

# First quarter results 2012

23 April 2012

Koen Bøentjes CEO  
Evert Kooistra CFO

TRANSCRIPT

## Agenda

- I. Update FY12 Q1
- II. Financial position
- III. Targets 2015
- IV. After balance sheet events and outlook 2012
- V. Q&A

Mr. **Beentjes**: Good morning all. As usual, Evert and I will give some guidance on the Q1 numbers.

## Part I

### Update FY12 Q1

I will start with the update on the first quarter. Evert will go into more detail on the financial position and I will continue with our new targets and the after-balance sheet date events.

## Business highlights

- Adjusted EPS FY12 Q1 +16% : € 15.7 million / € 0.21 per share (FY11 Q4: € 13.6 million)
- Number of transactions FY12 Q1: 2.4 million (FY11 Q4: 2.4 million)
- Introduction of US options for Dutch customers
- BinckBank market leader in Belgium
- France contributes to profit
- Professional Services finalised second phase SIS Bank migration



On this slide we see that we have EUR 0.21 per share income this quarter, EUR 0.01 above the consensus estimates and 16% above the previous quarter. The number of transactions has been stable, at 2.4 million transactions. We have seen some growth in France and the number of transactions in the Netherlands reduced somewhat, came down a little bit.

We had an important implementation of the US options. Our clients have been asking for US options for a long time already and the execution of the project is finally there now, so we have the US options for Dutch customers.

We are extremely happy and proud to announce that we are the self-declared market leaders in Belgium. We learned in an interview earlier this month that Key Trade had 20% less transactions than in the same quarter in the previous year. So, we are pretty

confident that we are the market leaders in the Belgian market. After five to six years of operations this is finally the quarter when we achieved the goal of becoming number one in the market.

In France, last year we were break-even on the local costs and now in the first quarter, we have seen further growth of the number of transactions. Not only further growth on the number of transactions but we also saw an average higher price per transaction, which means that France is now really contributing to the profit of BinckBank.

Professional Services concluded the second phase of the SNS-migration. There are still two phases to come in the course of this year, but this was a really important one. All implementations are important but this one certainly was. So, we are well on track with the whole SNS-implementation.

## Profit & Loss Statement quarterly comparison

In € million	FY12 Q1	FY11 Q1	FY11 Q1
Net interest income	8.9	9.1	9.7
Net fee & commission income	31.9	30.9	36.5
Other operating income	3.1	2.6	4.1
Results on investments & impairment losses on fin. Instr.	-	2.3	(0.5)
<b>Total net revenues</b>	<b>43.9</b>	<b>44.9</b>	<b>49.7</b>
Employee expenses	(13.5)	(13.4)	(13.0)
Depreciation & amortisation	(8.8)	(9.2)	(8.7)
Other operating expenses	(10.7)	(11.3)	(12.2)
<b>Total operating expenses</b>	<b>(33.0)</b>	<b>(33.9)</b>	<b>(33.9)</b>
Profit (loss) from operations	10.9	11.1	15.8
Other non operating income	(0.3)	(2.6)	(0.7)
<b>Profit (loss) before tax</b>	<b>10.6</b>	<b>8.5</b>	<b>15.1</b>
Tax expense	(2.9)	(2.6)	(4.0)
<b>Net profit</b>	<b>7.7</b>	<b>5.8</b>	<b>11.1</b>
Net profit to minority shareholders	0.2	-	(0.7)
<b>Net profit to shareholders BinckBank</b>	<b>7.9</b>	<b>5.8</b>	<b>11.2</b>
IFRS amortisation	7.0	7.0	7.0
Fiscal goodwill amortisation	0.7	0.7	0.7
<b>Adjusted net profit</b>	<b>15.7</b>	<b>13.5</b>	<b>18.9</b>

We will touch upon most subjects of the profit and loss account later on in the presentation. Evert will discuss the net interest income. In the net fee and commission income we saw that despite having the same number of transactions with somewhat

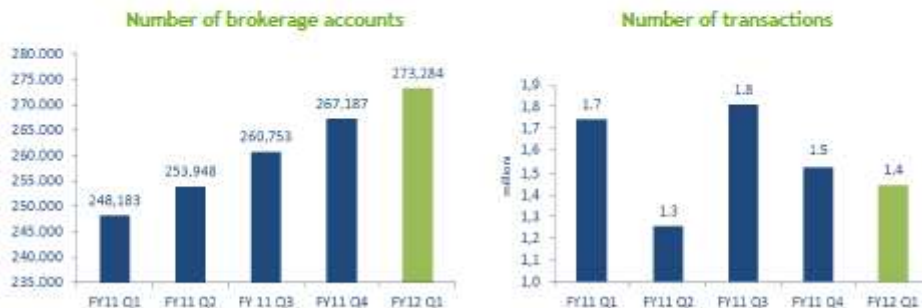
more rates for France and somewhat less for the Netherlands – which is in principle a negative because the Dutch transactions have a higher value than the French transactions – we see 3% growth in the net fee and commission income. Important here is of course that the reduction of the stock exchange costs for options from EUR 0.75 to EUR 0.40 per contract from the beginning of December now kicks in fully in the first quarter. That is the reason why we see a rising net fee and commission income.

We will touch upon the expenses later. In the other non-operating income one major difference with the previous quarter is on TOM. Last quarter we depreciated a deferred tax asset because the cost at Euronext came down and the break-even point for TOM became further away. Therefore, we decided last quarter to depreciate the deferred tax asset. That was a loss of EUR 1.3 million. This quarter IMC Financial Markets became a shareholder in TOM and we booked a profit over there. So, that was a swing if you compare Q1 2012 to Q4 2011.

