Banque Degroof Petercam Luxembourg S.A.

Consolidated financial statements for the year ended 31 December 2017

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Message from the Board of Directors

Financial year 2017 closed on a largely positive note, and the way the financial markets evolved during this period, combined with the sales dynamic, had a positive effect on our results. These confirm the financial solidity and growth of our Bank. Our clients benefited from robust management performance in sometimes volatile markets. Internally, we strengthened the strategic pillars of our business model so as to operate with greater agility and more transversally within the Bank and together with the rest of the Group.

We wish to express our appreciation to all our colleagues, who, with determination and enthusiasm, have carried out not just the day-to-day tasks of the Bank but also all the projects required for the development of our commercial offering and our operating platform and to adapt to significant regulatory changes, among them MiFID II.

2017 marked the thirtieth year of business for the Bank in Luxembourg. During the year the Luxembourg unit's strategic position in the group was reaffirmed more than ever, as demonstrated by the investments made to support the development of Asset Services activities and the choice of Luxembourg as the international hub for Private Banking and Wealth Management.

With the support of our parent company and its shareholders, the group's Luxembourg unit is fully committed to the group's ambition to give our clients the means with which to realise their aspirations now and in the future and to provide our support to all our clients, investors, entrepreneurs, institutions and businesses, with the determination always to move ahead in the management of their business.

Once again we thank our clients for their trust and loyalty, our colleagues for their ongoing commitment, and all our shareholders and partners for their support in the attainment of our objectives.

Bruno Houdmont	Alain Schockert
Managing Director	Chairman of the Board of Directors

Consolidated management report

The consolidated accounts at 31 December 2017 have been drawn up in accordance with IFRS.

1. General comments

The year 2017 saw an improvement in the global economic context, and a sustained rise in stock markets. The yield curve steepened slightly throughout the year, but short-term interest rates remained negative.

The context of negative short-term rates, with it costing 40 basis points to place liquid assets with the Central Bank since March 2016, had an adverse impact on transformation revenues compared with the previous year. In contrast, fee and commission income from asset management, administration and intermediation activities showed strong growth, reflecting the increase in assets managed and/or administered by our two main business units, Private Banking and Asset Services.

Consolidated net income for 2017 was up by 2% on 2016, reaching €48.6 million.

Assets entrusted to Private Banking reached €6 billion at 31 December 2017. The substantial gross intake of funds throughout the year was partly offset by certain movements of capital to other group entities and by an evolving legal and tax context, but it is important to stress the positive net inflow of assets during the year.

The Asset Services business (administration of funds for the Group and for promoters) saw significant development over the course of the year. Assets administered grew by 32% to reach €38.0 billion at 31 December 2017 compared with €28.8 billion at the end of 2016. This excellent performance was seen in both in-house and third party funds.

Outstandings under credit facilities granted to clients amounted to €486.9 million at 31 December 2017, up by 6% relative to year-end 2016.

The balance sheet total stands at €3.1 billion, and for years now the Bank has had a very solid level of solvency: the CET1 ratio stood at 24% at 31 December 2017, well in excess of the legal requirement.

The cost income ratio remains satisfactory (56.18%), making it possible to achieve a return on equity of 25%.

The Bank and its subsidiaries had a total of 346 employees at 31 December 2017 (compared with 341 at the end of 2016).

2. Banque Degroof Petercam Luxembourg S.A.

Banque Degroof Petercam Luxembourg S.A. (“BDPL”) is the main company and the consolidating entity of the Degroof Petercam group’s Luxembourg unit.

On a ‘company only’ basis, BDPL ended 2017 with net income of €37.9 million (€61.0 million in 2016). In 2016, company-only profit had been favourably influenced by intra-group capital gains of €19.7 million realised on the sales of the Swiss subsidiary to the parent company in Belgium and of Petercam Institutional Asset Management S.A. to DPAS in the context of the merger. This factor is the main reason for the fall in interest income and results on financial instruments. In contrast, fee and commission income grew by 9.4%, reflecting the increase in assets under management and/or on deposit. The increase in charges mainly reflects the fact that in 2016 a provision for litigation was reversed, whereas in 2017 provisions for credit risk were recognised in respect of legacy property loans.

In the aforementioned context, net banking income declined by 15.6%, while net income, after depreciation, amortisation and tax, reached €37.9 million, a 38.0% decrease.

The Belgian branch, which is active in fund administration, ended the year with a net profit of €2.1 million.

2.a. Main risks to which the Bank is exposed

The Bank's risk exposure is discussed in Note 6 to the financial statements for the period ended 31 December 2017. By the nature of its activities, the Bank is exposed to certain risks.

The following are the main risks:

- market risks, essentially linked to investment activities in securities portfolios (equities, bonds) and to its interest rate transformation activity (ALM);

- liquidity risk resulting from differences in maturities between financing resources (generally short term) and the uses thereof;

- counterparty risk, linked to its credit activities (a risk largely covered by the use of securities portfolios as collateral) and intermediation operations in derivative instruments;

- asset management risk (the possibility of legal action by clients if mandates are not respected, commercial risk of loss of dissatisfied customers, and reputational risk);

- operational risk resulting from its activities, including banking activities (error in order execution, fraud, cybercrime for example), custodian services (loss of assets) or fund management (non-compliance with constraints).

2.b. Circumstances that could significantly influence the development of the Group

In the context of the implementation of the integration projects over the next three years, significant IT investments will be approved in the main segments of activity of the Bank, with a view to gradually equipping it with first class technology, most notably in the digital field.

As a result of the merger on the one hand and the gradual deployment of new IT technologies on the other, the Group will continue to benefit from synergies and will be equipped with a modern platform promoting the growth of the segments of activity.

In general, the growth and profitability of the Group are also influenced by:

- the continuing effort to grow the business as and when opportunities arise, as demonstrated by past acquisitions and commercial investments;
- changes in assets under management and stock markets;
- the macroeconomic environment.

2.c. Policy concerning the use of financial instruments

The Bank uses derivatives for its own account as follows:

In the context of asset and liability management (ALM), interest rate derivatives (mainly futures and interest rate swaps) are used to hedge the long-term interest rate risk of the Group.

Interest rate swaps are used to hedge a portfolio of sovereign bonds and covered bonds from a micro-hedging perspective (the portfolio is recognised at fair value through profit or loss, the hedges are undertaken position by position) but also overall, from a macro-hedging perspective. This use of derivatives is supervised by the Group's Asset and Liability Management Committee (ALMAC).

Similarly, the Bank's treasury department (interest rate risks of less than two years) uses interest rate derivatives and treasury swaps to manage the interest rate and treasury risk.

Managing the foreign exchange position also involves the use of derivatives (forward foreign exchange contracts and currency swaps) to cover both commitments towards clients and the financing of subsidiaries in their operating currencies.

Derivatives (purchase of put options with sale of call options) are used to hedge certain investment portfolio positions and to steer their returns.

Derivatives in respect of equity positions that are hedging operations from an economic perspective are recognised as financial assets designated at fair value through profit or loss.

The Bank also engages in intermediation activities on behalf of its clients.

2.d. Research and development activities

The Bank and its subsidiaries have undertaken no research and development activities.

2.e. Treasury shares

The Bank and its subsidiaries did not acquire treasury shares during the period.

2f. Proposed appropriation of corporate earnings at 31 December 2017 (in euros)

We propose to the general shareholders' meeting that the profit for the financial year be appropriated as follows:

Earnings for the period	37 865 292
Earnings carried forward at 31 December 2016	130 830 177
Allocation to other reserves	7 304 225
Allocation to the reserve that is unavailable for distribution	-3 239 900
Earnings available for distribution	172 759 794
Interim dividend of €34.00 gross for the 740 000 shares	-25 160 000
Retained earnings	147 599 794

3. Degroof Petercam Asset Management S.A. ("DPAS")

DPAS, a subsidiary held 99.95% by BDPL, resulted from the merger in 2016 of Degroof Gestion Institutionnelle - Luxembourg S.A. with Petercam Institutional Asset Management S.A. Approved as a UCITS management company in accordance with Chapter 15 of the law of 17 December 2010 and as an alternative investment fund manager (AIFM), DPAS provides its services to the Degroof Petercam Group's UCIs as well as to third party initiators, thanks to the integrated UCITS/AIFM services as well as a specific offering of Currency Hedging, Asset Management and Risk Management.

With a balance sheet total of €98.2 million and equity of €31.9 million at 31 December 2017, DPAS ended 2017 with net income of €13.4 million, more than 65% up relative to net income for 2016.

With a total of €29.3 billion at 31 December 2017, DPAS' assets under management or administration were up by 17% relative to year-end 2016. Assets managed for third party initiators posted growth of 21%, reaching €6.4 billion and representing 22% of total assets.

At the same time, the Group's assets (excluding Venus) are up by 18% to €22.5 billion, which is equivalent to 77% of total assets. Venus assets decreased by 13% to €0.4 billion.

At the end of December 2017, DPAS had a total of 29 employees in Luxembourg. This increase of five persons compared with the end of 2016 is due to the strengthening of the Risk Management and Middle Office teams as well as the transfer of the Business Development Asset Services team from the parent company BDPL.

4. Degroof Petercam Insurance Broker S.A. ("DPIB")

DPIB, formerly DS Lux S.A., is a wholly-owned subsidiary of BDPL. Its corporate object is insurance brokerage through one or more duly approved natural persons, in accordance with the provisions of the law of 7 December 2015 on the insurance sector, as amended.

With a balance sheet total of €617 200 and equity of €398 500 at 31 December 2017, DPIB ended 2017 with net income of €82 000 (€108 400 in 2016).

The Company employed an average of 1.5 persons during the year (2016:1.5).

5. Degroof Petercam Asset Management Hong Kong Ltd

91.84% owned by the Group, the remainder being held by the CEO and co-founder, Degroof Asset Management Hong Kong Ltd ended its third financial year with results that were lower than those of the previous financial year. Equity at 31 December 2017 amounted to €0.2 million.

At the end of 2017 the Board of Directors of BDPL decided to cease the activities of this entity, which will be either sold or liquidated in 2018.

6. Immobilière Cristal Luxembourg S.A. ("ICL")

ICL, formerly Investment Company of Luxembourg S.A., is a wholly-owned subsidiary of BDPL. Its corporate object is the profitable exploitation of its own real estate assets.

At the end of 2017, BDPL's Board of Directors decided to contribute to ICL, in kind, the property complex in which its headquarters are located, at a price of €96.4 million in return for a capital increase of ICL through the issue of new shares.

With a balance sheet total of €97.9 million and equity of €95.3 million at 31 December 2017, ICL ended 2017 with a loss of €17 500.

In 2017, ICL did not employ any personnel.

7. Other interests

Apart from minority interests of Promotions Partner S.A., a Bank subsidiary, in real estate development projects in the Grand-Duchy of Luxembourg, the other consolidated subsidiaries have no employees and were non-trading at 31 December 2017. They do not warrant any particular comment.

8. Conclusion

There were no events after the reporting date and up to the date of this report that could affect the financial statements of the Bank and its subsidiaries.

Bruno Houdmont	Alain Schockert
Managing Director	Chairman of the Board of Directors

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REPORT OF THE STATUTORY AUDITOR

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Banque Degroof Petercam Luxembourg S.A. And its subsidiaries (the "Group"), comprising the consolidated balance sheet at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and the Notes to the consolidated financial statements including a summary of the main accounting methods.

In our opinion, the enclosed consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2017, as well as of its consolidated financial performance and of its consolidated cash flows for the period then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014, the law of 23 July 2016 relating to the audit profession (the "Law of 23 July 2016") and the international auditing standards ("ISA") as adopted for Luxembourg by the CSSF (*Commission de Surveillance du Secteur Financier*, or Finance Sector Supervisory Commission). Our responsibilities under these laws and standards are more fully described in the section "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" in this report. We are also independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Accounting Standards Board (the "IESBA Code") as adopted for Luxembourg by the CSSF and the rules of professional conduct applicable to the audit of consolidated financial statements and have fulfilled our other responsibilities under these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit points

Key audit points are matters which in our professional judgment were the most important for the audit of the consolidated financial statements for the period concerned. These matters were dealt with in the context of the audit of the consolidated financial statements as a whole and for purposes of forming our opinion on them, and we do not express individual opinions on these matters.

Accuracy and existence of fees charged on asset management, activities linked to securities and custody fees (special conditions)

Key audit point:

Fees charged on asset management, activities linked to securities and custody fees amounted to €31 547 108 in 2017, or 66% of total fees and commissions received excluding those on investment funds (2016: €27 424 454 or 62% of total fees and commissions received excluding those on investment funds), as set out in Note 9.3 to the consolidated financial statements, and represent one of the Group's main sources of revenue.

In view of the above, we identified the accuracy and existence of fees charged on asset management, activities linked to securities and custody fees as key audit points:

- The Bank grants special conditions to certain clients depending on their profiles, transaction volumes and assets deposited with the Bank. These special conditions can represent a significant proportion of the Group's fee and commission revenue.
- A significant part of the special conditions regarding fees and commissions is parameterised manually; there is little automation.
- The manual entering of special conditions increases the risk of error. If the fee rate is not correctly parameterised, fee income recognised could be under- or over-estimated.

Audit approach to the key point:

In the context of our audit, we tested the appropriateness of the design and implementation as well as the effectiveness of the key controls relating to fees and commissions charged on asset management, activities linked to securities and custody fees. Specifically:

- We tested the implementation and effectiveness of the controls on and amendments to the tariff exceptions reports on management fees charged to Private Banking clients.
- We tested the implementation and effectiveness of the controls on the input of and changes to tariffs for commissions on the purchase and sale of securities, management fees and custody fees.

We also carried out the following procedures to corroborate and validate the existence and correctness of the fees charged on asset management, activities linked to securities and custody fees:

- For a sample of transactions generating fees from products and services of Private Banking, we carried out tests of details and compared the amounts recognised with the relevant documentation.
- We made an estimate of the average fee rate by categories of products and services for the year, which we compared with fee and commission income recognised.
- We carried out analytical procedures on the various categories of Private Banking fees and commissions.

Valuation of customer loans and receivables and mortgage receivables

Key audit point:

The amount of customer loans and receivables and mortgage receivables before impairment stood at €467 432 137 at 31 December 2017 (2016: €381 714 387) as set out in Note 8.6 to the consolidated financial statements, representing 15% of the balance sheet total (2016: 14%).

In view of the above, we identified the valuation of customer loans and receivables and mortgage receivables as a key audit point:

- The valuation of customer loans and receivables and mortgage receivables intrinsically involves a significant degree of judgement on the part of the Management as to the level of value corrections.
- The valuation of these assets is considered a key risk in the audit, in view of the potential impact on the results and of the margin of assessment in the estimate of the realisable value of these receivables and of any associated security or collateral.

Audit approach to the key point:

We tested the implementation and effectiveness of the controls carried out by the credit department or the credit committees on the following subjects:

- Establishment of credit facilities
- Valuation of guarantees
- Monitoring of coverage rates
- Monitoring of customer overdrafts
- Monitoring of overdues
- Establishment and valuation of impairment allowances

We carried out an assessment of compliance with the methodology for estimating and establishing value corrections for compromised receivables (receivables on special watch, pre-litigation receivables, and receivables in litigation).

For a sample of customer loans and receivables and mortgage receivables we inspected and valued the guarantees and obtained expert appraisals of them.

For a sample of overdue loans, restructured loans and non-performing loans we assessed the LTV (loan to value) ratio.

For a sample of impaired loans, we tested and assessed the appropriateness and the amount of the impairment adjustment made.

Valuation of goodwill

Key audit point:

The goodwill identified as a key point of the audit originated from the merger between Banque Degroof Luxembourg S.A. and Petercam Luxembourg S.A.

It concerns the goodwill linked to the discretionary asset management activity of Petercam Luxembourg S.A.'s Private Banking business, which had an acquisition value of €8 013 000 at 1 January 2016 and the goodwill associated with the Asset Management activity for institutional clients of Petercam S.A., which had an acquisition value of €8 695 050 at 1 January 2016.

Considering the above points, we identified the valuation of the goodwill as a key audit point:

- The valuation of goodwill requires judgement to be exercised by financial management. Indeed, modelling the value of goodwill involves several variables and assumptions, notably the DCF discount rate, the customer attrition rate and the projection of the future revenues generated by the goodwill. These variables can have a significant influence on the calculation of the valuation of goodwill.
- Furthermore, an impairment test must be performed whenever there are indications of impairment, which requires financial management to be alert to such indications.

Audit approach to the key point:

- For the goodwill associated with the discretionary asset management activity of Petercam Luxembourg S.A.'s Private Banking business, we obtained and inspected the valuation of goodwill prepared by the financial management and assessed compliance with the valuation model and with IFRS 13.
- We called on valuation specialists to assist us in assessing compliance with the principles of IAS 36 for the impairment test carried out.
- We assessed the assumptions used in the valuation model, notably the DCF discount rate, the projection of revenues generated by client asset management, the remaining useful life and the contributory asset charges.
- We assessed the analyses of the valuation's sensitivity to changes in these assumptions made by the financial management.
- For the goodwill associated with the Asset Management activity for institutional clients of Petercam S.A., we obtained and inspected the documentation of the analysis performed on the presence of indications of impairment prepared by the financial management.
- We assessed the assumptions made by the financial management and carried out a review of the market conditions and annual growth rates of assets under management in order to assess whether or not there were indications of a possible loss of value of the assets and to assess compliance with the principles of IAS 36.

Other information

The Board of Directors is responsible for other information. The other information comprises the information presented in the consolidated annual report, including the consolidated management report and the statement on corporate governance, but does not include the consolidated financial statements or the Statutory Auditor's report on these consolidated financial statements.

Our opinion on the consolidated financial statements does not include other information and we do not provide any guarantee regarding this information.

In terms of our audit of the consolidated financial statements, our responsibility consists in reading the other information and, in doing so, assessing whether there is any significant inconsistency between it and the consolidated financial statements or the understanding we have acquired during the audit, or whether the other information seems otherwise to contain a material misstatement. If, in the light of the work we have performed, we conclude that there is a material misstatement in the other information, we have an obligation to report it. We have nothing to report in this regard.

Responsibility of the Board of Directors and corporate governance managers for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements, in accordance with IFRS as adopted by the European Union as well as any internal controls it deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In drawing up the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, for providing such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle, except if the Board of Directors intends to put the Group into liquidation or cease its activities, or is unable to envisage a realistic alternative solution.

