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## IV. Management Report

## 1 | Comments on business activity

2022 has been marked by major economic and geopolitical challenges, while being particularly impacted by high inflation tied to the war in Ukraine, causing a significant rise in energy prices. Despite this instability, 2022 can be considered as a good year for Degroef Petercam.

All the group's business lines, namely Private Banking, Institutional Asset Management, Asset Services and Investment Banking, generated solid results, reinforced by the increase in income linked, amongst others, to the rise in the interest margin after a long period of negative interest rates. Degroef Petercam's integrated model ensured the group's resilience and enabled it to achieve net banking income of 559 million euros, showing a slight increase compared to 2021, which saw significant growth. Client assets were impacted by unfavorable market conditions, with the overall year-end level of 71 billion euros down 17% on the previous year's closing figures. The Investment Banking businesses showed remarkable resilience in a difficult market environment.

### 1.1 Different business lines contributing to the group

**Private Banking** was a key contributor to Degroef Petercam's net banking income, with operating revenues growing compared with the previous year, contributing 46% of the group's total revenues. This performance was made possible by an increase in the interest margin, which compensated for the drop in commissions due to the difficult market conditions. The credit activity also held up well, with outstanding loans continuing to grow to 2.3 billion euros.

**Institutional Asset Management** ended the year with a 10% drop in revenues compared with 2021, which had seen a significant increase, contributing 24% of total group revenues at the end of the year. This decline in revenues is mainly linked to the evolution of the financial markets.

**Asset Services** continues to be a strong contributor to the net profit income, and an important part of the group's integrated model. Asset Services operating revenues grew by 3% year-on-year, contributing 14% of total group revenues, despite a financial market correction that weighed on in-house and third-party funds. This was offset by higher interest margin revenues, while operating expenses rose slightly due to inflation.

In 2022, **Investment Banking** has managed to replicate the 2021 revenue level overall, contributing 16% to total group revenues. For the Global Markets activities, whose operating revenues increased by 6%, this was due to strong activity in derivatives and incentive plans, which generated higher revenues, slightly offset by a decline in Fixed Income and Foreign Exchange activities.

The Corporate Finance business line reported a 10% decline in operating revenues, despite a record year in M&A mandates. However, economic and financial uncertainties limited Capital Markets activities due to particularly wait-and-see market conditions.

## 1.2 IT migration

The launch of our new Core Banking System and Portfolio Management System (Avalog) at the headquarters on January 1, 2023, was an important milestone after two years of active preparation for the IT migration. Following the strengthening of its regulatory and operational framework in the recent past, the group has now taken another important step with its technological transformation, which will enable it to provide even more efficient, comprehensive and diversified services to its clients. Our new future-proof IT environment will enable us to pursue our business strategy, facilitate the adoption of technological innovations and support our growth ambitions.

## 2 | Comments on the consolidated accounts

At the end of the financial year 2022, the consolidated net profit (group share) was 76,403,230 euros, compared to 47,552,166 euros for the previous financial year. The increase in net profit is mainly due to an increase in revenues generated by balance sheet and cash management, a reduction in the tax charge and the non-recurring nature of certain costs that had impacted the accounts in 2021. The overall increase in net profit was partially offset by a decline in net fees from asset management activities in an unfavorable market environment.

Consolidated comprehensive income (group share) was 66,651,554 euros as at 31 December 2022 compared with 56,320,447 euros a year earlier. Income is calculated by adding to consolidated net profit the unrealized income directly recognized in equity (revaluation reserves). The change in other comprehensive income is mainly due to the effect of the revaluation of the market conditions of the pension plans and the revaluation of the group's available-for-sale bond portfolio.

The net interest margin including all revaluations of interest rate conditions on financial instruments was higher than in 2021. Balance sheet and cash management showed an improved result, mainly due to the significant increase in market interest rates. The end of negative interest rates in Europe, initiated by the European Central Bank in the second half of 2022, allows the group to benefit from a positive margin on deposits. In addition, the proactive management of the asset portfolio, coupled with the general rise in rates, has generated value for the group. Interest rate developments also had a positive impact on the revaluation, as well as on the interest income generated by the derivative hedging instruments used to hedge the fixed-rate loans granted and the securities investments.

