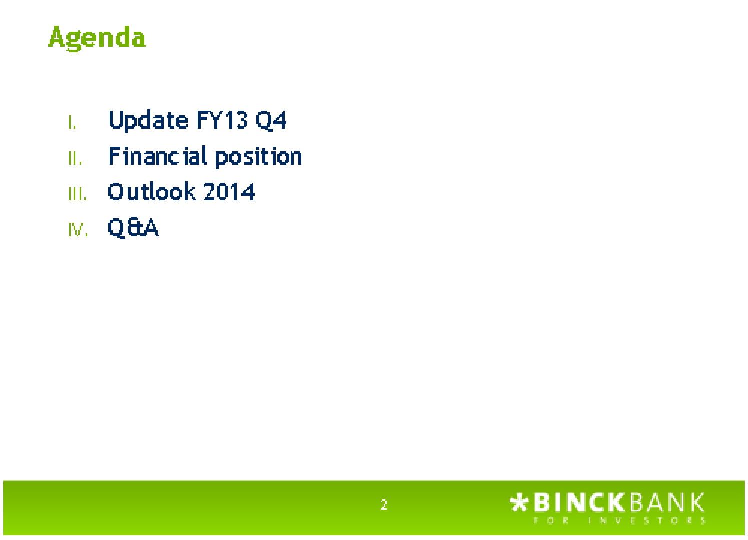
Fourth quarter results 2013

3 February 2014

Koen Beentjes CEO
Evert Kooistra CFRO

TRANSCRIPT

Mrs. **Nederlof**: Good morning to all of you. Good morning all and welcome to the conference call of BinckBank. During this call we will present the annual results over 2013. Koen Beentjes en Evert Kooistra will lead the conference call. After the presentation you will have the opportunity to ask some questions. The transcript will be published this Wednesday on the corporate website of BinckBank. I would like to give the floor to Koen Beentjes.



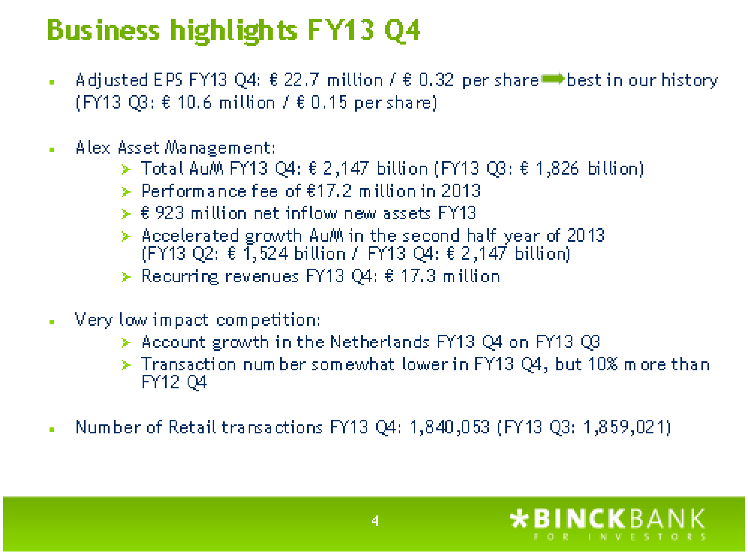
Part I

Update FY13 Q4

Mr. **Beentjes**: Thank you and good morning all. It is the usual pattern, so I will present the update, Evert will follow up with the financial position, then we switch back to the outlook and after that, we give you the opportunity in the QandA session to pose all your questions.

Let's start with the business highlights.

We have had a very good quarter, actually the best in our history with EUR 0.32 per share income. We were at this time above consensus. The consensus was at EUR 0.24.

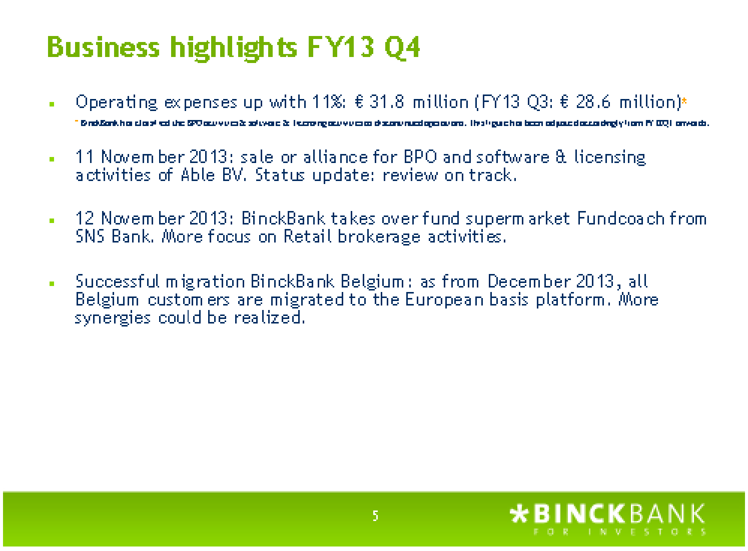


Regarding Alex Asset Management, the positive development of Alex Vermogensbeheer continued, leading to a good return for the clients and to a substantial performance fee for BinckBank. It is of course of strategic importance that our wealth management activities developed so well. We have seen a very healthy inflow last year with over EUR 900 million of net new assets and in the beginning of this year we see continued interest in the markets. We have asked our clients and a major reason to switch from the saving accounts to start with Alex Vermogensbeheer is to have an alternative to the low savings rates in the market. In Holland it is almost a miracle to get more than 1.9%. For BinckBank this is of course good news.

The recurring revenues amount to a little bit over EUR 17 million on an annual basis. Inflow is still strong, so the recurring income stream is growing.

On the brokerage side, which is and will remain of extreme importance to our company, we have seen a good quarter. It has been busy on the exchanges. The number of transactions quarter on quarter was more or less equal with 1.8 million on the Retail side. We have not seen a strong influence from new competitors in the market and we are confident that with our proposition, our platform and our client services we will have a good position in the market. We are looking confident towards things happening there.