Responsibilities of the Statutory Auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a Statutory Auditor's report containing our opinion. Reasonable assurance is a high level of assurance, which does not, however, guarantee that an audit carried out in accordance with Regulation (EU) No. 537/2014, the Law of 23 July 2016 and the ISAs as adopted for Luxembourg by the CSSF will always detect any material misstatement that may exist. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the consolidated financial statements may take on the basis of those statements.

In an audit carried out in accordance with Regulation (EU) No. 537/2014, the Law of 23 July 2016 and the ISAs as adopted for Luxembourg by the CSSF, we exercise our professional judgement and demonstrate critical thinking throughout this audit. In addition:

- we identify and assess the risks of material misstatements being contained in the consolidated financial statements, whether deriving from fraud or from error, we define and implement audit procedures to address these risks and we collect sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, because fraud may involve collusion, falsification, wilful misrepresentation, or circumvention of internal controls;
- We obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls;
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as the related disclosures made by the Board of Directors;
- We draw a conclusion as to the appropriateness of the use by the Board of Directors of the going concern accounting principle and, based on the audit evidence obtained, as to whether or not there is significant uncertainty related to events or situations that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention of the readers of our report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not adequate, to express a

qualified opinion. Our conclusions are based on the evidence obtained as at the date of our report. However, future events or situations could cause the Group to cease operations;

- we evaluate the overall presentation, the form and content of the consolidated financial statements, including the information provided in the notes, and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that reflects a fair presentation.
- We obtain sufficient and appropriate evidence concerning the financial information on the Group's entities and activities to express an opinion on these consolidated financial statements. We are responsible for directing, overseeing and performing the audit of the Group and assume full responsibility for our audit opinion.

We communicate in particular the expected scope and timing of the audit work and our significant findings, including any material weaknesses in internal controls that we have identified during our audit, to the persons responsible for corporate governance.

We also provide the persons responsible for corporate governance with a statement confirming that we have complied with the relevant ethical rules concerning independence and we inform them of any relations and other factors that might reasonably be considered as likely to have an effect on our independence and the related safeguards if applicable.

Among the matters of which we inform the persons responsible for corporate governance, we specify which were the most important in the audit of the consolidated financial statements for the period concerned: these are the key audit points. We describe these matters in our report, unless legal or regulatory provisions prevent their publication.

Report on other legal and regulatory requirements

We were appointed as Statutory Auditors by the Board of Directors on 9 March 2017, and the total uninterrupted duration of our assignment, including the preceding renewals and extensions, is 31 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that our audit opinion is in accordance with the content of the complementary report to the Audit Committee or equivalent body.

We confirm that we have not provided any services other than auditing as prohibited by Regulation (EU) No. 537/2014 on specific requirements regarding statutory audit of public-interest entities, and that we remained independent of the Group during the audit.

Luxembourg, 2 May 2018

KPMG Luxembourg,
Société Coopérative
Approved Auditors

S. Chambourdon
Partner

ENT.002

Consolidated statement of financial position

ASSETS	Notes	31 Dec. 2017 EUR	31 Dec. 2016 EUR
Cash, cash balances at central banks and other demand deposits	8.1	1 542 858 092	592 328 301
Financial assets held for trading	8.2	52 704 730	59 314 358
Financial assets designated at fair value through profit or loss	8.3	420 352 685	905 669 346
Available-for sale financial assets	8.4	163 676 574	255 909 135
Loans and advances to credit institutions	8.5	254 756 219	326 853 949
Loans and advances to customers	8.6	454 443 680	372 850 506
Participating interests	8.7	12 395	43 396
Held-to-maturity investments	8.8	48 084 776	79 097 494
Property, plant & equipment	8.9	42 455 659	43 949 004
Intangible assets	8.10	17 618 525	20 515 164
Interests in companies accounted for using the equity method	8.11	-	-
Other assets	8.12	82 138 987	60 017 988
TOTAL ASSETS		**3 079 102 322**	**2 716 548 641**

The notes in the appendix are an integral part of the consolidated financial statements.

Consolidated statement of financial position

LIABILITIES & CAPITAL	Notes	31 Dec. 2017 EUR	31 Dec. 2016 EUR
LIABILITIES			
Financial liabilities held for trading	08.13	54 751 994	63 410 053
Deposits from credit institutions	8.14	56 987 850	90 946 576
Customer deposits	8.15	2 608 902 132	2 240 405 820
Provisions	8.16	2 482 180	3 672 711
Current and deferred tax liabilities	8.18	26 297 224	25 990 501
Other liabilities	8.17	74 335 890	61 878 200
TOTAL LIABILITIES		**2 823 757 270**	**2 486 303 861**
CAPITAL			
Capital subscribed	8.19	37 000 000	37 000 000
Share premium	8.19	40 356 000	40 356 000
Reserves and retained earnings	8.19	126 550 630	104 628 106
Revaluation reserves	8.4/8.19	2 759 683	484 942
Profit or loss attributable to owners of the parent	8.19	48 647 570	47 723 172
Interim dividends		-	-
Non-controlling interests recognised in equity	8.19	31 169	52 560
TOTAL EQUITY		**255 345 052**	**230 244 780**
TOTAL LIABILITIES & EQUITY		**3 079 102 322**	**2 716 548 641**

The notes in the appendix are an integral part of the consolidated financial statements.

Net income and consolidated comprehensive income

	Notes	31 Dec. 2017 EUR	31 Dec. 2016 EUR
Interest income	9.1	61 982 966	45 288 721
Interest expenses	9.1	-48 678 040	-33 898 454
Dividend income	9.2	1 050 605	2 032 565
Fee and commission income	9.3	292 752 394	254 194 525
Fee and commission expenses	9.3	-192 705 420	-166 925 592
Gains or losses on financial instruments held for trading, net	9.4	10 899 575	10 352 180
Gains or losses on financial instruments designated at fair value through profit or loss, net	9.5	54 088	617 884
Gains or losses on financial instruments not designated at fair value through profit or loss, net	9.6	1 708 777	5 651 191
Other operating income or expenses, net	9.7	3 151 378	6 645 876
Net revenues		**130 216 323**	**123 958 896**
Staff expenses	9.8	-37 934 670	-37 322 241
General and administrative expenses	9.9	-23 644 220	-23 327 590
Depreciation of property, plant and equipment and intangible assets	9.10	-6 372 455	-6 094 654
Provisions	9.11	-351 377	2 550 000
Net impairment of assets	9.12	-5 093 189	-2 593 897
Share of the profit or loss of investments in associates		-324 005	-16 369
Profit or loss before tax		**56 496 407**	**57 154 145**
Tax expense	9.13	-7 863 658	-9 441 509
Profit or loss for the year		**48 632 749**	**47 712 636**
Profit or loss for the year attributable to non-controlling interests		-14 821	-10 536
PROFIT OR LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**48 647 570**	**47 723 172**

The notes in the appendix are an integral part of the consolidated financial statements.

Net income and consolidated comprehensive income

	Note	31 Dec. 2017 EUR	31 Dec. 2016 EUR
Profit or loss for the year		**48 632 749**	**47 712 636**
Remeasurement at fair value - Available-for-sale financial assets	9.14	2 274 741	-1 184 486
Total other items of comprehensive income (*)		**2 274 741**	**-1 184 486**
TOTAL COMPREHENSIVE INCOME		**50 907 490**	**46 528 150**
Comprehensive income for the year attributable to non-controlling interests		-14 821	-10 536
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		**50 922 311**	**46 538 686**

(*) Gains and losses recognised directly in equity, net of tax.
The notes in the appendix are an integral part of the consolidated financial statements.

BANQUE DEGROOF PETERCAM LUXEMBOURG S.A.

Consolidated statement of changes in equity

	Capital	Share premium	Reserves and retained earnings	Revaluation reserves	Translation differences	Profit or loss for the year	Interim dividends	Equity attributable to owners of the parent	Non-controlling interests recognised in equity	Total equity
Balance at 31 Dec. 2015	**37 000 000**	**40 356 000**	**160 621 831**	**1 669 428**	**-**	**60 618 594**	**-50 320 000**	**249 945 851**	**16 500**	**249 962 352**
Transactions with minority interests	-	-	-	-	-	-	-	-	46 596	46 596
Changes in consolidation scope (**)	-	-	-66 225 548	-	-	-	-	-66 225 548	-	-66 225 548
Appropriation of prior year's profit or loss	-	-	10 298 594	-	-	-60 618 594	50 320 000	-	-	-
Profit or loss for the year	-	-	-	-	-	47 723 172	-	47 723 172	-10 536	47 712 636
Translation differences	-	-	-34 305	-	-	-	-	-34 305	-	-34 305
Remeasurement at fair value	-	-	-	-1 184 486	-	-	-	-1 184 486	-	-1 184 486
Interim dividends	-	-	-	-	-	-	-	-	-	-
Other changes (*)	-	-	-32 466	-	-	-	-	-32 466	-	-32 466
Balance at 31 Dec. 2016	**37 000 000**	**40 356 000**	**104 628 106**	**484 942**	**-**	**47 723 172**	**-**	**230 192 218**	**52 560**	**230 244 780**
Transactions with minority interests	-	-	1 837	-	-	-	-	1 837	-1 837	-
Changes in consolidation scope (**)	-	-	301 568	-	-	-	-	301 568	-	301 568
Appropriation of prior year's profit or loss	-	-	47 723 172	-	-	-47 723 172	-	-	-	-
Profit or loss for the year	-	-	-	-	-	48 647 570	-	48 647 570	-14 821	48 632 749
Translation differences	-	-	-53 269	-	-	-	-	-53 269	-4 733	-58 002
Remeasurement at fair value	-	-	-	2 274 741	-	-	-	2 274 741	-	2 274 741
Interim dividends	-	-	-25 900 000	-	-	-	-	-25 900 000	-	-25 900 000
Other changes (*)	-	-	-150 784	-	-	-	-	-150 784	-	-150 784
Balance at 31 Dec. 2017	**37 000 000**	**40 356 000**	**126 550 630**	**2 759 683**	**-**	**48 647 570**	**-**	**255 313 881**	**31 169**	**255 345 052**

(*) Changes due to Group profit sharing schemes (see note 11.2).

(**) Changes largely owing to goodwill from the merger with Petercam and other changes in the consolidation scope (see note 8.19).

The notes in the appendix are an integral part of the consolidated financial statements.

BANQUE DEGROOF PETERCAM LUXEMBOURG S.A.

Consolidated cash flow statement

	Notes	31 Dec. 2017	31 Dec. 2016
Profit before tax		**56 496 407**	**57 154 145**
Non-monetary items included in profit and other adjustments:		**10 667 841**	**13 997 599**
Share-based payments		-150 784	-32 466
Depreciation and amortisation		6 372 455	15 207 282
Share of profit or loss from associates		-324 005	-16 370
Impairment		5 093 189	2 593 897
Gains or losses on investments		-50 724	-21 720
Net additions to provisions and other liabilities		-272 290	-3 733 024
Change in assets and liabilities from operating activities:		**807 702 795**	**277 846 010**
Assets held for trading or designated at fair value through profit or loss		482 664 340	-273 733 297
Loans and advances		-97 327 125	200 646 163
Available-for-sale financial assets and held-to-maturity investments		125 170 502	577 038 191
Other assets		-22 120 999	369 264
Liabilities held for trading		-8 093 040	-18 860 922
Owed to credit institutions		-51 812 805	50 965 255
Customer deposits		367 987 092	-258 540 074
Provisions and other liabilities		11 234 830	-38 570
Interest received		66 174 190	52 440 191
Dividends received		1 050 051	2 032 565
Interest paid		-53 912 265	-38 765 952
Taxes paid on income		-8 326 722	-2 150 184
Net cash flows from operating activities (A)		**879 852 297**	**362 554 374**

	Notes	31 Dec. 2017	31 Dec. 2016
Disposal of subsidiaries and associates	8.11	304 619	12 411 431
Other cash flows from investing activities		625 573	-66 225 548
Acquisition of fixed assets	8.9 / 8.10	-41 500 196	-29 089 637
Disposal of fixed assets		38 359 038	21 720
Net cash flows from investing activities (B)		**-2 210 966**	**-82 882 034**
Interim dividends paid		-25 900 000	-
Net cash flows from financing activities (C)		**-25 900 000**	**-**
Effect of exchange rate changes on cash and cash equivalents		11 933 490	11 398 975
Net increase/decrease in cash and cash equivalents (A + B + C)		851 741 331	279 672 340
Cash and cash equivalents at beginning of period		857 637 556	566 566 241
Cash and cash equivalents at end of period		**1 721 312 377**	**857 637 556**
Components of cash and cash equivalents		**1 721 312 377**	**857 637 556**
Cash and balances at central banks	8.1	1 543 018 092	592 328 301
Cash balances at credit institutions	8.5	103 613 463	224 775 815
Term loans to credit institutions	8.5	117 300 000	64 941 212
Overdrafts from credit institutions	8.14	-12 832 921	-15 416 454
Term deposits from credit institutions	8.14	-29 786 257	-8 991 318

The notes in the appendix are an integral part of the consolidated financial statements.

1 General

BANQUE DEGROOF PETERCAM LUXEMBOURG S.A. (formerly "BANQUE DEGROOF LUXEMBOURG S.A." until 31 March 2016) (hereinafter “the Bank”) was incorporated on 29 January 1987 as a *société anonyme* (public limited company) under Luxembourg law. It was listed on the Luxembourg Stock Exchange on 29 November 1999 and subsequently delisted on 15 December 2005.

On 1 April 2016, BANQUE DEGROOF LUXEMBOURG S.A. and PETERCAM (LUXEMBOURG) S.A. merged with retroactive effect from 1 January 2016; the new company is called BANQUE DEGROOF PETERCAM LUXEMBOURG S.A. The merger was legally effected through the absorption of all assets and liabilities of Petercam (Luxembourg) S.A. (the absorbed company) by Banque Degroof Luxembourg S.A. (the absorbing company). The Bank chose the carrying value method for this transaction, which, in accordance with IFRS, is a business combination under common control. The difference between the consideration paid by Banque Degroof Luxembourg S.A. of EUR 136 522 000 and the carrying value of the net assets of Petercam represented the goodwill recorded in reserves of EUR 73 025 963. The Bank also recognised an additional amount of EUR 17 280 050 in the estimate of the purchasing price parity following this merger for three new businesses.

As part of the merger, Petercam (Luxembourg) S.A. sold the shares of its subsidiary Petercam Banque Privée (Suisse) S.A. to Banque Degroof Petercam S.A. on 16 February 2016 and sold the shares of its subsidiary Petercam Institutional Asset Management (Luxembourg) S.A. to Degroof Petercam Asset Services S.A. on 18 February 2016.

The Bank’s object is to carry out all banking and savings activities, in particular deposit-taking and lending of any kind, as well as all transactions of any kind involving transferable securities, wealth management, fiduciary and financial services and in short any and all commercial and financial transactions whether involving movable or immovable assets that facilitate the achievement of the above-mentioned corporate object.

The Bank and its subsidiaries (hereinafter “the Luxembourg Division”) are also included in the consolidation of Banque Degroof Petercam S.A., with its registered office at 44 Rue de l'Industrie, 1040 Brussels. On 1 October 2015, Banque Degroof S.A. and Petercam S.A. merged; the new entity bears the name Banque Degroof Petercam S.A.

The Luxembourg Division and Banque Degroof Petercam S.A. constitute “the Group”.

The financial statements of the Bank are available at: www.degroofpetercam.lu. The financial statements of Banque Degroof Petercam S.A. are available at: www.degroofpetercam.com.

Since 9 December 2005 the Bank has had a branch in Belgium, at 19 Rue Guimard, 1040 Brussels.

The financial statements were approved by the Board of Directors on 19 April 2018.

2 Regulatory context

The Luxembourg Division's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as well as the interpretations of these standards effective as at 31 December 2017 and approved within the European Union.

In the case of accounting principles not specifically mentioned hereinafter, please refer to the IFRS as approved within the European Union.

The accounting principles used in the preparation of these consolidated financial statements for the financial year ended 31 December 2017 are consistent with those applied to the financial year ended 31 December 2016.

3 Changes in accounting policies and methods

The following IFRS (new, revised or amended) and IFRIC interpretations apply for the first time for this financial year:

- Amendments to IAS 12 "Income taxes": Recognition of deferred tax assets for unrealised losses;
- Amendment to IAS 7 "Statement of Cash Flows": Disclosure initiative;

The application of these new provisions had no material impact on the results or the equity of Banque Degroof Petercam Luxembourg S.A.

Of the standards, amendments to standards and interpretations published by the IASB (International Accounting Standards Board) and adopted by the European Union as at 31 December 2017, those mentioned below will come into force in subsequent financial years:

- IFRS 9 "Financial Instruments" and subsequent amendments, applicable to financial reporting periods commencing on or after 1 January 2018;
- IFRS 15 "Revenue from Contracts with Customers", applicable to financial reporting periods commencing on or after 1 January 2018.
- IFRS 16 "Leases", applicable to financial reporting periods commencing on or after 1 January 2019.
- Amendment to IFRS 4 "Insurance Contracts": “Application of IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts”, applicable to financial reporting periods commencing on or after 1 January 2019”;

The following standards and amendments to standards have not yet been adopted by the European Union as at 31 December 2017, but the Bank will apply them when they come into force:

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures": Sale or contribution of assets between an associate and joint venture;
- Amendment to IFRS 2 "Share-based Payment": Classification and valuation of transactions with share-based payment;
- Annual Improvements (2014-2016) to IFRS;
- Amendments to IAS 40 "Investment Property": Transfers of investment property:
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".
- Annual Improvements (2015-2017) to IFRS;
- Amendments to IFRS 9 “Prepayment Features with Negative Compensation”;
- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”;

Changes in accounting policies and methods (continued)

- IFRIC 23 “Uncertainty over Income Tax Treatments”;
- IFRS 17 “Insurance Contracts”;

Published in July 2014, IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements related to the classification and valuation of financial instruments, including a new model for calculating the impairments on financial assets (expected loss model), and new provisions relating to general hedge accounting.

IFRS 9 only has an impact at the Bank level, the following paragraphs describe the impacts at the Bank level:

Classification and measurement of financial instruments: In accordance with IFRS 9, financial assets are classified and measured according to the economic model used to manage these assets and the characteristics of the instrument's contractual cash flows. The Group has determined these business models at a level that reflects how groups of financial assets are collectively managed to achieve a specific business objective. Based on the economic management models defined by the Group and the analysis of the contractual cash flow characteristics, financial assets within the scope of IFRS 9 have been classified into the following categories:

- financial assets measured at amortised cost whose management model consists of holding the asset to collect contractual cash flows (cash flows consist solely of principal payments and interest on principal);
- financial assets measured at fair value through other comprehensive income, for which the management model consists of holding the instrument to collect the contractual cash flows and sell the assets (cash flows consist solely of principal payments and interest on the principal);
- Financial assets at fair value through profit or loss. This category includes financial assets that are not eligible for classification at amortised cost or at market value through other comprehensive income.

