



BinckBank and Saxo Bank agree on recommended all-cash public offer for all BinckBank N.V. shares

17 December 2018

Vincent Germyns – CEO BinckBank: Good morning, everybody. It is a special day for BinckBank. As you all saw this morning we announced this morning that we reached an agreement on an all-cash public offer for the BinckBank shares. It would be good that we take the highlights of what is on the table right now. After that, we will organise a QandA session to give you the possibility to ask all the questions you might have.

An offer with attractive perspectives

- Saxo Bank (Saxo Bank) has made a public offer for all issued and outstanding ordinary shares in BinckBank N.V. (BinckBank)
- Friendly transaction; offer and combination supported by BinckBank's boards; confirmed in binding merger protocol
- Offer price of € 6.35 per share cum dividend, representing a fair price and an attractive premium for shareholders
- Public offer timelines and requirements in accordance with the Dutch public offer rules, under supervision of the AFM

The way we look at it is that it is an offer with attractive perspectives. Saxo Bank made this public offer for all issued and outstanding ordinary shares in BinckBank.

I would like to emphasize that it is a friendly transaction, so the offer and the combination are supported by both boards, as well the Executive Board of BinckBank and the Supervisory Board. It is confirmed in a binding merger protocol.

The offer price is EUR 6.35 per share cum dividend and this is representing a fair price and an attractive premium for the shareholders.

As it goes for the public offer, timelines and requirements are fully in accordance with the Dutch public offer rules, under the supervision of the AFM.

An offer with attractive perspectives (2)

- Obtaining regulatory clearances will be condition precedent to closing of the transaction; no competition clearance required
- Saxo Bank's offer is an indication that we are on the right track and that the roll-out of our strategy may now even be achievable on a larger scale and at a greater speed
- Closing is expected in third quarter of 2019



Next month, we will focus on obtaining the regulatory clearances to go to the closing of the transaction. There is no-competition clearance required.

Saxo Bank's offer is a clear indication that we are on the right track with the company and the roll-out of our strategy may now even be achievable on a larger scale and at a greater speed.

We expect the closing around the third quarter of 2019.

A fair offer with an attractive premium

- All cash offer price of € 6.35 per share cum dividend
- Offer price represents a premium of:
 - 35% versus the unaffected share price of € 4.72 as per December 14, 2018
 - 42% versus the 1-month VWAP of € 4.47 as per December 14, 2018
 - 38% versus the 3-month VWAP of € 4.60 as per December 14, 2018
- Values 100% of Binck's share capital at c. € 424m, implying a 15.5x P/E LTM multiple¹

1. Based on last twelve months as per '18Q3. Excluding divestments (Able, TOM and Think Capital)

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It is an all-cash offer price of EUR 6.35.

If you look at the premium, it is a premium of 35% versus the unaffected share price of EUR 4.72 as per December 14.

Looking at the VWAPS, it is the 1-month of 42% and the 3 month is 38%.

That means that it brings the value of 100% of Binck share at a price level of EUR 424 million, implying a 15.5x P/E multiple.

Strategic rationale

- The online trading and investment sector is currently facing multiple challenges:
 - Challenging competition
 - Increasing regulation
 - Low interest rates
 - Considerable technology investment requirements
 - Changing customer behaviour
- Scale, diversification, state of the art technology, relentless customer focus and multi-asset capabilities are becoming ever more important to deliver customer and shareholder value

Regarding the strategic rationale it is clear. The online trading and investment sector is currently facing multiple challenges. Competition is pretty challenging, we have increased regulation and we see an environment of persistent low interest rates. Also, if you want to have a good technology platform it requires a lot of investments continuously.

This is also one of the scale levels that we can obtain by teaming up with Saxo Bank.

So, it is scale, diversification, state of the art technology, and relentless customer focus combined with multi-asset capabilities. Those are the key words for the future if you want to

deliver a good proposition to the customers and to create shareholder value.

