income	(29,016)	(20,923)

ACCOUNTING IFRS TOTAL EQUITY[4]	**1,222,722**	**1,228,411**
Prudential filters	5,541	(13,266)
Value adjustment of own credit risk	*5,914*	*(12,855)*
Value adjustment of prudent valuation	*(373)*	*(411)*
Deductions of Common Equity Tier 1 capital	(36,064)	(133,391)
Regulatory adjustments accumulated other comprehensive income	*0*	0
Intangible assets	*(12,039)*	*(8,925)*
Deferred tax assets that rely on future profitability	*0*	*(83,847)*
Other deductions	*(16,192)*	*(32,214)*
Securitization	*(2,825)*	*(2,478)*
IRB provision shortfall	*(5,008)*	*(5,927)*
USEFUL CAPITAL COMMON EQUITY TIER 1 (CET1)	**1,192,199**	**1,081,754**

The CET1 amounts to € 1,082 million in 2022 versus € 1,192 million in 2021. This decrease in CET1 is mainly caused by

- An additional capital deduction (€ -84 million) due to the deferred tax assets position that relies on future profitability and arise from temporary differences that increased and surpassed the 10% CET1 threshold;
- Adjustments to prudential filters of € -19 million;
- Other deductions € -16 million;
- Accumulated other comprehensive income € 8 million;
- Intangible assets € 3 million.

The prudential own funds, the senior non-preferred debt, subordinated debt with remaining maturity > 1 year and the EMTNs with remaining maturity > 1 year 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)	31/12/2021	31/12/2022
CET1	1,192,199	1,081,754
Additional Tier 1 capital	90,000	90,000
TIER 1	1,282,199	1,171,754
TIER 2	0	0
Subordinated debts	0	0
Perpetual subordinated debts	0	0
Perpetuals	*0*	*0*
Perpetuals phase out	*0*	*0*
TOTAL OWN FUNDS FOR SOLVENCY REQUIREMENTS	**1,282,199**	**1,171,754**

The total own funds of AXA Bank Belgium evolved from € 1,282 million in 2021 to € 1,172 million at the end of 2022.

4.2.4 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 4.4.5). The Standardised approach is used for a smaller part of the exposure (see 4.4.4).

The RWA for AXA Bank Belgium under the Basel III rules amounted to € 4,147 million on December 2022 coming from € 5,949 million at the end of 2021. This € 1,802 million RWA decrease is mainly driven by the removal of the macro-prudential add-on as of Q2 2022 which

[4] The accounting IFRS equity (€ 1,228 million) differs from the equity shown in the consolidated balance sheet (€ 1,400 million) as the AT1 (€ 90 million) and the YTD profit (€ 81 million) are not included in the table above.

is replaced by the sectoral systemic risk buffer as described in section 4.2.2, this led to a RWA decrease of € 1,878 million compared to the first quarter of 2022. Furthermore, an increase of € 31 million RWA stems from operational risk. The operational risk information is updated once a year. This results in an Own Funds requirement of € 46.6 million with a corresponding RWA level of € 583 million. Finally, credit valuation adjustment RWA of AXA Bank Belgium increased with € 7.5 million during 2022 due to increased interest rates.

RISK EXPOSURE AMOUNTS (in '000 EUR)	31/12/2021	31/12/2022
Risk weighted exposure amounts for credit risk	5,365,770	3,531,337
Risk exposure amount for market risk	16,014	10,024
Risk exposure amount for operational risk	551,927	583,066
Risk exposure amount for credit valuation adjustment	14,915	22,379
TOTAL RISK EXPOSURE AMOUNTS	5,948,625	4,146,806

4.2.5 Securitisation – Significant Risk Transfer

In Q4 2020, 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 capital deduction is the consequence of the retained risk related to the first loss tranche. According to the regulation, the reporting institution has the option to either risk weigh the first loss tranche or to directly deduct its EAD amount from CET1 Capital if its risk weight is 1250% (i.e., the "deduction option" as per Article 253 of the CRR). In fact, both options yield the same result, yet it is the deduction option that was selected in case of AXA Bank Belgium. 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 € 2.5 million in Q4 2022 compared to € 2.8 million in Q4 2021. The computed deduction value is directly deducted from CET1 capital.

As the first loss tranche is fully deducted from CET1 capital, only the retained senior tranche needs to be risk weighted. The RWA of the retained senior tranche amounts to € 60.9 million at the end of Q4 2022 compared to € 73.8 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 capped 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.

Finally, the securitisation of the underlying mortgage portfolio has led to RWA relief amount of € 58 million in Q4 2022 compared to € 154 million in Q4 2021, which is a result of the risk transfer that took place with the transaction. The decrease in RWA relief assigned to the SRT is caused by 2 components. Firstly, the decline is the result of the natural amortization of the SRT portfolio. Secondly, the RWA of the underlying mortgage portfolio decreased in Q2 2022 because of the macro-prudential add-on removal, which resulted in a lower RWA relief compared to Q4 2021.

4.2.6 Capital Ratios

The regulatory solvency ratios compare the own funds of AXA Bank Belgium to its risk weighted assets.

Capital Ratios	31/12/2021	31/12/2022	Minimum capital requirements
Transitional definition			
Common Equity Tier 1 ratio	20.04%	26.09%	13.41%
Tier 1 ratio	21.55%	28.26%	15.33%
Capital ratio	21.55%	28.26%	17.89%

AXA Bank Belgium shows solid solvency ratios at the end of 2022. The increased solvency ratios are largely explained by 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, AXA Bank Belgium's Tier 1 ratio stands at 28.26% (21.55% in 2021) and total capital ratio at 28.26% (21.55% in 2021).

4.2.7 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. The monitoring of this framework is performed on the Crelan consolidated level.
Approach for the Crelan consolidated scope:

- Starts from the risks which were identified by AXA Bank Belgium in the 2022 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 retail 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 in order to extrapolate the ECAP requirements for AXA Bank Belgium 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 the regulator 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 € 187.8 million;
- For non-retail credit risk a simplified approach has been used: regulatory standardised approach;
- For market risk a simplified approach has been used: regulatory standardised approach;
- For operational risk a set of stress scenarios is developed and based on the results of these scenarios the economic; capital is calculated;
- For business risk, the scenario approach of AXA Bank Belgium was maintained but on the entire portfolio;
- For integration risk, the economic capital is based on the cost estimated for the integration;
- 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	Regulatory Approach
Operational risk	Scenario Approach
Business risk	Scenario Approach
Integration risk	Based on estimated cost
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%.

4.2.8 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 institutions' assets more in line with their capital.

AXA Bank Belgium's leverage ratio according to current CRR legislation (‘Delegated Act’) has decreased to a level of 3.87 % in Q4 2022 compared to 4.51% in Q4 2021 (4.26% 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, AXA Bank Belgium 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 AXA Bank Belgium was 3.10% until March 2022. From Q2

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

2022 the exemption was no longer allowed. Hence the central bank exposures were again included in the leverage exposure of AXA Bank Belgium. Consequently, the leverage ratio exposure increased by € 1,961 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 together with the decrease in Tier 1 capital (see section 4.2.3) caused the decrease of the Leverage Ratio in 2022.

	31/12/2021	31/12/2022
Leverage ratio	4.51%	3.87%

4.3 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.

AXA Bank Belgium'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 AXA Bank Belgium cannot 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 as the risk that AXA Bank Belgium 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.

4.3.1 Liquidity Risk Management

4.3.1.1 Risk Policy, Limit Framework and Reporting

AXA Bank Belgium 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 AXA Bank Belgium'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 maintaining an adequate liquidity cushion to be able to withstand combined idiosyncratic and market stresses over a 3-month horizon. This Internal Liquidity Indicator is applicable as well on AXA Bank Belgium.

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. AXA Bank Belgium 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 AXA Bank Belgium 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	3,121,190	1,300,000	1,821,190

Short Term Liquidity Framework (STeLF)

To complement the regulatory liquidity framework and the Internal Liquidity Stress calculations, AXA Bank Belgium 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. The tables below give an indication of the STeLF liquidity buffers for AXA Bank Belgium at 31/12/2022 for both scenarios.

DATE	02/01/2023	Short Term Liquidity Forecast ACTUAL	In '000 EUR
ACTUAL	Liquidity buffer start	Liquidity buffer change	Liquidity buffer EOD
05/01/2023	5,726,202	-320	5,725,882
04/01/2023	5,722,829	3,373	5,726,202
03/01/2023	5,722,835	-6	5,722,829
02/01/2023	5,722,541	294	5,722,835
31/12/2022	5,726,400	-3,859	5,722,541

DATE	02/01/2023	Short Term Liquidity Forecast ACTUAL	In '000 EUR
ACTUAL	Liquidity buffer start	Liquidity buffer change	Liquidity buffer EOD
05/01/2023	5,194,150	-200,320	4,993,830
04/01/2023	5,194,150	-	5,194,150
03/01/2023	5,194,156	-6	5,194,150
02/01/2023	5,194,260	-104	5,194,156
31/12/2022	5,726,400	-532,140	5,194,260

Regulatory Indicators

AXA Bank Belgium 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 regulator since April 2016. Asset encumbrance (broad and narrow) ratios are calculated in accordance with Belgian regulation.

4.3.1.2 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.

4.3.2 Liquidity Buffer Assessment

AXA Bank Belgium 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	31/12/2021	31/12/2022	Limit
LCR	186%	211%	100%
NSFR	132%	143%	100%

Funding

The main sources of stable funding for the bank are retail deposits (€ 20 billion on 31 December of 2022) and covered bonds (€ 5.9 billion on 31 December 2022). AXA Bank Belgium also participated to the long-term refinancing operations of the ECB for € 0.9 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

Date as of 31/12/2022 (in '000 EUR)	< 6 months	6-12 months	> 12 months	Total
Capital	-	-	1,171,754	1,171,754
Retail funding	19,417,483	85,151	547,267	20,049,901
Stable retail funding	14,955,239	28,155	132,935	15,116,328
Other retail funding	4,462,244	56,996	414,333	4,933,573
Non-financial customers	318,196	5,664	9,411	333,271
Central bank funding	-	-	893,318	893,318
Financial customers	1,355,915	1,100,179	5,573,367	8,029,461
Covered bonds	752,007	-	5,128,278	5,880,285
Other financial customers	603,908	1,100,179	445,089	2,149,176
Other counterparties	-	-	-	-
Total	**21,091,593**	**1,190,994**	**8,195,118**	**30,477,705**

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 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 AXA Bank Belgium 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 € 9.25 billion in 2022 of which € 5.75 billion remains on a consolidated level: € 5.75 billion are placed in the market, and € 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.

4.4 Credit Risk

4.4.1 Credit Risk Management

AXA Bank Belgium 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.

AXA Bank Belgium's main business is to provide mortgage (87%), professional (9%), consumer (4%) and other (1%) loans, with mortgage loans representing the most important share. These products are offered in Belgium only.

4.4.1.1 Impact energy crisis on the bank'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 31/12/2022 capital suspensions granted by AXA Bank Belgium represent 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)
	AXA Mortgage loans	248,690	23,039,675,251	958	5,125,717	112,812,334	0.5%

4.4.1.1.1 Forbearance rules

The regulation refers to contract amendments requested by customers in financial difficulty. In a normal setting, capital suspensions for a period of 6 months or more are considered as forborne at AXA Bank Belgium. 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 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. This means that for AXA Bank Belgium, no changes to the current forbearance procedures are necessary. The impact on the expected credit losses is described in the following section.

Management overlay

AXA Bank Belgium ended 2021 with management overlays on its expected credit loss figures. These overlays were deemed to cover uncertainties related to new rating models and the impact of COVID-19. 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. 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 AXA Bank Belgium'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 € 2,500 assets under management at Crelan Group were considered to determine a management overlay of € 5.0 million corresponding to the application of the coverage ratio of credits in stage 2 to those credits (which are classified in stage 1).

Professional loans
Risk department has conducted an analysis to identify the riskiest credit files based on a series of negative signals. 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 results in a management overlay of € 1.5 million.

4.4.1.2 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 one or more 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. One can get a good understanding of the risk evolutions because of these and other extensive reports by Risk Management on risk factors in the Belgian retail loan portfolio.

The risks on AXA Bank Belgium's Belgium mortgage loans, personal 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. A RAROC framework is available and used as an essential element in the risk-return analysis of the retail activities.

An essential part of the credit risk is formed by the Bank Remedy Department. This department adopts measures to minimize the bank's 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, AXA Bank Belgium 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 Board of Directors Risk Committee.

4.4.1.3 Portfolio

The Belgian loan portfolio consists mainly of mortgages, professional, and consumer 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.

4.4.2 Credit Risk Exposure

For the vast majority of Belgian credit loans credit risk measurement is done by means of Internal Rating Based (IRB) models at AXA Bank Belgium. A residual proportion of loans are measured by the Standardised Approach. AXA Bank Belgium applies the Standardised approach for the investment portfolio and participations, as seen in section 4.4.4
The credit risk exposures are risk-weighted for 17% according to the Standardised Approach and for 83% according to the IRB. When only looking at the Retail portfolio, 99.6% 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.

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

The mortgage portfolio has risen in 2022 with 3.7% thanks to the high new production of mortgages which proofs to be of good quality.

For the consumer loan portfolio, we noticed an increase in 2022 (6.9%). The production did more than compensated for the natural erosion of the portfolio despite not being a strategic product.

The professional loan portfolio of AXA Bank Belgium increased in 2022 with 7.8%. This is in line with AXA Bank Belgium's strategic initiatives to intensify the relationship in the professional segment.

4.4.3 Credit Quality

4.4.3.1 Definition of default

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

AXA Bank Belgium considers 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 € 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. Furthermore, the default status is fully aligned with the 'non-performing' and 'impaired' statuses.

4.4.3.2 Acceptance policy

AXA Bank Belgium has 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 credit quality 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. Due to IT restrictions and efficiency reasons, the remaining principles (= the minority) will be aligned just before the migration.

4.4.3.3 Credit quality stages

4.4.3.3.1 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.

4.4.3.3.2 Underperforming – stage 2

AXA Bank Belgium considers 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):

- Days past due greater or equal to 30;
- Negative listed in CKP 12 database;
- Forbearance measures on credit.
- Current PD rating in bucket 9.
- Current PIT[6] 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.

If a single one of the qualitative or quantitative triggers conditions is met, the loan will be classified as Stage 2.

4.4.3.3.3 Non-performing – stage 3

Stage 3 contains all loans in default, see section 4.4.3.1 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.

4.4.3.4 Specific and general credit risk adjustments

Based on the CRR definition, credit risk adjustments are the amount of specific and general loan loss provisions for credit risk that has been recognised in the financial statements in accordance with the applicable accounting framework. The Consolidated Financial Statements of AXA Bank Belgium 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 losses 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 individually measured allowances.

Based on the following key inputs:

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

[6] Point-in-time

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

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.

4.4.3.5 Credit Risk Mitigation (CRM)

AXA Bank Belgium defines in its credit policies the need to establish collaterals to mitigate the credit risk.

4.4.3.5.1 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 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. AXA Bank Belgium 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.

4.4.3.6 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.

4.4.3.7 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 AXA Bank Belgium remains healthy without signals of deterioration. This is mainly due to the intrinsic quality of the credit portfolio and the prudent acceptance policy. The tables in section 15 provide an overview of the evolution of AXA Bank Belgium’s credit portfolio in 2022 over the various IFRS 9 stages and show the expected loss level per stage.

In 2022 the NPL % further decreased to 0.8% (1.1% in 2021) as all flagged UTP COVID-19[7] credits have exited stage 3 in 2022 next to retrieving normal payments without arrears and the regulatory 3-months probation period.

[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.

Coverage ratio	31/12/2021	31/12/2022
Stage 1	0.02%	0.04%
Stage 2	1.02%	0.76%
Stage 3	16.18%	17.47%

The coverage ratio for Stage 3 increased in 2022 as a result of the implementation of overlays in context of the energy crisis.

4.4.4 Standardised Approach

4.4.4.1 Portfolios under the standardised approach

AXA Bank Belgium uses the standardised approach for determining the credit risk for a limited part of its portfolio. 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.

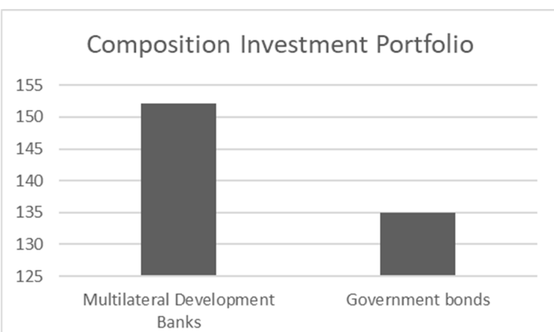
4.4.4.1.1 Derivatives and repos

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’.

4.4.4.1.2 Investment portfolio

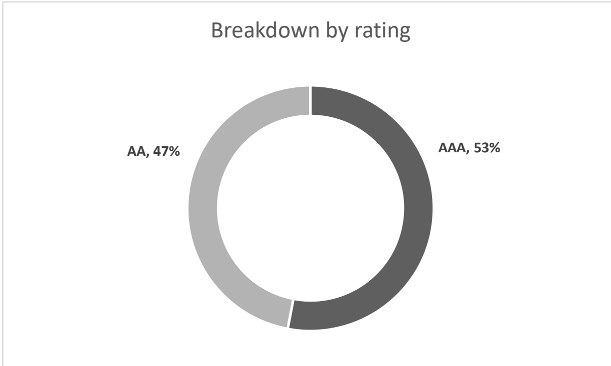
The market value of the investment portfolio dropped further, from € 0.5 billion at the end of 2021 to € 0.3 billion in December 2022 due to bond maturities.

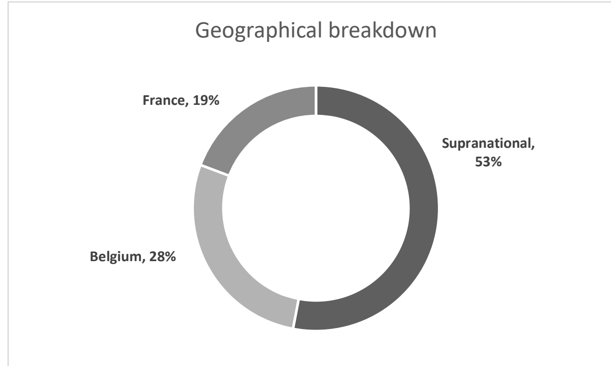
The investment portfolio of AXA Bank Belgium mainly consists of high-quality government bonds (47%) and supra-national bonds (53%). The next graph illustrates the exposures in AXA Bank Belgium’s investment portfolio at the end of 2022 (in million €).



Moreover, the credit ratings and market price changes of AXA Bank Belgium’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 limited to countries that are members of the European Union.





4.4.4.1.3 Participations

AXA Bank Belgium has a limited participations portfolio (€ 10 million at the end of December 2022). These shares represent participating interests in non-consolidated subsidiaries (Beran NV) and financial intermediary entities (e.g. Visa Belgium and Payconiq).

4.4.4.1.4 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.

4.4.5 Internal Rating Based Approach

4.4.5.1 General

AXA Bank Belgium[8] received the approval from the NBB 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. 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. The IRB landscape of Crelan and AXA Bank Belgium will be harmonized in the next few years.

4.4.5.2 Internal credit rating models

To apply the IRB approach, AXA Bank Belgium has 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’. AXA Bank Belgium created 10 PD classes, 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.

[8] AXA Bank Belgium receives a Permanent Partial Use (PPU) of the IRB approach. Indeed, exposures to corporates, central governments, central banks and institutions are excluded from the scope. In the same way, some specific retail products are also in PPU approach. Those products are the Biznes Fisc and the Budget +. They are capitalised in the standardised approach.

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 model review process.

4.4.5.3 Expected losses (EL)

This 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. However, for the defaulted portfolio, the best estimate expected loss is equal to the impairments/provisions of this defaulted portfolio. PD, LGD, EAD and EL form the building blocks for calculating the capital requirements for credit risk under IRB approach.

4.4.5.4 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 4.4.3.3 for more information on the impairment stages).

4.4.5.5 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, internal audit is the third line of defence, performing internal audit on models following the audit process in place.

4.4.5.6 Exposures using the IRB approach

AXA Bank Belgium uses IRB models to calculate the own funds requirements for the retail portfolio. The pre-securitisation Retail portfolio measured with the IRB models increased from € 26,972 million at the end of 2021 to € 27,793 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 € 2,874 million in 2021 to € 2,750 million at the end of 2022. This RWA decrease is caused by COVID-19 loans where clients resumed their monthly payment instalments and as result are no longer considered as UTP and the negative fair value hedge which led to an RWA reduction in Q1 2022. These effects were partially compensated by the portfolio growth during the year and the implementation of the new model packages in Q4 2022. In Q4 2020 AXA Bank Belgium issued a synthetic securitisation with Significant Risk Transfer as explained in chapter 4.8.7 to support the growth of the loan portfolio while optimising the risk-return balance. After securitisation retail RWA decreased with € -128 million.

4.4.5.7 Regulatory floors

AXA Bank Belgium applies the regulatory 10% LGD floor for its mortgage loans.

4.4.5.8 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 AXA Bank Belgium is at a level of 4.39 % at the end of Q4 2022.

4.4.6 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, AXA Bank Belgium adapted its macro-economic outlook, and implemented related management overlays (see 4.4.1.1). A close monitoring of the evolution of the crisis was installed, with review of the scenarios when deemed necessary.

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, AXA Bank Belgium 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. As can been seen, 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 economic compared to the base scenario – due to a softer energy crisis. A strong GDP and house price growth is predicted combined with a decrease in unemployment rate.

AXA Bank Belgium 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 AXA Bank Belgium 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 0).

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%

4.4.6.1 ECL sensitivity to Macro-economic outlook

[9] The unemployment rate for 2022 was 5.70% (based on the figure available end of 2022).

The ECL has been computed under each of the macro-economic scenario 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.

AXA Bank Belgium			
	Stage 1 & 2	Stage 3	Total
Base	27.43	38.31	65.74
Adverse	31.63	38.99	70.62
Upturn	24.04	37.67	61.71

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

4.5 Counterparty Credit Risk

AXA Bank Belgium 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, AXA Bank Belgium 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 4.3 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 AXA Bank Belgium 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.

(i) *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 € 141 million;
- of which € 99 million is caused by the difference between exposure and collateral received;
- of which € 42 million is the result of the supervisory volatility adjustment applied to securities posted and received.

(ii) *Derivatives*

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

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 € 1,231 million. These positive market values amounts are neutralised by negative market values (€ 23 million of negative market values). AXA Bank Belgium emphasises here that this neutralisation goes beyond purely accounting netting of off-balance sheet items based on legally enforceable netting rights. In total AXA Bank Belgium pledged € 21 million collateral and received € 805 million collateral. This leads to a net replacement cost of € 430 million.
b) The sum of the risk factors amounts to € 115 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 € 764 million in stressed market conditions and at the simultaneous default by all counterparties. Under stable conditions, this exposure still amounts to € 430 million. It is important to note that € 374 million in these figures stems from the high collateral requirements of the central counterparty LCH Clearnet.

As AXA Bank Belgium has very high standards regarding the quality of its counterparties, none of the derivatives is past due or impaired.

Concentration Risk

AXA Bank Belgium 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 AXA Bank Belgium is very low: there are no exposures on connected client groups that exceed 10% of eligible capital.

4.6 Market Risk

For market risk, AXA Bank Belgium 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. AXA Bank Belgium 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.

4.6.1 *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 AXA Bank Belgium arises mainly from the following products/activities:

- As a primarily retail bank, AXA Bank Belgium 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 AXA Bank Belgium’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 AXA Bank Belgium’s overall yield curve risk management but which, in turn, give rise to model risk.

- Belgian mortgage loans, which constitute the largest share of AXA Bank Belgium's retail loans, all 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 AXA Bank Belgium'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.

4.6.1.1 Interest Rate Risk Management

4.6.1.1.1 Risk Policy, Limits Framework and Reporting

Risk Framework

Interest rate risk in the banking book of AXA Bank Belgium is 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 AXA Bank Belgium's banking book are also subject to sensitivities and VAR limits monitored daily.

Risk Reporting

AXA Bank Belgium's main reporting on interest rate risk in the banking book is included in the monthly 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.

4.6.1.1.2 Policies for Hedging and Risk Mitigation Techniques

AXA Bank Belgium's interest rate risk in the banking book is managed at group level. Crelan Group applies the following hedging policies to mitigate the global 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.

4.6.1.1.3 Exposure to Interest Rate Risk in the Banking Book

The banking book of AXA Bank Belgium including its branches 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 81% have a fixed interest rate and 19% 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 (k EUR)	31/12/2021	31/12/2022
Bank SI (absolute)	5,632	48,659
Bank SI (relative)	0.5%	4.2%
Bank NII (+ 10 bps)	1,791	1,173
Bank NII (- 10 bps)	-9,626	-4,589

4.6.2 Market Risk Trading Book

The market risk in AXA Bank Belgium'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.

4.6.2.1 Market Risk Management

4.6.2.1.1 Risk Policy, Limits Framework and Reporting

AXA Bank Belgium 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 AXA Bank Belgium's market risks. This risk appetite limit is completed by different VaR and sensitivity limits. Alert triggering and escalation processes are also used by AXA Bank Belgium'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, AXA Bank Belgium 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.

4.6.2.1.2 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 AXA Bank Belgium 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, AXA Bank Belgium'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.

4.6.2.1.3 Exposures to Market Risk for the Trading Book

AXA Bank Belgium'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 AXA Bank Belgium hedges this exposure in the financial markets. Furthermore, AXA Bank Belgium is not involved in any trading activities related to commodities.

AXA Bank Belgium 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. AXA Bank Belgium currently calculates the VaR of the third party EMTN in a conservative way. As per end of December 2022 AXA Bank Belgium 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 AXA Bank Belgium within a very strict limit framework. The VaR limit for all activities related to the trading book is limited to € 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 € 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.

4.6.3 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. AXA Bank Belgium operates a policy to minimise exposure to currency risk. Any material residual positions are hedged systematically. As a result, AXA Bank Belgium had no requirement for FX risk in 2022 as its net FX position never exceeded 2% of its equity.

4.7 Operational Risk

AXA Bank 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 AXA Bank, 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 AXA Bank, the definition of Operational Risk excludes Reputation Risk and Strategic Risk. However, when assessing the impacts of operational risks, the potential damages to AXA Bank's reputation[11] are considered by a qualitative indicator while major damages are followed by the Executive Committee.

4.7.1 *Operational Risk Management*

4.7.1.1 Risk Policy, Limit Framework and Reporting

For the regulatory capital AXA Bank 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.

AXA Bank 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.

[11] Using the following framework: insignificant (minor isolated stakeholder concerns/impacts), minor (serious segmented stakeholder concerns/incidents), moderate (broader and more vocalized concerns within the industry), major (negative public exposure with significant impact), and severe (dramatic loss of stakeholder confidence – extensive negative public exposure).

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 AXA Bank's processes is defined and monitored.
AXA Bank uses 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.

4.7.1.2 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.

AXA Bank 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 AXA Bank the existing setup is to be tuned and extended.

4.7.1.3 Security Risks

Security Risk is monitored on Crelan Group level. As a result, as a subsidiary of Crelan Group, AXA Bank Belgium 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).

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 Crelan Group and as a result also within its subsidiary AXA Bank Belgium. At the 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 regulators 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.

4.7.1.4 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 Group,
- 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 and its subsidiary AXA Bank Belgium 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 in charge of activities related to the prevention of money laundering and to the respect of sanctions and embargoes regulations;
- A team dedicated to formulating advice and carrying out analyses in domains in conduct risk and investor and consumer protection;
- A group dedicated to monitoring and control 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. …

AXA Bank Belgium follows Crelan Group's overall framework (policies & procedures, training, controls) which is in place to ensure that the bank is compliant 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.

4.8 Other Risks

4.8.1 *Political and 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.

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, AXA Bank Belgium 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.

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

AXA Bank Belgium has a number of mitigating measures in place to deal with this risk. AXA Bank Belgium is closely monitoring the situation and regularly reports to internal committees and the regulator on the impact of the crisis on the credit portfolio. There is also an evaluation of provisions linked to the development of risks. Currently, AXA Bank Belgium has kept the management overlay constant compared to the end of 2021.

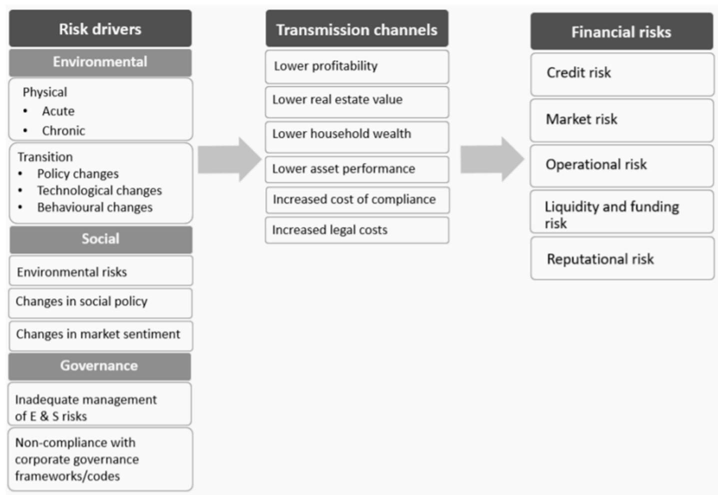
4.8.2 *Model Risk*

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

4.8.3 *ESG Risk*

The general risk management process of risk identification, assessment & measurement, treatment and reporting is also applied to ESG risks.

AXA Bank Belgium'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 definition[12], 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.

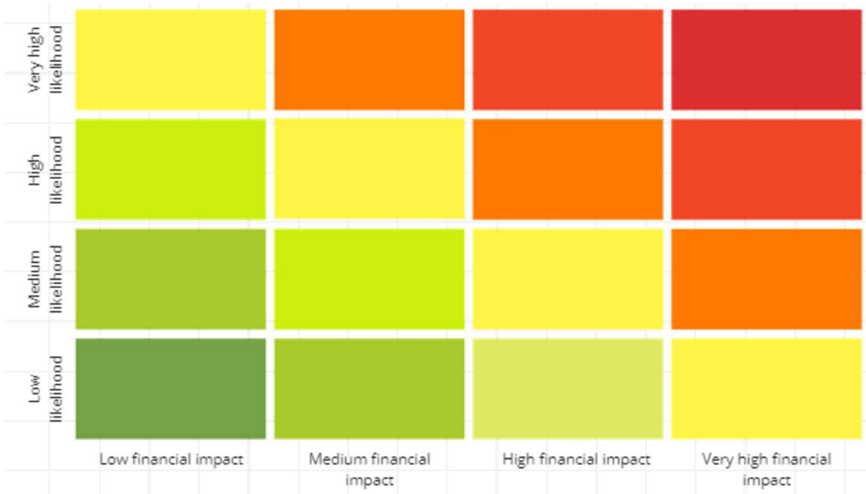
Transition risks refer to the institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy on its counterparties, invested assets or own assets/operations. Transition risks can be subdivided into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

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



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, AXA Bank Belgium's stakeholders, including the regulator, 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, AXA Bank Belgium 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, AXA Bank Belgium 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 AXA Bank Belgium 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 Western European (EU) countries.

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 at AXA Bank Belgium.

4.8.4 *Pension Risk*

As a subsidiary of Crelan Group, AXA Bank Belgium 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.

4.8.5 *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).

4.8.6 *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 AXA Bank Belgium: in wholesale risk transactions (derivatives transactions, foreign exchange transactions and bonds transactions) and in retail risk transactions. The risk is considered immaterial by AXA Bank Belgium.

4.8.7 *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 AXA Bank Belgium calculates regulatory capital requirements based on the SEC-IRBA approach, the risk is mitigated via capital and processes.

5 Fair Value of Financial Assets and Liabilities

5.1 Fair Value - Retail Activities

For short-term assets and liabilities or at sight, AXA Bank Belgium uses the book value as the best approach.

The fair value of the retail products is calculated in different steps:

- future cash flows are calculated based on product features (client's interest rate, payment frequency, end date, etc.);
- these cash flows of the credits (capital and interest to be repaid) are subsequently adjusted to take into account:
  - early repayments based on models for different type of credits;
  - caps and floors embedded in floating mortgage loans;
  - expected credit losses
- Lastly, the (adjusted) cash flows are discounted based on the €STR-curve, increased by a liquidity spread and a spread that covers other (administrative) costs.

5.2 Fair Value - Financing Activities (Treasury)

The financial instruments are subdivided into 3 categories.

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

Visibility of an active market is generally clear with market information available to the public and investors. There is no clear line or minimum activity threshold that represents 'transactions regularly taking place on the market', such that the level of actual transactions must be assessed while considering frequency and volume. However, low trading volume still represents a price if it is determined in a normal objective environment on an objective basis. The amounts of the transaction are important indicators of the fair value.

In the absence of an active market for a specific instrument or if market prices are not available or are not regularly available, valuation techniques will be used based on the present value of future cash flows or based on option models. These valuation techniques use market data such as yield curves, dividend yield, index levels and volatility. AXA Bank Belgium uses information from Bloomberg, Markit or provided by a reliable intermediary. These prices are then subject to an internal validation or are valued using internal rating techniques.

