Dear Stakeholder,

When Bank Degroof and Petercam merged in October 2015, we set out a comprehensive strategy to further develop our bank and services for the benefit of our clients.

Our aims in this regard are as follows:
- to provide best-in-class and complementary services in our core fields of expertise, private banking, institutional asset management, investment banking and asset services;
- to expand across targeted European markets from our leading positions in Belgium and Luxembourg;
- to attract talented people and to give our people a place to grow; to develop and achieve their ambitions.

Throughout 2016 sound progress towards achieving these goals continued, confirming the success of the merger, both for our clients and ourselves. We witnessed increased commercial momentum, our clients benefiting from in-depth yet more diversified services. For example, clients of the former Petercam, were given access to the credit offering. Family business owners took advantage of the complementary nature of our specialities, in particular private banking and corporate finance. Moreover, our funds and portfolios recorded above-average investment performances as our managers excelled in capturing yield in uncertain and volatile market conditions.
2016 began with highly volatile equity markets, due mainly to concerns regarding the Chinese economy. Moreover, the US economy had a disappointing start due to the harsh winter weather, the strong Dollar and particularly weak investments in the shale oil sector following continually falling oil prices. In June, the United Kingdom voted to leave the European Union, a decision that took markets by surprise. Interest rates, meanwhile, reached new lows, although the Chinese economy gradually showed signs of stabilization, and confidence indicators improved in the second half of the year. A new shockwave hit the markets when Donald Trump was elected President of the United States in November: interest rates rose and equity prices soared in the developed markets. Whilst the constitutional referendum in Italy led to the resignation of prime minister Renzi, optimism in the financial markets was unaffected.

Our financial results for 2016 were characterized by pressure on margins resulting from persistent negative short-term interest rates, changes to our commercial offering, lower transactional activity and higher banking taxes for deposits.

Income for 2016 totaled 436 million euro, down from 492 million euro last year\(^1\), reflecting the partial carve-out of the long-term equity portfolio with the merger of Bank Degroof and Petercam, and lower transaction income partially compensated by strong treasury results. Operating expenses remained under control. In 2016 the Bank recorded a stable gross operating profit before tax and exceptional items of 122 million euro, compared to 125 million euro in 2015. After exceptional elements, such as the cost of the merger and the partial demerger of the equity portfolio in 2015 and taxes, the net profit for 2016 was 58 million euro.

At 31 December 2016, assets under management totaled 52.3 billion euro, compared to 50 billion euro at the end of 2015. This increase was due to market effects and the inflow of new capital resulting from the distribution of our funds to third party holders. Credits used by clients by Bank Degroof Petercam totaled 1.7 billion euro against a balance sheet total of 7.7 billion euro and cash deposits of 6.2 billion euro. The CET1 regulatory ratio of 17.1% comfortably exceeds regulatory requirements, demonstrating our strong liquidity position and capital base. At human resources level, staff numbers decreased slightly compared with 2015.

We are very satisfied with the progress of our integration project, and extremely grateful for the efforts and intrapreneurial spirit of our staff. In 2016 over 1100 employees (full-time equivalent) in Belgium and Luxembourg moved into renovated office spaces. Our dealing rooms in Brussels, Amsterdam and Luxembourg were integrated into a state of the art platform connecting 100 brokers, sales traders and financial analysts.

We also harmonized our entire commercial offering as well as our client and regulatory reporting. We successfully migrated our private banking portfolios and funds onto unified IT systems. Finally, we defined the future structure of our fund range and consolidated all of our legal entities.

\(^1\) Pro forma IFRS – 12 months Bank Degroof/12 months Petercam for 2015
Responsible investment continued to constitute a main priority in 2016, and we expanded our offering with socially responsible investment mandates, impact investing and numerous initiatives by the Degroof Petercam Foundation. We remain convinced of the importance to contribute to society by promoting genuine humane finance and sustainable investment and to actively engage in corporate social initiatives.

