

## **PRESS RELEASE**

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### ***Stable first quarter in a still unstable market***

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- **Operating profit €4.4 million (Q1 2009: €4.4 million); total profit €5.6 million (Q1 2009: €4.4 million)**
- **Total revenue unchanged despite pressure on commission and interest income; securities lending market recovering more slowly than expected**
- **Assets under administration (AuA) up 21% compared with 1 January 2009 at around €250 billion**
- **Expenses down 5% on Q4 2009**

The continuing unrest on the financial markets in the first quarter had a direct impact on volumes on the equities, bonds and derivatives markets. Although stock market prices in Europe have risen slightly so far in 2010, it is too early to speak of a definite recovery.

Short-term interest rates are likely to remain low, with little prospect of them rising before the end of the year. Although KAS BANK has virtually no exposure to vulnerable eurozone countries such as Greece and Ireland, the continuing unrest means that surplus market liquidity is only slowly being reduced via the ECB. This is a constraint on the additional interest income generated by the surplus liquidity traditionally held by KAS BANK.

Commission income is still under pressure from low trading volumes on and off the exchanges. Banks and institutional investors are taking a cautious line pending the introduction of new rules on capital adequacy, liquidity and risk management in general, which also means that income from securities lending is recovering more slowly than expected. Pension funds in particular are choosing to wait until peace has been restored fully to the financial markets.

Assets under administration were 21% higher compared with 1 January 2009, growing to around €250 billion with the inflow of new assets and the partial recovery of the stock markets in 2009. A similar picture is evident on the trading side, with the number of transactions rising especially in high-frequency equities trading.

Operating expenses were 5% lower. The number of employees was reduced in line with the target to 760 FTEs. Expenses over the full year are expected to be lower than the 2009 level according to plan.

The bank maintained a high level of capital adequacy and liquidity.

Helped by active balance sheet management and lower operating expenses, operating profit turned out at €4.4 million (Q1 2009: €4.4 million). Total profit amounted to €5.6 million (Q1 2009: €4.4 million), reflecting gains on bonds on which impairment losses had been recognised in 2008. There have been no losses on loans and advances in 2010.

On the basis of the first-quarter results and the uncertain market prospects, the Managing Board prefers not to give a full-year forecast for 2010 at this stage.

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**Profile of KAS BANK N.V.**

KAS BANK is an independent European specialist provider of wholesale securities services, linking professional financial players in Europe and beyond.

Our focus is on added-value services for Dutch and foreign players in the world of pensions and finance, working from our clients' market perspective. Custom-tailored services and transparency are our key attributes.

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