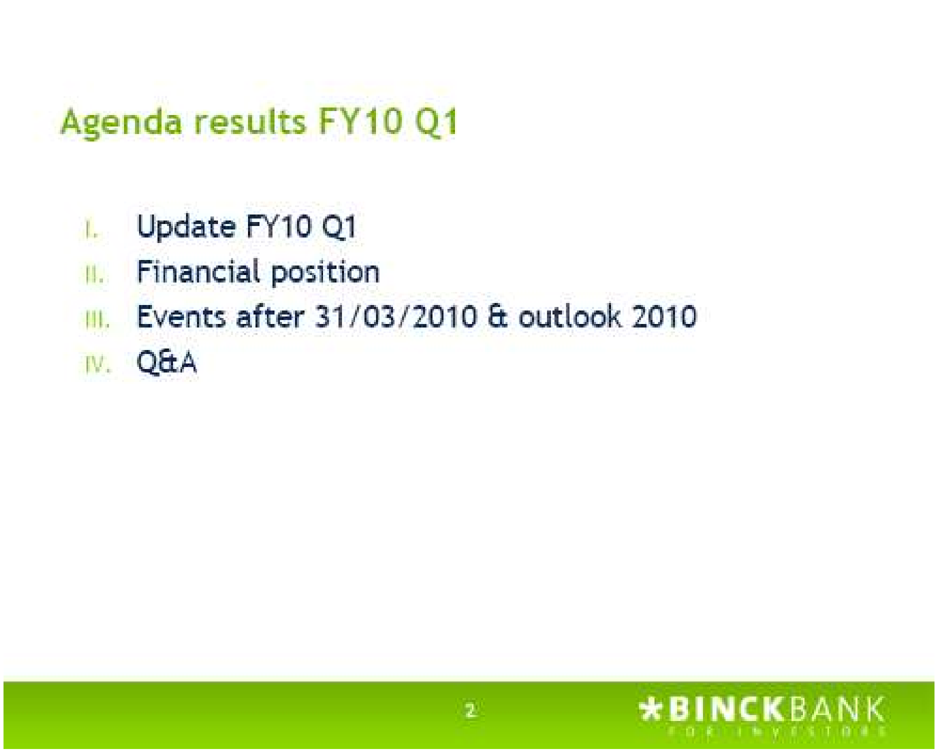
2010 First Quarter Results

26 April 2010

Koen Beentjes CEO
Evert Kooistra CFO

TRANSCRIPT



Mr. **Beentjes**: Good morning to all. Evert and I welcome you to this conference call to review our first quarter 2010 results. I have already seen the comments early this morning. We missed the analysts' forecast by a couple of cents.

Part I

Update FY10 Q1

We have seen lower volatility this quarter and we have seen the consequences in a lower commission income in the first quarter.

The number of transactions came down in comparison with the two record quarters, Q3 and Q4 of last year but we are above the number of transactions for the first quarter of last year, if you exclude the sprinter transactions.

We consider the first quarter as a solid start of the year but we are aware we are a little bit below your expectations.

So, the number of accounts grew by some 18,000. We could sign a letter of intent with SNS about professional services, which we hope to conclude later. We surpassed the €1 billion milestone assets under administration in Belgium and we had product innovation in France by introducing Binck Trader.

On the back-end side, we completed the data centre migrations. In Equinix we now have our primary data centre and KPN Cybercenter is our backup facility. From the hardware site, the whole integration of Alex and Binck is now completed. We are now looking at building a new European basis platform for our business, which we will build in the course of the next year. That will be the end stage for both the Binck as well as the Alex platform in the future.

Profit & Loss Statement quarterly comparison

in € million	FY10 Q1	FY09 Q4	FY09 Q1
Net interest income	12.2	13.4	10.2
Net fee & commission income	31.1	38.2	24.1
Other operating income	2.9	4.5	1.8
Results on investments & impairment losses on fin. instr.	(0.2)	(1.2)	4.5
Total net revenues	**46.0**	**54.9**	**40.6**
Employee expenses	11.2	10.4	10.4
Depreciation & amortisation	8.5	9.8	8.2
Other operating expenses	11.2	15.9	8.7
Total operating expenses	**30.9**	**36.1**	**27.3**
Profit (loss) from cont. operations	15.1	18.8	13.3
Other non operating income	(0.4)	(0.2)	(0.4)
Profit (loss) before tax	14.7	18.6	12.9
Tax expense	3.5	4.5	2.7
Net profit	**11.2**	**14.1**	**10.2**
IFRS amortisation	7.0	7.0	7.0
Fiscal goodwill amortisation	0.7	0.7	0.7
Adjusted net profit	**18.9**	**21.8**	**17.9**
Cost / income ratio	67%	66%	67%
Cost / income ratio excl. IFRS amortisation	52%	53%	50%

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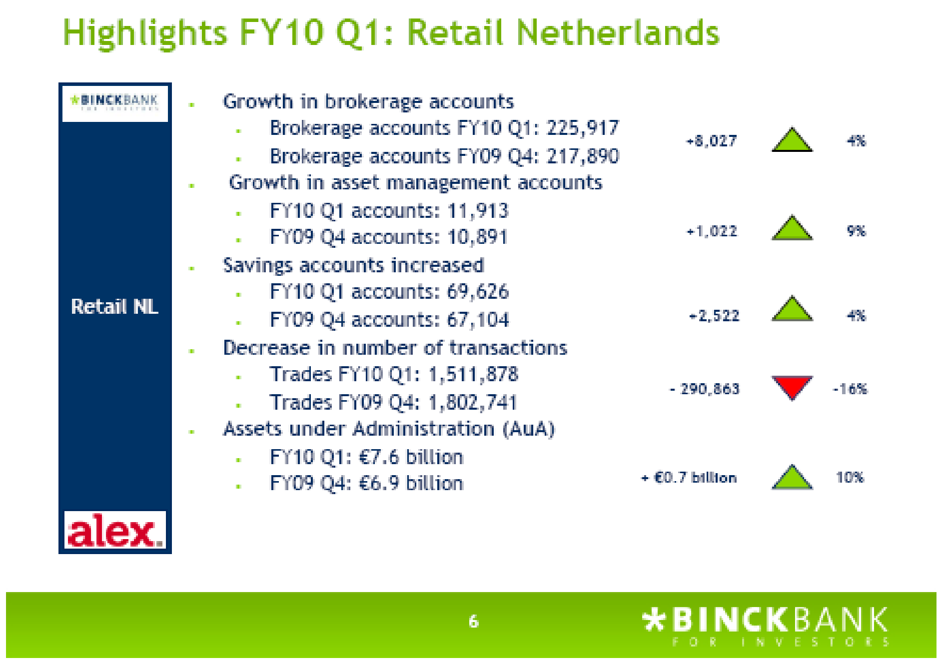
Compared to Q4 we have seen the interest income come down a little. We now see that the reinvestment of the titles that mature is at lower rates in the market. This is something we have expected for quite some time but it is now actually happening. We see, what we just discussed, the net fee and commission income coming down due to lower transaction numbers. We will come back to that later.

