

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.

“Lower results in weak market environment”

Annual Review 2010

Amsterdam, 3 March 2011

AGENDA

1. Review 2010
2. Risk management and regulatory issues
3. Preview 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
SNS Reaal	14.1	12.7	13.7	-13.3	0.3	-4.5
Van Lanschot	16.3	17.4	16.9	1.5	-2.0	n.a.

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 YIELD KAS BANK

	2005	2006	2007	2008	2009	2010
Dividend €	1.00	1.40	2.60	0.45	0.73	0.73
Yield year end price	5.3%	6.7%	10.4%	4.5%	5.2%	6.2%
Yield average price	5.8%	6.7%	10.6%	2.1%	6.4%	5.9%

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	n.a.	3.3
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

STABLE DIVIDEND POLICY CONTINUED

- Dividend of € 0.73 per ordinary share represents pay out of 84% of operational profits (2009: 61%)
- Average dividend yield 2005-2010 6.4% compared to 1.9% of US custodians and 3.6% Dutch financials
- Dividend policy reflects a strong balance sheet and high transparency towards shareholders

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*

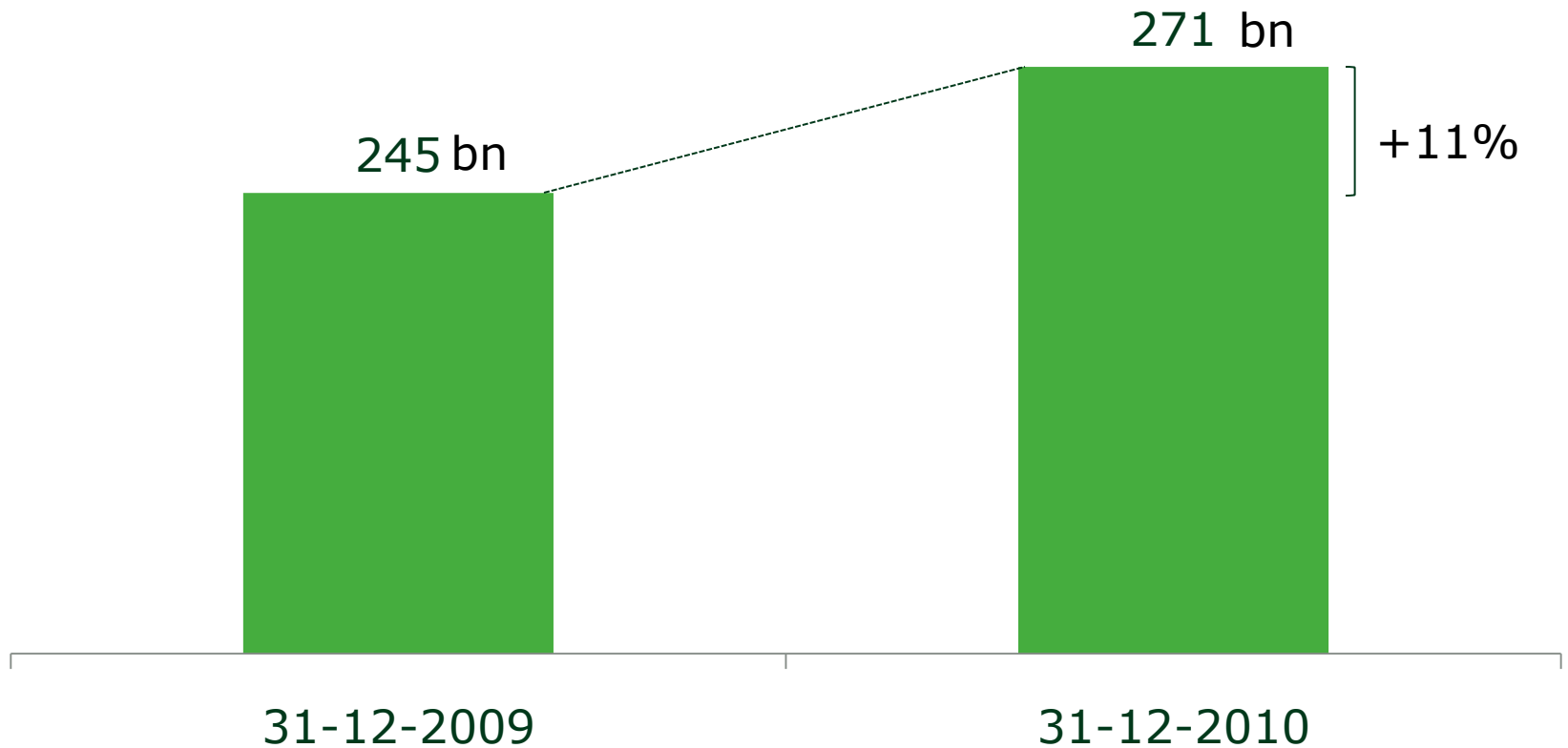
€ million	2010	2009	Δ
Revenues	111.8	131.0	-15%
▪ Interest income	20.6	30.6	-33%
▪ Commission income	69.7	74.3	-6%
▪ Trading/investments	19.4	24.1	-19%
▪ Other	2.2	2.0	10%