The application of IFRS 9 will result in a shift from "available-for-sale financial assets" to "financial assets at amortized cost".
The Bank has used the transitional classification and measurement provisions to reverse the prior designation of financial assets as being measured at fair value through profit or loss. For investments in equity instruments (which are not held for trading), the Bank has selected the option (irrevocable choice on initial recognition) to classify these instruments at fair value through other comprehensive income at the date of first application. With respect to financial liabilities, the implementation of IFRS 9 will not result in any changes for the Bank from the classification and measurement criteria of these instruments.

Changes in accounting policies and methods (continued)

The Bank does not expect the changes introduced by IFRS 9 to have a material impact on the balance sheet, income or equity, but some volatility related to the instruments that must be measured at fair value through profit or loss is likely to affect income.
The expected opening impact is estimated at a decrease in equity of EUR 2.5 million.

Depreciation: IFRS 9 recasts the impairment model, which is now based on "expected" losses rather than "incurred" losses as required by IAS 39. This new model aims to record impairments more quickly and requires substantial information including historic and current data, and the outlook for macroeconomic factors. This model applies primarily to loans, debt instruments measured at amortised cost or fair value through other comprehensive income, loan commitments and financial guarantees issued. Expected losses are a probability-weighted estimate of credit losses over the expected life of a financial instrument. The calculation of these losses is based, among other things, on the following parameters: the probability of default ('PD'), the loss in the event of default ('LGD'), the amount of exposure (residual accounting) in the event of default ('EAD') and the discount rate. The amount of expected credit losses is calculated on the basis of a weighted average of probabilised scenarios. Financial assets are classified on the basis of the extent of credit deterioration since initial recognition into three categories:

- Category 1 (initial recognition: 'performing'): impairment is measured at the amount of expected losses within 12 months after the balance sheet date;
- Category 2 (significant deterioration in credit risk: 'underperforming'): impairment is measured at the amount of expected losses over the life of the financial instrument;
- Category 3 (financial assets in default for which objective evidence of default exists at the balance sheet date: 'non-performing'): impairment is measured at the difference between the asset's carrying amount and its expected recoverable amount.

To assess the deterioration in credit risk, the Bank compares the risk of default at the reporting date with the initial recognition of the financial asset. In order to classify its credit exposures, the Group has decided to implement an internal scoring model based on credit events for its credit portfolios. For debt instruments, external agency ratings are mainly used and the Bank will make use of the low credit risk exception. As regards the quantified impacts, at the opening the Bank expects a decrease in provisions for impairment and an increase in its equity of approximately EUR 0.1 million each.

Changes in accounting policies and methods (continued)

Hedge accounting: The Bank (which does not apply the hedge accounting provisions of IAS 39) is considering using the new micro hedge accounting provisions of IFRS 9 to hedge the value of interest rate risk. This decision will concern financial instruments designated under IAS 39 as measured at fair value through profit or loss.

IFRS 15 will replace IAS 11 "Construction contracts" and IAS 18 "Revenue" and the corresponding interpretations. This new standard applies to all contracts concluded with clients (except those which fall under the scope of the standards relating to financial instruments, insurance contracts and leases) and introduces a new model for determining when to record income from ordinary business, of any amount. Although the new principles of IFRS 15 may lead to a change in the terms for recognising certain income, the Bank does not expect these provisions to have a material impact on results, given its main activities.

IFRS 16 is intended to replace IAS 17 "Leases". The most important change introduced by IFRS 16 is that most leases will be recorded in the takers balance sheet. For takers, the new standard abandons the classification of leases into operating leases or finance leases, by treating all of them (with two exceptions) as finance leases. Many aspects will remain the same for the lessor's accounts. An analysis of the possible impact is being performed.

The Group does not expect the other texts listed above to have a material impact when they are applied.

4 Judgements and estimates used in the preparation of the consolidated financial statements

Preparing consolidated financial statements in accordance with IFRSs entails making judgements and estimates. Although the Management of the Luxembourg Division believes that it has taken into account all the available information in arriving at these opinions and estimates, the reality may be different, and these differences may have an impact on the consolidated financial statements.

These estimates and judgements relate mainly to the following subjects:

- determining the fair value of unlisted financial instruments;
- determining the useful life and the residual value of intangible and tangible assets;
- estimating the recoverable amount of impaired assets;
- assessing the current obligation resulting from past events in the context of the recognition of provisions;
- determining the goodwill value.

5 Summary of accounting policies and methods

5.1 Principles of consolidation

Scope of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries. Subsidiaries are any companies controlled by the Bank, i.e. entities over which the Bank has the direct or indirect power to dictate financial and operational policies in order to derive benefits from these activities.

Subsidiaries are consolidated using the full integration method, with effect from the date on which effective control was transferred to the Bank, and are removed from the scope of consolidation on the date such control ends. The Bank's and the subsidiaries' financial statements are drawn up as at the same date, using similar accounting methods and using restatements where necessary. Intra-group balances, transactions, income and charges are eliminated.

Participating interests that are not controlling interests and are recognised in equity are shown separately in the consolidated income statement and in the consolidated balance sheet.

As an exception to these rules, companies with a negligible interest are excluded from the scope of consolidation, in accordance with the following criteria implemented by the Group:

- The combined balance sheet total for all fully consolidated non-consolidated companies must be less than 0.5% of the Group's consolidated balance sheet total.
- The combined equity total for all fully consolidated non-consolidated companies must be less than 1% of the Group's consolidated equity total.
- The total equity of a fully consolidated non-consolidated company must be less than 0.5% alone of the Group's consolidated equity total.
- The combined income total for all fully consolidated non-consolidated companies must be less than 1% of the Group's consolidated income total.
- The total income of a fully consolidated non-consolidated company must be less than 0.5% alone of the Group's consolidated income total.

Joint ventures

Joint ventures are any undertakings over which the Bank has direct or indirect joint control, i.e., no financial or operational strategic decision can be taken without the unanimous agreement of the parties that share control of the undertaking.

At present the Bank does not have any joint ventures, but should it do so, they will be accounted for using the equity method with effect from the date they come under joint ownership until such time as they are no longer jointly owned.

Principles of consolidation (continued)

Associates

Associates are any undertakings over which the Bank exercises a significant influence, i.e. it has the power to participate in decisions on financial and operating policy although it does not have control or joint control over these policies.

If these undertakings exceed the materiality threshold, they are accounted for using the equity method with effect from the date on which the Bank first exercises significant influence over them and until such time as it ceases to have such significant influence. The materiality threshold is based on an analysis of various criteria, including the share in consolidated equity, the share in consolidated income and the share of the consolidated balance sheet total.

The associate’s financial statements are drawn up as at the same date, using similar accounting methods and using restatements where necessary.

5.2 Translation of financial statements and transactions in foreign currencies

The consolidated financial statements are drawn up in euros (EUR), the functional currency of the Luxembourg Division.

On consolidation, the balance sheets of entities whose functional currency is different from that of the Bank are converted at the exchange rate on the closing date of the financial year. However, these entities’ income statements and cash flow statements are converted at the average exchange rate for the reporting period. Exchange differences resulting from these conversions are recognised in equity.

5.2.1 Translation of transactions in foreign currencies

Transactions in foreign currencies are recognised at the exchange rate in force on the date of the transaction.

Monetary assets and liabilities are converted at the exchange rate in force on the closing date of the financial year, generating an exchange difference which is recognised in profit and loss.

Non-monetary items measured at fair value are converted at the exchange rate on the closing date of the financial year. The exchange difference resulting from this conversion is recognised in equity or in profit and loss, depending on the accounting treatment of the item in question.

Other non-monetary items are measured at the historical exchange rate, i.e. the exchange rate in force on the date of the transaction.

5.3 Financial instruments

5.3.1 Date of recognition of financial instruments

All derivatives, and all purchases or sales of securities under a contract whose terms and conditions require delivery of the security within a time frame generally dictated by the regulations or by an agreement on the transaction concerned, are recognised on the transaction date. Receivables and deposits are recognised on settlement date.

5.3.2 Offsetting

A financial asset and a financial liability are offset if, and only if, the Luxembourg Division has a legally enforceable right to offset the recognised amounts and if it intends to settle the net amount or realise the asset and settle the liability simultaneously.

5.3.3 Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are financial assets and liabilities acquired or assumed mainly with a view to a short-term sale or purchase, or as part of a portfolio of financial instruments that are managed together and whose profile is that of recent short-term profit taking.

These assets and liabilities are initially recognised at their fair value (excluding trading costs recognised directly in profit and loss) and are subsequently remeasured at their fair value. Changes in fair value are recognised in profit and loss under “Net result on financial instruments held for trading”. Interest received or paid on non-derivative instruments is recognised under “Interest income and expenses”. Dividends received are included in “Dividend income”.

All financial instruments having a positive (negative) replacement value are treated as held-for-trading financial assets (liabilities), with the exception of derivatives classed as hedging instruments. Derivatives held for trading are recognised at their fair value at the beginning of the transaction and are subsequently measured at their fair value. Changes in fair value are recognised under “Net result on financial instruments held for trading” and interest received or paid on derivatives is recognised under “Interest income and expenses”.

5.3.4 Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities are designated as being at fair value through profit or loss (the fair value option) when the financial instrument is initially recognised, and in accordance with the following criteria of use:

- this designation eliminates or significantly reduces a valuation or recognition inconsistency (sometimes referred to as an “accounting mismatch”) that would occur if it were not used; or

Financial assets and liabilities at fair value through profit and loss (continued)

- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a duly documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that is not closely related.

The choice of the fair value option is irreversible once the asset or liability has been recognised in the balance sheet. This category has the same valuation rules as those applicable to the “Financial assets and liabilities held for trading” category.

The same headings as those defined for financial assets and liabilities held for trading are used for recognising interest and dividends. However, changes in fair value are recognised under “Net result on financial instruments at fair value through profit and loss”.

5.3.5 Loans and advances

Loans and advances are non-derivative financial assets, with fixed or determinable payments, that are not listed on an active market. Loans and advances are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment. The effective interest rate is the rate that discounts the future cash outflows or inflows over the expected life of the financial instrument or over a shorter period, where appropriate, so as to obtain the net carrying value of the financial asset or liability.

Amortised cost calculated using the effective interest rate takes into account premiums and discounts and transaction fees and costs, which form an integral part of the effective interest rate. Amortisation using the effective interest rate method is recognised in profit and loss under “Interest income”. Impairment amounts are recognised in profit and loss under “Net impairment of assets”.

Loans and advances mainly comprise interbank and customer loans and advances.

5.3.6 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Luxembourg Division intends and is able to hold until maturity. Held-to-maturity financial assets are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

Amortisation using the effective interest rate method is recognised in profit and loss under “Interest income”. Impairment amounts are recognised in profit and loss under “Net impairment of assets”.

5.3.7 Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as being available for sale or do not fall into one of the aforementioned categories. These assets are initially recognised at their fair value and subsequently remeasured at their fair value. Any fluctuations in fair value are recognised under a specific heading in equity. During the sale of securities, unrealised gains and losses, previously recognised in equity, are recognised in profit and loss under “Net result of financial assets not measured at fair value through profit and loss” or in the case of impairment under “Net impairment of assets”.

Income from interest-bearing instruments recognised using the effective interest rate method is included under “Interest income”. Dividends received are included in “Dividend income”.

Available-for-sale assets mainly comprise fixed or variable income securities not classed as financial assets held for trading at fair value through profit and loss.

5.3.8 Participating interests

Participating interests not classified as “Available-for-sale Financial Assets” are valued at acquisition cost.

5.3.9 Other financial liabilities

Other financial liabilities comprise all other financial debts, subordinated or otherwise (with the exception of derivatives), not classified as held for trading or as measured at fair value through profit and loss.

Other financial liabilities are initially recognised at their fair value, and subsequently at amortised cost using the effective interest rate method. Accrued interest (including any difference between the net amount received and the repayment value) is recognised in profit and loss using the effective interest rate method, under “Interest expenses”.

5.3.10 Fair value of financial instruments

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the main market or the most advantageous market on the valuation date. Fair value is determined on the basis of prices quoted on an active market (quotations given by a Stock Market, a broker or any other source recognised by investors). If there is no market, or no market prices are available, valuation techniques are used in order to estimate the fair value based on the prevailing market conditions on the valuation date. These techniques make use of as many market data as possible, current calculation methods and a whole range of other factors such as time value, credit risk and liquidity risk. The fair value estimated using these techniques is therefore affected by the data used.

Fair value of financial instruments (continued)

The valuation techniques used include in particular discounted cash flow methods, comparing the market values of similar instruments, option valuation models and other appropriate valuation models.

When first recognised, the fair value of a financial instrument is the price of the transaction (i.e. the value of the sum paid or received for it), unless another fair value can be proved by a price on an active market for the same instrument or using a valuation technique based solely on observable market data.

To determine the fair value of financial instruments, the Luxembourg Division mainly uses the following valuation methods:

- Active market

Financial instruments are valued at fair value by reference to prices listed on an active market, when these are readily available, taking account of criteria such as the volume of transactions or recent transactions. Securities and derivatives listed on organised markets (futures and options) are valued in this manner.

Over-the-counter derivatives such as interest rate swaps, options and foreign exchange contracts are valued using widely recognised models (discounted cash flows, Black Scholes model, etc.), which use observable market data.

For valuations that use mid-market prices as the basis for determining fair value, a price adjustment is applied, for each risk position, to net open positions using the buying or selling price as the case may be.

- No active market

Most derivatives are traded on active markets.

If the price of a transaction on an inactive market does not correspond to the fair value of other observable transactions on this market for the same instrument or to the valuation with an internal model based on observable market data, this difference is recognised directly in profit and loss.

However, if this difference (commonly known as “Day 1 profit and loss”) is generated by a valuation model the parameters of which are not all based on observable market data, it is either recognised in profit and loss on a staggered basis over the life of the transaction, or deferred until the date on which the instrument is derecognised. In any case, any unrecognised difference is immediately recognised in profit and loss if the parameters that were not originally observable later become so, or if the fair value can be determined by reference to a price quoted on an active market involving the same instrument. For all transactions, the appropriate method for recognising the difference through profit and loss is determined on a case by case basis.

- No active market – Equity instruments (unlisted shares)

Fair value of financial instruments (continued)

In the absence of any price for a transaction recently carried out in normal market conditions, the fair value of the unlisted shares is estimated using recognised valuation techniques such as discounted cash flow, applying stock market multiples for comparable companies and the net asset value method.

The carrying amount of short-term financial instruments corresponds to a reasonable approximation of their fair value.

5.3.11 Embedded derivatives

An embedded derivative is defined as a component of a composite (hybrid) instrument that includes both a derivative financial instrument and a non-derivative host contract.

An embedded derivative must be separated from the host contract and accounted for as a derivative if:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative;
- the hybrid (composite) instrument is not held for trading.

This (embedded) derivative is valued at fair value through profit and loss in the same way as a standalone derivative. The host contract is accounted for and valued according to the principles governing the category to which it belongs.

Insofar as the separation of the embedded derivative is permitted (see above), the entire hybrid contract can be designated as a financial asset or liability at fair value through profit and loss. However, if it is not possible to value the embedded derivative separately, the entire hybrid contract must be designated as a financial asset or liability at fair value through profit and loss.

5.3.12 Derecognition of financial instruments

A financial asset is derecognised when:

- the contractual rights to the cash flows attached to the financial asset expire or,
- the Luxembourg Division has transferred substantially all the risks and rewards attaching to the ownership of this financial asset. If the Luxembourg Division neither transfers nor retains substantially all the risks and rewards attached to the ownership of the financial asset, this is derecognised if control of the financial asset is not kept. Otherwise, the Luxembourg Division keeps the financial asset on the balance sheet to the extent of its continuing involvement in this asset.

A financial liability is derecognised if the liability has expired, i.e. if the obligation described in the contract is cancelled or expires.

5.4 Lease agreements

A finance lease is a lease that transfers substantially all of the risks and rewards attached to the ownership of the asset. An operating lease is any lease agreement other than a finance lease.

- As Lessee

For operating leases, the leased asset is not recognised on the balance sheet and the lease rental payments are recognised through profit and loss on a straight-line basis over the life of the lease.

For finance leases, the leased asset is capitalised and recognised at the lower of its fair value and the net present value of the minimum contractual lease payments. The asset is subsequently depreciated using the same depreciation rules as those applied to assets of a similar nature over the shorter of the duration of the contract and the asset's estimated useful life. The related financial debt is recognised in liabilities as borrowing.

The financial expense is recognised through profit and loss over the period covered by the lease contract so as to obtain a constant periodic interest rate on the remaining balance of the liability for each period.

- As Lessor

Assets leased out under an operating lease are accounted for in the balance sheet as fixed assets and depreciated using the same depreciation rules as those applied to assets of a similar nature. Lease revenues are recognised as income on a straight-line basis over the life of the lease.

For finance leases, the net present value of the minimum payments, plus the residual value of the asset if any, is recognised as a receivable and not as a fixed asset. The financial income from the finance lease is spread over the life of the lease based on a table reflecting a constant rate of return on the net outstanding investment in the lease.

5.5 Property, plant & equipment

Property, plant and equipment is recognised at acquisition cost (including directly attributable expenses), less accumulated depreciation and any impairment losses. The Luxembourg Division applies the component method of fixed asset accounting (mainly for buildings) and the depreciable amount of an asset is determined after deduction of its residual value.

Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the useful lives of the assets concerned. The useful lives applied are:

Nature of the fixed asset or component	Useful life
Land	Indefinite
Buildings, structures	40 yrs.
Technical installations	10 yrs.
General installations	20 yrs.
Finishings	5 to 10 yrs.
IT/telecoms eqpmt	4 yrs.
Miscellaneous eqpmt	5 yrs.
Office furniture	10 yrs.
Vehicles	4 yrs.

Land and works of art have an indefinite useful life and are therefore not depreciated, but can be subject to impairment losses.

At each financial year-end, where an indication of any kind exists that a tangible asset might have suffered impairment, an impairment test (comparing the net carrying amount of the asset with its recoverable amount) is performed. An impairment loss is recognised when the carrying amount of the asset is higher than its estimated recoverable amount.

The useful lives and residual amounts of property and equipment are reviewed at each financial year-end.

5.6 Intangible assets

An intangible asset is an identifiable non-monetary asset that has no physical substance. Such an asset is recognised initially at cost if it is considered that it will produce future economic benefits and if the acquisition cost of this asset can be reliably determined.

