

This Offer expires at 23 September 2019 unless extended

OFFER MEMORANDUM

dated 26 July 2019

RECOMMENDED CASH OFFER

BY

CACEIS BANK S.A.



(a public limited liability company (*société anonyme*) incorporated under the laws of France, with its corporate seat in Paris, France)

FOR THE LISTED ISSUED AND OUTSTANDING DEPOSITARY RECEIPTS OF ORDINARY SHARES
AND NON-LISTED ISSUED AND OUTSTANDING ORDINARY SHARES WHICH ARE NOT
REGISTERED IN THE NAME OF STICHTING ADMINISTRATIEKANTOOR AANDELEN KAS BANK
IN THE CAPITAL OF

KAS BANK N.V.



(a public limited liability company (*naamloze vennootschap*)
incorporated under the laws of The Netherlands, with its corporate seat in Amsterdam, The Netherlands)

This offer memorandum (the "**Offer Memorandum**") contains the details of, and the terms and conditions and restrictions to, the recommended public offer by CACEIS Bank S.A. (the "**Offeror**") to all holders of (i) issued and outstanding depositary receipts with a nominal value of €1 each and issued by the trust office Stichting Administratiekantoor Aandelen KAS BANK (the "**Share Trust Office**") for ordinary shares in the capital of KAS BANK N.V. ("**KAS BANK**" or the "**Company**") held by the Share Trust Office (the "**Depository Receipts**") and (ii) issued and outstanding ordinary shares in the capital of the Company held by parties other than the Share Trust Office and registered under their name in the Company's shareholders register with a nominal value of €1 each (the "**Registered Shares**" and together with the Depository Receipts, the "**Securities**"; holders of such Securities being referred to as "**Securityholders**"), to purchase for cash their Securities on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the "**Offer**"). Capitalised terms used in this Offer Memorandum have the meaning as set out in Section 2 (*Definitions*). As at the date of this Offer Memorandum, 15,594,990 Depository Receipts and 104,027 Registered Shares are issued and outstanding and subject to the Offer.

Securityholders tendering their Securities under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration for each Security validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) to the Offeror, a cash amount of € 12.75 per Security (cum dividend) (the "**Offer Price**") without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date (as defined below), any cash or share dividend or other distribution is declared in respect of the Securities and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Security equivalent to any such cash or share dividend or other distribution per Security.

The managing board (*raad van bestuur*) of the Company (the "**Managing Board**") and the supervisory board (*raad van commissarissen*) of the Company (the "**Supervisory Board**", and together with the Managing Board the "**Boards**") unanimously support and recommend the Offer for acceptance to the Securityholders. Reference is made to Section 4.13 (*Decision-making and Recommendation by the Boards*) and the Position Statement.

The members of the Managing Board have irrevocably undertaken to accept the Offer and to tender all Securities they can freely tender as per the Acceptance Closing Date (as defined below) and to vote in favour of the Resolutions (as defined below). These irrevocable undertakings together represent approximately 0.02% of all issued and outstanding Securities as at the date hereof, for the avoidance of doubt excluding Securities held by KAS BANK and its Subsidiaries (as defined below). Reference is made to Section 4.17 (*Irrevocable Undertakings*).

The acceptance period under the Offer (the "**Acceptance Period**") commences at 09:00 hours CET, on 29 July 2019 and, unless extended, expires at 17:40 hours CET, on 23 September 2019 (such time and date, as may be extended in accordance with article 15 of the Decree on public offers Wft (*Besluit openbare biedingen Wft*, the "**Takeover Decree**")) being referred to as the "**Acceptance Closing Time**" and the day on which the Acceptance Closing Time occurs being referred to as the "**Acceptance Closing Date**". Acceptance under the Offer must be made in the manner specified in this Offer Memorandum.

Securities tendered on or prior to the Acceptance Closing Time may not be withdrawn, subject to the right of withdrawal of any tender of Securities during the Acceptance Period in accordance with the provisions of article 5b, paragraph 5, article 15, paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree.

The Offer is subject to the fulfilment of the Offer Conditions (as defined below), including, but not limited to, the number of Securities having been tendered for acceptance on the Acceptance Closing Date, together with Securities directly or indirectly held by the Offeror, representing at least 95% (ninety-five per cent) of the Company's issued and outstanding share capital excluding Securities held by the Company or any of its Subsidiaries for their own account at the Acceptance Closing Date (the "**95% Condition**"). The Offeror and the Company each reserve the right to waive the 95% Condition and certain other Offer Conditions to the extent permitted by law and subject to the terms and conditions of the Merger Protocol (as defined below). See Section 4.14 (*Offer Conditions*) and Section 4.15 (*Waiver*) and Section 4.18 (*Post-Closing Restructuring Measures*).

The Offeror reserves the right to extend the Offer past the Acceptance Closing Time. If the Offer is extended past the Acceptance Closing Time, the Offeror will make an announcement to that effect in accordance with the Takeover Decree. See Section 3 (*Invitation to Securityholders*).

The Offeror will, in accordance with article 16, paragraph 1 of the Takeover Decree, announce on a day within three (3) Business Days following the Acceptance Closing Date if it declares the Offer unconditional (*gestand wordt gedaan*) (the "**Unconditional Date**"). In such announcement, the Offeror will also confirm the aggregate

value, the number and the corresponding percentage of Securities tendered to the Offeror prior to the Acceptance Closing Time.

Announcements stating that the Offeror declares the Offer unconditional (*gestand wordt gedaan*) and announcements concerning an extension of the Offer past the Acceptance Closing Time will be made by press release, a copy of which will be made available on the Company's website at www.kasbank.com.

In the event that the Offeror declares the Offer unconditional (*gestand wordt gedaan*), the Securityholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) their Securities for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time (each of these Securities, a "**Tendered Securities**") will receive promptly, but in any event within five (5) Business Days following the Unconditional Date (the "**Settlement Date**"), the Offer Price in respect of each Tendered Security.

The information required by article 18, paragraph 2 of the Takeover Decree in connection with the Offer is included in the position statement of the Boards (the "**Position Statement**"). The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* or "**AFM**") prior to publication.

On 12 September 2019 at 15:00 hours CET, the Company will hold an EGM (as defined below) to discuss the Offer in accordance with article 18, paragraph 1 of the Takeover Decree. Certain resolutions will be proposed to the EGM in connection with the Offer. Reference is made to Section 4.11 (*Extraordinary general meeting of KAS BANK*) and the Position Statement.

This Offer Memorandum has been prepared in accordance with article 5:76 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) ("Wft**") in conjunction with the provisions of article 8, paragraph 1, of the Takeover Decree and has been approved by the AFM in accordance with the provision of article 8 of the Takeover Decree.**

THIS OFFER MEMORANDUM CONTAINS DETAILED INFORMATION CONCERNING THE OFFER FOR SECURITIES AND THE PROPOSED TRANSACTIONS AS THEY RELATE TO THE OFFEROR. THE OFFEROR RECOMMENDS THAT YOU READ THIS OFFER MEMORANDUM CAREFULLY.

Distribution of this Offer Memorandum may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offer Memorandum are urged to inform themselves of any such restrictions which may apply to them and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Offeror and KAS BANK disclaim all responsibility for any violation of such restrictions by any person. Reference is made to Section 1 (*Restrictions and Important Information*).

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1. RESTRICTIONS AND IMPORTANT INFORMATION

1.1 Restrictions

The Offer is being made in and from The Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror is held by Crédit Agricole S.A. Further background into the Offeror is set out in Section 6 (*Information on the Offeror and CACEIS*). The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Securityholder, even if such a tender has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Securities will not be accepted for purchase from or on behalf of any Securityholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. However, acceptances of the Offer by Securityholders not residing in The Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum and (ii) the applicable laws and regulations in the jurisdiction from which such acceptances have been made. Persons obtaining the Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than The Netherlands. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully review this Section 1 (*Restrictions and Important Information*) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

1.1.1 *Canada*

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada or, in their capacities as such, to custodians, nominees or trustees holding Securities for persons residing in Canada. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada.

Tender and transfer of Securities constitute a representation and warranty that the person tendering the Securities (a) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada and (b) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

1.2 Important Information

1.2.1 *United States of America*

The Offer is being made for the Securities of KAS BANK, a public limited liability company incorporated under Dutch law, and is subject to Dutch disclosure and procedural requirements, which differ from those of the United States. The financial information of KAS BANK included or referred to herein has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission and Part 9 of Book 2 of the Dutch Civil Code for use in the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States in compliance with Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") and the rules and regulations promulgated thereunder, including the exemptions therefrom, and otherwise in accordance with the applicable regulatory requirements in the Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Securities may be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local laws, as well as foreign and other tax laws. Each holder of Securities is urged to consult his or her independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of Securities to enforce their rights and any claim arising out of the U.S. federal securities laws, since the Offeror and KAS BANK are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Securities may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission or other regulatory authority has approved or disapproved the Offer, passed upon the fairness or merits of the Offer or provided an opinion as to the accuracy or completeness of this Offer Memorandum or any other documents regarding the Offer. Any declaration to the contrary constitutes a criminal offence in the United States.

To the extent permissible under applicable law or regulation, including Rule 14e-5 of the U.S. Exchange Act, and in accordance with standard Dutch practice, the Offeror and its Affiliates or brokers (acting as agents for the Offeror or its Affiliates, as applicable) may before or during the period in which the Offer remains open for acceptance, directly or indirectly, purchase, or arrange to purchase, Securities outside of the United States, from time to time, other than pursuant to the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In addition, the financial advisers to the Offeror may engage in ordinary course trading activities in securities of KAS BANK, which may include purchases or arrangements to purchase such securities. To the extent required in the Netherlands, any information about such purchases will be announced by press release in accordance with Article 13 of the Takeover Decree and posted on the website of CACEIS Bank at www.caceis.com.

1.2.2 *Important information in the Offer Memorandum*

This Offer Memorandum contains important information that should be read carefully before any decision is made to tender Securities in connection with the Offer. Securityholders are advised to seek independent advice where necessary. In addition, Securityholders are urged to consult their tax advisors regarding the tax consequences of tendering their Securities in the Offer.

Any tender, purchase and delivery of the Securities means acceptance of the terms and conditions contained in this Offer Memorandum as further set out in Section 1 (*Restrictions and important information*), Section 3 (*Invitation to Securityholders*) and Section 4 (*Explanation of the Offer*).

1.2.3 Responsibility

The information included on the cover page, page 2, page 3, page 4 and in Sections 1.1 (*Restrictions*) through Section 1.2.1 (*United States of America*), Section 2 (*Definitions*), Section 3 (*Invitation to Securityholders*), except for Section 3.14 (*Indicative Timetable*), Section 4.1 (*Introduction*) through Section 4.5 (*Non-financial Covenants*), Section 4.7 (*The Integration*) through Section 4.10 (*Clearances*), Section 4.12 (*Financing of the Offer*), Section 4.14 (*Offer Conditions*) through Section 4.19 (*Consequences of the Offer*), Section 6 (*Information on the Offeror and CACEIS*), Sections 7.1(ii) and 7.1(iv) (*Further Declarations pursuant to the Takeover Decree*), Section 8 (*Dutch Tax Aspects of the Offer*), Section 9 (*Dutch language summary*) and Section 13 (*Articles of Association*) have been solely provided by the Offeror and CACEIS.

The information included in Section 4.11 (*Extraordinary general meeting of KAS BANK*), Section 4.13 (*Decision-making and Recommendation by the Boards*), Section 5 (*Information regarding KAS BANK*), Section 7.1(v), (*Further Declarations pursuant to the Takeover Decree*) and Section 12 (*Financial Information on KAS BANK*) has been solely provided by KAS BANK.

The information included in Section 1.2.2 (*Important Information in the Offer Memorandum*) through Section 1.2.10 (*Financial Advisers*), Section 3.14 (*Indicative Timetable*), Section 4.6 (*Employees and Social Aspects*), Section 7.1 (*Further Declarations pursuant to the Takeover Decree*) introductory paragraph, Section 7.1(i), Section 7.1(iii), Section 10 (*Advisors*) and Section 11 (*Press Releases*) have been provided by the Offeror and KAS BANK jointly.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

Both the Offeror and the Company confirm, each with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Section 12 (*Financial Information on KAS BANK*) has been sourced by the Company from the consolidated financial statements for the year ended 31 December 2016, the year ended 31 December 2017 and the year ended 31 December 2018, as published in the annual reports of the Company for the years ended 2016, 2017, 2018, respectively. The independent auditor's report to the financial statements 2018 and the independent auditor's report for the selected financials included in Section 12 (*Financial Information on KAS BANK*) has been sourced by the Company from PricewaterhouseCoopers Accountants N.V.. The Company confirms that this information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading.

KAS BANK confirms that, to the best of its knowledge, the selected consolidated financial information included in Section 12 (*Financial Information on KAS BANK*) has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, should therefore not be regarded as exact. In addition, the rounding also means that the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to this date or that there has been no change in the information set

out in this Offer Memorandum or in the affairs of the Company and/or its subsidiaries and/or its Affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of the Offeror and KAS BANK, each insofar as it concerns them, to make a public announcement of any information pursuant to, respectively, article 4, paragraph 3 of the Takeover Decree and the European Market Abuse Regulation (596/2014), if applicable.

No persons other than the Offeror, CACEIS and Crédit Agricole in respect to the Offer and KAS BANK in respect to KAS BANK, and without prejudice to the independent auditor's reports issued by PricewaterhouseCoopers Accountants N.V included in the Offer Memorandum and the Fairness Opinions issued by Rabobank and ABN AMRO Bank included in the Position Statement, are authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror, CACEIS and Crédit Agricole in respect to the Offer or KAS BANK in respect to KAS BANK in connection with this Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror or KAS BANK in respect to KAS BANK, such information or statements should not be relied upon as having been provided by or made by or on behalf of the Offeror, CACEIS and Crédit Agricole in respect to the Offer or KAS BANK in respect to KAS BANK. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror, CACEIS and Crédit Agricole in respect to the Offer or KAS BANK in respect to KAS BANK.

1.2.4 *Governing law*

This Offer Memorandum and the agreements entered into between the Offeror and the Securityholders pursuant to the Offer are, and any tender, purchase or delivery of Securities will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts (including, for the avoidance of doubt, the Supreme Court (*Hoge Raad der Nederlanden*)) shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the agreements entered into between the Offeror and the Securityholders pursuant to the Offer and/or any tender, purchase or delivery of Securities. Accordingly, any legal action or proceedings arising out of or in connection with the Offer Memorandum, the Offer and/or any tender, purchase or delivery of Securities shall be brought exclusively in such courts.

1.2.5 *Language*

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 9 (*Dutch language summary*). In the event of any differences, whether or not in interpretation, between the English language text of the Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English language text of the Offer Memorandum shall prevail over the text of the Dutch language summary of this Offer Memorandum.

ING Bank N.V. has been appointed as Settlement Agent (as defined below) in the context of the Offer.

1.2.6 *Addresses*

The Settlement Agent

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

The Offeror

CACEIS Bank S.A.
1-3 place Valhubert
75013, Paris
France

The Company

KAS BANK N.V.
De Entree 500
1101 EE Amsterdam
The Netherlands

1.2.7 *Assignment*

On 24 February 2019, CACEIS S.A. and the Company entered into a merger protocol setting out their respective rights and obligations with respect to the Offer (the "**Merger Protocol**"). CACEIS S.A. has assigned all of its rights and obligations under the Merger Protocol to the Offeror. CACEIS S.A. shall remain jointly and severally liable with the Offeror for the proper performance of any and all obligations under the Merger Protocol assigned to the Offeror.

1.2.8 *Availability of information and documents incorporated by reference*

Digital copies of this Offer Memorandum are available on the websites of the Company (at www.kasbank.com) and the Offeror (at www.caceis.com). These websites do not constitute a part of, and is not incorporated by reference into, this Offer Memorandum. Copies of this Offer Memorandum are furthermore available free of charge at the office of the Settlement Agent at the address mentioned above.

Copies of the Company's annual reports for the financial years 2018, 2017, 2016, all of which are incorporated by reference in this Offer Memorandum, are also available free of charge at the abovementioned office of the Settlement Agent and on the Company's website at www.kasbank.com.

The current Articles of Association, which are incorporated by reference in this Offer Memorandum, are available on the website of the Company (www.kasbank.com). Certain amendments to the Articles of Association will be proposed for adoption in accordance with the drafts of the amended articles of association included in section 13 (*Articles of Association*), as described in Sections 4.9 (*Amendments to the Articles of Association*) and 4.11 (*Extraordinary general meeting of KAS BANK*).

1.2.9 *Forward looking statements*

This Offer Memorandum includes certain forward looking statements, including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although Crédit Agricole, CACEIS, the Offeror and the Company, each with respect to the statements it has provided, believe that the expectations reflected in such forward looking statements are based on reasonable assumptions and are, to the best of their knowledge, true and accurate on the date of this Offer Memorandum, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of the forward looking statements. Any such forward looking statement must be considered together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which Crédit Agricole, CACEIS, the Offeror or the Company do business, to competitive developments or risks inherent to their respective business plans and to uncertainties, risk and volatility in financial markets and other factors affecting them.

The forward-looking statements involve unknown risks, uncertainties and other factors, many of which are outside the control of Crédit Agricole, CACEIS, the Offeror and the Company, and are difficult to predict. These forward-looking statements are not guarantees of future performance. Potential risks and uncertainties include, but are not limited to, (i) the risk that required regulatory approvals may delay the Offer or result in the imposition of conditions that could have a material adverse effect on the integration of the Company into Offeror's Group or cause the Offeror and the Company to abandon the Offer, (ii) the risk that the Offer Conditions may not be satisfied, (iii) risks relating to the Offeror's ability to successfully operate the Company without disruption to its other business activities, which may result in the Company

not operating as effectively and efficiently as expected, (iv) the possibility that the Offer may involve unexpected costs, unexpected liabilities or unexpected delays, (v) the risk that the businesses of the Offeror and the Company may suffer as a result of uncertainty surrounding the Offer, (vi) the effects of competition (in particular the response to the Offer in the marketplace) and competitive developments or risks inherent to the Offeror's or the Company's business plans, (vii) the risk that disruptions from the Offer will harm relationships with customers, employees and suppliers, (viii) political, economic or legal changes in the markets and environments in which the Offeror and the Company do business, (ix) economic conditions in the global markets in which the Offeror and the Company operate, (x) uncertainties, risk and volatility in financial markets affecting the Offeror and the Company, and (xi) other factors that can be found in Crédit Agricole, CACEIS and the Offeror and its subsidiaries' and the Company's press releases and public filings. Neither Crédit Agricole, CACEIS and the Offeror nor the Company, nor any of their respective Affiliates and advisers, accepts any responsibility for any financial information contained in this Offer Memorandum relating to the business, results of operations or financial condition of the other or their respective groups. Each of Crédit Agricole, CACEIS, the Offeror and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based except as required by Applicable Rules or by any competent regulatory authority.

Crédit Agricole, CACEIS, the Offeror and the Company undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

1.2.10 *Financial advisers*

(a) Financial adviser to KAS BANK

Rabobank (as defined below) is acting as financial adviser exclusively to KAS BANK and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than KAS BANK for providing the protections afforded to the clients of Rabobank or for providing advice in relation to the Offer. Rabobank, acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to KAS BANK on the financial aspects of the Offer and in preparation thereof.

Rabobank has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

(b) Financial adviser to the Offeror

Crédit Agricole Corporate and Investment Bank ("**CACIB**") is acting as financial adviser exclusively to Crédit Agricole, CACEIS, the Offeror and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than Crédit Agricole, CACEIS, the Offeror for providing the protections afforded to the clients of CACIB or for providing advice in relation to the Offer. CACIB has provided advice and assistance to the Offeror on the financial aspects of the Offer and in preparation thereof.

The scope of CACIB's involvement as financial advisor to Crédit Agricole, CACEIS and the Offeror covers the following services:

- (i) assisting CACEIS in the global implementation of the project and in particular in determining the financial terms and conditions of the offer with the assistance in negotiations from a strategic and financial point of view;
- (ii) coordinating in connection with the implementation of the project, and assisting in the relationships of the initiator with the different concerned parties (initiator, legal advisers, Euronext, the local settlement agent);

- (iii) participating in the drafting of the documentation required for the completion of the project including in particular the relevant Offer documentation, the Offer announcements and any other press releases to be released; and
- (iv) assisting in the due diligence process.

CACIB has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

2. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form shall constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made. A reference to **"including"** means **"including without limitation"**.

Defined terms used in this Offer Memorandum shall have the following meaning:

"95% Condition"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Acceptance Closing Date"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Acceptance Closing Time"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Acceptance Period"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"ACM"	the Netherlands Authority for Consumers & Markets (<i>Autoriteit Consument & Markt</i>)
"Admitted Institutions"	those institutions admitted to Euronext Amsterdam
"Advance Liquidation Distribution"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Advisory Board"	has the meaning ascribed thereto in Section 4.8.2 (<i>Composition Supervisory Board</i>)
"Advisory Board Members"	has the meaning ascribed thereto in Section 4.8.2 (<i>Composition Supervisory Board</i>)
"Affiliates"	means in relation to the Offeror and/or the Company, any corporation, partnership, cooperative or other business or legal entity or person directly or indirectly controlling or controlled by the Offeror and/or the Company, including any of its subsidiaries and group companies within the meaning of articles 2:24a and 2:24b DCC respectively.
"AFM"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"Alternative Transaction"	has the meaning ascribed thereto in Section 4.16.1 (<i>Exclusivity</i>)
"Announcement"	has the meaning ascribed thereto in Section 4.1 (<i>Introduction</i>)
"Articles of Association"	the articles of association (<i>statuten</i>) of the Company, as most recently amended on 26 April 2017
"Applicable Rules"	means all applicable laws and regulations, including without limitation, the applicable provisions of the Wft, the European Market Abuse Regulation (596/2014), the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Dutch Works Council Act (<i>Wet op de ondernemingsraden</i>), the Dutch Merger Code (<i>SER Fusiegedrags-regels 2000</i>), the rules and regulations of Euronext Amsterdam, the Dutch Civil Code, the relevant securities and employee consultation rules and regulations in other applicable jurisdictions and any relevant antitrust laws
"Boards"	has the meaning ascribed thereto on page 3 of this Offer Memorandum

"Business Day"	means a day other than a Saturday or Sunday on which banks in The Netherlands and Euronext are generally open for normal business
"Business Strategy"	has the meaning ascribed thereto in Section 4.5 (<i>Non-Financial Covenants</i>)
"CACEIS"	means CACEIS S.A.
"CACEIS Bank"	means CACEIS Bank S.A.
"CACIB"	means Crédit Agricole Corporate and Investment Bank.
"CEO"	Sikko van Katwijk, the Company's chief executive officer and one of the managing directors (<i>statutair bestuurders</i>)
"CET"	Central European Time or (when applicable on the relevant date in the Netherlands) Central European Summer Time
"CFRO"	Mark Stoffels, the Company's chief financial and risk officer (<i>titulair directeur</i>)
"Combination"	has the meaning ascribed thereto in Section 4.1 (<i>Introduction</i>)
"Company" or "KAS BANK"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Competing Offer"	has the meaning ascribed thereto in Section 4.16.3(a) (<i>Competing Offer</i>)
"Competing Offer Notice"	has the meaning ascribed thereto in Section 4.16.3(c) (<i>Competing Offer</i>)
"Competition Authority" and "Competition Authorities"	has the meaning ascribed thereto in Section 4.14 (<i>Offer Conditions</i>)
"Competition Clearance"	has the meaning ascribed thereto in Section 4.14 (<i>Offer Conditions</i>)
"Continuing Members"	has the meaning ascribed thereto in Section 4.8.2 (<i>Composition Supervisory Board</i>)
"Corporate Governance Code"	means the Dutch corporate governance code, as amended from time to time and as established under article 2:391 sub 5 of the Dutch Civil Code
"Crédit Agricole"	means Crédit Agricole S.A.
"Cross Border Merger"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Defaulting Party"	has the meaning ascribed thereto in Section 4.16.5 (<i>Termination</i>)
"Demerger"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Demerger and Liquidation"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Conditions</i>)
"Demerger and Liquidation Conditions"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation</i>)
"Demerger Proposal"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Depository Receipts"	has the meaning ascribed thereto on page 2 of this Offer Memorandum

"DNB"	Dutch Central Bank (<i>De Nederlandsche Bank</i>)
"Dutch Civil Code" or "DCC"	the Dutch civil code (<i>Burgerlijk Wetboek</i>)
"EBITDA"	means earnings before interest, taxes, depreciation and amortization
"ECB"	The European Central Bank
"ECB License Approval"	has the meaning ascribed thereto in Section 4.10 (<i>Clearances</i>)
"EGM"	has the meaning ascribed thereto in Section 4.11 (<i>Extraordinary general meeting of KAS BANK</i>)
"€", "Euro" or "EUR"	Euro, the legal currency of the European Monetary Union
"Euronext Amsterdam"	Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.
"Exclusivity Period"	The period commencing on 25 February 2019 and ending on the earlier of (i) the Settlement Date and (ii) the date of termination of the Merger Protocol in accordance with Section 4.16.5.
"Fairness Opinions"	has the meaning ascribed thereto in Section 4.13 (<i>Decision-making and Recommendation by the Boards</i>)
"FSA"	Act on Financial Supervision (<i>Wet op het Financieel toezicht</i>)
"Group"	at the relevant time, the Company and its Affiliates, excluding following Settlement the Offeror and any of its holding companies or management companies or fund entities
"Independent Supervisory Board Member" and "Independent Supervisory Board Members"	has the meaning ascribed thereto in Section 4.8.2 (<i>Composition Supervisory Board</i>)
"Integration"	Mean the integration of the KAS BANK business in the business of the Offeror.
"Irrevocable Undertakings"	has the meaning ascribed thereto in Section 4.17 (<i>Irrevocable Undertakings</i>)
"KAS BANK"	means KAS BANK N.V.
"Liquidation"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Managing Board"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Managing Board Members"	Mr. Sikko van Katwijk as chairman and Mr. Mark Stoffels as CFRO
"Matching Offer"	has the meaning ascribed thereto in Section 4.16.3(c) (<i>Competing Offer</i>)
"Material Adverse Change"	any change, event, circumstance or effect (any of such items a " Change "), individually or when taken together with all other Changes, that becomes known after the date of the Merger Protocol (provided, for the avoidance of doubt, that in the determination at the Unconditional Date of whether a Material Adverse Effect has occurred, any event, occurrence, fact,

condition or change that became known prior to the date of the Offer Memorandum may only be taken into account in combination with any event occurrence, fact, condition or change that becomes known after the date of the Offer Memorandum), that is or is reasonably likely to be sustainably materially adverse to the business, the assets or the financial position of the Company and the Group taken as a whole, such that the Offeror cannot reasonably be expected to declare the Offer unconditional, provided, however, that for the purpose of determining whether there has been, or will be, a Material Adverse Change, the following Changes will not be taken into account:

- a) any changes in economies in general, or in parts of economies, such as the financial or securities markets, which, directly or indirectly, affect the business of the Company and the Group;
- b) any natural disaster, pandemic, the outbreak or escalation of war, sabotage, military action, act of god, armed hostilities, or acts of terrorism, or any escalation or worsening thereof;
- c) any changes in economic, political or market conditions (including volatility in interest rates) including any adverse development regarding the European Union, its member states (including member states leaving any part of such union) and the Euro zone (including one or more member states leaving or forced to leave such zone or defaulting on its loans);
- d) any matter which is, or should reasonably be known to the Offeror or its advisers at the date of execution of the Merger Protocol, as a result of the fair disclosure through the due diligence exercise referred to in Recital 13 of the Merger Protocol or through information in the public domain at the date of execution of the Merger Protocol, including information filed by the Company or any member of the Group as a matter of public record or made public by the Company pursuant to applicable laws or regulations;
- e) any failure, in and of itself, by the Company or its Group to meet any internal or published projections, including forecasts or revenue or earnings predictions (provided, however, that, in the case of this paragraph the underlying cause for such failure may be considered in determining whether there may be a Material Adverse Change);
- f) the credit, financial strength or other ratings (provided, however, that, in the case of this paragraph, the underlying cause for such change, event, circumstance or effect relating to credit, financial strength or other ratings may be considered in determining whether there may be a Material Adverse Change) of the Company or the Group;
- g) any Change resulting from (A) the entry into, execution or performance (including the taking of any action required hereby or the failure to take any action prohibited hereby) of the Merger Protocol, or (B) the announcement, making or implementation of the Offer;
- h) any changes or prospective changes in laws or regulations, reporting standards, generally accepted accounting principles, or

the interpretation or enforcement thereof, including any changes proposed or adopted by any financial regulator such as DNB and the ECB;

- i) any Change resulting from any act or omission of the Offeror, whether before or after the date of execution of the Merger Protocol, including any action taken by the Company or any member of its Group with the Offeror's written consent or at the Offeror's direction (or not taken where such consent has been withheld) or compliance by the Company with the terms of, or that taking of any action required by, the Merger Protocol
- j) a breach of the Merger Protocol or applicable law by the Offeror; or
- k) any litigation having been commenced by shareholders or holders of Securities in relation to the Offer or any Post-Closing Restructuring Measure;

and provided, however, that the impact of any adverse Change described in subparagraphs (a), (b) and (c) shall be included for purposes of determining whether a Material Adverse Change has occurred or would reasonably be expected to occur if such Change has or would reasonably be expected to have a materially disproportionate adverse effect on the Company and the Group, taken as a whole, as compared to similarly situated companies in the industries in which the Company and the Group operate.

"Material Breach"	has the meaning ascribed thereto in Section 4.16.5 (<i>Termination</i>)
"Merger Protocol"	the Merger Protocol agreed and signed by the Offeror and the Company on 24 February 2019 as amended
"Merger Rules"	all applicable laws and regulations relating to the Offer, including without limitation the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and/or the Takeover Decree and regulations of Euronext Amsterdam, the Dutch Civil Code and any other applicable securities or competition regulatory laws
"Minority Securityholders"	has the meaning ascribed thereto in Section 4.8.2 (<i>Composition of the Supervisory Board</i>)
"NewBankCo"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Non-Financial Covenants"	has the meaning ascribed thereto in Section 4.5 (<i>Non-Financial Covenants</i>)
"NFC Period"	has the meaning ascribed thereto in Section 4.5.1(e) (<i>Duration</i>)
"Offer"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Offer Conditions"	means the conditions to the Offer described in Section (<i>Offer Conditions</i>)
"Offer Memorandum"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Offeror"	has the meaning ascribed thereto on page 2 of this Offer Memorandum

"Offer Price"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Option Agreement"	has the meaning ascribed thereto in Section 5.11 (<i>Stichting Preferente Aandelen KAS BANK</i>)
"Ordinary Shares"	has the meaning ascribed thereto in Section 5.12.1 (<i>Authorised and issued share capital</i>) of this Offer Memorandum, and "Ordinary Share" means any one of them or the relevant one of them, as the context requires
"PARTINVEST"	means PARTINVEST S.A.
"Party"	either the Company or the Offeror
"Performance Securities"	has the meaning ascribed thereto in Section 5.8 (<i>KAS BANK Remuneration Policy</i>)
"Position Statement"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"Post Acceptance Period"	a period after the Acceptance Closing Date during which Securities not tendered under the Offer may be tendered to the Offeror in the same manner and on the same terms as set out in this Offer Memorandum (<i>na-aanmeldingstermijn</i>)
"Post-Closing Restructuring Measure"	the post-closing restructuring measures described in Section 4.18.3 (<i>Other Post-Closing Restructuring Measures</i>)
"Potential Competing Offer"	has the meaning ascribed thereto in Section 4.16.3 (<i>Potential Competing Offer</i>)
"Preference Shares"	means all preference shares issued by the Company
"Preference Shares Foundation"	means Stichting Preferente Aandelen KAS BANK
"Promissory Note"	has the meaning ascribed thereto in Section 4.18.2 (<i>Demerger and Liquidation - Description of the Demerger and Liquidation</i>)
"Qualified Holding"	has the meaning ascribed thereto in Section 4.10 (<i>Clearances</i>)
"Rabobank"	Coöperatieve Rabobank U.A.
"Recommendation"	has the meaning ascribed thereto in Section 4.13 (<i>Decision-making and Recommendation by the Boards</i>)
"Registered Shares"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Regulatory Approvals" and "Regulatory Approval"	has the meaning ascribed thereto in Section 4.14 (<i>Offer Conditions</i>)
"Resolutions"	has the meaning ascribed thereto in Section 4.11 (<i>Extraordinary meeting of KAS BANK</i>)
"Securities"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Securityholders"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Section"	a section of this Offer Memorandum

"Settlement"	the payment of the Offer Price by the Offeror to the Securityholders for each Tendered Security
"Settlement Agent"	ING Bank N.V.
"Settlement Date"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"Shareholder Financing"	has the meaning ascribed thereto in Section 4.12 (<i>Financing of the Offer</i>)
"Share Trust Office"	has the meaning ascribed thereto on page 2 of the Offer Memorandum
"Steering Committee"	has the meaning ascribed thereto in Section 4.13 (<i>Decision-making and Recommendation by the Boards</i>)
"Subsidiary"	any corporation, partnership, cooperative or other business or legal entity or person, directly or indirectly controlled by the Company and/or the Offeror, within the meaning of articles 2:24a of the DCC provided that at no time the Company will be considered a Subsidiary of the Offeror
"Supervisory Board"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Takeover Decree"	has the meaning ascribed thereto on page 2 of this Offer Memorandum
"Takeover Rules"	the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Merger Code (<i>SER-besluit Fusiegedragsregels 2000</i>), the Works Councils Act (<i>Wet op de ondernemingsraden</i>), the rules and regulations of Euronext, the Dutch Civil Code and applicable competition laws and regulations
"Tendered, Owned, and Committed Securities"	has the meaning ascribed thereto in Section 4.14 (<i>Offer Conditions</i>)
"Tendered Securities"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"Terminating Party"	has the meaning ascribed thereto in Section 4.16.5 (<i>Termination</i>)
"Termination Fee"	has the meaning ascribed thereto in Section 4.16.5(a) (<i>Termination Fee</i>)
"Transaction"	means the Offer, possibly followed by the Demerger and Liquidation, resulting in the combination of the businesses of the Offeror and the Company and the Offeror acquiring control of the Company pursuant to the terms of the Merger Protocol
"Treasury Securities"	has the meaning ascribed to it in Section 5.12.1 (<i>Authorised and issued share capital</i>)
"Unconditional Date"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"USD"	United States dollars
"U.S. Exchange Act"	has the meaning ascribed thereto in Section 1.2.1 (<i>United States of America</i>)
"Wft"	has the meaning ascribed thereto on page 3 of this Offer Memorandum
"Works Council"	means the central works council (<i>centrale ondernemingsraad</i>) of the Group

3. INVITATION TO SECURITYHOLDERS

Subject to the terms and conditions of this Offer Memorandum, the Offeror hereby makes a recommended public cash offer to all Securityholders, for all Securities.

Securityholders are advised to review this Offer Memorandum and the related documents included, referred to herein or enclosed herewith thoroughly and completely and to seek independent advice where appropriate in order to reach an informed judgment with respect to the Offer and this Offer Memorandum. Securityholders who consider not tendering their Securities are advised to review Sections 4.18.2 (*Demerger and Liquidation*), 4.18.3 (*Other Post-Closing Restructuring Measures*) and Section 4.19 (*Consequences of the Offer*). With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Securityholders are hereby invited to tender their Securities under the Offer in the manner and subject to the terms, conditions and restrictions set out in this Offer Memorandum.

3.1 Offer Price

Securityholders tendering their Securities under the Offer will be paid, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum, in consideration of each Security validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Securityholder and delivered (*geleverd*) to the Offeror, the Offer Price, without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Securities and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price per Security will be decreased by an amount per Security equivalent to any such cash or share dividend or other distribution per Security.

3.2 Acceptance of the Offer and Tender

3.2.1 *Acceptance of the Offer and Tender via an Admitted Institution*

Securityholders who hold their Securities through an Admitted Institution are requested to make their acceptance known via their custodian, bank or stockbroker no later than 17:40 hours CET on 23 September 2019, unless the Acceptance Period is extended in accordance with Section 4.3.1 (*Offer Price*) or Section 3.6 (*Extension of the Acceptance Period*). Custodians, banks or stockbrokers may set an earlier deadline for Securityholders to communicate acceptances of the Offer in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner.

Admitted Institutions may tender Securities for acceptance only to the Settlement Agent and only in writing. In tendering the acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Securities in their administration, (ii) each Securityholder who accepts the Offer irrevocably represents and warrants that (a) the Securities tendered by him are being tendered in compliance with the restrictions set out in Section 1 (*Restrictions and important information*) and (b) it is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the U.S. government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the US “Sectoral Sanctions Identifications (SSI) List” or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended, and (iii) they undertake to transfer these Securities to the Offeror prior to or ultimately on the Settlement Date.

Subject to article 5b paragraph 5, article 15 paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree, the tendering of Securities in acceptance of the Offer shall constitute irrevocable instructions (i) to block any attempt to transfer the Securities tendered, so that on or prior to the Settlement Date no transfer of such Securities may be effected (other than to the Settlement Agent on or prior to the Settlement Date if the Securities have been accepted for purchase or if withdrawal rights are available) and (ii) to debit the securities account in which such Securities are held on the Settlement Date in respect of all of the Securities tendered, against payment by the Settlement Agent of the Offer Price in respect of those Securities.

3.2.2 *Acceptance of the Offer and Tender by Holders of Shares Individually Recorded in the Company's Shareholder Register*

Shareholders owning Shares individually recorded in the Company's shareholders register that choose to accept the Offer in respect of such Shares must deliver a completed and signed acceptance form to the Settlement Agent. Completed acceptance forms should be received by the Settlement Agent prior to the Acceptance Closing Time. The acceptance forms are available upon request from the Settlement Agent:

ING Bank N.V.

Address: Foppingadreef 7, 1102 BD Amsterdam, The Netherlands

Telephone number: +31 20 5636619

E-mail: iss.pas@ing.com

The acceptance form will also serve as a deed of transfer (*akte van levering*) with respect to the Securities referenced therein.

3.2.3 *Validity of the Tendered Securities, waiver of defects, return of Tendered Securities*

The Offeror will determine questions as to the validity, form, eligibility, including time of receipt, and acceptance for purchase of any tender of Securities, in its sole reasonable discretion and the Offeror's determination will be final and binding. The Offeror reserves the right to reject any and all tenders of Securities that it in all reasonableness determines are not in proper form or the acceptance for purchase of which may be unlawful. No tender of Securities will be deemed to have been validly made until all defects and irregularities have been cured or waived. The Offeror's interpretation of the terms and conditions of the Offer, including the acceptance forms and instructions thereto, will be final and binding.

There shall be no obligation on the Offeror, the Settlement Agent, or any person acting on its or their behalf to give notice of any defects or irregularities in any acceptance or notice of withdrawal and no liability shall be incurred by any of them for failure to give any such notification. The Offeror reserves the right to accept any tender of Securities pursuant to the Offer, even if such tender has not been made in compliance with the terms and conditions of the Offer, including the procedures set forth in this section 3.2.

If any Shares tendered in accordance with the instructions set forth in this Offer Memorandum are not accepted for purchase pursuant to the terms and conditions of this Offer, the Offeror will cause the Shares to be returned promptly.

3.3 Undertakings, Representations and Warranties by tendering Securityholders

Each Securityholder tendering Securities pursuant to the Offer, by such tender, irrevocably undertakes, represents and warrants to the Offeror, on the date that such Securities are tendered through to and including the Settlement Date, that:

(a) *Acceptance by the Securityholder*

the tender of any Securities constitutes an acceptance by the Securityholder of the Offer, on and subject to the terms and restrictions of the Offer as contained in this Offer Memorandum;

(b) *Power of Authority*

such Securityholder has full power and authority to tender, sell and deliver (*leveren*), and has not entered into any other agreement to tender, sell or deliver (*leveren*) the Securities stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror for cash, the Offeror will acquire such Securities, with full title guarantee and free and clear of all third party rights and restrictions of any kind;

(c) *Compliance*

such Securities are being tendered in compliance with the restrictions as set out in Section 1 (*Restrictions and important information*) and the securities and other applicable laws or regulations of the jurisdiction in which such Securityholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Securities;

(d) *Waiver*

such Securityholder acknowledges and agrees that having tendered its Securities, such Securityholder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Securityholder may have in its capacity as Securityholder of KAS BANK or otherwise in connection with its securityholding in KAS BANK vis-à-vis any member of the Group and any member of the Boards; and

(e) *Sanctions*

such Securityholder is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the US government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the U.S. “Sectoral Sanctions Identifications (SSI) List” or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended.

3.4 Acceptance Period (*aanmeldingstermijn*)

The Acceptance Period begins on 29 July 2019, at 09:00 hours CET and ends, subject to extension in accordance with Section 3.6 (*Extension of the Acceptance Period*), on 23 September 2019, at 17:40 hours CET.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept all Securities that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the terms of the Offer in accordance with the procedures set forth in Section 3.5 (*Withdrawal rights*).

3.5 Withdrawal rights

Securities tendered prior to the Acceptance Closing Time may not be withdrawn and will remain subject to the Offer, subject to the right of withdrawal of any tender:

- (a) during any extension of the Acceptance Period in accordance with the provisions of article 15, paragraph 3 and article 15a paragraph 3 of the Takeover Decree, as set out below;
- (b) following an announcement of a mandatory public bid in accordance with the provisions of article 5b, paragraph 5 of the Takeover Decree (provided that such Securities were already tendered prior to the announcement and withdrawn within seven (7) Business Days following the announcement);
- (c) following the filing of a successful request to set a reasonable price for a mandatory public bid in accordance with the provisions of article 15, paragraph 8 of the Takeover Decree provided that (A) such request was granted, (B) such Securities were already tendered prior to the filing of such request, and (C) withdrawn within seven (7) Business Days following the date on which the judgment of the Enterprise Chamber was declared provisionally enforceable or became final and conclusive; or
- (d) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and a document in relation thereto is made generally available in accordance with the provisions of article 15a paragraph 3 of the Takeover Decree (provided that such Securities were already tendered prior to the request and withdrawn within seven (7) Business Days following such document being made available).

To withdraw previously tendered Securities, holders of Securities held through Admitted Institutions must instruct the Admitted Institution they initially instructed to tender the Securities to arrange for the withdrawal of such Securities by the timely deliverance of a written or facsimile transmission notice of withdrawal to the Settlement Agent.

Any notice of withdrawal for Securities must specify the name of the person having tendered the Securities to be withdrawn, the number of Securities to be withdrawn and the name of the registered holder of the Securities to be withdrawn, if different from that of the person who tendered such Securities. The signature(s) on the notice of withdrawal of Securities must be guaranteed by an Admitted Institution, unless such Securities have been tendered for the account of any intermediary.

Securities tendered prior to an extension of the Acceptance Period may be withdrawn during the extended Acceptance Period in accordance with article 15 paragraph 3 and article 15a paragraph 3 of the Takeover Decree. However, during any such extension of the Acceptance Period, any Securities previously tendered and not withdrawn will remain subject to the Offer. If and to the extent the Offeror, during the Acceptance Period, purchases any Securities outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by a Securityholder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

3.6 Extension of the Acceptance Period

Subject to the below, the Offeror may extend the Offer past the Acceptance Closing Date only once, with a minimum of two (2) weeks and a maximum of ten (10) weeks, subject to a possible extension in case of an increase of the Offer Price as described below, in which case all references in this Offer Memorandum to the Acceptance Closing Time shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended. In the event a third party has published a Competing Offer prior to the Acceptance Closing Time, the Offeror may extend the Offer past the Acceptance Closing Time to match the acceptance closing time of a Competing Offer, in accordance with article 15, paragraph 5 of the Takeover Decree. However, as noted in Section 3.2 (*Acceptance of the Offer and Tender*), a custodian, bank or broker may set an earlier deadline for Securityholders to communicate acceptances of the Offer in order to permit the custodian, bank or broker to communicate such acceptances to the Settlement Agent in a timely manner.

If one or more of the Offer Conditions is not fulfilled on the initial Acceptance Closing Date, the Offeror may elect to extend the tender period, subject to the provisions of section 15 of the Takeover Decree, provided that if the Offer Conditions in Sections 4.14.1 and 4.14.5 are not satisfied or waived on the Acceptance Closing Date, the Offeror shall extend the tender period until such time as the Offeror and KAS BANK reasonably believe is necessary to cause the Offer Conditions in Sections 4.14.1 and 4.14.5 to be satisfied, which extension shall be no more than ten (10) weeks after the initially scheduled Acceptance Closing Date.

If, subsequently, one or more of the Offer Conditions is not fulfilled on the extended Acceptance Closing Date, the Offeror may elect to extend the tender period, provided that if the Offer Condition in Section 4.13.5 is not satisfied or waived on the Acceptance Closing Time, the Offeror shall extend the tender period, in each case subject to the AFM granting an exemption to be requested by the Offeror, until such time as the Offeror and KAS BANK reasonably believe is necessary to cause the Offer Condition in Section 4.13.5 to be satisfied, but no later than 31 December 2019.

If the AFM does not grant an extension as referred to above and such Offer Conditions have not been satisfied before an extended Acceptance Closing Date (and if such Offer Conditions have not been waived to the extent legally permitted), the Offer will be terminated as a consequence of such Offer Condition(s) not having been satisfied or waived before the Acceptance Closing Date.

If the Acceptance Period is extended, a public announcement to that effect shall be made in accordance with the Merger Rules. Article 15, paragraph 2 of the Takeover Decree requires that such announcement be made not later than the third (3rd) Business Day following the initial Acceptance Closing Time.

During any such extension of the Acceptance Period, any Securities previously tendered and not withdrawn will remain subject to the Offer. Securities tendered on or prior to the original Acceptance Closing Time may be withdrawn during the Acceptance Period as extended. Furthermore, Securities tendered may be withdrawn within seven (7) Business Days following the announcement of an increase of the Offer Price.

If and to the extent the Offeror, during the Acceptance Period, purchases any Securities outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by a Securityholder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

If the Acceptance Period is extended, so that the obligation pursuant to article 16 of the Takeover Decree to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third Business Day following the initial Acceptance Closing Date in accordance with the provisions of article 15, paragraph 1 and paragraph 2 of the Takeover Decree. If the Offeror extends the Acceptance Period, the Offer will expire on the latest time and date to which the Offeror extends the Acceptance Period.

During an extension of the Acceptance Period, any Securities previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Securityholder to withdraw the Securities he or she has already tendered in accordance with Section 3.5 (*Withdrawal rights*).

3.7 Declaring the Offer Unconditional (*gestanddoening*)

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the satisfaction or waiver of the Offer Conditions. See also Section 4.14 (*Offer Conditions*). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 4.15 (*Waiver*). If the Offeror wishes to waive one or more Offer Conditions according to Section 4.15 (*Waiver*), the Offeror will inform the Securityholders as required by the Applicable Rules.

Unless the initial Acceptance Period is extended, the Offeror will no later than on the third (3rd) Business Day following the Acceptance Closing Date determine whether the Offer Conditions have been satisfied or waived as set out in Section 4.14 (*Offer Conditions*) and Section 4.15 (*Waiver*), to the extent permitted by law. In addition, the Offeror will at that time announce whether (i) the Offer is declared unconditional (*gestand wordt gedaan*), (ii) the Acceptance Period will be extended in accordance with article 15 of the Takeover Decree, or (iii) the Offer is terminated as a result of the Offer Conditions not having been satisfied or waived, all in accordance with Section 4.14 (*Offer Conditions*), Section 4.15 (*Waiver*) and article 16 of the Takeover Decree.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept for payment all Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror).

3.8 Settlement of the Offer

Securityholders who have accepted the Offer and Securityholders who have tendered their Securities for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time if the Offer is declared unconditional (*gestand is gedaan*) will receive on the Settlement Date the Offer Price in respect of each Security validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), at which point dissolution or annulment of Securityholder's tender or delivery (*levering*) shall not be permitted.

Admitted Institutions receiving Securities from Securityholders tendering under this Offer shall receive these Securities as custodian. In turn, Admitted Institutions will submit such Securities by written instruction to the Settlement Agent. By tendering such Securities, the Admitted Institutions declare that

they have the Securities in their custody and that they procure transfer of the Securities to the Offeror prior to or on the Settlement Date.

3.9 Post Acceptance Period

The Offeror shall, within three (3) Business Days after declaring the Offer unconditional, publicly announce a Post Acceptance Period to enable Securityholders that did not tender their Securities during the Acceptance Period to tender their Securities under the same terms and conditions applicable to the Offer. Any such Post Acceptance Period will commence on the first (1st) Business Day following the announcement of a Post Acceptance Period and will remain open for a period of no less than five (5) Business days and no longer than two (2) weeks. If the Post Acceptance Period is announced, the Offeror will continue to accept for payment all Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such period and will pay for such Securities within five (5) Business Days following the end of the Post Acceptance Period. Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during the Post Acceptance Period may not be withdrawn. The Offeror will, within three (3) Business Days after the Post Acceptance Period has ended, announce the number and percentages of Securities that have been tendered in the Post Acceptance Period and the total number and percentage of Securities the Offeror owns after the Post Acceptance Period has ended.

3.10 Dividends

Following the Settlement Date, the current dividend policy of the Company may be discontinued. KAS BANK does not envisage to, and the Offeror does not envisage KAS BANK will, declare dividend during the period following the Settlement Date in which there are still Minority Securityholders present in KAS BANK. Any Distribution made in respect of Securities not tendered under the Offer after the Settlement Date will pro rata be deducted from the price per share for the purpose of establishing such price in a buy-out, the Demerger and Liquidation, any other statutory merger, or any other measure contemplated by Section 4.18 (*Post-Closing Restructuring Measures*). Until the Settlement Date KAS BANK shall declare no dividend on the Securities.

3.11 Withholding

The Offeror is entitled to deduct and withhold from the Offer Price such amounts as the Offeror is required to deduct and withhold with respect to the making of such payment under any provision of applicable tax or social security law. To the extent that amounts are so withheld by the Offeror, such amounts shall be treated for all purposes as having been paid to the Securityholders on behalf of which such deduction and withholding was made by the Offeror.

3.12 Restrictions

The Offer is being made with due observance of such statements, terms and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Securityholder, even if it has not been effectuated in such manner as set out above.

3.13 Announcements

Announcements in relation to the Offer, including announcements in relation to an extension of the Offer past the Acceptance Closing Time will be issued by press release and will be made available on the Company's website at www.kasbank.com. Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described in this Section 3.13 (*Announcements*).

3.14 Indicative Timetable

The times and dates below are indicative only.

Expected date and time	Event
26 July 2019	Publication of the press release announcing the availability of the Offer Memorandum and commencement of the Offer.
09:00 hours CET, 29 July 2019	Commencement of the Acceptance Period under the Offer in accordance with article 14 of the Takeover Decree.
15:00 hours CET, 12 September 2019	EGM, at which the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of the Takeover Decree. In addition, the Resolutions will be proposed to the EGM in connection with the Offer.
	<i>Acceptance Closing Time</i>
17:40 hours CET, 23 September 2019	The deadline for Securityholders wishing to tender Securities, unless the Offer is extended in accordance with article 15 of the Takeover Decree.
Not later than three (3) Business Days following the Acceptance Closing Time	On this date the Offeror shall publicly announce, in accordance with articles 15 and 16 of the Takeover Decree, that either: <ul style="list-style-type: none"> the Offer is declared unconditional (<i>gestand wordt gedaan</i>), the Unconditional Date; the Offer is extended for a period of two (2) to ten (10) weeks; or the Offer is not declared unconditional as a result of an Offer Condition not being satisfied or waived.
	<i>Commencement of Post Acceptance Period</i>
Not later than on the third (3 rd) Business Day following the Unconditional Date	Post Acceptance Period
Not later than five (5) Business Days following the Unconditional Date	Settlement Date

4. EXPLANATION OF THE OFFER

4.1 Introduction

CACEIS and KAS BANK have had a good relationship for several years. In the beginning of September 2018, CACEIS contacted KAS BANK for an invitation to discuss KAS BANK's strategic vision and which possible forms of corporation between CACEIS and KAS BANK could be created. Given the positive relationship that was already established between CACEIS and KAS BANK, the Managing Board of KAS BANK decided positively and accepted the invitation.

On 8 November 2018, KAS BANK's CEO and representatives of CACEIS had an initial meeting, after which KAS BANK's CEO and representatives of CACEIS met multiple times over the months November and December continuing confidential discussions about a form of cooperation. As a result of these meetings, CACEIS sent out a letter of interest on 19 December 2018. In this letter of interest, CACEIS indicated it had gained an increased interest in the acquisition of KAS BANK as a whole and the combination of CACEIS's and KAS BANK's platforms (the "**Combination**").

As from January 2019, CACEIS and its advisers have performed a due diligence investigation in connection with a potential combination. Over a period of time, CACEIS and KAS BANK and their advisers participated in expert sessions and other meetings, including a meeting with the Dutch Central Bank. Meanwhile, constructive discussions between CACEIS and KAS BANK and their respective advisers on the terms and conditions of a potential Combination were proceeding.

On 25 February 2019, pursuant to the provisions of article 4, paragraphs 1 and 3, article 5, paragraph 1 and article 7 paragraph 4 of the Takeover Decree, CACEIS and the Company jointly announced that they had reached conditional agreement on the main terms and conditions of the intended public offer by CACEIS for all Securities against payment of a cash price of € 12.75 (cum dividend) per Security (the "**Announcement**"). See also Section 11 (*Press Releases*).

4.2 The Offer

The Offeror is making an offer to purchase from the Securityholders all the Securities on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum.

