



Report on the first half year of

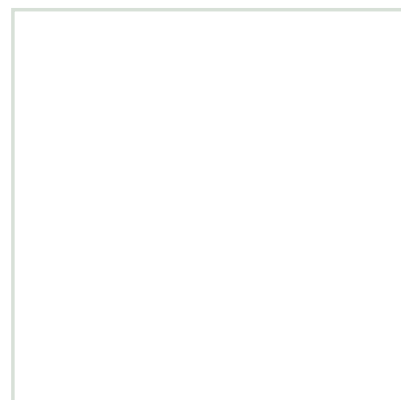
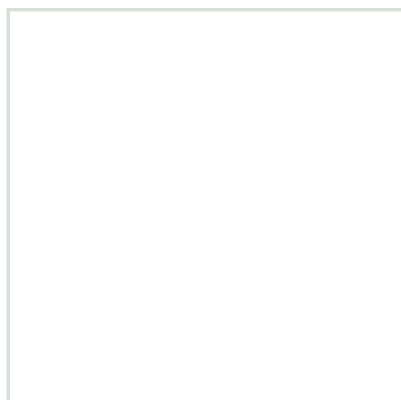
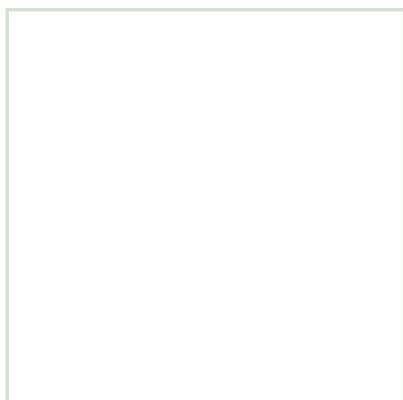
2007



Chairman's statement

"KAS BANK can look back on a good first half year, both operationally and financially", says Albert Röell, chairman of the bank's Managing Board. "Growth in non-interest income, including the value added service, is continuing unabated among institutional investors and financial institutions alike. It is also important to note that our conservative risk profile has resulted in the bank only marginally being affected by the unrest in the financial markets at present.

The transfer of the Private Banking operations earlier this year has sharpened the bank's focus on the wholesale securities services. Our objectivity is high rated when it comes to the settlement of transactions on European and American exchanges and the measurement, management and reporting of our clients' investment results."



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REPORT ON THE FIRST HALF YEAR OF 2007

Results

Profit over the first half year of 2007 totalled € 42.3 million (H1-2006: € 20.2 million).

Operating profit rose in the first half of 2007 by 33% to € 15.6 million (H1-2006: € 11.8 million). This considerable increase can be attributed mainly to significant growth of 19% in the non-interest income, achieved through the intake of new clients, cross selling and rising transaction volumes. Additionally, the increase in revenues and activity levels were achieved with lower operating expenses.

Total revenues rose in the first half year of 2007 by 42% to € 105.8 million (H1-2006: € 74.4 million). Leaving aside the exceptional items, income rose by 5% to € 67.3 million (H1-2006: € 63.8 million).

Compared to the first half year of 2006 interest income fell by 9% to € 9.2 million (H1-2006: € 10.1 million) owing to a narrowed interest margin.

Commission income rose by 14% to € 49.2 million (H1-2006: € 43.0 million). Trading income rose to € 8.4 million (H1-2006: € 7.6 million).

Total expenses rose by 7% to € 50.3 million (H1-2006: € 47.2 million). Leaving aside the exceptional items, expenses fell by 2% to € 46.4 million. Lower other management expenses more than compensated for higher staff expenses and amortisation.

The net effect of the exceptional items on the profit for the first half of 2007 totalled € 26.7 million. The items relate to the transfer of the Private Banking activities, the conversion of the Euronext shares and an impairment on immovable property. These items are explained in more detail in the report. There was also an exceptional item (effect on net profit of € 8.4 million) in the same period of last year relating to the sale of shareholdings at a number of exchanges.

Adjusted for the exceptional items referred to above, the first half of 2007 saw a return on equity of 16% (H1-2006: 12%) with an efficiency ratio of 69% (H1-2006: 74%). The average BIS ratio in the first half of 2007 was 15% (H1-2006: average 16%) and at the end of June 2007 was again equal to 15% (end of June 2006: 18%).

