

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 2010: KAS BANK

“low interest rates slow down profit recovery”

**AMSTERDAM, 26 AUGUSTUS 2010**

# AGENDA

- Key issues, financial targets
- Results H1 2010
- Update H2 2010

# KEY POINTS H1 2010

- Net result down 5% to €11.0 mln (H1 2009: 11.5 mln), operational result € 8.9 mln (H1 2009: € 11.5 mln)
- Total income down 7%, primarily caused by fall in interest income
- Fee income stable, despite decreasing market volumes and lower securities lending income
- Interim-dividend stable at € 0.33 per ordinary share (H1 2009: €0.33)

# FINANCIAL TARGETS\*

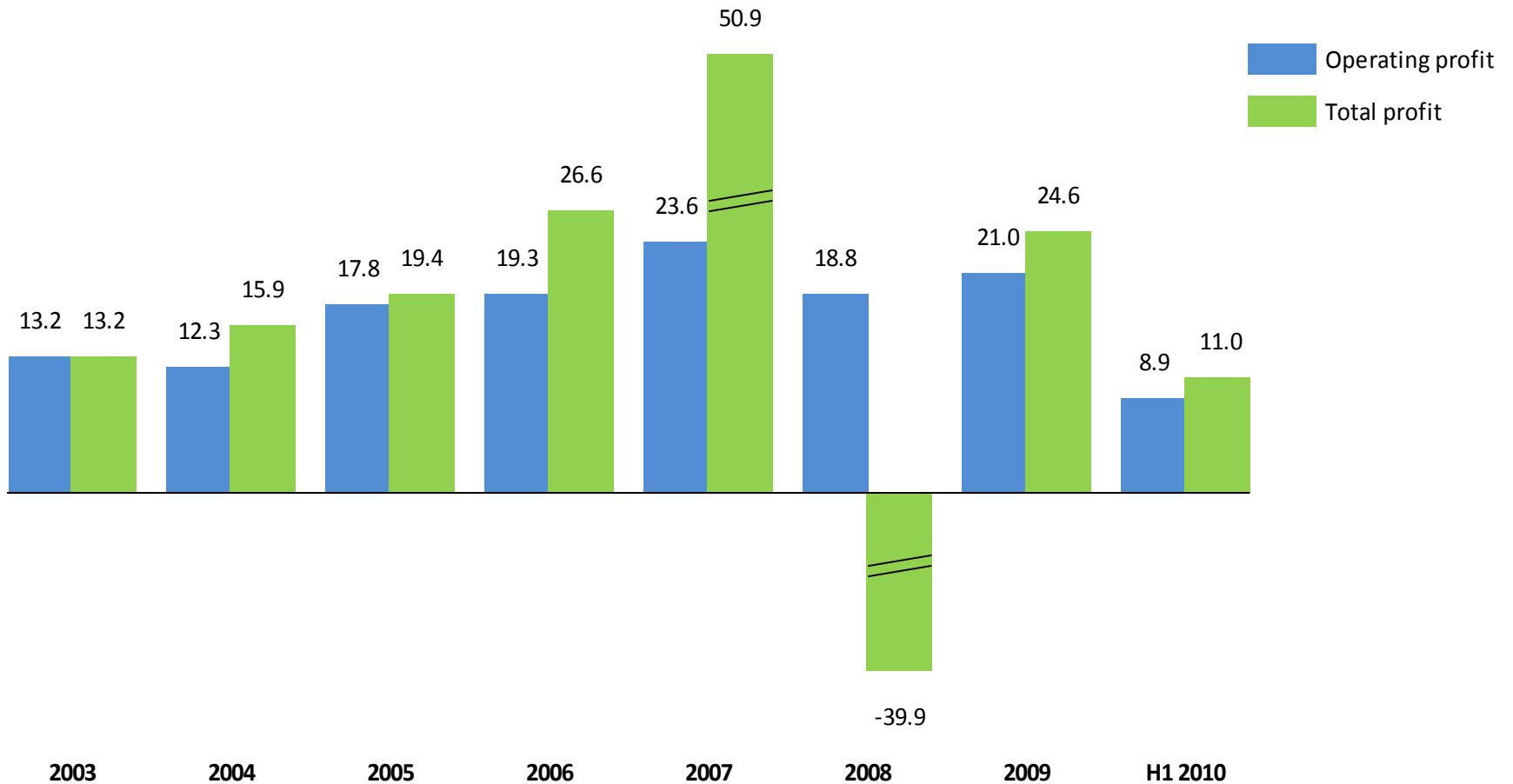
Ratio	Target	H1 2010	H1 2009
Leverage income versus cost	≥ 3%	-4%	-6%
Efficiency ratio	70-77%	81%	77%
RoE	10-year interest rate**+ 5-8%	10%	13%
Growth in earnings per share	> 8%	-23%	-19%
Dividend pay-out***	60-80%	54%	60%
Average BIS-ratio	≥ 12.5%	21%	20%

