

ASN-NOVIB FUND ANNUAL REPORT 2006



ASN Bank's Mission

Algemene Spaarbank voor Nederland, ASN N.V. ("ASN") has assigned itself a mission in its capacity as a business. The aim of this mission is to achieve a better world. According to ASN Bank, this requires a society in which sustainability is paramount.

This corporate philosophy, which ASN pursues as a bank, is expressed in a mission statement which reads as follows:

ASN Bank is a business that wishes to promote sustainability in society and allows its financial operations to be guided by this. We view sustainability in society as working together to achieve changes which seek to put an end to processes whose negative consequences are shifted to the future or are foisted onto the environment, wildlife or impoverished people. Our financial actions reveal an acknowledgement of the need to achieve a long-term return that will ensure a healthy future for ASN Bank, and to manage the funds entrusted to us in a manner which meets the expectations of our clients in this respect.

Oxfam Novib's mission

Oxfam Novib endeavours to achieve sustainable development by supporting projects undertaken by impoverished people in developing countries and by giving them a voice. Oxfam Novib has three aims in this respect: to tackle poverty structurally with our partners in Africa, Asia, Latin America, the former Soviet Union and Eastern Europe, to provide people with better information here, and to promote the interests of the poorest people in our decision-making. In order to tackle poverty Novib prefers to collaborate with local organisations that work with and for the most impoverished people. Oxfam Novib would like to help them improve their living conditions with the aid of financial contributions and the provision of services.

Reading guide

This report consists of three parts. Following the report of the Supervisory Board, the second part takes the form of **the fund manager's report** along with a list of all relevant **key figures**.

The third part consists of the unabbreviated **financial statements**.

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Important dates

Annual meeting in Amsterdam:	Friday, 20 April 2007
Ex-dividend:	Tuesday, 24 April 2007
Dividends rendered payable:	Wednesday, 2 May 2007

Report of the Supervisory Board

To the general meeting of the unit holders of the ASN-Novib Fund.

We are presenting you with the annual accounts for the 2006 financial year, which have been prepared by the fund manager, along with the latter's report.

KPMG Accountants has issued an unqualified auditor's report in respect of these annual accounts.

A decision has been taken to issue a dividend of EUR 0.60 per investment unit.

We have concluded that the manager has prepared the annual accounts and report in accordance with the provisions of the fund's terms and conditions of custody and management, and has ensured their timely presentation to the meeting of unit holders.

The Board has satisfied itself that the manager exercised due care in the performance of his managerial duties during the year under review in line with the fund's terms and conditions of custody and management.

We would like to thank the manager, the Advisory Committee, Oikocredit and Triple Jump B.V. for the policy that has been pursued and the staff of ASN Bank for the manner in which they have performed their work for this fund.

The Hague, 21 March 2007

The Supervisory Board
P.J. Knollema, Chairman
M.P. van Dijk
H. Siewertsen
J.C. Verheij

Manager's report

General

In the past year the fund's net assets have risen from EUR 35.2 million to EUR 53 million (up by EUR 17.8 million). Somewhat more than 340,000 new units were issued on balance. The net asset value of each unit edged up from EUR 51.00 to EUR 51.30 (up 0.6%). The fund's strong growth is due to a campaign conducted in the last few weeks of 2006. More than 1,600 new investors also found their way to the fund in 2006. The fund's growth was made possible by our new project manager, Triple Jump, which succeeded in placing new investments worth EUR 17 million in 2006.

Although the fund was only open to ASN Bank customers for the purposes of the campaign conducted in December and January, the influx of new funds in the course of it was so large, that the fund again had to be closed before the New Year. With its capital amounting to somewhat more than EUR 53 million on 31 December, the fund no longer satisfied the primary purpose criterion (70%) based on the Tax Office's actuarial rules. In this case the fund's net assets may not amount to more than 10/7 of its outstanding loans and units.

Depending on the issue price, a proposal to issue a dividend of EUR 0.60 amounts to the achievement of a gross dividend yield of approximately 12%. As of 2006 no further capital transfer tax (0.55%) was payable in respect of the new influx of funds, while it is anticipated that no further dividend tax need be withheld when the dividends are issued as of 2007 following the amendment of the relevant legislation. The amendment of the legislation in this respect was delayed as a result of the fall of the Balkenende III government. Nevertheless the dividend tax was reduced from 25% to 15%.

Triple Jump

On 12 May Triple Jump was officially established and commenced operations. Triple Jump is a

community enterprise with the aim of investing available western capital more expeditiously in developing countries, so as to accelerate the struggle against poverty. In this respect Triple Jump does not merely focus on mature microfinance institutions (MFIs). Triple Jump would also like to dedicate itself to obtaining expertise and capital for MFIs that are starting up and expanding. It will be assisting MFIs by providing them with expertise, equity and donations, while supplying high-risk loan capital to those MFIs that are leaving their start-up stage and are evolving towards maturity. It will also provide low-risk loan capital to mature, stable MFIs.

Triple Jump is a joint venture of ASN Bank, Oxfam Novib, Nots and DOEN Foundation. It is starting out as a hive-off of part of the Financial Services Unit of Oxfam Novib and its first task will see it assume responsibility for investments in the ASN-Novib Fund in its capacity as a project manager. The loan portfolio of Oxfam Novib itself will then follow. Triple Jump is hoping to develop into an enterprise with an equity and loan portfolio of EUR 100 million within five years.

Advisory Committee

In an extraordinary meeting of unit holders held on 26 September the latter were consulted about the proposal to abolish the Advisory Committee and to incorporate its work in the Triple Jump credit committee. The Supervisory Board also consented to this change at the end of November. With regard to its members, Adriaan Loeff and Willy Wagemans took their leave after being thanked for services rendered, while Dorine Putman has joined the credit committee of Triple Jump B.V.

Meeting of unit holders

A meeting of the unit holders of the ASN-Novib Fund was held on 21 April 2006. More than 70 unit holders attended this meeting. The growth of the fund to EUR 35 million is a source of



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satisfaction, although there is still some concern as to whether enough loans can be granted to satisfy the tax requirement that 70% of the fund's net assets must be invested. In this connection the question has again been raised as to whether there are any additional opportunities for local currency investments. The Supervisory Board has agreed to make loans and/or units available in four local currencies (those of Kenya, Mexico, Mongolia and Peru) subject to a maximum of 15%. In addition, efforts will continue to be made to establish a guarantee fund to cover the foreign exchange risks involved in local currency loans.

The meeting closed with an exciting presentation given by Mark van Doesburgh, the managing director of Triple Jump B.V. about this new company's plans for the future.

Licence granted

The Wet toezicht Beleggingsinstellingen [Investment Institutions (Supervision) Act] (WtB), which came into effect on 1 September 2005, entails that existing licences held in the name of investment funds must be replaced by a single licence for the manager of those funds, ASN Beleggingsinstellingen Beheer B.V. In addition, the new legislation and regulations also had the effect of requiring that all of the prospectuses and financial inserts be updated. This process has since been completed. The fund manager was granted a licence on 5 May 2006. The new prospectuses and financial inserts are available or may be found on the ASN Bank website along with all sorts of other information which needs to be published on this website in accordance with the regulations.

Administrative structure and internal control

We have a description of our administrative structure and internal control which complies with the requirements stipulated in the Wet toezicht beleggingsinstellingen [Investment Institutions (Supervision) Act] and the Besluit toezicht beleggingsinstellingen [Investment Institutions (Supervision) Decree] 2005. During the year under review we assessed various aspects of our

administrative structure and internal control. In the course of our work we did not find anything based on which we would have to conclude that the description of our administrative structure and internal control referred to in Section 8 of the Besluit toezicht beleggingsinstellingen 2005 does not comply with the requirements stipulated in that decree and related regulations. Nor did we find that our administrative structure and the measures adopted for the purposes of internal control are not effective or fail to perform in accordance with that description.

