http://www.oblible.com

**PROSPECTUS DATED 9 DECEMBER 2005**

F. van Lanschot Bankiers

F. van Lanschot Bankiers N.V.
(incorporated in the Netherlands with its statutory seat in 's Hertogenbosch)

# F. van Lanschot Bankiers N.V.

**EUR 150,000,000 Perpetual Capital Securities ("Securities")**
**Issue Price: 100 per cent.**

Unless expressly indicated otherwise, the terms and expressions used herein have the same meaning as given to them in the terms and conditions (the "**Terms and Conditions**") of the Euro 150,000,000 Perpetual Capital Securities (the "**Securities**").

The Securities are perpetual securities and have no fixed redemption date. However, the Securities may (subject to the approval of the Dutch Central Bank) be redeemed in whole but not in part at the option of the Issuer, at their liquidation preference of EUR 50,000 per Security together with any Outstanding Payments on the Coupon Payment Date falling on 14 December 2015 or any Coupon Payment Date thereafter. Prior redemption in case of tax events or for regulatory purposes may apply, subject to Condition 7.

The Securities will bear fixed Interest from (and including) the Issue Date to (but excluding) 14 December 2015 at a rate of 4.855 per cent. per annum payable annually in arrear on 14 December in each year starting 14 December 2006, subject to Condition 4 and 5. Thereafter the Securities will bear floating interest at a rate of 2.32 per cent. above Three Month EURIBOR (as defined in Condition 5) payable quarterly in arrear on 14 March, 14 June, 14 September, 14 December in each year starting 14 March 2016 subject to Condition 4 and 5. Payments (such term does not include principal) may be deferred, as more fully described in Condition 4, but any Deferred Coupon Payment will immediately become due if the Issuer makes payments on or purchases or redeems its Junior Securities or Parity Securities or if Van Lanschot N.V. (the "**Holding**") makes payments on or purchases or redeems any of its Ordinary Shares. Investors will always receive cash but the moneys to satisfy such Deferred Coupon Payments may only be raised by the issue of Holding Ordinary Shares equal to the amount of the Deferred Coupon Payments and a corresponding issue of Ordinary Shares equal to the amount of the Deferred Coupon Payments to Holding, which, when subscribed for by the Holding, will provide the cash amount due in respect of the Deferred Coupon Payments.

The Securities constitute direct, unsecured and subordinated securities of the Issuer as described in Condition 2.

This Prospectus has been approved by the Netherlands Authority for the Financial Markets ('Stichting Autoriteit Financiële Markten') (the "**AFM**"), which is the Netherlands competent authority for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the Netherlands, as a Prospectus issued in compliance with the Prospectus Directive and the

http://www.oblible.com

Prospectus Regulation and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of the Securities during the period of twelve months after the date hereof. Application has been made for the listing of the Securities on Eurolist by Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). It is anticipated that the Securities will be quoted as a percentage of their principal amount of EUR 50,000.

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. As defined by Standard & Poor's Rating Services, an obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The Securities are expected to be assigned, on issue, a rating of A- by Fitch. As defined by Fitch, a rating of 'A-' means that the Securities are judged to be of high credit quality and denote low expectations of credit risk. It indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than for higher ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Securities shall have denominations of EUR 50,000 each. The Securities will be represented by a global security (the "Global Security") in bearer form without interest coupons, in the principal amount of EUR 150,000,000. The Global Security will be deposited with Euroclear Netherlands and purchase transactions will be cleared through Euroclear Netherlands participants including Euroclear and Clearstream. The Global Security will not be exchangeable for definitive Securities in bearer form.

The AFM may be further requested to provide other competent authorities in the European Economic Area with a certificate of approval so that application may be made for the Securities to be admitted to trading on other regulated markets.

*Lead Managers*

**Rabobank International**
**F. van Lanschot Bankiers N.V.**

*Sole Bookrunner*

**Rabobank International**

The date of this Prospectus is 9 December 2005.

**TABLE OF CONTENTS**

Risk Factors ..... 4

Important Notice ..... 7

Key Features ..... 9

Documents Incorporated by Reference ..... 13

Terms and Conditions of the Securities ..... 14

Use of Proceeds ..... 34

F. Van Lanschot Bankiers N.V. ..... 35

Auditor's Report ..... 62

Netherlands Taxation ..... 63

Subscription and Sale ..... 67

General Information ..... 70

## RISK FACTORS

*Prospective investors should read the entire Prospectus.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the 'Terms and Conditions of the Securities' below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

*As far as the following factors relate to the Issuer, they apply equally to Van Lanschot N.V.*

**Factors that may affect the Issuer's ability to fulfil its obligations under the Securities**

In accordance with the risk classification outlined by the Dutch Central Bank, credit institutions such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, outsourcing risk and credit risk.

As a credit institution the Issuer is exposed to the creditworthiness of third parties. The Issuer is exposed to the risks that third parties owing money, securities or other assets to the Issuer will not perform their obligations. These parties include trading counterparties, clients, exchanges, clearing houses and other financial institutions. These parties may default on their obligations to the Issuer due to lack of liquidity, operational failure, bankruptcy or for other reasons. This risk arises in variety of contexts, including in connection with margin lending and other securities lending, derivative contracts and the execution of securities trades that are not settled at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. The Issuer's management procedures focus more on the value of the collateral securing the margin loans than on the credit worthiness of the borrower. In cases where the Issuer is engaged in margin lending, however, the Issuer may find that it has become undercollateralised, for example as a result of sudden declines in market values that reduce the value of collateral securities. Although the Issuer has provided for bad and doubtful debts and despite its conservative approach in assessing the necessary provisions for bad and doubtful debts, the Issuer cannot assure the level of provisions will be adequate or that the Issuer will not make significant additional provisions for possible bad and doubtful debts in future periods.

The types of risks referred to above and the manner in which the Issuer aims to manage these risks are explained in the section The Van Lanschot Organisation of the annual report 2004, which can be obtained from the website of Van Lanschot N.V. at http://www.vanlanschot.com.

*The Issuer's results can be adversely affected by general economic conditions and other business conditions*

The Issuer's results are affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for investment and banking products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and political uncertainty.

*The Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations*

There is substantial competition for the types of banking and other products and services that the Issuer provides in the Netherlands and the other regions in which the Issuer conducts large portions of its business. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

**403 - Statement**

The Securities will have the benefit of a declaration issued by the Holding pursuant to Article 2:403 of the Dutch Civil Code (the "**403-Statement**"). Pursuant to the 403-Statement the Holding is jointly and severally liable for the obligations of the Issuer under the Securities. The obligation of the Holding under the 403-Statement constitutes a direct, subordinated and unsecured obligation of Holding. The 403-Statement can be withdrawn by filing a declaration to such effect with the trade register. If the 403-Statement is revoked by Holding, Holding would remain liable in respect of the Securities. The laws of the Netherlands provide for one instance (i.e. the situation in which the Issuer would no longer be a subsidiary or group company of Holding) where revocation of the 403-Statement is under certain conditions capable of releasing Holding from all obligations under the 403-Statement; however, in such event, there are elaborate statutory provisions to protect the rights of creditors of the Issuer.

**The Issuer's obligations under the Securities are subordinated**

The Issuer's obligations under the Securities will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. "**Senior Liabilities**" means (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) claims which are subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise. Although the Securities may pay a higher rate of interest than comparable securities which are not subordinated, there is a real risk that an investor in the Securities will lose all or some of his investment should the Issuer become insolvent.

**Deferral**

The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time subject to suspension of payment on Junior Securities and Parity Securities, as more particularly described in 'Terms and Conditions of the Securities – 4. Deferrals'. Unless deferral is required as described under 'Terms and Conditions of the Securities – 4. Deferrals – (a) Mandatory Deferral of Payments', any deferred payment will bear interest at the Applicable Coupon Rate.

**Perpetual securities**

The Issuer is under no obligation to redeem the Securities at any time and the Holders have no right to call for their redemption.

**Redemption risk**

Upon the occurrence of certain specified tax or regulatory events, or the Coupon Payment Date falling on 14 December 2015 or any Coupon Payment Date thereafter, the Securities may be redeemed at their principal amount together with any Outstanding Payments (as defined in 'Terms and Conditions of the Securities – 20. Definitions'), subject as provided in 'Terms and Conditions of the Securities – 7. Redemption and Purchases'.

**No limitation on issuing debt**

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Securities or on the amount of securities which the Issuer may issue which ranks pari passu with the Securities. The issue of any such debt or securities may reduce the amount recoverable by Holders on a winding-up (*faillissement of verefenning na ontbinding*) of the Issuer or may increase the likelihood of a deferral of Payments under the Securities.

**Availability of shares**

If the Issuer is to make a payment using the Alternative Coupon Satisfaction Mechanism and the Holding has an insufficient number of Holding Ordinary Shares available for issue, then the Issuer's payment obligation shall be suspended to the extent of such insufficiency until such time as sufficient shares are available to satisfy all or part of the suspended payment obligation, as more particularly described in 'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (d) Insufficiency'.

**Market Disruption Event**

If, following a decision by the Issuer to satisfy a payment using the Alternative Coupon Satisfaction Mechanism, in the opinion of the Holding a Market Disruption Event in respect of the Holding Ordinary Shares exists, the payment to Holders may be deferred until the cessation of such market disruption, as more particularly described in 'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (e) Market Disruption'. Any such deferred payments shall bear interest at the Applicable Coupon Rate if the Market Disruption Event continues for 14 days or more.

**Restricted remedy for non-payment**

The sole remedy against the Issuer available to the Trustee or any Holder for recovery of amounts owing in respect of any Payment or principal in respect of the Securities will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up.

**Set-off**

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the bearer of any Security, be deemed to have waived all such rights of set-off.

**Absence of prior public markets**

The Securities constitute an issue of new securities by the Issuer. Prior to this issue, there will have been no public market for the Securities. Although application has been made for the Securities to be listed on Eurolist by Euronext Amsterdam N.V., there can be no assurance that an active public market for the Securities will develop and, if such a market were to develop, the Lead Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities.

## IMPORTANT NOTICE

***Responsibility***

*The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief 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.*

*No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Trustee or the Manager (as defined under 'Subscription and Sale' below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or Holding and its subsidiaries (together the "**Group**") since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee or the Manager to subscribe for, or purchase, any of the Securities. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.*

*Neither the Manager nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager, the Trustee or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Securities or their distribution.*

***Offering and Selling Restrictions***

*This Prospectus should not be considered as a recommendation by the Issuer or the Manager that any recipient of this Prospectus should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.*

*The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Securities and on distribution of this document, see 'Subscription and Sale' below.*

***STABILISATION***

*IN CONNECTION WITH THE ISSUE OF THE SECURITIES, RABOBANK INTERNATIONAL MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.*

***Miscellaneous***

*All references in this document to "**euro**", "**euros**", "**EUR**" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty*

*establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992).*

*In this Prospectus, "we", "our", "us" or the Issuer refers to F. van Lanschot Bankiers N.V. and its consolidated subsidiaries (unless the context requires otherwise).*

## KEY FEATURES

The following refers to certain provisions of the Terms and Conditions of the Securities and the Trust Deed and insofar as it refers to the Terms and Conditions of the Securities is qualified by the more detailed information contained elsewhere in this Prospectus. Defined terms used herein have the meaning given to them in 'Terms and Conditions of the Securities'.

| | |
|---|---|
| **Issuer** | F. van Lanschot Bankiers N.V. |
| | |
| **Holding** | Van Lanschot N.V. (Van Lanschot N.V. issued a 403-Statement for the benefit of the Issuer pursuant to Article 2:403 of the Dutch Civil Code). |
| | |
| **Trustee** | Amsterdamsch Trustee's Kantoor B.V. |
| | |
| **Issue Size** | € 150,000,000 |
| | |
| **Issue Price** | 100 per cent. |
| | |
| **Redemption / Call Option** | The Securities are perpetual securities and have no maturity date. Subject to prior consent of De Nederlandsche Bank N.V. (''DNB''), the Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount, together with any Outstanding Payments on the Coupon Payment Date falling on 14 December 2015 or any Coupon Payment Date thereafter. |
| | |
| **Interest** | The Securities will bear interest from (and including) the Issue Date to (but excluding) 14 December 2015 at a rate of 4.855 per cent. per annum and thereafter floating rate interest at 2.32 per cent. above Three Month EURIBOR. |
| | |
| **Coupon Payment Dates** | Subject as described below, Coupon Payments will be payable annually in arrear on 14 December in each year from (and including) 14 December 2006 to (and including) 14 December 2015 and quarterly in arrear on 14 March, 14 June, 14 September and 14 December in each year from (and including) 14 March 2016. |
| | |
| **Condition of Payment** | No payment in respect of the Securities shall be payable except to the extent that the Issuer is not subject to a Regulatory Event and could make such payment and still not be subject to a Regulatory Event immediately thereafter. |
| | |
| **Status and Subordination** | The Securities constitute direct, unsecured and subordinated securities of the Issuer. The rights and claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future. |
| | |
| **Winding-up Claims** | The Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and will rank pari passu with Parity Securities, Parity Guarantees, each other and among |

