Annual Report 2013



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AMBITIOUS, ENTERPRISING AND CUSTOMER-ORIENTED. THIS IS WHAT BINCK STANDS FOR.



Profile BinckBank

BinckBank N.V. (hereinafter, 'BinckBank'), incorporated in 2000, is an online bank for investors. BinckBank's core business is providing a comprehensive, user-friendly website that allows private investors to invest easily and quickly anywhere in the world at competitive rates. In addition to online brokerage, BinckBank provides asset management services through its Alex Asset Management product. BinckBank is ranked in the top five online brokers in Europe, and has repeatedly received awards as the best online broker in the Netherlands, Belgium and France. BinckBank is listed on NYSE Euronext Amsterdam, and has formed part of the Amsterdam Midkap Index (AMX) since 1 March 2006. At year-end 2013, BinckBank's market capitalisation stood at € 574 million and the average daily turnover in BinckBank shares in 2013 was 310,976.

BinckBank is the market leader in both the Netherlands and Belgium, and is the second largest online broker in France. BinckBank has also been active in Italy since 2012.

The business unit Retail serves private investors under the brands Alex and Binck. Under the Alex brand, we focus on Dutch private investors looking to achieve more with their capital. In addition to an extensive investment website, Alex offers savings, asset management, and educational courses for investors. Under the Binck brand, BinckBank focuses on active private independent investors in the Netherlands, Belgium, France and Italy with order execution at competitive rates in combination with extensive facilities, including a professional investment website with real-time streaming prices, news, depth of order book, research, recommendations and tools for technical and other analysis.

As a partner for professional parties, Professional Services ("Able") provides solutions in relation to market investing, fund investing and savings. Since 2012 Professional Services has also been the market leader in the Netherlands in BPO and the supply of licensed software to banks. On 11 November 2013, BinckBank announced that it will concentrate more on its retail core business, and that in the context of a proposed divestment it would study the options available regarding a sale or collaberation for its non-banking operations (BPO and software & licensing businesses). The services provided to independent asset managers and their (retail) customers are not included in the study. The focus on services to independent asset managers has been further intensified since 1 January 2014 giving priority to the further professionalisation and optimisation of the services to independent asset managers.

BinckBank has branch offices in the Netherlands, Belgium, France and Italy and also has a sales office in Spain. BinckBank's associates include Able B.V. (software supplier, 100%-owned), ThinkCapital (issuer of ETF's, 60% holding), BeFrank (collective pension accumulation, 50% holding) and TOM (multilateral trading platform & smart order router, 25.7% holding).

Key figures

x € 1,000	FY13*	FY12*	FY11**	FY10**	FY09**
Customer figures					
Customer accounts	551,970	518,771	531,465	433,538	373,574
Brokerage accounts	417,966	401,692	418,426	333,702	288,698
Beleggersgiro accounts	2,219	1,015	2,759	1,340	472
Asset management accounts	36,602	22,473	19,007	14,543	10,891
Savings accounts	95,183	93,591	91,273	83,953	73,513
Number of transactions	8,164,978	7,769,681	9,709,795	8,854,215	9,617,181
Brokerage accounts	8,122,356	7,739,629	9,630,122	8,800,013	9,608,830
Beleggersgiro accounts	42,622	30,052	79,673	54,202	8,351
Assets under administration	16,124,263	13,383,874	13,034,188	13,514,633	10,606,639
Brokerage accounts	15,629,461	12,885,976	12,399,748	12,694,824	9,693,466
Beleggersgiro accounts	131,719	73,497	115,509	101,612	38,991
Savings accounts	363,083	424,401	518,931	718,197	874,182
Asset management	2,147,591	1,012,617	689,987	610,034	336,103
Asset management accounts	2,147,591	1,012,617	689,987	610,034	336,103
Income statement					
Net interest income	27,641	31,921	38,907	43,587	43,825
Net fee and commission income	130,477	109,186	128,447	126,970	129,240
Other income	1,433	1,715	13,322	13,599	9,661
Result from financial instruments	7	47	3,167	620	4,353
Impairment of financial assets	32	(2)	(268)	70	(857)
Total income from operating activities	159,590	142,867	183,575	184,846	186,222
Employee expenses	36,405	36,211	50,861	45,480	43,185
Depreciation and amortisation	28,763	34,970	35,463	34,798	35,939
Other operating expenses	52,768	36,257	43,800	44,223	43,388
Total operating expenses	117,936	107,438	130,124	124,501	122,512
Result from operating activities	41,654	35,429	53,451	60,345	63,710
Tax	(10,790)	(8,359)	(13,513)	(14,837)	(15,083)
Share in results of associates and joint ventures	(2,393)	(3,580)	(5,848)	(1,363)	(1,466)
Result after tax (continuing activities)	28,471	23,490	-	-	-
Result after tax (discontinued operations)	(9,545)	(110)	-	-	-
Net result	18,926	23,380	34,090	44,145	47,161
Result attributable to non-controlling interests	322	720	120	95	_
Net result attributable to shareholders BinckBank	19,248	24,100	34,210	44,240	47,161
IFRS amortisation	21,515	28,196	28,196	28,196	28,196
Fiscal goodwill amortisation	4,407	2,737	2,737	2,792	2,792
Other adjustments to net result	10,047	-			
Adjusted net result	55,217	55,033	65,143	75,228	78,149
Average number of shares outstanding during the year	70,432,579	72,801,291		74,080,265	
Adjusted earnings per share (€)	0.78	0.76	0.88	1.02	1.04
Balance sheet & capital adequacy					
Balance sheet total	2 200 404	2 007 774	2 251 455	2 216 760	2,930,010
Equity	3,209,404 431,631	2,997,774 455,221	3,351,455 469,523	3,216,768 468,913	480,359
Total available capital (Tier I)	173,427	160,342	160,695	131,257	95,569
BIS ratio	32.0%	31.1%	31.1%	23.9%	18.4%
Solvency ratio	26.4%	25.2%	23.1%	15.7%	13.0%
•	20.7/0	23.270	23.170	15.170	15.076
Cost / income ratio					
Cost / income ratio	74%	75%	71%	67%	66%
Cost / income ratio excluding IFRS amortisation	60%	55%	56%	52%	51%

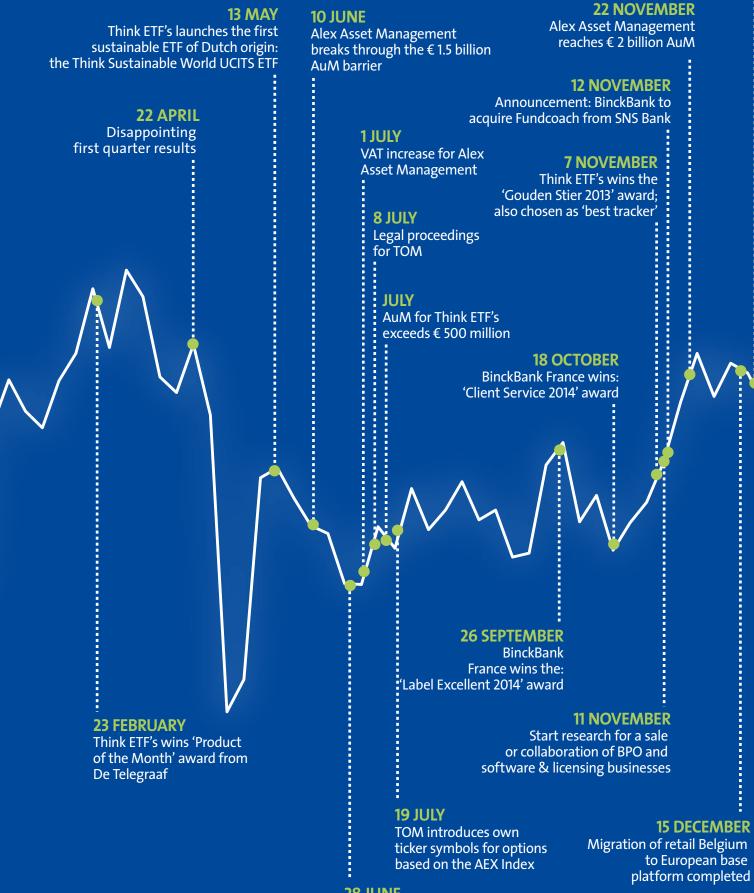
^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

 $[\]ensuremath{^{**}}$ The comparative figures for 2009, 2010 and 2011 have not been adjusted.

KEY EVENTS IN 2013

19 DECEMBER

Think Global Equity UCITS ETF chosen as financial product of the year



28 JUNE

Share buy-back programme completed

Chairmen's message

Dear readers,

I am pleased to present our annual report for 2013 to our readers. We value the opportunity to inform you regarding the key events at our company during the past year and to share our view of the future of BinckBank with you.

Last year was a year in which important changes took place. Our core business is offering services in the field of online brokerage. Online brokerage services for private investors in the Netherlands has been the foundation on which BinckBank has been built. Our services have been extended abroad, with an active presence in Belgium, France and Italy. In addition to online brokerage, we invested a lot of time and money in our asset management business last year and we are proud of the results that we have achieved. Assets under management at Alex Asset Management doubled, from € 1 billion to slightly over € 2 billion. Various television commercials were broadcast throughout 2013 that delivered visible results for the Alex Asset Management product.

We have decided that BinckBank should focus even more on the private customer; this means that we will not be extending the business offering to professionals (the BPO and software & licensing activities), and are looking for a buyer who can provide a better environment in which these businesses can flourish.

Competitors have entered the playing field in the Netherlands in recent years and the rates for our brokerage services have been reduced in order to remain competitive. Besides attractive rates, we offer a total package with a broad range of products and an excellent service. Our operating result has declined as a result of the price reductions in recent years, in combination with lower interest income due to the low level of market interest rates. Partly for this reason, growth of the asset management business is essential.

Our major sources of income are the results from the net interest income, commission income from brokerage transactions and the management and performance fees from asset management. The net interest income and the management fees are stable factors; commission income and performance fees, on the contrary, are volatile. This volatility is inherent in our business model and makes it more difficult to forecast our operating result. This makes it even more important that our overall operating expenses are adequately covered by more stable sources of income. This cover will increase as our asset management business grows; higher market interest rates will also benefit BinckBank.

We are the market leader in Belgium and we are doing good business there. Our rates in Belgium are attractive, both for our customers and for us. In France, BinckBank operates in a market with fierce price competition. The low rates charged by BinckBank in France mean that this branch makes a relatively lower contribution to the result. Italy is the largest market for online brokerage in Europe; this market is at the forefront and we have to acknowledge that our product does not yet match the local competition in all respects. We are investing further in the development of our system and in the expansion of our operations in Italy.

Economies of scale are essential for the profitable operation of an online brokerage platform; it is important that we settle as many transactions as possible and manage assets on one platform. Some years ago, we embarked on the development of the European base platform, that was a further development of the Topline system that was part of the acquisition of Alex. Our retail customers in the Netherlands, Belgium and Italy are serviced by this European base platform.

Our customers in France still have to migrate to this platform. The Italian market is leading as regards technology, meaning that any new service we develop for Italian investors will also be available to customers in the Netherlands and Belgium. After the sale of the professional business, the service provided to independent asset managers, for which a banking licence is required, will remain at BinckBank. We will also migrate these activities to the European base platform in due course.

Our associates have had a good year in commercial terms. BeFrank performed well, and had more than 15,000 pension scheme members at the end of 2013. The Goudse PPI decided to withdraw from the market and transfer its customers to BeFrank in 2013. Assets under management at Think ETF's rose from € 137 million at the beginning of 2013 to € 728 million at year end. Besides this excellent result, Think ETF'S was chosen as 'best index investor' at the Gouden Stier awards in November 2013 and the Think Global Equity UCITS ETF was chosen as Financial Product of the Year in December 2013. On 19 July 2013, TOM introduced its own ticker symbols for options based on the AEX Index. In summary proceedings, the court ruled that TOM may no longer use the symbols used by Euronext for the designation of options based on the AEX Index. TOM now uses unique symbols for day options, week options and month options.

Legislation and regulation in the financial sector continued to be subject to rapid change and increasing complexity in 2013. Our Compliance and Internal Audit departments have been strengthened accordingly. There has also been significant investment in systems in order to ensure the ethical business operations and controlled conduct of our business. This led to significantly higher operating expenses in 2013.

Many organisations will have to change their audit firm in the near future as a result of forthcoming mandatory rotation of the firm that audits their financial statements. BinckBank has not waited and after an intense tender process in the second half of 2013, we have chosen to engage Deloitte as our auditor. We will propose the appointment of Deloitte to our shareholders during the annual general meeting of shareholders on 22 April 2014.

I would like to express my appreciation for the confidence shown in BinckBank by all its customers and shareholders and the efforts made by our employees during the past year.

Amsterdam, 6 March 2014

Koen Beentjes, Chairman of the BinckBank executive board



Vision, mission, core values and strategic objectives

Our dream for the future (vision)

"BinckBank wants to help people achieve their financial ambitions."

For this, people look for a reliable partner who provides the resources to retain and further improve their wealth position. In addition to offering financial services and products, BinckBank's role here is to act as a 'navigator' for externally developed products. Our ambition is to assist our customers in achieving financial independence.

Our right to exist (mission)

The Europan investor deserves better. Better understanding, better knowledge, better information, better service. And at a low cost. We are therefore highly committed and we push the boundaries where necessary. We want to amaze our customers so that they become our ambassadors, and so we make every effort to identify and meet their needs. A high level of customer satisfaction is a determining factor for our success.

Our core values

Sincerity

This is the essence of our right to exist. Sincere interest in our customers, observable in our customer satisfaction. Sincere interest in investing, visible in our investment expertise and in all the products and services we offer. Fair rates, with no hidden costs. And the will to improve, because we can always do better.

Accessible

Providing affordable access to markets, this is where it all started. Then we made our investment services accessible to financial intermediaries and introduced a low-threshold alternative for asset management. With expert employees who are approachable for our customers – and for each other – regardless of their position.

Convenience

Investing – whether you do it yourself or not – is already difficult enough. Ease of use is therefore very important. Not making things more difficult than they need to be. For instance, a user-friendly platform and expert employees who use understandable language. And by providing extensive information and inspiration, amongst others through various educational programmes, to increase confidence in investing.

Transparency

We believe in clarity: 'what you see, is what you get'. In other words a clear fee structure on a single page, no hidden costs and communication without the small print. Also regarding the remuneration of our directors.

Ambition

Our right to exist and our core values provide us with a unique understanding of investors, and assist in improving our response to their needs. This is why we offer separate products and services for various types of investors. This leads to satisfied or even very satisfied customers, and a substantial market share. We continue to innovate in order to outperform our customers' expectations.

Beside the Netherlands, we have successfully rolled out this approach in Belgium, France and, since 2012, Italy. BinckBank is now the market leader in Belgium, and we are number 3 among the online brokers in France. We intend to expand these positions in the coming years by offering more products and services that give people more control of their investments and help them put their financial goals within reach. This will involve the offering of our successful asset management product abroad and a new investment fund service for independent investors taking a longer-term view.

The driving force behind all our initiatives is, and will remain, a high level of customer satisfaction. BinckBank's ambition is to be the bank with the highest customer satisfaction in all countries.

Strategic objectives for BinckBank

BinckBank has eight strategic objectives

1. Retain reputation and confidence

BinckBank relies on the confidence of its private and professional customers. The internet as primary distribution channel, its market listing, the large number of customers ,assets under management and administration makes BinckBank sensitive to questions relating to issues of confidence. Maintaining confidence and a good reputation are therefore essential. Since its incorporation, BinckBank has placed the customer's interest first and has achieved a high level of customer satisfaction.

Situation at the end of 2013

BinckBank has a low risk appetite with regard to jeopardizing of its reputation as a reliable and transparent service provider. Over the whole of 2013, our customers gave BinckBank a score of 7.9 (on a scale of 1 to 10) in our customer satisfaction surveys. The score in 2012 was 7.5. BinckBank will strive to achieve a further increase in customer satisfaction in 2014, with a target score of 8.

2. Expansion of online brokerage

BinckBank will strive to further increase its online brokerage operations by introducing new products and services within its present geographical footprint (the Netherlands, Belgium, France and Italy). Important parameters are increasing the number of customers and transaction volume. Given the moderate economic outlook, further geographical expansion within Europe does not appear likely in the near future.

Situation at the end of 2013

BinckBank achieved a good inflow of new accounts at Retail Netherlands in 2013 (+10,479 brokerage accounts, +4%). In France, the number of new brokerage accounts rose in 2013 (+3,749 brokerage accounts, +9%), and there was growth in Italy as well (+1,445 brokerage accounts, +115%). The number of new accounts for Retail Belgium fell in 2013 relative to 2012 (-1,393 brokerage accounts, -2%), partly due to the closure of 6,039 Fondsbeleggen accounts in the second quarter of 2013 and the transfer of the assets to Zelf Beleggen accounts for the customers concerned. The number of transactions by private customers rose 5% from 7.1 million in 2012 to 7.5 million in 2013, with 5.3 million transactions by our Dutch customers, 0.8 million by our Belgian customers, 1.2 million by our French customers and 0.2 million by our Italian customers.

3. Expansion outside the online brokerage chain: savings & investment management activities

One of BinckBank's objectives is to further expand the services it provides to include savings and asset management activities, whereby the business model will focus on the management and administration of assets. This should lead to a more stable revenue stream in the longer-term.

Situation at the end of 2013

In 2012, BinckBank took a strategic decision to allocate more people and resources to expand its savings and investment management activities. Much attention was devoted to the expansion of Alex Asset Management in 2013. Further expansions and improvements to our asset management services are scheduled for 2014.

Assets under management at Alex Asset Management increased by 112% in 2013, from € 1.0 billion to € 2.1 billion. The number of accounts increased by 63%, from 22,473 to 36,602. The net inflow of new funds amounted to € 923 million. BinckBank achieved a performance fee of € 17.2 million in 2013. The annually recurring management fee (which depends on the assets under management) came to € 17.3 million at the end of the fourth quarter of 2013.

4. Optimising operational efficiency and continuity of services

BinckBank's strategic objective is to use its existing infrastructure as efficiently as possible by settling as many transactions as possible and administering and/or managing the highest possible volume of assets. This will enable BinckBank to continue to offer competitive rates to its customers. Economies of scale as a result of high volume are necessary in order to be able to remain competitive in the long-term.

Volume growth can be achieved in various ways:

- growth of the number of accounts in existing markets;
- introduction of new products and services;
- connecting new countries to the existing infrastructure.

Situation at the end of 2013

Centralised back office and infrastructure

BinckBank has its centralised back office and ICT infrastructure in Amsterdam where all transactions are settled, including those executed in Belgium, France and Italy. This central organisation for the settlement of securities transactions and the administration of securities positions is highly efficient, and allows us to achieve low costs per transaction. Further progress was also made in 2013 on the development of the European base platform. This platform enabled Italy to be accessed in 2012 and the time-to-market for the introduction of new products and services to be reduced. Retail Belgium was migrated to the European base platform, leading to additional scale benefits. We expect to transfer the French activities and services to independent asset managers to the European base platform in the period 2014-2016. A feasibility study for this has already been started in 2013. BinckBank plans to have migrated all its business to the European base platform by the end of 2016 in order to make the best possible use of economies of scale.

Foreign branches with low fixed costs

BinckBank uses local branches for its foreign operations. These branches have low fixed costs, since the activities they perform are more or less restricted to front office (sales and customer service) and legal and compliance employees. The local branches focus entirely on their customers in the language of the country in question. It is essential that these activities are placed close to the customer, since this enables them to provide the best possible customer service and to tailor the products and services offered to meet the wishes and needs of the private investors in the various markets. The other activities, which mainly concern ICT and back office, are organised centrally in the Netherlands.

Constant focus on cost control

At BinckBank we are convinced that operational excellence is the key to controlling costs. Continually working on structural improvements to our business methods and processes makes it possible for us to control our costs. BinckBank has been obliged to strengthen various departments within its organisation and invest in internal control systems as a result of changing and increasingly complex legislation and regulation in the financial sector, which increases its operating expenses. Several employees were trained in "Lean Methodology" in 2013 to increase the efficiency of business processes in order to keep costs manageable in the future. BinckBank will also focus on further improving its processes in 2014.

Expertise

BinckBank employees have accumulated extensive expertise in the settlement and administration of securities transactions over the last few years, which greatly benefits the quality and efficiency of our service.

5. Conservative financial policy

BinckBank follows a conservative financial policy and is moreover conservative with regard to investing the funds entrusted to it by its customers. The aim of capital management at BinckBank is to maintain a sound solvency and liquidity position, seeking constantly to strike the right balance between the equity capital it holds, the return it can realise and the risks to which it is exposed.

Situation at the end of 2013

As at 31 December 2013, the capital and liquidity position of BinckBank was sound. BinckBank's total equity at the end of December 2013 stood at € 432 million (FY12: € 455.2 million). The total available Tier 1 capital at year-end 2013 was € 173.4 million, compared to € 160.3 million at the end of 2012. The BIS ratio came to 32.0% and the solvency ratio rose from 25.2% in 2012 to 26.4% in 2013. Both ratios are comfortably higher than the required levels set by the regulators.

6. Attractive return for shareholders

BinckBank strives to achieve an attractive Total Shareholder Return (TSR) (price appreciation + dividend) for its shareholders.

Situation at the end of 2013

At the beginning of 2013, BinckBank's share price stood at € 6.28. The share closed the year at € 7.71; an increase in the price of € 1.43. The final dividend for 2012 was € 0.28, and the interim dividend for 2013 came to € 0.13. On balance, the return (TSR) on BinckBank's share in 2013 was € 1.84, or 29.3%.

7. Compliance with changing legislation and regulation

BinckBank operates in extensively regulated and supervised markets in which all stakeholders have to receive the correct level of service. BinckBank must continually comply with the rapidly changing legislation and regulation in the financial sector (compliance), which has the effect of increasing costs.

Situation at the end of 2013

BinckBank continuously has internal projects running to ensure that it can continue to comply with changing legislation and regulation. BinckBank devoted much attention to this area in 2013. Many of the changes to the internal organisation have now been realised. An important part of this concerns the structure of the organisation and the further formulation of the compliance policy. BinckBank has introduced new systems for Anti Money Laundering and Customer Due Diligence and awareness of compliance has been raised throughout the organisation by means of training courses and presentations. De Nederlandsche Bank has set up a large number of expertise teams. Many of these teams have started their work with audits, baseline measurements etc., and BinckBank is frequently been included in the scope of these audits. This has required an enormous effort by our organisation. The reviews mostly lead to the conclusion that improvements are needed in certain areas. Improvements have to be applied within a short time period.

8. Corporate social responsibility

For BinckBank, corporate social responsibility (CSR) means achieving and maintaining sustainable confidence in its activities. The fundamental principle in our CSR policy is to place the customer's interest first. The CSR policy is integrated in BinckBank's services and is taken into consideration in the decision-making process with regard to product innovation. The position of banks in society as a whole is an issue attracting much attention, and many initiatives and activities are coming under scrutiny. This can be seen from reports in the media, as well as in the increased pressure from politicians and regulators. The preamble to the ban on inducements from 1 January 2014 is greatly affecting the sector. BinckBank endorses the importance of the intended transparency.

Situation at the end of 2013

Consistent with its CSR policy, BinckBank also devoted attention in 2013 to promoting investment in sustainable development to its customers, by offering investment funds in sustainable development and giving these funds a prominent place on the website. Despite the fact that BinckBank is an execution-only service provider, meaning that the customers are responsible for their own investment decisions, BinckBank has a vision with regard to its product range. BinckBank accordingly carries an extensive range of funds in sustainable investment, and promotes sustainable investing in cooperation with other market parties in consultation with the Association of Investors in Sustainable Development (the VBDO). Our subsidiary ThinkCapital introduced a sustainable ETF in 2013.

From its execution-only mandate, BinckBank places great value on education. BinckBank enables retail investors to invest using the same tools as those used by professional investors. In addition to these tools, BinckBank's Alex Academy offers mostly free education to support investors so that they have a better basis on which to make their decisions. With the Beursvloer, BinckBank moreover offers chat possibilities for its active customers. This allows customers to discuss investment constructions and strategies with each other. BinckBank is increasingly using the potential for education online, in the form of webinars and tutorials.

Alex Asset Management formulated and implemented an exclusion policy in 2013. In collaboration with Sustainalytics, Alex screens a universe of the 400 stocks on a quarterly basis in which the model invests. By means of this screening, Alex intends to avoid investing in companies that contravene the principles of the UN Global Compact. Moreover, Alex Asset Management does not invest in companies involved in the arms trade. The Global Compact guidelines are internationally recognised and widely endorsed as a framework for companies in the areas of human rights, labour, the environment and anti-corruption. The result of the screening by Sustainalytics for Alex Asset Management led to two companies being excluded as potential investments.

Lastly, BinckBank has made its CSR activities more transparent by giving detailed account of these activities in its annual report (see pages 52-54).

Change to strategic objectives in 2014

Further growth with Professional Services (Able) is no longer one of BinckBank's strategic objectives in 2014. The objective of further growth with the BPO and software & licensing activities therefore no longer applies with effect from 2014.

BinckBank thoroughly evaluated its business model and the future potential for its business unit Professional Services in 2013. This showed that the BPO (business process outsourcing) and software & licensing activities (carried out under the name of "Able") would not create sufficient value for BinckBank in the short and medium-term, and that more shareholder value could be created by focusing on the business unit Retail (European online brokerage and asset management services).

The evaluation showed that no new BPO contracts had been concluded in either 2012 or 2013, and that the business unit Professional Services was thus lagging behind meet its medium-term targets of concluding two new BPO contracts each year. Significant costs for customised work have been incurred for the development of new BPO products that could only be recouped by concluding and implementing new BPO contracts in the short-term. BPO sales however involve a lengthy process (lasting between one and two years), as does the implementation of a BPO contract (and therefore, getting to actually providing the service and starting to submit invoices). BPO implementations are complex and depend to a large extent on the BPO customer. The time period from the initial sales contact with a BPO prospect to full recognition of revenue from a concluded BPO contract takes two to four years, meaning that revenue growth from BPO services takes a long time to realise. The potential market for BPO services in the Netherlands is limited (approximately 30 mandates) and the competition is expected to intensify over the next five years with new players entering the market. This means it will be difficult for the business unit Professional Services to retain its market leading position in BPO, let alone increase its market share. Analysis of the French market showed that there is a significant barrier to admission since many BPO mandates have already been granted to French BPO providers by financial institutions, and therefore international growth within BinckBank's current footprint in France will be difficult. The evaluation also showed that the synergy between the business units Retail and Professional Services is too limited due to the use of different ICT software platforms (European base platform vs. the BPO platform).

On the basis of the results of this evaluation, BinckBank announced on 11 November 2013 that it would concentrate further on its retail business and that it had initiated a study of the possibilities for a sale or collaboration for the BPO (business process outsourcing), software & licensing operations of Able. A potential sale or collaboration with other parties will give Able a better basis for realising its ambitions. The management of Able supports the study and views a take-over or collaboration with other parties in a positive light. In its study, BinckBank will ensure that the interests of all stakeholders, including employees, customers and shareholders are served as far as possible.

Medium-term targets

BinckBank set its medium-term targets (for 2015) at the beginning of 2012. In view of the positive developments since then, BinckBank has decided to adjust its targets for 2015 at this stage. This is due to the early realisation of two of its targets planned for the end of 2015, namely the assets under administration by Retail brokerage and the assets under management by Alex Asset Management. The target for Retail brokerage transaction volume has been adjusted downwards due to the fact that we operate in mature markets and do not intend to expand autonomously into new markets abroad. BinckBank will continue to focus closely on the growth of asset management in the next two years.

Retail brokerage transaction volume: 9,5 million transactions per year

The target for Retail brokerage transaction volume has been reduced from 13.5 million to 9.5 million by year-end 2015. Some of the markets in which BinckBank operates have shown little or no volume growth in online brokerage in recent years. The commissions for online brokerage services have moreover been under pressure, making it increasingly difficult for BinckBank, with its traditional profile as a price discounter, to enter new foreign markets. A number of price discounters are already operating in most countries, making it even more difficult to set up a new foreign operation that will be profitable. BinckBank has decided that it will not undertake any further autonomous expansion abroad in the near future. We therefore consider an increase from 7.5 million transactions 9.5 million by the end of 2015 to be more realistic. Acquisitions however remain a possibility.

Assets under administration Retail brokerage: € 12 billion

This target has been raised from € 10 billion to € 12 billion by the end of 2015, now that the planned target of € 10 billion has already been achieved in 2013. This medium-term target will encourage further growth of our brokerage business in the Netherlands and the foreign markets in which we currently operate.

Italy

The target with respect to profitability in Italy remains unchanged. Our operation in Italy should reach the break-even point by the end of 2015.

Assets under management at Alex Asset Management: € 3.5 billion

The medium-term target for assets under management at Alex Asset Management has been raised significantly by € 2 billion, from € 1.5 billion to € 3.5 billion by year-end 2015. BinckBank reached its target of € 1.5 billion in May 2013, much more quickly than expected. BinckBank sees sufficient growth potential in asset management in the next two years.

Overview of medium-term targets:

	New targets for year-end 2015	Previous targets for year-end 2015	Realisation year-end 2013	Realisation year-end 2013 in %	Realisation year-end 2012	Realisation year-end 2012 in %
Retail brokerage transactions volume	9.5 million	13.5 million	7.5 million	56%	7.1 million	53%
Assets under administration Retail brokerage	€ 12 billion	€ 10 billion	€ 10.4 billion	104%	€ 8.4 billion	84%
Italy	Break-even	Break-even	-	-	-	-
Assets under management at Alex Asset Management	€ 3.5 billion	€ 1.5 billion	€ 2.1 billion	140%	€ 1.0 billion	67%
Number of substantial BPO contracts Professional Services *	*	14	6	43%	6	43%

^{*} This target has lapsed with effect from 11 November 2013 due to the study initiated of the available options for a sale or joint venture for the non-banking businesses (the BPO and software & licensing operations).

Earnings model and SWOT analysis

BinckBank earns its income from its interest-rate business and its transaction processing and commission business. The earnings models for the interest-rate business and the commission business are shown in the tables below, with details of developments during the 2013 financial year in comparison to 2012.

positive neutral negative

	Interest income							
	Income and expense drivers	2013	2012	Remarks				
	Interest on cash: Volume of funds			Cash balances are slightly lower due to more funds placed in the investment portfolio.				
	Money market interest rate			Money market interest is still historically low, but did not fall significantly further in 2013.				
	Interest from investment portfolio: Size of portfolio	•	•	The size of the investment portfolio increased from € 1.5 billion to € 1.6 billion in 2013.				
	Capital market interest rate	•		Capital market interest rates remained extremely low in 2013. The return on the investment portfolio fell from 1.2% to 0.80% in FY12.				
income	Interest from collateralised loans: Size of portfolio							
	The size of the collateralised loan portfolio rose in 2013 from € 323 million to € 428 million.							
Net interest	Value of underlying financial instruments (= basis for collateralised loans)			The value of underlying financial instruments increased due to the stock market rally in 2013.				
t int	Funding percentages/haircuts			No significant changes in policy regarding funding percentages.				
Ne	Customer risk appetite/investor sentiment			Investor sentiment (and therefore risk appetite) improved, mainly during the second half of 2013.				
	Debit interest rate			No significant changes in debit interest rate in 2013.				
	Int	erest	expe	nse				
	Volume of funds entrusted			Volume of funds entrusted in securities accounts increased by 5.5% in 2013.				
	Credit interest on cash in securities accounts			As policy, no credit interest paid on securities accounts in 2013.				
	Credit interest on cash in savings accounts			Credit interest on savings reduced from 1.00% to 0.65% during 2013, interest expense was therefore lower.				

positive neutral negative

	Commission income								
	Income and expense drivers	2013	2012	Remarks					
	Commission income from securities transactions: Volume of securities transactions		•	The volume of securities transactions rose 5% in 2013.					
Je	Average income per transaction		•	Average income per transaction was more or less unchanged in 2013, average of € 10 per transaction.					
Net fee and commission income	Fees from BPO services:			Study of potential sale or joint venture for the BPO and software & licensing operations started in November 2013.					
sion	Distribution fees:			Receipt of distribution fees is no longer permitted with effect from 1 January 2014. Impact € 7-8 million.					
nmis	Custody fees:			Custody fees were abolished for most customers in 2013.					
nd cor	Asset management fees: Volume of AuM			Strong increase in assets under management from € 1.0 billion in 2012 to € 2.1 billion at year-end 2013.					
ee al	Asset management fee			Fee percentage changed as of 1 July 2013 (fee 1% per annum incl. VAT).					
Net f	Performance fee			Performance fee for Alex Asset Management rose to € 17.2 million in 2013 (FY12: € 4.1 million).					
	Commission expense								
	Market fees NYSE Euronext			NYSE Euronext fees unchanged in 2013.					
	Fees for best execution platform TOM			TOM fees unchanged in 2013.					

Strengths, weaknesses, opportunities and threats (SWOT)

BinckBank uses a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) to identify the main features of the organisation and the environment in which it operates. This analysis forms the basis of BinckBank's strategy. Strengths and weaknesses show the internal factors. Opportunities and threats show the external developments, events and influences to which BinckBank is exposed. The main internal and external factors are summarised in the figure below.

Strengths

- Strong brands (Alex and Binck) that have an image of soundness and reliability;
- The Alex Asset Management product;
- Market leader in the Netherlands and Belgium, strong position in France;
- Sound financial position and conservative risk monitoring;
- Centralised back office and ICT infrastructure with extensive expertise and experience in securities transactions;
- Flat hierarchical structure with short management lines;
- Independent player with a focus on investing in a broad sense;
- High level of service. Customers value our proactive approach and the speed of service.

Weaknesses

- Heavy dependency on volatile transaction income and a relatively small group of very active customers for online brokerage;
- High fixed cost base (infrastructure);
- Still not enough volume to make optimal use of economies of scale.

Opportunities

- Low interest rates in the money and capital markets offer opportunities for Alex Asset Management;
- Private investors are increasingly choosing to manage their own financial affairs;
- Increasing popularity of passive investing (ETF/ Trackers), offering additional prospects for our subsidiary ThinkCapital;
- Potential for earning additional return on funds entrusted by customers when money and capital market interest rates rise;
- Making use of market potential and developments in online investing technology (trading applications) in Italy.
- 'Online' is the new norm. As a pioneer in the field, BinckBank is well positioned to take a leading role.