Net fee and commission income is lower in 2022 than in the previous year. The decrease in management and administration fees is mainly due to the decline in the stock markets. To a lesser extent, the lack of visibility on market developments led to a general decline in volumes, which negatively influenced brokerage commission income.

In addition, the revenues of the investment banking activities have remained stable overall in 2022. Other net operating income showed a positive change due to the non-recurrence of exceptional expenses incurred in 2021.

Personnel costs have decreased, mainly due to a decrease in annual provisions for variable remuneration, which is partially offset by an inflation-linked increase in salaries.

On the other hand, other general and administrative expenses increased mainly due to IT costs generated in the context of the digital transformation and the renewal of the core banking system (Kairos project).

Impairment of assets decreased compared to the previous year.

Tax expenses at the end of the year are lower than in the previous year. The trend is explained firstly by a lower taxable base for certain group entities, mainly DPAM, BDPL DPAS, and secondly by a one-off tax recovery in the context of the liquidation of an entity.

The decrease in the other components of comprehensive income is mainly due to two elements. Firstly, the actuarial revaluation of pension plans has little impact on the 2022 accounts, whereas in 2021 there was a significant increase. In 2022, the significant positive impact of the updated discount rate in the calculation of liabilities is offset by a lower return on assets. Secondly, the significant change in interest rates has had a negative impact on the fair value of the bond portfolio held by the group and available for sale.

## 2.1 Appropriation of statutory profit/(loss)

At 31 December 2022, the statutory net profit of Banque Degroof Petercam SA totaled 293,459,308 euros. Taking into account the profit carried forward from the previous financial year of 116,026,971 euros, the profit base to be allocated amounts to 409,486,279 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	293,459,308
+ Carried forward	116,026,971
<b>= Profit to be appropriated</b>	<b>409,486,279</b>
- Allocation to other reserves	0
- Dividends	65,053,254
- Profit bonuses	5,249,155
<b>= Profit to be carried forward</b>	<b>339,183,870</b>

Consolidated shareholders' equity, including minority interests, amounted to 993.7 million euros at the end of the financial year, an increase of 3.4 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 (76.4 million euros)
- the distribution (outside the group) relating to the previous financial year (-62.8 million euros)
- the revaluation of financial assets at fair value during the financial year (-9.1 million euros)
- the IAS 19 revaluation of the conditions of post-employment benefits (-0.4 million euros)
- changes in translation differences (-0.2 million euros)
- transactions in own shares (-0.4 million euros)

Regulatory capital amounted to 624 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 20.3% at 31 December 2022. 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 8.2% at 31 December 2022. 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 2022, 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 2022, the sub-subsidiary of Banque Degroof Petercam SA, Orban Finance SA, held 371,647 Banque Degroof Petercam SA shares, representing 3.43% of the share capital.

The consolidated carrying amount of all treasury shares held by the sub-subsidiary amounted to 50,017,152 euros as at 31 December 2022.

During the past financial year, the total number of shares held by Orban Finance SA increased by 3,441 shares.

## 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 2022, mainly in the Kairos program to replace the group's Core Banking System and Portfolio Management System. The solution was successfully deployed on January 1, 2023, for all clients of Bank Degroef Petercam in Belgium and will constitute a real platform for growth. In addition, we are continuing to develop our digital offer, both for Private Banking clients and for our Institutional clients, our fund services, our management information systems, and the new group Customer Relationship Management (CRM) solution.

The group's core digital/IT transformation programs will continue in 2023 with the launch of Customer Relationship Management (CRM) for Private Banking clients in Belgium, as well as the implementation of the Kairos project for Luxembourg, the roll-out of a homogeneous Finance platform in Luxembourg and new initiatives to develop the digital offering.

All of these transformation programs are also systematically complemented by stringent cyber security and data protection measures, as well as by user support and training plans.

## 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 4.5 million euros at the end of the year.

The development costs of the projects completed in 2022 have not been capitalized and are included in this year's net income.

## 7 | Remuneration policy

The remuneration policy entered into force on 24 September 2014 and is reviewed at regular intervals. It was agreed upon by the management committee 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 committee 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 the interest rate risk of investments in bonds and loans to clients. The majority of these transactions are recognized in the accounts as fair value hedges.