http://www.oblible.com

| | |
|---|---|
| | themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future. |
| | |
| **Mandatory Deferral of Payments** | If the Issuer determines, on the 20th Business Day prior to the date on which any Payment (such term does not include principal) would, in the absence of deferral in accordance with Condition 4 of the Terms and Conditions of the Securities, be due and payable, that it is subject to a Regulatory Event or that payment of the relevant Payment would result in the Issuer becoming subject to a Regulatory Event, the Issuer must defer such Payment.<br><br>Any payment so deferred may be satisfied at any time by the Issuer giving not less than 16 Business Days notice of such satisfaction (provided that at the time of satisfying such payment, the Issuer is no longer subject to a Regulatory Event).<br><br>Unless the Issuer elects to defer such Payment pursuant to its optional right to defer referred to below, such required deferred payment must be satisfied on the Coupon Payment Date next following the 19th Business Day after the Issuer determines that it is no longer subject to a Regulatory Event and that such payment would not result in it becoming subject to a Regulatory Event again.<br><br>No interest will accrue on payments being mandatorily deferred. |
| | |
| **Optional Deferral of Payments** | The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time. However if the Issuer makes this election, the deferred payment will bear interest at the Applicable Coupon Rate for the full period of optional deferral. |
| | |
| **Deferred and Future Interest Payments** | Any Payment which has been deferred will become immediately due and payable if the Issuer or Holding makes payments on or purchases or redeems any Parity Securities, Junior Securities or Holding Ordinary Shares, as the case may be. Furthermore any payment on or purchase or redemption of Junior Securities or Holding Ordinary Shares will result in full mandatory payments for the next coupon period or, after the First Reset Date, next four coupon periods, assuming such payment to be for a full year. Any payment on Parity Securities will result in a proportional mandatory payment for the relevant number of consecutive coupon periods following the payment on such Parity Securities. |
| | |
| **Dividend Stopper** | Each of the Issuer and the Holding have agreed that if the Issuer defers a payment for any reason as described above then, while any payment is so deferred, it will not recommend to its respective shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or Mandatory Partial Payment Event. |
| | |
| **Alternative Coupon Satisfaction Mechanism** | Any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) will be satisfied using the alternative Coupon Satisfaction Mechanism. This mechanism |

| | |
|---|---|
| | means that the relevant payment is satisfied from the proceeds of the issue by the Holding of such amount of Holding Ordinary Shares for cash as required to provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment. When the Issuer elects to satisfy its obligation to make any Payment (other than a payment of principal) to Holders, the Holding will issue Holding Ordinary Shares equal to the amount of the Deferred Coupon Payment as directed by the Calculation Agent and the Issuer will issue a corresponding amount of Ordinary Shares equal to the amount of the Deferred Coupon Payment to the Holding which will provide the cash amount due in respect of the Deferred Coupon Payment. Holding will calculate the number of Holding Ordinary Shares that must be issued in consultation with the Issuer to raise the full amount of money due on the Securities on the Relevant Date to the Holders. Investors will always receive payments made in respect of the Securities in cash. |
| | |
| **Sufficiency** | Each of the Issuer and the Holding is required to keep available for issue enough Ordinary Shares or Holding Ordinary Shares, as the case may be, as it reasonably considers would be required to satisfy from time to time the next year's scheduled Coupon Payment(s) and any Deferred Coupon Payments. |
| | |
| **Market Disruption Event** | If, in the opinion of the Holding, a Market Disruption Event in respect of its shares exists on or after the 15th Business Day preceding any date upon which the Issuer is due to satisfy a Payment using the Alternative Coupon Satisfaction Mechanism (which is mandatory if it concerns Deferred Coupon Payments and which the Issuer may elect to do in other cases), the payment to Holders may be deferred until the Market Disruption Event no longer exists. Any such deferred payments shall bear interest at the Coupon Rate if the Market Disruption Event continues for 14 days or more. |
| | |
| **Additional Amounts** | The Issuer will pay additional amounts to Holders of the Securities to gross up Payments upon the imposition of Dutch withholding tax, subject to customary exceptions. |
| | |
| **Redemption for Taxation Reasons** | Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes as described below, the Issuer may, subject to prior consent of DNB, redeem all but not some of the Securities at their principal amount together with any Outstanding Payments. |
| | |
| **Redemption for Regulatory Reasons** | If the Issuer is not permitted to treat the aggregate principal amount of the Securities as own funds and core capital (tier 1 capital or equivalent) for the purposes of determination of its solvency margin, capital adequacy ratios or comparable margins or ratios under applicable capital adequacy regulations, then the Issuer may, subject to prior consent of DNB, redeem all, but not some, of the Securities at their principal amount together with any outstanding payments. |
| | |
| **Remedy for Non-Payment** | The sole remedy against the Issuer available to any Holder of |

| | |
|---|---|
| | Securities for recovery of amounts owing in respect of the Securities will be the institution of proceedings for the winding-up (*faillissementsprocedure*) of the Issuer and/or proving in such winding up. |
| | |
| **Form** | The Securities will be represented by a Global Security in bearer form (the 'Global Security'), without coupons, in the principal amount of € 150,000,000 The Global Security will be deposited with Euroclear Netherlands (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.). The Global Security will not be exchangeable for definitive Securities in bearer form. |
| | |
| **Clearing Systems** | Euroclear Netherlands, Clearstream and Euroclear. |
| | |
| **Selling Restrictions** | The offering and sale of the Securities are subject to all applicable selling restrictions. See 'Subscription and Sale' on page 67. |
| | |
| **Listing** | Application has been made to list the Securities on Eurolist by Euronext Amsterdam. It is anticipated that the Securities will be quoted as a percentage of their principal amount of € 50,000. |
| | |
| **Ratings** | 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. As defined by Standard & Poor's Rating Services, an obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The Securities are expected to be assigned, on issue, a rating of A- by Fitch. As defined by Fitch, a rating of 'A-' means that the Securities are judged to be of high credit quality and denote low expectations of credit risk. It indicates strong capacity for timely payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than for higher ratings. |
| | |
| **Governing Law** | The Securities will be governed by, and construed in accordance with the laws of the Netherlands. |

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

(a) the Articles of Association ("*statuten*") of the Issuer and the Holding;

(b) the publicly available audited consolidated annual financial statements of the Holding in respect of the years ended 31 December 2003 and 31 December 2004, the auditor's report for each of those years and its unaudited semi-annual financial statements as per 30 June 2005; and

(c) the 403-Statement.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available free of charge from the office in Utrecht of Rabobank International in its capacity as Amsterdam listing agent (the '**Amsterdam Listing Agent**') .

## TERMS AND CONDITIONS OF THE SECURITIES

*The following, subject to alteration, are the terms and conditions of the Securities which will be endorsed on the Global Security:*

The Securities are constituted by the Trust Deed. The issue of the Securities was authorised pursuant to resolutions of the Board of Managing Directors of the Issuer passed on 22 November 2005. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection during normal business hours by the Holders at the registered office of the Trustee, being at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and at the specified office of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement applicable to them.

### 1. Form, Denomination and Title

*(a) Form and Denomination*

The Securities are in bearer form and shall be in denominations of EUR 50,000 each. The Securities will be represented by a Global Security without Coupons, in the principal amount of EUR 150,000,000. The Global Security will be deposited with Euroclear Netherlands and thereby become subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*, "**WGE**"). The Global Security will not be exchangeable for definitive bearer Securities.

*(b) Transfer and Title*

Interests in the Global Security will be transferable only in accordance with the provisions of the WGE and the rules and procedures for the time being of Euroclear Netherlands and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) Securities, in the open market or otherwise must be effected through participants of Euroclear Netherlands. The bearer of a Global Security will be the only person entitled to receive payments in respect of the Global Security. Each person who is for the time being shown in the records of Euroclear Netherlands or any of its participants as the holder of a particular nominal amount of such Securities (each an 'Accountholder') (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on the Securities, for which purpose the bearer of the Global Security shall be treated by the Issuer and the Paying Agent as the holder of such Securities in accordance with and subject to the terms of the Global Security.

### 2. Status

*(a) Status and Subordination of the Securities*

The Securities constitute direct, unsecured, subordinated securities of the Issuer and rank pari passu without any preference among themselves.

(b) (i) *Condition of Payment by the Issuer:* Payments in respect of the Securities (and the issue of Ordinary Shares in accordance with Condition 6) are conditional upon the Issuer not being subject to a Regulatory Event at the time of payment (or at the time of issue of such Ordinary Shares) and no principal or Payments shall be due and payable

in respect of the Securities (including the issue of Ordinary Shares in accordance with Condition 6) except to the extent that the Issuer is not subject to a Regulatory Event and could make such payment (or make such issue of Ordinary Shares) and still not be subject to a Regulatory Event.

For the purposes of this Condition 2(b)(i) any reference to a payment by the Issuer in respect of a Security shall be deemed to include a redemption or purchase of such Security by the Issuer.

*(ii)* *Winding-Up Claims of the Issuer:* Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b)(i) are not satisfied on the date up on which the same would otherwise be due and payable ('Winding-Up Claims') will be payable by the Issuer in a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer as provided in Condition 3 and on any redemption pursuant to Condition 7(b), 7(c) or 7(d). A Winding-Up Claim shall not bear interest.

*(iii)* *Set-off:* Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the bearer of any Security, be deemed to have waived all such rights of set-off.

## 3. Winding-up

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution), there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) a winding-up amount. The Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

In a winding-up of the Issuer, Holders of the Securities will only have a claim for payment in full or part of principal and Deferred Coupon Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments.

## 4. Deferrals

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. Without prejudice to the generality of Condition 2 and subject to Condition 4(c), the Issuer must or may defer a Coupon Payment and any other Payment in the following circumstances:

*(a)* *Mandatory Deferral of Payments*

(i) Subject to Condition 4(c) if, on the 20th Business Day preceding the date on which any Payment would, in the absence of deferral in accordance with this Condition 4, be due and payable, the Mandatory Deferral Condition is met, any such Payment must (subject to Condition 6) be deferred by the Issuer giving notice (a 'Deferral Notice') to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such date.

Subject to Condition 4(c), if, following the deferral of a Payment by the Issuer under this Condition 4(a)(i), the Mandatory Deferral Condition is no longer met on the 20th Business Day preceding a Coupon Payment Date, then the Issuer shall satisfy such Payment on the relevant Deferred Coupon Satisfaction Date having given, not less than 16 Business Days prior to the Deferred Coupon Satisfaction Date, notice to the Trustee, the Holders and the Calculation Agent that it will satisfy such Payment on such date.

(ii) The Issuer shall not satisfy such Payment on the relevant Deferred Coupon Satisfaction Date referred to in Condition 4(a) (i) above, if:

(1) it has previously elected to satisfy such Payment earlier (provided that, at the time of satisfying such payment, the Mandatory Deferral Condition fails to be met) by delivering a notice to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date that it will satisfy such Payment on such date; or

(2) it validly elects to defer under Condition 4(b) the Payment which would otherwise have been satisfied under Condition 4(a) (i).

(iii) If any Payment is deferred pursuant to this Condition 4(a) then no amount will be payable by way of interest on any such deferred Payment, save as provided in Condition 6(e).

Any such deferred Payment shall be satisfied from the proceeds of the issue of Holding Ordinary Shares in accordance with Condition 6.

*(b) Optional Deferral of Payments*

(i) Subject to Condition 4(c), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4, be due and payable, defer all or part of such Payment by giving a notice (also a 'Deferral Notice') to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(c), the Issuer may then satisfy any such Payment at any time by means (and, unless the prior consent of the relevant regulator is obtained, only by means) of an issue by the Holding of Holding Ordinary Shares in accordance with Condition 6 upon delivery of a notice to the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.

(ii) If any Payment is deferred pursuant to this Condition 4(b) then such deferred Payment shall bear interest at the Applicable Coupon Rate from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

*(c) Mandatory Payments and Mandatory Partial Payments*

The Issuer may give a Deferral Notice under Condition 4(a) and 4(b) above in its sole discretion and for any reason, except that a Deferral Notice as to a Payment required to be paid pursuant to (i), (ii) or (iii) below shall have no force or effect.

The Issuer will be required to make payments on the Securities in the following circumstances:

(i) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition.

The Issuer may satisfy its obligations to pay such Deferred Coupon Payment only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Mandatory Partial Payment payable on a Mandatory Partial Payment Date that coincides with the date on which such Deferred Coupon Payment has become mandatory due and payable in full.

(ii) If a Mandatory Payment Event occurs, then subject as provided in the next sentence, the Coupon Payments payable on the next Coupon Payment Date (or after the first Reset Date, each of the four Coupon Payment Dates) will be mandatorily due and payable in full on such next Coupon Payment Dates (or, after the first Reset Date, the next four Coupon Payment Dates), notwithstanding any Deferral Notice as to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. If, after the First Reset Date, the Mandatory Payment Event is a payment on a Junior Security or on a Junior Guarantee or on a security benefiting from a Junior Guarantee which in each case is in respect of a semi annual dividend, then the Coupon Payments payable on only the next two Coupon Payment Dates (instead of the next four Coupon Payment Dates) will be due and payable in full on such Coupon Payment Dates notwithstanding any Deferral Notice as to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. The Issuer is permitted, but shall not be required, to satisfy its obligation to make the Coupon Payment payable on such Coupon Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism.

