

ASN-NOVIB FONDS 2005 ANNUAL REPORT



ASN Bank's Mission

The Algemene Spaarbank voor Nederland ASN N.V. ("ASN") has set itself a task as a company. The goal of the task is a better world. In ASN Bank's view, this requires a society in which sustainability is to the fore.

The corporate philosophy of ASN as a bank is set out in a mission statement which reads, "ASN Bank is an undertaking which aims to promote a sustainable society and is guided by that aim in its economic activities. Promoting a sustainable society is seen as contributing towards changes intended to put an end to processes whose adverse consequences are postponed until a future time, or passed on to the environment, nature or the poor. Economic activity refers to recognition of the need for achieving a return over the long term to safeguard the continuing, sound operation of ASN, and recognition of the need to manage the resources entrusted to ASN Bank in a manner which does justice to customers' expectations in that respect."

Novib's Mission

Novib aims for sustainable development by supporting initiatives of poor people in developing countries and giving them a voice. Novib has three goals: working with partners in the long-term fight against poverty in Africa, Asia and Latin America, the former Soviet Union and eastern Europe, informing people here better and standing up for the interests of the poorest people when decisions are being made. In fighting poverty, Novib co-operates with local organisations who work for and with the poorest people. Novib wants to achieve improvements in their living standards through financial contributions and services.

Readers' guide

This report has three sections. The **report of the Board of Supervision** is followed by the **report of the Manager** and a statement of all relevant key figures in the second section. The third section is the **full financial statements**.

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Important dates

Annual meeting in Amsterdam	Friday 21 April 2006
Ex-dividend pricing	Tuesday 25 April 2006
Dividend payment	Tuesday 2 May 2006

Report of the Board of Supervision

To the general meeting of unit holders in the ASN-Novib Fonds

We are pleased to present the financial statements prepared by the Manager for the financial year 2005 and the report of the Manager. KPMG Accountants have issued an unqualified audit report on the financial statements.

The dividend payable has been set at €1.00 per unit.

We have established that the financial statements and the annual report have been prepared by the Manager in accordance with the Management and Custody Conditions and submitted in good time for discussion at the Meeting of Unit Holders. The Board has ascertained that the Manager acted in conformity with the Management and Custody Conditions in performing its duties during the year under review.

We thank the Manager, the Advisory Committee, Oikocredit and Novib for the policy they have pursued and the staff of ASN Bank for the way in which they have performed their work for this Fund.

The Hague, 7 March 2006.

The Board of Supervision

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

Report of the Manager

General

In the past year, the Fund's net assets grew from €20.8 million to €35.2 million (+ €14.4 million). Net, just over 275,000 new units were issued. Net asset value per unit rose from €50.29 to €51.00 (+1.4%). The strong growth in the Fund was a result of the campaign in the final weeks of 2005. Once again, almost 1,500 new investors joined the Fund in 2005. The significant new contributions, with the current amount of capital, imposed a heavy burden on the project manager, Novib, to increase lending (over €16.5 million at 31 December 2005) as quickly as possible to at least €25 million as, after a transitional period of two years, the 'main purpose' criterion in the Regulation on Social and Ethical Investments applies from 1 January 2006. This requires at least 70% of the Fund's assets on average to be invested per quarter in approved social and ethical projects. The portion of the assets that do not meet the conditions is subject to tax. A request to apply the regulations more flexibly to the three social and ethical funds, by giving them more time to place the incoming funds with projects, was rejected. The Fund Manager had decided in advance to

bear the tax if the request were refused, and charge it against the management fee.

The proposal to distribute a dividend of €1.00 means a gross return of about 2%, depending on the issue price. This increase in dividend compared with the previous year was possible partly because, in the new structure, there is almost no dilution of dividend from this new inflow. From 2006, no capital duty is payable on new inflows (previously 0.55%) while, following amendment of the legislation, no dividend tax will have to be withheld from the dividend distribution from 2007. The 3.4% return achieved in 2005 was partly a result of abandoning the fixed issue price from 1 May 2005. The effect of this measure on the return was 2.2%.

New structure

A number of changes were made to the Fund's working methods on 1 May 2005, as previously discussed at the Unit Holders' Meeting on 22 April 2005. They were as follows. The percentage of assets to be kept in liquid investments for tradability (**liquidity risk**) was cut from 25% to 10% of the Fund's assets. Other than in exceptional circumstances, units will in future be issued and redeemed at a monthly **issue price** based

Key figures

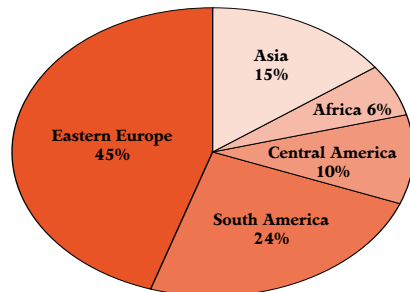
ASN-Novib Fonds

Year	Total income (x €1.000)	Total expenses (x €1.000)	Net assets (x €1.000)	Return including reinvestment	Dividend paid €	Number of units outstanding	Net asset value per unit
2005	1,117	554	35,194	3.40%	0.60	690,124	€ 51.00
2004	618	471	20,843	1.20%	0.60	414,444	€ 50.29
2003	456	337	9,107	1.80%	0.90	180,320	€ 50.50
2002	368	242	8,035	1.90%	0.95	158,330	€ 50.75
2001	296	167	6,766	0,00%	-	132,724	€ 50.98

Return is based on the year-end price (issue price)

Total expense percentage 2005	3.25%
Expense ratio 2005	2.58%
Turnover ratio 2005	-44.46%

Geographical distribution



Return

1 month	0.20%
3 months	0.70%
12 months	3.40%
3-year average	2.10%
5-year average	1.70%

Price

price at 31 December 2005	51.00
price at 31 December 2004	50.29
dividend for 2004	0.60
net assets (millions)	35.19
units in issue	690,124

Five largest borrowers

Pro Credit Bank Service	8.5%
Partner	4.3%
Mikrofin	3.6%
Padme	2.8%
FAMA	2.3%

Percentages of Fund assets

on net asset value and set on the 15th of each month. There is no longer an exemption from transaction fees on joining and leaving. **Transaction fees** have been equal to those on the other ASN Investment Funds since 1 May.