The use of observable input parameters results in a fair value level 2, while the use of unobservable input parameters leads to a fair value level 3, unless their influence is not significant. Observable inputs are developed using market data such as publicly available information about actual events or transactions and reflect the assumptions market participants would use in setting the price of the instrument.

The significance of non-observable parameters is assessed (1) at the level of each individual financial instrument and (2) cumulatively.

1. the specific impact of non-observable parameters on the fair value of any financial instrument is assessed as soon as its mark-to-market exceeds [0.05%] of the total balance sheet. It is considered that it has more than an insignificant effect when it influences the change in fair value of a financial instrument by [30%] or more. In the case where AXA Bank Belgium could not measure the specific impact of the unobservable parameter on the fair value of the instrument with reasonable efforts, the instrument is automatically classified in level 3;
2. at cumulative level, AXA Bank Belgium verified that the global value of all financial instruments for which a fair value is calculated using non-observable parameters that are not classified under level 3 does not exceed [2%] of the total balance sheet;

AXA Bank Belgium uses a decision table to justify the level assigned to each class of instrument based on these criteria.

A dedicated committee ensures a regular revision, at least once a year, of this decision table to ensure its accuracy and comprehensiveness. The dedicated committee is, at least, composed of the managers of the accounting policies (including CTFM) and the middle-office representing the business.

If, at level of this dedicated committee, there were still to be a disagreement over the fair value , the point would be escalated to the CFO of AXA Bank Belgium for a decision on the level classification.

The second category includes the following elements:

Assets

Receivables from Other Bankers

Receivables from other bankers include interbank investments and reverse repo transactions.
The estimated fair value is based on discounted cash flows at current market conditions.

Financial assets held for trading & hedging derivatives

Derivatives that have an objective of a hedging strategy and which, depending on whether or not they meet the IAS39 conditions to apply so-called hedge accounting, are included under 1 of both headings. The estimated fair value also represents the discounted amount of future expected cash flows where the most significant observable market data used are a market interest rate, an exchange rate, the price of underlying assets.

Liabilities

Deposits and Borrowings

The estimated fair value of fixed-yield deposits, repo transactions and other fixed-yield borrowings without quoted market price is based on discounted cash flows at current market conditions.

Issued Debt Instruments

For issued certificates of deposit a discounted cash flow model is used based on a current yield curve applicable to the remaining term of the instrument until the expiry date.

Financial liabilities held for trading & hedging derivatives

These are the same type of derivative transactions as included among the financial assets held for trading & hedging derivatives.

The third category includes:

Assets

Loans and Receivables from Clients

These loans and receivables are recognised for their net carrying amount, after impairment. The estimated 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 current market conditions, thus determining the fair value.

Financial Assets Measured at Fair Value through OCI

Shares recognised for their acquisition value as the best estimate of the market value.

Financial Assets Held for Trading

This includes derivative transactions entered into in connection with the issuance of EMTNs. The fair value of these derivatives is determined on the basis of the discounted cash flow method, which uses, among other things, volatilities based on historical data and, where appropriate, on benchmark indices such as the Eurostoxx 50.

Liabilities

Financial Liabilities Held for Trading

This is the same type of derivative transactions as included among the financial assets held for trading.

Financial Liabilities Designated at Fair Value through Profit or Loss

EMTN issued - the fair value is determined on the basis of the discounted cash flow method, which uses, among other things, volatilities based on historical data and, where appropriate, on benchmark indices such as the Eurostoxx 50.

An increase (decrease) of 10% of the growth rate would lead to an increase (decrease) in fair value by 4.0 million EUR (2021: 6.7 million EUR). This also applies to derivative transactions as they reflect the remuneration structure included in the EMTNs.

Financial liabilities measured at amortised cost are covered bonds for which the fair value is based on information obtained from more than 20 market participants or obtained from Bloomberg.

Overview of Assets and Liabilities Measured at Fair Value

Assets / Liabilities 2022.12 in '000 EUR	Recognised or disclosed fair values	Fair Value detemined on the basis of stock market prices	Fair Value detemined on the basis of observable data other then stock market prices	Fair Value not detemined on the basis of market data (1)
Trading assets	11.060	4	3.962	7.094
Non-trading financial assets mandatorily at fair value through profit or loss				
Financial assets designated at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	228.934	228.826	61	48
Assets derivatives - hedge accounting	199.311		199.311	
Financial liabilities held for trading	35.832		15.763	20.069
Financial liabilities designated at fair value through profit or loss	376.191		133.503	242.687
Liablitities derivatives - hedge accounting	6.605		6.605	

Table FVAL.1

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

Assets / Liabilities 2021.12 in '000 EUR	Recognised or disclosed fair values	Fair Value detemined on the basis of stock market prices	Fair Value detemined on the basis of observable data other then stock market prices	Fair Value not detemined on the basis of market data (1)
Trading assets	45.992		16.477	29.515
Non-trading financial assets mandatorily at fair value through profit or loss				
Financial assets designated at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	405.299	405.189	61	49
Assets derivatives - hedge accounting	1.210		1.210	
Financial liabilities held for trading	42.831		41.468	1.364
Financial liabilities designated at fair value through profit or loss	742.649		328.328	414.320
Liablitities derivatives - hedge accounting	19.524		19.524	

Table FVAL.2

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

See also chapter 33 *Offsetting*.

Level 3 fair value of financial assets / liabilities (in EUR '000)		(a) Net gains and losses included in:				
31.12.2022	RW Level 3 OPENING BALANCE	W&V	other comprehensive income	(b) Purchases, Sales and Settlements	(c) Net transfer in and out of Level 3	RW Level 3 CLOSING BALANCE
Financial assets at fair value through other comprehensive income	49					49
Financial assets at fair value with fair value through profit and loss	0					0
Financial assets held for trading	29.515	-12.507		-9.914		7.094
Financial liabilities held for trading	-1.364	-19.745		1.040		-20.069
Financial liabilities designated at fair value through profit or loss	-414.321	36.541	15.560	119.531		-242.689
Total level 3 financial assets / liabilities	**-386.120**	**4.289**	**15.560**	**110.657**		**-255.614**

Table FVAL.3

(a) Corresponds to the realized and unrealized P & L and other comprehensive income during the period of financial assets / liabilities classified as Level 3 at the beginning (including the impact of foreign exchange income, interest income, impairment losses and write-downs as a final loss).

(b) Settlements during the period of financial assets / OBLIGATIONS classified as level 3 at the beginning (Purchases, Sales and redemption of securities)

Level 3 fair value of financial assets / liabilities (in EUR '000)		(a) Net gains and losses included in:				
31.12.2021	RW Level 3 OPENING BALANCE	W&V	other comprehensive income	(b) Purchases, Sales and Settlements	(c) Net transfer in and out of Level 3	RW Level 3 CLOSING BALANCE
Financial assets at fair value through other comprehensive income	49					49
Financial assets at fair value with fair value through profit and loss						0
Financial assets held for trading	29.676	4.440		-4.601		29.515
Financial liabilities held for trading	-2.499	1.135				-1.364
Financial liabilities designated at fair value through profit or loss	-443.626	-848	-2.052	32.205		-414.321
Total level 3 financial assets / liabilities	**-416.399**	**4.727**	**-2.052**	**27.604**	**0**	**-386.120**

Table FVAL.4

(a) Corresponds to the realized and unrealized P & L and other comprehensive income during the period of financial assets / liabilities classified as Level 3 at the beginning (including the impact of foreign exchange income, interest income, impairment losses and write-downs as a final loss).

(b) Settlements during the period of financial assets / OBLIGATIONS classified as level 3 at the beginning (Purchases, Sales and redemption of securities)

The movements in the financial instruments for which the fair value is based on quoted prices or observable data other than quoted prices are mainly due to the following elements (in ‘000 EUR):

FV 2022 Delta	Level 1	Level 2	Level 3
Purchase/Sale/repurchase	-181.590		-2
Other changes			
Delta compared to evolution Market Value	5.227		
TOTAL	-176.363	0	-2

Table FVAL.5

FV 2021 Delta	Level 1	Level 2	Level 3
Purchase/Sale/repurchase	-337.374		
Other changes	0		
Delta compared to evolution Market Value	9.500		
TOTAL	-327.875	0	0

Table FVAL.6

Fair value hierarchy: financial instruments at amortise

Asset/Liability 2022.12 In '000 eur	carrying amount (if different from fair value)	Recognised or disclosed fair values	Fair Value detemined on the basis of stock market prices	Fair Value detemined on the basis of observable data other then stock market prices	Fair Value not detemined on the basis of market data
Financial assets at amortised cost	27.454.154	24.579.722	56.639		24.523.083
Debt securities	58.425	56.639	56.639		
Loans and advances	27.395.729	24.523.083			24.523.083
Financial liabilities measured at amortised cost	27.682.212	27.620.045		5.027.936	22.592.109
Deposits	22.202.835	22.202.835			22.202.835
Debt securities issued	5.134.337	5.072.170		5.027.936	44.234
Other financial liabilities	345.040	345.040			345.040

Table.FVAL.7

Asset/Liability 2021.12 In '000 eur	carrying amount (if different from fair value)	Recognised or disclosed fair values	Fair Value detemined on the basis of stock market prices	Fair Value detemined on the basis of observable data other then stock market prices	Fair Value not detemined on the basis of market data
Financial assets at amortised cost	26.364.367	27.121.582	83.072		27.038.510
Debt securities	80.626	83.072	83.072		
Loans and advances	26.283.742	27.038.510			27.038.510
Financial liabilities measured at amortised cost	26.967.965	27.084.230		5.704.678	21.379.552
Deposits	21.088.885	21.089.453			21.089.453
Debt securities issued	5.689.050	5.804.747		5.704.678	100.069
Other financial liabilities	190.030	190.030			190.030

Table.FVAL.8

5.3 Day One Results

No day one results were recognised during the 2022 financial year.

5.4 Application of CVA and DVA on the Derivative Portfolio

Based on internal assessment by AXA Bank Belgium, management believes that the impact of the application of CVA (Credit Value Adjustment) and DVA (Debit Value Adjustment) on the derivative portfolio amounted to gross CVA of 1.55 million EUR and gross DVA of 1.62 million EUR. The net impact (gain) thus came to 0.07 million EUR (before tax) and was recognised on the balance sheet.
During 2022 there were no changes to the calculation tool whereby the calculation methodology retained the close-out period exposure.

The evolution since 2021 (a loss (before taxes) of 0.44 million EUR) positively impacts profit or loss (before taxes) in 2022 for 0.51 million EUR.

IFRS 13 – *Fair Value* defines the concept of fair value. Concerning derivatives, this standard requires integrating a measure of credit risk in the calculation of fair value through a CVA and a DVA. The CVA measures credit risk incurred by AXA Bank Belgium on its counterpart while the DVA measures the credit risk incurred by the counterpart on AXA Bank Belgium.

The CVA and DVA are calculated net by counterpart. The CVA (DVA) depends on the exposure at the closing date, the counterparty credit spread (AXA Bank Belgium) and maturity of the deals. For any given offset, exposure consists of part of the current exposure, i.e. the difference between the fair value of the position at the reporting date and the value of collateral exchanged at the said date and, secondly, of the close-out period exposure, i.e. the expected change in the fair value of the position over a period of 10 days.

This total exposure is maintained until the average maturity of deals.

The subpart 'current exposure' changes over time. For the first 10 days, it corresponds to the difference between the fair value of the positions on the closing date and the value of the collateral exchanged on that date. From the 11th day, this current exposure is replaced by the current maximum exposure as defined in the collateral contract (CSA Threshold and Minimum Transfer Amount) adjusted with a coefficient reflecting the average exposure during the 3 last months, increased with a potential initial margin that is paid/received on the closing date and with a potential structural difference between de delivered/received collateral and the measurements of AXA Bank Belgium. At the end of 2022 no structural differences were observed between the collateral and the measurements of AXA Bank

5.5 Application of DVA on EMTNs issued

See chapter 28 *Financial Liabilities Designated at Fair Value through Profit or Loss*.

6 Critical Accounting Estimates and Judgements

AXA Bank Belgium uses estimates and judgements when drawing up its Consolidated Financial Statements on the basis of IFRS. These estimates and judgements are continuously tested and are based on past experience and other factors, including an acceptable assessment of future events based on currently known conditions.
Estimates and judgements take place primarily in the following areas:

- estimation of part of the acquisition costs to be paid to intermediaries (see Chapter 2.2.1 *Financial assets and liabilities: inclusion and initial valuation)*
- assessment of the classification of financial assets based on the business model and the characteristics of contractual cash flows (see chapter 2.2.2.1 *Financial Assets: Measurement Categories*)*;*
- assessment of the classification of financial liabilities (see chapter 2.2.2.2 *Financial Liabilities: Measurement Categories*);
- estimation of impairment for expected credit losses on financial assets at amortised cost and on financial assets at fair value through OCI (see chapter 2.2.2.5 *Impairment*);
- assessing the extent to which the credit risk on these financial assets has significantly increased and the use of future-oriented information (see chapter 2.2.2.5 *Impairment*);
- estimation of write-offs for credit losses (see chapter 2.2.2.5 *Impairment*);
- estimation of deferred tax assets (see chapters 2.9.3 *Estimation of Deferred Taxes and* 16 *Income taxes*);
- estimation of the expected useful life and the residual value of tangible and intangible fixed assets (see chapter 2.10 *Property, Plant and Equipment* and 2.11 *Intangible Fixed Assets*)
- assessment of the classification in categories related to determining the fair value (see chapter 5 *Fair Value of Financial Assets and Liabilities);*
- determination of the fair value of non-quoted financial instruments including derivatives and financial assets at amortised cost regarding the publication in the disclosures (see chapter 5 *Fair Value of Financial Assets and Liabilities)*;
- measurement of the CVA and DVA on derivatives and on financial liabilities at fair value through profit or loss (see chapters 5.4 *Application of CVA and DVA on the Derivatives Portfolio* and 28*Financial Liabilities Designated at Fair Value through Profit or Loss)*;
- estimation of provisions for pension liabilities (see chapter 13.2 *Pension Liabilities and Other Benefits*);
- estimation of the cost of share-based payments (see chapter 13.3 *Share-based Payments);*
- determination of the hedge accounting reserve within the application of the fair value hedge (see chapter 22 *Derivatives)*
- determining control in the preparation of the consolidation scope (see chapter 25 *Investments in Subsidiaries, Joint Ventures and Associates.*
- estimation of the eligible future credit production when assessing the conditions relating to the longer-term refinancing operations (see Chapter 29.3 *TLTRO loans*)
- estimation of present obligations arising from past events in the recognition of other provisions (see chapter 31 *Provisions*);

7 Fee and Commission Income (Expenses)

Fee and commission income and expenses in '000 EUR	202212	202112
Fee and commission income		
Securities	57.047	55.605
Issued	54.782	52.970
Transfer orders		
Other	2.265	2.635
Clearing and settlement		
Trust and fiduciary activities	620	732
Asset management		
Custody	620	732
Other fiduciary transactions		
Loan commitments		
Payment services	31.387	27.908
Structured finance		
Servicing fees from securitization activities		
Other	22.330	26.659
TOTAL	111.384	110.904
Fee and commission expenses		
Commissions to agents (acquisition costs)	47.033	48.937
Clearing, settlement and consignment	958	1.243
Other	43.928	43.658
TOTAL	91.918	93.837

Table FCIE.1

8 Realised Gains (Losses) on Financial Assets and Liabilities Not Measured at Fair Value through Profit or Loss

Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss 2022.12 in '000 EUR	Net
Debt securities	0
Loans and advances	-85
Deposits	
Debt securities issued	
Other financial liabilities	
TOTAL	-85

Table GLNPL.1

Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss 2021.12 in '000 EUR	Net
Debt securities	753
Loans and advances	-4.666
Deposits	
Debt securities issued	-259
Other financial liabilities	
TOTAL	-4.171

Table GLNPL.2

9 Gains (Losses) on Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss 2022.12 in '000 EUR	Net	Amount of change in FV due to changes in the credit risk
Debt securities		
Loans and advances		
Deposits		
Debt securities issued	49.811	
Other financial liabilities		
TOTAL	49.811	

Table GLFVPL.1

Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss 2021.12 in '000 EUR	Net	Amount of change in FV due to changes in the credit risk
Debt securities		
Loans and advances		
Deposits		
Debt securities issued	7.214	
Other financial liabilities		
TOTAL	7.214	

Table GLFVPL.2

With regard to the realized result in 2022, there is also an amount of 15.5 million EUR related to the credit risk in equity under items that will not be reclassified to profit and loss and more specific in the line ‘Changes in fair value of a financial liability at fair value through profit or loss that is attributable to changes in its credit risk (see also item 28 Financial Liabilities Designated at fair value through profit or loss). This concerns the realized result which may not be transferred to profit and loss.

10 Gains (Losses) from Hedge Accounting

This includes the amortisation of the fair value change of the hedged position.

The ineffectiveness on fair value hedging is listed in the profit and loss account, in the line 'Profits (losses) on hedge accounting'.

Net income from hedging activities 2022.12 in '000 EUR	*Net*
Fair value changes of the hedging instrument [including discontinuation]	1.930.053
Fair value changes of the hedged item attributable to the hedged risk	-1.919.942
Ineffectiveness in profit or loss from cash flow hedges	
Ineffectiveness in profit or loss from hedges of net investments in foreign operations	
TOTAL	10.110

Table GLHA.1

Net income from hedging activities 2021.12 in '000 EUR	*Net*
Fair value changes of the hedging instrument [including discontinuation]	394.373
Fair value changes of the hedged item attributable to the hedged risk	-382.134
Ineffectiveness in profit or loss from cash flow hedges	
Ineffectiveness in profit or loss from hedges of net investments in foreign operations	
TOTAL	12.239

Table GLHA.2

11 Other Operating Net Income

Other operating income and expenses in '000 EUR	2022.12	2021.12
<u>INCOME</u>	15.119	17.405
Tangible assets measured using the revaluation model		
Investment property		
Rental income from investment property		
Cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used		
Other income related to investment property		
Other	15.119	17.405
<u>EXPENSES</u>	0	0
Tangible assets measured using the revaluation model		
Investment property		
Direct operating expenses (including repair and maintenance) arising from investment property that generated rental income during the period		
Direct operating expenses (including repair and maintenance) arising from investment property that did not generated rental income during the period		
Cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used		
Other	0	0
<u>TOTAL</u>	15.119	17.405

Table OONI.1

12 Operational Lease Agreements

As a lessor, AXA Bank Belgium rents out only a part of the building of its registered office in Berchem, partly to AXA Belgium, CRELAN and to third parties.
In addition, as a lessee, AXA Bank Belgium only has operational lease contracts and a long-term lease for a small amount.
These are listed below with regard to the rental of company cars and bicycles, as well as the rental of company buildings

Assets held under an operating lease 2022.12 in '000 EUR	Total amount of future minimum lease payments under non-cancellable operating leases	Total amount of future minimum sublease payments expected to be received under non-cancellable subleases	Minimum lease payments recognized as expense	Contingent lease payments recognized as expense	Sublease payments recognized as expense
For the lessee - residual maturity					
< 1 year	927		1.521		
> 1 year ≤ 5 year	851				
> 5 year	48				
TOTAAL NOMINAL AMOUNT	**1.826**		**1.521**		
For the lessor - residual maturity					
< 1 year	2.400		2.400		
> 1 year ≤ 5 year	9.410				
> 5 year	2.850				
TOTAAL NOMINAL AMOUNT	**14.660**		**2.400**		

Table OLA.1

Assets held under an operating lease 2021.12 in '000 EUR	Total amount of future minimum lease payments under non-cancellable operating leases	Total amount of future minimum sublease payments expected to be received under non-cancellable subleases	Minimum lease payments recognized as expense	Contingent lease payments recognized as expense	Sublease payments recognized as expense
For the lessee - residual maturity					
< 1 year	1.487		1.757		
> 1 year ≤ 5 year	2.597				
> 5 year	403				
TOTAAL NOMINAL AMOUNT	**4.487**		**1.757**		
For the lessor - residual maturity					
< 1 year	2.143		2.143		
> 1 year ≤ 5 year	8.490				
> 5 year	4.556				
TOTAAL NOMINAL AMOUNT	**15.189**		**2.143**		

Table OLA.2

13 Employee Benefits

13.1 Breakdown of Employee Benefits

Employee benefits in '000 EUR	2022.12	2021.12
Wages and salaries	52.026	55.236
Social security charges	14.250	14.349
Pension and similar expenses	7.280	8.137
Share based payments		728
Other	7.347	5.615
TOTAL	80.902	84.065

Table PE.1

13.2 Pension Liabilities and Other Benefits

13.2.1 General Principles

13.2.1.1 Defined Benefit Plans

The measured plans represent the pension plans on the one hand and the medical benefits on the other related to hospitalisation cover after retirement.

AXA Bank Belgium has set up 16 pension plans of which 10 are legally structured as defined contribution type plans.

Pension plans are subject to social and prudential rules applicable in Belgium, i.e. the law on supplementary pensions.

Because Belgian legislation is applicable to the second-pillar pension plans (law on supplementary pensions), all Belgian pension plans of the defined contributions type should be considered under IFRS as defined pension benefit plans. The law on supplementary pensions states that under the defined-contribution-type plans, the employer must ensure a minimum return of 3.75% on personal employee contributions and 3.25% on employer contributions. Since 2016, this minimum rate of return becomes a variable rate based on Belgian government bonds OLO but with a minimum fixed income at 1.75% and a fixed maximum income at 3.75%.

Because of this minimum income guarantee in Belgium for defined-contribution-type pension plans, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the underlying assets do not produce sufficient income in accordance with the legal requirements by paying all the employee benefits relating to the services rendered by the employee during the current and prior periods). Consequently, these pension plans should be classified and accounted for as defined pension benefit plans under IAS 19 *Employee Benefits*.

For this pension type, the accounting methods used to measure the assets and liabilities are as follows:

- The defined benefit obligation is determined by projecting the guaranteed minimal reserve on the calculation date against the minimum guaranteed rate at the targeted pension date, and by discounting this based on the determined discount rate, considering mortality and leave assumptions.
- The fair value of the assets is henceforth fixed in accordance with the strict application of paragraph 115 of the IAS19 standard Paragraph 115 implies that the fair value of the assets corresponds to the total assets of the financing funds and the current value of the already financed insurance benefits. This current value is obtained based on the assumptions made for calculation of the actuarial liability as of the same date (discount rate and the mortality table).

On the other hand, AXA Bank Belgium provides ‘hospitalisation’ cover to employees at retirement. The cover offered is similar to that offered during the period of employment for a large part of the staff. AXA Bank Belgium partially funds these employee benefits after retirement.

The financial assumptions used in the valuation of each plan at 31 December of each year are as follows:

	2022	2021	2020	2019	2018
Discount rate	rom 3,36% until 4,23%	0,65%	0,35%	0,75%	1,55%
Inflation rate	2,30%	1,50%	1,50%	1,70%	1,70%
Percentage of salry increase	3,30%	2,20%	2,20%	2,40%	2,40%

Table PE.2

Health care costs increase at an estimated 3,3% yearly.
The mortality tables used to calculate these liabilities are the MR/FR mortality tables with an age adjustment of minus five years.
The normal retirement age is 65 years to comply with expected long-term trends.
The probability of departure before retirement rate is set according to age according to the table below:

Age	percentage
< 20 year	0,0%
20 year <= 24 year	10,0%
25 year <= 29 year	10,0%
30 year <= 34 year	6,7%
35 year <= 39 year	3,3%
40 year <= 44 year	2,7%
45 year <= 49 year	2,5%
50 year <= 54 year	1,4%
55 year <= 59 year	0,0%
60 year <= 65 year	0,0%

Table PE.3

All these assumptions have been set in keeping with the statistical observations on the populations concerned as well as with economic expectations:

- The discount rate is determined at the closing date from the AA corporate bond market rates in the Eurozone and depending on the duration and characteristics of the plans. The duration of the liabilities is about 9.4 years at the end of 2022 compared to about 9.8 years at the end of 2021.
- A decrease of 0.5% in the discount rate would change the total DBO (defined benefit obligation) to +3.03 % and service costs during the period of +2.1 %.
- An increase of 0.5% discount rate would reduce the total DBO by -2.82 % and service costs during the period by -1.95 %.
- An increase of 0.5% in the inflation rate would change the total DBO by +1.85 % and service costs during the period would increase by +1.53%.
- An increase of 0.5% in the inflation rate for medical costs would give rise to an increase in total DBO of +0.24% and service costs during the period would increase by +0.25%.
- An increase of 0.5% in salaries would increase the total DBO by +4.07 % while service costs during the period would increase by +0.89 %.

13.2.1.2 Variation Annual Pension Liabilities and Other Benefits

The annual change in the defined benefit obligation is calculated based on the following items:

- service costs during the period representing the increase in the actuarial liability for an additional year of seniority;
- interest on the actuarial liability representing the cost of discounting over one year (interest cost);
- employee contributions;
- changes of plans (modification, curtailment, settlement, acquisitions and disposals, etc.);
- actuarial profits and losses due to changes in assumptions and to experience;
- the benefits paid by the employer and by the assets.

13.2.2 Information Presented in the Balance Sheet

Information presented in the balance sheet for pension and other benefits shows the difference between the benefit obligation and the qualifying insurance policy. When this difference is positive, a provision is recognised. When this difference is negative, a prepaid charge is recorded in the balance sheet.

Following IAS 19, AXA Bank Belgium recognises all actuarial gains and losses in a special line in OCI.

Actuarial gains and losses are defined as adjustments due to changes in actuarial assumptions and experience effects (changes in population characteristics between two assessments). Actuarial losses and gains also include differences between the expected income (that corresponds to the discount rate in accordance with IAS 19) and the actual income from financial investments.

In addition to changes between the expected return from assets as mentioned above, IAS 19 requires the management of tax and social contributions applicable to pensions and healthcare in Belgium.

The table below shows the changes in the benefit obligation and changes in plan assets for pension plans and other benefits under the categories 'plan assets' and 'qualifying insurance policies at 31 December 2022.

(In '000 EUR)	12.2022	12.2021
Changes in the commitment		
Actuarial liability at the start of the period	164.689	177.946
Service cost	5.300	5.914
Interest on the actuarial liability	1.474	358
Employee contributions.	316	329
Modification, curtailment, (incl. acquisitions and disposals, etc.)		
Actuarial profits and losses due to changes to experience.	17.546	-3.934
Actuarial differences resulting from change in the hyp for Demographics		
Actuarial differences resulting from change in the hyp for Financials	-34.829	-5.593
Benefits paid	-10.751	-10.204
Benefits paid directly by the employer.	-129	-127
Inclusion of DC plans		
Curtailments and settlements		
Recalculation changed parameters	7.670	
Actuarial liability at the end of period (A)	**151.286**	**164.689**
Changes in plan assets/qualifying insurance policies		
Fair value of plan assets/qualifying insurance policies at beginning of period	111.657	112.073
Implicit return on plan assets/qualifying insurance policies	975	222
Actual return on plan assets/qualifying insurance policies, excluding the implicit return on plan assets/qualifying insurance policies	-26.910	1.755
Employer contributions.	7.096	7.608
Employee contributions.	316	329
Incoming (outgoing) transfers (incl. acquisitions and disposals)	0	0
Benefits paid	-10.880	-10.331
Effect of exchange rate changes		0
Recording of DC plans		0
Recalculation changed parameters	5.812	
Fair value of plan assets/qualifying insurance policies at end of period	**88.067**	**111.657**
Funding of liabilities		
Underfunded plans (plan by plan)	-63.219	-53.031
Overfunded plans (plan by plan)		
Unfunded commitments (B) - (A)	-63.219	-53.031
Unrecognised past service cost		
Cumulative impact of asset ceiling		
Liabilities recorded in the statement of financial position (excluding plan assets/qualifying insurance policies)		
Recognised assets		
Provisions recorded	-63.219	-53.031
Net position (excluding plan assets/qualifying insurance policies)	**-63.219**	**-53.031**
Net economic funding		
(including: plan assets/qualifying insurance policies)		
Net position (excluding plan assets/qualifying insurance policies)	-63.219	-53.031
Fair value of plan assets/qualifying insurance policies at end of period		
Net economic funding (including: plan assets/qualifying insurance policies)	**-63.219**	**-53.031**

Table PE.4

This variation is mainly explained by the modification of financial and demographic assumptions (see chapter 13.2.1.1Defined Benefit Plans) and by the increase of the salaries due to the indexations in 2022.

13.2.3 Annual Pension and Other Benefits Expense

Annual pension and other benefits expense recorded in the income statement (included in 'cost of pension obligations and other benefits') is presented below on 31 December 2021 and 31 December 2022:

(In '000 EUR)	12.2022	12.2021
Annual pension expense and other benefits		
Service cost	5.616	6.244
Curtailments and settlements	0	0
Employee contributions	-316	-329
Interest on the actuarial liability	1.474	358
Implicit return on plan assets	-975	-222
Modification, curtailment, (incl. acquisitions and disposals, etc.)		
Total annual pension expense and other benefits	**5.799**	**6.051**

Table PE.5

13.2.4 Evolution of the Provision on the Balance Sheet

Change in the provision recorded on the balance sheet between 1 January 2022 and 31 December 2022 only presents the change of the provision recognised in the accounts of AXA Bank Belgium.. The table below shows the detailed changes in the liabilities recorded on the balance sheet with plan assets/ qualifying insurance policies added at the end of each financial year.

The qualifying insurance policy represent the fair value of assets backing the obligations under defined benefit plans covered by both insurance policies at AXA Belgium that give direct rights to employees.

The change in net economic funding commitments between 1 January 2022 and 31 December 2022 reflects the changes in the provision recognised in the accounts of AXA Bank Belgium and the changes in Plan assets/qualifying insurance policies.

(in '000 EUR)	12.2022	12.2021
Evolution of the provision on the balance sheet		
Provision recorded in the balance sheet at beginning of the period	**-53.031**	**-177.946**
Annual pension expense and other benefits	-5.799	-6.602
Employer contributions.	7.096	
Employer benefits	129	127
Benefits paid by separate assets	-129	10.204
Actuarial gain/losses recognised in other comprehensive income	-11.485	9.528
Modification, curtailment, (incl. acquisitions and disposals, etc.)		
Provision recorded in the balance sheet at the end of the period	**-63.219**	**-164.689**
Plan assets/qualifying insurance policies at end of the period	0	111.657
Net economic funding for commitments at the end of the period	**-63.219**	**-53.031**

Table PE.6

13.2.5 Upcoming Outflows (Benefits Paid and Employer Contributions)

Estimated future benefit payments

Expected future benefits amounted to 6.5 million EUR for 2023 and 6.4 million EUR for 2024. These amounts may vary depending on differences between assumptions and reality in future years.

Expected employer contributions to plan assets and qualifying insurance policies

Entities must annually pay the cost to benefits for which the contributions are determined as a percentage of pensionable salary depending on the age or the seniority of the beneficiaries. The estimated amount of employer contributions payable in 2023 for pension commitments is 6.7 million EUR. This amount may vary depending on differences between assumptions and reality in future years and represents contributions not directly related to the IFRS annual pension expense and other benefits.

13.2.6 Pension Assets

Due to the longevity of pension liabilities, plan assets generally include stocks, bonds and real estate.

The plan assets of AXA Bank Belgium are mainly insurance contracts with a guaranteed rate of return. These contracts are underwritten by AXA Belgium.

Regarding the existing Anhyp former regime, as of 1 July 1983, the funding vehicle was a pension fund until 31 December 2017. The financial assets of the fund were realised end 2017. The transfer of the active members to a group insurance of AXA Belgium was done beginning of 2018.

13.3 Share-based Payments

In the past, AXA Bank Belgium had the option of “share-based payments”. This could be done through “Stock Options AXA SA”, “Share Plan AXA SA” and through” Performance shares”. Since the cost for AXA Bank Belgium is not significant for 2022, we will not take this into more detail."

14 General and Administrative Expenses

Other operating expenses in '000 EUR	2022.12	2021.12
Marketing expenses	2.783	3.004
Professional fees	15.339	11.121
IT expenses	44.277	40.686
Rents to pay or to receive	-898	-1.523
Operating leases	1.279	1.527
Bank taxes & contributions	50.396	46.084
Other	60.129	32.528
TOTAL	173.305	133.427

Table GAE.1

The line 'Bank taxes' in the table above mainly consists of 2 types of costs.

Banking Taxes charged to AXA Bank Belgium

The taxable basis for the banking tax is the arithmetic mean of the monthly amount of 'debt towards clients' in the Schema A reporting of the year preceding the tax year. The tax rate at this moment is 0.13231%. As such, the 2022 banking tax amounts to 25.9 million EUR for AXA Bank Belgium.

Contribution to the Single Resolution Mechanism

The Single Resolution Mechanism (SRM) is one of the pillars of the European Union's banking union. The SRM came into force on 19 August 2014 and is directly responsible for the resolution of the entities and groups directly supervised by the European Central Bank (ECB). The centralised decision making is built around the Single Resolution Board (SRB).

