

# PRIVATE BANKING



Contribution to the AvH consolidated net result

(€ million)	2023	2022	2021
FinAx	0.7	-0.2	-0.2
Delen Private Bank	141.3	126.5	132.0
Bank Van Breda	66.7	53.8	51.3
<b>Total</b>	<b>208.7</b>	180.1	183.1

Delen Private Bank and Bank Van Breda realised a combined net profit of 264.2 million euros in 2023. Impressive commercial results generated substantial inflows of assets at both banks, which in combination with strong operational performances led to record assets under management and net profits. With a contribution of 208.7 million euros (+16%) - clearly exceeding the 200 million euros threshold for the first time - Private Banking confirmed its position as the leading contributor to AvH's group result.



Delen Private Bank &gt; Antwerp

Delen Private Bank &gt; Antwerp

Bank Van Breda &gt; Antwerp

Bank Van Breda &gt; Antwerp

## Delen Private Bank

Delen Private Bank focuses on discretionary asset management for private clients.

## Bank Van Breda

Bank Van Breda is a specialised advisory bank that focuses exclusively on entrepreneurs and liberal professions.

# PRIVATE BANKING

Both Delen Private Bank and Bank Van Breda again reported excellent financial results with a combined net profit growth of 15% to 264.2 million euros.

This excellent result was supported by a continued strong commercial performance, positive financial markets after a strong correction end 2022 and higher interest income which more than offset high cost inflation.

The combined total client assets grew to a record 65.3 billion euros at December 31, 2023, compared to 62.4 billion euros at June 30, 2023 and 57.7 billion euros at December 31, 2022. Despite a commercially more difficult environment due to lacklustre financial markets at the end of 2022 and the TARA-climate (There Are Reasonable Alternatives), (net) inflow remains once more a significant contributor to growth in underlying assets with gross inflows reaching 4,666 million euros. The increase of total client assets is also attributable to a strong positive market effect. Cadelam, the fund manager of Delen Group, achieved superior portfolio returns compared to the market average with a weighted average performance of the patrimonial funds of 13.7%.

The combined gross operating income increased by 15% to 747 million euros, of which 76% remains fee related notwithstanding the strong growth in net interest income. For the group as a whole, the gross fee and commission income as % of total AuM remains high at 1.03%. The gross operating income of Delen Private Bank (incl. JM Finn) increased by 10.5% to 569 million euros, primarily thanks to higher average assets under management and increasing net interest margin. At Bank Van Breda, the gross operating income increased by 22.8% to 242 million euros with a 48% growth in interest result thanks to rapidly increasing market interest rates. Fee income increased by 6% in line with the average assets under management over the year. Other income decreased strongly due to a 15.3 million euros realized loss on rebalancing of the bond portfolio, which was partly compensated by a 4.3 million euros recovery of bank levies paid in 2016.

The combined operating costs also increased markedly due to the automatic salary indexation, complemented with further increases in staff numbers and growing IT investments in order to support growth ambitions. Never-

theless, the combined cost-income ratio improved further to an excellent 50.7% (42.4% at Delen Private Bank, 83.0% at JM Finn and 50.8% at Bank Van Breda) versus the already very robust figure of 53.0% reported over 2022.

As such, the combined net profit grew markedly to 264.2 million euros (2022: 228.9 million euros), of which 179.5 million euros contributed by Delen Private Bank (including 11.2 million euros by JM Finn) and 84.7 million euros by Bank Van Breda. The total provision for credit losses at Bank Van Breda remains low at 0.01% of the average loan portfolio, underlining its prudent approach.

The combined shareholders' equity increased to 1,939 million euros (compared to 1,749 million euros at year-end 2022). Solvency and liquidity remain exceptionally strong, with a combined common equity tier 1 ratio (CET1) based on the 'Standardized approach' of 26.3% and a leverage ratio of 14.1%, well above the industry average and legal requirements. Notwithstanding the conservative balance sheet, the group achieved an above average ROE of 14.3%.

## Outlook 2024

While the rate environment will result in some pressure on the interest margin revenues, a healthy growth of fee and commissions is expected for 2024 in case of no material adverse market conditions. AuM at the start of the year are at record levels and strong portfolio returns such as those achieved in 2023 usually support inflows for the subsequent year. Some increase in staff will be needed to support growth, but 2024 costs will no longer be impacted by high levels of inflation. Given those trends, continuing strong inflows in discretionary AuM and further improvements of profits are expected in 2024.