Other operating income is Syntel for the most of it. In Q4 we had an extremely good quarter, when we could invoice some one-off items which were not there in Q1.

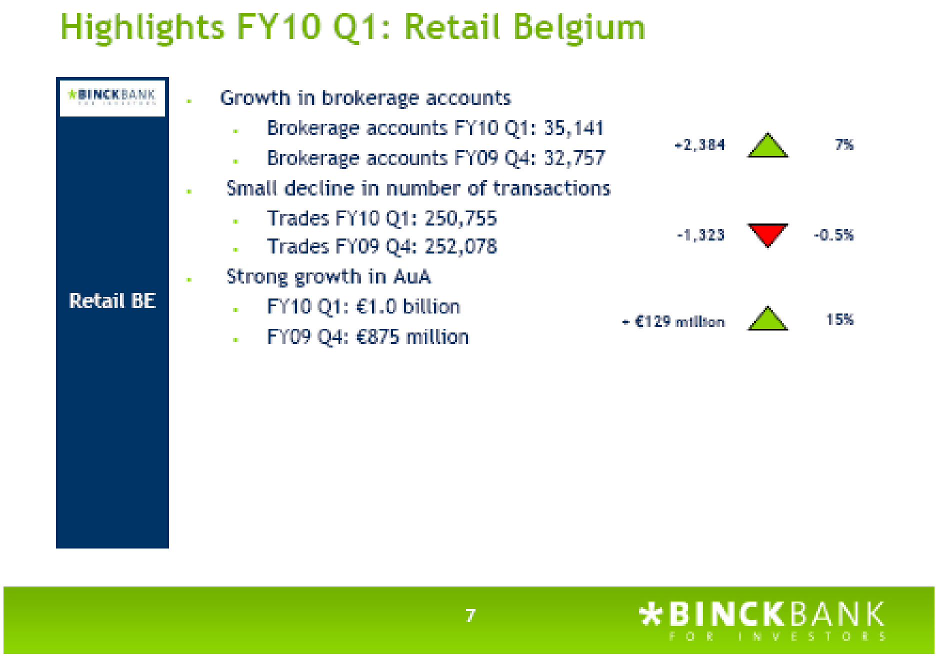
On the cost side we came down from Q4. I remind you that in Q4 we had the 'depositogarantiestelsel' for Icesave and DSB Bank of €3.3 billion and we add some additional cost -- €1.7 million -- in depreciation on the old data centres. So, we are back to a more normal level. The rest of the P&L is pretty standard, I think.

So, ending up with €18.9 million adjusted net profit, so €0.26 per share. Last year Q1 we had €0.24 but in these €0.24 we had €0.04 because we sold some bonds at a profit in the same period last year. If you would take that out it would be €0.20 last year and €0.26 this year. So, although it was not meeting your expectations it was the third best quarter ever.

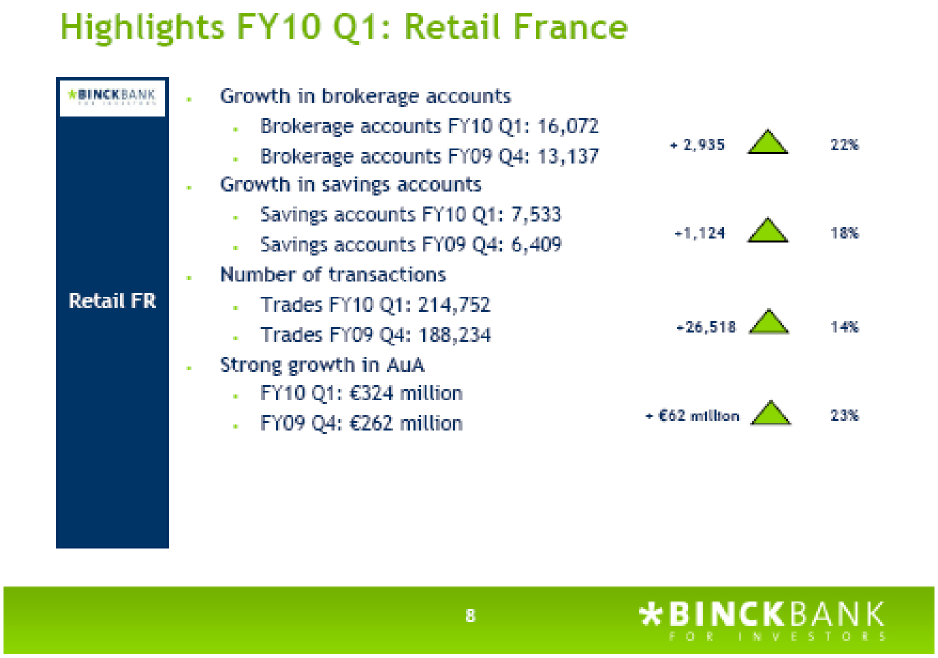


I would like to ask your attention for the asset management accounts. They went up 1,000 again. If you look at the assets under administration for the asset management account, you see we went up to €410 million, coming from €336 million. That was a good growth and we are happy with it. We started it January 2009 with promotion campaigns and it is flying. It is working.

We already discussed the number of transactions. You see we had 300,000 transactions less in the Netherlands due to the lower volatility. Nevertheless, assets under administration went up a little.



When we look at Belgium we see the number of transactions more or less equal to the last quarter. We surpassed the €1 billion for assets under administration and the growth in brokerage accounts was with 2,400, let´s say 10,000 on an annual basis, roughly in line with what we have seen in the past.



France went up 3,000 accounts. We have set a new mid-term target at 80,000 accounts a year and in the beginning of the year we had 13,000. So, we need to do 67,000 accounts in four years´ time, let´s say some 17,000 accounts a year. With 3,000 accounts in the first quarter we are a little below that target but later this year we will introduce the long expected and long awaited SRD-product and we are confident that we will pick up account growth and meet the set targets.

Because of this growth, you still see a good growth of the number of transactions in France.