The adjusted net profit was up from EUR 13.6 million to EUR 15.7 million, a good increase.

## Highlights FY12 Q1: Retail business unit NL

- Number of brokerage accounts **↑** 5% compared to FY11 Q4
- Number of transactions down to 1.4 million
- Assets under administration increased from € 7.0 billion end FY11 Q4 to € 7.6 billion end FY12 Q1



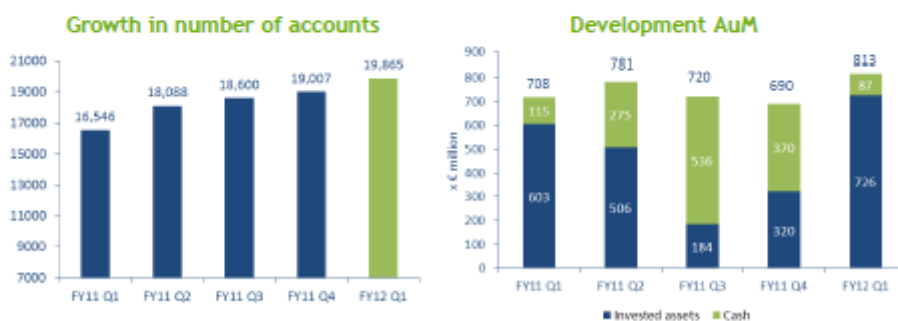
The highlights from the Retail business unit the Netherlands: the number of brokerage accounts was up 5% in comparison to the fourth quarter. It has not been the easiest quarter in getting new clients in and for that reason we have reduced our marketing. We saw that it had not a good result. So, we reduced marketing in the first quarter. If the climate outside remains the same we will most probably not spend all that money this year after all.

The number of transactions came down from 1.5 million to 1.4 million. We have seen a lot of uncertainty in the market and the market has not shown much volatility. It went up but gradually; it was not a very exciting market and we have seen that in our results.

The Assets under Administration however increased and that is in line with what we have seen in the market. Markets went up, not very quick but by the end of the quarter they were above the starting level. At the beginning of April of course we have seen a completely different market that came down significantly.

## Development Alex Asset Management

- Total number of accounts end FY12 Q1: 19,865
- € 66 million net inflow in FY12 Q1
- Total AuM end FY12 Q1: € 813 million
- Alex Asset management invested for biggest part



We are very pleased with the performance of Alex Asset Management. We had an inflow EUR 66 million of new money in the first quarter. That is close to 10%. But we also had EUR 57 million increase due to the performance of the whole product. So, that is roughly 10% increase – a little bit less – in value compared to EUR 690 million when we started the quarter.

Alex Vermogensbeheer in the meantime is almost fully invested. At the end of Q4 we were still at more than 50% in cash, now it is only 87 million so roughly 10% of the whole portfolio is in cash. That is important because we were losing money on the cash component. So, less is good for us but it is also good for the clients because they were investing in a time that the product had a good performance.

### Highlights FY12 Q1: Retail business unit BE

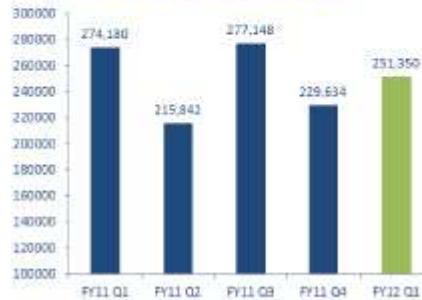
- Number of brokerage accounts **↑ 4%** to 54,670
- Number of transactions **↑ 9%** to 251,350
- Assets under administration **↑ 13%** to € 1.3 billion



Stable growth in brokerage accounts



Number of transactions up 9%



We already touched upon Belgium in the opening: we are very proud to be the market leader in Belgium now. The number of transactions went up. The Assets under Administration also went up. All in all, I would say we had a very decent and good quarter in Belgium.

## Highlights FY12 Q1: Retail business unit FR

- Number of brokerage accounts **↑** 5% to 40,330
- Number of transactions **↑** 9% to 441,690
- Assets under administration **↑** 13% to € 527,988 million



What we see in France is also pleasing us. It is continuous growth, again 5% new clients. Transactions went up 9% and the Assets under Administration by 13%. So, it is the same as in Belgium. All in all, a good quarter in France.



## Highlights FY12 Q1: Retail business unit

### Segmentation of net fee & commission income by country

	Retail total	Netherlands	Belgium	France
<b>FY12 Q1</b>				
Net fee and commission income (in €)	28,450	23,639	2,403	2,408
Number of transactions	2,139,174	1,446,134	251,350	441,690
Average net fee and com. income (in €)	13.30	16.35	9.56	5.45
<b>FY11 Q4</b>				
Net fee and commission income (in €)	27,051	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