(iii) If a Mandatory Partial Payment Event occurs, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Security, notwithstanding any Deferral Notice or an occurrence of the Mandatory Deferral Condition. Such Mandatory Partial Payments shall be payable on the immediately next Coupon Payment Date (or, after the first Reset Date, such Mandatory Partial Payments shall be payable on each of the four consecutive Coupon Payment Dates, the immediately next two consecutive Coupon Payment Dates or the immediately next Coupon Payment Date, as the case may be, after the occurrence of such Mandatory Partial Payment Event, depending on whether the Parity Securities pay dividends or income distributions on an annual basis, semi annual basis or a quarterly basis, as the case may be). The Issuer is permitted, but shall not be required, to satisfy its obligation to pay any Mandatory Partial Payments in accordance with the Alternative Coupon Satisfaction Mechanism.

*(d) Dividend Stopper*

Each of the Issuer and the Holding have agreed that if the Issuer defers a payment for any reason as described above then, while any payment is so deferred, it will not recommend to its respective shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or Mandatory Partial Payment Event.

## 5. Coupon Payments

*(a) Coupon Payment Dates*

Subject to Condition 4(b)(ii), the Securities bear interest at the Fixed Coupon Rate from (and including) the Issue Date to (but excluding) the First Reset Date and at the Floating Coupon Rate from (and including) the First Reset Date. Such interest will (subject to Conditions 2(b)(i), 4(a), 4(b), 6(d) and 6(e)) be payable on each Coupon Payment Date. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

If any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the preceding Business Day.

*(b) Coupon Rate*

The Coupon Rate payable from time to time in respect of the Securities will be determined on the basis of the following provisions:

(i) The Fixed Coupon Rate in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date is 4.855 per cent. per annum.

(ii) The Floating Coupon Rate in respect of each Coupon Period commencing on any Reset Date shall be the aggregate of 2.32 per cent. per annum and Three Month EURIBOR in respect of such Coupon Period (as determined by the Calculation Agent on the relevant Interest Determination Date).

*(c) Determination and Publication of Coupon Rate and Coupon Amounts*

The Calculation Agent will, upon the determination of each Floating Coupon Rate pursuant to Condition 5(b)(ii), calculate the Coupon Amount and cause the Floating Coupon Rate and each Coupon Amount payable in respect of a Coupon Period to be notified to the Trustee, the Issuer, the Principal Paying Agent, Euronext Amsterdam N.V. and the Holders and to be published on the website of the Issuer as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

Whenever it is necessary to calculate an amount of interest in respect of any Security for a period and such period ends prior to the First Reset Date, such interest shall be calculated by applying the Fixed Coupon Rate to the principal amount of such Security, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

Whenever it is necessary to calculate an amount of interest in respect of any Security for a period and such period begins on or after the First Reset Date, such interest shall be calculated by applying the Coupon Rate prevailing for such period to the principal amount of such Security, multiplying such sum by the actual number of days in the relevant period divided by 365 or, in the case of a period falling in a leap year, 366, and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

*(d) Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason (i) determine the Coupon Rate in accordance with Condition 5(b)(ii), or (ii) calculate a Coupon Amount in accordance with Condition

5(c), the Trustee or an agent on its behalf shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(d) by or on behalf of the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Holders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 6. Alternative Coupon Satisfaction Mechanism

*(a) Alternative Coupon Satisfaction Mechanism*

If any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) is to be made, it will be satisfied using the Alternative Coupon Satisfaction Mechanism. In addition the Issuer may elect to satisfy its obligation to make any Payment (other than Deferred Coupon Payments and a payment of principal) to holders by using the Alternative Coupon Satisfaction Mechanism. "**Alternative Coupon Satisfaction Mechanism**" means that the relevant payment is satisfied through the application of cash proceeds of an issue by the Holding of Holding Ordinary Shares, for subscription on a corresponding issue by the Issuer of Ordinary Shares to the Holding for cash as required to provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment, in accordance with and subject to the following provisions of this Condition 6. Investors will always receive payments made in respect of Securities in cash.

If the Issuer uses the Alternative Coupon Satisfaction Mechanism, the Issuer shall notify the Holding, the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Coupon Payment Date. In the absence of or save to the extent of such election and issue, subject to Condition 4(a) (*Mandatory Deferral of Payments*) and Condition 4 (b) (*Optional Deferral of Payments*), Payments must be satisfied in accordance with Condition 8(a), provided that if under Condition 4(a) (*Mandatory Deferral of Payments*) the Mandatory Deferral Condition is met the relevant Payment must be deferred unless (i) the Issuer is no longer subject to a Regulatory Event or (ii) a Mandatory Payment Event or a Mandatory Partial Payment Event occurs.

*(b) Issue of shares*

If any Payment is to be satisfied through the application of cash proceeds from the issue of Holding Ordinary Shares by the Holding and the corresponding issue of Ordinary Shares by the Issuer to the Holding then, subject to Conditions 6(d) and 6(e):

(i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date or Deferred Coupon Satisfaction Date the Holding will issue such number of Holding Ordinary Shares and the Issuer will issue such number of Ordinary Shares (the 'Payment Ordinary Shares') as, in each case, in the determination of the Calculation Agent, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6;

(ii) if, after the operation of the above procedures, there would in the opinion of the Calculation Agent be a shortfall on the date on which the relevant Payment is due, the Holding shall issue further Holding Ordinary Shares and the Issuer shall issue further Ordinary Shares to the Holding, each in accordance with the provisions of the Trust Deed to ensure that a sum at least equal to the relevant Payment is available to make the Payment in full on the relevant due date provided that if, despite the operation of the aforementioned provisions, such a shortfall exists

on the relevant due date the Issuer or the Holding may, in accordance with the provisions of the Trust Deed either pay an amount equal to such shortfall as soon as practicable to the Trustee or continue, to issue Ordinary Shares or Holding Ordinary Shares until the Principal Paying Agent shall have received funds equal to the full amount of such shortfall.

*(c) Receipt of cash proceeds in respect of Issue of Holding Ordinary Shares satisfies Payment*

Where the Issuer either elects or is required to make a Payment hereunder by application of the cash proceeds of an issuance by the Holding of Holding Ordinary Shares and a corresponding issuance by the Issuer of Ordinary Shares to the Holding and each of Holding and the Issuer in accordance with its obligations under the Trust Deed issues such shares, the cash proceeds of such issue by the Holding shall, subject to condition 6(e), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in (d) below, the relevant part of such Payment.

*(d) Insufficiency*

(i) If the Issuer is to satisfy a Payment in accordance with this Condition 6 and the Holding and/or the Issuer does not, on the date when the number of Holding Ordinary Shares and Ordinary Shares required to be issued is determined in accordance with this Condition 6, have sufficient number of Holding Ordinary Shares and/or Ordinary Shares, as the case may be, available for issue, then the Issuer and/or the Holding shall notify the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders that all or part, as the case may be, of the relevant Payment cannot be so satisfied due to the events described in this paragraph. In this case the Payment or part thereof shall be satisfied following the date of the next annual general meeting or extraordinary general meeting of shareholders of the Issuer and/or the Holding, as the case may be, at which a resolution is passed making a sufficient number of Holding Ordinary Shares and/or Ordinary Shares, as the case may be, available to satisfy all or such part of the relevant Payment provided that if the number of Holding Ordinary Shares and/or Ordinary Shares, as the case may be, authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant Payment then those Holding Ordinary Shares and/or Ordinary Shares, as the case may be, so issued shall be applied by the Issuer in part satisfaction of all or such part of the relevant Payment. Following the passage of any such resolution, the Issuer shall notify the Trustee, the Paying Agent, the Calculation Agent and the Holders of the date upon which the relevant Payment or, as the case may be, the part thereof is to be made in accordance herewith on not less than 16 Business Days' notice. The relevant Payment or, as the case may be, the part thereof which is not so satisfied shall, unless it is a required Deferred Coupon Payment which had been deferred under Condition 4(a) and has not been subsequently either satisfied or deferred in accordance with Condition 4(b), continue to accrue interest at the rate specified in Condition 4(b)(ii) from (and including) the date on which Payment would otherwise have been due to (but excluding) the date on which such Payment or part thereof is satisfied or, in the event of a Market Disruption Event, the date on which such Payment or part thereof would, but for the occurrence of such Market Disruption Event, have been satisfied (from which date interest (if any) will accrue on such Payment as provided in Condition 6(e)).

(ii) If, in the case of an insufficiency of Holding Ordinary Shares and/or Ordinary Shares, as the case may be, the Holding and/or the Issuer, as the case may be, does not hold an annual general meeting within 6 months of giving the above first-mentioned notice, at which a resolution to make a sufficient number of Holding Ordinary Shares and/or Ordinary Shares, as the case may be, so available is proposed, the Trustee shall by notice require the Holding and/or the Issuer, as the case may be, to convene an extraordinary general meeting at which such a resolution shall be proposed on a date falling within 10 weeks of such notice from the Trustee.

(iii) In the event that any such resolution proposed at any such annual general meeting or extraordinary general meeting of the Holding and/or the Issuer, as the case may be, is rejected, such resolution will be proposed at each annual general meeting or any extraordinary general meeting of the Holding and/or the Issuer, as the case may be, thereafter until such time as such resolution has been passed by the shareholders of the Holding and/or the Issuer, as the case may be.

*(e) Market Disruption*

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Holding (subject, where necessary, to determinations made by the Calculation Agent), a Market Disruption Event on or after the 15th Business Day preceding any date upon which a Payment or, in the case of an insufficiency as provided in paragraph (d) above, part thereof is due to be made or satisfied in accordance with this Condition 6, then the Holding may give a notice to the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant Payment shall be deferred until such time as (in the opinion of the Issuer) the Market Disruption Event no longer exists.

Any such deferred Payment or part thereof will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment or part thereof unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment or part thereof for a period of 14 days or more after the due date therefore, in which case interest shall accrue on such deferred Payment or part thereof from (and including) the date on which the relevant Payment or part thereof was due to be made to (but excluding) the date on which such Payment or part thereof is made. Any such interest shall accrue at the rate provided for in Condition 5 and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made.

*(f) Certification to Trustee*

The Issuer and the Holding will certify to the Trustee that the proceeds used to make any Deferred Coupon Payment have been funded through the issue by the Holding of Holding Ordinary Shares, and a corresponding issue by the Issuer of Ordinary Shares to the Holding which will provide the cash amount due in respect of the Deferred Coupon Payment.

**7. Redemption and Purchases**

*(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 2 and 3 and without prejudice to the provisions of Condition 12) only have the right to repay them in accordance with the following provisions of this Condition 7.

*(b) Issuer's Call Option*

Subject to Condition 2(b)(i) and prior consent of the Dutch Central Bank, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect to redeem all, but not some only, of the Securities on the Coupon Payment Date falling on 14 December 2015 or any Coupon Payment Date thereafter at their principal amount together with any Outstanding Payments.

*(c) Redemption due to Taxation*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the next due date for a Coupon Payment:

(i) the Issuer would, for reasons outside its control, be unable to make such payment without being required to pay additional amounts as provided or referred to in Condition 11; or

(ii) payments of amounts in respect of interest on the Securities including, for the avoidance of doubt, the issue of Holding Ordinary Shares pursuant to Condition 6, may be treated as 'distributions' within the meaning of Section II of the Dividend Withholding Tax Act 1965 (Wet op de dividendbelasting 1965) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith) deems appropriate; or

(iii) as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by Statutory Instrument on or after 26 October 2004, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the payment of interest is to be satisfied by the issue of Holding Ordinary Shares;

then the Issuer may (subject to Condition 2(b)(i) and prior consent of the Dutch Central Bank), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time all, but not some only, of the Securities at their principal amount together with any Outstanding Payments.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by a member of the Executive Board of the Issuer stating that the relevant requirement or circumstance referred to in paragraphs (i), (ii) or (iii) above is satisfied and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

*(d) Redemption for Regulatory Purposes*

If the Issuer notifies the Trustee immediately prior to the giving notice referred to below that the Dutch Central Bank has determined that securities of the nature of the Securities cease to qualify as Tier 1 Capital of the Issuer (or instruments of a similar nature which qualify as core capital) for the purposes of applicable adequacy regulations (a "Capital Disqualification Event"), then the Issuer may (subject to the prior consent of the Dutch Central Bank) and Condition 2(b)(i)), having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders redeem, in accordance with these

Terms and Conditions, at any time all, but not some only, of the Securities at their principal amount together with any Outstanding Payments.

*(e) Purchases*

The Issuer, may (subject to Condition 2(b)(i)) at any time purchase Securities in any manner and at any price.

*(f) Cancellation*

Cancellation of any Securities so redeemed by the Issuer will be effected by reduction in the principal amount of the Global Security and may not be reissued or resold. Securities purchased by the Issuer, may be held, reissued, resold or, at the option of the Issuer, be cancelled by decreasing the number of Securities represented by the Global Security by an equal number. Any Securities so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

**8. Payments**

*(a) Method of Payment*

(i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in euro and will be calculated by the Calculation Agent and effected through the Paying Agents.

Payments of redemption amounts and interest in respect of the Securities 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 Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Global Security by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities.

(ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (aa) a Paying Agent having a specified office in the Netherlands and (bb) a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 16.

*(b) Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

*(c) Payments on Payment Business Days*

The Global Security may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom the Global Security is presented for payment and (ii) the Trans-European Real-time Gross settlement Express Transfer (TARGET) System

is operating. No further interest or other payment will be made as a consequence of the day on which the Global Security may be presented for payment under this paragraph falling after the due date.