## Total client assets

(€ million)	2023	2022	2021
<b>Total client assets</b>			
<b>Delen Private Bank (AuM)</b>	<b>54,759</b>	48,010	54,346
<i>of which discretionary</i>	<b>90%</b>	89%	85%
Delen Private Bank	<b>42,547</b>	36,419	40,340
<i>Delen Private Bank Netherlands<sup>(1)</sup></i>	<b>1,461</b>	1,022	1,154
JM Finn	<b>12,212</b>	11,591	14,006
<b>Bank Van Breda</b>			
Off-balance sheet products	<b>16,363</b>	14,095	14,720
Client deposits	<b>7,491</b>	6,553	6,368
AuM at Delen <sup>(1)</sup>	<b>-13,354</b>	-10,943	-11,502
<b>Delen and Van Breda combined (100%)</b>	<b>65,260</b>	57,715	63,932
<b>Gross inflow AuM</b>	<b>4,666</b>	4,557	5,598

<sup>(1)</sup> Already included in AuM Delen Private Bank

## Delen Private Bank and Bank Van Breda combined (100%)

(€ million)	Delen and Van Breda combined (100%)			Delen Private Bank			Bank Van Breda		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Profitability</b>									
Operating income (gross)	<b>747</b>	650	633	<b>569</b>	515	506	<b>242</b>	197	185
Net profit	<b>264</b>	229	233	<b>179</b>	161	168	<b>85</b>	68	65
Gross fee and commission income as % of gross operating income	<b>76%</b>	83%	86%	<b>93%</b>	97%	99%	<b>44%</b>	52%	54%
Gross fee and commission income as % of average AuM	<b>1.03%</b>	1.01%	1.00%	<b>0.96%</b>	0.99%	1.0%	<b>0.64%</b>	0.65%	0.67%
Cost-income ratio	<b>51%</b>	53%	52%	<b>51%</b> <sup>(1)</sup>	52% <sup>(1)</sup>	50% <sup>(1)</sup>	<b>51%</b>	55%	55%
<b>Balance sheet</b>									
Total equity (incl. minority interests)	<b>1,939</b>	1,749	1,691	<b>1,187</b>	1,080	1,024	<b>762</b>	674	678
Total assets	<b>11,214</b>	10,162	10,072	<b>2,784</b>	2,582	2,429	<b>8,500</b>	7,657	7,792
Customer deposits	<b>7,491</b>	6,553	6,368	-	-	-	<b>7,491</b>	6,553	6,368
Customer loans	<b>6,986</b>	7,044	6,458	<b>738</b>	855	710	<b>6,248</b>	6,188	5,748
Cost of risk <sup>(2)</sup>	<b>0.01%</b>	0.01%	-0.04%	<b>0.00%</b>	0.00%	0.00%	<b>0.01%</b>	0.02%	-0.04%
<b>Key ratios</b>									
Return on equity	<b>14.3%</b>	13.3%	14.4%	<b>15.8%</b>	15.3%	17.0%	<b>11.8%</b>	10.1%	10.0%
CET1 ratio	<b>26.3%</b>	23.0%	23.8%	<b>43.8%</b>	38.1%	38.0%	<b>17.7%</b>	15.5%	16.8%
Leverage ratio	<b>14.1%</b>	13.8%	13.2%	<b>33.1%</b>	31.7%	30.2%	<b>8.3%</b>	8.1%	8.1%
LCR	<b>362%</b>	212%	208%	<b>527%</b>	640%	495%	<b>304%</b>	138%	160%

<sup>(1)</sup> Delen Private Bank: 42.4% (2023), 41.9% (2022), 39.9% (2021); JM Finn: 83.0% (2023), 87.7% (2022), 87.3% (2021)

<sup>(2)</sup> Of which ECL (expected credit loss): -0.01% (2023), 0.02% (2022), -0.05% (2021)

79%

Shareholding percentage AvH

CEO: Michel Buyschaert

Management team: Matthieu Cornette • Alexandre Delen  
Katrin Eyckmans • Eric Lechien • Bart Menten



# DELEN PRIVATE BANK

Delen Private Bank focuses on the management and planning of assets of private clients and companies.

The group is an established name in Belgium and has a growing presence in the other Benelux countries, in Switzerland and in the United Kingdom (JM Finn).

## Financial overview 2023

### Assets under Management at record level

Delen Private Bank achieved a historic milestone in 2023, reaching record levels of assets under management (AuM), both at a consolidated level and in continental Europe (Belgium, the Netherlands, Luxembourg and Switzerland). The consolidated Delen Group's assets stood at 54,759 million euros at year-end 2023, a substantial increase from 48,010 million euros in 2022. The assets of Delen Private Bank (Benelux and Switzerland) reached 42,547 million euros at year-end 2023, up from 36,419 million euros in 2022.

These remarkable figures were driven by a favourable market environment, resulting in a solid investment performance and a robust net inflow of funds.