Threats

- Declining trading volumes, increasing competition and price pressure for 'selfdirected investing';
- Continuing low levels of interest rates in the money and capital markets;
- Increased risk due to more complex legislation and regulation (costs of internal controls and compliance);
- New competitors in some cases have a faster time-to-market for introducing new services due to less legacy.

BINCKBANK IN A EUROPEAN CONTEXT



Information for shareholders

BinckBank shares are listed on NYSE Euronext Amsterdam and since 1 March 2006 have formed part of the Amsterdam Midkap Index (AMX), with a weight of 1.42% in this index on 31 December 2013 (FY12: 1.55%).

ISIN code: NL0000335578 Reuters: BINCK.AS Bloomberg: BINCK.NA

Options on BinckBank shares have been traded since 21 March 2006. The average number of shares traded daily in 2013 was 310,976 (2012: 229,041). BinckBank shares are currently followed by seven parties whose recommendations to institutional and private investors regarding BinckBank shares are shown below.

Coverage of BinckBank shares*

Company	Analyst	Recommendation	Price target
ING	Albert Ploegh	Buy	€ 9.30
Kempen & Co	Arun Rambocus	Sell	€ 6.10
Kepler Capital Markets	Benoit Petrarque	Sell	€ 6.70
Petercam	Tom van Kempen	Hold	€ 7.70
Rabo Securities	Cor Kluis	Buy	€ 9.25
SNS Securities	Lemer Salah	Hold	€ 7.20
Theodoor Gilissen	Tom Muller	Buy	€ 9.50

^{*} On 6 March 2014

Key figures for BinckBank shares*

	2013	2012	2011	2010
Earnings per share	€ 0.27	€ 0.33	€ 0.46	€ 0.60
Adjusted earnings per share	€ 0.78	€ 0.76	€ 0.88	€ 1.02
Dividend per share**	€ 0.39	€ 0.45	€ 0.44	€ 0.51
Dividend yield in % (based on year-end closing quote)	5.1%	7.2%	5.3%	4.4%
Net asset value	€ 5.79	€ 6.11	€ 6.31	€ 6.30
Year-end share price BinckBank N.V.	€ 7.71	€ 6.22	€ 8.33	€ 11.60
AMX index	629	534	468	639
P/E ratio	9.88	8.18	9.47	11.37

^{*} As at 31 December 2013

^{** 2013} figures are subject to approval of the General Meeting of Shareholders and the statement of no objection ("vvgb") from the Dutch Central Bank (DNB).

Share capital

	2013	2012	2011	2010
Authorised ordinary shares	100,000,000	100,000,000	100,000,000	100,000,000
Issued shares at previous year-end	74,500,000	74,500,000	74,500,000	76,068,928
Number of shares cancelled during the year	-	-	-	1,568,928
Issued shares at year-end	74,500,000	74,500,000	74,500,000	74,500,000
Treasury shares held at year-end	4,383,380	3,151,213	464,117	381,511
Number of priority shares	50	50	50	50
Average number of shares outstanding during the year	70,432,579	72,801,291	74,142,108	74,080,265
Market capitalisation year-end	€ 574,395,000	€ 463,017,500	€ 620,585,000	€ 864,200,000

Share price & volumes

	2013	2012	2011	2010
Opening price	€ 6.28	€ 8.34	€ 11.70	€ 12.51
Highest price	€ 8.30	€ 8.91	€ 13.16	€ 13.66
Lowest price	€ 5.69	€ 4.97	€ 6.80	€ 8.91
Closing price	€ 7.71	€ 6.22	€ 8.33	€ 11.60
Share turnover	79,298,786	58,634,431	64,973,343	86,610,504
Turnover - high	4,318,415	857,520	924,395	4,844,483
Turnover - low	41,544	23,978	53,902	44,598
Average daily turnover	310,976	229,041	252,815	335,700

Investor sentiment improved significantly in 2013 compared to 2012, which led to higher turnover and higher equity prices. Fears of a further escalation of the European debt crisis or the collapse of the European monetary union receded, and the US economy showed signs of a (sustainable) recovery. The US system of central banks (the Fed) has taken the first steps towards "tapering" its accommodative monetary policy of the US economy. Equity markets in Europe and elsewhere made a weak start in early 2013, but picked up through the year. BinckBank had disappointing results in the first quarter, which negatively affected its share price. However, investor sentiment improved in the course of the year and BinckBank's share price recovered. The shares closed the year at € 7.71, 24% higher than the closing price in 2012. The dividend on BinckBank shares amounted to € 0.41, bringing the total shareholder return in 2013 to 29.3%.

BinckBank share movements and volumes



BinckBank shares in 2013

The AMX Index started the year at 534 points and finished at 629 points. The BinckBank share price at the beginning of 2013 was \le 6.23, and it closed the year at \le 7.71.

BinckBank vs. AMX



Share buy-back programme

Between 1 January en 28 June 2013 BinckBank purchased a total of 1,276,753 shares with an average purchase price of € 6.84 and a total value of € 9.1 million. The share buy-back programme was completed according to plan on 28 June 2013.

Dividend policy

BinckBank's articles of association state that – if and to the extent the profit permits – a sum of six percent of the nominal value of the priority shares will be paid on these shares ($50 \times 0.10 \times 6\%$). The Stichting Prioriteit then determines the extent to which the remaining profit will be transferred to reserves. The profit remaining after this addition to the reserves is at the disposal of the General Meeting of Shareholders. This means that the General Meeting may decide with reference to this remaining profit between distribution or addition to the reserves, or a combination of the two. Distribution may, in accordance with the relevant provisions in the articles of association of BinckBank, be made in ordinary shares instead of in cash. In order for profit to be made available to the General Meeting, the company's solvency position must in the opinion of the Stichting Prioriteit be adequate for this purpose. If taking account of this provision a profit can be put at the disposal of the General Meeting, the Stichting Prioriteit will strive to effect a distribution of 50% of the adjusted net profit.

Dividend proposal for 2013

It will be proposed to the shareholders that a total cash dividend of € 0.39 per share should be paid for the 2013 financial year, subject to deduction of 15% dividend tax. An interim cash dividend of € 0.13 per share was already distributed on 30 July 2013, so the final cash dividend proposed will be € 0.26 per share. Subject to prior approval by De Nederlandsche Bank and by the shareholders at the AGM on 22 April 2014, the shares will be quoted ex-dividend on 24 April 2014. Payment of the final dividend will be made on 30 April 2014.

Since the proposed dividend payment for 2013 is higher than the net profit for the 2013 financial year, BinckBank is obliged pursuant to Section 3:96 Wft to apply for a statement of no objection from De Nederlandsche Bank and it must moreover obtain the approval of the General Meeting of Shareholders.

Sustainability of the dividend policy in 2014

The current dividend policy is based on the adjusted net profit. BinckBank distributes 50% of its adjusted net profit as dividend.

The adjusted net profit is the net profit attributable to BinckBank shareholders adjusted for IFRS amortisation of the intangible assets (€ 21.5 million) and the difference between the commercial depreciation and the fiscal depreciation (€ 4.4 million) of the intangible assets acquired and the goodwill paid in the acquisitions of Alex. There was an additional non-recurring adjustment of € 10.0 million in FY13 Q4 relating to the impairment under IFRS to the goodwill paid for the acquisition of Able B.V. (formerly Syntel B.V.) in 2006 (which does not involve any cash outflow). The total adjustment in 2013 came to € 25.9 million plus € 10.0 million in goodwill (Able B.V.).

Adjusted net profit is not an official accountancy measure, but is only used for the determination of the amount of the dividend. If the adjusted net profit is less than \le 51.8 million (2 x \le 25.9 million), the dividend payments under the dividend policy can be higher than the net profit and therefore will entail a withdrawal from the reserves.

The adjusted net profit in 2013 came to € 55.2 million, and the normal dividend for 2013 would therefore be € 27.6 million (50%). If the normal dividend that BinckBank pays for 2013 is compared to the net profit in 2013 (€ 19.2 million), then BinckBank is actually paying 144% (27.6/19.2) of its net profit as dividend, excluding dividend on treasury shares. This entails a withdrawal of € 8.4 million from the free reserves, in the first instance from the other reserves and, to the extent this is not sufficient, subsequently from the share premium reserve. The question this raises is how sustainable will payment of dividend under the current dividend policy be in 2014.

To answer the question of whether under the current dividend policy and with an adjusted net profit of less than € 51.8 million in 2014 a dividend can be paid, one needs to check whether the amount of the other reserves and the share premium reserve would permit payment and whether the banking capital ratios (the BIS and solvency ratios) would not fall below acceptable levels, and whether the profitability of the earnings model (future profitability) still leaves sufficient room for a dividend payment.

The size of the other reserves and the share premium reserve as at 31 December 2013 (€ 59.7 million and € 373.4 million respectively) is adequate to allow a payment of dividend that is higher than the net profit in 2014.

As at December 2013 the BIS ratio and solvency ratio stood at 32% and 26.4% respectively. A withdrawal from the free reserves in 2014 as a result of a dividend payment higher than the net profit for 2014 is not therefore expected necessarily to constitute a direct threat to the adequacy of BinckBank's available Tier I capital (depending on the effect of the stress tests). BinckBank expects its capital buffer to be sufficient to continue its dividend payments for 2014. If profitability in 2014 is not sufficient to pay a dividend in accordance with its dividend policy, BinckBank will be obliged to obtain a statement of no objection from De Nederlandsche Bank pursuant to Section 3:96 Wft in order to make a withdrawal from its reserves, and dividend payments in accordance with policy may in that case become an item of discussion.

BinckBank continually evaluates its dividend policy in the light of BinckBank's financial performance in combination with developments in its capital position, investment plans, acquisition policy and solvency ratios. In the event of permanent negative developments in BinckBank's profitability and/or its liquidity and solvency ratios, the executive board may decide to moderate its dividend policy.

Shareholdings

Pursuant to the Dutch Financial Supervision Act (Wft), the company is aware of seven shareholders with an interest of more than 3% as at 31 December 2013. These are:

- Delta Lloyd N.V. (> 10%)
- Boron Investments N.V. (> 5%)
- Navitas B.V. (> 5%)
- Norges Bank (> 3%)
- Delta Deelnemingenfonds N.V. (> 5%)
- OppenheimerFunds Inc. (> 5%)
- Robeco Institutional Asset Management B.V. (> 3%)

The shareholdings of the members of the executive board of BinckBank at the end of 2013 were as follows:

Koen Beentjes: 42,345 sharesEvert Kooistra: 39,295 shares

• Pieter Aartsen: 47,646 shares

Investor Relations

BinckBank maintains an open information policy for investors and others with a financial or other interest in the company, in order to keep all its stakeholders as fully and promptly informed as possible regarding policy and developments at the company. BinckBank actively seeks a dialogue with its investors. This annual report is one of the means whereby it does this. All other relevant information, such as half-yearly reports, quarterly statements, risk reports and background information is available at www.binck.com.

Members of the executive board and the Investor Relations manager held around 100 meetings during 2013 with (potential) investors from Europe and the United States. Following publication of the first, second and third quarter results and the annual results, BinckBank organises a conference call for analysts and shareholders in which the CEO and the CFRO give an explanation of BinckBank's results. Other interested parties can follow the conference call via the BinckBank corporate website. The material presented will be published together with the press release on www.binck. com. All the results and key figures are available in spreadsheet form and the transcript of the conference call will be available on the corporate website. BinckBank invites analysts to attend an analysts' meeting after publication of its half-yearly report. BinckBank moreover gives journalists the opportunity each quarter to receive an explanation of the results by telephone.

Investor Relations

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Financial calendar 2014



^{*} Dates subject to change





General information

Change in management responsibility

The executive board and the supervisory board discussed the composition of the executive board and the distribution of its responsibilities in 2013. As a result of the departure of the director of Retail at the end of 2012, Mr Koen Beentjes (CEO) also took over responsibility for the management of the business unit Retail in 2013. The chairman of the executive board has thus fulfilled a double function during 2013. Mr Koen Beentjes will transfer responsibility for the business unit Retail to Mr Vincent Germyns with effect from 1 May 2014. Immediately subsequent to the General Meeting of Shareholders on 22 April 2014, Mr Vincent Germyns will be nominated by the supervisory board for appointment as a director of BinckBank under its articles of association. The appointment will be made with effect from the date of the meeting of the supervisory board held immediately after completion of the General Meeting until the end of the Annual General Meeting held in the 2018 calendar year.

Mr Evert-Jan Kooistra transferred his responsibility for the Investor Relations and Legal & Compliance Nederland departments to the chairman Koen Beentjes (CEO) in March 2013. Mr Aartsen will not extend his term of appointment as a director in 2014.

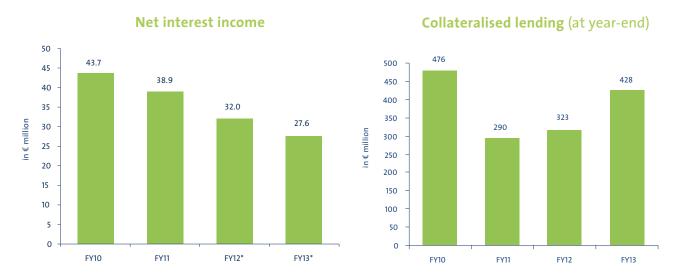
Adjusted net profit in 2013

The adjusted net profit for 2013 came to € 55.2 million, which equates to € 0.78 per share. This is virtually unchanged from the same period in the previous year (FY12: € 55.0 million, or € 0.76 per share). The adjusted net profit per share was up € 0.02 due to a lower average number of outstanding shares as a result of the share buy-back programme that was completed on 28 June 2013.

The adjusted net profit is the net result to be allocated to BinckBank shareholders adjusted for IFRS depreciation and amortisation and the tax saving on the difference between the fiscal and commercial amortisation of the intangible assets and goodwill paid as a result of the acquisition of Alex. There was an additional non-recurring adjustment in FY13 Q4 in relation to the impairment under IFRS to the goodwill paid for the acquisition of Able in 2006 (which does not involve any cash outflow). The annual dividend is determined on the basis of the adjusted net profit. As a result of this adjustment, the impairment to the goodwill will not affect the proposed final dividend.

Net interest income

Net interest income fell in 2013 compared to 2012 by 13% to € 27.6 million (FY12: € 31.9 million). Due to the low level of money and capital markets interest rates, the return on the investment portfolio fell further in 2013, from 1.21% at the end of FY12 to 0.80% at the end of FY13. This lower interest income on the investment portfolio was partially offset because BinckBank further reduced the interest paid on its savings and asset management accounts in 2013. The credit interest payable in 2012 was reduced from 1.75% to 1.00%, and was again reduced in 2013, from 1.00% to 0.65%. In addition, BinckBank received higher interest income from collateralised lending. The collateralised lending to our clients rose 32% in 2013, from € 323 million to € 428 million.



^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

Net fee and commission income

Net fee and commission income came to € 130.5 million in 2013 which is 19% higher than in the previous year (€ 109.2 million). The rise in net fee and commission income was mainly generated by BinckBank's asset management business. Additional income of € 18.6 million (+172%) was generated from this in 2013 in comparison to 2012 (FY13: € 29.4 million, FY12: € 10.8 million). The increase was partly due to assets under management, which rose 112% in 2013 from € 1.0 billion to € 2.1 billion, and also as a result of a significantly higher performance fee payable by our customers (FY13: € 17.2 million, FY12: € 4.1 million).

Alex Asset Management charges a performance fee if customers achieve a positive return on their portfolio and their year-end balance is higher than that at previous year-ends. Alex Asset Management received a performance fee of € 17.2 million in 2013.



^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

Other income

Other income declined 16% in 2013, from € 1.7 million to € 1.4 million.

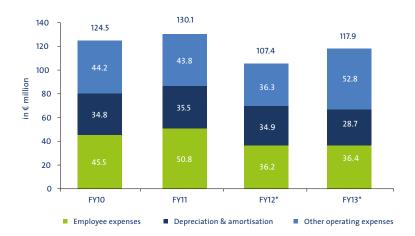
Result from financial instruments

BinckBank's result from financial instruments was more or less nil in 2013.

Total operating expenses

Total operating expenses in 2013 came to € 117.9 million. This is an increase of 10% compared to the previous year (FY12: € 107.4 million). Employee expenses were more or less unchanged compared to 2012 (FY13: € 36.4 million, FY12: € 36.2 million). Depreciation and amortisation fell 18% in 2013 to € 28.8 million (FY12: € 35 million). The decline was due to a lower amortisation expense on the identified intangible assets arising from the acquisition of Alex Beleggersbank. The items "Brand" and "Software" were amortised over five years, leading to a carrying amount of nil at year-end 2012. The items "Customer deposits" and "Customer relations" are amortised on a straight-line basis over 10 years, which in practice means that in the coming 4 years (until year-end 2017) a further € 21.5 million will be amortised on the acquisition of Alex Beleggersbank each year (€ 5.4 million per quarter). Other operating expenses rose sharply by 46%, from € 36.3 million in 2012 to € 52.8 million in 2013. The increase was due among other things to higher marketing expenses for the promotion of Alex Asset Management (€ 1.9 million), additional consultancy costs in relation to projects associated with the radically changing and increasingly complex legislation and regulation in the financial sector (€ 2.3 million), additional automation and development costs due to factors including the already mentioned complexity of legislation and regulation and the migration of Retail Belgium to the European base platform (€ 3.2 million), extra non-recurring fees invoiced to BinckBank in connection with the distribution of price information to our clients (€ 3.0 million), additional expenses in connection with provisions raised due to current legal disputes (€ 3.5 million) and finally, the expenses in 2012 were positively affected by a non-recurring VAT benefit of € 2.1 million.

Number of transactions



^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

Result after tax - discontinued operations (FY13 Q4: € -9,463)

In FY13 Q4 BinckBank N.V. announced that in the context of a proposed divestment it would initiate a study of the available options for a sale or collaboration for its non-banking businesses, the BPO and software & licensing operations which operate collectively under the brand Able.

In accordance with IFRS 5, these results will be presented under the item Result after tax (discontinued operations) in the income statement. BinckBank announced that it would restructure its Professional Services activities and software & licensing operations under the new collective name "Able" in early 2013. Since the net sale price cannot be reliably estimated, the recoverable amount is determined on the basis of the value in use of the cash-generating unit, which is calculated on the basis of financial forecasts by the management. Since the recoverable amount has fallen below the carrying amount, in accordance with the provisions of IAS 36 an impairment of the goodwill relating to the activities of Able has been recognised in an amount of € 10.0 million. The impairment has no implications for BinckBank's solvency, since its Tier I core capital is calculated after deduction of goodwill.

Review financial results

x € 1,000	FY13*	FY12*	Δ
Customer figures			
Customer accounts	551,970	518,771	6%
Brokerage accounts	417,966	401,692	4%
Beleggersgiro accounts	2,219	1,015	119%
Asset management accounts	36,602	22,473	63%
Savings accounts	95,183	93,591	2%
Number of transactions	8,164,978	7,769,681	5%
Brokerage accounts	8,122,356	7,739,629	5%
Beleggersgiro accounts	42,622	30,052	42%
Assets under administration	16,124,263	13,383,874	20%
Brokerage accounts	15,629,461	12,885,976	21%
Beleggersgiro accounts	131,719	73,497	79%
Savings accounts	363,083	424,401	-14%
Asset management	2,147,591	1,012,617	112%
Asset management accounts	2,147,591	1,012,617	112%
Income statement			
	27.6.41	31,921	-13%
Net interest income Net fee and commission income	27,641 130,477	,	19%
Other income		109,186	
Result from financial instruments	1,433	1,715	-16%
	32	47	-85% -1700%
Impairment of financial assets	159,590	(2) 142,867	-1700% 12%
Total income from operating activities		-	
Employee expenses	36,405 28,763	36,211 34,970	1% -18%
Depreciation and amortisation			
Other operating expenses	52,768 117,936	36,257	46%
Total operating expenses		107,438	10%
Result from operating activities	41,654	35,429	18%
Tax	(10,790)	(8,359)	29%
Share in results of associates and joint ventures	(2,393)	(3,580)	-33%
Result after tax (continuing activities)	28,471	23,490	21%
Result after tax (discontinued operations)	(9,545)	(110)	8577%
Net result	18,926	23,380	-19%
Result attributable to non-controlling interests	322	720	-55%
Net result attributable to shareholders BinckBank	19,248	24,100	-20%
IFRS amortisation	21,515	28,196	-24%
Fiscal goodwill amortisation	4,407	2,737	61%
Other adjustments to net result	10,047	-	100%
Adjusted net result	55,217	55,033	0%
Average number of shares outstanding during the year	70,432,579	72,801,291	
Adjusted net earnings per share (€)	0.78	0.76	
Cost / income ratio excluding IFRS amortisation	60%	55%	
Balance sheet & capital adequacy			
Balance sheet total	3,209,404	2,997,774	7%
Equity	431,631	455,221	-5%
Total available capital	173,427	160,342	8%
BIS ratio	32.0%	31.1%	
Solvency ratio	26.4%	25.2%	

^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

Business unit Retail

The business unit Retail is subdivided into online brokerage services and savings & investment management (SIM), and serves private investors in the Netherlands, Belgium, France, Italy and Spain. In the Netherlands, services are provided under the brands Alex and Binck. In Belgium, France and Italy, under the Binck brand only. The service provided by the office in Spain consist of the Alex brand, Zelf Beleggen and asset management. Alex Spain focuses mainly on Dutch people living in Spain who speak Dutch. Alex Spain has no customers, since the accounts are held in the Netherlands.

Online brokerage

The business unit Retail offers private investors various different services in the areas of online brokerage and asset accumulation (SIM). Our largest customer group consists of independent investors who use Alex and Binck to execute securities transactions. Since its incorporation, BinckBank has striven to outperform the expectations of investors by providing convenient and affordable access to the financial markets that was formerly available only to professional investors. Our user-friendly website is the result of years of listening to suggestions and complaints from customers and always using the latest technology available. BinckBank now sets the standard for securities services to private investors, with a practical, user-friendly, extensive and fast online trading application at competitive rates and an excellent service. With its related products and services, such as the high-end trading platforms (Pro & 360), mobile applications, online seminars and the Beursvloer chat box, BinckBank adds value for customers in the high-end segment. Beursvloer is a chat box enabling customers to share their experiences and ideas with each other and with professional moderators.

BinckBank continually asks customers to give their opinion of its services. In 2013, BinckBank received a score of 7.9 (2012: 7.5) in our customer satisfaction surveys (on a scale from 1 to 10). BinckBank takes the opinions of its customers very seriously and uses this input to continually improve its services.

Key developments in 2013

The ban on inducements, including distribution fees, has changed the retail landscape for private investors in a way that benefits BinckBank. To ensure that their services continue to be profitable, the large banks are retrieving these costs from investors in other ways. The fee structure has thus become much more transparent, meaning that they are now directly comparable with the rates charged by BinckBank. Consumers who until recently took advice from their bank now have to pay explicit costs which in many cases are unpleasantly high. Both customers wishing to take their own investment decisions and those looking for full discretionary investment management are turning to BinckBank because of our low rates and excellent service.

There have been a number of new players entering the online brokerage market in recent years, with mixed success. BinckBank sees that these competitors are increasingly focusing only on lower rates, meaning that less priority is given to the customer's needs.

The Netherlands

Acquisition of SNS Fundcoach

BinckBank acquired the investment fund supermarket Fundcoach from SNS in November. Fundcoach was part of SNS Bank. The acquisition of Fundcoach is part of BinckBank's response to the changes in the investment fund landscape now that distribution fees will no longer be charged with effect from 1 January 2014. The acquisition increases BinckBank's market share in investment funds and BinckBank will soon have more than € 1 billion in assets under administration in investment funds. BinckBank sees scale as an important precondition for offering a sustainable and varied product range of investment funds and ETF's.

Fundcoach has more than 30,000 customers and its assets held for customers come to over € 600 million. The intention is to complete the acquisition in the second quarter of 2014. The Binck Fundcoach product will be offered to customers as a separate account.

Product renewals

BinckBank made the necessary changes during the year in order to improve its product offering and its provision of information.

In early 2013 BinckBank was the first in Europe to introduce the Social Media Sentiment for shares. Social Media Sentiment gives customers information on what the crowd knows, in other words the opinion of the investing public regarding a particular share. Customers can use this knowledge as the basis for certain investment decisions.

In response to suggestions from customers, the range of instruments was extended in 2013 to include options on German stock indices and US ETF's. These products have hugely increased the range of options on offer and make it possible for BinckBank to trade on the most popular markets.

In 2014 BinckBank will introduce a new mobile investment application that has been developed in collaboration with customers. This application features various new functionalities that BinckBank considers to be useful for its customers. A new release of the Binck360 trading platform is also planned.

These product renewals will mean that BinckBank can retain its customers longer, that they will place a larger proportion of their assets with BinckBank and that they will recommend BinckBank to other investors.

Moreover, BinckBank expects to introduce its first leverage products in 2014. The customers of Alex and Binck trade extensively in leverage products. By becoming an issuer, BinckBank will have more control of the process and will be in a better position to ensure continuity. We will enter into a cooperation agreement with an external party for the risk management and the hedging of market risk.

Improved positioning

Market research shows that Alex and Binck are two of the four strongest brands in the Netherlands among banks, brokers and investment firms. From a commercial viewpoint improved results can be achieved by more clearly differentiating the positioning of these two strong brands.

BinckBank sees potential for improvement in customer perception regarding security and transparency. The marketing campaigns in 2014 will build on the campaigns conducted in the second half of 2013, with more emphasis on security, transparency and convenience.

Belgium

Serious efforts were made in 2013 in order to enable the migration to the European base platform prior to 2014. This platform is more user-friendly than the previous version and offers additional trading options for customers. Technical management has also been improved, and from now on it will be possible to benefit from developments rolled out by BinckBank in other countries.

Activities in connection with internal control and compliance have also been further strengthened so that the increasing amount of legislation and regulation can be properly applied.

The effect of the new platform will become clear in 2014 and there will be regular evaluation of how the new possibilities can be optimally used and promoted. A limited price adjustment that was introduced at the end of 2013 and the improved trading options offered by the new platform should lead to higher income in 2014, while synergy benefits should lead to lower costs.

France

The economic crisis, the effects of which were also visible in 2012, still had a visible effect in early 2013. The negative market sentiment at that time was further damaged by the transaction tax introduced in August 2012 and the capital gains tax introduced in 2013.

After five years of operation in the French market, BinckBank has achieved a number three position in that country among online brokers measured by transaction volume.

BinckBank won awards on several occasions for its high-quality service and competitive pricing in 2013. In addition to winning the "Label Excellent 2014" awarded by the magazine "Les Dossiers de l'Epargne", BinckBank won the Client Service 2014 award in the third quarter of 2013. This is an important award in the field of customer service that is given by the French organisation Viséo Conseil.

Italy

BinckBank Italy has now completed its first full year of operation. The financial transaction tax was introduced during 2013, for shares on 1 March 2013 and for derivatives on 1 September 2013. Despite the introduction of the FTT, which has reduced the market size for retail investors by around 10%, Italy remains the largest online investment market in Europe.

Competition in Italy between local players is intense. This intense competition, and the transaction volume executed each year (approximately 40 million transactions), have led to this market featuring the best quality service and the widest product offering in Europe. In technological terms, the market in Italy is leading for BinckBank's product development.

Despite the gap between BinckBank's product offering and the offerings of the various local players, BinckBank has managed to establish a niche for itself in this competitive market. Various projects are planned for 2014 to close this gap in the product offering. These projects will bring BinckBank's offering to the same level as that of the competition, which will strengthen our online position in the Italian market.

BinckBank succeeded in attracting a small number of customers in 2013. These customers are far more active than those served by our other branches. The average Italian customer portfolio is € 80,000, and Italian customers execute on average 100 transactions per year.

Like Alex and Binck in the Netherlands, Italy is connected to the European base platform. This means that any new service developed for Italian investors will also be available to customers in the Netherlands and Belgium, and vice versa.

Savings & Investment Management (SIM)

Alex Asset Management reached the milestone of € 2 billion in assets under management in 2013, a significant achievement given that its total assets under management stood at € 1 billion at the end of 2012. The 112% growth in assets under management in 2013 was largely due to a net inflow of funds of € 923 million. This led to a large increase in revenue at Alex Asset Management in 2013 and will continue to contribute to revenue in future years.

A start was made on the repositioning of the Alex brand in 2012 and building the Savings & Investment Management department. Progress on various fronts since then, in addition to increased assets under management, has formed a solid base for the further development of this business in the future.

Organisation

The SIM team was strengthened in various ways in 2013. An investment management & development team has been formed to optimise and expand the Alex investment management policy and its supporting systems. In addition, the business management & development team has strengthened the project & programme management capacity of SIM. Investments were also made in sales, relationship management & mid-office teams in 2013, both by taking on people with various expertise and skills and offering training to existing staff. All relationship managers have taken the investment adviser training and have attained DSI (Dutch Securities Institute) registration.

Product

An important change was made to the algorithm of Alex portfolio management in 2013 in order to use the available liquidity in the market more effectively. Liquidity will continue to be an item of attention in 2014, until the expansion of the investment universe to include US equities is complete. The European equity universe was expanded by more than 10% in 2013 by adding stocks in the markets in which Alex already invests. Lastly, both the customer website and the lead website of Alex Sparen and Asset Management were successfully renewed in 2013.

Customer feedback is very positive, and lead conversion has risen as a result. One of the changes concerns greater transparency of information for leads and customers with respect to the risks of the products.

Compliance

A new customer intake tool was successfully implemented in November 2013. Customers of Alex Asset Management will answer a dynamic questionnaire from now on, in which their natural risk tolerance will be established as well as their financial goals and current situation. A new Monte Carlo simulation tool has been implemented to calculate expected portfolio results and ultimately to recommend the right investment plan to each customer.

Investment policy

For defensive asset management customers, 50% of their capital is invested in the Think AAA-AA Government Bond UCITS ETF. The accommodative monetary policy of the central banks will keep interest rates at the short end of the yield curve low for the time being; the ECB has announced that it will keep rates low, in any case until 2015. This does not alter the fact that capital market interest rates may well anticipate a tightening of monetary policy. This became clear in June 2013, when the Fed announced its 'tapering' of monetary easing and higher rates ensued. Alex Asset Management is however well positioned with its Think AAA-AA Government Bond UCITS ETF, since the duration currently stands at 2.89. A 1% rise in interest rates would lead to a price decline of approximately 3%. Although such a decline is acceptable from a risk perspective, we are studying whether an alternative policy could generate a better return at a risk that is acceptable for defensive profile customers.

BinckBank versus peers in Europe

	BinckBank*	Bourso- rama*	ComDirect**	Swissquote**	Avanza**	Nordnet**	Keytrade**	IW Bank**	Fineco**
Home market	Nether- lands	France	Germany	Switzerland	Sweden	Sweden	Belgium	Italy	Italy
Other markets	Belgium, France, Italy	UK, Spain, Germany	NA	Dubai, Malta	NA	Norway, Denmark and Finland	Luxembourg and Switzerland	France, Spain, Germany, Austria, Belgium, Luxem- bourg, and UK	NA
Market capitalisation	€ 564.4	€ 438	€ 1114.2	€ 343.91	€ 429.5	€ 342.6	NA	NA	NA
Number of accounts	528,711	465,000	806,417	201,582	238,400	444,311	166,771	126,600	661,389
Income from operating activities	€ 159.6	€ 201.5	€ 313.8	€ 97.1	€ 64.6	€ 111.1	€ 48.0	€ 74.5	€ 409.8
Operating expenses	€ 117.9	€ 137.6	€ 236.7	€ 64.6	€ 40.0	€ 75.3	€ 24.8	€ 55.4	€ 186.5
(Adjusted) net profit	€ 55.2	€ 40.2	€ 73.0	€ 18.8	€ 18.4	€ 26.1	€ 16.9	€ 11.6	€ 220.5
(Adjusted) net profit per share	€ 0.78	€ 0.45	€ 0.52	€ 1.30	€ 0.64	€ 0.12	NA	NA	NA
Cost/income ratio	60%	68%	71%	75%	64%	71%	53%	69%	46%

^{*} Data as of 31 December 2013

^{**} Data as of 31 December 2012

Results business unit Retail 2013

x € 1,000	FY13	FY12	Δ
Customer figures			
Customer accounts	528,711	498,710	6%
Brokerage accounts	396,926	382,646	4%
The Netherlands	289,668	279,189	4%
Belgium	56,721	58,114	-2%
France	47,839	44,090	9%
Italy	2,698	1,253	115%
Asset management accounts	36,602	22,473	63%
Savings accounts	95,183	93,591	2%
Number of transactions	7,484,091	7,149,267	5%
The Netherlands	5,261,490	4,940,443	6%
Belgium	786,181	806,762	-3%
France	1,233,190	1,375,781	-10%
Italy	203,230	26,281	673%
Assets under administration	10,809,647	8,778,514	23%
Brokerage accounts	10,446,564	8,354,113	25%
The Netherlands	7,913,625	6,366,651	24%
Belgium	1,669,331	1,397,047	19%
France	626,975	512,117	22%
Italy	236,633	78,298	202%
Savings accounts	363,083	424,401	-14%
Asset management	2,147,591	1,012,617	112%
Asset management accounts	2,147,591	1,012,617	112%
Income statement			
Net interest income	24,368	27,701	-12%
Net fee and commission income	115,231	97,245	18%
Net fee and commission income (transaction related)	73,982	73,012	1%
The Netherlands	59,349	59,195	0%
Belgium	7,520	6,708	12%
France	6,534	6,972	-6%
Italy	579	137	323%
Asset management fees	29,385	10,768	173%
Net fee and commission income (other)	11,864	13,465	-12%
Other income	1,072	1,659	-35%
Result from financial instruments	-,572	-,055	3370
Impairment of financial assets	37	(1)	-3800%
Total income from operating activities	140,708	126,604	11%
Employee expenses	30,008	32,436	-7%
Depreciation and amortisation	26,643	33,824	-21%
Other operating expenses	43,114	32,775	32%
Total operating expenses	99,765	99,035	1%
Result from operating activities	40,943	27,569	49%

Business unit Professional Services

BinckBank started providing services to professional parties, alongside its service to private investors, in 2003. As a partner for professional parties, Professional Services provides solutions in relation to market investing, fund investing and savings. Professional Services operates in various market segments, and provides services to investment managers, banks, insurance companies and pension administrators with its Business Process Outsourcing (BPO) service and software development in both the Netherlands and Belgium. Professional Services serves a total of more than 100 independent asset managers, for whom it acts as a broker and a custody bank, and became the market leader in this segment in the Netherlands in 2012. With its six BPO mandates, Professional Services is also the market leader in BPO services in the Netherlands.

