
Third quarter results 2010
25 September 2010
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BINCKBANK
FOR INVESTORS

TRANSCRIPT

Agenda results FY10 Q3

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II. Financial position
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Mr **Beentjes**: Good morning all. As usual Evert Kooistra and I will host the session.

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Part I

Update FY10 Q3

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I will take the first part and give you a short update on the third quarter and Evert will go in more detail on the financial position, rounding up with the events after 30 September and then a Q&A session.

Business Highlights FY10 Q3

- Adjusted net profit €17.4 million (FY10 Q2: €20.9 million); adjusted EPS FY10 Q3: €0.23 (FY10 Q2: €0.28)
- Number of transactions at 2.0 million (FY10 Q2: 2.5 million), volume negatively impacted by unfavourable markets. Number of transactions FY10 Q3 -20% compared to FY10 Q2
- Introduction SRD completes product offering in France
- New initiative; BeFrank, a joint venture of BinckBank and Delta Lloyd for group defined contribution pension schemes (second pillar)
- Renewed momentum in product development

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Let me start with the business highlights for this quarter. It has been a weaker quarter in terms of activity on the stock exchanges. We have seen lower volatility and that in combination with the holiday season has basically caused lower activity in our client base. That is something we see directly in the numbers over the third quarter. To some extent this was expected I believe, but it is hurting the number somewhat.

We have seen two million transactions in the third quarter; in the second quarter we were still at 2.5 million and in the first 2.1 million. So, there has been lower activity in this quarter. In the meantime we have introduced a lot of new developments in our product package. Last week we introduced the iPhone application, also last week we announced the Squawk Box, a kind of chat box where Binck clients can discuss the events on the exchanges with moderators, we are now finally about to introduce the mutual funds supermarket, renewed the Alex website and introduced SRD in France. So, a lot of developments we wanted to implement have now finally seen the light and that is important for us.

With the second-quarter numbers we already announced BeFrank. We are still waiting for the approval from the First Chamber. Once this approval is there we will go ahead. We already have seen good interest in the market, so once we are live we believe that we will attract a couple of clients for our Be Frank business very soon. That is going very well.

We are happy that we completed the SNS deal. We already signed a letter of intent in the beginning of this year. Drafting the final agreement took some time because we went a little bit more in detail in the agreement to exactly write down what it is we are going to offer. With other contracts we usually are a little less detailed in the contracting stage and that is why it has taken a little bit of extra time. We are happy that this is completed now and together with Be Frank this is moving on.

The way we have seen the third quarter is that of course we have seen the sluggish markets with lower volatility and low activity but on the other hand we have had the opportunity to implement a lot of new features and functionalities in our systems. That is something we have shown on the Investor day that we are trying to build more content and I think we are making some good steps.

Profit & Loss Statement quarterly comparison

in € million	FY10 Q3	FY10 Q2	FY09 Q3
Net interest income	10.1	12.0	11.2
Net fee & commission income	28.1	35.3	35.5
Other operating income	3.4	3.2	1.7
Results on investments & impairment losses on fin. instr.	1.8	(1.2)	0.8
Total net revenues	43.4	49.3	49.2
Employee expenses	10.6	12.0	11.4
Depreciation & amortisation	8.6	8.7	9.4
Other operating expenses	11.2	10.7	9.6
Total operating expenses	30.3	31.4	30.3
Profit (loss) from operations	13.1	17.9	18.9
Other non operating income	(0.6)	(0.4)	(0.5)
Profit (loss) before tax	12.5	17.5	18.4
Tax expense	2.9	4.3	4.7
Net profit	9.6	13.2	13.7
IFRS amortisation	7.0	7.0	7.0
Fiscal goodwill amortisation	0.7	0.7	0.7
Adjusted net profit	17.4	20.9	21.5
Cost / income ratio	70%	64%	62%
Cost / income ratio excl. IFRS amortisation	54%	49%	47%

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This is the profit and loss statements quarterly comparison. It is important to discuss the top lines. The net interest income has come down. You know that we are very prudent in investing our clients' money, so the exposure has been reduced. Evert will go into that in more detail.

The net fee and commission income comes down roughly with the same percentage -- 20 -- as the number of transactions has come down. That indicates, which is of course the reality, that the average price per transaction has remained stable, a little bit over EUR 14.

The adjusted net profit comes to EUR 17.4 million or EUR 0.23 per share, missing the analysts' expectations by one cent; the consensus was that EUR 0.24.

Highlights FY10 Q3: Retail Netherlands

Retail NL

- **Growth in brokerage accounts**
  - Brokerage accounts FY10 Q3: 235,820
  - Brokerage accounts FY10 Q2: 232,421
  - +3,399 ▲ 1%
- **Growth in asset management accounts**
  - FY10 Q3 accounts: 13,256
  - FY10 Q2 accounts: 12,707
  - +549 ▲ 4%
- **Savings accounts increased**
  - FY10 Q3 accounts: 73,209
  - FY10 Q2 accounts: 72,019
  - +1,190 ▲ 2%
- **Strong decrease in # of transactions**
  - Trades FY10 Q3: 1,375,475
  - Trades FY10 Q2: 1,801,745
  - - 426,270 ▼ -24%
- **Assets under Administration (AuA)**
  - FY10 Q3: €7.6 billion
  - FY10 Q2: €7.2 billion
  - + €0.4 billion ▲ 5%

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The highlights for the Netherlands are in line with the previous quarters, so lower activity. Also the client inflow was to some extent at a slower pace in the third quarter. Most people have been watching the world championship football and then went on holiday and of course there was less activity in the market. Maybe people did not see the urge to open an account, so we had a little bit less client inflow in the third quarter. We are still confident that we will reach our mid-term targets. We will go on there.

