



Recovery of results in H2; strategic initiatives on track

Analyst meeting
Amsterdam, 2 March 2017

Key points Full year 2016

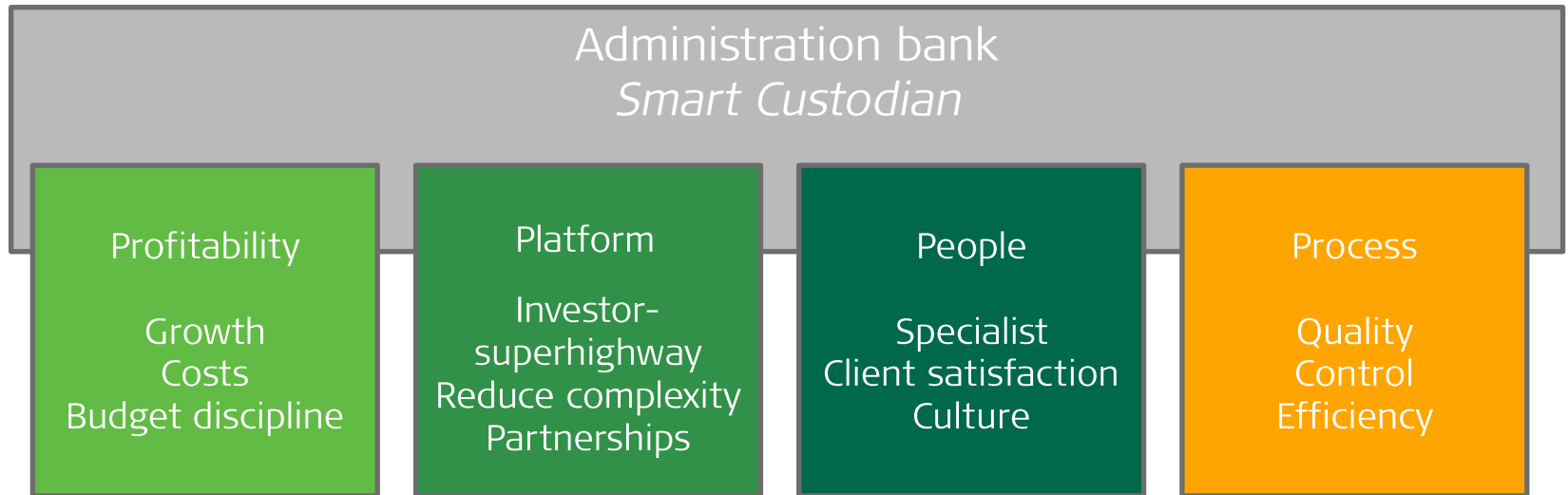
1. Net operational result in 2016 of EUR 8.2 million (H2: EUR 7.3 million and H1: EUR 0.9 million; FY2015: 11.1 million). Total net result of EUR 14.9 million (H2: EUR 14.0 million and H1: EUR 0.9 million; FY2015: EUR 15.3 million). Operating expenses decreased 7% and KAS BANK's operating income declined by 8%.
2. Strategic focus has resulted in steps taken towards our ambition to become the best administration bank. Fitch Ratings recognition of our financial robustness with reconfirmation of A- rating with stable outlook.
3. Assets under Administration increased by 9% from EUR 464 billion to EUR 504 billion at year-end 2016. Average capital ratio (26%) and liquidity coverage ratio (225%) remain at a high level.
4. Dividend of EUR 0.64 is in line with previous years, dividend yield of 7.6% (2015: 6.0%).

Program today

- 1 **KAS BANK's strategy**
- 2 Our financial performance
- 3 Operational Excellence
- 4 Outlook 2017

KAS BANK's Strategy

Becoming the best administration bank



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Results

Recovery of results in second half year

€ m	2016	Δ	2015
Operating income	106.0	-8%	115.5
Operating expenses	-95.8	-7%	-103.2
Impairment results	0.5	-81%	2.7
Tax expense	-2.6	-33%	-3.9
Net result from operations	8.2	-26%	11.1
Result of sale Lehman claim	-		5.6
Sale of office building	21.2		-
IT outsourcing and Restructuring provision	-12.3		-
Tax	-2.2		-1.4
Net result – other	6.7		4.2
Net result for the period	14.9	3%	15.3