Unit holders' meeting

The Unit Holders' Meeting of the ASN-Novib Fonds was held on 22 April 2005 and attended by over 50 unit holders. The growth in the Fund to over €20 million prompted questions about whether sufficient loans could be made on time before 1 January 2006 to meet the tax requirement that 70% of the Fund's assets had to be lent out. It was acknowledged that the project manager, Novib, would have to make a considerable effort to identify and realise sufficient projects. In that context, there was also discussion of the fact that, to avoid major currency risks, it was not possible to grant loans in local currency, making it almost impossible to make loans in Africa. There were continuing efforts to create a guarantee fund to cover the currency risk on local currency loans. The meeting concluded with an inspiring lecture by Mr Ganhuyag

Chuluun, director of the XAC-Bank in Mongolia, a micro-credit bank that ASN-Novib Fonds has lent one million dollars to. Many of its customers are nomads, tribal herdsmen. Jeeps are used to cross deserts, rivers and mountain passes to meet customers. The bank has grown rapidly and has proven two things: poor people repay their loans and the bank is now profitable. People use the borrowed money to build their own future and that is the real significance of the work: eradicating poverty.

Management fee

The annual management fee for all the ASN Bank Investment Funds is paid to ASN Beleggingsinstellingen Beheer B.V., which is a director and manager of the funds. The proceeds cover all the expenses associated with being a director and manager of the funds including employee expenses, organisational expenses, marketing expenses, asset management charges and sustainability analyses, administrative and other consultancy services, audit fees, custody fees and other expenses.

As the fee is related entirely (as a percentage) to the amount of assets under management and the costs of asset management, administrative services and custody fees are also computed as a percentage of the assets under management, the outcome is strongly affected by the trend in assets under management. This led to higher proceeds than budgeted in 2005, as a result of a greater than expected increase in the assets under management of all the investment funds. There was finally a surplus of slightly more than €2 million before tax in 2005. This surplus went to ASN Bank.

The employee expenses include €222,000 relating to the costs of acting as a director of all the funds (remuneration including pension charges) with a staff level of 1.5 FTEs.

Fund structure

The ASN-Novib Fonds, established by ASN Bank and Stichting Novib, was a closed-end mutual fund until 11 December 1999. Each organisation contributed €681,000 as the initial capital of the Fund. Each of the two organisations has nominated two members to the Fund's Board of Supervision. The position of Manager of the Fund is held by ASN Beleggingsinstellingen Beheer B.V.; Novib and Oikocredit are the project

managers. The custodian is SNS Effectenbewaarbedrijf N.V.

The ASN-Novib Fonds allows intermediary financial institutions to finance growth in their investment and lending projects. The Fund aims to contribute to the fight against poverty by financing small-scale businesses in developing countries. There is particular attention to the social aspects of loans to be granted.

Lending

Novib performs the duties of project manager. Oikocredit already had this function but, as it is has established its own Dutch fund, now only manages projects it put forward earlier. In its role as project manager, Novib expects to benefit from its country knowledge and specific understanding of micro-credit organisations.

Novib submits investment proposals to the Manager of the Fund. Based on these and having heard the recommendations of the Advisory Committee, the Manager decides whether or not to finance a given project. The members of the Advisory Committee are specialists in development aid, micro-lending and banking in developing countries. The following loans were added to the portfolio during the past year.

	(x € 1.000)
ALTER MODUS, SERBIA and MONTENEGRO	500
CREAR AREQUIPA, PERU	665
FAMA II, NICARAGUA	398
MIKROFIN III, BOSNIA and HERZEGOVINA	750
PADME, BENIN	1,000
PARTNER, BOSNIA and HERZEGOVINA	1,500
PRIZMA, BOSNIA and HERZEGOVINA	200
PROCREDIT BANK, SERBIA and MONTENEGRO	3,000
PROCREDIT MOLDAVIE II, MOLDAVIA	800
Total	8,813

Through these large loans, the ASN-Novib Fonds is helping thousands of small businesses which have not previously been eligible for loans from official banks or were reliant on loan sharks at high rates of interest. Most of the loans go to

financial service providers who, in turn, use them mainly for small loans to new businesses or street traders. The loans to FAMA and ProCredit Moldavia are renewals and increases of existing loans. In addition to these new loans, the Fund



General

has invested €3 million in Oikocredit shares. These shares meet the criteria in the Regulation on Social and Ethical Projects provided this is also the case for the underlying loans. The expected return on this participating interest is 2% annually. For the ASN-Novib Fonds, the participating interest is linked to a loan of €2.5 million to Banco Sol of Bolivia and a loan of almost €1 million to Negros Women for Tomorrow Foundation Inc. of the Philippines. The Fund's new or renewed loans/projects are described below.

Alter Modus, Serbia and Montenegro

Montenegro is a small mountainous country with only 860,000 inhabitants. The country's economy is in a reform and privatisation phase, meaning that more and more people are resorting to the informal economy as a result of redundancies from state-owned industries and the government. Unemployment is currently estimated at 25%. Alter Modus, a non-governmental organisation, started a lending programme in 1999, focusing on women and people who suffered from the conflicts in this region in the previous 10 years, and who want to set up their own businesses to earn a living. There is a high demand for financial services for small businesses in the informal economy in Montenegro, as they are not eligible for loans from local banks. Since it started, Alter Modus has seen steady growth and at June 2005 had an outstanding portfolio of €5.4 million lent to 5,300 customers, 49% of whom are women. As there are about 50,000 micro-businesses in Montenegro and only three micro-finance institutions of note, there is great demand for micro-credit. After receiving a loan from Novib in 2002, Alter Modus is now sufficiently professional and profitable that the ASN-Novib Fonds has decided to grant the organisation a loan of €500,000, so that the increasing demand for micro-credit can be met.