Highlights FY10 Q3: Retail Belgium

Retail BE

- **Growth in brokerage accounts**
  - Brokerage accounts FY10 Q3: 38,626
  - Brokerage accounts FY10 Q2: 36,786

  +1,840 ▲ 5%
- **Decline in number of transactions**
  - Trades FY10 Q3: 193,697
  - Trades FY10 Q2: 263,470

  - 69,773 ▼ - 26%
- **Increase in AuA**
  - FY10 Q3: €1.084 million
  - FY10 Q2: €980 million

  €104 million ▲ 11%

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In Belgium the number of new clients has been a relatively low in the summer season. We need some 4000 new clients per quarter to achieve our targets. We are close to 2000 accounts and that is below targets. We hope that we will catch up. It is only one quarter, so we wouldn't know why.

Highlights FY10 Q3: Retail France

Retail FR

- **Growth in brokerage accounts**
  - Brokerage accounts FY10 Q3: 21,545
  - Brokerage accounts FY10 Q2: 18,622
  - +2,923 ▲ 16%
- **Growth in savings accounts**
  - Savings accounts FY10 Q3: 8,691
  - Savings accounts FY10 Q2: 8,245
  - +446 ▲ 5%
- **Number of transactions up**
  - Trades FY10 Q3: 263,022
  - Trades FY10 Q2: 236,984
  - +26,038 ▲ 11%
- **Growth in AuA**
  - FY10 Q3: €375 million
  - FY10 Q2: €330 million
  - + €45 million ▲ 14%

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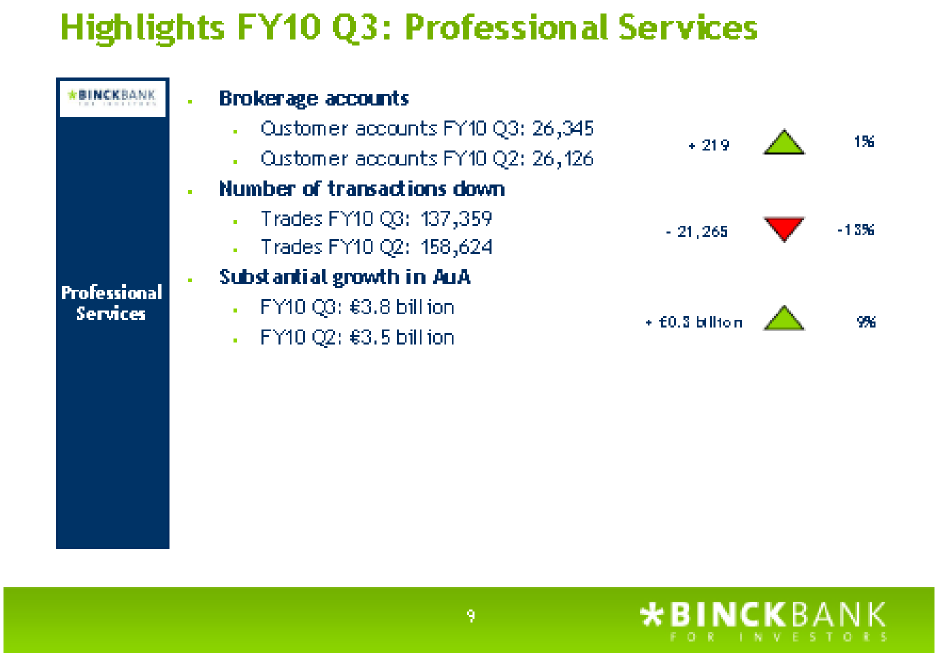
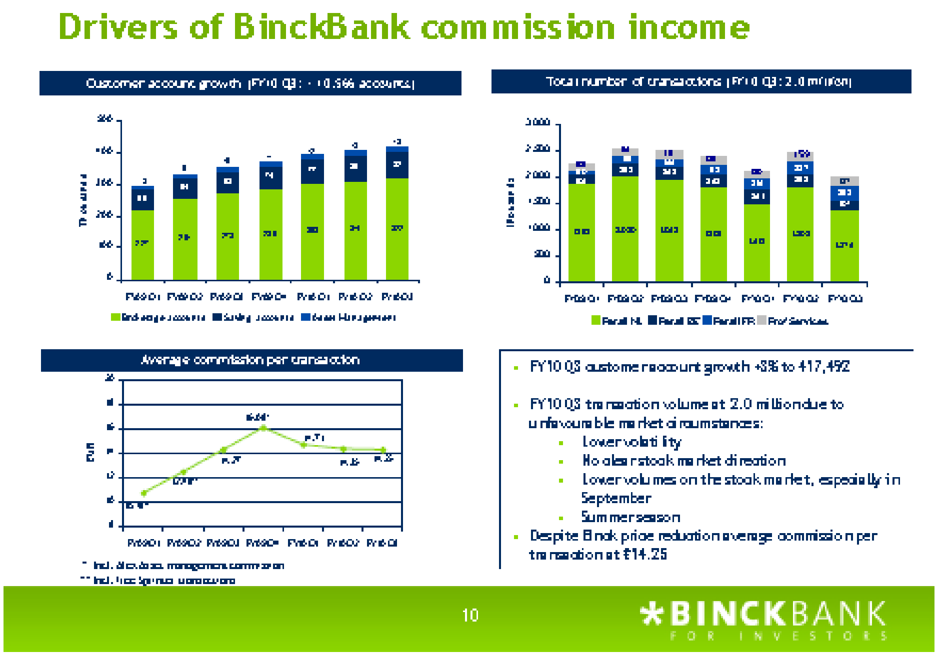
In France we introduced SRD. We have seen that clients have well received our SRD product. We are in a promotion campaign, so it is too early to tell how SRD is performing. Currently the clients do not have to pay transaction fees, so what we see at the moment is not representative of what is going to happen. We absolutely see that it is well received and currently well tested by the clients. We hope and expect that the new clients that we need to get in to achieve our target -- roughly 4500 a quarter -- will come in. In the third quarter this was 3000, so SRD will have to help us to get in the additional 1500 clients in a quarter. Actually, we are confident that we will succeed because up till now we have often heard from people who were in the lead process that they were not opening an account with us because we were lacking the SRD functionality. We are hopeful that now we have the product package completed and that we can go ahead and get the clients in that we need.