Intangible assets consist mainly of software applications acquired or developed internally as well as goodwill acquired in the context of business combinations.

Purchased software is amortised on a straight-line basis over a four-year period from the time it becomes usable. Software maintenance costs are charged to profit and loss as incurred. However, expenditure that improves the quality of the software or helps extend its useful life is added to the initial acquisition cost. The cost of developing software written in-house are amortised on a straight-line basis over the period during which the Bank expects to benefit from the asset. Research costs are expensed directly as incurred.

Goodwill is amortised on a straight-line basis over the period during which the group expects to benefit from the asset. This useful life does not exceed 20 years.

Intangible assets (continued)

At each financial year-end, where an indication of any kind exists that an intangible asset might have suffered impairment, an impairment test (comparing the net carrying amount of the asset with its recoverable amount) is performed. An impairment loss is

recognised when the carrying amount of the asset is higher than its estimated recoverable amount. The recoverable amount of goodwill is estimated on the basis of changes in assets under management.

Intangible assets are recognised at acquisition cost less accrued depreciation and any impairment losses. The useful lives and residual amounts of intangible fixed assets are reviewed at each financial year-end.

5.7 Other assets

Other assets basically consist of income receivable (other than interest), prepaid expenses and sundry debtors. Also included in this item are amounts receivable from employees.

5.8 Impairment of assets

An impairment loss is recognised on an asset if its carrying amount (net of any depreciation/amortisation) is higher than its recoverable amount.

At each balance sheet date, the Luxembourg Division assesses whether there is any indication (loss-generating event) that an asset may have lost value. Where such an indication exists, an impairment test is carried out and, where appropriate, an impairment loss is recognised in profit and loss. Even if there is no objective indication of impairment, such an examination is carried out, at least every year on the same date, in respect of intangible assets with indefinite useful lives.

- Financial assets

Impairment is recognised on financial assets or groups of financial assets whenever there is objective evidence of measurable impairment resulting from one or more events occurring since the initial recognition of the asset or group of assets and whenever such loss-generating event(s) affect(s) the future estimated cash flows of this asset or group of assets. The following indications, among others, are viewed as objective evidence of impairment:

- significant financial difficulties experienced by the issuer;
- breach of contract such as a default or delayed payment of interest or principal;
- facilities accorded to the borrower for legal or economic reasons linked to its financial difficulties;
- high probability of bankruptcy or financial restructuring;
- disappearance of an active market for this particular asset (as a result of financial difficulties);
- other observable data linked to a group of assets, such as an unfavourable change in the repayment behaviour of borrowers in the group or an unfavourable change in a sector of activity that affects the borrowers in the Luxembourg Division;
- major or prolonged decline in the fair value of an equity instrument below its cost.

Impairment of assets (continued)

The analysis of the possible existence of impairment is first undertaken on an individual basis and then on a collective basis. Collective assessment for calculating impairment is carried out for the Bank's lending activities by grouping counterparties not individually impaired in similar portfolios and based on the historical data for each portfolio. The method used by the Bank is based on an approach combining probabilities of default and loss given default. This method and the assumptions used are regularly reviewed in order to reduce any differences between estimated losses and actual historical losses.

Impairment of financial assets recognised at amortised cost corresponds to the difference between their carrying amount and the net present value of the estimated cash flows, discounted at the original effective interest rate. If the effect of discounting to NPV is negligible, it is not taken into account. Impairment losses are recognised through profit and loss under "Net impairment losses on assets", with a balancing entry to an adjustment account with regard to the carrying amount of the impaired financial assets. If an event subsequent to the recognition of the impairment indicates that the loss of value no longer exists, or exists only partly, the previously recognised impairment loss (or the relevant part of it) is reversed through the "Net impairment losses on assets" heading of profit and loss.

Once an impairment loss has been recognised on an asset, subsequent interest income is recognised based on the interest rate used for discounting the future cash flows to NPV.

The recoverable amount of available-for-sale financial assets is generally based on the quoted market prices or, if these are not available, on projected cash flows, discounted to NPV at the current market interest rate for a similar asset. Whenever there is an objective indication of impairment, the accumulated loss recognised directly in equity is removed from equity and recognised through profit and loss under "Net impairment losses on assets".

If the fair value of a fixed income security on which an impairment loss has been recognised later appreciates as the result of an event subsequent to the impairment, the impairment loss is reversed through profit and loss ("Net impairment losses on assets"). However, any subsequent recovery in the fair value of an equity instrument is recognised directly in equity.

- Other assets

The recoverable amount of a non-financial asset is the greater of its fair value less selling costs and its value in use. Fair value less selling costs corresponds to the amount that can be realised from the sale of an asset under normal market conditions between informed and consenting parties, after deduction of the disposal costs. The value in use of an asset is the net present value of the future cash flows expected to be derived from this asset.

If it is not possible to estimate the recoverable amount of an individual asset, the asset is attached to a cash generating unit (CGU) to determine any impairment losses at this level of aggregation.

An impairment loss is recorded directly through profit and loss under "Net impairment losses on assets". If an asset is revalued, the impairment loss is treated as a reduction of the revaluation. The impairment of a CGU is allocated so as to reduce the carrying amount of the assets of this unit in proportion to the carrying amount of each of the CGU's assets.

Impairment of assets (continued)

An impairment loss recognised during a previous financial year is reversed if there has been a favourable change in the estimates used for determining the recoverable amount of the asset since an impairment loss was last recognised. In such cases, the carrying amount of the asset must be increased to its recoverable amount, but without exceeding the carrying amount that would have applied had no such prior reduction been made to its value, i.e. after applying the normal depreciation or amortisation rules.

5.9 Provisions

A provision is recognised when:

- the Luxembourg Division has a present legal or constructive obligation resulting from a past event;
- it is probable that an outflow of resources will be necessary to settle the obligation;
- the amount of the obligation can be reliably estimated.

If the effect of the time value of money is material, the provision is recognised at its net present value.

5.10 Taxation

- Current taxation

Current tax assets and liabilities correspond to the amounts actually payable or recoverable, determined on the basis of the prevailing tax regulations at the financial year-end, as well as to tax adjustments made in previous financial years.

- Deferred taxation

Deferred tax is recognised whenever a temporary difference exists between the tax value of assets and liabilities and their carrying amount. Deferred tax is recognised using the liability method, which consists of calculating, at each reporting date, deferred tax based on the current tax rates or the rates that will prevail (where known) at the time that the temporary differences reverse.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of those:

- linked to the initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit; or

- associated with investments in subsidiaries, associates and joint ventures to the extent that the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Taxes (continued)

Deferred tax assets are recognised in respect of all tax-deductible temporary differences, tax losses carried forward and unused tax credits to the extent that it is probable that a future taxable profit will be available against which the differences can be utilised, except where the deductible temporary difference:

- is generated by the recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit; or
- relates to investments in subsidiaries, associates and joint ventures to the extent that this difference will not reverse in the foreseeable future.

Current taxes payable and deferred taxes are recognised through profit and loss as tax charges or income, except where they are linked to items recognised in equity (fair value revaluation of available-for-sale assets), in which case they are initially recognised in equity and subsequently recognised in profit and loss at the same time as the realised capital gains or losses.

5.11 Employee benefits

In compliance with national regulations and practices in the sector, the pension scheme in place in the Luxembourg Division is a defined contribution group insurance scheme.

For both the defined contributions system and the remaining cases of defined benefits, the Luxembourg Division pays the insurer the amounts calculated in accordance with the regulations at the beginning of each financial year. These premiums are recognised as expense in the financial year in question.

The results relating to the profit sharing incentive plans put in place in the Luxembourg Division are recognised in profit and loss with equity as the counter-entry.

5.12 Other liabilities

Other liabilities include in particular dividends payable, charges payable (excluding interest), deferred income and other debts.

5.13 Interest income and expenses

Interest income and expenses, the rate of which is positive, are recognised through profit and loss on all interest-bearing instruments using the effective interest method. The effective interest rate is the rate that discounts the future cash flows over the life of the financial instrument, or such shorter period as may be appropriate, so as to obtain an NPV equal to the net carrying amount of the instrument. The calculation of this rate includes all related fees and commissions paid or received, transaction costs and premiums or discounts. Transaction costs are incremental costs directly linked to the acquisition, issue or sale of a financial instrument.

Once an interest-bearing financial asset has been written down following an impairment, interest income continues to be recognised at the rate used to discount the future cash flows to NPV in order to determine the recoverable amount.

Interest charges and income in respect of derivatives held for trading are recognised under this same heading.

Accrued interest is recognised in the balance sheet in the same account as the corresponding financial asset or liability.

5.14 Dividends

Dividends are recognised once the shareholders' right to receive payment has been established.

5.15 Fees and commissions

The Luxembourg Division recognises fees and commissions received in respect of the various services rendered to its clients as income. The method of accounting for these fees and commissions depends on the nature of the services.

Fees for services provided over a specified period are recognised as and when the service is rendered, or on a straight-line basis over the duration of the fee-generating transaction. This applies to management, administration, financial services, custody and other service fees.

Fees linked to the performance of important acts, such as fees for intermediation services, placement, performance fees and brokerage commissions, are deferred and recognised at the time the act is performed.

5.16 Gains and losses on revaluation or disposal of financial instruments

Results of trading transactions include all gains and losses from changes in the fair value of financial assets and liabilities held for trading.

(Un)realised gains and losses (excluding accrued interest and dividends) on financial instruments at fair value through profit and loss are recognised in the revaluation results relating to these instruments.

Gains and losses on the sale or disposal of financial instruments not measured at fair value through profit and loss or held for trading are recognised under "Net result on financial instruments not measured at fair value through profit or loss".

6 Risk management

6.1 Organisation of risk management

The risk management strategy is determined by the Board of Directors and reflects the strategy defined for the whole Group by the Board of Directors of the parent company, Banque Degroof Petercam S.A. The Banque Degroof Petercam S.A. Management Committee is responsible for its application throughout the Group. Within this framework it regularly assesses the level of risks taken and reviews all position limits on an annual basis. The Management Committee of Banque Degroof Petercam Luxembourg S.A. is responsible to the parent company and the Board of Directors for applying this strategy by implementing a risk management policy at local level and at the level of its subsidiaries.

In order to implement its risk management policy, the Management Committee of Banque Degroof Petercam S.A. has delegated some of its responsibilities to committees on which Banque Degroof Petercam Luxembourg S.A. is represented. The committees that concern Banque Degroof Petercam Luxembourg S.A. are:

- the Asset and Liability Management Committee (ALMAC), which is responsible for managing the Group's balance sheet and off-balance sheet assets and liabilities, in order to generate a stable and adequate financial margin within acceptable risk limits. This committee also manages the consolidated liquidity risk;
- the Limits Committee, which is responsible at Group level for granting new limits for all types of products to banking and broking counterparties. It also reviews existing limits on a regular basis.

The Risk Management department of Banque Degroof Petercam Luxembourg S.A. is responsible for day-to-day risk management. This ensures the integrity and effectiveness of the processes related to the risk management mission. The concept of risk management means risk identification, assessment, monitoring and control/mitigation.

At the Bank's request, the CSSF (*Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisor) had approved the total exemption of the risks on the Banque Degroof Petercam S.A. Group from the calculation of major risk limits, in accordance with part XVI, point 24 of Circular 06/273 as amended. Under the new prudential requirements set out in Regulation (EU) 575/2013, this exemption remains valid by virtue of Article 493, paragraph 3 point c of said Regulation and CSSF Regulation 14-01 Article 20.

6.2 Liquidity risk

Liquidity risk is the risk of the Group's being unable to meet its financial commitments at due date at a reasonable cost.

This risk is managed at the consolidated level by the ALMAC, on a monthly basis, while the Bank has delegated day-to-day management to the dealing room treasury department, under the supervision of the Risk Management department.

Liquidity risk (continued)

The Luxembourg Division applies a prudent strategy to cash management. The Luxembourg Division mainly places its cash with the Banque Centrale du Luxembourg and in a portfolio of highly liquid bonds that can be realised at any time through sale or repurchase agreements. In the case of non-sovereign bonds, the Luxembourg Division applies rigorous selection criteria in terms of rating and liquidity, and imposes diversification among issuers in order to reduce concentration risk as much as possible. In this way it can ensure the liquidity of these portfolios, either via sales or via bi- or tripartite repo programmes.

The Luxembourg Division requires monetary reserves to be kept with the Banque Centrale du Luxembourg and/or in an amount of unencumbered extremely liquid bonds (“extremely high quality assets” within the meaning of Basel III) in order to have sufficient day-to-day liquidity to meet any withdrawals. The minimum amount for the 2017 financial year was set at EUR 225 million.

In accordance with CSSF Circular 09/403, which requires the application of stress tests, the control exercised by the Risk Management department focuses on three scenarios: ongoing management, management in the event of a generalised liquidity crisis in the market, and management in the event of a liquidity crisis specific to the Luxembourg Division. Cash flows must be sufficient to enable the Bank to cope with each of these three scenarios, which are monitored rigorously on a daily basis.

The Luxembourg Division has put in place a liquidity management policy linked to the crisis scenarios referred to above. This provides, in the event of a generalised liquidity crisis, for the possibility of raising cash immediately through repo transactions on all bonds in the Luxembourg Division’s portfolio. In the event of a liquidity crisis specific to the Luxembourg Division, the policy provides for the immediate liquidation of the bond portfolio.

The Liquidity Coverage Ratio (LCR) introduced under the Basel III agreements by the CRR/CRD IV package stood at 231% as at 31 December 2017 (31 December 2016: 213%) and demonstrates the Luxembourg Division’s good liquidity level.

Another obligation imposed by the CRR/CRD IV package on the Luxembourg Division is the monitoring of its encumbered and unencumbered assets. Each amount is the median value of the quarterly data for the previous twelve months.

It is important to note that the Bank has no covered bond programme. Its encumbered assets are mainly linked to its activities in the repo market or to collateral exchanged to cover exposures to derivative instruments. In this context, the collateral pledged results partly from the collateral received by other counterparties with which the Bank is active in the derivatives market.

Liquidity risk (continued)

As at 31 December 2017, the Luxembourg Division's encumbered assets concerned only amounts given as collateral in the context of derivative transactions. The following table breaks down the assets according to whether or not they are encumbered (median value in euros):

31 Dec. 2017	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the Bank	**450 300 162**	**N/A**	**2 662 866 181**	**N/A**
Equity instruments	-	-	38 207 866	38 207 866
Debt instruments	355 829 350	355 723 099	745 213 573	744 107 015
Other assets	-	-	190 184 732	

31 Dec. 2016	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the Bank	**562 928 707**	**N/A**	**2 075 185 054**	**N/A**
Equity instruments	-	-	37 033 013	37 033 013
Debt instruments	454 926 608	455 560 148	1 121 748 678	1 122 871 209
Other assets	-	-	206 599 470	-

Collateralised debt instruments consist of securities lent and securities sold under repurchase agreements.

The guarantees received by the Luxembourg Division are broken down in the following table (median value in euros) depending on whether or not they are encumbered or likely to be so:

The bonds available for encumbrance were obtained through reverse repurchase and securities lending transactions.

	31 Dec. 2017 Fair value of encumbered collateral received	31 Dec. 2017 Fair value of collateral received available for pledging	31 Dec. 2016 Fair value of encumbered collateral received	31 Dec. 2016 Fair value of collateral received available for pledging
Collateral received by reporting institution	**-**	**432 681 508**	**-**	**489 005 825**
Equity instruments	-	-	-	-
Debt instruments	-	432 681 508	-	489 005 825
Other collateral received	-	-	-	-

The carrying amount of liabilities likely to entail additional charges encumbering the assets and that of the associated encumbered assets and collateral are shown in the following table (median value in euros):

	31 Dec. 2017 Correspondent liabilities, contingent liabilities and securities lent	31 Dec. 2017 Encumbered assets, collateral received	31 Dec. 2016 Correspondent liabilities, contingent liabilities and securities lent	31 Dec. 2016 Encumbered assets, collateral received
Carrying amount of selected financial liabilities	**455 955 387**	**450 300 162**	**525 188 101**	**562 928 707**

Liquidity risk (continued)

The following tables detail respectively the liquidity gaps based on contractual cash flows (known or estimated) and not discounted to NPV for financial assets and liabilities (in euros):

31 Dec. 2017 **Financial assets**	**At sight**	**Up to three months**	**From three months to one year**	**From one to five years**	**more than five years**	**TOTAL**
Loans and advances to credit institutions [1]	1 812 590 923	17 307 344	20 097 355	-	-	1 849 995 622
Loans and advances to customers	107 105 501	184 292 665	93 602 534	50 644 322	19 793 855	455 438 877
Bonds and other fixed income securities [2]	-	51 497 383	213 004 121	212 366 906	110 073 524	586 941 934
Derivatives	33 243 608	2 976 113 968	884 589 220	53 306 435	9 793 138	3 957 046 369
Undrawn credit lines	53 486 351	-	-	-	-	53 486 351
Total assets	**2 006 426 383**	**3 229 211 360**	**1 211 293 230**	**316 317 663**	**139 660 517**	**6 902 909 153**
Financial liabilities						
Deposits from credit institutions	27 190 172	29 796 468	-	-	-	56 986 640
Customer deposits	2 487 112 052	88 278 265	32 026 076	1 868 262	-	2 609 284 655
Derivatives	33 343 962	2 982 598 422	887 526 590	51 466 995	8 095 960	3 963 031 929
Guarantees issued	-	35 465 980	-	-	-	35 465 980
Total liabilities	**2 547 646 186**	**3 136 139 135**	**919 552 666**	**53 335 257**	**8 095 960**	**6 664 769 204**
Liquidity gap	**-541 219 803**	**93 072 225**	**291 740 564**	**262 982 406**	**131 564 557**	**238 139 949**
Impact of repo capacity of bond portfolio [2]	586 941 934	-51 497 383	-213 004 121	-212 366 906	-110 073 524	-
Corrected liquidity gap	**45 722 131**	**41 574 842**	**78 736 443**	**50 615 500**	**21 491 033**	**238 139 949**

1 Includes cash and balances with the central bank.
2 The majority of the euro-denominated bonds included in this table are considered to be rapidly realisable via repurchase agreements.

