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The annual report
is available at
degroofpetercam.com

Het jaarverslag
is beschikbaar op
degroofpetercam.com

Le rapport annuel
est disponible sur le site
degroofpetercam.com



“We are pleased to have closed the year 2017 with largely positive results. Our clients have benefited from robust management performance and tailored solutions. Our consolidated results for 2017 confirm the financial strength and growth of our group.”

Dear Madam, dear Sir,

The 2017 financial year proved both robust and exciting. Our results were robust, whereas in terms of challenges 2017 was a very exciting year that was marked by the consolidation of our mission: to offer our private, corporate and institutional clients the best services to help them achieve their ambitions.

Strong management performance in contrasting markets

On the market side, 2017 was a good year for the equity markets, with synchronized economic growth for the first time since 2010. The United States continued their positive economic cycle, while the recovery in growth was confirmed in Europe, Japan and the emerging countries. However, the decline recorded by the dollar weighed on equity market performance in euro terms. On the bond side, however, 2017 was not a good year. Developments in the monetary policies maintained by both the US Federal Reserve and the European Central Bank had an impact on long-term rates, which weighed on bond performance.

In this complex environment, the private banking and institutional asset management teams once again demonstrated their ability to add value by delivering above-average equity and bond performance to their clients. Our funds have received numerous awards, confirming the financial and technical expertise of our staff members.

Cross-functionality, proactivity and agility

In 2017, Degroof Petercam strengthened its operational foundations around its main strategic axes. Our clients have thus benefited from the synergies of the natural expertise between our various businesses, i.e. private banking, institutional asset management, investment banking and asset services (custodian and fund administration activities).

Statement from the board of directors

At the same time, our governance bodies have evolved to meet the new challenges of our industry and those of our group. Our objectives? To be more proactive and more agile and to capitalize both on our international network and on the synergies resulting from our business model.

This year, we focused a great deal of our attention on Family Business Owners as part of our development. Our approach allows providing specialized solutions to meet their specific needs, for the management of both their private and professional assets.

Further internationalization

At international level, by increasingly sharing our IT, reporting and communication tools, we are improving the efficiency with which we expand our services offer to the various entities of the group. The successful development of our subsidiaries continued. We have extended our network in Spain and created a specialized hub in Luxembourg to support our clients in their international projects. In Institutional Asset Management, local teams were reinforced in our key markets, namely in Germany, France, Spain and Italy. Investment Banking posted excellent results, particularly in France, while Asset Services recorded strong growth in Luxembourg.

Group revenues and profitability on the rise

The strength of our cross-functional and international commercial dynamics enabled us to have an excellent year, particularly in fund distribution, credits and international private banking.

In 2017, our revenues amounted to 468 million euros, up from 436 million euros in 2016. This result reflects the good performance of fee-generating businesses, in particular institutional management, private banking, investment banking and asset services, which largely offset the decline in market activities in a negative interest rate environment.

In 2017, Degroof Petercam recorded a gross operating income of 129 million euros, compared to 122 million euros in 2016. After exceptional items, mainly integration costs and after tax, the consolidated net profit for 2017 was 86 million euros, up from 58 million euros in 2016.

On 31 December 2017, assets under management amounted to 54.8 billion euros, against 52.3 billion euros at the end of 2016. This increase is due to significant new assets generated in particular by the distribution of our funds and by market effects. On 31 December 2017, outstanding loans amounted to 1.9 billion euros for a balance sheet of 8.3 billion euros and cash deposits of 6.7 billion euros. The capital ratio (CET1) was 17.1%, well in excess of regulatory requirements and a reflection of our strong balance sheet. Compared to 2016, the number of employees has slightly increased.

Investments in talent, expertise and digital technology

For 2018, our outlook on the economic and equity market remains positive, particularly in Europe. Economic growth seems to be holding steady at a relatively sustained pace in the various geographical areas and our baseline scenario is based on a continuation of this trend. Of course, we remain aware of the various persistent risk factors, namely interest rates, inflation, the dollar and the need to rebalance the Chinese economy. The positive business momentum that began in 2017 gives us confidence for this year. We intend capitalizing on the progress we have made which should now achieve its full potential.

