
PILLAR 3
2018
BINCK BANK

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1. Introduction

1.1 General

BinckBank N.V. is a licensed Dutch bank with headquarters in Amsterdam. BinckBank is therefore subject to the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR). The Pillar 3 report is drawn up in compliance with the reporting requirements of the CRR and the CRD. The Pillar 3 report discloses information on all topics mentioned in the Directive to the extent that these apply to BinckBank. Only relevant fields and fields with values are shown in the (compulsory) tables. The figures stated in the tables are based on unrounded amounts and therefore rounding differences may occur.

The Pillar 3 report of BinckBank is drawn up yearly and provides insight into aspects such as the capital position, the size and composition of capital and how the capital relates to credit risk, market risk, settlement risk and operational risk, as expressed in risk weighted exposure amounts. Interim updates on the key topics are given in BinckBank's press releases or are made public on the corporate website.

This report is disclosed separately. The annual report of BinckBank also contains an extensive disclosure of the capital and risk management. The information included in the annual report and this Pillar 3 report are consistent and partially overlap. Accordingly, this Pillar 3 report must be seen in conjunction with note 41 'Risk management' to the financial statements. With regard to the required disclosure of the remuneration policy (article 450 CRR) BinckBank has made available a separate document on the corporate website (www.binck.com).

The information in the Pillar 3 report has not been audited by BinckBank's external auditor.

1.2 Scope of application

BinckBank is subject to prudential supervision by De Nederlandsche Bank (DNB) and the point of departure for determining the scope of application of the CRR/CRD IV rules are the consolidation principles under IFRS. The entities consolidated by BinckBank under IFRS (accounting) and the CRR (regulatory) are listed in the table below.

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
BinckBank N.V.	Full	X				Credit institution
Binck Bewaarbedrijf B.V.	Full	X *				Other financial corporation

** Belongs to the prudential consolidation scope but not consolidated under application of article 19 CRR.*

The IFRS scope of consolidation for BinckBank is established in accordance with IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements, IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures. All companies where BinckBank has direct or indirect control over the financial and operational policy for the purpose of obtaining gains from their operations are part of BinckBank's consolidation scope and are fully consolidated. There are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities among the parent undertaking BinckBank N.V. and its subsidiaries.

After having obtained prior DNB approval BinckBank has chosen to apply article 19 CRR for subsidiary Binck Bewaarbedrijf B.V., whereby this company is not included in the prudential consolidation base. In the determination of the risk weighted exposure amount under CRD IV, the net asset value of this subsidiary is risk weighted at 250%. As a consequence of the aforementioned adjustment supervisory reporting de facto takes place at solo level, i.e. at company level.

The scope of consolidation has changed compared to last year: On 29 June 2018 BinckBank has sold its equity interest of 60% in Think ETF Asset Management B.V.. On completion of the sale of the whole interest BinckBank lost control and subsequently the entity was deconsolidated.

1.3 Approach applied and related key figures Pillar 1

CRD IV/CRR provide guidelines for the calculation of the Pillar 1 capital requirements that a credit institution must hold for credit risk, market risk, settlement risk and operational risk. CRD IV/CRR permit various approaches for the calculation of the requirements under Pillar 1 with regard to the aforementioned risks. BinckBank applies the Standardised Approaches for credit risk, market risk, settlement risk and operational risk.

The next table presents the relevant figures and ratios.

		2018	2017
Available capital			
1	Common Equity Tier 1 capital (CET1)	248,997	249,522
2	Tier 1 capital (T1)	248,997	249,522
3	Total capital	248,997	249,522
Risk weighted exposure amount			
4	Total risk weighted exposure amount (RWA)	783,077	809,380
Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 capital ratio	31.8%	30.8%
6	Tier 1 capital ratio	31.8%	30.8%
7	Total capital ratio	31.8%	30.8%
Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement	1.875%	1.250%
9	Countercyclical capital buffer requirement	0.001%	0.000%
11	Total CET1 specific buffer requirements	1.876%	1.250%
12	CET1 available to meet buffers after meeting the minimum capital requirements	27.3%	26.3%
Leverage ratio			
13	Leverage ratio total exposure measure	3,947,095	3,778,872
14	Leverage ratio	6.3%	6.6%
Liquidity Coverage Ratio (LCR)			
15	Total high-quality liquid assets (HQLA)	1,358,264	1,208,510
16	Total net cash outflows	65,616	129,506
17	LCR ratio	2131%	987%

1.4 Detailed index of Pillar 3 references

The Pillar 3 disclosure requirements are described in Part Eight Disclosure by institutions of the CRR. The table below provides insight into these disclosure requirements and states where the reader can find this information in the annual report and/or the Pillar 3 report.

CRR article	Pillar 3 disclosure requirements	Location in Pillar 3 report	Notes
435	Risk management objectives and policies	See annual report	The Management statement is included in the annual report. The section Risk management in the annual report adresses risk-, capital- and liquidity management. Information regarding directorships, recruitment and diversity of the Board and the Supervisory Board are included in the annual report in the sections Corporate governance and the Report of the Supervisory Board.
436	Scope of application	1.2 Scope of application	
437	Own funds	2. Own funds and leverage	
438	Capital requirements	3. Capital requirements	
439	Exposure to counterparty credit risk	3.3 Counterparty credit risk	
440	Capital buffers	4. Capital buffers	
441	Indicators of global systemic importance	Not included	BinckBank is not considered an institution of global systemic importance.
442	Credit risk adjustments	3.2.2 Credit risk adjustments	
443	Unencumbered assets	6. Encumbered assets	
444	Use of ECAIs	3.2.5 Risk weights and use of external credit ratings for credit risk	
445	Exposure to market risk	3.4 Capital requirement for market risk	
446	Operational risk	3.6 Capital requirement for operational risk	
447	Exposures in equities not included in the trading book	7. Equities outside the trading book	
448	Exposure to interest rate risk on positions not included in the trading book	8. Interest rate risk outside the trading book	
449	Exposure to securitisation positions	Not included	BinckBank has no exposure to securitisation positions.
450	Remuneration policy	9. Remuneration policy	
451	Leverage	2.4 Leverage ratio	
452	Use of the IRB Approach to credit risk	Not included	BinckBank does not use the IRB Approach to credit risk. The Standardised Approach to credit risk is used by BinckBank.
453	Use of credit risk mitigation techniques	3.2.3 Credit risk mitigation	
454	Use of the Advanced Measurement Approaches to operational risk	Not included	BinckBank does not use internal models to operational risk. The Standardised Approach (TSA) to operational risk is used by BinckBank.
455	Use of Internal Market Risk Models	Not included	BinckBank does not use internal models to market risk. The Standardised Approach to market risk is used by BinckBank.

2. Own funds and leverage

2.1 Reconciliation own funds and calculation CET1-capital

Under the CRR rules, the own funds of BinckBank must consist of components that meet certain conditions. BinckBank's regulatory own funds completely consists of Common Equity Tier 1 capital (CET1). BinckBank has no additional Tier 1 capital (AT1) or Tier 2 capital (T2). The amounts recognised in CET1-capital are based on accounting values in accordance with IFRS (International Financial Reporting Standards).

For the purpose of calculating the Common Equity Tier 1 capital the shareholders' equity is adjusted for certain prudential filters and capital deductions in accordance with the CRR. The reconciliation of the own funds elements in the financial statements to the regulatory own funds of BinckBank is disclosed in the table below.

(figures in EUR 1,000, unless otherwise stated)	Reference row Own funds disclosure template	2018	2017
Issued share capital	1	6,750	6,750
Share premium	1	343,565	343,565
Treasury shares	16	(4,081)	(4,282)
Fair value reserve	3	-	492
Other reserves	2	30,650	40,462
Unappropriated profit	5a	26,501	6,969
Shareholders' equity attributable to shareholders BinckBank N.V.		**403,384**	**393,956**
Less: goodwill	8	(153,865)	(153,865)
Plus: deferred tax liabilities related to goodwill	8	29,798	36,064
Less: other intangible assets	8	(3,348)	(4,085)
Less: prudent valuation adjustment	7	(2)	(788)
Less: proposed dividend	5a	(26,500)	(15,525)
Less: unappropiated profit adjusted for interim dividend and proposed final dividend	5a	(1)	-
Less: deferred tax assets	10	(468)	(6,236)
Common Equity Tier 1 capital (CET1)	**29**	**248,997**	**249,522**
Additional Tier 1 capital (AT1)	44	-	-
Tier 1 capital (T1)	**45**	**248,997**	**249,522**
Tier 2 capital (T2)	58	-	-
Total capital	**59**	**248,997**	**249,522**

BinckBank has deferred tax assets which are dependent on future profitability for realisation and which do not arise from temporary differences. These deferred tax assets are deducted from own funds.
Furthermore BinckBank has deferred tax assets which are dependent on future profitability for realisation and arise from temporary differences. The total amount of these deferred tax assets is below the 10% threshold mentioned in article 48 CRR. As a consequence these deferred tax assets are not deducted from own funds but weighted at 250% in the determination of the risk weighted exposure amount.