The contributions to be paid by each institution are determined in proportion to its relative risk profile, based on a detailed calculation methodology. As such, the 2022 contribution for AXA Bank Belgium amounts to 21.0 million EUR and the contribution for AXA Bank Europe SCF towards the SRF to 2.8 million EUR

Furthermore, in application of the EU regulations, the SRB has decided to accept that 15% of the mandatory SRF contribution may take the form of irrevocable payment commitments (IPCs).

IPCs can be defined as an obligation on the part of credit institutions to pay their contributions in the future. The IPCs are mandatorily backed by a cash collateral for the same amount as the IPCs. The SRB is entitled to call for payment of the IPC by sending a notice to the credit institution.

Contrary to cash contributions, which are reflected in the profit and loss statement (P&L) upon their payment, the IPCs and the cash collateral are considered as contingent liabilities under IFRS. Contingent liabilities are not recognised on the balance sheet nor in the income statement, but – if the possibility of any outflow in settlement is not remote – they are disclosed.

As from the moment of providing the cash collateral to the SRB, the cash is transferred on the balance sheet from 'Cash and balances with central banks' to 'Other assets'.

As there are currently no indications that the SRB would call for cash payment (and so no present obligation), no provision has been set up.

AXA Bank Belgium has used IPCs as payment of its 2022 contributions for an amount of 0.9 million EUR.

15 Impairment

15.1 Overview of financial assets in arrears.

2022.12 in '000 EUR	Stage 1			Stage 2			Stage 3		
	Overdue ≤ 30 days	Overdue > 30 days & ≤ 90 days	Overdue > 90 days > 90 days	Overdue ≤ 30 days	Overdue > 30 days & ≤ 90 days	Overdue > 90 days > 90 days	Overdue ≤ 30 days	Overdue > 30 days & ≤ 90 days	Overdue > 90 days > 90 days
Debt instruments									
Central governments									
Credit institutions									
Non credit institutions									
Corporate									
Loans & advances	135.736	462		69.323	24.597		14.102	11.200	78.569
Central governments									
Credit institutions									
Non credit institutions	6.865	203		3.715	698		1.533	969	2.049
Corporate	13.413	1		7.798	2.126		1.849	1.468	9.226
Retail	115.458	258		57.810	21.773		10.721	8.762	67.294
Bills & own acceptances									
Finance leases									
Securitized loans									
Consumer Credit	49.647	168		12.966	2.555		581	598	3.118
Mortgage loans	55.018	90		42.170	17.856		9.515	7.443	59.033
Term loans	3.158			1.982	933		441	621	1.797
Current accounts	7.635			692	429		184	100	1.364
Other									1.982
Other financial assets									
TOTAL	135.736	462		69.323	24.597		14.102	11.200	78.569

Table IMP.1

2021.12 in '000 EUR	*Stage 1*			*Stage 2*			*Stage 3*		
	Overdue ≤ 30 days	*Overdue > 30 days & ≤ 90 days*	*Overdue > 90 days > 90 days*	*Overdue ≤ 30 days*	*Overdue > 30 days & ≤ 90 days*	*Overdue > 90 days > 90 days*	*Overdue ≤ 30 days*	*Overdue > 30 days & ≤ 90 days*	*Overdue > 90 days > 90 days*
Debt instruments									
Central governments									
Credit institutions									
Non credit institutions									
Corporate									
Loans & advances	110.573	782		58.525	22.798		14.435	8.720	73.695
Central governments									
Credit institutions									
Non credit institutions	5.179	0		3.440	87		746	497	1.348
Corporate	11.616	9		5.555	2.353		965	1.863	7.894
Retail	93.778	773		49.530	20.358		12.724	6.360	64.453
Bills & own acceptances									
Finance leases									
Securitized loans									
Consumer Credit	39.056	121		11.669	2.952		649	590	3.391
Mortgage loans	45.924	501		36.075	16.196		11.695	5.316	56.130
Term loans	2.619	151		1.373	696		195	355	1.596
Current accounts	6.179			413	514		185	99	1.231
Other									2.105
Other financial assets									
TOTAL	110.573	782		58.525	22.798		14.435	8.720	73.695

Table IMP.2

15.2 Additions or reversals of impairments

Overview of impairment 2022.12 in '000 EUR	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	41.832	30.805	11.027
Financial assets at fair value through other comprehensive income			
Financial assets at amortised cost	41.832	30.805	11.027
Impairment on			
Property, plant and equipment			
Investment properties			
Intangible fixed assets			
Other			
Investments in associates and joint ventures accounted for using the equity method			
TOTAL	41.832	30.805	11.027

Table IMP.3

Overview of impairment 2021.12 in '000 EUR	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	37.665	37.340	325
Financial assets at fair value through other comprehensive income			
Financial assets at amortised cost	37.665	37.340	325
Impairment on			
Property, plant and equipment			
Investment properties			
Intangible fixed assets			
Other			
Investments in associates and joint ventures accounted for using the equity method			
TOTAL	37.665	37.340	325

Table IMP.4

15.3 Changes in gross carrying amount and credit losses between the beginning and end of the financial year.

The changes in the following tables related to mortgages and term loans (for the professional loans) includes also the management overlay for an amount of 5.4 million EUR in 2021 and 6,9 million EUR in 2022. See also chapter 0

Changes in gross carrying amount between the beginning and the end of annual period
2022.12
in '000 EUR

Financial assets at fair value through other comprehensive income				
Debt instruments	**STAGE 1**	**STAGE 2**	**STAGE 3**	**TOTAL**
Opening Balance	405.100			405.100
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised	-166.226			-166.226
Changes in interest accrual	-808			-808
Capital and other movements	-9.296			-9.296
Closing balance	228.771			228.771

Financial assets at amortised cost				
Debt instruments	**STAGE 1**	**STAGE 2**	**STAGE 3**	**TOTAL**
Opening Balance	80.626			80.626
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised				
Changes in interest accrual	-26			-26
Capital and other movements	-22.175			-22.175
Closing balance	58.425			58.425

Consumer Loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	**797.194**	**80.426**	**8.244**	**885.865**
Transferts				
From Stage 1 to Stage 2	-70.866	70.866		
From Stage 1 to Stage 3	-2.255		2.255	
From Stage 2 to Stage 1	34.464	-34.464		
From Stage 2 to Stage 3		-9.538	9.538	
From Stage 3 to Stage 1	1.347		-1.347	
From Stage 3 to Stage 2		5.422	-5.422	
New financial assets originated or purchased	372.590	580	63	373.233
Financial assets derecognised	-75.364	-11.509	-3.194	-90.067
Write offs			-407	-407
Changes in interest accrual	-218	-28	-5	-252
Capital and other movements	-196.993	-22.043	-2.296	-221.332
Closing balance	**859.900**	**79.713**	**7.427**	**947.040**
Mortgage loans	**STAGE 1**	**STAGE 2**	**STAGE 3**	**TOTAL**
Opening Balance	**20.394.199**	**2.017.044**	**206.135**	**22.617.379**
Transferts				
From Stage 1 to Stage 2	-2.084.291	2.084.291		
From Stage 1 to Stage 3	-5.389		5.389	
From Stage 2 to Stage 1	991.639	-991.639		
From Stage 2 to Stage 3		-117.444	117.444	
From Stage 3 to Stage 1	5.372		-5.372	
From Stage 3 to Stage 2		104.250	-104.250	
New financial assets originated or purchased	3.180.907	72.832	154	3.253.893
Financial assets derecognised	-891.600	-161.579	-31.734	-1.084.913
Write offs			3.358	3.358
Changes in interest accrual	-572	-72	-29	-673
Capital and other movements	-1.173.480	-149.203	-14.948	-1.337.631
Closing balance	**20.416.786**	**2.858.479**	**176.148**	**23.451.413**
Term loans	**STAGE 1**	**STAGE 2**	**STAGE 3**	**TOTAL**
Opening Balance	**1.953.793**	**309.160**	**64.731**	**2.327.684**
Transferts				
From Stage 1 to Stage 2	-223.953	223.953		
From Stage 1 to Stage 3	-2.106		2.106	
From Stage 2 to Stage 1	229.078	-229.078		
From Stage 2 to Stage 3		-31.924	31.924	
From Stage 3 to Stage 1	5.652		-5.652	
From Stage 3 to Stage 2		33.259	-33.259	
New financial assets originated or purchased	539.239	21.403	535	561.176
Financial assets derecognised	-60.375	-19.124	-9.107	-88.607
Write offs			1.570	1.570
Changes in interest accrual	-191	-38	-2	-231
Capital and other movements	-246.959	-39.518	-5.686	-292.162
Closing balance	**2.194.177**	**268.092**	**47.161**	**2.509.430**

Current accounts	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	49.392	10.879	7.101	67.373
Transferts				
From Stage 1 to Stage 2	-7.631	7.631		
From Stage 1 to Stage 3	-1.240		1.240	
From Stage 2 to Stage 1	5.840	-5.840		
From Stage 2 to Stage 3		-3.668	3.668	
From Stage 3 to Stage 1	967		-967	
From Stage 3 to Stage 2		1.914	-1.914	
New financial assets originated or purchased	21.164	2.129	280	23.573
Financial assets derecognised	-19.577	-3.033	-2.696	-25.306
Write offs			351	351
Changes in interest accrual	-42	13	162	133
Capital and other movements	1.748	1.392	-617	2.522
Closing balance	50.621	11.416	6.607	68.644

Other	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	459.884		2.105	461.989
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised			-123	-123
Write offs				
Changes in interest accrual				
Capital and other movements	34.046		1	34.047
Closing balance	493.930		1.982	495.912

Reverse repo	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	38			38
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised				
Write offs				
Changes in interest accrual				
Capital and other movements	-38			
Closing balance	0			0

Changes in loss allowances between the beginning and the end of annual period
2022.12
in '000 EUR

Financial assets at amortised cost

Consumer Loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-1.001	-3.400	-1.428	-5.829
Transferts				
From Stage 1 to Stage 2	188	-2.795		-2.607
From Stage 1 to Stage 3	12		-304	-292
From Stage 2 to Stage 1	-156	1.144		988
From Stage 2 to Stage 3		923	-814	109
From Stage 3 to Stage 1	-4		90	86
From Stage 3 to Stage 2		-370	350	-20
New financial assets originated or purchased	-1.534	-69	-19	-1.622
Financial assets derecognised	87	336	74	497
Write offs			407	407
Change in credit risk	-1.026	691	447	112
Changes due to update in the institution's methodology for estimation	-103	-332	0	-435
Autres mouvements				
Closing balance	-3.537	-3.874	-1.197	-8.608

Mortgage loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-1.526	-10.754	-25.880	-38.160
Transferts				
From Stage 1 to Stage 2	403	-6.529		-6.126
From Stage 1 to Stage 3	2		-194	-192
From Stage 2 to Stage 1	-376	3.428		3.052
From Stage 2 to Stage 3		1.232	-3.763	-2.531
From Stage 3 to Stage 1	-2		51	49
From Stage 3 to Stage 2		-748	1.666	918
New financial assets originated or purchased	-664	-717	-65	-1.446
Financial assets derecognised	73	860	451	1.384
Write offs			3.358	3.358
Change in credit risk	-625	575	2.216	2.166
Changes due to update in the institution's methodology for estimation	-1.463	-3.248	-390	-5.101
Autres mouvements				
Closing balance	-4.178	-15.903	-22.549	-42.630

Term loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-2.537	-9.911	-14.325	-26.773
Transferts				
From Stage 1 to Stage 2	808	-4.962		-4.154
From Stage 1 to Stage 3	7		-286	-279
From Stage 2 to Stage 1	-925	5.406		4.481
From Stage 2 to Stage 3		2.122	-3.719	-1.597
From Stage 3 to Stage 1	-8		707	699
From Stage 3 to Stage 2		-1.305	3.333	2.028
New financial assets originated or purchased	-1.155	-1.039	-122	-2.316
Financial assets derecognised	64	557	525	1.146
Write offs			1.570	1.570
Change in credit risk	1.060	3.837	-172	4.726
Changes due to update in the institution's methodology for estimation	179	986	-259	906
Autres mouvements				
Closing balance	-2.505	-4.309	-12.748	-19.562

Current accounts	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-102	-407	-3.207	-3.717
Transferts				
From Stage 1 to Stage 2	25	-100		-75
From Stage 1 to Stage 3	4		-703	-699
From Stage 2 to Stage 1	-57	163		106
From Stage 2 to Stage 3		201	-923	-722
From Stage 3 to Stage 1	-51		137	86
From Stage 3 to Stage 2		-133	173	40
New financial assets originated or purchased	-156	-541	-64	-761
Financial assets derecognised	57	105	84	246
Write offs			351	351
Change in credit risk	168	248	735	1.151
Changes due to update in the institution's methodology for estimation	1	71	-8	64
Autres mouvements				
Closing balance	-111	-392	-3.425	-3.928

Other	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance			-2.105	-2.105
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased			-14	-14
Financial assets derecognised			102	102
Write offs			91	91
Change in credit risk			-57	-57
Changes due to update in the institution's methodology for estimation				
Autres mouvements				
Closing balance			-1.982	-1.982

TABLE IMP.5

Changes in gross carrying amount between the beginning and the end of annual period
2021.12
in '000 EUR

Financial assets at fair value through other comprehensive income

Debt instruments	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	732.987			732.987
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised	-314.254			-314.254
Changes in interest accrual	-3.398			-3.398
Capital and other movements	-10.235			-10.235
Closing balance	405.100			405.100

Financial assets at amortised cost

Debt instruments	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	88.580			88.580
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased				
Financial assets derecognised				
Changes in interest accrual	-24			-24
Capital and other movements	-7.930			-7.930
Closing balance	80.626			80.626

Consumer Loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	752.513	82.748	10.411	845.672
Transferts				
From Stage 1 to Stage 2	-68.380	68.380		
From Stage 1 to Stage 3	-2.430		2.430	
From Stage 2 to Stage 1	35.501	-35.501		
From Stage 2 to Stage 3		-8.202	8.202	
From Stage 3 to Stage 1	1.860		-1.860	
From Stage 3 to Stage 2		4.944	-4.944	
New financial assets originated or purchased	348.433	2.144	362	350.939
Financial assets derecognised	-77.034	-11.367	-3.332	-91.733
Write offs			-331	-331
Changes in interest accrual	-236	-8	0	-244
Capital and other movements	-193.033	-22.712	-2.693	-218.438
Closing balance	797.194	80.426	8.244	885.865

Mortgage loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	19.148.785	1.663.075	269.771	21.081.631
Transferts				
From Stage 1 to Stage 2	-1.774.724	1.774.724		
From Stage 1 to Stage 3	-10.803		10.803	
From Stage 2 to Stage 1	1.320.588	-1.320.588		
From Stage 2 to Stage 3		-110.724	110.724	
From Stage 3 to Stage 1	38.025		-38.025	
From Stage 3 to Stage 2		85.980	-85.980	
New financial assets originated or purchased	4.373.644	191.583	1.131	4.566.358
Financial assets derecognised	-1.523.113	-164.590	-46.113	-1.733.816
Write offs			3.764	3.764
Changes in interest accrual	-3.137	1.802	285	-1.051
Capital and other movements	-1.175.066	-104.217	-20.225	-1.299.508
Closing balance	20.394.199	2.017.044	206.134	22.617.377

Term loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	1.621.875	427.999	64.848	2.114.722
Transferts				
From Stage 1 to Stage 2	-308.523	308.523		
From Stage 1 to Stage 3	-7.705		7.705	
From Stage 2 to Stage 1	368.243	-368.243		
From Stage 2 to Stage 3		-26.146	26.146	
From Stage 3 to Stage 1	3.493		-3.493	
From Stage 3 to Stage 2		14.269	-14.269	
New financial assets originated or purchased	568.574	20.759	815	590.147
Financial assets derecognised	-69.067	-22.610	-13.554	-105.231
Write offs			3.614	3.614
Changes in interest accrual	-195	-47	-13	-255
Capital and other movements	-222.901	-45.342	-7.070	-275.313
Closing balance	1.953.793	309.160	64.731	2.327.684

Current accounts	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	43.591	10.219	8.470	62.280
Transferts				
From Stage 1 to Stage 2	-9.318	9.318		
From Stage 1 to Stage 3	-1.253		1.253	
From Stage 2 to Stage 1	7.640	-7.640		
From Stage 2 to Stage 3		-2.298	2.298	
From Stage 3 to Stage 1	905		-905	
From Stage 3 to Stage 2		1.139	-1.139	
New financial assets originated or purchased	21.854	2.291	314	24.459
Financial assets derecognised	-18.088	-3.519	-3.413	-25.020
Write offs			674	674
Changes in interest accrual	17	15	158	189
Capital and other movements	4.044	1.355	-609	4.790
Closing balance	49.392	10.879	7.101	67.372

Other	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	490.530		2.383	492.913
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased			45	45
Financial assets derecognised			-314	-314
Write offs				
Changes in interest accrual				
Capital and other movements	-30.646		-9	-30.655
Closing balance	459.884		2.105	461.989

Reverse repo	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance				
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased	38			38
Financial assets derecognised				
Write offs				
Changes in interest accrual				
Capital and other movements				
Closing balance	38			38

Changes in loss allowances between the beginning and the end of annual period
2021.12
in '000 EUR

Financial assets at amortised cost

Consumer Loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-906	-3.065	-1.947	-5.918
Transferts				
From Stage 1 to Stage 2	164	-2.285		-2.121
From Stage 1 to Stage 3	11		-379	-368
From Stage 2 to Stage 1	-83	959		876
From Stage 2 to Stage 3		581	-755	-174
From Stage 3 to Stage 1	-3		139	136
From Stage 3 to Stage 2		-281	305	24
New financial assets originated or purchased	-937	-76	-84	-1.097
Financial assets derecognised	75	346	119	540
Write offs			331	331
Change in credit risk	769	772	843	2.384
Changes due to update in the institution's methodology for estimation	-92	-352		-444
Autres mouvements				
Closing balance	-1.001	-3.400	-1.428	-5.829

Mortgage loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-1.906	-8.762	-34.219	-44.886
Transferts				
From Stage 1 to Stage 2	390	-6.793		-6.403
From Stage 1 to Stage 3	4		-237	-234
From Stage 2 to Stage 1	-1.041	4.580		3.539
From Stage 2 to Stage 3		1.221	-4.347	-3.126
From Stage 3 to Stage 1	-18		419	401
From Stage 3 to Stage 2		-916	1.694	778
New financial assets originated or purchased	-733	-1.304	-234	-2.271
Financial assets derecognised	128	888	1.302	2.318
Write offs			3.764	3.764
Change in credit risk	1.791	-278	4.250	5.763
Changes due to update in the institution's methodology for estimation	-141	609	1.728	2.196
Autres mouvements				
Closing balance	-1.526	-10.754	-25.880	-38.160

Term loans	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-2.623	-9.650	-18.858	-31.131
Transferts				
From Stage 1 to Stage 2	539	-7.362		-6.823
From Stage 1 to Stage 3	33		-993	-960
From Stage 2 to Stage 1	-644	7.081		6.437
From Stage 2 to Stage 3		1.190	-2.849	-1.659
From Stage 3 to Stage 1	-10		222	212
From Stage 3 to Stage 2		-544	1.420	876
New financial assets originated or purchased	-1.595	-745	-73	-2.413
Financial assets derecognised	62	325	1.710	2.097
Write offs			3.614	3.614
Change in credit risk	1.436	327	1.047	2.810
Changes due to update in the institution's methodology for estimation	265	-533	435	168
Autres mouvements				
Closing balance	-2.537	-9.911	-14.325	-26.773

Current accounts	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance	-96	-336	-4.031	-4.462
Transferts				
From Stage 1 to Stage 2	21	-70		-49
From Stage 1 to Stage 3	3		-450	-447
From Stage 2 to Stage 1	-48	260		212
From Stage 2 to Stage 3		118	-554	-436
From Stage 3 to Stage 1	-28		95	67
From Stage 3 to Stage 2		-88	114	26
New financial assets originated or purchased	-152	-558	-61	-771
Financial assets derecognised	53	116	191	360
Write offs			674	674
Change in credit risk	142	136	787	1.065
Changes due to update in the institution's methodology for estimation	3	14	27	44
Autres mouvements				
Closing balance	-102	-407	-3.207	-3.717

Other	STAGE 1	STAGE 2	STAGE 3	TOTAL
Opening Balance			-2.383	-2.383
Transferts				
From Stage 1 to Stage 2				
From Stage 1 to Stage 3				
From Stage 2 to Stage 1				
From Stage 2 to Stage 3				
From Stage 3 to Stage 1				
From Stage 3 to Stage 2				
New financial assets originated or purchased			-45	-45
Financial assets derecognised			311	311
Write offs				
Change in credit risk			12	12
Changes due to update in the institution's methodology for estimation				
Autres mouvements				
Closing balance			-2.105	-2.105

TABLE IMP.6

All movements go through the income statement except in principle the transitions between stage 2 and stage 3

The contractual amount outstanding on financial assets that have been written off and that is still subject to collection procedures is 12,7 million.

15.4 Maximum Credit Exposure

The amount recorded as 'maximum credit exposure' refers to the recorded book value except for loans and advances where the unused granted credit line margin has also been added.

The loss allowances in the following tables related to mortgages and term loans (for the professional loans) includes also the management overlay for an amount of 5.4 million EUR in 2021 and 6.9 million EUR in 2022 see also chapter 0

Credit exposure
2022.12
in '000 EUR

Maximum exposure to credit risk - Financial instruments subject to impairment

Stage 1	*Gross carrying amount*	*Loss allowance*	*Carrying amount*
Debt instruments	287.196		287.196
Loans & advances (balance)	24.015.414	-10.331	24.005.083
Reverse repo			
Consumer Credit	859.900	-3.537	856.363
Mortgage loans	20.416.786	-4.178	20.412.608
Term loans	2.194.177	-2.505	2.191.672
Current accounts	50.621	-111	50.510
Other	493.930		493.930
Engagement de prêts et garanties	1.317.316	-921	1.316.395
TOTAAL	**25.619.926**	**-11.252**	**25.608.674**

Stage 2	*Gross carrying amount*	*Loss allowance*	*Carrying amount*
Debt instruments			
Loans & advances (balance)	3.217.700	-24.478	3.193.222
Reverse repo			
Consumer Credit	79.713	-3.874	75.839
Mortgage loans	2.858.479	-15.903	2.842.576
Term loans	268.092	-4.309	263.783
Current accounts	11.416	-392	11.024
Other			
Engagement de prêts et garanties	13.142	-137	13.005
TOTAAL	**3.230.842**	**-24.615**	**3.206.227**

Stage 3	*Gross carrying amount*	*Loss allowance*	*Carrying amount*
Debt instruments			
Loans & advances (balance)	239.325	-41.902	197.424
Reverse repo			
Consumer Credit	7.427	-1.197	6.230
Mortgage loans	176.148	-22.549	153.599
Term loans	47.161	-12.748	34.413
Current accounts	6.607	-3.425	3.182
Other	1.982	-1.982	0
Engagement de prêts et garanties	920	-66	854
TOTAAL	**240.245**	**-41.968**	**198.278**
TOTAL	**29.091.013**	**-77.835**	**29.013.179**

Maximum exposure to credit risk - Financial instruments not subject to impairment	
Equity	163
Debt instruments held for trading	540
Derivatives	209.831
Other	29.415
TOTAAL	**239.949**

Carrying amount of financial assets pledged as collateral for	**2.476.945**
Liabilities	2.086.967
Contingent liabilities	389.978

Table IMP.7

Credit exposure 2021.12 in '000 EUR			
Maximum exposure to credit risk - Financial instruments subject to impairment			
Stage 1			
	Gross carrying amount	*Loss allowance*	*Carrying amount*
Debt instruments	485.726		485.726
Loans & advances (balance)	23.654.500	-5.166	23.649.334
Reverse repo	38		38
Consumer Credit	797.194	-1.001	796.193
Mortgage loans	20.394.199	-1.526	20.392.672
Term loans	1.953.793	-2.537	1.951.256
Current accounts	49.392	-102	49.291
Other	459.884		459.884
Engagement de prêts et garanties	2.051.436	-1.085	2.050.351
TOTAAL	**26.191.662**	**-6.251**	**26.185.411**

Stage 2			
	Gross carrying amount	*Loss allowance*	*Carrying amount*
Debt instruments			
Loans & advances (balance)	2.417.509	-24.472	2.393.037
Reverse repo			
Consumer Credit	80.426	-3.400	77.026
Mortgage loans	2.017.044	-10.754	2.006.290
Term loans	309.160	-9.911	299.249
Current accounts	10.879	-407	10.472
Other			
Engagement de prêts et garanties	18.960	-286	18.674
TOTAAL	**2.436.469**	**-24.758**	**2.411.711**

Stage 3			
	Gross carrying amount	*Loss allowance*	*Carrying amount*
Debt instruments			
Loans & advances (balance)	288.315	-46.945	241.370
Reverse repo			
Consumer Credit	8.244	-1.428	6.816
Mortgage loans	206.134	-25.880	180.254
Term loans	64.731	-14.325	50.406
Current accounts	7.101	-3.207	3.894
Other	2.105	-2.105	0
Engagement de prêts et garanties	2.687	-140	2.547
TOTAAL	**291.002**	**-47.085**	**243.917**
TOTAL	**28.919.133**	**-78.094**	**28.841.040**

Maximum exposure to credit risk - Financial instruments not subject to impairment	
Equity	199
Debt instruments held for trading	409
Derivatives	46.793
Other	23.870
TOTAAL	**71.271**

Carrying amount of financial assets pledged as collateral for	3.585.598
Liabilities	2.826.088
Contingent liabilities	759.510

Table IMP.8

For the rules applied regarding the accounting of impairments we refer to chapter 2.2.2.5 *Impairment*.

More details on collateral and guarantees received can be found in chapter 34 *Contingent Assets and Liabilities*.

16 Income Taxes

During the 2022 financial year AXA Bank Belgium has calculated the taxable profit at the statutory Belgian tax rate which ultimately resulted in corporate tax due of 15.6 million EUR.

In 2022, there is no DRD deduction of the current year available, nor from previous fiscal years.

Main elements of the tax estimate:

- Accounting result based on Belgian accounting rules ("Belgian GAAP"): 50.4 million EUR
- Disallowed expenses : 3.6 million EUR (excluding the aforementioned corporate tax)
- Movements in taxed reserves (impairments & provisions): -7.2 million EUR
- DBI deduction: none
- Risk capital deduction: none
- Imputation of transferable tax losses: none

AXA Bank Belgium has tax-free reserves in its own funds amounting to EUR 213.1 million (unchanged since 2017) on which no deferred tax was calculated. If these reserves were to be disbursed, they would be taxed. As long as the bank is a 'going concern', these reserves are required as part of the bank's own operating funds and there is no intention to disburse it.

Another important contribution to the total tax charges is corporation tax on the taxable results of the French subsidiary AXA Bank Europe SCF for a total amount of 10.4 million EUR (statutory rate 25.82 %).
The main tax adjustments relate to:

- The issuance costs charged immediately for tax purposes (2022 decrease in taxable base by 1.4 million EUR due to a new issuance);
- The contribution to the Single Resolution Fund which is rejected (2.8 million EUR);
- Taxable impairments (2.3 million EUR, increase in taxable base).

Which led to a total taxable result of 40.3 million EUR.

The deferred tax assets mainly relate to adjustments related to the calculation of the provisions pertaining to pension schemes, the taxed reserves as well as temporary differences resulting from the calculation of the effective interest rate on the loan portfolio at AXA Bank Belgium. Based, among other things, on the basis of the AXA Bank Belgium budget exercise on a 5-year time horizon, taking into account a margin regarding uncertainties in the assumptions used, the estimate is that these can be settled in accordance with the local tax rules.

Reconciliation of statutory tax to effective tax 2022.12 in '000 EUR	*Net amount*	%
1. Tax expense using statutory rate	-29.619	
1.1. Net profit before taxes	118.475	
1.2. Statutory tax rate		25,00%
2. Tax impact of rates in other jurisdictions	5.568	
3. Tax impact of non taxable revenues		
4. Tax impact of non tax deductible expenses	2.025	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss		
7. Tax impact from reassessment of unrecognised deferred tax assets		
8. Tax impact of change in tax rates		
9. Tax impact from under or over provisions in prior periods	-39	
10. Other increase (decrease) in statutory tax charge	32	
11. Tax expense using effective rate	-37.206	
11.1. Net profit before taxes	118.475	
11.2. Effective tax rate	7.580	-31,40%

Table IT.1

Reconciliation of statutory tax to effective tax 2021.12 in '000 EUR	*Netto bedrag*	%
1. Tax expense using statutory rate	-32.051	
1.1. Net profit before taxes	128.203	
1.2. Statutory tax rate		25,00%
2. Tax impact of rates in other jurisdictions	2.261	
3. Tax impact of non taxable revenues		
4. Tax impact of non tax deductible expenses	1.423	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss		
7. Tax impact from reassessment of unrecognised deferred tax assets		
8. Tax impact of change in tax rates		
9. Tax impact from under or over provisions in prior periods	-429	
10. Other increase (decrease) in statutory tax charge	217	
11. Tax expense using effective rate	-35.530	
11.1. Net profit before taxes	128.203	
11.2. Effective tax rate	3.474	-27,71%

Table IT.2

The tax claim recognised by AXA Bank Belgium includes taxable reserves and provisions as well as tax claims on temporary differences due to IFRS restatements. Regarding these temporary differences, the major part relates to the calculation of pension plan provisions and the calculation of the effective interest rate on the loan portfolio of AXA Bank Belgium. Based on the budget analyses carried out by management, AXA Bank Belgium does not expect any issues regarding the recoverability of these claims.

Tax liabilities are also mainly temporary differences resulting from the accounting deferral of the issuance costs related to the covered bonds and the FRS adjustments with regard to the calculation of the effective interest rate on the loan portfolio at SCF AXA Bank Europe.

In the following analysis of assets and deferred tax liabilities, no legal entity is distinguished however distinction is made between tax entities.

