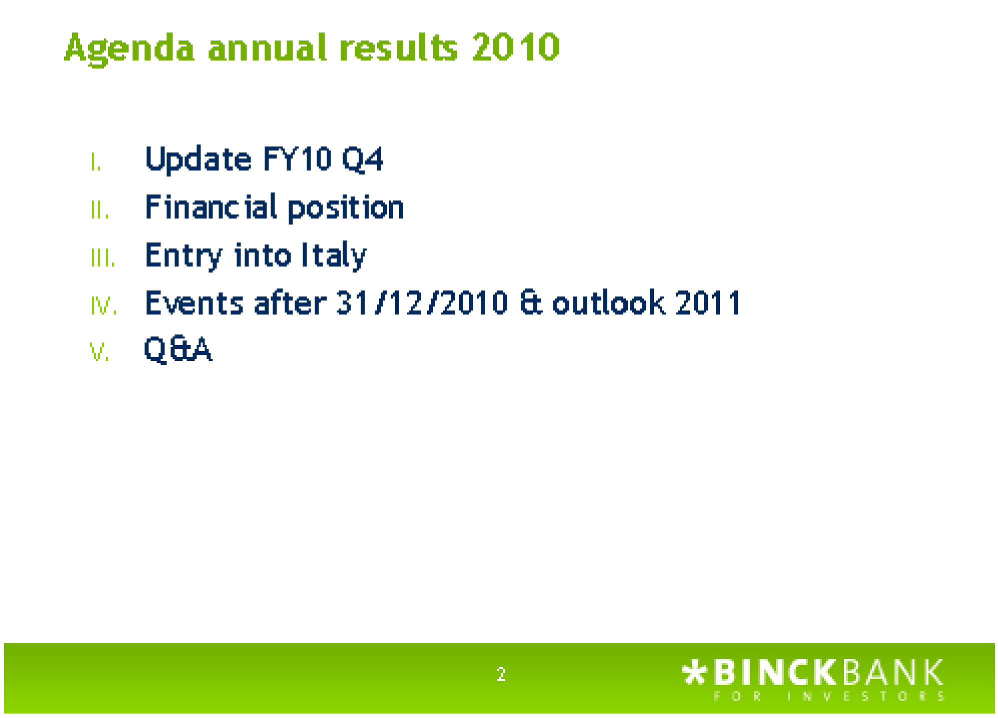

Fourth quarter results 2011
30 January 2012
Koen Beentjes CEO
Evert Kooistra CFO
BINCKBANK
FOR INVESTORS

TRANSCRIPT



Mrs. **Hoijtink**: Good morning, ladies and gentlemen. My name is Anneke Hoijtink from Investor Relations of BinckBank. Welcome to the conference call regarding the BinckBank Q4 results. Our CEO Koen Beentjes will give you an update on the fourth quarter, the after balance sheet events, and the outlook for 2012. Our CFO Evert Kooistra will elaborate on the financial position at the end of 2011. After the presentation there is room for questions. The presentation is available on www.binck.com. The transcript of this call will be available as of 2 February. I would now like to give the floor to Koen Beentjes, CEO.

Part I

Update FY11 Q4

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Mr. **Beentjes**: Good morning to all. Let's get started.

Business highlights

- Adjusted EPS FY11 Q4: € 13.6 million / € 0.18 per share
- Adjusted EPS FY11: € 65.1 million / € 0.88 per share
- Proposed total dividend € 0.44 per share / final dividend € 0.24 per share
- Number of transactions FY11 Q4: 2.4 million / FY 11: 9.7 million
- Binck in the Netherlands 'best broker' according to the voters on beursbulletin
- Alex awarded with Gouden Stier (Golden Bull) for:
  - Alex Online brokerage
  - Alex Academy
  - Alex Asset Management

- Alex also best broker according to customer satisfaction survey of Brokertarieven

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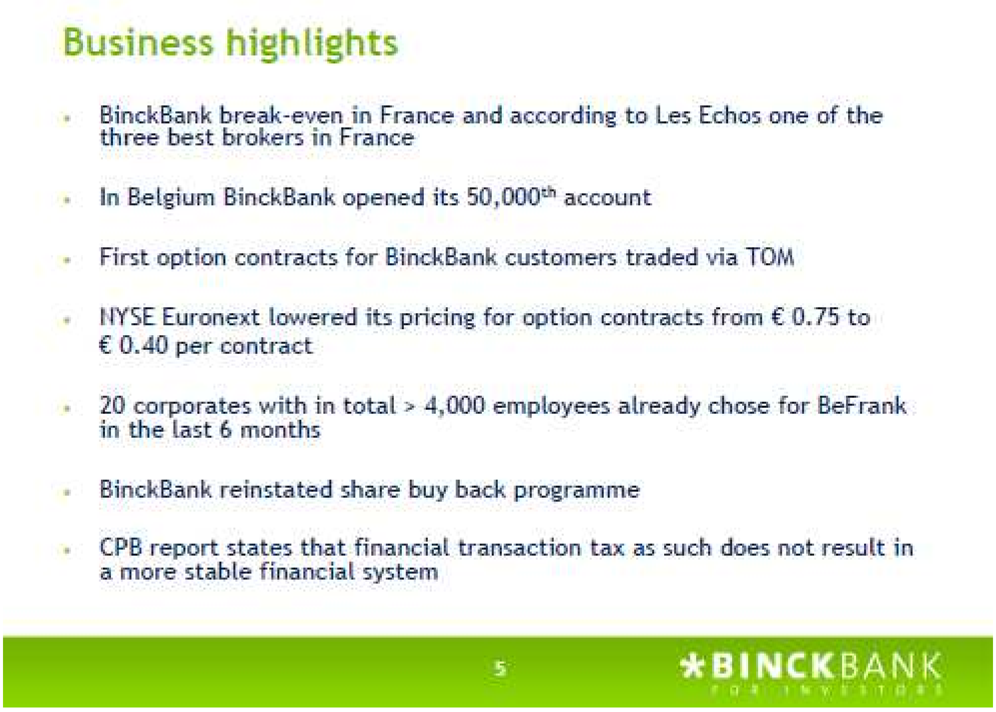
After a summit third quarter with high volumes and high commission incomes the fourth quarter was a little bit weaker in terms of business volumes. We came in at EUR 0.18 per share where the consensus was at EUR 0.20 per share. So, we were a little bit under the consensus. Revenues altogether were up a little bit in comparison. We sold some bonds and Evert will come back to that later. The costs were a little bit higher and we took some additional costs on our investment in TOM, which altogether are the main reasons for underperforming the consensus by 2 cents.

Over the whole year the profit per share is EUR 0.88, which means that we are going to propose a dividend of EUR 0.44. We already paid an interim of EUR 0.20, so the final dividend will be at EUR 0.24. At least, that will be the proposal, which is roughly 5% dividend return this year.

We achieved a lot of milestones in the fourth quarter. We were again nominated for a lot of prizes. We have been best broker. For Alex Online brokerage, Alex Academy and Alex Asset Management we were rewarded with De Gouden Stier and the customer satisfaction of Brokertarieven also showed Alex as being the best broker. It has always been very important for BinckBank to show up high in rankings in tests or polls. So, we are quite happy with those results. It is really important for the further growth and development of Binck that we continuously show up high in the rankings. So, we are happy with that.



