
First quarter results 2014
22 April 2014
Koen Beentjes CEO
Evert Kooistra CFRO

TRANSCRIPT

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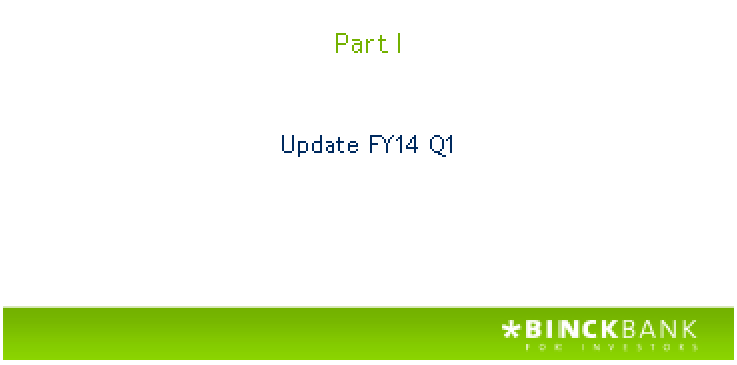
Mrs. **Nederlof**: Good morning all and welcome to the conference call of BinckBank. During this call we will present you the Q1 results. Koen Beentjes and Evert Kooistra will lead the call. After the presentation, you will have the opportunity to ask some questions. A transcript will be published this Thursday on the corporate website of BinckBank. I would now like to give the floor to Koen Beentjes.

Mr. **Beentjes**: Thank you, Nelleke! Good morning all and welcome to the BinckBank presentation. We will give you the update for the first quarter in the usual sequence.



I will present the commercial part and Evert will follow up with the financial position and this time with a very comprehensive capital update. After that, we will go to the outlook and the QandA session.

So, starting with the business highlights.

Business highlights FY14 Q1

- Adjusted EPS FY14 Q1: € 11.6 million / € 0.17 per share (FY13 Q1: € 9.2 million / € 0.13 per share)
- Alex Asset Management:
  - € 336 million net inflow new assets FY14 Q1
  - Total AuM end of FY14 Q1: € 2.5 billion (FY13 Q1: € 1.4 billion)
- Number of Retail transactions ↑ 28 % to 2,355,096 (FY13 Q4: 1,840,053)
- Sale or alliance for the BPO and software & licensing businesses. The study is proceeding according to plan and BinckBank expects to complete it in 2014.
- Change in management responsibility: Mr Vincent Germyns responsible for the business unit Retail with effect from 23 April 2014

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It has been pretty busy on the exchanges, so we have seen a lot of transactions this quarter. All in all, 28% up to EUR 2.4 million in the retail space. Compared to the fourth quarter of last year with EUR 1.8 million transactions.

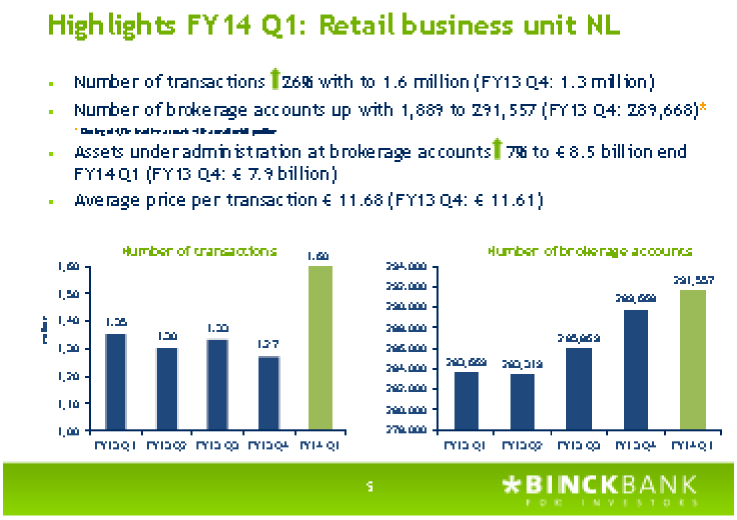
Alex Asset Management had a good inflow of EUR 336 million. You have to bear in mind that we changed our mid-term goals last time, so up from EUR 1.5 billion to EUR 3.5 billion for Alex Asset Management. You can see that the inflow is above expectation and we are at EUR 2.5 billion at the end of the quarter. All in all, this lead to an income of EUR 0.17 per share, which was right on the consensus value the analysts had calculated beforehand. So, it was against spot on!

The study on the sale or alliance for the BPO business from Able is ongoing and is proceeding to plan. There is a healthy interest in the asset and we are currently in the second round. We are discussing with a number of interested parties. We expect to complete it in 2014.

Mr. Vincent Germyns will be responsible for the Retail business within BinckBank effective after the shareholders meeting of this afternoon, so beginning on 23rd April 2014. Mr. Germyns has been with the bank for a long time. He was responsible for building up Belgium. He was involved in the building of France and he has responsibility for our business in Italy. He is longstanding and a very seasoned retail banker and we are happy to have him on the board as of tomorrow.

We will also see some changes in the Supervisory Board. After a long career in the Supervisory Board Mr. Fons van Westerloo will step down this afternoon. We would like to thank him from this place for his valuable contribution to the company. Next year, two other members of the Supervisory Board will retire, Mr. Kees Scholtes and Mr. Hans Brouwer. We have the pleasure of announcing that Mrs. Hanny Kemna and Mr. John van der Steen will be proposed as new members. We are currently in discussion with a third candidate and this candidate is still under DNB review. After that, we will have a separate shareholders meeting for their appointments if all three candidates pass DNB.

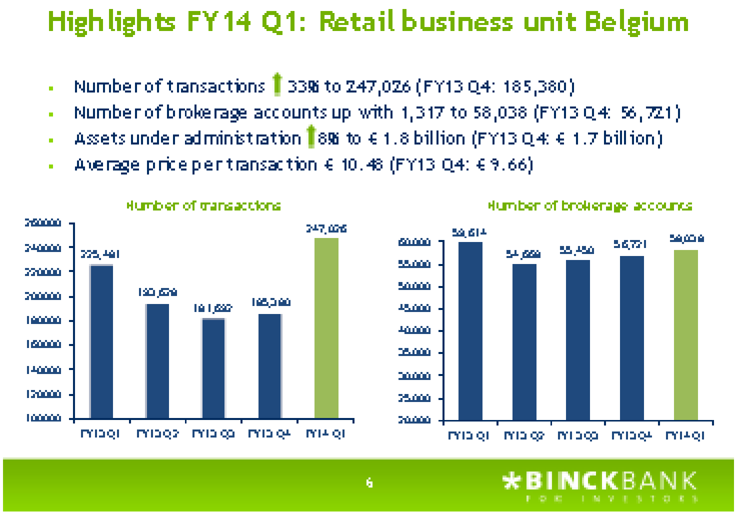
Let's go to the Retail business the Netherlands.



