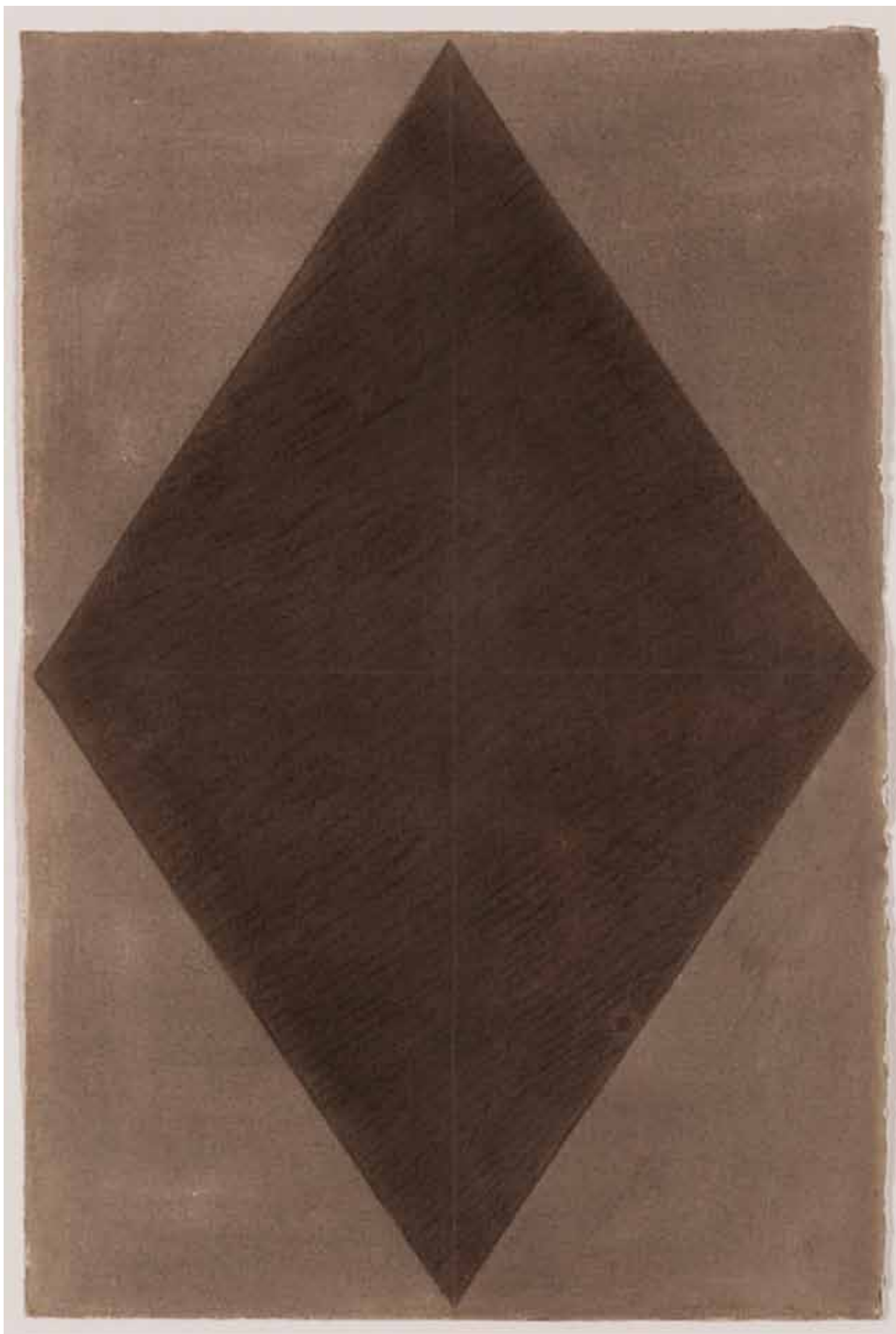


DELEN

P R I V A T E B A N K



A N N U A L R E P O R T 2 0 1 2



Dan Van Severen

4	Foreword
8	The mission of Delen Private Bank, interview with Jacques Delen
10	Key figures for 2012 and outlook for 2013
12	Delen Investments since 1936
14	Shareholders and group structure
14	The Delen Investments group
16	Ackermans & van Haaren
18	Bank J. Van Breda & C ^o
19	JM Finn & Co (Ltd)
20	Corporate governance
22	Wealth management and relationship management
26	Funds management by Cadelam
30	Legal analysis: a turbulent 2012
32	Global economy: growing optimism
38	Strategy of Delen Private Bank
40	Financial overview for 2012
42	Operational overview for 2012
44	Delen Ghent and Brussels: a rich historical context
49	Online: discretion, control and ease of use
50	Sponsors of beauty
53	Financial statements
54	Consolidated financial statement
54	Results
55	Balance sheet
56	Statutory financial statement
56	Balance sheet after profit appropriation
58	Profit-and-loss account
60	Off-balance sheet items
61	Result processing

■ 2012, a paradoxical year: downturn and increasing market confidence!

The fifth year of the financial crisis came to an end on 31 December 2012. After two years of contraction, the world economy rebounded in 2010 as a result of the voluntary policy of both the political authorities (fiscal incentives) and the monetary authorities (low interest rates, liquidity injections on a large scale, redemption of bonds). In 2012 the impact of those policies started to weaken and the global economy is once again deteriorating: Europe is caught in a recession, Japan is stagnant, the US maintains limited growth, but at the expense of a budget deficit of 7%! Even the emerging countries are suffering (growth in Brazil is only 1% and China is far below the 10% growth level we have become used to).

This should come as no real surprise: the economy can do little but react negatively to high unemployment figures in developed countries and great return to budget discipline (with Europe at the forefront). The main reason for this is that the reduction of public debt in developed countries will require budget restrictions for quite a number of years.

”

The has magic has worked: interest rates have fallen significantly in the weakest countries in the Eurozone and the Euro has strengthened significantly against other currencies.

”

How can we explain the unstoppable recovery of the markets while the economy is still weak?

First and foremost there is the **intervention of Mario Draghi**, governor of the European Central Bank, on 27 July 2012, which was “the key moment” in restoring investor confidence. He stated that the ECB would do “whatever it takes” to protect the Euro. This statement was quickly picked up by the British press and several speculators. Those few words were enough to reassure investors: since then the ECB has not had to invest a single Euro to support its own currency or credit levels in the weakest countries in the Eurozone. The magic has worked: debt interest rates have fallen sharply in these countries, Ireland has re-entered in the financial markets from which they had been excluded since 2008, the Euro has strengthened against the dollar, the British pound and the yen. Capital flows between the European periphery and the centre were reversed, as a result of which the claim of the ECB on the periphery has reduced, something that has happened for the first time since the beginning of the crisis. There is therefore a restoration of confidence in the United States and thus in the banks that are once again lending to each other; the sharp decline in interbank rates in Europe is testament to that.

There are also **encouraging signs in the global economy**: the real estate market in the US is improving again - its collapse was at the heart of the crisis of 2007-2008 - unemployment levels are dropping and the industry is starting to move again. Production costs have, after all, dropped as a result of wage adjustments and, perhaps more significantly, due to a dramatic decline in energy costs following exploitation of shale gas. The policy in Europe is the opposite as there is a ban on the exploitation of shale gas, nuclear power plants are being closed down and very expensive, inefficient wind power is being promoted. It therefore comes as little surprise that unemployment levels continue to rise over here, while industry in the US is experiencing a revival.

Investors have rediscovered (for lack of a better alternative?) certain asset classes.

Investors, who have been hamstrung since 2008, had resorted to "safe" investments that do not really yield anything (German 10-year bonds provide gross income of less than 1.5% per year) or yield lower than inflation rates, even though that remains low. This strategy is not sustainable for the long-term and investors have slowly returned to corporate bonds and eventually made cautious steps towards shares. This cash flow has ensured that the rate for corporate bonds has increased sharply. Share prices followed closely in the second half of 2012, led by the markets that had lost most in 2011 (Europe +13.8%, Asia, excluding Japan, +16%).



Good results by our management in 2012

The Delen Investments Group combined its traditional caution with common sense and a dash of daring and profited from these market recoveries by anticipating the movements of investors.

As soon as they noticed that the markets were stabilising they once again took positions on the corporate bonds market where numerous opportunities were seized before once more investing in stocks, which currently provide the greatest potential. Caution is naturally advised because the recovery is still fragile, as is the situation of certain developed countries. Even more so since people are showing signs of exhaustion after five years of austerity and they are open to being seduced by comforting populist promises, as was clearly demonstrated in the recent Italian elections. A return to a lax budget policy or the temptation to ignore public debt would obviously have catastrophic effects on the markets.

We therefore remain vigilant and cautious with our investments and focus on the solidity of balance sheets and the prospects of companies that we invest in. We are always willing to reduce our exposure to the markets if the risks of political or economic change were to become reality.

Shares would have to contribute even more than bonds to the results for 2013, a year in which confidence in the markets should become further reinforced. This year will probably also include some chaotic periods, which incidentally will continue to typify this difficult upturn following the deepest economic crisis since the war.

Belgium: budget controls and savings taxation

Belgium is a good student in the European class and it will be able to remain under the 3% limit as of 2013 (it will take France many years to do the same). The country is nevertheless still suffering from its large debt, which is a burden that it has already been carrying for more than 30 years! Each Budgetary Control is a painful exercise, also for taxpayers, in a state that swallows more than 50% of GDP. It is understandable why savings - which are ultimately only income surplus and have already been taxed - are taxed less here than elsewhere. It is, however, normal that savings, just like everyone and everything must contribute to the austerity effort.

This was done by increasing taxation on dividends (+66% on bonds, cash and tax benefit shares, whereby withholding tax increased from 15 to 25%). An initial system was introduced that makes it mandatory for taxpayers to make complicated declarations that strip them of their anonymity; fortunately the government abandoned this in favour of the simplified system where the banks are responsible for withholding tax deductions at the source, and thereby maintaining the privacy of savers.

”

Because of our ‘natural’ caution we were able to maintain the capital of our clients during the crisis, but that did not prevent us from achieving exemplary results during the revival of 2012 by first investing in bonds and then in shares.

”

The government is currently still working on a new formula for tax amnesty that would follow EBA bis (the new fiscal amnesty laws). We can only be pleased about this as we have always argued that savers should comply with tax laws. We hope that measures will be simple and clear and that Belgian citizens will be allowed to regularize what they owe in an orderly manner, with legal certainty and at a reasonable cost. On the fiscal side, our policy must be guided by principles such as simplicity, fairness, certainty, protection of privacy and stable legislation.

The bank invests in the future

Our cautious investment approach with a dynamic spirit has allowed us to maintain the capital of our clients during a difficult period and to further develop it once the markets recovered. As a result many of our clients have entrusted new assets to us in recent years. In order to continue to provide high quality service and to keep close contact with our clients the bank has considerably strengthened its team of employees. Investments were also made in its offices to be able to continue to host both employees and clients in an attractive, spacious and efficient environment. This year, two new branches will be opened, one in Ghent and one in Brussels. Our building at Tervurenlaan in Brussels is being completely renovated with harmonious integration of old and modern elements. Our two teams in Brussels will be brought together there from May 2013.

Conclusion

2012 was a key year for the gradual exit from the crisis that has affected the global economy since 2008. The restoration of investor confidence was stronger than the weakening of the economy and the markets developed nicely. The Delen Investments group has ensured that all of the portfolios that it manages benefited from this.

Our task for the financial year 2013 consists of maintaining capital and aiming to get it to grow in the long-term, despite an environment that remains difficult and the low interest rates. The group will continuously develop the quality of its services and further improve the close relationships with its clients. For this reason we continue to reinforce our teams by recruiting and training young talent. This growth is accompanied by large investments and we will be opening two new branches in 2013, one in Brussels and one in Ghent. In the same manner as our management combines caution with dynamism, the bank has also opted for a harmonious combination of old and new elements. ■



■ The power of simplicity

We are living in turbulent times, the global world is accelerating. Our industry is also under enormous pressure. The volatility of the markets creates turmoil, but also opportunities. And yet we believe - more than ever - in the strength of our approach: "keep it simple". Delen Private Bank continues to build resolutely on a long-term vision and to convert complex problems into clear and effective solutions. We do so with our heart and soul. And with results: we look back with satisfaction at the positive results for our clients and our bank in 2012. We believe in continuity for 2013 with these same dynamics.

Daring to choose the essence

Delen Private Bank is consciously, resolutely and consistently focusing on one main activity: management of the assets of private clients. The preservation of their portfolio is our first and main concern. We always look at the heart of the matter. Far from sophisticated products and solutions, far from flashy and complicated formulas, we believe in a basis of pure asset management. We strive for consistent results from a perspective of prudence and dynamics. We do not allow ourselves to be tempted by the fashion of the day, but offer our customers a total solution to manage, protect and grow the value of their assets in a balanced manner.

Efficient, modern means makes for a transparent and reliable service

We manage assets in a modern way. IT and efficient technological tools are vital for the proper analysis of increasingly complex data, while these tools also simplify the structures to provide clear presentations to our clients. We do not want to overwhelm them with all kinds of recipes, but rather offer them a comfortable situation to have their capital and assets managed in a clear and transparent manner.

Steady growth for our clients

Our determined and no non-sense approach has also ensured that the crisis has largely passed our bank and our clients. We protect our results from the instability of the market and our clients trust this. We nevertheless dare to take steps on the back of a balanced analysis and based on our experience. Shares for instance were given renewed attention in the middle of 2012 in our portfolios, while most investors still shied away.



Driven by passion and experience

Delen Private Bank has a rich history of enthusiastic entrepreneurship. The Members of our Management Committee have grown up in the profession and have learned through a multitude of situations, crises and events to make accurate evaluations and to be resourceful, alert and creative. The Members of the Management Committee are an integral part of the team and they have daily contact with our clients. All our employees are aware of this commitment, the family values, collegiality and an open communication.

Striving for beauty and harmony with care and enthusiasm

Management and all of our employees commit themselves with enthusiasm and full support for all our initiatives. Whether this is our portfolios and our products or on the level of our client relations and our environment. We strive to achieve the best in everything we do with the resources available to us. This applies to the design of an office, the organisation of an event or composing a portfolio. We believe that dedication, care and personal commitment make a difference and show the way to great achievements.

