

## PRESS RELEASE

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### ***2009 full-year figures: 12% growth in operating profit and robust balance sheet in a turbulent year***

- **Operating profit 12% higher at €21.0 million (2008: €18.8 million)**
- **Total profit €24.6 million (2008: €39.9 million negative), reflecting capital gains on investments and no impairment charges on loan portfolio**
- **Total income up 6%; operating income stable, helped by active interest-rate and investment policy**
- **Expenses in 2009 down around 3% compared with 2008**
- **Year-end 2009 BIS ratio 24% (2008: 18%) and Tier 1 ratio 21% (2008: 15%); risk-weighted assets over 20% lower, reflecting active risk management**
- **Visible equity 15% higher at €193 million**
- **Total dividend €0.73 (2008: €0.45), in line with external financial targets, equating to 61% of the operating profit less intangible assets relating to recent acquisition in Germany.**

#### Key figures

|                            | 2009          | 2008            | change |
|----------------------------|---------------|-----------------|--------|
| Operating profit           | €21.0 million | €18.8 million   | 12%    |
| Total profit               | €24.6 million | - €39.9 million |        |
| Operating profit per share | €1.44         | €1.27           | 13%    |
| Total profit per share     | €1.69         | - €2.70         |        |
| Dividend per share         | €0.73         | €0.45           | 62%    |
| BIS ratio (year-end)       | 24%           | 18%             |        |

#### Outlook

Market volumes have still not returned to pre-credit crisis levels, and this is still adversely affecting commission income. The financial markets face an uncertain future, which may also affect interest and investment income. In the light of these market conditions, the Managing Board is not able to give a firm profit forecast for 2010.

## Financial targets

The financial targets and achieved results are detailed in the table below. Circumstances may arise in any year which make it necessary to depart from these targets.

|   | Target                         | 2009*  | 2008* |
|---|--------------------------------|--------|-------|
| Growth in operating income versus growth in operating expenses* | <b>≥3%</b>                     | 2.4%   | -6.3% |
| Operating efficiency ratio                                      | <b>70-77%</b>                  | 79%    | 81%   |
| Return on equity  | <b>5-8 pts over 10-yr rate</b> | 12%**  | 9%    |
| Growth in earnings per share                                    | <b>&gt;8%</b>                  | 13%    | -20%  |
| Dividend pay-out ratio  | <b>60-80%</b>                  | 61%*** | 35%   |
| Average BIS ratio   | <b>≥12.5%</b>                  | 21%    | 15%   |

\* Excluding non-operational items

\*\* 10-year interest rate 2009: 3.7%, 2008: 4.2%

\*\*\* Based on operating profit less the amount of the investment in intangible assets relating to the recent acquisition

## Chairman's statement

Albert Röell, chairman of KAS BANK's Managing Board: 'KAS BANK achieved a better result in 2009, ending the year with a higher operating profit and a robust balance sheet. Operating expenses were 3% lower in the second half of 2009, despite the consolidation and cost of integration of an acquisition in Germany. The bank also responded effectively, with its interest-rate and investment policy, to the complex situation on the European capital markets. Although the markets are still fragile, our absolute independence as a provider of wholesale securities services offers good opportunities for sustainable growth, both in the Netherlands and in other parts of Europe. This growth will take place among pension funds, insurance companies and other institutional investors as well as in services to banks and brokers.'

## Dividend proposal

The Managing Board will propose to the General Meeting of Shareholders, with the approval of the Supervisory Board, that a final dividend be declared of €0.40 in cash per KAS BANK ordinary share. Including the interim dividend of €0.33, this will bring the total dividend per ordinary share for 2009 to €0.73 (2008: €0.45 per ordinary share). It is KAS BANK's policy to fund acquisitions, such as that of Deutsche Postbank Privat Investment Kapitalanlage-gesellschaft, from the profit for the financial year concerned. The dividend of €0.73 per ordinary share has been determined on the basis of a payout-ratio of 61% of the operating profit, after adjustment for the investment in the intangible assets purchased with the recent acquisition.

## Results in 2009

The operating profit rose 12% in 2009 to €21.0 million (2008: €18.8 million), mainly driven by a €2.8 million (3%) reduction in operating expenses. Operating income in 2009 remained very close to the 2008 level at €132.0 million (2008: €132.3 million).