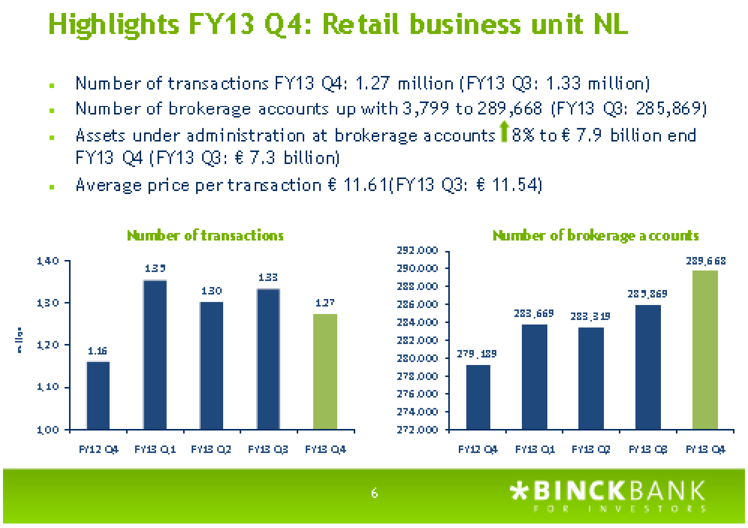
Last quarter, operating expenses were up with 11%. Evert will elaborate a bit more on this later on. We announced in the market the sale of the BPO activities and licence activities under the name Able. We are reviewing the possibilities. The current status is that we have issued an information memorandum and there is healthy interest in the market. They are currently studying the information memorandum and we have to see what the actual interest will be later on in the year. The review is in that respect on track and we hope that we can come to conclusions in the course of this year.



On 12th November we announced taking over SNS Fundcoach, the fund supermarket from SNS Bank. We are currently in the process of adapting our software to Fundcoach and expect in Q2 to have the migration. We will concentrate on the retail activities and that is in line with our announcement in November that we are giving lesser strategic importance to our B2B activities.

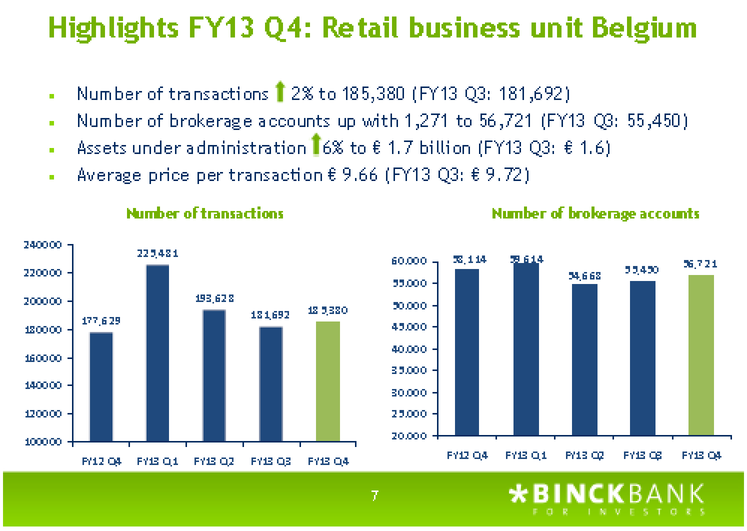
An important project last year was the migration of BinckBank Belgium, so bringing our retail business on the single platform, the European basis platform. The status is that we have now the whole Retail business of the Netherlands, Belgium and Italy on one platform. Remaining is France. We are realising serious synergies at the moment that we will have all businesses on one Retail platform. The synergies are of a financial and of commercial aspect because if we develop a new product it is important to offer it in all countries at the same time, so that we do not have double development costs.

The number of transactions in Retail the Netherlands is almost equal to that in the previous quarter. Still a good inflow of new accounts. We see a lot of people being interested in opening accounts, given that the activity in the stock market has been of a positive nature in the last year. We see that in an ongoing inflow of new clients, as well as on the brokerage side as on the wealth management side.

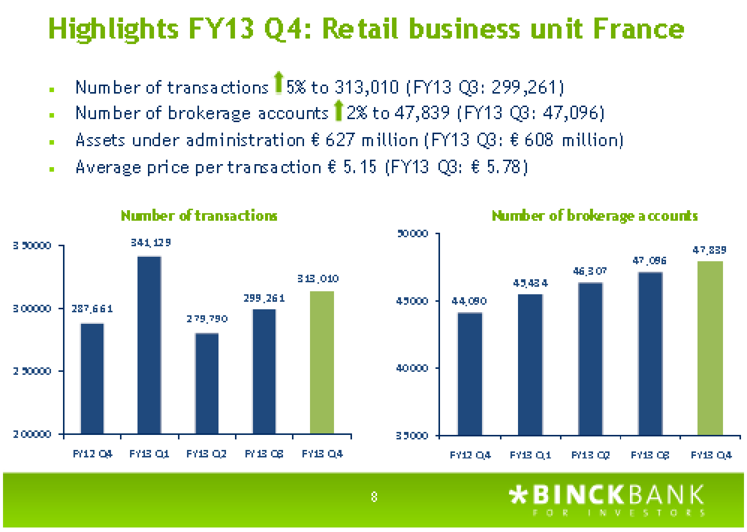


Assets under administration went up. That of course is also a result of the up going stock market. The average price per transaction remained almost stable.

