

First quarter results 2015

30 April 2015

Vincent Germyns CEO (a.i.)
Evert-Jan Kooistra CFRO

TRANSCRIPT

Mr. **Germyns**: Good morning and welcome to you all to the BinckBank presentation of the first quarter results 2015. This is the second time I have the honour to present you the BinckBank figures and like you could all read in the press release, I am still doing this in the interim role as acting chairman of the BinckBank board. Nevertheless, we will shed somewhat more light on the situation this morning by informing you that our Supervisory Board decided to appoint me as definite chairman and to submit my candidacy to the regulator.

Agenda

- I. **Update FY15 Q1**
- II. **Financial position**
- III. **Outlook**
- IV. **Q&A**

We will give you the update and the usual sequence. I will present the commercial part and Evert will guide you through the financial position. After that, I will come back with the outlook and then we will organise a QandA session.

Part I

Update FY15 Q1

Let's start with the business highlights.

Business highlights FY15 Q1

- FY15 Q1: Better quarter than 2014 Q4 (which was the best of 2014)
 - Adjusted EPS FY15 Q1: € 16.4 million / € 0.23 per share
 - FY14 Q4: € 12.7 million / € 0.18 per share
- 18% growth in transactions; growth across all four markets (NL/BE/FR/IT)
 - Number of transactions 2.7 million (FY14 Q4: 2.3 million)
 - Three consecutive quarters of growth in transactions (FY15 Q1 / FY14 Q4 / FY14 Q3)
 - All time highs in Belgium and Italy
- Alex Asset Management:
 - Strong results for customers in 2015 Q1
 - Net outflow decreasing: € 126 million in January to € 55 million in March
 - Total AuM end of FY15 Q1: € 1.971 billion (FY14 Q4: € 1.952 billion)
 - High watermarks in sight again

The fourth quarter of last year was the best quarter of 2014. In this quarter, we managed to perform even better. This was a very good result for BinckBank. We had an adjusted EPS of EUR 16.4 million. That is EUR 0.23 per share. We largely passed the 2014 Q4 figures, which resulted EUR 12.7 million or EUR 0.18 per share.

Let's continue with the business highlights of the first quarter of this year.

Business highlights FY15 Q1

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 - High watermarks in sight again

I will go back to the beginning. The fourth quarter was the best quarter of 2014. In the first quarter of 2015 we managed to perform even better. We had an adjusted earnings per share of EUR 16.4 million, which is EUR 0.23 per share with which we largely passed the result of the EUR 12.7 million or EUR 0.18 per share of the fourth quarter last year.

Historically, we have always had seasonality in brokerage but in the first quarter of last year it was only EUR 0.17 per share. With this 42% jump year-on-year this is giving us a boost in our results of course.

The calculated consensus of the analysts was at EUR 0.21, so we were very comfortable with EUR 0.02 above this EUR 0.21 barrier.

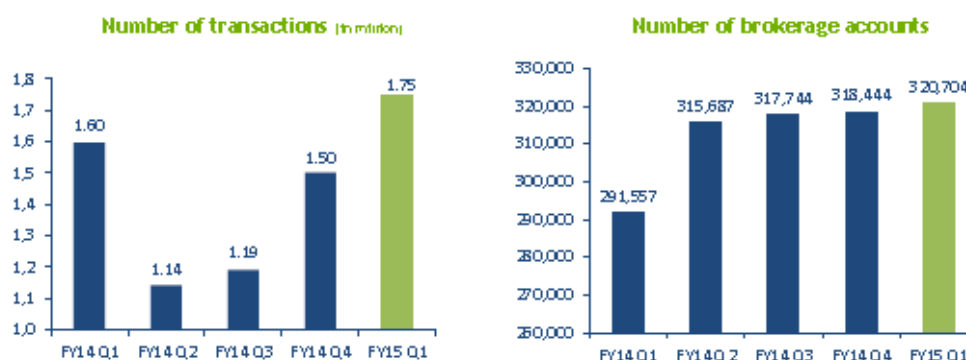
These results were heavily related to the 18% growth in number of trades quarter on quarter, so growth that was seen across all four entities with even an all-time high for Belgium and also for Italy. In absolute figures we processed 2.7 million transactions compared to 2.3 million in the fourth quarter of last year. This means that we had three consecutive quarters of growth and this is very good news for the online brokerage part of BinckBank.

Another important element of our business, Alex Asset Management, was also back on track. The performance of our customer portfolios came in at a high level. The sentiment indicator of our asymmetric model with which we try to let our customers profit from the upwards trend while protecting them against the big downside risks, indicated that we could almost be fully invested in equity over the last quarter. This allowed us to profit largely from the stock market rally. This good performance stood in relationship with lowered client asset transfers, so the transfers out decreased from 126 million in January towards 55 million in March. We ended the quarter with total assets under management of EUR 1.971 billion compared to EUR 1.952 billion at the end of the fourth quarter of last year.

So, given the better results the performance fee comes back on the radar and this is good news for the end of this year. We can come back to that later.

Highlights FY15 Q1: Retail business unit NL

- Number of transactions **↑** 16% to 1.7 million (FY14 Q4: 1.5 million)
- Number of brokerage accounts up to 320,704 (FY14 Q4: 318,444)
- Assets under administration at brokerage accounts **↑** € 10.3 billion end FY15 Q1 (FY14 Q4: € 9.1 billion)
- Average net income per transaction **↑** € 11.72 (FY14 Q4: € 11.23)



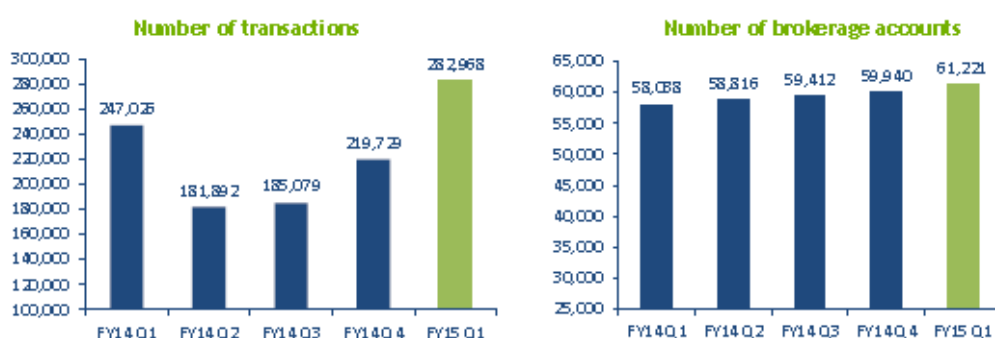
The number of transactions in the Retail business unit NL was 16% higher than in the first quarter. We executed for the Netherlands 1.7 million trades compared to 1.5 million in the quarter before. This is also well above the first quarter of 2014. The market drivers were favourable; there was a positive market sentiment, increased volatility and a continuously low level of interest rates. We also saw a slight increase in the number of clients, with a net growth of 2,260 clients.