2.2 Composition of own funds and capital ratios

The table below reflects the detailed own funds position of BinckBank and the relevant capital ratios.

(figures in EUR 1,000, unless otherwise stated)		2018	2017	Regulation (EU) No 575/2013 article reference
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	350,315	350,315	26 (1), 27, 28, 29
	of which: Ordinary shares issued by a public limited liability company	350,315	350,315	EBA list 26 (3)
2	Retained earnings	30,650	40,462	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	-	492	26 (1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	(8,556)	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**380,965**	**382,713**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(2)	(788)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(127,416)	(121,886)	36 (1) (b), 37
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	(468)	(6,236)	36 (1) (c), 38
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(4,081)	(4,282)	36 (1) (f), 42
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(131,968)**	**(133,191)**	
29	**Common Equity Tier 1 (CET1) capital**	**248,997**	**249,522**	
44	**Additional Tier 1 (AT1) capital**	**-**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**248,997**	**249,522**	
58	**Tier 2 (T2) capital**	**-**	**-**	
59	**Total capital (TC = T1 + T2)**	**248,997**	**249,522**	
60	**Total risk weighted assets**	**783,077**	**809,380**	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	31.8%	30.8%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	31.8%	30.8%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	31.8%	30.8%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	1.9%	1.3%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	1.9%	1.3%	
66	of which: countercyclical buffer requirement	0.0%	0.0%	
67	of which: systemic risk buffer requirement	0.0%	0.0%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	0.0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	27.3%	26.3%	CRD 128
Amounts below the thresholds for deduction (before risk weighting)				
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	125	1,720	36 (1) (i), 45, 48
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in article 38 (3) are met)	-	43	36 (1) (c), 38, 48

BinckBank's capital position as at 31 December 2018 was sound:

- BinckBank's shareholders' equity at the end of December 2018 stood at € 403.4 million (year-end 2017: € 394.0 million). Common Equity Tier 1 capital at year-end 2018 amounted to € 249.0 million (2017: € 249.5 million);
- As of 31 December 2018 the Common Equity Tier 1 capital ratio and the Total capital ratio were both 31.8%, both up by 1.0% compared to last year. The Common Equity Tier 1 excess capital was € 213.8 million (2017: € 213.1 million).

2.3 Main features of Common Equity Tier 1 instruments

The table below lists the main features of the capital instruments issued by BinckBank.

	Capital instruments' main features	Common Equity Tier 1 instruments: Issued share capital
1	Issuer	BinckBank N.V.
2	Unique identifier	NL0000335578
3	Governing law(s) of the instrument	Dutch law
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 capital
6	Eligible at solo / (sub-) consolidated / solo & (sub-) consolidated	Solo & consolidated
7	Instrument type	Ordinary shares issued by a public limited liability company
8	Amount recognised in regulatory capital	€ 249.0 million as at 31 December 2018. For a specification see paragraph 2.1.
9	Nominal amount of instrument	The nominal amount per share is € 0.10. At reporting date 67.5 million shares were issued and fully paid up, so that the total nominal amount is € 6.75 million.
9a	Issue price	Resultant of issuances in the past, on average € 5.19
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	24 January 2003 (granted banking license)
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Most subordinated position
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

2.4 Leverage ratio

The leverage ratio is a simple non-risk adjusted capital measure, presented as the Tier 1 capital as a percentage of the total non-risk weighted exposures. The ratio is intended to prevent credit institutions from building up excessive leverage.

The table below presents the leverage ratio for BinckBank according to the composition of the total exposure measure and Tier 1 capital prescribed in the CRR.

		CRR leverage ratio exposures	
(figures in EUR 1,000, unless otherwise stated)		2018	2017
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	4,071,232	3,922,835
2	(Asset amounts deducted in determining Tier 1 capital)	(157,684)	(164,973)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**3,913,548**	**3,757,861**
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-	-
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	772	1,089
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(2,071)	-
11	**Total derivatives exposures**	**(1,299)**	**1,089**
	SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	32,581	14,055
14	Counterparty credit risk exposure for SFT assets	-	1,364
16	**Total securities financing transaction exposures**	**32,581**	**15,419**
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	10,901	19,412
18	(Adjustments for conversion to credit equivalent amounts)	(8,636)	(14,910)
19	**Other off-balance sheet exposures**	**2,265**	**4,502**
	Capital and total exposure measure		
20	Tier 1 capital	248,997	249,522
21	**Leverage ratio total exposure measure**	**3,947,095**	**3,778,872**
	Leverage ratio		
22	**Leverage ratio**	**6.3%**	**6.6%**

The value of the total exposure measure used in calculating the leverage ratio differs from the value of the total assets as per financial statements. The reconciliation between the total assets as per financial statements and the leverage ratio total exposure measure (row 21 in the table above) is as follows:

	(figures in EUR 1,000, unless otherwise stated)	Applicable amount 2018	2017
1	Total assets as per published financial statements	4,070,993	3,924,062
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	124	(1,508)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with article 429 (13) CRR)	-	-
4	Adjustments for derivative financial instruments	(1,299)	1,089
5	Adjustment for securities financing transactions (SFTs)	32,581	15,419
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,265	4,502
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with article 429 (7) CRR)	-	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with article 429 (14) CRR)	-	-
7	Other adjustments	(157,569)	(164,692)
8	**Leverage ratio total exposure measure**	**3,947,095**	**3,778,872**

The leverage ratio as at 31 December 2018 was 6.3% (2017: 6.6%). The decrease of the leverage ratio compared to 2017 is mainly caused by:

- The increase of the on-balance sheet exposures with € 156 million caused by growth of the assets resulting from the increase in funds entrusted by clients;
- The increase of the securities financing transaction exposures with € 17 million resulting from securities lending.

3. Capital requirements

This chapter describes the Pillar 1 capital requirements of BinckBank. The Pillar 1 minimum capital requirement in accordance with the CRR is set as 8% of the risk weighted exposure amounts (RWA) for four types of risk: credit risk (including counterparty credit risk), market risk, settlement risk and operational risk.

3.1 Minimum capital requirements

The next table shows the risk weighted exposure amounts (RWA) and capital requirements by type of risk.

		RWAs		Minimum capital requirements 2018
	(figures in EUR 1,000, unless otherwise stated)	2018	2017	
1	Credit risk (excluding counterparty credit risk)	570,720	580,382	45,658
2	Of which the Standardised Approach	570,720	580,382	45,658
6	Counterparty credit risk	1,205	1,292	96
7	Of which Mark-to-Market method	15	22	1
13	Settlement risk	203	6,455	16
23	Operational risk	210,949	221,250	16,876
25	Of which the Standardised Approach	210,949	221,250	16,876
29	**Total**	**783,077**	**809,380**	**62,646**

The total Pillar 1 risk weighted exposure amount as at 31 December 2018 has decreased by 3% to € 783.1 million (2017: € 809.4 million). This decrease in the risk weighted exposure amount (RWA) is mainly caused by the decrease of the RWA relating to credit risk and operational risk. The RWA relating to credit risk primarily decreased due to redemptions and reallocations in the investment portfolio in combination with expansion of the Dutch residential mortgage portfolio.

Capital management at BinckBank is disclosed in note 41 ‘Risk management’ to the financial statements.

3.2 Capital requirement for credit risk

In general credit risk is the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.

Within the Standardised Approach BinckBank has no exposures to the following exposure classes:

- Public sector entities;
- International organisations;
- Items associated with particularly high risk;
- Securitisation positions;
- Collective investments undertakings.

The aforementioned exposure classes are not shown in the tables.

The total and average net amount of exposures for credit risk by exposure class is presented in the following table:

	As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	**Exposure net of value adjustments and provisions at the end of the period**	**Average exposure net of value adjustments and provisions over the period**
16	Central governments or central banks	1,366,434	1,425,375
17	Regional governments or local authorities	20,267	38,829
19	Multilateral development banks	22,265	21,943
21	Institutions	656,351	695,821
22	Corporates	337,839	342,760
24	Retail	352,595	397,069
26	Secured by mortgages on immovable property	741,055	707,568
28	Exposures in default	585	520
30	Covered bonds	143,805	83,115
31	Claims on institutions and corporates with a short-term credit assessment	132,740	125,875
33	Equity exposures	125	645
34	Other exposures	62,409	62,150
35	**Total Standardised Approach**	**3,836,470**	**3,901,669**

	As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)	**Exposure net of value adjustments and provisions at the end of the period**	**Average exposure net of value adjustments and provisions over the period**
16	Central governments or central banks	1,202,189	1,176,094
17	Regional governments or local authorities	131,917	181,492
19	Multilateral development banks	12,528	18,939
21	Institutions	800,978	712,890
22	Corporates	305,809	268,367
24	Retail	372,724	385,331
26	Secured by mortgages on immovable property	660,268	627,623
28	Exposures in default	660	535
30	Covered bonds	83,196	185,534
31	Claims on institutions and corporates with a short-term credit assessment	113,075	144,868
33	Equity exposures	1,720	5,512
34	Other exposures	60,284	69,981
35	**Total Standardised Approach**	**3,745,349**	**3,777,166**

3.2.1 Breakdown exposure by geographical area, counterparty type and residual maturity

The tables below provide a complementary picture of credit risk by showing the breakdown of the exposure values by geographical area, counterparty type and residual maturity.