Key figures

ASN-Novib Fund

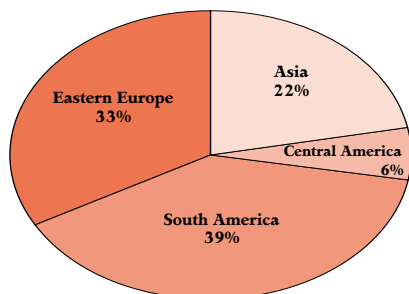
Year	Total Income (in EUR thousands)	Total Expen- diture (in EUR thousands)	Net Assets (in EUR thousands)	Yield including Reinvestments	Dividends Paid €	Number of units in Issue	Net Asset Value per Unit
2006	2,003	1,003	53,011	2.3%	1.00	1,033,326	€ 51.30
2005	1,117	554	35,194	3.4%	0.60	690,124	€ 51.00
2004	618	471	20,843	1.2%	0.60	414,444	€ 50.29
2003	456	337	9,107	1.8%	0.90	180,320	€ 50.50
2002	368	242	8,035	1.9%	0.95	158,330	€ 50.75

The yield is based on the price of the end of the year issue prices

Total cost ratio in 2006	3,70%
Expense ratio in 2006	2,49%
Turnover ratio in 2006	-20,15%

The so-called turnover ratio is of limited significance to the ASN-Novib Fund, because no active management (purchases and sales) occurs in respect of its existing loan and investment unit portfolio.

Geographical Spread



Net Asset Value

Net asset value at year-end 2006	EUR 51.30
Net asset value at year-end 2005	EUR 51.00
Dividend for 2005 financial year	EUR 1.00
Fund assets (in EUR millions)	53.01
Number of units in issue	1,033,326

Yield

1 month	0,10%
3 months	0,69%
12 months	2,27%
Average for 3 years	2,27%
Average for 5 years	2,10%

Five Largest Debtors

Pro Credit Bank Service	5.7%
Banco Solidario Ecuador	4.7%
Mikrofin	4.2%
Confianza	3.8%
Edyficar	3.8%

Percentages refer to the fund's net assets.

Management fees

The annual fees for the management of ASN Bank's investment funds are payable in their entirety to ASN Beleggingsinstellingen Beheer B.V., which is responsible for managing and administering these funds. The income covers all of the costs involved in managing and administering these funds. This includes the costs involved in staffing, organisational aspects, marketing, asset management, sustainability and analyses, administrative and other services (including consultancy), the accountant's and custodial fees, and other expenditure.

Because all of the income relates to the value of the assets that are managed (the fee represents a percentage of this) and the costs involved in asset management, administrative services and custodial fees are also calculated as a percentage of the assets that are managed, the result is to a large extent determined by changes to these assets. Due to an increase in the assets of all of the investment funds that are managed, which was larger than anticipated, this produced more income than had been budgeted for. Ultimately, this left us with a surplus of a little more than EUR 3 million before tax for the management of all of the investment funds in 2006. This surplus accrues to ASN Bank.

Of the labour costs, management of all of the funds (remuneration including pension contributions) accounted for a sum of EUR 246,000 based on a staffing complement of 1.5 FTEs. Of the total sum, the fixed and variable components of managerial remuneration amounted to EUR 171,000.00 and EUR 36,000.00 respectively, while pension contributions accounted for EUR 39,000.00. These costs are debited proportionately to the funds' net assets.

Fund structure

Until 11 December 1999 the ASN-Novib Fund was a closed end investment fund, which had been established by ASN Bank and Stichting Novib. Both organisations had contributed EUR 681,000.00 to the fund by way of starting capital.

Each of the two organisations nominated two members to serve on the fund's Supervisory Board. ASN Beleggingsinstellingen Beheer B.V. is responsible for the position of the fund manager, while Triple Jump and Oikocredit serve as its project managers. Custodial duties are the responsibility of Pettelaar Effectenbewaarbedrijf N.V.

The ASN-Novib Fund enables intermediary financial institutions to fund their investment and credit projects. The fund seeks to help combat poverty by funding small-scale businesses in developing countries. Special attention is devoted to the social aspects of the loans that are provided.

Credit facilities

Triple Jump plays the role of project manager in its capacity as the successor to Oxfam Novib. Although Oikocredit already held this position, by virtue of the fact that it has established its own Dutch fund, it is only managing those projects which it had previously presented. In its role as project manager, Triple Jump expects to benefit from the knowledge of countries and specific expertise in relation to microcredit organisations held by Triple Jump Novib. Triple Jump presents investment proposals to the fund manager. Based on this the latter decides whether or not to finance a specific project after receiving advice from the Advisory Committee.*

* abolished on 27 November 2006.

The following loans were added to the portfolio during the past year.

	(in EUR thousands)
AGROCAPITAL, BOLIVIA	1.142
BANCO SOLIDARIO, ECUADOR	2.498
CONFIANZA, PERU	2.000
CONSTANTA, GEORGIE	800
CRECER, BOLIVIA	1.575
EDYFICAR, PERU	2.000
FINCA, AZERBAIJAN	784
FINCA, ECUADOR	1.174
FINCA, KYRGYSTAN	1.416
KLF, KAZAKHSTAN	1.600
NIEBOROWSKI, NICARAGUA	971
ODEF, HONDURAS	1.172
Total	17.132

Through these large loans the ASN-Novib Fund is indirectly helping thousands of small businesses, which were previously unable to secure a loan from any of the official banks or had to rely on the high interest rates charged by profiteers. Consequently, they are financial service providers that in turn use their loans to finance the provision of mainly small loans to business start-ups or street traders. The loans provided to Aceda, Banco Procredit, Mikrofin, Prizma and XAC Bank are extensions to or increases of existing ones. Apart from these new loans the fund acquired a participating interest of EUR 267,612 in Crear Arequipa in Peru.

Last year we stated that, if at all possible, it would be desirable to proceed with the provision of local currency loans in order to secure a further increase in the credit facilities granted, provided that the foreign exchange risks involved could be covered. In addition to the possibility of a guarantee fund, we examined whether higher interest rates on the relevant loans or the use of appropriate financial instruments could be useful in this respect. The Supervisory Board has since agreed to a policy which will make it possible to provide loans in carefully selected local currencies, offsetting (in part) the foreign exchange risks with a higher interest rate on them.

Part of a loan was provided to XAC Bank in Mongolia in the local currency (EUR 394,633.00).

Crear Arequipa, Peru

Crear Arequipa is a medium-sized microfinance institution which focuses on small, urban businesses. It is active in Lima and Arequipa, the second largest city in the country. At present the organisation has 26,000 customers, 55% of whom are women, and the average loan amounts to about EUR 700.00. The total value of its portfolio expanded by 65% last year and now exceeds EUR 19 million. These growth figures exceed those of virtually all other similar types of organisations in Peru. The ASN-Novib Fund lent it USD 800,000.00 in 2005. In 2006 Crear Arequipa asked the ASN-Novib Fund to invest directly in its equity capital. This would give the company enough capital of its own to obtain a licence to hold public savings in addition to providing loans. The ASN-Novib Fund decided to invest a sum of USD 350,000.00, amounting to 7% of shareholders equity. This represents the first equity investment on the part of the ASN-Novib Fund. In the meantime an application to hold public savings has been granted by the central bank authorities. This is a significant step for Crear Arequipa en route to becoming a more mature financial institution.



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A description is provided below of the fund's new loans and projects.

Agrocapital, Bolivia

Agrocapital is an NGO that operates in the smaller cities and in rural areas in Bolivia. The total value of its portfolio amounts to EUR 16 million and it serves 7,000 customers. Agrocapital focuses mainly on the productive sectors of Bolivia involving both agricultural businesses and some in the cities. It distinguishes itself from most other financial institutions in that it offers relatively large, long-term loans.

At present Bolivia is experiencing relatively major changes, which could also have implications for the financial sector. Its current president, Evo Morales, has indicated that the government wishes to provide greater support for the productive sectors in the country, amongst other things, by offering more affordable loans (government and otherwise). This could bring more pressure to bear on organisations such as Agrocapital to lower interest rates further. In view of the fact that interest rates are already at a low level in Bolivia compared with most other countries in the region due to competition, this could produce a disruption of the market, with the result that ultimately fewer people instead of more will have access to credit facilities for production.

Although it is still difficult to see what the effect will be of the state intervention that has been announced, the ASN-Novib Fund will continue to monitor developments closely, so as to avoid unnecessary risks.

Banco Solidario, Ecuador

In the last 10 years Ecuador has had six different presidents, three of whom have resigned under pressure from street protests. At the end of the 1990s many banks went bankrupt as a result of a financial crisis, which led to the local currency being replaced by the US dollar. Rapidly rising unemployment and growing poverty accelerated the demand for microcredit. At present 1.5 million micro-businesses are serving approximately

half of the population.