From 2022 onwards, the bank has used the fair value hedge accounting provisions (IAS 39) for a portfolio of fixed-rate loans. This use of derivatives is supervised by the Assets and Liabilities 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 group 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

On 20 April 2023, the board of directors decided to propose to the general meeting of 23 May 2023 to distribute a gross dividend of 6 euros per share to the shareholders, and authorized the publication of the financial statements.

The banking sector has faced a crisis of confidence in March 2023. The liquidity and risk management problems of the California-based Silicon Valley Bank, which caused its bankruptcy on March 10, 2023, have generated concerns about the soundness of the banking sector in the United States and Europe. The first European victim, Credit Suisse, experienced a liquidity crisis that led to the Swiss-led takeover of the bank by its compatriot UBS on March 16, 2023.

At the beginning of the second quarter, tensions in the banking market seem to be easing. The fact that European banks are much better capitalized and regulated than they were prior to the 2008 global financial crisis, combined with the quick and decisive response of central banks and policymakers to provide significant liquidity, should reassure the market that this crisis will not turn into a systemic crisis.

These events have had a very limited impact on Bank Degroof Petercam and its clients. The group's exposure to the bank Credit Suisse is not material and the impact on the financial markets is relatively limited at the end of the first quarter.

## 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 2022, the governance bodies of Banque Degroof Petercam SA were comprised as follows:

	Board of directors	Management committee	Audit committee	Risk committee	Remuneration committee	Nomination committee	IT committee	Deadline
Mr. Gilles Samyn ◇	★		●		●	★		2024
Ms. Nathalie Basyn	●	●						2024
Mr. Hugo Lasat	●	★						2025
Mr. Filip Depaz	●	●						2026
Ms. Sabine Caudron	●	●						2025
Mr. Gilles Firmin	●	●						2023
Mr. François Wohrer	●	●						2024
Mr. Jean-Baptiste Douville de Franssu	●			●		●	●	2025
Mr. Jean-Marie Laurent Josi	●		●			●	●	2024
Mr. Frank van Bellingen	●			●	●			2027
Mr. Jacques-Martin Philippson	●			●		●		2027
Mr. Yvan De Cock ◇	●		★	●	★			2023
Ms. Kathleen Ramsey ◇	●			●		●	★	2023
Mr. Thomas Demeure	●		●		●			2025
Ms. Sylvie Rémond ◇	●		●	★	●			2026
Ms. Tamar Joulia-Paris	●			●				2026

- non-executive directors
- executive directors
- ★ chairman
- ◇ independent directors

## 12.1 The board of directors

The board of directors of Degroof Petercam includes the members of the management committee 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 2022, 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 committee.

The general meeting of 24 May 2022 decided to renew:

- the mandate of Mr. **Gilles Firmin** as executive director for a period of one year ending at the end of the general meeting of 2023
- the mandate of Ms. **Kathleen Ramsey** and Mr. **Yvan De Cock** as independent non-executive directors for a period of one year expiring at the end of the general meeting of 2023
- the appointment of Messrs. **Jacques-Martin Philippson** and **Frank van Bellingen** as non-executive directors for a term of five years expiring at the end of the general meeting of 2027
- the mandate of Mr. **Jean-Marie Laurent Josi** as non-executive director for a term of two years ending at the close of the general meeting of 2024

The general meeting also decided to nominate :

- Ms. **Sabine Caudron** as executive director for a new three-year term ending at the close of the 2025 General Meeting, replacing Mr. **Bruno Colmant** who resigned from his position as director and managing director with effect from the close of the General Meeting
- Ms. **Sylvie Rémond** as an independent non-executive director for a new term of four years ending at the end of the 2026 general meeting
- Ms. **Tamar Joulia-Paris** as a non-executive director for a new term of office of four years ending at the close of the general meeting in 2026

The general meeting also took note of the resignation of Mr. **Bruno Colmant** as director and managing director, and of Mr. **Guido Vanherpe** as independent non-executive director, with effect from the ordinary general meeting of May 24, 2022.

The mandate of Mr. **Miguel del Marmol** as non-executive director expired at the end of the ordinary general meeting of May 24, 2022, and was not renewed by the general meeting.

At its meeting of September 8, 2022, the board of directors noted the resignation of Mr. **Gautier Bataille de Longprey** as managing director and member of the BDPB Management Committee with effect from August 1, 2022.

