

Third quarter results 2014

20 October 2014

Koen Beentjes CEO
Evert Kooistra CFRO



Mr. **Beentjes**: Thank you, Nelleke, you said it all. So, welcome to our third quarter analyst presentation.

Agenda

- i. Update FY14 Q3
- ii. Financial position
- iii. Outlook 2014
- iv. Q&A

It is the usual order. I will give some more colour on the third quarter business results, Evert will follow up with the financial position, then we have the outlook and at the end the QandA session.

Part I

Update FY14 Q3

We had a high adjusted profit per share of EUR 0.35 and in total of EUR 24.6 million. This quarter, the result was driven by selling our participation in BeFrank to Delta Lloyd, where we achieved EUR 15.5 million tax free net profit under the Dutch deelnemingsvrijstelling.

The consensus is at EUR 0.34, so the actual result is EUR 0.35 compared to the

Business highlights FY14 Q3

- Adjusted EPS FY14 Q3: € 24.6 million / € 0.35* per share (FY14 Q2: € 8.5 million / € 0.12 per share)
* if 0.12 due to our recognition of 0.11 correction of our own trading activities
- BinckBank & Delta Lloyd signed an agreement on 18 July 2014. Delta Lloyd acquired BinckBank's 50% holding in BeFrank for € 19.5 million. A tax free profit of approximately € 15.5 million is accounted in FY14 Q3
- Alex Asset Management:
 - Underperformance so far this year, due to non trending markets
 - Total AUM end of FY14 Q3: € 2.274 billion (FY14 Q2: € 2.517 billion)
 - Total AUM 16 October 2014: € 2.005 billion
- Number of transactions 1.9 million (FY14 Q2: 1.9 million)

consensus and estimates as well as the revenues and the cost are somewhat lower than the consensus.

This quarter, we have paid and drawn a lot of attention to Alex Asset Management. So far this year we have seen an underperformance due to the non-trending markets. The

underperformance is caused by our defence mechanism. In short, by the execution of stop loss orders when the markets are trending downwards. At the moment we realise

the loss in case of a recovery of the market we do not realise upward potential and then we really have a loss in the portfolio of the client.

In the first three weeks of October, the markets have come down significantly. We have experienced some more outflow next to results that were negative all over the market. Last Thursday, we stood at slightly over EUR 2 billion with EUR 2.5 billion in Alex Vermogensbeheer, Alex Asset Management. So, the result of course was not what we would have liked to see but it is in the system that we get out of the market when the market is trending downwards, to prevent our clients from massive losses. In the past we have done this very well several times and at this time, due to the non-trending markets, the results for the clients have been less good.

The number of transactions this quarter was at 1.9 million, roughly at the same number of the second quarter. The increasing volatility in the market during the last couple of weeks has pushed up volatility and also the trading volume. So, the first couple of weeks of October have shown a healthy behaviour and we have seen a lot of transactions.

Business highlights FY 14 Q3

- Introduction Binck turbos (July):
 - Good start in FY14 Q3
 - More than 2,500 turbos
 - Small spread
 - The funding as at 30 September 2014: €81.0 million
- Sale of Able
 - BinckBank & BlackFin signed a letter of intent on 18 July 2014
 - BlackFin is a French private equity company that exclusively invests in European financial services companies
 - Deal structure: Business Processing Outsourcing (BPO) activities (asset & liabilities, carve out BinckBank NV) + Shares Able (Holding) BV
 - Working towards signing of the deal; approval of some BPO clients outstanding

We are very pleased with what we have seen with the introduction of Binck Turbos. We had a very good start without any hiccups or issues. We are offering an outstanding product in the market. We have a small spread, the smallest in the market. We have longer trading hours than competition, and product development is still

ongoing. So, we are improving our product.

Looking at market shares, we see that one third of the executed trades is in the Binck Turbos and the funding level was at EUR 81 million at the end of September. So, we are really pleased with the results over the first three months. It really looks good.

The other initiative we started was Fundcoach. There, assets under administration stood at EUR 473 million at September 30. Of course, mostly the money that came in in the transfer from SNS to Binck. We are forecasting an annual recurring income, which is EUR 1.5 million at minimum.

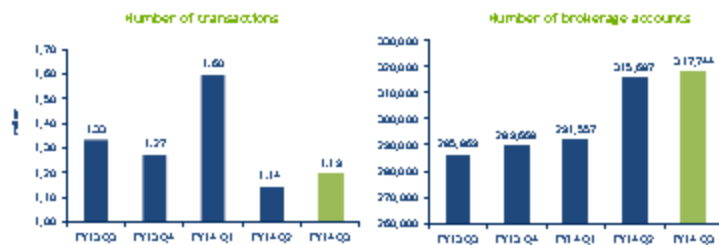
The next topic is the sale of Able. You are all aware that we signed a letter of intent on the July 18. We are selling Able to BlackFin. BlackFin is a French private equity company

with a lot of deep market knowledge when it comes to business outsourcing services. We are selling our BPO services and our software company Able in Reeuwijk. We are now working towards the deal. We need to have the consent from a couple of BPO clients and we are targeting at the beginning of next year.

