
First quarter results 2013
22 April 2013
Koen Beentjes CEO
Evert Kooistra CFO
BINCKBANK
FOR INVESTORS

TRANSCRIPT

Agenda

I. Update FY13 Q1
II. Financial position
III. Outlook 2013
IV. Q&A

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Mr. **Beentjes**: Good morning all, on behalf of Evert, Nelleke and myself. We now have the analyst call. I will give a short update on the first quarter. Evert will take you through into the financial position with more detail, I will come back to the outlook for 2013 and then we will conclude with QandA, as usual.

Part I

Update FY13 Q1

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Let's go to the business highlights of the first quarter of this year.

Business highlights FY13 Q1

- Adjusted EPS FY13 Q1: € 9.2 million / € 0.13 per share (FY12 Q4: € 15.1 million / € 0.21 per share)
- Operating expenses up with 11% to FY13 Q1: € 34.0 million (FY12 Q4: € 30.5)
- Number of Retail stock exchange transactions FY13 Q1: 2.2 million (FY12 Q4: 1.8 million)
- Alex Asset Management total AuM FY13 Q1: € 1.4 billion (FY12 Q4: 1.0 billion)

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We missed consensus; consensus was at EUR 0.17 per share and we came in at EUR 0.13. So, the result was below the results of Q4 last year. It was also below consensus. The low interest rate environment and the low reinvestment yields are now really seen in our numbers and we see that the price cut we did at the Binck side on 1st October is also reflected in the numbers.

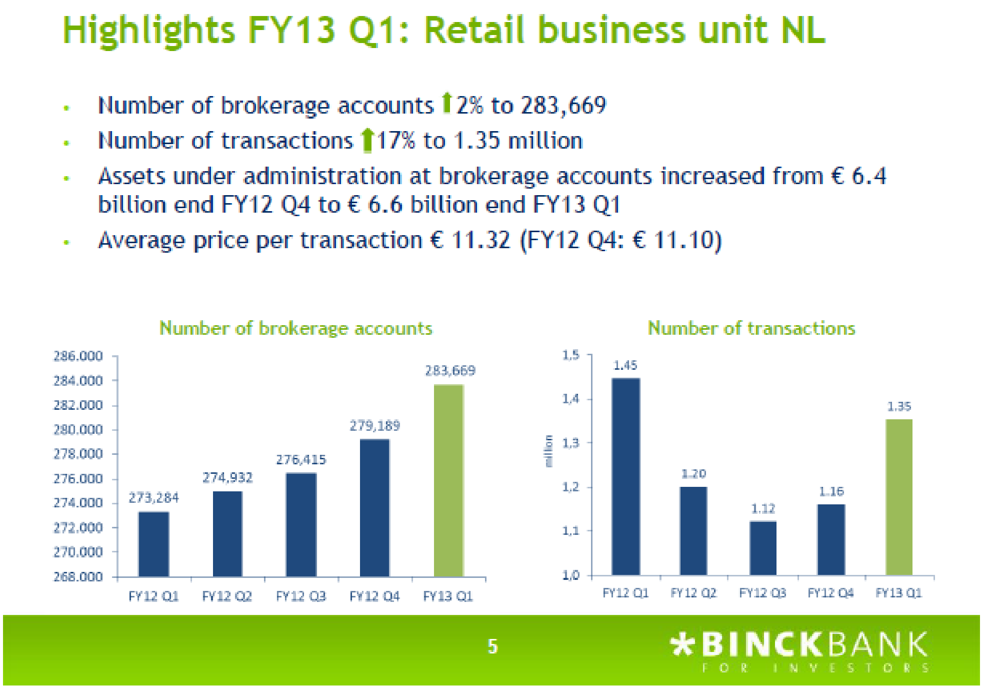
Next to that – and that is important to mention – the operating expenses were strongly up this quarter in comparison with previous quarters, in total to EUR 34 million where we stood at EUR 30.5 million in Q4, 2012.

Looking into more detail there are a couple of things here to mention. One is that we did more on the marketing side. We had a very strong inflow on Alex Asset Management but that was partly also because of higher marketing expenses in that area, which resulted in the inflow. But we most probably have to make an additional payment for market data costs. We have been audited and the market data are the data we deliver to our clients, basically the quote information and some other information. We have some differences in interpretation of the agreement. This quarter, we have booked EUR 3 million as the best estimate we can make at this moment of this potential claim.

In Q4 we had one-offs on the positive side for VAT and DSB, altogether EUR 1 million. Those one-offs on the positive side were not recurring in this quarter. This is to a large extent the explanation of the difference. We have seen some additional costs as well because of a stronger regulatory environment. We have to do more to comply with all the rules and regulations. That is an extra effort as well as in some project costs as in the longer term, where we will need some people in departments like Legal and Compliance and Auditing.

The number of transactions was 2.2 million in this quarter. That was strongly above the level of the last quarter with 1.8 million. Traditionally, the first quarter is a good quarter and that is what we have seen this year as well. In the beginning of April it has eased somewhat, which is also in line with the normal seasonal pattern.

The promising result for this quarter – and we are very pleased with this result – is an inflow of EUR 300 million on Alex Asset Management. Given a somewhat lower profitability on our core business because of the lower prices – which is not going to change in the future – we have strategically decided that we will put more effort in building our asset management business, our savings and investment management department. This quarter we had an inflow of EUR 300 million on a portfolio of EUR 1 billion at year end, so we had a 30% increase. That is a very good result. We have asked our clients what the reason is why they are putting the money with us and a very important reason is that the savings rates in the Dutch market are so low that after the wealth tax, income tax and inflation the value of their savings is reduced year on year. For that reason, clients are looking for alternatives and they have found alternatives in Alex Asset Management. It is not only a very transparent product, the returns on the products also have been very good in comparison with the market.

