

Fourth quarter results 2014

9 February 2015

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



TRANSCRIPT

Mr. **Germyns**: Good morning all and welcome to the BinckBank presentation. Before talking you through the fourth quarter figures, I think it is appropriate that I present myself to you all. As you all know, I succeeded Koen Beentjes last November in his role as CEO. When he left the Supervisory Board of BinckBank he asked me to take over his responsibilities. As a long-time veteran of this company – some of you might know or might not know – I was responsible for the Greenfield start-up of BinckBank foreign branches in Belgium, France, and Italy. I have been working in this company for almost ten years. Therefore, I agreed to take the lead in guiding BinckBank through this challenging environment. Contrary to what was published recently in the press, I passed the Fit and Proper Test of DNB, which allows me to take over the role of ad interim CEO of BinckBank. Fortunately, I did not find the time to meet you all personally but I am looking forward to do so.

So, I suggest we start now and give you the update and the usual sequence. I will

Agenda

- I. Update FY14 Q4
- II. Financial position
- III. Outlook 2015
- IV. Q&A

present the commercial part and Evert will guide you through the financial position. After that, I will come back with the outlook of 2015 and we will organise a QandA session.

Part I

Update FY14 Q4

First of all, the fourth quarter was the best quarter of 2014 with an adjusted EPS of

Business highlights FY14 Q4

- FY14 Q4: Best quarter of 2014
 - Adjusted EPS FY14 Q4: € 12.7 million / € 0.18 per share
 - FY14 Q4: € 24.6 million / € 0.29 per share
- 23% growth in transactions, growth across all four markets (NL, BE, FR, IT)
 - Number of transactions 2.3 million (+16% +11%)
- Div. Date Management:
 - Disappointing results since the second half of 2014, due to non-winding markets
 - Total div. end of FY14 Q4: € 1.265 billion (+16% +14%)
 - Dividend div. FY14 Q4: € 0.05 million (+16% +14%)
 - Regulate publication in December / January
- Decision regarding payment of capital surplus postponed

EUR 12.7 million, which is EUR 0.18 per share. We even passed the first quarter of 2015, which is, given a certain seasonality in brokerage, normally the best quarter. The calculated consensus of the analysts was at EUR 0.17, so we were slightly – EUR 0.01 – above consensus. If we compare this to the third quarter and leave out the EUR 0.22 for the sale of the BeFrank, the business operation

generated EUR 0.13 per share. We had impressive growth in transactions with 23%, which was seen across all four entities. The biggest growth compared to Q3 was in the Netherlands with 26%, which lets us conclude that the impact we had from local competition is pretty modest. Nevertheless, we should be very vigilant and continue to ride our own race. The total number of transactions executed amounted 2.3 million compared to 1.9 million in the third quarter of 2014 and 2 million in the fourth quarter of 2013.

On the other hand, the evolution with Alex Asset Management was disappointing. The performance we could present to our customers was unfortunately not good. The asymmetric model, with which we try to let our customers profit from the upwards trends, while protecting them against the big downside risks, suffered from the non-trading markets. At a time where symmetric models perform well, the contrast is even bigger. So, this led to a transfer of clients' assets of approximately 325 million in the fourth quarter, totalling to EUR 1.952 billion by the end of 2014. Especially the negative performance in the third quarter led to a negative vibe in the fourth quarter.

On top of that, we had to deal with negative publicity in the press, where given the better performance in the beginning of 2015, this tends to dry up a bit.

As you all know, we have launched our Binck turbos during 2014. The co-operation with

UBS is going smoothly. We are able to work with a very short time-to-market period, which enables us to provide our customers the instruments they want. Research showed that the spreads we have for our products are among the lowest in the market and due to the extended trading hours – we had the possibility that our products continued to trade until 22H00 – our customers can profit from

Business highlights FY14 Q4

- Banking:**
 - Good start in 2014
 - Small spread
 - Extended opening hours
 - No negative influence of unwind: 5.5
- Fundcoach:**
 - FY14Q4: € 553 million (FY14Q3: € 475 million)
- Sales process Able closed:**
 - BlackFin Capital Partners and BinckBank agreed to unwind the joint venture signed on 15 July 2014
 - The services to the BPO clients will be managed via the Retail organisation
 - Appointment of a new director in Reeuwijk, able B.V., renewed focus on the sale of software business



the information on the European as well as the US markets.

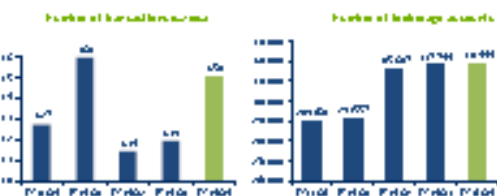
Our market share in terms of turnover passed the 50% barrier and is still growing further.

Another remarkable event in 2014 was the launch of Binck's Fundcoach. In the fourth quarter assets picked up with almost 15%, resulting in EUR 538 million of assets under administration.

As we announced in November, we aborted the sales process of Able. Therefore, we decided to re-integrate the BPO-services in the retail organisation. Together with our independent asset management business, this forms the B2B-department within BinckBank. In addition to that, we appointed a new director for Able Reeuwijk in the person of our former ICT-operations director Mark Verheijen. Together with these teams they are working to renew the focus on the sale of [...] licenced businesses.

Highlights FY14 Q4: Retail business unit NL

- Number of transactions: 265 to 1.3 million (FY14 Q3: 1.2 million)
- Number of brokerage accounts up to 513,444 (FY14 Q3: 517,744)
- Assets under administration on a brokerage account € 9.1 billion and FY14Q4 (FY14 Q3: € 9.1 billion)
- Average net income per transaction: 11.25 (FY14 Q3: € 11.47)
- FY14: 35 growth in transactions / 65 growth in net fee & commission income



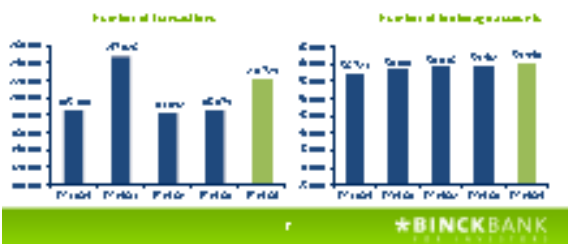
Let's go to the Retail business unit the Netherlands. With the 26% increase of the number of trades this was a very good quarter. The volatility on the European stock markets was helpful to

surpass the level of 1.5 million trades. The positive market sentiment and the continuing low level of interest rates were other contributing factors we saw. The number of active brokerage accounts remained stable at 318,000, as was the case for the assets under administration at 9.1 billion. With an average income per transaction of EUR 11.23, we saw that the price erosion is relatively small. Nevertheless, we should continue to be alert for competition. For the full year 2014, we saw an increase of the number of trades with 3%, combined an increase of 6% in the net fee and commission income. On top of all that, in December 2014 BinckBank won the best online broker award according to the Net Profiler Survey. This was the case for the 7th time. The website and the trading platform are once again considered to be the best-rated by brokerage customers. Besides that, the turbo-business is growing strongly – as I mentioned earlier – compared to other [...] instruments held by BinckBank customers. The proportion of Binck turbos held is 26% and therefore, successful already a couple of months after launch.