Highlights FY10 Q1: Professional Services

Professional Services

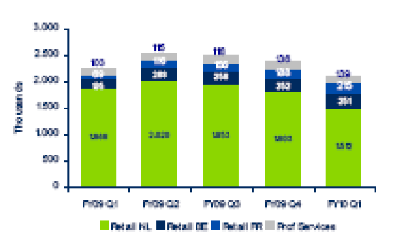
- Brokerage accounts
  - Customer accounts FY10 Q1: 26,038
  - Customer accounts FY09 Q4: 25,386 — + 652 ▲ 3%
- Number of transactions
  - Trades FY10 Q1: 139,330
  - Trades FY09 Q4: 135,957 — +3,373 ▲ 2%
- Growth in AuA
  - FY10 Q1: €3.4 billion
  - FY09 Q4: €2.9 billion — + €0.5 billion ▲ 17%

Professional Services showed a rather stable quarter but we have the important LOI we signed with SNS, which will bring in future income.

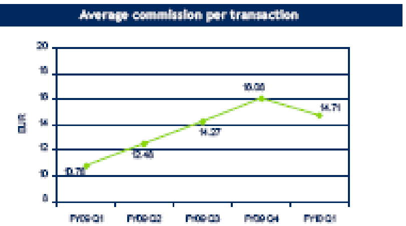
Drivers of commission income

Customer account growth (FY10 Q1: + 18,166 accounts)

Total number of transactions (FY10 Q1: 2.1 million)

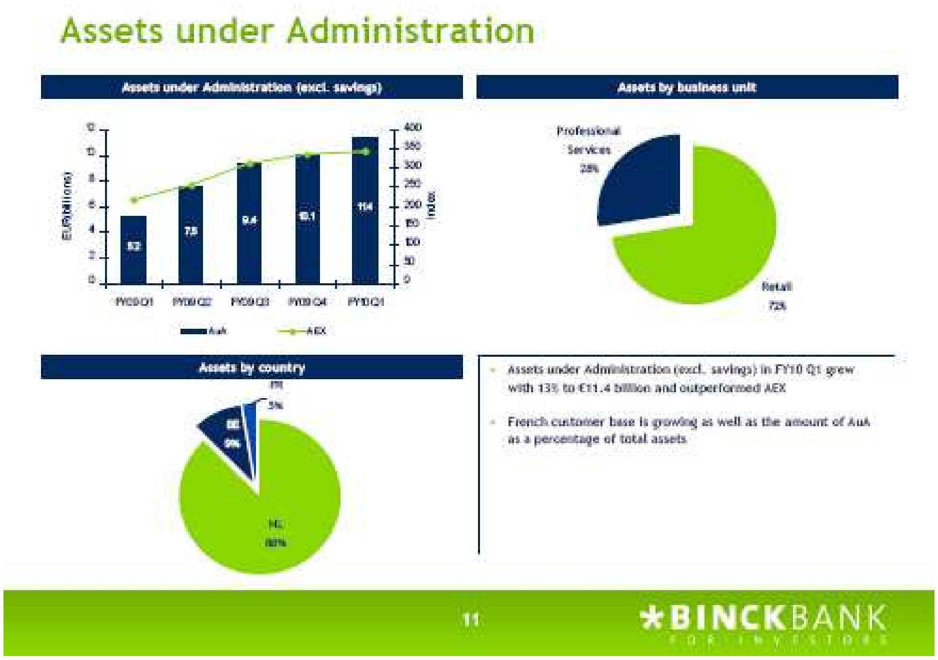


Average commission per transaction

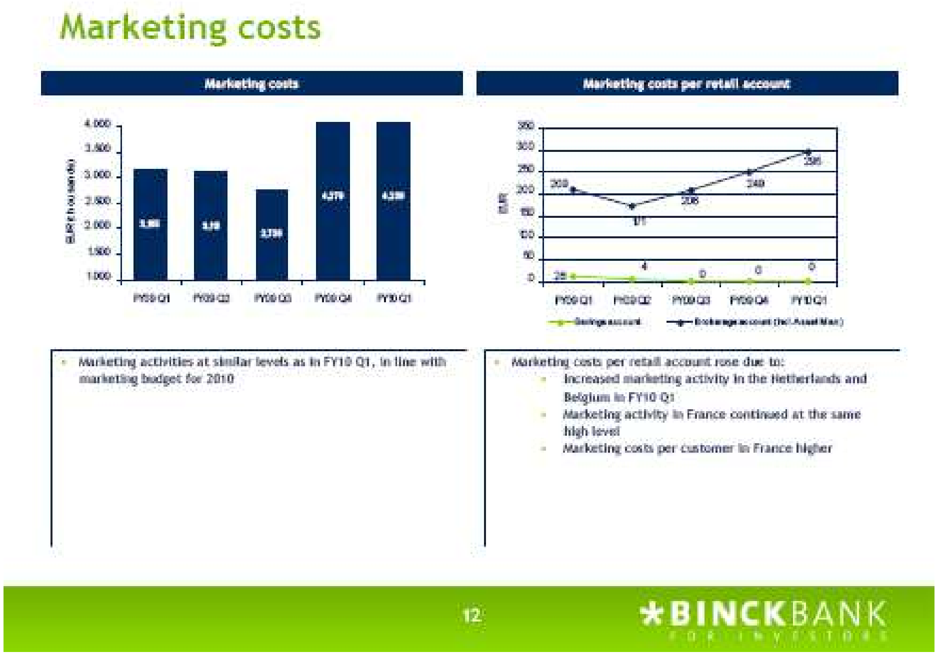


- FY10 Q1 customer account growth (+5%) to 392,240
- FY10 Q1 transaction volume in line with FY09 Q1 volume (ex sprinters 312,173)
- FY10 Q1 transaction volume generated considerably more commission income than comparable quarter in FY09 (FY10 Q1: 31.1 million vs FY09 Q1: 24.1 million)
- Reduced market volatility resulted in less transactions in FY10 Q1: 2.1 million vs 2.4 million in FY09 Q4
- FY10 Q1 annualised income per brokerage account € 568