The effect of non-operational items on the result in 2009 was €3.6 million positive (2008: €58.7 million negative) and consisted mainly of capital gains on securities which had been subject to

impairment in prior years. Including non-operational items, the result in 2009 was €24.6 million positive (2008: €39.9 million negative).

In July 2009, KAS BANK acquired Deutsche Postbank Privat Kapitalanlagegesellschaft, which was fully integrated into KAS Investment Servicing in the fourth quarter of 2009. Deutsche Postbank Privat Kapitalanlagegesellschaft made a positive contribution to the 2009 result.

On the basis of the operating result, the return on equity in 2009 was 12% (2008: 9%) and the operating efficiency ratio was 79% (2008: 81%).

### Operating income

Operating income in 2009 showed little change at €132.0 million (2008: €132.3 million). Lower commission income was offset by higher interest and other income.

| <i>(in millions of euros)</i>   | <b>2009</b>  | <b>2008</b>  | <b>change</b> | <b>%a</b> |
|---------------------------------|--------------|--------------|---------------|-----------|
| Interest                        | 30.7         | 28.9         | 1.8           | 6%        |
| Commission                      | 75.3         | 89.2         | -13.9         | -16%      |
| Result on investments           | 24.0         | 13.5         | 10.5          | 78%       |
| Other income                    | 2.0          | 0.7          | 1.3           |           |
| <b>Total operational income</b> | <b>132.0</b> | <b>132.3</b> | <b>-0.3</b>   | <b>0%</b> |
| Non-operational income          | 4.9          | -2.7         | 7.6           |           |
| <b>Total income</b>             | <b>136.9</b> | <b>129.6</b> | <b>7.3</b>    | <b>6%</b> |

Interest income was 6% higher at €30.7 million (2008: €28.9 million), driven by a wider interest spread, mainly on government-guaranteed bonds. These were swapped for a 3-month interest rate, to take advantage of the relatively wide credit spreads.

Commission income was 16% lower at €75.3 million (2008: €89.2 million), largely due to the decline in commission income from securities lending in the wake of the financial crisis and the deteriorating market conditions since the fourth quarter of 2008. Excluding securities lending, commission income was only 3% lower. The change in commission income is analysed by source below.

| <i>(in millions of euros)</i>              | <b>2009</b> | <b>2008</b> | <b>change</b> | <b>%</b>    |
|--|-------------|-------------|---------------|-------------|
| Custody and investment management services | 30.1        | 28.7        | 1.4           | 5%          |
| Clearing and settlement                    | 33.8        | 37.6        | -3.8          | -10%        |
| Other                                      | 6.3         | 5.7         | 0.6           | 11%         |
| <b>Subtotal</b>                            | <b>70.2</b> | <b>72.0</b> | <b>-1.8</b>   | <b>-3%</b>  |
| Securities lending                         | 5.1         | 17.2        | -12.1         | -70%        |
| <b>Total commission income</b>             | <b>75.3</b> | <b>89.2</b> | <b>-13.9</b>  | <b>-16%</b> |

The acquisition of Deutsche Postbank Privat Kapitalanlagegesellschaft helped to boost income from custody and investment management services. Lower transaction volumes were partly responsible for the decline in commission income from clearing and settlement. The development of new services contributed to the growth in other commission.

The investment result is analysed in the table below.

| <i>(in millions of euros)</i>           | <b>2009</b> | <b>2008</b> | <b>Change</b> | <b>%</b>   |
|---|-------------|-------------|---------------|------------|
| Trading – foreign-exchange transactions | 11.7        | 12.1        | -0.4          | -4%        |
| Trading – securities and derivatives    | 2.4         | -0.4        | 2.8           |            |
| Investments – investment portfolio      | 9.9         | 1.8         | 8.1           |            |
| <b>Operational investment result</b>    | <b>24.0</b> | <b>13.5</b> | <b>10.5</b>   | <b>77%</b> |
| Non-operational investment result       | 4.9         | -2.7        | 7.6           |            |
| <b>Total investment result</b>          | <b>28.8</b> | <b>10.8</b> | <b>18.0</b>   |            |

The operational result on investments was €10.5 million higher at €24.0 million. The increase can be attributed mainly to gains on the sale of bonds and, to a lesser extent, equities from the investment portfolio. Lower market interest rates exerted some pressure on interest income in the second half of 2009.