For Retail Belgium we saw steady and stable growth, a nice extra 19% increase in the

Highlights FY14 Q4: Retail business unit Belgium

Number of transactions: 1.95 vs 1.79 (FY14 Q3: 1.83, 0.79%)
 Number of brokerage accounts: 319,940 and FY14 Q3: 319,413 (+)
 Assets under administration: € 1.9 billion (FY14 Q3: € 1.8 billion)
 Average net income per transaction: € 10.07 (FY14 Q3: € 10.16)
 FY14: 6% growth in transactions | 14% growth in net fee & commission income



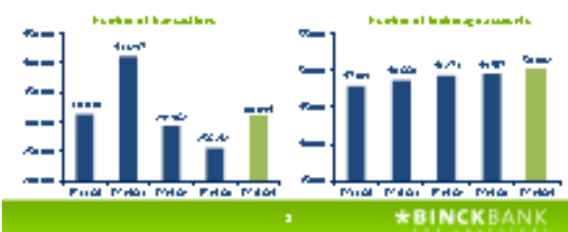
transactions level, resulting in approximately 200,000 trades, by year-end almost 60,000 customers and still growing at normal pace. Competition is challenging but we have a pretty loyal and active client base.

Unfortunately, the fiscal climate for online brokerage may not be so good as in other countries. You should be aware that a sort of the Belgian stand-duty – the so-called beurstaks – was increased once more from 0.25% per trade to 0.27%. It is interesting that this tax increase leads to a shift in the use of instruments and we see our customers move out of the more classical stock trading and shift towards futures and options. The average income per trade stayed slight above EUR 10, which is in line with other quarters. For the full year 2014, this means we had growth of 6% in the number of trades but 14% in net fee and commission income. We should mention as well that the Belgian branch won the Contact Center Accessibility Role Model 2014 award. This recognition was given by the organisation the House of Contact Centers after a survey they did among almost 300 companies. This means that BinckBank Belgium stands out as one of the 43 role models within the customer service field.

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Highlights FY14 Q4: Retail business unit France

Number of transactions: 4.05 vs 3.95 (FY14 Q3: 3.96, 2.46%)
 Number of brokerage accounts: up to 50,000 (FY14 Q3: 49,547)
 Assets under administration: € 626 million (FY14 Q3: € 624 million)
 Average net income per transaction: € 5.20 (FY14 Q3: € 5.55)
 FY14: 3% growth in transactions | 1% growth in net fee & commission income



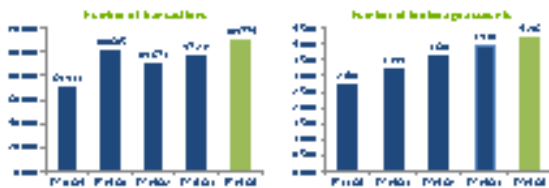
In the Retail business in France, we see two more nice indicators of growing

business. The number of trades went up with 20% in the fourth quarter, bringing it to approximately 310,000 trades. Also the number of clients surpassed 50,000. This is comforting, given the very tough competition we face in France. Although the economic situation of France is not very flourishing, this does not prevent customers to find their way to the stock markets. Assets under management are at 686 million, a bit lower than in the previous quarter and we had a net income per trade of EUR 5.20. That is far below what we see in the Netherlands and in Belgium but is nevertheless acceptable when we know that competition is offering trades as of EUR 0.99 per trade. Another part of the earnings model for France is the interest income related to the SRD-product, which is not included in the net income per transaction. Overall, we had 3% growth in transactions for 2014 but a 7% growth in net fee and commission income.

With 13% extra transactions over the fourth quarter in Retail Italy, the Italian subsidiary

Highlights FY14 Q4: Retail business unit Italy

Number of transactions | 135 up to 109,774 (FY14 Q3: 97,312)
 Number of accounts | 75 up to 4,206 (FY14 Q3: 3,913)
 Assets under management | 55 up to 465 million (FY14 Q3: 452 million)
 Average net income per transaction | 3.58 (FY14 Q3: 2.58)
 FY14: 765 g growth in transactions | 135% growth in net fee & commission income



was able to end the year ahead of the business plan and the budget. Q4 was the best quarter for Binck Italy, so this is good news. The number of transactions was close to 110,000 for the quarter and other KPIs also showed steady and strong growth. We attracted 7% extra customers, totalling more than 4,200 by 2014 year end. The customers we attract are very active and they use the Binck platform

to trade actively in bonds but also in Italian options. Assets under management are 5% higher, so slightly above 450 million. The average net income per transaction is EUR 3.58, so relatively low compared to other countries and especially compared to Belgium and the Netherlands. As we collect more volume and transactions, we can negotiate the best trading fees. This is part of the business plans we have for 2015, where we will have a better focus on the operational excellence part of what we do and how we do it.

With a three-digit growth in the number of transactions and the net fee commission income we can be very satisfied with last year for the Italian branch. The coming year we will continue to focus on upgrading our Italian services to bring them more in line with local habits. This includes, amongst others, upgrading our functionalities on the website as well as offering common Italian brokerage services like for instance securities lending.

All in all, when we take a closer look at the total Retail business unit we see an overview

Highlights FY14 Q4: Retail business unit

Development of number of total retail clients by country

Country	Q4 2014	Q3 2014	Q4 2013	Q3 2013	Q4 2012	Q3 2012
Netherlands	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Belgium	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
France	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Italy	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Spain	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Germany	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Austria	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Switzerland	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Other	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Total	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

of the transactions and the related net fee and commission income by country. We are proud to be able to present you the results of a strong quarter in online brokerage, which

remains the strongest pillar of the BinckBank strategy. In all countries where Binck is active, we face fierce competition but you must agree that the results show clearly that we have good focus and a customer-centric product and service. We can continue to keep our market share and thus the footprint in the online brokerage segment of the Western European countries.