On October 28, 2022, the Board of Directors decided to co-opt, with immediate effect, Mr. **Filip Depaz** as managing director, and member of the management committee, COO.

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 2022, the following directors should be considered independent: Ms. **Kathleen Ramsey**, Ms. **Sylvie Rémond**, Mr. **Yvan De Cock** and Mr. **Gilles Samyn**.

### 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 committee and determines, on the basis of the management committee's proposals, the resources necessary for this purpose. It determines the responsibilities and composition of the management committee 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 13 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 director

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 31 December 2022

Mr. Yvan De Cock	Chairman, independent director
Mr. Gilles Samyn	Independent director
Ms. Sylvie Rémond	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 seven 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, budget preparation and monitoring, monitoring the implementation of the internal control framework (ICE1L) and the correspondence/reports of the regulators. This year the Committee had the opportunity to examine the application of 'Hedge Accounting' and its impact. The committee has taken note of the list of disputes.

## 12.2.2 Risk committee

### Members as 31 December 2022

Ms. Sylvie Rémond	Chairwoman, Independent director
Mr. Yvan De Cock	Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Baptiste Douville de Franssu	Director
Mr. Jacques-Martin Philippson	Director
Mr. Frank van Bellingen	Director
Ms. Tamar Joulia-Paris	Director

The risk committee meets at least five times a year. It met five 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 periodic risk management and operational risk reports, as well as the Compliance Officer and the AMLCO reports.

The meetings held also addressed issues such as anti-money laundering (AML)/client file review (CFR), the development and updating of various risk management and compliance policies, ESG risks, information security and the follow-up of the ALM (rates evolution).

The risk committee continued to specifically address legal and regulatory risks.

### 12.2.3 Nomination committee

#### Members as 31 December 2022

Mr. Gilles Samyn	Chairman, Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Marie Laurent Josi	Director
Mr. Jacques-Martin Philippson	Director
Mr. Jean-Baptiste Douville de Franssu	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 committee
- the definition of the profile of board of directors and management committee members and Identified Staff, and the selection process
- proposals for appointing and re-electing directors and members of the management committee

The nomination committee has set a target for gender representation on the board and has developed a policy to ensure gender balance by setting a target percentage.

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



#### 12.2.4 Remuneration committee

##### Members as 31 December 2022

Mr. Yvan De Cock	Chairman, Independent director
Mr. Gilles Samyn	Independent director
Ms. Sylvie Rémond	Independent director
Mr. Thomas Demeure	Director
Mr. Frank van Bellingen	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 policies and on the incentives created for managing the return on capital employed, taking into account sound risk management, capital adequacy 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 committee
- the remuneration of Identified Staff and the independent control functions
- profit-sharing plans for group employees

In the areas for which it is responsible, the remuneration committee makes proposals to the board of directors.

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

#### 12.2.5 IT committee

##### Members as 31 December 2022

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

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 committee, taking into account the most 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 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.

The IT committee also oversaw in particular the implementation program of the Kairos program - aimed at replacing the group's core banking and portfolio management applications.

The IT committee met four times during the year. It reported systematically on its activities to the board of directors.

## 12.2.6 Biographies of the members of the specialized committees

### Yvan De Cock

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

- Chairwoman of the IT 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.

Throughout her career, Ms. Ramsey has developed expertise in risk management, including operational risk, internal control framework and risks related to outsourcing, IT and cyber risk.

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.

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 nomination committee
- Member of the audit committee
- Member of the remuneration 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
- Member of the remuneration 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

- Member of the risk committee
- Member of the remuneration committee

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

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 Degroef Petercam from 2015 until May 2022.

Mr. van Bellingen is also a director of BDPL and DPAM.

## Jacques-Martin Philippon

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

Mr. **Jacques-Martin Philippon** has gained professional experience in corporate management and more particularly risk management. He has been a director (executive and non-executive) of many companies since 1990 in the banking, financial and private equity sectors as well as in other sectors, such as artistic and audiovisual production, logistics, and real estate development in Belgium and abroad.

In addition, he has been a member of the risk committee of Degroef Petercam in Belgium and Luxembourg since 2014. He is currently a member of the risk committee and the nomination committee at Degroef Petercam and a member of the audit and risk committee at BDPL. He has in-depth expertise in the topics that fall within the competence of these committees.