A breakdown of the recoverability of the deferred tax assets appears below:

	31/12/2022	31/12/2022	31/12/2022
Analysis of deferred tax assets and liabilities	**Net deferred tax assets**	**Net deferred tax liabilities**	**Net deferred taxes**
Deferred taxes through result	26.262	-24.857	1.405
Invested financial assets	18.171	-13.282	4.889
Pensions and other retirement benefits	3.869		3.869
Employee benefits (other than Pensions)	1.807		1.807
Other provisions for risk and other charges	2.415		2.415
Tax losses			
Other assets		-8.965	-8.965
Other liabilities		-2.610	-2.610
Deferred taxes through revaluation reserve for financial assets at fair value through other comprehensive income		-333	-333
Deferred taxes through cash flow hedge revaluation reserve			
Deferred taxes through profit and losss on defined benefit plans	11.198		11.198
Deferred taxes on reserves for fair value changes on own credit risk financial liabilities	26	-3.907	-3.881
Total deferred taxes	**37.486**	**-29.097**	**8.389**

Table IT.3

	31/12/2021	31/12/2021	31/12/2021
Analysis of deferred tax assets and liabilities	**Net deferred tax assets**	**Net deferred tax liabilities**	**Net deferred taxes**
Deferred taxes through result	27.749	-16.204	11.545
Invested financial assets (including assets backing UL and excluding investments	18.643	-12.374	6.269
Pensions and other retirement benefits	3.915		3.915
Employee benefits (other than Pensions)	1.213		1.213
Other provisions for risk and other charges	3.978		3.978
Tax losses			
Other assets		-684	-684
Other liabilities		-3.145	-3.145
Deferred taxes through revaluation reserve for financial assets available for sale	38	-752	-714
Deferred taxes through cash flow hedge revaluation reserve			
Deferred taxes through profit and losss on defined benefit plans	8.605		8.605
Deferred taxes on reserves for fair value changes on own credit risk financial liabilities	2.080		2.080
Total deferred taxes	**38.472**	**-16.956**	**21.515**

Table IT.4

Income tax expense current and deffered in '000' EUR	2022.12	2021.12
Current income tax expense, net	25.987	34.241
Deferred tax expense, net	11.219	1.289
Total	37.206	35.530

Table IT.5

Deferred tax assets per expected date of utilization

31/12/2022	*Deferred tax asset-expected date of utilization 1 year*	*Deferred tax asset-expected date of utilization 2 year*	*Deferred tax asset-expected date of utilization 3 year*	*Deferred tax asset-expected date of utilization 4 year*	*Deferred tax asset-expected date of utilization 5 year*	*Deferred tax asset-expected date of utilization 6 year*	*Deferred tax asset-expected date of utilization Between 7 and 11 years*	*Deferred tax asset-expected date of utilization > 11 years*	*Deferred tax asset-expected date of utilization No date determined*	***TOTAL***
Deferred tax asset on taxable transferred losses	0	0	0	0	0	0	0	0	0	0
Other deferred tax assets	631	1.366	281	0	2.124	0	14.941	18.142	0	37.486
TOTAL DTA	**631**	**1.366**	**281**	**0**	**2.124**	**0**	**14.941**	**18.142**	**0**	**37.486**

Table IT.6

Deferred tax assets per expected date of utilization

31/12/2021	*Deferred tax asset-expected date of utilization 1 year*	*Deferred tax asset-expected date of utilization 2 year*	*Deferred tax asset-expected date of utilization 3 year*	*Deferred tax asset-expected date of utilization 4 year*	*Deferred tax asset-expected date of utilization 5 year*	*Deferred tax asset-expected date of utilization 6 year*	*Deferred tax asset-expected date of utilization Between 7 and 11 years*	*Deferred tax asset-expected date of utilization > 11 years*	*Deferred tax asset-expected date of utilization No date determined*	***TOTAL***
Deferred tax asset on taxable transferred losses	0	0	0	0	0	0	0	0	0	0
Other deferred tax assets	683	1.604	123	469	4.504	174	14.854	16.060	0	38.472
TOTAL DTA	**683**	**1.604**	**123**	**469**	**4.504**	**174**	**14.854**	**16.060**	**0**	**38.472**

Table IT.7

Deferred tax assets as on the last use date

31/12/2022	*DTA last use date 1 year*	*DTA last use date 2 year*	*DTA last use date 3 year*	*DTA last use date 4 year*	*DTA last use date 5 year*	*DTA last use date 6 year*	*DTA last use date Between 7 and 11 years*	*DTA last use date > 11 years*	*DTA last use date No due date*	***TOTAL***
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	0	0
Other deferred tax assets	631	1.366	281	0	2.124	0	14.941	0	18.142	37.486
TOTAL DTA	**631**	**1.366**	**281**	**0**	**2.124**	**0**	**14.941**	**0**	**18.142**	**37.486**

Table IT.8

Deferred tax assets as on the last use date

31/12/2021	*DTA last use date 1 year*	*DTA last use date 2 year*	*DTA last use date 3 year*	*DTA last use date 4 year*	*DTA last use date 5 year*	*DTA last use date 6 year*	*DTA last use date Between 7 and 11 years*	*DTA last use date > 11 years*	*DTA last use date No due date*	***TOTAL***
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	0	0
Other deferred tax assets	683	1.604	123	469	4.504	174	14.854	0	16.060	38.472
TOTAL DTA	**683**	**1.604**	**123**	**469**	**4.504**	**174**	**14.854**	**0**	**16.060**	**38.472**

Table IT.9

Deferred tax liabilities per expected date of utilization

31/12/2022	Deferred tax liability-expected date of utilization 1 year	Deferred tax liability-expected date of utilization 2 year	Deferred tax liability-expected date of utilization 3 year	Deferred tax liability-expected date of utilization 4 year	Deferred tax liability-expected date of utilization 5 year	Deferred tax liability-expected date of utilization 6 year	Deferred tax liability-expected date of utilization Between 7 and 11 years	Deferred tax liability-expected date of utilization > 11 years	Deferred tax liability-expected date of utilization No date determined	TOTAL
Other deferred tax liabilities	741	880	1.062	1.076	1.220	124	1.590	22.403	0	29.097
TOTAL DTL	741	880	1.062	1.076	1.220	124	1.590	22.403	0	29.097

Table IT.10

Deferred tax liabilities per expected date of utilization

31/12/2021	Deferred tax liability-expected date of utilization 1 year	Deferred tax liability-expected date of utilization 2 year	Deferred tax liability-expected date of utilization 3 year	Deferred tax liability-expected date of utilization 4 year	Deferred tax liability-expected date of utilization 5 year	Deferred tax liability-expected date of utilization 6 year	Deferred tax liability-expected date of utilization Between 7 and 11 years	Deferred tax liability-expected date of utilization > 11 years	Deferred tax liability-expected date of utilization No date determined	TOTAL
Other deferred tax liabilities	654	619	739	205	164	121	1.206	13.247	0	16.956
TOTAL DTL	654	619	739	205	164	121	1.206	13.247	0	16.956

Table IT.11

Deferred tax liability as on the last use date

31/12/2022	DTL last use date 1 year	DTL last use date 2 year	DTL last use date 3 year	DTL last use date 4 year	DTL last use date 5 year	DTL last use date 6 year	DTL last use date Between 7 and 11 years	DTL last use date > 11 years	DTL last use date No due date	TOTAL
Other deferred tax liability	741	880	1.062	1.076	1.220	124	1.590	22.403	0	29.097
TOTAL DTL	741	880	1.062	1.076	1.220	124	1.590	22.403	0	29.097

Table IT.12

Deferred tax liability as on the last use date

31/12/2021	DTL last use date 1 year	DTL last use date 2 year	DTL last use date 3 year	DTL last use date 4 year	DTL last use date 5 year	DTL last use date 6 year	DTL last use date Between 7 and 11 years	DTL last use date > 11 years	DTL last use date No due date	TOTAL
Other deferred tax liability	654	619	739	205	164	121	1.206	13.247	0	16.956
TOTAL DTL	654	619	739	205	164	121	1.206	13.247	0	16.956

Table IT.13

17 Cash and Balances with Central Banks

	2022.12 en '000 EUR	2021.12 en '000 EUR
Components of cash and cash equivalents		
On hand (cash)	48.196	47.061
Cash and balances with central banks	3.638.320	1.672.385
Financial assets at amortised cost	57.123	64.901
Financial assets at fair value through other comprehensive income		
TOTAL	3.743.639	1.784.347

Table CBCB.1

18 Financial Assets Held for Trading

Counterparty breakdown Carrying value in '000 EUR	2022.12	2021.12
Derivatives held for trading		
Freestanding derivatives	10.521	45.584
Equity instruments		
Quoted		
Unquoted but FV determinable		
Equity instruments at cost		
Debt instruments issued by	540	409
Central governments		
Credit institutions	535	409
Non credit institutions	4	
Corporate		
Loans & advances to		
Central governments		
Credit institutions		
Non credit institutions		
Corporate		
Retail		
Accrued income (if accounted for separately)		
TOTAL	11.060	45.992

Table FATRA.1

The derivatives included here consist of the majority of:

- derivatives that have a hedge strategy as their objective but for which the IAS39 conditions are not met in order to apply so-called hedge accounting
- derivatives that reflect the fees structure of the EMTNs and thus constitute a natural hedge of these EMTNs

As indicated in item 5.2, valuation techniques are used here that use market data such as yield curves, dividend yield, index levels and volatility data. AXA Bank Belgium uses information from Bloomberg, Markit or data supplied by reliable intermediaries. These prices are then validated internally or the instruments are valued using internal valuation techniques.
This information is still sufficiently available and no abnormal evolutions in margins or ‘ask’ prices have been observed, which means that the information is still sufficiently representative for the calculation of the fair value.
AXA Bank Belgium also offers its customers the opportunity to invest in notes issued by an external issuer. This is done by means of forward buying and sales transactions with regard to these securities, which are therefore recognised as off-balance-sheet contingent assets and liabilities.
In the exceptional event that not all securities purchased by the bank could be placed with customers or not repurchased by the issuer, AXA Bank Belgium will include these securities in its trading portfolio.

However, this was not the case in 2022.

19 Financial Assets Measured at Fair Value through Profit or Loss

AXA Bank Belgium had no financial assets in 2021 and 2022 (not held for trading) required based on IFRS 9 rules to be included at fair value through value adjustments in profit or loss.

20 Financial Assets at Fair Value through OCI

A bond is measured at fair value through OCI if it fulfils the following conditions and it is not designated as at fair value through profit or loss:

- the financial assets are held within a business model whose objective is to hold financial assets in order both to collect contractual cash flows and to sell the financial assets (‘hold to collect and sell’)
- the contractual terms of the assets give rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This measurement category is used by AXA Bank Belgium for the part of the bonds portfolio held for liquidity purposes, balance sheet management and optimisation of the risk-return relationship.

At first recognition of a share that is not held for trading purposes, AXA Bank may irrevocably decide to measure the shares at fair value through OCI (except for dividends which remain in profit or loss). This decision is made instrument by instrument. AXA Bank Belgium has made use of this possibility for its entire shares portfolio because measuring it at fair value through profit or loss would not be the correct measurement method for a strategic and non-trading position. Beside the unconsolidated holdings in subsidiaries and associated companies mentioned in point 25, this portfolio also 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		2
NCR Corporation	55	89
TOTAL	164	200

Table FAAVS.3

The measurement of these financial assets, and in particular the bond portfolio, is determined based on market prices in an active market. For some shares, valuation techniques based on market data and dividend yields are used.

The information is still sufficiently available and no abnormal evolutions in margins or asking prices have been observed, which means that the information is still sufficiently representative for the calculation of the fair value.
This is in line with expectations as AXA Bank Belgium's investment strategy is to invest almost exclusively in highly liquid securities.

Counterparty breakdown 2022.12 in '000 EUR	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Total net carrying amount*	*Total write offs*
Equity							164	
Quoted							55	
Unquoted but FV determinable							61	
Equity instruments at cost							48	
Debt instruments issued by	228.771						228.771	
Central governments	76.605						76.605	
Credit institutions	152.165						152.165	
Non credit institutions								
Corporate								
Loans & advances to								
Central governments								
Credit institutions								
Non credit institutions								
Corporate								
Retail								
Accrued income (if accounted for separately)								
TOTAL	228.771						228.935	

Table FAAVS.1

Counterparty breakdown 2021.12 in '000 EUR	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	< Impairment >	Gross carrying amount	< Impairment >	Gross carrying amount	< Impairment >	Total net carrying amount	Total write offs
Equity							199	
Quoted							89	
Unquoted but FV determinable							61	
Equity instruments at cost							49	
Debt instruments issued by	405.100						405.100	
Central governments	247.896						247.896	
Credit institutions	157.204						157.204	
Non credit institutions								
Corporate								
Loans & advances to								
Central governments								
Credit institutions								
Non credit institutions								
Corporate								
Retail								
Accrued income (if accounted for separately)								
TOTAL	405.100						405.299	

Table FAAVS.2

21 Financial Assets at Amortised Cost

Part of the bond portfolio that is held to match the estimated duration of the liabilities without stated maturity (like savings accounts) and for interest yield purposes, is included in the business model "hold to collect" and measured at amortised cost.

The impairments includes a management overlay of 5.4 million EUR in 2021 and 6.9 million EUR in 2022 We refer to chapter 15 ‘Impairment’ for more information.

Counterparty breakdown 2022.12 in '000 EUR	*Stage 1*		*Stage 2*		*Stage 3*				
	Gross carrying amount	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Net carrying amount*	*Average net carrying amount*	*Total write offs*
Debts instruments issued by	58.425						58.425	62.570	
Central governments	58.425						58.425	62.570	
Credit institutions									
Non credit institutions									
Corporate									
Loans and receivables to	24.015.413	-10.331	3.217.700	-24.478	239.327	-41.900	27.395.731	26.942.091	-12.657
Central governments									
Credit institutions	415.761						415.761	338.626	
Non credit institutions	618.632	-476	74.595	-986	11.391	-3.345	699.811	677.351	-195
Corporate	1.653.291	-1.971	190.299	-2.893	33.224	-8.387	1.863.563	1.788.069	-1.583
Retail	21.327.729	-7.884	2.952.806	-20.599	194.712	-30.168	24.416.596	24.138.045	-10.879
Accrued income (if accounted for separately)									
TOTAL	**24.073.838**	**-10.331**	**3.217.700**	**-24.478**	**239.327**	**-41.900**	**27.454.156**	**27.004.661**	**-12.657**

Table LR.1

Counterparty breakdown 2021.12 in '000 EUR	*Stage 1*		*Stage 2*		*Stage 3*				
	Gross carrying amount	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Gross carrying amount*	*< Impairment >*	*Net carrying amount*	*Average net carrying amount*	*Total write offs*
Debts instruments issued by	80.626						80.626	81.316	
Central governments	80.626						80.626	81.316	
Credit institutions									
Non credit institutions									
Corporate									
Loans and receivables to	23.654.500	-5.166	2.417.509	-24.472	288.315	-46.945	26.283.741	25.727.674	-13.985
Central governments									
Credit institutions	374.752						374.752	359.175	
Non credit institutions	585.369	-497	66.578	-2.107	15.163	-3.542	660.964	648.839	-132
Corporate	1.429.151	-1.931	218.106	-7.035	46.694	-9.934	1.675.051	1.594.912	-1.391
Retail	21.265.228	-2.738	2.132.825	-15.330	226.458	-33.469	23.572.974	23.124.749	-12.462
Accrued income (if accounted for separately)									
TOTAL	**23.735.126**	**-5.166**	**2.417.509**	**-24.472**	**288.315**	**-46.945**	**26.364.367**	**25.808.990**	**-13.985**

Table LR.2

Loans and receivables with maturity > 1 year:24.75 million EUR (2022) and 23.70 million EUR (2021)

Loans and receivables (excluding credit institutions) 2022.12 in '000 EUR	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo				
Consumer Credit		7.723	8.441	922.269
Mortgage loans		272.990	7.671	23.128.122
Term loans		375.535	1.830.030	282.556
Current accounts		2.802	17.421	44.494
Other		40.761		39.155
TOTAL		699.811	1.863.563	24.416.596

Table LR.3

Loans and receivables (excluding credit institutions) 2021.12 in '000 EUR	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo				
Consumer Credit		7.744	7.850	864.441
Mortgage loans		256.375	5.942	22.316.900
Term loans		371.137	1.644.527	283.027
Current accounts		2.575	17.103	43.977
Other		23.135		64.257
TOTAL		660.966	1.675.422	23.572.602

Table LR.4

22 Derivatives

Derivatives include swaps, futures, forwards and options. The value of these contracts is calculated according to the case, based on the closing price, interest-rate level, exchange rate, rate of the underlying assets, implicit or historical volatility, expected dividends or the correlation between the different underlying instruments.

Within the scope of its banking activities, AXA Bank Belgium uses the following derivative instruments, classified based on the IFRS categories:

Fair Value Hedge

1. Macro Hedging of a Part of the Fixed-rate Mortgages Portfolio with Interest Rate Swaps

   AXA Bank Belgium uses interest-rate swaps to hedge the fair value fluctuations of the fixed-rate credits portfolio due to the evolution of the interest rate. AXA Bank Belgium thus hedges the interest-rate risk between credits (long-term interest rate) and their financing (short-term interest rate). The hedged risk is defined as the risk-free rate, more precisely the €ster, influencing the fair value of the portfolio of credits. This constitutes the largest part of the total fair value fluctuation. The other non-hedged risks are amongst others the solvency, the liquidity and the value of the collateral and of course the commercial margin.

   AXA Bank Belgium has therefore set up a fair value hedge model for a part of the fixed-rate credits portfolio. This model was first applied on 1 April 2005 but was adjusted in July 2009 to refine the modelling of the hedged item, and thus to enhance the efficiency of the hedge relationship. Starting from 2022 the model was once again adjusted to be in line with the hedge models used by Crelan group of which AXA Bank Belgium is part of since 31st of December 2021. The part of the fixed-rate credits portfolio under the fair value hedge model leads to a hedge ratio of the notional amount of the hedging swaps and the notional amount of the credits.

   The efficiency of the hedge relationship is periodically measured using prospective and retrospective tests. If the model is efficient, the fluctuation of the fair value of the hedged item, namely the portion of the fixed-rate credits portfolio included in the fair value hedge documentation, is included in the result, just like the fluctuation of the fair value of the hedging derivatives.

   The amortization profile of the hedging swaps portfolio and the hedged fixed-rate credits, taking into consideration the expected conditional prepayment rates (i.e. CPR) are compared in order to verify that no expected over-hedge situation is observed.

   If such an over-hedge situation is observed the corresponding hedge reserve on those loans is taken immediately in the profit and losses.

   It can also be proactively decided to either remove swaps from the hedging model or to early terminate the contract. In that case, the hedging reserve will be spread into profit and losses over the remaining life of the initial hedged portfolio.

   As part of the proactive monitoring, an additional series of swaps for a notional amount for a total of EUR 850 million was closed in the course of 2022. A part of these proactively closed swaps has been replaced by swaps at new market conditions, so that the change in the interest rate position of AXA Bank Belgium remains limited.

   The part of the outstanding hedging reserve related to these swaps (-55.06 million EUR) is amortised in the income statement until the initial maturity date of the closed swaps or until the establishment of a possible new additional overhedge, because the swaps continue to be part of the hedge construction.
   The positive impact of this depreciation for 2022 is +4.18 million EUR.

2. Micro Hedge of Fixed-rate Securities with Interest Swaps

   Certain fixed-rate securities of AXA Bank Belgium's investment portfolio are individually hedged using an interest rate swap to compensate the fair value changes of the securities resulting from interest rate changes. Only the interest rate risk is hedged, being usually the largest part of the total fair value changes. The other non-hedged risks are amongst others credit spreads and liquidity. In the event the efficiency of this fair value hedge can be demonstrated, the value fluctuation of the instrument hedged resulting from the evolution of the interest rate of the fixed-rate security is included in the result.

3. Macro Hedging of a Part of the Floating-rate Mortgages Portfolio with Interest Rate Caps and swaptions

AXA Bank Belgium has purchased interest rate caps and payers swaptions on the market to hedge the margin of the floating-rate mortgages portfolio.

The hedge through swaptions which was economically already performed for years is only documented in line with the IFRS requirements from the 1st of January 2022.

The mortgage loans include a cap of the interest rate for the customer on the repricing dates, creating an interest rate risk for AXA Bank Belgium between the floating-rate mortgage loans and the funding. AXA Bank Belgium hedges the risk of the fair value fluctuations of the caps in the mortgages that could be performed depending on the importance of the increase in the Euribor interest rate. This hedge occurs in the form of a dynamic portfolio hedge, whereby the mortgage loans and the interest rate caps or swaptions are placed in structured buckets by (a) the month of revision of the interest rate and (b) the strike price by 10 basis points. Only (a part) of the repricing risk is hedged. This usually forms the largest part of the total fair value change. The other risks are not hedged. The hedge ratio forms for each bucket the relation between the notional amount of the mortgage loans and the notional amount of the interest rate caps or swaptions in the same bucket. This model is regularly analysed in order, if necessary, to add new hedge instruments to it, and considering the new allocation of mortgage loans or to early-close caps, fully or partially, when an over-hedge occurs in an individual hedge bucket. A dollar offset efficiency test is executed on a monthly basis which will be replaced by a regression analysis once enough data points will be collected.

The hedged risk is defined as the risk-free rate (3-month Euribor or 6-months Euribor for swaptions, 12-months Euribor for the interest rate caps) influencing the fair value of the mortgage loans. This constitutes the largest part of the total fair value fluctuation. The other risks are not hedged.

4. Micro Hedging of the Covered Bonds Issued by AXA Bank Europe SCF with Interest Rate Swaps

The covered bonds issued by AXA Bank Europe SCF are hedged by interest rate swaps to hedge the fair value changes resulting from interest rate movements. The individual hedge ratio corresponds to the relation between the notional amount of the interest rate swap and the notional amount of the hedged security. These swaps are part of micro fair value hedges. A regression analysis on a quarterly basis provides an efficiency test of the model. During the efficient periods, the fair value fluctuation of the covered bonds is entered in the result in accordance with the hedge of the interest risk.

Cash Flow Hedge

AXA Bank Belgium currently does not make use of cash flow hedges.

Fair Value Option

The EMTNs issued by AXA Belgium Finance are classified as fair value option because they contain embedded derivatives for which the economic features and risks are different from the host contract.

Freestanding Derivatives

It can happen that AXA Bank Belgium uses derivatives in hedging his treasury activity attached interest rate risk or temporarily has de-designated some derivatives out of their hedge relationship. Those derivatives are then considered being trading or freestanding derivatives.

Sources of Ineffectiveness

1. Macro Hedging of a Part of the Fixed-rate Mortgages Portfolio with Interest Rate Swaps

Inaccuracy of the Model

The hedged part in this model is part of the fixed-rate loans portfolio equal to the volume of swaps documented as hedging instruments.

This part of the total portfolio is modelled as a series of hypothetical bonds which are defined based on the swaps characteristics.

Some inefficiency might arise from this modelling method such as slightly different discount factors used in the framework of the discounting of the expected cash-flows of the swaps and those of the hypothetical bonds which hence might lead to some inefficiency.

Measurement Method

The interest rate swaps portfolio is measured based on the dual-curve valuation method based on the specific characteristics of the individual CSAs that AXA Bank Belgium has with its counterparties. That may contain certain details such as a guarantee in a specific currency, which will affect the valuation levels and also fluctuates. On the other hand, the hedged instrument is measured based on a “single-curve” measurement method. The difference in valuation method creates a variance in fair value fluctuations and consequently leads to inefficiency.

Besides this, some Euribor 1 month, 3 months and 6 months are still part of the hedging swaps porfolio while the €ster is defined as the risk being hedged. The use of these specific swaps do create some residual basis risk which translates into some P&L inefficiency.

The change in fair value of the floating legs of the interest rate swaps, as not offset by any change in fair value of the hypothetical bonds, do also create some P&L inefficiency.

Hedge Accounting Reserve Compared to the Previous Model

As previously mentionned the model of macro fair value hedges of the mortgage loans portfolio with fixed interest was discontinued in 2009 and beginning 2022. As a result, the hedge accounting reserve was written off based on an allocation of swaps that were active at the time the model was discontinued.

The periodic depreciation may, however, deviate from the difference between the fair value change of the hedged instrument and the hedging instrument (if all other elements remain unchanged).

2. Micro Hedge of Fixed-rate Securities with Interest Swaps

Floating Leg of the Interest Rate Swaps

The current leg of the interest rate swaps is not replicated in the modelled hedged instrument, which therefore creates inefficiency because the fair value change of the hedged instrument is influenced, without neutralistion taking place due to an equivalent fair value effect of the hedged instrument.

Measurement Method

The interest rate swaps portfolio is measured based on the dual-curve valuation method (the OIS update) based on the specific characteristics of the individual CSAs that AXA Bank Belgium has with its counterparties. That may contain certain details such as a guarantee in a specific currency, which will affect the measurement levels and also fluctuates. On the other hand, the hedged instrument is valued based on a single-curve based methodology. The difference in valuation method creates a variance in fair value fluctuations and consequently leads to inefficiency.

3. Macro Hedging of a Part of the Floating-rate Mortgages Portfolio with Interest Rate Caps and swaptions

Difference between the portfolio of hedging options and the portfolio of in the floating rate credits embedded options

The characteristics of those two portfolios of options are not totally the same as one given market option is actually hedging a set of embedded options having different characteristics (i.e. strikes and maturities). As a result the change in fair values, although enabling to pass the efficency test, are not totally aligned. The difference can potentially be material in case of extremelly important change in market parameters (interest rate levels and volatilities).

Measurement Method

The portfolio of interest rate caps is valued on the basis of observable rate curves and volatility levels, just like the interest rate caps embedded in loans, which ensures a high effectiveness of hedging between the two instruments.

4. Micro Hedging of the Covered Bonds Issued by AXA Bank Europe SCF with Interest Rate Swaps

Floating Leg of the Interest Rate Swaps

The current leg of the interest rate swaps is not replicated in the modelled hedged instrument, which therefore creates inefficiency because the fair value change of the hedged instrument is influenced, without neutralisation taking place due to an equivalent fair value effect of the hedged instrument.

Measurement Method

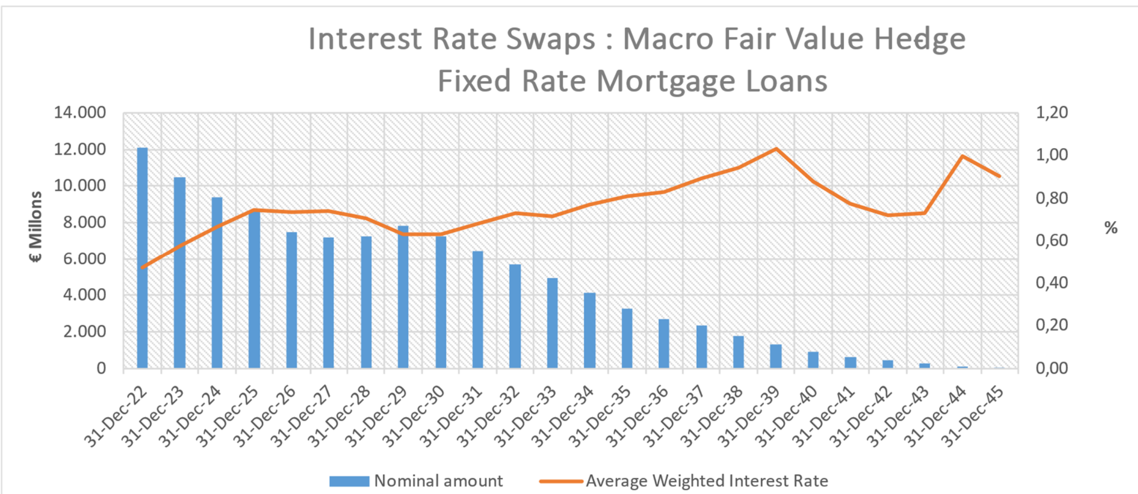
The interest rate swap portfolio is measured based on the dual-curve valuation method (the OIS update) based on the specific characteristics of the individual CSAs that AXA Bank Belgium has with its counterparties. That may contain certain details such as a guarantee in a specific currency, which will affect the valuation levels and also fluctuates. On the other hand, the hedged instrument is measured based on a single-curve based methodology. The difference in measurement method creates a variance in fair value changes and consequently leads to inefficiency.

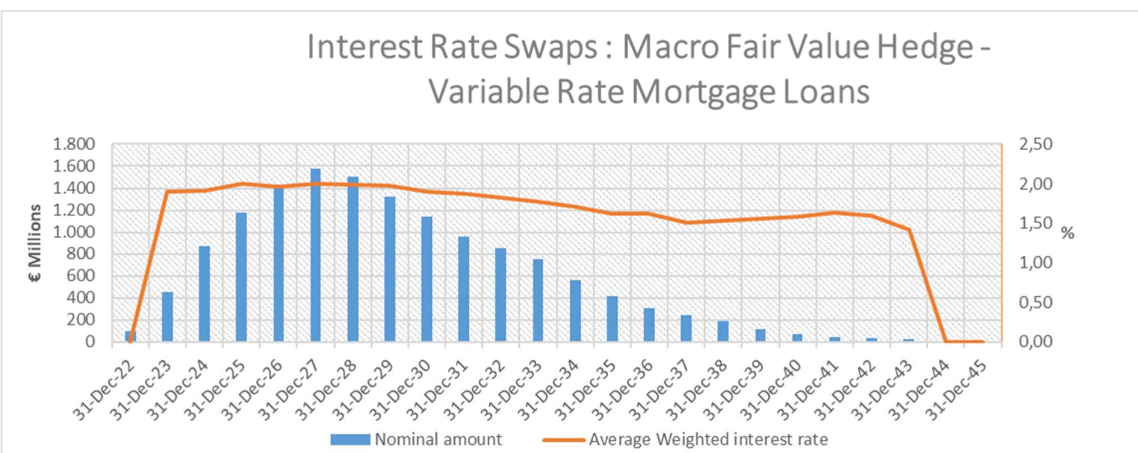
Evolution in Nominal Amount and Average Price of the Hedging Instrument

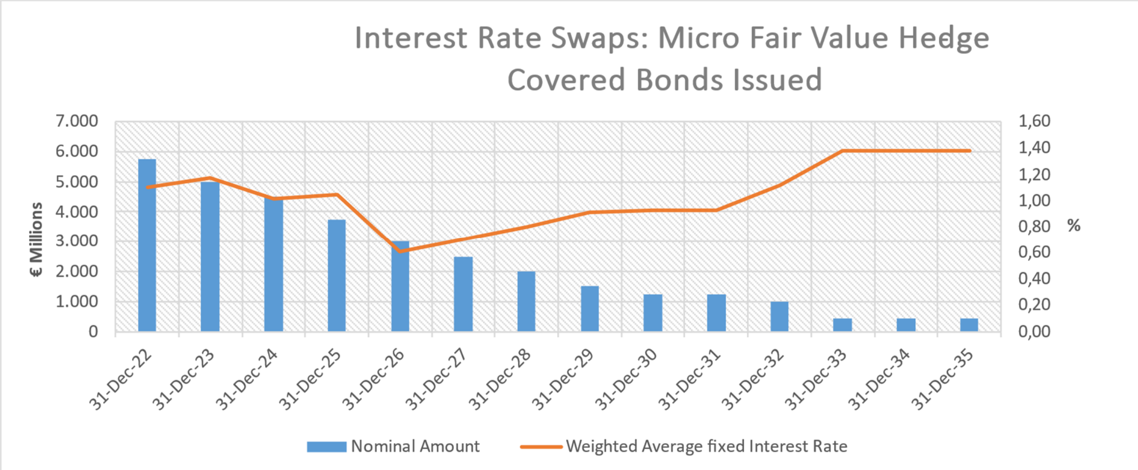
The following charts provide a picture of how the AXA Bank Belgium hedging operations can affect the amount, timing and uncertainty of the future cash flows of the hedged instruments. For the four main hedging types:

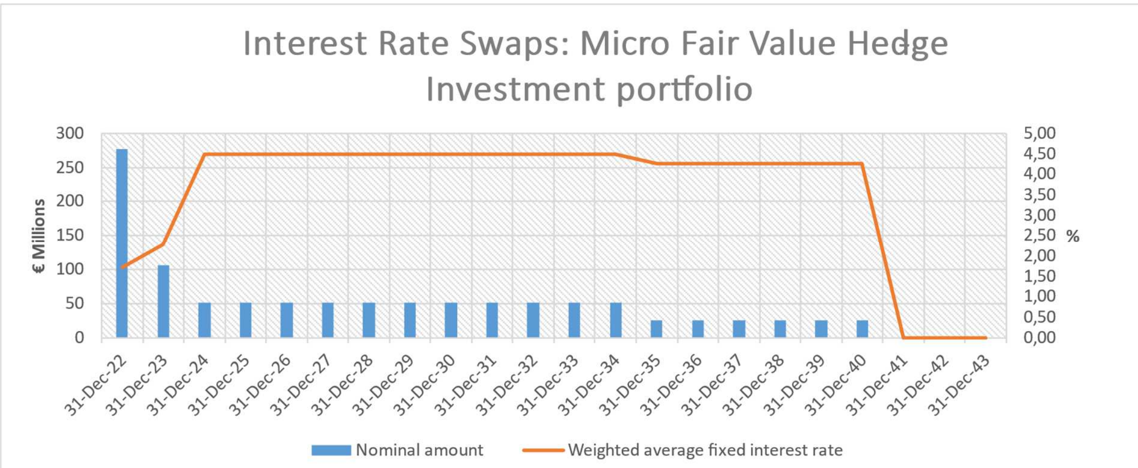
- macro hedge of a part of the home loans portfolio with fixed interest rate with interest rate swaps
- macro hedge of a part of the residential loans portfolio with variable interest rate with interest rate caps and swaptions
- micro hedge of the ‘covered bonds’ issued by AXA Bank Europe SCF with interest rate swaps
- micro hedge of the investment portfolio with interest rate swaps

It concerns the nominal amount and the weighted average interest rate of the fixed leg of the hedging instrument.