If we go to Alex Asset Management, a lot of you awaited curiously the evolution of the

FY14 Q4: Development Alex Asset Management

Total AUM end FY14 Q4: €1.95 billion (FY14 Q3: €2.24 billion)
Recurring revenue FY14 Q4: €15.2 million (FY14 Q3: €13.5 million)



assets under management of Alex Asset Management. In the fourth quarter, these assets lowered to 1.95 billion. This was a combination of clients' assets transfers and a slightly negative performance over the last quarter. Q4 showed a 14% decrease in assets under management, which was a combination of approximately 300 million of transfer of client assets and 25 million of negative

performance. On an annual base the recurring revenues of Alex Asset Management were 15.8 million in 2014 compared to 17.3 million in 2013. Based on the negative performance in the first three quarters of 2014, we suspended all active commercial actions related to Alex Asset Management. In the beginning of 2015, we were very happy to see a better performance for our customers' portfolios. By explaining very clearly to our customers the fact that it is inherent that to an asymmetric risk model you might give away some of your potential to protect yourself from highly negative performances, we hope that our customers continue to be confident about Alex Asset Management. In the past we saw similar patterns, but that was always over a shorter period. The kind of asymmetric trends following model or investing we use has proven its quality over longer-term periods but for a lot of our new customers who joined Alex Asset Management in the last quarter of 2013 and the beginning of 2014, it was a bad start. We must face that. We should constantly focus on explaining them the extra value to keep them within Alex Asset Management.

For Professional Services we also saw an extra 17% increase in the number of

Highlights FY14 Q4: Professional Services (ZV)

Number of transactions: 183,761 (FY14 Q3: 157,525)
Number of brokerage accounts: 24,505 (FY14 Q3: 24,311)
Assets under administration € 6.1 billion (FY14 Q3: € 6.0 billion)



transactions, bringing them to 183,000 for the fourth quarter. The number of brokerage accounts stayed stable, slightly below 25,000, as well as the assets under management stable at 6.1 billion. We think that Professional Services is in an ideal position to benefit from the current market trend,

where private banks are losing ground to independent asset managers. Historically low interest rates also spark an indisputable trend from savings towards investing. This will further stimulate assets under management growth in this segment, we think.

Let's go to Evert's part, the financial position.

Part II

Financial position



Mr. Kooistra: Thank you, Vincent. We move over to slide 14, the highlights of the profit and loss quarterly comparison.

Profit & Loss quarterly comparison

Q4 2018	Q4 2017	Q4 2016	Q4 2015
Net interest income	1.8	1.8	1.8
Net fee income	0.1	0.1	0.1
Net other income	0.1	0.1	0.1
Net operating income	2.0	2.0	2.0
Operating expenses	0.2	0.2	0.2
Net operating profit	1.8	1.8	1.8
Net interest expense	0.1	0.1	0.1
Net other expense	0.1	0.1	0.1
Net profit	1.6	1.6	1.6
Net profit attributable to shareholders	1.5	1.5	1.5
Net profit attributable to non-controlling interests	0.1	0.1	0.1



and loss quarterly comparison. Net interest income in the fourth quarter remained stable. Despite the extremely low interest rate environment BinckBank managed to maintain the current level of net interest income rather well. The main driver behind this was the decrease of the savings interest rate, which we lowered from 45 bps. to 25 bps. as from December onwards. We had also

limited maturities in reinvestments in Q4. The treasury book remained stable at approximately EUR 1.9 billion. Interest proceeds from the treasury book held up rather well. The loss of yield was limited to only 3 bps. Collateralised lending balances dropped slightly from EUR 364 million to EUR 361 million as at the end of December.

Net fee and commission income increased by 15% from EUR 28 million to EUR 32.2 million as a result of strong growth in transaction volume across all four markets. The total number of transactions increased by 23%.

Fees from Alex Asset Management dropped by 12% from EUR 4.1 million to EUR 3.6 million. This decrease in earnings is mainly due to the decrease of assets under management in the fourth quarter. Assets under management have decreased with 323 million. 297 million is related to the net transfer of client assets and 26 million is related to negative performance and costs. In January, the assets under management remained stable at EUR 1.9 billion.

For Binck Fundcoach we have recorded the first revenues in the fourth quarter. The fourth quarter revenues amounted to EUR 500,000, split in EUR 200,000 coming from transactions and EUR 300,000 from management fees.

Other operating income includes EUR 340,000 in revenues for the turbos. The turbo revenues doubled from 160K in the third quarter to 340K in the fourth quarter. The [...] in value of the Binck turbo at the end of the year is 94 million and that is an increase towards the end of the third quarter, when we had 81 million.

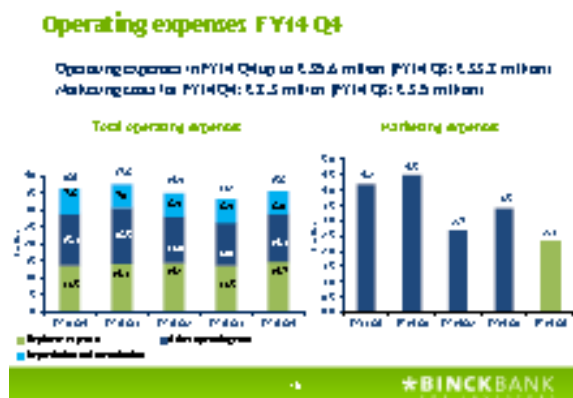
The share in Profit & Loss of associating joint ventures records now only the loss of TOM, which is EUR 220,000 per quarter, roughly EUR 1 million per year.

In the fourth quarter Binck has finalised an agreement with the Dutch tax authorities regarding the use of the innovation box. This is a fiscal facility. This resulted in a one-off tax benefit of EUR 1.6 million related to the previous periods. BinckBank estimates that the innovation box for the upcoming year will result in the reduction of the consolidated tax rate of approximately somewhere between 1.5% and 2%.