The number of transactions in the Netherlands went up 4% quarter on quarter, from

Highlights FY14 Q3: Retail business unit NL

- Number of transactions **↑ 4%** to 1.2 million (FY14 Q2: 1.1 million)
- Number of brokerage accounts up with 2,057 to 317,744 (FY14 Q2: 315,687)
- Assets under administration at brokerage accounts € 9.1 billion end FY14 Q3 (FY14 Q2: € 9.1 billion)
- Average price per transaction € 11.47 (FY14 Q2: € 11.89)

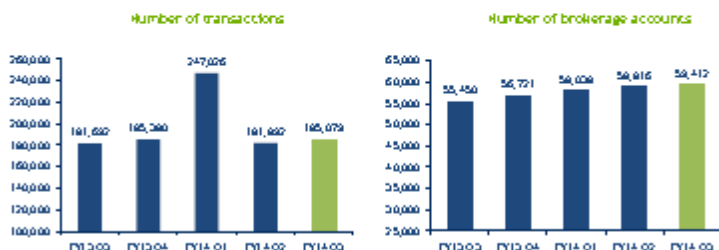


EUR 1.14 million to EUR 1.19 million. There was a slight increase in the number of accounts. Assets under administration were stable as well as the average price per transaction, though a little bit lower than the previous quarter, with 11.47 against 11.89. As mentioned, we had a good start off in October.

In Belgium we see more or less the same picture as in the Netherlands. Transactions

Highlights FY14 Q3: Retail business unit Belgium

- Number of transactions **↑ 2%** to 185,079 (FY14 Q2: 181,892)
- Number of brokerage accounts 59,412 end FY14 Q3 (FY14 Q2: 58,816)
- Assets under administration: € 1.8 billion (FY14 Q2: € 1.8 billion)
- Average price per transaction € 10.16 (FY14 Q2: € 10.46)

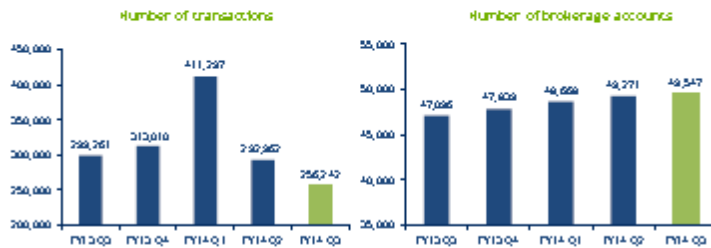


went up here with 2% instead of 4%. There was a slight increase in the number of brokerage accounts and assets under administration remained stable. We see a very slight decrease in the price from 10.46 to 10.16.

Apparently, in August all French people went on holidays and did not spend any time on

Highlights FY14 Q3: Retail business unit France

- Number of transactions ↓ 13% to 256,242 (FY14 Q2: 292,962)
- Number of brokerage accounts up to 49,547 (FY14 Q2: 49,271)
- Assets under administration € 694 million (FY14 Q2: € 693 million)
- Average price per transaction € 5.53 (FY14 Q2: € 5.58)



their security portfolio because it really has not been a very good month for Binck, resulting in a quarter-on-quarter result of -13%. Different from other countries, we have seen a very low volume of transactions there in August.

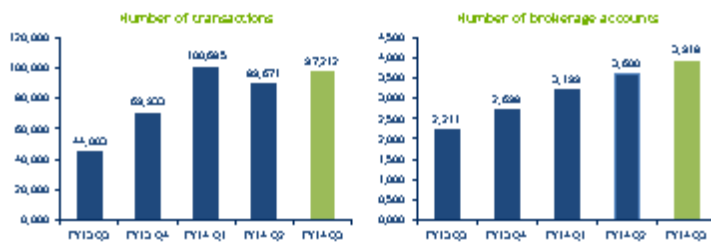
The other things are basically the same. There was a slight increase in

the number of accounts, assets under administration remained stable and a very slight decrease of EUR 0.05 in the average price per transaction.

In Italy we saw the number of transactions up with 8% but logically, driven also the

Highlights FY14 Q3: Retail business unit Italy

- Number of transactions ↑ 8% to 97,212 (FY14 Q2: 89,671)
 - Number of accounts ↑ 9% to 3,918 (FY14 Q2: 3,600)
 - Assets under administration ↑ 17% to € 432 million (FY14 Q2: € 371 million)
 - Average net fee and com. income per transaction € 2.38* (FY14 Q2: € 3.95)
- * Includes net fee and com. income per transaction of € 1.43 due to catch-up payment for exchange and clearing costs



number of accounts, up 9%. Here again, all across the board and all over the countries – with the exception of France – we see a slight increase of the number of transactions. Assets under administration went up but also because of the new number of accounts. The average net fee per transaction was at EUR 2.38, which is

a little bit cosmetic because we had to pay a catch-up payment for exchange and clearing costs and that was EUR 1.43 per transaction. If you would add that back we are at EUR 3.91, so basically at the same amount as in the previous quarter if it comes to the net fee per transaction.