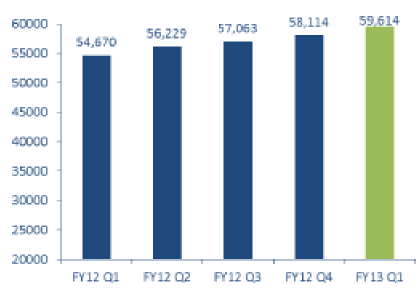


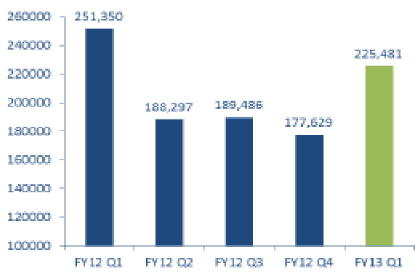
In our Retail business unit in the Netherlands we had a somewhat stronger inflow of new accounts in the first quarter. I think the sentiment altogether was positive, seen in the account growth and in the number of transactions, which was up 17% to EUR 1.35 million, 17% up compared to the previous quarter.

Assets under administration went up somewhat, from EUR 6.4 billion to EUR 6.6 billion and what we have seen is that the average price per transaction at EUR 11.33 was quite close to the last quarter and of course the price cut was at October 1, so the full effect was immediately in Q4 and for that reason we do not see much of a difference with Q1 of this year.

Highlights FY13 Q1: Retail business unit Belgium

- Number of brokerage accounts ⬆ 3% to 59,614
- Number of transactions ⬆ 27% to 225,481 (FY12 Q4: 177,629)
- Assets under administration ⬆ 7% € 1.5 billion
- Average price per transaction € 8.80 (FY12 Q4: € 8.52)

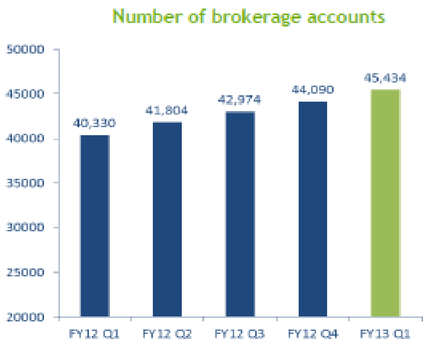


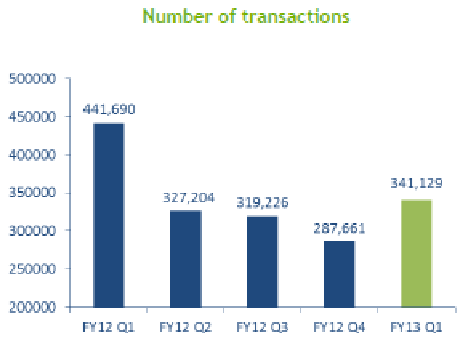


In Belgium the number of accounts went up with 3%. The number of transactions had a strong growth of 27% in comparison with Q4 last year. Assets under administration were up by 7% and the average price per transaction in Belgium has been fairly stable over the past period already for quite some time, at EUR 8.80.

Highlights FY13 Q1: Retail business unit France

- Number of brokerage accounts ↑ 3% to 45,434 (FY12 Q4: 44,090)
- Number of transactions ↑19% to 341,129 (FY12 Q4: 287,661)
- Assets under administration ↑ 6% to € 541 million
- Average price per transaction € 5.02 (FY12 Q4: € 4.69)





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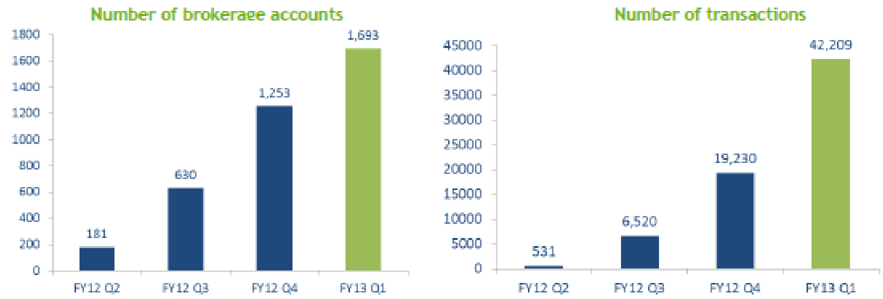
In France, we also saw an inflow of 3% of new accounts. The number of transactions went up with 19%. Assets under administration were up and a small rise of the average price there per transaction. So, in the Netherlands as well as in Belgium and France prices have gone up a little bit, maybe as a reflection of a somewhat more positive sentiment amongst investors.

Highlights FY13 Q1: Retail business unit Italy

- Number of accounts ⬆35% to 1,693 (FY12 Q4: 1,253)
- Number of transactions ⬆119% to 42,209 (FY12 Q4: 19,230)
- Average net fee and com. income per transaction € 3.70 (FY12 Q4: € 4.94)



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The number of transactions in Italy stood at 42,000 on an average client number of some 1,500. So on average, clients have been doing close to 30 transactions in one quarter. This is a very high activity level and that was one of the reason why we have chosen Italy. It is a large market; it is 40 million to 45 million transactions and people acting in that market are very active. That is what we see reflected in the numbers. We have to strive to getting somewhat more accounts in because growth with 400 is a little bit below expectations, but the number of transactions is certainly above.

What you see in the average price per transaction, which is quite lower in comparison with the fourth quarter, is more or less an accounting issue. We are reimbursing clients for the so-called BOLO, a kind of tax you have to pay on an account. One of the marketing gimmicks is that we reimburse clients for this tax. That is reflected in the top line and in the price per transaction. So, the 494 you have seen in Q4 is closer to the ordinary level than the 370 we saw this quarter.

