BANK DEGROOF

Managing the future

13

ANNUAL REPORT

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.

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ANNUAL REPORT

STATEMENT FROM THE BOARD OF DIRECTORS

The 2012-13 financial year was, financially and economically, a period of contrast. In an economically stagnant Eurozone, with two quarters of contraction followed by two quarters of slight improvement, fears and tensions in the financial market began to subside. In terms of public policy, a restrictive fiscal policy and stricter regulation of the financial sector contrasted with an extremely accommodating monetary policy. On the markets, falling profits for listed companies did not prevent a strong upturn on European stock exchanges.

In this context, Bank Degroof SA/NV performed well once again. The published net profit amounted to EUR 74 million compared to EUR 55.5 million for the previous financial year and the total comprehensive income amounted to EUR 97.4 million compared to EUR 87.7 million. This comprehensive income, calculated in compliance with the International Financial Reporting Standards, best reflects the economic performance for the year since it includes variations in unrealised capital gains and losses, recorded both through profit and loss and through equity. Net current profit amounted to EUR 57.3 million compared to EUR 71.4 million for the previous year.

Assets under management totalled EUR 28.4 billion compared to EUR 26.2 billion for the previous year, representing an increase of 8.5%.

The Bank's income decreased slightly this year, primarily due to the fall in income from transformation activity, which had been exceptionally high the year before, having benefitted from the drop in rates and credit spreads on sovereign risk. In contrast, we recorded a significant increase in income from asset management, credit and structuring, corporate finance and fund administration activities. Our current expenses have decreased slightly, thanks to our tight control over costs.

At 30 September 2013, the Bank's accounting equity stood at EUR 612.1 million after the dividend for the financial year. Its solvency ratio (CRD ratio), after the dividend was 16.30% and its Tier 1 ratio was 13.38%. Both figures largely exceed regulatory requirements.

During the past financial year, we finalised our plans for the merger of Degroof Banque Privée in Switzerland and Landolt & Cie, a private bank founded in 1780, by completing the merger of two institutions within Landolt & Cie, in which we hold a 25% stake. Furthermore, in order to offer an integrated service, which has proved its full worth in Belgium and the Grand Duchy of Luxembourg, the group's various activities in France have been consolidated into one location and into a single entity, Compagnie Financière Degroof, with three wholly-owned subsidiaries: Banque Degroof France, Aforge Degroof Family Office and Aforge Degroof Finance.

The beginning of the 2013-14 financial year was marked by an end to recession in most European countries and a more favourable trading climate which, in tandem with our sales efforts, should allow for an increase in our assets under management and, therefore, in the profitability of the asset management business.

This year, we again want to thank our clients for their loyalty and the confidence they have placed in us, and our personnel who have worked with professionalism and enthusiasm in the best interests of clients, in a climate which is becoming increasingly complex with every passing year.

Regnier Haegelsteen
Chairman of the executive committee

Alain Philippson
Chairman of the board of directors

KEY FIGURES

(in million EUR)

Breakdown of operating income	30.09.2013	30.09.2012	30.09.2011
Asset management	177.1	171.9[1]	188.2[1]
Corporate Finance and Credit & Structured Finance	38.8	37.3	34.1
Market activities	45.6	71.6	24.0
Normalized return on proprietary equity portfolio	16.6	15.5	23.2
Total	278.1	296.3	269.5

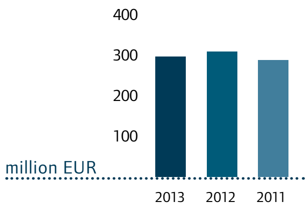
Managed undertakings for collective investment	(in billion EUR)
30.09.2013	20.2
30.09.2012	18.1
30.09.2011	15.7

(in billion EUR)

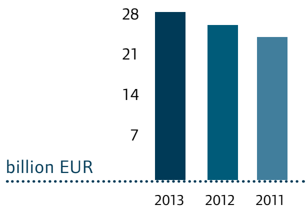
Assets under management	30.09.2013	30.09.2012	30.09.2011
Private customers	21.4	20.0	18.3
Institutional customers	4.3	3.8	3.6
Third-party undertakings for collective investment holders	2.7	2.4	2.2
Total	28.4	26.2	24.2

Consolidated key figures (IFRS)	30.09.2013	30.09.2012	30.09.2011
GROUP SHARE			
Stated profit (in thousands of EUR)	74 012	55 558	68 074
Provisions and exceptional items (in thousands of EUR)	11 601	8 463	9 149
Amortization of goodwill (in thousands of EUR)	1 800	1 784	2 657
Economic revaluation of interest rate positions[2] (in thousands of EUR)	(2 191)	10 988	(14 566)
Accounting profit in the Holding portfolio[3] (in thousands of EUR)	(27 892)	(5 387)	(4 915)
Net current profit (in thousands of EUR)	57 330	71 406	60 399
Normalized profit on Holding portfolio[4] (in thousands of EUR)	16 641	15 478	23 226
Normalized net profit (in thousands of EUR)	73 971	86 884	83 625
Number of shares	8 019 131	8 019 131	8 019 131
Number of shares adjusted for usage rights	8 019 131	8 019 131	8 019 131
Normalized net profit per share (in EUR)	9.22	10.83	10.43
Gross dividend per share[5] (in EUR)	5.65	5.50	5.25
Normalized ROE[6] (in %)	12.48	15.51	15.38
CRD ratio (in %)	16.30	15.66	15.57
Cost/income ratio[7] (in %)	74.06	71.13	63.42

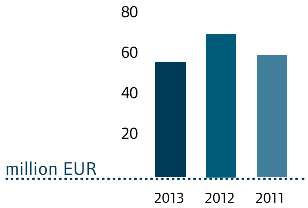
1 Following the stake in the company Landolt & Cie by the contribution of our Swiss subsidiary, the figures of 2012 and 2011 have been restated by deducting the share of the latter (in 2012: - EUR 8.2 million, in 2011: - EUR 9.2 million) in order to make them comparable over the three financial years.
2 Net revaluation (unrecorded) relating to treasury balance sheet components for which there is a global hedge.
3 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.
4 For the 2011 financial year, the normalised return on the Holding Portfolio amounted to 8.5% of the estimated average annual value of the portfolio. For the 2012 and 2013 financial years, the return was decreased to 6%.



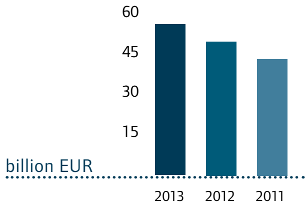
NET INCOME
EUR 295.0 million (-4.0%)



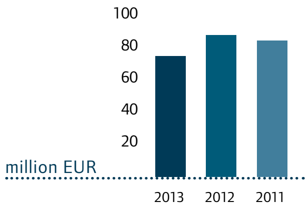
ASSETS UNDER MANAGEMENT
EUR 28.4 billion (+8.5%)



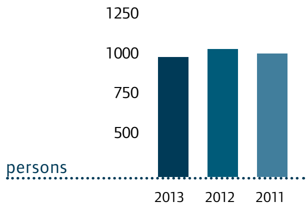
NET CURRENT PROFIT
EUR 57.3 million (-19.7%)



ASSETS IN OPEN CUSTODY
EUR 56.1 billion (+12.4%)



NORMALIZED NET PROFIT
EUR 74.0 million (-14.9%)



STAFF COUNT
1 012 persons (-6.3%)

CAPITAL STRUCTURE

(in %)

	BEFORE EXERCISE OF STOCK OPTIONS	AFTER EXERCISE OF STOCK OPTIONS
1. Acting in concert		
Cobepa SA/NV, CLdN Finance SA and the Philippson, Siaens, Schockert and Haegelsteen families	62.89	62.21
2. Management and staff		
other than heading 1	11.79	12.76
Total headings 1 and 2	74.68	74.97
3. Financial partners		
Parmafin SA/NV (Theo Maes family)	3.51	3.47
Marinvest SA/NV (Luc Waucquez family)	3.16	3.13
Other	12.46	12.31
Total heading 3	19.13	18.91
4. Own shares	**6.19**	**6.12**
Total headings 1, 2, 3 and 4	100.00	100.00
Total number of shares	8 019 131	8 116 536

5 Dividend at 30.09.2013: subject to the approval of the shareholders' meeting of 24.02.2014.
6 Normalized group net profit divided by annual average recognized shareholders' equity (and including AFS reserves).
7 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 67.27% in 2011, 73.29% in 2012 and 70.86% in 2013.

HIGHLIGHTS

HIGHLIGHTS

PRIVATE ASSET MANAGEMENT

- Significant new capital raised, surpassing the threshold of EUR 21.4 billion of managed capital for our private clients in Belgium.
- Excellent management performance in an environment that has remained extremely volatile, allowing a medium-risk portfolio to grow by 8.6%.
- Several client briefings regarding fiscal changes, and in particular regarding the new adjustments.
- Follow-up of investment offerings in unlisted assets (private bonds, real estate, private equity funds, etc.) for portfolios that can afford this type of risk.

INSTITUTIONAL PORTFOLIO MANAGEMENT

- Again a very strong growth of managed capital in institutional management mandates, which rose this financial year from EUR 3.80 billion to EUR 4.33 billion.
- Very strong asset management performance in 2012 and in the first nine months of 2013 across all asset categories without exception, and particularly in the mixed and share mandates.
- Strong asset management performance in 2013.
- Substantial increase in assets under management.
- Growth in the provision of asset management services to promoters, managers and third party consultants.
- Favourable regulatory changes that should encourage the development of risk management activities.

SICAV MANAGEMENT

- Successful launch of the Degroof Equities Emerging MSCI Index fund, with the objective of replicating the performance of the MSCI Emerging Market Total Return (Net) index. Starting capital has risen to almost EUR 300 million.
- Excellent performance from the behavioural value range which is clearly benefiting from the improvement in the economic and financial climate (particularly the reduction in risk aversion and political-monetary uncertainty in the eurozone).
- Creation of the Degroof bonds compartment – Corporate EUR Opportunities – which completes the obligatory range. The aim of this compartment is to benefit from market opportunities in the BBB/BB and non-rated segments. Two credit analysts have been recruited within the Degroof Fund Management Company specifically for this purpose.

SETUP AND ADMINISTRATION OF SICAVS

- EUR 25 billion of assets under administration for UCIs under Belgian and Luxembourg law, an increase of 14.34% over the year.
- Clients in 13 countries, including Hong Kong and New York, as well as all the countries in which the group is present.
- More than 300 compartments administered, covering most asset classes.

DEGROOF CORPORATE FINANCE

- Highly sustained activity level with 61 missions successfully completed in Belgium.
- Clear progression of study and advisory missions.
- Resurgence in M&A activity.
- Excellent activity level maintained in private placements (bonds and real estate).
- Increased collaboration between the Belgian and French teams.
- Several missions in progress and encouraging outlook for 2013-14 (both for M&A and capital market).

CREDIT & STRUCTURED FINANCE

- The stability of credits outstanding is masking a noticeable increase in loans granted to private clients and to our Family Business Owners clients, in the context of the restructuring of their company's shareholder base and the Sicafi, which have been compensated by reimbursements from a number of expired loans.
- Club deals: activity is intense due to the imminent maturity of a fund which is in an asset disposal phase (Optimmo I) and the acceleration of investments in the Green Fund II fund.

FINANCIAL ANALYSIS

- Participation in bpost's IPO and promotion within the ESN.
- Appointment of two experienced financial analysts in order to maintain high quality research and contacts with company managements.
- Increased participation of listed companies in investment roadshows in London, Frankfurt, Paris, Geneva and Luxembourg.

FINANCIAL MARKETS

- Institutional activity supported in Belgium.
- Acceleration of institutional development in France.
- Numerous asset and liability management (ALM) advisory assignments.
- Expansion of derivative brokerage activity to the OMX.
- Increase in the number of roadshows in Europe for listed Belgian companies.

CORPORATE SOCIAL RESPONSIBILITY

- Supporting the launch of the Teach for Belgium project.
- Organisation of two philanthropy forums and a special youth forum (in partnership with Solvay).
- First advisory mission with an impact investing company, created by Degroof Corporate Finance.
- New philanthropy advisory mission with a large Belgian industrial family.
- Participation in the launch of the Inbev-Baillet Latour Chair in social investment.

REAL ESTATE

- More than 20 missions completed during the year.
- Creation of Belgian Land and raising EUR 55 million of funds.
- Bond issues for Allfin, Atenor, Banimmo and the Montea Sicafi.
- Capital increase for the Aedifica and Montea Sicafi.
- Opening of the Bon Pasteur building financed by Degroof Social Immo.
- Very encouraging outlook for 2013-14.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS

The board of directors of Bank Degroof SA/NV comprises directors who are members of the executive committee and non-executive directors.
The composition of the board of directors is based on the following rules:

- the composition of the board as a whole must enable it to function effectively and efficiently in the best interests of company; it must be based on a necessary diversity and synergy of experience and expertise; the directors entrusted with oversight duties must also meet certain individual requirements in terms of expertise and financial experience, as assessed by the National Bank of Belgium;
- no group of directors or individual member should be able to dominate the board's decision-making;
- the majority of directors should be non-executive;
- a legal person appointed as a non-executive director appoints a natural person as its permanent representative, who shall be responsible for fulfilling the mandate in the name and on behalf of the director-legal person. This permanent representative may not be an executive director of the Bank at the same time.

The role of the appointments and remuneration committee is to make recommendations to the board of directors concerning the size and composition of the board on a periodic basis and, in particular, when mandates are renewed.

In making recommendations to the general meeting of shareholders for the appointment of directors, the appointments and remuneration committee shall pay particular attention to ensuring compliance with the following principles:
- the executive committee may not form a majority on the board;
- the chairman of the board of directors does not occupy an active role within the group;
- the board ensures that there shall be a sufficient number of independent directors alongside the directors representing shareholders.

The following changes to the composition of the board of directors and the executive committee occurred during the financial year:

At the ordinary general meeting of 25 February 2013, Ms Marina Maes was appointed as a director of the company for a six-year term.

At the same general meeting, the following mandates were renewed:
- the mandates of Messrs Regnier Haegelsteen, Alain Schockert, Pierre Paul De Schrevel, Patrick Keusters, Gautier Bataille de Longprey, Jan Longeval, Jean-Pierre de Buck van Overstraeten, and Jean-Marie Laurent Josi as well as W. Invest SA/NV were renewed for a three-year term;
- the mandate of the audit firm Klynveld Peat Marwick Goerdeler as auditors was renewed for a three-year term.

At 30 September 2013, the composition of the board of directors was as follows:

			MANDATE EXPIRES
Chairman of the board of directors			
Baron Philippson [1]			02/2015
Chairman of the executive committee - managing director			
Regnier Haegelsteen [1]			02/2016
Directors that are executive committee members - managing directors			
Alain Schockert [1]			02/2016
Pierre Paul De Schrevel			02/2016
Patrick Keusters			02/2016
Gautier Bataille de Longprey			02/2016
Jan Longeval			02/2016
Étienne de Callataÿ			02/2016
Directors			
Alain Siaens [1]	Company director		02/2015
Damien Bachelot	Company director		02/2015
Christian Jacobs [2] **SPRL/BVBA (permanent representative: Christian Jacobs)**	Company director		02/2015
Marina Maes	Company director		02/2019
W. Invest SA/NV (permanent representative: Gaëtan Waucquez)	Company director	Floridienne SA/NV	02/2016
Jean-Pierre de Buck van Overstraeten	Company director		02/2016
Jean-Marie Laurent Josi	Company director	Cobepa SA/NV [2]	02/2016
Frank van Bellingen	Company director	CLdN Finance SA [2]	02/2015
Jacques-Martin Philippson	Company director		02/2016

The board of directors considers those of its members who meet the criteria outlined in article 526ter of the Belgian Companies Code to be independent directors. The following person should be considered as an independent director: Mr Christian Jacobs.

1 Directors and companies that have declared acting in concert.
2 Independent director.

OPERATION OF THE BOARD OF DIRECTORS

The board of directors is responsible for defining the strategy and general policies of the Bank.
It ensures that they are implemented by the executive committee and, based on the proposals of the executive committee, decides upon the resources needed to this end. It determines the competence and composition of the executive committee and supervises its activities. It ensures that sufficient resources exist to ensure the long-term future of the company.

The board of directors deliberates on all issues and matters within its responsibilities, such as the compiling of the annual accounts and management reports, and the convening of general meetings. At each quarterly meeting, it receives adequate information about the performance of the business and the key figures, both for the company itself and for its main subsidiaries. It also receives the annual budget.

The board of directors meets at least four times a year. It met five times during the 2012-13 financial year.

At the end of each quarter, the board of directors reviewed the results of the group and issued its opinion in respect of the following matters:
- a global strategic review;
- measures to further increase the group's efficiency and profitability;
- projects involving foreign subsidiaries:
  - pooling of activities in France under the new name of 'Compagnie Financière Degroof';
  - merger of the group's Swiss subsidiary with Landolt & Cie SA to create a new entity that retains the name Landolt & Cie;
- the establishment of a management company in Canada;
- a stock-option plan based on existing shares.

The board's deliberations are only valid if at least half of its members are present or represented. No director may represent more than two of his/her fellow directors. Resolutions are passed by simple majority. In the event of a tied vote, the proposal is rejected.

The total remuneration allocated to members of the board of directors is given in the notes to the company's annual accounts (note XXIX, sub-heading A4). The full version of the company's annual accounts is available at the company's registered office.

DAY-TO-DAY MANAGEMENT OF THE GROUP - THE EXECUTIVE COMMITTEE

The board of directors, in accordance with article 17 of its articles of association, has established an executive committee within its ranks.
The executive committee is responsible for managing the activities of the credit institution within the framework of the general policies defined by the board of directors.

To this end, the executive committee is empowered by the board of directors to take decisions and to represent the company in its dealings with personnel, clients, other credit institutions, the wider economic and social environment and public authorities, and also to take decisions in respect of the representation of the company within its subsidiaries and within those companies in which it holds equity investments.

The composition of the executive committee is determined on the basis of the following principles:
- the moral and ethical criteria applicable within the group;
- the need to achieve a suitable age pyramid within the executive committee;
- the changing requirements and the need to ensure the proper distribution of responsibilities between executive committee members in order to create a balance between commercial, organisational and risk management requirements.

In principle, the executive committee meets four times a month. It met 48 times during the past financial year.

COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

Audit and risk committee

The audit and risk committee assists the board of directors in the performance of its supervisory role, particularly with respect to:
- financial information destined for shareholders and third parties;
- the audit process;
- the control of risks incurred by the Bank;
- the functioning of the system of internal control.

Members as at 30 September 2013
Christian Jacobs (chairman)
Alain Siaens
Jean-Marie Laurent Josi
Frank van Bellingen

All of the above are directors but are not members of the executive committee. Mr Christian Jacobs sits on the board as an independent director. He meets all of the criteria set out in article 526ter of the Belgian Companies Code.

The head of the group internal audit and the chairman of the executive committee, who is the managing director in charge of auditing, along with the head of risk management are invited to meetings without being members. The company's auditor takes part in those meetings that deal with the examination of the half-yearly and annual accounts.

The audit and risk committee met five times during the past financial year, reporting systematically on its activities to the board of directors.
The meetings mainly focused on examining the reports on the activities of the group internal audit, and the internal audit divisions of Banque Degroof Luxembourg SA, Banque Degroof France SA and PrivatBank Degroof SAU, the planning of audits and examining the half-yearly and annual accounts.

The audit and risk committee paid particular attention to the monitoring activities risk management, and more specifically to the impact of certain decisions on the Bank's risk profile and the adjustment of limits decided on by the executive committee.
The committee was notified of the activity reports drafted by the compliance officer and by the Inspectorate, the summary of principle disputes, the situation of loans granted to directors, the evaluation report of the executive committee on the system of internal control and the monitoring of implementation of recommendations of the group's internal audit.
The audit and risk committee also examined the correspondence with supervisory authorities and more specifically the inspection assignment initiated by the Belgian Financial Services and Markets Authority (FSMA). It examined in greater detail the reorganisation of activities in France.
A special session was also devoted to the 2013 liquidity window.

Appointments and remuneration committee

The appointments and remuneration committee is consulted on issues concerning:
- the general remuneration policy;
- the total amount of variable remuneration;
- the remuneration of directors who are members of the executive committee;
- the profit-sharing plans for Bank employees;
- the composition and size of the board of directors and the executive committee;
- the definition of the profile of board and executive committee members, and the selection process;
- proposals for appointing and re-electing directors and members of the executive committee;
- the appointment and re-election process.

Members
Baron Philippson (chairman)
Alain Siaens
Jean-Marie Laurent Josi
Gaëtan Waucquez (permanent representative of W. Invest SA/NV)
Christian Jacobs (permanent representative of Christian Jacobs SPRL/BVBA)

All of the above are directors but are not members of the executive committee. Mr Christian Jacobs sits on the board as an independent director. He meets all the criteria set out in article 526ter of the Belgian Companies Code.

The chairman of the executive committee is invited to attend the meetings of the appointments and remuneration committee without being a member, except for discussions relating to his or her own remuneration.

The appointments and remuneration committee met twice during the past financial year. During these meetings, it examined the following points:

- the Bank's general remuneration policy;
- the appointment of an independent director;
- the renewal of directorships;
- the total amount of variable remuneration;
- the variable component paid to executive committee members;
- the granting of stock options.

COMMITTEES REPORTING TO THE EXECUTIVE COMMITTEE

Specific committees assist the executive committee in matters relating to the following topics:

- day-to-day management of the parent company, Bank Degroof SA/NV;
- human resources policy;
- managing the proprietary equity portfolio;
- defining the asset management strategy;
- commitments in respect of bank counterparties;
- client loans and commitments;
- assets & liabilities management;
- implementation of the risk management policy within subsidiaries;
- coordination of the compliance function.

PROFIT APPROPRIATION POLICY

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

GOVERNANCE MEMORANDUM

Bank Degroof has drawn up a governance memorandum assessing the basic features of its management structure with respect to:

- the personal integrity and financial soundness of major shareholders;
- a transparent management structure promoting sound and prudent management;
- the definition of the expertise and responsibilities of each segment of the organisation;
- the collegial nature of effective executive management;
- the independent supervisory functions;
- suitable profiles and qualities of its senior managers;
- the remuneration policy for senior managers;
- the determination of the Bank's strategic objectives and values;
- senior management's familiarity with the Bank's operating structure and its activities;
- adequate communication in terms of management and supervision with the various parties concerned.

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

MANAGEMENT REPORT

MANAGEMENT REPORT

The consolidated accounts have been prepared in accordance with IFRS.

1. COMMENTS ON THE ACCOUNTS

The consolidated net profit (group share) amounted to EUR 74 012 261 compared to EUR 55 557 590 for the previous financial year. Total consolidated comprehensive income (group share), which includes the annual movements on AFS reserves, amounted to EUR 97 426 524 compared to EUR 87 711 581 in the previous financial year.

During the past financial year, the net interest margin for all activities combined fell sharply compared to the previous financial year. The overall decline applies more specifically to interest generated by 'FVO' (fair value option) financial instruments in connection with the interest rate conversion activity, and to the accounting results from the revaluation and disposal of said instruments.
Results from the disposal of AFS bond portfolios improved, as did those for short-term cash management. The potential cost recognised under IFRS of own account CDS positions fell during the course of the past financial year. Regarding the securitisation portfolio, operating in 'run-off' mode, an impairment loss was recorded at the year-end closing date for the remaining balance not already written down in prior years.

In other 'Markets' activities, results from the bond desk marked time compared to last year. The equity and index derivatives activity fared better than in previous years, in contrast to structured products brokering, where revenues fell due to adverse market conditions during the first part of the year. However, margins made by the foreign exchange desk did better than simply stay unchanged in 2013, and continued to make a substantial contribution to the overall results of 'Markets' activities.

