

1 | Comments on business activity

After strengthening its regulatory, operational and technological framework, Degroof Petercam strengthened its commercial organisation by focusing on delivering a sustainable value proposition through our integrated operating model.

Despite the continuing uncertainties linked to the COVID-19 health crisis, 2021 was a good year for Degroof Petercam in all its sectors of activity. Thanks to the confidence of our clients and favourable market conditions, Degroof Petercam reached a record level of total client assets of 86 billion euros, an increase of 11 billion euros compared to the end of 2020. This growth is mainly due to strong commercial activity in Asset Management and Private Banking.

Degroof Petercam's integrated model made it possible to achieve a net banking income of 545.7 million euros in 2021, i.e. a growth of 16% compared to the end of 2020. All business lines contributed, with particularly strong performances from the asset-based revenue-generating activities of Private Banking, Asset Management and Asset Services and solid results from Investment Banking.

Private Banking was a key contributor to Degroof Petercam's net banking income, with operating revenues up 13% on the previous year, contributing 44% of the group's total revenues. This performance was driven by an increase in asset-based income, reflecting positive market conditions and increased income margins, as well as an increase in net interest income due to higher loan origination and strong margins. Operating expenses increased due to the hiring of private bankers to support commercial activities and the strengthening of front-line controls.

Asset Management generated a record level of operating revenues, with an increase of 29% over the previous year, contributing 26% of total group revenues. This was achieved thanks to continued strong inflows, improved margins and investor confidence. Operating expenses increased moderately due to cost discipline and contained headcount growth.

Asset Services continues to be a strong contributor to net banking income and an important part of the group's integrated model. Operating revenues of the Asset Services business increased by 9% year-on-year, contributing 14% of total group revenues. Strong growth in in-house funds and stable volumes of third-party funds contributed to this result, offsetting the lower margin, while operating expenses were closely monitored and managed.

After an exceptional year in 2020, **Investment Banking** overall matched last year's level of revenues, but with a decrease in operating revenues in Global Markets compared to the previous year due to a decline in Fixed Income and Forex activities. However, this decrease was fully offset by a 32% increase in Corporate Finance revenues, driven by growth in M&A and capital markets mandates (ECM and DCM). Investment Banking contributed 16% of the Group's total revenues.

Degroof Petercam's commercial success was also recognized by numerous industry awards. Investment Banking ranked second in the Dealogic EMEA Private Placement 2021 ranking. DPAM's expertise was rewarded externally with the Cristal Fund award (De Standaard / L'Echo) for government bonds and via five Fund awards by Echo / De Tijd. DPAM also won awards abroad such as Quantalys in France, GFSI / ZFSI in Switzerland and Scope Analysis AG in Germany.

2 | Comments on the consolidated accounts

At the end of the financial year 2021, the consolidated net profit (group share) was 47,552,166 euros, compared to 40,043,700 euros for the previous financial year. The overall increase is mainly due to the significant increase in net fees from asset management activities. This growth in revenue is partially offset by an increase in personnel costs, general and administrative costs and tax expenses.

Consolidated comprehensive income (group share) was 56,320,447 euros as at 31 December 2021 compared with 41,399,834 euros a year earlier. Income is calculated by adding to consolidated net profit the unrealized income directly recognized in equity (revaluation reserves). The increase in other comprehensive income is mainly due to the positive effect of revaluations of market conditions of post-employment benefit plans (predominantly pension plans).

Net commission income increased due to two main elements. Firstly, asset management fees increased significantly as a result of sustained market growth, as well as the inflow of new capital (mainly from the distribution of in-house funds and the collection of new institutional management mandates at DPAM). Total client assets thus increased by 15% in 2021 to reach an overall level of 86 billion euros at the end of the year. Secondly, fees from Corporate Finance activities increased compared to 2020, which was significantly impacted by the transactional uncertainty related to the health crisis.

The net interest margin including all revaluations of interest rate conditions on financial instruments was at a higher level compared to the previous year's results. This is mainly due to the positive revaluation of interest rate swaps used to hedge loans granted by the bank.

Cash management showed an increase in net interest income due to value-generating initiatives for the group such as participation in the TLTRO III¹ program but also through proactive management of deposit pricing.

Other net operating income showed a negative change compared to 2020 due to higher expenses this year. This variance is mainly due to the conclusion of a settlement with the Belgian Public Prosecutor's Office in a former case related to clients of the private bank.

(1) On 7 March 2019, the ECB announced a series of Targeted Longer-Term Refinancing Operations (TLTROs). TLTROs are designed to improve the functioning of European monetary policy by supporting bank lending to the real economy.

Banque Degroof Petercam Luxembourg S.A. and its parent company, Banque Degroof Petercam S.A., decided to conclude this transaction without admission of guilt with the intention of definitively closing this file and putting an end to the procedural uncertainties, mainly in terms of length, which were associated with it.

Staff expenses increased materially compared to the previous year due to salary growth, partly explained by the increase in staff to support the business development of Private Banking and Asset Management, as well as the strengthening of the control functions (especially in Risk Management). The increase in staff expenses can also be explained by higher provisions for variable remuneration than at the previous year-end.

Other general expenses increased mainly due to external services in connection with the technological transformation and renewal of the central banking system (Kairos project).

Asset impairments were also up. In the context of the application of IFRS 5 relating to the planned disposal of the banking subsidiary in Switzerland, the group recorded in its consolidated accounts an estimated capital loss at the balance sheet date, in the form of an impairment on intangible assets (representing goodwill isolated and allocated specifically to the banking subsidiary in Switzerland in the context of the application of IFRS 5).