We are continuing our efforts in the digital world to offer the best possible experience to our clients and staff members. Our digital platforms and applications are a priority and we plan to invest significant resources in them. The goal of these digital technologies is to reinforce the relationship with the clients and to enhance the user-friendliness of our services, but not to replace the human contact.

We are delighted to celebrate the 10th anniversary of the Degroof Petercam Foundation this year. The Foundation benefits from increased resources to support projects in connection with new sources of employment in the future. As with the dynamics around responsible investment, the social responsibility dimension is particularly important to us, as we are convinced that economic players like us play an important role in the community. We share this conviction with our clients, who are increasingly demanding responsible finance.

We would like to take this opportunity to once again thank our clients for their loyalty and trust. We would also like to express our gratitude to our employees for their commitment. We are proud of their teamwork, and are aware that the complexity of their efforts is not always perceptible in a challenging regulatory environment. To accompany our staff in a constantly changing world, we are pursuing an ambitious training program. Being agile and well prepared for digital evolutions is key for our organization. In addition, Degroof Petercam is looking for new talent to strengthen its teams, in particular in Flanders where we have the ambition to grow significantly.

Finally, we are grateful to our directors and family shareholders for their continued support. We are committed to investing in talent and expertise and in our tools to provide the best services to our clients in an ever-changing world.



Philippe Masset
CEO



Alain Philippson
*Chairman of the board
of directors*

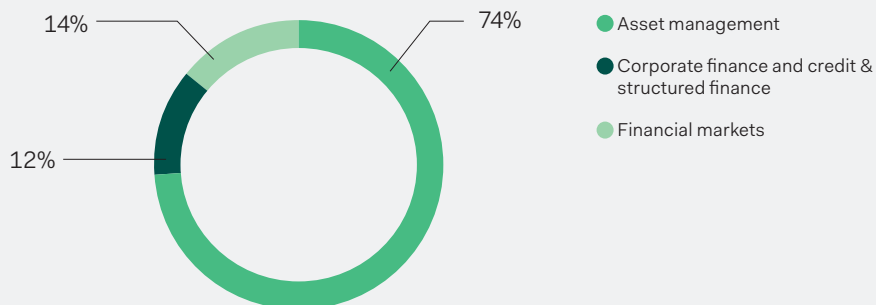
Since 1 January 2018, Ludwig Criel succeeded to Alain Philippson as chairman of the board of directors of Degroof Petercam. After 45 years with the group, Alain Philippson decided to pass on the board chairmanship, while remaining a member of the board of directors. As independent director, chairman of the remuneration committee, and member of the risk and appointments committees, Ludwig Criel knows our institution inside out.

Alain Philippson: "I am confident that under Ludwig Criel's leadership, we will remain at the forefront of serving our clients in an increasingly complex financial world. Our independent group, in the hands of family shareholders, will continue to build on its unique heritage dating back to 1871. I would like to thank our clients for the trust they have placed in us. My family looks forward to continuing to be closely involved in the group as a reference shareholder and through its active participation in the board of directors. "

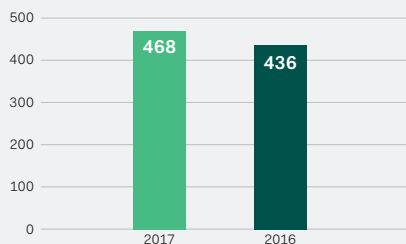
Key figures¹

Assets under management (in billion EUR)	31.12.2017	31.12.2016
Private clients	34.9	35.1
Institutional clients	8.0	8.0
Third-party undertakings for collective investment holders	9.3	7.0
External management	2.6	2.2
Total	54.8	52.3

