

# Yearly report 2017

“BinckBank ends 2017 with strong quarterly earnings (17Q4 € 0.16)”

- Adjusted net earnings per share for 2017 € 0.52 (2016: € 0.45)
- Adjusted net result for 2017 up 15% to € 34.9 million
- Proposed dividend for 2017 € 0.26 per share (final dividend € 0.23 per share)
- Net interest income from mortgages and collateralised loans higher than in previous year
- Performance fee for Alex Vermogensbeheer in 2017 € 1.9 million
- Transaction fees for turbos abolished, financing level and turbo income rise
- BinckBank makes securities lending accessible for private investors
- BinckBank sells associate Able Holding B.V.

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## Key figures (consolidated)

(amounts in € 000's)	17Q4	17Q3	ΔQ3	2017	2016	Δ16
<b>Customer figures</b>						
Number of transactions *	2,119,087	1,711,952	24%	7,705,024	7,726,110	0%
Assets under administration	26,027,985	25,483,425	2%	26,027,985	22,793,380	14%
Assets under management	1,090,881	1,139,575	-4%	1,090,881	1,279,980	-15%
<b>Adjusted income statement</b>						
Net interest income	7,553	7,614	-1%	30,039	26,325	14%
Net fee and commission income	28,854	23,527	23%	105,858	109,076	-3%
Other income from operational activities	2,271	3,840	-41%	13,072	12,324	6%
<b>Total income from operating activities</b>	<b>38,678</b>	<b>34,981</b>	<b>11%</b>	<b>148,969</b>	<b>147,725</b>	<b>1%</b>
Total adjusted operating expenses **	30,546	30,089	2%	120,071	116,634	3%
<b>Adjusted result from operating activities</b>	<b>8,132</b>	<b>4,892</b>	<b>66%</b>	<b>28,898</b>	<b>31,091</b>	<b>-7%</b>
Adjusted tax **	237	3,730		4,681	2,273	
Share in results from associates	2,368	0		864	(2,821)	
<b>Adjusted result after tax</b>	<b>10,737</b>	<b>8,622</b>	<b>25%</b>	<b>34,443</b>	<b>30,543</b>	<b>13%</b>
Result attributable to non-controlling interests	72	385		450	(87)	
<b>Adjusted net-result attributable to the shareholders BinckBank</b>	<b>10,809</b>	<b>9,007</b>	<b>20%</b>	<b>34,893</b>	<b>30,456</b>	<b>15%</b>
<b>Adjusted net earnings per share (in €)</b>	<b>0.16</b>	<b>0.13</b>		<b>0.52</b>	<b>0.45</b>	
Cost / income ratio	79%	86%	-8%	81%	79%	
<b>Capital adequacy</b>						
Common equity Tier 1	249,522	245,917	1%	249,522	245,542	2%
Capital ratio	30.8%	30.7%		30.8%	31.9%	
Leverage ratio	6.6%	6.6%		6.6%	6.7%	

## Highlights 2017

- 'Binck Forward', 'Binck Comfort', and 'Binck Pension' were introduced in the 'Laten Beleggen' segment in the Netherlands in 2017. This gives substance to the roll-out of the building blocks for the new strategy.
- In 'Self-Investment' the trading site was updated with greater ease of use and the mobile investment facility gained steadily in popularity.
- Performance fee for Alex Vermogensbeheer in 2017 amounted to € 1.9 million (2016: € 0.4 million).
- Number of transaction in 2017 in line with 2016.
- Assets under administration grew by 14% in 2017 to € 26.0 billion.
- Net interest income in 2017 rose 14% due to contribution from investments in Dutch residential mortgages and higher interest income from collateralised loans.
- Result from financial instruments rose strongly due to the increased financing level of Binck turbos.
- BinckBank makes securities lending accessible to private investors.
- BinckBank sold its 100% stake in Able Holding B.V. in October 2017, recording a book profit of € 1.9 million.
- Further reduction of the company risk (Alex Vermogensbeheer, TOM Holding N.V., Able Holding BV)
- First BinckBank tour in August 2017 proved a great success, supporting increased brand awareness.
- Binck received various awards, including best customer service (France), best online asset manager (Netherlands), investors' bank of the year (Belgium), and best broker for investments in depositary receipts and structured products (Italy).

\* The number of transactions include transactions which do not have a direct commission income, such as the transactions in Binck Turbo's that have been offered free of charge since October 2017.

\*\* Compared to the IFRS-results, within the adjusted result the total operating expenses and taxes are adjusted for IFRS-amortisation and tax savings on the difference between fiscal and commercial amortisation of the intangible assets acquired with the acquisition of Alex and goodwill paid. Page 8 of this report includes the reconciliation of the adjusted result to the IFRS-result.

## Chairman's message



*"Our stakeholders saw a dynamic BinckBank in 2017. We expanded our service offering to include new products aimed at the financial independence of our customers. I am therefore proud of the steps we have taken to make this strategic transformation possible. We were able to demonstrate the necessary innovative strength despite the heavy burden placed on the organisation by extensive projects resulting from new legislation and regulations. I am also pleased that our customers and shareholders continue to show confidence in our approach. Though perhaps not with the momentum we had previously hoped for, I expect that we will be able to give even more visible form and substance to our efforts and reap the benefits of our innovative strength in the years ahead."*

BinckBank's ambition is to serve a broader and growing group of private individuals within our European footprint, namely those customer groups that are looking for the best alternative to retain and accumulate assets for the future in a reliable, transparent, simple, and cost-effective manner, either independently or with our assistance. This ambition is focused on long-term value creation for both clients and shareholders and is reflected in the ReThink Binck strategy. Steps were taken on various fronts in 2017 to achieve the strategic transformation of BinckBank (Redesign Binck) and develop new products and services within the product matrix. The organisational infrastructure was also further improved in 2017 and provides a stable foundation for our core activities and the development of new initiatives. This involved a further simplification of the structure of the organisation.

In the first quarter of 2017, for example, we acquired the activities of the fintech company Pritle. We were consequently able to accelerate the rollout of automated asset management services to various areas within the 'Laten Beleggen' segment with 'Binck Forward', 'Binck Comfort', and 'Binck Pensioenbeleggen'. This enabled us to enhance our propositions in the 'Laten Beleggen' segment with products geared specifically to the individual customer's financial goals and risk appetite. For our self-investing customers, we started offering trading in Binck turbos with no transaction fees in the fourth quarter of 2017. This led to an increase in the number of turbo transactions and the financing level. We also enabled private investors to take part in securities lending programmes, and the first customers were able to generate additional returns on their investments in the fourth quarter.

BinckBank strives for high customer satisfaction and with an average score of 7.5 faces a challenge in improving its services further. But customer relationships are about more than achieving a high customer satisfaction score. BinckBank believes it is vital to identify customers' needs before trying to meet them. We build on strong relationships with our customers by continuously improving existing services and developing new, innovative products and services in collaboration with customers.

It is still too soon to see the results of our new propositions reflected in the financial results. Stock market sentiment in 2017 was positive, but transactions remained at the 2016 level due to limited volatility. Adjusted net earnings per share amounted to € 0.52 in 2017 (FY16: € 0.45). In keeping with our dividend policy, the proposed dividend for 2017 is € 0.26 per share. Taking into account the distribution of an interim dividend of € 0.03, the final dividend thus amounts to € 0.23 per share.

BinckBank's transformation is set to enter an important phase in the periods ahead. With its broad range of services BinckBank is well placed to guide customers towards the right proposition. The particular focus in the year ahead will be on the commercial rollout of new propositions and on increasing the organisation's efficiency and responsiveness. This should also lead to a reduction in operating costs, with the expectation that these will stabilise at a lower level in the long term.

I would like to thank our shareholders for the confidence they have placed in us. As I indicated earlier, the strategic transformation takes time, more than perhaps initially expected, but the steps are carefully set. As a board we are focused ultimately on delivering even better customer service as a result of the new positioning. This should also achieve the desired value creation for all our stakeholders. We are positive about the start of BinckBank in 2018. Finally, I would like to thank all our employees for their efforts in the past year.