In France, we were also announced by Les Echos – one of the leading magazines – as one of the three best brokers in France. In Belgium, we opened the $50{,}000^{th}$ account, which is an important milestone. On 1 December, Euronext reduced its fees for options from EUR 0.75 to EUR 0.40 per contract, which is of course an enormous price decrease by almost 50%. BinckBank altogether trades some 20 million of option contracts, so this is a huge saving, which is coming in since 1 December. Of course, this is connected to our initiative TOM, which forced Euronext basically to bring fees down. It also means that it will be a little bit more difficult to make a profit with TOM itself, so there we took some additional cost out of precaution.

We re-instated the share buyback program. We still have very solid rates. The solvency rate is still above 20%, so we revived the program and are now one of the few banks in Europe capable of buying back its own shares.

The financial transaction tax still is a dark cloud. This weekend, Sarkozy in France announced that he again has new plans to levy a financial transaction tax of 0.1%, but the content of the whole plan is not completely clear, so at this moment we do not exactly what is happening in France. It also depends on whether Mr. Sarkozy will be re-elected or not. We know the plan is there and that it is detrimental to BinckBank if it is successful, at least if it would be successful in the European context. But all we can do now is basically wait for what politicians are going to do.

Profit & Loss Statement quarterly comparison

in € million	FY11 Q4	FY11 Q3	FY10 Q4
Net interest income	9.1	9.7	9.3
Net fee & commission income	30.9	32.9	32.4
Other operating income	2.6	3.0	4.2
Results on investments & impairment losses on fin. instr.	2.3	1.5	0.2
Total net revenues	**44.9**	**47.1**	**46.1**
Employee expenses	(13.4)	(12.3)	(11.6)
Depreciation & amortisation	(9.2)	(8.8)	(9.1)
Other operating expenses	(11.3)	(9.8)	(11.2)
Total operating expenses	**(33.9)**	**(30.9)**	**(31.9)**
Profit (loss) from operations	11.1	16.2	14.2
Other non operating income	(2.6)	(1.1)	0.1
Profit (loss) before tax	**8.5**	**15.1**	**14.3**
Tax expense	(2.6)	(4.2)	(4.1)
Net profit	5.8	10.9	10.2
Net profit to minority shareholders	-	0.1	0.1
Net profit to shareholders BinckBank	**5.8**	**10.8**	**10.3**
IFRS amortisation	7.0	7.0	7.0
Fiscal goodwill amortisation	0.7	0.7	0.7
Adjusted net profit	**13.6**	**18.5**	**18.1**
Cost / income ratio excl. IFRS amortisation	60%	51%	54%

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We already touched upon the profit and loss statement in rough terms. Total net revenues were a little above expectations with EUR 44.9 million, but the costs with EUR 33.9 million also were a little bit above expectations. In the other non-operating income you see a loss of EUR 2.6 million, which is for the strategic investments. In these EUR 2.6 million there is EUR 1.3 million of depreciation on our investment in TOM. We have a net profit of EUR 5.8 million and an adjusted net profit of EUR 13.6 million. Evert will answer the questions on the profit and loss statement in more detail later on.

Highlights FY11 Q4: Retail business unit NL

- Despite difficult market circumstances relatively strong growth in brokerage accounts
- Number of transactions the same as in FY10 Q4: 1.5 million
- Assets under administration increased from € 6.8 billion end FY11 Q3 to € 7.0 billion end FY11 Q4

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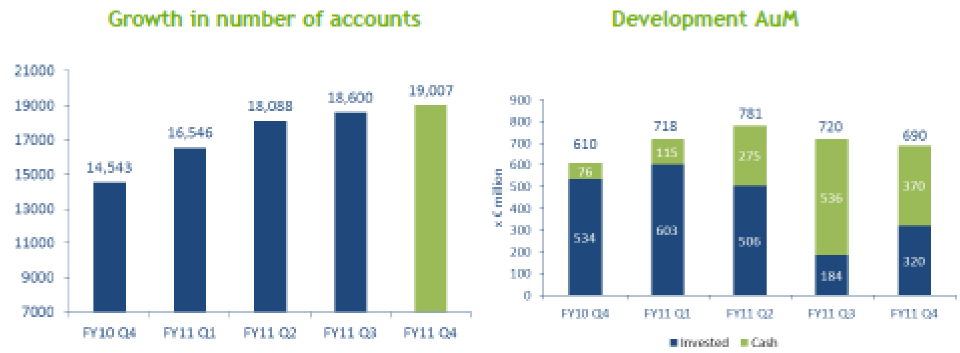
We are still growing in the Netherlands. The number of transactions came down to EUR 1.5 million, which is roughly the average – a little bit below the average -- for the year.

Assets under administration: stocks went up a little bit again, so from EUR 6.8 billion to EUR 7 billion in the fourth quarter.

Development Alex Asset Management

- 407 accounts opened in FY11 Q4 / total number of accounts end FY11:19,007
- € 8 million outflow in FY11 Q4 / total inflow 2011 € 165 million
- Total AuM end FY11: € 690 million