Breakdown by significant geographical area:

As at 31 December 2018		Exposure net of value adjustments and provisions by geographical area							
	(figures in EUR 1,000, unless otherwise stated)	European Union (EU)	Netherlands	Germany	Belgium, France, Italy	Other EU countries	North America	Other geographical areas	Total
7	Central governments or central banks	**1,265,968**	1,139,529	104,414	22,025	-	**100,466**	**-**	**1,366,434**
8	Regional governments or local authorities	**20,267**	-	20,267	-	-	**-**	**-**	**20,267**
10	Multilateral development banks	**-**	-	-	-	-	**-**	**22,265**	**22,265**
12	Institutions	**478,791**	122,470	35,025	141,206	180,090	**65,369**	**112,191**	**656,351**
13	Corporates	**337,713**	324,781	-	12,474	458	**-**	**126**	**337,839**
14	Retail	**347,782**	291,602	5,418	46,082	4,680	**688**	**4,125**	**352,595**
15	Secured by mortgages on immovable property	**741,055**	741,055	-	-	-	**-**	**-**	**741,055**
16	Exposures in default	**585**	576	-	9	-	**-**	**-**	**585**
18	Covered bonds	**143,805**	-	143,805	-	-	**-**	**-**	**143,805**
19	Claims on institutions and corporates with a short-term credit assessment	**124,467**	75,608	-	8,668	40,192	**7,711**	**561**	**132,740**
21	Equity exposures	**125**	125	-	-	-	**-**	**-**	**125**
22	Other exposures	**62,409**	55,462	-	6,817	130	**-**	**-**	**62,409**
23	**Total Standardised Approach**	**3,522,968**	**2,751,207**	**308,929**	**237,282**	**225,550**	**174,234**	**139,269**	**3,836,470**

As at 31 December 2017		Exposure net of value adjustments and provisions by geographical area							
	(figures in EUR 1,000, unless otherwise stated)	European Union (EU)	Netherlands	Germany	Belgium, France, Italy	Other EU countries	North America	Other geographical areas	Total
7	Central governments or central banks	**1,143,887**	1,045,036	77,040	21,811	-	**58,302**	**-**	**1,202,189**
8	Regional governments or local authorities	**121,426**	-	111,125	10,302	-	**10,491**	**-**	**131,917**
10	Multilateral development banks	**-**	-	-	-	-	**-**	**12,528**	**12,528**
12	Institutions	**579,260**	120,362	30,152	176,524	252,221	**74,449**	**147,269**	**800,978**
13	Corporates	**305,790**	292,104	-	12,674	1,011	**-**	**20**	**305,809**
14	Retail	**368,472**	304,901	6,446	54,014	3,111	**12**	**4,240**	**372,724**
15	Secured by mortgages on immovable property	**660,268**	660,268	-	-	-	**-**	**-**	**660,268**
16	Exposures in default	**660**	660	-	-	-	**-**	**-**	**660**
18	Covered bonds	**83,196**	-	83,196	-	-	**-**	**-**	**83,196**
19	Claims on institutions and corporates with a short-term credit assessment	**101,704**	66,017	-	16,195	19,492	**10,599**	**773**	**113,075**
21	Equity exposures	**1,720**	1,720	-	-	-	**-**	**-**	**1,720**
22	Other exposures	**60,284**	55,014	-	5,123	147	**-**	**-**	**60,284**
23	**Total Standardised Approach**	**3,426,667**	**2,546,084**	**307,959**	**296,642**	**275,982**	**153,853**	**164,829**	**3,745,349**

The increase in exposure in the Netherlands is on the one hand due to the increased investment in Dutch residential mortgages and on the other hand due to the increase of funds held at the central bank resulting from the increase of the funds entrusted by clients. The movements of the exposure in other countries are due to redemptions and reallocations in the investment portfolio.

Breakdown by counterparty type:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Exposure net of value adjustments and provisions by counterparty type							
		Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Other	Total
7	Central governments or central banks	1,131,735	234,699	-	-	-	-	-	**1,366,434**
8	Regional governments or local authorities	-	20,267	-	-	-	-	-	**20,267**
10	Multilateral development banks	-	-	22,265	-	-	-	-	**22,265**
12	Institutions	-	-	635,453	20,898	-	-	-	**656,351**
13	Corporates	-	-	-	74,563	263,276	-	-	**337,839**
14	Retail	-	-	-	-	-	352,595	-	**352,595**
15	Secured by mortgages on immovable property	-	-	-	-	-	741,055	-	**741,055**
16	Exposures in default	-	-	-	-	-	585	-	**585**
18	Covered bonds	-	-	143,805	-	-	-	-	**143,805**
19	Claims on institutions and corporates with a short-term credit assessment	-	-	121,572	11,168	-	-	-	**132,740**
21	Equity exposures	-	-	-	125	-	-	-	**125**
22	Other exposures	1	5,499	103	-	-	6,181	50,625	**62,409**
23	**Total Standardised Approach**	**1,131,736**	**260,466**	**923,197**	**106,754**	**263,276**	**1,100,416**	**50,625**	**3,836,470**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Exposure net of value adjustments and provisions by counterparty type							
		Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Other	Total
7	Central governments or central banks	1,036,230	165,959	-	-	-	-	-	**1,202,189**
8	Regional governments or local authorities	-	131,917	-	-	-	-	-	**131,917**
10	Multilateral development banks	-	-	12,528	-	-	-	-	**12,528**
12	Institutions	-	-	769,483	31,495	-	-	-	**800,978**
13	Corporates	-	-	-	34,843	270,966	-	-	**305,809**
14	Retail	-	-	-	-	-	372,724	-	**372,724**
15	Secured by mortgages on immovable property	-	-	-	-	-	660,268	-	**660,268**
16	Exposures in default	-	-	-	-	-	660	-	**660**
18	Covered bonds	-	-	83,196	-	-	-	-	**83,196**
19	Claims on institutions and corporates with a short-term credit assessment	-	-	96,948	16,127	-	-	-	**113,075**
21	Equity exposures	-	-	-	1,720	-	-	-	**1,720**
22	Other exposures	2	3,926	140	-	-	7,484	48,733	**60,284**
23	**Total Standardised Approach**	**1,036,232**	**301,802**	**962,295**	**84,186**	**270,966**	**1,041,136**	**48,733**	**3,745,349**

The increase in exposure of counterparty Central banks is due to funds placed with DNB resulting from the increase of the funds entrusted by clients. The decrease of the exposure of both counterparty General governments and Credit institutions is due to redemptions and reallocations in the investment portfolio. The increase of counterparty Households is the result of the investments made in Dutch residential mortgages. The main component under counterparty type Other are the tangible fixed assets.

Breakdown by residual maturity:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Exposure net of value adjustments and provisions by residual maturity					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
7	Central governments or central banks	1,131,895	61,299	173,240	-	-	**1,366,434**
8	Regional governments or local authorities	-	-	20,267	-	-	**20,267**
10	Multilateral development banks	-	8,774	13,491	-	-	**22,265**
12	Institutions	103	198,308	457,940	-	-	**656,351**
13	Corporates	337,839	-	-	-	-	**337,839**
14	Retail	280,305	10,795	-	61,495	-	**352,595**
15	Secured by mortgages on immovable property	-	44	899	740,112	-	**741,055**
16	Exposures in default	85	-	-	500	-	**585**
18	Covered bonds	-	-	143,805	-	-	**143,805**
19	Claims on institutions and corporates with a short-term credit assessment	132,740	-	-	-	-	**132,740**
21	Equity exposures	-	-	-	-	125	**125**
22	Other exposures	-	-	-	-	62,409	**62,409**
23	**Total Standardised Approach**	**1,882,967**	**279,220**	**809,643**	**802,106**	**62,534**	**3,836,470**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Exposure net of value adjustments and provisions by residual maturity					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
7	Central governments or central banks	1,036,230	42,648	123,310	-	-	**1,202,189**
8	Regional governments or local authorities	-	131,917	-	-	-	**131,917**
10	Multilateral development banks	-	-	12,528	-	-	**12,528**
12	Institutions	77	276,824	523,044	1,033	-	**800,978**
13	Corporates	305,809	-	-	-	-	**305,809**
14	Retail	278,440	18,638	-	75,646	-	**372,724**
15	Secured by mortgages on immovable property	-	-	158	660,111	-	**660,268**
16	Exposures in default	11	-	-	649	-	**660**
18	Covered bonds	-	51,518	31,678	-	-	**83,196**
19	Claims on institutions and corporates with a short-term credit assessment	113,075	-	-	-	-	**113,075**
21	Equity exposures	-	-	-	-	1,720	**1,720**
22	Other exposures	-	-	-	-	60,284	**60,284**
23	**Total Standardised Approach**	**1,733,644**	**521,546**	**690,717**	**737,438**	**62,004**	**3,745,349**

3.2.2 Credit risk adjustments

For a detailed disclosure of credit risk, credit approval and credit management please refer to the annual report of BinckBank and specifically to note 41 to the financial statements.

