



Annual General Meeting 2014

Local presence, global reach

Amsterdam, 22 April 2015

Agenda

1 Review 2014 - financial

2 Strategic update

3 Q1 2015, preview 2015

1.1 Key points 2014

- 37% growth of AuA in the institutional market to € 451 bn;
- Operating costs 14% lower, leading to improved operational profits (+ 29%);
- Compensation of dwpbank (€ 20 mln gross; € 15 mln net) to be reinvested for 80% in HR, IT and Operations;
- Strong solvency of 24% (Basel 3).



1.2 Financial targets

On track

	Target	2014	2013
Leverage income versus cost	≥ 3%	18.6%	-5.8%
Efficiency ratio	70% - 77%	72.5%	87.8%
ROE	10-year*	11.8%	6.3%
Shareholder premium	+ 5-8%	10.3%	4.3%
Growth in earnings per share	> 8%	96%	-13%
Dividend pay-out	60-80%	39%**	75%
Average Capital ratio	≥ 16%	24%	23%

* 10-year interest 2014: 1.5%, 2013: 2.0%

** Dividend pay-out after deduction of 80% of dwpbank compensation: 76%

1.3 Dividend yield KAS BANK

Strong returns for shareholders

	2007	2008	2009	2010	2011	2012	2013	2014
Dividend	2.60	0.45	0.73	0.73	0.50	0.64	0.64	0.64
Yield year end price	10.4%	4.5%	5.2%	6.2%	5.8%	8.5%	6.6%	6.5%
Yield average price	10.6%	2.1%	6.4%	5.9%	4.9%	8.3%	6.8%	6.4%

1.4 Income

Interest result higher through volume increase and conservative investment policies

€ m	2014	Δ	2013
Revenues	120.7	6%	114.2
• Interest	25.4	20%	21.2
• Commission income	65.3	-3%	67.3
• Trading/investments	8.2	-64%	22.9
• Other	*21.8	679%	2.8

* Incl. dwpbank compensation of € 20 m

1.5 Commission income

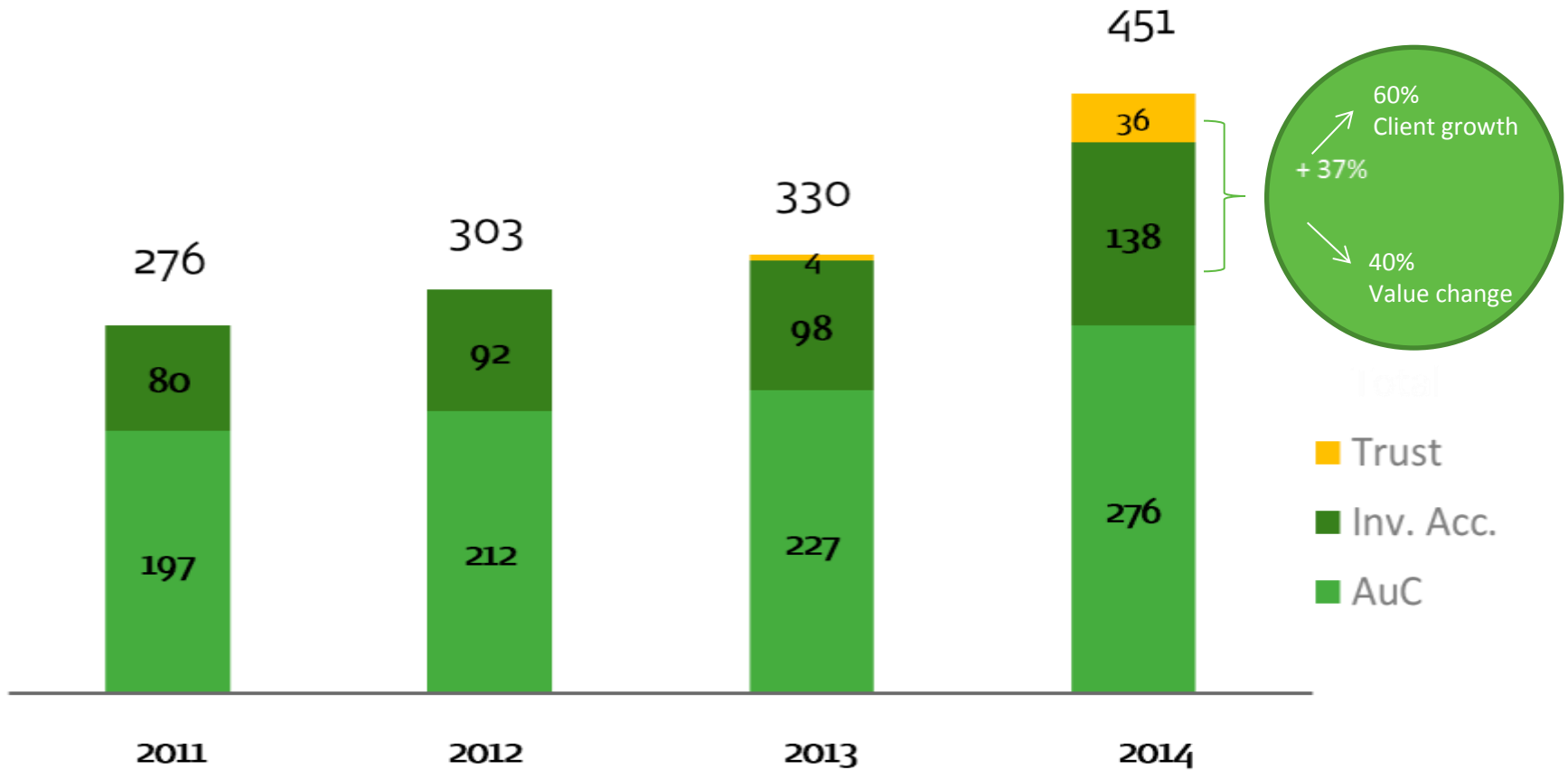
Positive growth in key segments within Asset Servicing