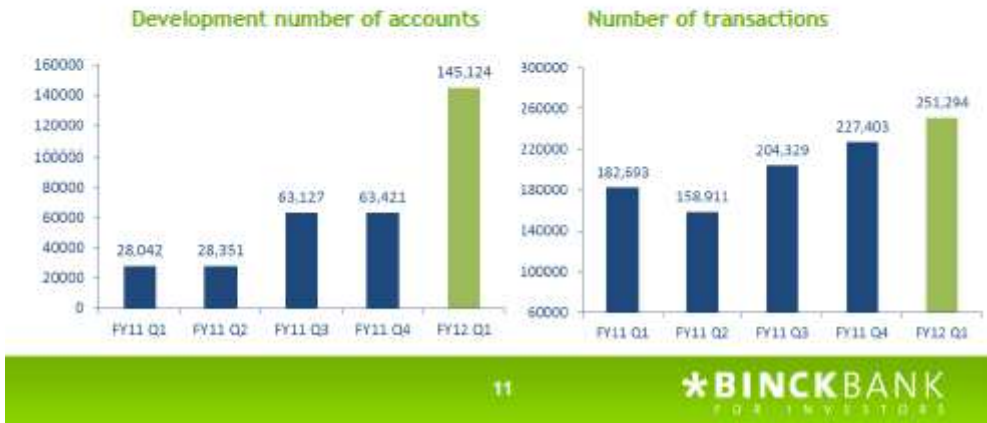
\* Excluding SRD Interest component

- Net fee and commission improvement in all countries:
  - NL: lower stock exchange costs for derivatives
  - Belgium: at average level 2011
  - France: different tax system and margin improvement in combination with relatively more SRD transactions

For the average income per transaction there are some things that are important to mention. In the Netherlands we went up from EUR 15.43 to EUR 16.35. That is to a large extent, if not completely, because of the lower stock exchange costs for derivatives. In Belgium it is roughly the same but in France we see a steep increase from EUR 3.50 to EUR 5.45. There are two reasons for that. One is that we charged a little bit of a higher fee for the SRD-product and that the number the SRD-transactions was relatively higher than in the previous quarter. The second reason was that we changed the system of the VAT, the value added tax. In Q4 we had to pay VAT out of the fee and now we do not pay VAT anymore out of our commission income. The other side of that is that we cannot reclaim any VAT on the cost side. I think that is a nice amount to see on 1.7 million to 1.8 million transactions.

## Highlights FY12 Q1: Professional Services

- Syntel included in Professional Services → commercial alignment
- SNS migration concluded; migration finalised in FY12 H2



In Professional Services we first of all have a change in the presentation. A couple of years ago we changed the accounting for Syntel, where it was the in central staff or with the central staffs under my responsibility. We have put Syntel and Professional Services together again. We think that the commercial alignment between Syntel and Professional Services is so important that we brought it back under Pieter Aartsen and now you will find the results of Syntel and Professional Services together under his responsibility.

As said, the migration of the SNS-migration was completed. There are two more migrations to come but we will complete the whole project in the second half of this year.

## Operating expenses

- Operating expenses in FY12 Q1 down by 3% to € 33.0 million
- Marketing costs for FY12 Q1 € 4.1 million (FY11 Q4: € 3.9 million)
- Due to negative market circumstance marketing budget 2012 down from € 22 million to € 18 million



If you look at the table on the left, you see expenses are pretty stable. We came down a little bit to EUR 33 million. Marketing costs were at EUR 4 million, the same as the fourth quarter. Due to the negative markets we decided to reduce the whole marketing budget. Of course, that also means that we will get in less accounts. We want to be prudent and we saw that the results of the marketing money spent in the first quarter was not as effective as we wanted it to be. Therefore, we cut some of the costs in the Netherlands. We have EUR 2 million in marketing costs in Italy, which we postponed. There we did not change the amount but we started with a mass media campaign by the end of September. The product is going live with live clients by mid-May but in the first couple of months we will not put a mass media pressure in the market. So, the introduction campaign starts a little bit later and that means that the amount we reserved for that – EUR 4 million in total – stays the same. But we will only spend EUR 2 million in the course of 2012. We have had a lot of questions about the marketing in the previous quarter. We made some calculations on pay-back times, which I want to share with you. In the Netherlands we look at the commission income less stock exchange and clearing costs. That is what we see as the variable income, which we set

off against the marketing costs. In the Netherlands we see a pay-back time of six months, in Belgium of one year, and in France of nine quarters. All in all, those pay-back periods are short. These are numbers that many people in any industry would be very happy with. So, if we see opportunities to market we will do that because we will regain it in a relatively short time frame. But we want to spend our money wisely and that means that at this moment we have reduced marketing in the Netherlands.

## Part II

### Financial position

Mr. Kooistra: The financial position is solid as per the first quarter.

## Strong financial position BinckBank FY12 Q1

- Solid equity position at end FY12 Q1 € 481 million (FY11 Q4: € 470 million)
- Tier I capital up with 1.8% to € 163 million (FY11 Q4: € 161 million)
- Capital requirements Pillar II up:
  - Higher concentration risk for collateralised lending
  - Higher capital requirement for interest rate risk
- BIS ratio end FY12 Q1 at 31.9% / solvency ratio 22.5% end of FY12 Q1

