

A faded background image showing two men in business suits shaking hands. In the background, there is a large, ornate clock tower with multiple clock faces.

KAS BANK Annual General Meeting

Annual Review 2010

Amsterdam, 28 April 2011

AGENDA

1. Review 2010
2. Risk management and regulatory issues
3. Preview 2011, Q1 2011

KEY POINTS - 2010

- Lower operational profit due to strong decrease in interest income; commission income lower due to depressed volumes on exchanges; AuA 11% higher
- Cost levels reduced to level 2007
- Strong solvency and liquidity, reflecting the low risk profile of KAS BANK
- Dividend pay out continued at € 0.73 to underline a strong balance sheet

FINANCIAL TARGETS

Ratio	Target	2010	2010*	2009	2009*
Leverage income versus cost	≥ 3%	-5%	-9%		2%
Efficiency ratio	70-77%	81%	87%	77%	79%
RoE	10 year**	10%	7%	14%	12%
- Shareholder Premium	+5-8%	7%	4%	10%	8%
Growth in earnings per share	> 8%	-25%	-40%		13%
Dividend pay-out	60-80%	58%	84%	43%	61%
Average BIS-ratio	≥ 12.5%	21%	21%	21%	21%

* Excl. non operating items

** 10-year interest 2010: 3.0%, 2009: 3.7%

RoE DUTCH FINANCIALS

%	2005	2006	2007	2008	2009	2010
KAS BANK	9.7	13.2	23.7	-20.2	13.7	10.0
ING	25.7	23.5	24.2	-2.1	4.3	13.1
Aegon	14.2	14.6	12.5	6.6	5.7	9.8
Binckbank	26.7	37.9	24.8	7.0	9.8	9.3
Van Lanschot	16.3	17.4	16.9	1.5	-2.0	4,1
SNS Reaal	14.1	12.7	13.7	-13.3	0.3	-4.5

RoE US CUSTODIANS

%	2005	2006	2007	2008	2009	2010
KAS BANK	9.7	13.2	23.7	-20.2	13.7	10.0
Northern Trust	17.0	17.6	17.5	16.0	12.7	10.1
JP Morgan	7.9	12.5	12.5	4.2	6.3	9.9
State Street	15.3	16.2	13.4	14.8	13.2	9.5
BoNY	16.6	27.6	11.0	5.0	-	8.2

DIVIDEND DUTCH FINANCIALS*

%	2005	2006	2007	2008	2009	2010	Avg
KAS BANK	5.3	6.7	10.4	4.5	5.2	6.2	6.4
SNS Reaal	n.a.	4.3	5.3	10.5	-	-	4.0
ING	4.0	3.9	5.5	10.1	-	-	3.9
Binckbank	2.4	2.7	2.1	7.5	4.1	4.4	3.9
Van Lanschot	2.1	3.5	3.7	6.3	0.8	2.3	3.1
Aegon	3.3	3.8	5.1	6.6	-	-	3.1

* Based on year end price

DIVIDEND US CUSTODIANS*

%	2005	2006	2007	2008	2009	2010	Avg
KAS BANK	5.3	6.7	10.4	4.5	5.2	6.2	6.4
JP Morgan	3.4	2.8	3.4	4.8	0.5	0.5	2.6
BoNY	2.6	2.2	1.9	3.4	1.8	1.2	2.2
Northern Trust	1.7	1.5	1.3	2.1	2.1	2.0	1.8
State Street	1.3	1.2	1.1	2.4	0.1	0.1	1.0

* Based on year end price

NON OPERATING ITEMS

€ million	2010	Δ	2009
Total result	18.5	-25%	24.6
• Loans and advances	1.9		0.4
• Investments	4.0		3.8
• Other	-0.1		-0.6
Operating result	12.7	-40%	21.0

RESULTS*

€ million	2010	2009	Δ
Operational profit	12.7	21.0	-40%
Revenues	111.8	131.0	-15%
Costs	97.3	103.5	-6%

* Excluding non-operating items

INCOME*

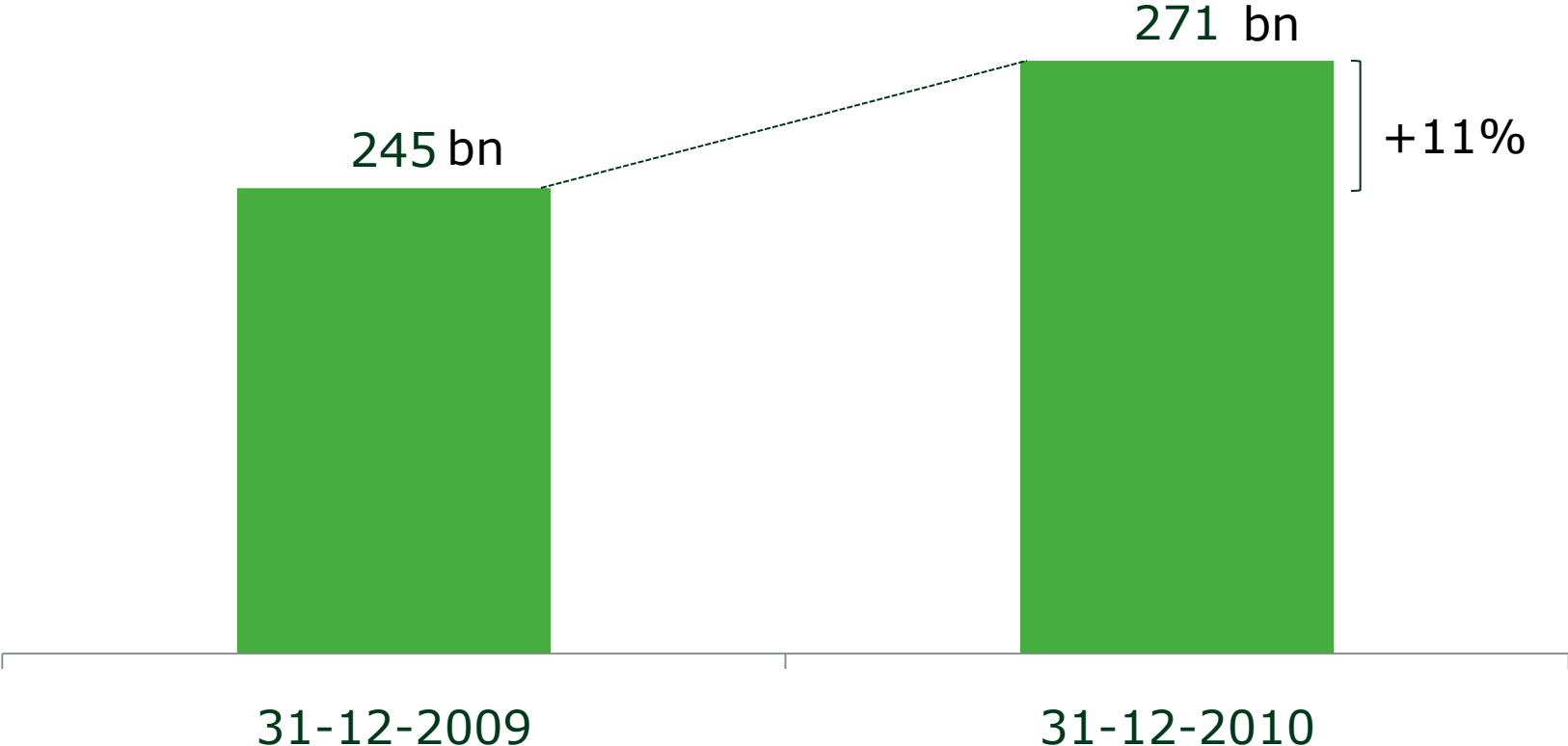
€ million	2010	2009	Δ
Revenues	111.8	131.0	-15%
▪ Interest income	20.6	30.6	-33%
▪ Commission income	69.7	74.3	-6%
▪ Trading/investments	19.4	24.1	-19%
▪ Other	2.2	2.0	10%

