

Prospectus



Argenta Spaarbank NV

(incorporated with limited liability under the laws of Belgium)

EUR 100,000,000

5.855 per cent. Directly Issued Subordinated Perpetual Callable Fixed to Floating Rate Debt Securities

eligible as Tier 1 regulatory capital

Issue Price: 100 per cent.

The EUR 100,000,000 5.855 per cent. Directly Issued Subordinated Perpetual Callable Fixed to Floating Rate Debt Securities (the "**Securities**") are directly-issued securities of Argenta Spaarbank NV (the "**Issuer**"), an unlisted limited liability company incorporated under the laws of Belgium.

The Securities will bear interest (i) from (and including) 31 October 2006 to (but excluding) 31 October 2016 at the rate of 5.855 per cent. per annum payable annually in arrear on 31 October of each year, commencing on 31 October 2007 and (ii) from (and including) 31 October 2016 at a floating rate equal to the Euribor (European inter-bank offered rate) for three month euro deposits plus 2.75 per cent per annum payable quarterly in arrear on 31 January, 30 April, 31 July and 31 October of each year commencing on 31 January 2016.

If the Issuer gives a Deferral Notice stating that it will defer the payment of interest that would have been payable on an Interest Payment Date or any portion thereof, no interest amount or less than the full interest amount will be payable on such Interest Payment Date. The Issuer may give a Deferral Notice in its sole discretion, but if before or after giving effect to any interest amounts, a Net Assets Deficiency Event has occurred and is continuing, it is required to give a Deferral Notice. Notwithstanding the foregoing and subject to certain exceptions, Deferred Coupons will become mandatorily payable upon any payment or dividends on Junior Securities or Parity Securities of the Issuer or Argenta Bank- en Verzekeringsgroep NV (the "**Parent**") or any redemption, repurchase or other acquisition by the Issuer or the Parent of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition). The Issuer will generally be required to satisfy its obligation to pay Deferred Coupons only in accordance with the Alternative Coupon Payment Method. See "Terms and Conditions of the Securities - Deferral of Coupons and Alternative Coupon Payment Method". Argenta Bank- en Verzekeringsgroep NV, the parent company of the Issuer (the "**Parent**") has provided certain undertakings, as set out in the support agreement dated 31 October 2006, in respect of the Issuer's ability to satisfy its obligations to pay Deferred Coupons and the approval of the terms and conditions of the Profit Sharing Certificates.

Investing in the Securities involves certain risks. See "Risk Factors".

The Securities are undated and have no fixed maturity date. Subject to compliance with applicable regulatory requirements including the prior approval of the Commission Bancaire et Financière/Commissie voor het Bank- en Financieelwezen ("**CBFA**"), the Belgian Banking, Finance and Insurance Commission, the Securities may be redeemed at the option of the Issuer, in whole (but not in part), on 31 October 2016 or on any subsequent Interest Payment Date. In addition, the Issuer may, prior to 31 October, 2016 and subject to any required prior approval of the CBFA, redeem all, but not some only, of the Securities, for certain taxation and regulatory reasons. Upon the occurrence of certain events, the Issuer may convert the Securities, in whole (but not in part), into Conversion Upper Tier 2 Instruments or redeem the Securities. In addition, upon the occurrence of a Supervisory Event or an event resulting in a general *concurso creditorum* on the assets of the Issuer, the Securities shall be converted into Profit Sharing Certificates. See "Terms and Conditions of the Securities - Conversion into Conversion Upper Tier 2 Instruments and Redemption".

The Securities will be in bearer form and in the denomination of EUR100,000. The Securities will be in the form of a global certificate (the "**Global Certificate**") without interest Coupons, which will be deposited on or around 31 October 2006 (the "**Issue Date**") with the National Bank of Belgium (the "**NBB**"), as operator of the X/N book-entry clearance and settlement system (the "**X/N System**"). Ownership of beneficial interests in the Securities will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by the X/N System, Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and their respective participants. The Global Certificate will be exchangeable in certain limited circumstances, in whole, but not in part, for Securities in definitive form in the denomination of EUR100,000 each and with interest coupons and a talon attached. See "Summary of Provisions Relating to the Securities in Global Form".

Application has been made to the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**") for its approval of this Prospectus. Application has been made to the Luxembourg Stock Exchange for the Securities to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "**Market**"). References in this Prospectus to Securities being "listed" (and all related references) shall mean that Securities have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC.

The Securities are expected to be assigned on issue a rating of "BBB-" by "Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.". A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating organisation. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Securities.

Lead Manager and Structuring Adviser

BNP PARIBAS

Co- Managers

PETERCAM SA

BANK DEGROEF SA

27 October 2006

This Prospectus comprises a prospectus for the purpose of Article 5 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer, the Parent and their subsidiaries which, according to the particular nature of the Issuer, the Parent and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Parent.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Issuer nor the Parent has authorised the making or provision of any representation or information regarding the Issuer, the Parent or the Securities other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Parent. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Parent or the Managers (as defined under "**Subscription and Sale**").

Neither the delivery of this Prospectus nor the offering, sale or delivery of any of the Securities shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Parent since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, the Securities.

The distribution of this Prospectus and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Parent and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Securities and on distribution of this Prospectus and other offering material relating to the Securities, see "Subscription and Sale".

The Securities have not been, and will not be, registered under the United States Securities Act or 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Securities are being offered outside the United States by the Managers (as defined in "Subscription and Sale") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and, subject to certain exceptions, may not be offered, sold or delivered within the United States.

In this Prospectus, unless otherwise specified, references to "EUR", "euro" or "€" are to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

IN CONNECTION WITH THIS ISSUE OF SECURITIES, BNP PARIBAS (OR PERSONS ACTING ON BEHALF OF BNP PARIBAS) MAY OVER-ALLOT SECURITIES (PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF SECURITIES ALLOTTED DOES NOT EXCEED 105% OF THE AGGREGATE PRINCIPAL AMOUNT OF SECURITIES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT BNP PARIBAS (OR PERSONS ACTING ON BEHALF OF BNP PARIBAS) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE

EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES.

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OVERVIEW

The following overview refers to certain provisions of the Terms and Conditions of the Securities and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used herein have the meaning given to them in "Terms and Conditions of the Securities".

Issuer	Argenta Spaarbank NV, an unlisted bank, incorporated as a company with limited liability under the laws of Belgium having its registered seat in Antwerp.
Parent	Argenta Bank- en Verzekeringsgroep NV, an unlisted mixed financial holding pursuant to art. 49bis 1993 Act, incorporated as a company with limited liability under the laws of Belgium, having its registered seat in Antwerp.
Issue Size	EUR 100,000,000
Maturity	The Securities will be undated obligations of the Issuer and have no fixed maturity date.
Form and Denomination	The Securities will be in the form of the Global Certificate, which will be in bearer form representing Securities with a denomination of EUR 100,000 per Security. The Global Certificate will be deposited on or around the Issue Date with the NBB as operator of the X/N System or its custodian. Upon receipt of the Global Certificate the NBB will credit the Fiscal Agent's securities account, being an exempt account in the X/N System with an amount equivalent to the principal amount of the Global Certificate.
Status	The payment obligations of the Issuer under the Securities will rank behind the claims of holders of Senior and Subordinated Indebtedness of the Issuer, <i>pari passu</i> with claims of holders of Parity Securities and before the claims of holders of Junior Securities of the Issuer. In the event of a general <i>concursum creditorum</i> on the assets of the Issuer, the Securities will be converted automatically into Profit-Sharing Certificates.
Negative Pledge	There will be no negative pledge in respect of the Securities.
Interest	<p>The Securities will bear interest from and including the Issue Date to (but excluding) 31 October 2016 at a fixed rate of 5.855 per cent. per annum, payable annually in arrear on 31 October in each year on an actual/actual ICMA day count fraction basis.</p> <p>The Securities will bear interest from 31 October 2016 at a floating rate equal to three month EURIBOR plus 2.75 per annum payable quarterly in arrear subject to adjustment in accordance with the modified following business day convention, on an actual/360 day count fraction basis.</p>

Deferred Coupons

If and to the extent that, before or after giving effect to any interest on the Securities otherwise due and payable on an Interest Payment Date, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer, the Issuer will give a Deferral Notice and no interest or less than the full interest amount will be due and payable on such Interest Payment Date. Deferred Coupons that are deferred in the circumstances described in the preceding sentence are referred to as "**Exceptional Deferred Coupons**".

If interest on the Securities is not mandatorily due and payable on an Interest Payment Date and no Net Assets Deficiency Event has occurred, then, if the Issuer gives a Deferral Notice, no interest or less than the full amount of interest as specified in such Deferral Notice will be payable on such Interest Payment Date. Deferred Coupons that are deferred in the circumstances described in the preceding sentence are referred to as "**Elective Deferred Coupons**".

Deferral of Coupons

In respect of an Exceptional Deferred Coupon, the Issuer will, and in respect of an Elective Deferred Coupon the Issuer may, on or before the 15th business day immediately preceding an Interest Payment Date, give notice (a "**Deferral Notice**") that the Issuer will defer the interest that would, in the absence of deferral, otherwise have been due and payable on such Interest Payment Date or a specified portion thereof, in which case no interest or less than the full amount of interest so specified will be due and payable on such Interest Payment Date.

In respect of an Elective Deferred Coupon, the Issuer may give a Deferral Notice in its sole discretion. A Deferral Notice as to interest due and payable on a Deferred Coupon Satisfaction Date or Mandatory Coupon Date shall have no force or effect.

Payment of Deferred Coupon: Deferred Coupons will become mandatorily payable upon any payment of dividends on Junior Securities or Parity Securities of the Issuer or Parent or any redemption, repurchase or other acquisition by the Issuer or the Parent of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

The Issuer may, however, elect to pay Deferred Coupons at any time before they become mandatorily payable. The Issuer will be permitted to satisfy its obligation to pay Deferred Coupons only in accordance with the Alternative Coupon Payment Method.

The obligation to pay Elective Deferred Coupons will be satisfied (in accordance with the Alternative Coupon Payment Method) within a three month period following the Interest Payment Date for which the Deferral Notice was given.

Elective Deferred Coupons shall bear interest *provided that* they shall not bear interest during any period when a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer. Exceptional Deferred Coupons shall not bear interest beyond their scheduled Interest Payment Date.

Dividend Stopper

Beginning on the day the Issuer gives a Deferral Notice and continuing until all Deferred Coupons are paid in full: the Issuer and the Parent (i) will not propose to their shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend on their Junior Securities or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of their Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

If less than the full amount of interest is paid on the Securities on any Interest Payment Date, the undertakings described above will not prevent the distribution of a partial dividend, in the same proportion, on any Set Rate Parity Securities during the period beginning on such Interest Payment Date and ending before the next succeeding Interest Payment Date.

Mandatory Coupons

The Issuer shall pay interest on the Securities as follows:

If (A) the Issuer or Parent pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition) (a "**Mandatory Coupon Event**"), then all Deferred Coupons will become mandatorily due and payable on a date to be determined by the Issuer but in any event no later than 90 business days after the date of the payment in respect of such Junior Securities or Parity Securities; *provided that* during any Floating Interest Period such date shall be an Interest Payment Date (together with the date of any elective payment of Deferred Coupons before they become mandatorily payable, a "**Deferred Coupon Satisfaction Date**"), notwithstanding any further Deferral Notice or the occurrence of any Net Assets Deficiency Event with respect to the Issuer.

The Issuer will satisfy its obligation to pay such Deferred Coupons only in accordance with the Alternative Coupon Payment Method.

In case of a Mandatory Coupon Event, the interest due and payable on each Interest Payment Date occurring during the Relevant Period (as defined in Section 1 of the Terms and Conditions thereafter) will be mandatorily due and payable on each such date (a "**Mandatory Coupon Date**"), notwithstanding any Deferral Notice as to such interest.

In case of a dividend payment on any Set Rate Parity Securities:

- if the set level of dividend is paid, the interest payable on each related Mandatory Coupon Date will be fully payable;
- if part of the set level of dividend is paid, the same percentage of the full interest amount will be payable on each related Mandatory Coupon Date.

Alternative Coupon Payment Method

The Issuer will satisfy its obligation to pay any Deferred Coupon on a Deferred Coupon Satisfaction Date only in accordance with the procedure

described below (the “**Alternative Coupon Payment Method**”). The Issuer may use the Alternative Coupon Payment Method in order to satisfy its obligation to pay interest (other than Deferred Coupons) on an Interest Payment Date or Mandatory Coupon Date.

The Issuer's obligation to pay Deferred Coupons on a Deferred Coupon Satisfaction Date, or interest payable on an Interest Payment Date or Mandatory Coupon Date, as applicable, in accordance with the Alternative Coupon Payment Method will be satisfied as follows:

- (i) the Issuer will give to the Holders at least 16 business days' notice of the Interest Payment Date or Mandatory Coupon Date, as applicable, on which the coupons are to be settled in accordance with the Alternative Coupon Payment Method;
- (ii) by the close of business on or before the seventh business day prior to the Interest Payment Date or Mandatory Coupon Date, as applicable, the Issuer will have authorised for issuance such number of its preference shares (having the same material terms as the Securities) having in the judgment of the Calculation Agent, a market value of not less than 110 per cent. of the relevant payment to be satisfied on the Interest Payment Date or Mandatory Coupon Date, as applicable, (the "**Payment Preference Shares**") plus the claims for the costs and expenses to be borne by the Issuer in connection with using the Alternative Coupon Payment Method. To the extent that the Calculation Agent is unable to value the Payment Preference Share, the Calculation Agent can appoint a third-party reputable investment bank to value the Preference Shares, all costs to be borne by the Issuer;
- (iii) the Issuer will procure purchasers for the Payment Preference Shares as soon as reasonably practicable, but not later than the fourth business day prior to the Interest Payment Date or Mandatory Coupon Date, as applicable;
- (iv) the Issuer will sell the Payment Preference Shares to such purchasers and collect any sales proceeds;
- (v) the Issuer will pay the sales proceeds (or such amount of sales proceeds as is necessary to make the relevant payment) to the Holders on the Interest Payment Date or Mandatory Coupon Date, as applicable; and
- (vi) if, pursuant to the Alternative Coupon Payment Method, proceeds are raised in excess of the relevant payment amount plus the claims for the fees, costs and expenses to be borne by the Issuer in connection with using the Alternative Coupon Payment Method, the Issuer will retain such excess proceeds.

The Issuer will offer its then current ordinary shareholders a pre-emptive right over issuance of any such Payment Preference Shares. If and to the extent that the then current ordinary shareholders use such pre-emptive

right, they may elect ordinary shares instead of preference shares.

If the net sales proceeds from the sale of Payment Preference Shares are less than the relevant payment amount, holders of Securities will be paid ratably in any distribution of such proceeds, in proportion to the full relevant payment amount on such holder's Securities.

In case of Elective Deferred Coupons only, the Payment Preference Shares will be used as payment in kind ("**PIK Preference** Shares") in respect of the Deferred Coupon to the extent that the Deferred Coupon has not been satisfied through the net sales proceeds from the sale of Payment Preference Shares.

The PIK Preference Shares are callable by the Parent, in consideration for a price in cash equal to the amount of the Deferred Coupon which has not been satisfied through the net sales proceeds from the sale of Payment Preference Shares. The Parent will undertake to use all reasonable efforts to exercise its call at the earliest opportunity. For the avoidance of doubt, the call and the Parent undertaking to use all reasonable efforts to exercise this call are limited to the PIK Preference Shares.

Support Agreement

The Issuer will be able to pay Deferred Coupons and interest (if it elects to do so) in accordance with the Alternative Coupon Payment Method. Only to the extent that the Issuer has enough authorised capital.

The Parent has undertaken in the Support Agreement to ensure that the Issuer has sufficient authorised capital and in particular that at each annual general meeting of the Issuer resolutions be passed authorising the issuance of such number of Payment Preference Shares as Parent reasonably determines are sufficient to pay the interest scheduled to fall due on the Securities over the next twelve months in accordance with the Alternative Coupon Payment Method, except to the extent that Parent reasonably determines that there is sufficient authorised capital for such purpose already in existence.

The Parent has also undertaken in the Support Agreement to use all reasonable efforts to exercise its call on the PIK Preference Shares at the earliest opportunity.

The Parent will also agree in the Support Agreement that it will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described under "Dividend Stopper" above.

The Support Agreement will contain similar undertakings in respect of the approval of the terms and conditions of the Profit Sharing Certificates.

Optional Redemption

The Securities are perpetual securities in respect of which there is no fixed redemption.

The Securities may be redeemed at the base Redemption Price at the option of the Issuer, subject to compliance with applicable regulatory requirements, including the prior approval of the CBFA, in whole (but

not in part), on 31 October 2016 (the “**First Call Date**”) or on any subsequent Interest Payment Date, and subject to the PIK Preference Shares being called by the Parent.

In any event, no redemption of Securities will be permitted if, before or after giving the effect to such redemption, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer.

Upon the occurrence of a Tax Event or a Tier 1 Disqualification Event, the Issuer will have the right, subject to prior approval of the CBFA, (i) at any time before the First Call Date, to redeem the Securities in whole (but not in part) at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price or (ii) at any time, to convert the Securities in whole (but not in part) into Conversion Upper Tier 2 Instruments.

Mandatory Conversion

Upon the occurrence of a Supervisory Event or any event resulting in a general *concurso creditorum* on the assets of the Issuer, the Securities will be converted into Profit-Sharing Certificates (in consideration for a contribution in kind of the Securities to the Issuer) (“**Mandatory Conversion**”), on the Issuer’s giving notice, having a total nominal value in euro equal to the aggregate of (i) the aggregate outstanding principal amount of the Securities, (ii) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period accrued on a daily basis to (but excluding) the date of the Mandatory Conversion, (iii) unpaid Deferred Coupons, if any, and (iv) Additional Amounts, if any (the “**Mandatory Conversion Amount**”).

The contribution referred to above will take place without the need for further consent or action by the holders of Securities. The issuance of the Profit-Sharing Certificates will be recorded by authentic deed made at the request of the board of directors of the Issuer.

Taxation

All payments of principal and interest in respect of the Securities by or on behalf of the Issuer shall be made without deduction for or on account of any Belgian taxes, unless the withholding or deduction of such taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the holders of Securities after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to customary exceptions.

Events of Default

If any of the following events occurs and is continuing:

- (i) the Issuer fails to pay all mandatorily due and payable Deferred Coupons on any Deferred Coupon Satisfaction Date and the default continues for a period of 30 days; or
- (ii) the Issuer fails to pay all Mandatory Coupons, which are due and payable on any Mandatory Coupon Date, on such Mandatory Coupon Date and the default continues for a period of 30 days,

then Holders of Securities holding not less than one-quarter of the

aggregate principal amount of the outstanding Securities may institute proceedings to obtain the payment of the amounts due or to obtain the bankruptcy of the Issuer (or any analogous proceeding which may be available from time to time under the laws of Belgium).

No remedy against the Issuer, other than the institution of the proceedings referred to above or proving in the bankruptcy, dissolution or liquidation of the Issuer, shall be available to the Holders of Securities in respect of any Event of Default.

Use of Proceeds

The Issuer will use the proceeds of the issue and sale of the Securities to support its growth, to increase its Tier 1 capital, and for general corporate purposes, including to pay certain expenses relating to the offering.

Selling Restrictions

The Securities and the Profit-Sharing Certificates have not been and will not be registered under the 1933 Act and may not be offered, sold, pledged or otherwise transferred except in a transaction pursuant to the exemption provided by Regulation S or such other available exemption from the registration requirements of the 1933 Act.

Listing

Application has been made to list the Securities on the regulated market of the Luxembourg Stock Exchange.

Expected Ratings

The Securities are expected to be assigned on issue a rating of "BBB –" by Standard & Poor's Ratings Services, a division of McGraw-Hill Companies Limited. Any credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating organisation.

Governing law

The Securities and all matters arising from or connected with the Securities will be governed by, and shall be construed in accordance with, English law, except that the subordination and conversion provisions will be governed by, and construed in accordance with, Belgian law.

The Support Agreement and the Profit-Sharing Certificates will be governed by Belgian law.

RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Securities should consider carefully, in the light of the circumstances and their investment objectives, the information contained in this entire Prospectus. Prospective purchasers should nevertheless consider, among other things, the investment considerations set out below.

RISK FACTORS RELATING TO THE ISSUER

Financial Condition of the Issuer

If the Issuer's (or **Aspa Group** when referring to the Issuer and its subsidiaries) financial condition were to deteriorate, the Holders of Securities and Couponholders could suffer direct and materially adverse consequences, including elimination of cumulative Coupon payments on the Securities and, if a liquidation, dissolution or winding up of the Issuer were to occur, loss by holders of all or part of their investment.

Furthermore, the rights of holders under the Securities, to participate in the distribution of assets of the Issuer upon the Issuer's liquidation or reorganisation will be effectively subordinated to all existing and future liabilities, including liabilities to depositors and trade payables, of the Issuer.

Other Bank Specific Risk Factors

Principal risks for Aspa Group

Aspa Group's risk management distinguishes between the investment risk categories of market risk, liquidity risk and credit risk. The operational risk consists of the risks incurred not directly related to the underlying economics of Aspa Group's banking activities.

Market Risk

Market risk is the risk of loss due to high volatility in financial markets. Since Aspa Group has no investments other than in euro, it does not bear any currency risk.

The primary market risk to which Aspa Group's banking operations are exposed is the interest rate risk, which arises primarily as a result of changing market prices, unexpected changes in investment yields and changes in correlation of interest rates between different financial instruments.

The bank uses a number of instruments to manage its balance sheet, among others the active management of the investment portfolio (e.g. government bonds versus interbank accounts), the introduction of measures to stimulate or slow down the growth of specific portfolios (e.g. savings accounts versus savings certificates) and from time to time off-balance-sheet instruments such as caps.

To monitor and manage its risk positions Aspa Group uses various risk indicators:

- net interest income (NII);
- duration gap (market value sensitivity);
- interest margin; and
- economic value (i.e. impact of interest rate increase % of the useful employed equity).

Using a standard interest rate scenario based on the forward rate curve and three other interest rate scenarios (parallel shift + 100 bp, parallel shift + 200 bp, inverse yield curve), net interest income under each of the scenarios is calculated for the next five years. The assumptions for the non-maturing liabilities are based on the replicating portfolio theory and assumptions concerning the lag between the movements of the market interest rates and the re-pricing of the products.

The main part of the investment portfolio consists of Belgian government bonds. In principle they are held to maturity except for certain limited transactions. However, in order to avoid the tainting rule under IFRS, Aspa Group classifies its investment portfolio as available for sale in the IFRS reporting. The corporate bonds are limited to 20% of the total bond portfolio. The bonds are only eligible for investment if their rating is AA or higher (equity weight of 20% in the Basel II treaty), and if they are freely negotiable. The ratings are checked on a monthly basis.

Liquidity risk

Giving the importance of the capital market as a potential source of financing, the liquidity risk is closely related to the company's solvency and to the confidence that creditors place in the ability of Aspa Group to meet its financial commitments. Aspa Group manages its liquidity risk in order for it to meet customers' demands, repayment commitments and capital requirements, even at unfavourable market conditions. Aspa Group has fixed a bottom cash level that amounts to 10% of total assets in order to guarantee all short-term commitments.

Credit risk

Credit risk consists primarily of the risk of default on the part of the borrowers or the counterparties. This may result from a straightforward inability to pay and lead to insolvency. This risk may occur in both traditional lending activity and in investments.

As they are not material to Aspa Group's business, Aspa Group has opted for the standard approach for the credit risk related to the following portfolio's: sovereign debt, banks and companies on the basis of external ratings as well as for the German mortgage portfolio, investment credits, loans by instalment and cash credits. For the Belgian and Dutch mortgages portfolio, Aspa Group has decided to use the Advanced Internal Rating Based (AIRB) approach to calculate its capital requirements for credit risk. The AIRB approach is the highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II, based on a financial institution's own assessments of its risks.

Within the framework of Basel II, Aspa Group is currently introducing its internal rating system for the weighting of the risk of its mortgages. The database including all statistics regarding the mortgage loans, i.e. all risk components related to its borrowers, is already in place. Aspa Group has sufficient detailed information on the portfolios to use the AIRB approach. Based on this database, Aspa Group will use its own credit scoring in respect of mortgage loan applications.

Operational risk

Operational risk comprises all risks that are not directly related to the underlying economics of Aspa Group's banking activities. The operational risk can be split into two categories. The first category represents the business risk: the risk of losses due to events that could damage a business or its operating economics, such as shifts in the competitive environment, or legislative or tax changes. The second comprises the risk of losses due to non-recurring events such as system failure, error, fraud, crime, legal proceedings or damage to property. Operational risk can result from any of the following: failure to obtain proper internal authorisations, failure to properly document transactions, equipment failure, fraud, inadequate training or errors by employees. Operational losses include losses due to a failure of internal

controls, personnel unavailability or injury and external events relating to natural disasters or the failure of external systems.

Aspa Group manages its operational risks at Argenta Group level.

The operational risk policy implemented in 2005 sets out a framework and an organisation (including roles and responsibilities) at Argenta Group line level. It also defines reporting lines from the various subsidiaries. However, the various subsidiaries are responsible for managing their own operational risk. Argenta Group's risk department ensures that each subsidiary manages operational risk in a uniform manner and manages any risk that may affect the business of another subsidiary within the Argenta Group.

Each subsidiary has its own internal controllers which report any event relating to operational risk to Argenta Group's risk department.

In respect of operational risk, Aspa Group has opted for the standard approach, which requires an equity charge of 12% of the net bank product revenue. All processes and guidelines are already described in a central database, which is designed to follow up the loss events in preparation for a further refining of the operational risk determination.

A detailed risk analysis was performed by Aon Re in 2004. The report analysed major operational risk areas in the Argenta Group, including fraud, client relations, products and services, personnel, processes, damages and interruptions in processes and systems in respect of the Argenta Group. Based on this study, the Disaster Recovery Plan and a detailed Business Continuity Plan, already partially implemented, will be further developed and will be finalized in 2006.

Capital Adequacy

The introduction, planned for 31 December 2007, of the general agreement of the Basel Committee for Bank Supervision for the International Convergence of Capital Measurement and Capital Standards of June 2004, or Basel II, is likely to bring changes to banks' capital ratios, including those of the Issuer.

The direction and magnitude of the impact of Basel II will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. No insurance can be given as to the consequences of the new guidelines.

RISK FACTORS RELATING TO THE SECURITIES

Receipt of Interest Payments

If the net assets of the Issuer were to decline significantly, no interest on the Securities will be payable on an Interest Payment Date to the extent that, before or after giving effect to such interest payment, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer; *provided that*, notwithstanding the occurrence of any Net Assets Deficiency Event with respect to the Issuer, interest on the Securities will be mandatorily payable on any Deferred Coupon Satisfaction Date and Mandatory Coupon Date. See "Terms and Conditions of the Securities - Dividend Stopper and Mandatory Coupons".

The rights of holders to receive interest payments on the Securities may be limited to the extent the Issuer may give a Deferral Notice with respect to the interest that would have been payable on such Interest Payment Date or any portion thereof, in which case no interest or less than the full interest amount will be payable on an Interest Payment Date. The Issuer may give a Deferral Notice in its sole discretion and for any reason, and must give a Deferral Notice on the occurrence of a Net Assets Deficiency Event with respect to the Issuer, except that a Deferral Notice as to interest payable on a Deferred Coupon Satisfaction Date or Mandatory Coupon Date shall have no force or effect. The occurrence of a Net Assets Deficiency Event

with respect to the Issuer is dependent on various circumstances, some of which are to some degree under the Issuer's control.

The Issuer will be permitted to satisfy its obligations on a Deferred Coupon Satisfaction Date only by means of the Alternative Coupon Payment Method. The implementation of the Alternative Coupon Payment method, which requires the issuance of shares by the Issuer, is dependent on actions and resolutions that will need to be taken at the time by the Issuer and the Parent. See "Terms and Conditions of the Securities - Alternative Coupon Payment Method".

Special Event Redemption Risk

Upon the occurrence of certain specified events, whether before or after the First Call Date, the Securities will be redeemable in whole (but not in part) at the option of the Issuer, subject to the prior approval of the CBFA, or its successors, if then required. Accordingly, the Securities may be (i) prematurely redeemed for cash in an amount equal to the greater of the Make Whole Amount or the Base Redemption Price, if such redemption takes place prior to the First Call Date, (ii) redeemed for cash in an amount equal to the Base Redemption Price, if such redemption takes place on or after the First Call Date or (iii) converted into Conversion Upper Tier 2 Instruments.

In addition, upon the occurrence of a Supervisory Event or any event resulting in a general *concurso creditorum* on the assets of the Issuer, the Securities shall be converted into Profit-Sharing Certificates having a total nominal value equal to the aggregate of (a) the aggregate outstanding principal amount of the Securities, (b) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period until (but excluding) the date of such conversion, (c) the unpaid Deferred Coupons, if any, and (d) Additional Amounts, if any.

No Limitation on Issuing Further Debt

The Issuer is not prohibited from issuing further debt or securities ranking *pari passu* with or senior to the Securities. None of the Securities, the Profit-Sharing Certificates and the Support Agreement limits the ability of the Issuer or the Parent to incur indebtedness or issue securities. The issuance of any such further debt or securities may dilute the claim of Holders of Securities.

Regulatory Restrictions

The CBFA or its successors, regulatory authorities in the European Union and regulatory authorities in other countries have oversight powers over the Issuer and in varying degrees over one or more entities of the Group (being the Issuer, the Parent and its subsidiaries). Under certain circumstances, any of such regulatory authorities could make determinations or take decisions in the future with respect to any of such entities or a portion of their respective operations or assets that could adversely affect the ability of the Issuer or the Parent to, among other things, make distributions to their respective security holders, to engage in transactions with affiliates, to purchase or transfer assets, to pay their respective obligations and to make any redemption or liquidation payments to their security holders.

Securities may be held only by Eligible Investors

The Securities may be held only by Eligible Investors who qualify for holding their Securities, directly or through intermediary financial institutions, in a so-called "X-account" in the X/N System. The main categories of Eligible Investors are as follows:

- Belgian resident corporate investors;
- Belgian pension funds;

- corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
- individuals who are non-residents of Belgium, unless their holding of the Securities is connected to a permanent establishment they have in Belgium; and
- non incorporated foreign collective investment schemes (such as *beleggingsfondsen/fonds de placement*) whose units are not publicly offered or marketed in Belgium.

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals;
- Belgian non profit organisations (other than pension funds); and
- non incorporated Belgian collective investment schemes (*beleggingsfondsen/fonds de placement*) and similar foreign funds whose units are publicly offered or marketed in Belgium.

(The above categories summarise the detailed definitions contained in Article 4 of the Belgian Royal Decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.)

The Issuer's Capital and Regulatory Position; Mandatory Conversion

If a Supervisory Event involving the Issuer were to occur or in the event of a general *concurso creditorum* on the assets of the Issuer, the conversion of the Securities into Profit-Sharing Certificates would be triggered. Therefore, following a Supervisory Event or a general *concurso creditorum* on the assets of the Issuer, holders would become holders of Profit-Sharing Certificates at a time when the Issuer's financial condition has deteriorated.

Although the Issuer has undertaken to create and issue Profit-Sharing Certificates with economic terms substantially similar to the Securities if required to do so to effect Mandatory Conversion and although the Parent will undertake to vote, at the general meeting of shareholders of the Issuer, in favour of such an issue and the corresponding amendments to the statutes of the Issuer, the Issuer has not yet created such Profit-Sharing Certificates. The Parent has undertaken in the Support Agreement to exercise its voting rights so that the terms and conditions of the Profit-Sharing Certificates are approved by the general meeting of shareholders of the Issuer at the latest at the next annual shareholders meeting of the Issuer which is presently scheduled to be held on 27 April 2007. The ultimate issue of the Profit-Sharing Certificates will require actions and resolutions to be taken at the time by the Issuer.

No Voting Rights

Holders of the Securities will not have any voting rights, except as provided in "Terms and Conditions of the Securities - Meetings of Holders of the Securities".