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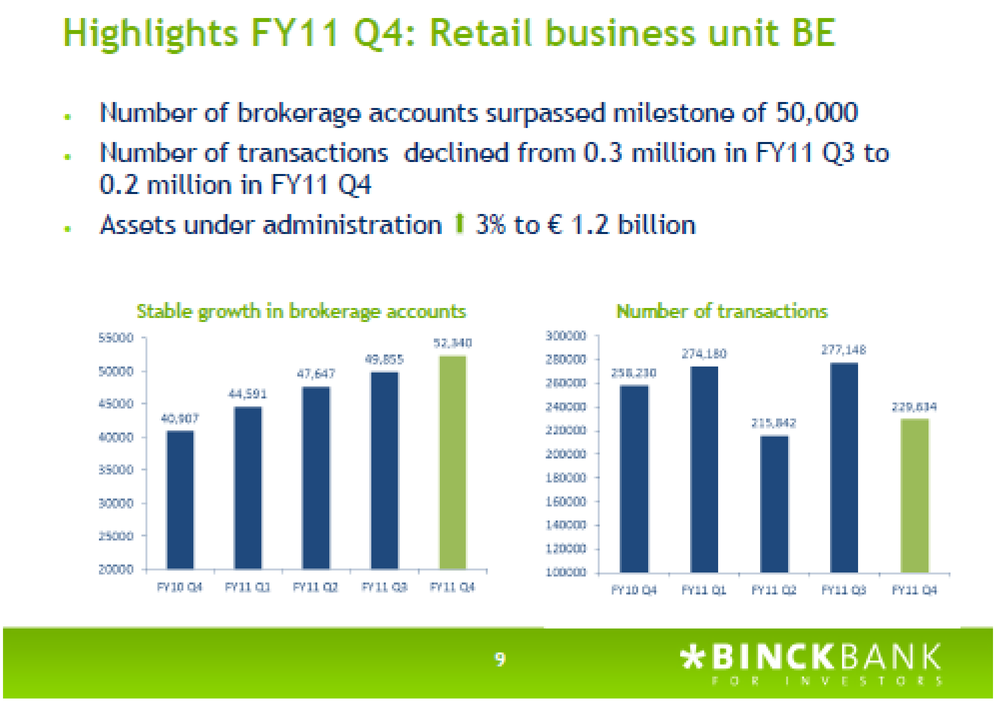
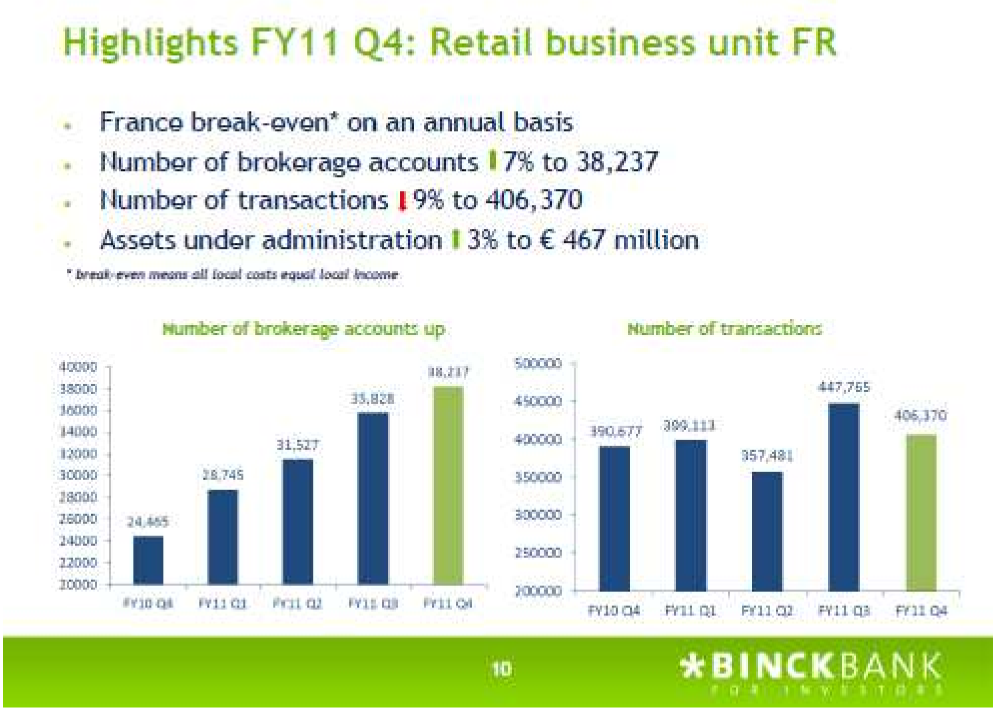
The development of Alex Asset Management has slowed down. We opened 400 new accounts in the fourth quarter. We went cash for a large proportion of the portfolio, so by the end of Q3 we were with EUR 500 million cash and at the end of Q4 we were at EUR 370 million. That was not exactly the climate in which we could accelerate growth. A substantial proportion of the portfolio of the EUR 370 million was cash. In the meantime, that has been reduced. We will touch upon that later. We hardly had any performance fee this year on the product; it was a very small amount.



In Belgium we are still growing in the number of accounts. We had 12,000 new accounts over the whole year. The number of transactions in the presentation goes from 0.3 million to 0.2 million. If we are a little bit more precise, it is from 277,000 transactions to 229,000, which is a minus of 18%. That is roughly in line with what we have seen in the Netherlands.

Assets under administration went up. This is basically the same picture as we have seen in the Netherlands.



We are happy to announce that we are break-even on an annual basis in France. This is according to our business plan, so we are proud of the results. We still see solid growth in the French market. We are now at 16% market share and after three years we think that is a very good achievement of our team.

The number of transactions in the fourth quarter came down with 9%. As a comparison: in the Netherlands and in Belgium it was 17% - 18%. So, France came down a little bit but not as strong as Holland and Belgium.

Assets under administration went up with 3% to almost EUR 500 million. So, we are really proud of the achievements in France. It has been a good result. We hope to accelerate growth in the coming years, already being a very important player in the French market.

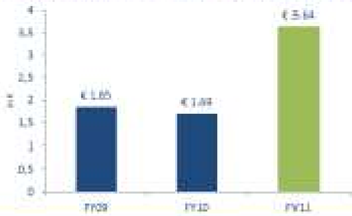
Highlights FY11 Q4: Retail business unit

Segmentation of net fee & commission income by country

	Retail total	Netherlands	Belgium	France
FY11 Q4				
Net fee and commission income (in €)	27,052	23,574	2,045	1,432
Number of transactions	2,164,187	1,528,183	229,634	406,370
Average net fee and com. income (in €)	**12.50**	**15.43**	**8.91**	**3.53**
FY11 Q3				
Net fee and commission income (in €)	29,193	25,049	2,732	1,412
Number of transactions	2,531,520	1,806,607	277,148	447,765
Average net fee and com. income (in €)	**11.53**	**13.87**	**9.86**	**3.15**

* *Excluding SRD interest component*

Net commission income development France



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Let me get into the net fee and commission income by country. The picture is roughly the same as in the previous quarter. In the Netherlands, transactions are priced at a higher level, in Belgium at the medium level and in France, it is relatively on the low end of the range. In the Netherlands, income per transaction has gone up a little bit. We paid less compensation and in the third quarter we had some outages, which cost some money. That was comprised in the average fee per transaction, so we went up from EUR 13.87 in the third quarter to EUR 15.43 in the fourth quarter. That is good to see.

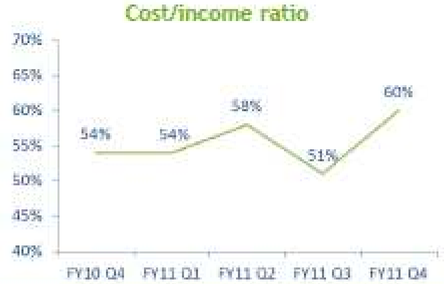
Highlights FY11 Q4: Professional Services

- Number of accounts increased from 63,127 in FY11 Q3 to 63,421 in FY11 Q4
- Number of transactions went up with 11% to 227,403 this quarter
- AuA stable at € 5 billion

In the third quarter the first phase of the SNS project was implemented on the system, so we saw the number of accounts going up. But also the number of transactions was rising. However, on the Professional Services’ side most of it is not only transaction-related in the income, but it is with minimum fees and the services we render. So, transactions and the number of accounts are of course important but not the main or only drivers of the income. Assets under Administration remained stable at EUR 5 billion.