Highlights FY13 Q1: Retail business unit

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

	Retail total	Netherlands	Belgium	France	Italy
FY13 Q1					
Net fee and commission income (in € 1,000)	19,183	15,329	1,985	1,713	156
Number of transactions	1,962,559	1,353,740	225,481	341,129	42,209
Average net fee and com. income (in €)	9.77	11.32	8.80	5.02	3.70
FY12 Q4					
Net fee and commission income (in € 1,000)	15,852	12,895	1,513	1,349	95
Number of transactions	1,645,741	1,161,221	177,629	287,661	19,230
Average net fee and com. income (in €)	9.63	11.10	8.52	4.69	4.94

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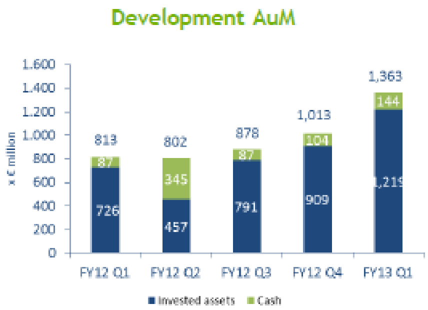
Here you see a summary of what we just discussed, so I will immediately move on to Alex Asset Management.

Development Alex Asset Management

- Total number of accounts end FY13 Q1: 26,848
- € 310 million net inflow in FY13 Q1
- Total AuM end FY13 Q1: € 1.4 billion



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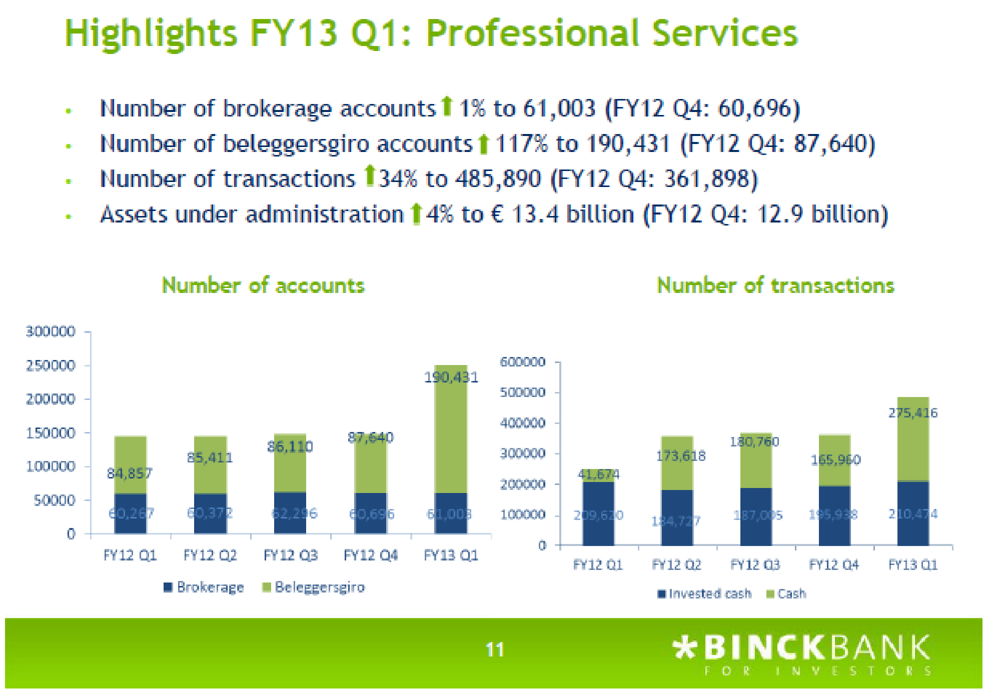
The number of accounts grew strongly by 4,000. That was an enormous inflow in one quarter. Last year, we had a little bit over 2,500 new clients for the whole year. More than 4,000 in one quarter is immense growth.

Also, net inflow with EUR 310 million was more than the whole inflow over 2012. The assets under management went up to EUR 1.4 billion at the end of the quarter, which was for EUR 310 million of new inflow and for EUR 40 million of return on the portfolio. So, the results of the product in terms of return for the client have also been very good in comparison with the market. For that reason, we have good expectations for further development of Alex Asset Management. That of course is very important because we have seen this somewhat lower profitability on the brokerage side and we anticipate that this is not going to change very quickly for the reason that the prices have come down but will not go up again. The interest rate environment may change again and may go up but most probably the prices of the transactions will not. That urged us to have a look at the strategy. So, we did last year and we decided to put more effort on the wealth management products. We see the first results now and we are very pleased with them.



In Professional Services we saw a strong increase of the number of 'beleggersgiro'-accounts, the second line with 117%. Beleggersgiro accounts are accounts that we are not making that much revenue, so you see the number of transactions going up by 34% but it is not a strong income driver because beleggersgirotransacties are relatively low value.

You also see assets under administration going up by 4%.

Professional Services and our daughter company Syntel are now in the market under the name Able with a joint commercial approach. We are going to make this Able-company a full-fledged company. So, we are continuing the combination of Professional Services and Syntel in one company with one market approach.

For the Financial position I hand over to Evert.

Part II

Financial position

Mr. **Kooistra**: Good morning. Let's move to slide 13, the profit and loss quarterly comparison.

Profit & Loss quarterly comparison

in € million	FY13 Q1	FY12 Q4	FY12 Q1
Net interest income	6.6	7.1	8.9
Net fee & commission income	29.5	29.6	31.9
Other operating income	3.0	3.0	3.1
Results on investments & impairment losses on fin. instr.	-	-	-
Total net revenues	**39.1**	**39.7**	**43.9**
Employee expenses	(12.7)	(12.0)	(13.5)
Depreciation & amortisation	(7.1)	(8.8)	(8.8)
Other operating expenses	(14.2)	(9.6)	(10.7)
Total operating expenses	**(34.0)**	**(30.4)**	**(33.0)**
Profit (loss) from operations	5.1	9.3	10.9
Other non operating income	(1.0)	(1.1)	(0.3)
Tax expense	(1.4)	(1.3)	(2.9)
Net profit	**2.7**	**6.9**	**7.7**
Net profit to minority shareholders	-	0.4	0.2
Net profit to shareholders BinckBank	**2.7**	**7.3**	**7.9**
Adjusted net profit	**9.2**	**15.1**	**15.7**