The assets under administration went up in a large extent, due to growth by performance to EUR 10.3 billion at the end of Q1, keeping us steadily on track for the

long-term target of EUR 21 billion overall. With an average income per transaction of EUR 11.72 compared to EUR 11.23 in the fourth quarter, we see that the so feared price erosion is relatively small. This is even a positive trend. We were even able to charge a higher average price. Nevertheless, we should continue to be alert for competition.

Highlights FY15 Q1: Retail business unit Belgium

- Number of transactions **↑** 29% to 282,968 (FY14 Q4: 219,729)
- Number of brokerage accounts 61,221 end FY15 Q1 (FY14 Q4: 59,940)
- Assets under administration **↑** € 2.1 billion (FY14 Q4: € 1.9 billion)
- Average net income per transaction **↑** € 10.26 (FY14 Q4: € 10.07)
- Best quarter ever in Belgium in terms of transaction volumes



In the Retail business in Belgium we have a very nice 29% increase on the transactions level, resulting in approximately 283,000 trades coming from 220,000 in the quarter before. This is an all-time score for Belgium, given the fact that up and till now we have had nine years of presence in Belgium, this is the proof that we are able to maintain our number one position in a very competitive market.

Competition is challenging but we have a very loyal and active client base, which is now slightly bigger than 61,000 customers.

As we mentioned before, the fiscal climate for online brokerage may not be as good as in other countries – in Belgium we have the so-called beurstaks – and this was increased once more from 0.25% per trade to 0.27% this year. But it is interesting to see that this tax increase leads to a shift and use of instruments: we see our customers move out from the more classical stock trading and shift towards futures and options.

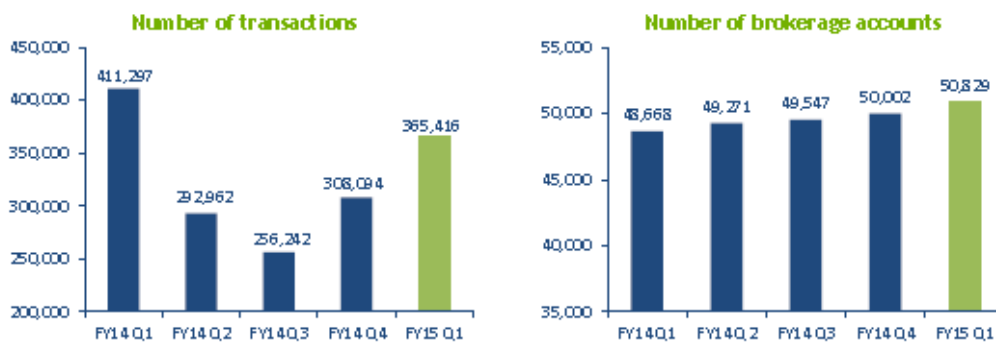
Assets under management climbed to 2.1 billion by the end of Q1. This is another milestone for Belgium.

The average income per trade was EUR 10.26, which is in line with other quarters but slightly higher due to extra derivatives trade.

This best quarter for Belgium makes us confident for the future and I think it is the best proof that investing in customer service always pays off. Last quarter I announced that we won a contact centre accessibility role model award, which is a recognition given by the organisation The House of Contact Centers (THOCC) after a survey amongst almost 300 companies. BinckBank Belgium stands out as one of the 43 role models within the customer service field. Given the strategic lines we are following within BinckBank aiming at customer intimacy and operational excellence, this is a very important step for us. This is for us the best proof that customer service pays off in the end.

Highlights FY15 Q1: Retail business unit France

- Number of transactions **↑** 19% to 365,416 (FY14 Q4: 308,094)
- Number of brokerage accounts up to 50,829 (FY14 Q4: 50,002)
- Assets under administration **↑** € 764 million (FY14 Q4: € 686 million)
- Average net income per transaction **↑** € 5.57 (FY14 Q4: € 5.20)
- FY15: Migration to Topline platform (operational excellence)



We have a couple more nice indicators of growing business in France. The number of trades went up with 19% in the first quarter, bringing it to approximately 365,000 trades compared to less than 310,000 in the three months before. This was another good quarter for France.

The first quarter of 2014 was better, with 412,000 trades but this was an extraordinarily high quarter. Compared to that, we are slightly below it but the first quarter of 2015 was in line with other countries.

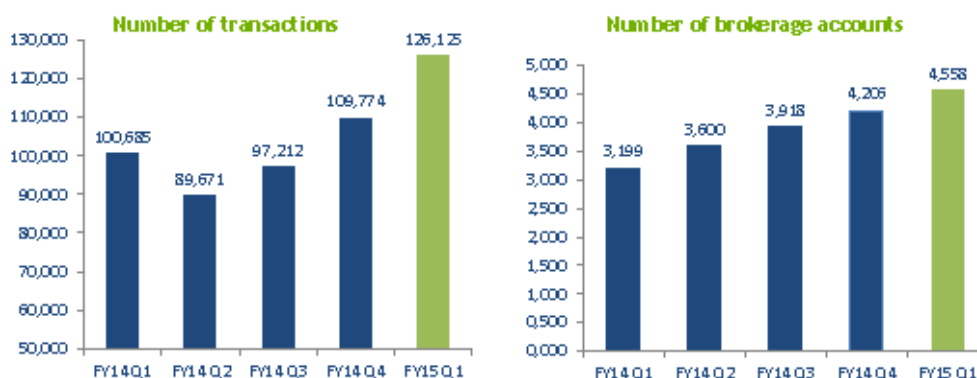
Assets under management of EUR 764 million. This is higher than the previous quarter, of course related to the higher values on the stock markets.

The average net income per trade is still growing and surpassing the EUR 5.5 per trade level. This is one of the highest levels since we started the business in France, so it is worth mentioning that this is going in the right direction as well.