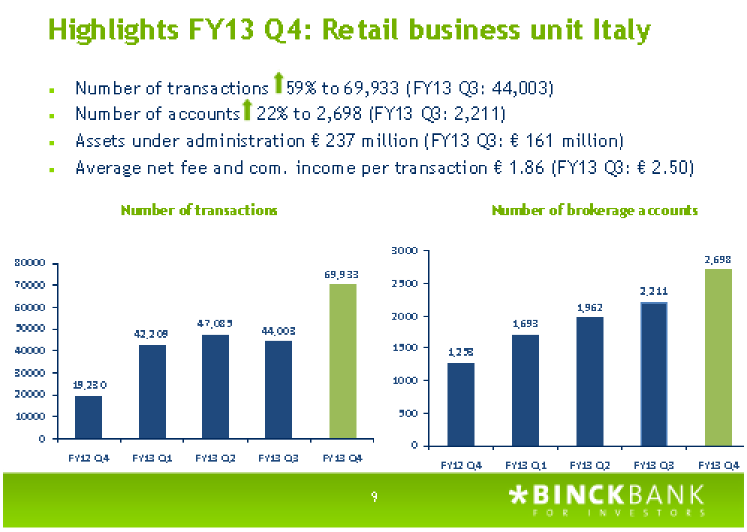
Going to Belgium first of all, I already mentioned that we had a successful migration, which has been an important project within Binck. The number of transactions went up a little bit and the number of brokerage accounts also went up. Basically, we see more or less the same pattern as in the Netherlands: assets under administration went somewhat up and the average price per transaction more or less in line with the previous quarter.



For France, the number of transactions went up, the number of brokerage accounts went up, assets under administration up somewhat and the average price per transaction came down a little bit from EUR 5.78 to EUR 5.15.



For Italy it is important to mention that with 200,000 transactions for the full year Italy has achieved the goals of the business plan, which we believe is very important. As discussed in previous quarters, what we see in Italy is a little bit different than we had in the business plan. We see lesser clients but the clients we have are much more active with an average of 100 transactions on an annual basis. So, from that perspective it really looks good in Italy. We still have quite a development to do on the platform to bring it at par with competition. That will take some time, but we are confident that we achieve the restated goal, we already announced before, that we will break even in Italy before the end of 2015. That goal has been unchanged.



Then we have the table with the transaction fees per individual country. I think we have discussed that.

Highlights FY13 Q4: Retail business unit

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

FY13 Q4	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	18,295	14,764	1,790	1,611	130
Number of transactions	1,840,058	1,271,730	185,380	313,010	69,933
Average net fee and com. income (in €)	9.94	11.61	9.65	5.15	1.86
FY13 Q3	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	18,997	15,392	1,766	1,729	110
Number of transactions	1,859,021	1,334,065	181,692	299,261	44,008
Average net fee and com. income (in €)	10.22	11.54	9.72	5.78	2.50

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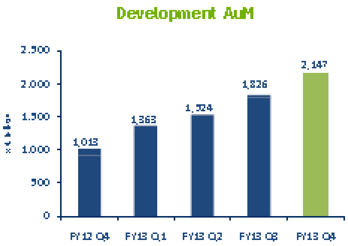
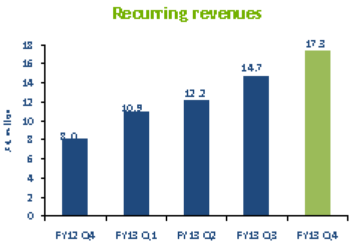
Alex Asset Management of course has been to some extent the surprise of last year with the healthy inflow of new money. We have done extremely well but we have also done a good job for our clients. Of course, that is very important.

Development Alex Asset Management

- Total AuM end FY13 Q4: € 2,147 billion (FY13 Q3: € 1,826 billion)
- € 214 million net inflow in FY13 Q4 (FY13 Q3: € 191 million net inflow)
- Accelerated growth AuM in the second half year of 2013 (FY13 Q2: € 1,524 billion / FY13 Q4: € 2,147 billion)
- Net inflow new assets FY13: € 923 million





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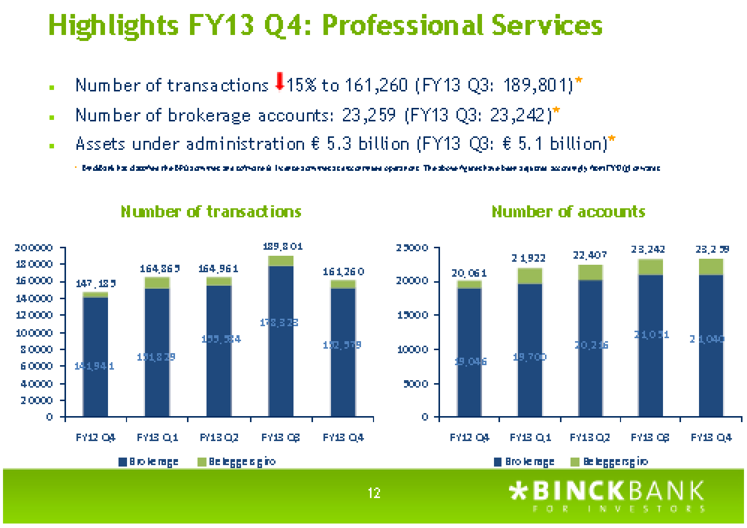
We had a good performance fee of EUR 17 million and a total of net new assets of over EUR 900 million. So year end, the balance was EUR 2.1 billion. In January, we have seen further inflow of net new assets. Of course, the markets were down a little bit so that is also reflected in the total base of our clients. But all in all, we are very positive on the development of Alex Asset Management. We expect further good development as long as interest rates in the market stay as low as they are right now. People are really looking for alternatives and given that the installed base in the savings market is over EUR 300 billion in the Netherlands, there is still enough opportunity for us to grow the product.

The number of transactions in Professional Services was somewhat down with 15%. The number of accounts remained more or less stable and assets under administration showed good growth to EUR 5.3 billion.



Now, I hand it over to Evert with the financial position.

Part II

Financial position

Mr. **Kooistra**: Let's move over to part 2 and start with slide 14, the highlights of the profit and loss quarterly comparison.

The profit and loss account looks different from what you are used to, as the P&L has been adjusted by applying IFRS 5, non-current assets held for sale and discontinued operations. The revenues and costs related to the ABLE BPO and software licence activities have been reclassified to the line 'results from discontinued activities'. The loss on the discontinued activities amounts to EUR 9.5 million and includes the impairment of the Able goodwill of EUR 10 million.