The commitment of Delen Private Bank

- > Direct and open relations, even the directors who are in daily contact with clients.
- > Simplicity, balance and transparency in our analyses, opinions and decisions.
- > Steadfast asset management and substantiated asset management advice.
- > Creating a comfortable situation for our clients.
- > Respect and proper monitoring of fiscal legislation.
- > A familial, warm and honest atmosphere.

Key figures and prospects

Groep Delen Investments (organization chart p.14)

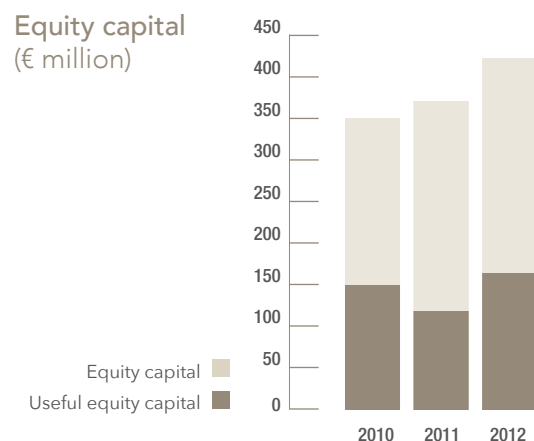
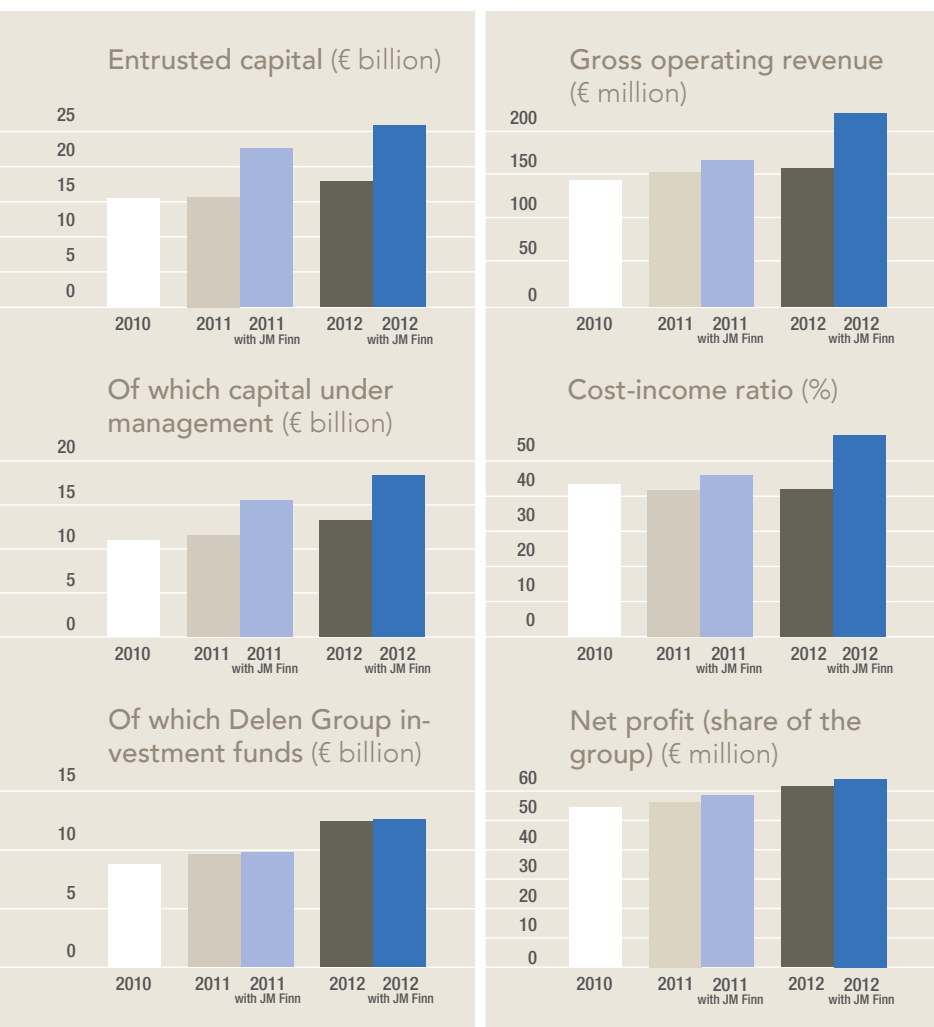
2012: growth and recovering markets

Delen Investments continues to grow and ended on 31 December 2012 at a record level of total managed assets of Euro 25.9 billion. All offices of the group contributed to this growth of 14.6% compared to managed assets at the end of 2011 (Euro 22.6 billion). The key figures for the last three years show how the Bank has continued to apply its strategy in order to provide its customers with the best service.

Delen Investments focuses on discretionary management (73% of all capital at Delen Private Bank) and leans on an efficient organisation in order to guarantee best-in-class service with a steady team of employees.

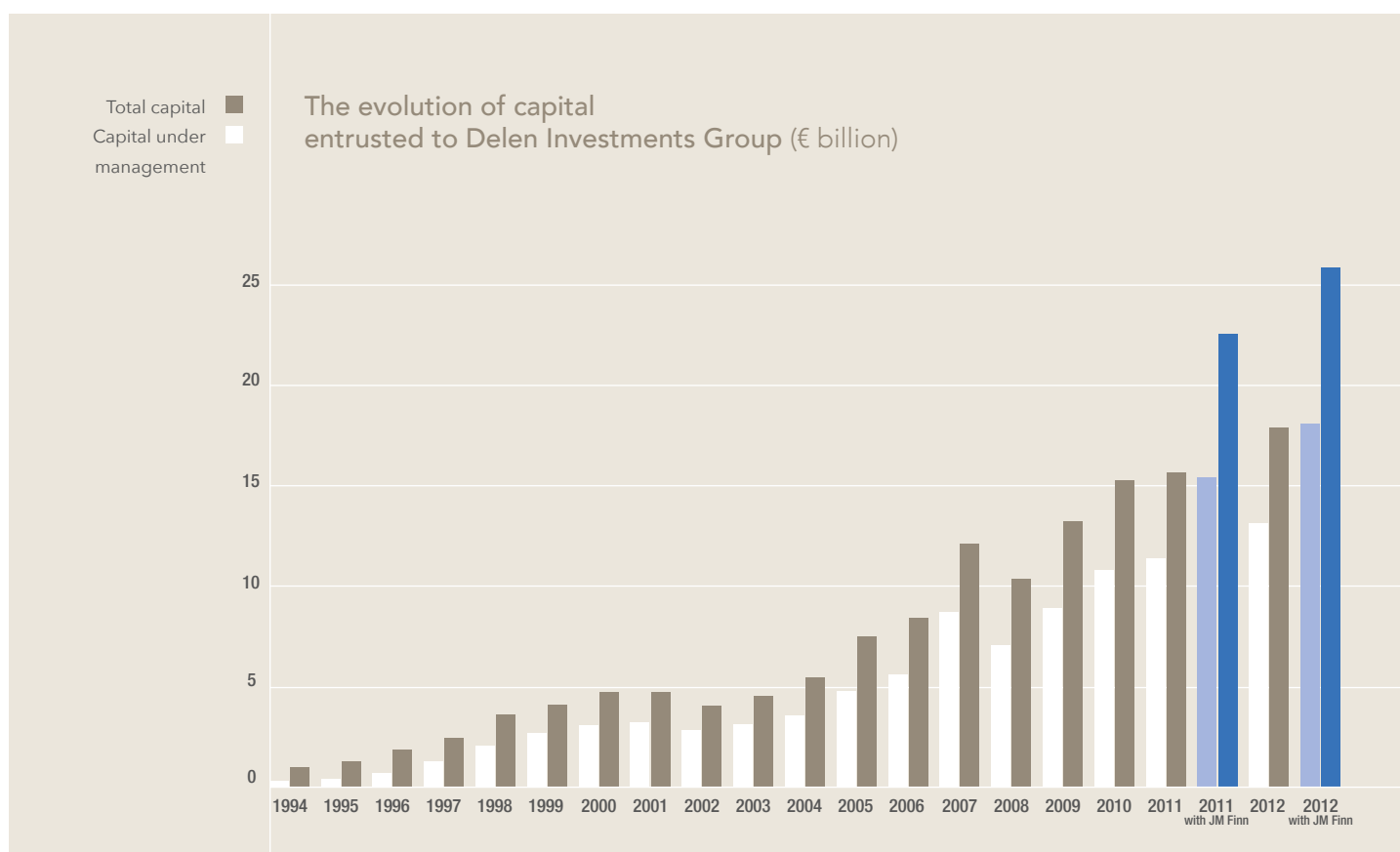
The group has shown in 2012 that it is not only capable of protecting its client portfolios under discretionary management in difficult markets, but that it can also help its clients to benefit from a positive market environment. Delen Investments has also experienced strong growth in income and net profits, as a result of the increase in managed assets. The full impact of the acquisition of JM Finn has become clear in the financial results of the Delen Investments Group in 2012. This means that the cost-income ratio of Delen Investments increased to 55% as expected.

Thanks to this growth and the recovering markets Delen Investments finds itself in a favourable position to face 2013.



2013: growth from own business model

The Delen Investments Group will continue to strive to attract new capital, with a focus on regions where its reputation is on the rise. The new employees who have come on board in Belgium and in England in 2012 to help assist growth will also contribute.



In the first few months of 2013 Delen Private Bank plans to move into its new offices in Ghent, located at Coupure Rechts, and to reopen the fully renovated offices at Ter-vurenlaan in Brussels. In 2013 the full impact of the increase in assets under management will be clearly seen in the financial results of the Delen Investments group.

The group also continues to evaluate external growth opportunities. The emphasis, however, remains on collaboration with JM Finn & Co. The group is confident that its business model, which has developed in a steady rhythm in Belgium, is also applicable to other markets where the group is active. ■

A balanced growth strategy

Delen Private Bank has steadily grown since 1936, true to our own identity and together with our clients. Over the years we have acquired various private banks and asset managers. Their teams have become a part of the Delen Investments Group. Continuity is key to this growth strategy. A healthy structure and many years of experience have given Delen Private Bank a unique position in the market.



1936 André Delen establishes the Delen stock broker.



1975 His sons Paul and Jacques Delen follow in the footsteps of their father to head the brokerage firm.



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

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

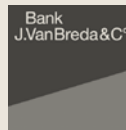


1992 Delen holding merges with the investment company Ackermans & van Haaren.

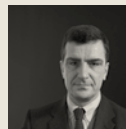
1994 Delen strengthened itself with the acquisition of Banque de Schaetzen from Liege and of several listed companies in Brussels and Antwerp.



1996 Signing of a cooperation agreement with stock brokers De Ferm.



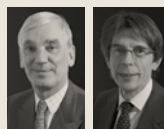
1997 Ackermans & van Haaren and the shareholders of Bank J. Van Breda & Co place their bank subsidiaries under the Finaxis holding.



2000 Acquisition of the stock broker Havaux further strengthens the position in Brussels.

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

2004 Acquisition of the Luxembourg Axa subsidiary Banque Ippa & Associés, which became known as Banque BI&A.



2007 Acquisition of Capital & Finance. Merger of Capfi with Delen Private Bank.

Local roots and recognition by the market

Delen Private Bank intentionally chooses a presence close to its clients. For this reason more branches were opened in 2007 spread over the country. Throughout the years our expertise and the quality of our funds have repeatedly been recognised with awards.



2007 Opening of the new office in Ghent (Merelbeke).

Euromoney awards Delen Private Bank the title of 'Best Private Bank in Belgium'.

2008 Opening of the office in Hasselt.

Multiple awards for Delen Private Bank and Capfi Delen Asset Management, including 'Best Private Bank in Belgium' again.

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

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

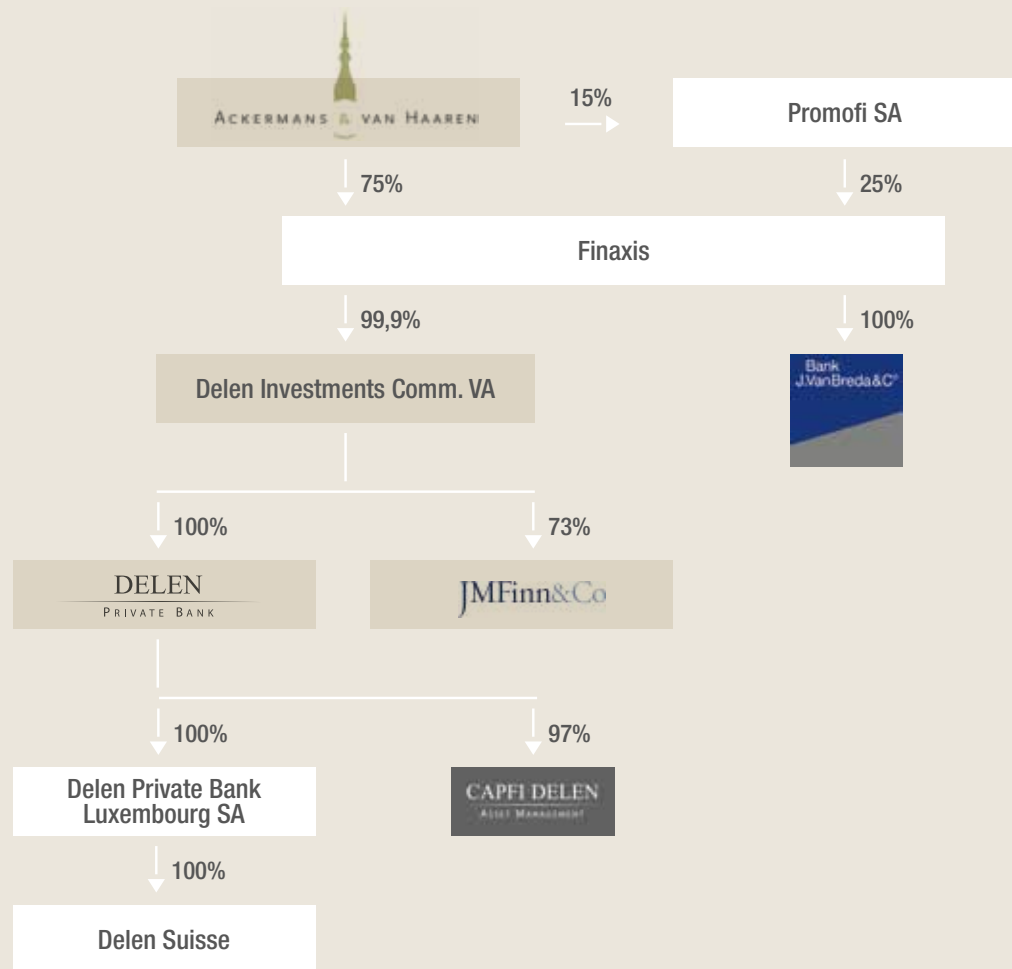
2011 Majority participation in JM Finn & Co in London.