Holders of the Profit-Sharing Certificates will not have any voting rights, except as provided in "Terms and Conditions of the Profit-Sharing Certificates - Voting and Preference Rights".

TERMS AND CONDITIONS OF THE SECURITIES

The following are the terms and conditions which (subject to amendment) will be endorsed on the Securities in definitive form. So long as the Securities are in global form, the effect of certain of these terms and conditions will be amended by the provisions of the Global (see "Summary of Provisions relating to the Securities while in Global Form").

The EUR 100,000,000 5.855 per cent. Directly Issued Subordinated Perpetual Callable Fixed to Floating Rate Debt Securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 16 (*Further issues*) and forming a single series therewith) of Argenta Spaarbank NV (the "**Issuer**") are issued on 31 October 2006 subject to and with the benefit of an agency agreement dated 31 October 2006 (the "**Agency Agreement**") between the Issuer and ING Belgium SA/NV as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and as Calculation Agent and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities). Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement and are subject to their detailed provisions.

The holders of the Securities (the "**Holders of Securities**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents.

1. Definitions

In these Conditions the following expressions have the following meanings:

"**Additional Amounts**" has the meaning given in Condition 10 (*Taxation*).

"**Adjusted Outstanding Principal Amount**" means the aggregate principal amount of the Securities (or, as the context may require, the relevant number thereof or an individual Security) outstanding for the time being adjusted to include the aggregate amount of any Elective Deferred Coupons.

"**Adviser**" has the meaning given in Condition 7(c) (*Alternative Coupon Payment Method - Appointment of Adviser*).

"**Administrative Action**" means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) by any legislative body, court, governmental or administrative authority or regulatory body having appropriate jurisdiction.

"**Alternative Coupon Payment Method**" has the meaning given in Condition 7(a) (*Alternative Coupon Payment Method - Applicable*).

"**Applicable Banking Regulations**" means at any time the capital adequacy regulations then in effect of the CBFA or other regulatory authority in Belgium (or if the Issuer becomes domiciled in a jurisdiction other than Belgium, such other jurisdiction) having primary bank supervisory authority with respect to the Issuer.

"**Base Redemption Price**" has the meaning given in Condition 8(e) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Redemption at the option of the Issuer*).

"Belgian Company Code" means the Belgian company code enacted by the law of 7th May, 1999, as amended.

"business day" means a day which is a TARGET Settlement Day and which is also a day on which the X/N System is operating.

"Calculation Agent" means ING Belgium SA/NV and any successor appointed under the Agency Agreement.

"CBFA" means the Belgian Banking, Finance and Insurance Commission (*Commission Bancaire, Financière et des Assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*), or any successor authority that administers the Applicable Banking Regulations.

"Conversion Upper Tier 2 Instruments" means instruments constituting "upper tier 2" regulatory capital of the Issuer under Applicable Banking Regulations having the same material terms as the Securities, except that each such instrument will (i) be a perpetual capital security issued by the Issuer with cumulative interest, (ii) rank *pari passu* with any other upper tier 2 capital securities issued by the Issuer, (iii) not be redeemable upon a Tier 1 Disqualification Event, (iv) not be subject to the Alternative Coupon Payment Method, (v) not be subject to a Mandatory Conversion and (vi) be subject to such terms and conditions as may be required under the Applicable Banking Regulations to be capable of constituting "upper tier 2" regulatory capital of the Issuer. For the avoidance of doubt, with respect to any Securities, any Deferred Coupons outstanding at the time of the conversion into Conversion Upper Tier 2 Instruments shall become outstanding cumulative interest payments for the purposes of the Conversion Upper Tier 2 Instruments and the terms of such Conversion Upper Tier 2 Instruments will be reflected in one or more agency agreements or in an agency agreement supplemental to the Agency Agreement, without the need for any consent of the Holders of Securities, at the time of conversion, if any.

"Coupon Sheet" has the meaning given in Condition 9(i) (*Payments - Exchange of Talons*)

"Deferral Notice" has the meaning given in Condition 5(a) (*Deferral of Coupons - Deferral Notice*).

"Deferred Coupon" means any interest on the Securities or any portion thereof that is deferred in accordance with Conditions 4(h) (*Interest - Deferred Coupons*) and 5 (*Deferral of Coupons*) which is either an Elective Deferred Coupon or an Exceptional Deferred Coupon.

"Deferred Coupon Satisfaction Date" means (i) any date on which all Deferred Coupons become mandatorily due and payable in accordance with Condition 6(b) (*Dividend Stopper and Mandatory Coupons - Mandatory Coupons*) or (ii) any date on which the Issuer elects to pay Deferred Coupons before they become mandatorily due and payable.

"dividend" means, with respect to Junior Securities and Parity Securities, a dividend or any other distribution of earnings or reserved profits thereon; for the avoidance of doubt, "dividend" does not include any coupon representing subscription rights or similar rights, any redemption of capital, nor any adjustment payment (*opleg/soulte*) paid on a merger or other capital restructuring event.

"Elective Deferred Coupons" has the meaning given in Condition 4(h) (*Interest - Deferred Coupons*).

"Eligible Investor" means from time to time a person who is allowed to hold securities through a so-called "X account" (being an account exempted from withholding tax) in the X/N System in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994, as amended or replaced from time to time.

"euro" and "EUR" are references to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty.

"**Exceptional Deferred Coupons**" has the meaning given in Condition 4(h) (*Interest - Deferred Coupons*).

"**First Call Date**" means 31 October 2016.

"**Fixed Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Fixed Interest Period in which the relevant period falls.

"**Fixed Interest Payment Date**" has the meaning given in Condition 4(a) (*Interest - Fixed Interest Period*).

"**Fixed Interest Period**" means each period from (and including) the Issue Date or any Fixed Interest Payment Date to (but excluding) the next Fixed Interest Payment Date.

"**Fixed Rate of Interest**" means 5.855 per cent. per annum.

"**Floating Interest Amount**" has the meaning given in Condition 4(d) (*Interest - Calculation of Floating Interest Amount*).

"**Floating Interest Determination Date**" means, in respect of any Floating Interest Period, the day that is two TARGET Settlement Dates before the first day of the relevant Floating Interest Period.

"**Floating Interest Payment Date**" has the meaning given in Condition 4(b) (*Interest - Floating Interest Period*).

"**Floating Rate of Interest**" has the meaning given in Condition 4(c) (*Interest - Floating Rate of Interest*).

"**Floating Interest Period**" means each period beginning on (and including) 31 October 2016 or any Floating Interest Payment Date and ending on (but excluding) the next Floating Interest Payment Date.

"**general concursus creditorum**" means any concursus creditorum ("*concours des créanciers/samenloop van schuldeisers*") on the entire assets of the Issuer or the Parent, as the case may be, including bankruptcy ("*faillite/faillissement*"), moratorium ("*concordat judiciaire/gerechtigd akkoord*") and judicial or voluntary dissolution ("*dissolution judiciaire ou volontaire/gerechtigd of vrijwillige ontbinding*") except, in the latter case, for corporate reorganisations involving a dissolution without liquidation ("*dissolution sans liquidation/ontbinding zonder vereffening*") of the Issuer or the Parent, as the case may be, as referred to in Articles 671 to 677 of the Belgian Company Code relating to mergers, demergers and assimilated transactions.

"**Interest Period**" means a Fixed Interest Period or a Floating Interest Period.

"**Interest Payment Date**" means a Fixed Interest Payment Date or a Floating Interest Payment Date, as the case may be.

"**Issue Date**" means 31 October 2006.

"**Junior Securities**" means, with respect to the Issuer or the Parent, (i) ordinary shares of the Issuer or of the Parent, (ii) profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) of the Issuer or the

Parent ranking junior to the Parity Securities of the Issuer or the Parent, as the case may be, or (iii) any other securities or obligations of the Issuer or the Parent ranking or expressed to rank junior to the Parity Securities of the Issuer or the Parent, as the case may be, whether issued directly by the Issuer or the Parent or by any subsidiary of the Issuer or the Parent benefiting from a guarantee or support agreement from the Issuer or the Parent ranking or expressed to rank junior to the Securities and the Support Agreement.

"Law of 22 March 1993" has the meaning given in Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Mandatory Conversion*).

"Make Whole Amount" means, in respect of each Security, the price, as determined by the Calculation Agent three dealing days before the relevant Special Event Redemption Date, equal to (i) the present value of the principal amount of the Security discounted from the First Call Date, plus (ii) the present values of scheduled interest amounts from (and including) the relevant Special Event Redemption Date to (but excluding) the First Call Date plus (iii) any due and accrued but unpaid interest calculated from (and including) the immediately preceding Fixed Interest Payment Date (or, if none, the Issue Date) to (but excluding) the Special Event Redemption Date.

The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the date when the security is to be redeemed on an annual basis at the Adjusted Yield.

For the purposes of determining the Make Whole Amount:

"Adjusted Yield" means the Bond Yield, plus 0.60 per cent.;

"Bond Yield" means the rate per annum equal to the annual yield to maturity of the Reference Bond;

"Determination Agent" means an investment bank of international standing selected by the Issuer; and

"Reference Bond" means such European government bond as the Calculation Agent may, with the advice of three brokers of, and/or market makers in, European government bonds selected by the Calculation Agent determine to be appropriate for determining the Make Whole Amount.

"Manager" means each of BNP Paribas, Petercam SA and Bank Degroof SA (and collectively are referred to as the **"Managers"**).

"Mandatory Conversion" has the meaning given in Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Mandatory Conversion*).

"Mandatory Conversion Amount" means the aggregate of (i) the aggregate outstanding principal amount of the Securities, (ii) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period accrued on a daily basis to (but excluding) the date of the Mandatory Conversion, (iii) unpaid Deferred Coupons, if any, and (iv) Additional Amounts, if any.

"Mandatory Coupon" means an amount of interest mandatorily due and payable on a Mandatory Coupon Date or a Deferred Coupon Satisfaction Date.

"Mandatory Coupon Date" has the meaning given in Condition 6(b) (*Dividend Stopper and Mandatory Coupons - Mandatory Coupons*).

"Mandatory Coupon Event" has the meaning given in Condition 6(b) (*Dividend Stopper and Mandatory Coupons - Mandatory Coupons*).

"NBB" means the National Bank of Belgium or any successor of the National Bank of Belgium as operator of the X/N System.

"Net Assets Deficiency Event" means (a) with respect to the Issuer, a decline in the net assets of the Issuer respectively to below the sum of its paid-in capital and non-distributable reserves, as determined in accordance with, or by applying the computation method provided in, Article 617 of the Belgian Company Code in relation to the distribution of dividends or (b) with respect to the Issuer, on a standalone non-consolidated basis or on a consolidated basis, an occurrence of the event described in clause (i) of the definition of Supervisory Event. Net assets are to be understood (subject to any change in Article 617 of the Belgian Company Code that may occur after the Issue Date) as the total assets as they appear in the (non-consolidated) balance sheet of the Issuer after deduction of provisions, debts (including, for the avoidance of doubt, the Securities), formation expenses not yet written off and research and development costs not yet written off.

"Other Pari Passu Claims" has the meaning set forth in the definition of Senior and Subordinated Indebtedness.

"Parent" means Argenta Bank- en Verzekeringsgroep NV, the Parent company of the Issuer.

"Parity Guarantees" has the meaning given in the definition of Parity Securities.

"Parity Securities" means, with respect to the Issuer or the Parent, (i) the most senior ranking preferred or preference shares or profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) ("**Parity Shares**") of the Issuer or the Parent, if any and (ii) guarantees by the Issuer or the Parent (whether through an agreement or instrument labelled as a guarantee, as a support agreement, or with some other name but with an effect similar to a guarantee or support agreement) of preferred securities or preferred or preference shares issued by any of the Issuer's or the Parent's subsidiaries, ranking or expressed to rank *pari passu* with the Issuer's or the Parent's Parity Shares ("**Parity Guarantees**").

"Parity Shares" has the meaning set forth in the definition of Parity Securities.

"Payment Preference Shares" has the meaning given in Condition 7(b) (*Alternative Coupon Payment Method – Issuance, Exchange and Sale Procedure*).

"Permitted Share Acquisition" means an acquisition of Junior Securities or Parity Securities (i) by simultaneous replacement with other Junior Securities or, as the case may be, Parity Securities of the same aggregate principal amount and the same or a lower ranking, (ii) in connection with transactions effected by the account of customers of the Issuer or Parent or any of their subsidiaries or in connection with the distribution, trading or market-making in respect of such securities, (iii) in connection with the satisfaction by the Issuer or Parent or any other of their subsidiaries of its obligations under any employees benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants. For the avoidance of doubt, Set Rate Parity Securities may be replaced with new Set Rate Parity Securities, subject to (i) above, but Parity Securities which are not Set Rate Parity Securities may not be replaced by Set Rate Parity Securities.

"PIK Preference Shares" means Payment Preference Shares issued (in exchange for a contribution in kind) in case of Elective Deferred Coupon only, if the net sales proceeds from the sale of Payment Preference Shares are less than the relevant payment amount. Holders of Securities will be paid

ratably in any distribution of such proceeds, in proportion to the full relevant payment amount on such holder's Securities.

"Profit-Sharing Certificates" means the profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) directly issued by the Issuer pursuant to Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Mandatory Conversion*) upon the occurrence of a Supervisory Event or upon an event resulting in a general *concursum creditorum* on the assets of the Issuer, the terms and conditions of which being as set out in *"Terms and Conditions of the Profit-Sharing Certificates"*.

"Redemption Date" means a Special Event Redemption Date or the First Call Date or any subsequent Interest Payment Date upon which the Securities are redeemed.

"Relevant Date" has the meaning given in Condition 10 (*Taxation*).

"Relevant Period" means:

- (a) for any Relevant Period commencing on or before 31 October 2016, one year; *provided that* if such Relevant Period commences after 31 October 2015, it shall end on and include 31 October 2016; and
- (b) for any Relevant Period commencing after 31 October 2016:
 - (i) one year, in the case of (A) any dividend on Junior Securities or Parity Securities that have annual scheduled payments or have no scheduled payment dates or (B) any redemption, repurchase or other acquisition of Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition),
 - (ii) six months, in the case of any dividend on Junior Securities or Parity Securities that have semi-annual scheduled payments, and
 - (iii) three months, in the case of any dividend on Junior Securities or Parity Securities that have quarterly (or more frequent) scheduled payments,

provided in each case that such Relevant Period (unless it commences after 31 October 2015 and ends on and includes 31 October 2016) shall commence on and include the day of the relevant dividend or redemption, repurchase or other acquisition but shall not include the corresponding day of the third, sixth or twelfth month thereafter, as the case may be.

"Relevant Tax" has the meaning given in Condition 10 (*Taxation*).

"Senior and Subordinated Indebtedness" means all deposits and other liabilities of the Issuer (including those in respect of bonds, notes and debentures, whether senior or subordinated (but not subordinated further than instruments constituting upper "tier 2" capital of the Issuer under the Applicable Banking Regulations)) or guarantees in respect thereof, other than (i) liabilities of the Issuer under the Securities, and (ii) Other Pari Passu Claims. For the purposes of the foregoing, **"Other Pari Passu Claims"** means claims of creditors of the Issuer which are subordinated so as to rank *pari passu* with claims in respect of the Securities.

"Set Rate Parity Securities" means Parity Securities carrying a right to a set level of dividend (whether by reference to a fixed or floating rate or otherwise), as opposed to a right to dividend which, subject to the availability of profits, is essentially discretionary.

"Special Event Redemption Date" means a date fixed for redemption pursuant to a Tax Event or Tier 1 Disqualification Date.

"Supervisory Event" will be deemed to occur if:

- (i) the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer, on a standalone non-consolidated basis or on a consolidated basis, declines below the minimum amount required by solvency requirements for credit institutions as provided by the current and future European banking regulations and Basel guidelines, as currently translated by Article 82 § 1, 3° of the Decree of 5 December 1995 of the CBFA on the regulation of the own funds of the credit institutions (the "**1995 Decree**") (of which the current requirements include as their main component a total capital ratio of 8 per cent.);
- (ii) the amount of core tier 1 regulatory capital of the Issuer, on a standalone non-consolidated basis or on a consolidated basis, declines below 5/8 of the amount of total regulatory capital as required from time to time by Article 82 § 1, 3° of the 1995 Decree;
- (iii) Article 633 of the Belgian Company Code becomes applicable by virtue of the Issuer's net assets becoming less than 50 per cent. of its corporate capital;
- (iv) Article 23 of the Belgian law of 22 March 1993 on the status and supervision of credit institutions (the "**Law of 22 March 1993**") applies by virtue of the Issuer's capital falling below EUR 6.2 million; or
- (v) at the discretion of the CBFA, in the event that Article 57 § 1 of the Law of 22 March 1993 becomes applicable due to the special measures imposed by the CBFA in application thereof. For the purposes hereof, references to the 1995 Decree, the Law of 22 March 1993 and the provisions thereof shall be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

"Support Agreement" means the agreement dated the Issue Date entered into between the Issuer and the Parent relating to the Securities.

"Talon" has the meaning given in Condition 2 (*Form, Denomination and Title*).

"TARGET Settlement Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto is open for business.

"Tax Event" means the receipt by the Issuer of an opinion of a nationally recognised law firm or other tax advisor (which may be an accounting firm) in Belgium experienced in such matters to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Belgium or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any Administrative Action or (iii) any amendment to, clarification of, or change in the official position on the interpretation of any Administrative Action or any official interpretation or pronouncement that provides for a position with respect to any Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change, interpretation or pronouncement is made known, which amendment, clarification or change is effective or which official interpretation or pronouncement is announced on or after the date of issuance of the Securities, there is more than an insubstantial risk that (A) the Issuer is or will be required to pay any Additional Amounts or (B) any interest deduction or other similar direct or

indirect tax benefit available to the Issuer in respect of the Securities is eliminated, reduced or otherwise adversely affected in any material respect.

"Tier 1 Disqualification Event" means the receipt by the Issuer of an opinion or declaration, rule or decree of the CBFA to the effect that there has been either (i) a change in law or regulation or (ii) a change in the official interpretation thereof, resulting in more than an insubstantial risk that the Securities (or any portion thereof) will no longer be capable of constituting tier 1 capital of the Issuer under Applicable Banking Regulations.

"X/N System" means the book-entry clearance and settlement system operated by the NBB.

"1995 Decree" has the meaning given in Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption -Mandatory Conversion*).

2. Form, Denomination and Title

The Securities will be in bearer form in the denomination of €100,000 and will be issued in the form of a bearer Global Certificate. The Global Certificate will be deposited on or around the Issue Date with the NBB as operator of the X/N System or its custodian. Upon receipt of the Global Certificate the NBB will credit the Fiscal Agent's securities account, being an Exempt Account in the X/N System with an amount equivalent to the principal amount of the Global Certificate.

On the Issue Date, the Fiscal Agent, on behalf of the Issuer, will instruct the NBB to credit Euroclear's and Clearstream, Luxembourg's securities account, being an exempt account, in the X/N System with an aggregate amount equivalent to the principal amount of the Global Certificate. Following confirmation of payment to the Issuer of the net proceeds for the issue of the Securities, Euroclear and Clearstream, Luxembourg will credit the Securities in the Managers' securities accounts with Euroclear and Clearstream, Luxembourg. The Managers will credit the holders of beneficial interests by crediting their securities accounts as participants in Euroclear or Clearstream, Luxembourg with the principal amount of the Securities purchased by each of them against payment of the purchase price.

3. Status

- (a) *Status of the Securities:* The payment obligations of the Issuer under the Securities will rank behind the claims of holders of Senior and Subordinated Indebtedness of the Issuer, *pari passu* with claims of holders of Parity Securities and before the claims of holders of Junior Securities of the Issuer.

In the event of a general *concurso creditorum* on the assets of the Issuer, the Securities will be converted automatically into Profit-Sharing Certificates as provided in Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Mandatory Conversion*).

- (b) *Company Law Status:* The Securities do not constitute convertible bonds (*obligations convertibles/converteerbare obligaties*) or subscription rights (*droits de souscription/inschrijvingsrechten*) for the purposes of Belgian company law and the Holders of Securities shall not be entitled to the rights granted by the Belgian Company Code specifically to holders of convertible bonds or subscription rights, in particular under Articles 491, 492, 501 and 502.

4. Interest

- (a) *Fixed Interest Period:* The Securities bear interest from (and including) the Issue Date to (but excluding) 31 October 2016 at the Fixed Rate of Interest payable in arrear on 31 October in each year (each, a **"Fixed Interest Payment Date"**), commencing on 31 October, 2007 subject as

provided in Conditions 4(h) (*Interest - Deferred Coupons*), 5 (*Deferral of Coupons*), 6 (*Dividend Stopper and Mandatory Coupons*), 7 (*Alternative Coupon Payment Method*) and 9 (*Payments*).

The amount of interest payable in respect of each Security on each Fixed Interest Payment Date shall be calculated by applying the Fixed Rate of Interest to the Adjusted Outstanding Principal Amount of each Security. If interest in respect of a Security is required to be paid on any other date, it shall be calculated by applying the Fixed Rate of Interest to the Adjusted Outstanding Principal Amount of such Security, multiplying the product by the Fixed Day Count Fraction and rounding the resulting figure to the nearest cent. (half a cent. being rounded upwards).

- (b) *Floating Interest Period*: The Securities bear interest from (and including) 31 October 2016 at the Floating Rate of Interest, payable quarterly in arrear on each 31 January, 30 April, 31 July and 31 October in each year (each, a "**Floating Interest Payment Date**"), commencing on the Floating Interest Payment Date falling in 31 January 2017, subject as provided in Conditions 4(h) (*Interest - Deferred Coupons*), 5 (*Deferral of Coupons*), 6 (*Dividend Stopper and Mandatory Coupons*), 7 (*Alternative Coupon Payment Method*) and 9 (*Payments*); *provided, however, that*, if any Floating Interest Payment Date would otherwise fall on a date which is not a TARGET Settlement Day, it will be postponed to the next TARGET Settlement Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding TARGET Settlement Day.
- (c) *Floating Rate of Interest*: The rate of interest applicable to the Securities (the "**Floating Rate of Interest**") for each Floating Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) the Calculation Agent will determine the European inter-bank offered rate, expressed as a rate per annum, for three-month euro deposits (Euribor) which appears on the display page Reuters EURIBOR01 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m. (CET), on the Floating Interest Determination Date.
 - (ii) if such rate does not appear on that page, the Calculation Agent will:
 - (A) request the principal London office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11:00 a.m. (CET) on the Floating Interest Determination Date to prime banks in the euro-zone interbank market for three months and in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
 - (iii) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the euro-zone, selected by the Calculation Agent, at approximately 11:00 a.m. (CET) on the Floating Interest Determination Date for loans in euro to leading banks in the euro-zone for three months and in an amount that is representative for a single transaction in that market at that time,

and the Floating Rate of Interest for such Floating Interest Period shall be the sum of 2.75 per annum and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in

accordance with the above provisions in relation to any Floating Interest Period, the Floating Rate of Interest applicable to the Securities during such Floating Interest Period will be the sum of 2.75 per cent. per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Securities in respect of a preceding Floating Interest Period. If there is no preceding Floating Interest Period in respect of which the Floating Rate of Interest has been determined, the Calculation Agent shall determine the Floating Rate of Interest, at such rate as, in its absolute discretion, it shall deem fair and reasonable in the circumstances.

- (d) *Calculation of Floating Interest Amount:* The Calculation Agent will, as soon as practicable after the Floating Interest Determination Date in relation to each Floating Interest Period, calculate the amount of interest (the "**Floating Interest Amount**") payable in respect of each Security for such Floating Interest Period. The Floating Interest Amount will be calculated by applying the Floating Rate of Interest for such Floating Interest Period to the Adjusted Outstanding Principal Amount of such Security, multiplying the product by the actual number of days in such Floating Interest Period divided by 360.
- (e) *Publication:* The Calculation Agent will cause each Floating Rate of Interest and Floating Interest Amount determined by it, together with the relevant Floating Interest Payment Date, to be notified to the Issuer, the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the first day of the relevant Floating Interest Period. The Calculation Agent will be entitled to recalculate any Floating Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Floating Interest Period.
- (f) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Holders of Securities and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise by it of its powers, duties and discretions for such purposes.
- (g) *Accrual of interest:* Subject to Condition 7 (*Alternative Coupon Payment Method*), each Security will cease to bear interest from the relevant Redemption Date unless, upon due presentation, payment of principal or Elective Deferred Coupons is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Interest*) on the amounts in respect of which payment is so withheld or refused (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Security up to that day are received by or on behalf of the relevant Holder of Securities and (b) the day which is seven days after the Fiscal Agent has notified the Holders of Securities that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is any subsequent default in payment).
- (h) *Deferred Coupons:* If and to the extent that, before or after giving effect to any interest on the Securities otherwise due and payable on an Interest Payment Date, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer, the Issuer will give a Deferral Notice and no interest or less than the full interest amount will be due and payable on such Interest Payment Date. If interest on the Securities is not mandatorily due and payable on an Interest Payment Date and no Net Assets Deficiency Event has occurred, then, if the Issuer gives a Deferral Notice, no interest or less than the full amount of interest as specified in such Deferral Notice will be payable on such Interest Payment Date.

Deferred Coupons that are deferred in the circumstances described in the first sentence of the preceding paragraph are referred to herein as "**Exceptional Deferred Coupons**" and Deferred Coupons that are deferred in the circumstances described in the second sentence of the preceding paragraph are referred to herein as "**Elective Deferred Coupons**".

5. Deferral of Coupons

- (a) *Deferral Notice*: In respect of an Exceptional Deferred Coupon, the Issuer will, and in respect of an Elective Deferred Coupon the Issuer may, on or before the 15th business day immediately preceding an Interest Payment Date, give notice (a "**Deferral Notice**") that the Issuer will defer the interest that would, in the absence of deferral in accordance with this Condition, otherwise have been due and payable on such Interest Payment Date or a specified portion thereof, in which case no interest or less than the full amount of interest so specified will be due and payable on such Interest Payment Date.

In respect of an Elective Deferred Coupon, the Issuer may give a Deferral Notice in its sole discretion.

A Deferral Notice as to interest due and payable on a Deferred Coupon Satisfaction Date or Mandatory Coupon Date shall have no force or effect. Each Deferral Notice shall be given by mail and facsimile to the Paying Agents and the Calculation Agent and, in accordance with Condition 17 (*Notices*) to the Holders of Securities.

- (b) *Payment of Deferred Coupon*: Deferred Coupons will become mandatorily payable upon any payment of dividends on Junior Securities or Parity Securities of the Issuer or the Parent or any redemption, repurchase or other acquisition by the Issuer or the Parent of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition). The Issuer may, however, elect to pay Deferred Coupons at any time before they become mandatorily payable. The Issuer will be permitted to satisfy its obligation to pay Deferred Coupons only in accordance with the Alternative Coupon Payment Method.
- (c) *Satisfaction of Elective Deferred Coupons*: The obligation to pay Elective Deferred Coupons will be satisfied (in accordance with the Alternative Coupon Payment Method) within a three month period following the Interest Payment Date for which the Deferral Notice was given.
- (d) *Interest on Deferred Coupons*: Elective Deferred Coupons shall bear interest in accordance with Condition 4(a) (*Interest - Fixed Interest Period*) or 4(b) (*Interest - Floating Interest Period*) *provided that* they shall not bear interest during any period when a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer. Exceptional Deferred Coupons shall not bear interest beyond their scheduled Interest Payment Date.

6. Dividend Stopper and Mandatory Coupons

- (a) *Dividend Stopper*: The Issuer agrees, and the Parent has agreed in the Support Agreement, that beginning on the day the Issuer gives a Deferral Notice and continuing until all Deferred Coupons are paid in full, each of the Issuer and the Parent (i) will not propose to their shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend on their Junior Securities or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of their Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

The Parent will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described in clauses (i) and (ii) above; *provided that* if less than the

full amount of interest is paid on the Securities on any Interest Payment Date, the undertaking described in this Condition 6(a) will not prevent the distribution of a partial dividend, in the same proportion, on any Set Rate Parity Securities during the period beginning on such Interest Payment Date and ending before the next succeeding Interest Payment Date.

- (b) *Mandatory Coupons*: If (A) the Issuer or the Parent pays any dividend on any of its Junior Securities or Parity Securities; or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition) (a "**Mandatory Coupon Event**"), then all Deferred Coupons will become mandatorily due and payable on a date to be determined by the Issuer but in any event no later than 90 business days after the date of the payment in respect of such Junior Securities or Parity Securities *provided that* during any Floating Interest Period such date shall be an Interest Payment Date (together with the date of any elective payment of Deferred Coupons before they become mandatorily payable, a "**Deferred Coupon Satisfaction Date**"), notwithstanding any further Deferral Notice or the occurrence of any Net Assets Deficiency Event with respect to the Issuer. The Issuer will satisfy its obligation to pay such Deferred Coupons only in accordance with the Alternative Coupon Payment Method.

If the Issuer or the Parent (A) pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), the interest due and payable on each Interest Payment Date occurring during the Relevant Period will be mandatorily due and payable on each such date (a "**Mandatory Coupon Date**"), notwithstanding any Deferral Notice as to such interest. In the case of a dividend payment on any Set Rate Parity Securities:

- (i) if the set level of the dividend is paid, the interest payable on each related Mandatory Coupon Date will be fully payable; and
- (ii) if part of the set level of the dividend is paid, the same percentage of the full interest amount will be payable on each related Mandatory Coupon Date.

7. **Alternative Coupon Payment Method**

- (a) *Applicable*: The Issuer will satisfy its obligation to pay any Deferred Coupon on a Deferred Coupon Satisfaction Date only in accordance with the procedure described below (the "**Alternative Coupon Payment Method**"). The Issuer may follow the Alternative Coupon Payment Method in order to satisfy its obligation to pay interest (other than Deferred Coupons) on an Interest Payment Date or Mandatory Coupon Date.
- (b) *Issuance, Exchange and Sale Procedure*: The Issuer's obligation to pay Deferred Coupons on a Deferred Coupon Satisfaction Date, or interest payable on an Interest Payment Date or Mandatory Coupon Date, as applicable, in accordance with the Alternative Coupon Payment Method will be satisfied as follows:
- (i) the Issuer will give to the Holders of Securities at least 16 business days' notice of the Interest Payment Date or Mandatory Coupon Date, as applicable, on which the coupons are to be settled in accordance with the Alternative Coupon Payment Method;
 - (ii) by the close of business on or before the seventh business day prior to the Interest Payment Date or Mandatory Coupon Date, as applicable, the Issuer will have authorised for issuance such number of its preference shares (having the same material terms as the Securities) having in the judgment of the Calculation Agent, a market value of not less than 110 per cent. of the relevant payment to be satisfied on the Interest Payment Date or Mandatory Coupon Date, as applicable (the "**Payment Preference Shares**") plus the claims for the

costs and expenses to be borne by the Issuer in connection with using the Alternative Coupon Payment Method. To the extent that the Calculation Agent is unable to value the Payment Preference Shares, the Calculation Agent can appoint a third-party reputable investment bank to value the Preference Shares, with all costs borne by the Issuer;

- (iii) the Issuer will procure purchasers for the Payment Preference Shares as soon as reasonably practicable, but not later than the fourth business day prior to the Interest Payment Date or Mandatory Coupon Date, as applicable;
- (iv) the Issuer will sell the Payment Preference Shares to such purchasers and collect any sales proceeds;
- (v) the Issuer will pay the sales proceeds (or such amount of sales proceeds as is necessary to make the relevant payment) to the Holders of Securities on the Interest Payment Date or Mandatory Coupon Date, as applicable; and
- (vi) if, pursuant to the Alternative Coupon Payment Method, proceeds are raised in excess of the relevant payment amount plus the claims for the fees, costs and expenses to be borne by the Issuer in connection with using the Alternative Coupon Payment Method, the Issuer will retain such excess proceeds.

The Issuer will offer its then current ordinary shareholders a pre-emptive right over issuance of any such Payment Preference Shares. If and to the extent that the then current ordinary shareholders use such pre-emptive right, they may elect to purchase ordinary shares instead of preference shares.