Capital requirements



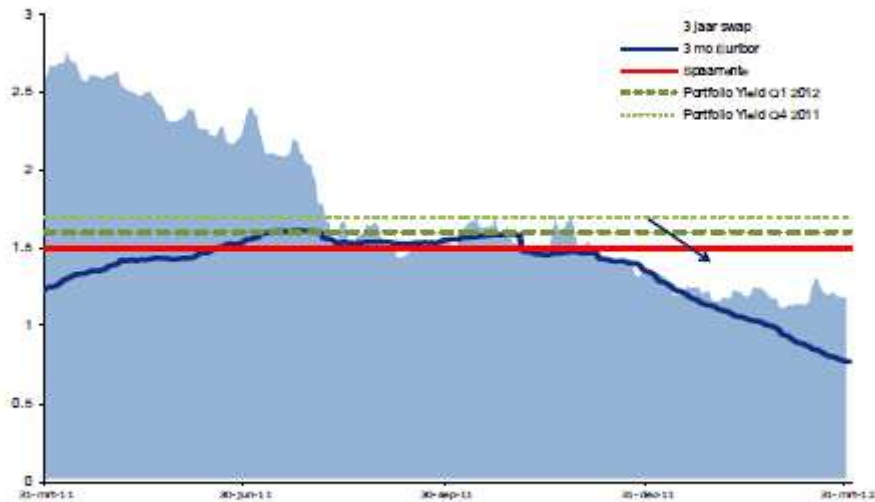
Solvency ratio



The BIS-ratio amounts to 31.9% and the solvency ratio is at 22.5%. The solvency ratio came slightly down compared to the fourth quarter, due to a flattening growth-curve of the Tier-1 capital and slightly increased capital requirements under Pillar II for interest rate risk and concentration risk in the collateralised loan portfolio.

The Tier-1 growth-curve flattened due to the share buy-back program. We depreciated EUR 7 million from intangibles and bought back shares for EUR 4.5 million, so net growth is roughly EUR 2.5 million, primarily driven by the depreciation of the intangibles.

## Low interest rate environment



15

On slide 15 we see the interest rate developments for more than a year. Now, we are faced with a continued downward interest rate developments. The three-year SWAP-curve came down from 2.5% to 1.2% and investment yields for Pfandbriefe are even below those SWAP-rates. As a result of these market developments the average yield on the portfolio is continuously decreasing. You can see that in the graph where the lines are coming down. In the third quarter of last year we had 1.78% return, in the fourth quarter it dropped to 1.72% and this quarter it is 1.62%. So, this starts to erode the margin on the savings deposits and we are heading towards a break-even level, potentially facing a situation where we about to lose money on the savings deposits. So, this is something we consider as unacceptable and this is one of the reasons to change the investment policy, as we communicated in our press release.

## Reasons for revision of investment policy

- More (risk) diversification in investment portfolio
- Current investment mandate restricts investment possibilities in longer term
- Difficult to find right Pfandbriefe to invest in
- Disappointing yield levels: interest rates continue to drop
  
- Highlights new investment policy
  - More diversification for max 30% of the portfolio (no changes for the remaining 70%)
  - Issuer/issue rating: minimal A with stable outlook (Fitch)
  - More diversified portfolio: small issue sizes (max. € 10 million per counterparty)
  - Max. risk weighting single issue 550
  - Max. risk weighting of total investment portfolio 510 (current 6.76%)
  - Preferred portfolio duration between 0.95-1.65 years
  - Max. time to maturity single issue: 3 years
  - ECB eligibility required

There are a couple of reasons why we changed the investment policy. First of all, diversification. Currently, we have a large exposure to Germany as almost a full portfolio is invested in öffentliche Pfandbriefe or government bonds or bonds guaranteed by the government. Although we consider Germany still as a safe haven we would like to see a bit more diversification. Also, the investment opportunities in German Pfandbriefe Banken are limited. There are 20 to 30 Pfandbriefbanke and BinckBank is bound by the large-exposure rule and according to this rule there is a maximum we can invest per Pfandbriefbank. In a lot of banks we already have positions. It is also difficult to find the right Pfandbriefe; we only invest in the three-year's range and most of the institutional investors hold positions in their books and there are not many new issues at the moment, also due to the LTRO operations of the ECB. So, it is difficult to find the proper titles to invest in. As said, the third reason is the yield on the portfolio. It is extremely low, close to 90 bps. - 100 bps. at the moment.

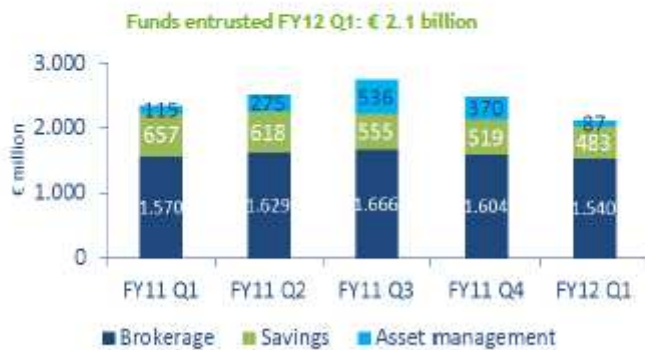
The new investment policy is that for 30% of the portfolio we are applying this new investment mandate. This means we are going to invest in issues with a credit rating of



minimal A and with a stable outlook according to Fitch's. Very small sizes, with a maximum of 10 million per counter party. We want to avoid large positions like we had two years ago, back in 2009. The maximum risk-weighting of a single issue is 50 and the maximum risk-weighting of the whole portfolio is 10%. Currently, we are at 6.76. In the duration of the investment nothing changes; that remains the same. Also, the maximum time to maturity of a single issue is not more than three years. All titles will be ECB-eligible.