We already mentioned all countries. We get a lot of questions about competition. If we

Highlights FY14 Q3: Retail business unit

Segmentation of transaction-related net fee & commission income by country

FY14-Q3	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income in € (,000)	17,136	0,858	1,881	1,416	2,981
Number of transactions	1,759,802	1,138,268	185,075	256,242	99,217
Average net fee and com. income (in €)	9.74	7.47	10.16	5.53	29.8

FY14-Q2	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income in € (,000)	17,456	0,565	1,802	1,638	2,551
Number of transactions	1,705,800	1,141,775	181,862	230,262	89,957
Average net fee and com. income (in €)	10.23	4.88	10.46	7.11	28.4

compare the countries with each other, we do not see much of an indication that there important changes in market share. With the exception of France, all countries show the same pattern, which is a slight increase quarter on quarter in the number of transactions. We do not see that one specific country, again with the

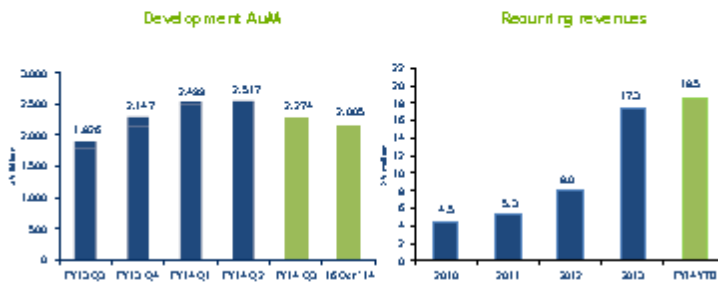


exception of France, shows a different behaviour.

As I already mentioned in the business highlights, we have seen a decrease of the assets

FY14 Q3: Development Alex Asset Management

- Total AUM end FY14 Q3: ↓10% to € 2,274 million (FY14 Q2: € 2,517 million)
- Recurring revenues FY14 Q3: € 18.5 million (2013: € 17.3 million)



realised.

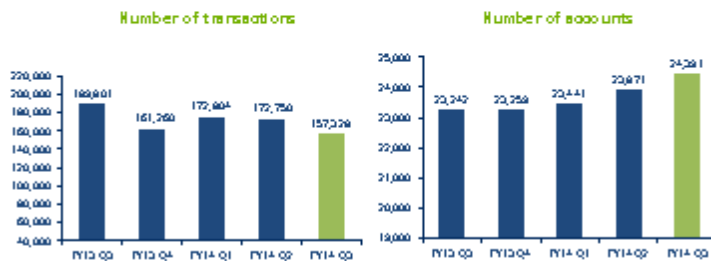
Currently, to a large extent the model is in bonds, roughly depending on the profile; 40% to 45% of the investments is in bonds, with the exception of the most defensive profile where it is approximately 70%.

Slide

In Professional Services remained stable quarter on quarter. This is the business where we service private wealth managers. It is a very stable business. The number of assets under administration is now at 6 billion. It is a good and solid part of the business of Binck.

Highlights FY 14 Q3: Professional Services

- Number of transactions: 157,328 (FY14 Q2: 172,750)
- Number of brokerage accounts: 24,391 (FY14 Q2: 23,871)
- Assets under administration € 6.0 billion (FY14 Q2: € 5.8 billion)



Part II

Financial position

Mr. **Kooistra**: Good morning everybody. We continue with slide 14, the highlights of the profit and loss quarterly comparison.

Net interest income in the third quarter decreased with EUR 1.1 million, from EUR 7.7 million in the second quarter to EUR 6.6 million as at the end of the third quarter.

Profit & Loss quarterly comparison

in € million	Q3 14	Q2 14	Q3 13
Net interest income	6.6	7.7	7.8
Net fee & commission income	26.6	28.6	28.1
Other operating income	8.7	8.6	-
Result of extraordinary impairment losses of 1st year	8.7	-	-
Total net revenue	50.6	46.5	45.9
Employee expenses	(18.8)	(18.7)	(18.6)
Depreciation & amortisation	(6.4)	(6.4)	(7.7)
Other operating expenses	(17.1)	(17.7)	(17.6)
Total operating expenses	(42.3)	(42.8)	(43.9)
Profit from operations	8.3	3.8	2.0
Tax expense	(1.4)	(1.6)	(1.1)
Share in profit/loss of associates & joint ventures	15.7	(1.7)	(1.5)
Result after tax from continuing operations	11.6	0.5	0.4
Result after tax from discontinued operations	(8.1)	8.6	8.7
Net profit	3.5	9.1	9.1
Net profit to ordinary shareholders	-	-	-
Net profit to shareholders BinckBank	3.5	9.1	9.1
Adjusted net profit	14.6	14.9	14.6

The majority of the decrease is related to the decline in collateralised lending. Lending balances dropped from EUR 393 million to EUR 364 million at the end of the quarter and during the quarter, in August, lending balances

bottomed at EUR 345 million.