The tax expenses at the end of the reporting period were 17 million euros higher than in the previous year, reflecting an overall level of 30 million euros. The increase is explained firstly by a higher tax base for some group entities, mainly DPAM and to a lesser extent the French entities (whose overall tax base is positive for the first time as a result of the full utilization of the stock of tax losses thanks to the improved profitability of the Corporate Finance activity), and secondly by the decreased use of the Belgian tax consolidation in 2021 given the significant improvement in the statutory result.

The increase in other components of overall income is mainly due to the increase in actuarial gains on pension plans in 2021. This positive impact is mainly due to the increase in the discount rate used in the calculation of liabilities but also to a better return on assets than last year.

2.1 Appropriation of statutory profit/(loss)

At 31 December 2021, the statutory net profit of Banque Degroof Petercam SA totalled 3,304,292 euros. Taking into account the profit carried forward from the previous financial year of 185,950,497 euros, the profit base to be allocated amounts to 189,254,789 euros.

The board of directors proposes to the general meeting to allocate the profit for the financial year as follows:

	(in EUR)
Profit for the year	3,304,292
+ Carried forward	185,950,497
= Profit to be appropriated	189,254,789
- Allocation to other reserves	0
- Directors' fees	1,416,417
- Dividends	65,053,254
- Profit bonuses	6,758,147
= Profit to be carried forward	116,026,971

Consolidated shareholders' equity, including minority interests, amounted to 990.3 million euros at the end of the financial year, an increase of 51.2 million euros compared to the previous year.

The increase in consolidated shareholders' equity is the result of the following effects during the year:

- distribution of the profit (47.6 million euros)
- the distribution (outside the group) relating to the previous financial year (-5.1 million euros)
- the revaluation of financial assets at fair value during the financial year (-1.7 million euros)
- the IAS 19 revaluation of the conditions of post-employment benefits (9.8 million euros)
- changes in translation differences (0.6 million euros)

Regulatory capital amounted to 577 million euros and largely exceeded the requirements set by prudential standards. The Tier 1 (core capital) and Tier 2 (supplementary capital) solvency ratios stood at 19.7%⁽¹⁾ at 31 December 2021. These ratios are well in excess of the regulatory SREP requirement (Supervisory Review and Evaluation Process - reviewed annually) and imposed by the ECB.

The return on equity ratio (ROE) increased to 5.1% at 31 December 2021. This represents the relative value of the consolidated net income for the year in relation to average consolidated shareholders' equity (after deduction of the dividend declared).

3 | Changes in capital

At 31 December 2021, share capital amounted to 34,211,634 euros. It is represented by 10,842,209 shares with no nominal value. All shares are fully subscribed and fully paid up. The accounting par value per share is 3.1554 euros.

4 | Treasury shares held by the Group (Art. 7:220 of the Companies and Associations Code)

Banque Degroof Petercam SA does not hold treasury shares.

As at 31 December 2021, the sub-subsidiary of Banque Degroof Petercam SA, Orban Finance SA, held 368,206 Banque Degroof Petercam SA shares, representing 3.4% of the share capital.

⁽¹⁾ The CET1 ratio at 31/12/21 takes into account the immediate incorporation of the dividend distribution in 2022. However, the consolidated result for the financial year 2021 will only be incorporated into the ratio on 30 June 2022, after its expected approval by the general meeting. If both components could have been taken into account simultaneously as of 31/12/21, the CET1 ratio would have been 21.4%.

The consolidated carrying amount of all treasury shares held by the sub-subsidiary amounted to 49,626,736 euros as at 31 December 2021.

During the past financial year, the total number of treasury shares was unchanged.

5 | Circumstances likely to have a significant influence on the group's development

The group continued its multi-year IT transformation program, aimed at modernizing its IT assets and providing the group's internal users and clients with modern and efficient IT tools.

Major advances were made in 2021, mainly in the Kairos program to replace the group's Core Banking System and Portfolio Management System. The solution has been successfully deployed for a first set of private banking clients in Belgium. In addition, the new group Customer Relationship Management (CRM) solution was also successfully deployed for DPAM. These two central programs of the group's digital/IT transformation will continue in 2022 at the level of the entities and clients in Belgium, as well as with the launch of the Kairos project for Luxembourg.

Finally, our digital platform has also undergone a complete technological overhaul – allowing our My Degroof Petercam Web and Mobile applications to evolve according to the best market standards.

All of these transformation programs are also systematically complemented by stringent cyber security and data protection measures.

6 | Research and development activities

The group continued its research and development activities through the progressive implementation of its operational and support application transformation program.

Development costs related to the Finance Target Operating Model (FTOM) and Digital Acceleration projects were capitalized in 2018 and 2019. These two major projects became operational in the fourth quarter of 2019, which entails the end of the capitalization of new costs and results in the amortization of previously capitalized costs. Net fixed assets relating to FTOM and Digital Acceleration totaled 8.8 million euros at the end of the year.

There were no new projects for the capitalization of development costs in 2021 due to the fact that smaller projects do not meet the IFRS requirements for capitalization.

7 | Remuneration policy

The remuneration policy is an integral part of the governance memorandum, which entered into force on 24 September 2014 and is reviewed at regular intervals. It was agreed upon by the management board in consultation with the board of directors, the nomination committee and the remuneration committee and the independent controlling functions.

This remuneration policy promotes sound and effective risk management. It does not encourage any risk-taking that exceeds the level of risk tolerated by the group, while promoting the group's long-term objectives and interests and avoiding conflicts of interest.