On 23 January 2013 Binck combined the forces of Professional Services and its 100%-owned subsidiary Syntel, and these units continued under the name of Able. The activities of software supplier Syntel and the BPO and other activities of Binck Professional Services were to be gradually combined in organisational and legal respects in 2013.

In its press release of 11 November 2013, BinckBank announced that it will concentrate more on its core business, and that in the context of a proposed divestment it had started to study the available options for a sale or collaboration for its non-banking operations (the BPO and software & licensing businesses). With this proposed divestment, BinckBank is prioritising an accelerated realisation of its retail strategy for its (European) online brokerage and asset management services.

Able is the market leader in the Netherlands in these non-banking activities for which additional investment is needed in order to achieve a substantial positive result. A possible sale or collaboration with other parties will provide a better base for Able's non-banking activities in order to realise the potential that this BinckBank business unit (Professional Services) has created. The management of Able supports the study and views a take-over or joint venture with other parties in a positive light.

The study is proceeding according to plan and BinckBank expects to complete it in 2014.

Services to independent investment managers via BinckBank

The services provided by Professional Services to independent investment managers and their retail and other customers do not form a part of the study. The services provided to independent asset managers will remain at BinckBank and the focus on this business has been further increased. The priority here will be the further professionalisation and optimisation of the services to these independent asset managers. Customers of independent asset managers open a tripartite account with BinckBank and authorise the asset manager to invest for their account. The asset manager manages the portfolio according to the mandate and risk profile agreed with the customer. The asset manager's customers thus always have full access to their portfolios. A specialist team on the broking desk supports our professional customers in the field of order execution. Customers can trade in securities around the world, as through its custody bank BinckBank uses global brokers.

Financial results business unit Professional Services in 2013

x € 1,000	FY13*	FY12*	Δ
Customer figures			
Customer accounts	23,259	20,061	16%
Brokerage accounts	21,040	19,046	10%
Beleggersgiro accounts	2,219	1,015	119%
Number of transactions	680,887	620,414	10%
Brokerage accounts	638,265	590,362	8%
Beleggersgiro accounts	42,622	30,052	42%
Assets under administration	5,314,616	4,605,360	15%
Brokerage accounts	5,182,897	4,531,863	14%
Beleggersgiro accounts	131,719	73,497	79%
Income statement			
Net interest income	3,267	4,220	-23%
Net fee and commission income	14,476	11,777	23%
Other income	5	14	-64%
Result from financial instruments	-	-	
Impairment of financial assets	(5)	(1)	400%
Total income from operating activities	17,743	16,010	11%
Employee expenses	3,683	3,408	8%
Depreciation and amortisation	1,664	1,146	45%
Other operating expenses	7,922	4,945	60%
Total operating expenses	13,269	9,499	40%
Result from operating activities	4,474	6,511	-31%

^{*} BinckBank has classified the BPO and software & licensing activities as "discontinued". The comparative figures for the income statement for 2012 have been adjusted in accordance with IFRS 5.

Transaction volume rose 10% in 2013 compared to 2012, to 680,887 (FY12: 620,414). The total number of accounts increased 16% in 2013 compared to 2012, from 20,061 to 23,259. Assets under administration rose 15% compared to 2012 to € 5.3 billion (FY12: € 4.6 billion).

Developments in legislation and regulation

Parties in the financial sector are facing a wide range of applicable legislation and regulation. European legislation and regulation will require much attention in the next few years. The European Commission strongly favours maximum harmonisation of European legislation and regulation. This is in the interest of the financial sector, since it contributes to a level playing field for all market parties. A brief overview of national and international developments relevant to BinckBank is given below.

Deposit guarantee scheme (DGS)

The Dutch DGS guarantees deposits (including savings and money in current accounts) of private persons and small companies at banks up to a maximum of € 100,000 per depositor per bank. The DGS pays out if the customers can no longer access their funds as a result of a bank's insolvency. Currently the DGS is funded ex post, or after the fact. Banks only pay when a claim on the system is made, i.e. when it is established that a bank is insolvent. The new DGS will be funded ex ante, with differentiation of risk in the contributions. Banks will periodically pay a risk-differentiated contribution into the fund. The fund will be used when a claim on the DGS is made. If there is a shortfall, further contributions will be required. The new DGS is expected to take effect in July 2015.

Financial Markets (Amendment) Act 2013

The Financial Markets (Amendment) Act 2013 contains some substantive amendments as well as technical, non-substantive changes to the Financial Supervision Act (Wft), the Financial Supervision (Funding) Act, the Financial Markets (BES (Bonaire, St. Eustatius and Saba) Islands) Act and certain other Acts. This bill is part of a periodical amendment cycle, and is based on the principle that it will incorporate all national legislation and regulation with regard to the financial markets apart from the implementation of European regulations, which in principle will be implemented in separate processes. Among other things, the Financial Markets (Amendment) Act 2013 introduces the so-called 'bankers' oath' for executive and supervisory directors of financial enterprises. The bankers' oath is a legal requirement of the suitability test for executive and supervisory directors. In addition, the supervision of independent arbitration institutions in the financial sector will be tightened, and financial enterprises will be prohibited from investing in companies that produce cluster munitions. Most of the Financial Markets (Amendment) Act 2013 took effect on 1 July 2013.

Financial Markets (Amendment) Act 2014

The Financial Markets (Amendment) Act 2014 was submitted to the Dutch House of Representatives on 15 May 2013. In addition to tightening the requirements relating to the duty of care, the bill includes a principle of obliging banks to hold capital buffers. This will be an extra layer of capital in addition to the required capital that banks always have to hold. The capital buffer works as a shock absorber that will prevent the bank being directly threatened in stress situations. In this case, additional measures will come into effect, for instance that a bank may not distribute dividends. This capital buffer should reduce the chance of bank failures and a financial crisis.

The bill will also introduce direct statutory supervision of settlement firms. These firms provide settlement services for transactions in financial instruments and giro retail payments. Currently we have voluntary supervision and enforcement measures for the supervisor are lacking.

Direct statutory supervision of settlement firms should contribute to increased stability of the financial system.

Financial Markets (Amendment) Act 2015

The bankers' oath has applied to executive and supervisory directors of financial enterprises since 1 January 2013. The oath (or pledge) will also apply to employees in contact with customers with effect from 1 January 2015, as well as to employees who can materially affect the risk profile of the financial enterprise, such as securities traders. The Minister of Finance has included this in the Financial Markets (Amendment) Act 2015, which is now subject to consultation. The draft bill also includes provisions for banks to actively inform consumers regarding the Deposit Guarantee Scheme, which reflects an important recommendation by the parliamentary investigative committee De Wit. A further element in the draft bill is the expansion of the suitability and reliability test. Executive and supervisory directors of financial enterprises are currently already vetted by De Nederlandsche Bank. In future this will also apply to employees with responsibility for transactions involving large financial risks. The government contribution to the funding of supervision of the financial markets will also cease. These costs will be paid fully by institutions falling under the supervision of DNB and the AFM as from 1 January 2015.

Ban on inducements in the Netherlands

The ban on inducements for all investment services will include distribution fees with effect from 1 January 2014. From this date, investment firms may no longer receive fees from 'product suppliers' and 'fund providers' and will have to charge the costs they incur directly to customers. This puts the priority on the customer and not on the amount of the fee. Providers of investment services are obliged to ensure that they no longer receive fees from fund providers. This means that all banks, investment advisers and investment managers offering investment funds with distribution fees will have to change to funds without distribution fees. Under the transitional arrangement, banks, investment advisers and investment managers may receive fees from funds until 1 January 2015, however they must pass the fee on to their customers in full. The transitional arrangement therefore only applies to the fees from funds (distribution fees). Receipt of return commissions (payments received for the execution of transactions on the stock exchange) is however prohibited from 1 January 2014. The rules applying to referral fees also change with effect from 1 January 2014.

Capital Requirements (CRD IV/CRR)

The European Council adopted new capital requirements regulations on 20 June 2013. CRD IV/CRR introduces new European rules for banks and investment firms with respect to prudential requirements and also includes implementation of the Basel III agreement in European legislation and regulation. CRD IV/CRR also sets a bonus cap of 100% of remuneration at credit institutions and investment firms and 200% in the event that the shareholders approve. CRD IV/CRR took effect on 1 January 2014.

European Market Infrastructure Regulation (EMIR) and CSD Regulation

The EMIR regulation and the CSD regulation introduce tighter supervision of trading infrastructure, over-the-counter trading (OTC) and the derivatives markets. There will thus be harmonised supervision of the European market for the settlement of securities transactions. The introduction of EMIR will make the central clearing of standard derivatives contracts compulsory. The post-trading infrastructure will also be strengthened with harmonisation and expansion of the rules for central counterparties (CCPs). Data on transactions in OTC derivatives contracts will also have to be reported to trade repositories. The rules will contribute to transparency regarding risk and reduced interdependence between parties. EMIR came into effect in 2013 in phases.

Harmonisation of supervisory requirements is also a central theme for a regulation dealing with Central Securities Depositories, or CSDs that is expected to take effect in 2015. At that time, the entire chain of trading (MiFID), clearing (EMIR) and settlement (CSD) will be subject to European regulation.

Anti-Money Laundering and Anti-Terrorist Financing Act

A number of amendments to the Anti-Money Laundering and Anti-Terrorist Financing Act (the 'Wwft') took effect as of 1 January 2013, most of which concern clarification and tightening of the provisions relating to customer screening. One new requirement is that the institution must now check if not only the customer but also the ultimate beneficiary is a politically exposed person, or PEP. A further new requirement is that PEPs living in the Netherlands who are not Dutch nationals must be subjected to more extensive customer screening. The Wwft also now explicitly requires institutions to devote attention to unusual transaction patterns and transactions which by their nature involve higher risk. Furthermore, institutions will have to take measures to mitigate risks associated with the use of new technologies. Finally, the time allowed for the reporting unusual transactions has been changed to 'immediate'. BinckBank has already made the necessary changes to its customer screening and monitoring systems.

Susidiairies, joint ventures and assosiates



BeFrank is a Premium Pension Institution (PPI) and a 50/50 joint venture between BinckBank and Delta Lloyd in the field of collective pensions. A PPI is a pension administrator (in addition to insurance companies and pension funds) that administers pension schemes and accrued pension capital, but does not bear the insurance risk.

The PPI is designed for the administration of collective defined contribution schemes as the second pillar alongside the state retirement pension (AOW). A characteristic of defined contribution schemes with individual freedom of choice regarding investment is that the future pension benefit partly depends on the result of the investment choices made. The PPI will provide an excellent opportunity for administering pensions on a cross-border basis in the near future. For companies with a presence in several countries, this offers the option of centralising and optimising their pension administration and thus reducing costs.

BeFrank was the first PPI in the Netherlands and combines the online strength of BinckBank with the pension expertise of Delta Lloyd. The result is a fresh, new pension administrator in the Dutch market. BeFrank offers an easy-to-understand pension accrual at low cost. The incorporation of BeFrank is part of BinckBank's strategy to generate more of its income from asset accumulation and thereby become less dependent on transaction-related income.

BeFrank produced a good commercial performance in 2013. Competition is still intense, since there are now nine active and licensed PPIs. BeFrank acquired the portfolio of the Goudse PPI in 2013. A total of more than 200 employers with collectively more than 25,000 employees have now chosen BeFrank.

BeFrank has again obtained ISAE-3402 type II certification in March 2013. This shows that BeFrank is a capable pension administrator and that its internal processes are of high quality.

Further information on BeFrank is available at www.befrank.nl



TOM is a cooperation between Optiver, IMC, ABN AMRO Clearing Bank, Nasdaq OMX and BinckBank, that came into being on 23 June 2009 after the obtaining of a licence from the AFM. BinckBank's interest as at 31 December 2013 was 25.7%. TOM Holding N.V. has two subsidiary companies, TOM Broker B.V. that provides a best-execution service to affiliated parties and TOM B.V., which has a licence to operate as a multilateral trading facility (MTF

or market) on which equities, options and futures are traded.

Equity orders from BinckBank's customers in the Netherlands, Belgium and France have been routed to TOM MTF since 2010. Most of the equity options classes in Amsterdam were moved to TOM MTF in phases in 2012. The remaining equity options classes in Amsterdam and the major Amsterdam index options classes were transferred to TOM MTF in early 2013. The transfer of BinckBank's trading from the Euronext markets to TOM MTF generates significant savings on exchange fees for BinckBank, while its customers now enjoy best execution for equities and derivatives orders (uniquely in Europe), and BinckBank is compliant with the European MiFID regulation.

TOM is working hard on connecting more banks to its Smart Order Router. It is expected that the second retail bank will be added to TOM in 2014.

Further information on TOM is available at www.tomgroup.eu.



Since 9 November 2010, BinckBank has had a 60% interest in ThinkCapital, a Dutch issuer of Exchange Trusted Funds. The interest in ThinkCapital is part of BinckBank's strategy to generate more of its income from asset accumulation and thereby become less dependent on transaction-related income.

As a result of new legislation and regulation originating from the European supervisor ESMA and adopted by the AFM, ThinkCapital has had to change the names of its products. The product category of 'tracker' has been replaced by 'UCITS ETF'. The AFM has decided that every tracker fund launched after 18 February 2013 that meets the strictest UCITS requirements must from now on bear the name of "UCITS ETF" (Undertakings for Collective Investment in Transferable Securities Exchange Traded Funds). The structure of the products is not affected.

The increased growth and the associated possibilities for expansion have led to ThinkCapital's decision to put more emphasis on its product names, under which the products will also be offered by the various banks. This is the reason for deciding to present the products as Think ETF's instead of under the company name of ThinkCapital.

Interest in passive investing among private investors is growing rapidly, alongside interest from the market regulators and the Dutch Investors' Association (VEB). The regulators see the benefits for the customer of a more balanced relationship between actively and passively managed investment products. The supervisor and politicians in the Netherlands have reinforced this perception with the ban on inducements introduced on 1 January 2014. This is expected to lead to a level playing field in which passive management will feature much more frequently in the portfolios of retail investors. BinckBank devotes extensive attention to education in order to provide better information to private investors on ETF's and everything related thereto. This led to the creation of the ETF Academy in 2013.

The VEB, as an independent interest group, has given two awards to Think ETF's, the Silver VEB Investment Funds Award for the Think AMX UCITS ETF in 2010 and the VEB Investment Funds Award for the Think AEX UCITS ETF in November 2012. In 2011 Think ETF's won the Gouden Stier award for "Investment product of the year" for its Think Global Equity UCITS ETF. A second Gouden Stier award was also won in October 2013, this time for "Best Index Investor". The Think Global Equity UCITS ETF was chosen by a professional jury as Financial Product of the Year on 19 December 2013.

Think ETF's also focus on index investing for the institutional market for passive asset management. The current offering consists of 11 ETF's designed to suit the Dutch market. One advantage Think ETF's have over foreign providers of trackers is that Think ETF's have a Dutch legal structure and qualify for FBI (Fiscal Investment Institution) status. This allows Think ETF's, unlike the foreign providers, to distribute dividends efficiently to investors. Under the various tax treaties, this tax efficiency can be applied to equities in the various treaty countries and investors from a number of treaty countries can thus also benefit.

Think ETF's are constructed using physical replication, whereby an index is replicated so that the stocks in the index are held by the fund. Some competitors use synthetic replication, or if they use physical replication, they lend the underlying securities to third parties. These constructions however involve additional risk in the form of counterparty risk. Think ETF's takes the view that this does not serve the investor's best interest, as the ETF's then become vague and complex.

Further information on Think ETF's is available at www.thinketfs.nl.

Human Resources

Developments in 2013

The Human Resources (HR) department is focusing increasingly on online applications for the supporting units. This will enable further simplification of administrative processes, which fits well with the character of BinckBank and its current and future staff. HR made a start on adjusting its systems in 2013, as well as devoting much attention to remuneration, conduct, culture and ethics within the BinckBank organisation. These elements are important for maintaining an ethical organisation. In the coming years, HR will continue to devote much attention to the development and promotion of talented employees and IT talent in particular, given the rapidly changing motivation of young people and the factors that drive them. Being and continuing to be an attractive employer will become increasingly important in the future because real talent, especially in the field of IT, will become increasingly scarce.

Number of FTE per country



Recruitment and selection

BinckBank hired a total of 182 employees in 2013. The distribution between our offices and business units was as follows: 142 employees at BinckBank Netherlands, 11 employees at BinckBank Belgium, 13 employees at BinckBank France, 4 employees at BinckBank Italy, 9 employees at Able B.V. and 3 employees at ThinkCapital. The "Working at Binck" website is effective, partly due to the improvement in how our vacancies can be found digitally, and ultimately our recruitment effectivity has reached approximately 90%. Further optimisation of our systems and applications enables analysis of where targeted banner actions can be deployed in order to increase the quality of the job applicants. HR took over full responsibility for recruitment for Able in 2013, in addition to recruitment for BinckBank and ThinkCapital. All these businesses and branches now recruit through the "Working at Binck" website, which features the various logos and languages involved. Recruitment technology is developing rapidly and it is thus essential to continue following developments closely and to adjust our recruitment policy as needed. Recruitment is expected to

become increasingly targeted through the application of new techniques. With the introduction of new assessment techniques in 2013 we have made a start on the thorough testing of the competences, ability, attitude and conduct of job applicants at manager and specialist level. All new employees will be subjected to such an assessment prior to engagement in 2014.

Employee satisfaction survey

An employee satisfaction survey was conducted at the end of 2012. Generally, the scores of BinckBank employees were no different to those of employees within the benchmark. In 2013 employees and the departmental managers collaborated in workshops held on the results of the employee satisfaction survey. Many of the recommendations have since been adopted. The employee satisfaction survey will be repeated at the end of 2014.

Training and development

More than 400 courses and training programmes (for both groups and individuals) were purchased by HR in 2013, and approximately € 635,000 was spent on employee development. A "BinckBank IT class" was completed in 2013 and two groups of managers and team leaders took an management development course.

After taking the "BinckBank IT class", six employees were taken on as Junior Testers by the ICT Retail department last year. The "BinckBank ICT class" is an initiative whereby people who want to work in ICT can take a 4-month course, which enables them to obtain a preliminary qualification. After qualification, we offer them an employment contract with the possibility of further training in various areas of ICT. All six participants in 2013 successfully completed the course and were taken on in the follow-up stage.

An online training module called Drillster was purchased in 2013. this module facilitates the transfer of practical knowledge through repetition. Online courses on compliance and security awareness were held in 2013. The content of the courses is provided by the department looking to transfer its practical knowledge.

Blended learning programmes were compiled for development in the areas of compliance, security awareness and ethics in 2013. Blended learning is a combination of online learning and a programme based on direct contact (for example through workshops and games) with employees. This combination of online transfer of practical knowledge and training through direct contact with employees increases awareness and keeps knowledge up to date. The courses are given by members of the executive board in order to emphasise the importance of training in the field of ethics and compliance and to increase involvement. These courses and workshops will be repeated on an annual basis. The results of the courses taken will also be included in the individual employee assessments.

Talent development and trainees

Each year an analysis is carried out to identify our most talented employees. The idea is to establish whether there is potential for assigning employees, who are ready to take the next career step or to take on additional duties, to vacancies or projects that could contribute to their further development. A total of 54 employees moved to a new position within BinckBank in 2013.

The advantage of promoting employees to different internal positions for BinckBank is that we can retain talented employees for longer and that their knowledge and experience remains within the company. Employees can further develop and grow in various areas. Two trainees from the 2-year trainee programme started in 2011 moved to a position within the organisation in 2013. No new trainees were taken on in 2013. The programme was no longer satisfactory in terms of content and the quality of the trainees emerging from the programme did not meet the expectations of senior management in all cases.

There was a review in 2013 to establish whether the in-house talent in each department and across the organisation as a whole was adequate to provide for successors to the current management and our specialists in the future. Where this is not the case, action will be taken in the form of recruitment or development. Talented individuals will be involved in the development of a new programme in 2014. Interviews will be held to identify what drivers motivate these talented individuals, what these employees need, what are the reasons for staying at BinckBank and what are the reasons that could make them decide to leave.

The review should establish whether the specific wishes of talented people can be met and whether this information can be used to design a new programme.

Absenteeism

Absenteeism was relatively low at BinckBank in 2013, at 2.82%. This represents a slight improvement compared to 2012 (2.9%).

Legislation

Like other financial institutions, BinckBank is subject to the 2011 Regulation for a Controlled Remuneration Policy in the Wft ("the Regulation"). The remuneration policy of BinckBank N.V. was established in accordance with the Regulation in 2012, and the implementation and structure of this policy was completed in the same year. The remuneration committee, consisting of two members of the supervisory board, has been appointed. The remuneration committee advises the supervisory board with respect to its responsibility to supervise the establishment and implementation of the remuneration policy. The remuneration committee receives information and advice from the control staff. These are the manager of Risk Management, the Compliance manager and the HR manager. The remuneration committee met on four occasions in 2013. Preparations for the changes that will take place in 2014 were made in 2013. The remuneration policy will be amended in 2014.

Soft controls

Soft controls were developed in 2013, and will be introduced in January 2014. Soft controls are management and control measures designed to measure desirable and ethical conduct by employees and management and to make improvements if necessary or desirable.

Consultation with the works council

The executive board had constructive meetings with the BinckBank works council during 2013. The issues discussed during the meetings with the works council included the changes at Able and Professional Services and the results of the employee satisfaction survey. Various requests for approval in relation to changes to the BinckBank conditions of employment were also submitted to the works council.



EDUCATIE BIJ BINCK

Volg een of meerdere webinar word een betere belegger CATIE BIJ!

In 2014 start Binck met een nieuw educatieprogram
Met als doel om zowel beginnende als gevorderde
nog beter te laten beleggen. Zo leert u successo
portefeuillemanagement en uw in- en uitstape
bepalen. Meer kennis betaalt zich altijd terug
snel op voor één of meerdere onderstaande

Corporate social responsibility

Integrated approach putting the customer first

The principle of thinking and acting in the customer's interest is a basic element in BinckBank's DNA. Since everything that we are and do depends on our customers, we see our customers as our most important stakeholders. This is shown by the way in which we offer our services to customers, with a low threshold in a comprehensible way and a user-friendly website that provides private investors with the same resources as those available to professional investors. BinckBank also sees significant value in offering financial education to both customers and non-customers, and therefore we offer these educational facilities free of charge. In the first place to our customers by means of webinars, tutorials and knowledge tests in the form of a financial 'driving licence'. Non-customers can, for example, access YouTube for videos on investing. This is part of how BinckBank fulfils its duty of care. In the longer-term, BinckBank is convinced that education leads to better investment decisions and that this forms a sound basis for a sustainable customer relationship. Drawing attention to socially responsible investing is also a priority. BinckBank promotes this theme and actively strives to reduce the current scepticism among investors with respect to SRI.

Our policy and our activities around the theme of corporate social responsibility (CSR) are not limited to achieving the most sustainable business structure possible. BinckBank especially considers social aspects when developing its products and services and distributing its investment products.

The dimensions of our CSR policy are set out in our policy document, which is available on BinckBank's corporate website. We have divided the description of our activities in this context in 2013 into the following clusters:

- Financial services, including integration of CSR targets in our products and services and the promotion of SRI;
- · Social involvement, including involvement in social activities and an orientation towards stakeholders; and
- Business conduct, including HR policy and environmental policy.

Financial services

BinckBank strives to provide a service to private investors that provides them with the same facilities as professional investors. Besides information and tools, education of investors is an important element. BinckBank thus offers investor training courses that are free of charge. This is an active way of fulfilling our duty of care to our customers.

BinckBank believes that sustainable investing is an important area of attention. The activities carried out in this context in 2013 are described below.

- BinckBank carries a wide range of sustainable investment funds. BinckBank supports the Sustainable Investing Week
 under the direction of the VBDO. In addition to promotion in the form of substantive information in articles and a
 webinar with Morningstar, BinckBank did not charge any transaction costs for sustainable funds during October 2013.
- Think ETF's introduced a sustainable ETF on 28 May, which raised inflow of € 37.2 million.
- Alex Asset Management exclusion policy: In collaboration with Sustainalytics, Alex screens the universe of the 500 stocks in which the model invests on a quarterly basis. By means of this screening, Alex intends to avoid investing in companies that contravene the principles of the UN Global Compact. Moreover, Alex Asset Management does not invest in companies involved in the weapons trade. The result of the screening by Sustainalytics for Alex Asset Management led to two companies being excluded as potential investments. Alex Asset Management moreover did not have positions in these two companies.

Permanent and free education through investment courses

BinckBank provides interactive educational sessions by means of webinars to its customers in the Netherlands, Belgium and France.

These webinars attract around 25,000 participants each year. Video tutorials are also held that are available to all investors, whether they are customers or not. Furthermore, specialist master classes and coaching sessions are organised for smaller groups of investors. The Beursvloer chat box has also been developed for active customers in the Netherlands, enabling customers to discuss investment constructions and strategies with each other. Besides explanations of market developments by these experts, investors can also consult with each other as to whether they have missed certain risks.

Financial driving licence

In addition to financial education, BinckBank provides a financial driving licence. This is a test customers can use to measure the extent to which their knowledge of investing with their instruments of choice is adequate. There are two variants: one for complex investments and one for simple investment products.

If BinckBank has not been able to establish whether an investor has sufficient knowledge, the investor will receive a warning prior to every transaction. Customers can only prevent this message appearing by successfully passing the financial driving test and obtaining the licence. They have no other means of deactivating this function. Customers are informed as to how they can increase their knowledge, for example by following webinars, in order to obtain their financial driving licence.

Dialogue with customers and customer satisfaction

BinckBank attaches much value to its continuous dialogue with customers, part of which concerns listening closely to the various needs of investors. This helps BinckBank to classify its customer groups more accurately, so that it can design its products and services with the needs of its various investors in mind. Various channels and sources are used for the substance of this dialogue, including:

Customer panels and surveys

Our employees are regularly involved in discussions with a customer panel. These sessions are held both periodically and on an ad hoc basis. The latter for instance might concern a test panel for new applications, such as the use of the new mobile applications or a new website. The regular surveys cover all aspects of our services, with diverse subjects including user-friendliness, product development, issues affecting investors, customer service but also brand experience.

Customer satisfaction survey

Customer satisfaction surveys are carried out on a quarterly basis, using a different customer group each time. This means that every customer has the opportunity to give us feedback on his experience of our services at least once a year. The findings of these surveys count towards the achievement of the targets for the executive board. The target score is 8. In 2013 the score for customer satisfaction was 7.9 (on a scale of 1 to 10).

Contacts with customer service

By far the most customer contacts occur through customer service. The customer service department in the Netherlands deals with 150,000 phone calls and around 75,000 e-mails each year. Response to questions through social media, known as web care, was officially added this year. We have invested in software that monitors sentiment with respect to BinckBank in the social media and also identifies questions and comments, which are passed on to one of our employees to be dealt with. Our customer service employees go through a strict selection procedure and an intensive training and guidance process. Once they join the customer service team, they have the authority to be able to compensate customers. This approach means that our customer service department is able to answer and resolve issues during the first contact in more than 90 per cent of cases and forms the basis for a good customer service. Customers can also easily contact members of the management, since e-mails appear directly in their mailboxes for response.

Social involvement

Besides the customer contacts mentioned above, BinckBank is regularly in touch with public consumers and investor groups. By entering into a dialogue with these parties BinckBank focuses on the current and future needs and developments with respect to independent capital accumulation.

As part of this social involvement, BinckBank has both regular and unscheduled contacts with the Dutch Investors' Association (VEB) regarding matters of interest to investors. As a member of the VBDO, BinckBank participates in the organisation of events for the promotion of sustainable investing. We are also regularly in contact with the Consumers' Association and the NIBUD.

As part of its social activities, BinckBank has reviewed the field of financial education and decided to support the Geldexamen, and is working on the introduction of the Geldexamen in primary schools in Amsterdam in collaboration with the NIBUD and the municipality of Amsterdam.

Operational management

BinckBank strives to limit its ecological footprint in the form of CO2 emissions and this is taken into account when making operational management decisions. Green electricity is used, and FSC-certified paper is used as far as possible. The data centre is a major user of electricity. For BinckBank, Equinix's leading energy programme was an important consideration in the selection as our data centre. Equinix uses green electricity and is also the first data centre in Europe and the first company in the Netherlands with ISO 50001 certification, the new global standard for energy management. Sustainable technologies provide significant energy savings, so that the customers of Equinix can meaningfully limit their CO2 footprint. It is not possible to specify this per business involved. Equinix has previously obtained ISO 14001 certification (for environmental management) in 2011. The ISO 14001 certification establishes the elements companies need to achieve for an effective environmentally-friendly management system.

Reporting and the GRI

The GRI guidelines stand for the Global Reporting Initiative guidelines. The United Nations has issued these guidelines to assist businesses in their reporting in the area of sustainability. BinckBank does not publish a separate sustainability report, as it has decided to give account of its CSR in its annual report. Comparing the two revealed that there is extensive overlap between the annual report and the GRI guidelines relevant to BinckBank, such as the description of strategy, the section on risk and the HR policy. Furthermore, a large number of GRI indicators defined specifically for financial services providers have little or no relevance in BinckBank's case. For instance, our geographical area of operation concerns countries within the European Union, where human rights, asymmetrical income distribution and other social issues do not arise. BinckBank provides credit to private investors for the purpose of purchasing securities, and thus does not have to deal with ethical or social considerations involved in lending.

Events and outlook for 2014

Fundcoach

On 12 November 2013, BinckBank reached agreement regarding the acquisition of the SNS Fundcoach business for a price of up to € 3 million by means of an asset and liability transaction. The actual transfer of the assets and liabilities will take place in 2014, after which BinckBank will take control of this business. This will lead to recognition of the assets and liabilities in the consolidated statement of financial position at that time. The assets and liabilities relating to Fundcoach as at 31 December 2013 are not reported. The assets and liabilities to be acquired concern mainly bank balances, domain and brand names, and assets entrusted by clients. Completion of the transaction is subject to obtaining a declaration of no objection from De Nederlandsche Bank.

Alex Asset Management to expand investment universe

The investment universe of Alex Asset Management will be expanded in 2014 to include US equities so that the steady inflow of new funds can continue to be invested.

Leveraged products

Fees received for the distribution of leveraged products such as sprinters and turbos will also no longer be permitted as of 1 January 2014. A project designed to create in-house leveraged products is proceeding satisfactorily. We expect BinckBank to look for a cooperation with a partner in order to outsource certain operational processes. We expect to launch these products in the course of 2014, and that they will begin to contribute to the result in 2015.

Professional Services: BPO and software & licensing operations (Able)

In its press release of 11 November 2013, BinckBank N.V. announced that it will concentrate more on its core businesses, and that it would study the options available regarding a sale or collaberation for its non-banking businesses (the BPO and software & licensing operations). With this proposed divestment, BinckBank is prioritising an accelerated realisation of its retail strategy for its (European) online brokerage and asset management services. The study is proceeding according to plan, and BinckBank expects to complete it in 2014.

Resolution levy SNS

The Dutch government nationalised SNS Reaal on the basis of the Intervention Act on 1 February 2013. The Minister of Finance announced that a non-recurring resolution levy to be paid into the treasury would be imposed on the banks in an amount of € 1 billion. This levy will not be deductible for the purpose of corporate income tax.

The Minister of Finance submitted a bill to parliament to ratify the resolution levy in June 2013. The proposal is to impose the levy on banks in possession of a banking licence on 1 February 2013, but only if they are still in possession of a banking licence on 1 March 2014, 1 May 2014 and 1 July 2014. In accordance with relevant IFRS guidelines, BinckBank has decided that the expense arising from the resolution levy should only be recognised in the income statement at the time the levy is due. The contribution of the various banks will be related to the total sum of the deposits guaranteed under the deposit guarantee system held with them on 1 February 2013. A contribution of 0.075% of the base amount will be levied in three instalments on the above-mentioned dates. BinckBank estimates its total contribution at € 4 million.

Outlook 2014

Our result depends heavily on the activity of our customers in the markets. Market volatility and direction are important factors. The environment in which we are operating is highly complex and subject to changes in legislation, taxation and social perception. These changes will affect BinckBank's results. It is not possible for us to issue detailed forecasts.





Executive board members

Koen N. Beentjes, chairman of the executive board

(1961 - Dutch nationality)

Koen has been an executive director under BinckBank's articles of association and was reappointed at the General Meeting of Shareholders on 22 April 2013 for a term of four years. Koen is responsible for Retail Zelf Beleggen, including the foreign offices, Retail Savings & Investment Management, Information Technology, Human Resources, Internal Audit Department (IAD), Legal & Compliance and the Corporate Secretary function. He is also a supervisory director of the associates ThinkCapital and TOM.

Koen is a certified public accountant and had an international career of over 20 years at the ING Group and its predecessors. In the early days of his career he was mainly active in the field of finance and control at subsidiary companies of the ING Group. In 1994 he took on responsibility for the acquisition of foreign retail banks by ING. He became a member of the executive board of Allgemeine Deutsche Direktbank AG in Frankfurt am Main, Germany, in 1998. Following his return to the Netherlands, Koen was appointed as general manager of ING Card at the end of 2002.

Number of BinckBank shares held at year-end 2013: 42,345

Evert-Jan M. Kooistra, executive director and CFRO

(1968 – Dutch nationality)

Evert-Jan has been an executive director and chief financial & risk officer (CFRO) of BinckBank since 2008. He was reappointed as a director under the articles of association of BinckBank at the General Meeting of Shareholders on 23 April 2012 for a term of four years.

Evert-Jan is responsible for Finance & Control, Operations, Risk Management and Treasury & ALM. Evert-Jan studied business economics at the Erasmus University in Rotterdam, and is a certified public accountant. He has more than 20 years' experience in the financial field, including periods of employment at PriceWaterhouseCoopers and Shell. Most recently he was financial director at the US company International Game Technology. Evert-Jan has also been a supervisory director of Exact Holding N.V. since September 2012.

Number of BinckBank shares held at year-end 2013: 39,295

Pieter Aartsen, executive director

(1964 – Dutch nationality)

Pieter was reappointed as a director under the articles of association of BinckBank at the General Meeting of Shareholders on 26 April 2010 for a term of four years. He has been an executive director of BinckBank since 2006, with responsibility for the business unit Professional Services, BeFrank and Able.