Amsterdam, 5 February 2018

BinckBank N.V.

Vincent Germyns, Chairman of the executive board

## Developments in 2017

### Strategy and products

At the end of 2015, as part of ReThink Binck, BinckBank developed a Strategic Roadmap and Product Matrix (the '9-grid') to serve as the basis for the implementation of its broadening strategy in the years ahead. Progress was made in 2017 with the development and market launch of new products and services in the three segments of the '9-grid' and improvements in the services delivered to our customers.

Various new products and functionalities for self-investing customers have been developed on an agile basis, such as online account opening, the introduction of the updated trading application ProTrader (360), the further development of mobile sites, the introduction of new websites, securities lending, and commission-free trading in Binck instruments (Binck turbo). The introduction of the Trade With Color concept (more creative investment with greater convenience and inspiration), which was scheduled for the end of 2017, was delayed due to changing priorities and will be postponed until 2018/2019.

With the introduction of the 'Laten Beleggen' concept in the Netherlands, BinckBank made significant progress in its broadening strategy. The acquisition of the Pritle fintech business strengthens BinckBank's online services by adding a robo-advisor to the existing discretionary asset management services. As the sustained period of low interest rates on savings continues, customers can be expected to seek out new alternative forms of capital accumulation. The 'Laten Beleggen' concept took concrete form in the Netherlands with the introduction of 'Binck Comfort' (personalised portfolio management focused on the preservation and growth of assets), 'Binck Forward' (automated investment), and 'Binck Pension' (a product for simple, fiscally attractive capital accumulation for retirement). The third quarter saw the start of the first combined television campaign for 'Binck Zelf Beleggen' and 'Binck Forward'. BinckBank is also involved in preparations for the rollout of 'Binck Forward' to the other countries in the current geographic footprint. Alex Asset Management achieved a performance fee of € 1.9 million in 2017. At the end of 2017, 63% of its customers is above the high water mark.

The platform for the SpaarBroker (savings broker) was further developed and is technically and commercially ready for market launch. Due to difficult conditions in the money and capital markets, the market launch of the SpaarBroker was postponed until 2018. Work also started at the end of 2017 on the development of the navigator function and the navigator concept will be further developed in the course of 2018. The navigator functionality will assist customers in making choices to realise their financial ambitions.

### Agile methodology and information technology (IT)

Over the past year, we invested in the set-up of multidisciplinary 'customer teams' to carry out customer-focused development work. The 'agile' methodology was also implemented in the organisation. The frequency of software releases was increased, resulting in a faster release of newly developed functionalities. As high quality service and systems are important to our customers, there was once again a strong focus on the further improvement of our IT systems in the past year. BinckBank continuously invests in futureproofing its IT architecture and the quality of the data used in the organisation. Over the past year, investments were made in new smaller and more environmentally friendly data centres, thereby reducing operating costs, improving performance, and further reducing energy consumption. Work also continued on the reprogramming of the IT structures in a new modern software language, a more modular structure of the software platform, and the building of 'Application Programming Interfaces' (APIs) to enable third parties to access our platform.

### BinckBank in the media

In 2017 BinckBank became the new title sponsor of the BinckBank tour, a multi-day UCI World Tour cycle race in the Netherlands and Belgium. The event took place in August and was a great success. BinckBank has agreed to be the title sponsor of the top sporting event for five years. Sponsorship of cycle racing is an attractive and distinctive way to bring the 'BinckBank' brand to the attention of a wider target group that is consistent with the expansion of BinckBank's service concept. With regard to awards, BinckBank won the best broker award in a survey conducted by IEX and Netprofiler, with the platform and the BinckBank app receiving particular praise. This is the ninth year in which Netprofiler has conducted the Internet Broker survey, and the eighth year in which BinckBank has won the title of 'Best Broker Overall'. Both 'Binck Fundcoach' and 'Binck Forward' received a positive review in the survey of portfolio management conducted by Beleggingsmatch. Binck Italy put in a fine showing at the Investing & Trading Forum in Rimini and won an award for the best broker for investment in depositary receipts and structured products. BinckBank also won the Cashcow Award 2017 for the best online asset manager and BinckBank France won first prize for best customer service in the 'online brokerage' category.

### **Legislation and regulations**

BinckBank devoted a great deal of time and energy to the implementation of new legislation and regulations in 2017. The largest projects among these were MiFID II and PRIIPs. MiFID II (Markets in Financial Instruments Directive II) is a revised version of the European MiFID directive previously introduced in 2007 and came into force on 3 January 2018. The aim of MiFID II is to make European financial markets more efficient and transparent and to increase investor protection. PRIIPs is a European regulation that came into force on 1 January 2018 with the aim of creating a coherent set of rules for providing information on packaged investment products and the sale thereof to consumers. The aim is to harmonise the rules on sales of packaged investment products and the associated information so as to help investors to better understand and compare products. The information must be provided in the form of a 'Key Information Document' (KID). For BinckBank this means that customers must be provided with appropriate documentation for the products within the scope of PRIIPs.

### **Focus on core activities**

As part of its new strategy BinckBank has already stated that it will continue to concentrate on its core activities and over the past years has initiated a process aimed at increasing the focus on the retail business and the distribution role that BinckBank plays in it.

In this context BinckBank sold its interest in BeFrank in 2014 and began scaling down its services for BPO customers. At the end of 2017 agreements were reached with all four remaining BPO customers on the scaling down of the services and in the case of two customers services have now been discontinued. Services for the other two BPO customers are expected terminate completely in the second half of 2018, thereby enabling the BPO activities to be phased out.

In October 2016 the shareholders of TOM Holding N.V. announced that they were seeking a buyer for the trading platform. After discussions at the end of 2016 and the beginning of 2017 failed to produce a sale, the TOM services was wound down in 2017 and the business activities were terminated. Euronext's claim against BinckBank and TOM Holding N.V. in related to the TOM activities was averted in 2017 without an outflow of funds.

In October 2017 BinckBank reached agreement with Topicus Finance Holding B.V. on the sale of the shares of Able Holding B.V. Able was a 100% subsidiary of BinckBank and develops technological solutions for banks and insurers in the field of asset management, savings, and investment. The activities were no longer considered to be part of BinckBank's core activities as from 2013.

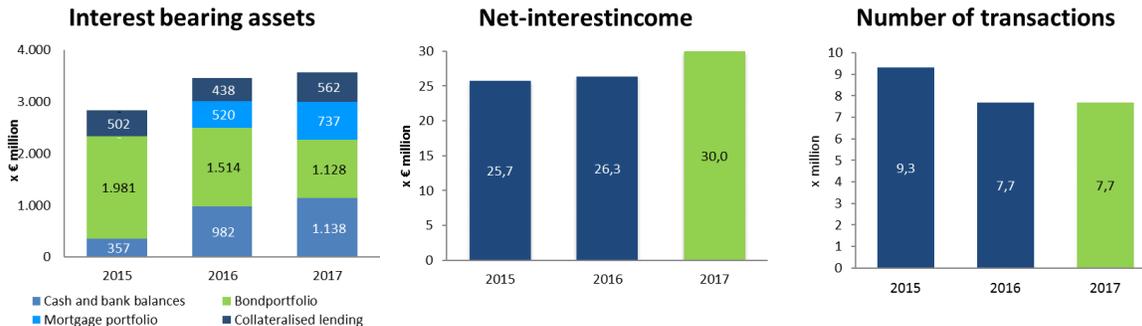
On 19 January 2018 BinckBank announced its intention to sell its 60% holding in Think ETF Asset Management B.V. (Think) to Van Eck Associates Corporation. The sale is expected to be completed at the end of the first quarter of 2018. After the sale of Think ETF Asset Management B.V. BinckBank will be able to focus fully on the relaunch of its retail activities.