The interest proceeds from the treasury book held up rather well. The loss of yield was limited to only 4 basis points and the size of the treasury book has increased significantly with almost EUR 300 million. We will come back to the investment portfolio in a few minutes.

Transaction-related net fee and commission income remained stable. The number of transactions in the third quarter was approximately EUR 1.9 million, which is in line with the second quarter transaction levels. The transaction-related net fee and commission income for the third quarter was EUR 22 million and the fee for the second quarter was EUR 20.7 million. Market volatility was still low in the third quarter.

Fees from Alex Asset Management dropped from EUR 5.8 million to EUR 4.1 million. Please be informed that the second quarter earnings for Alex Asset Management contained a one-off VAT-related adjustment of EUR 1.2 million, so the actual drop is therefore EUR 500,000, which is 11%. This decrease in earnings is mainly due to a decrease of assets under management in the third quarter. Assets under management decreased with EUR 242 million, of which EUR 100 million is related to outflow and EUR 142 million to performance. In October, the assets under management decreased further to EUR 2 billion.

For Binck Fundcoach no revenues have been recorded in the third quarter yet, as clients had a promotion fee-free quarter and, as Koen said, the expected minimum earnings for Fundcoach are EUR 1.5 million per year.

There is a new line: results from investments and impairment losses from financial instruments. This is the line where we record the income for the Turbos. The Turbo income was EUR 200,000 for the third quarter.

The share in profit and loss of associates and joint ventures contains the profit of the sale of BeFrank. The sale of BeFrank contributed with a one-time profit of EUR 15.5 million, which is EUR 0.22 positive impact per share. The sale also relieves Binck from the funding of the operating losses of BeFrank, which saves us approximately EUR 3 million per year going forward.

On our participated in TOM we recorded a loss of EUR 300,000 for the third quarter.

Payroll costs in Q3 were EUR 10 million, which is a decrease of 5% versus the payroll cost in the second quarter.

Operating expenses FY14 Q3

- Operating expenses in FY14 Q3 down to € 29.1 million (FY14 Q2: € 31.1 million)
- Marketing costs for FY14 Q3: € 3.5 million (FY14 Q2: € 2.7 million)



The decrease is mainly due to a release in the reserve for holidays, due to the take-up of holidays. There were no major changes in starting levels during the third quarter. The number of FTEs was 653 at the end of September.

Amortisation and depreciation is mainly the amortisation of the Alex intangibles. There are no significant changes in the amortisation and depreciation costs. Since 1st July, there is a small part included for the amortisation of the intangibles related to Fundcoach, which is EUR 200,000 per year.

Other operating expenses showed a decrease of 11%, mainly due to a one-off credit for VAT and reimbursement for Icesave costs, which is in total EUR 1.5 million.

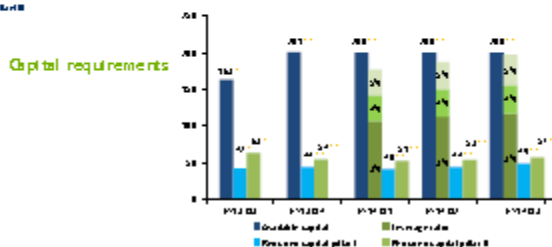
The third quarter also contained the last instalment of the SNS resolution levy of EUR 1.3 million.

Marketing expenses for the third quarter were EUR 3.5 million and the total year-to-date marketing expenses are EUR 10.7 million.

Amortisation and depreciation is mainly the

Financial position BinckBank FY14 Q3

- Solid equity position end FY14 Q3: € 435 million (FY14 Q2: € 423 million)
- Capital ratio end FY14 Q3 at 32.8% (FY14 Q2: 36.5%)
- Conform our surplus capital distribution policy Tier I equity remained at € 200 million (FY14 Q2: € 200 million)
- Surplus capital available for distribution end of FY14 Q3: € 23.1 million



IFRS equity amounted to EUR 435 million at the

end of the third quarter, which is a net increase of EUR 12 million versus the second quarter. Tier-1 capital has been kept flat at EUR 200 million and on page 16 of the press release it is outlined that this surplus capital available to shareholders has grown to EUR 23.1 million as per the end of September.

Also, an amount of EUR 15.4 million has been reserved as dividend payable, in line with our standard dividend policy.

The total amount for reimbursement to shareholders is therefore EUR 38.5 million and please be informed that in the third quarter, we have already EUR 7 million in interim dividend. This brings the total potential reimbursement to shareholders for the first three quarters to EUR 45.5 million. Reimbursements can be either in cash dividends, share buy-backs or a combination of them.

The BIS-ratio has decreased from 36.5% to 32.8% due to a continued increase of capital requirements under Pillar 1. The capital requirements under Pillar 1 increased with EUR 4.9 million due to a higher average solvency rate of the investment portfolio and to the increase of the size of the treasury book.