**9. Reservation of Ordinary Shares and Holding Ordinary Shares**

Each of the Issuer and the Holding shall, from time to time, keep available for issue such number of Ordinary Shares and Holding Ordinary Shares as it reasonably considers would be required to be issued in order to satisfy the requirement to issue Payment Ordinary Shares in accordance with Condition 6 in connection with the next Coupon Payment (or next four Coupon Periods following the First Reset Date).

No damages will be payable for breach of this covenant but, in the event of breach by the Issuer or the Holding of this Condition 10, the Trustee may require that the Issuer or the Holding, as the case may be, holds as soon as practicable an extraordinary general meeting of the shareholders of the Issuer or the Holding, as the case may be, at which a resolution is passed to remedy the breach.

The Trustee shall not be obliged to monitor compliance by the Issuer or the Holding with this Condition and shall be entitled to assume, unless it has actual knowledge to be contrary, that the Issuer is complying with its obligations under this Condition.

**10. Non-Payment when Due**

*Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment has become due. Pursuant to Condition 2(b) and subject as provided in the next sentence no principal or Payment will be due by the Issuer if the Issuer is not solvent or would not be solvent if payment of such principal or Payment was made. Also, in the case of any Payment, such Payment will not be due if the Issuer has elected to defer that Payment pursuant to Condition 4(a) or 4(b) or if the circumstances referred to in any of Conditions 6(d) or 6(e) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.*

(a) If the Issuer shall not make payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed, and the Securities and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 10, institute proceedings in the Netherlands (but not elsewhere) for the winding-up of the Issuer.

(b) Subject as provided in Condition 9, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Securities (other than for the payment of any principal or satisfaction of any Payments in respect of the Securities, including any payment under Clause 2.6 of the Trust Deed) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Securities unless (i) it shall have been so requested by an Extraordinary Resolution or in writing by the holders of at least one-fifth in principal amount of the Securities then outstanding and (ii) it shall have been indemnified to its satisfaction.

(d) No Holder shall be entitled to proceed directly against the Issuer, or to institute proceedings for the winding-up of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer shall be available to the Trustee or any Holder (i) for the recovery of amounts owing in respect of the Securities (including any payment under Clause 2.6 of the Trust Deed), other than the institution of proceedings in the Netherlands (but not elsewhere) for the winding-up of the Issuer and/or proving in such winding-up and (ii) for the breach of any other term under the Trust Deed, the Securities other than as provided in paragraph (b) above.

## 11. Taxation

All payments by the Issuer of principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Payments, Mandatory Partial Payments, Accrued Coupon Payments and Winding-Up Claims in respect of the Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Securities in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Security:

(i) to or to a third party on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of such Holder or, as the case may be, having some connection with the Netherlands other than the mere holding of such Security; or

(ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iii) to, or to a third party on behalf of, a Holder, that is a partnership, or a Holder, that is not the sole beneficial owner of the Security or which holds the Security in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

(iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Terms and Conditions to principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Partial Payments and/or Accrued Coupon Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefore pursuant to the Trust Deed.

In the event that any payment is satisfied through the issue of Ordinary Shares and Holding Ordinary Shares pursuant to Condition 6, then any additional amounts which are payable shall also be satisfied from the proceeds of the issue of Ordinary Shares and Holding Ordinary Shares.

## 12. Prescription

Claims for payment in relation to Securities will become void unless exercised within a period of 5 years from the due date thereof.

## 13. Meetings of Holders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution of modification of any of these Terms and Conditions or any of the provisions of the Securities, or the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on all Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trustee may agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 16.

As provided in the Trust Deed, the Trustee may agree with the Issuer, without the consent of the Holders to substitution on a subordinated basis equivalent to that referred to in these Terms and Conditions of any holding company of the Issuer, any subsidiary of such holding company, any Subsidiary, any successor in business of the Issuer or any subsidiary of any successor in business of the Issuer (the 'Substituted Issuer') in place of the Issuer (or any previous Substituted Issuer under this Condition 13) as a new issuing party under the Trust Deed, the Securities and the Coupons. In connection with any proposed substitution as aforesaid and in connection with the exercise of its functions, the trustee shall have regard to the interests of the Holders as a class and the Trustee shall not have regard to the consequences of such substitution for individual Holders resulting from in particular their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already

provided for in Condition 11 and/or any undertaking given in addition thereto or in substitution therefore under the Trust Deed.

## 14. Replacement of the Global Security

Should the Global Security, be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 16) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Global Security must be surrendered before any replacement Global Security will be issued.

## 15. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, without accounting for any profit resulting therefrom.

## 16. Notices

Notices to Holders may be given by the delivery of the relevant notice to Euroclear Netherlands except for so long as the Securities are listed on Eurolist by Euronext Amsterdam N.V. and the rules of Euronext Amsterdam so require, notices shall also be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) and a newspaper having general circulation in The Netherlands most likely to be *Het Financieele Dagblad*. Any such notice shall be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Any Notice delivered to Euroclear Netherlands shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

## 17. Further Issues

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that the same shall be consolidated and form a single series with the outstanding Securities. Any such Securities shall be constituted by a deed supplemental to the Trust Deed.

## 18. Agents

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Calculation Agency Agreement or the Agency Agreement, as appropriate, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Holders. None of the Issuer, the Trustee and the Paying Agents

shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

**19. Governing Law and Jurisdiction**

(a) The Trust Deed and the Securities, are governed by, and shall be construed in accordance with, the laws of the Netherlands.

(b) The Courts of the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and the Securities, and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, and the Securities may be brought in such courts.

**20. Definitions**

In these Terms and Conditions:

'**Accrued Coupon Payment**' means, as at any time, where these Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Security the amount of interest accrued thereon in accordance with Conditions 4(b), 5, 6(d) and 6(e);

'**Agency Agreement**' means the agency agreement dated 14 December 2005 between the Issuer, the Trustee and the Paying Agents relating to the Securities under which each Paying Agent agrees to perform the duties required of it under these Terms and Conditions;

'**Applicable Coupon Rate**' means in relation to any Payment deferred pursuant to Condition 4(b) or Condition 6(e), either the Fixed Coupon Rate or Floating Coupon Rate payable on the Securities as determined by the Calculation Agent in accordance with Condition 5(b)(ii) for the Coupon Periods during which such Payment is deferred;

'**Business Day**' means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

'**Calculation Agency Agreement**' means the calculation agency agreement dated 14 December 2005 between the Issuer, the Trustee and the Calculation Agent, relating to the Securities under which the Calculation Agent agrees to perform the duties required of it under these Terms and Conditions;

'**Calculation Agent**' means, as calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Calculation Agency Agreement;

'**Coupon Amount**' means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 7(c) and 7(d), any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5(b);

'**Coupon Payment**' means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

'**Coupon Payment Date**' means for the period from (and including) the Issue Date on 14 December 2005 to (but excluding) the First Reset Date on 14 December 2015, 14 December in each year, starting 14 December 2006 and thereafter 14 March, 14 June, 14 September and 14 December in each year starting 14 March 2016;

'**Coupon Period**' means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

'**Coupon Rate**' means either the Fixed Coupon Rate or the prevailing Floating Coupon Rate each as described in Condition 5(b);

'**Deferred Coupon Payment**' means:

(i) any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) (Mandatory Deferral of Payments) and has not subsequently been either (x) satisfied or (y) deferred in accordance with Condition 4(b) (Optional Deferral of Payments); or

(ii) any Payment, or part thereof, which, pursuant to Condition 4(b) the Issuer has elected to defer and which has not been satisfied;

'**Deferred Coupon Satisfaction Date**' means:

(i) with respect to a deferral under Condition 4(a)(i), the Coupon Payment Date following the 19th Business Day after the Mandatory Deferral Condition fails to be met or, if earlier, the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(a)(ii); or

the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(b); or

the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

'**First Reset Date**' means 14 December 2015;

**'Fixed Coupon Rate'** has the meaning ascribed to in Condition 5(b)(i);

**'Fixed Day Count Fraction'** means the actual number of days in the period from and including the date from which interest begins to accrue for the relevant period of calculation (the *''Accrual Date''*) to but excluding the date on which it falls due divided by the actual number of days from and including the Accrual Date to but excluding the next following Coupon Payment Date;

**'Floating Coupon Rate'** has the meaning ascribed to in Condition 5(b)(ii);

'**Holder'** means the bearer of any Security;

'**Holding'** means Van Lanschot N.V.;

'**Holding Ordinary Shares**' means ordinary shares of Holding or depository receipts issued in respect of such Holding Ordinary Shares as the context may require;

'**Interest'** shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

'**Interest Determination Date**' means the second Business Day before the commencement of each Coupon Period;

'**Issue Date**' means 14 December 2005, being the date of initial issue of the Securities;

'**Issuer'** means F. van Lanschot Bankiers N.V.;

'**Junior Guarantee**' means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking on a winding-up of the Issuer or in respect of distributions or payment of dividends or any other payment thereon equal to the Junior Securities;

'**Junior Securities**' means the Ordinary Shares or any other securities of the Issuer which rank as regards distributions on a return of assets on a winding-up of the Issuer or in respect of distributions or payment of dividends or any other payments thereon equal to the Ordinary Shares;

the **'Mandatory Deferral Condition'** will be met if, in the determination of the Issuer, on the Relevant Date, the Issuer is, or payment of the relevant Payment by the Issuer will result in the Issuer being subject to a Regulatory Event;

**'Mandatory Partial Payment'** payable on any Coupon Payment Date means a payment in respect of each Security in an amount that results in payment of a proportion of a full Coupon Payment on the Security on such Coupon Payment Date equal to the proportion of a full dividend on the relevant Parity Securities and/or payment on the relevant Parity Guarantee paid on the dividend or payment date in respect of the relevant Parity Securities and/or Parity Guarantee immediately preceding;

A **'Mandatory Payment Event'** shall occur if any of the following occurs:

(i) the Issuer declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of its Junior Securities or makes any payment on a Junior Guarantee;

the Holding declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Holding Ordinary Shares) on any of its Holding Ordinary Shares;

any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Junior Guarantee or makes a payment (other than a dividend in the form of Holding Ordinary Shares) on any security issued by it benefiting from a Junior Guarantee; or

the Issuer or any Subsidiary or Undertaking redeems, purchases on otherwise acquires any of the Issuer's Junior Securities, any Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee (other than (1) by conversion into or in exchange for Ordinary Shares, (2) in connection with transactions effected by or for the account of customers of the Issuer or any Subsidiary or in connection with the distribution, trading or market making in respect of those securities, (3) in connection with the satisfaction by the Issuer, the Holding or any Subsidiary of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (4) as a result of a reclassification of the Issuer or any Subsidiary or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, or (5) the purchase of fractional interests in shares of the capital stock of the Issuer or any Subsidiary pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged) for any consideration, or any moneys are paid to or made available for a sinking fund or for redemption of any of any Junior Securities, Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee; (v) the Holding redeems, purchases or otherwise acquires any Holding Ordinary Shares (other than in connection with the hedging or

satisfaction by the Holding of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, directors or consultants);

A **'Mandatory Partial Payment Event'** shall occur if any of the following occurs:

(i) the Issuer declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee; or

any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Parity Guarantee or makes a payment on any security issued by it benefiting from a Parity Guarantee;

'**Market Disruption Event**' means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by Euronext Amsterdam or on settlement procedures for transactions in the Holding Ordinary Shares on Euronext Amsterdam if, in any such case, that suspension or limitation is, in the determination of the Calculation Agent, material in the context of the sale of the Holding Ordinary Shares, or (ii) in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Holding Ordinary Shares or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Ordinary Shares, or (iii) where, pursuant to these Terms and Conditions, moneys are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion;

'**Ordinary Shares**' means ordinary shares of the Issuer or depository receipts issued in respect of such Ordinary Shares as the context may require;

'**Outstanding Payment**' means:

(i) in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, that such payment (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(b)(i) or the deferral, postponement or suspension of such payment in accordance with any of Conditions 4(a), 4(b), 6(d)or 6(e) and (b) in any such case has not been satisfied and;

(ii) in relation to any Accrued Coupon Payment, any amount thereof which has not been satisfied whether or not payment has become due;

'**Parity Securities**' means, in respect of the Issuer any securities of the Issuer which in respect of distributions on a return of assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer rank *pari passu* with the Securities as regards such distributions or payments (which include the outstanding EUR 165,000,000 Perpetual Capital Securities of the Issuer);

'**Parity Guarantee**' means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking which rank on a winding-up of the Issuer or in respect of distributions or payment of dividends or any other payments thereon pari passu with the Securities;

'**Paying Agents**' means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Principal Paying Agent;

'**Payment'** means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

‘**Payment Ordinary Shares**’ has the meaning ascribed to it in Condition 6(b);

‘**Principal Paying Agent**’ means the principal paying agent appointed pursuant to the Agency Agreement;

**‘Reference Banks’** means the five major banks in Euro-zone interbank market as selected by the Principal Paying Agent;

‘**Regulatory Event**’ means that the Issuer shall have been notified in writing by the Dutch Central Bank to the effect that at any Coupon Payment Date, the Issuer ’s capital adequacy ratio would after payment of the Coupon Payment, be less than the minimum capital adequacy requirements as applied and enforced by the Dutch Central Bank or any other appropriate regulator;

‘**Relevant Date**’ means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the ‘Relevant Date’ means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 16, and (ii) in respect of a Winding- Up Claim, the date which is one day prior to the commencement of the winding-up;

**‘Securities’** means the Euro 150,000,000 Perpetual Capital Securities, and such expression shall include, unless the context otherwise requires, any further Securities issued pursuant to Condition 17 and forming a single series with the Securities;

**‘Relevant Screen Page’** means the Reuters page ERIBOR01 or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

**‘Representative Amount’** means an amount that is representative for a single transaction in the relevant market at the relevant time;

'**Reset Date**' means the First Reset Date and each Coupon Payment Date thereafter;

‘**Senior Creditors**’ means (a) all unsubordinated creditors of the Issuer and (b) all subordinated creditors of the Issuer other than those whose claims rank pari passu with or junior to the claims of the holders of the Securities;

‘**Subsidiary’** means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code;

**‘Three Month EURIBOR’** means in relation to a Coupon Period commencing on any Reset Date, the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m. Central European Time (or such other time as may be customary for the daily reset of such rate) on the relevant Interest Determination Date. If such rate does not appear on the Relevant Screen Page on the Interest Determination Date for a Coupon Period, then Three Month EURIBOR for the Coupon Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00 a.m., Central European Time, on the Interest Determination Date in question to prime banks in the Euro-zone interbank market for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount. The Principal Paying Agent shall request the principal Euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of the rates quoted by major banks in the Eurozone selected by the

Principal Paying Agent, at approximately 11.00 a.m. Central European Time, on the first day of the relevant Coupon Periods for loans in euro to leading Euro-zone banks for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount, except that, if the banks so selected by the Principal Paying Agent are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (i) the Floating Coupon rate in effect for the last preceding Coupon Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied or (ii) if none, the Fixed Coupon Rate.