Looking ahead, confidence indicators suggest a favorable economic momentum, principally a stabilizing of monetary policy in the United States, with a return of low level inflation. There are of course uncertainties. Will exchange rates remain stable? Is the American industrial revival robust enough to continue? How qualitative is the Chinese financial sector? Europe may in turn be subject to political shocks, although the euro has already proven its resilience and we are seeing positive economic activity, including in the south.

Against this backdrop, we embark on 2017 with a clear commitment to maintain, strengthen and expand our leading market position to better serve our clients. We are convinced that our strong and distinctive business model, reinforced by the excellence of our staff, will empower our clients to achieve their ambitions, now and in the future.

In closing, we would like to thank our clients for their vote of confidence in entrusting us with their assets. We welcome all new colleagues who joined us in 2016, and thank every one of our staff for their strong commitment – whether directly dedicated to our clients or behind the scenes. Finally, we would like to thank our board members and family shareholders for their unwavering support.
Key figures

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Assets under management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private clients</td>
<td>35.1</td>
<td>34.5</td>
</tr>
<tr>
<td>Institutional clients</td>
<td>9.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Third-party undertakings for collective investment holders</td>
<td>5.9</td>
<td>5.1</td>
</tr>
<tr>
<td>External management</td>
<td>2.2</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52.3</strong></td>
<td><strong>50.0</strong></td>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>33.7</strong></td>
<td><strong>30.3</strong></td>
</tr>
</tbody>
</table>

**Breakdown of operating income 2016**

- Asset management: 70%
- Corporate finance and credit & structured finance: 20%
- Financial markets: 10%

**Net income** (in million EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>436</td>
</tr>
<tr>
<td>2015</td>
<td>492</td>
</tr>
</tbody>
</table>

**Gross operating profit** (in million EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>122</td>
</tr>
<tr>
<td>2015</td>
<td>125</td>
</tr>
</tbody>
</table>

1 Pro forma figures at 12 months for 2015 to enable year-on-year comparison.

- **DSDC *:** 17.06%
- **Petercam Invest *:** 51.46%
- **Management and staff:** 7.61%
- **Own shares:** 3.03%
- **Financial partners:** 20.84%

* Family and reference shareholders (acting in concert)
DSDC: Philippson, Haegelsteen, Schockert and Siaens families, CLdN Finance and Cobepa
Petercam Invest: Peterbroeck and Van Campenhout families

Total number of shares: 10,842,209

## Board of directors

**Chairman of the board of directors**
Baron Philippson

**Chairman of the executive committee**
Philippe Masset

**Directors who are members of the executive committee**
- Nathalie Basyn
- Gautier Bataille de Longprey
- Bruno Colmant
- Gilles Firmin
- Jan Longeval
- Pascal Nyckees
- Xavier Van Campenhout

**Directors**
- Ludwig Criel*
- Miguel del Marmol
- Jean-Baptiste Douville de Franssu
- Christian Jacobs*
- Jean-Marie Laurent Josi
- Véronique Peterbroeck
- Jacques-Martin Philippson
- Alain Schockert
- Frank van Bellingen

*Independent director.

## Consolidated net profit (in million EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>58</td>
</tr>
<tr>
<td>2015</td>
<td>96</td>
</tr>
</tbody>
</table>

## Employees (in FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,352</td>
</tr>
<tr>
<td>2015</td>
<td>1,375</td>
</tr>
</tbody>
</table>
Highlights

Private banking

- 35.1 billion euro private client assets under management.
- Above-average returns (first quartile) for portfolios under management.
- Development and launch of:
  - 100% socially responsible mandates for clients in discretionary management;
  - a family office service, entirely dedicated to large families with complex financial situations;
  - Degroof Petercam Investment Service, specifically for clients who invest exclusively in patrimony funds;
  - a new, extended reporting feature and an integrated tool to view portfolios online;
  - an exclusive offer for family business owners, in close collaboration with the corporate finance team;
  - impact investing solutions through projects by Inclusio, a real estate company with social ambitions, and Gingo, the platform for collaborative philanthropy.
- Development of estate planning solutions in response to fiscal changes in 2016 (registration fees on donations of real estate, new procedure for fiscal adjustment, for example).
- Important new assignments from clients interested in philanthropy solutions.
- Named Best Private Bank 2017 in Belgium by Euromoney for the second year running.

