

Second quarter results 2012

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TRANSCRIPT

Agenda

- I. Update FY12 Q2
- II. Financial position
- III. Outlook 2012
- IV. Q&A

Mr. **Beentjes**: Good morning all. Welcome again to the analyst conference. It is the usual procedure. That means that Evert will give more detail on the financial position and I will start with the update and finish with the outlook. After that we will have the QandA session.

Part I

Update FY12 Q2

Let me start with the business highlights.

Business highlights

- Adjusted EPS FY12 Q2: € 12.2 million / € 0.17 per share (FY12 Q1: € 15.7 million)
- Interim dividend: € 0.17 per share
- Operating expenses down with 8% compared to FY11 Q2: € 29.1 million
- Number of stock exchange transactions FY12 Q2: 1.9 million
- Number of “beleggersgiro” transactions FY12 Q2: 0.2 million
- Italian launch successful, first customers live

The profit with EUR 0.17 per share was on the low side. The number of transactions has not been overwhelming in the second quarter and this is reflected in the adjusted EPS in the second quarter. We are paying an interim dividend of EUR 0.17 per share. That is

basically the full ordinary non-adjusted profit over the first half of the year that we are paying out. This is the maximum we can pay under our by-laws, so we are basically paying the full ordinary profit.

The operating expenses are down with 8% to EUR 29.1 million. We will come to more detail on the cost later in the presentation.

The number of stock exchange transactions went down to EUR 1.9 million and we have introduced a new disclosure, which is the number of 'beleggersgiro'-transactions. We could not find a proper English word for it, so we will call it 'beleggersgirotransactie'. It is a collect order and we are disclosing this separately, because the income level, the revenues on this kind of transaction is much lower than on ordinary stock exchange transactions. You have to think about less than EUR 1 per transaction.

In Italy we are not doing any marketing at the time. We have had 180 customers up till now and we are more a live-testing phase. The clients are very satisfied with the platform.

Profit & Loss quarterly comparison

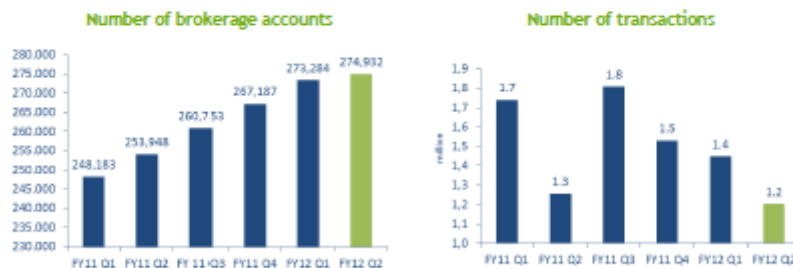
In € million	FY12 Q2	FY12 Q1	FY11 Q2
Net interest income	8.3	8.9	10.5
Net fee & commission income	25.7	31.9	28.2
Other operating income	2.9	3.1	3.5
Results on investments & impairment losses on fin. instr.	-	-	(0.4)
Total net revenues	36.9	43.9	41.8
Employee expenses	(12.6)	(13.5)	(12.2)
Depreciation & amortization	(8.8)	(8.8)	(8.8)
Other operating expenses	(7.7)	(10.7)	(10.5)
Total operating expenses	(29.1)	(33.0)	(21.5)
Profit (loss) from operations	7.8	10.9	10.3
Other non-operating income	(1.2)	(0.1)	(1.4)
Tax expense	(2.1)	(2.9)	(2.7)
Net profit	4.5	7.7	6.2
Net profit to minority shareholders	-	0.2	0.1
Net profit to shareholders BinckBank	4.5	7.9	6.3
Adjusted net profit	12.2	15.7	14.1

Most of the items in the Profit & Loss statement will be discussed later on in the presentation, so I will quickly go to the next page. All income and cost items will be discussed later on.

Highlights FY12 Q2: Retail business unit NL

In FY12 Q2:

- Number of brokerage accounts **↑ 1%**
- Number of transactions **↓ to 1.2 million**
- Assets under administration at brokerage accounts declined from € 6.3 billion end FY12 Q1 to € 6.0 billion end FY12 Q2



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In the Netherlands we have seen increased competition. Keytrade has entered the market. They were market leader in Belgium and that is where we have beaten them. We see them coming here in the Netherlands. We are working on a new platform, Binck 360, which has been introduced to you recently. We are now doing a beta-test in the Netherlands, which is going to be the answer to the competition. The platform is very much welcomed by the clients that are testing it. We are going to offer real sharp prices to the customers. It is a powerful platform, so we believe that we are fit for the future and we are going to introduce the new platform as of September.