The non-operational result on investments rose €7.6 million to €4.9 million (2008: €2.7 million negative), of which €4.3 million related to gains on bonds which had been subject to impairment the year before. The capital gain on the sale of the shareholding in NYSE/Euronext (€1.5 million) is accounted for as a non-operational result. Lastly, an impairment charge on a derivative had a €1.1 million negative effect on the non-operational result (2008: €2.7 million negative). This charge has been treated as a non-operational item because the corresponding item is recognised in equity under IFRS.

### **Operating expenses**

Operating expenses are analysed in the table below.

| <i>(in millions of euros)</i>               | <b>2009</b>  | <b>2008</b>  | <b>Change</b> | <b>%</b>   |
|---|--------------|--------------|---------------|------------|
| Staff expenses                              | 67.3         | 70.1         | -2.8          | -4%        |
| Premises costs                              | 3.4          | 3.6          | -0.2          | -7%        |
| ICT costs                                   | 14.7         | 16.1         | -1.4          | -9%        |
| General overheads                           | 11.0         | 9.6          | 1.4           | 15%        |
| Depreciation/amortisation                   | 8.1          | 7.9          | 0.2           | 3%         |
| <b>Total operational operating expenses</b> | <b>104.5</b> | <b>107.3</b> | <b>-2.8</b>   | <b>-3%</b> |
| Non-operational operating expenses          | 0.8          | 0.9          | -0.1          | -11%       |
| <b>Total operating expenses</b>             | <b>105.3</b> | <b>108.2</b> | <b>-2.9</b>   | <b>-3%</b> |

Reduced usage of temporary staff and lower pension charges were largely responsible for the lower staff expenses in 2009. IT costs were lower mainly due to the completion of a number of projects for which the majority of the expense was recognised in 2008. The increase in general overheads chiefly reflects higher consultancy costs.

The non-operational operating expenses in 2009 relate to the formation of a provision for KAS BANK's contribution to the DSB deposit guarantee scheme (€0.8 million).

### Impairment charges

A net €0.3 million positive (reversal) was recognised in impairment charges in 2009. Impairment losses of €73.4 million, due partly to the financial crisis, were recognised in 2008.

### Balance sheet

Total assets as at year-end 2009 were €1,030 million lower compared with year-end 2008, mainly as a consequence of KAS BANK's insistence on high-quality assets.

### Quality of the investment portfolio

Both the securities in the available-for-sale portfolio and the investments at fair value through profit and loss are analysed by credit rating (Moody's Investor Services) in the table below.

| <i>(in millions of euros)</i> | 31-12-2009   | Percentage of portfolio | 31-12-2008 | Percentage of portfolio |
|-------------------------------|--------------|-------------------------|------------|-------------------------|
| Aaa - Aa3                     | 1,339        | 93%                     | 537        | 75%                     |
| A1 - A3                       | 37           | 2%                      | 35         | 5%                      |
| Baa1 - Baa3                   | 40           | 3%                      | 10         | 1%                      |
| P1 - P2                       | 0            | 0%                      | 100        | 14%                     |
| Shares                        | 28           | 2%                      | 33         | 5%                      |
| <b>Total</b>                  | <b>1,444</b> | <b>100%</b>             | <b>715</b> | <b>100%</b>             |

The increase of €729 million in the investment portfolio to €1,444 million is largely a product of KAS BANK's policy of converting part of its cash and cash equivalents into triple A investments. As at year-end 2009, 93% of the investments were rated Aa3 or higher (year-end 2008: 75%).

### Risk-weighted value of the assets

KAS BANK's action to lower its risk profile resulted in an increase in the BIS ratio from an average of 15% in 2008 to an average of 21% in 2009. KAS BANK's focus on high-quality assets is reflected in the balance sheet in the growth in the available-for-sale portfolio and the investments at fair value through profit and loss and the simultaneous decrease in loans and advances. The relatively large increase in banks and the decrease in loans are mainly the product of changes in the level of netting of debit and credit balances which, under the accounting rules, are not netted in the balance sheet but are netted in calculating the weighted assets and the maximum capital requirement.

