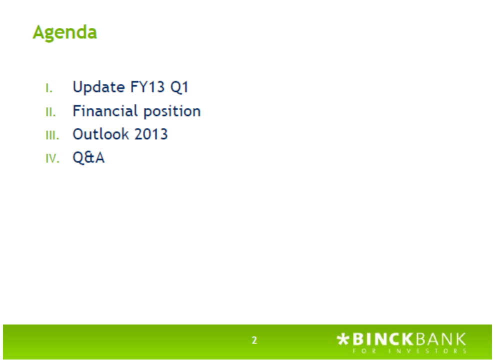

Second quarter results 2013
23 July 2013
Koen Beentjes CEO
Evert Kooistra CFO

TRANSCRIPT

Mrs. **Nederlof**: Good morning and welcome to the conference call of BinckBank. During this call, we will present you the Half Year results.



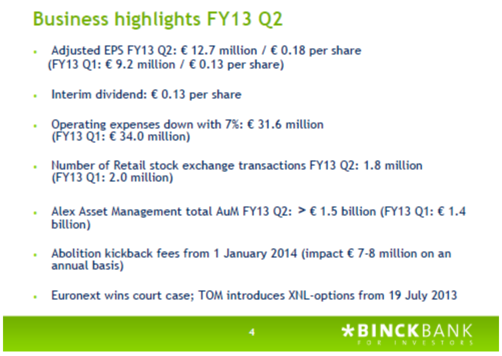
Koen Beentjes en Evert Kooistra will both give their presentations. After the presentations, you will have the opportunity to ask some questions. The transcript of the call will be published tomorrow on the corporate website of BinckBank.

I would now like to give the floor to Koen Beentjes.

Mr. **Beentjes**: Thank you, Nelleke. Well, a warm welcome on this tropical day in Holland, one of the few. We will have, as Nelleke said, the usual program.

I will kick off, Evert will guide you through the financial details and then we will have your questions.

We had a good quarter. We are satisfied with the results. We are coming in a little above consensus with EUR 0.02 per share, which is mainly driven by the profit on the selling of shares in TOM, a dilution profit. So again, I think you all have been extremely close to the actual results, which is a good thing.



We earned EUR 0.18 per share in this quarter over the result of the first quarter and we will pay an interim dividend of EUR 0.13, which is out of the stock tomorrow and will be payable on 30th.

The operating expenses came down with 7%. The first quarter was negatively impacted by the additional market data cost of EUR 3 million, which was a one-off cost. We do not have these costs in this quarter, so that is the main reason why we could bring expenses down again.

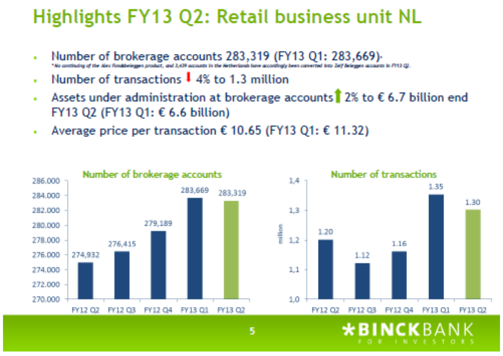
The number of retail transactions this quarter was 1.8 million, where it was 2 million in the first quarter. It is diving a little bit deeper. The Netherlands were stable and we saw some decline in Belgium and France.

We are very pleased with the ongoing strong inflows at Alex Asset Management. Client returns were in line with the total market, which actually means that the return in the portfolio till the end of June was close to 0%. So, growth of the product is mainly caused by the net inflow of new assets.

From 1st January 2014, the distribution fees or the retrocession fees are abolished in the Netherlands. That could have a maximum impact on BinckBank of EUR 7 million to EUR 8 million before taxes. That is our current revenue here, but of course we are working on new products. We hired Mr. Jean-Paul van Oudheusden from RBS. He was heading the turbo's department. He is now working on an alternative to safeguard most of our income out of turbo's. Of course, we will have to make a new fee structure for the mutual funds we are selling to our clients. So, the goal is to make up for most or all of the EUR 7 million to EUR 8 million, revenue that is currently at risk.