On a constant consolidation scope basis, net recorded commission income is up on the previous year. This increase comes mainly from the Group's mutual fund activities, along with brokerage commissions and other securities and derivatives commissions. Fees for placing new bond issues with institutional investors remained at the excellent level of 2012. Net accounting income for the Corporate Finance activities of Degroof Corporate Finance progressed well in 2013. In the main, direct income relating to private asset management remained relatively stable compared to the previous year, despite the increase in average assets under management. Commission revenues from securities lending activities declined significantly in relation to 2012.

On an identical consolidation scope basis, personnel costs for 2013 remained almost unchanged compared to 2012. This situation is due to the combined effect of a moderate increase in payroll, along with pension contributions (specifically in light of the provisions imposed by IAS 19), which are largely

offset by lower year-end provisions. The IFRS cost of profit-sharing plans increased somewhat during the past financial year. Other general expenses for 2013 also remained stable, with increases in certain items being offset by reductions in others. One should also mention the significant positive impact on other operating results of a substantial reimbursement of the assets in the former deposit protection fund at the beginning of July 2013.
Annual depreciation and other impairment charges on tangible and intangible fixed assets were almost identical to the figures for 2012.

The consolidated recorded results of the AFS equity portfolios (essentially the Bank's Holding activity) are substantially higher than in the previous year: even if income received increased, it was mainly results from disposals that increased sharply; in addition, the improved stock market environment required very few additional impairments to be recognised at the end of the financial year (in contrast to the previous year). Moreover, in spite of a substantial sales programme, the stock of revaluation results of 'AFS' financial instruments (recognised through equity) is also significantly higher than at the end of the previous financial year.

In terms of shareholdings, one should mention the capital gain recorded on the merger of Degroof Banque Privée with Landolt & Cie, along with the impairment recorded on the book value of Banque Degroof France's business ('fonds de commerce').

The estimated tax charge for 2013 is much lower overall than for the previous year. The reasons are firstly the fall in current taxes for the year at Bank Degroof SA/NV and Banque Degroof Luxembourg SA, and secondly, the recording of a significant accrual in 2012 which did not occur in 2013.

1.1. Appropriation of statutory profit

We propose to the general meeting that the profit for the current financial year be appropriated as follows:

		(in EUR)
	Profit for the financial year	71 344 039
+	Profit brought forward	144 892 566
=	Profit to be appropriated	216 236 605
-	Allocation to the legal reserve	0
-	Directors' fees	345 000
-	Dividends	45 308 090
=	**Profit to be carried forward**	**170 583 515**

The gross dividend that is proposed to the general meeting for distribution amounts to EUR 5.65 per share.

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1.2. Consolidated equity

Consolidated equity, including minority interests, amounted to EUR 654.6 million at the end of the financial year, which is EUR 38.9 million higher than at the previous year-end.

This change mainly reflects the combined effects of the dividend distribution relating to the previous year (- EUR 41.4 million), the revaluation of financial assets at fair value (EUR 28.5 million), treasury share transactions (- EUR 10 million), transactions with minority interests and removals from the scope of consolidation (- EUR 11.2 million) and the result (including minority interests) for the financial year (EUR 71.4 million).

At EUR 496.6 million, the eligible capital used for calculating the Basel II regulatory coefficients is well in excess of that required by prudential standards. Tier 1 (core equity capital) and Tier 2 (broad equity capital) solvency ratios were 13.38% and 16.30% respectively as at 30 September 2013.

1.3. Assets under custody

On a consolidated basis, total assets under custody amounted to EUR 56.1 billion at the end of the 2012-13 financial year, compared to EUR 49.9 billion at the previous year-end.

2. CHANGES IN CAPITAL

There were no changes in capital during the past financial year.

As at 30 September 2013, share capital was set at EUR 47 491 186, represented by 8 019 131 shares without par value. All shares are fully subscribed and paid-up.
Given that the Ordinary General Meeting of 25 February 2013 did not renew the authorised capital, there has not been any since 12 March 2013.

3. TREASURY SHARES HELD BY THE GROUP
(ART. 624 OF THE BELGIAN COMPANIES CODE)

Bank Degroof SA/NV does not hold treasury shares.

As at 30 September 2013, BD Square Invest SA/NV, Industrie Invest SA/NV and Cobimmo SA/NV, all sub-subsidiaries of the Bank, held a total of 496 568 Bank Degroof SA/NV shares, representing 6.19% of the subscribed share capital.

The average par value per share is EUR 5.922. The book value of all treasury shares held by subsidiaries amounted to EUR 78 195 712 as at 30 September 2013.

Treasury shares held by the group are intended to cover employee profit-sharing plans.
During the past financial year, the total number of treasury shares increased by 66 401 units.

4. SIGNIFICANT POST-BALANCE SHEET EVENTS

No significant events have occurred since the end of the financial year.

5. CIRCUMSTANCES THAT COULD SIGNIFICANTLY INFLUENCE THE GROUP'S DEVELOPMENT

The growth and profitability of the group are influenced by:

- the ongoing search for synergies and the streamlining of the activities of the various group entities;
- the continuing effort to grow the business as and when opportunities arise, as demonstrated by past acquisitions and commercial investments;
- changes in assets under management and stock markets;
- corporate finance assignments;
- investments to equip the group with cutting-edge technology;
- the macro-economic environment.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The group has undertaken no further direct research and development activities since the sale of its IT subsidiary Finance Technology Systems SA/NV in 2005.

7. REMUNERATION POLICY

The Bank has filed details of its remuneration policy with the National Bank of Belgium. This policy constitutes an integral part of the good governance memorandum and was established by the human resources committee in consultation with the board of directors, the appointments and remuneration committee, and the executive committee.

This remuneration policy promotes the sound and efficient management of risks. Employees and executive committee members do not have, under any circumstances, an acquired right to variable remuneration. The fixing of this variable remuneration is independent of the profitability for the Bank of any one particular activity, and/or portfolio of clients. As such, it is compliant with the principles governing client protection.

By allowing for the granting of stock options to employees and executive committee members, the policy is also aligned with the Bank's corporate strategy and long-term interests, by encouraging these persons to take equity interests in the share capital of the Bank.

Finally, the board of directors reserves the possibility to defer a portion of the variable remuneration of the executive committee members and key managers based on various elements of assessment.

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8. MAIN RISKS TO WHICH THE BANK IS EXPOSED

By the nature of its activities, Bank Degroof is exposed to a certain number of risks.

The main risks are:

- market risks, essentially linked to investment activities in securities portfolios (equities, bonds) and to its interest rate transformation activity (ALM);
- liquidity risk, resulting from differences in maturities between financing resources (generally short-term) and the use thereof;
- counterparty risk, linked to its credit activities (a risk largely covered by the use of securities portfolios as collateral) and intermediation operations in derivative instruments;
- asset management risk, (risk of legal action by clients if mandates are not respected, commercial risk of loss of dissatisfied customers, and related reputational risks);
- operational risk.

9. POLICY CONCERNING THE USE OF FINANCIAL INSTRUMENTS

Group companies use derivatives for their own account as follows:

In the context of asset and liability management (ALM), interest rate derivatives (mainly futures and interest rate swaps) are used in order to hedge the group's long-term interest rate risk.
Interest rate swaps are used to hedge a portfolio of short-term (less than three years) sovereign and state-guaranteed bank bonds from a micro-hedging perspective (the portfolio is recognised as fair value through P&L, but the hedges are undertaken position by position). This use of derivatives is supervised by the almac committee.

In the same way, the Bank's treasury department (interest rate risks of less than two years) uses interest rate derivatives and treasury swaps to manage the group's interest rate risk and the treasury.

Managing the group's foreign exchange position also involves the use of derivatives (forward foreign exchange contracts and swaps) to cover both commitments towards clients and the financing of subsidiaries in their operating currencies.

Derivatives (purchase of put options with sale of call options) are used to hedge certain investment portfolio positions and to channel their profits.
Economic hedging operations using derivatives in respect of equity positions are recognised as financial assets designated at fair value through profit or loss.

10. AUDIT AND RISK COMMITTEE

This committee, formerly known as the audit committee, was renamed the audit and risk committee given that much of its work is dedicated to risk management.

Pursuant to the law of 17 December 2008 on audit committees in financial enterprises, the board of directors is required to justify in its annual report the individual and collective expertise of the members of the audit committee.

As at 30 September 2013, the audit and risk committee comprised the following persons:

Chairman	Mr Christian Jacobs
Members	Mr Jean-Marie Laurent Josi
	Mr Alain Siaens
	Mr Frank van Bellingen

Of these:
- all are non-executive members of the board of directors;
- two of the members have professional experience in other credit institutions;
- one independent director is a member and chairman of the committee;
- all of the members have professional accounting or auditing experience;
- all of the members have professional experience as directors exercising executive functions;
- all of the audit and risk committee members have complementary professional experience in a variety of sectors.

The board therefore considers that the members of the audit and risk committee possess the required expertise to fulfil their responsibilities.

Those directors who meet all criteria set forth in Article 526ter of the Belgian Companies Code are considered to be independent.
On this basis, the board considers the following audit and risk committee member to be an independent director: Mr Christian Jacobs

11. APPOINTMENTS AND REMUNERATION COMMITTEE

Pursuant to the law of 28 July 2011 transposing various directives relative to oversight of the financial sector and introducing miscellaneous provisions, the board of directors is required to justify in its annual report the individual and collective expertise of the members of the appointments and remuneration committee.

As at 30 September 2013, the appointments and remuneration committee comprised the following persons:

Chairman	Baron Philippson
Members	Mr Alain Siaens
	Mr Jean-Marie Laurent Josi
	Mr Gaëtan Waucquez (permanent representative of W. Invest SA/NV)
	Mr Christian Jacobs (permanent representative of Christian Jacobs SPRL/BVBA)

Of these:
- all are non-executive members of the board of directors;
- three of the appointments and remuneration committee members are also members of the audit and risk committee;
- three of the committee members have professional experience on other appointments and remuneration committees;
- two of the committee members have professional experience in other credit institutions;
- one member of the appointments and remuneration committee is an independent director;
- all of the committee members have professional accounting or auditing experience;
- all of the committee members have professional experience as directors exercising executive functions;
- the members of the appointments and remuneration committee have complementary professional experience in a variety of sectors.

The board therefore considers that the members of the appointments and remuneration committee have the required expertise for the purposes of exercising competent, independent judgement on the remuneration policies and incentives created for the management of risks, equity and liquidity.

Those directors who meet all criteria set forth in Article 526 ter of the Belgian Companies Code are considered to be independent.
On this basis, the board considers the following appointments and remuneration committee member to be an independent director: Mr Christian Jacobs

12. DISCHARGE OF DIRECTORS AND AUDITORS

Pursuant to the law and the articles of association, the general meeting is requested to grant discharge to the directors and the auditor of Bank Degroof SA/NV with respect to the performance of their mandates during the past financial year.

13. APPLICATION OF THE LAW OF 3 MAY 2002

AMENDING THE RULES ON THE INCOMPATIBILITY OF MANDATES APPLICABLE TO DIRECTORS OF CREDIT INSTITUTIONS AND INVESTMENT COMPANIES AND THE BANKING, FINANCE AND INSURANCE COMMISSION REGULATION OF 9 JULY 2002 IMPLEMENTING THIS LAW

The list of external mandates held by senior managers of Bank Degroof and which are subject to publication, is available at www.degroof.be.

Brussels, 12 December 2013.

CONSOLI-
DATED
FINANCIAL
STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in thousands of EUR)

ASSETS	NOTES	30.09.2013	30.09.2012	30.09.2011
Cash and balances with central banks	7.1	262 404	183 300	833 099
Financial assets held for trading	7.2	89 585	89 584	117 299
Financial assets designated at fair value through profit or loss	7.3	926 693	1 138 872	1 205 494
Available-for-sale financial assets	7.4	1 580 611	1 258 552	841 697
Loans and advances to credit institutions	7.5	207 414	206 597	193 850
Loans and advances to customers	7.6	1 743 710	1 955 301	1 880 749
Financial assets held to maturity	7.7	204 863	249 738	62 401
Property and equipment	7.8	67 000	65 506	66 569
Goodwill and other intangible assets	7.9	91 611	101 036	60 137
Investments in entities accounted for using the equity method	7.10	14 622	0	31 200
Current tax assets		5 203	3 952	4 495
Deferred tax assets	7.19	8 154	9 952	13 408
Other assets	7.11	77 586	74 616	70 780
Total assets		**5 279 456**	**5 337 006**	**5 381 178**

(in thousands of EUR)

LIABILITIES AND EQUITY	NOTES	30.09.2013	30.09.2012	30.09.2011
Liabilities		**4 624 855**	**4 721 320**	**4 793 554**
Financial liabilities held for trading	7.12.a	111 244	117 228	125 629
Derivatives held for hedging purposes	7.12.b	0	0	1 990
Deposits from credit institutions	7.13	447 923	171 081	143 134
Deposits from customers	7.14	3 854 517	4 247 396	4 316 660
Debt securities	7.15	13 006	13 007	13 009
Subordinated liabilities	7.16	42 593	46 497	50 531
Provisions	7.17	13 985	4 904	4 054
Current tax liabilities		30 655	22 371	45 313
Deferred tax liabilities	7.19	8 174	10 926	9 690
Other liabilities	7.18	102 758	87 910	83 544
Equity		**654 601**	**615 686**	**587 624**
Issued capital	7.20	47 491	47 491	47 491
Share premiums	7.20	184 392	182 877	181 575
Reserves and retained earnings	7.20	327 599	321 458	293 225
Revaluation reserves	7.20	98 706	76 121	43 968
Treasury shares (-)	7.20	(78 195)	(68 232)	(47 232)
Net profit for the period	7.20	74 012	55 558	68 074
Minority interests		596	413	523
Following the transfer of the minority interests acquired as a result of the options granted		*(2 826)*	*0*	*0*
Total liabilities and equity		5 279 456	5 337 006	5 381 178

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of EUR)

	NOTES	30.09.2013	30.09.2012	30.09.2011
Interest income	8.1	73 608	97 749	95 378
Interest expenses	8.1	(11 952)	(25 078)	(26 729)
Dividend income	8.2	10 502	9 070	10 664
Fee and commission income	8.3	282 310	264 905	282 284
Fee and commission expense	8.3	(87 188)	(71 335)	(88 905)
Net result on financial instruments held for trading	8.4	9 153	(10 408)	9 493
Net result on financial instruments designated at fair value through profit or loss	8.5	(10 346)	23 282	(8 528)
Net result on financial instruments not designated at fair value through profit or loss	8.6	25 567	11 857	9 570
Net result on hedge accounting	8.7	0	0	(51)
Other net operating results	8.8	3 299	7 352	6 530
Share in the results from entities accounted for using the equity method		0	0	(2 471)
Net income		**294 953**	**307 394**	**287 235**
Personnel expenses	8.9	(129 059)	(132 881)	(117 765)
General and administrative expenses	8.10	(58 088)	(59 914)	(54 824)
Depreciation and amortization	8.11	(8 476)	(8 812)	(8 886)
Impairments	8.12	(13 898)	(27 540)	(21 852)
Profit before tax		**85 432**	**78 247**	**83 908**
Income tax expense	8.13	(13 986)	(23 196)	(15 812)
Net profit		71 446	55 051	68 096
Fair value adjustments - Available-for-sale financial assets	8.14	28 506	31 377	(24 746)
Currency translation differences	8.14	(5 133)	881	2 205
Total other comprehensive income[1] that may be reclassified subsequently to net profit		23 373	32 258	(22 541)
Total comprehensive income		94 819	87 309	45 555

1 Unrealised profits and losses recorded directly in shareholders' equity, net of taxes.

(in thousands of EUR)

	NOTES	30.09.2013	30.09.2012	30.09.2011
Net profit attributable to		**71 446**	**55 051**	**68 096**
shareholders of the parent company		74 012	55 558	68 074
minority interests		(2 566)	(507)	22
Total comprehensive income attributable to		**94 819**	**87 309**	**45 555**
shareholders of the parent company		97 426	87 711	45 531
minority interests		(2 607)	(402)	24

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	CAPITAL	SHARE PREMIUMS	RESERVES AND RETAINED EARNINGS	REVALUATION RESERVES
Balance at 30.09.2010	**47 491**	**180 517**	**265 905**	**63 561**
Capital increase	0	0	0	0
Share option plans	0	1 057	0	0
Treasury shares transactions	0	1	0	0
Dividends	0	0	(40 450)	0
Change in minority interests	0	0	(9)	0
Prior period results	0	0	67 779	0
Net profit for the period	0	0	0	0
Fair value adjustments	0	0	0	(24 744)
Currency translation differences	0	0	0	0
Other variations	0	0	0	0
Balance at 30.09.2011	**47 491**	**181 575**	**293 225**	**38 817**
Capital increase	0	0	0	0
Share option plans	0	1 302	0	0
Treasury shares transactions	0	0	0	0
Dividends	0	0	(39 841)	0
Change in minority interests	0	0	0	0
Prior period results	0	0	68 074	0
Net profit for the period	0	0	0	0
Fair value adjustments	0	0	0	31 376
Currency translation differences	0	0	0	0
Other variations	0	0	0	0
Balance at 30.09.2012	**47 491**	**182 877**	**321 458**	**70 193**
Capital increase	0	0	0	0
Share option plans	0	1 505	0	0
Treasury shares transactions	0	10	0	0
Dividends	0	0	(41 366)	0
Change in minority interests	0	0	(8 782)	(109)
Changes in consolidation scope	0	0	0	0
Prior period results	0	0	55 558	0
Net profit for the period	0	0	0	0
Fair value adjustments	0	0	0	28 615
Currency translation differences	0	0	0	0
Other variations	0	0	731	0
Balance at 30.09.2013	**47 491**	**184 392**	**327 599**	**98 699**

(in thousands of EUR)

CURRENCY TRANSLATION DIFFERENCES	TREASURY SHARES	NET PROFIT FOR THE PERIOD	EQUITY GROUP'S SHARE	MINORITY INTERESTS	TOTAL
2 950	(47 091)	67 779	581 112	554	581 666
0	0	0	0	0	0
0	0	0	1 057	0	1 057
0	(141)	0	(140)	0	(140)
0	0	0	(40 450)	(16)	(40 466)
0	0	0	(9)	(40)	(49)
0	0	(67 779)	0	0	0
0	0	68 074	68 074	22	68 096
0	0	0	(24 744)	(2)	(24 746)
2 201	0	0	2 201	4	2 205
0	0	0	0	1	1
5 151	(47 232)	68 074	587 101	523	587 624
0	0	0	0	0	0
0	0	0	1 302	0	1 302
0	(21 000)	0	(21 000)	0	(21 000)
0	0	0	(39 841)	(21)	(39 862)
0	0	0	0	313	313
0	0	(68 074)	0	0	0
0	0	55 558	55 558	(507)	55 051
0	0	0	31 376	1	31 377
777	0	0	777	104	881
0	0	0	0	0	0
5 928	(68 232)	55 558	615 273	413	615 686
0	0	0	0	0	0
0	0	0	1 505	0	1 505
0	(9 963)	0	(9 953)	0	(9 953)
0	0	0	(41 366)	(25)	(41 391)
0	0	0	(8 891)	2 826	(6 065)
(5 208)	0	0	(5 208)	68	(5 140)
0	0	(55 558)	0	0	0
0	0	74 012	74 012	(2 566)	71 446
0	0	0	28 615	(109)	28 506
7	0	0	7	0	7
(720)	0	0	11	(11)	0
7	(78 195)	74 012	654 005	596	654 601

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of EUR)

	NOTES	30.09.2013	30.09.2012	30.09.2011
Net profit		**71 446**	**55 051**	**68 096**
Non-monetary items included in the net profit and other adjustments		**37 195**	**34 204**	**35 167**
Taxes and deferred taxes	8.13	13 986	23 196	15 812
Income from associates, net of dividends received		0	0	2 471
Share-based payments		1 505	1 302	1 057
Unrealised foreign exchange gains or losses and currency translation differences		39	(91)	(7)
Impairment and depreciation/amortization of (in)tangible assets	7.8/7.9	15 611	8 873	16 676
Changes in provision	7.17	9 084	850	517
Net losses (profits) on investments		(3 063)	74	(1 360)
Other adjustments		33	0	1
Change in assets and liabilities from operating activities		**(122 979)**	**(532 204)**	**341 627**
Assets held for trading or designated at fair value		210 811	94 336	(167 343)
Loans and advances		57 543	(57 673)	(117 552)
Available-for-sale loans and securities		(292 760)	(496 576)	103 037
Other assets		14 756	(4 482)	9 694
Liabilities held for trading		(4 708)	(8 401)	(52 331)
Derivatives held for hedging purposes		0	(1 990)	1 990
Deposits from credit institutions		152 536	18 531	(116 340)
Deposits from customers		82 938	(364 414)	633 633
Debenture loan		(1)	(2)	4
Other liabilities		(344 094)	288 467	46 835
Income taxes paid		**(7 350)**	**(44 536)**	**(21 473)**
Net cash flows from operating activities (A)		**(21 688)**	**(487 485)**	**423 417**
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired (including increase in percentage interest held)	6	(14 719)	4 110	0
Disposal of subsidiaries, joint ventures and associates, net of cash acquired (including decrease in percentage interest held)	6	34 182	0	0
Purchase of (in)tangible assets		(9 506)	(5 427)	(4 855)
Disposal of (in)tangible assets		280	557	2 914
Purchase of held to maturity investments		(63 601)	(69 372)	(18 475)
Income from the disposal or reimbursement of held to maturity investments		101 420	2 062	91 923
Net cash flows from investing activities (B)		**48 056**	**(68 070)**	**71 507**
Dividends paid		(41 391)	(39 862)	(40 466)
Purchase or sale of treasury shares		(9 953)	(21 000)	(140)
Proceeds from issuance or sale of subordinated debt	7.16	(4 000)	(4 000)	0
Other financing		0	0	(49)
Net cash flows from financing activities (C)		**(55 344)**	**(64 862)**	**(40 655)**
Effect of exchange rate changes on cash and cash equivalents (D)		**(52)**	**51**	**381**

(in thousands of EUR)

	NOTES	30.09.2013	30.09.2012	30.09.2011
Net increase/decrease of cash and cash equivalents (A + B + C + D)		(29 028)	(620 366)	454 650
Cash and cash equivalents at the beginning of the period		190 530	810 896	356 246
Cash and cash equivalents at the end of the period		161 502	190 530	810 896
Supplementary information				
Interest received		89 089	137 294	119 965
Dividends received		10 502	9 070	10 664
Interest paid		(47 416)	(78 310)	(71 907)
Components of cash and cash equivalents		**161 502**	**190 530**	**810 896**
Cash and balances with central banks	7.1	2 471	2 551	623 710
Current accounts and call money loans with credit institutions	7.5	151 017	180 695	121 140
Loans and advances to credit institutions	7.5	8 014	7 284	66 046
of which not available		0	0	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Royal Decree of 5 December 2004 requires quoted and unquoted credit institutions and investment firms to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, for financial periods beginning on or after 1 January 2006. For this reason, the consolidated financial statements of Bank Degroof have been prepared in accordance with IFRS in force at 30 September 2013, as adopted by the European Union.
As Bank Degroof has no securities or borrowings that are traded, or are in the process of being offered, on a public securities market, IFRS 8 ('Operating segments') and IAS 33 ('Earnings per share') have not been applied. It is for this reason that Bank Degroof does not publicly announce interim results and, accordingly, has only a single reporting date, namely the annual year-end.

The consolidated financial statements are presented in thousands of euro, unless specifically stated otherwise.

2. CHANGES IN ACCOUNTING POLICIES AND METHODS

The following IFRS standards (amended) are applicable for the first time during the current financial period:

- Amendments to IAS 12 'Deferred tax: Recovery of Underlying Assets';
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'.

