



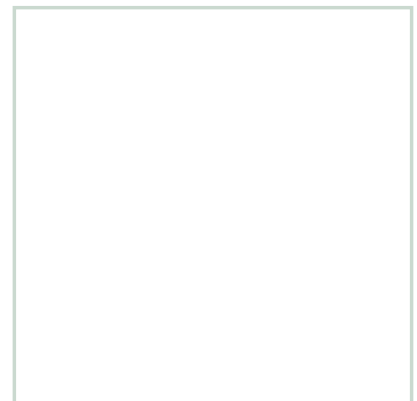
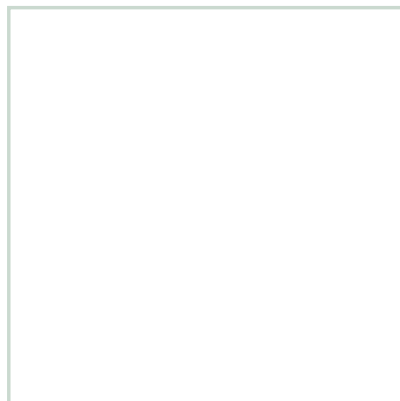
Report on the first half year of

2006



Chairman's statement

"KAS BANK had a favourable first half year", says Chairman of the Managing Board of KAS BANK, Albert Röell. "The service provision to Institutional Investors is developing positively. The KAS BANK Enterprise Risk Management services, whereby our products support pension funds in their complete investment policy, have been received well by the market. Financial Institutions, in the Netherlands and abroad, are increasingly benefiting from our streamlined European services, which enable simultaneous operations on nearly all European securities and derivatives exchanges. Neutrality, expertise and high-quality systems form the basis of our continuous growth. The increasing attention for Europe is very beneficial to us in this respect".



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REPORT ON THE FIRST HALF YEAR OF 2006

Performance

The profit of the first half year of 2006 was €20.2 million (1-2005: €9.0 million) including a net income of €8.4 million arising from the (partial) sale of shareholdings in several exchanges. Adjusted for this item, the profit was €11.8 million. This considerable improvement in results was attributable to a significant increase in commission income at a constant cost level.

Over the first half year of 2006, the return on equity amounted to 20% (1-2005: 9%). The efficiency ratio was 63% (1-2005: 79%). The earnings per share were €1.36 (1-2005: €0.62). On 30 June, the BIS-ratio was 18%.

Interim-dividend

Following the approval of the Supervisory Board, it has been decided, as in the previous year, to pay an interim dividend of €0.45 per ordinary share KAS BANK, to be paid in cash.

Income

In the first half of 2006, income increased by 24% to €74.4 million (1-2005: €59.8 million). Excluding the income from the (partial) sale of shareholdings in several exchanges the income rose by 7%.

Compared to the first half year of 2005, net interest decreased by 12% to €10.1 million (1-2005: €11.5 million) due to a narrowed interest margin.

Net commission increased by 14% to €43.0 million (1-2005: €37.7 million). Net commission has been divided into the following categories.

<i>In millions of euros</i>	First half 2006	First half 2005	difference	%
Custody and Investment Management Services	15.5	13.6	1.9	14%
Clearing and Settlement	14.2	13.8	0.4	3%
Securities Lending	9.9	7.6	2.3	30%
Other	3.4	2.7	0.7	26%
	43.0	37.7	5.3	14%

Income from custody and investment management services increased by €1.9 million to €15.5 million (1-2005: €13.6 million). This increase was the result of both the increase of activities amongst existing and new clients, and of exchange rate increases on the securities exchanges.

The margin on the custody services increased slightly.

Compared to the first half year of 2005, the number of settlement transactions increased by approximately 20%. Due to fierce competition in the market for this service, the income increased less quickly.

In line with the increase in volume, income from domestic and foreign securities lending rose by 30% to €9.9 million (1-2005: €7.6 million). This increase was mainly attributable to securities lending activities in Germany, France and Italy. As in previous years, securities lending peaked in April, May and June.

The result from trading increased to €7.6 million (1-2005: €6.8 million). Trading mainly consists of purchases and sales in foreign currency for clients. The increased use of currency overlay services by Institutional Investors in particular, contributed to the increase of the trading result.

The available-for-sale income increased to €13.5 million (1-2005: €3.7 million). This increase was mainly attributable to the (partial) sale of shareholdings in several exchanges.

Profit segmentation

The main target groups for KAS BANK's specialised services and products are Institutional Investors and Financial Institutions (medium-sized and large banks and brokers with trading activities on, among others, Euronext, LSE, and Deutsche Börse).