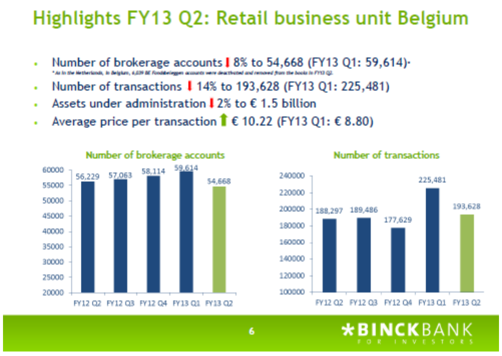
We had a court case with Euronext and this time the judge was in favour of Euronext by deciding that we were not allowed the trademark AEX in the name of the ticker symbol. We already reacted by TOM introducing new options on the AEX or based on the AEX, which are called XNL, Index the Netherlands. We have consulted some of our larger clients and the change in ticker symbol would not be significant. So, we are now informing our clients that we will use this ticker symbol as of next Monday for the dailies and weeklies and for the monthlies by 31st of this month. So, in one week from now we will be trading XNL options based on the AEX, which is in compliance with what the judge told us.

The number of transactions was almost the same Q1 on Q2. You may have seen that the number of accounts is coming down a little bit. In Belgium as well as in the Netherlands we took some accounts out of the numbers. In the Netherlands we stopped with Fondsbeleggen and we are planning to do so in Belgium as well.



The average price per transaction came down a little bit. Looking at the results of 1.3 million of transactions in the Netherlands in Q1 and Q2 we see that both are above the level of the previous year.

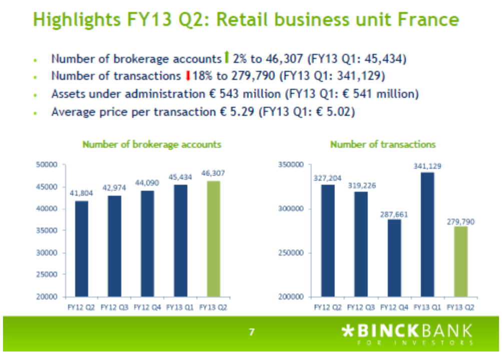
In Belgium, we took out some 6,000 accounts for Fondsbeleggen. The number of transactions came down with 14%, which most probably is result of the increased stock exchange taxes. Previously, in Belgium we had a tax of 0.17%. That was increased to 0.22% and we saw a further increase to 0.25%. It is somewhat hitting our transaction numbers. It is 14% in one quarter; we have to see what is going to happen in the next quarter but it is to be expected that there will be some recurring element in the lower numbers.



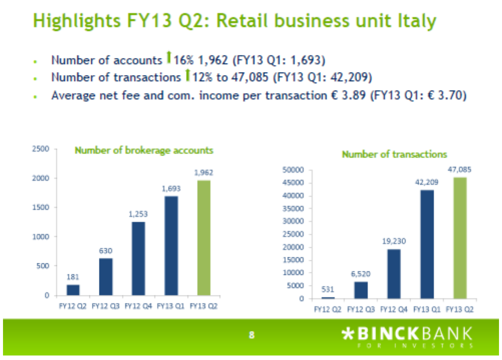
You see an average price per transaction of EUR 10.22, which is way above the result of the first quarter. That is explained by that we have drawn some special transactions in Belgium for large employers and employers and that has increased the average price per transaction. So next quarter, you should expect a price per transaction, which again will be close to the EUR 8.80 in the first quarter.

For you models: the second quarter of next year will most probably also show a little [hype].

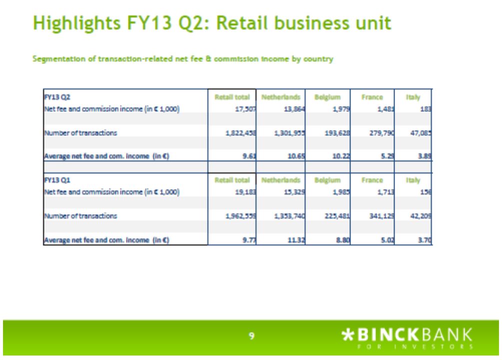
In France, it was extremely tough on the number of transactions. This came down with 18%. There also the financial transaction tax is introduced and this may cause the negative sentiment in the market. Also here we have to see what is going to happen. The price remains stable with EUR 5.29 and is even a little bit above the Q1 number of EUR 5.02.



Italy is a tough market. It is hard to get new clients in. We have now close to 2,000 clients being in business for almost one year. The number is not that high but the clients we have attracted have been extremely active. An average of 100 transactions per client per year is of course satisfying us because that is what we expected to see in Italy: clients with a high and active trading behaviour. We knew that competition would be strong and we knew that competition have advanced systems, so it will not be easy but the clients we are getting in are of good quality.