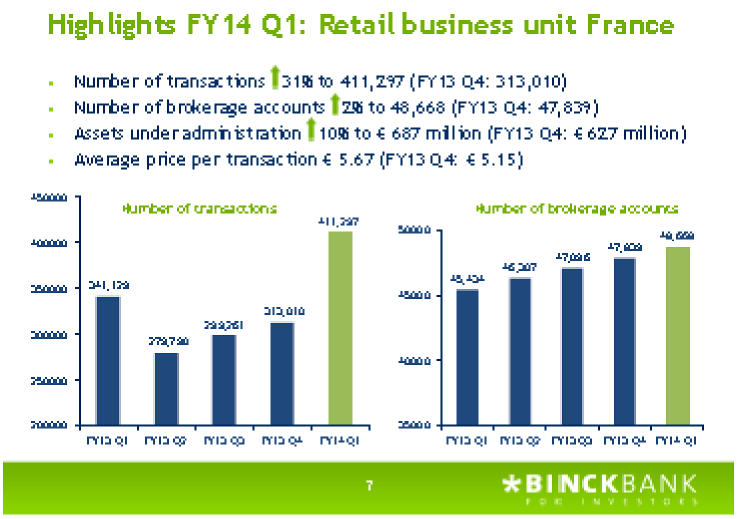
The number of transactions was up 26%, so in line with the other countries Belgium and France. Belgium and France were a little bit higher. I will come to that later. The number of brokerage accounts went up and the Assets under Administration went up.

What is good to see is that the average price per transaction with EUR 11.68 was resilient and a little bit above the level of the fourth quarter. Our experience is that this is a sign of confidence in the markets by the retail investors. They tend to trade a little bit larger transactions if they have confidence. I think this is reflected in the average price per transaction.

Belgium also had a good increase in transactions, so in the trading volume.



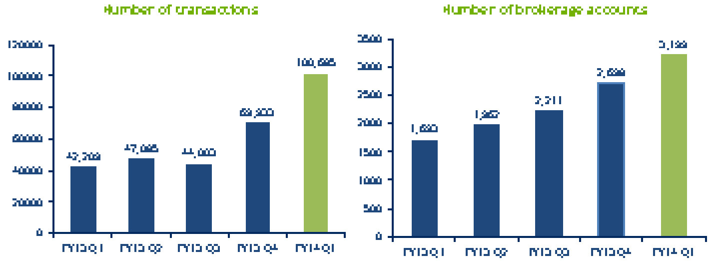
We opened new accounts, assets under administration were up and also here, you see that the average price per transaction was up from EUR 9.66 in the fourth quarter to EUR 10.48 this quarter.



More good news from France. There, the number of transactions went up 31% to 400,000 transactions for the quarter. We opened some new accounts and assets under administration were up. Here as well, we see an increase in price from EUR 5.15 to EUR 5.67. So, it looks good.

Highlights FY14 Q1: Retail business unit Italy

- Number of transactions ↑44% to 100,685 (FY13 Q4: 69,933)
- Number of accounts ↑19% to 3,199 (FY13 Q4: 2,698)
- Assets under administration ↑34% to € 316 million (FY13 Q4: € 237 million)
- Average net fee and com. income per transaction € 3.29 (FY13 Q4: € 1.86)



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In Italy we had an even steeper increase with 44% but as you may recall, the Italians are very active if it comes to brokerage. That is reflected in the numbers here. The number of accounts was up with 19% and the assets under administration. In the fourth quarter, we had a very low income per transaction because we had taken some cost in terms of free trades for the clients. We are paying a certain fee, the so-called BOLO, in Italy for the clients. All in all, that lead to a very low average price per transaction of EUR 1.86 in the fourth quarter. We were happy to see that this came to EUR 3.29 this quarter.

Highlights FY14 Q1: Retail business unit

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

FY14 Q1	Retail total	Netherlands	Belgium	France	Italy
net fee and commission income in € 1,000	23,681	18,658	2,566	2,333	331
number of transactions	2,335,066	1,596,068	247,056	411,297	100,685
Average net fee and com income (in €)	10.14	11.69	10.46	5.67	3.29
FY13 Q4	**Retail total**	**Netherlands**	**Belgium**	**France**	**Italy**
net fee and commission income in € 1,000	18,295	14,764	1,730	1,611	130
number of transactions	1,840,058	1,271,720	165,280	313,010	69,933
Average net fee and com income (in €)	9.94	11.61	9.66	5.15	1.86