* Excluding non-operating items

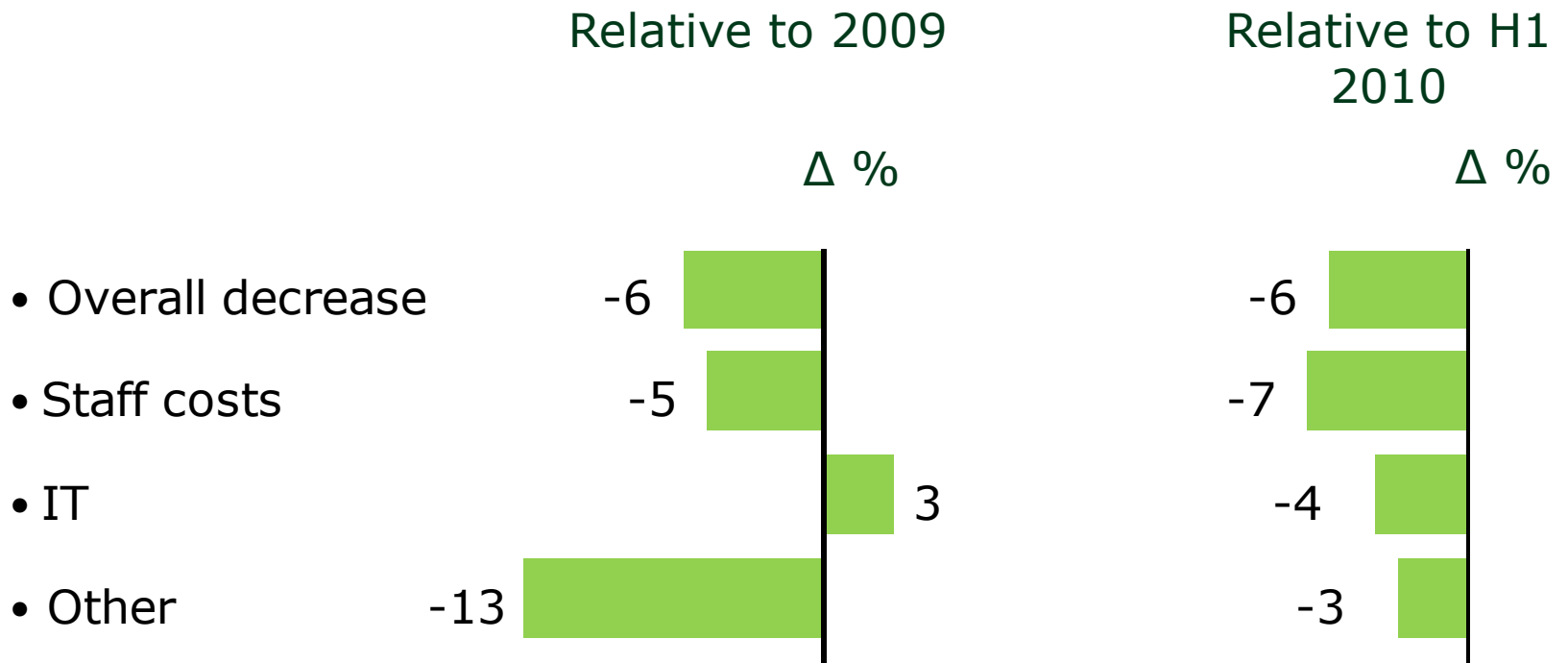
COMMISSION INCOME

€ million	2010	2009	Δ
Commission income	69.7	74.4	-6%
▪ Custody and IMS	35.7	30.1	19%
▪ Clearing and Settlement	23.4	32.9	-29%
▪ Securities Lending	4.1	5.1	-20%
▪ Other	6.5	6.3	3%