Interim dividend

It has been decided with the approval of the Supervisory Board, as in the previous years, to pay out an interim dividend of € 0.45 on each ordinary KAS BANK share, payable in cash.

Income

Total revenues rose in the first half year of 2007 by 42% to € 105.8 million (H1-2006: € 74.4 million). Leaving aside the exceptional items, income rose by 5% to € 67.3 million (H1-2006: € 63.8 million).

Compared to the first half year of 2006 interest income fell by 9% to € 9.2 million (H1-2006: € 10.1 million) owing to a narrowed interest margin.

Commission income rose by 14% to € 49.2 million (H1-2006: € 43.0 million). The commission is specified in the table below.

<i>In millions of euros</i>	First half year	First half year	difference	%
	2007	2006		
Custody and Investment Management Services	16.3	15.5	0.8	5%
Clearing and Settlement	21.1	14.2	6.9	49%
Securities lending	8.6	9.9	-1.3	-13%
Other	3.2	3.4	-0.2	-6%
	49.2	43.0	6.2	14%

Income from custody and investment management services increased by 5% to € 16.3 million (H1-2006: € 15.5 million). This increase can be attributed both to the increase in activity among existing and new clients and rising exchange rates on the securities exchanges.

A sharp increase in the number of transactions and, in particular, a substantial rise in income from derivatives transactions led to an increase in commission income from clearing and settlement of 49% to € 21.1 million (H1-2006: € 14.2 million).

The rise in income from domestic securities lending did not fully cover the decrease in commissions from foreign securities lending. Commission income from securities lending consequently fell by 13% to € 8.6 million (H1-2006: € 9.9 million). As in previous years, securities lending peaked in the 2nd quarter.

The fall in other commissions by € 0.2 million to € 3.2 million was caused in part by the loss of commission income from Private Banking with effect from the 2nd quarter of 2007.

Trading income rose to € 8.4 million (H1-2006: € 7.6 million). Trading consists mainly of buying and selling foreign currency for clients. The increased use of our institutional risk management services by institutional investors, relating to products such as currency overlay and transition management, contributed to the increase in the trading result.

The available-for-sale income consists primarily of results from the exchange of Euronext shares. The takeover of Euronext by the New York Stock Exchange resulted in the conversion of the shareholding in NYSE/Euronext yielding a result of € 16.3 million.

The provisional proceeds of € 22.2 million from the transfer of the Private Banking operations are shown under other income. Most of these proceeds are accounted for by the fixed fee that we received

in the first half year. A further second tranche depending on the level of the client portfolio on the contractually agreed closing date is due in the second half year. The management has estimated the proceedings of this second tranche. These proceeds, too, are shown in the first half year.

Operating expenses

Total expenses rose by 7% to € 50.3 million (H1-2006: € 47.2 million). Leaving aside the exceptional items, expenses fell by 2% to € 46.4 million.

Staff expenses rose by 5% to € 30.2 million (H1-2006: € 28.8 million). € 0.7 million of this increase in expenses relates to the transfer of the Private Banking operations. The remaining part of the rise in staff expenses can be attributed mainly to the increased activity levels, which led to an increase in FTEs that was compensated in part by lower pension expenses.

The other management expenses fell by 12% to € 12.0 million (H1-2006: € 13.6 million) owing to the operation of a strict cost control programme.

Making more efficient use of the available space made it possible to vacate one of our buildings and rent it out. The capitalised renovation costs for this rental property totalling € 3.2 million are shown as an exceptional downward value adjustment.

Outlook

Given the results for the first half year of 2007 and in the absence of any special circumstances, KAS BANK expects to see a healthy rise in profits over the whole of 2007. The results over the second half of 2007 will be lower than in the first half owing in part to the exceptional income during the first half of 2007.

CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	Total	Result	Operational	Total	Result	Operational
	exceptional	exceptional	result	exceptional	exceptional	result
	items	items	result	items	items	result
	first half	first half	first half	first half	first half	first half
	2007	2007	2007	2006	2006	2006
Income						
Interest income	116,955	0	116,955	103,173	0	103,173
Interest expense	107,804	0	107,804	93,062	0	93,062
Net interest	9,151	0	9,151	10,111	0	10,111
Commission income	58,130	0	58,130	51,871	0	51,871
Commission expense	8,962	0	8,962	8,891	0	8,891
Net commission	49,168	0	49,168	42,980	0	42,980
Trading income	8,423	0	8,423	7,585	0	7,585
Available-for-sale income	16,377	16,251	126	13,487	10,523	2,964
Trading/AFS income	24,800	16,251	8,549	21,072	10,523	10,549
Other income	22,635	22,228	407	189	0	189
Total income	105,754	38,479	67,275	74,352	10,523	63,829
Operating expenses						
Staff expenses	30,161	700	29,461	28,848	0	28,848
Other administrative expenses	11,994	0	11,994	13,649	0	13,649
Depreciation expenses	4,944	0	4,944	4,680	0	4,680
Operational operating expenses	47,099	700	46,399	47,177	0	47,177
Impairment on assets	3,202	3,202	0	0	0	0
Total expenses	50,301	3,902	46,399	47,177	0	47,177
Profit before tax expense	55,453	34,577	20,876	27,175	10,523	16,652
Tax expense	13,200	7,900	5,300	6,975	2,075	4,900
Profit for the period attributable to equity holders of the bank	42,253	26,677	15,576	20,200	8,448	11,752
Earnings per share						
- basic (in euros)	2.83		1.04	1.36		0.79
- diluted (in euros)	2.81		1.04	1.35		0.79

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

<i>In thousands of euros</i>	first half 2007	first half 2006
Revaluation of available-for-sale investments	-24,298	-12,008
Changes in deferred tax assets and liabilities	5,385	2,472
Income and expense recognised directly in equity	-18,913	-9,536
Profit for the period attributable to equity holders of the bank	42,253	20,200
Total recognised income and expense attributable to equity holders of the bank	23,340	10,664

CONSOLIDATED BALANCE SHEET

<i>In thousands of euros</i>	30 June 2007	31 Dec. 2006
Assets		
Cash and deposits at the central bank	351,059	228,423
Banks	1,494,742	942,100
Loans and advances	3,031,549	2,687,218
Reverse repurchase agreements	1,572,770	914,219
Derivative financial instruments	67,241	93,888
Available-for-sale investments	1,284,543	1,463,171
Property and equipment	43,165	46,900
Intangible assets	8,195	8,357
Deferred tax assets	12,317	9,813
Current tax assets	8,577	2,413
Other assets	42,058	36,316
Prepayments and accrued income	30,067	15,666
Total assets	7,946,283	6,448,484
Equity and liabilities		
Banks	1,191,720	703,259
Funds entrusted	6,314,323	5,301,067
Derivative financial instruments	69,228	102,571
Deferred tax liabilities	7,572	11,188
Current tax liabilities	8,187	2,442
Other liabilities	44,390	34,180
Accruals and deferred income	35,189	23,514
Employee benefits	18,995	23,205
Subordinated liabilities	29,496	29,496
Total liabilities	7,719,100	6,230,922
Issued share capital	15,699	15,699
Share premium	21,512	21,569
Revaluation reserve	5,050	23,963
Other reserves	142,669	136,786
Unappropriated profit	42,253	19,545
Total equity attributable to equity holders of the bank	227,183	217,562
Total equity and liabilities	7,946,283	6,448,484
Contingent liabilities	125,536	118,992

CONSOLIDATED CASH FLOW STATEMENT

<i>In thousands of euros</i>	first half 2007	first half 2006
Profit for the period attributable to equity holders of the bank	42,253	20,200
Other cash flows from operating activities	803,638	-787,421
Cash flow from investing activities	-142,149	-15,713
Cash flow from financing activities	-13,753	-7,024
Effect of exchange rate fluctuations on cash and cash equivalents	-1,906	493
Net cash flow	688,083	-789,465
Cash and cash equivalents at the beginning of the year	578,440	1,163,722
Cash and cash equivalents at the end of the semiannual year	1,266,523	374,257

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 2007 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 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 2006.

Presentation

For the consolidated interim figures, the same accounting principles have been used as for the annual account of 2006. These principles have been included in the annual accounts of 2006, 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 2006.

Trading/AFS income

The proceeds of € 16.3 million from the conversion of the shareholding in Euronext into NYSE/Euronext shares are shown under the available-for-sale income.

Other income

The provisional proceeds of € 22.2 million from the transfer of the Private Banking operations are shown under other income. Most of these proceeds are accounted for by the fixed fee that we received in the first half year. A second tranche depending on the level of the client portfolio on the contractually agreed closing date is due in the second half year. The management has estimated the proceedings of this second tranche. These proceeds, too, are shown in the first half year.

