

A background image showing two men in business suits shaking hands. They are standing in front of a large, ornate clock tower with multiple clock faces. The image is faded and has a green tint.

“Financial markets influence results”

Annual Review 2011

AMSTERDAM, 2 March 2012

AGENDA

1. Review 2011 – financial
2. Review 2011 – general issues
3. Preview 2012

KEY POINTS - 2011

- Commercially and strategic successful year despite lower markets. Revenue and commission income marginally lower, however AuA 5% higher in H2 2011 and 2% year on year
- Profitability influenced by unstable financial markets: negative result on AFS, additional write-down of goodwill and lower transaction volumes reduced total result with 45%. The quality of the underlying operational profit grew with 33%
- Solvency and liquidity to remain very strong, also including Basel 3
- Dividend pay out with 71% at €0.50 midrange of our target (60-80%) to reflect both the difficult market environment and our confidence looking forward

FINANCIAL TARGETS

Ratio	Target	2011	2010
Leverage income versus cost	≥ 3%	-2%	-7%
Efficiency ratio	70-77%	85%	83%
RoE	10 year*	6%	10%
Shareholder Premium	+ 5-8%	3%	7%
Growth in earnings per share	> 8%	-45%	-25%
Dividend pay-out	60-80%	71%	58%
Average BIS-ratio	≥ 13.5%	23%	21%

* 10-year interest 2011: 3.0%, 2010: 3.0%

DIVIDEND YIELD KAS BANK

	2006	2007	2008	2009	2010	2011
Dividend €	1.40	2.60	0.45	0.73	0.73	0.50
Yield year end price	6.7%	10.4%	4.5%	5.2%	6.2%	5.8%
Yield average price	6.7%	10.6%	2.1%	6.4%	5.9%	4.9%

DIVIDEND YIELD DUTCH FINANCIALS*

%	2006	2007	2008	2009	2010	2011	Avg
KAS BANK	6.7	10.4	4.5	5.2	6.2	5.8	6.5
Binckbank	2.7	2.1	7.5	4.1	4.4	5.3	4.4
SNS Reaal	4.3	5.3	10.5	-	-	-	3.4
ING	3.9	5.5	10.1	-	-	-	3.3
Van Lanschot	3.5	3.7	6.3	0.8	2.3	n.a.	3.3
Aegon	3.8	5.1	6.6	-	-	3.2	3.1

* Based on year end price

DIVIDEND YIELD US CUSTODIANS*

%	2006	2007	2008	2009	2010	2011	Avg
KAS BANK	6.7	10.4	4.5	5.2	6.2	5.8	6.5
JP Morgan	2.8	3.4	4.8	0.5	0.5	3.0	2.5
BoNY	2.2	1.9	3.4	1.8	1.2	2.4	2.2
Northern Trust	1.5	1.3	2.1	2.1	2.0	1.8	2.0
State Street	1.2	1.1	2.4	0.1	0.1	1.0	1.1

* Based on year end price

INDIVIDUAL ITEMS

€ million	2011	Δ	2010
Total result	10.2	-45%	18.5
• AFS: perpetuals/bonds	4.5		-5.8
• AFS: shares	-4.2		-2.9
• Impairments	-3.3		-2.0
• Other	0.8		-1.7
Result after individual items	8.0	+33%	6.1

RESULTS

€ million	2011	2010	Δ
Net profit	10.2	18.5	-45%
Income	115.3	117.1	-2%
Costs	98.0	97.5	- %