In the meantime, the number of transactions in the Netherlands has been disappointing, of course. There has not been much volume in the markets and this is reflected in the number of transactions and in the adjusted net profit for the quarter. 1.2 million of transactions and that is what it is. We have adjusted the marketing budget because of

the market circumstances. We have drawn less on marketing in the first half of the year. In the second half of the year it will pick up again, because we are really starting the promotional campaign in Italy as of September or the beginning of October and after the introduction of Binck 360 we also want to spend marketing money on it to give it a good introduction in the market.

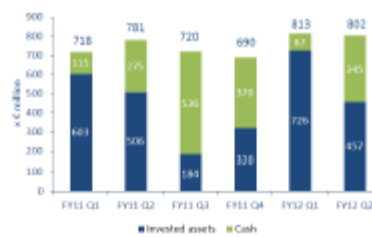
Development Alex Asset Management

- Total number of accounts end FY12 Q2: 20,276
- € 14 million net inflow in FY12 Q2
- Total AuM end FY12 Q2: € 802 million

Growth in number of accounts



Development AuM



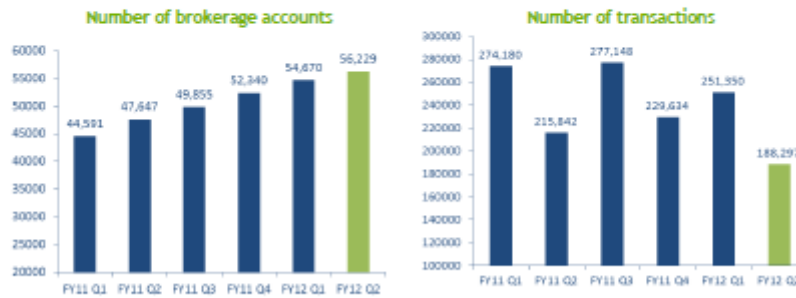
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I want to reflect on a couple of things in Alex Management. First, we had a strong performance in the first half of the year. We have outperformed in all profiles the Euro Stoxx total market index and we have outperformed the AEX Index. That is due to the cash position. I think you are all aware that the model goes cash if the sentiment in the market is negative. That has happened again in the second quarter, so at the end of the second quarter you see that we have EUR 345 million of the product volume in cash. In the meantime, it has largely been reinvested again. We opened some 400 new accounts in the second quarter and we had an inflow of EUR 14 million of new money. So, the performance in the second quarter has been a little negative but altogether much better than the indices.

Highlights FY12 Q2: Retail business unit Belgium

In FY12 Q2:

- Number of brokerage accounts **↑** 3% to 56,229
- Number of transactions **↓** 25% to 0.2 million
- Assets under administration = at € 1.3 billion



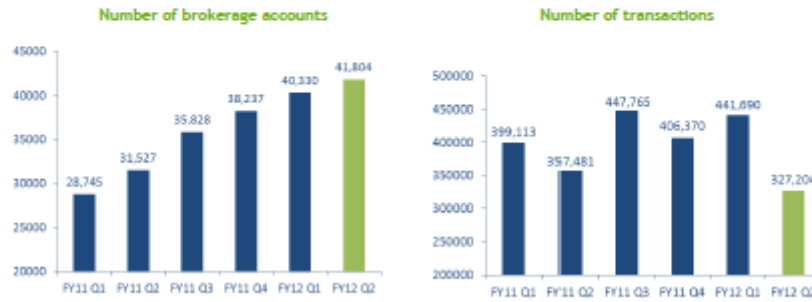
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In Belgium, we see the number of transactions coming down with 25%. The important development or movement in Belgium is that the 'beurstaks' -- the stock exchange tax -- has been increased from 17 bps to 22 bps and we will see a further increase to 25 bps. It is clear that this is an additional cost to our clients. We may have seen here already some reflection in the number of transactions next to the overall negative market sentiment we have seen all over Europe. It is not only Belgium, France and the Netherlands -- the markets we are active in -- but we have also seen Comdirect and Avanza coming in with much lower numbers of transactions. The same is true for us in Belgium.