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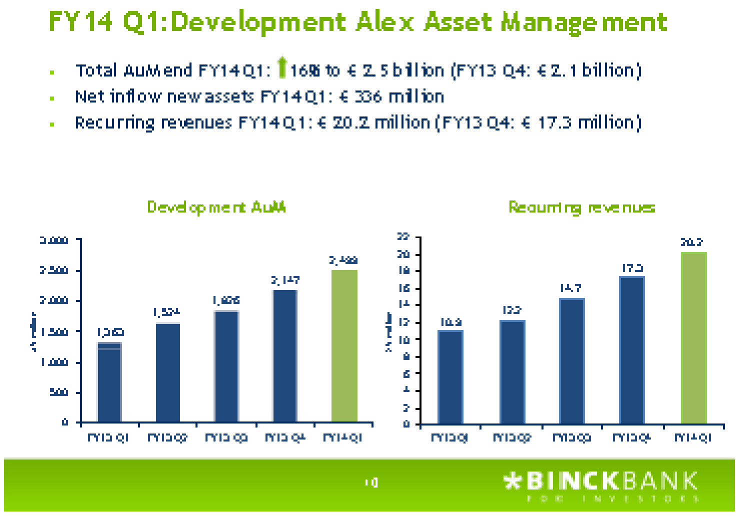
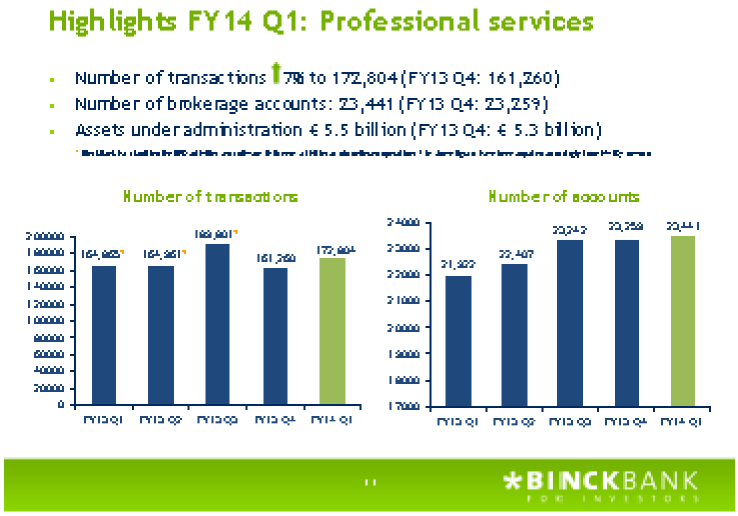
In the table you see the total and in total the average fee per transaction was up from EUR 9.94 to EUR 10.14 for the quarter. So, it is a good sign.



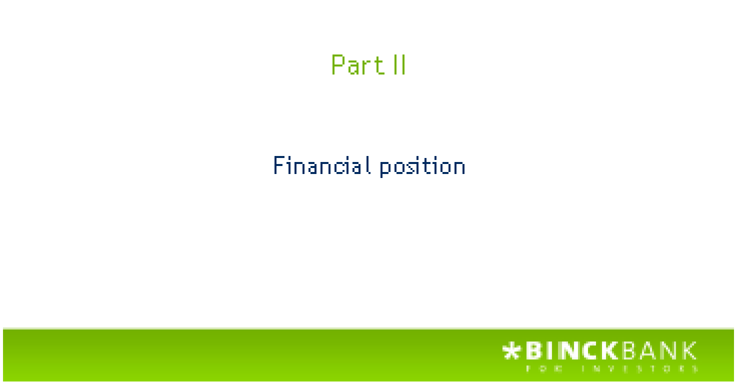
Our next slide is on Alex Asset Management. Assets were up with 16% in one quarter to 2.5 billion. This was caused by an inflow of net new assets of EUR 336 million. The markets were very positive in the beginning of the year but during the quarter they came down. This was reflected in the client portfolios as well, meaning that the portfolio returns were in line with the market but ultimately quite limited. So, the clients did not achieve a very good result but so was the market.

The recurring revenues in the meantime are at a level of EUR 20 million annualised or on an annual basis. Next to that, we may see some performance fee but currently the performance fee is at a low level. If you do the math, you will see that.

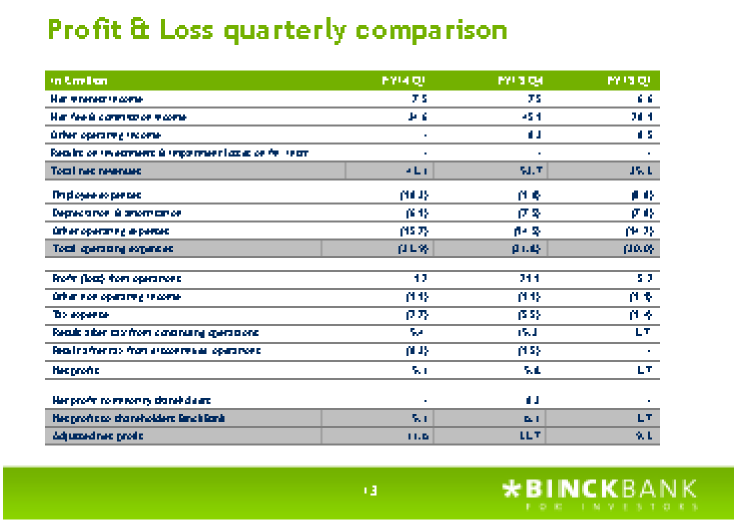


The number of transactions in Professional Services went up with 7%, the number of accounts went up a little bit and the assets under administration were at EUR 5.5 billion. We have taken out the BPO activities and software licences, which we are intending to sell. These are booked as 'discontinued operations'. So, what you see here is mostly the business of the private wealth managers we are servicing.

Then we come to Evert's part, the financial position.



Mr. **Kooistra**: Good morning everybody. We continue with slide 13, the highlights of the profit and loss quarterly comparison.



Net interest income in the first quarter remained stable at EUR 7.5 million. The collateralised loans for the Retail division went up from EUR 371 million to EUR 377 million in the first quarter, which is an increase of EUR 6 million. The collateralised loans for Professional Services division declined with EUR 9 million from EUR 57 million to EUR 48 million, resulting in a net decline of EUR 3 million for the total collateralised loan portfolio.

Also, the reduction of credit interest rates on the savings accounts contributed positively to the net interest income line. As of 1st January, credit interest rates were further lowered to 55 bps, a 10 bps drop versus the fourth quarter last year.

Interest income from the treasury portfolio continued to decrease. In the first quarter of 2014, we invested EUR 242 million at an average yield of 56 basis points and EUR 209 million in bonds were redeemed, on which we lost an average yield of 111 basis points.

The average yield in the portfolio dropped slightly from 80 bps to 73 bps, a decline of 7 bps.

