

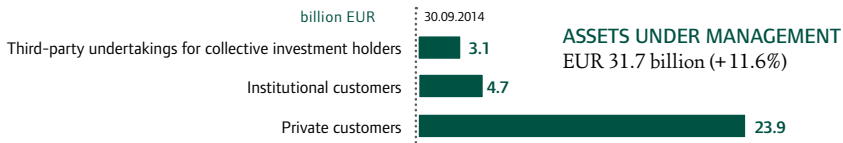
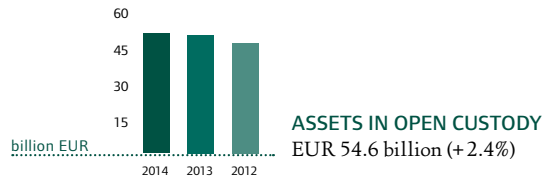
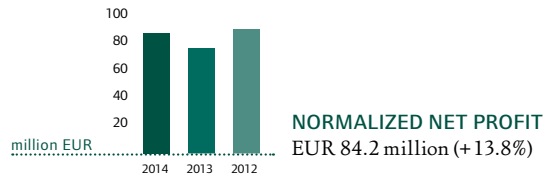
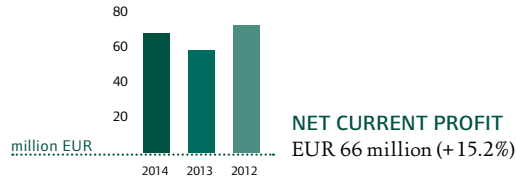
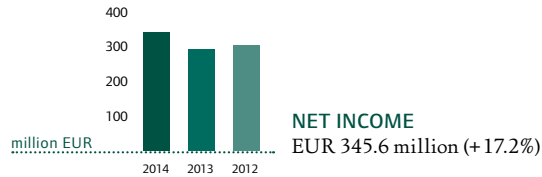
The year 2013-14 in brief

Bank Degroof is Belgium's premier independent private and investment bank, with an excellent reputation in each of its fields of activity.

For more than 140 years it has offered its private and institutional clients, along with business enterprises, a complete range of tailored solutions and services: asset management, financial markets, corporate finance, credit & structured finance, setup and administration of investment funds, real estate activities and financial analysis.

The Bank has a thousand employees managing their customers' future from offices in six countries.

KEY FIGURES



STATEMENT FROM THE BOARD OF DIRECTORS

The 2013-14 financial year took place in a context of economic and financial contrasts. Economic activity in the euro zone has remained weak, with the recovery still not making itself felt in spite of the efforts of monetary and budgetary policies. The financial markets have, however, been positive thanks to the impact of a marked drop in long-term interest rates, which has translated into a continued flattening of the interest rate curve and very positive movements on the major stock exchanges around the world.

In this context, Bank Degroof recorded good results. The reported net profit amounted to EUR 84.4 million compared to EUR 74.9 million, representing an increase of 13%. The net current profit increased by 15% to EUR 66 million.

Assets under management rose by 12% to EUR 31.7 billion, driven by the combined positive impacts of significant net inflows and buoyant markets.

The Bank's revenue grew, benefiting from an upward trend in the various segments of activity. The interest margin developed favourably, due to very solid transformation profits. Revenues from asset management in various forms rose substantially, and the contribution of the credit and structuring activities, as well as corporate finance, remained firm. Current expenditure was kept well under control.

As at 30 September 2014, the Bank's shareholders' equity amounted to EUR 582.9 million after the distribution of the dividend for the year, resulting in a Tier 1 ratio of 15.08%, which is higher than the regulatory requirement.

The shared goal of the board of directors, executive committee and the shareholders is to provide the organisation with the means to pursue its development and play an active role in a banking sector that is undergoing considerable changes. In addition to the arrival of the new chairman of the executive committee, various changes to the organisation of the Bank and of the group are being prepared and implemented.

The Bank's ambition is to continue to grow in the segments in which it is active. In this context, Bank Degroof, Petercam and their respective reference shareholders announced on 20 January 2015 that they had signed a memorandum of understanding with a view to a merger. Bank Degroof firmly believes that this transaction is in the best interests of its clients, employees and shareholders, and intends to continue negotiations in order to reach a definitive merger agreement.

The beginning of the 2014-15 financial year has been marked by an economic climate that remains subdued and by highly volatile financial markets.

On behalf of the board of directors, we would like to extend our warmest thanks to our clients for their loyalty and trust, and to our employees for their commitment to meeting the many challenges they face in their work.