Another part of the earnings model for France is the interest income related to the SRD-product but this is not included in the net income per transaction but it is on the interest line. We are working very hard with several [scrum]teams in the Netherlands but also with the teams in France to prepare the French migration and to bring our French clients towards the Topline platform. This is one of the numerous tracks we have started in our search for operational excellence, but once we have the French business on the Topline platform we have all the retail business on the same platform and this means that we immediately are able to roll out all new features in parallel in multiple countries if we launch something new.

Highlights FY15 Q1: Retail business unit Italy

- Number of transactions ↑ 15% up to 126,125 (FY14 Q4: 109,774)
- Number of accounts ↑ 8% to 4,558 (FY14 Q4: 4,206)
- Assets under administration ↑ 16% to € 525 million (FY14 Q4: € 453 million)
- Average net income per transaction ↑ € 3.61 (FY14 Q4: € 3.58)



Let me give the highlights of the Italian branch. Another all-time high for the Italian branch: extra 15% of transactions over the first quarter and with these results, the Italian subsidiary was able to start the new year on track for a very ambitious budget 2015, so they are doing very well. The number of transactions passed to 127,000 for the quarter with only 4,500 customers. As we said before, the customers we attract are very active. They are trading in bonds as well as in Italian options and they hold very large positions within Binck, which results in assets under management above EUR 500 million. This is an average portfolio per customer of EUR 115,000, which is very high compared to other countries.

The average net income per transaction is EUR 3.61, relatively low compared to other countries. Whereas we collect more volume and transactions we can negotiate better trading fees. This means this net commission income per transaction will go up in the future, at least this is what we believe.

We are still on track to reach one of our former long-term targets, bringing Italy to the break-even level in 2015 and for that, we are still on track. It is important that we continue to adapt our product and services to the local, so the non-Euronext markets, to attract more customers. This is something we are giving full speed to develop more in that direction.

Highlights FY15 Q1: Retail business unit

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

FY15 Q1	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	2,585.6	2,046.1	2,904	2,036	435
Number of transactions	2,320,290	1,743,781	282,968	365,416	126,125
Average net fee and com. income (in €)	10.26	11.72	10.26	5.57	3.61
FY14 Q4	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	2,108.3	16,876	2,213	1,601	393
Number of transactions	2,140,149	1,902,352	219,729	308,094	108,774
Average net fee and com. income (in €)	9.85	11.23	10.07	5.20	3.58

Let's go to the overview of the retail business unit, the segmentation of the transaction-related net fee and commission income per country. We are proud to be able to present you the results of a strong quarter in online brokerage and of course, this remains one of the strongest pillars of the BinckBank strategy. In all countries where Binck is active, we face fierce competition but I think we can say that these result clearly show that with good focus and customer-centric products and services we can continue to increase our market shares. That is our footprint in the online brokerage segment of the western European countries. The average net fee increased in all countries in which we were active. That is also worth mentioning.

FY15 Q1: Development Alex Asset Management

- Total AuM end FY15 Q1: 1% to € 1,971 million (FY14 Q4 € 1,952 million)
- Total accounts: 41.536 (FY15 Q1 323 new accounts)
- Net outflow decreasing: € 126 million in January € 55 million in March
- Inflow: FY15 Q1 € 41 million
- Claims: 50 received representing in total € 1.3 million
- Annualised recurring revenues FY15 Q1: € 15.9 million (FY14 Q4 € 15.8 million)



Most of you analysts already saw on the Alex website that Alex Asset Management – the model portfolios that we have on the website – gave us good performance in the first quarter of this year. The combination of decreasing client asset transfer and a very positive performance of the last quarter resulted in a level of assets under management of EUR 1.971 billion. This was a positive signal and, as mentioned before, this stood in relation to the lower amount of customer complaints. We even saw an incoming asset flow of EUR 41 million, even without bringing publicity to the market. So, that is good news.

The number of formal complaints is approximately 50. These are all individual claims for a total amount of EUR 1.3 million. No provisions were made at this moment.

On an annual basis the recurring revenues of Alex Asset Management were EUR 15.9 million in the first quarter compared to EUR 15.8 million for 2014. So, in this figure we give an extrapolation of the Q1 figures towards the whole year, given that the assets under management would stay stable.

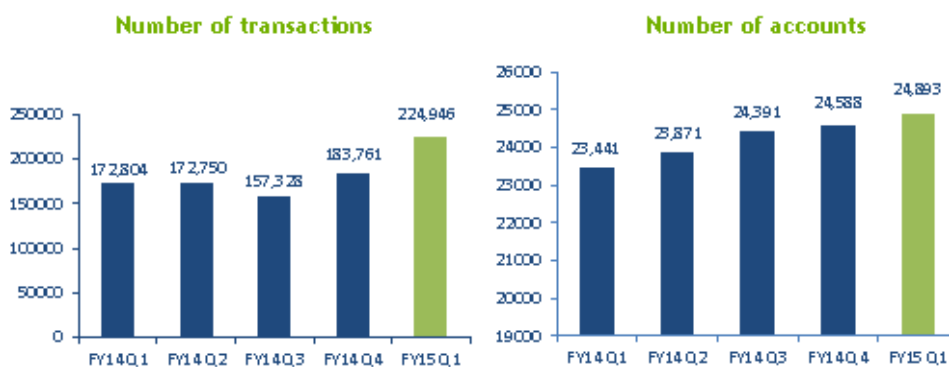
We suspended all active commercial actions related to Alex Asset Management in the first quarter but we started with [... self-investing campaign to test the water] so we could have a better view on the state of our Alex brand. The results we had out of this self-investing campaign give us a good indication that the Alex brand is still holding the line.

The solid performance continued in the beginning of the second quarter. Just to give you a brief update: in April we saw that the outflow came back to almost zero points.

During the first months of this quarter we explained to our customers that it is inherent to an asymmetric risk model to give some of the upward potential to protect them from a highly negative performance. We hope that our customers continue to be confident about Alex Asset Management but I think that we should constantly focus on explaining them the extra value. This first quarter was a very good start for this year. A lot of customers are convinced that we are able to give them a good performance.

Highlights FY15 Q1: Professional services

- Number of transactions: 224,946 (FY14 Q4: 183,761)
- Number of brokerage accounts: 24,893 (FY14 Q4: 24,588)
- Assets under administration € 6.8 billion (FY14 Q4: € 6.1 billion)



Professional Services is a combination of the independent asset managers and the BPO business. We saw some extra 22% increase of the number of transactions, bringing to approximately 225,000 for the first quarter. The number of brokerage accounts remained stable and this is slightly below the 25,000 barrier. The assets under management are increasing towards the EUR 7 billion level. At the end of the first quarter we were at EUR 6.8 billion.