Highlights FY12 Q2: Retail business unit France

In FY12 Q2:

- Number of brokerage accounts **↑**4% to 41,804
- Number of transactions **↓**26% to 327,204
- Assets under administration **↓**3% to € 482 million



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In France, we had the announcement of the financial transaction tax, which might go to 0.2% but currently will be introduced from August 1 at 0.1%. As we understand, the whole industry in France is already developing derivative products which may avoid paying the financial transaction tax on the underlying. That is not something we are doing but what the larger players in France are doing. We would be happy to distribute such products over our platform once they are there. But in the meantime, we have seen also in France a lower number of transactions.

Highlights FY12 Q2: Retail business unit Italy

- At May 17th BinckBank started with a small group of customers in Italy
- Number of accounts: 181
- Number of transactions: 531
- Assets under administration: € 4.7 million

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We started in Italy but we are not doing any promotion or marketing. We have 180 accounts opened. We have the new Binck 360 platform. It was basically developed for France and we have it operational with the risk management tool. The response from clients is quite good and in September or the beginning of October we will start with the roll-out in Italy.

Highlights FY12 Q2: Retail business unit

- As of FY12 Q2 BinckBank splits the net fee & commission income:
 - transaction related
 - non-transaction related
- improved comparison of the figures by country

Segmentation of transaction-related net fee & commission income by country

FY12 Q2	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	17,167	13,869	1,553	1,742	3
Number of transactions	1,717,532	1,201,500	188,297	327,204	531
Average net fee and com. income (in €)	10.00	11.54	8.25	5.32	5.65
FY12 Q1					
Net fee and commission income (in € 1,000)	23,136	18,785	2,072	2,279	-
Number of transactions	2,139,174	1,446,134	251,350	441,690	-
Average net fee and com. income (in €)	10.82	12.95	8.24	5.15	-

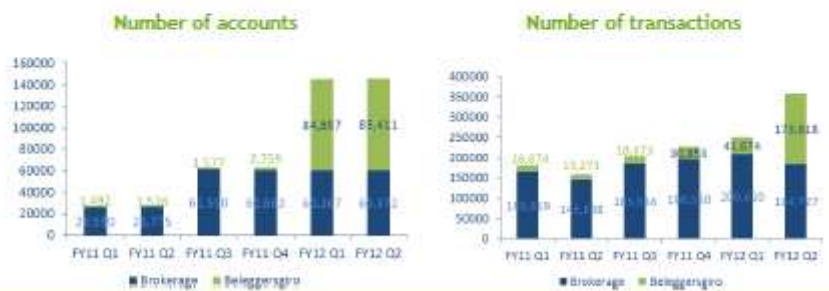
* Excluding SIB interest component

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This, too, is a new disclosure. In the past, we had in the Netherlands distribution fees, custody fees and other fees. We basically divided the total amount by the number of transactions and in the last quarter, the average transaction in the Netherlands was EUR 15.63. The custodian fees, the distribution fees et cetera were included in that amount per transaction. We have taken them out. So, that is new and you see that in the Netherlands we went down from EUR 12.99 to EUR 11.54 and in Belgium and France the average income per transaction or the average revenue per transaction was more or less stable. So overall, we have seen the revenue per transaction coming down from EUR 10.82 to EUR 10. Given that we have the issue of the price pressure, this is giving you more insight or more detail on what the average revenue per transaction is. It makes the comparison with competition easier. That is the reason why we have chosen for this new disclosure.

Highlights FY12 Q2: Professional Services

- Number of transactions and accounts split to:
 - brokerage accounts
 - 'beleggersgiro' accounts
- Beleggersgiro accounts mainly include bulk transactions and have therefore a different pricing than transactions on an ordinary brokerage account



Also in Professional Services, after the implementation of the system at, amongst others, SNS we have chosen for separate disclosure of the so-called 'beleggersgiro'-accounts and 'beleggersgiro'-transactions. These are collect orders where we basically

distribute one order in the outside world over multiple accounts in the world of the client. These transactions have a lower income per transaction, as I explained earlier.

Operating expenses down

- Operating expenses in FY12 Q2 down to 29.1:
 - Marketing costs for FY12 Q2 € 2.6 million (FY12 Q1: € 4.1 million)
 - VAT gain of € 0.9 million



Operating expenses were down. We can see two important developments. One is that we held back on marketing expenses because the climate was good. But in the second half of the year we will start marketing again in the Netherlands to give a good introduction to the Binck 360 platform and of course we will spend marketing money on the launch in Italy.