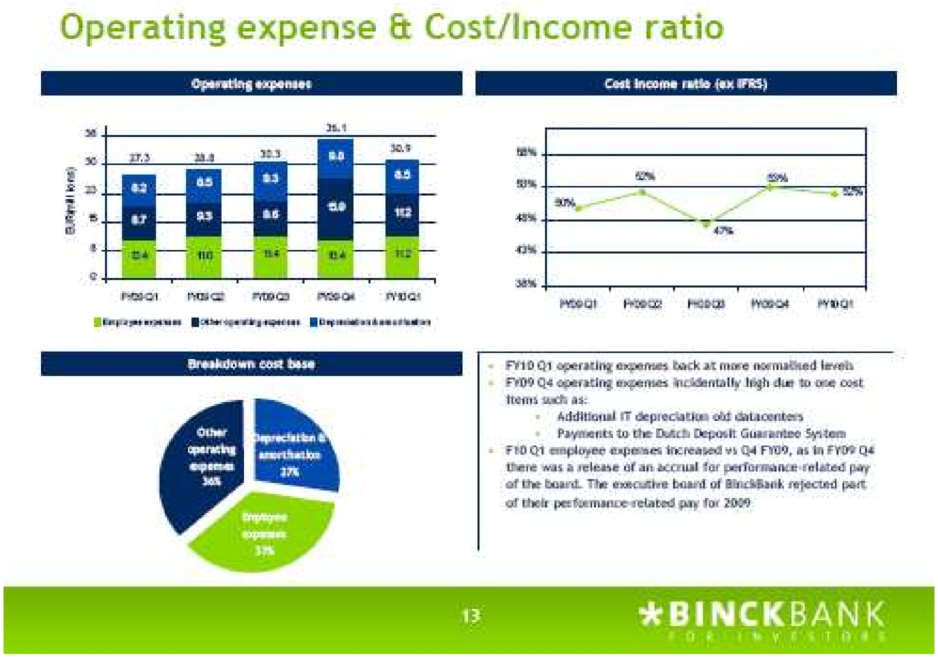
Let's have a look at the drivers of commission income. Again, we have new accounts opened. We discussed the number of transactions that came down. If you look at the average commission per transaction, you have to bear in mind that in Q4 last year, we had the performance fee for Alex asset management of €2.9 million and on the Total of transactions it was €2.4 million, so roughly €1.20 per transaction, which was comprised in these €16.08. If you take that out you will be a little bit below €15 compared to €14.71 in Q1. So, we are a little bit lower this quarter but not by as much as it seems in the graph here.



With Assets under Administration we see the line still going up. Professional Services is taking a bigger piece of the pie with 28% and is coming from our B2B-business. If you look at the countries you see that some 10% is foreign.



In Q1 you see an increased marketing activity, to €4.2 million. We said we want to do some €17 million for the year as a budget, so with €4.2 million we are right on target. We see that the cost per retail account have increased a little, from €249 to €295. On the one hand, it is most probably a reflection of the sentiment in the markets -- it has been a little bit harder to sell an account in the first quarter -- but still the payback time of an account is far within one year. So, we monitor it closely but this is still economically a very relevant investment.



As I said in the introduction, cost came down from €36 million to €31 million. That is of course important in what we feel to be a more or less normalised pattern.

The staff cost were €10.4 million in Q4 and €11.2 million now in Q1. In the last quarter we released some accruals for performance related pay, so in Q4 the staff cost were a little bit lower than on a normalised level.

The cost income ratio was 52%. On the left hand side of the graph, you see the breakdown, which is not very different from the previous quarters, apart from the exceptional fourth quarter.

Evert will guide you through the presentation on our financial position.

Part II

Financial position

Mr **Kooistra**: Let's move to slide 15.

Solid financial position BinckBank FY10 Q1

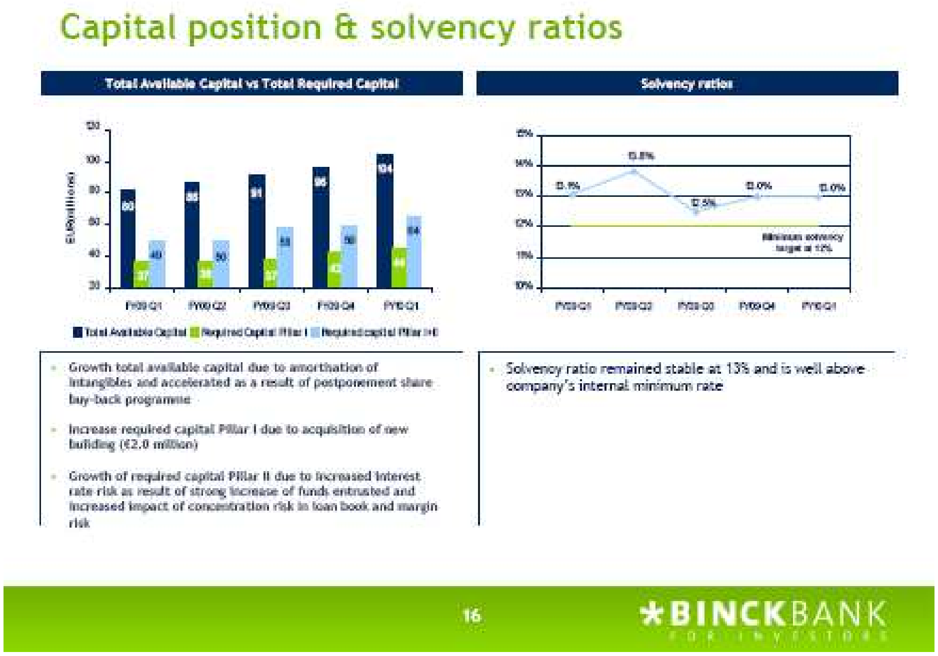
- Strong equity FY10 Q1 €495.2 million (FY09 Q4: €480.4 million)
- Tier I capital at €104 million (FY09 Q4: 95.6 million)
- Solvency ratio remained stable at 13.0% (FY09 Q4:13.0%)
- Required capital considerably higher due to increased credit and interest-rate risk both under Pillar I and Pillar II

As per the end of the first quarter, we had a strong financial position again. Equity was €495 million; Tier 1 grew rapidly up to €104 million. As we stopped our share buyback program, we had a significant addition in Tier 1 capital in the first quarter. You would expect that the solvency ratio would increase as well, but it remained stable at 13%. We had 13% at the end of the fourth quarter and in the first quarter again 13%. That was because the required capital increased both under Pillar I and under Pillar II.