'**Trust Deed**' means the trust deed dated 14 December 2005 between the Issuer and the Trustee;

'**Trustee'** means Amsterdamsch Trustee's Kantoor B.V.;

'**Undertaking**' means a body corporate, partnership, limited partnership, Cooperative or an incorporated association carrying on a trade or business with or without a view to profit in which the Issuer has a direct or indirect financial, commercial or contractual majority interest; and

'**Winding-Up Claim**' has the meaning ascribed to it in Condition 2(b)(ii).

## USE OF PROCEEDS

The net proceeds from the Securities will be applied by the Issuer for its general corporate purposes.

## F. VAN LANSCHOT BANKIERS N.V.

F. van Lanschot Bankiers N.V. (the **'Issuer'** or the **'Bank'**) was incorporated on 1 January 1978, but can be considered to be the oldest independent Dutch bank with a history dating back to 1737. All outstanding shares in the capital of the Issuer are held by the holding company Van Lanschot N.V. and accordingly, Van Lanschot N.V. has complete control over the Bank. Both companies are public companies with limited liability ("*naamloze vennootschappen"*) incorporated and operating under Dutch law and have their statutory seats at 's-Hertogenbosch, the Netherlands. F. van Lanschot Bankiers N.V. is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16038212. Van Lanschot N.V. is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16014051. The address of both Van Lanschot N.V. and the Bank is Hooge Steenweg 27-31, 5211 JN 's-Hertogenbosch, the Netherlands, phone number +31 (0)73 5483911. The date of incorporation of Van Lanschot N.V. is 21 February 1953.

The objects and purposes of the Bank are described in article 2 of its articles of association. The objects of the Bank are to carry on the business of banking and of dealings in Stock Exchange securities, to administer the property of others, to act as insurance agents, to participate in other companies and to perform all kinds of other activities and to render all kinds of other services which are connected therewith or may be conducive hereto, all this to be interpreted in the widest sense. In pursuing the above objects the Bank shall, within the scope of a proper banking management, direct itself to the lasting interest of all those who are associated with the Bank and the business connected with it.

The Bank focuses on providing financial services mainly to high net-worth individuals and to family businesses. Furthermore, the Bank is active in a number of specific client segments, such as institutional clients and – since the acquisition of CenE Bankiers N.V. – the healthcare sector. The Bank provides personal services where other institutions can no longer do so, due to their size. The personal relationship with clients is at the core of the Bank's business. Independence, flexibility and confidentiality are important pillars for how the Bank wants to do business. The co-entrepreneurial approach of the Bank has proved to be the most important link to its corporate clients.

Van Lanschot N.V. has issued a written undertaking of joint and several liability under Section 403, Book 2 of the Netherlands Civil Code. As a consequence thereof, the Issuer does not publish a balance sheet and profit & loss account. The figures stated below refer to the annual report of Van Lanschot N.V. as per 31 December 2004. On the basis of the 403-Statement,Van Lanschot N.V. will be jointly and severally liable with the Issuer for the debts resulting from legal acts of the Issuer. Van Lanschot N.V. will have the right to withdraw the 403-Statement at any time by depositing a declaration to this effect with the Oost-Brabant Chamber of Commerce and Industry. Nevertheless, the liability shall continue in respect of obligations which arise from legal acts performed before the withdrawal could be invoked against a creditor. Van Lanschot N.V. can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403-Statement. Such remaining liability will terminate if certain conditions are met, *inter alia,* that (i) the Issuer no longer belongs to the same group of companies as Van Lanschot N.V. and (ii) a two month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court.

### Regulatory Status

The Issuer qualifies as a credit institution within the meaning of EU directive 2000/12/EC. The Issuer is authorised by the Dutch Central Bank to pursue the business of a credit institution ("*kredietinstelling")* in the Netherlands, in accordance with the Act on the Supervision of the Credit System 1992 ("Wet toezicht kredietwezen 1992"), and is consequently supervised by the Dutch

Central Bank. In addition the Issuer is supervised by the AFM for the purpose of market conduct supervision.

## CAPITALISATION*

The consolidated capitalisation of Van Lanschot N.V. and its subsidiaries as per 30 June 2005 are as follows:

| *(in thousands of euro)* | |
|---|---|
| **Share capital and reserves** | |
| Issued and fully paid | 32,372 |
| Reserves and other securities | 1,042,658 |
| **Group equity** | **1,075,030** |
| Subordinated debt | 289,906 |
| **Total group equity and subordinated debt** | **1,364,936** |
| **Debt securities** | 3,183,026 |
| **Total Capitalisation** | **4,547,962** |

*** Unaudited figures; these figures have derived from the half-year report 2005**

## HISTORY AND STRUCTURE OF THE BANK

The activities of the Bank, which until 1954 operated exclusively from offices in 's-Hertogenbosch, have since spread throughout the Netherlands. The Bank now has 32 branches in the Netherlands and is represented in all major centres of population in the country. Its first subsidiary outside the Netherlands was established during the seventies of the last century, in Curaçao, Netherlands Antilles. In 1989 the Bank started its international private banking activities through a subsidiary in Luxembourg. In 1991 a subsidiary was opened in Belgium. Van Lanschot Belgium operates at present 8 branches and Belgium is the second home market of the Bank. In 1995 F. van Lanschot Bankiers (Schweiz) A.G. began business in Zurich and in September 1996 in Geneva. Thereafter the Bank established a subsidiary on Jersey.

In 2004 the Bank acquired the shares of CenE Bankiers N.V., Utrecht. This is the largest acquisition in the history of Van Lanschot N.V.. CenE Bankiers N.V. provides financial services to high net-worth individuals and medium sized businesses, specialising particularly in healthcare, a segment in which it has a substantial market share. The acquisition of CenE Bankiers N.V. represents an outstanding opportunity for Van Lanschot N.V. to consolidate its position as pre-eminent bank for high net-worth individuals and further expand its business banking operations. The Bank now also operates under the trade name CenE Bankiers.

CenE Bankiers N.V. was acquired for some € 250 million from a subsidiary of ING Groep N.V.. The acquisition and balance sheet of CenE Bankiers N.V. were funded in part by issuing a perpetual loan of € 165 million , issuing new shares of € 41.00 each raising € 139.4 million and issues under the EMTN programme of the Bank. The issue of new shares has led to an increase in the number of tradable shares. This is in line with the Bank's aim of increasing the liquidity of its shares and broadening shareholder base. The share issue attracted great interest from institutional investors and was accordingly oversubscribed many times.

## STRUCTURE OF VAN LANSCHOT N.V.

All outstanding shares in the share capital of the Bank are held by the holding company Van Lanschot N.V.. Van Lanschot N.V.'s only asset, besides a small amount of liquidities placed with the Bank or

intragroup debts, is 100% of the shares of the Bank. There are no other activities within Van Lanschot N.V. other than the 100% holding and liquidities/debts. Thus Van Lanschot N.V. is fully dependent, with regards to its financial position and results, on the Bank. There is no intention to have this situation changed. Van Lanschot N.V. does not and will not make investments. In addition, it does not sell products and/or provide services of any kind.

The objects of Van Lanschot N.V., as described in its articles of association, are to participate in, to manage, to administer and to finance enterprises and companies, and to render services to enterprises and companies, in particular to enterprises and companies whose objects are related to banking, stocks or insurance brokerage, and to engage in any activity which may be related or conducive thereto, including the provision of security of debts of group companies, all this in the widest sense.

The authorised share capital of Van Lanschot N.V. consists of 135,000,000 shares of EUR 1 nominal value each, and is divided into Preference Shares B and C and Ordinary Shares A and B. Preference shares B and C have not been issued. Until 1 January 2005 the share capital also contained Preference Shares A; however, these have been withdrawn as per that date. The outstanding ordinary share capital of Van Lanschot N.V. as per the date of this Prospectus amounts to EUR 32,372,009 and is divided into 13,463,082 Ordinary Shares A and 18,908,927 Ordinary Shares B. The Ordinary Shares A are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot, which has issued depositary receipts for these shares. These depositary receipts are listed on Eurolist by the Euronext Amsterdam. The Ordinary Shares B are held by the other shareholders mentioned below. Under the Articles of Association, the transfer of Ordinary Shares B is subject to the prior approval of the Supervisory Board and the Board of Managing Directors.

| **Ordinary Shareholders** | **Ordinary Shares** | **(Interest in %)** |
|---|---|---|
| **Share capital and reserves** | | |
| Friesland Bank N.V.[1] | 6,227,144 | 19.24% |
| ABP and PGGM | 4,781,744 | 14.77% |
| Delta Lloyd N.V. | 4,214,432 | 13.02% |
| La Dou du Midi B.V. | 3,685,607 | 11.38% |
| Stichting Administratiekantoor van gewone Aandelen A Van Lanschot[2] | 13,463,082 | 41.59% |
| **Total** | **32,372,009** | **100.00%** |

No single shareholder holds a controlling interest. This safeguards Van Lanschot N.V.'s independence and identity.

[1] Friesland Bank N.V. reported an interest in Van Lanschot N.V. under the Major Holdings in Listed Companies Act in November 2004. On the assumption that since that announcement Friesland Bank did not make any changes in the number of Ordinary Shares B and depositary receipts it holds, Friesland Bank's interest is 27.11% (19.24% in the form of Ordinary Shares B and 7.87% in the form of depositary receipts).

[2] Including a 5% interest held by SNS Reaal Groep N.V. and the depositary receipts for ordinary shares which Friesland Bank N.V. holds in addition to the aforementioned interest in registered shares.

**BOARD PRACTICES OF VAN LANSCHOT N.V.**

Van Lanschot N.V. concurs with the principles of good entrepreneurship and proper supervision of integrity and transparency in the Board of Managing Directors's decision-making that form the basis of the Dutch Corporate Governance Code (the "**Code**").

Van Lanschot N.V.'s articles of association have been amended to bring them in line with new legislation regarding the two-tier regime *("structuurregime")* that became effective as of 1 October 2004. In addition, the articles of association were also aligned with the Code where desirable. Also, new regulations have been drawn up for the Supervisory Board, the Board of Managing Directors, the Audit & Compliance Committee, the Selection and Remuneration Committee and the Credit and Risk Committee. The articles of association and the regulations may be consulted on Van Lanschot N.V.'s website at www.vanlanschot.com.

Van Lanschot N.V. does not comply with the Code completely. Instead of a remuneration committee and a separate selection and appointments committee as prescribed in principle III.5 of the Code, Van Lanschot N.V.'s Supervisory Board has instituted a Selection and Remuneration Committee. The Chairman and Deputy Chairman of the Supervisory Board are responsible for matters relating to the selection, appointment and remuneration of members of the Board of Managing Directors. The Supervisory Board does not deem it desirable to assign these closely interrelated responsibilities to separate committees. In accordance with the Code, the Chairman of the Supervisory Board can not be chairman of the Selection and Remuneration Committee. The Code has been implemented entirely in the regulations of the Audit and Compliance committee and the Credit and Risk commission.

Another issue, which is currently not in compliance with the Code is the issue of the conversion of Ordinary Shares A. This conversion of Ordinary Share A into depositary receipts serves not only to prevent absenteeism in the General Meeting of Shareholders but in part also to enhance the position of (smaller) shareholders vis-à-vis the larger shareholders who (often in addition to depositary receipts for Ordinary Shares A) hold Ordinary Shares B. In that respect the conversion of the Ordinary Shares A also serves as an anti-takeover measure; this is in contravention to principle IV.2 of the Code.