### Development of the funds entrusted

- Funds entrusted down to € 2.1 billion in FY12 Q1 (FY11 Q4: € 2.5 billion)
- Mainly due to lower cash position Alex Asset Management FY12 Q1: € 87 million vs. FY11 Q4: € 370 million



Funds entrusted decreased slightly due to the fact that Alex Asset Management invested again. It was invested now for 89% versus 46% in the fourth quarter. Savings funds came down from EUR 519 million to EUR 483 million. The reduced savings funds in the improved investment ratio for Alex Asset Management reduced the interest expenses for the first quarter.

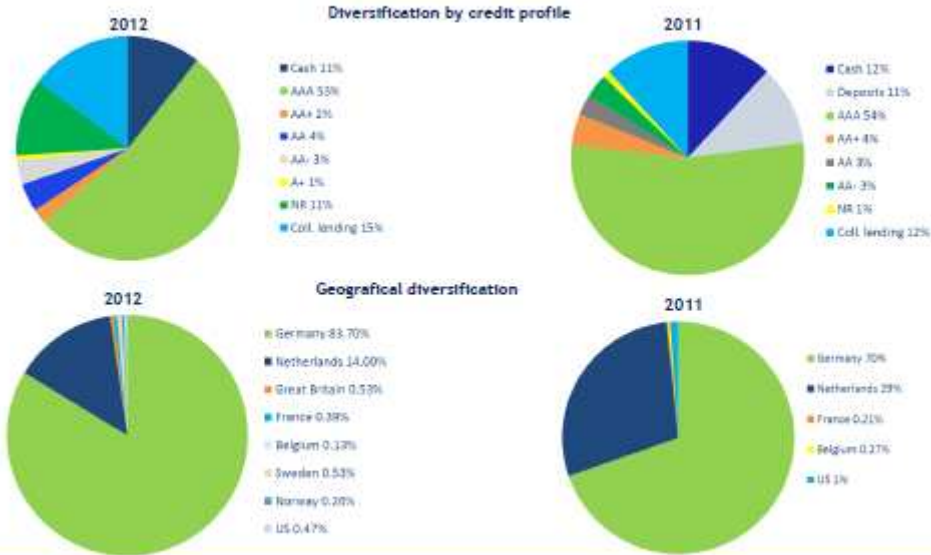
## Allocation of funds entrusted

- Size of investment portfolio end of FY12 Q1 € 1.7 billion (FY11 Q4: € 1.7 billion)
- Average duration of the portfolio: 0.83 (FY11 Q4: 0.82)
- Yield on investment portfolio end FY12 Q1: 1.62% (FY11 Q4: 1.72%)
- Collateralised lending up to € 337 million



The size of the treasury book remained the same: EUR 1.7 billion. Also no changes in the duration. The collateralised loan book went up after three quarters of decreases. There was now 60% growth in the book and that was to be expected. The AEX Index went up in the first quarter and then we see the loan book following that trend.

## Allocation of funds entrusted



On the bottom left you see the diversification coming in. We started to change the book at the end of the first quarter and will continue to restructure the book in Q2. The exposure is to France, Sweden, and Norway and consists at the moment of bonds issued by banks in these countries.

## Update share buy back programme

BINCKBANK SHARE BUYBACK PROGRAM STATISTICS	
Total share buyback program size:	€ 28.000.000
Total amount repurchased to date:	€ 6.871.954,14
Total number of shares repurchased to date:	835.072
Total average purchase price:	€ 8,2292
Remaining amount to be repurchased:	€ 21.128.046
Percentage of buyback program completed:	24,5427%

Up to and including April 20th 2012

We are well on track with the share buy-back. We have bought back 835,000 shares at an average purchase price of EUR 8.23. The program is now completed for almost 25%.

I will now hand it over to Koen for part 3, the long-term targets.

## Part III

### Targets 2015

Mr. **Beentjes**: We have set new targets of which we feel they are more in line with the business model and the business goals of BinckBank.

## Targets 2015

- New targets better representation of performance BinckBank
- Better alignment with strategic goals
- Horizon longer than 2013

Targets	Targets for year-end 2015	Status year-end 2011
Number of Retail transactions annually	13.5 million	8.9 million
Assets under administration Retail brokerage	€ 10 billion	€ 7.4 billion
Italy	break even	-
Assets under management Alex Asset Management	€ 1.5 billion	€ 690 million
Number of BPO contracts	14	6

Another reason for setting new targets was that at the end of 2013 is nearing. We had two targets, which were difficult. The savings market changed completely since 2009, so already for quite some time we have seen it was not an achievable target. We also see that the target in Belgium is a very difficult target, given the bankruptcies of Dexia and Fortis, the increased tax on stock exchange transactions. That makes it a difficult environment for us. We will miss the target on the 90,000 brokerage accounts.

The other targets are all achievable or have already been achieved. In the Netherlands we will come to 320,000 at the current run rate. If it is going a little bit faster and if we spend a little bit more on market we could achieve 330,000 as well.

In France we are doing fine and the target is achievable. The number of BPO-contracts has been achieved and the Assets under Administration are achieved as well.

We feel it is important to set the new targets because at the end of the day the number of transactions is what it is all about. We feel that this target is a more difficult target than the previous because you cannot always influence transactions in the market, especially bearing in mind that we are an execution-only company. In the Netherlands we have seen a rather stable number of transactions over the last couple of years, so the implication is that most of the growth of the number of transactions will come from abroad. Of course, in France we are doing very well and there we see a further increase. We will start in Italy and also there, we expect to see good numbers of transactions coming. This will force us as well to start in other countries to get more transactions on the platform because at the end of the day this is a scale game and we need to have as many transactions as we can on the platform.