In accordance with current legislation, the remuneration policy is published on the group's website. Its general principles are as follows:

- the total volume of variable remuneration granted does not limit the group's ability to strengthen its equity capital
- variable remuneration is never guaranteed, except in the exceptional case of a newly recruited employee and for his/her first year of employment
- the management board appointed the Identified Staff in accordance with the selection methodology and criteria set by the board of directors based on the significant impact of these individuals on the group's risk profile. A specific remuneration policy applies to them
- the remuneration policy also provides for a maximum ratio between the amount of fixed remuneration and the amount of variable remuneration as well as schemes to carry forward variable remuneration in cash or, possibly, in financial instruments, in accordance with the procedures provided for by the regulator
- the remuneration of non-executive members of the board of directors consists solely of a fixed remuneration determined based on market benchmarks. These members do not receive any form of variable remuneration

8 | Main risks to which the group is exposed

By the nature of its activities, in addition to strategic risk, Degroof Petercam is exposed to certain risks. The main risks are as follows:

- market risks, mainly related to investment activities in securities portfolios (equities, bonds) and to interest rate transformation activity (Asset and Liability Management)
- liquidity risk resulting from maturity differences between financing (generally short-term) and their reuse
- counterparty risk related to credit activity (which is severely limited by the use of collateral in the form of securities portfolios) and derivative intermediation transactions
- risks related to the asset management business (risk of legal action by clients whose mandates have not been complied with, commercial risk of loss of dissatisfied clients and related reputational risks)
- risks related to the fund management activity, mainly arising from non-compliance with investment policies and restrictions or poor performance
- the operational risk resulting from its activities, including banking (error in order execution, fraud, cybercrime, etc.), custodian bank (loss of assets) or wealth/fund manager (administrative error, non-compliance with constraints)

- reputational risk is essentially a derivative risk since it is generally related to one of the other risks mentioned above and could materialize at the same time as these risks, which could adversely affect, among other things, the group's ability to retain existing clients, establish new business relationships, etc.

Degroof Petercam continuously improves its existing procedures and controls, in particular regarding the prevention of money laundering. Some of these improvements are the result of the remediation plan implemented by Degroof Petercam following the NBB inspection carried out in 2019 on the internal control procedures relating to money laundering. As part of its obligations to prevent money laundering, Degroof Petercam updates the documentation of client files and therefore reviews a number of files of clients who have been granted credit. Although this exercise has not led to the establishment of provisions at this stage, Degroof Petercam cannot rule out the possibility that the review of certain files may have an impact on the acceptability of the funds used to repay the loans contracted by these clients and lead to a default in payment.

With regard to the general risk of litigation, it should be noted that investigations, proceedings or other claims could have an impact on Degroof Petercam in the future. Due to numerous uncertainties, it is not possible to make a reliable estimate of the consequences or the potential financial impact, if any, of such events.

Degroof Petercam believes that, on the basis of the information available to it, it has made the appropriate declarations and set aside sufficient provisions to cover the risks of current or potential litigation.

9 | Policy on the use of derivative financial instruments

Within the group, derivatives are used for own account in the following activities:

As part of ALM (Asset and Liability Management), interest rate derivatives, mainly interest rate swaps, are used to hedge the group's long-term interest rate risk.

Derivatives of this type are used to hedge investments in bonds and loans granted to clients with a micro-hedge perspective. These transactions are recognized in the accounts as fair value hedges.

Interest rate swaps are also used for global hedging purposes from a macro-hedge perspective.

This use of derivatives is supervised by the Asset and Liability Management Committee (ALMAC).

Similarly, the group's treasury (interest rate risk < 2 years) uses interest rate derivatives and cash swaps to manage the group's interest rate risk and cash position.

The management of the group's foreign exchange position also involves the use of derivatives (forward foreign exchange contracts and currency swaps) to hedge commitments to clients and the financing of subsidiaries in the currency corresponding to their activities.

Degroof Petercam also has a derivatives intermediation activity for its clients, in particular in equity options, where the bank carries out OTC derivatives transactions with its clients and hedges the market risk via derivatives transactions on the listed market and to a lesser extent in OTC. The market risk of this activity is managed by the Internal Risk Committee (IRC).

10 | Significant post-balance sheet events

In line with the policy of strategic refocusing on countries where Degroof Petercam has a leading position in its main business lines, Banque Degroof Petercam signed an agreement on 18 January 2022 to sell its subsidiary Banque Degroof Petercam Suisse S.A.¹, which has not been part of the group since 12 April 2022. After the sale of Degroof Petercam Spain and the legal transformation of the group's activities in France, this transaction is part of the efforts undertaken over the last two years to simplify the organizational structure of the Degroof Petercam group.

On 21 April 2022, the board of directors decided to propose to the general meeting of 24 May 2022 to distribute a gross dividend of 6 euros per share to the shareholders, and authorized the publication of the financial statements.

The dramatic situation we have been experiencing since the end of February with the geopolitical events that saw Russia invade Ukraine has had a profound effect on the world. Since the beginning of the hostilities in February, the international economy has been severely affected and the financial markets have been going through a period of instability as evidenced by the increase in risk aversion and the negative evolution of the equity markets, which have registered significant variations as a result of these exceptional circumstances.

This financial crisis has also been accompanied by a major energy shock. Although oil no longer has the same influence on the economy as it used to, companies and private consumers are seeing their bills rise and their purchasing power eroded by the increase in the price of food, transport and heating, where fossil sources have seen exponential price increases over the past year. It is therefore understandable that inflation has reached levels not seen for decades, and that central banks take a dim view of rising energy costs and are now prioritizing the fight against inflation.

Apart from the current lack of visibility and market variations that are currently impacting the value and performance of securities portfolios, the bank and its subsidiaries, through their main integrated business lines, have very little exposure (if any) to countries in conflict.