The Tier 1 capital increased to €145 million. The risk-weighted value of the assets, including off-balance-sheet commitments and operational risk, decreased €233 million to €707 million (2008: €940 million). The year-end carrying amount is compared with the risk-weighted value in the table below.

|   | Carrying amount | Risk-weighted value | Carrying amount | Risk-weighted value |
|---|-----------------|---------------------|-----------------|---------------------|
| <i>(in millions of euros)</i>                     | 2009            | 2009                | 2008            | 2008                |
| Banks   | 2,707.4         | 83.2                | 1,693.7         | 145.0               |
| Loans and advances                                | 907.2           | 45.4                | 2,433.9         | 81.5                |
| Reverse repurchase agreements                     | 584.3           | 0.6                 | 732.6           | 0.0                 |
| Derivative financial instruments                  | 92.1            | 74.7                | 386.1           | 140.7               |
| Investments at fair value through profit and loss | 154.6           | -                   | 32.4            | -                   |
| Available-for-sale investments                    | 1,289.3         | 126.1               | 682.4           | 110.7               |
| Property and equipment                            | 44.1            | 44.1                | 50.7            | 50.7                |
| Other balance sheet items                         | 550.7           | 59.9                | 1,348.4         | 131.9               |
|   | <b>6,329.7</b>  | <b>434.0</b>        | <b>7,360.2</b>  | <b>660.5</b>        |
| Contingent liabilities                            | 30.8            | 5.5                 | 84.6            | 7.4                 |
| Irrevocable facilities                            | 62.8            | -                   | 58.0            | -                   |
| Operational risk                                  |                 | 252.4               |                 | 230.1               |
| Securities lending                                |                 | 14.9                |                 | 41.7                |
| Total of the risk-weighted items                  |                 | 706.8               |                 | 939.7               |
|   | 2009            | BIS 2009            | 2008            | BIS 2008            |
| Tier 1  | 145.0           | 21%                 | 141.3           | 15%                 |
| Tier 2  | 22.3            |                     | 24.4            |                     |
| <b>Total BIS</b>                                  | <b>167.3</b>    | <b>24%</b>          | <b>165.6</b>    | <b>18%</b>          |

### Liquidity

The following maturity calendars show the non-discounted cash flows from KAS BANK's financial assets based on the contractual maturity date (excluding equities).

| Maturity calendar as at year-end 2009                | On demand | ≤ 3 months | ≤ 1 years | ≤ 5 years | > 5 years | Total |
|--|-----------|------------|-----------|-----------|-----------|-------|
| Financial assets                                     |           |            |           |           |           |       |
| Banks, loans and advances and other financial assets | 76%       | 20%        | 1%        | 1%        | 2%        | 100%  |
| Available-for-sale investments                       | 20%       | 4%         | 20%       | 46%       | 10%       | 100%  |
| Total financial assets                               | 63%       | 17%        | 5%        | 11%       | 4%        | 100%  |

| Maturity calendar as at year-end 2008                | On demand | ≤ 3 months | ≤ 1 years | ≤ 5 years | > 5 years | Total |
|--|-----------|------------|-----------|-----------|-----------|-------|
| Financial assets                                     |           |            |           |           |           |       |
| Banks, loans and advances and other financial assets | 81%       | 18%        | 0%        | 0%        | 1%        | 100%  |
| Available-for-sale investments                       | 4%        | 16%        | 24%       | 26%       | 30%       | 100%  |
| Total financial assets                               | 72%       | 18%        | 3%        | 3%        | 4%        | 100%  |

The financial assets remain highly liquid, with 63% available on demand as at year-end 2009 (year-end 2008: 72%). The increase in financial assets with a maturity of between one and five years from 3% to 11% relates mainly to investments in government-guaranteed bonds, on which the interest-rate risk has been mitigated by swapping for three-month Euribor plus a premium. As at year-end 2009, the liquidity surplus by the Financial Supervision Act's definition was €1.6 billion (2008: € 1,5 billion).

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

Annexes:

- Consolidated balance sheet;
  - Consolidated income statement
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### **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.

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