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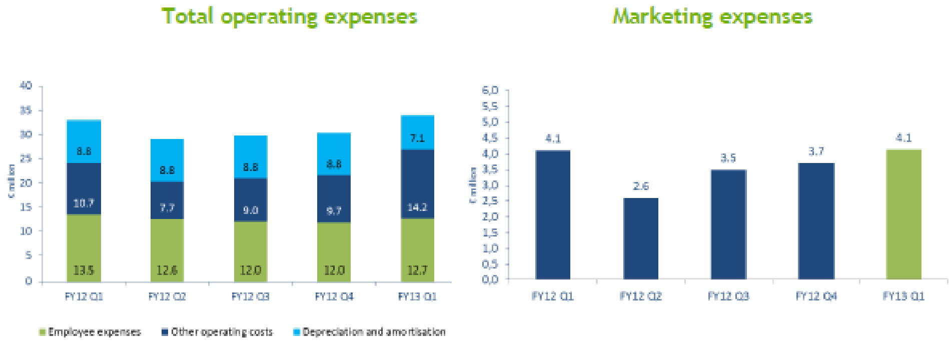
Net interest income in the first quarter decreased again with 7% versus the fourth quarter of last year. This decrease was primarily driven by the continued decrease in the treasury book. We invested EUR 276 million with an average of 59 bps. this quarter and the part of the portfolio that matured and the yield that was lost on it was 1.6%. So, effectively we lost 1% on the reinvested amount.

The collateralised loans decreased slightly from EUR 323 million to EUR 320 million by the end of the first quarter.

Commission income in the first quarter amounted to EUR 29 million compared to the last quarter. There was no growth in the net commission income despite the strong increase in transaction volume of 22%. The transaction-driven commission income for Retail increased with 21%, which is EUR 3.3 million but the non-transaction-driven income decreased with EUR 3.7 million and this is due to the performance fee for Alex Asset Management that we recorded in the last quarter of 2012. So, the increase in the transaction-driven income was basically mitigated by the decrease in the non-transaction-driven income, resulting in a flat EUR 29 million commission income for the first quarter.

Operating expenses

- Operating expenses in FY13 Q1 up to € 34.0 million (FY12 Q4: € 30.5 million)
- Marketing costs for FY13 Q1 € 4.1 million (FY12 Q4: € 3.7 million)
- Provision for accrued market data costs € 3.0 million (total: € 4.0 million)



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Payroll costs increased with 6% versus the fourth quarter. In Q1 we saw 2.4% increase in the number of FTEs and 2.2% increase in annual salaries. As Koen said, regulators put a lot of requirements on the organisation and this results in an increase of staff.

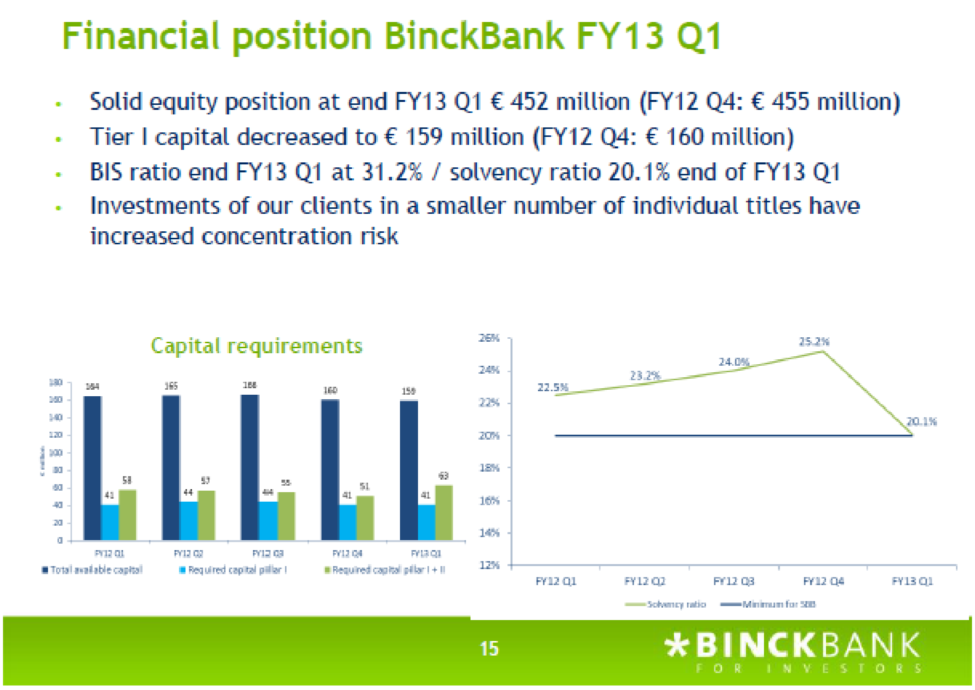
Amortisation and depreciation: the Alex brand name and the top line software have now been fully depreciated. They had a 5-year period and consequently, the quarterly depreciation rate dropped from EUR 7.1 million to EUR 5.4 milion. This also increases the difference between the fiscal and the commercial depreciation, so this difference has gone up from the regular EUR 0.7 million to EUR 1.1 million per quarter.

The remaining intangibles, which are customer relations and core deposits, will continue to depreciate over the next five years.

Other operational expenses increased due to the increase of marketing expenses, expenses for consultants and the provision for market data costs. The provision for market data costs was EUR 3 million, which was booked in the first quarter.

The provision for the SNS claim has not been booked, as the amount at Binck Bank needs to pay is still unknown and there is also no legal basis yet. Apparently, discussions are going on between the Dutch financial sector and the ministry of Finance. Once we have more visibility on the outcome of these discussions we will know the required provision.

The forecast for operational expenses for the year: currently estimated in a range of EUR 125 million to EUR 130 million, which is on average EUR 30 million to EUR 32 million per quarter.