* Excluding non-operating items

COMMISSION INCOME

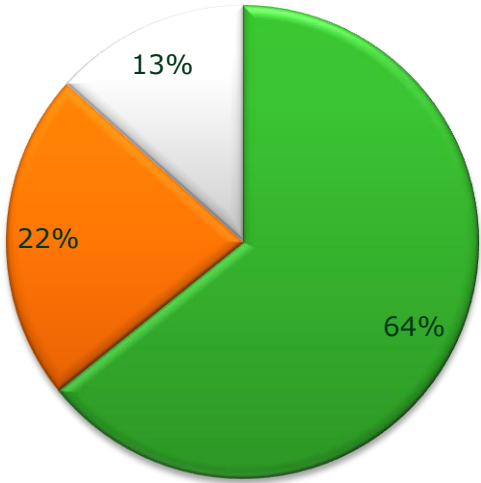
€ million	2010	2009	Δ
Commission income	69.7	74.4	-6%
▪ Custody and IMS	35.7	30.1	19%
▪ Clearing and Settlement	23.4	32.8	-29%
▪ Securities Lending	4.1	5.1	-20%
▪ Other	6.5	6.3	3%

ASSETS UNDER ADMINISTRATION

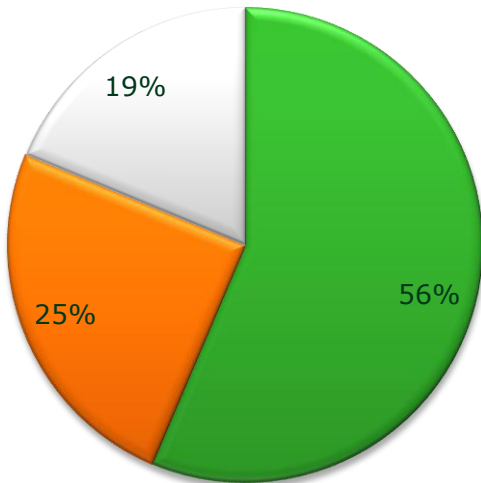


INCOME – CLIENT SEGMENTS

2010



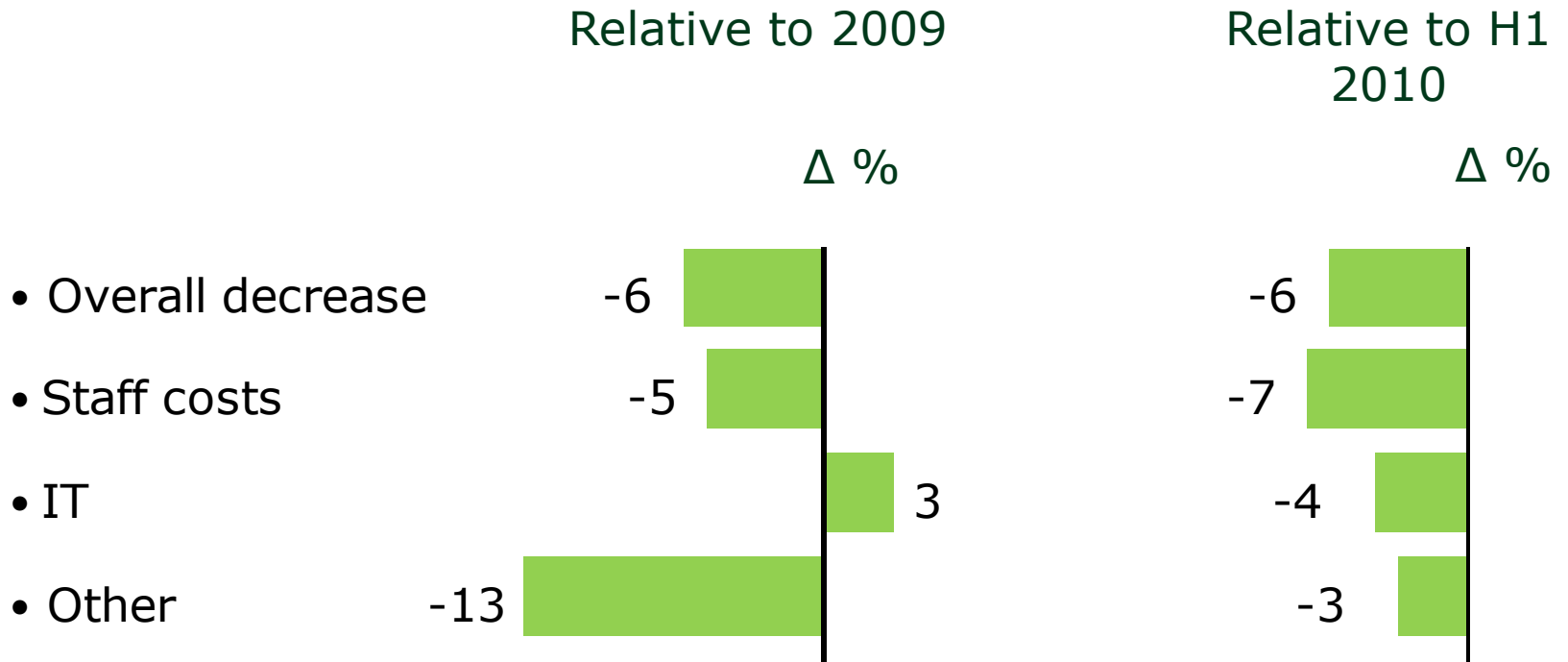
2009



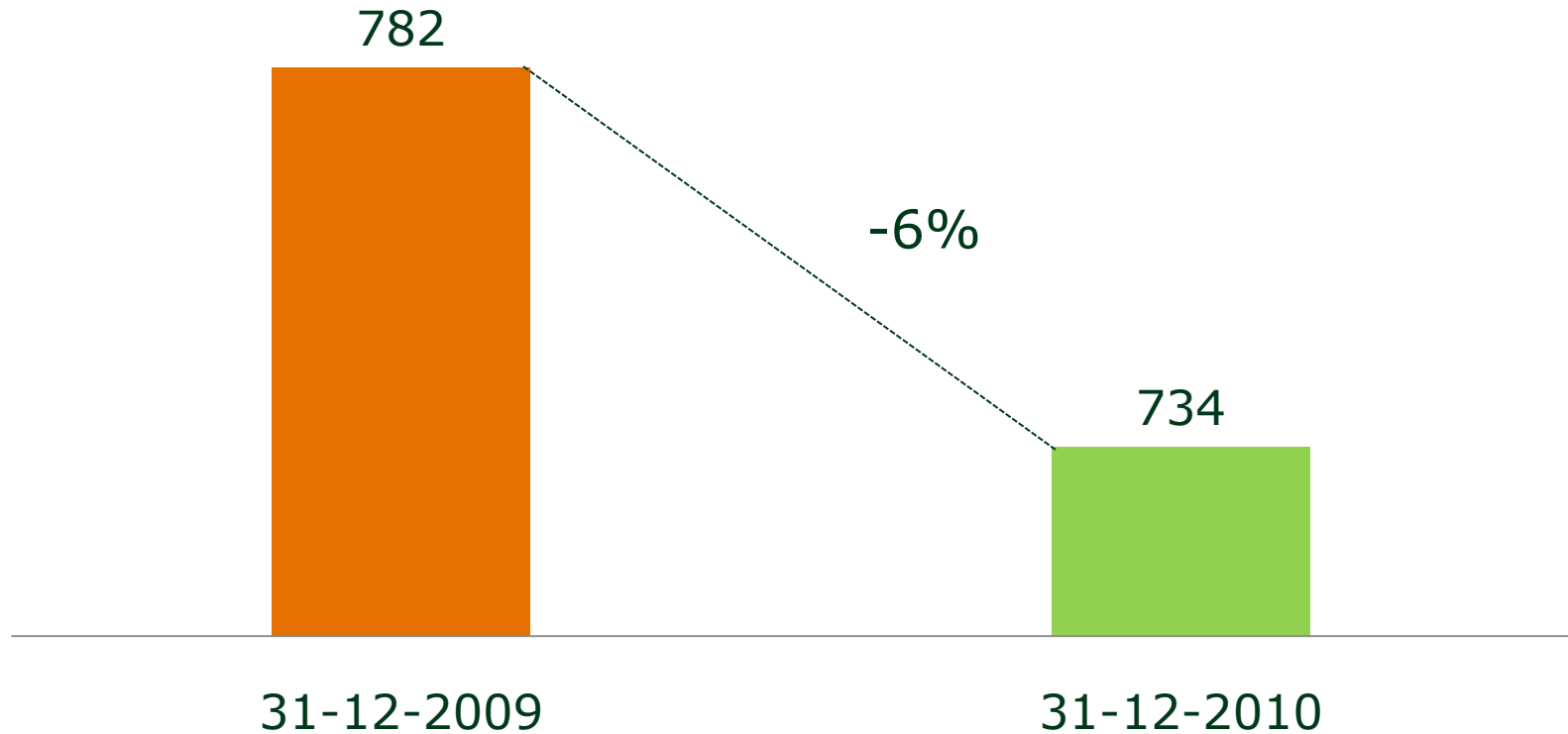
- II *
- FI **
- Other

* Institutional Investors