Securityholders tendering their Securities under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration of each Security validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Securityholder and delivered (*geleverd*) to the Offeror, the Offer Price. If, on or after the date hereof but on or prior to the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Securities and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Security equivalent to any such cash or share dividend or other distribution per Security. If, after the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Securities, the Offer Price to which the remaining Securityholders will be entitled under the Offer, will be decreased by an amount per Security equivalent to any such cash or share dividend or other distribution per Security.

4.3 Substantiation of the Offer Price

4.3.1 *Offer Price*

In establishing the Offer Price, CACEIS carefully considered the history and prospects of KAS BANK, analysis of historical financial information derived from KAS BANK's financial statements, market reports and press releases as well as possible long-term developments in profitability, cash flows and balance sheet. CACEIS also took into account historical market values of the Securities.

Furthermore, in establishing the Offer Price, the following was taken into consideration by CACEIS:

- (a) an analysis of the closing price of the Securities for the 12 months prior to and including the last date before announcement of the operation i.e. 22 February 2018. During this period, the closing

price of the Securities ranged from € 5.77 to € 10.66 and the volume-weighted average closing price of the Securities for the one, three, six and twelve month period prior to and including 22 February 2019 were € 6.10, € 6.05, € 7.25 and € 8.44, respectively;

- (b) an analysis of the closing price of the Securities for the 3 years prior to and including 22 February 2019 has also been conducted. This analysis has underlined that, over this period, the market capitalization of KAS BANK on the 3 month volume-weighted average closing price has not exceeded €164m (i.e. €10.4 per share);
- (c) a trading multiple analysis based on the financial performance of KAS BANK and the closing prices of the Securities compared with those of selected publicly-traded companies and their securities. Companies selected for comparison with KAS BANK are Bank of New York Mellon, Northern Trust and State Street as they have an asset servicing activity, among others. For this analysis, book values estimates were based on Factset average estimates on 22 February 2019. For this group of selected companies the average estimated P/BV for the years ending 31 December 2019, 31 December 2020 and December 2021 was respectively 1.5x, 1.5x and 1.4x, on 22 February 2019. Given the expected lower profitability of KAS BANK, the P/E approach has been excluded. More generally, given the discrepancies between KAS BANK and the abovementioned peers in terms of size, portfolio of activities and expected profitability, this approach is mainly presented for illustrative purpose;
- (d) a standalone dividend discount model analysis for KAS BANK based on a 8.54% to 11.00% discount rate and 0.5% to 1.5% perpetuity growth rate; and
- (e) financial information, as derived from annual and interim accounts, analysts' presentations and reports, market reports and press releases, has been reviewed.

The ratio of the P/BV of KAS BANK, as implied by the Offer Price, to estimated BV for the years ending 31 December 2018, 31 December 2019 and December 2020 were approximately 0.9x, 0.9x and 0.9x, respectively on 22 February 2019 and based on underlying BV of € 217 million, € 218 million and € 221 million.

The Offer Price of EUR 12.75 per Security in cash (cum dividend) represents a premium of approximately:

- (a) 110% to the closing price per Security on 22 February 2019 (the last trading date prior to the joint press release of 25 February 2019 announcing the execution of the Merger Protocol);
- (b) 109% to the volume weighted average closing price for the one month prior to and including 22 February;
- (c) 111% to the volume weighted average closing price for the three months prior to and including 22 February 2019;
- (d) 77% to the volume weighted average closing price for the six months prior to and including 22 February 2019; and
- (e) 51% to the volume weighted average closing price for the twelve months prior to and including 22 February 2019.

It has to be noted that only one broker, ING, is covering KAS BANK. As its last research note prior to and including 22 February 2019 was published on 28 March 2018 customary target prices approach has been not looked upon as relevant here and has therefore been excluded.

4.4 Rationale of the Offer

4.4.1 *Key elements*

The Dutch market for asset servicing is attractive due to its asset volume, complexity and high pension savings to GDP ratio. The market is known for its pension funds, private equity and real estate funds among others, resulting in a significant size. KAS BANK is a local champion, with an expertise in servicing institutional investors. For KAS BANK's business, being part of a large and well capitalised player, revenues are expected to grow while costs synergies will lead to increased profitability.

Both parties believe that the Combination will lead to an enhanced positioning of CACEIS as service provider to European institutional investors. The extensive knowledge and expertise of CACEIS with respect to additional services will be available to Dutch investors such as private equity funds, real estate companies and other professional investors. The strength of CACEIS' parent company, Crédit Agricole, will offer a solid financial position, business continuity and support the business development, evolving KAS BANK into CACEIS' Dutch branch.

As a result of the acquisition of KAS BANK, the Offeror would significantly upgrade its position in the Dutch market compared to its current operating set-up and market presence. The Combination will gain competitiveness when dealing with European/Global financial institutions. In addition, the Offeror would enable KAS BANK to further enhance its expertise in servicing pension funds, which is the largest client segment in the Netherlands and a key strength of KAS BANK, on a global level.

The parties believe that the Combination has several strategic benefits including:

- Excellent complementarity in clients, markets and knowledge;
- Centred around client empowerment and operational excellence;
- Data driven and innovative organisations;
- Digitally oriented European asset servicing company;
- Comparable corporate values.

4.4.2 *Financial benefits*

In short, the Combination would bring the following financial benefits

- (a) additional revenues and cost synergies within an optimized capital structure;
- (b) cross-selling of the CACEIS' products and services to KAS BANK's existing customers;
- (c) improved cost efficiencies by using standardized, single technical (product) platforms;
- (d) the Combination will provide the operations of KAS BANK with access to critical size in terms of balance sheet, boost KAS BANK's competitive strength and position KAS BANK as the combination's global centre of excellence for pension fund services;
- (e) increase in revenues in the pension funds sector and potential increase of the net interest margin; and
- (f) enhanced business development opportunities taking advantage of CACEIS' financial strength.

4.4.3 *Expected synergies*

Merger synergies are expected to result in gains through:

- (a) profitable growth opportunities in existing and adjacent segments and geographies and through cross-selling;

- (b) enhanced operational productivity and efficiency (by using single platforms, integrated treasury management and operational centres of excellence; CACEIS and KAS BANK would foresee the Netherlands to become the centre of excellence for pension funds);
- (c) cost synergies through the use of the Offeror's custodian network; and
- (d) more effective capital deployment.

4.5 Non-Financial Covenants

The Offeror and the Company have agreed certain non-financial covenants set out in this Section 4.5 (*Non-Financial Covenants*) (the "**Non-Financial Covenants**"):

4.5.1 *Key elements:*

(a) ***The Company and its business***

The Offeror supports the strategy of the Company and its business. The Company and its business will act as the Offeror's global centre of excellence for pension fund services, defending, expanding and innovating the Offeror's pension fund offering in the Netherlands and across other international markets. The Company and its business will operate as the Offeror's Dutch business base, keeping the client base materially intact and respecting and improving the client service levels.

(b) ***The employees***

The existing rights, benefits, pension rights, (collective) agreements and social plans applicable to the employees of the Group will be respected or replaced with equivalent arrangements. The Offer shall not have an impact on such currently existing agreements. The existing arrangements with the Works Council, trade unions and employee consultation processes will be respected. The Offeror will aim to ensure that the employees of the Group have increased career opportunities, personal development and training.

(c) ***The governance***

The Business will evolve into the Offeror's Dutch branch, who will maintain local Dutch management and expertise. The Offeror will maintain and respect the operating of the Managing Board and Supervisory Board until the Dutch branch has been launched successfully.

(d) ***The integration***

The Integration is aimed at strengthening the Business' local product and service offering to all its clients. The Integration aims at using the Offeror's centers of excellence in the most efficient way, avoiding double work. The Offeror will aim at avoiding redundancies wherever it can and respect the agreed social plan of the Group in case of redundancy.

(e) ***Duration***

The Non-Financial Covenants set out in this Section 4.5 (*Non-Financial Covenants*) will apply during the period starting on the Settlement Date and ending one year after the transformation of KAS BANK into the Dutch branch office of the Offeror (the "**NFC Period**").

This transformation is envisaged to be legally effected through the completion of a cross border merger (as described in Section 4.18.3(a) (*Other Post-Closing Restructuring Measures*)). In the scenario where 95% or more of the Securities are held by the Offeror following the Offer, implementation of a cross border merger is expected immediately after completion of the squeeze-out proceedings. In the scenario where between 80% and 95% of the Securities are held by the Offeror following the Offer, implementation of a cross border merger is expected immediately after completion of the Demerger and Liquidation or of another Post-Closing Restructuring Measure. Please refer to as Section 4.18.2

(*Demerger and Liquidation – Description of the Demerger and Liquidation*) and Section 4.18.3 (*Other Post-Closing Restructuring Measures*) for a detailed description.

4.5.2 *Deviation*

Until the completion of the Integration in accordance with the integration plan prepared by the Offeror and the Company, any deviations from the Non-Financial Covenants require the prior written approval of the Supervisory Board, including the affirmative vote of the majority of the Independent Supervisory Board Members.

4.5.3 *Monitoring*

After the instalment of the Advisory Board in accordance with Section 4.8.2 (*Composition Supervisory Board*), the Advisory Board will be tasked with monitoring compliance with the Non-Financial Covenants during the NFC Period.

4.6 Employees and Social Aspects

4.6.1 *Works council*

The Works Council has been informed and requested to render its advice on the Offer. On the basis thereof the Works Council has on 23 April 2019 rendered its unconditional positive advice in respect of the Transaction. To the extent that intended decisions regarding any future integration or restructuring will be subject to (additional) advice or consultation requirements with the Works Council or any applicable trade unions, the proper procedures shall be complied with pursuant to the Dutch Works Councils Act and the other Applicable Rules.

4.6.2 *Notification of the Social Economic Council*

The secretariat of the Social Economic Council (*Sociaal Economische Raad*) has been informed in writing of the Offer in accordance with the SER Fusiegedragsregels 2015.

4.7 The Integration

It is the intention of the Offeror to fully integrate KAS BANK in its organization. The Integration is currently envisaged to consist of (i) short term steps in the period from one to six months after settlement of the transaction and (ii) medium term steps in the period from six to eighteen months after settlement of the transaction.

As short term steps, the Offeror expects to focus on letting the client services of KAS BANK continue to be organized locally to take advantage of the proximity to its clients. Moreover, the Offeror aims to identify more revenue synergies for the benefit of both KAS BANK and the Offeror during this period. Finally, the Offeror has the intention to centralize the treasury function of the Combination during this period.

In relation to the medium term steps, the Offeror shall, as the case may be, transform KAS BANK (or in the case of a Demerger and Liquidation, NewBankCo (as defined below) into a branch of the Offeror. Additionally, KAS BANK will be positioned as the global center of excellence for pension fund services within the Offeror's organization. All KAS BANK's current clients will be serviced locally, in the Netherlands, the UK and Germany. Most of the custody activities will migrate to the Offeror's centre of excellence in Paris. Hence, these services will benefit from the Offeror's systemic support.

The precise route of the Integration of KAS BANK into the Offeror is still being determined. The Combination expects to focus on the development of KAS BANK's capabilities in alternative businesses in line with the demand of potential new clients. Further analysis of the systems, product and services will be organized to identify the best practices in the interest of KAS BANK and the Offeror.

4.8 Future governance

4.8.1 *Composition Managing Board*

As from the Settlement Date, the Managing Board will consist of at least the following members: Mr. S.A.J. van Katwijk as chairman and Mr. M.R. Stoffels as CFRO (the "**Managing Board Members**"). The Managing Board Members will be retained by the Company for at least a period of one year after the Settlement Date. It is currently the intention of the Offeror that the two current Management Board Members continue in that role also after the one year period after the Settlement Date. Following the Settlement Date, the Offeror shall have the right to nominate and appoint up to two additional Managing Board members. Upon the establishment of the Dutch branch of the Offeror, the Managing Board shall be in charge of and responsible for the daily management of the Dutch branch until at least the first anniversary of the Settlement Date.

4.8.2 *Composition Supervisory Board*

At the Settlement date, the Supervisory Board is intended to consist of six members:

- (a) three members who are currently already a member of the Supervisory Board, being Peter Borgdorff, Pauline Bieringa and Hans Snijders (the "**Continuing Members**"). The Continuing Members qualify as independent within the meaning of the Dutch corporate governance code (the "**Corporate Governance Code**"). The Continuing Members will as of the Settlement Date be referred to as the "**Independent Supervisory Board Members**" and each as an "**Independent Supervisory Board Member**". In the event the Works Council makes use of its statutory binding recommendation right in relation to members of the Supervisory Board, such members so recommended shall be regarded as being Independent Supervisory Board members; and
- (b) three members upon nomination of the Offeror, being Jean-François Abadie, Catherine Duvaud and Joseph Saliba, provided that such members meet the suitability and integrity standards as set out in articles 3:8 and 3:9 Wft, and that the collective of the Supervisory Board is suitable.

After Settlement, the Supervisory Board will be maintained as long as required by law, and in any event until the later of (i) the date on which the Offeror has issued a writ of summons with respect to a statutory buy-out procedure (*uitkoopprocedure*) in accordance with section 2:92a DCC or a takeover buy-out procedure in accordance with section 2:359c DCC, or (ii) the transformation of the Company into the Dutch branch of the Offeror, after which the Supervisory Board will be dissolved.

Independent Supervisory Board Members

The Independent Supervisory Board Members, or after their replacement any other person who (i) qualifies as an independent member of the Supervisory Board within the meaning of the Corporate Governance Code and (ii) is reasonably acceptable to the remaining Independent Supervisory Board Member(s) and the other members of the Supervisory Board, will continue to serve on the Supervisory Board for at least until the Supervisory Board is dissolved. In the event the resignation of one or more Independent Supervisory Board Members will result in there no longer being any Independent Supervisory Board Members on the Supervisory Board, such resigning Independent Supervisory Board Members shall nominate the relevant persons who qualify as an independent member of the Supervisory Board within the meaning of the Corporate Governance Code and none of such person nominated shall be a representative of the Offeror. In their capacity as members of the Supervisory Board, the Independent Supervisory Board Members shall monitor and safeguard the interests of the Company and all of its stakeholders, including holders of securities that were not tendered pursuant to the Offer or in the Post-Closing Acceptance Period (the "**Minority Securityholders**"), and shall be particularly tasked with monitoring compliance with the Non-Financial Covenants and the integration plan prepared by the Offeror and the Company.

Advisory Board

Upon dissolution of the Supervisory Board, the Offeror will simultaneously install an advisory board (the "**Advisory Board**"). The Independent Supervisory Board Members will become the members of the Advisory Board (the "**Advisory Board Members**"). The Advisory Board will dissolve upon expiry of

the NFC Period. The Advisory Board Members (or after their replacement any other person who is reasonably acceptable to the remaining members of the Advisory Board) will continue to serve on the Advisory Board for the remainder of the NFC Period. If before the end of the NFC Period the resignation of one or more Advisory Board Members will result in there no longer being any Advisory Board Members, such resigning Advisory Board Members shall nominate the relevant persons who qualify as independent within the meaning of the Corporate Governance Code and none of such persons nominated shall be a representative of the Offeror.

4.8.3 *Dutch Corporate Governance Code*

As long as the Company is listed on Euronext Amsterdam, the Offeror will allow the Company, following Settlement, to continue to adhere to the Corporate Governance Code by way of complying or explaining any deviations in accordance with the provisions of the Corporate Governance Code. Other than its current deviations and in relation to the independence of the Supervisory Board members as described in Section 4.8.2 (*Composition Supervisory Board*), KAS BANK does currently not envisage to deviate from Corporate Governance Code as a result from the Offer or for the period during which its shares remain listed on Euronext. Current deviations to the Corporate Governance Code by KAS BANK are available via www.kasbank.com/en/about-us/investor-relations/corporate-governance/.

4.9 Amendments to the Articles of Association

The Offeror intends to have the Articles of Association amended following Settlement, whereby resolutions in relation to share issuances, capital reductions and the exclusion or limitation of pre-emptive rights can no longer only be resolved upon following a proposal by the Managing Board thereto and subject to the approval of the Supervisory Board. These changes will be implemented to reflect that the Company will have the Offeror as a large majority shareholder and that the Offeror will have a certain measure of control on the organisation of the Company.

4.10 Clearances

Regulatory clearances

The direct or indirect acquisition of 10% or more of the issued capital or 10% or more of the voting rights, or comparable control, of a bank or investment firm with its registered office in the Netherlands (gekwalificeerde deelneming, "**Qualifying Holding**"), requires prior approval from the relevant competent authority in the form of a declaration of no objection pursuant to article 3:95 of the Wft. A declaration of no objection with regard to Qualifying Holding in a bank will be granted by the European Central Bank ("**ECB**"). A declaration of no objection with regard to Qualifying Holding in an investment firm will be granted by the Dutch Central Bank (De Nederlandsche Bank, "**DNB**"), unless (i) the integrity of the applicant is not beyond doubt, (ii) the persons that, on the basis of the Qualifying Holding, will determine the day-to-day policy of the company in which a Qualifying Holding is required, are considered to be not suitable, (iii) the financial soundness of the applicant, taking into account the activities of the company in which a Qualifying Holding is acquired, is not safeguarded, (iv) the company in which a Qualifying Holding is acquired will not be able to continue to comply with applicable prudential rules and regulations, (v) there are good reasons to suspect that, in connection with the intended acquisition or increase, money was or is being laundered or terrorism was or is being financed or that an attempt was made or is being made to launder money or finance terrorism within the meaning of the Netherlands Money Laundering and Terrorist Financing (Prevention) Act or that the intended acquisition or increase could increase the risk thereof, and (vi) incomplete or incorrect information has been submitted by the applicant. In assessing an application for a declaration of no objection, the ECB and DNB will take into account the 'Joint guidelines on the prudential assessment of acquisitions and increase of qualifying holdings in the financial sector' (JC/GL/2016/01).

Each party that will acquire a Qualifying Holding in KAS BANK must apply for a declaration of no objection pursuant to article 3:95(1)(b) Wft. This application must be submitted to DNB. DNB will prepare a draft decision. DNB will then send the application with regard to KAS BANK together with its draft decision to the ECB. The ECB must decide upon application with regard to a Qualifying Holding in KAS BANK within 60 business days as of the date on which DNB has confirmed the proper receipt of

the application and confirmed that the application is complete. In relation to application for a Qualifying Holding in KAS BANK this decision-making period may be extended by DNB up to 20 business days or 30 business days (depending on the relevant party) if DNB or the ECB needs further information to consider the applications.

Each party that will acquire a Qualifying Holding in KAS Trust & Depositary Services B.V. must apply for a declaration of no objection pursuant to article 3:95(1)(d) Wft. This application must be submitted to DNB. DNB must decide upon application with regard to a Qualifying Holding in KAS Trust & Depositary Services B.V. within 60 business days as of the date on which DNB has confirmed the proper receipt of the application and confirmed that the application is complete. In relation to application for a Qualifying Holding in KAS Trust & Depositary Services B.V. this decision-making period may be extended by DNB up to 20 business days or 30 business days (depending on the relevant party) if DNB or the ECB needs further information to consider the applications.

A bank with a seat in the Netherlands must obtain prior approval in the form of a declaration of no objection from the Dutch Central Bank on a financial or corporate restructuring (article 3:96(1)(e) Wft). The Post-Closing Demerger and Liquidation qualifies as a financial or corporate restructuring as meant in article 3:96(1)(e) Wft, which means that KAS BANK must obtain a declaration of no objection from DNB by applying thereto with DNB. DNB must decide upon this application within 60 business days as of the date on which DNB has confirmed the proper receipt of the application and confirmed that the application is complete. This decision-making period may be extended by the Dutch Central Bank up to 20 business days, if additional information is required.

As at the date of this Offer Memorandum, the Offeror has applied for the relevant Regulatory Clearances from the ECB and DNB in relation to the Qualifying Holding to be obtained prior to completion of the Offer.

If the Demerger and Liquidation (as defined below) is effectuated, all the assets and banking activities of KAS BANK will demerge into NewBankCo. Whilst most assets will be transferred by operation of law and under general title (*overdracht van rechtswege onder algemene titel*) certain assets related to the U.K. and Germany branches will be transferred separately. Please refer to section 4.18.2 (*Demerger and Liquidation – Description of the Demerger and Liquidation*). In connection with the Demerger and Liquidation, the ECB requires NewBankCo to obtain a license to act as a credit institution within the meaning of article 4 of the Capital Requirements Regulation (Regulation No 575/2013) (the "**ECB License Approval**").

Generally, in relation to the application process for a banking license, DNB must formally prepare a draft decision within 26 weeks. The ECB will then in principle have 10 business days (with an option to extend by another 10 business days) to support or object to the draft licensing decision. If the applicant has not shown that the license requirements are met, DNB will reject the application, in which case no draft decision needs to be notified to the ECB. DNB's draft decision or its decision to refuse the application must, in any event, be taken within 48 weeks of the receipt of the application. The ECB will decide to grant or refuse the application within 12 months of the receipt of the application. The ECB has confirmed it will not grant the ECB License Approval prior to the Unconditional Date and that the formal application for the ECB License Approval can not be filed prior to the Unconditional Date.

Anti- trust clearances

Given that both KAS BANK and the Offeror generated turnover exceeding EUR 30 million in the Netherlands in 2017 and the parties' combined turnover also exceeded the EUR 150 million threshold for total global turnover, the Transaction was notified to the Netherlands Authority for Consumers & Markets (*Autoriteit Consument & Markt*, the "**ACM**"). Prior to the filing of this Offer Memorandum, KAS BANK and the Offeror received a positive clearance decision from the ACM regarding the Transaction.

4.11 Extraordinary general meeting of KAS BANK

KAS BANK will hold an extraordinary general meeting on 12 September 2019 at 15:00 hours CET ("**EGM**") at De Entrée 500, Amsterdam, the Netherlands. This EGM will also serve as general meeting required to be held in accordance with article 18 paragraph 1 of the Takeover Decree to discuss the Offer.

At the EGM, the holders of Securities, will be requested to vote on:

- (a) the amendment of the Articles of Association as set out in Section 4.9 (*Amendments to the Articles of Association*) and included in Section 13.1 (*Articles of Association following Settlement*);
- (b) the appointment of Jean-François Abadie, Catherine Duvaud and Joseph Saliba as members of the Supervisory Board upon the nomination of the Offeror;
- (c) all resolutions necessary for the purpose of implementing the Demerger and Liquidation (subject to ECB License Approval having been obtained);
- (d) the acceptance of the resignation and the granting of full and final discharge and release from any and all liabilities in respect to the supervisory duties of the resigning members of the Supervisory Board; and
- (e) all corporate resolutions required to give effect to cancellation (*intrekking*) of the Treasury Securities held by KAS BANK, subject to the Offer being declared unconditional.

(The resolutions referred to in this Section 4.11 (*Extraordinary meeting of KAS BANK*) will be referred to as the "**Resolutions**".)

The Resolutions will be conditional upon Settlement taking place and will become effective as of the Settlement Date. Each Resolution shall be adopted if a simple majority of the votes cast is in favour of such Resolution.

4.12 Financing of the Offer

CACEIS S.A. announced on 25 February 2019 that it has sufficient funds available to complete the Offer in accordance with article 7, paragraph 4 of the Takeover Decree. As stated in Section 1.2.7 (*Assignment*), CACEIS S.A. has assigned all of its rights and obligations under the Merger Protocol to the Offeror. CACEIS S.A. shall remain jointly and severally liable with the Offeror for the proper performance of any and all obligations under the Merger Protocol assigned to the Offeror. The Offeror shall finance the Offer through available cash resources. CACEIS S.A. confirmed that it and the Offeror at the Settlement will be able to pay the aggregate Offer Price and will comply with all financial obligations of it and the Offeror pursuant to the Offer.

4.13 Decision-making and Recommendation by the Boards

In order to ensure a diligent and efficient decision-making process, KAS BANK decided to establish a steering committee (the "**Steering Committee**") consisting of Mr Peter Borgdorff (chairman of the Supervisory Board), Mr Sikko van Katwijk (chairman of the Managing Board), Mr Mark Stoffels (CFRO), Mr Jaap Witteveen (former COO) and Mr Remko Dieker (Managing Director Corporate). Representatives of Rabobank and Stibbe supported the Steering Committee. The Steering Committee is a consultation vehicle and prepares formal decision-making by the Boards. The Steering Committee met on a weekly basis. The Supervisory Board was regularly updated and remained actively involved throughout the process.

In order to properly assess whether the offer price is fair, the Boards requested and subsequently received a fairness opinion from Rabobank and the Supervisory Board requested and subsequently received a fairness opinion from ABN AMRO, which fairness opinions indicated that, as of such date and based upon and subject to the factors and assumptions set forth therein, the Offer Price of € 12.75 to be paid to the Securityholders is fair from a financial point of view.

After careful and extensive deliberation by the Boards and in consultation with their financial and legal advisors, taking into account all aspects and consequences of the Offer, including strategic, financial, operational and social points of view, the Boards considered that the Offer is in the best interest of KAS BANK and its stakeholders

Taking all these considerations into account, and subject to the terms and conditions of the Merger Protocol, the Managing Board and the Supervisory Board fully support and unanimously recommend the Offer to the holders of Securities for acceptance and unanimously recommend the holders of Securities to vote in favour of all Resolutions (the "**Recommendation**").

KAS BANK published a Position Statement pursuant to article 18 of the Takeover Decree, which sets forth the Recommendation. The full text of each Fairness Opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each Fairness Opinion, is included in the Position Statement.

4.14 Offer Conditions

The obligation of the Offeror to declare the Offer unconditional is subject to the satisfaction or waiver on or before the Acceptance Closing Date of the following Offer Conditions:

- 4.14.1 the number of Securities that is tendered in the Offer together with the Securities that are held at that time by the Offeror shall represent at least 95% of all issued and outstanding Securities at the Acceptance Closing Date, i.e. excluding any Treasury Securities.
- 4.14.2 the Preference Shares Foundation shall irrevocably and unconditionally have waived in writing, subject only to the Offer being declared unconditional (*gestand wordt gedaan*), any and all rights under the Foundation Option Agreement and has irrevocably and unconditionally agreed in writing to, subject to the Offer being declared unconditional (*gestand wordt gedaan*), (i) request the Company to redeem or cancel the outstanding Preference Shares, and (ii) terminate the Foundation Option Agreement;
- 4.14.3 the Share Trust Office has agreed in writing irrevocably and unconditionally that, subject only to the Offer being declared unconditional, it will exchange all Depositary Receipts to be held by the Offeror from time to time for the corresponding Ordinary Shares at first request of the Offeror;
- 4.14.4 all notifications to all relevant competition authorities (the "**Competition Authorities**" and each a "**Competition Authority**") shall have been made and each Competition Authority:
 - (a) shall have rendered a decision permitting the Offer without requiring any conditions or obligations that are not reasonably acceptable to the Offeror;
 - (b) shall have rendered a decision stating that no clearance is required;
 - (c) shall not have rendered a decision within the applicable time periods and under the relevant applicable laws thereby implying that unconditional clearance has been given; or
 - (d) shall have referred the matter to any other competent authority in accordance with the relevant applicable laws and clearance subsequently shall have been given,(the "**Competition Clearance**");
- 4.14.5 the Offeror has obtained (i) a declaration of no objection from the ECB for acquiring a qualifying holding in the Company with conditions – if any – reasonably acceptable to the Offeror, and (ii) a declaration of no objection from DNB for acquiring a qualifying holding in KAS Trust & Depositary Services B.V. with conditions – if any – reasonably acceptable to the Offeror, (the "**Regulatory Approvals**" and each a "**Regulatory Approval**");

- 4.14.6 no notification shall have been received from the AFM stating that pursuant to section 5:80 Wft investment firms (*beleggingsondernemingen*) would not be allowed to cooperate with the Settlement;
- 4.14.7 the Company not having breached the terms of the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Offer and (ii) is incapable of being remedied within 10 Business Days after receipt by the Company of a written notice from the Offeror, or has not been remedied by the Company within 10 Business Days after receipt by the Company of a written notice from the Offeror, provided that (A) the Company shall not be entitled to such remedy period if the breach is not capable of being remedied during such period and (B) if the period until the Acceptance Closing Date is less than ten (10) Business Days, the remedy period shall expire the day before the Acceptance Closing Date;
- 4.14.8 the Offeror not having breached the terms of the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Offer and (ii) is incapable of being remedied within 10 Business Days after receipt by the Offeror of a written notice from the Company or has not been remedied by the Offeror within 10 Business Days after receipt by the Offeror of a written notice from the Company, provided that (A) the Offeror shall not be entitled to such remedy period if the breach is not capable of being remedied during such period and (B) if the period until the Acceptance Closing Date is less than ten (10) Business Days, the remedy period shall expire the day before the Acceptance Closing Date;
- 4.14.9 neither of the Boards shall have revoked its Recommendation;
- 4.14.10 the general meeting of shareholders of the Company shall have adopted the Resolutions (excluding the Resolutions described under Section 4.11 (c)(*Extraordinary general meeting of KAS BANK*) and (e)(*Cancellation of Treasury Securities*);
- 4.14.11 no Material Adverse Change has occurred since the date of the Merger Protocol which is continuing at the Acceptance Closing Date;
- 4.14.12 no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority that remains in force and effect, and no statute, rule, regulation, governmental order or injunction having been enacted, which in any such case prohibits making the Offer; and
- 4.14.13 trading in the Securities on Euronext Amsterdam not having been suspended prior to and continuing on or is reasonably expected to continue on the Acceptance Closing Date or ended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext Amsterdam in accordance with article 6901/2 or any other relevant provision of the Euronext Rulebook I (Harmonised Rules).

Prior to the publication of this Offer Memorandum, the Offer Conditions referred to in Section 4.14.2, Section 4.14.3 and Section 4.14.4 have been fulfilled.

With respect to Sections 4.14.5 (*Regulatory Approvals*) and 4.14.11 (*No Material Adverse Change*), in the event the Offeror determines that either of these Offer Conditions is not satisfied and KAS BANK disagrees, the Offeror or KAS BANK will, subject to the provisions of the Merger Protocol, settle such disagreement in accordance with the Arbitration Rules of the Netherlands Arbitration Institute, including the possibility of arbitral proceedings (*arbitraal kort geding*).

4.15 Waiver

- 4.15.1 The Offer Conditions, excluding the Offer Conditions in Section 4.14.4, Section 4.14.5, Section 4.14.6, Section 4.14.8, Section 4.14.12 and Section 4.14.13, are for the benefit of the Offeror and may be waived by the Offeror in whole or in part at any time by written notice to the Company, provided that the Offer Condition in Section 4.14.1 may only be waived by the Offeror together

with the Company if the number of Securities that is tendered in the Offer together with the Securities that are held at that time by the Offeror shall represent less than 75% of all issued and outstanding Securities at the Acceptance Closing Date, i.e. excluding any Treasury Securities. The Offeror shall take into account the percentage of Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) in the Acceptance Period and the status of the discussions with the regulatory authorities in its decision whether to waive the Offer Condition in Section 4.14.1.

The Offer Condition in Section 4.14.8 is for the benefit of the Company and may be waived by the Company at any time by written notice to the Offeror. The Offer Conditions in Section 4.14.4 and Section 4.14.13 are for the benefit of both the Offeror and the Company and may only be waived by the Offeror and the Company jointly.

The Offer Conditions in 4.14.5, Section 4.14.6 and Section 4.14.12 cannot be waived. The Offeror and KAS BANK will notify each other as soon as possible and in any event within five (5) Business Days of any facts or circumstances which may cause them to invoke non-satisfaction of any Offer Condition. No Party may invoke any of the Offer Conditions if the non-satisfaction of such condition(s) is caused by a breach of that Party of any of its obligations under the Merger Protocol.

- 4.15.2 Both the Company and the Offeror undertake to use its reasonable best efforts to procure the satisfaction of the Offer Conditions as soon as reasonably practicable.

4.16 Certain arrangements between the Offeror and KAS BANK

In the Merger Protocol the Company and the Offeror have made several agreements on certain exclusivity arrangements, including how to deal with potential competing offers. For the purposes of this Offer Memorandum, the "**Exclusivity Period**" means the period commencing on the date of the Merger Protocol and ending on the earlier of (i) the date of termination of the Merger Protocol in accordance with Section 4.16.5 or (ii) the Settlement Date.

4.16.1 *Exclusivity*

- (a) Without prejudice to Sections 4.16.1, 4.16.2, and 4.16.3, during the period commencing on 25 February 2019 and ending on the earlier of (i) the Settlement Date, or (ii) the date of termination of Merger Protocol (the "**Exclusivity Period**"), KAS BANK shall not, directly or indirectly, solicit, encourage or engage in discussions or negotiations with, provide any non-public confidential information relating to the Company or its business to, or enter into any transaction with any party other than the Offeror regarding a public offer for any Securities, a sale of all or a substantial part of the assets or business of the Company or its Group or any other transaction that could result in a change of control over the Company or all or a substantial part of its business or otherwise prevent the Offer and the Transaction as described in this Offer Memorandum from being consummated (each an "**Alternative Transaction**").
- (b) The Company has agreed to notify the Offeror promptly (and in any event within 48 (forty-eight) hours) if any communication, invitation, approach or enquiry, or any request for information is received by the Company, any member of its Group or any of their directors, officers or employees from any third party in relation to an Alternative Transaction, it being understood that the Company shall advise the Offeror of the identity of such party. The Company shall keep the Offeror informed of any material developments with respect to such Alternative Transaction.
- (c) Notwithstanding the provisions in Section 4.16.1(a), the Company is permitted to engage in discussions with, and provide non-confidential information to, a bona fide third party that makes an unsolicited approach with the intention of making a Competing Offer (as defined in Section 4.16.3) to the Company and to investigate such approach and enter into discussions with such third party for the purpose of determining whether such proposal with respect to an Alternative Transaction could reasonably be expected to qualify or evolve into a Potential Competing Offer

(as defined in Section 4.16.2) or Competing Offer, provided that the Company keeps the Offeror updated on the status of those discussions.

4.16.2 *Potential Competing Offer*

- (a) If the Company receives a credible, written and unsolicited proposal with respect to an Alternative Transaction that, in the reasonable opinion of the Boards, is likely to qualify as or evolve into a Competing Offer such that the Boards are of the view that in the exercise of their fiduciary duty towards the Company they should explore such proposal (a "**Potential Competing Offer**"), the Company shall promptly (and in any event within 48 hours of receipt by the Company) notify the Offeror thereof. Such notice to the Offeror will specify (i) the identity of the relevant third party, (ii) the proposed consideration, and (iii) other key terms of the Potential Competing Offer and will inform the Offeror of the Company's intention to enter into discussion with such third party.
- (b) The Company has agreed not to enter into any break fee arrangement, cost compensation or any similar arrangement with any third party in connection with an Alternative Transaction, a Potential Competing Offer or a Competing Offer, except, in respect of a Competing Offer, if such break fee arrangement, cost compensation or any similar arrangement only becomes binding after the Offeror has not matched the Competing Offeror in accordance with Section 4.16.3.
- (c) If in the reasonable opinion of the Boards a Potential Competing Offer is likely to evolve into (but does not yet constitute) a Competing Offer, nothing in the Merger Protocol shall prohibit the Company from providing non-public confidential information to the third party making the Potential Competing Offer, provided that such third party will receive the same information as provided to the Offeror, except if and to the extent the Boards determine, taking into account their fiduciary duties and having consulted their financial and legal advisors, that the third party reasonably requires additional information to be able to make a Competing Offer. In that case, the Offeror will simultaneously receive the same additional information provided to such third party. The Company shall not provide any information to any person in connection with such Potential Competing Offer, before the proposing party has first signed a confidentiality agreement on terms no less stringent than those of the Confidentiality Agreement, except that such agreement does not need to contain a standstill obligation on that third party. The Company shall furthermore be permitted to (i) consider such Potential Competing Offer and engage in discussions or negotiations regarding such Potential Competing Offer, and (ii) make any public announcements in relation to the Potential Competing Offer to the extent required under the Merger Rules.
- (d) The Company shall keep the Offeror informed of the status of any Potential Competing Offer and shall inform the Offeror within 20 Business Days from receipt of the Potential Competing Offer as to whether:
 - (i) the Potential Competing Offer has led to a Competing Offer; or
 - (ii) the Potential Competing Offer has not led to a Competing Offer and the Boards have terminated discussions and negotiations with the third party and will continue to recommend the Offer to the holders of Securities of the Company and will reaffirm their Recommendation. If details of the Potential Competing Offer have become public, the Company shall make such reaffirmation by way of a public announcement.

4.16.3 *Competing Offer*

- (a) For purposes of Section 4.16, a "Competing Offer" is a written proposal meeting all of the following conditions:

- (i) the Potential Competing Offer is a bona fide unsolicited written binding offer or proposal relating to an Alternative Transaction comprising (i) a full public offer (*volledig bod*) or mandatory offer (*verplicht bod*) for the Securities or, (ii) an acquisition of all or substantially all of the business or assets of the Company, by a party who, in the reasonable opinion of the Boards, is a bona fide party;
 - (ii) in the reasonable opinion of the Boards, taking into account their fiduciary duties and having consulted their financial and legal advisors, the Alternative Transaction is more beneficial to the Company and its Securityholders, employees and other stakeholders than the Offer as contemplated in this Offer Memorandum, specifically taking into account the identity and track record of such third party, the consideration to be received by the holders of Securities, the likelihood of completion, the other terms and conditions of the offer, including non-financial covenants, and the interests of all stakeholders of the Company;
 - (iii) the total consideration payable to the holders of Securities in connection with such Alternative Transaction exceeds the Offer Price by at least 10%.
- (b) In the event that a Potential Competing Offer contains a consideration solely or partly consisting of shares, the share component shall be valued, for purposes of calculating the foregoing threshold, at the lower of (i) the average share price for the offered share during the last 90 days prior to the announcement of the Potential Competing Offer, and (ii) the average share price for the offered shares during the period from the announcement of the Potential Competing Offer to the day on which the Company decides as to whether such Potential Competing Offer qualifies as a Competing Offer.
- (c) If the Boards intend to support and recommend a Competing Offer, the following steps shall be taken:
 - (i) The Company shall inform the Offeror of such intention promptly in writing (the "**Competing Offer Notice**") (in any event within 48 (forty-eight) hours of such decision as to whether such Potential Competing Offer qualifies as a Competing Offer) and shall provide the Offeror with all material details known to the Company regarding the Competing Offer, it being understood that as a minimum the Company shall notify the Offeror of its knowledge of the identity of such third party, the proposed consideration and the main conditions to (the making of) the Competing Offer, as well as the Company's reasons for determining that such offer is a Competing Offer.
 - (ii) The Offeror may within ten (10) Business Days following the date on which it has received the Competing Offer Notice submit to the Boards in writing a revision of its Offer. If such revised offer is on terms and conditions which, in the opinion of the Boards, are at least equally beneficial to the Company, its business and its stakeholders and materially matches the terms and conditions of the Competing Offer as set out in the Competing Offer Notice, such offer shall qualify as a "**Matching Offer**".
 - (iii) If the Offeror fails to timely submit a Matching Offer or has indicated that it will not submit a Matching Offer as set out in Section 4.16.3.c.ii, both the Company or the Offeror shall be entitled to terminate the Merger Protocol and the Boards shall be entitled to revoke the Recommendation, both within two Business Days after expiry of the period of Section 4.16.3.c.ii with immediate effect, without prejudice to Section 4.16.6.

4.16.4 Consecutive Competing Offers

Section 4.16.3 applies mutatis mutandis to any consecutive Competing Offer, provided that if the Offeror has matched any Competing Offer in accordance with Section 4.16.3.c.ii, the consecutive Competing Offer must exceed the most recent Matching Offer by at least 5% (five percent) in order for any such consecutive Competing Offer to potentially qualify as a Competing Offer.

4.16.5 Termination

- (a) The Merger Protocol will immediately terminate:
- (i) by mutual written consent of the Company and the Offeror;
 - (ii) by notice in writing given by the Terminating Party to the other Party if (i) within 3 (three) Business Days after the Acceptance Closing Date any Offer Condition for the benefit of the Terminating Party under the Merger Protocol has not been satisfied or waived, or (ii) prior to expiry of the time period in (i) it transpires that any Offer Condition for the benefit of the Terminating Party is incapable of satisfaction, provided that the non-satisfaction of the relevant Offer Condition is not due to the Terminating Party breaching any of its obligations under the Merger Protocol;
 - (iii) by notice in writing given by the Terminating Party to the other Party in the event of a breach by the other Party of its obligations under the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Offer, and (ii) is incapable of being remedied or has not been remedied by the other Party within 10 Business Days after receipt by the other Party of a written notice from the Terminating Party. For the avoidance of doubt, except as otherwise provided for in the Merger Protocol, a breach shall in any event include, without limitation, a material breach by the Company of any of its obligations pursuant to Section 4.13 (*Decision-making and Recommendation*);
 - (iv) by notice in writing given by either Party pursuant to Section 4.16.3.c.iii; or
 - (v) by notice in writing by the Company if (i) all Commencement Conditions have been satisfied or waived and the Offeror has failed to commence the Offer on the Ultimate Commencement Date, or (ii) the Offer has been commenced and all Offer Conditions have been satisfied or waived and Settlement has not taken place on the Settlement Date, for any reason attributable to the Offeror.

4.16.6 Break Fee

To induce both the Company and the Offeror to enter into the Merger Protocol and to compensate both the Company and the Offeror for loss of management time and other costs and expenses incurred by them in connection with the Offer and the preparation of the Offer, the following break fees have been included to be paid immediately upon first written request by either party if the Merger Protocol is terminated:

- (a) If the Merger Protocol is terminated pursuant to Section 4.16.5.a.iii the defaulting party shall pay to the Terminating Party an amount equal to 1% (one percent) of the aggregate Offer Price in cash.
- (b) In the event the Merger Protocol is terminated pursuant to Section 4.16.5.a.ii because the Offer Condition set out in Section 3.3.4 of the Merger Protocol (*Competition Clearance not obtained*) is not satisfied or waived, the Offeror shall pay to the Company an amount equal to 1% (one percent) of the aggregate Offer Price in cash.
- (c) In the event the Merger Protocol is terminated pursuant to Section 4.16.5.a.ii because the Offer Condition set out in Section 3.3.5 Merger Protocol (*Regulatory Approvals not obtained*) is not

satisfied or waived, the Offeror shall pay to the Company an amount equal to 1% (one percent) of the aggregate Offer Price in cash.

- (d) In the event the Merger Protocol is terminated pursuant to Section 4.16.5.a.iv (*Competing Offer takes precedence*), the Company shall pay to the Offeror an amount equal to 1% (one percent) of the aggregate Offer Price in cash.
- (e) In the event the Merger Protocol is terminated by the Company pursuant to Section 4.16.5.a.v (*No commencement of the Offer or no Settlement of the Offer*), the Offeror shall pay to the Company an amount equal to 1% (one percent) of the aggregate Offer Price in cash, unless the Company has materially breached the Merger Protocol.
- (f) Where a Party has become liable to make any payment pursuant to this Section 4.16.6, the due date for the making of that payment shall be the date falling five Business Days after the date when such Party has been notified by the other Party that it has a liability for payment of a break fee pursuant to this Section 4.16.6.
- (g) A Party's entitlement to a break fee pursuant to this Section 4.16.6 is without prejudice to any other statutory rights or remedies of that Party, including a claim for specific performance (*nakoming*) or damages if these exceed the amount of such break fee, it being understood that if the Merger Protocol is terminated pursuant to Section 4.16.5.a.iv (*Competing Offer takes precedence*), the remedy described in Section 4.16.6.d shall be the sole remedy of the Offeror.

4.17 Irrevocable Undertakings

- (a) The members of the Managing Board have irrevocably undertaken to accept the Offer and to tender all Securities they can freely tender as per the Acceptance Closing Date to the extent permitted under applicable law, under the same terms and conditions as the other Securityholders as described in this Offer Memorandum, subject to the Boards not revoking the Recommendations (the "**Irrevocable Undertakings**"). No information relevant to Securityholders has been provided to the members of the Managing Board, other than the information included in this Offer Memorandum. All information regarding the Irrevocable Undertakings which is relevant to the Offer has been included in the Offer Memorandum.
- (b) For as long as the Boards recommend and support the Offer, the Company shall use its best efforts to procure that the relevant former members of the Managing Board and former and current identified staff shall, to the extent permitted under applicable law, tender in the Offer any Securities held by them which they can freely tender.

4.18 Post-Closing Restructuring Measures

Securityholders who do not intend to tender their Securities under the Offer should carefully review this Section 4.18 (*Post-Closing Restructuring Measures*), including Section 4.18.3 (*Other Post-Closing Restructuring Measures*) and Section 4.19 (*Consequences of the Offer*), which describe certain risks they will be subject to if they elect not to accept the Offer and certain measures the Offeror may take to achieve its goal of obtaining 100% (one hundred per cent) of the Securities. These risks are in addition to the risks associated with holding securities issued by the Company generally, such as the exposure to risks related to the business of the Company and its subsidiaries, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time.

The Offeror seeks to acquire 100% (one hundred per cent) of the Securities and/or the business and operations of the Company, through the Offer, a subsequent squeeze-out procedure or other subsequent restructuring steps. These steps are likely to have significant consequences for Securityholders who do not tender their Securities under the Offer, including the possibility of a substantial delay in the receipt by them of their proceeds. Other than in respect of the Demerger and Liquidation (as defined below) and as set out in this Section 4.18 (*Post-Closing Restructuring Measures*), no decision in respect of pursuing such other subsequent restructuring steps as set out in this Section 4.18 (*Post-Closing Restructuring*

Measures) has been taken by the Offeror and no such decision is envisaged to be taken prior to the Offer being declared unconditional.

4.18.1 *Delisting, Squeeze-Out Procedures*

In the event the Offer is declared unconditional (*gestand wordt gedaan*) it is intended that the listing of the Company on Euronext Amsterdam will be terminated as soon as possible. It is the intention of the Offeror to acquire ultimately 100% (one hundred per cent) of the Securities, including through the acquisition of all Depositary Receipts for cancellation in consideration for the transfer of the underlying Securities in the capital of KAS BANK. If, following the Settlement Date, the Offeror and its Affiliates, alone or together with the Company, hold at least 95% (ninety-five per cent) of the Securities, the Offeror shall, at its discretion commence (i) a compulsory acquisition procedure (*uitkoopprocedure*) in accordance with article 2:92a DCC or (ii) the takeover buy-out procedure in accordance with article 2:359c DCC to buy out the holders of Depositary Receipts and Registered Shares that are not yet held by the Offeror and its Affiliates.

4.18.2 *Demerger and Liquidation*

The Offeror and KAS BANK have agreed the terms of a demerger and liquidation of the Company in accordance with the outline and principles as set out in this Section 4.18.2 (*Demerger and Liquidation*) (the "**Demerger and Liquidation**").

Conditions

The effectuation of the Demerger and Liquidation after completion of the Offer shall be subject to the following conditions having been met.

- (i) the number of Securities tendered for acceptance in the Offer (including those, for the avoidance of doubt, tendered following an extended Acceptance Closing Date), together with any Securities committed to the Offeror, in writing or otherwise held by the Offeror, represent at least 80% of the Company's aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand kapitaal*) (excluding any Securities then held by the Company);
- (ii) the resolutions required for the Demerger and Liquidation have been adopted at the EGM and are in full force and effect;
- (iii) the relevant ECB (including the ECB License Approval) and DNB approvals have been obtained in relation to the Demerger and Liquidation;
- (iv) the consultation procedures with respect to the Works Council in relation to the Demerger and Liquidation have been complied with; and
- (v) no order, stay, judgment or decree has been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority that remains in force and effect, and no statute, rule, regulation, governmental order or injunction has been enacted, which prohibits the implementation of the Demerger and Liquidation;

(the "**Demerger and Liquidation Conditions**").

Once the Offeror has declared the Offer unconditional and is able to effectuate the Demerger and Liquidation on the basis of the Demerger and Liquidation Conditions having been met, and the Offeror elects to effectuate the Demerger and Liquidation, the Company and the Offeror as soon as practically possible will (i) enter into the relevant restructuring agreements and perform their respective obligations thereunder, and (ii) implement the Demerger and Liquidation, all in accordance with the outline and principles as set out in this Section 4.18.2.

Rationale of the Demerger and Liquidation

The Offeror and KAS BANK consider it important (i) to enhance the sustainable success of the business of KAS BANK as part of the Offeror and to integrate KAS BANK in the Offeror as soon as possible (ii) for the Offeror to acquire 100% of the Securities or KAS BANK's assets and operations. This importance is based, inter alia, on:

- (vi) the fact that having a single Securityholder and operating without a public listing increases KAS BANK's ability to achieve goals and implement the actions of the proposed strategy of the Combination; and
- (vii) the ability of KAS BANK and the Offeror to terminate the listing of the Shares from Euronext Amsterdam and to achieve an efficient capital structure (both from a tax, financing and a regulatory capital requirements perspective).

In light of the above, including the deal certainty considerations and the fact that the Offeror's willingness to pursue the strategic rationale, to pay the Offer Price and to pursue the Transactions is predicated on the acquisition of 100% of the Shares, and in light of the willingness of the Offeror to take into account the percentage of Securities validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during the Acceptance Period and the status of the discussions with the regulatory authorities in its decision whether to waive the Offer Condition in Section 4.14.1, KAS BANK expresses its support for the Demerger and Liquidation as contemplated in this section and the other Post-Closing Measures as contemplated in Section 4.18.3 (*Other Post-Closing Restructuring Measures*).

The business rationale for the Demerger and Liquidation lies largely with the considerable synergy potential of the Combination. Reference is made to Section 4.4 (*Rationale for the Offer*). Realising the synergies is highly dependent on a clear strategy going forward with a swift execution. The existence of a Minority Securityholders base would require incremental interactions with such Securityholders necessary for properly considering their interests, which will likely affect both the clarity of, and ability to, execute such synergies. The Offeror and the Offeror would therefore likely not achieve the contemplated synergies under such circumstances, at least not to the same extent and within the contemplated timeframe.

If a substantial majority of Securityholders wishes to benefit from the exit opportunity presented by the Offer, the KAS BANK Boards consider it their fiduciary duty, taking into account the interests of KAS BANK and all of its stakeholders, to investigate and propose to the Securityholders a transaction structure on the basis of which such exit opportunity would indeed be available while at the same time reducing, to the extent possible, the adverse consequences of such alternative structure (if any) for the Securityholders and other stakeholders.

As a pre-wired agreed Post-Closing Measure was a fundamental requirement of the Offeror to consider waiving the 95% Condition and generally in order to obtain certainty of acquiring the full ownership of KAS BANK and thus be in a position to pay the Offer Price, the KAS BANK Boards believe that agreeing to such transaction structure, subject to the agreed conditions (including approval by the Securityholders at the EGM), takes best into account the sustainable success of the business of KAS BANK and all of its stakeholders.

Description of the Demerger and Liquidation

The Demerger and Liquidation comprises of five steps. The various steps which are envisaged by the Demerger and Liquidation are set out in more detail below.

As the first step of the Demerger and Liquidation, it is currently envisaged that the assets and liabilities comprising the UK and German branch offices of KAS BANK will transfer to the Offeror.

The second step of the Demerger and Liquidation is a statutory demerger (*juridische afsplitsing*) in accordance with article 2:334a paragraph 3 et seq DCC of KAS BANK into a new wholly-owned subsidiary to be incorporated at the occasion of the demerger ("**NewBankCo**") to which KAS BANK will transfer by operation of law and under general title (*overdracht van rechtswege onder algemene titel*) its entire business (the "**Demerger**"). Insofar certain assets (such as agreements governed by foreign law) may not be viable for transfer by demerger and need to be transferred separately, such assets will be transferred separately, directly prior to or at the occasion of the Demerger to NewBankCo.

KAS BANK will timely prepare, and the KAS BANK Boards will timely resolve to adopt and sign a demerger proposal for a statutory demerger (*juridische afsplitsing*) by KAS BANK into NewBankCo in accordance with article 2:334a paragraph 3 et seq DCC (the "**Demerger Proposal**") after which KAS BANK will file the Demerger Proposal and all ancillary documents with the trade register of the Dutch Chamber of Commerce. Copies of the Demerger Proposal will be made available at the offices of KAS BANK. KAS BANK will announce in a Dutch national newspaper that the filing is made and that such copies have been made available.

The third step of the Demerger and Liquidation entails a transfer of NewBankCo by KAS BANK, pursuant to a notarial deed of sale and transfer of shares, to the Offeror subject to and upon completion of the Demerger (the "**Share Sale**") against (i) a cash amount equal to the price of the aggregate offer price of the Securities not tendered in the offer process (the "**Demerger Security Consideration**") and (ii) a promissory note of an amount equal to the aggregate offer price paid for the Securities tendered in the offer process (the "**Promissory Note**"). This transfer is subject to a declaration of no objection to be issued by DNB pursuant to article 3:95 FSA for the Offeror's direct holding in NewBankCo as licensed Dutch bank. Additionally, the Offeror and KAS BANK shall to the extent required to effect the Demerger in an orderly fashion, in consultation with Euronext Amsterdam and the AFM, request for a two day suspension of trading of the Securities on Euronext Amsterdam before effectuating the Demerger.

