



## Dear Stakeholder,

2015 was a favorable year, both for our clients and for our group that entered a new chapter in its history. In signing their merger agreement on 20 May 2015, Bank Degroof and Petercam engaged in creating a reference independent financial institution at the service of its clients, with a prominent position in every field of its expertise: private banking, institutional asset management, investment banking and asset services. Since 1 October 2015, our clients have benefited from the collective proficiency of a leading international group, as well as from in-depth yet more diversified services.

Throughout 2015, financial markets experienced marked volatility against a backdrop of significant risk aversion. Following a positive run to March, equity markets fell, but ended the year on a positive note. Bond returns also remained slightly positive. Several factors weighed on investor confidence simultaneously. There were clear signs of hesitation in the US economy, and China's slowdown impacted emerging markets. The problems were compounded by the non-linear fall in oil prices, geopolitical issues, uncertainty linked to monetary policy, stretched equity market valuations and high levels of private and public debt.

As at 31 December 2015, the new combined entity managed assets of 50 billion euro, driven by market effects and inflows of new capital, in particular from our private banking clientele.

For the year 2015<sup>1</sup> revenues amounted to 492 million euro, up from 488 million euro in 2014, reflecting the underlying contribution from asset management revenues as well as buoyant corporate finance and credit and structuring activities. This increase was however partly offset by pressure on margins in the current low interest rate environment.

Excluding exceptional and one-off events, mainly related to the partial demerger of the long-term equity portfolio and to the merger integration costs, the Bank achieved a stable gross operating result<sup>1</sup> of 125 million euro driven by sustained income growth, whilst operating expenses remained under control. After taxes and one-off exceptional items, the net profit<sup>1</sup> for 2015 amounted to 96 million euro, underlining the resilient position of the Bank.

Outstanding credits granted by Bank Degroof Petercam at 31 December 2015 totaled 1.7 billion euro against a balance sheet total of 7.9 billion euro and cash deposits of 6.4 billion euro. Shareholders' equity (CET1) amounted to 468 million euro and the CET1 regulatory ratio to 16.1%, demonstrating the strength of our balance sheet. The results of the asset quality review (AQR) and stress tests as published by the European Central Bank, largely exceeded sector requirements, and once again confirmed the quality of our assets and our resilience to extreme market conditions.

<sup>1</sup> IFRS pro forma calendar year – 12 months Bank Degroof | 12 months Petercam.

Looking ahead to 2016, we expect the financial environment to remain volatile. Despite record low interest rates, massive central bank balance sheet expansion and low energy prices, economic activity and inflation will remain very subdued. All in all, both the economic and the financial environment look set to remain challenging for the foreseeable future.

In this context, we shall continue to support our teams and invest in our expertise and our group to achieve long-term added value and high quality services for our clients, which is the cornerstone of our mission.

We express heartfelt thanks to our management and colleagues for their skills and commitment, whether directly devoted to our clients or behind the scenes.

In closing, as well as thanking our board members, our family and reference shareholders for their support, we would also like to express our gratitude to our clients for the loyalty and confidence they have placed in us. We shall continue to live up to this trust in order to ensure the future success of Bank Degroof Petercam.



Philippe Masset  
CEO



Alain Philippson  
*Chairman of the board  
of directors*

# Key figures

## Assets under management<sup>1</sup> (in billion EUR)

31.12.2015

31.12.2014

Private clients	36.3	33.2
Institutional clients	8.7	8.5
Third-party undertakings for collective investment holders	5.1	4.9
<b>Total</b>	<b>50.0</b>	<b>46.6</b>

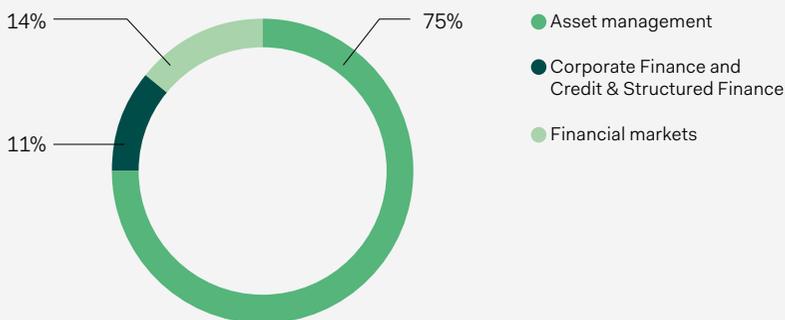
## Managed undertakings for collective investment<sup>1</sup> (in billion EUR)

31.12.2015

31.12.2014

<b>Total</b>	<b>30.3</b>	<b>28.9</b>
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## Breakdown of operating income 2015<sup>1</sup>



## Net income<sup>1</sup>

(in million EUR)