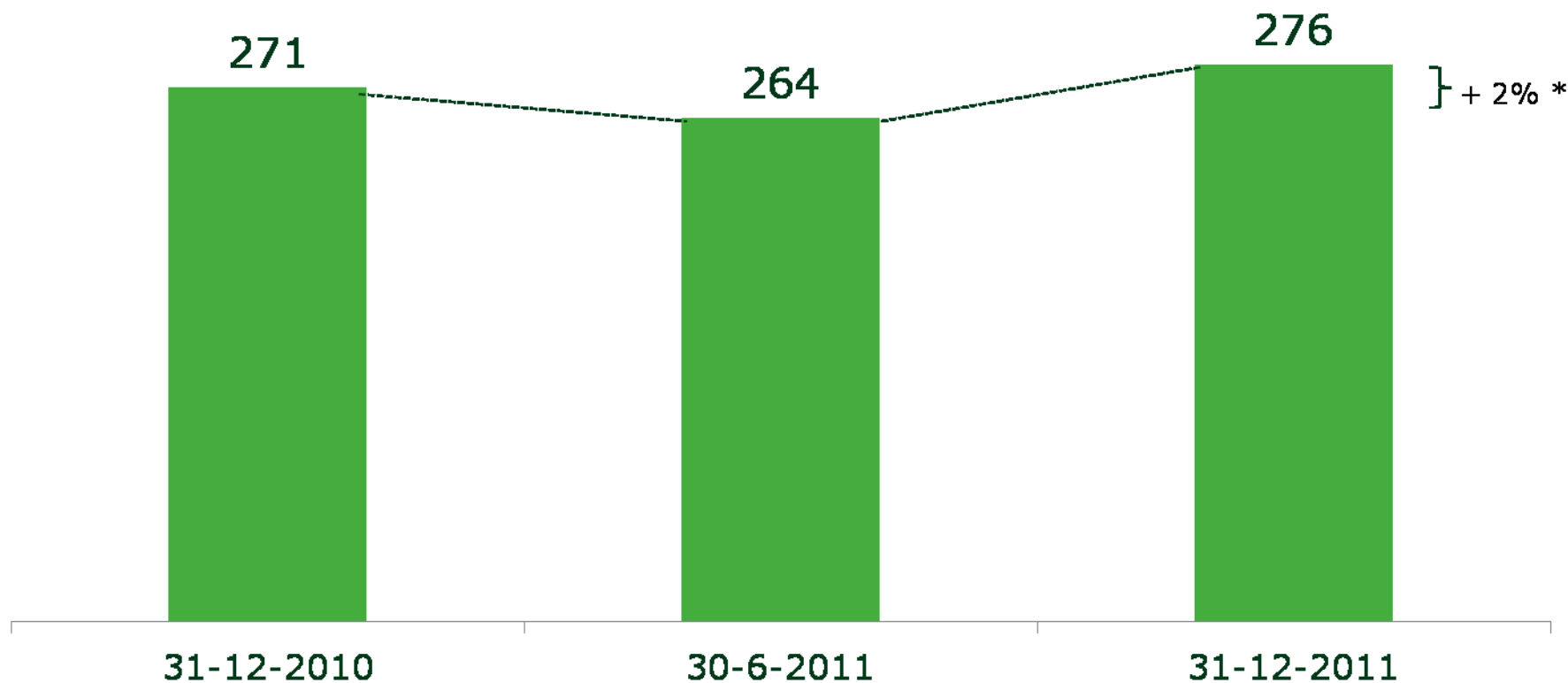
INCOME

€ million	2011	2010	Δ
Revenues	115.3	117.1	-2%
▪ Interest income	27.5	20.6	33%
▪ Commission income	68.1	69.7	-2%
▪ Trading/investments	9.1	24.7	-63%
▪ Other	10.6	2.1	pm

COMMISSION INCOME

€ million	2011	2010	Δ
Commission income	68.1	69.7	-2%
· Asset Servicing	41.5	39.8	4%
· Transaction Servicing	20.2	23.4	-14%
· Other	6.4	6.5	-2%

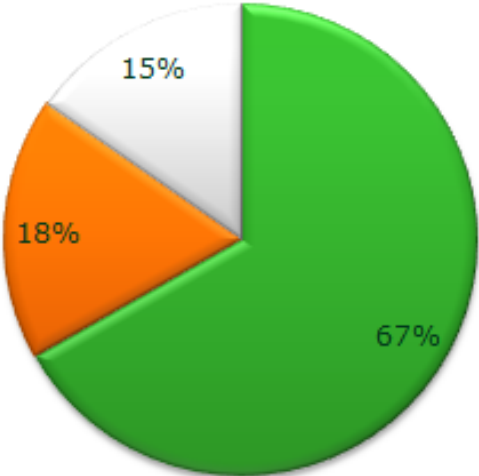
ASSETS UNDER ADMINISTRATION (€ bn)