The application of these new standards has not had a significant impact on the result, the financial position, or on the presentation of the financial statements of Bank Degroof.
The standards, amendments of standards, and interpretations published by the IASB (International Accounting Standards Board) as at 30 September 2013 which become effective for future financial periods include:

- Amendments to IAS 19 'Employee Benefits' applicable for financial periods beginning on or after 1 January 2013;
- IFRS 9 'Financial Instruments' applicable for financial periods beginning on or after 1 January 2015;
- IFRS 10 'Consolidated Financial Statements' applicable for financial periods beginning on or after 1 January 2013;
- IFRS 11 'Joint Arrangements' applicable for financial periods beginning on or after 1 January 2013;
- IFRS 12 'Disclosures of Interests in Other Entities' applicable for financial periods beginning on or after 1 January 2013;
- IAS 27 (revised) 'Separate Financial Statements' applicable for financial periods beginning on or after 1 January 2013;

- IAS 28 (revised) 'Investments in Associates and Joint Ventures' applicable for financial periods beginning on or after 1 January 2013;
- IFRS 13 'Fair Value Measurement' applicable for financial periods beginning on or after 1 January 2013;
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' applicable for financial periods beginning on or after 1 January 2013;
- Amendments to IFRS 7 'Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities' applicable for financial periods beginning on or after 1 January 2013;
- Amendments to IAS 32 'Financial Instruments Presentation - Offsetting Financial Assets and Financial Liabilities' applicable for financial periods beginning on or after 1 January 2014;
- Amendments to IFRS 1 'Government Loans' applicable for financial periods beginning on or after 1 January 2013;
- Various amendments 'Improvements to IFRS (2009-2011)' applicable for financial periods beginning on or after 1 January 2013;
- Amendments to IFRS 10, IFRS 11, and IFRS 12 'Transition Guidance' applicable for financial periods beginning on or after 1 January 2013.
- IFRIC 21: 'Levies' applicable for financial periods beginning on or after 1 January 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 27: 'Investment Entities' applicable for financial periods beginning on or after 1 January 2014;
- Amendments to IAS 39: 'Novation of Derivatives and Continuation of Hedge Accounting' applicable for financial periods beginning on or after 1 January 2014;
- Amendments to IAS 36: 'Recoverable Amount Disclosures for Non-Financial Assets' applicable for financial periods beginning on or after 1 January 2014.

With the exception of IFRS 9 and the amendments to IAS 19, the Bank will apply the standards and interpretations set out above when they become applicable and does not expect that their application will give rise to a significant impact.

As regards IFRS 9 which introduces new requirements related to the classification and valuation of financial assets, its implementation could give rise, depending on the choices made, to a change in the location where profits and losses are recorded (results or shareholders' equity). Other financial impacts should not be significant. No decision has been taken as to the date on which the standard will be adopted.

In respect of the amendments to IAS 19, the objective of which is to remedy certain existing provisions relating to defined benefit plans, the impact of the amendments on the result and financial position of Bank Degroof is currently being analysed.

In addition, it should be noted that IFRIC 21 as well as the amendments to IAS 36, IAS 39, IFRS 10[1], IFRS 12[1] and IAS 27[1] have not been adopted by the European Union to date. IFRS 10, IFRS 11, IFRS 12, IAS 27 (revised) and IAS 28 (revised) will be applicable at a European level at the latest for financial periods beginning on 1 January 2014.

1 Investment Entities.

3. SUMMARY OF ACCOUNTING POLICIES AND METHODS

In the accounting policies and methods set out below, the term "gains and losses recognized in equity" relates to those gains and losses that should specifically be recorded in other comprehensive income in accordance with IFRS.

3.1 Consolidation principles

SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent company and those of its subsidiaries that exceed a materiality threshold. Subsidiaries are any entities that are controlled by Bank Degroof (i.e. entities in which the Bank holds, directly or indirectly, the power to manage the financial and operating activities in order to obtain benefits from these activities). The materiality threshold is based on an analysis of various criteria, including the group's share of consolidated shareholders' equity, the group's share of the consolidated result and the group's share of the total consolidated assets.
Subsidiaries are fully consolidated as from the date on which effective control passes to Bank Degroof. They are de-consolidated from the date such control ceases. The accounts of the parent company and its subsidiaries are prepared as at the same date using similar accounting policies, with adjustments being recorded if necessary. Intra-group balances, transactions, income and charges are eliminated.
Minority interests are presented separately in the consolidated results and within shareholders' equity in the consolidated balance sheet.

JOINT VENTURES

Joint ventures are those entities in which Bank Degroof holds either direct or indirect joint control, i.e. no strategic, financial and operating decision can be taken without the unanimous agreement of the parties sharing control.

Where such joint ventures exceed the materiality threshold, they are accounted for under the equity method as from the date on which joint control commences until the date on which joint control ceases. The materiality threshold is based on an analysis of various criteria, including the group's share of consolidated equity, the group's share of the consolidated result and the group's share of the total consolidated assets.
The accounts of the joint ventures are prepared as at the same date and using similar accounting policies to those used by the parent company of the group, with adjustments being recorded if necessary.

ASSOCIATES

Associates are those entities over which Bank Degroof has significant influence (i.e. the power to take part in financial and operating policy decisions, but not (joint) control over these policies).
Where associates exceed the materiality threshold, they are accounted for under the equity method as from the date that significant influence commences until the date on which significant influence ceases. The materiality threshold is based on an analysis of various criteria, including the group's share of the consolidated shareholders' equity, the group's share of the consolidated result and the group's share of the total consolidated assets.
The financial statements of the associate are prepared as at the same date and using similar accounting policies to those used by the parent company of the group, with adjustments being recorded if necessary.

3.2 Translation of foreign currencies

CONVERSION OF ACCOUNTS IN FOREIGN CURRENCIES

On consolidation, the balance sheets of entities having a functional currency different from that of Bank Degroof (EUR) are translated at the exchange rate prevailing at the year-end. The income statements and the cash flow statements for the same entities are translated at the average exchange rate for the financial period. Exchange differences arising on translation are recorded in shareholders' equity.

Goodwill and fair value adjustments arising from the acquisition of foreign entities are considered to be the assets and liabilities of the acquired entity and are, therefore, translated at the exchange rate prevailing at the year-end. Exchange differences arising on translation are recorded in shareholders' equity.

In the event of the disposal of the above-mentioned entities, the exchange differences previously recorded in shareholders' equity are included in the calculation of the gain or loss arising on the disposal, and are recorded in the income statement.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies recorded in the stand-alone financial statements of Bank Degroof entities are accounted for at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities are translated at the exchange rate prevailing at the year-end, giving rise to a translation difference that is recorded in the income statement.

Non-monetary items valued at fair value are translated at the exchange rate prevailing at the year-end. Exchange differences arising on translation are recorded either in shareholders' equity or in the income statement depending on the accounting treatment of the item in question.

Other non-monetary items are valued at historic exchange rates (i.e. the exchange rate prevailing on the transaction date).

3.3 Financial instruments

3.3.1 Recognition date for financial instruments

All derivatives and all purchases and sales of securities under contracts which require the delivery of the securities by a deadline defined by regulation or by market convention, are recognized on the transaction date. Receivables and deposits are recognized on the settlement date.

3.3.2 Offsetting

Financial assets and liabilities are offset when, and only when, Bank Degroof has a legally enforceable right to offset the amounts in question, and if it intends to settle on a net basis or to realize the asset and to settle the liability simultaneously.

3.3.3 Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are financial assets or liabilities acquired or assumed mainly with a view to a sale or repurchase in the short term, or which form part of a portfolio of financial instruments which are managed together and which present indications of a recent short-term profit-taking profile.

Such assets and liabilities are initially recognized at fair value (excluding transaction costs that are charged directly to income) and are subsequently measured at fair value. Changes in fair value are recorded in the income statement under 'net result on financial instruments held for trading'. Interest received or paid on non-derivative instruments is recorded under 'interest income' or 'interest expenses'. Dividends received are recorded under 'dividend income'.

All derivative financial instruments having a positive (negative) replacement value are considered as financial assets (liabilities) held for trading, with the exception of derivatives that qualify as hedging instruments. Derivatives held for trading are initially recognized at fair value, and are subsequently measured at fair value. Changes in fair value, including accrued interest, are recorded under 'net result on financial instruments held for trading'.

3.3.4 Financial assets and liabilities designated at fair value through profit or loss

The designation of financial assets and liabilities at fair value through profit or loss (or fair value option) is made at the time of the initial recognition of the financial instrument, with due respect for the following criteria:

- the designation eliminates, or significantly reduces, an inconsistency in the measurement or recognition (sometimes referred to as 'an accounting mismatch') that would otherwise arise if such a designation had not been made; or
- a group of financial assets, financial liabilities, or both is managed, and its performance is evaluated, on a fair value basis in accordance with an appropriately documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that is not closely related to it.

The choice of the fair value option cannot be reversed once the asset or liability has been recognized in the balance sheet. The same measurement rules apply to this category of assets and liabilities as those that apply to the 'financial assets and liabilities held for trading' category.
Financial assets and liabilities designated at fair value through profit and loss are valued in the same manner as financial assets and liabilities held for trading. The same headings as those defined for financial assets or liabilities held for trading are used for recording interest and dividends. Changes in fair value are, however, recorded under 'net result on financial instruments designated at fair value through profit or loss'.

3.3.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value (including transaction costs if they are significant), and are subsequently measured at amortized cost using the effective interest method corrected for any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period in order to obtain the net carrying amount of the financial asset or financial liability.
The amortized cost calculated using the effective interest method includes all fees and points paid or received, as well as commissions and transaction costs that are an integral part of the effective interest rate, if they are significant. Amortization under the effective interest method is recorded in the income statement under 'interest income'. Impairments are recorded in the income statement under 'impairments'.
Loans and receivables consist principally of interbank and client loans and receivables.

3.3.6 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Bank Degroof has the positive intent and ability to hold to maturity. Held-to-maturity financial assets are recognized initially at fair value (including transaction costs if they are significant), and subsequently at amortized cost using the effective interest method, less any impairment losses.

Amortization under the effective interest method is recorded in the income statement under 'interest income'. Impairments are recorded in the income statement under 'impairments'.

3.3.7 Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in one of the above-mentioned categories. These assets are recognized initially at fair value (including transaction costs if they are significant), and are subsequently measured at fair value. All fluctuations in fair value are recorded under a specific caption in shareholders' equity. Upon the derecognition of the asset, or the recognition of an impairment loss, the cumulative gain or loss previously recorded in shareholders' equity are recorded in the income statement under 'net result on financial instruments not designated at fair value through profit or loss', or in the case of impairment, under 'impairments'.
Income from interest-bearing instruments accounted for under the effective interest method is recorded under 'interest income'. Dividends received are recorded under 'dividend income'.
The available-for-sale financial assets comprise primarily fixed income or variable income securities which are not part of financial assets held for trading designated at fair value through profit or loss, financial assets held to maturity, or loans and receivables.

3.3.8 Other financial liabilities

Other financial liabilities comprise all other subordinated and unsubordinated financial debts (except derivatives) that are not classified as held for trading or as designated at fair value through profit or loss.
Other financial liabilities are recognized initially at fair value (plus transaction costs, if significant), and subsequently at amortized cost using the effective interest method. Accrued interest (including any difference between the redemption amount and the net amount received) are recorded, using the effective interest method, in the income statement under 'interest expenses'.

3.3.9 Fair value of financial instruments

The fair value is the amount for which an asset may be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to quoted prices on an active market (quotations established by a stock exchange, broker, or any other source recognized by investors). Where no market exists or market prices are not available, valuation techniques are used. Such techniques make maximum use of market inputs, of currently used calculation methods, as well as a series of other factors including time value and credit and liquidity risk. The fair value estimated in this manner is affected by the data used. Valuation techniques include, in particular, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, option pricing models, and other appropriate valuation models.
At the time of initial recognition, the value of a financial instrument is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, or based on a valuation technique the variables of which only include data from observable markets. In the rare cases where the fair value cannot be reliably determined, the financial instrument will be valued at cost.

In determining the fair value of financial instruments, the Bank uses mainly the following valuation techniques:

ACTIVE MARKET

The financial instruments are valued at fair value by reference to the prices quoted on an active market if such prices are readily available. Quoted securities and derivatives on organized markets (futures and options) are valued in this way.
For over the counter derivatives, interest rate swaps, options and foreign exchange contracts, the valuation is calculated using widely recognized models (discounted cash flow analysis, Black and Scholes model, etc.) which apply observable market data.
For valuations using 'mid-market' prices as a basis for establishing fair values, a price adjustment is applied, by risk position, to the net open position using the bid or asking price as appropriate.

ABSENCE OF ACTIVE MARKET

Most derivatives are traded on active markets. Where the price of a transaction on an inactive market does not correspond to the fair value of other observable current market transactions in the same instrument or the valuation obtained using an internal model based on observable market data, the difference is recorded directly in the income statement.
Where, however, this difference (commonly known as 'Day 1 profit and loss') is generated by a valuation model the parameters of which are not all based on observable market data, it is recorded in the income statement over the life of the transaction, or deferred until the date on which the instrument is derecognized. In all cases, any unrecognized differences are immediately recorded in the income statement if parameters that were not originally observable later become so, or where the fair value can be determined by reference to a price quoted on an active market involving the same instrument.
For all transactions, the appropriate method for recording the difference in the income statement is determined on a case by case basis.

ABSENCE OF ACTIVE MARKET – EQUITY INSTRUMENTS (UNQUOTED SHARES)

In the absence of any trading price recently realized under normal market conditions, the fair value of the unquoted shares is estimated using recognized valuation techniques such as discounted cash flow analysis, applying stock market multiples for comparable companies, and the net asset value method.

The carrying amount of short term financial instruments corresponds to a reasonable approximation of their fair value.

3.3.10 Embedded derivatives

An embedded derivative is defined as a component of a composite (hybrid) instrument which includes both a derivative financial instrument and a non-derivative host contract.

An embedded derivative should be separated from the host contract and accounted for as a derivative when:

- the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (composite) instrument is not held for trading.

This (embedded) derivative is valued at fair value through profit or loss in the same manner as a stand-alone derivative. The host contract is accounted for and valued according to the principles governing the category to which it belongs.
In so far as the separation of the embedded derivative is permitted (see above), the entire hybrid contract can be designated as a financial asset or liability at fair value through profit or loss. If, however, it is not possible to separately value the embedded derivative, the entire hybrid contract must be designated as a financial asset or liability at fair value through profit or loss.

3.3.11 Derecognition of financial instruments

A financial asset is derecognized when:

- the contractual rights to the cash flows attached to the financial asset expire; or
- the Bank has transferred almost all risks and rewards attached to the ownership of this financial asset. If the Bank neither transfers nor keeps substantially all the risks and rewards attached to the ownership of the financial asset, it is derecognized when control of the financial asset is not retained. In the contrary case, the Bank maintains the financial asset on the balance sheet to the extent that it continues to be involved with the asset.

A financial liability is derecognized if the liability has expired, i.e. when the obligation set out in the contract is cancelled or expires.

3.4 Hedge accounting

Hedging aims to reduce or eliminate exposure to fluctuations in exchange rates, interest rates or prices through the use of derivative or non-derivative financial instruments. For an instrument to qualify as hedge accounting, and in order to establish the relationship between the hedging instrument and the hedged item, the following conditions need to be met:

- formal documentation of the hedging instrument and the hedged item or transaction to be covered, describing the hedging relationship, the strategy and the nature of the hedged risk and how the effectiveness of the hedging relationship will be assessed;
- demonstrating that the hedge will be highly effective in offsetting the changes in fair value or cash flows attributable to the hedged risk, at inception and during subsequent periods;
- the effectiveness of the hedge can be reliably measured; and
- assessing the effectiveness of the hedge on an on-going basis (retrospective and prospective effectiveness tests) at least at each financial year-end until the maturity of the hedge.

The accounting treatment of hedging instruments depends on which of the following categories they are classified under:

FAIR VALUE HEDGE

Changes in the fair value of the derivative or of the non-derivative hedging instrument designated and qualifying as a fair value hedge are recorded in the income statement under the heading ‘net income of hedge accounting’ together with the changes in fair value of the hedged assets or liabilities attributable to the hedged risk. Where the hedge no longer satisfies the conditions for hedge accounting, the accumulated adjustment recorded in the balance sheet in respect of the hedged item, in the case of an interest-bearing financial instrument, is amortized over the residual life of the hedged item in the form of an adjustment to the effective interest rate. If the interest rate risk on a portfolio of instruments is hedged, the adjustment is amortized on a straight-line basis. In the case of a non-interest bearing financial instrument, the accumulated adjustment on the hedged item is recorded in the income statement only upon maturity (or derecognition) of the hedged item.

CASH FLOW HEDGES

The effective part of changes in the fair value of derivatives designated and qualifying as cash flow hedges is deferred in shareholders’ equity under ‘revaluation reserves’. The ineffective part of changes in the fair value is recorded directly in the income statement. Gains and losses previously recorded in equity are transferred to the income statement and recognized in income or expense over the period during which the hedged instrument impacts the result. If the hedging relationship is broken or if the hedge no longer meets the conditions for hedge accounting, the accumulated amounts recorded in shareholders’ equity are maintained in shareholders’ equity until the forecast transaction impacts on the income statement. Once it is foreseen that the forecast transaction will no longer take place, these amounts are immediately recorded in the income statement.

HEDGE OF A NET INVESTMENT IN A FOREIGN ENTITY

The hedging of a net investment in a foreign entity is accounted for in the same manner as cash flow hedges. Gains and losses recorded in shareholders’ equity are recorded in the income statement at the time of disposal or liquidation of the foreign entity.

3.5 Leasing contracts

A leasing contract qualifies as a finance lease when the contract transfers substantially all of the risks and rewards of ownership of the asset. An operating lease is any leasing contract other than a finance lease.

A GROUP ENTITY AS THE LESSEE IN A LEASE CONTRACT

For operating leases, the leased asset is not recognized in the balance sheet and the lease rental payments are recorded in the income statement on a straight-line basis over the life of the lease contract.
For finance leases, the leased asset is capitalized and accounted for at the lower of its fair value or the present value of the minimum contractual lease payments. The asset is depreciated using the same depreciation rates as for assets of a similar nature, over the shorter of the contract period and its useful life. The related debt is recognized in liabilities as a financial debt. The financial expense is recognized in the income statement over the period covered by the lease contract so as to obtain a constant periodic interest rate on the remaining balance of the liability.

A GROUP ENTITY AS THE LESSOR

Assets leased under an operating lease contract are accounted for in the balance sheet as fixed assets and are depreciated using the same depreciation rates as for assets of a similar nature. The lease revenues are recorded in income on a straight-line basis over the life of the lease contract.
For finance leases, the present value of the minimum payments plus, where applicable, the residual value of the asset, is recognized as a receivable and not as a fixed asset. The financial income from the finance lease is spread over the life of the contract based on a table reflecting a constant rate of return on the net investment in the contract.

3.6 Property and equipment (including investment property)

Property and equipment are recorded at acquisition cost (including directly attributable expenses) less accumulated depreciation and any impairment losses. Bank Degroof applies the component method of fixed asset accounting (mainly for buildings) and the depreciable amount of an asset is determined after deduction of its residual value. Depreciation is calculated on a straight-line basis, according to the useful lives of the assets concerned.
The useful lives applied are:

NATURE OF THE FIXED ASSET OR COMPONENT	USEFUL LIFE
Land	Infinite
Buildings	40 to 50 years
Technical equipment	10 years
General equipment	20 years
Finishing	5 to 10 years
IT/telecom equipment	4 years
Miscellaneous equipment	5 years
Office furniture	10 years
Vehicles	4 years

Land and works of art have an indefinite useful life and are, therefore, not depreciated but can be subject to impairment losses.
At each financial year-end, where an indication of any kind exists that a tangible asset might have suffered impairment, an impairment test (comparing the net carrying amount of the asset with its recoverable amount) is performed. An impairment loss is recorded when the carrying amount of the fixed asset is higher than its estimated recoverable amount.
The useful lives and residual amounts of tangible fixed assets are reviewed at each financial year-end.
Investment properties are properties held to earn rentals and/or for capital appreciation. Where the part of a property used by the bank for its own account can be disposed of separately or leased via a finance lease, this part is accounted for as a tangible fixed asset. Otherwise the property is regarded as an investment property if the part used by the bank for its own account represents only an insignificant part of the total investment.

3.7 Intangible assets

An intangible asset is an identifiable non-monetary asset that has no physical substance. Such an asset is recorded initially at cost if it is deemed that it will produce future economic benefits and if the acquisition cost of this asset can be reliably determined.
Intangible assets consist mainly of software acquired or developed internally as well as business activities ('fonds de commerce') which have been purchased, or acquired in the context of business combinations.
Purchased software is amortized on a straight-line basis, depending on its nature, over useful lives of three to five years, as from the time it becomes usable. Software maintenance costs are charged to the income statement as incurred. Expenditure to improve the quality of the software or which helps extend its useful life is, however, added to the initial acquisition cost. Development costs of internally-generated software are amortized on a straight-line basis over the period during which the group expects to benefit from the asset. Research costs are expensed directly as incurred.
Business activities ('fonds de commerce') are amortized on a straight-line basis over their expected useful lives. These useful lives generally do not exceed 20 years. At each financial year-end, where there is an indication that an intangible asset might have suffered impairment, an impairment test (comparing the net carrying amount of the asset with its recoverable amount) is performed. An impairment loss is recognized when the carrying amount of the asset is higher than its estimated recoverable amount.
Intangible assets are recorded at cost less accumulated amortization and impairment losses. The useful lives and residual values of intangible fixed assets are reviewed at each financial year-end.

GOODWILL

Goodwill arises when a subsidiary, joint venture or associate is acquired. Goodwill represents the difference between the acquisition cost (including costs directly attributable to business combinations) and the (IFRS-restated) equity of the acquired entities, i.e. after recognizing at fair value (via shareholders' equity) all identifiable assets and liabilities in accordance with IFRS. Where the difference is positive, it is recorded in the balance sheet as an intangible asset. Where it is negative, it is credited to the income statement after verifying the valuation of all identifiable assets and liabilities. Subsequently, each recorded element will be valued using the same accounting policies applied to assets of a similar nature.
After initial recognition, positive goodwill is valued at cost, less accumulated impairment losses. Goodwill is not amortized, but is tested annually for impairment, or more often if events or changes in circumstance indicate that it may have suffered impairment. In order to test for impairment, and given that goodwill does not generate independent cash flows, the impairment test is applied to each cash generating unit which expects to benefit from the synergies resulting from the business combination. The cash generating units can be a legal entity or a sector of activity, determined based on geographic criteria or a mixture of above-mentioned elements.
A change in the percentage holding in a subsidiary (i.e. an entity already controlled by Bank Degroof) is, however, considered as a transaction between shareholders. As a result, if the transaction does not result in a change in consolidation method, no adjustment is recorded and the difference between the acquisition or sales price and the carrying amount of the equity acquired or disposed is recorded directly in shareholders' equity.
When a business combination takes place in stages, goodwill is calculated after having revalued the shares previously held in the acquired company to their fair value at the date of the additional acquisition. Any profit or loss generated by this revaluation is accounted for in the income statement.

3.8 Other assets

Other assets comprise primarily income receivable (excluding interest), deferred charges and other debtors. Also included in this balance are amounts receivable from employees and any excess in the fair value of pension plan assets over the current value of the defined benefit obligation (accounted for in accordance with IAS 19).

3.9 Impairments

An impairment loss is recorded whenever the carrying value of an asset (net of any depreciation/amortization) is higher than its recoverable amount.
At each financial year-end, Bank Degroof assesses whether there is any indication (i.e. a loss-generating event) that an asset may have lost value. Where such an indication exists, an impairment test is carried out and, where appropriate, an impairment loss is recorded through the income statement. Even where no objective indication exists of impairment, such an examination is carried out, at least every year at the same date, in respect of intangible assets with indefinite useful lives and of goodwill.