The fourth step of the Demerger and Liquidation regards the liquidation of KAS BANK. In this step, KAS BANK will resolve to dissolve (*ontbinden*) and liquidate (*vereffenen*) KAS BANK in accordance with article 2:19 DCC (the "**Liquidation**"), subject to the completion of the Share Sale and the Demerger, and will appoint in consultation with Offeror a newly incorporated foundation (*stichting*) specifically incorporated for the purpose of being the liquidator (*vereffenaar*) of KAS BANK in accordance with article 2:19 DCC. This newly incorporated entity shall appoint the Offeror, or an Affiliate of the Offeror, as the custodian of the books and records of KAS BANK in accordance with article 2:24 DCC. It is contemplated that the liquidator will, as soon as practicably possible after the completion of the Share Sale, arrange for an advance liquidation distribution to the Securityholders of KAS BANK, whereby such advance liquidation distribution is intended to take place on or shortly following the date the Share Sale is completed consisting of (i) a payment per Security in the capital of KAS BANK equal to the Offer Price, without any interest and subject to withholding taxes and other taxes and (ii) the Promissory Note (the "**Advance Liquidation Distribution**") (please refer to Section 8 of this Offer Memorandum (*Dutch Tax Aspects of the Offer*)). The Promissory Note given to KAS BANK will be set off as such note will end up at the level of the Offeror as part of the distribution to Securityholders during the liquidation. As part of the liquidation process, the Offeror will ensure that KAS BANK will hand over its banking licence back to DNB and request and obtain a banking licence for NewBankCo for the time of its existence.

The fifth and last step of the Demerger and Liquidation will be a cross border merger of NewBankCo into the Offeror (the "**Cross Border Merger**") subject to which all assets and liabilities of NewBankCo will be transferred to the Offeror by universal succession. Upon completion of the Cross Border Merger, NewBankCo will be dissolved. Upon the dissolution of NewBankCo, the Offeror will ensure that NewBankCo's banking licence will be handed back to DNB.

4.18.3 Other Post-Closing Restructuring Measures

- (a) Subject to the Offer being declared unconditional, the Offeror may effect, or cause to effect, any other restructuring of the Company and the Group for the purpose of achieving an optimal operational, legal, financial and/or fiscal structure in accordance with the Merger Rules, Dutch corporate law and Dutch law in general, some of which may have the effect of diluting the interest of any remaining holders of Securities (the "**Post-Closing Restructuring Measures**"), including but not limited to:
- (i) the Demerger and Liquidation, as agreed in accordance with Section 4.18.2 and in accordance with the outline and principles referred to in that section;
 - (ii) a sale by the Company of all, substantially all or a substantial part of its assets and liabilities to the Offeror or an Affiliate of the Offeror, followed by a distribution of proceeds to the Securityholders of the Company;
 - (iii) an issue of Securities by the Company against a contribution of cash and/or assets to the Company, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of Securityholders other than the Offeror may be excluded;
 - (iv) a sale and transfer of assets and liabilities by the Offeror or by a member of the Offeror's group to the Company or any member of the Group or a sale and transfer of assets and liabilities by the Company or any member of the Group to the Offeror or to any other member of the Offeror's group, potentially followed by a liquidation of the Company;
 - (v) a statutory cross-border or domestic (bilateral or triangular) legal merger (*juridische (driehoeks-) fusie*) in accordance with sections 2:309 et seq DCC between the Company, the Group, the Offeror and/or one (1) or more other members of the Offeror's group;
 - (vi) a statutory legal demerger (*juridische splitsing*) of the Company in accordance with sections 2:334a et seq DCC;
 - (vii) conversion of the Company into a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*);
 - (viii) a subsequent public offer by the Offeror for any Securities not held by the Offeror;
 - (ix) distribution by the Company of any proceeds, cash and/or assets to the Securityholders of the Company;
 - (x) make any changes to the dividend policy of the Company;
 - (xi) any other transactions, restructurings, share issues, procedures and/or proceedings in relation to the Company and/or one or more members of its Group required to effect the above-mentioned objective; or
 - (xii) any combination of the foregoing.
- (b) Until the earlier of (i) the Offeror holding 95% of the issued and outstanding share capital of the Company and having issued a writ of summons with respect to a statutory buy-out procedure (*uitkoopprocedure*) in accordance with section 2:92a DCC or a takeover buy-out procedure in accordance with section 2:359c DCC, and (ii) completion of the Demerger and Liquidation, any Post-Closing Restructuring Measure or other matter that could reasonably be expected to disproportionately prejudice the value of, or other rights relating to, the Securities (other than the Securities held by the Offeror) will require the affirmative vote of the majority of the

Independent Supervisory Board Members to ensure due consideration will be given to the interests of minority holders of Securities, next to the required approval of the Boards and that of the general meeting of the Company (to the extent applicable). For the avoidance of doubt, such affirmative vote is not required in respect of any statutory buy-out procedure (*uitkoopprocedure*) as referred to in this Section 4.18.3 or for the Demerger and Liquidation.

- (c) In effecting any Post-Closing Restructuring Measure, due consideration will be given to the requirements of Merger Rules, including the fiduciary duties of the KAS BANK Boards to promote the sustainable success of KAS BANK, its business and also to consider the interests of all stakeholders including any Minority Securityholders, and the requirement of the Supervisory Board to form their independent view of the relevant matter.

4.19 Consequences of the Offer

Securityholders who do not tender their Securities under the Offer should carefully review this Section 4.19 (*Consequences of the Offer*), which describes certain risks they will be subject to if they elect not to accept the Offer. Therefore, Securityholders considering not tendering their Securities under the Offer should carefully review the sections of this Offer Memorandum that further explain the intentions of the Offeror, such as this Section 4.19 (*Consequences of the Offer*) and Section 4.18 (*Post-Closing Restructuring Measures*), which describe certain implications to which such Securityholders will be subject if the Offer is declared unconditional and settled. These risks are in addition to the risks associated with holding securities issued by KAS BANK generally, such as the exposure to risks related to the business of the KAS BANK group, the markets in which the KAS BANK group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. The following is a summary of the key additional risks.

4.19.1 *Delisting*

As soon as possible after Settlement, if this occurs, the Offeror and the Company shall seek to procure the delisting of the Depositary Receipts from Euronext Amsterdam and termination of the listing agreement between the Company and Euronext Amsterdam in relation to the listing of the Depositary Receipts.

4.19.2 *Liquidity of the Depositary Receipts*

The purchase of Depositary Receipts by the Offeror pursuant to the Offer, among other things, will reduce the number of holders of Depositary Receipts and the number of Depositary Receipts that might otherwise trade publicly and thus adversely affect the liquidity of the Depositary Receipts not tendered.

In accordance with Euronext Amsterdam Notice 2004-041, Euronext Amsterdam, in general, permits a delisting in the case of a public offer if such public offer for all relevant depositary receipts of shares is declared unconditional, giving the bidder at least 95% (ninety-five per cent) of such depositary receipts of shares. Should the Offeror decide to terminate the listing of the Company, such termination will further adversely affect the liquidity of any Depositary Receipts not tendered.

In addition, the Offeror may initiate any of the procedures as set out in Section 4.18.3 (*Other Post-Closing Restructuring Measures*), including procedures which would result in the termination of the listing of the Depositary Receipts (including Depositary Receipts not being tendered).

4.19.3 *Reduced governance rights*

In the event that the Company or its successor entity will no longer be listed and its Depositary Receipts will no longer be publicly traded, the statutory provisions applicable to the governance of public or listed companies will no longer apply and the rights of minority shareholders will be limited to the statutory minimum.

4.19.4 *Controlling Shareholder*

Following the Settlement Date, the Company may be in majority controlled by the Offeror and the Offeror may, subject to Section 4.8 (*Future governance*) appoint and/or procure the appointment of certain members to the Boards.

4.19.5 *Other measures*

Subject to the terms and conditions of the Merger Protocol and this Offer Memorandum, the Offeror reserves the right to submit proposals to the Securityholders in order to change the corporate structure and the capital structure of the Company and/or achieve an optimal financial or other structuring, including amendments to the Company's Articles of Association, a debt push-down (*inter alia* by means of an upstream loan or interim dividends) and changes in the accounting policies applied by the Group, all in accordance with Dutch law and the Company's Articles of Association.

4.19.6 *Dividend policy*

The Securityholders should be aware that the Company may or may not pay cash dividends in the future. Future dividends may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Any distribution made in respect of the Securities after the Settlement Date will be deducted for the purpose of establishing the value per Security in any statutory merger, takeover buy-out procedure, squeeze-out procedure or other measure contemplated by Sections 4.18.2 (*Demerger and Liquidation*) and 4.18.3 (*Other Post-Closing Restructuring Measures*).

4.19.7 *Tax treatment of distributions*

The Offeror has no insight into and no responsibility with respect to the tax treatment of Securityholders with respect to any distributions made by the Company or any successor entity to the Company, which may include dividends, repayments of capital and liquidation distributions. In the event that there is a sale of all, substantially all, or part of the assets of the Company, followed by a liquidation and a distribution of the sale proceeds, this may raise specific tax issues for Securityholders, including without limitation a liability to Dutch dividend withholding tax. To the extent Dutch dividend withholding tax is not fully creditable against the mainstream tax liability of the Securityholders, the after-tax return may be significantly lower than the return would have been had the Securities been offered to the Offeror. In addition, a sale of all, substantially all, or part of the assets of the Company may raise other specific tax issues for the Company, any member of the Group and/or Securityholders, as a result of which the after-tax return received by Securityholders may be significantly lower than the return would have been, had such Securityholder tendered Securities held by it in the Offer.

4.19.8 *Tax treatment of other Post-Closing Restructuring Measures*

Other Post-Closing Restructuring Measures could also raise specific tax issues for the Company and/or Securityholders as a result of which the after-tax return may be significantly lower than the return would have been had the Securities been offered to the Offeror.

5. INFORMATION REGARDING KAS BANK

5.1 Introduction

KAS BANK is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and registered with the trade register of the chamber of commerce under number 33001320. KAS BANK is listed on Euronext Amsterdam and included in Euronext's Amsterdam Smallcap Index (AScX Index).

KAS BANK is a leading specialist in the field of custody and administration services for institutional investors and financial institutions in the Netherlands, with local presence in Germany and the United Kingdom.

5.2 History of KAS BANK

Below is an overview of historical highlights of KAS BANK:

1806	Associatie Cassa was founded by Mr. Borski, Mr. Vroombergh and Mr. Bondt in the centre of Amsterdam.
1864	Founding of N.V. Rente-Cassa, the sister institution of Associatie Cassa which was later acquired by and merged with Associatie Cassa.
1865	Founding of KAS-Vereeniging.
1952	KAS-Vereeniging acquires Associatie Cassa. The new organisation adopts the name KAS-Associatie N.V.
1986	Initial public offering of KAS-Associatie N.V., whereby 40% of the shares were offered.
1988	Start of the European expansion of KAS-Associatie N.V. with the opening of its Representative Office in London. This office is a predecessor of the current UK branch of KAS BANK.
1998	Secondary offering, making KAS-Associatie N.V. fully independent.
2002	The name of KAS-Associatie N.V. is changed to KAS BANK N.V.
2003	Opening of KAS BANK's German branch.
2017	After 211 years in the centre of Amsterdam, KAS BANK N.V. moved to its current location in Amsterdam Zuidoost.

5.3 Business overview

KAS BANK is a specialist bank for custody, securities administration and high-quality risk- and reporting services, with a focus on securities services for professional investors from the pensions and securities industry. KAS BANK operates primarily within the European wholesale markets, based in the Netherlands, the United Kingdom and Germany as home markets.

KAS BANK's clients are pension funds, insurance companies, investment companies, banks, wealth managers, brokers, family offices and charities. These institutions all have a fiduciary responsibility for a collective asset base, owned by their customers: over 5 million pensioners, policy holders, investors

and bank customers. KAS BANK ensures their assets remain safe, valued and reported accurately and on time.

Services provided by KAS BANK to its clients comprise traditional custodian services (safekeeping and corporate events) and the more added value services such as fund accounting, NAV-calculation, portfolio-valuation, (regulatory) reporting and monitoring.

KAS BANK's clients also use its transactional services, such as clearing, settlement and order execution. Furthermore, KAS BANK has clients that use its Treasury Services, mainly in combination with Transaction Servicing and/or asset servicing. Within its offering of Treasury activities, KAS BANK provides its clients with overlay services, balance sheet and liquidity management, currency trading and securities borrowing- and lending.

KAS BANK's administration platform enables it to offer its clients services that are focused on providing accurate information about performance, risk, compliance, costs and other key information relating to their investments.

5.4 Strategy and objectives

The service of KAS BANK is based on clear principles concerning the role and way of work custodians should have in the financial industry. KAS BANK values its integrity, transparency and independency as much as its risk avoiding behaviour.

KAS BANK wants to make sure there is no conflict of interest with main activities of our clients, by insuring our independent and neutral position. Because of its low risk profile, KAS BANK can provide the quality of our balance sheet and a high solvency ratio.

In line with its 'client first' point of view, KAS BANK constantly develops client and market based solutions to help the organization of its clients. To make sure its clients get the service they need, KAS BANK's custody, administration and reporting services have a modular construction. To keep its clients 'in control' KAS BANK maintains short communication lines. Thus, KAS BANK can provide added value for the continuity of its client's organisation.

5.5 Recent developments

KAS BANK makes all price-sensitive information generally available in accordance with applicable laws. Publication of such price-sensitive information is also available in the public register on the website of the AFM. In relation to the Offer, KAS BANK together with the Offeror has published the press releases included in Section 11 (*Press Releases*) of this Offer Memorandum. In addition, the website of KAS BANK provides an up to date overview of recent developments, such as trading updates and annual reports.

5.6 The Supervisory Board

Peter Borgdorff (born 1953), Chairman

Current principal position	Managing Director of Pensioenfonds Zorg en Welzijn (Pension fund for the care and welfare sector, PFZW)
Previous principal position	Managing Director of the Association of Industrywide Pension Funds (VB)
Other positions	Non-Executive Member of the Supervisory Board of Nibud; Executive Lecturer at Nyenrode Business University; Member of the Central Complaints Committee Stichting De Opbouw
First appointed	2014

Current term of office expires	2023
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Pauline Bieringa (born 1959), Vice-Chairman

Current principal position	Managing Director Public Finance at BNG Bank N.V.
Previous principal position	Managing Director ING BHF Bank AG
Other positions	Chairman of the Supervisory Board of LSP Life Sciences Fund N.V.; Member of the Board Stichting Berenschot Beheer
First appointed	2013
Current term of office expires	2021

Petri Hofsté (born 1961)

Current principal position	None
Previous principal position	Chief Financial and Risk Officer of APG Groep N.V.; Division Director Banking Supervision of the Dutch Central Bank; Chief Financial Officer of RBS N.V., Deputy Chief Financial Officer of ABN AMRO Group N.V.; Partner at KPMG Netherlands
Other positions	Member of the Supervisory Board of Achmea B.V.; Member of the Supervisory Board of Achmea Investment Management; Member of the Supervisory Board of Fugro N.V.; Member of the Supervisory Board of Rabobank; Member of the Board of the Nyenrode Foundation
First appointed	2014
Current term of office expires	2023

Hans Snijders (born 1956)

Current principal position	None
Previous principal position	CEO Achmea Investment Management
Other positions	Chairman of the Supervisory Board Syntrus Achmea Real Estate & Finance; Chairman of the Supervisory Board Rabobank PeelNoord; Boardmember Pensionfund Bouwnijverheid; Chairman Supervisory Board Commanderij College
First appointed	2016
Current term of office expires	2021

Tanja Nagel (born 1960)

Current principal position	None
Previous principal position	CEO Theodoor Gilissen Bankiers N.V.
Other positions	Member of the Supervisory Board of EY LLP Nederland, member of the Supervisory Board of PNO, member of the Advisory Board of Hermon, member of the Advisory Board of Frans Hals Museum/De Hallen Haarlem, board member of the Universiteitsfonds Utrecht, member of the Supervisory Board of De Veer Stichting, member of the Supervisory Board of Stichting Oncode Institute
First appointed	2018
Current term of office expires	2022

5.7 The Managing Board

Sikko van Katwijk (born 1963), Chairman of the Managing Board

Sikko van Katwijk is Chairman of the Managing Board, which he has been a member of since 2009. Sikko primarily focuses on Corporate, Commercial Department, Treasury, Internal Audit and the UK & German Branches.

His in depth understanding of the UK comes from his previous roles within the bank, where he was Managing Director of the London office in the late 1990s. During his time at KAS BANK and Citigroup, in both Amsterdam and London, Sikko has built up strong experience in Relationship Management, Sales and Marketing for both institutional investors and transaction banking clients.

Sikko studied Public Administration at the Erasmus University in Rotterdam and Business Administration at Indiana University in Bloomington, USA. Continuing his academic interests, Sikko is a member of the International Advisory Board of the University of Maastricht in the Netherlands.

Mark Stoffels (born 1972), Chief Financial & Risk Officer

Mark Stoffels is employed at KAS BANK since 1999. He was appointed member of the Managing Board and Chief Financial & Risk Officer (CFRO) in 2016. As CFRO, Mark Stoffels is responsible for Finance, Risk, Compliance and KAS Trust.

Mark Stoffels finished his postgraduate studies Accountancy at the Vrije Universiteit in Amsterdam and he is registered at the Royal Dutch Institute of Chartered Accountants (NBA) as a Chartered Accountant. Mark began his career at KAS BANK as an internal auditor with the Internal Audit Department. From 2001 he held various (senior) management positions for the Internal Audit department, operational departments and finally Finance & Control. In this last position, he served as Managing Director Finance & Control within the bank, where he was responsible for financial control, business control and reporting. In addition, he advised on strategic and tactical levels on matters that affect the financial position of the bank.

As of 17 June 2019, Jaap Witteveen (COO) has resigned from the Managing Board. His responsibilities have been taken over by Sikko van Katwijk and Mark Stoffels for the time being.

Securities held by the members of the Managing Board

At the date of this Offer Memorandum, Securities are held by the members of the Managing Board as shown in the following table.

Name	Type of Securities	Number of Securities
Sikko van Katwijk	Registered Shares	5,340

Mark Stoffels	Registered Shares	1,812
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Of the Securities mentioned above, 5,482 Securities are subject to a retention period (Sikko van Katwijk: 3,962 Securities and Mark Stoffels: 1,520 Securities).

Transactions by the members of the Managing Board

The table below provides an overview of the transactions in respect of Securities that have been effected by the members of the Managing Board in the year prior to the publication of the Offer Memorandum.

Date	Name	Type of Securities	Type of transaction	Number of Securities
3 April 2019	Sikko van Katwijk	Registered Shares	Delivery of Performance Securities	1,283
3 April 2019	Mark Stoffels	Registered Shares	Delivery of Performance Securities	312

5.8 KAS BANK Remuneration Policy

Remuneration policy for the Managing Board

The current remuneration policy for the Managing Board was adopted by the general meeting on 23 April 2014. According to the Managing Board remuneration policy, remuneration of the Managing Board consists of base salary, variable remuneration (capped at 20% of base salary), pension arrangements and some other arrangements (e.g. a leasing scheme and a mortgage scheme).

The award of variable remuneration depends on the achievement of certain performance criteria. The performance criteria are aligned to long-term value creation for all stakeholders by containing strategic development, risk appetite, financial goals and operational development. The performance criteria are linked to three targets. The weight of all elements is equal:

- Meeting the budget requirements: this target is determined every year based on two quantitative criteria; return on equity and an efficiency ratio. Both criteria are given equal weight.
- Strategic progress: this target is determined every year based on several quantitative and qualitative criteria. These are related to the sustainable development of the market position and progress in risk management, administrative organization, client satisfaction, etc.
- Operational progress: this target is determined every year based on several quantitative and qualitative criteria. These are related to the operational development and progress in employee satisfaction, ISAE 3402, reports of regulators, etc.

Depending on the degree of achievement of the performance criteria, the Supervisory Board sets the variable remuneration accordingly:

- Achieving less than 66.7% of the performance criteria: no variable remuneration.
- Achieving the performance criteria in full (100%): variable remuneration is 16% of the base salary.
- Surpassing the performance criteria (133.3%): variable remuneration is a maximum of 20% of the base salary.

The total variable remuneration will be fully paid in Registered Shares. If the variable remuneration does not exceed € 10,000 the Registered Shares will be fully paid at once. If the variable remuneration exceeds € 10,000 the Registered Shares will be vested. The first vesting will be 60% of the granted Registered Shares. Thereafter, a three-year pro rata deferral period applies. A retention period of two years after the vesting period applies.

Remuneration policy for identified staff (excluding the Managing Board)

The salary for identified staff is based on the Korn Ferry job evaluation method by which jobs are evaluated and categorized into job levels. Each job level is linked to a salary range. These ranges are properly balanced and aligned with the salary of the Managing Board.

The variable remuneration of identified staff is aligned with the targets of the Managing Board and based on achieving both individual and organization targets. More than 50% of the variable remuneration is based on non-financial performance criteria and the variable remuneration cannot exceed 20% of the annual base salary. The remuneration is paid half in Registered Shares and half in cash, in cases where the individual variable remuneration for identified staff exceeds an amount of a monthly base salary or EUR 10,000. If the variable remuneration does not exceed both criteria the amount will be fully paid in cash at once. The first vesting will be 60% of the granted Registered Shares and the granted cash. Thereafter, a three-year pro rata deferral period applies. After the vesting period, a retention period of one year applies.

Treatment of Performance Securities

Of the Registered Shares granted to the (former) Managing Board and (former) identified staff as variable remuneration (the "**Performance Securities**"), 11,063 Performance Securities are subject to a vesting period and 13,496 Performance Securities are subject to a retention period.

These Performance Securities will not be tendered in the Offer. The Offeror and KAS BANK will review after completion of the Offer how these Performance Securities should be dealt with in consultation with the regulators and taking into account applicable regulatory constraints, including the remuneration requirements of CRD IV and the best price rule. This includes the variable remuneration of the Managing Board for the year 2018 in connection with the Offer as described below.

Variable remuneration of the Managing Board for the year 2018 in connection with the Offer

As a reward for the efforts of the Managing Board that led to the announcement of the Offer and in particular to retain the members of the Managing Board at this crucial stage, the Supervisory Board has decided to grant the members of the Managing Board a variable remuneration for the year 2018 of 15% of their base salary. This variable remuneration will be fully paid in Performance Securities and is consistent with the remuneration policy for the Managing Board, which amongst others includes the objective of retaining and motivating qualified and skilled directors.

The Performance Securities will be granted to the members of the Managing Board if the Offer is declared unconditional (*gestand wordt gedaan*), under the condition that the relevant member of the Managing Board is still employed with KAS BANK at the earlier of (i) the time the Offer is declared unconditional (*gestand wordt gedaan*), or (ii) 31 December 2019. . In total a variable remuneration of EUR 101,250 will be granted to the members of the Managing Board (Sikko van Katwijk: EUR 52,500 and Mark Soffels: EUR 48,750). In accordance with the remuneration policy, this remuneration will be fully paid in Performance Securities. Based on the VWAP (volume weighted average price) of the price of Depositary Receipts over the five business days after publication of the 2017 financial statements, in total 9,626 Performance Securities will be granted to the members of the Managing Board (Sikko van Katwijk: 4,991 Performance Securities and Mark Soffels: 4,635 Performance Securities) as variable remuneration for the year 2018.

KAS BANK, CACEIS and DNB are currently discussing the treatment of the Performance Securities as variable remuneration for the year 2018 taking into account the remuneration requirements of CRD IV and the best price rule.

5.9 Major Securityholders

The table below sets out the holders of notifiable interest (*substantiële deelneming*), being a holding of at least 3% in the share capital or voting rights in KAS BANK, according to the public register on the website of the AFM as at 26 July 2019.

Latest filings with the AFM by Securityholders and other investors, including on gross and net short positions, can be found at the website of the AFM: www.afm.nl.

Securityholder	Securities	Capital Interest	Voting interest	Notification date
NN Group N.V.	850.000	5,41%	5,41%	May 26, 2015
A.W. Jakobs	827.796	5,27%	5,27%	April 21, 2009
C.A.C.M. Oomen	818.603	5,21%	5,21%	April 16, 2015
KAS BANK N.V.	807.667	5,14%	0%	November 1, 2006
HECO S.A.	786.111	5,01%	5,01%	March 27, 2015
Oddo BHF Asset Management	730.000	4,65%	4,65%	February 25, 2019
Syquant Capital	503.611	3,21%	3,21%	May 10, 2019
Dimensional Fund Advisors LP	493.114	3,14%	3,00%	February 6, 2015

5.10 The Share Trust Office

The Share Trust Office is a foundation (*stichting*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and registered with the trade register of the chamber of commerce under number 41205739.

The Share Trust Office administers and manages almost all ordinary shares of the issued capital of KAS BANK and, in exchange, issues exchangeable depositary receipts. The Share Trust Office exercises voting rights only with respect to ordinary shares for which no proxies have been granted to the Depositary Receipt holders and ordinary shares for which no voting instructions have been received. This arrangement is conducive to the continuity of decision-making within the general meeting of shareholders and preserves the balance of the meeting by preventing a chance majority of those entitled to exercise voting rights influencing the decision-making process of the general meeting of shareholders.

The board of the Share Trust Office currently consists of the following members: Jan Nooitgedagt (born 1953), Chairman, Jan van Rutte (born 1950) and Miriam van Dongen (born 1969).

As referenced in Section 4.14 (*Offer Conditions*), on 2 April 2019 the Share Trust Office has agreed in writing irrevocably and unconditionally that, subject only to the Offer being declared unconditional, it will exchange all Depositary Receipts to be held by the Offeror from time to time for the corresponding Ordinary Shares at first request of the Offeror.

5.11 Stichting Preferente Aandelen KAS BANK

Stichting Preferente Aandelen KAS BANK (the "**Preference Shares Foundation**") is a foundation (*stichting*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and registered with the trade register of the chamber of commerce under number 33303993.

The purpose of the Preference Shares Foundation is to protect the interests of KAS BANK, the enterprise associated therewith, and all stakeholders. This includes safeguarding against influences which might impair the independence, continuity and/or identity of KAS BANK and its enterprise.

KAS BANK has entered into an agreement with the Preference Shares Foundation dated 13 October 1998, as amended on 13 April 2010, (the "**Foundation Option Agreement**"), pursuant to which the Preference Shares Foundation has been granted a call option to acquire (either in portions or at once) from KAS BANK by way of an issuance of shares such number of Preference Shares as is equal to 50% of the total number of Outstanding Shares. At the date of this Offer Memorandum the Preference Shares Foundation holds 25 Preference Shares.

The board of the Preference Shares Foundation currently consists of the following members: Huibert van Everdingen (born 1946), Chairman, Rudolf Voogd (born 1941) and Antonius Nelissen (born 1948).

As referenced in Section 4.14 (*Offer Conditions*), on 2 April 2019 the Preference Shares Foundation has irrevocably and unconditionally waived in writing, subject only to the Offer being declared unconditional (*gestand wordt gedaan*), any and all rights under the Foundation Option Agreement and has irrevocably and unconditionally agreed in writing to, subject to the Offer being declared unconditional (*gestand wordt gedaan*), (i) request the Company to redeem or cancel the outstanding Preference Shares, and (ii) terminate the Foundation Option Agreement.

5.12 Capital and shares of KAS BANK

5.12.1 *Authorised and issued share capital*

At the date of this Offer Memorandum, the authorised share capital of KAS BANK amounts to € 37,500,000 and comprises 25,000,000 ordinary shares (the "Ordinary Shares") and 12,500,000 preference shares (the "Preference Shares"), all with a nominal value of € 1 each. 15,699,017 Ordinary Shares are issued and outstanding and 25 Preference Shares are issued and outstanding.

The Share Trust Office holds 15,594,990 Ordinary Shares and has issued a total number of 15,594,990 Depositary Receipts. The Depositary Receipts are listed on the regulated market of Euronext in Amsterdam. KAS BANK currently holds 916,363 Depositary Receipts in treasury (the "**Treasury Securities**").

There is a slight difference between the number of Depositary Receipts as included in this Offer Memorandum and the number of Depositary Receipts as reflected in the AFM registers due to the continuous (de)certification of shares granted to identified staff as part of their remuneration without these changes immediately being reflected in public registers. KAS BANK will file an update of the number of Depositary Receipts as per 30 June 2019 with the AFM registers ultimately on 31 July 2019.

5.12.2 *Security Price Development*

The graph below sets out the price development for depositary receipts of shares of KAS BANK from 26 July 2018 to 26 July 2019.



6. INFORMATION ON THE OFFEROR AND CACEIS

6.1 Introduction

The Offeror is a public limited liability company (*société anonyme*), duly incorporated and validly existing under the laws of France having its statutory seat (*statutaire zetel*) in Paris, France and its office at 1-3 Place Valhubert, 75013, Paris, France. The Offeror is registered with the French commercial register under number 692024722. The management board of the Offeror consists of a board of directors and multiple executive officers. With the exception of a 0.01% shareholding by PARTINVEST (as indicated in Sections 6.5 and 6.8), all shares in the Offeror are directly held by CACEIS. No member of the management board of the Offeror will receive any compensation in relation to the Offer being declared unconditional.

CACEIS S.A. is a public limited liability company (*société anonyme*), duly incorporated under the laws of France with its statutory seat (*statutaire zetel*) in Paris, France and its office at 1-3 Place Valhubert, 75013, Paris, France. CACEIS S.A. is registered with the Paris trade register under number 437580160.

Crédit Agricole S.A. is a public limited liability company (*société anonyme*), duly incorporated under the laws of France with its statutory seat (*statutaire zetel*) in Montrouge, France and its office at 12 place de Etats-Unis, 92545, Montrouge. Crédit Agricole S.A. is registered with the Nanterre trade register under number 784608416.

Pursuant to article 1:1 of the Wft, each of the Offeror, CACEIS and Crédit Agricole qualify as an offeror in respect of the Offer.

6.2 Information regarding CACEIS Bank, CACEIS S.A. and Crédit Agricole S.A.

The Offeror

CACEIS Bank, the Offeror, is the asset servicing banking company of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, CACEIS Bank offers a broad range of services covering execution, clearing, depositary and custody, middle office outsourcing, forex, securities lending and fund distribution support. With assets under custody of €2,633 billion and an innovative product offering, adapted to changing market practices and regulatory requirements, CACEIS Bank is a European leader in asset servicing and one of the major players worldwide.

CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering execution, clearing, depositary and custody, fund administration, middle office outsourcing, forex, securities lending, fund distribution support and issuer services. With assets under custody of €2,633 billion and assets under administration of €1,695 billion and an innovative product offering, adapted to changing market practices and regulatory requirements, CACEIS is a European leader in asset servicing and one of the major players worldwide.

More information can be found on CACEIS' website (www.caceis.com)

Crédit Agricole

French law identifies Crédit Agricole S.A. as the central body of the Crédit Agricole Group. In this respect, Crédit Agricole S.A. is in charge of facilitating, coordinating and controlling the bank and insurance's activities implemented within the Group. Crédit Agricole S.A. is the contact entity of the European Central Bank, which directly supervises Crédit Agricole as a systemic banking group. Controlled by the Crédit Agricole's Regional Banks, Crédit Agricole S.A. is publicly listed on the stock exchange of Paris. It is the holding company of the large business-line subsidiaries of the Group, in particular Crédit Agricole Assurances, AMUNDI, CACEIS, CA-CIB, CACF.

More information can be found on Crédit Agricole's website (<https://www.credit-agricole.com>)

6.3 Crédit Agricole boards

The board of directors of Crédit Agricole S.A. performs the duties entrusted to it by law. In accordance with the French Commercial Code, it sets the strategic orientations of the Crédit Agricole S.A. Group and ensure their implementation. In accordance with the French Monetary and Financial Code, it monitors the risks of the Crédit Agricole Group. It is composed of 21 members, none of whom performs executive duties within the company. The running of the board of directors and its six specialized committees are governed by their internal regulations available online on the website of Crédit Agricole S.A.

6.4 CACEIS boards

In addition to the managing bodies (the board of directors and its dedicated committees) and the Crédit Agricole group structures, CACEIS' governance structure consists of the general management and the executive committee which is made up from the executive management, the heads of the main business lines and main country managers.

6.4.1 *Board of directors of CACEIS*

Jacques Ripoll – Chairman CACEIS - Deputy General Manager of Crédit Agricole in charge of Large Clients Division, Chief Executive Officer of CACIB

Martine Boutinet – Director CACEIS - Head of Human Resources, CACIB

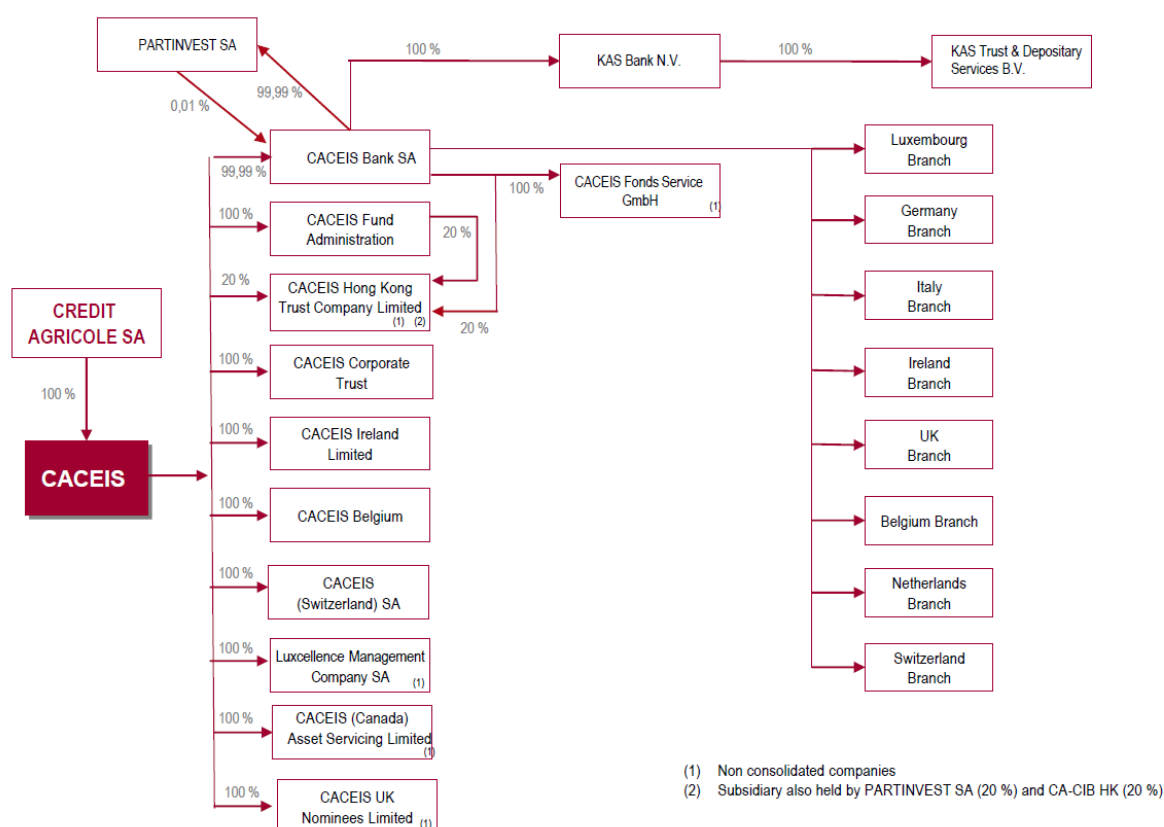
Alix Caudrillier – Director CACEIS - Head of Subsidiaries and Financial Stakes, Crédit Agricole

Frédéric Coudreau – Director CACEIS - Head of Global IT, CACIB

Joseph Florentin – Independent Director CACEIS

Jérôme Grivet – Director CACEIS - Head of Group Finances, Crédit Agricole

6.5 Ownership structure upon Settlement



6.6 Capital and Shares of the Offeror

Offeror's share capital is set at the sum of EUR 1,273,376,994.56, divided into 47,052,896 shares with no par value.

6.7 Management board of the Offeror

The governing bodies of the Offeror consist of a board of directors and multiple executive officers. The executive officers are responsible for managing the day-to-day business of the Offeror. The board of directors supervises the executive officers and appoints the executive officers. The members of the board of directors are appointed by the general meeting.

6.7.1 Board of directors

The board of directors is composed of the following persons.

Jacques Ripoll (Chairman) - Deputy General Manager of Crédit Agricole S.A. in charge of Large Clients Division, Chief Executive Officer of CACIB

Alix Caudrillier – Former Head of Subsidiaries and Financial Stakes, Crédit Agricole S.A - retired

Jérôme Grivet - Head of Group Finances, Crédit Agricole S.A.

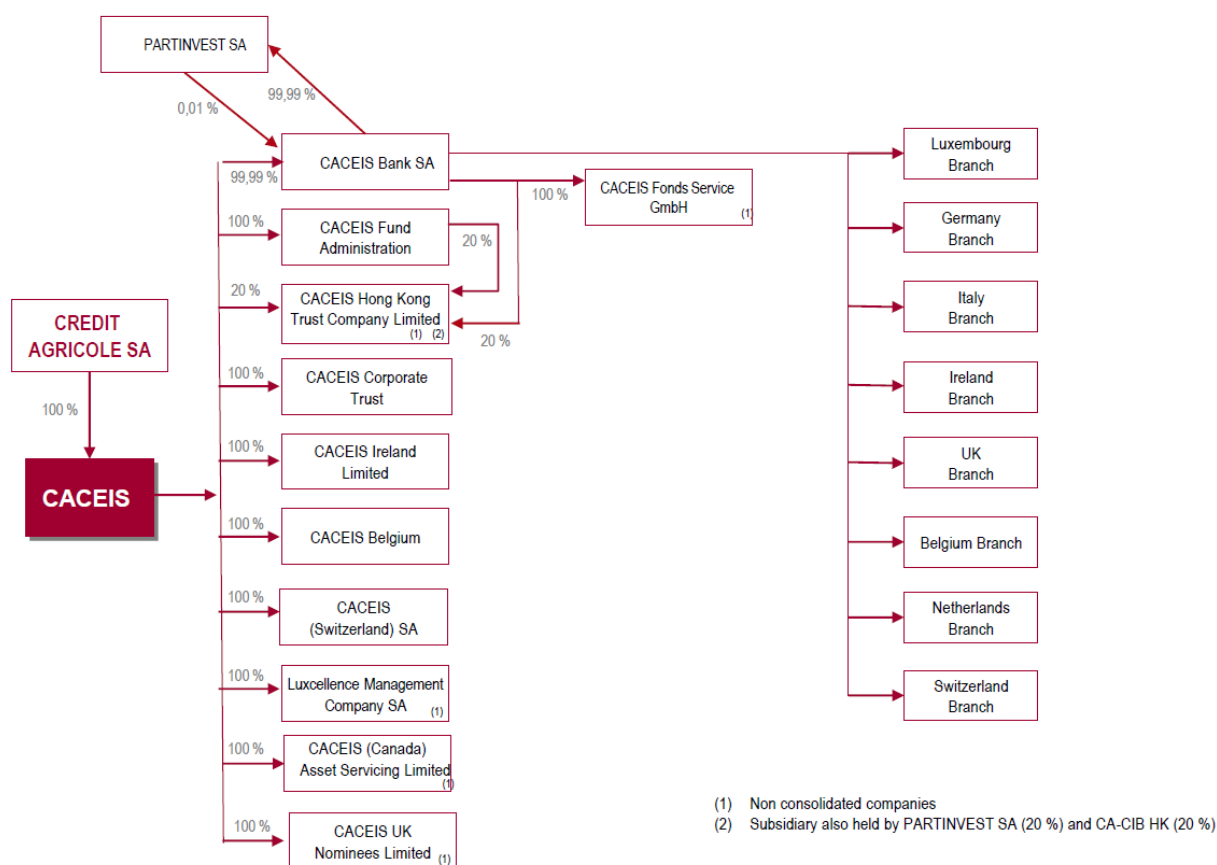
Frédéric Coudreau - Head of Global IT, CACIB

Martine Boutinet - Head of Human Resources, CACIB

Joseph Florentin - Independent Director CACEIS S.A.

Joseph Saliba – Deputy Chief Executive Officer CACEIS S.A. and CACEIS Bank S.A. (Business Development and Production)

6.8 Ownership structure as per the date of this Offer Memorandum



7. FURTHER DECLARATIONS PURSUANT TO THE TAKEOVER DECREE

7.1 In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to paragraphs 7.1(ii), 7.1(iii) (to the extent relating to the Offeror, CACEIS and Crédit Agricole), and 7.1(iv) below, KAS BANK with regard to paragraphs 7.1(iii) (to the extent relating to the Boards) and 7.1(v) below, and the Offeror and KAS BANK jointly with regard to paragraph 7.1(i) below, hereby declare as follows:

- (i) There have been consultations between the Offeror and the Company regarding the Offer, which have resulted in (conditional) agreement regarding the Offer. Discussions regarding the Offer, including, but not limited to, the Offer Price, the non-financial covenants, the financing of the Offer, the Offer Conditions and the future strategy of the Group after the Settlement Date, took place between the Offeror, the Boards and their respective advisors.
- (ii) With due observance of and without prejudice to the restrictions referred to in Section 1 (*Restrictions and Important Information*), the Offer applies on an equal basis to all issued and outstanding Securities and is made to all Securityholders.
- (iii) No securities issued by KAS BANK are held, no transactions or concluded agreements in respect of securities issued by KAS BANK have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by KAS BANK, by the Offeror, CACEIS or Crédit Agricole or any Affiliate of the Offeror, or any member of the boards of directors of the Offeror, CACEIS or Crédit Agricole, any direct or indirect shareholder of the Offeror, CACEIS or Crédit Agricole, or any member of the Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 5, 6 and 7 of the Takeover Decree, other than in respect of the members of the Boards as described in Section 5.7 (*The Managing Board*). No transactions or agreements in respect of securities in KAS BANK similar to the transactions and agreements referred to in Annex A, paragraph 2, subparagraph 7 of the Takeover Decree have been concluded by legal entities with which the Offeror, CACEIS or Crédit Agricole is affiliated within a group or by any direct or indirect shareholder of Crédit Agricole.
- (iv) The costs incurred or to be incurred by the Offeror directly in connection with the Offer are expected to amount to approximately € 4,000,000 and comprise finance arrangement fees, bank adviser fees, Settlement Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.
- (v) The costs of KAS BANK's fees of legal advisors, financial advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately € 2,700,000. These costs will be borne by KAS BANK.

8. DUTCH TAX ASPECTS OF THE OFFER

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offer Memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Securities, being an individual or a non-resident entity, neither has nor will have a substantial interest (aanmerkelijk belang) or a deemed substantial interest in the Company.

Generally speaking, an individual has a substantial interest in a company if (a) the individual, either alone or together with his partner, directly or indirectly has, or is deemed to have, or (b) certain relatives of the individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, Securities representing 5% (five per cent) or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% (five per cent) or more of either the annual profit or the liquidation proceeds of such company. Generally, an individual has a deemed substantial interest in a company if (i) he or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (ii) he has transferred an enterprise in exchange for shares in such company, in each case, on a non-recognition basis.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% (five per cent) or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% (five per cent) or more of either the annual profit or the liquidation proceeds of such company. Generally, a non-resident entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Securities, an individual holding Securities or an entity holding Securities, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Securities or otherwise being regarded as owning Securities for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers as to the tax consequences in connection with the Offer.

8.1 Withholding tax

The Offer Price and any payments made by the Offeror in consideration for the Securities under a compulsory acquisition procedure (*uitkoopprocedure*) or a takeover buy-out procedure, will be paid without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Any liquidation distributions made by KAS BANK to the Securityholders will generally be subject to 15% Dutch withholding tax to the extent that such distributions are in excess of KAS BANK's average paid-in capital recognised for Dutch dividend withholding tax purposes.

For a holder of Securities who is or is deemed to be resident in the Netherlands for Dutch corporate tax or Dutch individual income tax purposes, the withholding tax will generally be creditable for Dutch corporate tax or Dutch individual income tax purposes or will otherwise be refundable. Under certain circumstances a holder who is resident of another jurisdiction than the Netherlands may qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax.

8.2 Taxes on income and capital gains

8.2.1 *Residents*

Resident entities

An entity holding Securities which is or is deemed to be resident in The Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Securities, including as a result of the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, at the prevailing statutory rates (up to 25% (twenty-five per cent) in 2019), unless the entity has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to the Securities. Generally speaking, an entity holding Securities will have the benefit of the participation exemption if the entity owns at least 5% (five per cent) of the nominal paid-up share capital of the Company.

Resident individuals

An individual holding Securities who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to Dutch income tax in respect of income or a capital gain derived from the Securities, including as a result of the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, at the prevailing statutory rates (up to 51.75% in 2019) if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, the individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Securities. For 2019, the deemed return ranges from 1.94% to 5.60% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Securities). The applicable percentages will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (30% in 2019).

8.2.2 *Non-residents*

A holder of Securities which neither is nor is deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to Dutch corporate tax or Dutch income tax on income or a capital gain derived from the Securities, including as a result of the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste*

vertegenwoordiger) taxable in The Netherlands and the holder derives profits from such enterprise (other than by way of the holding of securities); or

- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

8.3 Gift and inheritance taxes

Dutch gift or inheritance tax will not be levied in connection with the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

8.4 Value added tax

There is no Dutch value added tax payable by a holder of Securities in respect of payments in consideration for the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

8.5 Other taxes and duties

There is no Dutch registration tax, stamp duty, or any other similar tax or duty payable in The Netherlands by a holder of Securities in respect of or in connection with the acceptance of the Offer, a compulsory acquisition procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

9. DUTCH LANGUAGE SUMMARY

Dit Hoofdstuk 9 is de Nederlandse samenvatting van het Biedingsbericht dat is uitgegeven ter zake van het aanbevolen openbaar bod in contanten uitgebracht door de Bieder aan alle houders van Effecten met inachtneming van de verklaringen, voorwaarden en beperkingen zoals beschreven in het Biedingsbericht. De belangrijkste kenmerken van het Bod zijn beschreven in deze samenvatting.

De gedefinieerde termen in Hoofdstuk 9 van het Biedingsbericht hebben de betekenis die daaraan wordt gegeven in Paragraaf 9.2 (*Nederlandse definities*). Deze Nederlandstalige samenvatting maakt deel uit van het Biedingsbericht, maar vervangt het Biedingsbericht niet. Deze Nederlandstalige samenvatting is niet volledig en bevat niet alle informatie die voor Effectenhouders van belang zou kunnen zijn om een afgewogen oordeel te vormen omtrent het Bod.

Het lezen van deze Nederlandstalige samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Effectenhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen omtrent het Bod, alsmede omtrent de beschrijving van het Bod in deze samenvatting en in het Biedingsbericht.

In geval van verschillen tussen deze Nederlandstalige samenvatting en de Engelstalige tekst van het Biedingsbericht, prevaleert de Engelstalige tekst.

9.1 Belangrijke informatie

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, voorwaarden en beperkingen opgenomen in het Biedingsbericht. De Bieder behoudt zich het recht voor in het kader van het Bod iedere aanmelding van Effecten te accepteren, zelfs indien een aanmelding niet is gedaan in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

Het uitbrengen van het Bod, de algemeenverkrijgbaarstelling van het Biedingsbericht, inclusief deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Effectenhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. De Bieder, CACEIS, Crédit Agricole, KAS BANK en hun respectievelijke adviseurs aanvaarden geen enkele aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Effectenhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande. Het Biedingsbericht bevat belangrijke informatie die men zorgvuldig dient te lezen alvorens een besluit te nemen over het aanmelden van Effecten onder het Bod. Effectenhouders wordt aangeraden waar nodig onafhankelijk advies in te winnen. Daarnaast wordt Effectenhouders aangeraden hun belastingadviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Effecten onder het Bod.

Zie tevens Hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht.

De informatie opgenomen op de voorpagina, pagina 2 en pagina 3 en in Paragraaf 1.1 (*Restrictions*) tot en met Paragraaf 1.2.1 (*United States of America*), Hoofdstuk 2 (*Definitions*), Hoofdstuk 3 (*Invitation to Securityholders*), met uitzondering van Paragraaf 3.14 (*Indicative Timetable*), Paragraaf 4.1 (*Introduction*) tot en met Paragraaf 4.5 (*Non-financial Covenants*), Paragraaf 4.7 (*The Integration*) tot en met Paragraaf 4.10 (*Clearances*), Paragraaf 4.12 (*Financing of the Offer*), Paragraaf 4.14 (*Offer Conditions*) tot en met Paragraaf 4.19 (*Consequences of the Offer*), Hoofdstuk 6 (*Information on the Offeror and CACEIS*), Paragraaf 7.1(ii) en 7.1(iv) (*Further Declarations pursuant to the Takeover Decree*), Hoofdstuk 8 (*Dutch Taks Aspects of the Offer*), Hoofdstuk 9 (*Nederlandse Samenvatting van het Bod*) en Hoofdstuk 13 (*Articles of Association*) van het Biedingsbericht is uitsluitend door de Bieder en CACEIS verstrekt.

De informatie opgenomen in Paragraaf 4.11 (*Extraordinary general meeting of KAS BANK*), Paragraaf 4.13 (*Decision-making and Recommendation by the Boards*), Hoofdstuk 5 (*Information regarding KAS*

BANK), Paragraaf 7.1(v) (*Further Declarations pursuant to the Takeover Decree*) en Hoofdstuk 12 (*Financial Information on KAS BANK*) van het Biedingsbericht is uitsluitend door KAS BANK verstrekt.

De informatie opgenomen in Paragraaf 1.2.2 (*Important Information in the Offer Memorandum*) tot en met Paragraaf 1.2.10 (*Financial Advisers*), Paragraaf 3.14 (*Indicative Timetable*), Paragraaf 4.6 (*Employees and Social Aspects*), Paragraaf 7.1 (*Further Declarations pursuant to the Takeover Decree*), Paragraaf 7.1 introducerende paragraaf, Paragraaf 7.1(i), 7.1(iii) (*Further Declarations pursuant to the Takeover Decree*), Hoofdstuk 10 (*Advisors*) en Hoofdstuk 11 (*Press Releases*) van het Biedingsbericht is door de Bieder en KAS BANK gezamenlijk verstrekt.

Uitsluitend de Bieder en KAS BANK zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en KAS BANK verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht, na het treffen van alle redelijke maatregelen om zulks te garanderen en voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

De informatie opgenomen in Hoofdstuk 12 (*Financial Information KAS BANK*) is ontleend aan de geconsolideerde jaarrekeningen van KAS BANK over jaren geëindigd op 31 december 2016, 31 december 2017 en 31 december 2018, zoals gepubliceerd in de betreffende jaarverslagen. De onafhankelijke accountantsverklaring opgenomen in Paragraaf 12.6 is door KAS BANK verkregen van PricewaterhouseCoopers Accountants N.V. KAS BANK bevestigt dat deze informatie accuraat is gereproduceerd uit de betreffende jaarverslagen en dat er geen feiten achterwege zijn gelaten waardoor de geproduceerde of ontleende informatie misleidend is. De Bieder en KAS BANK zijn niet verantwoordelijk voor enige accountantsverklaring opgenomen in het Biedingsbericht.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

De informatie in het Biedingsbericht geeft de situatie weer op de datum van het Biedingsbericht tenzij specifiek anders is aangegeven. Onder geen beding houden publicatie en verspreiding van het Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van het Biedingsbericht juist en volledig is of dat er sinds deze datum geen wijziging is opgetreden in de in het Biedingsbericht uiteengezette informatie of in de gang van zaken bij KAS BANK en/of haar Gelieerde Ondernemingen en/of de ondernemingen waarin KAS BANK een aandelenbelang houdt. Het voorgaande laat echter onverlet de verplichting van de Bieder en KAS BANK, voor zover het hen betreft, om ingevolge artikel 4 lid 3 Bob en de Europese Verordening Marktmisbruik (596/2014) een openbare mededeling te doen van enige voorwetenschap, voor zover van toepassing.

9.2 Nederlandse definities

In het Biedingsbericht zal een verwijzing naar gedefinieerde termen in het meervoud gelijk staan aan verwijzingen naar dergelijke gedefinieerde termen in het enkelvoud en *vice versa*. Alle grammaticale en andere veranderingen die nodig zijn bij het gebruiken van een definitie in het enkelvoud zullen worden beschouwd hierin te zijn gemaakt en zullen worden toegepast alsof zulke veranderingen zijn gemaakt.