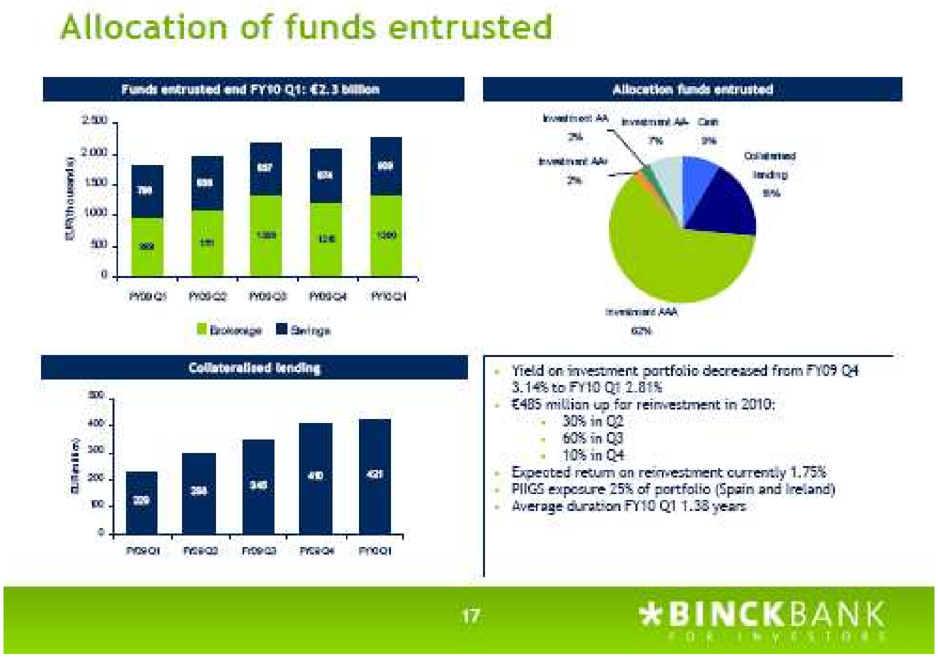
There are a couple of factors driving that. Pillar I increased primarily because we bought our new office building, which consumed roughly €2 million in capital. Pillar II increased for a couple of reasons. First of all the interest rate risk increased again because we saw an increase in funds entrusted of €175 million, approximately 9%. We also saw an increased impact on the concentration side. There is still a high concentration in our loan book. As especially ING and its share price went up the impact of the concentration is bigger as well. That is where we needed a bit more capital to cover the concentration risk.

Also on the margin side, we saw the same as in the third quarter last year. We again lowered our margins this quarter, which is commercially a good thing. De 'dagopties' went from a 10% to a 6% margin and the AEX-opties went from a 12.5% to a 7.5% margin. As you lower your margins, the risk in your balance sheet increases if you run your stress scenarios.

There was no change in the capital for operational risk as revenues stayed roughly the same.



On slide 16 we see that our minimum solvency ratio is still 12% and that we are well above our minimum. On the top left, you see the Tier 1 capital growing from €96 million to €104 million and you see both the light blue pillar and the green pillar going up; these are Pillar I and Pillar II increases.

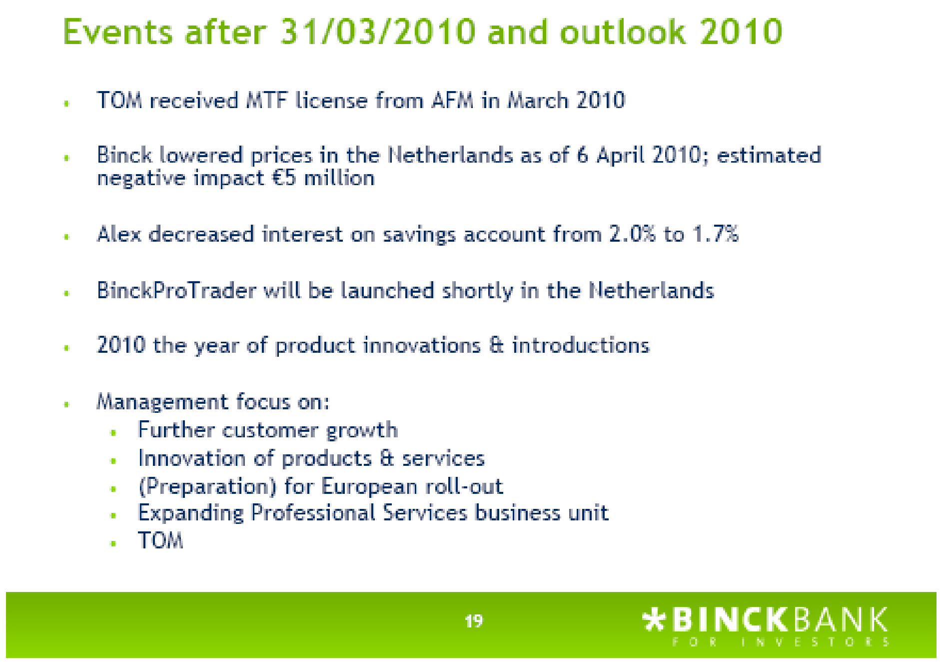


You see funds entrusted going up to €2.3 billion. There were not many changes on the allocation side; we did not change our investment policy in the first quarter, so that more or less stayed the same. We still have a very solid treasury book. The downside of our prudence is that the yields on the investments drop from 3.14% to 2.81%. There is still a big part coming up for re-investment of roughly €485 million of which 30% will come up for re-investment in the second quarter, 60% in the third quarter and 10% in the last quarter of this year. Roughly, 25% is exposed in the so-called PIGGS-countries, of which we only have Spain and Ireland in our books. There were no material changes in the risk profile there over the last quarter.

Collateralised loans went up slightly from €410 million to €421 million. It drives the interest line a bit up, but as you could see this quarter, the downside on the treasury book wiped out the upside from the collateralised loans.

I will hand over to Koen now for part III, the outlook.

Mr. **Beentjes**: Let's move to the last part of the presentation.



You are all aware that we had the licence for the multilateral trading facility for TOM early April. We want to give you somewhat more guidance on the price cut we had since April 6.

We have made the calculations and the maximum impact -- let's say the worst case -- is €5 million. In the past price cuts basically were compensated because of higher trading volumes and more clients but that is difficult to estimate. We expect some price elasticity but we cannot really predict that. So, from our point of view the maximum negative impact of the price cut on April 6 is €5 million on an annual basis.

We decreased the interest rate on the savings account of Alex. We will introduce Binck ProTrader in the Netherlands shortly and we will do some more product innovations and introductions in the course of this year. You have to think about SID in France, we are refreshing the websites, we are finally introducing the Mutual Funds Supermarkets and we have started to prepare our platform for the European roll-out. These are all important movements within the company.

We are not going to give you a financial forecast, as we never do. You have seen this quarter that it is very dependent on sentiment and market volatility that in our point of view it is not very possible to give you an estimate. That is why we do not do it. But we will further focus on customer growth, we will innovate our products, we started the preparations for the European roll-out. You have to understand that what we are doing is basically building a software platform to service more European countries. As you know, we are doing everything from our central back office here in Amsterdam. We service our French and Belgian business out of Amsterdam. These are all Euronext-related stock exchanges. What we want to do is basically export the same philosophy. If we enter a new country where the study is ongoing and to be completed this year the basic will be that longer term it should all be on one platform, so that we can work at low cost.

We will go on with professional services. We will pay attention to TOM. We are in the process of getting the derivatives licence, as was with the licence for the catch markets. Of course, there is some opposition so it will take some time but we are confident that we will get the licence. By that time, the TOM-platform becomes profitable if we get the derivatives on it.