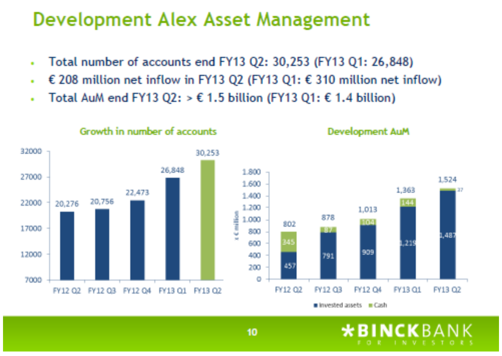


This slide is about the average commission income. I already discussed most of the numbers here with the specific countries. The Netherlands are a little bit down in comparison with Q1, Belgium up through the special transactions for employers, France up a little bit and Italy still burdened by quite some introductory actions. So, we should see some price increase in the coming quarters when the actions are fading away.



FY13 Q2	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in € 1,000)	17,507	13,864	1,979	1,481	183
Number of transactions	1,822,458	1,301,955	193,628	279,790	47,085
Average net fee and com. income (in €)	9.61	10.65	10.22	5.29	3.89
FY13 Q1	**Retail total**	**Netherlands**	**Belgium**	**France**	**Italy**
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

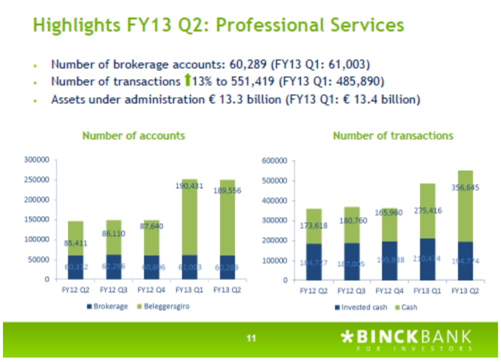
With Alex Asset Management we have seen a strong inflow of EUR 518 million for the first Half Year. The Dow Jones total market index was between 1st January and 30th June basically the same: flattish 400. That is what we have seen in the result of the product as well. In July we have seen some pick-up. In the last couple of weeks exchanges have gone up and that is also the case with the products.



We have increased the price from 0.9% to 1% as the management fee of the products. That is due to an increase in VAT in the Netherlands. In the past, 40% was taxed at the high rate of 19% or 21% and 60% at the low rate of 6%. That has changed on 1st July and it went up to 1%. That means that on the management fee basically the income for Binck stays the same but on the performance fee -- 10% of the nominal profit the client makes -- the increase in VAT means that we basically did not change the price. That implies that we will earn 1% less. So, out of the 10% and if you take out the VAT, we earn 8.2% or 8.3%. So, our income on the performance fee will be somewhat lower in terms of percentage of the whole because of the VAT-increase.

All in all, we are quite happy with the results of Alex Vermogensbeheer. We are putting pressure on it, we are building the product and we want to make further improvements and developments in the coming years. It is really a spearhead and it will help us to bring in new stable and recurring income.

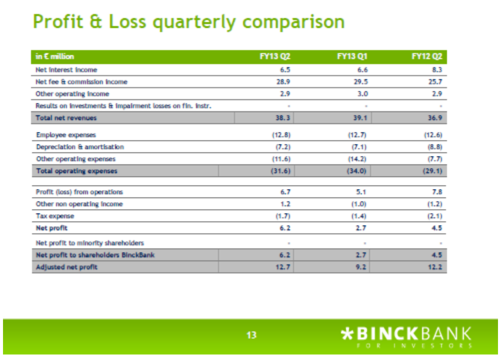
In Professional Services, last quarter has been stable in terms of number of accounts. The number of transactions went up a little bit but most of them because of the Beleggersgiro transactions, which are -- as we discussed in the previous quarter -- low value transactions. So, in the income stream that does not mean a lot of [indifference].



Assets under administration: also flattish between Q1 and Q2.

For the financial position Evert will take over.

Mr. **Kooistra**: We will continue with slide 13, in which we address the highlights of the profit and loss quarterly comparison.



Profit & Loss quarterly comparison

in € million	FY13 Q2	FY13 Q1	FY12 Q2
Net interest income	6.5	6.6	8.3
Net fee & commission income	28.9	29.5	25.7
Other operating income	2.9	3.0	2.9
Results on investments & impairment losses on fin. instr.	-	-	-
Total net revenues	**38.3**	**39.1**	**36.9**
Employee expenses	(12.8)	(12.7)	(12.6)
Depreciation & amortisation	(7.2)	(7.1)	(8.8)
Other operating expenses	(11.6)	(14.2)	(7.7)
Total operating expenses	**(31.6)**	**(34.0)**	**(29.1)**
Profit (loss) from operations	6.7	5.1	7.8
Other non operating income	1.2	(1.0)	(1.2)
Tax expense	(1.7)	(1.4)	(2.1)
Net profit	**6.2**	**2.7**	**4.5**
Net profit to minority shareholders	-	-	-
Net profit to shareholders BinckBank	**6.2**	**2.7**	**4.5**
Adjusted net profit	**12.7**	**9.2**	**12.2**