Banco Solidario (BS) started out as an NGO 10 years ago. In 1996 it transformed itself into a bank and now acts as the largest provider in the country with more than 150,000 customers. One of BS' strengths is its highly varied range of products which are geared to accommodate the requirements of small businesses. With 34 branches BS covers 90% of Ecuador. Nevertheless, competition has been growing increasingly fiercer in recent years. BS' innovative products are being copied and the bank has to fight hard in order to ensure that it does not lose too much market share. However, competition is good for small businesses, which pay less interest as a result. In addition to loans for small businesses, BS also provides some to allow people to buy or renovate homes, as well as services such as funds transfers from abroad. The latter is important, because 2 million of the 13 million Ecuadorians work in other countries. Using a loan of USD 3 million provided by the ASN-Novib Fund, it is possible to serve 2,000 small businesses by offering them one in turn.

Confianza, Peru

Confianza is a medium-sized regulated microcredit organisation in Peru, which originated in the NGO, SEPAR (a development organisation), in 1993. SEPAR was based in the city of Huancayo, the centre of a very poor region in the Andes area of Peru. In 1998 its lending operations were incorporated into an *edypyme*. The latter is a regulated organisation which is not allowed to hold savings or deposits. As a result Confianza could be expected to lag behind other regulated organisations which are able to achieve growth based on affordable savings and deposits. Nevertheless, for two years now Confianza has been one of the fastest growing microcredit institutions in Peru. Confianza exhibits considerable creativity in the services it provides to its customers. The Andes identity is at the heart of this. In Lima Confianza concentrates on the provision of credit facilities to migrants from the Andes region. It is in the Andes region that Confianza provides more rural

loans than its competitors, even to farmers.

For the time being Confianza is financing its expansion with loans from Peruvian and foreign organisations which support microfinance. One of these loans is for EUR 2 million, which the ASN-Novib Fund provided in 2006. In turn this enables Confianza to provide at least 2,600 micro-businesses with funds. At the end of 2006 Confianza had 35,510 outstanding loans varying from those for productive activities to those for accommodation and consumers' basic necessities of life. With a view to the future Confianza is considering whether to apply for a licence which will provide it with the scope to hold deposits in the local capital market. This would further increase Confianza's competitiveness, which is already strong.

Constanta, Georgia

Constanta is the largest microfinance organisation in Georgia which is not a bank. Established in 1997 at the initiative of a group of local staff in an international humanitarian organisation, it focuses on providing individual and group loans to small businesses in the cities and in rural areas. Since Europe's velvet revolution and the consequent disappearance of collective and state enterprises, many Georgians have lost their job. With a rather sluggishly emerging alternative economy and rapidly increasing unemployment, destitute Georgians are seeking refuge en masse in micro and small businesses to earn a living. A burgeoning trade sector is the result. Constanta is capitalising on this effectively and is managing to assist many small businesses with its loans. At present it has more than 20,000 outstanding loans. Acting in compliance with new microfinance legislation, the Constanta foundation will undergo a transformation into a commercial entity in 2007. This ties in with the organisation's managerial strategy which is increasingly focusing on sustainability and profitability. As part of this process it will have to make a permanent break with its less commercially focused past, which will entail a cultural transformation within the organisation. In the future Constanta would like

to obtain a banking licence, which will enable it to hold savings. At present the ASN-Novib Fund is helping Constanta with a loan of EUR 800,000.00. An additional USD 1 million has already been approved.

Crecer, Bolivia

Over the years the organisation, Crecer, has developed a smart methodology for providing services to businesswomen. At the end of 2006 Crecer already had almost 100,000 female customers spread throughout a large part of Bolivia. As such, it was amongst the largest unregulated organisations in Bolivia. It plans to double its number of customers and the size of its portfolio within three years. They use the loans to expand their small businesses, which enable them to support their family and send their children to school.

In order to focus on the poorest groups Crecer only offers group loans. This method entails that 20 to 40 people form a group and stand surety for each other but no other personal guarantees are required. This means that female customers, who are unable to receive a loan from most other banks without some type of guarantee, are welcome at Crecer. However, with an average loan value of EUR 170.00 the organisation is really operating at the lower end of the market. Apart from loans, women also receive additional support in the form of training and technical assistance to establish a business. This combination of services has shown itself to be very successful in Bolivia given the rapid growth which Crecer has experienced in recent years. In order to help Crecer with this the ASN-Novib Fund has approved a loan of USD 2 million with an option to increase it in 2007.

Edyficar, Peru

Typical of the Peruvian economy is a huge amount of small businesses, the bulk of which operate informally. More than 75% of the workforce is active in small businesses. Nowhere else on the continent is this percentage so high. Edyficar is one of the largest microfinance institutions and focuses on small businesses both in the cities



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and in rural areas. It is active throughout Peru and has a total of 24 offices. By operating not only in the large cities but also in remote areas, Edyficar wishes to make a contribution towards the creation of employment opportunities outside the large cities especially Lima. At present the overall value of its outstanding loans amounts to EUR 45 million with which it serves 70,000 customers, 56% of whom are women. Most of these customers are on a small income and have little that would qualify as security for a formal bank loan. The average loan amounts to EUR 640.00. At present Edyficar does not yet have a licence to hold savings, something which the organisation would like to have. For this reason it is currently involved in obtaining a special licence from the financial authorities in Peru, which will enable it not only to provide its customers with loans in the future but also to offer them alternative forms of savings. To date Edyficar is the largest organisation in Peru to which the ASN-Novib Fund has provided a loan. In total the fund has lent Edyficar EUR 2 million, so as to enable it to satisfy the growing demand for microcredit.

Finca, Azerbaijan

Finca was established by the global microfinance network, FINCA International, in 1998 with the aim of providing loans to impoverished entrepreneurs in the cities and rural areas of Azerbaijan. Finca employs its renowned "village banking" method in Azerbaijan, which involves groups of five to 15 entrepreneurs who do not have sufficient security to obtain traditional loans standing surety for each other, so as to obtain access to financial assistance. The vast majority of Finca's customers are women, who usually use their loans to expand their small businesses in order to be able to support their families. With an average loan value of EUR 300.00, Finca operates at the lower end of the market. As soon as the various businesses expand and its customers are able to borrow more money, they may be eligible for larger individual loans. Recently Finca added a rural credit facilities product to its portfolio, which is mainly directed towards exceedingly impoverished people in the rural areas

of Azerbaijan. Since Europe's velvet revolution, which was accompanied by the disappearance of many formal jobs due to the collapse of state and collective enterprises, private businesses have become an important source of income for many Azerbaijani.

Access to funds is exceedingly limited, which is why Finca's approach is having a major impact. At present Finca is providing financial assistance to 46,000 customers and its overall outstanding loan portfolio amounts to EUR 15 million. In order to enable Finca to provide loans to small businesses, the ASN-Novib Fund is supporting it with a loan of USD one million.

Finca, Ecuador

Finca is a fine example of an organisation which has been successfully providing microloans to the poor for years now. Offering credit facilities, Finca focuses on impoverished entrepreneurs in both the city suburbs and the rural areas of Ecuador. 90% of the borrowers are women, who usually use their loans to fund their small businesses and are thereby able to support their families and send their children to school. Finca offers group loans in order to reach the poorest people. Using this method, groups comprising 20 to 30 members stand surety for each other but no other personal guarantees are demanded. This means that poor people, who are unable to obtain a loan from the commercial banks without any guarantee, are welcome at Finca. However, with an average loan value of EUR 300.00, the organisation is truly operating at the lower end of the market. As soon as the various businesses expand and its customers are able to borrow more money, they may also be eligible for larger individual loans.

Most of its customers also have a savings account. Not only is this important in that it represents an additional service for its customers, but holding savings means that Finca is also able to provide loans to more customers. At present Finca has 50,000 customers and the value of its portfolio amounts to USD 22 million. The ASN-Novib

Fund has approved a loan of USD 1.5 million.

Finca, Kirghizistan

Finca is affiliated to the global microfinance network, FINCA International. Since 1995 Finca has been providing loans in Kirghizistan to the marginalised people in the cities but also those in more remote areas who normally have limited access to funds for their economic activities. Finca reaches these customers by utilising a “village banking” method, which entails that groups of five to 15 entrepreneurs who do not have adequate security to secure a traditional loan, stand surety for each other, so as to obtain access to funds. In addition, Finca also provides larger individual loans to those clients who are able to borrow more money. The vast majority of Finca’s customers are women, who usually use their loans to expand their small businesses, so as to support their families. With an average loan value of EUR 375.00, Finca operates at the lower end of the market. Since Europe’s velvet revolution, which was accompanied by the disappearance of many formal jobs due to the collapse of state and collective enterprises, private business has become an important source of income for many Kirghizistanis. The country is still beset by social and political unrest and many of its inhabitants live in exceedingly destitute conditions. Access to funds is limited and for this reason Finca’s approach is having a major impact. At present Finca provides financial assistance to 36,000 customers and its overall outstanding loan portfolio amounts to EUR 14 million. In order to enable Finca to provide loans to even more small businesses, the ASN-Novib Fund is supporting it with a loan of USD 1.8 million.