\* Excl. non-operating items, on an annual basis

\*\* 10-year interest H1 2010: 3.3%, H1 2009: 3.8%

\*\*\* After deduction of intangible assets relating to acquisitions

# PROFIT DEVELOPMENT 2003-2010



# AGENDA

- Key issues, financial targets
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# NON OPERATING ITEMS

€ million	H1 2010	H1 2009	Δ
Operating result	8.9	11.5	-22%
• Loans and advances	1.0		
• Investments	0.6		
• Other	0.5		
Total result	11.0	11.5	-5%

# RESULTS\*

€ million	H1 2010	H1 2009	Δ
Net profit	8.9	11.5	-22%
Income	62.2	66.6	-7%
Costs	50.2	51.3	-2%

\* Excl. non-operating profits

# INCOME\*

€ million	H1 2010	H1 2009	Δ
Revenues	62.2	66.6	-7%
▪ Interest income	11.2	18.5	-39%
▪ Commission income	37.4	37.5	0%
▪ Trading/investments	12.4	9.9	25%
▪ Other	1.2	0.7	65%

\* Excluding non-operating profits

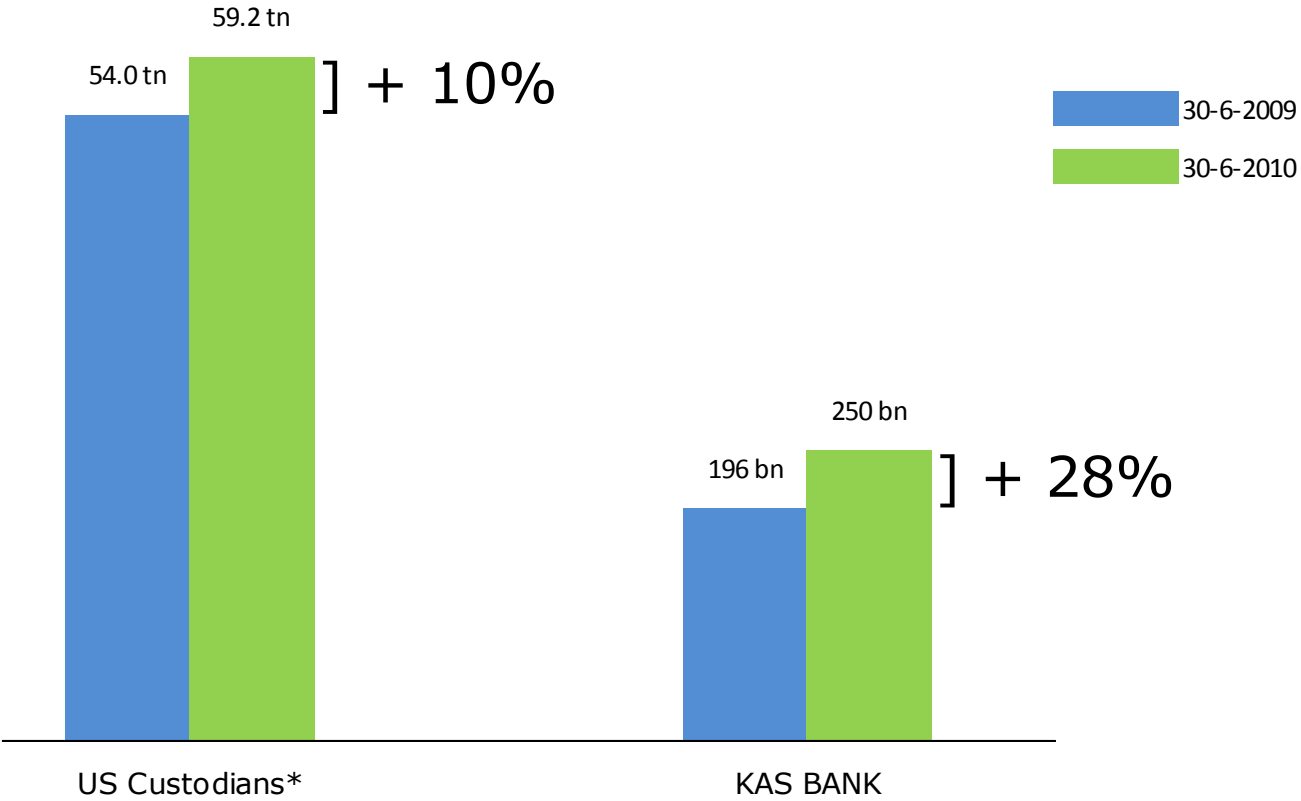
# DRIVERS OF INTEREST INCOME

- Volume up 10% to € 4.1 bn
- Interest margin down
  - Low market interest rates (5 year Dutch government from 2.42% per 31-12-2009 to 1.57% per 30-6-2010)
  - Shortened duration (from 2.18 per 31-12-2009 to 1.35 per 30-6-2010)
  - Surplus liquidity by ECB
- Low risk profile
  - € 100 mln investment in 5 year PIIGS (8% of Investment Portfolio) would have added € 2 mln interest profit

# DEVELOPMENT COMMISSION INCOME

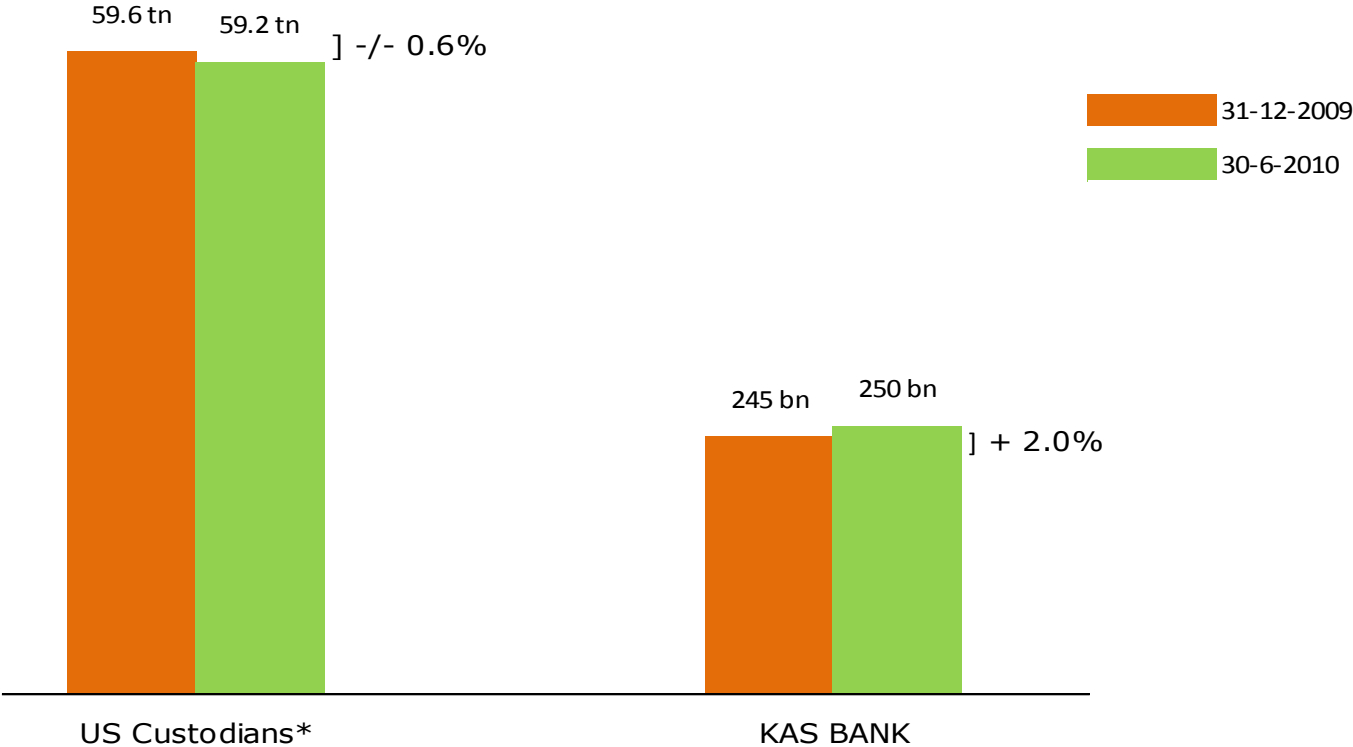
€ million	H1 2010	H1 2009	Δ
Custody and IMS	18.6	13.9	34%
Clearing and Settlement	13.7	17.7	-23%
Securities Lending	2.2	2.9	-24%
Other	2.9	3.0	-3%
<b>Total commission income</b>	<b>37.4</b>	<b>37.5</b>	<b>0%</b>