## Notes to the consolidated key figures for 2017

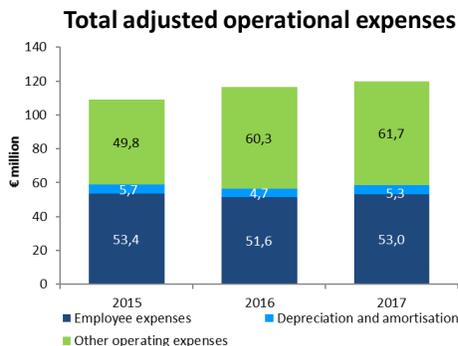
### Stable full year result in 2017

The adjusted net result for 2017 was € 34.9 million, representing adjusted net earnings of € 0.52 per share. The adjusted net result was therefore higher than the result of € 30.5 million (€ 0.45 per share) recorded in 2016.

Income from operating activities in 2017 remained almost the same as in 2016 (+1%). BinckBank achieved higher net interest income overall, mainly due to a growing proportion of investments in Dutch residential mortgages. On the other hand, there was a decrease in net commission income of € 3.2 million (-3%) in 2017. The decline in net commission income was due particularly to lower income from Alex Vermogensbeheer and a decrease in income from BPO services. In the fourth quarter of 2017 our customers once again conducted more transactions (+24%) compared with the previous quarter, resulting in an increase of € 5.3 million in net commission income (+23%). This figure for commission income also includes the 2017 performance fee of € 1.9 million for Alex Vermogensbeheer. At Alex Asset Management there are regular withdrawals by customers. Whereas in the second quarter of 2017 a marked reduction in the outflow was observable (compared to the first quarter), it did not decline further in the second half of 2017. The outflow in past quarters was between € 60 million and € 70 million and amounted to € 350 million (FY16 € 227 million) for whole 2017. The income from the turbos is included in the other income from operating activities and rose in 2017 by € 3.2 million (+125%) compared with 2016. Transaction numbers, and hence the financing level, have visibly increased due to the abolition of the transaction commission on Binck turbos.



Total adjusted operating expenses rose by 3% in 2017 compared with the previous year, from € 116.6 million to € 120.1 million. Employee expenses rose by 3% particularly as a result of the annual salary indexation. The adjusted amortisation rose slightly compared with the previous year (+2%). Other operating expenses rose by € 1.4 million (+2%) compared with 2016. This was mainly due to marketing campaigns for the new products (+€ 1.2 million), the service costs on the expanded mortgage portfolios (+€ 1.6 million), and additional costs for the rollout of the new strategy and implementation of legislation and regulations. The other costs, such as IT and external consulting costs, declined overall as a result of cost-saving measures.



The tax credit from adjusted taxes for 2017 came to € 4.7 million. The increase of € 2.4 million compared to 2016 is mainly due to a reassessment of deferred taxes related to consolidated companies and associates, resulting in a one-off tax credit of € 2.4 million in the third quarter.

Results from associates in 2017 amounted to € 0.9 million (2016: -/ - € 2.8 million). This positive result includes the book profit of € 1.9 million on the sale of Able Holding B.V. in 2017 and the operating income of the associate Tom Holding N.V. The valuation of Tom Holding N.V. in 2017 was based on the expected distribution after completion of the liquidation.

## Reconciliation of adjusted net result to the IFRS result

The table below presents the reconciliation of the adjusted net result to the IFRS result. Compared with the IFRS results, the total operating expenses and taxes have been adjusted for IFRS amortisation and the tax savings on the difference between the fiscal and commercial amortisation of the intangible assets acquired and goodwill paid on the acquisition of Alex.

(bedragen in € 000's)	17Q4	17Q3	2017	2016
<b>Gecorrigeerd resultaat na belastingen</b>	<b>10,737</b>	<b>8,622</b>	<b>34,443</b>	<b>30,543</b>
Aanpassing IFRS-afschrijving	(5,379)	(5,378)	(21,515)	(21,515)
Aanpassing fiscaal voordeel uit verschillen tussen commerciële en fiscale afschrijvingen	(1,102)	(1,101)	(4,407)	(4,407)
<b>IFRS-resultaat</b>	<b>4,256</b>	<b>2,143</b>	<b>8,521</b>	<b>4,621</b>

The intangible assets, excluding the goodwill relating to the acquisition of Alex Beleggersbank, were amortised in full at the end of 2017. Consequently, the adjustment to reconcile the IFRS result to the adjusted result will disappear entirely from 2018 onwards. Furthermore, this will affect the fiscal result, where amortisation of the intangible assets including goodwill led to differences between the IFRS and fiscal ledgers. Because of this, the deduction of the amortisation of intangible assets will cease and the tax charge will increase compared with the IFRS result.

## 2017 dividend proposal

A total dividend of € 0.26 for the 2017 financial year will be proposed to shareholders for approval. On 31 July 2017 an interim dividend of € 0.03 per share was distributed in cash, making the proposed final cash dividend € 0.23 per share. In determining the dividend the requirements of CRD IV (EU/2013/36) and CRR (EU/2013/575) and the related regulations, as well as the recommendation of the European Central Bank (ECB/2017/44) have been applied. The 2017 full year result is insufficient for the distribution of this final dividend from the profit for the year. As a result, the proposed dividend will partly be made from retained earnings. Subject to the approval of the general meeting on 24 April 2018, the share will be listed ex-dividend on 26 April 2018. The final dividend will be paid on 3 May 2018.

## Financial position

### *Calculation of available capital and capital ratio*

At the end of 2017, BinckBank's capital position was solid. BinckBank's total equity stood at € 394.9 million. Compared with 31 December 2016, the Tier 1 core capital ratio rose by € 4.0 million to € 249.5 million as at 31 December 2017. The capital ratio as at 31 December 2017 decreased slightly compared with the end of 2016, amounting to 30.8% (2016: 31.9%). The leverage ratio amounted to 6.6% (2016: 6.7%).

As compared with the position as at 31 December 2016, the total of risk-weighted items rose from € 768.7 million to € 809.4 million, the primary cause being the expansion of the mortgage portfolio and the associated risk weightings as well as the adjustment to the percentages for risk-weighted assets specified by the regulator.

(amounts in € 000's)	2017	2016
Issued share capital	6,750	7,100
Share premium reserve	343,565	361,379
Treasury shares	(4,282)	(29,468)
Fair value reserve	492	1,021
Retained earnings (including result current financial year)	47,431	55,537
Non-controlling interests	933	1,383
<b>Total equity</b>	<b>394,889</b>	<b>396,952</b>
Less: goodwill	(153,865)	(144,882)
Plus: deferred tax liabilities related to goodwill	36,064	32,273
Less: other intangible fixed assets	(4,085)	(23,204)
Less: prudent valuation adjustment	(788)	(724)
Less: Non-controlling interests	(933)	(1,383)
Less: Deferred Tax Assets	(6,235)	-
Less: dividend reserve, in accordance with normal dividend policy	(15,525)	(13,490)
<b>Common equity Tier 1 (CET1) (A)</b>	<b>249,522</b>	<b>245,542</b>
<b>Risk weighted exposure amount - Pilaar I (B)</b>	<b>809,380</b>	<b>768,722</b>
Capital ratio (=A/B)	30.8%	31.9%
Unweighted assets (balance sheet total)	3,924,061	3,800,261
Prudential adjustments	(145,240)	(139,791)
<b>Risk measure in accordance with CRR (C)</b>	<b>3,778,821</b>	<b>3,660,470</b>
Leverage ratio (=A/C)	6.6%	6.7%

## Progress in achieving 2018 targets

In 2014 BinckBank defined medium-term targets for 2018. The achievement of these targets at the end of 2017 is set out in the table below. It can be concluded that the 2018 targets regarding assets under administration at the end of 2017 were achieved and that, in view of the developments over the past three years, the other targets are not expected to be met in 2018.