Liquidity risk (continued)

31 Dec. 2016 **Financial assets**	**At sight**	**Up to three months**	**From three months to one year**	**From one to five years**	**more than five years**	**TOTAL**
Loans and advances to credit institutions [1]	854 241 699	64 951 954	-	-	-	919 193 653
Loans and advances to customers	60 885 175	136 224 214	120 165 867	35 017 618	21 173 894	373 466 768
Bonds and other fixed income securities [2]	-	32 477 976	245 164 918	759 213 979	200 003 702	1 236 860 575
Derivatives	964 183	3 133 902 128	491 934 501	30 279 612	4 094 805	3 661 175 229
Undrawn credit lines	121 072 289	-	-	-	-	121 072 289
Total assets	**1 037 163 346**	**3 367 556 272**	**857 265 286**	**824 511 209**	**225 272 401**	**6 311 768 514**
Financial liabilities						
Deposits from credit institutions	81 917 021	8 975 132	35 026	-	-	90 927 179
Customer deposits	2 082 750 418	125 395 339	30 842 270	1 873 097	-	2 240 861 124
Derivatives	953 428	3 164 861 043	465 276 260	29 313 372	3 500 895	3 663 904 998
Guarantees issued	-	28 797 282	-	-	-	28 797 282
Total liabilities	**2 165 620 867**	**3 328 028 796**	**496 153 556**	**31 186 469**	**3 500 895**	**6 024 490 583**
Liquidity gap	**-1 128 457 521**	**39 527 476**	**361 111 730**	**793 324 740**	**221 771 506**	**287 277 931**
Impact of repo capacity of bond portfolio [2]	1 249 437 614	-	-67 120 449	-948 028 981	-234 288 184	-
Corrected liquidity gap	**120 980 093**	**39 527 476**	**293 991 281**	**-154 704 241**	**-12 516 678**	**287 277 931**

1 Includes cash and balances with the central bank.
2 The majority of the euro-denominated bonds included in this table are considered to be rapidly realisable via repurchase agreements.

6.3 Market risk

6.3.1 Policy

Market risks are the risks of an adverse development of market factors (interest rates, equity prices, exchange rates, etc.) affecting the value of positions taken by the Luxembourg Division for its own account.

Treasury, foreign exchange and bond trading activities are monitored daily using indicators such as Value-at-Risk (VaR), interest rate sensitivity, scenario analyses, and, more simply, nominal volumes.

These activities are compared with limits set by the Management Committee within the framework dictated by the parent company and are characterised by outstandings that are of limited significance relative to equity.

In the context of Basel III, the calculation method chosen is based on the impact of a 200 basis point movement in interest rates for interest rate risk and historical VaR (which measures the maximum loss with a 99 % confidence interval and a one-day holding period) for foreign exchange risk. These indicators are used to calculate economic capital for interest-rate and foreign exchange-related market risks.

6.3.2 Interest rate risk

This is the financial risk resulting from the impact of a change in interest rates on the interest margin and on the fair value of fixed income instruments.

This risk is managed on a monthly basis by the ALMAC using a standard defined in terms of duration gap. This standard has been constructed on the basis of the maximum acceptable loss in the event that rates rise by 1%, as allocated by the Management Committee of Banque Degroof Petercam S.A. to the Group’s transformation activity and shared between Brussels and Luxembourg. This includes all balance sheet items and therefore all cash positions.

The limit on the maximum acceptable amount of loss as a result of a 1% movement in interest rates is set at EUR 8 million. This translates into an operating limit in VBP (Value per Basis Point) of EUR 100,000. which encompasses all the interest rate positions and is monitored daily. This limit has not changed compared to 31 December 2016.

The following table shows the key figures relating to the exposure to interest rate risk (VBP in euros):

2017	**31 Dec. 2017**	**Mean**	**Minimum**	**Maximum**
Interest rate risk	25 367	38 979	22 160	60 676
2016	**31/12/2016**	**Mean**	**Minimum**	**Maximum**
Interest rate risk	60 055	75 941	49 246	98 468

6.3.3 Exchange risk

This basically concerns the hedging and optimisation of the exchange risk generated by all the Bank's departments. Trading is forbidden.

The indicators used to monitor daily foreign exchange risk are:

- limits set in terms of nominal amounts;
- historical VaR.

The following table shows the key figures relating to the exposure to currency risk (total currency position in euros):

2017		**31 Dec. 2017**	**Mean**	**Minimum**	**Maximum**
Exchange risk	Nominal	558 528	780 694	247 981	1 980 689

2016		**31/12/2016**	**Mean**	**Minimum**	**Maximum**
Exchange risk	Nominal	914 352	507 350	168 985	1 453 538

The limits concerning exchange risk have been established in nominal values.

Overnight limits in absolute values:

	Weekdays	**Weekends**
Commonly traded currencies (limit per currency)	2 000 000	1 000 000
Exotic currencies (limit per currency)	250 000	250 000
Total all currencies	**3 000 000**	**2 000 000**

The limits have not changed since the 2016 financial year.

In addition, Promotion Partners maintains a residual position of USD 0.5 million in connection with the holding of a property in the Bahamas. This position is not included in the exchange limits governing the activities of the Financial Markets department. However, this position is specifically monitored by the Luxembourg ALM Committee.

6.4 Credit risk

6.4.1 Description

Credit risk is the risk of loss resulting from a (professional, institutional, corporate, private, etc.) counterparty failing to meet its contractual obligations on time. This risk is monitored on a daily basis.

As regards counterparty limits, exposure is calculated in line with changes in market value, plus an add-on reflecting the risk of future changes in this value. This exposure is then compared with the limits granted by the Limits Committee.

6.4.2 Management of credit risk

The amount of the Luxembourg Division's exposure to credit risk is represented by the carrying amount, net of value corrections, of the assets, guarantees issued and unutilised confirmed credit lines granted to its clients.

The amount of the Luxembourg Division's exposure to credit risk on derivative financial instruments is represented by their global replacement cost. To reduce the credit risk on these transactions, the Luxembourg Division has signed 49 CSA (Credit Support Annex) agreements.

The tables that follow show the Luxembourg Division's exposure to credit risk, calculated according to Basel III rules as at 31 December 2017 and 2016 (in euros):

31 Dec. 2017	**Net value at risk**	**Final value at risk (*)**	**Risk weighted assets (**)**
Total	**1 512 659 795**	**1 117 415 988**	**399 887 697**
Loans and advances to credit institutions	253 257 683	157 488 998	44 161 182
Loans and advances to customers	455 942 216	260 178 953	238 683 724
Bonds and other fixed income securities	602 895 875	592 900 554	27 040 197
Public sector issuers	*289 454 442*	*279 459 121*	*1 003 807*
Other issuers	*313 441 433*	*313 441 433*	*26 036 390*
Shares and other variable income securities	43 737 769	43 737 769	43 737 769
Contingent liabilities and commitments	88 952 331	7 285 933	5 686 484
Derivatives held for trading Unlisted	67 873 921	55 823 781	40 578 341

(*) The final value at risk reflects the techniques used to mitigate credit risk (mainly guarantees) and the off-balance sheet conversion factor.

(**) The amount of risk weighted assets corresponds to the final value at risk multiplied by the weighting associated with the counterparty for each exposure.

Management of credit risk (continued)

31 Dec. 2016	**Net value at risk**	**Final value at risk(*)**	**Risk weighted assets (**)**
Total	**2 161 144 833**	**1 868 298 732**	**384 437 480**
Loans and advances to credit institutions	326 853 949	324 272 912	64 854 582
Loans and advances to customers	372 850 506	237 954 601	211 946 816
Bonds and other fixed income securities	1 212 166 841	1 212 166 841	29 395 457
Public sector issuers	*414 420 340*	*414 420 340*	-
Other issuers	*797 746 501*	*797 746 501*	*29 395 457*
Shares and other variable income securities	30 496 977	30 496 977	30 496 977
Contingent liabilities and commitments	147 869 571	9 412 282	9 396 366
Derivatives held for trading Unlisted	70 906 989	53 995 119	38 347 282

(*) The final value at risk reflects the techniques used to mitigate credit risk (mainly guarantees) and the off-balance sheet conversion factor.

(**) The amount of risk weighted assets corresponds to the final value at risk multiplied by the weighting associated with the counterparty for each exposure.

A distinction can be made among three categories of credit in the Luxembourg Division:

a) *limits granted to banking counterparties*

The granting of interbank limits is centralised at Luxembourg Division level and is based on the granting and review of limits by the Limits Committee, which meets monthly bringing together the responsible persons from Brussels and Luxembourg.

b) *Loans granted to clients for non-banking counterparties*

The Luxembourg Division's appetite for credit risk is very low. The Bank will only consider lending to private individuals up to the equivalent amount of appropriate collateral. Credit facilities for companies are limited to first rate borrowers.

Non-performing and non-impaired loans consist solely of loans and advances granted to clients which are either overdue or cancelled. The amounts shown in the table below (in euros) correspond to amounts outstanding in the case of overdue receivables or the full amount of the loan (principal and interest) in the case of cancelled loans; the duration is the number of days since first unpaid due date or termination date respectively:

	31 Dec. 2017	**31 Dec. 2017**	**31 Dec. 2016**	**31 Dec. 2016**
	Loans	**Guarantees (*)**	**Loans**	**Guarantees (*)**
Less than three months	1 923 778	1 172 937	9 507 315	8 904 449
From three months to one year	309 464	22 982	20 009	202
From one to five years	14 311	-	371 298	350 000
Total non-performing loans	**2 247 553**	**1 195 919**	**9 898 622**	**9 254 651**

(*) The amount of guarantees received is limited to the amount of the loans covered. The guarantees include cash, securities and mortgages.

A loan, of which the late payment of EUR 8 011 869 is classed under "Less than three months" as at 31 December 2016 was adjusted during the first quarter of 2017.

Management of credit risk (continued)

As at 31 December 2017 and 2016, these restructured loans, amounting to EUR 24 199 007 and EUR 9 078 049, respectively, concerned loans and advances to customers; the due dates have been renegotiated following borrowers' difficulties in honouring their commitments on time. As at 31 December 2017, impairments amounting to EUR 2 594 295 (2016: EUR 421 108) were recognised on these loans.

c) *The Luxembourg Division's investment portfolio*

The Bank's overall bond portfolio was completely reviewed and is now divided between two portfolios corresponding to two main categories. The first category includes public sector bonds, i.e. sovereign issuers, government agencies, public-guaranteed bonds and bonds issued by supranational issuers. The second category includes private sector bonds which in this case is exclusively made up of covered bonds. A maximum of EUR 425 million was granted for the second category.

As at 31 December 2017, the "public sector" portfolio stood at EUR 318.9 million (2016: EUR 935.0 million). The average rating of this portfolio is AA+ and all issuers have an Investment Grade rating[1].

As for the "private sector" portfolio composed exclusively of covered bonds, the total assets stood at EUR 270.4 million at 31 December 2017 (2016: EUR 282.5 million). The average rating is AAA and all issuers have Investment Grade rating.

[1] The term "Investment Grade" refers to high quality issuers with ratings between AAA and BBB-.

6.4.3 Geographical exposure

In geographical terms, the Luxembourg Division has no exposure to emerging countries and focuses basically on the European Union and certain OECD countries. The list of authorised countries is reviewed on a regular basis.

The following table shows the geographical distribution of "public sector" portfolio bonds.

Belgium	39.40%
Spain	15.70%
Supranational institutions	14.60%
Germany	12.80%
Italy	9.50%
France	7.90%
Total	**100.00%**

Geographical exposure (continued)

The following table shows the geographical distribution of "private sector" portfolio bonds.

Belgium	56.40%
France	31.00%
Luxembourg	5.60%
Netherlands	3.70%
Germany	3.40%
Total	**100.00%**

6.5 Wealth management risk

Wealth management risk is the financial risk resulting from possible inconsistencies or excessive risk taking in the asset management strategies pursued in the Luxembourg Division as a whole.

This risk is monitored within each entity by the respective control departments, and also at the consolidated level, using aggregate data. The controls focus on compliance with the management constraints set by both the client and the Group's Management Committee (in particular in terms of diversification, equity ratio and authorised investment products) as well as performance monitoring. Banque Degroof Petercam S.A. Group's Risk Management department ensures that the controls and investment principles are consistent among the various subsidiaries.

6.6 Return on assets

The Group's return on assets (in euros) is as follows:

	31 Dec. 2017	**31 Dec. 2016**
Total assets	3 079 102 322	2 716 548 641
Profit/(loss) for the financial year	48 647 570	47 723 172
Return on Assets	**1.58%**	**1.76%**

6.7 Capital management

The main objective of the Luxembourg Division's capital management is to ensure that the Bank meets regulatory requirements and maintains a level of capitalisation consistent with the level of activity and the risks incurred.

Regulatory own funds calculated under the CRR/CRD IV package as at 31 December 2017 and 31 December 2016 (in euros) were as follows:

	31 Dec. 2017	**31 Dec. 2016**
Tier 1 own funds	187.242.403	208.784.229
Total own funds	**187.242.403**	**208.784.229**
Own funds requirement	62.308.175	57.852.884
Ratio	**24.04%**	**28.87%**

Capital management (continued)

Once a year, the Luxembourg Division produces a report on the ICAAP (Internal Capital Adequacy Process) in accordance with the regulations in force. This report is approved by the Bank's Board of Directors and its Management Committee. It certifies the adequacy of the Bank's own funds in relation to the risks incurred, even in crisis scenarios.

7 Scope of consolidation

Scope of consolidation

Name	*Registered office*	*Proportion of share capital held as at 31 December 2017*	*Proportion of share capital held as at 31 December 2016*
Parent company:			
Banque Degroof Petercam Luxembourg S.A.	Luxembourg		
Fully consolidated subsidiaries:			
Degroof Petercam Insurance Broker S.A., (formerly D.S Lux) ("DPIB")	Luxembourg	100.000%	100.000%
Degroof Petercam Asset Services S.A., (formerly Degroof Gestion Institutionnelle - Luxembourg), (“DPAS”)	Luxembourg	99.950%	99.950%
Promotion Partners S.A.	Luxembourg	100.000%	100.000%
Degroof Petercam Asset Management (HK) Limited	Hong Kong	91.840%	91.840%
Immobilière Cristal Luxembourg S.A. ("ICL")	Luxembourg	100.000%	100.000%
Société de Participations et d'Investissements Luxembourgeoise S.A. ("SOPIL")	Luxembourg	-	100.000%
Overseas Investments Company S.A.	Luxembourg	-	100.000%
Invest House S.A.	Luxembourg	100.000%	100.000%
Heaven Services S.A.	Luxembourg	100.000%	100.000%
3P(L) S.à r.l.	Luxembourg	100.000%	100.000%
Associates included using the equity method:			
Promotion 777 S.A.	Luxembourg	34.000%	34.000%
Seniorenresidenz Berdorf S.A.	Luxembourg	-	50.000%
Stairway To Heaven S.A.	Luxembourg	48.000%	48.000%
Le Cloître S.A.	Luxembourg	33.600%	33.600%

On 12 July 2017, D.S. Lux S.A. changed its name to Degroof Petercam Insurance Broker S.A.

On 11 December 2017, the Bank, a 100% shareholder of Investment Company of Luxembourg S.A., approved the renaming of the company to “Immobilière Cristal Luxembourg S.A.” as well as a capital increase fully subscribed and paid up in the amount of EUR 96 392 000 in the form of a contribution in kind of the property belonging to the Bank.

On 11 December 2017, Overseas Investments Company S.A. and Société de Participations et d'Investissements Luxembourgeoise S.A. were dissolved.

Since December 2016, the Bank has held 91.84% of the capital of Degroof Asset Management (HK) Limited after two capital increases on 22 March 2016 and 14 December 2016.

On 1 April 2016, Degroof Gestion Institutionnelle S.A. - Luxembourg and Petercam Institutional Asset Management (Luxembourg) S.A. merged with retroactive effect from 1 January 2016; the new company is called Degroof Petercam Asset Services S.A.

Scope of consolidation (continued)

In the context of UCITS V, and with a view to resolving the incompatibility issues posed by the management bodies, on 20 September 2017, DPAS transformed its unitary governance structure into a dual governance structure, with a Supervisory Board and a Management Board.

3P(L) Sàrl, formerly a subsidiary of Petercam (Luxembourg) S.A., was incorporated into the Bank's portfolio during the merger on 1 April 2016.

Since 31 December 2015, the Bank also incorporated Heaven Services S.A. into its consolidation scope.

Since 31 December 2015, the Bank has included the following associates in its consolidation scope: Promotion 777 S.A., Stairway To Heaven S.A., Seniorenresidenz Berdorf S.A. and Le Cloître S.A., which is held directly by Stairway To Heaven S.A. and indirectly by the Bank.
On 27 September 2017, Seniorenresidenz Berdorf S.A. was sold.

As at 31 December 2017, a limited number of companies had not been consolidated.

These companies are not included in the scope of consolidation on the basis of the following criteria:

- the size of equity;
- the non-material impact on the consolidated balance sheet;
- no activity was performed in the company;
- company in liquidation which has no longer any effective business;
- limited business and consolidation (after cancelling intra-group operations) would not have any impact (or very little) on the consolidated balance sheet.

Thanks to cash deposits in these books, the Bank bears very little risk. Cash flows are also limited by the activity of these companies.

All the conditions listed in the consolidation principles were complied with.

8 Notes to the balance sheet

8.1 Cash and sight accounts with central banks

The breakdown of Cash and sight balances with central banks is as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Cash	600 085	842 711
Balances with central banks other than regulatory reserves	1 542 418 007	591 485 590
Accrued interest	-160 000	-
Total	**1 542 858 092**	**592 328 301**

As at 31 December 2017 and 2016, the Bank had fulfilled its obligations in terms of “regulatory reserves” with Banque centrale du Luxembourg.

The comparative information in the above table for 2016 on balances with central banks is reclassified to conform to the current year's changes in presentation.

The following amounts included in cash and cash equivalents are as follows (in euros):

	Notes (*)	31 Dec. 2017	31 Dec. 2016
Cash	8.1	600 085	842 711
Balances with central banks other than regulatory reserves	8.1	1 542 418 007	591 485 590
Sight accounts with credit institutions	8.5	103 613 463	224 775 815
Term loans with credit institutions	8.5	117 300 000	64 941 212
Overdrafts from credit institutions	8.14	-12 832 921	-15 416 454
Term deposits from credit institutions	8.14	-29 786 257	-8 991 318
Total		**1 721 312 377**	**857 637 556**

(*) the amounts shown in the table are from the balances set out in the notes indicated.

The total amount of cash and cash equivalents includes:

- cash;
- balances with central banks, except amounts of mandatory reserves;
- debit and credit sight balances with credit institutions, excluding vostro accounts and balances which guarantee repurchase/reverse repurchase transactions or derivative transactions;
- loans and deposits with credit institutions, the initial duration of which is less than three months.