ASSETS UNDER ADMINISTRATION

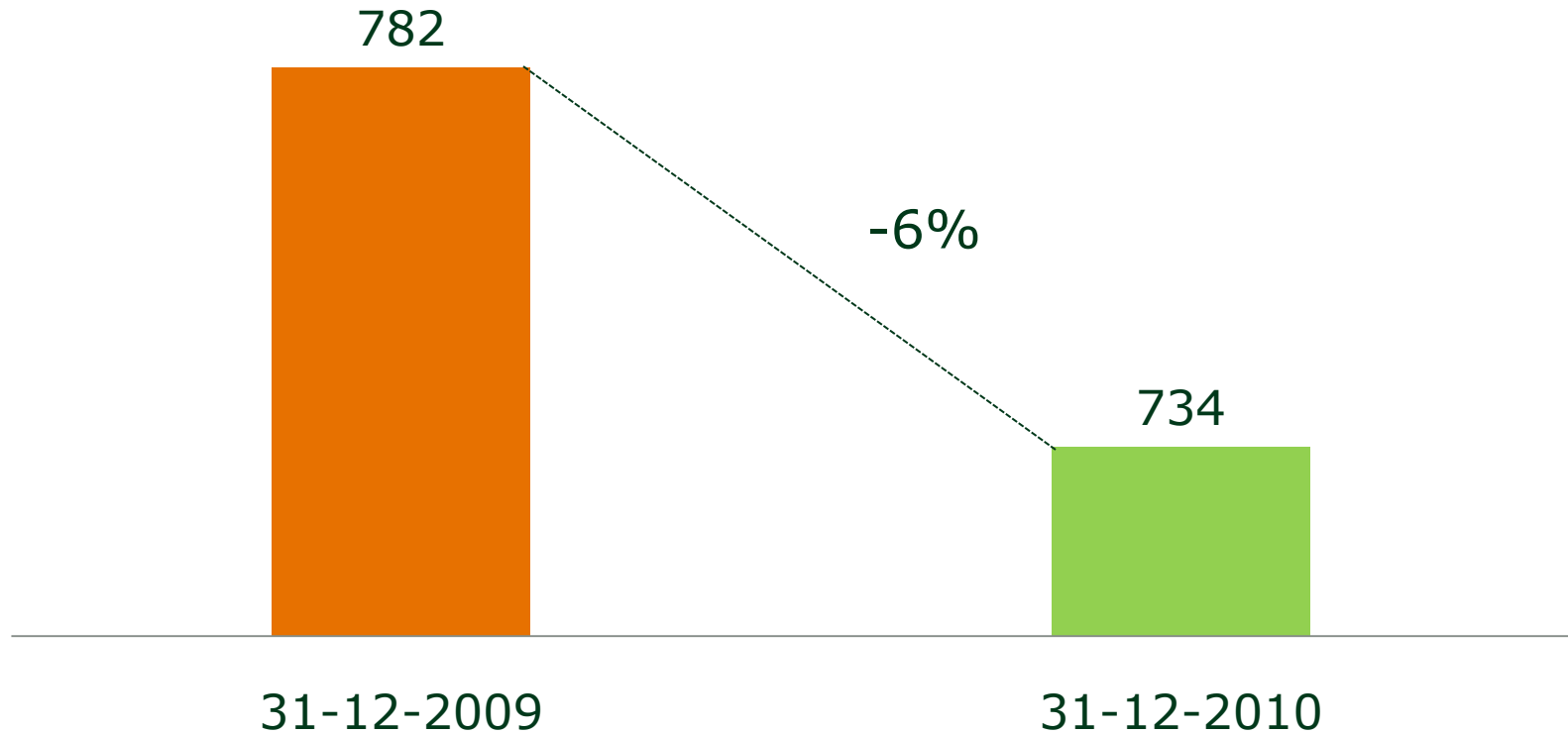


COSTS*



* Excluding non-operating items

GRADUAL DECREASE OF STAFF (#FTE)