The financial position of Binck Bank is still solid but there are significant changes to the capital position in the first quarter of this year. Solvency at the end of the first quarter was 20.1%, which is well above our internal minimum of 12% but just above our minimum for the share buy-back, which is at 20%.

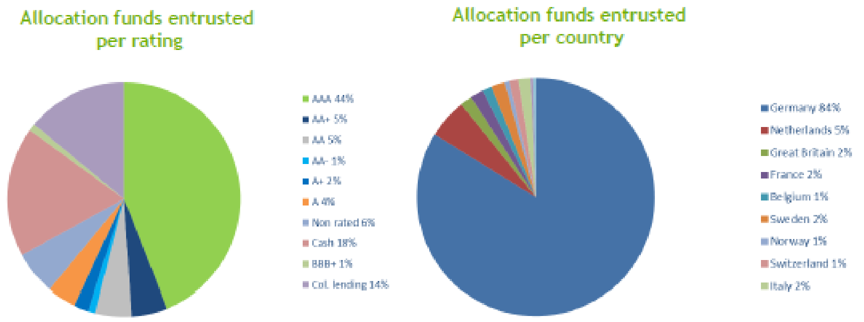
Our solvency position decreased significantly during the first quarter and this decrease is primarily driven by a significant capital reservation under Pillar 2 for increased margin and concentration risk. The concentrations in the loan book increased significantly, as some clients have taken quite large positions on certain AEX funds. The capital requirements for our margin and concentration risk together increased with EUR 11.8 million. We have seen this before and if clients terminate their positions a capital relief will follow. However, this is unpredictable.

The Tier 1 capital decreased slightly with EUR 1 million due to declining profit levels in the first quarter.

As we are close to our threshold for the share buy-back we will closely follow the development of the solvency ratio in the second quarter. We will continue the share buy-back but we will not continue with it after the end of June. The reason for this is that we currently see declining profit levels and we also need capital to develop new products in the future. These new products will also bring new revenues to the company.

Overview investment portfolio

- Size of investment portfolio end of FY13 Q1 € 1.6 billion (FY12 Q4: € 1.5 billion)
- Average duration of the portfolio FY13 Q1: 0.89 (FY12 Q4: 0.67)
- Yield on investment portfolio end FY13 Q1: 1.06% (FY12 Q4: 1.21%)



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The size of the investment portfolio slightly increased from EUR 1.5 billion to EUR 1.6 billion. The average duration went up slightly from 0.67 years to 0.89 years, as we started investing again in the first quarter. We invested EUR 276 million at an average of 59 bps.

We expect a further drop in the yield of the treasury book as the reinvestment rates are still lower than the average yield in the portfolio.

The total expirations from the portfolio will be just over EUR 500 million over the next three quarters, approximately EUR 180 million in the second quarter, EUR 170 million in the third quarter and EUR 160 million in the fourth quarter. And if we take a reinvestment rate of 45 bps. into account we expect that the yield will drop to 72 bps. by the end of this year.

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

Part III

Outlook 2013

Mr. **Beentjes**: You are all very much aware that it is a difficult environment because of the low interest rate environment with the abundant liquidity that is still in the market. We would of course be helped by somewhat higher interest rates and we hope that they are coming. But we are also dependent on the volumes in the market, which have been relatively low last year. We hope that they will rebound. The price reduction we introduced last year is here to stay of course and that is not going to change. So, these things together imply that we will have a lower profitability level. We also have some regulatory changes upcoming. From January 1st 2014 inducements will be largely prohibited and currently, that is an important income stream for BinckBank, which is under pressure. We are working on alternatives but this may force us to introduce a new products, which may be BinckBank products. Therefore, we are taking precautions and are keeping more capital in the company in order to be able to build the products.

We are also developing the wealth management product and we discussed that just a couple of minutes ago. We are really pleased with the result because it will be very important for BinckBank to build this product and give a more stable and structural income in the future.

Other topics that we see around us is the transaction tax. BinckBank strongly opposes this tax. We do not believe it is in the interest of our clients if such a transaction tax would be introduced because we would pass on this tax to the clients. It is not something BinckBank is going to pay for. Neither will it be good for BinckBank because clients most probably will do a lower number of transactions.

We see some increased operational costs. Evert already mentioned that in his part on the operational costs. The regulatory changes, which mean there will be more and more regulatory issues to address. Governance is extremely important and it is triggering some additional costs. I think that is also the new situation in the financial world that the whole regulatory side is putting more pressure on the financial institutions and therefore, we will incur some additional staff cost here.

This is the end of the presentation. We may now go to the QandA session.

Part IV

Q&A

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- **Albert Ploegh – ING**

Good morning. You mentioned in the latter part of the introduction the need to develop new products, which could also require a bit more capital. Can you maybe share some initial thoughts on what kind of products these are, also in terms of the possible revenue impact thereof? How much inducement fees contributed to the P&L in 2012, to get some feeling for what the impact would be if that is abolished next year.

My next question is on the cost guidance. Can you give a bit more feeling in terms of what the structural impact will be on the increased legal cost and the cost for other things, et cetera, also in relation to the guidance of EUR 125 million to EUR 130 million per annum?

Finally, also on the buy-back program that will be stopped as of July. The treasury shares that so far have not been cancelled, is there any reason why you do not cancel the treasury shares?

Mr. **Beentjes**: Let me start with the new products. We have two types of new products that are under pressure if it comes to inducements. One is the mutual funds, our clients, our holding and the second is that we have some agreements on products like Sprinters and Turbos, where we are getting some fees. Altogether this is EUR 6 million – EUR 7 million on an annual basis. So, there we have to find new ways.

