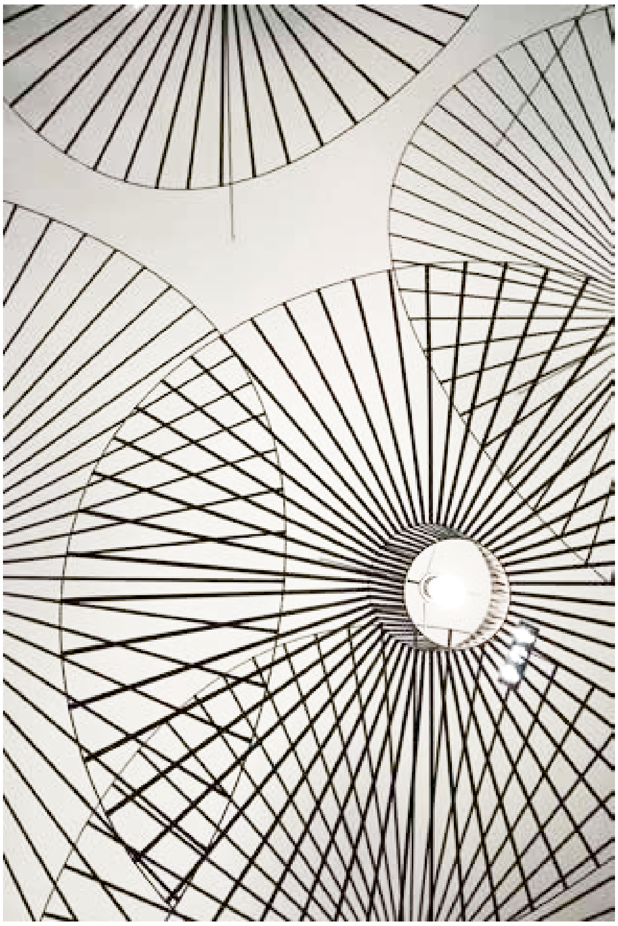
DELEN

PRIVATE BANK



ANNUAL REPORT 2016

Content

DELEN
PRIVATE BANK

Two chairmen share their views

From left to right: Jacques Delen en Paul De Winter

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2016 was another very strong year. Delen Private Bank's unique DNA continues to make the difference.

Jacques Delen and Paul De Winter, chairman of the Board of Directors and CEO, respectively, offered reassuring words: "2016 was another very strong year. Delen Private Bank's unique DNA continues to make the difference. The interplay between our family nature, the constancy of our management as well as the better returns provide a regular influx of new clients and capital. We have become the market reference in discretionary management. And we will unwaveringly continue our approach with the transparency and simplicity our clients so appreciate", said Paul de Winter.

Jacques Delen added enthusiastically: "Our ample experience allows us to be completely transparent in our communication to clients. All clients are able to access every detail of their portfolio immediately, at our branches as well as online, or through our mobile app. What's more, our app is a resounding success. Our new relationship managers keep assuring us how unique and advanced our IT system is. Our IT really does make life easier, for both the internal staff and the clients. And that's where our concept of financial unburdening starts. It frees up more time and space for us to provide our clients with the best possible assistance in terms of estate planning services."

Thank you for your trust

Both gentlemen wish to thank you for the trust you have placed in us. With its clear focus on discretionary management Delen Private Bank continues its unequivocal commitment to protecting and growing your capital. Personal contact with clients remains at the core of our activities. Within this context Delen Private Bank is resolutely continuing to build its regional network of offices. "We regularly monitor how mobility is developing around our offices", added Jacques Delen. "If we notice that mobility problems are starting to occur in certain places, then we take a look at opening a new regional office so we always stay close to our clients. In addition to the opening of new offices in Leuven and Namur, 2017 also saw the opening of a regional office in the Kempen region. This allows clients from the area to get to us quickly."

2016: from uncertainty to pronounced growth

"Looking back at 2016 we can say that the first half of the year was rather volatile and uncertain", Paul De Winter recalled. "After a short-lived correction following the surprise of the Brexit vote on 23 June the markets were able to bounce back. The equally surprising election of Donald Trump removed the remaining uncertainty and paved the way for market growth. It is clear to us that geopolitical shifts have had no pronounced effect on the markets. The basis for the recovery is primarily formed by the policy of the central banks and the better-than-expected corporate results. And so we look forward to 2017 with deliberate optimism."

The future lies in continuity and rejuvenation

For Delen Private Bank the future mainly means continuity and steady growth based on a healthy and balanced ambition. This growth will mainly come from the regional offices. The main challenge lies in training new staff and passing on our own family values. And so we are investing heavily in young people who can appreciate the Delen culture and are thus able to grow in the relationship of trust with our clients.

Our promise:

- Proactive but prudent management of your wealth assets, focused on protection and sustainable growth.
- Considered planning of your wealth assets in compliance with regulations.
- Independent analyses and advice, brought together in transparent solutions.
- Attention to your personal financial objectives and risk profile.

Our strength lies in our personal approach. Your account manager and estate planner are always well-informed about your portfolio, guiding you through the years.

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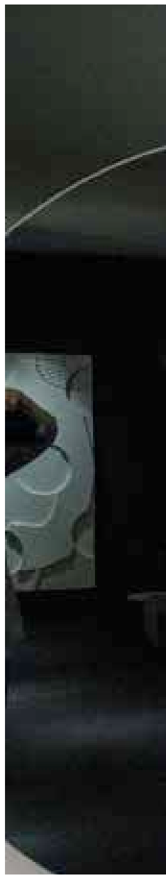
Our new relationship managers keep assuring us how unique and advanced our IT system is.



2016: the year politics made a comeback

The trends of 2016

As we looked ahead to 2016, the overriding sentiment was one of caution. We wondered whether relative strength in developed economies would do enough to ward off headwinds in emerging markets, and whether central banks had sufficient growth-spurring firepower. But it was the year's two major political events - the Brexit referendum and the US presidential election - that gave the greatest cause for concern.

In the end, and against all the odds, the markets' worst fears came true. The UK voted to leave the EU. And in the United States, a capricious and protectionist president swept to power. Confounding expectations, the markets saw strong rallies on the back of these so-called "bad news" stories after dipping sharply in the first half of the year, and the upward trend has held firm in early 2017 - especially in the United States, the UK and emerging economies.

Looking back, it seems that 2016 marked the end of a 30-year-plus cycle of falling interest rates and low inflation. As the Fed adopted a more hawkish tone and the ECB announced plans to curb its QE programme, long-term interest rates instantly started climbing from Q3 lows.

Here at Delen, we invest our clients' money in shares, spread currency risks, and opt for short-term bond funds. In the current climate, our strategy has paid off - our managed portfolios achieve gains of between 3% and 7%, depending on our clients' investment risk profiles.

Politics back in the spotlight

Central bank exploits have enjoyed the lion's share of market interest since the 2007 crisis, with political events relegated to little more than bit-part players.

Ten years on, the economic stimulus arsenal is all but empty. Instead, central banks look set to start unwinding some of the extreme, at times unthinkable, policy manoeuvres of the last decade - negative deposit rates, vast government and corporate bond (and share) buying schemes, and inflated balance sheets. With central banks close to running out of options, the markets once again turned their attentions to politics. And what a show it was. The Italians rejected constitutional reform at the ballot box forcing Matteo Renzi to quit, British voters turned their backs on Europe, and the US electorate put a right-wing outsider in the White House. These events are symptomatic of a groundswell of populist sentiment, as voters voice their anger over stagnating - and in some cases falling - wages and persistently high unemployment. And in Europe, this sentiment is coupled with fears around immigration, terrorism and religious extremism. This is a movement driven by emotion, blind to rational argument.

There is a packed political calendar ahead in 2017 - French, Dutch and German elections, Brexit negotiations, and chaos in the United States as the Trump administration sets about putting its policies into action.

Overview 2016

Global economy

Global economic growth dipped slightly to 3.1% in 2016 (down from 3.2% in 2015) as developed economies saw a modest slow-down and emerging markets held firm. Germany, where growth hit 1.9%, was the best performer of the major industrialised nations. The UK came a close second at 1.8%, defying gloomy Brexit forecasts, but sterling plunged by 14%.

Italy and France were also back in the black with a 1% upswing after years of inertia, while Eurozone-wide growth came in at 1.7%. Japan's recovery remained on track as growth hit 1.6% in 2016, up from 1.2% in 2015. The US economy also expanded by 1.6%, down from 2.6% the previous year. China was the top emerging-market performer as growth held steady at 6.7%, fuelled by a rising debt mountain and Beijing's fiscal stimulus package. China is becoming increasingly reliant on domestic demand, which now accounts for 70% of growth. Yet its economy is still exposed to protectionist policies weighing on external trade, with the United States and Europe making up 19% and 16% of its exports respectively. China's foreign exchange reserves slumped to $3 trillion in 2016 (from $4 trillion at mid-2014) under the combined effect of a narrowing trade surplus (down $500 billion) and capital outflow.

India posted strong growth of 6.5% despite currency chaos as the government withdrew bank notes in an effort to curb black-market trade.

Russia's economy picked up again in 2016 after years of downward pressure from sanctions and tumbling raw material prices. In Brazil, meanwhile, the ongoing recession saw the economy contract by 3.1%.

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> Analysts predict three or four rate increases in 2017.

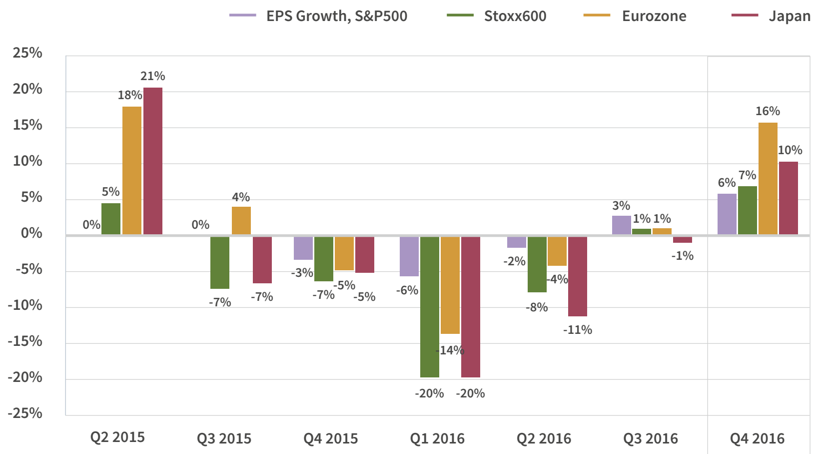
Monetary policy and inflation

Recent figures show that a decade of super-accommodative monetary policy might finally be turning the tide on deflationary pressures in the developed economies. Spurred chiefly by soaring oil prices and early signs of US wage growth, inflation is pushing close to 2% in the United States and Germany, has topped 1.5% in the Eurozone, and is on the up again in Italy after a sluggish 2016.

The Fed held interest rates steady in 2016 amid political uncertainty and market turmoil in the first six months. But it kicked off the Trump era with a 0.25% rate hike in Q4 on the back of the new president's fiscal stimulus plan and strong jobs and inflation figures. Analysts predict three or four rate increases in 2017. As Fed and ECB monetary stances diverge we can expect to see medium- and long-term dollar and euro rates drift apart, with investors shunning French bonds on National Front jitters and seeking safe haven in Germany.

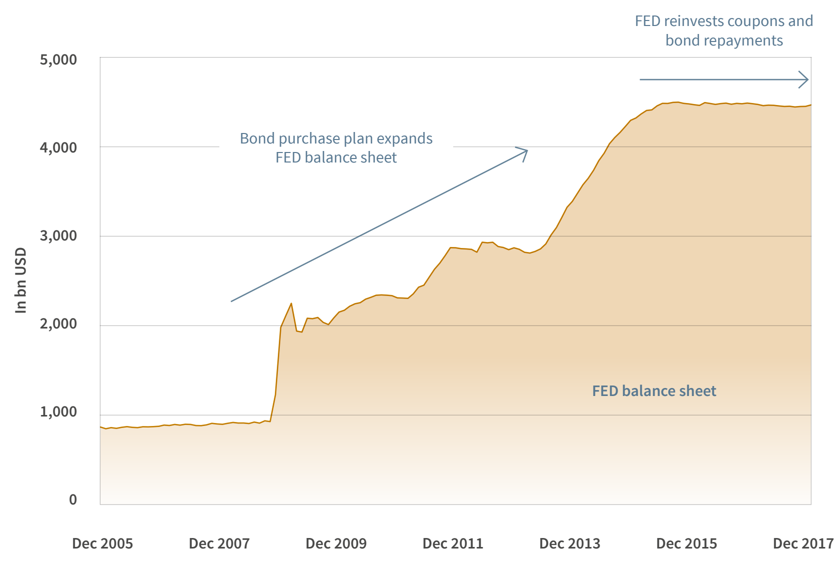
Despite increasingly fierce criticism and rate hike calls from Berlin, the ECB looks set to press ahead with negative rates and bond-buying in 2017, although it plans to trim the pace of monthly asset purchases from €80 billion to €60 billion from April.

Company earnings rebound



Source: Bloomberg, J.P. Morgan

FED's balance sheets expands



Source: FED

Stock markets

Volatility rippled through the markets almost from day one in 2016 and stocks hit rock-bottom in mid-February over Chinese economy fears, with European markets down 20%. The subsequent upturn was short-lived as markets tumbled again in the run-up to June's Brexit referendum.

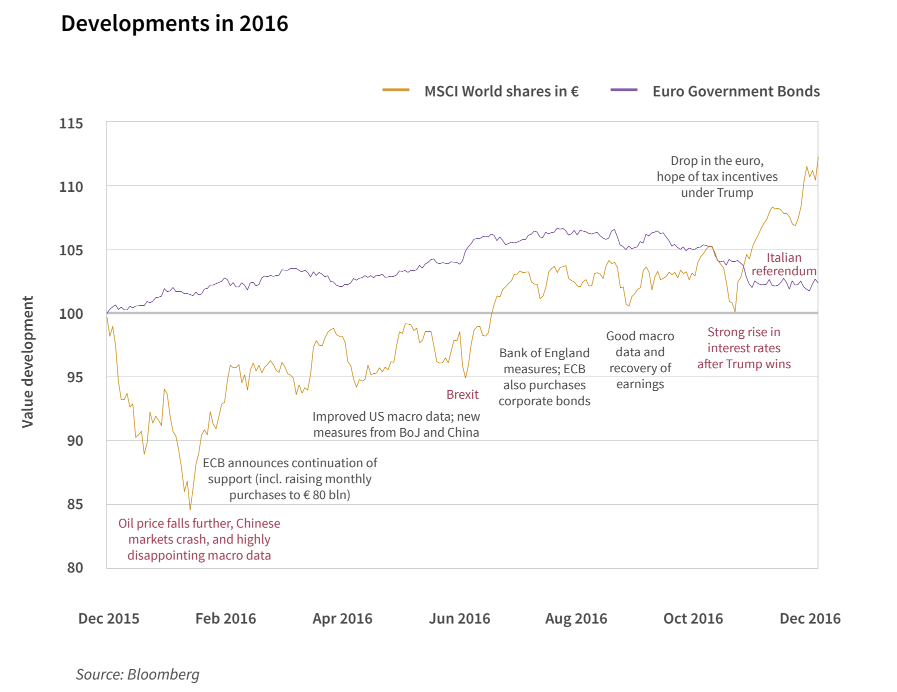
The second half of the year initially saw modest gains followed by a strong surge in the wake of the US election.