13 *BINCKBANK FOR INVESTORS

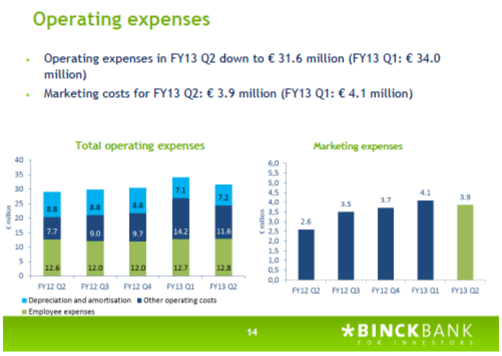
Net interest income in the second quarter stabilised around EUR 6.5 million. We did not see a material further decrease in the second quarter. The stabilisation was mainly due to the decrease of the interest rate on savings accounts. We lowered the interest rate from 1% to 75 bps. In the second quarter and this contributed approximately EUR 250,000 to EUR 300,000 to the net interest income line.

Also the collateralised loans improved slightly with EUR 3 million from EUR 320 million in the first quarter to EUR 323 million in the second quarter. Interest income from the investment portfolio continued to decrease in the second quarter.

Net fee and commission income: commission income in the second quarter amounted to EUR 28.9 million, which is slightly lower than the net fee and commission income in the first quarter. This was mainly volume related. Compared to the second quarter of 2012, Binck Bank booked a 13% higher net fee and commission income. The second quarter of this year had 6% higher volumes than the second quarter in 2012. Also, growth of Alex Asset Management contributed to the net fee and commission income line.

Other non-operating income consists of the share in results of associates and joint ventures and shows a positive balance of EUR 1.2 million in the second quarter. This is due the dilution profit of EUR 2.3 million on the participation of Nasdaq OMX in our joint venture TOM.

Payroll costs were stable at EUR 12.8 million and in line with the first quarter of this year and the second quarter of last year.



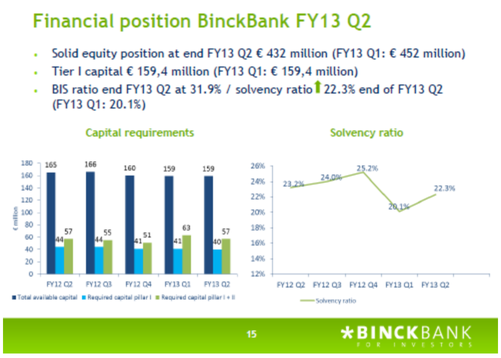
There were no major changes in the amortisation and depreciation costs compared to the first quarter of this year. Compared to the second quarter of 2012 amortisation and depreciation costs have dropped as the Alex brand and software has been fully depreciated.

In the second quarter other operating expenses dropped by 18% to EUR 11.6 million. Other operating costs in the first quarter were incidentally high due to the one-off additional provision of EUR 3 million for the market data costs. We have settled the dispute in the second quarter and no further provisions were necessary. Compared to the second quarter of 2012 there was EUR 3.9 million cost increase in other operating expenses, which is mainly due to higher marketing expenses primarily for Alex Asset Management and increased consultancy fees and IT costs. Last year we had a one-off VAT credit of EUR 900,000 in the second quarter which we did not have this year.

There is more clarity on the treatment of the SNS levy of EUR 4 million. The levy will be booked in 2014 in three equal instalments in the first three quarters of 2014.

The forecast for operational expenses for the year is currently estimated at EUR 128 million to EUR 130 million, which is -- on average -- EUR 31 million to EUR 32 million per quarter for the second half of this year.

The financial position under IFRS is solid and with EUR 432 million in IFRS equity. Core equity is 159 and is stable, compared to the second quarter.