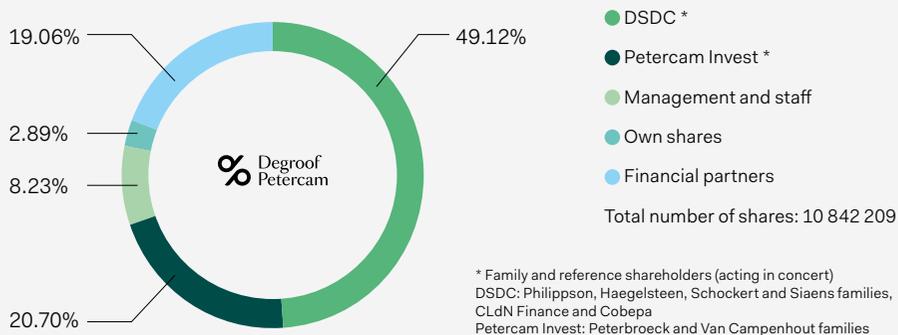
## Gross operating result<sup>1</sup>

(in million EUR)



<sup>1</sup> Pro forma figures over 12 months to allow annual comparison.

### Capital structure at 31.12.2015

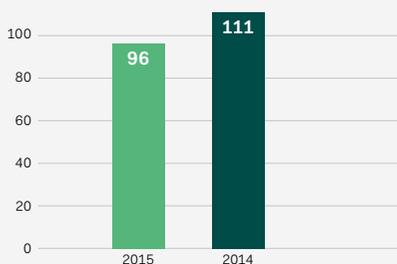


### Board of directors

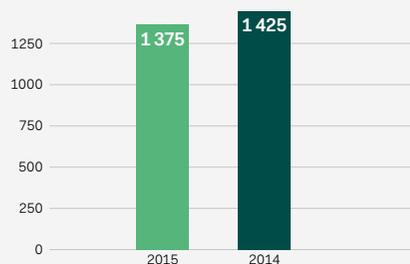
Chairman of the board of directors
Baron Philippson
Chairman of the executive committee
Philippe Masset
Directors who are members of the executive committee
Nathalie Basyn
Gautier Bataille de Longprey
Bruno Colmant
Gilles Firmin
Jan Longeval
Pascal Nyckees
Xavier Van Campenhout

Directors
Ludwig Criel <sup>2</sup>
Miguel del Marmol
Jean-Baptiste Douville de Franssu
Christian Jacobs <sup>2</sup>
Jean-Marie Laurent Josi
Véronique Peterbroeck
Jacques-Martin Philippson
Alain Schockert
Frank van Bellingen

### Consolidated net profit<sup>1</sup> (in million EUR)



### Staff count<sup>1</sup> (in FTEs)



<sup>2</sup> Independent director.

## Private banking

- Net increase in assets under management for private clients in Belgium, Luxembourg, France, Spain and Switzerland, rising to 36 billion euro.
- Increased diversification in management strategies and strengthening of risk management teams, leading to stable and sound performances in volatile markets.
- Extension of investments offerings in non-listed assets (private bonds, real estate, club deals, responsible investment, private equity funds, etc.) for clients interested in this type of asset diversification.
- Implementation of solutions tailored to individual needs and/or international family environments, particularly in the context of changing tax frameworks, for example the tax on speculation, the changes with respect to registration fees on donations of real estate in Belgium and the European Parent-Subsidiary Directive.
- Euromoney award for *Best Private Bank 2016* in Belgium.

## Institutional asset management

- Healthy growth of institutional asset management activity, with gross assets under management exceeding 30 billion euro, aided by an increased international presence.
- Sustained activity in management of institutional portfolios, with more than 250 separate mandates totaling 8.7 billion euro gross assets under management.
- Strengthened core domains of investment expertise, including high-yield bonds and emerging market sustainable debt.
- Recognition of expertise by numerous awards from Lipper, Morningstar, De Tijd/L'Echo and Novethic.
- Merger of Petercam Institutional Asset Management and Degroef Fund Management Company and name change into Degroef Petercam Asset Management (DPAM) as of 4 January 2016.
- Institutional Asset Management (IAM) consisting of DPAM and Bank Degroef Petercam institutional portfolio management teams, active in ten countries and supporting clients in six languages.
- Broadened and complementary range of expertise in five key domains: Global balanced, Fixed income, Fundamental equity, Quantitative and Asymmetric equity, and Responsible investment.

## Asset services

- Confirmation of leading position of Degroof Gestion Institutionnelle among the UCITS and AIFM management companies in Luxembourg.
- 28 billion euro in assets under administration and/or custody for mutual funds under Belgian and Luxembourg law.
- 3.2% increase in mutual funds for third-party clients to nearly 8 billion euro.
- License obtained by Degroof Asset Management (HK) Limited to operate in Hong Kong and first mandates in Shanghai, Hong Kong and Singapore.
- Full range of services for institutional investors, with solutions of UCITS and AIFM management company, custodian bank, risk management, transfer, registrar and domiciliation agent, central administration and net asset value calculation.