Pieter studied general economics at the VU University in Amsterdam. From 1990 to 2004 he was employed at KAS Bank, where he held various positions in the Institutional Banking Division. He was appointed Head of Sales and Business Relations Management for the Benelux countries in 1996, and then became head of Sales and Business Relations Management for the UK in 2001. He moved to Deutsche Bank AG in London as Head of European Securities Clearing and Vice President in 2004, with responsibility for product development and sales of the clearing product.

Number of BinckBank shares held at year-end 2013: 47,646



Introduction

As at 31 December 2013, the capital and liquidity position of BinckBank was sound. BinckBank's total equity at the end of 2013 stood at € 431.6 million. The total available Tier I capital as at 31 December 2013 was € 173.4 million. BinckBank thus has adequate financial buffers to withstand financial stress.

Scope

In previous years, BinckBank published a separate Capital Adequacy & Risk Report (Pillar III) in the third quarter of the financial year. For 2013, this information is included in the following sections of the annual report. The purpose of the Pillar III disclosures is to inform current and future stakeholders how BinckBank deals with risk management and capital adequacy.

The Basel II/III framework

The European banking directive, or CRD, also known as Basel II, consists of capital requirements for banks. The objective of Basel II is to give guidelines to banks whereby they can establish the minimum amount of capital they must hold to absorb unexpected losses as a result of the financial and operational risks to which they are exposed. The directives are implemented in the European Union by means of the CRD directives. More or less all the EU Member States have integrated this directive in their national legislation. In the Netherlands, the directive is included in the Wft and secondary regulation.

The Basel framework uses the 'three pillars' principle. Pillar I describes the minimum capital requirements, Pillar II deals with internal measurement of capital adequacy and the supervision of this, and Pillar III addresses disclosure of capital adequacy and risk management with the aim of encouraging market discipline.

Differences in risk perception between IFRS and Basel II

Risk perception varies depending on the purpose for which the risk exposure is calculated: IFRS-EU or Basel II. IFRS-EU is mainly used for the measurement of financial results and balance sheet positions. Under IFRS-EU, the balance sheet positions are usually shown in order of liquidity at the face value per category of financial product. These statements do not take account of differences in creditworthiness or collateral or security received.

The Basel II regulations and core capital are more suitable for risk measurement, since the purpose of the Basel reporting is to present a risk-weighted view of the bank's balance sheet and to ensure that adequate capital buffers are maintained for losses, both expected and unexpected. Collateral and other credit enhancements to which the bank has recourse should the counterparty default are fully taken into account.

Regulatory reporting scope

In the Netherlands, BinckBank is subject to consolidated supervision by De Nederlandsche Bank. Basel II/III therefore applies to BinckBank and all its foreign branches and subsidiary companies. The entities consolidated by BinckBank in accordance with Basel II and IFRS are listed in the table below.

Consolidation scope IFRS Basel II	IFRS	Basel II
BinckBank N.V. incl. foreign branches	yes	yes
Binck Bewaarbedrijf B.V.	yes	yes
Able Holding B.V.	yes	yes
Able B.V.	yes	yes
Fintegration B.V.	yes	yes
ThinkCapital Holding B.V.	yes	yes
ThinkCapital Asset Management B.V.	yes	yes

BinckBank establishes its consolidation scope in accordance with IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures, and in accordance with SIC-12 Consolidation – Special Purpose Entities. All companies for which BinckBank directly or indirectly has the power to govern the financial and operating policies so as to obtain benefits from their activities are part of the consolidation scope of BinckBank and are fully consolidated.

When establishing the own funds, investments in associates and joint ventures are deducted from equity. In BinckBank's case, this concerns the associates TOM Holding N.V. and BeFrank B.V.

Introduction of CRR/CRD IV (Basel III)

The new Capital Requirements Directive (CRR/CRD IV) was published in the Official Journal of the European Union on 27 June 2013. This publication, also known as Basel III, is a milestone in the development of the supervisory framework after years of discussions, negotiations and preparations.

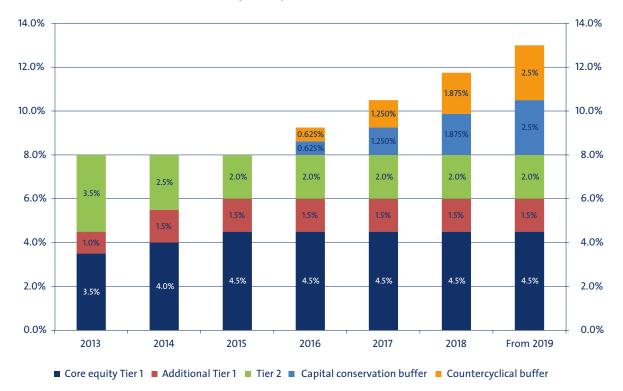
At the same time, it is only a step in a process of changing the supervisory framework. CRD IV is expected to include changes that will affect national legislation and regulation, supervisory policy and the conduct of institutions with the ultimate goal of bringing about a more solid financial system.

Basel III took effect on 1 January 2014. In the European Union, this regulation is implemented through the CRR/CRD IV. The CRR (Capital Requirements Regulation) concerns European regulation that takes effect at national level immediately. It takes precedence over national legislation, which does not have to be amended for it to take effect. The CRD IV (Capital Requirements Directive) gives guidelines that will have to be reflected in national legislation and a certain degree of flexibility has been allowed for national supervisors with respect to implementation.

The introduction of CRR/CRD IV is a response to the weaknesses in the banking system identified during the financial crisis (2008-2011). The new regulation is primarily designed to increase the capital buffers of banks, and to improve the quality of these buffers. Moreover, new requirements are introduced to safeguard the liquidity position of banks.

The package of reforms collectively known as Basel III includes requirements with regard to the capital instruments that must be held by banking institutions. Basel III sets conditions for long-term funding and requirements for the amount of cash held by a banking institution. It also includes measures to limit the effects of leverage, and sets stricter requirements for the quality of capital instruments qualifying as Tier I or Tier II capital. Banks will also be obliged to maintain a capital conservation buffer to enable them to resist future periods of stress. Lastly, Basel III introduces a counter-cyclical buffer that allows national supervisors to require banks to hold additional capital during periods of rapid growth in lending.

The timeline for the introduction of the capital requirements is shown below:



BinckBank already has a sound capital and liquidity position that amply meets the requirements of the new legislation and regulation. The effects of the introduction of CRR/CRD IV on BinckBank's capital position are:

- Under CRR / CRDIV and subject to certain conditions, the deductible item of goodwill can be adjusted by the deferred tax liabilities relating to the goodwill. For BinckBank, this leads to a reduction in the deductible and therefore an increase in its core capital of € 21.4 million.
- Under CRR/CRD IV the unrealised gains and losses as shown in the fair value reserve will also be included in to calculation of available capital (phased in from 0% to 100% over the period 2014-2018). This fair value reserve can be significantly affected by movements in market interest rates, which can lead to volatility in the calculation of the available equity capital.
- Certain minor changes to the capital requirement for credit risk.
- As a final adjustment, there are a number of items for which a different risk weight has been applied due to the
 application of Basel III. This concerns financial and other associates that will, subject to conditions, no longer be
 included as a deductible item in the calculation of core capital. On the other hand, this item will be included in the
 risk-weighted assets with a weight of 250%. This also includes deferred tax claims resulting from temporary
 differences that will only be realised in the event of future profits.

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x € 1,000	Basel II 31 December 2013	Basel III 31 December 2013	Delta 31 December 2013
Issued and paid-up capital	7,450	7,450	-
Share premium reserve	373,422	373,422	-
Treasury shares	(30,340)	(30,340)	-
Other reserves	61,844	61,844	-
Unappropriated profit	19,248	19,248	-
Non-controlling interests	7	7	-
Total equity	431,631	431,631	-
Af: goodwill	(142,882)	(142,882)	-
Plus: deferred payment obligations associated with goodwill	-	21,432	21,432
Less: other intangible assets	(90,118)	(90,118)	-
Less: fair value reserve	(2,124)	-	2,124
Less: proposed dividend	(19,370)	(19,370)	-
Core capital	177,137	200,693	23,556
Less: equity investments in financial subsidiaries	(3,710)	-	3,710
Available capital - (A)	173,427	200,693	27,266
Credit risk - Pillar I	22,073	22,098	(25)
Market risk (= currency risk)	84	84	-
Operational risk	21,160	21,160	-
Required capital - Pillar I - Basel II	43,317	43,342	(25)
Adjustments to capital requirement under Basel III			
* Items which under Basel III have a different risk	_	964	964
weighting		20.	50.
Required capital - Pillar I - Basel III - (B)	43,317	44,306	939
Total required capital - Pillar II	9,310	9,310	-
Total required capital (C) - Pillar I + II	52,627	53,616	939
BIS-ratio (=A/B * 8%)	32.0%	36.2%	4.2%
Solvency ratio (=A/C * 8%)	26.4%	29.9%	3.6%

The following table shows BinckBank's capital position as at 31 December 2013, expressed for both Basel III and Basel III.

Key developments in 2013

Capital adequacy

BinckBank's capital position was adequate throughout the year under review. The BIS ratio rose 0.9% compared to year-end 2012 to 32.0%, and the solvency ratio rose from 25.2% at year-end 2012 to 26.4% on 31 December 2013. With its current Tier I capital of € 173.4 million, BinckBank amply meets the more stringent capital requirements proposed by the Basel Committee on Banking Supervision (BCBS) which have to be fully implemented by 2019.

This paragraph describes the main findings in relation to areas of improvement in the field of administrative organisation and internal control identified by internal reviews of the business units, audits conducted by the internal audit service and/ or the external auditor and audits by the regulator. The executive board devoted particular attention to these items of improvement in 2013.

Developments in internal control

Governance structure

BinckBank invested heavily in the further improvement of its internal controls in 2013, including documentation of the entire governance framework. Detailed governance documents were also prepared for particular elements, which have strengthened the structure and control of the organisation. Management of the governance framework is the responsibility of the Risk Management department.

Risk Management department

The Risk Management department was reorganised in 2013. The appointment of a new senior manager, a market and model risk manager and an operational risk manager completes the transition to a new risk management team. Responsibilities have been reassigned and included in the governance framework, with stricter application of the three lines of defence model for certain elements. For instance, the first-line activities of credit risk management have been transferred to the Operations department.

Risk appetite

BinckBank further developed its risk dashboard in 2013. Quantitative norms have been established, improving the ex-post assessment of whether BinckBank has remained within its risk appetite. Additionally, early warning and other indicators have been formulated to improve the timely monitoring of potential breaches of the established risk appetite. This enables the organisation to make the necessary adjustments when needed. The risk categories BinckBank uses for management have also been redefined.

Business Continuity Management

BinckBank gave further consideration to the issue of crisis management in 2013, and has formulated a business continuity plan in which various crisis scenarios have been identified. BinckBank has formulated additional plans for each scenario designed to keep the bank operating during a disaster.

Like all medium-sized financial institutions in the Netherlands, BinckBank has also formulated a financial recovery plan which describes the measures BinckBank can take to recover from a financial or other crisis on its own initiative.

Information Technology

BinckBank is aware of the various threats and risks in relation to cyber crime. BinckBank continuously focuses on identifying and mitigating the risks associated with cyber crime. The executive board is continually engaged in assessing the balance between the risks and costs associated with the prevention of cyber crime. The information security policy is divided into three layers: strategic, tactical and operational policy. In 2013 BinckBank further developed the structure of its tactical and operational policy and the elaboration of items included in the risk action plan. Security monitoring has been brought to a higher level and investment has been made in new equipment.

As a result of the redesign of the ICT organisation in 2012, whereby a formal distinction was made between ICT development and ICT exploitation & management, additional attention was paid to the test & change management process during 2013 for ensuring quality is maintained when software changes are made. Improvements were therefore made to the production of test risk analyses, the testing strategy and the testing approach. The translation of test risk analyses into actual test cases still needs improvement.

The test management function also needs to be improved in terms of manpower and skills, and the load and performance testing need to be tightened up. At least two contingency tests are conducted each year of the migration of production to the contingency environment. In 2013 these tests have taken place. This involves the technical and operational migration of the entire BinckBank environment, with simulation that the external data centre is not available due to calamities. The tests established that critical systems were successfully migrated within the set standards and timeframe.

Compliance function

The continuous changes to legislation and regulation and more intense supervision have to be adequately anticipated. Last year, BinckBank invested heavily in a more robust compliance function, and the tasks and responsibilities of compliance were organised in the governance framework in more detail. A new group compliance manager was appointed in 2013, which has further strengthened the compliance framework. Additional compliance officers have also been appointed at the branch offices in Belgium and France. The management model for the compliance function at the branch offices was changed in 2013, whereby the compliance function at the foreign branches is now hierarchically managed by the local first-line management, with a functional reporting line to the group compliance manager in the Netherlands. The functional management from the Netherlands will be further developed in 2014, with a focus on clear implementation of roles and responsibilities at the branch offices and a consistent group-wide approach.

Monitoring of cash transactions

On the basis of its banking licence, BinckBank is responsible for monitoring cash transactions. The aim of this monitoring is to combat money laundering and the funding of terrorism. ACP, the supervisor in France (part of Banque de France), carried out a review at the branch office in France in 2012 of the control measures in place for the prevention of money laundering and the financing of terrorism, and concluded that the measures did not adequately reflect specific requirements of French legislation and regulation. The ACP's findings focused mainly on further tightening of the control measures for the procedural recording of the customer identification process, the risk classification of customers and the operational monitoring thereof, the ongoing and regular compliance checks and the governance structure between head office and branch. As a result of the 2012 review, the French supervisor issued a "mise en demeure" (similar to an notification) in 2013. A project group was formed to address the issues raised by the ACP and a significant proportion of the findings were dealt with to the French supervisor's satisfaction in 2013. The remaining items will be addressed in 2014. De Nederlandsche Bank (DNB) carried out a review of the monitoring of cash transactions in 2013, which included BinckBank. This concerned a sector-wide ongoing due diligence investigation of the continuous monitoring of customers and transactions in the context of the Anti-Money Laundering and Anti-Terrorist Financing Act (the Wwft) and the 1977 Sanctions Act (SW). DNB established that Dutch legislation had not been adequately implemented in certain respects and that control of money laundering risks needed to be improved. BinckBank invested heavily in people, systems and processes in 2013. One important improvement concerns the acquisition of a new transaction monitoring system whereby we can more effectively meet the requirements of increasingly strict supervision of compliance with applicable legislation and regulation with respect to the monitoring of cash transactions in all the countries in which BinckBank operates.

Management of foreign branch offices

BinckBank has four branch offices abroad, with its offices in Belgium and France accounting for the majority of its foreign activities. Transaction volume at the office in Italy is still limited and the office in Spain focuses only on marketing activities and relationship management. Internal audit functions were introduced at the foreign offices in 2013, thus improving internal controls. The internal audit functions mainly concern Risk Self Assessments (RSA) and the tightening and implementation of key controls. The foreign internal audit functions have a functional reporting line to the corporate internal audit department (part of the Risk Management department) in the Netherlands.

Concentration risk model

BinckBank's Pillar II solvency ratio declined in early 2013 due to a sharp increase in the capital required for concentration risk. This was due partly to customer activity, and partly due to use of a broad brush model for the calculation of the capital requirement for concentration risk. BinckBank developed a more accurate and realistic model last year that takes better account of the quality of collateral provided for collateralised loans and margin requirements. The model was taken into operation after extensive testing on 31 December 2013. The result is that the capital requirement for concentration risk has fallen from € 5.3 million as at 31 December 2012 to € 1.0 million as at 31 December 2013.

Overview of risk management at BinckBank

BinckBank conducts its business on the basis of an appropriate balance between risk and return, and strives to accept risks in a conscious and responsible way. We also strive to achieve a moderate risk profile. BinckBank has a governance risk compliance framework, whereby the risk profile is managed on the basis of previously established risk criteria.

BinckBank's risk profile

BinckBank has a fundamentally different risk profile from that of a traditional Dutch bank. The typical banking operations of BinckBank are relatively simple and concern the provision of loans collateralised by highly liquid securities portfolios (collateralised lending), the provision of payment services to fixed contra-accounts at other banking institutions, automated asset management and the interest-rate business relating to the funds entrusted by our customers. These activities are in general classified as relatively low-risk. BinckBank's core business, the settlement of securities transactions, is however a complex process. Each year, BinckBank processes millions of transactions for more than 500,000 accounts in a very large number of financial products on several trading platforms through brokers and stock exchange memberships. Together with the high level of dependence on ICT, this forms a relatively high operational risk. BinckBank devotes extensive attention to risk management. Adequate control measures, reporting and information systems form part of the risk management process. The annual establishment of the level of risk appetite, the identification of risks and the introduction and adjustment of relevant control measures are part of a continuous process at BinckBank. Risk management is moreover affected by changing market conditions and the increasing complexity of legislation and regulation (compliance).

BinckBank's risk appetite

Risk appetite is the degree to which BinckBank is prepared to accept risk during the normal conduct of its business in order to achieve its objectives. Risk appetite involves a balance between risk and return, and is a core element of BinckBank's business. Commercial interests and returns are weighed against the risks involved.

For BinckBank, risk appetite is a dynamic process rather than a static measure that continually evolves to meet changing internal and external circumstances.

The company's risk culture and the 'tone at the top' are determining factors here. The executive board considers external perceptions as well when determining its level of risk appetite: how does BinckBank wish to be seen by key stakeholders such as customers, shareholders, employees and regulators? What are their expectations with regard to risk profile, risk appetite and return? The executive board of BinckBank has formed an impression of this during its numerous discussions with its stakeholders. Risk appetite is the most important parameter in the BinckBank Enterprise Risk Management System and forms the basic principle for the company's risk management. The executive board determines the level of risk appetite at least once a year, and adjusts this in the interim in the light of significant changes if necessary. The executive board's risk appetite is submitted to the supervisory board for approval each year in December. Breaches of the established risk appetite are discussed at meetings of the governance committee. The duties and responsibilities of the various governance committees are described in more detail in the section "Governance commissions".

Like other banking institutions, BinckBank is reliant on the confidence of private customers. The absolute size of its equity, its market listing and large number of customers makes BinckBank open to questions relating to issues of confidence. BinckBank is aware of this, and accordingly has adopted a low level of risk appetite (1 on a scale of 1 to 5) with regard to its reputation, capital adequacy (or solvency) and liquidity position.

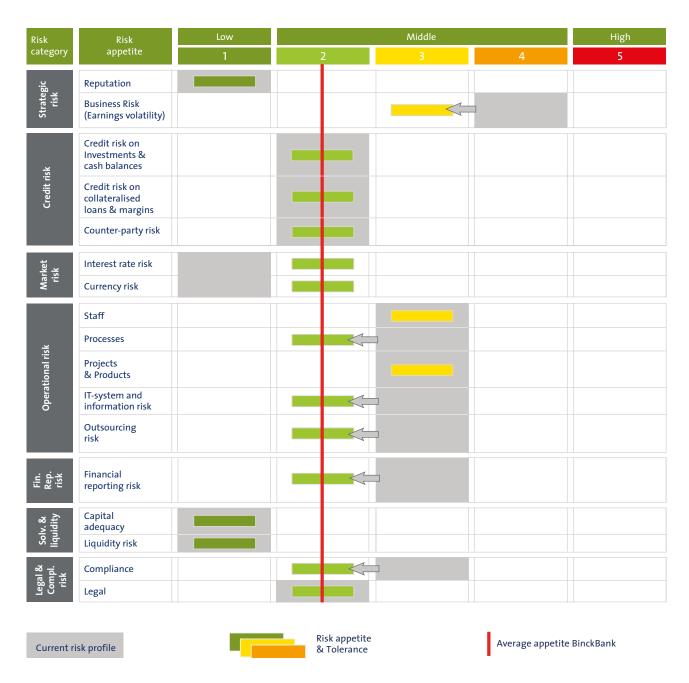
The level of risk appetite for business risk, credit risk, market risk, operational risk, financial reporting risk and legal and compliance risk ranges from 2 to 3.

The following table shows the level of risk appetite per category of risk against the background of the current risk profile of the business activities. The average risk appetite is 2 (on a scale of 1 to 5). This means that our level of risk appetite is relatively low. For certain risk categories, BinckBank's risk appetite differs from the current risk profile. In cases where the current risk profile is higher than the established risk appetite, the executive board and the managers concerned have taken measures to return the profile to within the desired risk appetite.

Risk appetite and current risk profile per risk category

Quantification of risk categories with KRI and KPI

BinckBank further elaborated and quantified its risk appetite in 2013, selecting Key Risk Indicators (KRI) and Key Performance Indicators (KPI) to represent BinckBank's risk profile as closely as possible. Account is taken of the efficiency of the indicators, so that they can be applied effectively in the departments and units concerned and so that they use existing systems and data sources. Existing experience and knowledge within the organisation is used for this. The selection of the KRIs and KPIs also takes account of the complexity and measurability of the indicators. Where possible, BinckBank has selected simple and measurable indicators. The risk dashboard is continually improved on the basis of new information.



Strategic risk

Strategic risk is broken down into reputational risk and business risk. Reputation is important to BinckBank because it represents the total impression of all stakeholders: customers, suppliers, the media, employees and the environment. BinckBank has a good reputation and its differentiating qualities include visibility, transparency, authenticity and consistency. This translates into an extremely low risk appetite (1) for reputational risk.

The executive board considers that the business risk (earnings volatility) is too high, since BinckBank is still too dependent on income from securities transactions. Over the longer-term therefore, BinckBank wishes to create a more stable earnings flow and to become less dependent on transaction-related income. While the earnings model has improved in 2013 as a result of the growth in the asset management business, the desired risk profile has not yet been attained.

Credit risk

Credit risk breaks down into risks on investments and cash balances, collateralised loans and margins, and counterparty risk. BinckBank has a middle (2) risk appetite for credit risk in its investment portfolio. This translates into a long-term credit rating of at least single A for new purchases for the investment portfolio and a low capital requirement. BinckBank limits its credit risk by means of adequate diversification of its investments. The risk appetite for collateralised lending and margin risk is also middle (2). BinckBank wishes to avoid unsecured credit exposure to its customers at all times. BinckBank limits the credit risk on these activities by actively managing the collateralised loan portfolio and requiring adequate security for the loans it provides. For BinckBank, counterparty risk concerns the risk incurred with reference to counterparties in financial transactions. This risk exclusively concerns transactions effected by BinckBank for its own account and risk, such as the purchase of bonds for its investment portfolio. If a counterparty defaults after a price has been agreed for the purchase or sale of securities but actual settlement of the transaction has not yet taken place, BinckBank is exposed to the risk that a similar transaction can only be effected on less favourable terms.

Market risk

BinckBank's market risk consists of interest-rate risk and currency risk. BinckBank does not operate a trading portfolio, and takes no active trading positions in foreign currencies. BinckBank is however exposed to fluctuations in interest and exchange rates. Longer fixed-interest periods and maturities of bonds increases the exposure of the investment portfolio to movements in market interest rates. This means a higher market risk for interest-rate movements. On the other hand, interest income is fixed for a longer period, which leads to lower business risk. Longer fixed-interest periods in the investment portfolio have a reverse effect on interest-rate and business risk. BinckBank does not take active trading positions in foreign currencies, but is exposed to exchange-rate movements as a result of its operational activities. The risk appetite for currency risk is set at middle (level 2).

Operational risk

Due to the nature of its business, BinckBank has a relatively high inherent operational risk. Operational risk is determined by the large number of complex administrative entries that have to be processed daily, the fact that communication with customers is primarily via internet or telephone, and the fact that software has to be regularly updated due to various circumstances.

Many unexpected events may moreover occur in BinckBank's operational processes which can result in losses or prevent achievement of targets. Processes, systems and people may fail to perform as intended, there may be instances of fraud, and day-to-day processes may be disturbed by accidents or system faults (IT risk). The risk appetite for operational risk is set at middle (3). Within operational risk, the risk profiles of 'Processes', 'IT systems & information risk' and 'Outsourcing risk' fall outside the approved risk appetite.

In the case of 'Processes' and 'IT systems', this is mainly due to actions necessary for the sale and carve-out of the BPO and software & licensing business (Able). In the case of the risk profile for 'Outsourcing risk', one of the findings of the business continuity management project was that BinckBank would have to take measures to manage this risk more effectively to bring it within its risk appetite.

Financial reporting risk

The large number and complexity of requirements for reporting to the market, governments and regulators have led to an increase in 'Financial reporting risk'. By strengthening the Finance & Control department, the current risk profile of middle (3) should be returned to within risk appetite at a level of middle (2) in 2014.

Solvency and liquidity risk

BinckBank's very low risk appetite with respect to solvency and liquidity is reflected in a minimum capital target (under Pillar II) of 12%. As at 31 December 2013, BinckBank had a comfortable capital position of 32.0% under Pillar I and 26.4% under Pillar II. BinckBank does not have a lending business (other than providing collateralised loans), which results in a liquidity surplus. This surplus is placed in liquid and highly-rated bonds which can be used for securities lending transactions. BinckBank thus safeguards its liquidity position in accordance with its risk appetite.

Legal and compliance risks

The increasing and extensive changes to legislation and regulation for financial institutions are a challenge for small and medium-sized banks. BinckBank strives to comply with all existing, changing and new legislation in a manner that is commercially responsible. Various actions have been taken to reduce the current risk profile of compliance of middle (3) to within appetite at middle (2): these include professionalisation of the compliance functions, the development of the compliance framework, the implementation of new systems and raising awareness of employees by means of courses and workshops.

Governance risk compliance framework

BinckBank refined its internal governance structure in 2013. BinckBank uses the 'three lines of defence' principle (3LoD), in which the business and support units have primary responsibility for the management of risk. These first-line departments are supported and monitored by second-line specialist departments such as Risk Management, Finance & Control and Legal & Compliance. The Internal Audit Department (IAD) forms the third line of defence. The audit committee, the risk and product development committee, the remuneration committee and the supervisory board, together with the external regulators and the external auditor, form the last link in the governance risk compliance framework.

Organisation of risk management at executive board level

The responsibilities with respect to risk management at executive board level are established as follows: the chairman (CEO) and the directors responsible for the business units Retail and Professional Services are primarily responsible for risk management within the business units (first line). In the second and third lines, the CEO is responsible for the Legal & Compliance and Internal Audit departments. The chief financial & risk officer (CFRO) is responsible for the Finance & Control and Risk Management departments. Each of these departments has its own charter which defines its duties and responsibilities in relation to risk management.

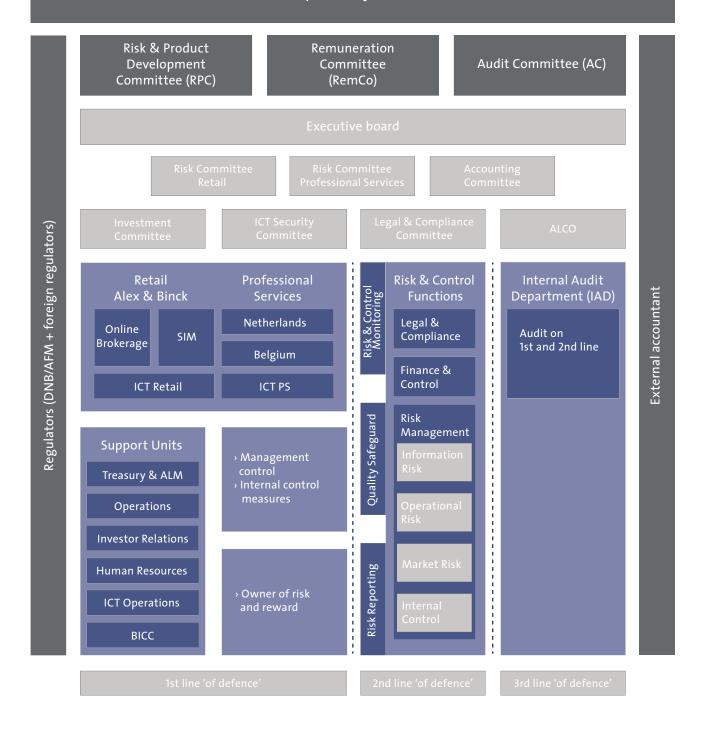
These charters have been coordinated to avoid both duplications and gaps in the risk management mechanisms. The independence of the various functions and departments is also safeguarded by this segregation. In addition to the second and third line departments mentioned above, the CEO is also responsible for management of the support units: Human Resources, ICT Operations and Investor Relations. The CFRO is responsible for management of the following departments: Operations (back office), Treasury & ALM (asset & liability management) and Business Intelligence Competence Centre (BICC).

As a result of the departure of the director of Retail at the end of 2012, the CEO took over responsibility for the management of the business unit Retail at the end of 2012. The chairman of the executive board has thus fulfilled a double function during 2013.

Risk management departments and governance committees

BinckBank has an organisational structure in which segregation of duties is safeguarded in the structure of the organisation (based on the three lines of defence principle) and in its ICT systems (user rights). There are also a number of governance committees (executive board subcommittees) whose members include representatives of the executive board and the first and second line who are closely involved in the management of certain risks. The governance committees operate under articles of association that are approved by the executive board and can issue mandates for individual departments. Monitoring of the risk appetite is carried out by the relevant governance committees, the most important of which are described below.

Supervisory Board



Governance committees

ALCO (Asset & liability committee)

The ALCO monitors all the risks affecting BinckBank's balance sheet. The ALCO is mainly concerned with the management of liquidity risk, credit risk and market risk (interest-rate risk and currency risk), and also assesses BinckBank's liquidity and capital adequacy. This committee also sets the investment policy for the interest-rate business. This concerns matters such as allocation of freely available funds across the investment portfolio and determination of the cash position to be held, approval of counterparties and policy in relation to allowed collateral for collateralised lending. Regarding the funds to be held in cash, the items dealt with include the investment in call loans, the ratings to be observed in this respect and the maximum exposure per counterparty and per sector.

Investment committee

The investment committee assesses the implementation of the investment policy of the Savings & Investment Management department (SIM). It also deals with performance and risk and compliance issues, as well as the management of operational risks associated with the products of SIM. The investment committee assesses changes to the investment policy and approves these where necessary. It also provides advice on the policy to be adopted for BinckBank's savings business.

Risk committee Retail & risk committee Professional Services

The risk committees monitor the operational risks for the business unit in question. They focus on managing risks associated with the structure of the business processes. Principal tasks include decision-making at business unit level on sound and controlled operation, coordinating and stimulating operational risk control and design of the main business processes. The committees also advise the executive board regarding approval of the introduction of new products.

Legal & Compliance committee

The legal & compliance committee supervises legal and compliance issues affecting BinckBank, with the aim of managing BinckBank's legal and compliance risks. It discusses matters such as incoming and pending claims, new legislation and regulation and amendments to the terms and conditions, policy documents and relevant changes to the manuals. KRIs in the field of compliance reviews and monitoring are also discussed and the business units are requested to tighten the controls of their processes where necessary.

ICT Security committee

This body focuses on the management of risks associated with information security and the security of the ICT processes. Its most important tasks consist of taking decisions regarding network security and logical systems access, vulnerability management, back-up processes and improving awareness of risk in the field of information security. The committee also advises the executive board with respect to resolutions relating to strategic and tactical policy in the field of information security.

Accounting committee

Financial Reporting and Disclosure Risk are monitored by the accounting committee. This body focuses on the management of risks associated with accounting processes, manuals, policies, quarterly figures, provisions and the application of new accounting standards (IFRS). One of its main duties is establishing accounting policies.

First line of defense

The first line of defence consists of the business units Retail and Professional Services and the support units Operations, ICT Operations, Human Resources, Treasury & ALM, Investor Relations and BICC. The management teams of the business units and the support units have primary responsibility for the implementation of risk management activities that are integrated in the business processes and collectively form the first line of defence. The first line is supported and monitored by second line specialist staff departments. The executive board bears ultimate responsibility for the risk management activities.

Treasury & ALM department

The Treasury & ALM department is in the first line of defence. This department supervises credit risk associated with cash balances and investments, reports directly to the CFRO and is accountable to the ALCO. The Treasury & ALM department uses risk models and stress tests in order to estimate the size and impact of risk.

Second line of defense

Risk Management department

The Risk Management department is in the second line of defence and monitors the correct application of policy and supervises the existence and operation of the risk control measures. This department includes four different disciplines: information risk, internal control, operational risk and credit and market risk. In the context of the management of operational risk, the Risk Management department carries out regular internal audits of the operational processes and reports its findings to the governance committees. On behalf of the CFRO and the ALCO, it also monitors compliance with the mandates given to Treasury & ALM. Risk Management formulates BinckBank's information security policy and reports on compliance with this policy to the CFRO and the ICT security committee. The policy for credit risk has been formulated in accordance with the statutory framework. Responsibility for implementation of this policy is placed in the first line, in the Operations department. This policy focuses on collateral funding policy, deficit management, the adequacy of margin requirements, concentrations in outstanding loans, and the monitoring of counterparty risk. The Risk Management department assesses the implementation of policy as well as the models and parameters used, maintains BinckBank's governance structure and is responsible for the documentation thereof. This department is ultimately the responsibility of the CFRO. This department has its own charter setting out the important areas of attention.

Finance & Control

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Finance & Control is responsible for the timely and complete administration and reporting of financial data to internal and external stakeholders. This includes mandatory reporting to national and international regulatory agencies. Finance & Control reports directly to the CFRO. This department has its own charter setting out the important areas of attention.

Legal & Compliance

Legal & Compliance reports to the chairman of the executive board (CEO) and in the context of risk management is responsible for the monitoring of compliance with the relevant codes of conduct and the observance of relevant legislation and regulation. Legal & Compliance is chiefly concerned with the management of integrity risk. BinckBank emphasises values such as integrity and reliability through its code of conduct, insider trading regulations and whistle-blower's charter. The Legal & Compliance manager performs the role of corporate secretary and can escalate issues directly to the audit committee. Within Legal & Compliance, the activities of compliance concern the following areas: client service levels and duty of care, prevention of market abuse, combating money laundering and the financing of terrorism, prevention of fraud and incidents, preventing conflicts of interest, safeguarding the privacy and integrity of employees, and cultural and conduct issues. These areas of attention are set out in the Legal & Compliance charter.