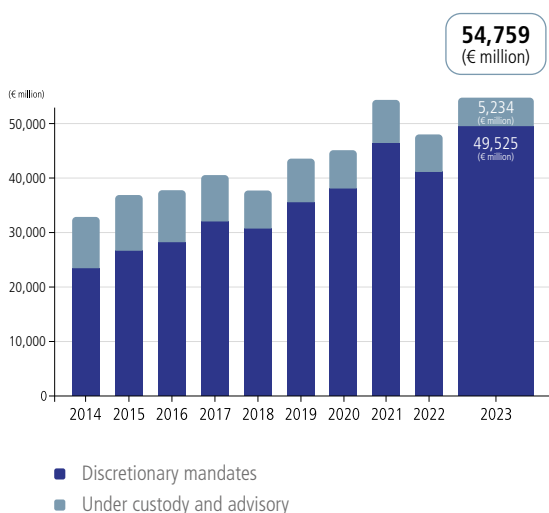
After the challenges faced in 2022, financial markets experienced a posi-

itive turnaround in 2023. Inflation and interest rates remained focal points throughout the year, whilst the economy and companies demonstrated unexpected resilience. As inflation declined, central bankers adopted a more dovish stance on future interest rate cuts towards the year-end, instilling confidence in financial markets and reducing fears of recession.

Against this backdrop, Cadelam, the fund manager of Delen Group, achieved superior portfolio returns compared to the market average, thanks to keeping its overweight position in US equities, especially in prominent tech stocks, and a gradual increase of the bonds portfolio's duration.

Delen's long-term vision proved beneficial for clients, guiding them through the aftermath of the challenging stock market in 2022. Clients who contemplated staying on the sidelines in the start of the year were advised to remain invested as usual, to seize the opportunity for potential favourable returns and keep a long-term approach to investing.

Consolidated assets under management



Delen Private Bank

(€ 1,000)	2023	2022	2021
Gross revenues	565,895	512,143	502,076
Net result (group share)	179,490	160,623	167,556
Shareholders' equity (group share)	1,184,875	1,078,596	1,022,453
Assets under management	54,759,024	48,009,787	54,345,999
Cost-income ratio	50.5%	51.8%	50.2%
Return on equity	15.8%	15.3%	17.0%
CET1 ratio	43.8%	38.1%	38.0%
Personnel	945	909	829

Another significant contributor to the growth in underlying assets was the net inflow of AuM. This inflow came from both existing and new clients, almost exclusively in the domain of discretionary asset management. Delen's consistent, recognizable, and accessible service continued to attract individuals seeking financial peace of mind. The opening of numerous new accounts in the course of 2023 signals a promising start for potential asset growth in the future.

The Dutch branch of Delen Private Bank contributed 1,461 million euros to the total AuM, a significant rise from 1,022 million euros in 2022. Positive developments included the successful completion of the integration of Groenstate Vermogensbeheer, a Twente-based asset manager with approximately 225 million euros in AuM. Additionally, the commercial efforts of a strong and motivated team translated into sustained organic net inflows.

The Luxembourg and Swiss Private Banking centres have also shown a positive evolution of discretionary AuM throughout the year.

The AuM at JM Finn (Delen Private Bank 92.3%), a British asset management company, slightly increased to 12,212 million euros (10,613 million pounds sterling) at year-end 2023, compared to 11,591 million euros (10,281 million pounds sterling) in 2022. While the impact of the increase was primarily driven by a positive market impact, net inflows were negative due to, amongst others, market wide pressure from higher cost of living and higher interest rates.

## Substantial increase of the financial results

The increase in average AuM at Delen Private Bank in 2023 has led to higher gross revenues (565.9 million euros) compared to 2022 (512.1 million euros), a 10.5% increase. The substantial positive impact on the result was

**THREE ENGINES - CONSISTENTLY GOOD PERFORMANCE, CLIENT PROXIMITY AND OPERATIONAL EXCELLENCE - DROVE DELEN FULL STEAM AHEAD IN 2023.**

Michel Buyschaert  
CEO

attributed to both a higher interest margin (resulting from increased interest rates in the financial markets) and higher average levels of AuM.

The significant impact of higher inflation since 2022 impacted adversely personnel costs and energy costs. In addition, the ongoing effort to expand the workforce (+40 net staff members in 2023) and the increase in the marketing efforts to engage with the strongly growing client base contributed to increased operational costs.

Above all, the cost-income ratio remained stable at 50.5% (42.4% at Delen Private Bank, 83.0% at JM Finn), a robust figure within the industry.