For the mutual funds we may introduce other transaction funds. The AFM really wants that the client is paying for the service in terms of that there is nowhere in the system a fee we are getting from the producer. So, we have to introduce another fee structure on the mutual fund side. On the side of Sprinters and Turbos we may look for another product or for another legal structure. The issue is that BinckBank must be the producer of the product. I am not completely sure whether that will change the whole product offering but the legal structure may change. In that case, we will be the producer and that means that we have to use our balance sheet for that. So, these are things we are currently looking at, to give you a flavour of what is going on there.

Mr. **Kooistra**: For the cost we have said EUR 125 million to EUR 130 million and that range depends on how we will book SNS REAAL and the amount we book for that. From what I understand from the discussion they are trying to achieve an agreement for the whole financial sector and that probably half of the costs are booked in the second half of 2013 and the other in 2014 but that outcome is not certain.

Other things that might impact that range are the marketing spend and the market data costs. We have taken a provision now and this is our best estimate at the moment but the audit has not yet finished and the negotiations have not been finished. We expect that to finalise in the second quarter but we do not know the outcome of the discussions and the negotiations. That is why I have given this range.

Mr. **Ploegh**: And in terms of the marketing data costs: do they also put an inflationary pressure on the cost base going forward or is this purely a one-off kind of thing?

Mr. **Kooistra**: No, this is backlog.

You also asked about the buy-back. We have not cancelled the shares because profitability is under pressure. We are also already dependent on the Central Bank for the payment of the dividend. We have to obtain a declaration of no objection. If you cancel the shares this is another payment of capital out of the company because then the capital really leaves the company. With the current developments we did not think it would be appropriate. As a bank you also need to have measures in place for financial recovery in case something happens to your bank and this is one of the measures that we could use for it, though we are very well capitalised. But you need to have measures in place.

Mr. **Ploegh**: Very clear. Thank you.

- **Jan Willem Weidema – ABN AMRO**

Good morning. If your reinvest yield drops much, as you expect it to, do you expect to take measures there and are you afraid of any outflows there?

Secondly, on the current trading circumstances: can you give a bit more flavour on transaction numbers and also the impact of ‘member bring member’- actions to your quarter revenue?

Finally, on the concentration of stocks in your clients’ portfolio: have you seen that reduced in April so far and is that a reason for you to continue your share buy-back? Would you or would you not stop it if at the end of April you drop below 20% core Tier 1 ratio?

Mr. **Beentjes**: On the savings rate: we are currently paying 1% and that is more than the reinvestment yield. It is a little bit painful to reduce a savings rate below 1%; then it is really becoming very low but I think we have to put it on the agenda if the reinvestment rates stays that low. We want to offer the clients a good savings alternative. We are now at roughly EUR 400 million. We have not seen that much outflow in the past because of the reductions of the savings rate. Many of these clients are keeping the money with us, so they alternatively can invest in stocks. We have to put it on the agenda and we have not taken a decision.

The trading situation in the beginning of April: it is a little bit quieter. It is not too bad; we are a little bit below the level of Q1 but not seriously.

On the ‘clients get clients’-program in April I am afraid I cannot answer your question because I do not know what the status in the last couple of weeks has been.

Mr. **Kooistra**: The concentration risk is still there at the end of April. Our current forecast for the solvability at the end of June is 20%, so the outlook is that we can continue the share buy-back. If the concentration increases further then we will drop below 20% and then our declaration of no objection says we need to stop the share buy-back. If that happens it will happen towards the end of the program, so at the end of June. If we are below 20% we need to stop it but that was the end of the program anyway.

In the second half of this year we will accrue Tier 1 capital again because the depreciation on the intangibles continues, so we will accrue another EUR 10 million in Tier 1 capital again. So, we will recover.

Mr. **Weidema**: Thank you.

- **Cor Kluis – Rabobank**

Good morning. I have a few questions. First of all concerning the legal structure change for especially the Sprinters and the Turbos. Can you explain a little bit more in detail what you mean? Can we think about a possible joint venture, which you could start with another bank? Is that one of the possibilities? And also more economically: if you have to allocate more capital to these products can we also assume that your income stream will go up from EUR 6 million to EUR 7 million, which it was in the past, to a higher level? Do you agree with that way of looking at it or not?

The other question is about the financial transaction tax. In Belgium, transactions are going up 27% and in France 19% quarter on quarter, despite the financial transaction tax. You have probably done a lot of testing with the financial transaction tax now active in two of your countries but is it really impacting so much or not? If it would come in the Netherlands, what kind of volume impact might you expect based on your experience over there?

My last question is about slide 14. Maybe I did not get it totally right but you mentioned the market data costs at EUR 3 million and the total is EUR 4 million. Can you explain the difference between the EUR 3 million and the EUR 4 million? You mentioned that the EUR 3 million is a one-off expense. Does it impact the bottom line directly? Do we have to take a normal tax rate on the EUR 3 million? Is it tax deductible or not?

Mr. **Beentjes**: Let me start with the legal structure for Sprinters and Turbos. The major change is that we have to be the issuer, otherwise any fee we would get is most probably an inducement. But there may be other opportunities or other structuring possibilities but in principle the market knows this product but we have to present it in a different way. So, we do not expect that the income stream will be higher. It would be a good thing if we can defend our income stream, so that is what we are now aiming at. We have enough capital to employ, so that would be the goal, to basically keep the income where it is. We do not see an immediate growth opportunity here.

The financial transaction tax: we have seen the number of transactions going up but in France and Belgium we call it a financial transaction tax but it is not completely comparable with the transaction tax the European Commission wants to implement. In France, it is quite easy to circumvent; it is only companies with more than EUR 1 billion market capitalisation, so that is 109 stocks in France. There are a lot of opportunities in France to go around it. Belgians are traditionally also doing a lot of trades outside Belgium, so in the US it is more internationally-oriented. If the regulation would be implemented as now proposed by the European Commission it would be much stricter and then it could have more effect on the number of transactions.

Mr. **Kooistra**: On slide 14, the provision that is booked in this quarter is EUR 3 million. That is the charge to the P&L. The total size of the provision is EUR 4 million and in 2012 we have booked EUR 1 million as well.