Institutional asset management

- Strong growth of the institutional asset management activity, with gross assets under management increasing from 34.1 billion to 37.2 billion euro.
- Continuation of the pan-European expansion in our core countries, whereby half of capital inflows originate from outside Belgium.
- Management of 300 institutional mandates totaling 7.6 billion euro.
- Strong investment returns which have seen the balanced funds, among others, achieve excellent returns compared to the main Belgian and European sector peers.
- Further strengthening of the sales teams in Switzerland and the Netherlands.
- High-level investment in the five core areas of our investment expertise: global balanced management, fixed interest management, fundamental equities management, quantitative and asymmetrical equity management, responsible investment.
- Awarded the De Tijd/L’Echo Jubileum Award for fund management with the most awards (51) in Belgium over the past 20 years, and the Morningstar Award for best European equities strategy.
- World Finance Investment Management Awards Belgium, for our bonds and equities expertise, as well as international recognition at the Thomson Reuters Lipper Awards in Austria and Germany.
**2016 in brief**

- Integration of dealing rooms into a single platform linking Brussels, Amsterdam and Luxembourg.
- Strong treasury returns due to the lower interest rate curve and tighter credit spreads.
- 143 roadshows in the principal European and international financial centers.
- Investment seminars in Milan and Zurich and other seminars in Brussels concerning the health care, real estate and retail sectors.
- Participation in numerous public offerings in real estate and biotechnology on the secondary market.
- Named *Best Belgian Liquidity Provider* by Euronext for the seventh year in succession and new liquidity contracts for ASIT Biotech, Curetis and Xior.

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**Asset services**

- 29 billion euro in assets under management and/or custody for investment funds incorporated under Belgium and Luxembourg law, 8.1 billion euro of which is held in investment funds for third parties.
- Successful integration of three former Petercam Luxembourg investment vehicles of, worth a total of 450 million euro across 11 compartments.
- Increased internationalization of our expertise with new mandates across Europe, Asia and Canada.
- Degroof Petercam Asset Services and Banque Degroof Petercam Luxembourg ranked well in the Monterey Insight list for 2016 in the categories Management Company, Fund Administrator and Fund Custodians.

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**Financial markets**

- Integration of dealing rooms into a single platform linking Brussels, Amsterdam and Luxembourg.
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**Credits**

- Outstanding credits granted to Belgian, Luxembourgish, French, Spanish and Swiss private clients totaled 1.7 billion euro.
- Strong increase in client loans due to extension of credit services to the clients of the former Petercam, and the adjustment and expansion of the service offering.
10 2016 in brief

Highlights

Corporate finance

- 94 assignments in consultancy, mergers & acquisitions (M&A) and capital market activities, confirming our position as a market leader for mid-size companies.
- 30 M&A mandates for companies in Belgium (including DesleeClama/BekaertTextile, Vandemoortele/GIMV, BMT/VCST and Zuidnatie) and France (including Biogroup/Astralab/Ex/FIGARO/Maisons du voyage, Groupe Bertrand and Groupe Doux), for a total exceeding 3 billion euro.
- Capital market transactions including issuance of real estate certificates for assisted living facilities in Antwerp, the second green bond by Cofinimmo and a convertible bond for Greenyard; capital increases through accelerated bookbuilding for MDxHealth and Biocartis, and four equity placements with private investors for Belgian GVVs|SIR (regulated real estate companies).
- Financial consultancy, including restructuring, refinancing and issuance of bonds for renowned French groups (for example Doux, Moret, Transdev, Châteauform, Sodiaal, Groupe Bertrand and Legris Industries).
- Fifth place in the ranking of the private placement market in Europe compiled by Dealogic in 2016, significantly higher than other independent institutions.