Operating expense & Cost/Income ratio

- Guidance beginning 2011: increase of operational expenses with 5% to 6% due to growth initiatives
- Total increase in 2011 amounted to 5%
- In FY11 Q4 operating expenses increased to € 33.9 million
- Cost/income ratio excl. IFRS amortisation rose to 60%



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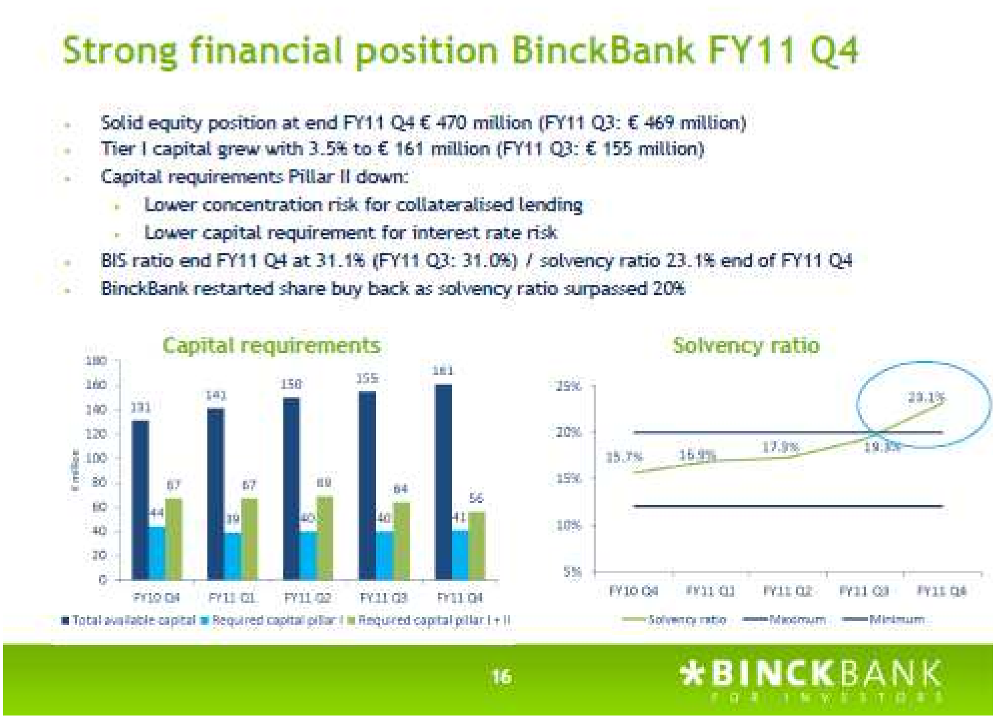
In the beginning of the year we have given you guidance that cost would go up by 5% to 6% to finance our growth initiatives. Over the whole year 2011, looking back, we see the percentage has been 5, so in line with the guidance we have given.

In the fourth quarter operating expenses increased, which also meant that our marketing expenses increased. We had some additional staff costs and some additional consultancy fees in the Professional Services' business. Altogether, the cost/income ratio rose to 60%, which is of course at the high end of the range.

In the fourth quarter we spent EUR 3.9 million. The normal pattern is that we will spend above average in the first quarter and in the fourth quarter and below average in the second and third quarter. It is a seasonal pattern, which is basically recurring every year. Midsummer it does not make much sense to advertise, so we will see this pattern back. Over the whole year it has been EUR 15.4 million and we decided to increase the budget by EUR 7 million for this year, showing confidence in our operations. We have an optimistic approach: EUR 4 million will be spent in Italy, where we expect to open up by mid 2012.

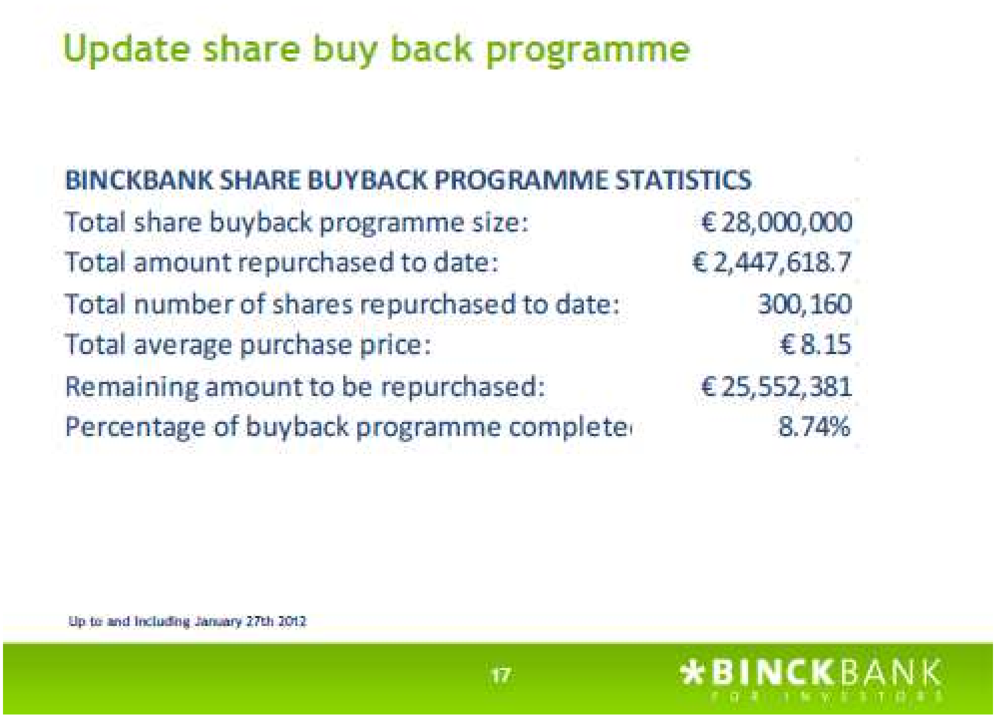
I would like to hand over to Evert to discuss our financial position.

Mr. **Kooistra**: We continue with the financial position on slide 16.

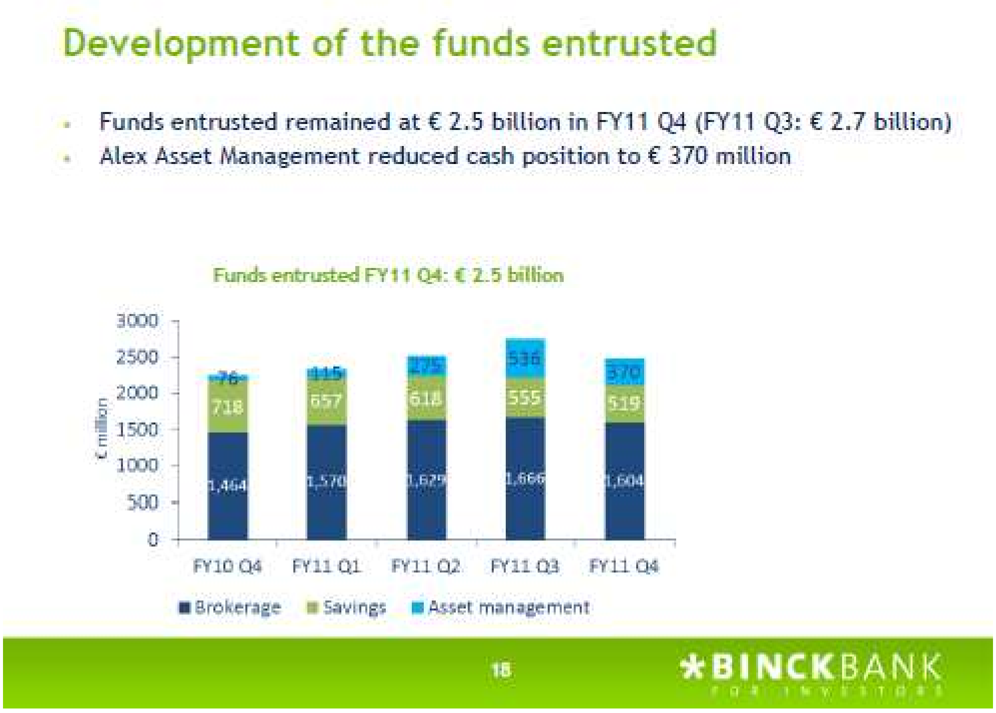


There is not much news about the capital position, as we already extensively discussed BinckBank's capital position during the conference call on 16 December of last year. We ended the year with a solvency ratio of 23.1%, as the risks in the balance sheet further decreased and we could not complete our share buyback programme of EUR 1.5 million for December. We only bought EUR 964,000 back in shares instead of the planned EUR 1.5 million.