Profit & Loss quarterly comparison

in € million	FY13 Q4	FY13 Q3	FY12 Q4
Net interest income	7.5	7.0	7.1
Net fee & commission income	45.9	28.9	28.2
Other operating income	0.3	-	0.6
Results on investments & impairment losses on fin. instr.		-	-
Total net revenues	53.7	35.9	35.9
Employee expenses	(9.8)	(8.9)	(8.4)
Depreciation & amortisation	(7.5)	(7.2)	(8.7)
Other operating expenses	(14.5)	(12.5)	(9.1)
Total operating expenses	(31.8)	(28.6)	(26.2)
Profit (loss) from operations	21.9	7.3	9.7
Other non operating income	(1.1)	(1.5)	(1.1)
Tax expense	(6.5)	(1.9)	(1.4)
Result after tax from continuing operations	15.3	3.9	7.2
Result after tax from discontinued operations	(9.5)	0.2	(0.3)
Net profit	5.8	4.1	6.9
Net profit to minority shareholders	0.3	-	0.4
Net profit to shareholders BinckBank	6.1	4.1	7.3
Adjusted net profit	22.7	10.6	15.1

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A full review of the business was undertaken and in accordance with IFRS an impairment was realised.

The Able goodwill impairment will not impact the dividend for our shareholders, as we have reversed the impairment for dividend calculation purposed in the adjusted net profit. The impairment is a non-cash cost item under IFRS and BinckBank adjusts for IFRS amortisations related to acquisitions, provided that the capital position is sufficient.

The impairment does also not impact the solvency position of BinckBank, as goodwill was already deducted in the Tier 1 capital calculations.

Net interest income in the fourth quarter increased from EUR 7 million to EUR 7.5 million, which is an increase of 7%. The collateralised contributed positively to the net interest income line in the fourth quarter. Collateralised loans went up from EUR 377 million in Q3 to EUR 428 million at the end of Q4, an increase of EUR 51 million. In line with the equity markets the collateralised loan portfolio increased for the second quarter in a row. Since June, the collateralised loan book has grown with over EUR 100 million, creating around EUR 500 million extra interest at revenues per year.

The increase reflects the positive development of the AEX in the third and fourth quarter. The AEX went up from 345 to 402 at the end of Q4.

Also, the reduction of credit interest rates on savings accounts contributed positively to the net interest income line. Interest rates were lowered from 97 bps. in the third quarter to 65 bps. in the fourth quarter. From the 1st January onwards, we lowered the credit interest rates again to 55 bps.

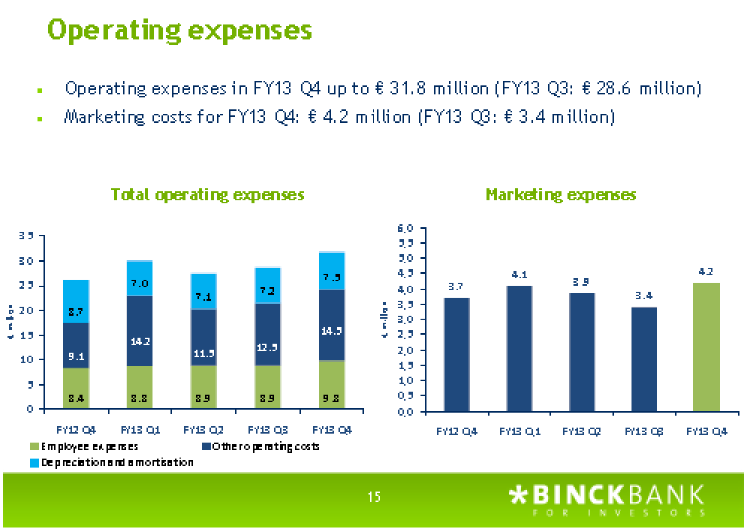
Interest income from the treasury portfolio dropped only marginally.

Net fee and commission income. Commission income for the fourth quarter was almost EUR 46 million versus EUR 28.9 million in the third quarter. Net fee and commission income increased by 50%, which is the result of the Alex performance fee of EUR 17.2 million. Brokerage volume remained at a good level with only a slight decline at 2% versus the third quarter.

October and November were very strong months and in December the volumes slowed down a little bit.

Alex Asset Management ended the year with EUR 2.1 billion assets under management. The growth in recurring income from asset management fees was significant in 2013. The recurring income base grew with 116% from EUR 9.3 million to EUR 17.3 million. This fully compensates the loss of the kick-back fees on the sprinters and the Turbos.

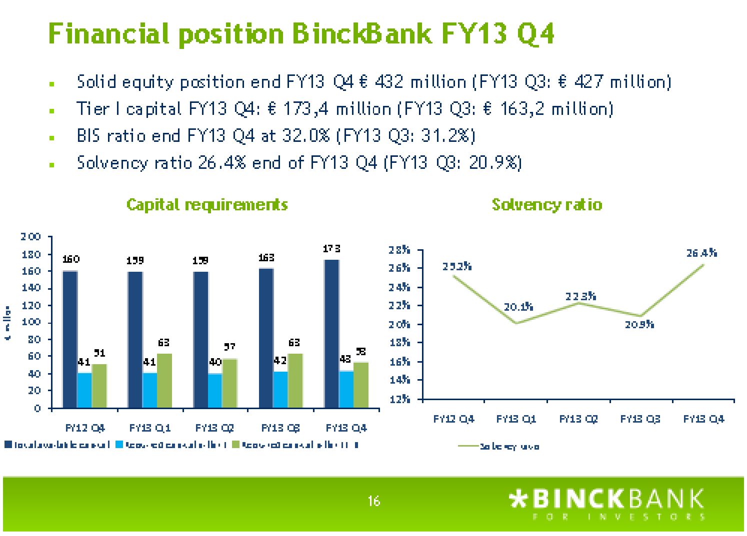
Payroll increased in the fourth quarter. Payroll costs were up to EUR 9.8 million due to an increase of staffing levels.



Amortisation and depreciation: this was mainly the amortisation on the Alex intangibles and there was a slight increase due to accelerated write-off of IT equipment.

Other operating expenses increased due to one-off costs for provisions of EUR 2.5 million and slightly higher marketing expenses for Alex Asset Management of almost EUR 1 million.