Euromoney awards Delen Private Bank the prize of 'runner up Best Private Bank in Belgium'. High score for Cadelam funds at the Cadelam Fund Awards and in De Tijd.

2013 Delen Private Bank Ghent moves from Merelbeke to a stately mansion at Coupure in Ghent.

The Brussels office at Tervurenlaan reopens after extensive renovation.

■ A strong financial group



Delen Investments

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

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

All but twenty shares of Delen Private Bank are held by Delen Investments. The shares of Delen Investments Comm. VA are in turn, with the exception of two shares, held by Finaxis NV, which was founded in 1997. As a statutory manager, the Delen family and the AvH Group each hold one share in Delen Investments Comm. VA. Cooperation with Ackermans & van Haaren NV (AvH) started in 1992, when the Delen holding merged with this investment company from Antwerp.

DELEN
PRIVATE BANK



Today, AvH, as a reference shareholder, owns 75% of the shares of Finaxis NV. The Delen family has a 25% participation in the capital of Finaxis NV through the company under Luxembourg law Promofi SA. AvH owns 15% of Promofi. The main participations of Delen Investments are in Delen Private Bank and since 2011 also in JM Finn (73.49% participation), a leading investment manager in the United Kingdom.

Delen Private Bank has two subsidiaries: Delen Private Bank Luxembourg SA and Capfi Delen Asset Management NV (Cadelam), an authorised asset management company for the Collective Investments. Delen Private Bank Luxembourg SA holds 100% of the shares in 'Delen Suisse' SA.

The group's general banking activities, focused on SMEs (Small and Medium Enterprises), professionals and entrepreneurs, fall under Bank J. Van Breda & C°. The strong growth of both banks (Delen Private Bank and Bank J. Van Breda & C°) has turned the financial segment into a very important branch within the AvH group. ■

Ackermans & van Haaren

On an economic level in 2012, the Ackermans & van Haaren Group represented through its share in participations a turnover of Euro 3.3 billion and employed around 18,750 people. The group concentrates on a limited number of strategic participations with significant growth potential. AvH is listed in the BEL 20 index, the Private Equity NXT index of Euronext Brussels and the European DJ Stoxx 600.



Ackermans & van Haaren (AvH) is a diversified group active in 5 key sectors: Marine Engineering & Infrastructure (DEME, one of the largest dredging companies in the world - Algemene Aannemingen Van Laere, a leading contractor in Belgium), Private Banking (Delen Private Bank, one of the largest independent private wealth managers in Belgium, and investment manager JM Finn in the UK - Bank J. Van Breda & C°, a niche bank for entrepreneurs and professionals in Belgium), Real Estate, Leisure & Senior Care (Leasinvest Real Estate, a listed property trust - Extensa, an important land and real estate developer focused on Belgium, Luxembourg and Central Europe), Energy & Resources (Sipef, an agro-industrial group in tropical agriculture) and Development Capital (Sofinim and GIB). The group focuses on several core companies with international growth potential and is led by an experienced, multidisciplinary management team. AvH is involved in selecting the top management and in defining the long-term strategy. As an investor, AvH assumes the role of proactive shareholder. AvH concentrates on a limited number of participations with clear objectives, including responsibilities

relating to the financial positions of each of the participations. Thus, AvH focuses on the systematic creation of shareholder value through a long-term strategy. ■

Evolution of AvH shares, all shares index Brussels and equity capital per share (€)



*All shares index re-based to quotation AvH share June 1984.



(in € '000)	Ackermans & van Haaren (consolidated)						
	2012	2011	2010	2009	2008	2007	2006
Market capitalisation	2.085.852	1.930.762	2.092.890	1.741.504	1.219.287	2.244.293	2.110.305
Equity capital	2.512.473	2.364.994	2.153.375	2.020.873	1.926.109	1.997.428	1.803.253
Equity capital (share of the group)	2.007.473	1.882.631	1.711.350	1.595.501	1.517.147	1.580.059	1.423.664
Net profit (share of the group)	167.469	177.506	160.804	117.450	114.558	241.390	307.600

(in € '000)	Finaxis (consolidated)						
	2012	2011	2010	2009	2008	2007	2006
Equity capital	852.926	785.769	613.549	547.768	486.177	437.275	397.779
Net profit (share of the group)	89.950	111.857	79.553	56.532	51.046	57.890	53.772



Bank J. Van Breda & Co

The activities of Delen Private Bank and its affiliate Bank J. Van Breda & Co are eminently complementary: Delen Private Bank focuses on the management of private wealth, while Bank J. Van Breda & Co is a reference bank for entrepreneurs and professionals, both privately and professionally.



Bank J. Van Breda & Co intends becoming leading banker in its sector with a quarter of professionals and 10% of entrepreneurs.

Because Bank J. Van Breda & Co is not a product Banker: your relationship manager analyses your needs, makes recommendations and then sells the appropriate solution. As a financial advisor, Bank J. Van Breda & Co is first and foremost a specialist bank. They have a good eye for the financial balance between the company, the practice or office on the one hand, and private wealth on the other hand. The results show that the clients appreciate this approach: Bank J. Van Breda & Co has been a profitable niche player for many years. ■

(in € '000)	Key figures				
	2012	2011	2010	2009	2008
Total invested by clients	8.010.469	7.469.140	6.368.943	5.644.268	5.009.245
Client deposits	3.424.426	3.453.279	2.596.766	2.358.533	2.221.400
Off. balance client assets	4.586.043	4.015.861	3.772.177	3.285.735	2.787.845
Total private lending	3.306.419	3.043.941	2.631.339	2.328.371	2.202.059
Group equity capital	427.267	394.969	258.620	243.667	222.513
Net income	27.739	54.880	25.664	23.317	20.619
Cost income ratio	58%	61%	57%	60%	60%
Staff	465	462	418	399	403



JMFinn&Co (Ltd)

The majority stake in JM Finn & Co Ltd. is the starting point for a promising collaboration with a soul sister in the United Kingdom.

JMFinn&Co

Back from left to right:
Paul De Winter, Hugo Bedford,
Gregory Swolfs, Charles Beck,
Eric Lechien
Front row left to right: Simon
Temple Pedersen, Jacques Delen,
James Edgdale, Steven Sussman,
Paul Dyas



The acquisition of 73.49% of the London asset management company JM Finn & Co Ltd in 2011 was an important step for the Delen Investments group. JM Finn & Co. acts as asset manager for private clients and has been active since 1945. Its head office is located in London and it has offices in Bristol, Bury St Edmunds, Cardiff, Ipswich and Leeds. The customer portfolio of JM Finn & Co consists of wealthy families and entrepreneurs in the United Kingdom. JM Finn & Co maintains a relationship of trust with its clients and it boasts a strong reputation as an independent investment manager that provides tailor-made services. The results of the company are a consequence of timeless values and modern strengths. At the end of 2012 JM Finn & Co had more than Euro 8 billion (£ 6.5 billion) assets under its management, 62% of which is in discretionary management. The increase compared to the end of 2011 in capital and the percentage of discretionary asset management show that the arrival of the Delen Investments Group has been positively welcomed by the clients of JM Finn & Co. The position of JM Finn & Co in the attractive British onshore investment management market, combined with the skill and experience of Delen Private Bank must allow JM Finn & Co. to grow further and to evolve its operating model in order to become a prominent player on the English investment

management market. In 2012, the cooperation between Delen Private Bank and JM Finn & Co became deeper. Not only at the level of the board of directors and the executive committee, but also at operational level ad hoc teams work together and exchange best practices. The board consists of James Edgedale and Steven Sussman, who are also directors, supplemented by Charles Beck, head of compliance, and three managers: Hugo Bedford, Paul Dyas and Simon Temple-Pedersen. The Delen Investments Group has three representatives in the executive committee and four board members. The executive committee of JM Finn & Co has outlined strategic initiatives that will be implemented in the next two years. This will help JM Finn & Co to evolve further from a traditional brokerage firm to a more efficient and modern investment manager, without affecting the trust that exists between the investment managers and their clients. Where relevant, use is made of the experience and infrastructure of Delen Private Bank. The net result of JM Finn & Co in 2012 amounted to £ 3.7 million. The contribution of JM Finn & Co to the net profit of the group was Euro 2.4 million (after clientèle amortisation expenses and 26.51% minority interests of Euro 2.2 million in total). Because JM Finn's current cost-income ratio is 89%, the contribution to net profit is more modest than the assets under managements and the gross operating income. The Delen Investments Group fully supports JM Finn & Co in its challenge to implement a successful growth strategy, while at the same time improving its profit levels. ■

(in £ '000)	JM Finn & Co
	2012
Assets under management	6.505.000
Of which discretionary	4.050.000
Equity capital	22.811
Gross operating income	48.837
Net income	3.754
Cost-income ratio	89%
Staff	306

■ Management and supervision Delen Private Bank



Executive Committee

All members are appointed by the board of directors, of which they are also members.

The executive committee is responsible for determining the strategy of the bank, within the guidelines determined by the board. It is accountable for the day-to-day management of the Bank and management of its various services, which in turn report to the Executive Committee. The Executive Committee closely monitors the Bank's performances and ensures that profitability targets are achieved.

The composition of the executive committee is as follows:

Chairman

Jacques Delen

Members

Christian Callens
Filips De Ferm
Paul De Winter
René Havaux
Eric Lechien
Thierry Maertens de Noordhout
Arnaud van Doosselaere
Bernard Woronoff

Board of Directors

The Board of Directors of Delen Private Bank is responsible for determining the general policy of the Bank and for supervising the Executive Committee. The board members each have a wealth of experience and they assess the policies and performance of the Bank from different angles.

Chairman

Jan Suykens

Directors

Tom Bamelis
Luc Bertrand
Christian Callens
Comm. VA Delen Investments
(represented by Paul Delen)
Filips De Ferm
Paul De Winter
Piet Dejonghe
Eric Dekeuleneer
Michel Delbaere - independent director
Jacques Delen
René Havaux
Carlo Henriksen
Eric Lechien
Mark Leysen
Thierry Maertens de Noordhout
Pierre Sureda
Arnaud van Doosselaere
Bernard Woronoff

The executive committee of Delen Private Bank.
Back from left to right: Filips De Ferm, Arnaud van Doosselaere, Paul De Winter, Eric Lechien, Bernard Woronoff, Thierry Maertens de Noordhout.
Front from left to right: René Havaux, Jacques Delen, Christian Callens.

Audit Committee

An Audit Committee has been established within the Board of Directors which is responsible for monitoring the financial reporting process, compliance with administrative, legal and tax requirements and for defining internal auditing procedures.

The audit committee is composed as follows:

Chairman

Luc Bertrand

Members

Michel Delbaere

Jan Suykens

All members of the audit committee possess the required bookkeeping and auditing expertise:

Luc Bertrand graduated from the K.U. Leuven in 1974 as a business engineer. He worked for Bankers Trust Co in New York, Amsterdam and London until 1986 (Vice-President, North Europe Area Manager). In 1985 he was appointed a director and in 1987 the administrative and financial director of Ackermans & van Haaren NV. Since 1996 he has chaired the Executive Committee of Ackermans & van Haaren NV. He is also the chairperson of Finaxis. He holds several directorships in and outside the Ackermans & van Haaren group and he has also been appointed an independent director at Schroders and at ING Belgium. Luc Bertrand also used to be a director at Banque Indosuez Belgique and at the Generale Bank of Belgium until its acquisition by Fortis.

Michel Delbaere is a graduate in law and economic sciences. He is director of various financial and economic corporations and associations. He is also the founder of companies such as Crop's NV, Hesbayefrost SA, Monliz SA, MDC Foods Ltd and Crop's & Partners, and he is a director at several of these companies. Michel Delbaere is also the managing director of Crop's Holding and he is a member of the executive committee of VBO and chairman of VOKA.

Jan Suykens holds a degree in business economics and he obtained an MBA at the Columbia University in New York. He started his career in the Corporate & Investment Bank-

ing department of Fortis Bank. He has been the CFO and a member of the Executive Committee of Ackermans & van Haaren NV since 1990. He also holds several mandates within the Ackermans & Van Haaren Group and he has been appointed as an independent director of Baloise Belgium

Auditors

Delen Private Bank has appointed Ernst & Young Auditors as the company auditors:

Ernst & Young company auditors BCVBA, with Mr Pierre Vanderbeek acting as the legal representative
De Kleetlaan 2, B-1831 Diegem ■





■ Wealth management is relationship management

Delen Private Bank focuses exclusively on the wealth management of its clients assets. This takes place in all transparency and continuity. The comfort of our clients is paramount. We formulate an investment strategy based on a thorough and current analysis of the market whereby risk management is our central focus.

”

The directors are also in daily contact with various clients.

”

Trust, transparency, simplicity and no ambiguity

Trust is a fundamental value at Delen Private Bank. We want to offer our clients a high degree of comfort and convenience. Within this context, all relationship managers and directors are in daily contact with various clients. Being in touch with the market, closeness and respect are essential building blocks for creating trust. Heavy hierarchical structures are not needed, but rather an efficient and horizontal organisation of relationship managers is the best method to guide and advise clients with peace of mind and a clear conscience. The fact that Delen Private Bank is able to win the confidence of its clients so easily proves that there is a high degree of discretionary management. More than 80% of our clients today prefer our approach, which is on the highest end of the market!