Investors felt that Brexit shock forecasts were overstated and saw Trump's investment and tax-cutting plans outweighing any protectionist risk.

Most markets ended the year on highs - the US S&P 500 closed up 9.5%, the Euro Stoxx 50 finished the year 0.7% higher, Japan posted 0.4% gains, and markets were up 8.5% across emerging economies.

Last year also saw turmoil in long-term interest rates. German 10-year bond yields fell from an early-year high of 0.63% to -0.18% in July, before climbing back into positive territory and closing the year at 0.21%. Belgian 10-year yields charted a similar course, recovering to 0.53% at year-end

Overview 2016



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> Conditions look to be set fair for 2017. Economic data paint a positive picture for Europe.

from a low of 0.10%. In the US, meanwhile, treasury yields dipped from 2.17% to 1.45%, ending the year up at 2.44%.

On the currency front, the year's biggest losers were sterling (down 14% against the euro), the Mexican peso (down 13% amid US protectionism fears) and the Turkish lira (down 14%). The best performers against the euro were the Brazilian real (up 26%), the Japanese yen (up 6%) and the US dollar (up 3%).

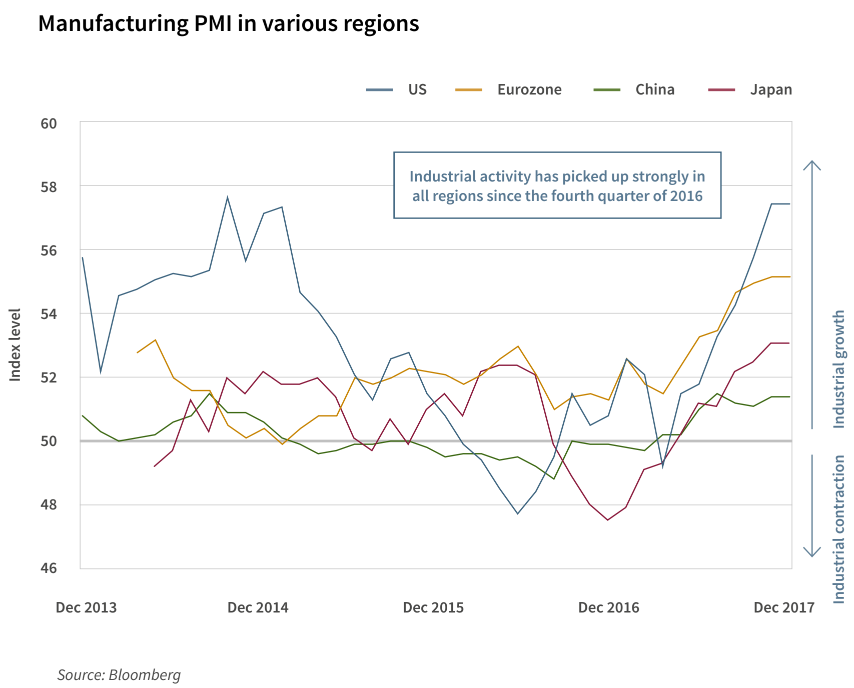
The benchmark index of raw material prices surged 10% in 2016, with oil and gold posting 56% and 8% rises respectively.

2017 outlook

Conditions look to be set fair for 2017. Economic data paint a positive picture for Europe, the United States and Japan. Deflation is no longer haunting the markets as inflation figures of 1-2% herald relief for countries with heavy debt burdens. And the signs point to a resurgent US economy fuelled by tax cuts and investment in infrastructure.

After a global slowdown in 2015-2016, both developed and emerging economies look set to grow again in 2017-2018.

The Fed is expected to step up the pace of rate hikes and balance sheet trimming measures in a return to its pre-crisis



monetary stance - a move that should boost the dollar. The ECB will eventually need to follow suit, although this is unlikely to happen before 2017-2018, keeping the euro weak for the time being. This year's elections in France and Germany will have important consequences for the future of the European project, and therefore the euro, putting even more pressure on the single currency.

Trump's protectionist agenda poses yet another risk. It remains to be seen how the new administration will put this into action and how other governments will react. Growing protectionist sentiment is likely to inhibit already-sluggish international trade and, in the long run, drag on global economic growth and supply chain efficiency.

Our asset management policy is founded on three principles. First, we favour shares, which are likely to see further rises in 2017. Second, we focus on short-term bond funds, which deliver ample yields but shield against rising rates. And third, we spread currency risks to hedge against euro weakness on the back of dovish ECB policy.

To see our strategy in action, let's look at two fictional British investors who wanted to protect their assets from the effects of Brexit. One sold up and took the cash. The other invested in (mainly British) shares and foreign currencies. The first lost 15%. The second made a much smarter choice.

"

We favour shares, which are likely to see further rises in 2017.

Key figures and prospects

Key figures in 2016

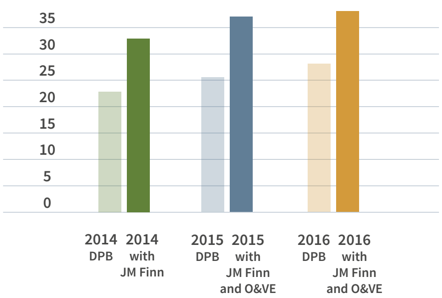
Delen Investments ***(see page 20)*** **focuses on discretionary management and estate planning for a broad spectrum of private, corporate and institutional clients. The Delen Investment group has grown to become a prominent player in Belgium (Delen Private Bank) in the Netherlands (Oyens & Van Eeghen) and in the United Kingdom (JM Finn & Co). The Group's total assets under management at the end of 2016 amounted to 37.77 billion euros.**

Delen Investments focuses on discretionary management (76% of the assets managed at Delen Private Bank) and relies on an efficient organisation in order to guarantee best-in-class service with a team of loyal and experienced employees.

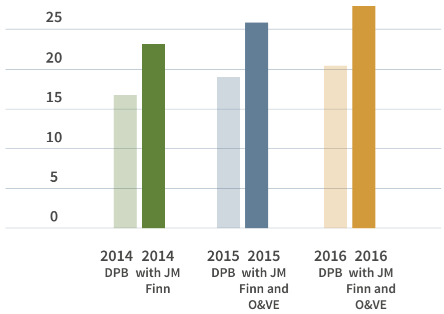
Delen Private Bank applied its traditional investment principles in 2016 in order to grow its clients' assets, benefiting from market opportunities within the bounds of their risk profile.

Delen Private Bank remains committed to its prudent investment philosophy and is convinced that this approach will continue to make the difference in the long term.

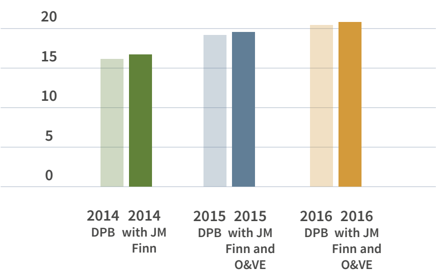
Assets under management (€ billion)



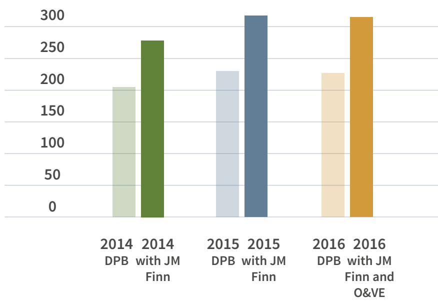
Of which discretionary (€ billion)



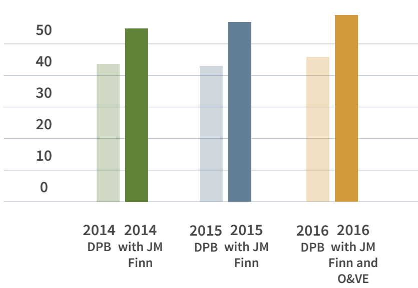
Of which Delen Group investment funds (€ billion)



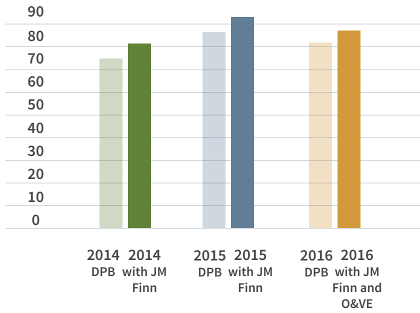
Gross operating income (€ million)



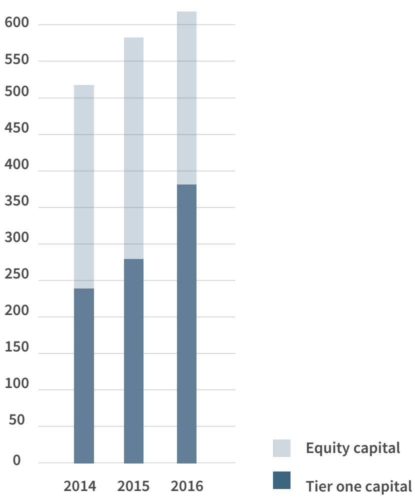
Cost-income ratio (%)



Net profit (share of the group) (€ million)



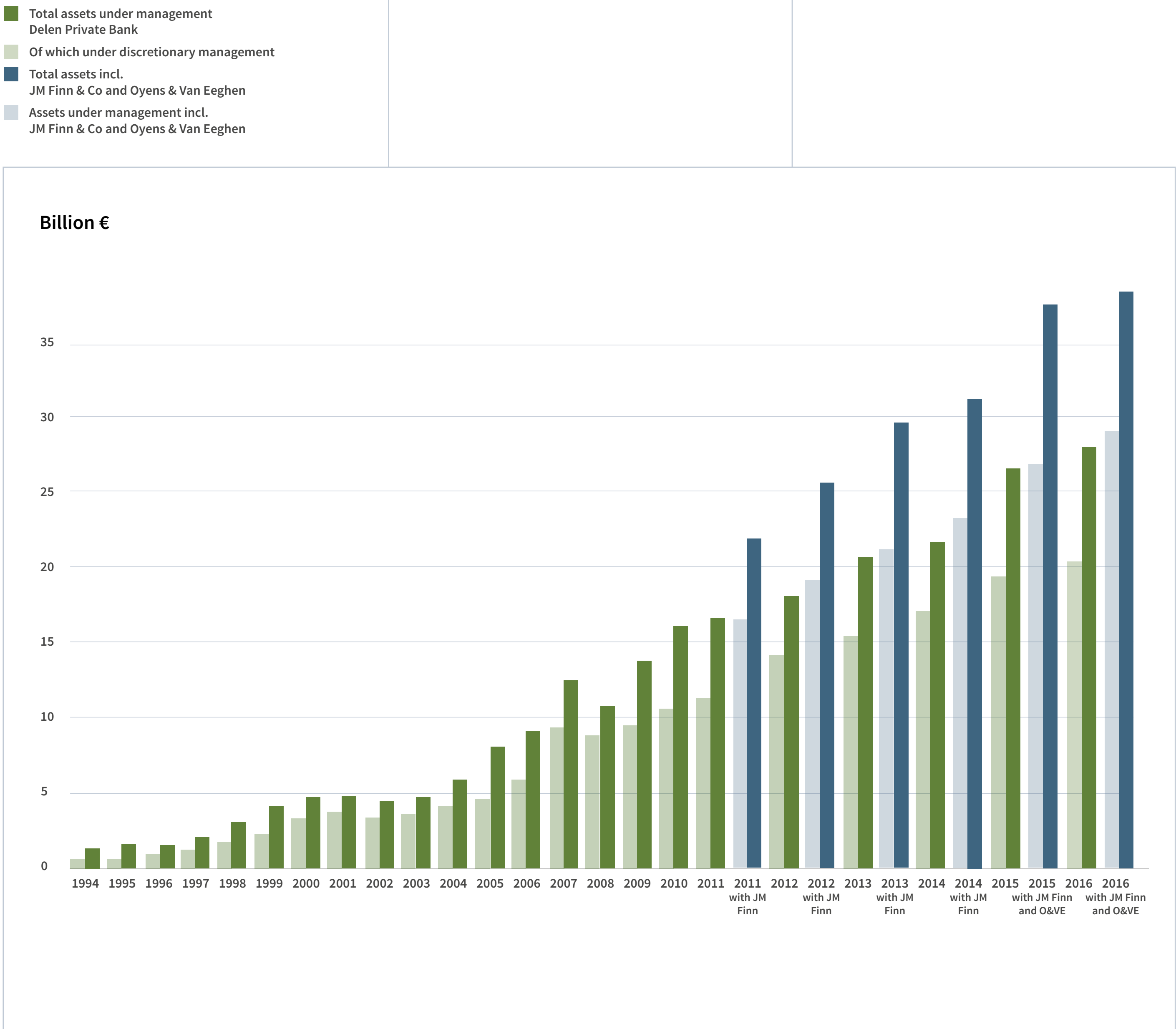
Equity capital (€ million)



Prospects for 2017

Delen Private Bank (Belgium, Luxembourg and Switzerland), JM Finn & Co (United Kingdom) and Oyens & Van Eeghen (The Netherlands) will continue to strive to attract new capital, with a focus on the regions where their brand awareness is on the rise. Delen Private Bank is entering 2017 with a healthy dose of cautious optimism. The bank will try to utilise the new market conditions as best as possible and closely monitor developments to protect and grow the assets of its clients as much as possible in the long term.

While continuing to pursue the successful implementation of its strategic initiatives to enhance the JM Finn & Co model and integrate Oyens & Van Eeghen further within the group, the Delen Investments group will also continue to assess external growth opportunities. The group is convinced that its business model, which has developed at a steady pace in Belgium, is also applicable to the other markets where it operates.



Delen Investments History

A balanced growth strategy

Delen Private Bank has grown steadily since 1936, true to our own identity and together with our clients.

Over the years we have acquired various private banks and asset managers. Their teams are still part of the Delen Investments group today, since continuity is key to this growth strategy. A healthy structure and many years of experience have given Delen Private Bank a unique market position.

Local roots and market recognition

Delen Private Bank makes a conscious choice to be located close to its clients. For this reason several offices have been opened across Belgium since 2007. Throughout the years our expertise and the quality of our management have been repeatedly recognised with awards.