Strategic rationale (2)

- Both BinckBank and Saxo Bank believe that the combination represents a powerful response to market dynamics and has a number of strategic benefits including:
 - Strong cultural fit with a shared vision of democratising trading and investments and a philosophy centered around customer service, transparency, simplicity and innovation
 - Excellent complementarity in geographic footprint, product offerings, and customer base
 - Combination of Saxo Bank's industry leading technology platform and product suite with BinckBank's large customer base and strong distribution capabilities
 - More balanced revenue mix for the combined company
 - Enhanced scale economies at a time of rising technology investment requirements and regulatory costs
 - Enhanced career opportunities for employees

We think that in the combination with Saxo Bank we can tick all the boxes.

We have a strong cultural fit, we have complementarity in geographic footprint and we think that the combination of Saxo Bank's industry leading technology platform, the product suite of Binck and the large customer base that we have combined with the distribution capabilities is a success formula for the combination of both companies.

It will bring a more balanced revenue mix for the combined entity and enhance the scale economies at a time of rising technology investments and regulatory costs.

But also for our people it opens up a lot of possibilities for career developments, as Saxo Bank is a worldwide company. For some of our people this might also lead to new opportunities..

Strong benefits for our customers

- Both BinckBank and Saxo Bank have leading positions in online investing
- Products and services offerings are characterized by extreme customer focus
- Binck's customer knowledge and Saxo Bank's technological know-how, and the combination of two award-winning platforms
 - Saxo Bank's state of the art and integrated end-to-end platform
 - BinckBank's advanced localized product offering, and effective marketing, sales and customer services organization
- Broader range of innovative products and services on trading and investing
- Bundling of services, products and expertise, will result in customers of both companies benefitting from innovative, high-quality investment products and services

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Also from a customer's perspective, both Binck and Saxo Bank have a leading position in online investing. I think that it is also good for the business rationale of this deal. We have the same pedigree, the same focus on customers so that we can offer a very good platform combined with services and attractive pricing to our customers.

Alignment on stakeholders' interests

- Joint integration committee
- Continuation of BinckBank's Dutch banking license and strong balance sheet
- BinckBank's Amsterdam office will be the hub / center of excellence for the mid-European market
- Employees' rights and benefits will be respected
- Saxo Bank, BinckBank and Binck's works council have agreed the main principles of a social plan

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So, it is all about bundling. I think that with this transaction we can align all stakeholders' interests, as well for investors as for customers, regulators and so on and last but not least for our employees. It is good to mention that in the process we worked together with the works council of BinckBank to put in place the main principles of a social plan, so that we took care of all stakeholders.

Governance for benefit of all stakeholders

- Envisaged supervisory board composition:
 - Mr. John van der Steen continues as chairman of supervisory board
 - Mr. Jeroen Princen continues as supervisory board member
 - Mr. Søren Kyhl, Saxo Bank executive
 - Mr. Steen Blaafook, Saxo Bank executive
 - Mr. Independent member to be nominated
- No change in executive board envisaged

In order to keep a good governance for all stakeholders, we have a composition of the Supervisory Board which is a combination of two people from BinckBank's side, John Van Der Steen, our current chairman. He is envisaged to continue as the new chairman of the new Supervisory Board. We also have Jeroen Princen, who will continue his role as member of the Supervisory Board. He is also appointed by the works council.

Next to them, we will have Søren Kyhl, who is COO of Saxo Bank, and Steen Blaafook, CFO of Saxo Bank.

On top of these four gentlemen, we will add an independent member, who has to be nominated in the coming months.

For the Executive Board no changes are underway. Saxo Bank emphasized they would want to keep the Executive Board as it is, meaning that Evert Kooistra will continue in his role as CFO. Steven Clausing will continue as COO and I will stay chairman of the Executive Board and CEO.

Indicative timetable

- SaxoBank and BinckBank will seek to obtain all necessary regulatory approvals as soon as possible
- Offer memorandum is expected to be submitted to AFM for review and approval by the end of Q1 2019, and to be published shortly thereafter
- The offer is expected to be closed in the third quarter of 2019



We seek to obtain all necessary regulatory approvals as soon as possible.