FINANCIAL ASSETS

Impairment is recorded on financial assets or groups of financial assets whenever an objective evidence exists of measurable impairment resulting from one or more events occurring since the initial recording of the asset or group of assets and whenever this loss-generating event has had an impact on the future estimated cash flows of this asset or group of assets.
The following indications, among others, are viewed as objective evidence of impairment:

- significant financial difficulties of the issuer;
- breach of contract such as a default or delay in the payment of interest or principal;
- the granting of facilities to the borrower for legal or economic reasons linked to its financial difficulties;
- strong probability of bankruptcy or financial restructuring;
- disappearance of an active market for this particular asset (as a result of financial difficulties);
- other observable data linked to a group of assets, such as an unfavourable change in the repayment behaviour of borrowers in the group or an unfavourable change in a sector of activity that affects the group's borrowers;
- major or prolonged decline in the fair value of an equity instrument below its cost.

The analysis of the existence of any impairment is undertaken on an individual basis. The collective assessment (portfolio approach) of impairment is not appropriate to Bank Degroof's credit activities.
Impairment on financial assets recognized at amortized cost corresponds to the difference between their carrying amount and the value of estimated cash flows, discounted at the original effective interest rate. Where the discount effect is negligible, it is ignored. Impairment losses are recognized in the income statement under 'impairments', with an off-setting entry to an allowance account, in respect of the carrying amount of the impaired financial assets. If an event subsequent to the recording of the impairment indicates that the impairment loss no longer exists, or only partially exists, the previously recorded impairment loss is reversed through the 'impairments' heading of the income statement.
Once an impairment loss has been recorded on an asset, interest income is recognized based on the interest rate used for discounting the future cash flows.
The recoverable amount of available-for-sale financial assets is generally based on quoted market prices or, where these are not available, on the expected cash flows discounted at the current market interest rate for a similar asset. When an objective indication of impairment exists, the accumulated loss recorded directly in shareholders' equity is removed from shareholders' equity and recorded in the income statement under 'impairments'.

Where the fair value of a fixed income security on which an impairment loss has been recognized later appreciates as a result of an event subsequent to the impairment, the impairment loss is reversed through the income statement under 'impairments'. Any subsequent recovery in the fair value of an equity instrument is, however, recorded directly in shareholders' equity.

OTHER ASSETS

The recoverable amount of a non-financial asset is the greater of its fair value less costs to sell, and its value in use. The fair value less costs to sell corresponds to the amount that can be realized from the sale of an asset under normal market conditions between informed and consenting parties, after deduction of the disposal costs. The value in use of an asset is the net present value of the future cash flows expected to be derived from this asset.
When it is not possible to estimate the recoverable amount of an individual asset, the asset is attached to a cash generating unit (CGU) to determine any impairment losses at this level of aggregation.

An impairment loss is recorded directly in the income statement under 'impairments'. When an asset has been revalued, the impairment loss is recorded as a reduction of the revaluation. The impairment loss of a CGU is allocated so as to reduce the carrying value of the assets of this unit in the following order:

- firstly, to the goodwill associated with the CGU;
- subsequently, to the other assets of the CGU pro rata to the carrying amount of each of the CGU's assets.

An impairment loss recognized during a previous financial year is reversed whenever there has been a favorable change in the estimates used for determining the recoverable amount of the asset since an impairment loss was last recognized. In such cases, the carrying amount of the asset needs to be increased up to its recoverable amount, without exceeding the carrying amount of the asset prior to the impairment loss, i.e. after the application of normal depreciation/ amortization rates.
An impairment loss on goodwill cannot be subsequently reversed.

3.10 Provisions

A provision is recorded when:

- Bank Degroof has a present legal or constructive obligation resulting from a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

When the effect of the time value of money is material, the provision is recorded at its present value.

3.11 Tax

CURRENT TAX

Tax assets and liabilities payable correspond to the amounts actually payable or recoverable, determined on the basis of the prevailing tax regulations and rates applicable in each country in which the group has companies at the financial year-end, as well as to prior period tax adjustments.

DEFERRED TAXES

Deferred tax is recognized whenever a temporary difference exists between the fiscal value of the assets and liabilities and their carrying amount. Deferred tax is recognized using the liability method which consists of calculating, at each financial year-end, deferred tax based on the current tax rates or the rates that will prevail (where known) at the time that the temporary differences reverse.

Deferred tax liabilities are recorded for all taxable temporary differences, with the exception of those:

- generated by the initial recognition of goodwill;
- linked to the initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit;
- associated with investments in subsidiaries, associates and joint ventures to the extent that the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized in respect of all tax-deductible temporary differences, tax losses carried forward and unused tax credits to the extent that it is probable that a future taxable profit will be available against which the differences can be utilized, except where the deductible temporary difference:

- is generated by the recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit; or
- relates to the investments in subsidiaries, associates and joint ventures to the extent that this difference will not reverse in the foreseeable future.

Current tax payable and deferred taxes are recorded in the income statement as tax charges or income, except where they are linked to items recorded in shareholders' equity (revaluation to fair value of available-for-sale assets and derivatives designated as cash flow hedges), in which case they are recorded in shareholders' equity and are subsequently recognized in income pro rata with the realized capital gains or losses.

3.12 Employee benefits

COMMITMENTS RELATED TO PENSION SCHEMES

Bank Degroof offers various pension schemes, both defined contribution and defined benefit, while respecting national regulations and practice in the sector. For the defined contribution schemes, where the Bank's commitment consists of paying the premiums, this amount is recorded as an expense for the year. Defined benefit schemes are plans where the Bank is required to pay supplementary contributions to the schemes in the event that the latter have insufficient assets to meet the current and past service obligations to employees. For these schemes, the charge to the income statement is determined using the projected unit credit method in such a way as to spread the cost of the future pension over the employee's expected working life. Any obligation of the Bank over and above the assets held by the schemes is recorded as a liability on the balance sheet. All calculations are performed by an independent actuary.

The Bank uses the so-called 'corridor' approach to account for the actuarial gains and losses identified during such calculations. This approach allows the Bank to recognize as expense only that part of the actuarial gains and losses that exceeds the 'corridor' over the residual average period of service of its employees. The part that exceeds the corridor is defined as the higher of 10% of the current value of the gross obligation and 10% of the fair value of the scheme assets.

OTHER POST-EMPLOYMENT COMMITMENTS

Certain group companies offer to assume all or part of the cost of a 'medical care' insurance policy for employees under contract to the company at the time of their retirement. The group's estimated commitment is accumulated as a liability over the employees' years of service and is determined in a manner similar to that used for defined benefit pension schemes. The relevant calculations are also performed by an independent actuary.

SHARE-BASED PAYMENT TRANSACTIONS

Share options are granted to senior management and certain employees. The cost of services rendered is determined by reference to the fair value of the share options and is recognized progressively over the vesting period of the rights corresponding to the period of services rendered. The fair value of options is calculated using Black and Scholes valuation techniques.
In the case of equity-settled plans, the fair value used is that defined at the time of final acceptance by the beneficiaries. The number of options is, however, updated to reflect only those that will probably be exercised. In accordance with IFRS 2, only share option plans making provision for settlement in shares issued after 7 November 2002 are taken into account. The resulting charge is recorded in the income statement with an off-setting entry to shareholders' equity.
For cash-settled plans, the fair value is recalculated at each financial year-end in the light of market data and the number of options exercisable. The charge resulting from this revaluation is recorded in the income statement with an off-setting entry to liabilities.

3.13 Other liabilities

Other liabilities include, in particular, short term employee benefits, amounts recorded in relation to pension schemes and other long term employee benefits. The balance also includes dividends payable, charges payable (excluding interest), deferred income and other debts.

3.14 Shareholders' equity

CAPITAL ISSUE COSTS

The costs of issuing new shares not linked to a business combination are deducted from shareholders' equity, net of any related tax.

DIVIDENDS

Dividends on shares for the period are not deducted from shareholders' equity at the financial year-end. Details of the amount of the dividend proposed to the general meeting are provided in the section on post balance sheet events.

TREASURY SHARES

Whenever Bank Degroof or one of its subsidiaries purchases treasury shares, the acquisition price is deducted directly from shareholders' equity. Results generated on the sale of treasury shares are also recorded directly in shareholders' equity.
Dividends on treasury shares held by the Bank or its subsidiaries are eliminated and are therefore not included in the total amount of the proposed distribution.

OTHER COMPONENTS

Other elements that influence equity including, among others, the treatment of option plans on treasury shares, the revaluation of certain financial instruments to fair value, transactions between shareholders, the impact of foreign currencies and consolidation entries, are explained above under the appropriate headings.

3.15 Interest income and charges

Interest income and charges are recorded in the income statement on all interest-bearing instruments using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to obtain the net carrying amount of the financial asset or financial liability. The calculation of this rate includes all related fees and points paid or received that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are additional costs directly linked to the acquisition, issue or sale of a financial instrument.

Once the value of a financial asset has been reduced due to an impairment loss, the interest income continues to be recorded at the interest rate used for discounting future cash flows to determine the recoverable amount.

Interest charges and income from derivatives held for trading are recorded under the same heading ('net result on financial instruments held for trading') as movements in fair value.

Accrued interest is recorded in the balance sheet on the same account as the corresponding financial asset or liability.

3.16 Dividends

Dividends are recorded once the shareholder's right to receive payment is established.

3.17 Fees and commissions

Bank Degroof recognizes in income the fees and commissions received in respect of the various services rendered to its clients. The method of accounting for these fees and commissions depends on the nature of the services.

Commissions forming an integral part of the effective interest rate of a financial instrument are generally taken into account when determining this rate. This relates in particular to commissions for the granting of loans and for opening lines of credit.

Commissions for services provided over a specified period are recognized as and when the service is rendered, or on a straight-line basis over the duration of the commission-generating transaction. This applies to management, administration, financial servicing, custody and other service fees.

Commitment fees on credit lines, if they are significant and if the customer is expected to draw down, are deferred and accounted for as an adjustment to the effective interest rate on the loan. Otherwise they are recognized on a pro rata basis over the life of the commitment.

Fees linked to a major undertaking, such as intermediary services, placement, performance and brokerage, are deferred and recorded at the time of execution of the undertaking.

3.18 Result on the revaluation or disposal of financial instruments

Results on operations for trading purposes include all gains and losses from changes in the fair value of financial assets and liabilities held for trading, as well as interest income and charges on derivatives not qualified as hedging instruments and any ineffectiveness observed in a hedging relationship.
(Un)realized gains and losses (excluding accrued interest and dividends) on financial instruments designated at fair value through profit or loss are recorded in the revaluation results relating to these instruments.
Gains and losses on the sale or disposal of financial instruments that are not designated at fair value through profit or loss, or are held for trading, are recorded under 'net result on financial instruments not measured at fair value through profit or loss'.

3.19 Cash and cash equivalents

The term 'cash and cash equivalents' covers cash, balances available with central banks, current accounts with credit institutions and loans and advances to credit institutions maturing within three months of their date of acquisition.
Bank Degroof presents the cash flows from its operating activities using the indirect method, under which the net result is adjusted for the effect of non-cash transactions, any deferrals or accruals of past or future operating cash inflows or outflows, and income and expense linked to investing or financing cash flows.
Tax flows, interest received and interest paid are presented together with the operating activities. Dividends received are classified as cash flows from operating activities. Dividends paid are recorded as cash flows from financing activities. Equity instruments included in the portfolio of 'available-for-sale financial assets' are included in operating activities.

4. USE OF JUDGEMENT AND ESTIMATES IN PREPARING THE FINANCIAL STATEMENTS

The preparation of financial statements in accordance with IFRS requires the use of judgement and estimates. Whilst management believes that it has taken into account all available information in arriving at these judgements and estimates, the reality can be different and these differences can have an impact on the financial statements.

These estimates and judgements relate primarily to the following matters:

- the determination of fair values of unquoted financial instruments;
- the definition of the useful lives and residual values of intangible and tangible fixed assets;
- the assumptions made in respect of the valuation of commitments linked to post-employment benefits;
- the estimation of recoverable amounts of impaired assets;
- the assessment of the current obligations arising from past events when recording provisions.

5. RISK MANAGEMENT

5.1 General principles

The Bank's executive committee has defined the group's risk management policy in accordance with the risk tolerances defined in the Bank's economic capital model (ICAAP)[1], which has been validated by the audit committee.

The executive committee has delegated certain of its responsibilities for implementing its risk management policy to the following committees:

- the portfolio committee is responsible for managing the medium and long term securities portfolio for the group within defined risk limits;
- the almac committee is responsible for managing the group's balance sheet and off-balance sheet assets and liabilities, in order to provide a stable and adequate financial margin within acceptable risk limits. This committee also manages the consolidated liquidity risk;
- the credit committee is responsible for granting new credit lines and new limits (for market operations) to non-banking counterparties. It also reviews existing credit lines and limits;
- the limits committee is responsible for granting new limits for all products for banking and brokerage counterparties for the entire group. It also reviews existing limits on a regular basis.

In addition, day to day risk management and monitoring of limits are managed by the risk management department. This ensures that market, liquidity, counterparty, wealth management and operational risks are followed up.

5.2 Liquidity risk

Liquidity risk is the risk of Bank Degroof being unable to meet its financial commitments at their due dates at a reasonable cost.

The principal objective of liquidity management is to ensure that the group has sufficient financing, even during very unfavorable conditions. The liquidity strategy is managed at a consolidated level by the almac committee, on a monthly basis, with day-to-day management being delegated to the treasury departments of the Brussels and Luxembourg dealing rooms under the supervision of risk management.

Risk management ensures that Bank Degroof is able to ensure its liquidity in all crisis scenarios, whether it is a liquidity crisis on the market or a liquidity crisis specific to Bank Degroof. The assumptions underlying these scenarios are reviewed regularly. Treasury flows must remain positive under each of the scenarios, which are monitored on a daily basis. The internal stress test scenarios are supplemented by the regulatory stress tests of the Belgian National Bank.

1 Internal Capital Adequacy Assessment Process.

The liquidity strategy of Bank Degroof can be summarized as follows:

- a large base of customer deposits, sourced from several group entities;
- a complete independence from interbank funding: the Bank does not need to have recourse to inter-bank funding to finance itself;
- a low 'loan to deposit ratio', which indicates that the amount of credits granted is substantially lower than the total of customers' deposits;
- portfolios which are liquid and can rapidly be mobilized through repo operations with the European Central Bank.

The table below sets out the maturities of our assets and liabilities[1]. The liquidity gap is based on contractual maturities. The calculation of the corrected liquidity gap takes account the capacity of mobilizing the bond portfolios[2]:

(in thousands of EUR)

30.09.2013	ON DEMAND	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Financial assets					
Loans and advances to credit institutions [3]	439 319	8 014	3 003	7 188	12 293
Loans and advances to customers	258 407	356 250	269 532	709 049	75 728
Bonds and other fixed income securities	0	195 213	693 904	1 424 078	115 974
Derivatives	0	4 156 986	526 500	130 982	4 027
Interest rate derivatives	0	18 208	6 636	33 834	4 027
IRS	*0*	*3 115*	*6 636*	*33 826*	*4 027*
Other interest rate derivatives	*0*	*15 093*	*0*	*8*	*0*
Exchange rate derivatives	0	4 138 778	519 864	97 148	0
Total assets	697 726	4 716 463	1 492 939	2 271 297	208 022
Financial liabilities					
Deposits from credit institutions	126 631	289 935	28 720	0	0
Deposits from customers	3 152 257	491 281	185 705	6 993	1 998
Subordinated liabilities	0	148	2 152	44 152	13 000
Derivatives	0	4 167 369	541 909	141 436	3 757
Interest rate derivatives	0	20 358	20 447	44 318	3 757
IRS	*0*	*5 265*	*20 447*	*44 270*	*3 757*
Other interest rate derivatives	*0*	*15 093*	*0*	*48*	*0*
Exchange rate derivatives	0	4 147 011	521 462	97 118	0
Financial garantees issued	0	86 969	0	0	0
Credit lines confirmed	0	194 553	0	0	0
Total liabilities	3 278 888	5 230 255	758 486	192 581	18 755
Liquidity gap	(2 581 162)	(513 792)	734 453	2 078 716	189 267
Impact of repo capacity of bond portfolio	2 147 228	(168 936)	(612 094)	(1 261 604)	(104 594)
Corrected liquidity gap	(433 934)	(682 728)	122 359	817 112	84 673

1 The balances of financial assets and liabilities include all movements, including future interest.
2 89% of the non-sovereign portfolio and 100% of the sovereign portfolio are deemed to be readily accessible through repo.
3 Includes cash and assets with central bank.

(in thousands of EUR)

30.09.2012	ON DEMAND	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Financial assets					
Loans and advances to credit institutions [3]	375 142	7 290	7 466	0	0
Loans and advances to customers	433 042	352 893	370 678	579 054	121 955
Bonds and other fixed income securities	0	226 843	689 653	1 418 086	97 752
Derivatives	0	4 011 812	869 037	19 523	2 918
Interest rate derivatives	0	43 655	15 799	19 523	2 918
IRS	*0*	*3 545*	*15 706*	*19 505*	*2 918*
Other interest rate derivatives	*0*	*40 110*	*93*	*18*	*0*
Exchange rate derivatives	0	3 968 157	853 238	0	0
Total assets	**808 184**	**4 598 838**	**1 936 834**	**2 016 663**	**222 625**
Financial liabilities					
Deposits from credit institutions	47 411	88 921	34 638	0	0
Deposits from customers	2 828 397	669 714	370 755	8 840	17 125
Subordinated liabilities	0	0	1 974	49 960	13 007
Derivatives	0	4 024 667	884 991	43 028	3 127
Interest rate derivatives	0	44 916	31 420	43 028	3 127
IRS	*0*	*3 605*	*31 327*	*42 965*	*3 127*
Other interest rate derivatives	*0*	*41 311*	*93*	*63*	*0*
Exchange rate derivatives	0	3 979 751	853 571	0	0
Financial garantees issued	0	96 859	0	0	0
Credit lines confirmed	0	266 874	0	0	0
Total liabilities	**2 875 808**	**5 147 035**	**1 292 358**	**101 828**	**33 259**
Liquidity gap	(2 067 624)	(548 197)	644 476	1 914 835	189 366
Impact of repo capacity of bond portfolio	2 221 410	(217 220)	(623 306)	(1 292 093)	(88 791)
Corrected liquidity gap	153 786	(765 417)	21 170	622 742	100 575

(in thousands of EUR)

30.09.2011	ON DEMAND	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Financial assets					
Loans and advances to credit institutions [1]	554 810	466 190	5 950	0	0
Loans and advances to customers	242 370	527 580	302 684	560 164	99 047
Bonds and other fixed income securities	0	38 652	207 803	1 523 211	178 198
Derivatives	0	4 188 454	285 946	170 273	3 285
Interest rate derivatives	0	8 839	32 682	39 979	3 285
IRS	*0*	*8 839*	*32 682*	*39 833*	*3 285*
Other interest rate derivatives	*0*	*0*	*0*	*146*	*0*
Exchange rate derivatives	0	4 179 615	253 264	130 294	0
Total assets	**797 180**	**5 220 876**	**802 383**	**2 253 648**	**280 530**
Financial liabilities					
Deposits from credit institutions	55 563	75 046	12 721	0	0
Deposits from customers	2 618 779	1 467 888	204 476	13 469	18 420
Subordinated liabilities	0	0	2 164	56 450	13 009
Derivatives	0	4 170 800	291 687	185 599	3 631
Interest rate derivatives	0	12 162	38 198	55 297	3 631
IRS	*0*	*12 029*	*38 198*	*55 141*	*3 555*
Other interest rate derivatives	*0*	*133*	*0*	*156*	*76*
Exchange rate derivatives	0	4 158 638	253 489	130 302	0
Financial garantees issued	0	101 108	0	0	0
Credit lines confirmed	0	222 701	0	0	0
Total liabilities	**2 674 342**	**6 037 543**	**511 048**	**255 518**	**35 060**
Liquidity gap	(1 877 162)	(816 667)	291 335	1 998 130	245 470
Impact of repo capacity of bond portfolio	1 785 197	(122 708)	(126 651)	(1 416 364)	(119 474)
Corrected liquidity gap	(91 965)	(939 375)	164 684	581 766	125 996

1 Includes cash and assets with central bank.

5.3 Market risk

5.3.1 Policy

Market risks are the risks of unfavourable developments in market factors (interest rates, equity prices, exchange rates) which impact on the positions that the Bank takes on its own account.

Treasury, foreign exchange and equity and option trading activities are monitored on a daily basis using indicators such as Value-at-Risk (VAR), interest rate sensitivity, scenario analyses, option sensitivity (delta, gamma, vega, etc.) and, more simply, nominal volumes.

These activities are compared to limits set by the executive committee. Open positions are characteristically low compared to our own funds.

5.3.2 Trading

5.3.2.1 Interest rate risk

The Bank's main method of managing short-term interest rates is by managing its treasury. Interest rate products are only traded on a very limited scale.

On a daily basis, risk management monitors the interest rate risk using two indicators:

- the Basis Point Value ('BPV') in respect of the limits allotted to the treasury activity by the almac committee;
- historical VAR.

5.3.2.2 Foreign exchange risk

This mainly involves hedging the foreign exchange risk generated by all departments of the Bank and, to a very limited extent, by its currency trading activities.

The indicators used to monitor the daily foreign exchange risk are:

- limits set in terms of nominal amounts;
- historical VAR.

5.3.2.3 Equity & options risk

The indicators used to monitor the daily equity risk are:

- limits set in terms of nominal amounts;
- historical VAR.

The risks attached to options are monitored using various indicators, mainly involving sensitivity to movements of the main underlying factors (delta, gamma and vega) and Value-at-Risk.

The following table summarizes indicators of sensitivity of trading activities:

(in thousands of EUR)

2013					
		30.09.2013	AVERAGE	MINIMUM	MAXIMUM
Interest rate risk	BPV	(79.4)	(74.1)	(60.9)	(86.9)
Foreign exchange risk	Nominal	1 720	2 071	939	3 671
	VAR 99%	31.85	32.86	6.04	66.70
Equity risk	Nominal	0	1 287	0	5 100
	VAR 99%	2.00	62.73	2.00	187.54
Option risk	Delta equivalent	0	0	0	0
	VAR 99%	0.00	0.00	0.00	0.00
2012					
		30.09.2012	AVERAGE	MINIMUM	MAXIMUM
Interest rate risk	BPV	(64.0)	(58.2)	(47.5)	(71.8)
Foreign exchange risk	Nominal	762	2 870	640	15 930
	VAR 99%	16.05	54.80	6.50	174.40
Equity risk	Nominal	0	980	0	6 100
	VAR 99%	0.00	176.16	0.00	1 074.79
Option risk	Delta equivalent	0	0	0	0
	VAR 99%	0.00	5.05	0.00	22.58
2011					
		30.09.2011	AVERAGE	MINIMUM	MAXIMUM
Interest rate risk	BPV	(59.6)	(55.4)	(25.9)	(75.2)
Foreign exchange risk	Nominal	2 067	2 343	776	7 113
	VAR 99%	51.10	72.21	9.75	396.70
Equity risk	Nominal	1 500	8 873	1 500	12 300
	VAR 99%	345.29	976.58	345.29	1 355.71
Option risk	Delta equivalent	0	15	0	100
	VAR 99%	9.46	27.95	8.50	54.64

5.3.3 Long term

5.3.3.1 Interest rate risk

This is the financial risk caused by the impact of a change in interest rates on the interest margin and on the fair values of the interest rate instruments.

This risk is managed on a monthly basis by the almac committee using a standard defined in terms of duration gap. This standard has been developed based on the maximum loss that is deemed to be acceptable in the event that interest rates rise by 1%, as allocated by the executive committee to the group's transformation activity. This includes all balance sheet items[1] and, accordingly, also the treasury positions.