## Jean-Baptiste Douville de Franssu

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

Mr. **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 is currently a company director in the financial sector and notably chairman of the board of directors of L'Institut per le Opere di Religione (IOR) and vice-chairman of the supervisory board and chairman of the audit and risk committee of La Française Group.

These different experiences have allowed him to acquire an in-depth knowledge of the financial sector and more specifically of the asset management business, of risk management and IT issues.

Mr. Douville de Franssu is also a director of DPAM.

## Sylvie Rémond

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

Ms. **Sylvie Rémond**, a graduate of ESC Rouen, has 36 years of experience in customer relations, financial structuring and risk management within the Société Générale Group. She was a member of the Management Committee from 2011 and Group Risk Director from 2018. At the same time, Sylvie has held positions on the boards of directors of French and foreign subsidiaries of the Société Générale Group, in the risk and audit committees, thus reinforcing her experience in the governance of listed and non-listed companies.

Ms. Rémond is currently a member of the remuneration committee and the audit committee at SOPRA STERIA (a French listed company) and a member of the remuneration committee at SOGECAP (a French regulated company). She is also chair of the risk committee and member of the audit committee of the French company BOURSORAMA.

As an independent director, she chairs the risk committee.

## Tamar Joulia-Paris

- Member of the risk committee

With more than 40 years of experience in the financial sector, and more particularly in portfolio and risk management, Ms. **Tamar Joulia-Paris** spent nearly 25 years with ING Group, starting as Head of Credit Risk Management at Banque Bruxelles Lambert, and subsequently holding the positions of Global Head of Credit Portfolio Management, Global Head of Credit Markets and Global Head of Credit Portfolio Group. She is also a professor of financial risk management and ESG at the University of Saint Louis (Brussels) and holds several mandates as an independent director, notably at Greenomy and the Dexia Group, where she is also a member of the risk and audit committees.

Ms. Tamar Joulia-Paris is also a director of DPAM.

### 12.3 Management committee and day-to-day management of the group

The board of directors has set up a management committee from among its members, whose members it appoints and dismisses after recommendation by the nomination committee and approval by the supervisory authority.

Within the framework of the general policy defined by the board of directors, the management committee ensures the effective management of the company and the group. He exercises all the powers conferred on him by law.

#### Members as 31 December 2022

Mr. Hugo Lasat	Chief Executive Officer (Audit, CEO office, Credits, Human Resources, IT and Legal)
Ms. Sabine Caudron	Group Head of Private Banking (Private Banking and Marketing)
Ms. Nathalie Basya	Chief Financial Officer (Finance and Tax)
Mr. Gilles Firmin	Chief Risk Officer (Risks, AML and Compliance)
Mr. François Wohrer	Group Head of Investment Banking (Corporate Finance and Global Markets)
Mr. Filip Depaz	Group Chief Operating Officer

The composition of the management committee 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 committee has the title of managing director. In principle, the management committee meets once a week. It met 53 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 Degroef 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.



## Sabine Caudron

Ms. **Sabine Caudron** has held the position of managing director of Head of Private Banking since May 2022. She joined the Degroef Petercam Group as Head of Private Banking Brussels from 2018 to 2020. In 2021, she returned to the group as Head of Private Banking Flanders before taking over responsibility for all Private Banking activities six months later. Prior to that, she spent 18 years at BNP Paribas Fortis Belgium where she held the position of Director Private Banking Brussels. In 2012, she joined Puilaetco Dewaay Private Bankers as Head of Sales and member of the Executive Committee. Sabine Caudron holds a bachelor's degree in Quantitative Economics and Decision Sciences from the University of California, San Diego, and a master's degree in Taxation from the European Tax College in Antwerp.



## 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 Retail Bank CFO Europe, Middle East and Africa. 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.



## Filip Depaz

Mr. **Filip Depaz** has held the position of managing director and Group Chief Operating Officer since October 2022. Before joining the Degroof Petercam group, he was responsible for the transformation program at Athora Group, a life insurance company active in the European markets. He was previously active as chief operating officer and member of the executive committee of Immobel. From 1999 to 2019, he developed his career at Delta Lloyd Life Belgium where he held positions of COO, CEO, member of the executive committee and of the board. After the take-over of Delta Lloyd Group by NN Insurance, he led the integration as COO and board member of NN Insurance Belgium. He was also active in transformation projects at Axa and Citibank. Filip Depaz holds a degree in Commercial Engineering from the KU Leuven and participated in the management program of the Vlerick Management School.