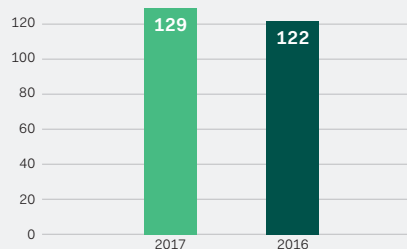
Breakdown of operating income 2017



Net income (in million EUR)

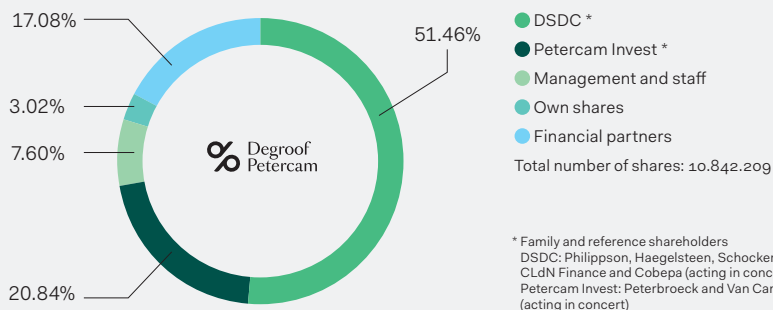


Gross operating profit (in million EUR)



¹ Restatement of the 2016 data following a transfer between institutional clients and third-party undertakings for collective investment holders.

Capital structure at 31.12.2017



Board of directors

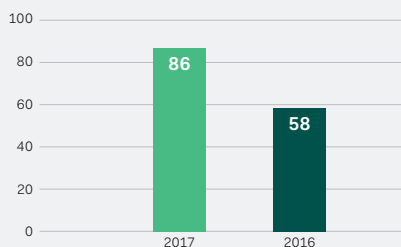
Chairman of the board of directors
Baron Philippson
Chairman of the executive committee
Philippe Masset
Directors who are members of the executive committee
Nathalie Basyn
Gautier Bataille de Longprey
Bruno Colmant
Benoît Daenen
Gilles Firmin
Pascal Nyckees

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

*Independent director.

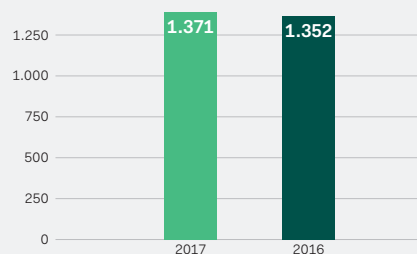
Consolidated net profit

(in million EUR)



Employees

(in FTE)



Private Banking

- 34.9 billion euros in private client assets under management.
- Above-average returns (first quartile) for portfolios under management.
- Activities that contributed to performance:
 - 100% socially responsible mandates for clients in discretionary management;
 - Family Office service dedicated to large families with complex assets;
 - offer for Family Business Owners in partnership with the Corporate Finance team in Belgium and France;
 - impact investing solutions offered through projects by Inclusio, a real estate company with social ambitions, and Gingo, the platform for collaborative philanthropy;
 - investment offer in Private Equity projects;
 - major philanthropic mandates.
- Continuation of the internationalization of activities through the:
 - development of an international hub in Luxembourg;
 - launch of a network of independent private bankers in Spain.
- Investments and advances in the digital area, with new functionalities for the MyDegroofPetercam consultation and reporting tool on tablet and smartphone.
- Organization of the sixth Degroof Petercam Business Day which brings together entrepreneurs.
- Recruitment of private bankers, particularly in Flanders, to support growth in the north of the country.
- Named *Best Private Bank 2017* in Belgium by Euromoney for the second year running.