Adjusted net profit is EUR 12.7 million for Q4, this is EUR 0.18 and that makes it the best quarter of 2014. We are EUR 0.01 above consensus. In Q1 we had EUR 0.17, in Q2 EUR 0.12, in Q3 EUR 0.13 from operations and a one-off of EUR 0.22 from BeFrank, so total adjusted earnings per share is EUR 0.82. 50% of this will be paid out in regular dividend. We have paid an interim dividend of EUR 0.10 per share, so the proposed final dividend therefore is EUR 0.31 per share.

Payroll costs increased in Q4. Payroll costs amounted to EUR 14.7 million, an increase of

9% versus Q3. The increase is mainly due to one-off costs for the reintegration of Able, where we had to let go some of the senior managers. There were no major changes in staff and levels during the fourth quarter and the number of FTEs was 649 as at



the end of December. We had 653 in the third quarter.

Amortisation and depreciation: mainly the Alex intangibles, no significant changes in the fourth quarter.

Other operating expenses showed an increase of 9% from EUR 12.8 million in the third quarter to EUR 14.1 million in the fourth quarter. The net increase is mainly due to the pick-up of additional charges for market data costs. For the year-end close we reviewed contracts with market data providers and picked up additional charges, as contract definitions are not always very clear.

Marketing cost are lower, as we stopped the campaigns for Alex Asset Management mid-Q3. The marketing expenses for the fourth quarter were EUR 2.3 million. The total marketing expenses are EUR 13 million for the year.

IFRS equity amounted to EUR 440 million as at the end of the fourth quarter, which is a net increase of 5.4 million versus Q3.

Financial position BinckBank FY14 Q4

Solid equity position end FY14 Q4: € 440 million (FY14 Q3: € 435 million)
Capital ratio end FY14 Q4: 37.1% (FY14 Q3: 35.2%)
Postponement of decision to distribute capital implies an increase in Tier 1 equity of € 25.9 million to € 325.9 million (FY14 Q3: € 300 million)

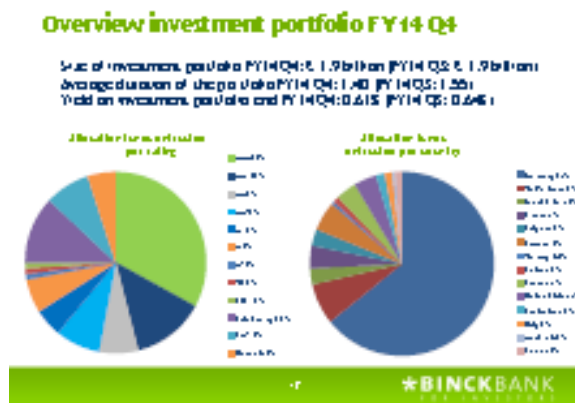


The capital ratio increased to 37.1%. The increase is due to the fact that we decided to postpone the decision for the payment of the capital surplus and therefore, the capital surplus has to be added back to the core Tier 1 ratio.

BinckBank decided to postpone the decision for the payment of the capital surplus in the light of the negative publicity on Alex Asset Management and the delayed growth targets for Alex Asset Management. Alex Asset Management, which is the key strategic growth pillar for BinckBank, has experienced a severe drop in assets under management over the last two quarters. Assets under management dropped by 565 million since mid-year 2014. In Q3, assets dropped with EUR 242 million and in Q4 with another EUR 323 million. The growth target of EUR 3.5 billion by the end of 2015 has been deferred with three years to 2018.

In its recommendation of the European Central Bank that was issued on January 28 recommends to be very crude in case the outlook for a bank changes. BinckBank has aligned itself with the ECB recommendations. The timing of a capital return is also crucial. There has been a lot of negative publicity around BinckBank. We had negative publicity with De Giro, we had our CEO step down, and most recently we had Alex. It is better to hold up the capital base for now. Once we see clear sustainable and predictable developments on our path towards the realisation of the renewed 2018 targets, we will do a discretionary assessment on a capital return and we will put the topic back on the agenda. The dividend policy remains unchanged.

The investment portfolio: the size of the treasury book remains stable at around EUR 1.9 billion. The average yield in the treasury book drop went slightly from 64 bps. to 51 bps. The duration dropped from 1.55 years to 1.4 years.



In the fourth quarter we invested ERU 61.4 million in nominal value at an average yield of 20 bps. and EUR 81 million in bonds were redeemed, of which we lost an average yield of 80 bps. If we manage

to reinvest that at an average rate of 12 bps. the yield on the treasury book is expected to drop towards 43 bps. by the end of this year.

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

Part III

Outlook

Mr. **Germyns**: Thank you, Evert. Let me guide you through the medium and long-term targets of 2018. You all saw that we introduced the targets for 2018 and therefore, we

Medium & long term targets 2018

Overview of new medium to long term targets in 2018

Year	2014	2015	2016	2017	2018
Locations reduction	1.1	1.0	0.9	0.8	0.7
Mean balanced score of metrics	Medium	High	High	High	High
Number of transactions total	8.6 million	11 million	11 million	11 million	11 million
Assets under administration total	€ 18.5 billion	€ 21 billion	€ 21 billion	€ 21 billion	€ 21 billion
Assets under management	€ 2 billion	€ 3.5 billion	€ 3.5 billion	€ 3.5 billion	€ 3.5 billion
Cost-income ratio (for F&O activities)	72%	72%	72%	72%	65%

Progress assessment to long term targets in 2014

Year	Target	Progression indicator (year 2014)	Realization year end 2014	% indicator 2014
Number of transactions total	11 million	Low	8.6 million	80%
Assets under administration total	€ 21 billion	High	€ 18.5 billion	88%
Assets under management	€ 3.5 billion	Low	€ 2 billion	57%
Cost-income ratio	65%	High	72%	110%

Source: internal data and forecasts

put an extra focus on the customer satisfaction. This is an important element for the BinckBank as well as for Alex, so we emphasized this by introducing the customer satisfaction target. Other goals are more balanced towards the revenues, to phase out the non-transaction based. In fact, we have a purely transaction-based model. To increase the revenues of interest income and revenue. So, we put also a goal on this element. The number of transactions totalling to 11 million and where we stand now is 8.6 million by the year-end of 2014. And, as is the case for assets under administration, the goal is 21 billion compared to 18.5 where we stand at this moment. For Alex Asset Management the goal is to increase the number of assets under management to 3.5 billion whereas we for the year-end are at 2 billion. But also an extra focus on the cost-income ratio. This is also something you analysts are clearly looking at. We are now at 72% and our target is to bring it below the 65% barrier.