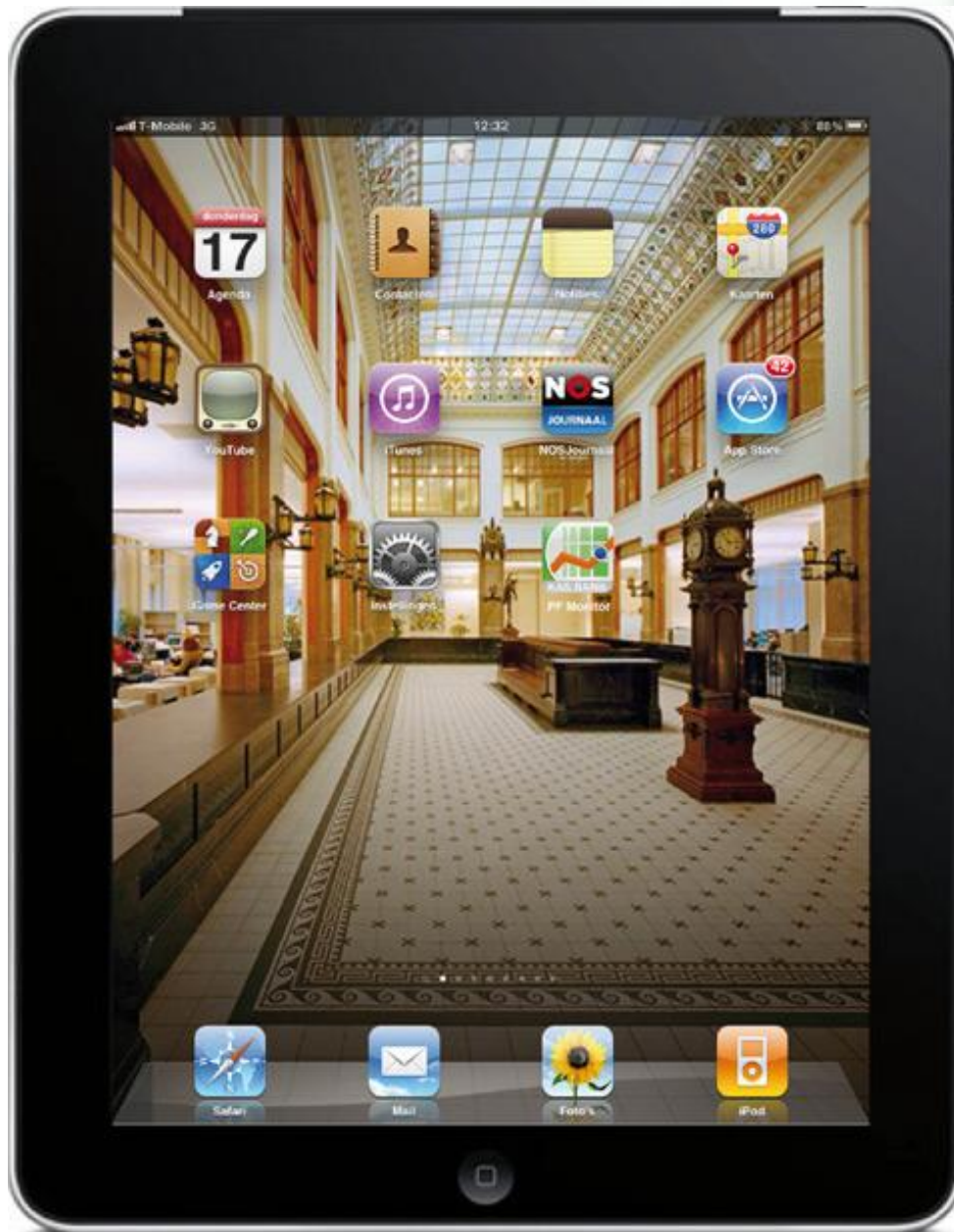


CONTINUING INVESTMENT IN IT

- 37% of total costs related to IT (2009: 37%)
- Examples 2010/2011:
 - Risk Monitor Pension iPad for pension trustees
 - Multi-client Broker Services platform
 - Ongoing investments in connectivity (21 trading venues, 8 CCP's, 12 CSD's)

PRODUCT INNOVATION: INSTITUTIONAL INVESTORS

- Pension fund stress test: supporting risk management for pension funds
- Risk Monitor Pension iPad application for pension trustees
- Custodian role for PPI: preparing for changes in pension environment
- Fund desk for fund start-ups: strengthening asset management in Holland
- Full German Depotbank live: KAS BANK only independent player with a depotbank and a Master-KAG



KAS BANK

PENSION FUND MONITOR APP

**'IN CONTROL' OVER UW
PENSIOENFONDS MET
DE KAS BANK PENSION
FUND MONITOR APP!**

Dashboard

_Pensioenfonds XYZ

Export

Overall

	Actual		Target	
Funding level	107.20%	↑	111.26%	Yellow
YTD Performance	-2.02%	↓	0.03%	Red

Performance

	Actual		Target	
DEF YTD	-0.59%	↓	-0.16%	Yellow
NOP YTD	-1.10%	↓	-0.13%	Red

Asset mix

	Actual		Target	
Cash	1.25%	↑	0.00%	Green
Equity	31.91%	↑	30.00%	Green
Fixed income	66.84%	↓	70.00%	Green

Alerts

Compliance on 3 Mar 2011

1 breach in OVER
40% and 80%.