Delen Group's net profit experienced a substantial increase (+11.8%), reaching 179.5 million euros in 2023. JM Finn's contribution to the group's net result amounted to 11.2 million euros (2022: 8.4 million euros), attributed to a favourable interest margin, reduced personnel costs, and a decrease in regulatory expenses.



Delen Private Bank > Offices Antwerp



Delen Private Bank > Offices Charleroi

The consolidated equity (group share) of Delen Group stood at 1,184.9 million euros as of December 31, 2023, compared to 1,078.6 million euros on December 31, 2022. The group's Common Equity Tier 1 capital amounted to 860.8 million euros at year-end (compared to 768.2 million euros at year-end 2022). Delen Private Bank remains extremely well-capitalized, with a Common Equity Tier1 ratio of 43.8%. The return on (average) equity reached a strong figure of 15.8%.

## Operational overview 2023 by activity

### Delen Private Bank (Benelux and Switzerland)

Against the backdrop of volatile markets, Delen's clients adhered to its long-term, prudent, and sustainable approach. Clear and transparent communication was key, e.g. through daily client meetings, newsletters, videos, and events like Delen Perspectieven.

In addition, Delen's relationship managers guided clients in wealth planning, emphasizing the integrated offerings of Delen Private Bank. Starting from a complete overview of the family wealth, clients are invited to simulate future wealth evolutions and succession rights payments.

A client satisfaction survey in November 2023 underscored the importance of a personal and proactive approach. More than 80% of clients are very satisfied with Delen's services, the contact with their relationship manager being a significant contributor.

Client satisfaction was further evidenced by the increased market share in the Belgian private banking market. Emphasizing client proximity and operational excellence (e.g. through a state-of-the-art digital support) Delen Private Bank expanded its footprint with a new branch in Charleroi, in addition to ongoing development in digital channels for an efficient and secure client experience. The Charleroi branch is the 15<sup>th</sup> location in Belgium. Acting local remains a strategic focus.

At year-end 2023, 93% (39,399 million euros) of the total client assets in Benelux and Switzerland were managed directly under a discretionary mandate or through the bank's own patrimonial beveks (open-ended investment trusts). Expressed in number of accounts, the share of discretionary management accounts is 96.4%.

Bank Van Breda once again made a significant contribution to the result and represented approximately 31% of the total AuM. On December 31, 2023,

Delen Private Bank managed 13,354 million euros on behalf of clients introduced by the Bank Van Breda network.

In the Netherlands, the team's commercial efforts and the successful integration of Groenstate Vermogensbeheer led to solid figures, i.e. 1,461 million euros in AuM. The offices in Amsterdam, Den Bosch and Heereveen had an excellent organic growth over the year. The strategy in the Netherlands – an integrated service of asset management and planning – is fully aligned with that of Delen Private Bank.

Delen Suisse experienced a robust influx of assets, with a strategic focus on key regions where expatriates from the Benelux countries benefit from the tailored services and expert team. Meanwhile, Delen Luxembourg sustained positive commercial momentum, exemplified by the Luxembourg Art Week, a new event which attracted many promising prospects.

### JM Finn (UK)

Despite the more challenging market conditions than on the continent, JM Finn experienced a satisfactory gross inflow of assets. The positive dynamic within the team was further augmented by the successful relocation of the Leeds team to a new office in York.

Since the acquisition of JM Finn in 2011, Delen Private Bank progressively raised its direct shareholding to 92.3%. As of year-end 2023, JM Finn effectively managed 12,212 million euros (10,613 million pounds sterling) in total client assets, with 82.9% under discretionary management. A shift toward a centralized approach in managing part of the assets is underway. The firm remains dedicated to aligning JM Finn's business model more closely with that of Delen.

## ESG overview 2023

Responsible investment and asset protection are the cornerstones of Delen Private Bank's ESG policy. Delen Private Bank is a member of the UN PRI and consistently integrates sustainability parameters into its investment process. Hence 37,823 million euros of AuM are managed under the responsible investment management policy.

Through its partnership with EOS, Delen Private Bank also enters into dialogue with the companies in its funds ('Engagement'). Engagement discussions are ongoing for 70% of the companies in the equity portfolio of Delen's in-house funds. Furthermore, the principle of dynamic and good stewardship forms the basis for thorough asset protection.

Based on the material topics identified by Delen Private Bank and the materiality analysis performed at AvH group level, 'Asset protection', 'Responsible investment policy', 'Business ethics' and 'Protection of data and privacy' are regarded as potentially material at AvH level.

### Asset protection

Asset protection is a priority for the clients of Delen Private Bank. The bank strives to invest its clients' assets prudently and proactively thereby contributing to a sustainable future. In addition to the usual thorough financial analysis, non-financial parameters are also integrated into the investment management process. The day-to-day implementation of the responsible investment policy ensures long-term thinking and risk mitigation.