Let me go to the outlook 2015. What we saw in the beginning of this year for Alex Asset

Outlook 2015

Alex Asset Management:

- Asset end of January 2015: € 1,907
- Transfer of divested assets January 2015: € 66 million
- Positive results over January for divested € 31 million

BinckBank CEO stepped down on 1 January 2015. The supervisory board will be convening in the coming period to consider the final composition of the new executive board

Resignation two supervisory board members during the AGM 2015



Management, as we mentioned earlier in the presentation, is that the performance of Alex Asset Management made a good start. By the end of January the assets under management stayed above 1.9 billion. There were clients' asset transfer of approximately 125 million but on the other hand good performances created a positive attribution of approximately 80 million. So, we will

continue to give our customers extra guidance and information on how they should see the value of the asymmetric risk model and this should give us extra comfort that they stay with us for the longer term.

Regarding the CEO-position: as you all know, Koen Beentjes stepped down as of January 1st, 2015. The Supervisory Board will be convening in the coming period to consider the final composition of the new Executive Board. We will keep you informed in case extra information is available. Not only in the Executive Board but also in the Supervisory Board there will be some changes in the coming months. In the AGM 2015, which is planned on 30th April, two members of the Supervisory Board – our president Mr. Kees Scholtes and member of the Supervisory Board Mr. Hans Brouwer – will step down.

This for the outlook for 2015. We will now continue with the QandA session.

Part IV

Q&A

- **Albert Ploegh - ING**

Good morning. I have a few questions related to the capital side. In the call, you quite clearly mentioned your motivation to keep the threshold of EUR 200 million in place and not to propose a buy-back but could you give some colour on when you might have some comfort? Could you give some feeling for timing on any decisions later, as the money of course is still in the balance sheet? It is still something we should expect for 2015 to be decided or it is safer to assume that the decision will basically be rolled forward to this time next year?

Also, when reading the English version on the press release on page 18, for 2014 you had put in place EUR 200 million internal minimum for the capital but you seem to suggest that if and when the risk profile deteriorates – you are flagging potential class actions against Alex – that it might be reviewed? Is there a change that the EUR 200 million will move up in 2015? Some colour on that would be helpful as well.

My last question for now is on Alex Asset Management in general. As you mentioned, the VEB have started an investigation and also Vermogensmonitor. Can you give an

update whether you have had discussions with these two associations and what is the situation with respect to Alex? Are you willing to do anything proactive on that side?

Mr. **Germyns**: Albert, Evert will take the first two questions regarding the capital. Regarding the VEB and Vermogensmonitor I will come back to you.

Mr. **Kooistra**: So, your question regarding timing: we have put it on hold now because the business is under pressure. We have announced to intention to buy back shares with EUR 200 million one year ago when we had acquired some good performance with Alex Asset Management. We had growth of 1 billion in AuM in 2013 and we had a performance fee of 17 million. Things were going really well on our key strategic growth pillar.

If you look at where we are now, you see we are in a sequence of two quarters that we face decreasing AuM. One of our key strategic growth pillars is under pressure. In addition, you have a lot of negative publicity around the bank and we have this new ECB recommendation that urges extreme prudence for banks, especially in the case that the outlook changes.

So, as said, we will put it back on the agenda when we see predictable and sustainable growth on the key drivers and these are the new long-term targets. This will be more likely going towards 2016 and 2017 than 2015 because Alex Asset Management needs to turn around first. Hopefully, that is going to happen this year when we show a good or better performance for our clients. We need to pass that inflection point and we have not seen that yet. That is more likely in 2016 and 2017 than in 2015.

The EUR 200 million was a threshold that was established in a growing business. Now, we are faced with a business that has negative growth in AuM. When business picks up we will do a discretionary assessment on the capital return and we will not use that mechanical threshold. The new ECB recommendations do not favour such mechanics. So, when it is back on the agenda we will use a more discretionary approach.

Albert Ploegh – ING: So, to be clear, the EUR 200 million is basically off the table?

Mr. **Kooistra**: No, it is still there. It is enough to run the bank as it is. But if the risk profile changes or the contingent liability around Alex materialises, then we will review it again but so far we have not received any claims. It is still a contingent liability, so at the time the EUR 200 million is still on the table.

Mr. **Germyns**: Part 3 of your question is regarding the VEB and the Vermogensmonitor. The VEB have indicated that they would start an investigation. We received some questions and we had a constructive dialogue but it is worth mentioning that we have similar targets. This means that we are helping and that we are looking for the best benefits, also for the private investors. There we have the same important things in our head. But we continue in a constructive dialogue with VEB. For the Vermogensmonitor we do not have any indications on a material contingent liability. So, there we heard and

we saw what appeared in the press but up until now we do not have any further indication on that one.

Albert Ploegh – ING: And maybe one follow-up in general on Alex, also given the performance issues. It was pretty well explained what happened in 2014. It is also very important also for the future strategy but we do not see what your plans are with respect to Alex. As far as I know, the model is still the model as it was last year. Are you trying to change the model to maybe also offer an alternative asset management product next to Alex? What are your plans to get Alex back on track?

Mr. **Germyns:** If you are pointing to an alternative: we use an asymmetric risk model for Alex. It is inherent to the situation where we had some negative [...] but it was a trend. That means that we moved our positions from the risky asset side, the equity part, to the bond part and then, when you immediately get an upward spike we will not invest. Those are the reasons behind the negative performance that we saw in 2014. But with this asymmetric trend-following model, we should see it over multiple years and over a longer-term period, so I think it would not be very wise to change this system. We know what it does. We know the added value of this system, so we are pretty confident that for the longer term it will be very helpful to stick to this policy. This is also what we saw in the beginning of 2015, when we saw a pretty positive performance, even outperforming the AIGs in the month of January. So, we can stick to that.

Albert Ploegh – ING: Clear. Thank you.

- **Cor Kluis – Rabobank**

Good morning, I have a few questions, first of all concerning Alex Asset Management. Given the fact that until January that there has been around 25% net outflow, can you give an indication of what you are going to do when the revenues are coming down versus plan? What are you going to do to reduce the expenses in Alex Asset Management? You already hinted on the new cost-income ratio of course, but especially in this field where your revenues are going to be somewhat disappointing. What are you going to do there or have you already done something?