Professional Services is in an ideal position to benefit from the current market trends, where private banks are losing [...] to independent asset managers. This is good news for the Professional Services business as well. So, historically low interest rates, also [...] and [...] trends from savings towards investing. This will further stimulate growth of assets under management in this segments.

I will hand it to Evert now for the financial position.

Part II

Financial position

Mr. Kooistra: Thank you, Vincent. We are moving to part 2 of the presentation with slide 13.

Profit & Loss quarterly comparison

in € million	FY15 Q1	FY14 Q4	FY14 Q1
Net interest income	6.4	6.7	7.5
Net fee & commission income	38.4	32.2	36.1
Other operating income	3.4	3.2	2.8
Results on investments & impairment losses on fin. instr.	-	(0.2)	-
Total net revenues	48.2	41.9	46.4
Employee expenses	(14.4)	(14.7)	(14.1)
Depreciation & amortisation	(6.7)	(6.8)	(7.0)
Other operating expenses	(14.0)	(14.1)	(16.5)
Total operating expenses	(35.1)	(35.6)	(37.6)
Profit (loss) from operations	13.1	6.3	8.8
Tax expense	13.0	-	(2.6)
Share in profit / (loss) of associates and joint ventures	(0.2)	(0.2)	(1.1)
Net profit	9.9	6.1	5.1
Net profit to minority shareholders	0.1	0.1	-
Net profit to shareholders BankBank	10.0	6.2	5.1
Adjusted net profit	16.4	12.7	11.6

Net interest income in the first quarter showed a 4% decline, due to a loss of yield in the investment portfolio. The extremely low interest rate environment continued and the risk and reward ratios in the bond market are disturbed. A higher risk appetite for bonds hardly provides any additional yield. Therefore, we have continued our current investment policy this quarter.

The growth of collateralised loans to EUR 394 million had only a limited effect on the net interest income line, as loan balances started to grow only in March. So, for January and February the collateralised stayed around the Q4 levels, around EUR 360 million

The treasury book remained stable at approximately EUR 1.9 billion and the loss of yield was approximately 6 basis points.

Net fee and commission income increased by 20%, from EUR 32.2 million to EUR 38.4 million as the result of strong growth in transaction volume across all four markets. The total number of transactions increased by 18% and, as Vincent already mentioned, this is the third consecutive quarter of growth in volume. We had 1.9 million trades in Q3 last year, 2.3 million trades in Q4, and 2.7 million trades in this quarter.

Fees from Alex Asset Management stabilised around EUR 3.7 million. The assets under management remained stable in Q1, around 2 billion. The net outflow of the client assets of 241 million was offset by the positive performance of Alex Asset Management.

The first quarter revenues for Binck Fundcoach amounted to EUR 600,000, a slight increase versus the fourth quarter when we had EUR 500,000. The assets under administration for Fundcoach were EUR 614 million.

Other operating income includes EUR 500,000 revenues for the Turbos. The revenues in Turbos showed again solid growth of 45% from EUR 340,000 in the fourth quarter to EUR 500,000 this quarter. The financing value of the Binck Turbo as per the end of the quarter is EUR 130 million and that went up compared to the fourth quarter, when we had EUR 94 million.

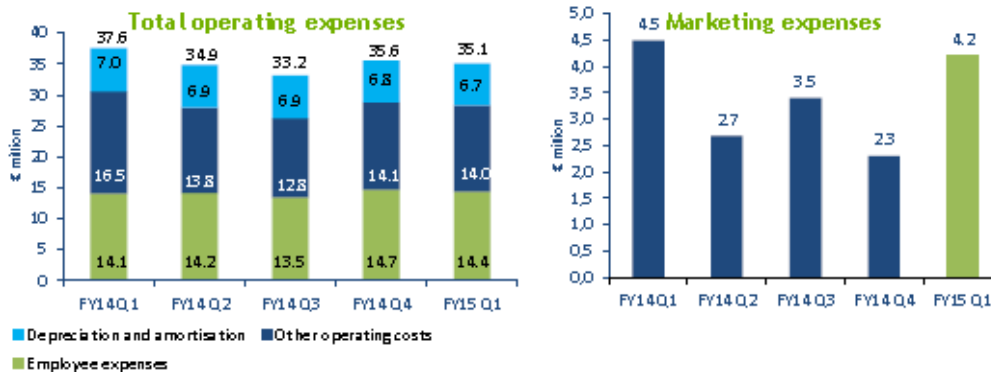
A share in profit and loss of associates and joint ventures: the recorded net loss of EUR 200,000 reflects our share of the loss in TOM.

In Taxes there are no special items to report.

The adjusted net profit is EUR 16.4 million for Q1. This is EUR 0.23 per share and that makes it a very good start of the year. We are approximately EUR 0.02 above consensus.

Operating expenses FY15 Q1

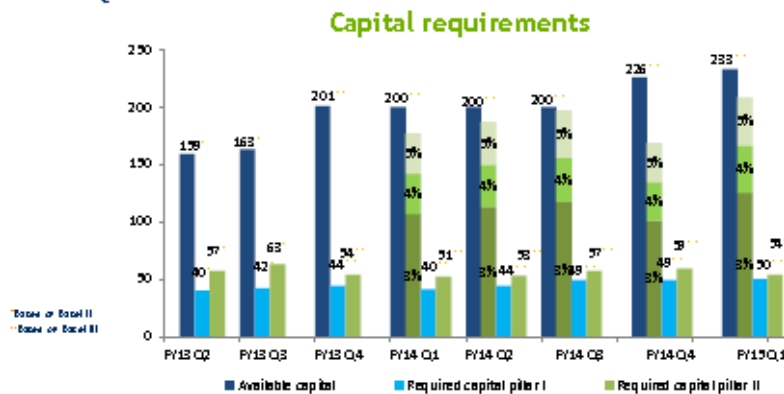
- Operating expenses in FY15 Q1 slightly down to € 35.1 million (FY14 Q4 € 35.6 million)
- Marketing costs for FY15 Q1 € 4.2 million (FY14 Q4: € 2.3 million)
- Cost-Income ratio FY15 Q1 62% (FY14 Q4 72%)



There are no special items to report under operating expenses. Cost were well under control in Q1. The total cost base showed a slight decrease of 1% compared to the fourth quarter of last year.