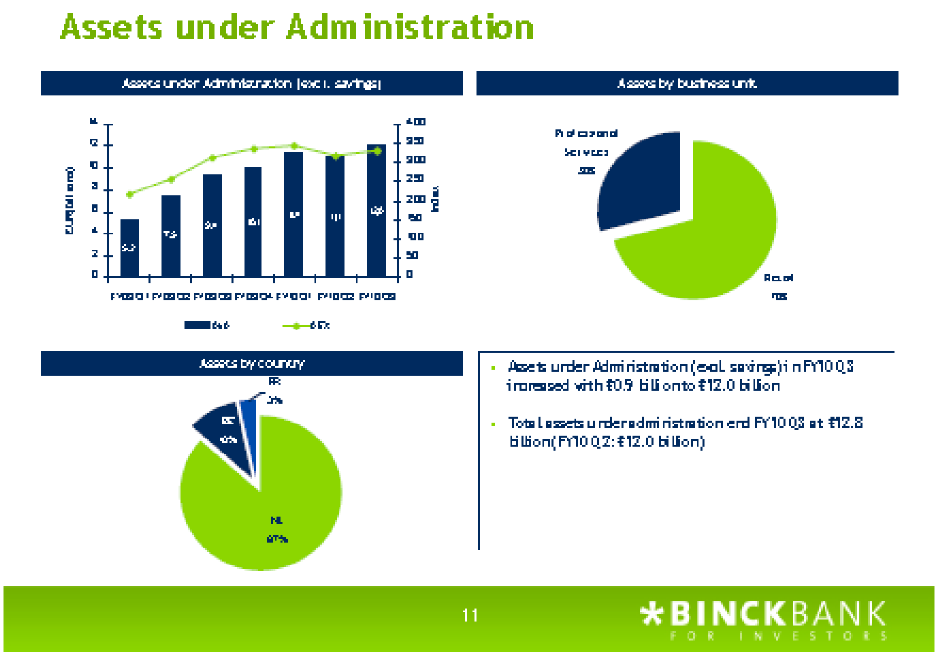
It is also important to state that in France we now have 260,000 transactions in the third quarter. If you take that annualised you see we are above one million transactions. That gives us the number five position in that market. But we are really nearing the competition fast. In two years' time we will have become an important party, an important player in the French market. We are trying to get of course at the fourth place and we at full steam ahead.



Professional Services are not all about the number of accounts. What is important is the number of agreements. We are happy that we conclude the agreement with SNS and we are going to implement it. We are currently in discussion with other parties. One of our targets is to sign two BPO contracts on an annualised basis and we are confident that we will reach that target. So, we have ongoing discussions with a lot of parties in the market.



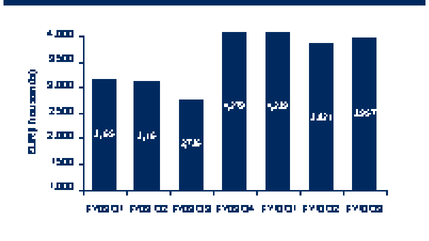
Commission income: what you see is what was expected. The number of accounts has somewhat grown. But at the current level of the base in a percentage of course that increase becomes a little bit smaller. The number of transactions was down to 2,000,000 but we could get the same price -- EUR 14.25 compared to EUR 14.35 in the previous quarter. So, basically we now see the effect of the price reduction that we took in the beginning of April. We said it would be a maximum of EUR 5 million an annualised basis and we are within that number.



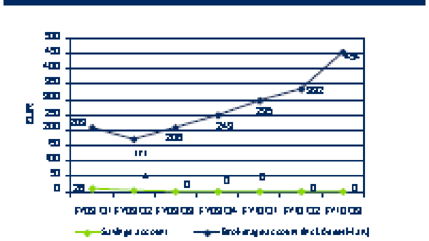
Assets under Administration have grown somewhat in the AEX index that we have there as an indicator has been stable. That is what we have discussed: lower volatility and a stable AEX between 310 and 330. The Assets under Administration have grown a little bit with EUR 0.9 billion to EUR 12 billion. For most of you this is old stuff we have been going through a lot of times.