Quick launch

Holdings

About

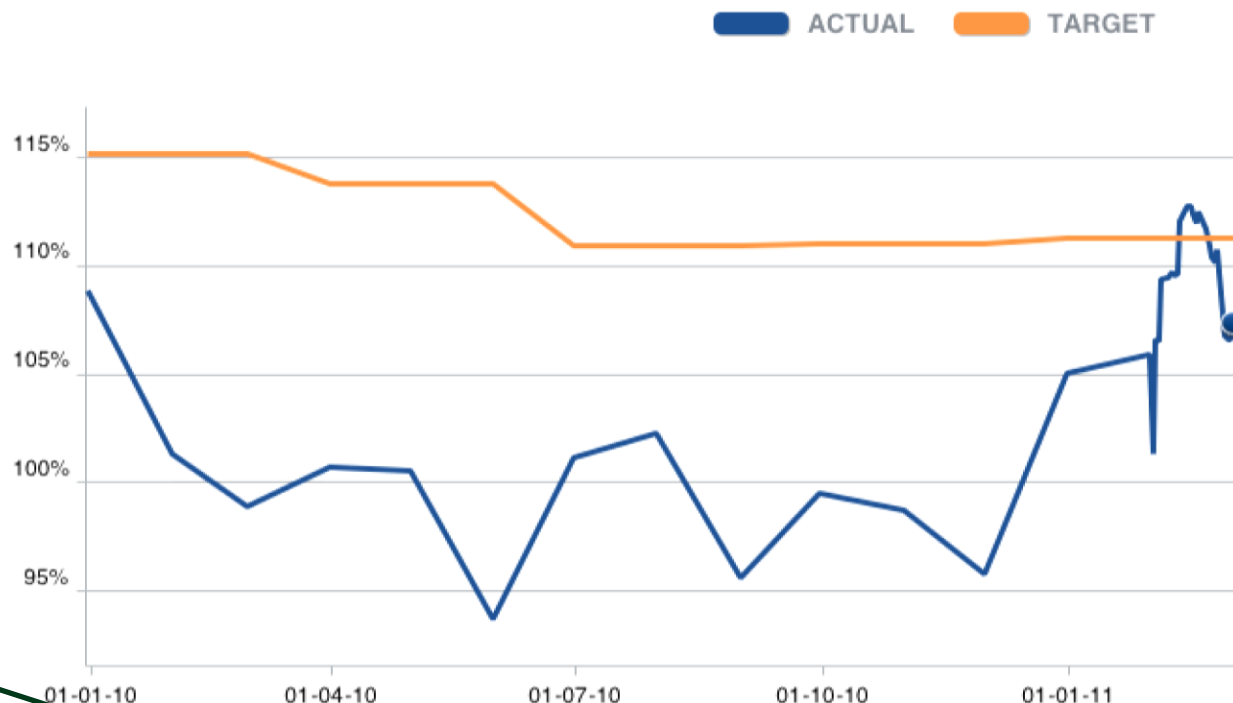
Funding level



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Funding level

Portfolio



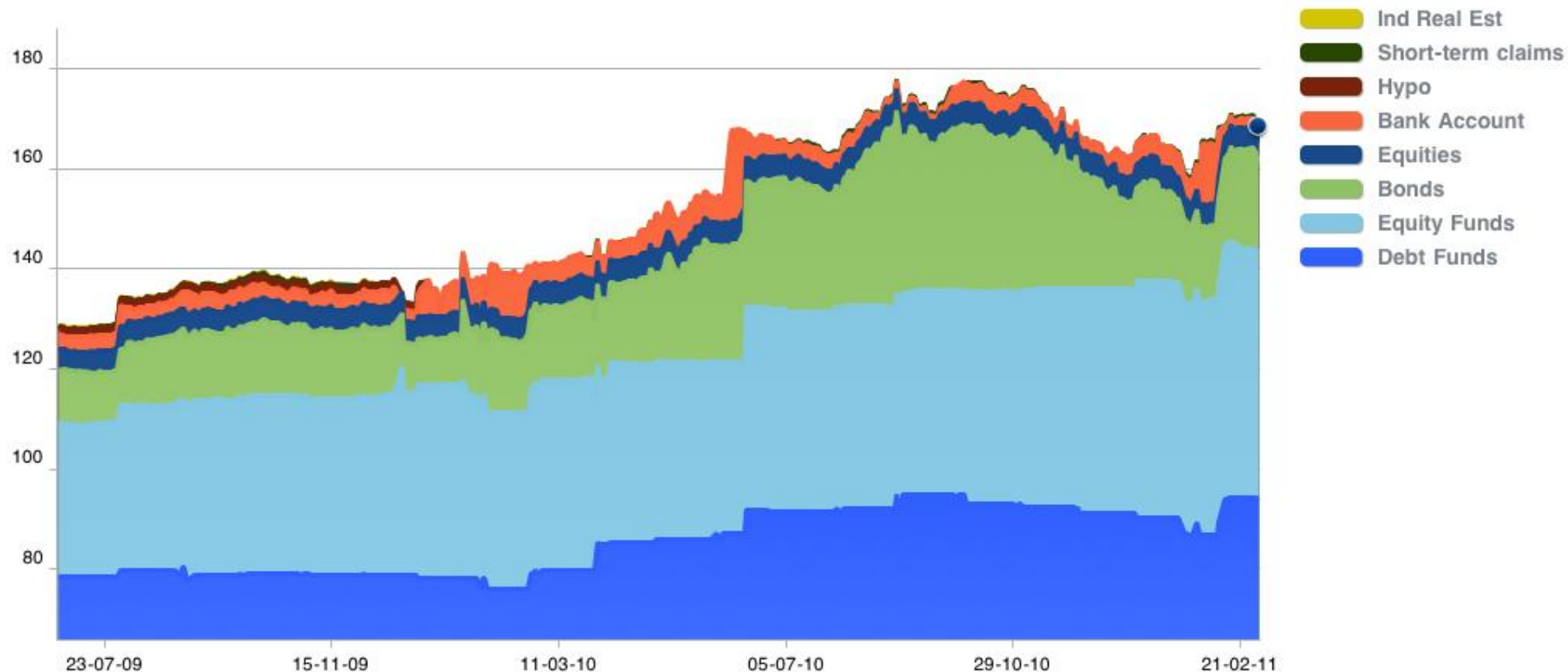
In de **Pension Fund Monitor** kunt u in één oogopslag zien hoe uw portefeuille scoort op voor u belangrijke indicatoren, zoals dekkingsgraad, performance of compliance.

Total Assets at 03-Mar-11: € 161,399,750
 Total Liabilities at 03-Mar-11: € 150,558,438

Holdings by Asset sub type

In Millions EUR

KAS BANK
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Short-term
€724,553
at 03 March

- U ziet het verloop over de tijd van de marktwaarde van uw beleggingen, hier per *Asset sub type*.
- U kunt de weergave veranderen naar: *per land, per valuta, per vermogensbestanddeel* enzovoorts. Deze weergaven kunt u verder verfijnen, per vermogensbeheerder bijvoorbeeld.
- U zoomt eenvoudig in op gegevens of vraagt detailinformatie per dag op.