Targets 2018		Realisation 2017	Realisation 2016	Realisation 2015
Customer satisfaction	>=8 weighted average	7.5 weighted average	7.3 weighted average	7.1 weighted average
Number of transactions	11.0 million	7.7 million	7.7 million	9.3 million
Assets under administration	€ 21.0 billion	€ 26.0 billion	€ 22.8 billion	€ 20.6 billion
Assets under management	€ 3.5 billion	€ 1.1 billion	€ 1.3 billion	€ 1.7 billion
Cost/income ratio (excluding IFRS amortisation)	<65%	79%	79%	64%
More balanced income flow	>66.6%	39.4%	35.6%	33.8%

## Outlook

### *Strategy*

The strategic transformation of BinckBank, which also focuses on long-term value creation, consists of three phases. In 2017 the focus was on the second phase: Redesign Binck. Redesign Binck involves the development of new products and services aimed at seizing opportunities in the market. The third phase is Relaunch Binck. In this final phase (beginning in 2018) the new products and services should show a positive contribution to the results in order to achieve the intended new growth phase. Although the strategic transformation is (largely) on schedule and we are well positioned with our new products for a relaunch of BinckBank, the negative interest rates on the money and capital markets continue to weigh heavily on net interest income and market volumes (partly as a result of changing trading behaviour among customers) still show a downward trend which is putting pressure on net commission incomes. The continued increase in regulatory burden has an upward effect on costs. The major projects in this context will be largely completed in 2018 but will continue to impact costs going forward. The outflow at Alex Asset Management is continuing slightly longer than expected, causing BinckBank to incur a delay in growth in one of the main pillars of its earnings model, 'assets under management'. In addition, the fiscal amortisation of the intangible assets and goodwill acquired with the acquisition of Alex Vermogensbank will cease, making it difficult to achieve earnings growth in the short term and a return to historical profit levels. The 2018 financial year will be important in the BinckBank transformation. On the one hand we must retain our leading position in the Trading segment, while on the other hand we need to further expand in other fields such as Investing and Saving in order to shape the implementation of our strategy. The 2018 and 2019 financial years will be marked particularly by the commercial rollout of the new propositions and making the organisation more responsive and efficient.

### *Think ETF Asset Management B.V.*

On 19 January 2018 BinckBank announced that it was selling its 60% holding in Think ETF Asset Management B.V. (Think) to Van Eck Associates Corporation. The sale is expected to be completed at the end of the first quarter of 2018. After the sale of Think ETF Asset Management B.V. BinckBank will be able to focus fully on the relaunch of its retail activities.

### *Balance sheet composition*

The change that BinckBank initiated in the composition of its balance sheet in 2016 was continued in 2017 with the development of a mortgage portfolio that now stands at € 736 million. However, that the mortgage portfolio has on average a longer interest rate maturity than the investments in the bond portfolio. This changed the interest rate maturity of the BinckBank balance sheet and increased the interest rate risk. From September 2017 BinckBank entered into interest rate swaps to mitigate the increased interest rate risk. These involved swapping the relatively long interest rate on a portion of the mortgage portfolio for a shorter variable interest rate, bringing the duration within the desired range.

### *Fiscal amortisation at Alex Vermogensbank*

BinckBank acquired 'Alex Vermogensbank' from Rabobank for € 391.4 million in 2008 by means of an asset/liability transaction. This amount has been amortised for tax purposes on a straight-line basis over ten years since 2008. This enabled BinckBank to achieve a tax benefit from the asset/liability transaction for its shareholders. In the period from 2008 to 2017 BinckBank has enjoyed a total tax benefit of € 97.8 million (25% of € 391.4 million), amounting to € 9.8 million a year. 2017 is the final year in which BinckBank will be able to charge amortisation expenses resulting from the acquisition of 'Alex Vermogensbank' against taxable profits and realise a tax benefit.

### *Financial outlook*

BinckBank's result depends heavily on its customers' trading activity. Interest rates in the money and capital markets and the volatility and direction of the stock exchange are strong determining factors. These are unpredictable, and BinckBank therefore does not give any specific outlook.

Amsterdam, 5 February 2018

Vincent Germyns (Chairman of the executive board)

Evert-Jan Kooistra (member of the board and CFRO)

Steven Clausing (member of the board and COO)



FINANCIAL  
YEARLY REPORT  
2017

## I. Condensed consolidated statement of financial position

(amounts in € 000's)

31 December 2017 31 December 2016

	31 December 2017	31 December 2016
<b>ASSETS</b>		
Cash and balances at central banks	1,003,673	854,230
Banks	133,968	127,755
Derivatives	37,418	20,393
Financial assets designated at fair value through profit and loss	16,613	9,499
Financial assets available-for-sale	787,743	724,398
Financial assets held-to-maturity	340,179	790,021
Loans and receivables	1,297,830	958,329
Associates	485	-
Intangible assets	157,950	168,260
Property, plant and equipment	33,969	35,128
Current tax assets	16,725	12,270
Deferred tax assets	6,279	1,048
Other assets	58,754	63,451
Prepayments and accrued income	32,475	35,479
<b>Total assets</b>	<b>3,924,061</b>	<b>3,800,261</b>
<b>LIABILITIES</b>		
Banks	2,538	2,017
Derivatives	37,055	20,428
Financial liabilities designated at fair value through profit and loss	231	1,018
Funds entrusted	3,383,383	3,308,829
Provisions	8,134	8,891
Current tax liabilities	10	10
Deferred tax liabilities	36,443	31,982
Other liabilities	52,084	19,841
Accruals and deferred income	9,294	10,293
<b>Total liabilities</b>	<b>3,529,172</b>	<b>3,403,309</b>
<i>Equity attributable to:</i>		
Owners of the parent	393,956	395,569
Non-controlling interests	933	1,383
<b>Total equity</b>	<b>394,889</b>	<b>396,952</b>
<b>Total equity and liabilities</b>	<b>3,924,061</b>	<b>3,800,261</b>

## II. Condensed consolidated statement of income

(amounts in € 000's)	17Q4	16Q4	2017	2016
<b>INCOME</b>				
Interest income	9,400	8,429	36,439	30,123
Interest expense	(1,847)	(1,250)	(6,400)	(3,798)
Net interest income	7,553	7,179	30,039	26,325
Fee and commission income	33,358	35,125	124,839	129,547
Fee and commission expense	(4,504)	(5,495)	(18,981)	(20,471)
Net fee and commission income	28,854	29,630	105,858	109,076
Other income	44	2,718	7,014	9,910
Result from financial instruments	2,242	1,027	6,150	2,530
Impairment of financial assets	(15)	(30)	(92)	(116)
<b>Total income from operating activities</b>	<b>38,678</b>	<b>40,524</b>	<b>148,969</b>	<b>147,725</b>
<b>EXPENSES</b>				
Employee expenses	12,675	13,636	53,048	51,635
Depreciation and amortisation	6,847	6,481	26,792	26,215
Other operating expenses	16,403	17,198	61,746	60,299
<b>Total operating expenses</b>	<b>35,925</b>	<b>37,315</b>	<b>141,586</b>	<b>138,149</b>
<b>Result from operating activities</b>	<b>2,753</b>	<b>3,209</b>	<b>7,383</b>	<b>9,576</b>
Share in results from associates	2,368	(1,965)	864	(2,821)
<b>Result before tax</b>	<b>5,121</b>	<b>1,244</b>	<b>8,247</b>	<b>6,755</b>
Income tax expense	(865)	(227)	274	(2,134)
<b>Net result</b>	<b>4,256</b>	<b>1,017</b>	<b>8,521</b>	<b>4,621</b>
<i>Result attributable to:</i>				
Onwers of the parent	4,328	990	8,971	4,534
Non-controlling interests	(72)	27	(450)	87
<b>Net result</b>	<b>4,256</b>	<b>1,017</b>	<b>8,521</b>	<b>4,621</b>
Basic and diluted earnings per share	0.07	0.02	0.13	0.07