In practice, we have no direct own-account exposure to the warring countries. As regards asset management for clients, the overall exposure (securities and cash) is less than 0.01% of the total assets managed by Private Banking, and less than 0.03% of the total assets managed by DPAM. For the assets of the custodian bank, the overall exposure is less than 0.03% of the total assets on deposit.

The group remains very attentive to future developments and continues to monitor the situation closely in order to take appropriate action if necessary.

(1) Details on this are available in Appendix 7.20.

11 | Non-financial report

The non-financial declaration is the subject of a separate report attached to the annual report.

12 | Governance

At 31 December 2021, the governance bodies of Banque Degroof Petercam SA were comprised as follows:

	Board of directors	Management board	Audit committee	Risk committee	Remuneration committee	Nomination committee	IT committee	Deadline
Mr. Gilles Samyn ◇	★		●		★			2024
Ms. Nathalie Basyn	●	●						2024
Mr. Hugo Lasat	●	★						2022
Mr. Bruno Colmant	●	●						2024
Mr. Gautier Bataille de Longprey	●	●						2022
Mr. Gilles Firmin	●	●						2022
Mr. François Wohrer	●	●						2024
Mr. Jean-Baptiste Douville de Franssu	●			●			●	2025
Mr. Miguel del Marmol	●				●			2022
Mr. Jean-Marie Laurent Josi	●		●			●	●	2022
Mr. Frank van Bellingen	●			★				2022
Mr. Jacques-Martin Philippson	●			●		●		2022
Mr. Guido Vanherpe ◇	●				●	★		2024
Mr. Yvan De Cock ◇	●		★	●	●			2022
Ms. Kathleen Ramsey ◇	●		●	●		●	★	2022
Mr. Thomas Demeure	●		●					2025

- non-executive director
- executive director
- ★ chairman
- ◇ independent director

12.1 The board of directors

The board of directors of Degroof Petercam includes the members of the management board and the non-executive directors.

The board of directors is composed of at least eight members, who may or may not be shareholders and who are exclusively natural/legal persons. The general meeting of shareholders shall determine their number and the duration of their term of office, which may not exceed six years. Directors are eligible for re-election.

The composition of the board of directors is determined on the basis of the following rules:

- the composition of the board as a whole must enable it to function effectively, efficiently, and in the best interests of the company. It must show a diversity of expertise together with a range of complementary experience
- no individual member nor group of directors must be able to control the decision-making of the board
- the majority of directors must be non-executive
- at least two of the non-executive directors are independent, in order to meet the requirements of the Banking Act. As at 31 December 2021, however, the board includes four independent directors

The mission of the nomination committee is to make periodic recommendations to the board of directors concerning the size and composition of the board, particularly when terms of office are renewed. The members of the board all have the professional integrity and appropriate experience required by the legal provisions.

In its recommendations to the general meeting of shareholders for the appointment of directors, the nomination committee takes into account the balance of knowledge, expertise, diversity and experience on the board.

During the year, the following changes occurred in the composition of the board of directors and the management board.

On 21 January 2021, the board of directors acknowledged the resignation of **Ludwig Criel** as a non-executive director with immediate effect. On the same day, the board of directors decided to appoint with immediate effect after this day's meeting, **Gilles Samyn** as independent director and chairman of the board of directors in replacement of Ludwig Criel.

The general meeting of 25 May 2021 decided to renew:

- the mandates of **Bruno Colmant** and **Nathalie Basyn** as executive directors for a period of three years ending at the close of the 2024 general meeting
- the mandate of **Jean-Baptiste Douville de Franssu** as non-executive director for a period of four years ending at the close of the 2025 general meeting
- the mandate of **Miguel del Marmol** as non-executive director for a period of one year ending at the close of the 2022 general meeting

The general meeting also decided to appoint **Thomas Demeure** as a non-executive director for a new term of four years, which will end at the end of the general meeting in 2025.

The general meeting proceeded with the definitive appointment of **Gilles Samyn** as an independent non-executive director for a term of three years ending at the end of the general meeting in 2024.

The term of office of **Véronique Peterbroeck** expired at the end of the ordinary general meeting of 25 May 2021 and was not renewed by the general meeting.

On 16 September 2021, the board of directors acknowledged the resignation of Gaëtan Waucquez as a non-executive director effective 14 September 2021.

On 21 October 2021, the board of directors decided, on the recommendation of the nomination committee, to appoint Hugo Lasat as managing director with immediate effect, replacing Gaëtan Waucquez, who resigned. Furthermore, the board of directors decided to appoint Hugo Lasat as chairman of the management board, replacing Bruno Colmant, who remains a managing director and member of the management board in charge of Private Banking.

The board of directors considers as independent directors those of its members who meet the criteria mentioned in Article 3, 83° of the Banking Act (previously included in Article 7:87 § 1 of the Companies and Associations Code). As at 31 December 2021, the following directors should be considered independent: Kathleen Ramsey and Yvan De Cock, Gilles Samyn and Guido Vanherpe.

12.1.1 Responsibilities and functions of the board of directors

The board of directors is responsible for defining strategy and general policy. It ensures the implementation of the strategy and general policy by the management board and determines, on the basis of the management board's proposals, the resources necessary for this purpose. It determines the responsibilities and composition of the Management Board and controls its actions. It ensures that adequate resources are implemented to guarantee the company's sustainability.

The board of directors deliberates on all subjects and matters within its competence, such as the approval of the annual accounts and management reports as well as the convening of general meetings. It receives adequate information on the development of the business and key figures, both for the company itself and for its main subsidiaries. It also approves the annual budget.

The board of directors meets at least four times a year and whenever the interests of the company so require. It met 14 times during the year.

The board of directors can only validly deliberate if at least half of its members are present or represented. No director may represent more than two of their fellow directors. Resolutions are passed by a simple majority of votes. In the event of a tied vote, the proposal is rejected.