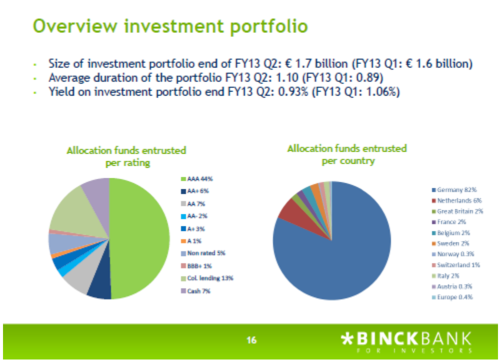


The solvency position recovered from 20.1% to 22.3%, as concentrations in the loan book have reduced again. The capital requirements for Pillar 2 risks were substantially lower than in the first quarter. We had EUR 6.5 million capital relief for credit risks and EUR 1.5 million additional capital reservation for interest rate risk, due to the increased duration of the investment portfolio. The net Pillar 2 decrease in the second quarter was EUR 5 million.

In June, we have completed the share buy-back program according to plan. In total, we bought back 4.1 million of shares at an average rate of EUR 6.79 and we returned EUR 27.8 million in capital to our shareholders. We have currently no plans for a new share buy-back, as surplus capital will be used for the development of new products.

We are positive about the solvency rate going forward, as we will continue to accrue Tier one capital from the depreciation of the Alex intangibles.

The interim dividend amounts to EUR 0.13 per share and we have received the declaration of no objection from DNB and also, we have tested the sustainability of the dividend policy for 2013. We can confirm that we will pay the final dividend in line with the current policy, which is 50% of the adjusted net earnings. The final dividend however, in due course will be subject to a declaration of no objection from the Dutch Central Bank but the process to obtain this declaration went rather smoothly this time.



The size of the investment portfolio went up with 6% from EUR 1.6 billion to EUR 1.7 billion. We managed to stabilise the reinvestments for the treasure book at 54 bps. In the second quarter, we have reinvested EUR 246 million and approximately EUR 70 million was reinvested in Hypotheek Pfandbriefe. We expanded our investment spectrum to Hypotheek Pfandbriefe to create more flexibility in investing surplus cash. The risk profile of these Pfandbriefe does not materially deviate from the Öffentliche Pfandbriefe that we used to invest in.

The duration of the investment portfolio also went up from 0.89 year to 1.1 year, which is an increase of 23%. The average yield in the treasury book still dropped slightly from 106 bps. to 93 bps. as reinvestment rates are still lower than the average book yield. The forecast for the year-end yield is 74 bps. assuming a reinvestment rate of 50 bps. in the second half of this year.

I will hand back to Koen for part three.

Mr. **Beentjes**: The last part of the presentation is the outlook.

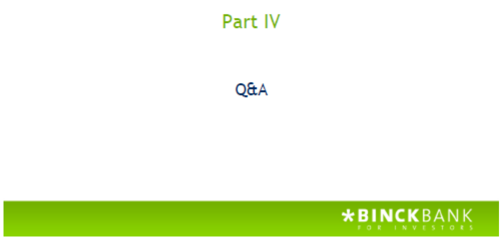
As usual, our results depend heavily on what is happening on the stock markets and therefore, it is hard to give a real financial outlook. We will continue our focus on Alex Asset Management. We are doing fine there and we want to benefit from all the changes that will happen in the market next year. We will see with the abolishment of the distribution fees and that clients will have to pay directly for all kinds of services, which has really given them a good view on the actual costs of having a portfolio with our competitors.

We believe that this will be a moment that people are going to look at their portfolio and see what the costs are of holding that portfolio with their own bank. That may -- and that is what we expect -- urge some people to move. We see the changes in the market as a chance for Alex Vermogensbeheer to grow. We are paying a lot of attention to it and we are going to develop and promote the product.

Of course, those changes in the regulatory environment with the abolishment of the inducements, are also hitting us. That means that we have EUR 7 million to EUR 8 million at risk but we are working hard on developing new products to counter this effect on our P&L. That means that charging a fee for the mutual funds and introducing an alternative for Binck for turbo's and sprinters will make up for most of these EUR 7 million or EUR 8 million and maybe even all of it.

On the technical side, at the European platform, we are planning to move our Belgian business to the Topline platform, the former Alex platform. That means that at the end of this year the Netherlands, Belgium and Italy will be on the Topline platform and France will still be on the old Binck EuroPort platform. In the ideal situation we will have all countries on one retail platform because that would mean that all our product development will be available for all countries at the same time. Bringing over France is something still to be planned but Belgium is on the agenda for the second half of this year.

We have now come to the QandA session.



- **Cor Kluis - RaboBank**

Good morning I have a few questions, first of all concerning the turbo's and the sprinters. You might start to insource them or structure them in another way. That is also one of the reasons why you currently do not do the share buy-back. Can you give an idea of the maximum impact on the core Tier One ratio if you would insource it? You are probably considering a lot of scenarios but could you give us a feeling of what the maximum impact of that might be?

