



Transcript Analyst call 4th February 2019

Vincent Germyns – CEO BinckBank: Good morning everybody. As announced, we will have a short introduction and after that we will immediately with the QandA session.

Earlier this morning, we have published the full year results for the year 2018. The most relevant items to note are that we made a total net profit of EUR 35.5 million after tax, which translates into EUR 0.53 earnings per share. The annual result for 2018 contains EUR 12.9 million in one-offs, consisting of the profit on the sale of ThinkCapital, which goes for EUR 8.4 million, the revaluation of the deferred tax liability against the new corporate income tax rate, which is EUR 6.3 million, and the one-off costs for the Saxo deal, which are EUR 2.4 million before tax.

We have paid an interim dividend for 2018 of EUR 8.7 million and that is EUR 0.13 per share. We paid that in August last year and we will not pay a final dividend for 2018, as Saxo's offer is cum dividend, and it is not market practice to pay dividend in case there is a cum dividend offer on the table.

BinckBank and Saxo Bank confirmed by press release dated 14th January 2019 that good progress on the preparation for the offer is being made and that the process to obtain the required regulatory clearances for the offer has also been made. Saxo Bank expects to submit a request for review and approval for the offer documentation in relation to the offer with the Authority Financial Markets in the first half of February, which is before the application deadline under Dutch law. The timing of the offer is largely driven by the regulatory approval process within DNB. Our current estimate is that BinckBank and Saxo anticipate that the offer will close at the end of the second quarter or in the first half of the third quarter. There is no anti-trust clearance and the extraordinary general meeting of shareholders has not been planned yet. At this stage, we cannot be more precise on the expected timing and milestones. Further announcements will be made if and when required.

In light of the intended offer by Saxo Bank, we will move directly to questions and answers and skip the analyst presentation. So operator, we can start the QandA session right now.

QUESTIONS AND ANSWERS

- **Albert Ploegh – ING**

Good morning, a few questions from my end. Since the public announcement of the offer made by Saxo, has there been any further interest expressed by another party to discuss a potential take-over or merger with Binck?

My second question is on the DNB approval process. I understand you cannot be more precise but any indication so far? Can you say something in general on how discussions are currently going there?

My final question is a bit more on operations, on the development of the assets under management. Clearly and understandably Q4 was not the most ideal quarter in terms of the investment sentiment but can you maybe give somewhat of a feel on the net new money flow over the third or fourth quarter, let's say over the second half compared to what the trends were underlying in the first half? Thank you.

Vincent Germyns – CEO BinckBank: Thank you, Albert. You asked if we have seen further interest after the announcement. It is now approximately six weeks since we announced this potential acquisition of BinckBank by Saxo Bank and in the meantime, after a period of six weeks, I nor my colleagues received any signal that other companies would be working on another proposition. So, as far as we know, there is no extra interest coming from the market.

Regarding the DNB process, Evert?

Evert Kooistra – CFRO Binck Bank: That is on schedule and ongoing. So, no specific items there to mention at this stage.

Albert Ploegh – ING: Okay. Thank you.

Evert Kooistra – CFRO Binck Bank: You asked for some colour on the AuM.

Albert Ploegh – ING: Yes, indeed, and maybe a bit on the net new money flows, the products you have currently.

Evert Kooistra – CFRO Binck Bank: Yes, we had EUR 890 million in Assets under Management at year end, of which EUR 719 million is in Binck Select, the old Alex, which is around 81%. The remainder is in Forward and in Comfort, which is 19% of the AuM in new products. Over the whole year we had a new outflow of EUR 115 million, which consists of inflow on the new products of EUR 62 million and an outflow on Binck Select of EUR 177 million. So, the net outflow was EUR 115 million.

Albert Ploegh – ING: Has the outflow more or less stopped on the old Alex product in the second half of the year? I cannot do the math so quickly but I am not sure ...

Evert Kooistra – CFRO Binck Bank: No ...

Albert Ploegh – ING: ... still some outflow.

Evert Kooistra – CFRO Binck Bank: There is still outflow on Binck Select, yes.