€ m	2014	Δ	2013
Commission income	65.3	-3%	67.3
<ul style="list-style-type: none">Asset Servicing<ul style="list-style-type: none">client winsAIFMDfee pressureclosure of German KAG	30.7	5%	29.1
<ul style="list-style-type: none">Transaction Servicing<ul style="list-style-type: none">fee pressureclient exits resulting from strategic refocus	23.2	-3%	23.9
<ul style="list-style-type: none">Treasury<ul style="list-style-type: none">lower securities lending due to market liq. surplus	11.4	-20%	14.3

1.6 Assets under Administration

Strong client driven growth

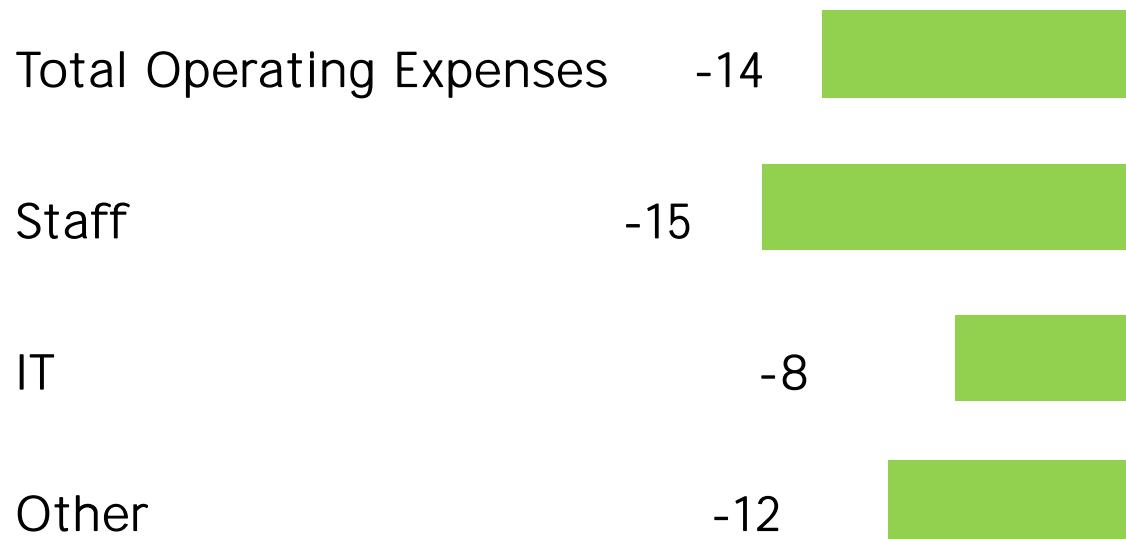
(€ bn)