If the net sales proceeds from the sale of Payment Preference Shares are less than the relevant payment amount, Holders of Securities will be paid ratably in any distribution of such proceeds, in proportion to the full relevant payment amount on such holder's Securities.

In case of Elective Deferred Coupons only, the Payment Preference Shares will be used as payment in kind ("**PIK Preference Shares**") in respect of the Deferred Coupon to the extent that the Deferred Coupon has not been satisfied through the net sales proceeds from the sale of the Payment Preference Shares.

The PIK Preference Shares are callable by the Parent, in consideration for a price in cash equal to the amount of the Deferred Coupon which has not been satisfied through the net sales proceeds from the sale of the Payment Preference Shares. The Parent will undertake to use all reasonable efforts to exercise its call at the earliest opportunity. For the avoidance of doubt, the call and the Parent undertaking to use all reasonable efforts to exercise this call are limited to the PIK Preference Shares.

(c) ***Insufficiency of Payment Preference Shares***

If the Issuer is to satisfy a payment pursuant to the Alternative Coupon Payment Method and it does not, on the date when the number of Payment Preference Shares required to be issued is determined, have a sufficient number of preference shares available for issue, then the Issuer shall notify the Parent that all or part, as the case may be, of the relevant payment cannot be satisfied due to the Issuer not having a sufficient number of authorised preference shares. In this case the payment or part thereof shall be satisfied at the earliest practicable date following the date of the Issuer's next annual general meeting or extraordinary general meeting of its shareholders at which a resolution is passed making a sufficient number of preference shares available to satisfy all or such part of the relevant payment. If, however, the number of preference shares authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant payment then those preference shares

so issued will be applied by the Issuer in partial satisfaction of all or such part of the relevant payment. Following the passage of a resolution which authorises the Issuer to issue additional preference shares for this purpose, the Issuer will provide not less than 16 business days' notice to the Parent of the date upon which the relevant payment or, as the case may be, the part thereof is to be made.

In the event that any such resolution proposed at any such annual general meeting or extraordinary general meeting is rejected, the resolution will be proposed at each annual general meeting or any extraordinary general meeting thereafter until the resolution has been passed by the Issuer's shareholders.

At the date of this Prospectus, the Issuer has a sufficient number of authorised but unissued preference shares, and the board of directors of the Issuer has the necessary authority to issue and sell preference shares so as to make the interest payments required to be made in respect of the Securities during the next 12 month period, assuming the Alternative Coupon Payment Method is used for the interest payment during such 12-month period.

8. Conversion into Conversion Upper Tier 2 Instruments and Redemption

- (a) *No Fixed Redemption Date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 3(a) (*Status*) and 11 (*Events of Default*)), only have the right to repay them in accordance with the provisions of this Condition 8 (*Conversion into Conversion Upper Tier 2 Instruments and Redemption*).

Any optional redemption or conversion of Securities pursuant to Condition 8(b) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Redemption for tax reasons*), 8(c) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Tier 1 Disqualification Event*) or Condition 8(e) (*Redemption at the option of the Issuer*) is subject to compliance with applicable regulatory requirements, including any required prior approval of the CBFA. In any event, no redemption of Securities will be permitted if, before or after giving effect to such redemption or conversion, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer.

- (b) *Redemption for tax reasons*: Upon the occurrence of a Tax Event, and subject to the conditions set forth in this Condition 8, the Issuer will have the right, subject to prior approval of the CBFA, by giving not less than 15 nor more than 30 days' notice to the Holders of Securities in accordance with Condition 17 (*Notices*), (i) at any time before the First Call Date, to redeem the Securities in whole (but not in part) at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or any subsequent Interest Payment Date, to redeem the Securities in whole (but not in part) at the Base Redemption Price or (iii) at any time, to convert the Securities in whole (but not in part) into Conversion Upper Tier 2 Instruments.
- (c) *Tier 1 Disqualification Event*: Upon the occurrence of a Tier 1 Disqualification Event, and subject to the conditions set forth in this Condition 8, the Issuer will have the right by giving not less than 15 nor more than 30 days' notice to the Holders of Securities in accordance with Condition 17 (*Notices*), (i) at any time before the First Call Date, to redeem the Securities in whole (but not in part) at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or any subsequent Interest Payment Date to redeem the Securities in whole (but not in part) at the Base Redemption Price or (iii) at any time, to convert the Securities in whole (but not in part) into Conversion Upper Tier 2 Instruments.
- (d) *Mandatory Conversion*: Upon the occurrence of a Supervisory Event or any event resulting in a general *concurso creditorum* on the assets of the Issuer, the Securities will be converted into Profit

Sharing Certificates (in consideration for a contribution in kind of the Securities to the Issuer) ("**Mandatory Conversion**"), on the Issuer's giving not less than 15 nor more than 30 days' notice to the Holders of Securities in accordance with Condition 17 (*Notices*), having a total nominal value in euro equal to the Mandatory Conversion Amount (the "**Mandatory Conversion Amount**").

The contribution referred to in this Condition 8(d) will take place by virtue of these Conditions, without the need for further consent or action by the Holders of Securities. The issuance of the Profit-Sharing Certificates will be recorded by authentic deed made at the request of the board of directors of the Issuer.

(e) *Redemption at the option of the Issuer:*

The Securities may be redeemed at the option of the Issuer, in whole (but not in part), on the First Call Date or on any subsequent Interest Payment Date, and subject to the PIK Preference Shares, if any, being called by the Parent; *provided that* the Issuer will give notice to Holders of Securities not less than 15 business days but not more than 30 business days prior to any such redemption. This notice shall be given in accordance with Condition 17 (*Notices*).

The redemption price for such redemptions will be an amount equal to the aggregate of (i) the aggregate outstanding principal amount of the Securities, (ii) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period accrued on a daily basis to (but excluding) the Redemption Date, (iii) unpaid Deferred Coupons, if any, and (iv) Additional Amounts, if any (the "**Base Redemption Price**").

(f) *Cancellation:*

All Securities so redeemed and any unmatured Coupons or unexchanged Talons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

9. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Securities at the specified office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a euro-zone bank.
- (b) *Interest:* Payments of interest shall, subject to Condition 9(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in Condition 9(a) (*Principal*) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Holders of Securities or Couponholders in respect of such payments.
- (d) *Unmatured Coupons void:* On the due date for redemption of any Security pursuant to Condition 8(b) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Redemption for tax reasons*), Condition 8(c) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Tier 1 Disqualification Event*), Condition 8(d) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Mandatory Conversion*), Condition 8(e) (*Conversion into Conversion Upper Tier 2 Instruments and Redemption - Redemption at the option of the Issuer*) or Condition 11 (*Events of Default*), all unmatured Coupons (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (e) *Payments on business days*: If the due date for payment of any amount in respect of any Security or Coupon is not a payment business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding payment business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**payment business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and is a TARGET Settlement Day.
- (f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Securities at the specified office of any Paying Agent outside the United States.
- (g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (h) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Securities (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged (free of charge) at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Security, any unexchanged Talon relating to such Security shall become void and no Coupon will be delivered in respect of such Talon.

10. Taxation

All payments of principal and interest in respect of the Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges (the "**Relevant Tax**") is required by law. In that event the Issuer shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Holders of Securities and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Security or Coupon:

- (a) held or presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of its having some connection with the Kingdom of Belgium other than the mere holding of the Security or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security or Coupon to another Paying Agent in a member state of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Security or Coupon would have been entitled to such additional amounts

on presenting such Security or Coupon for payment on the last day of such period of 30 days; or

- (e) where the Relevant Tax is imposed or levied because the holder (or beneficial owner) has not made a declaration of non-residence in, or other lack of connection with, the Kingdom of Belgium or any similar claim for exemption, if the Issuer or its agent have given the beneficial owner or its nominee at least 60 days' prior written notice of an opportunity to make the declaration or claim; or
- (f) where the Relevant Tax is imposed or levied because that holder (or beneficial owner) is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Security or Coupon and has since ceased from being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof), or is an Eligible Investor but is not holding the relevant Security or Coupon in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders of Securities.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 10 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Belgium references in these Conditions to the Kingdom of Belgium shall be construed as references to the Kingdom of Belgium and/or such other jurisdiction.

11. Events of Default

If any of the following events occurs and is continuing (each, an "**Event of Default**"):

- (a) the Issuer fails to pay all mandatorily due and payable Deferred Coupons on any Deferred Coupon Satisfaction Date and the default continues for a period of 30 days; or
- (b) the Issuer fails to pay all Mandatory Coupons, which are due and payable on any Mandatory Coupon Date, on such Mandatory Coupon Date and the default continues for a period of 30 days,

then Holders of Securities holding not less than one-quarter of the aggregate principal amount of the outstanding Securities may, by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, institute proceedings to obtain the payment of the amounts due or to obtain the bankruptcy of the Issuer (or any analogous proceeding which may be available from time to time under the laws of Belgium). No remedy against the Issuer, other than the institution of the proceedings referred to above or proving in the bankruptcy, dissolution or liquidation of the Issuer, shall be available to the Holders of the Securities in respect of any Event of Default.

12. Prescription

Claims for principal shall become void unless the relevant Securities are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

13. Replacement of Securities, Coupons and Talons

If any Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Paying Agent having its specified office in Luxembourg, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Securities, Coupons or Talons must be surrendered before replacements will be issued.

14. Paying Agents

In acting under the Agency Agreement and in connection with the Securities and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders of Securities or Couponholders.

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and a calculation agent, (b) a paying agent in such location as is required by the rules of any stock exchange on which the Securities are for the time being admitted to trading, and (c) a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC.

Notice of any change in any of the Paying Agents or in their specified offices shall promptly be given to the Holders of Securities.

15. Meetings of Holders of Securities; Modification

- (a) *Meetings of Holders of Securities:* All meetings of Holders of the Securities will be held in accordance with the provisions of Articles 568 *sq.* of the Belgian Company Code with respect to bondholders meetings. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Company Code, and if required thereunder subject to validation by the Brussels court of appeal, the meeting of Holders of the Securities shall be entitled to modify or waive any provision of these Conditions. Resolutions duly passed in accordance with these provisions of the Belgian Company Code at any meeting of Holders of the Securities shall be binding on all Holders of the Securities, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution. A summary of such resolutions, setting out the decisions adopted at the meeting of Holders of Securities, shall be published in accordance with Condition 17 (*Notices*), so long as the rules of any stock exchange on which the securities are admitted to trading so require.

All convening notices for meetings of Holders of the Securities shall be made in accordance with Article 570 of the Belgian Company Code, which currently requires an announcement to be published, not less than fifteen days prior to the meeting, in the Belgian Official Gazette ("*Moniteur Beige/Belgisch Staatsblad*") and in a newspaper of national distribution in Belgium. Convening notices will also be published once, not less than eight days prior to the meeting, in accordance with Condition 17 (*Notices*).

- (b) *Meetings of Shareholders and Right to Information:* The Holders of the Securities shall be entitled to attend all General Meetings of Shareholders of the Issuer, in accordance with Article 537 of the Belgian Company Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Company Code. The Holders of the Securities who attend any General Meeting of Shareholders shall be entitled only to a consultative vote. Convening notices will also be published once, not less than eight days prior to the meeting, in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*), so long as the Securities are listed on the Luxembourg Stock Exchange and its rules so require.
- (c) *Modification:* The terms of the Securities and the Support Agreement may be amended without the consent of the Holders of Securities or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement or the Support Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders of Securities, granted in accordance with Condition 15(a) (*Meetings of Holders of Securities*) above, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders of Securities.

16. Further Issues

The Issuer may from time to time, without the consent of the Holders of Securities or the Couponholders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Securities.

17. Notices

Subject as provided below, notices to the Holders of Securities shall be valid if published in a leading English newspaper in London (which is expected to be the *Financial Times*) and, so long as the Securities are listed on the Luxembourg Stock Exchange and its rules so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). In either case, if such publication is not practicable, notices to the Holders of Securities shall be valid if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Securities. This Condition 17 shall not apply to notices given pursuant to Condition 15(b) (*Meetings of Holders of Securities; Modification -Meetings of Shareholders and Right to Information*).

18. Governing Law and Jurisdiction

- (a) *Governing law:* The Securities and all matters arising from or connected with the Securities are governed by, and shall be construed in accordance with, English law except the subordination and conversion clauses which are governed by, and shall be construed in accordance with, Belgian Law.
- (b) *English courts:* The courts of England have non-exclusive jurisdiction to settle any dispute arising from or connected with the Securities.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any such dispute and, accordingly, that it will not argue to the contrary.
- (d) *Service of process:* The Issuer agrees that the documents which start any proceedings relating to any such dispute and any other documents required to be served in relation to those proceedings may be

served on it by being delivered to Law Debenture Corporate Services Limited at its registered office for the time being which at the Issue Date is at Fifth Floor, 100 Wood Street, London EC2V 7EX. Nothing in this paragraph shall affect the right of any Holder of Securities to serve process in any other manner permitted by law. This Condition applies to proceedings in England.

TERMS AND CONDITIONS OF THE PROFIT-SHARING CERTIFICATES

The Profit-Sharing Certificates will be issued in certain circumstances set out in Condition 2.1 (*Issuance of the Profit-Sharing Certificates - Circumstances*) by Argenta Spaarbank NV (the "**Issuer**"), pursuant to a resolution of the Issuer's general shareholders meeting expected to be passed on or about 27 April 2007.

The Profit-Sharing Certificates will be the subject of a support agreement to be dated 31 October 2006 (as amended or supplemented from time to time, the "**Support Agreement**") between the Issuer and Argenta Bank- en Verzekeringsgroep NV (the "**Parent**"). Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Support Agreement and subject to its detailed provisions. The holders of the Profit-Sharing Certificates (the "**Holders of Profit-Sharing Certificates**" or the "**Holders**") and the holders of the related dividend coupons are bound by, and are deemed to have notice of, all the provisions of the Support Agreement applicable to them. Copies of the Support Agreement will be available for inspection by any interested person during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. DEFINITIONS

Terms used in these Conditions in relation to the Securities referred to below will have the meaning defined in the Terms and Conditions of those Securities. In addition, in these Conditions the following expressions have the following meanings:

"**Applicable Banking Regulations**" means at any time the capital adequacy regulations then in effect of the CBFA or other regulatory authority in Belgium (or if the Issuer becomes domiciled in a jurisdiction other than Belgium, such other jurisdiction) having primary bank supervisory authority with respect to the Issuer.

"**CBFA**" means the Belgian Banking and Finance Commission (*Commission Bancaire et Financière/Commissie voor het Bank- en Financiewezen*), together with any successor authority that administers the Applicable Banking Regulations.

"**Distribution Date**" means a Fixed Distribution Payment Date or a Floating Distribution Payment Date, as defined in Conditions 4.2 and 4.3 (*Distributions - Fixed distributions and Floating distributions*).

"**Distribution Period**" means a Floating Distribution Period or a Fixed Distribution Period, as defined in Conditions 4.2 and 4.3 (*Distributions - Fixed distributions and Floating distributions*).

"**EURIBOR**" means, in respect of any period, the offered rate in the Euro-zone interbank market for euro deposits for such period, as determined by the Calculation Agent.

"**Exchange Upper Tier 2 Instruments**" means instruments constituting "upper tier 2" regulatory capital of the Issuer under Applicable Banking Regulations having the same material terms as the Profit-Sharing Certificates, except that each such instrument will (i) be a perpetual security issued by the Issuer with cumulative interest, (ii) rank *pari passu* with any other upper tier 2 capital securities issued by the Issuer, (iii) not be redeemable upon a Tier 1 Disqualification Event, and (iv) be subject to such terms and conditions as may be required under the Applicable Banking Regulations to be capable of constituting "upper tier 2" regulatory capital of the Issuer. The terms of such Exchange Upper Tier 2 Instruments will be documented by the Issuer and may be reflected in one or more agency agreements or in an agency agreement supplemental to the Agency Agreement, without the consent of the Holders of Profit-Sharing Certificates, at the time of conversion.

"Junior Securities" means, with respect to the Issuer or the Parent, (i) ordinary shares of the Issuer or the Parent, (ii) profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) of the Issuer or the Parent ranking junior to the Parity Securities of the Issuer or the Parent, as the case may be, or (iii) any other securities or obligations of the Issuer or the Parent ranking or expressed to rank junior to the Parity Securities of the Issuer or the Parent, as the case may be, whether issued directly by the Issuer or the Parent or by any subsidiary of the Issuer or the Parent benefiting from a guarantee or support agreement from the Issuer or the Parent ranking or expressed to rank junior to the Profit-Sharing Certificates and the Support Agreement.

"Mandatory Distribution" means a distribution on the Profit-Sharing Certificates which is mandatorily payable pursuant to Condition 6 (*Mandatory distributions*).

"Net Assets Deficiency Event" means (a) with respect to the Issuer, a decline in the net assets of the Issuer respectively to below the sum of its paid-in capital and non-distributable reserves, as determined in accordance with, or by applying the computation method provided in, Article 617 of the Company Code in relation to the distribution of dividends, or (b) with respect to the Issuer, on a stand-alone non-consolidated basis or on a consolidated basis, a decline in the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer to below the minimum amount required by solvency requirements for credit institutions as provided by the current and future European banking regulations and Basel guidelines, as currently translated by Article 82 §1, 3° of the Decree of 5 December 1995 of the CBFA on the regulation of the own funds of the credit institutions (the **"1995 Decree"**) (of which the current requirements include as their main component a total capital ratio of 8 per cent.). For the purposes hereof, references to the 1995 Decree and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions. Net assets are to be understood (subject to any change in Article 617 of the Belgian Company Code that may occur after the Issue Date) as the total assets as they appear in the (non-consolidated) balance sheet of the Issuer after deduction of provisions, debts (including, for the avoidance of doubt, the Securities), formation expenses not yet written off and research and development costs not yet written off.

"Parity Securities" means, with respect to the Issuer or the Parent, (i) the most senior ranking preferred or preference shares or profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) (**"Parity Shares"**) of the Issuer or the Parent, if any, and (ii) guarantees by the Issuer or the Parent (whether through an agreement or instrument labelled as a guarantee, as a support agreement, or with some other name but with an effect similar to a guarantee or support agreement) of preferred securities or preferred or preference shares issued by any of the Issuer's or the Parent's subsidiaries, ranking or expressed to rank *pari passu* with the Issuer's or the Parent's Parity Shares (**"Parity Guarantees"**).

"Permitted Share Acquisition" means an acquisition of Junior Securities or Parity Securities (i) by simultaneous replacement with other Junior Securities or, as the case may be, Parity Securities of the same aggregate principal amount and the same or a lower ranking, (ii) in connection with transactions effected for the account of customers of the Issuer or the Parent or any of their subsidiaries or in connection with the distribution, trading or market-making in respect of such securities, (iii) in connection with the satisfaction by the Issuer or the Parent or any of their subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants. For the avoidance of doubt, Set Rate Parity Securities may be replaced with new Set Rate Parity Securities, subject to (i) above, but Parity Securities which are not Set Rate Parity Securities may not be replaced by Set Rate Parity Securities.

"Securities" means the €100,000,000 5.855 per cent. Directly Issued Subordinated Perpetual Callable Fixed to Floating Rate Debt Securities issued by the Issuer on 31 October 2006, as well as

any further securities issued pursuant to Condition 16 (*Further Issues*) of the Securities, in each case forming a single series therewith.

"Set Rate Parity Securities" means Parity Securities carrying a right to a set level of dividend (whether by reference to a fixed or floating rate or otherwise), as opposed to a right to dividend which, subject to the availability of profits, is essentially discretionary.

"TARGET Settlement Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto is open for business.

2. ISSUANCE OF THE PROFIT-SHARING CERTIFICATES

- 2.1 *Circumstances:* The Profit-Sharing Certificates will be issued upon the occurrence of a Supervisory Event or any event resulting in a general *concurso creditorum* on the assets of the Issuer, on the Issuer giving not less than 30 nor more than 60 days' notice to the Holders of Securities in accordance with Condition 17 (*Notices*) of the Securities.

For the purposes of the foregoing, a **"Supervisory Event"** will be deemed to occur if (i) the amount of total regulatory capital (*eigen vermogen/fonds propres*) of the Issuer, on a stand-alone non-consolidated basis or on a consolidated basis, declines below the minimum amount required by solvency requirements for credit institutions as provided by the current and future European banking regulations and Basel guidelines, as currently translated by Article 82 §1, 3° of the Decree of 5 December 1995 of the CBFA on the regulation of the own funds of the credit institutions (the **"1995 Decree"**) (of which the current requirements include as their main component a total capital ratio of 8 per cent.), (ii) the amount of core tier 1 regulatory capital of the Issuer, on a stand-alone non-consolidated basis or on a consolidated basis, declines below 5/8 of the amount of total regulatory capital as required from time to time by Article 82 § 1, 3° of the 1995 Decree, (iii) Article 633 of the Belgian Company Code becomes applicable by virtue of the Issuer's net assets becoming less than 50 per cent. of its corporate capital, (iv) Article 23 of the Belgian law of 22 March 1993 on the status and supervision of credit institutions (the **"Law of 22 March 1993"**) applies by virtue of the Issuer's capital falling below EUR 6.2 million or (v) at the discretion of the CBFA, in the event that Article 57 § 1 of the Law of 22 March 1993 becomes applicable due to the special measures imposed by the CBFA in application thereof. For the purposes hereof, references to the 1995 Decree, the Law of 22 March 1993 and the provisions thereof will be deemed to refer to the same as may be amended from time to time or replaced by other laws, regulations or provisions.

- 2.2 *Consideration:* The Profit-Sharing Certificates will be issued in consideration for the contribution in kind to the Issuer of the outstanding Securities and all outstanding rights attached thereto.
- 2.3 *Amount:* The Profit-Sharing Certificates will be issued with a total nominal value in Euro equal to the sum of (i) the aggregate principal amount of the outstanding Securities, (ii) accrued but unpaid interest on the Adjusted Outstanding Principal Amount, if any, with respect to the current Interest Period accrued on a daily basis to (but excluding) the date of the Mandatory Conversion, (iii) unpaid Deferred Coupons, if any, and (iv) Additional Amounts, if any.
- 2.4 *Powers:* The contribution referred to in Condition 2.2 (*Consideration*) above will take place by virtue of the terms and conditions of the Securities, without the need for further consent or action by the Holders of Securities. The issuance of the Profit-Sharing Certificates will be recorded by authentic deed made at the request of the board of directors of the Issuer, unless otherwise required by law.

3. NATURE, DENOMINATION, FORM AND STATUS

- 3.1 *Nature*: The Profit-Sharing Certificates constitute *winstbewijzen/parts bénéficiaires* as described under Article 483 of the Company Code. They do not represent the capital of the Issuer.
- 3.2 *Denomination*: The denomination of each Profit-Sharing Certificate is equal to the total nominal value issued in accordance with Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*), divided by the number of outstanding Securities contributed in consideration for their issuance. The denomination of the Profit-Sharing Certificates will be expressed in euro.
- 3.3 *Form*: If the board of directors or executive committee of the Issuer determines that Profit-Sharing Certificates in registered form or in the form of a global bearer certificate are able to be cleared through CIK (*Interprofessionele effectendeposito- en girokas/Caisse interprofessionnelle de dépôts et de virements de titres*), Euroclear and/or Clearstream, Luxembourg or their respective successors, the Profit-Sharing Certificates will be in those forms. If not, the Profit-Sharing Certificates will be in bearer or registered form at the choice of the Holders as so notified to the Issuer.
- 3.4 *Status*: The Profit-Sharing Certificates constitute unsecured subordinated obligations of the Issuer. In the event of a general *concursum creditorum* (*concours des créanciers/samenloop van schuldeisers*) on the entire assets of the Issuer, the rights of the Holders of Profit-Sharing Certificates will rank behind those of all creditors of the Issuer, including subordinated creditors (other than those, if any, whose claims are capable of constituting tier 1 regulatory capital of the Issuer), and their payment will be subject to the condition precedent that all such creditors of the Issuer will have been paid in full. The Holders of Profit-Sharing Certificates will rank equally with the Parity Securities of the Issuer and will rank ahead of the Junior Securities of the Issuer. In a liquidation of the Issuer, the Holders of Profit-Sharing Certificates will be entitled to the repayment of the nominal value of the Profit-Sharing Certificates, subject to the above ranking provisions, but will not be entitled to share in further liquidation proceeds of the Issuer.

4. DISTRIBUTIONS

- 4.1 *Conditional entitlement*: The Holders of Profit-Sharing Certificates are entitled to the distributions set out in this Condition 4, subject only to the availability of distributable profits in accordance with Article 617 of the Company Code and to the condition set out in Condition 4.5 (*Net assets deficiency*). Those distributions will be made in priority to any dividend distribution on the Junior Securities of the Issuer. Distributions will be calculated and paid in euro.
- 4.2 *Fixed distributions*: If the Profit-Sharing Certificates are issued before 31 October 2016, the distribution entitlement until (but excluding) that date will be calculated at the rate of 5.855 per cent. per annum on their nominal amount, payable in arrear on 31 October in each year (each, a "**Fixed Distribution Payment Date**"). On the first Fixed Distribution Payment Date following the date of issue of the Profit-Sharing Certificates, the amount of the distribution will be calculated *pro rata temporis*, provided that no distribution will accrue on that first Fixed Distribution Payment Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*). For the purposes hereof and of Condition 8.5 (*Redemption - Redemption price*), *pro rata* accruals will be calculated on the basis of the actual number of days elapsed and the actual number of days in the Fixed Distribution Period. "**Fixed Distribution Period**" means each period from (and including) the issue date of the Securities (being 31 October 2006) or any Fixed Distribution Payment Date to (but excluding) the next Fixed Distribution Payment Date.
- 4.3 *Floating distributions*: After 31 October 2006, the distribution entitlement will be calculated at the Floating Distribution Rate and will be payable on each 30 January, 30 April, 31 July and 31 October

in each year (each, a "**Floating Distribution Payment Date**"). If any Floating Distribution Payment Date would otherwise fall on a date which is not a TARGET Settlement Day, it will be postponed to the next TARGET Settlement Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding TARGET Settlement Day. Each period beginning on (and including) 31 October 2016 or the issue date of the Profit-Sharing Certificates or the most recent Floating Distribution Payment Date (whichever is later) or any Floating Distribution Payment Date and ending on (but excluding) the next Floating Distribution Payment Date is herein called a "**Floating Distribution Period**".

The Floating Distribution Rate for a Floating Distribution Period will be the sum of the three month EURIBOR for such period and 2.75 per cent. per annum. If the Profit-Sharing Certificates are issued after 31 October 2016, then for the first Floating Distribution Period following the date of issue, the amount of the distribution will be calculated *pro rata temporis*, provided that no distribution will accrue on that first Floating Distribution Payment Date on the part of the nominal value of the Profit-Sharing Certificates which is referred to in item (ii) of Condition 2.3 (*Issuance of the Profit-Sharing Certificates - Amount*) and, unless the Profit-Sharing Certificates were issued on a Floating Distribution Payment Date, the Floating Distribution Rate will be the same as the Floating Rate of Interest prevailing in respect of the Securities at the time of issuance of the Profit-Sharing Certificates. For the purposes hereof and of Condition 8.5 (*Redemption - Redemption price*), *pro rata* accruals will be calculated on the basis of the actual number of days elapsed in the Floating Distribution Period and a year of 360 days.

- 4.4 *Calculations and publication:* The amount of distribution payable on each Floating Distribution Payment Date will be calculated by the Calculation Agent, and such amount and each Floating Distribution Rate will be published by the Calculation Agent and notified by the Calculation Agent, as soon as practicable after such determination, to each listing authority, stock exchange and/or quotation system (if any) by which the Profit-Sharing Certificates have been admitted to listing, trading and/or quotation.
- 4.5 *Net assets deficiency:* If and to the extent that, before or after giving effect to any distribution on the Profit-Sharing Certificates, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer, the Issuer will not declare any such distribution (subject to Condition 6 (*Mandatory distributions*)).
- 4.6 *Distributions not cumulative:* Any distribution missed by reason of the application of Condition 4.5 (*Net assets deficiency*) or of insufficiency of distributable profits in accordance with Article 617 of the Company Code will be definitively forgone, and the Holders of Profit-Sharing Certificates will not be entitled to any carry forward of such missed distribution.

5. DIVIDEND STOPPER

- 5.1 *Issuer:* If a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then the Issuer will not, for a period of twelve months after such Distribution Date, declare or pay any dividend on its Junior Securities or Parity Securities or redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).
- 5.2 *The Parent:* The Parent has agreed in the Support Agreement that, if a full distribution has not been paid on the Profit-Sharing Certificates on any Distribution Date, then for a period of twelve months after such Distribution Date (A) it (i) will not propose to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend on its Junior Securities or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted

Share Acquisition), and (B) it will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described in Condition 5.1 (*Dividend stopper - Issuer*) above.

- 5.3 *Partial distributions*: If a partial distribution is paid on the Profit-Sharing Certificates on any Distribution Date, Conditions 5.1 and 5.2 (*Dividend stopper - Issuer and the Parent*) will not prevent the distribution of a partial dividend, in the same proportion, on any Set Rate Parity Securities during the period beginning on such Distribution Date and ending before the next succeeding Distribution Date.
- 5.4 *Exchange Upper Tier 2 Instruments*: The Issuer agrees and the Parent has agreed in the Support Agreement that the provisions thereof relating to the Dividend Stopper described in this Condition 5 will, after the conversion of all (but not part) of the Profit-Sharing Certificates into Exchange Upper Tier 2 Instruments in accordance with Condition 8.4 (*Redemption - Redemption upon Tier 1 Disqualification Event*), continue to apply *mutatis mutandis* by reference to the deferral of interest payments due under the Exchange Upper Tier 2 Instruments.
- 5.5 *Enforcement by the Issuer*: The Issuer undertakes promptly to take all necessary steps to enforce the terms of the Support Agreement against the Parent in case of breach thereof.

6. MANDATORY DISTRIBUTIONS

- 6.1 *Circumstances*: Notwithstanding Condition 4.5 (*Distributions - Net assets deficiency*), but subject always to the availability of distributable profits in accordance with Article 617 of the Company Code, if the Issuer or the Parent (A) pays any dividend on any of its Junior Securities or Parity Securities or (B) redeems, repurchases or otherwise acquires any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition), then the distributions payable on each Distribution Date occurring during the Relevant Period (as defined below) will be mandatorily payable on each such date.
- 6.2 *Partial distributions*: If a partial distribution is paid on any Set Rate Parity Securities, Condition 6.1 (*Mandatory distributions - Circumstances*) will only render mandatory the payment of a partial distribution, in the same proportion, on the Profit-Sharing Certificates during the Relevant Period.
- 6.3 *Relevant Period*: For the purposes of the foregoing, "**Relevant Period**" means:
- 6.3.1 for any Relevant Period commencing on or before 31 October 2016, one year; *provided that* if such Relevant Period commences after 31 October 2015, it will end on and include 31 October 2016; and
- 6.3.2 for any Relevant Period commencing after 31 October 2016:
- (a) one year, in the case of (A) any dividend on Junior Securities or Parity Securities that have annual scheduled payments or have no scheduled payment dates, or (B) any redemption, repurchase or other acquisition of Junior Securities or Parity Securities,
 - (b) six months, in the case of any dividend on Junior Securities or Parity Securities that have semi-annual scheduled payments, and
 - (c) three months, in the case of any dividend on Junior Securities or Parity Securities that have quarterly (or more frequent) scheduled payments,

provided in each case that such Relevant Period (unless it commences after 31 October 2015 and ends on and includes 31 October 2016) will commence on and include the day of the relevant dividend or redemption, repurchase or other acquisition but will not include the corresponding day of the third, sixth or twelfth month thereafter, as the case may be.