My second question is on the re-pricing of the Alex fees. You did it on the management fees but are you considering to also re-price the performance fee, the 10% charge, or that you might structure it in another way by doing it on a half year or a quarterly basis? Could you give us an idea on that one?

My third question is on the SNS BPO contract. Can you remind me if the whole SNS BPO contract is currently in the books of Binck already and, if so, to which date did the last 25% of the contract come in the books?

My last question is about Professional Services. There, we see that the expense line and especially 'other expenses' rose from EUR 1.4 million in Q4, 2012, EUR 1.8 million in Q1 and now it is EUR 2.3 million. So you see the 'other cost' rising. Is there something exceptional in the EUR 2.3 million 'other cost' in Professional Services in Q2 or is this the run rate going forward?

Mr. **Beentjes**: Evert will answer your question on the turbo's and sprinters and the cost in Professional Services and I will take the one on the re-pricing of the performance fee. We have no intention to change the price of the performance fee, so for the client that stays at 10%. This means that we as Binck will earn a little bit less. We have played with the thought of billing it annually or quarterly but we decided not to do so, basically in line with the industry that the performance fee is charged once a year. That is something we are not planning currently.

There is still one last part on the SNS contract to be migrated. That will be done in September. That is the SNS Fund Coach part. After that, it is complete.

Mr. **Kluis**: Very clear.

Mr. **Kooistra**: Regarding your question regarding the turbo's and sprinters and the impact on the core Tier One ratio: that is difficult to say at this moment. We are planning to set up these new products with partners and there are various business models in which to work this out. You can take a lot of risk yourself. That requires more capital and gives you also higher returns or you put the risks more at your business partners and that means lower returns and lower capital requirements. At this stage, it is too early to stage how we are going to set up these products, so we cannot say anything about the capital need for these products at this stage. We will come back to that at a later stage, once we have more clarity on the structure and the design of these new products.

Regarding Professional Services: there is an increase from Q1 to Q2 and that has to do with the reallocation of the market data costs. In the first quarter we took the full provision for the market data costs, the EUR 3 million one-off in the retail division. It appeared that part of those costs was also allocated for Professional Services, so we made a reclassification. That was EUR 400,000. That is why you see an increase from EUR 1.8 million to EUR 2.2 million.

Mr. **Kluis**: Yes, and on the retail side it is the inverse of course.

Mr. **Kooistra**: Yes, it is the inverse but the numbers are bigger on the retail side, so you do not see the impact there.

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

- **Bénoit Pétrarque - Kepler Cheuvreux**

Good morning all. I have a few questions. The first is on the impact of the kick back fee of EUR 7 million to EUR 8 million. Do you have a split between commission coming from the traditional network investment funds and on the other hand from derivatives, turbo's and sprinters?

To come back on the question on capital: I understand you have not made a choice between taking all the risk or taking a partial risk but what will be the worst and the best case as regards impact on capital? The worst will be when you take all the risk on the balance sheet; what could be the ultimate impact on capital?

Then I was wondering why Italy was weak. The number of new accounts in Italy is pretty weak. I think we are talking about just 300 new accounts in the quarter. It is not something we have seen in Belgium and France when you were growing fast there, so are you slow on marketing? Can you explain the slow start in Italy?

My next question will be on the Euronext court case. Do you expect any impact on revenue from setting up this new name on options? You have probably talked with your clients already but do you expect any negatives from that?

My last question is on the average price per trading in the Netherlands. It is down 6% from 11.3 to 10.6 this quarter. Have you done any special prices, special things this quarter? I am just wondering why the prices are coming down quarter on quarter while re-pricing took place in Q3 last year.

Mr. **Beentjes**: Evert, will you take the one on the turbo's and on the average price per trade?

Mr. **Kooistra**: Your question regarding the capital requirements for the turbo's and the worst case: I cannot say. First, the business development group needs to come up with a clear business plan to how to set up this product and they are still working on it. Then we will see what the capital impact is. One thing I can say is that we will have enough capital to facilitate this product. You need three ingredients: capital, liquidity, and knowledge. We have all three in house at the moment but it is too early to say what the exact capital requirement is.

The average commission per trade in the Netherlands has dropped and that has to do with the average order size. In the first quarter, we had more stock equities orders from our clients and in the second quarter we saw more option trades, but these option orders had less contracts per option order. So there was a different mix, which had lower order sizes and therefore, the average commission income dropped a little bit.