1936 André Delen establishes the Delen stockbroker.

1975 The sons Jean-Pierre, Paul and Jacques Delen follow in their father's footsteps to head the brokerage firm.

1989 The Delen holding company is listed on the Brussels stock exchange.

2008 Opening of the office in Hasselt. Multiple awards for Delen Private Bank and Capfi Delen Asset Management, including 'Best Private Bank in Belgium' again.

2009 Third Euromoney title of 'Best Private Bank in Belgium'.

2010 Fourth Euromoney title of 'Best Private Bank in Belgium' and several first places for 'Hermes Belgian Growth' at the Fund Awards.

2011 Majority shareholding in JM Finn & Co in London. Euromoney awards Delen Private Bank the title of 'runner-up Best Private Bank in Belgium'. High score for Cadelam funds at the Fund Awards and in De Tijd.

2011 Eric Lechien and Christian Callens join the Executive Committee.

2013 Delen Private Bank Ghent moves from Merelbeke to a renovated historical building along the Coupure in Ghent.
The Brussels office on Tervurenlaan reopens after extensive renovations.

1990 Paul De Winter provides the impetus for discretionary asset management.

1992 The Delen holding company merges with investment company Ackermans & van Haaren.

1994 The company strengthens itself by acquiring Banque de Schaetzen in Liège and several listed companies in Brussels and Antwerp.

1996 Signing of a cooperation agreement with stockbrokers De Ferm.

Bank J.Van Breda & C°

1997 Ackermans & van Haaren and the shareholders of Bank J.Van Breda & C° place their subsidiaries under the Finaxis holding company.

2000 Acquisition of stockbroking Havaux further strengthens the position in Brussels.

2003 Reorganisation of the shareholder structure; the Delen family acquires a 25% share in Finaxis through Promofi.

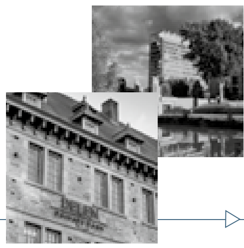
2004 Acquisition of the Luxembourg-based Axa subsidiary Banque Ippa & Associés, thereafter known as Banque BI&A.

2007 Merger of Capital & Finance with Delen Private Bank.

2007 Opening of new office in Ghent. Euromoney awards Delen Private Bank the title of ‘Best Private Bank in Belgium’.

2014 Paul De Winter becomes CEO of Delen Private Bank. Jacques Delen becomes President of the Board of Directors. Jan Suykens becomes Vice President of the Board of Directors. René Havaux becomes Vice President of the Management Committee. Alexandre Delen becomes a member of the Executive Committee and the Board of Directors.

2015 Acquisition of Oyens & Van Eeghen in the Netherlands.



2016 Opening of the renovated office in Liège. The Antwerp office temporarily moves to the BP-Building.

2017 New offices open in Namur, Leuven and in the Kempen region.

DELEN

PRIVATE BANK

Corporate governance

Executive Committee

The Executive Committee of Delen Private Bank is responsible for determining the strategy of the bank, within the guidelines determined by the Board of Directors. It is accountable for the day-to-day management of the bank and management of its various services, which in turn report to the Executive Committee. The Executive Committee closely monitors the bank's performance and ensures the follow-up of risks.

The composition of the Executive Committee since the annual general meeting held in 31 December 2016 is as follows:

President
Paul De Winter

Vice President
René Havaux

Executive Directors
Christian Callens
Filips De Ferm
Alexandre Delen
Eric Lechien
Arnaud van Doosselaere
Bernard Woronoff

Board of Directors

The Board of Directors of Delen Private Bank is responsible for determining the general policy of the bank and for supervising the Executive Committee. The Board members each have a wealth of experience and they assess the policies and performance of the bank from different angles. The Board has adopted a policy on gender diversity. Based on the current number of board members, the Board aims to have at least two female members represented on the board. The Board aims to achieve this objective within a period of seven years. The composition of the Board of Directors was as follows in 31 December 2016:

President
Jacques Delen

Vice President
Jan Suykens

Board members
Tom Bamelis
Luc Bertrand
Christian Callens
Filips De Ferm
Alexandre Delen

Executive Committee from left to right: Paul De Winter, Alexandre Delen, Filips De Ferm, Eric Lechien, Christian Callens, René Havaux, Arnaud van Doosselaere, Bernard Woronoff

Paul Delen
Paul De Winter
Piet Dejonghe
Eric Dekeuleneer
Michel Delbaere (independent director)
René Havaux
Eric Lechien
Mark Leysen
Arnaud van Doosselaere
Bernard Woronoff
Dirk Wouters

Christian Callens, Filips De Ferm and Bernard Woronoff have decided not to seek a renewal of their term of office in 2017. We wish to extend them our thanks for the excellent cooperation.

Audit and Risk Committee

An Audit Committee was established within the Board of Directors, which was converted into an Audit and Risk Committee in 2014. This committee is responsible for control over the financial reporting process, compliance with administrative, legal and tax rules, developing internal control procedures, and providing advice to the Board of Directors on existing and future risk tolerance and the risk strategy. It is composed as follows:

Chairman
Jan Suykens

Members
Michel Delbaere (independent director)
Jacques Delen
Luc Bertrand

All members of the Audit and Risk Committee have the necessary expertise in the field of accounting and auditing, as well as the necessary knowledge, expertise, experience and skills to understand and comprehend the bank's strategy and risk tolerance.

Michel Delbaere is a graduate in law and economic sciences. He is a director of various financial and economic companies and associations. He is also the founder of Crop's NV, Hesbayefrost SA, Monliz SA, MDC Foods Ltd. and Crop's & Partners, among others, and is a director at several of these companies. Michel Delbaere is also the managing director of Crop's Holding, a member of the Management Committee of FEB/VBO (the Federation of Enterprises in Belgium) and chairman of VOKA (Flanders' Chamber of Commerce and Industry).

Jacques Delen qualified as a stockbroker in 1976. He has been the chairman of the Board of Directors of Delen Private Bank since 1 July 2014, prior to which he chaired the Executive Committee. He was appointed director of Ackermans & van Haaren in 1992 and became chairman of the Board of Directors in 2011. He is also director of the listed agro-industrial group Sipef and of Bank J.Van Breda & C°.

Jan Suykens holds a degree in applied economic sciences and obtained an MBA from Columbia University in New York. He started his career in Corporate & Investment Banking at Fortis Bank. He served as CFO of Ackermans & van Haaren from 1990 and later became a member of the company's Management Committee. As from 23 May 2016 he succeeds Luc Bertrand as chairman of the Management Committee of Ackermans & van Haaren. He holds various board mandates within the Ackermans & van Haaren group.

Luc Bertrand graduated from K.U. Leuven as a business engineer in 1974. He worked for Bankers Trust Co in New York, Amsterdam and London until 1986 (Vice President, North Europe Area Manager). He was appointed director of Ackermans & van Haaren in 1985 and administrative and financial director in 1986. He has chaired the Management Committee of Ackermans & van Haaren from 1990 until 23 May 2016, at which time he has been appointed chairman of the Board of Directors. He is also chairman of the Board at Finaxis. He holds various directorships within and outside the Ackermans & van Haaren group, and has also been appointed independent director at ING Belgium.
Luc Bertrand also used to be a director of Banque Indosuez Belgique and of Generale Bank Belgium until its acquisition by Fortis.

Remuneration Committee and Nomination Committee

The remuneration committee is responsible for preparing decisions with regard to remuneration and advising on the bank's remuneration policy. It is comprised of the following directors:

Chairman
Luc Bertrand

Members
Michel Delbaere (independent director)
Jacques Delen
Jan Suykens

No separate nomination committee was established within Delen Private Bank. The entire Board of Directors assumes the tasks of the nomination committee.

Statutory auditor

Delen Private Bank has appointed E&Y auditors BCVBA as statutory auditor, with Mrs Christel Weymeersch as its legal representative.

Risk management

Focus on prudence

Risks are inherent in every company, and that includes the asset management activities of Delen Private Bank. For years and years Delen Private Bank has been extremely prudent in dealing with risks, both in managing clients' assets and in our own business operations, focusing on the long term and with attention to simplicity and transparency.

Risk control is considered to be a task for the entire organisation. Control functions and operational departments work together closely using a ‘three lines of defence’ approach. The Audit and Risk Committee monitors the risks that Delen Private Bank and its subsidiaries face in a structured manner. The Audit and Risk Committee is informed about risks by the various departments involved. Please refer to the notes at the item ‘Risk controls’ in the consolidated annual accounts for more information about the various risks.

Delen Investments

A strong financial group

Delen Private Bank is part of a very healthy financial group.

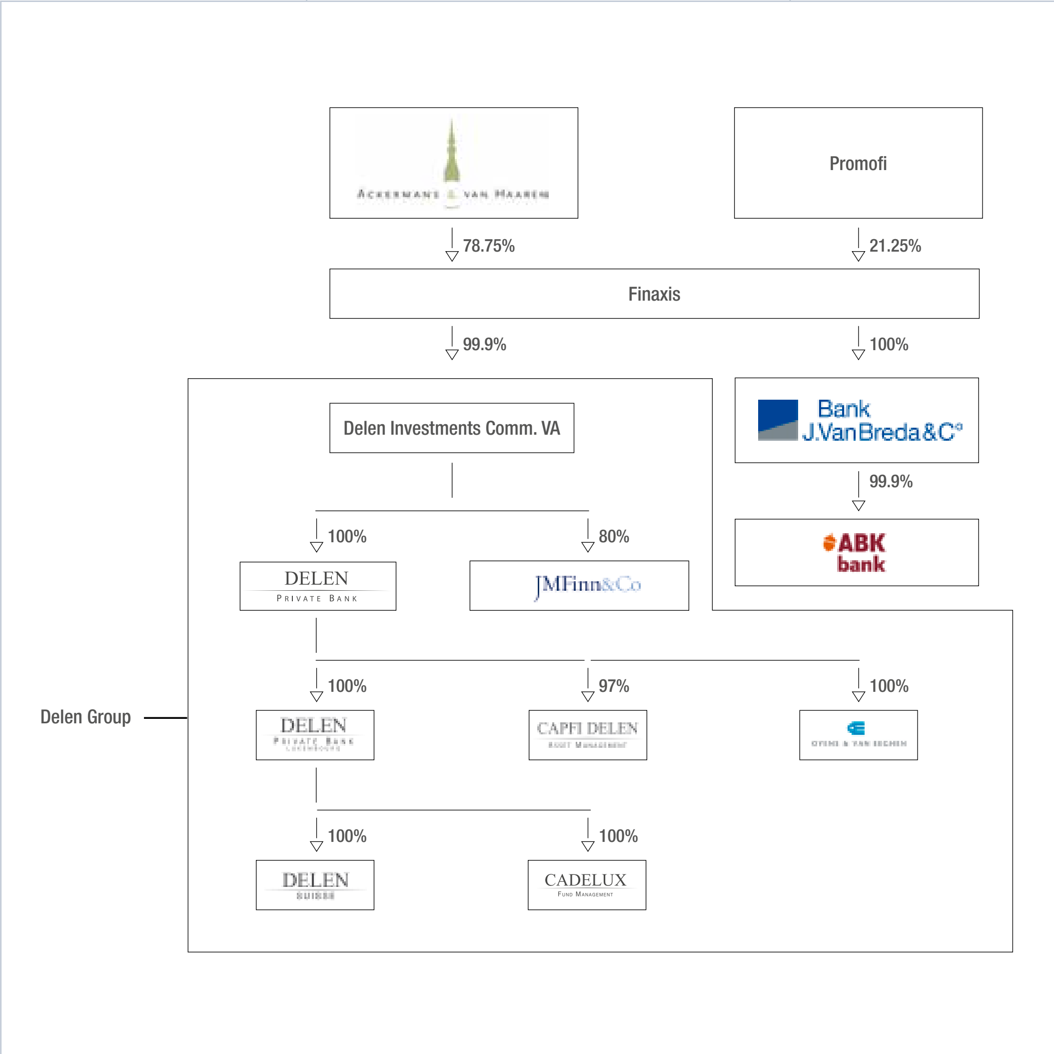
Delen Private Bank is a credit institution under the supervision of the NBB (National Bank of Belgium) and the FSMA (the Belgian Financial Services and Markets Authority).

All but a few of the shares of Delen Private Bank are held by Delen Investments. The shares of Delen Investments Comm.VA are, in turn, almost all held by Finaxis NV, which was incorporated in 1997.

Cooperation with Ackermans & van Haaren (AvH) started in 1992, when the Delen holding company merged with this Antwerp-based investment company.

As a reference shareholder, AvH currently holds 78.75% of the shares of Finaxis NV. The Delen family has a 21.25% participating interest in the capital of Finaxis NV through the company Promofi SA.

Delen Investments' main participating interests are Delen Private Bank (100%) and, since 2011, JM Finn & Co (80% participating interest), a leading investment manager in the United Kingdom.



Delen Private Bank has three subsidiaries: Delen Private Bank Luxembourg SA (100%); Capfi Delen Asset Management NV (Cadelam, 97%), an authorised asset management company for Undertakings for Collective Investment (UCI); and Oyens & Van Eeghen NV (100%), a Dutch asset manager.
Delen Private Bank Luxembourg SA holds 100% of the shares in Delen Suisse SA and Cadelux SA.

The group's general banking activities, which focus on small and medium-sized enterprises (SMEs), professionals and the self-employed, fall under the affiliate Bank J.Van Breda & C°. The strong growth of both banks (Delen Private Bank and Bank J.Van Breda & C°) has turned the financial segment into a very important branch of activity within the AvH group.

> "The strong growth of both banks (Delen Private Bank and Bank J.Van Breda & C°) has turned the financial segment into a very important branch of activity within the AvH group.

JMFinn&Co

JM Finn & Co

Back row from left to right: Dominic May, Simon Temple-Pedersen, Steven Sussman, Charles Beck, Sarah Soar
Front row from left to right: Gregory Swolfs, Paul Dyas, Hugo Bedford, Eric Lechien

By the end of 2016, JM Finn & Co had 9,730 million euros (8,331 million pounds sterling) in assets under management, of which 71% under discretionary management. The growth in assets under management and in the percentage under discretionary management confirms that JM Finn & Co is a healthy company with growth potential.
JM Finn & Co's position in the attractive British onshore investment management market, combined with the drive and experience of Delen Private Bank, should allow JM Finn & Co to grow further and evolve into a prominent player on the UK investment management market.

Operationally, 2016 was once again a busy year for JM Finn & Co thanks to the harmonisation of the pricing policy, important initiatives to comply with the stricter compliance environment, increased organisational efficiency and the further enhancement of cooperation with Delen Private Bank. Emphasis is also placed on further increasing commercial activity, for example by rolling out the new estate planning activity and by launching the new CRM software. The Management Committee of JM Finn & Co continues to ensure that strategic initiatives and priorities are gradually and successfully implemented so that the successful growth strategy goes hand in hand with the necessary improvement of profit.