My second question, also related to expenses, is the EUR 3 million for market data in Q4. In 2013 we also had such a figure. Can you remind us what is the total expense on market data that you had in 2013 and 2014 and what you expect it is going to be in 2015? It always sounds to be a little bit that the definitions are not clear. Can you give at least an indication of what it is in the total expense line?

My last question is about marketing expenses. These clearly went down, especially related of course to Alex Asset Management. Is it not better to use marketing expenses to counter the negative news around Alex Asset Management? It seems that the short-

term negative performance is getting the overhand versus the long-term story, which Alex is mentioning. What are your considerations that the negative news around will not determine the story on Alex Asset Management?

Mr. **Germyns**: Cor, I will take the first and the third part. The second part will be treated by Evert. Coming to the first part of your question, regarding what we saw in the assets under management of Alex Asset Management. We saw the base on the revenue falling back to 15 million that we had for 2014. We agree – but this is also related to the third part of your question – that as of the month of August we stopped to do the marketing around Alex Asset Management. This means that with the negative performance that we saw in the beginning of the year i.e. the first six or seven months of the year, we decided that it would be wise to suspend the marketing behind Alex Asset Management. That is why the marketing costs are a bit lower. But we agree, so it is a sort of a sentiment factor as well, so with the positive performance we saw in the beginning of this year, then again we should be able to take a closer look at the marketing behind Alex Asset Management and to continue to pick up the positive trend. It is something that we do investigate in the longer term. It is not that we have it already on the table but we will do it in the future.

Cor Kluis – Rabobank: And the non-marketing expenses in Alex Asset Management? Are you also willing to reduce these or not?

Mr. **Germyns**: Do you mean the management fee or?

Mr. **Kooistra**: Do you mean the operational expenses?

Cor Kluis – Rabobank: IT, staff, and those kinds of expenses.

Mr. **Kooistra**: There is not much reduction there because people that run the system run the system. If the client transfers assets out there is no direct link with the [...] cost. We need more people on the client servers and audit desk because we get more telephone calls coming in. There is no direct link between that.

Your other question concerned the costs of market data. Out of the EUR 57 million that we have in other operating costs, 23% is market data. That was EUR 13 million for this year. Last year we had EUR 11 million. Market data is something that we are fully focused on to make sure that we control those cost and to preferably get them down. Market data providers are pretty aggressive at the moment in the discussions. The contracts are complex and not always clear, so we are having constant discussions in that area.

Cor Kluis – Rabobank: Thank you.

- **Benoît Pétrarque – Kepler**

Good morning. I have a couple of questions, the first relating to the capital. What you have actually been saying is that banks that are far off the 10% on a fully loaded basis should be [...] on distribution. If I look at your capital base it looks like you are far above the minimum requirement. What is your current status in terms of discussions with DNB on distribution? Are they showing any signs of concerns on class actions or potential claims? What is the view of DNB on your capital base? Also, my understanding was that you were fully protected against potential claims on Alex because obviously the negative performance [...] of this for the client has been disclosed in the products. So, are you still very confident on that side or are you seeing some weaknesses in the contracts?

My second question is on costs. You are targeting on a cost-income of 65%. Assuming the top line will remain stable in the coming years can we expect cost to come down on an absolute basis or are you still staying cost will be stable or slightly increase? I guess your cost-income is also linked to your top line development and involved in your targets.

My third question is on the turbos. What will be the additional incremental income that you expect in 2016? In the past you have guided for EUR 4 million and I just want to get in a bet on that one.

Lastly, could you comment on your market share on the brokerage side in the Netherlands? Obviously, you are an aggressive competitor; what do you see in the quarter? It looks like your quarter-on-quarter increase is very good but are you really losing market share? What is your view on that?

Mr. **Kooistra**: Let's start with the capital question, your question on the ECB regulations. If you read those regulations there are some hard and soft criteria in there. The hard criteria have to do with the capital ratios on a fully loaded basis and not a minimum statutory requirements. If you pick them off, we are well above those hard criteria. But the soft criteria are more important. They say that you not only have to look at your current capital position but also at your future. If there is a change in your outlook – which is the case for Binck – you have to be prudent. That is part of sound banking operations and risk management. That is where we see in light of the [...] growth targets for Alex Asset Management it is better now. But in light of the negative publicity, also around Binck in general, it is better to hold up the capital base. This has nothing to do with the regulator. We have not filed for a declaration of no objection. We have not gone that route. We have taken the decision not to pay the capital. As far as claims or class actions are concerned, we have not received any claims at this stage. We are more than well capitalised to deal with it if the contingent liability around Alex materialises. At this stage, we are just running our business.

Benoît Pétrarque – Kepler: Just to clarify on the claims: you are well protected, so the negative performance incurred by your clients cannot be put on BinckBank, right? Are you not as comfortable as you were in the past?

Mr. **Kooistra**: We have not received any claims, so we do not know what they will go after. We run our business in a good manner and if you run your business in a good manner you are protected.

Mr. **Germyns**: Regarding the cost-income ratio: we have a target of 65%, so it is a combination. We think that above all we should take a closer look at the cost and the expenses we make. Also, the income side. It is a combination of both. It is not that we are introducing a severe cost cutting program. It is work on both sides. I think it is a target which is achievable. If you see that now we are above 70% but with this combination we should be able. We were talking a lot about Alex Asset Management but the biggest part of the income of BinckBank is still related to the online brokerage part. This online brokerage business is doing well in all countries where we are active. Not only in the Netherlands but also in the other countries. We already see that 30% of the transactions we do we do them abroad, so non-Netherlands. This is a good signal. If we continue to work in this direction, I think we can be pretty confident.

Regarding the turbo business: for the fourth quarter we had approximately EUR 350,000. If you put that on an annual basis – it is a growing business – we had approximately 90 million of assets at the end of 2013. This is also related to a positive stock market. If we see that the stock market is like we saw in the beginning of January when it was going up, we see a lot of turbo-trading and especially we see a lot of people that keep their positions overnight. So, we have a good outstanding indication but when you do an extrapolation of the fourth quarter you already see that we are in the range of 1.5 million to 2 million on an annual basis, which brings us in the good direction to see it as a sustainable growing business, even after a couple of months.

Mr. **Kooistra**: On top of that we have Binck Fundcoach as well. That is another 2 million on an annual basis.

Benoît Pétrarque – Kepler: It is a total of 4 million including all [...] expenses.

Mr. **Kooistra**: Yes.