Mr. **Kluis**: So, that is the one.

Mr. **Kooistra**: So, a total provision of EUR 1 million at the end of the first quarter.

Mr. **Kluis**: And maybe one follow-up question on the legal structure change for the Sprinters and the Turbos: what kind of core Tier 1 ratio effect do you think it might have if you would become more of an producer?

Mr. **Beentjes**: Sorry, I do not know exactly, Cor. We first have to look what structure it would be.

Mr. **Kooistra**: There are various methods to put these products into the market. You can put the risks against your own balance sheet and then you need more capital but the returns are higher. You can also do that with partners and then they share in the risks and the rewards. At this stage, we do not know how we are going to do it. We are researching it.

Mr. **Kluis**: Very clear. Thanks.

- **Bénoit Pétrarque – Kepler Capital Markets**

Good morning. My first question is on the inflow on Alex Asset Management. What do you expect for the rest of the year? Is there any seasonality? Last year Q1 was pretty strong, so do you expect the same pattern i.e. less inflows for the rest of the year?

You were talking about higher legal and compliance costs. Is that linked to the growth of Alex Asset Management or is that something else?

I am curious about the incremental costs you have on the Alex Asset Management. Are these substantial or do you think it is purely additional revenue and basically no additional cost?

In your outlook you said that you will have more supervision and higher costs. How much was taken already in Q1 and how much will be taken in the future?

Mr. **Beentjes**: On the inflow of Alex Asset Management: last year we saw that in the first quarter we also had the largest inflow, so I think that is to be expected for this year as well. Apparently, at Christmas time people are having a look at their financial position and they decide to do things differently in the new year, because we have seen a good first quarter for Alex Asset Management more often. Given the history of the product it is hard to make an estimate for the rest of the year. We have been surprised ourselves a little bit by the strong inflow in this quarter with EUR 310 million but we are certainly positive. The product has a very good return for the client and in all profiles, we are outperforming the market. If you are outperforming the market with a wealth management product then you have a very strong proposition. So, as long as it stays that way, we are positive over what Alex Asset Management could do but I expect lower inflows in the second and the third quarter, because that is what we have seen historically. Let's be a little bit conservative. The quarter has been extremely good and we are extremely happy with it but let's first have a look how it develops. This business has a high net present value because it is sticky business. As long as we perform well people most probably will stay with us.

About legal cost with Alex Asset Management: that is not really triggering a lot of legal cost. So, the whole regulatory structure is on the whole governance of Binck and the company and not only on Alex Asset Management. The whole structure is triggering somewhat more cost but not specifically for Alex Asset Management.

The incremental cost are not that high for the product but as we are getting more clients of course we will need more staff from mid-office departments. We will need more people with a quantitative background but it is limited. We do not expect a huge increase in cost because of this product.

Mr. **Pétrarque**: What type of cost/income ratio is it?

Mr. **Beentjes**: Currently, it is still high but let me come back to that question in future because I do not have it at hand. We are now investing strongly in it. We have a lot of IT people on it developing the product, so currently we are certainly making some set-up costs to make the product stronger.

Mr. **Kooistra**: I did not completely understand your question on the supervision side and the cost we booked there.

Mr. **Pétrarque**: On the outlook you mentioned that you will need to intensify supervision because the regulator is asking for more supervision, so basically you will need more employees. I was wondering if this is already in your cost base in Q1 or if this is something for later. How much impact do you expect from that?

Mr. **Kooistra**: There are some consultancy costs in Q1, around EUR 400,000 for projects that regulators require. Going forward, the cost will be in the payroll because we need more people to deal with the intensified supervision. We also need to invest in systems to manage for example anti-money laundering or market abuse. The requirements go up and we need to set up systems and that requires consultancy cost, investments in software and also staff to deal with all the results of those systems because you need to give a disposition to anything that is filtered and that comes out. Generally speaking, this is not BinckBank specifically but the financial sector. The supervision goes up, regulators ask more questions and there are more on the ball than in the past. That has an impact on our cost side and primarily on the employee side.

Mr. **Pétrarque**: You cannot give a figure at this stage?

Mr. **Kooistra**: No, it is included in the forecast for the range for the total operational expenses.

Mr. **Pétrarque**: Thanks.

- **Arun Rambocus – Kempen & Co**

Good morning. I have one question left, about your foreign expansion strategy. For the last two quarters we have seen that growth in the number of accounts has slowed down. Can you give an analysis on why this growth is slowing down and is there a wish going forward to improve that? What kind of cost will be incurred by that?

Mr. **Beentjes**: On the foreign expansion: we have seen somewhat lower inflow in France and Belgium but that was still quite in line with what we have seen in the previous quarters. We have allocated roughly the same marketing budgets.

In Italy we are spending more money because we are starting up and so we want to make our name in the market. Looking at the results in Italy, as I said, we are pleased with them but we are in a business where the average price per transaction is coming down. That is not only the case with us and here in the Netherlands but you also see that internationally, in France and in Italy, with EUR 5 to EUR 6 per transaction, even below the Dutch level. The same is true for the German market and that means that a further international expansion is put on hold. We are in the countries where we are – Belgium, France and Italy – and there we want to be amongst the market leaders or be market leader. That is our strategy. Entering a new country on an autonomous growth basis is difficult because the marketing cost have not reduced but the income levels per client are lower. So, that is what we are doing. We are in the four countries where we are. We are roughly there with the same marketing budget as the previous years for Belgium and France. We have of course allocated somewhat more to Italy and the results in Belgium and France are in line with previous years.

Mr. **Rambocus**: So just to clarify: given the trend in the price per transaction coming down, also outside the Netherlands, you do not find it justifiable to put more effort in winning more clients in those countries, even in the existing countries. Is that right? That is what you are saying?