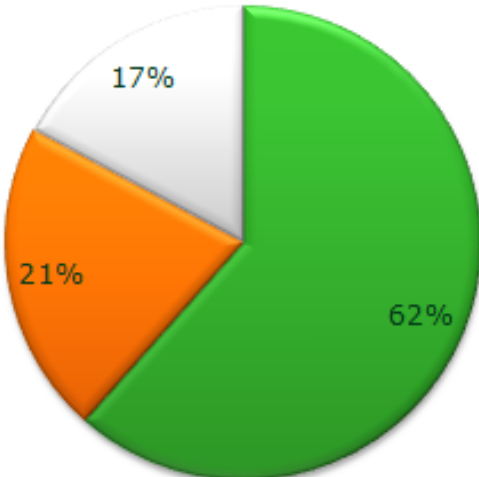
* Compared to 31-12-2010

INCOME – CLIENT SEGMENTS

2011



2010

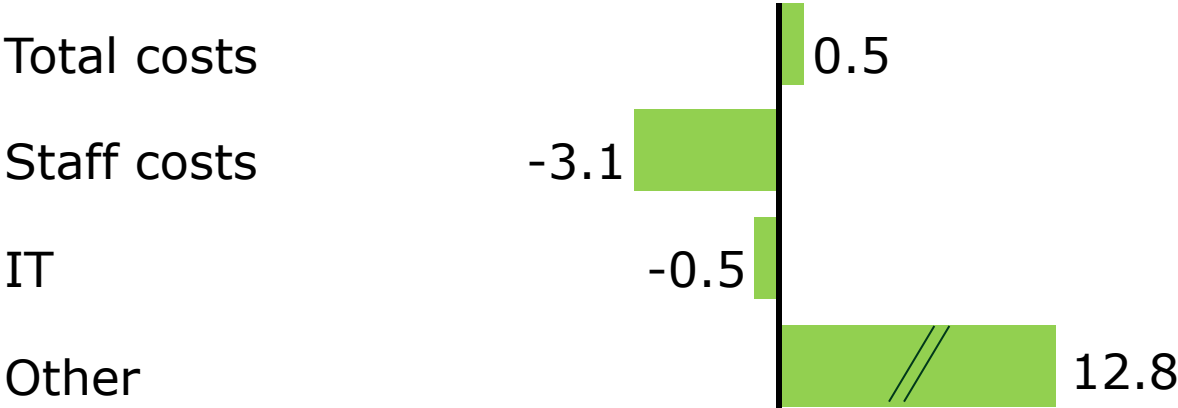


■ II *
■ FI **
■ Other

* Institutional Investors
** Financial Institutions

COSTS

Δ % relative to 2010



CONTINUING INVESTMENT IN IT

- 36% of total costs related to IT (2010: 37%)
- Client related investments 2011/2012:
 - iPad dashboard versions 2.0 and 3.0 for pension funds, including stress testing, cost overviews and universum for pension funds; iPad dashboards for investment funds
 - ASP-solutions for the outsourcing of fund administration for institutional investors and asset managers
 - European clearing and risk solution for OTC Derivatives (EMIR)
 - 'clean' ISAE 3402–2 certificate including IT services.

INVESTMENT PORTFOLIO* QUALITY

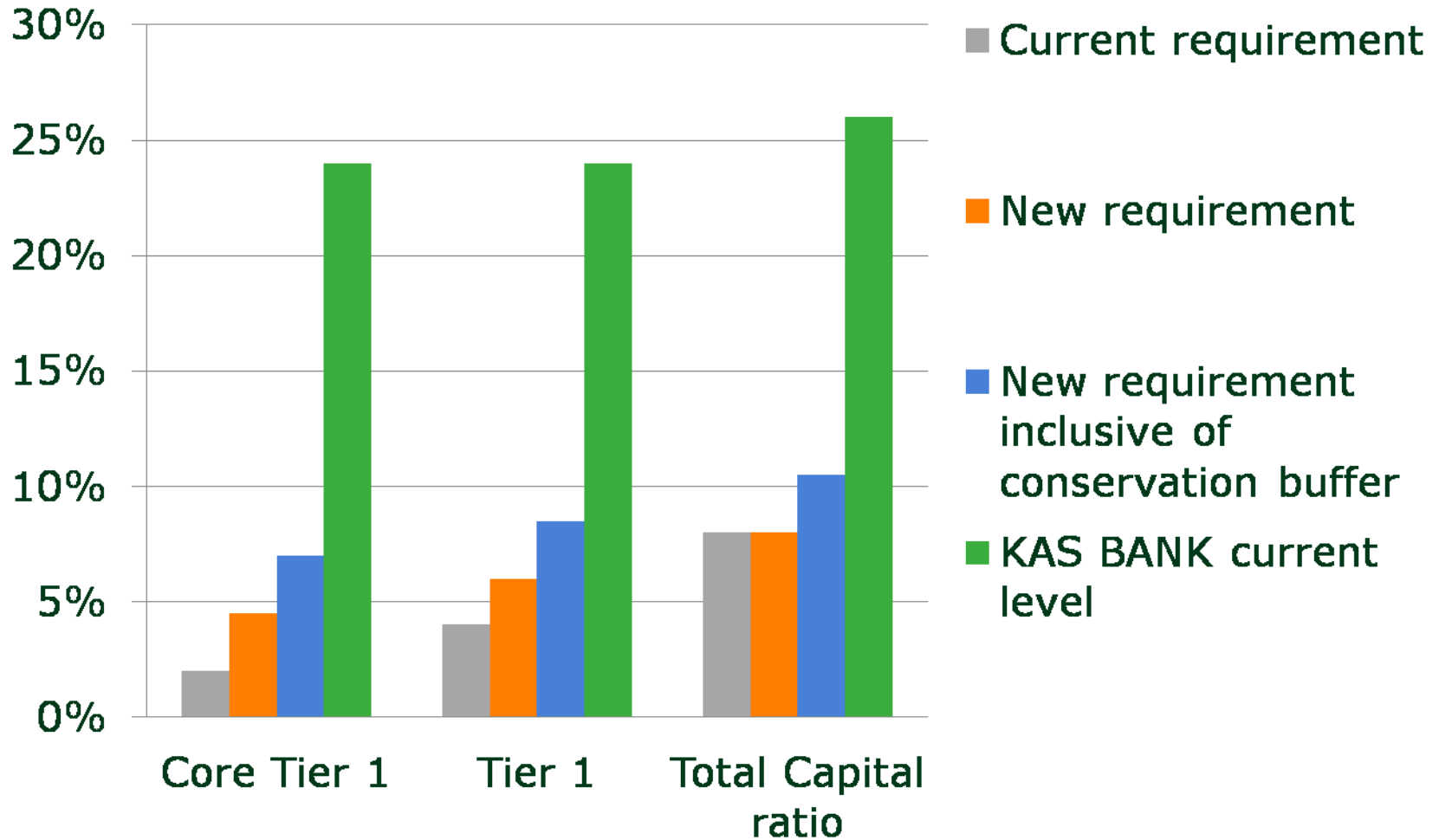
€ million	31-12-11	Percentage of portfolio	31-12-10	Percentage of portfolio
Aaa – Aa3	1,288	96%	1,430	95%
A1 – A3	17	1%	27	2%
Baa1 – Baa3	39	3%	32	2%
P1 – P2	0	0%	0	0%
Shares	6	0%	14	1%
Total	1,350	100%	1,503	100%