Financial position BinckBank FY15 Q1

- Solid IFRS equity position end FY15 Q1: € 450 million (FY14 Q4: € 440 million)
- Increase in Tier I equity to € 233 million (FY14 Q4: € 226 million)
- Capital ratio end FY15 Q1: 37.2% (FY14 Q4: 37.1%)
- Strong growth of balance sheet total, from € 3.3 billion (FY14 Q4) to € 4.0 billion FY15 Q1



IFRS equity amounted to EUR 450 million as at the end of the first quarter, which is a net increase of EUR 10.3 million versus the fourth quarter. The capital ratio under Pillar I slightly increased to 37.2%. The growth of the capital ratio was slowed down due to the growth of the balance sheet. The balance showed very strong growth due to a sharp increase in client funds entrusted, which in part is a result of clients selling parts of their portfolio, the realised profits. We have never seen growth of this magnitude of the balance sheet in the history of BinckBank. The balance sheet total historically used to be around EUR 3 billion to EUR 3.3 billion and the growth of the balance sheet resulted in an increase of required capital under Pillar I, due to higher cash balances on the balance sheet.

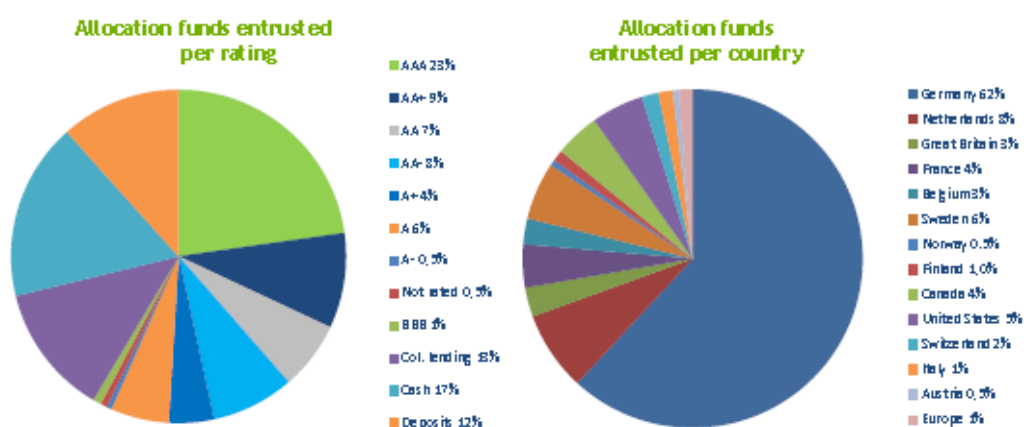
The required capital under Pillar II showed a relief due to bull market effects and the retail clients closing their positions. Less capital was required for margin and liquidity risk.

The leverage ratio was impacted significantly by the growth of the balance sheet. The leverage ratio calculated on a quarter-end basis declined from 6.7% to 5.6%.

The decision for an extra capital distribution will be put back on the agenda at the beginning of next year. We will do a discretionary assessment early 2016, once we have a clear view on the economic outlook, the risk profile, and the developments around Alex Asset Management.

Overview investment portfolio FY15 Q1

- Size of investment portfolio FY15 Q1: € 1.9 billion (FY14 Q4: € 1.9 billion)
- Average duration of the portfolio FY15 Q1: 1.40 (FY14 Q4: 1.40)
- Yield on investment portfolio end FY15 Q1: 0.55% (FY14 Q4: 0.61%)



The size of the treasury book remained stable at around EUR 1.9 billion. The average yield in the treasury dropped slightly from 61 basis points to 55 basis points and the duration remained stable, around 1.4 years.

In the first quarter of 2015, we invested EUR 110 million at an average yield of 26 basis points and EUR 190 million was redeemed on which we lost an average yield of 97 basis points. If in 2015 we manage to reinvest at the rate of 2 basis points the yield on the treasury book is expected to drop to 43 basis points by the end of the year. In Q2 we will reinvest EUR 140 million in bonds and in Q3 EUR 117 million and in Q4 ERU 86 million.

So far the financial position and I hand it back to Vincent to round up the presentation.

Part III

Outlook

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

Outlook 2015

- Board:
 - Vincent Germyns, appointed CEO by supervisory board approval of DNB pending
 - Nomination for 3rd member COO, 2015 Q3
- Supervisory board:
 - John van der Steen, chairman
 - Nomination for 5th member, 2015 Q3

I am very happy to be able to announce that the Supervisory Board took the decision to appoint me as future chairman of the board of BinckBank. In order to be able to take this new role, I still need the approval of the Dutch regulators. Nevertheless, we are confident that we will be able to [...] in the near future.

Furthermore, we decided that the board shall consist of three persons and that next to our CFRO Evert and me as CEO, a COO will be added. We aim at Q3, 2015 to find the right person.

As on the Supervisory Board level, John van der Steen has been appointed as our new chairman and a nomination for a 5th member of the Supervisory Board is to be filled in the third quarter of 2015.

So far for the outlook and we can continue with the QandA session.

Part IV

Q&A

- **Cor Kluis – Rabobank**

Good morning. I have a few questions, first of all concerning Alex Asset Management. Can you give some indication on the performance fee? What would be the performance fee for Alex Asset Management if at the end of April the stock markets would not change anymore? It will only be measured in Q and paid out in Q4. Maybe you could give a little bit more information on which part of the assets under management are currently above the high watermark at the end of Q3 and as of today.

My second question is about client activity. What have you seen in April? After the strong Q1 level of client activity did it hold up also in April?

My third question is about the cash of clients, which rose by around EUR 540 million quarter on quarter. Can you explain your way of thinking what you would do with that going forward or are you already seeing in Q2 that client cash is already declining? Are you going to charge the clients for that because you will probably have some small yield on that? What is your way of thinking on that one?

My last question is more strategic. The COO that you mentioned is likely to be appointed in the second half of this year. Can you give a little bit more clarity? Has the Dutch Central Bank has already proved of that person? Has that person already been selected or how far are you in that? Is it external or internal?

Mr. **Germyns**: I will take the first two and the fourth question and Evert will take the question regarding the cash of clients.

First of all, regarding the performance fee of Alex Asset Management. We cannot give you an indication on the exact amount that we have. The only indication we want to give is that should this be at the end of the year it would be material. It means that the majority of our customers reached a high performance level and there we bring the performance fee back inside for Alex Asset Management.

Regarding the client activity: April was also a good month. It was not spectacular but it was a good month, more or less in line with what we saw at the end of last year. That was a fourth quarter month but not comparable with what we get at the beginning of the year. It was a decent month. The fourth quarter of last year was the best quarter of 2014 and for April we are more or less in line with those transactions. That means it was a good month.