# ASSETS UNDER ADMINISTRATION



\*BoNY Mellon. State Street. Northern Trust. JP Morgan

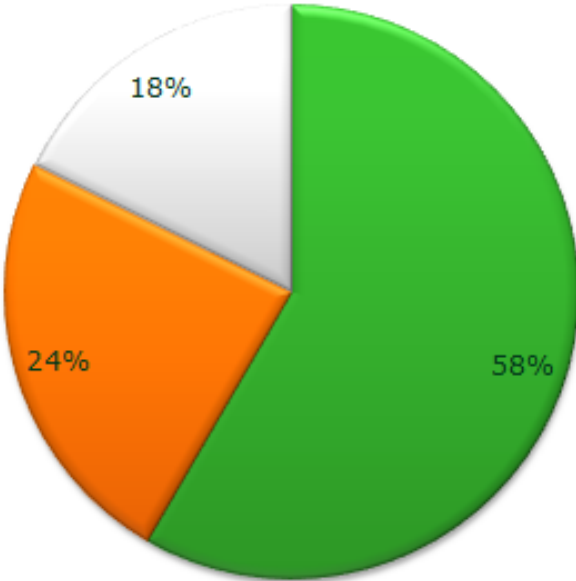
# ASSETS UNDER ADMINISTRATION



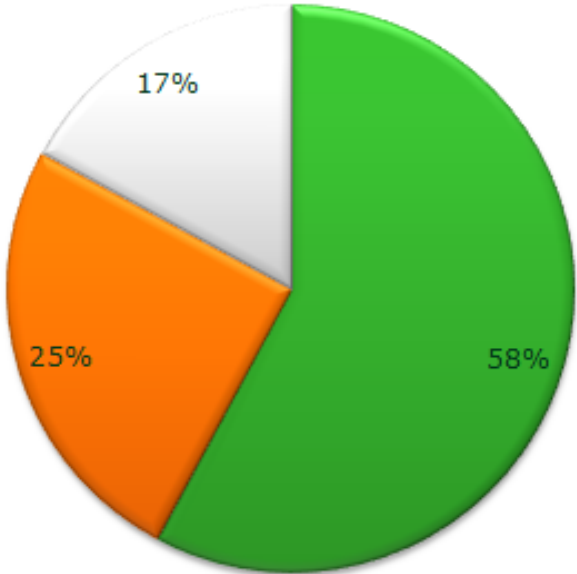
\*BoNY Mellon. State Street. Northern Trust. JP Morgan