Growth in the Assets under Administration also reflects that we have to grow the business and get more transactions but also more Assets under Administration in the system.

We have the goal of being break-even on local costs in Italy by the end of 2015. That is the target we achieved in France. In Belgium, we were even a little bit faster. For Italy we have set the same target. So, it is a little bit over three years after commercial launch.

In Alex Vermogensbeheer or Alex Asset Management we want to really push it and more than double the size of the product in the coming years. Of course, what we have seen now is that the first quarter has been very good and that is at least helpful.

The number of BPO-contracts is going up from 6 to 14. That is to a year. It is the target we have had over the last couple of years and we achieved it. We have the intention to go on at this pace and have at least two new contracts each year in the BPO-services.

## Part IV

### After balance sheet events and outlook 2012

These are the after-balance sheet events.

#### After balance sheet events and outlook 2012

- New pricing structure Alex as of April 1<sup>st</sup>
- Modification investment policy
- Launch of portfolio-based margin system in FY12 Q2
- First introduction Binck Italy in May, big commercial launch end of September



We have the new pricing structure for Alex, where we have rates for derivative traders, rates for stock traders and a general rate for the rest of the clients. Evert already explained the modifications we made in the investment policy. We already started the testing on the portfolio-based margining. Mid-May we will start in Italy and the full commercial launch will be at the end of September.

This ends our presentation and we will now go to QandA.

## Part V

### Q&A

❖ **Jan-Willem Weidema – ABN AMRO**

Good morning. I have three questions. In your press release you also mention that plan to add more products. Could you elaborate on that? Is that securities lending and Assurance Vie and Forex-kind of products or do you also have other products in mind?

In your goodwill impairment test you base yourselves on the last twelve months interest margin and commission income. Is there any risk of goodwill impairment if you annualise the first quarter of 2012?

Thirdly, are you considering an acceleration of your share buy-back program?

Mr. **Beentjes**: We have plans to introduce new products but not asset lending nor Assurance Vie. However, we have mentioned asset lending as one of the products which is quite common in the Italian market but that would only make sense if we are fully operational and would have somewhat more volume on the system. So, that is not really a product to start with. But it is common in the Italian market and could become reality later, but not at the start. Assurance Vie is the French product and currently not on the list. However, we are considering other products but we will introduce them in the market when they are ready. In our view, a portfolio-based margining system might not be perceived a product but it also an extremely important development of the whole product package. It is part of the offering but a very important part. So, portfolio-based margining and US options are two things, which are really important in the offering this year.

Mr. **Kooistra**: Your second question was about the goodwill impairment. As part of our financial closing procedures we review the triggers for the goodwill impairment. There were no indications this quarter for any impairment. Once a year we do a full test and that is mostly in the third quarter or a little bit later. But we have no signs of impairment for the first quarter.

Mr. **Weidema**: Can you indicate what the headroom is there, give or take?

Mr. **Kooistra**: No, we look at many things and there are no indications at the moment.

The share price would trigger an acceleration of the share buy-back but we are going to keep up with the pace we have set and that is 15 million per month because it is eating up capital. This quarter, we saw a little bit of an increase in the capital requirements so I want to keep a bit of a 'cushion' because I do not want to break the 20% threshold. So, we are going to buy at the same pace and that is 1.5 million for the coming quarter.

Mr. **Weidema**: Thank you!

❖ **Cor Kluis – RaboBank**

Good morning! I have a few questions, first of all concerning the investment portfolio where you are going to make some changes. You want to invest 30% in other kinds of assets. Can you indicate where you absolutely do not want to invest in? ECB-eligible becomes a broader and broader field as well. Also, what kind of assessments are you doing? Are you hiring an investment bank or somebody else to make those quality assessments if you want to buy loans of certain Nordic banks?

My second question is about the SNS-contract. You probably have around 50% of the number of clients already in your books but how large a percentage of your profits or your revenues that you get from the SNS-contract are already in the earnings at this moment? That will be a little bit less but can you give an indication of that?

My last question is on Professional Services, also SNSREAAL-related. We saw the funds entrusted or the Asset under Administration going up by EUR 6.6 billion and the number of clients by 82,000. How do we have to relate this to the extra revenues this would generate from a net interest income point of view for example?

Mr. **Kooistra**: First, the investment portfolio. It is maximum 30% of the portfolio. We are not going to take a whole lot of risk; the change of the investment portfolio is primarily driven to stop the free fall in the interest yield. We are absolutely not going to invest in the South of Europe, the peripherals, not in banks, not in state loans, nothing. The banks that we invest in are the Northern banks and we do that ourselves. But to give you an indication of the risk: the current risk is 6.76 and we are not going to take a higher risk-weighting than 10% of the portfolio. So, we are not going to increase the risk significantly. The maximum single risk-weighting is 50%.

the SNSREAAAL-contract is for 50% -60% completed with the two phases. There is one more phase to go, which we expect to complete by the end of the year.

Your last question was regarding the increase of the Assets under Administration?

Mr. **Kluis**: Yes, which went up by EUR 6.6 billion. Maybe you can tell something about that. Do you make net interest income on that or is it all investment portfolio?

Mr. **Kooistra**: It is included in the BPO-fee, so it is off-balance sheet. This is all assets and off-balance accounts. The revenue is driven by the BPO-fee and that is going up gradually which each phase until we are at the full minimum fee.

Mr. **Kluis**: Great, thanks.