I think we should start the QandA session!

Part IV

Q&A

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❖ **Benoit Petrarque - Kepler**

Good morning, I have a couple of questions. The first is on the client activity obviously. I see the index coming down. We are not yet back to normal but it looks like we are a bit more back to normal versus the levels where we were last year. Do you see the VIX index as a good indicator for the volatility? If we assume the VIX index will stay at where we are now do you expect the same ratio-like number of transactions per account going forward? If I compare the Netherlands to Belgium it looks like clients are a bit less active in the Netherlands versus Belgium, so in Belgium the ratio decreased as well but the decrease was much sharper in the Netherlands.

My second question is on the pricing pressure. I see the Alex-level a bit more expensive versus competition. What do you expect there? Do you think decreasing prices is something we could get at Alex?

Internally, do you see Alex clients switching or willing to switch to Binck-clients? There is a significant price difference there.

Then, on Pillar II. I am just trying to get a bit more feel about the interest rates risk going forward. What is the role of the absolute level of yield for the amount of interest rates risk? I would expect you need more capital for interest rates risk when yields come up. Is that correct or not? Can you give us a bit more details on how to evaluate your estimate of this Pillar III component?

Mr **Beentjes**: I will take the first couple of questions and Evert will answer your question on the interest rates.

Volatility as main indicator for client activity. In the Netherlands we see that quite a huge part of our turnover is in options, so their volatility is encouraging the number of trades. To answer your question, I would not believe that volatility is the only indicator. There are more indicators, like sentiment from the people and the way the market moves. If the market goes up it may be a climate where it is a little bit easier for clients to earn some money. But generally yes, I think volatility is a very important indicator. So, looking forward I think it is important to pay somewhat more attention to this index in estimating the number of transactions. It is not a mathematical formula or something like that to use it as a predictor but it is important.

Mr **Petrarque**: I am a bit surprised by this because the investor confidence in the Netherlands is pretty positive overall. The market was up in Q1, so I am a bit surprised by this level of activity.

Mr **Beentjes**: If there is a high volatility and if there is more to do at the markets we see more transactions. Q3 and Q4 have been exceptionally good quarters. If you look back one year you see that in the first quarter 2009 we had two million transactions out of which 300,000 were free of fee sprinters. If you take that out it was 1.9 against 2.1 this quarter. So year on year you see growth. We are closely watching it but we may be a little bit less surprised. Q3 and Q4 have been exceptionally good quarters.

Mr **Petrarque**: And Belgium versus the Netherlands?

Mr **Beentjes**: I cannot say it for 100% sure but I think the activity in Belgium may have been a little bit lower in the previous year. I will have to look at it.

You asked about the pricing pressure. With Alex and with Binck we offer a package. Price is one of the elements in the package we offer. But it is also the website, the functionality and the staff behind it who are helping you. You are buying a package. We do not see an immediate pricing pressure on the Alex-levels but of course, we have had questions from clients about the pricing difference between Alex and Binck since April 6. Of course, that is a reason to some clients to give us a call and to ask us questions about that. Some clients may change to Binck but this is not something we see happening massively.

Mr **Kooistra**: As regard your question about Belgium: Belgium remained flat in terms of transactions. They had 257,000 transactions in Q4 last year and they had the same in Q4.

Mr **Petrarque**: Per account is slightly down, while in the Netherlands the number of transactions per account is down on an annual by an actual 8 transactions per account. So, it is a much sharper decrease in the Netherlands than in Belgium. I was wondering whether there was any specific reason.

Mr **Kooistra**: No, not that we are aware of.

As regards your question on interest rate proceeds and risks: if you look at the current portfolio, the treasury book, you see it is yielding at 2.8%. Last time we talked it was 3.1%, so it dropped 30 Bps. If we assume that for the rest of the year we re-invest all the money that comes out of the portfolio at 1.75%, the expected yield on the treasury book at the end of the year is 2.15%. That is the direction we are going with the current investment strategy.

Mr **Petrarque**: And in terms of impact of interest rates risk on the level of Pillar II? From a regulatory perspective I would expect that when yields are going up again it will pressure the value of your investments. Then, again from a regulatory perspective, you then have a risk because if you get cash outflows on your savings you might need to realise some of the losses. I think that is one of the reasons why you need to charge for interest rate risk on your Pillar II. If the absolute level of the yield has a big impact on the level of Pillar II ...

Mr **Kooistra**: The capital we require under Pillar II to cover interest rate risk is basically driven by two things. It is the size of the funds entrusted and the duration. This quarter you saw that the duration roughly stayed the same but the size of the funds entrusted increased with 9%, so €175 million. That is why it went up. If we change for example the investment strategy, if we start taking more risk, we would incur more credit risk, require more capital for credit risk. But purely the interest rate risk is the size and the duration. Those are the two main drivers. The maximum duration we are allowed to invest in under the current policy is three years.

Mr **Petrarque**: And you have on average 1.5?

Mr **Kooistra**: Yes, 1.38.

Mr **Petrarque**: Thank you very much!

- **Thomas Nagtegaal - RBS**

Good morning. I have a couple of questions. The first is a follow-up on the investment portfolio. If you look at the average yield of the part that is going to be re-invested this year would you say that the low EURIBOR by the end of the year has been mostly priced in in the investment portfolio?

My second question is on the savings accounts in France. There was a bit of a decline after a steep increase in a couple of quarters. What happened there? Is that fully the result of your pricing policy?

Finally, could you give a bit more indication on how you manage the concentration risk within your investment portfolio looking at Pillar II?

Mr **Beentjes**: You asked whether the low EURIBOR was priced in in the investment portfolio. I am not sure what you exactly mean by that but we do our calculations with a re-investment rate of 175 Bps., which is lower than the rates we now have in our portfolio.

Mr **Nagtegaal**: I am sorry but I am referring to the fact that the short term rates at this moment are very, very low. Given the short duration of your investment portfolio the rates declined basically in the second half of 2008. By the end of this year this should be mostly priced in. The cumulative effect will not be negative anymore after Q3 or Q4 of 2010. Is that a correct assumption?

Mr **Beentjes**: Yes, by the end of this year we will have re-invested the majority of the high yielding bonds. So, it is going to roughly 2% yield on the portfolio. That assumption is correct.

The concentration risk is something we cannot manage. It depends on where our clients invest in. The first time we saw it was in Q3 last year, when we saw a concentration arising in for example ING and AEGON. We do our internal capital adequacy assessment every quarter, so at the end of each quarter we run our stress scenarios and we see what the impact is of the concentrations in the loan book and reserve capital accordingly. This quarter we saw for example that ING went further up, so there was no increase in concentration itself but the impact of the concentration increased because the share of ING increased. That is why we needed a bit more capital. ING is just an example; we have other concentrations in the loan book as well. But that is the way it works. We assess on a quarterly basis.