7. TAXATION

All distribution payments in respect of the Profit-Sharing Certificates by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges (the "**Relevant Tax**") is required by law. In that event the Issuer will pay such additional amounts (the "**Supplemental Amounts**") as will result in receipt by the Holders of Profit-Sharing Certificates after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Supplemental Amounts will be payable in respect of any Profit-Sharing Certificate:

- (a) held or presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Profit-Sharing Certificate by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Profit-Sharing Certificate; or
- (b) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Profit-Sharing Certificate to another paying agent of the Issuer in a member state of the European Union; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Profit-Sharing Certificate would have been entitled to such additional amounts on presenting such Profit-Sharing Certificate for payment on the last day of such period of 30 days; or
- (d) where or to the extent that the Relevant Tax is imposed or levied because the holder (or beneficial owner) has not made a declaration or claim for exemption or reduction of the Relevant Tax, if the Issuer or its agent have given the beneficial owner or its nominee at least 60 days' prior written notice of an opportunity to make the declaration or claim.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders of Profit-Sharing Certificates.

Any reference in these Conditions to distributions will be deemed to include any Supplemental Amounts which may be payable under this Condition 7.

8. REDEMPTION

- 8.1 *No fixed redemption date:* The Profit-Sharing Certificates do not have a fixed redemption date.
- 8.2 *No redemption at the option of the Holders:* The Profit-Sharing Certificates are not redeemable at the option of the Holders.

- 8.3 *Redemption at the option of the Issuer:* The Profit-Sharing Certificates may be redeemed at the option of the Issuer, in whole (but not in part), on 31 October 2016 (the "**First Call Date**") or on any subsequent Distribution Date at the Base Redemption Price; *provided that* the Issuer will give notice to the Holders of Profit-Sharing Certificates not less than 15 business days but not more than 30 business days prior to any such redemption.
- 8.4 *Redemption upon Tier 1 Disqualification Event:* Upon the occurrence of a Tier 1 Disqualification Event, the Issuer will have the right by giving not less than 15 nor more than 30 days' notice to the Holders of Profit-Sharing Certificates in accordance with Condition 15 (*Notices*), (i) at any time before the First Call Date, to redeem the Profit-Sharing Certificates in whole (but not in part) at a redemption price equal to the greater of (x) the Make Whole Amount and (y) the Base Redemption Price, (ii) on the First Call Date or on any subsequent Distribution Date, to redeem the Profit-Sharing Certificates in whole (but not in part) at the Base Redemption Price, or (iii) at any time, to convert the Profit-Sharing Certificates in whole (but not in part) into Exchange Upper Tier 2 Instruments. For the purposes of the foregoing, "**Tier 1 Disqualification Event**" means the receipt by the Issuer of an opinion or declaration, rule or decree of the CBFA to the effect that there has been either (i) a change in law or regulation or (ii) a change in the official interpretation thereof, resulting in more than an insubstantial risk that the Profit-Sharing Certificates (or any portion thereof) will no longer be capable of constituting tier 1 capital of the Issuer under Applicable Banking Regulations.
- 8.5 *Redemption price:* For the purposes of the foregoing, "**Base Redemption Price**" means an amount equal to the aggregate of (i) the aggregate nominal value of the Profit-Sharing Certificates and (ii) an amount equal to *pro rata* unpaid distributions, if any, with respect to the current Distribution Period accrued up to the date fixed for redemption, including Supplemental Amounts, if any, in accordance with Condition 7 (*Taxation*). "**Make Whole Amount**" means a price for the Profit-Sharing Certificates such that the gross redemption yield of the Profit-Sharing Certificates, calculated on the assumption of full distributions made from the date fixed for redemption until the First Call Date and of a redemption at the nominal value on the First Call Date, is equal to the gross redemption yield of a Reference Bond plus 0.60 per cent., all as determined by the Calculation Agent. The Base Redemption Price and the Make Whole Amount will be expressed in euro.
- 8.6 *Conditions and procedure:* Any redemption or conversion of Profit-Sharing Certificates is subject to compliance with all applicable regulatory requirements, including the prior approval of the CBFA. In any event, no redemption of Profit-Sharing Certificates will be permitted if, before or after giving effect to any distribution on the Profit-Sharing Certificates, a Net Assets Deficiency Event has occurred and is continuing with respect to the Issuer. Any redemption of Profit-Sharing Certificates will further be subject to an application *mutatis mutandis* of the conditions and procedures set out in Article 620 of the Company Code relating to the redemption of shares and, to the extent that such redemption entails a decrease in the contribution made for Profit-Sharing Certificates, in accordance with Articles 612 and 613 of the Company Code relating to a capital decrease; for the avoidance of doubt, any redemption or conversion decided in execution of this Condition 8 will not constitute a modification to the respective rights of the Holders of Profit-Sharing Certificates compared to the rights of the holders of any shares or other profit-sharing certificates of the Issuer for the purposes of Article 560 of the Company Code, and the Holders of Profit-Sharing Certificates will not be entitled to vote on any decision made in accordance with Articles 612 and 620 of the Company Code.
- 8.7 *No further rights:* Upon redemption of the Profit-Sharing Certificates, their Holders will cease to be entitled to any subsequent distribution or other rights.

9. CONTINGENT GUARANTEE

The Issuer agrees and the Parent has agreed in the Support Agreement not to authorise unilaterally, and not to propose to their shareholders to authorise, the issue of any additional Junior Securities or Parity Securities unless they are subject to the dividend stopper set out in Condition 5 (*Dividend stopper*).

10. VOTING AND PREFERENCE RIGHTS

- 10.1 *Voting rights*: The Holders of Profit-Sharing Certificates will have no voting rights, save in the cases mandatorily provided by the Company Code. They will not be entitled to attend shareholders meetings, save when they are entitled to vote.
- 10.2 *Preference rights*: The Holders of Profit-Sharing Certificates will have no preference rights in respect of any subsequent issuance of shares, profit-sharing certificates (*winstbewijzen/parts bénéficiaires*) or other securities by the Issuer.

11. ACCOUNTING TREATMENT

The contributions made in consideration for the issuance of the Profit-Sharing Certificates will be accounted for as an unavailable reserve. This reserve may only be reduced in accordance with Articles 612 to 614 of the Company Code, save in the case of a redemption made in accordance with Condition 8.4 (*Redemption - Redemption upon Tier 1 Disqualification Event*). The reserve representing the Profit-Sharing Certificates may be reduced by way of absorption of losses in accordance with Article 614 of the Company Code; the entitlement of the Holders of Profit-Sharing Certificates to distributions in accordance with these Conditions, however, will continue irrespective of any such reduction even if it results in the full cancellation of the reserve representing the Profit-Sharing Certificates.

12. AMENDMENTS

These Conditions and the Support Agreement may be amended without the consent of the Holders of Profit-Sharing Certificates to correct a manifest error. The rights attached to the Profit-Sharing Certificates and these Conditions may be amended in accordance with the rules applicable to modifications to the statutes of the Issuer, taking into account Article 560 of the Company Code as the case may be. The parties to the Agency Agreement or to the Support Agreement may agree to modify any provision thereof, but the Issuer will not agree, without the consent of the Holders of Profit-Sharing Certificates granted in a general meeting with the same conditions of quorum and majority as those required for modifications to the statutes, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders of Profit-Sharing Certificates.

13. TRANSFERABILITY

The transferability of Profit-Sharing Certificates is subject to the provisions of Article 508 of the Company Code (which provides that: "Profit sharing certificates... are transferable from the tenth day after the filing of the second annual accounts that follows their issuance. Until the end of that period their transfer may only be operated by public deed or by written agreement, notified to the company within a month of the transfer, all this under sanction of nullity. The nullity may only be invoked by the purchaser"), to the extent applicable.

In accordance with Articles 463, 465 and 508 of the Company Code, the register of Profit-Sharing Certificates, any certificates evidencing inscriptions in the register of Profit-Sharing Certificates, and any certificate of deposit (*depositobewijs/certificat de dépôt*) in respect of Profit-Sharing Certificates in bearer form shall mention the transferability conditions set out in this Condition 13.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders of Profit-Sharing Certificates, create and issue further securities having the same terms and conditions as the Profit-Sharing Certificates in all respects (or in all respects except for the first distribution) so as to form a single series with the Profit-Sharing Certificates.

15. NOTICES

Without prejudice to the applicable provisions of the Company Code, notices to the Holders of Profit-Sharing Certificates will be published in a leading English newspaper in London (which is expected to be the *Financial Times*) and, so long as the Profit-Sharing Certificates are listed on the Luxembourg Stock Exchange and its rules so require, a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*). If and as long as the Profit-Sharing Certificates are deposited with a settlement system, notices may also be published through such system. Any such notice will be deemed to have been given on the date of first publication.

16. GOVERNING LAW AND JURISDICTION

The Profit-Sharing Certificates will be governed by Belgian law. Any dispute in connection therewith will be subject to the exclusive jurisdiction of the courts of the registered office of the Issuer.

DESCRIPTION OF THE SUPPORT AGREEMENT

The Parent will make the undertakings described below in an Support Agreement to be entered into on the Issue Date.

These undertakings are made for the benefit of the Holders of Profit-Sharing Certificates from time to time and, subject to permitted amendments, constitute an irrevocable stipulation for their benefit (*stipulation pour autrui/beding ten behoeve van een derde*) which they are entitled to enforce against the Parent.

Dividend Stopper

The Parent and the Issuer have respectively undertaken in the Support Agreement that, beginning on the day the Issuer gives a Deferral Notice and continuing until all Deferred Coupons are paid in full, each of the Issuer and the Parent (i) will not propose to its shareholders and, to the fullest extent permitted by law, will otherwise act to prevent the declaration or payment of any dividend on its Junior Securities or Parity Securities, and (ii) will not redeem, repurchase or otherwise acquire any of its Junior Securities or Parity Securities (other than pursuant to a Permitted Share Acquisition).

The Parent will not vote, and will procure that no vote is cast by any of its subsidiaries, in favour of any of the actions of the Issuer described in (i) and (ii) above; *provided that* if less than the full interest amount is paid on the Securities on any Interest Payment Date, the foregoing undertaking will not prevent the distribution of a partial dividend, in the same proportion, on any Set Rate Parity Securities during the period beginning on such Interest Payment Date and ending before the next succeeding Interest Payment Date.

These Dividend Stopper provisions will continue to apply, *mutatis mutandis*, after any conversion of the Securities into Conversion Upper Tier 2 Instruments.

Alternative Coupon Payment Method

The Parent has undertaken in the Support Agreement, in order that the Issuer is able to pay Deferred Coupons on any Deferred Coupon Satisfaction Date in accordance with the Alternative Coupon Payment Method, to use all reasonable efforts to ensure that each of the Issuer and the Parent has sufficient authorised capital for the purpose. Without limiting the generality of the foregoing, (a) at each annual general meeting of the Parent, the Parent will propose that its shareholders approve resolutions authorising the issuance of such number of Parent ordinary shares, and (b) at each annual general meeting of the Issuer, the Parent will exercise its voting rights, and if applicable will procure that its subsidiaries exercise their voting rights, in order to approve resolutions authorising the issuance of such number of Issuer ordinary shares, in each case as the Parent reasonably determines are sufficient to pay the interest scheduled to fall due on the Securities over the next twelve months in accordance with the Alternative Coupon Payment Method, except to the extent that the Parent reasonably determines that there is sufficient authorised capital for such purpose already in existence. Nothing herein, however, will require the Parent or the Issuer to acquire any issued and outstanding Parent or Issuer ordinary shares.

The Parent has also undertaken in the Support Agreement to use all reasonable efforts to exercise its call on the PIK Preference Shares at the earliest opportunity.

Approval of the Profit-Sharing Certificates

The Parent has undertaken in the Support Agreement to exercise its voting rights in the Issuer, and if applicable to procure that its subsidiaries exercise their voting rights, in order to ensure that the terms and conditions of the Profit-Sharing Certificates are approved by the general meeting of shareholders of the

Issuer, and that the statutes of the Issuer are amended in accordance therewith, at the latest at the next annual shareholders meeting of the Issuer which is presently scheduled to be held on 27 April 2007.

Amendments

The Support Agreement may be amended by mutual agreement of the Parent and the Issuer to correct a manifest error, without the consent of the Holders of Profit-Sharing Certificates. In addition, the Parent and the Issuer may agree to modify any provision of the Support Agreement, but they will not, without the consent of the Holders of Profit-Sharing Certificates granted in accordance with Condition 12 (*Amendments*), agree to any amendment unless it is of a formal, minor or technical nature or it is, in their opinion, not materially prejudicial to the interests of the Holders of Profit-Sharing Certificates.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Global Certificate which will apply to, and in some cases modify, the Terms and Conditions of the Securities while the Securities are represented by the Global Certificate.

The Securities will initially be in the form of the Global Certificate, which will be in bearer form. Consequently, references in the Terms and Conditions of the Securities to "Holder of Securities" are references to the bearer of the Global Certificate which, for so long as the Global Certificate is held by the NBB or its custodian, will be the NBB or its custodian.

The Global Certificate will be deposited on or around the Issue Date with the NBB as operator of the X/N System or its custodian. Upon receipt of such Global Certificate, the NBB will credit ING Belgium NV/SA's (the **Fiscal Agent**) securities account, being an exempt account in the X/N System, with an amount equivalent to the principal amount of the Global Certificate. On the Closing Date, the Fiscal Agent, on behalf of the Issuer, will instruct the NBB to credit the securities account of Euroclear Bank SA/NV as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) being an exempt account, in the X/N System with an aggregate amount equivalent to the principal amount of the Global Certificate. Following confirmation of payment to the Issuer of the net proceeds for the issue of the Securities, Euroclear and Clearstream, Luxembourg will credit the Securities in the Managers' securities accounts with Euroclear and Clearstream, Luxembourg. The Managers will credit the holders of beneficial interests by crediting their securities accounts as participants in Euroclear or Clearstream, Luxembourg with the principal amount of the Securities purchased by each of them against payment of the purchase price.

Ownership of beneficial interests in the Global Certificate will be limited to persons who maintain accounts with the X/N System, Euroclear and Clearstream, Luxembourg or persons who hold interests through such persons and which are Eligible Investors holding the Securities in an exempt securities account. See "*Taxation - Belgium*". Ownership of beneficial interests in the Global Certificate will be shown on, and the transfer of such interests will be effected only through, records maintained by the X/N System, Euroclear and Clearstream, Luxembourg and in accordance with the applicable procedures of the X/N System, Euroclear and Clearstream, Luxembourg.

Each of the persons shown in the records of the X/N System, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the Global Certificate must look solely to the X/N System, Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's (as defined below) share of each payment made by the Issuer to the bearer of the Global Certificate and in relation to all other rights arising under the Global Certificate.

Neither the Issuer, the Fiscal Agent nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The X/N System, Euroclear and Clearstream, Luxembourg as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Securities will be responsible for establishing and maintaining accounts for their participants and customers having interests in book-entry interests in the Securities. The Fiscal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Securities holding through the X/N System, Euroclear and Clearstream, Luxembourg are credited to the X/N System participant, Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Securities. Holders of book-entry interests in the Securities may incur fees normally payable in respect of the maintenance and operation of accounts in the X/N System, Euroclear and Clearstream, Luxembourg.

1. Exchange

Subject to the Loi portant suppression des titres au porteur, 14 décembre 2005, Moniteur Belge – 23 décembre 2005 on the Global Certificate will be exchangeable in whole but not in part (free of charge to the holder) for definitive Securities only if the Issuer has been notified that the X/N System or any other relevant clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available (an "Exchange Event").

The Issuer will promptly give notice to the Holder of Securities if an Exchange Event occurs. The holder of the Global Certificate, acting on the instructions of one or more of the Accountholders, may give notice to the Issuer and the Fiscal Agent of its intention to exchange the Global Certificate for definitive Securities on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Global Certificate may surrender the Global Certificate to or to the order of the Fiscal Agent. In exchange for the Global Certificate the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Securities (having attached to them all Coupons and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the agency agreement made between the Issuer, the Fiscal Agent and the other Paying Agents party in it (the **Agency Agreement**). On exchange of the Global Certificate, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Securities.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located..

2. Payments

Payments of principal and interest in respect of Securities represented by the Global Certificate will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Global Certificate to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holder of Securities for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities.

3. Notices

For so long as all of the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of the X/N System, notices to security holders may be given by delivery of the relevant notice to the X/N System for communication to the relative Accountholders rather than by publication as required by Condition 17, provided that, so long as the Securities are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg, or published on the web site of the Luxembourg Stock Exchange, if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given on the date of first publication or notification by delivery through the

X/N System only on the seventh day after the day on which such notice is delivered to the X/N System as aforesaid.

With respect to notices for a meeting of the Holder of Securities, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Code of Companies, by an announcement to be inserted twice, with an interval of not less than eight days and the second one at least eight days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge – Belgisch Staatsblad*), in a newspaper issued in the district in which the Issuer has its registered office and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.

4. Accountholders

For so long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of the X/N System, each person who is for the time being shown in the records of a participant, a sub-participant or the operator of the X/N System as the holder of a particular principal amount of Securities (each an **Accountholder**) (in which regard any certificate or other document issued by a participant, sub-participant or the operator of the X/N System as to the principal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll or, meetings of the Holder of Securities and giving notice to the Issuer pursuant to Condition 15) other than with respect to the payment of principal and interest on the Securities, the right to which, subject to applicable Belgian law, shall be vested, as against the Issuer, solely in the bearer of the relevant Global Certificate in accordance with and subject to its terms. Each Accountholder must look solely to the relevant clearing system for its share of each payment made to the bearer of the relevant Global Certificate.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Securities represented by a Global Certificate will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 10).

6. Cancellation

Cancellation of any Security represented by the Global Certificate and required by the Terms and Conditions of the Securities to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Certificate on the relevant part of the schedule thereto.

7. Clearing System

Securities represented by the Global Certificate are transferable in accordance with the rules and procedures of the relevant clearing system. References in the Global Certificate to a relevant clearing system shall be deemed to include references to any other clearing system through which interest in the Securities are held.

USE OF PROCEEDS

The Issuer will use the proceeds of the issue and sale of the Securities amounting to approximately EUR 99,250,000 to support its growth, to increase its Tier 1 capital, and, for general corporate purposes, including to pay certain expenses relating to the issue of the Securities.

ARGENTA SPAARBANK NV

GENERAL DESCRIPTION

Corporate information

Argenta Spaarbank NV ("**Aspa**" or the "**Issuer**") is a limited liability company which was incorporated under the laws of the Kingdom of Belgium on 18 April, 1956. Aspa is a Belgian credit institution, licensed by the Banking Finance and Insurance Commission in accordance with article 13 of the Act of 22 March 1993 *on the legal status and supervision of credit institutions*.

The Banking Finance and Insurance Commission is the supervisory authority of Aspa.

Aspa has its registered office at Belgiëlei 49-53, 2018 Antwerp (telephone number +32 3 285 51 11) and is registered with the register of legal persons of Antwerp, under Registration number 0404.453.574.

According to its articles of incorporation, Aspa's corporate purpose is:

- (a) The receipt and managing of deposits and the investment thereof. All these transactions in all kind of forms.
- (b) Granting loans and credit facilities, with or without mortgage guarantee, and with or without other guarantees and pledges, and, among other things: all credit transactions with respect to businesses, commercial securities, invoices, warrants and public funds; all discount transactions, the financing of loans with deferred payments and all leasing transactions, and the organization of services to customers; the closing and negotiation of financial leasing agreements, as defined in Royal Decree n° 55 of November 10, 1967.

History

Aspa was founded (under its former company name Kredietmaatschappij Fiducia NV) in 1956 by Karel Van Rompuy, Frans Kuypers and Karel and Cyriel Schryvers as a financial institution specialized in personal loans to private individuals. During the start-up phase, Aspa was not allowed to receive deposits from the public, and therefore the loans were discounted to specialized institutions.

As the legal restrictions on personal loans became more and more stringent, Aspa began its diversification. A network of part-time agents was established, and Aspa started receiving deposits (1965) and offering savings accounts. It obtained the status of savings bank in 1965. The collected funds were invested in mortgage loans and to a lesser extent in government bonds.

In 1995, Aspa entered into a commercial agreement with an insurance company for distribution of mortgage loans. This rapidly became an important source of new business and was expanded with other insurance companies, brokers and banks.

In 1996 the operational structure was completely re-engineered. New ICT technologies and outsourcing of non-core competences were implemented.

In 1997, Aspa started actively offering mortgage loans in the Netherlands (through intermediaries), and achieved significant growth in this market. After a few years, the new origination in the Netherlands equalled the Belgian business.

In 2001 an important legal restructuring established the Argenta Bank- en Verzekeringsgroep as the operational holding of the group and the creation of separate bank and insurance pillars, with Aspa and its

subsidiaries Argentabank SA, C.B.H.K. NV, Arne NV and Arfo NV forming the banking pillar of Argenta Group.

Also in 2001, Argenta deviated exceptionally from its strategy of internal growth and purchased the brand name and network of the OCCH/CBHK,¹ which further enhanced its position of market leader on the Belgian mortgage market.

In order to offer savings products on the Dutch market, Aspa established a branch in the Netherlands in 2003.

Finally in December 2005 Aspa was rated BBB+/A-2 by Standard & Poors.

Shareholder structure

As at 12 September 2006, the equity capital of Aspa is represented by 168.975 registered shares. All shares except one are held by Argenta BVG NV. The remaining share is held by Investar NV, which is the holding company of the current shareholders of the Argenta group, ie the family Van Rompuy.

Board of Directors

Please see the consolidated annual accounts 2005 at page 117, 119 and 120 for the complete list of the Board of Directors and Management Committee, including contact details.

Potential conflict of interest

There are no potential conflicts of interest between any duties owed to the Issuer by the Directors and their private interests or other duties.

Employees

As at 30 June, 2006 Aspa has 360 employees.

Material contracts

As at date of this Prospectus, there are no material contracts (other than those entered into in the ordinary course of the Issuer's business) which could result in any member of Aspa or Aspa and its subsidiaries ("**Aspa Group**") being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the holders of Securities (as that term is defined in the 'Terms and Conditions of the Securities').

¹ Office Central de Crédit Hypothécaire/Central Bureau voor Hypothecair Krediet established as a Belgian state-owned company to promote the purchase and improvement of medium size dwellings for the borrower's own use.

ARGENTA GROUP

History

Aspa is part of a Belgian bank – insurance group (the "**Argenta Group**"), which is active primarily in the Benelux, where it has established both a network of tied agents and a commercial network of contacts with independent brokers.

Argenta Group was founded in 1956 by Karel Van Rompuy, Frans Kuypers and Karel and Cyriel Schryvers as a financial institution specialized in personal loans to private individuals. After having obtained the status of savings bank in 1965, Aspa was established in 1966.

During the seventies, the insurance activities were launched. Argenta Assuranties NV ("**Aras**") began to offer fire and outstanding balance insurance in 1975, as these were closely linked to the mortgage activity. Since then, Aras further diversified its insurance product range.

During the eighties, due to increases of capital (which took advantage of the new AFV² regime), the Argenta Group grew exponentially over the years and launched new initiatives.

Argenta Group became active in Luxembourg in 1987 with Argré S.A. active in reinsurance, in 1990 with Argenta Bank SA active in banking and in 1991 with Argenta Life Luxembourg SA active in life insurance. In the Netherlands, it became active in 1989 with Arne NV a funding vehicle, then in 1997, Aspa started to provide mortgage loans under free provision of services. In 1998 Argenta - Life Nederland NV commenced offering life insurances and in 2003 Aspa opened a Dutch branch.

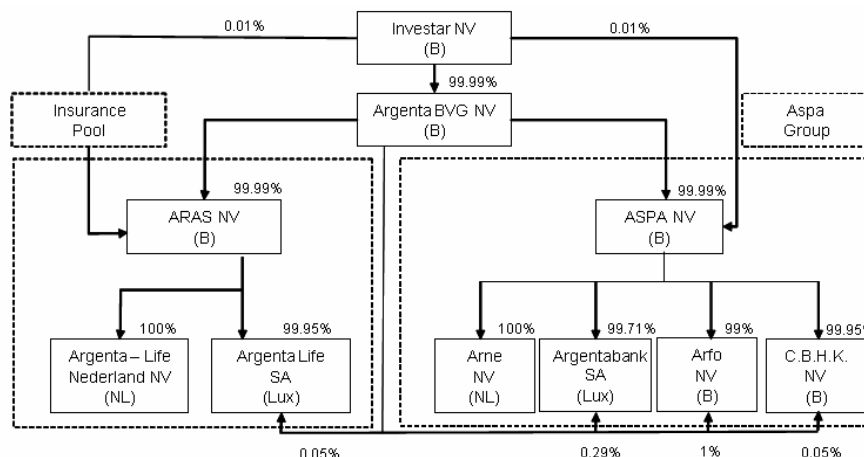
This process resulted also in restructuring of Argenta Group, the establishment of Argenta Bank- en Verzekeringsgroep ("**Argenta BVG NV**") as Argenta Group's operational holding and the creation of – to a certain extent – independent bank (i.e. Aspa Group) and Insurance Pools in 2001 (see below the corporate structure of Argenta Group).

With the sale of its reinsurance subsidiary Argré in 2004, the legal structure of Argenta Group became what it is at the date of this Prospectus.

General Information on Argenta Group

The corporate structure of Argenta Group as at the date of this Prospectus is presented in the figure below:

² 'Avantage fiscal – Fiscaal voordeel': legal system introduced by the Royal Decree n° 15 of 9 March 1982, whereby the withholding tax on



The equity capital of Argenta BVG NV is represented by 4,608,315 registered shares. All shares except two are held by Investar NV, the two remaining shares are held by Pine Apple NV, a wholly owned subsidiary of Investar NV.

Investeringsmaatschappij Argenta NV ("**Investar NV**") is the holding company of the current shareholders of Argenta Group, i.e. the family Van Rompuy ("the **Shareholders**").

Argenta BVG NV is the operational holding company of Argenta Group.

Aras comprises the insurance activities of Argenta Group in Belgium, in Luxembourg and the Netherlands. Argenta - Life Nederland was recently incorporated to offer life insurance products that are used to reimburse mortgage loans at the maturity of the contract. Argenta Life Luxembourg SA ("**Argenta Life SA**") offers life insurance products under Luxembourg law primarily to an international clientele (the insurance activities of Argenta Group hereinafter referred to as the "**Insurance Pool**").

Aspa holds the banking activities of Argenta Group, including the shareholdings in Arne NV and Argentabank Luxembourg SA ("**Argentabank SA**"). Two additional activities are operated through separate legal entities: Argenta Fondsenbeheer NV ("**Arfo NV**") is a fund management company, and Centraal Bureau voor Hypothecair Krediet NV ("**C.B.H.K. NV**") is a mortgage lender. In 2001, Aspa acquired the business (but not the portfolio), the name and logo of the state-owned mortgage lender CBHK/OCCH. The company as such was renamed Credibe and is still owned by the Belgian State. In order to maximise the commercial strength of the brand name CBHK/OCCH, Aspa renamed its subsidiary ARPRO C.B.H.K. NV. The banking activities of Argenta Group hereinafter are referred to as the Aspa Group.

Relationship between the Argenta Group of Companies

The Argenta Group structure leads to numerous operational relations between the Argenta Group companies, such as:

- The new production of mortgage loans by C.B.H.K. NV is directly transferred to Aspa Group and Aras;
- Arfo NV is the management company of Argenta Pensioenspaarfonds ("**ARPE**"), a pension fund distributed by Aspa Group;
- Argentabank SA issues Eurobonds in favour of Aspa Group;

- The activities of Arne NV are limited to issuing subordinated loans and Euro-Bonds in favour of Aspa Group in order to optimize the use of Tier 2 capital; and
- Several departments (e.g. human resources, ICT) deliver services for both Aspa Group and Aras. The costs related to these departments are allocated on the basis of pre-determined allocation keys.

Corporate Governance at Argenta Group level

Board of Directors

The Board of Directors of Argenta BVG NV consists of ten members comprising three members of the management, three representatives of the Shareholders, and four independent directors. The Board of Directors is responsible for supervising the Management Committee.

Management Committee

Argenta BVG NV has a management committee consisting of the chairman and two members being the chairman of Aspa Group and the chairman of Aras. The management committee is responsible for running the day-to-day business (comprising internal audit, compliance and risk management, which are organised at Argenta Group level) as well as for the monitoring of Aspa Group and the Insurance Pool of Argenta Group (which each have their management committee responsible for running their day-to-day business).

Audit Committee

The Audit Committee has five members: four independent directors and one director nominated by the Shareholders. The chairmen of the respective Management Committees of Aras and Aspa Group are invited to attend the meeting, together with the internal auditor.

The Audit Committee meets at least four times a year. One meeting is reserved for discussions with the statutory auditors with regard to the annual accounts and their audit findings. In the other meetings, audit planning is discussed and approved, various audit findings are evaluated and audit recommendations are followed up.

Aspa Group has a separate Audit Committee the composition of which is the same as the Argenta Group Audit Committee.

Argenta Group's strategy

Argenta's strategy is focused on growth. Argenta is growing at a significantly higher rate than the market, constantly gaining market share. It intends to continue this expansion in the coming years.

Argenta has focused on private households and self-employed persons, offering savings and deposit accounts, mortgage loans and straightforward insurance products.

Argenta offers standardized and transparent products, thereby reducing the costs of managing the portfolio. A clear credit approval policy has also reduced Argenta's default risk, allowing it to offer lower prices or higher returns.

Tied agents working on an exclusive basis are the single physical point of contact for the client. The agents focus on building long-term personal relationships with the households living in their local communities. The remuneration of the agents is structured in such a way that the agent earns less on individual products, but more per client, as the favourable price-quality ratio for all products and the long-term relationship encourages better cross-selling opportunities.

1. BUSINESS OVERVIEW OF ASPA GROUP

A. Products and Services

Aspa Group offers, in each of the jurisdictions where it is present, the following products and services:

In Belgium:

- Current accounts
- Savings accounts
- Savings certificates
- Internet banking
- Debit&credit cards
- Consumer loans
- Mortgage loans
- Mutual investment funds

In the Netherlands:

- Current accounts
- Savings accounts
- Internet banking
- Euro-bonds
- Debit cards
- Mortgage loans

In Luxembourg:

- Current accounts
- Savings accounts
- Savings certificates
- Euro-bonds

B. Banking Products and Services in Belgium

(a) *Deposits & savings (excluded Dutch Branch)*

Deposits & savings

Key figures (in EUR million):

	31 December 2004	31 December 2005
Savings accounts	11,309	11,738
Current accounts and term deposits	1,114	1,339

Aspa Group offers three types of current accounts and two types of savings accounts. These accounts have two major strengths. First, no administration fees are charged to the clients for the use of the account. Second, Aspa Group aims to offer a higher return than the return offered by its competitors.

The deposit accounts are:

- **Giro + account:** all standard transactions (cash deposits and withdrawals, transfers, cheques, also via phone and internet) with free debit and/or credit card, without administration charges.

- **Internet account:** transactions on this account are only possible via internet banking. No debit or credit cards. On the other hand, the client receives a higher interest rate on this account than the equivalent non-internet account.
- **Golden + account:** this account offers the same facilities as the Giro+ account, but without cheques. As this account offers a higher interest rate, clients mainly use it as a current account.

The savings accounts are:

- **Classic savings account:** cash deposits, withdrawals and transfers, also via phone and internet, are available with this account, but no cheques, debit or credit cards. This account has the additional advantage that clients who have saved up a certain amount can receive part of their interest income under the form of a hospitalisation insurance.
- **Maxi account:** this account has largely replaced the classic savings account, but it has the same characteristics (however without the hospitalisation insurance).

Aspa Group also offers an account for term deposits. As transactions cannot be executed directly on these accounts, they are in most cases linked to a current account.

Aspa Group's strategic focus on growth is reflected in the commission structure for the accounts. Agents receive a lower commission on Golden and Maxi accounts compared to the Giro + and Classic savings accounts respectively. However, the lower commission allows Aspa Group to offer better terms on these products to its clients, which creates more volume, and thus higher income for the agents.