### III. Condensed consolidated statement of comprehensive income

(amounts in € 000's)	17Q4	16Q4	2017	2016
<b>Net result from income statement</b>	4,256	1,017	8,521	4,621
<b>Other comprehensive income recognised through profit and loss on realisation</b>				
Net gain/(loss) on available-for-sale financial assets	(1,328)	(1,453)	(645)	(708)
Other comprehensive income realised through profit and loss	-	66	-	66
Income tax relating to components of other comprehensive income	263	298	116	137
<b>Other comprehensive income, net of tax</b>	<b>(1,065)</b>	<b>(1,089)</b>	<b>(529)</b>	<b>(505)</b>
<b>Total comprehensive income, net of tax</b>	<b>3,191</b>	<b>(72)</b>	<b>7,992</b>	<b>4,116</b>
BinckBank has no other comprehensive income that will not be recognised through profit and loss on realisation.				
<i>Result attributable to:</i>				
Owners of the parent	3,263	(99)	8,442	4,029
Non-controlling interests	(72)	27	(450)	87
<b>Total realised and unrealised results, net of tax</b>	<b>3,191</b>	<b>(72)</b>	<b>7,992</b>	<b>4,116</b>

### IV. Condensed consolidated statement of cash flows

(amounts in € 000's)	2017	2016
Cash flow from operating activities	(150,173)	226,547
Cash flow from investing activities	321,231	442,029
Cash flow from financing activities	(10,147)	(44,806)
<b>Net cash flows</b>	<b>160,911</b>	<b>623,770</b>
Opening balance of cash and cash equivalents	977,853	352,532
Net cash flows	162,004	623,770
Effect of exchange rate changes on cash and cash equivalents	(2,216)	1,551
<b>Closing balance of cash and cash equivalents</b>	<b>1,137,641</b>	<b>977,853</b>

The cash and cash equivalents presented in the consolidated statement of cash flows are included in the consolidated balance sheet under the following heading at the amounts stated below:

Cash	1,003,673	854,230
Banks	133,968	127,755
Banks - non cash equivalents	-	(4,132)
<b>Total cash equivalents</b>	<b>1,137,641</b>	<b>977,853</b>

## V. Condensed consolidated statement of changes in equity

(amounts in € 000's)	Issued share capital	Share premium reserve	Treasury shares	Fair value reserve	Retained earnings	Non- controlling interests	Total equity
<b>1 January 2017</b>	<b>7.100</b>	<b>361.379</b>	<b>(29.468)</b>	<b>1.021</b>	<b>55.537</b>	<b>1.383</b>	<b>396.952</b>
Net result for the year	-	-	-	-	8.971	(450)	8.521
Other comprehensive income	-	-	-	(529)	-	-	(529)
Total comprehensive income	-	-	-	(529)	8.971	(450)	7.992
Final dividend 2016	-	-	-	-	(12.679)	-	(12.679)
Interim dividend 2017	-	-	-	-	(2.002)	-	(2.002)
Grant of rights to shares	-	-	-	-	92	-	92
Issue of shares to executive board and employees	-	-	318	-	(318)	-	-
Issue of shares to third party	-	-	5.340	-	(806)	-	4.534
Share buy-back	-	-	-	-	-	-	-
Cancelled treasury shares	(350)	(17.814)	19.528	-	(1.364)	-	-
<b>31 December 2017</b>	<b>6.750</b>	<b>343.565</b>	<b>(4.282)</b>	<b>492</b>	<b>47.431</b>	<b>933</b>	<b>394.889</b>

(amounts in € 000's)	Issued share capital	Share premium reserve	Treasury shares	Fair value reserve	Retained earnings	Non- controlling interests	Total equity
<b>1 January 2016</b>	<b>7.100</b>	<b>361.379</b>	<b>(4.979)</b>	<b>1.526</b>	<b>71.158</b>	<b>1.296</b>	<b>437.480</b>
Net result for the year	-	-	-	-	4.534	87	4.621
Other comprehensive income	-	-	-	(505)	-	-	(505)
Total comprehensive income	-	-	-	(505)	4.534	87	4.116
Final dividend 2016	-	-	-	-	(17.199)	-	(17.199)
Interim dividend 2017	-	-	-	-	(2.657)	-	(2.657)
Grant of rights to shares	-	-	-	-	162	-	162
Issue of shares to executive board and employees	-	-	461	-	(461)	-	-
Issue of shares to third party	-	-	-	-	-	-	-
Share buy-back	-	-	(24.950)	-	-	-	(24.950)
Cancelled treasury shares	-	-	-	-	-	-	-
<b>31 December 2016</b>	<b>7.100</b>	<b>361.379</b>	<b>(29.468)</b>	<b>1.021</b>	<b>55.537</b>	<b>1.383</b>	<b>396.952</b>

## VI. Selected explanatory notes

### 1. General information

BinckBank N.V., BinckBank N.V., established and registered in the Netherlands, is a public limited liability company incorporated under Dutch law, whose shares are publicly traded. BinckBank has its registered office at Barbara Strozziilaan 310, 1083 HN, Amsterdam, registered with the Chamber of Commerce under number 33162223. BinckBank N.V. provides online brokerage services in financial instruments for private and professional investors. In addition to its brokerage services, BinckBank N.V. offers asset management services and savings products. 'BinckBank' hereinafter refers to BinckBank N.V. and to its various subsidiaries.

The condensed consolidated financial statements for the financial year ending 31 December 2017 have been prepared by the executive board and approved for publication pursuant to the resolution of the executive board and the supervisory board dated 5 February 2018.

### 2. Principles for financial reporting

#### Presentation of the financial yearly report and basis for measurement

BinckBank applies the International Financial Reporting Standards as adopted by the European Union, known as 'IFRS-EU'. The condensed consolidated financial statements are presented in euros, with all amounts rounded to the nearest thousand, unless otherwise stated. This report does not contain all the information required for a full set of financial statements, and consequently should be read in combination with the consolidated financial statements 2016 or consolidated financial statements 2017, which will be issued on 12 March 2018. BinckBank's consolidated financial statements are available via [www.binck.com](http://www.binck.com), or on request at the Investor Relations department,

(telephone +31 (0)20 522 0378).

#### Implications of new, amended and improved standards

In the current year, BinckBank has applied a number of new or amended IFRS standards and IFRIC interpretations, effective for financial years commencing on or after 1 January 2017. New or amended standards take effect for annual periods beginning on or after the date as stated by IFRS and after ratification by the EU, whereby earlier application is permitted in some cases. The new standards and modifications in standards that become effective in the current financial year are incorporated into the current reporting principles. None of these standards and modifications had any noteworthy impact on BinckBank's financial position and results.

New standards, amendments of standards and interpretations that have not yet taken effect or have not yet been ratified by the European Union are listed below. These standards have not yet been applied by BinckBank. The list begins with the standards that are expected to have a significant impact on BinckBank and continues with the standards that are expected to have little or no impact on the financial position and results of BinckBank.

Standards expected to have a significant impact on BinckBank:

#### New or amended standards effective for financial years beginning on or after 1 January 2018

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IFRS 9 – Financial Instruments, classification, and measurement (and related sections of IFRS 7)	IFRS 9 'Financial Instruments' will replace IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and micro hedge accounting. The new requirements become effective as of 1 January 2018. The classification and measurement and impairment requirements will be applied retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods. Therefore, the implementation of IFRS 9 will impact equity, net result, realised result and disclosures.
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IFRS 9 – Financial Instruments, classification, and measurement (and related sections of IFRS 7) (continued)

#### **Enhanced Disclosure Task Force ('EDTF')**

The EDTF published a report on IFRS 9 recommended disclosures which may be useful to help stakeholders understand the upcoming changes because of using the Expected Credit Loss ('ECL') approach before the actual implementation of IFRS 9. The complete set of disclosures for IFRS 9 will be required in the financial statements for the year ending 31 December 2018.

#### **IFRS 9-program**

In 2017 BinckBank continued with the implementation of the requirements under IFRS 9 in models, systems, processes and governance as far as relevant for the different portfolios and the impact determination. Besides this, BinckBank performed parallel runs to calculate the quantitative impact of IFRS 9. The governance structure of the IFRS 9 Program has been set-up based on the three phases of IFRS 9: Classification and Measurement, Impairments and Hedge Accounting. Each workstream consists of experts from Finance, Risk, Treasury and other relevant departments. The Accounting Committee is the decision-making body.