Interest Rate Swaps: Micro Fair Value Hedge
Covered Bonds Issued
€ Millions
%
7.000
6.000
5.000
4.000
3.000
2.000
1.000
0
1,60
1,40
1,20
1,00
0,80
0,60
0,40
0,20
0,00
31-Dec-22
31-Dec-23
31-Dec-24
31-Dec-25
31-Dec-26
31-Dec-27
31-Dec-28
31-Dec-29
31-Dec-30
31-Dec-31
31-Dec-32
31-Dec-33
31-Dec-34
31-Dec-35
Nominal Amount
Weighted Average fixed Interest Rate


Interest Rate Swaps: Micro Fair Value Hedge
Investment portfolio
€ Millions
%
300
250
200
150
100
50
0
5,00
4,50
4,00
3,50
3,00
2,50
2,00
1,50
1,00
0,50
0,00
31-Dec-22
31-Dec-23
31-Dec-24
31-Dec-25
31-Dec-26
31-Dec-27
31-Dec-28
31-Dec-29
31-Dec-30
31-Dec-31
31-Dec-32
31-Dec-33
31-Dec-34
31-Dec-35
31-Dec-36
31-Dec-37
31-Dec-38
31-Dec-39
31-Dec-40
31-Dec-41
31-Dec-42
31-Dec-43
Nominal amount
Weighted average fixed interest rate

Derivatives – Held for Trading Purposes

By nature	By type 2022.12 in '000 EUR	*Notional amount*	*Carrying amount Assets*	*Carrying amount Liabilities*
Interest rate	Option / Cap / Floor / Collar / Swaption	20.700	1.122	0
	IRS	7.713.150	366	8.079
	FRA			
	Forward			
	Interest future	32		
	Other			
Equity instruments	Equity forward			
	Equity future	8.635		
	Equity option			
	Warrant			
	Other	322.262	8.906	21.216
Currency (FX)	FX forward	200.380	127	332
	FX future			
	Cross currency swap	55.990		6.204
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
Accrued income / expenses (if accounted for separately)				
TOTAL		**8.321.149**	**10.521**	**35.832**

Table DHA.1

By nature	By type 2021.12 in '000 EUR	*Notional amount*	*Carrying amount Assets*	*Carrying amount Liabilities*
Interest rate	Option / Cap / Floor / Collar / Swaption	4.215.800	5.894	36.154
	IRS	7.111.441	6.219	71
	FRA			
	Forward			
	Interest future	39.700		
	Other			
Equity instruments	Equity forward			
	Equity future	13.206		
	Equity option			
	Warrant			
	Other	448.786	32.655	3.106
Currency (FX)	FX forward	210.753	256	740
	FX future			
	Cross currency swap	99.869	559	2.760
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
Accrued income / expenses (if accounted for separately)				
TOTAL		**12.139.555**	**45.584**	**42.831**

Tabel DHA.2

Derivatives – Hedging Activities (Micro Hedging)

By type of risk	By instrument 2022.12 in '000 EUR	*Carrying amount Assets*	*Carrying amount Liabilities*	*Notional amount*
Fair value hedges				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	66	3.110	5.825.500
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL		66	3.110	5.825.500
Cash flow hedges				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS			
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
FULL Cash flow hedge	Forward Sale debt security			
TOTAL				
Hedges of a net investment in a foreign operation				
TOTAL		66	3.110	5.825.500

Table DHA.3

By type of risk	By instrument 2021.12 in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	217.543	15.492	5.736.000
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL		217.543	15.492	5.736.000
Cash flow hedges				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS			
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
FULL Cash flow hedge	Forward Sale debt security			
TOTAL				
Hedges of a net investment in a foreign operation				
TOTAL		217.543	15.492	5.736.000

Table DHA.4

Derivatives - Hedging Activities (Macro Hedging)

Hedging of interest rate portfolio 2022.12 in '000 EUR	*Carrying amount Assets*	*Carrying amount Liabilities*	*Notional amount*
Fair value hedges	199.245	3.494	26.736.684
Cash flow hedges			
TOTAL	199.245	3.494	26.736.684

Table DHA.5

Hedging of interest rate portfolio 2021.12 in '000 EUR	*Carrying amount Assets*	*Carrying amount Liabilities*	*Notional amount*
Fair value hedges	992	4.032	19.252.466
Cash flow hedges			
TOTAL	992	4.032	19.252.466

Table DHA.6

Overview Derivatives by Type of Risk

By type of risk	By instrument 2022.12 in '000 EUR	*Micro-hedges*			*Macro-hedging*
		Carrying amount hedge items	*Hedge adjustments on the hedged items*	*Remaining adjustments for discontinued micro hedges*	*Carrying amount hedged items in portfolio hedge of interest rate risk*
Assets					
Financial assets measured at fair value through other comprehensive income		228.771	-2.627	0	
Interest rate	Option / Cap / Floor / Collar / Swaption	228.771			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					
Financial assets measured at amortised cost		58.425	6.200		19.974.084
Interest rate	Option / Cap / Floor / Collar / Swaption	58.425			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					
Liabilities					
Financial assets measured at amortised cost		5.090.108	-690.798		
Interest rate	Option / Cap / Floor / Collar / Swaption	5.090.108			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					

Table DHA.7

By type of risk	By instrument 2021.12 in '000 EUR	*Micro-hedges*			*Macro-hedging*
		Carrying amount hedge items	*Hedge adjustments on the hedged items*	*Remaining adjustments for discontinued micro hedges*	*Carrying amount hedged items in portfolio hedge of interest rate risk*
Assets					
Financial assets measured at fair value through other comprehensive income		**405.100**	**5.601**	**0**	
Interest rate	Option / Cap / Floor / Collar / Swaption	405.100			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					
Financial assets measured at amortised cost		**80.626**	**28.379**		**19.252.466**
Interest rate	Option / Cap / Floor / Collar / Swaption	80.626			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					
Liabilities					
Financial assets measured at amortised cost		**5.534.461**	**4.223**		
Interest rate	Option / Cap / Floor / Collar / Swaption	5.534.461			
Equity instruments	Equity forward				
Currency (FX)	FX forward				
Credit	Credit default swap				
Commodity					
Other					

Table DHA.8

See also chapter 33 *Offsetting*.

23 Property, Plant and Equipment

PPE measured after recognition using the revaluation model 2022.12 in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
Opening balance	**34.817**	**1.501**	**242**	**721**	**37.281**
Additions	28			157	184
Acquisition through business combinations					
Disposals					
Disposals through business combinations					
Depreciation	-2.209	-547	-46	-130	-2.932
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects					
Transfers					
To and from non-current assets held for sale					
To and from investment property					
Other changes					
Ending balance	**32.635**	**954**	**196**	**748**	**34.534**
Purchase price	73.837	5.980	462	5.454	85.733
Amortization	-41.202	-5.026	-266	-4.705	-51.199
Net book value	**32.635**	**954**	**196**	**749**	**34.534**

Table PPE.1

PPE measured after recognition using the revaluation model 2021.12 in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
Opening balance	**33.753**	**2.308**	**238**	**878**	**37.178**
Additions	3.145	2	49	13	3.209
Acquisition through business combinations					
Disposals		-207			-207
Disposals through business combinations					
Depreciation	-2.081	-602	-45	-170	-2.898
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects					
Transfers					
To and from non-current assets held for sale					
To and from investment property					
Other changes					
Ending balance	**34.817**	**1.501**	**242**	**721**	**37.281**
Purchase price	75.046	7.311	577	5.535	88.469
Amortization	-40.229	-5.810	-335	-4.814	-51.188
Net book value	**34.817**	**1.501**	**242**	**721**	**37.281**

Table PPE.2

24 Intangible Fixed Assets

Intangible fixed assets evolved from 17.7 million EUR to 13.7 million EUR.

Currently there is no goodwill recognised in the consolidation scope of AXABANK Belgium.

AXABANK was sold to CRELAN on 31/12/2021. This had no influence on the balance value of the immaterial fixed assets on that date. The new economic lifespan of the existing investments has been taken into account as of 2022 for the amortisations. This lifespan was determined on the basis of the future target IT platform of CRELAN and on the basis of the integration process of both banks.

AXABANK Belgium launched an IT investment programme by the name of SWITCH in 2015. In April 2016, in consultation with AXA Group, AXABANK Belgium decided to transform the initial big-bang project approach into a multi-annual roadmap of different independent projects (Atlas, Loan Origination and Credit Scoring) with the same final objective of a radically simplified bank (architecture and retail business systems and processes) with lower costs structurally. The various projects contribute toward achieving a digital omni-channel platform for supporting the customer journey strategy.
As part of the same strategy, AXABANK Belgium developed a 'GPS' tool to support the investment offer.

There were no new investments on these projects in 2022.

<u>New investments 2022</u>
AXABANK Belgium launched an IT investment for the construction of the target landscape of IRB models and an IT investment for the support of the financial vehicles of AXABANK (such as: SCF and ABF).

Based on the IFRS rules, an amount of 2.85 million EUR was capitalised in 2022 (Construction of target landscape IRB models 1.4 million EUR – Financial vehicles 1,4 million EUR) .

On the intangible fixed assets realized this year and in previous years 6,6 million EUR was depreciated in 2022.

Other intangible assets accounted for by using the revaluation model 2022.12 in '000 EUR	Goodwill	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance		17.167	506			17.673
Additions from internal development		2.851				2.851
Additions from separate acquisition						
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax						
Amortization recognized		-6.590	-234			-6.824
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss						
Impairment reversed in profit or loss						
Foreign currency translation effects						
Other movements						
Ending balance		13.428	272			13.700
Purchase price		51.894	2.445			54.339
Amortization		-38.466	-2.173			-40.639
Net book value		13.428	272			13.700

Table IFA.1

Other intangible assets accounted for by using the revaluation model 2021.12 in '000 EUR	Goodwill	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance		17.679	750			18.429
Additions from internal development		1.990				1.990
Additions from separate acquisition						
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax						
Amortization recognized		-2.502	-244			-2.746
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss						
Impairment reversed in profit or loss						
Foreign currency translation effects						
Other movements						
Ending balance		17.167	506			17.673
Purchase price		49.043	2.446			51.489
Amortization		-31.876	-1.940			-33.816
Net book value		17.167	506			17.673

Table IFA.2

25 Investments in Subsidiaries, Joint Ventures and Associates

AXA Bank Belgium has the following limited number of subsidiaries which she fully controls based on her participating interest.

- AXA Belgium Finance bv (NL), Nieuwlandstraat 48 – 5038 SP Tilburg (Netherlands)
- AXA Bank Europe SCF (Société de Crédit Foncier), rue Carnot 203/205 - 94138 Fontenay-sous-Bois (France)
- Beran NV, Grotesteenweg 214 - 2600 Berchem (Belgium).

AXA Belgium Finance bv and AXA Bank Europe SCF are part of the AXA Bank Belgium consolidation scope. Beran NV is not included in the consolidation scope of AXA Bank Belgium due to her immaterial nature. Beran NV owns the property located in Berchem, Grote Steenweg 214 (location of AXA Bank Belgium).

AXA Belgium Finance bv is a Dutch private company that issues debt instruments (EMTNs – 'European Medium Term Notes') on the Luxembourg securities market. The debt instruments are mainly placed with European investors. The net cash flows of the debt instruments are on-lent to AXA Bank Belgium through bonds issued by the latter.

AXA Bank Europe SCF is a French specialised credit company that refinances mortgage loans through the issue of covered bonds (‘obligations foncières’). Until the end of November 2017, this was done by subscription to AAA tranches of RMBS ('residential mortgage-backed securities') issued by the SPV Royal Street (RS-2 and RS-3 compartments) (see below). Due to a change in French law concerning covered bonds, AXA Bank Europe SCF has purchased mortgage loans directly from AXA Bank Belgium in early December 2017. Yield maintenance swaps between AXA Bank Belgium and AXA Bank Europe SCF ensure that the weighted average yield of the mortgage loans will go to AXA Bank Belgium in exchange for a floating interest rate. All such transactions are carried out at normal market conditions ('at arm’s length').

In addition, the following companies are also included in the scope of consolidation of AXA Bank Belgium based on the control the bank has over it:

- Caspr S.à r.l. (société à responsabilité limitée), rue Eugène Ruppert 6 – 2453 Luxembourg (Grand Duchy of Luxembourg)
- Royal Street NV, Sylvain Dupuislaan 251 – 1070 Brussels (Belgium)

Caspr S. à r.l. is a Luxembourg limited liability company that was founded in 2020 and to which AXA Bank Belgium has transferred the credit risk of an admittedly limited part of its mortgage loan portfolio through a financial guarantee commitment. In turn, Caspr S.à r.l. transfers this credit risk to external investors by issuing credit-linked notes. This is a risk mitigation measure that has a positive impact on the risk weighting of AXA Bank Belgium's loan portfolio. For more information, please refer to section 4.2.5
Considering that the management of the loan portfolio remains exclusively with AXA Bank Belgium, the bank exercises a significant control over the relevant activities and associated revenues of this company, and must be included in the consolidation.

AXA Bank Belgium also owns a participation of 10% in the SPV ('Special Purpose Vehicle') Royal Street NV, a debt investment company (VBS) under Belgian law. Royal Street currently has no activity.

Subsequently, AXA Bank Belgium has, since June 2018, when Payconiq Belgium NV and Bancontact Company NV were merged into the new company Bancontact Payconiq Company, a 10% participation interest in this company.
PQB is considered as level 3 instrument and is not included in the consolidation scope.

As part of their future joint operation of ATMs, AXA Bank Belgium, together with 4 other banks (Crelan, VDK Bank, Bpost and Argenta Spaarbank), established the cooperative company Jofico in November 2019. Each bank owns a 20% stake within this company for a purchase value of 90,000 EUR.
Jofico is included in AXA bank Belgium's consolidation scope as an associate, but due to their low interest, no equity method is applied to this.

Further there were no changes in the consolidation scope during the year 2022.

Summarised financial information of subsidiaries and joint ventures	Entity 2022.12 in '000 EUR	*Accumulated equity interest (%)*	*Assets*	*Liabilities*	*Profit or loss*	*Reporting date*
	Accounted for by using full consolidation :					
	AXA Belgium Finance bv (NL)	100,00%	746.638	742.665	278	31/12/2021
	SPV Royal Street	10,00%	62	28	-28	31/12/2021
	AXA BANK Europe SCF	100,00%	10.734.159	10.515.570	25.145	31/12/2021
	CASPR SàRL (LU)		54.907	54.755		31/12/2021
	Entity 2022.12 in '000 EUR	*Accumulated equity interest (%)*	*Assets*	*Liabilities*	*Profit or loss*	*Reporting date*
	Not accounted for by using full consolidation :					
	Beran N.V.	100,00%	2.519	4	-21	31/12/2021
	Payconiq Belgium N.V.	10,00%	45.644	19.181	3.803	31/12/2021
	Jofico C.V.	20,00%	1.778	1.544	-100	31/12/2021

Tabel IASJ.1

Summarised financial information of subsidiaries and joint ventures	Entity 2021.12 in '000 EUR	*Accumulated equity interest (%)*	*Assets*	*Liabilities*	*Profit or loss*	*Reporting date*
	Accounted for by using full consolidation :					
	AXA Belgium Finance bv (NL)	100,00%	887.702	884.007	342	31/12/2020
	SPV Royal Street	10,00%	357.039	353.256		31/12/2020
	AXA BANK Europe SCF	100,00%	10.109.833	9.916.390	17.728	31/12/2020
	CASPR SàRL (LU)		60.094,00	60.082,00		31/12/2020
	Entity 2021.12 in '000 EUR					
		Accumulated equity interest (%)	Assets	Liabilities	Profit or loss	Reporting date
	Not accounted for by using full consolidation :					
	Beran N.V.	100,00%	2.538	1	72	31/12/2020
	Payconiq Belgium N.V.	10,00%	39.536	16.875	2.131	31/12/2020
	Jofico C.V.	20,00%	1.867	1.533	-116	31/12/2020

Tabel IASJ.2

26 Other Assets

Carrying amount in '000 EUR	2022.12	2021.12
Employee benefits	264	775
Servicing assets for servicing rights		
Prepaid charges	1.914	1.084
Accrued income (other than interest income from financial assets)	13.197	14.114
Precious metals, goods and commodities		
Other advances	15	15
Other	14.026	7.882
TOTAL	**29.416**	**23.870**

Table OA.1

27 Financial Liabilities Held for Trading

Counterparty breakdown Carrying amount in '000 EUR	2022.12	2021.12
Deposits from credit institutions		
Current accounts / overnight deposits		
Deposits with agreed maturity		
Deposits redeemable at notice		
Other deposits		
Derivatives held for trading	35.832	42.831
Short positions		
In equity instruments		
In fixed income instruments		
Deposits (other than from credit institutions)		
Current accounts / overnight deposits		
Deposits with agreed maturity		
Deposits redeemable at notice		
Other deposits		
Debt certificates (including bonds)		
Certificates of deposits		
Customer saving certificates (also when dematerialised)		
Bonds		
Convertible		
Non-convertible		
Other		
Other financial liabilities		
Accrued expenses (if accounted for separately)		
TOTAL	35.832	42.831

Table FLTRA.1

28 Financial Liabilities Designated at Fair Value through Profit or Loss

Debt certificates include EMTNs (European Medium-term Notes). These EMTNs are issued by AXA Belgium Finance, a subsidiary of AXA Bank Belgium, with the exception of one issue directly by the bank itself. AXA Bank Belgium has opted for valuation at fair value through profit or loss and has therefore included these issues in the balance sheet at their market value. As from the year 2017 the changes in the own credit risk (DVA, debit value adjustment) are included in other comprehensive income (OCI).

AXA Bank Belgium has chosen to measure its own credit risk on EMTN based on the average of regular quotations of three banks (Crédit Agricole, Deutsche Bank and ING).

This fair value amounted to a total of 0.38 billion EUR with a nominal amount of 0.40 billion EUR on 31 December 2022.

The changes to the debit value adjustments (DVA) amounted to 15.5 million on 31 December 2022 (before tax) This appears in the Consolidated Balance Sheet – Equity on the line 'Changes in fair value of financial liabilities at fair value through profit or loss following changes in the credit risk'.

An amount of -0.08 million EUR in OCI covers the EMTNs sold during the year.

As at 31 December 2022, no accumulated unrealized profit or loss was transferred to another equity category.

Counterparty breakdown 2022.12 in '000 EUR	*Carrying amount*	*Amount of cumulative change in fair values attributable to changes in credit risk*	*Difference between the carrying amount and the amount contractually required to pay at maturity*
Deposits from credit institutions			
Current accounts / overnight deposits			
Deposits with agreed maturity			
Deposits redeemable at notice			
Other deposits			
Deposits (other than from credit institutions)			
Current accounts / overnight deposits			
Deposits with agreed maturity			
Deposits redeemable at notice			
Other deposits			
Debt certificates (including bonds)	376.191	-15.600	28.272
Certificates of deposits			
Customer saving certificates (also when dematerialised)			
Bonds	376.191	-15.600	28.272
Convertible			
Non-convertible	376.191	-15.600	28.272
Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**376.191**	**-15.600**	**28.272**

Table FLFVPL.1

Counterparty breakdown 2021.12 in '000 EUR	*Carrying amount*	*Amount of cumulative change in fair values attributable to changes in credit risk*	*Difference between the carrying amount and the amount contractually required to pay at maturity*
Deposits from credit institutions			
Current accounts / overnight deposits			
Deposits with agreed maturity			
Deposits redeemable at notice			
Other deposits			
Deposits (other than from credit institutions)			
Current accounts / overnight deposits			
Deposits with agreed maturity			
Deposits redeemable at notice			
Other deposits			
Debt certificates (including bonds)	742.649	7.743	-66.232
Certificates of deposits			
Customer saving certificates (also when dematerialised)			
Bonds	742.649	7.743	-66.232
Convertible			
Non-convertible	742.649	7.743	-66.232
Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**742.649**	**7.743**	**-66.232**

Table FLFVPL.2

29 Financial Liabilities Measured at Amortised Cost

29.1 Deposits

Counterparty breakdown 2022.12 in '000 EUR	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions			1.275.965		1.275.965
Current accounts / overnight deposits			1.796		1.796
Deposits with agreed maturity			430.047		430.047
Deposits redeemable at notice					
Other deposits			844.122		844.122
Deposits (other than from credit institutions)	875.761	334.015	1.796.089	17.921.003	20.926.869
Current accounts / overnight deposits	19.808	229.638	1.592.949	2.982.433	4.824.828
Deposits with agreed maturity	853.473	13.647	14.807	422.424	1.304.352
Deposits redeemable at notice					
Other deposits	2.480	90.730	188.333	14.516.146	14.797.689
Special deposits					
Regulated deposits	2.480	89.597	104.857	14.515.615	14.712.549
Mortgages related deposits					
Other deposits		1.134	83.476	531	85.140
Deposit guarantee system					
Debt certificates (including bonds)					5.134.337
Certificates of deposits					
Customer saving certificates (also when dematerialised)					
Bonds					
Convertible					
Non-convertible					
Other					5.134.337
Subordinated liabilities					
Other financial liabilities					345.040
Accrued expenses (if accounted for separately)					
TOTAL	**875.761**	**334.015**	**3.072.054**	**17.921.003**	**27.682.211**

Table FLAC.1

Counterparty breakdown 2021.12 in '000 EUR	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions			252.823		252.823
Current accounts / overnight deposits			2.784		2.784
Deposits with agreed maturity					
Deposits redeemable at notice					
Other deposits			250.038,74		250.039
Deposits (other than from credit institutions)	1.071.059	423.536	1.756.923	17.584.544	20.836.062
Current accounts / overnight deposits	16.536	310.199	1.529.051	2.895.502	4.751.288
Deposits with agreed maturity	1.052.325	10.485	12.448	509.250	1.584.508
Deposits redeemable at notice					
Other deposits	2.197	102.853	215.424	14.179.792	14.500.266
Special deposits					
Regulated deposits	2.197	86.811	111.408	14.179.315	14.379.731
Mortgages related deposits					
Other deposits		16.042	104.016	477	120.535
Deposit guarantee system					
Debt certificates (including bonds)					5.689.050
Certificates of deposits					100.069
Customer saving certificates (also when dematerialised)					
Bonds					
Convertible					
Non-convertible					
Other					5.588.981
Subordinated liabilities					
Other financial liabilities					190.030
Accrued expenses (if accounted for separately)					
TOTAL	**1.071.059**	**423.536**	**2.009.746**	**17.584.544**	**26.967.965**

Table FLAC.2

As mentioned in point 25, AXA Bank Belgium entered into a synthetic balance sheet securitisation transaction for the first time in 2020 by issuing a series of credit-linked notes (via Caspr S.à r.l).
In 2022 43.82 million € notes are placed with external counterparties. These notes are included in the 'other' line of the table above.
For more background and information, please refer to section4.2.5 Securitisation – Significant Risk Transfer.

29.2 Subordinated Liabilities

There are no subordinated liabilities in 2022 et 2021. It can be stated, however, that in 2022 AXA Bank Belgium issued a Senior non-preferred debt with counterparty CRELAN amounting to € 400 million.

29.3 TLTRO-loans

AXA Bank Belgium has an outstanding amount of EUR 866 million in TLTRO loans at the end of 2022. The TLTROs are Eurosystem operations intended to provide long-term funding to credit institutions. They offer this long-term funding to banks on attractive terms with the aim of easing credit conditions in the private sector and stimulating bank loans to the economic world.
AXA Bank Belgium has subscribed 116 million EUR in the seventh portion, and 750 million in the tenth portion.

As already mentioned under the accounting principles in item 2.12, AXA Bank Belgium considers the European Central Bank, a supra-national institution operating within the framework of the European Union, to be an institution similar to a public institution. Consequently, the advantage resulting from these more favourable than market conditions is recognised as a governmental grant.

AXA Bank Belgium considers that it can benefit from this pro-market interest rate. The benefit of this pro-market interest rate is spread in result over the maturity of the respective sections of the TLTRO loan.

Based on the credit production to be taken into account, the following interest amounts for the outstanding TLTROs were included in the balance on 31 December 2022 :

- a yet to be received benefit for the amount of 15.9 million EUR of which 5.3 million EUR was calculated on 100 bp and this with a special interest period that runs until 23 June 2022 and for the remaining duration until the maturity date 50bp.
- The portion of this not yet acquired amounts, at the end of the year, to 8.2 million EUR.
- The incurred interest costs – incurred in 2022 due to negative interest rates – amount to 3.3 million EUR

30 Repos and Reverse Repos

Transferor : Liabilities (financing obtained) 2022.12 in '000 EUR	*Total*
Repo	
Credit institutions	844.122
Other than credit institutions	
Total	**844.122**

Table RRR.3

Transferor : Liabilities (financing obtained) 2021.12 in '000 EUR	*Total*
Repo	
Credit institutions	250.039
Other than credit institutions	
Total	**250.039**

Table RRR.4

Transferee : Assets (financing granted) 2022.12 in '000 EUR	*Total*
Reverse repo	
Credit institutions	0
Other than credit institutions	
Total	**0**

Table RRR.5

Transferee : Assets (financing granted) 2021.12 in '000 EUR	*Total*
Reverse repo	
Credit institutions	38
Other than credit institutions	
Total	**38**

Table RRR.6

Repos and reverse repos are recognised for the paid amounts and received amounts, respectively.
See also chapter 33 *Offsetting*.

31 Provisions

2022.12 in '000 EUR	*Restructuring*	*Provisions for Tax litigation and pending legal issues*	*Pensions and other post retirement benefit obligations*	*Loan commitments and guarantees*	*Other provisions*	*TOTAL*
Opening balance (current year)		16.975	62.283	7.719	13.579	100.557
Additions	2.250	398	597	544	721	4.509
Amounts used		-417	-5.656	-4.588	-3.785	-14.446
Unused amounts reversed during the period						
Acquisitions (disposals) through business combination						
Increase in the discounted amount (passage of time) and effect of any change in the discount rate			-34.829			-34.829
Exchange differences						
Other movements			46.314	-469	787	46.632
Closing balance	2.250	16.956	68.709	3.206	11.302	102.423

Table PROV.1

2021.12 in '000 EUR	Restructuring	Provisions for Tax litigation and pending legal issues	Pensions and other post retirement benefit obligations	Loan commitments and guarantees	Other provisions	TOTAL
Opening balance (current year)		16.682	192.723	9.175	15.625	234.205
Additions		568	383	810	2.980	4.742
Amounts used		-275	-7.466	-2.167	-5.449	-15.357
Unused amounts reversed during the period						
Acquisitions (disposals) through business combination						
Increase in the discounted amount (passage of time) and effect of any change in the discount rate			-5.593			-5.593
Exchange differences						
Other movements			-117.763	-99	422	-117.440
Closing balance		16.975	62.283	7.719	13.579	100.557

Table PROV.2

Clarifications regarding the major components of these provisions at AXA Bank Belgium appear below.

<u>Provisions for Tax Litigations</u>

In that regard, the bank was sued by a number of customers in damages in respect of tax disputes relating to the early 1990s for which provisions were then included. A number of these customer claims are currently pending before the competent courts.
One pending claim, BEKAERT TEXTILES was however reactivated in 2022. The case is scheduled at the hearing of 11/12/2023 (Court of first instance).

<u>Ongoing Legal Litigations</u>

The main element of this section is the provision for litigation concerning agents and former agents. It mainly concerns disputes about the cooperation or the termination of the relationship, as well as disputes arising as a result of fraud cases. In 2022, a number of new disputes have occurred with limited risk.

Estimates vary as to the period of settlement of these disputes that are heterogenous and unpredictable at times.

<u>Pension Obligations and Other Benefits under Pension Obligations</u>

The majority here relates to the provision under IAS 19. For more details and information, please refer to chapter 13.2 *Pension Liabilities and Other Benefits*.

During the 2022 tax year, new provisions were established for an amount of 0.5 million EUR concerning severance schemes that currently exist at AXA Bank Belgium, and a reduction in the provision for 4.25 million EUR of which 4.16 million EUR to cover the realized costs.
In addition, this also includes the provision under the new severance scheme of the end of 2018, which amounts to 3.8 million EUR at 31 December 2022. In total, these provisions amounted to 4.5 million EUR at 31 December 2022.

<u>Loan commitments and guaranties</u>

This item mainly contains a provision relating to the closure of the Hungarian branch bank (EUR 2.1 million). In addition, provisions relating to committed credits and credit lines (EUR 1.1 million) are also included here.

<u>Other Provisions</u>

This item includes various small HR-related and other provisions.

<u>Restructuring</u>

The provision is used to prepare the company for the future in terms of employees as part of the integration of the two banks of Crelan and AXA. This comprises, among other things, the efforts to be made in order to reorient the employees towards future-proof positions
.

32 Other Liabilities

Carrying amount in '000 EUR	2022.12	2021.12
Employee benefits	12.291	16.424
Social security charges	3.213	3.727
Servicing liabilities for servicing rights		
Leasing liabilities		
Accrued charges (other than from interest expenses on financial liabilities)	934	1.058
Income received in advance	9.444	16.132
Other debts	50.472	21.185
TOTAL	76.354	58.526

Table OL.1

33 Offsetting

Offsetting in the Balance Sheet

IAS 32 – *Financial Instruments - Presentation* requires the presentation of financial assets and financial liabilities on a net basis when doing so reflects an entity's expected future cash flows from settling two or more separate financial instruments.

A financial asset and a financial liability shall be offset, and the net amount presented in the balance sheet when, and only when, AXA Bank Belgium

(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

To meet the criterion (a), AXA Bank Belgium must currently have a legally enforceable right of set-off. This means that the right of set-off:

(a) must not be contingent on a future event; and
(b) must be legally enforceable in all the following circumstances:

(i) the normal course of business;
(ii) the event of default; and
(iii) the event of insolvency or bankruptcy of the entity and all the counterparties.

To meet criterion (b), AXA Bank Belgium must intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. Although AXA Bank Belgium may have a right to settle net, it may still realise the asset and settle the liability separately.

AXA Bank Belgium clears the positions on its OTC interest rate swaps daily with several intermediary banks:

- LCH Clearnet CM HSBC France
- LCH Clearnet CM CSI

For each of the clearing members, the amounts cleared include:

- interest payments on the swap and all other payments (upfront fees, premiums, early termination amounts, ...)
- variation margin evolutions, covering the changes in the positive/negative net value of all traded derivatives through the intermediary bank.

The clearing is performed separately for each currency. The calculation is made at the end of day, and the difference versus the previous day is settled net in one single cash payment on the following day, for each currency.

The netting of the derivatives position is legally enforceable and is not contingent on a future event, therefore meeting the IFRS requirements.

The amounts that have been netted in the balance sheet can be found in the first three figures columns in the tables below.

Since 2019, AXA Bank Belgium has also applied this netting to repos and reverse repos transactions with counterparties with which master netting agreements have been concluded that allow netting under all circumstances (2000 and 2011 version). At 31 December 2022 750 millions EUR of outstanding repo or reverse repo transactions were netted.

Offsetting in the Disclosures

IAS 32 requires that, in other circumstances than mentioned above, financial assets and financial liabilities should be presented separately from each other consistently with their characteristics as resources or obligations of the entity. Financial instrument transactions under a 'master netting arrangement' with a counterparty that only provide for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract do not provide a basis for offsetting unless both criteria above are satisfied.

At AXA Bank Belgium, all transactions under master netting agreements not mentioned above are reported gross.

Furthermore, IFRS 7 – *Financial Instruments - Disclosures* requires disclosure of the following quantitative information:

- the amounts subject to an enforceable master netting agreement or similar agreement that are not offset, including
    - amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria of IAS 32
    - amounts related to financial collateral (including cash collateral); and
- the net amount after deducting these amounts from the net amounts presented in the financial position.

AXA Bank Belgium simulates this potential netting based on the following criteria:

- netting by counterparty
- of all repos, reverse repos derivatives and the related collaterals
- for derivatives: separately for hedging and trading positions
- collateral: initial and variation margin

.

The amounts of this potential netting can be found in the other figure columns in the tables below

Financial assets – offsetting

Carrying amounts in '000 EUR 2022.12	Gross amounts before offsetting	Amounts set off against financial liabilities	Net amounts after offsetting	Amounts from master netting agreements - not set off		Net position
				Financial instruments	Financial guarantees	
Derivatives - trading	23.384	12.864	10.521	1.132	8.862	527
Derivatives - hedging	1.936.587	1.737.276	199.311	16.691	130.698	51.922
Reverse Repos	750.183	750.183	0	0	0	0
Total	2.710.154	2.500.323	209.832	17.823	139.560	52.449

Tableau OFFS.1

Financial liabilities - offsetting

Carrying amounts in '000 EUR 2022.12	Gross amounts before offsetting	Amounts set off against financial assets	Net amounts after offsetting	Amounts from master netting agreements - not set off		Net position
				Financial instruments	Financial guarantees	
Derivatives - trading	51.326	15.495	35.832	16.325	18.318	1.189
Derivatives - hedging	695.755	689.150	6.605	1.498	1.681	3.426
Repos	1.594.305	750.183	844.122	839.718	4.404	0
Total	2.341.385	1.454.827	886.559	857.541	24.403	4.615

Tableau OFFS.2

Financial assets – offsetting

Carrying amounts in '000 EUR 2021.12	Gross amounts before offsetting	Amounts set off against financial assets	Net amounts after offsetting	Amounts from master netting agreements - not set off: Financial instruments	Amounts from master netting agreements - not set off: Financial guarantees	Net position
Derivatives - trading	203.871	158.288	45.584	16.641	27.578	1.364
Derivatives - hedging	191.301	190.092	1.210	246	658	305
Reverse Repos	1.498.429	1.498.391	38	0	0	38
Total	1.893.601	1.846.771	46.832	16.887	28.236	1.707

Tableau OFFS.3

Financial liabilities - offsetting

Carrying amounts in '000 EUR 2021.12	Gross amounts before offsetting	Amounts set off against financial assets	Net amounts after offsetting	Amounts from master netting agreements - not set off: Financial instruments	Amounts from master netting agreements - not set off: Financial guarantees	Net position
Derivatives - trading	137.362	94.531	42.831	12.216	30.344	272
Derivatives - hedging	819.221	799.697	19.524	4.671	11.603	3.250
Repos	1.748.430	1.498.391	250.039	243.194	6.844	0
Total	2.705.013	2.392.619	312.394	260.081	48.791	3.522

Tableau OFFS.4

34 Contingent Assets and Liabilities

CONTINGENT ASSETS AND LIABILITIES Reference amounts 2022.12 en '000 EUR	Provided	Received
Non-included section of the credit lines	1.315.836	
Credit-replacing security	373.454	24.891.683
Collateral concerning repos, reverse repos and derivatives	2.085.561	2.324.458
Other obligations	3.247.512	2.251.595

Tableau CAL.1

CONTINGENT ASSETS AND LIABILITIES Reference amounts 2021.12 en '000 EUR	Provided	Received
Non-included section of the credit lines	1.559.157	
Credit-replacing security	742.796	24.113.767
Collateral concerning repos, reverse repos and derivatives	2.824.596	1.511.910
Other obligations	4.343.526	2.320.434

Tableau CAL.2

AXA Bank Belgium also offers its customers the opportunity to invest in notes issued by an external issuer. This is done by means of forward buying and sales transactions with regard to these securities, which are therefore recognised as off-balance-sheet contingent assets and liabilities.