Comprehensive income

Increase in contribution revaluation reserve AFS

€ m	2016	2015
Net result for the period	14.9	15.3
Revaluation Available for Sale portfolio	5.1	1.9
Revaluation land and buildings	-	8.1
Actuarial gains/losses on pension	-	-0.6
Net total comprehensive income	20.0	24.7

Financial targets

Cost/income ratios still below targets, equity ratios on or above target

	Target	2016	2015
Leverage income versus cost	$\geq 3\%$	0.3%	-17.2%
Efficiency ratio	70% - 77%	85%	85%
Return on Equity	10-year +5-8%	7.2%	7.6%
Growth in earnings per share	$> 8\%$	-3%	-37%
Dividend pay-out	60-80%	64%	62%
Average capital ratio	$\geq 16\%$	26%	20%

Operating income

New sales and cross sell defeated by ECB policies

€ m	2016	Δ	2015
Operating income	106.0	-8%	115.5
• Interest	15.8	-32%	23.3
• Commission income	69.9	-3%	72.2
• Trading/investments	19.8	4%	19.0
• Other	0.5	-50%	1.0

Commission income

Growth in focus area: asset servicing

€ m	2016	Δ	2015
Commission income	69.9	-3%	72.2
• Asset Servicing • increase of added value services	37.3	6%	35.2
• Transaction Servicing • pressure on price	21.1	-2%	21.6
• Treasury • challenging conditions in securities lending markets	11.5	-25%	15.4

Operating expenses

Decrease of expenses mainly due to lower personnel expenses

€ m	2016	Δ	2015
Operating expenses	95.8	-7%	103.2
• Personnel	60.9	-12%	69.2
• IT expenses	18.1	14%	15.9
• Other expenses	14.0	-4%	14.6
• Depreciation and amortisation	2.8	-20%	3.5

Capital and liquidity

Ratios remain at a high level

€ m	2016	2015
Capital ratio (year end)	30%	24%
Common equity tier 1	199	183
Risk weighted assets	660	735
Leverage ratio (year end)	4.3%	-
Liquidity Coverage Ratio	225%	143%

based on CRD/BIII

€ m	2016
Equity as per 1 January	210
Revaluation reserve (AFS, own building)	18
(interim) dividend	9
Profit	15
Equity as per 31 December	225

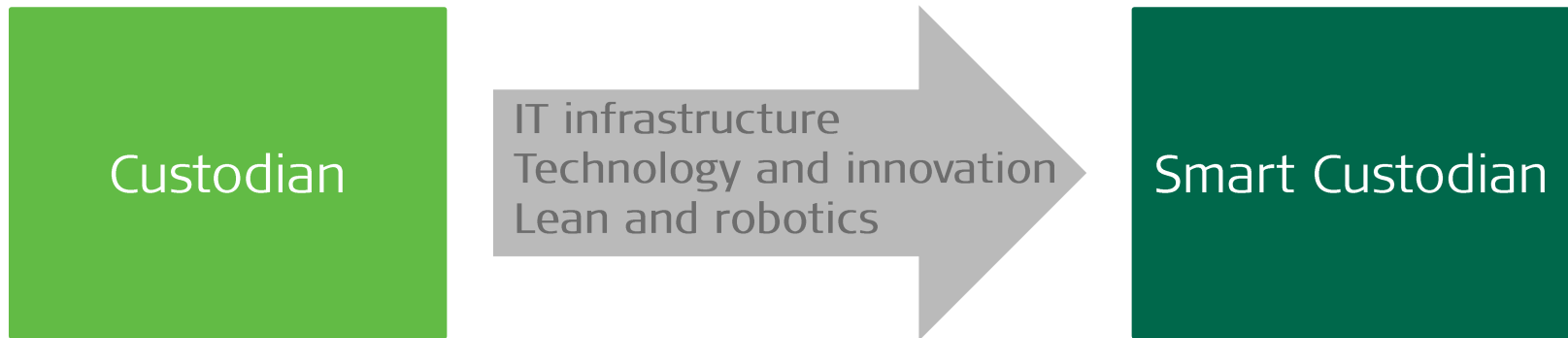
based on IFRS

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Operational Excellence

Our ambition is to become the best administration bank



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Outlook 2017

- Economic and political conditions remain challenging;
- continued focus on improving customer satisfaction;
- maintaining newly installed and stricter cost discipline;
- utilise our ability to help customers with new rules and regulations;
- work toward our ambition to become the best administration bank.



 **KAS BANK**
COMMITTED SINCE 1806