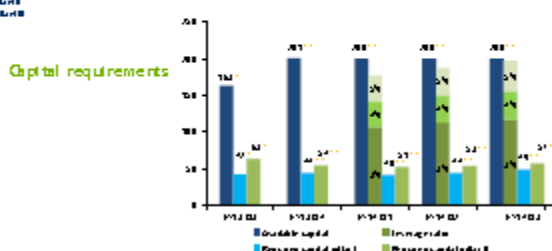
The capital requirements for the Turbos were at EUR 228,000, reflecting the capital regard for credit risk on the UBS for the outstanding portfolio in Turbos. The foreseen maximum capital requirements for the leverage products have not changes and are still estimated to be between EUR 2 million and EUR 4 million eventually.

This slides gives you an overview of the investment portfolio. The size of the treasury

book has increased significantly, with almost EUR 300 million tot EUR 1.9 billion. The average yield in the treasury book dropped slightly from 68 to 64 basis points and duration

Financial position BinckBank FY14 Q3

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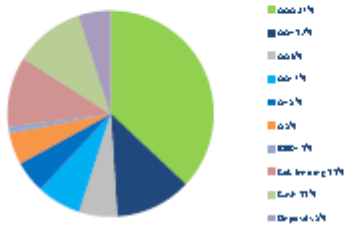
went slightly up to 1.55 years.

In the third quarter we invested EUR 424 million in nominal value, at an average yield of

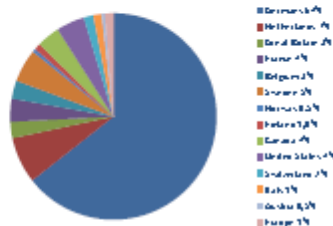
Overview investment portfolio FY14 Q3

- Size of investment portfolio FY14 Q3: € 1.9 billion (FY14 Q2: € 1.6 billion)
- Average duration of the portfolio FY14 Q3: 1.55 (FY14 Q2: 1.51)
- Yield on investment portfolio end FY14 Q3: 0.64% (FY14 Q2: 0.68%)

Allocation funds entrusted per rating



Allocation funds entrusted per country



38 basis points and EUR 147 million nominal value in bonds were redeemed, on which we lost an average yield of 44 basis points. If we manage in the fourth quarter to reinvest at a rate of minimal 30 basis points, the yield on the treasury book is expected to drop to 62 basis points by the end of the year.

So far, the financial position. I will now hand it back to Koen to round off the presentation.

Part III

Outlook 2014

Mr. **Beentjes**: Thank you, Evert.

Outlook

- Continued focus on Alex Asset Management
- Working towards the sale of the BPO and software & licensing operations (Able); approval of some BPO clients outstanding
- Update medium-term targets with 2014 Q4 report

Despite the negative development in the last quarter with Alex Asset Management, we will continue to focus on it as a cornerstone of our strategy and build the product. Last quarter, we expanded the investment universe by adding 1,600 US equities. We are looking at more geographies to be added.

We want to finish the sale of the BPO and software licensing operations of Able, for which there are still some outstanding issues. Amongst others, we of course need to have consent from clients.

Given the developments with Alex Vermogensbeheer, we will have to look at the medium-term targets. We will inform you by issuing our 2014 Q4 report. We will then give you an update on the new medium-term. The current ones are till the end of 2014, which are then relatively short-term targets, so we need to come up with new mid-term targets.

Part IV

Q&A

- **Albert Ploegh – ING Bank**

Good morning, I have a few questions, first of all on the Alex Asset Management product. To be clear, if I look at the balances until last Thursday, it basically went down close to EUR 217 million versus the end of September. Is that all related to market corrections or is there still some outflow in there is? As mentioned in the press release, EUR 125 million can be explained by market correction. So to be sure, is it more performance-driven than outflow-driven?

My second question is also related to Alex. Clearly, the model is now a negative performance. What has been the reaction of clients? Have you received any complaints or is it still quiet and calm? People understand that markets can enter in negative territory.

My third question is that in the month of October, especially on the brokerage side, volumes were up massively on Euronext, I think even to 40% to 50%. Can you confirm that you also saw a significant increase in trading activity amongst your clients as well?

Mr. **Beentjes**: Thank you, Albert. Regarding the EUR 270 million outflow or decrease in value of the Alex Asset Management product, it is correct that in the press release the number of EUR 125 million is mentioned. But I am going to correct that now and we will also correct it in the release. The number is that the outflow to clients – so money withdrawn – is EUR 100 million and the decrease in value of the investment portfolio on behalf of the clients is EUR 169 million. So, the total decrease is EUR 269 million, EUR 100 million outflow and EUR 169 million loss of value in the client portfolios.

The negative performance is causing clients complain. That is clear. The clients that are somewhat longer with us, who have experienced the working of the model and have seen good returns over the last couple of years have more patience and see it that there is also a possibility to have a weaker period but the new clients, who just stepped in or just bought the product, started with a negative performance. They are disappointed and they are complaining. Some of them are withdrawing their money. That is where we are.

There are a lot of clients who have a savings profile. They were not getting enough return on their savings book and they went to the stock markets. To invest with Alex Vermogensbeheer was very certainly a disappointment to them.

On your third question: we have also seen a significant increase in trading volumes in the first couple of weeks. I do not have the percentage here but you mentioned Euronext going up 40% to 50%. I have not made the calculation but it could be quite well in line with what we have seen.