We had a gain on the Value Added Tax. We have chosen for the pro rata system. Part of our income stream is Value Added Tax and we can also get back part of the Value Added Tax on our cost. We have not done that in the past but we have done it now for the future. The EUR 0.9 million is an amount we got back over Value Added Tax we paid in the past. So, it is a recurring gain where we are claiming back VAT over the past from the fiscal authorities. There are a couple of years that are still under discussion with the tax authorities but we have not taken them into account yet. So, the overall expense came down from EUR 33 million to EUR 21.9 million. Part of that is also employee expenses

that came down. Unluckily for us, that also has to do with lower expense on the bonuses to be expected over this year, because the results this year are lower than expected.

Let's go to the financial position and Evert will take over.

Part II

Financial position

Mr. **Kooistra**: Welcome at part two, the financial position.

Strong financial position BinckBank FY12 Q2

- Solid equity position at end FY12 Q2 € 464 million (FY12 Q1: € 481 million)
- Tier I capital grew to € 165 million (FY12 Q1: € 164 million)
- Capital requirements Pillar I increased due to:
 - Increase in credit risk as a result of revised investment policy
- Capital requirements Pillar II declined slightly because of:
 - Less capital requirements for concentration risk in especially collateralised lending
- BIS ratio end FY12 Q2 at 29.7% / solvency ratio 23.2% end of FY12 Q2



The financial position is once again strong as per mid-year 2012. The BIS ratio amounts to 29.7% and the solvency ratio came out at 23.2%. The BIS ratio came down with 2.2% compared to the first quarter, due to increased capital charges for credit risk under Pillar I. Credit risk increased as a result of the investments in senior bonds of financial institutions under the revised treasury policy risk weightings are between as 20 and as 50.

Under Pillar II Binck Bank experienced a capital relief due to the release of concentration risk in the collateralised loan book. We have seen this before; every time the collateralised loans go down the concentration risk reduces as well.

Solvency remained well above 20%, the internal threshold, so BinckBank was able to execute the share buy-back program according to plan. In total, we bought back EUR 4.5 million in the shares. Furthermore, we were able to pay the full half year profit in dividends.

Update revised investment policy

Highlights: new investment policy (as announced in FY12 Q1)

- Issuer/issue rating: minimal A with stable outlook (Fitch)
- Issuer profile:
 - Debt issued or explicitly guaranteed by (lower) governments
 - Senior unsecured bank debt, secured bank debt
 - Mortgage pfandbriefe
 - Supranationals, public sector entities/agency
- Very diversified portfolio: small issue sizes (max € 10 million), max risk weighting single issue 50
- Max risk weighting of total treasury portfolio 510 (current weighting 6.42%)
- Portfolio duration between 0.95-1.65 years, max duration single issue: 3 years
- ECB eligibility required
- New investments FY12 Q2:
 - Old policy: € 57 million @ 0.94% (50 - 510)
 - Revised policy: €116 million @ 1.57% (520 - 550)
 - Total investments revised policy: € 202 million (of which one single position Rabo € 75 million, reclassified from old policy)

Last quarter, we announced the revision of our investment policy. Under the revised policy we are allowed to invest in senior unsecured bonds issued by banks and bonds issued by supranational or public sector entities. The investments under the old policy were EUR 57 million at roughly 94 bps and the investments under the revised policy amounted to EUR 116 million at 157 bps. So, the investments under the revised policy generated an extra yield of 63 bps.

Overview investment portfolio

- Size of investment portfolio end of FY12 Q2 € 1.8 billion (FY11 Q1: € 1.7 billion)
- Average duration of the portfolio: 0.87 (FY12 Q1: 0.83)
- Yield on investment portfolio end FY12 Q2: 1.47% (FY11 Q1: 1.62%)



This slide gives an overview of the investment portfolio. In this slide we see the break-up of the portfolio per credit rating and per country. The size of the book was EUR 1.8 billion as per the end of the second quarter and the duration was 0.87 years, just under our preferred internal minimum of 0.95 years. This is due to the long low interest environment that is expected.

Year end yield forecast total investment portfolio: 1.26%



- Yield on investment portfolio is expected to decline in second half of 2012 due to continued decreasing reinvestment yield
- Savings rate lowered from 1.50% to 1.25% as per June 14, 2012

The yield on the portfolio at mid-year was 1.47% and due to the declining interest rate we expect a further yield drop to 1.26% by the end of 2012. This is just above our savings rate. We reduced the savings rate from 1.5% to 1.25% on June, 14.