In the exceptional event that not all securities purchased by the bank could be placed with customers or not repurchased by the issuer, AXA Bank Belgium will include these securities in its trading portfolio. However, as of 31 December 2021, there were no such current issues.

In addition, the 'Other commitments' line for the financial year 2022 includes the following financial guarantees received that we would like to explain:

- Until last year, there was a first guarantee scheme that has come to an end meanwhile. The first guarantee scheme activated by the Belgian government as a result of its agreement with the financial sector to support companies if they were to run into problems due to the corona crisis.
  This guarantee scheme existed for new loans and credit lines (not refinancing credits), which banks provided until 31 December 2020 to viable non-financial corporations, SMEs, self-employed persons and non-profit organisations with a maximum maturity of 12 months on the basis of the Royal Decree of 14 April 2020 granting a State guarantee for certain loans in the fight against coronavirus effects.

  The guarantee was structured in such a way that it didn't cover individual loans but a portfolio or pool of loans with a breakdown into sections. The expected amount of recovery therefore depended on the performance of the other loans in the portfolio. This State guarantee was recognised separately from the loan loss allowances for expected credit losses (ECL) under IFRS 9 in accordance with IAS 37.53 and gave rise to the posting of a reimbursement asset when it was almost certain that the reimbursement would be received.

- -6,578,648.06 EUR with regard to the second guarantee scheme that was activated by the Belgian government under the same agreement with the financial sector. This guarantee scheme also exists for new loans and lines of credit (no credit refinancing) until 30 June 2021 to small or medium-sized non-financial enterprises with a maturity of more than 12 months and not more than 5 years on the basis of the law of 20 July 2020 granting a State guarantee for certain credits to SMEs in the fight against the effects of the coronavirus and amending the Law of 25 April 2014 on the statute and supervision of credit institutions and stockbroking firms.

However, an important difference from the first guarantee scheme is that the second is optional, which means that the credits eligible for the guarantee are identified as such when granted with the consent of the borrower. This second State guarantee is therefore a form of credit protection that is an integral part of the contractual terms of the credits and can therefore be taken into account when assessing the expected credit losses (ECL) in accordance with IFRS 9 B5.5.55 (i.e. as a reduction for impairments, if relevant as part of LGD parameters). However, AXA Bank Belgium does not currently include this in its ECL accounts. In view of the continuing application of this guarantee scheme, the maximum guarantee amount that AXA Bank Belgium can rely on is disclosed here. The total amount of credit granted under this guarantee scheme as at 31 December 2022 is only 8,223,310.07 EUR.

- €43,824,770 in respect of the synthetic balance sheet securitisation transaction carried out by the bank through Caspr S.à r.l. and reflecting the financial guarantee contained in the credit-linked notes issued by the bank. This will also, if necessary, give rise to the booking of a reimbursement asset in accordance with IAS37.53.

Information regarding the most important lines:

The line ‘Non-included section of the credit lines’ contains the margin available on the credit lines involved. A credit line involved is the fixed liability for granting a credit line. The liability applies as fixed if it cannot be revoked at any moment with immediate effect.

The line ‘Credit-replacing security’ contains the securities received on loans and the securities provided relating to liabilities due to borrowing or due to deferred payment.

Given collateral for loans include the liabilities of the bank to retail clients. The risk is very limited because of diversification of the portfolio and mainly the fact that the granted loans are guaranteed by the clients.

Received collateral for loans are related to mortgage loans, consumer loans and professional loans.

Residential loans involve mortgages (registrations or mandates) on fully-owned real estate properties. The mortgage guarantees to be established are reusable in the context of any subsequent residential loans.

For limited credit amounts with a duration of up to 10 years or credits where there is a limited deficit on the reusable guarantees a mortgage promise may also be granted
In addition, a waiver of wages and other income is required and movable guarantees with a capital guarantee can be accepted as surety. The possibility of movable guarantees is limited to group insurance or a limited number of products from AXA Belgium or AXA Bank.

All guarantees should be established for the official recording of the credit. For a bridging loan, a mortgage mandate is established on both the property to be sold and the property to be acquired.
For consumer loans (loans on instalment), only 1 type of guarantee is used, the transfer of debt in particular (renunciation of wages and other income).

More information on the quality of the guarantees you can find in chapter 4.4.3.5. The AXA Bank Belgium standards on obtaining guarantees and the quality of the guarantees have not changed materially compared to the previous reporting period.
Given the variety of purposes, there is a wider range of guarantees for professional loans, such as:

- Fair guarantees
  - Mortgage and mortgage registration
  - Authentic pledging of business
  - Subrogation to the benefit of the seller of movable property
  - Securities collateral
  - Pledging of account balance
  - Transfer of all ‘traditional life insurance’ rights
  - Transfer of all insurance policy rights Branch 21 and 23
  - Transfer of salary

- Personal or moral guarantees
  - Security
  - Mortgage mandate
  - Irrevocable commitment by a third party

The AXA Bank Belgium standards on obtaining guarantees and the quality of the guarantees have not changed materially compared to the previous reporting period.

Valuation of these guarantees:

- Mortgage and mortgage registration:
  - the estimated value of the property on the basis of an estimate report or on the basis of the purchase price/pro fisco value from the deed and, where applicable, on the basis of the quotation/architect's cost estimate for works. There is a periodic indexation of this valuation for residential property.
  - The rank of the subscription
  - The voidability of the subscription because of a suspicious period in view of a bankruptcy
  - Note: mortgage mandates are not booked

- Valuation other guarantees:

  - Pledge of account balances, insurance policies and other movable guarantees: A valuation at 100% is applied for very safe products (SRRI 1 or similar) and at 80% or 60% for group insurance and other products with a higher SRRI.
  - Personal or moral guarantees: valuation according to the proven solvency of the guarantor (especially his real estate) or his determination to honour the undertaking through a severely respected payment plan.
  - -Pledging of commercial funds: valuation in function of
    - The importance and the marketability of the fixed asset
    - The size and distribution of receivables
    - The size of the inventory of non-perishable raw materials or finished products
    - The value of the rental property
    - Privileges of higher rank (lessor, equipment)
    - Transferability as a ‘going concern’
    - The rank of the subscription
    - The voidability of the subscription because of a suspicious period in view of a bankruptcy
    - The assessment of the administrator or liquidator
  - Substituting the privilege of the seller of movable property, transfer of claims and transfer of wages: valuation in function of
    - the contested or not contested nature of the transferred claim
    - -the creditworthiness of the ceded debtor

The line ‘Collateral concerning repos, reverse repos and derivatives’ contains the assets provided and received by the bank within the scope of its ‘repo-reverse repo’ and derivatives activities, depending on the fluctuation of the market value of the transactions.

In the framework of the ‘Global Master Repurchase Agreement’ (GMRA), AXA Bank Belgium only accepts government bonds or government related bonds (e.g. regional governments, local authorities, …), bonds issued by multilateral development banks or international organizations or covered bonds .

In the repo activity, a distinction can be made between 2 types of collateral:

- the collateral received when concluding a new deal, mostly Belgian (and sometimes French) government bonds.
- the collateral required during the term of the deals according to the fluctuation of the market value of the initially provided collateral. This additional collateral is mostly settled in cash (at Eonia interest rate) but sometimes in Belgian or French government bonds.

In derivatives activities, the general rule applies that collateral is systematically requested. Only cash (at Eonia interest rate) and Belgian, German, Italian, French, Swiss and UK government bonds with a residual term of minimum 1 year and maximum 10 years will be considered for this collateral.

All collateral received can be sold or reused by AXA Bank Belgium as collateral.
AXA Bank Belgium is obliged to return this collateral.

We refer also to section 4.6.1.1.2 in the context of the above-mentioned non-retail activities.

The line ‘Other obligations’ contains all other obligations received and provided.

Encumbered Assets

A number of assets are encumbered. These are bonds as collateral for receiving funding from the European Central Bank, collateral (cash or bonds) given in the context of derivative transactions, collateral use in collateral swap transactions or collateral (cash or bonds) as collateral for the Belgian tax authorities, Mastercard, SRF or Visa. Also, the loans that are collateral for the covered bonds, are considered to be encumbered. In addition, the cash deposited by the investors of the CASPR notes is encumbered.

2022.12 en '000 EUR	*Non PERFORMING*		
	Gross carrying amount	*Loss allowances*	*Maximum amount of the collateral or guarantee that can be considered*
Loans & advances			
Central governments			
Credit institutions			
Non credit institutions	11.391	-3.345	8.045
Corporate	33.224	-8.746	24.477
Retail	194.712	-29.810	151.306
TOTAL	239.327	-41.901	183.828

Tableau CAL.3

2021.12 en '000 EUR	*Non PERFORMING*		
	Gross carrying amount	*Loss allowances*	*Maximum amount of the collateral or guarantee that can be considered*
Loans & advances			
Central governments			
Credit institutions			
Non credit institutions	15.163	-3.542	10.669
Corporate	46.694	-9.934	37.285
Retail	226.458	-33.470	177.407
TOTAL	288.315	-46.946	225.361

Tableau CAL.4

35 Equity

For figures see ‘Consolidated balance sheet– equity’

The paid-in capital amounts to 636.3 million EUR and consists of 461,133,591 shares without making a reference to the nominal value. It was paid up in full.

The other capital equity instruments issued consist of Contingency Convertible Bonds.

The reserves from other comprehensive income include the reserves from the foreign currency translation, the revaluation of the available-for-sale financial assets, the revaluation of the cash flow hedges and the reserves for pension liabilities (non-realised results and actuarial gains and losses on defined benefit plans), and since 2017 the evolutions of the own credit risk (DVA) on financial liabilities designated at fair value through profit or loss.

The ‘other reserves’ section comprises the legal reserves and the transferred results from the AXA Bank Belgium parent company and the consolidation reserves resulting from the first IFRS inclusion into this latter and all consolidation reserves for the subsidiaries.

36 Profit Allocation and Dividends per Share

The Board of Directors proposes to transfer to next year the remaining profit of the year together with the retained earnings, after mandatory allocation to the legal reserve.

37 Segmented Information

Since the purchase of AXA Bank Belgium by Crelan group at the end of 2021 the Management Committee of Crelan NV acts as the (joint) chief operating decision maker and AXA Bank Belgium as a whole is considered being an operational segment. For this reason we don't dispose over further detailed segmented information at level of the consolidation of AXA Bank Belgium.

38 Related-party Transactions

Amounts to be paid and to be received from related parties 2022.12 in '000 EUR	Parent company	Subsidiaries and other entities of the same group	Participations and joint ventures	Key management personnel	Other related parties
Selected financial assets				297	6.713
Shares					
Bonds					
Loans				297	6.713
Selected financial liabilities		532		110	1.274.612
Deposits		532		110	1.274.612
Issued securities					
Notional amount of granted credit lines, financial guarantees and other guarantees					
Received credit lines, financial guarantees and other guarantees					
Notional amount of derivatives					
Provisions for impairment on debt instruments, guarantees and commitments					

Table RPT.1

Expenses and income resulting from transactions with related parties 2022.12 in '000 EUR	Parent company	Subsidiaries and other entities of the same group	Participations and joint ventures	Key management personnel	Other related parties
Interest received					826
Interest paid					9.919
Dividends received					
Commission received					4
Commission paid					
Income or (-) expenses on the sale of financial assets and liabilities not at fair value through profit or loss					
Income or (-) expenses on the sale of non-financial assets					
Expenses or (-) write-back of expenses during the current period concerning amortised debt instruments, guarantees and commitments					

Table RPT.2

Amounts to be paid and to be received from related parties 2021.12 in '000 EUR	Parent company	Subsidiaries and other entities of the same group	Participations and joint ventures	Key management personnel	Other related parties
Selected financial assets		12		329	6.430
Shares					
Bonds					
Loans		12		329	6.430
Selected financial liabilities		9		1.220	250.769
Deposits		9		1.220	250.769
Issued securities					
Notional amount of granted credit lines, financial guarantees and other guarantees					
Received credit lines, financial guarantees and other guarantees					
Notional amount of derivatives					
Provisions for impairment on debt instruments, guarantees and commitments					

Table RPT.3

Expenses and income resulting from transactions with related parties 2021.12 in '000 EUR	Parent company	Subsidiaries and other entities of the same group	Participations and joint ventures	Key management personnel	Other related parties
Interest received					
Interest paid					20
Dividends received					
Commission received					27.412
Commission paid					1.497
Income or (-) expenses on the sale of financial assets and liabilities not at fair value through profit or loss					
Income or (-) expenses on the sale of non-financial assets					
Expenses or (-) write-back of expenses during the current period concerning amortised debt instruments, guarantees and commitments					

Table RPT.4

The expenses of and income generated by related party transactions for the year 2021 concern transactions with other entities of AXA group as AXA Bank Belgium was still part of AXA group during this period. However, the amounts payable to and receivable from related parties are related to transactions with Crelan group entities due to the sale of AXA Bank Belgium as at 31 December 2021 to Crelan group.

The following entities and persons are considered to be related parties to AXA Bank Belgium:

- CrelanCo as parent company of AXA Bank Belgium;
- the subsidiaries of AXA Bank Belgium, even those that are not included in the consolidation scope (see chapter 25 *Investments in Subsidiaries, Joint Ventures and Associates*)
- key management personnel of AXA Bank Belgium
  As employees of AXA Bank Belgium, the key management personnel benefit from the same employee benefits as other employees, without any extras. Discounts on AXA products (banking and insurance) and other client benefits offered by external companies are accessible to each employee on the intranet and are therefore also available to key management personnel. Consequently, no separate database regarding these persons is kept by AXA Bank Belgium.

Key management Compensations in '000 EUR	2022.12	2021.12
Short-term employee benefits	3.347	2.917
Post-employment benefits	1.255	
Other long-term benefits		449
Share based payments		
TOTAL	4.602	3.366

Tabel RPT.5

- other related parties, including fellow subsidiaries that are part of the CrelanCo consolidation scope.

The related parties of AXA Bank Belgium do not include any parent company with joint control nor entities with significant influence over AXA Bank Belgium.

All related party transactions are executed on an arm's length basis.

39 Government Grants and Assistance

AXA Bank Belgium considers the more favourable conditions of the longer-term refinancing operations concluded with the European Central Bank to be a form of governmental grant. For more information, please refer to item 29.3.

40 Financial Relationships with Auditors

Carrying amount in '000 EUR	2022.12	2021.12
	EY	PWC
Remuneration of the auditors	498	586
Remuneration for exceptional activities or special commissions performed within the company by the auditors		
Other audit activities	30	127
Advisory activities		
Other activities outside audit activities		55
Remuneration of persons with wich the auditors are connected to the excercise of a mandate on the level of the group of which the company that publishes the information at the head		38
Remunaration for exceptional or special commissions performed within the company by persins associated with the auditors		
Other audit activities		
Taks advice		
Other activities outsiede audit activities		

Table FRWA.1

Notification in application of art. 133 paragraph 6 of the Companies Code

41 Discontinued Operations

In 2022 no activities were reported as discontinued based on IFRS 5 *Non-current Assets and Disposal Groups Held for Sale*.

42 Events After the Balance Sheet Date

We obtained in January a deposit for 500 million EUR on 5 years from CRELAN.

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 AXA Bank 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, Crelan and AXA Bank have 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 AXA Bank 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.

Glossary

A. Overview of the IFRS Classifications of Financial Instruments

Financial Assets

Financial Assets at Fair Value through Profit or Loss Held for Trading: are financial assets that are acquired primarily for selling them in the short term or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking.

Financial Assets Designated at Fair Value through Profit or Loss: are financial assets irrevocably designated at first recognition to be measured at fair value through profit or loss because this classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases.

Financial Assets Measured at Fair Value through Other Comprehensive Income (OCI): are financial assets that fulfil the following conditions and which are not designated at fair value through profit or loss:

- the financial assets are held within a business model whose objective is to hold financial assets in order both to collect contractual cash flows and to sell the financial assets ('hold to collect and sell')
- the contractual terms of the assets give rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Amortised Cost: are financial assets that fulfil the following conditions, and which are not designated at fair value through profit or loss:

- the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ('hold to collect')
- the contractual terms of the assets give rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Liabilities

Financial Liabilities at Fair Value through Profit or Loss Held for Trading: are financial liabilities that are incurred primarily for repurchasing them in the short term or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking.

Financial Liabilities Designated at Fair Value through Profit or Loss: are financial liabilities designated to be measured at fair value through profit or loss. This choice is possible (1) provided that this classification leads to more relevant information because it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases, or (2) if it leads to more relevant information because a group of financial assets or liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or (3) if it concerns structured financial assets or obligations in which 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 host contract.

Financial liabilities at Amortised Cost: all non-derivative financial liabilities not covered by any of the previous categories.

B. List of Abbreviations Used

ABS	Asset Backed Securities
ALCO	Assets & Liabilities Committee
ALM	Assets & Liabilities Management
BCBS	Basel Committee on Banking Supervision
BIA	Basic Indicator Approach
CET1	Core Equity Tier 1
COREP	Corporate Reporting
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Value Adjustment
CX	Contentieux
DBI	Definitief Belaste Inkomsten
DBO	Defined Benefit Obligation
DVA	Debit Value Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
ECL	Expected Credit Losses
EMTN	European Medium Term Notes
Eonia	Euro Overnight Index Average
GMRA	Global Master Repurchase Agreement
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IPC	Irrevocable Payment Commitments
IRB	Internal Ratings Based
IRBA	Internal Ratings Based Approach
ISDA	International Swaps and Derivatives Association
JST	Joint Supervisory Team
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MBS	Mortgage Backed Security
NBB	National Bank of Belgium
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OLO	Obligation Linéaire – Lineaire Obligatie
O-SII	Other Systematically Important Institution
PCX	Précontentieux
PD	Probability of Default
PIIGS	Portugal, Ireland, Italy, Greece, Spain
RAF	Risk Appetite Framework
RAROC	Risk Adjusted Return on Capital
RMBS	Retail Mortgage Backed Security
SA	Standardised Approach
SCF	Société de Crédit Foncier
SI	Significant Institution
SRB	Single Resolution Board
SPV	Special Purpose Vehicle
SREP	Supervisory Review and Evaluation Process
SRM	Single Resolution Mechanism
TLTRO	Targeted Long Term Refinancing Operation
VAR	Value at Risk
WRC	Wholesale Risk Committee

Board of Directors
Luc Versele, Chairman

Jan Annaert (*)

Benoît Bayenet, Vice-chairman

Joris Cnockaert

Bernard De Meulemeester

Xavier Gellynck

Jean-Paul Grégoire

Eric Hermann (*)

Marianne Streel

Paul Thysens (*)

Hendrik Vandamme

Agnes Van den Berge (*)

Philippe Voisin

Pieter Desmedt

Emmanuel Vercoustre

Pierre Léonard (since 28/04/2022)

Frédéric Mahieu (since 28/12/2022)

Claude Melen (since 28/04/2022)

Sarah Scaillet (since 28/04/2022)

Jean-Pierre Dubois (until 28/04/2022)

Alain Diéval (until 28/04/2022)

Robert Joly (until 28/04/2022)

Clair Ysebaert (until 28/04/2022)

Jeroen Ghysel (until 24/08/2022)

Management Committee
Philippe Voisin Chairman

Joris Cnockaert

Jean-Paul Grégoire

Pieter Desmedt

Emmanuel Vercoustre

Frédéric Mahieu (since 28/12/2022)

Jeroen Ghysel (until 24/08/2022)

Audit Committee
Agnes Van den Berge (*), (Chairman)

Xavier Gellynck

Paul Thysens (*)

Claude Melen (since 28/04/2022)

Alain Diéval (until 28/04/2022)

Nomination Committee
Paul Thysens (*), Chairman

Luc Versele

Agnes Van den Berge (*)

Benoît Bayenet

Jean-Pierre Dubois (until 28/04/2022)

Remuneration Committee
Jan Annaert (*), Chairman

Eric Hermann (*)

Luc Versele

Benoît Bayenet

Jean-Pierre Dubois (until 28/04/2022)

Risk Committee
Eric Hermann (*), Chairman

Jan Annaert (*)

Bernard De Meulemeester

Sarah Scaillet (since 28/04/2022)

Alain Diéval (until 28/04/2022)

Statutory Auditor
EY Auditors bv represented by Jean-François Hubin (accredited auditor) since 28/04/2022

(*) independent director, according to art 7:87§1

AXA Bank Belgium
member of Crelan Group

Management Report

AXA Bank Belgium 2022 Results

Message from the Chief Executive Officer

2022 was a turbulent year dominated by geopolitical tensions caused by the ongoing Russia – Ukraine war. As we were just getting the coronavirus under control and witnessing that economic activity was resuming, the conflict escalated which impact heavily on world trade. .

The already rising inflation levels shot up further due to fears of general supply shortages, especially related to energy supplies. Record energy prices in addition caused increased social unrest and reduced access to food and services. The geopolitical instability were accompanied by mounting societal call outs related to climate action failure and the fragile position of China. As corona remained a pertinent treat in China for a long time, the economic engine was not fueled immediately either. These amplified risk factors demonstrate that companies like AXA Bank have to be resilient and act accordingly.

A major consequence was that central banks adjusted their monetary policy. After years of low interest rates and even punitive interest rates for those banks that parked liquid surpluses with the ECB, interest rates were pushed up again towards year-end, which also led to the first announcements of rising interest rates on savings accounts.

A regime of rising interest rates means as such good news for new bond issues, but do depress current portfolio returns. These factors in turn did not play out well for equity markets either.

Increased risk and uncertainty also affected investors and in turn weighed on the amount of sales of off-balance sheet products. Nevertheless, sales still remained at high level with gross production of more than EUR 2.3 billion. After all, investments are done for the long-term, and our investment specialists are convinced that, in addition to a diversified portfolio, diversified underwriting with periodic regularity levels do outprice peaks.

While 2022 proved a tumultuous year in many respects, I do not look back on it with a negative feeling. On the contrary, the significant progress made by Crelan Group make me feel proud, proud of our banks - Crelan, Europabank and AXA Bank Belgium, proud of our employees and proud of our cooperative shareholders, customers and financial partners.

The 2019 blueprint of a well-thought-through financial plan regarding the acquisition and integration of AXA Bank Belgium into the Crelan Group has since been executed in a professional and very good fashion. In January 2022, we were happy to welcome the AXA Bank colleagues, and they have already become familiar faces. Colleagues from both banks are already working together well in teams and preparing for the effective 2024 integration of AXA Bank Belgium into Crelan.

By strengthening the cooperation between Crelan, AXA Bank Belgium and Europabank, and by marketing and expanding the product portfolio of our financial partners for investment and insurance (AXA Belgium, Allianz, Amundi, Econopolis Wealth Management and AXA IM) to both the Crelan and AXA Bank branches, we have notably expanded our services and offerings for all our customers.

By so doing, both the Crelan Group and our customer base benefit. And that was exactly our initial goal of the take-over plan and the resulting increase in scale, namely to become a stronger bank with more opportunities for customers

As a cooperative banking group, we were also mindful of the precarious situation of families and businesses due to skyrocketing energy bills and rising food prices. For that reason, besides the measures agreed upon at sector level, we offered specific support to those businesses whose cash position was temporarily strained. In addition to high energy costs, our agriculture and horticulture customers were also plagued by a prolonged period of drought during the summer. For this, Crelan worked out a proposal offering the possibility of suspending capital repayments on corporate loans for one year.

By the end of 2022, Crelan Group managed 43 billion EUR in customer deposits and another 13 billion in investments through partners. On top of this, we once again significantly supported Belgian households and entrepreneurs with almost 10.5 billion EUR in new loans.

Despite the challenging market conditions, our group managed to post a net profit of EUR 158.2 million for the Crelan group, while our solvency and capital ratios remained at a high level. This growth story is obviously only possible thanks to the daily efforts of our 4,551 employees and the trust of 1.79 million customers and 277,755 cooperative shareholders CrelanCo.

For these achievements, I am extremely grateful to all of our employees, customers and relevant stakeholders, which makes me energized and proud as CEO to lead this strong financial group.

Philippe Voisin

CEO Crelan & AXA Bank Belgium

“AXA Bank up among the top Belgian banks. Our results are very good: customer satisfaction and stable net result, despite challenging market conditions. We are ready for the migration with Crelan”

AXA Bank Belgium SA

AXA Bank Belgium is primarily a retail bank, focusing on retail daily banking, savings and lending, i.e. servicing customers with their financing needs and facilitating savings and investment possibilities.

RETAIL ACTIVITY

AXA Bank Belgium offers an extensive range of financial products to retail customers, self-employed professionals and small companies. To do so, it relies on a network of exclusive, independent bank agencies that also supports the sale of AXA Belgium insurance products, AXA Investment Managers' products, Crelan fund products (managed by Econopolis and pension funds via Amundi) and Allianz insurance products. The product range is easy to understand and covers all elementary banking needs. The core products are a current account and related savings account, mortgage loans, consumer and professional loans and investment funds.

As AXA Bank Belgium's balance sheet is predominantly composed of mortgage loans and customer deposits, a significant part of AXA Bank Belgium's revenue is derived from net interest income. In order to increase revenue diversification, AXA Bank Belgium is increasing its effort and focus in developing sources of fee income through investment products, as well as credit production in professional loans.

ASSET AND LIABILITY MANAGEMENT

AXA Bank Belgium's ALM is in charge of monitoring and hedging the risks arising from the mismatches between the assets and liabilities; the optimisation of the funding mix, and the protection of the commercial margin (negotiation and application of Fund Transfer Pricing or FTP).

AXA Bank Belgium's ALM also manages the investment portfolio. This bond portfolio is held in order to guarantee a minimum level of unencumbered high quality liquid assets and to provide a natural hedge basis risk on variable rate mortgage loans through OLOs.

TREASURY

The primary focus of the treasury is the short-term (from intraday to 1 year) interest rate risk and the management and optimization of the available liquidity.

The Economic And Financial Context

From an economic and financial perspective, 2022 was largely dominated by stagflation, a combination of slowing growth and very high inflation rates. This was mainly due to delayed effects of the COVID-19 crisis and from late February also due to influence from the Ukrainian conflict.

In response, central banks abruptly tightened monetary policy with a view to curbing inflation, provided the risk of a further slowdown in economic activity.

UNITED STATES

While at the start of the year, economic activity in the US was still suffering from the Covid-19 restrictions, it recovered from February onwards. However, the late 2021 high inflation rate proved more persistent than expected and gradually spread from the prices of imported goods -especially energy and food - to services and housing.

This eroded the purchasing power of households. Despite a start of cooling from the summer, the inflation rate already prompted the Federal Reserve to raise its policy rate as early as early 2022, much earlier than originally expected. This slowed economic activity in many sectors, including real estate.

Consequently, most economic indicators slowed down in the second half of the year. Yet this did not cause a weaker labour market. On the contrary, unemployment is at an all-time low of 3.5%. On the economic front, the United States could therefore close 2022 with a labour market in good shape and with business surveys still indicating strong activity in the service sector.

On the political front, Republicans took control of the House of Representatives while Democrats retained the Senate after the November midterm elections.

EUROPE

The **eurozone** economy was barely recovering from the COVID-19 restrictions when Russia invaded Ukraine in late February. Besides a confidence shock - from concerns about an extension of the conflict - the immediate and tangible consequence was strong upward pressure on energy and commodity prices. Agricultural commodities and metals experienced explosive price increases as supply problems were expected. From the summer onwards, fears of a complete shutdown of Russian gas supplies drove European gas prices to historically high levels. Moreover, COVID-19 restrictions in China continued to weigh on industrial production chains.

Inflation accelerated rapidly - to double-digit levels in October - which also prompted the European Central Bank to raise policy rates from June and at the fastest pace since its inception. At the same time, governments tried to ease the energy burden on businesses and households. However, this was done with little coordination and thus in a variety of ways.

Positive news followed at the end of the summer with data that turned out to be less bad than expected. In particular, natural gas prices fell sharply, but still recorded several times above the average of previous years . Furthermore, the risk of scarcity declined and fourth-quarter indicators pointed to a moderate contraction in economic activity.

The formation of a new Italian government, led by a prime minister who was seen as eurosceptic, was the most significant event on the internal political front. Yet her appointment in 2022 did not lead to strong tensions in the markets, nor with other eurozone countries.

EMERGING MARKETS

For the **emerging markets**, 2022 began with the reopening of most economies and expectations that the negative effects of the pandemic would subside. But from February, the Russian invasion of Ukraine, which led to a sharp rise in global inflation, cast a dark shadow on this scenario. The inflationary environment combined with increasing market risk aversion weighed heavily on emerging market assets, primarily their currencies, most of which fell sharply.

Emerging-market central banks had to tighten monetary policy even before those of developed countries did. Factors such as falling household purchasing power and rising credit and production costs dampened economic growth. Moreover, the fiscal room for manoeuvre to absorb this shock was limited in most of these countries after the impact of the pandemic.

Still, the impact was not the same in all of them. Asian countries, for instance, were spared more, while countries in Central and Eastern Europe - due to the proximity of the war in Ukraine and the difficult labour market - were hit very hard by the crisis.

Domestic politics, with elections in several countries, especially in Latin America, was also a factor of volatile performance in assets from these emerging countries.

China also experienced specific difficulties as Covid-19 restrictions persisted there for most of the year,. Its sudden removal later in the year by the Chinese government was the most striking event of 2022.

IMPACT ON MARKETS

In **bond markets**, interest rate hikes in 2022 were particularly intense, and not seen to such an extent since the 1980s. German 10-year yields started the year in negative territory, ending above 2.3%. US 10-year yields rose above 4% in October/November from a low of 1.5% in January.

Recent signs of moderation in global inflation were not enough to reassure central bankers. The Fed remains deeply concerned about labour market tensions and inflation in basic services. The ECB also expects price pressures to remain high across all sectors due to the impact of high energy costs. Moreover, declining inflationary pressures are not yet translating into a fall in core inflation. ECB president Christine Lagarde also stressed that non-targeted fiscal measures could amplify inflationary pressures.

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In this environment, peripheral country spreads held up quite well.

In the **stock market**, we saw a serious drop in 2022. The MSCI World AC index fell 17.5% over the year.

Despite the resilience of the US economy and labour market, the MSCI USA index, down 20.8%, did less well than Europe which recorded a 10.9% decline. Due to the high concentration in growth stocks (especially major technology stocks), the US market suffered more from the rise in real interest rates.

The MSCI Japan index proved even more resilient than the European one, ending the year with a 6.6% decline, while the MSCI Emerging Markets index then went back into the red with a solid 17.9%.

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

The big winners were commodities with a 16.1% rise for the commodities index. On the energy front, crude oil (WTI) prices rose 6.7% to USD 80.3/barrel. Agricultural commodity prices rose 15.6%. Yet the rise did not apply to all commodities, as inflation fears caused industrial metals to fall by an average of 2.4%. They recovered strongly in the fourth quarter, driven by hopes of a rebound in economic activity in China. Gold could only add limited lustre to its reputation as a safe haven in times of crisis. The rise in real interest rates weighed on gold prices, which fell by 0.3% (in USD terms).

Results 2022

“In 2022, challenging year for invest and stable market share for credits. Continuation of increase use of our digital channels”

€ 3.2 bn

Mortgage Loans Production

€ 665 m

Professional Loans Production

€ 964 m

Gross production Invest

 # 444 k

Digital active users

Results 2022

CUSTOMER JOURNEY CREDITS

Mortgage loans – In 2022, the production of new mortgage loans reached a level of 3.2 billion euro. Due to the challenging macro-economic evolutions in 2022 (inflation, energy crisis) and due to the increase of the interest rates the market of new introduced mortgage loans slowed down. As a result, the market was highly competitive, putting pressure on margins. We achieved a market share of 7,1%. Our strategy to position Mortgage Loans as an ‘advise product’ supported by our professional local banking agents remains unchanged. The portfolio of mortgage loans continued to grow to 23.2 billion euro and is of an excellent quality.

Professional loans - The improved commercial activities on the self-employed and micro-enterprise segment and the renewal of the offer in professional loans started in April 2015. From then on, professional loan production has increased yearly with double digit percentages until 2019. The Covid19 crisis forced us to focus more on servicing our existing professional customers rather than on expanding the credit portfolio, and the growth rate slowed down. Since the Covid pandemic, we managed to adapt the original Go 2 Market plan to the new situation and different initiatives were launched via webinars instead of live seminars, towards the agent network to accompany our professional customers with good advice. The classic Accountant events which, since last year, were already transformed into very successful digital events with participation by more than 1 000 accountants all over the country, were carried out in hybrid format for the first time in the second half year of 2021 and were continued twice in 2022. Thus, the accountant again had the choice to participate physically live at the location or to follow the streamed event online.

The roll out of the Business Banking Model continued at a good pace, which resulted in the nomination at the end of the year of 37 Business Bankers, who delivered the target of 6 million professional loans production.