Crear Arequipa, Peru

The Peruvian economy has grown considerably in recent years but the growth is evident mainly in the macro-economic figures and less so in

income and employment figures. A feature of the Peruvian economy is the huge number of small businesses, many of which operate informally. Over 75% of the working population work in small businesses; the highest percentage on the continent. With poor prospects in agriculture, especially in the higher parts of the Andes, the capital Lima is attracting more and more people from the countryside. In the absence of other opportunities, they start their own small businesses, such as cobblers, clothes sellers or taxi drivers. The micro-financing industry is, therefore, a very important tool for this sector. Many of the businesses depend on loans they can obtain from the micro-financing sector.

Crear Arequipa is one of the micro-finance institutions that focuses on small, urban businesses. It operates in Lima and Arequipa, the country's second city. The organisation currently has 20,000 customers, 55% of whom are women, with average loans of about €600. The unique feature of Crear Arequipa is the very direct relationship it has with its customers, which not only translates into the good quality of the portfolio but also a long-term relationship with customers which is better than most other micro-financing organisations. Crear Arequipa would like to offer additional services to its customers, especially savings. This requires a special licence from the central banking authority, which it is currently trying to obtain. Along with other investors, ASN-Novib is trying to support this. Earlier this year, ASN-Novib made a loan of \$800,000. There will probably be a further investment next year.

Mikrofin, Bosnia and Herzegovina

Mikrofin, like Prizma, is one of the MFIs set up with funds from the World Bank and it is now the second largest MFI in the country with an outstanding portfolio of €21.3 million at the end of 2004 and 14,100 customers, 40% of whom are women. The average size of loans fell in the past year by 23% and is now €1,513. This is a result of a new strategy focusing more on new businesses which need less credit. Mikrofin's customers are mainly in trade and services.

Mikrofin is one of the most efficient MFIs in the region and has almost no arrears in the portfolio, and this enables it to offer low rates to businesses, creating increasing demand for loans. In order to allow growth in the portfolio, the ASN-Novib Fonds has granted a second loan of €750,000 to Mikrofin, which in turn can offer loans to 330 small businesses per year.

Padme, Benin

Benin, situated in West Africa between Togo and Nigeria, is one of the most democratic and stable countries in Africa. It is, however, also one of the poorest countries in the world with 36% of its almost 7 million inhabitants living below the poverty line with an average income per head of \$530 per year. The micro-finance institution, PADME, was set up in 1993 with the aim of granting credit to small businesses. It grants loans of an average €750 to market women, bicycle makers, hairdressers, small traders, small shopkeepers, taxi drivers, etc. The loans range from 1 month to 3 years. PADME has about €34 million in loans outstanding to 45,000 customers, of whom 70% are women. It works through over 20 branches, mainly in Benin's towns. The ASN-Novib Fonds and Oikocredit have each made a loan of €1 million to PADME, which PADME in turn has used to grant loans to 2,670 small businesses. PADME is one of the largest micro-finance institutions in Benin. Payment arrears of PADME's customers rose sharply in 2005, partly as a result of a sharp fall in exports to the main trading partner, Nigeria, following increased tension between the two countries, falling cotton prices on the world market, the crisis in Ivory Coast and high petrol prices. The loan expires in June 2006 when the situation will be reviewed to see whether it has improved enough for the loan to be renewed.

Partner, Bosnia and Herzegovina

Partner started as a multi-ethnic micro-finance institution (MFI) in 1997 with a unique approach in that it concentrates on the areas in Bosnia where the front lines had been. The extensive network of 33 branches offer Partner's customers

the opportunity to transfer their loans if they wish to return to the region where they lived before the war. In this way, Partner is sure of reaching layers of the population which suffered most from the fighting. Its customers are returned refugees, people who were forced out of their homes, and increasingly the local population in the 94 municipalities where Partner now works. Partner has now grown into the largest MFI in the country with an outstanding portfolio of over €25 million at June 2005, and a total of 21,000 customers, 54% of whom are women and 65% from rural areas. As the demand for loans still exceeds supply, the ASN-Novib Fonds has granted a loan of €1,500,000 to Partner, which can thus grant loans to 1,540 small businesses each year.

ProCredit Bank, Serbia

ProCredit Bank Serbia was the first foreign bank to open to the public after the fall of Milosevic. Since it opened in 2001, ProCredit Bank Serbia has positioned itself as the market leader for financial services to small businesses. The bank now has an extensive range of services and, alongside the normal micro-credit products, offers other facilities such as credit cards and e-banking to small businesses.

With total assets of €229 million, ProCredit Bank is among the top ten commercial banks in the country. ProCredit Bank Serbia's successful focus on small businesses is demonstrated mainly by its loans portfolio of over €180 million with an average loan of less than €4,000. In view of the amount of savings attracted (€140 million) and the number of savers (200,000 accounts) the bank clearly enjoys the full confidence of the population, and can thus finance a large part of its growing loans portfolio. With 33 branches and almost 900 employees, the bank is represented in almost every part of Serbia. Thanks to the good results and stable balance sheet structure, the ASN-Novib Fonds has granted it a loan of €3 million, which is the largest loan in the portfolio.

Outlook

Triple Jump

Just before the end of the International Year of Microcredit, ASN Bank, Oxfam Novib and NOTS announced they were setting up Triple Jump which is a social enterprise with the aim of making more western capital available more quickly to developing countries and so accelerating the fight against poverty. Triple Jump does not focus only on established MFIs. It also wants to work on obtaining expertise and capital for new and expanding MFIs. Triple Jump will, therefore, be supporting new MFIs with expertise, capital and donations, granting high-risk loan capital to MFIs which are growing out of the start-up phase to maturity and low-risk loan capital to mature, stable MFIs. Triple Jump is starting as an autonomous part of Novib's Financial Services Unit which initially will be responsible as project manager for lending by ASN-Novib Fonds, followed by the Novib loans portfolio itself. Triple Jump hopes to have grown within five years into a business with an equity and loans portfolio of €100 million.