Moreover, we restrict ourselves to the essence of our profession. We focus exclusively on the management of client portfolios. This allows us to focus on our clients, each and every day. As Belgian and independent group, with 260 experienced specialists, Delen Private Bank is at the top of the market when it comes to wealth management.

We also pay due care and diligence to our cost structure. The entire organisation of Delen Private Bank is extremely cost efficient. Our cost structure is low compared to the market average and our cost/income ratio of 40 is highly competitive. Our awareness of day-to-day costs ensured that we achieved this extraordinary result, which our entire team is very proud of.

Our risk management forms the basis of our client satisfaction

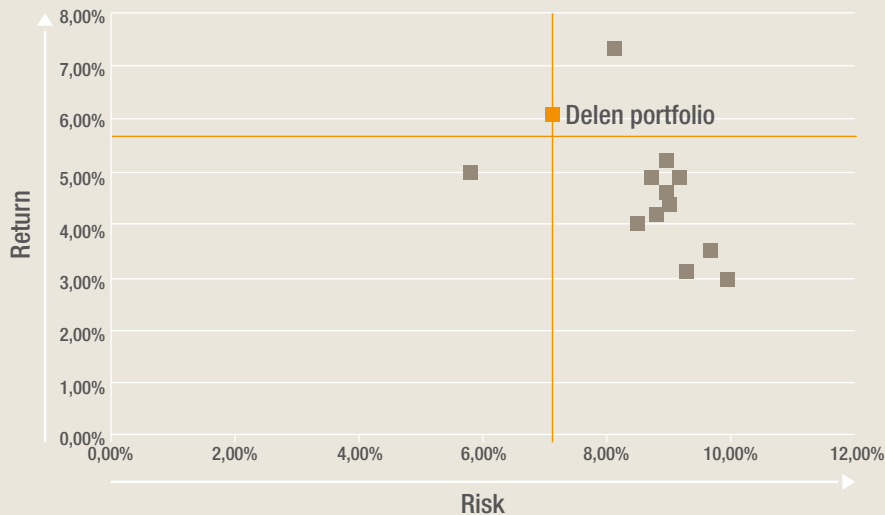
Our investment managers literally make the difference in the bad years because their state-of-mind is focused on achieving maximum risk management. We always act cautiously, as if the totality of Euro 18 billion under our management was our own money. Risk management is a key objective. Our management team is made up exclusively of experienced people with high seniority. Our managers will never invest in products that they do not understand or where the risk might be a source of concern. During bad years (and there has been a whole series of them in the last decade) our managers opt for maximum preservation of capital in order to benefit fully from growth during the better years. This enables us to build sustainably for long-term returns. This risk management goes perfectly with the returns as shown in the accompanying graphic.

”

Real yield is made during bad years.

”

Risk profile over 10 years:
Delen Private Bank vs competitors



Overview of the combination of risk degree versus the return of mixed funds with a medium risk profile over 10 years. It is clear that Delen Private Bank makes the difference with pronounced lower risks and solid returns, above the market average. All of our attention is therefore focused on sustainable long-term management.

The exceptionally low interest rate suddenly gave us opportunities during the second half of the year. Stocks, bonds and currencies all performed well. Our central management team made the difference by opting for hybrid bonds at the right time (convertible bonds, 'perpetuals' and 'high yields'). A well distributed risk linked with a solid return. These investments contributed fundamentally to the positive results for our clients in 2012.

2012: unexpectedly positive thanks to Draghi

Although 2012 started off as a difficult year, considerable improvements came after the summer. The ongoing troubles with the Euro left a negative mark on the first half of the year, but the continuity of measures from the central banks in the Western world managed to turn the tide - partly thanks to the clear views of Mario Draghi - and redirected the negative mood into a positive dynamic. In Belgium, the successful crisis loan from Leterme was a watershed moment.

2013: low interest rates and low bond yields will increase the focus on shares

As part of our sustainable risk management the importance attached to shares has been kept low to very low since 2000. The recent decline in risk aversion among investors and the increase in prices in the bonds market mean that we will be focusing slightly more on the shares market during 2013. We will do so with a critical, analytical view and a conscious risk management.

We remain very sceptical about American shares. The American economy is built on debt (both public and private). The shortages are considerably larger than in Europe and American stock prices are also trading considerably higher (at the start of 2013 the average US dividend yield was around 2%, while it was between 3 to 4% in European markets). Asia on the other hand remains a long-term growth story. Asian finances are fundamentally healthier and valuations remain reasonable, certainly within a long-term perspective.

The European markets are still valued relatively cheaply. Many institutional investors, pension funds and insurance companies

”
A risk that you do not understand is
usually not beneficial.
”



From left to right: Filips De Ferm, Paul De Winter, René Havaux.

(which are under-invested in shares) will apply a portion of their cash on the stock markets, given the rapidly decreasing bonds yield versus yields on the European stock markets. Moreover the risk premium on shares is at an historic high, which is a clear signal for an increase of shares in investment portfolios. Within our philosophy of maximum risk we opt for a 'buy and hold' strategy in defensive sectors, with an increasing focus on the Asian markets.

”

We opt for a 'buy and hold' strategy in defensive sectors with an increasing focus on the Asian markets.

”

We nevertheless expect further volatility within a European context and some turbulence on an international political level. ■



■ Capfi Delen Asset Management 2012

Cadelam (Capfi Delen Asset Management) is a part of the Delen Investments group, and the company is responsible for the management of investment funds principally promoted by Delen Private Bank. It is one of the FSMA Management Companies of CIS (Collective Investments Schemes). Cadelam therefore has a special licence for managing investment funds.

From left to right:
Michel Vandenkerckhove, Chris
Bruynseels, Guy Reynaerts,
Lindsay Verbist, Sven Simons,
Benedicte Smets, Paul De Meyer,
Patrick François and
Gregory Swolfs.
In absentia: Ida Van Hees.



Cadelam: meticulous financial and administrative management

Cadelam provides services to 40 compartments spread over more than 10 individual investment funds. Cadelam handles the financial management for an amount of Euro 11.5 billion. In addition to the administration of their own funds, Cadelam is also taking care of the administration of funds outside Delen Investments. Cadelam is also responsible for the risk management of investment funds.

Delen Private Bank makes use of a number of funds for managing the assets entrusted by its clients. These include equity, bond and cash funds, but primarily mixed funds. The latter is also known as patrimonial funds as clients often invest a substantial part of their movable assets in it. A patrimonial fund is in fact an efficient packaging of a wide range of individual stocks and bonds where the customer - according to his/her needs - can buy or sell a piece of it in a very flexible manner and on a daily basis. Both the portfolio management and administration (coupon payments, splits, exchange etc.) are implemented within the package by two specialist teams.

”
A patrimonial fund
is an effective packaging of
shares and bonds
that the customer can use
in a very flexible manner
according to his/her needs.
”

Cadelam employs a team of six portfolio managers/analysts that take care of the financial management of these funds and a team of five specialist accountants that is responsible for the accounting, administration, audits and risk management for the different investment funds.

Financial management involves decisions concerning asset allocation and actual structure according to the investment strategy and market conditions. For shares, important elements include the sector spread, geographical distribution and the choice of individual stocks. When it comes to bonds importance is attached to such things as the rating, maturity and individual choices.

An investment committee formally considers these strategic decisions several times per month. Its members are in daily contact about the practical implementation thereof. The good results achieved in recent years through the funds, both in terms of returns for investors and new entrusted capital, show that this approach with its short lines of communication is beneficial for investors.

Administration management is responsible for the bookkeeping of the funds, for the calculation of net asset values, for the processing of the entries and exits, for the preparation of statistics, brochures, articles and annual reports and for the organisation of boards of directors, general meetings, contact with the authorities (specifically FSMA) and external auditors.

Targeted audits of risk procedures

A significant portion of time is also invested on risk control of portfolios and internal audits of procedures. Risk control is an extremely important aspect within the range of tasks of the Management Company. This refers to various aspects of the functioning of a compartment. You have market risk, the credit risk, the settlement risk, the liquidity risk etc. The contents of the investment funds are closely monitored to see if the diversification of investments is sufficient to ensure the best possible spread of risks. Investment funds are also subject to a strict regulatory framework imposed through European and Belgian legislation. These rules impose many investment restrictions which must be observed to protect the shareholder. The Risk Manager of the management company must monitor these rules and report to fund administrators and fund managers, as well as the controlling governmental body (FSMA).

The liquidity of the underlying securities is a matter requiring constant attention. Portfolios are regularly subjected to stress tests to determine which part of the fund can still be sold in one day, or how many days are needed to convert a substantial part into cash.

Great results in 2012 with limited risks

2012 had a very difficult start in the financial markets, but the restoration of confidence was spectacular in the second half of the year. Ultimately opportunities were properly assessed, along with the risks involved so that attractive investment results could be obtained. The returns earned on the various portfolios all originated from various asset classes. Both stocks and bonds and also currencies helped achieve the yields obtained. Under volatile circumstances, our portfolio managers were able to achieve attractive results with limited risks. During the first half of the year investors benefited from defensive investments, while the second half was more driven by riskier assets.

The main added value that is created in the management of patrimonial funds lies in our flexible approach to asset allocation and the fact that we are not tied to a benchmark.

”
Under volatile circumstances,
our portfolio managers were able to achieve
attractive results with limited risks.
”



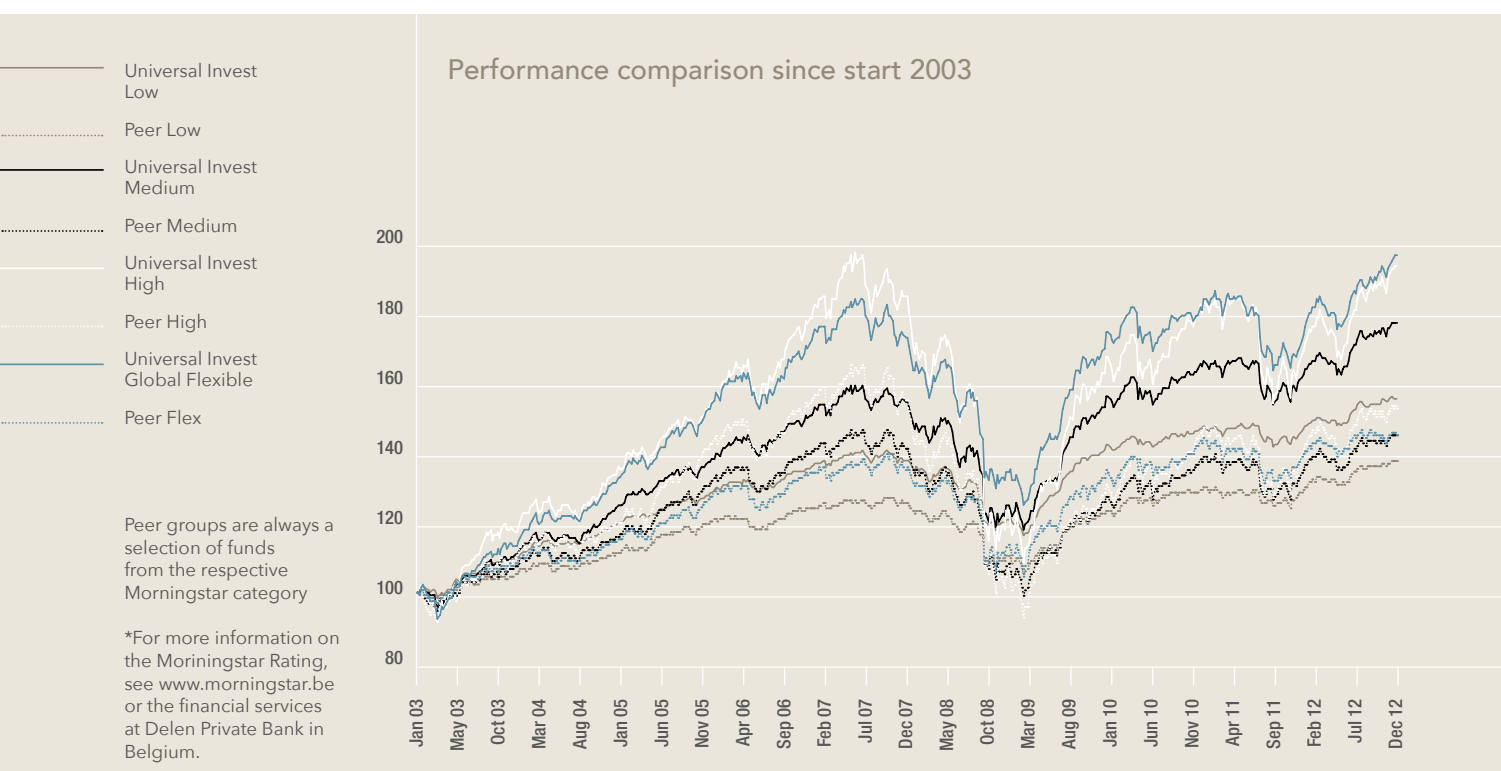
Patrick François and Michel Vandenkerckhove.

This flexible asset distribution means that within the risk profile of clients, equities, bonds and cash are actively moved around, depending on market conditions. The asset distribution of a client with a defensive risk profile will for instance not permanently consist of 20% stocks and 80% investments with fixed interest. We will rather work with a split of 0 to 30% in shares. If the valuation of shares and the sentiment on the market turns, the equity exposure is reduced or hedged in order to reduce the risks involved with the portfolio, thereby reducing volatility. Later, when conditions improve, the positions could be increased again. Studies have shown that approximately 75% of long-term return is determined by asset distribution. Most of the long-term performance is dependent on whether the portfolio is invested in shares or bonds.

