

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.

# H1 2012: KAS BANK

“Higher operational profit in unstable markets”

**AMSTERDAM, 30 AUGUST 2012**

# AGENDA

1. Review H1 2012
2. Preview H2 2012

# KEY POINTS H1 2012 - FINANCIAL

- Result after individual items up 24% to € 6.1 M (H1 2011: € 4.9 M); total result down 19% to € 8.2 mln (H1 2011: € 10.0 mln)
- Income after individual items up 5% to € 56.1 mln: interest income up 8% due to higher credit volumes, commission income at H1 2011 levels
- Costs 1% higher due to costs for strategic projects; compared to H2 2011 a decrease of 2%
- Solvency and liquidity to remain very strong, also with applying Basel 3
- Interim-dividend stable at € 0.33 per ordinary share.

# KEY POINTS H1 2012 - COMMERCIAL

- Industry recognition KAS BANK winner of the “European Custodian of the Year” award by London based European Pensions
- Continued growth in the Dutch and UK institutional markets: PPI, fund management services (AIFMD); reporting (Solvency II, UFR); risk management and transition management services
- Pressure on transaction services due to historic low volumes and lower margins for traditional brokers. Broker Services to reduce costs and risk profile for clients as well as KAS BANK.

*Strong solvency combined with high RoE*

## **FINANCIAL TARGETS**

<b>Ratio</b>	<b>Target</b>	<b>H1 2012</b>	<b>H1 2011</b>
Leverage income versus cost	≥ 3%	-8%	-1%
Efficiency ratio*	70-77%	86%	79%
RoE	10 year**	10%	11%
Shareholder Premium	+ 5-8%	7%	8%
Growth in earnings per share	> 8%	-19%	-9%
Average BIS-ratio	≥ 13.5%	21%	22%

\* excluding impairment losses

\*\* 10-year interest H1-2012: 2.2%, H1-2011: 3.4%

*Underlying profit up 24%*

## **INDIVIDUAL ITEMS**

€ million	H1 2012	Δ	H1 2011
Total result	8.2	-19%	10.0
• AFS: perpetuals/bonds	0.6		0.5
• AFS: shares	-		4.2
• Impairments	1.8		0.5
• Other	-0.3		-0.1
Result after individual items	6.1	+24%	4.9

# RESULTS

€ million	H1 2012	H1 2011	Δ
Net result	8.2	10.0	-19%
Total income	56.6	60.8	-7%
Operating expenses	48.5	48.2	1%

Operational income up 5%

## INCOME

€ million	H1 2012	H1 2011	Δ
· Net interest	13.3	12.3	8%
· Net commission	36.5	36.5	-0%
· Result on investments	6.0	11.0	-45%
· Other	0.8	1.0	-20%
<b>Total Income</b>	<b>56.6</b>	<b>60.8</b>	<b>-7%</b>
Individual items	0.5	7.5	
<b>Income after individual items</b>	<b>56.1</b>	<b>53.3</b>	<b>5%</b>