However, Van Lanschot N.V. has reported in its results of the first half year of 2005 that the Supervisory Board and the Board of Managing Directors decided to eliminate, following consultations with the Board of Stichting Administratiekantoor Gewone Aandelen A Van Lanschot, the protective function of issuing depositary receipts for shares. Van Lanschot does intend to retain depositary receipts, but is prepared to arrange that holders of depositary receipts will be granted voting powers **at all times**. In connection herewith the 1% provision in the articles of association of Van Lanschot N.V., that limits the transferability of the Van Lanschot shares and therefore the exercise of voting powers, will be abolished.

This means a single protective measure as referred to in Annexe X to the Securities Listing Rules will remain in place, namely the option of issuing preference shares C. Van Lanschot aims to increase the authorisation of the Stichting Preferente Aandelen C to issue protective preference shares from 50% to 100% of the issued share capital. In line with conventional practice, Van Lanschot will propose that the period within which it is required to submit a proposal for cancellation of the protective preference shares to the meeting of shareholders be shortened from 24 to 12 months.

Further issues covered by the Code are regulations regarding agreements with the members of the Board of Managing Directors, among others the appointment of a managing director for a period of four years. Contracts of employment with Members of the Board of Managing Directors have been entered into for indefinite periods and contain various employment law provisions on termination. The contracts concluded with them do not provide for severance compensation payable by Van Lanschot N.V. upon their dismissal. Dismissal as managing director of Van Lanschot N.V. by the Supervisory

Board is possible at any time without the Supervisory Board being held to a period of notice. In the event of termination of the contract of employment on part of Van Lanschot N.V., the final decision on the amount of severance compensation will rest with the courts, should the parties be unable to reach agreement. If no specific contractual arrangements have been agreed in this respect, efforts to reach agreement will be guided by what Van Lanschot N.V. deems a reasonable compensation in the case concerned that can also be defended in court. To that extent Van Lanschot N.V. can only concur with Best Practice provision II.2.7 insofar as it is in line with the laws in force in the Netherlands.

The Supervisory Board reviews, on an annual basis and more frequently if necessary, the performance of the Board of Managing Directors as a whole as well as that of its members individually in one of its meetings. This review can lead to the conclusion that the contract of employment with a managing director needs to be terminated, in which case the Board will proceed to dismiss him if possible in consultation with the managing director. As the Code prescribes a four-year term of office for managing directors under the articles of association, we will seriously consider applying a four year term of office when appointing new members of the Board of Managing Directors.

Mr Idzerda joined the Board of Managing Directors on 20 October 2004, aged 58 at that date. His retirement date has been set on the first day of the month in which Mr Idzerda reaches the age of 62, i.e. 1 October 2008. Accordingly, an appointment for a four-year term of office has de facto been made in his case. Mr. Deckers informed the Supervisory Board that he agreed with an appointment for a term of office of four years, in accordance with which he will relinquish his position with effect from year-end 2007, when we may decide whether or not to re-appoint him. Mr. Loven has been appointed on 1 augustus 2005 for a period of 4 years.

The Audit and Compliance committee is a permanent commission, existing of members of the Supervisory Board. It has the duty to advise the Supervisory Board on financial reports, internal and external audit reports and compliance matters of F. Van Lanschot N.V. and its subsidiaries (including the Bank) and on investment funds which are under the supervision of the aforementioned companies. In principal, the Audit and Compliance committee consists of three members. The current members of the Audit and Compliance committee are Mr. M.W. Dekker, Mr. H.J. Bierma and Mr. C.W. De Monchy.

The Audit and Compliance committee can only exercise the powers it is explicitly provided with or the powers delegated to it by the Supervisory Board. The Audit and Compliance committee can never exercise more powers than the entire Supervisory Board, or the Supervisory Board has provided with or delegated to the Audit and Compliance committee. Accordingly, the Audit and Compliance committee only acts as advisor of the Supervisory Board.

The Audit and Compliance committee meets at least three times a year. These meetings are joined by members of the Board of Managing Directors, external auditors, the director Financial Control and Risk Management and, if necessary, by the Group Compliance Officer. The Audit and Compliance committee reviews the annual and half yearly reports and comments on the auditor's reports. Furthermore, the Audit and Compliance committee reviews periodical control reports of the Group Audit, current legal issues, procedures and disputes and the reports of the Group Compliance Officer.

Van Lanschot N.V. will continually consider the principles and provisions of the Code, and any significant changes in terms of corporate governance structure or compliance with the code will be submitted to the General Meeting of Shareholders.

**Strategic objectives**

The Bank is an independent, medium-sized bank that focuses on providing services to high net-worth individuals, (medium-sized) family businesses, the health care sector and institutional investors.

The personal way in which the Bank provides services and the short lines within the organisation, offering flexibility and tailor-made solutions for its clients, is what distinguishes the Bank from other banks. The Bank excels in those services which large banks cannot or cannot easily provide because of their size. Therefore, clients who choose the Bank do so consciously, as an alternative for the large banks.

The position of the Bank as an alternative for the large banks is the most important reason why independence is a strategic objective, since belonging to a group in the financial sector – even as a separate label – inevitably results in full integration, prompted by the structural excess capacity in the industry, the great deal of attention necessarily paid to risk management and the centralised set-up of supervisory bodies. Integration of this kind is at odds with clients' wishes, is not the reason why employees chose the Bank and – in the opinion of the Bank – will not result in additional value for the shareholders of the Bank in the medium term.

The aforementioned characteristics also imply a ceiling for the Bank's growth possibilities: choosing an alternative is only valid if the services are and remain different from those of large banks. Furthermore, the necessary investments (IT, Basel II, marketing, products) require a minimum critical mass. Achieving the right balance between this minimum critical mass and the maximum size of the Bank that still allows us to continue to guarantee the provision of high-quality services to clients is the second strategic objective. To achieve both objectives, the financial targets of the Bank for the medium term must be ambitious throughout the various economic cycles. The financial targets are:

- a BIS total capital ratio of at least 10%;
- a return on shareholders' funds of 15% on average;
- an efficiency ratio of 50% to 60%;
- annual growth in earnings per ordinary share of 10% on average;
- an A ("Single A") rating from at least two rating agencies.

The Bank aims to increase its market share in the relevant segments (i.e. high net-worth individuals, family businesses, the health care sector and institutional investors). Continued growth of income, both through the number of clients and number of services sold, will be achieved on an organic basis, supplemented by selective acquisitions where necessary.

**SELECTED FINANCIAL INFORMATION OF VAN LANSCHOT N.V.***

The following table shows the development of the business of Van Lanschot N.V. and its subsidiaries during the five years ended December 2004

| *(amounts in thousands of Euros)* | **2004** | **2003** | **2002** | **2001** | **2000** |
|---|---|---|---|---|---|
| **Results** | | | | | |
| Income | 404,511 | 378,329 | 377,904 | 373,465 | 359,738 |
| Operating Expenses | 257,698 | 217,250 | 227,636 | 216,434 | 229,325 |
| Value adjustments to receivables | 16,584 | 15,133 | 15,205 | 10,158 | 8,157 |
| Addition to Fund for general banking risks | (4,577) | – | – | 18,455 | 6,591 |
| Operating profit before taxation | 134,806 | 145,946 | 135,063 | 128,418 | 115,665 |
| Net profit ** | 102,602 | 106,664 | 97,576 | 90,008 | 80,759 |
| **Balance sheet** | | | | | |
| Group equity | 819,456 | 692,557 | 634,778 | 606,350 | 547,559 |
| Group capital base | 1,373,055 | 1,080,930 | 1,030,802 | 937,290 | 783,208 |
| Funds entrusted | 11,008,583 | 7,906,245 | 8,047,908 | 7,644,565 | 6,782,405 |
| Loans and advances | 12,603,640 | 9,037,581 | 8,696,610 | 8,042,057 | 7,439,931 |
| Total assets | 16,214,304 | 11,578,366 | 11,288,864 | 10,748,821 | 9,718,968 |

* Unaudited; these figures have been derived from the 2004, 2003, 2002, 2001 and 2000 annual report of Van Lanschot N.V.
** Excluding extra ordinary income in 2001 of 10,816 and in 2000 of 67,062
• With effect from 2003, shareholders funds and group capital base are based on the balance sheet before profit appropriation. Comparative figures have been restated accordingly.

**BUSINESS**

The Bank is engaged in both corporate and private banking and focuses its services on a number of selected target groups: high income and/or high net worth individuals, medium-sized companies and institutional investors, and – since the acquisition of CenE Bankiers N.V. – to the healthcare sector. In the Netherlands, which is the Bank's prime market, a full range of banking services, including insurance brokerage, is offered to these target groups. In Belgium, the Bank focuses on private banking services.

The Bank offers a range of specialist services, including treasury, to large corporations. The foreign network of the Bank concentrates on international private banking including trust services. The number of clients has grown steadily over the last years.

*Corporate Banking*

The majority of the Bank's corporate customers are medium sized, family-owned companies. As well as current and deposit account services, the Bank makes available overdraft facilities, arranges and provides short and medium term loans on both fixed and floating rate basis and offers a variety of services connected with foreign and domestic payments and the management of liquid funds. In addition to the direct lending activities, the Bank provides a range of specialised services; in particular it offers expertise in insurance brokerage and trust services.

*Private Banking*

In the private banking market the Bank focuses on high income and/or high net worth individuals. Personal attention, financial planning and high quality services are the key elements.

The Bank offers a range of current, deposit and savings accounts and provides short and medium term finance in the form of overdrafts, loans and housing finance through mortgage loans and is active as an investment advisor and portfolio manager.

International private banking services are also rendered to very wealthy 'cosmopolitan' individuals. Not only the banking subsidiaries in Belgium, Luxembourg, Switzerland and Curaçao, but also the Bank's trust offices there and in Jersey play an important role in this respect.

*Institutional investors*

A significant proportion of the Bank's activities also relate to institutional clients such as pension funds, insurance companies and government authorities. Besides services offered to corporate customers, the Bank supplies institutional customers with advice on investment and finance, securities portfolio management and pre-financing for investments.

*Securities business*

During the last decade of the 20th century the commission earned on securities business increased strongly, both in absolute terms and as a percentage of total income. This development was enhanced by a steadily growing customer base. However, as a consequence of the negative climate on the stock markets started as from 2000, the commission income showed some decline in growth.

The Bank is active as an underwriter and manager of domestic and international bond and note issues and in trading of bonds and equities on the most important stock exchanges both for institutional clients and private individuals. Additionally the Bank is managing a number of specialised funds for investment clients.

**SOURCES OF FUNDS***

The principal sources of the Van Lanschot N.V.'s funds are the funds entrusted by customers, consisting of savings accounts, short and long term deposits and moneys repayable on demand, and moneys placed by banks, domestically and internationally. Other sources of funds include listed bonds, private placements, bank bonds and subordinated loans.

The following table gives a breakdown of Van Lanschot N.V.'s consolidated sources of funds at 31st December

| *(amounts in thousands of Euros)* | **2004** | **2003** | **2002** |
|---|---|---|---|
| Savings accounts | 2,578,771 | 1,963,930 | 2,102,865 |
| Other funds entrusted | 8,429,812 | 5,942,315 | 5,945,043 |
| Debt securities | 2,510,212 | 1,345,197 | 860,227 |
| Banks | 670,122 | 802,679 | 850,631 |
| Other liabilities | 270,776 | 188,773 | 269,676 |
| Subordinated debt | 495,381 | 340,263 | 347,914 |

* Unaudited; these figures have been derived from the 2004 and 2003 annual report of Van Lanschot N.V.

## SUPERVISORY BOARD AND BOARD OF MANAGING DIRECTORS

The members of the Supervisory Board of both the Bank and Van Lanschot N.V. are:

B. de Vries, *Chairman:*

Mr De Vries is chairman of the Supervisory Board of Quest International Nederland B.V. and a member of the Supervisory Board of Imtech N.V., Eneco N.V., and United Services Group N.V.

M.W. Dekker, *Deputy Chairman:*

Mr Dekker is a member of the Supervisory Board of IHC Holland N.V., Fine Ace B.V., Arklow Shipping Ltd., Dutch Flower Group B.V., JSI International B.V., N.V. Algemeen Nederlands Trustkantoor ANT, Belron S.A. Luxemburg, Van Wijnen Holding N.V. In addition, Mr Dekker is a member of the Managing Board of Stichting Continuïteit ICT.

H.J. Bierma, *Member:*

Mr Bierma is a member of the Management Board of Achmea.

T.J. Peeters, *Member:*

Mr Peeters is a member of the Supervisory Board of Brantano N.V., De Eik N.V., Heijmans N.V., Lannoo Uitgeverij N.V., Partena and SN Airholding.

C.W. de Monchy, *Member:*

Mr De Monchy is a member of the Management Board of Stichting Erasmus and Museum Boymans van Beuningen. Mr De Monchy is also involved in several trusts and foundations in his capacity as solicitor and civil-law notary at De Brauw Blackstone Westbroek N.V.

H.J. Baeten, *Member*

Mr Baeten is former chairman of the Board of Managing Directors of Van Lanschot N.V. and of F. van Lanschot Bankiers N.V. He is Vice-chairman of the Supervisory Board of NIBE-SVV B.V. a member of the Supervisory Board of ATC Trust B.V., Amsterdam and ATC Trust N.V., Willemstad, Curaçao. Moreover, he is active in the management of several foundations in health care and charity.