#### ❖ **Benoit Pétrarque - Kepler**

Good morning. I have a couple of questions. The first is on the new investment policy. What will be the expected P&L-impact with yield, the short-term interest rates at this level, considering the re-risking you are planning to do? How much additional net interest margin are you going to generate on that?

Are you going to get close to the 10% risk-weighting on average? It will mean around EUR 17 million of risk-weighted assets additionally, which will probably put you close to 20%. Could you clarify your plans in the re-risking? Is that going to a sharp one or a mild one?

Then on the low number of transactions executed on the Retail book [rates] in the Netherlands: what do you think is the main explanation for that? Do you see some pressure from competition? Do you think you have lost key clients in Q1 or is it more the very low volatility and the low volumes in the market?

Finally, can you just update us on Key Trade? You are number one in Belgium. They are planning to come over to the Netherlands. Do you have an idea when they are going to start and can you give us an update on the maybe broader competition landscape in the Netherlands?

Mr. **Kooistra**: You asked for the yields and the new investment policy. We have done the first investments and the yield is between 1.5% and 2% on the two-year to three-year range. So, that gives you an indication about the risks that we take. We are not going to aim for returns of 5%-6% for bonds; for the savings part we want to stay above 1.5% in average yield, so that we do not lose out money. We are not going to aggressively try to make returns. Anything that matures is being reinvested at a bit of a higher credit risk. If we see good bonds passing by we might sell some bonds and reinvest them but that depends on the situation. As the book is short and one third of the book matures every year, there are a lot of bonds that mature and cash being freed up. That in principle is being reinvested but if there are issues coming by this might force us to sell some other bonds. It depends on the situation.

Mr. **Pétrarque**: But overall you expect the portfolio-yield to stay at around 1.5% because of this change in policy?

Mr. **Kooistra**: Yes, that is what we are aiming for but that is for 30% of the book.

---

Mr. **Pétrarque**: But overall, on the entire book, you think it will still go down a bit or you can maintain it at the current levels?

Mr. **Kooistra**: Yes, the other 70% is under the old investment mandate and there the maturity is still invested in Germany. That might go down. It depends on what the market interest rates do.

Mr. **Pétrarque**: So overall, probably a small fall but less of a sharp fall than you would have had?

Mr. **Kooistra**: Yes.

Mr. **Beentjes**: On the number of transactions in the Netherlands: we believe that the lower activity in the first quarter was mainly driven by the low volatility on the exchange. The AEX went up gradually but it was not very exciting. A lot of uncertainty in the market and the political situation, when people do not know what is happening and are waiting for decisions, are what we believe to be the cause for the first quarter.

The second part of your question was about competitive pressure. That is something we really see growing. It is not going very fast but Euronext reduced its fees by EUR 0.35 last year. In our case this means altogether some EUR 7 million. We see that Saxo came into the market with EUR 1.50. They are clearly passing on the lower cost levels to their clients. That is what we see happening. We are not the cheapest in this area and we have been that for a somewhat longer time. But the number of participants in the market is growing with Saxo becoming more active. We expect the Bank van Morgen to start in the course of this year.

The last part of your question was on Key Trade We do not have news when they are going to start but we believe that they are going to start next to Lynx. There is also a small party Mijnbroker.nl. So, the number of players in the market is growing and that is

---

increasing pressure. We are following that. We see that the lower fees at Euronext give other players the possibility to come into the market with lower rates. So yes, we feel that competitive pressure is growing somewhat.

Mr. **Pétrarque**: Did you lose really active clients this quarter, more than normal?

Mr. **Beentjes**: Actually no and neither did we in the past. The number of clients leaving Binck has been low all the time and is still low. But let me be clear that on the other hand that other parties have clients, too, so there are people trading at the others. But the clients that are with us generally stay.

Mr. **Pétrarque**: And just to come back to the first part of the question on the investment policy and the second part of the question on the solvency impact: if I move on the EUR 2 billion portfolio from 6.8% risk-weighting to 10% it will be EUR 70 million of additional risk-weighting assets on solvency. Is that something you expect to realise or will you be around 7%-8% and not push your average risk-weighting to 10%?

Mr. **Kooistra**: That depends on how profitability develops and on how the other risks in the balance sheet develop. We are monitoring this very closely because we are running a share buy-back program and we are not taking a bit more credit risk in the balance sheet. That requires capital, so we do that slowly and gradually.

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

❖ **Maarten Altena - ING**

Good morning. I have four questions. The first is on transactions. You always mention the mix of 50-50 between equities and derivatives in the Netherlands. Would you be able to run us through any changes in the split in the first quarter triggered by lower

---



derivative prices and changes in volatility and maybe also provide us with a break-down of this split in Belgium and France?

My second question is on commission because you are talking about lower derivative costs in combination with an increasing competitive environment in the Netherlands, which is impacting commissions. Given the intensified Dutch commissions, how sustainable is the advantage of lower derivative costs you have or do you think to give away this advantage to clients in the near term?

The third question is on the investment strategy, more as a follow-up on Benoit's question: should we expect a noteworthy impact of the realisation of unrealised results going forward or will you only reinvest at the end of maturities? Second to that, would you exclude a lower savings rate or would it also be a possibility to keep up interest margins going forward?

The last question is on the April update. You mentioned April to have started calmly whereas we see a pick-up in volatility. Should we assume that this is mainly caused by institutional investors instead of retail investors that remain cautious?