The total remuneration allocated to the members of the board of directors is shown in the notes to the parent company financial statements. The full version of the parent company's financial statements is available at the company's headquarters.

12.2 Advisory committees created by the board of directors

Within the board of directors, Degroof Petercam has, in accordance with the legal provisions, set up four specialized committees (audit, risk, nomination and remuneration), composed exclusively of non-executive directors, at least one of whom (and the majority in the case of the audit committee) is an independent director within the meaning of Article 3, 83 of the Banking Act. Beyond the legal provisions, the board of directors has also set up an IT committee.

12.2.1 Audit committee

Members as at 31 December 2021

Mr. Yvan De Cock	Chairman, independent director
Mr. Gilles Samyn	Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Thomas Demeure	Director
Mr. Jean-Marie Laurent Josi	Director

The company's auditor takes part at a minimum in meetings that deal with the examination of the half-yearly and annual financial statements.

The audit committee meets at least five times a year. During the past financial year, it met on eight occasions. It reported systematically on its activities to the board of directors.

Each member of the audit committee has professional experience in financial management, reporting, accounting and auditing, each member of the audit committee has professional experience as a director exercising executive functions, and the members of the audit committee have complementary professional experience in different sectors of activity and have collective competence in the area of the group's activities.

The audit committee assists the board of directors in its supervisory function and more specifically in matters relating to:

- financial information for shareholders and third parties
- the audit process
- functioning of the internal control system
- monitoring the relationship with the auditor

The meetings mainly focused on the review of the half-yearly financial statements, the annual financial statements and activity reports, the follow-up of the implementation of the group's internal audit recommendations and the approval of the planning of the internal audit missions, the follow-up of financial reporting projects and the correspondence/reports of the regulators. The committee is also informed of the conclusions of the audit and risk committees of the subsidiaries. The committee has taken note of the list of disputes.

12.2.2 Risk committee

Members as at 31 December 2021

Mr. Frank van Bellinghen	Chairman, director
Mr. Yvan De Cock	Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Baptiste Douville de Franssu	Director
Mr. Jacques-Martin Philippson	Director

The risk committee meets at least five times a year. It met ten times during the year. It reported systematically on its activities to the board of directors.

Each member of the risk committee has professional experience as a director in executive positions, and has the necessary additional knowledge, expertise, experience and abilities to understand the group's strategy and risk tolerance level.

The risk committee assists the board of directors with strategy, risk tolerance assessment and proposes risk action plans. The committee assisted the board in defining the Risk Appetite Framework, Risk Appetite Statement and underlying policies.

The risk committee paid particular attention to the monitoring carried out by risk management and more specifically to the impact of certain decisions on the group's risk profile. The committee also monitored the implementation of the internal control framework within the organization.

The risk committee deals in particular with the group's main risk policies. It receives specific briefings from management and examines the procedures for controlling material risks, including market risks and structural interest rate risks as well as credit, operational and reputational risks. The risk committee reviews risk policies annually and monitors management's implementation of processes to ensure that the group adheres to the approved policies.

The committee also monitored the proper application of the remuneration policy and whether the remuneration incentives put in place take appropriate account of risk control. It recommended that the board approve the ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) reports, the update of the recovery plan, the stress tests, the periodic risk management and operational risk reports, as well as the Compliance Officer's reports (Quarterly and annual, Enterprise Wide Risk Assessment).

The meetings held also addressed issues such as anti-money laundering (AML)/client file review (CFR), the development and updating of various compliance policies, remediation plans, transfer pricing, ESG risks, information security and the follow-up of the implementation of the EU DAC6 directive.

The risk committee continued to address reputational, governance, legal and regulatory risks on an ad hoc basis.

12.2.3 Nomination committee

Members as at 31 December 2021

Mr. Guido Vanherpe	Chairman, independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Marie Laurent Josi	Director
Mr. Jacques-Martin Philippson	Director

The members of the nomination committee have complementary professional experience in different sectors of activity and collectively have the necessary expertise to enable the committee to exercise a relevant and independent judgement on the composition and functioning of the group's management and administrative bodies.

The nomination committee is consulted in particular on matters relating to:

- the composition and size of the board of directors and management board
- the definition of the profile of board of directors and management board members and Identified Staff, and the selection process
- proposals for appointing and re-electing directors and members of the management board

The nomination committee ensures that it applies the recruitment, appointment and renewal policy applicable to the functions of directors, acting directors and managers of the independent control function.

In matters for which it is competent, the nomination committee makes proposals to the board of directors.

The directors are elected by the general meeting of shareholders, after approval by the supervisory authority, for a term not exceeding six years, and are eligible for re-election.

For the renewal of a director's mandate, the nomination committee must analyze the individual contribution of the director concerned before recommending the renewal of the mandate to the board of directors.

The members of the management board are appointed by the board of directors, based on the proposal from the nomination committee, and after approval by the supervisory authorities.

The chairman of the management board is appointed by the board of directors from among the members of this committee after recommendation of the nomination committee and approval by the supervisory authority. The dismissal or non-renewal of the chairman's mandate is subject to the same procedure.

The nomination committee meets at least twice a year. It met 12 times during the year. It reported systematically on its activities to the board of directors.

12.2.4 Remuneration committee

Members as at 31 December 2021

Mr. Gilles Samyn	Chairman, independent director
Mr. Yvan De Cock	Independent director
Mr. Miguel del Marmol	Director
Mr. Guido Vanherpe	Independent director

Each member of the committee has professional experience as a director exercising executive functions and the members of the remuneration committee have the necessary expertise to exercise competent and independent judgement on remuneration and bonus policies, taking into account equity and liquidity.