Last year we wrote that further growth in lending required moving where possible to granting loans in local currency provided the associated currency risks could be hedged. As well as the possibility of a guarantee fund, there would also be an investigation of whether a higher interest rate on the loan or use of suitable financial instruments could be of use. The Board of Supervision has since concurred with a policy that allows loans to be made in carefully selected local currencies, with the currency risk being offset in part by a higher interest rate on the loan.

Changes to the regulations for investment institutions

New regulations for collective investment schemes came into force on 1 September 2005. The changes are aimed at modernising the legislation and implementing European Directives. The changes affect the Act on the Supervision of Collective Investment Schemes (Wet toezicht beleggingsinstellingen, Wtb), the Decree on the

Supervision of Collective Investment Schemes (Besluit toezicht beleggingsinstellingen, Btb), the Further Regulations on business conduct supervision of Collective Investment Schemes (Nadere regeling gedragstoezicht beleggingsinstellingen) and the Further Regulations on the Key Features Document (Nadere regeling Financiële Bijsluiter). As a result of the changes, licences are no longer granted to the collective investment scheme, but to the manager, unless a collective investment scheme manages itself. This makes it possible for the manager to put new collective investment schemes on the market without having to get a new licence every time. As a result of these changes, managers of existing collective investment schemes and collective investment schemes without a separate manager have to apply for a new licence from the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, AFM). ASN Beleggingsinstellingen Beheer B.V. (ABB) has submitted an application for a Wtb licence to the AFM and it is expected that this licence will be granted during 2006. The existing licence for the ASN-Novib Fonds remains in force until the new one is granted by the AFM. The new regulations for ABB and ASN-Novib Fonds will apply from the time that the new licence is granted, and a prospectus and Key Features Documents in line with the new regulations will be made available.

The Hague, 7 March 2006
The Board of Management of
ASN Beleggingsinstellingen Beheer B.V.

Structure and other information at 31 December 2005

General

The information below is a summary of matters reported elsewhere in the annual report or the prospectus. For full descriptions, please see the relevant sections of the prospectus. Several points of the fund structure changed with effect from 1 May 2005 (see the Report of the Manager).

Legal structure

The ASN-Novib Fonds is a mutual fund and a semi-open-ended investment institution and may decide, in exceptional circumstances, to suspend redemption of units. Other than in exceptional circumstances, the ASN-Novib Fonds is prepared to issue new units or to redeem its units at the monthly issue price. 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 rapidly liquidate existing investments, unrestricted entry and/or withdrawals cannot always be guaranteed. The Manager has instructions to invest 10% of the net assets in such a way that they can be converted rapidly into liquid funds. If, despite this, a situation of insufficient liquidity were to arise, 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

Corporate income tax

The ASN-Novib Fonds is a tax-exempt investment institution pursuant to Section 28 of the Corporate Income Tax Act 1969. This means that its profit is subject to corporate income tax at 0% provided it meets certain conditions, including that all income, after deduction of expenses, is distributed as a dividend to the unit holders within eight months of the end of the financial year.

Dividend tax

Until 2007, the ASN-Novib Fonds has to withhold 25% dividend tax from cash dividends

distributed to unit holders and remit it to the tax authorities.

Capital duty

Until 2006, the ASN-Novib Fonds generally has to pay capital duty of 0.55% on issues of new units.

Regulation on Socially-Responsible Investment

By having social and ethical status, investments in the ASN-Novib Fonds have enjoyed an additional tax benefit with effect from 1 January 2004. Firstly, there is a box 3 exemption of up to €52,110 (2005 figure) for socially-responsible investments. These are 'green' investments and social and ethical investments. The saving is 1.2% deemed yield levy on investments up to an amount of €52,110. In addition, there is a rebate on the income tax payable of 1.3% of the average value of exempt investments in box 3. The tax benefit can, therefore, be as much as 1.2% + 1.3% = 2.5% of the investment. For partners, the two benefits apply up to an amount of €104,220 (2005 figure). For 2006, the exempt amount has been indexed to €52,579 per person and for partners to €105,158.

Entry and withdrawal charges

Spread

The Manager does not charge a spread on purchase and sale transactions for unit holders.

Transaction fees

Participation in the Fund is through an ASN investment account or an investment account with another entity of the SNS Reaal Group.

A transaction fee of 0.4% is charged when purchases or sales are made through ASN Bank's investment account. Lower rates, as set out in the table below, apply to purchases over €50,000:

For the portions between

€50,000 - €100,000	0.3%
€100,000 - €150,000	0.2%
€150,000 - €200,000	0.1%
over €200,000	0.0%



General

Annual charges

The Manager receives a fee of up to 3.25% from the Fund. This is an annual fee, computed on the overall net assets at the end of each quarter. One percent (1.00%) of this fee is used to cover all the Fund's management costs, including the administrative expenses, the custodian's fees, remuneration of the Board of Supervision, the audit, the annual report, the general meeting, marketing, etc. Up to 2.25% of the fee is a management fee to the project managers, Oikocredit and Novib. The fee to the project managers is 3% of the total outstanding loans and there is an assumption that up to 75% of the Fund's total assets are lent. If, in the opinion of the Board of Management, developments dictate that this percentage should be increased, this will be announced in advertisements three months in advance, in accordance with the relevant requirements.

Supervision

The ASN-Novib Fonds is subject to the statutory supervision of the Netherlands Authority for the Financial Markets. The supervisory authority granted the Fund a licence under the Act on the Supervision of Collective Investment Schemes on 30 November 1999.

Key Features Document

Key Features Documents have been prepared for all funds with information on the product, costs and risks. Please obtain a copy and read it before purchasing the product. The value of investments can fluctuate. Results achieved in the past do not offer any guarantee for the future.

Reporting

An annual report is prepared within four months of the end of each financial year. A half-year report is prepared within two months of the end of the first six months of each financial year. Copies of the annual report and the half-year report are available free of charge from ASN Bank or through the website of the bank, 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 micro-credit. 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 Fonds has been established to allow these NGOs and their financial institutions to finance the growth of their investment and lending projects. The Fund will do this by granting loans. The ASN-Novib Fonds will lend funds to these intermediary financial institutions, which in turn will grant loans to small businesses.