** Financial Institutions

COSTS



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

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

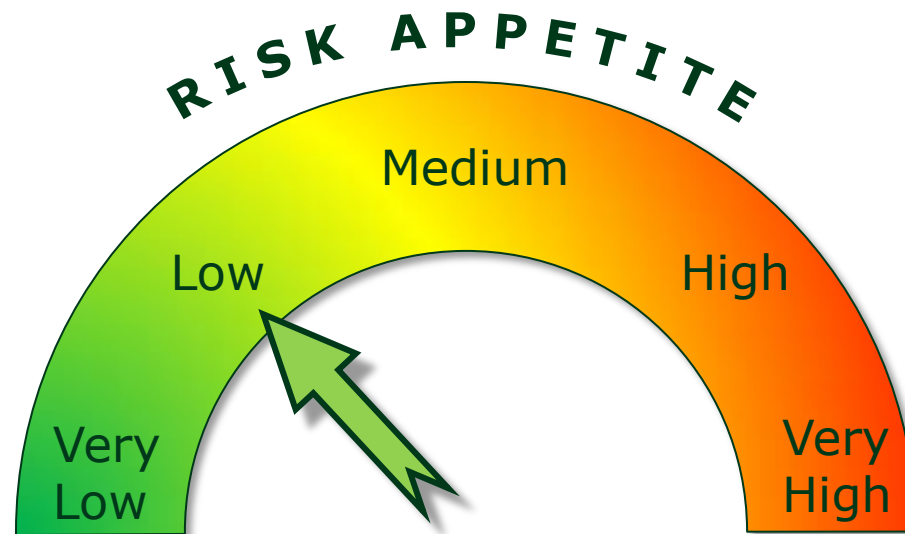
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RISK PROFILE KAS BANK