Third line of defense

Internal audit department (IAD)

In line with the definition of Internal Auditing by the Institute of Internal Auditors, the mission of IAD is to provide independent and objective certainty. The purpose of the IAD is to perform assurance tasks in order to add value to and improve the functioning of the internal organisation. The IAD's activities focus on achieving organisational targets by means of a systematic and disciplined approach to the evaluation and improving the effectiveness of risk management in the first and second lines, control and governance processes.

U D The IAD provides additional assurance with respect to:

- The effective operation of the control mechanisms in the first and second lines;
- The reliability and integrity of the financial and operational information and reporting;
- The safeguarding of assets;
- Compliance with relevant legislation and regulation.

The investigations by the IAD focus on the design, existence and operation of:

- The quality and effectiveness of the operation of the governance framework;
- The risk management and control within the organisation and processes;
- The automated systems and the control measures surrounding and embedded in these systems.

In addition to scheduled audits, audits may be conducted on the request of management and/or the audit committee. The scope or operating area of the IAD includes all activities carried out under the responsibility of BinckBank. Joint ventures and associates are independent entities with their own licence and fall outside the (direct) area of operation of the IAD. The IAD reports to the executive board of BinckBank; within the executive board, the IAD portfolio is the responsibility of the chairman of the executive board (CEO). Its formal reporting line is directly to the chairman of BinckBank's audit committee. The IAD's independence is safeguarded by this double reporting line, and the fact that it is separate from the first and second lines and the daily internal control reporting line. This department has its own charter setting out the important areas of attention.

Supervision of activities

Supervisory board

The supervisory board discusses the strategy and the risks associated with the business each year, and, on the basis of reports, assesses the structure and operation of the internal risk management and control systems. Supervision of the financial information provided by the company is the responsibility of the supervisory board. The executive board submits the risk appetite to the supervisory board for approval each year. The supervisory board has three subcommittees; the audit committee, the risk and product development committee and the remuneration committee.

Audit committee

The audit committee is responsible for overseeing the structure and operation of the system of internal control and risk management measures, and monitoring the implementation of the external auditor's recommendations and the functioning of the internal audit department.

Risk and product development committee

The risk and product development committee advises the supervisory board on matters including the risk profile and the risk appetite of BinckBank. It also monitors the adequacy of the liquidity and the capital, as well as establishing, testing and analysing new products or changes to existing products and services with regard to the duty of care towards the customer. The risk and product development committee is moreover responsible for identifying, analysing and advising on all the other material risks affecting BinckBank.

Remuneration committee

The remuneration committee is responsible for preparing resolutions regarding remuneration, including supervisory board decisions that could affect the risks and the risk management of BinckBank. With respect to these resolutions, the remuneration committee considers the long-term interests of the shareholders, investors and all other stakeholders of BinckBank.

Relevant risks and control measures

The risks which are relevant to BinckBank are discussed briefly below. The identification, analysis and assessment of risks, the design and implementation of related control measures and stress testing form a continuous process at BinckBank.

Business risk

International economic and cyclical factors and the aftermath of the credit crisis influence financial markets around the world, and consequently also affect the operating result of BinckBank. In addition there are various factors, such as loss of customers, falling trading volumes, lower order values and price pressure due to competition, that could result in a fall in income for BinckBank. BinckBank operates in a highly competitive environment in which its competitors, often large financial institutions, have well-established brands and greater financial resources. BinckBank is also seeing competition from smaller online brokers, an increasing number of which are competing aggressively on price. BinckBank makes great efforts and substantial investments in its ICT platform and its products and services in order to attract new customers and retain existing customers. BinckBank's financial position and result can also be adversely affected by unfortunate business decisions, poor execution of business decisions or inadequate response to changes in the business climate in general or in the markets relevant to the company in particular.

BinckBank saw an improvement in customer sentiment in its home markets in 2013, evidenced by an increase in both the number of its customers and trading volumes. The Dutch market moreover features a relatively high level of income per transaction compared to other European markets, which makes the Dutch market attractive to competitors and price pressure has risen as a result. In order to strengthen its market leading position, BinckBank reduced and simplified its fee structure in 2012. Other forms of commission income such as custody fees and return commissions are also under pressure due to public criticism and changing legislation and regulation. The ban on inducements took effect on 1 January 2014, and will have a negative effect on commission income. In addition, net interest income is also under pressure due to the low level of interest rates in the money and capital markets.

The BinckBank executive board has identified a higher level of business risk for the Dutch retail brokerage business and is therefore investing in expanding its offering to include asset management services, thus orienting the earnings model towards the management and administration of assets. Over time, this should lead to more stable income flows and thus mitigate the increased business risk inherent in the Retail brokerage business. The asset management operations grew substantially in 2013, with assets under management rising from € 1.0 billion to € 2.1 billion over the year. Recurring annual income has thus risen by approximately € 8 million, and this will compensate for the loss of commission income as a result of the ban on inducements.

In order to avoid a situation in which the chosen strategy becomes inappropriate if circumstances change with respect to sustainability, regulation, funding and market developments, the strategy and the underlying principles and assumptions on which it is based are regularly evaluated and updated if appropriate, given BinckBank's risk appetite. Decisions with regard to strategic objectives or changes thereto are taken by the executive board and approved by the supervisory board.

Reputational risk

The confidence of its customers is essential and BinckBank therefore strives to minimise risks to reputational damage as far as possible. Like other banking institutions, BinckBank depends on the trust of private customers. The absolute size of its equity, its market listing and large number of customers makes BinckBank vulnerable to questions relating to issues of trust. BinckBank is aware of this, and accordingly has adopted a low risk appetite with regard to its reputation. Various customer surveys are carried out each year in order to measure customer satisfaction and brand recognition. Periodical risk analyses are also carried out among the senior management. The results of these analyses are the drivers of our continuing efforts to provide a high-quality service and add value for our customers. BinckBank also follows the development of its share price closely. Large price fluctuations may be an indication of or lead to negative publicity.

In the event of large price fluctuations or negative publicity, an investigation is carried out to establish the cause and, if necessary, a representative is designated to explain the cause or potential cause in a press release in order to pre-empt any damaging speculation.

Credit risk

Credit risk is the risk of a counterparty and/or issuing institution involved in trading in or issuing a financial instrument defaulting on an obligation and thus harming BinckBank financially. Credit risk relates to items included in the balance sheet under cash and balances with central banks, banks, financial assets and loans and receivables. With these balance sheet items, the most important consideration is the creditworthiness of the counterparty (except collateralised lending which covered by securities as collateral).

Credit risk on cash and investments

BinckBank deals with the funds entrusted to it by its customers prudently. Funds entrusted or customer deposits that are not used for collateralised lending, are partly held in cash with the remainder being invested through the investment portfolio. Lending is conducted in a responsible manner in accordance with the established risk appetite. BinckBank's objective with its investment portfolio is to place the surplus liquidity in the market in such a way as to optimise the interest margin between the cost of raising the funds and the proceeds of placing them, consistent with the company's risk appetite. Credit risk on cash and investments is monitored closely by the Treasury department, which reports daily to the CFRO and the Risk Management department and gives account of its activities to the ALCO on a regular basis. Investments are made within a system of counterparty limits set in advance by the ALCO. BinckBank's credit risk can be subdivided into credit risk on cash and investments, credit risk on outstanding collateralised loans/ margin obligations/SRD obligations and counterparty risk. How BinckBank manages these risks is described below. Cash balances surplus is placed in the money market and the capital market with central governments, lower-tier public authorities if guaranteed by central government, central banks and other credit institutions with a credit rating equal to or better than single A (Fitch or equivalent). The money market loans have maturities varying from 1 day to 1 month. The capital market loans have maturities of up to 3 years. The agreements and limits with regard to placing funds in the money and capital markets are established in a limits system established by the ALCO. Lending to counterparties by the Treasury & ALM department is governed by strict rules, in accordance with treasury policy and subject to internally set limits on both the amount and duration of loans to approved counterparties. The resultant credit risk is monitored via regular credit reviews. BinckBank's relatively low risk appetite with regard to credit risk is demonstrated by our policy of investing only in relatively safe and liquid instruments, most of which are eligible for collateral at the European Central Bank (ECB).

Credit risk on outstanding collateralised loans/margin obligations

BinckBank offers customers loans against securities collateral in various forms. Advances can be used to cover margin requirements or to purchase securities. In both cases, BinckBank is exposed to (potential) credit risk with respect to the customer. Given the nature of the loans and the surplus of the collateral received the credit risk is limited. In the case of lending against securities collateral, the amount of credit advanced depends on the liquidity and price of the security in question. The loan facility for all products that qualify for collateralised lending is determined in accordance with the guidelines set by the ALCO, taking account of the limits set in section 152 of the Market Conduct Supervision (Financial Institutions) Decree [Besluit gedragstoezicht financiële ondernemingen, or 'Bgfo']. BinckBank applies a minimum haircut of 30% on equities and 20% on bonds. BinckBank has retained the right towards its customers to adjust the advance against securities collateral at any time without prior notice. Authorised limits can be translated into a maximum available spending limit (ASL). This spending limit is expressed as a cover ratio whereby the minimum requirement reflects a cover ratio of 1. The degree to which the customer exceeds this ratio expresses the relative surplus cover in relation to the minimum requirement. Additional cover can be obtained by providing bank guarantees, collateral in the form of securities or by increasing the cash balance. If the cover ratio falls below 1, the customer enters the deficit procedure. If the cover ratio falls to nil, the customer enters the collection procedure.

Monitoring of credit risk is conducted by the Credit Risk Management department, which is part of Operations. This department uses automated systems to monitor the loans provided on the basis of real-time prices. The credit risk therefore resides in movements in value of the collateral received. Credit Risk Management watches in particular for undesirable concentration within customer portfolios, known as concentration risk. Concentration risk is a form of credit risk, and occurs in relation to customers with collateralised loans and customers with margin requirements on derivatives positions. Concentration risk is higher for customers with an undiversified investment portfolio because there is greater dependence on a limited number of securities. If an issuer were to default, the consequences would be significantly more serious than if the credit had been provided on a more diversified portfolio. The Credit Risk Management department monitors for excessive concentrations in customer portfolios on a daily basis. Measures are taken in line with policy if necessary to limit excessive concentrations. If there is excessive concentration, a decision may be taken to reduce the

loan provided to the customer in question. In addition, the ALCO may decide to limit the concentration risk associated with a specific stock by reducing the advance provided against the stock in question. Collateralised lending has increased 33% since the end of 2012, rising from \le 323 million to \le 428 million at the end of 2013.

Margin is a financial sum that the writer (or seller) of an unsecured option or future must deposit as security for the risk of his position. Margin is a form of guarantee for potential losses arising as a result of the obligations assumed by the investor. This does not mean that the financial risks are limited to the size of these obligations.

There is therefore the risk that the margin maintained by the customer will not be adequate in relation to the obligation he has assumed. The Credit Risk Management department analyses the market movements on a daily basis and updates the margin percentages for all stocks at least once a month, and may adjust this percentage immediately in case of extreme price volatility. The Risk Management department monitors these adjustments.

BinckBank deficit procedure

The credit risk on collateralised lending and margin requirements is monitored by BinckBank's credit risk systems. Customers with a collateralised lending and/or margin agreement are monitored by the Credit Risk Management (CRM) department with respect to their available spending limit (ASL). The ASL is the balance of the weighted value of the securities received from the customer less the customer's obligations in the form of collateralised lending and margin requirements. There is a shortfall in the ASL if the securities in the customer's portfolio no longer provide adequate cover for the customer's obligations. As soon as a negative ASL is identified, the deficit procedure is initiated automatically. Use of a deficit procedure is a legal requirement.

The deficit procedure used by BinckBank is as follows: BinckBank checks for each customer whether the securities adequately cover the collateralised loans and/or margin requirements (margin and current orders) on a daily basis. Depending on the reason, a customer with a negative ASL must make up the shortfall within one to five business days. If the customer's ASL is still negative on the last day on which the shortfall must be made up, BinckBank will start to close the customer's securities positions on its own initiative. Securities positions will be closed until the ASL in the customer's account is returned to a positive value.

Provisions for non-performing loans

Provisions for non-performing loans are determined on an individual basis and there are no collective provisions. The amount of the provision depends on the repayment terms agreed with the customer. The total provision as at 31 December 2013 was € 0.4 million (2012: € 0.4 million). In the event that the Credit Risk Management department is unable to recover the debt, the case is handed to a collection agency.

Counterparty risk

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The Treasury & ALM department effects transactions for BinckBank's account and risk, including the purchase of bonds for the investment portfolio. This involves counterparty risk. The ALCO approves the counterparty limits and the Risk Management department monitors that these limits are observed.

The vast majority of equities transactions effected by BinckBank are for the account and risk of customers (online brokerage), for which BinckBank incurs no counterparty risk. These transactions are mainly effected on regulated or other markets such as NYSE, Euronext and TOM MTF, whereby use is made of a central counterparty (CCP). This means that the counterparty risk for customers is low.

Maximum credit risk

The table below presents the maximum credit risk associated with the various financial instruments. The maximum credit risk is shown gross, without taking account of the effects of credit risk mitigation provided by set-off agreements and the collateral that has been furnished. The maximum credit risk in derivatives positions for the account and risk of customers is shown by the margin requirement as described above, and is not included in the table below.

x € 1,000	2013	2012
Credit risk		
Cash and balanced with central banks	332,523	365,362
Banks	144,784	144,916
Financial assets held for trading	70	168
Financial assets designated at fair value through profit and loss	19,130	15,876
Available-for-sale financial assets	1,582,146	1,515,549
Loans and receivables	428,180	323,008
	2,506,833	2,364,879
Guarantees	2,729	2,558
Total	2,509,562	2,367,437
The quality of the loans and advances and the provision for bad debts are shown in the tables below:		
Past due	428,142	322,985
Overdue	441	459
Total	428,583	323,444
Bad debt provision	(403)	(436)
Net loans and receivables	428,180	323,008
Past due items are residual items remaining after realisation of the collateral (securities and bank guarantees). The provision is formed on a case-by-case basis.		
Loans and receivables by percentage covered:		
Money-market loans	-	-
< 25% of the value of the collateral	80,935	79,856
between 25% and 50% of the value of the collateral	103,252	136,947
between 50% and 75% of the value of the collateral	239,365	97,415
> 75% of the value of the collateral	4,590	8,767
Past due	441	459
Total	428,583	323,444
There are no items in arrears or for which provisions have been recognised in any of the other categories of financial assets.		
Loans and receivables under renewed contracts		
In the case of existing loans and receivables, it is possible for renewed contracts to be concluded with customers. The new contracts are, however, periodically assessed for compliance and to determine whether future payment is probable.		
Loans and receivables under renewed contracts	23	35

Risk concentration per economic sector

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E D The following table presents the credit risk by economic sector.

Risk concentration per economic sector as at 31 December 2013 x € 1.000	Central banks	Financial institu- tions	Government/ government guaranteed	Private individuals	Other private sector	Total
Cash and balanced with central banks	332,523	-	-	-	-	332,523
Banks	-	144,784	-	-	-	144,784
Financial assets held for trading	-	-	-	-	70	70
Financial assets designated at fair value through profit and loss	-	-	-	-	19,130	19,130
Available-for-sale financial assets	-	755,335	826,811	-	-	1,582,146
Loans and receivables	-	-	-	428,180	-	428,180
	332,523	900,119	826,811	428,180	19,200	2,506,833
Guarantees	-	-	-	2,409	320	2,729
Total	332,523	900,119	826,811	430,589	19,520	2,509,562
Risk concentration per economic sector as at 31 December 2012 x € 1.000	Central banks	Financial institu- tions	Government/ government guaranteed	Private individuals	Other private sector	Total
Cash and balanced with central banks	365,362	-	-	-	-	365,362
Banks	-	144,916	-	-	-	144,916
Financial assets held for trading	-	-	-	-	168	168
Financial assets designated at fair value through profit and loss	-	-	-	-	15,876	15,876
Available-for-sale financial assets	-	823,337	692,212	-	-	1,515,549
Loans and receivables	-	-	-	323,008	-	323,008
	365,362	823,337	692,212	323,008	16,044	2,364,879
Guarantees	-	-	-	2,304	254	2,558
Total	365,362	823,337	692,212	325,312	16,298	2,367,437

financial assets
Loans and receivables

assets **Total**

Held-to-maturity financial

Risk categories of financial assets

Assessment of the creditworthiness of the financial assets and liabilities is based on credit ratings provided by rating agencies. Cash and loans to banks are classified on the basis of the short-term credit ratings of rating agencies. The item Unrated banks concerns the remaining receivable arising from the implementation of the deposit guarantee scheme in relation to DSB. For the investment portfolio, the long-term rating is used. Loans and receivables concern credit provided against securities to private individuals and SME customers. These are not rated by credit rating agencies. Collateralised lending is not assessed on the basis of a rating, but on the quality of the collateral in securities.

Risk categories of financial	Short-ter	m rating		Long-ter	m rating			
assets as at 31 December 2013 x € 1,000	F1 or higher	F2 or lower	AAA	Between AA+ en AA-	Between A+ en A-	BBB+	Unrated	Total
Cash and balanced with central banks	332,523	-						332,523
Banks	136,019	639					8,126	144,784
Financial assets held for trading			-	-	-	-	70	70
Financial assets designated at fair value through profit and loss			-	-	-	-	19,130	19,130
Available-for-sale financial assets			847,974	463,247	141,169	25,501	104,255	1,582,146
Loans and receivables							428,180	428,180
Held-to-maturity financial assets			-	-	-	-		-
Total	468,542	639	847,974	463,247	141,169	25,501	559,761	2,506,833
Risk categories of financial	Short-ter	m rating		Long-ter	m rating			
assets as at 31 December 2012 x € 1,000	F1 or higher	F2 or lower	AAA	Between AA+ en AA-	Between A+ en A-	BBB+	Unrated	Total
Cash and balanced with central banks	365,362	-						365,362
Banks	135,590	-					9,326	144,916
Financial assets held for trading			-	-	-	-	168	168
Financial assets designated at fair value through profit and loss			-	-	-	-	15,876	15,876

856,738

856,738

500,952

354,751

354,751

89,973

89,973

214,087

323,008

1,515,549

323,008

562,465 2,364,879

Risk concentration per country

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T E D The following table presents the credit risk, analysed by country.

Geografical distribution as at 31 December 2013	Supra- national	Nether- lands	Germany	Belgium	France	Other EU countries	Non-EU countries	Total
x € 1,000								
Cash and balanced with central banks	-	327,618	-	3,352	1,053	500	-	332,523
Banks	-	104,129	-	4,535	3,843	22,929	9,348	144,784
Financial assets held for trading	-	-	-	-	70	-	-	70
Financial assets designated at fair value through profit and loss	-	-	-	-	19,130	-	-	19,130
Available-for-sale financial assets	13,530	142,547	1,160,361	52,253	29,007	117,551	66,897	1,582,146
Loans and receivables	-	392,024	2,641	4,314	480	8,760	19,961	428,180
Held-to-maturity financial assets	-	-	-	-	-	-	-	-
Total	13,530	966,318	1,163,002	64,454	53,583	149,740	96,206	2,506,833
% distribution	1%	38%	46%	3%	2%	6%	4%	100%

Geografical distribution	Supra-	Nether-	Germany	Belgium	France	Other EU	Non-EU	Total
as at 31 December 2012	national	lands				countries	countries	
x € 1,000								
Cash and balanced with central banks	-	361,680	-	2,635	1,047	-	-	365,362
Banks	-	117,859	-	3,959	1,494	12,532	9,072	144,916
Financial assets held					160			160
for trading	-	-	-	-	168	-	-	168
Financial assets designated at								
fair value through profit and	-	-	-	-	15,876	-	-	15,876
loss								
Available-for-sale		75 105	1 207 700	11.026	25 010	62.550	21 251	1 515 540
financial assets	-	75,105	1,307,789	11,926	25,819	63,559	31,351	1,515,549
Loans and receivables	-	292,003	2,113	5,121	724	2,863	20,184	323,008
Held-to-maturity financial								
assets	-	-	-	-	-	-	-	-
Total	-	846,647	1,309,902	23,641	45,128	78,954	60,607	2,364,879
% distribution	0%	36%	55%	1%	2%	3%	3%	100%

Capital requirement credit risk

Pillar I - Standardised Approach to credit risk

The capital requirement for credit risk under Pillar I is established using the standardised approach. The capital requirement for credit risk under Pillar I rose 11.9% compared to 2012, from € 19.7 million to € 22.1 million. The main reason for this is an increase in credit risk in the investment portfolio, due to the expansion of investments in senior financials as a result of a revised investment policy. Credit risk also rose due to an increase in other receivables in the form of asset management fees still to be settled.

The credit risk according to the standardised approach is shown in the tables below.

Credit risk standardised approach

Credit risk standardised approach			Risk w	eight /			Credit risk	mitigation	Risk weighted	Capital require-
as at 31 December 2013 x € 1,000	0%	10%	20%	50%	75%	100%	Substi- tution	Collateral	assets	ment (8%)
Claims or contingent claims on central governments or central banks	1,258,257	-	-	25,735	-	-	-	-	12,868	1,029
Claims or contingent claims on regional governments or local authorities	714	-	-	-	-	-	-	-	-	-
Claims or contingent claims on international organisations	13,488	-	-	-	-	-	-	-	-	-
Claims in the form of covered bonds	-	472,422	-	-	-	-	-	-	47,242	3,779
Claims or contingent claims on financial enterprises and financial institutions	24,560	-	286,991	137,741	-	-	(3,193)	-	126,240	10,099
Claims or contingent claims on corporate clients	-	-	-	-	-	-	-	-	-	-
Claims or contingent claims on private individuals and SMEs	334,373	-	-	-	453,834	-	(4,932)	(432,745)	12,117	970
Overdue items	-	-	-	-	-	-	-	-	-	-
Other receivables	1,163	-	-	-	-	77,450	-	-	77,450	6,196
Total	1,632,555	472,422	286,991	163,476	453,834	77,450	(8,125)	(432,745)	275,917	22,073

Credit risk standardised approach			Risk w	eight			Credit risk	mitigation	Risk weighted	Capital require-
as at 31 December 2012 x € 1,000	0%	10%	20%	50%	75%	100%	Substi- tution	Collateral	assets	ment (8%)
Claims or contingent claims on central governments or central banks	1,060,621	-	-	-	-	-	-	-	-	-
Claims or contingent claims on regional governments or local authorities	6,109	-	-	-	-	-	-	-	-	-
Claims or contingent claims on international organisations	-	-	-	-	-	-	_	-	-	-
Claims in the form of covered bonds	-	551,573	-	-	-	-	-	-	55,157	4,413
Claims or contingent claims on financial enterprises and financial institutions	7,178	-	314,808	91,291		-	(1,021)	-	110,380	8,830
Claims or contingent claims on corporate clients	-	-	-	-	-	-	-	-	-	-
Claims or contingent claims on private individuals and SMEs	254,165	-	-	-	344,854	-	(8,305)	(317,311)	12,860	1,029
Overdue items	-	-	-	-	-	-	-	-	-	-
Other receivables	4,224	-	-	-	-	68,188	-	-	68,188	5,455
Total	1,332,297	551,573	314,808	91,291	344,854	68,188	(9,326)	(317,311)	246,585	19,727

The claims on central governments and central banks consist of investments in central governments, the cash reserve at central banks (the Netherlands, Belgium, France and Italy) and surplus cash held at DNB. The investment in Italian government bonds of € 25.7 million have been risk weighted at 50%.

- Claims on financial enterprises and financial institutions with a risk weight of 0% concern securities transactions not yet settled for which the settlement date has not yet been reached. The claims with a risk weight of 10% consist of
- U Öffentliche Pfandbriefe which are part of the investment portfolio. The claims with a weight of 20% concern cash for
- p liquidity aspects and bonds of senior financials held in the investment portfolio. Cash balances are held at reputable
- national and international brokers and banks. BinckBank also provides credit to private customers on the basis of bank
- T guarantees issued by third parties. The 50% and 100% weighting factor category includes loans to these private
- individuals secured by a bank guarantee.
 - Claims on private individuals and SMEs arise from collateralised lending, derivatives positions and issued guarantees. The risk weight for claims on private individuals does not lead to a capital requirement due to credit risk mitigation in the form of underlying securities. BinckBank also provides limited loans secured by unlisted investment funds, which do not qualify for credit risk mitigation. Under the standardised approach, a capital requirement must be held for these loans to private individuals.

Pillar II

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The capital requirement for credit risk under Pillar II breaks down into risk from margin requirements, concentrations in credit and margin risk and counterparty settlement risk.

Margin risk

With respect to margin risk, BinckBank monthly tests the impact on credit risk for customers on the basis of an immediate 12.5% fall in the financial markets, such as happened on "Black Monday" (Monday 19 October 1987), when the AEX fell 12% in one day. Experience in recent years shows that most customers repay any shortfall within one month, and often the recovery percentage is actually 100%. A new recovery model was developed on the basis of further analyses in 2013 that takes account of the size of an individual shortfall.

The margin risk as at 31 December 2013 stood at € 3.4 million.

Concentration risk

The capital requirement for concentration risk under Pillar II takes account of concentrations in outstanding loans and margin requirements. Under the old model, the capital requirement for concentration risk was determined on the basis of an 80% price decline in one stock with the largest outstanding loans and margin requirements, and a recovery ratio of 25% was used. The capital for concentration risk as at 31 December 2012 was € 5.2 million and € 1.0 million as at 31 December 2013.

The old model had several disadvantages. Firstly, there was no differentiation with respect to the quality of the collateral for the collateralised loans. In other words, the same stress factor was applied to all titles. Furthermore, BinckBank considers an 80% price decline in a single trading day to be unlikely. In case of a price decline lasting several days, the Credit Risk Management department, which manages the collateralised loans, has time to react and reduce the funding levels in consultation with the customer. In addition, no account is taken of the chance of successful collection of claims from customers. In BinckBank's own experience, the recovery rate for small shortfalls was higher than for larger shortfalls.

BinckBank has developed a new model to calculate its concentration risk in 2013 in order to address these shortcomings. The new model takes account of historical volatility and expectations with respect to future price movements. Both positive and negative price movements can affect concentration risk. In determining the recovery rate, account is taken of the size of the shortfall. The new model was implemented with effect from 31 December 2013.

Market risk

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BinckBank's market risk consists of interest-rate risk and currency risk. Currency risk is the risk of fluctuations in the value of items denominated in foreign currency as a result of movements in exchange rates and the effect of this on the financial position and/or the result of BinckBank. Interest-rate risk is the risk of movements in interest rates and the effect thereof on the financial position and/or the result of BinckBank.

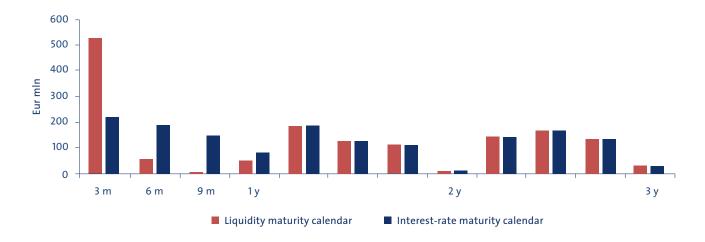
U

Interest-rate risk

Interest-rate risk is the risk of movements in interest rates and the effect thereof on the financial position and/or the result of BinckBank.

Duration schedule as at December 2013	< 1 month	> 1 month < 1 year	> 1 year < 2 year	> 2 year < 5 year	> 5 year	Non- interest	Total
x € 1,000						bearing	
Assets							
Cash and balanced with central banks	332,523	-	-	-	-	-	332,523
Banks	136,658	-	-	-	-	8,126	144,784
Financial assets held for trading	-	-	-	-	-	70	70
Financial assets designated at fair value through profit and loss	-	-	-	-	-	19,130	19,130
Available-for-sale financial assets	126,045	515,806	444,639	495,656	-	-	1,582,146
Loans and receivables	428,180	-	-	-	-	-	428,180
Total	1,023,406	515,806	444,639	495,656	-	27,326	2,506,83
Liabilities							
Banks	15,034	-	-	-	-	-	15,03
Financial liabilities held for trading	-	-	-	-	-	486	48
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	704	70
Customer deposits	2,335,640	-	-	-	-	-	2,335,640
Total	2,350,674	-	-	-	-	1,190	2,351,86
Duration schedule as at December 2012	<1 month	>1 month <1 year	> 1 year < 2 year	> 2 year < 5 year	> 5 year	Non- interest	Total
x € 1,000						bearing	
Assets							
Cash and balanced with central banks	365,362	-	-	-	-	-	365,36
Banks	135,590	_	_	_	_		
Financial accets hold for trading						9,326	144,91
Financial assets held for trading	-	-	-	-	-	9,326	
Financial assets designated at fair value through profit and loss	-	-	-	-	-		16
Financial assets designated at fair value through	193,954	916,154	207,748	197,693	-	168	16 15,87
Financial assets designated at fair value through profit and loss	193,954 323,008	916,154	207,748	197,693	-	168 15,876	15,87 1,515,54
Financial assets designated at fair value through profit and loss Available-for-sale financial assets		•	-	197,693 - 197,693	-	168 15,876	15,87 1,515,54 323,00
Financial assets designated at fair value through profit and loss Available-for-sale financial assets Loans and receivables	323,008	-	-	-	-	168 15,876	15,87 1,515,54 323,00
Financial assets designated at fair value through profit and loss Available-for-sale financial assets Loans and receivables Total	323,008	-	-	-	-	168 15,876	144,910 163 15,870 1,515,549 323,000 2,364,87 9
Financial assets designated at fair value through profit and loss Available-for-sale financial assets Loans and receivables Total Liabilities	323,008 1,017,914	-	-	-	-	168 15,876	16 15,87 1,515,54 323,00 2,364,87 20,066
Financial assets designated at fair value through profit and loss Available-for-sale financial assets Loans and receivables Total Liabilities Banks	323,008 1,017,914	-	-	-	-	168 15,876 - - 25,370	15,87 1,515,54 323,00 2,364,87
Financial assets designated at fair value through profit and loss Available-for-sale financial assets Loans and receivables Total Liabilities Banks Financial liabilities held for trading Financial liabilities designated at fair value	323,008 1,017,914	-	-	-	-	168 15,876 - - 25,370	16 15,87 1,515,54 323,00 2,364,87 20,066

BinckBank manages the sensitivity to interest-rate movements on its results and available capital by means of tolerance levels and monthly interest-rate risk reporting to the ALCO. Interest-rate exposure is mainly the result of the composition of BinckBank's investment portfolio. A distinction is made between the duration schedule and the liquidity schedule. The duration schedule shows the maturity dates of the portfolio over time. This means that the maturity date determines the interest-rate sensitivity of the portfolio.



The above shows that the duration schedule is considerably shorter than the liquidity schedule. This is because 26% was invested in variable interest bonds at the end of December 2013. The difference between the duration and liquidity schedules is expressed in the interest-rate sensitivity of the interest income and the movements in value of the investment portfolio respectively. A reduction in duration leads to a lower interest-rate sensitivity of the value of the investment portfolio, but it creates additional interest-rate sensitivity for the interest income. A parallel move in interest rates will have more effect on interest income in the short-term due to the volume of the variable interest bonds than on the value of the investment portfolio.

Interest-rate risk on the result

A U D I T E D BinckBank does not operate a trading portfolio, however it is still exposed to movements in interest rates due to the loans and investments it places in the market. Interest-rate risk exists because of the possibility that changes in market interest rates can have a negative effect on future profitability. A gradual movement in market interest rates (the yield curve) has an effect on the future interest income from collateralised lending and the investment portfolio, and on the interest BinckBank pays on savings and brokerage accounts. BinckBank manages this risk in relation to its banking operations by matching the interest-rate maturities of its assets and liabilities within specified limits. The effect of a gradual movement in interest rates on BinckBank's profitability is determined using an Earnings-at-Risk model. The Earnings-at-Risk model measures the impact of interest-rate risk on the adjusted net result by calculating the effect on expected interest income and expense on the basis of a gradual change in market interest rates of +/- 1% and +/- 2% over a period of one year. This clearly expresses the interest-rate exposure of BinckBank's result. The Treasury & ALM department reports the results and any breaches of the tolerance level to the ALCO on a monthly basis. The results of the Earnings-at-Risk model are shown in the table below, whereby the impact is based on the result over the 2013 financial year.

Sensitivity analysis of interest-rate result	Effect on	the result
	31 December 2013	31 December 2012
Gradual parallel yield-curve movement in basis points	x € 1,000	x € 1,000
Over a period of 1 year		
+200 basis points	3,888	1,956
+100 basis points	1,944	978
-100 basis points	(1,437)	(762)
-200 basis points	(1,902)	(1,049)
Over a period of 2 years		
+200 basis points	18,173	14,972
+100 basis points	9,087	7,486
-100 basis points	(6,388)	(4,023)
-200 basis points	(7,353)	(4,702)

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Interest-rate risk on capital

The interest-rate risk on capital takes account of sudden changes to the yield curve (interest-rate shocks) that could negatively affect the value of the investment portfolio. BinckBank has an investment portfolio consisting of fixed and variable interest securities that is diversified across various maturities. The investment portfolio is held in the banking book and is classified as financial assets available for sale and measured at fair value. This means that movements in value as a result of events such as interest-rate shocks are initially expressed in the revaluation reserve, but these changes only lead to losses in case of a forced liquidation of the investment portfolio due to substantial customer withdrawals associated with an upward interest-rate shock.

The effect on equity of an interest-rate shock of 100 basis points is shown in the table below (before tax):

Sensitivity analysis of interest-rate result	Effect on capital				
	31 December 2013	31 December 2012			
Sudden parallel yield-curve movement	x € 1,000	x € 1,000			
+100 basis points	(18,511)	(10,264)			
-100 basis points	18,511	10,264			

Currency risk

Currency risk is the risk presented by movements in the value of items denominated in foreign currencies due to movements in exchange rates. It is BinckBank's policy not to take active foreign-exchange trading positions. Currency positions can therefore only arise as a result of the facilitation of brokerage transactions by customers. The policy is to hedge currency positions arising from operating activities on the same day they occur. The Treasury & ALM department hedges currency positions during the day up until 22:00 hours. Currency positions arising after 22:00 hours are hedged on the next subsequent trading day. BinckBank considers this risk on currency positions to be accepted risk.