Marketing costs

Marketing costs



Marketing costs per retail account



- Marketing spent was €4.0 million, 4% more than the previous quarter, especially due to extra campaigns in France and Belgium
- Total marketing spent year-to-date at €12.0 million. The marketing budget for 2010 is €17.0 million
- During the fourth quarter there will be introduction campaigns for new products such as SRD, the iPhone application, and the mutual fund supermarket

- Marketing costs per retail account increased further to €454. Higher customer acquisition costs due to reduced investor sentiment/appetite
- FY10 Q3 increase of marketing costs per new retail account due to negative investor climate, holiday period, and expansion in France, which decreased the urge to invest

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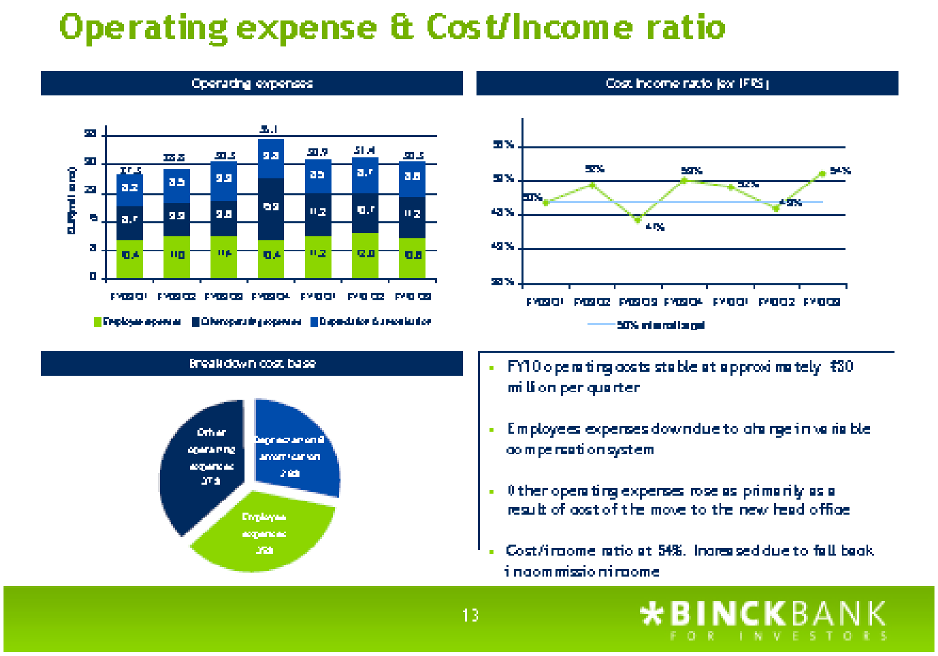
We have indicated that we would increase the marketing budget this year to EUR 17 million. So, the first three quarters we have spent EUR 4 million a quarter, so for the fourth quarter there is still EUR 5 million left. We have saved the best for the last because we wanted to put more emphasis on the French operation, so waiting for SRD. Well, SRD is being implemented so we want to spend a little bit more money relatively on building the French business. In the meantime we have seen in the summer period that the cost per new customer has increased to over EUR 450 per new client. But I want to remind you that the income per client is still above EUR 450, so the payback period of a new client is still roughly around one year. It has been better in the middle of the crisis but then clients have come easier than we are getting them in right now.



Going to the operating expense, you see the cost/income ratio is going up to 54%, more or less driven by a reduction in the top line. The cost base is relatively stable and when the income comes down then you have an increase in the cost/income ratio. That is basically what you see happening. We have employee expenses down somewhat because we changed the employee benefit system. Last year it was linked to the performance of the peer group and to the performance of the Binck share. This year we changed the system, which was all in the annual shareholders meeting, so this year we are basically paying out a number of shares which the staff then has to retain for a number of years. That means that the volatility is out of the system. Last year, due to the good position in the peer group and the increase in the share value the variable part of the employee benefit has been on a higher level than this year. So, employee expenses are a little bit down. The other expenses are rising somewhat, due to more marketing spend; we are spending EUR 5 million more than last year and we have spent an additional money on the IT systems with the new data centres, but also to get them at the level of 99% availability. We have not yet reached that but we are well underway to get to that internal target.

Another thing that we have done is that we have implemented some new test environments in our IT systems, which we need for the innovation of our product package; for a rapid development of new features we need testing environments which are available. We have implemented a number of them and of course that costs money but it is helping us in building the company. Let me hand it over to Evert.

Part II

Financial position

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Mr **Kooistra**: Let's move to part 2 of the agenda, the financial position.