Responsible investment

- Offering of ten complementary sustainable strategies combining our active and indexed expertise:
  - three new indexed strategies based on MSCI SRI indices: global, US and Eurozone;
  - three active equity strategies: global, Europe and agriculture;
  - two government bond strategies: developed markets and emerging markets;
  - one corporate bond strategy in euro (investment grade);
  - one balanced strategy in direct lines.
- Access to a second independent international source of ESG research to benchmark our own evaluations and investment decisions.
- Voting policy extended to all our funds together with increased participation in shareholder meetings; attendance at 507 meetings of European and American companies, during which 8,104 resolutions were voted on.
- Our first participation in the Eurosif annual report, our third in the Geneva Sustainable Investment Forum and our fifth in the Semaine de la finance responsable in Paris. Information sessions raising awareness of ESG issues such as genetically modified crops, human rights and employment rights in the supply chain or inequality in wealth distribution.
Private equity

- Important private equity transactions in renewable energy and real estate, such as the sale of the final assets of Green Fund I (net IRR of 11% over 8 years) and Optimmo Secundo (net IRR of 11% over 7 years), the full capital allocation of Green Fund II and the definitive closing of Green Fund III (which raised 62 million euro).
- Successful private placement of feeder constructions to gain access to renowned private equity funds.
- Launch of FilmInvest, an innovative initiative to invest in the French film business alongside Gaumont.

Financial research

- Team of 13 sell-side analysts monitoring the majority of Benelux companies, providing over 1,000 company reports and 40 detailed reports on listed companies.
- Roadshows in the principal European and international financial centers such as London, Paris, Luxembourg and New York.
- Publication of the Benelux Company Handbook.
- Publication of two macroeconomic publications in the series Economisch denken: Tijd nemen voor diepgang and De digitale economie: droom of nachtmerrie? | Analyses économiques : Le temps de la réflexion and L’économie digitale : rêve ou cauchemar ?

Philanthropy

- Expansion of the Philanthropy department with two new team members in Brussels and the appointment of a philanthropy ambassador in Luxembourg.
- The successful Gingo.community, the first platform for collective philanthropy in Belgium which raised a total of 187,220 euro to finance 14 projects, celebrated its first birthday.
- 1,632 hours of volunteer work performed by 226 employees during the Degroof Petercam Solidarity Days for charitable institutions throughout Belgium.
- Launch of three new projects to promote general and technical education, vocational training and entrepreneurism: Ashoka Changemaker Schools, Teach for Belgium and Mozaik RH.
- Organization of a philanthropic forum with Dr. Mukwege, who was nominated for a Nobel Peace Prize for his assistance to Congolese women.
- The Degroof Petercam Cycling Team raised funds for the Belgian Foundation against cancer.
Highlights

Our subsidiaries abroad

Luxembourg
- Bruno Houdmont appointed the new CEO of Banque Degroof Petercam Luxembourg.
- Strengthening the position of Banque Degroof Petercam Luxembourg as an international private banking hub.

France
- Over 40 transactions completed, providing solid investment banking growth.
- Distribution of funds from Degroof Petercam Gestion to third parties on account of the CSSF’s Luxembourg passport.
- Family office included in the category Incontournable in the magazine Décideurs.

Spain
- Expansion of independent private bankers network.
- Launch of a corporate finance department in Barcelona.

Switzerland
- Sale of the 24.99% stake in Swiss bank Landolt & Cie and expansion of the 100% subsidiary under the name Banque Degroof Petercam Suisse.
- New commercial momentum following the recruitment of four new bankers and launch of a unique international mortgage lending offering.
Contacts*

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Institutional asset management
Investment banking
Asset services

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* At April 15, 2017.