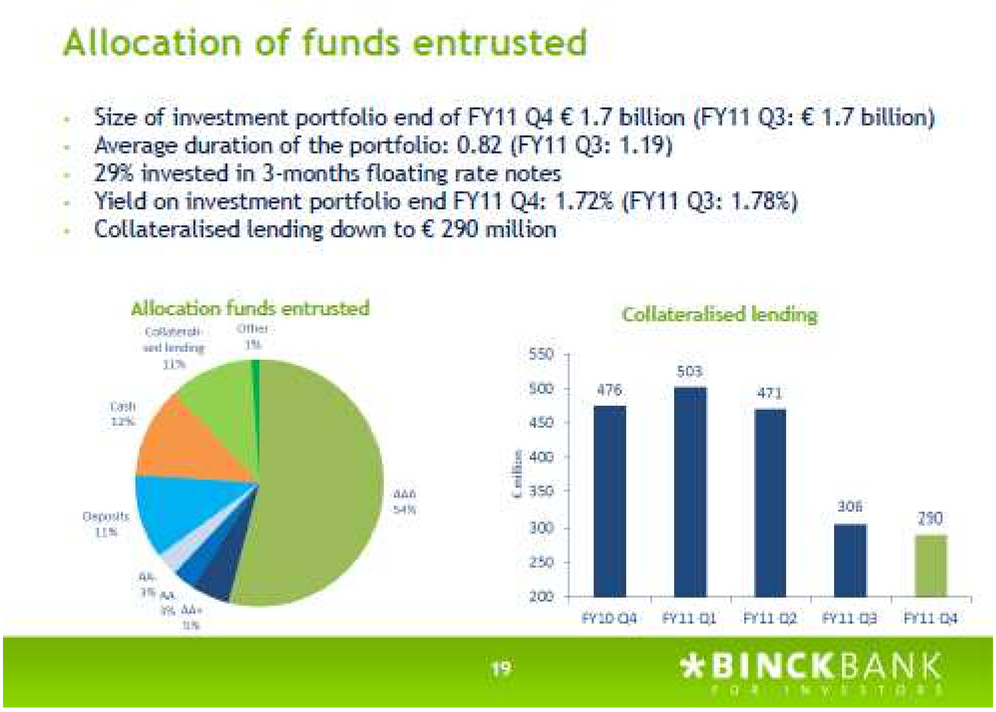
The decrease of the capital requirements under Pillar II relates to the concentration risk for collateralised lending and for interest rate risk. The total decrease was EUR 8 million of which EUR 7 million was related to interest rate risk and EUR 1 million to concentration risk.



This is an update of the share buyback program. The total size of the program is EUR 28 million. As of today, we repurchased for EUR 2.5 million, in total EUR 300,160 shares against an average price of EUR 8.15. The program is now for 8.8% completed. We received questions about our repurchasing strategy, whether is price sensitive or volume sensitive. We would like to comment that BinckBank does not do the purchases themselves. We have outsourced it to ING and they execute the share buyback program independently of BinckBank.



Funds entrusted decreased slightly, due to the fact that Alex Asset Management started investing again. The Alex cash position dropped from EUR 536 million back to EUR 370 million. Alex Asset Management was invested for 46% at the end of the year versus 26% at Q3. In Q1 this ratio further improved; in January of this year the cash position dropped to EUR 129 million on the total Assets under Management of EUR 727 million. That means it is now for 82% invested again.



The size of the investment portfolio remained the same: EUR 1.7 billion at year-end versus EUR 1.7 billion at the end of Q3. The duration of the book was shortened from 1.19 years to 0.8 years. Since last summer we are confronted with the situation that the three years' SWAP curve is almost the same as the three months EURIBOR, so a longer duration at this moment does not give a higher yield. Therefore, we brought the duration back and this shortening of the duration created a capital relief in the balance sheet under Pillar II for the interest rate risk.

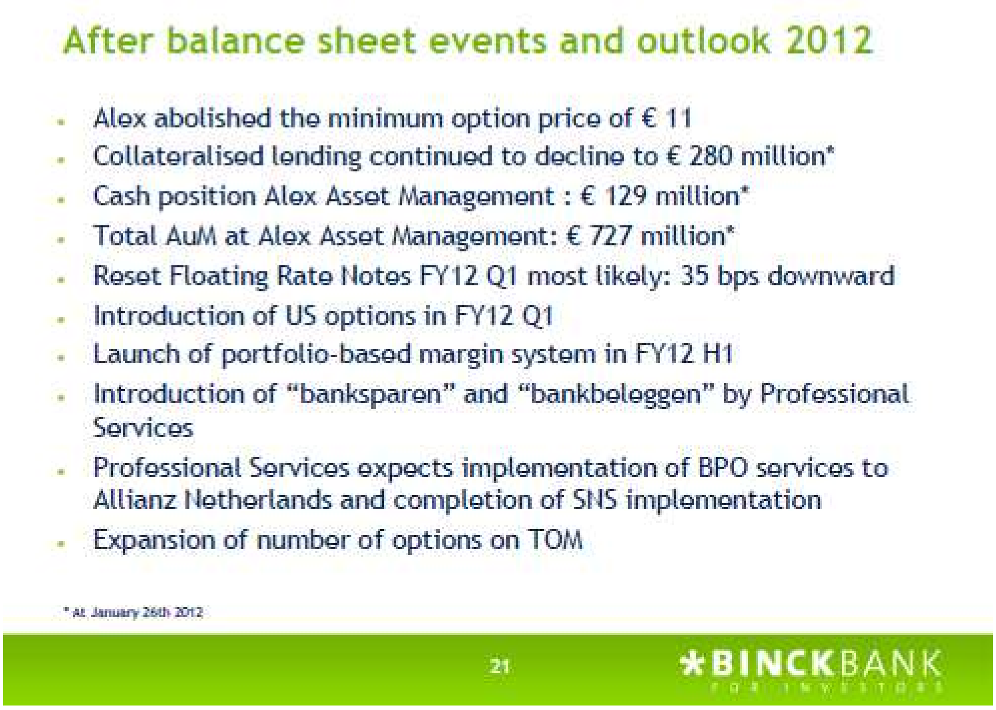
29% of the treasury book is now invested in three months floating rate notes. The floating rate notes are expected to have a downward adjustment somewhere in Q1, as EURIBOR has further come down. EURIBOR as of today is 1.14 and the expected downward adjustment is 35 bps to 40 bps. The exact downward adjustment depends on the EURIBOR-developments during Q1.

As regards collateralised lending we ended the year at EUR 290 million. In January of this year it came down with another EUR 10 million, so it is currently at EUR 280 million.

These two effects have a negative effect on the interest line in Q1. We cannot foresee how the quarter will go but the downward adjustment on the floating rate notes and the collateralised lending are going in the wrong way.

