

Imagine Tomorrow since 1871

Message to
shareholders 2020

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Petercam
Imagine Tomorrow since 1871

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Message to shareholders



Bruno Colmant, CEO

A conversation with our CEO,
Bruno Colmant

“The considerable efforts made by our employees and the remarkable collective intelligence they have developed contributed to another year of progress.”

On the eve of Degroof Petercam's 150th anniversary, what does the past year mean to you?

2020 will be remembered as a historic year. As far as Degroof Petercam is concerned, the pandemic was not a moment of resignation but of resilience. And of determination to fulfill the mission entrusted to us as well as to remain faithful to our purpose: to create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.

Degroof Petercam is a stable and solid company. How has the group dealt with the health crisis?

Surprisingly, COVID-19 has turned out to be a successful stress test for the group. A financially solid group with solvency and liquidity ratios well above

prudential requirements, but also largely immune to credit risk. Our financial strength remains one of the most robust in Europe, with a consolidated solvency ratio of 21.2% as at 31 December 2020, well above the minimum ratios imposed by the regulator. The balance sheet total now stands at 8.8 billion euros, of which more than 4 billion euros are highly liquid assets.

As a result, we continue to enjoy an excellent level of capitalization, resulting, as in the past, from a conservative policy in the management of our group and its component businesses.

This crisis has also been an operational test. We were prepared. It has allowed us to reinvent ourselves in order to maintain our privileged relationship with our clients, employees and other stakeholders.

Your unique business model combining niche and diversified investment services has enabled you to outperform. Can you tell us how the business performed in 2020?

As at 31 December 2020, our total client assets amounted to 75 billion euros, compared to 74.7 billion euros a year earlier.

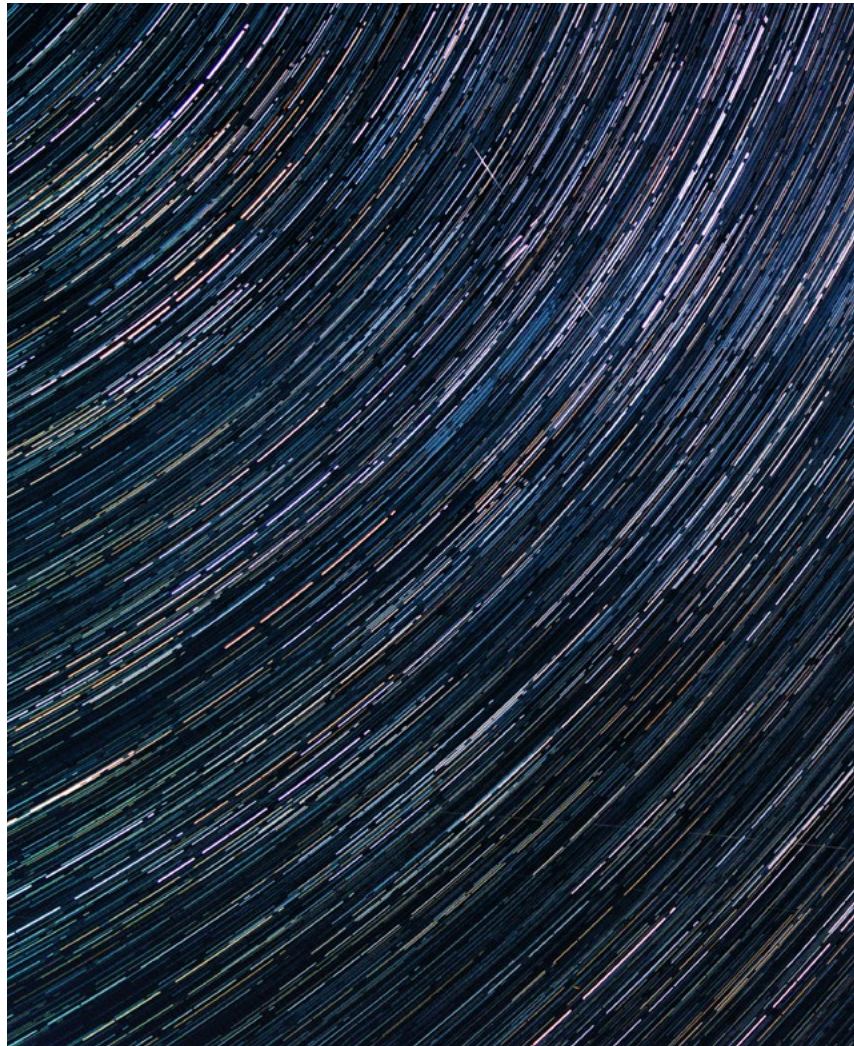
Private Banking saw a decline in assets under management to 35.9 billion euros following the sale of our Spanish subsidiary and an effort to meet regulatory requirements. There will be a rebound in 2021, as our multiple business and IT initiatives will gradually generate tangible results.