JM Finn & Co's net result in 2016 was 6.7 million pounds sterling. JM Finn & Co's contribution to the group's net income was 5.6 million euros (after client amortisation expenses and 19% minority interests, collectively totalling 2.5 million euros). As JM Finn & Co's current cost-income ratio is 86%, the contribution to net profit was more modest than the contribution towards assets under management and gross operating income.

JM Finn & Co (in £ '000)

	2016	2015	2014
Assets under management (in million £)	8,331	7,929	7,834
Of which discretionary (in million £)	5,889	5,247	5,117
Equity capital	36,817	33,063	31,638
Gross operating income	60,998	58,926	59,989
Net result	6,660	6,310	7,397
Cost-income ratio	86%	86%	83%
Staff (FTEs)	296	310	295
Contribution to Delen Investments' consolidated result (in € '000)	5,605	5,514	6,393

Oyens & Van Eeghen NV

From left to right: Eric Lechien, Pim Baljet, Frederik Baert, Frederic Kalff , Marc Bakker

One of the oldest independent financial institutions in the Netherlands

Established in 1797 and one of the oldest independent financial institutions in the Netherlands, Oyens & Van Eeghen has been a part of the Delen group since July 2016. Oyens & Van Eeghen is a specialist asset manager successfully focused on fiduciary consultancy for both private and institutional clients.

On 31 December 2016 assets under discretionary management exceeded 1.3 billion euros, of which 658 million euros were for private clients and foundations. Fiduciary consultancy relates to additional entrusted assets of 1.9 billion euros. At the end of 2016 Oyens & Van Eeghen employed 27 seasoned professionals at its offices in Amsterdam and ‘s-Hertogenbosch.

Oyens & Van Eeghen realised a slightly negative operating result in 2016. Gross operating income amounted to 6.8 million euros and a negative net result of 0.013 million euros was reported. The results of Oyens & Van Eeghen were included in the consolidated Delen group results as from 1 January 2016.

Oyens & Van Eeghen NV (in € ‘000)

	2016	2015
Funds entrusted by private clients and institutions	657,509	572,471
Equity capital	19,342	19,126
Gross operating income	6,834	6,366
Net result	-13	261
Cost-income ratio	97%	94%
Staff (FTEs)	26	23
Contribution to consolidated result of Delen Investments (in € '000)	49	0

Ackermans & van Haaren

Market capitalisation

Equity capital

Equity capital (share of the group)

Net profit (share of the group)

Equity capital

Net profit (share of the group)

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As an investor, AvH assumes the role of proactive shareholder.

Ackermans & van Haaren (AvH) is a diversified group that achieved a turnover of 4.9 billion euros in 2016. The group opts for a limited number of participating interests with growth potential.

Ackermans & van Haaren is a diversified group active in four key sectors:

- **Marine Engineering & Infrastructure:** DEME - one of the largest dredging companies in the world - CFE and A.A. Van Laere, two construction groups headquartered in Belgium.
- **Private Banking:** Delen Private Bank, one of the largest independent private wealth managers in Belgium, and investment manager JM Finn & Co in the UK - Bank J.Van Breda C°, a niche bank for entrepreneurs and professionals in Belgium.
- **Real Estate & Senior Care:** Leasinvest Real Estate, a listed closed-end property investment company - Extensa, a major land and property developer focused on Belgium and Luxembourg.
- **Energy & Resources:** Sipef, an agro-industrial group specialised in tropical agriculture.

The AvH group achieved a turnover of 4.9 billion euros in 2016, through its share in participations, and employed 21,165 people.

The group focuses on a limited number of strategic participating interests with significant growth potential and is led by an experienced, multidisciplinary management team. AvH is involved in the selection of top management and in defining the long-term strategy for its participations. As an investor, AvH assumes the role of proactive shareholder. AvH concentrates on systematically creating value for shareholders through a long-term strategy.

Ackermans & van Haaren (consolidated) (in € '000)

2016	2015	2014	2013	2012	2011	2010	2009
4,424,941	4,532,131	3,420,034	2,852,596	2,085,852	1,930,762	2,092,890	1,741,504
3,916,348	3,815,612	3,469,247	3,277,362	2,514,231	2,364,994	2,153,375	2,020,873
2,783,083	2,607,339	2,372,075	2,251,539	2,003,267	1,882,631	1,711,350	1,595,501
224,237	284,079	213,645	293,901	167,343	177,506	160,804	117,450

Finaxis (consolidated) (in € '000)

2016	2015	2014	2013	2012	2011	2010	2009
1,418,150	1,089,425	1,001,372	921,418	852,926	785,769	613,549	547,768
124,329	131,992	115,451	106,923	89,950	111,857	79,553	56,532

Bank J.Van Breda & C°

The activities of Delen Private Bank and its affiliate Bank J.Van Breda & C° complement each other perfectly: Delen Private Bank focuses on the management of private wealth, while Bank J.Van Breda & C° is a reference bank for entrepreneurs and professionals, both privately and professionally.

Bank J.Van Breda & C° is known today for its successful niche strategy and the strict definition of its target group: it is solely for entrepreneurs and professionals. This in-depth specialisation, combined with personal services, sets it apart from other banks. Every self-employed person knows it is necessary to accrue pension capital to be able to comfortably maintain their lifestyle later in life. Anyone who simply relies on the value of his or her company, practice or office is taking a considerable risk. Bank J.Van Breda & C° assists its clients in accruing and protecting sufficient private wealth to help them become financially independent and able to maintain their lifestyle in the long term.

Clients can rely on a wide range of financial products and services, both privately and professionally, throughout their life. Some 150 account managers ensure an entirely personal approach, always bearing the long-term interests of their clients in mind.

Bank J.Van Breda & C° was not affected by the banking crisis and never had to rely on state aid. On the contrary, the bank has considerable equity capital and already complies with all the requirements that the regulator has set for 2019.

Bank J.Van Breda & C° has a national network of branches in Flanders, Brussels and Wallonia. The staff has the same mission everywhere: to be the best partner in wealth development for entrepreneurs and professionals.

Bank J.Van Breda & C° (in € '000)

	2016	2015	2014	2013	2012
Total assets	4,994,236	4,717,833	4,487,430	4,410,294	3,992,765
Client deposits	4,245,840	3,969,039	3,815,449	3,683,174	3,424,426
Off-balance sheet products	8,202,628	7,165,354	6,202,904	5,334,676	4,586,043
Total assets under management	12,448,468	11,134,393	10,018,353	9,017,851	8,010,469
Total private lending	4,223,318	3,932,237	3,639,208	3,455,495	3,306,419
Total commercial volume	16,671,787	15,066,630	13,657,561	12,473,345	11,316,888
Group equity capital	518,257	501,633	474,982	447,907	427,267
Group net income	37,736	40,479	35,494	31,546	27,739

Politics throws a curveball amid market recovery in 2016

Asset management

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> Responsible investment has long been a part of what we do here at Delen.

Conditions were set fair at the end of 2015. But would the encouraging signs last into 2016? How would the markets react to the year's two major political events?

The markets were wary of possible headwinds in China. But it was politics - in the shape of the Brexit referendum and the US presidential election - that gave real cause for concern. In the end, British voters unexpectedly turned their backs on Europe and the American electorate put a contentious candidate in the White House. But a fresh wave of optimism saw the stock markets close up once again at year-end. Interest rates have begun climbing slowly, but not enough to offset rising inflation.

So investors face a predicament - how to protect their assets in a climate of persistently low interest rates, soaring stock prices and enduring uncertainty around this year's elections across Europe. René Havaux, Filips De Ferm, Arnaud Van Doosselaere and Bernard Woronoff explain how Delen Private Bank creates value for its clients.

René: "Inflation is currently at 3% in Belgium. If it stays that way for the next decade, Belgians will lose a third of their purchasing power. So savers are in a no-win situation - they either sit back and watch inflation erode the value of their assets, or they take greater risks in search of better returns. But investors have little appetite for risk in current market conditions. That's where we come in. We bring value to the table by looking at the risk-return trade-off, choosing the right investments, and spreading risk to hedge against market uncertainty. It's about striking the right balance."

Filips: "It's a tough challenge for private individuals. But it's equally difficult for pension funds, insurers, non-profits, hospitals and other institutional clients. Until recently, many have been happy to pursue a conservative, largely passive investment strategy. But the spectre of rising inflation means they have little option but to diversify. We've set up a new unit to deal with spiking demand from the Institutional client segment."

Arnaud: "We're opening two new branch offices to bring us closer to our clients. That shows how fast we're growing *(see articles on page 54)*. Our branch in Namur - the Walloon capital - will make it easier for clients in the region to access our services. The four-strong team there is preparing to get down to business. In Leuven, we're fitting out our new branch at 140 Bondgenotenlaan - a prestigious building in the old part of town. We've opened a temporary office in the meantime. We've also refurbished our Liège branch office and we're delighted with the results. It's proving popular with existing and potential clients alike and the permanent exhibition is never short of visitors. It's also helped us win plenty of new business."

René: "Success often breeds success, and our other branch offices are performing well, too. For example, we're taking on more staff at our Brussels office every year as annual inflows increase."

Filips: "Our IT department in Antwerp has also grown rapidly - from 20 to 60 people in a few short years - as we've looked to stay ahead of the curve. It's always been our policy to do IT development in-house. We want to be self-reliant on that front. And the model seems to have paid off. You can see that with our mobile app, which we're further developing all the time. By bringing in digital, computer-based services, we're making things more secure, more transparent and more efficient for our clients. Of course, this all comes at a cost. We have to invest if we want to maintain the very highest standards. That's one of the reasons why we've altered our fee structure."

Rates are on the rise and index tracker funds are popular right now.

Bernard: "Index trackers don't match the way we do things. They are passive funds. Asset managers simply monitor index performance and invest accordingly. It's a potentially appealing option in a bull market. But the strategy doesn't account for the state of the economy. And it tends to cause overweighting in ballooning stocks. With index trackers, there's no asset allocation strategy. There's no flexibility. Wriggle room is critical when the markets are in turmoil. An effective asset allocation strategy - including hybrid bonds - has proven its worth in recent years."

René: "Some index trackers deliver very good returns in the short run. But we're firm believers in taking a more flexible approach. This strategy has helped us ride out crisis after crisis and absorb shocks for more than 20 years now. We've always been cautious. But we manage our clients' assets dynamically, too. Their interests guide everything we do. First and foremost, it's our job to protect their assets. Then we look at ways to grow them. We've been around for a long time. With experience comes stability. The challenge is to stay on track through markedly different cycles."

Delen made an impressive 50 new hires in 2016, mostly in IT. Are you keeping tabs on your growth?

Bernard: "Delen Private Bank is indeed growing fast. But we're still playing it safe when it comes to people management. Many firms are being forced to restructure. But that's not the case here at Delen. We plan to carry on in the same vein."

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> The challenge is to stay on track through markedly different cycles.

René Havaux

Asset management

From left to right:
Arnaud van Doosselaere, Bernard Woronoff

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> We took on a lot of new hires in 2016, but we've retained a personal dimension.

The regulatory environment is shifting, too.

Arnaud: "Absolutely. That's the main reason behind the change. We're bound by ever stricter rules and tighter control requirements. Running a more complex system brings extra costs. Our simple management model means we're better placed to cope with regulatory pressures than most of our competitors. But it's a burden we have to shoulder all the same. We're doing everything we can to minimise disruption for our clients. Discretionary management is becoming more popular again in the private banking world - and for good reason. Everyone wants to do things more efficiently. That's what this model gives us."

Bernard: "We're also doing more to tackle money laundering, especially on asset tracing. That naturally implies tighter controls and more IT infrastructure."

"Responsible investment" is one of the buzzwords of our age. What is Delen Private Bank doing on this front?

Filips: "Responsible investment has long been a part of what we do here at Delen. Longevity is one of our long-standing guiding principles. And responsibility chimes with our enduring values - integrity, personal service, continuity, efficiency, transparency, simplicity, security and caution."

René: "Capfi Delen Asset Management (Cadelam) and Delen Private Bank take a keen interest in responsible investment. Both firms have signed the UN's *Principles for Responsible Investment*. And it goes without saying that both comply with the blacklists published by the Financial Services & Markets Authority (FSMA) and the Belgian Asset Managers Association (BEAMA). Cadelam and Delen also keep a close eye on the watch lists maintained by six leading *Socially Responsible Investing* (SRI) organisations, blacklisting any public or private entities that produce weapons, violate human rights or harm the environment."

Are people your most important asset at Delen?

Arnaud: "Here at Delen, we're big enough to matter but small enough to care. We look after our clients and our people. We intend to stay that way. We took on a lot of new hires in 2016, but we've retained a personal dimension. The sheer number of unsolicited applications we get shows that people want to work for us. Our policy of not paying individual bonuses helps avoid unhealthy competition between staff and limits potential conflicts of interest."

Bernard: "Our wealth managers build trust with our clients year on year. We've worked hard to streamline our overheads - through our asset planning service, greater transparency, expert wealth managers, secure mobile app and IT systems. These efforts have brought us closer to our clients. At a time when many firms are shrinking their offerings in an effort to cut costs, we want to bring a more human touch to what we do. We're constantly striving to improve our services. In today's world, dealing with a human being is becoming something of a luxury, but we believe in maintaining personal contact with our clients."

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> In today's world, dealing with a human being is becoming something of a luxury, but we believe in maintaining personal contact with our clients.

Filips De Ferm

Capfi Delen Asset Management and Cadelux 2016

Cadelam

Cadelam (Capfi Delen Asset Management) and Cadelux are responsible within the Delen Group for the financial, administrative and risk management for funds that are mainly promoted by Delen Private Bank. They are management companies for UCIs and AIFs* licensed by the local regulatory authorities in Belgium (FSMA) and Luxembourg (CSSF).

Cadelam and Cadelux service around 50 sub-funds (compartments) divided among 15 individual funds (SICAVs). The combined total of these funds is 22.4 billion euros. The services comprise the financial management of funds from the Delen group, the administrative management of UCIs both from within Delen's own ranks and elsewhere, as well as the risk management of each individual compartment.

Taking into account the appropriate risk profile, Delen Private Bank uses a number of different funds to build its client portfolios. These include equity, bond and treasury funds, but mainly mixed funds. The latter are also known as wealth management funds given that clients often invest a substantial part of their movable assets in them. A wealth management fund can in fact be seen as an efficient way to package a whole set of individual equities and bonds, a small part of which clients can buy or sell in a very flexible way and on a daily basis, in line with their needs.

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> Taking into account the appropriate risk profile, Delen Private Bank uses a number of different funds to build its client portfolio.

