

PRESS RELEASE
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KAS BANK's results rebound strongly

- **Net profit for the first half of 2009 rises to €11.5 million (H1 2008: €9.4 million)**
- **No impairment losses on investment portfolio or loans and advances; operating result €11.4 million (H1 2008: €14.5 million)**
- **Expenses 7% lower compared with the second half of 2008**
- **BIS ratio climbs to 22% as at 30 June 2009 (year-end 2008: 18%); Tier 1 ratio improves to 19% (year-end 2008: 15%)**
- **13% return on equity (H1 2008: 9%), well above external financial target**
- **Interim dividend €0.33 per KAS BANK ordinary share**

Key figures

	H1 2009	H1 2008	Change %
Total profit	€11.5 million	€9.4 million	22%
Operating profit	€11.4 million	€14.5 million	-21%
Total earnings per share	€0.79	€0.63	25%
Operating profit per share	€0.79	€0.97	-19%
Interim dividend	€0.33	€0.45	-27%

Chairman's statement

Albert Röell, chairman of KAS BANK's Managing Board: 'Although market conditions were far from good in the first half of 2009, KAS BANK was able to advance its position as the European specialist in wholesale securities services. Good progress was made at the commercial level, both in the Netherlands and in our neighbouring home markets, the UK and Germany. The recently completed acquisition of Deutsche

Postbank's investment fund administration clearly reflects our strategy of sustained and controlled growth of our wholesale securities services in Europe.'

Interim dividend

It has been decided, with the approval of the Supervisory Board, to distribute an interim dividend in cash of €0.33 per KAS BANK ordinary share (H1 2008: €0.45). After deduction of the capital required for the recent acquisition in Germany, the pay-out ratio is 60%.

Outlook

Although conditions on the financial markets have stabilised to some extent in recent months, the economic situation is still fragile. If the financial markets remain weak, there is a danger of impairment losses on the investment portfolio and the portfolio of loans and advances and reduced income from custody, securities lending and clearing/settlement in particular. Given the uncertain outlook for the financial markets, the Managing Board prefers not to give a firm forecast of the bank's results.

Risk management

Risk management, on behalf of clients and of the bank itself, is the foundation on which all our activities are built. Thanks in part to the series of risk-mitigation measures taken in the fourth quarter of 2008 and the first half of 2009 in response to the credit crisis, KAS BANK has sustained no further net impairment losses on loans, advances or investments in 2009. The proportion of investments in KAS BANK's portfolio with the highest ratings (Aaa-Aa3) rose from 75% to 90%. KAS BANK's investments are measured at fair value and this valuation policy has not changed since the start of the credit crisis.

Liquidity and capital adequacy

KAS BANK's surplus liquidity as at 30 June 2009 amounted to €1.6 billion, an increase of 7% compared with 31 December 2008 (€1.5 billion). The BIS ratio improved to 22% (year-end 2008: 18%) and the Tier 1 ratio rose from 15% at year-end 2008 to 19% as at 30 June 2009.

By further tightening its investment policy and lending criteria, the bank was able to reduce the risk-weighted assets from €940 million as at 31 December 2008 to €779 million as at 30 June 2009. The portfolio of risk-weighted loans and advances was reduced by 18% by optimising the underlying collateral. The bank's balance sheet total grew 7% in the first half to €7.9 billion (year-end 2008: €7.4 billion).

KAS BANK does not avail itself of government support in any form.

Financial targets

The financial targets to be achieved over the year as formulated by the Managing Board are as follows:

	Target	H1 2009**	2008**
Growth in operating income versus growth in operating expenses	≥3%	-6%	-6%
Efficiency ratio	70-77%	77%	81%
Return on equity*	5-8 pts over 10-yr rate	13%	9%
Growth in earnings per share	>8%	-19%	-20%
Dividend pay-out ratio	60-80%	60%	38%
Average BIS ratio	≥12.5%	20%	15%

* 10-year interest rate 2008: 4.2%, H1 2009: 3.8%

** excluding non-operating items

Results

Profit in the first half of 2009 was 22% higher at €11.5 million (H1 2008: €9.4 million). Impairment losses had no effect on the investment portfolio or the portfolio of loans and advances in the first half of 2009, compared with a €5.0 million negative effect in the first half of 2008. The partial recovery in the prices of a number of bonds on which impairment losses had been recognised in the second half of 2008 generated non-operating income of €1.2 million in the first half of 2009. The total effect of non-operating items on profit in the first half of 2009 was negligible. The operating profit amounted to €11.4 million (H1 2008: €14.5 million).

Operating income was down 5% compared with the first half of 2008, reflecting the decline in commission income due to the lower stock market prices and the

deteriorating conditions on the securities lending market since the fourth quarter of 2008. The lower commission income was partly offset by higher interest income.

Operating expenses were fractionally (1%) higher, due to the consolidation of KAS Investment Servicing GmbH with effect from July 2008, expenses relating to the acquisition of Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH in July 2009 and investment in further improvement in the quality of the bank's services and its risk management.