Vincent Germyns – CEO BinckBank: But the good news to mention here is that we had the rebranding. In the last quarter of last year we had the full rebranding with phasing out the Alex brand. So, we also modified the name of the Alex Vermogensbeheer product to Binck Select. We expected that this could also be triggering a situation in which people would close down their account or stop the position, but this is a trend we did not see. That is good news. We expected that people would close their accounts but we did not see a reaction like that.

Albert Ploegh – ING: Thank you very much.

Evert Kooistra – CFRO Binck Bank: So, the conversion went well from Alex to Binck Select?

Vincent Germyns – CEO BinckBank: Yes.

- **Cor Kluis – ABN AMRO**

Good morning, I have two questions, first of all a very simple one on collateralised lending. What was the exact amount outstanding at the end of Q4?

More qualitatively regarding the Saxo trading system. The plan is to replace that and the Saxo system will be the new system in the future. Could you highlight – you probably have already looked at that – how easy that is? You have quite some experience with Alex and the Binck systems but how do we have to look at that going forward?

My last question is about the product, the service that you launched in France. Could you elaborate a little bit more on that? What do you see there already from new sales, et cetera?

Evert Kooistra – CFRO Binck Bank: Regarding your question on collateralised lending, that was EUR 605 million at year end. Last year, it was EUR 567 million, so we have seen an increase in collateralised lending during the year.

Vincent Germyns – CEO BinckBank: This is a good signal that with the new price positioning and the new pricing system that we launched in March last year we are able to attract very active customers, because they are the big users of collateralised lending. So, this is giving us a good signal that we are somewhat gaining a bit of market share back. So, this is good news.

With regards to the trading system of Saxo: of course, we looked in depth at the trading system they have. Upfront, we have already said that before transferring the first client to the Saxo system, the people at Saxo's really engaged that we would close all the functional gaps before transferring customers. We see that the trading application that is used by Saxo Bank and which they have presented to the customers is pretty much from the high end. It is a very high-end trading system. For the mainstream user it may be a bit too complicated. Nevertheless, last year they launched Saxo Investor, which is a more simplified version of the trading application. Up until now they have only launched it in Denmark, so I think it would be good that in the coming months we follow it very closely so that we can modify our systems towards that Saxo Investor-type of product. This is something we will be working on as soon as there is a closing of the project.

Let me shed some light on the Assurance Vie product, the French product we launched. It is premature to give some extra view on it but we have approximately 2,000 leads in the pipeline. We already have 200 contracts in Assurance Vie and this is totalling up to somewhere between 1 million - 1.5 million in assets.

Cor Kluis – ABN AMRO: Thank you very much.

- **Albert Ploegh – ING**

Maybe one question in relation to the net interest income. You made clear that regarding the size of the mortgage book you will not grow beyond EUR 800 million. Given where rates are today in your near-term reinvestment outlook, how do you see your NII developing in 2019 assuming rates stay where they are? Some colour would be helpful.

Evert Kooistra – CFRO Binck Bank: We do not give an outlook, as you know, but I can give you some visibility on the drivers. During 2018 collateralised lending has been at a very high level and has been growing during the year. the amount of collateralised lending depends on the investor sentiment. This is something we cannot influence, so depending on how investor sentiment will develop during 2019 the balance can either further grow or decrease a bit. I think we have peaked on EUR 620 million at mid-year, and it came a little bit down in the second

half of the year. The average interest margin that we make is 3.6% at the moment and that is what on average charge to customers. If you look at the yields on the other parts of the treasury area, mortgages are currently up to 1.8%. The investment portfolio yield has increased a little bit. It is 53 basis points at this moment and in 2017 we were at 34 basis points. So, we have seen an increase there. The negative interest on the cash balance, which is quite a burden for us, is unchanged. It is still 40 basis points negative at the moment. We have seen cash balances increasing a bit during 2018, so that is still a cash burden for Binck.

Albert Ploegh – ING: That is very helpful. Thank you.

Vincent Germyns – CEO BinckBank: As there are no more questions, I would like to thank you for this analyst. Should you have any question you can always contact us. You know where to reach us.

Thank you again and see you soon. Bye, bye.

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End of call