BinckBank provides loans solely on the basis of collateral received in the form of marketable securities, bank guarantees or mortgage collateral.

A customer is in arrears if the payment of an interest and/or redemption amount due is late by more than one day. In practice this comes down to an overdue payment of an agreed upon monthly instalment. The loan in question is then past due.
A customer is considered to be in default when:

- He has failed to meet his payment obligations for at least 90 days; or
- It is unlikely that the customer will be able to meet his payment obligations; or
- It is determined that further payment is unlikely, for example in the event of fraud.

Loans with material arrears for a period more than 90 days are designated as non-performing. The following loans are also designated as non-performing:

- Loans with a Probability of Default of 1; or
- Forborne exposures for which the two-year probationary period has yet to begin.

As of 2018 IFRS 9 has entered into force. Before 2018 provisions for credit losses were made based on objective evidence that contractual amounts possibly could not be collected. Under IFRS 9 provisions for credit losses are made from the moment of granting of the loan based on the future expected credit losses. For the disclosure on the method upon which the provisions for expected credit losses are determined, we refer to the notes 4.2 and 41 of the financial statements 2018.

The tables below provide a breakdown of the defaulted/non-defaulted exposures and the credit risk adjustments on these exposures by:

- Exposure class;
- Geographical area;
- Counterparty type.

Furthermore the movement of the credit risk adjustments is presented.

Breakdown by exposure class:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
16	Central governments or central banks	-	1,366,631	197	-	-	197	**1,366,434**
17	Regional governments or local authorities	-	20,267	-	-	-	-	**20,267**
19	Multilateral development banks	-	22,265	-	-	-	-	**22,265**
21	Institutions	-	656,551	200	-	-	200	**656,351**
22	Corporates	-	337,839	-	-	-	-	**337,839**
24	Retail	-	354,054	1,460	-	-	1,295	**352,595**
26	Secured by mortgages on immovable property	-	741,055	-	-	-	-	**741,055**
28	Exposures in default	1,341	-	756	-	71	249	**585**
30	Covered bonds	-	143,805	-	-	-	-	**143,805**
31	Claims on institutions and corporates with a short-term credit assessment	-	132,854	114	-	-	114	**132,740**
33	Equity exposures	-	125	-	-	-	-	**125**
34	Other exposures	-	62,409	-	-	-	-	**62,409**
35	**Total Standardised Approach**	**1,341**	**3,837,856**	**2,727**	**-**	**71**	**2,055**	**3,836,470**
37	Of which: Loans	1,341	2,642,135	2,500	-	71	1,828	**2,640,977**
38	Of which: Debt securities	-	1,033,817	227	-	-	227	**1,033,590**
39	Of which: Off-balance sheet exposures	-	10,901	-	-	-	-	**10,901**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
16	Central governments or central banks	-	1,202,189	-	-	-	-	**1,202,189**
17	Regional governments or local authorities	-	131,917	-	-	-	-	**131,917**
19	Multilateral development banks	-	12,528	-	-	-	-	**12,528**
21	Institutions	-	800,978	-	-	-	-	**800,978**
22	Corporates	-	305,809	-	-	-	-	**305,809**
24	Retail	-	372,889	-	165	-	51	**372,724**
26	Secured by mortgages on immovable property	-	660,268	-	-	-	-	**660,268**
28	Exposures in default	1,167	-	507	-	-	46	**660**
30	Covered bonds	-	83,196	-	-	-	-	**83,196**
31	Claims on institutions and corporates with a short-term credit assessment	-	113,075	-	-	-	-	**113,075**
33	Equity exposures	-	1,720	-	-	-	-	**1,720**
34	Other exposures	-	60,284	-	-	-	-	**60,284**
35	**Total Standardised Approach**	**1,167**	**3,744,854**	**507**	**165**	**-**	**97**	**3,745,349**
37	Of which: Loans	1,167	2,432,615	507	165	-	97	**2,433,110**
38	Of which: Debt securities	-	1,127,923	-	-	-	-	**1,127,923**
39	Of which: Off-balance sheet exposures	-	19,412	-	-	-	-	**19,412**

Breakdown by significant geographical area:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
1	European Union (EU)	1,341	3,524,300	2,674	-	71	2,002	**3,522,968**
2	Netherlands	1,152	2,752,410	2,355	-	71	1,821	**2,751,207**
3	Germany	-	308,939	10	-	-	10	**308,929**
4	Belgium, France, Italy	189	237,354	261	-	-	123	**237,282**
5	Other EU countries	-	225,597	47	-	-	47	**225,550**
6	North America	-	174,254	20	-	-	20	**174,234**
7	Other geographical areas	-	139,302	33	-	-	33	**139,269**
8	**Total**	**1,341**	**3,837,856**	**2,727**	**-**	**71**	**2,055**	**3,836,470**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
1	European Union (EU)	1,167	3,426,173	507	165	-	97	**3,426,667**
2	Netherlands	1,029	2,545,590	369	165	-	70	**2,546,084**
3	Germany	-	307,959	-	-	-	-	**307,959**
4	Belgium, France, Italy	138	296,642	138	-	-	27	**296,642**
5	Other EU countries	-	275,982	-	-	-	-	**275,982**
6	North America	-	153,853	-	-	-	-	**153,853**
7	Other geographical areas	-	164,829	-	-	-	-	**164,829**
8	**Total**	**1,167**	**3,744,855**	**507**	**165**	**-**	**97**	**3,745,349**

Breakdown by counterparty type:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
1	Central banks	-	1,131,906	170	-	-	170	**1,131,736**
2	General governments	-	260,493	27	-	-	27	**260,466**
3	Credit institutions	-	923,501	304	-	-	304	**923,197**
4	Other financial corporations	-	106,764	10	-	-	10	**106,754**
5	Non-financial corporations	-	263,276	-	-	-	-	**263,276**
6	Households	1,341	1,101,290	2,216	-	71	1,544	**1,100,416**
7	Other	-	50,625	-	-	-	-	**50,625**
8	**Total**	**1,341**	**3,837,856**	**2,727**	**-**	**71**	**2,055**	**3,836,470**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
1	Central banks	-	1,036,232	-	-	-	-	**1,036,232**
2	General governments	-	301,802	-	-	-	-	**301,802**
3	Credit institutions	-	962,295	-	-	-	-	**962,295**
4	Other financial corporations	-	84,186	-	-	-	-	**84,186**
5	Non-financial corporations	-	270,966	-	-	-	-	**270,966**
6	Households	1,167	1,040,641	507	165	-	97	**1,041,136**
7	Other	-	48,733	-	-	-	-	**48,733**
8	**Total**	**1,167**	**3,744,854**	**507**	**165**	**-**	**97**	**3,745,349**

As a consequence of the introduction of IFRS 9 in 2018 general credit risk adjustments are no longer applicable for BinckBank. The movement of specific and general credit risk adjustments is as follows:

	As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
	Balance as at 1 January (before restatement)	**507**	**165**
	Effects of changes in accounting policies (IFRS 9)	2,085	(165)
1	**Balance as at 1 January**	**2,592**	**-**
2	Increases due to origination and acquisition	333	-
3	Decreases due to derecognition	(140)	-
4	Changes due to change in credit risk (net)	(135)	-
5	Changes due to modifications without derecognition (net)	76	-
6	Changes due to update in the institution's methodology for estimation (net)	-	-
7	Decrease in allowance account due to write-offs	-	-
8	Other adjustments	-	-
9	**Balance as at 31 December**	**2,727**	**-**
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	-	-
11	Amounts written-off directly to the statement of profit or loss	71	-

	As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Balance as at 1 January**	**461**	**114**
2	Increases due to amounts set aside for estimated loan losses during the period	105	59
3	Decreases due to amounts reversed for estimated loan losses during the period	(59)	(8)
4	Decreases due to amounts taken against accumulated credit risk adjustments	(0)	-
5	Transfers between credit risk adjustments	-	-
6	Impact of exchange rate differences	-	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	-	-
9	**Balance as at 31 December**	**507**	**165**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	5	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

3.2.3 Credit risk mitigation

In this paragraph an explanation is included of the mitigating techniques used by BinckBank to control credit risk. These techniques consist of offsetting of financial assets and liabilities, active management of collateral and limiting the counterparty credit risk on derivative transactions and securities lending. BinckBank applies credit risk mitigation in accordance with the techniques described in the CRR Part Three, Title II, Chapter 4. BinckBank does not make use of credit derivatives for credit risk mitigation.