KAS BANK is also active in the area of Private Banking – foundations, wealthy individuals, tripartite clients and regular clients.

Services are available to all client categories, for which often the same information systems and operational departments are used. As a result, the distribution of material fixed assets and related liabilities is impossible. It is however, possible to attribute financial fixed assets and liabilities, in the balance sheet, to the various client groups.

KAS BANK has Dutch, European and other international clients. Support is provided to these clients from London and Amsterdam. The London office serves the UK market and many of the international clients. Processing is mainly carried out on the IT systems in Amsterdam.

CLIENT SEGMENTATION

First half year 2006 <i>In millions of euros</i>	Financial Institutions ¹	Institutional Investors	Other ²	Total
Income	23.6	31.9	8.3	63.8
Direct costs	-18.4	-15.4	-1.7	-35.5
Net revenue	5.2	16.5	6.6	28.3
Unattributable expenses				-11.6
Income from (partial) sale of shareholdings in exchanges				10.5
Profit before tax expense				27.2
Segment assets	1,621	2,890	2,891	7,402
Segment liabilities	1,979	4,515	908	7,402

¹ Including Private Banking
² 'Other' mainly refers to treasury activities

First half year 2005 <i>In millions of euros</i>	Financial Institutions ¹	Institutional Investors	Other ²	Total
Income	21,9	29,0	8,9	59,8
Direct costs	-18,9	-13,1	-0,9	-32,9
Net revenue	3,0	15,9	8,0	26,9
Unattributable expenses				-14,2
Profit before tax expense				12,7
Segment assets	1,613	2,938	2,857	7,408
Segment liabilities	1,990	4,399	1,019	7,408

¹ Including Private Banking
² 'Other' mainly refers to treasury activities

GEOGRAPHICAL SEGMENTATION OF INCOME

<i>In millions of euros</i>	First half year 2006	First half year 2005
Europe	59,3	56,1 ¹
Other	4,5	3,7 ¹
Total	63,8	59,8

¹ Adjusted for comparison purposes.

Operating expenses

Operating expenses in the first half year of 2006 amounting to €47.2 million almost equalled that of the first half year of 2005 (1-2005: €47.1 million).

Staff expenses decreased by 3% to €28.8 million compared to the first half year of 2005 (1-2005: €29.8 million). This decrease is mainly attributable to a decrease in the number of FTEs.

Other administrative expenses, including IT costs, increased by 8% to €13.6 million (1-2005: €12.6 million).

Depreciation expenses remained stable at €4.7 million compared to the first half year of 2005

Outlook

On the basis of the results of the first half of 2006, KAS BANK predicts healthy growth in the full-year profit for 2006, if no special circumstances arise.

CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	first half 2006	first half 2005	year 2005
Income			
Interest income	103,173	81,619 ²	174,921
Interest expense	93,062	70,155 ²	151,646
Net interest	10,111	11,464	23,275
Commission income	50,925	46,322	94,409
Commission expense	7,945	8,622	16,755
Net commission	42,980	37,700	77,654
Trading income	7,585	6,762 ²	13,657
Available-for-sale income	13,487 ¹	3,664	5,461
Trading/AFS income	21,072	10,426	19,118
Other income	189	219	435
Total income	74,352	59,809	120,482
Operating expenses			
Staff expenses	28,848	29,792 ²	58,609
Other administrative expenses	13,649	12,642 ²	24,908
Depreciation expenses	4,680	4,655	9,736
Total operating expenses	47,177	47,089	93,253
Profit before tax expense	27,175	12,720	27,229
Tax expense	6,975	3,700	7,850
Profit	20,200 ¹	9,020	19,379
Earning per share			
basic (in euros)	1.36	0.62	1.32
diluted (in euros)	1.35	0.61	1.32
¹ This income includes €10.5 million from the (partial) sale of shareholdings in several exchanges. The effect on the profit for the year is €8.4 million.			
² Adjusted for comparison purposes.			