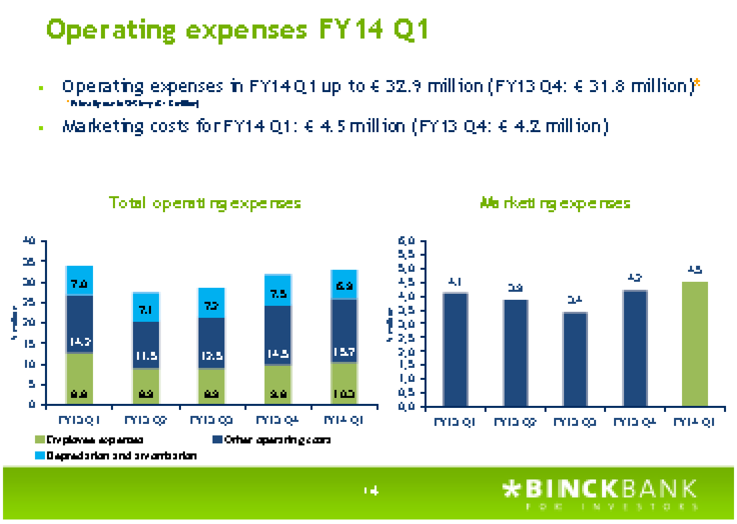
If we manage to reinvest at the rate of 60 bps the yield on the portfolios are expected to remain stable, which means that we would bottom out during the coming two quarters.

Transactions related to net fee and commission income increased by 25% from EUR 21.9 million to EUR 27.4 million. Also, the growth of recurring fees from Alex Asset Management contributed to revenue growth.

Recurring fees from Alex Asset Management increased from EUR 3.8 million in the fourth quarter to EUR 4.5 million in the first quarter.

Alex Asset Management ended the quarter with EUR 2.5 billion in assets under management, which is a growth of 16% compared to the last quarter.

The total commission income for the first quarter was EUR 34.7 million versus EUR 45.9 million in the fourth quarter. The total net fee and commission income declined by EUR 11.2 million, which is a result of the Alex performance fee of 17.2 that was recorded in December of last year.

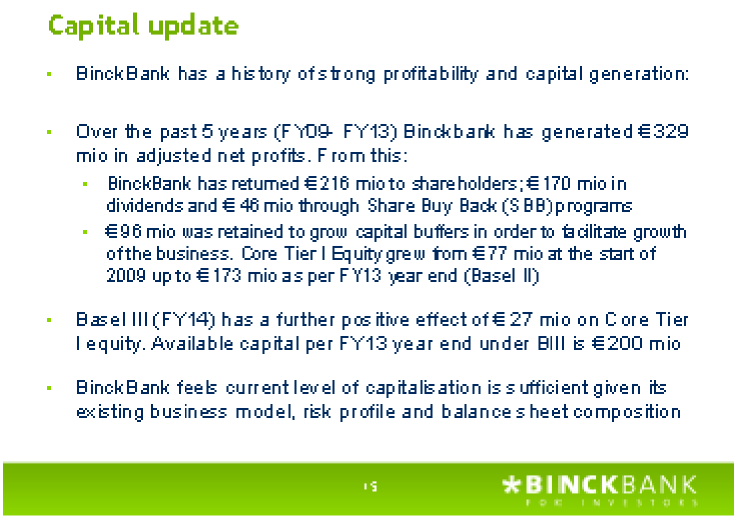


Payroll costs increased in the first quarter. Payroll costs amounted to EUR 10.3 million, an increase of 5% versus the fourth quarter. The increase is due to increased staffing levels and the annual salary reviews.

The average number of employees increased by 1.6% to 659 FTEs.

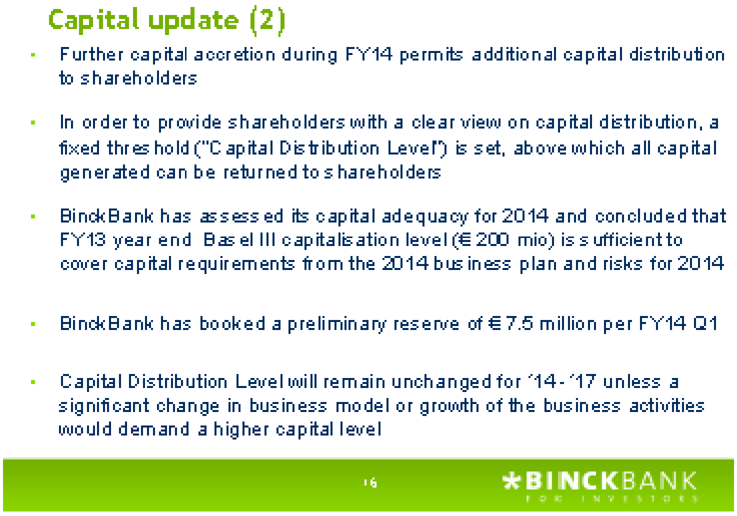
Amortisation and depreciation – this is mainly the amortisation of the Alex intangibles – a slight decrease due to the accelerated write-off of IT-equipment in the last quarter of 2013.

Other operating expenses increased mainly due to the costs for the SNS resolution charge, which is EUR 1.3 million. We will also record in the second and the third quarter of this year an amount of EUR 1.3 million. The total cost for the SNS levy this year will be EUR 4 million.



Let's move to the capital update, slides 15 and 16. As promised, we will provide more visibility on the capital plan. If you look back at the past five years, you will see that BinckBank has a history of strong profitability in capital generation. Over the past five years we generated EUR 329 million in adjusted net profits. From this, BinckBank has returned EUR 216 million to shareholders. EUR 170 million was paid in dividend and EUR 46 million was paid back through multiple share buy-back programmes. EUR 96 million was retained to grow capital buffers in order to facilitate the growth of the business and cover increased risks. Core Tier 1 equity grew from EUR 77 million at the start of 2009 to EUR 173 million as per the end of 2013, which is on a Basel 2 basis. Basel 3, starting in 2013, has a further positive effect of EUR 27 million on the core Tier 1 equity.

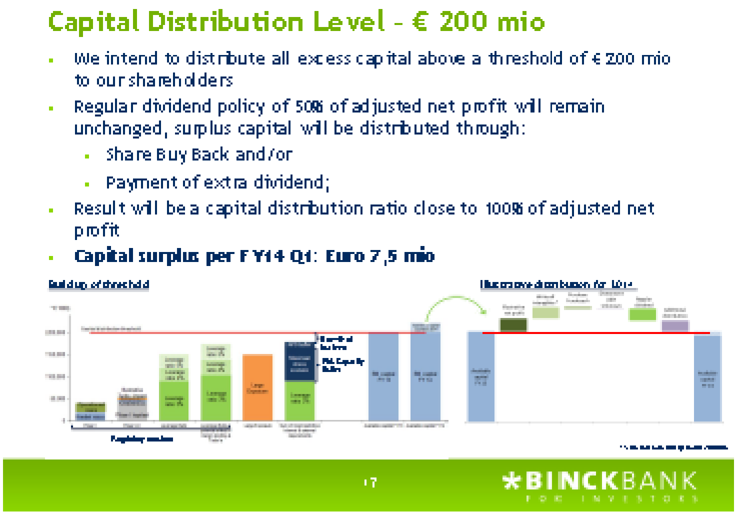
The available capital as per year-end 2013 on a Basel 3 basis was EUR 200 million.