IFRS equity amounted to EUR 432 million at year-end, which is an increase of EUR 4.9 million versus the third quarter. Tier 1 capital has grown from EUR 163 million to EUR 173 million, mainly due to the quarterly depreciation of the Alex intangibles and growth in IFRS equity.



The solvency rate under Basel II increased with 5.5% from 20.9% to 26.4%, due to a significant decrease of capital requirements under Pillar 2.

The capital requirements under Pillar 1 have gone up with EUR 1.4 million due to the outstanding receivables on the clients of Alex Asset Management for the collection of the performance fee. These receivables have been collected in the first few days of January.

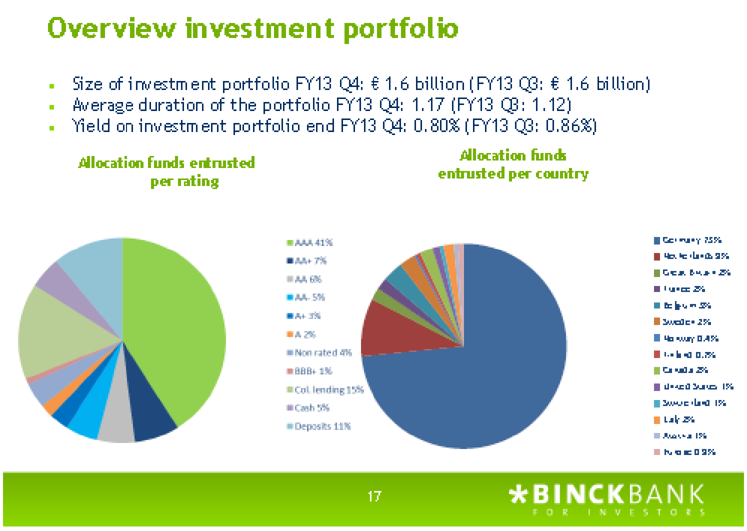
Pillar 2 requirements went down with EUR 11.4 million due to the introduction of the new model for calculation of margin and concentration risk and due to the decrease of risk in client positions.

The net decrease under Pillar 1 and Pillar 2 amounted to EUR 10 million.

Please be informed that from the first quarter onwards BinckBank will report its capital position under Basel III. BinckBank is currently reviewing its capital strategy and minimum capital requirements for the leverage ratio and large exposures, as these are likely to be the most restrictive measures under Basel III. We will present the outcome of the review at the Q1 interim statement and where possible provide some visibility on the potential future capital surplus of the company in the period 2014 – 2017.

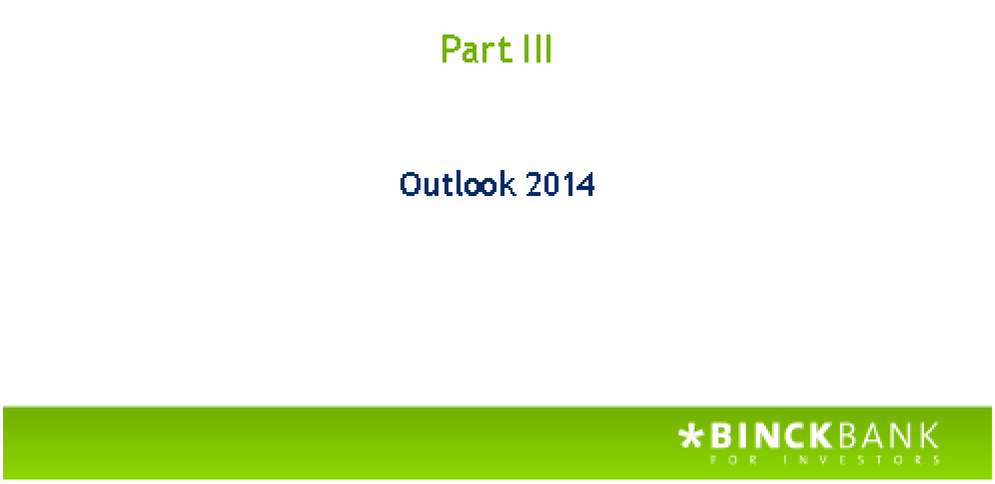
The 20% solvency upper limit will disappear and will be replaced by an absolute amount of capital that BinckBank needs to keep going forward. Of course, the BIS-ratio will remain.

We have increased the currency diversification in the treasury book by buying US denominated bond. This is to invest US dollar client positions in funds entrusted. We used to keep the US dollars for clients in cash but as their position started to grow, this created the opportunity to invest part of it in interest earning bonds. Therefore, we now bought US$ 80 million in US denominated bonds with a yield of 1.17%.



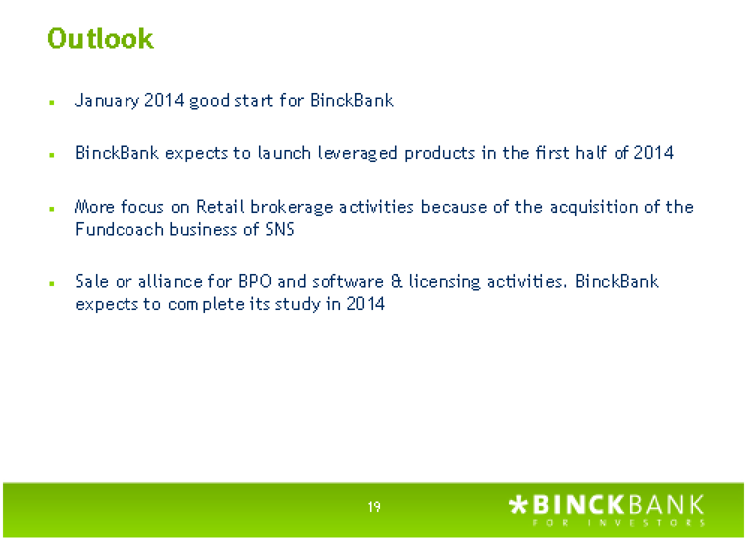
The size of the investment portfolio remained stable at EUR 1.6 billion. The duration of the portfolio went slightly up from 1.12 years to 1.17. The average yield in the treasury book dropped with 6 bps. to 80 bps. and in Q4 we had reinvested EUR 140 million at an average rate of 69 bps. In the first quarter of 2014 we expect to reinvest approximately EUR 200 million.