Furthermore, in accordance with Basel II, a stress test compares the loss which would have been recorded in case of a parallel increase in interest rates of 2% as a proportion of the own funds. The result of this test was 11% of own funds at 30 September 2013 (the level at which a bank is considered to have excessive interest rate risk[2] is 20%).

This analysis is supplemented by Basis Point Value monitoring, which only takes account of items that are sensitive to interest rates, all maturities combined.

1 Items for which the duration cannot be calculated, such as shares, current accounts, etc. are subject to assumptions.
2 A bank which exceeds the threshold of 20% is considered a 'outlier' by the Belgian National Bank. This status implies tighter controls and can lead to an increase in economic capital requirements.

The loss in the event of a 1% rise in interest rates amounted to:

(in thousands of EUR)

2013	
On 30.09.2013	27 600
Average for the period	20 700
Maximum for the period	27 700
Minimum for the period	16 500
2012	
On 30.09.2012	16 700
Average for the period	15 900
Maximum for the period	17 800
Minimum for the period	13 700
2011	
On 30.09.2011	11 350
Average for the period	10 000
Maximum for the period	11 900
Minimum for the period	8 800

5.3.3.2 Equity risk

Non-trading equity risk is the risk that the value of the Bank's own funds declines as a result of a fall in the price of the shares included in the Bank's proprietary share portfolio.

Market value of the bank's proprietary share portfolio:

(in thousands of EUR)

Position	
30.09.2013	343 372
30.09.2012	270 575
30.09.2011	280 033

The impact on the Bank's own funds of a movement in the price of the equities held by the Bank is as follows (all other things being equal):

(in thousands of EUR)

Relevant indices [3]				
RELEVANT MARKETS OR INDICES	MOVEMENT	IMPACT ON OWN FUNDS		
		30.09.2013	30.09.2012	30.09.2011
Bel 20	10%	1 061	1 197	2 895
Other Belgian securities	10%	22 813	20 143	18 444
Other European securities	10%	5 320	3 800	4 561
The rest of the world	10%	5 143	1 918	2 103

5.4 Credit risk

5.4.1 Credit risk is the risk of loss resulting from a (professional, institutional, corporate, private, etc.) counterparty failing to meet its contractual obligations on time. This risk is monitored on a daily basis. In respect of counterparty limits, exposures are calculated as a function of changes in market value, to which a coefficient ('add-on') is added which reflects the risk represented by future movements in this exposure. These exposures are compared with the limits set out by the limits committee and credit committee.

3 Having an impact on the portfolio value.

5.4.2 Pure credit risk is monitored on a nominal basis. The table below sets out the exposures (expressed in nominal amounts, without deducting guarantees received), by type of counterparty:

(in thousands of EUR)

30.09.2013	COUNTERPARTY	CARRYING AMOUNT	CREDIT RISK	GUARANTEES
Loans and advances to credit institutions	a	207 414	207 414	0
Loans and advances to customers	b	1 847 299	1 847 299	1 473 815
Bonds and other fixed-income securities		2 423 500	2 423 500	18 639
Public sector	e	*1 054 531*	*1 054 531*	*0*
Other issuers – banks	c+e	*603 830*	*603 830*	*0*
Other issuers – commercial companies	d+e	*765 139*	*765 139*	*18 639*
Equities, shares and other variable-income securities		391 247	391 247	0
Derivatives		77 969	52 890	13 862
Financial guarantees issued		86 969	86 969	64 136

(in thousands of EUR)

30.09.2012	COUNTERPARTY	CARRYING AMOUNT	CREDIT RISK	GUARANTEES
Loans and advances to credit institutions	a	206 597	206 597	6 001
Loans and advances to customers	b	2 101 884	2 101 884	1 331 168
Bonds and other fixed-income securities		2 418 752	2 418 752	18 968
Public sector	e	*996 407*	*996 407*	*0*
Other issuers – banks	c+e	*622 000*	*622 000*	*0*
Other issuers – commercial companies	d+e	*800 344*	*800 344*	*18 968*
Equities, shares and other variable-income securities		363 156	363 156	0
Derivatives		75 130	53 818	9 620
Financial guarantees issued		96 859	96 859	58 325

(in thousands of EUR)

30.09.2011	COUNTERPARTY	CARRYING AMOUNT	CREDIT RISK	GUARANTEES
Loans and advances to credit institutions	a	193 850	193 850	40 853
Loans and advances to customers	b	1 918 589	1 918 589	1 359 358
Bonds and other fixed-income securities		1 936 182	1 936 182	10 656
Public sector	e	*731 766*	*731 766*	*0*
Other issuers – banks	c+e	*791 088*	*791 088*	*0*
Other issuers – commercial companies	d+e	*413 328*	*413 328*	*10 656*
Equities, shares and other variable-income securities		370 797	370 797	0
Derivatives		104 773	96 179	3 928
Financial guarantees issued		101 108	101 108	75 772

Credit risk takes account of the possibility of compensation for derivative positions with counterparties that have signed ISDA contracts.

The guarantees received are recorded at market value and are limited to the outstanding amount of the related loans.

Five separate credit categories can be identified within the group:

a) Limits for banking counterparties

The granting of limits, in particular for interbank deposits, is centralized at group level and is based on the granting and review of limits by the limits committee, which comprises senior management from Brussels and Luxembourg and meets on a monthly basis.

At 30 September 2013, loans to credit institutions are very limited and comprise principally current accounts (EUR 177 million).

b) Credits to non-banking counterparties

This category consists principally of guaranteed credits. Approximately 80% of the Bank's consolidated credit balances outstanding are covered by real guarantees (essentially diversified portfolios subject to fixed coverage ratios which are defined as a function of the composition of the pledged portfolio and, to a lesser extent, unlisted securities and real estate).

c) Bank Degroof Luxembourg's investment portfolio

The investment portfolio of Bank Degroof Luxembourg has been set up to respond to reinvestment requirements and corresponds to approximately 20% of the treasury funds in Luxembourg.

This portfolio consists of bonds, with an average rating of AA, issued primarily by banking counterparties in European Union countries. The diversification of issuers is high (more than 15 different issuers). The scope of investment has been extended to covered bonds.

Analysis of bonds in banking investment portfolio, by rating:

(in %)

Rating	Proportion
AAA	65%
AA	30%
A	5%
BBB	0%

d) The 'Corporate Portfolios' of Bank Degroof Brussels

This category comprises:

- a) the 'Corporate Portfolio' of the credit department, which is a portfolio of floating-rate European securitizations used to fulfil treasury management requirements. This portfolio is being run-off (the Bank no longer makes new purchases) and amounted to approximately EUR 83 million. The portfolio is depreciating rapidly, due both to the arrival at maturity of a series of positions, but also due to the depreciable nature of the large majority of the securities included in the portfolio.
- b) the portfolio of (short term) commercial paper which amounts to EUR 200 million.
- c) the investment portfolio, started in the Spring of 2012, which invests in short-term corporate bonds (mostly with three year terms). The bonds are divided between an envelope of good quality issuers (average rating of A+), which amounted to EUR 239 million, and a 'high yield' portfolio which amounted to EUR 133 million (of which EUR 30 million was in the Degroof Bonds Corporate EUR fund).

Analysis of bonds in the 'corporate portfolios', by rating (excluding funds and commercial paper):

(in %)

Rating	Proportion
AAA	6%
AA	6%
A	45%
BBB	24%
< BBB or no rating	19%

e) Portfolio of sovereign and state-guaranteed bank debt

This category comprises Government debt and bank debt benefitting from guarantees by EU governments, primarily those of Belgium and of its neighboring countries.

Analysis of sovereign debt or Government guarantees, by rating:

(in %)

Rating	Proportion
AAA	37%
AA	42%
A	0%
BBB	21%

5.4.3 Geographic exposure

On a geographic level, the Bank has limited exposure to 'emerging' countries and focusses its activities on the European Union.

5.4.4 Doubtful receivables

The losses incurred on the credit portfolio are limited, as indicated by the following table (which should be read cumulatively over the past ten years for files that remain open):

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Doubtful receivables	39 099	22 343	15 894
Impairments	(17 193)	(17 837)	(12 313)
Doubtful receivables after impairements	21 906	4 506	3 580
Average age of doubtful receivables not impaired	9 years	9 years	8 years

5.5 Asset management risk

Asset management risk is the financial risk deriving from a possible lack of consistency or excessive risk taking in the asset management strategies pursued by the group as a whole.

This risk is monitored within each entity by the respective control departments, and also at a consolidated level using aggregated data. The checks performed focus on compliance with management constraints set by both the client and the group's executive committee[1], as well as on monitoring of performance. The risk management of the group ensures that the checks and the management principles are consistent from one subsidiary to another.

1 Particularly with respect to diversification, equity ratio and authorised management products.

5.6 Capital management

The overriding objectives of capital management at Bank Degroof are to ensure that the Bank meets the regulatory requirements and that it maintains a level of capitalization consistent with its level of activities and the risks that it incurs.

The method used for calculating regulatory capital adequacy requirements under pillar 1 of Basel II has been used since 31 December 2007. As a reminder, the Bank has chosen the following options:

- the basic approach for evaluating capital adequacy requirements for operational risk;
- the standard approach based on external ratings for credit risk;
- the standard approach for market risk.

Regulatory capital:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Tier 1 own funds	407 679	383 713	401 594
Tier 2 own funds	88 902	92 677	48 386
Weighted risk volume	3 046 436	3 041 444	2 890 481
CRD-ratio	16.30%	15.66%	15.57%
Tier 1-ratio	13.38%	12.62%	13.89%

The movements in regulatory capital compared to the previous financial year are characterized by the following:

- the risk profile of the Bank has remained stable, as a result of the continuity of the management of risks;
- Tier 1 capital has increased primarily as a result of the appropriation of the result for the current financial year after deduction of the dividend which has been partially offset by the increase in elements to be deducted resulting from the investment in Landolt & Cie in the context of its merger with our Swiss subsidiary;
- Tier 2 capital has decreased slightly as a result of the above-mentioned increase in elements to be deducted and the application of the rule of degressive recognition of subordinated loans, largely offset by the growth in revaluation reserves on equity instruments included in the 'Available-for-sale' portfolio.

The combination of these factors leads to a CRD ratio of 16.30% and a Tier 1 ratio of 13.38%, which substantially exceeds regulatory requirements. This figure takes account of the planned dividend distribution.

In accordance with pillar 2 of Basel II, this administrative capital management is complemented by the economic management of capital by way of an ICAAP[2] model. Using this model, the Bank checks the adequacy of its capital compared to the requirements resulting from the risks generated by its various activities. It ensures that the capital remains adequate for the coming three years, under various scenarios, ranging from achieving our budgets to significant market crises. Detailed information on this subject is available on our website www.degroof.be.

2 Internal Capital Adequacy Assessment Process.

6. CONSOLIDATION SCOPE

6.1 List of the principal subsidiaries of Bank Degroof

NAME	REGISTERED OFFICE	(in %) PERCENTAGE OF CAPITAL HELD	ACTIVITY
Aforge Degroof Capital Markets SA	Avenue Niel 86 – 75017 Paris	86.27	Other undertaking
Aforge Degroof Courtage SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Investment firm
Aforge Degroof Family Office SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Investment firm
Aforge Degroof Finance SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Other undertaking
Aforge Degroof Lyon SA	Rue de la République 17 - 69002 Lyon	86.27	Investment firm
Aforge Gestion SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Investment firm
Aforge Immobilier SARL	Rue de Lisbonne 44 – 75008 Paris	85.84	Other undertaking
Aforge Patrimoine SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Investment firm
Banque Degroof Luxembourg SA	Rue Eugène Ruppert 12 2453 Luxembourg Cloche d'Or	99.96	Credit institution
Banque Degroof France SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Credit institution
Banque Degroof Square Invest SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Compagnie Financière Degroof SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Other financial institution
Cobimmo SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Degroof Corporate Finance SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Degroof Fund Management Company SA/NV	Rue Guimard 18 – 1040 Brussels	100	Investment firm
Degroof Gestion SA	Rue de Lisbonne 44 – 75008 Paris	86.27	Investment firm
Degroof Gestion Institutionnelle Luxembourg SA	Rue Eugène Ruppert 12 2453 Luxembourg Cloche d'Or	99.96	Investment firm
Degroof Holding Luxembourg SA	Rue Eugène Ruppert 12 2453 Luxembourg Cloche d'Or	100	Other undertaking
Degroof Investissements SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Degroof Structured Finance SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other financial institution
DS Lux SA	Rue Eugène Ruppert 12 2453 Luxembourg Cloche d'Or	99.96	Other undertaking
SA Fideuro NV	Rue Guimard 19 – 1040 Brussels	100	Other undertaking
Fitech Systems SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Guimard Investissements SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Imofig SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Industrie Invest SA/NV	Rue Guimard 18 – 1040 Brussels	100	Other undertaking
Monceau M SA	Avenue de Messine 25 – 75008 Paris	100	Other financial institution
PrivatBank Degroof, S.A.U.	Avenida Diagonal 464 – 08006 Barcelona	100	Credit institution
PrivatBank Patrimonio, S.A.U., S.G.I.I.C	Avenida Diagonal 464 – 08006 Barcelona	100	Investment firm

6.2 List of the principal associates of Bank Degroof

NAME	REGISTERED OFFICE	(in %) PERCENTAGE OF CAPITAL HELD	ACTIVITY
Landolt & Cie SA	Chemin de Roseneck 6 -1006 Lausanne	24.99	Credit institution

6.3 Significant changes in the consolidation scope during the current financial year

During the current financial year, Landolt & Cie SA and Bank Degroof set up a partnership that led to the merger on 1 July 2013 of the Swiss subsidiary Degroof Banque Privée SA and Landolt & Cie SA.
Landolt & Cie was created in 1780 and is the oldest bank in the French-speaking part of Switzerland, and is specialized in private wealth management on behalf of Swiss and international clients.
As a result of this merger, Banque Degroof Luxembourg SA holds 25% of share capital of Landolt & Cie SA. The impact of this transaction on the results of the current financial year amounts to EUR 4.2 million.
In addition to this transaction, Banque Degroof Luxembourg SA entered into a conditional call and put option for the possible acquisition of an additional 15% of the share capital of Landolt & Cie SA.
This option, entered into with an existing shareholder of Landolt & Cie SA, can be exercised during the last quarter of 2018 provided certain conditions are met.
If the conditions are met, the option will give Banque Degroof Luxembourg SA the right to acquire 15% of the share capital held by the other shareholder (call option), as well as giving the other shareholder the right to sell the 15% shareholding which it holds to Banque Degroof Luxembourg SA (put option). The transaction price will be determined by reference to certain parameters of Landolt & Cie SA at the time that the option is exercised.

The second change during the current financial year relates to the position of the Bank in France where it has reinforced its position with the acquisition by its French subsidiary of a company that has been renamed Aforge Degroof Capital Markets, specialized in certain investment banking activities such as market transactions (shares, bonds, restructuring). This acquisition was made at a variable price which will be paid in instalments between 2016 and 2024, the initial determination of which gives rise to goodwill and debt of approximately EUR 8.2 million.

The activities of this new subsidiary together with those of the other French subsidiaries have been grouped under a new entity called Compagnie Financière Degroof in order to offer an integrated service in private banking, investment banking, asset management, and wealth and financial structuring to its clients, namely individuals, entrepreneurs, companies and institutionals.

In addition to this reorganization, the Bank has entered into an option with the minority shareholder to purchase his shareholding in Compagnie Financière Degroof in three tranches during 2021, 2022, and 2023. The acquisition price will be variable, the initial determination of which has given rise to goodwill and debt of approximately EUR 6.1 million.

6.4 Non-consolidated real estate affiliates

In the context of the diversification of its product offering, the Bank has created a real estate centre of competence the objective of which is to invest in real estate financed primarily by the issuance of real estate certificates to private and institutional clients and, secondly, by way of loans granted by other financial institutions.
These operations were set up by creating real estate companies in which the Bank is either the majority shareholder, or a shareholder in the context of joint control (from a legal perspective). These companies are, accordingly, subsidiaries or joint ventures of the Bank, which is represented on the board of directors and on the management committee; these decision making bodies are largely responsible for the operational and administrative management of the companies.
The Bank receives remuneration for providing these services that is contractually fixed and independent of the performance of the companies.
It is, however, the holders of the real estate certificates who, during meetings, take the strategic decisions relating to the management of the real estate, and who receive the revenues generated by the rental and subsequent sale of the real estate. At the end of the financial period, the assets of these companies had a value of approximately EUR 150 million.

As the definition of control is based on the right to variable returns resulting from influence over the making of strategic decisions that impact on these returns, control over these companies is exercised exclusively by the holders of the real estate certificates, and not by the Bank. As a result, these entities are not consolidated by Bank Degroof.
At the end of the financial year, the financial investment of the Bank in these entities amounted to EUR 0.3 million.

7. NOTES TO THE CONSOLIDATED BALANCE SHEET

7.1 Cash and balances with central banks

Cash and balances with central banks comprise the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Cash	2 471	2 551	3 691
Balances with central banks - Mandatory reserves[1]	259 933	180 749	209 372
Balances with central banks other than mandatory reserves	0	0	620 036
Total	262 404	183 300	833 099

Both cash and balances with central banks other than mandatory reserves are included in our definition of cash and cash equivalents.

1 Mandatory reserves: minimum reserves held by credit institutions with the ECB or other central banks.

7.2 Financial assets held for trading

Financial assets held for trading comprise the following items:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
1. Financial assets held for trading	**11 616**	**14 454**	**12 526**
Fixed-income securities	11 528	13 334	6 760
Treasury bills and government bonds	*304*	*9 398*	*366*
Bonds from other issuers	*11 187*	*3 936*	*6 394*
Other fixed income instruments	*37*	*0*	*0*
Variable-income securities	88	1 120	5 766
Equities	*23*	*5*	*2 788*
Other variable income securities	*65*	*1 115*	*2 978*
2. Derivative financial instruments	**77 969**	**75 130**	**104 773**
Foreign exchange derivatives	26 100	43 633	65 242
Interest rate derivatives	13 790	9 437	15 214
Equity derivatives	38 028	21 865	24 195
Credit derivatives	51	195	122
Total assets held for trading	89 585	89 584	117 299

7.3 Financial assets designated at fair value through profit or loss

Securities investments are designated at their acquisition date at fair value through profit or loss (fair value option) when they are associated with derivatives, when such designation eliminates or significantly reduces an accounting mismatch which would otherwise result, and when a risk exists of not meeting the requirements (or not satisfying the conditions) for hedge accounting.
More specifically, this designation is used in order to prevent any consecutive difference in the valuation of certain sovereign and bank debt that is almost entirely guaranteed by EU governments or by covering assets (fair value recognized directly in shareholders' equity), purchased with the objective of supporting liquidity and linked, in accordance with the risk management strategy, to interest rate swaps (fair value through profit or loss). The fair value option is also applied to certain positions in equities that are economically hedged using an option structure.
The financial assets designated at fair value through profit or loss comprise:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Fixed income securities	889 235	1 096 031	1 174 054
Treasury bills and government bonds	*475 504*	*716 583*	*545 438*
Bonds from other issuers	*413 731*	*379 448*	*628 616*
Variable-income securities	37 458	42 841	31 440
Equities	*37 458*	*42 841*	*31 440*
Total financial assets designated at fair value through profit or loss	926 693	1 138 872	1 205 494

The financial assets designated at fair value through profit or loss include as at 30 September 2013 an amount of EUR 719.5 million of which the residual life exceeds 12 months (30 September 2012: EUR 769.8 million; 30 September 2011: EUR 1 059.4 million).

2 Commonly known as "Covered bonds".

7.4 Available-for-sale financial assets

Available-for-sale financial assets represent investments in fixed or variable income securities, both listed and unlisted, and comprise the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Carrying amount before impairments	**1 612 579**	**1 303 559**	**895 549**
Fixed income securities	1 236 107	948 776	520 569
Treasury bills and government bonds	*413 550*	*151 113*	*143 473*
Bonds from other issuers	*779 023*	*789 542*	*376 937*
Other fixed income instruments	*43 534*	*8 121*	*159*
Variable-income securities	376 472	354 783	374 980
Equities	*238 225*	*232 564*	*266 247*
Other variable income securities	*138 247*	*122 219*	*108 733*
Impairments	**(31 968)**	**(45 007)**	**(53 852)**
Total available-for-sale financial assets	1 580 611	1 258 552	841 697

Available-for-sale financial assets include as at 30 September 2013 an amount of EUR 575.4 million the residual life of which exceeds 12 months (30 September 2012: EUR 509.2 million; 30 September 2011: EUR 408.2 million).

The table below details the movements relating to the impairment of available-for-sale financial assets:

(in thousands of EUR)

	FIXED INCOME SECURITIES	VARIABLE INCOME SECURITIES	TOTAL
Closing balance at 30.09.2010	(9 159)	(32 273)	(41 432)
Impairments	(3 265)	(9 485)	(12 750)
Impairment allowance used	0	369	369
Currency translation differences	(39)	0	(39)
Closing balance at 30.09.2011	(12 463)	(41 389)	(53 852)
Impairments	(57)	(14 414)	(14 471)
Impairment allowance used	3 265	20 246	23 511
Currency translation differences	(164)	0	(164)
Other	0	(31)	(31)
Closing balance at 30.09.2012	(9 419)	(35 588)	(45 007)
Impairments	0	(1 732)	(1 732)
Impairment allowance used	57	14 549	14 606
Currency translation differences	165	0	165
Closing balance at 30.09.2013	(9 197)	(22 771)	(31 968)

The table below details the changes in fair values of available-for-sale financial assets:

(in thousands of EUR)

	FIXED INCOME SECURITIES	VARIABLE INCOME SECURITIES	TOTAL
Closing balance at 30.09.2010	1 898	66 050	67 948
Increase (decrease) in unrealised revaluation gains[1]	(4 442)	2 001	(2 441)
Decrease (increase) in unrealised revaluation losses[1]	(10 746)	(20 722)	(31 468)
Impairment recognized in the income statement	1 333	1 661	2 994
Closing balance at 30.09.2011	(11 957)	48 990	37 033
Increase (decrease) in unrealised revaluation gains[1]	7 968	(143)	7 825
Decrease (increase) in unrealised revaluation losses[1]	9 457	13 139	22 596
Impairment recognized in the income statement	57	7 956	8 013
Closing balance at 30.09.2012	5 525	69 942	75 467
Increase (decrease) in unrealised revaluation gains[1]	(1 325)	20 597	19 272
Decrease (increase) in unrealised revaluation losses[1]	3 236	5 607	8 843
Impairment recognized in the income statement	0	100	100
Closing balance at 30.09.2013	7 436	96 246	103 682

7.5 Loans and advances to credit institutions

Interbank loans and advances are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Carrying amount before impairments	**207 414**	**206 647**	**193 850**
Current accounts	176 915	191 891	121 780
Term loans	29 197	5 904	28 428
Reverse repurchase operations	0	6 001	41 517
Other	1 302	2 851	2 125
Impairments	**0**	**(50)**	**0**
Total loans and advances to credit institutions	207 414	206 597	193 850

Current accounts for an amount of EUR 151 million as at 30 September 2013 (at 30 September 2012: EUR 180.7 million; at 30 September 2011: EUR 121.1 million) and loans with initial terms of less than three months for an amount of EUR 8 million as at 30 September 2013 (at 30 September 2012: EUR 7.3 million; at 30 September 2011: EUR 66 million) are included in our definition of cash and cash equivalents in the consolidated cash flow statement.

1 Including changes in unrealised gains and losses transferred from equity to the income statement as the result of the derecognition of these investments.