Offsetting of financial assets and liabilities

BinckBank offsets financial assets and liabilities and presents the net amount on the balance sheet if there exists a legally enforceable right to offset the recognised amounts and there is an intention to settle the recognised amounts on a net basis, or to settle the asset and the liability simultaneously. There is an enforceable right to offset provided it is not dependent on a future event and is legally enforceable under normal circumstances, as well as in bankruptcy. If these conditions are not met, offsetting will not take place.

Advances against securities collateral and bank guarantees

BinckBank offers clients advances against collateral received in various forms. The collateral received is used by BinckBank to mitigate credit risk and can consist of cash, bank guarantees and/or securities held in custody. The advances only can be used to cover margin requirements or to purchase securities. In both cases BinckBank has a (potential) credit risk towards the client. Given the nature of these advances and the surplus value of the collateral received the credit risk is limited. In the case of lending against securities collateral, the amount of credit advanced among other things depends on the liquidity and price of the securities received as collateral.

Dutch residential mortgages

BinckBank mitigates the credit risk of the mortgage portfolio by requiring collateral and third-party guarantees:

- BinckBank has collateral in the form of real estate. A first assessment of the value of the real estate takes place during the approval process of the loan application. In addition the legal enforceability of the collateral will be ensured.
- A substantial part of the mortgage portfolio is covered by third-party guarantees. The guarantor is the Home Ownership Guarantee Fund ('Stichting Waarborgfonds Eigen Woning' or WEW), which provides the National Mortgage Guarantee (NHG) under strict conditions for the Dutch mortgage market. The WEW guarantees the repayment of the borrowed mortgage amount to the lender. This dependency on one party is acceptable since the Dutch State ultimately warrants the guarantees. The amount of the NHG guarantee decreases on an annuity basis.

Counterparty credit risk on derivative transactions and securities lending

Credit risk mitigation with regard to derivative transactions and securities lending is disclosed in the paragraph Counterparty credit risk.

The table below shows how exposures are secured. BinckBank does not use credit derivatives as a form of collateral.

As at 31 December 2018		Carrying amount				
(figures in EUR 1,000, unless otherwise stated)		**Exposures unsecured**	**Exposures secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Total loans	1,233,583	1,407,394	1,130,775	276,619	-
2	Total debt securities	1,033,590	-	-	-	-
3	**Total exposures**	**2,267,173**	**1,407,394**	**1,130,775**	**276,619**	**-**
4	Of which: Defaulted	85	500	-	500	-

As at 31 December 2017		Carrying amount				
(figures in EUR 1,000, unless otherwise stated)		**Exposures unsecured**	**Exposures secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Total loans	1,135,283	1,297,827	1,003,197	294,630	-
2	Total debt securities	1,127,923	-	-	-	-
3	**Total exposures**	**2,263,206**	**1,297,827**	**1,003,197**	**294,630**	**-**
4	Of which: Defaulted	11	649	90	558	-

The following table shows the credit risk exposure before and after credit conversion factors (CCF) and credit risk mitigation (CRM):

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
1	Central governments or central banks	1,366,434	-	1,637,761	-	-	0%
2	Regional governments or local authorities	20,267	-	20,267	-	-	0%
4	Multilateral development banks	22,265	-	22,265	-	-	0%
6	Institutions	656,351	-	656,351	-	235,744	36%
7	Corporates	337,839	-	90	-	90	100%
8	Retail	341,797	10,798	63,809	2,159	49,476	75%
9	Secured by mortgages on immovable property	741,055	-	478,767	-	167,568	35%
10	Exposures in default	585	-	261	-	298	114%
12	Covered bonds	143,805	-	143,805	-	14,380	10%
13	Claims on institutions and corporates with a short-term credit assessment	132,740	-	102,126	-	47,147	46%
15	Equity exposures	125	-	125	-	313	250%
16	Other exposures	62,306	103	62,306	103	56,909	91%
17	**Total**	**3,825,569**	**10,901**	**3,187,934**	**2,262**	**571,925**	**18%**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
1	Central governments or central banks	1,202,189	-	1,494,080	-	108	0%
2	Regional governments or local authorities	131,917	-	131,917	-	-	0%
4	Multilateral development banks	12,528	-	12,528	-	-	0%
6	Institutions	800,978	-	800,732	-	278,677	35%
7	Corporates	305,809	-	29	-	29	100%
8	Retail	353,452	19,272	66,192	3,728	52,440	75%
9	Secured by mortgages on immovable property	660,268	-	383,135	-	134,097	35%
10	Exposures in default	660	-	137	-	187	136%
12	Covered bonds	83,196	-	83,196	-	8,320	10%
13	Claims on institutions and corporates with a short-term credit assessment	113,075	-	102,778	-	47,159	46%
15	Equity exposures	1,720	-	1,720	-	4,301	250%
16	Other exposures	60,144	140	60,144	140	56,357	93%
17	**Total**	**3,725,937**	**19,412**	**3,136,590**	**3,867**	**581,674**	**19%**

3.2.4 Items relating to performing and non-performing exposures

The next tables present:

- Ageing of past due exposures;
- Non-performing and forborne exposures;
- Changes in the stock of defaulted and impaired loans and debt securities.

Ageing of past due exposures:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values					
		<= 30 days	**> 30 days <= 60 days**	**> 60 days <= 90 days**	**> 90 days <= 180 days**	**> 180 days <= 1 year**	**> 1 year**
1	Loans	3,799	931	120	220	1,031	-
2	Debt securities	-	-	-	-	-	-
3	**Total exposures**	**3,799**	**931**	**120**	**220**	**1,031**	**-**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross carrying values					
		<= 30 days	**> 30 days <= 60 days**	**> 60 days <= 90 days**	**> 90 days <= 180 days**	**> 180 days <= 1 year**	**> 1 year**
1	Loans	781	975	-	214	859	-
2	Debt securities	-	-	-	-	-	-
3	**Total exposures**	**781**	**975**	**-**	**214**	**859**	**-**

Non-performing and forborne exposures:

As at 31 December 2018	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
(figures in EUR 1,000, unless otherwise stated)					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
010 Debt securities	1,033,817	-	-	-	-	-	-	227	-	-	-	-	-
020 Loans and advances	2,643,476	688	2,605	2,970	2,970	2,970	763	1,730	4	770	45	543	3,367
030 Off-balance sheet exposures	10,901	-	-	-	-	-	-	-	-	-	-	-	-

As at 31 December 2017	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
(figures in EUR 1,000, unless otherwise stated)					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
010 Debt securities	1,127,923	-	-	-	-	-	-	-	-	-	-	-	-
020 Loans and advances	2,433,782	975	1,663	1,073	1,073	1,073	-	165	-	507	-	523	1,663
030 Off-balance sheet exposures	19,412	-	-	-	-	-	-	-	-	-	-	-	-

Changes in the stock of defaulted and impaired loans and debt securities:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross carrying value defaulted exposures
1	**Balance as at 1 January**	**1,167**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	245
3	Returned to non-defaulted status	-
4	Amounts written off	(71)
5	Other changes	-
6	**Balance as at 31 December**	**1,341**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross carrying value defaulted exposures
1	**Balance as at 1 January**	**716**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	451
3	Returned to non-defaulted status	-
4	Amounts written off	(0)
5	Other changes	-
6	**Balance as at 31 December**	**1,167**

3.2.5 Risk weights and use of external credit ratings for credit risk

Under the Standardised Approach, credit risk is measured by using risk weights that are applied to the exposures in order to calculate the risk weighted exposure amounts. The application of risk weights within the Standardised Approach is subject to a set of fixed rules and is primarily determined by the risk classification of the underlying asset.

BinckBank uses the public available information regarding credit assessment (credit ratings) by External Credit Assessment Institutions (ECAIs) for the determination of the applicable risk weights to calculate the risk weighted exposure amounts. The European Rating Platform by the European Securities and Markets Authority is used for the information regarding credit assessment. The following ECAIs are used by BinckBank: Fitch, Moody's and Standard & Poor's. The credit assessment by the ECAIs is linked to credit quality steps. For the relevant exposure classes it is stated in the CRR which risk weight corresponds to which credit quality step.

ECAI credit assessments are used for the following exposure classes: Central governments or central banks, Regional governments or local authorities, Institutions, Covered bonds and Claims on institutions and corporates with a short-term credit assessment.