Kazakhstan Loan Fund (KLF), Kazakhstan

In recent years Kazakhstan has been exhibiting substantial growth of 8% to 10% per annum, which is largely due to oil extraction and a sharp rise in oil prices. Although Kazakhstan is one of the wealthier countries in the region, a significant proportion of its 15 million inhabitants does not yet have access to financial services. Compared with the rest of Asia, microcredit was

late in getting off the ground in the countries of central Asia. The Kazakhstan Loan Fund (KLF) commenced operations in 1997 being the first non-banking financial institution in the country to provide microloans. Since 2004 KLF has been exhibiting rapid growth. In June 2006 its loan portfolio amounted to EUR 17.5 million, thereby reaching 20,500 customers, of whom approximately 80% are women. As such, KLF is by far the largest MFI in Kazakhstan and has ambitious plans for growth. The organisation wants to be the first MFI to transform itself into a microfinance bank, which is planning to have 40,000 customers by 2008 already. It provides both group and individual loans and has recently also been providing loans to farmers. Its expenditure is still on the high side, which is not surprising, because Kazakhstan is three times the size of France and it is difficult to reach customers cost-effectively. In August the ASN-Novib Fund provided a loan of EUR 1.6 million to KLF, thereby enabling the latter to serve 1,800 small businesses every year in turn.

Nieborowski, Nicaragua

Fundación (Foundation) José Nieborowski commenced operations in a garage in Boaco in 1993. Boaco is a small town in the Nicaraguan hinterland. Despite its remote location, Nieborowski managed to become one of the largest nationally active microcredit institutions in Nicaragua. The organisation is named after a Siberian missionary who meant a great deal to the development of Boaco at the beginning of the 20th century. In the area of its origin around Boaco Nieborowski is mainly involved in financing small cattle farmers. Unlike other leading Nicaraguan MFIs, Nieborowski is not active in the capital, Managua. The organisation consequently distinguishes itself in being more rurally oriented. With a more aggressive commercial disposition Nieborowski has managed to grow more rapidly than most of its competitors. In the highly competitive Nicaraguan market Nieborowski is now the sixth largest organisation in terms of the value of its portfolio and the seventh based on the number of its customers. The organisation has achieved this on



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its own steam in view of the fact that Nieborowski is not part of any international network. It is a largely managed by women both at the managerial level and on the board of directors. The ASN-Novib Fund has invested USD 1,250,000.00 in a syndicated loan together with Oikocredit. With more than 22,000 customers, Nieborowski has already achieved a size which has occasioned it to consider regulation. This would enable Nieborowski to grow by holding deposits in the local market and achieving economies of scale.

ODEF, Honduras

The ASN-Novib Fund has now also managed to gain a foothold in Honduras in Central America through the organisation, ODEF. Together with Nicaragua, Honduras is amongst the poorest countries on the Latin American continent. Honduras has 7 million inhabitants. Its most important economic pillars are the agricultural (coffee, prawns and sugar cane) and services sectors. The United States is Honduras' most important trading partner.

The organisation known as ODEF has been in existence for 20 years now but it is only since last year that it has confined itself to the provision of microloans to micro and small businesses. Prior to this it also provided information to small businesses in addition to credit facilities but from now on this is being done by a separate NGO. ODEF's head office is in San Pedro Sula, which is the largest city in the country after the capital and is its economic hub. Through its offices the organisation covers the entire north-west of Honduras. Thanks to its strategic location and good management, ODEF has experienced healthy development and it has fine expectations for further growth and professionalisation in the near future.

The microfinance sector in Honduras is still remarkably underdeveloped. For example, compared with its neighbour, Nicaragua, which has 25 healthy financial microfinance organisations, the sector is still in its infancy in Honduras. Apart from ODEF, there are only a few other specialist microfinance institutions.

ODEF currently has 16,000 customers and an outstanding loan portfolio totalling more than EUR 8 million. The prevailing market conditions are certainly conducive to strong growth but one of the major problems which ODEF is encountering lies in the difficulty of obtaining new loans to achieve this growth. This is mainly due to the fact that ODEF cannot accept any loans in euros or American dollars in view of the fact that all microloans are provided in the local currency and there is an excessively high risk of the Honduran currency being devalued in relation to those two other currencies. In addition, most foreign funds provide loans predominantly in American dollars or euros. The ASN-Novib Fund has now managed to provide a guarantee in euros to a local Honduran bank, which is consequently prepared to give a loan to ODEF in the local currency. By means of this construction neither the ASN-Novib Fund nor ODEF are exposed to any foreign exchange risks. In addition, it has also been agreed that the local bank will provide a loan to ODEF which is twice as large as the value of the guarantee given by the ASN-Novib Fund. In other words, thanks to a guarantee of USD 1.5 million provided by the ASN-Novib Fund, ODEF has managed to borrow the local currency equivalent of USD 3 million from the Honduran bank. This consequently renders the guarantee provided by the ASN-Novib Fund twice as valuable!

Outlook

Opening

Based on the loans that are expected to be provided in 2007, the fund will again be opened for investors in the first half of the year, although this will not be accompanied by a canvassing campaign conducted by it. Widespread interest in microfinance continues unabated. Experience showed us that this was the case at the end of 2006 and it is anticipated that it will be further stimulated by a project called Day for Change, as a result of which the VARA broadcasting association, in particular, will devote a fair amount of media attention to the microcredit phenomenon, culminating in a "canvassing show" in a special

show entitled Mooi, Weer de Leeuw on 5 May. The primary focus of this campaign is the “donations” required for the development of MFIs.

Local currency guarantee fund

FMO, a finance company established by the government, which holds most of its shares, has taken the initiative to establish a fund. Amongst other things, this fund seeks to provide guarantees covering the foreign exchange risks involved in local currency loans, such as those which may be given to microfinance institutions (MFIs). This is subject to the condition that any party wishing to obtain such a guarantee has to invest in the fund. ASN Bank is investigating whether it is prepared to invest in this fund and, if so, to what extent, be it in conjunction with Oxfam Novib or not.

Appointment of Bas-Jan Blom as Managing Director of ASN Beleggingsinstellingen Beheer B.V.

Bas-Jan Blom was appointed as Managing Director of ASN Beleggingsinstellingen Beheer B.V. on 1 February 2007. He succeeds Ab Engelsman, who will be availing himself of his early retirement plan on 1 September 2007. Bas-Jan Blom comes from Schretlen & Co., a subsidiary of Rabobank which focuses mainly on asset management for private individuals.

The Hague, 21 March 2007

Board of directors

ASN Beleggingsinstellingen Beheer

Structure and other information as at 31 December 2006

General

The information below is a summary of what is stated elsewhere in the annual report or the prospectus. For a comprehensive description of the various matters please see the relevant sections of the prospectus.

Legal structure

The ASN-Novib Fund is a unit trust and a semi-open-ended investment institution and may decide to suspend the redemption of units in exceptional circumstances. Other than in such exceptional circumstances, the ASN-Novib Fund is always prepared to issue new units or to redeem existing ones at the monthly issue price that is determined. The manager has sole discretion to decide whether there are exceptional circumstances. Since there may be circumstances when it is not possible to find adequate investments for the fund or to liquidate existing investments readily, unrestricted entry and/or withdrawals cannot always be guaranteed. The manager has instructions to invest 10% of the fund's net assets in such a way that they can be converted rapidly into liquid funds. In spite of this, if a situation were to occur in which there is insufficient liquidity, the manager is authorised to restrict, change or terminate entry and withdrawals and/or to impose other conditions on this at any time.

Tax status

Corporation tax

The ASN-Novib Fund is an investment institution for tax purposes under the terms of Section 28 of the Wet op de Vennootschapsbelasting [Corporation Tax Act] 1969. Amongst other things, this means that any profit is subject to a 0% corporation tax rate, provided that the ASN-Novib Fund satisfies a number of conditions. One of these conditions is that all income less expenditure must be issued in the form of dividends to the unitholders within eight months after the end of the relevant financial year.

Dividend tax

The ASN-Novib Fund is required to withhold and remit 15% of the cash dividends it pays to its unitholders.