On the other hand we are not bound in our active management of portfolios to reference indices or benchmarks. The weight of financial stocks in the indexes amounts for instance to about 25%. Why would we invest a quarter of our stock component in financial values, when we still see risks in some of those companies? Another example is the prudent investor who opts resolutely for government bonds. If the investor had invested conforming to a benchmark in a fund of government bonds, he/she would have been faced with issuers such as Greece, Ireland, Portugal or others, with well-known consequences: very high volatility and even permanent loss of capital. Long before the

outbreak of the crisis in 2010 we decided not to be present in countries with weaker public finances and we remained disciplined in this decision. ■

Name	Cadelam selection funds		
	10 year actuarial yield	Morningstar Rating*	Investment Fund Sector (Morningstar)
Universal Invest Low	4,60%	★★★★★	Cautious Allocation: 0-30% shares
Peer group Low	3,38%		
Universal Invest Medium	5,94%	★★★★★	Moderate Allocation: 20-50% shares
Peer group Medium	3,89%		
Universal Invest High	6,91%	★★★★	Aggressive allocation: 40-90% shares
Peer group High	4,45%		
Universal Invest Global Flexible	7,07%	★★★★★	Flexible Allocation: 20-80% shares
Peer group Flexible	3,96%		



■ Legal Analysis: a turbulent 2012

In terms of tax policy on capital 2012 was a year that we will not forget quickly. Early in 2012 withholding tax on investment income was substantially redesigned, only to be revamped again at the end of 2012. In the middle of 2012 there was a fierce, politically motivated debate on whether asset and estate planning should be seen as a fiscal offence. On the international level greater transparency developed, thereby further reducing banking secrecy. These are turbulent, but also exciting times! Are we dealing with a storm in a teacup, or is there something more to it? Is tax policy on capital the subject of a stress test? We do not think so...

Taxation on dividends: again liberating and anonymous

On 1 January 2012 newly introduced taxation on investment income (21% + 4% on interest or dividends from VVPR [reduced taxation on investment income] shares) caused an immediate negative reaction, not so much because of the rate increase, but because of the related reporting obligations (e.g. also for "ordinary" dividends of shares for which there was essentially no rate change). It took almost a year before it was understood that the long-standing existing system of anonymous withholding tax is the key to immediate and effective collection of tax revenues and that the system could not be improved as such. The regulation was therefore abolished with effect from 1 January 2013, which means that it existed for only one year.

Asset and estate planning: taking advantage of legal techniques is not illegal

The domain of asset and estate planning has experienced enormous growth during the past decade within various professions (notaries, accountancy, legal, banking, insurance etc.). Comparison with international law systems is used to develop new techniques that will need to stand the test of the fiscal administration. The fact that the limits of reasonableness have been pushed here - and perhaps occasionally crossed - could not remain without repercussions and this eventually resulted in the establishment of the anti-abuse of rights provision, a principle which was not formerly used in the private law (only in commercial law). The application of the simulation doctrine was thus revived. In this regard hardening of the so-called position of the administration was very noticeable. "Contentieux" (litigation) has announced itself. In order to get rid of the uncertainty and not to bring the economy any further to a halt, the Administration came up with a listing of authorised and unauthorised actions related to succession planning. Since the approach within our bank is mainly focused on safe and practical solutions this new principle on anti-abuse of right has little impact on our daily activity, which is "patrimonial advice".

It must be noted, however, that in the future clients need to be attentive and thus also have any practical execution of his financial planning tested against this principle.

”
Since the approach within our bank is mainly focused on safe and practical solutions this new principle on anti-abuse of right has little impact on our daily activity, which is 'asset management advice'.
”

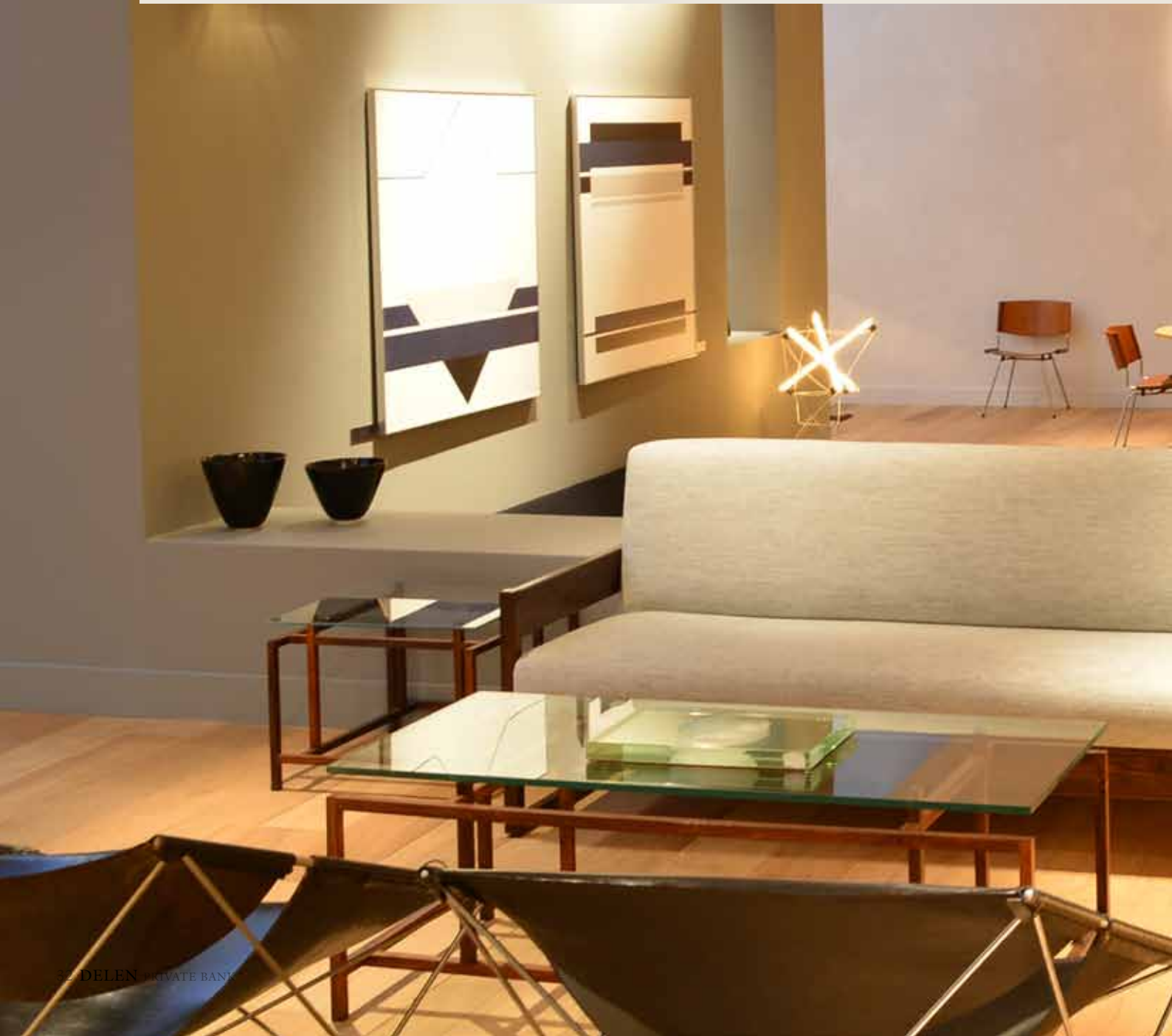
Transparency and bank secrecy: on the way to a new fiscal amnesty

The struggle for the preservation of banking secrecy must yield to the fight against tax fraud. The nationalisation of ailing banks has caused a serious change of attitude and we can state that bank secrecy is under pressure everywhere. In Belgium this is undeniable, but elsewhere in the world there are also other examples: American FATCA regulations have far-reaching effects on the European continent, the last gasp of bank secrecy in Europe did not always succeed (e.g. failure of the Rubik agreements between Germany and Switzerland), European Directives are in the pipeline to provide further information exchange on investment income and insurance contracts etc.

In short, anyone who still wants to hide will have to look further and further away, outside of the global financial sector which is becoming increasingly more stringently regulated. Legislation concerning a new tax amnesty for 2013 is currently being worked on - at the time of printing of this article. Those who feel that this concerns them must not allow this final opportunity to pass them. ■

■ Global economy 2012: an analysis

It may not feel like it but the largest economies performed more or less as expected in 2012. Sentiment nevertheless remains mixed because in most cases stimulation was required on the part of the government for the fourth year in a row in order to maintain some degree of growth. 2012 signed off with growth in the global economy of 3.2%.





Global economy: growing optimism

At the start of 2013, as was also the case at the start of 2012, there is growing optimism about a solution to the crisis. Growth rates remain at acceptable levels but when it comes to budget and unemployment we still have a long way to go. Policy is gradually moving in the right direction to successfully combat the debt crisis, but during the next few years we will probably continue to be faced with limited economic growth in Western countries.

”

In the coming years we will probably continue to face limited economic growth in Western countries.

”

The United States

America is succeeding better than Europe in keeping growth at a reasonable level (+2.4%). High debt levels among consumers was further reduced, but government debt remains stubbornly high. This culminated during the autumn when the problem of the fiscal cliff came back to the forefront (whereby significant tax increases and savings would simultaneously have come into effect automatically). The last messages on this issue faded concerns in the markets, but the danger has not effectively disappeared.

The figures on the current housing market remain rather positive and even show a steady recovery from low levels. The prices show signs of bottoming out and house sales have increased from very low levels. With a stable unemployment rate (currently 7.7% of which 40% were long term unemployed), it does not appear that the repayment capacity of borrowers will drastically improve.

The consensus is that the unemployment rate will decline slowly and that it will remain at a level of about 6% for a few years. The Federal Reserve has set its expectations of the unemployment rate at 5.7 - 6.8% for 2015 (the inflation target is 1.4 - 2.2%) while they also indicated in December that they will implement a flexible monetary policy to reduce the unemployment rate to below 6.5%. This high unemployment rate, along with the need to reduce high levels of consumer debt, is putting pressure on growth.

Euro zone

Most European countries were faced with a recession in 2012 and even the growth in Germany fell back spectacularly to 0.9%. Poor performances were also recorded in Belgium (-0.3%), France (0.0%) and the Netherlands (-1.0%). But it was the hopelessness of the situation in Spain, which was confronted with negative economic growth and rising interest rates on its debt, that forced the European Central Bank (ECB) to assume responsibility during the summer. President Draghi promised to do whatever it takes to combat the crisis and - without even taking specific action - he managed to return trust gradually in the markets. Rates started falling back in Spain and Italy, thereby giving the countries time to implement economic reforms and to establish structural cost saving measures.

Greece, Portugal and Ireland remained cut off from the markets. Greece was awarded a third aid package and imposed a very strict diet (privatisation, reform, downsizing government etc.) which is considered sufficiently strict by the Troika (a triumvirate of the EU, the ECB and the IMF). With an unemployment rate of 26% and a real estate crisis that is increasing in proportions, the challenges facing the Spanish government still seems to be of Greek proportions. The many years of reducing budgets will inevitably have an impact on growth as we have already clearly seen in Portugal (-3.0%), Greece (-5.8%) and Spain (-1.3%). The question in Italy (-2.0%) was whether a working coalition government could be formed following unclear election results. For the Euro zone as a whole 2013 will probably show zero growth, after an average growth of -0.5% in 2012.

United Kingdom

Budgetary efforts are slowly beginning to bear fruit and the markets are clearly no longer that apprehensive about the fiscal health of the UK. Ten-year interest rates have increased from 1.5% to 2%, but these are the favourable results of fading deflation fears. Growth came out at -0.1%.

Inflation rose slightly from 2.4% to 2.7%, which is still a comfortable level (the expectation is that this is not the start of an upward trend). The main reason was of course the slowdown, which also has a negative effect on public finances, whereby the deficit is only slowly reduced from high levels.

Eastern Europe

This region remained strongly hampered by falling exports to the Euro zone. The Czech Republic and Hungary in particular saw their economic growth fall back to 1.0% and 1.5% respectively. Russian growth fell to 3.5% and it remains vulnerable to a possible decline in the oil price. Austerity measures also took their toll in Turkey and Poland, which saw their growth significantly reduced to 2.5% and 2.0% respectively. Little improvement is expected for 2013.

Latin America

Brazil is by far the most important economic power in this region and growth fell back to 1.0%. Combined with an inflation rate of more than 5% and reaching the limit in the field of consumer credit-driven growth, this is not a healthy situation for an emerging country. Growth should nevertheless accelerate in 2013 following aggressive monetary easing in 2012. Mexico (+3.8%) is doing a lot better and it is reaping the benefits of its new economic reforms. Argentina was finally confronted with zero growth after gross economic mismanagement, making the country highly vulnerable to external shocks.

Japan

Japan has the dubious honour of being the overall record holder when it comes to public debt. It currently stands at about 250% of GDP, which will place a constant brake on future growth. Growth was experienced in 2012 (+1.7%), which is a recovery from the disastrous year of 2011, but the spectre of deflation continues to haunt the country with the inflation level at -0.2%.

The election of the veteran Abe Shinzo has caused a glimmer of hope in the financial markets. Within a few weeks the yen lost ground sharply and the stock exchange climbed swiftly. It is expected that the monetary policy will be considerably relaxed to combat structural deflation and to boost growth (the cheaper Yen should give a major boost to the export sector).

Far East (excl. Japan)

Early signs indicate that China has succeeded in bringing growth back to a reasonable level (+ 7.6%) after spending more than a year taming the inflation beast. The monetary stimulus may be increased, but this is not necessary at present. Since 2011-2012 the priority has been to combat inflation and as a result monetary growth is at a lower level. The authorities seem to have the economy under control, which means that growth will be sustainable.

India is still having difficulty keeping inflation under control (currently more than 10%) Growth is still at the minimum level (+5.3%) and with higher interest rates (the ten-year interest rate is slightly above 8%) this will most likely remain under downward pressure. Together with China, India will ensure a high demand for infrastructure projects over the coming years, possibly even decades.

We continue to believe in the good long-term prospects of the region, but this will also involve appropriate volatility and shocks. ■



Monetary policy

In the U.S. the base rate remained between 0 and 0.25% due to the difficult economic climate. The **Federal Reserve** took another step by the end of 2012 by announcing further monetary easing measures. Operation Twist (where short-term government bonds are reinvested on the maturity date in long-term government bonds) has largely ended. The US once again started purchasing additional bonds early in 2013. Every month USD 40 billion MBS (Mortgage Backed Securities) and USD 45 billion government bonds (with an average duration of 9 years) will be bought. Interest rates have been at the lowest levels ever since 2001 (before 2008 the bottom was 1%).

