KAS BANK
COMMITTED SINCE 1806

KAS BANK's corporate governance structure (status April 2009)

This section outlines KAS BANK's corporate governance structure, explaining its system of management by the Managing Board, supervision of management by the Supervisory Board, reporting to capital providers on the management and supervision of the management and the powers vested in the capital providers. This exposition is based on *inter alia* on the Articles of Association as formulated since 6 June 2006.

Management Board

As a two-tier company (*structuurvennootschap*), KAS BANK is subject to the provisions of Title 4, Part 6, of Book 2 of the Netherlands Civil Code. The company is managed by a Managing Board consisting of two or more members. In the performance of its duties, the Managing Board is guided by the interests of the company and the enterprise associated therewith, weighing the interests of all stakeholders in the company. The procedures of the Managing Board are defined in the company's Articles of Association and the by-laws of the Managing Board. The Articles of Association and by-laws of are posted on the company's website.

Members of the Managing Board are appointed and may be removed by the Supervisory Board. The Supervisory Board is required to notify the General Meeting of Shareholders of a proposal to appoint a member of the Managing Board. The Employees' Council is given an opportunity to state its position on a proposed resolution to appoint or dismiss a member of the company's Managing Board. The General Meeting of Shareholders is consulted by the Supervisory Board on a proposal to dismiss a member of the Managing Board. Certain management decisions are subject to the prior approval of the Supervisory Board or the General Meeting of Shareholders.

The Managing Board has been authorised by the General Meeting of Shareholders to issue shares up to a maximum of 10% of the company's issued capital, subject to the approval of the Supervisory Board. The Managing Board has also been authorised by the General Meeting of Shareholders to repurchase the company's own shares, subject to the approval of the Supervisory Board. The General Meeting of Shareholders is invited each year to renew these authorisations in respect of the number of shares specified therein, in each as for a period of 18 months.

Conflicts of interest of all kinds between the company and members of the Managing Board are avoided. The prior approval of the Supervisory Board is required for transactions involving conflicts of interest with members of the Managing Board which are of material significance for the company and/or the relevant members of the Managing Board. In the event of any conflict of interest arising between the company and members of the Managing Board, the best-practice provisions (II.3.2–II.3.4) of the Code are applied. No conflicts of interest arose between the company and members of the Managing Board during the year under review.

Supervisory Board

The Supervisory Board of KAS BANK is charged with supervising the policy of the Managing Board, the general course of affairs within the company and the enterprise associated therewith. It also assists the Managing Board in an advisory capacity. In the event of the absence or inability to act of all the members of the Managing Board, the Supervisory Board is charged with the temporary management of the company. In the performance of their duties, the members of the Supervisory Board are guided by the interests of the company and the enterprises associated therewith, weighing the relevant interests of the stakeholders in the company. The procedures of the Supervisory Board are defined in the company's Articles of Association and the Supervisory Board's by-laws. The Supervisory Board has also formulated a profile, which defines the Board's ideal size and composition. The Supervisory Board is composed such that the members are able to operate independently of and adopt a critical stance with respect to one another, the Managing Board and any partial interests. The by-laws and profile of the Supervisory Board are posted on the company's website.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders on nomination by the Supervisory Board. The Managing Board, the General Meeting of Shareholders and the Employees' Council may nominate individuals for appointment to the Supervisory Board.

The Employees' Council may object to an appointment proposed by the Supervisory Board. The Employees' Council has an enhanced right of recommendation with respect to the member of the Supervisory Board whose portfolio includes social policy.

Conflicts of interest of all kinds between the company and members of the Supervisory Board are avoided. The prior approval of the Supervisory Board is required for transactions involving conflicts of interest with members of the Supervisory Board which are of material significance for the company and/or the relevant members of the Supervisory Board. In the event of any conflict of interest arising between the company and members of the Supervisory Board, the best-practice provisions (III.6.1–III.6.4) of the Code are applied. No conflicts of interest arose between the company and members of the Supervisory Board during the year under review.

A member may be appointed to the Supervisory Board up to three times for a term of four years. Supervisory Board members retire at the age of 72. In certain instances (such as neglect of his or her duties or material changes in circumstances), a Supervisory Board member may be suspended or dismissed by the Enterprise Division of the Court of Amsterdam at the request of the Supervisory Board.