The professional credit production decreased this year by 7% (from 713 million euro in 2021 to 666 million euro in 2022) and landed at the same level as 2020. However, we remain confident that we can pick up again with the double-digit growth rate in the professional loans segment. The sustained commercial efforts during the last years in the B2B segment and the continuous investment in the expertise and the pro-activity of our agent network of the previous years, will continue to pay off. Three years of a slightly slower growth pace in production is however visible in a slower growth rate of the outstanding portfolio (increase of 8,4% from 2,332 million euro to 2,528 million euro instead of a 10% increase in 2021).

Consumer loans – The consumer loans market was even more heavily impacted in 2022 than 2021 by the semi-conductor crisis in the car market. This heavily impacted the volume in car loans. However it was balanced by a considerable growth in renovation loans due to the incentivising impact of the energy crisis. Overall the production of consumer loans increased with 6% to 366 million and resulted in a consolidation of our market share of 4,1%. In 2022 we continued to focus on digital Consumer loans for existing customers. The share of the digitally facilitated loan requests increased substantially since the beginning of 2022.

CUSTOMER JOURNEY INVEST

2022 was a difficult year in terms of growth in investments. Due to the high volatility on the financial markets (caused by the geopolitical conflict between Ukraine and Russia), the total outstanding off-balance portfolio decreased by 9,1% year-on-year from 6.1 to 5.54 billion euro.

The total net new money (NNM) invest collected in 2022 was 412,6 million euros, a decrease of 45% compared to 2021. This result is caused by a strong decrease of 48% in mutual funds (from 819 million in 2021 to 424,6 million in 2022), combined with a net outflow in EMTN of 25 million euros. Nevertheless, despite the difficult situation on the financial markets still 70% of the commercial objective was reached.

Mutual funds – The 48% decrease in NNM to 424 million was caused by the turbulence on financial markets, due to the geopolitical situation between Ukraine and Russia which led to an energy crisis. This crisis in combination with historical high inflation rates, was disastrous for consumer trust. Delegio, the all-in profiled funds solution targeting the personal banking segment , was responsible for 47,4% of the total NNM production (201 million euro). The other mutual funds of the AXA Bank offer amounted to 223 million euro in 2022, a decrease of 37% compared to 2021 (in which the result was 355 million).

2022 was also landmarked by the introduction of 2 new asset managers and sale of cooperative shares at AXA Bank.

In May 2022 2 new asset managers were introduced at AXA Bank: **Amundi and Econopolis**. The introduction of the 2 new asset managers resulted in a production of just over 26 million euro in the first 6 months since the introduction.

September 2022 marked the launch of cooperative capital at AXA Bank and thus the possibility for AXA Bank customers to become cooperative shareholder. By the end of 2022 almost 5.000 customers have purchased cooperative shares, amounting to 11,2 million euro.

Next to the retail segment, AXA Bank also has an invest offer to the professional segment (DBI solution). Just as in the Retail market, the professional segment suffers a major production decrease due to the difficult situation on the financial markets. Production decreased with 50% compared to 2021 (8,5 million in 2022 vs 17 million in 2021)

EMTN (as third party product) - In 2022 only 1 new EMTN was launched, with a gross production of 75 Mio. But with maturities of existing EMTNs and limited early redemptions, the net outflow amounted to 25 Mio, compared to a net outflow of 45 Mio in 2021.

Third party products – Despite the difficult situation on the financial markets we note a strong inflow in pension savings products (+19,1 MM), which results in a 19,5% growth vs 2021.

CUSTOMER JOURNEY DAILY BANKING & DEPOSITS

Daily Banking - indicators show a consistent growth

The current accounts portfolio increased with 7.074 accounts and reaches 594.572 accounts in 2022. In number of current accounts for retail customers, we observe a growth of 2.21% of comfort2bank current accounts up to 375.211 accounts versus a further decrease of -1.87% of portfolio of 157.399 start2bank current accounts. The portfolio of business current accounts increased with 3,2% and reaches 61.962 accounts.

The number of connected customers increased by 10,242 (283,444 end of 2022 versus 273,202 end of 2021). A connected customer is a private customer that simultaneously has a recurring income on her/his current account, has sufficient transactions and is digitally active (used home or mobile banking during the past 3 months). In 2022, the focus remained on increasing the digital active customers and the transactions parameter with go-to-market campaigns (e-mails, app notifications, branch support materials,…).

The credit card portfolio increased with 3,57% and reaches 163.378 credit cards. The Visa Classic credit card is the dominant card with a share of 132.751 cards.

The portfolio of the current accounts increased with 5.03% to EUR 4.11 billion. Compared to the previous year, raising inflation, and falling purchasing power clearly resulted in a slowdown in growth.

Deposits

The portfolio on the retail and business savings account increased with 2.19% to 15.32 billion euro. The net growth slowdown in 2022 of 328 million euro versus 591 million euro in 2021 is in line with the evolution in the market. Inflation and increased consumption had a negative impact on customer's savings efforts.

The increase on term accounts is rather limited. The portfolio amounts 441 million euro and represents a decrease of -14.7%. This decrease is explained by a continued low interest rate on the term accounts.

FEE Income Daily Banking & Deposits

Following 2 years of lock-down measures, regained freedom resulted in higher consumption. This explains partly the increase of 3,6 million euro and the total fee income of 41,25 million euro.

ASSET & LIABILITY MANAGEMENT

AXA Bank Belgium's Asset and Liability Management (ALM) is an essential component of the bank's balance sheet management. Its main purpose is to price correctly the balance sheet risks, on one hand, through Fund Transfer Pricing and to manage AXA Bank Belgium's exposure to risks related to interest rates, liquidity, funding, models and exchange rates, on the other hand. These risks are managed as part of a risk appetite framework, set by AXA Bank Belgium's Board of Directors and within the applicable regulatory constraints.

During 2022, a special focus was put on the alignment of models and methodologies between the different entities of Crelan Group amongst others AXA Bank Belgium. The AXA Bank Belgium swaptions portfolio was integrated into a new hedge accounting framework. A new EMTN program was set-up and the first issuance of Senior Non-Preferred Debt took place successfully in September. A new improved FTP framework was put in place and implemented.

Managed within strict limits, the investment portfolio is made up exclusively of high-quality European sovereign debts, guaranteed supranational bonds and secured bonds.

TREASURY

The bank Treasury manages the short-term liquidity and interest rate risk of the bank, optimising the short-term funding at any time. The Treasury has been particularly active in maintaining a sufficient liquidity buffer in 2022 while reducing as much as possible its funding cost.

Comments on the 2022 consolidated IFRS results

PROFITS AND LOSSES

In million EUR	2021	2022
Financial & operating income and expenses	341	383
Administrative costs and amortisations	-223	-264
Modification gains or losses		
Provisions	10	-1
Total profit *(From continuing operations before taxes and minority interests)*	128	118
Net Profit	93	81

Financial & operating income and expenses – Financial & Operating income and expenses overall increased by 42 million euro compared to 2021. Despite challenging market conditions with the war in Ukraine, the energy crisis and high inflation, leading to lower invest results, the year ends with higher interest revenues thanks to increasing interest rates.

Administrative costs and amortisations - Administrative costs (+37 million euro) and so amortisations (+4 million euro) increased given the start of the preparations for the migration with Crelan. In addition we also have Impact from the higher Inflation

Provisions – Whereas 2021 was characterised by a release of provisions for 5.2 million euro given the impact of the COVID-19 crisis being lower than expected; 2022 incorporated a significant increase of provisions on the credit portfolio corresponding macro-economic uncertainty. In addition, a part of the delta can also be explained by some other reversals of provisions (eg: write back on provision for Hungarian loans)

Total profit from continuing operations before taxes and minority interests – Total profit or loss from continuing operations before taxes and minority interests stands at 118 million euro, which is down by 10 million euro compared to 2021.

Net profit – Net profit stands at 81 million euro, which is down by 12 million euro compared to 2021.

BALANCE SHEET AND OFF-BALANCE SHEET

Balance Sheet

In Million EUR	2021	2022
Cash balances	**1.784**	**3.744**
Financial Assets	**26.815**	**27.694**
Held for trading	*46*	*11*
At Fair value through OCI	*405*	*229*
At amortised cost	*26.364*	*27.454*
Investments in subsidiaries, joint ventures and associates	**9**	**9**
Derivatives – Hedge accounting	**1**	**199**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**558**	**-2.028**
Other assets	**113**	**278**
Total Assets	**29.281**	**29.897**

Assets – The balance sheet increases by 616m, where the growth on the retail loans portfolio (+€1.1bn) and the increase in cash balances (+2bn) Is mainly offset by a big change in the Fair value of the hedged items in Portfolio hedge of interest rate risk due to the interest rate increases (-2.1bn) In addition we have a smaller bonds portfolio (-176m) and the positive evolution of the revaluation of the hedge accounting derivatives (+198m) and Other assets (+165m), mainly related to tax assets.

In Million EUR	2021	2022
Financial Liabilities	**27.754**	**28.094**
Held for trading	*43*	*36*
At Fair value through P&L	*743*	*376*
At amortised cost	*26.968*	*27.682*
Derivatives – Hedge accounting	**20**	**7**
Provisions	**101**	**102**
Other liabilities	**95**	**294**
Equity	**1.313**	**1.400**
Total Liabilities & Equity	**29.281**	**29.897**

Liabilities – Please refer to section on liquidity and funding.

Equity – Equity increased by 87 million euro mainly thanks to the net income of the year.

Off Balance Sheet

In Billion EUR	2021	2022
Intermediation derivatives	0	0
ALM portfolio hedges	6.04	9.54
Commercial hedges	29.08	23.61
Treasury derivatives	1.89	7.73
Total Derivatives	**37.03**	**40.88**
Loan commitments given	2.06	1.32
Other commitments & guarantees given	0.06	0.05
Total Off Balance	**39.15**	**42.25**

The off-balance sheet portfolio increased by 3.1 billion euro to 42.25 billion euro (2022 compared to 2021), following the usual hedging of the balance sheet explained by the transactions done to cover the interest rate risk of the bank.

Return on assets (ratio of net income for the year to total assets at the end of the year) was 0.27% at the end of 2022 compared to 0.32% at the end of 2021

Consolidation Scope

On 31 December 2022, the scope of consolidation for AXA Bank Belgium consisted of the following companies: AXA Bank Belgium SA, AXA Bank Europe SCF, AXA Belgium Finance BV, CASPR and Royal Street SA.

Comments on the statutory accounts and the allocation of earnings

Statutory profit for 2022 amounts to 50.4 million euro.

The main difference between the result of the statutory accounts (50.4 million euro) and the consolidation scope (81.3 million euro), relates to:

- → The **scope of the legal entity** (AXA Bank solo versus AXA Bank consolidated) explaining a difference of 26.3 million euro (result SCF of 26.1 million euro);
- → The **framework differences** (local GAAP versus IFRS), explaining a difference of + 4.6 million euro. The latter is mainly driven by the difference regarding the impairment methodology related to the incorporation of IFRS 9 stage 1 within IFRS, the amortisation of activated commissions, indemnity fees and file handling costs via the effective interest rate method within IFRS, hedge accounting & fair value impact of the EMTN and the interest on the contingent convertible obligation booked via retained earnings, partly compensated by deferred taxes.

Accumulated profit of previous years amounts to 200.5 million euro by the end of 2021. The Board of Directors proposes, after allocation to the legal reserves for 2.5 million euro, to carry forward the 2022 remaining 47.9 profit to the next financial year. Consequently, accumulated profit, as at 31 December 2022, amounts to 248.4 million euro.

Significant events after 2022

The year 2023 started well with inflation falling slightly and interest rates in line with December 2022. Moreover, energy prices are on a downward trend and there is positive sentiment in equity markets.

This is good news for the bank as falling energy prices is positive for customers' repayment capacity and positive equity markets support invest activity. Consequently, by early 2023, the loan portfolio remains stable and we see no deterioration in the quality of the portfolios.

Crelan has issued in January successfully a Senior Non-Preferred Note for 500 million EUR on 5 years in the market. This issue is an important step in the build-up of Crelan's issuance program and supports the bank's MREL ratio.

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 AXA Bank 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, Crelan and AXA Bank have 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 AXA Bank 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.

Solvency and Liquidity

Solvency

Crelan

Crelan Group reports solid capital ratios on 31/12/2022 with CET1 ratio at 21.27% (15.9% in 2021) and total CRD capital ratio at 26.3% (19.7% in 2021).

Capital increased to 2331m (2291m in 2021) mainly explained by the inclusion of the yearly net profits after deduction of a 4% dividend that will be proposed to the General Assembly in the second quarter of 2023. The dividend yield increases from 3% last year because of the convincing financial year of the Group. In addition, our cooperative capital grew by 17m over the year as a result of 45m additional capital (net of redemptions).

Risk Weighted Assets decreased (RWA) to 8915m (11602m in 2021). The underlying exposure to loans to clients increased by 2.1bn thanks to a good production over the year. However, the National Bank of Belgium removed RWA add-ons that were applied to some Belgian mortgage loans until Q2-2022. This translated into c. +3% capital ratio.

Leverage ratio is reported at 3.9% (4.1% in 2021 but 3.8% on comparable basis, i.e., including all exposures to central banks).

AXA Bank

AXA Bank Belgium is fully owned by Crelan Group since 31/12/2021 and a merger between the bank and its parent company is planned in 2024. In the meantime, AXA Bank maintains a solid capital basis with a CET1 ratio of 26.09% (20.0% in 2021). Despite a significant increase of its loans to clients (+1.1bn) thanks to a good production over the year, AXA Bank saw its Risk Weighted Assets (RWA) decreasing over the year. This is explained by the decision of the National Bank of Belgium to remove RWA add-ons that were applied to some Belgian mortgage loans until Q2-2022.

Liquidity / funding

Crelan

In 2022, Crelan managed its liquidity buffer at a high level, with a liquidity coverage ratio reaching 196% on 31/12/22 (178% on 31/12/21).

In terms of funding:

- Retail funding increased by 0.9bn over the year. This increase was observed over the first semester of the year.
- Crelan has also been active on the institutional market, with the issuance of an inaugural €300m Senior Non-Preferred debt eligible to the MREL ratio and a €750m covered bond issued by ABE SCF, the dedicated subsidiary of the Group.

In addition, in terms of liquidity:

- The retail loans portfolio of Crelan Group increased by €2.1bn over 2022.
- The entities of the Group also benefitted from considerable inflows from cash collateral on derivatives consequent to the rise in interest rates.

AXA Bank

AXA Bank Belgium is fully owned by Crelan Group since 31/12/2021. Its liquidity position is now managed centrally at the level of the Group.

Some highlights:

- AXA Bank Belgium increased its retail funding by c. 0.3bn and its the loan portfolio by 1.1bn.
- AXA Bank Belgium issued a 750 million covered bond in Q4, more than replacing and anticipating a 500 million maturity that took place earlier in the year 2023.
- The bank also benefitted from internal deposits within Crelan Group.

Main risks and uncertainties

The key risk for the bank in the short to medium term is the **execution risk of the Integration & Migration program**, which has as a goal to integrate the scope of AXA Bank Belgium into the scope of Crelan, and the migration of data from ABB to Crelan. The risk management department performs a thorough follow up of this integration process. Equally important, is the ability of the bank to start up a successful transformation immediately after the migration. Apart from some commercial key projects (Fronteo WK, ERM, digital capabilities), it is very important to allocate sufficient resource for (Cyber) Security and for a further optimization/industrialization of the AML/KYC processes.

Next to the risks related to integration and migration, a key risk of the bank is related to the **business model**. Whereas the simplicity of the current business model is certainly an advantage, it also leads to lack of diversification. This has as a risk that unfavourable market conditions or increased competition in key markets of ABB (e.g. mortgage loans or retail investment products offered to clients), directly impact the net income of the bank in a material way. The macro-economic environment affects the profitability of the bank, which is focused on the Belgium retail market: i.e. the transformation of Belgian deposits into loans to the Belgian economy, mostly mortgage loans and, to a lesser extent, professional loans and consumer loans. In 2021, the COVID-19 pandemic created uncertainty with regard to macro-economic conditions. In 2022, the geo-political conflict in Ukraine, created an upwards pressure on energy prices which ultimately led to an increase in inflation.

Uncertainty remains about how the impact of the COVID-19 pandemic and the geo-political conflict in Ukraine may affect the **quality of the credit portfolio** in the mid term. With respect to (non-interest rate) market risk and non-retail credit risk, ABB remains little exposed to those wholesale risks after carving out the intermediation activity in 2020. This leads to a subdued impact of stressed market parameters on ABB's profitability and capital position.

The evolution of the **banking landscape** in Belgium is a material factor of business risk. Customer behaviour or customer expectations in their interactions with their banking partner are changing. While this is not so much a risk as a fact, the extent to which the change will materialize, or the speed, remains uncertain. The increasing use of technologies and the digitalisation of banking also imply dedicated attention to **information security, cyber-risk and e-fraud.** In addition, banks are also facing the **ESG (Environmental, Social and Governance) risk**, due a.o. to the negative consequences of climate change and the related transition risk.

The **regulatory and tax environment** significantly impact ABB's activities. Changes in regulations or tax regimes can be highly impactful, especially given ABB's simple business model, thus a concentration on a limited number of activities. As an illustration, the following regulatory measures in particular have affected retail banks that transform deposits into mortgage loans: (a) the legal lower limit of 11bps on Belgian savings accounts or (b) the prudential measure of the NBB to increase the capital requirements for mortgage loans. Other examples of evolving regulations or standards are MREL-requirements (Minimum Requirement for own funds and Eligible Liabilities), Basel III finalisation, IFRS9 (International Financial Reporting Standards), EMIR (the European Market Infrastructure Regulation), MiFID II (Markets in Financial Instruments Directive), AMLD IV and V (Anti-Money Laundering Directive), GDPR (General Data Protection Regulation), DORA (Digital Operational Resilience Act) and potential new regulation with respect to central bank digital currencies.

ABB is particularly committed to implementing a zero-tolerance approach towards **misconduct and compliance risks**. To this end, AXA Bank Belgium rolls out a multi-disciplinary programme, combining training courses, certifications, controls, incentives or sanctions.

Overall, ABB monitors and manages risks within the risk appetite framework set by the Board of Directors and according to the prescribed risk governance. More information is available in Chapter 4 of the annual report.

Management bodies and corporate governance

COMPOSITION OF MANAGEMENT BODIES

Applicable until 31/12/2022

Board of Directors	Management Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
Luc Versele (chairman)				Member	Member
Benoît Bayenet (deputy chairman)				Member	Member
Jan Annaert (independent director)			Member		President
Joris Cnockaert	CCO				
Bernard De Meulemeester			Member		
Pieter Desmedt	CRO				
Xavier Gellynck		Member			
Jean-Paul Grégoire	COO & CHRO				
Eric Hermann (independent director)			President		Member
Pierre Léonard (since 28/04/2022)					
Frédéric Mahieu (since 28/12/2022)	CIO				
Claude Melen (since 28/04/2022)		Member			
Sarah Scaillet (since 28/04/2022)			Member		
Marianne Streel					
Paul Thysens (independent director)		Member		President	

Hendrik Vandamme		
Agnes Van den Berge (independent director)	President	Member
Emmanuel Vercoustre	CFO	
Philippe Voisin	CEO	

Auditors: EY Bedrijfsrevisoren BV / EY Réviseurs d'Entreprises SRL, represented by Jean-François Hubin (accredited auditor) since 28/04/2022

AXA has the ambition to become a very inclusive company in the financial services industry. Therefore we are opposed to any form of discrimination.

MODIFICATIONS OCCURRING IN 2022 (until 31/12/2022)

BOARD OF DIRECTORS:

- Resignation of Jean-Pierre Dubois as deputy chairman on 28/04/2022
- Resignation of Alain Diéval as independent director on 28/04/2022
- Resignation of Robert Joly as director on 28/04/2022
- Resignation of Clair Ysebaert as director on 28/04/2022

MANAGEMENT BOARD:

- Resignation of Jeroen Ghysel as CIO on 24/08/2022

AUDIT COMMITTEE:

- Resignation of Alain Diéval as independent director on 28/04/2022

RISK COMMITTEE:

- Resignation of Alain Diéval as independent director on 28/04/2022

NOMINATION COMMITTEE:

- Resignation of Jean-Pierre Dubois as independent director on 28/04/2022

REMUNERATION COMMITTEE:

- Resignation of Jean-Pierre Dubois as independent director on 28/04/2022

Applicable as of 31/12/2022 after the closing with Crelan happened at the end of 2021:

Board of Directors NV Crelan:

COMPETENCE OF THE MANAGEMENT BOARD

The Management Board is created by decision of the Board of Directors and manages AXA Bank Belgium and all of its branches and subsidiaries.

The management board is a collegial decision-making body. The Management Board's role is to propose the corporate strategy to the Board of Directors and execute that strategy. The Management Board is responsible for managing the bank's operations, except for all matters that are reserved exclusively to the Board of Directors by law of by the articles of association. Its management is governed within the framework of the general policy defined by the Board of Directors. The Management Board operates under the supervision of the Board of Directors, which keeps the exclusive authority to determine the strategy.

Members of the management board applicable until 31/12/2022

- CEO (Chairman): Philippe Voisin
- CCO: Joris Cnockaert
- CRO: Pieter Desmedt
- COO & CHRO: Jean-Paul Grégoire
- CIO: Frédéric Mahieu (since 28/12/2022)
- CFO: Emmanuel Vercoustre
- Permanent invitees: Corporate Secretary of Management Board (secretary)
- Invitees: as required per treated subject

COMPETENCE AND INDEPENDENCE OF THE AUDIT COMMITTEE AND THE RISK COMMITTEE

AXA Bank Belgium's Audit Committee is composed of Agnes Van den Berge, who chairs it as an independent director, Xavier Gellynck, Claude Melen (since 28/04/2022) and Paul Thysens (independent director). In application of the requirements of article 27, paragraph 1 of the law of 25 April 2014 relating to the status and monitoring of credit institutions, half of its members are independent directors, with a decisive vote for its chairman in case of equality of votes. The Audit Committee has an advisory role towards the Board of Directors only.

Agnes Van den Berge holds a Master degree in Economics. After being assistant professor at the university of Ghent, she joined the National Bank of Belgium in 1980 where she has been successively Head of Front Office, Head of Financial Markets (and advisor to the Board of Directors) and Head of Controlling. She has been appointed as an independent director of AXA Bank on 31/12/2021.

Paul Thysens holds a degree of Industrial engineer for nuclear energy and an additional master in General Management. He held several professional positions in the IT departments of Generale Bank and Fortis Bank, whereof CIO of Banca Nazionale del Lavoro (part of BNP Paribas group) in Italy before re-joining the Belgian office, successively as co-Head and CIO (member of the executive committee). Het has been appointed as an independent director of AXA Bank on 31/12/2021.

Xavier Gellynck has a Master degree in applied economics and business administration, as well as a PhD from the University of Ghent. He is a professor at Ghent University, department of Agricultural Economics. He was also an expert for the European Commission on 'Food Quality Assurance and Certification Schemes managed within the integrated supply chain'. He has been appointed as a non-executive director of AXA Bank on 31/12/2021.

Claude Melen has a Master degree in Management Sciences (majoring in Finance) and an additional year in Analysis - Control - Auditing. She started her professional career as a company auditor and, with a few intermediary passages in different ministerial cabinets, moved to the Belgian Court of Audit, successively as financial auditor and first auditor (in charge of the audit of the accounts and budgets of the French Community). . She has been appointed as a non-executive director of AXA Bank on 28/04/2022.

All members have collective competencies in the fields of banking, accounting and audit and at least one member has competencies in terms of accounting and/or audit.

The Risk Committee has been operational is composed of the independent chairman Eric Hermann and Jan Annaert (independent director), Bernard De Meulemeester and Sarah Scaillet (since 28/04/2022) as members.

Each of its members possesses the knowledge, competencies and experience required for understanding and identifying the bank's strategy and level of risk tolerance. On these subjects, they are called upon to advise the members of the Board of Directors and to assist them in their supervisory role for the Management Board’s implementation of the strategy.

Eric Hermann has a Master degree in commercial and financial sciences and an additional master of Science in management. He joined the banking sector within the Paribas group where he held different leading positions in financial departments.

After the acquisition of Paribas by Artesia and later Dexia he held several positions in risk management, successively Head of Risk management Group, Head of Risk management Concepts & Strategy, Board member in charge of Risk, compliance, internal controls and audit before coming CRO of Belfius Bank. He has been appointed as an independent director of AXA Bank on 01/01/2022.

Jan Annaert holds a Master and PhD in Applied economic sciences. He joined the academic world as (assistant) researcher at KULeuven, University of Antwerp and the Flemish fund for Scientific Research before becoming assistant professor Finance at the Erasmus university of Rotterdam. Actually he is professor Finance at the university of Antwerp and at the Antwerp Management School. He has been appointed as an independent director of AXA Bank on 31/12/2021.

Bernard De Meulemeester holds a Master degree in Applied Economic Sciences, specialising in "Accounting". He was a certified external auditor (IBR/IRE) and is also an auditor approved by the National Bank of Belgium for the audit of financial institutions, insurance companies and occupational pension institutions. He has more than 25 years of experience within Deloitte in auditing and consulting assignments for financial services institutions. After leaving Deloitte, he became Independent Board member at a number of companies In the service Industry (Including banks and assurance companies). He has been appointed as a non-executive director of AXA Bank on 01/01/2022.

Sarah Scaillet has a Master in Law and in Public Management. After a year at the Brussels Bar, she joined the National service of Social security (RSZ) as a lawyer and then moved to the office of the Minister of Social Affairs. Afterwards, she returned to the RSZ as director general of the declarations control service. Since April 2014, she is the general administrator of the Public Pension service. She has been appointed as a non-executive director of AXA Bank on 28/04/2022.

The independent directors assisting to the Audit Committee and the Risk Committee meet each of the independence criteria set out in article 3, 83° of the law of 25 April 2014 relating to the status and monitoring of credit institutions.

Based on the above educational level and the multiple professional experiences, the Board of Directors is able to justify the individual and collective competence of the members of the Audit Committee and the Risk Committee.

COMPETENCE AND INDEPENDENCE OF THE NOMINATION COMMITTEE AND THE REMUNERATION COMMITTEE

The Nomination Committee is chaired by the independent director Paul Thysens and has Agnes Van den Berge (independent director), Luc Versele and Benoît Bayenet as members.

The Remuneration Committee is chaired by the independent director Jan Annaert and has Eric Hermann (independent director), Luc Versele and Benoît Bayenet as members.

Each committee has an independent chairman and another independent member meeting each of the independence criteria laid out in article 3, 83° of the law of 25 April 2014 relating to the status and monitoring of credit institutions.

For the short curriculum vitae of the independent directors we refer to above.

Luc Versele has a Master degree in Economics. He has had a long career with Crelan group since the late 1980s. He has held various management positions, from Deputy Managing Director of the then Institut National de Crédit Agricole, to Chairman of the Management Committee of the Crédit Agricole Group (now Crelan). Since April 2022, he is Chairman of the Board of Directors of SA Crelan. He has been appointed as chairman of the Board of Directors of AXA Bank on 31/12/2021.

Benoît Bayenet holds a Master and PhD in Economics and a Master in Econometrics. He teaches Public Finance at ULB and UCL-ULG. He is also Chairman of the Central (federal) Economic Council. As former non-executive director within Agricaisse, he has been appointed as a non-executive director of AXA Bank on 01/01/2022.

Based on the above educational level and the multiple professional experiences, the Board of Directors is able to justify that the Nomination Committee and Remuneration Committees are made up in such a way as to allow them to make relevant and independent assessments, both on nomination and remuneration policies and practices, and on the workings of AXA Bank Belgium's administration and management bodies.

Remuneration policy

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All the members of the Board of Directors are considered as “Identified Staff” (Category 1). As a consequence, the principles set out under point 2 hereunder apply to them in full.

NON-EXECUTIVE DIRECTORS

For the remuneration of the non-executive directors, their contribution to the work of the Board of Directors and of the committees within the Board of Directors will be considered. This is in accordance with the market standards.

The Directors concerned are reimbursed in the form of allowances and benefits in kind laid down by the Board of Directors for both the exercise of their mandates in the Board of Directors, and for their mandates in the committees which have been set up within the Board of Directors.

Non-executive directors do not receive any variable compensation.

EXECUTIVE DIRECTORS

The remuneration policy applied by CRELAN Bank and AXA Bank Belgium is in accordance with the Law relating to articles of association and monitoring credit institutions of 25 April 2014, known as the Banking Act. The main objective involves aligning the principles and structure of CRELAN Bank and AXA Bank Belgium’s remunerations with sound and efficient management of the companies (including risk monitoring).

So as to guarantee conformity with the remuneration policy, this is regularly reviewed by the Remuneration and Governance Committee of the Group, and by the Remuneration Committee of the Executive Board concerned.

The policy concerning the remuneration of the directors should make it possible:

- to attract, develop, retain and motivate talent,
- to encourage and reward the best performance,
    - both on an individual and collective level, and
    - in the short, medium and long term
- to align the remuneration level with the results of the company,
- to guarantee adequate and efficient risk management.
- The Remuneration Guidance follows three main guiding principles:
    - the competitiveness and market consistency of remunerations,
    - coherence and internal equity, based on individual and collective performance, in order to ensure fair and balanced remuneration reflecting employees' individual quantitative and qualitative achievements and impact; and
    - the results and the financial capacity of the company.

REMUNERATION OF THE “IDENTIFIED STAFF”

“IDENTIFIED STAFF”

Taking into account article 67 of the law of 25 April 2014 on the status and supervision of credit institutions and the implementing decrees and the Delegated Regulation, and subject to additional criteria, the Board of Directors of CRELAN Bank and AXA Bank Belgium has determined the scope of the Identified Staff as follows:

- **Category 1**: The members of the Board of Directors;
- **Category 2:** The members of higher management;
- **Category 3**: The staff members with a position that implies risk-taking determined in accordance with the Delegated Regulation and other regulations;
- **Category 4**: The control functions that are responsible for the operational independent control functions;
- **Category 5**: The staff members determined in accordance with the Delegated Regulation, whose total remuneration places them on the same remuneration level as the senior management and the persons with a position that implies risk-taking.

STRUCTURE OF THE REMUNERATION OF IDENTIFIED STAFF

The remuneration policy is structured in such a way that the total remuneration package is divided in a balanced way between the fixed component and the variable component.

The composition of the total package is designed so as not to encourage any excessive risk-taking. The fixed component of the total remuneration package is significant enough to reward the staff members for their work, seniority, expertise and professional experience and to guarantee a totally versatile variable remuneration policy, and notably the possibility of not paying any variable remuneration.

Fixed remuneration

Determining the fixed remuneration

The base pay of the Identified Staff is determined by taking into account the organisational responsibilities, as defined in the job description and the positioning in relation to the external benchmark.

The fixed remuneration can also include benefits in kind.

Evolution of the fixed remuneration

Decisions concerning the evolution of the fixed remuneration of Identified Staff are based on performance (sustainable job fulfilment) and the positioning in relation to the external benchmark.

Individual increases are granted, based on the following principles:

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

Every performance year, CRELAN Bank and AXA Bank Belgium determine the budget available for the evolution of the fixed remuneration of Identified Staff.

The results of CRELAN Bank and AXA Bank Belgium's past performance year (compared with the objectives defined) will be a determining factor in setting the budget for the evolution of the fixed remuneration.

If CRELAN Bank and AXA Bank Belgium's statutory results of the past performance year are negative or significantly lower than the set objectives, or for reasons of legal restrictions, CRELAN Bank and AXA Bank Belgium may decide to limit the budget to award those increases that are due based on legal and/or contractual provisions.

Variable remuneration

Determining the variable remuneration

The variable remuneration is determined within the limits of the available budget and depending on the local and/or professional market practices, the profits generated by the activity and the achievement of quantitative and qualitative objectives on an individual level and on the level of the bank and the business line, as well as the contribution to the risk management and the observance of the compliance rules.

Determining the bonus budget

Each year, CRELAN Bank and AXA Bank Belgium define the total available budget.

The bonus pool is determined on the basis of a decision process that is based on the business results as well as on the risk results. Checks & Balances are key in this respect.

The budget envelopes for variable remuneration are determined on the basis of:

- the results generated by the activity (annual bonus pool);
- the market and achievements, amongst others with regard to risk;
- the financial situation of CRELAN Bank and AXA Bank Belgium, including the capital base and requirements and the liquidity;
- the realised profits; and,
- the profit expectation and long term expectation.

Each year, the bonus pools are determined in the course of the budget process by CRELAN Bank and AXA Bank Belgium in consultation with the Finance department and the Executive Committee under the surveillance and with approval of the Board of Directors upon advice from the Remuneration Committee. In doing so, account is taken of the direct input from Risk Management on the "cost of risk" (risk-adjusted performance) or equivalent risk measures, depending on the scope of the budget.

Only the results realised by the institutions within the CRELAN-group to whom CRD IV and the Banking Law apply are taken into consideration.

In the context of an ex ante risk adjustment, a risk analysis will be executed on the level of the enterprise and on the level of the business line or a particular section thereof, without prejudice to the evaluation on an individual level.