The **ECB** cut interest rates in July from 1% to 0.75%, which is also the lowest point ever. After the crisis of early May 2010 the ECB conducted a policy of quantitative easing and this was continued in the first half of the year in crescendo. With unlimited provision of liquidity for 3 years (LTRO) the impact of monetary policy increases significantly on the financial sector. In the second half of the year the announcement of the OMT programme laid the foundation for a new period of provision of liquidity, but it was not yet activated.

The **Bank of Japan** kept interest rates at 0.10%. One of their main concerns is an excessively strong Yen and their interventions in this area helped over the past semester. The currency first strengthened and then weakened. The weakening gained momentum after the elections.



Mark Verstockt

The **Bank of England** continues to maintain a flexible policy with interest rates that have remained stagnant at 0.5% since the beginning of 2009. With the disappointing growth figures of the last few months we do not expect this to change in the short term. They even expanded the programme for purchasing government bonds from GBP 325 billion to GBP 375 billion.

Exchange Markets

The credibility of the Euro was strongly dented by political uncertainty, which was to the benefit of the USD (a rate of nearly 1.2 was achieved). The fact that the dollar zone applied too little vigour when it comes to budgetary discipline meant that little changed in the end. The tensions in the Euro zone have reduced since the summer, but structurally we have only just started with reforms.

Asian currencies have the healthiest fundamentals in place, but there are large differences in the region and this volatility can significantly affect yields.

The bond markets

Long-term interest rates experienced unprecedented lows. They are now hovering around 1.8% in the US and 1.4% in Germany. It is true, however, that the interest rate differentials between various countries have significantly decreased due to lower risk aversion. Belgium was one of the biggest winners because the difference with Germany fell from 2.3% to 0.7% (ten-year interest rate fell from 4% to 2%). Ireland is gradually trying to pry itself loose from the infusion provided by the IMF and they seem to be succeeding. The country managed to bring short-term securities onto the market and the difference with Germany when it comes to long-term securities dropped from 6% to less than 3%.



”
Investors are being driven away from
government bonds by negative or very low yields
and are opting for quality corporate bonds.
”

The corporate bond market performed very well and as a result the yields have now become less attractive. The interest rate differential with government bonds came in at a slightly lower level from late 2011, but the returns compared to other asset classes are still acceptable, given the limited risks associated with this asset class.

There is a clear continuation of the waterfall effect: investors are being driven away from government bonds (from ‘safe’ countries) by negative or very low yields and they are turning to quality corporate bonds. The difference between corporate and government bonds for A and AA ratings were divided by three in 2012, while BBB ratings reduced on average by 50%. In 2012 we clearly noticed the next phase of this wave movement: high-yield bonds still scored very highly.

The share markets

The trading year of 2012 will go down in history in Europe as the year of the revival. No signs of this could be seen during the spring, however. The sometimes shameful inability of the authorities to stabilise the crisis even provided a new flight from European equities. In the second quarter a half-hearted rescue plan was put in place for Spain and tension remained around Greece.

The turning point came in the summer when the ECB finally indicated that they would assume responsibility. Combined with the fact that the fat has been scooped from the soup for high-quality bonds, this led to a remarkable market rally and a double-digit annual return (Eurostoxx 50 posted a return of +13.79%). The Asian markets were even able to go one step further.

Corporate results evolved less favourably, but normal levels of profitability have been attained and financing costs are very low (if financing can be obtained through the bonds market). Profits continued to rise slightly while sales decreased. It is noticeable that business figures in Europe are much worse than in the US, but market expectations have already been adapted accordingly. Valuations remain at relatively attractive levels.

We expect that economic growth and corporate profits will be able to surprise us in a positive sense in 2013. Combined with the positive momentum and very low valuations relative to bonds, we believe this will be a good year on the stock exchange. ■

Strategy of Delen Private Bank

Caution in 2012

Up to the summer of 2012 we continued to maintain a low weight in equities and we tried to obtain additional yields in the bond markets. This helped us to continue the line we had set out during the past few years. Focus on capital protection is indeed appropriate in times of euphoria because the risk of disillusionment is the greatest. We implemented this vision during the late 90s and during the years before the financial crisis erupted in 2008. During the crisis caution is called for until the risks are largely incorporated into the rates. In 2009 this was already the case in the corporate bond market where we managed to take advantage of many good opportunities. During this summer the valuation of shares finally became cheap enough to make the upwards potential greater than downwards risk. Since then we have very gradually started to increase equity weight to a neutral level.

Positive expectations for 2013

In economic terms the action of the ECB was able to turn around the process of self destruction in Europe. The interest rates in vulnerable countries have come down, so room has been created to implement necessary economic reforms. The realisation is also beginning to grow that the drastic cutbacks that governments have imposed are actually causing the economy to go deeper into a spiral of debt. Finally, there are signs that work is being put into creating a banking union that could then later become a fiscal union. This is the only way to create the confidence required for Europe to emerge more strongly from the crisis.

This reasoning has not yet been observed in the figures that are published on the economic situation and corporate profits.

Expectations should in both cases be revised downwards, but long-term investors should have the courage to see through this. Stock

exchange changes are after all mostly determined by the extent to which expectations are met or exceeded. If our economic analysis is correct about Europe and when confirmation comes from China that it will once again stimulate its economy the chances of a nice surprise in 2013 are very good.

Within the various asset classes we will continue to explore bonds with favourable yield prospects for the risks attached to them. Given the extremely low interest rates there is not too much more to be expected from cash or bonds from strong governments. We continue to prefer corporate bonds, but after their outstanding performance during the past years we do not expect major profits any more.

Our focus is gradually shifting toward opportunities in the stock market. Valuation fell especially in Europe and Asia to historically low levels, which implies that risks are more than adequately included in the rates. This past summer we started to hold low equity weight for the first time in a while in these regions. We will try to continue with this process, depending on circumstances in 2013. Our management philosophy means that we will not rush things and we will follow a gradual road to ensure that your portfolio is optimally invested once the crisis is over. ■

”

Our focus is gradually shifting toward opportunities in the stock market.

”



Financial overview for 2012

Delen Investments group

The assets under management of the Delen Investments group at the end of 2012 were at a record level of Euro 25,855 million. Delen Private Bank as well as JM Finn & Co contributed to this growth of 14.6% compared to assets under management at the end of 2011 (Euro 22,570 billion). The group primarily benefited from the impact of the recovering financial markets on its client portfolios as well as from a substantial organic net growth from existing and new private clients.

The assets under management of Delen Private Bank increased from Euro 15,666 million (31 December 2011) to Euro 17,884 million (31 December 2012). The bank has once again shown that it is not only capable of protecting its client portfolios under discretionary management in difficult markets, but that it can also ensure that its clients can benefit from a positive market environment.

The continuous inflow of assets, to which all Belgian branches contributed, reflects the confidence that our clients have in Delen Private Bank. The cautious investment strategy combined with the dynamic and prudent management model keep proving their added value.

The assets under management of the British investment manager JM Finn & Co (Delen Investments 73.49% since September 2011) has increased from Euro 6,904 million (£ 5,767 million) as at 31 December 2011 to Euro 7,971 million (£ 6,505 million) on 31 December 2012 .

The **gross operating income** of the Delen Investments group rose to Euro 214.8 million. This increase of 32.2% compared to the previous book year is primarily due to the consolidation of the financial results of JM Finn & Co for the complete book year included in 2012 (compared to only three months in 2011). The share of JM Finn & Co to the gross company income of the Delen

Investments groups amounted to 60,3 million Euro in 2012. Without the impact of the consolidation of JM Finn & Co, the rise in gross company income was 3.5%, mainly due to the higher level of assets under management.

Operating expenses increased by 64.5% compared with 2011, again a result of the consolidation of JM Finn & Co for the complete book year. Without taking JM Finn & Co into account, the rise in the operating costs compared to 2011 was only 1.5%. The rise is largely caused by the recruitment of new commercial staff. At the end of 2012 the staff at Delen Investments group totalled 551 (FTE) employees, 245 of whom worked at Delen Private Bank and 306 at JM Finn & Co.

The **cost-income** ratio remained very competitive at 55.2% (38.8% at Delen Private Bank) but increased significantly as expected when compared to last year (44.2% in 2011) due to the consolidation of JM Finn & Co for a full year.

Net profit amounted to Euro 62.6 million in 2012 (compared to Euro 57.2 million in 2011). The contribution of JM Finn & Co to the net profit of the group was Euro 2.4 million (after depreciation of the activated client base 26.51% minority interests of Euro 2.2 million together).



	Delen Private Bank (consolidated) in € '000				
	2012	2011	2010	2009	2008
Assets under Management	17.884.164	15.666.179	15.272.179	13.242.868	10.342.784
Of which is discretionary managed	13.112.775	11.376.611	10.819.499	8.901.127	7.048.538
Total investment funds of the group	12.096.877	9.403.398	8.709.091	7.625.547	5.968.774
Equity capital (share of the group)	255.602	217.731	217.488	182.051	157.922
Gross income	155.533	149.743	141.193	103.442	104.738
Net profit (share of the group)	62.829	59.618	54.704	35.962	33.375
Cost-income ratio	39%	38%	40%	47%	45%

	Delen Investments (consolidated) in € '000				
	2012	2011	2010	2009	2008
Assets under Management	25.855.182	22.570.394	15.272.179	13.242.868	10.342.784
Equity capital (share of the group)	414.513	364.280	344.089	303.597	281.083
Net profit (share of the group)	62.617	57.171	54.281	34.570	32.469
Cost-income ratio	55%	44%	42%	48%	46%
Staff (FTE)	551	530	232	214	215

The **consolidated equity capital** of Delen Investments amounted on 31 December 2012 to Euro 414.5 million (compared to Euro 364.3 million on 31 December 2011). This amount takes into account the JM Finn management option to sell the remaining shares (valued at Euro 27.6 million) after some time to Delen Investments. The core tier one equity of the group (taking into account intangible assets of Euro 249.3 million, of which Euro 54.4 million comes from clients of JM Finn & Co) amounted to Euro 159 million at the end of the year (compared with Euro 114.7 million at end of 2011).

The Delen Investments group is well capitalised and easily meets the Basel II and Basel III requirements in terms of equity capital. Core Tier 1 capital ratio amounted to 23.1% at the end of 2012. This ratio was well above the industry average.

Delen Investments has a solid and easy to understand **balance sheet**. The cash balances continue to be conservatively invested in high-grade public sector bonds (no PIIGS exposure), as well as in high-grade commercial paper of blue-chip companies, deposits at high-quality banks or placed with the National Bank of Belgium. The impact of the Basel III rules will be limited for Delen Private Bank, especially considering that the bank's capital only consists of Core Tier1

capital, the investment portfolio is conservative and the bank's ratios already exceed future requirements by a comfortable margin. The return on (average) equity adds up to 16%, which is a very satisfactory figure. ■



■ Operational overview for 2012 Group Delen Investments

The trading year of 2012 will go down in history in Europe as the year of the revival. No signs of this could be seen during the spring, however. The inability of the authorities to stabilise the crisis even provided a new flight from European equities. The turning point came in the summer when the ECB finally indicated that they would assume responsibility. This led to a remarkable stock market recovery in an environment that also allowed for gaining profit from the corporate bond market.

Efficient and positive in 2012

Delen Private Bank applied its traditional investment principles in 2012 of dynamic yet prudent management, and was thus able to let the capital of its clients benefit from favorable market. Early in 2012 the group was in the opinion that investors who managed to protect its capital during recent years, were in an excellent position to make efficient use of investment opportunities.

The discretionary management of Delen Private Bank, which is based on experience and a long-term perspective, was to the difference in this context.

Delen Private Bank focused on taking advantage of weaknesses in the markets to gradually reduce cash and bond positions and to increase share weight. Opportunities to invest in hybrid instruments such as convertibles that have upside potential enable added value and provide better protection than shares were also considered. Delen Private Bank continued to act cautiously in the search for investments for its clients and preference is given to companies with healthy balance sheets and a presence in emerging markets, as well as defensive or undervalued sectors. With regards to government bonds as a part of the portfolios Delen Private Bank has opted for short term investments and quality authorities. Diversification into other strong currencies was an important part of the strategy, but nevertheless, the Euro remains the most important currency for the clients of Delen Private Bank.

Growth and local anchoring

Delen Private Bank continued its strategy in 2012 of optimizing the quality and efficiency of its asset management by aiming for a bigger share of discretionary mandates. At the end of 2012, 73% (Euro 13,113 million) of the assets entrusted to Delen Private Bank were discretionary managed directly or via their own patrimonial funds. This represents more than 16,000 management mandates. Delen Private Bank continues to gain market share in the Belgian private banking sector through strong growth of new private assets. All branches of Delen Private Bank contributed to this, although currently two thirds of the net inflow of the capital in Belgium comes through the offices other than the headquarters in Antwerp. The development of the local roots of the Bank is paying off and this encourages Delen Private Bank to invest in staff and infrastructure to be able to serve its clients even better locally.

An integrated partnership

A strong role of Bank J. Van Breda & C°

Bank J. Van Breda & C° made a significant contribution to the results of Delen Private Bank through its 39 offices.

On 31 December 2012 Delen Private Bank had Euro 2,504 million on its accounts on behalf of clients originated through the network of Bank J. Van Breda & C°. Delen Private Bank was also responsible for providing securities administration for Bank J. Van Breda & C° (Euro 355 million). In this way J. Bank Van Breda & C° represented approximately 16% of the total assets managed by Delen Private Bank.

A growth strategy with JM Finn & Co Ltd.