# INCOME – CLIENT

H1 2010



H1 2009

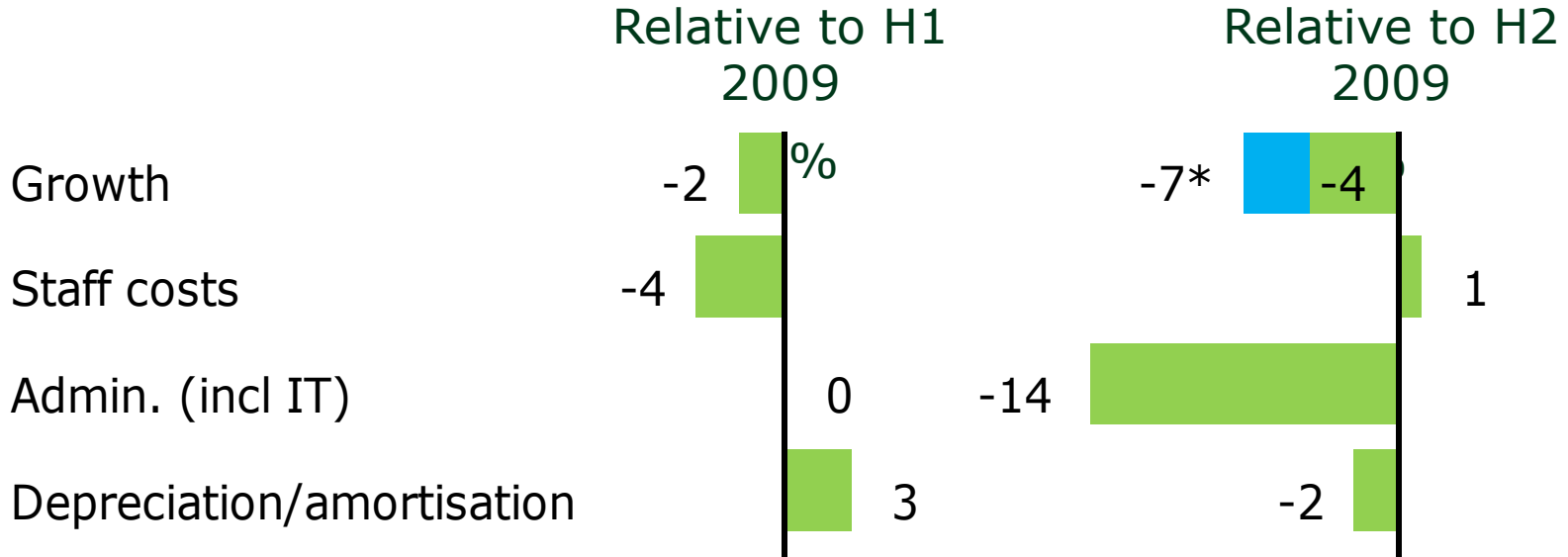


- II\*
- FI\*\*
- other

\* Institutional Investors

\*\* Financial Institutions

# COSTS



\* Excl. non operating costs

# STAFF DEVELOPMENT

	30-6-10	31-12-09	30-6-09
# FTE reporting date	739	782	800
Average # for the reporting period	761	795	797