Regarding the COO-function you asked whether this person has already been approved of by DNB or by the authorities and regulators. No, and we have both types of candidates. We have internal and external candidates on the list at this moment. So, we have a short list of persons but this is up to the discretion of the Supervisory Board who selects the third Board member. So, we cannot give you an exact view on that one but

we are not already in the phase that somebody is presented to the regulators. We are still in the selection phase.

Mr. **Kooistra**: Then your question regarding the cash of clients. We have seen a strong inflow of client money. On the balance sheet you see funds entrusted growing by more than EUR 500 million. This is a new phenomenon. We have never seen this in the history of BinckBank and for the time being we keep the cash in cash. That means [...] with the ECB in short-term money market loans. We need to see how the balance sheet develops in the second quarter, whether this cash is going to be reinvested by our clients in equity positions or whether they leave it on the balance sheet. So, for the time being we keep it in cash; we lose a little bit of yield on it because it is yielding negatively within the ECB-environment but as soon as we have clearer view on whether this is a sustainable level or that it goes back to the old balance sheet levels, which are around EUR 3 billion to EUR 3.3 billion, we know what to do with the cash. We will give an update at mid-year on it.

Cor Kluis – Rabobank: Wonderful! Thank you.

- **Michiel de Jonge – ABN AMRO**

Good morning, also from my side a question on Alex Asset Management. The EUR 19 million net increase in assets under management, can you give a precise split in how much was net outflows and how much was attributable to model performance? You already indicated that the net outflows have been close to zero in the month of April.

Secondly, you indicated that a performance fee is on [...] again but would you already reserve for this and what happens if people withdraw their money let's say on 26th December?

Then, on the migration of the French clients to the Top Line platform: does that bring additional costs with it and what are the savings from this?

Finally, could you give some more colour on why you think the Italian fee per transaction is to grow in the coming years?

Mr. **Germyns**: Thank you. I will pass the first two questions to Evert.

Mr. **Kooistra**: You asked about Alex Asset Management and the movement at the Q4 level in asset under management in Q1. We have seen a net outflow of EUR 240 million and that net outflow consists of gross outflow of EUR 280 million and an inflow of EUR 40 million. If you then see how it is divided over the months then it is EUR 126 million in January, EUR 16 million in February, and EUR 55 million in March. On average, we slightly increased so the outflow is fully offset by the positive results on Alex

Asset Management, so on the investment results. That is why the average assets under management remained more or less stable, around EUR 2 billion.

We do not accrue or account for the performance fee. It is measured on 31st December and then we do the final calculations and charge the performance fee to our customers and account for it. If on 26th December they withdraw their money or the equity markets go down, the performance fee disappears. That is why we do not take interim results on it; it all depends on the position at the end of the year.

Michiel de Jonge – ABN AMRO: Thank you.

Mr. **Germyns:** Your first question was on the migration of the French clients, the extra costs and the extra savings. As you know, one of the strategic elements is that we are aiming at increasing operational excellence within BinckBank. We gave you a clear indication on the cost/income ratio. This is one of our long-term targets. We are aiming at the 65% level for the end of 2018. One of the big projects we have to run in order to be able to increase the operational excellence within BinckBank and to take advantage of the scalability of the system is to bring the French customers on the same Top Line platform. This is the only country that is still on the Europort environment. We have two brands in the Netherlands, Top Line is the former Alex platform in France. A couple of years ago we had the migration of other Dutch customers, so the Binck customers, also towards the Top Line platform. Last year we had the Belgian migration and now are fully preparing the French migration. Italy was built on Top Line. Once we have completed the full French migration, which is in the planning to be ready at the end of the year or the beginning of next year, this will give us an extra 1.4 to 1.5 million transactions on a yearly basis on the same platform. This is an extra saving given the fact that then our retail customers will be on the same platform. This means that the only customers that are still on the Europort platform are the independent asset management businesses and the BPO businesses. This is a somewhat smaller part of BinckBank but once we have all the retail customers on the same platform it will give us the advantage that when we build something on the Top Line platform we immediately are able to roll it out in four countries at the same time. What are the costs of this migration? Well, it is more an opportunity cost. The time that the teams, the [scrum teams] are spending now to prepare the migration and to build the new environment, is an opportunity cost. It means that they are not able to do and run other projects but in the long run it will bring good savings to BinckBank. This is one of the big elements we see, which is part of our strategy regarding the matter of operational excellence.

When it comes to Italy, your question was what we see. I said it is a matter of the number of transactions. We have the number of transactions on the Italian platform. In Italy we are working with other custodians and other counterparties to execute the transactions we have. So, it is not a Euronext-related market. If we are able to increase the number of transactions we are able to renegotiate the contract we have with our custodians and with our counterparties regarding the clearing and the settlement. Now we are running at the level at 3.something per transaction and we are pretty confident

that we bring it at least one euro higher if we can continue to renegotiate our contracts for Italy given the volume.

Michiel de Jonge – ABN AMRO: Very clear, thank you very much.

- **Albert Ploegh – ING**

I also have a few questions. First of all, to come back on the earlier questions regarding Alex Asset Management: to be sure and to have that confirmed, the outflows in April were basically zero.

You mentioned the size of the performance fee and the end of the year. Would it be a material impact? The EUR 17 million you recorded over 2013, does that fit that material description or is that very material?

I also have a question on the pricing trends. As far as I am aware you did not make changes in the pricing on the retail brokerage side. Is that correct or is anything planned potentially this year?

To get a little bit better understanding of the discussion on excess capital of more than EUR 200 million, the amount is of course steadily growing but what are the criteria to evaluate whether or not to pay out this excess capital? If the second quarter would be an extremely good quarter, again would that qualify that you could still come back to that decision, maybe even in whole or is it really an early 2016 decision, as you wrote in the press release?

Mr. **Germyns:** I will take questions two and three and Evert will deal with the other questions.

Question two is regarding the performance fee: is it material or very material? For us, the EUR 17 million you mentioned is very material. Without elaborating on this one, there you have an indication.

Regarding your third question on the pricing: we have been running a project, a choice-based controlling analysis project, in which we tested and started with numerous client panels to have a better view on what the services are they want to have as a basic services and what the added value services are for which they are willing to pay extra money. This is part of a pricing project that we have been running in the first quarter of this year and for we want to apply the information out of this study in the coming quarters. We have a clearer view on how the pricing should be. This is one of the big projects we want to run in the second half of this year.