For part three of the presentation I hand back to Koen Beentjes.

Mr. **Beentjes**: Let me get into the after balance sheet events and the outlook for 2012.



Some of the lines here were already mentioned earlier in this call but I will go over them quickly. On 1 January, Alex abolished the minimum option price of EUR 11, so now in line with Binck where we abolished the minimum earlier. That is an important commercial step for our customers.

The collateralised lending continued to decline from EUR 290 million at year-end to EUR 280 million as of last Friday.

The cash position of Alex Asset Management came down to EUR 129 million from EUR 370 million at year-end, so we have invested further.

Total assets under administration or under management of Alex Asset Management grew from EUR 690 million to EUR 727 million, so plus EUR 37 million, which is partly due to new inflow of money and partly due to the prices of the stocks in the portfolios that went up.

Evert already explained the 35 bps downward adjustment if the floating rate notes are being re-priced.

The introduction of US options: we have had a longstanding request from our customers that they want to trade US options. We are close to the introduction.

The other project which we will complete in the first half of this year is the portfolio-based margin system, where we will take basically the entire portfolio of the customer into account when calculating the margin. Our present system is less flexible, so for the clients that are trading significantly this is a welcome development.

Professional Services is introducing the very Dutch products banksparen en bankbeleggen, so we have not translated these into English, because that would give a wrong impression. These are basically savings plans in a fiscal coat.

Professional Services is expecting to complete the implementation of its services with Allianz Netherlands and also to complete the further stages of the implementation of the systems at SNS.

At TOM, we currently have week options and we are about to expand to monthly options, increasing the number of available options on the platforms, gradually over the coming months.

These are the things we expect to happen. As usual, we do not give guidance on the volume of transactions because that is too dependent on the volatility and direction of the exchanges.

This is the end of the after balance sheet events and the outlook. Now, we could go to the QandA session.

Part IV

Q&A

- **Maarten Altena - ING**

Good morning gentlemen and Anneke. I have three questions. The first is on the cost base. Last year you stayed well within your 5%-6% cost increase but what should we zoom for 2012? You have lower transaction costs from TOM, which is offset by a higher marketing spend and also BPO-initiatives and Italy. Should we expect the same growth in the cost base again, so the 5%-6%, or would that be different?

My second question is on Alex Asset Management. If I remember correctly, you have a high watermark for the performance fee. Can you share your market performance, which – I guess – is neutral at best in 2011, so we can better forecast which threshold you should achieve at least for the 2012 performance fee.

My third question is on BeFrank. At the Capital Markets Day in September you delayed the BeFrank EPS accretion by one year to 2015. However, so far it seems to develop favourably with already 20 companies in six months. Can you elaborate on your expected market share for BeFrank going forward and, more importantly, how many employees you need for a break-even?

Mr. **Kooistra**: Let me start with the cost base. This year, we have seen a step-up in the cost base due to the investments that we did in growth and quality of the organisation. For 2012, we expect the normal inflation correction over our cost base plus the extra marketing spend. So, there is another EUR 7 million in marketing to come and a normal inflation correction over the existing base, but not major further investments in the cost base.

Mr. **Beentjes**: The performance fee of Alex Asset Management is on a nominal basis and not on a relative basis. It is a nominal performance and not against a bench mark. This year, most of the profiles have been negative and a substantial number of the clients are in the more aggressive profiles, which have had minuses of 20% and a little bit above that. In terms of a threshold, we will first have to regain for the clients before there will be a performance fee. However, there was an inflow of new money of EUR 165 million in the last year and of course, there has not been a watermark yet.

Mr. **Kooistra**: Your last question was on BeFrank. BeFrank has had a very successful start with 20 companies of 4,000 employees. We have seen there is a lot of competition coming up. There are six PPIs that have a licence now, so the market is going to be very aggressive. It is going to be a price-fighting market. We talked about an EPS accretion as from 2016 and, for the time being, we leave it at that point, despite the very successful start of BeFrank.

We are not going to disclose the break-even amount, in terms of numbers of employees or assets under management. That is very sensitive commercial information and our friends from Brand New Day are listening as well.

Mr. **Altena**: So, is it that competition is more intense than you expected, so that there is pressure in margins going forward or is it more in line with your earlier expectations?

Mr. **Kooistra**: It is a bit more aggressive than we initially thought, because we see now six licenses already awarded. We have the first-mover advantage, so BeFrank is up and running. But there is competition coming up and there are more market parties that apply for a licence.

Mr. **Altena**: Great, thanks.

- **Cor Kluis – RABO International**

Good morning! I have a few questions. First of all, on all the net interest income. Can you help us a little bit for 2012? There are of course a few moving factors and negative will probably be the floating rates. Maybe you can quantify that a little bit. Positive is of course the fact that you have more portfolio-based margin lending and Alex Asset Management went out of cash, which is good for the savings deposit. So, can you give us some idea on the flat net interest income or something like that for 2012?

My second question is about the floating rate notes. You are talking about 35 bps; on what absolute amount is that resetting taking place?

My third question is about the SRDs in France. Do you have an idea if the Tobin-tax will be considered as a derivative SRD or will they consider it as an equity or a stock investment?

The last question is on Syntel. I have the idea that revenues were a little bit under pressure in Q4. Can you help us with that; what is going on over there?

Mr. **Kooistra**: I will take the first two questions and Koen will take your question on SRDs and Syntel.

It is difficult to give a forecast for the net interest income line because we do not know how the yields in the markets will develop but as you said, there is a negative impact from the reset of the floating rate notes. Alex Asset Management is now invested again, so we lose the negative effect from the cash position of Alex Asset Management. The trend in collateralised lending is further down. It can be pick up during Q1 but it is difficult to say in which direction it is going. It depends on the investor sentiment. To give you a bit of quantification on the floating notes: 29% of the portfolio is invested in floating rate notes and the size of the portfolio is EUR 1.7 billion. If you recalculate that back with – say – 29% over EUR 1.7 billion times 35 bps you lose approximately EUR 1.6 million to EUR 1.7 million per year, but you save EUR 400,000 to EUR 450,000 per quarter. Once again, that depends on how EURIBOR develops during 2012.

Mr. **Beentjes**: On your question about SRDs: if this proposal would come through it would hurt our French business. We understand that SRD transactions will be seen as equity transactions, so the tax would apply here. However, it is an idea of Mr. Sarkozy and it might be part of the election campaign and it is not sure whether he will be elected. So, we do not know whether it is going to happen or not but for our business it is a dark cloud. It could happen. In the Netherlands, we have seen that the Centraal Planbureau has issued a report in which it states it is not good for the economy, so we hope that politicians will refrain from this possible tax. I was just looking in the paper what Sarkozy said, so I missed your question on Syntel.

Mr. **Kluis**: I had a concern in Q4 about the idea that in Q3 Syntel was a little bit weaker, of course due to the invoice timing. I had the idea that Syntel was also a little bit on the weak side in Q4. Is that the case and, if so, can you say what is going on there?

Mr. **Beentjes**: It is not on the weak side. Syntel is actually very stable but sometimes there are some patterns in the invoicing but it is a very stable business. No, there has not been something special in Q4 going on, no.

Mr. **Kluis**: So, Q4 is a kind of run rate?

Mr. **Beentjes**: Yes.