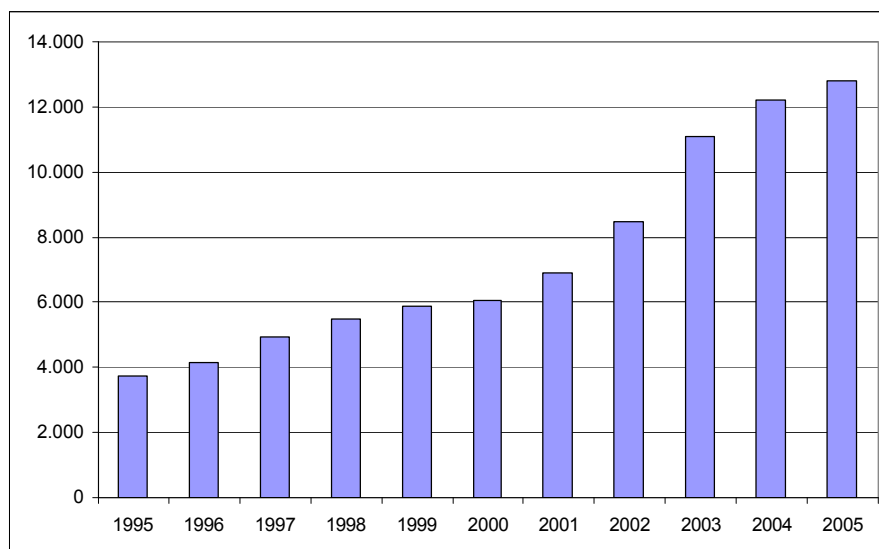
As per 31 December 2005, the different kind of accounts represented the following amounts (Belgium only):

- Giro + Internet: EUR 508 million;
- Golden: EUR 436 million;
- Classic savings account: EUR 1,219 million; and
- Maxi: EUR 10,519 million.

During the last two years, several competitors have launched aggressive campaigns to collect additional deposits (e.g. savings funds). These campaigns were mainly based on a high growth premium (i.e. funds added to the savings accounts generate additional interest if held for more than 6 months). As Aspa Group strives to build long-term relationships with its clients, their accounts offer no growth premium, but a loyalty premium (i.e. additional interest on funds which have been on the account for at least 12 months).

The figure below demonstrates the strong growth Aspa Group realised over the past years in deposit and savings accounts.

Total balance of deposit and savings accounts (in EUR million) as at 31st December for the years indicated



(b) Savings certificates

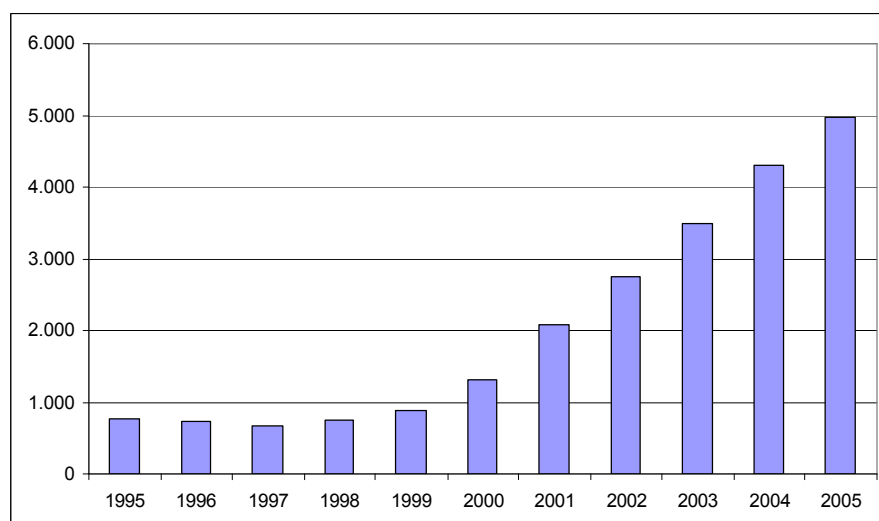
Key figures (in EUR million):

	31 December 2004	31 December 2005
Savings certificates	4,311	4,965

Aspa Group offers savings certificates with a maturity of 1, 3 and 5 years, each renewable for three new terms, or with a maturity of 8 years. The interest rates are fixed over the maturity of the certificate and interest is distributed through coupons (**rendementsbon**) or capitalized (**maxibon**).

No administration costs are charged to the investor. The client can choose whether or not he wants the certificate in physical form.

Balance of outstanding savings certificates (in EUR million) as at 31st December for the years indicated



(c) Collective investment schemes

Aspa Group is the promoter of three investment companies/mutual funds: (i) Argenta Fund SA SICAV³, a Luxembourg undertaking for collective investment, (ii) Argenta Selection Fund NV BEVEK⁴, a Belgian undertaking for collective investment, and (iii) Argenta Pensioenspaarfonds (ARPE) a pillar-3 pension fund.

Argenta Fund SA SICAV and Argenta Selection Fund NV BEVEK primarily track selected indices.

Argenta Fund SA SICAV contains 25 investment compartments, each with its own focus. Two compartments invest in government bonds, the other compartments invest in shares (geographic or sector-based). Capital gains are tax-exempted. As at 31 December 2005, the net assets of the Argenta Fund SA SICAV amounted to EUR 331.6 million.

Argenta Selection Fund NV BEVEK contains 2 compartments, "European Media" and "American Growth Shares". As at 31 December 2005, the net assets of the Argenta Selection Fund NV BEVEK amounted to EUR 1.8 million.

Clients can invest or exit these funds without charges, but they pay an administration fee over the duration of the investment.

ARPE is a so-called pillar-3 pension fund, offering tax benefits to the fund (exemption from withholding tax) and its investors (investments are tax deductible). The benchmark investment portfolio is as follows: shares 67%, bonds 28% and cash 5%. The net asset value of ARPE amounted to EUR 102.1 million as at 31 December 2005.

Only clients with an Aspa Group savings or Giro account can invest in the funds of Argenta.

(d) Bonds issued by Arne NV and Argentabank SA

Key figures (in EUR million):

	31 December 2004	31 December 2005
Euro-bonds	1,339	1,174
Subordinated loans	239	414

The portfolio of Euro-bonds offered to Aspa Group clients currently relates to bonds issued by Arne NV and Argentabank SA since 1998, for amounts ranging from EUR 20 million to EUR 60 million, and a duration of 5 to 8 years. All the Euro-bonds are fixed rate bonds. The interest rates vary from 4% to 5%, with a weighted average of 4.35%.

³ 'Avantage fiscal – Fiscaal voordeel': legal system introduced by the Royal Decree n° 15 of 9 March 1982, whereby the withholding tax on dividends was decreased for shares representing a contribution in cash made in 1982 or 1983.

⁴ BeleggingsVennootschap met Veranderlijk Kapitaal.

(e) Loans

Key figures (in EUR million):

	31 December 2004	31 December 2005
Mortgage loans	4,728	4,873
Consumer credit	83	77
Loans to self-employed persons	33	31

Mortgage Loans

Aspa Group offers four types of loans: mortgage loans and consumer credit to private persons, as well as investment credit and overdrafts to self-employed persons.

The portfolio of mortgage loans is by far Aspa Group's most important asset. Aspa Group aims to offer the lowest interest rates on the market. The focus is on households with one or two wage earners who wish to obtain a moderate dwelling. Aspa Group does not provide loans to companies, nor does it finance large real estate projects.

All loan applications are evaluated by Aspa Group on the basis of pre-determined criteria. The key factor in this evaluation is the stability of the available income of the applicant, a second factor being the value of the mortgage. Aspa Group's track record in evaluating loan applications has led to very low loan loss ratios of 0.36%. This has enabled Aspa Group to offer the lowest interest rates on mortgage loans in the Belgium market.

Aspa Group offers the standard types of mortgages loans on the Belgian market:

- CAP 5: duration 5-30 years, interest rate fixed for 5, 10, 15 or 20 years, and revised every 5 years afterwards, with a maximum revision of 5% upwards or downwards (71.18% of outstanding portfolio); and
- CAP 3: duration 5-30 years, interest revised annually or every three years, with a maximum revision of 3% upwards or downwards (19.57% of outstanding portfolio).

The loan is in nearly all cases paid off in equal monthly instalments, each new instalment therefore comprising a decreasing interest payment and an increasing capital reimbursement.

The activities of the former OCCH/CBHK, which were acquired by Aspa Group in 2001, include also other types of mortgage loans. The most popular products in this specific portfolio are:

- 13 CAP 2: duration 13-30 years, interest rate fixed for 13 years, and revised every 5 years afterwards, with a maximum revision of 2% (17.27% of outstanding portfolio); and
- 7 CAP 2: duration 7-30 years, interest rate fixed for 7 years, and revised every 5 years afterwards, with a maximum revision of 2% (16.76% of outstanding portfolio).

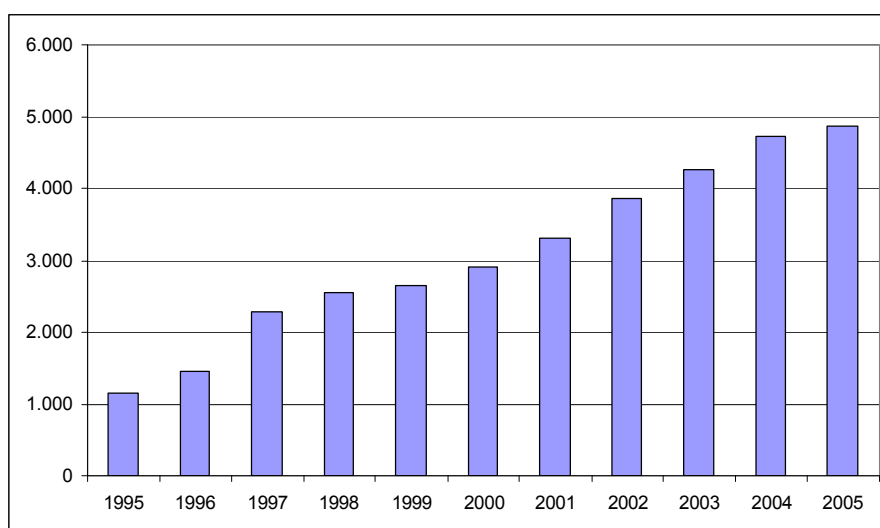
As OCCH/CBHK has lower standards to grant a mortgage loan to applicants, agents can offer an OCCH/CBHK loan to clients who do not meet the Aspa Group pre-determined criteria. This is compensated by a higher interest rate.

As per 31 December 2005, the portfolio of Belgian mortgage loans was structured as follows:

Interest revision period	% of the portfolio
1 year	18.62%
3 years	4.50%
5 years	32.18%
10 years	21.95%
15 years	10.45%
20 years	6.62%
Other	5.67%

Offering among the most attractive conditions on the market, Aspa Group's Belgian mortgage portfolio has increased steadily over the past years:

Outstanding balance of mortgage loans in Belgium (EUR million) as at 31st December for the years indicated



Consumer credit

These are credits (offered exclusively to existing clients), for various purposes such as the financing of a car or renovations of a home. The amount borrowed must be minimum EUR 2,500, but cannot exceed EUR 25,000. The maximum maturity depends on the amount:

Amount (in EUR)	Maximum maturity (in months)
2,500 – 3,700	30
3,700 – 5,600	36
5,600 – 7,500	42
7,500 – 10,000	48
10,000 – 15,000	60
> 15,000	84

These credits are paid off through monthly payments. If a consumer credit is paid off entirely before the end of its term, a reinvestment compensation is charged (two months interests for amounts below EUR 7,500 and three months interest for higher amounts).

(f) Aspa Group's subscribed for bond portfolio

Key figures (in EUR million):

	31 December 2004	31 December 2005
Government bonds	3,440	3,763
Corporate bonds	934	892
Total bonds	4,374	4,655

Aspa Group has established the following guidelines with respect to its investments in bonds:

- Corporate bonds cannot constitute more than 20% of the total bond portfolio.
- Corporate bonds are only eligible for investment if their rating is AA or higher (equity weight of 20% in the Basel II treaty), and if they are freely negotiable.
- The ratings are checked on a monthly basis. When the rating for a bond in the portfolio is downgraded below the threshold level, the chairman of the Management Committee and the head of the finance department take the decision whether or not to sell off the investment, based on a proposal from the Finance Officer. This decision is executed by the Finance Officer, and confirmed by the Management Committee.

Customer base in Belgium

Aspa Group's strategy is to focus on households and to a lesser degree on self-employed persons. Therefore its credit risk is spread over a large number of clients, and there are no individual customers that represent a significant outstanding balance. The rigorous approval policy ensures that the customer base is sound.

As at 31 December 2005, 609,370 households (representing 972,003 individuals) were client with Aspa Group, subscribing to the following products:

- 1,342,731 accounts, the most popular being the Maxi account (711,438) and the Giro+ account (250,845).
- 631,464 bearer certificates, the most popular being the savings certificates (358,327).

C. Banking Products and Services in the Netherlands

Key figures (in EUR million):

	31 December 2004	31 December 2005
Outstanding balance of Mortgage loans	4,846	6,615

Aspa Group started offering mortgage loans on the Dutch market in 1997 under the regime of free provision of financial services (second EU Banking Directive). All operations in the Netherlands with respect to mortgage credits are coordinated from Aspa Group's registered office in Antwerp.

Based on the report from, Stater Nederland BV and Quion Nederland BV, the Dutch service provider for Aspa Group's mortgage portfolio, as at 31 December 2005, Aspa Group's portfolio of Dutch mortgages had the following characteristics:

- Outstanding balance: EUR 6.615 billion.
- Only 0.5% of the Dutch portfolio consists of loans, which are reimbursed by instalments during the term of the loan. The remainder of the Dutch mortgage loan portfolio consists of "bullet loans" whereby the client makes only interest payments over the duration of the loan. The client reimburses the total capital at the end of the contract after having built up such capital by payments on a savings account (64.2%), a life insurance (34.6%) or stock market investments (1.3%).
- Interest rates are basically fixed for 10 years (58%) or 5 years (17%).
- The loans are generally granted for relatively modest amounts: 48.6% of the outstanding amount relates to loans for less than EUR 100,000, and 90.76% to loans for less than EUR 200,000.
- The weighted average interest rate amounts to 4.41%, while the average time to maturity is 3.42 years.
- 43.7% of the outstanding amount is secured by a State guarantee. With regard to the loans without a State guarantee, for 47.8% of the outstanding amount, the loan amounts to 80% or less of the value of the mortgaged property.
- As at 31 December 2005, 271 borrowers were more than 1 month in arrears (0.61% of the total number of loans).

In 2006 Aspa Group started offering its current and savings accounts (internet banking) on the Dutch market via its Dutch branch, making use of intermediaries.

In the Netherlands, Aspa Group, through its Dutch branch, offers high return savings account and current accounts without charges. Those accounts are the key differentiators in the market. The intermediaries benefit from a simple internet structure to offer this additional product without high administrative efforts, thus completing their own product offering, which is now focused on mortgage loans and insurance.

The savings accounts portfolio evolved as follows:

In EUR million	31 December 2004	31 December 2005
Savings accounts Netherlands	102	555
Current accounts Netherlands	1	3

D. Banking Products and Services in Germany

Aspa Group started offering mortgage loans on the German market in 2000. It did not set up its own distribution network but instead made use of external distribution channels, such as the brokerage departments of two German Banks, an internet broker and a wholesale chain. In 2004, it became clear that, due to important regional differences and the protected nature of the market, growth and expansion in the German market would require disproportionate efforts from Aspa Group. Therefore, it decided to withdraw from this market, and started the process of selling its existing portfolio. This process is expected to be completed by the end of 2006.

E. Distribution Network

Belgium

Aspa Group markets its products through four different networks.

First and foremost, Aspa Group has established a network of independent and tied agents, working exclusively for Aspa Group ("Net 1"). As at 31 December 2005, Aspa Group had 456 independent agents, managing 581 offices.

Besides a fixed monthly compensation, these agents receive a commission on the products sold to their clients. These commissions depend on the type of product:

- For savings and current accounts: an annual percentage based on the average amount in the accounts;
- For savings certificates: a percentage on the subscribed amount, increasing with the duration of the certificate, and a percentage on capitalised interests; and
- For mortgage loans: a percentage on the amount borrowed, and an additional commission based on the total amount collected by the agent over a twelve month period.

Another part of the agents' remuneration results from the build-up of their client base. This client base is part of the commercial portfolio of the agent, which, subject to approval by Aspa Group, can be sold to a third party.

Aspa Group acknowledges that the purchase of a well-established client pool can be too expensive for a new agent. It has therefore set up a system whereby the pool is bought by Aspa Group, and leased to the new agent, who in turn can increase its value by adding new clients. Currently, Aspa Group has 81 agents who opted for this system. The value of these portfolios is EUR 20,575,898 as at 31 December 2005.

The second network comprises the offices Aspa Group opened with its own personnel ("Net 2"). The employees in these offices do not receive any commissions, but are directly on the payroll of Aspa Group. However it is always Aspa Group's policy to transfer these offices to independent agents as soon as possible. On average, a "Net 2" office becomes a "Net 1" office within 12 months. As at 31 December 2005, Aspa Group had 3 offices, with 3 employees.

The offices of agents and own employees are located mainly in Flanders, as is evidenced by the following table:

Geographic split of offices

	Net 1	Net 2	Total
Antwerp	150	1	151
Limburg	72	—	72
Vlaams Brabant	79	1	80
Oost-Vlaanderen	115	1	116
West-Vlaanderen	113	—	113
<i>Flanders total</i>	<i>529</i>	<i>3</i>	<i>532</i>
Henegouwen	14	—	14
Luik	9	—	9

	Net 1	Net 2	Total
Luxemburg	1	—	1
Namen	3	—	3
Waals Brabant	8	—	8
<i>Wallonia total</i>	35	—	35
<i>Brussels</i>	17	—	17
Total	581	3	584

The third network comprises the independent credit and insurance brokers. These brokers offer products of different financial institutions, and advise their clients on the optimal solution in their specific case. They receive a commission from Aspa Group when their client finally opts for an Aspa Group mortgage loan. As per 31 December 2005, Aspa Group had distribution agreements with 130 brokers.

The fourth network consists of the credit cells of insurance companies, which broaden their product offering by adding Aspa Group's mortgage loans to their own in-house products. As at 31 December 2005, Aspa Group cooperated with 6 credit cells.

As mentioned above, Aspa Group acquired the mortgage loan activities of OCCH/CBHK in 2001. This subsidiary has its own network of brokers and credit cells to market its mortgage loans.

The relative importance of each network is shown in the table below, which presents an overview of the amounts of new mortgage loans in Belgium per network:

New mortgage loans in Belgium per network

	31 December 2004		31 December 2005	
in EUR '000	Amount	%	Amount	%
Net 1	645,788	66.08%	669,941	74.33%
Net 2	3,770	0.39%	949	0.11%
Brokers	47,410	4.85%	36,514	4.05%
Credit cells	280,333	26.68%	193,879	21.51%
Total	977,301	100%	901,283	100%

The Netherlands

In the Netherlands, Aspa Group offers its mortgage loans through associations of brokers, while the back-office is managed by Stater Nederland and Quion Group. As at 31 December 2005, Aspa Group had contracts with 37 such associations on a non-exclusive basis. These include the largest mortgage brokers in the market, such as De Hypotheker, Hypotheekshops and Welke. The loans are offered under the Argenta brand name.

These brokers can enter the loan applications directly in the IT system of Stater or Quion. Those systems evaluate the applications based on pre-determined parameters. For loans over EUR 350,000, the additional credit approval of Aspa Group's Management Committee is required.

Stater and Quion are also responsible for all in and outbound mortgage payment transactions (disbursements and collections) and portfolio management, including special servicing.

2. RISK MANAGEMENT (ASPA GROUP AND ARGENTA GROUP LEVEL)

General

In its daily activities, Aspa Group is exposed to a range of potential risks, the most significant of which include interest rate risk and credit risk. The effective identification and management of these risks is critical to Aspa Group's profitability.

Aspa Group's banking operations, which are limited to retail business, do not include trading portfolios, and therefore Aspa Group does not incur market risk relating to such activities. Its banking operations also exclude currency risk, equity risk and real estate risk.

The risk monitoring and management is organized at Argenta Group level, *i.e.* by Argenta BVG NV. The risk management comprises Aspa Group's banking business, as well as Aras' insurance business.

Risk Management at Argenta Group level

Argenta's objective is to build group-wide harmonized risk reporting and risk management structures and to upgrade the overall approach to include state-of-the-art quantitative risk management techniques.

Argenta has a centralized organizational structure for risk management. The Board of Directors monitors Argenta Group's solvency, identifies significant risk and determines the general risk requirements.

At Argenta Group level Argenta has a risk management committee, chaired by the chairman of the Management Committee of Argenta BVG NV and responsible for the setting of the guidelines and producing consolidated reports on risk management at Argenta Group level. The aim is to ensure that risk management is properly in line with Argenta's overall strategic objectives.

Argenta also issued a compliance and internal audit charter setting forth the operating standards and rules applicable to the centralized structure and the various entities consisting the Argenta Group. The compliance department and the internal auditing department are centralized at Argenta Group level.

The Management Committee of Argenta BVG NV ensures a coordinated and integrated management properly in line with Argenta's overall strategy.

The mission of Argenta's investigations department is to pursue Argenta's zero tolerance fraud policy and to ensure that the companies within Argenta Group, their employees and intermediaries operate in an ethical manner by investigating fraudulent acts and other unacceptable behaviour and by participating in prevention, detection and monitoring of such acts in close collaboration with the compliance and internal auditing.

Risk Management at Aspa Group level

The management committee of Aspa Group has full responsibility for the risk management on Aspa Group level within the guidelines and risk policy of the Argenta BVG NV. For reporting, analysis and special investigations the management committee and its members can count on the services of the risk management structures of the Argenta Group.

3. KEY FINANCIAL INFORMATION OF ASPA GROUP

Financial reporting and business plans are closely followed up by the management committee. The committee meets on a weekly basis (and if required, more frequently) to discuss the evolution of the business (i.e. growth in deposits, mortgages and insurances) and the necessary actions to be taken. On a quarterly basis, Aspa Group produces an extended financial reporting, including historical results, updated business plans and ALM reporting, to the Board of Directors and the management committee.

Consolidated Financial Statements of Aspa Group 2004-2005

The tables below represent the consolidated key financial figures (Belgian GAAP) of Aspa Group as at 31 December 2004 and 2005. The consolidated figures include the following entities: Aspa Group (Belgium), Arne NV (established in the Netherlands), Argentabank SA (established in Luxembourg), Arfo NV (established in Belgium) and C.B.H.K. NV (established in Belgium) – as shown in the group structure.

Key consolidated balance sheet figures – Aspa Group

EUR million	31 December 2004	31 December 2005
Total balance sheet	19,046	20,893
Loans and advances to customers	10,009	12,042
Loans and advances to credit institutions	3,189	3,418
Fixed interest securities held ⁵	5,599	5,154
Savings ⁶	18,415	20,188
Shareholders' equity ⁷	401	464
Shareholders' equity + subordinated loans	641	878

Key consolidated income statement figures – Aspa Group

EUR million	31 December 2004	31 December 2005
Net interest income + dividends	215.2	245.1
Profit (loss) on financial transactions	28.5	23.1
Bank product	243.7	268.2
Operational expenses	-125.4	-136.9
Depreciation and provisions	-22.3	-34.8
Fund for General Banking Risks	0.0	88.7
Operational result	96.0	185.2
Extraordinary result	1.1	0.3
Taxes	-36.1	-33.3
Net profit	61.0	152.2

The different Aspa Group companies contributed to the net profit as follows:

⁵ Including the treasury bills eligible for refinancing with the central bank.

⁶ Including the amounts owed to customers, debts evidenced by certificates and the subordinated liabilities.

⁷ Including the Fund for General Banking Risks and minorities.

EUR million	31 December 2004	31 December 2005
Aspa Group	54.7	142.9
Argentabank SA	5.8	4.3
ARNE NV	1.2	1.1
C.B.H.K. NV	0.0	1.6
ARFO NV	0.3	0.3
Consolidation entry	-1.0	2.0
Aspa Group Consolidated	61	152.2

Aspa Group balance sheet

Total balance sheet increased from EUR 19.0bn in 2004 and further to EUR 20.9bn as of 31 December 2005.

Savings

Despite the interest rate cuts that were introduced by Aspa Group in 2004, Aspa Group succeeded in realising a strong growth in savings from clients with 10.1% or EUR 1.7bn in 2004 and with 9.6% or EUR 1.8bn in 2005.

The growth in funds was supported by the combined effect of the competitive interest rates and attractive conditions (such as no administrative charges) offered by Aspa Group (compared to its competitors) on the current and savings accounts and on the savings certificates as well as the clients' continuing averseness for risky investments. The introduction of tariff cuts in 2004 in line with the Belgian market and the overall increased interest for life insurance products (Branch 21) explain the relatively lower growth in savings.

The funds are mainly invested in savings accounts and in savings certificates. Together, the funds from clients represent almost 97% of balance sheet total.

Funds from clients – Aspa Group

EUR million	31 December 2004	31 December 2005
Savings accounts	11,411	12,293
Current accounts and term deposits	1,115	1,342
Savings certificates	4,311	4,965
Euro-bonds	1,339	1,174
Subordinated loans ⁸	239	414
Total	18,415	20,188

Use of savings

Savings are reinvested in mortgages and fixed interest securities issued by public entities or corporates (with a minimum AA-rating), as shown in the table below.

⁸ The subordinated liabilities consist of subordinated (non convertible) loans that were issued by Arne NV and sold to Argenta customers.

Mortgages and fixed income securities – Aspa Group

EUR million	31 December 2004	31 December 2005
Mortgages	9,754	11,652
Belgium	4,728	4,873
The Netherlands	4,846	6,615
Germany	180	164
Other loans	116	108
Loans and advances to customers	9,870	11,760
Bonds issued by public entities	3,440	3,763
Bonds issued by corporates	934	892
Other fixed income securities	1,225	500
Fixed income securities	5,599	5,155

Mortgages increased by 22% in 2004 and by 19% in 2005. The fixed interest securities portfolio decreased in 2004 by 24.4% and by 8% in 2005 as the growth in the savings was completely absorbed by the growth in the mortgage loans in 2004 and the funds were instead reinvested in loans to credit institutions (for duration reasons).

The growth in mortgages was mainly achieved in the Netherlands and remained strong in Belgium. The continued high production level is the combined result of Aspa Group's competitive pricing for mortgages on the Belgian and Dutch market as well as the current favourable housing market conditions. As of 31 December 2005, the Dutch credit portfolio was larger than the Belgian mortgage portfolio, representing 57% of the total mortgage portfolio.

The further development of the German mortgage loan portfolio was deliberately terminated at the end of 2002 as a consequence of the high barriers for entering into the German mortgage market. The portfolio is in run-off.

The policy of Aspa Group is to reinvest the funds that have not been reinvested in mortgages, in fixed income securities (short and long term). Aspa Group has had no shares in its portfolio since 2002. In 2005, the investments in fixed income securities were partly redirected from long term (OLOs) to short term paper.

Income statement of Aspa Group

The net profit increased from EUR 61.0m in 2004 to EUR 152.2m in 2005.

Key consolidated income statement figures – Aspa Group

EUR million	31 December 2004	31 December 2005
Net interest income + dividends	215.2	245.1
<i>Margin %</i>	<i>1.13%</i>	<i>1.17%</i>
Profit (loss) on financial transactions	28.5	23.1
Bank product	243.7	268.2
Commissions	-63.4	-70.3
General expenses	-63.3	-67.9
Depreciation and provisions	-22.3	-34.8
Fund for General Banking Risks	0.0	88.7

EUR million	31 December 2004	31 December 2005
Other operating income/charges	1.3	1.3
Operational result	96.0	185.2
Extraordinary result	1.1	0.3
Taxes	-36.1	-33.3
Net profit	61.0	152.2

- The increase in the **interest margin** from 1.13% in 2004 to 1.17% in 2005 was the result of the proportional lower increase in interest costs than in interest income compared to 2004. Market conditions allowed Aspa Group to continue its strategy that consists in offering high interest rates on savings accounts and charging low interest costs on mortgage loans (compared to competition), in order to remain highly competitive and increase production volume.
- The increase in the net **commissions** paid resulted from the substantial growth in the production of savings certificates, savings accounts and mortgages.
- The **general expenses**, which consist of personnel and administrative expenses, increased mainly as a result of an increase in the maintenance of software and applications and the costs linked to debit cards, bankcards and cheques, telephone and payment transactions (linked to growth in activities). Personnel expenses increased, as shown in the table below. The increase is mainly due to the hiring of high qualified staff members for risk management, compliance and auditing together with additional investments in sales people.

EUR '000	31 December 2004	31 December 2005
Personnel	14,862	16,379
Administrative expenses	48,465	51,488
General expenses	63,327	67,867

- The increase in depreciation and provisions was mainly the result of the accounting rules regarding the capitalisation of the commissions paid to the agents on the production of savings certificates and mortgages, in combination with the strong production level.
- In 2005 the interest margin improved to 1.17% from 1.13% in 2004. This improvement was, in turn, the result of a higher interest income (in accordance with growth in assets) while interest costs remained at the same level as in 2004 thanks to the implementation of subsequent interest rate cuts mainly on the savings accounts. At the same time Aspa Group succeeded, despite the growth, in limiting the increase of its operating expenses (personnel and administrative costs) compared to 2004.
- In February 2004, Aspa Group realized a synthetic securitisation programme on part of Dutch residential mortgage portfolio (notional credit amount of EUR 1.6bn) - through a credit default swap - in order to reduce the weight of the credit risk of the portfolio and to achieve capital relief. Aspa Group transferred the credit risk of the underlying portfolio for the amount of the principal and 2 months interest. The swap covers Aspa Group against credit losses on this underlying portfolio until the maturity date 30 November 2033. Aspa Group can, however, decide to terminate the contract (termination option) on the payment dates falling between December 2010 and December 2011.

Key ratios of Aspa Group

The following table gives an overview of Aspa Group's key ratios :

	Aspa Group		Average Belgian Banks *
	2004	2005	2004
Interest margin	1.13%	1.17%	0.94%
Return on equity	16.34%	35.16%	9.77%
Loan / deposit ratio	54.35%	59.65%	77.40%
Cost-income ratio	65.93%	68.82%	69.40%
Equity / Total balance sheet	1.64%	2.22%	3.53%
Equity + subordinated loans / Total balance sheet	2.90%	4.20%	5.92%
Tier 1 ratio	6.50%	7.01%	9.30%
Risk asset ratio	9.37%	10.50%	13.00%
Gearing ratio	2.50%	2.80%	na

Source: ABB, CBFA, Argenta

na = not available

* Only banks under Belgian law

These ratios lead to following conclusions:

- (a) The interest margin increased from 1.13% in 2004 to 1.17% in 2005, as a result of interest rate pricing measures. It is Aspa Group's target to maintain an interest margin of at least 1%.
- (b) The quality of the credit portfolio is high. Aspa Group's credit risk is very small given the fact that it is spread over a large number of mortgage loans of a limited size (loans to private and self-employed persons), which are covered by an underlying pledge. Aspa Group has succeeded over the years in maintaining a very favourable loan loss ratio.
- (c) Aspa Group's Risk Asset Ratio is slightly weaker than the average Belgian banking market but remains however well above the required 8% norm. The Risk Asset Ratio reached 10.50%, compared with 9.37% at the end of 2004. Total equity including subordinated loans represented 4.20% of total balance sheet at the end of 2005, a ratio slightly lower than the average of the Belgian banks.

Credit quality and provisions on credit portfolio

The credit quality of the loan portfolio of Aspa Group is very good. This results from the fact that the credit risk is spread over a large number of mortgages, each relatively small in size and sufficiently covered by a mortgage or other collateral (e.g. pledge). Moreover, the credits are all subject to a very conservative mortgage loan approval procedure.

As of 31 December 2005, on a total mortgage portfolio of EUR 11.7bn, only EUR 24.6m book provisions have been entered, representing 0.21% of the total outstanding loan portfolio.