Mr. **Beentjes**: Bénoit, on Italy: we reduced marketing somewhat and that explains the weak inflow of new clients, which is seen by us by a weak inflow as well. No misunderstanding about that. We have to do some work on the system. We have been in business for a couple of months now. We see some gaps and we want to close those gaps before we spend the marketing money. So, we have withheld a little bit on marketing spend and that is reflected in the weak inflow.

On Euronext and the new ticker symbol XNL: it will of course take some time for the clients to get used to it, so there might be a transition period where we may see something in our numbers. But we have asked a couple of our largest clients and we have discussed this in the squat box with the clients. Most clients who have active trading behaviour have assured us that it is something they get used to in a couple of days. So, we are quite optimistic that there will be some impact but that it will be a very limited impact.

Mr. **Pétrarque**: And just on the kick back fee, do you have the split of the EUR 7 million to EUR 8 million between kick back fees you get from investment funds, the traditional network, and derivatives?

Mr. **Beentjes**: Bénoit, we have not disclosed this earlier but the minority is from the mutual funds and the larger part is from the turbo's and sprinters. Let's make it roughly EUR 3 million and EUR 5 million.

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

- **Lemer Salah - SNS Securities**

Good morning, three questions from my side. First of all, perhaps I have missed it but can you tell me whether you can achieve two new BPO contracts in 2013, which is your target?

Secondly, you have mentioned that you want to offset the revenue decline due to the levies by bringing in new products. Can you maybe tell us something about the timing of those products and the time to market those products?

My final question is with regard to your targets. Do you still feel comfortable with respect to your short or mid-term targets and, if so, why?

Mr. **Beentjes**: That is a suggestion 'if so, why'!

On the BPO agreements: we are not sure whether we will have two agreements this year. We are of course -- as we are always doing -- talking to multiple prospects. We are certainly not sure that we will be able to achieve two BPO agreements this year. So, we are discussing some agreements but between discussing and signing it takes some time.

As regards other targets: we already achieved Alex Vermogensbeheer. Our target was EUR 1.5 billion and that is achieved. The number of BPO agreements: that target will not be easy. The Italy break-even is a goal that still stands. The number of clients is low with 2,000 but the trading behaviour is very healthy with 50,000 transactions per quarter. So, that goal stands. The EUR 10 billion in Assets under Administration for Retail is a goal that stands. We are going to achieve that. Our target of 13.5 million retail transactions looks difficult. That can only be done either if we have a very successful time in Italy, bringing in a large number of transactions. That target looks difficult. So, I think three out of five targets are achievable and the other two look more difficult.

On the timing for the replacement of the turbo's: the new law will be there on 1st January, 2014. We may miss that date but we try to be as close as we can to that date. We have to do with a lot of partners who also have to make changes to this system. So, we cannot assure you that we will be ready on 1st January but it will be our goal.

Mr. **Salah**: Thank you.

- **Albert Ploegh - ING**

Good morning. I have a few questions, mostly related to solvency. The first is on what was somewhat of an issue in Q1 with the concentration risk on the client side. Can you confirm whether or not you have changed the policy, which seemed quite harsh, or that you may still be considering this?

My second question is on a comment made on the potential new buy-back program and the use of capital for new products. Purely, from the amortisation of intangibles and the tax savings on it as well, you are basically still generating roughly EUR 25 million of capital per annum, even with zero profit underlying. How should I stack that up?

On capital: you basically have between 12% and 20% as a solvency range. Over 20% you would use for share buy-backs. If you look at the current program, the treasure shares have not been cancelled. So, would you rather first cancel the current balance of treasury shares before starting a new one in the future?

Finally, also in relation to solvency and potential new buy-backs: is the constraint more the current profitability level, which requires you to go to the Central Bank for a declaration of no objection and maybe shareholder approval as well? Is it more that the profit should be north of EUR 16 million on an adjusted basis before you might reconsider a new program?

Mr. **Beentjes**: It is all for Evert!

Mr. **Kooistra**: Regarding the solvency rate: yes, solvency improved by 2%. We had a reduction in the concentrations in the loan book, the collateralised loans. We did not change the calculation method. Last time we said that our models are overstating the risk a bit in the loan book and that we are working on new models. We are still working on them. We are making progress with them but these models need to be tested and validated and that takes time. So, for this quarter end we still use the same calculation rules. So, it is purely an apple-to-apple comparison. We have lower risks and lower concentrations in the loan book.

Currently, we do not have any plan for a new buy-back. The 20% was introduced a few years ago to give guidance on the last buy-back. At this stage, there is only one capital requirement and that is the 12% minimum solvency rate. That is how we manage the company. As said, we are going to develop new products. We start with the turbo's and we need to see how much capital that takes. We take it from there in due course. If we ever would start up a new buy-back program we need a declaration of no objection from the Central Bank.