Mr. **Kluis**: Thank you!

- **Benoit Pétrarque - Kepler**

Good morning. I have a couple of questions. The first is on Italy. I was wondering how comfortable are you now in Italy, considering the developments in Q4? I guess you are, because you have a put a marketing budget but yields are extremely high now and it is quite difficult for individuals [...] by equities. It is much better to buy bonds there now. So, I was wondering what your thoughts are on Italy right now.

My second question is quite general again. What do you see in terms of pricing and competitive [loans]? Maybe you can start with the Netherlands and then go down to France.

On the pricing of the options at Euronext, which is down: what are you going to do there? Are you going to give that back to the customers like you have done in the past or are you going to keep it and do some acquisitions?

Mr. **Beentjes**: I will take these questions. On Italy, of course we are very optimistic, otherwise we would not put EUR 4 million in marketing in that country. We still see there is not much of a change in terms of that it is a huge market with 45 million of transactions and where the two largest players – Fineco and IWBank – are becoming online banks more and more, maybe with somewhat less focus on the brokerage. So yes, we were optimistic and of course Italian bonds may have a high yield but that does not necessarily mean that it is the best investment. So, we are optimistic about the equity landscape there and the trading in derivative instruments. We are starting and we are optimistic.

The pricing in the Netherlands: what we see and what holds true for the last couple of years is that there is some price pressure in the Netherlands but it is not a huge price pressure. So, it is a one-way road. If you would ask me where the prices are five years from now I would say they will be lower than today but by how much is the question. It is not at the high pace that the prices are coming down. It is going very slowly, gradually and at this moment there is not an imminent pressure in the market. But something will happen.

In France we are still one of the lowest in prices. We do not see price pressure in France. However, there is one player that is also at very low price levels, so we are watching them closely and will react, if necessary.

In the Netherlands, talking about price pressure in connection to your last question with Euronext and decreasing the fees from EUR 0.75 cents to EUR 0.40 per transaction: we have not seen our competition reacting to it. We have reacted by abolishing the minimum fees on the Alex label, so what we did earlier on the Binck-side we also did on the Alex-side. We took away the minimum fee. Our stance is that at this very moment that we made a substantial investment in the alternative exchange TOM, which is in our view the reason why Euronext was forced to lower the fees. So, first we want to regain part of our investment before giving further reductions to the clients. But we are in a competitive landscape, so we will always have to see what competition is doing.

Mr. **Pétrarque**: Thank you very much!

- **Jan-Willem Weidema - ABNAMRO**

Good morning. Your cost/income ratio is now at 56% for the full year. Do you expect any initiatives on the cost side other than TOM to bring down your cost level? Also, if you look at the participation, so the associates and the joint ventures it has been a huge negative this year. Where do you expect that to be in 2012?

On the BPO: can you indicate how much of the Professional Services commission income is fixed and how much is variable right now?

Finally, if the proposal for France would go through in terms of transaction tax, would you then consider abandoning France as a whole or not?

Mr. **Beentjes**: I will take the question on the cost/income ratio. We have a lot of projects and if you would make a split between the investments we make in the new projects and among those specifically Italy, you would see that the cost/income ratio excluding that project is close to 50%. Around that level we feel okay. We know that 56% is above that but it is mainly caused by the projects we want to execute. It is something we accept as a given if we want to grow. Furthermore, what you see is that our cost base is more or less fixed. Of course, it differs a little bit from quarter to quarter but it is relatively stable. Our cost/income ratio per quarter is actually more influenced by the revenue side than on the cost side. Once Italy is coming in and the new clients from Professional Services are coming in that should basically reduce the cost/income ratio over time because of course we are working on the top line, the revenue line.

Mr. **Kooistra**: About participations: the result was negative for this year and the fourth quarter had a big cost due to the write-off of the deferred tax asset. Going forward, we would estimate EUR 4 million of investments in TOM and BeFrank for 2012.

Mr. **Beentjes**: On Professional Services between fixed and variable I cannot give you that guidance. What you have to bear in mind is that we have two client groups there: one is the BPO-business. This business has minimum fees in general, so there is a substantial fixed element in there. We also have a large portion of 'zelfstandig vermogensbeheerders' – private wealth managers – and they have all kinds of agreements, which are more flexible with their business.

Mr. **Weidema**: Can I ask a follow-up question on that one? If you would have to give a rough guidance, is BPO about 50% or more like 75%?

Mr. **Beentjes**: It is more at the lower end for the fixed part, so less than half. Lets' say 20%-25%. It is not exact science but it is at the lower end.

Mr. **Weidema**: Thank you!

Mr. **Beentjes**: Abandoning France is something we do not consider. If we see that such a tax would be detrimental to our business we would of course reduce our marketing efforts. That would be logical but if a business is up and running we only have the operational costs in France. So, I think that we will have a business but it might jeopardise growth over there in France. So no, we do not consider abandoning.

Mr. **Weidema**: Thank you!

- **Floris Oliemans - Kempen**

Good morning. I have a follow-up on the increase in marketing expenses outside of Italy. I was just wondering what your rationale is for increasing those expenses, also especially looking at France given the annual run rate of EUR 5.6 million. Why is this the case and do you continue to increase these marketing expenditures? What kind of return on investment do you see coming from these increased investments?

If you are able to answer this question on the TOM-platform, are you going to give any indication of the expected annual cost savings from TOM in addition to the EUR 7 million of annual savings from Euronext?

Mr. **Beentjes**: On the marketing expense it is a little bit higher than last year. We are putting effort not only in Italy with EUR 4 million, so the whole increase in marketing is some EUR 7 million for next year, of which EUR 4 million is Italy. But we also want to spend some more marketing money on the asset management business, so Alex Vermogensbeheer and a lower increase in the brokerage marketing. It is essential that we keep attracting new clients to our business, so we are basically just continuing the line of substantial marketing in 2012. We expect clients to come in roughly at the same cost as this year.

Mr. **Oliemans**: Why do you actually need an increase in marketing expenses year-on-year to achieve growth in accounts?

Mr. **Kooistra**: We would like to accelerate growth, so we are fighting ourselves into the market. We are gaining market share and we are positive about France. We would like to accelerate growth over there. But it depends on the investor sentiment; it is not said that we are going to spend it but this is the plan. We assess the marketing programs on a quarter-by-quarter basis. We assess the effectiveness of the conversions of the marketing efforts. We see how it goes.

Mr. **Beentjes**: On the TOM-platform: we decided to depreciate a deferred tax asset in the last quarter on TOM because now Euronext has come down with the fees and that implied for TOM that they also had to come down with the fees. This makes it more difficult for them to become profitable. That will take somewhat more time. The cost saving on the business side from Euronext from EUR 0.75 to EUR 0.40 is an important positive for Binck because we have 20 million contracts but it also forced TOM to lower fees, which makes it more difficult for TOM to become profitable. That will take more time and it will be more difficult for them.

Mr. **Oliemans**: Are you going to give any indication on what kind of cost savings TOM is going to realise for BinckBank itself, so not as the entity TOM but as cost savings from the option trading in reduced tariffs from the option trading?

Mr. **Kooistra**: Now, we pay EUR 0.40 for Euronext per contract and if a contract is traded on TOM it is EUR 0.25. So, depending on how many contracts we are going to put on TOM and on the speed with which it goes it is EUR 0.15 per contract. That includes the smart order routing fee.