Socially responsible investment allowance

As of 1 January 2004 additional tax benefits apply to investments in the ASN-Novib Fund following the latter's acquisition of a socially ethical status. First of all a maximum allowance of EUR 52,579.00 (the amount for 2006) is provided for socially responsible investments under Box 3. Socially responsible investments include green and socially ethical investments, amongst others. In this case the savings amount to 1.2% of capital gains tax on investments of up to EUR 52,579.00. In addition, a deduction is permitted on any income tax owed, which is equivalent to 1.3% of the average value of any tax-exempt investment listed in Box 3. Consequently, the relevant tax benefits can amount to 2.5% (1.2% + 1.3%) of one's investment. In the case of partners both allowances represent an amount as high as EUR 105,158.00 (the amount for 2006). An indexed tax exempt sum of EUR 53,421.00 has been determined for 2007. The corresponding figure for partners is EUR 106,842.00.

Entry and withdrawal fees

Margin

The manager does not include a margin when charging for entry and withdrawal transactions.

Transaction fees

Investments in the fund can be channelled through an ASN investment account or any of the SNS REAAL labels.

A transaction fee of 0.4% is charged for any investment in or disinvestment from the fund through an investment account held with ASN Bank. Lower rates apply in accordance with the following table in the case of investments in excess of EUR 50,000.00.

Over the following amounts:

EUR 50.000 - EUR 100.000	0,3%
EUR 100.000 - EUR 150.000	0,2%
EUR 150.000 - EUR 200.000	0,1%
more than EUR 200.000	0,0%

Annual fees

The manager receives a fee of no more than 3.7% of the fund. This fee is paid to him annually and is calculated on the basis of the fund's overall net assets at the end of each quarter. Of this fee 1% covers all of the costs involved in administration, the custodian's fee, the remuneration of the members of the Supervisory Board, the accountant, annual report, general meeting, marketing and the like. A maximum of 2.7% of this fee is paid as a management fee to the project managers, Oikocredit and Triple Jump. The fee payable to the project managers amounts to 3% of the outstanding loans. It is assumed that lendings account for a maximum of 90% of the fund's net assets.

If the Board of directors is of the opinion that developments necessitate an increase of this amount, this will be announced in advertisements three months in advance in accordance with the requirements stipulated in this respect.

Supervision

The ASN-Novib Fund is subject to legal regulation by the Netherlands Authority for the Financial Markets. On 30 November 1999 the fund was granted a licence by the regulator under the terms of the Wet toezicht beleggingsinstellingen (Wtb). Following the amendment of this legislation this licence lapsed and one was granted to the fund manager, ASN Beleggingsinstellingen Beheer B.V., in accordance with the provisions of the Wet toezicht beleggingsinstellingen (Wtb).

Financial insert

A financial insert has been drawn up for all of the funds and contains information about the product, the fees and the risks involved. You should request and read it, before you purchase the product. The value of investments can fluctuate.

Results achieved in the past are no guarantee for the future.

Financial reporting

An annual report is drawn up within four months after the end of each financial year. A half-yearly report is prepared within two months after the first half of each financial year.

Copies of the annual and the half-yearly reports may be obtained from ASN Bank free of charge or may be downloaded from the bank's website at www.asnbank.nl.

Fund profile

In many developing countries non-governmental organisations (NGOs) and their financial institutions play a vital role in organising and empowering large groups of disadvantaged people. In addition, they have often been successful in combating poverty directly. These institutions have also proved their worth in the provision of microcredit. There is often no credit available to small-scale investment projects in many developing countries. Banks often restrict their services to the modern, export-focused sector of the economy. The ASN-Novib Fund has been established to allow these NGOs and their financial institutions to finance the growth of their investment and lending projects. The fund does this by providing loans. The ASN-Novib Fund lends funds to these intermediary financial institutions, which in turn provide loans to small businesses.



Appendix

Socially Ethical Project Regulations

Article 1

1. These regulations implement the provisions of Section 5.15(3) and (6) of the *Wet inkomstenbelasting* [Income Tax Act] 2001.
 2. The following terms bear the meaning assigned to them for the purposes of these regulations:
 - a. auditor's report – a report issued by a registered accountant or accounting consultant;
 - b. project – a technical, functional and chronological collection of assets and activities situated in a developing country;
 - c. existing project – a project in respect of which a start has been made on its actual implementation no less than six (6) months prior to the date on which an application for the issue of a statement is submitted;
 - d. developing country – a country mentioned in the DAC 1 list of the OECD (Organisation for Economic Cooperation and Development);
 - e. project manager – a party at whose risk and expense a project is carried out and operated;
 - f. project capital – the capital that is required to finance fixed assets and the work required to install them in so far as this is necessary for and is solely used for carrying out a project;
 - g. statement – a written decision issued by the Minister for Development Cooperation under the terms of Section 5.15(3) of the *Wet inkomstenbelasting* 2001, stating that a project is in the interests of food security and improvement, social and cultural or economic development, employment opportunities and regional development in a developing country;
 - h. ministers – the Minister for Development Cooperation acting in consultation with the Ministers of Finance and of Foreign Affairs.
- a. social and cultural development in a developing country; or
 - economic development, employment opportunities and regional development in a developing country;
 - b. does not have any adverse effects on the environment, which includes the use of raw materials and wildlife in the relevant region or elsewhere;
 - c. does not have adverse effects on social conditions, which include the position of women and the prevalence of poverty in the relevant region or elsewhere;
 - d. is carried out by the local population and improves the social and economic conditions of the poor;
 - e. is carried out and operated using sufficient local expertise or which will have sufficient local expertise in the near future;
 - f. is of the nature of a demonstration which can be emulated there;
 - g. is carried out in surroundings in which existing formal funding channels offer little or no access to credit facilities;
 - h. accords with Dutch foreign and development policy.
2. Subject to the provisions of Clause (1) a statement may also be issued in respect of any project in a developing country which is covered by any of the following:
 - a. credit facilities predominantly intended for the development of the loan portfolio of financial institutions in a developing country whose end beneficiaries are micro and small businesses in such a country. This refers to the specific services provided to micro and small businesses in a developing country, where the funds provided by the relevant financial institution to the end beneficiary do not exceed EUR 24,957.00 in the case of each such beneficiary;
 - b. credit facilities for any project undertaken by a cooperative in a developing country, whose capital contributions from each member do not exceed EUR 24,957.00. All of its net assets attributable to unitholders or risk-bearing capital must have been contri-

Article 2

1. A statement shall only be issued in respect of any project which in the opinion of the ministers:
 - a. is largely in the interests of:
 - food security and improvement in a developing country;



buted by its members. The cooperative must be registered with the Chamber of Commerce or cooperatives register in the country in which it is active;

- c. credit facilities for any project which is aimed at producing or processing agricultural products in a developing country, which are certified to be organic in accordance with EU regulations;
 - d. credit facilities for any project carried out by a local producer in a developing country which is aimed at reducing or processing products that are certified by the international fair trade labelling organisations.
3. A statement may be made subject to conditions.

Article 3

A statement may not be issued in respect of:

- a. an existing project;
- b. a project whose assets exceed EUR 4,537,802.00. Where consecutive loans are provided to one and the same financial institution, no statement shall be issued in the event that the cumulative value of all of the credit facilities provided exceeds EUR 4,537,802.00;
- c. a project which it is reasonable to assume does not or will not produce any profit;
- d. a project whose anticipated profit is such that in the ministers' opinion it will be impossible to achieve without the application of these regulations.

Article 4

1. A statement may only be applied for by and be issued to:
 - a. a credit institution which is registered in the register referred to in Section 52 of the *Wet toezicht kredietwezen* [Credit System (Supervision) Act] 1992; or
 - b. an investment institution which is registered in the register referred to in Section 18 of the *Wet toezicht beleggingsinstellingen*.
2. An application for a statement must be submitted to the Minister for Development Cooperation.
3. Where a statement has already been issued in respect of a project, a new application may only

be submitted for three years before the current one expires.

4. An application shall be submitted using a form which the Minister for Development Cooperation will provide on request.
5. If so requested, the applicant shall present the Minister for Development Cooperation with additional information which may be relevant for the purposes of assessing the project concerned.
6. If so requested, the applicant shall present the Minister for Development Cooperation with an auditor's report which reveals that the information included in the application is correct or may be assumed to be true.