The remuneration committee is consulted in particular on matters relating to:

- the general remuneration policy
- the total amount of variable remuneration
- the remuneration of directors who are members of the management board
- the remuneration of Identified Staff and the independent control functions
- profit-sharing plans for group employees

The remuneration committee meets at least twice a year. It met seven times during the year. It reported systematically on its activities to the board of directors.

12.2.5 IT committee

Members as at 31 December 2021

Ms. Kathleen Ramsey	Chairman, independent director
Mr. Jean-Baptiste Douville de Franssu	Director
Mr. Jean-Marie Laurent Josi	Director

The IT committee meets at least five times a year. It met seven times during the year. It reported systematically on its activities to the board of directors.

The IT committee helps the board of directors to promote the IT vision and its development within the group and supervise the execution and implementation of the IT strategy approved by the management board, taking into account significant IT risks in order to guarantee a balance between regulatory impact, operational efficiency and commercial activity in a context of essential IT and operational transformation.

The IT committee supports the board of directors in order to facilitate the development, implementation, monitoring and periodic evaluation of the Bank's internal governance framework from an IT point of view and ensures that the IT strategy is aligned with the business objectives defined by the board of directors and takes into account the group's vision for innovation in the IT field.

The IT committee assists the risk committee in identifying, monitoring and evaluating operational IT risks inherent in all important products, activities, processes and systems in order to ensure that the risks and incentives inherent in IT are well understood and managed; all relevant extracts from reports, minutes and conclusions on IT risks are communicated to the risk committee.

12.2.6 Biographies of the members of the specialized committees

Yvan De Cock

- Chairman of the audit committee
- Member of the risk committee
- Member of the remuneration committee

Mr. **Yvan De Cock**, a graduate in law and financial management, has significant experience in accounting and auditing acquired through various executive positions he has held for over 30 years in the banking and financial sector, mainly within the BNP Paribas Fortis group. He also served as CEO of Fortis UK and Fortis Turkey.

In these roles, he chaired credit committees and was closely involved in the management of other risks such as operational, liquidity, market and compliance risks. He was also closely involved in the implementation of remuneration policies.

These different experiences have enabled him to acquire in-depth expertise in the areas covered by the committees of which he is a member.

Kathleen Ramsey

- Chairman of the IT committee
- Member of the audit committee
- Member of the risk committee
- Member of the nomination committee

Ms. **Kathleen Ramsey** holds a master's degree in business administration from the ESADE (École supérieure d'administration et de direction d'entreprises) and a master's degree in international management from the Thunderbird School of Global Management as well as a bachelor's degree from the University of Tulsa.

She specializes in technology (IT) and financial operations and has over 25 years of international management experience in large multinational companies including extensive experience at the highest executive level in major financial services companies such as Grupo Santander, American Express and Citigroup.

In relation to auditing, she has extensive experience in large financial services companies, where she has been involved in the implementation of internal control frameworks. She has also been a guest auditor for the US and international subsidiaries of Citigroup.

In these roles, she has developed expertise in risk management, including operational risk, the internal control framework and risks related to outsourcing, IT and cyber risk.

Throughout her career, she has led large teams of very diverse people, making her familiar with the human resources aspects of running a bank, including performance management and remuneration systems.

Gilles Samyn

- Chairman of the board of directors
- Chairman of the remuneration committee
- Member of the audit committee

Mr. **Gilles Samyn** has a business engineering degree from the Solvay Business School. He gained his professional experience as financial director and then managing director of the Frère-Bourgeois Group, a family-owned professional holding company (1983-2019), as well as a non-executive director in a wide range of sectors, having held directorships (and chairmanships) in some 100 companies, ranging from financial holding companies to large corporations such as Pernod Ricard, Petrofina, Bertelsmann, Eiffage or M6, as well as on the board of directors of Banca Leonardo.

He has had the opportunity to sit on and chair audit, strategy, control, nomination and remuneration committees on a number of occasions and has therefore acquired an excellent understanding of how such committees operate and the issues that fall within the remit of these committees.

In addition to the mandates linked to his professional activity, he has also been a member of the board of directors of several NGOs, companies and various groups. He taught at the Solvay Business School (accounting, management control and strategy) from 1969 to 2017.

Thomas Demeure

- Member of the audit committee

Mr. **Thomas Demeure** has a degree in applied economics and law (UCL) and an MBA (University of Chicago).

He pursued a career of almost 35 years in investment banking (M&A and capital markets) in New York and London. As vice-chairman Investment Banking at Barclays and previously chairman of Financial Institutions Europe, Middle East and Africa at Citi, he has accumulated extensive analytical and transactional experience in the European financial sector, which is particularly useful in strengthening the audit committee's collective competence in these matters.

Jean-Marie Laurent Josi

- Member of the audit committee
- Member of the nomination committee
- Member of the IT committee

Mr. **Jean-Marie Laurent Josi** is a graduate of the Ecole de Commerce Solvay. He has gained extensive professional experience in strategic, financial and corporate governance matters during his career, mainly through his role as CEO of Cobepa since 2004. He has also held various directorships in companies in various sectors in which Cobepa is a shareholder, including Carmeuse (member of the audit committee and the remuneration and nomination committee), van Oord (member of the audit committee) and Socotec (chairman of the board of directors and member of the remuneration and nomination committee).

These various mandates have enabled him to acquire an excellent understanding and mastery of the functioning of such committees as well as of the issues that fall within the competence of these committees, including issues relating to the development of computer technologies.

Frank van Bellingen

- Chairman of the risk committee

Mr. **Frank van Bellingen** has a master's degree in economics (UCL) and a master's degree in international relations (LES).