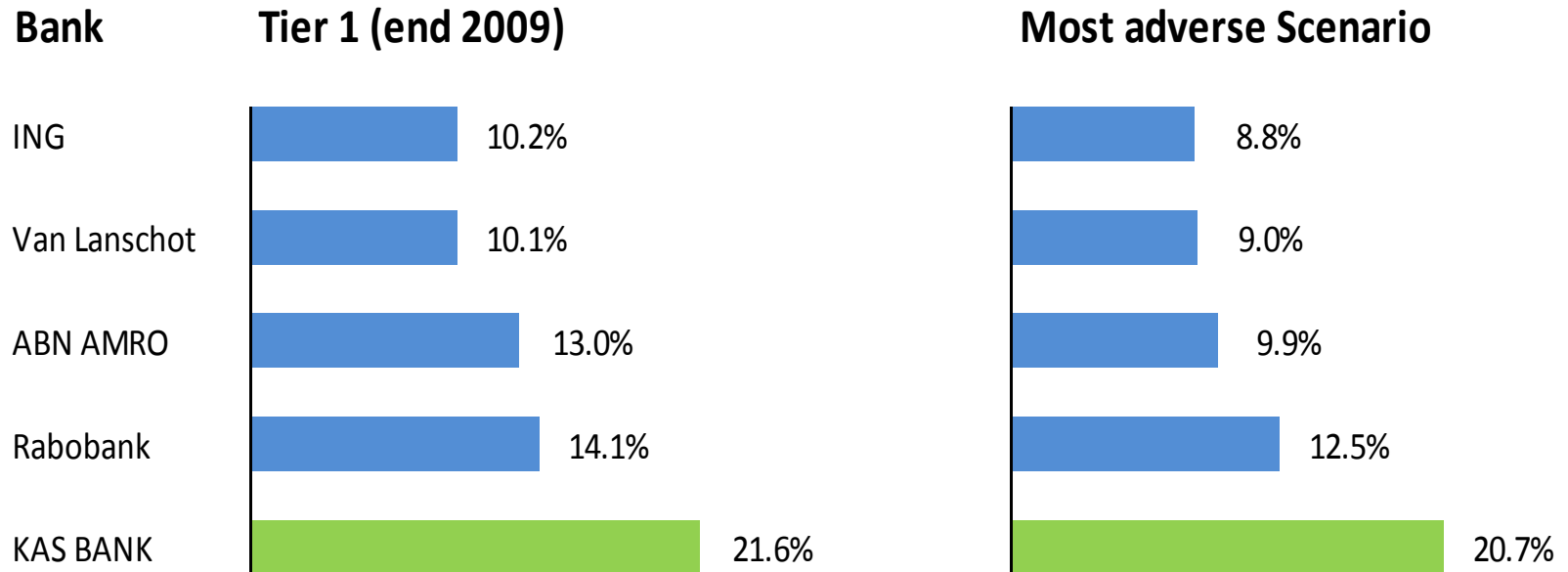
# INVESTMENT PORTFOLIO – HIGH QUALITY

	<b>30-6-10</b>	<b>%</b>	<b>31-12-09</b>	<b>%</b>
Aaa - Aa3	1.185	94%	1.339	93%
A1 - A3	27	2%	37	3%
Baa1 - Baa3	32	3%	40	3%
Equities	19	1%	28	1%
<b>Total</b>	<b>1.263</b>	<b>100%</b>	<b>1.444</b>	<b>100%</b>

# RISK PROFILE – SOLVENCY / LIQUIDITY

	<b>30-6-2010</b>	<b>31-12-2009</b>
BIS-ratio	21%	25%
Tier 1-ratio	19%	22%
RWA	855 m	707 m
Surplus Liquidity	1.4 bn	1.6 bn

# STRESS TEST DUTCH BANKS



# AGENDA

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# H2 2010 REVENUES

- Continuing pressure from low interest environment
- Fee income volatile as a result of lower stock markets, lower volatility and depressed income from securities lending
- Inflow of new clients from our key markets to continue: growth opportunities in both Financial Institutions and Institutional Investors

# H2 2010 COST DEVELOPMENT

- Further reduction of 3-5% due to ongoing cost programs; external efficiency ratio still above target
- Total staff in line with budget down to approximately 700 fte (30-06-2010: 739 fte)
- All investment programs remain on track as scheduled

# H2 2010 OUTLOOK

- Market volumes, including securities lending, not yet rebounded; continuing pressure on revenues
- Low interest rates continue to affect interest income and income from investments
- Based on HY 2010 results and ongoing unstable financial markets the Managing Board does not provide forecasts for 2010

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