Albert Ploegh – ING Bank

I have one follow-up question on Alex. You mentioned understandably that the focus will remain on Alex. What does that mean? Is it more that you are going to improve the existing offering or are you maybe planning to introduce some more wealth management- driven products next to the US product? What are your ideas with Alex going forward? I know it is a pretty broad question but I think it is an important one.

Mr. **Beentjes**: First of all, we are looking at geographical expansion so that we can sell the product in more countries. That project is ongoing. Secondly, we are standing behind our model. We have had very good results with it in the past and now the result is poorer. That does not mean that we are immediately going to make all kinds of changes to the model but it is true that we are in a negative part of the performance of the model. Next to that, we are improving the model for instance by adding more equities in the universe of the products. We have added the US and we are looking at more geographies to add to the universe of the model, [no sound ..] as the product grows. That is important because we need to have enough liquidity to grow the product. That is what we are preparing for to get more equities in the universe. Of course, we are looking at the model on a more daily basis but that is regular business. Now and then, there will be some changes in the model but we will do so after thorough back testing to see it is as good as it can be for our clients.

Albert Ploegh – ING Bank

Thank you very much!

- **Benoît Pétrarque – Kepler**

Good morning, just a couple of question on Alex as well. I see that the fees are EUR 4 million for the quarter. If I calculate that in [bps] of the average at [...] management, I get something like close to 68 bps. That is significantly lower than in previous quarter. Are there lower fees just for clients this quarter?

On assets allocation: it looks like that on the more distance you profile you want look at more cash in October. Can you confirm that? [Do you see the first time of overperformance versus the market in October?] Do you think that the fourth quarter could be a quarter where you are going to perform a bit better than the market? Can you say something about that?

My second question will be on the Turbos. In the past you had EUR 4 million to EUR 5 million additional revenues. Based on what you are seeing in the third quarter are you confirming this guidance?

Then on the cost side. We have seen cost down 6% but [...] 88% cost income ratio on the retail brokerage or do you see cost moving from now in the current environment?

Mr. **Beentjes**: Evert will answer your first question on the fee.

Mr. **Kooistra**: Your analysis is 68.8 bps on Alex Asset Management. We charge clients 1% and that is including VAT. If you take that out, gross income for Binck is 82.6 basis points. The net fee is indeed lower, due to higher stock exchange and clearing costs. The model went into shares and out shares into ETFs and out ETFs, so it turned around a few times. That causes stock exchange and clearing costs and those are for the account of Binck. Due to the non-trending markets we see higher costs now. That explains why the net proceeds are lower.

Benoît Pétrarque – Kepler

But in a normal environment where you do not move cash every day you should probably get back to the 80 bps you have shown in the past?

Mr. **Kooistra**: Yes, normalised levels.

Mr. **Beentjes**: On the asset allocation: currently we are what we call 'cash'. In practice that is that we invest in bond trackers. The asset allocation currently is in the most defensive profile, 70% in the bond trackers. In the cautious profile, the one we use for our advertisements, we are at 58% equity and 42% cash, and in the more aggressive profiles we are in the low 60s if it comes to equities and in the high 30s if it comes to the bond trackers.

Overperformance? That is the question. We went out of the market in the last two weeks but if the market recovers, we will lose performance. We executed the stop loss orders. If the market recovers we could lose performance. If the correction is stronger and will go on, then we will realise overperformance in comparison with parties that are closer to the benchmark. That question cannot yet be answered; we have to see where the markets are going in Q4 to see whether our cash proportion gives us an overperformance or an underperformance at the end of the day.

Your next question was on the Turbos, the EUR 4 million to EUR 5 million. That looks like a realistic goals for next year. So, we are on the right path. Maybe it is a little bit on the high side but we are doing fine and if we can catch more market share we could reach the low end of the number you mentioned.

Benoît Pétrarque – Kepler

You mentioned in the introduction that one third of the volumes in Turbos are done through Binck Turbos? What was the one third?

Mr. **Beentjes**: One third of the number of transactions.

Benoît Pétrarque – Kepler

Of all transactions?

Mr. **Beentjes**: In the market, yes. One third of the Turbo market is with Binck Turbo, measured in number of transactions because in outstanding it takes more time to get such a market share because there is an existing base with the other market participants. So, that will take more time. But if we look at the number of transactions, that is where we are.

Mr. **Kooistra**: The costs are rather stable and we do not foresee any significance cost increases.

Benoît Pétrarque – Kepler

I was more thinking about a cost decrease potentially, because revenue is under pressure and also net interest income is under pressure. I know it is not related to the cost base automatically but are you planning to be a bit more aggressive in trying to cut costs going forward?

Mr. **Kooistra**: We have a continued focus on cost reductions and on operational excellence.

Benoît Pétrarque – Kepler

So, for next year I can take the 2014 cost base minus the SNS levy and that will be the run rate for next year? There is probably not much inflation.

Mr. **Kooistra**: That is your own assumption but we have a continued focus on cost management.