Staff expenses

An exceptional item of € 0.7 million is shown under staff expenses. This exceptional item relates to expenses involved in the transfer of the Private Banking operations.

Impairment

Making more efficient use of the available space made it possible to vacate one of our buildings and rent it out. The capitalised renovation costs for this rental property totalling € 3.2 million are shown as an impairment.

Pension schemes

As there have been no significant changes to the pension schemes or the market conditions, KAS BANK has not revised the pension commitments.

Profit segmentation

The main target groups for KAS BANK's specialised services and products are Institutional Investors and Financial Institutions.

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

<i>in millions of euros</i>	Financial Institutions ¹	Institutional Investors	Other ²	Total
First half year 2007				
Income	28.6	34.4	4.3	67.3
Direct costs	-16.4	-16.5	-2.4	-35.3
Net revenue	12.2	17.9	1.9	32.0
Unattributable expenses				-11.1
Exceptional items				34.6
Profit before tax expense				55.5
Segment assets	1,304	2,503	4,139	7,946
Segment liabilities	2,180	5,031	735	7,946
First half year 2006				
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
Exceptional items				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				

Geographical segmentation of income

<i>in millions of euros</i>	First half year 2007	First half year 2006
Europe	61.8	59.3
Other	5.5	4.5
Total	67.3	63.8

Recognised income and expense

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 dividends paid to shareholders.

The revaluation of available-for-sale investments mainly comprises revaluations of (listed) bonds and shares. The change to the value of available-for-sale investments of € -18.9 million in the first half of 2007 can be attributed primarily to the realisation of part of the revaluation reserve owing to the conversion of the shareholding in Euronext into NYSE/Euronext shares.

AUDITORS' REPORT

To the General Meeting of Shareholders of KAS BANK N.V.

Introduction

We have reviewed the (condensed) consolidated interim figures comprising the balance sheet at 30 June 2007, the income statement, the statement of recognised income and expense and the cash flow statement for the six months period ended 30 June 2007 included in this report on the first half year of 2007 of KAS BANK N.V. established in Amsterdam. The company's Managing Board is responsible for preparation and fair presentation of the interim figures in accordance with IAS 34 "Interim Financial Reporting", as adopted within the European Union. Our responsibility is to issue a conclusion on these interim figures based on our review.

Scope

We conducted our review in accordance with Dutch law, including Standard 2400 "Engagements to review financial statements". This law requires that we plan and perform the review to obtain moderate assurance about whether the 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.

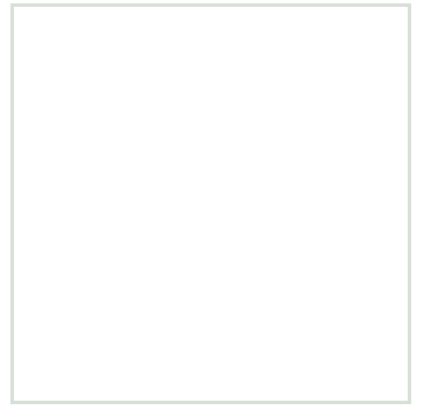
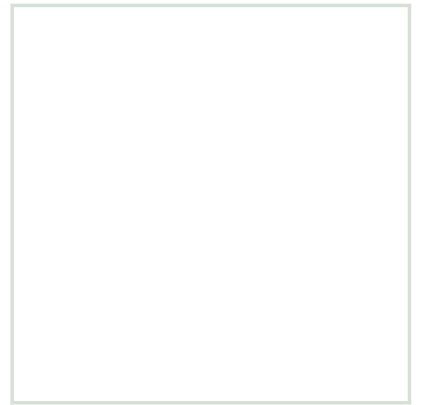
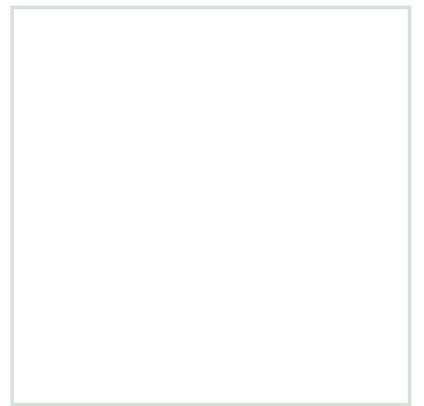
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the (condensed) consolidated interim figures for the six months period ended 30 June 2007 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, 5 September 2007

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