Ms T.M. Lodder, *Member*

Ms Lodder is managing director of De Nederlandse Opera and of Stichting Het Muziektheater, Amsterdam. She is also member of the Supervisory Board of N.V. Nederlandse Spoorwegen and of Medical Multi Media Productions B.V.

J.B.M. Streppel, *Member*

Mr Streppel is a member of the Management Board of Aegon N.V. In addition, Mr Streppel is a member of the Supervisory Board of KPN N.V. and of EFRAG.

The members of the Board of Managing Directors of both the Bank and Van Lanschot N.V. are:

F.G.H. Deckers, *Chairman:*

Mr Deckers is a member of the Supervisory Board of IBM Nederland N.V. In addition, Mr Deckers is a member of the Management Board of Nederlandse Vereniging van Banken.

P.R. Zwart, *Member:*

Mr Zwart is a member of the Supervisory Board of Handelsonderneming Rob Reigwein B.V.

H.H. Schotanus à Steringa Idzerda, *Member:*

Mr Schotanus à Steringa Idzerda holds no additional positions.

P.A.M. Loven, *Member:*

Mr Loven holds no additional positions.

The general managers of the Bank are:

K.H. Aulman (Group Audit), A.J.J. Barens (Communications), A.A.T. Beljaars (Insurance Brokerage), H.J.J. Debrauwer (Institutional Securities Department), F. Depickere (F. van Lanschot Bankiers Belgium), C.M. den Engelsen (Financial Control & Risk Management), J.J.M. Jacobs (Lending), P.W.A. van Galen (Private Investments), P.G.M. van den Heuvel (Private Banking), T.B.M. Kraan (Private Investments), C.H.A. Kuijpers (Facility and IT Services), C.W.J. van der Linden (Business Banking), F.G.A. Mahieu (Research and Institutional Portfolio Management), F.P. Mannaerts (Operations), P.J.J. van Schijndel (treasury), A.C. Smits (Corporate Banking), A. van der Toorn (IT Processing and Applications), and P.A.J.Verbaas (Private Clients).

All members of the Supervisory Board and Board of Managing Directors of both the Bank and Van Lanschot N.V. have their business address at F. van Lanschot Bankiers N.V., Hooge Steenweg 27 -31, 5211 JN 's-Hertogenbosch, the Netherlands.

There are no potential or actual conflicts of interest between any duties owed by the members of the Supervisory Board and the Board of Managing Directors or the general managers of both the Bank and Van Lanschot N.V. to the Bank and/or Van Lanschot N.V. and their private interests or other duties.

## FINANCIAL STATEMENTS OF VAN LANSCHOT N.V.

The financial statements set out below can be obtained from the website of Van Lanschot N.V. at http://www.vanlanschot.com. In this section "Van Lanschot N.V." includes the Bank and its subsidiaries; the figures of the latter have been consolidated.

### Van Lanschot in 2004

2004 was a good year for Van Lanschot N.V. It was also a special year for Van Lanschot N.V. owing to the acquisition of CenE Bankiers N.V., which became part of Van Lanschot N.V. on 30 September 2004. In a year that was generally characterised by a difficult economic cycle, Van Lanschot N.V. increased its net profit from € 106.7 million to € 119.4 million, excluding the effects of the acquisition of CenE Bankiers N.V.. Earnings per share rose from € 3.66 to € 4.11.

CenE Bankiers N.V. was the largest acquisition in Van Lanschot N.V.'s history. CenE Bankiers N.V. provides financial services to high net-worth individuals and medium-sized businesses, specialising

particularly in healthcare, a segment in which it has a substantial market share. The acquisition of CenE Bankiers N.V. represents an outstanding opportunity for Van Lanschot N.V. to consolidate its position as pre-eminent bank for high networth individuals and further expand its business banking operations.

CenE Bankiers N.V. was acquired for some € 250 million from a subsidiary of ING Groep N.V. The acquisition and balance sheet of CenE Bankiers N.V. were funded in part by issuing a perpetual loan of € 165 million (including € 45 million to finance the cancellation of preference shares A as of 1 January 2005), issuing new shares of € 41.00 each raising € 139.4 million and issues under our EMTN programme. The issue of new shares has led to an increase in the number of tradable shares, in line with Van Lanschot N.V.'s aim of increasing the liquidity of its shares and broadening shareholder base. The share issue attracted great interest from institutional investors and was accordingly many times oversubscribed.

In accordance with the regulations of the Council for Annual Reporting, the purchase accounting method was applied for the acquisition of CenE Bankiers N.V., meaning that the fair value of the acquired assets and liabilities is determined as at the date of acquisition, i.e. 30 September 2004. Any differences with their net book value will be amortised over the fixed-interest term. Fair value was some € 36 million higher than net book value. Any necessary adjustments to fair value identified within a year of the date of acquisition can result in a change in this amount. The amortisation of this amount leads to a reduction in profit for 2004 of € 5.4 million charged to the item Interest. This is purely a non-cash item, which in no way affects the underlying performance of the banking activities. The maximum non-cash reduction for 2005 will be € 16 million, with the remainder being accounted for in later years. The goodwill of some € 48 million involved in the acquisition, i.e. the difference between acquisition price and fair value at the acquisition date, has been charged to shareholders' funds. Goodwill can still be adjusted within a year of the acquisition date. A provision of € 23 million was formed for the acquisition and integration costs, € 15.5 million of which was spent in 2004.

The results achieved in 2004 exceeded Van Lanschot N.V.'s medium term target of an average annual increase in earnings per share of 10%. It is gratifying to note that the increase in profit in the year under review was also based on increasing income, whereas the continuing growth in profit in the two preceding years had been largely achieved by stringent cost control. Including the effects of the acquisition of CenE Bankiers N.V.,Van Lanschot N.V.'s net profit in 2004 was € 102.6 million and earnings per share were € 3.46. The effects of the acquisition of CenE Bankiers N.V. comprise CenE Bankiers N.V.'s contribution to fourth quarter profit (€ 5.6 million), the gross non-recurring charge incurred in 2004 for acquisition and integration costs of € 23 million (net: € 16.2 million), the additional costs to finance the acquisition (€ 0.8 million) and the amortisation for purchase accounting (€ 5.4 million). As regards the earnings per ordinary share calculation, the increase in the number of shares as a result of the share issue in November 2004 is an additional factor. In 2004, the Dutch economy clambered out of recession, but with GDP growing just over one per cent this recovery was very modest, as the strong euro and high oil prices took their toll. Moreover, pressure on consumers' purchasing power continued, and consumer and manufacturer confidence accordingly remained low. The relatively lacklustre performance of the Dutch economy was reflected on the stock exchange in the Netherlands, which recorded only modest growth of 3.1% in share prices, keeping it in the rearguard internationally. Private individuals therefore continued to exercise caution in their investments, leading to a fractional decline in securities commission from € 93.6 million to € 93.4 million.

The feeble economic recovery affected the housing market. The top segment in particular had to contend with a continually increasing supply of properties. Nonetheless, Van Lanschot N.V.'s home mortgage portfolio grew € 609 million, or 11.9%, from € 5.1 billion to € 5.7 billion (excluding CenE Bankiers N.V.). This was due to a further decline in mortgage interest rates, making homes more affordable and additionally prompting home owners to switch mortgages. At the same time, fierce competition between banks perpetuated the interest margin squeeze. The average mortgage

outstanding with Van Lanschot N.V. in the year under review was € 261,000, as against € 260,000 in 2003.

Van Lanschot N.V. continues to successfully distinguish itself from the larger banks. The number of accounts grew 3% in the year under review. Research showed that its clients are highly satisfied with its services. Van Lanschot N.V. is doing all it can to keep it that way, in part by further improving its services where possible.

For example: in the field of funds transfers, the Excellentrekening was introduced; it is now possible to finance not just second homes but also principal residences abroad with Van Lanschot N.V.; savings options have been increased and the range of investment funds has been further broadened. In addition, Van Lanschot N.V. is developing a new Online payment system for its corporate clients, is offering entrepreneurs an opportunity to meet at 'Financial cafés' organised on a regional basis and helped in 2004 to bring about the first 'National Family Businesses Congress'.

**Results**

Excluding the effects of the acquisition of CenE Bankiers N.V., income grew 3.4% in 2004 from € 378.3 million to € 391.1 million. Interest income at € 218.3 million was 1.1% lower than in 2003 (€ 220.8 million) due to a structured finance transaction entered into by Van Lanschot N.V. in the first half of 2004. On balance, this transaction benefited net profit despite depressing 2004 interest income by € 6.5 million. Excluding this transaction, interest income would have been up 1.8% and total income 5.1%, particularly as a result of the growth in the home mortgage portfolio. Interest income was further impacted by fierce competition between credit institutions: adjusted for the effect of the structured finance transaction, it fell from 1.43% in 2003 to 1.32% in 2004.

Commission income at € 135.0 million was little changed from 2003 (€ 135.2 million). At € 93.4 million its main component, securities commission, was virtually the same as a year ago (€ 93.6 million) because private investment in equities continued to be very hesitant. Increases were recorded in insurance commission (from € 19.0 million to € 19.7 million) and commission on documentary transactions (from € 2.2 million to € 2.4 million); commission on cash transactions and funds transfers was scarcely changed (€ 13.1 million) and other commission declined (from € 7.3 million to € 6.4 million).

Income from securities and participating interests rose strongly compared to 2003, from € 6.1 million to € 17.2 million, mainly due to income from minority holdings of € 6.7 million (2003: - € 0.1 million), equal to the level achieved in 2002. This underlines the volatility of this item. Additionally, results from participating interests swung from a loss of € 2.3 million in 2003 to an income of € 1.6 million in 2004. The share investment portfolio generated income of € 8.7 million, slightly up on last year (€ 8.4 million).

Profit on financial transactions likewise increased, from € 16.2 million to € 20.6 million. Capital gains on securities in particular were up substantially (€ 12.4 million, as against € 3.8 million a year ago), while foreign exchange gains also increased, from € 4.6 million to € 5.2 million. Other profit however, at € 3.1 million, was sharply down on last year (€ 7.8 million).

Operating expenses (total expenses net of value adjustments to receivables) increased 3.7% in 2004 from € 217.3 million to € 225.3 million. Staff costs of € 137.9 million were slightly lower than a year ago (€ 138.2 million), as higher pension costs and social security contributions were offset by a decrease in the number of employees. The average number of employees, in full-time equivalents and excluding the employees of CenE Bankiers N.V., fell from 1,770 to 1,718. Other administrative expenses climbed from € 62.7 million to € 71.8 million, owing in part to higher IT costs, increased marketing expenditure and provisions for tax claims. Depreciation edged down from € 16.3 million in 2003 to € 15.6 million. As in 2003, value adjustments to receivables of € 15.1 million were charged to

profit. Tax on operating profit declined by € 4.2 million to € 35.1 million, partly as a result of the structured finance transaction, which reduced tax by € 9.6 million. For this and other reasons, the tax burden consequently declined from 26.9% to 22.7%.

*Results including CenE Bankiers N.V.*

Including CenE Bankiers N.V. income increased in 2004 from € 378.3 million to € 404.5 million. Operating expenses increased from € 217.3 million to € 257.7 million, and total expenses from € 232.4 million to € 269.7 million. Net profit amounted to € 102.6 million.

CenE Bankiers N.V. net contribution to profit in the fourth quarter was € 5.6 million, the non-recurring net charge incurred for acquisition and integration costs was € 16.2 million (gross charge € 23.0 million), the additional costs to finance the acquisition were € 0.8 million and the amortisation under the purchase accounting method amounted to € 5.4 million. Taking into account these effects and the increase in the number of shares as a result of the share issue in November, earnings per ordinary share were € 3.46.

**Balance sheet**

*Excluding the effects of the acquisition of CenE Bankiers N.V.* total assets increased in 2004 by 12.1% from € 11.6 billion to € 13.0 billion. Loans and advances rose 7.1% or 638 million from € 9 billion to € 9.7 billion, thanks to the home mortgage portfolio in particular, which grew € 610 million, or 11.9%, from € 5.1 billion to € 5.7 billion. The item Banks rose in the year under review by € 509 million, from € 1.1 billion to € 1.6 billion. Funds entrusted grew by € 89 million, or 1.1%, from € 7.9 billion to € 8.0 billion. Savings accounts increased € 258 million from € 2.0 billion to € 2.2 billion, despite ongoing fierce competition on the savings market. Van Lanschot N.V. introduced internet saving in the latter part of the year. Other funds entrusted were down € 169 million, falling from € 5.9 billion to € 5.8 billion. The increase in total assets was largely financed by debt securities issued under the Euro Medium Term Note programme arranged by Van Lanschot N.V. in 2003. As a result, debt securities increased € 1.2 billion to € 2.5 billion.

*Including CenE Bankiers N.V.* total assets climbed from € 11.6 billion to € 16.2 billion. Loans and advances went up from € 9.0 billion to € 12.6 billion. Funds entrusted rose from € 7.9 billion to € 11.0 billion. Shareholders' funds increased from € 693 million to € 819 million, and group capital base from € 1.1 billion to € 1.4 billion.

**Financial ratios**

*Excluding the effects of the acquisition of CenE Bankiers N.V.* the efficiency ratio (operating expenses as a percentage of total income) in 2004 remained strong at 57.6% (2003: 57.4%). The return on shareholders' funds was 16.4% as against 16.1% in 2003.