Delen Private Bank > Offices Charleroi

## Responsible investment policy

As a member of UN PRI, Delen Private Bank is committed to making its investment process fundamentally sustainable by integrating ESG-related criteria and by acting as an active shareholder, engaging with the companies it invests in.

Delen Private Bank also monitors and communicates openly on different non-financial parameters regarding its patrimonial funds. One example is CO<sub>2</sub> intensity. The aim is to ensure that the CO<sub>2</sub> intensity of the in-house funds is lower than the global benchmark (e.g. MSCI ACWI).

## Business ethics and protection of data and privacy

Delen Private Bank adheres to a strict integrity policy, emphasizing values that employees must uphold. With the growing threat of global cybercrime, the bank prioritizes data and privacy protection.

Delen Private Bank invests heavily in its IT systems and IT support services to comply with legal obligations and to guarantee the protection of its clients' data and privacy. It consistently underscores the importance of a secure organization to both its employees and clients. In addition to robust IT systems and support services, the experience and dedication of all staff also plays a crucial role. An 24/7 initiative was launched, with employees vigilantly monitoring the systems day and night, every day of the week, to safeguard against security breaches.

## ESG performance

Client satisfaction remains a top priority for Delen Private Bank. A client satisfaction survey in November 2023, conducted in Belgium, the Netherlands, Luxembourg and the UK, highlighted the importance of the quality of its personal and proactive approach. More than 80% of clients are very satisfied with Delen's services, the contact with their relationship manager being a significant contributor. With a Net Promoter Score (NPS) of 43, the bank performs remarkably better than the market average. JM Finn continued to also deliver very high client satisfaction NPS levels, above industry trends.

	2023	2022	2021
<b>Assets under management</b>			
Funds managed according to sustainable investment principles (billion euros)	<b>38.0</b>	31.8	35.4
Engagement scope <sup>(1)</sup>	<b>70%</b>	72%	70%
Average ESG rating of own funds <sup>(2)</sup>	<b>19.9</b>	19.7	19.4
<b>Client satisfaction</b>			
Net Promoter Score <sup>(3)</sup>	<b>43</b>	N/A	58

<sup>(1)</sup> Ratio of the number of companies with an engagement procedure relative to the total number of companies in the portfolio. The engagement programme sets priorities according to the urgency of certain topics, the openness of the company in question, and the possible impact of a particular engagement action (excluding JM Finn).

<sup>(2)</sup> Sustainalytics: ESG risk scores between 0 and 100, where a lower score implies a lower risk. A score of 20 is regarded as a low risk (excluding JM Finn).

<sup>(3)</sup> Bi-annual measurement (excluding JM Finn)

At the corporate level, Delen Private Bank closely monitors its ecological footprint. As of 2023, the bank switched to an all-electric fleet for all new vehicle orders. Delen remains committed to reducing the paper pile. The share of digital quarterly reports continues to rise to approximately 90%. The bank is investigating the feasibility of adding more solar panels for increased renewable energy production, taking into account structural challenges from the bank's historic buildings. Tenders have been requested and initial installations have begun based on the study's findings.

## Outlook 2024

Cautious optimism pervades the outlook of Delen Private Bank on the macroeconomic landscape in 2024, with a plausible scenario of a soft landing and controlled inflation. The backdrop of declining interest rates typically fosters buoyant stock markets. On the other hand, Cadelam, the fund manager of the Delen Group, remains vigilant, particularly in monitoring geopolitical tensions and the evolution of sovereign debt.

Delen Private Bank remains committed to seeking growth opportunities. At the outset of 2024 the bank announced an asset deal with Puur Beleggen in the region of The Hague, the Netherlands. Puur Beleggen, a Noordwijk-based boutique asset manager overseeing assets totalling 40 million euros, will seamlessly integrate into Delen Private Bank. This acquisition coincides with Delen's desire to be present in the largest Dutch cities. In Belgium, the inauguration of a new office building in Knokke is planned during 2024.

In addition to leveraging organic growth prospects, the group actively explores acquisition opportunities, particularly aligning with entities that share a similar strategic vision. The focus is on regions where the group is already present.

The group is actively seeking to integrate AI into various bank services with a focus on efficiency. The bank offers trainings to staff to enhance their ways of working by leveraging evermore technology.

## PARTNERS FOR SUSTAINABLE GROWTH



**DELEN**  
PRIVATE BANK

[www.delen.bank](http://www.delen.bank)



79%

Shareholding percentage AvH

CEO: Dirk Wouters

Management team: Tom Franck • Véronique Léonard  
Vic Pourbaix • Marc Wijnants



# BANK VAN BREDA

Bank Van Breda is a specialised niche market bank, which focuses on supporting entrepreneurs and liberal professions in building up, managing and protecting their assets.