Solid financial position BinckBank FY10 Q3

- Solid equity position at end FY10 Q3 €461.9 million
- Tier I capital grew with 7% to €124 million
  (FY10 Q2: 116 million)
- Solvency ratio increased to 14.1% end of FY10 Q3
  (FY10 Q2:13.4%)

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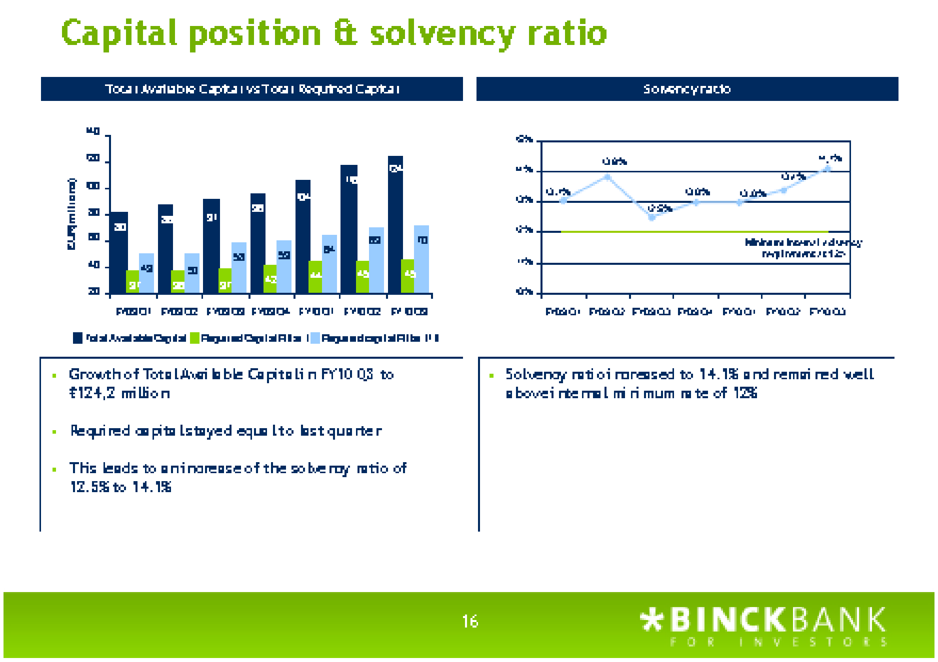
With regard to the capital position it is most important to mention that our risk and capital adequacy report is being published today. It is a 40 page report and basically the conclusion is that Binck has sufficient capital to cover the losses. The maximum loss under the defined stress scenarios is EUR 62 million and the Tier 1 capital is at EUR 124 million as per the end of the third quarter. For those who are interested in reading the report let me address a few highlights.

There is a new paragraph in the report about Basel III and the potential impact on BinckBank. The conclusion is that we do not expect any major impact due to new banking regulations. There is a paragraph on the enterprise risk management and the quality of our controls. There is a new paragraph which specifically addresses all IT risks and related operational risks in the company. We address the product approval process, which is a new obligation in the banking code for 2010 and we have changed the calculation for the operational risk. We used to calculate the operational risk as 15% of the revenues of the preceding year and now calculate it as 15% over the average over the last three years. That has reduced the requirement for operational risk.

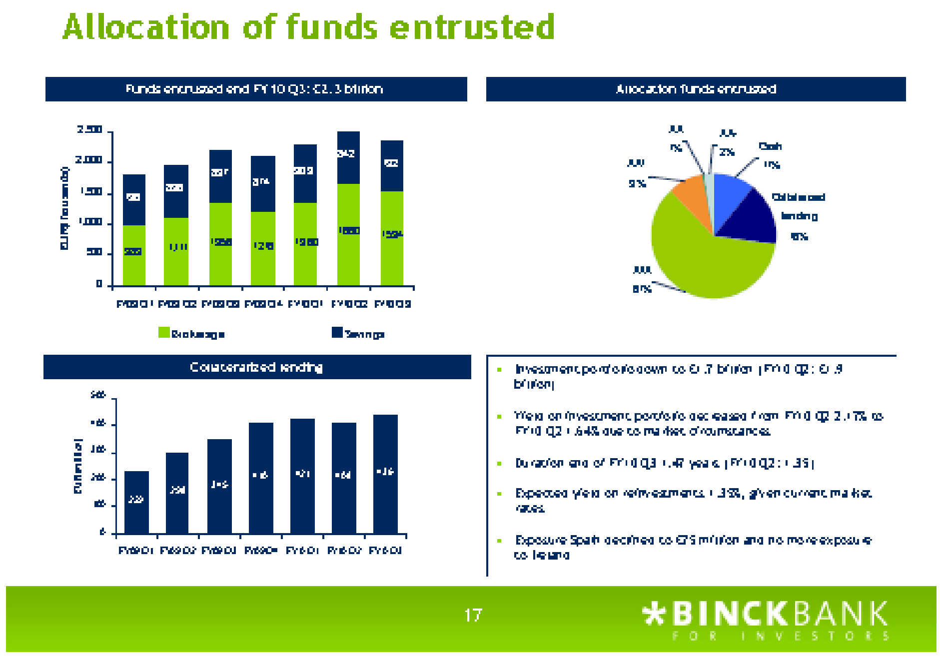
We have also disclosed some specific product risks with regard to Alex Asset Management. Alex Asset Management has a different risk profile than an execution only risk for the brokerage activities.

There is also a paragraph on the so-called second round effect, which shows how Binck looks after we have incurred the maximum loss of EUR 62 million. The conclusion is that we have EUR 124 million Tier 1 capital under normal circumstances and a BIS-ratio of 22%. If you deduct the EUR 62 million losses you end up with a Tier 1 capital of EUR 62 million and the BIS-ratio will drop to 12.4%. As 12.4% is still above the 8% minimum BIS we do not need an extra capital in case of a maximum stress. So, we have sufficient capital to continue the operations of the company.