De gedefinieerde termen in de Paragraaf 9.2 van deze samenvatting hebben de volgende betekenis in het Biedingsbericht:

"Aanbeveling"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.12
"Aanblijvende Leden"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.17.2

"Aandelen"	betekent de Gewone Aandelen en de Prioriteitsaandelen
"Aangemelde Effecten"	betekent elk Aandeel dat voorafgaand aan of op de Sluitingstijd op juiste wijze is aangemeld (of op onjuiste wijze indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en dat niet is ingetrokken onder het Bod
"Aangesloten Instelling"	betekent de tot Euronext Amsterdam aangesloten instellingen
"Aanmelding"	betekent de aanmelding van Effecten door de Effectenhouders ter aanvaarding van het Bod
"Aanmeldingstermijn"	betekent de periode gedurende welke de Effectenhouders hun Effecten kunnen aanmelden bij de Bieder, beginnend om 09:00 uur CET, op 29 juli 2019 en eindigend op 23 september 2019 om 17:40 uur CET, op de Sluitingsdatum
"AFM"	betekent de Stichting Autoriteit Financiële Markten
"Afsplitsing en Liquidatie"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.16
"BAVA"	betekent de buitengewone algemene vergadering van aandeelhouders van KAS BANK die in overeenstemming met artikel 18 lid 1 van het Bob zal worden gehouden om 15:00 uur CET op 12 september 2019 ten kantore van KAS BANK
"Besluiten"	heeft de betekenis die aan "Resolutions" is gegeven in Paragraaf 4.11
"Bieder" of "CACEIS Bank"	betekent CACEIS Bank S.A.
"Biedingsbericht"	betekent dit biedingsbericht dat de voorwaarden en beperkingen beschrijft die van toepassing zijn op het Bod
"Biedprijs"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.5
"Bob"	betekent Besluit openbare biedingen Wft
"Bod"	betekent het bod zoals in het Biedingsbericht beschreven
"Certificaten"	betekent de certificaten uitgegeven door Stichting Administratiekantoor Aandelen KAS BANK voor gewone aandelen in het aandelenkapitaal van KAS BANK gehouden door STAK KAS BANK
"CET"	betekent Central European Time
"CACEIS"	betekent CACEIS S.A.
"Crédit Agricole"	betekent Crédit Agricole S.A.
"Combinatie"	betekent de integratie van de onderneming van CACEIS en de onderneming van KAS BANK
"Dag van Gestanddoening"	heeft de betekenis die daaraan is gegeven in hoofdstuk 9.9.3
"Dag van Overdracht"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.9.5

"ECB Vergunningsgoedkeuring"	heeft de betekenis die aan "ECB License Approval" is gegeven in Paragraaf 4.10
"Effecten"	betekent de Geregistreerde Aandelen en de Certificaten tezamen
"Effectenhouder(s)"	betekent houder(s) van één of meer Effecten
"Eigen Effecten"	heeft dezelfde betekenis als "Treasury Securities" in Paragraaf 5.12.1
"€ of Euro"	de euro, het wettig betaalmiddel in de lidstaten van de Europese Monetaire Unie
"Euronext Amsterdam"	betekent de beurs van Euronext Amsterdam, de gereuleerde markt van Euronext Amsterdam N.V.
"Fusieovereenkomst"	betekent de fusieovereenkomst tussen CACEIS en KAS BANK zoals overeengekomen op 24 Februari 2019 zoals gewijzigd
"Gelieerde Onderneming"	elke vennootschap, commanditaire vennootschap, coöperatie of andere onderneming of rechtspersoon of persoon die direct of indirect zeggenschap uitoefent op de Bieder en/of de Vennootschap dan wel waarover de Bieder en/of de Vennootschap zeggenschap hebben in de zin van artikel 2:24a en artikel 2:24b van het Burgerlijk Wetboek.
"Geregistreerde Aandelen"	betekent de geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van KAS BANK en andere private partijen anders dan Stichting Administratiekantoor Aandelen KAS BANK, zoals geregistreerd in het aandeelhoudersregister van de Vennootschap elk met een nominale waarde van € 1
"Gewone Aandelen"	betekent de geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van KAS BANK, elk met een nominale waarde van € 1
"Groep"	op het betreffende tijdstip, de Vennootschap en aan haar Gelieerde Ondernemingen, met uitzondering van de Bieder en een of meer van zijn houdstermaatschappijen of management ondernemingen of private equity fondsen na de Overdracht
"Herstructureringsmaatregelen na de dag van Overdracht"	betekenen de Herstructureringsmaatregelen na Overdracht genoemd in Paragraaf 9.15 en Paragraaf 9.16
"Hoofdstuk"	betekent een hoofdstuk uit dit Biedingsbericht
"KAS BANK"	betekent Kas Bank N.V.
"Materiële Negatieve Verandering"	heeft de betekenis die aan "Material Adverse Change" is gegeven in Hoofdstuk 2
"Mededingingsautoriteit"	heeft de betekenis die aan "Competition Authority" is gegeven in Paragraaf 4.14.4
"Mededingingsrechtelijke Goedkeuringen"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.8

"Minderheidseffectenhouders"	betekent houders van Effecten die niet zijn aangemeld op grond van het Bod of in de Na-aanmeldingstermijn
"Na-aanmeldingstermijn"	betekent de periode na afloop van de Aanmeldingstermijn gedurende welke Effectenhouders die hun Effecten nog niet hebben aangemeld onder het Bod de kans wordt gegeven dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in het Biedingsbericht
"Niet-Financiële Convenanten"	heeft de betekenis die aan "Non-Financial Covenants" is gegeven in Paragraaf 4.5
"NFC-Periode"	heeft de betekenis die aan "Non-Financial Period" is gegeven in Paragraaf 4.5.1(e)
"Omwissel- en Betaalkantoor"	betekent ING Bank N.V.
"Onafhankelijke Commissarissen"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.17.2
"Ondernemingsraad"	betekent de centrale ondernemingsraad van de Groep
"Overdracht"	betekent de afwikkeling van het Bod, inhoudende de levering van de Effecten tegen betaling van de Biedprijs door de Bieder aan de Effectenhouders die op geldige wijze hun Effecten hebben aangemeld (of op ongeldige wijze, indien de Bieder zulke Effecten desalniettemin aanvaardt) en geleverd onder het Bod en niet op een geldige wijze zijn ingetrokken
"Paragraaf"	betekent een paragraaf uit dit Biedingsbericht
"Preferente Aandelen"	betekent alle preferente aandelen uitgegeven door de Vennootschap elk met een nominale waarde van € 1
"Raad van Advies"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.17.4
"Raad van Bestuur"	betekent de raad van bestuur van KAS BANK
"Raad van Commissarissen"	betekent de raad van commissarissen van KAS BANK
"Raden"	betekent de Raad van Bestuur en de Raad van Commissarissen tezamen
"Sluitingsdatum"	betekent de tijd en datum waarop het Bod afloopt, zijnde om 17:40 uur CET, op 23 september 2019, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob
"Sluitingstijd"	de datum en het tijdstip waarop de aanmeldingstermijn onder het Bod verloopt, namelijk om 17:40 uur CET op 23 september 2019, of een dusdanig latere datum en tijdstip, indien de aanmeldingstermijn onder het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob
"Stichting Optie Overeenkomst"	heeft dezelfde betekenis als "Foundation Option Agreement" in Paragraaf 5.11
"Sturingscommissie"	heeft de betekenis die daaraan wordt gegeven in Paragraaf 9.12

"Toegelaten Instelling"	Betekent een instelling die is toegelaten tot Euronext Amsterdam
"Toepasselijke Regelgeving"	betekent alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke bepalingen van en alle nadere regelgeving en beleidsregels die zijn vastgesteld of anderszins gelding hebben krachtens de Wft, de Europese Verordening marktmisbruik (596/2014), het Bob, de beleidsregels en instructies van de AFM, de Wet op de ondernemingsraden, het SER-Besluit Fusiegedragsregels 2000, de regelgeving en beleidsregels van Euronext Amsterdam, en voor zover van toepassing, het Burgerlijk Wetboek, en de relevante effecten- en medezeggenschapsregelgeving in andere relevante jurisdicties en relevante mededingingswetgeving
"Toezichtrechtelijke Goedkeuringen"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.8
"Uitkoopprocedure"	heeft de betekenis die daaraan is gegeven in Paragraaf 9.15
"Vennootschap"	betekent KAS Bank N.V.
"Voorwaarden"	betekent de opschortende voorwaarden waarvan de verplichting van de Bieder het Bod gestand te doen afhankelijk is gesteld zoals uiteengezet in hoofdstuk 9.8.1
"Werkdag(en) "	betekent een dag anders dan een zaterdag of zondag waarop banken in Nederland en Euronext Amsterdam open zijn
"Wft"	betekent Wet op het financieel toezicht

9.3 Uitnodiging aan de Effectenhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in Hoofdstuk 1 (*Restrictions and Important Information*) worden Effectenhouders uitgenodigd om hun Effecten aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven.

9.4 Het Bod

De Bieder doet een Bod tot koop van alle Effecten, onder de voorwaarden en conform de bepalingen en beperkingen in het Biedingsbericht.

Op voorwaarde dat het Bod gestand wordt gedaan, zal aan de Effectenhouders die hun Effecten onder het Bod op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding daarvan desalniettemin aanvaardt) de Biedprijs in contanten worden betaald.

9.5 Biedprijs

Voor elk aangemeld Effecten biedt de Bieder een vergoeding van €12,75 (cum dividend) in contanten (de "**Biedprijs**").

Bij het vaststellen van de Biedprijs heeft de Bieder zorgvuldig de geschiedenis en vooruitzichten van KAS BANK in overweging genomen, daaronder mede inbegrepen een analyse van de financiële historische informatie afgeleid uit de jaarrekeningen van KAS BANK, marktrapporten en persberichten, evenals mogelijke ontwikkelingen op de lange termijn in winstgevendheid, kasstromen en balans. Zie Paragraaf 4.3 (*Substantiation of the Offer Price*).

Indien op of tussen de datum van het Biedingsbericht en de Dag van Overdracht een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt en de registratiedatum voor een dergelijke uitkering op of voorafgaand aan de Dag van Overdracht ligt, dan zal de Biedprijs per Effect worden verminderd met het bedrag per Effect gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Effect. Als na de Dag van Overdracht, een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt op de Effecten, dan zal de Biedprijs per Effect waartoe de overblijvende Effectenhouders gerechtigd zijn onder het Bod worden verminderd met het bedrag per Effect gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Effect.

9.6 Rationale van het Bod

De Nederlandse markt voor *asset servicing* is aantrekkelijk vanwege zijn activavolume, complexiteit en het hoge pensioensparen ten opzichte van het BBP. De Nederlandse markt staat onder andere bekend om zijn pensioenfondsdiensten, *private equity* en onroerendgoedfondsen, resulterend in een markt van aanzienlijke omvang.

KAS BANK is een lokale leider, met expertise in het bedienen van institutionele beleggers. Naar verwachting zullen de bedrijfsactiviteiten van KAS BANK, die deel uitmaken van een kapitaalkrachtige markt, in omzet groeien, terwijl kostensynergiën tot een hogere winstgevendheid zullen leiden.

Beide partijen zijn van mening dat de Combinatie CACEIS verbeterd zal positioneren op de markt voor het verlenen van diensten aan Europese institutionele beleggers. De uitgebreide kennis en expertise van CACEIS zal ter beschikking komen voor Nederlandse beleggers zoals *private-equity* fondsen, vastgoedbedrijven en andere professionele beleggers. De kracht van het moederbedrijf van CACEIS, Crédit Agricole, zorgt voor een solide financiële positie, bedrijfscontinuïteit en ondersteuning van verdere bedrijfsontwikkeling, waardoor KAS BANK evolueert tot de Nederlandse vestiging van CACEIS.

Als gevolg van de overname van KAS BANK zou de Bieder zijn positie op de Nederlandse markt aanzienlijk verbeteren ten opzichte van zijn huidige positie en aanwezigheid op de markt. De Combinatie zal hierdoor een sterkere concurrentiepositie innemen in de handel met Europese cq. wereldwijde financiële instellingen. Bovendien zal de Bieder KAS BANK in staat stellen haar expertise op het gebied van de dienstverlening aan pensioenfondsen, het grootste klantensegment in de Nederland en een van de sterkste punten van KAS BANK, verder te ontwikkelen en op wereldniveau te brengen.

De partijen zijn van mening dat de Combinatie verschillende strategische voordelen met zich mee brengt, waaronder:

- Uitstekende complementariteit wat betreft klantenbestand, markten en kennis;
- Operationele uitmuntendheid gecentreerd rond het klantenbestand;
- Data-gedreven en innovatieve organisaties;
- Digitaal georiënteerd Europees bedrijf voor *asset servicing*;
- Vergelijkbare bedrijfswaarden.

De Combinatie zal daarnaast de volgende financiële voordelen opleveren:

- Bijkomende inkomsten en kostensynergiën binnen een geoptimaliseerde kapitaalstructuur;
- *Cross-selling* van de producten en diensten van CACEIS aan de bestaande klanten van KAS BANK;
- Verbeterde kostenefficiëntie door gebruik van gestandaardiseerde *single technical (product)* platformen;

- De Combinatie zal KAS BANK toegang bieden tot een grotere balansomvang, de concurrentiekracht van KAS BANK versterken, en KAS BANK positioneren als het wereldwijde expertisecentrum van de Combinatie met betrekking tot pensioenfondsdiensten;
- Omzetstijging in de pensionfondssensector en een mogelijke toename van de netto rentemarge; en
- Verbeterde mogelijkheden voor bedrijfsontwikkeling, gebruikmakend van de financiële kracht van CACEIS.

Fusiesynergiën zullen naar verwachting resulteren in winst door:

- Het benutten van winstgevende groeimogelijkheden binnen bestaande en aangrenzende geografische gebieden en tevens via *cross-selling*;
- Verbeterde operationele productiviteit en efficiëntie (door het gebruik van *single technical (product)* platformen), een geïntegreerde thesauriebeheer en operationele *excellence centers*; CACEIS en KAS BANK voorzien dat Nederland het *center of excellence* voor pensioenfondsen zou gaan worden);
- Kostensynergiën middels het gebruik van het depotnetwerk van de Bieder; en
- Effectievere kapitaalinzet.

9.7 Financiering van het Bod

Onder verwijzing naar artikel 7 lid 4 van het Bob heeft de CACEIS op 25 februari 2019 aangekondigd over voldoende middelen te beschikken om het Bod te financieren. Zoals vermeld in Paragraaf 1.2.7 (*Assignment*) heeft CACEIS al haar rechten en verplichtingen onder de Fusieovereenkomst toebedeeld aan de Bieder. CACEIS blijft hoofdelijk aansprakelijk tezamen met de Bieder voor de nakoming van iedere verplichting voortkomend uit de Fusieovereenkomst welke is toebedeeld aan de Bieder. CACEIS verschaft financiering aan de bieder en de Biedprijs zal door de Bieder, gesteund door Crédit Agricole, worden gefinancierd uit haar beschikbare contante middelen. De Bieder zal het Bod middels beschikbare contante middelen financieren.

CACEIS en de Bieder bevestigen dat zij op de Dag van Overdracht in staat zullen zijn de totale Biedprijs te betalen en aan al hun financiële verplichtingen voortkomend uit het Bod te voldoen.

9.8 Voorwaarden en afstand

9.8.1 Voorwaarden

De Bieder zal het Bod gestand doen indien aan volgende Voorwaarden wordt voldaan of wanneer hiervan afstand wordt gedaan op of voorafgaand aan de Sluitingsdatum:

- het aantal Aangemelde Effecten tezamen met de Effecten gehouden door de Bieder, vertegenwoordigen minstens 95% van het geplaatste en uitstaande kapitaal van de Vennootschap op de Sluitingsdatum, met uitzondering van Eigen Effecten.
- Stichting Preferente Aandelen KAS BANK schriftelijk, onvoorwaardelijk en onherroepelijk afstand zal doen van alle rechten voortvloeiende uit de Stichting Optie Overeenkomst, op voorwaarde dat het Bod gestand wordt gedaan en zich schriftelijk, onvoorwaardelijk en onherroepelijk heeft verplicht (i) de Vennootschap te verzoeken de uitstaande Preferente Aandelen in te kopen of in te trekken en (ii) de Stichting Optie Overeenkomst te beëindigen, wederom op voorwaarde dat het Bod gestand wordt gedaan;
- Stichting Administratiekantoor Aandelen KAS BANK zich schriftelijk, onherroepelijk en onvoorwaardelijk heeft verplicht dat zij, onder voorwaarde dat het Bod onvoorwaardelijk

gestand wordt gedaan, alle Certificaten gehouden door de Bieder van tijd tot tijd zal inwisselen voor de daarmee corresponderende Geregistreerde Aandelen, zodra de Bieder hierom vraagt;

- (d) alle verplichte meldingen aan de relevante Mededingingsautoriteiten vereist in verband met het Bod hebben plaatsgevonden en elke Mededingingsautoriteit:
- (i) Besloten zou hebben dat het Bod is toegestaan, zonder het opleggen van enige voorwaarde of verplichting die in redelijkheid niet aanvaardbaar is voor de Bieder;
 - (ii) Besloten zou hebben dat er geen goedkeuring vereist is;
 - (iii) Geen beslissing zou hebben genomen binnen de betreffende termijnen en onder de Toepasselijke Regelgeving, hetgeen impliceert dat onvoorwaardelijk goedkeuring is gegeven; of
 - (iv) De kwestie doorverwezen heeft naar een andere bevoegde autoriteit in overeenstemming met de Toepasselijke Regelgeving, waarna de goedkeuring is gegeven.

(de "**Mededingingsrechtelijke Goedkeuringen**")

- (e) Aan de Bieder is (i) een verklaring van geen bezwaar door de ECB verleend voor het verwerven van een gekwalificeerde deelneming in de Vennootschap met de daaraan verbonden voorschriften – voor zover aanwezig – die redelijkerwijs aanvaardbaar zijn voor de Bieder, en (ii) een verklaring van geen bezwaar verleend door DNB voor het verwerven van een gekwalificeerde deelneming in KAS Trust & Depositary Services B.V. met de daaraan verbonden voorschriften – voor zover aanwezig – die redelijkerwijs aanvaardbaar zijn voor de Bieder;

(de "**Toezichtrechtelijke Goedkeuringen**")

- (f) Geen mededeling van de AFM is ontvangen dat beleggingsondernemingen zich dienen te onthouden van medewerking aan de Overdracht op grond van artikel 5:80 Wft;
- (g) De Vennootschap heeft geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover die inbreuk (i) heeft geleid of redelijkerwijs kan leiden tot een Materiële Negatieve Verandering voor het Bod en (ii) niet kan worden hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst van een met redenen omklede schriftelijke aanmaning van de Bieder, of niet is hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst van een schriftelijke aanmaning van de Bieder, met dien verstande dat (A) de Vennootschap geen recht op een dergelijke herstelperiode zal toekomen als de overtreding niet in die periode kan worden hersteld en (B) als de periode tot de Sluitingsdatum minder dan tien (10) Werkdagen bedraagt, de herstelperiode op de dag vóór de Sluitingsdatum zal aflopen;
- (h) De Bieder heeft geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover die inbreuk (i) heeft geleid of redelijkerwijs kan worden verwacht te leiden tot materieel negatieve consequenties voor het Bod en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door de Bieder van een met redenen omklede schriftelijke aanmaning van de Vennootschap, of niet is hersteld door de Bieder binnen tien (10) Werkdagen na ontvangst van een schriftelijke aanmaning van de Vennootschap, met dien verstande dat (A) de Vennootschap geen recht op een dergelijke herstelperiode zal toekomen als de overtreding niet in die periode kan worden hersteld en (B) als de periode tot de Sluitingsdatum minder dan tien (10) Werkdagen bedraagt, de herstelperiode op de dag vóór de Sluitingsdatum zal aflopen;
- (i) Geen van de Raden de Aanbeveling hebben ingetrokken;
- (j) De BAVA heeft de Besluiten genomen (met uitzondering van de Besluiten beschreven in Paragraaf 4.11 sub (c) en (e));

- (k) Geen Materiële Negatieve Verandering heeft zich voorgedaan na de datum van ondertekening van de Fusieovereenkomst;
- (l) Geen bevel, aanhouding, uitspraak of vonnis is uitgevaardigd door een rechter, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie die van toepassing is, noch is er enig statuut, wet- of regelgeving, overheidsaanwijzing of –maatregel uitgevaardigd, uitgeoefend of van toepassing geacht op het Bod, dat in een dergelijk geval de voltooiing van het Bod tegengaat of verbiedt; en
- (m) De handel in Effecten op Euronext Amsterdam is op of voorafgaand aan de Dag van Gestanddoening niet opgeschort of beëindigd als gevolg van een noteringsmaatregel genomen door Euronext Amsterdam overeenkomstig artikel 6901/02 of enige andere relevante bepaling van het Euronext Rulebook I (Geharmoniseerde Regels).

Voorafgaand aan de publicatie het Biedingsbericht is reeds voldaan aan de Voorwaarden uit Paragraaf 9.8.1.(b), Paragraaf 9.8.1.(c) en Paragraaf 9.8.1.(d).

Met betrekking tot Paragrafen 9.8.1.(e) en 9.8.1.(k), zullen de Bieder en KAS BANK, wanneer de Bieder constateert dat aan een van deze Voorwaarden niet is voldaan en de Vennootschap deze visie niet deelt, volgens de procedure zoals overeengekomen in de Fusieovereenkomst, een dergelijk geschil beslechten in overeenstemming met de Arbitragereglement van het Nederlands Arbitrage Instituut, waaronder de mogelijkheid voor een arbitraal kort geding.

9.8.2 *Afstand*

- (a) De Voorwaarden (met uitzondering van de Voorwaarden uiteengezet in Paragrafen 9.8.1(d), 9.8.1(e), 9.8.1(f), 9.8.1(h), 9.8.1(l) en 9.8.1(m)) zijn uitsluitend opgenomen ten behoeve van de Bieder en hiervan mag te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door de Bieder, door middel van een schriftelijke kennisgeving aan de Vennootschap, met dien verstande dat van de Voorwaarde uiteengezet in Paragraaf 9.8.1(a) kan alleen door de Bieder en de Vennootschap gezamenlijk afstand worden gedaan in het geval dat de Aangemelde Effecten tezamen met de Effecten waartoe de Bieder op dat moment gerechtigd is minder bedraagt dan 75% van alle geplaatste en uitstaande Effecten op de Sluitingsdatum (met uitzondering van Eigen Effecten). De Bieder zal het percentage van Aangemelde Effecten (of gebrekkig aangemeld op voorwaarde dat de Bieder heeft afgezien van een dergelijk gebrek) en de status van de gesprekken met de bevoegde regulerende instanties in haar beslissing over het al dan niet afstand doen van de Voorwaarde uit Paragraaf 9.8.1(a) betrekken.

De Voorwaarde uiteengezet in Paragraaf 9.8.1(h) is opgenomen ten behoeve van de Vennootschap en hiervan mag door de Vennootschap te allen tijde afstand worden gedaan door middel van een schriftelijke kennisgeving van de Vennootschap aan de Bieder. De Voorwaarden in Paragraaf 9.8.1(d) en Paragraaf 9.8.1(m) zijn opgenomen ten behoeve van zowel de Bieder als de Vennootschap en hiervan mag alleen door middel van een schriftelijke kennisgeving afstand worden gedaan door de Bieder en de Vennootschap gezamenlijk.

Van de Voorwaarden uiteengezet in Paragraaf 9.8.1(e), Paragraaf 9.8.1(f) en Paragraaf 9.8.1(l) kan geen afstand worden gedaan. De Bieder en de Vennootschap zullen elkaar zo spoedig mogelijk en in elk geval binnen vijf (5) werkdagen in kennis stellen van feiten en/of omstandigheden, die ertoe kunnen leiden dat zij een beroep zullen doen op de niet-nakoming van enige Voorwaarde. De Bieder en de Vennootschap mogen zich er niet op beroepen dat een Voorwaarde niet is vervuld indien die niet-vervulling van (een) dergelijke Voorwaarde(n) veroorzaakt is door een inbreuk van diezelfde partij op enige van haar verplichtingen uit de Fusieovereenkomst.

- (b) Zowel de Bieder als de Vennootschap zullen er naar hun beste vermogen voor zorgen dat de Voorwaarden zo snel als redelijkerwijs mogelijk worden voldaan.

9.9 Aanmelding

9.9.1 Aanmeldingstermijn

De Aanmeldingstermijn vangt aan om 09:00 uur CET op 29 juli 2019 en eindigt om 17:40 uur CET, op 23 september 2019, tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met Paragraaf 9.9.4 (*Verlenging*).

Indien de Bieder het Bod gestand doet, zal de Bieder alle Effecten aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt) en die niet eerder zijn teruggetrokken in overeenstemming met de voorwaarden van het Bod met inachtneming van de procedures zoals uiteengezet in Paragraaf 9.9.2 (*Recht tot intrekking*).

9.9.2 Recht tot intrekking

Effecten aangemeld voorafgaand aan de Sluitingstijd mogen niet worden ingetrokken, behoudens het recht om een aanmelding in te trekken:

- (a) gedurende een verlenging van de Aanmeldingstermijn in overeenstemming met artikel 15 lid 3 van het Bob;
- (b) na de aankondiging van een verplicht bod in overeenstemming met artikel 5 b lid 5 van het Bob, voor zover dergelijke Effecten al aangemeld waren voorafgaand aan het moment van de aankondiging en ingetrokken zijn binnen zeven (7) Werkdagen na een dergelijke aankondiging;
- (c) na de indiening van een succesvol verzoek tot vaststelling van een billijke prijs voor een verplicht bod overeenkomstig art. 15 lid 8 van het Bob, mits (A) het verzoek is toegewezen, (B) dergelijke Effecten al aangemeld waren voorafgaand aan het verzoek en (C) werden ingetrokken binnen zeven (7) Werkdagen na de datum waarop de beslissing van de Ondernemingskamer van het gerechtshof te Amsterdam uitvoerbaar bij voorraad of onherroepelijk is geworden; of
- (d) na een verhoging van de Biedprijs als gevolg waarvan de Biedprijs niet langer enkel bestaat uit een onderdeel in contanten en documentatie hieromtrent algemeen beschikbaar is gesteld in overeenstemming met artikel 15a lid 3 van het Bob (voor zover dergelijke Effecten aangemeld waren voorafgaand aan een dergelijk verzoek en ingetrokken zijn binnen zeven (7) Werkdagen nadat een dergelijk document algemeen beschikbaar is gemaakt).

9.9.3 Gestanddoening

Het Bod wordt gedaan onder voorbehoud van vervulling of Afstand van de voorwaarden zoals uiteengezet in Paragraaf 9.8.1 (*Voorwaarden*). Van de Voorwaarden kan afstand worden gedaan, voor zover toegestaan bij wet of overeenkomst, zoals uiteengezet in Paragraaf 9.8.2 (*Afstand*). Indien de Bieder, verlangt om afstand te doen van een of meer Voorwaarden overeenkomstig het bepaalde in Paragraaf 9.8.2 (*Afstand*), dan zal de Bieder daarvan kennis geven aan de Effectenhouders zoals voorgeschreven door de Toepasselijke Regelgeving.

Tenzij de initiele Aanmeldingstermijn is verlengd, zal de Bieder niet later dan op de derde (3^e) Werkdag na de Sluitingsdatum, zijnde de Dag van Gestanddoening (de "**Dag van Gestanddoening**"), vaststellen of aan de Voorwaarden is voldaan dan wel afstand is gedaan zoals uiteengezet in Paragraaf 9.8.1 (*Voorwaarden*) en Paragraaf 9.8.2 (*Afstand*), voor zover wettelijke toegestaan. Hiernaast zal de Bieder op de Dag van Gestanddoening een mededeling doen inhoudende dat ofwel (i) het Bod gestand wordt gedaan, ofwel (ii) de Aanmeldingstermijn zal worden verlengd in overeenstemming met artikel 15 van het Bob, ofwel (iii) het Bod wordt beëindigd omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan, alles in overeenstemming met Paragraaf 9.8.1 (*Voorwaarden*), Paragraaf 9.8.2 (*Afstand*) en artikel 16 van het Bob.

Indien het Bod gestand is gedaan, zal de Bieder alle Aangemelde Effecten (of gebrekkig aangemeld op voorwaarde dat de Bieder heeft afgezien van een dergelijk gebrek).

9.9.4 Verlenging

De Bieder mag het Bod overeenkomstig artikel 15 van het Bob slechts eenmalig tot na de Sluitingsdatum verlengen voor een minimale periode van twee (2) weken en maximaal tien (10) weken, onderwerpen aan een mogelijke verlenging in het geval van een verhoging van de Biedprijs. In dat geval zullen alle verwijzingen in het Biedingsbericht naar de Sluitingsdatum worden verschoven naar de uiterste datum en tijd waarnaar het Bod is verlengd, tenzij uit de context anders blijkt. In het geval een derde partij een Overtreffend Bod heeft gepubliceerd voorafgaand aan de Sluitingstijd mag de Bieder, overeenkomstig artikel 15, paragraaf 5 van het Bob, de Aanmeldingstermijn verlengen tot na de Sluitingstijd om in overeenstemming te zijn met de aanmeldingstermijn van het Overtreffende Bod. Echter, zoals toegelicht in Paragraaf 3.2 (*Acceptance of the Offer and Tender*), kan een bewaarnemer, bank of effectenmakelaar een eerdere uiterste Aanmeldingstermijn voor Effectenhouders vaststellen teneinde de bewaarnemer, bank of effectenmakelaar in staat te stellen hun acceptaties tijdig aan het Omwissel- en Betaalkantoor te communiceren.

Als op de initiële Sluitingsdatum aan één of meer van de Voorwaarden niet is voldaan of indien hiervan geen afstand is gedaan, mag de Bieder de Aanmeldingstermijn in overeenstemming met de bepalingen van artikel 15 van het Bob verlengen, met dien verstande dat indien aan één van de Voorwaarden in Paragraaf 9.8.1(a), Paragraaf 9.8.1(d) en Paragraaf 9.8.1(e) niet is voldaan of indien hiervan geen afstand is gedaan op de Sluitingsdatum, de Bieder de Aanmeldingstermijn zal verlengen in redelijke mate tot het moment dat de Bieder en de Vennootschap verwachten te kunnen voldoen aan de voorwaarden in Paragraaf 9.8.1(a), Paragraaf 9.8.1(d) en Paragraaf 9.8.1(e), uiterlijk niet later dan tien (10) weken na de initiële Sluitingsdatum.

Indien, hierna, aan één of meer van de Voorwaarden niet is voldaan binnen de verlengde Aanmeldingstermijn, mag de Bieder de Aanmeldingstermijn nogmaals verlengen met dien verstande dat indien aan één van de Voorwaarden in Paragraaf 9.8.1(d) en Paragraaf 9.8.1(e) niet is voldaan of indien hiervan geen afstand is gedaan op de Sluitingstijd, de Bieder het Aanmeldingstermijn zal verlengen op voorwaarde dat de AFM vrijstelling daartoe aan de Bieder verleent, tot de datum waarop partijen redelijkerwijs verwachten aan de Voorwaarden in Paragraaf 9.8.1(d) en Paragraaf 9.8.1(e) te kunnen voldoen, echter in geen geval later dan 31 December 2019.

Indien de AFM geen vrijstelling verleent terwijl niet alle Voorwaarden zijn vervuld voor het eind van de verlengde Dag van Aanmelding (en indien van (een) dergelijke Voorwaarde(n) geen afstand is gedaan voor zover dit wettelijk is toegestaan), zal het Bod beëindigd worden als gevolg van het feit dat (een) dergelijke Voorwaarde(n) niet is of zijn vervuld of daarvan geen afstand is gedaan voorafgaand aan de Dag van Gestanddoening.

Indien de Aanmeldingstermijn wordt verlengd, zal dit openbaar worden medegedeeld met inachtneming van de Toepasselijk Regelgeving. Artikel 15 lid 2 van het Bob vereist dat een dergelijke mededeling uiterlijk op de derde (3e) Werkdag na de initiële Sluitingsdatum wordt gedaan. Gedurende een dergelijke verlenging van de Aanmeldingstermijn, zullen de Effecten die reeds zijn aangemeld en niet zijn ingetrokken aan het Bod onderworpen blijven. Effecten die op of voor de initiële Sluitingstijd aangeboden zijn, mogen gedurende de verlengde Aanmeldingstermijn worden ingetrokken. Daarnaast kunnen de Effecten die aangeboden zijn binnen zeven (7) Werkdagen na de melding van het verhogen van de Biedprijs, worden ingetrokken.

Indien en voor zover de Bieder tijdens de Aanmeldingstermijn Effecten buiten het Bod koopt tegen een hogere prijs dan de Biedprijs, zal de Bieder, bij de gestanddoening van het Bod, een prijs betalen voor alle Effecten die geldig zijn aangemeld (of gebrekkig aangemeld op voorwaarde dat de Bieder afziet van een dergelijk gebrek) en geleverd zijn door een Effectenhouder. In een dergelijk geval zal de Bieder openbaar melding maken van het feit dat de Biedprijs verhoogd is, om deze hogere prijs te evenaren.

Indien het Bod wordt verlengd, waardoor de verplichting op grond van artikel 16 van het Bob om openbaar mede te delen of gestanddoening van het Bod wordt uitgesteld, zal een openbare mededeling in

die zin uiterlijk dienen te worden gedaan op de derde Werkdag na de Sluitingsdatum, in overeenstemming met de bepalingen van artikel 15 leden 1 en 2 van het Bob. Indien de Bieder de Aanmeldingstermijn verlengt, zal het Bod aflopen op de uiterste datum en tijd waarop de Bieder de Aanmeldingstermijn verlengt.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Effect dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het recht van elke Effectenhouder om de Effecten die hij of zij reeds heeft aangemeld in te trekken, in overeenstemming met Paragraaf 9.9.2 (*Recht tot intrekking*).

9.9.5 Overdracht

Effectenhouders die het Bod hebben aanvaard en Effectenhouders die hun Effecten hebben geleverd voor aanvaarding op grond van het Bod, zullen op of voorafgaand aan de Sluitingsdatum, wanneer het Bod gestand is gedaan, op de Dag van Overdracht de biedprijs ontvangen voor elk Effect dat op geldige wijze is aangemeld en geleverd (of gebrekkig aangemeld op voorwaarde dat de Bieder afziet van een dergelijk gebrek), vanaf welk moment ontbinding of vernietiging van een aanmelding of levering niet zal zijn toegestaan.

Financiële instellingen die Effecten ontvangen van Effectenhouders die zich hebben ingeschreven onder dit Bod, ontvangen deze Effecten als bewaarder. Op zijn beurt dienen de financiële instellingen de Effecten in bij het Omwissel- en Betaalkantoor. Door inschrijving van dergelijke Effecten, verklaren de financiële instellingen dat zij de Effecten bewaren en dat zij de overdracht van de Effecten overdragen aan de bieder voorafgaand aan de Dag van Overdracht.

9.9.6 Na-aanmeldingstermijn

Indien de Bieder openbaar mededeelt het Bod gestand te doen, zal de Bieder, binnen drie (3) Werkdagen na de Dag van Gestanddoening een Na-aanmeldingstermijn aankondigen van maximaal twee weken, beginnend op de eerste (1^{ste}) Werkdag na de aankondiging van een Na-aanmeldingstermijn, gedurende welke termijn Effectenhouders die hun Effecten niet tijdens de Aanmeldingstermijn hebben aangemeld alsnog hun Effecten onder dezelfde voorwaarden als het bod kunnen aanmelden. Wanneer de Na-aanmeldingstermijn is aangekondigd, zal de Bieder alle betalingen van Effecten die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) blijven aanvaarden en zal de Bieder binnen vijf (5) Werkdagen na het einde van de Na-aanmeldingstermijn uitbetalen. Gedurende de Na-aanmeldingstermijn hebben Effectenhouders die hun Effecten gedurende de Aanmeldingstermijn of gedurende de Na-aanmeldingstermijn op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) niet het recht om hun Effecten in te trekken. De Bieder zal uiterlijk drie (3) Werkdagen na het einde van de Na-aanmeldingstermijn het aantal en het percentage Effecten wat is aangemeld tijdens de Na-aanmeldingstermijn en het totale aantal en percentage van de thans door haar gehouden Effecten openbaar mededelen.

9.10 Aanvaarding door de Effectenhouders via Aangesloten Instellingen

Effectenhouders die Effecten houden via een Toegelaten Instelling dienen hun aanvaarding via hun commissionair, bank of effectenmakelaar uiterlijk op 23 september 2019 om 17:40 uur CET bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig Paragraaf 4.3.1 (*Offer Price*) of Paragraaf 9.9.4 (*Verlenging*). Een bewaarnemer, bank of commissionair kan een eerdere uiterste datum vaststellen voor de communicatie door Effectenhouders zodat de bewaarnemer, bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

Aangesloten Instellingen mogen de Aanmeldingen slechts indienen bij het Omwissel- en Betaalkantoor en alleen in schriftelijke vorm. Bij het indienen van de Aanmeldingen dienen Aangesloten Instelling te verklaren dat: (i) zij de aangemelde Effecten in hun administratie hebben opgenomen, (ii) iedere betrokken Effectenhouder onherroepelijk garandeert dat (a) hij/zij zal voldoen aan alle restricties die worden genoemd in Hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht, en (b) zij niet (direct of indirect) zijn onderworpen aan of getroffen door enige economische of financiële

sancties uitgevoerd of afgedwongen door enig orgaan van de Amerikaanse overheid, de Europese Unie of een van haar lidstaten of de Verenigde Naties, anders dan enkel uit hoofde van zijn opname in, of eigendom door een persoon opgenomen in de Amerikaanse “Sectoral Sanctions Identifications (SSI) List” of Annex III, IV, V of VI van Verordening (EU) No. 833/2014 van 31 juli 2014 en (iii) zij zich verplicht om de Aangemelde Effecten tegen ontvangst van de Biedprijs te leveren aan de Bieder voor of uiterlijk op de Dag van Overdracht.

Met inachtneming van artikel 5b lid 5, artikel 15 leden 3 en 8 en artikel 15a lid 3 van het Bob, zal het aanmelden van Effecten als aanvaarding van het Bod leiden tot onherroepelijke instructies om (i) de levering van de Aangemelde Effecten tegen te houden, zodat op of voorafgaand aan de Dag van Overdracht geen van de leveringen van de Effecten uitgevoerd kan worden (anders dan aan het Omwissel- en Betaalkantoor op of voorafgaand aan de Dag van Overdracht indien het Bod gestand wordt gedaan en de Effecten aanvaard zijn voor aankoop of rechtens zijn ingetrokken) en om (ii) de effectenrekening waarop dergelijke Effecten worden gehouden op de Dag van Overdracht te debiteren ten aanzien van de Aangemelde Effecten, tegen betaling bij het Omwissel- en Betaalkantoor van de Biedprijs per Effect.

9.11 Aanvaarding door de Effectenhouders in de vorm van aandelen aan toonder

Effectenhouders die Effecten in de vorm van aandelen aan toonder houden worden verzocht om hun Aanmelding kenbaar te maken aan het Omwissel- en Betaalkantoor via de bewaarnemer, bank of commissionair waar de Effectenhouders een bewaarrekening of bankrekening houdt.

9.12 Besluitvorming en aanbeveling van de Raad van Bestuur en de Raad van Commissarissen

Om een zorgvuldige en efficiënte besluitvorming te waarborgen, werd er een sturingscommissie door KAS BANK gevormd (de "**Sturingscommissie**"), bestaande uit de heer Peter Borgdorff (voorzitter van Raad van Commissarissen); de heer Sikko van Katwijk (voorzitter van de Raad van Bestuur), de heer Mark Stoffels (CFRO), de heer Jaap Witteveen (voormalig COO), en de heer Remko Dieker (Managing Director Corporate). De Sturingscommissie fungeert als een overlegorgaan en bereidt de formele besluitvorming van de Raden voor. De Sturingscommissie kwam wekelijks bijeen. De Raad van Commissarissen werd regelmatig van ontwikkelingen op de hoogte gehouden en was actief betrokken gedurende het gehele proces.

Ten einde te kunnen beoordelen of de verhoogde Biedprijs billijk is, hebben de Raden en de Raad van Commissarissen respectievelijk Rabobank en ABN AMRO om een *fairness opinion* gevraagd en deze vervolgens ontvangen. Uit deze *fairness opinions* bleek dat, vanaf vermelde datum, met inachtneming van de daarin uiteengezette factoren en veronderstellingen, de Biedprijs van € 12,75, vanuit een financieel oogpunt, billijk is voor de Effectenhouders.

Na alle aspecten van het Bod zorgvuldig te hebben overwogen, inclusief de strategische ratio en de financiële en sociale aspecten en consequenties van de beoogde transactie, en na uitgebreid financieel en juridisch advies te hebben ontvangen, zijn zowel de Raad van Bestuur als de Raad van Commissarissen tot de conclusie gekomen dat, het Bod in het beste belang is van KAS BANK en haar stakeholders.

Met inachtneming van alle overwegingen en onder voorbehoud van de bepalingen en voorwaarden van de Fusieovereenkomst, steunen de Raad van Bestuur en de Raad van Commissarissen het Bod volledig en raden zij de houders van Effecten unaniem aan het Bod te accepteren en voor de Besluiten te stemmen (de "**Aanbeveling**").

KAS BANK heeft in overeenstemming met artikel 18 Bob een *Position Statement* gepubliceerd waarin de Aanbeveling is uiteengezet. De volledige tekst van beide *fairness opinions*, waarin de gemaakte veronderstellingen, gevolgde procedures, overwogen kwesties en beperkingen van beide *fairness opinions* worden beschreven, is opgenomen in het *Position Statement*.

9.13 De gevolgen van het bod met betrekking tot liquiditeit en beëindiging beursnotering

Effectenhouders die hun Effecten niet aanbieden in het kader van het Bod dienen deze Paragraaf 9.13 zorgvuldig te bestuderen. In deze Paragraaf worden bepaalde risico's beschreven waar zij mee te maken

zullen krijgen wanneer zij er voor kiezen het Bod niet te accepteren. Daarnaast dienen Effectenhouders die overwegen hun Effecten onder het Bod niet aan te bieden, Paragraaf 9.14 (*Herstructureringsmaatregelen na de Dag van Overdracht*) en Paragraaf 9.15 (*Uitkoopprocedure*) zorgvuldig te bestuderen. Deze paragrafen lichten de bedoelingen van de Bieder nader toe en beschrijven bepaalde implicaties waaraan dergelijke Effectenhouders zullen zijn onderworpen als het Bod gestand wordt gedaan. Deze risico's vormen een aanvulling op risico's die zijn verbonden aan het houden van de door KAS BANK uitgegeven Effecten, zoals de blootstelling aan risico's die verband houden met de activiteiten van KAS BANK, de markt waarin KAS BANK actief is, alsmede economische trends die van invloed zijn op dergelijke markten doordat dergelijke bedrijven, markten en trends van tijd tot tijd kunnen veranderen. Het volgende is een samenvatting van de belangrijkste aanvullende risico's.

9.13.1 *Beëindiging notering*

Zo snel mogelijk na een eventuele gestanddoening, zullen de Bieder en de Vennootschap proberen de Certificaten van de Euronext Amsterdam te schrappen en de noteringsovereenkomst tussen de Vennootschap en de Euronext Amsterdam met betrekking tot de notering van de Certificaten te beëindigen.

9.13.2 *Liquiditeit van de Certificaten*

De liquiditeit van de niet aangeboden Certificaten, het aantal Certificaten die normaal in het openbaar worden verhandeld en het aantal houders van Certificaten zullen negatief worden beïnvloed door de aankoop van Certificaten van de Bieder overeenkomstig het Bod.

In overeenstemming met het bericht van Euronext Amsterdam 2004-041, staat Euronext Amsterdam in het algemeen een beëindiging van de notering toe in het geval van een openbaar bod wanneer een dergelijk bod op alle relevante aandelen onvoorwaardelijk wordt verklaard, gegeven dat de Bieder ten minste 95% (vijf-en-negentig procent) van dergelijke aandelen houdt. Indien de Bieder beslist om de notering van de Vennootschap te beëindigen, zal een dergelijke beëindiging de liquiditeit van de niet aangeboden Certificaten verder nadelig beïnvloeden.

Bovendien kan een bieder een van de procedures instellen zoals uiteengezet in Paragraaf 4.18.3 (*Other Post-Closing Restructuring Measures*), inclusief procedures die resulteren in de beëindiging van de notering van de Certificaten (inclusief Certificaten die niet worden aangeboden).

9.14 Herstructureringsmaatregelen na de Dag van Overdracht

Na de Dag van Overdracht kunnen Bieder en CACEIS ervoor kiezen om bepaalde herstructureringsmaatregelen te (laten) implementeren, waaronder de Herstructureringsmaatregelen na Overdracht genoemd in Hoofdstukken 9.15 (*Uitkoopprocedure*) en 9.16 (*Afsplitsing en Liquidatie*).

9.15 Uitkoopprocedure

In het geval dat de Bieder het Bod gestand doet zal de notering van de Vennootschap aan de Euronext Amsterdam zo snel mogelijk worden beëindigd. Het is de intentie van de Bieder om uiteindelijk 100% (honderd procent) van de Effecten te verwerven. Indien, na de Dag van Overdracht, de Bieder en de aan haar Gelieerde Ondernemingen, alleen of samen met de Vennootschap ten minste 95% (vijfennegentig procent) van de Effecten houden, zal de Bieder een wettelijke uitkoopprocedure beginnen overeenkomstig artikel 2:92a van het Burgerlijk Wetboek of artikel 2:201a van het Burgerlijk Wetboek of een wettelijke uitkoopprocedure na een openbaar bod overeenkomstig artikel 2:359c van het Burgerlijk Wetboek, om houders van Effecten uit te kopen die nog niet worden gehouden door de Bieder of de aan haar Gelieerde Ondernemingen of (iii) de Afsplitsing en Liquidatie te implementeren (onder de voorwaarde dat aan de voorwaarden uit zoals beschreven in Paragraaf 9.16 (*Afsplitsing en Liquidatie*) is voldaan).

9.16 Afsplitsing en Liquidatie

De Bieder en KAS BANK zijn in goed vertrouwen de voorwaarden voor de Afsplitsing en Liquidatie van de Vennootschap overeengekomen in overeenstemming met het overzicht en de hoofdlijnen als omschreven in deze Paragraaf 9.16 (*Afsplitsing en Liquidatie*) ("**Afsplitsing en Liquidatie**").

De uitvoering van de Afsplitsing en Liquidatie zal na de voltooiing van het Bod zal enkel in werking treden indien aan de onderstaande voorwaarden is voldaan.

- (i) het aantal aangeboden Effecten in relatie tot het Bod (inclusief de Effecten, voor alle duidelijkheid, aangeboden na een verlengde Sluitingsdatum), tezamen met alle Effecten van de Bieder, schriftelijk of op ander wijze gehouden door de Bieder, bedraagt ten minste 80% (tachtig procent) van de totale waarde van het geplaatste en uitstaande kapitaal (*geplaatst en uitstaand kapitaal*) (exclusief Effecten gehouden door de Vennootschap zelf);
- (ii) de besluiten vereist voor de Afsplitsing en Liquidatie zijn aanvaard door de BAVA en van kracht zijn;
- (iii) de relevante goedkeuringen van de ECB (waaronder de ECB Vergunningsgoedkeuring) en de DNB met betrekking tot de Afsplitsing en Liquidatie zijn ontvangen;
- (iv) de consultatieprocedures met betrekking tot de ondernemingsraad wat betreft de Afsplitsing en Liquidatie zijn nageleefd;
- (v) geen opdracht, verblijfsbeding, oordeel of bevel is gegeven door een rechtbank, arbitragetribunaal, de overheid, overheidsinstantie of ander regelgevende of besturende autoriteit die van toepassing blijft, en geen statuut, regel, verordening, wettelijk voorschrift of bevel is vastgesteld, die de implementatie van de Afsplitsing en Liquidatie verbiedt,

Indien de Bieder het Bod gestand heeft gedaan en de mogelijkheid heeft om de Afsplitsing en Liquidatie ten uitvoer te leggen omdat aan alle voorwaarden uit deze Paragraaf 9.16 (*Afsplitsing en Liquidatie*) is voldaan, en de Bieder naar haar eigen goeddunken zelfstandig opteert om de Afsplitsing en Liquidatie te implementeren, zullen de Vennootschap en de Bieder zo snel als redelijkerwijs mogelijk na de Dag van Gestanddoening (i) de herstructureringsovereenkomsten en de verplichtingen daaronder uitvoeren, en (ii) in overeenstemming met het overzicht en de hoofdlijnen zoals omschreven in deze Paragraaf 9.16, de Afsplitsing en Liquidatie invoeren.

9.17 Samenstelling van de Raad van Bestuur en Raad van Commissarissen

9.17.1 Samenstelling Raad van Bestuur

Vanaf de Dag van Overdracht bestaat de Raad van Bestuur uit ten minste de volgende leden: de heer S.A.J van Katwijk als voorzitter en de heer M.R. Stoffels als CFRO (de "**Leden van de Raad van Bestuur**"). De Leden van de Raad van Bestuur zullen gedurende ten minste een termijn van een jaar na de Dag van Overdracht hun functie blijven vervullen. Na de Dag van Overdracht heeft de Bieder het recht om maximaal twee andere leden van de Raad van Bestuur voor te dragen en te benoemen. Bij de oprichting van de Nederlandse vestiging van de Bieder, zal de Raad van Bestuur verantwoordelijk zijn voor de dagelijkse leiding van deze Nederlandse tak gedurende ten minste een jaar na de Dag van Overdracht.

9.17.2 Samenstelling Raad van Commissarissen

De Raad van Commissarissen zal direct na de Dag van Overdracht bestaan uit zes leden:

- (a) Drie leden die op dit moment reeds lid zijn van de Raad van Commissarissen, zijnde Peter Borgdorff, Pauline Bieringa en Hans Snijders (de "**Aanblijvende Leden**"). De Aanblijvende Leden kwalificeren als Onafhankelijke Commissarissen in de zin van de Corporate Governance Code. De Aanblijvende leden zullen vanaf de Dag van Overdracht worden aangeduid als de "**Onafhankelijke Commissarissen**" en ieder

afzonderlijk als de “**Onafhankelijke Commissaris**”. In het geval de Ondernemingsraad het aan haar versterkte aanbevelingsrecht wil uitoefenen ten opzichte van leden van de Raad van Commissarissen, worden de aldus genomineerde personen beschouwd als Onafhankelijke Commissarissen.

- (b) Drie leden op voordracht van de Bieder, zijnde Jean-François Abadie, Catherine Duvaud en Joseph Saliba, op voorwaarde dat die leden voldoen aan de geschiktheid- en integriteitsnormen als uiteengezet in artikelen 3:8 en 3:9 Wft op voorwaarde dat het collectief van de Raad van Commissarissen eveneens geschikt is.

Vanaf de Dag van Overdracht zal de Raad van Commissarissen in functie blijven zolang vereist door de wet en in ieder geval tot uiterlijk de laatste datum waarop ofwel (i) de Bieder een dagvaarding heeft uitgevaardigd met betrekking tot een wettelijke uitkoopprocedure in overeenstemming met artikel 2:92a van het Burgerlijk Wetboek, ofwel een wettelijke uitstootprocedure in overeenstemming met artikel 2:359c van het Burgerlijk Wetboek; ofwel (ii) de omzetting van de Vennootschap in de Nederlandse vestiging van de Bieder heeft plaatsgevonden. Pas daarna zal de Raad van Commissarissen worden ontbonden.

9.17.3 *Onafhankelijke Commissarissen*

De Onafhankelijke Commissarissen of na hun vervanging enig door ander persoon die (i) kwalificeert als een onafhankelijk lid van de Raad van Commissarissen in de zin van de Nederlandse Corporate Governance Code, en (ii) in redelijkheid acceptabel beschouwd, door de overblijvende Onafhankelijke Commissaris(sen) en overige leden van de Raad van Commissarissen, zullen zitting houden in de Raad van Commissarissen totdat deze wordt ontbonden.

Wanneer er in het geval van ontslag van een of meer Onafhankelijke Commissarissen, geen Onafhankelijke Commissaris meer in de Raad van Commissarissen zitting heeft, zal (zullen) de aftredende Onafhankelijke Commissaris(sen) een persoon, die als onafhankelijk lid van de Raad van Bestuur in de zin van de Corporate Governance Code kwalificeert, benoemen op voorwaarde dat geen van de voorgedragen personen een vertegenwoordiger van de Bieder mag zijn.

9.17.4 *Raad van Advies*

Bij ontbinding van de Raad van Commissarissen zal de Bieder gelijktijdig een raad van advies aanstellen (de **Raad van Advies**). De Onafhankelijke Commissarissen zullen dan tevens lid worden van deze Raad van Advies. De Raad van Advies zal na afloop van de NFC-periode worden ontbonden. De leden van de Raad van Advies (of na hun vervanging enige ander persoon, redelijkerwijs aanvaardbaar voor de overblijvende leden van de Raad van Advies) zullen aan blijven in de Raad van Advies voor de rest van de NFC-periode.

Wanneer ontslag van een of meer leden van de Raad van Advies, ertoe leidt dat er geen leden van de Raad van Advies over zijn, benoemt het aftredende lid van de Raad van Advies een relevante persoon, als onafhankelijk gekwalificeerd in de zin van de Corporate Governance Code, op voorwaarde dat geen van de genomineerde personen een vertegenwoordiger is van de Bieder.

9.18 *Governance Bieder*

De raad van bestuur van de Bieder bestaat uit: *Jacques Ripoll (Voorzitter), Alix Caudrillier, Jérôme Grivet, Frédéric Coudreau, Martine Boutinet en Joseph Florentin.*

Het uitvoerende comité van de Bieder bestaat uit: *Jean-François Abadie (CEO), Catherine Duvaud (Deputy CEO) en Joseph Saliba (Deputy CEO).*

De raad van bestuur van CACEIS bestaat uit: *Jacques Ripoll (Voorzitter), Martine Boutinet, Alix Caudrillier, Frédéric Coudreau, Joseph Florentin, Jérôme Grivet.*

9.19 Aankondigingen

Iedere aankondiging met betrekking tot dit Biedingsbericht zal verstrekt worden door middel van een persbericht. Ieder persbericht dat wordt uitgebracht door de Bieder of door CACEIS zal beschikbaar worden gesteld op de website www.caceis.com. Ieder persbericht dat wordt uitgebracht door KAS BANK zal beschikbaar worden gesteld op de website www.kasbank.com.

Met inachtneming van de wettelijke vereisten op grond van de Toepasselijke Regelgeving en zonder afbreuk te doen aan de manier waarop de Bieder een openbare mededeling wenst te doen, zal op de Bieder geen enkele verplichting rusten om een openbare mededeling te doen anders dan zoals uiteengezet in Hoofdstuk 11 (*Press Releases*).

10. ADVISORS

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11. PRESS RELEASES

11.1 Joint press release dated 25 February 2019

This is a joint press release by KAS BANK and CACEIS, pursuant to the provisions of Section 4 Paragraphs 1 and 3, Section 5 Paragraph 1 and Section 7 Paragraph 4 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) (the "Decree") in connection with the intended public offer by CACEIS S.A. ("CACEIS") for all listed issued depositary receipts of ordinary shares in the capital of KAS BANK N.V. ("KAS BANK") (the "Depositary Receipts") and all non-listed issued ordinary shares in the capital of KAS BANK which are not registered in the name of Stichting Administratiekantoor Aandelen KAS BANK (the "Ordinary Shares" and together with the Depositary Receipts, the "Securities"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.