The following table shows the breakdown of the exposure by risk weight (corresponding to the credit quality steps in the CRR). Risk weights in which BinckBank has no exposure are not shown:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Exposure post conversion factors and post credit risk mitigation techniques by risk weight											Total	Of which unrated
	Exposure classes	**0%**	**2%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Deducted**		
1	Central governments or central banks	1,637,761	-	-	-	-	-	-	-	-	-	-	**1,637,761**	1,419,657
2	Regional governments or local authorities	20,267	-	-	-	-	-	-	-	-	-	-	**20,267**	-
4	Multilateral development banks	22,265	-	-	-	-	-	-	-	-	-	-	**22,265**	-
6	Institutions	-	2,843	-	303,557	-	349,951	-	-	-	-	-	**656,351**	-
7	Corporates	-	-	-	-	-	-	-	90	-	-	-	**90**	90
8	Retail	-	-	-	-	-	-	65,968	-	-	-	-	**65,968**	65,968
9	Secured by mortgages on immovable property	-	-	-	-	478,767	-	-	-	-	-	-	**478,767**	478,767
10	Exposures in default	-	-	-	-	-	-	-	187	74	-	-	**261**	261
12	Covered bonds	-	-	143,805	-	-	-	-	-	-	-	-	**143,805**	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	15,038	-	86,044	-	897	147	-	-	**102,126**	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	125	-	**125**	125
16	Other exposures	5,500	-	-	-	-	-	-	56,909	-	-	-	**62,409**	62,409
17	**Total**	**1,685,793**	**2,843**	**143,805**	**318,595**	**478,767**	**435,995**	**65,968**	**58,083**	**221**	**125**	**-**	**3,190,196**	**2,027,277**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Exposure post conversion factors and post credit risk mitigation techniques by risk weight											Total	Of which unrated
	Exposure classes	**0%**	**2%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Deducted**		
1	Central governments or central banks	1,494,037	-	-	-	-	-	-	-	-	43	-	**1,494,080**	1,344,890
2	Regional governments or local authorities	131,917	-	-	-	-	-	-	-	-	-	-	**131,917**	-
4	Multilateral development banks	12,528	-	-	-	-	-	-	-	-	-	-	**12,528**	(0)
6	Institutions	-	1,336	-	403,622	-	395,697	-	77	-	-	-	**800,732**	-
7	Corporates	-	-	-	-	-	-	-	29	-	-	-	**29**	29
8	Retail	-	-	-	-	-	-	69,920	-	-	-	-	**69,920**	69,920
9	Secured by mortgages on immovable property	-	-	-	-	383,135	-	-	-	-	-	-	**383,135**	383,135
10	Exposures in default	-	-	-	-	-	-	-	38	99	-	-	**137**	137
12	Covered bonds	-	-	83,196	-	-	-	-	-	-	-	-	**83,196**	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	18,476	-	81,677	-	2,625	-	-	-	**102,778**	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	1,720	-	**1,720**	1,720
16	Other exposures	3,928	-	-	-	-	-	-	56,357	-	-	-	**60,284**	60,284
17	**Total**	**1,642,410**	**1,336**	**83,196**	**422,098**	**383,135**	**477,374**	**69,920**	**59,126**	**99**	**1,764**	**-**	**3,140,457**	**1,476,981**

3.3 Counterparty credit risk

3.3.1 OTC-derivatives

BinckBank does use OTC-derivatives to hedge risks and also is a counterparty for OTC-derivative contracts with third parties. The used OTC-derivatives consist of interest rate swaps (IRSs). Derivatives result in counterparty credit risk: The risk that the counterparty to a transaction defaults before the final settlement of the cash flows associated with the transaction has taken place, resulting in losses.

Pillar 1 method for calculation of counterparty credit risk

BinckBank uses the 'Mark-to-Market Method' for calculating the exposure at default of the OTC-derivatives in compliance with the regulations. For this method the market value of the derivatives and an 'Add-on' are used. The 'Add-on' is a charge to cover the potential future counterparty credit risk of these contracts. This add-on is determined on the basis of the contract type, the residual maturity and the underlying value or principal of the contract (the notional amount).

Mitigation of counterparty credit risk through netting and collateral

In order to mitigate the counterparty credit risk BinckBank has concluded International Swaps and Derivatives Association (ISDA) Master Agreements. These agreements contain, among other things, provisions that, if the counterparty remains in default, all derivative transactions within the netting set defined in the ISDA may be terminated and netted, whereby only a netted receivable or payable in respect of the counterparty remains. Further mitigation of the counterparty credit risk is accomplished with the 'Credit Support Annex (CSA)' in the ISDA Master Agreements. Hereby the required collateral is determined on a regular, frequent basis (mostly daily), which is received (or must be paid) pursuant to the CSA following a notification (margin call) to or from the counterparty. The collateral, i.e. the initial and variation margin, consists of cash or publicly traded securities. The value of the collateral received is calculated using the 'Financial Collateral Comprehensive Method'.

BinckBank uses central clearing of OTC derivative transactions through clearing members in order to transfer the counterparty credit risk to the central counterparty (CCP) and thereby mitigating this risk. A CCP is a legal entity that positions itself between the counterparties to an OTC contract, thus becoming the buyer for the OTC seller and the seller for the OTC buyer. Given the daily settlement by the CCP of the counterparties' market value commitments, as well as the initial and variation margin requirements to be deposited with the CCP by the counterparties, this central clearing has a downward effect on the calculation of the risk weighted exposure amount. These derivative positions are accounted for under the exposure class 'Institutions' and have a risk weight of 2%.

BinckBank does not use credit derivatives as a form of collateral or as an instrument to hedge credit risk.

3.3.2 Securities lending

In the third quarter of this year, BinckBank made available securities lending for its clients. By using the securities lending service the customer agrees that the securities in his portfolio can be loaned out to another party. In exchange for lending out the securities, the customer receives a fee, whereby he can improve the return on his investments.

Securities lending and borrowing transactions are usually collateralised by securities or cash. The related securities in the borrowing or lending transaction are not recognised (borrowing transaction) or derecognised (lending transaction) on the balance sheet. The collateral received or paid as securities is not recognised respectively derecognised on the balance sheet. Collateral received or paid as cash is recognised on the balance sheet.

Analysis of the counterparty credit risk exposure

The next table provides a view of the methods used for the calculation of the risk weighted exposure amount for counterparty credit risk and the main parameters within each method. For the OTC derivative transactions the 'Mark-to-Market Method' (1) is used and for securities lending the 'Financial collateral comprehensive method' (9) is used.

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	Notional	Replacement cost / Current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1 Mark-to-Market	146,000	(2,071)	1,930	-	-	772	15
9 Financial collateral comprehensive method (for securities financing transactions)	38,340	38,340	-	-	-	2,434	1,189
11 Total							**1,205**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)	Notional	Replacement cost / Current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1 Mark-to-Market	96,000	246	1,440	-	-	1,089	22
9 Financial collateral comprehensive method (for securities financing transactions)	16,540	16,540	-	-	-	3,504	1,271
11 Total							**1,292**

Exposures to CCPs

The OTC derivative transactions are CCP-related transactions, meaning transactions between BinckBank and a clearing member that are directly related to transactions between that clearing member and a CCP. The CCP is a qualified CCP (QCCP). In the table below the exposures to CCPs are presented. For securities lending BinckBank does not use central clearing through a CCP.

	As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	EAD post CRM	RWAs
1	**Exposures to QCCPs (total)**	**6,546**	**15**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	772	15
3	(i) OTC derivatives	772	15
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	5,774	-
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Alternative calculation of own funds requirements for exposures	-	-
11	**Exposures to non-QCCPs (total)**	**-**	**-**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		EAD post CRM	RWAs
1	**Exposures to QCCPs (total)**	**4,917**	**27**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	1,089	22
3	(i) OTC derivatives	1,089	22
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	3,827	5
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Alternative calculation of own funds requirements for exposures	-	-
11	**Exposures to non-QCCPs (total)**	**-**	**-**

Breakdown exposure by risk weight and exposure class

The following table shows the breakdown of the counterparty credit risk exposure by risk weight. Risk weights and exposure classes in which BinckBank has no exposure are not shown:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		**Exposure post conversion factors and post credit risk mitigation techniques by risk weight**			**Total**	**Of which unrated**
	Exposure classes	**2%**	**20%**	**50%**		
6	Institutions	772	-	-	**772**	-
9	Claims on institutions and corporates with a short-term credit assessment	-	92	2,342	**2,434**	-
11	**Total**	**772**	**92**	**2,342**	**3,206**	**-**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		**Exposure post conversion factors and post credit risk mitigation techniques by risk weight**			**Total**	**Of which unrated**
	Exposure classes	**2%**	**20%**	**50%**		
6	Institutions	1,089	-	-	**1,089**	-
9	Claims on institutions and corporates with a short-term credit assessment	-	1,605	1,899	**3,504**	-
11	**Total**	**1,089**	**1,605**	**1,899**	**4,593**	**-**

The exposure in exposure class Institutions relates to the derivative transactions and the exposure in exposure class Claims on institutions and corporates with a short-term credit assessment relates to securities lending.