8.2 Financial assets held for trading

Financial assets held for trading consist of the following types (in euros):

	31 Dec. 2017	31 Dec. 2016
Derivatives held for trading	**47 916 833**	**57 200 781**
Debt instruments	**4 412 662**	**1 955 465**
Bonds of other issuers	4 412 662	1 955 465
Accrued interest	**375 235**	**158 112**
Total assets held for trading	**52 704 730**	**59 314 358**

The tables below show the breakdown of derivatives held for trading (in euros):

	31 Dec. 2017 Carrying amount	31 Dec. 2017 Notional value	31 Dec. 2016 Carrying amount	31 Dec. 2016 Notional value
Exchange derivatives	**30 550 496**	**1 886 966 231**	**35 130 393**	**1 886 411 129**
not listed				
Forward contracts	10 774 430	602 305 797	26 622 155	1 288 005 307
Swap contracts	19 776 066	1 243 586 478	8 476 964	560 559 733
Options acquired	-	-	31 274	6 820 368
organised market				
Futures	-	41 073 956	-	31 025 721
Interest rate derivatives	**12 172 743**	**1 593 109 170**	**13 948 463**	**1 179 129 713**
not listed				
Swap contracts	12 172 743	1 137 301 059	13 932 080	1 005 695 037
organised market				
Options acquired	-	-	16 383	9 566 711
Futures	-	455 808 111	-	163 867 965
Equity derivatives	**5 193 594**	**1 333 535 892**	**8 121 925**	**648 949 216**
not listed				
Options acquired	-	-	825 920	24 571 079
organised market				
Options acquired	5 193 594	849 900 319	7 296 005	82 665 011
Futures	-	483 635 573	-	541 713 126
Total derivatives	**47 916 833**	**4 813 611 294**	**57 200 781**	**3 714 490 058**

A breakdown of fair values (excluding accrued interest), according to whether they are derived from a published market price or using a valuation technique, is given in note 8.20.

8.3 Financial assets at fair value through profit and loss

Equity investments are designated on their acquisition date at fair value through profit and loss if they are hedged by an option structure, in accordance with a risk management strategy. This designation eliminates, or significantly reduces, any accounting mismatch that might otherwise occur as a result.

At the beginning of 2009, interbank deposit activity was limited for reasons of liquidity risk and credit risk. A new bond portfolio was created to compensate for this. Most of the securities in this portfolio are government issuances or securities issued by financial institutions with a state guarantee or covered bonds. This portfolio is hedged using interest rate swaps and has been designated at fair value through profit and loss to avoid a mismatch resulting from different valuation methods.

Financial assets designated at fair value through profit and loss break down as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Equity instruments	**-**	**28 828 590**
Equities	-	28 828 590
Debt instruments	**418 236 866**	**873 073 328**
Public sector paper and government bonds	164 805 753	264 409 920
Bonds of other issuers	253 431 113	608 663 408
Accrued interest	**2 115 819**	**3 767 428**
Total financial assets at fair value through profit and loss	**420 352 685**	**905 669 346**

A breakdown of fair values according to whether they are derived from a published market price or using a valuation technique, is given in note 8.20.

The amounts of bonds under repos or lent are set out in note 8.21.

8.4 Available-for sale financial assets

Available-for-sale financial assets comprise listed and unlisted fixed or variable income transferable securities, shown here broken down by type (in euros):

	31 Dec. 2017	31 Dec. 2016
Equity instruments	**43 589 276**	**1 668 387**
Equities	3 159 768	1 595 560
Units & shares in CIS	40 429 508	72 827
Debt instruments	**119 809 770**	**253 725 587**
Public sector paper and government bonds	68 409 907	80 241 683
Bonds and certificates of deposit of other issuers	51 251 369	173 335 004
Other fixed income instruments	148 494	148 900
Accrued interest	**277 528**	**515 161**
Total available-for sale financial assets	**163 676 574**	**255 909 135**

Available-for-sale financial assets are recognised at fair value. A breakdown of fair values (excluding accrued interest), according to whether they are derived from a published market price or using a valuation technique, is given in note 8.20.

Impairment tests performed as at 31 December 2017 and 31 December 2016 did not reveal any impairment losses to be recognised in connection with this portfolio, which is carried at fair value.

The amounts of bonds lent are set out in note 8.21.

Available-for sale financial assets (continued)

The table below shows the movements of the revaluation reserve for the available-for-sale assets portfolio (in euros):

	Fixed income securities	Variable income securities	Total
Balance at 31 Dec. 2015	**1 622 316**	**47 112**	**1 669 428**
Increase (decrease) in unrealised gross revaluation losses - AFS portfolio	-2 172 929	21 125	**-2 151 804**
Decrease (increase) in unrealised gross revaluation losses - AFS portfolio	125 561	-11 271	**114 290**
Deferred taxation	855 943	-2 915	**853 028**
Balance at 31 Dec. 2016	**430 891**	**54 051**	**484 942**
Increase (decrease) in unrealised gross revaluation losses - AFS portfolio	-402 294	3 593 373	**3 191 079**
Decrease (increase) in unrealised gross revaluation losses - AFS portfolio	368 281	-514 832	**-146 551**
Deferred taxation	28 480	-798 267	**-769 787**
Balance at 31 Dec. 2017	**425 358**	**2 334 325**	**2 759 683**

8.5 Loans and advances to credit institutions

Interbank loans and advances are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Overdrafts	117 483 998	261 929 235
Term loans	37 300 000	56 000 000
Reverse repo transactions	100 000 000	8 941 212
Accrued interest	-27 779	-16 498
Total loans and advances to credit institutions	**254 756 219**	**326 853 949**

8.6 Loans and advances to customers

Loans and advances to customers and movements of impairments on these receivables are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Advances in current account	61 208 471	61 776 674
Mortgage loans	58 560 122	73 002 660
Term loans (including Lombard loans)	345 993 160	245 888 282
Reverse repo transactions	-	-
Other	-	-
Accrued interest	1 670 384	1 046 771
Carrying amount before impairment	**467 432 137**	**381 714 387**
Impairment based on individual assessments	-11 074 913	-7 541 348
Impairment based on collective assessments	-1 913 544	-1 322 533
Total loans and advances to customers	**454 443 680**	**372 850 506**

Since 2015, the Bank has decided to record impairments on the basis of collective valuations for an amount of EUR 1 913 544 (2016: EUR 1 322 533) as described in chapter 5.8 "Impairment of assets", on the basis of the recommendations of the European Central Bank and of the Group.

Changes in provisions for impairments on the basis of individual valuations are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Balance at beginning of period	**7 541 348**	**6 741 326**
Additions	3 656 131	849 814
Reversals	-111 835	-19 806
Application of provisions	-	-32 726
Exchange adjustment	-10 731	2 740
Balance at end of period	**11 074 913**	**7 541 348**

The increase in provisions is mainly due to the revaluation of collateral.

8.7 Participating interests

Participating interests are recognised at acquisition cost.

As at 31 December 2017, their gross value was EUR 12 395 (EUR 43 396 as at 31 December 2016).

8.8 Held-to-maturity investments

Held-to-maturity investments are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Government bonds	40 116 120	70 670 754
Bonds issued by credit institutions	10 640 400	10 640 400
Premiums / discounts	-3 107 566	-2 881 382
Accrued interest	435 822	667 722
Total held-to-maturity investments	**48 084 776**	**79 097 494**

No impairment losses have been recognised on held-to-maturity investments.

The amounts of bonds lent are set out in note 8.21.

8.9 Property, plant & equipment

Property, plant and equipment can be broken down as follows (in euros):

	Land and buildings (*)	IT equipment	Office equipment	Other equipment	Total
Net carrying amount at 31 Dec.2016	**40 865 679**	**2 217 707**	**599 930**	**265 688**	**43 949 004**
Acquisition value	69 224 285	8 506 110	2 807 468	939 993	81 477 856
Cumulative depreciation and impairment	-28 358 606	-6 288 403	-2 207 538	-674 305	-37 528 852
Net carrying amount at 31 Dec. 2017	**40 121 492**	**1 493 728**	**581 560**	**258 879**	**42 455 659**
Acquisition value	40 522 729	7 402 061	2 891 814	760 357	51 576 961
Cumulative depreciation and impairment	-401 237	-5 908 333	-2 310 254	-501 478	-9 121 302

(*) The acquisition cost of the land is EUR 10 248 042 for ICL and USD 225 000 for Promotion Partners S.A.

Property, plant and equipment (continued)

Changes in the net carrying amount can be explained as follows (in euros):

	Land and buildings	IT equipment	Office equipment	Other equipment	Total
Balance at 31 Dec. 2015	**42 022 992**	**992 766**	**523 091**	**308 396**	**43 847 245**
Acquisitions	413 958	1 605 874	177 818	0	2 197 650
Disposals	0	0	0	-113 538	-113 538
Depreciation & amortisation	-1 637 229	-381 025	-100 987	-42 746	-2 161 987
Reversal of depreciation on disposal	-	-	-	113 538	113 538
Exchange differences	65 958	91	8	39	66 096
Balance at 31 Dec. 2016	**40 865 679**	**2 217 706**	**599 930**	**265 689**	**43 949 004**
Acquisitions	38 465 547	842 091	87 566	11 491	39 406 695
Disposals	-66 881 643	-1 945 265	-3 170	-190 838	-69 020 916
Depreciation & amortisation	-1 619 989	-596 169	-105 905	-18 134	-2 340 197
Reversal of depreciation on disposal	29 542 803	975 791	3 170	190 838	30 712 602
Exchange differences	-250 905	-427	-31	-166	-251 529
Balance at 31 Dec. 2017	**40 121 492**	**1 493 727**	**581 560**	**258 880**	**42 455 659**

Residual amounts of fully depreciated fixed assets are estimated at zero.

Land has an indefinite useful life and is therefore not depreciated.

8.10 Intangible assets

Intangible assets can be broken down as follows (in euros):

	Goodwill	Software applications	Total
Net carrying amount at 31 Dec. 2016	**19 276 817**	**1 238 347**	**20 515 164**
Acquisition value	53 200 583	12 786 531	65 987 114
Cumulative amortisation	-31 513 930	-11 548 184	-43 062 114
Impairment	-2 409 836	-	-2 409 836
Net carrying amount at 31 Dec. 2017	**14 949 309**	**2 669 216**	**17 618 525**
Acquisition value	33 502 543	14 880 032	48 382 575
Cumulative amortisation	-17 526 234	-12 210 816	-29 737 050
Impairment	-1 027 000	-	-1 027 000

Changes in the net carrying amount can be explained as follows (in euros):

	Goodwill	Software applications	Total
Balance at 31 Dec. 2015	**6 381 530**	**1 364 881**	**7 746 411**
Acquisitions	26 395 880	496 107	26 891 987
Depreciation & amortisation	-12 422 654	-622 641	-13 045 295
Impairment	-1 077 939	-	-1 077 939
Balance at 31 Dec. 2016	**19 276 817**	**1 238 347**	**20 515 164**
Acquisitions	-	2 093 501	2 093 501
Disposals	-19 698 040	-	-19 698 040
Depreciation & amortisation	-3 369 626	-662 632	-4 032 258
Amortisation/depreciation reversal on disposal	19 698 040	-	19 698 040
Impairment	-957 882	-	-957 882
Balance at 31 Dec. 2017	**14 949 309**	**2 669 216**	**17 618 525**

Intangible assets (continued)

In 2016, the goodwill of EUR 9 115 830 recorded in the Petercam (Luxembourg) S.A. balance sheet and fully amortised has been included in the Bank's balance sheet; a new amount of EUR 17 280 000 has been recognised following the merger.

In accordance with the accounting methods and principles described in note 5.6, the Bank conducts impairment tests on intangible assets as a minimum at the close of each financial year, and more frequently if there is any indication of an intangible asset having lost value.

The value in use was used to estimate the goodwill value of the merger with Petercam (Luxembourg) S.A. for customer relations as part of the private bank and institutional management activities.

The Group did not perform any impairment tests of PIAM Luxembourg as no incident showed that business was declining.

The valuation performed for the impairment tests is based on the same model as the one initially used to calculate the goodwill value. This model is based on the discounted cash flow method, which is based on projected revenue generated by client capital over a defined period, ending in 2026. The gradual decline of traditional customers in private discretionary management is estimated at 10.8% per annum, while the annual growth of the remaining capital under management is estimated at 3%. Cash flows are discounted at the capital cost after taxes of 7.6%. No depreciation was recorded in 2017 (2016: EUR 1 027 000).

As for other goodwill, Degroof, Thierry, Portabella & Associés S.A., Bearbull (Luxembourg) S.A. and Banque Nagelmakers 1747 (Luxembourg) S.A., an impairment loss is recorded when the fair value of the capital under management initially included in the goodwill and still present on the test date is less than the carrying value of the goodwill.

At 31 December 2017, the goodwill of Banque Nagelmakers 1747 (Luxembourg) S.A. was fully impaired for a total amount of EUR 957 882.

This additional depreciation is the consequence:

1. of initial depreciation periods longer than the periods used for more recent goodwill;
2. of the traceability of clients, underlying assets and related income, which is very difficult to achieve mainly because of the movements (successions and donations, account transfers, etc.) over the years in the accounts included in the initial scope.

As the book value of these business assets had become nil at 31 December 2017, they were written off the balance sheet.

The same applies to the goodwill of EUR 9 115 830 of Petercam (Luxembourg) S.A. included in the Bank's accounts in 2016 and already fully amortised at the beginning of the financial year.

Intangible assets (continued)

The table below shows cumulative impairments recognised per goodwill item (in euros):

	31 Dec. 2017	31 Dec. 2016
Degroof, Thierry, Portabella & Associés S.A.	-	-312 089
Banque Nagelmakers 1747 (Luxembourg) S.A.	-	-1 070 747
Petercam (Luxembourg) S.A.	-1 027 000	-1 027 000
Total impairment	**-1 027 000**	**-2 409 836**

8.11 Interests in associates accounted for using the equity method

On 31 December 2017, an amount of EUR 1 339 837 was included in "Other liabilities" (2016: EUR 1 270 451) (note 8.17) concerning associates accounted for using the equity method:

	31 Dec. 2017	31 Dec. 2016
Promotion 777 S.A.	53 407	-25 559
Stairway To Heaven S.A.	3 404	9 243
Seniorenresidenz Berdorf S.A.	-	-254 619
Le Cloître S.A.	-1 396 648	-999 516
	-1 339 837	**-1 270 451**

8.12 Other assets

The “Other assets” item comprises (in euros):

	31 Dec. 2017	31 Dec. 2016
Income receivable	75 207 323	54 011 107
Prepaid expenses	1 982 982	1 944 066
Advance payment of taxes	303 841	390 318
VAT	3 710 790	3 100 216
Other assets	934 051	572 281
Total other assets	**82 138 987**	**60 017 988**

Income receivable mainly relates to fees due from investment funds. The “Tax advances” heading shows advance payments of taxes other than those on profit and refundable in accordance with national legislation.

Other assets (continued)

The Bank has opted to set up an advance (Irrevocable Payment Commitment) of 15% of the amount due to the Resolution Fund for the 2017 financial year: the receivable of EUR 97 945 is recorded under "Prepaid expenses".

8.13 Financial liabilities held for trading

Financial liabilities held for trading comprise the following (in euros):

	31 Dec. 2017	31 Dec. 2016
Derivatives held for trading	**51 176 078**	**59 269 118**
Accrued interest	**3 575 916**	**4 140 935**
Total financial liabilities held for trading	**54 751 994**	**63 410 053**

The tables below show the breakdown of derivatives held for trading (in euros):

	31 Dec. 2017 Carrying amount	31 Dec. 2017 Notional value	31 Dec. 2016 Carrying amount	31 Dec. 2016 Notional value
Exchange derivatives	**36 505 052**	**2 442 798 747**	**33 606 809**	**1 835 850 841**
not listed				
Forward contracts	25 190 272	1 926 540 197	10 547 954	764 031 479
Swap contracts	11 314 780	475 184 594	23 027 581	1 033 973 273
Options issued	-	-	31 274	6 820 368
organised market				
Futures	-	41 073 956	-	31 025 721
Interest rate derivatives	**9 477 430**	**1 970 636 407**	**15 429 175**	**1 494 923 008**
not listed				
Swap contracts	9 477 430	1 514 828 296	15 412 792	1 331 949 336
organised market				
Options issued	-	-	16 383	9 566 711
Futures	-	455 808 111	-	153 406 961
Equity derivatives	**5 193 596**	**1 333 535 891**	**10 233 134**	**662 970 129**
not listed				
Options issued	-	-	2 937 130	26 168 384
organised market				
Options issued	5 193 596	849 900 318	7 296 004	82 665 013
Futures	-	483 635 573	-	554 136 732
Total derivatives	**51 176 078**	**5 746 971 045**	**59 269 118**	**3 993 743 978**

A breakdown of fair values (excluding accrued interest), according to whether they are derived from a published market price or using a valuation technique, is given in note 8.20.

8.14 Deposits from credit institutions

Interbank deposits break down as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Sight deposits	27 193 130	81 916 968
Term deposits	19 719 613	9 026 385
Repo transactions	10 066 644	-
Accrued interest	8 463	3 223
Total deposits from credit institutions	**56 987 850**	**90 946 576**

Sight accounts which do not guarantee reverse repurchase transactions or derivatives and deposits with initial terms of less than three months are included in cash equivalents in the cash flow statement.

8.15 Customer deposits

Customer deposits are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Sight deposits	2 485 887 216	2 082 943 601
Term deposits	123 083 700	157 527 577
Accrued interest	-68 784	-65 358
Total customer deposits	**2 608 902 132**	**2 240 405 820**

8.16 Provisions

Provisions are as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Provision for restructuring	2 350 000	3 672 711
Provisions for litigation	132 180	-
Total provisions	**2 482 180**	**3 672 711**

The provision for restructuring was recognised as a result of the reorganisation of activities brought about by the merger of the Degroof and Petercam groups which took effect on 1 April 2016 through the merger of the Luxembourg divisions. During the last financial year, this provision was used for an amount of EUR 1 434 908 (2016: EUR 427 289) and an allocation of EUR 112 197 (2016: EUR 0) was recorded.

The provisions for litigation are based on the best financial year-end estimates available, taking the opinions of internal or external experts into account. In 2017, charges of EUR 239 180 and EUR 107 000 were recorded, while in view of the conclusion of certain proceedings and the fact that the remaining cases presented only limited risks, the provisions previously constituted had all been reversed during the 2016 financial year, i.e. EUR 2 550 000.