In the first quarter, BinckBank has reviewed its capital strategy and capital requirements for Pillar 1. Pillar 2, the proposed leverage ratio and large exposures and concluded that a Tier 1 of EUR 200 million is sufficient to cover capital requirements from current business activities, the current risks and regulatory requirements at this moment. This means that further capital accretion during 2014 permits distribution of surplus capital to shareholders. In order to provide shareholders with a clear view on capital distribution potential, a fixed threshold, the so-called capital distribution level, has been set above which capital generated can be returned to shareholders.

It is our intention to leave that capital distribution level unchanged for the period 2014 – 2017 unless a significant change in the business model or growth of the business activities would demand a higher capitalisation level. If this is the case, we will inform shareholders.

The definitive first [excel,] return will be communicated at the fourth quarters earnings' release, which is in February, 2015. Extra capital returns will be done through a share buy-back and/or a payment of extra dividend. This is to be decided in due course.



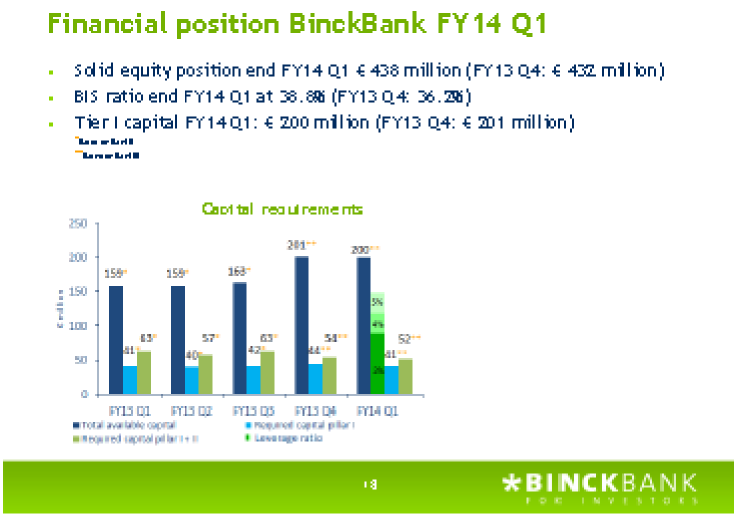
On slide 17, you can see a summary of the capital requirements for BinckBank. In the graph on the left hand bottom names ‘build-up of threshold’ you see that the requirements under Pillar 1 amount to EUR 41 million. The capital requirements under Pillar 1 and Pillar 2 are EUR 52 million. For the proposed leverage ratio you see two columns. The first column shows the capital requirements for the leverage ratio based on a range of 3%-5%, based upon the current balance sheet size, which is EUR 3.2 billion. In the second column you see the capital requirements for the leverage ratio based upon an increased balance sheet size. This includes the potential fact of the balance sheet growth due to the introduction of leverage products and any possible negative outcome of Basel III interpretation differences.

Please be informed that the capital requirements for the leveraged products are maximum EUR 2 million to EUR 4 million instead of EUR 15 million communicated earlier, as BinckBank has been able to mitigate a large part of the associated risks in the alliance with UBS.

The orange column shows the capital requirements for large exposures. BinckBank’s current business model and investment policies would require EUR 150 million in capital to meet large exposure requirements. This is, however, subject to our internal policies and we can manage maximum counterparty exposures.

The column on the right side, next to the large exposures, shows a summary of the most restrictive internal and external capital requirements.

The key take-away of this graph is that, as of the year-end 2013, we need approximately EUR 185 million of capital to cover all risks. We have included a cushion of EUR 15 million for unforeseen circumstances and/or business growth. This is how we have determined the capital distribution level of EUR 200 million. Also, you see that the proposed leverage ratio is the most restrictive external capital measure for BinckBank going forward.



As we started the financial year 2013 already with EUR 200 million in available Tier 1 capital, we intend to return for the financial year 2014 almost 100% of the adjusted net profit instead of the regular 50%. Please be informed that the purchase of the SNS Fundcoach, which is EUR 3 million, will be deducted from the pay-out, as this will be recorded as goodwill and/or intangibles and therefore lowering available Tier 1 capital.

The capital effects of the divestment of Able and the impact of net interest rate developments on the available [free, for] sale reserve are currently unknown. Please, take that also into account.

The preliminary reservation as of the end of the first quarter for extra distribution of capital to shareholders is EUR 7.5 million.

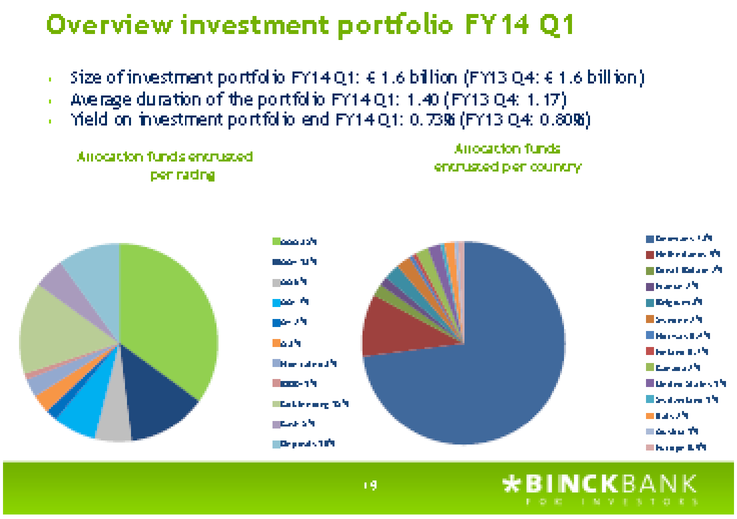
In determining the capital surplus, goodwill, intangible assets and the dividend in line with the dividend policy will be first deducted from total equity. Any capital remaining above EUR 200 million is illegible for additional reimbursement.