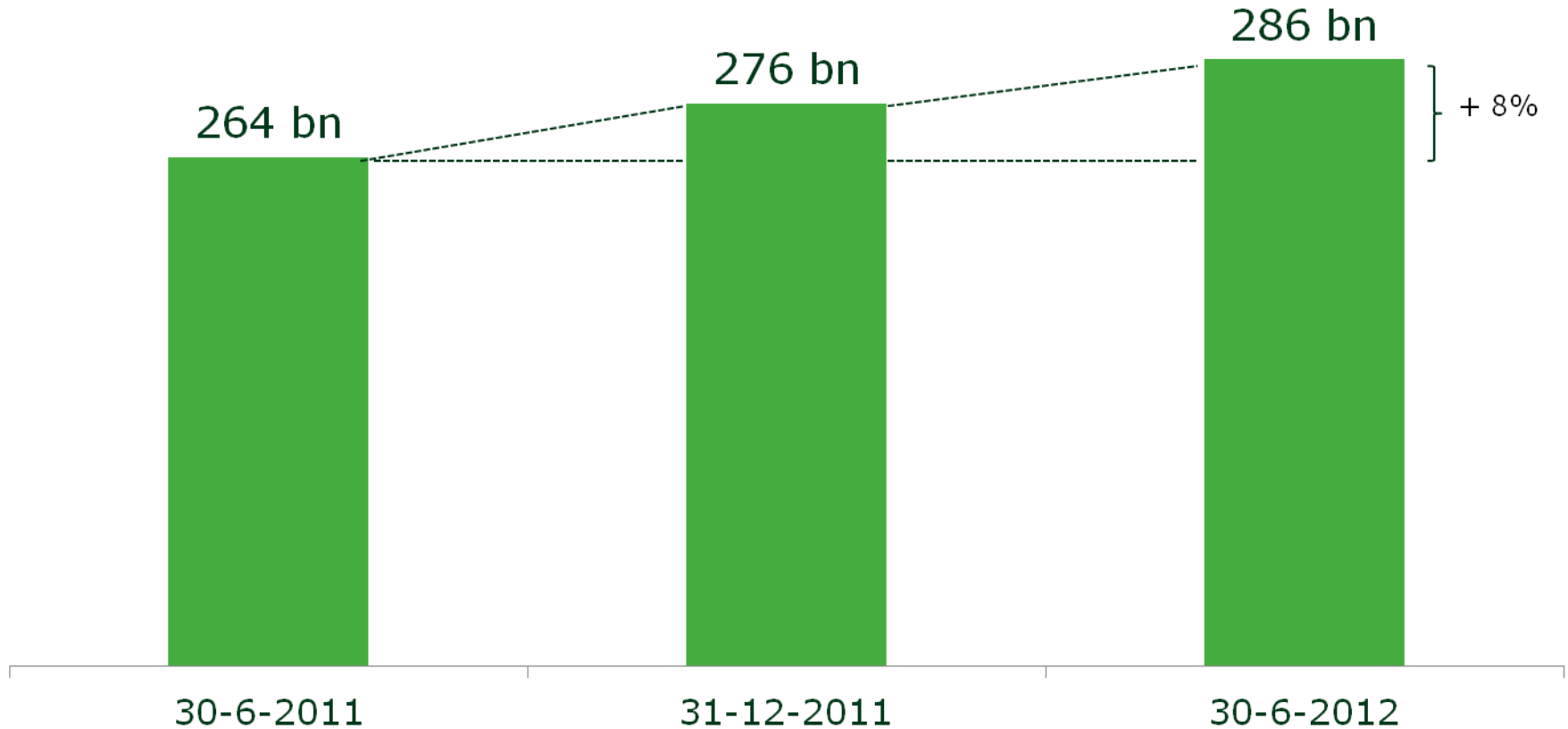
*Negative impact of low trading volumes on transaction services*

## **COMMISSION INCOME**

€ million	H1 2012	H1 2011	Δ
Net commission	36.5	36.5	-%
▪ Asset Servicing	23.0	22.4	3%
▪ Transaction Servicing	8.8	10.8	-19%
▪ Other	4.7	3.3	42%

*Continued growth of administration base*

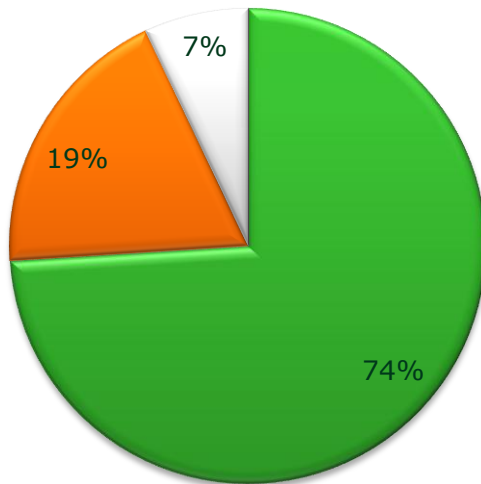
# ASSETS UNDER ADMINISTRATION



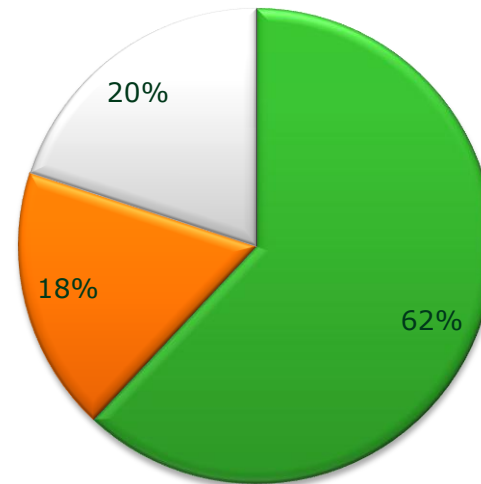
*Growing importance institutional client base*