*These are of Undertakings for Collective Investment (UCIs) and Alternative Investment Funds for which Cadelam and Cadelux provide management services.

From left to right: Michel Vandenkerckhove (Chairman), Patrick François, Chris Bruynseels and Gregory Swolfs, Management Committee Cadelam (Capfi Delen Asset Management).

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> Financial management comprises taking decisions on asset distribution and the specific composition of the portfolio, in accordance with the investment strategy and market circumstances.

Both the portfolio management and the administration are handled by specialist teams.

Cadelam employs a team of 12 portfolio managers/analysts who focus on the financial management of these funds. At the same time, together with Cadelux and Delen Private Bank Luxembourg, it also has a team of 17 specialists and accountants who handle the bookkeeping, administration, legal compliance, controls and risk management for the various compartments.

Financial management comprises taking decisions on asset distribution and the specific composition of the portfolio, in accordance with the investment strategy and market circumstances. Important elements for equities include the sector spread, the geographical spread and the selection of individual stocks. Important aspects for bonds include the spread by credit rating, the length of the term and the choice of individual instruments. In all cases the potential return is weighed up against the perceived risk to achieve the best possible balance.

An investment committee meets several times a month to formally discuss these strategic choices. The members of the committee maintain daily contact regarding the practical implementation. The sound results achieved in recent years, in terms of both (risk-adjusted) returns for investors and newly entrusted assets, are proof that this approach, with its short lines of communication, benefits investors.

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Cadelam

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With the acquisition of Dutch asset manager Oyens & Van Eeghen, Delen Private Bank has welcomed a multi-disciplinary team to the group with vast expertise in the field of asset management.

With the acquisition of Dutch asset manager Oyens & Van Eeghen, Delen Private Bank has welcomed a multi-disciplinary team to the group with vast expertise in the field of asset management. The management philosophies of the companies are quite similar with respect to asset distribution, and their experience in specific areas such as passive management, sustainable investment and fund selection is an additional advantage. This will further strengthen the financial management team of Cadelam, a process that has been ongoing for some time.

The administrative management comprises the bookkeeping for the funds, calculating the net asset values, processing entries and exits, compiling statistics, prospectuses, articles of association and annual reports, organising executive board and general meetings, and handling contacts with the authorities and external controllers (mainly auditors).

A significant amount of time also goes into the risk controls of the portfolios and the internal controls of the procedures. Risk control is an extremely important aspect of the management companies' duties. It relates to various aspects of a compartment's functioning, with risks pertaining to market risk, credit risk, settlement risk, currency risk, liquidity risk, concentration risk, etc.

Furthermore, investment funds are subject to a strict regulatory framework imposed by both European and local legislation. These rules impose many investment restrictions aimed at protecting shareholders and must be complied with. The risk managers of the management company must monitor compliance with these rules and report to both the fund managers and the fund directors as well as to the supervisory authority.

The liquidity of the underlying securities is another constant area of attention. The portfolios are subject to a stress test at set times to determine what portion of the fund could be sold in one day or how many days it would take to liquidate, say, 20% without it having too great an impact on the price.

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> If the valuation of equities rises sharply and market sentiment turns, the equity positions can be reduced or hedged in order to lower the risks in the portfolio and thus the volatility.

The most important added value we create when managing wealth management funds is derived from our flexible stance on asset distribution based on a top-down (macro) approach as well as the convictions of the fund managers which are translated into the portfolios through fundamental analysis (bottom-up or micro approach).

This flexible distribution of assets means that within the compartment's risk profile there are active shifts between equities, bonds and cash depending on risk/return ratio. That way an investor with a corresponding risk profile will, for example, not see his asset spread permanently fixed at 20% equities and 80% fixed-income investments.

Within the compartments it is likely that an equity scale of, for example, 0 to 30% is adhered to. If the valuation of equities rises sharply and market sentiment turns, the equity positions can be reduced or hedged in order to lower the risks in the portfolio and thus the volatility.

The returns are then reinvested in assets with a better risk/return profile. Once circumstances improve, the positions can be adjusted once again. Studies have shown that over 75% of the long-term return is determined by the asset spread. That means that the long-term performance of the portfolio is largely determined by the proportion of equities and bonds in the portfolio. Weightings will also be tactically adjusted within these asset classes based on macroeconomic data or sector-specific characteristics.

Cadelam

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Individual analyses and ratios will lead us to undervalued companies or interesting bonds.

On the other hand, our active management is not tied to reference indices or benchmarks. This means that the weightings of various sectors or countries in an index will be viewed as an indicator and not as a standard. In other words, the fact that financial equities have a weighting of around 25% in the indices does not mean that our sub-funds should maintain a similar weighting unless it fits with our strategy.

It is the investment process that determines the content of the portfolio. Individual analyses and ratios will lead us to undervalued companies or interesting bonds. In doing so, we always choose to seek adequate returns relative to the risk taken. *If we don't like it, we don't buy it.*

A characteristic feature of our approach is that we do not necessarily follow trends, that we have the courage to go against the flow at times, and that we also look for specific themes/asset classes that are less well-known or followed (e.g. dividends, futures or perpetual bonds).

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If we don't like it, we don't buy it.

2016: the year of the speculation tax

In our annual report for 2015 we looked forward eagerly to a reform of inheritance law on the one hand, and on the other hand we expressed the hope that 2016 would at last bring stability on the tax front. Reform of inheritance law seems to have come a step closer. The initial outlines are gradually becoming clear. However, stability on the tax front seems to be further away than ever. New tax measures and stances continue to pour forth in rapid succession. Sometimes these measures lead to lower tax pressure, but the result is often rather a tax increase.

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> 2016 will go down in history as the year of the speculation tax.

Taxation

2016 will go down in history as the year of the speculation tax. This tax, introduced as a (partial) response to demands for a capital gains tax, has meanwhile been abolished in view of the negative returns to the treasury. The result is that demands for “fairer taxation” and the introduction of a capital gains tax from certain quarters are once again louder than ever. The business world joined in too, demanding a reduction in corporation tax. The politicians will have to cut through some knots, and hopefully sooner rather than later. Whether all this will lead to substantive reform in the area of income tax is as yet unclear.

Tax regularisation

On 1 August 2016 a new system of federal tax and social regularisation came into operation. It is available to both natural and legal persons. The new system refers to non-prescribed income, sums and VAT transactions for tax purposes and prescribed capital for tax purposes (that is not yet prescribed under penal law). Assets in foreign structures and insurance policies can also be regularised, as can social contributions due on professional income by self-employed persons and VAT transactions.

For undeclared regional taxes such as inheritance tax and estate duty, cooperation agreements have been reached between the federal government and the regions. These agreements establish the distribution ratios for the various categories of amounts declared. So far only the Flemish Region has introduced its own tax regularisation. This is confined to amounts on which only Flemish tax has been evaded (in practice mainly inheritance tax). In contrast with the permanent federal regulation, the Flemish regularisation is of a temporary nature, until 31 December 2020.

Sharp increase in gifts of property as a result of the reduction in the gift tax rate

Following the Flemish Region’s introduction in 2015 of a drastic simplification and reduction of gift tax rates for real property, the Brussels Capital Region and the Walloon Region have now also reduced their gift tax rates for real property with effect from 1 January 2016. The Brussels regime was to a significant extent aligned with that of the Flemish Region. Wallonia confined itself to reducing the gift tax rates, but remains more expensive than Flanders or Brussels.

From left to right: Liesbeth Stevens, Niklaas Claeysoone, Steven Osaer

Gift and inheritance tax: each region goes its own way!

Since 2002 the regions have been able to set the rates, exemptions, reductions and tax base for gift and inheritance duties (or taxes as they are referred to in the Flemish Region), and they have made extensive use of these powers. Since 2015 the Flemish Region takes care of collecting gift and inheritance tax, and in so doing uses its power to interpret the tax legislation by means of administrative positions, prior decisions and comments. The interpretations and decisions of the Flemish Tax Authority not only succeed one another at a dizzying pace (sometimes testing the limits of its powers), but its positions and decisions often deviate from earlier federal positions and rulings (which are still applicable in Wallonia and Brussels) and for the most part are to the taxpayer's detriment. For example in 2016 the Flemish Tax Authority decided among other things to levy inheritance tax on split registrations resulting from gifts with reservation of usufruct of securities or money market investments made before a foreign notary from 1 June 2016, even if the donor dies more than three years after the gift. Admittedly these positions and decisions of the Flemish Tax Authorities are confined to tax-residents of Flanders, but the possibility of the Brussels Capital Region and the Walloon Region sooner or later adopting these interpretations, whether or not in modified form, cannot be ruled out. And anyone currently living in Brussels or Wallonia and considering moving to Flanders would do well to take account of this stance of the "Vlabel" as the Flemish tax authority is known.

What does the immediate future hold in store?

Parliament is currently working on a bill for the reform of inheritance law. The intention is to modernise the 200-year-old inheritance legislation and to take more account of present-day social developments and new forms of community and cohabitation. The forced inheritance rules will be amended, and people will enjoy much more freedom to determine what happens to their assets after they die. It will also be possible to enter into an inheritance agreement inter vivos on the distribution of an estate. At the same time the law relating to matrimonial property will also be amended, and the "stay-at-home" partner will be better protected in the event of divorce.

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Since 2002 the regions have been able to set the rates, exemptions, reductions and tax base for gift and inheritance duties.

Market review

Global economy

ECONOMIC CONTEXT

United States

The US economy appears to have largely recovered from the shock of the *Great Correction*, although the hangover remains. Gross Domestic Product (GDP) rose by a mere 1.9% in 2016, meaning the country's mountain of debt continues to grow in relative terms. However, this debt is now spread out better than it was before the crisis. Prior to the crisis, US debt was mainly bank debt (this debt has declined by around 13%) whereas it is now spread out across all market participants (total debt grew by around 33%). The federal government has seen its debt mountain more than double.

Despite the strong dollar, companies were able to keep their earnings per share at roughly the same level. The banking sector was able to pick up towards the end of the year following the upsurge in interest rates. The election of Trump as President meant a choice for increased uncertainty about the policies pursued. In any case, the new President wasted no time after his inauguration on 20 January 2017, even though his actions have been quite controversial both domestically and abroad and regularly cause commotion on the markets.

The housing market improved steadily and prices are now only 7% below the peak level achieved in 2006. With low and falling unemployment (it currently stands at 4.6%) we expect purchasing power to slowly improve as consumption continues to be strong. Furthermore, we are seeing a clear upward trend in hourly wages.

The Federal Reserve projects unemployment to be at 4.5% - 4.6% in 2017 (inflation is expected to be 1.7% - 2.0%). So the economy appears to be strong enough to handle additional interest rate hikes, but uncertainty surrounding the controversial President calls for a degree of caution. At the start of 2017

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> At the end of the year the banking sector was able to pick up following the upsurge of interest rates.

there were four interest rate hikes on the cards. This was also the case at the start of 2016, although only one eventually materialised.

Europe

In a referendum held on 23 June the UK voted for Brexit. Now that it has triggered article 50, the country has commenced negotiations with the EU to determine its new form of cooperation. This process will be closely monitored by many political parties in Europe eager to undergo a similar process. In France a similar exit from Europe known as 'Frexit' would be triggered by Marine Le Pen's Front National.

The upcoming negotiations promise to be extremely complex and time-consuming. Numerous elections will take place during the negotiations and be the cause of market jitters.

The sovereign bond market remained strong, with more and more governments being paid to borrow money. At the moment around a third of all government bonds in the eurozone carry a negative interest rate. There continues to be a call for a reduction in Greek public debt but creditors still do not appear to be prepared to agree to this. In any case the International Monetary Fund (IMF) is pressing Europe to reduce the pace of austerity and write off part of the mountain of debt.

All other peripheral countries (Portugal, Ireland, Italy and Spain) continued to have access to the market at relatively favourable conditions, although the interest on Portuguese ten-year bonds regularly rose above 4% in the course of 2016. On average, budget deficits and public debt remain high (in view of the low growth prospects) but confidence in the ability of governments to repay debt is still strong. Italy and Spain were not under pressure despite persistently difficult economic conditions. Spain continued to work diligently to get a grip on its problems but Italy made less progress, due in part to the paralysing effect of the referendum launched by Matteo Renzi. This resulted in considerable delays which will continue to be felt in the course of 2017.

One of the main problems remains high youth unemployment. The rate finally declined a bit in Greece to 44% and improved slightly in Spain to 43%. Inflation stayed at around 0% in the first half of the year. The measures taken by the European Central Bank (ECB) since the end of 2014 appear to be having only a slight effect so far. The IMF now projects eurozone inflation of 1.0% in 2017 and 1.5% in 2018.

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The government bond market remained strong, with more and more governments being paid to borrow money.

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Brazil had an extremely strong 2016 after a dramatic 2015.

United Kingdom

Brexit was the dominant theme in this region in 2016 as on 23 June a narrow majority of Brits chose to leave the European Union (52% vs 48%). Now that the initial chaos following the referendum has passed, the first effects are becoming visible: the sharp drop in the pound sterling absorbed the initial shock and the economic indicators usually give the green light. The uncertainty surrounding Brexit is likely to weigh on the economic climate and stock markets for years to come, particularly after remarks by Prime Minister Theresa May about a hard Brexit (i.e. a Brexit in which the ties are clearly cut).

Eastern Europe

Poland continues to grow well at 3.4%. However, other countries such as Hungary (growth of 2.5%) are having a tougher time. The European funds at their disposal are in decline and many countries continue to struggle with deflationary tensions.

Japan

Japan has the dubious honour of still holding the absolute record in terms of public debt. It currently stands at well above 200% of GDP, putting a constant brake on future growth. The Bank of Japan's target of raising inflation to 2% is being pushed forward. The IMF predicts that inflation will be 0.5% in 2017. This is an improvement on the 0.2% contraction posted in 2016. Consumer confidence remains fairly low and the strong yen is weighing on exports.

Far East (excluding Japan)

Credit growth remains alarmingly high in China but is not leading to excessive inflationary pressures for the time being. The IMF forecasts growth at 6.2% in 2017 but most pundits agree the actual rate will be substantially lower. There are numerous challenges but policy is focused and China has many instruments at its disposal to keep everything running smoothly. The transition from an export-driven economy to an economy focused on domestic consumption is in full swing and will still take many years.
As a result of the strong economic growth (the IMF forecasts growth of 7.6% in 2017) India is experiencing some pricing pressures which could push inflation higher. The challenges facing the new government which came into power in 2014 remain huge and the pace of reform is satisfying. The 'demonetisation' at the end of 2016 which entailed the obligation to hand in 86% of all currency in circulation within seven weeks sent shockwaves through the economy.

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> High youth unemployment remains one of the main problems.

The short-term effect is a disruption of economic activity (shortage of cash, long lines at banks, etc.) The long-term objective is to curb the 'black economy' in India and substantially widen the taxable base.