Institutional Asset Management

- Strong growth in institutional asset management due to net inflows, gross assets under management reached EUR 41.9 billion and net assets (excluding double counting) reached EUR 29.9 billion.
- Management of close to 300 institutional mandates totaling 7.8 billion euro.
- Continued international expansion, with over 50% of funds and mandates sold outside Belgium, confirming pan-European ambitions.
- Growth of almost 33% in assets under management for third-party owners (from 7.0 billion euros in 2016 to 9.3 billion euros in 2017).
- Excellent management performance (top second quartile – Morningstar).
- Strengthening of the sales teams in Germany, France, Spain and Italy.
- Numerous awards for quality management and fund performance:
 - Extel Awards: best fund manager in Belgium;
 - L'Echo / De Tijd: best bond manager and best US equity fund;
 - La Libre Belgique / De Standaard: best European and global equity funds;
 - Morningstar: best Belgian equity fund;
 - Thomson Reuters Lipper: 14 awards, notably for sustainable management, high-yield bonds, emerging-market bonds, inflation-linked bonds and listed real estate.

Asset Services

- 38 billion euros of assets under management and/or custody for investment funds incorporated under Belgian and Luxembourg law.
- 9% growth in investment funds for third-parties, which totaled 8.8 billion euros.
- Successful integration of the Luxembourg ex-Petercam funds.
- Degroof Petercam Asset Services and Banque Degroof Petercam Luxembourg ranked well in the Monterey Insight list for 2017 in the categories Management Company, Fund Administrator and Fund Custodians.
- Creation of the first Reserved Alternative Investment Fund (RAIF) for a private Swiss bank.

Investment Banking

- 94 mandates in consultancy, mergers & acquisitions (M&A) and capital market activities, confirming Degroof Petercam's strong position in all categories of financial consulting for mid-size companies.
- Sustained activity in 2017, which resulted in more than 2.5 billion euros in the bond markets (Befimmo, Immoel, Argan, Laurent Perrier, Limagrain, Gemalto) as well as capital markets (accelerated private placements: Biocartis, Mithra, Argan - capital increases: Aedifica, Sipef, Xior - IPOs: Nextstage and Prodways).
- 29 M&A mandates for companies in Belgium (Vio/SD Worx, Roularta/De Persgroep, Cegeka/GIMV, Connex Group/Stanley Black & Decker, Beltrami/Brachot Hermant, Nafilyan/Immoel) and in France (Moret/Europa, Ardian/Assystem, Biogroup) for a total of nearly 3 billion euros.
- Third (Benelux), fourth (France) and fifth (Europe) position in Standard and Poor's and Private Placement Monitor's 2016 League Tables ranking in private placements.
- Euronext nomination as *Best Liquidity Provider* for the eighth consecutive year.
- Organization of institutional seminars covering the healthcare, consumer, real estate, etc. sectors in major international financial centers such as New York, London, Paris, Milan, Zurich, Brussels and Luxembourg. After a record year in 2016, limited decline in treasury results thanks to the management strategy of the Asset Liability Management Committee, which had to deal with negative short-term rates.
- Stock option plan activity up sharply with a record 400 client companies.

Responsible investment

- Sustained growth in assets under management through SRI funds to 2.8 billion euros thanks to net inflows into the various funds and strong interest from institutional and private clients.
- Highest rating (A+) under the UN Principles for Responsible Investment (PRI).
- Full communication and transparency of ESG profiles (environmental, social and governance) of all investment funds managed by DPAM.
- Strengthening of the team responsible for internal investment research by recruiting three new professionals.
- Launch of the first Sustainable Seminar in Brussels, participation for the sixth consecutive time in the Semaine de la finance responsable (Financial responsibility week) in Paris and participation for the fourth time in the GFSI (Global Food Safety Institute) in Switzerland.
- Addition of four renowned external experts to the Fixed Income Sustainability Advisory Board to include the latest sustainable challenges in the country sustainability model.
- Expansion of the Voting Advisory Board to include three independent experts specialized in corporate governance issues and participation in the general meetings of shareholders of 507 companies with votes cast on more than 8 000 resolutions.
- Organization of several internal events to increase employee awareness of ESG issues.