Variable bonus pools for supporting functions and integrated control functions are - by way of derogation from the above – determined independently of the performance of the business line that they validate or control.

In the event the entity performs poorly, the individual variable remunerations determined within the scope of the funding available will automatically be reduced proportionately.

(Individual) performance

The **performance of CRELAN Bank and AXA Bank Belgium** is taken into consideration by means of the result of the STIC (Short Term Incentive Compensation) Grid. This "STIC Grid" consists of key indicators of activities and results with each receiving a certain weighting, and taking risk criteria into account.

The **(individual) performance** is measured by the achievement of (individual) financial and non-financial performance criteria, defined as:

- quantitative objectives (which are taken into account for at least 25% of the variable remuneration); and,
- qualitative objectives (general attitude, risk awareness, alignment with the interests of the customer, the employee and the shareholder).

They are measured over various periods of time (achievements on a yearly basis, but also on a multiannual basis) for the years to come by means of observed performances and individual assessments with regard to the fixed objectives.

These objectives are determined in accordance with a fixed system, whereby objectives are:

- determined based on the ‘SMART’ principle: Specific, Measurable, Assignable, Realistic, Time-related;
- determined by ‘success criteria’;
- balanced;
- validated by both parties; and,
- formalised in the ‘YES Performance’ performance document within the CRELAN Bank and AXA Bank Belgium deadline.

The Individual Performance Plan applies to the Identified Staff in all business lines of the bank and consists of an individual part that is linked to the performance score, which takes into account the results and risk/risk management objectives.

Ratio fixed remuneration – variable remuneration

The variable remuneration of each Identified Staff is limited to the maximum of the following two amounts:

- 50,000 euro, without this amount being able to exceed that of the fixed remuneration
- 50% of the fixed remuneration

This restriction of the difference between the fixed remuneration and variable remuneration also applies for allocations of variable remuneration in case of exceedance of the objectives (‘above target’) or in case of extraordinary achievements.

Process of allocation and individualisation – individual assessment

Within AXA Bank Belgium, the performance of the team to which the Identified Staff belongs and his or her individual performance (performance is measured on the basis of the profit- and risk level with regard to that profit) is assessed (a compulsory **annual individual assessment** carried out by the line manager) on the basis of at least the following elements:

- qualitative accomplishments in relation to the objectives set;
- professional behaviour with regard to the values, compliance requirements and procedures applicable at CRELAN Bank and AXA Bank Belgium, and aligned with the values and the leadership attitudes of the Crelan-Group ;
- contribution to risk management, including operational risk;
- the managerial behaviour of the person where appropriate.

The Board of Directors, on the advice of the Remuneration Committee, will carry out an additional assessment for all members of the Identified Staff taking into account:

- the contribution to the permanent control framework of the Bank;
- the involvement with material risks and subsequent decisions;
- any incidents that have occurred during the year and the corrective actions taken by the individual or his managers.

This assessment may lead to an impact on the variable remuneration.

The assessment will be executed as much as possible with predetermined and applicable formulas and rules regarding the assessment. Score cards or other equivalent methods will be used for this purpose, whereby a formal evaluation will take place with regard to:

- compliance-criteria;
- a sound risk management.

The level of achievement of every objective and of the relevant leadership attitudes will be indicated amongst others on the score card by a score and concrete remarks. In addition, a total performance score will be attributed with a qualitative motivation in the relevant comment fields.

Depending on the realised quantitative and qualitative objectives, proposals for decisions will be determined. This process is adequately documented, including through formalisation in the performance management system within the timeframe provided by the bank.

Payment of the variable remuneration

In accordance with the Banking Act, at least 40% of the variable remuneration (up to 60% for the highest variable remuneration) is granted in the form of **deferred variable remuneration**, and at least 50% of the variable remuneration must be paid in "**financial instruments**".

This manner of remuneration, supported by employees' long-term profit-sharing, allows a significant part of the variable remuneration to be deferred, all in accordance with the requirements of laws and national and international regulations, and the requirements of national and international regulators.

Conditional cash

The 50% in "financial instruments" will be paid as "conditional cash".

To ensure the differentiation with cash variable remuneration, the conditional cash is subject to a retention period and targets after the retention period set in relation to

- Solvability (lower limit 2022: 10.25%), liquidity (lower limit 2022: 100%) & leverage (lower limit 2022: 3%)
- A retention period of 1 year (as from grant/vesting) before the conditional cash payment will be effectively made.

This leads to the following payment scheme:

ASSUMPTIONS	
Performance year	Year N
Upfront	60%
Deferred	40%
Spread over (years)	5
Cash	50%
Conditional Cash	50%

	Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6
Upfront							
Cash	40%						
Conditional cash		20%					
Deferred							
Total deferred granted		8%	8%	8%	8%	8%	
Cash		2%	2%	2%	2%	2%	
Conditional cash			6%	6%	6%	6%	6%
Total cash-flow profile	**40%**	**22%**	**8%**	**8%**	**8%**	**8%**	**6%**

Exception for variable remuneration below 50,000 euro and above 200,000 euro

The BNB's current administrative circulars authorise an exception to this rule for members of the Identified Staff whose variable remuneration is lower than 50,000 euro. This exception has been applied.

Variable pay above 200.000 euro will be deferred for 60%

Malus and Clawback framework

The Bank's malus and clawback provisions allow the Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted or the already paid/vested variable remuneration recovered in certain situations.

CRELAN Bank and AXA Bank Belgium will reduce the parts of the variable remuneration that are not yet acquired and paid of all (possibly former) Identified Staff (malus) if CRELAN Bank and AXA Bank Belgium have a decreased or negative financial return on investment or if one of the following situations is discovered:

- the Identified Staff does not comply with the applicable standards of expertise and professional integrity;
- the Identified Staff is involved with a special mechanism that has as its purpose or effect the promotion of fiscal fraud by third parties;
- any circumstance that implies that the payment of the variable remuneration constitutes an infringement of the good remuneration practices of CRELAN Bank and AXA Bank Belgium or of the risk management strategy or of their limited to medium risk profile.

CRELAN Bank and AXA Bank Belgium will reclaim the variable remuneration that is already paid or acquired from all (possibly former) Identified Staff (clawback) if CRELAN Bank and AXA Bank Belgium have a decreased or negative financial return on investment or if one of the following situations is discovered, and this within four or five years following the payment or, if the case may be, the acquisition of the variable remuneration:

- the Identified Staff does not comply with the applicable standards of expertise and professional integrity;
- the Identified Staff is involved with a special mechanism having as purpose or effect the promotion of fiscal fraud by third parties

The use of a reduction (malus) or reclaim (clawback) needs to be appropriate. In case of attribution of variable remuneration in the context of a change of control or structure (e.g. merger), that is not based on performances, but on a condition of presence (e.g. retention bonus), the use of a reduction (malus) or reclaim (clawback) based on the situation of reduced or negative financial return of CRELAN Bank and AXA Bank Belgium or an operating unit is only considered appropriate if the Identified Staff has contributed in a significant way to the reduced or negative financial return.

In case of dismissal for misconduct (or for employees that have already left CRELAN Bank or AXA Bank Belgium or its affiliated enterprises, the conduct that would have led to a dismissal if it were discovered while the staff member was still employed) and particularly when there is a breach of risk management procedures or a breach of the compliance or conduct rules or dissimulation or an action that resulted in a distortion of the conditions under which the variable remuneration which was initially allocated were set, all or part of the rights to the deferred parts of the initially allocated variable remuneration shall immediately be lost ("malus") and all elements of variable remuneration already paid shall possibly be reclaimed ("clawback"). This principle will be entered into each plan that will be submitted to an Identified Staff member for approval.

Specific rules relating to variable remuneration of independent control functions

The above mentioned principles of remuneration are similar for category 4 of the Identified Staff, namely persons occupying independent control functions (and including the Chief Risk Officer); with the following exceptions:

- CRELAN Bank and AXA Bank Belgium's performance are not taken into account for determining variable remuneration effectively paid.
- Non-deferred variable remuneration is wholly and exclusively determined based on specific individual criteria associated with the position (individual performance).

COMPENSATION IN THE EVENT OF CONTRACT TERMINATION

Without prejudice to the application of legal and regulatory provisions and agreements binding the company, severance payment that might be agreed with a person affected is determined so as not to reward failure or irregular behaviour.

For salaried members of staff, CRELAN Bank and AXA Bank Belgium undertake to respect the application of the legal provisions.

GOVERNANCE OF THE REMUNERATION POLICY

CRELAN Bank and AXA Bank Belgium have a long-term remuneration plan, the rules of which are determined by the remuneration policy. These rules may be adapted regularly, notably depending on decisions taken at the level of the CRELAN Bank and AXA Bank Board of Directors and the evolution of the (inter)national regulatory framework.

The Executive Board has decision-making competence concerning the establishment of the remuneration policy and decision-making relating to the individual remuneration of the persons affected. In this domain, it is assisted by 2 committees: the Remuneration Committee and the Risk Committee.

The Remuneration Committee actively contributes to implementing the remuneration policy. It consists of non-executive directors, at least one of whom is independent within the meaning of the Companies Code. It is composed so as to allow it to exercise pertinent and independent judgment on remuneration policies and practices, and on the incentives created regarding the control of risks, equity requirements and the liquidity position.

The work of the Remuneration Committee consists in proposing, in the form of advice and in accordance with the remuneration policy, decisions to be taken by the Executive Board relating to remuneration principles and procedures. It is also entrusted with preparing decisions to be taken by the Executive Board, taking into account the repercussions on the company's risk and risk management, on the one hand, and the long-term interests of shareholders, investors and other stakeholders in the institution, on the other, as well as the public interest.

The remuneration policy may be revised by decision of the Executive Board on a proposal from the Remuneration Committee at any time, and notably in the event of legislative amendment associated with labour, accounting and tax law, as well as in the event of the rules of governance changing.

Its implementation is subject, at least once a year, to an internal assessment aiming to verify whether it respects the remuneration policies and procedures adopted by the Executive Board. If need be, the Remuneration Committee will make any necessary adaptation proposals.

The Risk Committee, consisting of non-executive directors, at least one of whom is independent within the meaning of the Companies Code, examines whether the incentives provided by the remuneration system take into account the appropriate manner of risk control, equity requirements and the liquidity position of CRELAN Bank and AXA Bank Belgium, as well as the probability and staggering of profits, so as to ensure sound and efficient management of risk, preventing risk-taking exceeding the level tolerated by CRELAN Bank and AXA Bank Belgium.

QUANTITATIVE INFORMATION ON REMUNERATION AWARDED TO IDENTIFIED STAFF FOR THE FINANCIAL YEAR 2022

Total Remuneration of Identified Staff in 2022 (Excluding non-executive board members compensation)

The quantitative information set out below concerns the remuneration awarded for the year 2022 to Identified Staff within the meaning of CRDIV and the Belgian banking law, but does not reflect remuneration awarded to other employees:

POPULATION	Fixed remuneration	Variable remuneration	Sign-on payment	Severance payment		
					Awarded	
Executive Board Members	3.150.937 €	417.100 €	- €	69.307 €	173.268 €	*Amount (EUR)*
	6	6	0	1	1	*# people concerned*
Higher management (beyond executive directors)	683.190 €	122.089 €	- €	- €	- €	*Amount (EUR)*
	3	3	0	0	0	*# people concerned*
Other Identified Staff (control functions)	1.555.931 €	152.550 €	- €	- €	- €	*Amount (EUR)*
	8	8	0	0	0	*# people concerned*
Total	5.390.058 €	691.738 €	- €	69.307 €	173.268 €	*Amount (EUR)*
	17	17	0	1	1	*# people concerned*

Population	Forms of variable remuneration (awarded)				Outstanding deferred remuneration		Deferred remuneration		
	Cash	Shares	Share linked instrum.	Other types*	Vested	Unvested	Awarded	Paid out	Reduced
Executive Board Members	230.960 €	N/A	N/A	186.140 €	281.738 €	1.160.973 €	148.912 €	242.893 €	- €
Higher management (beyond executive directors)	122.089 €	N/A	N/A	- €	€	€	- €	- €	- €
Other identified staff	152.550 €	N/A	N/A	- €	€	€	- €	- €	- €
Total	505.598 €	-€	- €	186.140 €	281.738 €	1.160.973 €	148.912 €	242.893 €	- €

*Conditional Cash

Remuneration (millions EUR)	Fixed remuneration	Variable remuneration
Executive Board members AXA + Crelan	3.15m€	0.42m€
Non-executive Board members AXA + Crelan	0.82m€	-

Directors with external mandates

AXA senior manager as from 31/12/2017	Position at AXA Bank Belgium (ABB)	Company where the external mandate is carried out	Registered office	Business sector	Registration on regulated market	External position held	List of shareholders with more than 5% ABB
Benoît BAYENET	Deputy chairman of the Board of Directors and member of the Nomination and Remuneration Committee	La Financière du Bois SA	Rue de la Plaine 11, 6900 Marche-en-Famenne Belgium	Investment company	No	Chairman of the Board of Directors	No
		Caisse d'investissement de Wallonie Sa	Avenue Maurice-Destenay 13, 4000 Liège Belgium	Investment company	No	Non-executive director	No
Bernard DE MEULEMEESTER	Non-executive director and member ot the Risk Committee	Bernard De Meulemeester BV	Boerendreef 17, 2970 Schilde Belgium	Management & consulting company	No	executive director	No
Xavier GELLYNCK	Non-executive director and member of the Audit Committee	Thalix BV	Beekstraat 35, 9920 Lievegem Belgium	Management company	No	Executive director	No
Eric HERMANN	Independent director and Chairman of the Risk Committee	Eric Hermann Management SRL	Champ de Présenne 46, 1390 Grez-Doiceau Belgium	Management company	No	Executive director	No

		Golf et Sporting Club de Grez-Doiceau SA	Les Gottes 1, 1390 Grez-Doiceau Belgium	Golf club	No	Chairman of the Board of Directors	No
Pierre LEONARD	Non-executive director	Sowafinal SA	Avenue Maurice-Destenay 13, 4000 Liège Belgium	Investment company	No	Non-executive director	No
		AWEX SA	Place Sainctelette 2, 1080 Bruxelles Belgium	Investment company	No	Non-executive director	No
		Le Circuit de Spa-Francorchamps SA	Route du Circuit 55, 4970 Stavelot Belgium	Exploitation race circuit	No	Non-executive director	No
Claude MELEN	Non-executive director	Ethias SA	Rue des Croisiers 24, 4000 Liège Belgium	Insurance company	No	Non-executive director & Member of the Audit and Risk Committee	No
		Brussels South Charleroi Airport SA	Rue des Frères Wright 8, 6042 Charleroi Belgium	Exploitation of airport	No	Non-executive director & Chairwoman of the Audit Committee	No
Marianne STREEL	Non-executive director	Rhisnagri SA	Rue Godefroid 1A, 5000 Namur	Patrimony company	No	Non-executive director	No
		La Ferme du Manoir SA	Rue du Spinoy 3, 5080 Rhisnes Belgium	Patrimony company	No	Non-executive director	No

		Montjoie-Streel Société agricole	Rue du Spinoy 3, 5080 Rhisnes Belgium	Agricultural company	No	Executive director	No
Hendrik VANDAMME	Non-executive director	Immo-Conscience CV	Industrieweg 53, 8800 Roeselare Belgium	Patrimony company	No	Non-executive director	No
		Sopabe-T CV	Anspachlaan 111 bus 10, 1000 Brussel Belgium	Investment company	No	Non-executive director	No
Agnes VAN DEN BERGE	Independent director	Food Tech Consult NV	De Meeûssquare 35, 1000 Brussel Belgium	Consultancy company	No	Non-executive director	No
Emmanuel VERCOUSTRE	Executive director	AXA Banque France SA	Rue Carnot 203-205, 94138 Fontenay-sous-Bois France	Credit institution	No	Non-executive director & Member of the Audit Committee	No

Sustainability

AXA Bank Belgium (ABB) promotes the values of a society where sustainability and corporate responsibility are a central component of everything that we do. In this context, ABB recognises the role that it has to play as a credit institution with respect to the environment, social and governance (ESG) related matters. Also in the preparation of the merge with Crelan, we see that sustainability is important theme.

Business Environment & Strategy

Sustainability is in Crelan's genes. Because of our strategy, our field of activity and our limited size, our operation is already quite sustainable by definition.

Thus Crelan is a national player that focuses on the core tasks of a banker, namely converting the funds entrusted to it by savers and investors into loans for Belgian private families and entrepreneurs. In other words, Crelan does not derive income from speculative transactions, but fully supports its customers' local initiatives.

As a cooperative bank, Crelan is not listed on the stock exchange. Like any business, we want to grow and create added value, but we can do so at our own pace. Decisions are always taken from a long-term perspective and with a prudent attitude to safeguard the interests of the bank, its employees, its customers and its cooperative shareholders.

Crelan pursues a pragmatic approach to sustainability with a continuous focus on a transition to a climate-friendly way of life.

Crelan translates this principle concretely into attention to:

- a continuous sustainability of its range of products and services;
- an honest, competent and personalised service and advice for its customers;
- proper remuneration for its cooperative shareholders;
- a pleasant and motivating working environment for its employees;
- green investments in its buildings and facility services;
- sponsoring some talented champions and training young athletes in cyclo-cross, basketball and athletics;
- a contribution to the society in which it operates through the Crelan Foundation;
- a participation in the capital of Incofin, a fund specialising in microfinance in third-world countries.

For more concrete information on our sustainable operations, we invite readers to consult our annually published sustainability report. These reports can be found on Crelan's website.

Risk Management

A yearly extended risk assessment exercise takes place at ABB consisting of the following steps:

- Risk identification
- Risk assessment & measurement
- Risk evaluation & mitigation
- Risk reporting & disclosure

The risk management process is a continuous process throughout the bank to ensure that the risks (linked to the business model, economic environment and strategy of the bank) are properly identified, measured, managed, mitigated and reported. Note that this assessment takes place separately for financial and non-financial risks. Below a description is provided on how the general risk management process is applied to Environmental, Social & Governance (ESG) risks.

Risk identification

ABB'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.

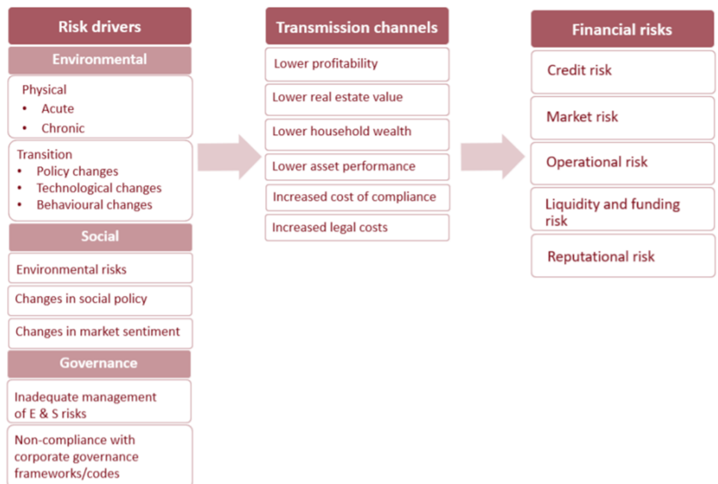

Figure 1 ESG risk drivers

In line with the EBA definition[1], 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.

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.

Risk assessment and measurement

Methodology

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. Note that the current focus of this exercise is on C&E risk.

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

For this exercise, Enterprise 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.

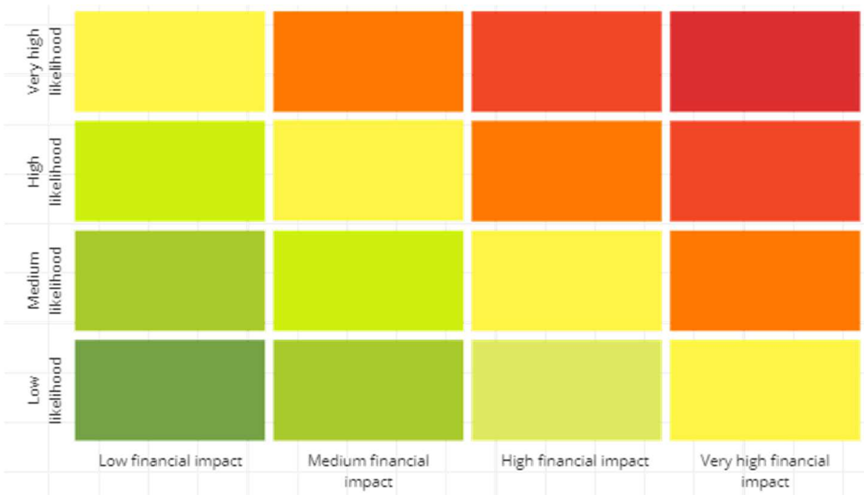

Figure 2 Risk materiality matrix

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.

Overview of key risks

Today, ABB's stakeholders, including the regulator, 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, ABB 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 fund raising 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

Loans to customers represent 26.9 billion BEUR out of a balance sheet total of 29.9 billion EUR at 31 December 2022 in IFRS. The majority of this 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.

Note that the Group's exposure through its investment portfolio (approx. 1.6 million EUR) is rather limited in comparison to the loan portfolio (approx. 26.8 billion EUR). 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).

Risk evaluation and mitigation

All known identified material risks must be evaluated and mitigated by adequate mitigation techniques and/or processes. Below, a high-level overview is provided of the processes in place to evaluate and mitigate identified material C&E risks.

Credit risk

Retail mortgage loans - transition risks

For the existing loan stock, the Group is currently exploring how to best scale up its efforts to collect EPC values, so that it can further optimize its credit modelling & stress testing to support the evaluation of transition risks across the bank. Additionally, the bank is looking into a tool that has integrated national decarbonization pathways to estimate i.e. when collateral could become a stranded asset (CRREM), and how this could be used further. In light of the energy crisis, an exercise was also carried out to evaluate the impact of the increase in energy prices on existing retail clients' eligible income.

In terms of mitigation, the bank has taken measures in its credit policy for FY23 to decrease the transition risks associated with new mortgage loans for housing with a poor EPC label (EPC E or F). To mitigate the risks related to soaring energy costs, the amount subtracted to come to eligible income for new loan applications is also indexed in line with the latest inflation figures. This partially captures the increase in energy costs. Finally, capital moratoria, similar to the system in place during COVID-19, are also available for retail clients, on the condition that they were considered financially healthy before the crisis.

Professional loans – transition risks

To evaluate transition risks across the bank, a transition risk scenario is part of the bank's ICAAP & ILAAP. More information on the narrative is provided in the section on stress testing.

Professional exposures are monitored on an individual basis. To mitigate default risk associated with soaring energy costs, moratoria on capital or energy loans can be provided if the client was considered financially healthy before the energy crisis.

To mitigate transition risks related to the agricultural portfolio, financing never goes beyond the duration of environmental licences granted to the counterparty by the government.

Physical risk

A physical (flood) risk scenario is part of the bank's ICAAP to support the evaluation of physical risk exposure across the bank. More information on the narrative is provided in the section on stress testing. The bank is currently exploring how to further increase the granularity of flood risk mapping for its exposures.

Operational risk

To mitigate regulatory risk related to ESG topics, a bank-wide regulatory watch is in place to ensure regulatory developments are closely followed up on. This is complemented by regular internal discussions to discuss identified regulatory risks and develop mitigation plans. Note that a specific plan is in place related to compliance with ESG regulations.

With regards to vendor greenwashing risk, the bank has been working on a vendor screening pilot incorporating ESG factors which will be ready in 2023. The results of this exercise will be built on to ensure ESG considerations are systematically included in procurement processes.

Finally, the Group closely monitors the reputation risks associated with its activities and foresees communication action plans when necessary.

Liquidity risk

The bank is in the process of developing a green bond framework. Furthermore, a Key Risk Indicator (KRI) has been included in the bank's Risk Appetite Framework (RAF), which monitors the difference (i.e., the spread) between the cost of funding of social/C&E issuances and traditional issuances.

Market risk

As previously mentioned, market risk for the bank is limited. The bank is currently exploring how to best incorporate ESG factors (with a focus on C&E) in the investment selection process.

Stress testing

Stress testing is an analysis conducted to identify the vulnerabilities of the bank to determine whether the bank has enough capital and/or liquidity to withstand the impact of adverse developments, such as the impact under unfavorable 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 bank's risk tolerance/appetite;
- Facilitating the development of contingency plans;
- Informing supervisors for the annual SREP assessment.

C&E scenarios

Transition risk

With respect to C&E risks, ABB has defined a transition risk scenario within its stress testing framework. The government takes stricter measures over the coming years to achieve a transition to a carbon neutral energy system, to energy neutral houses, etc. As a result the real estate that currently does not fulfil these criteria will decrease significantly in value. In addition, decisions are taken by the Belgian government with respect to the nuclear phase-out and a negative geo-political context (with high dependency on foreign natural gas resources), which leads to an increase in energy prices. Similarly, the government applies stricter measures to the agricultural sector and less people are interested in agriculture as the sector becomes too complicated and too strict. The value of agricultural collateral drops.

Another secondary effect of this transition is that clients will demand that their savings are invested in "green" products. If ABB does not follow this evolution, clients may want to retrieve their money deposited at ABB, Crelan and Europabank. The cooperative shareholders of ABB may ask to pay back their shares.

While transition risk is a relevant risk driver for the bank and the economy as a whole, the outcome of the FY22 stress test shows that this risk does not pose an immediate threat to the capital adequacy or liquidity position of the bank.

Physical risk

With respect to C&E risk, Crelan has defined a physical risk scenario within its stress testing framework. The narrative is that Belgium is hit by a severe flood in several areas of the country and a significant part of collateral for the mortgages at Crelan is affected. The damage to real estate in Belgium is covered by the fire insurance, but a lot of damage is not covered: damage to outside furniture, garden houses, car, alternative housing in case the house is uninhabitable. A part of the damage is also covered by the government (Rampenfonds).

This leads to higher credit losses as clients will have more difficulties to repay their mortgage (due to damage costs). In addition, the value of collateral decreases due to the floods, both because of the damage caused to the property as well as a decrease in demand to buy a home in the affected regions. As the government has to pay a part of the damage (covered by Rampenfonds, for the damage to public infrastructure), the government is downgraded by the foreign market and the OLO spreads increase. In addition, Belgium is hit by a secondary effect: slowdown of economic growth, higher unemployment, political instability, …

While physical risk is a relevant and increasingly prominent risk driver for the bank and the economy as a whole, the outcome of the FY22 stress test shows that physical risk does not pose an immediate threat to the capital adequacy of the bank.

Planned actions

ABB wants to further expand and refine its ESG stress testing framework. Three actions have been planned for the beginning of 2023:

- The bank will integrate the lessons learnt from the ECB climate risk stress test in its internal stress testing framework.
- Existing scenarios may be further refined, making links with different NGFS scenarios. The value-added of additional scenarios will also be discussed.
- The option to add a long-term dynamic scenario will be explored.

Risk reporting, disclosures and ESG data

C&E risks have been added in the Terms of Reference of the different risk committees. Depending on the scope of the C&E risk under discussion, it will be allocated to a specific committee (e.g., EPC collection rates are covered by the Lending Risk Committee, green bonds are in scope of the Balance Sheet Risk Committee).

Next to internal reporting, the group is also focusing on supervisory reporting and disclosure. Pillar 3 templates related to ESG risks are to be reported as from March 2023 (reporting date December 2022), with full reporting as from 2024. The EU Taxonomy also requires reporting of templates as from 2024. To be able to fill out these templates as well as to use this information more generally within the bank's internal processes, ESG data gathering has been prioritized by the bank. A dedicated ESG data gap analysis will take place for the group's data systems and a prioritized action plan will be set up to remediate these data gaps over time (from collection to governance to reporting). .

Other key deliverables towards the ECB are the ICAAP & ILAAP, which already include C&E stress scenarios which will be further refined in the future. Finally, the ECB conducted a thematic exercise in 2022 on climate risk. A key component of this exercise was the requirement to carry out a climate stress test according to the specifications set out by the ECB. The results of this exercise were shared with the ECB in March 2022. The bank plans to incorporate the lessons learnt from this exercise into its internal stress testing framework as soon as possible.

EU Taxonomy

One of the actions included in the EU action plan on financing sustainable growth (March 2018) is the reorientation of capital flows towards a more sustainable economy. To facilitate this objective, the EU Taxonomy has been developed, which provides a clear framework to assess whether different economic activities can be considered sustainable.

In the first step, ABB starts from the total amount of assets reported in FINREP. Based on the EU Taxonomy Delegated Act, ABB splits the reported assets into categories:

- Items inside the scope of the eligibility assessment;
- Items included in the denominator of the green asset ratio (GAR), but not in the numerator;
- Items excluded in both the nominator and denominator of the GAR.

ABB then performs an eligibility assessment based on the scope of the first group.

Of the activities that are in the scope of the eligibility assessment, ABB is mainly looking at its mortgage and consumer loan portfolio. The professional loan portfolio is considered out of scope, as ABB only grants professional loans to individuals and small SMEs (who are not required to report under NFRD). ABB can map a large part of the mortgage and consumer loan activity to the Taxonomy category 7.7 'Acquisition and ownership of buildings' and 6.5. 'Transport by motorbikes, passenger cars and light commercial vehicles'. This exercise allows ABB to define the scope on which it will perform the taxonomy alignment assessment.

In the coming years, ABB will develop a taxonomy alignment methodology to check whether the eligible loans meet the technical screening criteria of the EU Taxonomy and therefore can be considered as sustainable.

The table below shows an overview of ABB's total assets on 31/12/2022. The first part of the table shows the assets which are covered in the GAR calculation and the amount of covered assets which are considered Taxonomy eligible for climate change mitigation or climate change adaption. For these assets it will be checked in a next phase whether they meet the EU Taxonomy technical screening criteria (= Taxonomy aligned). The second and third part of the table present the assets which are excluded from the calculation of the numerator and/or denominator of the GAR (=Green asset ratio).

	Gross carrying amount		Of which Taxonomy eligible
	In mln €	% of total assets	In mln €
1. Covered assets in GAR calculation	**24 484.7**	**81.7%**	**23 658.2**
Households	24 475.2	81.7%	23 658.2
of which lending for house purchase	22 872.5	76.3%	22 856.0
of which credit for consumption	930.8	3.1%	802.2
Credit institutions	0.0	0.0%	0.0
Other financial corporations	9.4	0.0%	0.0
Non-financial corporations	0.1	0.0%	0.0
2. Excluded from numerator of GAR calculation	**1 562.9**	**5.2%**	
SMEs	2 997.2	10.0%	
Derivatives	10.5	0.0%	
On demand interbank loans	57.1	0.2%	
Cash and cash-related assets	48.2	0.2%	
Other assets	-1 550.2	-6.1%	
3. Excluded from numerator and denominator of GAR	**3 926.1**	**13.1%**	
Sovereigns	287.2	1.0%	
Central bank exposure	3 638.3	12.1%	
Trading book	0.5	0.0%	
Total assets	**29 973.6**	**100%**	

Table 1 – Overview of assets 31/12/2022

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member of Crelan Group

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Independent auditor's report to the general meeting of AXA Bank Belgium sa/nv for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of AXA Bank Belgium sa/nv (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 28 April 2022, 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 2024. We performed the audit of the Consolidated Financial Statements of the Group for one year.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of AXA Bank Belgium sa/nv, that comprise 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 € 29.896.870 thousand and of which the consolidated income statement shows a profit for the year of € 81.270 thousand.

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.

Other matter

The Company's Consolidated Financial Statements for the year ended 31 December 2021 were audited by another statutory auditor who expressed an unqualified opinion on these Consolidated Financial Statements on 14 April 2022.

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 AXA Bank Belgium amounts to € 27.472.438 thousand (gross, valued at amortized cost) and the related impairments amount to € 76.711 thousand. These loans receivable mainly consist of credits granted to individuals and corporates and represent 92% of the balance sheet total.

Impairments represent the best estimate of management 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 and 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, with a high degree of judgement 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 the 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 are 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 an 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 in an appropriate way;
    - 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 influenced by events or trends not reflected in the Bank's models, or by limitations in data.

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

Valuation of derivatives and hedge accounting

Description of the key audit matter

The Bank 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 Bank has allocated the majority of these derivatives to hedging relationships on the interest rate risk of portfolios of financial assets ("portfolio fair value hedging"), so that these portfolios of assets are also remeasured to the extent of the hedged risk. This revaluation is recorded in separate lines of the assets 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 € 1.936.587 thousand and € 695.755 thousand, respectively, before netting with the corresponding cash collateral received or posted (see note 33). The revaluations of the financial portfolios of hedged assets amounted to € -2.027.876 thousand. An ineffectiveness of € 10.110 thousand (profit) 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 Bank 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 assessed the calculation of amortizations and reverse amortizations, following the change of hedge accounting models after the acquisition by Crelan;

- We examined the model used by the Bank 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 Bank 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 22, 33 and 4.5.1 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, 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, 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:

- Profits and losses
- Balance sheet

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/Réviseurs d'Entreprises SRL
Statutory auditor
Represented by

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

23JFH0161