Mr. **Germyns**: The last part of your question is regarding the market share. Indeed, we see that we have a good market share. We do not have exact figures on the market share. Unlike competition we do not claim that we a number and that we flag out with 25, 30 or whatever percentage. We do not do that. We leave it up for competition because we do not have an indication on the correct market share figures. What we saw – that is something you also saw in the report over the fourth quarter – is that we were very stable with good growth over the fourth quarter and that even in the Netherlands, where competition of the discount brokers like you mentioned might be the biggest, is that we do not see it in our figures. We see stable growth of 26% of transactions and this is also something we saw in the beginning of this year. So, for sure there is competition but I think it is good to signal and this is what we see. It is not all about price. It is also about service, it is about security of the system, it is about education and to have a full

understanding of what the investors want and need to trade. So, it is good to have competition. Let's say that it is good for the motivation of the people we have. It is what we saw abroad. In Belgium, France, and Italy competition is fierce as well. We can be delighted that we have competition in the Netherlands, because this will make us more efficient and therefore, we feel the necessity to be more efficient in what we do and in how we do it.

Benoît Pétrarque – Kepler: Thank you very much!

- **Matthias de Wit – KBC Securities**

Good morning. There are a few questions left, first on your plans [...] re-risking into mortgages. Could you update us in this respect? I am wondering how much you could reinvest, over what timeframe and what this could mean for our portfolio yield.

Secondly, on the suspension of the capital return, you are referring to the changing outlook. Does this imply that you are expecting lower profits in 2015 and 2016 relative to what has been achieved in 2014 or not necessarily?

My last question is on the cost base. Is it possible to quantify the one-off linked to the severance pay of the Able employees and what should we expect for 2015 in terms of absolute levels of operating expenses?

Mr. **Kooistra:** Let's start with your first question on re-risking the mortgages. In our renewed long-term growth targets you see that we plan to have two thirds of the income coming from recurring income and one of those elements is the interest income. So, we are looking at how we can leverage on the asset side of the balance sheet. Mortgages is one of them. So, we have not taken decisions in that. We have capital enough to go into any plans that we want on the treasury side. So, we are looking at all kinds of alternatives during the course of the year.

Matthias de Wit – KBC Securities: Do you have plans for the coming quarters?

Mr. **Kooistra:** No, it will take longer because we need to do thoroughly. It is more towards the second half of the year. But we have not taken a decision and we are looking at multiple alternatives to leverage on the asset side.

Then on the capital return, you asked for lower profits in 2015. We never give a guidance of profits but as you can see the AuM for Alex Asset Management is coming down, so the annualised revenues have come down. You can read that in the press release. So yes, we are expecting lower revenues from the Alex Asset Management side. For the brokerage side we cannot predict what our crystal ball is going to do this year. We cannot forecast any market volumes.

The one-off cost for Able is close to EUR 1 million and it is in the payroll.

Matthias de Wit – KBC Securities: And on the full year 2015 expected evolution of absolute expenses?

Mr. **Kooistra:** Well, they should not further increase. It is our call to keep costs where they are.

Matthias de Wit – KBC Securities: And how flexible is the cost base in a scenario where transaction volumes would come down? Do you see an opportunity to cut the expenses? Are there variable expenses you could cut aside from marketing?

Mr. **Kooistra:** You are right. The marketing is basically the flexible part. The other parts are rather fixed, so the cost of the IT system and staff. The flexible part is only marketing. If business scales back you can reduce the number of staff on the front end, on the client service and order desk, but those are not the high salaries, so the core of the company will stay the same.

Matthias de Wit – KBC Securities: That is clear. Thank you!

- **Jan-Willem Knol – ABN AMRO**

Good morning. Sorry to come back on the capital position in the elimination of the distribution of the excess capital once more but if you summarise it all your view on the capital has not changed, i.e. the EUR 200 million is still the capital level, which is a very solid capital level to begin with, to say the least. Then you will have a very strong capital build-up going forward, since the pay-out ratio of earnings is only 50%. So, your future capital level is even stronger than today's. But the main reason to be conservative is Alex Asset Management, which is a small part of the business in terms of revenues. So, the signal you give to us is that you anticipate something big in terms of damages, either from class actions or your outlook in terms of operational performance is seriously damaged. So, just to ask the question once more: what is it that you anticipate, either in terms of Alex, in terms of damages going forward or what do you anticipate in terms of operational performance? If you just look at the numbers your guidance [...] in terms of what you plan to pay out to shareholders, also because you have the strong capital build-up. We all know the business is competitive. Fees are under pressure, et cetera, but still you will have positive capital generation since you only pay out 50% of adjusted net profits.

My second question is on your new target as to retail transactions. You give this 11 million target in terms of retail transactions. What is your view if to the average fee per transaction going forward? We know competition is in terms of price, so it would be very interesting to see what your view is in terms of the future? What do you expect in terms of average fee per trade going forward? It has been consistently declining since a long period, so that will be great.

And then just on Italy: do you still expect the Italian business to be break even in 2015?

To follow up I have a brief question on Alex. I did not get what you mentioned on the 2015 performance, so what did you say in terms of client outflows in 2015 so far and in terms of the performance contribution?

Mr. **Kooistra**: Coming back to the capital position: the fuse had not changed. 200 million is still there. The 200 million is more than enough to deal with any contingent liability in case they materialise around Alex. We have not seen any signs of that, yet. It is just a matter of timing. The business is under pressure. There is a lot of negative publicity. It is not off the table, so the capital is still there but it is not a good time now. So, all the things you are saying are true and we will put it back on the agenda in due course, once we see more predictable growth.

Jan-Willem Knol – ABN AMRO: Sorry to jump in on that, but what do you really want to see? Is that just a bit more visibility, a progress as to your conversations with the potential class action parties like VEB and Vermogensmonitor, or is it that you want some stability in terms of the underlying business and in terms of volume trends? Well, volume trends are very positive of course in Q4, but in terms of pricing trends or do you look at competition? What actions are there in terms of pricing? What are you really looking at?

Mr. **Kooistra**: We want to see clear traction on the key growth drivers for BinckBank and that is for the online brokerage volume and for Alex Asset Management it is AuM. We have now seen two quarters of transferred client assets. That is pretty significant: close to 600 million. We want to see that inflection point and hopefully that is going to happen somewhere during the year. We want to see more predictable growth. From the safety perspective, from Alex contingent liabilities we have 200 million and we need to have close to 16 million. So, already with the 200 million there is 140 million of capital in buffer. That is not the point but the timing is not right.