This surplus is then taken up into the calculation of the available capital in order to bring the available capital back to the desired level of EUR 200 million.

Going forward, we will report a maximum of EUR 200 million. The size of the preliminary reservation may fluctuate, depending on the development of the profits and interest rates.

The BIS-ratio amounts to 38.8%, which is an increase of 2.6% versus the fourth quarter. BinckBank reports its Basel 3 figures on a fully loaded basis, which means we ignore [phase-in] agreements as current capital and liquidity levels already meet full Basel 3 requirements.

The dividend policy of 50% of the adjusted net profit will not be changed. Any additional capital distributions above the capital distribution threshold will have a discretionary character and they come on top of the regular dividend. They are subject to regulatory approval, just like the payment of the regular dividend.



This slide gives you an overview of the investment portfolio. We have added an accounting policy for our investment portfolio in order to reduce the impact of interest rate developments under Basel 3 on the Tier 1 capital by splitting the treasury book into an available-for-sale book and a hold-to-maturity book. The hold-to-maturity part is new; movements in interest rates will affect the available-for-sale book but not the hold-to-maturity book, as these bonds are valued at amortised cost instead of fair value. The size of the hold-to-maturity book is EUR 240 million as at the end of the first quarter. The size of the available-for-sale book is EUR 1.4 billion. The targeted size of the hold-to-maturity book is 70% and 30% is available-for-sale. Any new investments, which fit the hold-to-maturity profile will go into the hold-to-maturity book until we have reached the targeted size.

The size of the total investment portfolio remained stable at EUR 1.6 billion. The duration of the portfolio went up from 1.17 years to 1.4 years, as redeemed floating rate notes were reinvested in fixed rate bonds.

The average yield in the treasury book dropped to 75 bps, which is 7 bps down from the Q4 level.

In Q2, we expect to reinvest approximately EUR 200 million, in Q3, EUR 150 million and in Q4, EUR 100 million from the treasury book.

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

Mr. **Beentjes**: As regards the outlook most things have already been mentioned. We will start working together with UBS, launching our own leverage projects in the first half of 2014. We are well on track, so just a couple of months and then we will be in the market.

We expect to complete our study for the sale or alliance for our BPO in software and licensing activities in the B2B-space. The study is proceeding according to plan. The interest is healthy, so I think we can complete the project in the course of this year.

Last week, we launched Binck Fundcoach, a new application on our website on the top line platform. We will complete the acquisition of Fundcoach from SNS at the end of the second quarter. So, we have the system in place, the platform is ready and we are ready to receive the SNS clients. That will be done at the end of Q2.

So far, the outlook. We can go to the QandA session now.

Part IV

Q&A

QUESTIONS AND ANSWERS

- **Cor Kluis - Rabobank**

I have a few questions, first on the revenues of the leveraged products. In the past you have said that you wanted to replace most of the 'lost' revenues by your own products. Given the new deal with UBS that you announced, which clearly requires more capital and which was a great deal, does it also impact the expected revenues for the future? What kind of revenues can we expect from the leveraged products in a few years' time?

My second question is about the EUR 200 million capital, which you want as a minimum. Thank you for giving that to the market; it is much appreciated. Are these EUR 200 million also for 2017? It is the current level but did you already take into account balance sheet growth et cetera, so that the EUR 200 million is also the 2017 target?

My third question is about the fee per transaction in Italy. You explained clearly why that went up in Q4 versus Q1. What can we expect in the next couple of quarters? Are the free trades and the BOLO fee reimbursement over or is this a temporary pick up and will it go down in the next couple of quarters? Can you give some indication on that one?

My last question is about the capital surplus. You mentioned that EUR 7.5 million. Can you explain how we can exactly calculate that? You need EUR 200 million in capital, we see EUR 200 million core Tier 1 capital but you say that you have EUR 7.5 million excess? So, how can we go from the core Tier 1 capital and then calculate what kind of capital you have and what we can compare with the EUR 200 million?

Mr. **Beentjes**: Evert will answer the questions on capital. On the revenues for the leveraged products: last year, we had out of the Turbos and Sprinters approximately some EUR 5 million. The goal is to replace these EUR 5 million with our own leverage products. That is the goal we have. We may not achieve it completely. For this year, we have to promote the new product and we have to do marketing. So, for this year, please pencil in 'no income' for any leverage products. Next year, we should build up a return. The goal is to achieve the EUR 5 million but the reality most probably will be that it will be somewhat lower.

On Italy: the fee per transaction is at EUR 3.29. We are still trying to get new clients in, so we will keep going with giving free trades, as necessary, and we will keep on paying the BOLO. There are two things. One is that our idea was that by paying the BOLO we could also lend the stock to other parties and that we would have an income from that. That is a very usual way of doing so in Italy. Normally, this income is shared with the clients. That is what we also want to do, so share the income of the stock lending with the clients but then the amount that stays should basically cover a part of that BOLO. We have it in place now and we are doing some first tests but the client group is still very small. So, the income is not yet on a high level. But that is the idea. So, we will keep paying the BOLO.

The second thing is that the EUR 3.29 is net of stock exchange and clearing cost. Since we are a start-up and have a low volume we are still a little bit on the high side with our cost there. So, if the volume increases we should see a positive effect on the price per transaction. That is what is to be expected; if you look at the gross commission in Italy, it is around EUR 6 to EUR 7 before all cost. All in all, we should move towards a higher level of income per transaction.

Cor Kluis - Rabobank

Okay.

Mr. **Kooistra**: You question regarding the EUR 200 million level: it is indeed also the target for 2017. It is our intention to keep the EUR 200 million in place for the period 2014 up to 2017. As you can see in the presentation, there is a plenty space for balance sheet growth. If you take the leverage ratio of maximum 5%, the balance sheet can grow to EUR 4 billion. The current balance sheet size is EUR 3.2 billion, so there is a 25% balance sheet growth. For the time being, it covers more than what we need with the current business size.