#### **Classification and measurement**

BinckBank has applied a two-step approach to determine the classification and measurement of financial assets into one of the three categories, being Amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') or Fair value through profit and loss:

1. The Business Model test will be applied to determine how a portfolio of financial instruments is managed as a whole; and
2. The Solely Payments of Principle and Interest ('SPPI') test will be applied to determine the contractual cash flow characteristics of financial assets in the Business Model.

The financial assets available for sale will be reclassified to measurement at amortised cost, because the investment portfolio included in this group passes both the business test and the SPPI test. As a result, equity will be adjusted for unrealised revaluation of this portfolio which is included in the fair value reserve. The fair value reserve as per 31 December 2017 amounted to € 0,5 million and equity will decrease with this amount. For all other financial assets and liabilities, the classification and measurement will remain the same as in accordance with IAS 39.

#### **Impairment**

The recognition and measurement of impairment under IFRS 9 is intended to be more forward-looking, based on an expected credit loss ('ECL') model, than under IAS 39 which is of an incurred loss model. The ECL model applies to on-balance financial assets accounted for at amortised cost and Fair value through other comprehensive income (FVOCI), such as banks, debt securities and loans and receivables.

BinckBank has performed the financial impact analysis on the level of impairment allowances under the new ECL approach. Furthermore, BinckBank worked on determining key concepts and assumptions essential to the new impairment model, such as the definition of significant deterioration and the approach how to measure ECL.

BinckBank adopted the IFRS 9 three-stage approach to the determination of the expected credit losses:

##### • Stage 1: 12-month ECL – performing assets

Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition, a provision for expected credit losses associated with the probability of default events occurring within the next 12 months ('12-month ECL').

##### Stage 2: Lifetime ECL – under-performing assets

In the event of a significant increase in credit risk since initial recognition, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('Lifetime ECL'). Triggers to move to Stage 2 are defined depending on the type of asset/portfolio and are merely based on period in arrears and credit risk weightings. During the processed parallel runs up to now, the results are analysed and based on these results further calibration of the triggers is defined and tested.

IFRS 9 – Financial Instruments, classification, and measurement (and related sections of IFRS 7) (continued)

• Stage 3: Lifelong ECL – non-performing assets

Financial instruments will move into Stage 3 once defaulted. The aim is to align the default definition used internally for risk management purposes with the standard definitions under IFRS 9. Stage 3 requires a lifetime ECL provision. The ECL-model structure will as much as possible be aligned with the current incurred loss models and where required extended with additions and forward-looking information.

Based on the current values of the financial assets and the current parameters within the models the most significant initial impact on application of the expected credit losses in accordance with IFRS 9 amounts at a maximum to € 2.5 million.

The total initial impact on equity of applying IFRS 9 as per 1 January 2018 because of classification and measurement and expected credit losses will not exceed € 2.5 million. The initial adjustment due to IFRS 9 will be recognised through equity.

**Hedge accounting**

IFRS 9 aims to simplify general hedge accounting requirements. All micro hedge accounting strategies as well as the macro cash flow hedge are in scope of IFRS 9. Macro fair value hedging is currently outside the scope of IFRS 9. BinckBank applies macro fair value hedging and chooses to apply hedge accounting in accordance with IAS 39. Therefore, the implementation of IFRS 9 does not impact the financial position and results of BinckBank.

Standards below are expected to have little or no impact on BinckBank:

New or amended standards effective for financial years beginning on or after 1 January 2018

IFRS 15 – Revenue from contracts with customers	IFRS 15 contains the new unambiguously guideline for the recognition of revenue from contracts with customers. BinckBank performed an analysis to the existing and expected revenues from contracts with customers or other services. BinckBank mainly has short-term services where the service is delivered immediately and the earnings moment is achieved simultaneously. Therefore IFRS 15 will not have a significant impact on the result and financial position of BinckBank.
IFRS 2 - adjustment in classification and valuation of shares-based transaction	This amendment clarifies the classification and valuation of the payments based on shares. The clarification concerns primarily the way vesting conditions affect the fair value of the transaction.
IFRS 4 - Insurance contracts in relation to application of IFRS 9	This amendment pertains to an exemption for the application of IFRS 9 Financial Instruments in combination with IFRS 4 Insurance Contracts. Being that IFRS 4, Insurance contracts will not be applicable to BinckBank, this amendment is not relevant.
Annual improvement cycle IFRS standards 2014-2016	This refers to multiple minor adjustments of existing standards to clarify the recognition and measurement. The adjustments are not expected to have a significant impact on BinckBank.
IFRIC 22 – Foreign currency transactions and advance consideration	This amendment clarifies the accounting for transactions that include the receipt or payment of advance considerations processing of transactions in foreign currency. The amendment is expected to have no significant impact.
Adjustment of IAS 40 – Transfer of investment property	BinckBank holds no property investments and therefore it is expected the amendment does not impact BinckBank.

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New or amended standards effective for financial years beginning on or after 1 January 2019

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IFRS 16 - Leases	This new standard sets out the principles for the recognition, measurement, presentation, and disclosure of both finance and operating leases. The new standard requires the recognition of an asset in the balance sheet for both forms. When payments are made over a number of periods a financial obligation must also be recognised in the balance sheet. BinckBank has several lease contracts for the operational activities and personnel. Because of the implementation of the standard the balance sheet total will increase with an amount related to these contracts but that need to be determined. The expected impact on the balance sheet total is not material. The expected impact on the result of BinckBank is limited. The review of the impact of this new standard is yet to be completed.
IFRIC 23 - Incorporation of income tax uncertainty	This standard clarifies the impact of uncertainties in the presented income tax based on the expectation of whether the approach used will be accepted by the local tax authorities. The uncertainty in the amount entered and the assumptions applied must be explained. The impact of this IFRS on the balance sheet and results of BinckBank are expected to be immaterial.
IFRS 9: Amendment prepayment features with negative compensation	This amendment clarifies how to apply IFRS9 for prepayments features with negative compensation in relation to the SPPI test. In specific transactions containing prepayment features the asset can pass the SPPI test and be measured at amortised cost. Given the specific assets involved, BinckBank expects no significant impact on the financial position and result of BinckBank as a result of this amendment.
IAS 28 – Amendment for long-term interests in associates and joint ventures	This amendment clarifies that for a long-term interest in an associate or joint venture to which the equity method is not applied IFRS 9 should be applied and not IAS 28. BinckBank applies the equity method and therefore this amendment has no impact on the financial position and results of BinckBank.
Annual improvement cycle IFRS standards 2015-2017	This refers to multiple minor adjustments of existing standards to clarify the recognition and measurement. The adjustments are not expected to have a significant impact on BinckBank.

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New or amended standards effective for financial years beginning on or after 1 January 2021

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IFRS 17 - Insurance contracts	This new standard is applicable to organisations that issue insurance contracts and describes the bases for recognition, measurement, and presentation of especially insurance liabilities. Because BinckBank is not issuing insurance contracts, this standard is not expected to be applicable to BinckBank.
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New or amended standards effective for annual periods beginning on or after a date that is not yet known

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IFRS 10 and IAS 28 – Amendment of standards to remove conflicting requirements	This amendment relates to the result realisation for transactions with an associate or joint venture. This amendment has no effect on the financial position and results of BinckBank. In connection with an investigation of the equity method, the IASB has suspended the effective date of this adjustment indefinitely.
IFRS 14 – Regulated activities	This standard applies to entities that are applying IFRS for the first time, and so it therefore does not apply to BinckBank.

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### 3. Selected notes for the condensed consolidated figures

#### Pritle acquisition

On 3 April 2017, BinckBank acquired Pritle in an assets and liabilities transaction. The takeover of this robo-advisor gives BinckBank a channel to meet a growing customer need and accelerates the rollout of the BinckBank strategy. At the beginning of Q2, the name was changed to 'Binck Forward'. Effective 3 April, BinckBank has acquired control of the Pritle activities, and as a result the assets, liabilities, and results are consolidated into BinckBank's financial figures as from that date. The contribution to the revenue and the result from the activities for the period up to 31 December 2017 after the takeover is not significant, and is not presented separately.