Mr **Beentjes**: In France, we reduced the rate on the savings account from 3% to 2.25%. That will be the reason for stabilising the small decline in the savings volume in France.

Mr **Nagtegaal**: That is very clear! Thank you very much!

- **Maarten Altena - SNS Securities**

Good morning, gentlemen! I have four questions, if I may. Firstly, looking at your retail commission expenses as a percentage of the commission income, we see it decreased from 25% in the first quarter of 2009 to 22% in the first quarter of 2010. Can you elaborate on the impact of rate reductions at exchanges and the impact of TOM on this decrease?

You now have more visibility on your funds entrusted after a couple of years. Would it not be an option to increase risk on a part of the investment portfolio and if you are still risk-averse, maybe a longer duration in order to protect yields?

Markets went up quarter on quarter and the average transaction income decreased reflecting lower transaction sizes in my view. Can you elaborate more on your expectations on transaction size going forward? Is it appropriate to assume that new clients are less active?

You achieved your minimum Tier 1 target of €100 million and a minimum solvency of 12%. Will you start the share buyback program or do you prefer to have some more buffers to protect future growth and any 'regulational' impact?

Mr **Beentjes**: I did not completely get your first question, Maarten!

Mr **Altena**: Let me repeat it. Looking at page 20 of your press release and if I compare the commission expense as a percentage of the commission income, I see a decrease from 25% to 22% in the first quarter. In my view, this reflects lower transaction cost partly probably due to the lower rates at exchanges but maybe also due to the impact of TOM already.

Mr **Beentjes**: I do not exactly know the answer to this question. To a large extent it is related to the number of transactions. In comparison to Q1, 2009 the average size of the transactions has gone up and given that I would expect a lower percentage in provisielasten, provision expenses. I have not made the calculation.

Mr **Altena**: I will come back to you on that one, later on.

Mr **Kooistra**: If your average commission per trade goes up your cost price, your (?) (beurs?) and trading cost per transaction remain the same. Your stock exchange clearing cost as percentage of commission income will drop if markets go up and your average order size increases. There is no effect of TOM in there, no material effect.

Mr **Altena**: Thank you.

Mr **Kooistra**: Your next question was on funds entrusted. As interest yields on your portfolio drop it is always attractive to take more risk but we have no plans in changing our investment policy at the moment. We are investing a maximum of three years. All the re-investments will go in the book on three years and we try to create equal maturity buckets. So, whatever the interest rate is going to do we will have a smooth flow of money freeing up from the portfolio up for re-investment. There are no plans to change the credit risk. The higher yielding bonds are in the South of Europe at the moment. Already 25% of our loan book is in Spain and Ireland. That is the maximum we will do for the time being. We have no plans for taking more risk in Italy, Greece or Portugal. For the time being, we keep our investment policy unchanged.

I will address your fourth question, about minimum Tier 1, as well. We have always said we want a minimum of €100 million in Tier 1 capital. We would like solvency to go up between 12% and 20%. As soon as solvency will go up to 20% we will see how we can distribute capital back to our shareholders. It is not said that we will re-instate the share buyback program; it could also be a super dividend. There is no consensus amongst shareholders as to what they would like most, either share buybacks or dividends; it depends on the individual preferences of the shareholders. We are now at 13%, so there is still a way to go up to 20%.

Mr **Beentjes**: Your question about the transaction size and the commission income per transaction. If you take out Alex asset management that came down from €14.90 to €14.71. It is not a huge decline. You see the countries where the commission income is a little bit lower on average per transaction. France and Belgium proportionally take a bigger part of the pie. The average transaction size is roughly the same as it was.

New clients being more or less active? Last year we reviewed that and we saw that new clients basically were as active as existing clients. In the first quarter we see that in the Netherlands on average the number of transactions per client is lower but I cannot tell you whether this is due to new clients. Given what we have seen last year I would not expect that, but I do not know.

Mr **Altena**: That is very clear. I have a last, very short follow-up question. The €5 million negative results from the pricing pressure are on the commission income, I assume? Or is it on bottom line?

Mr **Beentjes**: No, that is only commission income. But it is before tax.

Mr **Altena**: Thank you!

- **Albert Ploegh - ING**

Good morning! Just a few questions from my side. One is on the level of activity and the number of transactions. What do you see throughout the quarter? Is the only uplift maybe versus the average of January and February and, if possible, could you say something about April?

I also have a question on the €5 million. You mentioned the pre-tax number and annualised, but could you give somewhat more colour on how you have calculated this amount? Are you working with the level of activity in the first quarter or is it the average of last year? What kind of client growth is assumed? Could I get a bit more feel for that. I know it is a difficult question to answer.

My third question is on the cost base. Stripping out the one-offs in Q4 it was a very good cost level. Is it one you believe is possible to keep throughout the year or do you expect some higher cost going forward, maybe for some additional marketing spend though it seems to be on budget there?

My final question is on the pricing strategy. You lowered the rates in the Netherlands. Are you planning any additional measures, like offering free trades? On the sprinters you had some actions last year. Is anything planned for this year? Also on pricing in Belgium: are you considering to follow what you have done in the Netherlands? If you could say something on that it would be helpful.

Mr **Beentjes**: Let me start with your last question, on pricing in Belgium. We are cheaper than competition, so we do not see any need to change pricing over there.

You asked if we have any additional plans regarding the pricing strategy in general. Last year we focused on the sprinters and it is in the course of normal activities that we have actions like 'member gets member', that we give away free trades, but it is not going to be different from previous years.

Cost expectations: we do not expect unexpected cost, so to speak. This is more or less the level we are at.

Mr **Kooistra**: It is a normalised basis but the marketing makes up the difference. We have a marketing budget of €17 million but the allocation between the quarters can vary. It depends on the market sentiment and the campaigns they are planning. So, that could vary from quarter to quarter.

Mr **Ploegh**: So, there is no further pressure underlying? You also mentioned quite a lot of innovations and I do not know if you have any cost to be taken there that could go to the P&L in the remainder of the year?

Mr **Kooistra**: The innovations are primarily done with our own staff, so that is already in the payroll cost. It is man-hour spending on developing new products or IT-applications.

Mr **Beentjes**: You asked how we calculated the price cut. We used our actual transactions for a period of one year in the past.

There is nothing special to mention about the level of activity during the quarter and we are not disclosing anything yet on April.

Mr **Ploegh**: Maybe you cannot give specific numbers but I would guess your strategy was to basically position yourselves again as a price leader. In the past that has worked out quite well from the commercial side. I guess you still expect somewhat of an uplift or ...