Then your question regarding the calculation of the capital surplus. You can see that on page 14 of the press release. You take the IFRS equity, deduct the goodwill, add back the deferred tax liability on the amortisation of the goodwill – which is EUR 22 million – then you deduct the intangibles of EUR 85 million, deduct the normal dividend based on 50%

of the adjusted net profit and then you come to the available Tier 1 capital, which in this case is EUR 207 million. Then you bring it back to EUR 200 million. So, it is the final number that brings it back to the EUR 200 million. That is the way you can calculate it. So, it is basically anything above EUR 200 million that comes out of that calculation and then you put it back to EUR 200 million. It is very easy to calculate.

Cor Kluis – Rabobank

Thank you.

Mr. **Kooistra**: The EUR 200 million level is also clear to you?

Cor Kluis – Rabobank

Yes, absolutely! Thank you.

- **Albert Ploegh - ING**

Good morning. I have a few questions. First, let me come back to the EUR 200 million and the leverage ratio. Your basic starting point is now slightly north of 6% leverage. Of course, the leverage product still has to be introduced but these EUR 250 million kind of lengthening you are still very ample above the 5% range. Then you mentioned in the presentation that you are basically building a buffer of EUR 15 million for growth of the business. How should I link those two? It seems to me that the buffer is actually even larger than that. In other words, you are rather conservative.

My other question is related to your announcement to return the capital if in access of the EUR 200 million via share buy-back or special dividend. I guess you formally still need an approval from the regulator. How do you plan on doing this? Will this be an annual event or are you thinking of something like an ongoing share buy-back program like you have done in the past?

My final question is on the product development in Alex Asset Management. What is the status currently on the US equities offering, whether that is scheduled for the second half?

Mr. **Kooistra**: I will start with the first two questions. What you can take from the graph is that we need the EUR 185 million to cover all the risks. There is another EUR 15 million on top of that for unforeseen circumstances. That is a buffer on a buffer, because the EUR 185 million also includes a leverage ratio of 5%. Currently regulatory requirements are 3%. Discussions are still ongoing. So, with the EUR 200 million the bank is super safe. We cover all risks, we have a cushion for unforeseen circumstances and above that we can return capital to shareholders.

For any extra capital returns we need to get approval from DNB, just like we need to have approval for payment of regular dividend. So, what we will do is that at the end of 2014 we close the books. When the books are audited and the numbers are final we will send in a request to DNB for payment of the regular dividend and also for distribution of the extra capital. We decide in due course whether this will be a return through a share buyback or through extra dividend. That is to be decided.

Albert Ploegh - ING

And in terms of the impact for your own leverage products? Do you have an indication by what kind of amount your balance sheet could lengthen? Is something like EUR 200 million or EUR 300 million …

Mr. **Kooistra**: No, we do not expect any material increases on the leverage products.

Albert Ploegh - ING

And is that purely because UBS will take most of that on their balance sheet? How does that work? Normally, if you start producing your own leverage products there will be an impact on the length of your balance sheet. Or is that more on the side of UBS in this case?

Mr. **Kooistra**: That is more on the side of UBS. What happens is that if a client buys a Binck leverage product client money is converted into a liability. So, the funds entrusted that you see in the balance sheet then go into a product issued by BinckBank. It will be replaced, so there will not be any material balance sheet increases.

Albert Ploegh - ING

Thank you.

Mr. **Kooistra**: Unless all Sprinters and Turbos from RBS are all converted to BinckBank leverage products then we will see some increases. But it is not going to be a problem.

Mr. **Beentjes**: Albert, at the end of the day it is not always lengthening the balance sheet, it could also be replacements.

On Alex Asset Management: we have completed the whole back testing of the US equities. We are currently building. The expectation is that we will introduce the US equities in the product in the course of the second half. So, we are on track and we are doing fine with the projects.

Albert Ploegh - ING

Thank you.

- **Bénoît Pétrarque - Kepler**

Good morning, a couple of questions from my side. To come back on the capital requirements on the leverage product and just to clarify: the EUR 2 million to EUR 4 million of capital required is that based Pillar 1 and Pillar 2 or is that based on the leverage calculation? What is your basis for the calculation of the EUR 2 million to EUR 4 million required capital?

Also, on the UBS transaction: what is the reason actually to go to UBS given you have seen a lot of buffer on capital? Will that be too expensive for your leverage? What has been the reason behind going to UBS? I guess this will have a very profitable business potentially for you?

My second question is on the Italian figures. The number of clients is 500 in the quarter. If I look back at what happened in France in 2008 and 2009 you are growing much faster in the first quarter. What could be the run rate of new clients and why do you think this is so slow in Italy?

Coming back on the operating expenses: could you give us a little bit of guidance for the rest of the year in terms of quarterly [...] on this?

Mr. **Beentjes**: Let me take the questions on why going to UBS and Italy.

Mr. **Kooistra**: Let me start with the first question, the EUR 15 million. That is the credit risk under Pillar 1. That is EUR 2 million to EUR 4 million. It is a very limited impact.

Mr. **Beentjes**: For introducing our products in the market we need to have the knowledge on how to manage those leveraged products. What we are doing is that we are issuing the product and UBS is managing the products in a kind of an outsourcing deal. That is the way you should look at it. We have chosen for UBS out of a couple of interested parties. They won the beauty contest, so to say. That is the reason why we are with UBS, because of the knowledge they have managing a product like this. UBS is already managing leverage products in Germany and Switzerland. Our geographies were complementary, so that was a good thing.

Bénoît Pétrarque – Kepler

And just to clarify on the balance sheet impact: will you have any credit risks and exposure to UBS at some point and what would happen if clients are moving assets which are currently off-balance sheet into those leverage products? Will that have any impact on the balance sheet?

Mr. **Kooistra**: If you assume that they do not have a leverage product now, that they do not have a Turbo or a Sprinter and buy a new one from Binck it will not have an impact. If they convert the Sprinters, the Turbos and the Speeders into Binck products off-balance sheet products will go onto the balance sheet because the Binck leverage product is an on-balance sheet product. In that case, if they massively convert them into Binck products, you might see some balance sheet increases. But we go for more than enough capital to deal with that.

Bénoît Pétrarque – Kepler

And there is no exposure to UBS?

Mr. **Kooistra**: There is a credit risk exposure on UBS and that is what we keep the capital for, the EUR 2 million to EUR 4 million.

Bénoît Pétrarque – Kepler

Thank you.