1.7 Operating Expenses

Overall cost level reduced: staff, IT, procurement

Δ % relative to 2013



1.8 Risk profile – solvency/liquidity

Liquidity and solvency remain very strong

	31-12-2014	31-12-2013
Average capital ratio	24%	23%
RWA	€ 815 m	€ 748 m
Liquidity surplus (Wft)	€ 0.9 bn	€ 1.1 bn

Note: The revaluation of our pension fund liabilities causes our equity base to decrease to € 194 m (2013: € 213 m)

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Key points strategy

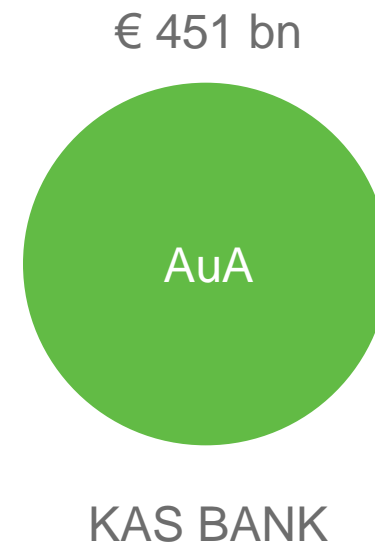
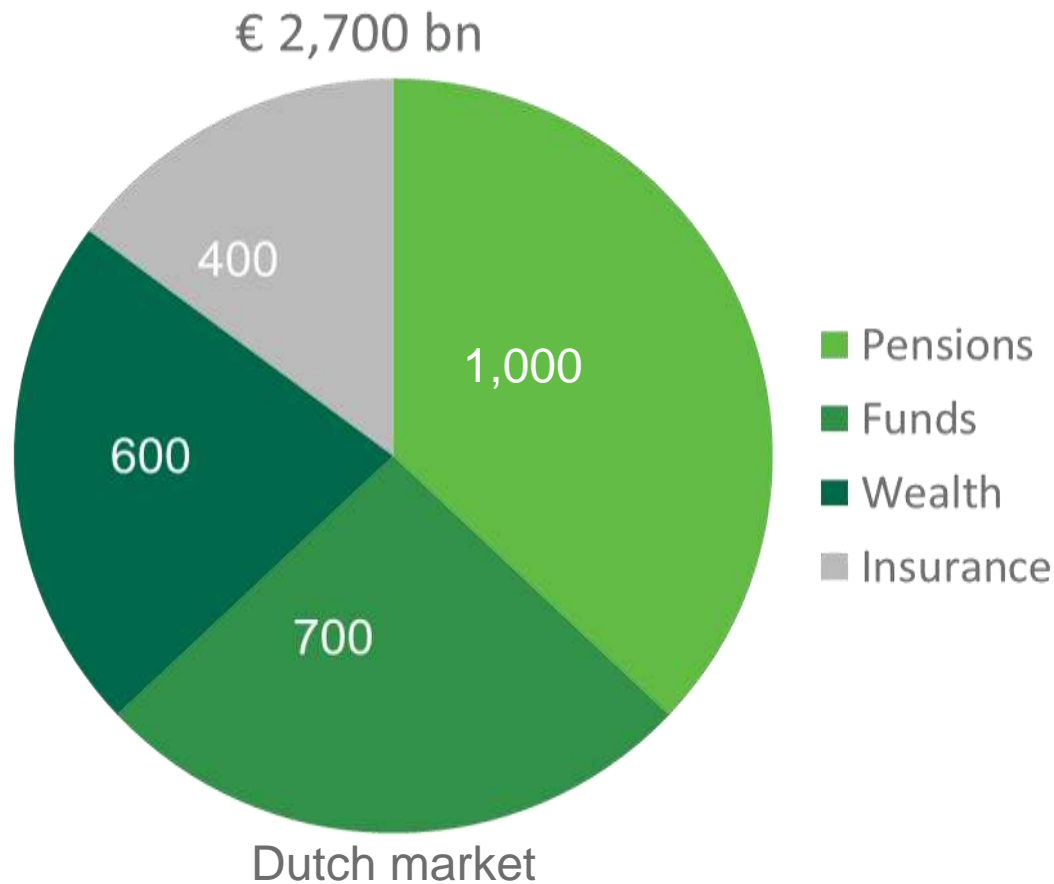
Focus and client driven