Last but not least -- and which was promised one quarter ago -- the results of the European stress test scenarios. There were basically three scenarios that have been defined: the bench mark scenario, in which we show a BIS-ratio of 27%, the adverse scenario, which has a BIS-ratio of 24% and the addition sovereign shock, which end up with a BIS-ratio of 23%. So, they are all higher than the current BIS-ratio. It is a bit weird if we incur stress and end up with a higher BIS-ratio but it has to do with the fact that the measurement moment is 31 December, 2011. Between now and five quarters from now we add EUR 35 million, extracting capital due to the amortisation of the intangibles. That is why we end up with higher BIS-ratios. So far the risk report. More details you can find in the report itself, which is available on the website.



The only thing worth mentioning is that you see a slowdown in the required capital column, which is the light blue one. That has to with the business growing a bit slower than one year ago. That has an effect on the capital requirement.



What is worth mentioning here is that you see a drop in the funds entrusted from EUR 2.5 billion to EUR 2.3 billion. That is due to Alex Vermogensbeheer. Alex Asset Management started investing again in the third quarter and that requires cash. So, you see the cash balance dropping. That is also one of the reasons why we booked a gain on the financial results; because we sold some bonds to free up cash for Alex Asset Management.

Collateralised lending increased up to EUR 436 million but that happened at the end of the quarter. The yield on the treasury book dropped from 2.70% to 1.64%. That is basically due to renewed investments which came in at a lower rate, say 1.35%.

That is all with regard to the capital position. I will hand over to Koen for part 4 of the agenda.

Part IV

Events after 30/09/2010 & outlook

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Mr **Beentjes**: As usual we do not give guidance on the financial results, due to the uncertainty in the financial markets. We have said this each quarter that it is difficult to predict and that we are depending on the volatility in the market. This last quarter really showed that this is the case. If the volatility is not there it is immediately influencing our top line.

The iPhone application was introduced. TOM -- The Order Machine -- went live as an MTF and that is an important next step in building our alternative platform. Now, in the cash markets more liquidity providers have joined the platform. And we go on building; we are still in the process of applying for the derivative licence, which we do not have yet but we will go on until we have it.

Other products or a new product to be expected in the fourth quarter is the Squawk Box, the chat box on the Binck-site. The iPhone application is there for the Alex clients but it will be made available for the Binck ProTrader clients. We are looking at the iPad applications and we are now going to introduce the Mutual Funds supermarkets in the Netherlands and in Belgium shortly. So, we are well on our way to build additional content and to introduce new products and features in the market and we will go on doing so.

This is the end of the presentation and now we will take your questions.

Part VI

Q&A

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- **Thomas Nagtegaal - RBS**

Good morning, I have a couple of questions. If I look at the other costs it was a big quarter on quarter increase. Are there any exceptional expenses in there or is this the run rate going forward?

My second question is on France. You mentioned that SRD is well received. What kind of impact does that have on the profitability of your business there? Will this enable you to reach the breakeven point a little bit earlier because you get higher revenues per client? Was it already included in your original breakeven target?

Finally, despite client growth in France funds entrusted look to be down quarter on quarter. Is there any reason for that?

Mr **Kooistra**: Well, in the second quarter the other operational costs were EUR 10.7 million and they are now EUR 11.2 million. That is EUR 500,000 more; in the first quarter they were EUR 11.2 million ...

Mr **Nagtegaal**: I was referring to retail to what we are seeing in retail. There is a EUR 1 million quarter on quarter jump there.

Mr **Kooistra**: That is basically marketing.

Mr **Nagtegaal**: If I look at the marketing costs quarter on quarter there was in depth a much bigger difference between them. Or is it an issue of allocating those costs?

Mr **Kooistra**: I think so, yes. I see if I can find the details. I think it has to do with the allocations.

Mr **Nagtegaal**: Okay.

Mr **Beentjes**: Let me answer your next question in the meantime. Will you reach breakeven sooner with SRD? We cannot tell you yet. We are now in a promotion campaign and we see that clients are receiving it very well. Once the promotion campaign is no longer there we have to see what the level is. SRD was not in the business plan up till now but I think we will need these transactions to reach breakeven somewhere in the course of next year. We are currently not calculating that we will reach breakeven sooner because of SRD. I have to check the number of the funds entrusted in France. It is basically up by 14%. What was your question, Thomas? You were saying that it was coming down?

Mr **Nagtegaal**: I might have seen it wrong. Just let me check.

Mr **Beentjes**: It was up with 14%. You may have looked at savings accounts only.

Mr **Kooistra**: Thomas, I have your question on the other costs. Basically, marketing is roughly EUR 180,000 and there are some office move costs in there and some communication and information costs, which are basically, market data. That is content that we buy for the sites. Those are the highlights for the increase in the other costs.

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

Mr **Beentjes**: And you question on the assets under administration, also the brokerage assets went up from 253 to 313, so that was a +24%.

Mr **Nagtegaal**: That is correct. Thank you.

- **Maarten Altena - ING**

Good morning, I have two questions. First, can you comment on the split of the number of transactions over July, August, and September and is September an indicator for the client activity in October?

Secondly the marketing costs for retail accounts. The client acquisition costs increased quarter on quarter by 37%. What are your expectations going forward and is this all driven by the lack of investor sentiment?