Article 5

An application for a statement must be accompanied by a document from the relevant project manager, in which the latter declares that:

- a. throughout the term of validity of the statement that is to be issued in respect of the project, he shall at all times grant access to a person appointed for this purpose by the Minister for Development Cooperation to the project and to any financial, technical and organisational information concerning it;
- b. he undertakes to cooperate in full with any such person as required by the latter to perform his duties, and will provide him with every assistance;
- c. he will provide any such person with copies of documents concerning the relevant project free of charge and without delay;
- d. if so requested by the Minister for Development Cooperation, he undertakes to supply an auditor's report concerning any aspect specified by this minister;
- e. he undertakes to comply with any terms and conditions that are stipulated in the statement;
- f. he undertakes to keep administrative records which provide a true and precise view of the assets of the relevant project on its own;
- g. he will immediately notify the Minister for Development Cooperation of any change in the execution or situation of the relevant



project which causes it to differ from that in respect of which an application has been made for a statement;

- h. he consents to the application of the law of the Netherlands to any matter concerning the application, issue, revocation or use of the statement and its verification.

Article 6

An application for a statement must be accompanied by the presentation of a document in which the organisation applying for it declares that, should it start to supply capital:

- a. it shall comply with its duties in relation to the tax inspector towards any person appointed by the Minister for Development Cooperation as provided for in Chapter VIII, Part 2 of the *Algemene wet inzake rijksbelastingen* [State Taxes Act];
- b. it shall immediately notify the Minister for Development Cooperation of any change in the execution of the relevant project, as a result of which it differs from that in respect of which the statement was issued;
- c. it will ensure that the project manager keeps administrative records of the relevant project's assets in such a way that any information which is relevant to the levy of taxes is at all times clearly set out in its books and records.

Article 7

1. The Minister for Development Cooperation shall rule on an application in consultation with the Ministers of Finance and of Foreign Affairs within eight (8) weeks after it is submitted.
2. A copy of this decision shall be sent to the relevant project manager.

Article 8

1. A statement may be issued for a period that is longer than the anticipated duration of the project concerned but for no more than ten (10) years.
2. A statement issued in respect of a project shall expire by operation of the law in the event that the actual performance of the work concerned does not commence within two (2) years after it is issued.

3. The statement shall specify the nature of the project concerned, the capital involved, the credit or investment institution in response to whose application the statement has been issued, the name of the project manager, the terms and conditions which apply in respect of the statement, and the period during which it is valid.

Article 9

1. The ministers may revoke a statement in the event that:
 - a. it appears that the execution of or situation prevailing within the project differs to a considerable extent from the project based on which the statement has been issued;
 - b. the project manager fails to comply with the provisions of Article 5;
 - c. the institution referred to in Article 4 fails to comply with the provisions of Article 2 (3) or (6);
 - d. the project manager is a person other than the project manager referred to in the application for the statement concerned, unless the new project manager declares that he is acting in accordance with the provisions of Article 5;
 - e. the financier is someone other than the person who has filed the application, unless he declares in writing that he is acting in accordance with the provisions of Article 6.
2. A decision in favour of revocation may apply with retrospective effect.
3. A statement may be revoked with retrospective effect in the event that the information provided is so incorrect or incomplete, that a different decision would have been taken in relation to the application, if the correct or complete information had been available when it was assessed.
4. Notice of a decision in favour of revocation shall be sent to the applicant who submitted the application in accordance with the provisions of Article 4(1).
5. A copy of the decision shall be sent to the relevant project manager and Amsterdam Tax Office inspector.

**Article 10**

The provisions of Chapter VIII, Part 2 of the *Algemene wet inzake rijksbelastingen* shall apply mutatis mutandis in respect of the credit or investment institution referred to in Section 5.15(2) of the *Wet inkomstenbelasting 2001* and the project manager for the purposes of issuing a statement, the information that is relevant in this respect, and the rights and duties associated with this, and the duties referred to therein in relation to the tax inspector shall also apply in respect of any person appointed by the Minister for Development Cooperation.

Article 11

These regulations shall come into effect on the second day following the date on which they are published in the *Staatscourant* [Government Gazette].

Article 12

These regulations shall be cited as the Socially Ethical Project Regulations.



Names and addresses

ASN-Novib Fund

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The Netherlands
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Fax: (+31)(0)70 361 7948
ASN Information: 0800 0380
Website: www.asnbank.nl
Companies Register, Chamber of Commerce, The Hague, No. 27143242

Board of directors, ASN Beleggingsinstellingen Beheer B.V.

B.J. Blom
A.J. Engelsman
and
Board of directors, ASN Bank:
E. P. Goudswaard
J.E. Jansen

Supervisory Board

P.J. Knollema, Chairman
M.P. van Dijk
Ms H. Siewertsen
J.C. Verheij

Project manager

Triple Jump B.V.
Nachtwachttlaan 20, 6th floor
1058 EA Amsterdam
and
Oikocredit
Tesselschadelaan 4
3818 HG Amersfoort
The Netherlands

Custodian

Pettelaar Effectenbewaarbedrijf N.V.
Pettelaarpark 1 20
5216 PT 's-Hertogenbosch
The Netherlands

Accountant

KPMG, Accountants N.V.
Burg. Rijnderslaan 20
11 85 MC Amstelveen
The Netherlands

Administration

ASN Bank N.V.
Alexanderstraat 28
2514 JM The Hague

Tax Consultant

SNS REAAL
Tax Affairs Department
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3503 RK Utrecht
The Netherlands

Legal adviser

SNS REAAL
Legal Affairs Department
PO Box 8444
3503 RK Utrecht

Civil-law notaries

De Brauw Blackstone Westbroek N.V.
Tripolis 300
Burgerweeshuispad 301
1076 HR Amsterdam
The Netherlands



Supervisory Board

1. **M.P. van Dijk**

Appointed in 2002. Current term runs until 2009

Position: Senior Lecturer of Water Services Management at the UNESCO-IHE Institute for Water Education, Delft, the Netherlands

Other positions: Senior Lecturer of Urban Management in Emerging Economies at Erasmus University, Rotterdam

2. **P.J. Knollema (Chairman)**

Appointed in 1999. Current term runs until 2007

Position: Director and shareholder of Residentie Management B.V.

Other positions: various supervisory directorships, member of the board of the Ubbo Emmiusfonds, Groningen, the Netherlands

3. **Ms H. Siewertsen**

Appointed in 1999. Current term runs until 2006.

Position: Deputy Director of FACET B.V. (consultants supporting small businesses in developing countries)

4. **J.C. Verheij**

Appointed in 2002. Current term runs until 2008.

Position: former member of the Board of directors of SNS REAAL Groep N.V.

Other positions: Chairman of the Supervisory Board of ASN Beleggingsfondsen N.V., Chairman of the Board of Supervision of ASN Groenprojectenfonds, Chairman of the Supervisory Board of PC Hooft Groep, Chairman of the Supervisory Board of Kunst & Cultuur Pensioen-en Levensverzekeringsmaatschappij, Chairman of the Supervisory Board of Watertoren Hazerswoude B.V., Chairman of the Supervisory Board of Stichting Jeugdformaat.



***Financial
Statements for
2006***



Financial Statements for 2006

Balance sheet

as at 31 December

Before the appropriation of profit and in thousands of euros

Investments	2006	2005
Related undertakings	3,000	3,000
Loans	32,124	13,900
Less provision for doubtful debts	-330	-330
	34,794	16,570
Deposits	1,049	9,547
Total investments	35,843	26,117
Accounts receivable		
Accounts receivable from investments	2,663	803
Other receivables	45	78
Total accounts receivable	2,708	881
Other assets		
Bank balances	14,609	8385
Current liabilities	149	189
Accounts receivable and other assets less current liabilities	17,168	9077
Assets less current liabilities	53,011	35,194
Net assets attributable to unitholders		
Investments	52,323	34,769
General reserve	-312	-138
Retained earnings	1,000	563
Total	53,011	35,194

Financial Statements for 2006



Profit and loss account

(in thousands of euros)

Income from investments	2006	2005
Income from related undertakings	73	2
Interest on loans	1619	748
Loan establishment fees	90	0
Unrealised capital gains or losses on investments	-1	0
Interest on savings accounts	293	273
Other operating income		
Current account interest	50	84
Foreign exchange gains or losses	-126	10
Miscellaneous income	5	0
Total operating income	2,003	1,117
Expenditure		
Investment management expenses	1,003	538
Addition to provision for irrecoverable investments	0	-75
Capital transfer tax	0	91
Total expenditure	1,003	554
Result	1,000	563



Financial Statements for 2006

Cash flow statement

(in thousands of euros)

Cash flow from investments	2006	2005
Acquisition of investments	-27,956	-12,006
Disposal of investments	18,229	1,698
Result	1000	563
Movements in assets and liabilities		
Accounts receivable	-1827	-131
Current liabilities	-40	7
Provisions	0	-75
Net cash flow from operations	-10,594	-9,944
Cash flow from financing		
Issue of units	23,688	16,479
Redemption of units	-6,134	-2,432
Dividends issued	-736	-259
Net cash flow from financing	16,518	13,788
Movements in bank balances	6,224	3,844
Bank balances at the beginning of the period under review	8,385	4,541
Bank balances at the end of the period under review	14,609	8,385

This cash flow statement identifies the source of the bank balances which became available during the year, and the manner in which they were applied. It is broken down by operations (investments) and financing.