Regulation on Social and Ethical Projects 2004

containing rules on the designation and certification of projects situated in developing countries and which are in the interests of food security or improvement, social and cultural development or economic development, employment and regional development in developing countries.

Article 1

1. This Regulation implements section 5.15(3 and 6) of the Income Tax Act 2001.
2. In this Regulation, the following terms shall be defined as stated below:
 - a. audit report: a report issued by a register-accountant or accountant-administration-consulent;
 - b. project: a technical, functional and chronological unit of assets and activities situated in a developing country;
 - c. existing project: a project that existed before 1 January 2004 or a project on which a start had been made on performing the physical activities before that date;
 - d. developing country: a country on the DAC 1 list of the OECD (Organisation for Economic Cooperation and Development);
 - e. project manager: person for whose account and risk a project is being developed and maintained;
 - f. project capital: the capital that is required for financing the assets and activities and employed exclusively for performing a project;
 - g. certificate: a written decision by the Minister for Development Cooperation pursuant to section 5.15(3) of the Income Tax Act 2001, which states that a project is in the interests of food security or improvement, social and cultural development or economic development, employment and regional development in a developing country;
 - h. the ministers: the Minister for Development Cooperation in consultation with the Minister of Finance and the Minister for Foreign Affairs.

Article 2

1. A certificate shall only be issued for projects which, in the opinion of the ministers:
 - a. are to a major extent in the interests of:
 - food security or improvement in a developing country;
 - social and cultural development in a developing country; or
 - economic development, employment and regional development in a developing country;
 - b. have no adverse effects on the environment, including the use of raw materials and nature, in the region concerned or elsewhere;
 - c. have no adverse effects on social conditions, including the position of women and the poverty situation, in the region concerned or elsewhere;
 - d. are created with the participation of the local population and improve the social and economic conditions of the poor;
 - e. are implemented and maintained using sufficient local know-how or which in the near future will have sufficient local know-how available;
 - f. have a local demonstrative nature and can be emulated;
 - g. are created in an environment where existing formal financing channels offer little, if any, access to credit; and
 - h. are in accordance with Dutch foreign and development policy.
2. Notwithstanding the first clause, a certificate may also be issued for a project in a developing country for:
 - a. loans and advances to financial institutions for small and micro-businesses. This involves specific services to small and micro-businesses in developing countries in which the financial institution grants financing to the final recipient not exceeding €24,957 per recipient;
 - b. loans and advances to co-operatives. These are co-operatives in developing countries where the capital contribution is no more than €24,957 per member. The members' capital or the risk-bearing capital is built up



Appendix

- entirely by the members. The co-operative is registered at the Chamber of Commerce/ Register of Co-operatives in the country where the co-operative operates;
- c. loans and advances for agricultural projects in developing countries which are certified as organic under EU provisions;
 - d. loans and advances to local producers in developing countries of products certified by Fairtrade Labelling Organizations International.
3. Conditions may be attached to a certificate.

Article 3

A certificate shall not be issued for:

- a. an existing project;
- b. a project whose project capital exceeds €4,537,802;
- c. a project where it is not obvious that it has or will earn any return;
- d. a project where the expected return is such that in the opinion of the ministers it can be carried out without application of this Regulation.

Article 4

1. A certificate may only be applied for by and issued to:
 - a. a credit institution registered pursuant to Section 52 of the Act on the Supervision of the Credit System 1992, or
 - b. a collective investment scheme registered pursuant to Section 18 of the Act on the Supervision of Collective Investment Schemes.
2. The application for a certificate must be submitted to the Minister for Development Cooperation.
3. No new application for a project for which a certificate has already been issued may be made until three years before the expiry of that certificate.
4. The application shall be submitted using a form issued on request by the Minister for Development Cooperation.
5. A certificate shall only be issued if other information which, in the opinion of the Minister for Development Cooperation, is important for assessing the project is supplied within a period he specifies.

6. A certificate shall only be issued if an audit report is provided, if requested, confirming the accuracy or reasonableness of the information in the application or other relevant information.

Article 5

The application for a certificate must be accompanied by a document from the project manager who states in writing that:

- a. during the period of validity of the certificate to be issued on the project, he will at all times grant persons designated by the Minister for Development Cooperation access to the project and the financial, technical and organisational information relating to the project;
- b. he will cooperate fully with and assist those persons in performing their duties;
- c. he will immediately provide those persons with copies of documents relating to the project free of charge;
- d. on the request of the Minister for Development Cooperation, he will provide an audit report relating to the matters specified by the minister;
- e. he will comply with the conditions to be included in the certificate;
- f. he will keep separate, clear and truthful records of the financial position of the project;
- g. he will immediately notify the Minister for Development Cooperation of changes in the implementation or state of the project as a result of which it differs from the project for which the certificate was requested;
- h. he agrees that Dutch law only shall apply in matters relating to the application, issue, withdrawal and application of the certificate and the audit thereof.

Article 6

The application for a certificate must be accompanied by a document from the applicant institution which states that, if it provides capital:

- a. in implementing the Regulation, it will observe the requirements of Part VIII, Chapter 2 of the State Taxes Act with respect to the inspector towards the persons designated by the Minister for Development Cooperation;



- b. it will immediately notify the Minister for Development Cooperation of changes in the implementation of the project as a result of which it differs from the project for which the certificate was requested;
- c. it will ensure that the financial position of the project is recorded separately by the project manager in such a way that information of significance for levying tax is clear at any time from the books and other records.

Article 7

- 1. The Minister for Development Cooperation, in consultation with the Minister of Finance and the Minister for Foreign Affairs, shall decide on an application within eight weeks of its submission.
- 2. A copy of the decision shall be sent to the project manager.