KAS BANK and CACEIS agree on a recommended public offer in cash for all securities in KAS BANK

The combination makes CACEIS a leading asset service provider in the Netherlands and allows KAS BANK to export its expertise in servicing institutional investors such as pension funds and insurance companies to all the European markets CACEIS is currently servicing. CACEIS' pan-European ambition is therefore confirmed, with a reinforced position in the Netherlands, a major country in Europe for financial activities, that will serve its clients' international development strategy. The acquisition is expected to create value through substantial potential synergies.

Transaction highlights

- KAS BANK and CACEIS have reached conditional agreement on a recommended all-cash public offer by CACEIS for KAS BANK of EUR 12.75 per Security (the Offer Price), valuing KAS BANK at EUR 188 million¹.
- The Offer represents a premium of 110% over the closing price of KAS BANK on Friday, 22 February 2019 and 111% over the average volume weighted price for the 3 months prior to and including that date.
- The Managing Board and Supervisory Board of KAS BANK unanimously support and recommend the Offer.
- KAS BANK and CACEIS have agreed on an integration plan and non-financial covenants for the period after completion of the Offer.
- CACEIS will finance the transaction from its own funds.

¹ Based on 15,699,017 securities issued, minus 921,934 treasury shares.

- The Offer is expected to be completed in the third quarter of 2019 and is subject to customary conditions, including approvals from the Dutch Central Bank and European Central Bank.

Benefits of combining the businesses

- CACEIS, part of Crédit Agricole S.A., is a European leader in asset servicing and one of the major players worldwide. As of 31 December 2018, CACEIS had EUR 2,633 billion in assets under custody and EUR 1,695 billion in assets under administration.
- KAS BANK is a leading specialist in the field of custody and administration services for institutional investors and financial institutions in the Netherlands, also with local presence in Germany and the United Kingdom. As of 31 December 2018, KAS BANK had EUR 197 billion in assets under custody and EUR 191 billion in assets related to investment accounting, including AIFMD assets.
- KAS BANK and CACEIS are complementary. Both institutions are involved in the same activities, but in different markets, targeting the institutional investors and financial institutions segments and focusing on the development of new technologies and digital processes.
- The combination of CACEIS and KAS BANK (the "Combination") will provide the operations of KAS BANK with access to critical size in terms of balance sheet, boost KAS BANK's competitive strength and position KAS BANK as the combination's global centre of excellence for pension fund services.
- Acquiring KAS BANK will make CACEIS one of the leading parties in the Dutch market, with a clear opportunity to further grow its client base. In addition, CACEIS will further strengthen its product range and competitiveness with pan European institutional investors.

Paris, France and Amsterdam, the Netherlands, 25 February 2019 – KAS BANK, a leading specialist in the field of custody and administration services for institutional investors and financial institutions in the Netherlands, Germany and the UK, and CACEIS, a European leader in asset servicing and one of the major players worldwide, jointly announce that they have reached conditional agreement on a recommended public offer (the "Offer") to be made by CACEIS for all issued and outstanding ordinary securities in the capital of KAS BANK (the "Securities") for EUR 12.75 in cash per security (the "Offer Price"), representing a total consideration of EUR 188 million, subject to the terms and conditions to be set out in the offer memorandum. The offer memorandum is expected to be submitted to the AFM in the second quarter of 2019.

In connection with the announcement of the Offer, KAS BANK today, in a separate press release, also published its annual results over 2018 (full year).

Sikko van Katwijk, Chairman of the Managing Board of KAS BANK said: "Founded in 1806, KAS BANK has developed from a 'kassiersbedrijf' to a leading Dutch administration bank. The agreement we reached today marks the start of a new era for all of us. Teaming up with CACEIS increases our competitive strength and enhances our investment and innovation power in a market where scale is an increasingly important factor. Our Dutch, German and UK clients will benefit from the critical size with more than EUR 2.8 trillion assets under custody, the solid capital position and the extended product range this combination will bring. Our staff will benefit from this improved positioning as well as from enhanced career opportunities within the combination. Our conversations with CACEIS have strengthened our belief that a combination of CACEIS and KAS BANK puts our organisation in trusted hands. The Supervisory Board and the Managing Board of KAS BANK believe that a combination of KAS BANK and CACEIS is beneficial for KAS BANK and all of its stakeholders."

Jean François Abadie, CEO of CACEIS: "With the announcement today, we significantly upgrade our position in the Dutch market. In addition, CACEIS will further strengthen its expertise in servicing institutional investors such as pension funds and insurance companies, in order to distribute these services on a global basis. The combination is anticipated to create value for our shareholders and will broaden and deepen our offering in Europe. We are convinced that the Offer is in the interests of both companies' stakeholders."

The Offer is in line with the investment criteria of the Cr dit Agricole S.A. group with, in particular, an attractive return on investment. The prudential impact is negligible at group level.”

Strategic rationale

The Dutch market for asset servicing is attractive due to its asset volume, complexity and high pension savings to GDP ratio. The market is known for its pension funds, private equity and real estate funds among others, resulting in a significant size. KAS BANK is a local champion, with an expertise in servicing institutional investors. For KAS BANK’s business, being part of a large and well capitalised player, revenues are expected to grow while costs synergies will lead to increased profitability.

Both parties believe that the Combination will lead to an enhanced positioning of CACEIS as service provider to European institutional investors. The extensive knowledge and expertise of CACEIS with respect to additional services will be available to Dutch investors such as private equity funds, real estate companies and other professional investors. The unparalleled strength of CACEIS’ parent company, Cr dit Agricole, will offer a solid financial position, business continuity and support business development, evolving KAS BANK into CACEIS’ Dutch branch.

The parties believe that the Combination has several strategic benefits including:

- Excellent complementarity in clients, markets and knowledge;
- Centred around client empowerment and operational excellence;
- Data driven and innovative organisations;
- Digitally oriented European asset servicing company;
- Comparable corporate values.

Support and recommendation from the Managing Board and the Supervisory Board

This announcement follows constructive interactions between the companies including a period of due diligence. Consistent with their fiduciary responsibilities, the Supervisory Board and Managing Board of KAS BANK, with the support of their financial and legal advisors, have given careful consideration to all aspects of the Offer, including strategic, financial, operational and social points of view.

KAS BANK formed a transaction committee consisting of Mr Peter Borgdorff, Chairman of the Supervisory Board, Mr Sikko van Katwijk, chairman of the Managing Board, Mr Mark Stoffels, CFRO and Mr Jaap Witteveen, COO. Together with their financial and legal advisors, they have monitored the process and discussed the intended Offer as well as the considerations underlying the key decisions and resolutions in connection therewith. On basis of the deliberations and findings in the transaction committee the Management Board made its decisions, under the supervision by the Supervisory Board. The Supervisory Board has held various meetings with and without the members of the Managing Board present.

After due and careful consideration, having taken the interests of all stakeholders into account, the Supervisory Board and the Managing Board of KAS BANK unanimously conclude that the Offer is in the long term interest of KAS BANK, the sustainable success of its business and clients, employees, holders of Securities and other stakeholders, and have decided to fully support and recommend the Offer to the holders of Securities and furthermore recommend the holders of Securities to vote in favour of the resolutions relating to the Offer at the upcoming Extraordinary General Meeting of Shareholders (EGM). The support and recommendation is subject to the terms and conditions of the merger protocol entered into by KAS BANK and CACEIS and completion of the consultation process with the works council of KAS BANK.

Fairness opinions

On 24 February 2019, Rabobank issued a fairness opinion to the Managing Board and the Supervisory Board of KAS BANK and on 24 February 2019 ABN AMRO issued a fairness opinion to the Supervisory Board of KAS BANK stating that as of such date, based upon and subject to the

factors and assumptions set forth in each of the opinions, that the Offer Price is fair, from a financial point of view, to the holders of Securities. The full text of the fairness opinions will be included in KAS BANK's position statement.

Non-Financial Covenants

CACEIS values the interests of all stakeholders of KAS BANK, including clients, employees, shareholders, governmental organisations, suppliers, partners and others, and recognises the corporate identity of KAS BANK based on a legacy built up over more than two centuries. KAS BANK and CACEIS have agreed to non-financial covenants with respect to the business, employees, governance of KAS BANK and the integration of KAS BANK within CACEIS, which will apply during the period starting on the settlement date and ending one year after the transformation into a branch of CACEIS.

Business

CACEIS supports the strategy of KAS BANK's business. KAS BANK will act as CACEIS' global centre of excellence for pension fund business, defending, expanding and innovating CACEIS's pension fund offering in the Netherlands and across other international markets. KAS BANK will operate as CACEIS' Dutch business base, keeping the client base materially intact and respecting and improving the client service levels.

Employees

The existing rights, benefits, pension rights, (collective) agreements and social plan applicable to the employees of KAS BANK will be respected or replaced with equivalent arrangements. Also, the existing arrangements with the works council, trade unions and employee consultation processes will be respected. CACEIS will aim to ensure that the employees of KAS BANK have increased career opportunities, personal development and training.

Governance

KAS BANK will evolve into the CACEIS' Dutch branch, who will maintain local Dutch management and expertise. CACEIS will maintain and respect the operating of the Managing Board and Supervisory Board until the Dutch branch has been launched successfully.

Integration

The integration is aimed at strengthening KAS BANK's local product and service offering to all its clients while using CACEIS's centres of excellence in the most efficient way. CACEIS will aim to avoid redundancies wherever it can and respect the agreed social plan of KAS BANK in case of redundancies.

Composition of the boards

Under the envisaged new ownership, Mr Sikko van Katwijk, Chairman of the Managing Board since 2015, and Mr Mark Stoffels, CFRO since 2016, and Mr Jaap Witteveen, COO since 2014 will continue in their current position in the Managing Board of KAS BANK. Following completion of the transaction, the Supervisory Board of KAS BANK, subject to the approval by the EGM and regulatory approval, will consist of seven members of which four new members will be nominated by CACEIS. Three members of the Supervisory Board will continue.

Financing of the Offer

CACEIS will finance the transaction from its own funds and will at the settlement of the Offer be able to pay the aggregate Offer Price and to comply with all its financial obligations.

Next steps

KAS BANK and CACEIS will seek to obtain all necessary regulatory approvals and competition clearances as soon as practicably possible. CACEIS intends to publish an offer memorandum and launch the Offer in the second quarter of 2019.

KAS BANK will hold the EGM at least 6 business days before the closing of the offer period. Based on the required steps and subject to necessary approvals, the transaction is currently expected to close in the third quarter of 2019.

Advisors

KAS BANK is advised by Rabobank as financial advisor and Stibbe as legal advisor.

CACEIS is advised by Crédit Agricole CIB as financial advisor and Clifford Chance as legal advisor.

ANNEX: Further details on the merger protocol

Acquisition of 100%

KAS BANK and CACEIS acknowledge that it is desirable that CACEIS acquires full ownership of KAS BANK and its business in order to transform KAS BANK from a subsidiary into a branch of CACEIS.

If CACEIS acquires at least 95% of the Securities, CACEIS will initiate a statutory buy-out procedure to obtain 100% of the Securities. If CACEIS acquires less than 95% but at least 80% of the Securities and subject to KAS BANK and CACEIS reaching final agreement on the structure thereof, it is intended that CACEIS acquires full ownership of the business of KAS BANK pursuant to a legal demerger of the business of KAS BANK to a newly incorporated subsidiary of KAS BANK, after which the new subsidiary will be sold and transferred to CACEIS against payment by CACEIS of a purchase price sufficient to ensure that KAS BANK will be able to make an advanced liquidation distribution on each Security not tendered in the Offer equal to the Offer Price. Upon completion of the sale of the new subsidiary to CACEIS, KAS BANK will be dissolved and liquidated, following which the remaining holders of Securities will receive an advanced liquidation distribution (the intended demerger and subsequent liquidation, the "**Demerger and Liquidation**"). CACEIS and KAS BANK are currently conducting a feasibility analysis of the Demerger and Liquidation.

Commencement conditions and Offer conditions

The commencement of the Offer is subject to the satisfaction or waiver of the following commencement conditions customary for a transaction of this kind:

- the consultation procedures with respect to the advice of the works council of KAS BANK having been complied with;
- KAS BANK and CACEIS having complied with the applicable consultation procedures pursuant to the Dutch Merger Code (*SER-besluit Fusiegedragregels 2015*);
- no material breach of the merger protocol having occurred;
- no order, stay, judgment or decree having been issued, and no statute, rule, regulation, governmental order or injunction having been enacted or enforced, prohibiting the making of the Offer;
- Stichting Preferente Aandelen KAS BANK, subject to the Offer being declared unconditional, having waived its call option right under the call option agreement between Stichting Preferente Aandelen KAS BANK and KAS BANK and having agreed to (i) request KAS BANK to cancel the outstanding preference shares, and (ii) terminate the call option agreement;
- Stichting Administratiekantoor Aandelen KAS BANK having agreed that, subject to the Offer being declared unconditional, it will exchange all Depositary Receipts to be held by CACEIS for the corresponding Ordinary Shares;
- the AFM having approved the offer memorandum;
- no notification having been received from the AFM stating that investment firms are not allowed to cooperate with the settlement;
- no material adverse change having occurred;
- trading in the Securities not having been suspended as a result of a listing measure (*noteringsmaatregel*);
- the merger protocol not having been terminated; and
- the Managing Board and the Supervisory Board not having revoked their recommendation.

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the following offer conditions customary for a transaction of this kind:

- minimum acceptance level of 95%, which acceptance level will automatically be lowered to 80% if and when the Demerger and Liquidation is agreed between KAS BANK and CACEIS, and subsequently (i) the EGM has adopted the relevant resolutions in relation to the Demerger and Liquidation, (ii) all regulatory approvals necessary for the implementation of the Demerger and Liquidation have been obtained, and (iii) no order, stay, judgment or

decree has been issued that prohibits the implementation of the Demerger and Liquidation. It is provided however that CACEIS may waive the minimum acceptance condition without the consent of KAS BANK if the acceptance level is at least 75%;

- Stichting Preferente Aandelen KAS BANK, subject to the Offer being declared unconditional, having waived its call option right under the call option agreement between Stichting Preferente Aandelen KAS BANK and KAS BANK and having agreed to (i) request KAS BANK to cancel the outstanding preference shares, and (ii) terminate the call option agreement;
- Stichting Administratiekantoor Aandelen KAS BANK having agreed that, subject to the Offer being declared unconditional, it will exchange all Depositary Receipts to be held by CACEIS for the corresponding Ordinary Shares;
- competition clearance having been obtained;
- declarations of no-objection having been obtained from the European Central Bank and the Dutch Central Bank;
- no notification having been received from the AFM stating that investment firms are not allowed to cooperate with the settlement;
- no material breach of the merger protocol having occurred;
- the Managing Board and the Supervisory Board not having revoked their recommendation;
- the EGM having adopted certain resolutions;
- no material adverse change having occurred;
- no order, stay, judgment or decree having been issued, and no statute, rule, regulation, governmental order or injunction having been enacted or enforced, prohibiting the making of the Offer; and,
- trading in the Securities not having been suspended as a result of a listing measure (*noteringsmaatregel*).

Competing offer

KAS BANK and CACEIS may terminate the merger protocol in the event a bone fide third party makes a written binding offer which, in the reasonable opinion of the Managing Board and Supervisory Board of KAS BANK, is more beneficial to KAS BANK and the holders of Securities, employees and other stakeholders than the Offer, specifically taking into account the identity and track record of such third party, the consideration to be received by the holders of Securities, the likelihood of completion and the other terms and conditions of the Offer, and which exceeds the Offer Price by at least 10% (a "Competing Offer").

In the event of a Competing Offer, CACEIS will be given the opportunity to match such offer, in which case the merger protocol may not be terminated by KAS BANK. Any additional subsequent competing offer will have a 5% offer threshold and matching right for CACEIS.

As part of the merger protocol, KAS BANK has entered into customary undertakings not to solicit any third party offers.

Termination of the merger protocol

If the merger protocol is terminated because a Competing Offer has been made which has not been matched by CACEIS, KAS BANK will pay CACEIS an amount equal to 1% of the aggregate Offer Price.

If the merger protocol is terminated because the Competition Clearance or the Regulatory Approvals have not been obtained, CACEIS will pay to KAS BANK an amount equal to 1% of the aggregate Offer Price.

If the merger protocol is terminated because all relevant conditions are satisfied or waived and CACEIS fails to launch the Offer or does not settle the Offer, CACEIS will pay to KAS BANK an amount equal to 1% of the aggregate Offer Price.

Timetable

KAS BANK and CACEIS will seek to obtain all necessary clearances and approvals as soon as possible and are confident that all approvals and clearances will be secured.

The consultation process with the works council of KAS BANK will be commenced immediately, with the intention to complete the process prior to commencement of the Offer.

CACEIS will file a request for approval of the offer memorandum with the AFM and will publish the offer memorandum shortly after approval from the AFM, in accordance with the applicable statutory timeline.

KAS BANK will hold an EGM at least six business days prior to the closing of the acceptance period in accordance with Section 18 Paragraph 1 of the Decree to inform the holders of Securities about the Offer and to adopt certain resolutions that are conditions to the consummation of the Offer.

Based on the required steps and subject to the necessary approvals, KAS BANK and CACEIS anticipate that the Offer will close in the third quarter 2019.

Further information

The information in this press release is not intended to be complete. For further information explicit reference is made to the offer memorandum, which is expected to be published in the second quarter of 2019. This offer memorandum will contain further details regarding the Offer.

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About CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering execution, clearing, depositary and custody, fund administration, middle office outsourcing, forex, securities lending, fund distribution support and issuer services. With assets under custody of €2,633 billion and assets under administration of €1,695 billion, CACEIS is a European leader in asset servicing and one of the major players worldwide.

www.caceis.com

About KAS BANK

KAS BANK is a European specialist for safekeeping and administration of securities and high-quality risk- and reporting services. We focus on securities services for professional investors in the pensions and securities market. Our strategy and services are based on clear principles about the role custodians should perform in the financial markets. Integrity, transparency and independence are important values for our bank, as well as a low risk profile.

KAS BANK is located in the Netherlands, the United Kingdom and Germany. We offer access to more than 90 markets worldwide. KAS BANK is listed on Euronext Amsterdam.

www.kasbank.com

DISCLAIMER

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Forward Looking Statements

Certain statements in this press release may be considered "forward-looking statements," such as statements relating to the impact of this transaction on CACEIS and KAS BANK. Forward-looking statements include those preceded by, followed by or that include the words "anticipated," "expected" or similar expressions. These forward-looking statements speak only as of the date of this release. Although CACEIS and KAS BANK believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these forward-looking statements will prove to be correct.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, receipt of regulatory approvals without unexpected delays or conditions, CACEIS's ability to successfully integrate KAS BANK, CACEIS's ability to achieve the anticipated results from the acquisition and integration of KAS BANK, the effects of competition (in particular the response to the transaction in the marketplace), economic conditions in the global markets in which CACEIS and KAS BANK operate, and other factors that can be found in CACEIS's and KAS BANK's press releases and public filings.

Neither CACEIS nor KAS BANK, nor any of their advisors, accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Each of CACEIS and KAS BANK expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

11.2 Joint press release dated 25 March 2019

This is a joint press release by KAS BANK and CACEIS, pursuant to the provisions of Section 7 Paragraph 1 sub a of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) (the "Decree") in connection with the intended public offer by CACEIS S.A. ("CACEIS") for all listed issued depositary receipts of ordinary shares in the capital of KAS BANK N.V. ("KAS BANK") (the "Depositary Receipts") and all non-listed issued ordinary shares in the capital of KAS BANK which are not registered in the name of Stichting Administratiekantoor Aandelen KAS BANK (the "Ordinary Shares" and together with the Depositary Receipts, the "Securities"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.



Update on intended public offer in cash by CACEIS for all securities in KAS BANK

Paris, France and Amsterdam, the Netherlands, 25 March 2019

Reference is made to the joint press release dated 25 February 2019 by CACEIS and KAS BANK in respect of the conditional agreement on a recommended public offer in cash (the "Offer") to be made by CACEIS for all Securities of KAS BANK for EUR 12.75 per Security on a "cum dividend" basis (the "Offer Price"), which values KAS BANK at EUR 188 million.

CACEIS and KAS BANK confirm that they are making good progress on the preparation of the Offer. CACEIS expects to submit a request for review and approval of the offer document in relation to the Offer with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ultimately on 20 May 2019. In addition, CACEIS and KAS BANK confirm that the process to obtain the required competition clearance and declarations of no-objections from the European Central Bank and the Dutch Central Bank is ongoing.

The managing board and supervisory board of KAS BANK unanimously support and recommend the Offer and each of the members of the managing board of KAS BANK has committed to tender all the Securities he can freely tender under the Offer in accordance with the terms and conditions of the Offer, subject to the Offer being launched in accordance with the merger protocol. The members of the managing board have not received any information relevant for shareholders other than is envisaged to be disclosed in the offer document.

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About CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering execution, clearing, depositary and custody, fund administration, middle office outsourcing, forex, securities lending, fund distribution support and issuer services. With assets under custody of €2,633 billion and assets under administration of €1,695 billion, CACEIS is a European leader in asset servicing and one of the major players worldwide.

www.caceis.com

About KAS BANK

KAS BANK is a European specialist for safekeeping and administration of securities and high-quality risk- and reporting services. We focus on securities services for professional investors in the pensions and securities market. Our strategy and services are based on clear principles about the role custodians should perform in the financial markets. Integrity, transparency and independence are important values for our bank, as well as a low risk profile.

KAS BANK is located in the Netherlands, the United Kingdom and Germany. We offer access to more than 90 markets worldwide. KAS BANK is listed on Euronext Amsterdam.

www.kasbank.com

DISCLAIMER

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, CACEIS and KAS BANK disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither CACEIS, nor KAS BANK, nor any of their advisors assumes any responsibility for any violation by any of these restrictions. Any KAS BANK shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

The information in the press release is not intended to be complete. This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or the solicitation of an offer to buy or acquire the securities of KAS BANK in any jurisdiction.

Forward Looking Statements

Certain statements in this press release may be considered "forward-looking statements," such as statements relating to the impact of this transaction on CACEIS and KAS BANK. Forward-looking statements include those preceded by, followed by or that include the words "anticipated," "expected" or similar expressions. These forward-looking statements speak only as of the date of this release. Although CACEIS and KAS BANK believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these forward-looking statements will prove to be correct.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, receipt of regulatory approvals without unexpected delays or conditions, CACEIS's ability to successfully integrate KAS BANK, CACEIS's ability to achieve the anticipated results from the acquisition and integration of KAS BANK, the effects of competition (in particular the response to the transaction in the marketplace), economic conditions in the global markets in which CACEIS and KAS BANK operate, and other factors that can be found in CACEIS's and KAS BANK's press releases and public filings.

Neither CACEIS nor KAS BANK, nor any of their advisors, accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Each of CACEIS and KAS BANK expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

12. FINANCIAL INFORMATION ON KAS BANK

12.1 Basis for preparation

In accordance with the Takeover Decree, selected consolidated financial information of KAS BANK has been prepared and included in this Section 12 (*Financial Information on KAS BANK*), comprising summaries of consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows, excluding related note disclosures and the descriptions of significant accounting policies, for the years ended 31 December 2016, 2017 and 2018. This selected consolidated financial information has been derived from:

- (a) the consolidated financial statements for the year ended 31 December 2016 as audited by PricewaterhouseCoopers Accountants N.V., which issued an independent auditor's report thereon, without qualification, on 1 March 2017;
- (b) the consolidated financial statements for the year ended 31 December 2017 as audited by PricewaterhouseCoopers Accountants N.V., which issued an independent auditor's report thereon, without qualification, on 13 March 2018; and
- (c) the consolidated financial statements for the year ended 31 December 2018 as audited by PricewaterhouseCoopers Accountants N.V., which issued an independent auditor's report thereon, without qualification, on 13 March 2019.

The consolidated financial statements from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards as adopted by the EU and part 9 of Book 2 of the Dutch Civil Code. For comparability purposes, the selected consolidated financial information has been classified according to the classification used in the consolidated financial statements for the year ended 31 December 2018. For a better understanding of KAS BANK's financial position, income and cash flows, the selected consolidated financial information should be read in conjunction with the unabridged audited consolidated financial statements for the years ended 31 December 2016, 2017 and 2018, including the related note disclosures and the descriptions of significant accounting policies applied for each of these years.

12.2 Comparative overview of consolidated statement of profit or loss relating to the years ended 31 December 2016, 2017 and 2018

IN THOUSANDS OF EUROS	2018	2017	2016
Operating income			
Interest income from financial assets using the effective interest method	29,433	32,525	32,904
Other interest income	237	-	-
Interest expense	19,833	19,639	17,144
Net interest result	9,837	12,886	15,760
Commission income	75,482	85,658	84,898
Commission expense	15,949	17,815	15,041
Net commission result	59,533	67,843	69,857
Net trading income	19,244	19,190	15,639
Net investment income	11,240	3,650	4,181
Share of result of associates	(22)	65	32
Other income	242	925	21,762
Total operating income	100,074	104,559	127,231

Expenses			
Personnel expenses	49,305	48,720	73,241
General and administrative expenses	39,185	34,453	32,095
Depreciation and amortisation	2,013	1,496	2,810
Total operating expenses	90,503	84,669	108,146
Credit impairment losses	(518)	(129)	(519)
Total expenses	89,985	84,540	107,627
Result before tax	10,089	20,019	19,604
Tax expense	1,946	4,920	4,750
Net result for the period	8,143	15,099	14,854
Earnings per share			
- basic (in euros)	0.55	1.02	1.01
- diluted (in euros)	0.55	1.02	1.01

12.3 Comparative overview of consolidated statement of comprehensive income relating to the years ended 31 December 2016, 2017 and 2018

IN THOUSANDS OF EUROS	2018	2017	2016
Net result (as per Statement of Profit or Loss)	8,143	15,099	14,854
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>			
Net gains and losses on investments in available-for-sale assets	n/a	8,897	6,251
Net gains and losses on investments in available-for-sale assets reclassified to profit or loss on disposal	n/a	(1,565)	(1,076)
Net gains and losses on investments in debt instruments measured at fair value through other comprehensive income	(9,044)	n/a	n/a
Net gains and losses on financial assets measured at fair value through other comprehensive income reclassified to profit or loss on disposal	(8,365)	n/a	n/a
Other comprehensive income that may be reclassified to profit or loss	(17,409)	7,332	5,176
<i>Other comprehensive income that will not be reclassified to profit or loss</i>			
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income	559	n/a	n/a
Other comprehensive income that will not be reclassified to profit or loss	559	n/a	n/a
Other comprehensive income, net of tax	(16,850)	7,332	5,176
Total comprehensive income, net of tax	(8,707)	22,431	20,030

12.4 Comparative overview of consolidated statement of financial position as at 31 December 2016, 2017 and 2018

IN THOUSANDS OF EUROS	2018	2017	2016
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Assets			
Cash and balances with central banks	1,604,801	1,504,060	1,387,886
Loans and advances to banks	345,235	309,188	694,583
Loans and advances to customers	461,782	938,930	979,721
Trading assets	230,491	264,783	407,668
Hedging derivatives	-	6,455	5,500
Financial assets at fair value through profit or loss	64,581	-	-
Financial assets at fair value through other comprehensive income	925,515	n/a	n/a
Available-for-sale financial assets	-	1,126,126	877,577
Investments in associates	135	157	92
Current tax assets	1,805	966	6,579
Property and equipment	2,018	1,994	761
Intangible assets	9,612	3,361	2,398
Deferred tax assets	9,990	8,414	8,007
Other assets	108,731	34,756	27,910
Total assets	3,764,696	4,199,190	4,398,682

Equity and liabilities			
Deposits from banks	118,375	172,789	267,103
Deposits from customers	3,143,673	3,455,162	3,438,519
Trading liabilities	229,595	266,220	388,397
Hedging derivatives	1,756	8,481	15,425
Current tax liabilities	-	161	12,182
Deferred tax liabilities	495	8,093	5,895
Other liabilities	53,691	55,192	46,176
Total liabilities	3,547,585	3,966,098	4,173,697

Issued capital	15,699	15,699	15,699
Treasury shares	(21,670)	(21,866)	(21,980)
Share premium	21,569	21,569	21,569
Revaluation reserve	(1,087)	25,096	17,763
Other reserves (including net result for the period)	202,600	192,594	191,934
Total equity	217,111	233,092	224,985

Total equity and liabilities	3,764,696	4,199,190	4,398,682
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Contingent liabilities	1,327	2,205	19,129
Irrevocable facilities	1,100	12,147	11,100

12.5 Comparative overview of consolidated statement of cash flows relating to the years ended 31 December 2016, 2017 and 2018

IN THOUSANDS OF EUROS	2018	2017	2016
Cash flows from operating activities			
Net result for the period	8,143	15,099	14,854
Adjustments for non-cash items included in net result			

Share of result of associates	(22)	65	32
Depreciation and amortisation	2,013	1,496	2,810
Credit impairment losses	(518)	(129)	(518)
Tax expense	1,982	4,920	4,750
Addition to restructuring provision	-	1,948	9,293
Change in provision relating to legal procedures	(600)	(250)	-
Unrealised gains/ (losses)	(837)	(936)	(3,733)
Changes in operating assets and liabilities			
Loans to banks (not on demand) and deposits from banks	(103,156)	(96,827)	13,623
Loans to customers	477,141	310,665	210,459
Trading assets and liabilities	(2,333)	12,809	(18,100)
Hedging derivatives	(270)	-	(2,224)
Deposits from customers	(311,489)	16,901	257,919
Use of restructuring provision during the year	(2,785)	(5,134)	-
Taxes	(6,529)	(8,407)	(3,600)
Other movements	(4,987)	(8,084)	(8,006)
Total cash flow from operating activities	55,753	244,136	477,558
Cash flows from investing activities			
Investments in financial assets available-for-sale	n/a	(629,180)	(360,606)
Investments in financial assets through other comprehensive income	(449,676)	n/a	n/a
Investments in financial assets through profit or loss	(60,579)	-	-
Divestments and redemptions of financial investments	558,377	393,398	256,780
Sale of property and equipment	-	-	52,750
Purchases of property and equipment	(618)	1,576	(298)
Purchases of intangible assets	(7,698)	3,084	(1,647)
Total net cash (outflow) from investing activities	39,806	(231,122)	(53,021)
Cash flows from financing activities			
Dividend paid to KAS BANK's shareholders	(7,356)	(14,615)	(4,569)
Total net cash (outflow) from financing activities	(7,356)	(14,615)	(4,569)
Net increase (decrease) in cash and cash equivalents	88,203	(1,601)	419,968
Cash and cash equivalents at the beginning of the financial year	1,601,333	1,602,934	1,182,965
Cash and cash equivalents at end of year	1,689,536	1,601,333	1,602,934
Additional disclosure of operating cash flow			
Cash received as interest	26,471	34,414	32,098
Cash paid as interest	21,376	19,371	16,560
Cash received as dividends	87	76	75

- 12.6 Independent auditor's report on the selected consolidated financial information of KAS BANK for the years ended 31 December 2016, 31 December 2017 and 31 December 2018



Independent auditor's report

To: the managing board and supervisory board of KAS BANK N.V.

Report on the summary financial statements 2018

Our opinion

In our opinion, the accompanying summary financial statements 2018, 2017 and 2016 for the periods ending 31 December of KAS BANK N.V. ('the Company'), are consistent, in all material respects, with the audited financial statements 2018, 2017 and 2016 of KAS BANK N.V., in accordance with the basis described in paragraph 12.1 of the offering memorandum in relation to the cash offer by CACEIS Bank S.A. dated 26 July 2019 ('the offering memorandum').

The summary financial statements

The Company's summary financial statements, derived from the audited financial statements for the years 2018, 2017 and 2016 for the periods ending 31 December, comprise:

- the comparative overview of consolidated statement of profit or loss relating to the years ended 31 December 2016, 2017 and 2018 (section 12.2);
- the comparative overview of consolidated statement of comprehensive income relating to the years ended 31 December 2016, 2017 and 2018 (section 12.3);
- the comparative overview of consolidated statement of financial position as at 31 December 2016, 2017 and 2018 (section 12.4); and
- the comparative overview of consolidated statement of cash flows relating to the years ended 31 December 2016, 2017 and 2018 (section 12.5).

The summary financial statements do not contain all of the disclosures required by International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of KAS BANK N.V. and the independent auditor's report thereon.

The audited financial statements and the summary financial statements do not reflect the events that occurred subsequent to the dates of our reports on the audited financial statements.

7TCMXRP5TN65-1033955767-14

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The audited financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited financial statements 2018, 2017 and 2016 of KAS BANK N.V. in our reports dated 13 March 2019, 13 March 2018 and 1 March 2017. The reports also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the audited financial statements of the current period.

Responsibilities of the managing board and supervisory board for the summary financial statements

The managing board is responsible for the preparation of the summary financial statements in accordance with the basis described in note 12.1 of the offering memorandum. The supervisory board is responsible for overseeing the company's financial reporting process.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited statutory financial statements based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Amsterdam, 26 July 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA

12.7 Financial Statements of KAS BANK for the financial year 2018 including independent auditor's report of PwC

KAS BANK annual report 2018

Annual Financial Statements



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Consolidated Financial statements

Consolidated Statement of Profit or Loss

IN THOUSANDS OF EUROS	NOTE	2018	2017
Operating income			
Interest income from financial assets using the effective interest method	1	29,433	32,525
Other interest income	1	237	-
Interest expense	2	19,833	19,639
Net interest result		9,837	12,886
Commission income		75,482	85,658
Commission expense		15,949	17,815
Net commission result	3	59,533	67,843
Net trading income	4	19,244	19,190
Net investment income	5	11,240	3,650
Share of result of associates	19	-22	65
Other income	6	242	925
Total operating income		100,074	104,559
Expenses			
Personnel expenses	7	49,305	48,720
General and administrative expenses	8	39,185	34,453
Depreciation and amortisation	9	2,013	1,496
Total operating expenses		90,503	84,669
Credit impairment losses	36	-518	-129
Total expenses		89,985	84,540
Result before tax		10,089	20,019
Tax expense	10	1,946	4,920
Net result for the period		8,143	15,099
Earnings per share			
- basic (in euros)	11	0.55	1.02
- diluted (in euros)	11	0.55	1.02

The notes on pages 109 to 145 are an integral part of these consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

IN THOUSANDS OF EUROS	2018	2017
Net result (as per Statement of Profit or Loss)	8,143	15,099
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>		
Net gains and losses on investments in available-for-sale assets	n/a	8,897
Net gains and losses on investments in available-for-sale assets reclassified to profit or loss on disposal	n/a	-1,565
Net gains and losses on investments in debt instruments measured at fair value through other comprehensive income	-9,044	n/a
Net gains and losses on financial assets measured at fair value through other comprehensive income reclassified to profit or loss on disposal	-8,365	n/a
Other comprehensive income that may be reclassified to profit or loss	-17,409	7,332
<i>Other comprehensive income that will not be reclassified to profit or loss</i>		
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income	559	n/a
Other comprehensive income that will not be reclassified to profit or loss	559	-
Other comprehensive income, net of tax	-16,850	7,332
Total comprehensive income, net of tax	-8,707	22,431

The notes on pages 109 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

IN THOUSANDS OF EUROS	NOTE	31 DECEMBER 2018	1 JANUARY 2018	31 DECEMBER 2017
Assets				
Cash and balances with central banks	12	1,604,801	1,504,060	1,504,060
Loans and advances to banks	13	345,235	309,031	309,188
Loans and advances to customers	14	461,782	938,923	938,930
Trading assets	15	230,491	264,783	264,783
Hedging derivatives	16	-	6,455	6,455
Financial assets at fair value through profit or loss	17	64,581	59,656	n/a
Financial assets at fair value through other comprehensive income	18	925,515	1,066,391	n/a
Available-for-sale financial assets	18	-	n/a	1,126,126
Investments in associates	19	135	157	157
Current tax assets		1,805	1,027	966
Property and equipment	20	2,018	1,994	1,994
Intangible assets	21	9,612	3,361	3,361
Deferred tax assets	22	9,990	8,414	8,414
Other assets	23	108,731	34,756	34,756
Total assets		3,764,696	4,199,008	4,199,190
Equity and liabilities				
Deposits from banks	24	118,375	172,789	172,789
Deposits from customers	25	3,143,673	3,455,162	3,455,162
Trading liabilities	15	229,595	266,220	266,220
Hedging derivatives	16	1,756	8,481	8,481
Current tax liabilities		-	161	161
Deferred tax liabilities	22	495	8,093	8,093
Other liabilities	26	53,691	55,192	55,192
Total liabilities		3,547,585	3,966,098	3,966,098
Issued capital	28	15,699	15,699	15,699
Treasury shares	29	-21,670	-21,866	-21,866
Share premium		21,569	21,569	21,569
Revaluation reserve	30	-1,087	16,010	25,096
Other reserves (including net result for the period)	31	202,600	201,498	192,594
Total equity		217,111	232,910	233,092
Total equity and liabilities		3,764,696	4,199,008	4,199,190
Contingent liabilities	33	1,327	2,205	2,205
Irrevocable facilities	34	1,100	12,147	12,147

The notes on pages 109 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

IN THOUSANDS OF EUROS	ISSUED CAPITAL	TREASURY SHARES	SHARE PREMIUM	RE- VALUATION RESERVE	OTHER RESERVES (INCL. NET RESULT FOR THE PERIOD)	TOTAL EQUITY
Balance as at 1 January 2017	15,699	-21,980	21,569	17,763	191,934	224,985
Net result for the period	-	-	-	-	15,099	15,099
Other comprehensive income	-	-	-	7,332	-	7,333
Total comprehensive income for the period	-	-	-	7,332	15,099	22,431
Dividends	-	-	-	-	-14,615	-14,615
Sale of treasury shares	-	114	-	-	-114	-
Share-based payments	-	-	-	-	109	109
Other changes in equity	-	-	-	-	181	181
Balance as at 31 December 2017	15,699	-21,866	21,569	25,096	192,594	233,092
Balance at 1 January 2018	15,699	-21,866	21,569	25,096	192,594	233,092
Changes on initial application of IFRS 9	-	-	-	-9,086	8,904	-182
Restated balance at 1 January 2018	15,699	-21,866	21,569	16,010	201,498	232,910
Net result for the period	-	-	-	-	8,143	8,251
Other comprehensive income	-	-	-	-16,850	-	-16,850
Total comprehensive income for the period	-	-	-	-16,850	8,143	-8,599
Dividends	-	-	-	-	-7,356	-7,356
Sale of treasury shares	-	196	-	-	-196	-
Share-based payments	-	-	-	-	-	-
Other movements	-	-	-	-247	511	264
Balance as at 31 December 2018	15,699	-21,670	21,569	-1,087	202,600	217,111

The notes on pages 109 to 145 are an integral part of these consolidated financial statements.

Consolidated statement of Cash Flows

IN THOUSANDS OF EUROS	NOTE	2018	2017
Cash flows from operating activities			
Net result for the period		8,143	15,099
Adjustments for non-cash items included in net result			
Share of result of associates	19	-22	65
Depreciation and amortisation	9	2,013	1,496
Credit impairment losses	36	-518	-129
Tax expense	10	1,982	4,920
Addition to restructuring provision	26	-	1,948
Change in provision relating to legal procedures	26	-600	-250
Unrealised gains / (losses)		-837	-936
Changes in operating assets and liabilities			
Loans to banks (not on demand) and deposits from banks	13, 24	-103,156	-96,827
Loans to customers	14	477,141	310,665
Trading assets and liabilities	15	-2,333	12,809
Hedging derivatives	16	-270	-
Deposits from customers	25	-311,489	16,901
Use of restructuring provision during the year	26	-2,785	-5,134
Taxes		-6,529	-8,407
Other movements		-4,987	-8,084
Total cash flow from operating activities		55,753	244,136
Cash flows from investing activities			
Investments in financial assets available-for-sale	18	n/a	-629,180
Investments in financial assets through other comprehensive income	18	-449,676	n/a
Investments in financial assets through profit or loss	17	-60,579	-
Divestments and redemptions of financial investments	18	558,377	393,398
Purchases of property and equipment	20	-618	1,576
Purchases of intangible assets	21	-7,698	3,084
Total net cash (outflow) from investing activities		39,806	-231,122
Cash flows from financing activities			
Dividend paid to KAS BANK's shareholders		-7,356	-14,615
Total net cash (outflow) from financing activities		-7,356	-14,615
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year	12, 13	1,601,333	1,602,934
Cash and cash equivalents at end of year		1,689,536	1,601,333
Additional disclosure of operating cash flow			
Cash received as interest			
Cash paid as interest		26,471	34,414
Cash received as dividends		21,376	19,371

The notes on pages 109 to 145 are an integral part of these consolidated financial statements.

Significant Accounting Policies

KAS BANK N.V. is a public limited liability company, incorporated under Dutch law and registered in Amsterdam, the Netherlands (Registration Chamber of Commerce: 33001320). KAS BANK, founded in 1806, is listed on the stock exchange of Euronext Amsterdam. KAS BANK's statutory seat is Amsterdam, De Entree 500. KAS BANK's consolidated financial statements for the period ending 31 December 2018 include the parent company and all its subsidiaries, together referred to as 'KAS BANK'. An overview of the principal subsidiaries is included in these notes.

KAS BANK is a European specialist for custody, securities administration, and risk- and reporting services. Our focus lies in securities services for professional investors from the pensions and securities industry.

KAS BANK has branches in Amsterdam, London and Frankfurt am Main.

The annual financial statements have been drawn up by the Managing Board. The Supervisory Board advises and proposes that shareholders adopt the 2018 financial statements at the General Meeting of Shareholders on 24 April 2019.

Basis of preparation

Statement of compliance

The consolidated financial statements of KAS BANK are prepared in accordance with IFRS as adopted by the EU and with Part 9 of Book 2 of the Dutch Civil Code. The financial statements are presented in euros, which is the reporting currency of KAS BANK.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Fair value is used for:
 - Trading assets and liabilities;
 - Hedging derivatives;
 - Financial assets at fair value through profit or loss;
 - Financial assets at fair value through other comprehensive income.
- Fair value based on a mix of valuation methods is used for:
 - Share-based payments;
 - Investments in associates which valuation is based on the equity method.

New and amended standards adopted by KAS BANK *IFRS 9 Financial Instruments*

KAS BANK has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

KAS BANK did not early adopt any of IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS 9, KAS BANK elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period. KAS BANK has also elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Consequently, for disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets and superseded IAS 39 in that respect. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Classification and measurement

On 1 January 2018 KAS BANK has assessed which business models apply to the financial assets held by KAS BANK and has classified its financial instruments into the appropriate IFRS 9 categories. All financial instruments comply to the SPPI criteria and business model held to collect except the following:

- KAS BANK has designated all equity instruments which were formerly part of the Available-for-sale portfolio as part of the FVOCI portfolio. Based on IFRS 9 both realized and unrealized gains will be recorded through OCI, with no recycling to the Statement of Profit or Loss. As a result the unrealized revaluation reserve as per 31 December 2017 of EUR 2 million, concerning these equity instruments will not be recycled to the Statement of Profit or Loss.
- A small number of debt instruments (bonds) and investments in Money Market Funds did not pass the SPPI test. As a result these instruments – with a carrying amount of EUR 59.7 million as per 31 December 2017 – were classified as FVTPL as per 1 January 2018. The corresponding revaluation reserve of these instruments – with a negative balance of EUR 0.1 million as per 31 December 2017 – is transferred from revaluation reserve to retained earnings. This amount will not be recycled through the Statement of Profit or Loss.
- An amount of EUR 9.2 million (positive, net of tax) relating to the non-SPPI-proof part of the investment in a mortgage fund is transferred from the revaluation reserve to retained earnings as per 1 January 2018. This amount will not be recycled through the Statement of Profit or Loss.
- All other Available-for-sale instruments, including the SPPI-proof-part of an investment in a mortgage fund are classified as FVOCI.

Impairments

As per 1 January 2018 KAS BANK revised its impairment methodology and as required by IFRS 9 included forward-looking information into an expected credit loss model associated with its debt instrument assets carried at amortized cost and at FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- Stage 1: financial instruments without a significant increase in credit risk;
- Stage 2: financial instruments with significantly increased credit risk;
- Stage 3: credit-impaired financial instruments.

To assess whether the credit risk of a financial instrument has increased significantly since initial recognition, KAS BANK compares the risk of default occurring over the expected life of the financial instrument at the reporting date to the corresponding risk of default at initial recognition, using several key risk indicators (see paragraph 'Measuring ECL model').

The outcome of the application of the expected credit risk model performed as per 1 January 2018 requires a Stage 1 credit loss provision of EUR 0.2 million (net of tax) and a Stage 2 credit loss provision of nil. The tax effect (EUR 0.1 million) of the ECL entry is included in other assets (current tax).

The assessment of the IFRS 9 Stage 3 impairment amount is similar to the assessment based on IAS 39. As per 31 December 2017 the carrying amount of the credit-loss provision amounts to EUR 15 million and relates a limited number of credit events occurred during the financial crisis. As part of the IFRS 9 opening balance this amount is classified as a Stage 3 credit loss provision.

Hedge-accounting

KAS BANK has elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Transition to IFRS 9

The table set out below presents the adjustments relating to IFRS 9 as recorded in the opening balance as per 1 January 2018.

IN THOUSANDS OF EUROS	IAS 39				IFRS 9	
	31 December 2017		Reclassifications	Rem easurement	1 January 2018	
	Measurement Category	Carrying amount	From AFS (FVOCI) to FVTPL	Expected Credit Loss	Carrying amount	Measurement Category
Cash and balances with central banks	Am ortised cost	1,504,060			1,504,060	Am ortised cost
Loans and advances to banks	Am ortised cost	309,188		-157	309,031	Am ortised cost
Loans and advances to customers	Am ortised cost	938,930		-7	938,923	Am ortised cost
Trading assets	Fair value	264,783			264,783	Fair value
Hedging derivatives	Fair value	6,455			6,455	Fair value
Financial assets at Fair value through profit or loss (FVTPL)	Fair value		59,656		59,656	Fair value
Financial assets at Fair value through OCI (AFS)	Fair value	1,126,126	-59,656	-79	1,066,391	Fair value
Other assets		49,648		61	49,709	Am ortised cost
Total assets		4,199,190	-	-182	4,199,008	
Deposits form banks	Am ortised cost	172,789			172,789	Am ortised cost
Deposits form customers	Am ortised cost	3,455,162			3,455,162	Am ortised cost
Trading liabilities	Fair value	266,220			266,220	Fair Value
Hedging derivatives	Fair value	8,481			8,481	Fair Value
Other liabilities		63,447			63,446	-
Total liabilities		3,966,099			3,966,098	
Equity		233,091		-182	232,910	
of which: Revaluation reserve		25,096	-9,086		16,010	
of which: retained earnings		192,594	9,086	-182	201,498	
Total equity and liabilities		4,199,190	-	-182	4,199,008	

IFRS 15 Revenue from Contracts with Customers

KAS BANK adopted IFRS 15 'Revenue from Contracts with Customers' on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 'Revenue' and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements. There was no impact of adopting IFRS 15 for KAS BANK. The revenue recognition of contractual services provided by KAS BANK and the determination of the transaction price and the allocation to the reporting period was already in line with IFRS 15. KAS BANK is not providing services which requires a different accounting treatment under IFRS 15, compared to IAS 18.

New standards, amendments and interpretations not yet effective

IFRS 16 Leases

In 2016 the IASB issued IFRS 16 'Leases', which introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

KAS BANK will apply the standard from its mandatory adoption date of 1 January 2019. KAS BANK will not restate comparative amounts for the year prior to adoption. The right of use that KAS BANK has to recognise relates to the leases for buildings and cars. IFRS 16 will impact the total of the Statement of Financial Position of around EUR 13 million, the impact on the Statement of Profit or Loss is limited and will mainly be related to a reclassification of the related costs, from General and administrative expenses to Depreciation.

Comparative figures

Due to comparability KAS BANK has changed the presentation of a number of balance sheet and income statement items.

Critical accounting estimates and judgements

The preparation of the financial statements requires management judgements and estimates which affect the items reported and disclosed. These estimates and judgements are based on past experiences and take into account recent trends, environmental factors and statistics. Actual outcomes may differ from estimates and judgemental decisions. The applied estimates are reviewed every reporting period. The most significant areas requiring estimates and judgemental decisions are the measurement of:

- Deferred tax assets and liabilities – including an estimate of the period in which the asset is recoverable, an estimate about taxable income in the future and the timing of the in- or outflows.
- Provisions, among which restructuring provisions – including a judgement about the timing, nature and amount of the potential outflow. Inputs relating to restructuring provisions are for example the number of FTE covered by the plan and the compensation arrangements.
- The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. A number of significant judgements are also required in applying the accounting requirements for measuring ECL (e.g. criteria for significant increase in credit risk, forward looking scenarios).

Principles of consolidation and equity accounting

Subsidiaries

The consolidated financial statements incorporate the financial statements of KAS BANK – the ultimate parent – and entities controlled by the bank (its subsidiaries) for the year ended 31 December 2018. Subsidiaries are entities which are controlled by KAS BANK. Control of an entity exists when KAS BANK is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the company. Subsidiaries are fully consolidated from the date at which control is transferred to the group and are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by KAS BANK. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and statement of financial position respectively.

As at 31 December 2018, the major subsidiaries and their statutory seat are:

MAJOR SUBSIDIARIES	STATUTORY SEATS	% OF INTEREST
KAS Trust & Depositary Services B.V.	Amsterdam	100
KAS Servicing B.V.	Amsterdam	100
KAS BANK OG NZVW B.V.	Amsterdam	100
SourceCo B.V.	Amsterdam	100
KB Deutschland Holding GmbH (in liquidation as per 14 January 2015)	Wiesbaden	100
KAS Securities Ltd	London	100

The full list of subsidiaries has been filed with the Trade Register of the Amsterdam Chamber of Commerce.

Associates

Associates are all entities over which KAS BANK has significant influence but no control or joint control. This is generally the case where KAS BANK holds between 20% and 50% of the voting rights. As per 31 December 2018 the entity BTN Förvaltning AB (formerly known as Neonet AB) is recognized as an associate. BTN Förvaltning AB is a company incorporated and organized under the laws of Sweden and registered in Stockholm, Sweden.

Equity method

Associates are accounted based on the equity method. An equity accounted investment is initially recognised at cost and subsequently changed by the share of KAS BANK in the net results after acquisition. The share in the net result is recognised in the statement of profit or loss of KAS BANK. Dividends received from an associate is recognised as a reduction in the carrying amount of the investment. The carrying amount of an equity-accounted investment is tested for impairment on reporting date.

Segment reporting

KAS BANK's products and services primarily focus on three core client segments: Pension funds, Insurance companies and Funds, Wealth Management and Transaction Banking. KAS BANK does not report assets and liabilities on the level of the above mentioned core segments. KAS BANK distinguishes in its internal management information Core segments, Treasury activities and Other. The segment reporting reflects this structure and is based on the management information submitted to the Managing Board, based on which the Managing Board evaluates the performance of the segment and allocates resources.

A geographical segment is defined by the location where the revenues are generated. The geographical segments are the Netherlands, the United Kingdom, Germany and Belgium.

Segment information is based on the same accounting policies as applicable for KAS BANK's consolidated statement of financial position and statement of profit or loss.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to euro at closing rate. Foreign exchange gains and losses resulting from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as 'Net trading income'. KAS BANK has no non-monetary assets and liabilities denominated in foreign currencies.

Revenue recognition

Revenues and expenses are recognised to the extent that it is probable that economic benefits will flow to or out of the bank and these revenues or expenses can be reliably measured. Interest is recognised based on an accrual basis using the effective interest rate method. Fees earned for the provision of services over a period of time are accrued over that period.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are not set off unless related to hedging or to assets and liabilities which are set off in accordance with the foregoing.

Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities relate to differences between the carrying amounts and tax bases of certain assets and liabilities. The deferred tax asset or liability is determined based on the current tax rate and is recognised at nominal value. A deferred tax asset is recognised if it is probable that future taxable profits will become available against which it can be set off. The carrying amount of the deferred tax assets is assessed on each balance sheet date. Deferred tax assets and liabilities are set off where there is a legally

enforceable right to set off such assets and liabilities and they relate to the same entity.

KAS BANK N.V. forms a tax group with all significant subsidiaries for both corporate tax and VAT.

Statement of cash flows

The consolidated statement of cash flows is based on the indirect method. Cash flows are classified as cash flows from operating, investing and financing activities. The cash flow from operating activities is based on the result after tax. This result is adjusted for those items in the statement of profit or loss and changes in the statement of financial position which do not result in actual cash flows during the year. Cash and cash equivalents comprise balances which are callable on demand.

Summary of significant accounting policies

Financial assets and liabilities – Measurement Methods

Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amounts and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Initial recognition and measurement

All financial assets and liabilities are initially recognised on trade date, i.e. when KAS BANK becomes a party to the contractual provisions of the instrument. At initial recognition, financial instruments are measured at fair value plus, in the case of instruments not subsequently carried at fair value through profit or loss, any directly attributable transaction costs. After initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in the profit or loss when an asset is newly originated.

Financial assets – Classification and subsequent measurement

From 1 January 2018, KAS BANK has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depends on:

- (i) KAS BANK's business model for managing the asset, and
- (ii) The cash flow characteristics of the asset

Based on these factors KAS BANK classifies debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income from financial assets using the effective interest method'.
- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the asset cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. In case the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is included in 'Interest income from financial assets using the effective interest method'.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit and loss and presented in the

Statement of profit or loss within 'Net trading income' in the period in which it arises.

Business model: the business model reflects how KAS BANK manages the assets in order to generate cash flows. That is, whether KAS BANK's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Business models are determined at a portfolio level. Factors considered by KAS BANK in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, and is furthermore based on the level of sales, risk management, management compensation and performance evaluation.