Mr. **Beentjes**: To your question on Italy: Italy is a very sophisticated country if it comes to online brokerage and everything that is offered to the clients. We discussed that before, Bénoît. Our platform is not completely at the level it should be to be the best competitor in that market. That is slowing us down somewhat. So, we are working on that by improving the system and that is something we have to do.

The other thing is that if you have a new client in Italy, the clients on average are doing 130 transactions annually. It is difficult to get clients. It is a very sophisticated market but if you have clients they are extremely active in comparison to the other geographies we are in. So, we hope that we can keep this run rate of at least 500 clients a quarter. If they will be as active as the current clients are then we will move on and try and get to the break even in the timeframe we set, so by the end of 2015. So, it looks a little bit different than France and Belgium but the clients are very valuable.

Mr. **Kooistra**: Your last question was regarding the operating expenses. We think that the current run rate of operating expenses is a good indication going forward for the rest of the year, provided that for the last quarter there is no SNS levy anymore, because there are still two chunks to go in Q2 and Q3 of EUR 1.3 million. In the last quarter that drops out. We are at higher cost levels than say one year ago because we do significant investments in growth and in new products, like Alex Asset Management, Binck Fundcoach, the Binck leverage products, and we had some higher cost on the governance risk and compliance side.

Bénoît Pétrarque – Kepler

Thank you very much!

- **Lemer Salah – SNS Securities**

A couple of questions from my side. Can you maybe tell us what the average ticket size was for the more active traders? The 80%-20% rule is applicable for BinckBank; how is that in comparison with the historical numbers?

Secondly, can you maybe elaborate a bit on the consolidation within the sector, in the Netherlands as well as in Italy? In the last quarter we have witnessed that Fineco will probably be totally become a stand-alone entity.

Thirdly, what is your view on the operating expenses for the next quarters, given that there will be some additional investments in Binck360 and probably also higher marketing expenses, given that the market is picking up and also investment and leverage products?

Mr. **Beentjes**: I do not have the average ticket size for the more active traders at hand. We can review it and maybe put it on the list for next time. Currently, I do not have it and I am sorry that I cannot answer your question.

On the consolidation in the sector: first of all, Fineco is rumoured to be IPO'ed. That is at very high value. It is really an expensive bank, so to speak. Already for years there are rumours on other consolidation in the sector but nothing has happened in the meantime. We said we would be interested if there would be any chances in the market. That is unchanged; we would be interested if there would be something for sale but the reality is that I have been telling this for the last five years and nothing has happened in the meantime. So, consolidation is suggested but we have not seen it become reality. The IPO of Fineco is something completely different. That is capital management over there. So, I do not know what is going to happen.

Mr. **Kooistra**: Then your question on operating expenses. I just elaborated on that one. The current run rate is a good indication going forward, apart from the SNS levy, which is not recorded in the fourth quarter.

Lemer Salah – SNS Securities

And taken every investment into account?

Mr. **Kooistra**: Yes, we are already working on the Binck Fundcoach, the Binck leverage products, the new expansion of Alex Asset Management. That is all in the cost base at this moment.

Lemer Salah – SNS Securities

Thank you!

- **Tom van Kempen - Petercam**

Good morning, all. Most of my questions have actually been answered. Maybe I have two points. The first is on competition in the Netherlands. We have seen the new low cost competitor Giro, basically making statements that they are the second broker in the retail space. Given your market share you would expect an impact, which does not seem to be the case. Can you provide us with a bit more feel of how your market share is evolving in the Netherlands and what the competition landscape looked like during the first quarter?

The second point is just on marketing expenses. Is it possible to have a bit more of a feeling of the breakdown of these expenses, especially thinking of Italy and Alex?

Mr. **Beentjes**: On competition: we read the paper as well, so we see that it is announced that some parties may gain market share but the reality is that we were up 26% in transaction numbers and in Belgium and France a little bit more than that. So, that may be a competition effect. We do not see much movement. There is not an official market share, so there is no measurement in the Netherlands. We do not exactly know what our market share is. We estimate that it is roughly 50% of the retail market but there are no official statistics. What we see in the market and what we see in our own numbers does not reflect a huge impact. That is what I can say about it. We have seen more price fighters in the market in recent years and most of them are not that active anymore. So, we will see.

On the marketing expenses: I am sorry but we do not disclose that split over the activities and I do not have it here.

Tom van Kempen – Petercam

Okay, thank you.

- **Jan Willem Knol – ABN AMRO**

… venture in TOM. I am curious if you can provide us with some details as to your targets in terms of profitability, market shares et cetera.

Can you hear me?

Mr. **Beentjes**: The first words were 'venture in TOM'. Then you talked about profitability forecast.

Jan Willem Knol – ABN AMRO

Yes, I think you have not shared with us a lot on this venture in the past. I was just curious whether you could share some more details as to your targets in terms of when you see this to reach break-even. What are your market share targets? What is basically happening in that business?

Mr. **Beentjes**: What I can tell about it is what you see in our numbers: it is still a loss-making company. It is very much dependent on new flow providers coming to TOM. TOM is in discussion with numerous parties in the market, with the goal of reaching that break-even. We are a 25% shareholder in TOM now. We used to be with 50% but with the new parties coming in we reduced our shareholding to 25%. We need that other flow providers to reach break-even. That is depending on the negotiations with those parties. I cannot tell you right now when it will be break-even. What I can tell is that we are still running at a loss. That is what you see in our numbers. But our share in that loss is now smaller since Nasdaq OMX joined in the beginning of last year. So, we have to take 25% of that. That is what I can disclose on it.

Jan Willem Knol – ABN AMRO

In terms of underlying targets the business is on track?

Mr. **Beentjes**: Like I said, to achieve the targets they need the flow providers to join and they are in discussion with all relevant and significant flow providers here in the Netherlands. The question is whether they are going to sign and, if so, when they are going to sign.

Jan Willem Knol – ABN AMRO

Fair enough.

Mr. **Kooistra**: But the initial target for Binck was to lower stock exchange and clearance cost. That was the original target to set up TOM. With that we have been extremely successful over the last year because it was a game changer in the pricing landscape for the stock exchanges. So, our target was more getting the stock exchange cost down than making a financial return on the investment as a shareholder.

Jan Willem Knol – ABN AMRO

Fair enough. Thank you.

Mr. **Beentjes**: As there are no more questions, thank you all and hope to speak to you in the next quarter. Thanks a lot!

End of call

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