7.6 Loans and advances to customers

Loans and advances to customers and movements relating to impairments on these loans and advances are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Carrying amount before impairments	**1 769 850**	**1 981 923**	**1 894 329**
Overdrafts	274 039	447 111	255 722
Trade bills	256	201	156
Consumer credits	0	0	2 690
Mortgage loans	117 009	145 335	115 053
Term loans	1 170 471	1 166 061	1 248 741
Finance leases	184	374	619
Reverse repurchase agreements	51 060	53 247	24 051
Debt instruments	99 912	129 126	186 072
Subordinated loans	20 309	22 308	39 691
Other	36 610	18 160	21 534
Impairments	**(26 140)**	**(26 622)**	**(13 580)**
Total amounts loans and advances to customers	1 743 710	1 955 301	1 880 749

Loans and advances to customers include as at 30 September 2013 an amount of EUR 397.1 million of which the residual life exceeds 12 months (30 September 2012: EUR 148.7 million; 30 September 2011: EUR 379.1 million).

The table below details the movements relating to the impairment of loans and advances to customers:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Opening balance	(26 622)	(13 580)	(12 401)
Impairment loss recognized [1]	(5 068)	(12 986)	(1 502)
Reversal of impairment	37	28	190
Write-offs of non-recoverable loans and advances [2]	6 328	35	228
Changes in consolidation scope	97	0	0
Currency translation differences	3	(22)	(7)
Other	(915)	(97)	(88)
Closing balance	(26 140)	(26 622)	(13 580)

Impairment losses are only calculated on individual valuations and not on a collective basis (portfolio approach) which would not be appropriate in view of the credit activities of Bank Degroof.

The tables below set out supplementary information relating to available-for-sale financial assets that have been reclassified to loans and advances:

(in thousands of EUR)

	CARRYING AMOUNT	FAIR VALUE	REVALUATION RESERVES
Closing balance at 30 September 2013	**65 065**	**56 545**	**(66)**
Closing balance at 30 September 2012	**94 481**	**78 718**	**(509)**
Closing balance at 30 September 2011	**166 266**	**147 053**	**(2 279)**

1 Including an impairment of EUR 2 400 thousands on debt instruments (at 30 September 2012: EUR 7 549 thousands; at 30 September 2011: EUR 440 thousands).
2 Including a write-offs of non-recoverable loans and advances of EUR 2 288 thousands on debt instruments.

(in thousands of EUR)

AMOUNTS RECOGNISED IN PROFIT OR LOSS OR IN EQUITY	PROFIT OR LOSS	EQUITY
At 30 September 2013		
Interest income	387	
Impairment	(2 400)	
Realised gains (losses)	(188)	
Amounts transferred from revaluation reserves to profit or loss		443
At 30 September 2012		
Interest income	1 476	
Impairment	(7 549)	
Realised gains (losses)	7	
Amounts transferred from revaluation reserves to profit or loss		1 770
At 30 September 2011		
Interest income	2 481	
Impairment	(440)	
Realised gains (losses)	(571)	
Amounts transferred from revaluation reserves to profit or loss		2 446

The fair value losses or gains that would have been recognized in equity after the reclassification date, if the reclassification had not occurred, amount to an aggregate net loss of EUR 4.2 million (at 30 September 2012: net loss of EUR 7.3 million; at 30 September 2011: net loss of EUR 11.1 million).

7.7 Financial assets held to maturity

Financial assets held to maturity represent investments in fixed income securities, the split by nature of which is as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Carrying amount before impairments	**204 863**	**249 738**	**62 401**
Fixed income securities	204 863	249 738	62 401
Treasury bills and government bonds	*165 173*	*119 313*	*42 489*
Bonds from other issuers	*39 690*	*130 425*	*19 912*
Impairments	**0**	**0**	**0**
Total financial assets held to maturity	204 863	249 738	62 401

Financial assets held to maturity with a maturity in excess of 12 months amount to EUR 172.8 million at 30 September 2013 (30 September 2012: EUR 146.2 million; 30 September 2011: EUR 59.7 million).

7.8 Property and equipment and investment property

Property and equipment comprise the following:

(in thousands of EUR)

	LAND AND BUILDINGS	IT EQUIPMENT	OFFICE EQUIPMENT	OTHER EQUIPMENT	TOTAL
Net closing carrying amount at 30.09.2013	**58 938**	**3 181**	**1 590**	**3 291**	**67 000**
Acquisition cost	99 754	18 472	7 482	7 448	133 156
Accumulated depreciation and impairment	(40 816)	(15 291)	(5 892)	(4 157)	(66 156)
Net closing carrying amount at 30.09.2012	**56 968**	**3 246**	**1 959**	**3 333**	**65 506**
Acquisition cost	95 632	18 665	8 782	7 735	130 814
Accumulated depreciation and impairment	(38 664)	(15 419)	(6 823)	(4 402)	(65 308)
Net closing carrying amount at 30.09.2011	**59 321**	**2 147**	**1 722**	**3 379**	**66 569**
Acquisition cost	94 153	17 522	7 118	8 025	126 818
Accumulated depreciation and impairment	(34 832)	(15 375)	(5 396)	(4 646)	(60 249)

The movements in the net book value are as follows:

(in thousands of EUR)

	LAND AND BUILDINGS	IT EQUIPMENT	OFFICE EQUIPMENT	OTHER EQUIPMENT
Closing balance at 30.09.2010	62 751	2 036	1 797	3 462
Acquisitions	874	1 254	343	1 074
Disposals	(864)	(2)	(58)	(511)
Depreciation	(3 462)	(1 147)	(364)	(653)
Impairment loss recognized	0	(9)	0	0
Currency translation differences	22	15	4	7
Closing balance at 30.09.2011	59 321	2 147	1 722	3 379
Acquisitions	851	2 131	329	893
Changes in consolidation scope	110	0	293	145
Disposals	0	0	(1)	(317)
Depreciation	(3 378)	(1 023)	(470)	(767)
Impairment loss recognized	0	(12)	(1)	0
Currency translation differences	64	2	48	0
Other	0	1	39	0
Closing balance at 30.09.2012	56 968	3 246	1 959	3 333
Acquisitions	6 244	1 191	283	894
Changes in consolidation scope	(1 018)	(39)	(106)	(38)
Disposals	0	(11)	(2)	(286)
Depreciation	(3 181)	(1 323)	(361)	(612)
Impairment loss recognized	(32)	(8)	(34)	0
Currency translation differences	(43)	(1)	0	0
Other	0	126	(149)	0
Closing balance at 30.09.2013	58 938	3 181	1 590	3 291

The amounts disclosed under 'Other' relate mainly to transfers between categories of property and equipment.

With the exception of vehicles (disclosed under 'Other equipment'), the residual values are estimated at zero. As purchased cars are generally sold after four years, their average residual value has been estimated at 40% of the purchase price, excluding VAT.

The estimated fair value of property (accounted for at amortized cost) of Bank Degroof amounts to EUR 128.1 million at 30 September 2013 (30 September 2012: EUR 117.4 million; 30 September 2011: EUR 110.1 million). Bank Degroof does not hold investment property.

Bank Degroof has commitments, in its capacity as lessee, in respect of operating lease contracts relating principally to real estate, IT equipment and vehicles. At 30 September 2013, the minimum amount of future payments under non-cancellable operating lease contracts amounted to EUR 9.3 million[1] (EUR 1.7 million of which is due within one year, EUR 7.5 million due between one and five years, and EUR 0.1 million due after five years). These amounts do not take into account possible future indexation of operating lease payments for real estate. The operating lease expense recorded in the profit and loss account are set out in note 8.10.

7.9 Goodwill and other intangible assets

Goodwill and other intangible assets comprise the following:

(in thousands of EUR)

	GOODWILL	BUSINESS ACTIVITIES	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
Net closing carrying amount at 30.09.2013	**69 986**	**19 390**	**2 235**	**0**	**91 611**
Acquisition cost	114 430	50 283	22 632	0	187 345
Accumulated depreciation and impairment	(44 444)	(30 893)	(20 397)	0	(95 734)
Net closing carrying amount at 30.09.2012	**70 189**	**28 297**	**2 550**	**0**	**101 036**
Acquisition cost	114 633	50 283	23 732	0	188 648
Accumulated depreciation and impairment	(44 444)	(21 986)	(21 182)	0	(87 612)
Net closing carrying amount at 30.09.2011	**27 312**	**30 143**	**2 682**	**0**	**60 137**
Acquisition cost	30 136	38 181	22 486	0	90 803
Accumulated depreciation and impairment	(2 824)	(8 038)	(19 804)	0	(30 666)

1 At 30 September 2012, EUR 9.6 million of which EUR 3.4 million is due within one year, EUR 5.9 million due between one and five years and EUR 0.3 million due after five years.

The movements in the net book value are as follows:

(in thousands of EUR)

	GOODWILL	BUSINESS ACTIVITIES[1]	SOFTWARE	OTHER INTAN-GIBLE ASSETS
Closing balance at 30.09.2010	27 144	32 862	2 782	5
Acquisitions	0	0	1 309	0
Disposals	0	0	(64)	0
Depreciation	0	(1 904)	(1 356)	0
Impairment loss recognized	0	(815)	(7)	0
Currency translation differences	168	0	13	0
Other	0	0	5	(5)
Closing balance at 30.09.2011	27 312	30 143	2 682	0
Acquisitions	42 865	0	1 224	0
Disposals	0	0	(33)	0
Changes in consolidation scope	0	0	32	0
Depreciation	0	(1 846)	(1 328)	0
Impairment loss recognized	0	0	(48)	0
Currency translation differences	12	0	21	0
Closing balance at 30.09.2012	70 189	28 297	2 550	0
Acquisitions	8 197	0	893	0
Disposals	(8 379)	0	0	0
Changes in consolidation scope	0	0	(55)	0
Depreciation	0	(1 846)	(1 153)	0
Impairment loss recognized	0	(7 061)	0	0
Currency translation differences	(21)	0	0	0
Closing balance at 30.09.2013	69 986	19 390	2 235	0

BUSINESS ACTIVITIES

In accordance with its accounting policies and principles, the Bank has performed an impairment test on all of its business activities, taking into account market conditions which were considered to be the objective indication of impairment. The recoverable amount is determined as being the higher of the fair value and the value in use.

The fair value is obtained either by applying multiples to the net operating result, or on the basis of an estimate of the revalued net assets. The value in use is determined using the discounted free cash flow method which discounts all future cash flows that will be generated by the entity's activities.

The results of these impairment tests are similar or superior to the accounting value of the business activities, except in the case of the business activities of Banque Degroof France, in respect of which an impairment write-down has been recorded.

The value in use has been used to estimate the value of the business activities of Banque Degroof France.

The projected cash flows are based upon medium term plans drawn up by management covering the period 2014-2019, extended by three years before applying a steady growth rate of 2% corresponding to the long-term inflation rate. The projected cash flows are discounted at the estimated cost of capital before taxes as at 30 September 2013 of 16.6%.

A sensitivity analysis has been performed which tests a scenario of lower growth (resulting in cash flows that are approximately 15% lower). The recoverable value that results from this sensitivity analysis is lower than the accounting value after recording an impairment. Nevertheless, this scenario has not been

1 Of which EUR 13.7 million at 30 September 2013, to be amortized over the remaining useful life of 15 years, on the account of Banque Degroof France.

retained because the medium term plan established by management appears to be reasonable and the discount rate used already reflects a certain level of risk about the realization of the forecasts.

GOODWILL

In accordance with the accounting policies and methods, the Bank performs an impairment test on goodwill, as a minimum, at every financial year-end. In order to do this, the Bank has allocated goodwill to cash generating units which are currently defined at the level of the legal entities. The recoverable amount of a cash generating unit is determined as being the higher of its fair value and its value in use. The fair value is obtained either by applying reference multiples to the net operating result, or on the basis of an estimate of the revalued net assets. The value in use is determined using the discounted free cash flow method which discounts all future cash flows that will be generated by the entity's activities. The results of these impairment tests are similar or superior to the accounting value of the goodwill.
The value in use was used to estimate the recoverable value of the cash generating units of Compagnie Financière Degroof. The projected cash flows are based upon medium term plans drawn up by management covering the period 2014-2019, extended by three years in respect of wealth management activities, before applying a steady growth rate of 2% corresponding to the long-term inflation rate. The projected cash flows are discounted at the estimated cost of capital before taxes as at 30 September 2013 of 16.6%.
A sensitivity analysis has been performed which tests a scenario of lower growth (resulting in cash flows that are approximately 20% lower). The recoverable value that results from this sensitivity analysis is lower than the accounting value. Nevertheless, this scenario has not been retained because the medium term plan established by management appears to be reasonable and the discount rate used already reflects a certain level of risk about the realization of the forecasts.

Goodwill is analyzed below, by cash generating unit:

(in thousands of EUR)

CASH GENERATING UNIT	CARRYING AMOUNT			METHOD USED FOR THE RECOVERABLE AMOUNT
	30.09.2013	30.09.2012	30.09.2011	
Banque Degroof Bruxelles SA/NV (ex – de Buck Banquiers)	9 625	9 625	9 625	Fair value
Banque Degroof Bruxelles SA/NV (ex – Bearbull Belgium)	3 700	3 700	3 700	Fair value
Banque Degroof Luxembourg SA	2 080	2 023	2 023	Fair value
Degroof Banque Privée SA	0	8 458	8 446	Fair value
Compagnie Financière Degroof SA	51 063	42 865	0	Value in use
PrivatBank Degroof S.A.U.	3 518	3 518	3 518	Fair value
Total	**69 986**	**70 189**	**27 312**	

7.10 Investments in entities accounted for under the equity method

Investments in entities accounted for under the equity method are summarized in the table below:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Associates			
Landolt & Cie SA	14 622	0	0
Thesaurus SA/NV	0	0	0
Aforge group	0	0	31 200
Total	14 622	0	31 200

7.11 Other assets

Other assets comprise the following items:

(in thousands of EUR)

	NOTE	30.09.2013	30.09.2012	30.09.2011
Accrued income and prepaid expenses		50 929	45 559	44 711
Assets of pension schemes	10	134	155	187
Miscellaneous debtors		12 262	9 802	16 285
Other assets		14 261	19 100	9 597
Total other assets		77 586	74 616	70 780

Miscellaneous debtors comprise invoices receivable and tax prepayments or recoverable taxes defined in accordance with national regulations.

7.12.a Financial liabilities held for trading

Financial liabilities held for trading comprise the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
1. Financial liabilites held for trading	**571**	**405**	**188**
Fixed income	553	405	79
Variable income	18	0	109
2. Derivatives	**110 673**	**116 823**	**125 441**
Foreign exchange derivatives	31 468	48 829	59 524
Interest rate derivatives	40 377	49 528	35 974
Equity derivatives	37 612	16 501	17 759
Credit derivatives	1 216	1 965	12 184
Total financial liabilites held for trading	111 244	117 228	125 629

7.12.b Derivatives for hedging purposes

The following table sets out the fair values of derivatives held for hedging:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Interest rate derivative	0	0	1 990
Total derivatives held for hedging purposes	0	0	1 990

7.13 Deposits from credit institutions

Interbank deposits comprise the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Sight deposits	126 632	47 411	55 570
Term deposits	100 287	86 801	76 603
Repurchase agreements	218 299	36 698	10 832
Other deposits	2 705	171	129
Total deposits from credit institutions	447 923	171 081	143 134

7.14 Deposits from customers

Deposits from customers are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Sight deposits	3 152 258	2 828 397	2 621 413
Term deposits	681 699	1 060 867	1 622 181
Repurchase agreements	0	0	3 586
Other deposits	20 560	358 132	69 480
Total deposits from customers	3 854 517	4 247 396	4 316 660

Deposits from customers include as at 30 September 2013 an amount of EUR 1 598.5 million for which the residual life exceeds 12 months (30 September 2012: EUR 24.9 million; 30 September 2011: EUR 24.1 million).

7.15 Debt securities

Debt securities issued by the Degroof group amounted to EUR 13 million at 30 September 2013, as was the case at 30 September 2012 and 2011.

7.16 Subordinated debt

The subordinated debt of Bank Degroof takes the form of a non-convertible subordinated term loan. The loan was issued by Bank Degroof for an amount of EUR 50 million (of which EUR 8 million are held by a group entity) maturing on 1 July 2015 with a fixed annual interest rate of 4.245%.

7.17 Provisions

The Bank's provisions relate principally to provisions in respect of pending litigation with various counterparties to which has been added during the current financial year a provision for onerous contracts (EUR 1.9 million) relating to non-cancelled rental contracts on an unoccupied building.
In addition, at 30 September 2013 the Bank provided EUR 2.5 million in respect of legal commitments of its former subsidiary Degroof Banque Privée, and EUR 5 million in respect of estimated losses on transactions in Undertakings for Collective Investment.

The movements on these provisions are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Opening balance	4 904	4 054	3 537
Allowances for provisions	9 760	1 222	1 531
Use of provisions	(351)	(347)	(1 000)
Reversal of unused provisions	(325)	(25)	(13)
Changes in consolidation scope	(3)	0	0
Other	0	0	(1)
Closing balance	13 985	4 904	4 054

Due to the nature of its activities, the Bank is involved in a limited number of legal disputes. The Bank remains convinced that, in the cases concerned, it has acted in complete accordance with the requirements to which it is subject.

In view of the uncertainties inherent in any legal dispute, the process of estimating the risks is inevitably uncertain. A provision that covers a proportion of certain amounts claimed has been recorded in the financial statements as at 30 September 2013.

In addition, Bank Degroof and several of its subsidiaries are the subject of a claw back procedure in the United States initiated by the liquidator of Bernard L. Madoff Investment Securities LLV (BLMIS). This procedure is taking place in the context of hundreds of legal cases launched by the liquidator of BLMIS (i) against investment funds that invested in BLMIS, in order to recover reimbursements made by BLMIS during the years preceding the bankruptcy of BLMIS, and (ii) against persons that invested in the aforementioned investment funds, in order to recover the income generated by these funds as a result of the reimbursements over the same period.
These legal cases are based in part on the provisions of the US Securities Investor Protection Act and the US Bankruptcy Code which, under certain conditions, allow the liquidator of a brokerage in financial instruments to recover amounts reimbursed by the brokerage before it was declared bankrupt.
The companies involved dispute that they owe these amounts and are represented in the context of the US legal case by an American lawyer who is of the view that the companies involved have strong arguments to contest the charges. As a result, no provision has been recorded in this respect at the end of the financial year.

7.18 Other liabilities

Other liabilities comprise the following items:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Salaries and social charges	45 986	45 655	39 338
Accrued charges and deferred income	24 357	21 631	18 569
Miscellaneous creditors	16 009	13 391	16 943
Share-based payment liability	451	439	4 999
Other	1 692	6 794	3 695
Liabilities relating to the anticipated acquisition of minority interests	14 263	0	0
Total other liabilities	102 758	87 910	83 544

Miscellaneous creditors consist primarily of invoices payable as well as taxes payable other than taxes calculated on the profit for the year.

As the acquisition price for the minority interests is a variable price that depends on a number of factors and which will be paid in instalments between 2016 and 2024, the liabilities related to this planned acquisition have been valued on the basis of models, parameters and data described in section 7.9 relating to goodwill and other intangible assets.

7.19 Tax

The movements on deferred taxes are explained by:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Opening balance	(974)	3 718	(999)
Income (expense) in income statement	309	(230)	1 324
Items imputed directly to equity	(792)	(4 503)	3 566
Impact of change in income tax rate – income statement	(68)	0	(36)
Impact of change in income tax rate – equity	(16)	0	(8)
Changes in consolidation scope	1 506	50	0
Currency translation differences	15	(9)	(129)
Closing balance	(20)	(974)	3 718

Deferred taxes are calculated on the following temporary differences and are presented by class of temporary difference:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Deferred tax assets	**11 555**	**14 130**	**14 852**
Personnel benefits	5 924	7 004	5 122
Derivatives	2 365	4 071	5 542
Financial instruments at fair value through profit or loss	0	5	131
Available-for-sale financial assets	399	2	2 633
Loss carryforwards	2 695	2 695	1 087
Other	172	353	337
Deferred tax liabilities	**11 575**	**15 104**	**11 134**
Tangible and intangible assets	4 623	4 536	4 620
Provisions for liabilities and charges	586	593	576
Financial instruments at fair value through profit or loss	1 183	2 656	773
Available-for-sale financial assets	2 639	1 967	178
Other	2 544	5 352	4 987
Net deferred taxes	(20)	(974)	3 718

Certain deferred tax assets have not been recognized to the extent that certain companies within the Degroof group are not certain that future taxable profits will be available within the relevant taxable entities against which the tax losses carried forward can be utilized.

Unrecognized deferred tax assets at 30 September 2013 amounted to EUR 19 150 000 and related purely to recoverable tax losses with indefinite expiry dates (30 September 2012: EUR 14 757 000, 30 September 2011: EUR 12 982 000).

Deferred taxes amounting to EUR 3.3 million (30 September 2012: EUR 3.1 million; 30 September 2011: EUR 3.2 million) have not been recognized on timing differences relating to the distributable reserves of subsidiaries, as these differences are unlikely to reverse in the short term.

7.20 Shareholders' equity

The table below sets out the components of equity attributable to shareholders:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Issued capital	47 491	47 491	47 491
Share premiums	184 392	182 877	181 575
Legal reserve	4 749	4 749	4 749
Untaxed reserve	22 881	22 881	22 881
Reserves available for distribution	50 000	50 000	50 000
Other reserves and retained earnings	249 969	243 828	215 595
Revaluation reserves	98 706	76 121	43 968
Treasury shares (-)	(78 195)	(68 232)	(47 232)
Net profit for the period	74 012	55 558	68 074
Total	654 005	615 273	587 101

The share capital of Bank Degroof is represented by 8 019 131 ordinary shares without par value. All shares are fully subscribed and paid. Movements on share capital are detailed below:

(in thousands of EUR; in units)

	30.09.2013		30.09.2012		30.09.2011	
	AMOUNT	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES
Opening balance	47 491	8 019 131	47 491	8 019 131	47 491	8 019 131
Closing balance	47 491	8 019 131	47 491	8 019 131	47 491	8 019 131

If all options outstanding on Bank Degroof shares at 30 September 2013 were to be exercised, the number of shares would increase by 97 405, corresponding to an amount of EUR 584 430.

The reserves and retained earnings comprise the reserves of Bank Degroof, including the initial impact of the transition to international financial reporting standards (IFRS), the undistributed results of the group, as well as the difference between the acquisition or disposal price and the carrying value of shareholders' equity acquired or disposed of in the context of a change in the percentage shareholding of a subsidiary that did not result in a change in the scope of consolidation.

Revaluation reserves include unrealized gains and losses on available-for-sale financial assets (see note 7.4), unrealized gains and losses on debt securities reclassified from 'Available-for-sale financial assets', and translation differences resulting from the consolidation of financial statements of entities prepared in a functional currency different from that used by Bank Degroof.

At 30 September 2013, the Degroof group held 496 568 shares in Bank Degroof SA, representing 6.19% of the subscribed capital. These treasury shares are used, as a general rule, to cover staff incentive plans.