Capital requirement for market risk

The capital requirement for market risk is expressed under Pillar I (currency risk) and Pillar II (interest-rate risk). At the end of 2013 the capital requirement for currency risk stood at € 0.1 million (2012: € 0.1 million). BinckBank held capital for the interest-rate risk in the investment portfolio at the end of 2013 in an amount of € 4.2 million. The capital requirement has risen due to an increase in the duration of the investment portfolio from 0.67 years as at 31 December 2012 to 1.17 years at the end of 2013.

Operational risk

The risks arising from operational activities are classed as operational risks. Losses due to operational risk are unavoidable. Operational risk is generally the result of deficiencies in the daily processing and settlement of transactions with customers or other parties or in the procedures and measures designed to ensure prompt detection of errors, quantitative or qualitative deficiencies or limitations in human resources, deficient decision-making due to inadequate management information and non-compliance with internal control procedures. 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 uses the standardised approach (SA) to calculate its operational risk under Pillar I. Under the SA, the operating income in the three preceding financial years is divided into various business lines with pre-set capital requirements of between 12% and 18%.

Standardised Approach as at 31 December 2013

Business Line	0	perational incom	e	Risk weighting	Capital
	2011	2012	2013		requirement
Retail brokerage	126,659	99,995	101,723	12%	13,135
Retail banking	38,907	32,024	27,686	12%	3,944
Agency services	12,219	14,742	17,075	15%	2,202
Asset management	5,790	10,951	30,226	12%	1,879
Total	183,575	157,712	176,710		21,160

Standardised Approach as at 31 December 2012

Business Line	0	perational incom	e	Risk weighting	Capital
	2010	2011	2012		requirement
Retail brokerage	120,285	126,659	99,995	12%	13,878
Retail banking	43,587	38,907	32,024	12%	4,581
Agency services	12,605	12,219	14,742	15%	1,978
Asset management	8,369	5,790	10,951	12%	1,004
Total	184,846	183,575	157,712		21,441

The following parameters were applied by BinckBank's management with respect to potential and actual operational losses in 2013. The internal target is for annual losses on normal activities due to operational risks not to exceed 1% of gross fee and commission income.

- The financial result of out-trades and reimbursement of customers:
- Other direct loss due to faults in ICT systems, automated information processing and operating processes.

In 2013 these losses amounted to 0.54% of total gross fee and commission income, compared to 0.62% in 2012.

Management of operational risk

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Operational risk at BinckBank is generally the result of deficiencies in the daily processing and settlement of transactions with customers or other parties or in the procedures and actions designed to ensure prompt detection of errors, insufficient investment in and maintenance of the ICT systems, quantitative or qualitative deficiencies or limitations in human resources, deficient decision-making due to inadequate management information and failure to comply correctly with internal control procedures. The assessment and control system for operational risk at BinckBank meets the following conditions:

- Establish clearly all allocated responsibilities;
- Measure, assess and adjust the current operational risk in the various risk committees;
- Maintenance of the loss database and reporting to the various risk committees;
- The results of the periodic checks are discussed monthly by the risk committees and additionally an annual risk assessment is conducted by order of the executive board by the directors of the business units and the heads of the support departments.

Operational risk management is built into the structure of the organisation, which embodies a number of the internal control measures and principles that BinckBank uses to manage operational risk. Ineffective controls with respect to operational risk are assessed on a monthly basis and decisions are taken by the relevant risk committees whether additional measures are needed as appropriate. In addition, a Risk Dashboard is discussed which shows the key indicators providing signals of the development of operational risks over time. These include indicators relating to ICT performance such as system failure during the month (percentage of uptime during market hours, norm = 99.9%) versus the previous period, last successful contingency test, percentage of incidents resolved within two days. These operational risk indicators are quantified in the risk dashboard and are divided into the following areas of interest: people, processes, projects & products, ICT system & information risk and outsourcing risk.

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Important elements for the management of operational risk include:

- Locate the responsibility for managing operational risk as close as possible to the processes themselves, i.e. with the line management;
- Record the operating processes, risk management processes and organisational structure and their interrelationship in writing;
- Embed procedures for reporting and escalation to management;
- Implement controls within each process chain to ensure accurate information, together with performance and risk indicators;
- Learn from incidents and errors. Where possible, record the details of incidents that resulted (or could have resulted) in losses and compare the records against the findings of risk assessments;
- Automated recording and execution of transactions with associated audit trails. Daily transaction and position reconciliation, including reporting to management;
- Procedures for staff recruitment and mentoring and segregation of duties and job descriptions for all employees and departments;
- Clear reporting lines, recording of required management information and periodic internal consultation; internal
 control and internal audit studies, compulsory "dual control" principle for representation and contractual binding of
 the company;
- Maintain a capital buffer for losses arising from unforeseen (uninsured) events and check the adequacy of the buffer with regular stress testing; and
- Maintain an insurance portfolio including directors' liability insurance, company liability insurance, professional liability insurance, inventory insurance, buildings insurance and consequential loss insurance policies.

Management of ICT risk

Since the business activities of BinckBank depend heavily on ICT, a significant proportion of the operational risk concerns ICT risk. Deficiencies in ICT can constitute a significant threat to the critical business processes and the service provided to customers. ICT risks can therefore indirectly pose a threat to BinckBank's financial position and result. To reduce this risk, a large number of control measures have been implemented in the following areas: organisation and policy, information risk management, incident and problem management, testing, change & configuration management and continuity.

Organisation and policy

This concerns first, the risk that the ICT policy and ICT organisation inadequately reflects the organisational strategy and second, the risks that the ICT organisation and ICT policy are not (or not adequately) structured and formulated to reflect the business processes and the existing information and data processing so that the processes and the dislcosure of information are not adequately supported.

BinckBank has an ICT Governance model. The ICT Governance is evaluated periodically and updated when necessary. BinckBank has also formulated an information security policy that is actively conveyed throughout the organisation. Policy principles have been formulated for all significant ICT risk control measures such as system availability, incident settlement, problems and system changes which are measured and reported monthly to the various risk committees using Key Performance Indicators.

BinckBank has a compulsory confidentiality, integrity and availability (CIA) classification for all its ICT systems as an element of governance. The ICT department takes measures using the CIA classification to ensure that the desired quality requirements can be met.

Information risk management

As an Internet bank, BinckBank is by definition exposed to a significant inherent risk of external fraud. The objective of security management is to prevent unauthorised users from accessing information. BinckBank has a variety of measures in place with respect to its infrastructure, systems, applications and data. Information security is seen as a company-wide responsibility. The responsibilities are established in the strategic information security policy (the security governance). Information risk management sets the frameworks in the strategic and tactical information security policy, and monitors that this policy is correctly applied. The first line of defence is responsible for the security of BinckBank's systems, applications and data, with due observance of the policy frameworks.

To further increase the security of its platform, BinckBank has further extended and taken into operation its Security Incident and Event Management system (SIEM) in 2013. SIEM monitors the security of the BinckBank network.

An important element of this policy is a periodical penetration test, in which BinckBank invites a third party to attempt to break into its systems using the latest techniques and methods. The results of this test are discussed by the risk committees, and can lead to a further tightening of policy and/or controls.

Incident and problem management

Incident and problem management focuses on the prevention of the risk of failures as a result of which the service cannot (or cannot sufficiently) be restored, of structural errors in the ICT infrastructure and ensuring that incidents and problems are dealt with correctly, completely and in a timely manner. BinckBank mitigates this risk by means of an incident management procedure that ensures that every ICT incident is analysed and prioritised, and that incidents with a high level of urgency and impact are escalated appropriately. Reports are also prepared on incidents and failures on a monthly basis.

The incident and problem management processes were revised and adjusted where necessary in 2013.

Test, change and configuration management

BinckBank updates its systems and programmes in line with new technological developments, new legislation and regulation, internal information requirements and the needs of its customers. BinckBank is thus exposed to the risks of incorrectly and/or incompletely developed programmes, unauthorised changes to the ICT infrastructure, inadequate provision of information concerning the ICT infrastructure and incorrect or incomplete responses to change requests or failure to deal with change requests in good time.

This is managed by means of an established change management process, which among other things stipulates that only personnel from the ICT Operation and Management department are authorised to implement approved changes to the production processes. BinckBank also has various separate development, testing and acceptance environments at its disposal for the introduction of new software releases. Before changes to production processes can be implemented, the changes concerned must have completed the test procedure and have been approved by the test manager.

Business Continuity Management

The availability of the website and the underlying systems is a matter of great importance to BinckBank. The risk that the continuity of the (critical) business processes could be threatened as a result of the unavailability of the ICT infrastructure (including applications and systems) is mitigated as follows:

- 1. BinckBank has prepared a business continuity plan on the basis of a business impact analysis. BinckBank has a contingency facility and conducts a contingency test at least twice a year.
- 2. To ensure the continuity of the conduct of its business, BinckBank has situated its ICT production systems with an external data centre that has made provisions against the effects of heat, fire, theft, damage, loss of electrical power and natural disasters. The data centres have obtained all the required certifications.
- 3. In addition, in order to secure its business-critical data BinckBank uses back-ups and real-time synchronisation of data to a contingency location. A daily check is carried out to establish whether critical back-ups have functioned properly and in the event of failures an assessment is made to determine whether further action is necessary.
- 4. A report to management and risk committees on the performance and availability of the systems is produced on a monthly basis.
- 5. Special monitoring software is also used to continually monitor the availability and performance of critical systems.

BinckBank has implemented an adequate business continuity management process to ensure the availability of critical services. Business continuity management (BCM) is part of the overall risk management framework and is positioned as a central function within the business. Binck has two business continuity managers: one for the business unit Retail, and one for the business unit Professional Services. The BCM managers report to the directors of their business units, who in turn are members of the business continuity council (BC council) led by the chairman of the executive board (CEO). The BC council meets at least once per quarter and also acts as a crisis team, in which case it is supplemented with a number of specialists.

A business impact and risk analysis is conducted each year to establish which processes are business-critical, what the recovery targets are and the resources (people, systems, data flows, premises and suppliers) on which these processes

depend. In the risk analysis, the process owners establish the feasible threat scenarios and the additional measures that will be needed to mitigate risk to an acceptable level. The BC Council formulates a continuity strategy on the basis of the business impact and risk analysis. This is developed into plans that are implemented under the supervision of the business continuity managers. Existing business continuity plans (BCPs) are amended or new BCPs are formulated on the basis of the new strategy. A generic or a specific plan is developed for each feasible threat scenario. BinckBank tests various scenarios and measures. The BC Council sets the test standards, evaluates these standards and initiates further measures for improvement.

Legal and compliance risk

BinckBank places a high priority on integrity and reliability, and emphasizes this by means of its code of conduct, house rules, insider trading regulations and whistle-blower's charter. Claims and complaints are seen as important indicators that are discussed by the legal and compliance committee. Legal and compliance risk is part of the risk framework.

Within the Legal & Compliance department, Compliance lists and analyses the risks, also on the basis of the applicable rules. Recommendations are then made for the control of these risks by means of internal policy and procedures. Compliance agrees action plans with the management on the basis of the prioritised risks and recommendations. Compliance monitors the progress of the action plans and reports on this. Developments in legislation and regulation, the current control of high risks and action plans form the basis for the annual policy plan and the activities of Compliance. Compliance acts on the basis of defined reporting lines and an escalation procedure. Compliance is responsible for making enquiries among managers and the executive board promptly and accurately in order to ensure that BinckBank's activities continue to comply with applicable legislation and regulation. BinckBank has procedures in place for whistle-blowers and mandatory reporting of suspicious transactions, and has a Security Officer and a Privacy Officer.

Product-specific risks

Different measures are currently in place in order to mitigate the risks specific to the business and products of Alex Asset Management. These risks are explained in further detail below.

Risk management at Alex Asset Management

Under the Alex label, BinckBank offers asset management and advisory services in its business unit Retail in addition to execution-only services. The asset management business expanded rapidly in 2013, which also increased the level of risk for BinckBank. Assets under management at Alex Asset Management increased by 112% since year-end 2012, from € 1.0 billion to € 2.1 billion at year-end 2013.

With Alex Asset Management, BinckBank distinguishes itself from traditional asset managers by operating an active investment policy combined with investment decisions and recommendations based on quantitative analysis. The risk profile of Alex Asset Management is different from that of the normal execution-only business of BinckBank. The potential risks identified can be divided into risks associated with the duty of care, operational risk and reputational risk. The guidelines regarding the duty of care are stricter for asset management than they are for execution-only services, and place an additional responsibility on the asset manager. BinckBank meets these additional requirements by establishing a customer's investment profile prior to providing service by means of a digital intake procedure and obtaining the approval of the customer in digital form. BinckBank asks its asset management customers to update their investment profile once a year. BinckBank checks daily to establish that the customer's portfolio is in line with market developments and whether it corresponds to the established investment profile and objectives. Transactions are executed automatically to expand or reduce positions if this is advisable. This process is fully automated, and therefore does not depend on asset management personnel. The operational risks mainly concern heavy reliance on the IT systems, decision models and the accuracy of data used such as prices, traded volumes and corporate actions that affect prices. The controls system is adjusted to reflect this.

BinckBank conducts a large number of tests on a daily basis and regularly tests that the decision models are still operating in accordance with the criteria. The reputation of Alex Asset Management and therefore BinckBank could be harmed if customers feel that their interests are not properly protected. This perception could arise if returns are disappointing or as a result of unclear communication and negative publicity.

Capital management

The aim of capital management at BinckBank is to maintain a sound solvency position, seeking to strike the right balance between the equity capital it holds and the risks to which it is exposed. Capital management makes an increasingly important contribution to a systematic analysis of and improvement to the risk and return of BinckBank's activities. In the design of its capital structure, BinckBank takes account of the thresholds set by DNB, the Wft, the Basel II regulations and its own internal requirements with respect to capital adequacy.

Capital strategy and internal capital targets

BinckBank strives (under Basel II) to achieve a solvency ratio (Pillar II solvency ratio) of at least 12%. Given a lower BIS (Pillar I) ratio, BinckBank will have to take measures to meet its own internal capital target. This can be achieved by either strengthening its capital buffers or reducing its risk. Like all other Dutch financial institutions, BinckBank has formulated a financial recovery plan for this eventuality. The plan describes the measures that BinckBank could take to return to its own internal capital target and the circumstances in which these measures would be applied.

Share buy-back programme

BinckBank reinstated its share buy-back programme on 16 December 2011 with the intention of reducing its capital. The share buy-back programme was completed on 28 June 2013. The total value of shares BinckBank repurchased in 2013 was € 9.1 million, bringing the total value of shares repurchased since 16 December 2011 to € 28.1 million.

Dividend structure

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With the acquisition of Alex, BinckBank introduced a dividend structure based on adjusted net profit. The policy is to distribute 50% of the adjusted net result as dividend. To determine the adjusted net result, the net result calculated according to IFRS principles is adjusted for the amortisation of intangible assets and the tax saving on the difference between the amortisation of the goodwill acquired on the acquisition of Alex for tax purposes and the commercial amortisation. There was an additional adjustment in FY13 Q4 in relation to the impairment to the goodwill paid for the acquisition of Able B.V. in 2006.

Capital structure

BinckBank holds capital to cover the risks it incurs as a result of the conduct of its business. The amount and quality of the capital reserves are determined on the basis of IFRS and the provisions of the applicable European CRD Directives that are included in the Dutch Financial Supervision Act (Wft).

Calculation of equity capital and available Tier 1 capital

BinckBank's equity capital consists of paid-in and issued share capital, share premium reserve, other reserves, the result in the current financial year, together with the value of the non-controlling interests. Treasury shares are deducted from equity capital. For the calculation of the core capital, the items goodwill, intangible assets, fair value reserve and the proposed dividend not yet paid are deducted from the equity capital. For the calculation of the total available Tier I capital as defined under Basel II, the item equity investments in financial institutions of more than 10% is deducted from the core capital. The analysis of the composition of equity capital and core capital as at 31 December 2013 is shown in the table below.

Calculation of capital requirement (Basel II)

x € 1,000	31 December 2013	31 December 2012
Issued share capital	7,450	7,450
Share premium reserve	373,422	373,422
Treasury shares	(30,340)	(21,539)
Other reserves	61,844	71,779
Unappropriated profit	19,248	24,100
Non-controlling interests	7	9
Total equity	431,631	455,221
Less: goodwill	(142,882)	(152,929)
Less: other intangible assets	(90,118)	(110,213)
Less: fair value reserve	(2,124)	(7,493)
Less: proposed dividend	(19,370)	(20,860)
Core capital	177,137	163,726
Less: equity investments in financial subsidiaries	(3,710)	(3,384)
Total available capital - (A) - Tier I	173,427	160,342

BinckBank's capital position as at 31 December 2013 was sound. BinckBank's total equity at the end of December 2013 stood at € 431.6 million (year-end 2012: € 455.2 million). The Tier I capital under Basel II is not affected by movements in the fair value reserve, since this is deducted in the calculation of the total available capital (see item: 'Less: fair value reserve'). The Tier I capital rose € 13.1 million, € 10.8 million of which consists of the amortisation of intangible assets and € 2.3 million of which consists of other movements in capital.

Calculation of capital requirement under Pillar I and Pillar II

The Basel II framework as established in the Wft provides guidelines for the calculation of the minimum Pillar I capital that according to the regulators a bank must hold for credit risk, market risk and operational risk. Basel II permits various approaches for the implementation of the requirements under Pillar I with regard to credit risk, market risk and operational risk. BinckBank uses the standardised approach for credit risk and market risk, in which risk considerations and credit risk mitigation techniques are used as indicated by the regulator. BinckBank also uses the standardised approach for operational risk, whereby it forms a capital reserve based on the average operational income per business line over the preceding three financial years.

The second Pillar of the Basel II agreement concerns the process whereby banks assess the adequacy of their equity, known as the internal capital adequacy assessment process (ICAAP). For the determination of its Internal Capital Adequacy Assessment Process (or ICAAP) capital, BinckBank uses the complementary method, whereby capital in addition to the prescribed minimum capital requirement under Pillar I must be retained for complementary risks acknowledged by BinckBank (Pillar II). The ICAAP is used by BinckBank to determine its internal regulatory capital (or ICAAP capital). The relationship between the available capital and the ICAAP capital is shown in the solvency ratio. During 2013 (under Basel II), BinckBank used a minimum capital requirement for the Pillar II solvency ratio of 12%.

Pillar I capital requirement

BinckBank has reassessed its capital adequacy as at 31 December 2013. This revealed that the total Pillar I capital requirement had risen 5% as at 31 December 2013 to € 43.3 million, chiefly due to higher risk as a result of asset management payments that are not yet settled.

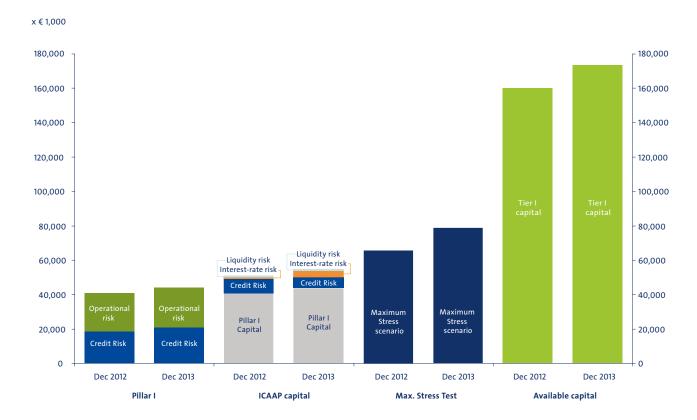
Pillar II capital requirement

The total capital required under Pillar II fell slightly by 3% in 2013 to € 9.3 million. The capital requirement for interestrate risk has increased due to a longer duration of the investment portfolio. The duration of the portfolio rose from 0.67 years to 1.17 at year-end 2013. In addition, the size of the portfolio increased from € 1.5 billion to € 1.6 billion at year-end 2013. Concentration risk measures the risks of losses from customers with skewed portfolios that are concentrated in specific stocks (or their associated derivatives). The capital requirement for concentration risk as at 31 December 2013 stood at € 1.0 million, which is € 4.3 million lower than as at 31 December 2012. The decline is due to the implementation of a new and more realistic model for the calculation of concentration risk. The new model does not use one fixed percentage, but rather uses a specific percentage for each stock based on historical volatility. The capital requirement for margin risk arises from the size of the unsecured claims on customers that would ensue after a 12.5% decline in the stock markets. Partly due to large positions held by a number of customers, the margin risk rose from € 2.2 million at year-end 2012 to € 3.4 million at year-end 2013. The capital requirement for counterparty risk remained unchanged at € 0.5 million.

In total, the capital required under Pillars I and II in 2013 rose 3% to € 52.6 million. The solvency ratio increased to 26.4% (FY12: 25.2%) and the BIS ratio rose to 32.0% (FY12: 31.1%).

x € 1.000	31 December 2013	31 December 2012
Credit risk - Pillar I	22,073	19,727
Market risk (=currency risk)	84	93
Operational risk	21,160	21,441
Total required capital (B) - Pillar I	43,317	41,261
Interest-rate risk	4,207	1,454
Liquidity risk	240	157
Credit risk - Pillar II	4,863	7,998
Concentration risk	1,000	5,256
Margin risk	3,363	2,242
Counterparty risk	500	500
Total required capital - Pillar II	9,310	9,609
Total required capital (C) - Pillar I + II	52,627	50,870
BIS-ratio (=A/B * 8%)	32.0%	31.1%
Solvency ratio (=A/C * 8%)	26.4%	25.2%

Overview of BinckBank's capital structure (Basel II)



The above figure illustrates the capital adequacy. Since the capital requirement (ICAAP capital and maximum stress test) as at 31 December 2013 was lower than the available capital, it can be concluded that the capital held by BinckBank is sufficient. The maximum stress scenario shows that BinckBank also holds sufficient capital in extreme stress situations.

Capital adequacy and results of stress tests for BinckBank

BinckBank conducts regular stress tests to evaluate the scale of the risks involved in extreme events with a change in one or several parameters. Stress testing is integral part of risk management and as such is mandatory under Basel II. The purpose of a stress test is to express the risks of extreme events in terms of potential financial loss. The likelihood and effect of this in the context of the risk appetite will lead to an evaluation of the risks accepted, and whether measures should be taken to mitigate the risk or maintaining additional capital. Under Pillar II, stress testing is mandatory to assess the effect on Tier 1 capital of all types of risk to which the bank is exposed. If the outcome of an extreme but to some extent feasible stress scenario leads to a solvency ratio of less than 12%, BinckBank will no longer meet its own internal capital requirement. In this case BinckBank will have to take appropriate action in the form of risk-mitigating measures such as policy changes or insurance, or by reducing the risk profile of its existing activities.

The stress tests for BinckBank concern the following items in the balance sheet:

Business Line	Stress test credit risk		Stress test	Stress test	Stress test business risk	
	Investment portfolio	Customer interest-rate portfolios risk		liquidity risk		
Assets						
Cash and balanced with central banks	X			Х	X	
Banks	Χ			X	X	
Loans and receivables		X			X	
Bonds and other fixed-income securities	Х		Х	Х	X	
Derivatives positions held on behalf of custumers		Х			Х	
Liabilities						
Customer deposits	Χ		X	X	X	
Revaluation reserve	Χ		X	Χ	X	
Derivatives positions held on behalf of custumers		Х			Х	

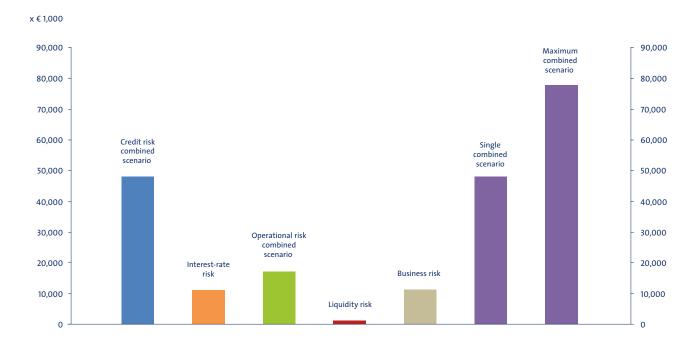
The financial impact resulting from stress tests is defined as the direct negative effect on BinckBank's core capital. The expected financial effect before tax for each individual stress test is calculated and the effect of this on capital adequacy as expressed by the Pillar I BIS ratio and the Pillar II solvency ratio. If the capital requirement changes as a result of a stress test, this is expressed as a second-round effect. This clearly shows the ultimate effect of a stress test once all factors have been taken into account.

Results of recent stress tests and maximum stress scenario

For the calculation of the maximum stress scenario, it is important to understand that there is a difference between stress scenarios and stress testing. A stress test is a single test for one particular event and thus a change in one single parameter. A stress scenario is a set of stress tests that together form a scenario. The maximum stress scenario is based on a set of extreme events that could lead to financial losses for BinckBank. Various stress tests have been developed for each risk category to enable management to assess the scale of the risk involved in extreme but realistic situations.

The individual stress tests are not complementary, since not all events can occur simultaneously, so that a stress scenario is compiled for each risk category. The various results of the stress scenarios for each risk category are combined into a maximum stress scenario for the testing of capital adequacy. The following figure on the next page shows the size of the maximum combined scenario spread across the various risk categories.

Maximum combined scenario per risk category



Maximum stress scenario

The most extreme stress scenario calculated by BinckBank for the purpose of capital management (maximum combined stress scenario) is explained in more detail below. The scenario involves the following assumptions: Increasing uncertainty regarding the creditworthiness of European countries leads to a two-step rating downgrade by well-known rating agencies for the bonds BinckBank holds in its investment portfolio. Interest rates rise by 200 basis points due to uncertainty over inflation and the markets come under pressure and fall suddenly by 25%. Confidence in BinckBank is damaged due to a system breakdown on a busy trading day. The competition benefits from this and goes on the attack, leading to immediate withdrawal of 30% of the funds entrusted. BinckBank is forced to sell part of its investment portfolio at a loss. Very active customers will also close their accounts, and both commission income and interest-rate margins come under pressure.

The capital loss under the maximum combined stress scenario comes to € 78 million as at 31 December 2013 (31 December 2012: € 65 million), reducing the amount of available (core) capital to € 95.4 million. The second round effect shows that the effects of the stress scenario affect the capital requirement. In other words, the forced liquidation of part of the investment portfolio would change the capital requirement for credit and interest-rate risk. Credit risk would decline first, as a result of the forced liquidation of the investment portfolio, however it would also increase due to a decline in creditworthiness and lead to a two-step credit downgrade. These two effects offset each other, leading to a situation in which the capital requirement for credit risk under Pillar II would rise marginally from € 22.1 million to € 22.9 million. In the maximum combined scenario, the total available capital would fall and the capital requirement under Pillars I & II would increase slightly from € 43.3 million to € 44.2 million. The table on the next page shows the development of the capital adequacy after the most extreme stress scenario has actually occurred, including the related second-round effects.

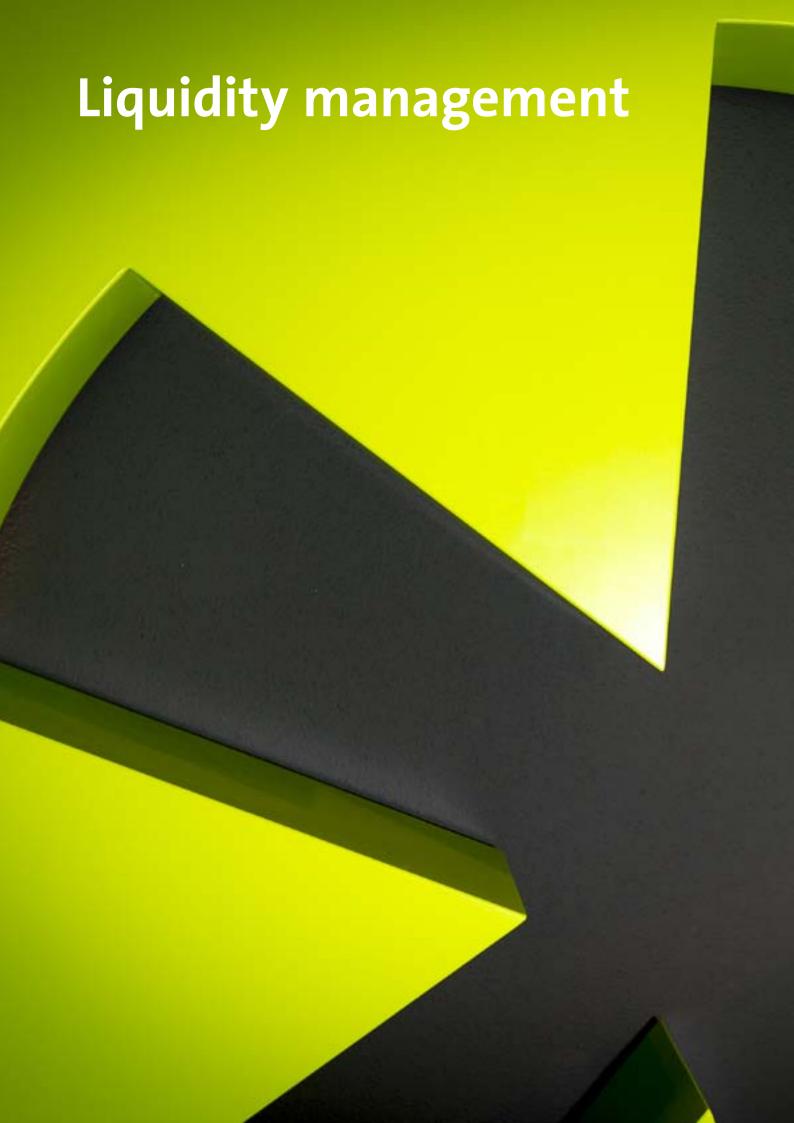
Solvency ratios under Pillar I & Pillar II

x € 1,000	Max. combined stress	31 December 2013	Impact
Total available capital	95,427	173,427	-45%
Total required capital Pillar I+II	52,745	52,627	0%
Pillar I required capital	44,173	43,317	2%
Credit risk	22,929	22,073	4%
Market risk	84	84	0%
Operational risk	21,160	21,160	0%
Pillar II required capital	8,572	9,310	-8%
Interest-rate risk	3,080	4,207	-27%
Liquidity risk	629	240	162%
Total credit risk Pillar II	4,863	4,863	0%
Concentration risk*	1,000	1,000	0%
Margin risk*	3,363	3,363	0%
Counterparty risk*	500	500	0%
Excess / insufficient capital (Pillar I)	51,254	130,110	-61%
Excess / insufficient capital (Pillar II)	42,682	120,800	-65%
Pilaar I BIS ratio	17.3%	32.0%	-46%
Pilaar II Solvency ratio	14.5%	26.4%	-45%

^{*} Including second-round effects

Capital position in event of maximum stress

Based on the second-round effect, BinckBank has established that its capital is also adequate under the maximum stress scenario. The BIS ratio would fall to 17.3% and the solvency ratio of 14.5% would remain comfortably above our own internal standard of 12%, so that no additional or mitigating measures would be necessary. One can therefore conclude that the capital position would also still be adequate under the maximum combined stress scenario, and would meet our own internal standard of at least 12% under Pillar II.





Introduction

Besides solvency, liquidity is also extremely important for a bank. This section is therefore devoted to liquidity management at BinckBank. Liquidity risk is the risk that BinckBank will not be able to meet its payment obligations. BinckBank adopts a prudent policy with regard to liquidity risk that is designed to ensure that demand by its customers for their cash can be met at all times. At year-end 2013 BinckBank had an ample position in immediately callable liquid assets of € 409 million (excluding deposits and cash reserves held at central banks). This represents 18% of the total funds entrusted. There have been no materially significant incidents with regard to liquidity during the 2013 financial year and there have been no reasons to adjust our liquidity policy.

Liquidity profile of BinckBank

BinckBank is an online bank for investors. BinckBank's services focus on the processing of securities orders placed by customers (brokerage), the offering of a savings product and asset management services. Due to the nature of its operations, BinckBank's business model shows a large liquidity surplus. Customers with an account at BinckBank mostly do not invest 100% of their assets, but always hold part of their assets in cash in their brokerage account or savings account. Because it has no active lending or mortgage business, BinckBank's business model is not the same as that of most Dutch retail banks. BinckBank does provide loans based on securities as collateral (collateralised lending) and it places its remaining liquidity surplus in the market by means of an investment portfolio. Since historically the size of the customer funds entrusted far exceeds that of the collateralised lending, BinckBank has a natural liquidity surplus and no funding requirement. The absence of (long-term) loans in combination with the liquidity surplus arising from customer funds is the basis of BinckBank's funding policy. BinckBank has no need to attract other long or short-term funding. The monies held by BinckBank's customers can be withdrawn at demand. BinckBank does not offer its customers deposits whereby cash is deposited for longer periods.

Limited predictability in the long-term and short-term effects on the liquidity position are features of the securities brokerage business. Most securities transactions are settled within three days of the transaction date. This means that the main focus of liquidity policy is on managing liquidity in the short-term.

BinckBank's liquidity surplus appears in the balance sheet in two different types of asset:

- Cash and Banks: 5% to 10% of the funds entrusted (excluding cash reserve requirements) is held in cash at other
 reputable banks in order to fund BinckBank's daily operations. BinckBank can draw these funds on demand.
 BinckBank can also place cash in the money market for periods of up to one month, subject to established
 counterparty limits.
- 2. Financial assets: the majority of the liquidity surplus is invested in the proprietary investment portfolio. BinckBank invests mainly in liquid bonds of high credit quality with a maximum remaining maturity of three years.

Available funding (customer deposits) are also used to finance:

- 3. Loans and receivables: a proportion of the customer funds is used to fund the collateralised loans provided by BinckBank.
- 4. Financing of settlement and collateral obligations: trading operations by customers means that BinckBank has to hold cash or bonds with various brokers/custodians in order to cover settlement and margin obligations.

Value of undiscounted liabilities classified by remaining contractual maturity

Remaining contractual maturity of liabilities (undiscounted) as at 31 December 2013 x € 1,000	On demand	< 3 months	> 3 months < 1 year	> 1 year < 5 year	> 5 years	Total
Liabilities						
Banks	15,034	-	-	-	-	15,034
Customer deposits	2,336,696	-	-	-	-	2,336,696
Financial liabilities held for trading	-	486	-	-	-	486
Financial liabilities designated at fair value through profit and loss	-	704	-	-	-	704
Total	2,351,730	1,190	-	-	-	2,352,920
Remaining contractual maturity of liabilities	On	< 3 months	> 3 months	> 1 year	> 5 years	Total
(undiscounted) as at 31 December 2012						Total
	demand		< 1 year	< 5 year		10141
x € 1,000	demand		< 1 year	< 5 year		Total
x € 1,000 Liabilities	20,060	-	< 1 year -	< 5 year -	-	20,060
x € 1,000 Liabilities Banks Customer deposits		-	< 1 year -	< 5 year - -	- -	
x € 1,000 Liabilities Banks Customer deposits	20,060		<1 year	-		20,060
x € 1,000 Liabilities Banks	20,060	-	<1 year	-		20,060 2,215,343

If customers withdraw their assets en masse or customer assets are used collectively to invest, there is a risk that BinckBank will be unable to meet its obligations to creditors. BinckBank's liquidity risk policy therefore focuses primarily on managing this aspect of liquidity risk.