## Financial and operational overview 2023

After increasing from -0.5% in mid-2022 to +2% at the end of 2022, ECB deposit rates continued to rise in 2023 to +4.0% in September 2023, before stabilizing thereafter. This led to an inverse yield curve with higher interest rates in the short term than in the long term. Stock markets experienced a steady recovery. Inflation and wage indexation were tempered. However, energy prices remained at higher levels than before Russia's invasion of Ukraine. The war in Gaza further inflamed geopolitical tensions.

Within this challenging context, Bank Van Breda once again achieved very impressive commercial and financial results. Total commercial volumes increased by 12% to 30.1 billion euros and net profit increased by 24% to 84.7 million euros.

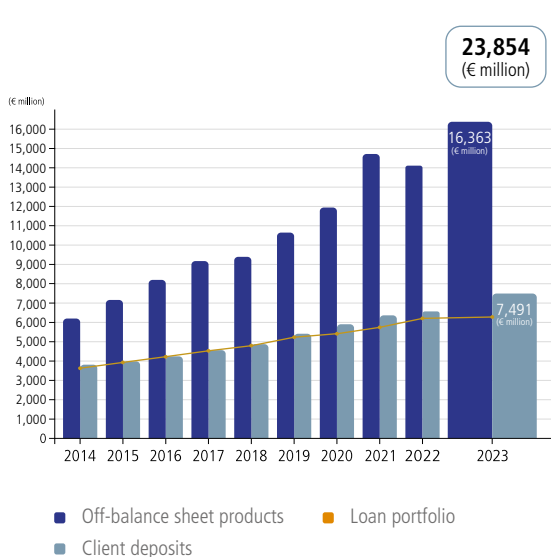
## Growth in commercial volumes

Total assets invested by clients increased substantially to 23.9 billion euros (+16%). Client deposits increased by 938 million euros (+14%) to a total volume of 7.5 billion euros with remarkable growth in term deposits (mostly short term).

The volume of off-balance sheet products increased by 2.3 billion euros (+16%) to 16.4 billion euros. On the one hand, this was the result of a positive stock market effect of 1.5 billion euros. Moreover, an attractive net increase of 0.8 billion euros was achieved, despite the challenging 'TARA' ('There Are Reasonable Alternatives') environment, following a markedly negative stock market climate in 2022.

13.3 billion euros of the volume of off-balance sheet products was entrusted to Delen Private Bank in the form of asset management and funds.

Invested by clients



Bank Van Breda

(€ 1,000)	2023	2022	2021
Operating income	240,943	194,602	184,193
Net result (group share)	84,675	68,325	65,178
Shareholders' equity (group share)	761,940	674,141	678,459
Balance sheet total	8,500,221	7,657,027	7,791,801
Invested by clients	23,854,226	20,648,415	21,087,881
Loan portfolio	6,248,124	6,188,490	5,748,252
Net loan loss provision	0.01%	0.02%	-0.04%
Cost-income ratio	50.6%	55.1%	55.1%
Return on equity	11.8%	10.1%	10.0%
CET1 ratio	17.7%	15.5%	16.8%
Solvency ratio (RAR)	17.7%	16.5%	17.9%
Personnel	569	547	518

Due to interest rate increases and the uncertain economic climate, credit demand declined somewhat in 2023. Despite this, the credit volume to target group clients of Bank Van Breda remained almost stable at 5.5 billion euros, thanks to a level of credit production that almost completely compensated for the repayments.

Based on its comprehensive approach, Bank Van Breda provides loans to family entrepreneurs and liberal professions. Through its Van Breda Car Finance division, the bank also offers financing and financial leasing of cars, equipment, charging stations and bicycles. Van Breda Car Finance again achieved a strong commercial performance during a challenging year for the automotive industry, increasing its credit portfolio by 14% to 0.7 million euros.

## Sustainable profit increase and profitability

The gross operating result (operating income - costs) increased by 28.1 million euros (+31%) to 119.0 million euros thanks to a 24% increase in operating income and a lower increase in operating costs of 18%. This is the result of a particularly impressive commercial performance, both in target group banking for entrepreneurs and liberal professionals and at Van Breda Car Finance.

Consolidated operating income increased by 24% to 241 million euros, thanks to a diversified source of interest and fee income.