He has acquired professional experience and expertise in risk management through his role as a director and Chief Financial Officer of CLDN-Cobelfret, where he has been responsible for risk management since 1988. He has chaired the risk committee of Degroof Petercam since 2015.

Jacques-Martin Philippon

- Member of the risk committee
- Member of the nomination committee

Mr. **Jacques-Martin Philippon** has gained professional experience in risk management throughout his career as a director (executive and non-executive) of many companies since 1990 in the banking and financial sector as well as in other sectors, such as events, audiovisual, logistics and real estate development in Belgium and abroad.

In addition, he has been a member of the risk committee of Degroof Petercam in Belgium and Luxembourg since 2014 and a member of the nomination committee of Degroof Petercam in Belgium since 2016. These different experiences have enabled him to acquire in-depth expertise in the areas covered by the committees of which he is a member.

Jean-Baptiste Douville de Franssu

- Member of the risk committee
- Member of the IT committee

Mr. **Jean-Baptiste Douville de Franssu** is a graduate of the École Supérieure de Commerce de Reims Group and the University of Middlesex (London) in Business Administration. He has a diploma in actuarial studies from Pierre and Marie Curie University (Paris).

Until 2012 he was Managing Director and a member of the global executive committee of Invesco Ltd, one of the world's leading asset managers. He has also been a company director in the financial sector and notably chairman of the board of directors of L'Istituto per le Opere di Religione (IOR) and vice-chairman of the board of directors and chairman of the audit and risk committee of the La Française Group.

These different experiences have allowed him to acquire an in-depth knowledge of risk management and IT issues.

Guido Vanherpe

- Chairman of the nomination committee
- Member of the remuneration committee

Mr. **Guido Vanherpe** has a degree in applied economics and a special degree in applied marketing. He also completed an MBA in finance in the United States.

He has been Managing Director of the La Lorraine Bakery Group since 1995, where he has gained extensive experience in the professionalization and governance of his family group,

particularly in matters relating to appointments and remuneration. He is also chairman of the Family Business of Excellence Award, an initiative dedicated to recognizing family businesses that excel in governance and sustainability vision.

He was also an independent director at Resilux NV and Terbeke NV, where he gained experience in remuneration policies.

Miguel del Marmol

- Member of the remuneration committee

Mr. **Miguel del Marmol** has a degree in business engineering. He has acquired professional experience in team management throughout his career with the Total Group, particularly as General Manager.

Having had general managerial responsibilities for more than 15 years in Belgium and internationally at companies of approximately the same size as Degroof Petercam, Miguel del Marmol brings to the remuneration committee the benefit of his extensive experience in the field of team remuneration.

12.3 Management board and day-to-day management of the group

In accordance with Article 17 of its Articles of Association and Article 24 § 1 of the Banking Act, the board of directors has set up a management board from among its members. Within the framework of the general policy defined by the board of directors, the management board ensures the effective management of the company and the group. He exercises all the powers conferred on him by law.

Mr. Hugo Lasat	Chief Executive Officer (Audit, CEO office, Communication, Credits, Facilities, Human Resources, IT, Legal and Operations)
Mr. Bruno Colmant	Group Head of Private Banking (Private Banking, Marketing)
Ms. Nathalie Basyn	Chief Financial Officer (Finance)
Mr. Gautier Bataille de Longprey	Group Head of Business Development (Corporate Banking, Family Office, Fund Management and Private Equity)
Mr. Gilles Firmin	Chief Risk Officer (Risk, AML and Compliance)
Mr. François Wohrer	Group Head of Investment Banking (Corporate Finance and Global Markets)

The composition of the management board is determined on the basis of the following principles:

- the complementarity of expertise (in financial matters, risk management, operational know-how, etc.) required to ensure the implementation of strategy as defined by the board of directors
- changing requirements
- the moral, ethical and conduct criteria applicable within the group

Each of the current members of the management board has the title of managing director. In principle, the management board meets once a week. It met 60 times during the year.

Hugo Lasat

Mr. **Hugo Lasat** has been CEO since October 2021. He joined Petercam in 2011 as a partner and head of Petercam Institutional Asset Management. In 2016, following the merger between Banque Degroof and Petercam, he took over the management of DPAM as CEO. He started his career in 1986 with Arthur Andersen & Co and has over 30 years of experience in the financial sector (Bank Bacob, AG Asset Management, Paribas Asset Management, Banque Paribas Belgium, Cordius Asset Management, Amonis, Candriam and Dexia Group). He holds a master's degree in economics and a postgraduate master's degree in finance from the KU Leuven (Campus Brussel). Hugo Lasat is a visiting professor at the KU Leuven (Campus Brussel) and a director of Baloise Holding, Basler Leben AG and Basler Versicherung AG.



Bruno Colmant

Mr. **Bruno Colmant** has been Managing Director and Head of Private Banking since October 2021. He joined the Degroof Petercam group in 2015 as Head of Macro Research and became its CEO in 2019. Between 2011 and 2015 he was an academic advisor to AGEAS and a partner of the consulting firm Roland Berger. Bruno Colmant started his career with Arthur Andersen, Dewaay and Sofina. He was managing director at ING (1996-2006), chief of staff of the Belgian Ministry of Finance (2006-2007), CEO of the Brussels Stock Exchange, member of the executive committee of NYSE Euronext and chairman and CEO of Euronext Brussels (2007-2009) and Deputy CEO of AGEAS (2009-2011). He holds a doctorate in applied economics and a business engineering degree from the Solvay Business School Economics & Management (ULB), a Master of Science degree from Purdue University (USA) and a Master of Science in Taxation (ICHEC-ESSF). Bruno Colmant is a member of the Royal Academy of Belgium, a member of the Central Economic Council and a lecturer in finance at the Vlerick Management School, UCL and at the Solvay Business School Economics & Management (ULB).