Provisions on the credit portfolio of Aspa Group

EUR million	2004	2005
Doubtful credits	19.2	18.5
(credits more than 6 months overdue)		
Belgium	17.8	16.9
The Netherlands	1.2	1.4
Germany	0.2	0.2
Uncertain credits		
(credits more than 2 months overdue)	4.4	6.1
Belgium	3.7	5.4
The Netherlands	0.7	0.7
Germany	0.0	0.0
Total provisions	23.6	24.6
Credit ratios		
(total provisions / outstanding credit portfolio)		
Belgium	0.45%	0.46%
The Netherlands	0.04%	0.03%
Germany	0.11%	0.12%
Global credit ratio	0.25%	0.21%

The following valuation rules are applied for the credit provisions: a credit provision is set up once the credit has two instalments overdue or in case indications exist that the client could have potential payment difficulties. The provision is set up on an individual basis and amounts to the remaining outstanding credit amount less the expected sale value of the underlying pledge (including other recovering possibilities, such as salary transfers).

Structure of equity and capital adequacy

Capital adequacy and the use of regulatory required capital are based on the guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee) and European Community Directives. The required minimum tier 1 ratio is 4% and the required minimum total capital ratio (known as the 'risk asset ratio') is 8% of all risk-weighted assets, including off-balance sheet items. The Belgian Banking Finance and Insurance Commission imposes a minimum tier 1 ratio on Argenta Group level of 4.5% (instead of 4%) as well as a gearing ratio of minimum 2%.

	2004	2005
Tier 1 ratio	6.50%	7.01%
Risk asset ratio	9.37%	10.50%
Gearing ratio	2.50%	2.80%

In 2004, Aspa Group took measures to strengthen its equity in view of the current and future solvency requirements:

- In February 2004, Aspa Group realised a synthetic securitisation programme on its Dutch residential mortgage portfolio in order to reduce the weight of the credit risk of this portfolio and to achieve capital relief of EUR 14.1m (described on page 72 of the Prospectus); Aspa Group furthermore contracted a cap agreement for a notional amount of approximately EUR 5bn, in order to hedge the interest rate risk.
- Aspa Group's equity and hence its solvency was strengthened through a capital increase of EUR 29.7m.

The calculation of the risk weighted assets and the excess capital as of 31 December 2005, as required by the Belgian Banking Finance and Insurance Commission is shown in the tables hereafter. As of 31 December 2005, Argenta Group had excess capital amounting to EUR 134.4m, when compared to the risk asset ratio norm of 8%.

Aspa Group's regulatory capital amounted to EUR 564.8m as of 31 December 2005 and can be broken down as shown in the table below. Tier 1 capital amounted to EUR 376.9m and Tier 2 capital to EUR 206.4m.

The regulatory capital has been corrected for the risk on the securitized Dutch mortgage portfolio (EUR 18.5m) which is not covered by the credit default swap but maintained by Argenta (first loss tranche).

Structure of Aspa Group's Capital

EUR '000	31 December 2005
Capital	103,255
Revaluation capital gain (unrealised)	13,681
Reserves	346,867
Consolidation differences	621
Total Equity	464,424
Minorities	138
Subordinated loans	413,925
Tier 1 capital⁹	376,902
Tier 2 capital¹⁰	206,437

⁹ Takes into account capital, reserves, negative consolidation differences and minorities less intangible assets (excl. capitalized commissions) and positive consolidation differences.

¹⁰ Takes into account the revaluation plus value and the maximum allowed amount of subordinated loans.

Risk weighted assets of Aspa Group

EUR million	Total assets	Risk weighted assets
	31 December 2005	31 December 2005
Balance sheet	20,893	5,380
Off balance sheet	2,727	-
Total	23,620	5,380

Excess capital of Aspa Group

EUR million	31 December 2005
Tier 1 capital	376.9
Tier 2 capital	206.4
Credit Default Swap	-18.5
Capital	564.8
Required (8%)	430.4
Excess Capital	134.4
Risk Asset Ratio	10.50%

4. RECENT DEVELOPMENTS

There are no major changes in Argenta Spaarbank's or Aspa Group's business since 31 December 2005. Core business is growing at the same pace as previous years.

On the asset side growth in mortgage loans is well above the business plan, with a faster growth in the Netherlands and a steady growth on the Belgian market.

Total balance sheet will be completely in line with the objectives of the business plan. Also on the liabilities side growth continues at the same pace with a little more expansion of the current accounts and the short term accounts due to commercial actions. There are no changes in capital structure and ratio's are still well above the regulatory requirements.

A limited expanding interest margin together with an effective hedging strategy are expected to result in an operational and recurrent profit comparable with or even better than the previous years.

Furthermore, there are no indications of unexpected profits or losses with possibly a material influence on the results for the time being.

ASPA N.V.
CONSOLIDATED ANNUAL ACCOUNTS 2004



April 2005

Antwerp Trade Register no. 0404.453.574

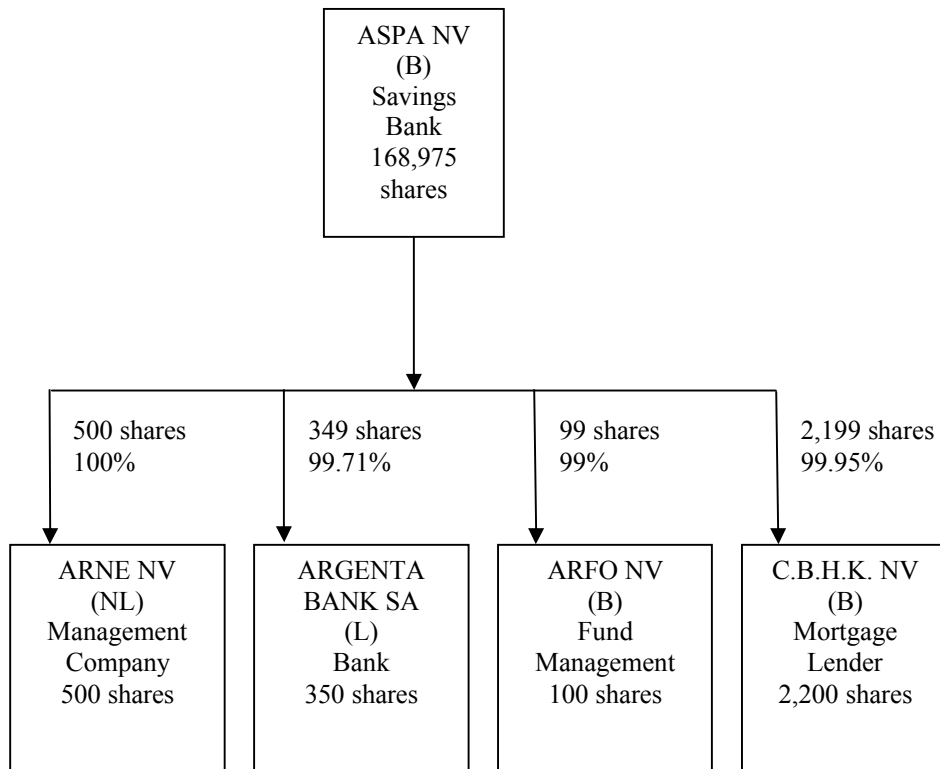
For further information, call: +32 3 285 51 92
Reports on each working company of the Group over the financial year 2004 can be forwarded on request.

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COMPANY LAW STRUCTURE



GROUP COMPANIES

Argenta Spaarbank

naamloze vennootschap (public limited liability company)
abbreviated **Aspa NV**
Belgiëlei 49-53 – 2018 Antwerp
Antwerp Trade Register no. 0404.453.574

Netherlands Branch

Nieuwe Boschstraat 51
NL - 4811 CV Breda

Argentabank Luxembourg

société anonyme (public limited liability company)
abbreviated **Argentabank SA**
27, Boulevard du Prince Henri
L – 1724 Luxembourg
Luxembourg Trade Register no. B 35185

Argenta Nederland

naamloze vennootschap (public limited liability company)
abbreviated **Arne NV**
Olympic Plaza
Fred. Roeskestraat 123
NL - 1076 EE Amsterdam
Amsterdam Trade Register no. 33215872

Centraal Bureau voor Hypothecair Krediet

naamloze vennootschap (public limited liability company)
abbreviated **C.B.H.K. NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0466.761.327

Argenta Fondsenbeheer

naamloze vennootschap (public limited liability company)
abbreviated **Arfo NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0468.436.259

SAVINGS BANK

BANK

under Luxembourg law

MANAGEMENT COMPANY

under Dutch law

MORTGAGE LENDER

COMPANY FOR FUNDS MANAGEMENT

GROUP COMPANIES

COLLECTIVE INVESTMENT INSTITUTIONS OF THE ARGENTA GROUP

Argenta Selection Fund

naamloze vennootschap (public limited liability company)
abbreviated **ASF NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0475.527.751

Argenta Pensioenspaarfonds

abbreviated **ARPE**
Belgiëlei 49-53 - 2018 Antwerp

Argenta Fund

société anonyme (public limited liability company)
27, Boulevard du Prince Henri
Luxembourg Trade Register no. B 26881

PUBLIC INVESTMENT COMPANY

with variable capital under Belgian law
with several compartments

PENSION SAVINGS FUND

Public open investment fund under
Belgian law

PUBLIC INVESTMENT COMPANY

with variable capital under Luxembourg law
with several compartments

BOARDS OF DIRECTORS

	ASPA	ARNE	ARGENTABANK LUX.	C.B.H.K.	ARFO	ASF	ARPE	ARGENTA FUND
Chairman:								
Raco NV	(6)							
Vanneste H.								
Members:								
Advaro BVBA	(2)							
Citta M.								
Dejomo BVBA	(3)							
Diddens K.								
Eersbeke cva	(4)				(4)			
Govers E.								
Mertens R.								
Parus Beheer BVBA	(5)							
Schiltz Hugo BVBA	(7)							
Smets K.								
Transhypo BVBA						(8)		
Van Grembergen W.								
Van Guyse F.								
Van Rompuy D.								
Van Rompuy K.								
Vanneste H.								
Auditors:								
Govers E.		(1)						
Vanneste H.		(1)						
Van Guyse F.		(1)						

- (1) under Dutch trade legislation
- (2) with Van Rompuy D. as permanent representative
- (3) with De Jonghe F. as permanent representative
- (4) with De Smet M. as permanent representative
- (5) with Van Keirsbilck JP as permanent representative
- (6) with Van Rompuy B. as permanent representative
- (7) with Schiltz H. as permanent representative
- (8) with Winkelmans W. as permanent representative

MANAGEMENT COMMITTEES

	ASPA	ARGENTASPAARBANK NV BIJKANTOOR NEDERLAND	ARNE	ARGENTABANK LUX.	C.B.H.K.	ARFO	ASF	ARPE	ARGENTA FUND
Chairman:									
Bettens H.									
Vanneste H.									
Members:									
Diddens K.									
Govers E.									
Schoepen E.									
Smets K.									
Van Guyse F.									

MANAGEMENT

Director:									
De Moor M.									
Defrance C.									
Heymans L.									
Scholts J.H.			(1)						
Stevens J.									
Stolp D.P.			(1)						
Managing Director:									
Govers E.									
Vanneste H.									

(1) under Dutch trade legislation

ANNUAL ACCOUNTS

Consolidated financial data.

1. Consolidated balance sheet as 31st of December 2004 after profit

		(in thousands of Euro)	
ASSETS		2003	2004
I.	Cash in hand, balances with central banks and post office banks	15,088	11,613
II.	Government securities eligible for central bank refinancing	499,102	0
III.	Loans and advances to credit institutions		
A.	Repayable on demand	43,666	30,153
B.	Other loans and advances (with agreed maturity dates or periods of notice)		
		<u>690,643</u>	<u>3,158,394</u>
		734,309	3,188,547
IV.	Loans and advances to customers	8,378,982	10,008,704
V.	Bonds and other fixed-income securities		
A.	Issued by public bodies	4,510,540	3,440,257
B.	Issued by other issuers	<u>2,895,979</u>	<u>2,158,872</u>
		7,406,519	5,599,129
VI.	Shares and other variable-yield securities	8,911	4,776
VII.	Financial fixed assets		
B.	Other companies		
1.	Participating interests, shares	6,110	8,032
VIII.	Formation expenses and intangible fixed assets	55,481	83,812
X.	Tangible fixed assets	32,315	32,253
XII.	Other assets	2,532	3,314
XIII.	Deferred charges and accrued income	143,499	105,703
TOTAL ASSETS		17,282,848	19,045,883

(in thousands of Euro)

LIABILITIES		2003	2004
I.	Amounts owed to credit institutions		
A.	Repayable on demand	70	25
C.	Other debts with agreed maturity dates or periods of notice	<u>571</u>	<u>13,705</u>
		641	13,730
II.	Amounts owed to customers		
A.	Savings deposits	10,242,653	11,411,135
B.	Other debts		
1.	Repayable on demand	948,260	1,001,213
2.	With agreed maturity dates or periods of notice	<u>191,190</u>	<u>113,954</u>
		11,382,103	12,526,302
III.	Debts evidenced by certificates		
A.	Bonds and other fixe-rate securities in issue	5,082,375	5,649,385
IV.	Other liabilities	29,350	32,498
V.	Accrued charges and deferred income	167,640	175,907
VI.	Provisions, deferred taxes and tax liabilities		
A.	Provisions for liabilities and charges		
1.	Pensions and similar obligations	236	246
2.	Taxes	92	92
3.	Other liabilities and charges	3,254	4,530
B.	Deferred taxes and tax liabilities	<u>1,841</u>	<u>2,250</u>
		5,423	7,118
VII.	Funds for general banking risks	88,698	88,698
VIII.	Subordinated liabilities	269,470	239,393
SHAREHOLDERS' EQUITY		256,256	312,733
IX.	Capital		
A.	Issued capital	103,255	103,255
X.	Revaluation surpluses	14,593	14,275
XI.	Reserves and results brought forward	138,011	194,582
XII.	Consolidation differences	397	621

(in thousands of Euro)

LIABILITIES	2003	2004
XV. MINORITY INTERESTS	892	119
TOTAL LIABILITIES	17,282,848	19,045,883

2. Consolidated items off balance sheet to 31st of December 2004

(in thousands of Euro)

	2003	2004
I. Contingent liabilities		
B. Guarantees for loans and advances	26	26
C. Other guarantees	3,522	2,597
E. Assets charged as collateral security on behalf of third parties	<u>0</u>	<u>25,000</u>
	3,548	27,623
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	0	294,104
C. Undrawn margin on confirmed credit lines	<u>13,093</u>	<u>12,554</u>
	13,093	306,658
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	3,260,381	2,556,911

3. Consolidated statement of results to 31st of December 2004

(in thousands of Euro)

	2003	2004
I. Interest receivable and similar income including: that from fixed-income securities	738,349	785,744
	282,277	258,264
II. Interest payable and similar charges	- 565,134	- 570,842
III. Income from variable-yield securities		
A. Shares and other variable-yield securities	4	0
B. From participating interests and shares held as financial fixed assets	<u>183</u>	<u>270</u>
	187	270
IV. Receivable commission income	26,707	27,983
V. Payable commission expense	- 78,047	- 91,412
VI. Profit (loss) on financial transactions		
A. Profit (loss) transactions and trading of securities and other financial instruments	- 3	- 9
B. Profit (loss) of investment securities	<u>10,146</u>	<u>28,480</u>
	10,143	28,471
VII. General administrative expenses		
C. Remuneration, social security costs and pensions	- 14,266	- 14,862
D. Other administrative expenses	<u>- 45,128</u>	<u>- 48,465</u>
	- 59,394	- 63,327
VIII. Depreciation and amortisation of formation expenses, tangible and intangible fixed assets	- 15,710	- 22,773
IX. Reversal of amounts written down on receivables and of provisions for off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	- 2,211	1,885
X. Reversal of impairment on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	2,673	1,395
XI. Utilisations and write-backs of provisions for liabilities and charges other than those included in off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	2,231	164

	2003	2004
XII. Provisions for liabilities and charges other than those included in off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	- 264	- 2,979
XIII. Transfer from (transfer to) the funds for general banking risks	- 9,000	0
XIV. Other operating income	6,843	8,741
XV. Other operating expenses	- 9,402	- 7,347
XVI. Profit of consolidated companies on ordinary activities, before tax	47,971	95,973
XVII. Extraordinary income		
B. Reversal of impairment on financial fixed assets	10	0
D. Gain on disposal of fixed assets	34	1,181
E. Other extraordinary income	<u>88</u>	<u>8</u>
	132	1,189
XVIII. Extraordinary expenses		
D. Loss on disposal of fixed assets	- 176	- 15
E. Other extraordinary expenses	<u>- 121</u>	<u>- 35</u>
	- 297	- 50
XIX. Profit of consolidated companies for the period, before tax	47,806	97,112
XIX. bis A. Transfer to deferred taxes and tax liabilities	- 1,027	- 678
B. Transfer from deferred taxes and tax liabilities	0	1,163
XX. Income taxes		
A. Income taxes	- 17,693	- 36,807
B. Adjustment of income taxes and write-backs of tax provisions	<u>1,642</u>	<u>179</u>
	- 16,051	- 36,628
XXI. Profit of the consolidated enterprises	30,728	60,969
XXIII. Consolidated profit	30,728	60,969
XXIV. Minority interest's share of the profit	171	18
XXV. Share of the group in the result	30,557	60,951

NOTES

Notes to the consolidated financial statements as at 31 Dec. 2004 (* 11)

Tables, or parts of tables, that have no contents, are omitted from the explanatory notes.

I. Criteria for consolidation and inclusion under the net asset value method

a.1. Consolidation in full

The technique of consolidation in full was applied to all companies in the Group.

This method involves the shares of the subsidiary held by the parent company being replaced in the balance sheet of the parent company by the assets and the liabilities of this subsidiary.

Also added to the balance sheet of the parent company were:

- the minority interests, which are the part of the own funds of the subsidiaries that is not due to the parent company
- the consolidation differences, which are the differences at the time of acquisition between, on the one hand, the purchase price of the shares issued by the subsidiaries that are in the portfolio of the parent company and, on the other hand, the net asset value of these shares
- the consolidation reserves that, after the date of acquisition of the holdings, reflect the growth of the parent company's share in the shareholder's equity of the subsidiaries

Positive consolidation differences (consolidation goodwill) are reported in the assets of the balance sheet.

These are amortised over 5 years

For practical reasons, for the calculation of the consolidation differences on holdings acquired before the 1976 year-end, 31 December 1976 is assumed as the conventional acquisition date.

On holdings acquired after this date, the consolidation differences are calculated from the effective date of acquisition.

To avoid double counting, the intercompany debts and receivables, and the intercompany costs and income are eliminated.

Before proceeding with the consolidation of the individual financial statements, the rules relating to the valuation of the assets and liabilities components were harmonised on the basis of the rules that apply in the savings bank.

Because all of the Group companies close the financial year on 31 December, this date is taken for the consolidation.

* The financial statements are presented in abridged form in this brochure.
The financial statements will be filed within the statutory deadline.

II. A. List of the subsidiaries fully incorporated in the consolidation

Name	Registered Office	Company – number	Proportion of the capital held (in %)
C.B.H.K. NV	Antwerp	RPR 0466.761.327	99.95%
Arfo NV	Antwerp	RPR 0468.436.259	99.00%
Argentabank SA	Luxembourg	RCLuxB35185	99.71%
Arne NV	Amsterdam	HRAmst33215872	100.00%

B. List of subsidiaries not fully consolidated

Name	Registered Office	Company – number	Proportion of the capital held (in %)	Reason for exclusion
Mediaver NV	Wilrijk	RPR 0466.085.889	69.26%	No material contribution to the consolidated whole

III.B. List of the subsidiaries to which no proportional consolidation is applied

Name	Registered Office	Company – number	Proportion of the capital held (in %)	Reason for exclusion
Koopjeskrant NV	Wilrijk	RPR 0429.811.651	50.00%	No material contribution to the consolidated whole

VI. Valuation rules

Intangible fixed assets

Formation and restructuring expenses are fully amortised during the first financial year. The purchase price and purchase costs of software are amortised at 20% per year on a proportional basis.

The commission fees are, in principle, taken to the result immediately and in full. However, taking the criteria mentioned in section 27.b (5) of the Belgian Royal Decree on financial statements from credit institutions into account, the commission fees on savings certificates and mortgage loans are included in the result proportionally, in accordance with the method mentioned below:

- Commission fees for transactions with a contractual life of more than one year are included in the result spread over the life of the transactions.
- Commission fees for transactions with a contractual life of more than sixty months are included in the result spread over sixty months.

The commission fees capitalised in this manner are written down proportionally on a monthly basis.

Tangible fixed assets

- The purchase price and purchase costs of land are not depreciated, regardless of whether the site has been built on or not.

In the case of the purchase of a built property, the land value is calculated using the formula:
 $2,478.94 \text{ EUR} + ((\text{purchase price} - 2,478.94 \text{ EUR}) * 10\%)$.

- For a built property the purchase price is divided into two parts:
 - a) The land value (as calculated above) plus the additional costs relating to the land.
 - b) The building value, plus the additional costs relating to the buildings. These are determined using the formula: building value / 1% of the purchase price * total purchase costs.

The building value is written off at a rate of 3% per year on a pro-rata basis.

The buildings purchased before 1981 are written off at 5% per year.

- The construction costs relating to the new building of 1986 were depreciated in the financial year for 33% on 88% of the purchase cost and 3% on 12% of the purchase cost. Commencing in the following financial year, 3% is depreciated on the total purchase cost.
- The costs relating to the new building of 1994 are depreciated at a rate of 3% on the total purchase cost.
- The revaluation surpluses relating to the company's registered office and adjoining buildings are depreciated over the assumed residual life of the building. The end of this depreciation period falls at the same time as the end of the depreciation period of the purchase cost.
 - a) For the revaluation surpluses on the company's registered office 1990, the annual depreciation is 3.125% over a period of 32 years.
 - b) For the revaluation surpluses from 2003

- For the new building of 1986, the annual depreciation is 4.32% over the period from 1 November 2003 to 31 December 2026.
- For the new building of 1994, the annual depreciation is 3.82% over the period from 1 November 2003 to 31 December 2029.
- For the Lamorinièrestraat 58 + old print shop, the annual depreciation is 3.11% over the period from 1 November 2003 to 31 December 2035.
- For the Aras building, the annual depreciation is 2.93% over the period from 1 November 2003 to 31 December 2037.
- The works carried out on the premises in the Lamorinièrestraat are considered new construction and are depreciated at a rate of 3% per year on a proportional basis. The depreciation on the purchase costs follows that of the purchase price. The purchase price and purchase costs of rebuilding costs are depreciated at 10% per year on a proportional basis.
- The purchase price and purchase costs of furnishings and equipment are depreciated at 10% per year on a proportional basis.
- The purchase price and purchase costs of hardware are depreciated at 33.33% per year on a proportional basis.
- The purchase price and purchase costs of rolling material are depreciated at 25% per year on a proportional basis.

Securities portfolio

Financial fixed assets

On participating interests and shares, write-downs are applied in the case of impairment or loss of value.

On receivables, write-downs are applied, if it is unsure whether all or a part of the receivables will be paid on the due day. Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

Securities that belong to the trading portfolio

Securities, for which a cash market exists are valued at their market value on the balance sheet date; the other securities are valued at the lower of their purchase cost or their market value on the balance sheet date.

Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

Securities that belong to the investment portfolio

Variable-yield securities are valued at the lower of their purchase cost or their market value on the balance sheet date.

If shares are resold, the gain is individually recognised in the income statement.

Fixed income securities are valued on the basis of their actuarial return, calculated at the purchase, taking account of their redemption value on their due date. The difference between the purchase cost and the

redemption value is taken to the result proportionally for the remaining term of the securities as an item for the interest income from these securities.

The fixed-rate securities that, by their nature, are difficult to value on the basis of their actuarial return, are valued at acquisition cost.

Write-downs are applied in the case of impairment or loss in value if no cash market exists. If a cash market does actually exist, the securities are valued at the lower of market value or purchase cost.

Securities that also serve as a liquidity support are valued at the lower of market value or the value calculated in accordance with the rules mentioned above.

Additional costs relating to the acquisition are charged to the income statement for the financial year in which they are incurred.

In the case of securities with variable interest, the difference in par at purchase is written down or credited in a spread up until the first interest adjustment date.

For the realised gains and losses and the purchase costs, the same criteria apply as for the fixed income securities.

Loans

Write-downs are entered for loans if the amount of the adjustments required on the acquisition cost is known.

On the other hand, provisions are formed for credit risks if probable or certain losses must be covered, but the amount of which is not known.

In theory, write-downs are entered and provisions are formed for each individual asset component, but by the way of exception and in particular in the cases in which the receivables do not easily qualify for individual assessment, the assessment of the risk can be done 'at a flat rate', by taking the findings of a statistical observation into account.

Liabilities

All debts are included in the balance sheet to the amount of the monies that have been made available.

(in thousands of Euro)

VII. Balance of the loans and advances to credit institutions
(asset item III)

Financial year

B. Other receivables (at maturity or with notice) from credit institutions (asset item III B.)

2. Breakdown of these receivables according to their residual term:

-	up to three months	3,092,704
-	more than three months up to one year	65,690

VIII. Balance of the loans and advances to customers
(asset item IV)

	<u>Financial year</u>	<u>Previous financial year</u>
--	-----------------------	--------------------------------

1. Receivables

-	from affiliated companies not included in the consolidation	3,324	8,124
---	---	-------	-------

4. Breakdown on remaining life:

-	up to three months	112,264
-	more than three months up to one year	66,550
-	more than one year up to five years	312,060
-	more than five years	9,639,502
-	with indefinite term	- 121,672

(in thousands of Euro)

IX. Balance of bonds and other fixed-income securities
(asset item V)

3.	Geographical breakdown of the following items		
		<u>Belgium</u>	<u>Abroad</u>
	V.A. – legal public issuers	3,430,257	10,000
	V.B. – other issuers	29,996	2,128,876
4.	Listings and terms		
		<u>Book value</u>	<u>Market value</u>
	a) – listed securities	5,599,129	5,851,242
		<u>Financial year</u>	
	b) – remaining term up to one year	1,531,679	
	– remaining term of more than one year	4,067,450	
5.	Breakdown according to bonds and securities belong to the:		
	b)– investment portfolio	5,599,129	

(in thousands of Euro)

		<u>Financial year</u>
7.	For the investment portfolio (continuation of asset item V)	
-	the positive difference of all securities for which the redemption value is greater than their book value	13,003
-	the negative difference of all securities for which the redemption value is less than their book value	231,479
8.	Detailed statement of the book value of the investment portfolio	
a)	Purchase cost	
	At the previous financial year-end	7,406,519
	Movements during the financial year:	
-	purchases	26,807,086
-	transfers (-)	- 28,642,219
-	adjustments with application of section 35 ter, § 4 en 5 of the Belgian Royal Decree of 23 September 1992 on the financial statements of credit institutions (+/-)	27,743
	At the financial year-end	5,599,129
d)	Book value at the financial year-end	5,599,129

(in thousands of Euro)

X. Balance of shares and other variable yield securities
(asset item VI)

		<u>Financial Year</u>	
1.	Geographical breakdown of the issuers of securities		
-	Belgian issuers	1,339	
-	foreign issuers	3,437	
2.	Listings	<u>Book value</u>	<u>Market value</u>
-	listed securities	4,776	4,779
3.	Breakdown for each of the shares and securities belong to the:		
		<u>Financial year</u>	
-	trading portfolio	6	
-	investment portfolio	4,770	
5.	Detailed statement of the book value of the investment portfolio		
a)	Purchase cost		
	At the previous financial year-end	12,011	
	Movements during the financial year:		
-	transfers (-)	- 5,537	
	At the financial year-end	6,474	
c)	Write-downs		
	At the previous financial year-end	3,100	
	Movements during the financial year:		
-	recorded	19	
-	reversals due to surplus (-)	-1,415	
	At the financial year-end	1,704	
d)	Book value at the financial year-end	4,770	

(in thousands of Euro)

XI. Balance of the financial fixed assets
(asset item VII)

A. Breakdown of the items VII A.1 and VII B.1:

a)	conomic sector of businesses other than credit institutions	<u>Financial year</u>	<u>Previous</u>
			<u>financial year</u>
-	other businesses	8,032	6,110
c)	retailed statement of the book value at the financial year-end (VII A.1 and VII B.1)		
A.	Purchase cost		<u>Other</u>
			<u>Businesses</u>
	At the previous financial year-end		6,110
	Movements during the financial year:		
	- purchases		1,923
	- other movements (+/-)		-1
	At the financial year-end		8,032
E.	Net book value at the financial year-end		8,032

(in thousands of Euro)

XII. Balance of the formation expenses and intangible fixed assets
(asset item VIII)

	Goodwill	Other intangible fixed assets	Including commission fees to pay for contributions to section 27 b activities
B. Intangible fixed assets			
a) Purchase cost			
At the previous financial year-end	496	99,926	61,558
Movements during the financial year:			
- purchases, including fixed assets produced	0	47,732	44,902
At the financial year-end	496	147,658	106,460
b) Amortisation and write-downs			
At the previous financial year-end	149	44,792	12,314
Movements during the financial year			
- recorded	50	19,351	16,896
At the financial year-end	199	64,143	29,210
c) Net book value at the financial year-end	297	83,515	77,250

(in thousands of Euro)

XIII. Balance of the tangible assets
(asset item X)

	Land & buildings	Plant, machinery and equipment	Furniture and moveable tangible assets	Other tangible fixed assets
a) Purchase cost	39,134	33,079	4,914	6
At the previous financial year-end				
Movements during the financial year:				
- purchases, including the fixed assets produced	138	3,226	108	0
- transfers and disposals (-)	- 362	- 55	- 99	0
At the financial year-end	38,910	36,250	4,923	6
c) Depreciation and write-downs				
At the previous financial year-end	11,707	28,926	4,185	0
Movements during the financial year				
- recorded	889	2,337	149	1
- reversed	- 263	-20	-75	0
At the financial year-end	12,333	31,243	4,259	1
d) Net book value at the financial year-end	26,577	5,007	664	5

XIV. Balance of the amounts owed to credit institutions
(liability item I)

Financial year

B. For the debts not immediately payable, breakdowns as per their remaining life (liability items I, B en C)

- up to three months 13,705

(in thousands of Euro)

XV. Balance of the amounts owed to customers
(liability item II)

	<u>Financial year</u>	<u>Previous financial year</u>
1. Debts to:		
- affiliated companies not included in the consolidation	62,848	61,359
2. Geographical breakdown of the debts:		
- within Belgium	12,264,165	
- to abroad	262,137	
3. Breakdown according to residual term:		
- immediately payable	1,001,213	
- up to three months	67,530	
- more than three months up to one year	22,955	
- more than one year up to five years	18,142	
- more than five years	5,327	
- with indefinite term	11,411,135	

(in thousands of Euro)

XVI. Balance of the debts evidenced by certificates
(liability item III)

	<u>Financial year</u>	<u>Previous financial year</u>
1. Debt certificates that, to the knowledge of the credit institution, are debts:		
- affiliated companies not included in the consolidation	12,989	11,992
2. Breakdown according to residual term:		
- up to three months	321,348	
- more than three months up to one year	584,545	
- more than one year up to five years	4,055,625	
- more than five years	687,816	
- with indefinite term	51	

XVII. Balance of the subordinated liabilities
(liability item VIII)

	<u>Financial year</u>	<u>Previous financial year</u>
A. For the item as a whole		
- debts from other businesses included in the consolidation	231,110	269,470
B. For the item as a whole		
- debts to affiliated companies not included in the consolidation	20,000	0
C. Costs related to subordinated liabilities	197	

(in thousands of Euro)

D. Following data is for each subordinated loan:
(continuation of liability item VIII)

Reference no.	Currency	Amount	Due date or details of the term	a) b) c)	conditions under which the company must pay back this loan early conditions for the subordination conditions for the conversion
Arne NV The Netherlands	EUR	32,040	17 Nov. 2005	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	59,595	16 Nov. 2006	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	59,610	26 Nov. 2007	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	59,895	20 Aug. 2008	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	19,970	29 June 2009	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	3,944	Nov. 2009	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none

Aspa NV Belgium	EUR	4,339	Dec. 2009	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none
--------------------	-----	-------	-----------	--

(in thousands of Euro)

XVIII. Balance of the reserves and results brought forward
(liability item XII)

	<u>Financial year</u>
At the previous financial year-end	138,011
Movements during the financial year:	
- Result of the Group	60,951
- Dividends	- 4,698
- Others	318
At the financial year-end	194,582

XIX. Consolidation differences and the differences after application of the net asset value method

	<u>Negative differences</u>
A. Consolidation differences	
Net book value at the previous financial year-end	397
Movements during the financial year:	224
- Due to an increase of percentage held	
Net book value at the financial year-end	621

XX. Breakdown of balance sheet euros – foreign currency

	In EUR thousands	In foreign currency (equivalent in EUR)
TOTAL ASSETS	19,045,883	0
TOTAL LIABILITIES	19,045,883	0

(in thousands of Euro)

XXII. Balance of the secured debts and commitments

Collateral securities provided through the consolidated whole or irrevocably pledged on its own assets

<u>Pledges on other assets</u>	<u>Book value of the pledged assets</u>
b) as surety for debts and commitments of third parties	
2. Off-balance sheet items	25,000

XXIII. Balance of any liabilities and commitments incurring a potential credit risk (item I and II of the off-balance sheet items)

	<u>Financial year</u>	<u>Previous financial year</u>
Total of the possible liabilities for the account of associated companies that are not included in the consolidation	26	26

XXIV. Statement of the off balance sheet forward transactions on securities, foreign currency and other financial instruments that do not entail any commitments with a potential credit risk in the sense of the off balance sheet item II

<u>Types of transactions</u>	<u>Amount at the closing date of the accounts</u>
3. On other financial instruments	
1. Forward transactions	
- options on interest nominal/notional reference amount	10,000,000

(in thousands of Euro)

XXV. Information relating to operating results of the financial year and the previous financial year

		Financial year		Previous financial year	
		Belgian offices	Foreign offices	Belgian offices	Foreign offices
A.	Breakdown of operating income according to its origin				
I.	Interest income and similar revenues	770,606	15,138	726,722	11,627
III.	Income from variable yield securities				
	- Participating interests and other shares that belong to the financial fixed assets	270	0	183	0
IV.	Commission fees received	27,077	906	25,758	949
VI.	Profit from financial transactions				
	- From the exchange and trading operations in securities and other financial instruments	0	0	0	0
	- From the sale of investment securities	28,480	0	10,146	0
XIV.	Other operating income	8,353	388	6,842	1

(in units)

		Fully consolidated businesses
B.	1. Average number of staff	
	- employees	295.50
	- management staff	13.00

(in thousands of Euro)

		Fully consolidated businesses
2.	Staff costs and pensions costs	14,862

(in thousands of Euro)

Financial year

C.	Extraordinary results	
1.	Extraordinary income (item XVII of the income statement)	
	Breakdown if this item contains a significant amount	
-	gain on disposal of tangible fixed assets	1,181
-	default interest received	7
2.	Extraordinary expenses (item XVIII of the income statement)	
	Breakdown if this item contains a significant amount	
-	losses on disposal of tangible fixed assets	15
-	possible losses	35

XXVII. Financial relations with managers and directors

Financial year

A.	Amount of the emoluments to managers or directors of the consolidating company for their work in the consolidating company, its subsidiaries and associated businesses, including the amount of pensions allocated to former managers or directors as old-age pensions	2,377
B.	Advances and loans granted to the managers and directors mentioned in point A	832

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

We have audited the accompanying consolidated financial statements of ARGENTA SPAARBANK NV ("the **company**") and its subsidiaries (jointly "the **group**") for the year ended 31 December 2004, prepared in accordance with the legal and regulatory requirements applicable in Belgium, which show total consolidated assets of 19,045,883 (000) EUR and a consolidated profit for the year of 60,969 (000) EUR. We have also performed those specific additional audit procedures required by the Companies Code.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements and the directors' report on the consolidated financial statements, for the assessment of the information that should be included in the directors' report on the consolidated financial statements, and the company's compliance with the requirements of the Companies Code and the articles of association.