Back

Dashboard

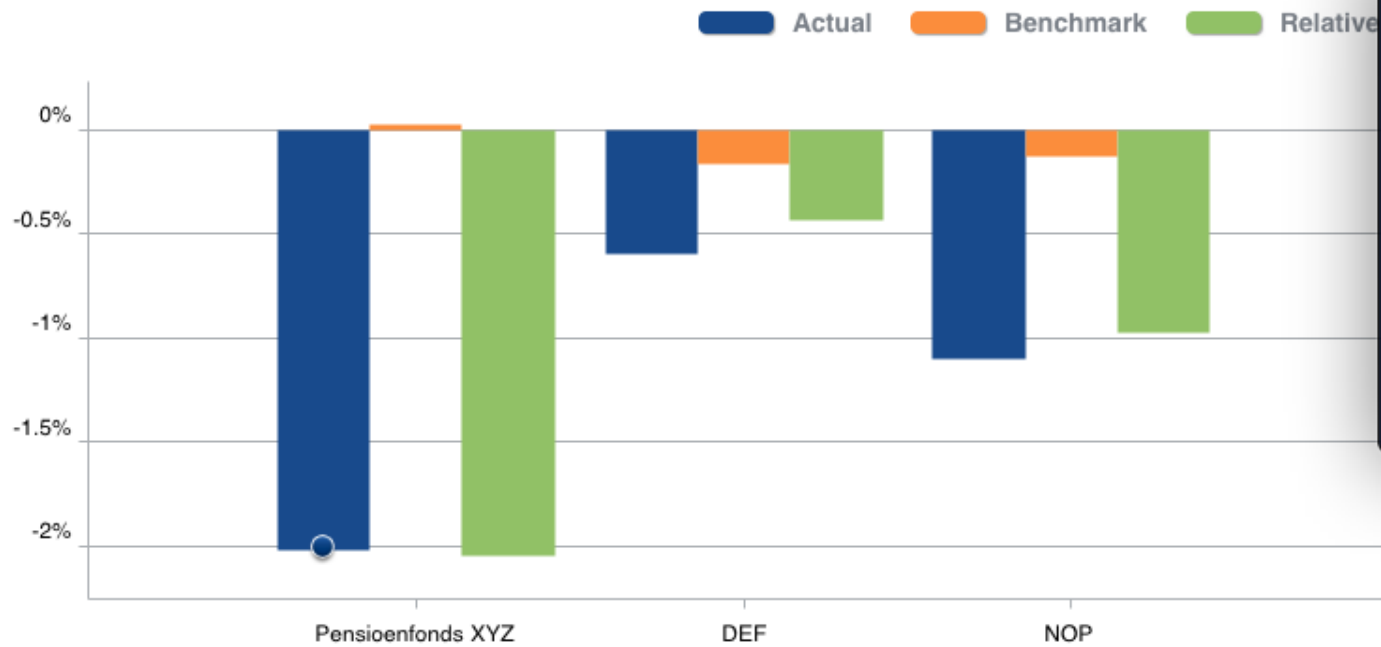
Performance details

_Pensioenfonds XYZ

Filter

Export

Performance Jan 2011



Reset

Date

October 2010

November 2010

December 2010

January 2011

	YTD			3M			NOV 10		
	Actual	Target	Diff	Actual	Target	Diff	Actual	Target	Diff
Pensioenfonds XYZ	-2.02	0.03	-2.05	-6.73	-0.10	-6.63	-2.63	-1.46	-1.19
DEF	-0.59	-0.16	-0.43	0.31	0.11	0.21	0.01	-0.77	0.79
NOP	-1.10	-0.13	-0.98	0.22	0.32	-0.10	0.28	-0.77	1.06

- U kunt de ontwikkeling van de *Performance* in verschillende weergaven op de voet volgen.
- Op de "heat map" tonen kleurschakeringen waar de positieve en negatieve uitschieters zitten.



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- Onder Compliance zetten we uw belegd vermogen af tegen uw doelstellingen.
- U kunt *overall* en per portfolio overtredingen van uw beleggingsbeleid inzien.
- Behalve een weergave door de tijd kunt u detailinformatie per dag oproepen.

OVERALL



Hedge Ratio between 40% and 80%



Hedge Ratio between 40% and 80%

Details	Actual	Target	Check	Minimum	Maximum	Result
(None)	1,949,152,372.72	-	69.97%	40.00%	80.00%	OK

ABC



Cash between 0 and 5%



Portfolio instruments overview

Details	Actual	Target	Check	Minimum	Maximum	Result
Bank account	3,644,979.93	-	2.39%	0.00%	5.00%	OK



Fixed Income between 65% and 75%



Alternatives between 0% and 5% of Total Investments

Details	Actual	Target	Check	Minimum	Maximum	Result
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PRODUCT INNOVATION FINANCIAL INSTITUTIONS:

- Multi-client Broker Services platform: maximizing connectivity combined with optimizing back/mid-office efficiency
- Securities Lending operator model: enhancing asset safety and monitoring counterparty risk
- Intra day risk monitoring: supporting intra day high frequency trading

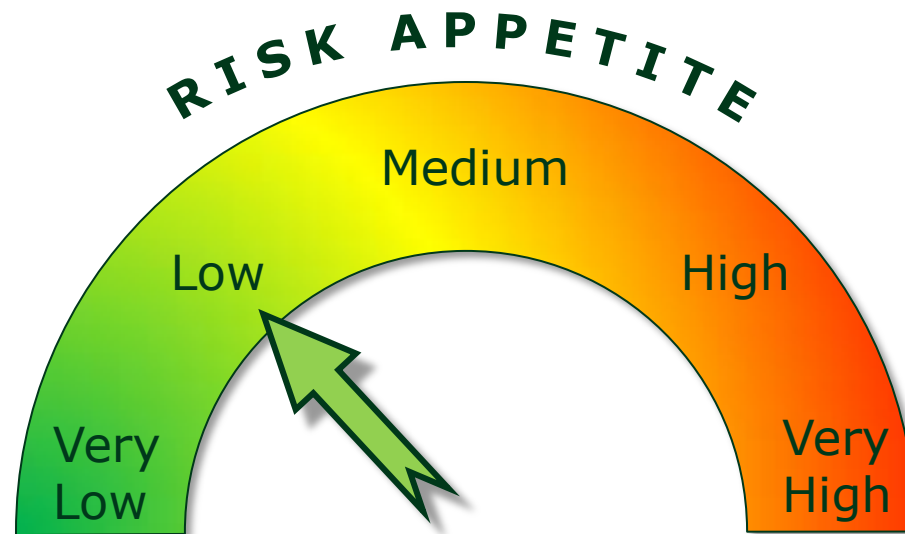
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RISK PROFILE KAS BANK