Impact of netting and collateral received on the exposure values

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	1,930	1,158	772	-	772
2	Securities financing transactions	38,340	-	38,340	35,906	2,434
4	**Total**	**40,270**	**1,158**	**39,112**	**35,906**	**3,206**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	1,771	435	1,336	246	1,089
2	Securities financing transactions	16,540	-	16,540	13,036	3,504
4	**Total**	**18,311**	**435**	**17,876**	**13,282**	**4,593**

Composition of collateral received and posted

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)		Collateral used in derivative transactions				Collateral used in securities financing transactions	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Non-segregated	Segregated	Non-segregated		
1	Cash	-	-	2,071	-	-	-
2	Sovereign bonds	-	-	3,703	-	35,906	35,906
3	Corporate bonds	-	-	-	-	-	-
4	**Total**	**-**	**-**	**5,774**	**-**	**35,906**	**35,906**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)		Collateral used in derivative transactions				Collateral used in securities financing transactions	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Non-segregated	Segregated	Non-segregated		
1	Cash	246	-	-	-	100	-
2	Sovereign bonds	-	-	3,827	-	12,936	12,936
3	Corporate bonds	-	-	-	-	-	-
4	**Total**	**246**	**-**	**3,827**	**-**	**13,036**	**12,936**

3.4 Capital requirement for market risk

Market risk is the risk of loss in value as a result of changes in market rates and parameters that affect the market values, e.g. interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities.

BinckBank only executes transactions in commission of clients and does not have an own trading book in financial instruments. A limited exposure in foreign currency is although possible as a consequence of transactions of clients, but ultimo 2018 the total net position in foreign currency is lower than the in the CRR stated threshold of 2% of total capital. BinckBank has no capital requirement for position risk, foreign exchange risk and commodities risk at year-end 2018 (2017: € 0).

3.5 Capital requirement for settlement risk

In the context of the settlement of securities transactions of clients BinckBank has large outstanding positions with several banks and clearing institutions. During the settlement of these transactions disturbances could occur when parties involved in the chain of settlement don't meet their obligations in time. So a potential settlement risk exists: The risk of a counterparty failing to deliver money or securities according to the contractual terms at the time of settlement. Under certain conditions a capital requirement for settlement risk could arise for BinckBank in the case of securities transactions that have not been settled after the agreed delivery dates.

The capital requirement for settlement risk at year-end 2018 stood at € 203,000 (2017: € 516,000).

3.6 Capital requirement for operational risk

The risk of direct or indirect financial losses or damaged reputation due to failure attributable to technology, employees, procedures or external events, such as:

- Deficiencies in the daily processing and settlement of transactions with clients or other parties;
- Deficiencies in the procedures and measures designed to ensure prompt detection of errors;
- Quantitative and qualitative deficiencies or limitations in human resources;
- Deficient decision-making due to inadequate management information;
- Non-compliance with internal control procedures.

Operational risk includes legal risk, compliance risk and model risk, but excludes strategic risk. Losses due to operational risk are unavoidable.

BinckBank is insured with third parties for many forms of foreseeable losses as a result of operational risk. BinckBank has a capital reserve for operational risk as prescribed by law as a buffer for uninsured (unforeseeable) losses.

BinckBank calculates the capital requirement for operational risk according to the Standardised Approach (TSA), whereby the activities of BinckBank are subdivided into the following eight standardised business lines: corporate finance (CF), trading and sales (TS), retail brokerage (RBr), commercial banking (CB), retail banking (RB), payment and settlement (PS), agency services (AS) and asset management (AM). BinckBank has only activities regarding the business lines retail brokerage (RBr), retail banking (RB), agency services (AS) and asset management (AM).

The capital requirement for each business line equals the beta coefficient multiplied by the gross operating income. The beta coefficients differ between the business lines and are 12%, 15% or 18%. The total capital requirement for operational risk is calculated as the 3-year average of the sum of the capital requirements for each of the business lines.

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	Operational income			Risk weight	Capital requirement
	2016	2017	2018		
Business line:					
Retail brokerage (RBr)	89,996	93,949	99,254	12%	11,328
Retail banking (RB)	26,133	29,975	32,093	12%	3,528
Agency services (AS)	7,951	4,585	1,397	15%	697
Asset management (AM)	12,987	11,720	8,375	12%	1,323
Total	**137,067**	**140,228**	**141,119**		**16,876**

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)	Operational income			Risk weight	Capital requirement
	2015	2016	2017		
Business line:					
Retail brokerage (RBr)	107,254	89,996	93,949	12%	11,648
Retail banking (RB)	25,702	26,133	29,975	12%	3,272
Agency services (AS)	7,928	7,951	4,585	15%	1,023
Asset management (AM)	19,204	12,987	11,720	12%	1,756
Total	**160,088**	**137,067**	**140,228**		**17,700**

4. Capital buffers

According to CRD IV BinckBank is required to hold a capital conservation buffer and a countercyclical capital buffer.

Countercyclical capital buffer

The countercyclical capital buffer takes account of the credit cycle and risks of excessive credit growth in the country concerned. A high buffer requirement in the event of excessive credit growth leads to the slowing-down of lending. During economic downturns (e.g. during a crisis), reducing the buffer will keep lending at the desired level and will enable banks to absorb credit losses. The countercyclical capital buffer is at least 0% and no more than 2.5% of the relevant risk weighted exposure amounts and shareholders' equity (Common Equity Tier 1 capital) must be used to create the countercyclical capital buffer.

The table below, which serves as the input for the calculation of the countercyclical capital buffer, shows the geographical distribution of the credit exposures of BinckBank.

As at 31 December 2018	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer					
	General credit exposures	Trading book exposure	Securitisation exposure	Own funds requirements	Own funds requirements weights	Countercyclical capital buffer rate
	Exposure value for Standardised Approach	Sum of long and short positions in the trading book	Exposure value for Standardised Approach	Total		
(figures in EUR 1,000, unless otherwise stated)	010	030	050	100	110	120
010 Breakdown by country:						
Belgium	7,608	-	-	**94**	0.00	0.0%
Canada	44,481	-	-	**-**	0.00	0.0%
Denmark	40,565	-	-	**-**	0.00	0.0%
Finland	61,405	-	-	**-**	0.00	0.0%
France	144,065	-	-	**88**	0.00	0.0%
Germany	303,511	-	-	**1,150**	0.04	0.0%
Italy	27,316	-	-	**323**	0.01	0.0%
Luxembourg	24,922	-	-	**43**	0.00	0.0%
Netherlands	2,214,626	-	-	**24,991**	0.93	0.0%
Norway	31,751	-	-	**-**	0.00	2.0%
Spain	233	-	-	**10**	0.00	0.0%
Sweden	74,653	-	-	**-**	0.00	2.0%
Switzerland	81,001	-	-	**9**	0.00	0.0%
United Kingdom	5,705	-	-	**94**	0.00	1.0%
United States	128,352	-	-	**93**	0.00	0.0%
Other countries	-	-	-	**-**	0.00	0.0%
020 Total	**3,190,196**	**-**	**-**	**26,895**	**1.00**	

As at 31 December 2017	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer					
	General credit exposures	Trading book exposure	Securitisation exposure	Own funds requirements	Own funds requirements weights	Countercyclical capital buffer rate
	Exposure value for Standardised Approach	Sum of long and short positions in the trading book	Exposure value for Standardised Approach	Total		
(figures in EUR 1,000, unless otherwise stated)	010	030	050	100	110	120
010 Breakdown by country:						
Belgium	16,758	-	-	**70**	0.00	0.0%
Canada	63,626	-	-	**-**	0.00	0.0%
Denmark	40,755	-	-	**-**	0.00	0.0%
Finland	42,075	-	-	**-**	0.00	0.0%
France	182,568	-	-	**217**	0.01	0.0%
Germany	301,513	-	-	**666**	0.03	0.0%
Italy	30,773	-	-	**565**	0.02	0.0%
Luxembourg	4,557	-	-	**73**	0.00	0.0%
Netherlands	2,035,611	-	-	**22,395**	0.92	0.0%
Norway	32,937	-	-	**-**	0.00	2.0%
Spain	224	-	-	**12**	0.00	0.0%
Sweden	141,607	-	-	**-**	0.00	2.0%
Switzerland	115,105	-	-	**12**	0.00	0.0%
United Kingdom	29,606	-	-	**76**	0.00	0.0%
United States	90,215	-	-	**146**	0.01	0.0%
Other countries	12,528	-	-	**-**	0.00	0.0%
020 Total	**3,140,457**	**-**	**-**	**24,231**	**1.00**	

The amount of the institution-specific countercyclical capital buffer requirement at year-end 2018 stood at € 12.000 (2017: € 0).

Capital conservation buffer

The capital conservation buffer has been introduced to make sure that banks build up additional capital buffers above the minimum capital requirements outside periods of stress. This enables them to withstand future periods of stress and to absorb losses.

The capital requirement for the capital conservation buffer will be increased in phases on a yearly basis from 0.625% of the risk weighted exposure amount as of 2016 to 2.5% as of 2019.

The amount of the capital conservation buffer requirement at year-end 2018 stood at € 14.7 million (2017: € 0).

5. Liquidity risk

Liquidity risk includes:

- The risk that BinckBank's cost of funding rises to disproportionate levels or in worst case prevents BinckBank from continuing as going concern under its current business model.
- The risk that BinckBank does not have sufficient liquidity to fulfil its financial obligations when these obligations are due, at a reasonable price and in a timely manner.
- The risk that BinckBank does not comply with the regulatory liquidity requirements, e.g. the liquidity coverage ratio (LCR).