Our audit of the consolidated financial statements was conducted in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren".

Unqualified audit opinion on the consolidated financial statements

The forementioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with these standards, we considered the group's administrative and accounting organization as well as its internal control processes. We have obtained the explanations and information required for our audit. We have examined, on a test basis, the evidence supporting the amounts in the consolidated financial statements. We have assessed the basis of the accounting methods used, the consolidation policies and significant estimates made by management as well as evaluating the presentation of the consolidated financial statements taken as a whole. We believe that our audit, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based, to the extent necessary upon the reports of other auditors, taking account of the legal and regulatory requirements applicable in Belgium, the consolidated financial statements as of 31 December 2004 give a true and fair view of the group's assets, liabilities, financial position and results.

Additional attestations

We supplement our report with the following attestations which do not modify our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by the Companies Code and is consistent with the consolidated financial statements.

11 April 2005

The Statutory Auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by JOS VLAMINCKX

Addendum : FUNDS

Argenta is active on the investment funds market in 3 companies:

- Argenta Fund SICAV (“Argenta Fund”)
- Argenta Pensioenspaarfonds (“ARPE”)
- BEVEK Argenta Selection Fund NV (“ASF”)

These are briefly discusses below.

ARGENTA FUND

Argenta Fund is an investment company with variable capital under Luxembourg law. It was set up on 27 November 1987 and reformed to a ‘sicav’ (Société d’Investissement à Capital Variable = open-ended investment fund) with several compartments on 1 June 1990. After limited activity in the first years, the number of compartments has systematically grown to 27 since 1998.

The main aim of the Company is to give its shareholders the highest return possible through investments in a selection of transferable securities, taking limited risks into account.

23 compartments invest almost exclusively in shares, spread over different countries, regions and sectors and these compartments are mostly linked to an index. 2 compartments invest in fixed-income products. The remaining 2 compartments invests in both fixed-income products and shares.

On 31 December 2004, the overall Net Asset Value was EUR 254.2 million, an increase of more than 10% compared to the end of 2003.

The three largest compartments on 31 December 2004 were the compartments “European shares” (EUR 40.0 million), “Belgian shares” (EUR 31.4 million) and “shares in EMU” (EUR 24.9 million).

The best performing compartments of 2004 were the compartments Flemish and Belgian shares (both with a return of more than 32%), followed by the compartment “European Telecom” (+26.2%).

ARGENTA PENSIOENSPAARFONDS

ARPE is a joint investment fund under Belgian law and a recognised PENSION SAVINGS FUND. It was set up on 14 December 1999.

The investment objective of ARPE consists of putting together a portfolio that meets all the requirements of a Belgian PENSION SAVINGS FUND (third pillar), where the overall return in the long term is optimised through a balanced policy. In this context, investments are mainly selected that, with their yield or increase in price, can contribute to growth in the participation unit value in the long term and with which applied spreading reduces the risks of loss.

On a scale of 0 to 6, ARPE belongs to the risk class 3 (estimated).

In 2004 ARPE experienced considerable growth of almost 36%. On 31 December 2004, the Net Asset Value thus reached EUR 70.3 million.

It is expected that this increase will continue. In 2003 and 2004, the fund won the CASH investments paper's "MORNING STAR AWARD".

The unit value improved in 2004 from EUR 45.75 to EUR 59.06, an increase of 29.1%. Over all of 2003, the value of each unit had increased by 18.1%.

ARGENTA SELECTION FUND

ASF is a 'Bevek' (open-ended investment company) under Belgian law with compartments, which was set up on 14 August 2001.

It has 2 compartments, i.e. "American growth shares" and "European media".

The main strategy of the investment policy of the "American growth shares" involves principally investing in shares that are part of the Nasdaq 100 index, with consideration also being given to the weight of each share in this index.

The compartment belongs to the risk class 6 (highest risk class.)

The compartment "European media" invests in shares of the European media sector that are part of the "Dow Jones Europe Stoxx Media Price index", with consideration also being given to the weight of each share in the index.

The compartment "European media" also belongs to the risk class 6.

The compartments only appeal to the customers to a limited extent. Taking both compartments together, there is around EUR 1.6 million issued to the public. Nevertheless, both compartments achieved an impressive yield during recent years; since the beginning of 2003 16.19% in the "American growth shares" and 12.08% in the "European media".

Summary of development: in the Net Asset Values:

In EUR millions	2003	2004	%-growth
Argenta Fund	230.3	254.2	10.4
ARPE	51.8	70.3	35.7
ASF	1.6	1.6	0.0

ASPA N.V.
CONSOLIDATED ANNUAL ACCOUNTS 2005



April 2006

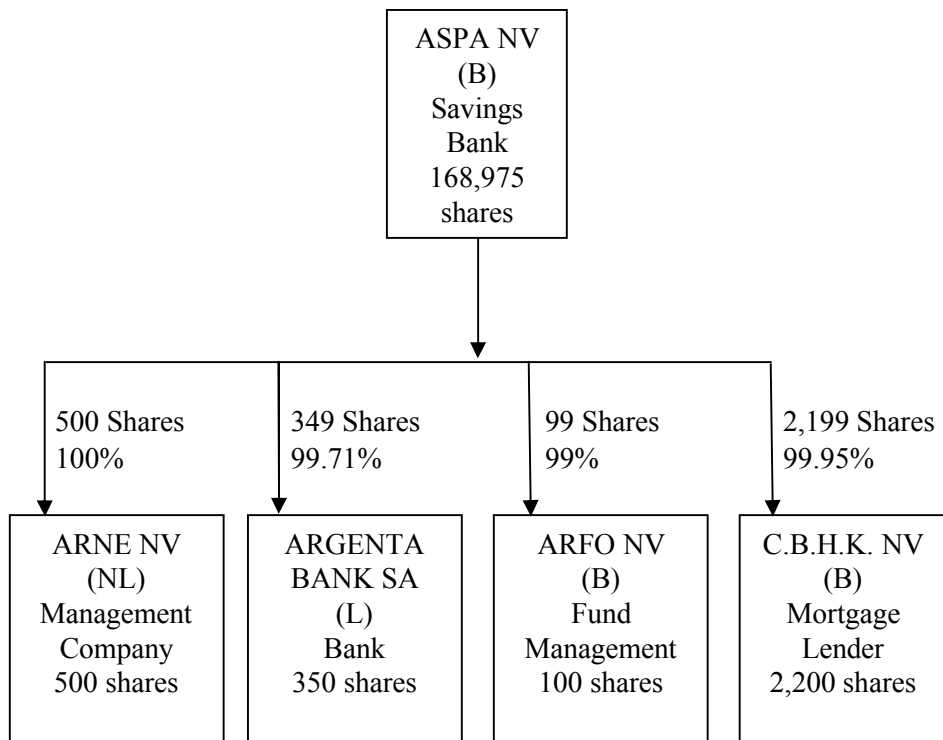
Antwerp Trade Register no. 0404.453.574

For further information, call: +32 3 285 51 92
Reports on each working company of the Group over the financial year 2004 can be forwarded on request.

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COMPANY LAW STRUCTURE



GROUP COMPANIES

Argenta Spaarbank

naamloze vennootschap (public limited liability company)
abbreviated **Aspa NV**
Belgiëlei 49-53 – 2018 Antwerp
Antwerp Trade Register no. 0404.453.574

Netherlands Branch

Nieuwe Boschstraat 51
NL - 4811 CV Breda

Argentabank Luxembourg

société anonyme (public limited liability company)
abbreviated **Argentabank SA**
27, Boulevard du Prince Henri
L – 1724 Luxembourg
Luxembourg Trade Register no. B 35185

Argenta Nederland

naamloze vennootschap (public limited liability company)
abbreviated **Arne NV**
Olympic Plaza
Fred. Roeskestraat 123
NL - 1076 EE Amsterdam
Amsterdam Trade Register no. 33215872

Centraal Bureau voor Hypothecair Krediet

naamloze vennootschap (public limited liability company)
abbreviated **C.B.H.K. NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0466.761.327

Argenta Fondsenbeheer

naamloze vennootschap (public limited liability company)
abbreviated **Arfo NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0468.436.259

SAVINGS BANK

BANK

under Luxembourg law

MANAGEMENT COMPANY

under Dutch law

MORTGAGE LENDER

COMPANY FOR FUNDS MANAGEMENT

GROUP COMPANIES

COLLECTIVE INVESTMENT INSTITUTIONS OF THE ARGENTA GROUP

Argenta Selection Fund

naamloze vennootschap (public limited liability company)
abbreviated **ASF NV**
Belgiëlei 49-53 - 2018 Antwerp
Antwerp Trade Register no. 0475.527.751

PUBLIC INVESTMENT COMPANY

with variable capital under Belgian law
with several compartments

Argenta Pensioenspaarfonds

abbreviated **ARPE**
Belgiëlei 49-53 - 2018 Antwerp

PENSION SAVINGS FUND

Public open investment fund under
Belgian law

Argenta Fund

société anonyme (public limited liability company)
27, Boulevard du Prince Henri
Luxembourg Trade Register no. B 26881

PUBLIC INVESTMENT COMPANY

with variable capital under Luxembourg law
with several compartments

BOARDS OF DIRECTORS

	ASPA	ARNE	ARGENTABANK LUX.	C.B.H.K.	ARFO	ASF	ARPE	ARGENTA FUND
Chairman:								
Raco NV	(6)							
Vanneste H.								
Members:								
Advaro BVBA	(2)							
Citta M.								
De Moor M.								
Dejomo BVBA	(3)							
Eersbeke cva	(4)							
Govers E.								
Mertens R.								
Parus Beheer BVBA	(5)				(5)			
Schiltz Hugo BVBA	(7)							
Schoepen E.								
Syx D.								
Transhypo BVBA						(8)		
Van Grembergen W.								
Van Guyse F.								
Van Rompuy D.								
Van Rompuy K.								
Vanneste H.								
Waterplas M.								
Auditors:								
Govers E.		(1)						
Vanneste H.		(1)						
Van Guyse F.		(1)						

- (1) under Dutch trade legislation
- (2) with Van Rompuy D. as permanent representative
- (3) with De Jonghe F. as permanent representative
- (4) with De Smet M. as permanent representative
- (5) with Van Keirsbilck JP as permanent representative
- (6) with Van Rompuy B. as permanent representative
- (7) with Schiltz H. as permanent representative
- (8) with Winkelmanns W. as permanent representative

as of 28 April 2006

MANAGEMENT COMMITTEES

	ASPA	ARGENTASPAARBANK NV BIJKANTOOR NEDERLAND	ARNE	ARGENTABANK LUX.	C.B.H.K.	ARFO	ASF	ARPE	ARGENTA FUND
Chairman:									
Schoepen E.									
Vanneste H.									
Members:									
De Moor M.									
Govers E.									
Huygens R..									
Syx D.									
Van Guyse F.									

as of 28 April 2006

MANAGEMENT

Director:									
Bettens H.		(1)							
Defrance C.									
Menschaert N.		(1)							
Scholts J.H.			(1)						
Stevens J.									
Stolp D.P.			(1)						
Managing Director:									
Govers E.									
Schoepen E.									
Vanneste H.									
Waterplas M.									

(1) under Dutch trade legislation

as of 28 April 2006

ANNUAL ACCOUNTS

Consolidated financial data.

1. Consolidated balance sheet as 31st of December 2005 after profit

(in thousands of Euro)		
ASSETS	2004	2005
I. Cash in hand, balances with central banks and post office banks	11,613	15,336
II. Loans and advances to credit institutions		
A. Repayable on demand	30,153	46,432
B. Other loans and advances (with agreed maturity dates or periods of notice)	<u>3,158,394</u>	<u>3,371,143</u>
	3,188,547	3,417,575
IV. Loans and advances to customers	10,008,704	12,042,239
V. Bonds and other fixed-income securities		
A. Issued by public bodies	3,440,257	3,762,698
B. Issued by other issuers	<u>2,158,872</u>	<u>1,391,468</u>
	5,599,129	5,154,166
VI. Shares and other variable-yield securities	4,776	2,675
VII. Financial fixed assets		
B. Other companies		
1. Participating interests, shares	8,032	10,646
VIII. Formation expenses and intangible fixed assets	83,812	112,978
X. Tangible fixed assets	32,253	30,183
XII. Other assets	3,314	3,494
XIII. Deferred charges and accrued income	105,703	103,879
TOTAL ASSETS	19,045,883	20,893,171

(in thousands of Euro)

LIABILITIES		2004	2005
I.	Amounts owed to credit institutions		
A.	Repayable on demand	25	0
C.	Other debts with agreed maturity dates or periods of notice	<u>13,705</u>	1,162
		13,730	1,162
II.	Amounts owed to customers	11,411,135	12,292,929
A.	Savings deposits		
B.	Other debts		
1.	Repayable on demand	1,001,213	1,189,441
2.	With agreed maturity dates or periods of notice	<u>113,954</u>	152,938
		12,526,302	13,635,308
III.	Debts evidenced by certificates		
A.	Bonds and other fixed-rate securities in issue	5,649,385	6,138,734
IV.	Other liabilities	32,498	34,348
V.	Accrued charges and deferred income	175,907	197,210
VI.	Provisions, deferred taxes and tax liabilities		
A.	Provisions for liabilities and charges		
1.	Pensions and similar obligations	246	257
2.	Taxes	92	92
3.	Other liabilities and charges	4,530	3,566
B.	Deferred taxes and tax liabilities	<u>2,250</u>	4,007
		7,118	7,922
VII.	Funds for general banking risks	88,698	
VIII.	Subordinated liabilities	239,393	413,925
SHAREHOLDERS' EQUITY		312,733	464,424
IX.	Capital		
A.	Issued capital	103,255	103,255
XI.	Revaluation surpluses	14,275	13,681
XII.	Reserves and results brought forward	194,582	346,867
XIII.	Consolidation differences	621	621

(in thousands of Euro)

LIABILITIES	2004	2005
XV. MINORITY INTERESTS	119	138
TOTAL LIABILITIES	19,045,883	20,893,171

2. Consolidated items off balance sheet to 31st of December 2005

(in thousands of Euro)

	2004	2005
I. Contingent liabilities		
B. Guarantees for loans and advances	26	26
C. Other guarantees	2,597	2,942
E. Assets charged as collateral security on behalf of third parties	25,000	25,000
	<u>27,623</u>	<u>27,968</u>
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	294,104	0
C. Undrawn margin on confirmed credit lines	12,554	10,687
	<u>306,658</u>	<u>10,687</u>
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	2,556,911	2,727,195

3. Consolidated statement of results to 31st of December 2005

(in thousands of Euro)

	2004	2005
I. Interest receivable and similar income including: that from fixed-income securities	785,744	839,419
II. Interest payable and similar charges	258,264	233,588
III. Income from variable-yield securities	- 570,842	- 594,647
B. From participating interests and shares held as financial fixed assets	270	366
IV. Receivable commission income	27,983	33,936
V. Payable commission expense	- 91,412	- 104,263
VI. Profit (loss) on financial transactions		
A. Profit (loss) transactions and trading of securities and other financial instruments	- 9	36
B. Profit (loss) of investment securities	<u>28,480</u>	<u>23,038</u>
	28,471	23,074
VII. General administrative expenses		
A. Remuneration, social security costs and pensions	- 14,862	- 16,379
B. Other administrative expenses	<u>- 48,465</u>	<u>- 51,488</u>
	- 63,327	- 67,867
VIII. Depreciation and amortisation of formation expenses, tangible and intangible fixed assets	- 22,773	- 33,579
IX. Reversal of amounts written down on receivables and of provisions for off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	1,885	- 1,739
X. Reversal of impairment on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	1,395	967
XI. Utilisations and write-backs of provisions for liabilities and charges other than those included in off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	164	263
XII. Provisions for liabilities and charges other than those included in off-balance sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk"	-2,979	-744

(in thousands of Euro)

	2004	2005
XIII. Transfer from (transfer to) the funds for general banking risks	0	88,698
XIV. Other operating income	8,741	11,484
XV. Other operating expenses	-7,347	-10,145
XVI. Profit of consolidated companies on ordinary activities, before tax	95,973	185,223
XVIII. Extraordinary income		
A. Reversal of impairment on intangible and tangible fixed assets	0	143
D. Gains on disposal of fixed assets	1,181	204
E. Other extraordinary income	<u>8</u>	<u>68</u>
	1,189	415
XVIII. Extraordinary expenses		
A. Extraordinary depreciation, amortisation and impairment of formation expenses, tangible and intangible fixed assets	0	-9
B. Impairments on financial fixed assets	0	-37
D. Loss on disposal of fixed assets	-15	-4
E. Other extraordinary expenses	<u>-35</u>	<u>-37</u>
	-50	-87
XIX Profit of consolidated companies for the period, before tax	97,112	185,551
XIX.bis A. Transfer to deferred taxes and tax liabilities	-678	-1757
B. Transfer from deferred taxes and tax liabilities	1,163	954
XX. Income taxes		
A. Income taxes	-36,807	-32,539
B. Adjustment of income taxes and write-backs of tax provisions	<u>179</u>	<u>2</u>
	-36,628	-32,537
XXI. Profit of the consolidated enterprises	60,969	152,211
XXIII. Consolidated profit	60,969	152,211
XXIV. Minority interest's share of the profit	18	19
XXV. Share of the group in the result	60,951	152,192

NOTES

Notes to the consolidated financial statements as at 31 Dec. 2005 (*)

Tables, or parts of tables, that have no contents, are omitted from the explanatory notes.

I. Criteria for consolidation and inclusion under the net asset value method

a.1. Consolidation in full

The technique of consolidation in full was applied to all companies in the Group.

This method involves the shares of the subsidiary held by the parent company being replaced in the balance sheet of the parent company by the assets and the liabilities of this subsidiary.

Also added to the balance sheet of the parent company were:

- the minority interests, which are the part of the own funds of the subsidiaries that is not due to the parent company
- the consolidation differences, which are the differences at the time of acquisition between, on the one hand, the purchase price of the shares issued by the subsidiaries that are in the portfolio of the parent company and, on the other hand, the net asset value of these shares
- the consolidation reserves that, after the date of acquisition of the holdings, reflect the growth of the parent company's share in the shareholder's equity of the subsidiaries

Positive consolidation differences (consolidation goodwill) are reported in the assets of the balance sheet.

These are amortised over 5 years

For practical reasons, for the calculation of the consolidation differences on holdings acquired before the 1976 year-end, 31 December 1976 is assumed as the conventional acquisition date.

On holdings acquired after this date, the consolidation differences are calculated from the effective date of acquisition.

To avoid double counting, the intercompany debts and receivables, and the intercompany costs and income are eliminated.

Before proceeding with the consolidation of the individual financial statements, the rules relating to the valuation of the assets and liabilities components were harmonised on the basis of the rules that apply in the savings bank.

Because all of the Group companies close the financial year on 31 December, this date is taken for the consolidation.

* The financial statements are presented in abridged form in this brochure.
The financial statements will be filed within the statutory deadline.

II. A. List of the subsidiaries fully incorporated in the consolidation

Name	Registered Office	Company – number	Proportion of the capital held (in %)
C.B.H.K. NV	Antwerp	RPR 0466.761.327	99.95%
Arfo NV	Antwerp	RPR 0468.436.259	99.00%
Argentabank SA	Luxembourg	RCLuxB35185	99.71%
Arne NV	Amsterdam	HRAmst33215872	100.00%

B. List of subsidiaries not fully consolidated

Name	Registered Office	Company – number	Proportion of the capital held (in %)	Reason for exclusion
Mediaver NV	Wilrijk	RPR 0466.085.889	76.37%	No material contribution to the consolidated whole

III.B. List of the subsidiaries to which no proportional consolidation is applied

Naam	Registere d Office	Company – number	Proportion of the capital held (in %)	Reason for exclusion
Koopjeskrant NV	Wilrijk	RPR 0429.811.651	50.00%	No material contribution to the consolidated whole

VI. Valuation rules

Intangible fixed assets

Formation and restructuring expenses are fully amortised during the first financial year.

The purchase price and purchase costs of software are amortised at 20% per year on a proportional basis.

The commission fees are, in principle, taken to the result immediately and in full. However, taking the criteria mentioned in section 27.b (5) of the Belgian Royal Decree on financial statements from credit institutions into account, the commission fees on savings certificates and mortgage loans are included in the result proportionally, in accordance with the method mentioned below:

- Commission fees for transactions with a contractual life of more than one year are included in the result spread over the life of the transactions.
- Commission fees for transactions with a contractual life of more than sixty months are included in the result spread over sixty months.

The commission fees capitalised in this manner are written down proportionally on a monthly basis.

Tangible fixed assets

- The purchase price and purchase costs of land are not depreciated, regardless of whether the site has been built on or not.

In the case of the purchase of a built property, the land value is calculated using the formula:
 $2,478.94 \text{ EUR} + ((\text{purchase price} - 2,478.94 \text{ EUR}) * 10\%)$.

- For a built property the purchase price is divided into two parts:
 - a) The land value (as calculated above) plus the additional costs relating to the land.
 - b) The building value, plus the additional costs relating to the buildings. These are determined using the formula: building value / 1% of the purchase price * total purchase costs.
The building value is written off at a rate of 3% per year on a pro-rata basis.
The buildings purchased before 1981 are written off at 5% per year.
- The construction costs relating to the new building of 1986 were depreciated in the financial year for 33% on 88% of the purchase cost and 3% on 12% of the purchase cost. Commencing in the following financial year, 3% is depreciated on the total purchase cost.
- The costs relating to the new building of 1994 are depreciated at a rate of 3% on the total purchase cost.
- The revaluation surpluses relating to the company's registered office and adjoining buildings are depreciated over the assumed residual life of the building. The end of this depreciation period falls at the same time as the end of the depreciation period of the purchase cost.
 - a) For the revaluation surpluses on the company's registered office 1990, the annual depreciation is 3.125% over a period of 32 years.
 - b) For the revaluation surpluses from 2003
 - For the new building of 1986, the annual depreciation is 7.595% over the period from 1 November 2003 to 31 December 2017.

- For the new building of 1994, the annual depreciation is 4.316% over the period from 1 November 2003 to 31 December 2027.
- For the Lamorinièrestraat 58 + old print shop, the annual depreciation is 3.209% over the period from 1 November 2003 to 31 December 2035.
- For the Aras building, the annual depreciation is 3.315% over the period from 1 November 2003 to 31 December 2034.
- The works carried out on the premises in the Lamorinièrestraat are considered new construction and are depreciated at a rate of 3% per year on a proportional basis. The depreciation on the purchase costs follows that of the purchase price. The purchase price and purchase costs of rebuilding costs are depreciated at 10% per year on a proportional basis.
- The purchase price and purchase costs of furnishings and equipment are depreciated at 10% per year on a proportional basis.
- The purchase price and purchase costs of hardware are depreciated at 33.33% per year on a proportional basis.
- The purchase price and purchase costs of rolling material are depreciated at 25% per year on a proportional basis.

Securities portfolio

Financial fixed assets

On participating interests and shares, write-downs are applied in the case of impairment or loss of value.

On receivables, write-downs are applied, if it is unsure whether all or a part of the receivables will be paid on the due day. Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

Securities that belong to the trading portfolio

Securities, for which a cash market exists are valued at their market value on the balance sheet date; the other securities are valued at the lower of their purchase cost or their market value on the balance sheet date. Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

Securities that belong to the investment portfolio

Variable-yield securities are valued at the lower of their purchase cost or their market value on the balance sheet date.

If shares are resold, the gain is individually recognised in the income statement.

Fixed income securities are valued on the basis of their actuarial return, calculated at the purchase, taking account of their redemption value on their due date. The difference between the purchase cost and the redemption value is taken to the result proportionally for the remaining term of the securities as an item for the interest income from these securities.

The fixed-rate securities that, by their nature, are difficult to value on the basis of their actuarial return, are valued at acquisition cost.

Write-downs are applied in the case of impairment or loss in value if no cash market exists. If a cash market does actually exist, the securities are valued at the lower of market value or purchase cost.

Securities that also serve as a liquidity support are valued at the lower of market value or the value calculated in accordance with the rules mentioned above.

Additional costs relating to the acquisition are charged to the income statement for the financial year in which they are incurred.

In the case of securities with variable interest, the difference in par at purchase is written down or credited in a spread up until the first interest adjustment date.

For the realised gains and losses and the purchase costs, the same criteria apply as for the fixed income securities.

Loans

Write-downs are entered for loans if the amount of the adjustments required on the acquisition cost is known.

On the other hand, provisions are formed for credit risks if probable or certain losses must be covered, but the amount of which is not known.

In theory, write-downs are entered and provisions are formed for each individual asset component, but by the way of exception and in particular in the cases in which the receivables do not easily qualify for individual assessment, the assessment of the risk can be done 'at a flat rate', by taking the findings of a statistical observation into account.

Liabilities

All debts are included in the balance sheet to the amount of the monies that have been made available.