So far the financial position. I will now hand it back to Koen for part 3 and to round off the presentation.



Mr. **Beentjes**: The year took off quite good.

We had a good start and a lot of inflow of new clients as well on the brokerage side as on the Alex Asset Management side. Of course, the exchanges came down a little bit in the first month but volatility in itself is definitely not bad for BinckBank as a broker. So, we have seen a good start of the year.



We have been working on the introduction of the Turbos. We are making good progress. The project is on target and we expect to launch the first leverage products at the end of the first half of this year.

In the second quarter we are going to migrate the clients from SNS Fundcoach to BinckBank. That project is on target as well and it is basically emphasizing our focus on the retail activities. So, threefold: we have continued strong focus on the retail brokerage activities, we are introducing the Fundcoach activities, and we are putting additional and extra effort on building our Alex Asset Management or wealth management business.

The B2B business we are currently reviewing. As mentioned, we have an information memorandum out there with a good number of interested parties. We expect that we can conclude the study and give follow-up in the course of this year and that we will be able to announce to the market what we exactly are going to do later this year.

Alright, this was the outlook. Let’s go to QandA. Let’s have your questions!

Part IV

Q&A

- **Cor Kluis – Rabobank**

Good morning. Congratulations with the best quarter ever! I have a few questions. First of all, on solvency. Your solvency is quite good and I think under Basel III it is even better, a solvency ratio of around 29%. I understand that in Q1 you want to give your total overview but can you exclude the fact that there would be a share buy-back in the second half of this year? If you would exclude that, what are your considerations in that respect? Or do you say that maybe the analysis that you will show at the end of Q1 might result in an earlier share buy-back?

My second question is about Italy. The commission per transaction is EUR 1.86. That is quite low and it came down somewhat. I think you give clients a discount, especially in the beginning. What kind of commission per transaction could we expect in two or years' time? What is the normal level there if these discounts will gradually run out?

My third question is about the Retail business unit. The commission income and the line 'other' went up versus Q3 at EUR 2.7 million. Can you give the composition of that? What is the Turbo-Sprinter business, what is the asset management return fee and what other things are included in that line?

My last question is about net interest income. It seems that the decline of net interest income is over. It is now a gradual rise again. Can you give an indication if you agree with that, that you expect that net interest income would have bottomed-out and might start to rise again going forward?

Mr. **Beentjes**: Let's start with Italy and the low commission income per transaction. We have basically three issues. We are giving away a lot of free trades. We are reimbursing the clients for a certain tax in Italy, which is called the Bolo, a commercial angle we have taken that we are paying this tax for the clients. Thirdly, it is because our volumes are still relatively low. Our settlement costs are on the high side. These three things are depressing the actual commission income per transaction. If you would take that out, the fee per transaction is at some EUR 6 – EUR 7 before all costs. That is what you would be looking at in the long run. But if you compare it to the numbers we have in the Netherlands, in Belgium and France, that is already a number which is net of stock exchange and clearing costs. So, what we are going to charge: the client will be around EUR 6 – EUR 7, then you have to take out the stock exchange and clearing costs and then you will be most probably somewhere between EUR 5 – EUR 6 in the long run.

Mr. **Kooistra**: Cor, with regard to the Retail commission income, which one do you refer to?

Mr. **Kluis**: The EUR 2.68 million.

Mr. **Kooistra**: That includes a couple of things: kick-back fees, custody fees, and fixed income. So, when clients convert Euros to Dollars we earn money on the fixed conversion. Those are the major items included in our net commission income.

Mr. **Kluis**: And is there still Turbo-Sprinter business included?

Mr. **Kooistra**: Yes, in the fourth quarter there is.

Mr. **Kluis**: How much?

Mr. **Kooistra**: Roughly EUR 1 million. That was the last quarter.

Mr. **Kluis**: And the kick-back fees for asset management? How much?

Mr. **Beentjes**: There are no kick-back fees for asset management.

Mr. **Kooistra**: This is the total.

Then your question regarding solvency: solvency improved considerably due to the fact that we started using a new model. We are currently doing this review on the capital position and we will provide the outcome of that review with the Q1 interim financial statement. We have no intention to restart the share buy-back in 2014, as indicated earlier. We want to see the effect of Basel III on the balance sheet of BinckBank and the effect of the Turbos once we have launched them, how the clients' positions are going to work out, and what the impact under stress will be on the capital position. As it looks now, we have enough capital but we need to see how it works out. That is why we said that in 2014 we will have no additional capital returns apart from the regular dividend.

Then your question regarding the net interest income. It depends on how collateralised lending works out in the first half of this year and what the market interest rates do of course, but if it stays where it is we might hit the bottom in the treasury book in the first half of this year and from thereon grow again. But if the interest rates drop again, then of course it works out the other way. At the current levels it looks like we are coming close to the bottom.

Mr. **Kluis**: Thanks!

- **Albert Ploegh – ING**

Good morning. I also have a few questions. First of all, to come back on the capital again. On the leverage product you mentioned that in Q3 you see a maximum capital intensity of around EUR 15 million. As far as I know, it has not been repeated but I guess therefore the statement is still in place. Can you confirm that?

My second question related to capital is that in your opening remarks you mentioned you were going to review the capital framework and that will be shared next quarter and that you were going to manage likely more on absolute capital basis. The core capital is around EUR 170 million. Why is this? Do you feel therefore there is somewhat pressure from the regulator to have a higher absolute basis that makes the high percentage a bit less relevant going forward?

My next question is more on the strategy. I do not think it is a major surprise but you clearly focus more on asset management going forward and rule out basically the introduction or the roll-out into new countries with the Online Broker model. But you […] not fully rule out acquisitions. By that statement, do you mean acquisitions still in the existing countries or could it also potentially be in a new country? Some colour there would be appreciated as well.