In Q3 we expect to reinvest EUR 140 million and in Q4 another EUR 120 million from the current book.

Overview Basel III capital position

Category	April FY 12 Basel II	April FY12 Basel III	Difference
Total Equity (IFRS)	464,162	464,162	
Less: goodwill	(152,929)	(136,855)	16,074
Less: other intangible assets	(121,675)	(125,086)	(3,411)
Less: fair value reserve	(7,008)	-	7,008
Less: proposed dividend	(13,947)	(13,947)	-
Core capital	168,603	188,274	19,671
Less: investments in financial subsidiaries	(3,361)	-	3,361
Total available capital Tier 1	165,242	188,274	23,032
BIS ratio	29.7%	33.0%	3.3

In this slide you get an overview of the Basel III capital position. The migration to Basel II for the financial sector is in full swing. Banks are preparing themselves for the introduction of Basel III in 2014. This will gradually come in and have full effect by 2019.

This slide also shows you a Basel II and Basel III comparison. Under Basel III our BIS ratio increases to 33%. There are a couple of differences between Basel II and Basel III for BinckBank that we would like to address.

First of all, the treatment of goodwill. Under Basel II goodwill is deducted under growth and under Basel III goodwill is deducted net of any deferred tax liabilities, which would

be extinguished if the goodwill becomes impaired or de-recognised under the relevant accounting standards. This creates a capital relief of approximately EUR 16 million for BinckBank.

Secondly, the treatment of intangibles. Intangible assets are treated differently under Basel III. Under Basel II only the intangibles related to the business acquisitions are deducted and all other intangibles, for example software, are included in the risk weighted assets at 100% risk weighting. Under Basel III all intangibles need to be deducted and this has a negative impact of approximately EUR 3 million.

The third difference relates to the treatment of unrealised gains and losses recorded in the fair value reserve. This is a very important element. Under Basel II the fair value reserve is excluded from the core capital calculation and consequently, value swings in the available-for-sale portfolio have no impact on the core capital. Under Basel III however, these value swings have to be taken into account. There are still discussions going on about the appropriate treatment of unrealised gains and losses but the current intention is to take them into account for the calculation of the Tier 1 capital.

As the current investment portfolio has an unrealised gain of approximately EUR 7 million, Basel III has a positive impact on the BIS ratio for Binck as per mid-year 2012. However, if interest rates increase the unrealised gain in the available-for-sale book might turn into a loss and consequently negatively impact the BIS ratio of BinckBank under Basel III.

At last, investment in subsidiaries are no longer deducted but are included in the risk weighted assets.

So far the financial position. I hand over to Koen for part III and to round off the presentation.

Part III

Outlook 2012



Mr. **Beentjes**: The last page is on the commercial launch in Italy. That will begin at the end of September or the beginning of October.

We will start in September with the commercial launch of the Binck 360 that we think is a very performing and strong platform.

We expect to sign the two new BPO-contracts for Professional Services in the second half of this year, according to our targets.

We learned that the new deposit guarantee system, with the pre-financing, will be postponed until July 2013. That is good news for us because it means that the funding of it is postponed with one year.

It is not good news that the European Central Bank decreased the interest rate from 1% to 0.75%, which of course will come back in the market rates and in the end also in our investment portfolio return.

July had a sluggish start. In the first three weeks we had 413,000 transactions, which means that the climate has not changed since the second quarter. Of course, we hope that the markets will turn better for us but we have not seen the signs yet.

That concludes our presentation and we would like to begin the QandA session.

Part IV

Q&A

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Cor Kluis - RaboBank

Good morning. I have a few questions, first of all on the cost savings. You did some EUR 900,000 of cost savings on ICT in the second quarter. Can you give an indication of what extra cost savings would be possible going forward, outside marketing, in the current franchises? There are more ICT cost cuttings possible if the market conditions remain as they are.

My second question is about the investment portfolio. You are investing more in bank stocks and senior debt. Can you give an idea of what the current invested amount in

bank debt is? What are the names of the specific banks and what is the duration of these bonds?

My third question is about market share in the Netherlands. We see that transactions are down but do you believe that your market share is stable or declining?

My last question is about the VAT, the EUR 900,000 benefit you mentioned for four years. You are still negotiating with the Dutch tax authorities on that. Are we thinking about similar amounts of EUR 900,000 for each year and can we expect some of that in the second half of this year?