## Capital markets

- Resilient business growth for institutional clients, resulting from the complementarity offer arising from the merger between Bank Degroof and Petercam, leading to teams based in Brussels, Luxembourg, Amsterdam and Paris.
- Increase in advisory activities for corporate and institutional investors.
- Sustained growth in secondary brokerage in bonds, equities and derivatives.
- Record high primary and secondary placements in real estate and life science, combined with large bond issues for the utilities sector.
- Treasury management impacted by the flatter, lower yield curve, while foreign exchange activities benefited from the high volatility of the euro rates.
- Named *Best Belgian Liquidity Provider* by Euronext for the sixth year in succession.

## Corporate finance

- Teams of experts based in Brussels, Paris and Lyon, taking a leading role in the Belgian and French markets in the mid-market companies sector.
- More than 110 assignments completed in the three sectors of activity: advisory services, M&A and capital markets activities, including about 75 in Belgium and 40 in France.
- Increased levels of activity, with transaction volume of nearly 4.7 billion euro in bond issues (18 private and public operations), equity issues (seven initial public offerings, four capital increases by offer for public subscription) and financing advisory services.
- M&A mandates for private groups in Belgium (including Fabrelac, Univeg, Utopolis and Vio Interim) and France (including Biogroup, Soft Group and Papeteries Pichon).
- Sustained level of transactions in the life-science sector (including Biocartis, Biomnis, Bone Therapeutics, Cardiatis, Celyad, Curetis, LCD Group, MDxHealth and Novadip) and real estate sector (including Aedifica, Befimmo, Care Property Invest, Cofinimmo, Foncière Oppidum, Inclusio, Matexi, Montea and Xior).

## Financial research

- Creation of one of the largest Benelux sell-side analyst teams, covering 120 Benelux companies.
- Roadshows in the principal European and international financial centers, such as London, Paris, Luxembourg and New York.
- Involvement in numerous initial and secondary public offerings, such as Aedifica, Biocartis, Care Property Invest, Celyad, Curetis, Greenyard Foods, MDxHealth, TINC and Xior.
- Organization of Benelux company seminars in London, Milan and Zurich and sector seminars on healthcare, real estate and retail in Brussels.
- Publication of the *Benelux Company Handbook*.

## Credit & structured finance

- Growth in outstanding credits to 1.7 billion euro as a result of sustained activity with Belgian, Luxembourg, French and Spanish clientele, driven by flexible client solutions and historically low interest rates.
- Extension of financing solutions to former Petercam clientele in the context of the overall management of their assets.
- Excellent quality of the credits portfolio confirmed by the results published in November 2015 by the European Central Bank following the asset quality review conducted during the first half of the year.

## Private equity

- Strengthening of the private equity team due to the joined experience and capabilities resulting from the merger, combined with an established strategy and well-defined procedures.
- First success of the new team, with the closing of Degroof Green Fund - Renewable Energy III Fund for over 40 million euro at the end of 2015.
- Deployment of investors' capital through drawdowns across for various projects.
- Significant time and resources dedicated to follow up existing investments, as well as to select and access new opportunities.

## Responsible investment

- Enforcement by the group management committee of the mission statement of the steering board for responsible investment.
- Active member of the French Social Investment Forum (FIR), as well as other forums elsewhere in Europe, with a fifth participation in ISR Paris with Martin Halle of Global Footprint Network, and a second participation in the Geneva Forum for Sustainable Investment.
- Fourth Novethic labelling of two sustainable bond funds (OECD and emerging markets) and of the sustainable European equities fund.
- Series of awareness-raising conferences on ESG issues, notably web security, data protection and the added value of shareholder responsibility.
- Promotion of shareholder responsibility with active participation and voting in shareholders' meetings of more than 450 European and North American companies and dialogue initiated with the management of 45 invested companies.

## Philanthropy

- Launch of a new community of benefactors in the field of sustainable agriculture in cooperation with the Lunt Foundation, the Terre de Vie foundation and the Henri Collinet Fund.
- Organization of the Philanthropy Forum Next Generation in co-operation with Alcopa, which brought together 120 young people.
- Launch of gingo.community, the first collaborative philanthropy platform in Belgium.
- Solidarity Days 2015: 180 colleagues offered 1.300 hours of voluntary work to charity organizations across Belgium.
- Support for the association Life Project for Youth Association, which promotes the professional and social integration of young people in precarious situations, notably in an eco-village in the Philippines and an orphanage in Sri Lanka.
- Series of conferences in France intended for women on the theme of philanthropy and social entrepreneurship.
- Active support for the development of Netmentora (formerly Réseau Entreprendre) in Spain.

Private Banking  
Institutional Asset Management  
Investment Banking  
Asset Services



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\* At 1 April 2016

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