8.17 Other liabilities

Other liabilities comprise the following items (in euros):

	31 Dec. 2017	31 Dec. 2016
Salaries and social liabilities	6 193 046	6 990 145
Charges payable	54 076 286	40 391 786
Unearned income	150 522	251 483
Other financial liabilities	4 704 794	5 032 302
Other liabilities	7 871 405	7 942 033
Associates accounted for using the equity method	1 339 837	1 270 451
Total other liabilities	**74 335 890**	**61 878 200**

Other payables consist mainly of VAT and other taxes.

Companies accounted for using the equity method are listed in note 8.11.

8.18 Current and deferred tax liabilities

Tax liabilities can be summarised as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Current taxation	20 125 612	18 537 900
Deferred taxation	6 171 612	7 452 601
Total current and deferred taxation	**26 297 224**	**25 990 501**

Changes in deferred tax liabilities are explained by (in euros):

	31 Dec. 2017	31 Dec. 2016
Balance at beginning of period	**7 452 601**	**5 185 949**
Charge (Income) to profit and loss	-1 824 410	-791 297
Items recognised directly in equity	769 787	-595 650
Reclassification of current tax	269	-1 591 176
Changes in consolidation scope	-226 635	5 244 775
Balance at end of period	**6 171 612**	**7 452 601**

Current and deferred tax liabilities (continued)

The changes in scope are as follows:

	31 Dec. 2017	31 Dec. 2016
Deferred taxes on Petercam Luxembourg Private Banking goodwill	-	2 254 469
Deferred taxes on PLU-PIAM Luxembourg goodwill	-226 635	2 540 694
Deferred taxes on transfers to the reserve provision of the FRBG	-	449 612
Total Changes in consolidation scope	**-226 635**	**5 244 775**

Deferred tax is calculated on the following temporary differences (in euros):

	31 Dec. 2017	31 Dec. 2016
Fixed assets	4 663 165	6 197 620
Provisions	538 846	1 054 959
Available-for sale financial assets	969 601	200 022
Deferred taxation	**6 171 612**	**7 452 601**

At 31 December 2017, deferred taxes are calculated on the basis of the tax rate of 26.01% applicable at 1 January 2018, whereas at 31 December 2016 the calculation was based on the rate of 29.22% and had not incorporated the new rate of 27.08% applicable from 1 January 2017.

At 31 December 2017, following the derecognition of the goodwill of Degroof, Thierry, Portabella & Associés S.A., Bearbull (Luxembourg) S.A. and Banque Nagelmakers 1747 (Luxembourg) S.A., the associated deferred taxes were fully reversed. The amount of these deferred taxes was EUR 456 034 at 31 December 2016.

8.19 Equity

The table below shows the composition of equity (in euros):

	31 Dec. 2017	31 Dec. 2016
Capital subscribed	37 000 000	37 000 000
Share premiums	40 356 000	40 356 000
Legal reserve	3 700 000	3 700 000
Reserve for wealth tax	38 675 174	34 516 174
Other reserves and retained earnings	84 175 456	66 411 932
Revaluation reserves	2 759 683	484 942
Profit for the year attributable to owners of the parent	48 647 570	47 723 172
Interim dividend	-	-
Non-controlling participating interests recognised in equity	31 169	52 560
Total	**255 345 052**	**230 244 780**

The Bank's subscribed capital is represented by 740 000 shares, each with a par value of EUR 50.

Legal reserve

Under the Commercial Companies Act, at least 5% of net profit must be allocated to a legal reserve each year until this reserve is equal to 10% of the share capital. The legal reserve has reached 10% of the share capital.

Reserve for wealth tax

In accordance with paragraph 8a of the law on wealth tax, the Bank allocates the wealth tax due for the year to the amount of wealth tax. To this end, the Bank's general meeting of shareholders allocates to a non-distributable reserve an amount corresponding to five times the amount of the wealth tax allocated.

Revaluation reserves

Revaluation reserves comprise unrealised net gains and losses on available-for-sale financial assets (see notes 8.4 and 9.14). In accordance with CSSF regulation no. 14-02, unrealised gains net of tax from the last financial year included in the revaluation reserves are allocated to a non-distributable reserve.

Other reserves and retained earnings

Other reserves and retained earnings reflect the impact of the transition to IFRS for an amount of EUR 16 594 740, and the result relating to the profit sharing plan put in place in the Group, namely a reversal of EUR 150,784 for the financial year ended 31 December 2017 (2016: a charge of EUR 32 466).

Equity (continued)

As at 31 December 2017, the cumulative amount relating to the profit sharing plan included in other reserves stood at EUR 4 548 143 (2016: EUR 4 698 929).

Other reserves also include goodwill of EUR 73,025,963 recorded in 2016 following the integration of Petercam (Luxembourg) S.A and the reclassification of the profit and loss account to reserves of gains realised by Petercam (Luxembourg) S.A. at the time of the sale of PIAM Luxembourg to DPAS for EUR 7 547 663.

In accordance with CSSF no. 14-02, unrealised gains net of tax on portfolio securities "Financial assets at fair value through profit and loss" shown in the profit and loss for the financial year 2015 have been allocated to a non-distributable reserve of EUR 206 390.

Interim dividend

When approving the distribution of the 2016 profit, the general meeting of 16 May 2017 decided to pay dividends amounting to EUR 25 900 000. No dividends were paid in 2016.

8.20 Fair value of financial instruments

The carrying amount and fair value of financial instruments are shown, by financial instrument category, in the table below (in euros):

	31 Dec. 2017 Carrying amount	31 Dec. 2017 Fair value	31 Dec. 2016 Carrying amount	31 Dec. 2016 Fair value
Financial assets				
Cash and balances with central banks	1 542 858 092	1 542 858 092	592 328 301	592 328 301
Financial assets held for trading	52 704 730	52 704 730	59 314 358	59 314 358
Financial assets at fair value through profit and loss	420 352 685	420 352 685	905 669 346	905 669 346
Available-for sale financial assets	163 676 574	163 676 574	255 909 135	255 909 135
Loans and advances to credit institutions	254 756 219	254 650 652	326 853 949	326 866 887
Loans and advances to customers	454 443 680	449 687 796	372 850 506	375 143 635
Held-to-maturity investments	48 084 776	48 626 824	79 097 494	80 327 909
Total	**2 936 876 756**	**2 932 557 353**	**2 592 023 089**	**2 595 559 571**
Financial liabilities				
Financial liabilities held for trading	54 751 994	54 751 994	63 410 053	63 410 053
Deposits from credit institutions	56 987 850	56 986 640	90 946 576	90 927 179
Customer deposits	2 608 902 132	2 609 284 655	2 240 405 820	2 240 861 125
Total	**2 720 641 976**	**2 721 023 289**	**2 394 762 449**	**2 395 198 357**

The fair value of financial instruments includes accrued interest.

Fair value of financial instruments (continued)

For financial instruments not measured at fair value in the financial statements, the following methods and assumptions are used to determine the fair value of instruments not listed on an active market:

- the carrying amount of short-term financial instruments and of financial instruments without fixed maturities corresponds to a reasonable approximation of their fair value;
- other loans and borrowings are revalued by discounting their future cash flows to NPV on the basis of market interest rate curves at the closing date.

The fair value of financial instruments is determined using the methods described in chapter 05/03/2010. “Fair value of financial instruments”.

The classification of financial instruments by hierarchy of fair values was thoroughly reviewed in 2015. This re-examination focused particularly on some of the criteria used to determine the level at which a fair value is classified, such as the metric of the level of liquidity of a market, the average volumes of transactions observed and the frequency of valuations.

Financial instruments are classified in one of the three following categories:

- level 1, comprising valuations based on quoted prices on active markets; No valuation model or technique is used.
- level 2, which relies on valuation models and techniques using observable parameters on an active market.
- Valuations not based on observable data on active markets are classified as level 3.

Fair value of financial instruments (continued)

The tables below show fair value classifications (excluding accrued interest) by valuation category (in euros):

	Level 1	Level 2	Level 3	Total
31 Dec. 2017				
Financial assets at fair value through				
Derivatives	5 193 594	42 723 239	-	47 916 833
Other financial assets held for trading	357 442	4 055 220	-	4 412 662
Financial assets at fair value through profit and loss	335 053 528	83 183 338	-	418 236 866
Available-for sale financial assets	94 426 420	65 796 532	3 176 094	163 399 046
Total	**435 030 984**	**195 758 329**	**3 176 094**	**633 965 407**
Financial liabilities at fair value				
Derivatives	5 193 596	45 982 482	-	51 176 078
Other financial liabilities held for trading	-	-	-	-
Total	**5 193 596**	**45 982 482**	**-**	**51 176 078**

	Level 1	Level 2	Level 3	Total
31 Dec. 2016				
Financial assets at fair value through				
Derivatives	7 312 388	49 888 393	-	57 200 781
Other financial assets held for trading	117 434	1 527 554	310 477	1 955 465
Financial assets at fair value through profit and loss	763 314 568	138 587 350	-	901 901 918
Available-for sale financial assets	169 057 540	86 137 427	199 007	255 393 974
Total	**939 801 930**	**276 140 724**	**509 484**	**1 216 452 138**
Financial liabilities at fair value				
Derivatives	7 312 387	51 956 731	-	59 269 118
Other financial liabilities held for trading	-	-	-	-
Total	**7 312 387**	**51 956 731**	**-**	**59 269 118**

Fair value of financial instruments (continued)

Level 3 variable income securities in the Available-for-sale Financial Assets portfolio are valued mainly on the basis of equity and consist of structures used by Estate Planning and unlisted shares.

Following the change of method in determining the various levels, a security included in level 1 as at 31 December 2016 was reclassified to level 2 as at 31 December 2017 for an amount of EUR 25 246 538 and a security from level 3 as at 31 December 2016 was reclassified to level 1 as at 31 December 2017 for an amount of EUR 2.

The following table sets out the movements relating to the carrying amounts of the available-for-sale financial instruments classified as level 3 (in euros):

	Variable income securities	**Total**
Balance at 31 Dec. 2015	**210 816**	**210 816**
Integration of Petercam Luxembourg shares	62 992	62 992
Reimbursement	-1 253	-1 253
Liquidations	-82 288	-82 288
Revaluation of securities	8 741	8 741
Transfer to Participating Interests portfolio	-1	-1
Balance at 31 Dec. 2016	**199 007**	**199 007**
Level changes		
transfer level 3 to level 1	-2	-2
Purchase	3 535 000	3 535 000
Sale	-23 307	-23 307
Winding-up	-31 000	-31 000
Revaluation of securities	-503 604	-503 604
Balance at 31 Dec. 2017	**3 176 094**	**3 176 094**

Fair value of financial instruments (continued)

The following table sets out the movements relating to the carrying amounts of the available-for-sale financial instruments classified as level 3 (in euros):

	31 Dec. 2017	31 Dec. 2016
Net result on financial instruments not measured at fair value through profit and loss - Available-for-sale financial assets	587 926	286 376
Tax on income for the financial year	-159 210	-83 679
Effect on profit(loss) for the financial year	**428 716**	**202 697**
Remeasurement of fair value - Available-for-sale financial assets	-503 604	8 741
Taxes charged directly to reserves	130 987	-2 554
Effect on other components of comprehensive income	**-372 617**	**6 187**
Effect on total comprehensive income	**56 099**	**208 884**

8.21 Financial assets transferred

Financial assets transferred at 31 December 2017 and 2016 but which remain fully recognised consist solely of debt instruments.

Repurchase agreements with reverse repurchase agreements relate to bonds in the "Financial assets at fair value through profit or loss" portfolio; the associated liabilities are amounts recorded under "Deposits from credit institutions". The carrying amount and fair value of these assets and liabilities are shown in the following table (in EUR):

	31 Dec. 2017 Carrying amount	31 Dec. 2017 Fair value	31 Dec. 2016 Carrying amount	31 Dec. 2016 Fair value
Financial assets transferred	10 040 549	10 040 549	-	-
Associated financial liabilities	10 066 308	10 066 849	-	-
Net position		**-26 300**		**-**

The amounts of the bonds lent as part of the securities lending activity are listed by asset class in the following table (in euros):

	31 Dec. 2017 Carrying amount	31 Dec. 2017 Fair value	31 Dec. 2016 Carrying amount	31 Dec. 2016 Fair value
Financial assets at fair value through profit and loss	35 127 702	35 127 702	115 370 627	115 370 627
Available-for sale financial assets	15 202 774	15 202 774	20 124 192	20 124 192
Held-to-maturity investments	2 965 119	3 007 513	-	-
Total financial assets transferred	**53 295 595**	**53 337 989**	**135 494 819**	**135 494 819**

8.22 Offsetting of financial assets and liabilities

The Luxembourg Division does not employ accounting offsetting practices but it has signed "offsetting master agreements" with some counterparties such as:

- "ISDA Master Agreement" for OTC derivative transactions;
- "global master repurchase agreements" for repurchase and reverse repurchase transactions;
- "global master securities lending agreements" for securities lending transactions.

Assets given or received as collateral for these financial transactions may be the following:

- cash and securities for repurchase and reverse repurchase transactions and for over-the-counter derivative transactions for which the Bank has signed a Credit Support Annex agreement in addition to the "ISDA";
- securities for securities lending transactions.

The table below sets out the financial assets subject to offsetting covered by an enforceable offsetting master agreement or a similar agreement (in euros). Collateral in the form of securities is shown at valuation amount.

Financial assets subject to offsetting

	Amount before offsetting	Balance sheet offsetting with financial liabilities	Net amount recognised
31 Dec. 2017			
Derivatives	42 841 790	-	42 841 790
Reverse repos	99 972 778	-	99 972 778
Securities lending	53 295 595	-	53 295 595
Total	**196 110 163**	**-**	**196 110 163**
31 Dec. 2016			
Derivatives	48 213 013	-	48 213 013
Reverse repos	8 939 844	-	8 939 844
Securities lending	135 494 819	-	135 494 819
Total	**192 647 676**	**-**	**192 647 676**

Offsetting of financial assets and liabilities (continued)

The following table shows the offsetting potential of these financial assets.

	Offsetting potential		
	financial	Collateral received	after taking account
31 Dec. 2017			
Derivatives	-29 791 300	-12 719 055	331 435
Reverse repos	-	-99 972 778	-
Securities lending	-	-53 071 257	224 338
Total	**-29 791 300**	**-165 763 090**	**555 773**
31 Dec. 2016			
Derivatives	-21 337 839	-25 652 380	1 222 794
Reverse repos	-	-8 939 844	-
Securities lending	-	-66 848 885	68 645 934
Total	**-21 337 839**	**-101 441 109**	**69 868 728**

The table below sets out the financial liabilities subject to offsetting covered by an enforceable offsetting master agreement or a similar agreement (in euros). Collateral in the form of securities is shown at valuation amount.

	Financial liabilities subject to offsetting		
	Amount before offsetting	Balance sheet offsetting with financial assets	Net amount recognised
31 Dec. 2017			
Derivatives	48 925 504	-	48 925 504
Repos	10 066 308	-	10 066 308
Total	**58 991 812**	**-**	**58 991 812**
31 Dec. 2016			
Derivatives	51 075 426	-	51 075 426
Repos	-	-	-
Total	**51 075 426**	**-**	**51 075 426**

Offsetting of financial assets and liabilities (continued)

The following table shows the offsetting potential of these financial liabilities.

	Offsetting potential		
	Financial assets	Collateral given	Net amount after taking account of offsetting potential
31 Dec. 2017			
Derivatives	-29 791 300	-19 134 204	-
Repos	-	-10 040 549	25 759
Total	**-29 791 300**	**-29 174 753**	**25 759**
31 Dec. 2016			
Derivatives	-21 337 839	-29 737 587	-
Repos	-	-	-
Total	**-21 337 839**	**-29 737 587**	**-**

9 Notes to the income statement

The profit and loss account as at 31 December 2016 includes the profit and loss of Petercam (Luxembourg) S.A. for the first quarter of 2016, following the integration of this company into the new organisation on the 1 April with retroactive effect from 1 January 2016.

9.1 Interest income and expense

Interest income and expense, by class of interest-bearing financial instrument, is as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Interest income	**61 982 966**	**45 288 721**
Cash and sight accounts with central banks	-	3 342
Financial assets held for trading	45 926 651	29 236 198
Financial assets at fair value through profit and loss	8 897 285	9 043 458
Available-for sale financial assets	138 903	780 667
Loans and advances to credit institutions	153 465	431 840
Loans and advances to customers	6 324 614	5 072 292
Held-to-maturity investments	542 048	720 924
Interest charges	**-48 678 040**	**-33 898 454**
Financial liabilities held for trading	-45 733 153	-32 579 319
Owed to credit institutions	-459 160	-429 120
Customer deposits	-2 485 727	-890 015
Net interest margin	**13 304 926**	**11 390 267**

9.2 Dividend income

Dividends received by financial asset category are set out below (in euros):

	31 Dec. 2017	31 Dec. 2016
Financial assets held for trading	-	2 023 400
Financial assets at fair value through profit and loss	1 050 050	7 559
Available-for sale financial assets	555	1 606
Total	**1 050 605**	**2 032 565**

9.3 Fees and commissions income and expense

Fee and commission income and expense is detailed below, by type of service (in euros):

	31 Dec. 2017	31 Dec. 2016
Commissions received	**292 752 394**	**254 194 525**
Activities linked to investment funds - Depositary bank	10 704 941	12 952 653
Activities linked to investment funds - Central administration	5 595 098	21 601 430
Activities linked to investment funds - Other	228 668 920	175 339 158
Asset management	6 709 469	7 071 780
Brokerage fees	12 593 284	12 632 939
Activities linked to securities (other than custody fees)	16 178 263	15 711 312
Custody fees	8 659 376	4 641 362
Other	3 643 043	4 243 891
Commissions paid	**-192 705 420**	**-166 925 592**
Activities linked to investment funds - Central administration	-2 052 681	-1 616 385
Activities linked to investment funds - Depositary bank and others	-169 355 799	-144 724 501
Brokerage fees	-9 306 424	-10 383 646
Activities linked to securities (other than custody fees)	-6 279 483	-5 226 733
Fees	-1 047 681	-1 227 655
Custody fees	-2 840 907	-2 397 587
Other	-1 822 445	-1 349 085
Net fees & commissions	**100 046 974**	**87 268 933**

The heading “Investment-fund related activities - Other” consists essentially of distribution commissions and management fees.

Most of the fees are commissions paid to business referrers.

9.4 Net result on held-for trading financial instruments

The table below breaks down the gains and losses on held-for-trading financial instruments by type of financial instrument (in euros):

	31 Dec. 2017	31 Dec. 2016
Equity instruments and associated derivatives	-1 150 728	-8 686 530
Interest rate instruments and associated derivatives	5 520 144	12 676 284
Exchange transactions	6 530 159	6 362 426
Total	**10 899 575**	**10 352 180**

Net result on held-for trading financial instruments (continued)

All interest received and paid on these financial instruments is recognised in interest income and expenses. The above-mentioned gains and losses include marking to fair value of these financial instruments. The above-mentioned gains and losses include marking to fair value of these financial instruments as well as realised gains and losses.