Nathalie Basyn

Ms. **Nathalie Basyn** has held the position of Managing Director and Group CFO since 2015. She began her career at Procter & Gamble before joining Citibank in 1989, where she held various financial control positions, culminating in the position of CFO of the Europe, Middle East and Africa retail bank. Nathalie Basyn joined Fortis in 2005, where she held the positions of Head of Corporate Performance Management and Head of Management Control at BNP Paribas Fortis, respectively, before assuming the role of Deputy CFO of International Banking at BNP Paribas from 2013 to 2015. She holds a degree in applied economics from the Catholic University of Leuven and an MBA from the Booth School of Business at the University of Chicago.



Gautier Bataille de Longprey

Mr. **Gautier Bataille de Longprey** has held the position of Managing Director and Group Head of Business Development since 2018. He is also a director of various group subsidiaries and chairs the Almac Committee in charge of managing balance sheet assets and liabilities. He directly supervises the activities of wealth management, group cash management, Private Equity, Family Office and Corporate Banking Services. He joined Bank Degroof in 1986 to perform analytical and management functions in the area of asset management. In 1991 he joined the trading room to develop advisory services and sales to institutional clients. In 1998, he became head of the trading room and institutional sales, joined the management board in 2002 and took over the management of IT and organization in 2003. Gautier Bataille de Longprey is a civil engineering and applied mathematics graduate of UCL and pursued a General Management Programme at INSEAD.



Gilles Firmin

Mr. **Gilles Firmin** has been Managing Director and Chief Risk Officer since 2016. He joined Banque Degroof in 1999 as Risk Manager in charge of market risks, liquidity and ALM. He became Chief Risk Officer in 2005 and joined the Management Committee of Banque Degroof in 2013 to become managing director in charge of risk management and compliance in 2015. He started his professional career in 1996 at the Central Mortgage Office (OCCH) and spent a year abroad in 1998 as financial manager for Médecins sans Frontières. Gilles Firmin has a degree in economics from the Université Libre de Bruxelles and additional training in international public law from the Vrije Universiteit Brussel.



François Wohrer

Mr. **François Wohrer** has been Managing Director and Group Head of Investment Banking since 2018. His responsibilities include investment banking activities, including Corporate Finance and Global Markets. He joined the Degroof Petercam group in 2015 as CEO of Degroof Petercam France. Between 2011 and 2015, François Wohrer was CEO of BBVA-France, the French subsidiary of Spain's second largest bank. Prior to that, he worked as a managing partner in mergers and acquisitions at DC Advisory (formerly Close Brothers). Between 1997 and 2009, he was managing director of investment banking at UBS in London and Paris. François Wohrer started his career in 1991 in Washington DC with the World Bank Group. He is a graduate of the Institut d'Etudes Politiques in Paris and holds a master's degree in economics from the London School of Economics.



12.4 Profit allocation policy

The dividend is determined with reference to consolidated net profit and retained earnings, as well as the strategy of the group.

12.5 Governance memorandum

Degroof Petercam has developed a governance memorandum assessing the basic characteristics of its relative management structure:

- the personal integrity and financial soundness of major shareholders
- a transparent management structure with a focus on sound and prudent management
- the definition of the expertise and responsibilities of each segment of the organization
- the collegial nature of effective executive management
- the independent control functions
- the suitable profiles and qualities of its senior managers
- the remuneration policy for senior managers
- the determination of the strategic objectives and values that the group sets for itself
- the familiarity of senior management with the operating structure and activities of the group
- adequate communication regarding management and control with the various parties concerned

This information is transmitted to the National Bank of Belgium and is periodically updated.

13 | Conflicts of Interest

In 2021, the board of directors addressed the remuneration of the members of the management board in two meetings. In accordance with Article 7:96, § 1, para. 1 of the Companies and Associations Code, the relevant extracts from the minutes are set out below:

Extract from the board of directors meeting of 11.03.2021

As part of the conflict of interest policy, the executive directors leave the meeting to allow the non-executive directors to address issues relating to the remuneration of the members of the management board. (...)

The remuneration committee recommends validating the negotiated amount for the reduction of the management board's remuneration package, which will amount to 6.3% of the total remuneration package (fixed and variable) of the management board members.

The board of directors approves the reduction of the remuneration package for the members of the management board on the recommendation of the remuneration committee.

Extract from the board of directors meeting of 14.07.2021

The executive directors leave the meeting to allow the chairman of the committee to present the recommendations on the remuneration of the current executive directors to the non-executive directors. (...)

Following a request from the board of directors and on the proposal of the remuneration committee, the remuneration committee recommends a reduction in the overall remuneration package for executive directors of 12%, the breakdown of which was detailed at the meeting. The board of directors approves the recommendations of the remuneration committee.

Article 59/1 of the Banking Act provides for a procedure similar to that provided for in Article 7:96, § 1 of the Companies and Associations Code (applicable to the board of directors) in the event of a conflict of interest within the management board. In 2021, the management board did not face a conflict of interest situation within the meaning of Article 59/1 of the Banking Act.

14 | Discharge of the directors and auditor

In accordance with the law and the Articles of Association, the general meeting is requested to grant discharge to the directors and the auditor of Banque Degroef Petercam SA for the performance of their duties for the past financial year.

15 | List of mandates exercised by the directors in accordance with the Law of 25 April 2014 on the status and supervision of credit institutions and brokerage companies ('Banking Law')

The list of external mandates held by senior managers of Degroef Petercam and which are subject to publication, is available at www.degroofpetercam.com.

Brussels, 21 April 2022