In Indonesia President Jokowi was aided by lower oil prices, even though the effect of this faded after the first quarter (prices at the pump fell even after abolishing oil subsidies) but was hampered by a drop in the prices of other commodities (e.g. palm oil). Measures to improve energy supplies and the logistics infrastructure had been necessary for years and are finally being taken.

We continue to believe in the attractive long-term prospects for India and Indonesia, albeit accompanied by some volatility and shocks. Growth in Indonesia is expected to pick up to above 5% in 2017 but at the same time inflation is expected to exceed 4%, making it an area of attention.

Latin America

Brazil had an extremely strong 2016 after a dramatic 2015. The stock market rose around 76% in euro terms. Following the corruption upheaval at Petrobras, the negative newsflow continued for President Dilma Rousseff. Driven by higher oil prices, the share price of government-controlled Petrobras increased by around 180%.

Much needed investments in the infrastructure have not been made and unemployment is rapidly growing, rising from a mere 4.6% at the start of 2015 to nearly 12% now. Despite having to deal with many other problems, Latin America generally performed quite strongly in terms of stock market development in 2016.

Monetary policy

In the US the benchmark interest rate rose from 0.25-0.5% to 0.5-0.75% at the end of 2016. The market initially expected a series of hikes to follow in 2016 but the Federal Reserve gradually adjusted its expectations. Although the economy is performing well, it is uncertain whether these increases will materialise this year.

The ECB has targeted an inflation rate of close to 2%, meaning that it would not reach this objective now and will have plenty of room to stimulate the economy. Therefore, at the end of 2016 the ECB announced it will be continuing its asset purchase programme until December 2017. The amount of monthly purchases will be lowered from 80 billion euros to 60 billion euros from April 2017. A further continuation of the programme would appear to be a problem due to the extremely limited amount of debt securities available from the start of 2018.

The Bank of Japan kept its deposit rate at -0.1%. As in the eurozone, concerns about the impact of the banking sector are starting to grow in Japan, putting pressure on the price of equities.

Japan continues to purchase assets en masse at a pace of around 500 billion euros per year. The idea is to structurally raise inflation to 2% but it does not look like this objective will be achieved in the medium term.

The Bank of England (BoE) continues to pursue its easing policy with an interest rate that was even lowered to 0.25%, the lowest rate since 1694. This happened as a result of the uncertainty that arose after the Brexit referendum.

Taking into account the initial effects of Brexit, this policy may even be further eased by the end of the summer.

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> Although the economy is performing well, it is uncertain whether these increases will materialise this year.

Global economy

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The long-term interest rate was volatile in 2016 and reached absolute lows in some European countries.

Forex markets

The most notable movement was that of the pound sterling which was extremely volatile and dropped around 14%. The euro fell slightly against the US dollar. The ECB took additional measures to ease its policy. The fact that the US will most likely pursue a more enabling fiscal policy (with tax cuts and investments in infrastructure under Trump) weighed heavily towards the end of the year.

The Chinese renminbi lost some ground against the euro. Traditionally weak currencies such as the Brazilian real (+26%) and the South African rand (+17%) strengthened noticeably. The Turkish lira nosedived following heavy political turmoil.

Bond markets

The long-term interest rate was volatile in 2016, reaching absolute lows in some European countries. It currently stands at around 2.4% in the US and at around 0.4% in Germany. Many countries including the UK, Belgium and Germany recorded the lowest interest rates in recent centuries! Belgium had financing expenses that were below 0.2% (July 2016) and in Germany the ten-year interest rate even dropped to -0.2%.

At the end of 2016 the yield on perpetual bonds had fallen to levels that were not attractive enough to build up positions. With yields of around 4% we believe it is worthwhile to maintain a solid position in this asset class.

Commodity markets

Oil prices remained extremely volatile in 2016. Prices dropped by more than 20% in January and later picked up, ending the year at more than twice that level. In the US many companies in the shale industry (which is financed with debt) went bankrupt, with the survivors being forced to achieve high productivity gains. Most commodity shares performed strongly after a weak 2015.

The price of gold increased nearly 13% in euro terms. Gold mine shares initially rose more than 100% and ended the year with gains of around 50%.

Equity markets

2016 was another volatile year with a very weak first quarter (Europe fell 18% and the US was down 14% in euro terms). Fears about the banking sector remained a dominant factor and problem child Italy was particularly targeted. The banking sector in the eurozone has around 900 billion euros of bad loans, of which around 360 billion euros is in Italy. The cleanup at Banca Monte dei Paschi and the capital increase at Unicredito (13 billion euros) are a testament to the fact that serious measures are finally being taken to solve the problem.

The extremely low price of oil also weighed on sentiment in the first quarter, but this improved in the second quarter. The Brexit referendum followed, however, which also weighed on sentiment.

Corporate earnings remained stable but more had been expected at the start of 2016 in view of the favourable climate (low oil prices, favourable financing conditions and increased growth). The level of returns is normal and financing costs are quite low (particularly if financing can be achieved in the bond market).

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2016 was another volatile year with a very weak first quarter.

Financial review

Financial review 2016

The assets under management of the Delen Investments group reached a record level of 37,770 million euros in 2016 (end 2015: 36,855 million euros). Both Delen Private Bank and Oyens & Van Eeghen contributed to this consolidated growth of 2.4%. The assets under management at JM Finn & Co rose expressed in pound sterling, but this increase could not offset the impact of the currency exchange rate evolution in 2016 (-13.9%).

The strong growth at Delen Private Bank, where assets under management rose from 25,555 million euros (2015) to 27,382 million euros (2016), resulted from the positive impact of the value development of the assets managed for clients and strong organic net growth from both existing and new private clients, companies and institutions. The constant inflow of assets, to which all Belgian branches contributed, reflects the confidence that clients have in Delen Private Bank and confirms its leading position in discretionary asset management in Belgium. Due to difficult market conditions, the inflow of capital fell somewhat in the first half of the year compared to the record level seen in 2015. However, the inflow fully recovered in the second half of 2016. The cautious investment strategy and 'prudent investor' management model continue to prove their added value.

The assets managed by UK investment manager JM Finn & Co (80% Delen Investments) fell from 10,758 million euros (7,929 million pounds sterling) at the end of 2015 to 9,730 million euros (8,331 million pounds sterling) at the end of 2016. This decline is due to the evolution of the pound sterling compared to the euro (-13.9%), which could only be partly offset by the favourable development of the value of the client portfolios expressed in pound sterling.

At 31 December 2016 the assets managed by Oyens & Van Eeghen on behalf of private clients and foundations totalled 658 million euros (end 2015: 572 million euros). Furthermore Oyens & Van Eeghen manages 662 million euros for local governments under mandates with agreed maturity dates.

Gross revenue of the Delen Investments group declined to 313.1 million euros, with JM Finn & Co and Oyens & Van Eeghen's share amounting to 81.0 million euros. This slight decrease is mainly the result of a drop in variable revenue in volatile market

conditions and the impact of currency effects at the time of consolidation of revenue from JM Finn & Co. Operating expenses increased by 5.1% (8.2% excluding JM Finn & Co and Oyens & Van Eeghen). The rise in expenses at Delen Private Bank was a direct consequence of growing activity that led to an increase in the costs of ongoing IT development, staff recruitment, temporary leasing offices in Antwerp, and organising client events.
At JM Finn & Co the rise in costs in local currency was more limited and attributable to higher staffing costs (due in part to the recruitment of additional staff) and an increase in marketing and IT expenses. The cost-income ratio remained very competitive at 57.8% (only 46.3% at Delen Private Bank, 85.8% at JM Finn & Co and 96.8% at Oyens & Van Eeghen). This ratio worsened compared to 2015 (54.9%) as the increase in investments and expenses does not immediately result in a rise in income. At the end of 2016 the group had 657 members of staff (FTEs), of which 335 at Delen Private Bank, 296 at JM Finn & Co and 26 at Oyens & Van Eeghen.

In 2016 the net result fell to 87.9 million euros (from 92.4 million euros in 2015). JM Finn & Co's contribution to the group's net result was 5.6 million euros (after client depreciation and 19% minority interests of 2.5 million euros) compared to 5.5 million euros in 2015. The contribution of Oyens & Van Eeghen to the group's net result was 0.1 million euros (after client depreciation of 0.1 million euros).

On 31 December 2016, the consolidated equity capital of Delen Investments amounted to 621.2 million euros (compared to 582.6 million euros on 31 December 2015). This amount already takes into account the JM Finn & Co management option to sell their remaining shares (valued at 25.0 million euros) to the Delen Investments group. The group's Tier 1 equity (taking into account intangible fixed assets of 241.0 million euros, of which 50.7 million euros for JM Finn & Co clients and 7.2 million euros for Oyens & Van Eeghen clients) amounted to 377.3 million euros at the end of the year (compared to 284.9 million euros at the end of 2015). The Delen Investments group is well capitalised and easily complies with the Basel III equity capital requirements. The Core Tier 1 capital ratio was well above the industry average at 30.9%, even taking into account the long-term commitment to buy out JM Finn & Co's minority shareholders. Delen Investments has a solid and easy-to-understand balance sheet. Cash balances continue to be conservatively invested at the National Bank of Belgium, in high-grade government securities (no PIIGS - Portugal, Italy, Ireland, Greece and Spain - exposure), in the short term at high-quality banks or in quality short-term commercial paper of blue-chip companies. The impact of the Basel III rules for Delen Investments is limited, as the group's capital consists solely of Core Tier 1 capital, the portfolio is conservatively invested and the group's ratios already comfortably exceed current and future requirements. The return on (average) equity capital was 14.6%, which is a very satisfactory figure.

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The cautious investment strategy and 'prudent investor' management model continue to prove their added value.

Eric Lechien

Operational review

Operational review 2016

Delen Private Bank

Delen Private Bank applied its traditional investment principles in 2016 to enable its clients' assets to benefit from opportunities in the markets within the bounds of their risk profile. The bank posted very respectable results and consistently kept risks limited in an environment of far-reaching political changes, interest rate hikes and poor performances on European stock markets.

In 2016 Delen Private Bank continued its strategy aimed at optimising the quality and efficiency of its asset management by targeting an increase in the percentage of management mandates. At the end of 2016 some 76% (20,728 million euros) of the assets under management were under direct discretionary management or managed through our own wealth management SICAVs. Expressed in accounts, the share of accounts managed is 90%, representing more than 22,000 management mandates.

Delen Private Bank invested for its clients in a wide spread of equity portfolios, mainly in Europe. Bond maturities remained short (less than a year) to guard against the risk of interest rate rises.

The broad diversification of currencies outside the eurozone was maintained and even slightly increased in the final quarter of the year.

The bond component of the portfolios continued to be mainly invested in short-term investments in strong countries and companies, albeit with a dynamic contribution from investments in perpetual bonds. This policy paid off in 2016, with all asset classes contributing to the results.

Delen Private Bank continues to gain market share in the Belgian private banking market, even in its prominent position, due in part to the strong growth of new assets from private clients. The expansion of the Bank's local roots is paying off with more than three-quarters of the net inflow of capital being generated by offices outside the Antwerp head office and Luxembourg. This encourages Delen Private Bank to continue to invest in staff and infrastructure. The renovated office in Liège was opened in 2016. The staff in Antwerp moved to a temporary location so that the head office expansion and renovation activities can commence in 2017. Further investments

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> In 2016 Delen Private Bank continued its strategy aimed at optimising the quality and efficiency of its asset management by targeting an increase in the percentage of management mandates.

are planned for West Flanders, Leuven and Namur, where Delen Private Bank will open two new offices. Expansions are planned for Brussels and Ghent.

Bank J.Van Breda & C° continued to make a significant contribution to the result of Delen Private Bank through its offices. On 31 December 2016 Delen Private Bank managed 4,737 million euros on behalf of clients introduced through the Bank J.Van Breda & C° network. Delen Private Bank is also responsible for the securities administration of Bank J.Van Breda & C° (865 million euros).

All in all, Bank J.Van Breda & C° represents around 20.1% of the total assets under management at Delen Private Bank.

JM Finn & Co

Client portfolios at JM Finn & Co, which on average had a stronger weighting in equities, developed quite favourably. After a volatile period in the run-up to the Brexit referendum, the London stock exchange clearly opted for an upward trend. A weakening of the pound sterling led to an additional contribution from foreign equities. Thanks to its talented asset managers and the strong UK markets, JM Finn & Co was able to achieve solid results for its clients in 2016.

The acquisition of 73.49% of London-based investment manager JM Finn & Co in 2011 was an important step for the Delen Investments group. In 2016 Delen Investments acquired an additional 6.52% from minority shareholders to bring its direct shareholding to 80.01%. At the end of 2016 JM Finn & Co had 9,730 million euros (8,331 million pounds sterling) in assets under management, of which 71% were under discretionary management. The growth in assets under management and in the percentage under discretionary management confirms that JM Finn & Co is a healthy company with growth potential. JM Finn & Co's position in the British onshore investment management market, combined with the drive and experience of Delen Private Bank, should enable JM Finn & Co to grow further and evolve into a prominent player on the UK investment management market.

Operationally, 2016 was once again a busy year for JM Finn & Co thanks to the harmonisation of the pricing policy, important initiatives to comply with the stricter compliance environment, increased organisational efficiency and the further enhancement of cooperation with Delen Private Bank. Emphasis is also placed on further increasing commercial activity, for example by rolling out the new wealth planning activity and by launching the new CRM software.

The Management Committee of JM Finn & Co continues to ensure that strategic initiatives and priorities are gradually and successfully implemented so that the successful growth strategy goes hand in hand with the necessary improvement of profit.

JM Finn & Co - which was able to perform strongly thanks to an increased exposure to Anglo-Saxon equities and the talent of its investment managers - is also convinced of the benefits of further diversification and expanding its knowledge in bond markets to be able to serve clients with low risk profiles even better.

Oyens & Van Eeghen

In 2015 Delen Private Bank acquired all shares in Oyens & Van Eeghen, one of the oldest independent financial institutions in the Netherlands. The acquisition strengthens Delen Private Bank's position in the Benelux.

At the end of 2016 Oyens & Van Eeghen managed 658 million euros of assets for private clients, of which 94% were under discretionary management. Oyens & Van Eeghen also manages 662 million euros for local governments under mandates with agreed maturity dates. In the past few years Oyens & Van Eeghen has increasingly and successfully focused on specialist asset management and fiduciary consultancy for private and institutional clients.

Oyens & Van Eeghen is a high-grade platform that can be used to expand the Delen model in the Dutch onshore asset management market.

Oyens & Van Eeghen began the year with an overweight position in equities, meaning higher exposure to the difficult markets in the first quarter. The subsequent recovery enabled it to post good results and even increase the equity portion of the portfolio at the end of the year. The strategy of buying equities in cyclical sectors that were relatively undervalued after a difficult period also contributed favourably to the investment result.