My last question is on the investment portfolio. After a couple of quarters of decrease in the duration of the investment portfolio it is increasing again, which supports of course the reinvestment yields. What is your strategy of your investment policy in the next quarters in terms of duration and investment clauses?

Mr **Beentjes**: Evert, will you take the last one and then I will start with July, August, and September. In July we had some 600,000, in August 650,000 and in September 700,000 transactions, so it has been steady over the three months. That was making up the 2,000,000. We are not yet commenting on what is happening in October.

The marketing costs per client were up 3.7%. I think that also has to do with the sluggish market and the holiday season. I hope that we can get the average marketing cost per client at a somewhat lower level but in general I think we have to expect to see higher levels of marketing cost per client than we have seen during the crisis. During the crisis and thereafter it was easier to get the clients in and that was reflected in the marketing cost per new client. But we hope the EUR 450 will be the upper limit.

Mr **Altena**: Is it an equal number for the Netherlands, Belgium and France or are there many differences between the client acquisition costs in these countries because you are about to expand in France?

Mr **Beentjes**: We are not disclosing that, Maarten. We are flexible in allocating the marketing budgets. Actually, I do not have the numbers.

Mr **Kooistra**: With regard to your last question on the investment portfolio: indeed the duration came up a bit from 1.35 to 1.47. We do not state specific views on interest rate development. We invest up between one and three years and we try to create equal maturity buckets in our portfolio, so that every month there is preferable the same amount up for reinvestment. So, if interest rates come up we start taking the benefits from reinvesting to get higher yields. That is the management approach towards the investment portfolio. We have increased slightly but on the average a bit on the short side, waiting to see what happens.

Mr **Altena**: Do you agree that the reinvestment yield is bottoming out or do expect a possible further decline?

Mr **Kooistra**: The current yield is 1.64 and the reinvestment yield is 1.35, so there is still a potential loss in the book of 39 BIPS.

Mr **Altena**: On the reinvestment yield, is that bottoming out?

Mr **Kooistra**: I don't know how the interest rates will develop, so we cannot say.

Mr **Altena**: Thank you!

- **Maurits Heldring - ABN AMRO**

Good morning, I have a couple of questions. The first is on the trading costs. I saw that there was a slight increase in trading cost, at least if you divide it by the commission income. I remember that the last time you attributed that to the increase of the number of professional trades. Is that again the case or is there another explanation for that increase in relative trading costs?

The second question is on collateralised lending. You cited an increase at the end of the quarter to 4.36, from the top of my head. Can you give some more flavour about what happened there exactly? Was that related to the development of the trading volumes at the end of the quarter? any comments you could make there would be welcome.

Finally, could you give an update on the technological developments at the TOM-platform? You talked about the derivatives license being applied for but I understand there is also a migration to the new software platform, which is still holding back the operation of the platform a bit. So, if you could give an update there? When do you expect that to be fully operational?

Mr **Beentjes**: I will start with your last question. Yes, TOM is getting a new software release from the NASDAQ OMX this week. That has been holding us back somewhat. You may have seen that we did not have much volume on the platform yet. That also had to do with software issues and testing. We are now open as an MTF and we hope that with the new software we can get on the cash equity side up and running relatively soon. It has taken a lot of time but with the new software release we hope we have seen the end of the issues. The tests have to be concluded before we know what the exact date will be. We hope that it will be soon.

The big gain for Binck is on the derivatives side, and not on the cash markets' side. The gain for us is in the fees we are paying for the option contracts. These are EUR 0.75 per contract with Euronext. That is where we want to achieve the saving. There, we are still in the process of getting on the hand the derivatives licence -- that is on the AFM side -- and on the other hand we need to have a stock broker licence from Euronext for TOM to trade. That is a lengthy process and I cannot tell you when that will be completed. On the cash side and with the new software we hope to be up and running relatively soon now.

Mr **Kooistra**: With regard to the trading costs I am not sure what your question exactly is. 26% of the revenues in Q2 and Q3 ...

Mr **Heldring**: I got to 27. It is only a slight pick-up.

Mr **Kooistra**: But it depends on the average revenue per trade, which depends on the order size. So, it can fluctuate but I do not see a material increase. Actually, it is quite stable.

With the collateralised lending: the pick-up was at the end of the quarter. Koen already disclosed that although volumes were low there was a positive trend during the quarter and an increase in volume. So, collateralised loans basically follow the investor sentiments and volumes in the market.

Mr **Heldring**: And just for my reference: is your collateralised lending only in the Netherlands or in Belgium and France, too?

Mr **Kooistra**: It is in the Netherlands. In France we have SRD, which is also a kind of financing.

- **Dirk Peeters - KBC Securities**

I have just one question. Did I hear well that your marketing campaign in France for SRD consists of free trading like you did with Sprinter and, if so, how long does this campaign run?

Mr **Beentjes**: It is not completely free trading. SRD has three income elements. One is the transaction fee as such and that is waived at the moment. There are two other things; it is a commission, basically the financing fee and you have to pay a commission at the end of the month. Then you have to settle your position: if you want to roll over your position there is a rollover fee. What we are currently getting in is commission and the rollover fee; the transaction fee is waived until 1 December.

Mr **Peeters**: Thank you!

- **Albert Ploeg - ING**

Good morning, I have a couple of questions. My first question is on the solvency ratio calculation. You mentioned that you slightly changed the calculation for the operational risk charge to go to an average of the revenues and there 50% of, which is of course a big component. Is it also a bit of a reflection that you believe that maybe the way you calculate was a bit too conservative and that you are recognising this now as well?