The acquisition of 73.49% of the London asset management company JM Finn & Co Ltd in 2011 was an important step for the Delen Investments group. JM Finn & Co. acts as investment manager for private clients and has been active since 1945. Its head office is located in London and it has offices in Bristol, Bury St Edmunds, Cardiff, Ipswich and Leeds. At the end of 2012 JM Finn & Co had more than Euro 7,971 billion (£ 6,505 billion) assets under its management, 62% of which is in discretionary management. The increase compared to the end of 2011 in capital and the percentage of discretionary asset management show that the arrival of the Delen Group has been positively greeted by the clients of JM Finn & Co. The position of JM Finn & Co in the attractive British onshore wealth management market, combined with the skill and experience of Delen Private Bank

must allow JM Finn & Co. to grow further and to evolve its operating model in order to become a prominent player on the English investment management market.

In 2012, the cooperation between Delen Private Bank and JM Finn & Co further consolidated. Not only at the level of the board of directors and the executive committee, but also at an operational level where ad hoc teams work together and exchange best practices.

The executive committee of JM Finn & Co has outlined strategic initiatives that will be implemented in the next two years. This will help JM Finn & Co to evolve further from a traditional brokerage firm to a more efficient and modern investment manager, without affecting the trust that exists between the asset managers and their clients. Where relevant, use is made of the experience and infrastructure of Delen Private Bank. The Delen Investments Group supports JM Finn & Co in full in its challenge to implement a successful growth strategy, while at the same time improving its profit levels. ■



■ Delen Ghent and Brussels: a rich historical context

In recent months hard work has gone into fitting out our offices in Ghent and Brussels. The Ghent offices moved from Merelbeke to a magnificent building on the Coupure. At Tervurenlaan in Brussels our building was subject to thorough renovation. Both buildings and their surroundings can look back on a fascinating past. In this article we outline briefly the highlights from their history.

The Coupure in Ghent: originally a rural setting

Around the middle of the 18th century the area between the inner city of Ghent and the hamlet Ekkerghem was still very rural with windmills, tree-lined city walls and a view of fields and pastures. In 1750 Malfeson earmarked this area for the Coupure canal to serve as a link between the Brugsevaart and the Leie and the more distant Scheldt. A whole new infrastructure developed following the excavation of the Coupure. Several industrial activities started expanding rapidly from 1800 and the remaining plots of agricultural land, created through the excavation of the Coupure, were leased or sold to wealthy people from Ghent as country residences (pleasure gardens).

Urbanisation on the banks of the Coupure 1830 saw the establishment of the first major private housing project. The canal banks became urbanised. Between 1840 and 1850 construction of the houses was well under way. Nearly all of the former pleasure gardens and country houses were sacrificed to the construction boom. The countryside views also disappeared on the Coupure Rechts, between Twaalfkameren and Iepensteeg. Between 1880 and 1910 some of the largest mansions on the Coupure were built. Even though they eventually together

formed a relatively homogeneous neoclassical town, individually they were strikingly different in design.

The 'city palace' on Coupure Rechts

Industrialist Robert Brasseur had one of the most beautiful houses built on a vacant plot in the "golden corner" of Coupure Rechts in 1910. Charles Castermans, an architect from Brussels, was awarded a contract for the construction of a city palace in neo-French Regency style with a lavish interior. Castermans designed one of the most beautiful façades along the Coupure with some very distinctive features. A brick façade with lavish use of French stone, processed into flat slabs. On the first floor was a curved bay window with shell shaped crown and iron railings. A beautiful wrought iron gate led to a Norman inspired gazebo. Two years later, in 1912, the family moved into the Brasseur-Dierman city palace at Coupure Rechts No 58 (now 102).





The first owner, entrepreneur from the very start
Robert Brasseur was born in Ghent in 1878. At a young age he succeeded his father as manager of the cotton plant Nouvelle Orléans. He held various directorships in other companies and took numerous initiatives to unite the textile sector. This brought him to the creation of Union Cotonnière in 1934. He was also actively involved in many employer organisations in the textile world and he was the driving force behind the creation in 1946 of Febeltex, the Belgian Federation of Textile Companies, of which he also became the first chairperson.

From city ownership to a new contemporary allocation

In the second half of the 20th century the building was acquired by the City of Ghent and was used as a boarding school for girls from the city's trade school. In 1993 the building was exchanged by the City of Ghent with the Ministry of Defence, which used the stately building as a military provincial command for East Flanders up to 2007. It was put up for sale in 2008.

Delen Private Bank decided to acquire this historical building to give shape to its growing presence in Ghent. ■

Authors: Adrien Brysse, Guido Deseijn and Anne-Marie Vandermeersch

”
Castermans designed one
of the most beautiful façades
along the Coupure.
”



Tervurenlaan in Brussels: the master plan of Leopold II

In 1861 Leopold II, the Duke of Brabant, developed an urban plan to establish the city of Brussels as the true capital. In this plan that he developed with engineer Victor Besme the expansion of the city was outlined which would connect the Pentagone with the suburbs (villages) through five major roads, each interconnected by a "ring road". This led to the creation of a few new districts with factories, shops, houses for middle class and working class citizens and parks. It was estimated that the population would treble, and that happened: the number of inhabitants grew from around 300,000 in 1860 to 1 million in 1910. The building of the last great avenue nevertheless had to wait quite some time. As the World Exhibition of 1895 approached, Leopold II thought the time was ripe to complete his master plan. The Exhibition was pushed back two years and work started on developing a 10 km long avenue that would connect Jubelpark to Tervuren.

A beautiful avenue with a variety of styles
The contractor responsible for expropriations divided the remaining plots and soon a number of houses were erected along both sides of Tervurenlaan. Their styles vary: beautiful mansions, a few hotels for travellers, civilian homes and ... inns! The best known of these houses is located in Sint-Pieters-Woluwe (the Stoclet mansion), but the municipality of Etterbeek can certainly also be proud of its part of Tervurenlaan that still features 9 of the 10 original buildings. This includes number 72: the Sarens mansion.

The Sarens mansion

Shortly after the death of his grandmother in 1905, engineer Sarens bought a plot of land on Tervurenlaan where buildings were already being erected all around. He turned to architect Louis Rangers (1865-1918), a Dutch citizen who had arrived in Brussels via Tongeren to launch his career as an architect. Berden designed a number of fairly ordinary houses, but is also the architect of a few beautiful mansions in eclectic style. Engineer Sarens took up residence in the beautiful house on Tervurenlaan as a newly-wed. The Sarens-Suys couple enjoyed considerable respect in Brussels circles. They both came from well known families: one of the grandmothers was married to Jules Anspach, the mayor to whom the city owes its beautiful central avenues. She herself belonged to the Suys family, of which the neoclassical architect Tilman-François Suys was a famous descendant. The mother and the mother-in-law of Engineer Sarens were also very well known in Brussels art circles. The young Sarens-Suys couple surrounded themselves with no less than 14 employees! The spacious rear garden contained a large coach house. The mansion itself contained several bathrooms. There was also a lush winter garden, located on the first floor. A playroom was created for their four daughters on the top floor and ... a small private operating room.

A turbulent history for Sarens mansion

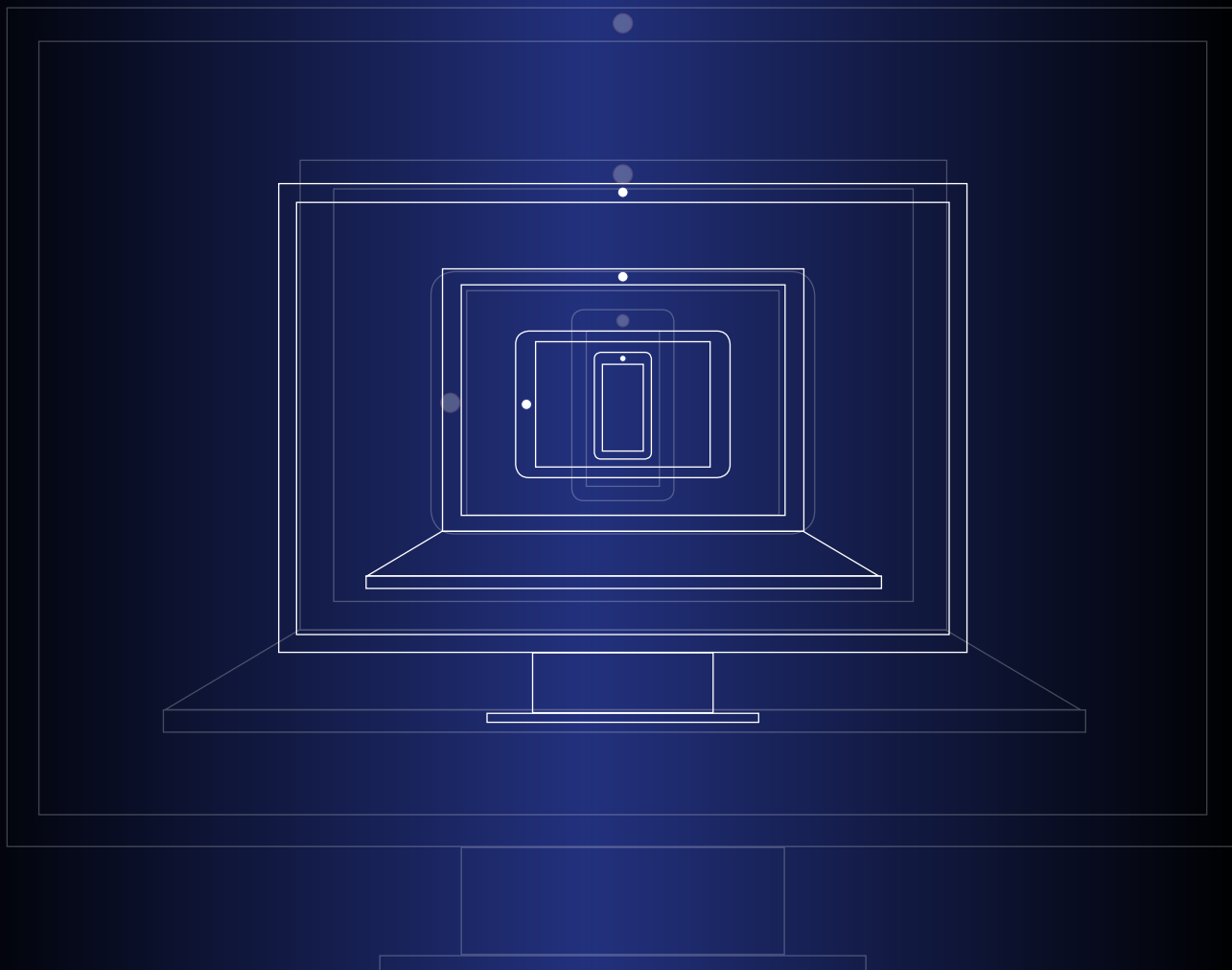
The First World War unfortunately spelt the end of the carefree life of the Sarens family as the beautiful house was requisitioned by German officers. People nevertheless managed to quickly brick up several cellars, after the fabulous porcelain collection, which originated with the Anspach family, had been hidden there. Other valuables were hidden in a very unique location so as not to catch the eye of the enemy: in the chariot on the top of the victory arch at Jubelpark! Engineer Sarens died prematurely in 1922. His widow decided to convert the mansion into apartments. One evening in 1924 while on visit to the site she fell through a fresh concrete floor and dropped two storeys. She succumbed a few days later to her injuries. In 1932 the children left the Sarens mansion, which was later sold. Four years later, in 1936, the papal envoy took up residence here: the Sarens mansion became the 'Nunciature'. Thanks to Mgr Micara, this beautiful mansion again played a prominent role in international circles in Brussels. Mid 1970s the Nunciature moved to the nearby Sint-Pieters-Woluwe. The Sarens mansion served as the seat for several companies until Delen Private Bank took up residence in 2002. ■

Author: Clémy Temmerman

”
The municipality of Etterbeek
can be proud of its part of Tervurenlaan
that still features 9 of the 10 original buildings.
This includes number 72:
the Sarens mansion.
”



DelenOnline



Fully in line with your portfolio and yields!

Consult your portfolio and returns online. Are you looking for a quick and easy way to monitor your return? And are you interested in exchange rate related information and financial news? You can enjoy all of this and much more using Delen OnLine. It is not only informative and transparent, but also user friendly. And always available! Want to know more? Or interested in a personal account? You can always contact our Delen OnLine specialists on +32 (0)3 244 55 66. Ask for Laurence Roumieux or Geert Priem.

www.delen.be

Digitally via Delen OnLine: better for you and the environment

Switching from paper to digital format means more discretion for all of our clients, greater control and ease of use.

More discretion / more security

Delen Private Bank considers security to be of paramount importance and therefore Delen OnLine offers maximum security to all users. Clients only need to enter their user names and Digipass generated passwords to consult in a highly secure manner their online account statements and portfolio results through the website. This ensures that account statements sent by post do not accidentally end up in the wrong postbox and/or in the hands of strangers.

More control

Once account statements and/or portfolio statements become available, they are immediately published on the personal Delen OnLine account. This provides the client with more control over the movements on his or her account and it allows him or her to react faster when necessary. In any case, the probative value of online account statements have the same status as those received by post.

Greater ease of use

The history of the account statements and portfolio statements can be downloaded from Delen OnLine with the click of a mouse. This strong and user friendly structure also means that clients no longer have to make printouts and/or keep copies: Delen OnLine stores data in an orderly manner and clients can always access their accounts at any time via Delen OnLine. No more manual filing or shredding of documents.

Good for the environment

This is also very beneficial for the environment: the mountain of paper is smaller and as a result emissions are significantly reduced. Every little helps to reduce our ecological footprint.

Even more benefits

- **Freedom:** it is not always simple for clients to contact managers during office hours. Delen OnLine allows clients to consult the status of their portfolio through the website at any time and from anywhere.
- **Transparency:** Delen OnLine allows each clients to monitor the evolution of the returns on a daily basis, to view a history of the transactions on his account and to consult detailed information of bonds within his portfolio.
- **Autonomy:** clients who want to enter stock exchange orders independently can make use of the Delen OnLine trading account. It allows them to send their stock orders directly to a large and very complete range of stock exchange options. The efficient information platform allows for implementation to be booked in real-time.
- **Free:** all clients of Delen Private Bank can open a free Delen OnLine account and only a computer or tablet and an Internet connection are required.
- **Topservice:** Delen OnLine is available every day to answer questions from clients by telephone. Clients get to speak to real people who can help them with any questions or issues they may have.