Benoît Pétrarque – Kepler

Thank you very much!

- **Jan Willem Knol – ABN AMRO**

Good morning. My first question is on the retail brokerage, on slide 10. Your revenue capture is down 4% in the Netherlands. Is that a reflection of pricing pressure in the Dutch retail brokerage market or are there any other explanations for this decline?

Just to double-check: your performance in October for Alex was –EUR 170 million in market performance in EUR 100 million in outflow.

Can you specifically disclose your performance number on the defensive investment profile both in the third quarter and in October?

Lastly, you mentioned that clients are dissatisfied with the performance of Alex. There have been some rumours on that; have any clients started legal procedures against you or do you expect anything on that front? Any disclosure there would be helpful.

Mr. **Beentjes**: On the first question, the 4% decline in price in the retail market: it is an ongoing pattern. The prices are slightly coming down over time and of course that is pushed by competition, so I cannot answer your question completely whether this is a pure pricing issue or whether it also has to do with the size of the orders. I cannot give you the answer because I do not exactly know.

You are checking the EUR 170 million decrease in value and the EUR 100 million outflow in cash. There you are correct and I can confirm that.

On the numbers quarter on quarter: I can give you the numbers for the defensive and cautious profiles but I cannot give you them for October. On the defensive profiles it is -3.2 and on the cautious profile it is 7.3. I do not have the numbers for October.

There are no legal procedures for Alex Vermogensbeheer. We are executing according to our policy. The consequence of executing according to our policy is that we have had losses in the portfolios of the clients. What we have done is perfectly in line with the product we have sold to the clients. Currently, there are no legal proceedings.

Jan Willem Knol – ABN AMRO

Just to understand the performance also in October. It seems that you are down some 8% again on average. It looks that for the whole of Alex you have been fully invested also in October, so I do not understand the story of the defensive stops and the stop losses. If you had stop losses in place it would have suggested -- I think -- that you would have been early out of the market. I find it difficult to understand, especially the October performance. Can you shed a bit more light on that? What has been your strategy? The performance is getting a bit painful; at what point do you say that the model does not work and you stop the model, you rebuild and rework on it and go live at a later point again? I know that is easier said than done but can you shed a bit more light on especially the October performance?

Mr. **Beentjes**: It is a bit difficult because we have not prepared that for this call. What I can tell you is that we went out of the market in the first couple of weeks, tending towards the end of the time frame. What we do is actually trading stop loss that we are executing. That is the way it is, so I cannot give much more detail on it. The other thing is that reworking the model is something we are not considering because the model has given us very good returns. Of course, we are doing maintenance and development on the model continuously but after thorough back-testing. So, there may be changes to the model in the future as well as [...] maintenance.

Jan Willem Knol – ABN AMRO

Thank you.

- **Lemer Salah – SNS Securities**

Good morning, I have a couple of questions. First of all, it seems just considering your targets and the results you have achieved so far, that your European ambition will be somewhat challenged. To be more specific, I think that your target for Italy is not being realised in the midterm. What is your feeling about that?

My second question is on slide 5. I just want to assess the risks you are facing there. You have mentioned that you are in talks with BlackFin. Suppose that one of your BPO clients will not approve of this deal, what will happen with this particular letter of intent with BlackFin? Will the deal be blown? What is your risk assessment there?

My third question is on Alex Asset Management. You have mentioned that you are going to focus more on innovating there and come up with new asset management products. When can we see these new products coming through your pipeline?

My final is with regard to the number of brokerage accounts. You mentioned many times that you are working with the Pareto Rule, which says that 20% of your customers are the most profitable ones. You see there is some growth in the number of brokerage accounts but you also have a lot of inactive ones.

Can you also maybe help us and give us a clear number of how many people are really active going forward? I think that will definitely reduce the noise and the number of brokerage accounts, which we are calculating right now and on which our cards are actually based. If you look at your number of transactions executed it stays pretty much stable, at 2 million on a quarterly basis. If you can help us and give us an active number of brokerage clients, that will help.

Mr. **Beentjes**: On our targets and the European ambition, you suggest that we will not achieve the Italian target of break even by the end of 2015. That target stands and we are on the right track to achieve that. We are doing fine in Italy. We are growing, so there we have no doubts. We will see to it that we get there. We are evaluating the other targets and with the Q4 numbers we come up with revised targets, but we are actually very positive on the developments in Italy. We think it is going fine. It is small in numbers of clients but it is large in numbers of transactions. To avoid any misunderstanding: what we are talking about is break even at the local level, so at local cost.

Lemer Salah – SNS Securities

I am sorry for interrupting, but just in terms of target: if we are talking about targets and if I am not mistaken, your target for the number of brokerage accounts for Italy was 40,000.

Mr. **Beentjes**: Yes, that is true but the clients are extremely active in comparison to other countries. So, it is much less accounts but much more active clients than in other countries and in the business. So, the target stands.

If BPO-clients do not approve, we have to see what we do. That is all I can say about it. Currently, we are anticipating clients to sign. So, the risk assessment if the deal is blown is that we have to do it ourselves but that is not what we expect to happen.