Mr. **Oliemans**: Clear, thanks.

- **Lemer Salah – SNS Securities**

Good morning. I have three questions. First of all, you had a huge reimbursement campaign or a marketing campaign in the Netherlands, which I think was an amount of EUR 400. Can you give me an exact number of the growth number in brokerage accounts and the link with the marketing program by validating additional free transactions to new customers?

Secondly, when do you give us an update with respect to Italy and the objectives over there by the break-even objectives but also the pricing objectives in Italy?

Thirdly, it looks like you are helpless with respect to the transaction tax in France, do you expect them in other countries as well? If those transaction taxes are implemented what is BinckBank's strategy and what can BinckBank do about it?

Mr. **Beentjes**: Your first question is on the free transactions per client. Actually, I do not know it off the top of my head at the moment. We normally have all kinds of actions and giving transactions for free is most of the times part of marketing campaigns. I cannot give you the answer because I just do not know.

As far as Italy is concerned the objectives are comparable to the objectives in France, which was break-even in four years with some 30,000 – 40,000 accounts. We roughly have the same plan for Italy as for France. On the pricing we really have to see what we are doing. We have not yet set the prices. We still have to do that but it must be in line with that plan. In France, it may have been a little bit on the low side. So, we still have to see what the price will be exactly. But the objective is clear: 30,000 – 40,000 accounts and 3-4 years to be break-even.

As regards the financial transaction tax: 'helpless' maybe is a nice word because we really cannot help it. We just hope that politicians will not implement these laws. For BinckBank the impact could be – roughly – its whole annual profit. So the only thing we can do and will do is that the customer will have to pay it. So we will basically add it to the transaction cost and put it on the bill for the customer. But that would actually mean that the customer would do less transactions, which would hurt our bottom line as well. So, in all instances the financial transaction tax would hurt us.

Mr. **Salah**: Thank you very much.

- **Matthias de Wit - Petercam**

Good morning. I have a few questions left. First of all, the capital generation during the quarter was very strong and considering the further decrease in collateralised lending we might see solvency go up further. So, I wondered whether you consider accelerating the pace of the buyback program from the current EUR 1 million a month you did in December.

Secondly, looking at the transactional volumes you witnessed a slow-down from the Q3 level. What do you see in the first months of 2012 considering the market's rebound we are seeing?

Lastly, to come back on the joint ventures: if we exclude the deferred tax assets write-down you report a loss of around EUR 1.5 million. Could you break this down between BeFrank and TOM and could you also comment on when you expect TOM to break-even, given the changed derivative execution costs we have seen at Euronext? How successful has TOM been so far in attracting derivative flow?

Mr. **Kooistra**: Let me start with your first question on the capital generation. Indeed, solvency went up. In December, we had plans to buy EUR 1.5 million but as we started the program mid December the markets were very thin. They could not complete the full buyback, so we ended with EUR 964,000. For 2012 we just stay on plan, as communicated earlier, and we buy for EUR 1.5 million per month. So, there are no changes in that respect.

With regard to your question on the joint ventures: we do not break it up because we do not want to show the exact loss on BeFrank and TOM separately.

You asked when TOM will be break-even. That depends on the derivative flow of Binck that comes to the platform. It also depends on ABNAMRO, when they are coming with their flow to the platform and other flow providers that will be hooked up to the platform at a later stage. It also depends on the pricing developments. It is good to know that we control the pricing on the platform. If we want to have a break-even we can increase the pricing and we make TOM break-even, but then we lose in the top end. So, it is either savings on the stock exchange cost or some investments in the results of TOM in the joint venture line. So, they are communicating factors.

Mr. **Beentjes**: On the transaction volume: the first week of this year was still a holiday, so it was sluggish. We are picking up to normal volumes but it is not going to be the best month.

Mr. **de Wit**: Thank you.

❖ **Maarten Altena – ING**

Good morning. I have two follow-up questions. First, on the marketing spend. What was actually the reason that you did not fill your full year 2011 marketing budget of EUR 16 million? Was it the lack of momentum? Second to that, could you remind us of the marketing spend of the first six months when you started in France, so we can compare that to the EUR 4 million for Italy and see how ambitious you are?

My second question is on the fourth quarter number of transactions. Would you be able to give a break-down of the monthly number of transactions to get a bit of a feeling of the seasonally week of December?

Mr. **Beentjes**: On the marketing spend: it is almost to what we gave as guidance, I believe.

Mr. **Altena**: I think it was EUR 16 million.

Mr. **Beentjes**: We ended up at EUR 15.4 million.

Mr. **Altena**: Year-on-year you are about EUR 800,000 lower versus Q4, 2010.

Mr. **Beentjes**: Yes, there is not a specific reason for that.

Mr. **Kooistra**: We assess that on a quarterly basis, so we just ended a little bit lower.

Mr. **Beentjes**: There is no reason for that. It ended at EUR 15.4 million. In the past, we have not disclosed how much we did in France in the first half year. EUR 4 million is for Italy and we start mid 2012, so that is for the first half year in Italy.

Mr. **Kooistra**: In the first year in France we also had a slow-down because we spent more time in court with our marketing campaigns than on marketing itself because we had a price comparison. France had a bit of a slow start in the first year, so we learned from that lesson. Italy will do it a bit different but we have ambitious plans.

Mr. **Beentjes**: Transactions during the quarter: it was 36% of the volume for October, 36% in November and 28% in December of the EUR 2.4 million.

Mr. **Altena**: Perfect. Thanks.

❖ **Jan-Willem Weidema – ABNAMRO**

I have a few follow-up questions. Could you indicate what percentage of your investment portfolio is now invested in Pfandbriefe?

With regards to what you just said on the accounts target, have you now effectively increased your target for year-end 2013, which I believe was 80,000 for France?

Finally, do you expect to participate in the LTRO in February to maybe boost your interest line a bit?

Mr. **Beentjes**: Sorry, I did not understand the last question very well.

Mr. **Weidema**: The LTRO, so the ECB money line. Do you expect to use that in February to boost your interest income a bit?

Mr. **Beentjes**: That is the reason why we did not understand it.

Mr. **Kooistra**: We are not using it and we will not use it. It is not part of our business model. Roughly 60% of the portfolio is invested in Pfandbriefe and the remaining part is German regional government and German Landesbank.

Mr. **Beentjes**: Looking at all targets: we see that in the Netherlands we are well on our way to achieving the 330,000 by the end of 2013. In France, we will have to accelerate somewhat to get to 80 but we are confident there. The business is going very well. Belgium looks a little bit more difficult because after Dexia the market lost some momentum when it comes to investing. So, that is a top target. We also need to have a look at the Assets under Administration. We are at EUR 14 billion where the target is EUR 15 billion at the end of 2013. So, we almost achieved that one. The market in savings is not favourable for us because we cannot compete with the banks that are offering 3% and more. So, if we are going to revise the targets we are going to do them all at once. But we are not considering to change the target for France. I think the 80,000 is already a tough target to achieve.

Mr. **Weidema**: Thank you.

Mrs. **Hoijtink**: As there are no more questions I would like to thank you all for joining this conference call. We will speak to you at a later stage again. Goodbye.

End of call

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