Interest results increased by 48%. This is due, on the one hand, to the substantial tightening of monetary policy. The ECB raised its deposit rate by 450 basis points in less than a year and a half, the largest increase since

the introduction of the euro in 1999. Combined with a higher volume of cash due to exceptionally strong deposit growth and limited credit growth, this resulted in a significant increase in treasury income. On the other hand, interest income increased due to credit production at higher rates. Deposit costs also rose sharply due to an increase in rates and the shift in volume from savings accounts to term deposits.

Net fee income, the main component of which fees from off-balance sheet products are the main component, increased by 6% to 106.4 million euros.

Finally, the bank rebalanced its bond portfolio resulting in a realized loss of 15.3 million euros. There was also a one-off recovery of 4.3 million euros as a result of wrongly paid bank tax in 2016.

Total costs increased by 18% to 121.9 million euros. Abstracting from the one-off reversal of commissions in 2022, recurring costs increased by 14%, driven primarily by sharply risen personnel costs. This is partly due to new wage indexations and the impact of the high indexations in 2022 that are now included over a full year. On the other hand, there is the continued increase in the number of staff.

The bank continues to invest in commercial strength, client and staff events, and in the renewal and upgrade of its branches. The bank is also continuing to strengthen and secure its IT platform to take full advantage of opportunities presented by the cloud and digitalization.

With operating income rising more sharply than costs, the cost-income ratio improved from 55% in 2022 to 51% in 2023. This makes Bank Van Breda one of the most efficient Belgian banks.



Bank Van Breda > Antwerp



Bank Van Breda > Antwerp

Bank Van Breda did not record significant losses on credit files in 2023, although its clients continued to face the effects of high inflation in 2022. The risk costs for credit losses (including Expected Credit Losses or ECL) remained low at 0.01% of the average credit portfolio. This denotes the outstanding quality of the bank's credit portfolio as well as the resilience of its clients.

All these elements combined led to a substantial 24% increase in net profit to 84.7 million euros. As a result, return on average equity (ROE) increased from 10.1% to 11.8%.

## Solid liquidity and solvency

Adopting a prudent approach, the bank always ensures a generous liquidity position. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at the end of 2023 were respectively 304% and 150%, both well above the statutory requirement of 100%. The credit portfolio is fully financed through client deposits, so the bank is not dependent on external financing on the financial markets.

The shareholders' equity (group share) rose to 762 million euros, contributing to the bank's strong solvency position, which represents the main protection for deposit holders. The Common Equity Tier1 ratio (CET1 ratio) stood at 17.7%. The solvency expressed as shareholders' equity to assets (leverage ratio) amounted to 8.3%, a multiple of the legally required 3%.

## ESG overview 2023

Based on the material topics identified by Bank Van Breda and the materiality analysis performed at AvH group level, 'Safe harbour', 'Business ethics' and 'Protection of data and privacy' are potentially considered of material importance at AvH level. Moreover, Bank Van Breda pays particular attention to 'Asset accumulation and protection', 'Respect for laws and regulations', 'Staff and Customer satisfaction'.

## Safe harbour

'Safe harbour' inherently encompasses safeguarding the financial stability of the bank and contribute to the Belgian economic fabric. Thanks to prudent management, the bank's equity has never been under threat during crisis periods or in turbulent financial markets. The bank has never received state aid.

The rapid succession of the COVID crisis, the energy crisis, the sharp upsurge in inflation, rising personnel costs, interest rate hikes and the 'war for talent' posed major challenges for entrepreneurs and the liberal professions. The bank reaffirmed its role as a safe harbour and chose to be in dialogue with and close to the client. Due to prudence and bankruptcy prevention, net additions to loan provisions continued to be limited in 2023. The quality of its credit portfolio and the resilience of its clients once again proved to be particularly significant.

With its credit portfolio, Bank Van Breda targets a very specific niche group of clients with economic activities in Belgium: liberal professions, family SMEs and independent entrepreneurs. This focus and relevant Belgian regulations in this respect significantly reduce the likelihood of major ESG risks.

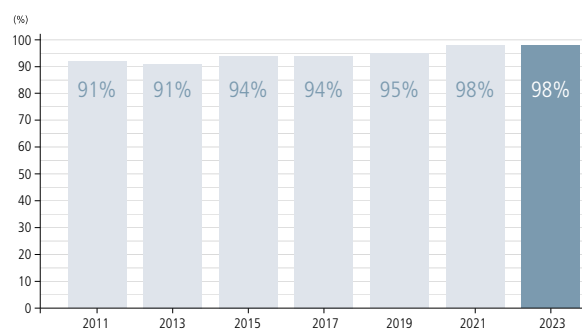
TODAY WE REAP THE BENEFITS OF CAREFULLY BUILT TRUST RELATIONSHIPS FROM A MODEL OF DIVERSIFIED WEALTH ACCUMULATION.