The maturity of the bond component of the portfolios is a bit longer than at Delen Private Bank but nevertheless still short. This short maturity combined with an effective selection based on credit risk enabled the short-maturity bonds to contribute well to the bond portfolios.

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In 2015 Delen Private Bank acquired all shares in Oyens & Van Eeghen, one of the oldest independent financial institutions in the Netherlands.

2016 was a year of important operational developments for Oyens & Van Eeghen. Different staffing teams ensure that the expertise, particularly in the field of SICAVs, and the IT systems developed by Delen Private Bank in Belgium, can also be deployed in the Netherlands.

In 2017 this will result in a significant improvement and increased efficiency of the service in the Netherlands. As a result Oyens & Van Eeghen will be able to serve more clients from its offices in Amsterdam and 's-Hertogenbosch. The plan is also to recruit talented commercial staff to support and accelerate growth. Within this context four additional commercial staff members were recruited in 2016.

The management team at Oyens & Van Eeghen is working more and more closely with the team at Delen Private Bank and will be formally integrated into Capfi Delen Asset Management in 2017.

DELEN
PRIVATE BANK

A leading financial centre

Delen Private Bank Luxembourg

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Luxembourg is a leading financial centre.

From left to right: Serge Cammaert, Philippe Havaux, Yves Lahaye

Luxembourg is a leading financial centre with legislation designed to protect investors and maintain financial industry stability.

Its government debt to GDP ratio stands at just 21% - well below the 60% limit laid down in the Maastricht Treaty. And with job growth of 2.5% and unemployment of 6.8%, the Grand Duchy is very much the European Union's star pupil. So it comes as no surprise that the country has held on to its AAA rating from international rating agencies.

Luxembourg is home to more than 140 banks from many different countries, where international clients now come under strict tax transparency rules that align with international standards.

Here at Delen Private Bank Luxembourg, we harness our ever-growing expertise to bring wealth planning services and advice to investors who want to diversify their portfolio across geographies.

Our advice is also prized by high-net-worth clients who have chosen to retire abroad, especially in southern Europe.

Moreover, we plan to continue growing our presence in the local market - the Grand Duchy and the Greater Region - and to build on successful marketing campaigns targeting Luxembourg's residents.

Delen Private Bank Luxembourg recorded substantial capital inflows in 2016, reflecting an upswing in investor confidence and revealing how our marketing efforts over the last two years have borne fruit.

Our figures show that these new inflows have come from our existing client base - a mark of loyalty and satisfaction - and new clients alike.

Cadelux

At 31 December 2016, assets in Luxembourg-domiciled Undertakings for Collective Investment (UCIs) stood at €34.43 billion. Mindful of the size of these deposits and changes to the regulatory framework around UCIs, we decided in 2014 to create Cadelux SA - a UCI management company under the terms of Chapter 15 of the Law of 17 December 2010 - to better understand the inherent risks in this line of business. There are plans to further shore up the company's structure and resources.

2017 outlook

With increasingly complex prudential requirements and ever more demanding clients in mind, the bank will continue to set the bar high when it comes to service standards and expertise. Our focus going forward will be on training our staff and bringing in new talent.

On the sales front, we will press ahead with our marketing campaigns as we look to grow our client base.

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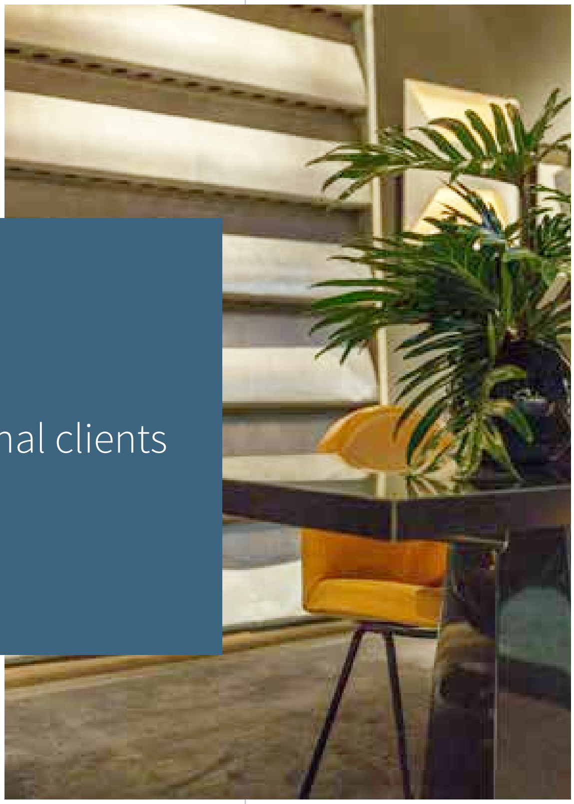
Our figures show that these new inflows have come from our existing client base - a mark of loyalty and satisfaction - and new clients alike.



Institutional clients

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> Delen Private Bank has years of experience with an institutional client base.

Discretionary management for institutional clients

Delen Private Bank has years of experience with an institutional client base that currently consists of around 200 organisations including charities, hospitals and insurance companies. At the end of 2016 the amount of institutional assets managed by Delen Private Bank totalled 1 billion euros. Pension funds are the largest component with assets under management exceeding 170 million euros. Most of these mandates concern discretionary management.

A number of account managers at Delen Private Bank are dedicated specifically to these institutional clients; these account managers are responsible for all day-to-day contact. Furthermore, a team of four experts helps create comprehensive presentations for the boards of directors, on-site portfolio statements and tailor-made comprehensive reports. Everything is aimed at meeting the specific needs of this client group.

The events held by Delen Private Bank are also quite focused. In 2016 the first event was the 'Day of the Catholic column' (Dag van de Katholieke zuil) in Ghent, an event specifically aimed at dioceses and congregations. Our second event, Institutional Day, was geared towards all institutional clients with guest speakers including professor Bart Kerremans of the University of Leuven. More interesting events are on the agenda for 2017.

Certification is a key issue for this group of clients. Last year Delen Private Bank received ISAE 3402[1] type I certification[2]. In type I cases the certifying party (in this case our auditor, BDO) reports on whether the processes have been set up with sufficient controls to ensure the smooth functioning of the process. The effectiveness of the controls described are included in a type II report[3] and implemented in the course of this year. GIPS certification[4] is not a consideration at the moment as most of the funds used have a publicly available track record.

Institutional clients assets under management (in %)

Pension funds	18.41
Charities	17.61
Hospitals	11.84
Insurance companies	9.79
Congregations	8.17
Payroll services companies	5.18
Other	29

[1] ISAE 3402: International Standard on Assurance Engagements, certification standard whereby a certified external party (in this case BDO) provides an opinion about the controls at a service organisation.

[2] Type I certification: 1 June 2016 BDO issued a Type I report in which it expands on the suitability of design of the controls at the bank.

[3] Type II reporting: the next step in the process involves determining the effectiveness of these controls and is planned for June/July 2017. If successful, it will result in a Type II report being issued.

[4] GIPS certification: an Anglo-Saxon standard used to measure the performance of portfolios.

DELEN

PRIVATE BANK

Consult your portfolio with the Delen application.

Available on iOS and Android.
More info at app.delen.be

Our offices close to you

Delen Private Bank Namur - Kempen - Leuven

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Cordiality and hospitality are very important to Delen Private Bank.

At Delen Private Bank we put a personal approach and discretion first. Being able to meet you close to your home or your office is a prerequisite, preferably without unnecessary traffic woes.

With this in mind Delen Private Bank has opened various regional offices across Belgium in the past few years. So that wherever you are, you always have access to your trusted asset manager. In addition to Antwerp, Brussels, Ghent, Hasselt, Liège and Roeselare we now also have offices in Namur, Kempen area and Leuven.

DELEN PRIVATE BANK, KEMPEN

The Limburg dynamic

The office in Hasselt opened in 2008, at the height of the financial crisis. A decade on which Bart Menten and Filip Gielkens can look back with great satisfaction: assets under management of just over one billion euros and market leader in discretionary management with a market share of 25%. The Bank's unique vision on prudence and transparency has clearly benefited the Hasselt office.

With the Kempen region representing as much as one-third of assets under management in the Hasselt portfolio, the logical decision was taken to open an office in the region, with the launch set for early April.

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Our main desire is to reach people even more quickly and efficiently, to ensure greater satisfaction for everyone.

Delen has found a perfect operating base at the stylish 4WINGS business centre in Westerlo.

Close, closer

The congestion on our roads makes getting around increasingly time-consuming and unpredictable. But it is mainly the connection with the local, the region, the people and their uniqueness that prompted Hasselt to further strengthen its presence along the Geel - Mol - Turnhout - Grobbendonk - Herentals axis: a fascinating region with great potential for building a network of its own. The strong relationship with the three Kempen offices of Bank J.Van Breda & C° will help ensure a good intake of new contacts, entrepreneurs and professionals.

Continuity and efficiency

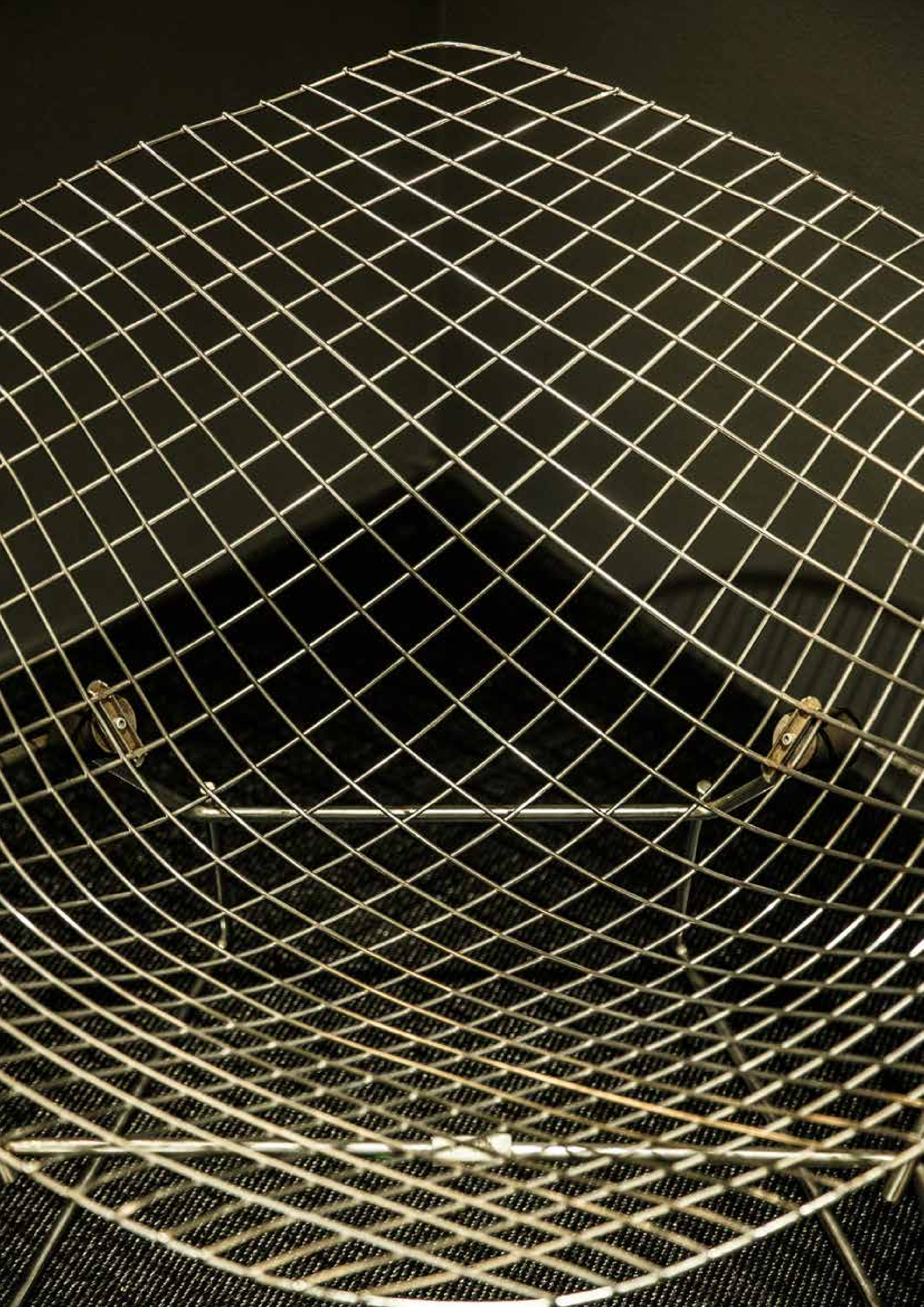
Bart Menten and Filip Gielkens will both work part-time out of the Kempen office to ensure the necessary continuity for clients who have to date had to travel to Hasselt. They are also actively on the lookout for a wealth manager, someone local to Kempen, to join them on a full-time basis. Support tasks, both administrative and legal, will be dealt with out of Hasselt. The team is expected to grow rapidly.

The two managers' main initial concern is customer satisfaction: building on a better feel for the local market, a better understanding of its unique character, more efficient management... all based on the solid experience in Hasselt.

Welcome

Cordiality and hospitality are very important to Delen Private Bank. This is no different in friendly Limburg, where there is great enthusiasm for this new challenge. Which means that the first dream is to repeat the success of Hasselt.

From left to right: Bart Menten, Filip Gielkens



Delen Private Bank
Namur - Kempen - Leuven

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It is with great excitement that we look forward to the opening of the stunning premises at Bondgenotenlaan 140.

DELEN PRIVATE BANK, LEUVEN

Looking forward with great impatience

The decision to create a Delen office in Leuven was taken at Christmas 2014. When it transpired that the building purchased would not be ready to open its doors until the summer of 2018, a temporary solution was found at the Hyphen-One business centre. This means that Leuven-based clients who previously had to drive to Brussels, Antwerp or Hasselt for their asset management can now also go to this local office. It goes without saying that it is entirely up to clients whether they wish to avail themselves of this option as they are of course still welcome to visit their familiar wealth manager at the other offices.

Chris Punie and Peter Willems are hard at work putting their team together. Both are highly experienced finance professionals. Fuelled by their preference for the unique philosophy and personal approach of Delen Private Bank they started out in Hasselt and Brussels, respectively. The Leuven project provides them with a unique opportunity to contribute towards the continuation of the Delen success story. The plan is to start off with four asset managers. It is already certain that they will be joined by Inge Beernaert and Patrik Decroos, and they are also on the lookout for administrative and wealth management support staff.

Tasteful and practical

And so it is with great excitement that we look forward to the opening of the stunning premises at Bondgenotenlaan 140. Yet another fascinating address, with a wealth of history. Wonderful renovation work is taking place according to the tried and tested Delen recipe: warm architecture with a pleasing mixture of old and new.