It is unusual for banks to achieve complete maturity matching of assets and liabilities because transactions are frequently not predictable and are also extremely diverse in nature. The maturities of assets and liabilities and the scope for replacing interest-bearing liabilities as and when they mature in an economically acceptable manner are important factors in the assessment of the bank's liquidity and the extent to which the bank is exposed to movements in interest rates and exchange rates.

Fair value of financial assets and liabilities based on expected remaining maturity

Items maturing within one week are treated as being available on demand. Customer deposits are treated as available on demand in the table. In practice, a longer maturity can be allocated to these products. The positions as at year end are representative of the positions during the year. In addition, the loan facilities and possibilities for liquidation of the interest-bearing securities are shown. This concerns securities which can be traded in an active market or used as collateral for marginal lending from DNB.

Maturity calendar	On	< 3 months	> 3 months	> 1 year	> 5 years	Total
as at 31 December 2013	demand		<1year	< 5 year		
x € 1,000						
Assets						
Cash and balanced with central banks	67,523	265,000	-	-	-	332,523
Banks	136,658	-	-	8,126	-	144,784
Financial assets held for trading	-	70	-	-	-	70
Financial assets designated at fair value through profit and loss	-	19,130	-	-	-	19,130
Available-for-sale financial assets	-	209,347	429,504	943,295	-	1,582,146
Loans and receivables	428,180	-	-	-	-	428,180
	632,361	493,547	429,504	951,421	-	2,506,833
Guarantees		-	-	738	1,991	2,729
	632,361	493,547	429,504	952,159	1,991	2,509,562
Liabilities						
Liabilities	15,034	-	-	-	-	15,034
Financial assets held for trading	-	486	-	-	-	486
Financial liabilities designated at fair value through profit and loss	-	704	-	-	-	704
Customer deposits	2,335,640	-	-	-	-	2,335,640
	2,350,674	1,190	-	-	-	2,351,864
Liquidity surplus / deficit on basis of contractual maturities	(1,718,313)	492,357	429,504	952,130	1,991	157,669
Credit, lending facilities and possibilities for liquidation	1,582,146	(209,347)	(429,504)	(943,295)	-	-
Liquidity surplus / deficit taking account of credit, lending facilities and possibilities for liquidation	(136,167)	283,010	-	8,835	1,991	157,669

Maturity calendar	On	< 3 months	> 3 months	> 1 year	> 5 years	Total
as at 31 December 2012	demand		< 1 year	< 5 year		
x € 1,000						
Assets						
Cash and balanced with central banks	365,362	-	-	-	-	365,362
Banks	135,590	-	-	9,326	-	144,916
Financial assets held for trading	-	168	-	-	-	168
Financial assets designated at fair value through profit and loss	-	15,876	-	-	-	15,876
Available-for-sale financial assets	79,864	109,494	515,046	811,145	-	1,515,549
Loans and receivables	323,008	-	-	-	-	323,008
	903,824	125,538	515,046	820,471	-	2,364,879
Guarantees	-	455	250	258	1,595	2,558
	903,824	125,993	515,296	820,729	1,595	2,367,437
Liabilities						
Banks	20,060	-	-	-	-	20,060
Financial assets held for trading	-	65	-	-	-	65
Financial liabilities designated at fair value through profit and loss	-	1,084	-	-	-	1,084
Customer deposits	2,213,049	-	-	-	-	2,213,049
	2,233,109	1,149	-	-	-	2,234,258
Liquidity surplus / deficit on basis of contractual maturities	(1,329,285)	124,844	515,296	820,729	1,595	133,179
Credit, lending facilities and possibilities for liquidation	1,435,685	(109,494)	(515,046)	(811,145)	-	-
Liquidity surplus / deficit taking account of credit, lending facilities and possibilities for liquidation	106,400	15,350	250	9,584	1,595	133,179

A U D

T E D

Liquidity risk management

To avoid a situation in which it faces a liquidity deficit, BinckBank has taken various control measures.

The most important of these are:

Organisational

The BinckBank executive board determines the risk appetite with regard to liquidity risk on an annual basis. The risk appetite with regard to liquidity is set by the board at 'very low' (1 on a scale of 1 to 5). The board's very low risk appetite with regard to liquidity risk is based on:

- a. the liquidity characteristics of the business model, that mainly involves the settlement of securities transactions and the size of the customer demand deposits;
- b. the fact that inability to meet its obligations to customers or third parties promptly could seriously damage confidence in BinckBank and thereby constitute a threat to BinckBank's continuity; and
- c. BinckBank needs to avoid a situation in which it is forced to sell its assets at unfavourable market prices and thereby incurring losses.
- A BinckBank's risk appetite regarding liquidity risk is demonstrated by the high liquidity position of its balance sheet.
- U BinckBank has no need for external funding and places its liquidity surplus in liquid assets.
- D BinckBank funds its assets with funds entrusted by customers, which is a stable source of funding. The risk appetite
- regarding liquidity is also a major factor in BinckBank's policy with respect to its investment portfolio. The investments
- must be of high credit quality, liquid and eligible as collateral with the central bank and/or other banks. The Treasury & ALM department does not operate as a commercial department, in the sense that there is no direct link between the
- p financial results of the Treasury & ALM department and the remuneration of its employees.

The number of officers involved in liquidity management at BinckBank is relatively low, and they are all at senior level. Communication lines are short, and decisions can be taken extremely quickly. The main officers involved are: the CFRO, the manager of Risk Management, the manager of Treasury & ALM, the cash manager and the group controller. The senior officers concerned have extensive knowledge of the liquidity aspects of BinckBank's business model, liquidity drivers and the liquidity aspects of the available assets and liabilities. BinckBank's liquidity risk policy corresponds to the risk appetite with regard to liquidity risk in relation to the liquidity aspects of the business model. Clear mandates are in place with regard to the management of cash, placements in the money market and the management of the investment portfolio. The frameworks within which the Treasury & ALM department may invest are established in mandates. The Risk Management department and the ALCO monitor that none of the mandates are exceeded. The liquidity value of the assets is monitored on the basis of established criteria. The securities in the investment portfolio and the criteria for the liquidity value of the assets are discussed by the ALCO on a monthly basis.

Intraday monitoring

Outgoing payments traffic is continuously monitored; for individual transfers in excess of € 500,000 the Customer Relations department places a follow up call to the customer and inquires for the reason for the transfer. The Treasury & ALM department is also notified regarding these transfers. The Treasury & ALM department is notified of the status of incoming and outgoing payments three times a day. In stress situations, transfers can be monitored on an hourly basis. The Treasury & ALM department receives a summary of the securities transactions effected for customers four times a day, and the liquidity forecast is adjusted on this basis. The liquidity position is determined daily and a projection is made for the next three days (T+3), which is then tested against the internal liquidity target.

Liquidity reports are sent to the executive board and the members of the ALCO.

Treasury & ALM monitors the cash inflow and outflow. In case of heavy cash outflow, an escalation procedure to the executive board (CFRO) is applied and action is taken.

Long-term monitoring

Loans are provided on the condition that BinckBank at all times has the right to unilaterally cancel the credit agreement and recall the funds. BinckBank receives liquid financial assets as collateral for the loans it provides.

Early warning indicators and escalation procedures

There are clear escalation procedures that are applied if there is a threat that the lower limit of the internal liquidity target will be breached. Escalation is applied using what is known as a traffic-lights model. This is a system of warning signals that lead to an increased level of vigilance with respect to the liquidity position.

Code green exists when none of the escalation criteria have been triggered. This can be escalated to code yellow, orange and ultimately code red. Code red would apply in a situation of negative publicity regarding BinckBank's reputation and/or heavy cash outflow in combination with a limited cash balance.

Stress testing and contingency funding

Stress tests are conducted to test whether BinckBank is still meeting its internal liquidity target. BinckBank has formulated a number of its own stress scenarios for this purpose. There are two additional scenarios specified by the regulator. The operation of the bank's alternative sources of liquidity (the Contingency Funding Plan) is tested at least once a year.

Contingency Funding Plan (CFP)

BinckBank has various alternative sources of liquidity at its disposal to cope with liquidity stress. These are:

- Repo agreements;
- Multi-currency credit facility (with securities as collateral);
- · Liquidation of the investment portfolio;
- · Reserve requirement at the central bank; and
- Marginal lending facility at DNB.

Capital requirement for liquidity risk

The capital requirement for liquidity risk is determined by use of a scenario in which 25% of the deposits held by customers with a cash balance in excess of the amount covered by the deposit guarantee system and 12.5% of the deposits held by customers with balances covered by the deposit guarantee system are withdrawn.

Under this scenario, BinckBank would have to make money available from the investment portfolio. The liquidity surcharge involved in the immediate liquidation of the investment portfolio is estimated at 0.27%. This surcharge is based on the liquidity spread that arose during the sale of a substantial part of the investment portfolio during the crisis in 2008. The liquidity spread concerns the additional costs that would be involved in an immediate forced sale of a substantial part of the portfolio within one trading day.

Based on the above scenario, a sum of € 429 million would be liquidated in the investment portfolio under this 'liquidity crisis' scenario. Allowing for a liquidity surcharge of 0.27%, the capital requirement for liquidity risk is set at € 0.6 million.

Statement by the executive board

In-control statement

A detailed account of our risks and our risk management framework, in addition to a description of the responsibilities of the executive board, is given in the sections on Risk and Capital Management and Liquidity Management on pages 60 to 105 of the annual report.

In accordance with the best practice provisions as stated in the Corporate Governance Code and with due observance of the limitations stated below, we confirm that our risk management and control systems provide a reasonable level of security and that we are aware:

- a. of the extent to which BinckBank's strategic and operational targets are achieved;
- b. that BinckBank is in compliance with the applicable legislation and regulation; and
- c. that our financial reporting is free from material misstatements.

We moreover declare that these risk management and control systems have performed satisfactorily in 2013.

Our internal risk management and control systems cannot however provide absolute certainty that our strategic, operational and financial targets will be achieved or that legislation and regulation will be complied with at all times. Furthermore, risk management and control systems cannot prevent all human errors or errors of assessment and mistakes. Also, these systems are not proof against situations in which employees collude with each other and in which the integrity and reliability of employees cannot be ensured. The acceptance of risk and implementation of control measures is always subject to cost/benefit considerations, and is an inherent part of entrepreneurial activity. We continue to strive to further improve and optimise our internal risk management and control procedures.

Without prejudice to our statement, we would like to refer to the weaknesses and threats as described in the SWOT analysis on page 20 of the annual report.

Statement by the executive board

In accordance with Section 5:25c of the Financial Supervision Act (Wft) we state that according to the best of our knowledge:

- A. The financial statements present a true and fair view of the assets, the liabilities, the financial position and the result of BinckBank N.V. and the companies included in the consolidation; and
- B. The annual report provides a true and fair view of the position as at the balance sheet date, the state of affairs during the financial year of BinckBank N.V. and its affiliated companies, whose data have been included in its financial statements, and that the annual report describes the essential risks faced by BinckBank N.V.

Amsterdam, 6 March 2014

The executive board

Koen Beentjes, chairman Evert Kooistra, executive director and CFRO Pieter Aartsen, executive director AS A MODERN AND
INNOVATIVE COMPANY,
BINCKBANK ENDORSES
THE CORPORATE GOVERNANCE
CODE AND THE BANKING CODE.



Introduction

The Dutch Corporate Governance Code (hereinafter, 'the Code') is an important code for good business conduct for Dutch listed companies. The Code is self-regulatory in nature, and is based on the principle known as 'apply or explain'. The duty of the Corporate Governance Code Monitoring Committee is to encourage the topicality and practicality of the Code, as well as to monitor compliance with the Code by Dutch listed companies. The Monitoring Committee produced a concluding document on completion of the last four years of monitoring on 1 October 2013. Among other things, the report gives an overview of the actual developments in corporate governance over the last 10 years and attention is devoted to a number of issues relating to the substance of the Code.

The Banking Code is an important code for good business conduct for banks in the Netherlands. Since its formation, the Corporate Governance Code Monitoring Committee has produced four reports in which it has stated its findings with respect to implementation of the Banking Code and compliance with its principles. The Committee's three-year mandate expired on 24 March 2013. As part of its mandate, the Committee issued a report of its views on the future of the Banking Code on 22 March 2013. The Committee concludes that the Banking Code and the independent monitoring of compliance with the Code has made an important contribution. At the same time, developments in recent years have shown that there is every reason to make renewed efforts to restore confidence. According to the Committee, this requires not only amendment to the Code, but most of all a different and more open attitude by the banks. In the Committee's view, self-regulation can only continue to contribute to renewal and stability of the financial system if the necessity of this is felt, believed in and subsequently also expressed. Amendment to the Code therefore needs to be initiated and formulated by the banks themselves. In the Committee's opinion, the emphasis of self-regulation should be on 'self' rather than 'regulation'. Testing whether the banks are complying with the Code can, according to the Committee, then continue to be subject to independent monitoring.

BinckBank is a listed bank in the Netherlands, and thus is subject to both the Dutch Corporate Governance Code and the Banking Code.

Developments in 2013

A number of developments in the field of corporate legislation and regulation are outlined below.

Right to institute an inquiry

The Right to Institute an Inquiry (Amendment) Act (Wet wijzigingen enquêterecht) took effect on 1 January 2013. Among other things, the new rules change the threshold values for shareholders to initiate an inquiry procedure at large companies.

Management and Supervision Act

The Management and Supervision Act (Wet bestuur en toezicht) takes effect at the same time as the Remedial Act (in which a number of regulations in the former Act are clarified) on 1 January 2013, and among other things provides the legal basis for a one-tier board, a limit to the number of supervisory directorships a person may hold, a new regulation on conflicts of interest, target figures for diversity (between men and women) in the executive board and the supervisory board, and a change in the legal position of directors of listed companies.

The Corporate Governance Act ('the Frijns Act')

The Corporate Governance Act (Wet corporate governance) took effect on 1 July 2013, and is designed to contribute to strengthening the system of good corporate governance in the Netherlands. It is also intended to maintain or even increase the attractiveness of the Dutch corporate governance system in an international context.

The 'Claw Back' Act

The Claw Back Act came into force on 1 January 2014. Briefly, it contains:

- the possibility of adjusting the amount of bonus awarded to an executive director if payment is unacceptable in the circumstances;
- the possibility of reclaiming an executive director's bonus that has already been paid if it emerges that payment was effected on the basis of incorrect information; and
- the obligation to withhold an increase in value of shares and options held by executive directors of listed companies in the event of an acquisition.

The Act strengthens the position of the supervisory board with respect to the remuneration of executive directors. The intention of the bill is to enable the supervisory board to ensure that the remuneration of executive directors contributes to the interests of the company in the long-term.

Financial Markets (Amendment) Act 2013

The Financial Markets (Amendment) Act 2013 contains some substantive amendments as well as technical, non-substantive changes to the Financial Supervision Act (Wft), the Financial Supervision (Funding) Act, the Financial Markets (BES Islands) Act and certain other Acts. This Act is part of the annual amendment cycle and based on the principle that it will incorporate all national legislation and regulation with regard to the financial markets. The bill also includes the motion put forward by Huizing/Blanksma, which calls on the government to legally embed the moralethical declaration that policy-makers have to provide under the Banking Code (also known as the bankers' oath) in the reliability and suitability test for executive directors. Most of the provisions of the Financial Markets (Amendment) Act 2013 took effect on 1 July 2013.

Financial Markets (Amendment) Act 2014

The Financial Markets (Amendment) Act 2014 is part of the annual amendment cycle of national legislation with regard to the financial markets. This Act is scheduled to take effect on 1 January 2014. It contains changes to the Wft and other legislation, and a number of important changes in the area of financial reporting, in particular with respect to transparency obligations. For instance, listed companies will have to make information regarding facts and circumstances occurring after preparation of the annual financial reporting publicly available without delay. In addition, listed companies will have to make a statement publicly available without delay if the adopted annual financial reporting differs from the prepared financial reporting. Other changes relate to enforcement by the AFM in its supervision of the financial reporting by listed companies.

The following piece addresses the recommendations in the Code and the Banking Code.

The Code

The Code has a legal basis in the sense that a listed company has to include a statement in its annual report regarding its compliance with the principles and best practice provisions of the Code that relate to the company's executive board or supervisory board.

BinckBank generally endorses the principles stated and broadly supported in the Code.

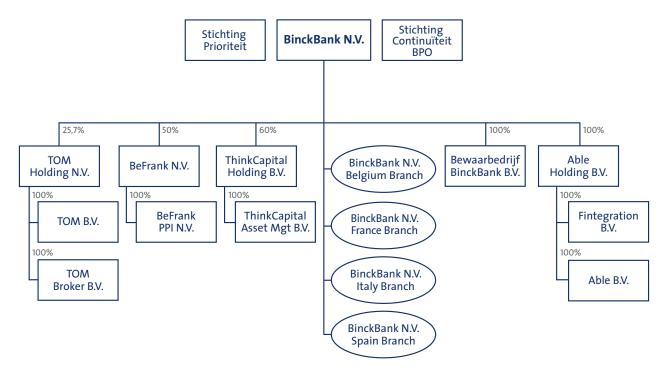
According to best practice provision I.1 of the Code, the broad outlines of the company's corporate governance structure must be explained each year in a separate section of the annual report, partly by reference to the principles of the Code. This section must also expressly state the extent to which the best practice provisions in the Code are being observed, and where this is not the case, why and to what extent the provisions are no applied. The principle of 'apply or explain' has a legal basis.

This section will fulfil the requirements of this best practice provision I.1 of the Code, The provision in this section and the statements regarding the key features of the company's management and control systems in relation to financial reporting as included in the management's in control statement can also be described as the corporate governance statement referred to in Section 2:391(5) BW.

Legal structure

General

BinckBank is a public limited company listed on NYSE Euronext Amsterdam. BinckBank had a two-tier board structure in 2012. An amendment was accordingly made to the articles of association in 2012. BinckBank has a number of Dutch subsidiaries and associates. BinckBank has branches in Belgium, France, Italy and Spain.



At 31 December 2013

Shares, issue of shares, voting rights and shareholder structure

Shares

BinckBank's authorised share capital consists of 74,500,000 ordinary listed shares and 50 priority shares, each with a nominal value of € 0.10. The priority shares represent 0.00007% of the issued capital, are unlisted registered shares and are held by Stichting Prioriteit Binck (hereinafter, 'the Foundation').

Special control rights are attached to the priority shares as specified in the company's articles of association, which are available on the website www.binck.com. Further details regarding the position of Stichting Prioriteit are given below in this section. No depositary receipts are issued for BinckBank shares.

Issuance of shares

The General Meeting (GM) adopts resolutions with regard to the issuance of shares and may grant this authority to another company body for a period of up to five years. On the issuance of ordinary shares, each shareholder has a preference right in the amount of his or her total number of shares held, subject to legal provisions. No preferential rights exist on shares issued; a) to employees of the company or a group company; or b) against payment other than in cash.

The preferential rights may be limited or excluded by resolution of the GM. The preferential rights may also be limited or excluded by the above-mentioned other company bodies if these have been granted the authority to limit or exclude the preferential rights by resolution of the GM for a period of up to five years. A resolution by the GM to limit or exclude the preferential rights or to grant or withdraw the authority to take such action requires a majority of at least two-thirds of the votes cast if less than half of the issued capital is represented at the GM. Such resolutions may only be adopted by the GM if proposed by the Foundation. Resolutions by the executive board regarding the issuance of shares are subject to approval by the supervisory board.

Voting rights

Each BinckBank share entitles its holder to cast one vote. Resolutions are passed by simple majority of the votes cast, to the extent that a larger majority is not required by law or the articles of association. BinckBank uses a registration date in accordance with the Shareholders' Rights Act (Wet aandeelhoudersrechten).

Shareholder structure

The shareholders who have made a notification in relation to their interest in BinckBank pursuant to Section 5.3 Wft are named on page 26 of this annual report. No shareholder agreements have been concluded between BinckBank and the major shareholders concerned.

Anti-takeover defences

The Foundation has a role in many important resolutions pursuant to the articles of association. The Foundation holds 50 BinckBank priority shares. The authorities of the Foundation consist of the initiation of specific resolutions of the GM and the granting of prior approval to the resolutions described below. The Foundation also has direct powers, including setting the number of executive and supervisory directors.

In short, the objective of the Foundation is to protect the management and the course of events at BinckBank from influences which might negatively affect the independence of the company and its affiliated companies, and to promote a positive course of events in management.

The board of the Foundation has three members. Member A is appointed by the supervisory board of BinckBank, member B is appointed by the executive board of BinckBank and member C is appointed by members A and B together. Messrs C.J.M. Scholtes (chairman of the supervisory board), K.N. Beentjes (chairman of the executive board) and J.K. Brouwer (supervisory director) currently act as members A, B and C of the board of the Foundation respectively. The supervisory board and the executive board see no reason to initiate any limitation and/or removal of the powers of the Foundation. The supervisory board and the executive board believe that maintaining the position of the Foundation is beneficial to the continuity of BinckBank and that the policies pursued by the bank in the short and long-term, subject to careful consideration of the interests of those involved in the company. The powers of the Foundation form an integral part of the articles of association of the company. Strictly speaking therefore, there is no question of a potential or actual anti-takeover measure as referred to in best practice provision IV.3.11 of the Code. With due observance of its objectives under the articles of association, the Foundation is obliged when exercising its powers to protect the interests of the company and its affiliated companies, and in doing so to consider the legitimate interests of those involved in the company. The manner in which the Foundation exercises its powers will depend on the actual facts and circumstances of the case in question.

Executive board

BinckBank has a two-tier board system, meaning that management and supervision are assigned respectively to the BinckBank executive board and supervisory board. BinckBank believes that this structure promotes a system of adequate checks and balances, in which the executive board is responsible for the day-to-day management of the company and the realisation of the company's short-term and medium-term targets, while the supervisory board supervises the executive board and has an advisory role.

Personal union

BinckBank and a number of its Dutch subsidiaries are subject to a personal union at board level in the sense that a majority of the executive directors of BinckBank also act as directors of the subsidiary companies under the articles of association. The personal union promotes uniformity in company policy and strategy.

Duty of the executive board

Subject to the limitations stated in the articles of association, the executive board is charged with the management of the company.

Regulations for the appointment, suspension and dismissal of executive board members

The executive directors of BinckBank are appointed by the supervisory board in accordance with the provisions of the articles of association on the basis of a non-binding nomination by the Foundation. An executive director is appointed or reappointed for a term commencing on the date of their (re)appointment and ending at the end of the AGM held in the fourth calendar year after the calendar year in which they were (re)appointed, or at such time as is determined at the time of their (re)appointment, if earlier. Executive directors may be suspended or dismissed by the supervisory board at any time. The supervisory board shall not dismiss a member of the executive board without taking advice from the GM regarding the dismissal.

Supervisory board

The supervisory board is charged with the supervision of the policy of the executive board and the general developments at the company and its affiliated companies. The supervisory board highly values close involvement with the company's development. In the exercise of its duties, the supervisory board focuses on the interests of the company and its affiliated companies, taking the interests of those involved in the company into consideration and also taking into account the social aspects of business operation relevant to the company. The supervisory board advises the executive board, and is moreover charged with all duties assigned to it by law and under the articles of association. Certain key resolutions are subject to the approval of the supervisory board.

Other than under the provision of Article 21 sub 7 of the articles of association, the supervisory directors of BinckBank are appointed by the General Meeting of Shareholders on the basis of nomination of the supervisory board and a non-binding nomination by the Foundation. The General Meeting of Shareholders and the works council may recommend candidates to the supervisory board for nomination as a supervisory director. For one-third of the number of supervisory directors, the supervisory board will nominate a person recommended by the works council, unless the supervisory board objects to the recommendation on the grounds that it does not consider the recommended candidate to be suitable to act as a supervisory director, or that the composition of the supervisory board would not be appropriate if the recommendation were to be adopted.

A supervisory director may be suspended by the supervisory board. The Enterprise Division of the Amsterdam Court of Appeal may dismiss a supervisory director on the conditions stated in the articles of association. The General Meeting of Shareholders can withdraw its confidence in the supervisory board. A resolution of no confidence by the general meeting will result in the immediate dismissal of all members of the supervisory board.

A supervisory director is appointed or reappointed for a term commencing on the date of their (re)appointment and ending at the end of the AGM held in the fourth calendar year after the calendar year in which they were (re)appointed, or at such time as is determined at the time of their (re)appointment, if earlier.

General Meeting (GM)

The general meeting has the powers vested in it by law and under the articles of association. The Foundation has an important role with reference to the powers of the General Meeting in many cases. A General Meeting is held at least once a year. The most important powers of the General Meeting concern the adoption of the financial statements, the establishment of dividend and other distributions, the granting of discharge of responsibility to the executive board for its policy and to the supervisory board for its supervision, the setting of the remuneration of the executive board and the remuneration of the supervisory directors, amendments to the articles of association and all the other powers vested in it by law and the company's articles of association.

Compliance with the Code

In the section on corporate governance in its annual report, BinckBank has to state the extent to which it observes the best practice provisions included in the Code, listing the reasons and the extent of non-compliance if it does not (the 'apply or explain' principle). BinckBank complies with the best practice provisions included in the Code, including best practice provisions II.3.2 – II.3.4 and III.6.1 – III.6.4, with the exception of the best practice provisions described below.

Remuneration of the executive board

A new remuneration policy (Remuneration Policy 2012) was established at the Annual General Meeting in 2012 in order to comply with the Regulation for a Controlled Remuneration Policy in the Wft 2011 (hereinafter, 'the Regulation'). The Regulation is a supervisory measure that is based on the powers of De Nederlandsche Bank (DNB) to set rules with respect to executive pay.

The main provisions of the Regulation concern:

- The way in which policy with respect to remuneration at financial enterprises is formulated and established or approved, implemented, evaluated and amended;
- The way in which remuneration elements and structures are formulated and how the risks associated with the policy and its application are managed; and
- The content and method of publication of the policy regarding remuneration and its application.

The basic principle of the Regulation is that the remuneration policy should be consistent with and contribute to proper and effective risk management, and should not encourage the taking of risks that are not acceptable to BinckBank.

According to best practice provision II.2.13 of the Code, the overview of the remuneration policy for the next financial year and subsequent financial years to be provided by the supervisory board has to include certain information. BinckBank applies best practice provision II.2.13 of the Code, if and to the extent that publication does not concern commercially sensitive information, in other words, financial and commercial targets. The executive board and supervisory board of BinckBank take the view that providing such information is not in the interests of the company and its stakeholders. The same applies to the main elements of the contract between a director and the company, which according to best practice provision II.2.14 of the Code should be published without delay after the contract is concluded, to the extent that these elements concern market-sensitive information. Moreover, specific information mentioned in the applicable remuneration policy is published afterwards. The supervisory board therefore gives account to the General Meeting with regard to its assessment of the performance of the executive board.

According to best practice provision II.2.5 of the Code, shares granted to executive directors without financial consideration must be retained for a period of at least five years in each case or at least until the end of the employment relationship, if this is shorter. BinckBank complies with best practice provision II.2.5 of the Code to the extent that calculated from the date the shares are awarded unconditionally, BinckBank shares have to be retained for a period of two years (instead of five years). With this shorter retention period of two years instead of five years, BinckBank complies with the regulations for a variable remuneration as specified in the Regulation for a Controlled Remuneration Policy in the Wft 2011. In BinckBank's opinion, the conditional allocation of a material part of a variable remuneration (as stated in the Regulation for a Controlled Remuneration Policy in the Wft 2011) in combination with the stated retention period of two years is sufficient to meet the objective of a long-term commitment to the company and its related business.

The Banking Code

General

On 9 September 2009, the Dutch Bankers' Association (NVB) drafted the Banking Code in reply to the Restoring Trust (Naar herstel van vertrouwen) report issued by the advisory committee on the Future of Banks ('the Maas Committee'). The Banking Code can be seen as a measure of self-regulation and applies to all banks with a banking licence granted under the Financial Supervision Act. The Banking Code aims to enhance governance within banks, improve their risk management and auditing and promote the implementation of a sound remuneration policy. The Banking Code came into force on 1 January 2010 and is enshrined in the law. In their annual reports and in the same manner as applicable to compliance with the Code, banks are obliged to disclose the extent to which they adhere to the Banking Code.

Permanent education

BinckBank has a permanent education programme for its executive directors, and thereby complies with principles 3.1.3 and 3.1.4 of the Banking Code. The permanent education programme consists of the following of various training programmes and courses intended to maintain the level of expertise of executive directors and improve this where necessary. Koen Beentjes and Evert-Jan Kooistra are both public certified accountants. Since 1 January 2007, a permanent education scheme has applied for members of the Dutch Association of Registered Controllers (the 'VRC') and accountants in business of the Netherlands Institute of Chartered Accountants, or 'NBA'. In this context Koen Beentjes took the KPN Mastercourse and other courses in 2013, including the mandatory theme of professional ethics. Evert-Jan Kooistra took the shorter version of the Governance Risk Compliance (Euroform) course. Pieter Aartsen did not participate in the permanent education programme for directors in 2013.

Deviations

According to Article 6.3.4 of the Banking Code, shares allocated to executive directors without financial consideration must be retained for a period of at least five years in each case or at least until the end of the employment relationship, if this is shorter. Article 6.3.4 of the Banking Code corresponds to best practice provision II.2.5 of the Code mentioned above. As regards the deviation from Article 6.3.4. of the Banking Code and the reasons for doing so, see the statement with regard to best practice provision II.2.5 of the Code.

BinckBank complies with Article 6.3.4 to the extent that calculated from the date of unconditional allocation, BinckBank shares only have to be retained for a period of two years (instead of five years). With this shorter retention period of two years instead of five years, BinckBank complies with the regulations for a variable remuneration as specified in the Regulation for a Controlled Remuneration Policy in the Wft 2011. In BinckBank's opinion, the conditional allocation of a substantial part of a variable performance fee (as stated in the Regulation for a Controlled Remuneration Policy in the Wft 2011) in combination with a retention period of two years is sufficient to meet the objective of a long-term commitment to the company and its related business.

Article 3.2.3 of the Banking Code states that all executive directors must sign a moral and ethical conduct declaration, the text of which must be made generally available and published on the website of BinckBank. It should constitute a guide for the actions of BinckBank employees. The notes to the Banking Code include a model declaration that each bank can supplement as it sees fit.

BinckBank has made use of this. Since its incorporation in the banking sector, BinckBank has distinguished itself by pursuing an independent and self-determined course, that features a strong customer orientation and a high degree of transparency, in combination with sound business practice. The executive directors of BinckBank have amended the model moral and ethical declaration so as to more closely reflect the specific nature and profile of BinckBank and the relevant legislation and regulation. The text of the declaration can be viewed at www.binck.com.

The Management and Supervision (Public and Private Companies) Act

The Management and Supervision (Public and Private Companies) Act introduced on 1 January 2013 includes a non-binding guideline for a balance between men and women on the executive and supervisory boards of large companies. An executive or supervisory board of a large company has a balanced composition if at least 30% of the members are female and at least 30% are male. The boards at BinckBank do not currently meet the criteria for balanced composition as stated in the Management and Supervision Act, since a search for possibilities has not so far led to our finding a suitable candidate. This matter will be returned to the agenda in the near future. With external assistance, we will study whether compliance with the balanced composition criterion in the Management and Supervision Act is feasible in view of the applicable profile description.

Article 10 of the Takeover Directive

Under Article 10 of the Takeover Directive, BinckBank is obliged to include the following information in its annual report:

- a. An overview of the company's capital structure is included on pages 112 and 113 of this annual report. This explains the various types of shares and the rights attached thereto (including special control rights), the obligations and the percentage of issued capital represented by each type of share;
- b. The company has not imposed any restrictions on the transfer of shares;
- c. Shareholdings in the company which have to be reported pursuant to Section 5.3 Wft are listed on page 26 of this annual report;
- d. Special control rights attached to shares held by the Foundation are stated on pages 112 and 113 of the annual report;
- e. Control of the scheme whereby rights are allocated to employees to take or receive shares in the capital of the company or a subsidiary company is exercised by the IAD and the Compliance department;
- f. No restrictions apply to the voting rights attached to the company's shares. No depositary receipts for shares have been issued;
- g. The company is only aware of a restriction regarding the transfer of BinckBank shares that arises as a result of the remuneration policy in force and similar restrictions applying to other employees of BinckBank;
- h. The procedures for appointing and dismissing supervisory and executive directors and the regulations applying to amendments to the articles of association are established in the company's articles of association and are described in general terms on page 114 of the annual report. For the full text of the articles of association, see www.binck.com;
- i. The powers of the executive board with particular reference to the issuance of the company's shares and the repurchase of shares by the company are described on pages 112 and 113 of the annual report. For further information, see the company's articles of association and the minutes of the General Meeting at www.binck.com;
- j. The service agreement concluded with Friesland Bank N.V. in 2006 states that the agreement can be terminated with immediate effect in the event of a specifically described change of control at BinckBank. The joint venture agreement with Delta Lloyd Levensverzekering N.V. with respect to BeFrank concluded on 6 July 2010 includes a change of control clause that entitles the other party to terminate the agreement in this event. The service agreement concluded with SNS Bank N.V. on 30 September 2010 states that the agreement can be terminated with immediate effect in the event of a specifically described change of control at BinckBank;
- k. Information on severance arrangements with executive directors (insofar as applicable) is provided in the Remuneration Report for 2013.

Conclusion

BinckBank complies with virtually all the provisions of the Code and the Banking Code. Any deviations have been properly explained and substantiated.





Message by the chairman of the supervisory board

Dear readers,

We hereby present the report of the supervisory board for 2013. The financial statements have been audited by Ernst & Young Accountants LLP ('EY') and have been furnished with an unqualified audit opinion, the text of which is included on pages 216 and 217.