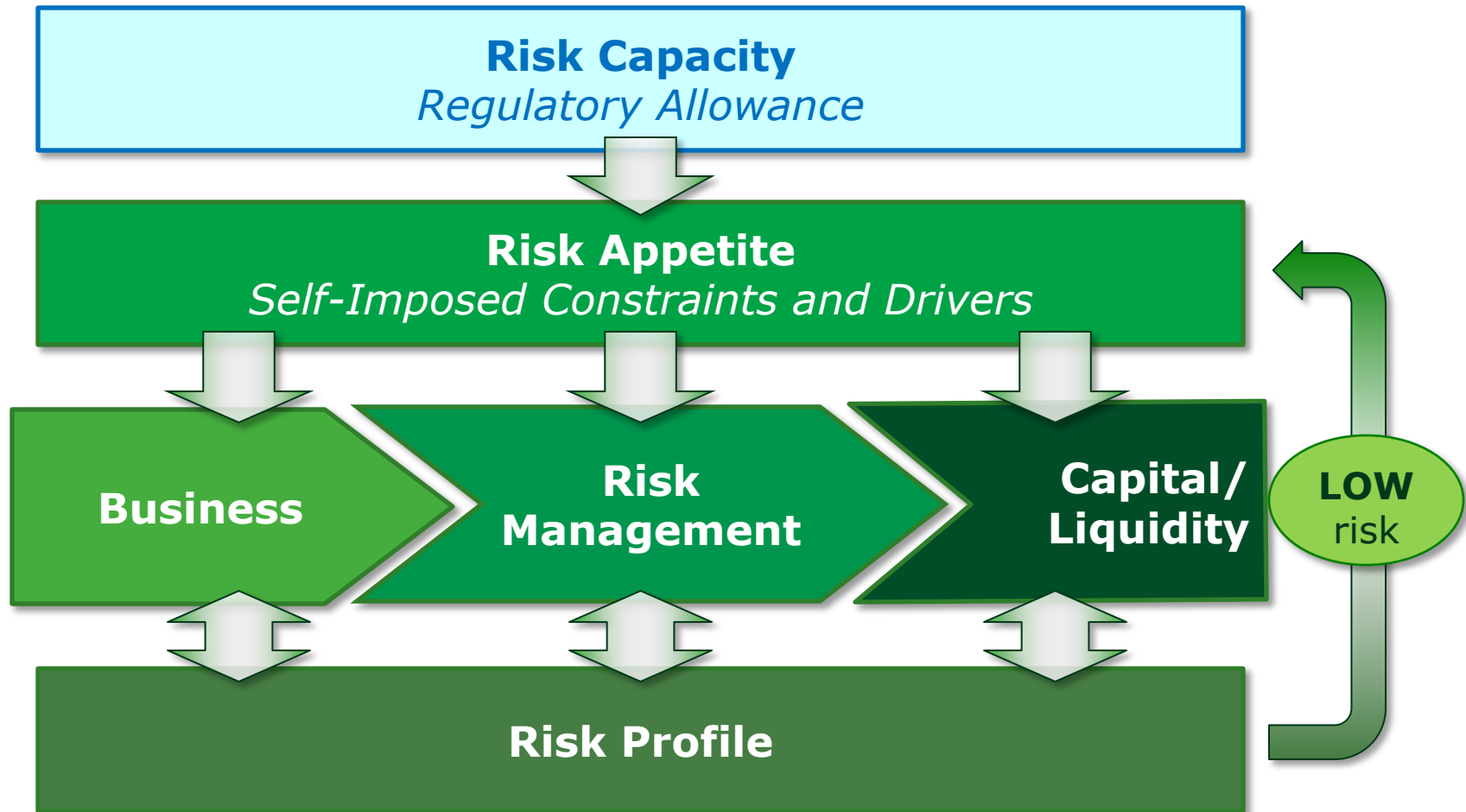
Risk Appetite

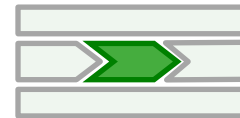
The amount and type of risk KAS BANK is willing to accept in the pursuit of its business objectives



KAS BANK's Risk Appetite is **LOW**

RISK MANAGEMENT - FRAMEWORK





LOW RISK PROFILE FOR EACH RISK CATEGORY

Business Environment

Products

The Environment

Financial Risks

Market Risk

Credit Risk

Mismatch

Liquidity Risk

**L
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Operational Excellence

Operational Risk

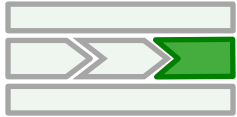
Compliance

Legal

IT

Business Continuity

Outsourcing



SOLVENCY & LIQUIDITY

LOW
risk

Capital Requirement

Liquidity Requirement

NORM:

BIS > 12.5%

ROE 5-8%
above risk free

LCR > 1
NSFR > 1

Surplus
Liquidity > 1 bn



2010:

23 %

10 %

adequate

€1.5 bn

INVESTMENT PORTFOLIO QUALITY

€ million	31-12-10	Percentage of portfolio	31-12-09	Percentage of portfolio
Aaa – Aa3	1,430	95%	1,339	93%
A1 – A3	27	2%	37	2%
Baa1 – Baa3	32	2%	40	3%
P1 – P2	0	0%	-	0%
Shares	14	1%	28	2%
Total	1,503	100%	1,444	100%