Article 8

- 1. The certificate may not be issued for a period longer than the expected length of the project, and for no more than ten years.
- 2. The certificate for a project shall lapse by operation of law if no start has been made on the physical performance of the activities within 2 years of the date of issue of the certificate.
- 3. The certificate shall state the nature of the project, the project capital, the credit institution or collective investment scheme at whose request the certificate has been issued, the name of the project manager, the conditions applicable to the certificate and the period for which the certificate applies.

Article 9

- 1. The ministers may withdraw the certificate if:
 - a. the implementation or state of the project differs significantly from the project for which the certificate was 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 article 6;
 - d. the project manager is other than the project manager named in the application unless

- the new project manager states it will act in accordance with the provisions of article 5.
- e. the capital provider is other than the one who submitted the application unless the capital provider states in writing that it will act in accordance with the provisions of article 6.
- 2. The withdrawal decision may be made retroactive.
- 3. The certificate shall be withdrawn with retroactive effect if the information provided for it proves to have been so incorrect or incomplete that the application would have been decided differently had the correct or complete information been known when the application was decided.
- 4. The withdrawal decision shall be sent to the applicant who submitted the application pursuant to article 4(1).
- 5. A copy of the decision shall be sent to the project manager and the inspector of taxes Amsterdam.

Article 10

With respect to issuing a certificate and information of significance to it and the associated rights and obligations, Part VIII, Chapter 2 of the State Taxes Act shall apply mutatis mutandis with respect to the credit institution or collective investment scheme, pursuant to Section 5.15(2) of the Income Tax Act 2001, and the project manager, with the obligations to the inspector also applying to the persons designated by the Minister for Development Cooperation.

Article 11

This Regulation shall take effect with effect from the second day following the date of the Staatscourant (Government Gazette) in which it was issued and with retroactive effect to 1 January 2004.

Article 12

This Regulation may be cited as the Regulation on Social and Ethical Projects 2004.

From: Staatscourant 4 March 2004, No. 44



Names and addresses

ASN-Novib Fonds

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Fax +31 (0)70 361 79 48
ASN Information line: 0800 03 80
Internet www.asnbank.nl
Trade register of the chamber of commerce
in The Hague No. 27143242

Board of Management of ASN

Beleggingsinstellingen Beheer B.V.

A.J. Engelsman
and
The Management Board of ASN Bank:
E. Ph. Goudswaard
J.E. Jansen

Board of Supervision

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

Advisory Committee

A. Loeff
Ms D. Putman
W. Wagenmans

Project managers

Stichting Novib
Mauritskade 9
2514 HD The Hague
and
Oikocredit
Tesselschadelaan 4
3818 HG Amersfoort

Custodian

SNS Effectenbewaarbedrijf N.V.
Pettelaarpark 120
5216 PT 's-Hertogenbosch

Auditor

KPMG Accountants N.V.
Burg. Rijnderslaan 20
1185 MC Amstelveen

Administration

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

Tax adviser

KPMG Meijburg & Co Belastingadviseurs
Burgemeester Rijnderslaan 10
1185 MC Amstelveen

Legal adviser

De Brauw Blackstone Westbroek N.V.
Burgerweeshuispad 301
1076 HR Amsterdam



Board of Supervision

1. M.P. van Dijk

Appointed in 2002. Current term runs until 2009

Position: Professor of Water Services Management at the UNESCO-IHE Institute for Water Education, Delft.

Other positions: Professor 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/shareholder of Residentie Management B.V.

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

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 Group Executive Board 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, member of the Supervisory Board of MAAV, member of the board of Stichting Erfgoed Actueel.



***Financial
statements
for 2005***



Financial statements for 2005

Balance sheet at 31 December

Before appropriation of profit and in thousands of euros

Investments	2005	2004
Participating interests	3,000	0
Loans	13,900	6,623
Less: provision for doubtful debts	(330)	(405)
	16,570	6,218
Deposits	9,547	9,516
Total investments	26,117	15,734
Debtors		
Investment-related debtors	803	665
Other debtors	78	85
Total debtors	881	750
Other assets		
Cash	8,385	4,541
Current liabilities	189	182
Debtors and other assets less current liabilities	9,077	5,109
Total assets less current liabilities	35,194	20,843
Capital and reserves		
Issued capital	34,769	20,722
General reserves	(138)	(27)
Retained profit	563	148
Totaal	35,194	20,843

Financial statements for 2005



Profit and loss account

In thousands of euros

Income from investments	2005	2004
Income from participating interests	2	0
Interest on loans	748	459
Interest on deposits	273	68
Other operating income		
Interest on current account	84	92
Foreign exchange gains and losses	10	
Total operating income	1,117	619
Expenses		
Investments management expenses	538	319
Addition to provision for irrecoverable investments	(75)	85
Capital duty	91	67
Total operating expenses	554	471
Net profit	563	148



Financial statements for 2005

Cash flow statement

In thousands of euros	2005	2004
Cash flow from operating activities		
Purchase of investments	(12,006)	(10,498)
Sales of investments	1,698	1,384
Result	563	148
Movements in assets and liabilities		
Debtors	(131)	(79)
Current liabilities	7	168
Provisions	(75)	85
Net cash flow from operating activities	(9,944)	(8,792)
Cash flow from financing activities		
Issues of units	16,479	12,336
Redemption of units	(2,432)	(630)
Dividend paid	(259)	(118)
Net cash flow from financing activities	13,788	11,588
Movements in cash	3,844	2,796
Cash at the beginning of the period	4,541	1,745
Cash at the end of the period	8,385	4,541

The cash flow statement provides information on the sources of cash arising during the year and the way it was used. The cash flows are broken down between operating (investment) activities and financing activities.

Cash is defined as all bank balances payable on demand.

The cash flow statement has been prepared using the indirect method, in which realised and unrealised capital gains are taken directly to the profit and loss account. The net profit is converted into cash flows in the cash flow statement by means of adjustments. These adjustments relate to adjustments to amortisation of intangible fixed assets and to accruals and prepayments.



Notes

General

The ASN-Novib Fonds is a mutual fund established under Dutch law on 14 June 1996. On 1 December 1999, the Fund converted from a closed-end fund into a semi-open-ended investment institution. The ASN-Novib Fonds is not listed on any stock exchange. The Fund's reporting period is 1 January to 31 December. These financial statements have been prepared in accordance with the formats in the Annual Accounts Formats Decree of 18 July 1995.