Jan-Willem Knol – ABN AMRO: But if you look at your main business, which is retail brokerage, the volume trends are very positive and they will be also this quarter. At least, the first month of the year is quite positive, I suppose also for your business. So, it looks like you have had an inflection point on the core of your business already in the last quarter of the year.

Mr. **Kooistra**: We know how it goes with the transaction volumes. It varies from quarter to quarter and we had a very good quarter in the fourth quarter and we had a good start in January but if you remember last summer, we had two extremely quarters. So, it can disappear very quickly as well and it is not a predictable thing.

Mr. **Germyns**: If I may add something to the Alex Asset Management part. If you see the revenues we had in 2013 for Alex Asset Management one of the big catches we had was also related to the performance fee. This means the high watermark. The performance

of last year of Alex Asset Management was not so good. The high watermark means that first of all that the performance has to pick up and to come back to the highest level that the customer had before. This means that if he had a negative performance for the cautious profile of 11% in 2014, first of all we have to make it up to the level where the customer was before having the ability to generate revenues on the performance fee part. So, it is also related to this high watermark scheme.

Jan-Willem Knol – ABN AMRO: That is all very clear but then still you build up capital [the 200 million] [...] but normally, you will build up capital every quarter. So, your capital position will improve. That makes basically that every quarter you have a more conservative balance sheet, which is from a conservative standpoint already. That is the part, which is puzzling a little bit.

Mr. **Germyns:** We understand. If I may add to your questions for Alex Asset Management there was a part you missed, where we stand at the end of January. We were at 1.9 billion compared to 1.952 billion at the end of last year. We had a transfer of client assets in January of 156 million. The positive part was the result over January for the clients for 81 million. For the time being, we were at 1.9 billion. I hope this answers your question.

If we come back to the targets we had for the 11 million transactions for 2018. There you had a question regarding the average fee.

Jan-Willem Knol – ABN AMRO: Basically, what is the revenue base you expect to come with the 11 million o transactions?

Mr. **Germyns:** That depends on where growth will be. We see that in the Netherlands and in Belgium we have a stable price. The erosion of the price in Belgium and the Netherlands is relatively low, so there we can stick to a price around EUR 10. We feel pretty confident if we also take a closer look at the last quarter of last year and the beginning of this year. It is not only a price issue. We are pretty confident that the erosion will be relatively low. On the other hand, if we have to come to 11 million trades we need big growth in Italy and in France in highly competitive environments. As I mentioned earlier, if you do more trades and more transactions for instance in Italy, the better you can negotiate with the other companies. So, it is on the cost side. So, what is adding to the net commission income is that you can lower the cost you pay at the stock exchange. This is something we are looking clearly at. This is part of the operational excellence programme we have within BinckBank. So, it is pretty difficult to give you an outlook on the average fee. Now, we have an average fee of a bit above EUR 9 per trade and I think it will continue to evolve in this range for the coming months or years.

Regarding your last question on the break-even point and Italy: it is still on our agenda to attain the break-even point in Italy in 2015. So yes, the answer is affirmative. We still have it on our radar and we are pretty confident that we will attain it by the end of this year.

Jan-Willem Knol – ABN AMRO: Thanks a lot!

- **Albert Ploegh – ING**

Just a few follow-up questions. The first is on the required capital tool. In the fourth quarter it went up by around EUR 2 million. That has basically to do with some concentration risk, maybe in the collateral lending. Could you make some comments on that?

I noticed that the duration in the investment portfolio went down a little versus the third quarter. Was that purely due to reinvestment or will you lengthen your duration again going into 2015?

My last question is about your position, your stake in TOM. What can you say on that in terms of the strategic relevance of this holding going forward?

Mr. **Kooistra:** Let's start with the required capital. Indeed, it went up a little bit and that is the concentration risk in the collateralised lending portfolio. So, it is in the Pillar 2 area.

Duration came slightly down but our policy is to invest at a maximum of three years, so the targeted duration is around 1.5 years. We do not expect many changes there unless we change our treasury strategy. But that is not the case at the moment. If we run our book we will keep it between zero and three years.

Mr. **Germyns:** Your third question was regarding TOM. First of all, we started TOM in the beginning of the implementation of MiFID, so this was also for the best execution. We needed something to do about that. So, we started TOM at that time. It enabled us to have a lower tariffs because of competition, so it was good move from Binck. On the other hand, the poor activity of BinckBank is not running a stock exchange so for this moment we read the newspapers and we see there is a lot of rumour around the brand. But we have nothing on the table and we are not working on a split or a sale of our part in TOM. But we hear the rumours like you do.

Albert Ploegh – ING: Thank you.

- **Cor Kluis – Rabobank**

I have a follow-up question concerning the excess capital. If we make a simple calculation you will have around EUR 50 million of excess capital on top of the EUR 200 million at the end of this year. I fully understand what you have said during the call but could you at least make a kind of public commitment that you will not use that capital for acquisitions? You understand that the issue is that investors would rather

have the money on their bank account and on the bank account of the company, so could you at least give some commitment that this excess capital will come back to the shareholders and will not be used for acquisitions?

I have a technical question about the bond reinvestments. You mentioned that will reinvest bonds that will run off in 2015. Could you mention the figures that will run off in Q1, Q2, Q3 and Q4 of this year?

Mr. **Kooistra**: You are asking for a commitment: we do not need the capital to run the business. Therefore, it is called excess, surplus capital. We have no M&A activities on the table but that is not on our agenda. We are running our business and we are focusing primarily on Alex Asset Management but you never know what happens in the future. But it is not something we are targeting at this stage. We are focusing on the two pillars that we have mentioned, online brokerage and asset management, on the four territories and on realising the targets that we have renewed. That is what keeps us busy at the moment.

For the bond reinvestments I can give the numbers but I have to look them up. In Q1 we expect to reinvest EUR 190 million, in Q2 EUR 140 million, Q3 EUR 117 million and in Q4 EUR 86 million. So, EUR 534 million will be reinvested in the course of this year.

Cor Kluis – Rabobank: That is very clear. Thank you.

Mr. **Germyns**: As there are no more questions, we would like to thank you all for attending this meeting. I hope we have a face-to-face meeting with you all very soon. Thank you very much and have a nice day.

End of call

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