Your question regarding the treasury shares: we have not cancelled them. There is one moment per year to cancel them and that is at the AGM. We did not do that last time, so they are still there and we will see next year what we will do with them.

Mr. **Ploegh**: Maybe two small questions, first on the model, the validation and the testing, et cetera. Do you expect that more to be also a Full Year event or could that still happen in the third quarter?

Finally, more a question to Koen as well, on the strategy of Alex Asset Management. I know you are working to broaden the product offering and maybe include there some wealth management solutions. It is probably early days but are you able to share some new products you might be thinking of?

Mr. **Kooistra**: As said, the models are being tested and depending on whether the outcome of the validation and the testing process is satisfactorily we could apply them on the third quarter numbers.

Mr. **Beentjes**: On the Alex Asset Management strategy: one is more from a strategic or efficient point of view. Our belief is that a lot of clients have not achieved the goals they have set in the past and they are a little bit puzzled. Pension plans are coming down, the value of houses is coming down, and mortgage interest is no longer deductible. So, they are puzzled about what they have to do. We believe that we should help clients with tackling these problems. We are in the mass-affluent market, so with a relatively simple way of helping the planning. But looking at products, we are considering making more use of ETF-products in the asset management products and that means we are not going to change Alex Vermogensbeheer as we have it now, which is actively managed in shares. There we are considering broadening the scope of shares we are investing in by for instance looking at the US, whether we should have US equities in the portfolio. That is one thing we are developing and where we currently are working on. The other thing is that we are giving thought on making more use of ETFs. That is a change we expect to see in the coming year: ETFs will become more important in wealth management programs, given that a lot of the other wealth management partners will start promoting them. That is something we are anticipating but we do not yet have a product on the shelf.

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

- **Cor Kluis - RaboBank**

I have one follow-up question about the group centre. In Q1 the pre-tax loss was EUR 529 million, in Q2 it was EUR 961 million, and last year it was quite a break-even. Can you give an idea of what we should do with the pre-tax profit? What do you think it will be going forward? Will this be around minus EUR 500 million, EUR 600 million, and EUR 700 million a quarter or is there something special about the first Half of this year?

Mr. **Beentjes**: Cor, are you looking at ING or at Binck if you are talking about EUR 500 million losses and profits?

Mr. **Kluis**: EUR 529,000 and EUR 961,000!

Mr. **Kooistra**: But where exactly are you looking? On what page?

Mr. **Kluis**: Page 29 of the press release, where it says 'group operations'. There you see a minus 1,490, results from business operations for the first Half of this year, so EUR 1.5 million negative. I just gave you the split of the quarter but my question is whether this run rate will remain going forward or whether there is something special why this is such a big minus versus last year, when it was close to break even.

Mr. **Kooistra**: There seems to be a reallocation between the retail division and group activities. I must say that I cannot directly recall where this is coming from but no special things have been booked there, no incidental costs or one-off costs on the group activities. They have made a reclassification between the divisions.

Mr. **Kluis**: From this year onwards?

Mr. **Kooistra**: Yes.

Mr. **Kluis**: And maybe one final question about the share of results of associates and joint ventures, excluding this book profit that you had in Q2. It is still more than EUR 1 million negative. Can you give some guidance on whether you think that these minus EUR 4 million for the full year will improve? We always hope that going forward it would be a little bit better due to TOM and BeFrank but can we expect some profit improvement from the TOM operation for example, especially as they are clearly winning market share continuously?

Mr. **Kooistra**: To take TOM to break even ABN AMRO need to come with their retail flow to the platform. That is a commitment they have given to TOM and I understand they are in the process of migrating that flow towards TOM. From the latest information we have we understand this will happen in 2014. Depending on the exact size of that flow -- on which I do not have a clear view at this stage -- it could bring TOM towards the breakeven level. Think Capital is on its way but it needs EUR 1 billion to EUR 1.5 billion in assets. They are now at EUR 500 million, so they need to double their minimum in size. How fast that will go depends on how popular ETFs will become. All signs are positive there, especially with the inducement discussion going on, which has a positive influence on ETFs. BeFrank takes time. The deadline for BeFrank is by 2015.

Mr. **Kluis**: But if ABN AMRO put the flow on it, the loss of TOM should be...

Mr. **Kooistra**: That should be a big step up for TOM.

Mr. **Kluis**: Thank you!

Mr. **Beentjes**: As there are no more questions, thank you for your time and attention for BinckBank. We hope to speak to you next quarter again. Thank you very much!

End of call

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