The Fund was granted a licence pursuant to Section 5 of the Act on the Supervision of Collective Investment Schemes on 30 November 1999.

Accounting policies

ASN-Novib Fonds' investments are stated at face value adjusted, if necessary, for country or debtor risk. Unless noted otherwise, other assets and liabilities are stated at face value. Amounts denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date or the contract rate if the currency has been hedged. A provision is formed for irrecoverable investments.

Policies for determining the result

Income and expenses are recognised in the profit and loss account in the year to which they relate. The result consists of interest accrued during the year, less the expenses attributable to the year.

Financial instruments

The activities of the ASN-Novib Fonds may involve the Fund in various types of financial risk. The risks arise from managing investment portfolios. The policy applied by the Board of Management of the Fund on these risks is set out below.

Price risk

The value of investments in the ASN-Novib Fonds may differ from the face value if there is debtor or country risk.

Interest rate risk

In principle, the ASN-Novib Fonds bears an interest rate risk, but interim changes in market interest rates do not affect the value of the investments in the ASN-Novib Fonds as the fund has loans and advances with fixed interest rates which are stated at face value.

Credit risk

This risk is also known as debtor risk. This risk is limited by investing only in financial intermediaries who bear the credit risk on their clients and form their own provisions for this. The greatest risk is country risk. Economic difficulties and extensive currency depreciation can lead to intermediaries being unable to meet their own obligations. The Manager tries to limit this risk through a broad spread of investments across regions and countries and granting loans to institutions with a track record.

Currency risk

Currency risk is limited by mainly offering products in hard currencies or their equivalents. Dollar-denominated investments are hedged. The cost of this is borne by the Manager. The Fund is only open to this type of risk on direct equity holdings in local currency of which there are only a few examples, however. At 31 December 2005 the exchange rate for interest accrued on dollar-denominated loans was 1.18.

Liquidity risk

The ASN-Novib Fonds has limited investment liquidity, as it invests in loans and advances of a specific nature.

Monitoring risks

Loans and advances are monitored by Oiko-credit and Novib, two institutions designated as investment advisers. These institutions report periodically on the status of loans and advances to the Board of Management of ASN Beleggings-instellingen Beheer BV.



Financial statements for 2005

Notes to the balance sheet at 31 December 2005

In thousands of euros

Investments	2005	2004
Participating interest in Oikocredit	3,000	0
Loans	13,900	6,623
Less: provision for doubtful debts	(330)	(405)
Sub-total	16,570	6,218
ASN Depositsparen savings account	865	1,516
ASN Sparen Extra savings account	8,682	8,000
	26,117	15,734

Movement in loans

Book value at the beginning of the year	6,623	5,543
Purchases	8,975	2,464
Sales and repayments	(1,698)	(1,384)
Book value at the end of the year	13,900	6,623

Movements in the provision for doubtful debts

Balance sheet value at 1 January	405	320
Additions	(75)	85
Balance sheet value at 31 December	330	405

Movements on ASN Depositsparen and ASN Sparen Extra savings accounts

Balanswaarde op 1 januari	9,516	1,482
Dotaties	31	8,034
Balanswaarde op 31 december	9,547	9,516

In accordance with the prospectus, at least one tenth of the net assets are invested in such a way that they can be converted rapidly into liquid funds. This includes a deposit account and an ASN Sparen Extra savings account at ASN Bank at a market rate of interest; this, along with the balance on the current account, ensures the necessary liquidity. The interest paid on the deposit during the year was approximately 3.25% (2004: 4.4%). The interest paid on the ASN Sparen Extra savings account in the reporting period was 2.7% (2004: 3%).

Debtors

Interest receivable on investments	803	665
Interest receivable on savings	78	85
	881	750

Cash

ASN Sparen savings account	8,385	4,541
	8,385	4,541

The currently uninvested portion of net assets is kept on a savings account at ASN Bank and is payable on demand. The interest paid in 2005 was approximately 1.9% (2004: 2.1%).

Financial statements for 2005



Capital and reserves	2005	2004
Issued and paid up capital	34,769	20,722
General reserve	(138)	(27)
Retained profit	563	148
	35,194	20,843

The retained profit is the profit to be distributed after adoption by the General Meeting of Unit Holders.

Movements in issued and paid up capital

Balance sheet value at 1 January	20,722	9,016
Issued	16,479	12,336
Redeemed	(2,432)	(630)
Balance sheet value at 31 December	34,769	20,722

Movements in the number of units during the year

Balance at 1 January 2005	414,444	180,320
Units issued	324,907	246,914
Units redeemed	(49,227)	(12,790)
Balance at 31 December 2005	690,124	414,444

Net asset value

Number of units outstanding	690,124	414,444
Net asset value per unit	51.00	50.29

Movements in the general reserve

Balance sheet value at 1 January	(27)	(28)
Withdrawals	(111)	1
Balance sheet value at 31 December	(138)	(27)

Current liabilities

ASN Beleggingsinstellingen Beheer B.V.	112	133
Capital duty	77	49
	189	182



Financial statements for 2005

Statement of loans

Loan	Country	Value at end 2005	Value at end 2004
ANED, Asociación Nacional Ecu­mérica de Desarrollo	Bolivia	73	97
FADES, Fundación para Alternativas de Desarrollo	Bolivia	192	220
IM, Inicjatywa Mikro	Poland	125	175
FINDE, Fondo del Instituto Nicaraguense de Desarrollo	Nicaragua	0	100
BANCO SOLIDARIO, Banco Solidario S.A.	Ecuador	0	114
ADOPEM, Asociación Dominicana para el Desarrollo de la Mujer	Dominican Republic	0	271
CONFIANZA	Peru	192	264
LA-CIF	Panama	807	806
MEC MOLDAVIE	Moldavia	0	438
PROEMPRESA	Peru	250	417
MIKROFIN	Bosnia	0	250
FAMA II	Nicaragua	810	435
Banco ProCredit (formerly SFE)	Ecuador	572	572
ACLEDA	Cambodja	808	808
MIKROFIN II	Bosnia	500	500
PRIZMA	Bosnia	600	400
XAC BANK	Mongolia	756	756
PARTNER	Bosnia	1.500	0
ALTER MODUS	Serbia and Montenegro	500	0
MIKROFIN III	Bosnia	750	0
CREAR AREQUIPA	Peru	665	0
PADME	Benin	1,000	0
ProCredit BANK	Serbia and Montenegro	3,000	0
ProCredit MOLDAVA II	Moldavia	800	0
		13,900	6,623