# INCOME – CLIENT SEGMENTS

**H1 2012**



**H1 2011**



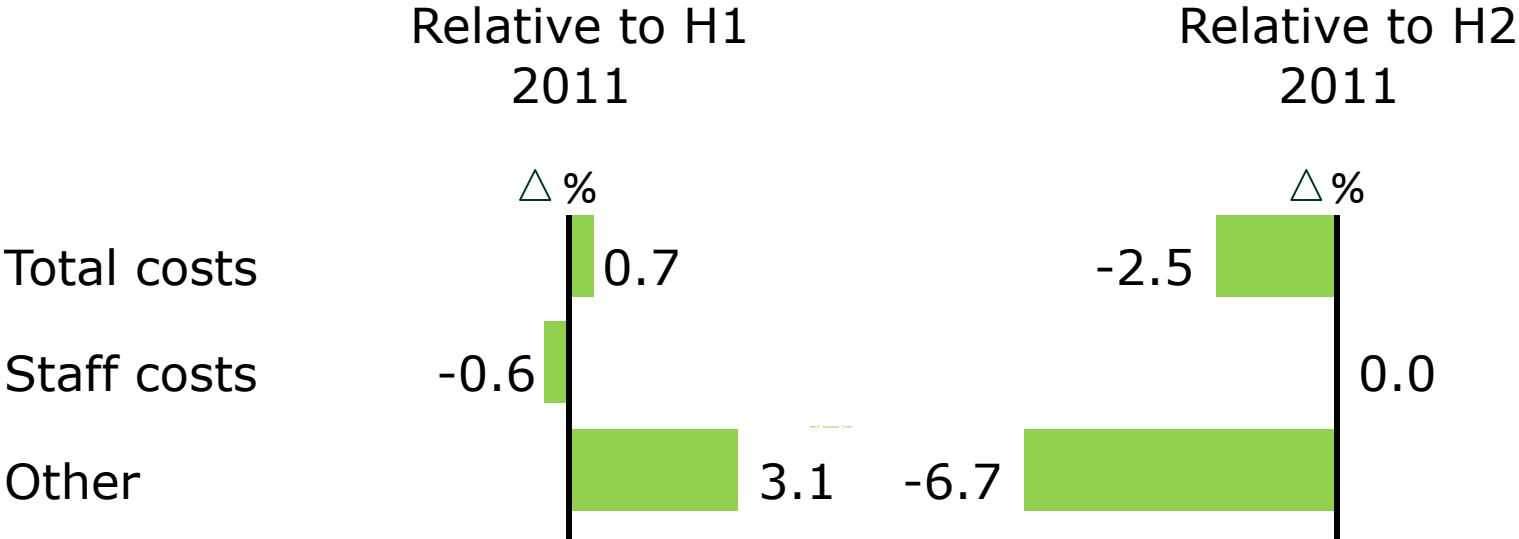
- II \*
- FI \*\*
- Other

\* Institutional Investors

\*\* Financial Institutions

Costs remain under control

# COSTS



*Slightly lower ratings due to Europe wide downgrades by rating agencies*

## **INVESTMENT PORTFOLIO QUALITY**

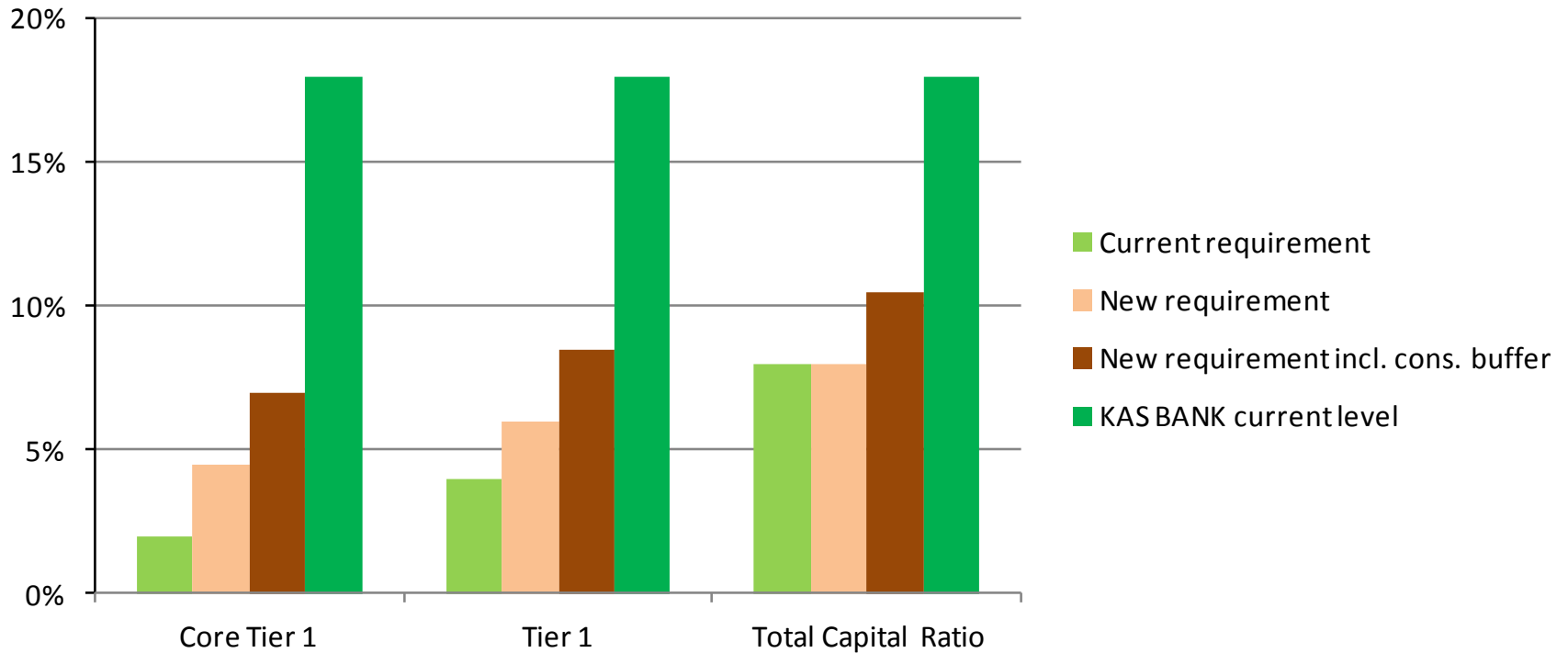
€ million	30-6-12	Percentage of portfolio	31-12-11	Percentage of portfolio
Aaa – Aa3	1,285	89%	1,288	96%
A1 – A3	99	7%	17	1%
Baa1 – Baa3	29	2%	28	2%
Other bonds	24	1%	12	1%
Shares	8	1%	5	0%
Total	1,445	100%	1,350	100%

*Strong solvency and liquidity underpin low risk profile*

## **RISK PROFILE – SOLVENCY / LIQUIDITY**

	30-6-2012	31-12-2011
BIS-ratio	21%	26%
Tier 1-ratio	20%	24%
RWA	851 m	696 m
Surplus Liquidity	1.6 bn	1.5 bn

# CAPITAL REQUIREMENTS BASEL 3/CRD IV



# PARTNERSHIP DWPBANK

- Negotiations in final phases and on track. Both banks are enthusiastic about the prospects of the forthcoming partnership
- Partnership will primarily entail wholesale and retail securities services in Germany and Holland. At a later stage other European markets will be included
- Positive initial market response in Holland (retail securities processing) and Germany (wholesale services).



# AGENDA

1. Review H1 2012
2. Preview H2 2012

# PRIORITIES

- Finalizing the partnership with dwpbank
- 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
- Optimizing risk/return within the low risk profile
- Continued reduction of operational expenses.

# 2012 OUTLOOK

- Market volumes for transaction servicing remain unstable and at low levels; revenues may be 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 our strong local presence supported by a growing pipeline of new business
- Sale of LCH Clearnet shares expected to contribute to total year result (net effect € 4.3 m). Most financial target ratio's will be met in 2012
- Dividend continued at €0.33 to underline the strong balance sheet and positive outlook.

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 65 38 00

<http://www.kasbank.com>

[Info@kasbank.com](mailto:Info@kasbank.com)

### **Cautionary Statement Regarding Forward-Looking Statements**

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Actual results, performance or events may differ materially from those in forward-looking statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the core business and core markets where KAS BANK N.V. operates, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) the extent of credit defaults, (v) interest rate levels, (vi) currency exchange rates including the euro / US dollar exchange rate, (vii) changing levels of competition, (viii) changes in laws and regulations, including monetary convergence and the European Monetary Union, (ix) changes in the policies of central banks and/or foreign governments, (x) the impact of acquisitions, including related integration issues, (xi) reorganization measures, and (xii) general competitive factors, in each case on a local, regional, national and/or global basis. Any statement in this presentation that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections, as they are currently available to the management of KAS BANK N.V. Forward-looking statements therefore speak only as of the date they are made, and we take no obligation to update any of them in light of new information or future events. (The information provided in this presentation shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell KAS BANK N.V. securities.



**KAS BANK**

COMMITTED SINCE 1806