The final purchase price for Pritle, € 12.0 million, was financed in cash (€ 6.5 million), € 1.0 million in deferred payment, and an issue of 957,121 BinckBank shares. The direct transaction-related costs are fully accounted for in the income statement. The deferred payment is based on a number of conditions that the management of Pritle must meet which are linked to Pritle's operational integration. There are no other additional conditions for the purchase price, and no off-balance sheet exposures were transferred.

The following assumptions are used in the measurement of the fair value of the assets and liabilities acquired:

- The identified intangible assets acquired have been measured at fair value for BinckBank. The identified assets are the software developed in-house. This has been measured based on the cost-price method, by which the fair value is approximated by determining the costs that would be involved in developing the software from scratch.
- The assets and liabilities taken over have been measured at fair value for BinckBank. As part of this, and partly in consideration of the fairly low value and the nature of the assets and liabilities, for these purposes the fair value is set at the same as the book value.

The fair value of the identifiable assets and liabilities and the goodwill as of the takeover date is the following:

(amounts in € 000's)	Fair value
Property, plant and equipment - hardware and fixtures	40
Intangible assets - software	3.000
Other assets - guarantee capital Stichting	125
Accrual liabilities - short term liabilities	(114)
<b>Fair value of the identified assets and liabilities</b>	<b>3.051</b>
Purchase price	12.034
<b>Goodwill</b>	<b>8.983</b>

The difference between the commercial and fiscal amortisation of goodwill over time will result in a deferred tax liability.

The goodwill on the acquisition of Pritle has been assigned to the cash flow-generating unit Retail Netherlands.

#### Derivatives

The balance sheet item Derivatives comprise of Binck turbo's, SRD contracts and interest rate swaps. Starting in September 2017, BinckBank entered into interest rate swaps to manage the interest rate risk of the balance sheet. The interest rate swaps are designated as hedging instrument in the hedge accounting relationship, whilst the cash flows relating to the mortgage receivables are designated as hedged item. As of 31 December 2017, BinckBank entered into interest rate swaps for an amount of € 96 million notional value (2016: nil).

The increase in the value of this item is primarily the result of larger positions in the turbos during 2017. Against the position in the turbos held is the position of the turbos issued to clients under the financial liabilities held for trading. The turbos held are economic hedge of the market risk of the position on issued turbos.

## Financial assets available for sale and financial assets held to maturity

As of 31 December 2017, the bond portfolios available for sale amount to € 787.7 million (31 December 2016: € 724.4 billion) and the portfolio held to maturity € 340.2 million (31 December 2016: € 790.1 million). In 2017, a sum of € 735.2 million was redeemed in the investment portfolios. A total amount of € 396.1 million was reinvested in the portfolios. BinckBank has evaluated the investment portfolio as of the reporting date, concluding that there are no objective indications for impairments

## Loans and receivables

The loans and receivables as of 31 December 2017 include a sum of € 561.5 million in collateralised lending (31 December 2016 € 437.8 million) and a sum of € 736.3 million in the investments in mortgages (31 December 2016 € 520.6 million). The increase of these loans results in a positive contribution to the net interest result. Within the carrying amount of the loans and receivables a negative amount of € 280 thousand is presented as part of applying of fair value hedge accounting.

## Associates

The associates comprise the participation in TOM Holding N.V. At the end of 2017 the value of the share in TOM Holding N.V. was measured at the expected amount resulting from the completion of the liquidation.

## Intangible assets

The intangible assets, including goodwill is initially recognised from the acquisition of Alex Vermogensbank, of Fundcoach and Pritle. In 2017 a sum of € 3.0 million in software and € 9.0 million in goodwill is recognised due to the acquisition of Pritle. During the year 2017, the intangible assets including goodwill were evaluated for impairments based on the indicators identified. In addition, a goodwill impairment test is performed. The test presented a calculated fair value of the cash generating unit that was above the carrying amount (headroom 111%). This evaluation resulted in no indication of impairment of the intangible assets.

## Property, plant and equipment

In 2017, BinckBank acquired property, plant, and equipment with a value of € 3.8 million (2016: € 3.8 million). The original investment in property includes prepayments in relation to a leasehold which expires on 15 April 2056. In the year ending on 31 December 2017, an amount of € 256 thousand in relation to amortisation of the leasehold was included in depreciation and amortisation (2016: € 256 thousand).

## Result from associates

The result from associates comprise the movements in the equity valuation of TOM Holding N.V. as well as the result of the sale of BinckBank's share in Able Holding B.V.

## Taxes

Taxes are calculated based on the estimated average tax rate for the entire year 2017. In the estimated average tax rate, participation exemptions and other tax facilities are taken into account.

(amounts in € 000's)	2017	2016
<b>Tax according to consolidated income statement</b>	<b>(274)</b>	<b>2,134</b>
Tax on other comprehensive income	(116)	(137)
<b>Total tax</b>	<b>(390)</b>	<b>1,997</b>

(amounts in € 000's)	2017		2016	
	Amount	Percentage	Amount	Percentage
<b>Standard tax rate</b>	2,062	25.0%	1,689	25.0%
Effect of different tax rates (in other countries)	66	0.8%	45	0.7%
Effect of substantial-holding privileges	(216)	-2.6%	705	10.4%
Effect of tax facilities	(2,256)	-27.4%	(155)	-2.3%
Other effects	70	0.9%	(150)	-2.2%
<b>Total tax expense</b>	<b>(274)</b>	<b>-3.3%</b>	<b>2,134</b>	<b>31.6%</b>

The effective tax rate in 2017 is -3.3% and is mainly the result of fiscal facilities. This facility concerns the recognition of a tax claim relating to the liquidation loss on the holding in TOM Holding N.V.

## Fair value of financial instruments

For the determination of the fair value of the financial instruments, reference is made to the financial statements 2016. No changes to the application for fair value have taken place in the year 2017. Likewise, in this period no financial assets were reclassified between the various levels of valuation. The valuation levels of the financial instruments measured at fair value are as follows:

(amounts in € 000's)	31 December 2017			
	Level 1	Level 2	Level 3	Totaal
Financial assets held for trading	36,912	506	-	37,418
Financial assets designated at fair value through profit and loss	16,613	-	-	16,613
Financial assets available-for-sale	-	787,743	-	787,743
<b>Totaal</b>	<b>53,525</b>	<b>788,249</b>	<b>-</b>	<b>841,774</b>
Financial liabilities held for trading	36,928	127	-	37,055
Financial liabilities designated at fair value through profit and loss	231	-	-	231
<b>Totaal</b>	<b>37,159</b>	<b>127</b>	<b>-</b>	<b>37,286</b>

(amounts in € 000's)	31 December 2016			
	Level 1	Level 2	Level 3	Totaal
Financial assets held for trading	20,330	63	-	20,393
Financial assets designated at fair value through profit and loss	9,499	-	-	9,499
Financial assets available-for-sale	-	724,398	-	724,398
<b>Totaal</b>	<b>29,829</b>	<b>724,461</b>	<b>-</b>	<b>754,290</b>
Financial liabilities held for trading	20,351	77	-	20,428
Financial liabilities designated at fair value through profit and loss	1,018	-	-	1,018
<b>Totaal</b>	<b>21,369</b>	<b>77</b>	<b>-</b>	<b>21,446</b>

## Commitments and contingent liabilities

The commitments and contingent liabilities listed below are current issues that may change from the situation as described in the financial statements for 2016 over time and accordingly further explanation is provided. There are no further matters of interest to report regarding commitments and contingent liabilities appearing in the 2016 financial statements.

### *Legal proceedings*

BinckBank is involved in various legal proceedings. Although it is not possible to predict the outcome of current or impending lawsuits, the board believes – on the basis of information currently available and after consulting legal counsel – that the outcomes are unlikely to have material adverse effects on BinckBank's financial position or results, other than the matters that have already led to the formation of a provision.

### *Alex Asset Management*

In 2016 BinckBank reached an agreement with the VEB and Vermogensmonitor on the resolution of complaints. With this BinckBank has managed to settle the existing complaints as much as possible. However, the risk remains that other clients will notify with new complaints about Alex Asset Management and thus the threat of litigation remains real.