9.5 Net result on financial instruments at fair value through profit and loss

Results on financial instruments at fair value through profit and loss break down as follows by type of financial instrument (in euros):

	31 Dec. 2017	31 Dec. 2016
Equity instruments	89 034	7 422 195
Interest rate instruments	-34 946	-6 804 311
Total	**54 088**	**617 884**

The above-mentioned gains and losses include marking to fair value of these financial instruments as well as realised gains and losses.

9.6 Net result on financial instruments not measured at fair value through profit and loss

The table below analyses, by category and by type of financial instrument, gains and losses on financial instruments not measured at fair value through profit or loss (in euros):

	31 Dec. 2017	31 Dec. 2016
Available-for-sale financial assets	1 708 777	5 651 191
Total	**1 708 777**	**5 651 191**

All interest received and paid on these financial instruments is recognised in interest income and expenses. The marking to fair value of available-for-sale financial assets is recognised in equity under revaluation reserves.

Only gains or losses realised on sales of available-for-sale financial assets are included under this heading.

9.7 Other net operating results

Other net operating results are summarised below (in euros):

	31 Dec. 2017	31 Dec. 2016
Other operating income	**11 299 498**	**9 541 114**
Rental income	2 248 599	2 149 217
Capital gains realised on sale of property, plant & equipment & intangible assets	50 724	21 720
Recovery of miscellaneous expenses	1 771 220	1 500 535
AGDL reimbursements	-	65 374
Interest received on financial liabilities	5 249 866	3 089 671
Miscellaneous	1 979 089	2 714 597
Other operating expenses	**-8 148 120**	**-2 895 238**
Interest paid on financial assets	-7 669 393	-2 349 513
Taxes and duties other than on income	-377 676	-303 102
Miscellaneous	-101 051	-242 623
Other net operating results	**3 151 378**	**6 645 876**

VAT refunds are recognised under miscellaneous income for an amount of EUR 623 667 as at 31 December 2017 (2016: EUR 1 183 024).

Recovery of miscellaneous expenses includes the re-invoicing of administrative services and general expenses such as electricity cogeneration and equipment rental.
Interest received and paid on financial instruments, the interest of which is negative, concerns interest rate derivatives, assets deposited with the Luxembourg Central Bank, credit institutions' assets and client deposits.

9.8 Personnel expenses

Personnel expenses comprise the following (in euros):

	31 Dec. 2017	31 Dec. 2016
Salaries and other benefits	-32 489 639	-32 193 899
Social security, national insurance and supplementary insurance	-3 772 671	-3 402 670
Charges associated with pensions	-1 056 895	-934 030
Employee benefits linked to profit sharing scheme	150 785	32 466
Other costs	-766 250	-824 108
Total	**-37 934 670**	**-37 322 241**

Note 11 provides information on benefits granted to staff and on the profit sharing plan.

Personnel expenses (continued)

The average number of employees was:

	31 Dec. 2017	31 Dec. 2016
Management	12	11
Senior executives	149	147
Employees	182	175
Total	**343**	**333**

The amount of remuneration allocated to the governing body during the year was (in euros):

	31 Dec. 2017	31 Dec. 2016
Directors	-277 387	-212 404
Management	-4 037 266	-3 198 354
Total	**-4 314 653**	**-3 410 758**

As at 31 December 2017, the total amount of advances/loans granted to directors stood at EUR 1 214 128 (2016: EUR 891 491) while no advance was granted to the management body in the past two years.

As at 31 December 2017, other commitments granted to directors stood at EUR 316 (2016: EUR 22 870) while no commitment was granted to the management body in the past two financial years.

9.9 General and administrative expenses

General and administrative expenses are summarised below (in euros):

	31 Dec. 2017	31 Dec. 2016
Marketing, advertising and public relations	-533 304	-778 441
Professional fees	-4 530 493	-4 775 921
Operating leases	-1 866 112	-1 972 535
IT and telecommunications charges	-6 419 370	-7 277 930
Repair and maintenance	-2 133 951	-2 144 784
Other general and administrative expenses	-8 160 990	-6 377 979
Total	**-23 644 220**	**-23 327 590**

Other general and administrative expenses consist mainly of entertainment and travel expenses, supplies and documentation costs, training expenses, and contributions and insurance premiums other than those linked to personnel.

General and administrative expenses (continued)

As at 31 December 2017, the contribution of EUR 555 024 to the national resolution fund and the provision of EUR 240,170 for the deposit guarantee fund were also included under this heading (31 December 2016: EUR 423 172 and EUR 34 442, respectively).

Fees recognised for services invoiced to the Luxembourg Division during the year by KPMG Luxembourg Société Coopérative and by audit firms belonging to the KPMG network are as follows (excluding VAT, in euros):

	31 Dec. 2017	31 Dec. 2016
Legal audit of the consolidated financial statements for the year	-304 498	-343 233
Tax advisory services	-130 906	-343 534
Other services	-39 525	-79 226
Total	**-474 929**	**-765 993**

9.10 Depreciation of property, plant and equipment and amortisation of intangible assets

During the financial period ended 31 December 2017, depreciation of property, plant and equipment amounted to EUR 2 340 197 (2016: EUR 2 173 935) and amortisation of intangible assets amounted to EUR 4 032 258 (2016: EUR 3 920 719).

A breakdown of this depreciation and amortisation by asset category is given in notes 8.9 and 8.10.

9.11 Provisions

During the financial year, an additional allocation to the restructuring provision was recorded for EUR 112 197 while it was not used in 2016.

In 2017, provisions for litigation were made for an amount of EUR 239 180.

Total provisions for litigations as at 31 December 2015 were included in 2016 for an amount of EUR 2 550 000.

9.12 Net impairment losses on assets

Net impairment losses on assets break down as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Loans and advances to customers	-4 135 307	-1 515 958
Intangible assets (goodwill)	-957 882	-1 077 939
Total	**-5 093 189**	**-2 593 897**

The breakdown of changes in impairments on loans and advances to customers as at 31 December 2017 and 2016 are included in note 8.6.

9.13 Tax expense

The net tax expense is explained as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Tax on income for the financial year	10 495 734	10 497 139
Deferred taxation	-2 050 567	-1 045 366
Tax on income for the financial year	**8 445 167**	**9 451 773**
Reversal of prior years' provisions	-581 509	-10 264
Net tax expense	**7 863 658**	**9 441 509**

The following table shows the reconciliation (in euros) of the standard tax rate in Luxembourg (27.08% at 31 December 2017 and 29.22% as at 31 December 2016) with the Bank's effective tax rate.

	31 Dec. 2017	31 Dec. 2016
Pre-tax profit	56 496 407	57 154 145
Tax rate applicable at closing date	27.08%	29.22%
Notional tax on profit	**15 299 227**	**16 700 441**
Effect of differences in tax rates in other jurisdictions	215 464	106 297
Tax effect of non-deductible expenses	1 426 775	1 427 685
Tax effect of non-taxable income	-676 500	-7 178 170
Deductible tax expenses	-5 015 157	276 340
Effect of other items	-2 804 642	-1 880 820
Tax on income for the financial year	**8 445 167**	**9 451 773**
Average effective tax rate	**14.95%**	**16.54%**

The tax effect of non-taxable income consists mainly of capital gains on shares, non-taxable dividends and reversals of previous years' provisions for taxes.

9.14 Other components of comprehensive income

Other components of comprehensive income consist of results not recognised through profit and loss.

For the financial years ended 31 December 2017 and 31 December 2016, other items of comprehensive income consisted solely of unrealised gains and losses relating to the revaluation of the portfolio of available-for-sale financial assets as shown in the table below in euros. These results are recognised directly in equity (see note 8.4) and may be reclassified to profit and loss in a subsequent period.

	31 Dec. 2017	**31 Dec. 2016**
Fixed income securities	**-5 505**	**-2 050 252**
Adjustment to fair value before tax	497 017	219 282
Transfer from reserve to pre-tax profit		
Reversal of reserve following disposals / reimbursements	-530 982	-2 009 271
Change in unrealised revaluation gains and losses on available-for-sale assets as a result of their reclassification as held-to-maturity investments	-	-
Taxes charged directly to reserves	28 460	-260 263
Variable income securities	**2 280 246**	**865 766**
Adjustment to fair value before tax	3 081 544	9 853
Transfer from reserve to pre-tax profit		
Reversal of reserve following disposals / reimbursements	-3 051	-
Taxes charged directly to reserves	-798 247	855 913
Total other components of comprehensive income	**2 274 741**	**-1 184 486**

10 Rights and commitments

10.1 Assets in open custody

Assets in open custody are basically transferable securities that have been entrusted for safekeeping by clients, regardless of whether or not the holder's free disposition is limited or whether the securities are covered by an asset management agreement with the Luxembourg Division. These assets are measured at fair value.

The Luxembourg Division's assets in open custody as at 31 December 2017 and 2016 amounted to EUR 51 741 354 324 and EUR 41 268 267 339, respectively.

10.2 Guarantees issued

As at 31 December 2017, the Bank had issued bank guarantees totalling EUR 15 204 394 and completion guarantees amounting to EUR 8 262 924 (2016: EUR 18 985 881 and EUR 7 811 401 respectively).

As at 31 December 2017, the total amount of cash pledged as collateral stood at EUR 67 348 422 (2016: EUR 97 149 691) of which EUR 45 559 764 (2016: EUR 56 040 263) pledged to Banque Degroof Petercam S.A. in respect of proprietary and client options and futures transactions; the balance is mostly accounted for by guarantees granted in the context of CSA agreements.

10.3 Guarantees received

Total guarantees received in the form of assets, asset assignments and sureties for loans granted to customers, securities lending and derivatives transactions amounted to EUR 674 531 514 as at 31 December 2017 (2016: EUR 623 106 361). Of these guarantees, EUR 671 967 213 (2016: EUR 514 823 876) consisted of mortgages and pledges of cash and securities.

As at 31 December 2017 and 2016, EUR 99 972 778 and EUR 8 939 421, respectively, of collateral was obtained under repurchase transactions; this amount was not used to guarantee repurchase transactions.

10.4 Commitments

The Bank has commitments under credit lines granted to customers, of which the unused amount at 31 December 2017 stood at EUR 53 486 351 (2016: EUR 119 072 289).

As at 31 December 2017, impairments amounting to EUR 11 998 662 were recorded (2016: EUR 2 000 000).

As at 31 December 2017, the amount of fiduciary transactions was EUR 145 066 165 (2016: EUR 493 204 174).

Commitments (continued)

As part of the merger by absorption of its subsidiary Degroof Banque Privée S.A. in June 2013 the Bank took over the latter's tax and legal commitments.

The law on measures for the resolution, recovery and liquidation of credit institutions and certain investment undertakings and deposit guarantee schemes and indemnification of investors ("the Act") was passed on 18 December 2015. It transposed Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and Directive 2014/49/EU on deposit guarantee schemes into Luxembourg law.

The deposit guarantee and investor indemnification system in force until now, run by the AGDL (*Association pour la Garantie des Dépôts Luxembourg*) will be replaced by a new contribution-based deposit guarantee and investor compensation system. The new system will guarantee all eligible deposits of a single depositor up to EUR 100 000 and investments up to EUR 20 000. The law also provides that deposits deriving from specific transactions, fulfilling a social purpose or linked to particular life events will be protected over and above EUR 100 000 for a period of twelve months.

By the end of 2024 the financial resources of the FRL (*Fonds de Résolution Luxembourg*) must reach at least 1% of the guaranteed deposits as defined in Article 1, no. 36 of the Act of all approved credit institutions in all participating Member States. This amount will be collected from credit institutions by means of annual contributions from 2015 to 2024.

The target level of the financial resources of the FGDL (*Fonds de Garantie des Dépôts Luxembourg* or Luxembourg Deposit Guarantee Fund) has been set at 0.8% of the member institutions' guaranteed deposits as defined in Article 163 no. 8 of the Act and must be attained by the end of 2018. Contributions will be payable annually from 2016 to 2018. For 2015, the credit institutions have set aside a provision of 0.2% of guaranteed deposits for these contributions.

When the level of 0.8% is reached, Luxembourg credit institutions will continue to contribute for eight more years so as to build up an additional safety cushion of 0.8% of guaranteed deposits as defined in Article 163 no. 8 of the Act.

During the year, the Bank paid annual contributions to FGDL of EUR 240 170 (2016: EUR 200 562) and to FRL of EUR 652 970 (2016: EUR 423 172).

11 Employee benefits and share-based payment plans

11.1 Post-employment benefits

Post-employment benefits consist of defined contribution pension plans. The contributions expense during this past financial year was EUR 1 056 895 (EUR 934 030 as at 31 December 2016).

11.2 Group profit sharing plans

In recent years Banque Degroof Petercam S.A. has set up a number of profit sharing plans either for directors, senior managers of the Banque Degroof Petercam Group or both, with a view to ensuring their loyalty and aligning their personal interests with those of the Banque Degroof Petercam Group. These schemes have been set up in accordance with local legal provisions. The corresponding entry for the reversal for the period of EUR 150 784 in 2017 (2016: EUR 32 466) is recognised in equity.

The profit sharing plans set up include cash-settled plans and share-settled plans. The Bank did not announce any plan during the previous two financial years under review.

12 Related parties

The Luxembourg Division's related parties are the associates, members of the Board of Directors and other executives of the Bank and its subsidiaries ("key management"), as well as close family members of the aforementioned persons and any company controlled or significantly influenced by one of the aforementioned persons.

The tables below summarise, by type, the transactions undertaken with related parties of the Banque Degroof Petercam S.A. Group (in euros):

31 Dec. 2017

Balance sheet	Parent company	Key management	Associates	Other related parties	Total
Advances in current account	65 781 682	477 036	-	-	66 258 718
Term loans	-	439 786	20 168 474	37 303 769	57 912 029
Other assets	5 642 942	-	-	6 308 996	11 951 938
Total assets	**71 424 624**	**916 822**	**20 168 474**	**43 612 765**	**136 122 685**
Deposits	17 491 166	8 872 426	3 165 344	6 818 483	36 347 419
Repos	-	-	-	10 066 308	10 066 308
Other liabilities	4 503 814	-	-	22 187 884	26 691 698
Total liabilities	**21 994 980**	**8 872 426**	**3 165 344**	**39 072 675**	**73 105 425**
Guarantees issued	**3 750**	**-**	**8 262 924**	**-**	**8 266 674**
Guarantees received	**-**	**450 385**	**24 155 698**	**-**	**24 606 083**
Other commitments	**-**	**316**	**3 984 824**	**-**	**3 985 140**

Income statement	Parent company	Key management	Associates	Other related parties	Total
Financial expenses	-	-172	-309	-136 441	-136 922
Fees and commissions	-60 816 634	-	-	-20 720 743	-81 537 377
Personnel expenses	-	-2 999 716	-	-	-2 999 716
Other	-2 380 778	-	-	6 844	-2 373 934
Total expenses	**-63 197 412**	**-2 999 888**	**-309**	**-20 850 340**	**-87 047 949**
Interest income	954	11 226	517 637	29 558	559 375
Fees and commissions	1 342 453	33 141	-	13 158 406	14 534 000
Other	400 520	-	8 427	110 964	519 911
Total revenues	**1 743 927**	**44 367**	**526 064**	**13 298 928**	**15 613 286**

Related parties (continued)

31 Dec. 2016

Balance sheet	Parent company	Key management	Associates	Other related parties	Total
Advances in current account	161 296 820	451 705	2 695 891	3 147 857	167 592 273
Term loans	-	439 786	12 675 648	64 939 016	78 054 450
Other assets	4 015 174	-	-	3 377 191	7 392 365
Total assets	**165 311 994**	**891 491**	**15 371 539**	**71 464 064**	**253 039 088**
Deposits	19 720 595	10 560 714	165 210	60 002 260	90 448 779
Other liabilities	7 908 788	271	-	202 904	8 111 963
Total liabilities	**27 629 383**	**10 560 985**	**165 210**	**60 205 164**	**98 560 742**
Guarantees issued	**13 750**	**20 000**	**7 188 759**	**-**	**7 222 509**
Guarantees received	**-**	**450 385**	**6 948 873**	**17 939 421**	**25 338 679**
Other commitments	**-**	**2 870**	**510 674**	**5 852 143**	**6 365 687**

Income statement	Parent company	Key management	Associates	Other related parties	Total
Financial expenses	-10	-	-	-149 624	-149 634
Fees and commissions	-61 229 649	-	-	-21 148 117	-82 377 766
Personnel expenses	-	-5 264 784	-	-	-5 264 784
Other	-1 726 136	-	-	-33 028	-1 759 164
Total expenses	**-62 955 795**	**-5 264 784**	**-**	**-21 330 769**	**-89 551 348**
Interest income	309 258	9 996	305 524	1 554	626 332
Fees and commissions	1 068 734	18 745	-	11 051 375	12 138 854
Other	-	-	8 144	10 000	18 144
Total revenues	**1 377 992**	**28 741**	**313 668**	**11 062 929**	**12 783 330**

All the related party transactions shown in the above tables were carried out on normal market conditions.

Key management personnel costs break down as follows (in euros):

	31 Dec. 2017	31 Dec. 2016
Short-term personnel benefits	-4 049 446	-4 973 249
Post-employment benefits	-352 430	-213 250
Employee benefits linked to profit sharing scheme	346 606	-37 863
Total	**-4 055 270**	**-5 224 362**

13 Geographical information

The Bank and its main subsidiaries are based in Luxembourg, with the exception of one subsidiary which is based in Hong Kong.

The following tables summarise the main information on the Group in terms of the countries where the subsidiaries are domiciled (in euros):

31 Dec. 2017

	Average number of FTE employees	Net revenues	Profit (loss) before tax	Taxes on income
Hong Kong	3	469 814	-262 984	-
Luxembourg	340	129 746 509	56 759 391	7 863 658
Total	**343**	**130 216 323**	**56 496 407**	**7 863 658**

31 Dec. 2016

	Average number of FTE employees	Net revenues	Profit (loss) before tax	Taxes on income
Hong Kong	5	197 413	-600 446	-
Luxembourg	328	123 761 483	57 754 591	9 441 509
Total	**333**	**123 958 896**	**57 154 145**	**9 441 509**

14 Events after the reporting period

Since the end of the reporting period, there have been no events likely to have a significant effect on the Luxembourg Division's financial position or activities.