Philippe Masset
Chairman of the executive committee



Alain Philippson
Chairman of the board of directors

CAPITAL STRUCTURE

	BEFORE EXERCISE OF STOCK OPTIONS	(in%) AFTER EXERCISE OF STOCK OPTIONS
1. Acting in concert		
Cobepa SA/NV, CLdN Finance SA and the Philippson, Siaens, Schockert and Haegelsteen families	65.38	64.66
2. Management and staff		
other than heading 1	12.53	13.53
Total headings 1 and 2	77.91	78.19
3. Financial partners		
Eutag SA & Mipojoma SA (Theo Maes' children)	4.46	4.40
Marinvest SA/NV (Luc Waucquez' children)	3.30	3.26
Other	9.99	9.87
Total heading 3	17.75	17.53
4. Own shares		
Total headings 1, 2, 3 and 4	100.00	100.00
Total number of shares	7 683 481	7 778 631

BOARD OF DIRECTORS

On 24.03.2015

	MANDATE EXPIRES
Chairman of the board of directors	
Baron Philippson ¹	02/2019
Chairman of the executive committee – managing director	
Philippe Masset	02/2020
Directors who are members of the executive committee – managing directors	
Alain Schockert ¹	02/2016
Patrick Keusters	02/2016
Gautier Bataille de Longprey	02/2016
Jan Longeval	02/2016
Étienne de Callatay	02/2016
Gilles Firmin ²	02/2019

	MANDATE EXPIRES
Directors	
Alain Siaens ¹	02/2019
Christian Jacobs ³	02/2019
Regnier Haegelsteen ¹	02/2016
Marina Maes	02/2019
W. Invest SA/NV (permanent representative: Gaëtan Waucquez)	02/2016
Jean-Pierre de Buck van Overstraeten	02/2016
Jean-Marie Laurent Josi Cobepa SA/NV ¹	02/2016
Frank van Bellingen CLdN Finances SA ¹	02/2019
Jacques-Martin Philippson	02/2016

¹ Directors and companies declaring that they act in concert.

² Appointment subject to the approval of the supervisory authorities.

³ Independent directors.

KEY FIGURES

(in million EUR)

Breakdown of operating income	30.09.2014	30.09.2013	30.09.2012
Asset management	192.4	177.1	171.9
Corporate Finance and Credit & Structured Finance	36.4	38.8	37.3
Market activities	53.7	45.6	71.6
Normalized return on proprietary equity portfolio	18.2	16.6	15.5
Total	300.7	278.1	296.3

Consolidated key figures (IFRS)	30.09.2014	30.09.2013	30.09.2012
GROUP SHARE			
Stated profit ⁴ (in thousands of EUR)	84 380	74 012	55 558
Provisions and exceptional items (in thousands of EUR)	21 459	11 601	8 463
Amortization of goodwill (in thousands of EUR)	1 514	1 800	1 784
Economic revaluation of interest rate positions ⁵ (in thousands of EUR)	2 429	(2 191)	10 988
Accounting profit in the Holding portfolio ⁶ (in thousands of EUR)	(43 753)	(27 892)	(5 387)
Net current profit (in thousands of EUR)	66 029	57 330	71 406
Normalized profit on Holding portfolio ⁷ (in thousands of EUR)	18 163	16 641	15 478
Normalized net profit (in thousands of EUR)	84 192	73 971	86 884
Number of shares	7 683 481	8 019 131	8 019 131
Number of shares adjusted for usage rights	7 683 481	8 019 131	8 019 131
Normalized net profit per share (in EUR)	10.96	9.22	10.83
Gross dividend per share ⁸ (in EUR)	6.00	5.65	5.50
Normalized ROE ⁹ (in %)	14.10	12.48	15.51
CRD ratio ¹⁰ (in %)	15.29	16.30	15.66
Cost/income ratio ¹¹ (in %)	66.94	71.92	71.13

⁴ Due to the IFRS requirements, the results at the closing of the financial year on 30.09.2012 and 2013 have been retroactively adjusted to reflect the impact of the IAS 19 revision: the adjusted published profit (group share) amounted to (in thousands of EUR) 56,056 on 30.09.2012 and (in thousands of EUR) 74,870 on 30.09.2013. The above estimates and ratios have been calculated on the basis of the original data in order not to conflict with those of the previous two years. ⁵ Net revaluation (unrecorded) relating to treasury balance sheet components for which there is a global hedge.

⁶ This amounts corresponds to the sum of the IFRS accounting results for the group Holding securities portfolio consisting of shares and other variable income securities after deducting administrative costs for the management of the portfolio in question. ⁷ The normalised return on the Holding Portfolio amounted to 6% of the estimated average annual value of the portfolio. ⁸ Dividend at 30.09.2014: subject to the approval of the shareholders' meeting of 23.02.2015. ⁹ Normalized group net profit divided by annual average accounting shareholders' equity (net of distributions outside the group). ¹⁰ The CRD ratios are calculated on the basis of the 'Basel II' regulations on 30.09.2012 and 2013 and the 'Basel III' regulations on 30.09.2014. ¹¹ Cost/income ratio calculated on the basis of normalized net income, i. e. including the normalized return on the Holding portfolio. The cost/income ratio calculated on the accounting result of the portfolio Holding was 73.29% in 2012, 68.82% in 2013 and 61.61% in 2014.