- Strategic focus on four institutional key segments: pension funds, insurance companies, investment funds and wealth management – well on track;
- Local specialist in the Netherlands, Germany and the UK with direct access to most European markets as well as a global transaction and custody network. We operate in networks and partnerships;
- We provide value added services such as regulation, governance support, risk management, reporting and monitoring, as well as treasury services such as forex, liquidity management, collateral management and overlay services.

Market size NL of key segments

Sufficient growth opportunities in selected segments

(End of 2014)



Opportunities key segments

New regulation enforces focus and specialization

	Pensions	Insurance	Wealth	Funds
<ul style="list-style-type: none"> • Reporting requirements <ul style="list-style-type: none"> • nFTK • Solvency 2 • EMIR • Look through • Concentration risk • Liquidity risk • ESG screening 	√	√	√	√
<ul style="list-style-type: none"> • Collateral management <ul style="list-style-type: none"> • EMIR • SFTR • Basel III 	√	√	√	√
• MiFID 2 (execution)	√	√	√	√
• AIFMD / UCITS V (depository)				√
<ul style="list-style-type: none"> • Cost transparency <ul style="list-style-type: none"> • Forex • Transaction costs 	√	√	√	√
• Investment Accounting Platform	√	√	√	√

A joint Investment Accounting platform

Acting as a provider of outsourced standard back office functions

- KAS BANK to operate central investment accounting platform for institutional investors:
 - KAS BANK already operates a proven, multi client platform (approx. € 150 bn AuA) including segregated data warehouse functionality as well as ASP
 - Investment accounting of insurances & pension funds are still administrated in-house (total NL: > € 1.400 bn)
 - The central platform will introduce the benefits of sharing the costs and burden of non-differentiating base activities, such as implementing new legislation, security and data management.

- Rationale for institutional investors:
 - Investment accounting is not a USP for institutional investors
 - Cost efficient, scalable, local knowledge center
 - Continuity, local governance

The Custodian Principles

External communication to explain the business model

Nederlands: <http://www.thecustodianprinciples.nl/nl/page/2015-02-02-19-21-48-Commercial>

Commercial



Key differentiators of KAS BANK in the industry

Strong focus on client requirements

- **Local Custodian**

- Local roots and networks;
- "Always first to the market" – strategy: Pension App, look through, cost transparency, EMIR – services, nFTK solutions;
- Transparency in pricing and costs.

- **Pure play / countervailing power**

- Interests of clients and KAS BANK 100% aligned;
- Neutral and independent role (no conflicts of interest);
- No trading or asset management functions.

- **Low risk**

- Part of the Dutch financial key infrastructure as well as the Dutch legal framework;
- Limited direct exposure with strong capital ratio's.

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Q1 2015

Healthy profit growth in Q1

- AuA up 12% at € 505 bn;
Investment accounting platform over € 150 bn;
- Profit grows to € 4.8 m (Q1 2014: € 3.5 m);
- Revenue up 15% at € 31.6 m (Q1 2014: € 27.4 m);
- 11% higher costs due to investments in quality of services and higher pension costs.

Outlook 2015

- Low interest rates and reduced liquidity premiums from Quantitative Easing may influence interest income and securities lending activity;
- Regulatory burden, both local and European, creates continued pressure on our customer base and market opportunities for KAS BANK;
- Focus on operational excellence and continuous improvement expected to generate a long-term cumulative productivity increase of approximately 5% annually; However, reinvestment of the dwpbank compensation of € 5-7 m may reduce total profits in 2015;
- Existing external financial targets remain unchanged.



KAS BANK

COMMITTED SINCE 1806