SPPI – Solely Payments of Principal and Interest: Where the business model is to hold assets to collect contractual cash flows and sell, KAS BANK assesses whether the financial instruments' cash flows represent solely payments of principal and interest ('the SPPI test'). In making this assessment, KAS BANK considers whether the contractual cash flows are consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are typically the most significant interest components. Instruments not meeting the SPPI requirements are mandatorily measured at FVTPL.

Equity instruments

KAS BANK has elected for an irrevocable designation of its current equity investments within the investment portfolio at fair value through other comprehensive income. As a result of this election the fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Net investment income' where KAS BANK's right to receive payments is established.

Financial assets – Impairment

KAS BANK assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and its off-balance sheet items as loan commitments and financial guarantee contracts. KAS BANK recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk is defined as the risk of suffering financial loss, should a client or counterparty may fail to meet its contractual or other agreed obligations. A credit facility is only granted to a client where sufficient high quality collateral is available. Furthermore, credit positions to clients are strictly limited. The estimation of credit exposure for risk management is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as outlined below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored;
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

KAS BANK measures ECL under IFRS 9 using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The PD of financial instruments measured at amortised cost is determined on a collective basis (grouping of exposures on the basis of shared risk characteristics) based on the average of external ratings weighted to maximum counterparty limit. The PD is, in the absence of sufficient historical losses, determined by an Expert Board. This approach implies a through the cycle PD/LGD calculation, corresponding with the current Risk Management method. At reporting date, the Expert Board, will assess the applicability of the through the cycle calculation by a point-in-time calculation.

The Expert Board is an internal committee, chaired by the CFRO, and includes executive staff members of Financial Risk Management, Finance, Treasury and Sales.

The PD of debt instruments measured at FVOCI is determined on an individual instrument level and

based on external rating agency credit grades. These published grades are continuously monitored and updated. The PD is assessed per asset type and will be confirmed by the Expert Board.

The assessment of the PDs by the Expert Board is amongst others based on future economic conditions both on macro and microlevel and specific client behaviour.

Significant increase in credit risk

On reporting date KAS BANK assesses if a significant increase in credit risk is applicable within the various portfolios. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

KAS BANK uses a blend of quantitative, qualitative and backstop criteria to assess if a financial instrument has experienced a significant increase in credit risk. As a qualitative criterium KAS BANK determines if the remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised. As qualitative criteria KAS BANK includes amongst others information about increases within credit spreads, forbearance, changes in the value of collateral or signs about cashflow or liquidity problems. A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

KAS BANK has used the low credit risk exemption for all financial instruments in the year ended 31 December 2018.

Default and credit-impaired assets

KAS BANK defines a financial instrument as in default (Stage 3 of ECL) when the borrower is more than 90 days past due on its contractual payments or other circumstances require an earlier Stage 3 loan provision. In the assessment of a defaulted financial instrument KAS BANK also includes information about the solvency position of the borrower. An instrument is considered no longer to be in default when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL – model

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD),

Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation.
- EAD is based on the amounts KAS BANK expects to be owed at the time of default. In the assessment of EAD KAS BANK includes the execution of the granted collateral by the borrower.
- Loss Given Default (LGD) represents KAS BANKS expectation of the extent of loss on a defaulted exposure.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment.

Collateral

KAS BANK employs a range of policies and practices to mitigate credit risk. These include the adjustment of applicable limits, haircuts and/or collateral eligibility. KAS BANK receives collateral in the form of cash or securities. KAS BANK has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Write-off policy

efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where KAS BANKS recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for Financial liabilities at fair value through profit or loss. The classification Financial liabilities at fair value through profit or loss is applied to Trading liabilities and Hedging derivatives. Trading liabilities include derivatives.

IAS 39 – as used for the comparable figures of 2017

The figures of 2017 were not restated based on IFRS 9. The classification, measurement and impairment of positions within the Statement of Profit or Loss and Statement of Financial Position are based on IAS 39 'Financial Instruments: Recognition and Measurement'.

Classification of financial assets under IAS 39 distinguishes Financial assets measured at amortised cost, financial assets available-for-sale and financial assets at fair value through profit or loss. The last category was not applicable for KAS BANK as per 31 December 2017. Measurement at amortised cost is similar to amortised cost under IFRS 9, however independent of business model and SPPI testing.

Available-for-sale assets are measured at fair value. Unrealised gains and losses – except for impairments – are directly recognised within other comprehensive income. In the event that the investment is disposed of, the cumulative gain or loss previously recognised within other comprehensive income is recognised within the Statement of Profit or Loss.

Impairment under IAS 39 is based on historical credit events which require an impairment. At each reporting date KAS BANK assesses whether there is objective evidence that a financial asset must be impaired. This method is comparable to Stage 3 expected credit loss. The credit impairment is recognised within the Statement of Profit or Loss as Impairment result.

In 2018 KAS BANK continued to apply the hedge accounting requirements as stated within IAS 39.

Derivatives and hedging activities

KAS BANK has elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

KAS BANK uses derivative financial instruments as interest rate swaps, futures, exchange traded options/futures and forward foreign exchange contracts. These instruments are used for hedging strategies, including hedge accounting and trading activities. Derivatives used for hedge accounting are classified as Hedging derivatives within the Statement of Financial Position. Derivatives held for trading are classified within the Statement of Financial Position as Trading assets or Trading liabilities.

All derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Counterparty credit risk (Credit Valuation Adjustment, CVA) and own credit risk (Debit Valuation Adjustment, DVA) are included in the determination of the fair value. The fair value of interest rate swaps is calculated using a discounted cash flow model in which the contractual cash flows are discounted using a risk free rate as these derivatives are collateralised. Exchange traded options and futures are valued using quoted prices from recognised market data providers. Forward foreign exchange contracts are valued using an implied forward rate and discounted using a risk free rate.

Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains or losses arising from changes in the fair value of derivatives are recognised as 'Net trading income' (derivatives held for trading) or as 'Interest income or expense from financial assets using the effective interest method'.

A part of the derivatives classified as held for trading relates to derivatives which the bank engages in with the clients. All risks of these positions are fully covered by collateral posted by the clients and by back-to-back transactions with other financial institutions. In other cases, KAS BANK acts as General Clearing Member. In these cases, KAS BANK also guarantees the obligations toward the clearing institution of the relevant derivatives exchange.

Hedge accounting

KAS BANK uses derivatives to manage exposure to interest rate risk. In order to manage this particular risk, KAS BANK applies fair value hedge accounting for transactions which meet specific criteria. In such transactions, KAS BANK designates a derivative as an instrument to hedge the fair value movements resulting from interest rate risk in the hedged item.

At the inception of a hedging relationship, KAS BANK documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge and performs prospective effectiveness testing. KAS BANK also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not they are highly effective in offsetting changes attributable to the hedged risk in the fair value of the hedged items. Interest on designated qualifying hedges is included in net interest.

Retrospective effectiveness is tested quarterly, by comparing the cumulative clean fair value movement (since inception) of the hedged item, due to changes in benchmark interest rates, to the total clean fair value movement of the hedging instrument. Ineffectiveness within the 80% - 125% bandwidth is recognised in the Statement of Profit or Loss through the actual hedge adjustment. Ineffectiveness outside the 80%-125% bandwidth is recognised by not posting a hedge adjustment to the hedged item.

Property and equipment

Property and equipment is initially measured at cost, and subsequently measured at historical cost less accumulated depreciation and impairment losses. Depreciation is recognised in the Statement of Profit or Loss and calculated on a straight-line basis over the estimated useful life. Computer equipment is depreciated over three years, fixtures and fittings over five years, technical installations over ten years and alterations to leased property over the term of the lease.

Intangible assets

Computer software

Purchased software and software development costs are capitalised if directly related to the development of identifiable software which will probably generate economic benefits for KAS BANK for more than one

year. The capitalised development costs concern directly attributable costs, including the costs of staff employed on the development of the software. Capitalised development costs and purchased software are recognised at cost less accumulated depreciation and impairment losses. Depreciation of the capitalised development costs and purchased software is recognised in the Statement of Profit or Loss over the estimated useful life.

Provisions

A provision is recognised in the Statement of Financial Position when KAS BANK has a present obligation (legal or constructive) as a result of a past event, a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount added to provisions is recognised in the Statement of Profit or Loss and the carrying amount is recognised in the Statement of Financial Position as 'Other liabilities'. A provision for restructuring costs is recognised only when there is a constructive obligation to restructure. A constructive obligation arises only when KAS BANK has a detailed formal plan and has raised a valid expectation that it will carry out the restructuring.

Lease agreements

A lease agreement is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred from the lessor to KAS BANK. In all other cases, lease agreements are classified as operating leases. Assets acquired as a finance lease are carried at the lower of their fair value and the present value of the nominal lease payments upon inception of the lease, less accumulated depreciation and impairment losses. The discount rate used to calculate the present value of the nominal lease payments is the interest rate implied in the lease. Capitalised finance lease assets are depreciated in accordance with the criteria stated in relation to property and equipment. Lease payments made under an operating lease agreement are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease. If an operating lease contract is terminated before expiry, any penalties are recognised in the period in which the lease contract is terminated.

Shareholders' equity

Issued capital

KAS BANK's authorised capital comprises ordinary shares and cumulative preference shares. The cumulative preference shares are recognised in the Statement of Financial Position as 'Other liabilities'. These cumulative preference shares are classified as debt instruments as, pursuant to Article 25 of the Articles of Association, annual dividend distributions are independent of the annual results of KAS BANK.

Dividends on these shares are recognised as 'Interest expense' in the Statement of Profit or Loss.

Treasury shares

Own equity instruments of KAS BANK which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity and accounted for at weighted average cost.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the General Meeting of Shareholders. Interim dividend is deducted from equity when declared and no longer at the discretion of KAS BANK.

Retirement benefit plan

Pension obligation

KAS BANK sponsors pension plans in the Netherlands and the United Kingdom. The plan of the Managing Board is a defined contribution plan. The plan of the UK employees is a defined benefit plan. The Dutch pension plan qualifies as a collective defined contribution plan. The Dutch pension plan is carried out by the company pension fund 'Stichting Pensioenfonds van de KAS BANK'. The UK pension plan is carried out by a trust.

(Collective) Defined Contribution plans

Relating to (collective) defined contribution plans KAS BANK pays annual contributions determined by a fixed method. KAS BANK does not have a legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the Statement of Profit or Loss as Personnel expenses, in the year to which they relate. Actuarial and investment risk are for the account of the participants of the plan.

Defined benefit plans

The pension obligations of defined benefit plans are determined individually. Defined benefit plan pension commitments are calculated using estimates of the rights vested in employees in exchange for their services in the reporting period and previous periods. These pension commitments are discounted at the yield on high grade corporate bonds that have maturity dates matching those when the benefits become payable. The calculation is performed annually by an actuary. The net benefit expense is recognised in the Statement of Profit or Loss as 'Personnel expenses'. The net benefit obligation or receivable is recognised in the Statement of Financial Position as part of 'Other assets' or 'Other liabilities'. Actuarial gains and losses result from changes in actuarial assumptions and differences between the actuarial assumptions at the beginning of the year and the realised results at year-end. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

Other long-term employee benefits

KAS BANK's net liability in respect of long-term employee benefits other than post-employment benefit plans comprises future remuneration earned by employees in exchange for their services in the reporting period and previous periods, taking into account mortality risk and the probability of employees remaining in company service and participating in the plans. The liability is discounted to present value and recognised in the Statement of Financial Position as 'Other liabilities'. Expenses are recognised in the Statement of Profit or Loss as 'Personnel expenses'.

Share-based payment transactions

A part of the remuneration to members of the Managing Board and identified staff in exchange for services rendered may be paid in shares. The cost of the services received is measured at the fair value of the shares granted on the grant date. The fair value is recognised in the Statement of Financial Position as 'Personnel expenses' and allocated over the vesting period, with a corresponding movement in 'Other reserves'.

The value of the shares granted is calculated taking into account the share price at grant date, any market conditions and the expected dividend yield. In case of performance shares which are granted conditionally, terms and conditions without a market basis are taken into account by adjusting the number of shares used to measure the cost of the services rendered so that the cumulative amount recognised in the Statement of Profit or Loss reflects the number of shares ultimately becoming vested.

Short-term employee benefits

Short-term employee benefits relate to periodically paid remuneration and variable remuneration accounted for in 'Personnel expenses' in the Statement of Profit or Loss as and when the related service is rendered. A liability is recognised in the Statement of Financial Position for the amount expected to be paid under a variable-remuneration or a profit-sharing plan if KAS BANK has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

Commission result

Commission income relates to activities as custody, settlements and fund accounting. Commission income is recognised based on accrual accounting, meaning that in cases where the services are not yet invoiced the income attributable to the reporting period is allocated based on an accrual entry.

Commission expense relates to the purchase of services as custody and settlement delivered by subcontractors. These expenses are recognised based on accrual accounting.

Commission is based on the service labelled as Asset Servicing, Transaction Servicing or Treasury.

Securities lending and borrowing transactions

Securities lending and borrowing transactions are usually collateralised by securities or cash. The related securities in the borrowing or lending transaction are not recognised (borrowing transactions) or derecognised (lending transactions) in the Statement of Financial Position.

Non-cash collateral (e.g. securities) received or paid is not recognised respectively derecognised from the Statement of Financial Position. Cash collateral received or paid is recognised in the Statement of Financial Position as cash advanced (included in due from banks and loans) or received (due to banks or due to customers). Interest received or paid are recognised on an effective interest basis and recorded as interest income or interest expense.

Fiduciary assets

KAS Trust & Depositary Services B.V. ('KAS Trust') – a consolidated subsidiary of KAS BANK – provides trust and fiduciary services that result in the holding or investing of assets on behalf of clients. Assets held in a fiduciary capacity are not recognised in the Statement of Financial Position, as they are not the assets KAS Trust.

Assets under Custody

The majority of the non-derivative securities in custody at KAS BANK are pursuant to the Securities Giro Act (in Dutch: 'Wet giraal effectenverkeer'). The Securities Giro Act protects the ownership of custody clients in case of default of KAS BANK. Assets under Custody are not recognised in the Statement of Financial Position of KAS BANK, as the risks and rewards of these assets are not for the account of KAS BANK.

Clearing and settlement activities

KAS BANK offers clearing and settlement activities to their clients.

Clearing and settlement – securities

KAS BANK takes care of the clearing and settlement of clients' (on-exchange related) securities transactions. In addition, KAS BANK also guarantees the clients' obligations towards the clearing institutions. The securities are not recognised in the Statement of Financial Position (see 'Assets under Custody').

Clearing – derivatives

KAS BANK acts as General Clearing Member (GCM) and takes care of the financial and administrative settlement of derivatives transactions. KAS BANK administers the financial and administrative settlement of the traded derivatives. In addition, KAS BANK also guarantees the obligations towards the Clearing institution of the relevant derivatives exchange. The derivatives are recognised in the Statement of Financial Position as 'Trading assets or Trading liabilities'.

Note to the reader

Certain figures in this report may not tally exactly due to rounding. In addition, certain percentages in this document have been calculated using rounded figures.

Note to the consolidated statement of Profit or Loss

1. Interest income

IN THOUSANDS OF EUROS	2018	2017
Interest income from:		
Loans and deposits	18,587	16,729
Trading assets and hedging derivatives	-	302
Financial assets at fair value through profit and loss	237	-
Financial assets at fair value through other comprehensive income	10,846	n/a
Financial assets available-for-sale	n/a	15,494
Total	29,670	32,525

2. Interest expense

IN THOUSANDS OF EUROS	2018	2017
Interest expense on loans and deposits	16,517	14,536
Interest expense on trading liabilities and hedging derivatives	3,316	5,103
Total	19,833	19,639

The interest expense on trading liabilities and hedging derivatives includes a positive amount of EUR 63 (2017: EUR 271 negative) related to ineffectiveness. This ineffectiveness relates to fair value hedge accounting relations with debt securities included in the investment portfolio.

3. Net commission result

Net commission result includes the net result of services as custody, clearing, settlement, securities borrowing and lending, fund accounting and other added-value services. These activities are classified as 'Asset Servicing', 'Transaction Servicing' and 'Treasury' in the table below.

IN THOUSANDS OF EUROS	2018	2017
Asset Servicing	39,661	45,168
Transaction Servicing	26,580	30,835
Treasury	9,240	9,655
Total commission income	75,482	85,658
Asset Servicing	6,767	7,753
Transaction Servicing	7,907	9,353
Treasury	1,274	709
Total commission expense	15,949	17,815

4. Net trading income

IN THOUSANDS OF EUROS	2018	2017
Foreign exchange transaction results	19,770	15,682
Fair value movement of financial assets at fair value through profit or loss	-740	-
Sale of financial assets at fair value through profit or loss	66	-
Change in fair value of trading assets and liabilities and hedging derivatives	148	3,508
Total	19,244	19,190

5. Net investment income

IN THOUSANDS OF EUROS	2018	2017
Sale of financial assets at fair value through other comprehensive income	11,153	2,637
Dividends	87	77
Fair value movement of impaired available-for-sale assets	-	936
Total	11,240	3,650

6. Other income

IN THOUSANDS OF EUROS	2018	2017
Rental income	-	294
Other items	242	631
Total	242	925

7. Personnel expenses

IN THOUSANDS OF EUROS	2018	2017
Salaries	27,682	28,551
Pension costs	6,049	6,769
Social security costs	4,918	4,583
Temporary staff	6,999	3,460
Addition to restructuring provision	-	1,948
Share-based payments for variable remuneration	144	109
Other personnel expenses	3,513	3,300
Total	49,305	48,720

AVERAGE NUMBER OF FTES	2018	2017
Netherlands	425	451
Germany	14	15
United Kingdom	9	9
Total	448	475

8. General and administrative expenses

IN THOUSANDS OF EUROS	2018	2017
Information technology	27,630	24,077
Consultancy fees	1,987	2,146
Accommodation expenses	2,843	2,131
Travelling expenses	731	791
Audit fees (note 45)	634	533
Other general and administrative expenses	5,360	4,775
Total	39,185	34,453

9. Depreciation and amortisation

IN THOUSANDS OF EUROS	2018	2017
Property and equipment	594	387
Intangible assets	1,419	1,109
Total	2,013	1,496

10. Tax expense

The calculation of the tax expense is based on existing tax facilities which include tax-exempt profit components and non-deductible items.

IN THOUSANDS OF EUROS	2018	2017
Current tax expense for the year	9,462	5,573
Change in deferred tax through profit or loss	-7,516	-653
Total	1,946	4,920

IN THOUSANDS OF EUROS	2018	%	2017	%
Result before tax	10,089		20,019	
Tax expense at statutory tax rate	2,522	25.0	5,005	25.0
Differences in rates	-89	-0.9	22	0.1
Non-deductible items	-487	-4.8	-107	-0.9
Total	1,946	19.3	4,920	24.2

11. Earnings per share

The calculation of the basic and diluted earnings per share is based on the result attributable to holders of ordinary shares.

IN THOUSANDS OF EUROS	2018	2017
Net result attributable to KAS BANK shareholders	8,143	15,099
Issued capital	15,699	15,699
Treasury shares (note 29)	-922	-931
Weighted average number of ordinary shares outstanding	14,777	14,768
Effect of stock options and share plans	-	-
Weighted average number of ordinary shares outstanding (diluted)	14,777	14,768
Basic earnings per share (in euros)	0.55	1.02
Diluted earnings per share (in euros)	0.55	1.02

Notes to the consolidated Statement of Financial Position - Assets

12. Cash and balances with central banks

This balance sheet item includes cash on hand and demand deposits with central banks. The minimum reserve requirement with the Dutch central bank is also included within cash and balances with central banks. As per year end 2018 and 2017 KAS BANK meets the requirements related to the minimum reserve requirement.

The fair value of this balance sheet item does not materially deviate from the carrying amount, due to the short-term nature of its related assets.

13. Loans and advances to banks

The table below shows the amount loans and advances to banks split by type and maturity.

IN THOUSANDS OF EUROS	2018	2017
Current account	85,172	97,467
Deposits	13,942	19,670
Reverse repurchase agreements	246,644	198,221
Loss allowance	-523	-6,170
Balance as at 31 December	345,235	309,188
Due on demand	85,172	97,467
Not due on demand (maturity less than one year)	260,586	217,891
Loss allowance	-523	-6,170
Balance as at 31 December	345,235	309,188

The impact of adopting IFRS 9 as per 1 January 2019 was -157 on the position as at 31 December 2017. On 1 January 2019, the Loans and advances to banks amounted to 309,031.

14. Loans and advances to customers

The table below shows the outstanding amount of loans and advances to customers. The current accounts, deposits, reverse repurchase agreements and mortgage loans are collateralised by customer securities or individual properties (note 36).

IN THOUSANDS OF EUROS	2018	2017
Current account	323,943	668,998
Deposits	8,378	24,852
Reverse repurchase agreements	134,922	250,000
Mortgage loans	2,798	4,209
Loss allowance	-8,259	-9,129
Balance as at 31 December	461,782	938,930
Due on demand	323,943	668,998
Not due on demand (maturity less than one year)	143,300	274,852
Mortgage loans (maturity more than five years)	2,798	4,209
Loss allowance	-8,259	-9,129
Balance as at 31 December	461,782	938,930

The balance of loans and advances to customers decreased by EUR 0.6 billion (2017: EUR 0.9 billion) because of the offsetting of deposits for several clients (note 25 and 36).

The impact of adopting IFRS 9 as per 1 January 2019 was -7 on the position as at 31 December 2017. On 1 January 2019, the Loans and advances to customers amounted to 938,923.

15. Trading assets and liabilities

This balance sheet item includes derivatives that are not used within a hedge accounting relationship. The table below shows the fair value of the trading assets and liabilities, together with their notional amount.

As at 31 December 2018 IN THOUSANDS OF EUROS	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Forward foreign exchange contracts	224,050	1,480	807
Foreign exchange swaps	6,943,309	26,401	27,089
Future contracts		512	-
Interest rate swaps	696,000	56,747	56,348
Exchange traded derivatives held on behalf of clients		145,351	145,351
Total		230,491	229,595

As at 31 December 2017 IN THOUSANDS OF EUROS	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Forward foreign exchange contracts	1,225,328	2,325	13,908
Foreign exchange swaps	5,912,028	41,378	33,669
Interest rate swaps	1,832,000	151,883	149,446
Exchange traded derivatives held on behalf of clients		69,197	69,197
Total		264,783	266,220

16. Hedging derivatives

KAS BANK uses fair value hedge accounting based on the requirements as set out within IAS 39 to hedge the fair value movements, relating to changes in applicable market interest rates, of designated financial assets. These instruments are so called hedging items. As at 31 December 2018, EUR 286 million (2017: EUR 591 million) of the investment portfolio is included as hedged item in a fair value hedge relationship (note 18). The derivatives used within these hedge relationships are so called hedged instruments. The table below presents the fair value of these hedged instruments together with their notional amount.

As at 31 December 2018 IN THOUSANDS OF EUROS	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest rate swaps used within a fair value hedge relation	284,600	-	1,756
Total	284,600	-	1,756

As at 31 December 2017 IN THOUSANDS OF EUROS	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest rate swaps used with a fair value hedge relation	787,600	6,455	8,481
Total	787,600	6,455	8,481

17. Financial assets at fair value through profit or loss

The table below shows the outstanding amount of the financial assets at fair value through profit or loss. The debt instruments included in this portfolio would otherwise not have been measured at fair value through other comprehensive income or amortised cost.

IN THOUSANDS OF EUROS	2018	2017
Equity instruments	60,032	-
Debt instruments	4,549	-
Balance as at 31 December	64,581	-

IN THOUSANDS OF EUROS	2018	2017
Carrying amount as at 1 January	-	-
Impact of adopting IFRS 9 (note 18)	59,656	-
Purchases	60,579	-
Sales	-54,914	-
Redemptions	-	-
Movement in fair value	-740	-
Balance as at 31 December	64,581	-

18. Financial assets at fair value through other comprehensive income / available-for-sale financial assets

The table below shows the movement of the financial assets at fair value through other comprehensive income. The comparable figures concern the movement schedule of the Available-for-sale portfolio, based on IAS 39.

2018 IN THOUSANDS OF EUROS	DEBT INSTRUMENTS	EQUITY INSTRUMENTS	TOTAL
Balance as at 1 January	1,093,117	33,009	1,126,126
Impact of adopting IFRS 9 (note 17)	-29,641	-30,015	-59,656
Purchases	449,676	-	449,676
Sales	-510,320	-329	-510,649
Movements in fair value	-12,471	744	-11,727
Redemptions	-68,196	-	-68,196
Loss allowance	-59	-	-59
Balance as at 31 December	922,106	3,409	925,515

2017 IN THOUSANDS OF EUROS	DEBT INSTRUMENTS	EQUITY INSTRUMENTS	TOTAL
Balance as at 1 January	873,503	4,074	877,577
Purchases	599,165	30,015	629,180
Sales	-239,502	-355	-239,857
Movements in fair value	13,492	-725	12,767
Redemptions	-153,541	-	-153,541
Balance as at 31 December	1,093,117	33,009	1,126,126

At 31 December 2018, EUR 41 million (2017: EUR 5 million) of the debt instruments are pledged as collateral. EUR 286 million (2017: EUR 591 million) of the debt instruments is included as a hedged item in a fair value hedge relationship (note 16).

19. Investments in associates

The investment in associates relates to an investment in BTN Förvaltning AB (formerly known as Neonet AB). BTN Förvaltning AB is a company incorporated under the laws of Sweden and registered in Stockholm, Sweden. KAS BANK holds a stake of 20% in BTN Förvaltning AB. The table below shows the movement of the carrying value of the associate BTN Förvaltning AB.

IN THOUSANDS OF EUROS	2018	2017
Carrying amount as at 1 January	157	92
Share of result of associates	-22	65
Dividend	-	-
Balance as at 31 December	135	157

20. Property and equipment

2018 IN THOUSANDS OF EUROS	COMPUTER EQUIPMENT	FIXTURES AND FITTINGS	TECHNICAL INSTALLATIONS	TOTAL
Acquisition costs at 1 January	1,823	1,413	1,614	4,850
Investments	9	116	30	155
Reclassification	463	-	-	463
Divestments	-	-	-	-
Acquisition costs at 31 December	2,295	1,529	1,644	5,468
Accumulated depreciation as at 1 January	-1,634	-353	-345	-2,332
Depreciation for the year	-172	-269	-153	-594
Divestments	-	-	-	-
Accumulated depreciation as at 31 December	-1,806	-622	-498	-2,926
Impairments as at 1 January	-	-2	-522	-524
Impairments for the year	-	-	-	-
Impairments as at 31 December	-	-2	-522	-524
Balance as at 31 December	489	905	624	2,018

2017 IN THOUSANDS OF EUROS	COMPUTER EQUIPMENT	FIXTURES AND FITTINGS	TECHNICAL INSTALLATIONS	TOTAL
Acquisition costs at 1 January	2,559	575	1,174	4,308
Investments	174	962	440	1,576
Divestments	-910	-124	-	-1,034
Acquisition costs at 31 December	1,823	1,413	1,614	4,850
Accumulated depreciation as at 1 January	-2,415	-339	-269	-3,023
Depreciation for the year	-129	-134	-124	-387
Divestments	910	120	48	1,078
Accumulated depreciation as at 31 December	-1,634	-353	-345	-2,332
Impairments as at 1 January	-	-2	-522	-524
Impairments for the year	-	-	-	-
Impairments as at 31 December	-	-2	-522	-524
Balance as at 31 December	189	1,058	1,494	1,994

21. Intangible assets

2018 IN THOUSANDS OF EUROS	PURCHASED SOFTWARE	INTERNALLY DEVELOPED SOFTWARE	TOTAL
Acquisition costs at 1 January	7,151	2,203	9,354
Investments	1,656	6,648	8,304
Reclassification	397	-860	-463
Divestments	-143	-28	-171
Acquisition costs at 31 December	9,061	7,963	17,024
Accumulated depreciation as at 1 January	-4,994	-912	-5,906
Depreciation for the year	-1,419	-	-1,419
Divestments	-	-	-
Accumulated depreciation as at 31 December	-6,413	-912	-7,325
Impairments as at 1 January	-87	-	-87
Impairments for the year	-	-	-
Impairments as at 31 December	-87	-	-87
Balance as at 31 December	2,561	7,051	9,612

Internally developed software includes mainly purchased software components which will be reclassified to 'purchased software' after completion of the internal development and implementation.

2017 IN THOUSANDS OF EUROS	PURCHASED SOFTWARE	INTERNALLY DEVELOPED SOFTWARE	TOTAL
Acquisition costs at 1 January	5,704	2,547	8,251
Investments	1,768	443	2,211
Divestments	-321	-787	-1,108
Acquisition costs at 31 December	7,151	2,203	9,354
Accumulated depreciation as at 1 January	-4,207	-1,559	-5,766
Depreciation for the year	-1,081	-28	-1,109
Divestments	294	675	969
Accumulated depreciation as at 31 December	-4,994	-912	-5,906
Impairments as at 1 January	-87	-	-87
Impairments for the year	-	-	-
Impairments as at 31 December	-87	-	-87
Balance as at 31 December	2,070	1,291	3,361

22. Deferred tax assets and liabilities

IN THOUSANDS OF EUROS	2018	2017
Deferred tax assets	9,990	8,414
Deferred tax liabilities	-495	-8,093
Net	9,495	321

2018 IN THOUSANDS OF EUROS	1 JANUARY	IMPACT OF ADOPTING IFRS 9	INCOME STATEMENT	EQUITY	31 DECEMBER
Financial assets through Other Comprehensive Income	-	-8,163	6,010	1,658	-495
Financial assets through Profit or Loss	-	70	-70	-	-
Financial investments available-for-sale	-8,093	8,093	-	-	-
Property and equipment	346	-	-25	-	321
Internally developed software	-	-	-	-	-
Tax loss carry forwards	8,054	-	1,605	-	9,659
Other	14	-	-4	-	10
Total	321	-	7,516	1,658	9,495

2017 IN THOUSANDS OF EUROS	1 JANUARY	INCOME STATEMENT	OTHER COMPREHENSIVE INCOME	31 DECEMBER
Financial investments available-for-sale	-5,649	-	-2,444	-8,093
Property and equipment	494	-148	-	346
Internally developed software	-246	246	-	-
Tax loss carry forwards	7,497	557	-	8,054
Other	16	-2	-	14
Total	2,112	653	-2,444	321

The settlement of the deferred tax asset of EUR 1.2 million (31 December 2017: EUR 1.5 million) that is included in the line item 'Tax loss carry forward' depends on future results in Germany.

23. Other assets

IN THOUSANDS OF EUROS	2018	2017
Receivables	92,524	16,145
Accrued income and prepaid expenses	16,207	18,611
Balance as at 31 December	108,731	34,756

In 2018, the prepaid expenses did not include any amounts related to a period of more than one year (2017: nil). Receivables increased due to the settlement of the sale of an investment in a mortgage fund of EUR 75 million as of 31 December 2018. This sale was settled in January 2019.

Equity and Liabilities

24. Deposits from banks

IN THOUSANDS OF EUROS	2018	2017
Due on demand	112,276	166,448
Not due on demand	6,099	6,341
Balance as at 31 December	118,375	172,789

25. Deposits from customers

IN THOUSANDS OF EUROS	2018	2017
Current accounts	3,037,474	3,300,292
Saving deposits	1,736	2,106
Time deposits	104,463	152,764
Balance as at 31 December	3,143,673	3,455,162

The presented amount of 'Deposits from customers' is decreased with EUR 0.6 billion (2017: EUR 0.9 billion) because of the offsetting of loans and advances for a number of clients (note 14 and 36).

26. Other liabilities

IN THOUSANDS OF EUROS	2018	2017
Accrued expenses and deferred income	13,268	18,992
Long-term employee benefits	1,237	978
Restructuring provision	3,663	6,448
Cumulative preference shares	-	-
Other liabilities	35,523	28,773
Balance as at 31 December	53,691	55,191

At 31 December 2018 KAS BANK has issued 25 (2017: 25) of the authorized 12,500,000 cumulative preference shares. These shares are registered in the name of 'Stichting Preferente Aandelen KAS BANK' and have a nominal value of EUR 1.00 per share. Furthermore, KAS BANK granted a right to 'Stichting Preferente Aandelen KAS BANK' to subscribe for cumulative preference shares in the capital of KAS BANK up to a nominal amount corresponding to 50% of the nominal value of the ordinary shares in issue at the time of subscription.

The cumulative preference shares rank before the ordinary shares in entitlement to dividend and to distribution upon liquidation of KAS BANK. The dividend on the cumulative preference shares will be equal to a percentage, calculated on the amount compulsory paid up or yet to be paid up. This percentage shall be equal to the average return on the five government bond with the longest maturity.

If and to the extent that the profit available for distribution is not sufficient to pay the dividend referred to in full, the shortfall will be made up from the reserves insofar as possible. If, and to the extent that, the dividend distribution cannot be made from the reserves, the profits earned in subsequent years shall first be used to make the shortfall before any distributions may be made on ordinary shares.

At 31 December 2018 KAS BANK has a provision for legal proceedings of EUR 2.1 million (31 December 2017: EUR 3.3 million).

The table below shows the changes in the restructuring provision in 2018, which is part of the other liabilities.

IN THOUSANDS OF EUROS	2018	2017
Balance as at 1 January	6,448	9,634
Additions	-	1,948
Used during year	-2,785	-5,134
Balance as at 31 December	3,663	6,448

27. Retirement benefit plan

KAS BANK sponsors pension plans in the Netherlands and the United Kingdom. The Dutch pension plan qualifies as a (collective) defined contribution plan. KAS BANK pays for the Dutch pension plan annual contributions determined by a fixed method and has no legal or constructive obligation to pay any further contributions. The Dutch pension plan is carried out by the company pension fund 'Stichting Pensioenfonds van de KAS BANK'.

The plan of the UK employees is a defined benefit plan and is carried out in a Trust.

Pension scheme in the United Kingdom

The UK pension scheme has the characteristics of a defined benefit plan due to a minimum guarantee level. The scheme prohibits refunds to the employer. In 2018, the net pension expense recognized in the Statement of Profit or Loss amounted to EUR 0.1 million (2017: EUR 0.1 million).

The present value of the benefit obligation is EUR 7.8 million (2017: EUR 8.6 million). The plan assets showed a surplus after funding the minimum guarantee level. In the Financial Statements the fair value of plan assets is equal to the present value of the benefit obligation.

The table below summarizes the assumptions used to determine the present value and movements in the pension obligation and plan assets and the components of net benefit expenses recognized in the Statement of Financial Position and the Statement of Profit or Loss.

ACTUARIAL ASSUMPTIONS	2018	2017
Discount rate	3.00%	2,50%
General wage inflation	2.65%	2,65%
Price inflation	2.65%	2,65%
Indexation	2.00%	2,00%
Life expectancy	22 / 24	22 / 25
-65 year old male/female at end of year	24 / 26	24 / 26
Duration	31	31

28. Issued capital

NUMBER OF SHARES	2018	2017
Authorised	25,000,000	25,000,000
Non-issued	9,300,983	9,300,983
Issued and fully paid	15,699,017	15,699,017

The main part (15,599,937 shares) of the issued capital is registered in the name of 'Stichting Administratiekantoor Aandelen KAS BANK' (KAS BANK Registrar's Office). The Registrar's Office has issued stock certificates for them with a nominal value of EUR 1.00 each. On pages 90 to 91 of this annual report, a more comprehensive description of the objectives and activities of the Registrar's Office can be found.

29. Treasury shares

NUMBER OF SHARES	2018	2017
Opening balance at 1 January at average of EUR 23.48 (2016: EUR 23.41)	931,291	936,742
Granted as share-based payments	-9,357	-5,451
Closing balance at 31 December at EUR 23.50 (2017: EUR 23.48)	921,934	931,291

30. Revaluation reserve

IN THOUSANDS OF EUROS	2018	2017
Balance as at 1 January	25,096	17,763
Impact of adopting IFRS 9 (net of tax)	-9,086	n/a
Unrealised results presented within other comprehensive income	-11,972	11,863
Reclassified to profit or loss	-11,153	-2,086
Reclassified to other comprehensive income	247	
Reclassified to deferred tax	2,993	-2,444
Reclassified to current tax	2,788	-
Balance as at 31 December	-1,087	25,096

The revaluation reserve relates to unrealized fair value movements of Financial assets at fair value through other comprehensive income. The 2017 figures relate to the unrealized fair value movements of available-for-sale instruments.

31. Other reserves (including net result for the period)

IN THOUSANDS OF EUROS	2018	2017
Balance as at 1 January	192,594	191,934
Impact of adopting IFRS 9	8,904	n/a
Net result for the period	8,143	15,099
Final dividend previous year (distributed in April)	-4,253	-9,434
Interim dividend (distributed in September)	-3,103	-5,181
Share-based payments	-	109
Transferred from revaluation reserve	247	-
Treasury shares	-196	-114
Other movements	264	181
Balance as at 31 December	202,600	192,594

Other reserves include retained earnings and statutory reserves for internal developed software. A statutory reserve is a non-distributable reserve. Reference is made to the company Financial Statements.

32. Fair value of financial assets and financial liabilities

The following table presents the financial instruments carried at fair value, broken down according to the fair value hierarchy. The fair value hierarchy distinguishes three levels of fair value:

- Level 1: Unadjusted quoted prices obtained in an active and liquid market;
- Level 2: Valuation techniques based on observable market data other than quoted prices included in level 1. This level includes quoted prices in less active markets and derivatives that are valued using inputs from observable market data;
- Level 3: Valuation techniques using variables other than observable market data. This level includes all instruments of where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation, these instruments are valued mainly by third parties.

Some equity instruments are measured at historical cost since no market data exists. There were no changes in valuation techniques during the period.

The fair value of a financial instrument is the price that would be received to sell or paid to transfer a particular asset or liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which KAS BANK has access at that date. KAS BANK determines fair value either by reference to quoted market prices or dealer price quotations without adjustment for transaction costs for those financial instruments that are currently traded in an active market.

The fair value measurement is based upon the bid price for financial assets and the ask price for financial liabilities. These financial instruments are reported as level 1 in the fair value hierarchy.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of financial instruments not quoted in an active market is determined using specific valuation techniques. These valuation techniques are applied using, where possible, relevant market observable inputs (level 2). Valuation techniques include:

- Use of quoted market prices or dealer tickets for similar instruments;
- Estimated future cash flows based on observable yield curves (fair value of interest rate derivatives and unlisted debt instruments);
- Use of forward exchange rates at the balance sheet data (fair value of foreign exchange derivatives).

AS AT 31 DECEMBER 2018 IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3	EXPECTED CREDIT LOSS	TOTAL
Financial assets at fair value through profit or loss	64,581	-	-	-	64,581
Financial assets at fair value through other comprehensive income	629,873	289,982	5,719	-59	925,515
Available-for-sale financial assets	n/a	n/a	n/a	n/a	n/a
Trading assets	145,863	84,628	-	-	230,491
Hedging derivatives	-	-	-	-	-
Total financial assets	840,317	374,610	5,719	-59	1,220,587
Trading liabilities	145,351	84,244	-	-	229,595
Hedging derivatives	-	1,756	-	-	1,756
Total financial liabilities	145,351	86,000	-	-	231,351

AS AT 31 DECEMBER 2017 IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	n/a	n/a	n/a	n/a
Available-for-sale financial assets	567,792	206,448	351,886	1,126,126
Trading assets	69,197	195,586	-	264,783
Hedging derivatives	-	6,455	-	6,455
Total financial assets	636,989	408,489	351,886	1,397,364
Trading liabilities	69,197	197,023	-	266,220
Hedging derivatives	-	8,481	-	8,481
Total financial liabilities	69,197	205,504	-	274,701

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see table below. KAS BANKs policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

Reconciliation of fair value at level 3

The movements in financial instruments measured using a level 3 method were as follows:

IN THOUSANDS OF EUROS	2018	2017
Balance as at 1 January	351,886	382,049
Reclassification to Level 1	-	-737
Purchases / (sales) of assets	-339,590	-31,380
Revaluation recognized in other comprehensive income	-6,577	1,954
Balance as at 31 December	5,719	351,886

The Level 3 valuations relate to both equity and debt instruments. For equity instruments the value is based on amongst others intrinsic value. For debt instruments value is based on non-daily market quotes.

Financial instruments for which carrying value approximates fair value

Certain financial assets and liabilities that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These financial assets and liabilities include cash and balances with central banks, loans and advances to banks and customers, deposits from banks and customers. The assessment of fair value of these instruments is based on Level 2 inputs.

33. Contingent assets and liabilities

Contingent assets

During 2018 KAS BANK settled a dispute with a business partner. As part of the settlement KAS BANK received a contingent right to spend on services performed by the business partner with a value of around EUR 0.4 million. The expiration date of this contingent right is October 2020. The contingent right is not recognized within the Statement of Profit or Loss of 2018.

Contingent liabilities

KAS BANK has given guarantees on behalf of clients. in relation to the bank's direct connections to stock exchanges. Besides these guarantees additional guarantees have been granted to a number of clearing institutions.

KAS BANK has an irrevocable payment commitment to the Single Resolution Board in Brussels. The Single Resolution Board provides credit institutions with the option to fulfil part of the obligation to pay the annual ex-ante contribution to the Single Resolution Fund through irrevocable payment commitments. To secure full and punctual payment, credit institutions need to constitute cash collateral and fully transfer legal ownership to the Single Resolution Board. As per 31 December 2018 KAS BANK has posted EUR 0.5 million of such collateral.

34. Irrevocable facilities and off balance sheet commitments

Irrevocable facilities

Irrevocable facilities mainly comprise credit lines which have been agreed with clients but not yet drawn upon. The main part of these credit lines is based on collateral which will be provided after drawing up.

Off balance sheet commitments

As per December 2018 KAS BANK has committed, as an investor in a financial note, EUR 250 million to a legal entity which will invest in Dutch residential mortgages. Payment is due during 2019. The financial note will be recognized in the Statement of Financial Position of KAS BANK during 2019 and will be measured at amortized cost.

35. Operating lease commitments and long-term rental and maintenance contracts

The operating lease commitments and long-term rental and maintenance contracts fall due as follows:

IN THOUSANDS OF EUROS	2018	2017
Within one year	13,685	14,306
After one year but within five years	48,991	52,789
After five years	4,908	14,710
Balance as at 31 December	67,584	81,805

The operating lease commitments and long-term rental and maintenance contracts mainly relate to hardware, software, cars and premises. An amount of EUR 20.0 million (2017: EUR 15.2 million) relating to these contracts is included in the Statement of Profit or Loss as 'General and administrative expenses'.

36. Credit risk

Credit risk is the risk that counterparty fails to meet contractual or other agreed obligations. KAS BANKS credit risk may occur in providing loan services to clients, appointing network connections or partners and in treasury transactions. Credit risk may also occur, due to concentrations in counterparties, countries, segments and asset classes.

Many employees, especially in Client Management and Treasury, are involved in credit risk management.

Credit risk concerns the following parties:

- Clients;
- Treasury counterparties (including in investment portfolios);
- Sub-custodians;
- Central counterparties.

Credit risk is divided into four elements:

- *Probability of default*: likelihood over a specified period, that a borrower will not be able to make scheduled repayments;
- *Concentration risks*: refers to disproportionately large risk exposure to specific credit risks, due to inadequate diversification within the portfolio;
- *Loss given default*: is the total amount of loss for KAS BANK when a counterparty defaults on a loan, taking into account the collateral received;
- *Exposure at default*: is the total value KAS BANK is exposed to at the time of a loan's default.

KAS BANK's credit risk is structured by a framework of policies and procedures, monitoring and reporting and risk culture/awareness. The framework is linked to the strategy and Risk Appetite of KAS BANK and limit the bank's credit risks for example by ensuring that credit is covered by sufficient collateral. Credit risk is managed using the Three Lines of Defence model, and centrally controlled from Financial Risk Management.

KAS BANK uses an internal model for setting limits and determining the level of margin required in respect of security transactions. To fill the model, KAS BANK uses external information such as credit rating and credit default curves, as much as possible. If such external information is not available or deemed not sufficient a system based on quantitative criteria for monitoring credit risks on counterparties is applied. The internal ratings are reassessed periodically, on the basis of risk classification and developments in the markets or of client's activities

The main committees dealing with credit risk are:

- Enterprise Risk Management Committee, approving policies, guidelines and limits;
- Asset and Liability Committee, monitoring credit risk (and risk-return) and accepting exceptions within its mandate;
- Credit and Client Committee, approving medium and high-risk clients and credit facilities.

Exposures relating to security transactions, based on collateral

Exposure related to settlement and clearing facilities is in principle covered by collateral with a pledge on the securities and cash account for KAS BANK. Client withdrawal of the facilities is in accordance with a policy as established by Financial Risk Management and approved by the Enterprise Risk Management Committee. A basic requirement is that advance conditions only apply to securities matching KAS BANK's risk criteria.

The monitoring of outstanding settlement positions is based on a credit risk information system which quantifies the risks and assesses the collateral posted by the client. The monitoring system includes information of the real time financial position of the client.

Internal authorization of client instructions is also part of this monitoring system. The settlement of security transactions results in a counterparty risk in case KAS BANK delivers securities and/or cash, but does not receive cash or securities from the counterparty. Delivery versus payment is a standardized method, meaning securities are transferred at the same time as the funds of the counterparty are received. Settlement is not finalised until the adequacy of funds and/or securities is verified.

Exposures based on internal limits

An exposure based on internal limits is applicable in addition to an exposure based on collateral. The purpose of internal limits is to facilitate settlement transactions. Front office submits a request for a limit. Financial Risk Management performs a credit analysis based on the policy set by the bank's Enterprise Risk Management Committee.

Exposures relating to treasury activities

The main exposure of treasury activities concerns the investment portfolios. In addition, a credit exposure arises from securities borrowing and lending transactions, (reverse) repurchase transactions, exposures in money market instruments and derivatives.

Investment portfolios

KAS BANK limits the exposure to credit risk in its investment portfolios by investing in marketable, highly liquid, securities with an investment grade credit rating from Moody's Investors Service, Standard & Poor's and/or Fitch Ratings. Delegated by the Enterprise Risk Management Committee, the Asset & Liability Committee may approve exemptions of these minimum requirements.

The following table shows the credit rating (based on Standard & Poor's) of the investment and designated fair value portfolios:

IN THOUSANDS OF EUROS	2018	2017
AAA - AA -	821,114	62,467
A+ - A-	27,813	591,149
BBB+ - BBB-	73,238	24,198
BB+ - BB-	4,550	70,424
< BB-	-	5,289
Mortgage fund	-	339,590
Shares	63,381	33,009
Total	990,096	1,126,126

Securities borrowing and lending

KAS BANK mainly acts as a principal in securities borrowing and lending transactions. The borrower of the securities is obliged to post collateral equivalent to the effective value plus a mark-up depending on the quality of the collateral received.

The following table shows the amounts receivable and payable in respect of securities borrowing and lending, including the received collateral.

IN THOUSANDS OF EUROS	2018	2017
Banks	758,742	2,490,800
Other parties	94,946	80,795
Receivables in respect of securities lending	853,688	2,571,595
Securities	867,239	2,683,547
Cash	50,728	65,013
Collateral received	917,967	2,748,560
Banks	-	40,845
Other parties	845,504	2,366,906
Liabilities in respect of securities lending	845,504	2,407,751
Borrowers' repledged securities	887,891	2,544,015
Reverse repurchase agreements	104,236	27,394
Collateral paid	992,127	2,571,409

Collateral pledged and received includes both cash and non-cash positions.

Reverse repurchase transactions

KAS BANK sells securities under agreements to repurchase ('repos') and purchases securities under agreements to resell ('reverse repos'). The securities lent or sold under agreements to repurchase are transferred to a third party and the bank receives cash or other financial assets in exchange. The counterparty is allowed to sell or repledge those securities lent or sold under repurchase agreements in the absence of default by the bank, but has an obligation to return the securities at the maturity of the contract. KAS BANK has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them.

In addition, KAS BANK recognizes a financial liability for cash received as collateral. Similarly, KAS BANK may sell or repledge any securities borrowed or purchased under agreements to resell, but has an obligation to return the securities and the counterparty retains substantially all the risks and rewards of ownership. Consequently, the securities are not recognized by the bank, which instead records a separate asset for the cash collateral given.

IN THOUSANDS OF EUROS	2018	2017
Reverse repurchase agreements	381,566	448,221
Net	381,566	448,221
Government bonds	246,850	198,417
Central counterparty - non-ECB eligible	100,000	200,000
Central counterparty - ECB eligible	35,000	50,000
Total collateral received	381,850	448,417
Exposure	-	-

Exposures from derivatives and money market instruments

The Enterprise Risk Management Committee assigns limits for money market transactions and foreign currency positions for all counterparties. Exemptions or (temporary) proposals for increase of money market and currency limits have to be approved by the Asset & Liability Committee. KAS BANK uses derivatives to hedge the interest rate risk in the balance sheet.

Derivative positions, including own book positions and client positions, are in majority entered into under a master agreement of the International Swaps and Derivatives Association (ISDA).

Master agreements provide that, if the master agreement is terminated as a consequence of an event of default or termination event, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. In addition, the Credit Support Annex (CSA) is used for daily cash margining.

In these cases, the credit risk related to the fair value is mitigated by the collateral received.

Maximum credit risk

The maximum amount of credit risk (without taking into account the effects of credit risk mitigation provided by set-off agreements and the collateral received) for all financial assets is equal to the carrying amount as included in the consolidated balance sheet.

EXPECTED CREDIT LOSS – STAGING IN THOUSANDS OF EUROS	STAGE 1	STAGE 2	STAGE 3	TOTAL
Cash and balances with central banks	1,604,801	-	-	1,604,801
Loans and advances to banks	345,321	-	437	345,758
Loans and advances to customers	461,800	-	8,241	470,041
Financial assets at fair value through other comprehensive income – debt instruments	922,165	-	-	922,165
Off balance sheet commitments	2,427			2,427
Gross carrying amount	3,336,514	-	8,678	1,740,391
Loss allowance	-163	-	-8,678	-8,841
Carrying amount	3,336,351	-	-	1,731,550

EXPECTED CREDIT LOSS – MOVEMENTS IN THOUSANDS OF EUROS	STAGE 1	STAGE 2	STAGE 3	TOTAL
Loss allowance as at 1 January 2018	243	-	15,028	15,271
Transfers between stages	-	-	-	-
Movements to Profit or Loss	-80	-	-438	-518
Write-offs	-	-	-5,912	-5,912
Loss allowance as at 31 December 2018	163	-	8,678	8,841

In 2018, KAS BANK has written-off EUR 5.9 million on two credit outstandings. There were no possibilities anymore to collect these amounts. Both positions have been fully written-off.

Provisions and impairments

Clients with financial problems or uncollateralized debt positions past due are transferred to special credit monitoring. These clients are actively monitored by Financial Risk Management in order to manage both the relationship with the client and KAS BANK's risks.

In 2018 and 2017 KAS BANK did not utilize pledged collateral and had no assets that were past due. In both years received collateral mitigated credit risks. In 2018 and 2017, KAS BANK did not provide forbearance measures to clients.

IN THOUSANDS OF EUROS			
As at 31 December 2018	Cash and balance with central banks	Loans and advances to banks and customers	Financial assets at fair value through other comprehensive income (debt instruments)
Carrying amount	1,604,801	807,017	922,106
Assets not impaired, not past due	1,604,801	807,121	922,165
Individually impaired assets (gross carrying amount)	-	8,678	-
Provision Expected Credit Loss Stage 1	-	- 104	59
Provision Expected Credit Loss Stage 2	-	-	-
Provision Expected Credit Loss Stage 3	-	- 8,678	-
As at 31 December 2017	Cash and balance with central banks	Loans and advances to banks and customers	Financial assets Available for sale
Carrying amount	1,504,060	1,248,018	1,126,126
Assets not impaired, not past due	1,504,060	1,248,018	1,126,126
Individually impaired assets (gross carrying amount)	-	15,028	-
Accumulated impairment	-	15,028	-

**Financial assets and liabilities subject to offsetting
and enforceable master netting arrangements**

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 31 DECEMBER 2018	GROSS AMOUNTS	AMOUNTS THAT ARE SET OFF	NET AMOUNTS IN THE BALANCE SHEET	RELATED AMOUNTS NOT SET OFF IN BALANCE SHEET*	NET AMOUNTS
IN THOUSANDS OF EUROS					
Financial assets	-	-	-	-	
Loans and advances to banks	345,235	-	345,235	248,148	97,087
Loans and advances to customers	1,091,216	629,434	461,782	325,290	136,492
Trading assets and hedging derivatives	230,491	-	230,491	235,345	-4,854
	1,666,942	629,434	1,037,508	808,783	228,725
Equity and liabilities	-	-	-	-	
Deposits from banks	118,375	-	118,375	-	118,375
Deposits from customers	3,773,107	629,434	3,143,673		3,143,673
Trading liabilities and hedging derivatives	231,351	-	231,351	230,143	1,208
	4,122,833	629,434	3,493,399	230,143	3,263,256

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 31 DECEMBER 2017	GROSS AMOUNTS	AMOUNTS THAT ARE SET OFF	NET AMOUNTS IN THE BALANCE SHEET	RELATED AMOUNTS NOT SET OFF IN BALANCE SHEET*	NET AMOUNTS
IN THOUSANDS OF EUROS					
Financial assets					
Loans and advances to banks	309,188	-	309,188	200,071	109,117
Loans and advances to customers	1,885,383	946,453	938,930	674,652	264,278
Trading assets and hedging derivatives	271,238	-	271,238	270,115	1,123
	2,465,809	946,453	1,519,356	1,144,838	374,518
Equity and liabilities					
Deposits from banks	172,789	-	172,789	-	172,789
Deposits from customers	4,401,419	946,453	3,454,966		3,454,966
Trading liabilities and hedging derivatives	274,701	-	274,701	237,218	37,483
	4,848,909	946,453	3,902,456	237,218	3,665,238

* Bank and loan exposure is mainly covered by securities pledged as collateral. Derivatives exposure is covered by netting arrangements of the International Swaps and Derivatives Association (ISDA) or by margin. Margin mainly relates to derivatives held on behalf of clients. Reverse repurchases agreements are covered by the arrangements of the International Capital Market Association (IMCA). The fair value amounts of the collateral of loans and advances, deposits and derivatives are presented in the column headed "Related amounts not set off in balance sheet".