Dirk Wouters  
CEO

Self-employed clients have to accrue and protect their own retirement capital, whereby a long term view and consistent distribution are elementary requirements. Even in a year when the interest rate environment changed completely, clients affirmed their confidence. Deposit growth was also supported by rising customer rates, primarily on time deposit accounts. Off-balance sheet products also generated a significant increase, thanks in part to the positive stock market effect. Finally, the Net Promoter Score (NPS) of 53 confirms a high level of customer satisfaction. With this score, Bank Van Breda achieved an NPS in excess of 50 for the seventh time in a row. Internationally, this is considered an outstanding rating.

	2023	2022	2021
<b>Client satisfaction</b>			
Net Promoter Score	53	54	53
<b>Employee satisfaction</b>			
Great place to work <sup>(1)</sup>	98%	-	98%

## Employee engagement



<sup>(1)</sup> Statement 'Overall, I can say that this is an excellent organization to work for' Figures surveyed December 2021 and 2023.

## Business ethics and protection of privacy and data

The deontology and ethical values of the staff are decisive for the way in which Bank Van Breda interacts with its clients and suppliers. Cybercrime and phishing are a growing threat worldwide. Clients consider the protection of their personal data and respect for their privacy of increasing importance. The bank consequently conducts regular awareness campaigns and consistently invests in IT infrastructure and a greater focus on security. Within this context, Bank Van Breda handles and protects everyone's data in compliance with relevant laws and regulations, in an honest and transparent manner.

## ESG realisations

Bank Van Breda regards the health and well-being of its staff as a crucial asset. It pays considerable attention to attracting new talent, developing financial and specialized expertise, as well as promoting cohesion and diversity. A culture and values survey using the methodology of the 'Richard Barret Values Centre' showed that employees of the bank put 3 personal values first: honesty, a sense of responsibility and enthusiasm.



The November 2023 'Great Place to Work' survey confirmed that 98% of employees consider the bank an excellent organization to work for. In March 2024, the bank was nominated again as 'Best Employer' on the basis of this participation. The book entitled 'Medewerkers aan zet' describes the path Bank Van Breda took to evolve into 'an outstanding' organization.

The bank's own ecological footprint is limited. Nevertheless, it aims to adopt an exemplary role in this respect. A CO<sub>2</sub>-reduction plan is being rolled out to reduce emissions by more than 55% by 2030 compared to 2017 levels. New company cars are now plug-in or fully electric. The bank continues to invest in promoting bicycle use, solar panels, charging stations, insulation and energy efficient offices with heat pumps.

Entrepreneurs and liberal professions also play a crucial role in the transition to a more sustainable economy. The importance of ESG factors (ecology, social responsibility and corporate governance) has continued to increase in discussions concerning credit applications. An energy performance certificate (EPC) is standard today in applications for loans with property as collateral. Energy efficiency, the transition to renewable energy and circular enterprise are becoming increasingly important in any business plan. The bank believes that through its network it can bring clients together so that they can motivate each other.

When it comes to investments all clients are systematically surveyed about their sustainability preferences. In doing so, the bank is committed to the combination of three sustainability strategies: exclusion, engagement and integration of non-financial parameters. This approach is applied to the overall portfolios in asset management and covers all own funds. Any investments offered by Bank Van Breda, via Delen Private Bank and via other partners, not only incorporate sustainability features (SFDR Article 8) but also fit within a well-spread portfolio.

## Outlook 2024

After the sharp interest rate hikes in 2022 and 2023, the European Central Bank may ease its monetary policy again during 2024. Inflation fell faster than expected in 2023 and the inflation outlook is favourable. This may lead to a normalization of the yield curve.

Following a year of limited economic growth in the euro zone, growth expectations for 2024 are rather limited. Despite this challenging context, Bank Van Breda remains very well equipped for the future.

The commercial strength and positioning should ensure the continued increase of total client assets. The impact of this increase on the operational result will also depend on the evolution of the financial markets, the interest rate climate and the competitive environment.

Bank Van Breda has a track record of low costs for credit risks, even in an economically turbulent environment. Nevertheless, uncertainty remains about potential credit losses due to limited economic growth (and possibly a mild recession), ongoing geopolitical tensions and inflation. Given its conservative policy on the matter, this impact should remain limited in the future as well.

With its core values of 'fast, friendly & flexible', Van Breda Car Finance continues to invest in customer loyalty and remains committed to being a sound, reliable and fast acting partner for car dealers and brokers.

A team of competent staff, satisfied clients, the reputation and positioning, the ongoing investments, the prudent risk profile and the sound financial structure of the bank all serve as a solid basis for healthy, long term financial growth.

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