An offer memorandum is expected to be submitted to the AFM for review and approval by the end of the first quarter and to be published shortly after that.

We expect the offer to be closed in the third quarter of 2019.

These are the headlines and the highlights of the proposals. It would be good to open up the floor for questions and answers.

Q&A



- **Cor Kluis – ABN AMRO**

Good morning. I have a couple of questions, first of all on the CET1 ratio. After this acquisition, what will that be? There is only an equity raise being done by Saxo of EUR 100 million, so what will be the CET1 ratio of Saxo and, separately from that, what will be the CET1 ratio of Binck Bank? In the press release we read that it will remain good for the Dutch entity, but could you give some level indications on that one?

My second question is about the break-up fee, which is EUR 4.3 million, which is 1% of the deal. Why was that not a little bit higher, as you sometimes see with other deals? What is the thinking behind that?

My last question is about the regulatory clearances. In the press release you mentioned three bullets. To elaborate on the third bullet 'Approval and/or licence from the Dutch Central Bank and/or the ECB in respect of the Post-Closing Merger to the extent required'. It is a little bit complex but could you explain a little bit simpler what that exactly means?

Vincent Germyns – CEO BinckBank: Evert, could you take the first question?

Evert Kooistra – CFRO Binck Bank: I will start with the first question. You are asking what the CET1 of Saxo Bank will be after this transaction. I do not know; you have to ask Saxo Bank. Maybe your question is whether they will be able to finance the transaction. As we have stated in the press release we have a commitment for financing in place, so I assume they will be able to finance the transaction. The CET1 of BinckBank: we have made agreements with Saxo Bank that BinckBank after closing will remain prudently financed to safeguard the business continuity. That is basically it. The exact ratio depends on developments, regulatory requirements and business developments.

Cor Kluis – ABN AMRO: And the bullet on the regulatory clearances?

Evert Kooistra – CFRO Binck Bank: The way it works is that the Dutch Central Bank prepares the clearances but the final clearance is given by the European Central Bank. That is our understanding of the process.

Cor Kluis – ABN AMRO: Very clear. Thank you.

Vincent Germyns – CEO BinckBank: We did not answer the question regarding the break-up fee yet. Indeed, we have a break-up fee of 1%, which is pretty exceptional for the financial sector, from what I understand from our advisors. On top of that – as we mentioned already and which is also part of the merger protocol – we also have agreements that we have a sort of indemnities for BinckBank as a company should the regulatory approval be delayed. So, this possibility is on top of the break-up fee. So, it is a combination of two elements. But we will elaborate a bit more on that with the offer memorandum.

- **Albert Ploegh – ING**

I have a couple of questions. The first would be whether any interest from other parties has been expressed over the past twelve months, which clearly did not result in a concrete offer? But have there been other forms of dialogues in the past twelve months?

My second question is on the timetable. You mentioned that Saxo Bank aims to complete the offer by Q3, 2019. That feels a bit long. Is that because the maximum approval processes have been taken into account from the point of view of the ECB and the Dutch Central Bank?

My third question is a bit similar to the question Cor raised on the capital side. I noticed that in the press release it was also mentioned that there would be some efficient capital structure possibilities in the combination with Saxo Bank. In the past, we have had discussions on the capital base of BinckBank. In the past, you had something like EUR 200 million minimum to operate. That was basically no longer a concrete target. But is it fair to assume that Saxo Bank in combination with BinckBank can basically operate the stand-alone unit of BinckBank the Netherlands at a much lower capital level than it is today?

My final question is that you also mentioned that without being no longer public listed you can basically achieve your goals earlier. I wonder why that is because I do not see the reason why as a non-listed company you could achieve goals easier than being listed.