To protect BinckBank and its clients against liquidity risks BinckBank maintains a liquidity buffer, which is based on the liquidity needs of the bank. The ALCO is responsible for maintaining sufficient liquidity in compliance with internal and statutory provisions and with the inclusion of a buffer of unencumbered, high quality liquid assets.

The following table presents the size of the liquidity buffer, consisting of unencumbered high-quality liquid assets (HQLA), and the related liquidity coverage ratio (LCR).

(figures in EUR 1,000, unless otherwise stated)		Total unweighted value				Total weighted value			
Quarter ending on		31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2018	30 September 2018	30 June 2018	31 March 2018
					High-quality liquid assets				
1	Total high-quality liquid assets (HQLA)					1,398,428	1,529,453	1,574,723	1,137,247
					Cash outflows				
2	Retail deposits and deposits from small business customers, of which:	3,561,815	3,662,912	3,692,605	3,281,033	236,053	241,978	241,951	211,517
3	Stable deposits	2,402,568	2,486,254	2,546,196	2,331,727	120,128	124,313	127,310	116,586
4	Less stable deposits	1,159,247	1,176,658	1,146,408	949,306	115,925	117,666	114,641	94,931
14	Other contractual funding obligations	35,031	46,848	33,632	44,653	25,465	37,282	24,066	35,087
15	Other contingent funding obligations	2,283	68,655	42,644	30,953	946	13,296	6,361	4,548
16	**Total cash outflows**					**262,464**	**292,556**	**272,378**	**251,152**
					Cash inflows				
18	Inflows from fully performing exposures	97,016	111,265	90,256	48,133	96,222	110,482	89,478	47,367
19	Other cash inflows	121,817	59,845	48,126	112,300	121,817	59,845	48,126	112,300
20	**Total cash inflows**	**218,833**	**171,110**	**138,382**	**160,433**	**218,039**	**170,327**	**137,604**	**159,667**
EU-20c	Inflows subject to 75% cap	218,833	171,110	138,381	160,433	218,039	170,327	137,604	159,667
					Total adjusted value				
21	**Liquidity buffer**					**1,398,428**	**1,529,453**	**1,574,723**	**1,137,247**
22	**Total net cash outflows**					**65,616**	**122,230**	**134,774**	**91,485**
23	**Liquidity Coverage Ratio (LCR) (%)**					**2131%**	**1251%**	**1168%**	**1243%**

6. Encumbered assets

As part of the management of the liquidity buffer BinckBank also supervises its encumbered assets. Encumbered assets represent the assets on the balance sheet which are pledged or used as collateral for liabilities of BinckBank. To cover these (margin) requirements BinckBank posts collateral. Accordingly, BinckBank's asset encumbrance originates mostly from bonds and cash placed as collateral to cover these requirements from financial counterparties.

The tables below present the:

- Encumbered and unencumbered assets;
- Collateral received;
- Sources of encumbrance.

Encumbered and unencumbered assets

As at 31 December 2018	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Of which central bank eligible		Of which central bank eligible		Of which central bank eligible		Of which central bank eligible
(figures in EUR 1,000, unless otherwise stated)	010	030	040	050	060	080	090	100
010 Assets of the reporting institution	382,900	285,215			3,693,062	508,259		
030 Equity instruments	18,175	-	18,175	-	-	-	-	-
040 Debt securities	330,403	285,215	328,623	284,295	653,534	508,259	648,225	503,650
050 Of which: Covered bonds	-	-	-	-	83,115	83,115	82,933	82,933
060 Of which: Asset-backed securities	-	-	-	-	-	-	-	-
070 Of which: Issued by general governments	97,228	52,039	95,488	51,160	146,010	86,478	145,202	85,919
080 Of which: Issued by financial corporations	233,175	233,175	233,135	233,135	424,408	338,666	420,090	334,798
090 Of which: Issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	34,322	-			3,039,528	-		

As at 31 December 2017	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Of which central bank eligible		Of which central bank eligible		Of which central bank eligible		Of which central bank eligible
(figures in EUR 1,000, unless otherwise stated)	010	030	040	050	060	080	090	100
010 Assets of the reporting institution	338,440	256,671			3,617,175	818,257		
030 Equity instruments	14,866	-	14,866	-	-	-	-	-
040 Debt securities	290,733	256,671	290,437	256,598	925,026	818,257	925,271	818,767
050 Of which: Covered bonds	-	-	-	-	184,021	184,021	184,255	184,255
060 Of which: Asset-backed securities	-	-	-	-	-	-	-	-
070 Of which: Issued by general governments	91,017	56,954	90,721	56,881	268,078	223,610	268,090	223,886
080 Of which: Issued by financial corporations	199,716	199,716	199,716	199,716	472,927	410,626	472,927	410,626
090 Of which: Issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	32,841	-			2,692,150	-		

Collateral received

BinckBank offers clients advances against collateral received in various forms. The collateral received is used by BinckBank to mitigate credit risk and can consist of cash, bank guarantees and/or deposited securities. The advances only can be used to cover margin requirements or to purchase securities.

BinckBank is not allowed to sell or to pledge the received collateral other than in the case that a client fails to meet its obligations.

As at 31 December 2018	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		Of which central bank eligible		Of which central bank eligible
(figures in EUR 1,000, unless otherwise stated)	010	030	040	060
130 Collateral received by the reporting institution	-	-	102	-
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	-	-	-	-
170 Of which: Covered bonds	-	-	-	-
180 Of which: Asset-backed securities	-	-	-	-
190 Of which: Issued by general governments	-	-	-	-
200 Of which: Issued by financial corporations	-	-	-	-
210 Of which: Issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	102	-
230 Other collateral received	-	-	-	-
240 Own debt securities issued other than own covered bonds or asset-backed securities	-	-	-	-
241 Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-
250 Total assets, collateral received and own debt securities issued	382,900	285,215	-	-

As at 31 December 2017	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		Of which central bank eligible		Of which central bank eligible
(figures in EUR 1,000, unless otherwise stated)	010	030	040	060
130 Collateral received by the reporting institution	-	-	89	-
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	-	-	-	-
170 Of which: Covered bonds	-	-	-	-
180 Of which: Asset-backed securities	-	-	-	-
190 Of which: Issued by general governments	-	-	-	-
200 Of which: Issued by financial corporations	-	-	-	-
210 Of which: Issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	89	-
230 Other collateral received	-	-	-	-
240 Own debt securities issued other than own covered bonds or asset-backed securities	-	-	-	-
241 Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-
250 Total assets, collateral received and own debt securities issued	338,440	256,671	-	-

Sources of encumbrance:

As at 31 December 2018 (figures in EUR 1,000, unless otherwise stated)	Matching liabilities, contingent liabilities or securities lent 010	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered 030
010 Carrying amount of selected financial liabilities	886	2,316

As at 31 December 2017 (figures in EUR 1,000, unless otherwise stated)	Matching liabilities, contingent liabilities or securities lent 010	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered 030
010 Carrying amount of selected financial liabilities	-	-

7. Equities outside the trading book

Under IFRS BinckBank has recognised equity instruments on the balance sheet in the category 'Financial assets designated at fair value through profit or loss'. These equity instruments are held to cover the price risk on account of SRD-transactions and are therefore recognised in the exposure class 'Retail' for credit risk.
In the prudential consolidation the equity interests of BinckBank outside the trading book are recognised in the exposure class 'Equity exposures' at net asset value. These are the unconsolidated equity interests of subsidiaries and associates.

8. Interest rate risk outside the trading book

BinckBank does not have a trading book, however is still exposed to interest rate movements due to the loans placed in the market and the large investment portfolio in Dutch residential mortgages and debt securities. Longer fixed-interest rate periods and longer maturities of mortgages and debt securities increase the exposure of the investment portfolio to movements in market interest rates. This means a higher market price risk due to interest rate movements. On the other hand, interest income is fixed for a longer period, which leads to a lower business risk. Longer fixed-interest rate periods in the investment portfolio have a reverse effect on interest rate risk and business risk.

Interest rate risk outside the trading book is measured, monitored and managed by among other things the gap profile, the outlier criterion, the sensitivity of the interest result (Earnings-at-Risk (EaR)) and the market value sensitivity. Interest rate risk management takes into account the total of interest bearing assets and liabilities. BinckBank manages the effect of interest rate movements on its results and own funds by means of tolerance levels and monthly interest rate risk reporting to the ALCO.

We refer to the annual report and the financial statements for a further qualitative and quantitative disclosure on interest rate risk outside the trading book.

9. Remuneration policy

A summary of the activities of the remuneration committee and a summary of the remuneration report are included in the annual report under the report of the supervisory board. The rules of the remuneration committee and the full remuneration report can be found on the corporate website of BinckBank (www.binck.com).