Mr. **Beentjes**: I will answer your first and third question and Evert will take the second and the last question.

The cost savings on IT: we do not know how much further we can go with that. We could cancel some agreements, which brought immediate cost savings. We are looking at IT to see whether there are further opportunity but I cannot promise you anything here. We had some low-hanging fruit we could pick and we did, but I do not know how much is coming. But it is absolutely on the radar screen now to be very careful on the cost side, given increasing competition and prices we expect to come down. So, it is paramount that we have a low cost price for our product. It is definitely on the agenda to be very careful on the cost side but we are not so far that I can give you guidance on how much it will exactly be.

Your third question was on the market share. In the Netherlands we do not have official statistics like in France, so we cannot tell you for sure. If we have a look internationally, so looking at Avanza, at Comdirect but also looking at our own franchises in Belgium and France, where the number of transactions went down with 25% and 25%, we see that in the Netherlands with minus 16% that basically the drop in the number of transactions is lower than in the countries around us. So, we see increased competition of course with Lynx, Saxo being very active and Keytrade announcing coming into the market. We are very well aware of the fact that the price will be very important in the coming months

and even in the coming years, but I cannot confirm that they are taking market share. If I compare it to the other countries I more or less doubt whether it is substantial.

Mr. Kooistra: To answer your question on the investment portfolio: we have invested roughly EUR 200 million nominal value in bonds issued by commercial banks, of which one bond is EUR 75 million on Rabobank. This is one we already had before we changed our treasury policy. The rest is primarily on banks in the northern part of Europe for a maximum of EUR 10 million per bank. The duration is in line with the duration of the whole book, so just under roughly one year.

Regarding your question on VAT: for a long time we have been working on a VAT-reclaim. BinckBank never used to reclaim the pro rata VAT and a part of our turnover is VAT-taxable. So, two or three years ago we started a process to sort out the administration and to start up a discussion with the tax authorities to reclaim this VAT. It was a lot of work and the process took a lot of time. That came to a conclusion in this quarter by an agreement for the year that we started with and that was 2010. That gave a VAT-claim of EUR 1.5 million in total, of which EUR 900,000 had to do with cost through the P&L. So, we booked that back in the P&L. The other EUR 600,000 were a correction on the assets.

We cannot give an indication of the reclaim for the other years under review, which are 2008, 2009 and 2011 and the first half of 2012, because the pro rate percentage varies per year. That is what we need to get an agreement on. Once we have that percentage we can calculate the claim back if we would have known that we had to record also a receivable on the tax authorities. So, that is not in the books yet.

We hope to come to a conclusion for 2008 and 2009 in the second half of this year but there are no guarantees. The discussion with the tax authorities is always a tough one.

Going forward, it gives a cost saving of 1%-2% based on the VAT-taxable costs, which are the marketing cost, the ICT cost and the running costs of the office. So, you can take that into account if you do your planning.

Mr. **Kluis**: Very good. Thanks.

Maarten Altena - ING

Good morning, gentlemen, three questions from my side. The first is on the investment yields because looking at the graph you provided on slide 18 you are below the portfolio return with your reinvestments. What other plans do you envisage to prevent a further decrease in investment spread, such as additional re-risking, bring down the savings rate to below 1% or maybe any other plans?

The second one is on price pressure, on which I welcome the renewed disclosure by the way. You are talking about price pressure on the back of increased competition and earlier you already lowered your prices for both Binck and Alex. But does this suggest that EUR 8 to EUR 9 per transaction benefits, which you have due to TOM imply that you aim for further tariff cuts, closer towards the level of competition with lower prices?

The third question is on the cost base; because you lowered your marketing spend for the second quarter. Did you see a step-up in clients that left to competition, as I have the feeling that they are becoming more vocal in aggressive advertisements recently? And what about the budget for the remainder of the year for marketing and will that remain the same as the earlier lowered budget would imply a record quarterly marketing spend for the remainder of the year?

Mr. **Beentjes**: You are asking the questions faster than we can write them down, Maarten!

Mr. **Altena**: I am willing to reiterate!

Mr. **Beentjes**: I think we got most of them. Evert, will you go into the investment yield?

Mr. **Kooistra**: Yes. As we outlined, the investment yield is going to drop under the current policy to 1.26%, just above the savings rate. We do not foresee an additional re-risking of the portfolio. We have to be careful with clients' money. We did a re-risking last quarter, so this is where it stands. Roughly 11% of the portfolio is now invested under the revised treasury policy, so there is another 20% maximum to go. This is what we will focus on and not on taking any further and additional risks.