The Degroof Petercam Asset Management (DPAM) entity dedicated to the management of institutional funds and mandates and the distribution of in-house funds recorded a record level of net asset inflows (up to 2.5 billion euros). DPAM's international expansion strategy continues to bear fruit, with 88% of net capital inflows now coming from abroad. Institutional asset management (DPAM and private client investments in funds managed by the Group) saw gross assets under management increase from 53.8 billion euros to 58.1 billion euros at the end of 2020.

Our Asset Servicing activity based in Luxembourg continues to show good growth, with a record 51.7 billion euros under custody or administration, thus confirming its position as a major player in this market.

After a downturn in M&A, capital markets and research and advisory assignments in the first half of the year due to the pandemic, our investment banking business rebounded remarkably in the second half of the year, with a total of over 50 mandates during the year. This advisory activity, combined with the high volatility of the financial markets, which benefited our trading room, enabled our investment banking business to post a record performance.

“This crisis has also been an operational test. We were prepared. It has allowed us to reinvent ourselves in order to maintain our privileged relationship with our clients, employees and other stakeholders.”



In a context of falling interest rates, how is the group's profitability developing?

On 31 December 2020, our gross operating income stabilized at 83.0 million euros, compared to 84.4 million euros a year earlier. After taxes and exceptional items, the consolidated net income showed a profit of 40.0 million euros, compared to 20.2 million in 2019.

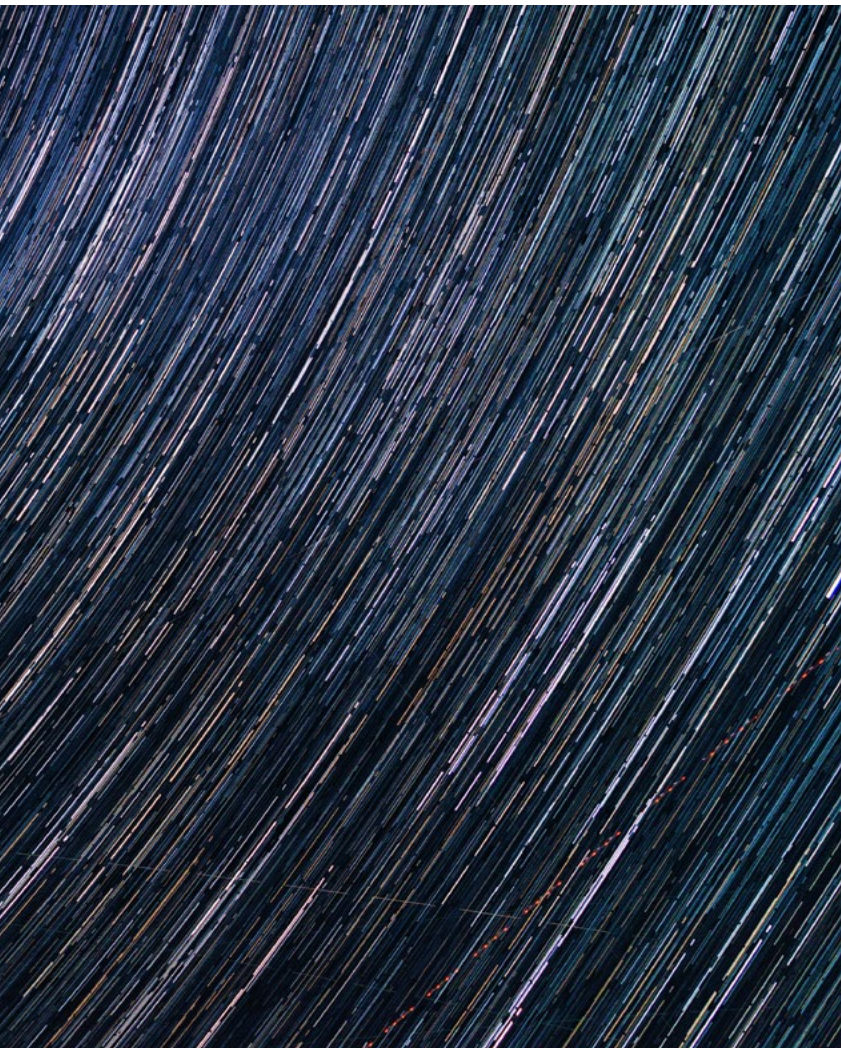
This significant increase in consolidated net income is explained not only by the exceptional items recognized in 2019, in particular following the sale of our subsidiary in Spain, but also by the increase in net commission income, as well as by a significantly lower tax expense in 2020.