7.21 Fair values of financial instruments

The carrying values and fair values of the financial instruments are set out, by category of financial instrument, in the table below:

(in thousands of EUR)

	30.09.2013		30.09.2012		30.09.2011	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets						
Cash and balances with central banks	262 404	262 404	183 300	183 300	833 099	833 099
Loans and advances to credit institutions	207 414	208 054	206 597	206 610	193 850	193 863
Loans and advances to customers	1 743 710	1 745 479	1 955 301	1 955 469	1 880 749	1 873 118
Financial assets held for trading	89 585	89 585	89 584	89 584	117 299	117 299
Financial assets designated at fair value through profit or loss	926 693	926 693	1 138 872	1 138 872	1 205 494	1 205 494
Available-for-sale financial assets	1 580 611	1 580 611	1 258 552	1 258 552	841 697	841 697
Financial assets held to maturity	204 863	206 881	249 738	252 376	62 401	58 594
Total	**5 015 280**	**5 019 707**	**5 081 944**	**5 084 763**	**5 134 589**	**5 123 164**
Financial liabilities						
Financial liabilities held for trading	111 244	111 244	117 228	117 228	125 629	125 629
Derivatives held for hedging purposes	0	0	0	0	1 990	1 990
Financial assets at amortized cost	4 358 039	4 360 918	4 477 981	4 484 916	4 523 334	4 527 698
Deposits from credit institutions	*447 923*	*447 955*	*171 081*	*171 217*	*143 134*	*143 153*
Deposits from customers	*3 854 517*	*3 854 834*	*4 247 396*	*4 250 556*	*4 316 660*	*4 317 937*
Subordinated liabilities	*42 593*	*45 123*	*46 497*	*50 136*	*50 531*	*53 599*
Debt securities	*13 006*	*13 006*	*13 007*	*13 007*	*13 009*	*13 009*
Total	**4 469 283**	**4 472 162**	**4 595 209**	**4 602 144**	**4 650 953**	**4 655 317**

For those financial instruments that are not valued at fair value in the financial statements, the following methods and assumptions are used to determine their fair value:

- the carrying value of short term financial instruments and of financial instruments without fixed maturities corresponds to a reasonable approximation of their fair value;
- other loans and borrowings are revalued on the basis of the most recently observed price or by discounting their future cash flows based on the market interest rate trends at the year-end.

Bank Degroof uses a hierarchy of three levels of fair values, by reference to the source of data used to determine the fair value:
Level 1 – Published market value: this category comprises financial instruments for which the fair value is determined by direct reference to prices quoted on an active market.
Level 2 – Valuation technique based on observable market data: this category includes financial instruments for which the fair values are determined by reference to valuation techniques the parameters of which are derived from an active market or which are observable.

Level 3 – Valuation technique based on non-observable market data: this category includes financial instruments for which a significant part of the parameters used for the determination of the fair value are not derived from observable market data.

Financial instruments marked to fair value (excluding accrued interest) are analyzed as follows:

(in thousands of EUR)

30.09.2013	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Derivatives	0	74 552	0	74 552
Financial assets held for trading	10 142	1 184	0	11 326
Financial assets designated at fair value through profit or loss	916 610	0	0	916 610
Available-for-sale financial assets[1]	1 234 544	238 171	94 705	1 567 420
Total	**2 161 296**	**313 907**	**94 705**	**2 569 908**
Financial liabilities				
Derivatives	0	98 700	0	98 700
Financial liabilities held for trading	552	18	0	570
Total	**552**	**98 718**	**0**	**99 270**

(in thousands of EUR)

30.09.2012	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Derivatives	0	69 898	0	69 898
Financial assets held for trading	13 027	1 135	0	14 162
Financial assets designated at fair value through profit or loss	1 128 450	0	0	1 128 450
Available-for-sale financial assets[1]	972 225	184 869	91 975	1 249 069
Total	**2 113 702**	**255 902**	**91 975**	**2 461 579**
Financial liabilities				
Derivatives	0	104 276	0	104 276
Financial liabilities held for trading	391	0	0	391
Total	**391**	**104 276**	**0**	**104 667**

(in thousands of EUR)

30.09.2011	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Derivatives	209	92 086	0	92 295
Financial assets held for trading	9 528	2 901	0	12 429
Financial assets designated at fair value through profit or loss	1 192 277	0	0	1 192 277
Available-for-sale financial assets[1]	583 978	158 811	96 122	838 911
Total	**1 785 992**	**253 798**	**96 122**	**2 135 912**
Financial liabilities				
Derivatives	6	104 347	0	104 353
Financial liabilities held for trading	188	0	0	188
Total	**194**	**104 347**	**0**	**104 541**

1 Not including financial assets measured at cost.

The table below sets out the movements relating to financial instruments valued at fair value under Level 3:

(in thousands of EUR)

	AVAILABLE-FOR-SALE FINANCIAL ASSETS
Closing balance at 30.09.2010	**84 231**
Profits and losses recognised in the result for the current year[1]	0
Profits and losses recognised in shareholders' equity	3 782
Acquisitions	5 452
Issuances	252
Settlements	0
Transfers to level 3	2 405
Transfers from level 3	0
Changes to the scope of consolidation	0
Other	0
Closing balance at 30.09.2011	**96 122**
Profits and losses recognised in the result for the current year[1]	2 935
Profits and losses recognised in shareholders' equity	(2 823)
Acquisitions	887
Issuances	75
Settlements	(5 221)
Transfers to level 3	0
Transfers from level 3	0
Changes to the scope of consolidation	0
Other	0
Closing balance at 30.09.2012	**91 975**
Profits and losses recognised in the result for the current year[1]	2 108
Profits and losses recognised in shareholders' equity	12 491
Acquisitions	776
Issuances	208
Settlements	(12 853)
Transfers to level 3	0
Transfers from level 3	0
Changes to the scope of consolidation	0
Other	0
Closing balance at 30.09.2013	**94 705**

No profits or losses resulting from the Level 3 assets included in the balance sheet have been included in the result for the current financial year.

The financial instruments valued using a Level 3 model are principally unquoted shares. The method that is generally used is based on stock market multiples for the most recent published consolidated results of comparable companies that are quoted. A discount for lack of liquidity is subsequently applied to the resultant values. The valuations are performed by an independent department of the front office.

1 Recorded under " Net result on financial instruments not designated at fair value through profit or loss" (note 8.6).

An alternative valuation, using hypotheses that are reasonably possible but generally less favourable, would result in the following changes to the valuation of the portfolio:

(in thousands of EUR)

	VALUE	ALTERNATIVE VALUE	IMPACT ON RESULTS	IMPACT ON EQUITY
30.09.2013				
Unquoted variable-income securities	94 705	74 904	0	(19 801)
30.09.2012				
Unquoted variable-income securities	91 975	74 604	0	(17 371)
30.09.2011				
Unquoted variable-income securities	96 122	82 741	0	(13 381)

The alternative hypotheses that are reasonably possible that were used include, depending on the values, the use of higher risk premiums for discounting (for the values calculated using a discounted cash flow model), the use of an alternative calculation based on stock market multiples of comparable companies, or the use of a higher discount for lack of liquidity.

7.22 Transfers of financial assets

The financial assets that the Degroof group has transferred, but that have not been derecognized in accordance with IAS 39, comprise primarily securities that have been temporarily disposed of in the context of repo transactions or securities lending transactions. In general, the counterparty to these transactions is able to reuse the collateral received.

The table below provides an overview of the financial assets transferred and the related liabilities:

	SECURITIES LENDING		REPURCHASE AGREEMENTS	
	FIXED INCOME SECURITIES	VARIABLE-INCOME SECURITIES	FIXED INCOME SECURITIES	VARIABLE-INCOME SECURITIES
30.09.2013				
Transferred financial assets at carrying amount	**201 090**	**1 273**	**219 102**	**0**
Financial assets designated at fair value through profit or loss	58 581	0	219 102	0
Available-for-sale financial assets	65 041	1 273	0	0
Financial assets held to maturity	77 468	0	0	0
Associated financial liabilities at carrying amount				
Deposits from credit institutions	n/a	n/a	218 299	0
For those liabilities that have recourse only to the transferred assets				
Fair value of transferred assets	n/a	n/a	219 102	0
Fair value of associated liabilities	n/a	n/a	218 299	0
Net position	n/a	n/a	803	0

(in thousands of EUR)

	SECURITIES LENDING		REPURCHASE AGREEMENTS	
	FIXED INCOME SECURITIES	VARIABLE-INCOME SECURITIES	FIXED INCOME SECURITIES	VARIABLE-INCOME SECURITIES
30.09.2012				
Transferred financial assets at carrying amount	**8 470**	**0**	**36 709**	**0**
Financial assets designated at fair value through profit or loss	7 378	0	36 709	0
Available-for-sale financial assets	1 092	0	0	0
Associated financial liabilities at carrying amount				
Deposits from credit institutions	n/a	n/a	36 698	0
For those liabilities that have recourse only to the transferred assets				
Fair value of transferred assets	n/a	n/a	36 709	0
Fair value of associated liabilities	n/a	n/a	36 698	0
Net position	n/a	n/a	11	0

There have been no transfers leading to derecognition of financial assets where the Degroof group has a continuing involment.

8. NOTES TO THE CONSOLIDATED INCOME STATEMENT

8.1 Interest income and expense

Interest income and expense, by class of interest-bearing financial instrument, is as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Interest income	**73 608**	**97 749**	**95 378**
Financial assets held for trading	*373*	*222*	*1 471*
Financial assets at fair value through profit or loss	*23 330*	*29 520*	*27 651*
Hedging derivatives	*0*	*0*	*125*
Interest income on assets stated at fair value	23 703	29 742	29 247
Loans and advances to credit institutions	*668*	*2 572*	*4 277*
Loans and advances to customers	*31 712*	*45 991*	*47 074*
Available-for-sale securities	*12 454*	*12 410*	*11 788*
Held to maturity securities	*5 068*	*6 919*	*2 442*
Interest on impaired assets	*0*	*112*	*547*
Other	*3*	*3*	*3*
Interest income on assets not stated at fair value	49 905	68 007	66 131
Interest expenses	**(11 952)**	**(25 078)**	**(26 729)**
Financial liabilities held for trading	*(10)*	*0*	*(7)*
Hedging derivatives	*0*	*0*	*(285)*
Interest expenses on assets stated at fair value	(10)	0	(292)
Deposits from credit institutions	*(1 166)*	*(1 252)*	*(2 898)*
Deposits from customers	*(8 809)*	*(21 554)*	*(21 193)*
Debt securities	*(66)*	*(198)*	*(175)*
Subordinated liabilities	*(1 865)*	*(2 037)*	*(2 123)*
Other	*(36)*	*(37)*	*(48)*
Interest expenses on liabilities not stated at fair value	(11 942)	(25 078)	(26 437)
Net interest income	61 656	72 671	68 649

8.2 Dividend income

Dividend income is detailed below, by category of financial asset:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Financial assets held for trading	42	87	167
Financial assets designated at fair value through profit or loss	3 271	2 885	3 465
Available-for-sale securities	7 189	6 098	7 032
Total	10 502	9 070	10 664

8.3 Fee and commission income and expense

Fee and commission income and expense is detailed below, by type of service:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Fee and commission income	**282 310**	**264 905**	**282 284**
Asset management	146 194	133 303	144 376
Issues and placements securities	12 818	14 075	14 339
Custodian services	43 308	41 009	41 596
Other securities services	55 939	54 235	66 494
Cash related services	6 190	8 210	7 211
Financial engineering	13 696	11 415	5 405
Derivatives	4 165	2 658	2 863
Fee and commission expense	**(87 188)**	**(71 335)**	**(88 905)**
Asset management	(56 291)	(44 350)	(51 640)
Issues and placements securities	(624)	(890)	(1 404)
Custodian services	(4 882)	(6 011)	(5 828)
Other securities services	(21 989)	(16 953)	(26 069)
Cash related services	(2 208)	(2 737)	(3 400)
Derivatives	(1 194)	(394)	(564)
Net commission income	195 122	193 570	193 379

Following a change in presentation of the line ‘issues and placements of securities’ during the 2013 financial year, the figures for prior years have been modified. The impact is that amounts of EUR 47.5 million for the 2012 financial year and EUR 27.3 million for the 2011 financial year that were previously recorded as commissions paid, have been recorded as a reduction of commissions received.

8.4 Net result on financial instruments held for trading

The table below analyzes, by type of financial instrument, gains and losses on financial instruments held for trading:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Realized and unrealized gains (losses) on financial instruments held for trading	**16 827**	**16 771**	**24 718**
Fixed income securities	5 304	6 512	8 532
Variable income securities	723	968	1 564
Exchange activities	10 671	9 124	14 497
Other	129	167	125
Gains (losses) on derivatives	**(7 674)**	**(27 179)**	**(15 225)**
Foreign exchange derivatives	3 149	3 998	(568)
Interest rate derivatives	(2 863)	(27 225)	(9 255)
Equity derivatives	(8 784)	(9 025)	300
Other derivatives	824	5 073	(5 702)
Net result on financial instruments held for trading	9 153	(10 408)	9 493

With the exception of derivatives, all interest received and paid on financial instruments is recorded as interest income. Accordingly, the above-mentioned gains and losses on derivatives represent the impact of their revaluation to fair value including accrued interest, while the gains and losses on other financial instruments represent only the changes in their market values.

8.5 Net result on financial instruments designated at fair value through profit or loss

The table below analyzes, by type of financial instrument, gains and losses on financial instruments designated at fair value through profit or loss:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Fixed income securities	(15 054)	17 735	(4 226)
Variable income securities	4 708	5 547	(4 302)
Net result on financial instruments designated at fair value through profit or loss	(10 346)	23 282	(8 528)

All interest received and paid on financial instruments is recorded as interest income. Accordingly, the above-mentioned gains and losses represent only the changes in the market values of these financial instruments.

8.6 Net result on financial instruments not designated at fair value through profit or loss

The table below analyzes, by category and by type of financial instrument, gains and losses on financial instruments not designated at fair value through profit or loss:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Gains (losses) on available-for-sale financial assets	**25 569**	**11 799**	**9 588**
Fixed income securities – public debts	97	(1 701)	343
Fixed income securities – other debts	634	14	(8)
Variable income securities	24 838	13 486	9 253
Net result on sale of loans and advances	**(178)**	**58**	**36**
Gains on sale of loans and advances	85	236	756
Losses on sale of loans and advances	(263)	(178)	(720)
Gains (losses) on held to maturity financial assets	**176**	**0**	**(54)**
Fixed income securities – public debts	176	0	(54)
Net result on financial instruments not designated at fair value through profit or loss	25 567	11 857	9 570

Included in the gains and losses on the above-mentioned available-for-sale assets are the amounts transferred from equity as a result of the derecognition of financial instruments.

8.7 Net result on hedge accounting

The result on hedge accounting comprises the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Fair value hedge			
Changes in the fair value of the hedged items	0	0	1 906
Changes in the fair value of the hedging derivatives	0	0	(1 957)
Net result on hedge accounting	0	0	(51)

Accrued interest on hedging instruments is included in the interest income and expense.

8.8 Other net operating results

Other net operating results are analyzed below:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Other operating income	**14 057**	**9 048**	**8 713**
Lease income	2 080	2 419	2 326
Realized capital gains on sales of tangible and intangible fixed assets	68	85	1 703
Realized capital gains on sales of investments	2 930	0	0
Reversals of provisions	325	25	13
Supply of services	4 079	3 581	2 659
Other	4 575	2 938	2 012
Other operating charges	**(10 758)**	**(1 696)**	**(2 183)**
Realized capital losses on sales of tangible and intangible fixed assets	(111)	(159)	(288)
Increase in provisions	(9 760)	(1 222)	(1 531)
Other	(887)	(315)	(364)
Other net operating results	3 299	7 352	6 530

8.9 Personnel expenses

Personnel expenses comprise the following:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Wages and salaries	(99 094)	(104 932)	(91 843)
Social security, social insurance and extra-legal insurance	(18 324)	(19 116)	(15 494)
Pension costs	(7 708)	(5 534)	(4 511)
Share-based compensation	(1 776)	(977)	(3 761)
Other costs	(2 157)	(2 322)	(2 156)
Personnel expenses	(129 059)	(132 881)	(117 765)

Note 10 provides detailed information about post-employment benefits and share-based payments.

The numbers of personnel employed, expressed in full-time equivalents, are, by category:

(in units)

FTE on	30.09.2013	30.09.2012	30.09.2011
Senior management	244	263	253
Employees	761	810	770
Workers	7	8	8
Total	1 012	1 081	1 031

8.10 General and administrative expenses

General and administrative expenses are analyzed below:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Marketing, advertising and public relations	(2 668)	(3 065)	(2 671)
Professional fees	(11 048)	(8 666)	(9 221)
Operating leases	(8 724)	(8 911)	(6 307)
IT and telecommunications charges	(9 449)	(8 857)	(8 176)
Repairs and maintenance	(5 336)	(6 145)	(5 472)
Operational taxes	(6 188)	(6 074)	(5 751)
Other general and administrative expenses	(14 675)	(18 196)	(17 226)
General and administrative expenses	(58 088)	(59 914)	(54 824)

Operating lease expenses relate primarily to vehicles and buildings.
The other general and administrative expenses represent primarily entertainment and travel expenses, expenses for office supplies, training expenses, subscriptions, and insurance premiums other than those related to personnel.

8.11 Depreciation of property and equipment and amortization of intangible assets

During the year ended 30 September 2013, depreciation of property and equipment amounted to EUR 5.5 million (30 September 2012: EUR 5.6 million; 30 September 2011: EUR 5.6 million) and amortization of intangible assets amounted to EUR 3.0 million (30 September 2012: EUR 3.2 million; 30 September 2011: EUR 3.3 million).
An analysis of depreciation and amortization by category of property and equipment and of intangible asset is provided in notes 7.8 and 7.9.

8.12 Impairments

Movements in impairments, by category of asset, are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Reversals of impairment losses	**37**	**28**	**239**
Loans and advances	37	28	190
Investments in entities accounted for using the equity method	0	0	49
Allowance for impairments	**(13 935)**	**(27 568)**	**(22 091)**
Loans and advances	(5 068)	(13 036)	(1 502)
Available-for-sale financial assets	(1 732)	(14 471)	(12 750)
Tangible assets	(74)	(13)	(9)
Intangible assets	(7 061)	(48)	(822)
Investments in entities accounted for using the equity method	0	0	(7 008)
Net variation of impairment losses on assets	(13 898)	(27 540)	(21 852)

Details of the movements in impairments of tangible and intangible fixed assets are included in notes 7.8 and 7.9, by category of tangible and intangible fixed asset.

8.13 Income tax expenses

The net income tax expense is explained by the following elements:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Tax on current year result	**(14 389)**	**(19 140)**	**(16 631)**
Income tax for the period	(14 631)	(18 911)	(17 919)
Deferred tax	242	(229)	1 288
Other tax expense	**403**	**(4 056)**	**819**
Income tax on prior years	403	(3 934)	952
Other items	0	(122)	(133)
Net tax expense	(13 986)	(23 196)	(15 812)

The table below reconciles the normal tax rate in Belgium (33.99%) to the effective tax rate of Bank Degroof:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Profit before income tax	*85 432*	*78 247*	*83 908*
Income of entities accounted for using the equity method	*0*	*0*	*2 471*
Tax base	85 432	78 247	86 379
Tax rate applicable at closing	33.99%	33.99%	33.99%
Theoretical income tax expense	(29 038)	(26 596)	(29 360)
Effect of tax rate differences in other jurisdictions	2 892	3 151	3 374
Tax impact of non-deductible expenses	(5 170)	(8 731)	(10 492)
Tax impact of non-taxable income	20 985	16 904	16 055
Impact of change in income tax rate on the temporary differences	(68)	0	(36)
Permanent differences	(2 304)	509	3 299
Effect of other items	500	119	156
Unrecognized deferred tax assets	(2 186)	(4 496)	373
Income tax for the period	(14 389)	(19 140)	(16 631)
Average effective tax rate	16.84%	24.46%	19.25%

The fiscal impact of non-taxable revenues relates principally to realized gains on shares and non-taxable dividends.

8.14 Components of other comprehensive income

Details of components of other comprehensive income are as follows:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Currency translation differences	**(5 133)**	**881**	**2 205**
Gross amount	(5 133)	881	2 205
Revaluation reserve - Available-for-sale-financial assets	**28 506**	**31 377**	**(24 746)**
Fixed income securities	2 352	10 598	(7 750)
Adjustment to fair value, before taxes	2 642	10 745	(14 854)
Transfer from the reserve to results, before taxes	804	4 775	3 531
Impairments	*0*	*57*	*1 333*
Losses (gains) on disposals	*(731)*	*1 687*	*(335)*
Prorata of the reserve for the revaluation of available-for-sale financial assets following their reclassification	*1 535*	*3 031*	*2 533*
Taxes recorded directly in reserves	(1 094)	(4 922)	3 573
Variable income securities	26 154	20 779	(16 996)
Adjustment to fair value, before taxes	51 042	26 482	(9 468)
Transfer from the reserve to results, before taxes	(24 738)	(5 530)	(7 592)
Impairments	*(100)*	*7 956*	*1 661*
Losses (gains) on disposals	*(24 838)*	*(13 486)*	*(9 253)*
Taxes recorded directly in reserves	(150)	(173)	64
Total other comprehensive income that may be reclassified subsequently to net profit	23 373	32 258	(22 541)

9. RIGHTS AND COMMITMENTS

9.1 Assets in open custody

Assets in open custody are primarily marketable securities that have been placed in custody by clients, regardless of whether or not the control over the assets by the holder is restricted, or whether or not the assets are subject to a management contract with Bank Degroof.
These assets are measured at fair value. Assets in open custody with the Bank at 30 September 2013, 2012 and 2011 amounted to EUR 56.1 billion, EUR 49.9 billion and EUR 43.4 billion respectively.

9.2 Credit related rights and commitments

Bank Degroof has commitments under credit lines granted to clients, the unused portion of which at 30 September 2013 amounted to EUR 194.6 million (30 September 2012: EUR 266.9 million; 30 September 2011: EUR 222.7 million).

9.3 Guarantees given and received

Bank Degroof has pledged, for its own account and for those of its clients, financial instruments amounting to EUR 97.3 million at 30 September 2013 (30 September 2012: EUR 97.0 million; 30 September 2011: EUR 107.3 million).
Bank Degroof has received pledges of assets from its clients amounting to EUR 3 218.3 million at 30 September 2013 (30 September 2012: EUR 2 867.8 million; 30 September 2011: EUR 3 102.7 million). As a general rule, these pledges cannot be used by the Bank, in the absence of a default by the owner of the pledge, except for those obtained in the context of repo operations, which amounted to EUR 51.1 million at 30 September 2013 (30 September 2012: EUR 59.2 million; 30 September 2011: EUR 65.5 million). Of the pledges obtained that can be used, none had been given as a guarantee for repo operations at 30 September 2013 (guarantees obtained and given as guarantees at 30 September 2012: Nil; 30 September 2011: EUR 14.4 million).

10. EMPLOYEE BENEFITS AND OTHER REMUNERATION

10.1 Post-employment benefits

Post-employment benefits comprise pension schemes and the partial payment of medical care insurance premiums following the retirement of employees.
The pension schemes include both defined contribution and defined benefit plans. The defined benefit plans comprise a defined benefit plan and a defined contribution plan with returns that are guaranteed in accordance with local obligations. The defined benefit plan was closed in December 2004.