* No sovereign exposure on the PIIGS countries

RISK PROFILE – SOLVENCY / LIQUIDITY

	31-12-2011	31-12-2010
BIS-ratio	26%	23%
Tier 1-ratio	24%	20%
RWA	697 m	768 m
Surplus Liquidity (average Q4)	1.5 bn	1.1 bn

CAPITAL REQUIREMENTS BASEL 3/CRD IV



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2. REVIEW 2011 - GENERAL ISSUES

- Dutch pension market
- European brokers
- Retail securities processing

DUTCH PENSION MARKET

- Public calls for lower costs, good governance and transparency lead to additional regulation and supervision
- Asset safety central issue:
 - Wge provides a transparent and tested Dutch legal framework
 - Ringfencing of PPI assets in a separated custodial function
 - Collateral and liquidity management require additional attention
- As a neutral and Dutch provider, KAS BANK is well positioned to support the institutional pension market; in 2011 strong commercial performance and growing customer satisfaction.

EUROPEAN BROKERS

- Traditional wholesale and retail brokers suffer from lower market volumes
- Financial transaction tax (FTT) will cause substantial damage to the industry, while MiFID2 will further fragment liquidity
- KAS BANK broker services target mid- and back-office solutions to lower costs and to reduce operational risk; in 2011 good commercial performance in spite of decreasing volumes per client and overall.

RETAIL SECURITIES PROCESSING

- Infrastructural capability, comparable to payment infrastructure, is lacking in most of Europe. The causes are technical and/or related to client confidentiality
- The cost advantages as well as quality improvements of centralized processing can be substantial for the market as a whole
- As a neutral wholesale provider KAS BANK is already servicing the majority of Dutch retail banks. Adding retail securities processing together with our partner dwpbank is a logical next step.

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PRIORITIES

- Developing the partnership with dwpbank: progress on track, positive market response in Holland (retail securities processing) and Germany (wholesale services)
- Capitalizing on our strong balance sheet and low risk profile in our focus segments
 - Insourcing of fund administration of institutional investors
 - Back and middle office services for European multi market brokers
 - KAS BANK Fund Desk: full service solutions for (starting) investment funds
- Calibrating our earnings model as a result of continuing ECB-availability of cheap funding and the ensuing low interest environment.

OUTLOOK

- Market volumes for transaction servicing remain unstable and at low levels; revenues under pressure from market instability including expected lower short term interest rates
- Our market presence will continue to improve in the Dutch pension market based on strong client wins in 2011 and a growing pipeline of new business
- No concrete forecast for 2012. The externally published financial targets remain in force.

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