How do you see the future?

Despite the positive signs we are seeing, we remain realistic. Even with large-scale vaccination, 2021 will be challenging, both socially and economically. Interest rates are likely to remain at historic lows, although sporadic bouts of inflation cannot be ruled out.

What are your strategic priorities for 2021?

We will remain focused on implementing our strategic plans, simplifying our governance and structure, business development and digitalization. Internationally, following the completion of the sale of our Spanish subsidiary, we continue to simplify our operations in France. In Belgium, we are strengthening our presence with the opening of new branches for Private Banking. We are moving forward with plans to modernize our infrastructure, including the development of a new IT platform.



“We will remain focused on implementing our strategic plans, simplifying our governance and structure, business development and digitalization.”

“We create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.”



What progress was made in strengthening internal controls in 2020?

The efforts begun last year continue, and significant progress has been made. This should enable the project to be completed by the end of the year. We also continue to strengthen our internal control procedures and reinforce our control culture.

The considerable efforts made by our employees and the remarkable collective intelligence they have developed contributed to another year of progress. Despite the difficulties encountered during this unprecedented health crisis, their commitment has not wavered. I am extremely proud of and grateful for the commitment of all our teams.

This year you are celebrating the 150th anniversary of what is now the Degroof Petercam Group. What is the secret of the company's longevity? How do you plan to celebrate this milestone?

In celebrating our 150th anniversary, I would like to pay tribute to those who have preceded us and who worked to build this company, one of the oldest and most distinguished institutions in Europe. At the same time, this anniversary also serves as the launch pad for a group that is strongly oriented towards the future.

We are taking advantage of our historic anniversary to reflect on our purpose for the next 150 years. We create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.

What does your reference to 'responsible prosperity for all' mean?

Combining expertise, responsibility and openness means ensuring that all our actions are ethical and that we contribute to the sustainable development of our economies and societies.

In our business, we do not look for quick gains by speculating on the markets. We seek fair and sustainable performance.

Our strong social commitment is also reflected in the initiatives of the Degroof Petercam Foundation, as well as in our growing commitment to sustainability. The share of sustainable investment

within DPAM's institutional asset management business has more than doubled in one year to a net amount of 14.9 billion euros compared to last year. In Private Banking, the sustainable strategy is also gaining acceptance among our clients, with assets under management now exceeding one billion euros.

With our core values and the full confidence and support of our shareholders and board of directors, we continue to ensure our future development. I would like to take this opportunity to express my deep appreciation to them.

With the departure of Mr. Ludwig Criel, whose term of office as chairman and director came to an end in 2021, I wanted to express once again our deepest gratitude for his contribution to and leadership of our organization.

We look forward to welcoming Mr. Gilles Samyn as our new chairman and benefiting from his extensive professional experience and impressive track record.

Finally, because without them none of this would have been possible, I would like to finish by thanking our clients for the trust they have continued to place in us, generation after generation, for...150 years.

Bruno Colmant
CEO Degroof Petercam

“I am deeply honored to be appointed Chairman of the Board of Directors of Degroof Petercam.”



In January 2021, the board of directors of Degroof Petercam appointed Gilles Samyn as chairman. He succeeds Ludwig Criel, whose term of office as chairman and director came to an end in 2021.

Gilles Samyn is an accomplished businessman and an experienced administrator. He holds a degree in business administration from the Université Libre de Bruxelles (ULB) - Solvay Business School, where he also held academic and scholarly positions from 1969 to 2016. He joined Groupe Bruxelles Lambert in 1974, where he held several different positions in finance until 1982. In 1983, after a year of independent entrepreneurship, he joined the Frère Bourgeois Group and the Compagnie Nationale à Portefeuille, where he served as managing director

until May 2019. He currently holds several non-executive directorships.

Gilles Samyn: “I am deeply honored to be appointed chairman of the Board of Directors of Degroof Petercam. Degroof Petercam's rich history, built up over the last 150 years, makes it one of the most renowned financial institutions in Belgium. I look forward to working closely with my fellow board members and the CEO to ensure the company's independent growth and leadership in its business activities.”

Degroof Petercam

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The annual report is available at
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