Private Equity

- Expansion of the offering and confirmation of the growing demand from our clients.
- Successful private placements, mainly exclusive, through feeder structures offering access to first-class international funds and diversified strategies (the latest flagship buy-out fund of CVC Capital Partners, the Alpinvest co-investment platform and a Warburg Pincus fund).
- Closing of the first tranche of a second round of financing for an amount of 28 million euros from Inclusio, an impact investing fund.
- Positive developments in renewable energy funds: first sale resulting in a first distribution in Green Fund II and continued deployment of Green Fund III capital.
- New alternative investment funds enabling improved implementation and time-to-market thanks to close transversal collaboration between several teams and countries within the group.

Credits

- Increase in outstanding credits to 1.9 billion euros, the result of sustained Lombard credit activity with private clients in Belgium, Luxembourg, France, Spain and Switzerland.
- Successful development of an international service offering owing to flexible solutions, competitive credit terms and conditions and a low interest rate environment.
- Good credit portfolio quality.

Financial Research

- Buy-side research team of equity and credit analysts who draw up a list of recommendations for over 100 European and American equities and cover over 500 corporate bonds (high yield and investment grade).
- Publication of two macroeconomic books: *20 questions d'actualité sur la situation économique et financière* / *20 essentiële vragen over de financieel-economische toestand van vandaag* and *20 questions d'actualité sur l'économie belge* / *20 essentiële vragen over de Belgische economie*.
- Publication of the Benelux Company Handbook.
- With coverage of, Sell-side research team of analysts monitoring the majority of Benelux companies with 140 companies covered, and providing over 1 000 company reports and 40 detailed reports on listed companies. Generation of "positive alpha" confirming the team's track record year after year.

Philanthropy

- Second anniversary of the Gingo.community, the first platform for collective philanthropy in Belgium which raised a total of 272 087 euros to finance 21 projects.
- Launch of three new projects to promote general and technical education, vocational training and entrepreneurialism: La Petite Ecole, Synlab and Collective Impact.
- Organization of philanthropic forums welcoming Mrs Shirin Ebadi, the first Muslim woman to receive the Nobel Peace Prize and Mr Kenneth Roth, Executive Director of Human Rights Watch.
- The Degroof Petercam Cycling Team raised funds for the Belgian Foundation against Cancer.
- Participation in the annual summit of the European Venture Philanthropy Association (EVPA) in Oslo on the role of banks in promoting social investment.
- Investment of 100% of the Degroof Petercam Foundation's portfolio in socially responsible investment.
- 275 colleagues participated in the fifth edition of Degroof Petercam Solidarity Days, providing 2 200 volunteer hours to charitable organizations in Belgium.

International

Luxembourg

- Establishment of transversal group structures between Belgium and Luxembourg, with the development of:
 - . BeLux platforms for IT, custodian bank and Operations;
 - . an international hub for the international expansion of Private Banking activities;
 - . the International Patrimonial Services department to answer complex transnational Estate Planning questions.
- Launch of the *Forum des entrepreneurs*, an exchange platform contributing to the development of entrepreneurial culture, with the participation of Norbert Becker (Arthur Andersen, Atoz) and Yves Elsen (University of Luxembourg, Hitec and Luxembourg Space Cluster).
- Development of the 'Micro-donations' program, enabling staff members to donate an amount of their salary to a charity.