With 1,000 m^2 of space, the house offers great future potential and is also ideally located for organising in-house events and info sessions. Small-scale and personal.

It also means that Delen Private Bank will finally have a place of its own in Leuven's Ladeuzeplein - Tiense Vest - Bondgenotenlaan financial triangle. Prior studies showed that parking was the main point of concern for clients. There should be no worries on that count with the building having its own car park as well as public parking nearby.

A promising growth pool

Leuven partly owes its great attraction to the dynamism of the university, spinoffs and an academic hospital. With all the banks already having a strong presence here it was high time to remedy Delen Private Bank's absence.

And so expectations are high. Near-term ambitions include aiming for a sum of 1 billion euros in assets under management and rapid expansion of the team. The confidence in Delen's cautious approach is already having a snowball effect, as phone calls from clients worried about volatile markets are quite rare.

Great projects are already planned to ensure that the opening will be suitably festive. Moreover Leuven offers a wealth of historical sites to discover. The original book produced by the Leuven Lions Club can certainly provide an interesting key in this respect.

From left to right: Peter Willems, Chris Punie

Delen Private Bank
Namur - Kempen - Leuven

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In Namur they value personal contact and discretion.

From left to right:
Dominique Slos, Emmanuel Portillo Gordillo

DELEN PRIVATE BANK, NAMUR

Discretion where the Sambre meets the Meuse

In Namur they value personal contact and discretion. People are demanding but also loyal - characteristics that are a perfect fit with the Delen Private Bank philosophy. And so it was high time for us to add a base in Namur from which our asset managers can build a relationship of trust with clients in this region.

The gate to the Ardennes

As the capital of Wallonia, Namur is a strategic base for strengthening Delen Private Bank's market position. The many political and cultural institutions, the numerous associations and the hospitals also mean that it offers huge potential towards specific target groups.

The team at the new office, led by Dominique Slos and Emmanuel Portillo Gordillo, is fully aware of the challenge. Both gentlemen are highly experienced in the financial world and joined Delen Private Bank in 2016.

An accessible home port

With easy accessibility and sufficient parking at the top of the wish list, the new office is located on a major thoroughfare, not far from the city centre. A new building with an interior that will breathe the homely Delen atmosphere as never before. It is perfect for organising a wide range of in-house activities with a local flavour. For example Dominique Slos and Emmanuel Portillo Gordillo are already thinking of events based around the Intime Festival, the Guy Delforge perfume studio and last but not least the sporting events.

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It is our great dream to grow Delen Private Bank into the reference bank for asset management in the region.

Partner of BRAFA and Biennale Interieur

Art and interior design are Delen Private Bank's two passions. This is reflected in the selection and design of our various offices, as well as in our partnership with artistic events. So we always look forward to seeing many of our clients at BRAFA each year. Our first collaboration with Biennale Interieur was a resounding success.

BRAFA has become a trusted collaboration based on beauty, whereas Biennale Interieur is proving to be an interesting new partner based on innovation and creativity. We look forward to the next editions of these two complementary events!

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BRAFA's classy ambiance

BRAFA and Delen Private Bank celebrated their 11th year of intense cooperation. The successful formula is by now no secret to art lovers, with Belgian and international exhibitors showing their exclusive collections from all periods and locations in the halls of Tour & Taxis in Brussels.

The latest edition put the spotlight on the influential artist Julio Le Parc who was able to enchant quite a few visitors with creations focused on light and movement.

Delen Private Bank's stand, lovingly created by Marie-Alix and Anne-Sophie Delen, once again provided a balance of design, art and architecture which visitors could take a moment to enjoy.

Biennale Interieur's quirky dynamics

2016 marked the first time that Delen Private Bank partnered with Biennale Interieur. The essence of the fair is a perfect fit for our quest for innovation, creativity, leadership and respect for values. The energy that Biennale Interieur invests into meeting young people is very meaningful to Delen Private Bank.

For Delen Private Bank, Biennale Interieur's festive 25th anniversary edition 'Silver Linings' created an ideal framework for a unique event. Our clients and also their children were invited to an exclusive evening opening where they were free to discover the latest interior trends. More than 4,000 visitors attended this inspiring evening, with plenty of appetising snacks and beverages on hand.

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Consolidated annual accounts

Income statement

On 31 December in EUR ‘000	2016	2015
GROSS REVENUES	235,693	232,778
Net interest margin	409	2,656
Gross fee income	223,994	224,200
Profit (loss) on financial instruments held for trading	372	1,286
Realised gains (losses) on financial assets available for sale	-13	-24
Other income	10,932	4,660
FEES PAID	-30,518	-29,246
EXPENSES	-98,915	-77,538
Staff expenses	-52,137	-41,331
General and administrative expenses	-34,656	-27,953
Depreciation	-7,243	-6,715
Provisions	-2,566	-14
Impairment	-9	-32
Other expenses	-2,304	-1,494
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	106,260	125,994
Share in the profit (loss) of mutual subsidiaries on basis of the equity method		
PROFIT BEFORE TAX	106,260	125,994
Income taxes	-26,166	-30,752
PROFIT AFTER TAX	80,094	95,241
Minority interests	-261	-254
NET PROFIT	79,833	94,987

On 31 December in EUR '000	2016	2015
ASSETS	1,919,387	1,820,678
Cash and balances with central banks	656,005	665,959
Financial assets held for trading	8,030	6,196
Loans and advances to credit institutions and other counterparties	255,797	254,928
Loans and advances to clients	277,121	224,032
Financial assets available for sale	599,379	548,970
Tax assets	3,053	1,020
Tangible assets	81,902	74,295
Client relationships	31,764	31,902
Other intangible assets	983	1,241
Other assets	5,355	12,135
TOTAL LIABILITIES & EQUITY	1,919,387	1,820,678
LIABILITIES	1,514,847	1,450,621
Financial liabilities held for trading	3,813	2,196
Deposits from credit institutions and other counterparties	7,395	875
Deposits from clients	1,456,451	1,403,260
Provisions	3,377	420
Tax liabilities	12,092	9,305
Other liabilities	31,719	34,566
EQUITY	404,540	370,058
Equity - group share	404,022	369,611
Subscribed capital	42,711	42,711
Revaluation reserve	2,410	1,352
Consolidated reserves	358,901	325,548
Minority interests	518	446

Statutory annual accounts

Balance sheet after appropriation

Assets

	(EUR ‘000)	2016	2015
I.	Cash in hand, balances with central banks and post office banks	650,286	659,556
II.	Treasury bills eligible for refinancing with central banks	73,309	50,506
III.	Loans and advances to credit institutions	218,504	224,366
	A. Repayable on demand	218,220	149,768
	B. Other loans and advances (with agreed maturity dates or period of notice)	284	74,598
IV.	Loans and advances to clients	248,844	192,097
V.	Debt securities and other fixed-income securities	377,859	346,819
	A. Issued by public bodies	77,241	74,015
	B. Issued by other borrowers	300,618	272,804
VI.	Shares and other variable-yield securities	2,030	2,530
VII.	Financial fixed assets	26,297	29,497
	A. Participating interests in affiliated enterprises	26,279	29,479
	B. Participating interests in other enterprises linked by participating interests	-	-
	C. Other shares held as financial fixed assets	18	18
	D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	-	-
VIII.	Formation expenses and intangible fixed assets	1,079	1,531
IX.	Tangible fixed assets	82,483	74,911
X.	Own shares	-	-
XI.	Other assets	2,809	5,959
XII.	Prepayments and accrued income	2,653	2,660
TOTAL ASSETS		1,686,153	1,590,432

Liabilities

(EUR '000)		2016	2015
LIABILITIES		1,430,919	1,363,395
I.	Amounts owed to credit institutions	268,618	425,434
	A. Repayable on demand	267,850	425,171
	B. Amounts owed as a result of rediscounting of trade bills	-	-
	C. Other debts with agreed maturity dates or period of notice	768	263
II.	Amounts owed to clients	1,131,006	907,008
	A. Savings / deposits	4,384	4,841
	B. Other debts	1,126,622	902,167
	1. Repayable on demand	1,124,536	882,104
	2. With agreed maturity dates or period of notice	2,086	20,063
	3. As a result of the rediscounting of trade bills	-	-
III.	Debts evidenced by certificates	-	-
IV.	Other liabilities	24,062	23,699
V.	Accrued charges and deferred income	177	196
VI.	Provisions and deferred taxation	33	35
	A. Provisions for liabilities and charges	-	-
	1. Pension and similar obligations	-	-
	2. Taxation	-	-
	3. Other liabilities and charges	-	-
	B. Deferred taxes	33	35
VII.	Fund for general banking risks	7,023	7,023
VIII.	Subordinated liabilities	-	-
CAPITAL AND RESERVES		255,234	227,037
IX.	Capital	42,300	42,300
	A. Subscribed capital	42,300	42,300
	B. Uncalled capital (-)	-	-
X.	Share premium accounts	411	411
XI.	Revaluation gains	-	-
XII.	Reserves	4,319	4,323
	A. Legal reserves	4,247	4,247
	B. Reserves not available for distribution	-	-
	1. In respect of own shares held	-	-
	2. Other	-	-
	C. Untaxed reserves	72	76
	D. Reserves available for distribution	-	-
XIII.	Profit (losses) brought forward (+)/(-)	208,204	180,003
TOTAL LIABILITIES		1,686,153	1,590,432

Statutory annual accounts

Profit and loss account

	(EUR '000)	2016	2015
I.	Interest receivable and similar income	3,762	4,549
	A. Of which: from fixed-income securities	1	1,439
II.	Interest payable and similar charges	-2,805	-2,094
III.	Income from variable-yield securities	49,010	41,139
	A. From shares and other variable-yield securities	485	91
	B. From participating interests in affiliated enterprises	48,525	41,048
	C. From participating interests in other enterprises linked by participating interests	-	-
	D. From other shares held as financial fixed assets	-	-
IV.	Commissions received	139,467	144,957
	A. Brokerage and commission fees	31,451	36,199
	B. Fees for management services, consultancy and custody	104,745	105,147
	C. Other fees received	3,271	3,610
V.	Commissions paid	-34,129	-35,745
VI.	Profit (Loss) on financial transactions (+)/(-)	1,434	4,275
	A. On trading of securities and other financial instruments	1,440	4,270
	B. On disposal of investment securities	-5	5
VII.	General administrative expenses	-62,104	-50,517
	A. Remuneration, social security costs and pensions	-36,867	-32,155
	B. Other administrative expenses	-25,238	-18,362
VIII.	Depreciation/amortisation and other write-offs on formation expenses, tangible and intangible fixed assets	-6,899	-6,298
IX.	Decrease/increase in write-offs on receivables and provisions for off-balance sheet items 'I. Contingent liabilities' and 'II. Commitments posing a potential credit risk' (write-backs)' (+)/(-)	9	32

	(EUR '000)	2016	2015
X.	Decrease/increase in write-offs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities: appropriations (write-backs) (+)/(-)	-554	691
XI.	Utilisation and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet captions 'I. Contingent liabilities' and 'II. Commitments posing a potential credit risk': uses (write-backs) (+)/(-)	-	-
XII.	Provisions for liabilities and charges other than those included in 'I. Contingent liabilities' and 'II. Commitments posing a potential credit risk'	-	-
XIII.	Transfer from (transfer to) the fund for general banking risks (+)/(-)	-	-
XIV.	Other operating income	1,690	1,936
XV.	Other operating charges	-3,291	-1,523
XVI.	Profit (loss) on ordinary activities before taxes (+)/(-)	86,679	99,957
XVII.	Exceptional income	106	147
	A. Reversal of depreciation/amortisation and write-offs on intangible and tangible fixed assets	-	-
	B. Reversal of write-downs on financial fixed assets	-	-
	C. Reversal of provisions for exceptional risks and expenses	-	-
	D. Capital gains on the disposal of fixed assets	106	147
	E. Other exceptional income	-	-
XVIII.	Exceptional expenses	-106	-299
	A. Exceptional depreciation/amortisation and write-offs on formation costs, tangible and intangible fixed assets	-	-299
	B. Write-offs on financial fixed assets	-	-
	C. Provisions for exceptional risks and expenses: appropriations (spending) (+)/(-)	-	-
	D. Capital losses on the disposal of fixed assets	-106	-
	E. Other exceptional expenses	-	-
XIX.	Pre-tax profit (loss) for the financial year (+)/(-)	86,679	99,806
XIX.	Bis	-	-
	A. Transfer to deferred taxes	-	-
	B. Transfer from deferred taxes	2	2
XX.	Taxes on result (+)/(-)	-13,357	-20,440
	A. Taxes	-13,597	-20,946
	B. Regularisation of taxes and reversal of provisions for taxes	240	506
XXI.	Profit (loss) for the financial year (+)/(-)	73,324	79,368
XXII.	Transfer to (transfer from) untaxed reserves (+)/(-)	4	-
XXIII.	Profit (loss) for the financial year to be appropriated (+)/(-)	73,328	79,368

Statutory annual accounts

Off-balance sheet items

	(EUR '000)	2016	2015
I.	Contingent liabilities	8,291	8,543
	A. Non-negotiated acceptances	-	-
	B. Guarantees serving as direct credit substitutes	2,500	4,071
	C. Other guarantees	5,792	4,472
	D. Documentary credits	-	-
	E. Assets charged as collateral security on behalf of third parties	-	-
II.	Commitments posing a potential credit risk	156,213	221,622
	A. Firm credit commitments	-	-
	B. Commitments as a result of spot purchases of transferable or other securities	95,365	169,769
	C. Undrawn margin on confirmed credit lines	60,849	51,853
	D. Underwriting and placement commitments	-	-
	E. Commitments as a result of open-ended sale and repurchase agreements	-	-
III.	Assets entrusted to the credit institution	28,670,962	41,575,822
	A. Assets held by the credit institution for fiduciary purposes	-	-
	B. Safe custody and equivalent items	28,670,962	41,575,822
IV.	Uncalled amounts of share capital	-	-

Appropriation account

(EUR '000)		2016	2015
A.	Profit (Losses) to be appropriated (+)/(-)	253,331	180,003
	1. Profit (Losses) for the period available for appropriation (+)/(-)	73,328	79,368
	2. Profit (Losses) brought forward(+)/(-)	180,003	100,635
B.	Transfers from capital and reserves	-	-
	1. From capital and share premium account	-	-
	2. From reserves	-	-
C.	Appropriations to capital and reserves	-	-
	1. To capital and share premium account	-	-
	2. To legal reserve	-	-
	3. To other reserves	-	-
D.	Result to be carried forward (+)/(-)	208,204	180,003
E.	Shareholders' contribution in respect of losses	-	-
F.	Distribution of profits	45,127	-
	1. Dividends	45,127	-
	2. Director's entitlements	-	-
	3. Other allocations	-	-

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