The charge for the current financial year in respect of the defined contribution plans was EUR 1.6 million (30 September 2012: EUR 0.8 million; 30 September 2011: EUR 0.7 million). For the other plans, the table below details the Degroof group's commitments and the principal actuarial assumptions used:

	PENSION PLANS		
	30.09.2013	30.09.2012	30.09.2011
Present value of the funded obligations	*48 279*	*46 129*	*34 899*
Fair value of plan assets	*32 353*	*27 902*	*23 059*
Deficit (surplus) for funded plans	15 926	18 227	11 840
Present value of the unfunded obligations	0	0	0
Unrecognized net actuarial gain (loss)	(14 410)	(17 545)	(11 646)
Unrecognized past service (cost) benefit	0	0	0
A. Net liability (asset) of post-employment benefits	**1 516**	**682**	**194**
B. Change in Defined Benefit Obligation			
Balance at beginning of year	46 129	34 899	33 183
Current service cost	2 835	2 383	2 181
Interest cost	1 302	1 636	1 285
Actuarial (gain) loss	(197)	7 948	(753)
Benefits paid from plan/company	(1 849)	(776)	(1 078)
Net transfer	59	39	81
Balance at end of year	48 279	46 129	34 899
C. Change in fair value of plan assets			
Balance at beginning of year	27 902	23 059	24 677
Expected return on plan assets	1 095	1 161	1 215
Actuarial gain (loss) on plan assets	1 975	1 461	(4 284)
Employer contributions	3 171	2 958	2 448
Benefits paid from plan/company	(1 849)	(776)	(1 078)
Acquisitions	59	39	81
Balance at end of year	32 353	27 902	23 059

(in thousands of EUR)

	OTHER BENEFITS		
	30.09.2013	30.09.2012	30.09.2011
	0	*0*	*0*
	0	*0*	*0*
	0	0	0
	13 125	13 257	7 828
	(5 255)	(7 138)	(2 708)
	(80)	(96)	(112)
	7 790	**6 023**	**5 008**
	13 257	7 828	6 971
	1 015	570	550
	383	369	277
	(1 442)	4 575	115
	(88)	(85)	(85)
	0	0	0
	13 125	13 257	7 828
	0	0	0
	0	0	0
	0	0	0
	88	85	85
	(88)	(85)	(85)
	0	0	0
	0	0	0

	PENSION PLANS		
	30.09.2013	30.09.2012	30.09.2011
D. Components of cost			
Current service cost	2 835	2 383	2 181
Interest cost	1 302	1 636	1 285
Expected return on plan assets	(1 095)	(1 161)	(1 215)
Recognition of past service cost	0	0	0
Recognition of net loss (gain)	964	587	373
Net cost of post-employment benefits	4 006	3 445	2 624
Actual return on plan assets	3 070	2 622	(3 069)
E.1 Principal actuarial assumptions to determine the Defined Benefit Obligations			
Discount rate	3.00%	2.90%	4.75%
Future salary increase	3.00%	3.25%	3.25%
Inflation rate	2.00%	2.25%	2.25%
E.2 Principal actuarial assumptions to determine the Defined Benefit Obligations			
Discount rate	2.90%	4.75%	4.00%
Expected rate of return on plan assets	3.90%	4.86%	4.89%
Future salary increase	3.25%	3.25%	3.25%
Inflation rate	2.25%	2.25%	2.25%
F. Plan assets			
Equity securities	37.75%	37.93%	50.40%
Debt securities	52.81%	52.59%	40.06%
Real estate	9.44%	9.48%	9.54%
G. History of gains and losses due to experience adjustments			
Difference between the expected and actual return on plan assets			
Amount	(1 975)	(1 461)	4 284
Percentage	(6.10%)	(5.24%)	18.58%
Experience (gain) loss on plan liabilities			
Amount	(66)	369	1 859
Percentage	(0.14%)	0.80%	5.33%

(in thousands of EUR)

	OTHER BENEFITS		
	30.09.2013	30.09.2012	30.09.2011
	1 015	570	550
	383	369	277
	0	0	0
	16	16	16
	441	144	153
	1 855	1 099	996
	0	0	0
	3.00%	2.90%	4.75%
	0.00%	0.00%	0.00%
	5.25%	5.25%	5.25%
	2.90%	4.75%	4.00%
	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%
	5.25%	5.25%	5.25%
	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%
	0	0	0
	0.00%	0.00%	0.00%
	(622)	(431)	1 685
	(4.74%)	(3.25%)	21.53%

The table below sets out the data and a sensitivity test of the impact of a 1% change in the annual medical costs:

(in thousands of EUR)

	30.09.2013		30.09.2012		30.09.2011	
Medical cost trend rates						
Initial trend rate		5.25%		5.25%		5.25%
Ultimate trend rate		5.25%		5.25%		5.25%
Year		NA		NA		NA
Sensitivity analysis to medical cost trend rates	**1%**	**(1%)**	**1%**	**(1%)**	**1%**	**(1%)**
Effect on total service cost and interest cost	530	(370)	309	(223)	290	(206)
Effect on defined benefit obligation	4 209	(3 036)	4 340	(3 114)	2 196	(1 624)

10.2 Share-based payments

Bank Degroof has issued several share option plans in recent years for the benefit of its directors and senior management with the objective of ensuring their loyalty and aligning their personal interests with those of the Bank. These plans comply with local legal provisions.

These option plans include both cash-settled plans and plans that are settled in shares. In both cases there is generally a three to four year vesting period.

The share option plans which are settled by the delivery of shares are settled with either new shares or existing shares and can be exercised either quarterly or annually at the end of the vesting period.

These option plans are analyzed below, by maturity date, at 30 September 2013:

(in units, in EUR)

	30.09.2013		30.09.2012		30.09.2011	
FINAL EXPIRY DATEE	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
30.09.2015	97 405	192.3	97 805	192.30	98 005	192.30
30.09.2017	103 070	166.49	103 595	166.49	104 045	166.49
30.09.2018	183 436	149.42	183 986	149.42	104 533	148.92
	383 911	164.88	385 386	164.89	306 583	168.75

The movements on share options are as follows:

(in units, in EUR)

	30.09.2013		30.09.2012		30.09.2011	
	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OUTSTAND-ING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OUTSTAND-ING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance	385 386	164.89	306 583	168.75	207 693	170.39
Opening balance	0	0	80 026	150.08	104 045	166.49
Options withdrawn	(1 475)	167.15	(1 223)	162.48	(5 155)	178.50
Closing balance	383 911	164.88	385 386	164.89	306 583	168.75
of which exercisable	97 405	192.30	97 805	192.30	98 005	192.30

In respect of the above-mentioned plans and in accordance with IFRS 2, the Bank has recorded an expense of EUR 1.5 million in personnel expenses during the current financial year (30 September 2012: EUR 1.3 million; 30 September 2011: EUR 1.1 million). Until such time as these options are exercised, the recording of the expense does not have an impact on shareholders' equity as this balance is increased by an identical amount. Once the options are exercised, shareholders' equity will increase by an amount equal to the number of options exercised multiplied by the exercise price.

In order to determine the initial cost of the options to be expensed, the Bank uses a 'Black and Scholes' model with the following parameters at the grant date:

	30.09.2012	30.09.2011
Options granted during the period at end of:		
Grant date	31 May 2012	30 May 2011
Final maturity	31 March 2018	31 March 2017
Spot market value (EUR)	150.08	166.49
Dividends (EUR)	37.50	37.50
Exercised price (EUR)	150.08	166.49
Volatility	22.00%	18.00%
Interest rate	1.24%	2.95%
Fair value of options granted (EUR)	**15.78**	**19.90**

In addition to the above-mentioned plans, there are three cash-settled option plans at 30 September 2013. The fair value of these options is calculated annually on the basis of the underlying value of the options.
The first plan was established in 2009 using a subsidiary (BD Square Invest), the sole activity of which

was to hold shares in Bank Degroof, financed by own funds and borrowings. The number of options granted at 10 June 2009 was 103 190 of which 3 974 remain outstanding at 30 September 2013 and 4 733 were settled in cash during the current financial year. These options have a final exercise date of 15 March 2014 and an exercise price of EUR 60.60. A negative result of a few thousand Euros was recorded in respect of this plan during the current financial year.
The plan that is operated through BD Square Invest, is valued using an internal arbitrage model that gives the issuer the option of covering its position. This model takes into account the re-measured net asset value of the subsidiary, the financing cost for the remaining life of the option, possible dividends paid out by the subsidiary, the cost of hedging the value of the subsidiary's assets and the option exercise price. This model makes it possible to estimate the fair value of the option on the leveraged subsidiary, the volatility of which is too hazardous to estimate.
The second plan was established in 2013 using a subsidiary (Industrie Invest), the sole activity of which is the holding of shares in Bank Degroof, financed by own funds and borrowings. The number of options granted at 15 May 2013 was 79 870, all of which remain outstanding at 30 September 2013. These options have a final exercise date of 30 April 2021 and an exercise price of EUR 45. A negative result of EUR 0.2 million was recorded in respect of this plan during the current financial year.
This plan is valued using a specific model based on 'Least Square Monte-Carlo' type simulations in order to take into account the possibility of early exercising of the options. The principal data for this model are: a Euro interest rate curve, the cash price for Bank Degroof shares (EUR 158.03), anticipated dividends (EUR 5.50 during the whole lifetime of the options), and the implied volatility (20% corresponding to the at the money implied volatility of Eurostoxx 50 until the first possible exercise date after four years).
The third plan was established during the current financial year using a subsidiary (PrivatBank Degroof), for the sole benefit of the directors of PrivatBank Degroof. This plan replaces the plan established in 2009 which no longer has any value. The number of options granted at 25 September 2013 was 583 000.
These options have a final exercise date of 30 December 2019 and an exercise price that will vary in function of whether or not profits are recorded during the 2013 and 2014 financial years.
As the options were granted at the end of the financial year, the plan has not had a significant impact this year.

The data for the model linked to the BD Square Invest plan is set out in the table below:

OPTION FAIR VALUE AS AT	30.09.2013	30.09.2012	30.09.2011
Options BD Square Invest			
Revalued net asset (EUR)	113.67	100.61	112.56
Financing cost (EUR)	0.33	0.76	3.37
Hedge cost (EUR)	1.04	4.20	3.70
Exercise price (EUR)	60.60	60.60	60.60
Fair value of options granted (EUR)	**54.44**	**44.97**	**59.03**

11. RELATED PARTIES

For Bank Degroof, related parties include associates, joint ventures, pension funds, the members of the board of directors and executive committee of Bank Degroof Brussels, as well as the close family members of the above-mentioned persons and any company controlled or significantly influenced by one of the above-mentioned persons.

The tables below summarize, by type, the transactions entered into with related parties during the past three years:

30.09.2013 (in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGEMENT	OTHER RELATED PARTIES	TOTAL
Balance sheet					
Overdrafts	212	0	102	0	314
Term loans	11 598	17 288	45 628	0	74 514
Other loans and advances	0	0	0	134	134
Variable-income securities	0	0	5	0	5
Other assets	15	30	0	0	45
Total assets	11 825	17 318	45 735	134	75 012
Deposits	10 043	26 542	8 707	863	46 155
Other	0	0	0	1 649	1 649
Other liabilities	0	405	0	0	405
Total liabilities	10 043	26 947	8 707	2 512	48 209
Guarantees received by the group	30 502	0	98 622	0	129 124
Commitments	141	0	2 196	0	2 337

(in units)

Share options:					
Granted	1 400	0	0	3 500	4 900

30.09.2013

(in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGEMENT	OTHER RELATED PARTIES	TOTAL
Profit and loss					
Interest expenses	59	37	99	2	197
Loss on derivatives	0	5	0	12	17
Fee and commission	0	454	0	0	454
Personnel expenses	0	0	0	4 104	4 104
Other	0	0	0	105	105
Total expenses	59	496	99	4 223	4 877
Interest income	290	90	1 119	0	1 499
Profit on derivatives	0	0	0	5	5
Fee and commission	60	72	5	2	139
Total income	350	162	1 124	7	1 643

30.09.2012

(in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGE-MENT	OTHER RELATED PARTIES	TOTAL
Balance sheet					
Overdrafts	158	0	101	0	259
Term loans	16 184	0	36 337	0	52 521
Other loans and advances	0	0	0	155	155
Total assets	16 342	0	36 438	155	52 935
Deposits	9 401	0	10 148	1 026	20 575
Other	0	0	0	836	836
Other liabilities	0	0	77	1	78
Total liabilities	9 401	0	10 225	1 863	21 489
Guarantees received by the group	25 960	0	103 184	0	129 144
Commitments	150	0	1 000	0	1 150

(in units)

Share options:					
Granted	2 200	0	0	5 500	7 700
Exercised/sold	3 848	0	0	8 646	12 494

30.09.2012 (in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGEMENT	OTHER RELATED PARTIES	TOTAL
Profit and loss					
Interest expenses	87	0	97	11	195
Personnel expenses	0	0	0	3 576	3 576
Other	0	0	0	48	48
Total expenses	87	0	97	3 635	3 819
Interest income	952	0	2 293	0	3 245
Profit on derivatives	0	0	1	14	15
Fee and commission	66	0	60	0	126
Total income	1 018	0	2 354	14	3 386

30.09.2011 (in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGE-MENT	OTHER RELATED PARTIES	TOTAL
Balance sheet					
Overdrafts	0	0	2	0	2
Term loans	22 206	2 500	39 084	0	63 790
Other loans and advances	0	0	0	187	187
Variable-income securities	0	0	14	0	14
Other assets	0	0	59	2	61
Total assets	22 206	2 500	39 159	189	64 054
Deposits	17 694	1	9 456	1 147	28 298
Other	0	0	0	381	381
Other liabilities	0	0	1	0	1
Total liabilities	17 694	1	9 457	1 528	28 680
Guarantees received by the group	25 981	0	97 585	0	123 566
Commitments	57	2 500	1 884	0	4 441

(in units)

Share options:					
Granted	2 600	0	5 200	0	7 800

30.09.2011 (in thousands of EUR)

	ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE	ASSOCIATES	KEY MANAGEMENT	OTHER RELATED PARTIES	TOTAL
Profit and loss					
Interest expenses	583	0	276	9	868
Loss on derivatives	0	0	1	4	5
Personnel expenses	0	0	0	2 781	2 781
Other	0	11	0	53	64
Total expenses	583	11	277	2 847	3 718
Interest income	1 213	62	1 657	0	2 932
Fee and commission	37	5	302	0	344
Total income	1 250	67	1 959	0	3 276

All transactions with the related parties set out in the tables above were entered into under normal market conditions.

The costs related to remuneration paid to the members of the executive committee, including directors' fees paid, and costs related to the granting of options to the members of the board of directors, are presented by category of benefit granted to personnel, as defined in IAS 19 and IFRS 2:

(in thousands of EUR)

	30.09.2013	30.09.2012	30.09.2011
Short-term benefits	7 223	6 298	5 870
Post-employment benefits	189	196	154
Share-based payments	157	218	448
Total	7 569	6 712	6 472

12. POST BALANCE SHEET EVENTS

The meeting of the board of directors on 12 December 2013 decided to propose to the annual general shareholders meeting that a gross dividend of EUR 5.65 per share giving rise to a distribution outside the group of EUR 42 502 480.95, and authorized the publication of the financial statements.

AUDITOR'S FEES

(in thousands of EUR)	30.09.2013
Auditor's fees in the exercice of his mandate	247
Fees for exceptional services or special missions undertaken for the company by the auditor	25
Other attestation projects	5
Other missions outside the auditing missions	20
Fees paid to parties linked to the auditor in respect of an audit mandate undertaken at group level	436
Emoluments for exceptional services or specific projects completed within the company by parties related to the auditor	208
Other attestation projects	99
Tax consultancy missions	109

STATUTORY AUDITOR'S REPORT

Statutory auditor's report to the general meeting of Banque Degroof SA as of and for the year ended September 30, 2013

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended September 30, 2013, as defined below, as well as our report on other legal and regulatory requirements.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - UNQUALIFIED OPINION

We have audited the consolidated financial statements of Banque Degroof SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at September 30, 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated balance sheet amounts to EUR 5 279 456(000) and the consolidated statement of comprehensive income shows a net profit for the year, attributable to shareholders of the parent company, of EUR 74 012(000).

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at September 30, 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Kontich, January 15, 2014
KPMG Statutory Auditor
represented Peter Coox
Réviseur d'Entreprises /Bedrijfsrevisor

ABRIDGED COMPANY FINANCIAL STATEMENTS

The abridged non-consolidated statutory financial statements set out on the following pages are those of Bank Degroof Brussels, which has its registered office at rue de l'Industrie 44, 1040 Brussels.

These financial statements have been prepared in accordance with accounting policies generally accepted in Belgium. All amounts are stated in thousands of euros.

The statutory auditor has issued an unqualified opinion on the complete non-consolidated statutory financial statements, which will be filed with the National Bank of Belgium within the prescribed deadlines.

BALANCE SHEET AFTER PROFIT APPROPRIATION

(in thousands of EUR)

ASSETS	30.09.2013	30.09.2012	30.09.2011
I Cash in hand, balances with central banks and post office banks	61 307	63 414	156 566
II Short-term government securities eligible for refinancing at the central bank	49 579	24 993	0
III Loans and advances to credit institutions	138 085	163 414	335 343
A Repayable on demand	54 719	131 235	32 510
B Other loans and advances (with agreed maturity dates or periods of notice)	83 366	32 179	302 833
IV Loans and advances to customers	1 292 781	1 470 394	1 231 568
V Debt securities including fixed-income securities	1 143 925	1 215 520	936 250
A Issued by public bodies	169 175	238 934	352 544
B Issued by other borrower	974 750	976 586	583 706
VI Shares and other variable-yield securities	70 840	61 814	61 540
VII Financial fixed assets	275 308	281 905	303 697
A Participating interests in affiliated enterprises	273 098	255 310	222 588
B Participating interests in other enterprises linked by participating interests	2 160	13 933	44 446
C Other financial fixed assets	50	3 162	9 163
D Subordinated receivables from affiliated enterprises and other enterprises linked by participating interests	0	9 500	27 500
VIII Formation expenses and intangible fixed assets	19 155	22 561	26 039
IX Tangible fixed assets	9 424	10 591	10 111
XI Other assets	9 788	16 573	12 297
XII Deferred charges and accrued income	42 703	46 335	50 935
Total assets	3 112 895	3 377 514	3 124 346

(in thousands of EUR)

LIABILITIES	30.09.2013	30.09.2012	30.09.2011
Debts	**2 643 053**	**2 933 342**	**2 694 510**
I Amounts owed to credit institutions	565 994	517 949	502 533
A Repayable on demand	103 915	63 153	52 040
C Other debts (with agreed maturity dates or periods of notice)	462 079	454 796	450 493
II Amounts owed to customers	1 898 588	2 236 130	2 008 800
B Other debts	1 898 588	2 236 130	2 008 800
1 Repayable on demand	*1 649 008*	*1 738 253*	*1 219 176*
2 With agreed maturity dates or periods of notice	*249 580*	*497 877*	*789 624*
III Debt securities	13 000	13 000	13 000
A Bonds and debentures in circulation	13 000	13 000	13 000
IV Other liabilities	74 809	75 456	77 537
V Accrued charges and deferred income	24 206	29 249	31 046
VI Provisions and deferred taxes	6 356	1 458	1 494
A Provisions for liabilities and charges	6 079	1 170	1 196
3 Other liabilities and charges	*6 079*	*1 170*	*1 196*
B Deferred taxes	277	288	298
VII Fund for general banking risks	10 100	10 100	10 100
VIII Subordinated liabilities	50 000	50 000	50 000
Shareholders' equity	**469 842**	**444 172**	**429 836**
IX Capital	47 491	47 491	47 491
A Issued capital	47 491	47 491	47 491
X Share issue premiums	173 600	173 600	173 600
XII Reserves	78 167	78 188	78 209
A Legal reserve	4 749	4 749	4 749
C Untaxed reserves	23 418	23 439	23 460
D Reserves available for distribution	50 000	50 000	50 000
XIII Profit (loss(-)) brought forward	170 584	144 893	130 536
Total liabilities	**3 112 895**	**3 377 514**	**3 124 346**

(in thousands of EUR)

OFF-BALANCE SHEET CAPTIONS	30.09.2013	30.09.2012	30.09.2011
I Contingent liabilities	190 154	211 572	248 127
B Guarantees serving as direct credit substitutes	105 656	136 389	166 446
C Other guarantees	2 648	1 480	1 238
E Assets charged as collateral security on behalf of third parties	81 850	73 703	80 443
II Commitments which could give rise to a credit risk	206 406	607 341	267 111
A Firm credit commitments	0	14 000	2 030
B Commitments as a result of spot purchases of transferable or other securities	37 816	376 893	74 439
C Undrawn margin on confirmed credit lines	168 590	216 448	190 642
III Assets lodged with the credit institution	27 637 283	23 231 276	19 748 817
B Safe custody and equivalent items	27 637 283	23 231 276	19 748 817

INCOME STATEMENT

(in thousands of EUR)

CHARGES		30.09.2013	30.09.2012	30.09.2011
II	Interest payable and similar charges	15 595	22 400	26 362
V	Commissions payable	2 556	8 668	6 955
VI	Loss on financial transactions	0	0	593
	B Loss on disposal of investment securities	0	0	593
VII	General administrative expenses	91 020	92 926	85 002
	A Remuneration, social security costs and pensions	66 131	65 903	61 039
	B Other administrative expenses	24 889	27 023	23 963
VIII	Depreciation and amounts written off formation expenses, intangible and tangible fixed assets	6 077	5 774	5 351
IX	Increase in amounts written off receivables and in provisions for off-balance-sheet captions 'I Contingent liabilities' and 'II Commitments which could give rise to a credit risk'	2 958	1 355	109
X	Amounts written off on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	0	7 843	15 670
XV	Other operating charges	6 869	7 003	7 536
XVIII	Extraordinary charges	8 597	667	25 527
	A Depreciation and amounts written off formation expenses, intangible and tangible fixed assets	7	57	12 114
	B Amounts written off financial fixed assets	1 445	300	13 055
	C Provisions for extraordinary liabilities and charges: allowances	5 000	0	0
	D Loss on disposal of fixed assets	1 872	8	14
	E Other extraordinary charges	273	302	344
XX	Income taxes	3 063	8 733	3 555
XXI	Profit for the period	71 323	58 786	34 755
XXIII	Profit for the period, available for appropriation	71 344	58 807	34 776

(in thousands of EUR)

INCOME		30.09.2013	30.09.2012	30.09.2011
I	Interest receivable and similar income	40 188	58 018	56 578
	including that from fixed-income securities	17 532	23 052	22 036
III	Income from variable-yield securities	59 364	61 437	49 065
	A From shares and other variable-yield securities	2 936	2 195	1 648
	B Participating interests in affiliated enterprises	56 215	58 827	46 549
	C From participating interests in other enterprises linked by participating interests	209	280	328
	D From other shares held as financial fixed assets	4	135	540
IV	Commissions receivable	75 954	75 607	86 782
	A Brokerage and related fees	22 253	21 004	26 834
	B Remuneration of asset management, investment advice and safekeeping services	13 808	13 936	14 527
	C Other fees received	39 893	40 667	45 421
VI	Profit on financial transactions	19 127	9 236	12 724
	A Profit on trading of securities and other financial instruments	4 210	7 898	4 256
	B Profit on disposal of investment securities	14 917	1 338	8 468
X	Adjustments in write-downs on the investment portfolio of debt securities, shares and other fixed-income or equity investment securities	3 293	0	0
XI	Utilisation and write-backs of provisions for liabilities an charges other than those included in the off balance sheet captions 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk'	91	0	0
XIV	Other operating income	8 815	8 592	4 487
XVII	Extraordinary income	964	901	977
	B Adjustments to amounts written off financial fixed assets	771	586	0
	C Adjustments to provisions for extraordinary liabilities and charges	0	25	0
	D Gain on disposal of fixed assets	100	99	822
	E Other extraordinary income	93	191	155
XIX Bis	B Transfers from deferred income taxes	11	11	11
XX	B Adjustments of income taxes andwrite-back of tax provisions	251	353	791
XXII	Transfers from untaxed reserves	21	21	21

(in thousands of EUR)

APPROPRIATION ACCOUNT	30.09.2013	30.09.2012	30.09.2011
A Profit (loss (-)) to be appropriated	216 237	189 343	172 951
1 Profit (loss (-)) for the period, available for appropriation	71 344	58 807	34 776
2 Profit (loss (-)) brought forward	144 893	130 536	138 175
C Appropriation to capital and reserves	0	0	0
2 To the legal reserve	0	0	0
D Profit (loss (-)) to be carried forward	170 584	144 893	130 536
F Distribution of profit	(45 653)	(44 450)	(42 415)
1 Dividends	(45 308)	(44 105)	(42 100)
2 Directors' fees	(345)	(345)	(315)

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Institutional asset management						
Investment fund management	·	·	·	·	·	
Institutional asset management	·	·	·	·	·	
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