France

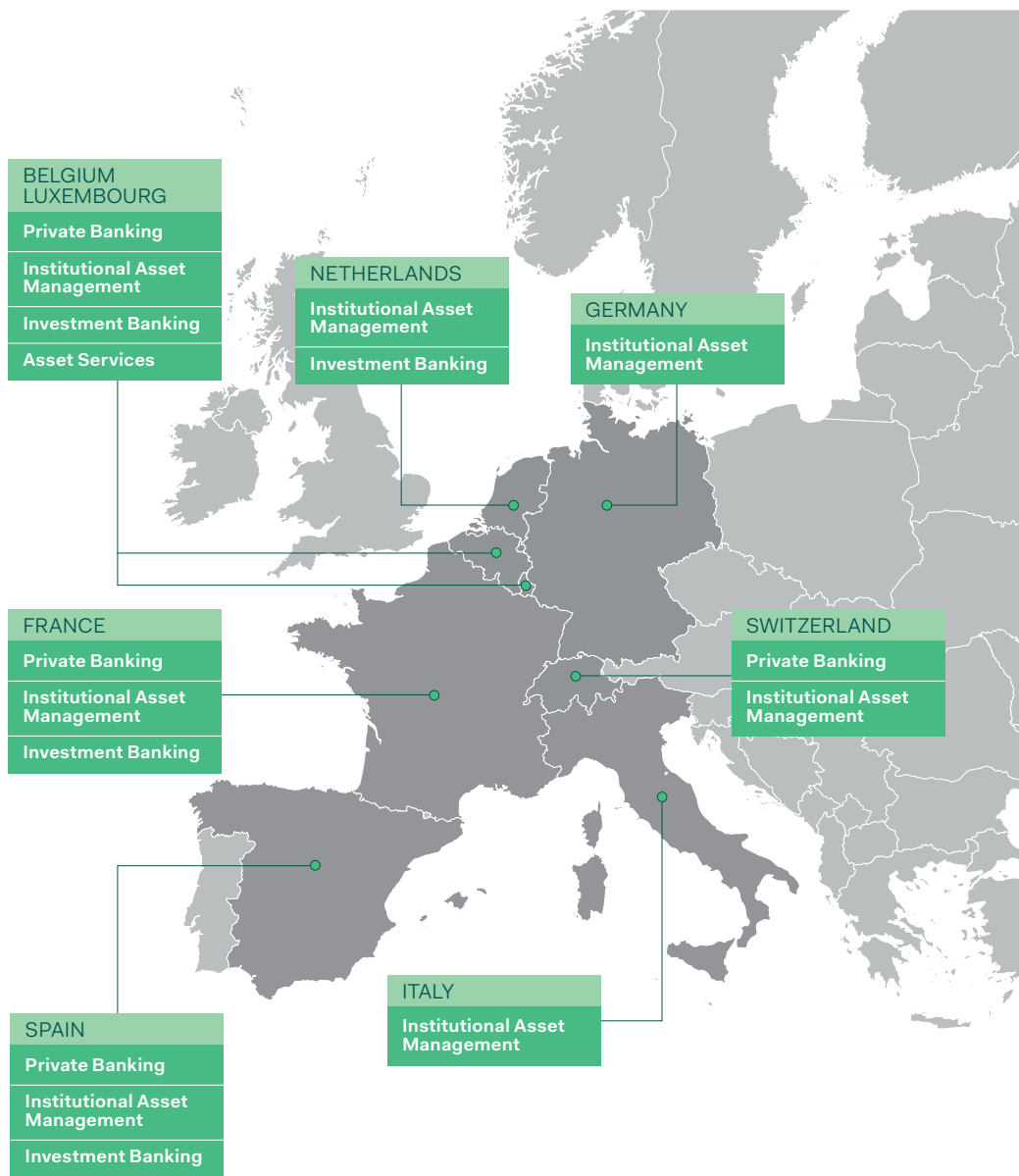
- Strong growth in investment banking for the second year in a row, in both revenues and the size of transactions carried out.
- Reorganization of Wealth Management activities, adaptation of the service offering and increase of synergies with the group.
- Development of the management company, increase in staff.
- Official launch of the private banking and family office activity, in Lyon, for the Auvergne-Rhône-Alpes region.
- Funding by the Degroof Petercam Foundation to open an office in Roubaix for Mozaik RH, France's leading human resources recruitment and consultancy firm specializing in the promotion of diversity.

Spain

- Significant increase in assets under management.
- Growth of the private bankers network in Barcelona, Madrid and Pamplona.
- Successful migration to a new technology platform.
- Strong commitment to society, notably through active participation in *Net Mentora* (entrepreneurial network), *Oxfam Trailwalker 2017*, *Banc dels Aliments*, etc.

Switzerland

- Continued sustained growth in assets under management.
- Significant development of the Swiss local clientele.



Private Banking
Institutional Asset Management
Investment Banking
Asset Services



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