HIGHLIGHTS

INSTITUTIONAL PORTFOLIO MANAGEMENT

- Excellent investment performances.
- Another very strong increase in assets under management (from EUR 4.3 billion to 4.7 billion over the financial year).

PRIVATE ASSET MANAGEMENT

- Substantial increase in assets under management to EUR 23.9 billion.
- Excellent asset management performance, resulting in a return of 10.3% for a medium-risk portfolio, thanks to good diversification and a firm grip on risk.
- Events that fit with our clients' passions: contemporary art, classic cars and golf.
- Supporting clients in unlisted investment opportunities (private bonds, real estate, club deals, private equity funds, etc.) for portfolios that can afford this type of risk.

SICAV MANAGEMENT

- Good performance by the Degroof Global Isis fund range, with the overweight position in equities and developed countries having a positive contribution. Assets under management across this fund range reached EUR 4.5 billion.
- Excellent performance of bond funds, which have particularly gained from active positioning in favour of the peripheral countries within the Eurozone.
- Successful launch of an index fund investing in emerging markets with assets exceeding EUR 450 million.
- The full range of index funds – covering both developed and emerging markets – managed by Degroof Fund Management Company covers over 2 400 securities across 46 countries worldwide.
- Degroof Equities US Flexible was named 'Best US equity fund in Belgium' by Morningstar on 19 March 2014.

SETUP AND ADMINISTRATION OF SICAVS

- Stronger position for Degroof Gestion Institutionnelle in an increasingly regulated market with its UCITS and AIFM certification (18 July 2014).
- EUR 25 billion of assets under administration and/or custody for mutual funds under Belgian and Luxembourg law.
- Increased business in providing management-company services to third-party promoters, managers and advisors.
- Further development in Asia, with clients in Hong Kong, Singapore and Malaysia.

DEGROOF CORPORATE FINANCE

- 47 assignments completed in Degroof Corporate Finance's three segments of activity: Advisory Services, M&A and Capital Markets.
- Increased level of activity in M&A, especially in sale mandates of family-controlled industrial groups to international counterparties.
- Numerous private placements of bonds and real estate certificates.
- Advisor to several companies regarding public share offerings.
- Encouraging outlook for 2014-15 in all three activity segments.

CREDIT & STRUCTURED FINANCE

- Growth in credits outstanding, particularly loans secured on securities portfolios, real estate loans other than mortgages and financing for asset-structuring transactions.
- Year-on-year increase in total outstandings, mainly due to a low-interest-rate environment.
- Firm business levels with the clients of our subsidiaries in France and Spain.
- Club deals (Optimmo and Green Fund):
 - First generation of funds in divestment phase showing capital gains.
 - Second generation of funds looking at various attractive investment opportunities.

FINANCIAL ANALYSIS

- Joint organisation, with Euronext, of the '1st Investor Day' for Belgian small-cap and mid-cap companies in Zurich.
- New ESN conference in Paris, as well as the second conference in Frankfurt and the 24th conference in London.
- Increase in the number of roadshows for BEL 20 companies, in Belgium and abroad.
- Monitoring of new real estate companies in Belgium, France and the Netherlands with a direct impact on the Bank's primary market operations.
- Participation in an IPO thanks to the quality of the Bank's financial analysis.

FINANCIAL MARKETS

- Record number of bond issues, mainly in the real-estate sector.
- Strong secondary market activity due to the fall in interest rates.
- Solvency 2-related advisory projects.
- Increase in capital markets advisory and execution activities.
- Named best liquidity provider for Euronext Brussels.
- Significant increase in the sale of our mutual funds.

CORPORATE SOCIAL RESPONSIBILITY

- Muhammad Yunus, Nobel Peace Prize laureate in 2006, was the guest of honour at the Philanthropy Forum to celebrate ten years of impact investing at the Bank, attended by more than 700 people.
- Philanthropy Forum with Peggy Dulany-Rockefeller on passing on philanthropic values.
- Creation of a third community of benefactors, called Big Bang, bringing together active philanthropists working to combat poverty in developing countries.
- Bank Degroof Foundation celebrated its fifth year of activity in the fields of education and entrepreneurship.
- Solidarity Days: 100 members of the Bank's staff took part as volunteers in the two Solidarity Days that were organised during the year.

REAL ESTATE

- Sustained pace of activity with more than fifteen projects completed successfully in Belgium.
- Bond issues on behalf of Cofinimmo, Leasinvest, Intervest Offices and Warehouses, Retail Estates and Montea.
- Capital increase for the Société Civile des Galeries Royales Saint-Hubert.
- Issue of real estate certificates and shares to finance the development of a nursing home in Woluwe-Saint-Lambert.
- Very encouraging outlook for 2014-15

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We would be pleased to welcome you to one of our offices.

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Sicav management	
Institutional portfolio management	
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Real estate activities	
Corporate Finance	
Credit & Structured Finance	.	.		.		
Financial markets	.	.				
Financial analysis	.					

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