Bank balances are defined as all bank balances that are payable on demand.

This cash flow statement has been drawn up in accordance with the indirect method, which entails that any unrealised capital gains or losses are accounted for directly in the profit and loss account. Any net profit is reduced to a cash flow by adjusting it in this cash flow statement. Such adjustments consist in those made to the amortisation of intangible fixed assets, and to accruals and prepayments.



Notes

General

The ASN-Novib Fund is a unit trust established under Dutch law on 14 June 1996. On 1 December 1999 the fund was transformed from a closed-end investment fund into a semi-open-ended investment institution. The ASN-Novib Fund is not listed on any stock exchange. The fund's reporting period runs from 1 January to 31 December 2006. These financial statements have been drawn up in accordance with the formats provided in the *Besluit modellen jaarrekening* [Annual Accounts Formats Decree] of 18 July 1995.

On 30 November 1999 the fund was granted a licence under the terms of Section 5 of the *Wet toezicht beleggingsinstellingen*. Following the amendment of this legislation this licence lapsed and one was granted to the fund manager, ASN Beleggingsinstellingen Beheer B.V., on 5 May 2006 in accordance with the provisions of the *Wet financieel toezicht* [Financial Regulation Act] (Wft).

Principles of valuation

Investments in the ASN-Novib Fund are stated at their nominal value. They may be adjusted to accommodate any risks pertaining to countries or debtors. Unless otherwise stated, the remaining assets and liabilities are carried at their nominal value. Amounts denominated in a foreign currency are translated at the exchange rates ruling on the balance sheet date or the contract rate if the relevant currency is hedged. A provision has been established for irrecoverable investments.

Principles for determining the result

Income and expenditure are accounted for in the profit and loss account in the year in which they occur. The result consists of interest that accrues during the period under review less any expenditure attributable to that period.

Financial instruments

The ASN-Novib Fund's operations may involve financial risks of varying nature to it. These risks are inherent in the management of investment portfolios. The policy pursued by the fund's Board of directors in relation to these risks is set out below.

Foreign exchange risks

The value of investments in the ASN-Novib Fund may differ from their nominal value in the event that risks pertaining to debtors or countries occur.

Interest rate risks

In principle, the ASN-Novib Fund is exposed to interest rate risks. However, interim variations in market rates do not affect the value of investments in the ASN-Novib Fund, as the fund's loans are based on a fixed interest rate and are stated at their nominal value.

Lending risks

These risks are also referred to as those of bad debts. They are limited by only investing in financial intermediaries. The latter bear the lending risks posed by their clients and make their own provision for this. The greatest risks are those pertaining to countries. An economic downturn coupled with far-reaching currency devaluation may lead to a situation in which intermediaries are unable to fulfil their obligations. The fund manager endeavours to limit this risk by spreading investments widely over continents and countries, and by providing loans to institutions which have some type of track record.

Foreign exchange risks

Foreign exchange risks are limited by offering a large proportion of products in the form of a strong currency or its equivalent. US dollar-denominated investments are hedged. The costs involved in hedging against these risks are debited to the ASN-Novib Fund. Investments denominated in local currencies are exposed to foreign exchange risks.



Financial Statements for 2006

The foreign exchange rates employed at the end of December 2006 are as follows.

Foreign Exchange Rates	Euro Exchange Rate	US Dollar Exchange Rate
United States	1.3193	
Mongolia		1.165
Peru		0.31279

Marketability risks

The marketability of the ASN-Novib Fund's investments is limited in view of the fact that the fund invests in loans of a specific nature.

Monitoring risks

Loans are monitored by Oikocredit and Triple Jump B.V., two organisations that have been appointed to act as investment consultants. These organisations present periodic reports on the status of the various loans to the board of directors of ASN Beleggingsinstellingen Beheer B.V.

Financial Statements for 2006



Notes to the balance sheet as at 31 December 2006

(in thousands of euros)

Investments	2006	2005
Shareholding in Oikocredit	3,000	3,000
Participating interests	268	0
Loans	31,856	13,900
Less provision for irrecoverable loans	-330	-330
Subtotal	34,794	16,570
ASN Depositosparen savings account	0	865
ASN Sparen Extra savings account	1049	8,682
	35,843	26,117

Movements in participating interests

Book value at beginning of the period	0	0
Investments	268	0
Disposals	0	0
Book value at end of period	268	0

Movements in loans

Book value at beginning of period	13,900	6,623
Lendings	21,432	8,975
Repayments	-3,475	-1698
Unrealised gains or losses	-1	0
Book value at end of period	31,856	13,900

Movements in provision for irrecoverable loans

Balance sheet value as at 1 January	330	405
Additions	0	-75
Balance sheet value as at 31 December	330	330

Movements in ASN Depositosparen and ASN Sparen Extra savings accounts

Balance sheet value as at 1 January	9,547	9,516
Deposits	6,256	31
Withdrawals	-14,754	0
Balance sheet value as at 31 December	1,049	9,547

In accordance with the fund's prospectus one tenth of its capital is invested in such a way that it can readily be liquidated. Amongst other things, it has been decided to hold an ASN Sparen Extra savings account with ASN Bank with interest at market rates which, in addition to the balance on the current account, guarantees the requisite degree of liquidity. The interest rate paid on the funds in the ASN Sparen Extra savings account during the period under review amounted to 2.5% (2005: 2.7%).



Financial Statements for 2006

Accounts receivable	2006	2005
Interest receivable on investments	2,663	803
Interest receivable on savings accounts	45	78
	2,708	881

Bank balances		
ASN Sparen savings account	14,609	8,385
	14,609	8,385

Any of the fund's capital which has not yet been invested is held in a savings account held with ASN Bank, the balance of which is payable on demand. The interest rate paid on the funds in this savings account in 2006 amounted to approximately 1.75% (2005: 1.9%).

Net assets attributable to unit holders		
Investments	52,323	34,769
General reserve	-312	-138
Retained earnings	1000	563
	53,011	35,194

Retained earnings refer to any profit that is still to be disbursed after being approved by the general meeting of unit holders.

Movements in net assets attributable to unit holders		
Balance sheet value as at 1 January	34,769	20,722
Issued	23,688	16,479
Redeemed	-6,134	-2,432
	52,323	34,769

Movements in the number of units during the period under review		
Balance as at 1 January 2006	690,124	414,444
Units issued	490,905	324,907
Units redeemed	-147,703	-49,227
	1,033,326	690,124

Net asset value		
Number of units in issue	1,033,326	690,124
Net asset value per unit	51.30	51.00

Movements in general reserve		
Balance sheet value as at 1 January	-138	-27
Withdrawals	-174	-111
	-312	-138

Current liabilities		
ASN Beleggingsinstellingen Beheer B.V.	24	112
Capital transfer tax	0	77
Expenses awaiting settlement	125	0
	149	189

Financial Statements for 2006



Statement of investments

Loans

Loan	Country	Value at Year-end 2006	Value at Year-end 2005
ANED	Bolivia	50	73
FADES	Bolivia	165	192
IM	Poland	75	125
CONFIANZA	Peru	119	192
LA-CIF	Panama	0	807
PROEMPRESA	Peru	83	250
FAMA II	Nicaragua	810	810
BANCO PROCREDIT (formerly SFE)	Ecuador	1,525	572
ACLEDA	Cambodia	828	808
MIKROFIN	Bosnia	2,250	1,250
PRIZMA	Bosnia	1,200	600
XAC BANK	Mongolia	1,154	756
PARTNER	Bosnia	1,500	1,500
ALTER MODUS	Serbia Montenegro	500	500
CREAR AREQUIPA	Peru	665	665
PADME	Benin	0	1,000
PROCREDIT BANK	Serbia Montenegro	3,000	3,000
PROCREDIT MOLDAVA II	Moldavia	800	800
BANCO SOLIDARIO	Ecuador	2,498	0
FINCA	Ecuador	1,174	0
FINCA	Azerbaijan	784	0
EDYFICAR	Peru	2,000	0
CONFIANZA	Peru	2,000	0
CRECER	Bolivia	1,575	0
FINCA	Kyrgyzstan	1,416	0
KLF	Kazakhstan	1,600	0
NIEBOROWSKI	Nicaragua	971	0
CONSTANTA	Georgia	800	0
ODEF	Honduras	1,172	0
AGROCAPITAL	Bolivia	1,142	0
Total loans		31,856	13,900