General Meeting of Shareholders

KAS BANK encourages full participation by the shareholders in decision-making at the General Meeting by actively inviting as many shareholders and depositary receipt holders as possible to attend and minimising the restrictions on voting rights. Subject to certain conditions, a holder of shares or depositary receipts representing one per cent (1%) of the issued capital can have an item placed on the agenda. The principle that shareholders have voting rights in the meeting and depositary receipt holders are only able to address the meeting is increasingly being abandoned. At least one General Meeting of Shareholders is held each year. Depositary receipt holders attending the General Meeting of Shareholders in person or represented by a proxy are, if requested, granted unrestricted and unconditional voting rights automatically by KAS BANK Registrar's Office ('Registrar's Office'). This means that voting rights will also be granted in time of 'war' (for example, if a hostile bid is imminent, if 25% or more of the issued share capital is held by one party or if the interests of the company are in jeopardy). Depositary receipt holders are free to vote as they see fit. They may also issue binding instructions to the Registrar's Office to vote on their behalf.

The powers of the General Meeting of Shareholders are defined by law and the Articles of Association. Its principal powers are those of:

- approving decisions that involve a material change in the identity or character of KAS BANK or its operations;
- adopting the remuneration policy and approving the share and option scheme for the Managing Board;
- approving the appointment and remuneration of members of the Supervisory Board;
- taking a vote of no confidence in the Supervisory Board;
- adopting the financial statements;
- appropriating the profit remaining after allocation to the reserves for distribution to the shareholders or
- addition to the reserves;
- discharging the Managing Board of liability for its management;
- discharging the Supervisory Board of liability for its supervision;
- authorising the Managing Board to issue and repurchase shares;
- resolving to amend the company's Articles of Association, undertake a legal merger or demerger or wind up the company (on the joint proposal of the Managing Board and Supervisory Board).

The company's Articles of Association impose no restriction on the transfer of ordinary shares or depositary receipts for shares issued with the cooperation of the company or the exchange of depositary receipts for ordinary shares in the company.

Remuneration policy

The remuneration policy for the Managing Board is adopted by the General Meeting of Shareholders on a proposal of the Supervisory Board. Within the constraints of the adopted remuneration policy, the remuneration of the individual members of the Managing Board and the award of short-term and long-term variable remuneration are determined by the Supervisory Board on a proposal of the Appointments and Remuneration Committee. The remuneration report by the Supervisory Board describes how the remuneration policy has been applied in practice in the past financial year. The remuneration report, the principles of remuneration policy and the calculation of the various components of the salaries of the individual members of the Managing Board are included in the report of the Supervisory Board. The remuneration policy and the remuneration report are also posted on the company's website.

Capital structure

The company's share capital consists of ordinary shares and cumulative preference shares. All the shares are registered and no share certificates are issued. As at year-end 2008, there were 15,699,017 KAS BANK ordinary shares in issue (unchanged from year-end 2007). In addition, 25 cumulative preference shares have been issued to Stichting Preferente Aandelen KAS BANK. Most of the ordinary shares in the company's issued capital (approximately 99.5% as at year-end 2008) are managed and administered by KAS BANK Registrar's Office, which has issued the same number of depositary receipts for shares in exchange. The nominal value of KAS BANK shares and depositary receipts is one euro (€1.00). Each share and depositary receipt entitles the holder to cast one vote. No special controlling rights attach to the shares or depositary receipts. No voting rights attach to KAS BANK shares and depositary receipts held by the company itself.

Financial reporting

The company's financial statements are examined by external auditors appointed by the General Meeting of Shareholders. The financial statements are drawn up by the Managing Board and are presented, after the above-mentioned audit and approval by the Supervisory Board, to the General Meeting of Shareholders for adoption and to the Employees' Council for discussion. Simultaneously with the presentation of the financial statements to the General Meeting of Shareholders, the Managing Board submits a written report on the course of affairs of the company and its management. The meeting of the Supervisory Board at which the financial statements are discussed is attended by the external auditors.

At the Annual General Meeting of Shareholders, the Managing Board renders account to the capital providers for its management in the past financial year and the Supervisory Board renders account for its supervision.

The motion at the General Meeting to approve the annual accounts is followed by a motion that, with respect to the financial statements and related matters dealt with by the General Meeting, the Managing Board be discharged of liability for its management and the Supervisory Board of liability for its supervision in the past financial year.