Mr **Beentjes**: It is two weeks ago

Mr **Ploegh**: I know it is very short.

Mr **Beentjes**: We cannot give you any disclosure yet.

Mr **Kooistra**: On the price decrease it is important to mention that Binck has reduced its prices twice in the past when the company was smaller. There was always a positive effect on there. So, in terms of client growth or increased client activity. The reason why we have said there is €5 million negative impact is because the company is growing. The impact of a price cut now is much bigger but it is not said we will not earn it back. It is a worst case scenario.

Mr **Ploegh**: Thank you!

- **Ryan Palecek - Kempen en Co**

Good morning, I have three questions. First of all I am wondering if you could comment on the division of options versus cash equities within the mix of transactions? You have cited in the past the famous 50-50 split. Could you tell us how that has maybe evolved in the last quarter?

Secondly, could you talk a little bit about client attrition trends in quarter 1, specifically in the Dutch market and what the impact was of gross -- not net -- client attrition on the lower trading activity levels?

The third question would then be whether you could give us a candid assessment of pricing in the Dutch market? Where do you actually see it going?

Mr **Beentjes**: As regards attrition: what generally happens is that people are not closing the account but they stop trading. We do not always see an account attrition because they just stop. I cannot tell you more about that.

As regards the development in the Dutch market: we see that ABN AMRO also made changes in price after we announced that we reduced the prices. We do not see any of the others following. My expectation is that this is not going to happen very fast. In general, the pressure will be downwards but I do not expect rapid movements here.

Mr **Palecek**: Why do you not expect any rapid movements? We see a significant price differential between the Dutch market and the French market for example, at least where you really are a price leader. What do you expect will keep prices from falling so strongly?

Mr **Beentjes**: Pricing is also in relation to competition. I do not expect the big banks to change pricing very much. We are the market leader, so in general we would stick to our prices but we will react to the market, if necessary. I do not see any reason to go to the French level for instance.

Mr **Kooistra**: As regards the mix of transactions I do not have the figures at hand but it has always been roughly 40%. Sometimes it was 48% and then it was 52%. So, it is 50-50. I do not have the exact numbers here at hand but I do not expect any changes there.

Mr **Palecek**: Thank you very much!

- **Maurits Heldring - Fortis Bank NL**

I have two questions. The first is on the European platform you talked about, rolling out new software to enable also new countries to get connected. Could you give an indication about the cost associated with that and the timeframe? Are we talking about a couple of millions of additional investments or is it a larger project?

Secondly, on the French market. We are still awaiting the introduction of the deferred settlement product, which would be a driver for accounts and trading there. Can you indicate when you expect that and remind us what the hurdles are to introduce that at this stage? Is it introduced later than previously expected? What are the hurdles there for introducing it?

Mr **Beentjes**: Let me answer your last question first, about the hurdles. The hurdles are taken with the exception that we need a good outcome of the testing procedure. The answer to your question is that we could introduce it when the testing is done. We are working currently on that and perhaps just after summer.

As regards the European platform and the new countries: this is about cost and the timeframe. It is going to be a gradual replacement of the existing platform, so we are not going to change it with a big bang. We are taking out parts of the current platform and rebuild it in the architecture we need for the future. That will be a service-oriented architecture, so it will have all kinds of building blocks. From a cost point of view we will need a couple of people working on it. Let's say we will spend €1 million to €2 million annually to build that new platform, to take out the existing blocks and rebuild them in the new structure. That will be the investment. So, we will do it with our own staff and it will take us a couple of years. It is a longer term project.

Mr **Heldring**: I have a follow-up on the question that was asked about the commission expenses. The previous question looked at a year over year comparison and I looked at a sequential comparison. Then you see that commission expenses rose on an overall basis sequentially. Commission income was obviously down heavily, as was the number of trades. Can you again comment on what exactly are the drivers and the reasons for the increase in the first quarter?

Mr **Beentjes**: This is the question referring to page 20, commission cost?

Mr **Heldring**: I am looking at page 14, the €11.3 million, the P&L. It was €11.3 million in Q1 2010 versus €10.8 million in Q4 2009. Why did it increase at all?

Mr **Beentjes**: Because we had less transactions.

Mr **Kooistra**: It is 27% in Q1 2009 and it is 26% in Q1 2010. They left them out of 42, so it is 26% to 27%, and 9.2 divided by 33 is also 27%.

Mr **Heldring**: I know, but if you compare it to Q4 there was a meaningful increase. I know that in Q4 there was obviously the impact of the performance fee on the commission income, but even if you correct for that there was sequentially a substantial increase in commission expense. I am talking about 'sequentially'.

Mr **Kooistra**: I understand what you mean.

Mr **Heldring**: It went from about 23.5 to 26.5.

Mr **Kooistra**: I do not have it at hand here.

Mr **Heldring**: But normally speaking, again the drivers of the commission expenses are?

Mr **Kooistra**: The drivers are that for your cash equities you pay a fee to Euronext and that is €1.25 plus some small expenses. For derivatives you pay a fee per contract and that is roughly €0.75. If you take an order, an equity order it is one order. That is independent how many stocks are bought, you pay €1.25. With options clients normally buy 8, 9 or 10 options but they can also buy one contract. That has a different pricing structure. These two things are driving commission expense.

Mr **Heldring**: So there could be a mix effect as well.

Mr **Kooistra**: Yes. We will come back to that.

Mr **Heldring**: Thanks a lot for the answers.

- **Paul Beijsnes - Theodoor Gilissen**

Good morning. I have a couple of questions. Firstly, you said you signed a letter of intent for a BPO with SNS Bank mid-March. I thought it was mid-February. Why is it taking so long or is it just my perception that it is taking so long to finalise the agreement?

My next question is about the employee expenses. They rose 8% quarter on quarter. Are there one time expenses in there, like bonuses or stuff like that or it is at this run rate?

Mr **Beentjes: (sound echoing)** In the fourth quarter the employee expense was reduced because we had a provision and we released part of that, about 500.000. That is why Q4 is lower than normal.

Mr **Kooistra**: If you add that back you have roughly 10.9 for Q4. The normal annual salary increase is on 1st January.

Mr **Beentjes**: We are working on the letter of intent. It is going alright but the agreement has not been signed yet. But no worries.

Mr **Beijsnes**: Thank you! I have one more question, please. The cash flow from investing activities was quite high in negative this quarter. What was the main reason there?

Mr **Kooistra**: That was due to the re-investments. That has shown a cash outflow.

Mr **Beijsnes**: That is clear. Thank you!

Mr **Beentjes**: As there are no more questions I would like to thank everyone for the questions and would like to welcome you next time. Thanks a lot!

End of call