Participating interests

	Country	Value at Year-end 2006	Value at Year-end 2005
CREAR AREQUIPA	Peru	268	0
Total participating interests		268	0

Total investments		32,124	13,900
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Financial Statements for 2006

Notes to the profit and loss account for 2006

(in thousands of euros)

Income from investments	2006	2005
Income from related undertakings	73	2
Interest on private loans	1,619	690
Loan establishment fees	90	58
Unrealised capital gains or losses on investments	-1	
Interest on ASN Deposito and ASN Sparen Extra savings accounts	293	273
	2,074	1,023

Other operating income

Spaarrekening current account interest	50	84
Realised foreign exchange gains or losses	1	10
Unrealised foreign exchange gains or losses	-127	0
Miscellaneous income	5	0
	-71	94

Management expenses

Manager's fee	1,003	538
	1,003	538

Other operating expenses

Addition to provision for irrecoverable investments	0	-75
Capital transfer tax	0	91
	0	16

Total expense ratio

Total expenditure (including project management fees)	1,003,270	628,768
Average net assets over 4 quarters	40,307,134	24,359,932
Total expense ratio*	2.49%	2.58%
Turnover ratio**	-20.15	-44.46

*) The discrepancy between the expense ratio and the annual expenditure percentage listed in the section on cost structure is due to the fact that the expense ratio is calculated over the average of the fund's net assets over four quarters, while the annual expenditure percentage is calculated over those net assets at the end of each quarter. In addition, the annual expenditure is based on the maximum costs involved in project management, namely 3% of no more than 90% of the capital invested in the various projects. The actual percentage of investments was less than the investments during the year under review.

***) Turnover ratio – this ratio provides an indication of the portfolio's rate of turnover. In this way it is possible to obtain some idea of the extent to which it is actively managed. The turnover ratio is calculated as a percentage of the total sum of equity transactions less that of those involving the units which constitute part of the fund's average net asset value.

Financial Statements for 2006



Five-year summary

Total (in thousands of euros)	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Net asset value	53,011	35,194	20,843	9,107	8,035
Income from investments	2,074	1,023	527	388	280
Other operating income	-71	94	92	68	88
Expenditure	1,003	554	471	337	242
Total result	1,000	563	148	119	126
Number of units in issue	1,033,326	690,124	414,444	180,320	158,330
Per unit (in euros)					
Net asset value	51.30	51.00	50.29	50.50	50.75
Issue price	51.21	51.07	50.00	50.00	50.00
Dividend	1.00	0.60	0.60	0.90	0.95
Income from investments	2.01	1.48	1.27	2.15	1.77
Other operating income	-0.07	0.14	0.22	0.38	0.56
Expenditure	0.97	0.80	1.13	1.87	1.53
Total result*	0.97	0.82	0.36	0.66	0.80

*) The total result per unit is calculated on the basis of the number of units in issue at the end of the period under review.

Employees

The ASN-Novib Fund does not employ anyone.

Remuneration of the Supervisory Board

The members of the Supervisory Board received a fee of EUR 3500.00 in 2006. During the year the Board met on three occasions in total.

The Hague, 21 March 2007

Board of directors

ASN Beleggingsinstellingen B.V.



Other Information



Other information

Statutory provisions governing the appropriation of profit

These provisions are stipulated in Article 15 of the fund's managerial and custodial terms and conditions. The main provisions are as follows:

15.1 Any of the fund's profit that is available for distribution shall be paid to the unitholders in cash by 1 July each year. An investor shall automatically receive the net sum paid to him accordingly free of charge in the form of investments in units through the relevant investment account.

Transactions with major investors

ASN Beleggingsinstellingen Beheer B.V. acts as the manager of the ASN-Novib Fund. All of the shares of ASN Beleggingsinstellingen Beheer B.V. are held by ASN Bank (Algemene Spaarbank voor Nederland ASN N.V.). In accordance with the provisions of the Besluit toezicht beleggingsinstellingen ASN Bank, Stichting SNS Beleggersgiro and SNS Bank N.V. (the sole shareholder of ASN Bank) are deemed to be the major investors in the ASN-Novib Fund and based on this they are required to report any of the transactions referred to in this decree. No relevant transactions occurred in the period under review. All relevant transactions occur subject to terms and conditions which are in line with market practice.

Outsourcing of core business

In accordance with the provisions of Section 47(1) of the Besluit toezicht beleggingsinstellingen 2005 a breakdown is provided below of the work which has been outsourced by ASN Beleggingsinstellingen Beheer B.V. The agreements entered into with the parties referred to below include provisions governing service levels, the exchange of information, terms of notice (formal and otherwise) and the relevant fees.

Core Business	Party
Project management	Triple Jump B.V., Oikocredit and Ecumenical Development Cooperative Society U.A.
Administration	ASN Bank N.V.

Manager's interests

None of the members of the manager's board of directors or of the Supervisory Board has a personal interest in any investment held through the ASN-Novib Fund.

Appropriation of 2006 profit

As stated in the report of the board of directors, the 2006 result less any dividends issued will be added to the general reserve.



Auditor's report

ASN Beleggingsinstellingen Beheer B.V.

Report concerning the financial statements

We have audited the 2006 financial statements contained in this annual report of the ASN-Novib Fund in The Hague, which consists of its balance sheet as at 31 December 2006 and its profit and loss account for 2006 along with the relevant notes.

Manager's responsibility

The fund's manager is responsible for drawing up the annual accounts, which need to provide a true and fair view of the organisation's assets and results, and for preparing its annual report, both in accordance with Part 9 of the Civil Code, Vol. 2. Amongst other things, this responsibility includes the design, introduction and maintenance of an internal control system which is relevant for the preparation of a true and fair view of its assets and results in its annual accounts in such a way that they do not contain any discrepancy of material significance due to fraud or error, the adoption and application of acceptable financial reporting principles, and the inclusion of estimates which are reasonable in the circumstances.

Auditor's responsibility

We are responsible for presenting an assessment of these annual accounts based on our audit. We have conducted our audit in accordance with the law of the Netherlands. Under the terms of this law we have a duty to satisfy standards of conduct which apply to us, and we are required to plan and conduct our audit in such a manner that it is established with a reasonable degree of certainty that these annual reports do not contain any discrepancies of material significance.

An audit comprises the performance of work for the purposes of obtaining details of the amounts and notes included in the annual accounts.

The choice of the work that is to be performed depends on the auditor's professional judgement, which includes his assessment of the risk of there

being any discrepancy of material significance due to fraud or error. When making such an assessment the auditor considers the relevant internal control system used to prepare a true and fair view of the organisation's assets and results in its annual accounts, so as to arrive at a prudent decision as to the work which is adequate for the purposes of an audit in the prevailing circumstances, but which does not seek to provide an appraisal of the effectiveness of the fund's internal control system. Furthermore, an audit also includes an evaluation of the extent to which the financial reporting principles that are applied are adequate and to which the estimates made by the company's board of directors are reasonable, along with an assessment of the overall nature of the annual accounts.

We are of the opinion that the information which we have obtained through our audit is adequate and suitable to serve as a basis for our conclusion.

Conclusion

It is our view that these annual accounts provide a true and fair view of the value and composition of the assets of the ASN-Novib Fund as at 31 December 2006 and of its results in 2006 in accordance with Part 9 of the Civil Code, Vol. 2, and the Wet toezicht beleggingsinstellingen.

Declaration concerning other legal provisions and/or regulations issued by regulatory authorities

In accordance with our legal duty to do so under the terms of Section 393(5)(e) of the Civil Code, Vol. 2, we declare that, to the extent that we are capable of assessing this, this annual report can be reconciled with the annual accounts as required by the provisions of Section 391(4) of the Civil Code, Vol. 2.

Amstelveen, 21 March 2007

KPMG ACCOUNTANTS N.V.
M.J. Vredenduin RA