## Gilles Firmin

Mr. **Gilles Firmin** has been managing director and Chief Risk Officer since October 2015. 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. In addition, the board of directors has approved a new dividend distribution policy applicable from 2023.

## 12.5 Governance memorandum

Degroof Petercam has drawn up a governance memorandum describing and documenting all of its internal organization. The governance memorandum contains information on the following elements:

- the shareholder structure of the bank
- the structure of the group of which the bank is the parent company
- the policy on the composition and functioning of the board of directors
- the management structure and organization chart
- the internal control and key functions
- the organizational structure
- the remuneration policy
- the code of conduct and behaviour
- the ICT security and continuity
- the policy on the disclosure of the principles applied

The board of directors of Degroef Petercam approves the governance memorandum and ensures that it is kept up to date. The governance memorandum and its significant modifications are communicated to the National Bank of Belgium.

# 13 | Conflicts of interest

In 2022, the board of directors addressed the remuneration of the members of the management committee in three meetings. In accordance with Article 7:96, § 1, para. 2 of the Companies and Associations Code, the relevant extracts from the minutes are set out below:

### Extract from the board of directors meeting of 27.01.2022

Before moving on to the reports of the nomination and remuneration committees, the executive directors, with the exception of Hugo Lasat, leave the meeting to allow the non-executive directors to discuss their remuneration, if any, but also to allow them to proceed with the evaluation of the management committee without their presence. (...)

### 3.3. Report of the joint nomination and remuneration committee of January 24, 2022

Gilles Samyn recalls that, in response to the board's request, the management scorecard and the annual evaluation of the members of the management committee/executive committee and the heads of control functions were discussed in the presence of the members of the nomination and remuneration committees.

### Review of packages

Gilles Samyn indicates that the proposed increases in remuneration intended to respect the principle of internal and external equity for members of the management are in line with industry benchmarks. The overall financial impact of these increases for the company does not exceed 0.11% of GOR. (...)

The board of directors validates the recommendations of the remuneration committee and the nomination committee.

### **Extract from the board of directors meeting of 21.04.2022**

#### 5.5. Report of the circular remuneration committee

Gilles Samyn reports that a remuneration committee meeting was held by circular procedure to determine the conditions of departure of Bruno Colmant, who will resign with effect from the date of appointment of Sabine Caudron, i.e. in principle at the General Meeting of May 24, 2022.

Gilles Samyn specifies that Bruno Colmant has undertaken to respect a non-competition clause (the financial impact of which for the company is well below 0.5% of GOR), to hand over to Sabine Caudron under the best possible conditions, and he will probably continue to work with the Bank in the future.

Subject to Bruno Colmant's abstention, the board of directors approves, on the recommendation of the remuneration committee, the terms of departure of Bruno Colmant as managing director, member of the executive committee and Head of Private Banking.

### **Extract from the minutes of the Board of Directors meeting of 23.06.2022**

#### 5.1. Report of the remuneration committee of June 3, 2022

As indicated at the beginning of the meeting, Hugo Lasat abstains from participating in the discussions concerning his compensation in accordance with the policy on the management of conflicts of interest.

The chairman of the remuneration committee commented on the activity report of the last committee, which is attached to these minutes:

- The proposal to increase the remuneration of the CEO of BDPB in view of the full satisfaction on the general operation and performance since his appointment. The remuneration committee recommends to the board to proceed with an increase in Hugo Lasat's remuneration, the financial impact of which for the company does not exceed 0.2% of GOR. This increase would take effect on July 1, 2022; (...)

The board of directors approves and validates the recommendations of the remuneration committee and additional suggestions made above.

Article 59/1 of the Banking Act provides for a procedure similar to that provided for in Article 7:96 of the Companies and Associations Code (applicable to the board of directors) in the event of a conflict of interest within the management committee. In 2022, the executive committee 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](http://www.degroofpetercam.com).

Brussels, 20 April 2023