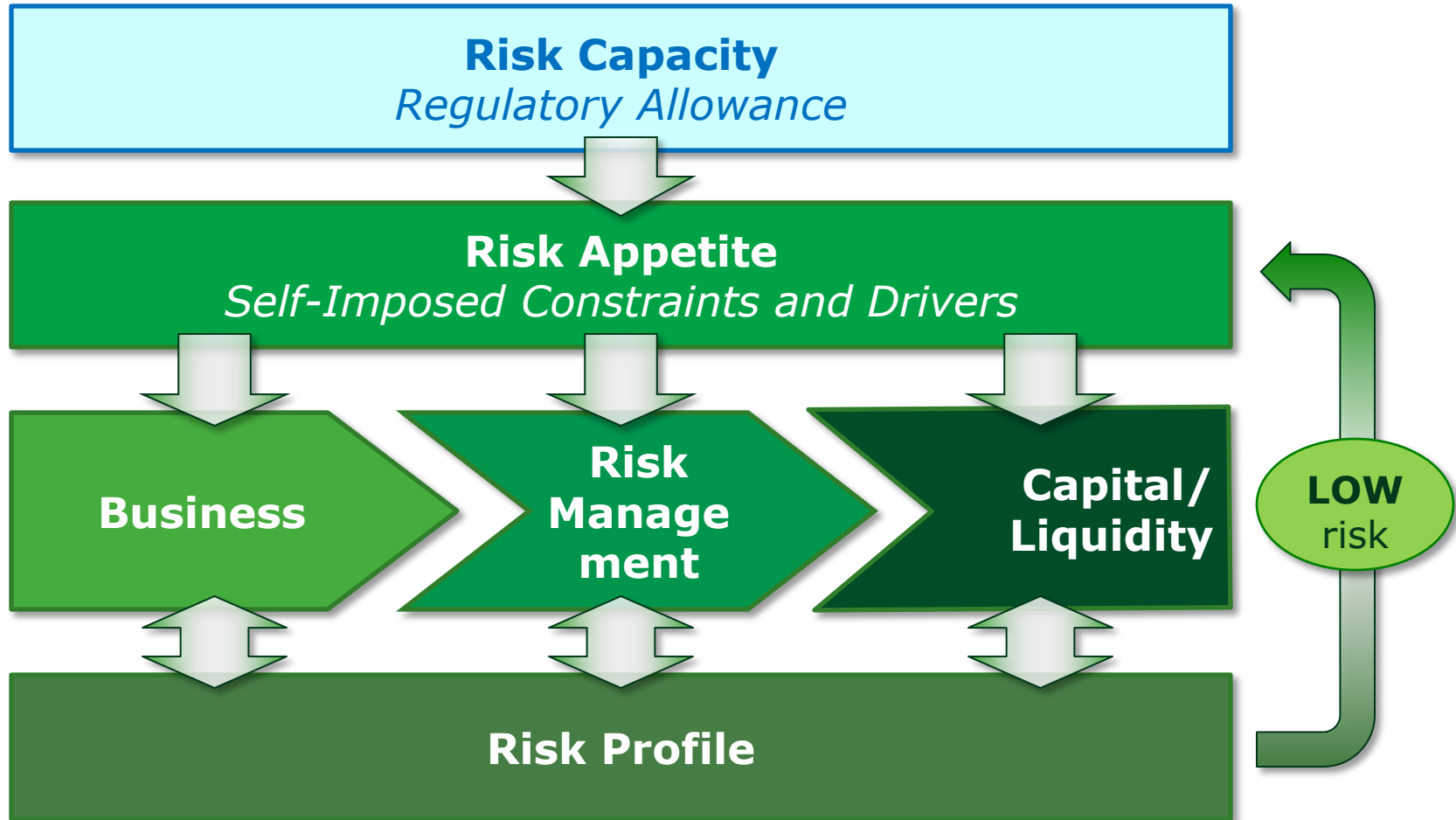
Risk Appetite

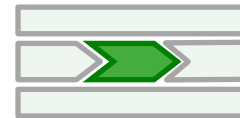
The amount and type of risk KAS BANK is willing to accept in the pursuit of its business objectives



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

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Operational Excellence

Operational Risk

Compliance

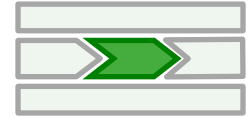
Legal

IT

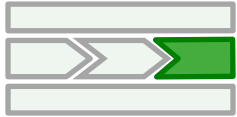
Business Continuity

Outsourcing

LOW RISK APPETITE SPECIFICATION (examples)



Reference Points		Service	Credit Limits	Acceptance Policy
F R A M E W O R K S	P O L I C Y P A P E R S	Custody	-	<ul style="list-style-type: none"> • Customers • Transactions • Asset Classes
		Clearing	Pledge on: The transactions, Current account & Cash deposits Margin	
		Settlement	Pledge on the transactions Price-Non Settlement Margin	Limits, Haircuts, etc. <ul style="list-style-type: none"> • Notional limits • Risk limits: VaR, Stress, etc. • Margin requirements • Haircuts • Collateral requirements • Etc.
		Credit Facility	Collateral	
		Securities Lending	Margin	
		FX Forward	Margin	