Finally, on the cost base. It seems to me that in Q4 in the 11% quarter on quarter increase there may be some one-off kind of costs in there. There are also some consultant costs, also some sort of one-off cost in the whole year 2013. So, is it possible to get some guidance for 2014 on what kind of cost base you see and whether or not you need to still step up some investments to broaden the Alex Asset Management product, which I guess will be expense?

Those were my questions for now.

Mr. **Kooistra**: I will start with the capital questions. We have indicated EUR 15 million for the leverage product. So far, we are still at the EUR 15 million so there are no indications that this is going to change at this stage.

Your second question was regarding the review of the capital. I mentioned an absolute amount and that has to do with Basel III. For example, if you look at the leverage ratio it is easier to work with an absolute amount of capital that you need to keep to manage your balance sheet. Going forward, that is likely going to be the most restrictive measure for banks. So, it is not the BIS-ratio or the Solvency ratio but it will be the leverage ratio. So, we will review the impact of those on BinckBank together with the capital requirements for Pillar 1 and Pillar 2, for large exposures. We will present to you how we think the capital should be built up going forward.

Mr. **Ploegh**: I think the leverage today is pretty comfortable, at least […] of the 3% minimum. There is discussion in the Netherlands to increase this. How should I read that? Are you going to a higher percentage than the absolute minimum of 3?

Mr. **Kooistra**: No, the absolute minimum is 3%. We are over 6% now, so that is not a problem at all. We put a new system in place to start managing the capital position going forward. If you grow your business and your balance sheet grows, you need to start looking into these things. Basel III requires different measures and techniques for capital management and that is why we are updating our capital plan.

Mr. **Ploegh**: Maybe one quick question on the Basel III slide you presented in Q3: of course, the definition of fair value has changed a little bit but your other guidance on the goodwill was plus EUR 20 million and a deduction on the financial subsidiaries. Is that largely unchanged?

Mr. **Kooistra**: No, it was not only a deduction of the subsidiaries. There was a deeper tax liability on the Alex goodwill. So, the Tier 1 capital under Basel III will be significantly higher but it will also be more volatile because the fair value reserve cannot be reversed out anymore under Basel III. So, if interest rates start to increase you will see that the value of the treasury book will drop and that will have a negative impact on your capital position but it will not be very big for Binck because we have a short duration. But we have to get used to it that Tier 1 capital will become more volatile than it was in the past. That is why we switched over to a system for measuring the capital position in absolute amounts.

Mr. **Beentjes**: Your question on the strategy: what we have seen in the past years is price pressure on our core product, the online brokerage transaction. You have seen that basically following the moment of introduction in new markets. In Holland the price is the highest, then Belgium, France, and Italy is currently the lowest fee per transaction. Traditionally, we are price fighters and that is the way we enter a new market. In Italy we somewhat left that position because there are a couple of parties in the market that are cheaper than we are, but they have a completely different proposition. The proposition of being a price fighter is in most countries already taken by parties. For instance, in Germany you have Flatex and in Spain there is a discounter. In Sweden fees are also low. It will be extremely difficult to enter a new country with our traditional entry strategy, that of being a price fighter. It is getting more and more difficult the more fees are coming down and the current low interest rate environment is not helping either.

I did not exclude acquisitions because the fact is still the same and that we have business of economies of scale. So, if we would be able to grab a significant part of a market in a country where we are not yet present it could be very synergetic on the system side. That is the reason why we did not rule out an acquisition but starting from scratch is just taking too much time. Fees are too low and we would have to spend too much on marketing to get a position in a market. That is the reason why we excluded the autonomous growth and kept the possibility of an acquisition alive.

Mr. **Ploegh**: Especially because you have started in Italy, how does that fit within the framework? When I look at the numbers it still seems quite small in scale in that respect.

Mr. **Beentjes**: That is true and Italy is not the easiest country to get a foothold. But it is a very large market. The market is ahead of us, so it is more sophisticated than Belgium, France and the Netherlands. It helps us by building our system in that market there to bring it at par with our competitors to have a more than outstanding system in the Netherlands, Belgium and France. That is something we want to achieve. Regarding our local costs in Italy we are running at a loss but we are at an acceptable level. It is a market, which has such a good opportunity. It is a very large market, larger than Holland, Belgium and France together and we want to get our position there. We are going to fight for it but as you see, the number of new clients has not been overwhelming. The behaviour though is good and we have put it on the map by including it in our mid-term targets by being break-even in Italy at the end of 2015. So, it is of strategic importance that we succeed in that country.

Mr. **Kooistra**: Your last question was on the costs. Costs have gone up with 11%, which is quite a bit but we had some one-offs in 2013. We had the market data costs in the first quarter and we have taken additional provisions in the fourth quarter. During the whole year we were confronted with higher consultancy costs to comply with all new legislation and compliance requirements. So, we had EUR 6 million – EUR 7 million of one-off costs last year in things we hope will not incur again. But nobody can foresee what is going to happen this year. So, EUR 6 million – EUR 7 million of one-offs in 2013.

Mr. **Ploegh**: How should I look at 2014? I guess you will still be investing more, also into franchise [French side] … basically gone up. Do you say this is a phase that is now more or less behind you, so can we expect more of an inflation kind of plus growth if you adjust for the one-offs?

Mr. **Kooistra**: We do not expect to significantly grow in headcount. We have seen growth in the second half of last year and those costs are not fully reflected of course in 2013 but we have no plans at the moment to further grow the headcount.

Mr. **Ploegh**: But if I look at the run rate for Q4 there is of course a bit more marketing expenditure but some one-offs. So, if you do EUR 31 million kind of run rate plus inflation, is that something you say seems okay or is that too conservative?

Mr. **Kooistra**: That is an indication. We do not know what the disposal costs for Able will be. The marketing costs we assess quarter to quarter. We do not expect significant further costs increases.

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

- **Arun Rambocus – Kempen en Co**

Good morning. Congratulations on this set of results. I have a couple of questions on Alex. I am just trying to understand what is behind the EUR 3.5 billion.

Looking back at 2013, obviously you saw that the ticket size rose from 45,000 at the start of 2012 to 59,000. To what extent is 3.5 billion focused on growing the number of accounts or increasing the ticket size. What has been the easier thing to do so far?