Mr. **Beentjes**: We have marketing at the current level and we are not increasing marketing. If we increase our marketing the average cost per new client coming in is going up and a certain point it even goes up strongly. Then it is hard to earn back the marketing spend we make. So, the level we are now at is roughly a level to be expected.

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

- **Semer Salah – SNS Securities**

Good morning. I have a couple of questions. Considering your business model, it is gradually changing. We saw the income somewhat declining and over the main level of the cost we see it is quite elevated, also going forward because you have to invest. I was just wondering whether you have sufficient leeway to reduce cost in the coming couple of years.

Secondly, it seems that you have become a bit softened with respect to the b2b-activities, also considering the BPO contracts. What is your vision on that?

Thirdly, on the innovation of new products. Do you expect going forward that you have to invest heavily in creating new products and in marketing those new products? Can you give us an estimate of what the impact of that will be on the cost level?

Mr. **Beentjes**: On the innovation of new products: we have not planned a whole set of new products so we do not have an investment plan on that. If you review the whole of Binck you see that we used to be a pure broker but we are already involved in other products, where we are a producer. We own 60% of ThinkCapital, which is the producer of ETFs, we are 50% in BeFrank, which is a third-pillar pension plan, we have a producing role in Alex Wealth Management and the same is true for the savings accounts in Alex. So, being basically the producer of a product is not completely new to us but we will have to make some additional efforts here for Sprinters, Turbos and maybe for the mutual funds. We have not planned a huge investment. They are more things we are going to do with the people we already have in-house. We may need some other people but no huge investments planned.

On the b2b: I believe you said we are a little bit softer but that is not true. We are in the market to get more BPO-agreements in and that is what we are striving at. So, the number we have put there in the mid-term goals with 14 by the end of 2015 is a valid number. But what we did last year is that we put a lot of effort in the last couple of months on implementing the system with some clients, amongst others with SNS REAAL, which is a large and important client for us. So, we are certainly not fading away from our goals in any way. No, it is a strategically important part of our business and we are building it.

On your first question in the possibility or opportunity to reduce cost: if our core business model is going to change then of course, we have to review the cost. But we are looking at the cost basically each and every day and a large proportion of our cost is of course the depreciation on the intangibles from Alex. Looking at the adjusted net profit I think that is where we are running the business at. To make a long story short, we are keen on controlling cost but we are not planning initiatives for serious reductions.

Mr. **Salah**: Thank you.

- **Jan Willem Weidema – ABN AMRO**

I have two follow-on questions. I think you did an impairment test for the intangibles rate to Alex. Can you tell us what the triggers are? Is it that the market value is under the book value or are there other triggers as well? Can you indicate what the headroom is before you have to do an impairment?

On the advisory cost you are incurring: you gave guidance for the current year but looking at the longer term or the mid-term do you think these will be recurring costs or should these come down over time?

Mr. **Kooistra**: We review our impairment triggers every quarter and there were no indications for an impairment at this quarter. Once a year we do the impairment test, in the third quarter or the fourth quarter. At this stage, we did not do a new test. I do not know all the triggers by heart but one of the triggers was indeed the market cap of BinckBank and the value of the assets of Alex intangibles.

The headroom: we gave disclosure in the annual accounts and that was 19% last year.

With regard to advisory costs: regulators put a lot of projects on BinckBank and on banks in general, so once in a while we need advisors to help with the implementation and to work out these projects. These costs have been included in the forecast that we have given.

Mr. **Weidema**: I understand but for the longer term do you expect these to be recurring costs or should these trend down over time?

Mr. **Kooistra**: Generally speaking, what we see now in the financial sector is that they will be there in the longer term because new investigations, new requirements are being produced every quarter. So, there is more intensified supervision and depending on the speed that you need to deliver results to the central bank you need more or less advisors. If the delivery dates are more in the future we can do it with our own staff but if it needs to be done quickly we need consultants for it. What we have seen so far is that it needs to be done quickly. So I think, for the time being we are stuck with increased advisory costs.

Mr. **Weidema**: Thank you.

- **Albert Ploegh –ING**

I have one follow-up question on Alex Asset Management, clearly something you will focus more on in the future. Could you maybe expand a bit on what kind of plans you have for expand this model? For example, do you have any plans to expand the model to Belgium as well?

Secondly, a bit related to Alex in terms of the contribution to the net commission and fee income: can you maybe disclose a number? If I am looking at the Retail division I see that the non-transaction related commission income was only up 2% year on year, while the assets under management were up by 500 million over the same period. Is there something also booked in this line, which has come down in terms of commission? Some colour would be helpful.

Mr. **Beentjes**: On the plans with Alex Asset Management: you are aware of the fact that Alex Asset Management is one product and that is where we are building the business on. The product is performing very well. But it is not enough in the long term. So, we will broaden the product. We are now only investing in EUR 400 – denominated stocks and we are adding more stocks to the universum if the product is getting bigger to avoid any issues in liquidity.

We may also look for instance at passive investment opportunities instead of only active. So, we have the intention to really build the product on the active and the passive side and we want to enhance the universum where we are investing in. That is one thing.

The other thing is international expansion. That is on the agenda. I cannot tell you whether it will be Belgium, France or Italy. We have to do research and we have to make a business case where we can see we can do best but it something that would be well in line with what we are doing.

The answer to your last question I do not exactly know.

Mr. **Kooistra**: You are right. Alex Asset Management is growing and the income streams are also growing. The fixed income stream is 90 bps. and that is recorded in the other commission income but in that same line there are also elements where we see income decreasing. For example, we have lower income from custody fees, inducements, we book less and they will disappear from 2014 and onwards. So, what you see is that the growth of Alex Asset Management is mitigated by the loss of income in other categories. We have given more transparency on that. If you go to note 25 of our annual accounts 2012 you see a complete breakdown of the income streams in that line.

Mr. **Ploegh**: I will check that. Thank you.

Mr. **Beentjes**: As there are no more questions I would like to thank all participants for joining us in the call. We hope to speak to you next time. Thank you very much!

End of call

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