Operating profit was sharply higher compared with the second half of 2008. Operating income was 9% higher and operating expenses were 7% lower.

The return on equity in the first half of 2009 was 13% (H1 2008: 9%) and the operating efficiency ratio was 77% (H1 2008: 73%). The operating efficiency ratio for the whole of 2008 was 81%.

Operating income

Operating income in the first half of 2009 was 5% lower at €67.1 million (H1 2008: €71.0 million), but 9% higher compared with the second half of 2008.

Analysis of operating income

<i>In millions of euros</i>	First half 2009	First half 2008	change	%
Interest income	18.5	13.2	5.3	40%
Commission	38.1	49.4	-11.3	-23%
Result on investments	9.8	8.3	1.5	18%
Other income	0.7	0.1	0.6	-
Total operating income	67.1	71.0	-3.9	-5%

Compared with the first half of 2008, interest income was 40% higher at €18.5 million (H1 2008: €13.2 million), largely due to the improved interest margin.

Commission income fell 23% to €38.1 million (H1 2008: €49.4 million). Excluding income from securities lending, commission income was 3% lower at €35.2 million (H1 2008: €36.4 million). The sharp decline in income from securities lending was

due to the worsening market conditions since the fourth quarter of 2008 in response to the economic crisis.

The change in commission income is analysed by type of commission in the table below.

<i>In millions of euros</i>	First half 2009	First half 2008	change	%
Custody and investment management services	13.9	14.0	-0.1	-1%
Clearing and settlement	18.3	19.6	-1.3	-7%
Other	3.0	2.8	0.2	6%
Subtotal	35.2	36.4	-1.2	-3%
Securities lending	2.9	13.0	-10.1	-78%
Total commission income	38.1	49.4	-11.4	-23%

Income from custody and investment management services was down 1% at €13.9 million (H1 2008: €14.0 million). The effect of the lower stock market prices was largely offset by income from KAS Investment Servicing GmbH, which was acquired in 2008.

Commission on clearing and settlement was 7% lower in the first half of 2009 at €18.3 million (H1 2008: €19.6 million), reflecting lower average values per transaction.

The operating result on investments rose 18% to €9.8 million (H1 2008: €8.3 million), boosted by positive results on trading and investment positions, consisting largely of results on client-related transactions in foreign currency.

Operating expenses

Operating expenses in the first half of 2009 were 1% higher compared with the same period last year at €51.9 million (H1 2008: €51.6 million), but 7% lower than in the second half of 2008.

Analysis of operating expenses

<i>In millions of euros</i>	First half 2009	First half 2008	change	%
Staff expenses	34.4	34.4	0.0	0%

Other administrative expenses	13.5	13.6	-0.1	0%
Depreciation/amortisation	4.0	3.6	0.4	11%
Operating expenses	51.9	51.6	0.3	1%

Staff expenses in the first half of 2009 were unchanged compared with the same period last year at €34.4 million. The cost of salary increases under the collective labour agreement and the additional expenses incurred with effect from July 2008 in connection with KAS Investment Servicing GmbH were offset mainly by a reduction in staffing levels.

Other administrative expenses showed little change at €13.5 million. The additional operating expenses of KAS Investment Servicing GmbH and the cost of the recent acquisition of Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH were offset by cost savings.

Depreciation/amortisation increased 11% to €4.0 million (H1 2008: €3.6 million), mainly due to the consolidation of KAS Investment Servicing GmbH.

Results on non-operating items

The after-tax result for the first half of 2009 includes a positive balance of non-operating items of €0.1 million. In the same period last year, non-operating items amounted to €5.0 million negative.

A number of impairment losses were recognised in 2008 on equities and bonds in the investment portfolio. Reflecting the partial recovery of the market prices of some of the bonds concerned, revenue of €1.2 million (before tax) is included in the result on available-for-sale investments.

There was also a non-operating charge of €1.1 million (before tax) in the first half of 2009 in the form of an impairment loss on an interest-rate derivative. Since the compensatory positive item has to be recognised in equity under IFRS, this charge is accounted for as non-operational. The €5.0 million negative effect of non-operating items on the after-tax result in the first half of 2008 was due entirely to the writedown on the shareholding in NYSE/Euronext.

Balance sheet

The quality of KAS BANK's balance sheet is largely reflected in the development of its risk-weighted assets, its liquidity and the composition of its portfolio of available-for-sale investments.

Risk-weighted value of the assets

Thanks to active asset management and the bank's efforts to maintain a low risk profile, the risk weighted assets decreased 17% in the first half of 2009 to €778.8 million (year-end 2008: €939.8 million), which helped to raise the BIS ratio to 22% (year-end 2008: 18%).