The other question on Alex is: what has been the inflow at the start of the year? If I understood correctly, typically your clients make up their asset allocations at the start of the year, so do we see a continuation of the run rate we saw in 2013 at the start of 2014 as well?

Another question I have is on the Retail brokerage activities. What has been realised so far in terms of synergies in moving towards one platform and what is still in the pipeline with future migrations?

Mr. **Beentjes**: On your first question: what typically happens is that new clients come with around EUR 45,000. Then the account grows for two reasons. They are putting in extra money because the returns have been good and secondly of course, the returns themselves. So, what we expect to grow to EUR 3.5 billion is basically a continued growth as we have seen it in the last year. It is more than the initial amount deposited, so around EUR 45,000, which has to be the major part of the growth. It is not the additional money clients are putting in. So, to make a long story short, we want to get new clients for the products and we hope that they will bring some EUR 45,000 on average at the beginning of the relationship.

The question about the inflow at the start of this year: that is right. We are roughly at the run rate of the beginning of 2013. So, it is exactly what you said is happening, that around Christmas and New Year's Eve people are reconsidering their financial position. They have a look at it and January is for many things the month of a new fresh start. That is also for the deployment of the private assets. So yes, we have seen a good inflow in the first month.

I am sorry, I missed part of your question on retail brokerage.

Mr. **Rambocus**: From migrating three countries to one platform, what are the synergies that have been realised and what is still in the pipeline with future migrations? Just to get my model right.

Mr. **Beentjes**: The synergies are currently more on the commercial side because we still have France, which is on a different platform. So, the complete synergy by not using the France platform anymore is realised once it is migrated. The migration of Belgium is not a real financial plus but it is a commercial plus. The financial plus will come at the moment that we will bring the French business also to the basis platform. That is not an extremely huge amount. I am thinking about EUR 1.5 million – EUR 2 million on an annual basis but there the benefit for the clients is also that if we develop something that we can bring it in the market in all four countries at the same time. So, in the future we will only have a onetime development of new products and features. That will be a major gain for us because it will enlarge our commercial opportunities. We are not going to use the platform where France is on any longer after we are back to one, is maybe 1,5 million – 2 million roughly.

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

- **Bénoit Pétrarque – Kepler Cheuvreux**

Good morning, a few questions from my side. The first one will be just to come back on the leverage ratio. Obviously, 3% - 4% leverage is for large banks. Are you in discussion with your regulator on a higher level of leverage, given the size of the bank?

Going into this capital discussion: you are going to target an absolute level of capital. Will that mean that you will eventually move to 100% pay-out ratio once you have actually reached this […] amount of capital? So, I am just trying to understand what will happen once you have reached this absolute level of capital you will target.

My second question is on the kick-back fee. You have mentioned EUR 7 million – EUR 8 million lower income going forward from the ban on kick-back fees. Could you refresh us on this kind of figure? I think you have already stopped somewhat the kick-back fees in 2013, so that will be a kind of update of looking into 2014.

Also, on the target level of 9.5 million of volume on the Retail side. It is a goal for 30% versus 13: what are the main drivers of this growth? Could you give a bit of granularity in terms of a number of accounts and what are your underlying assumptions in this figure?

Could you update us on the marketing expenses for 2014? Are you expecting flat marketing or slightly growing marketing, looking at the kind of growth you are expecting on Alex and the Retail side? Thank you very much.

Mr. **Kooistra**: I will start with your first question on the leverage ratio. Officially it is 3%, so that is what it is. We are at 6%, so no discussions around the leverage ratio with the regulators. The reason I mentioned it is that going forward the leverage ratio under Basel III will be more important for banks and there is still a discussion going on between the politicians, the government and the regulators on where the ratio should be, whether it should be at 3% or higher. So, we are at 6% and we do not expect any problems with that.

The absolute amount makes it easier to measure. Once we go over that absolute amount, in principle there is going to be a surplus and the question is what to do with that surplus. We will decide in due course whether we see business opportunities to use this surplus for or to return it to our shareholders. That depends on the business cases that are on the table by that time.

Then your question regarding the kick-back fees: we have indicated that there were EUR 7 million – EUR 8 million at stake for 2014, for which we have already made up by the growth in Alex Asset Management. We are going to further make up with it with the introduction of the Turbos. So, for 2014 there will be no more kick-back fees be recorded and as I said earlier in the call, there was EUR 1 million in kick-back fees in there in the fourth quarter. So, that will drop out in the next quarter.

Mr. **Beentjes**: On the EUR 9.5 million: there are two main drivers. One is Italy. I do not have the number of accounts at hand but growth has to come from Italy. In the Netherlands, Belgium, and France we see more or less stagnant markets so there we have not grown much in the last year. We see that in the numbers. Nor do we expect that we suddenly will. So, it will come from Italy and it will come if we are selling the BPO business and licence business. What remains with BinckBank is servicing the individual private wealth managers and there, we expect some growth as well. So, the main driver for this target will be Italy.

Marketing expenses, flat or growing? In principle, they are flat but we have to confess that last year Alex Asset Management went that well that we have been a little bit opportunistic and put more money in there. So, in budget we have it flattish but if it would be an extremely good year we may see some opportunistic behaviour.

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

- **Lamar Salah – SNS Securities**

Lots of questions have been asked and there is just one question from my side. Now that you have changed gear with respect to your strategy, leaving the targets for BPO and focusing more on Alex Asset Management, can we get a target update in the near future?

In addition, I was also wondering whether you need to incur additional charges for disentangling the BPO business. Is that assumption true?

Mr. **Beentjes**: On your last question: of course, there will be some project costs for the disentanglement but that is presuming that they will sell the business and then there will be an income as well. We have not calculated that but I would see that as a cost of the process basically.

An update on the target: we gave an update in the current release, so we raised the target for asset management to EUR 3.5 billion whilst reducing the number of online brokerage transactions of […] We left the BPO target out. We already did some revision on our target there.

Mr. **Salah**: Thank you.

Mr. **Beentjes**: As there are no more questions, thank you very much for attending our analyst call. We hope to see you all next time. Thank you very much!

End of call

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