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

<i>In thousands of euros</i>	first half 2006	first half 2005	year 2005
Profit	20,200	9,020	19,379
Change in fair value of available-for-sale investments	-12,420	1,519	-484
Actuarial gains/losses on pensions	-	-	-3,096
Others	-	-	64
Total recognised income and expense	7,780	10,539	15,863
<i>The total recognised income and expense includes all movements in the shareholders' equity attributable to KAS BANK shareholders during the reporting period, with the exception of contributions to shareholders.</i>			

CONSOLIDATED BALANCE SHEET

<i>In thousands of euros</i>	30 June 2006	31 Dec. 2005	30 June 2005
Assets			
Cash and deposits at the central bank	36,638	173,369	84,834
Banks	759,064	1,297,299	1,217,991
Loans and advances	3,748,475	3,864,668	3,477,843
Reverse repurchase agreements	910,371	799,279	684,118
Derivative financial instruments	61,095	66,489	137,027
Investments held-for-trading	4,381	1,401	1,727
Available-for-sale investments	1,753,170	1,447,752	1,650,283
Property investment	798	757	746
Property and equipment	49,835	51,266	57,644
Intangible assets	7,877	6,868	1,518
Deferred tax assets	14,391	10,740	8,103
Acute tax assets	4,817	2,814	2,590
Other assets	32,822	29,446	59,335
Prepayments and accrued income	18,553	21,840	23,993
Total assets	7,402,287	7,773,988	7,407,752
Equity and liabilities			
Banks	794,878	1,296,740	1,233,750
Funds entrusted	6,186,702	6,056,980	5,723,459
Derivative financial instruments	81,406	70,132	137,140
Deferred tax liabilities	11,432	7,441	7,455
Acute tax liabilities	4,075	2,039	4,016 ¹
Other liabilities	39,635	48,660	19,797
Accruals and deferred income	17,851	22,115	19,466 ¹
Employee benefits	28,169	32,550	26,341
Subordinated liabilities	29,496	29,496	29,496
Total liabilities	7,193,644	7,566,153	7,200,920
Issued share capital	15,699	15,699	15,699
Share premium	21,569	21,569	21,569
Revaluation reserve	17,882	30,372	32,376
Other reserves	133,293	127,880	128,168
Unappropriated profit	20,200	12,315	9,020
Total shareholders' equity	208,643	207,835	206,832
Total equity and liabilities	7,402,287	7,773,988	7,407,752
Contingent liabilities	116,790	117,241	142,395
¹ <i>Adjusted for comparison purposes.</i>			

CONSOLIDATED CASH FLOW STATEMENT

<i>In thousands of euros</i>	first half 2006	first half 2005	year 2005
Profit for the year	20,200	9,020	19,379
Other cash flow from operating activities	-787,421	885,945	954,679
Cash flow from investing activities	-15,713	-63,106	-97,499
Cash flow from financing activities	-7,024	-7,327	-12,676
Effect of exchange rate fluctuations on cash items	493	-488	-3,342
Net cash flow	-789,465	824,044	860,541
Cash at the beginning of the year	1,163,722	303,181	303,181
Cash at year-end	374,257	1,127,225	1,163,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General

KAS BANK N.V. has its registered office in Amsterdam, Netherlands. The company's condensed consolidated interim figures for the period ending 30 June 2006 include the company and all its group companies, together referred to as 'KAS BANK'.

Statement of compliance

The condensed consolidated interim figures of KAS BANK N.V. have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting", as adopted within the European Union. This means that not all information is stated, as is required for a full consolidated annual report. The interim figures must therefore be read in the context of the consolidated annual accounts of 2005.

Presentation

For the consolidated interim figures, the same accounting principles have been used as for the annual account of 2005. These principles have been included in the annual accounts of 2005, which have been posted on the company's website (www.kasbank.com).

In preparing the interim figures, the management is required to form judgments and make estimates and assumptions which affect the items presented in the balance sheet and explanatory notes and the items presented in the income statement for the reporting period. Although these estimates are based on past experience and take into account the latest developments, the reality may differ.

In preparing the summary of the consolidated interim figures, the same assumptions were used with regard to significant estimates as in preparing the consolidated annual accounts of 2005.

As there were no significant changes in pension regulations or market conditions, KAS BANK has not updated the actuarial value of the pension obligations.

AUDITOR'S REPORT

Introduction

We have reviewed the condensed consolidated interim figures comprising the balance sheet at 30 June 2006, the income statement, the statement of recognised income and expense, and the cash flow statement for the six months period ended 30 June 2006 included in this report on the first half year of 2006 of KAS BANK N.V. established in Amsterdam. These condensed consolidated interim figures are the responsibility of the company's Managing Board. Our responsibility is to issue a report on these interim financial statements based on our review.

Scope

We conducted our review in accordance with standards for review engagements generally accepted in The Netherlands. These standards require that we plan and perform the review to obtain moderate assurance about whether the condensed consolidated interim figures are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim figures have not, in all respects of material significance, been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted within the European Union.

Amstelveen, 6 September 2006

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