Risk-weighted value of assets	Carrying amount	Risk-weighted value	Carrying amount	Risk-weighted value
<i>In millions of euros</i>	30/06/09	30/06/09	31/12/08	31/12/08
Banks	2,730.6	143.0	1,693.7	145.0
Loans and advances	2,142.3	66.5	2,433.9	81.5
Reverse repurchase agreements	927.0	1.0	732.6	0.0
Derivative financial instruments	132.8	83.4	386.1	140.7
Investments classified as assets at fair value through profit and loss	107.1	0.0	26.9	0.0
Available-for-sale investments	1,006.9	74.6	682.4	110.7
Property and equipment	49.6	49.6	50.7	50.7
Other balance sheet items	789.0	89.7	1,353.8	131.9
	7,885.3	507.8	7,360.1	660.5
Contingent liabilities	42.8	7.9	74.6	7.5
Irrevocable facilities	71.0	0.0	58.0	0.0
Operational risk		235.4		230.1
Securities lending		27.7		41.7
Total risk-weighted value of loans and advances		778.8		939.8
	30/06/09	% 2009	31/12/08	% 2008
Tier 1	148.2	19%	141.3	15%
Tier 2	25.4		24.4	
Total BIS	173.6	22%	165.7	18%

Because loans and advances are generally granted against the collateral of securities or subject to netting arrangements, the risk-weighted value of the portfolio of the

loans and advances, which amount to €2,142.3 million (year-end 2008: €2,433.9 million), is only €66.5 million (year-end 2008: €81.5 million).

Liquidity

The following maturity calendars as at 30 June 2009 and year-end 2008 show the non-discounted cash flows from KAS BANK's financial assets (excluding equities).

<i>In percentages</i>						
Maturity calendar as at 30 June 2009	On demand	≤ 3 months	≤ 1 year	≤ 5 years	> 5 years	Total
Financial assets						
Banks, loans, advances and other financial assets	83%	16%	0%	0%	1%	100%
Available-for-sale investments	4%	4%	8%	62%	22%	100%
Total financial assets	72%	14%	1%	9%	4%	100%

<i>In percentages</i>						
Maturity calendar as at year-end 2008	On demand	≤ 3 months	≤ 1 year	≤ 5 years	> 5 years	Total
Financial assets						
Banks, loans, advances and other financial assets	81%	18%	0%	0%	1%	100%
Available-for-sale investments	4%	18%	25%	22%	31%	100%
Total financial assets	74%	18%	2%	2%	4%	100%

As at 30 June 2009, 86% of the financial assets had a maturity of three months or less. The increase in financial assets with a maturity of between one and five years from 2% to 9% relates to investments in bonds issued or guaranteed by government, on which the interest-rate risk has been mitigated by swapping for three-month Euribor plus a premium.

As at 30 June 2009, the liquidity surplus by the Financial Supervision Act's definition was €1.6 billion (year-end 2008: €1.5 billion).

Quality of the investment portfolio

The quality of KAS BANK's investment portfolio is reflected in the ratings of the securities it contains. The bonds, money-market paper and equities in the available-for-sale portfolio are analysed by rating (Moody's) as follows:

<i>In millions of euros</i>	30 /06/09	Share	31/12/08	Share
Issued/guaranteed by government	696	69%	174	26%
Other Aaa–Aa3	212	21%	335	49%
Total Aaa–Aa3	908	90%	509	75%
A1–A3	39	4%	35	5%
Baa1–Baa3	24	2%	10	1%
P1–P2	0	0%	100	15%
Equities	36	4%	28	4%
Total available-for-sale investments	1,007	100%	682	100%

The 48% growth in the available-for-sale portfolio compared with year-end 2008 to €1,006.9 million (year-end 2008: €682.4 million) reflects the increased investment in loans issued/guaranteed by government. The position in money-market paper (rating P1–P2) was reduced to nil with a view to mitigating risk. The proportion of investments with the highest ratings (Aaa–Aa3) increased from 75% to 90% in the first half of 2009.

KAS BANK has not availed itself of the freedom allowed under IFRS since October 2008 to reclassify financial assets in the available-for-sale portfolio.

Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH

As previously announced, KAS BANK finalised the acquisition of German fund manager Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH (PPI) on 1 August 2009. The acquisition of PPI strengthens KAS BANK's independent position as a 'pure player' on the German market for securities services and fund administration. PPI will be fully integrated with KAS BANK subsidiary KAS Investment Servicing GmbH in the second half of 2009. KAS BANK paid around €13 million for the company, including equity of approximately €10 million.

KAS BANK's remuneration policy

Proposals for a new remuneration policy for the Managing Board, based on the principles of moderate remuneration policy formulated by the Dutch central bank and the Authority for the Financial Markets, will be presented to the 2010 shareholders' meeting.

Profile of KAS BANK N.V.

KAS BANK is a European specialist in wholesale securities services. As an independent bank, we connect professional financial institutions within Europe and across the globe.

We focus on providing added-value services to national and international organisations active in the pensions and securities industries. We view the market from the perspective of our clients – tailor-made services and complete transparency are paramount in helping them to meet their business objectives.

The figures in this press release have not been examined by external auditors.

Attached:

- Consolidated balance sheet
 - Consolidated income statement
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