Vincent Germyns – CEO BinckBank: Regarding your first question on other entities: we are a listed company, so we have had discussions with investors and other parties. We disclosed that a bit in our Q3 report of 2017, in which we said that we were open to strategic discussions but that is basically the only comment I can give to that one. For the rest, we will not comment on other discussions unless we have to do so by law, but for now let's focus on this discussion. I think the proposal which is on the table is the most important for the time being.

Albert Ploegh – ING: Clear.

Evert Kooistra – CFRO Binck Bank: Then the timetable and Q3. That is basically what we see as the maximum but it depends on the timing of the preparation of the documents, the approval of the offer memorandum and extension of offer terms and conditions, if necessary.

Vincent Germyns – CEO BinckBank: After the launch the offer memorandum, you have ten weeks in the first phase to offer your share as a shareholder. If you add it all up, you end up at the end of Q2, the beginning of Q3. So, it is not that we think that there are other blocking factors or things like that; this is the normal process.

Evert Kooistra – CFRO Binck Bank: With respect to your question on the capital structure, I cannot say more than I just said with Cor and that is that we made agreements that the business remains prudently financed going forward, to safeguard the business continuity.

Vincent Germyns – CEO BinckBank: Then about the ability to obtain the goals in a faster way. I think it is clear that being a listed company is always a sort of a balancing act between investing and at the same time speeding the process and the commercial goals, and at the same time giving a good dividend to your shareholders. Being a delisted company offers other possibilities because then you have more freedom to invest whether in systems or whether in

commercialisation of products and services. We think that it can be helpful to roll out the process in a faster way.

Albert Ploegh – ING: Great. Thank you for the colour.

- **Hans Pluijgers – Kepler Cheuvreux**

Good morning. Looking at the integration potential with Saxo Bank, how do you see that? I understand that BinckBank will remain the brand for the Netherlands and Belgium and the other operations will be integrated. How do you see that integration potential? Do you believe that the cost base could go down quite significantly? Could you give some colour on that? Have you already looked at that?

Vincent Germyns – CEO BinckBank: If you look at the geographical footprint in the countries in which we are operating, you see that they have an office in Amsterdam. I think the combination of the offices is a clear one. In Belgium we have presence and they do not, so for Belgium the story is pretty simple. In France we have almost an equally-sized business, so we do not have to define the best approach for that in the coming weeks or months: will it be under the BinckBank-brand or under Saxo Bank. But of course, the integration of the two entities gives us the possibility to lower the cost base. For Italy they have a partnership with Banca Generali, so it is clear to say that the basic idea would be to look at the combination and an integration of the BinckBank office in the BG-Saxo Bank joint venture but then again, this has not yet been decided. We will have to discuss this with the local guys what is the best approach. This is something we will do in the coming weeks as well. All in all, it is fair to say that in the longer term the Saxo platform will be leading. This means that there will also be an impact if you look at the IT and Operations departments. Also in other departments it can have an effect. It means that you can lower the cost base of BinckBank as an entity as well.

Hans Pluijgers – Kepler Cheuvreux: And looking at the cost base, could you give some indication of what the IT-investments currently are on an annual basis, both as investments, as Capex, and as annualised costs, so the SG&A?

Evert Kooistra – CFRO Binck Bank: We do not disclose information other than the normal financial information we disclose on a quarterly basis.

Hans Pluijgers – Kepler Cheuvreux: Thanks.

Vincent Germyns – CEO BinckBank: If there are no more questions, I think it is clear. Nevertheless, you all know how to reach us. Should you have other questions you know where to find us and we can give extra comment to it.

All in all, it is a positive message we are bringing today. If you look at the continuity of the company and the future plans of BinckBank as a whole, the combination of BinckBank and Saxo Bank makes a lot of sense. We have the same background, the same pedigree and the same customer focus, so I think all stakeholders – customers, employees and shareholders – can profit from this combination, so we are as a board and a Supervisory Board we are pretty positive about this involvement.

Thank you all. Enjoy your day and we will talk to you soon. Bye, bye!

End of call