Innovation on the Alex Asset Management product: we are looking at the product of course on a daily basis but I cannot give you right now when we are coming with innovations or new developments in the product. I am afraid you have to wait.

Your last question was on the brokerage accounts. It is true; it is roughly the 20-80 rule and the number of active clients in the Netherlands. In the other countries it is difficult. We may shed a little bit more light on that next year but you have to calculate roughly 110,000 to 120,000 active clients in the Netherlands. These are people that have done more than one transaction in the last year. That is a little bit more precise than account numbers. So, 110,000 to 120,000 people who executed at least one transaction.

Lemer Salah – SNS Securities

Thank you very much.

- **Cor Kluis – Rabobank**

I have a few questions, first of all on the Turbos. As you disclosed in the press release, you are around EUR 200,000 and EUR 250,000 per quarter in revenues now. that is around EUR 1 million annualised. Even if you double your market share you would come to around EUR 2 million a year. Can you give the bridge how you will come to the EUR 4 million revenues in Turbos next year? What do we miss?

My second question is about the assets on the balance sheet. You kept very low duration and a low risk profile over there, which is of course great. There have been some rumours that you have been looking to buy mortgages or invest in mortgages to increase the yield but of course also increase the risk. What is the status of that way of thinking?

My last question is about SNS Fundcoach. You disclosed the revenues or at least the recurring revenues on an annualised basis of EUR 1.5 million. What is the expense base of SNS Fundcoach, because they were already there in Q3 of course. How much was it in Q3?

Mr. **Beentjes**: The first one on the Turbos to help you with the bridge: we currently have a market share in numbers of transactions. One third market share in transactions is not one third market share in outstandings in the market, because you have to grow into the market of longer term Turbo products. Next to that, we are looking at introducing new Turbos and we hope to capture more market share and maybe increase the size of the total market. That is where I see the bridge. At the end of the day we are making the money on the installed base and the number of transactions is helping to increase that installed base.

Cor Kluis – Rabobank

Very clear.

Mr. **Beentjes**: I do not have a break down on the cost of SNS Fundcoach but it is not very cost intensive. We have built it and it is on the system that we have. It is not a very cost intensive thing in the operation.

On the treasury and investment policy Evert will answer.

Mr. **Kooistra**: We heard about the rumours. We are reviewing our treasury portfolio and looking for alternatives to keep up the yield in the portfolio. yields are declining rapidly, so we are considering alternative investments and maybe buying mortgages is one of them. No decisions have been made and we will do it, keeping our low risk profile.

Cor Kluis – Rabobank

And possible consequences for risk-weighted assets? You have given a target of EUR 200 million excess capital. If you would do this, risk-weighted assets will go up. Might that target change going forward?

Mr. **Kooistra**: No, the EUR 200 million will stay in place. What will happen if you take a bit more credit risk you need to reserve more capital. That means that your capital ratio, which is now at 32.8%, will come down but will still remain very high compared to other banks. It will not have any consequences for the EUR 200 million level.

Cor Kluis – Rabobank

Very clear. Thanks.

- **Albert Ploegh – ING Bank**

I have one follow-up question, also related to the treasury book. The portfolio increased by EUR 300 million. You have to confirm that basically that you are allocating away cash that you held at the central bank due to the negative rates and that you have reinvested this. Or is something else going on there?

Mr. **Kooistra**: No, we try to keep cash balances as low as possible because cash balances are either non-yielding or yielding negatively. So, we try to invest as much in the treasury book as we can. That has driven the growth of the treasury book. If you compare it to Q2, then we have significantly lower cash levels at the end of the third quarter.

Albert Ploegh – ING Bank

So, you are moving away the cash that you held at the central bank?

Mr. **Kooistra**: Yes.

Albert Ploegh – ING Bank

Thank you.

- **Benoît Pétrarque – Kepler**

Just a follow-up on investment. Where is your NSFR-ratio, your liquidity ratio currently? If you are going into mortgages, these are long-term assets, and on the funding side the cash on your balance sheet is really short term. We are not talking about [...] savings accounts, a kind of brokerage accounts. What are the liquidity requirements on those balances and what will be your NSFR-ratio right now?

Mr. **Kooistra**: I do not have them here at hand but they are way above the required levels. The balance sheet of Binck is very liquid because the treasury is liquid assets. That is all we have. If we decide to invest in other instruments it will only be for a small part of the portfolio. The majority of the portfolio will still be kept in liquid assets. It will not affect our liquidity ratios in a negative way.

Benoît Pétrarque – Kepler

What could be the maximum size you will invest in mortgages?

Mr. **Kooistra**: We have not decided yet. We started up a study to whether there are any alternative investments besides the investment spectrum that we have now because yields are extremely low. But it is a very early stage and it will not affect the risk profile or the liquidity of Binck in a material way.

Benoît Pétrarque – Kepler

Thank you.

Mr. **Beentjes**: As there are no more questions, I would like to thank all participants for joining us today. I hope to speak to you next time. Thank you very much!

End of call

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