Concentration risk

Credit risk includes concentration risk. Concentration risk arises from excessive amounts outstanding with a single party or a number of closely related parties. Concentration risk is managed by a system of internal limits and takes into account the large-exposure regime. Furthermore, concentration risk may occur in relation to a single country, segment or asset class. KAS BANK's credit risk is – though well diversified within the segment – concentrated within financial institutions.

Measures to mitigate this concentration risk are:

- the spread of risk within the bank's client base (and among our clients' clients);
- financials are excluded as acceptable collateral in several services;
- most of the exposure is secured by collateral;
- a good infrastructure with guarantees for the settlement of security transactions;
- effective supervision by Financial Risk Management of our client groups and client acceptance.

Concentration by segment IN THOUSANDS OF EUROS	CENTRAL GOVERNMENT	FINANCIAL INSTITUTIONS	INSTITUTIONAL INVESTORS	OTHER	TOTAL
31 December 2018					
Cash and balances with central banks	1,604,801	-	-	-	1,604,801
Loans and advances to banks	-	345,235	-	-	345,235
Loans and advances to customers	-	-	459,045	2,737	461,782
Trading assets and hedging derivatives	-	59,831	162,550	8,110	230,491
Financial assets at fair value through other comprehensive income	-	452,446	473,069	-	925,515
Financial assets at fair value through profit or loss	-	4,550	50,640	9,391	64,581
	1,604,801	862,062	1,145,304	20,238	3,632,405
31 December 2017					
Cash and balances with central banks	1,504,060	-	-	-	1,504,060
Loans and advances to banks	-	309,188	-	-	309,188
Loans and advances to customers	-	56,171	857,281	25,478	938,930
Trading assets and hedging derivatives	-	109,480	158,029	3,729	271,238
Financial assets at fair value available- for-sale	18,162	395,837	710,589	1,538	1,126,126
Financial assets at fair value through profit or loss	-	-	-	-	-
	1,522,222	870,676	1,725,899	30,745	4,149,542

Concentration by region IN THOUSANDS OF EUROS	THE NETHERLANDS	REST EUROZONE	OTHER	TOTAL
31 December 2018				
Cash and balances with central banks	1,604,801	-	-	1,604,801
Loans and advances to banks	32,463	246,850	65,922	345,235
Loans and advances to customers	316,085	145,337	360	461,782
Trading assets and hedging derivatives	159,976	63,839	6,676	230,491
Financial assets at fair value through other comprehensive income	228,670	369,413	327,432	925,515
Financial assets at fair value through profit or loss	9,391	50,640	4,550	64,581
	2,351,386	876,079	404,940	3,632,405
31 December 2017				
Cash and balances with central banks	1,504,060	-	-	1,504,060
Loans and advances to banks	8,326	212,577	88,285	309,188
Loans and advances to customers	512,777	368,295	57,858	938,930
Trading assets and hedging derivatives	168,056	81,195	21,987	271,238
Financial assets at fair value available-for-sale	509,180	341,244	275,702	1,126,126
Financial assets at fair value through profit or loss	-	-	-	-
	2,702,399	1,003,311	443,832	4,149,542

37. Market risk

Market risk concerns the risk of a change in the value of a financial instrument as a result of changes in market variables. In case of KAS BANK, this mainly relates to changes in the prices of securities, foreign currency rates, interest rates and movements in credit spreads. Market risk mainly relates to the investment and trading portfolio.

Managing market risk

KAS BANK's policy is designed to maintain a conservative approach to the exposure to market risks. The bank's Enterprise Risk Management Committee has adopted procedures and guidelines and set limits with regard to market risks.

The Asset & Liability Committee and the Enterprise Risk Management Committee monitor compliance with market risk policies and treasury limits. Treasury is responsible for managing the bank's position in terms of cash and securities within the guidelines and limits established by the Enterprise Risk Management Committee.

KAS BANK uses amongst others a Value-at-Risk (VaR) model in combination with stress testing to monitor the market risks in the securities, foreign currency and derivatives positions. The VaR is defined as the maximum loss that is likely to occur, with a certain statistical level of confidence, under normal circumstances as a result of changing risk factors over a predetermined time horizon.

In calculating the VaR, KAS BANK employs the method of historical simulation based on weighted historical data over a period of approximately 12 months (using the ageing method), with a confidence level of 99.0% and a time horizon of ten working days. The Enterprise Risk Management Committee has set a VaR limit of EUR 1.5 million for the limited trading book positions. These positions include foreign exchange book, mainly arising from client activity. The VaR of the foreign exchange positions is monitored with a VaR limit of EUR 1 million.

A signal VaR of EUR 5 million applies for the total hedged and unhedged positions of the investment portfolios of KAS BANK. These portfolios may include positions in central governments and financial institutions. If the calculated VaR exceeds this signal value, the breach will be discussed in the Asset & Liability Committee. The Asset & Liability Committee decides on actions in case the VaR shows a level above EUR 7 million. Financial Risk Management monitors the VaR for the own investment portfolios and submits a monthly report of the latest figures to the Asset & Liability Committee.

Model Limitations

Using the VaR to measure risk does, however, have some shortcomings. The VaR quantifies the potential loss only on the assumption of normal market circumstances. In practice, however, this assumption is not applicable in extreme conditions. This might result in potential losses being underestimated. The VaR calculation also uses historical data to predict the pattern of future price fluctuations. Future price fluctuations may differ substantially from those observed in the past. Finally, the use of a time horizon of two weeks assumes the possibility to sell the positions within two weeks, which is uncertain in periods of illiquidity or extreme events affecting the market conditions. Using a confidence level of 99.0% also means that the VaR takes no account of losses outside this level of confidence.

In order to compensate for the shortcomings of a VaR method as outlined above, KAS BANK complements the VaR analysis with a stress test. The stress test is a scenario analysis which takes into account extremely unfavorable market conditions (such as huge price swings in a stock market meltdown or losses in Residential Mortgage-Backed Security tranches).

Market risk exposure

The following table shows the internally reported VaR-figures in millions of euros.

IN MILLIONS OF EUROS		31 DECEMBER	HIGHEST	LOWEST	AVERAGE
VaR total	2018	4.4	4.4	3.4	3.9
VaR total	2017	2.8	3.3	2.5	2.9
VaR trading	2018	0.4	1.0	0,3	0.7
VaR trading	2017	0.3	0.9	0.3	0.6

The VaR trading consists of the foreign exchange positions and financial assets/liabilities designated at fair value.

The VaR total relates to the whole investment portfolio of KAS BANK.

Currency risk

Currency risk concerns the risk that the fair value of future cash flows from a financial instrument fluctuates as a result of changes in exchange rates. The following table presents the amounts outstanding in foreign currencies.

The effect of an increase of 1% in the value of a foreign currency at balance sheet date would result in an equivalent increase/decrease in pre-tax income, depending on whether the particular position was a net asset or liability. Conversely any similar weakening of the foreign currency would have an opposite effect.

31 DECEMBER 2018 IN THOUSANDS OF EUROS	ASSETS	LIABILITIES	NET	TRADING AND HEDGING DERIVATIVES	REMAINING EXPOSURE
USD	256,239	628,890	-372,651	371,656	-995
GBP	187,005	352,854	-165,849	167,259	1,410
CHF	43,529	20,792	22,737	-22,499	238
SEK	16,470	5,728	10,742	-11,729	-987
JPY	5,541	24,718	-19,177	19,312	135
AUD	2,114	10,367	-8,253	8,491	238
CAD	4,455	6,342	-1,887	1,854	-33
Other	33,607	41,860	-8,253	9,639	1,386
Total	548,960	1,091,551	-542,591	543,983	

31 DECEMBER 2017 IN THOUSANDS OF EUROS	ASSETS	LIABILITIES	NET	TRADING AND HEDGING DERIVATIVES	REMAINING EXPOSURE
USD	108,284	467,540	-359,256	364,458	5,202
GBP	164,814	437,254	-272,440	274,046	1,606
CHF	43,417	15,501	27,916	-28,287	-371
SEK	7,389	10,394	-3,005	2,102	-903
JPY	2,265	22,859	-20,594	20,944	350
AUD	2,113	6,823	-4,710	4,639	-71
CAD	2,244	10,823	-8,579	7,665	-914
Other	63,011	58,244	4,767	-1,407	3,360
Total	393,537	1,029,438	-635,901	644,160	

Interest rate risk

The interest rate risk concerns the risk that the fair value of future cash flows from a financial instrument fluctuates as a result of changes in the market rate of interest.

The interest rate risk in the regular banking operations is small, as interest rate terms are essentially floating and short-term. The main interest rate risk of KAS BANK relates to the investment portfolio. The impact of interest rate fluctuations is determined on the level of the Statement of Financial Position using an interest rate model that predicts the effects for both the Statement of Profit or Loss and the market value of the shareholders' equity. The interest rate risk in the investment portfolio is monitored using VaR calculations.

The basic principles on which the interest rate risk is managed are included in the Statement of Financial Position management guidelines and approved by the bank's Enterprise Risk Management Committee. KAS BANK uses an interest rate risk model to monitor the interest rate risk.

This model is used to perform scenario analyses, stress-testing scenarios and Monte Carlo simulations. Financial Risk Management reports the results of the analyses to the Asset & Liability Committee on a quarterly basis.

A gradual increase of 200 basis points in the market rate of interest of each maturity band from balance sheet date onwards probably results in a decrease of 46% (2017: 25% increase) in net interest income over a full year and a decrease in the market rate of interest of 200 basis points probably results in an decrease of 10% (2017: 13% increase) in net interest income over a full year. A sudden increase of 200 basis points in the market rate of interest probably results in a 3% increase of equity (2017: 2% decrease), while a sudden decrease of 200 basis points in the market rate of interest probably results in a decrease of 2% of equity (2017: 1% increase).

38. Liquidity risk

The liquidity risk concerns the risk that the bank will be unable to meet its financial obligations on time. The basic approach for managing the liquidity risk is to ensure that adequate liquidity is available to meet our financial obligations in normal and extreme circumstances (based on stress assumptions).

Managing liquidity risk

The operating systems and departments report to the Treasury department on the in- and outflows of funds, future financial assets and liabilities and requirements for collateral pledged with central banks and clearing institutions to facilitate settlement and payment processes on behalf of clients. Using this information, the Treasury department has an overview of the bank's liquidity position and ensures that sufficient liquidities are available at any time.

The Asset & Liability Committee advises the Enterprise Risk Management Committee on the liquidity policy and monitors compliance. In addition to the Liquidity Policy, a Liquidity Contingency Plan is established and adopted by the Asset & Liability Committee. A daily overview of the liquidity position is distributed broadly to relevant management within the bank.

Taking into account evolving regulatory proposals and requirements on liquidity and negative interest charged, KAS BANK had access to sufficient liquidity throughout the year.

The liquidity surplus is considered sufficient to cover the day-to-day events. The permanent high level was due to the stable character of the liquidity with a highly operational nature, the maintenance of the level of funds entrusted and the deliberate liquidity policy.

The table below shows the financial assets and liabilities of KAS BANK divided by maturity.

MATURITY CALENDAR AS OF 31 DECEMBER 2018 IN THOUSANDS OF EUROS	ON DEMAND	<= 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEAR	>5 YEAR	NON-MATURITY	TOTAL
Assets							
Cash and balances with central banks	1,604,801	-	-	-	-	-	1,604,801
Loans and advances to banks	84,443	260,792	-	-	-	-	345,235
Loans and advances to customers	315,606	143,378	-	-	2,798	-	461,782
Financial assets at fair value through other comprehensive income		19,206	-	408,167	494,734	3,408	925,515
Financial assets at fair value through profit or loss		50,640	-	-	4,550	9,391	64,581
	2,004,850	474,016	-	408,167	502,082	12,799	3,401,914
Liabilities							
Deposits from banks	118,375						118,375
Deposits from customers	3,037,191	106,482					3,143,673
	3,155,566	106,482	-	-	-	-	3,262,048
Foreign exchange contracts							
· Incoming cash flow		7,136,115	7,446				7,143,561
· Outgoing cash flow		-7,138,814	-7,465				-7,146,279
Interest contracts							-
· Incoming cash flow		4,571	1,845	10,717	57,813		74,946
· Outgoing cash flow		-7,889	-2,718	-14,349	-57,698		-82,654
Liquidity surplus/(deficit)	-1,150,716	361,517	-892	404,535	502,197	12,799	129,440

LIQUIDITY MATURITY CALENDAR AS OF 31 DECEMBER 2018 IN THOUSANDS OF EUROS	ON DEMAND	< = 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEAR	>5 YEAR	NON- MATURITY	TOTAL
Liabilities (undiscounted cash flows)							
Loans and advances to banks	112,276	6,099					118,375
Loans and advances to customers	3,037,474	106,199					3,143,673
Current tax liabilities							-
Other liabilities		53,691					53,691
Deferred tax liabilities				495			495
							-
Estimated contractual interest cash flows		-3,318	-873	-3,632	115		-7,708
Total	3,149,750	162,671	-873	-3,137	115	-	3,307,536

MATURITY CALENDAR AS OF 31 DECEMBER 2017 IN THOUSANDS OF EUROS	ON DEMAND	< = 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEAR	>5 YEAR	NON- MATURITY	TOTAL
Assets							
Cash and balances with central banks	1,504,060	-	-	-	-	-	1,504,060
Loans and advances to banks	97,271	211,917	-	-	-	-	309,188
Loans and advances to customers	653,698	281,023	-	-	4,209	-	938,930
Financial assets available for sale	-	40,484	29,566	954,467	98,615	2,994	1,126,126
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
	2,255,029	533,424	29,566	954,467	102,824	2,994	3,878,304
Liabilities							
Deposits from banks	166,448	6,341	-	-	-	-	172,789
Deposits from customers	3,300,096	155,066	-	-	-	-	3,455,162
	3,466,544	161,407	-	-	-	-	3,627,951
Foreign exchange contracts							
· Incoming cash flow	-	7,063,355	35,175	-	-	-	7,098,530
· Outgoing cash flow	-	-7,062,137	-34,848	-	-	-	-7,096,985
Interest contracts							-
· Incoming cash flow	-	4,690	10,952	61,042	350,329	-	427,013
· Outgoing cash flow	-	-6,393	-13,941	-74,506	-366,129	-	-460,969
Liquidity surplus/(deficit)	-1,211,515	371,532	26,904	941,003	87,024	2,994	217,942

LIQUIDITY MATURITY CALENDER AS OF 31 DECEMBER 2017 IN THOUSANDS OF EUROS	ON DEMAND	<= 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEAR	>5 YEAR	NON-MATURITY	TOTAL
Liabilities (undiscounted cash flows)							
Loans and advances to banks	166,448	6,341	-	-	-	-	172,789
Loans and advances to customers	3,300,097	155,065	-	-	-	-	3,455,162
Current tax liabilities	-	-	161	-	-	-	161
Other liabilities		55,191	-	-	-	-	55,191
Deferred tax liabilities	-	-	-	8,093	-	-	8,093
Estimated contractual interest cash flows		-1,703	-2,989	-13,464	-15,800		-33,956
Total	3,466,545	214,894	-2,828	-5,371	-15,800	-	3,657,440

39. Capital management

In accordance with KAS BANK's low risk profile KAS BANK always maintains a strong capital base. The management, planning and allocation of capital is supervised on a tactical level by The Asset & Liability Committee and on a strategic level by the Enterprise Risk Management Committee. The main goals of these committees are to assess the impact of investments, new products and changes in regulations on, amongst others, capital, leverage- and liquidity ratios.

Present and future of capital requirements

KAS BANK monitors its capital by its own standards and by international, European and national standards. KAS BANK complies to rules regarding regulatory capital that are initiated by the Basel Committee on Banking Supervision and implemented on a European level by, amongst others, the Capital Requirements Directive (after: CRD) and Capital Requirements Regulation (after: CRR). The rules initiated by the Basel Committee on Banking Supervision are based on the three pillars as mentioned below:

- Pillar 1 describes the capital adequacy requirements for three risk types; credit risk, market risk and operational risk;
- Pillar 2 describes the additional Supervisory Review and Evaluation Process, where regulators analyze the Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process of the individual banks; and

- In Pillar 3 the required risk reporting standards are displayed, supporting additional market discipline in the international capital markets.

In the coming years KAS BANK expects changes regarding regulatory capital requirements, these will not enter into force in 2019. The Basel Committee for Banking Supervision published its Basel III: Finalizing post-crisis reforms Standard in December 2017 which is expected to have a limited effect on requirements regarding KAS BANK's regulatory capital. In addition to this in June 2018 a proposal for amending the CRD/CRR was published by the European Parliament of which a final version is expected before May 2019. Based on an analysis of that proposal the impact will be limited.

Under CRR/CRD IV, and subject to approval from the regulator, banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from 'standardized' to 'advanced'. For credit risk and operational risk, KAS BANK adopted the standardized approach. In addition to this KAS BANK uses the VaR Method, the Financial Collateral Comprehensive Method and the Mark-to-Market Method. Beside these methods KAS BANK uses the external credit assessments from Moody's, Standard & Poors and Fitch.

The following table displays the composition of regulatory capital (CRR/CRD IV):

CAPITAL		
Number of shares	2018	2017
Share capital	15,699	15,699
Share premium	21,569	21,569
Treasury shares	-21,670	-21,866
Eligible reserves	196,956	207,726
Regulatory adjustments	-9,346	-4,683
Common Equity Tier 1	203,208	218,445

40. Segmented information

The table below reflects the structure of the internal management information provided to the Managing Board

2018 IN MILLIONS OF EUROS	CORE SEGMENTS	TREASURY	OTHER	TOTAL
Interest income and expenses	11.1	-2.3	1.0	9.8
<i>Commission income and expense</i>				
Asset Servicing	32.3	-	0.5	32.8
Transaction Servicing	16.5	-	2.2	18.7
Treasury	6.3	1.5	0.2	8.0
Result on financial transactions	6.6	23.9	-	30.5
Other income	-	-	0.3	0.3
Total income	72.8	23.1	4.2	100.1
Operating expenses (direct)	34.4	1.3	1.6	37.3
Contribution	38.4	21.8	2.6	62.8
Operating expenses other	-	-	52.7	52.7
Result for the period before tax				10.1

2017 IN MILLIONS OF EUROS	CORE SEGMENTS	TREASURY	OTHER	TOTAL
Interest income and expenses	9.6	2.7	0.6	12.9
<i>Commission income and expense</i>				
Asset Servicing	36.8	-	0.6	37.4
Transaction Servicing	19.1	-	2.4	21.5
Treasury	6.8	1.7	0.4	8.9
Result on financial transactions	6.1	16.7	0.1	22.9
Other income	-	-	1.0	1.0
Total income	78.4	21.1	5.1	104.6
Operating expenses (direct)	29.7	1.8	2.3	33.8
Contribution	48.7	19.3	2.8	70.8
Operating expenses other	-	-	50.8	50.8
Result for the period before tax				20,0

The table below presents the country by country reporting

COUNTRY BY COUNTRY REPORTING IN THOUSANDS OF EUROS	OPERATING INCOME	OPERATING RESULT BEFORE TAX	TAX EXPENSE
2018			
Netherlands	91.4	10.6	1.6
United Kingdom	5.6	-	-
Germany	2.1	-1.5	-
Belgium	1.0	1.0	0.3
Total	100.1	10.1	1.9
2017			
Netherlands	95.2	20.0	4.3
United Kingdom	5.1	-	-
Germany	2.3	-2.0	-
Belgium	2.0	2.0	0.6
Total	104.6	20.0	4.9

The 25 largest clients of KAS BANK account for 39% (2017: 41%) of the total revenue. None of these clients (2017: none) account for more than 10% of the total revenue.

41. Related parties

KAS BANK identifies the members of the Managing Board (see note 42), the members of the Supervisory Board (see note 44), the company pension fund 'Stichting Pensioenfonds van de KAS BANK' (see note 27) and the associate BTN Förvaltning AB (formerly known as Neonet) as related parties. Except for the transactions mentioned in these notes, there are no other significant related party transactions in 2018 and 2017.

42. Remuneration of the Managing Board

The table below presents the remuneration of the Managing Board.

REMUNERATION OF THE MANAGING BOARD IN THOUSANDS OF EUROS	BASE SALARY	PENSION COSTS	OTHER PAYMENTS	SHARES	TOTAL REMUNERATION
2018					
Sikko van Katwijk	350	18	121	53	542
Jaap Witteveen	325	16	67	49	457
Mark Stoffels	323	14	57	49	443
Total	998	48	245	150	1,443
2017					
Sikko van Katwijk	350	22	116	40	528
Jaap Witteveen	325	17	61	37	440
Mark Stoffels	298	14	52	37	401
Total	973	53	229	114	1,369

Base salary

The current base annual salary of the chairman, Sikko van Katwijk, is EUR 350,000 and EUR 325,000 for the other Managing Board members. Mark Stoffels is appointed with a base salary of EUR 275,000 (February 2016) and will reach the targeted base salary of EUR 325,000 (February 2018) in two equal steps.

Pension costs

The pension plan of the Managing Board is a defined contribution plan. The maximum salary in the Managing Board's defined contribution plan is capped at the fiscal maximum. To compensate the impact of this adjustment, the members of the Managing Board will receive 'pension compensation'. This annual compensation is a percentage of their base salary minus the cap of EUR 105,075 and is subject to income tax. This compensation is presented in the table above as part of 'Other payments'.

Other payments

This item comprises the abovementioned pension compensation, the contribution to mortgage costs and the lease expenses.

Loans

KAS BANK has not granted loans or guarantees to members of the Managing Board.

Claw back

In 2018 and 2017 KAS BANK has not clawed back remuneration of the Managing Board.

Depository receipts

The members of the Managing Board hold the following number of depository receipts for shares in the company:

NUMBER OF SHARES	2018	2017
Sikko van Katwijk	4,057	6,836
Jaap Witteveen	3,263	1,745
Mark Stoffels	1,500	247

43. Share-based payments

Share plans

As part of the remuneration package KAS BANK has share plans for identified staff and members of the Managing Board. Identified staff are employees whose professional activities affect the risk profile of KAS BANK materially.

Identified staff

The variable remuneration for identified staff is based on the achievement of individual and company targets and cannot exceed 20% of the annual base salary. The remuneration is paid half in shares and half in cash in case the individual variable remuneration for identified staff exceeds an amount of a monthly base salary or EUR 10,000. If the variable remuneration does not exceed both criteria the amount will be fully paid in cash at once. The first vesting will be 60% of the granted shares and the granted cash and thereafter a three-year pro rata deferral period is applicable. After the vesting or deferral period, a retention period of one year is applicable.

The identified staff may sell shares vested in order to comply with tax obligations in respect of these shares. Variable remuneration may be reclaimed if it has been paid on the basis of incorrect information regarding the achievements or the circumstances on which the remuneration depends.

The following table presents the characteristics of the outstanding shares granted to identified staff. KAS BANK did not grant shares to non-identified staff. No shares have been granted to identified staff in 2017.

Share-based payments SHARES IDENTIFIED STAFF		
Grant date	March 2018	February 2016
Fair value at grant date (in euros)	10.11	8.93
Share price at grant date (in euros)	10.52	10.01
Vesting period	1 year	1 year
Deferral period	1-3 years	1-3 years
Retention period	1 year	1 year
Expected dividend yield	3.0%	7,0%
Risk-free interest rate	-0,257 - 0,273%	-0.07 - -0.18%

Managing Board

The variable remuneration for the Managing Board is capped to a maximum of 20% of the base salary and is based on the achievement of three performance criteria: budget, strategic progress and operational progress. The total variable remuneration will be fully paid in shares. The shares are granted conditionally, based on a decision of the Supervisory Board. The first vesting will be 60% of the granted shares and thereafter a three-year pro rata deferral period is applicable. After the vesting or deferral period, a retention period of two years is applicable.

The members of the Managing Board may sell shares vested in order to comply with tax obligations in respect of these shares. Variable remuneration may be reclaimed if it has been paid on the basis of incorrect information regarding the achievements or the circumstances on which the remuneration depends.

The table below presents the characteristics of the outstanding shares granted to the Managing Board:

SHARES MANAGING BOARD						
Grant date	March 2018	March 2017	March 2016	February 2015	April 2013	January 2013
Fair value at grant date (in euros)	10.11	8.89	8.93	10.16	4.74	5.32
Share price at grant date (in euros)	10.52	9.41	10.01	11.64	7.56	8.84
Vesting period	1 year	1 year	1 year	1 year	1 year	3 years
Vesting conditions	1 year performance	1 year performance	1 year performance	1 year performance	no conditions	3 year performance
Deferral period	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Retention period after vesting	2 years	2 years	2 years	2 years	2 years	2 years
Expected dividend yield	3,0%	7.0%	7.0%	5.5%		
Risk-free interest rate	-0.257 - 0.273%	0.0023 - - 0.274%	-0.07 - - 0.18%	013 - 0.25%		

Fair value of shares granted

The fair value of the shares granted in the financial year is presented below.

IN THOUSAND OF EUROS	2018	2017
Share payments Managing Board	160	151
Share payments Identified staff	34	-
Total	194	151

Share-based payments in the income statement

The value of the share based payments is allocated to the Statement of Profit or Loss during the vesting period as 'Personnel expenses'. The amounts of share based payments as included in the Statement of Profit or Loss for the years are specified as follows:

IN THOUSAND OF EUROS	2018	2017
Share payments Managing Board	144	109
Share payments Identified staff	-	-
Total	144	109

Outstanding shares

The following statement presents the vested but not yet settled outstanding shares of the Managing Board and identified staff

	GRANT DATE	OUTSTANDING AS AT 31/12/2017	CONDITIONALLY GRANTED ¹⁾	SETTLED	FORFEITED	OUTSTANDING AS AT 31/12/2018	STATUS
Managing Board							
Sikko van Katwijk	January 2012	506	-	506	-	-	Vested
	January 2013	2,859	-	1,429	-	1,430	Vested
	February 2015	252	-	252	-	-	Vested
	February 2015	1,067	-	533	-	534	Vested
	March 2017	5,951	-	2,570	1,667	1,714	Vested
	March 2018	-	5,324	-	-	5,324	
Jaap Witteveen	February 2015	84	-	84	-	-	Vested
	February 2015	1,066	-	534	-	532	Vested
	March 2017	5,526	-	2,387	1,548	1,591	Vested
	March 2018	-	4,944	-	-	4,944	
Mark Stoffels	March 2016	181	-	91	-	90	Vested
	March 2017	5,526	-	2,387	1,548	1,591	Vested
	March 2018	-	4,944	-	-	4,944	
Former Managing Board members	January 2012	2,558	-	2,558	-	-	Vested
	January 2013	4,627	-	2,313	-	2,314	Vested
	February 2015	596	-	596	-	-	Vested
	February 2015	1,460	-	730	-	730	Vested
	February 2016	1,410	-	705	-	705	Vested
Identified Staff	March 2016	2,449	-	1,224	-	1,225	Vested
	March 2018	-	3,185	1,911	-	1,274	Vested
Total		36,118	18,397	20,810	4,763	28,942	

1) Shares to identified staff are unconditionally granted

Outstanding options

As per 31 December 2018 KAS BANK has no outstanding options granted to the Managing Board nor other staff.

44. Remuneration of the Supervisory Board

The table below presents the remuneration to the members of the Supervisory Board, including fees for membership of subcommittees formed by the Supervisory Board:

IN THOUSANDS OF EUROS	2018	2017
Peter Borgdoff	50	60
Pauline Bieringa	47	51
Petri Hofsté	51	51
Ron Icke (until 25 April 2018)	13	51
Hans Snijders	51	48
Tanja Nagel (as from 25 April 2018)	36	-
Robbert van der Meer (until 26 April 2017)	-	17
Total	248	278

KAS BANK has not granted loans or guarantees to members of the Supervisory Board.

45. Independent auditors' fee

The following table presents the external independent auditor's fees recognized in the Statement of Profit or Loss as 'General and administrative expenses'.

IN THOUSANDS OF EUROS	PWC AUDITORS	OTHER PWC NETWORK	TOTAL PWC NETWORK
2018			
Audit of the financial statements	489	-	489
Other audit assignments	145	-	145
Tax fees	-	-	-
Other non-audit assignments	-	-	-
Total	634	-	634
2017			
Audit of the financial statements	380	-	380
Other audit assignments	153	-	153
Tax fees	-	-	-
Other non-audit assignments	-	-	-
Total	533	-	533

Appropriation of the result for 2018

The result is appropriated pursuant to Article 25 of the Articles of Association of KAS BANK N.V. This article stipulates that the Managing Board proposes, subject to approval of the Supervisory Board, to the General Meeting of Shareholders what part of the result is appropriated to the reserves and which part shall be distributed as dividend. The Managing Board, with the approval of the Supervisory Board, proposes to the General Meeting of Shareholders the following appropriation of the 2018 result:

APPROPRIATION OF THE RESULT TO THE CONSOLIDATED INCOME STATEMENT FOR 2018 IN THOUSAND OF EUROS	
Result for the period	8,143
Interim dividend	-3,103
Proposed final dividend	-
Proposed addition to other reserves	5,040

Subsequent events

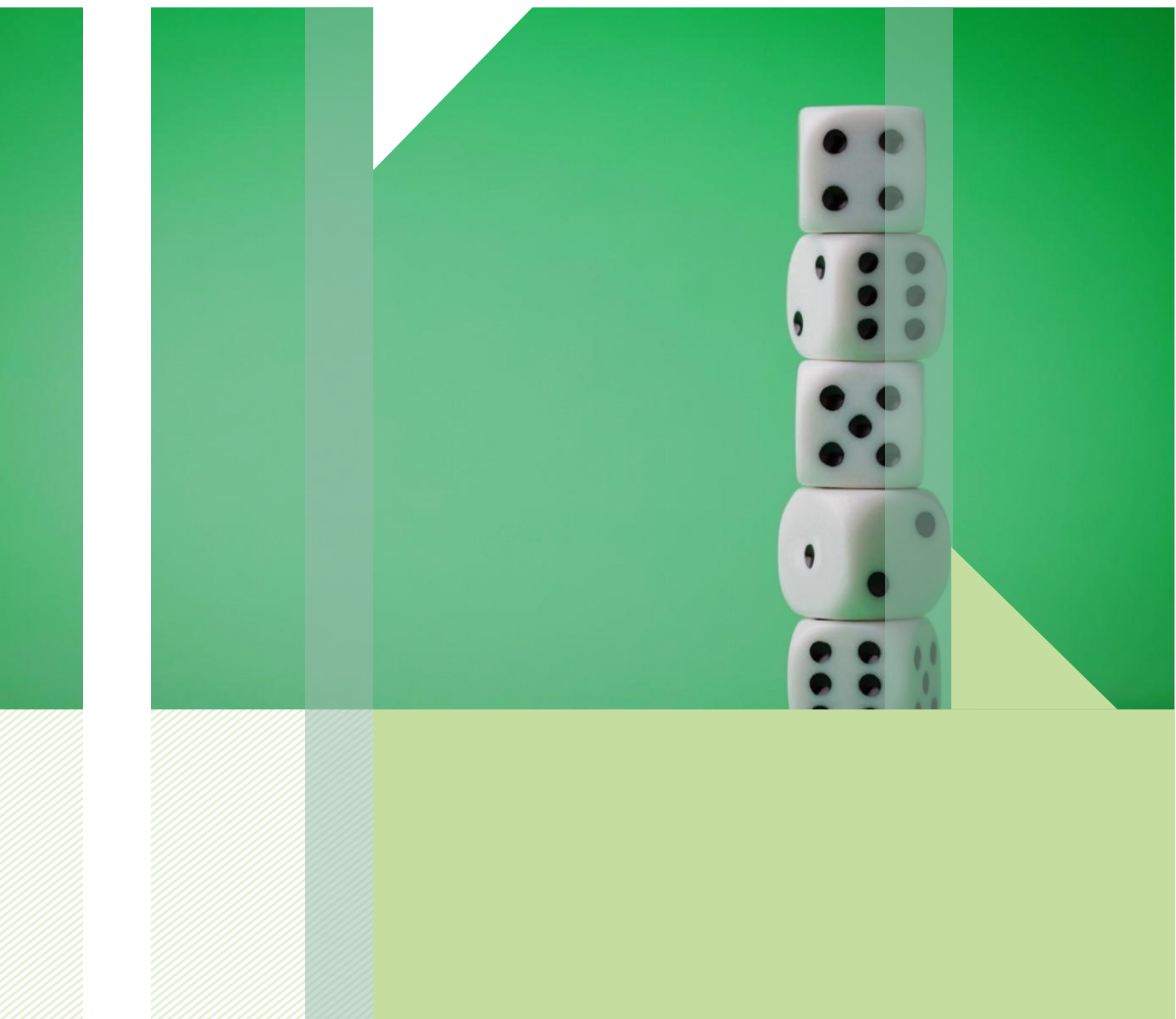
On 25 February 2019 KAS BANK and CACEIS announced a public offer of CACEIS on the shares of KAS BANK of EUR 12.75 per share. CACEIS is a French asset servicing bank specialized in post-trade functions related to administration and monitoring of all asset classes. CACEIS is part of the Credit Agricole Group.

The Managing Board and the Supervisory Board of KAS BANK unanimously support and recommend the offer of CACEIS. The offer is expected to be completed in the third quarter of 2019 and is subject to customary conditions, including approvals from the Dutch Central Bank and the European Central Bank.

The offer of CACEIS does not have material impact on the consolidated or company financial statements of KAS BANK as per 31 December 2018.

KAS BANK annual report 2018

Company Financial Statements 2018



Company Statement of Profit or Loss

IN THOUSANDS OF EUROS	2018	2017
Income		
Interest income from financial assets using the effective interest method	29,739	32,013
Other interest income	237	-
Interest expense	19,710	19,065
Net interest result	10,266	12,948
Commission income	69,839	76,597
Commission expense	14,683	13,772
Net commission result	55,156	62,825
Results of subsidiaries	1,419	2,087
Net trading income	19,250	19,741
Net investment income	11,233	3,099
Share of result of associates	-22	65
Other income	242	807
Total operating income	97,544	101,572
Expenses		
Personnel expenses	48,127	47,574
General and administrative expenses	38,870	34,196
Depreciation and amortization	2,013	1,495
Total operating expenses	89,010	83,265
Credit impairment losses	-518	-129
Total expenses	88,492	83,136
Result before tax	9,052	18,436
Tax expense	909	3,337
Net result for the period	8,143	15,099

Company Statement of Comprehensive Income

IN THOUSANDS OF EUROS	2018	2017
Net result (as per Statement of Profit or Loss)	8,143	15,099
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>		
Net gains and losses on investments in available-for-sale assets	n/a	8,897
Net gains and losses on investments in available-for-sale assets reclassified to profit or loss on disposal	n/a	-1,565
Net gains and losses on investments in debt instruments measured at fair value through other comprehensive income	-9,044	n/a
Net gains and losses on financial assets measured at fair value through other comprehensive income reclassified to profit or loss on disposal	-8,365	n/a
Other comprehensive income that may be reclassified to profit or loss	-17,409	7,332
<i>Other comprehensive income that will not be reclassified to profit or loss</i>		
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income	559	n/a
Other comprehensive income that will not be reclassified to profit or loss	559	-
Other comprehensive income, net of tax	-16,850	7,332
Total comprehensive income, net of tax	-8,707	22,431

Company Statement of Financial Position

IN THOUSANDS OF EUROS	31 DECEMBER 2018	31 DECEMBER 2017
Assets		
Cash and balances with central banks	1,604,801	1,504,060
Loans and advances to banks	359,182	119,087
Loans and advances to customers	491,792	1,115,225
Trading assets	230,491	264,783
Hedging derivatives	-	6,455
Financial assets at fair value through profit or loss	64,581	n/a
Financial assets at fair value through other comprehensive income	925,515	n/a
Available-for-sale financial assets	n/a	1,126,126
Investments in associates	135	157
Current tax assets	2,553	2,017
Participating interest in group companies	-2,813	41,188
Property and equipment	2,018	1,994
Intangible assets	9,612	3,361
Deferred tax assets	9,980	8,404
Other assets	117,051	34,352
Total assets	3,814,898	4,227,209
Equities and Liabilities		
Deposits from banks	118,556	172,789
Deposits from customers	3,188,409	3,483,633
Trading liabilities	229,594	266,220
Hedging derivatives	1,756	8,481
Current tax liabilities	-	161
Deferred tax liabilities	495	8,093
Other liabilities	58,977	54,740
Total liabilities	3,597,787	3,994,117
Issued capital	15,699	15,699
Treasury shares	-21,670	-21,866
Share premium	21,569	21,569
Revaluation reserve	-1,087	25,096
Statutory reserve	1,290	1,290
Other reserves (including net result for the period)	201,310	191,304
Total equity	217,111	233,092
Total equity and liabilities	3,814,898	4,227,209
Contingent liabilities	1,327	2,205
Irrevocable facilities	1,100	12,147

Company Statement of Changes in Equity

IN THOUSANDS OF EUROS	ISSUED CAPITAL	TREASURY SHARES	SHARE PREMIUM	RE-VALUATION RESERVE	STATUTORY RESERVE	OTHER RESERVES (INC. NET RESULT FOR THE PERIOD)	TOTAL EQUITY
Balance as at 1 January 2017	15,699	-21,980	21,569	17,763	986	190,948	224,985
Net result for the period	-	-	-	-	-	15,099	15,099
Other comprehensive	-	-	-	7,332	-	-	7,333
Total comprehensive income for the period	-	-	-	7,332	-	15,099	22,432
Dividends	-	-	-	-	-	-14,615	-14,615
Purchase/sale of treasury shares	-	114	-	-	-	-114	-
Share-based payments	-	-	-	-	109	-	109
Other changes in equity	-	-	-	-	195	-14	181
Balance as at 31 December 2017	15,699	-21,866	21,569	25,096	1,290	191,304	233,092
Balance at 1 January 2018	15,699	-21,866	21,569	25,096	1,290	191,304	233,092
Changes on initial application of IFRS 9	-	-	-	-9,086	-	8,904	-182
Restated balance at 1 January 2018	15,699	-21,866	21,569	16,010	1,290	200,208	232,910
Net result for the period	-	-	-	-	-	8,143	8,251
Other comprehensive income	-	-	-	-16,850	-	-	-16,850
Total comprehensive income for the period	-	-	-	-16,850	-	8,143	-8,599
Dividends	-	-	-	-	-	-7,356	-7,356
Purchase/sale of treasury shares	-	196	-	-	-	-196	-
Share-based payments	-	-	-	-	-	-	-
Other movements	-	-	-	-247	-	511	264
Balance as at 31 December 2018	15,699	-21,670	21,569	-1,087	1,290	201,310	217,111

Summary of accounting policies as applied for the company figures

The company Financial Statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, applying the same accounting policies as for the Consolidated Financial Statements, as provided by Section 362, sub 8, Book 2 of the Dutch Civil Code except for those relating to participating interest in group companies and the statutory reserve.

Participating interest in group companies

The group companies of KAS BANK are classified within the company Statement of Financial Position as 'Participating interest in group companies'. Participating interests in group companies are accounted based on the equity method. The share in the net result is recognized in the Statement of Profit or Loss as 'Results of subsidiaries'. The table below shows the movement of the carrying amount during the financial year.

GROUP COMPANIES IN THOUSAND OF EUROS	2018	2017
Position as at 1 January	41,188	81,487
Result of the year	1,419	2,087
Dividend distribution to shareholder	-3,131	-42,382
Establishment of new companies	100	
Liquidation of group companies	-42,388	
FX results	-1	-4
Other	-	-
Common Equity Tier 1	-2,813	41,188

An overview of the major group companies and an explanation of the definition of group companies are included in the consolidated accounting policies.

Expected Credit Loss

For expected credit losses relating to the company financial statements reference is made to the consolidated figures (note 36). Expected credit loss relating to group companies is eliminated both statements.

Statutory reserve

The Statutory reserve relates to the capitalization of internal developed software. The amounts recognized as statutory reserve are not distributable.

Notes to the company Financial Statements

The company Financial Statements do not include all information and disclosures and should therefore be read in conjunction with the Consolidated Financial Statements of KAS BANK in this annual report.

Amsterdam, 13 March 2019

The Managing Board:

Sikko van Katwijk, Chairman of the Managing Board

Mark Stoffels, Chief Financial & Risk Officer

Jaap Witteveen, Chief Operations Officer

Guarantees

KAS BANK N.V. has issued statements of liability in connection with Section 403, Book 2 of the Dutch Civil Code for a number of group companies. KAS BANK N.V. forms a tax group with several subsidiaries for both corporate tax and VAT. The tax group is jointly and severally liable for taxation payable by the tax group.

The Supervisory Board:

Peter Borgdorff, Chairman of the Supervisory Board

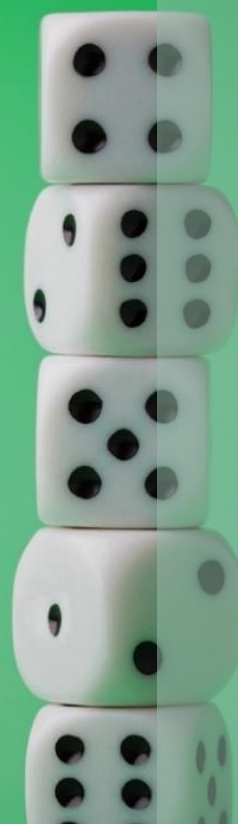
Pauline Bieringa, Vice-Chairman

Petri Hofsté

Tanja Nagel

Hans Snijders

Other Information



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Independent auditor's report

To: the general meeting and supervisory board of KAS BANK N.V.

Report on the financial statements 2018

Our opinion

In our opinion:

- KAS BANK N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- KAS BANK N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of KAS BANK N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of KAS BANK N.V. and its subsidiaries ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the following statements for 2018: the consolidated statement of profit or loss and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies applied and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2018;
- the following statements for 2018: the company statement of profit or loss and the company statements of other comprehensive income and changes in equity for the year then ended; and
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34183285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34183284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34183217), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414405), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34183286) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopt voorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of KAS BANK N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

KAS BANK N.V. is a custodian bank that specialises in safekeeping and administration of securities and value-added risk and reporting services. KAS BANK N.V.'s business focus is on wholesale securities services to professional parties in the pensions, insurance and asset management industry. The Group's main activities, where we focussed on in our audit, comprise the asset servicing and transaction servicing activities, treasury, risk management and the IT environment.

In 2018, KAS BANK N.V. continued its efforts to transition its business model and further digitise and automate their operational processes. The Group's 2018 financial performance was impacted by strong competition and challenging market circumstances. Consequently, the Group's results dropped, which resulted in a decrease of our 2018 materiality level with € 500,000 from € 1,000,000 in 2017 to € 500,000 in 2018. We refer to the materiality section in this report. This considerable materiality shift had an impact on the overall audit approach, including more line items in scope and relatively more detailed audit procedures. Next to this, we also assessed the Group's underlying financial performance drivers, management's financial forecasts and relevant scenario analysis as part of our continuous audit risk assessment and execution. The impact of the Group's financial performance and challenging market circumstances is described in the key audit matter on KAS BANK's business model developments and financial impact.

The group is comprised of several components and consequently we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations and the financial position of the Group.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered those areas where the managing board made important judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events and their inherent uncertainty. In the paragraph 'Critical accounting estimates and judgements' on page 101 of the financial statements the

Group describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the fair value measurement of the level 2 and 3 financial instruments (investments and derivatives), we considered these to be key audit matters as set out in the section 'Key audit matters' of this report.

The implementation of IFRS 9 and impact on the disclosures and opening balance of the financial statements resulted in the key audit matter on the first time adoption of IFRS 9.

The Group outsourced the IT-infrastructure and parts of the IT-organisation to an IT service provider. Although the outsourcing had a significant operational impact on the bank, we considered this not to be a key audit matter since the outsourcing to Atos remained to be an integral part of the Group's operation and the ISAE 3402 report on which we place reliance as part of our group audit as described in the section 'The scope of our group audit' of this report. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the managing board that may represent a risk of material misstatement due to fraud.

We ensured that the audit team was staffed to assure the appropriate skills and competences which are needed for the audit of the bank. The audit team included financial instruments valuation specialists, hedge-accounting specialists, IT specialists, share-based payments experts and tax specialists.

The outline of our audit approach was as follows:



Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.



Overall group materiality	€500,000 (2017: €1,000,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment, we used 5% of the profit before tax.
Rationale for benchmark applied	We used profit before tax normalised for significant non-recurring transactions as the (primary) benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €25,000 (2017: €50,000) as well as misstatements, in our view, warranted reporting for qualitative reasons. For balance sheet reclassifications we agreed with the Company's supervisory board to report on misstatements above €3,770,000.

The scope of our group audit

KAS BANK N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of KAS BANK N.V.

All accounting and bookkeeping was performed centrally at KAS BANK N.V. group level. As a result, the group audit team performed the audit work for all selected KAS BANK N.V.'s entities with no involvement from other component auditors. In doing so, the audit team selected group entities and specific balances within the group for which an audit of financial information was considered necessary. Due to this approach, the material and relevant line items and transactions were in scope of our audit. By performing the procedures above, we have obtained sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

KAS BANK N.V. issues an ISAE 3402 type II-report, which includes internal controls that were evaluated and reported upon by an external auditor. KAS BANK uses a considerable part of the systems and some of the controls on operational process level, for which KAS BANK issues an ISAE 3402 type II report to its clients. As a result, we place reliance on this ISAE 3402 type II report for the operating effectiveness of internal controls where it covers the IT general controls for relevant systems to our audit of the financial statements and some of the controls relevant to our audit on a (operational) process level. The report comprises, amongst other, a description of the design, existence and operating effectiveness of internal controls at KAS BANK N.V. and an assurance report thereon provided by an independent auditor based on generally accepted auditing standards. We have been involved in planning the ISAE 3402 work by the service provider auditor, discussed progress and interim findings of the service provider audit and finally evaluated the ISAE 3402 assurance report once it was issued. We obtained evidence on the competence, objectivity and independence of the service provider's auditor.

Based on our risk assessment and understanding of the Group, we identified those internal controls in the ISAE 3402 type II report which were relevant to our financial statements audit. We applied professional judgement to determine the extent of testing required over each balance in the financial statements, including the need to perform additional testing in respect of the controls described in the ISAE 3402 type II report together with our substantive work. Based on our analysis of the ISAE 3402 type II report and the additional testing of controls described in the ISAE 3402 type II report, we found that we could rely on the controls included in the ISAE 3402 for the purpose of our audit.

Furthermore, for the purpose of our audit of the financial statements we determined the necessity of testing certain other controls that are implemented and not included in the ISAE 3402 type II report, and testing those when deemed necessary.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Due to the nature and developments of the Group's business, we recognise that key audit matters we reported in our independent auditor's report on the financial statements 2018 may be long-standing and therefore may not change significantly year over year. As compared to last year, we have changed last year's key audit matters relating to:

- the IAS 8 disclosure on the implementation of IFRS 9 since the standard has been implemented and we changed the key audit matter to first time adoption of IFRS 9,
- We excluded the key audit matter relating to hedge accounting since this related mainly to the debt instruments, which have been disposed during the year.
- We included a key audit matter in relation to the Bank's business model, transition and resulting financial impact.

Key audit matter	How our audit addressed the matter
<p>Valuation of investments</p> <p>Refer to pages 103 to 105 of the accounting policies, note 17 on page 114 and note 18 on page 115</p> <p>Investments at fair value consist of a portfolio of debt and equity investments. These instruments are measured at fair value with the corresponding fair value change recognised in other comprehensive income (OCI) and in profit and loss. The valuation is performed by management using a fair value hierarchy:</p> <ul style="list-style-type: none"> • Level 1: valuations based on quoted prices (unadjusted) in active markets. • Level 2: valuations based on other than quoted prices included within level 1 that are observable either directly or indirectly. • Level 3: valuations based on unobservable inputs for the asset. 	<p>We performed the following substantive procedures to address the valuation of investments:</p> <ul style="list-style-type: none"> • tested the valuation of the entire portfolio of level 1 investments by agreeing the prices used in the valuation as at 31 December 2018 to market quotes from independent third party sources (i.e. Bloomberg) through a pricing tool. • assessed the methodology and the appropriateness of the valuation models used by management to value investments. We found the methodology and models to be in line with market practices. • tested the accuracy of key inputs used in the valuation, such as the expected cash flows, risk-free rates and credit spreads, by benchmarking them with external data and

Key audit matter	How our audit addressed the matter
<p>The level 1, level 2 and level 3 investments amount to €694,454,000, €289,982,000 and €5,719,000 respectively as at 31 December 2018. The Company sold a large part of the level 3 investments in 2018 and invested the generated cash temporarily in level 1 investments.</p> <p>The valuation of investments is inherently subject to management judgment – most predominantly for the level 2 and level 3 investments since these are valued using model valuations instead of quoted prices in an active market. Key inputs used in the model valuations of individual level 2 and level 3 investments are expected cash flows, risk-free rates and credit spreads.</p> <p>Given the level of judgment and the related estimation uncertainty involved in the valuation of level 2 and level 3 investments, combined with the magnitude of the amounts of the level 1 investments, any change in assumptions could have a considerable effect on the financial statements. Therefore, we determined this to be a key audit matter for our audit.</p>	<p>substantiating them with underlying contract data.</p> <p>We found our results to be consistent with those of management.</p>
<p>Valuation of derivative financial instruments Refer to pages 105 and 106 of the accounting policies, note 15 on page 113 and note 16 on page 114</p> <p>The Company holds derivative financial instruments resulting from transactions with clients, derivative financial instruments to hedge its own interest rate risk as well as derivative financial instruments on behalf of its clients. Derivative financial instruments resulting from transactions with clients, including instrument for own hedging purposes, comprise of foreign exchange contracts, consisting of forward contracts and foreign currency swaps, and interest rate swaps.</p> <p>Foreign exchange contracts amount to €27,881,000 (assets) and €27,896,000 (liabilities) as at 31 December 2018. Interest rate swaps amount to €57,259,000 (assets) and €58,104,000 (liabilities) as at 31 December 2018. Derivative financial instruments held on behalf of clients comprise of exchange-traded derivatives and amount to €145,350,000 (assets) and €145,350,000 (liabilities) as at 31 December 2018. The client derivatives are back-to-back, and, as a result, the remaining net exposure is limited.</p>	<p>We, together with our valuation specialists, performed the following procedures to address the valuation of derivatives financial instruments:</p> <ul style="list-style-type: none"> • Tested the appropriateness of the methodology and the valuation models used by management to value derivative financial instruments through comparing these to generally accepted industry practices. We found the methodology and models to be in line with market practices. • Tested, on a risk based sample basis, for each type of derivative financial instrument, the accuracy of key inputs by comparing the key inputs such as contractual cash flows, risk-free rates, interest rate volatility, swap rates, interest spot rates, implied forward rates and quoted prices from market data providers with external market data sources we independently obtained. We found our results to be consistent with those of management. • Assisted by our valuation specialists, we performed an independent valuation on a risk based sample of derivative positions. In some cases our independent valuation resulted in differences compared to those calculated by

Key audit matter

All derivative financial instruments are measured at fair value.

The fair value of interest rate swaps is calculated using a discounted cash flow model in which the contractual cash flows are discounted using a risk-free rate and valued using interest rate volatility, swap rates and interest spot rates. Forward foreign exchange contracts are valued using an implied forward rate and are discounted using a risk-free rate.

Given the level of management judgment and complexity involved in determining the fair value of derivative financial instruments we determined this to be a key audit matter for our audit.

How our audit addressed the matter

- management. We have assessed those differences to fall within a range of reasonable outcomes, this in the context of the inherent uncertainties when using models and assumptions.
- The Group maintains a collateral management process with margin call, reconciliation and monitoring controls. Based on the testing of controls we determined that we could place reliance on these controls for the purpose of our audit.
- We further noted that the Group is entitled to the collateral received as part of derivative financial instrument transactions. We found no exceptions in our testing.

Business model developments and financial impact

Refer to pages 14 and 145 of the annual report.

As mentioned in KAS BANK's annual report the Group has been investing considerably in its business model and product offering. The Group considers this necessary in order to be future proof and to further enhance its business and service offering given the challenging market conditions and competitive landscape.

These developments and related investments also had a direct impact on the Group's financial position and performance, more specifically:

- additions to intangible fixed assets;
- deferred tax asset relating to Germany;
- recognition of restructuring provision;
- decreasing revenue levels, increasing project related spending and overall costs, and
- the resulting profitability trend.

This considerably affected our risk assessment, approach, scope and execution, resulting in more focus on matters such as forward looking assessments, scenario analysis, stakeholder analysis and regulatory context. More specifically, amongst other, we looked at whether investments in intangible assets could be substantiated and validated against the criteria in EU-IFRS and whether there were any impairment triggers

In relation to this key audit matter we performed the following audit procedures:

- We had frequent interaction with the Group's management board and supervisory board on the strategic outlook, scenarios and relevant financial impact.
- We inquired on the Group's multi-year forecasts and budgets and discussed underlying rationales and assumptions together with a stakeholder's assessment and future going concern scenarios.