Financial statements for 2005



Notes to the profit and loss account of 2005

In thousands of euros

Income from investments	2005	2004
Income from participating investments	2	0
Interest on private loans*	690	448
Handling fee for private loans*	58	11
Rente ASN Depositosparen en ASN Sparen Extra	273	68
	1,023	527

* From 2005, handling fees on private loans are disclosed separately in the notes to the profit and loss account. The comparative figures for 2004 have been restated.

Other income

Interest on savings account	84	92
Foreign exchange gains and losses	10	0
	94	92

Management fee

Manager's fee	538	319
	538	319

Other operating expenses

Addition to the provision for doubtful debts	(75)	85
Capital duty	91	67
	16	152

Total Expense Ratio

Total expenses (including project management fee)	628,768	470,844
Average net assets over four quarters	24,359,932	12,408,566
Total Expense Ratio*	2.58%	3.79%
Turnover ratio**	-44.46%	

*) The difference between the expense ratio and the annual expense percentage (as presented in the section on the cost structure) is a result of the expense ratio being calculated on the average net assets over four quarters while the annual expense percentage is based on the net assets at the end of each quarter. In addition, the annual expenses assume the maximum project management fee, which is 3% of up to 75% of the assets invested in projects. The actual percentage of loans was lower than this during the year. The annual expense percentage does not include capital duty payable during the year under review and the addition to the provision for doubtful debts.

***) The turnover ratio is an indication of the turnover of the portfolio, giving an idea of the extent to which management is active. The turnover ratio is computed as the total amount of securities transactions less the total amount of transactions in units as a percentage of the average net asset value of the Fund.



Financial statements for 2005

Five year summary

Total (in thousands of euros)	31-12-05	31-12-04	31-12-03	31-12-02	31-12-01
Net asset value	35,194	20,843	9,107	8,035	6,766
Income from investments	1,023	527	388	280	183
Other operating income	94	92	68	88	113
Expenses	554	471	337	242	167
Total result	563	148	119	126	129
Number of outstanding units	690,124	414,444	180,320	158,330	132,724
Per unit (in euros)					
Net asset value	51.00	50.29	50.50	50.75	50.98
Issue price	51.07	50.00	50.00	50.00	50.00
Dividend	0.60	0.60	0.90	0.95	0.00
Income from investments	1.48	1.27	2.15	1.77	1.38
Other operating income	0.14	0.22	0.38	0.56	0.85
Expenses	0.80	1.13	1.87	1.53	1.26
Total result*	0.82	0.36	0.66	0.80	0.97

*) The total result per unit was calculated on the basis of the number of units outstanding at the end of the financial year.

Employees

The ASN-Novib Fonds does not have any employees.

Remuneration of the Board of Supervision


The members of the Board of Supervision each received a fee of €3,500 in 2005. The Board met four times in 2005.

Remuneration of the Manager

The Manager, ASN Beleggingsinstellingen Beheer B.V., does not receive a remuneration at the expense of the Fund.

The Hague, 7 March 2006

The Board of Management of
ASN Beleggingsinstellingen Beheer B.V.



Other information



Other information

Provision governing the distribution of profit

These provisions are set out in Article 15 of the Management and Custody Conditions. The main provision is:

15.1

Distribution to unit holders of the Fund's profit available for distribution shall be made annually in cash before 1 July. The investor shall receive the thus distributed net amount, reinvested automatically and free of charge in units, through the relevant investment account.

Transactions with major investors

ASN Beleggingsinstellingen Beheer B.V. is the Manager of the ASN-Novib Fonds. The entire share capital of ASN Beleggingsinstellingen Beheer B.V. is owned by ASN Bank (Algemene Spaarbank voor Nederland ASN N.V.). Pursuant to the Investment Undertakings Supervision Decree, ASN Bank, Stichting SNS Beleggersgiro and SNS Bank N.V. (sole shareholder in ASN Bank) are regarded as major investors in the ASN-Novib Fonds and, consequently, transactions listed in the Decree must be disclosed. There were no relevant transactions during the reporting period. Any relevant transactions are made at arm's length conditions.

Subcontracting of core activities

Pursuant to the supervisory authority's Policy Rule on Subcontracting Core Activities of 11 January 2002, a list of the activities subcontracted by ASN Beleggingsinstellingen Beheer B.V. is given below. The contracts with the parties listed below include clauses on performance standards, exchange of information, formal termination periods and fees.

Core activity	Party
Project-management	Stichting Novib; Oikocredit, Ecumenical Development Cooperative Society U.A.
Administration	ASN Bank N.V.

Officers' interests

None of the members of the Board of Management of the Manager, or of the Board of Supervision, have a personal interest in investments held by the ASN-Novib Fonds.

Appropriation of the 2005 profit

The result for 2005 less dividend distribution, as stated in the Report of the Manager, has been taken to the general reserves.



Auditors' report

Introduction

We have audited the financial statements for the year 2005 of the ASN-Novib Fonds, The Hague, included in this report. These financial statements are the responsibility of the Manager of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager of the Fund, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2005 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements as included in Part 9, Book 2 of the Netherlands Civil Code and the Act on the Supervision of Collective Investment Schemes. Furthermore we have established to the extent of our competence that the annual report is consistent with the financial statements.

Amstelveen, 7 March 2006
KPMG ACCOUNTANTS N.V.
J.G.J.F. Oudejans R.A.