My second question is on Belgium. You already mentioned that your client intake was falling a bit behind expectations for a couple of quarters already. Is there anything specific going on in the market in terms of competition or do you believe it is more a BinckBank specific issue and that you maybe can fix it with some more aggressive marketing campaigns? Is anything planned there?

Finally, on the Q4 outlook also with respect to the Alex Asset Management: in the press release you already mentioned performance fee. Is there anything you can share a bit on what the potential size could be if the year would have been closed as we speak today?

Mr **Kooistra**: Let me start with the solvency rate. It is not that we were too conservative in the past. There was an obligation from the Central Bank that we had to take 15% over the last year and not over the average over the last three years. There were two reasons for that. We were growing extremely fast, especially from 2008 onwards, and we bought Alex, which was seen as an extra risk for the company especially the integration. As the integration has now been finalised and we have strengthened all controls in the company and we have proved that we can handle the situation we are back at the average over the last three years. That is the reason.

Mr **Beentjes**: On Belgium: in general we think that for stock brokering there is a somewhat negative sentiment in the Belgian market. It is not the easiest market to sell accounts and we hope that our mutual fund supermarket is going to help us there. Belgium is more a country where mutual funds are more popular than individual stock. So, on the one hand it is a sentiment issue but on the other hand we hope that we will be able to address by opening up a mutual funds supermarket now.

We are not giving an indication on the fee of Alex Asset Management but we can disclose that we are now over EUR 500 million in assets under management. So, that is going very well but we have to wait till the end of the year to see what the performance fee will be.

Mr **Ploeg**: If I understood correctly from the call as well is that during Q3 a part of the cash has been reinvested. Is it possible to give a split between fixed income and equities or is there also a fixed income component there?

Mr **Kooistra**: To be honest I would not know. I do not exactly know what Alex Asset Management invests in.

Mr **Ploeg**: Thank you.

- **Ryan Palacek - Kempen & Co**

Good morning. I have two questions. First of all, a bit of a copy cat question. I wonder if you could also comment on client growth on the retail brokerage side in the months July, August, and September comparatively if that kind of tracks the total of transactions.

Secondly, I wonder if you could talk a little bit about Capex: how do you are thinking about that for the next couple of years. You have given some thoughts about that in the past and I am wondering how that has been tracking with the evolution in terms of new projects.

Mr **Beentjes**: I am afraid we cannot answer the first question, because we just do not have the numbers on the client growth per month here.

On the Capex-issue we do not have any special things, so we will have to do replacement investments in the IT and maybe some additional investments when we are growing. Currently, we do not have any special plans on the Capex-side.

Mr **Kooistra**: We have done most of the big investments, which were the data centre and the refurbishment of the office. Those were within the plans. The big Capex investments have been done. Any further Capex investments will either be replacements or specific revenue-driven Capex.

Mr **Palacek**: Thank you. Is there anything I should be thinking about in terms of those kinds of replacement things, like time frames, life cycles?

Mr **Kooistra**: No, you can take the current Capex in the balance sheet. It is all depreciated in five years, so you can estimate the replacement level.

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

- **Johannes Thormann - HSBC**

Good morning, I have just one question. As you refrain from giving a short-term financial outlook -- which is probably understandable -- what do you think is a sustainable level of profit or i.e. what you might be earning in a normalised environment, looking some years ahead?

Mr **Beentjes**: That is to some extent basically the same question. We are trying to stabilise income streams by building ventures like Be Frank, by looking at our cost levels, by initiatives like TOM and having BPO agreements in the professional markets. That is what we are doing from a strategic point of view. But we are still vulnerable to the retail volume. That is an extremely important volume in our current business model and there we are not able to give you guidance on the level of that business. You see how dependent we are on the volatility, so basically we cannot answer your question.

- **Thomas Nagtegaal - RBS**

I have one follow-up question about your risk report. On page 27 you give an overview of collateralised lending and the coverage ratios and how much is currently in a deficit. You seem not to be very worried about those numbers, although it is a relatively large amount. Could you indicate how you go and collect the amount back in cases where clients have a deficit? How does that procedure exactly work?

Mr **Kooistra**: On page 27 you see is the red line. If you are on the left side of the red line you are basically under water and you are in the shortage procedure (de tekortenprocedure). In that situation you get a margin call and you have to transfer money to the company. This is a moment at the end of the third quarter, so the cash from the margin calls is received after the moment of the report. This is quite a normal situation it is not a situation that we are worried about.

Mr **Nagtegaal**: But you do not see any change in client behaviour, in average client assets and how well they are suited to in the end repay everything from money outside the client profile? The wealth of their average clients has remained roughly stable over the last couple years. Is that a correct assumption or do you see any increase in losses there compared to two or three years ago?

Mr **Kooistra**: No, we do not have views on the wealth of our clients but we do not see any extra losses arising from margin lending. The system is pretty safe and we have not incurred any material losses over the last three years, apart from farming in 2007 when we had a million hit. It is a safe system and we are not worried. On the right side you see that clients are more levered. That is a new development.

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

Mr **Beentjes**: As there seem to be no more questions we would like to thank you very much for your attendance. We hope we gave the good answers to your questions and we hope to see you next time.

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End of call

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