(in thousands of Euro)

VII. Balance of the loans and advances to credit institutions

(asset item III)

Financial year

B. Other receivables (at maturity or with notice) from credit institutions (asset item III B.)

2. Breakdown of these receivables according to their residual term:

-	up to three months	3,319,243
-	more than three months up to one year	51,900

VIII. Balance of the loans and advances to customers

(asset item IV)

	Previous
Financial year	financial year

1.	Receivables		
-	from affiliated companies not included in the consolidation	1,079	3,324
4.	Breakdown on remaining life:		
-	up to three months	212,686	
-	more than three months up to one year	121,042	
-	more than one year up to five years	273,076	
-	more than five years	11,614,716	
-	with indefinite term	- 179,281	

(in thousands of Euro)

IX. Balance of bonds and other fixed-income securities
(asset item V)

3.	Geographical breakdown of the following items		
		<u>Belgium</u>	<u>Abroad</u>
	V.A. – legal public issuers	3,752,698	10,000
	V.B. – other issuers	27,996	1,363,472
4.	Listings and terms		
		<u>Book value</u>	<u>Market value</u>
a)	– listed securities	5,154,166	5,414,713
		<u>Financial year</u>	
b)	– remaining term up to one year	736,207	
	– remaining term of more than one year	4,417,959	
5.	Breakdown according to bonds and securities belong to the:		
b)	– investment portfolio	5,154,166	
		<u>Financial year</u>	
7.	For the investment portfolio (continuation of asset item V)		
-	the positive difference of all securities for which the redemption value is greater than their book value	10,154	
-	the negative difference of all securities for which the redemption value is less than their book value	257,346	

8. Detailed statement of the book value of the investment portfolio

a) Purchase cost

At the previous financial year-end	
Movements during the financial year:	5,599,129
- purchases	30,039,430
- transfers (-)	- 30,450,489
- adjustments with application of section 35 ter, § 4 en 5 of the Belgian Royal Decree of 23 September 1992 on the financial statements of credit institutions (+/-)	- 33,904
At the financial year-end	5,154,166

d) Book value at the financial year-end 5,154,166

(in thousands of Euro)

X. Balance of shares and other variable yield securities
(asset item VI)

	Financial year		
1.	Geographical breakdown of the issuers of securities		
-	Belgian issuers	1,274	
-	foreign issuers	1,401	
2.	Listings	<u>Book value</u>	<u>Market value</u>
-	listed securities	2,675	2,722
3.	Breakdown for each of the shares and securities belong to the:		
		Financial year	
-	trading portfolio	87	
-	investment portfolio	2,588	
5.	Detailed statement of the book value of the investment portfolio		
a)	Purchase cost		
	At the previous financial year-end		
	Movements during the financial year:	6,474	
	- transfers (-)	- 3,149	
	At the financial year-end	3,325	
c)	Write-downs		
	At the previous financial year-end	1,704	
	Movements during the financial year:		
	- reversals due to surplus (-)	-967	
	At the financial year-end	737	
d)	Book value at the financial year-end	2,588	

(in thousands of Euro)

XI. Balance of the financial fixed assets
(asset item VII)

A. Breakdown of the items VII A.1 and VII B.1:

a)	Economic sector of businesses other than credit institutions	<u>Financial year</u>	<u>Previous financial year</u>
-	other businesses	10,646	8,032
c)	Detailed statement of the book value at the financial year-end (VII A.1 and VII B.1)		

A. Purchase cost Other Businesses

At the previous financial year-end Movements during the financial year:	8,032
- purchases	2,650
At the financial year-end	10,682

C. Write-downs

At the previous financial year-end Movements during the financial year:	0
- recorded	36
At the financial year-end	36

E. Net book value at the financial year-end 10,646

(in thousands of Euro)

XII. Balance of the formation expenses and intangible fixed assets
(asset item VIII)

	Goodwill	Other intangible fixed assets	Including commission fees to pay for contributions to section 27 b activities
B. Intangible fixed assets			
a) Purchase cost			
At the previous financial year-end	496	147,658	106,460
Movements during the financial year:			
- purchases, including fixed assets produced	0	59,230	56,822
At the financial year-end	496	206,888	163,282
b) Amortisation and write-downs			
At the previous financial year-end	199	64,143	29,210
Movements during the financial year			
- recorded	49	30,015	27,755
At the financial year-end	248	94,158	56,965
c) Net book value at the financial year-end	248	112,730	106,317

(in thousands of Euro)

XIII. Balance of the tangible assets
(asset item X)

	Land & buildings	Plant, machinery and equipment	Furniture and moveable tangible assets	Other tangible fixed assets
a) Purchase cost				
At the previous financial year-end	38,910	36,250	4,923	6
Movements during the financial year:				
- purchases, including the fixed assets produced	287	1,127	129	0
- transfers and disposals (-)	- 239	- 347	- 24	0
At the financial year-end	38,958	37,030	5,028	6
c) Depreciation and write-downs				
At the previous financial year-end	12,333	31,243	4,259	1
Movements during the financial year				
- recorded	1,084	2,217	128	1
- reversed	- 134	0	0	0
- written off as excess (-)	- 13	- 278	- 2	0
At the financial year-end	13,270	33,182	4,385	2
d) Net book value at the financial year-end	25,688	3,848	643	4

XIV. Balance of the amounts owed to credit institutions
(liability item I)

Financial year

B. For the debts not immediately payable, breakdowns as per their remaining life (liability items I, B en C)

up to three months

1,162

(in thousands of Euro)

XV. Balance of the amounts owed to customers
(liability item II)

	<u>Financial year</u>	<u>Previous financial year</u>
1. Debts to:		
- affiliated companies not included in the consolidation	81,196	62,848
2. Geographical breakdown of the debts:		
- within Belgium	12,918,247	
- to abroad	717,061	
3. Breakdown according to residual term:		
- immediately payable	1,189,441	
- up to three months	96,092	
- more than three months up to one year	28,671	
- more than one year up to five years	20,871	
- more than five years	7,304	
- with indefinite term	12,292,929	

(in thousands of Euro)

XVI. Balance of the debts evidenced by certificates
(liability item III)

	<u>Financial year</u>	<u>Previous financial year</u>
1. Debt certificates that, to the knowledge of the credit institution, are debts:		
- affiliated companies not included in the consolidation	43,773	12,989
2. Breakdown according to residual term:		
- up to three months	424,462	
- more than three months up to one year	519,942	
- more than one year up to five years	3,826,698	
- more than five years	1,367,632	

XVII. Balance of the subordinated liabilities
(liability item VIII)

	<u>Financial year</u>	<u>Previous financial year</u>
A. For the item as a whole		
- debts from other businesses included in the consolidation	257,410	213,110
B. For the item as a whole		
- debts to affiliated companies not included in the consolidation	0	20,000
C. Costs related to subordinated liabilities	14,447	

(in thousands of Euro)

D. Following data is for each subordinated loan:
(continuation of liability item VIII)

Reference no.	Currency	Amount	Due date or details of the term	a) b) c)	conditions under which the company must pay back this loan early conditions for the subordination conditions for the conversion
Arne NV The Netherlands	EUR	59,520	16 Nov. 2006	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	59,510	26 Nov. 2007	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	59,825	20 Aug. 2008	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	19,955	29 June 2009	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Arne NV The Netherlands	EUR	58,600	14 June 2013	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	3,941	Nov. 2009	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	4,506	Dec. 2009	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none

(in thousands of Euro)

Reference no.	Currency	Amount	Due date or details of the term	a) b) c)	conditions under which the company must pay back this loan early conditions for the subordination conditions for the conversion
Aspa NV Belgium	EUR	5,907	Jan. 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	7,448	Feb. 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	11,653	Mar. 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	18,850	Apr. 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	11,993	May 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	13,342	June 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none
Aspa NV Belgium	EUR	11,604	July 2010	a) b) c)	no early repayment payment of the debt after all preferential and non-preferential creditors none

(in thousands of Euro)

Reference no.	Currency	Amount	Due date or details of the term	a) conditions under which the company must pay back this loan early b) conditions for the subordination c) conditions for the conversion
Aspa NV Belgium	EUR	13,050	Aug. 2010	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none
Aspa NV Belgium	EUR	14,062	Sep. 2010	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none
Aspa NV Belgium	EUR	12,863	Oct. 2010	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none
Aspa NV Belgium	EUR	10,187	Nov. 2010	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none
Aspa NV Belgium	EUR	17,109	Dec. 2010	a) no early repayment b) payment of the debt after all preferential and non-preferential creditors c) none

(in thousands of Euro)

XVIII. Balance of the reserves and results brought forward
(liability item XII)

	<u>Financial year</u>
At the previous financial year-end	
Movements during the financial year:	194,582
- Result of the Group	152,191
- Dividends	- 500
- Others	594
At the financial year-end	346,867

XIX. Consolidation differences and the differences after application of the net asset value method

	<u>Negative differences</u>
A. Consolidation differences	
Net book value at the previous financial year-end	621
Net book value at the financial year-end	621

XX. Breakdown of balance sheet euros – foreign currency

	In EUR thousands	In foreign currency (equivalent in EUR)
TOTAL ASSETS	20,893,171	0
TOTAL LIABILITIES	20,893,171	0

(in thousands of Euro)

XXII. Balance of the secured debts and commitments

Collateral securities provided through the consolidated whole or irrevocably pledged on its own assets

<u>Pledges on other assets</u>	<u>Book value of the pledged assets</u>
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b) as surety for debts and commitments of third parties

2. Off balance sheet items	25,000
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XXIII. Balance of any liabilities and commitments incurring a potential credit risk (item I and II of the off-balance sheet items)

	<u>Financial year</u>	<u>Previous financial year</u>
Total of the possible liabilities for the account of associated companies that are not included in the consolidation	26	26

XXIV. Statement of the off balance sheet forward transactions on securities, foreign currency and other financial instruments that do not entail any commitments with a potential credit risk in the sense of the off balance sheet item II

<u>Types of transactions</u>	<u>Amount at the closing date of the accounts</u>
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3. On other financial instruments

1. Forward transactions

- options on interest

nominal/notional amount	reference	10,000,000
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(in thousands of Euro)

XXV. Information relating to operating results of the financial year and the previous financial year

		Financial year		Previous financial year	
		Belgian offices	Foreign offices	Belgian offices	Foreign offices
A.	Breakdown of operating income according to its origin				
I.	Interest income and similar revenues				
III.	Income from variable yield securities - Participating interests and other shares that belong to the financial fixed assets	822,870	16,639	770,606	15,138
		336	0	270	0
IV.	Commission fees received	32,080	1,856	27,077	906
VI.	Profit from financial transactions				
-	From the exchange and trading operations in securities and other financial instruments	14	22	0	0
-	From the sale of investment securities	23,038	0	28,480	0
XIV.	Other operating income	11,456	28	8,353	388

(in units)

		Fully consolidated businesses
B.	1. Average number of staff	
-	employees	312.80
-	management staff	17.80

(in thousands of Euro)

		Fully consolidated businesses
2.	Staff costs and pensions costs	16,379

(in thousands of Euro)

C.	Extraordinary results	Financial year
1.	Extraordinary income (item XVII of the income statement)	
	Breakdown if this item contains a significant amount	
-	increase in value on sale of buildings and other assets	204
-	reversal of depreciation on revaluation increase of company's registered office	143
-	default interest received	67
-	recovery of immovable property tax	1
2.	Extraordinary expenses (item XVIII of the income statement)	37
	Breakdown if this item contains a significant amount	
-	losses on disposal of tangible fixed assets	4
-	possible losses	37
-	write-downs on financial fixed assets	37
-	reversal of depreciation on revaluation increase on buildings	9

XXVII. Financial relations with managers and directors

	Financial year
A.	Amount of the emoluments to managers or directors of the consolidating company for their work in the consolidating company, its subsidiaries and associated businesses, including the amount of pensions allocated to former managers or directors as old-age pensions
	1,347
B.	Advances and loans granted to the managers and directors mentioned in point A
	597

Argenta spaarbank NV

**STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

We have audited the accompanying consolidated financial statements of ARGENTA SPAARBANK NV ("the company") and its subsidiaries (jointly "the group") for the year ended 31 December 2005, prepared in accordance with the legal and regulatory requirements applicable in Belgium, which show total consolidated assets of 20,893,171 (000) EUR and a consolidated profit for the year of 152,211 (000) EUR. We have also performed those specific additional audit procedures required by the Companies Code.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements and the directors' report on the consolidated financial statements, for the assessment of the information that should be included in the directors' report on the consolidated financial statements, and the company's compliance with the requirements of the Companies Code and the articles of association.

Our audit of the consolidated financial statements was conducted in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren".

Unqualified audit opinion on the consolidated financial statements

The forementioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with these standards, we considered the group's administrative and accounting organization as well as its internal control processes. We have obtained the explanations and information required for our audit. We have examined, on a test basis, the evidence supporting the amounts in the consolidated financial statements. We have assessed the basis of the accounting methods used, the consolidation policies and significant estimates made by management as well as evaluating the presentation of the consolidated financial statements taken as a whole. We believe that our audit, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based, to the extent necessary upon the reports of other auditors, taking account of the legal and regulatory requirements applicable in Belgium, the consolidated financial statements as of 31 December 2005 give a true and fair view of the group's assets, liabilities, financial position and results.

Additional attestations

We supplement our report with the following attestations which do not modify our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principle risks and uncertainties confronting the group,

or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

04 April 2006

The Statutory Auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by JOS VLAMINCKX

Addendum : FUNDS

Argenta is active on the investment funds market in 3 companies:

- Argenta Fund
- Argenta Pensioenspaarfonds (ARPE)
- Argenta Selection Fund (ASF)

These are briefly discusses below.

ARGENTA FUND

Argenta Fund is an investment company with variable capital under Luxembourg law. It was set up on 27 November 1987 and reformed to a 'sicav' (Société d'Investissement à Capital Variable = open-ended investment fund) with several compartments on 1 June 1990. After limited activity in the first years, the number of compartments has systematically grown to 26 since 1998.

The main aim of the Company is to give its shareholders the highest return possible through investments in a selection of transferable securities, taking limited risks into account.

23 compartments invest almost exclusively in shares, spread over different countries, regions and sectors and these compartments are mostly linked to an index. 2 compartments invest in fixed-income products. The remaining compartment invests in both fixed-income products and shares.

In March 2006 2 additional compartments were launched: Japanese shares and European growth shares.

On 31 December 2005, the overall Net Asset Value was EUR 331.6 million, an increase of more than 29% compared to the end of 2004.

The three largest compartments on 31 December 2005 were "European shares" (EUR 49.0 million), "Belgian shares" (EUR 33.1 million) and "shares in EMU" (EUR 29.5 million).

The best performing compartments of 2005 were the compartments for Basic industry (+37.22%), Energy (+36.45%) and Scandinavian countries (+29.40%).

ARGENTA PENSIOENSPAARFONDS

ARPE is a joint investment fund under Belgian law and a recognised PENSION SAVINGS FUND. It was set up on 14 December 1999.

The investment objective of ARPE consists of putting together a portfolio that meets all the requirements of a Belgian PENSION SAVINGS FUND (third pillar), where the overall return in the long term is optimised through a balanced policy. In this context, investments are mainly selected that, with their yield or increase in price, can contribute to growth in the participation unit value in the long term and with which applied spreading reduces the risks of loss.

On a scale of 0 to 6, ARPE belongs to the risk class 3 (estimated).

In 2005 ARPE experienced considerable growth of more than 46%. On 31 December 2005, the Net Asset Value thus reached EUR 102.1 million.

It is expected that this increase will continue. In 2003, 2004 and 2005, the fund won the CASH investments paper's "MORNING STAR AWARD" and in 2005 the "TIJD AWARD" for best PENSION SAVINGS FUND.

The unit value improved in 2005 from EUR 59.06 to EUR 73.72, an increase of 24.8%. Over all of 2004, the value of each unit had already increased by 29.1% and in 2003 by 18.1%.

ARGENTA SELECTION FUND

ASF is a 'Bevek' (open-ended investment company) under Belgian law with compartments, which was set up on 14 August 2001.

It has 2 compartments, i.e. "American growth shares" and "European media".

The main strategy of the investment policy of the "American growth shares" involves principally investing in shares that are part of the Nasdaq 100 index, with consideration also being given to the weight of each share in this index.

The compartment belongs to the risk class 6 (highest risk class.)

The compartment "European media" invests in shares of the European media sector that are part of the "Dow Jones Europe Stoxx Media Price index", with consideration also being given to the weight of each share in the index.

The compartment "European media" also belongs to the risk class 6.

The compartments only appeal to the customers to a limited extent. Taking both together, there is around EUR 1.8 million issued to the public. Nevertheless, they achieved an impressive yield during recent years; last year another 11.64% in the "American growth shares" and 9.19% in the "European media".

Summary of development: in the Net Asset Values:

In EUR millions	2004	2005	%-growth
Argenta Fund	254.2	331.6	29.2
ARPE	70.3	102.1	44.5
ASF	1.6	1.8	10.4

SUPERVISION AND REGULATION

Introduction

The Issuer, being a credit institution governed by the laws of Belgium, is subject to detailed, comprehensive regulation in Belgium, supervised by the CBFA, an autonomous public agency, acting as the supervisory authority controlling both the financial and the insurance sector.

European Community ("EC") directives have had and will continue to have a significant impact on the regulation of the banking business in the European Union, as such directives are implemented through legislation adopted within each member state, including Belgium. The general objective of these EC directives is to allow the realisation of a unified internal market and to improve standards of prudential supervision and market efficiency through harmonisation of core regulatory standards and mutual recognition among EC Member States of regulatory supervision, in particular, licensing. The Maastricht Treaty provides that certain bank regulatory responsibilities could be delegated to the European Central Bank ("ECB").

Supervision and Regulation in Belgium

The banking regime in Belgium is governed by the Law on the Legal Status and Supervision of Credit Institutions of 22 March 1993 (the "**Banking Act**") and its subsequent modifications. The Banking Act, among other things, implements the European legislation as coordinated by EC Directive 2000/12 of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions. It sets forth the conditions under which credit institutions may operate in Belgium and defines the regulatory and supervisory powers of the CBFA. The main objective of the Banking Act is to protect public savings and the stability of the Belgian banking system in general. Supervision of Belgian credit institutions is the responsibility of the CBFA.

Supervision of Credit Institutions

All Belgian credit institutions must obtain a licence from the CBFA before they may commence operations. In order to obtain a licence and keep it, each credit institution must fulfil numerous conditions, including certain minimum paid-up capital requirements. In addition, any shareholders holding 5 per cent. or more (directly or indirectly, acting in concert with third parties) of the capital or the voting rights of the institution must be of "fit and proper" character to ensure proper and prudent management. The CBFA therefore requires the disclosure of the identity and equity participation of any shareholder with a 5 per cent. or greater capital or voting interest. If the CBFA considers that the participation of a shareholder in a credit institution jeopardises its sound and prudent management, the supervisory authority can suspend the rights attached to this participation and, if necessary, request the shareholder to transfer to a third party its participation in the credit institution's capital. Prior notification to the CBFA is necessary each time a person intends to acquire a holding representing 5 per cent. of the capital or the voting rights or a multiple thereof. Furthermore, a shareholder who wishes to sell his participation or a part thereof, which would result in his shareholding dropping below any of the above-mentioned thresholds, needs to notify the CBFA thereof one month in advance. A Belgian bank is further under obligation to notify the CBFA of any such transfer when it obtains knowledge thereof.

The Banking Act requires credit institutions to provide detailed periodic financial information to the CBFA and to the NBB. The CBFA also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to credit institutions. The CBFA, in consultation with the BNB and subject to the approval of the Ministers of Finance and of Economic Affairs, sets the minimum capital adequacy ratios that apply to credit institutions. The CBFA may also set other ratios, for example, with respect to the liquidity and gearing of credit institutions.

Pursuant to the Banking Act, the CBFA may, in order to exercise its prudential supervision, require that all information with respect to the organisation, the functioning, the financial position and the transactions of a credit institution be provided to it. The CBFA may supplement these communications by on-site inspections. The CBFA also exercises its comprehensive supervision of credit institutions through statutory auditors who collaborate with the CBFA in its prudential supervision. A credit institution selects its auditors from among the list of auditors or firms of auditors accredited by the CBFA.

Within the context of the European System of Central Banks, the NBB issues certain recommendations regarding monetary controls and in that regard works closely with the CBFA. As the lender of last resort to credit institutions, the NBB is empowered to make recommendations, which it may eventually render compulsory, to banks and other financial institutions. It is also empowered to enforce compliance with standards for balance sheet ratios. The NBB may require banks to make special deposits with it and to maintain set proportions of government paper holdings. It may impose ceilings on credit facilities and on interest rates payable on certain liabilities.

If the CBFA finds that a credit institution is not operating in accordance with the provisions of the Banking Act, that its management policy or its financial position is likely to prevent it from honouring its commitments or does not offer sufficient guarantees for its solvency, liquidity or profitability, or that its management structure, administrative and accounting procedures or internal control systems present serious deficiencies, it will set a deadline by which the situation must be rectified. If the situation has not been rectified by the deadline, the CBFA has the power to appoint a special commissioner to replace management, to suspend or dispose of all or part of its activities, and finally, to revoke the licence of the credit institution.

Bank Governance

Belgian law and regulatory practices make a fundamental distinction between the management of banking activities, which, if the articles of association contain the possibility for the Board of Directors to delegate all or some of the management powers, lies within the competence of the Executive Committee, and the supervision of the management and the definition of the credit institution's general policy, which must be entrusted to the Board of Directors. In order to ensure that such a distinction is maintained, Belgian regulatory practices require a credit institution, its main shareholders and the CBFA to enter into a protocol on bank autonomy to ensure the autonomy of the banking function. The protocol also requires the main shareholders of a credit institution to ensure the institution's autonomy and stability.

Solvency Supervision

Capital requirements and capital adequacy ratios are provided for in the CBFA's 1995 Decree (as amended) on own funds of credit institutions, which implements the principles of the European Coordination Directive 2000/12 and the European Directive 93/6 of 15 March 1993 concerning capital adequacy for investment companies and credit institutions (the "**CAD Directive**"). The payment of dividends by Belgian credit institutions is not limited by Belgian banking regulations, except indirectly through capital adequacy and solvency requirements and is further limited by the general provisions of Belgian Company Law.

The 1995 Decree requires that the solvency of Belgian credit institutions be measured by a ratio that serves as the basis for the calculation of the minimum required capital. This capital requirement is principally determined by the degree of credit risk that is inherent in each item of the balance sheet and in each off-balance-sheet item. Each bank subject to the 1995 Decree must maintain a capital adequacy ratio (the "**CAD ratio**") (also referred to as "**Total Capital Ratio**" in reports of the Bank) of total capital (Tier I and Tier II) to risk-weighted assets, of no less than 8 per cent. The CAD ratio takes into account market risk with respect to a bank's trading book (including interest rate and foreign currency exposure) in the calculation of weighted risk. The CAD ratio may increase to cover temporary large exposures that exceed the exposure limit described below.

Solvency is also measured by the gearing ratio, which compares shareholders' equity to debt to third parties, as defined in applicable regulations. The 1995 Decree also requires that in no event may the share capital of credit institutions be less than total fixed assets.

Large Exposure Supervision

Belgian regulations also ensure the solvency of credit institutions by imposing limits on the concentration of risk in order to limit the impact of failure on the part of a large debtor. For this purpose, credit institutions must limit the amount of risk exposure to any single counterparty to 25 per cent. of total capital and the total amount of concentrated risks (single counterparty exposures larger than 10 per cent. of total capital) to 800 per cent. of total capital. Belgian regulations also require that the credit institutions establish procedures to limit risk with respect to loans granted to foreign countries. Credit institutions must establish loss reserves for country risks within a framework defined periodically by the CBFA.

Equity Investments

Belgian credit institutions may make equity investments in commercial and industrial companies. However, such investments (of 10 per cent. or more) may not exceed: (i) 15 per cent. of the shareholders' equity of the credit institution on a per investment basis, or (ii) 45 per cent. of the shareholders' equity of the credit institution in the aggregate.

Money Laundering

Belgium has implemented EC Directive 91/308 of 10 June 1991 on the prevention of the use of the financial system for the purpose of money-laundering (amended by EC Directive 97/2001 of 4 December 2001) in a law of 11 January 1993, as amended (p.e. by the law of 12 January 2004 amending the law of 11 January 1993 on the prevention of the use of the financial system for the purpose of money laundering and of financing of terrorism). This legislation covers the laundering of proceeds from a broad spectrum of criminal activities and imposes strict client identification rules, internal reporting, processing and compliance mechanisms, and employee training requirements on various categories of institutions and professionals, including credit and financial institutions. When, after investigation, a credit or financial institution suspects money laundering to be the purpose of a transaction, it promptly notifies an independent administrative authority, the Financial Intelligence Unit. The unit is designated to receive reports on suspicious transactions, to investigate them and if need be to report to the criminal prosecutors to initiate proceedings. Belgian criminal law specifically addresses the crime of money-laundering (Article 505, 3°, Criminal Code) and sanctions it with a jail term of minimum 15 days and a maximum of 5 years and/or a penalty of a minimum of 130 EUR and a maximum of 500,000 EUR. The CBFA has issued guidance to credit and financial institutions and supervises their compliance with the legislation.

TAXATION

BELGIUM

The following is a general description of certain Belgian tax considerations relating to the Securities and the Profit-Sharing Certificates. It does not purport to be a complete analysis of all tax considerations relating thereto. Prospective purchasers should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium of acquiring, holding and disposing of Securities, Profit-Sharing Certificates, Conversion Upper Tier 2 Instruments and Junior Securities and receiving payments of interest, dividend, principal and/or other amounts thereunder. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Belgian Withholding Tax

Securities

The holding of the Securities in the NBB clearing and settlement system (see "Summary of provisions relating to the Securities in global form") permits most types of investors (the "**Eligible Investors**", see below) to collect interest on their Securities free of withholding tax, and to trade their Securities on a gross basis.

Participants in the X/N System must keep the Securities they hold for the account of Eligible Investors on so called "X-accounts", and those they hold for the account of non-Eligible Investors on "N-accounts". Payments of interest made through X-accounts are free of withholding tax; payments of interest made through N-accounts are subject to a withholding tax of 15 per cent., which the NBB deducts from the payment and pays over to the tax authorities. Since the Securities may exclusively be held by Eligible Investors (see "Subscription and Sale"), payments of Coupons on the Securities will not give rise to withholding tax.

The main categories of Eligible Investors are as follows:

- Belgian resident corporate investors;
 - Belgian pension funds;
 - corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
 - individuals who are non-residents of Belgium, unless their holding of the Securities is connected to a permanent establishment they have in Belgium; and
 - non incorporated foreign collective investment schemes (such as *beleggingsfondsen/fonds de placement*) whose units are not publicly offered or marketed in Belgium.
- The main categories of non-Eligible Investors are as follows:
- Belgian resident individuals;
 - Belgian non profit organisations (other than pension funds); and
 - non incorporated Belgian collective investment schemes (*beleggingsfondsen/fonds de placement*) and similar foreign funds whose units are publicly offered or marketed in Belgium.

(The above categories summarise the detailed definitions contained in Article 4 of the royal decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.)

When opening an X-account for the holding of Securities or other securities kept in the NBB clearing and settlement system, investors are required to provide the financial institution where this account is kept with a statement as to their tax status. This statement need not be periodically reissued. Different identification requirements apply to investors who are non-residents of Belgium and keep their Securities on a securities account through Euroclear or Clearstream, Luxembourg.

The withholding tax regime described above applies to all Coupons, including Deferred Coupons and interest on Elective Deferred Coupons, and irrespective of whether paid in cash by the Issuer or paid through the Alternative Coupon Payment Method (in which case the Fiscal Agent will pay through the X/N System participants, Euroclear or Clearstream, Luxembourg, the proceeds of the sale of the Parent ordinary shares issued and sold in accordance with Condition 7(b) of the Securities (*Alternative Coupon Payment Method - Issuance, Exchange and Sale Procedure*)).

Profit-Sharing Certificates

Generally, dividends paid by the Issuer on the Profit-Sharing Certificates will be subject to withholding tax at the rate of 25 per cent. Residents in certain countries may have the benefit of a reduced rate of withholding tax in accordance with the applicable tax treaty. Non-residents of Belgium who do not carry out business activities and are exempted from income tax in their state of residence may benefit from an exemption of withholding tax on these dividends.

Capital Gains and Income Tax

Holders of Securities or Profit-Sharing Certificates who are residents of Belgium or hold the Securities or Profit-Sharing Certificates through a permanent establishment in Belgium will be subject to Belgian income tax on the interest or dividends collected thereunder and, depending on their tax status, on capital gains realised in respect thereof.

Other holders of Securities or Profit-Sharing Certificates will not be subject to such Belgian income tax (save, as the case may be and as set out above, in the form of withholding tax).

Stamp duties

Secondary market trades in respect of the Securities or Profit-Sharing certificates will give rise to stamp duty (*taks op beursverrichtingen / taxe sur les opérations de bourse*) if they are carried out in Belgium through a financial intermediary. The amount of the stamp duty, however, is capped at EUR 500 per transaction, and various types of investors (including credit institutions, insurance companies, pension funds and all non-residents of Belgium) are exempted from this stamp duty.

Tax on the physical delivery of bearer securities

The physical delivery to investors (other than qualifying financial institutions) of Securities or Profit-Sharing Certificates in definitive bearer form will be subject to a tax of 0.6 per cent., if such delivery takes place in Belgium. Delivery of the Securities in the form of a global certificate into the X/N System will not give rise to that tax. Deliveries made on the occasion of primary market subscriptions are exempt from the tax.

Inheritance duties

No Belgian inheritance duties will be levied in respect of the Securities or Profit-Sharing Certificates if the deceased holder was not a Belgian resident at the time of his or her death.

Luxembourg

Withholding Tax

(i) Non-resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the **Laws**) as mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by non-resident holders of Securities.

Under the Laws, implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependant and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a payment agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1st July, 2005 at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under Securities coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) Resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10 per cent.

European Union Directive on taxation of savings income

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive has entered into force from 1 July 2005. Under the directive each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent.

Holders of Securities and Couponholders who are individuals should note that additional amounts which, at present, may become due as described in Condition 10 (*Taxation*) of the Terms and Conditions of the Securities will not be due in respect of tax imposed under or pursuant to the Directive, or any law implementing or complying with, or introduced in order to conform to, the Directive.

In accordance with the European Council Directive 2003/48/EC on the taxation of savings, Belgium has enacted a law which implements this directive into Belgian law. The law provides that interest paid to individuals resident in a European Union Member State other than Belgium are subject to a 'levy for the State of residence', the rate of which has been set at 15 per cent. for the first three years after the entering into force of the law, 20 per cent. for the following three years, and 35 per cent. thereafter. This withholding tax will not be levied if the beneficial owner delivers to the paying agent a certificate issued by the competent authority of his Member State of tax residence.

SUBSCRIPTION AND SALE

BNP Paribas, Petercam and Bank Degroof SA (the "**Managers**") have, in a subscription agreement dated 27 October 2016 (the "**Subscription Agreement**") and made between the Issuer, Parent and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe and pay for the Securities at their issue price of 100 per cent. of their principal amount less certain commissions, fees and expenses in connection with the issue of the Securities. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities.

United States of America

The Securities and the Profit-Sharing Certificates have not been and will not be registered under the Securities Act and may not be offered, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has represented that, except as permitted by the relevant Subscription Agreement, it will not offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Belgium

Each Manager has represented and agreed that it has not taken and will not take any steps which would constitute or result in a public offering of the Securities in Belgium.

Each Manager has represented and agreed that it has not offered, transferred or sold and will not offer, transfer or sell any Securities in or from Belgium to any individual or legal person as part of their initial distribution or at any time thereafter, qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14th July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Parent or any Manager that would, or is intended to, permit a public offering of the Securities, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Parent and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Securities, in all cases at their own expense.

GENERAL INFORMATION

1. The creation and issue of the Securities was authorised by resolutions of the Board of Directors and the Executive Committee of the Issuer dated 12 September 2006 and 25 October 2006, respectively. The Support Agreement was authorised by resolutions of the Board of Directors and the Executive Committee of the Parent each dated 12 September 2006 and 25 October, respectively.
2. Neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any member of the Group is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
3. Save as disclosed in this Prospectus:
 - (a) there has been no significant change, or any development reasonably likely to involve a significant change, in the condition (financial or otherwise) or general affairs of the Issuer or Aspa Group since 31 December 2005 that is material in the context of the issue of the Securities; and
 - (b) there has been no material adverse change, in the prospects or affairs of the Issuer or Aspa Group since 31 December 2005.
4. For so long as any of the Securities are outstanding, copies of the following documents may be inspected during normal business hours at the Specified Office of each Paying Agent:
 - (a) the Agency Agreement;
 - (b) the Support Agreement;
 - (c) the articles of association of the Issuer; and
 - (d) the annual report of the Issuer for years ended 31 December 2004 and 2005.
5. For so long as any of the Securities are outstanding, copies of the audited consolidated financial statements of the Issuer for the years ended on 31 December 2005 and 31 December 2004 (together with the English translations thereof) may be obtained during normal business hours at the Specified Office of each Paying Agent:

The Issuer does not publish consolidated interim financial statements. The Issuer does not publish unconsolidated financial statements.
6. The Securities have been accepted for clearance through the X/N System, Euroclear and Clearstream, Luxembourg under a common code of 027333753 and an ISIN of BE0932117444.
7. The annual accounts of the Issuer for the last two financial years have been audited. The consolidated accounts of the Group and the non-consolidated accounts of the Issuer for the years ended 31st December 2005 and 31st December 2004 were audited by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA (member of the institut des réviseurs d'entreprise/Bedrijfsrevisoren Instituut), in accordance with auditing standards and have been reported on without qualification.
8. The Securities may only be held by Eligible Investors in an exempt securities account with a qualifying clearing system, as defined in Article 1, paragraph 1 of the Belgian Law of 6th August 1993 "*relative aux opérations sur certaines valeurs mobilières*". Eligible Investors are those entities

referred to in Article 4 of the *Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Royal Decree of 26th May 1994 on the deduction of withholding tax) which include, inter alia, (i) all investors who are not residents of Belgium for Belgian tax purposes (provided, in the case of non-resident collective investment schemes which are not separate legal entities, that their units have not been and are not sold publicly in Belgium, and provided in the case of non-resident investors who are individuals or non-profit making organisations, that they are not holding the Securities through an *établissement belge* within the meaning of article 229 of the Income Tax Code of 1992 (*Code des Impôts sur les revenus 1992*) (the "**Tax Code**") and do not conduct professional activities in Belgium as defined in article 228, paragraph 2, sub-paragraph 4 of the Tax Code and (ii) all Belgian resident corporate investors validly formed as separate legal entities. Eligible Investors do not include, inter alia, Belgian resident individuals and most non-profit making organisations.

9. The Securities and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
10. The expenses relating to the admission to listing and trading on the Luxembourg Stock Exchange of the Securities (i.e. listing and other fees of the Luxembourg Stock Exchange and the CSSF) are estimated to be approximately Euro 18,600.

**REGISTERED OFFICE OF
THE ISSUER**

Argenta Spaarbank NV
Belgielei 49-53
2018 Antwerp

**REGISTERED OFFICE OF
THE PARENT**

Argenta Bank- en Verzekeringsgroep NV
Belgielei 49-53
2018 Antwerp

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PAYING AGENT AND LISTING AGENT

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AND THE PARENT**

**Deloitte Bedrijfsrevisoren
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