For more information, please contact Geert Priem or Laurence Roumieux on +32 (0)3 244.55.66.

■ Sponsors of beauty

Added value and beauty are essential for the personality of both Delen Private Bank and JM Finn & Co. Outstanding initiatives within the world of art will therefore continue to enjoy our attention and our support. Within this philosophy Delen has already been an important partner of the Brussels Antiques & Fine Arts Fair for the past few years, while Finn is committed to the London Royal Academy of Arts. Our partners and clients can always join us to enjoy unforgettable moments in art.



Delen Private Bank, partner of exclusivity at BRAFA



Delen Private Banking has been a partner and main sponsor of the Brussels Antiques and Fine Arts Fair for the past seven years. Each year, Belgian and international exhibitors present their exclusive collections in different styles and from all eras in a stunning setting. In 2012 the 58th edition of this prestigious and leading trade fair was held in the buildings of Tour & Taxis in Brussels. This historic building, a true jewel of the Belgian industrial architectural heritage, created a unique setting for numerous art treasures. Artists, avid collectors and passionate art lovers could once again enjoy the rich supply on show: classical and pre-Columbian art, ancient and modern paintings, sculptures, furniture, silverware and old jewellery, tapestries etc.

The quality and authenticity of the works exhibited are assured through a strict selection process by an independent vetting committee. These experts do not take part in the exhibition and they consist largely of museum curators and academics from around the world.



”
The quality and authenticity of the
works exhibited are assured through a
strict selection process.
”

During this edition, Delen also provided numerous visitors, partners and affiliates with a tour, followed by a pleasant moment in our lounge. This spacious and harmonious stand was decorated stylishly with vintage International furniture and a selection of fine Belgian and international works of art from our own art collection.

JM Finn & Co cherishes art with the Royal Academy of Arts

In 2012 JM Finn & Co joined the Royal Academy of Arts in London as a proud sponsor to support fine arts in the United Kingdom. Visitors to London who step through the doors of Burlington House, right opposite Fortnum & Mason on Piccadilly step right into 350 years of history: this building houses the Royal Academy of Arts, one of the most respected art institutions in Britain. The deci-

sion of JM Finn & Co to become one of the few major corporate members of the Royal Academy of Arts is one way to ensure that this venerable art institution receives the financial support it requires. Our input also provides an excellent opportunity for us and our clients to enjoy the works of art on display in a pleasant environment. And last but not least, this sponsorship also enables us to work with the RA Schools, probably the best kept secret of the London art world. Their former students include many famous British artists, such as William Blake, JMW Turner, Edwin Landseer, JE Millais, and from more recent times John Hoyland, Sir Anthony Caro and Sandra Blow. Today there are 60 students who are working on developing their skills in drawing, painting and printing in the context of a postgraduate course. This unique course is currently the only one of its kind in Great Britain. The RA is also home to the oldest art library of Great Britain that students and scholars have been using gratefully for more than 200 years.



”
The Royal Academy Schools is
probably the best kept secret of
the London art world.
”

The RA has witnessed a rich past. One of the most memorable moments was recorded in its annals on 1 July 1858, when history was written in the Reynolds Room, where Charles Darwin and Alfred Russel Wallace presented their ground-breaking theories of biological evolution. These theories later received global recognition through Darwin's book *On the Origin of Species* (1859). One of the fundamental principles of the RA is to organise an annual exhibition that is “accessible to all fine artists” in order to fund the training of young artists in the RA Schools. This exhibition is now known as the “Summer Exhibition” and it has been held every year since 1769, without skipping a single year. The total of about 10,000 works exhibited are selected by senior members of the RA under the leadership of the chairperson. On 18 June 2012, 300 guests of JM Finn & Co enjoyed a preview of the 244th edition of the Royal Academy of Arts Summer Exhibition. Anyone who attended this wonderful evening in the beautiful settings of Burlington House will no doubt consider this to be an unforgettable memory. ■



■ Financial Statements
Delen Private Bank

Consolidated annual accounts

Income statement

As on 31 December in € '000	2012	2011
GROSS REVENUES	155.533	149.743
Net interest margin	4.450	7.482
Gross fee income	152.499	138.155
Profit (loss) on financial instruments held for trading	271	-1.230
Realised gains on financial assets available for sale	-2.171	4.114
Other income	484	1.223
FEES PAID	-19.051	-16.961
EXPENSES	-52.866	-50.851
Staff expenses	-30.826	-28.672
General and administrative expenses	-17.818	-18.287
Depreciation	-3.832	-3.619
Provisions	-18	123
Impairment	-25	-22
Other expenses	-347	-373
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	83.616	81.932
Share in the profit (loss) of mutual subsidiary companies on basis of the equity method	-	-
PROFIT BEFORE TAX	83.616	81.932
Income taxes	-20.625	-22.317
PROFIT AFTER TAX	62.991	59.614
Minority interest	-162	4
NET PROFIT	62.829	59.618

Consolidated annual accounts

Balance sheet

As on 31 December in € '000	2012	2011
ASSETS	1.411.428	1.636.005
Cash and balances with central banks	210.063	162.337
Financial assets held for trading	33.073	36.603
Loans and advances to banks and other counterparties	470.103	563.202
Loans and advances to clients	124.428	131.485
Financial assets available for sale	492.238	674.698
Tax assets	1.168	1.198
Tangible assets	46.773	33.669
Client relationships	24.611	24.627
Other intangible assets	1.030	1.008
Other assets	7.942	7.179
LIABILITIES AND EQUITY TOTAL	1.411.428	1.636.005
LIABILITIES	1.185.551	1.418.011
Financial liabilities held for trading	28.146	33.949
Deposits from credit institutions and other counterparties	553	556
Deposits from clients	1.131.724	1.356.943
Provisions	618	602
Tax liabilities	6.561	8.382
Other liabilities	17.948	17.579
EQUITY	225.878	217.994
Equity share Group	225.602	217.731
Subscribed capital	42.261	42.261
Revaluation reserve	3.825	2.417
Consolidated reserves	179.516	173.053
Minority interests	275	263

Statutory annual account

Balance sheet after appropriation

Assets

	2012	2011
I. Cash in hand, balances with central banks and post office banks	203.410	162.047
II. Treasury bills eligible for refinancing with central banks	172.777	440.109
III. Loans and advances to credit institutions	473.831	532.152
A. Repayable on demand	155.075	146.493
B. Other loans and adv. (with agreed maturity dates)	318.756	385.659
IV. Loans and advances to customers	116.509	122.112
V. Debt securities and other fixed-income securities	244.930	154.006
A. Issued by public bodies	168.905	46.532
B. Issued by other borrowers	76.025	107.474
VI. Shares and other variable-yield securities	10.909	4.085
VII. Financial fixed assets	1.770	1.753
A. Participating interests in affiliated enterprises	1.751	1.751
B. Participating interests in other enterprises linked by participating interests	18	2
C. Other shares held as financial fixed assets	-	-
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	-	-
VIII. Formation expenses and intangible fixed assets	2.123	2.309
IX. Tangible fixed assets	48.342	35.268
X. Own shares	-	-
XI. Other assets	774	910
XII. Participating interests in affiliated enterprises	4.318	2.130
TOTAL ASSETS	1.279.693	1.456.880

Liabilities

	2012	2011
LIABILITIES	1.183.595	1.368.924
I. Amounts owed to credit institutions	437.881	420.539
A. Repayable on demand	437.881	420.528
B. Amounts owed as a result of the rediscounting of trade bills	-	-
C. Other debts with agreed maturity dates or period of notice	-	-
II. Amounts owed to customers	700.677	892.561
A. Savings deposits	8.465	9.958
B. Other debts	692.211	882.603
1. Repayable on demand	650.318	790.775
2. With agreed maturity dates or period of notice	41.894	91.828
3. As a result of the rediscounting of trade bills	-	-
III. Debts evidenced by certificates	-	-
IV. Other liabilities	37.696	48.440
V. Accrued charges and deferred income	176	216
VI. Provisions and deferred taxation	142	145
A. Provisions for liabilities and charges	100	102
1. Pensions and similar obligations	39	41
2. Taxation	-	-
3. Other liabilities and charges	61	61
B. Deferred taxes	42	44
VII. Fund for general banking risks	7.023	7.023
VIII. Subordinated liabilities	-	-
CAPITAL AND RESERVES	96.098	87.956
IX. Capital	41.850	41.850
A. Subscribed capital	41.850	41.850
B. Uncalled capital (-)	-	-
X. Share premium account	411	411
XI. Revaluation gains	-	-
XII. Reserves	4.266	4.270
A. Reserve legal	4.185	4.185
B. Reserves not available for distribution	-	-
1. In respect of own shares held	-	-
2. Other	-	-
C. Untaxed reserves	81	85
D. Reserves available for distribution	-	-
XIII. Profits (losses) brought forward (+)/(-)	49.571	41.424
TOTAL LIABILITIES	1.279.693	1.456.880

Statutory annual accounts

Profit and loss account

(€ '000)	2012	2011
I. Interest receivable and similar income	7.275	15.835
A. Of which from fixed-income securities	4.663	10.398
II. Interest payable and similar charges	-3.806	-9.269
III. Income from variable-yield securities	27.224	28.434
A. From shares and other variable-yield securities	30	64
B. From participating interests in affiliated enterprises	27.189	28.313
C. From participating interests in other enterprises linked by participating interests	-	-
D. From other shares held as financial fixed assets	4	56
IV. Commissions receivable	98.965	94.321
A. Brokerage and commission fees	26.435	29.969
B. Fee for service management, consultancy and preservation	67.753	57.822
C. Other fees received	4.777	6.530
V. Commissions payable	-24.041	-21.148
VI. Profit (Loss) on financial transactions (+)/(-)	3.771	7.717
A. On trading of securities and other financial instruments	4.922	3.600
B. On disposal of investment securities	-1.150	4.116
VII. General administrative expenses	-36.239	-34.506
A. Remuneration, social security costs and pensions	-24.756	-23.095
B. Other administrative expenses	-11.483	-11.411
VIII. Depreciation/amortisation and other write-downs on formation expenses, tangible and intangible fixed assets	-3.618	-3.450
IX. Decrease/Increase in write-downs on receivables and in provisions for off balance sheet captions "I. Contingent liabilities" and "II. Commitments which could give rise to a risk": appropriations (write-backs) (+)/(-)	25	22

(€ '000)	2012	2011
X. Decrease/Increase in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities: appropriations (write-backs) (+)/(-)	-474	1.079
XI. Utilisation and write-backs of provisions for liabilities and charges other than those included in the offbalance sheet captions "I. Contingent liabilities" and "II. Commitments which could give rise to a risk": uses (write-backs) (+)/(-)	-2	-71
XII. Provisions for liabilities and charges other than those included "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	-	-
XIII. Transfer from (Transfer to) the fund for general banking risks (+)/(-)	-	-
XIV. Other operating income	658	983
XV. Other operating charges	-785	-1.161
XVI. Profits (losses) on ordinary activities before taxes (+)/(-)	69.853	76.725

Statutory annual accounts

Off-balance sheet captions

(€ '000)	2012	2011
I. Contingent liabilities	9.111	8.287
A. Non-negotiated acceptances		
B. Guarantees serving as direct credit substitutes	3.649	4.142
C. Other guarantees	5.462	4.145
D. Documentary credits	-	-
E. Assets charged as collateral security on behalf of third parties	-	-
II. Commitments which could give rise to a risk	92.129	350.190
A. Firm credit commitments		
B. Commitments as a result of spot purchases of transferable or other securities	74.758	329.328
C. Undrawn margin on confirmed credit lines	17.371	20.862
D. Underwriting and placing commitments	-	-
E. Commitments as a result of open-ended sale and repurchase agreements	-	-
III. Assets lodged with the credit institution	35.969.900	28.151.748
A. Assets held by the credit institution for fiduciary purposes	0	0
B. Safe custody and equivalent items	35.969.900	28.151.748
IV. Uncalled amounts of share capital		

Statutory annual accounts

Approbation account

(€ '000)	2012	2011
A. Profit (Losses) to be appropriated (+)/(-)	96.916	104.895
1. Profits (Losses) for the period available for appropriation (+)/(-)	55.492	60.316
2. Profit (Losses) brought forward(+)/(-)	41.424	44.579
B. Transfers from capital and reserves	-	-
1. From capital and share premium account	-	-
2. From reserves	-	-
C. Appropriations to capital and reserves	-	-
1. To capital and share premium account	-	-
2. To legal reserve	-	-
3. To other reserves	-	-
D. Result to be carried forward (+)/(-)	49.571	41.424
E. Shareholders' contribution in respect of losses	-	-
F. Distribution of profits	47.346	63.471
1. Dividends	47.346	63.471
2. Director's entitlements (a)		
3. Other allocations (a)		

Delen Private Bank NV - Jan Van Rijswijcklaan 184 - B-2020 Antwerp, Belgium
T. +32 (0)3 244 55 66 - F. +32 (0)3 216 04 91 - BE 0453076211 - RPR Antwerp Belgium
Publisher: Anne-Sophie Delen, Antwerpen
Format: Vandekerckhove&Devos - Melle - Ecta's: Photostudio OBIJN - Antwerp - Druk: Impresa - Herentals
Cover image: Koen van den Broeck, Red and Blue Border

ANTWERP

Jan Van Rijswijklaan 184
2020 Antwerpen
+32 (0)3 244 55 66

BRUSSELS

Tervurenlaan 72
1040 Brussel
+32 (0)2 511 84 10

GHENT

Coupure rechts 102
9000 Gent
+32 (0)9 210 47 60

HASSELT

Thonissenlaan 11
3500 Hasselt
+32 (0)11 71 10 10

LIEGE

4, Boulevard d'Avroy
4000 Liège
+32 (0)4 232 28 11

ROESELARE

Kwadestraat 151b bus 51
8800 Roeselare
+32 (0)51 24 16 16

LUXEMBURG

287, Route d'Arlon
L-1150 G. D. Luxembourg
+352 44 50 60

GENEVA

12, rue de Hollande
CH-1211 Genève 11
+41 (0)22 317 00 00

www.delen.be
info@delen.be

DELEN

PRIVATE BANK