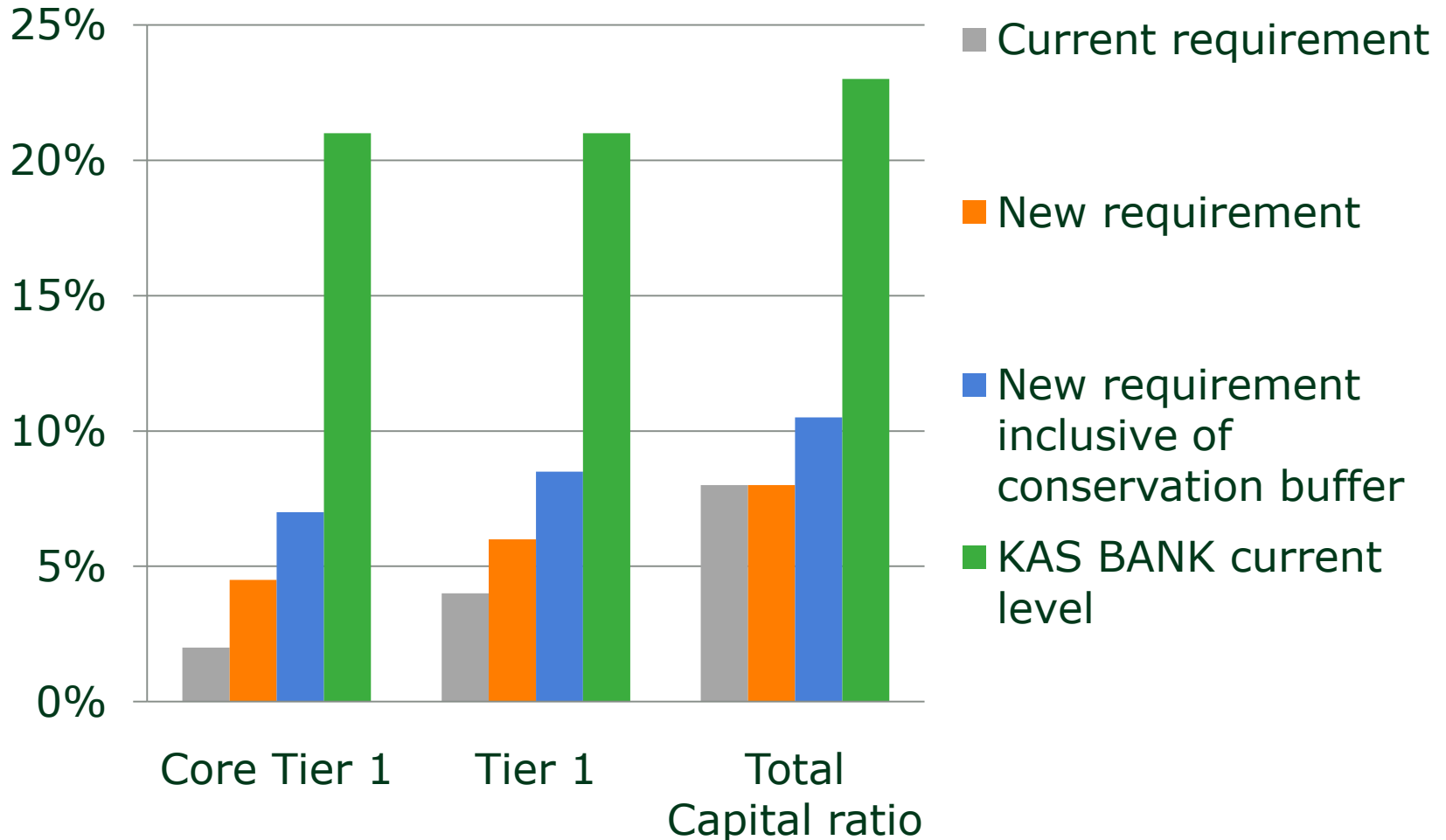
REGULATORY ISSUES

- Regulatory issues
 - Code Banken (Dutch banking code)
 - Wge (Dutch Securities Act)
 - Basel 3/CRD IV
- Stress tests
- Environmental / Sustainable / Governance (ESG)

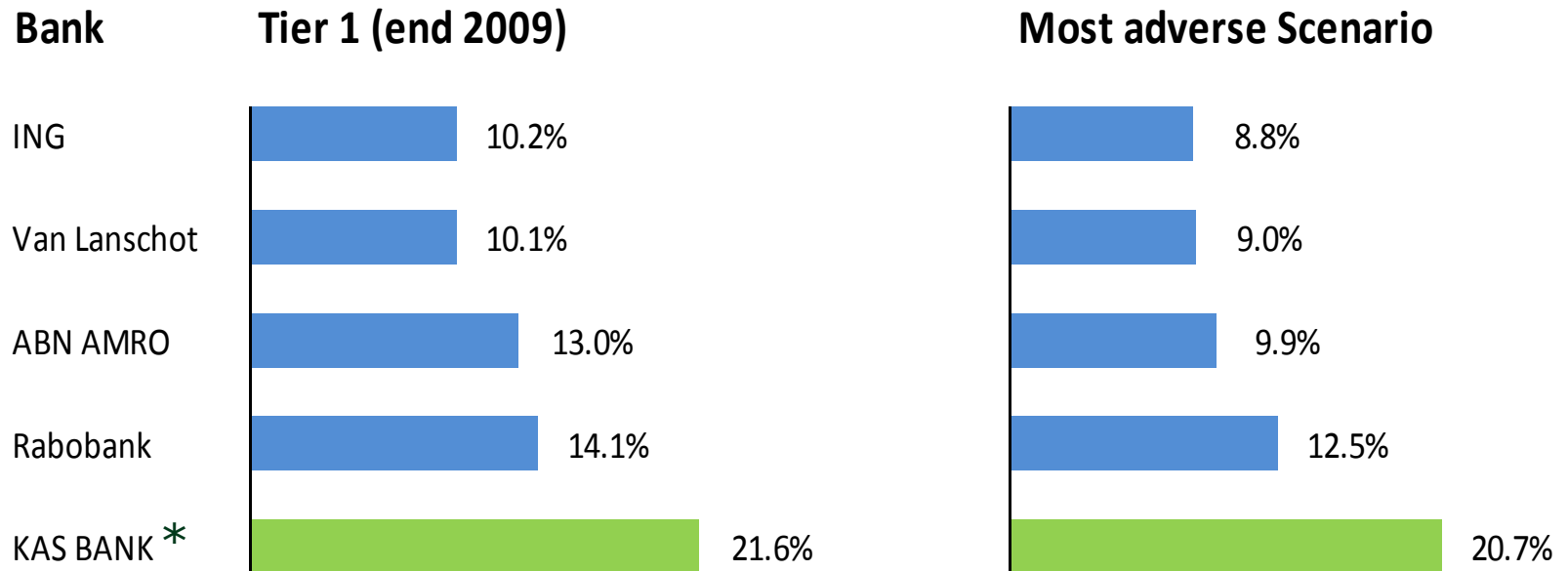
CODE BANKEN

- KAS BANK complies since 2010
- Board remuneration adapted per January 2011; remuneration policies of all other staff incl. foreign branches do comply
- Moreel Ethische Verklaring (Moral and ethical conduct declaration) signed by Board and underwritten by all staff per January 2011

CAPITAL REQUIREMENTS BASEL 3/CRD IV



STRESS TEST DUTCH BANKS - 2010



* No sovereign risk in bankbook

ESG - ISSUES

- Compliance monitor: Sustainable Risk Screening
- No investment in funds on the watch list of the UNPRI. Global Reporting Initiative under consideration
- Focus on CO2 reduction, but not yet on reporting

AGENDA

1. Review 2010
2. Risk management and regulatory issues
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3. PREVIEW 2011

- Priorities 2011
- Q1 2011
- Outlook 2011

PRIORITIES 2011

- Optimizing risk/return on treasury income
- Additional focus on Dutch pension funds, German institutional investors and European broker services; search for acquisition candidates in Germany
- Continuing investment in operational excellence and efficiency
 - SAS 70 II -> ISAE 3402
 - In- and outsourcing non key functionality

Q1 2011

- Total profit €5.4 mln (Q1 2010: 5.6 mln); up 28% from Q4 2010
- Revenues up 13% from Q4 2010; growth from interest margin and commission income; AuA slightly higher at €274 bn
- Cost reduction of 6% from Q4 2010

OUTLOOK 2011 UNCHANGED

- Market volumes not yet rebounded; continuing pressure on revenues
- Low interest rates continue to affect interest income and income from investments; improvement expected in H2 2011
- Based on 2010 results and ongoing unstable financial markets the Managing Board does not provide a forecast for 2011



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