The spreads on the bonds are on the sovereign bonds; that is where the pricing is. If you want to make more return you have to move to the South of Europe and this is not something we are planning to do.

If necessary, we will further drop the savings rate, but that needs to be seen in due course.

Mr. **Beentjes**: On the price pressure: we have reacted with Binck already some time ago and with Alex in the beginning of April with the new system. But we will come with new prices once we are introducing Binck 360. Those new prices will be to the benefit of the more active traders, so we will offer them a better deal. In the meantime, we are making good progress with TOM, putting in more and more options in the systems. We have seen until now that the orders executed on TOM for options give a benefit if it is at a better price of EUR 8 - EUR 9 for the retail customers on option contracts. If it is on stocks it is approximately EUR 5. We believe that we have something that is of so much interest to the retail client that you have to see this in connection to the price you are paying to the transaction. Once we have everything fully operation on TOM we will also try to address that and focus on that, so that clients will see that it is not only on transaction price but also on the execution price of the order and that they have to see it in combination. But to answer the first part of your question: yes, we will see further tariff cuts in our Dutch franchise.

Mr. **Altena**: Maybe to come back on that one: so, that only implies lower prices for the 360 hyperactive clients and not for the regular retail clients in the Netherlands?

Mr. **Beentjes**: Yes, but you are aware of the fact that our income is very skewed, so that means that most of the clients where we are basically making the money are dealing with the lower tariffs in the future. It is correct that the smaller group will not be benefitting from it, but that is the group that is not doing that many transactions.

On the marketing: yes, we see competition being more vocal. Saxo has been very active in the last quarter but we have not seen that many clients leave. We are aware that some of our clients have an account as well with us as with maybe some of the competitors but we do not see many of them leave. I think that is also reflected in the number of transactions, which was lower in the second quarter. But it is not out of line with the other businesses of ourselves and of competitors.

The budget of marketing however, in the first half of this year we spent EUR 6 million. At the end of Q1 we informed you that we lowered the budget from initially EUR 22 million to EUR 18 million. We are not going to use the full budget but we are going to increase marketing in the second half of the year. We are an online broker and we live from marketing, we are introducing Binck 360 in Italy. So, to give you a very rough guidance, it will be between EUR 14 million and EUR 16 million. We have to see how much. It will be depending on the results of all the campaigns.

Mr. **Altena**: Thanks.

Floris Oliemans - Kempen en Co

Good morning. I have one question, also on increased competition. I understand that customers are not necessarily moving away but you could see customers becoming more vocal as the overall prices in the market are dropping. How are you seeing customers behaving now that competition has stepped up, also in terms of Keytrade and such, and perhaps the introductory Bank van Morgen?

Mr. **Beentjes**: Floris, if we have good clients we make a deal with them. That is what we have always said. We do not let clients leave to competition on price. So, we are in a

continuous dialogue with clients and of course, there are clients calling us because they see lower prices at competition. But it is a mix. It is the platform, the service, the price, TOM, the whole proposition we are offering. Until now, most of the times we are coming to terms with clients and offer them a rate, which is in compliance with their trading behaviour. So yes, there is competition but we are in a good dialogue with our clients on it. We do not see too many leave.

Mr. **Oliemans**: And then just on your low end or less profitable clients: how often do you see low end and less active clients' transition to high end clients? Because if you now have less competitive in terms of pricing offering on the low end in terms of custody fees, et cetera, what is the risk of losing all the new customers as it were to Keytrade and Saxo because they have a lower pricing offering?

Mr. **Beentjes**: I do not know. There are of course clients that are developing from buy and hold to more active. That is absolutely happening, but I could not tell whether they would go to one of the competitors. I do not know.

Mr. **Oliemans**: Thanks.

Lemer Salah - SNS Securities

Good morning. Four questions from my side. The first is on BinckBank 360. You have mentioned that you are going to introduce that. I was just wondering what its rating fee range it is going to be. During my orientation I came across that it is approximately up to EUR 45. Are you going to maintain that level?

Secondly, why don't you leverage the Binck 360 to the passive clients, the less active clients?

Thirdly, on the B2B business: you mentioned that you expect to intake two BPO contracts for the second half of the year. I presume those contracts are less big in comparison to the last one, the one of SNS REAAL.