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%

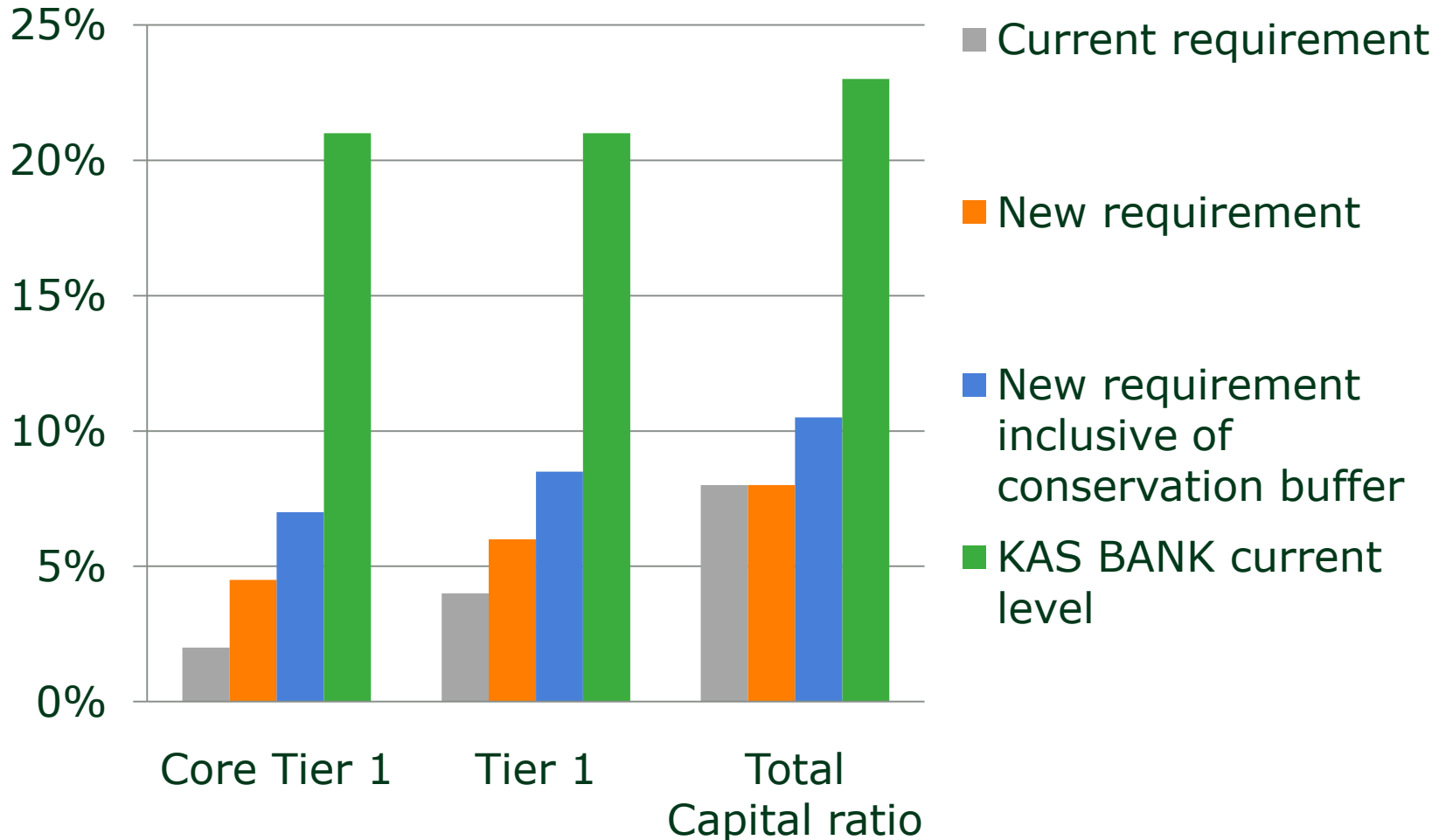
REGULATORY ISSUES

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

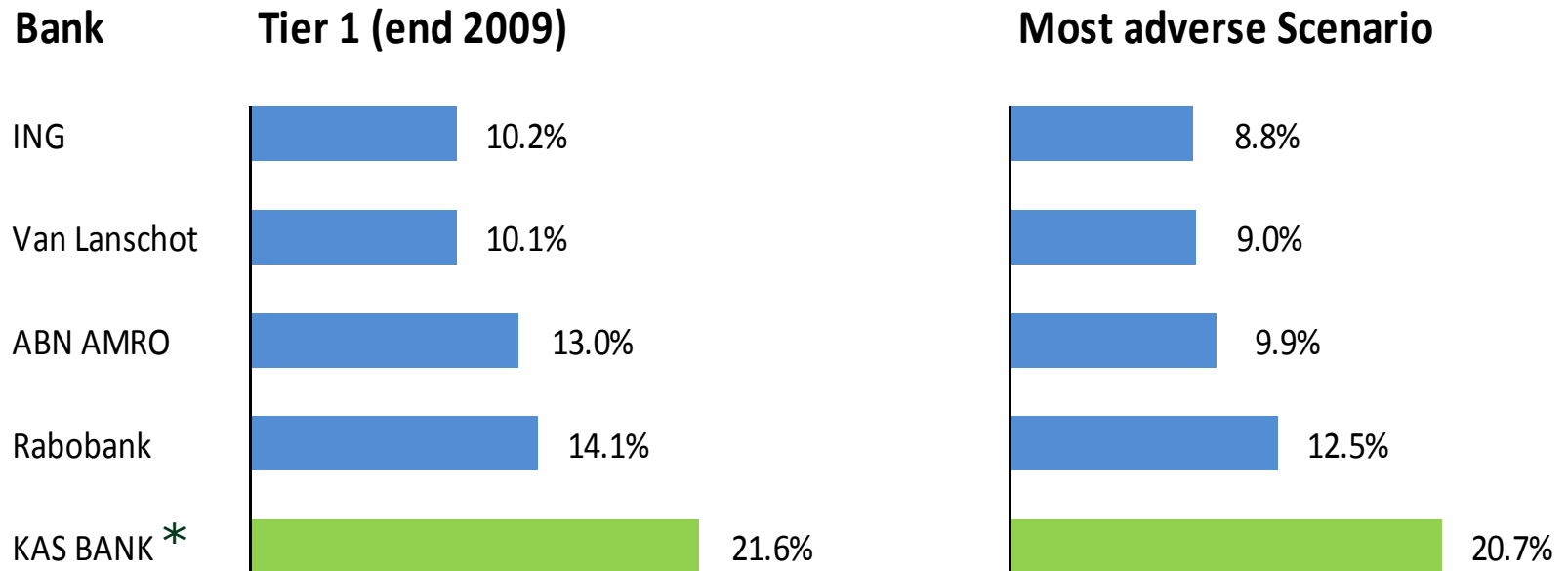
CODE BANKEN

- 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
- Permanent Education for Board and Supervisory Board comparable to auditor's methodology

CAPITAL REQUIREMENTS BASEL 3/CRD IV



STRESS TEST DUTCH BANKS - 2010



* No sovereign risk in bankbook

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3. PREVIEW 2011

- Priorities 2011
- New products and services
- 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

NEW PRODUCTS AND SERVICES

- From data to information products for clients
 - Monitoring tools for investors
 - Dashboards available on iPad and iPhone
 - Data vaulting for optimal data management
 - Reporting desk for customised report generation

NEW PRODUCTS AND SERVICES

- Specialist services for pension funds
 - Risk reporting: stress testing for pension funds; risk budgetting; compliance monitoring
 - Continuous enhancement of regulatory reporting: FTK, VEV
 - Implementation management: dedicated implementation support for investment committees
 - Risk Manager for pension trustees
 - Depository services for “Premium Pension Institutions” (PPI)

NEW PRODUCTS AND SERVICES

- Back- and middle-office outsourcing services supporting clients' investment and trading activities
 - The Trader's Bank – back- and middle-office solution for multi-market trading
 - KAS BANK Fund Desk - full service solution for (starting) investment funds
 - Wholesale Asset Management Services – application service provision and business process outsourcing for asset managers and institutional investors

H2 2011 Outlook

- 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



KAS BANK

COMMITTED SINCE 1806

KAS BANK N.V.
Spuistraat 172, 1012 VT Amsterdam
P.O. Box 24001, 1000 DB Amsterdam
The Netherlands
Telephone +31 20 557 5911

KAS BANK London Office
10 Old Broad Street
London EC2N 1AA
United Kingdom
Telephone +44 20 7153 3600

KAS BANK Wiesbaden Office
Biebricher Allee 2
65187 Wiesbaden
Germany
Telephone +49 611 18 653 800

<http://www.kasbank.com>

Info@kasbank.com

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