We performed the following audit procedures to address the relevant financial statements line items linked to this key audit matter:

- We assessed the substance and background of the investments capitalized as intangible assets including evaluating impairment triggers on existing intangible assets.
- We assessed the Group's strategic outlook and projections in relation to the German branch's future outlook and profitability in light of the deferred tax asset amounting to €1,249,000. Relevant to our assessment is the fact that a deferred tax asset in relation to prior period losses as per German law may be offset with future profits for an indefinite period.
- We performed audit procedures over the completeness and underlying assumptions

Key audit matter

that would trigger further impairment testing. Furthermore, we looked at the recoverability of the deferred tax asset in Germany, any potential onerous contracts and whether the restructuring provisions met the criteria of recording such provision in accordance with EU-IFRS and that all elements were taken into account.

Given the significance of the developments and investments to the Group and our audit, we considered this as a key audit matter for our audit.

How our audit addressed the matter

and calculations in relation to the restructuring provision and whether the provision met the requirements in EU-IFRS for recording such provision. We also assessed related works council procedures and approvals.

- In relation to the decreasing revenue levels, we performed, amongst other audit procedures, an onerous contract assessment, assessment of potential impairment triggers and relevant impact on financial forecasts and future scenarios.
- We assessed project costs in terms of matching to the appropriate period and evaluated the validity of capitalized costs against relevant accounting standards.

We considered the appropriateness of the disclosure on the importance of the Group's strategic direction and decision to seek strategic alliances as discussed in the annual report.

We found that the financial impact, in light of this key audit matter, is appropriately considered in the preparation of the financial statements.

First time adoption of IFRS 9

Refer to page 98 of the accounting policies

As at 1 January 2018, the Group has adopted accounting standard IFRS 9. Given the impact of this new accounting standard on the opening balance sheet and the accounting policy choices and assumptions made by management on the implementation of IFRS 9, we consider this a key audit matter in our audit.

The key judgements and estimation uncertainty specific to IFRS 9 is primarily linked to the following elements:

- On classification and measurement of financial instruments, management has performed an assessment to conclude whether the financial instruments meet the 'solely payment of principal and interest'-criteria ('SPPI'). In particular, for structured interest-bearing securities classified as contractually linked or non-recourse, management has to apply judgement as IFRS 9 requires an

Regarding the accounting policy choices, we reviewed the Group's accounting policy to determine whether this has been set up in accordance with the requirements of IFRS 9. We challenged management on their compliance with IFRS 9 and obtained reasonable explanations and evidence supporting this compliance.

Our audit work comprised of the following procedures:

- In connection with classification and measurement, we paid specific attention to the SPPI test performed for KAS BANK's investment in the structured interest-bearing securities. We re-performed a sample of SPPI tests performed by management and, in addition, we performed an independent SPPI test on a sample of financial instruments. Our sample was risk based and covered a range of different types of financial assets taking into consideration the various levels of complexity. As part of our testing we analysed supporting documents (such as transaction documentation, prospectuses and term sheets) to

Key audit matter

- entity to 'look through' a financial instrument to the underlying asset pool to conclude that it comprises of financial instruments that meet SPPI or includes financial instruments that align specified cash flow mismatches or reduce cash flow variability. This makes the assessment complex and creates a considerable hurdle to demonstrate that an instrument meets the SPPI test.
- The new impairment rules in IFRS 9 lead to an increase in complexity and in the degree of judgement required to calculate the expected credit losses. Amongst other things, this applies to the choices and judgements made in the impairment methodology, including the determination of the probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD'). With the introduction of IFRS 9, these calculations must also take into account forward-looking information ('FLI') of macro-economic factors considering multiple scenario's. The impact of expected losses impairments on the opening balance sheet as at 1 January 2018 amounts to €0.2 million. This impact is limited primarily as a result of KAS BANK's business model and the composition of its financial instruments portfolio at amortised cost.
 - With respect to hedge accounting there are no implications for KAS BANK as IFRS 9 does not introduce new requirements for Macro Fair Value Hedge Accounting.

How our audit addressed the matter

- evaluate whether the SPPI requirements in IFRS 9 are met.
- In relation to the disposal of the Company's investment in a mortgage fund, we verified whether the sale of the investment, including the recognition of part of the positive historical revaluations in the profit and loss account, has been accounted for appropriately.
 - We assessed the governance over the impairment models used, including the model documentation prepared by management.
 - For impairments, we assessed, with the assistance of our specialists, the impairment methodology applied by KAS BANK against the requirements of IFRS 9. We assessed, amongst others, the new model validation procedures performed by management.
 - We assessed the appropriateness of the external credit information used by management to address the credit risk in their impairment assessment.
 - Finally we assessed the PD and LGD, including forward looking information, applied by management in the impairment calculation.

We found that management's judgement is supported by available evidence.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Introduction;
- Strategy;
- Our Business Environment;
- Corporate Governance
- Risk Management;
- Leadership;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.



We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The managing board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of KAS BANK N.V. on 23 April 2014 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 23 April 2014 representing a total period of uninterrupted engagement appointment of 5 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 45 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the managing board and the supervisory board for the financial statements

The managing board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the managing board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the managing board is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the managing board should prepare the financial statements using the going-concern basis of accounting unless the managing board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The managing board should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the financial statements.



The supervisory board is responsible for overseeing the Group's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 13 March 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA

Appendix to our auditor's report on the financial statements 2018 of KAS BANK N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing board.
- Concluding on the appropriateness of the managing board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.]

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

13. ARTICLES OF ASSOCIATION

13.1 Articles of Association following Settlement

This is a translation into English of the official Dutch text of the proposed new articles of association of a public limited liability company under Dutch law. In the event of a conflict between the English and Dutch texts, the Dutch text shall prevail.

Articles of Association KAS BANK N.V.

Name, seat and term

Article 1.

1.1. The name of the company, which is a continuation of, and which was previously referred to as respectively, the Associatie Cassa, de Kas-Vereeniging N.V., N.V. De Rente Cassa, Kas-Associatie N.V. is: KAS BANK N.V.

1.2. The company's seat is in Amsterdam.

1.3. The company is formed for an indefinite period.

1.4. Sections 2:158 through 164 Dutch Civil Code are applicable to the company, on the understanding that in conformity with the provisions of section 2:158 subsection 12 Dutch Civil Code is deviated from subsections 4 to 7 inclusive and the second last sentence of subsection 9 of the aforementioned section.

Objectives

Article 2.

2.1. The objectives of the company are:

a. custody and management of securities and securities trading, settlement of securities trading, provision of financial and administrative services, asset management as well as providing advice on the matter, act as trustee and conduct the banking business related to the above;

b. establishment of and participation in other companies, in particular in companies of which the objectives are related to or may be beneficial to the provisions of article 2.1;

c. perform all acts related to, arising from or beneficial to the aforementioned, all this in the broadest sense.

For the purposes of this Article, securities also include derived rights;

2.2. The direct or indirect areas of activity for the company do explicitly not extend to acting as an issuing house, except insofar related to the settlement of securities trading or the company's asset and liability management.

2.3. In pursuit of the company's objectives, and within the context of responsible business policy, the long-term interests of all parties involved in the company shall be taken into account.

Capital

Article 3.

3.1. The company's authorised capital amounts to thirty-seven million five hundred thousand euros (EUR 37,500,000). It is divided into twenty-five million (25,000,000) ordinary shares with a nominal value of one euro (EUR 1) each and twelve million five hundred thousand (12,500,000) cumulative preference shares with a nominal value of one euro (EUR 1) each.

3.2. Where these articles of association refer to shares and shareholders, ordinary shares and cumulative preference shares are also included, unless the contrary is explicitly indicated. The cumulative preference shares shall hereinafter be referred to as preference shares.

3.3. All shares are registered.

Issue of shares

Article 4.

4.1. The issue of shares is effected pursuant to a resolution by the General Meeting, unless the Managing Board is designated for that purpose for a definite term of a maximum of five years. The designation must state how many shares may be issued.

The appointment may at any time be extended for no longer than five years. Unless explicitly stipulated otherwise at the designation, it may not be withdrawn.

4.2. Each resolution by the Managing Board concerning the issue of shares is subject to the approval of the Supervisory Board.

4.3. Except in the case of section 2:80 Dutch Civil Code, the issue of shares may not be effected at below par value.

4.4. With the approval of the Supervisory Board, the Managing Board is authorised to perform legal acts without prior approval from the General Meeting as referred to in section 2:94 Dutch Civil Code.

4.5. Ordinary shares may only be issued in exchange for full payment; preference shares may be issued in exchange for partial payment, on the understanding that the portion of the nominal amount required to be paid up must be the same for each preference share - regardless of when it is issued, and that at least one-fourth of the nominal amount must be paid up when the share is subscribed for.

With the approval of the Supervisory Board, the Managing Board shall determine when the additional payment on the preference shares shall be called up.

4.6. If the amount of shares to be issued has been announced and only a smaller amount of shares can be subscribed, the latter amount shall only be subscribed if explicitly stipulated in the terms of issue.

4.7. During issue, the company is not permitted to acquire any of its own shares.

Shares, which the company has acquired contrary to previous sentence, are transferred to the collective members of the Managing Board at the time of acquisition.

Each Managing Board member is jointly and severally liable for full payment of said shares plus statutory interest starting at the time of acquisition.

If another party acquires a share in his own name however for the account of the company, he shall be deemed to acquire it for his own account.

4.8. Within eight days after a resolution by the General Meeting to issue shares or for appointment as referred to in article 4.1, a copy of the full text of the relevant resolution shall be deposited at the offices of the Commercial Register.

4.9. Within eight days after the end of each calendar quarter, the company shall provide a statement of each issuance of shares in the last calendar quarter, stating the type and number, to the offices of the Commercial Register.

4.10. The provisions in articles 4.1 through 4.10 apply mutatis mutandis to the granting of rights to acquire shares, however are not applicable to the issue of shares to someone who is exercising a previously obtained right to acquire shares.

Issue of preference shares

Article 4a

If preference shares have been subscribed pursuant to a resolution for issue or a resolution to grant a right to acquire shares passed by the Managing Board without the prior approval of or other form of co-operation of the General Meeting, the Managing Board is obliged to convene a General Meeting within two years after said issue and to make a proposal with regards to the purchase or withdrawal of the relevant subscribed preference shares.

If, in said meeting, a resolution to purchase or withdraw the preference shares is not passed, the Managing Board shall, in each case, be obliged to convene a General Meeting again within two years after the aforementioned proposal has been made, in which such a proposal is once again made, which obligation shall lapse if the aforementioned shares are no longer subscribed or no longer held by someone other than the company.

Pre-emptive right upon issue of shares

Article 5.

5.1. Upon the issue of ordinary shares, each holder of ordinary shares has a pre-emptive right to be exercised in proportion to the collective amount of the ordinary shares held by him, unless the shares are issued in exchange for a contribution other than money.

Shareholders have no pre-emptive right on shares, which are issued to the employees of the company or a group company.

Holders of preference shares have no pre-emptive right on shares to be issued. Holders of ordinary shares have no pre-emptive right on preference shares.

5.2. Announcement of the issue with pre-emptive right and the time period in which it may be exercised is effected in writing to all holders of ordinary shares at the addresses provided by them and also in the Government Gazette (Staatscourant) and in a national distributed newspaper.

The pre-emptive right may be exercised for at least two weeks after the day of announcement in the Government Gazette (Staatscourant) or after the announcement is sent to the shareholders.

5.3. The pre-emptive right may be limited or excluded by a resolution of the General Meeting. The pre-emptive right may also be limited or excluded by the Managing Board, if the Managing Board is designated for this purpose by a resolution of the General Meeting and also on condition that the Managing Board is authorised to issue the shares to which the limitation on or exclusion of the pre-emptive right pertains.

This designation may only be effected for a maximum of five years and may be extended at any time for no longer than five years.

Every resolution of the Managing Board concerning a limitation on or exclusion of the pre-emptive right is subject to the approval of the Supervisory Board.

5.4. When rights are granted to acquire ordinary shares, the holders of ordinary shares also have a pre-emptive right; articles 5.1 through 5.3 apply mutatis mutandis.

There is no pre-emptive right on shares, which are issued to someone who is exercising a previously acquired right to acquire said shares.

5.5. The proposal to the General Meeting to limit or exclude the pre-emptive right must include, in writing, the reasons for the proposal and the choice of the intended price for issue.

5.6. A majority of at least two-thirds of the votes validly cast is required for a resolution of the General Meeting to limit or exclude the pre-emptive right or for designation, as referred to in article 5.3, if more than half of the subscribed capital is represented in the meeting.

The company is obliged to deposit a copy of the full text of the resolution at the offices of the Commercial Register within eight days after the resolution

Acquisition by the company of its own shares or depositary receipts for shares

Article 6.

6.1. Pursuant to a resolution by the Managing Board and after approval from the Supervisory Board, the company may only acquire fully paid up shares in its own capital or depositary receipts (even if said depositary receipts have not been issued with the company's co-operation) for no consideration or if:

- a. the shareholders' equity, less the acquisition price is not lower than the paid up and called up portion of the capital, plus the reserves which must be maintained under the law; and
- b. the nominal amount of the shares in its capital or depositary receipts which the company acquires, holds or holds in pledge, or which is held by a subsidiary does not amount to more than half of the subscribed capital.

6.2. The extent of the shareholders' equity according to the last balance sheet adopted, plus the acquisition price for shares in the company's capital or depositary receipts, the amount of loans as referred to in article 2:98c Dutch Civil Code and distributions from profit or reserves to others which the company and its subsidiaries owe after the date of the balance sheet, is decisive for the application of the provisions in article 6.1.a.

If, in a financial year, more than six months have elapsed without the annual accounts being adopted in conformity with article 24, the company may not acquire any shares in its own capital or depositary receipts for same in conformity with article 6.1.

6.3. With respect to acquisition other than for no consideration, the Managing Board needs authorisation from the General Meeting.

Said authorisation is valid for a maximum of eighteen months.

The General Meeting must indicate in the authorisation how many shares or depositary receipts may be acquired, how they may be acquired and the price range.

Said authorisation is not required, insofar the company acquires its own shares, to transfer shares or depositary receipts for shares to employees working for the company or a group company pursuant to a scheme applicable to them.

6.4. The company may take its own shares or depositary receipts for same in pledge (even if said depositary receipts were not issued with the company's co-operation) in compliance with the legal provisions.

6.5. With the approval of the Supervisory Board, the Managing Board is authorised to alienate the company shares held by the company.

6.6. The company may not exercise any voting right on shares that it holds itself or on which it has a right of usufruct.

The usufructuary of a share held by the company may likewise not cast a vote if the usufruct was created by the company itself.

No voting right may be exercised for shares for which the company itself holds depositary receipts (including depositary receipts which were not issued with the company's co-operation).

When determining whether a certain portion of the capital is represented or whether a majority represents a certain portion of the capital, the capital shall be reduced by the amount of shares on which no vote may be cast.

For purposes of article 6.6, 'company' also includes the company's subsidiaries.

6.7. The company may not derive any right to any distribution based on shares in its own capital; it may likewise not derive any right to such a distribution based on shares for which it holds depositary receipts.

When calculating the profit distribution, the shares referred to in the previous sentence are not included, unless there is a usufruct or pledge right on behalf of someone other than the company on said shares or depositary receipts.

Reduction of capital

Article 7.

7.1. The General Meeting may resolve to reduce the capital by withdrawing shares or reducing the nominal amount of the shares through amendment of the articles of association, such in compliance with the provisions in Sections 2:99 and 100 Dutch Civil Code.

7.2. A resolution to withdraw shares may only relate to shares, which the company itself holds or for which it holds the depositary receipts (regardless of whether they were issued with the company's co-operation).

7.3. Withdrawal with a refund of shares or a partial refund on shares may also be performed exclusively with respect to ordinary shares or exclusively with respect to preference shares. A partial refund must be executed proportionally on all the shares of the class concerned. Deviation from the requirement of proportionality may occur with the approval of all the shareholders concerned.

The General Meeting may resolve to withdraw with refunding all preference shares, regardless of who holds same.

7.4. If less than half of the subscribed capital is represented, the General Meeting may only resolve to reduce the capital by a majority of at least two-thirds of the votes cast.

Such a resolution also requires the approval, in advance or simultaneously, of each group of holders of shares of the same class whose rights are being impaired; the provision contained in the previous sentence applies mutatis mutandis to a group's decision-making process.

The convocation for a meeting in which a resolution as referred to in article 7.4 is to be passed states the object of the reduction of capital and the manner of implementation; article 2:123 Dutch Civil Code paragraphs 2 through 4 apply mutatis mutandis.

Jointly-owned shares

Article 8.

If a share or a depositary receipt is jointly owned by more than one person the joint title owners may only be represented with respect to the company by a person appointed by them in writing.

Registered Shares, Share register

Article 9.

9.1. All shares are registered and shall be numbered in such manner that they can be distinguished from each other.

Share certificates shall not be issued.

9.2. The Managing Board shall keep a register containing the names and addresses of all shareholders, including the date on which they acquired the shares, the date of acknowledgement or service as well as the amount paid up on each share.

It shall also include the names and addresses of those having a usufruct right or pledge right on said shares, including the date on which they acquired the right, the date of acknowledgement or service as well as, with respect to the usufructuaries, the rights related to the shares accruing to them in accordance with article 10 paragraph 1.

9.3. If a shareholder, or a usufructuary, or a holder of a right of pledge also disclosed an electronic address to the company for the purpose of entering this electronic address, together with the other data mentioned in article 9.2, into the register, such disclosure is deemed to entail the consent to receive all notifications and announcements as well as the convocation of shareholders and usufructuaries with the right to attend meetings for a general meeting via electronic means. A message sent via electronic means needs to be legible and reproducible.

9.4. The register shall be updated regularly.

Each note in the register shall be signed by a Managing Board member.

9.5. Upon request, the Managing Board shall furnish free of charge to a shareholder, usufructuary, or pledgee a non-transferable extract from the register with respect to his right on a share.

If there is a usufruct right on the share, the extract shall indicate who has the rights referred to in article 10 paragraph 1.

The Managing Board shall deposit the register at the company offices for inspection by the shareholders, as well as by the usufructuaries to whom the rights referred to in article 10 paragraph 1 accrue.

Anyone may examine the information in the register concerning not fully paid up preference shares; a copy or extract of said information shall be furnished at no more than the cost price.

Usufruct and pledge right on shares

Article 10.

10.1. A usufruct right may be created on shares in the company.

If, when creating the usufruct right on a share, no provisions have been made concerning the voting right on said share, the voting right shall accrue to the shareholder.

The usufructuary shall have the voting right if, at the time of the creation of the usufruct, such was provided for.

The shareholder with no voting right and the usufructuary with a voting right have the rights which are granted by law to depositary receipt holders.

The rights referred to in the previous sentence shall not accrue to the usufructuary with no voting right.

10.2. A pledge right may also be created on shares in the company.

When a pledge right is created on a share, the voting right may not be granted to the pledgee. He does not have the rights that the law grants to depositary receipt holders.

Depository receipt holders

Article 11.

For purposes of these articles, 'depository receipt holders' shall have the following meanings:

- holders of depository receipts for shares in the company issued with the company's cooperation;
- all those who, as a result of a usufruct right created on a share in conformity with the provisions in article 10.1, have the same rights as holders of depository receipts for shares in the company issued with the company's co-operation.

Blocking clause preference shares

Article 12.

12.1. The approval of the Managing Board and Supervisory Board is required for each transfer of preference shares.

Approval shall be requested in writing, in which the name and the address of the intended recipient, as well as the price or other consideration that the intended recipient is willing to pay or give, must be stated.

12.2. If approval is refused, the Managing Board and Supervisory Board shall collectively be obliged to designate one or more interested parties who are willing and able to purchase all the shares to which the request pertains, at a price in cash to be established by the party alienating the shares and the Managing Board in mutual consultation within two months after said request.

12.3. If no agreement concerning the price referred to article 12.2 is reached between the party alienating the shares and the Managing Board within two months after the request, said price shall be established by an expert designated by the party alienating the shares and the Managing Board in mutual consultation or, in the absence of agreement as to that within three months after refusal of the approval, by the Chamber of Commerce and Industry in the place where the company has its seat according to these articles, at the request of the most diligent party.

12.4. If, within three months after the price has been established, the party alienating the shares has not received a written notification from the company of the designation of one or more interested parties as referred to in article 12.2, the approval of transfer shall be deemed to have been granted after expiration of the aforementioned period.

12.5. The party alienating the shares shall be entitled to refrain from the transfer of the shares, provided that the latter notifies the Managing Board in writing within one month after being informed of both the name(s) of the designated interested party/parties and the established price. The Managing Board shall inform the Supervisory Board of such a notification.

12.6. In the event of approval to transfer as referred to in article 12.1 or article 12.4, during a period of three months after said approval, the party alienating the shares shall be entitled to transfer all shares to which his request pertained to the recipient indicated in the request at the price or for the consideration indicated by him as referred to in article 12.1 of this article.

12.7. The costs for the company related to the transfer may be on-charged to the new recipient.

Transfer of shares

Article 13.

The transfer of shares or the transfer of a limited right on same shall be effected in compliance with the provisions in section 2:86c Dutch Civil Code.

Management

Article 14.

14.1. The company is managed by a Managing Board consisting of two or more members, one of whom is appointed chairman by the Supervisory Board.

If desired, the chairman may be given the title of President-Managing Director.

14.2. The members of the Managing Board are appointed by the Supervisory Board, which also establishes the number of members of the Managing Board in compliance with article 14.1.

The Supervisory Board notifies the General Meeting of the proposed appointment of a member of the Managing Board.

14.3. With due observance of the policy on remuneration, the remuneration and other terms of employment of the members of the Managing Board are established through agreements between the company, represented by the Supervisory Board, and the relevant members of the Managing Board.

The aforementioned agreement is signed on behalf of the Supervisory Board by two members of the Supervisory Board.

The Supervisory Board shall present proposals with regards to the regulations on the remuneration of the members of the Managing Board in the form of shares or the rights to subscribe for shares to the General Meeting.

The proposal shall state at least how many shares or rights to subscribe for shares may be granted to the Managing Board and which criteria apply to such granting or adjustment.

Dismissal and suspension of a member of the Managing Board

Article 15.

15.1. Members of the Managing Board may at all times be dismissed by the Supervisory Board.

15.2. The Supervisory Board may not dismiss a member of the Managing Board until the General Meeting has been consulted about the proposed dismissal.

Prior to passing such a resolution, the Supervisory Board may consult with the member of the Managing Board concerned.

15.3. In the General Meeting in which his dismissal is discussed, the member of the Managing Board concerned must be given the opportunity - if so desired, assisted by an attorney - to render an account.

15.4. A resolution to dismiss (including the proposal to dismiss) may only be passed in a meeting of the Supervisory Board in which at least two-thirds of the active Supervisory Board members are present, provided that an absolute majority of the Supervisory Board members present vote in favour of the resolution.

If less than two-thirds of said Supervisory Board members attend the meeting, a new meeting of the Supervisory Board will be convened within two weeks, which shall take decisions regardless of the number of active Supervisory Board members in attendance, provided that an absolute majority of the Supervisory Board members present vote in favour of the resolution.

15.5. In a resolution by the Supervisory Board to dismiss a member of the Managing Board in compliance with articles 15.1 to 15.4 inclusive, it may also be decided that the member of the Managing Board concerned be suspended.

15.6. In addition to the case referred to in article 15.5, the Supervisory Board is at all times authorised to suspend a member of the Managing Board in a meeting of the Supervisory Board in which at least two-thirds of the active Supervisory Board members are present, provided that an absolute majority of the members of the Supervisory Board present vote in favour of the resolution.

If less than two-thirds of said Supervisory Board members attend the meeting, a new meeting of the Supervisory Board shall be convened within a term of two weeks, which shall decide regardless of the number of active Supervisory Board members who are present, provided an absolute majority of the Supervisory Board members present vote in favour of the resolution.

15.7. After suspension of a member of the Managing Board in the manner described in article 15.6, a decision shall be taken as quickly as possible whether or not to dismiss the member of the Managing Board concerned, with regards to which the same procedure shall be followed as described in articles 15.1 to 15.6 inclusive, but on the understanding that, with respect to the resolution to dismiss, the stipulation of a quorum as referred to in the first sentence of article 15.4 does not need to be complied with.

15.8. If a decision to lift the suspension of a member of the Managing Board or to dismiss has not been made within three months after the date of the suspension, then the suspension shall terminate.

Working method of and decision-making by the Managing Board

Article 16.

16.1. The Managing Board shall further regulate its activities and decision-making by means of regulations to be drawn up by the Board. The Managing Board has the authority to divide its activities amongst its members, by determining which member will be responsible for which task. The responsibilities will be written down formally, with the possibility to be added to the regulations. The decision to determine or adjust the regulations of the Managing Board, and the decision to determine or adjust the responsibilities of the tasks of the Managing Board, requires the approval of the Supervisory Board.

16.2. A member of the Managing Board shall not participate in deliberations and decision-making on a subject in which he has a direct or indirect personal interest, which conflicts with the interests of the company and its business. In this case, a decision shall be taken by the other members of the Board and be subject to the approval of the Supervisory Board. If all Board Members have a conflict of interest as referred to above, the decision shall be taken by the Supervisory Board.

The Managing Board shall consult with the Supervisory Board whenever the Managing Board deems it useful or necessary for the company's interests.

The Managing Board shall timely provide the Supervisory Board with the information required for the performance of its duties.

The Managing Board shall inform the Supervisory Board at least once a year in writing of the general outlines of the strategic policy, the general and financial risks and the management and control system of the company.

16.3. Following approval of the Supervisory Board, the Managing Board will appoint a company secretary.

16.4. Without prejudice to its own responsibility, the Managing Board is authorised to appoint proxy holders with such powers and titles as the Managing Board determines.

16.5. In addition to the provisions elsewhere in these articles, Managing Board resolutions pertaining to the following matters are subject to the approval of the Supervisory Board:

- a. issuing or acquiring shares in and debt instruments chargeable to the company or of debt instruments chargeable to a limited partnership or a general partnership of which the company is a general partner;
- b. co-operating in the issue of depositary receipts for shares in the company;

- c. application for admission of the documents referred to under a and b to trade on a regulated market or a multilateral trading facility, as referred to in section 1:1 of the Financial Supervision Act (Wet op het financieel toezicht) or a system of a state that is not a member state that is similar to a regulated market or multilateral trading facility or the withdrawal of such an admission;
- d. entering into or severing any long-lasting joint-venture between the company or a dependent company and another legal entity or company, or as a general partner in a limited partnership or general partnership, if said co-operation or severance would be of major significance to the company;
- e. the company's or a dependent company's acquiring a participation in the capital of another company, with such participation having a value of at least one-tenth of the amount of the subscribed capital plus reserves according to the company's balance sheet with explanatory notes as well as a drastic increase or decrease in such a participation;
- f. investments which require an amount equal to at least one-tenth of the amount of the company's subscribed capital plus reserves according to the company's most recently approved balance sheet with explanatory notes;
- g. lending of cash other than in exchange for collateral, unless it pertains to transactions related to asset and liability management or granting of credit related to securities transactions;
- h. proposed amendment to the articles;
- i. proposed dissolution of the company;
- j. declaration of bankruptcy by the company and request for suspension of payments;
- k. termination of the contract of employment of a substantial number of the company's staff or of a dependent company simultaneously or within a short time period;
- l. drastic change in the employment conditions of a substantial number of the company's staff or of a dependent company;
- m. proposed reduction of the subscribed capital.

16.6. Subject to the provisions stipulated in the previous paragraph, all management decisions as described by law are subject to the approval of the Supervisory Board, as well as all management decisions for which the Supervisory Board has determined that these decisions are subject to its approval, based on the corporate governance regulations applicable to the company.

16.7. Resolutions of the Managing Board concerning an important change of the identity or the character of the company or the enterprise are subject to the approval of the General Meeting, including in any case:

- a. transfer of the enterprise or almost the whole enterprise to a third party;
- b. the entering into or termination of long-lasting co-operation between the company or a subsidiary with another legal person or company, or as fully liable partner of a general or limited partnership, if this co-operation or termination is of far-reaching importance to the company;
- c. acquisition or divestment by the company or a subsidiary of an interest in the capital of a company with a value of at least one-third of the amount of the assets reflected in the balance sheet and explanatory notes or, if the company prepares a consolidated balance sheet, reflected in the consolidated balance sheet and explanatory notes, according to the most recently adopted annual accounts of the company;

16.8. The lack of approval by the General Meeting of a resolution referred to in this article shall not affect the representative authority of the Managing Board and the Managing Board members.

Representation

Article 17.

The company is represented by the Managing Board.

The representation authority is vested in two members of the Managing Board acting jointly.

Absence or prevention from discharge of duties

Article 18.

18.1. In the event that one or more Managing Board members is/are absent or prevented from discharging his/their duties, the remaining members of the Managing Board or the sole remaining member of the Managing Board shall be charged with the management of the company.

18.2. In the event that all members of the Managing Board or the only member of the Managing Board is absent or prevented from discharging their/his duties, the Supervisory Board shall temporarily be charged with the management of the company, with the Supervisory Board having the power to temporarily charge one or more persons, who may or may not be from its own number, with the management of the company.

Supervisory Board

Article 19.

19.1. The company has a Supervisory Board, consisting of five or more members; the Supervisory Board determines the number of members.

19.2. The Supervisory Board shall prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Board members.

The Supervisory Board shall discuss each amendment to the profile in the General Meeting and with the Works' Council.

19.3. Without prejudice to that which is also part of the Supervisory Board's duties under these articles, the Supervisory Board has the duty of supervising the Managing Board's policy and the general state of affairs in the company and the associated company.

It also gives advice to the Managing Board.

19.4. In performing their duties, the members of the Supervisory Board observe the interests of the company and the associated company.

19.5. In the event that the number of members of the Supervisory Board falls below the minimum number prescribed by these articles, the remaining members of the Supervisory Board or the remaining member of the Supervisory Board shall continue to constitute a lawful body, without prejudice to the obligation of said person(s) to immediately undertake measures to fill the vacancy/vacancies.

Appointment and resignation of the members of the Supervisory Board

Article 20.

20.1. The members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board.

20.2. Only natural persons may be appointed as members of the Supervisory Board. Members of the Supervisory Board may not be:

- a. persons employed by the company;
- b. persons employed by a dependent company;
- c. members of the Managing Board or persons working for a union who are normally involved in establishing the employment terms and conditions of the persons referred to under a and b.

20.3. The General Meeting and the Works' Council may recommend persons to be proposed as member of the Supervisory Board.

The Supervisory Board notifies them in time of when, why and in conformity with which profile a vacancy on the Supervisory Board must be filled.

The Supervisory Board is authorised to set a reasonable term within which recommendations must be made.

20.4. The Supervisory Board notifies the Works' Council of the name of the person it wishes to propose with due observance of section 2:142 subsection 3 Dutch Civil Code.

20.5. The Supervisory Board proposes said person, unless the Works' Council objects to the proposed recommendation pursuant to the fact that the provisions of article 20.3, second full sentence, or article 20.4 have not been complied with properly, or on the grounds that the person nominated shall not be suitable for the performance of the duties of a member of the Supervisory Board, or that, as a result of appointment in conformity with the proposal, the composition of the Supervisory Board shall not be appropriate.

20.6. The resolution to make an objection known must be passed in the first meeting of the Works' Council which takes place after receipt of the notification as referred to in article 20.4; said meeting shall be held no earlier than fourteen days after receipt of the notification.

The objection stating the reasons shall be reported to the Supervisory Board.

20.7. Notwithstanding the objection of the Works' Council, the proposal in conformity with the intention may be effected if the Enterprise Chamber of the Court of Appeal in Amsterdam (special division of the Amsterdam Court of Appeal with exclusive jurisdiction in a number of corporate proceedings), upon the request of a representative of the Supervisory Board designated for such purpose, declares that the objection is unfounded.

20.8. A statement of defence may be filed by a representative of the Works' Council appointed for that purpose, who has made the objection referred to in article 20.5.

20.9. For the purposes of this section, the Works' Council shall be taken to mean the Works' Council of the organisation of the company or the organisation of a dependent company.

In the event of more than one Works' Council the authorities of this section will be exercised by these Councils separately.

In the event that for the involved company or companies a central Works' Council has been established, the authorities of the Works' Council will pursuant to this section accrue to the central Works' Council.

20.10. The Board simultaneously notifies the General Meeting and Works' Council of the proposal. The proposal shall state the grounds on which it is based.

20.11. The General Meeting of Shareholders can reject the proposal in the event of an absolute majority of the cast votes representing at least one-third of the issued capital.

If the proposal was rejected with an absolute majority, however, not representing at least one-third of the issued capital at the meeting, a new meeting shall be convened in which the proposal can be rejected with an absolute majority of the votes cast.

In that case, the Supervisory Board shall draw up a new proposal. The articles 20.3 through 20.10 apply *mutatis mutandis*.

If the General Meeting decides not to appoint the proposed person and to reject the proposal, the Supervisory Board will appoint the proposed person.

20.12. Subject to the provisions in article 20.12, members of the Supervisory Board resign as per the close of the General Meeting held after four years after their most recent appointment is expired; members of the Supervisory Board who resign in such manner may be immediately reappointed. Members of the Supervisory Board may be appointed for a shorter term than four years, but no shorter than one year.

In compliance with the above, the Supervisory Board shall draw up a schedule of retirement by rotation.

Amendments to the schedule of retirement by rotation may not entail that a current member of the Supervisory Board resigns against his will prior to the expiration of the term for which he was appointed.

20.13. In the absence of all members of the Supervisory Board other than pursuant to article 21.4, the appointment is effected by the General Meeting with due observance of the provisions in section 2:159 Dutch Civil Code, applicable to the company.

20.14. With regards to the General Meeting, the notices by the Supervisory Board referred to in this article may be affected in the convocation of the meeting.

20.15. The members of the Supervisory Board receive remuneration as established by the General Meeting, which may consist of a fixed and a variable part.

Suspension and dismissal of members of the Supervisory Board

Article 21.

21.1. Members of the Supervisory Board may be suspended at all times by the Supervisory Board; the suspension expires by operation of law if the company, represented by the Supervisory Board, has not made a request to the Enterprise Chamber within one month after the commencement of the suspension that the suspended member of the Supervisory Board be dismissed on the basis of the grounds provided by law.

21.2. The resolution to suspend or to request that a member of the Supervisory Board be dismissed must be passed in a meeting of the Supervisory Board in which at least two-thirds of the active members of the Supervisory Board are present, provided that an absolute majority of the members of the Supervisory Board present vote in favour of the resolution.

21.3. If less than two-thirds of the said members of the Supervisory Board attend the meeting, a new meeting of the Supervisory Board shall be convened within two weeks, which shall decide regardless of the number of active members of the Supervisory Board in attendance, provided an absolute majority of the members of the Supervisory Board present vote in favour of the resolution.

21.4. The General Meeting can abandon its confidence in the Supervisory Board in the event of an absolute majority of the votes cast, representing at least one-third of the issued capital.

The decision must state the reasons on which it is based.

The decision cannot be made with regards to Supervisory Board members who have been appointed by the Enterprise Section.

21.5. A decision as referred to in article 21.4 is not made until the Managing Board has advised the Works' Council of the proposal and ground for that purpose.

The notification shall take place at least thirty days prior to the General Meeting in which the proposal will be discussed.

If the Works' Council defines its position about the proposal, the Managing Board shall advise the Supervisory Board and the General Meeting thereof.

The Works' Council may explain its position at the General Meeting.

Working method of members of the Supervisory Board

Article 22.

22.1. Members of the Supervisory Board shall appoint from their number a chairman and a vice-chairman and regulate the manner by which the other members of the Supervisory Board shall replace the aforementioned officers in the event of their absence or prevention from performing their duties.

The Supervisory Board may draw up regulations establishing their mutual working method and the internal division of duties.

22.2. The Supervisory Board shall meet as often as it is convened by the chairman, whether on his own initiative or upon the request of the Managing Board or two of the members of the Supervisory Board, but at least six times per year.

22.3. The Supervisory Board decides by an absolute majority of votes.

Insofar as not otherwise provided by these articles, the presence of an absolute majority of the number of active members of the Supervisory Board is required to pass resolutions; in the event the votes are tied, the chairman shall decide.

22.4. A member of the Supervisory Board shall not participate in deliberations and decision-making within the Supervisory Board on a subject in which he has a direct or indirect personal interest that conflicts with the interests of the company and its business. In this case, the decision shall be taken by the other members of the Supervisory Board. If all members of the Supervisory Board have a conflict of interest as referred to above, the decision shall nevertheless be taken by the Supervisory Board.

22.5. With the approval of the chairman, a member of the Supervisory Board can participate in each Supervisory Board meeting by telephone provided that the relevant member of the Supervisory Board is able to hear all Supervisory Board members participating in the meeting and that they can hear him; such member of the Supervisory Board shall in all cases be expected to attend such meeting and he will be able to cast a vote and in addition be capable of participating in such meeting as if he were present in person in such meeting.

With the approval of the chairman, the Supervisory Board may hold a meeting by telephone provided that all members of the Supervisory Board participating in such meeting can hear the other members of the Supervisory Board and that they can hear them.

22.6. Minutes shall be taken of the resolutions, said minutes being signed by both the chairman and the secretary.

22.7. Upon the request of the chairman, the Managing Board or two members of the Supervisory Board, the Supervisory Board is permitted to also pass resolutions outside a meeting, provided that all the members of the Supervisory Board who can be reached have been consulted, and if at least the majority of the active members of the Supervisory Board have declared in writing (including all forms of written texts, either by electronic means or otherwise) that they are in favour of said resolution and none of the members of the Supervisory Board objects to said resolution being passed in such a manner.

22.8. The signatures of two members of the Supervisory Board constitute proof for the company and its bodies of a resolution having been passed, of which mention is made in the declaration bearing said signatures.

22.9. The Supervisory Board has access to the company's offices and properties at all times and is authorised to inspect the company's documents.

22.10. The Supervisory Board shall appoint from among its members committees.

The Supervisory Board shall draw up a set of regulations for each committee, indicating at least the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties.

Accountant

Article 23.

23.1. The company shall commission a chartered accountant or another authorised expert under the law to investigate whether the annual accounts, as referred to in article 24.2, prepared by the Managing Board comply with the provisions set by law, whether - in so far he is able to assess - the annual report has been prepared in conformity with the provisions set by law and is consistent with the annual accounts, and whether the additional information required by law has been added.

23.2. The General Meeting is authorised to commission the expert; if the General Meeting does not proceed to instruct an expert to render services, the Supervisory Board shall be authorised to do so, or if the Supervisory Board fails to act, the Managing Board.

23.3. The appointment of the expert is not limited by any nomination whatsoever; the commission may be withdrawn by the General Meeting and by the body that granted the commission; in addition, a commission furnished by the Managing Board may also be withdrawn by the Supervisory Board.

The commission may only be withdrawn based on legitimate reasons as defined in Article 2:393 paragraph 2 of the Dutch Civil Code.

23.4. The General Meeting shall consult with the expert about its wishes regarding the withdrawal of the commission furnished to him or concerning its proposal to that end of which he has been informed.

23.5. The expert shall issue a report to both the Supervisory Board and the Managing Board. The expert shall include the results of his investigation in a statement.

Financial year, annual report and annual accounts

Article 24.

24.1. The financial year of the company equals the calendar year.

24.2. Annually within four months after the end of each financial year, the Managing Board shall prepare the annual accounts.

Within this period the Managing Board shall also prepare an annual report.

These documents will be prepared and published with due observance of the laws and regulations applicable to the company.

24.3. The annual accounts shall be adopted by the General Meeting.

24.4. From the day of the convocation for the General Meeting, intended to adopt the annual accounts, to the end of said meeting, the annual accounts including the accountant's statement and other information to be included pursuant to section 2:392 paragraph 1 Dutch Civil Code and the annual report shall be available for inspection at the offices of the company by the shareholders and by the holders of depositary receipts; copies of these documents are available to them free of charge.

24.5. The annual accounts are simultaneously presented for adoption to the General Meeting and submitted for discussion to the Works' Council, as referred to in section 2:158 subsection 13 Dutch Civil Code.

24.6. After the proposal for adoption of the annual accounts has been discussed, a proposal shall be brought forward in the General Meeting, in connection with the annual accounts and the relevant issues brought forward in the General Meeting, to release the members of the Managing Board from liability for their management.

Subsequently, the proposal shall come up for discussion to discharge the members of the Supervisory Board from liability for their supervision in the previous financial year.

Distributions, reserves, losses

Article 25.

25.1. The company may only pay dividends and make other distributions to the shareholders and other persons entitled to the profit available for distribution in so far as the shareholders' equity is higher than the amount of the paid up and called-up portion of the capital plus the reserves which must be maintained by law.

25.2. From the profit which was obtained in the most recently elapsed financial year, a dividend is first paid on the preference share if possible, said dividend being a percentage of the amount paid up on said shares, which percentage is related to the average yield on the five government loans with the longest term, calculated in the manner described below.

The calculation of the percentage of the dividend to be paid on the preference shares is effected by taking the arithmetical mean of the average actual yield on the loans referred to above, as published in the Official Price List of Euronext Amsterdam N.V., calculated over the first twenty stock exchange days of the last twenty-two stock exchange days preceding the day of the first issue of preference shares, increased by a percentage adopted by the Managing Board and approved by the Supervisory Board in the amount of at most half a percentage point, depending on the market conditions prevailing at the time.

If and to the extent the profit is not sufficient to fully pay the distribution referred to above in article 25.2, the deficit shall be distributed from the reserves.

25.3. In the event of withdrawal of the preference shares with a refund, a distribution shall be paid on the day of the refund on the preference shares withdrawn, which distribution shall be calculated as much as possible in conformity with the articles 25.2 and 25.4 and in proportion to time, to be calculated over the period starting from the day on which a distribution as referred to the articles 25.2 and 25.4 was last paid - or, if the preference shares were subscribed after the relevant day, starting from the day of subscription - until the day of the refund.

25.4. If, in any financial year, the profit or the distributable reserves are not sufficient to effect the distributions referred to above in this article, the provisions above in article 25.2, first two sentences, and the provisions in article 25.5 shall only become applicable in subsequent financial years after the deficit has been made up.

25.5. The after application of the articles 25.1 through 25.4 profit remaining after reservation shall be at the disposal of the General Meeting.

If the General Meeting decides to make a distribution, the distribution shall be paid to the holders of ordinary shares in proportion to their ownership of ordinary shares.

25.6. In so far as the General Meeting does not resolve to make a distribution of profit for any financial year, said profit shall be added to the reserves.

25.7. With the approval of the Supervisory Board, the Managing Board may resolve to distribute an interim dividend provided that the requirements of the articles 25.1 and 25.13 have been complied with.

The provisions in article 25.10 apply mutatis mutandis to the payment of the interim dividend.

25.8. The General Meeting may only resolve to make a profit distribution chargeable to a reserve available for distribution.

25.9. The General Meeting may resolve to make profit distributions - or also chargeable to a reserve available for distribution - in company shares or in depositary receipts, such without prejudice to the provisions in article 4 of these articles.

25.10. Profit distributions occur at the scene and the time determined by the Managing Board, but no later than within one month after the relevant resolution has been passed by the General Meeting.

Profit distributions are announced in the manner as prescribed by the laws and regulations applicable to the company.

25.11. Profit distributions, which have not been received within five years after the day on which they are eligible shall lapse to the company.

25.12. Interim distributions are effected in compliance with section 2:105 paragraph 4 Dutch Civil Code.

General Meeting

Article 26.

26.1. All General Meetings are held in Amsterdam.

26.2. An annual General Meeting is held within six months after the end of the financial year. General Meetings shall further be held as often as is required to fulfil the duties imposed by law or articles of association, and as often as the Managing Board or the Supervisory Board deems desirable, without prejudice to the provisions of law with respect to the convocation of a General Meeting pursuant to judicial authorisation.

Convocation, agenda

Article 27.

27.1. General Meetings are convened by the Supervisory Board or by the Managing Board.

27.2. The convocation of shareholders and holders of depositary receipts for the General Meeting shall be done in the manner as prescribed by the laws and regulations applicable to the company and with due observance of the terms therein. The convocation convening a general meeting for a decision to issue shares can be held, according to article 2: 115 paragraph 3 Dutch Civil Code, to a shorter notice period than the statutory notice period mentioned in Article 2: 115 paragraph 2 Dutch Civil Code. Such is possible when the conditions to impose measures under Article 1: 75a of the Dutch financial supervision Act are met and the issuance of shares is necessary to prevent the conditions for unwinding as referred to in section 3A: 18, first paragraph. If a General Meeting is called, by shorter notice period than referred to in the preceding sentence, the record date as referred to in Article 30.4, will be the second day after the convocation.

27.3. An item of which consideration has been requested in writing by one or more holders of shares or depositary receipts that are entitled to do so in accordance with the next sentence, shall be included in the convening notice or announced in the same manner, provided that the company has received such substantiated request or a proposal for a resolution, not later than the sixtieth day before the day of the meeting.

Consideration may be requested by one or more holders of shares or depositary receipts representing jointly or separately at least three percent (3%) of the issued capital or according to the Official Price List of Euronext Amsterdam N.V. represent a value of at least fifty million euros (EUR 50,000,000).

The requirement of a written request as referred to in this article 27.3 is met if the request is recorded electronically.

27.4. All data that are prescribed by law and these articles of association will be mentioned at convocation.

Chairmanship

Article 28.

28.1. The General Meetings are presided over by the chairman of the Supervisory Board or by the vice-chairman, or in absence of the latter by another member of the Supervisory Board appointed for that purpose by the present members of the Supervisory Board.

The Supervisory Board may however, appoint another person to preside over the meeting.

28.2. If all members of the Supervisory Board are absent or fail to perform their duties and the Supervisory Board has not appointed another person as chairman, the meeting itself shall appoint a chairman, on the understanding that as long as said appointment has not taken place, the chairmanship shall be temporarily performed by a member of the Managing Board appointed for that purpose by the present members of the Managing Board.

Minutes

Article 29.

29.1. Minutes are taken of the business transacted in the General Meeting by a secretary appointed by the chairman - unless notarial minutes of the meeting are drawn up - with said minutes being adopted by the chairman and the secretary, and signed in witness thereof.

29.2. If notarial minutes are drawn up of the business transacted, the co-signing of the minutes by the chairman shall suffice.

29.3. The confirmed minutes or the notarial minutes of the meeting shall be available for inspection at the offices of the company by the persons entitled to attend the meeting.

Upon request, each of the relevant persons shall be furnished with a copy of or extract from the minutes at no more than the cost price.

Meeting rights

Article 30.

30.1. Every holder of shares who is entitled to vote, every usufructuary of shares who is entitled to vote has the right to attend the General Meeting - in person or through a written authorised agent - and speak during the meeting and exercise voting rights, provided that the Managing Board is provided with written notice of the intention to attend the meeting.

Said notice must be received by the Managing Board no later than on the third day prior to the meeting.

30.2. Every holder of depositary receipts for shares issued with the co-operation of the company (which, for purposes of this paragraph, does not include the holders of shares without voting rights and usufructuaries of such shares with voting rights) is entitled - in person or through a written authorised agent - to attend the General Meeting, speak during the meeting and exercise voting rights.

30.3. Every holder of shares who does not have voting rights is entitled - in person or through a written authorised agent - to attend the General Meeting and speak during the meeting, provided that the Managing Board is provided with written notice of the intention to attend the meeting. Said notice must be received by the Managing Board no later than on the third day prior to the meeting.

30.4. Articles 30.1 until 30.3 apply, if and when the company's shares are admitted to trading on a regulated market within the meaning of the Financial Supervision Act, or, if that is not the case, when the Managing Board has determined that persons with voting rights and/or meeting rights and are rightful claimant to shares, are, (i) at the by law prescribed or authorised date (the "record date") for the company a person with voting rights and/or meeting rights and rightful claimant to shares, and (ii) are registered in a register appointed by the Managing Board that register(s) (or one or more parts thereof) (the "register"), provided that (iii) the person with voting rights and/or meeting rights confirms in writing of his intention to attend the general meeting no later than the deadline set by the Managing Board, irrespective of who at the time of the General Meeting is a person with voting rights and/or meeting rights.

With respect to shares and depositary receipts issued with the cooperation of the company issued that are included in a collection deposit or giro deposit, the notice referred to in the previous sentence shall be sent by the associated institution concerned at the request of the person with voting rights and/or meeting rights. The notice must state the name and the number of shares and/or depositary receipts for which the person is entitled to vote and/or to attend the General Meeting.

30.5. Holders of a voting right and/or a meeting right can be represented by a person holding a written proxy. The requirement of a written proxy is met if the proxy is electronically recorded. The proxy holders only have access to the General Meeting if the proxy is received, whether or not by electronic means, by the company, not later than the day and place as mentioned by convocation.

30.6. Every holder of voting rights or his representative must sign the attendance list, stating his name and -regarding the holder of shares who is entitled to vote – the number of votes to which he is entitled, and in the case of a proxy also the name (names) for those he represents.

30.7. Each share confers the right to cast one vote.

30.8. The members of the Supervisory Board and the members of the Managing Board have, in their capacity, an advisory vote in the meeting.

30.9. The chairman makes decisions about the admission of other persons besides those referred to in the previous paragraphs.

30.10. If so determined by the Managing Board, each holder with voting rights and/or meeting rights or a holder of a written proxy (or a proxy holder with electronically recorded proxy) has the right, by means of electronic communication, to attend the General Meeting, to participate and, in case he is entitled to the voting rights, to exercise his voting right.

30.11. Before the Managing Board determines that the provisions of article 30.10 will be applicable, the Managing Board will draw up regulations in which among other things conditions as referred to in section 2:117a subsection 3 can be included.

The applicable conditions included in the regulations will be published by convocation of the General Meeting or the convocation will state in which manner, for example by electronic means, one can take notice of the conditions. The regulations will contain provisions as to the consequences of failures in the electronic means of communication, amongst others, in connection with the arrangement of the quorum requirements applicable to the adopting of resolutions at meetings.

Decision-making

Article 31.

31.1. All resolutions shall be passed with an absolute majority of votes, in so far as a greater majority is not prescribed by law or these articles.

31.2. If the votes are tied, the proposal shall be rejected.

31.3. The chairman shall determine the method of voting.

Voting by acclamation is possible, provide that none of the present persons entitled to vote oppose.

31.4. The judgement of the chairman pronounced at the meeting that a resolution has been passed by the General Meeting is definitive.

The same applies to the content of a resolution passed in so far as voting occurred with respect to a proposal not laid down in writing.

If, however, immediately after the said judgement is pronounced, the correctness thereof is disputed, a new vote shall occur, if required by a majority of the present persons entitled to vote, or in the event that the original voting was not effected by roll-call or in writing, required by a present person entitled to vote.

The legal effects of the original vote shall be nullified by the new vote.

Meeting of holders of preference shares

Article 32.

32.1. A meeting of preference shares holders shall be convened as often and in so far as a resolution from the meeting of holders of preference shares is desired, and further, as often as the Managing Board and/or the Supervisory Board decide(s) as such.

32.2. Preference shares holders have the right to attend the meeting.

The convocation for a meeting of preference shares holders is affected by letter sent to the persons referred to in the previous sentence.

The convocation states the items to be discussed.

32.3. Articles 27.1, 28, 30.6 and 30.7, as well as the articles 31.1 through 31.3, apply mutatis mutandis to meetings of holders of preference shares.

32.4. Valid resolutions may be passed in a meeting of preference shares holders in which the entire subscribed capital in the form of said shares is represented, even if the regulations regarding the location of the meeting, the manner of convocation, the term for convocation, and the identification in the convocation of the items to be discussed have not been complied with.

32.5. Holders of preference shares are also entitled to pass all resolutions without holding a meeting, which they are able to pass in a meeting.

A resolution may only be passed without holding a meeting if all holders of preference shares have stated in writing that they are in favour of the proposal, and provided that the Managing Board and Supervisory Board have been given the opportunity to give their recommendation on the proposal.

Amendment of the articles of association, merger, split-up and dissolution

Article 33.

33.1. A resolution to amend the articles, to effect a legal merger or split-up or to dissolve the company may only be passed by the General Meeting in a meeting in which at least two-thirds of the subscribed capital is represented.

33.2. If the required capital is not represented in the General Meeting, a new General Meeting shall be convened, to be held at least eight and no later than ten weeks after the first meeting, in which, irrespective of the capital represented, a resolution may be passed on the proposal to amend the articles, legal merger or split-up or dissolution.

The convocation for the new meeting must indicate and explain why a resolution may be passed irrespective of the capital represented.

In the event a proposal is to be made in a General Meeting to amend the articles, effect a legal merger or split-up or dissolve the company, this must always be stated in the convocation for the meeting, and, if amendment of the articles is involved, a copy of the proposal, in which the proposed amendment is included literally, must at the same time be deposited for inspection at the offices of the company, and provided free of charge to shareholders and depository receipt holders, until after the meeting.

33.3. The provisions in this article concerning legal merger or split-up do not affect the powers of the Managing Board as referred to in sections 2:331 and 334ff Dutch Civil Code.

Liquidation

Article 34.

34.1. In the event of dissolution of the company, the liquidation shall be effected in compliance with the statutory provisions.

During the liquidation, the articles shall remain in effect to the extent possible.

34.2. The remaining part of the company's assets after payment of all debts and liquidations shall be distributed as follows:

- a. first, insofar as possible, the holders of preference shares shall receive the nominal amount paid-up on their preference shares, plus an amount equal to the percentage of the amount required to be paid up on the preference shares as referred to in article 25.2, calculated over each year or portion of a year in the period which begins on the day following the period for which the last dividend on the preference shares was paid and which ends on the day of the distribution on the preference shares referred to in this article;
- b. the remaining amount shall be distributed to the holders of ordinary shares, in proportion to the number of ordinary shares that each of them owns.

The company's books and documents shall be deposited for the number of years prescribed by law with the person designated for that purpose by the liquidators.