BinckBank was able to benefit from the improvement in market sentiment in 2013, which led to a slight increase in transaction volume and brokerage income. Growth at Alex Asset Management continued unabated. Alex Asset Management is strategically important for BinckBank, partly because the income from this type of service is less volatile than brokerage income. A decision was made to increase the focus on the retail business. The proposal to divest the BPO and software & licensing operations of the Able brand is partly due to this decision. With offices in the Netherlands, Belgium, France and Italy, the European footprint for online brokerage has been established and forms a good base for achieving sufficient economies of scale.

At executive board level, Mr Beentjes (CEO) was reappointed in 2013. Mr Aartsen will not extend his term of appointment as a director in 2014. At board level, he is the director with primary responsibility for the above-mentioned BPO and software & licensing activities of the Able brand. Mr Aartsen and the other members of the Able management team are positive regarding the opportunities for realising the potential they have created in a new environment. After the departure of Mr Aartsen, a new director will be appointed to the executive board as soon as possible. Mr Brouwer was reappointed as a supervisory director in 2013. He has exchanged his role as chairman of the audit committee with that of Mr Deuzeman as chairman of the risk and product development committee (RPC). Mr Van Westerloo will not extend his term as a supervisory director in 2014. He will be replaced by a new supervisory director.

BinckBank has a banking licence and is therefore subject to supervision by De Nederlandsche Bank. Despite the increasing density of national and European legislation and regulation and the intensification of supervision, and the associated increase in the costs of compliance and other costs, BinckBank values the role of its supervisory agency as this contributes to the ethical and controlled conduct of its business. One example of this is the ban on the receipt of distribution fees in the Netherlands effective from 1 January 2014. The acquisition of Fundcoach and the project relating to the issuance of leverage products are designed as far as possible to compensate for the loss of income due to this national legislation. The issuance of immediately effective regulations by the European legislature to ensure a level playing field in Europe for financial enterprises is a positive development. Local deviations will become less frequent as a result of this. This will be reinforced by the increasing centralisation of supervision at European level. The main objectives for 2013 were realised, as a result of both the leadership of the executive board and the other managers and the commitment, expertise and dedication of all our employees.

We wish to express our appreciation to the executive board, the employees and the works council for the commitment and involvement they have demonstrated throughout the year.

Amsterdam, 6 March 2014

C.J.M. Scholtes (chairman of the supervisory board)



Duties of the supervisory board

Supervision

The supervisory board is charged with the supervision of the policy of the executive board and the general developments at the company and its affiliated companies.

In the exercise of its duties, the supervisory board focuses on the interests of the company and its affiliated companies, taking the interests of those involved in the company into consideration. The supervisory board is also involved in the social aspects of business operation relevant to the Company.

Advice

The supervisory board also advises the executive board.

Other

The supervisory board is moreover charged with all duties assigned to it by law and under the articles of association. Certain key resolutions by the executive board are subject to the approval of the supervisory board.

Composition of the supervisory board

Composition

The composition of supervisory board is currently as follows:

C.J.M. Scholtes (chairman)
J.K. Brouwer (vice-chairman)
L. Deuzeman
A.M. van Westerloo

The information on the supervisory directors referred to in best practice provision III.1.3 and elsewhere in the Code is provided on pages 129 and 130.

Independence

The composition of the supervisory board is such that the supervisory directors can operate independently within the framework of the profile description of the supervisory board, both in relation to each other, the executive board or any other particular interest. The supervisory board meets the independence criteria stated in best practice provision III.2.1 of the Code.

Meetings of the supervisory board and sub committees in 2013

Meetings of the supervisory board

Frequency

The supervisory board held its regular combined meetings with the executive board in attendance on eight occasions in 2013. The meetings took place in January, March, April, June, July, October, November and December. In addition, the chairman, and on certain occasions an individual supervisory director, held informal discussions with the executive directors. The supervisory board moreover held separate meetings on four occasions in 2013. The number of meetings illustrates the close involvement of the supervisory board with the company. A similar meeting schedule will be used by the supervisory board in 2014.

Attendance

The supervisory directors attended virtually all the meetings. Failure to attend is only acceptable in case of force majeure. The availability of the supervisory directors and the executive board for interim consultation was satisfactory.

Agenda items

General

The agendas for the meetings of the supervisory board covered virtually all aspects of the company's business. In each case, the agenda was drawn up by the chairman of the supervisory board in consultation with the chairman of the executive board. The items discussed at the meetings included the following: the strategy, the interests of the various stakeholders, the principal risks associated with the company, potential and actual acquisitions, the results of the executive board's evaluation of the design and operation of the internal risk management and control systems, as well as significant changes thereto. Attention was also devoted to matters such as the budget, and internal and external financial quarterly, half-yearly and annual reports. Recurring and mandatory items such as the regular progress reports and the discussion of reports by the auditor (with the external auditor in attendance) were also dealt with at the meetings of the supervisory board.

Specific items

The specific items of attention in 2013 were as follows:

Strategy

Together with the executive board, the supervisory board considered BinckBank's strategic positioning and the risks associated with its business activities. A decision was made to increase the focus on achieving the objectives of the business unit Retail. Asset management should provide more stable income in this field. The BPO and software & licensing operations of Able are no longer seen as core businesses, and the intention is to divest these activities. Due to the choices made, BinckBank cannot provide sufficient synergy to realise the potential of these activities.

• Compliance and legislation and regulation

Financial institutions have had to deal with increasing density of legislation and regulation during the past period. The degree of supervision exercised by the regulators has also intensified. BinckBank has invested in its Compliance department and compliance with legislation and regulation, by embedding this function in its organisation in the broadest sense (in accordance with the three lines of defence model). Detection systems have also been acquired, and a framework formulated for the timely implementation of legislation and regulation. The staffing of the Compliance department has been significantly strengthened.

Earnings model

The receipt of distribution fees is no longer permitted in the Netherlands with effect from 1 January 2014. The damaging effect of this on BinckBank's earnings model has been evaluated, which led to the acquisition of Fundcoach and the initiation of the project whereby BinckBank will issue its own leverage products. This is intended to compensate for the loss of income as a result of this local regulation. We expect to launch these products in the course of 2014.

Executive board targets in 2014

The supervisory board fulfilled its responsibility for determining the remuneration of the executive board. The targets for the executive board were established with care. The supervisory board considers it important that measurable targets are established as far as possible. The supervisory board has moreover held discussions with the individual executive directors regarding their ambitions for the future.

Composition of the executive board

Mr Aartsen will not extend his term of appointment as a director in 2014. The composition of the executive board was an item of discussion, due also to the fact that Mr Beentjes is fulfilling the role of CEO as well as director with primary responsibility for Retail. A new director of Retail will be recruited, after which Mr Beentjes will continue exclusively as CEO.

· Composition of the supervisory board

Mr Van Westerloo will not extend his term as a supervisory director in 2014. This led to discussion of the composition of the supervisory board. A new supervisory director will be recruited with comparable knowledge and experience to that of Mr Van Westerloo. Given similar suitability, we would prefer to appoint a female supervisory director to fill this vacancy for reasons of diversity. The job profile for this position is available on the corporate website.

Selection process for executive and supervisory directors

It is of essential importance for BinckBank that competent executive and supervisory directors are attracted who can fulfil their duties appropriately. These officers are indeed co-determining factors for the company's success and therefore must possess the required ambition, experience, expertise and competences. Executive and supervisory directors must be able to adequately fulfil the responsibilities they bear.

In the formulation of the job profile and the recruitment and selection of suitable candidates for the position of executive or supervisory director, the initial consideration is the general requirements set by applicable legislation and regulation and relevant codes, now including the Banking Code, the 2012 Policy Rule on Suitability and the Dutch Corporate Governance Code.

Besides these general requirements, specific requirements apply on the basis of the nature of the company, its phase of development and the actual duties of the position the officer has to fulfil. BinckBank is a relatively young niche player for which ICT constitutes a significant element. The company's effectiveness lies mostly in customer orientation, innovative capability and focus in combination with sound discipline with respect to costs.

The retirement rota for the supervisory board should also ensure the continuity of the board's composition. One of the objectives of the annual evaluation of the performance of the executive and supervisory boards is to continually update the profile of these bodies.

Recruitment and selection of candidates for the position of executive or supervisory director occurs on the basis of market research and includes potential analysis and/or recommendations by specialist agencies. There may also be an internal selection process based on various discussions with potential internal candidates and related analysis of strengths and weaknesses.

· Operation of the executive board and supervisory board

Without the presence of the executive board, the supervisory board has discussed the operation of the supervisory board as a whole and of its individual members and its committees, the effectiveness of the permanent education referred to in Article 2.1.8 of the Banking Code and any conclusions that should be drawn from the above. Also in consideration of the above, the assessment took place in full session in the context of the profile, composition and competence of the supervisory board and of the individual supervisory directors. Such an assessment clearly has to be made with the necessary prudence. Also in the absence of the executive board, the supervisory board discussed both the performance of the executive board as a whole and of the individual executive directors. The supervisory board's assessment included the consideration of whether the executive directors were able to continue to meet the expertise requirements of DNB. This assessment was also made with all supervisory directors present. The supervisory board concluded unanimously that the executive board and the individual executive directors performed well last year. The executive board operates as a well-attuned team in which the individual members performed extremely well, continuing to pay attention to the specific areas of expertise assigned to them and operating from a broad, communal platform of responsibility. Within this context, the exchange of specific information regarding these areas of expertise between the individual executive directors as well as between the executive board and the supervisory board, has been both timely and of high quality, enabling those involved to properly perform their duties. Since the executive directors, each operating from their own specific background, have pro-actively and intensively exchanged information and experience, they have succeeded in implementing the principles of collective management.

Shareholder relations

Relations with existing and potential shareholders took the form of regular road shows and conferences in 2013, at which presentations were given based on public information. In addition, the Annual General Meeting of Shareholders of course also took place.

Social aspects of the company's business

Attention to the social aspects of the company's business in 2013 is given to, among other things, the development of the collateralised lending and the role that customer education should play in this. Public discussions were also noted during the launch of new products. The supervisors are increasingly taking a more prominent role in this process. BinckBank consults regularly with the supervisors and takes account of social changes in the conduct of its business. One example is the ban on distribution fees as of 1 January 2014, which was strongly promoted by the supervisors and which BinckBank supported. For an account of other social issues, see the section on corporate social responsibility on pages 52 to 54.

Meetings of the audit committee in 2013

The supervisory board has appointed an audit committee from among its number, consisting of Messrs L. Deuzeman (chairman with effect from 19 September 2013), C.J.M. Scholtes and J.K. Brouwer. The meetings of the committee are attended by Messrs K.N. Beentjes (chairman of the executive board), E.J.M. Kooistra (CFRO), the IAD manager and the Compliance manager. The audit committee meets the applicable independence requirements and has sufficient members with the required financial expertise. The audit committee met on four occasions in 2013, in February, June, September and November.

The audit committee is responsible for overseeing the design, existence and operation of the system of internal control and risk management measures, for acting in accordance to implementation of the external auditor's recommendations and for the functioning of the IAD. Supervision of the provision of financial information by the company is the responsibility of the supervisory board, based on relevant recommendations by the audit committee. Almost all meetings were attended by the chairman of the executive board and the CFRO of BinckBank.

The main items discussed by the audit committee concerned the audits conducted by the IAD and the associated findings and recommendations. On the basis of the IAD reviews, the EY management letter and other information, the audit committee has assessed the design, existence and operation of the internal control measures with respect to the risk areas reviewed as generally adequate. In addition to the regular items of attention such as the management letter and audit plan from EY, particular attention was devoted to following up the management letter with regard to the branch offices, legislation and regulation (including anti-money laundering legislation), contract management and business continuity management. EY has reviewed the control and the implications for the financial statements. The audit committee carries out preparatory work in order to facilitate the supervision by the supervisory board. The minutes of the audit committee are discussed by the supervisory board.

Many organisations will have to change their audit firm in the near future as a result of forthcoming mandatory rotation of the firm that audits their financial statements. BinckBank's supervisory board has decided to bring this rotation forward and has invited three large firms to tender for the audit engagement from 2014. For this purpose a tender team was assembled under the leadership of the chairman of the audit committee.

BinckBank started the tender process in September, and invited the three firms to quote. BinckBank drafted a Request for Proposal stating various criteria for awarding the engagement relating to the action plan, expertise, oral presentation and price. The criteria have been assigned weight coefficients, with quality (action plan, expertise and oral presentation) being the most important criterion with a weight of 60%. Price is assigned a weight of 40%. BinckBank created a data room in September and has held interviews. The first proposals were received in early October and presentations were given by the audit firms. The last two firms gave a presentation to the audit committee in November, after which a choice was made on the basis of the award criteria. This choice was submitted to and ratified by the supervisory board. BinckBank has decided to appoint Deloitte as its new external auditor.

The BinckBank tender team comprised the chairman of the audit committee, the chairman of the executive board, the Group Controller and the IAD manager. The tender team submitted its preferred option from the proposals and presentations to the audit committee. At the upcoming shareholders' meeting on 22 April, the supervisory board will propose that the new auditor should be appointed for a term of three years. The auditor is appointed for the purpose of auditing the financial statements of BinckBank N.V. In accordance with the current rules on independence of the NBA, BinckBank's external auditor only carries out the audit, and does not provide any advisory services.

Meetings of the risk and product development committee in 2013

The risk and product development committee (RPC), as referred to in the Banking Code, consists of the supervisory directors J.K. Brouwer (chairman of the RPC, with effect from 19 September 2013), L. Deuzeman and A.M. van Westerloo. Two executive directors, Messrs K.N. Beentjes and E.J.M. Kooistra, also chair the risk and product development committee, as does the manager of Risk Management (S.J. Clausing). The duties of the RPC include advising the supervisory board with regard the company's risk profile and risk appetite. Almost all meetings were attended by the chairman of the executive board and the CFRO of BinckBank.

In 2013 the RPC met on four occasions in March, June, September and November, devoting particular attention to the risk governance & risk management organisation, risk appetite, new and existing product approvals and projects, business continuity, recovery plan, risk overviews including information risks and insurance. The RPC supervises the management of all relevant risks, including the interests of and the duty of care towards the customer. The RPC moreover oversees the risk appetite, risk profile and assesses the adequacy of the company's capital and liquidity. The committee is furthermore regularly informed with respect to the current solvency and liquidity and the effects thereof in times of stress. In addition, the RPC monitors the composition of the investment portfolio and the development of BinckBank's Key Risk Indicators over time. This enables it to promptly identify any changes to the bank's risk profile.

Remuneration committee in 2013

The remuneration committee is responsible for preparing for resolutions regarding remuneration, including those affecting the risks and the risk management of BinckBank that the supervisory board has to take. With respect to these resolutions, the remuneration committee considers the long-term interests of the shareholders, investors and all other stakeholders of BinckBank. The remuneration committee currently consists of Mr Van Westerloo (as chairman) and Mr Scholtes. The remuneration committee met on three occasions in 2013, with the chairman of the executive board in attendance.

Summary of the remuneration report

General

Best practice provision II.2.12 of the Code stipulates that information must be included in the remuneration report as to the manner in which the remuneration policy of the preceding year has been implemented. In addition, it must contain a remuneration policy overview for the following and subsequent years as envisaged by the supervisory board. The remuneration report for calendar year 2013 (Remuneration Report 2013) is available at www.binck.com.

A new remuneration policy for the executive board (BinckBank Remuneration Policy) was adopted at the annual general meeting in 2012 that is in line with the Regulation for a controlled remuneration policy in the Wft 2011 (the 'Regulation'). The Regulation is a supervisory measure that is based on the powers of De Nederlandsche Bank (DNB) to set rules with respect to executive pay. The important changes are that the remuneration policy will apply to the entire organisation and that a substantial part of the variable remuneration will be awarded on a conditional basis. A variable remuneration will become fully or partially unconditional on the basis of a reassessment that must be made on the basis of the applicable performance criteria after a certain period has elapsed. No dividend may be paid on shares that have been conditionally awarded. A risk adjustment may be required in the assessment of whether the applicable performance criteria have been met.

In consideration of the above, the following report describes the manner in which the remuneration of the executive board in 2013 was established by the supervisory board – in accordance with the provisions of the BinckBank Remuneration Policy - and gives a summary of the remuneration policy for the next and subsequent years as envisaged by the supervisory board.

BinckBank Remuneration Policy

Introduction

The BinckBank Remuneration Policy is the framework used by the supervisory board to establish the remuneration of the executive directors of BinckBank N.V. ('the executive directors') for the 2013 calendar year.

Remuneration elements

The BinckBank Remuneration Policy comprises the following remuneration components:

- a. fixed gross annual salary;
- b. variable remuneration;
- c. pension scheme and WIA insurance;
- d. car lease scheme and reimbursement of mobile telephone charges.

A description of each element in the BinckBank Remuneration Policy and the way in which it was implemented by the supervisory board during the calendar year 2013 is given below.

a. Fixed gross annual salary

BinckBank Remuneration Policy

The fixed gross annual salary is established by the supervisory board within a framework indicated in the BinckBank Remuneration Policy. A distinction is made between the tasks and responsibilities of the chairman and of the other executive directors.

Implementation

The fixed gross annual salary for Mr K.N. Beentjes was increased on his reappointment as of 1 May 2013, from € 375,000 to € 400,000. The fixed gross annual salary for Mr E.J.M. Kooistra was increased with effect from 1 May 2013 from € 325,000 to € 360,000. The increase was due to factors including the increased emphasis on risk management and the higher responsibility associated with this. Mr Kooistra has responsibility for risk management as part of his portfolio as an executive director.

K.N. Beentjes € 400,000 E.J.M. Kooistra € 360,000 P. Aartsen € 325,000

b. Variable remuneration

BinckBank Remuneration Policy

A variable remuneration consists of 50% in BinckBank shares and 50% of cash. A variable remuneration may not exceed the fixed gross annual salary. The period in which a variable remuneration is earned is one year; this is known as the performance period. A number of performance criteria are established for this period, in the form of a considered package of qualitative and quantitative financial and non-financial criteria focused on both the short-term and the long-term. After the performance period has elapsed, an evaluation is made to determine whether, and if so to what extent, the performance criteria have been realised. This evaluation may involve an adjustment for risk.

50% of the total variable remuneration awarded is allocated unconditionally. The other 50% is allocated conditionally over a period of three years on a pro rata basis. A reassessment is made on the basis of the initial performance criteria at the end of each year (within the three-year period). Depending on the result of the reassessment, the part of the variable performance fee allocated for the year in question pro rata becomes fully or partially unconditional.

BinckBank shares awarded unconditionally must be held by the executive director in question for a lock-up period of at least two years.

Implementation

Financial targets (40%)

The total score on the financial targets was 99%.

The budgeted financial target for 2013 of an adjusted net profit of \leq 0.59 per share was comfortably achieved. The adjusted net profit came to \leq 0.78 per share. The condition that the adjusted net profit per share should exceed 90% of the target level was also met.

The financial target for 2013 that operational losses should amount to less than 1% of sales was realised (0.63%), but will not be honoured due to the additional costs associated with the distribution of price information.

Collective qualitative and quantitative targets (20%)

The collective qualitative and quantitative targets for 2013 were realised to an extent of 30% overall.

The target for the customer satisfaction score was not achieved (actual 7.9 versus a target score of 8). The target for systems availability of at least 99.9% was not achieved. Actual availability was 99.7%. The targets of two successful contingency tests was realised. The target for the implementation of a CDD/AML system and documentation of governance was achieved. BinckBank implemented an anti-money laundering system and documented its entire governance structure in 2013.

The target of timely resolution (within six months) of high-risk findings of DNB, EY or IAD was not realised. The scheduled employee satisfaction survey was unsuccessful, as it was not carried out in 2013.

Targets per business unit (20%)

The targets for each business unit were achieved to an extent of 42.5%.

The targets for online brokerage were:

introduction of a leverage product (not realised), growth of the number of active customers in the Netherlands (realised), growth of transaction volume in France and Italy in line with the business plan (not realised), completion of the migration of Belgium to the European base platform (realised) and formulation of a road map for rebuilding the European base platform (realised).

The target for Savings & Investment Management (net new assets of € 200 million) was achieved. The introduction of the savings broker has not received priority.

The targets for Professional Services: completion of the combination of Syntel B.V. and Professional Services, growth in BPO sales and the road map for the new-build of Europort were not realised.

The other targets: redesign of the Credit Risk Management department (realised). Development of a plan for efficiency improvement on the asset side of the bank (not realised) and all option orders on TOM (realised).

Qualitative and quantitative targets in the medium-term (20%)

The quantitative targets in relation to the medium-term development are among others retail brokerage transaction volume, assets under administration at retail brokerage, assets under management for the asset management product, the number of BPO agreements and the development of earnings towards break-even in Italy in 2015 were achieved to an extent of 50%.

Conclusion:

In view of the above, the overall targets were realised to a degree of 64.1%. The supervisory board has established that the above figures are correct and used them as the basis for the calculation of performance-related remuneration. There are no grounds for differentiation between the individual directors.

c. Pension scheme and WIA insurance

BinckBank Remuneration Policy and its implementation

Executive directors participate in a pension scheme in which 20% of the gross annual salary is paid by the company each year as pension contribution for a defined contribution scheme. BinckBank pays 50% of the premium for WIA insurance, which entitles the insured person to receive a maximum of 70% of their last-earned salary. The premium is 2.36% of the insured sum per year. Executive directors participated in this scheme in 2013.

d. Car lease scheme and mobile telephone reimbursement

BinckBank Remuneration Policy and its implementation

Executive directors participate in the relevant BinckBank car lease scheme and are reimbursed for mobile telephone costs. Executive directors participated in this scheme in 2013.

Remuneration of the executive board

Remuneration of the executive board in 2013	Fixed gross annual salary	Pension contri- bution 20%	Performance related rewards 2013	Total remuneration (fixed + variable)****	Variable as a % of fixed remunera- tion	Shares BinckBank held at year-end 2013	of which shares in lock-up period	Shares still to be received in relation to previous financial years***
K.N. Beentjes *	€ 391,667	€ 78,333	€ 251,058	€ 721,058	64.1%	42,345	28,270	6,852
E.J.M. Kooistra**	€ 348,333	€ 69,667	€ 223,282	€ 641,282	64.1%	39,295	22,716	5,582
P. Aartsen	€ 325,000	€ 65,000	€ 208,325	€ 598,325	64.1%	47,646	18,221	5,939
Total	€ 1,065,000	€ 213,000	€ 682,665	€ 1,960,665		129,286	69,207	18,373

^{*} The fixed salary for K.N. Beentjes is increased by resolution of the supervisory board from € 375,000,- to € 400,000,- as of 1 May 2013.

^{**} The fixed salary for E.J.M. Kooistra is increased by resolution of the supervisory board from € 325,000,- to € 360,000,- as of 1 May 2013.

^{***} Shares still to be received in relation to previous financial years are subject to a reassessment of the performance delivered in the performance year in question.

^{****} Excluding social security and crisis levy.

Remuneration of the executive board in 2012	Fixed gross annual salary	Pension contri- bution 20%	Severance payment **	Performance related rewards 2012	Total remuneration (fixed + variable)***	Variable as a % of fixed remunera- tion	Shares BinckBank held at year-end 2012	of which shares in lock-up period	Shares still to be received in relation to previous financial years***
K.N. Beentjes	€ 375,000	€ 75,000		€ 56,250	€ 506,250	15%	37,787	23,712	6,885
P. Aartsen	€ 325,000	€ 65,000		€ 48,750	€ 438,750	15%	45,750	16,325	5,508
E.J.M. Kooistra*	€ 316,667	€ 63,333		€ 47,500	€ 427,500	15%	35,548	18,696	5,967
N. Bortot	€ 300,000	€ 60,000	€ 300,000	€ 45,000	€ 705,000	15%	60,191	16,104	5,508
Total	€ 1,316,667	€ 263,333	€ 300,000	€ 197,500	€ 2,077,500		179,276	75,110	23,868

^{*} The fixed salary for E.J.M. Kooistra is increased by resolution of the supervisory board from \in 300,000 to \in 325,000 as of 1 May 2012.

Loans granted to members of the executive board

No loans have been granted to executive directors. Executive directors may take out a collateralised lending facility on the conditions applying to all employees. None of the executive directors made use of this facility in 2013.

Remuneration of members of the supervisory board and subcommittees in 2013

The annual general meetings of shareholders in 2010 and 2011 decided to apply the following remuneration for members of the supervisory board and its subcommittees:

Supervisory board

Annual remuneration:

- Chairman of the supervisory board € 40,000 gross
- Supervisory directors € 26,000 gross

Committees

Annual remuneration for committee members:

- Chairman of the audit committee € 8,000 gross
- Members of the audit committee € 6,000 gross
- Chairman of the risk and product development committee € 8,000 gross
- Members of the risk and product development committee € 6,000 gross
- Chairman of the remuneration committee € 8,000 gross
- Members of the remuneration committee € 6,000 gross

The remuneration awarded to supervisory directors was in accordance with the above. The tables below give an overview of the remuneration of the supervisory board, the audit committee, the risk and product development committee and the remuneration committee. An overview of the remaining terms of appointment for the individual supervisory directors is also presented.

^{**} The severance payment will be paid in early 2013.

^{***} Shares still to be received in relation to previous financial years are subject to a reassessment of the performance delivered in the performance year in question.

^{****} Excluding social security and crisis levy.

Overview of remuneration of supervisory directors

Remuneration of the supervisory board 2013	Fixed remuneration member of RVC	Fixed remuneration member of AC	Fixed remuneration member of RPC	Fixed remuneration member of REMCO	Total
C.J.M. Scholtes	€ 40,000	€ 6,000	-	€ 6,000	€ 52,000
J.K. Brouwer	€ 26,000	€ 6,000	€ 8,000	-	€ 40,000
A.M. Van Westerloo	€ 26,000	-	€ 6,000	€ 8,000	€ 40,000
L. Deuzeman	€ 26,000	€ 8,000	€ 6,000	-	€ 40,000
Total	€ 118,000	€ 20,000	€ 20,000	€ 14,000	€ 172,000

Remuneration of the supervisory board 2012	Fixed remuneration member of RVC	Fixed remuneration member of AC	Fixed remuneration member of RPC	Fixed remuneration member of REMCO	Total
C.J.M. Scholtes	€ 40,000	€ 6,000	-	€ 6,000	€ 52,000
J.K. Brouwer	€ 26,000	€ 8,000	€ 6,000	-	€ 40,000
A.M. Van Westerloo	€ 26,000	-	€ 6,000	€ 8,000	€ 40,000
L. Deuzeman	€ 26,000	€ 6,000	€ 8,000	-	€ 40,000
Total	€ 118,000	€ 20,000	€ 20,000	€ 14,000	€ 172,000

Overview of the terms of appointment of supervisory directors

Overview of terms of appointment SB members	Date of (re)appointment	Date of contract expiry
C.J.M. Scholtes	26-4-2011	AGM 2015
J.K. Brouwer	22-4-2013	AGM 2015
A.M. Van Westerloo	26-4-2010	AGM 2014
L. Deuzeman	26-4-2011	AGM 2015

Consultation with the works council

The supervisory board attended one consultation meeting with the works council in 2013. Mr A.M. Van Westerloo also consulted with the Works Council during normal works council meetings on a regular basis in 2013. Mr A.M. Van Westerloo had an open relationship with the Works Council. The supervisory board highly values its relationship with the works council, and has found its contact with its members to be constructive and valuable.

Financial statements and dividend

The 2013 financial statements were discussed and adopted by the supervisory board during its meeting on 6 March 2014 with the executive board and EY (the external auditor). EY has issued an unqualified audit opinion. The financial statements will be submitted to the General Meeting for adoption on 22 April 2014. The proposed dividend for 2013 is € 0.39 per ordinary share. Taking account of the interim dividend of € 0.13 already paid, the final dividend proposed amounts to € 0.26 per ordinary share, subject to deduction of 15% dividend tax, to be made payable on 30 April 2014. Since the proposed dividend payment for 2013 is higher than the net profit for the 2013 financial year, BinckBank is obliged pursuant to Section 3:96 Wft to obtain a statement of no objection from De Nederlandsche Bank.

Supervisory board members

Kees J.M. Scholtes, chairman

(1945 - Dutch nationality)

Mr Scholtes has been a supervisory director of BinckBank since 2004 and was reappointed at the GM of 26 April 2011 for a term of four years. The supervisory board has appointed Mr Scholtes as chairman of its board.

Mr Scholtes is a former executive director of Postbank N.V., NMB Postbank N.V. and ING Bank N.V., a former member of the executive committee of ING Asset Management B.V. and a former supervisory director of various investment funds at Postbank N.V., NMB Postbank N.V. and ING Bank N.V. In addition, Mr Scholtes is a former supervisory director for Parcom N.V., Barings Private Equity Holding, Euroclear Nederland (predecessors in title Niec and Necigef) and RBC Dexia Securities Services N.V. (former CDC Labouchere Securities Services N.V.) and a former member of the board of the Amsterdam Stock and Options Exchange (now NYSE Euronext). Mr Scholtes was also project manager during the formation of the Dutch Securities Institute and the Financial Services Foundation. Mr Scholtes has now ceased his activities at IBUS and Kunst en Cultuur.

Mr Scholtes is currently a director of the financing company Colonade B.V. He is also a non-executive director of Harbour Antibodies B.V. of Rotterdam. He is also regularly involved as a member of investigation committees of the Enterprise Chamber of the Amsterdam Court of Appeal. Mr Scholtes was involved in the investigations of Fortis and Van der Moolen, among other cases.

Number of BinckBank shares held at year-end 2013: 0

Johannes K. Brouwer

(1944 - Dutch nationality)

Mr Brouwer has been a member of the supervisory board of BinckBank since 2004 and was reappointed at the General Meeting of 28 April 2009 for a term of four years. Mr J.K. Brouwer was reappointed by the supervisory board as a supervisory director with effect from the date of the General Meeting of 22 April 2013 until the end of the General Meeting to be held in 2015.

In 1981, following a military career as cavalry officer, Mr Brouwer took up employment with the ABN Bank, during which time he was involved in various activities including the reorganisation of senior management recruitment and training, the reorganisation of lending operations and foreign office development in regions such as Europe, the Middle East and the Far East. In 1998, Mr Brouwer was appointed board member of the Amsterdam Stock Exchange Association (VvdE), where he was responsible for regulations, trade supervision and – as a special project – restructuring the entire Amsterdam Stock Exchange Association organisation. Following the successful restructuring of the organisation, Mr Brouwer was appointed General Director of the Amsterdam Stock Exchange Association in 1991. After the successful merger between the Amsterdam Stock Exchange and EOE Options Exchange into Amsterdam Exchanges (AEX) on 1 January 1997, he was appointed director of Amsterdam Exchanges N.V. and general manager of AEX Effectenbeurs N.V.

Shortly before the merger with the Paris and Brussels stock exchanges (2002) – Euronext – Mr Brouwer withdrew from his position at Euronext and has since held a number of supervisory directorships at Van Meijel, Ewals Cargo Care, Vital Innovators, Holland Clearing House and BinckBank. He is also a member of the supervisory board of Vita Valley. He holds directorships at the Amindho Foundation (economic and cultural relations between the Netherlands and Indonesia) and the Jazz Orchestra Foundation of the Concertgebouw. At the request of, among others, the World Bank, Mr Brouwer and a team of stock exchange specialists accompanied the set-up and further expansion of stock exchanges in various countries. A similar project was also completed in Baku, Azerbaijan.

Number of BinckBank shares held at year-end 2013: 0

Leo Deuzeman

(1952 - Dutch nationality)

Mr Deuzeman was reappointed for a period of four years as a member of the supervisory board of BinckBank during the annual General Meeting of Shareholders on 26 April 2011.

Mr Deuzeman is a business economist and was employed by Deloitte as a chartered accountant from 1979 to 1986. In the period 1976-1979, he was connected to the University of Groningen as a scientific member of staff with the Financial Department of the Faculty of Economic Sciences. From 1990 to 1998 and from April 2003 to April 2007, he held the position of CFO at Kempen & Co N.V., at which bank he fulfilled the role of director of finances and administration from 1986 to 1990. In addition, Mr Deuzeman was a managing partner of Greenfield Capital Partners N.V. from 1998 to 2003 and held positions as a member of the board with Publifisque B.V., Managementmij Tolsteeg B.V., Kempen Management B.V., Asmey B.V., Arceba B.V., Kempen Finance B.V., Global Property Research B.V., Kempen Deelnemingen B.V., Greenpart B.V., Greenfield Management Services B.V. and Nethave Management N.V. He was also a supervisory director for Trustus Capital Management B.V., Engage B.V., Cegeka N.V. and Kempen Custody Services N.V. Mr Deuzeman is currently a supervisory director of Blue Sky Group and chairman of the supervisory board of Intereffekt Investment Funds. He is a supervisory director and member of the advisory board of the investment fund Monolith Fund in Amsterdam and a supervisory director of Capital Guards in Rotterdam.

Number of BinckBank shares held at year-end 2013: 0

Fons M. Van Westerloo

(1946 - Dutch nationality)

Mr van Westerloo has been a member of BinckBank's supervisory board since 2004. He was reappointed for a term of four years during the General Meeting on 26 April 2010.

Mr van Westerloo formerly held positions as a member of the Operational Management Committee for RTL Group S.A., CEO of RTL Nederland B.V., CEO of SBS Broadcasting B.V., director of RTL 5 and deputy manager of broadcasting organisation AVRO.

Mr van Westerloo currently holds supervisory directorships at Inshared, a subsidiary of Eureko/Achmea, the Lotto, on behalf of NOC/NSF, chairman of the supervisory board at Independer.nl and supervisory director of Persgroep Nederland. He is a member of the Board of Supervision of the advertising agency DDB and a member of the Advisory Board of 3stone commercial real estate agents. He is chairman of the Nationale Stichting Thuiswinkel Awards. He is an executive director of the Royal Concertgebouw Orchestra and the Friends of the Concertgebouw and the Concertgebouw Orchestra Association. He is a supervisory director of Radio Netherlands Worldwide and of the public broadcaster WNL. He is also an ambassador for the Royal Dutch Opera and a member of the Advisory Board of Right to Play. Mr Westerloo is Officer in the Order of Orange-Nassau.

Number of BinckBank shares held at year-end 2013: 0

Amsterdam, 6 March 2014

Supervisory board C.J.M. Scholtes (chairman) J.K. Brouwer L. Deuzeman A.M. Van Westerloo