Mr. **Kooistra:** Then your question regarding the excess capital. As we have said, early 2016 it is back on the agenda. This year we will see how things develop. Things that influence the decision are the economic outlook, the developments around Alex Asset

Management and questions like is there structural growth again, are we making progress on our target towards EUR 3.5 billion, and have the brand and the product been damaged. Another thing that has been taken into account is the development of the risk profile of the bank: how are the risks developing? Now, we see a sudden movement of the balance sheet, something we have not experienced before. Another important element is the realisation on the long-term targets: do we see sustainable progress on the targets for 2018 that we have set. These are the elements that will be taken into account.

Albert Ploegh – ING: Maybe one follow-up on the EUR 200 million number itself. At the time it was said that it was already quite a conservative estimate. Did you get any guidance from DNB whether or not they see the EUR 200 million as a sufficient level themselves or is it that they do not give guidance on any level?

Mr. **Kooistra:** No, they do not give guidance; they supervise and we have not started the discussion with DNB regarding the capital requirements. This was a decision of the Board and the Supervisory Board early January. Once we take the decision to repay capital, the next step is to ask for the declaration of no objection to DNB. That will be the next step but we have not reached that stage.

Albert Ploegh – ING: Thank you.

- **Benoît Pétrarque – Kepler**

Good morning, I have a couple of questions. The first is to come back on the distribution of the excess capital. You mentioned some preconditions but what is a bit surprising is that it is very much linked to growth targets. You have mentioned the long-term growth target also linked to the good performance of Alex. So, I do not quite understand why the distribution of excess capital should be linked to growth of the business. Does that suggest that if growth will be disappointing you will be more active on the M&A side to compensate?

My second question is on the leverage ratio, which is down 1 percentage point this quarter to 5.6%. What did you agree with the regulator in terms of leverage and is leverage now a constraint? Do you still think you are far above the real minimum of about 4% for Dutch banks? But given your [side] maybe the regulator has a different view on where leverage should be for BinckBank.

My third question will be on the commercial side with Alex. You have tested the market in Q1. Could you come back on the conclusion and tell us if you will actually start to market the Alex Asset Management product, given the good performance i.e. are we going to see net positive inflows in the coming quarters?

Finally, when are you going to update us on the strategy, given the management change? Do we have to plan an Investor Day there or is there anything special?

Mr. **Germyns**: The first two questions will be answered by Evert and then I will come back to you for the commercial and the Strategy Day.

Mr. **Kooistra**: Your question is why there is a specific link with the growth targets of Alex. It is not a specific link with the growth targets; it is a link to the economic outlook of the bank. The achievement on the targets is influencing that. One of the things why we postponed the decision was that there was a sincere set-back on the growth of Alex Asset Management, which is one of the key strategic growth pillars. So, there is the link with Alex but it is more the economic outlook for the bank as a whole.

Benoît Pétrarque – Kepler: What I do not understand is that if you will to lose or not be performant on the Alex side it will not impact your common equity Tier 1 ratio. This is all off-balance sheet stuff and it does not impact your risk profile. Only if you start to get huge outflows and you will need to get out of the business and have risk-detering cost I agree that there might some impact on capital. But a bit of outflow or inflow, we do not really care in terms of common equity Tier 1 ratio.

Mr. **Kooistra**: But that was the key of the new ECB recommendation that says you should not only look at the current ratios but you have to take into account the outlook as well. So, if you look at the current ratios we are above all regulatory thresholds. So that is not a problem. But you have to look into the future of the bank as well. That was the essence of that recommendation. If you look at the outlook, when we took the decision to postpone it we had a sincere setback on Alex. We had EUR 600 million of outflow in the second half of 2014 and there was a lot of negative publicity and there was claim risk developing. During 2015 we will get more visibility. The first signs are good, the performance is good and the claim risk is not really material. We have 50 individual claims of EUR 1.3 million. We need to see how things go. The outlook for the bank as a whole is driving that decision.

Your question on M&A: no, we do not have M&A plans on the table to compensate. We focus on growth of the business and the current footprint. That is what is keeping us busy.

Then you had a question about the leverage ratio. The leverage ratio is not into force. It is being monitored by the regulators. Legislation is being developed and there is a discussion ongoing of what the leverage ratio should be and the range of that discussion is between 3% and 5%. If you look at our numbers now you see that even with the increased balance sheet size we are at 5.6%, so we are still above the highest number in the discussion. So, we should be fine there but we need to see in the end where the ratio will be set by the regulators.

Benoît Pétrarque – Kepler: So, for you it is not the reason to keep this excess capital.

Mr. **Kooistra**: No, not specifically the leverage ratio.

Mr. **Germyns**: Benoît, coming to the commercial of Alex: as I mentioned during the presentation, first of all we had a campaign on the self-investing side and this was to test the water, so we could have a better view on the state of the Alex brand. The information we have is that the Alex brand is still performing well. Last year we had a lot of bad publicity, so for us it was very important to test the state of the brand. The campaign was still running in the beginning of April and we are still collecting the results but it gives us an indication that we are going in the right direction. At least, we do not receive very negative feedback from our customers. Now we can profit from a good first quarter but one swallow does not make a summer and we want to continue to think of preparing an asset management campaign but it is not that we have it on the radar at this moment. So, we are planning to do it, we are preparing something but we cannot give you an indication whether we shall launch it before or after the summer. At this moment in time I do not have a clear view on it.

Regarding the strategic update: as I said in one-on-ones with some of you, we discussed some topics on the strategy and we will give you a brief update. We also shared that we have the plan to present the full strategy on an Investor Day. An Investor Day normally will be planned in the month of June. The only thing we are waiting for is the definitive appointment of the new CEO. When I joined the Board of BinckBank last year, Koen Beentjes and Evert Kooistra asked me to do an update of the strategy. We had six strategic pillars in mind but we started the strategic elements in the first quarter of last year. So, it is not a big revolution you should expect but it is a good update on the evolution that we want to present. But we wait for the formal appointment of the new CEO, which is coming more into perspective now. It will be planned in the month of June and you will be invited for this strategic day and you will get the information from Harmen in the coming weeks.

Benoît Pétrarque – Kepler: Thank you very much.

- **Lemer Salah – SNS Securities**

Good morning, I have a couple of questions, first of all with regard to slide 9. I presume you have integrated your clients in your Retail business. Regarding your BPO-clients what would be the average number of net fee and commission income on slide 9?