Mr. **Beentjes**: We will not give more guidance on the split between equity and derivatives in the first quarter. So, I am going to your second question which is whether we have to pass on the lower costs from Euronext. Last quarter we said we spent a lot of money on TOM. Basically, our preference is of course to regain a substantial part of the investment in TOM – some EUR 7 million – and there we want to enjoy the lower fees for some time. But we are clearly and carefully watching the market and we certainly do not exclude that we have to pass on these amounts to clients in the course of this year or somewhere next year. It is on the radar screen. We are protecting our market share and if we have to act we will do that.

Mr. **Kooistra**: On the investment side: as I indicated, we reinvest bonds that mature under the new policy. There is roughly EUR 100 million that is going to mature in Q2, so

---

that is up for reinvestment. Whether we sell bonds or not depends really on the investment opportunities in the market. If we can find good bonds for more than EUR 100 million we might buy them but the experience so far is that it is difficult to find good bonds and EUR 100 million is quite an amount to reinvest.

We are not going to lower the savings rate. We want to keep the money in the bank. We have seen that at 1.5% a lot of savings money disappears. If we lower the interest rate it will glow out faster and it is important to keep the savings money in the bank because they can use that for trading again.

Mr. **Altena**: So, that should really be seen as an investment in clients?

Mr. **Kooistra**: Yes. We are adjusting the treasury mandate to make sure that we can keep the savings rate at 1.5% and not lose money on that. We want to keep it at 1.5% because we want to keep the money in the bank, so that they can start trading if the climate improves.

Mr. **Beentjes**: Your last question was on the pick-up in April. We have not seen it but if there is any pick-up it must be the institutional market or the high-frequency traders but it is not us currently. I do not know where it is coming from but we see quite a sluggish start to April.

❖ **Floris Oliemans – Kempen & Co.**

Good morning. Most of my questions have already been answered regarding the price developments in the Netherlands, but just in addition to this I was not aware that the Bank van Morgen would introduce a broker. Could you give an update on their plans to introduce a broker? How do you see this developing?

Secondly, a separate question on Alex Asset Management. Going into Q2, 2012 is there again a reduction in equity exposure or is it being maintained at a relatively high level?

Mr. **Beentjes**: On your second question: there is a slight reduction in exposure on equities but that is not much. So, it is a little bit lower.

As regards the Bank van Morgen you will have to ask AEGON what the plans are. What we heard is that they may have a broker when they start. But there you should call AEGON.

Mr. **Oliemans**: I will do so. Thank you!

❖ **Jan-Willem Weidema – ABN AMRO**

I have a few follow-on questions. Could you already elaborate on your pricing in Italy and how that compares to IW Bank's pricing?

Secondly, could you indicate what the current yield in your investment portfolio is after the changes you have made to your portfolio?

Thirdly, you mentioned that you have quite a bit of your assets in non-rates assets. What kind of assets are those, please?

Finally, you have mentioned before that you are considering changing your cash part of Alex Asset Management and how you are going to deal with that. Is that already implemented and, if not, when do you expect that to be in place?

Mr. **Beentjes**: We are not disclosing the pricing in Italy yet but in general I can say that in France we may have been a little bit too aggressive, so we want to start somewhat higher in Italy. It will be between France and Belgium.

The changing of the cash part in the Alex Asset Management product has not yet been executed. The project is work in progress. It is planned for this year and I hope that we will be ready. The idea is that clients will invest in money market funds and short-term cash funds. So, that is what we want to do. Client invest at money market rates or maybe even a little bit above. But it is not yet done.

Mr. **Kooistra**: The yield on the portfolio in Q1 is 1.62%. The changes that we made under the new treasury mandate have been made at the end of the quarter, so in the last week and a half. So, they do not really contribute to the Q1 results and you should take that into account going forward.

The non-rated assets relate to for example German regional government bonds. Some of them do not have a rating, so Land Niedersachsen or Rheinland Pfalz.

Mr. **Weidema**: Thank you.

❖ **Maarten Altena - ING**

I have one follow-up question regarding the share from associates and joint ventures, as you always guided minus EUR 1 million, as far as I am concerned. What will this decrease do to IMC taking stake in TOM and, if so, what will be the new guidance for this line?

Mr. **Kooistra**: The EUR 1 million is still there. There is a one-off profit in there this quarter due to the fact that IMC Financial Markets became shareholders.

Mr. **Altena**: So, nothing material will change going forward?

Mr. **Kooistra**: No, this was a one-off gain.

Mr. **Altena**: Thank you!

Mr. **Beentjes**: As there are no more questions I would like to thank everybody for joining us in this analyst presentation and hope to see and hear you next time. Thanks a lot and have a nice day.

—  
End of call

## Contact details

Anneke Hoijtink  
Manager Investor Relations  
ahojtink@binck.nl  
+31 (0)20 522 0372  
+31 (0) 6201 98 337  
[www.binck.com](http://www.binck.com)

Address  
Barbara Strozilaan 310  
1083 HN Amsterdam  
The Netherlands

## Cautionary Statement regarding Forward-Looking Statements

This presentation may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this document that expresses or implies our intentions, beliefs, expectations, forecasts, estimates or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections, as they are currently available to the management of BinckBank N.V. Forward-looking statements therefore speak only as of the date they are made, and we take no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, without limitation, the conditions in the financial markets, the reliability of our risk management policies, procedures, systems and methods.

The forward-looking statements contained in this announcement are made as of the date hereof, and we assume no obligation to update any of the forward-looking statements contained in this document.