The final question is on France. You said that the financial transaction tax is going to be implemented. Are you also planning to reduce the costs, the trading fees in France?

Mr. **Beentjes**: The pricing level you are referring to is the one we are using in the beta testing. That is not necessarily the final pricing; we are still reviewing the whole Binck 360 proposition. We will come up with the pricing. You just have to wait for two months, but this gives a clear indication of where we are heading. It is not the final price list.

The leverage to the Binck 360 platform to the passive clients: that is not on our priority list right now. The first priority is that our active clients have to work with the platform and we have to introduce it there. For clients that are not doing that much trading I am not sure whether things like a quote box or one-click trading or ordering out of graphs is on the top priority list of a buy-and-hold client, to be honest. So, the first thing is that we introduce it in the right target group.

On the BPO contracts for Professional Services: we will inform you as soon as it is time. You are referring to SNS REAAL and that is of course one of the more important and larger contracts. So, expect the others to be smaller.

We are not planning to reduce prices in France. We have done an effort to increase the prices somewhat, coming from too low an introduction price when we started in France. Now, we are at EUR 5. We feel fine with EUR 5 and do not have the intention to lower prices.

Mr. **Salah**: Thank you.

Matthias de Wit - Petercam

Good morning. A few questions are left from my side. First of all, on the Basel III capitalisation. You mentioned a capital relief from deferred tax assets on goodwill but if I remember correctly, there will be a cap on the recognition of deferred tax assets. So,

could you comment whether you took that into account? Related to that, what is your intention with the excess capital that will be freed up under Basel III? Would you for example consider distribution of that excess capital and could you do so ahead of the implementation of Basel III?

My second question is on TOM. You mentioned that orders have an average price advantage to EUR 8 to EUR 9 just on cash equities. Could you comment on the proportion of orders executed through TOM for both cash equities and derivatives, please?

Mr. **Kooistra**: I will take the first question, on Basel III. There might be a cap on the pick-up of deferred tax assets but I was referring to a deferred tax liability, which is a goodwill deduction. So, in our books the deferred tax assets are not hit by a cap, as far as we can see now.

Basel III indeed creates a capital relief. There are no plans to accelerate our distributions to shareholders; we will stick with the share buy-back program and continue until it is completed. We will also stick to our dividend policy. Bear in mind that the discussion around Basel III has not yet come to an end, so this is all preliminary. Things might change and for the time being, we want to give the indication that it has a positive impact but if the interest rates increase there might also be a negative impact. We have to take that into account as well because the fair value reserve is now included in the calculations.

Mr. **Beentjes**: Your second question was on TOM. Approximately 20%-30% of the orders that are executed at TOM, depending on cash equities and stock options -- that is not the same every day -- are executed at a better price than at Euronext. These orders have the advantage of EUR 8 to EUR 9 for options and for cash equities around EUR 5.

Mr. **de Wit**: And only for cash equities it is 20%-30% or is that for Binck as a whole?

Mr. **Beentjes**: No, it is for Binck Netherlands as a whole.

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

Mr. **Beentjes**: To avoid any misunderstanding: not all option classes are already on TOM. So, the cash equities -- AEX, AMX, and Bel20 -- are on TOM. Some of the option classes are on TOM but not all of them. That is work in progress.

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

Lemer Salah - SNS Securities

I have an additional question, just a quick question on the products you are offering. I presume one of the objectives was to also introduce a 'banksparen'-product. On the B2C and also B2B, are you planning to introduce additional products in order to increase customer activity?

Mr. **Beentjes**: On the B2C-side we want to focus more on wealth management. We are building the product. We have Alex Vermogensbeheer as a single product with a very good performance, but it is just one product. So, we want to enhance the number of products we are offering in the wealth management suite but it is not necessarily banksparen where we would start it. We have to see what we are going to do. But yes, we have the intention to have a broader product offering in the B2C-arena for wealth management.

Mr. **Salah**: Thank you. And on the B2B-side you do not have any intentions yet?

Mr. **Beentjes**: Well, we are already offering 'bankbeleggen' en 'banksparen'.

Mr. **Salah**: But apart from that, there is nothing on the agenda?

Mr. **Beentjes**: No.

Mr. **Salah**: Thank you.

Mr. **Beentjes**: As there are no more questions, we would like to thank you again for your attendance in this call. We are looking forward to seeing you next time and some of you tomorrow.

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End of call

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