Secondly, I have a question with regard to your 2015 targets. It seems that the cost/income ratio is very ambitious, also taking into account that you have migration costs coming up and also pro-cyclical marketing costs if markets continue to move upwards, so the cost/income ratio seems to be a bit ambitious and as well the assets

under management of EUR 3.5 billion for 2015. How do you feel at this moment and are you comfortable with reaching that target?

My third question is with regard to Professional Services. You have shown 11% growth, from 6.1 billion to 6.8 billion. If you adjust that number for the upward movements of the market, what would be the real growth number there?

Mr. **Kooistra**: Slide 9 gives the average fees on the Retail side and not on the Professional Services side. On the BPO side it does not make sense to calculate the average fee per transactions because the pricing structure is different. There are minimum thresholds in the BPO contracts that even if we go below the thresholds volume wise we still bill a minimum, so it works differently.

Lemer Salah – SNS Securities: Sorry, just to elaborate a bit more on my question: on 9th February you said you were going to integrate it. I was just wondering whether the integration has already taken place. If so, what would be the number?

Mr. **Germyns**: The integration was more on the part of integrating the day-to-day business within the Retail organisation. It was more an organisational point of view. Slide 9 is specifically for the Retail business. It is not including the BPO business or the independent asset management business.

Mr. **Kooistra**: It is the organisation, the back end of the BPO organisation. Also the IT departments have been integrated with the Retail ICT department.

Matthias de Wit – KBC Securities: Fully understood. Thanks.

Mr. **Germyns**: Regarding your question on the cost/income ratio you mentioned that it might be too ambitious to have the 2015 targets. Well, this is a 2018 target. The target is a 65% level on the cost/income ratio. Last quarter was a good quarter and it enabled a cost/income ratio of 62%, which is below the long-term target we have. The costs were more or less in line with the previous quarter but it was more on the income line that we saw a big pick-up. For the future we are pretty confident that even with the restructuring and migration costs you mentioned, we will be able to go towards the direction of the 65% level. So, we are confident with that.

Regarding the 3.5 billion you mentioned for Alex Asset Management, that is also for 2018. So, it is a long-term target for 2018 and not 2015.

Lemer Salah – SNS Securities: Yes, but your website needs a bit of an update. I do understand that it is 2018 because that was mentioned last quarter but I was just wondering what kind of initiatives you are going to take in 2015 to achieve that growth towards those 3.5 billion.

Mr. **Germyns**: As I mentioned in the previous call, the focus we have is to continue with the activities we have in the countries in which we are already active, meaning France, Belgium, Italy, and of course the Netherlands. We will share that with you on the

strategy day that we plan for the month of June. We also said that for the activities we have in the Netherlands it seems a very good idea to roll out the asset management business also to other countries. We cannot give you a clear indication of what the next country will be but for sure we are working on a plan to roll it out to another country. So the asset management business will not only be in the Netherlands but also in other countries. This is part of the 3.5 billion target we have.

Does that answer your questions, Lemer?

Lemer Salah – SNS Securities: Definitely, thank you! There is one question left for Professional Services.

Mr. **Germyns:** Then for the assets under management in Professional Services: if you see growth from 6.1 billion to 6.8 billion it was of course impacted by the growth of the equity markets and stock exchanges. If you want to split it up and go to an indication of what the net inflow was, then we have approximately 150 million inflow in Professional Services coming from independent asset management.

Lemer Salah – SNS Securities: And you are actually maintaining your market share target of 34%, roughly?

Mr. **Germyns:** Yes.

Lemer Salah – SNS Securities: Thanks.

- **Reg Watson – Kempen & Co**

Hello! I just wanted to confirm because I must have missed it but did you actually say that in April for Alex Asset Management the net outflows have been zero? A number of people have asserted it but you have not actually confirmed or denied it and I must have missed on the original preamble.

Mr. **Germyns:** Is that your only question?

Reg Watson – Kempen & Co: No, I have some others but that was the first one. Depending on what your answer is I have some others.

Mr. **Germyns:** We said that it went into the direction of zero. You saw the decline of 126 million in January going to 55 million in the month of March. As we said, for the month of April we do not know what is going to happen. We are 30th April, so we cannot give you a full indication on that one but the last figures we had were that the outflow was still decreasing and going in the direction of zero.

Reg Watson – Kempen & Co: When you actually come to report April it will not be zero for April, it is just heading in the direction of zero.

Mr. **Germyns**: It is heading in the direction of zero, yes.

Reg Watson – Kempen & Co: Yes, so just extrapolating the downward trend. Thank you.

This is probably a question for Evert. Coming back to what Benoît asked on this issue of the leverage ratio, the 3% to 5% that is being discussed from a regulatory perspective: if you have another quarter like the one you have just had, your leverage ratio would drop below 5 in terms of the size of the balance sheet. At what point do you start to worry about the leverage ratio?

Mr. **Kooistra**: It depends on where the threshold will be set by the regulators. The leverage ratio is not in force; banks need to monitor their leverage ratio at this stage. It comes into force in 2018 or 2019. There is still a discussion going on. If it is put at 5% then it is a different discussion than when the outcome of the regulator's decision is 3% or 4%. We do not know yet at this stage. We know that we have a solid leverage ratio, even if you calculate it at 200 million it is 4.5%. So, for the time being we are more than safe but we need to see where the discussion is going, where the thresholds will be set and how the balance sheet will develop in the future.

Reg Watson – Kempen & Co: Thank you. And then my final question relates to the growth rates in transactions. If I look at the Professional Services business unit, whether you look at the straight brokerage accounts or the total number of transactions there is a 27% year-on-year or 30% year-on-year growth in transactions in Professional Services. But when I look at the Retail business I see only 7% in comparison. How do you explain the difference in activity between the two business segments?

Mr. **Germyns**: You cannot compare these segments. You are comparing apples and pears at this level. We try to find a pattern for the Dutch business and compare that to the other countries. We saw that the Netherlands are exactly in line with the other countries. So, the growth we saw in Belgium and France on an annual basis and of course for the last couple of quarters was exactly in line with the Dutch market. This is Retail business and it is always difficult to compare Retail business with institutional business and with the Professional Services business. We cannot compare the two figures but of course we can be happy that we have more trades on the platform for the Professional Services. But it is not a good indicator to see whether the Dutch Retail business is doing well or not.

Reg Watson – Kempen & Co: Thank you.

Mr. **Germyns**: If there are no more questions, thank you. I would like to thank you for attending this call. Should you have any questions do not hesitate to contact Harmen, Evert or myself. I look forward to talk to you in the next conference call.

Thank you very much and have a nice day!

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End of call

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