## Related parties

The group of related parties consists of consolidated entities, associates, and the executive board and supervisory board of BinckBank. As of 31 December 2017, TOM Holding NV and its affiliates, and the executive board and the Supervisory Board of BinckBank, were identified as affiliated parties. Because TOM Holding unwound her activities, the transactions with TOM decreased significantly.

### *Capital injection*

In 2017 a capital injection of € 1.5 million was paid into the associate TOM Holding N.V.

### *Transactions with related parties*

In 2017, BinckBank charged a sum of € 129 thousand (2016: € 184 thousand) relating to ICT, housing and administrative services to related parties, and the receivable from these related parties was nil (2016: € 3 thousand). Furthermore, in 2017, related parties charged € 1.5 million (2016: € 3.1 million) to BinckBank for services rendered, and the amount owed to the related parties is nil (2016: € 323 thousand).

### *Executive board and the supervisory board*

No transactions involving the executive board or the supervisory board took place in 2017 other than under contracts of employment or contracts of services.

## Segmented information

A segment is a clearly distinguishable component of BinckBank that provides services with to a particular economic market (or market segment) and has a different risk and return profile to that of other segments. From an organisational perspective, the operations of BinckBank are primarily segmented by the countries in which BinckBank operates. The executive board determines the performance targets for these segments, and authorises and monitors the budgets prepared for these business segments. The management of the business segment is responsible for setting policy for that segment, in accordance with the strategy and performance targets formulated by the executive board.

The business segments are:

- The Netherlands
- Belgium
- France
- Italy
- Group operations

The segment reporting provided below is prepared in accordance with the principles applied for the financial statements for 2016.

	1-1-2017 through 31-12-2017					
(amounts in € 000's)	Netherlands	Belgium	France	Italy	Group operations	Total
<b>INCOME STATEMENT</b>						
Net interest income	23.909	2.101	2.378	1.659	(8)	30.039
Net fee and commission income	82.372	11.615	6.193	2.880	2.798	105.858
Other income	1.365	1	14	-	5.634	7.014
Result from financial instruments	4.923	806	-	-	421	6.150
Impairment of financial assets	(21)	(1)	(29)	3	(44)	(92)
<b>Total income from operating activities</b>	<b>112.548</b>	<b>14.522</b>	<b>8.556</b>	<b>4.542</b>	<b>8.801</b>	<b>148.969</b>
Employee expenses	10.151	2.794	3.519	1.389	35.195	53.048
Depreciation and amortisation	22.211	52	20	20	4.489	26.792
Other operating expenses	18.124	6.293	4.792	2.179	30.358	61.746
<b>Total operating expenses</b>	<b>50.486</b>	<b>9.139</b>	<b>8.331</b>	<b>3.588</b>	<b>70.042</b>	<b>141.586</b>
<b>Result from operating activities</b>	<b>62.062</b>	<b>5.383</b>	<b>225</b>	<b>954</b>	<b>(61.241)</b>	<b>7.383</b>
Internal cost allocation	(49.201)	(7.330)	(5.660)	(4.420)	66.611	-
<b>Result from operating activities after internal cost allocation</b>	<b>12.861</b>	<b>(1.947)</b>	<b>(5.435)</b>	<b>(3.466)</b>	<b>5.370</b>	<b>7.383</b>
Result from associates						864
<b>Result before taxes</b>						<b>8.247</b>
Taxes						274
<b>Net result</b>						<b>8.521</b>

	1-1-2016 through 31-12-2016					
(amounts in € 000's)	Netherlands	Belgium	France	Italy	Group operations	Total
<b>INCOME STATEMENT</b>						
Net interest income	21.665	1.566	1.846	1.244	4	26.325
Net fee and commission income	88.577	9.193	6.257	1.873	3.176	109.076
Other income	2.026	-	13	-	7.871	9.910
Result from financial instruments	2.240	301	-	-	(11)	2.530
Impairment of financial assets	5	2	2	(3)	(122)	(116)
<b>Total income from operating activities</b>	<b>114.513</b>	<b>11.062</b>	<b>8.118</b>	<b>3.114</b>	<b>10.918</b>	<b>147.725</b>
Employee expenses	8.920	2.467	2.765	1.312	36.171	51.635
Depreciation and amortisation	21.750	29	14	62	4.360	26.215
Other operating expenses	19.582	4.647	4.450	2.037	29.583	60.299
<b>Total operating expenses</b>	<b>50.252</b>	<b>7.143</b>	<b>7.229</b>	<b>3.411</b>	<b>70.114</b>	<b>138.149</b>
<b>Result from operating activities</b>	<b>64.261</b>	<b>3.919</b>	<b>889</b>	<b>(297)</b>	<b>(59.196)</b>	<b>9.576</b>
Internal cost allocation	(48.300)	(6.438)	(5.545)	(4.124)	64.407	-
<b>Result from operating activities after internal cost allocation</b>	<b>15.961</b>	<b>(2.519)</b>	<b>(4.656)</b>	<b>(4.421)</b>	<b>5.211</b>	<b>9.576</b>
Result from associates						(2.821)
<b>Result before taxes</b>						<b>6.755</b>
Taxes						(2.134)
<b>Net result</b>						<b>4.621</b>

## VII. Paid and proposed dividends

(amounts in € 000's)	2017	2016
Approved and paid dividend during the year		
Dividend on ordinary shares:		
<b>Final dividend 2016: € 0.19 (2015: € 0.25)</b>	<b>12,679</b>	<b>17,199</b>
The proposed interim dividend 2017 was approved by		
Dividend on ordinary shares:		
<b>Interim dividend 2017: € 0.03 (2016: € 0.04)</b>	<b>2,002</b>	<b>2,657</b>
Proposed for approval by the general meeting of shareholders (not recognised as liability as at 31		
Dividend on ordinary shares:		
<b>Final dividend 2017: € 0.23 (2016: € 0.19)</b>	<b>15,525</b>	<b>13,490</b>

## VIII. Events after balance sheet date

*Think ETF Asset Management B.V.*

On 19 January 2018 BinckBank announced to sell her 60% stake in Think ETF Asset Management B.V. (Think) to Van Eck Associates Corporation. It is expected the sale will be completed at the end of the first quarter of 2018. The transaction does not have a financial impact on the figures as of 31 December 2017 and it will only be accounted for when the sale is completed and BinckBank ceases control.

There were no other events after the balance sheet date that would lead to material changes.

## Other information

### Important dates 2018/2019\*

- Publication annual report 2017 12 March 2018
- Publication trading update first quarter 23 April 2018
- General Meeting 24 April 2018
- Ex-date dividend 26 April 2018
- Record-date dividend 27 April 2018
- Payment dividend 3 May 2018
- Publication half year report 23 July 2018
- Ex-date interim-dividend 25 July 2018
- Record-date interim-dividend 26 July 2018
- Payment interim-dividend 30 July 2018
- Publication trading update third quarter 22 October 2018
- Publication yearly report 2018 4 February 2019

*\* Dates subject to change*

### Webcast

Today, 5 February 2018, there will be an audio webcast at 10:00 AM. The accompanying presentation can be found on [www.binck.com](http://www.binck.com) under Investor Relations/Financial Results. At the latest on, 6 February 2018, the transcript of the audio webcast will be available on [www.binck.com](http://www.binck.com) under Investor Relations/Financial Results.

### About BinckBank N.V.

BinckBank N.V. (BinckBank) is an online financial services provider, founded in 2000 and since 2003 holder of a banking permit under the supervision of De Nederlandsche Bank. The bank is listed on Euronext Amsterdam and is part of the Amsterdam Smallcap Index (AScX). BinckBank's services are directed towards private individual clients and independent asset managers. BinckBank offer services in securities trading (trading, brokerage), asset management (investing), and savings, for which it relies on a central European base IT platform. BinckBank has offices in the Netherlands, Belgium, France, Italy, and Spain offering services under the labels Alex and/or Binck.

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