*Including the effects of the acquisition of CenE Bankiers N.V.*, the efficiency ratio in 2004 rose to 63.7%; the return on shareholders' funds was 13.6%. Risk-weighted assets increased from € 7.8 billion to € 10.7 billion. The BIS Tier I ratio increased from 8.7% to 9.2%, which is very comfortably above the minimum requirement of 4%.

The BIS total capital ratio, for which the minimum requirement is 8%, declined from 12.6% to 11.8%.Van Lanschot N.V.'s own minimum requirement is 10%.

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2004

| *amounts in thousands of Euros (after profit appropriation)* | | **2004** | | **2003** |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | | 92,166 | | 58,428 |
| Banks | | 1,473,058 | | 1,128,281 |
| Loans and advances: | | | | |
| To the public sector | 92,864 | | 22,050 | |
| To the private sector | 12,510,776 | | 9,015,531 | |
| | | 12,603,640 | | 9,037,581 |
| Interest-bearing securities | | 1,076,304 | | 642,113 |
| Shares | | 289,874 | | 231,540 |
| Participating interests | | 101,544 | | 91,619 |
| Premises and equipment | | 191,900 | | 177,877 |
| Other assets | | 145,155 | | 62,286 |
| Prepayments and accrued income | | 240,663 | | 148,641 |
| **TOTAL ASSETS** | | **16,214,304** | | **11,578,366** |
| **LIABILITIES** | | | | |
| Banks | | 670,122 | | 802,679 |
| Funds entrusted: | | | | |
| Savings accounts | 2,578,771 | | 1,963,930 | |
| Other funds entrusted | 8,429,812 | | 5,942,315 | |
| | | 11,008,583 | | 7,906,245 |
| Debt securities | | 2,510,212 | | 1,345,197 |
| Other liabilities | | 270,776 | | 188,773 |
| Accruals and deferred income | | 357,737 | | 237,089 |
| Provisions | | 23,819 | | 17,453 |
| | | 14,841,249 | | 10,497,436 |
| Fund for general banking risks | | 58,218 | | 48,110 |
| Subordinated loans | | 495,381 | | 340,263 |
| Shareholders' funds/group equity | | 819,456 | | 692,557 |
| **Group capital base** | | 1,373,055 | | 1,080,930 |
| **TOTAL LIABILITIES** | | **16,214,304** | | **11,578,366** |
| Contingent liabilities | | 364,000 | | 325,447 |
| Irrevocable commitments | | 828,527 | | 640,335 |
| | | **1,192,527** | | **965,782** |

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2004

| *amounts in thousands of Euros* | | **2004** | | **2003** |
|---|---|---|---|---|
| Interest income | 701,501 | | 642,278 | |
| Interest expense | 474,632 | | 421,448 | |
| Interest | | 226,869 | | 220,830 |
| Income from securities and participating interests | | 17,215 | | 6,105 |
| Commission income | 146,849 | | 143,676 | |
| Commission expense | 7,196 | | 8,441 | |
| Commission | | 139,653 | | 135,235 |
| Profit on financial transactions | | 20,774 | | 16,159 |
| Other income | | **177,642** | | **157,499** |
| **Total income** | | **404,511** | | **378,329** |
| Staff costs | 153,253 | | 138,180 | |
| Other administrative expenses | 87,008 | | 62,736 | |
| Staff costs and other administrative expenses | | 240,261 | | 200,916 |
| Depreciation | | 17,437 | | 16,334 |
| Operating expenses | | **257,698** | | **217,250** |
| Value adjustments to receivables | | 16,584 | | 15,133 |
| Fund for general banking risks | | (4,577) | | – |
| **Total expenses** | | **269,705** | | **232,383** |
| Operating profit before taxation | | **134,806** | | **145,946** |
| Tax on operating profit | | 32,204 | | 39,282 |
| **Net profit** | | **102,602** | | **106,664** |
| Earnings per ordinary share in euros | | 3.46 | | 3.66 |
| Diluted earnings per ordinary share in euros | | 3.45 | | 3.66 |
| Dividend per ordinary share in euros | | 2.11 | | 1.83 |

## CONSOLIDATED STATEMENT OF CASH FLOWS 2004

| *amounts in thousands of Euros* | **2004** | **2003** |
|---|---|---|
| Cash flow from/(used in) operating activities | | |
| *Net profit* | 102,602 | 106,664 |
| *Adjustments to net profit:* | | |
| *Depreciation* | 17,437 | 16,334 |
| *Value adjustments to receivables* | 16,584 | 15,133 |
| *Changes in provisions* | 1,273 | 1,381 |
| *Other movements in accrued and deferred items* | 19,266 | 12,140 |
| Cash flow from/(used in) operating activities | 157,162 | 151,652 |
| | | |
| *Changes in securities, trading portfolio* | (19,495) | (65,466) |
| *Changes in Banks, not withdrawable on demand* | (166,319) | 123,392 |
| *Changes in Loans and advances* | (771,057) | (356,104) |
| *Changes in Funds entrusted* | 134,642 | (141,663) |
| Other movements from operating activities | (822,229) | (439,841) |
| | | |
| Total cash flow from/(used in) operating activities | (665,067) | (288,189) |
| | | |
| Cash flow from/(used in) investing activities | | |
| *Investments and acquisitions* | | |
| – *investment portfolio* | (573,419) | (353,561) |
| – *participating interests in group companies* | (120,381) | – |
| – *other participating interests* | (2,923) | 3,788 |
| – *premises and equipment* | (15,974) | (18,099) |
| *Disinvestments, redemptions and disposals* | | |
| – *investment portfolio* | 408,041 | 466,086 |
| – *participating interests* | 5,998 | 283 |
| - *premises and equipment* | 2,191 | 455 |
| Total cash flow from/(used in) investing activities | (296,467) | 98,952 |
| | | |
| Cash flow from/(used in) financing activities | | |
| *Increase in share capital* | 3,400 | – |
| *Other movements in group equity* | 97,322 | 486 |
| *Additions to subordinated loans* | 166,271 | 623 |
| *Repayments on subordinated loans* | (11,153) | (8,274) |
| *Additions to debt securities* | 1,164,979 | 485,000 |
| *Repayments on debt securities* | (31) | (30) |
| *Cash dividend paid* | (76,425) | (49,371) |
| Total cash flow from/(used in) financing activities | 1,344,363 | 428,434 |
| **Net cash flow** | **382,829** | **239,197** |
| | | |
| Cash and cash equivalents at 1 January | 767,689 | 528,492 |
| Cash and cash equivalents at 31 December | 1,150,518 | 767,689 |
| **Change in cash and cash equivalents** | **382,829** | **239,197** |

**Review of Operations in the first six months of 2005**

Van Lanschot N.V.'s net profit for the first six months of 2005 was substantially higher than for the comparative period a year ago. The acquisition of CenE Bankiers as of 30 September 2004 contributed strongly to this. But even without the effects of the acquisition, the increase in net profit was satisfactory. The core business benefited from a further expansion of the number of clients by 2.5% in the first half of 2005.
Overall, net profit rose 30.1% from € 59.0 million in the first half of 2004 to € 76.8 million in the first six months of 2005. This was due to a rise in income of 25.7% (from € 194.0 million to € 243.9 million) and an increase in expenses of 22.8% (from € 119.3 million to € 146.5 million). Allowing for the increase in the average number of shares outstanding from 28.2 million to 31.9 million following the issue in the latter part of 2004, earnings per share rose 15.3% from € 2.03 in the first half of 2004 to € 2.34 in the first half of 2005. On a pro forma basis (i.e. on the basis of a combination of Van Lanschot N.V. and CenE in the first half of 2004), net profit rose 9.9%.

The market for mortgage refinancing remained firm as mortgage interest rates continued to decline. This was the main reason why net interest income, which rose 35.4% excluding the item premium amortisation, also showed further growth on pro forma basis. Despite continually increasing competitive pressure in the mortgage market in the first half year, growth in interest income on a pro forma basis was 5.1%. In tandem with the unabated competitiveness of the market for lending, this resulted in a further slide of the interest margin, after last year's erosion from 1.43% to 1.32%, to 1.17% in the first half of this year.

Considerable effort was devoted on all fronts during the first half year to completing the integration of CenE Bankiers. This is fully on track and Van Lanschot N.V. accordingly continues to expect that the integration will be fully completed by the end of this year. The smooth progress of the integration process will enable the Bank to benefit earlier than expected from the cost synergies arising from the merger of CenE Bankiers and the Bank. Van Lanschot N.V. currently expects full realisation of the originally budgeted cost synergies of € 11 million a year in 2006 instead of 2007.

**Results**
The successful launch of a number of new investment products contributed to a rise in commission income by 22.3% from € 68.1 million to € 83.3 million, with securities commission increasing 17.3% from € 47.5 million to € 55.7 million. On a pro forma basis, total commission income was up 8.0%, with securities commission rising 7.9%.
Income from securities and participating interests increased from € 6.7 million to € 8.7 million owing to stronger results from investments and higher dividends received. Partly because of IFRS, profit on financial transactions climbed from € 10.1 million to € 12.0 million.
Operating expenses increased 23.9% from € 111.8 million to € 138.5 million. On a pro forma basis the increase was 5.0%. Staff costs rose 26.2% from € 71.6 million to € 90.3 million. On a pro forma basis the increase was 4.6%, especially as a result of IFRS rules on employee benefits (causing an increase in pension costs, healthcare obligations and costs of the employee stock option plan of € 3.2 million). The workforce in FTEs decreased in the first half of the year from 2,068 to 2,032. The Bank made an extra contribution amounting to € 30 million to the pension fund in the first half of the year. This was the main factor in the increase of the coverage ratio of the pension fund in the first half of the year from 111% to 129%. Other administrative expenses, rising 18.2% from € 32.4 million to € 38.3 million, increased 3.4% on a pro forma basis, mainly owing to higher marketing costs. Depreciation on the other hand (which rose from € 7.7 million to € 9.8 million) was also substantially higher on a pro forma basis partly as a result of the amortisation of intangible fixed assets arising from the acquisition of CenE Bankiers.
The addition to value adjustments to receivables edged up from € 7.5 million to € 8.0 million, but fell sharply on a pro forma basis owing to the high quality of the debtor portfolio. Tax on operating profit amounted to € 20.5 million, which implies a tax burden of 21.1% (first half 2004: 21.0%).

As a result of the developments outlined above, the efficiency ratio (the ratio of operating expenses to income) for the first half of 2005 at 56.8% improved 0.8 percentage points compared with the first half of 2004.

Thanks to the further growth in the number of target group clients, together with the rising stock exchange prices and the successful launch of a number of investment funds, the assets managed by the Bank rose from € 5.3 billion to € 5.5 billion in the first six months of the year. Total assets held in custody for clients increased from € 16.1 billion to € 17.2 billion.

Assets management has been extended by the addition of the new concept Van Lanschot Manager of Funds, which primarily targets clients with assets in the range of € 100,000 to € 500,000. This provides genuine convenience for clients: their portfolio, comprising investment funds and guarantee products, is actively managed on their behalf on the basis of the central Van Lanschot investment policy. The managers structure the portfolio, adapt investments based on market circumstances and monitor portfolio compliance with clients' risk profile.

**Balance sheet**
Total assets as at 30 June 2005 amounted to € 17.6 billion, against € 16.5 billion as at 1 January 2005. Loans and advances rose 4.5%, from € 12.6 billion to € 13.2 billion. Mortgage lending accounted for € 308 million of the increase, reflecting a 4.6% increase in the mortgage loans portfolio from € 6.7 billion to € 7.0 billion. The mortgage refinancing market again provided a major impetus, but growth was dampened by the ongoing keen competition between mortgage lenders and the very lean rates they offered as a result. Loans and advances to corporate clients increased € 257 million, or 6.0%, from € 4.3 billion to € 4.5 billion.

Private sector liabilities rose in the first half of the year by 5.2% from € 11.1 billion to € 11.7 billion. Both savings accounts (up € 137 million or 5.3%) and the other funds entrusted (up € 442 million, or 5.2%) developed satisfactorily. The funding of the Bank was in addition underpinned by the issue of € 749 million in new Floating Rate Notes under the Euro Medium Term Note programme. This was the main factor in the € 666 million rise of the item debt securities in the first half of the year. Owing to a decline of subordinated debts by € 47 million and an increase in shareholders' funds by € 58 million, the group capital base was little changed on balance at € 1,365 million.

Return on average shareholders' funds for the first six months of 2005 reached 17.0% (adjusted for the perpetual loan), versus 13.0% for the year 2004. The Bank's risk-weighted assets rose from € 10.6 billion to € 11.3 billion in the first half of 2005. The BIS Tier 1 ratio was 8.3% (2004: 9.2%), again amply above the minimum requirement of 4%. The BIS total capital ratio was 10.9% (2004: 11.8%), likewise comfortably exceeding the minimum requirement of 8%.

**Impact of International Financial Reporting Standards (IFRS)**
Van Lanschot N.V. applies IFRS reporting rules with effect from 1 January 2005, and the comparative figures for 2004 have been restated accordingly. However, as permitted by IFRS 1, the 2004 comparatives have not been restated for the effect of IAS 32 and IAS 39.

The impact of IFRS on 2004 net profit is very limited: under IFRS, net profit for 2004 was € 100.8 million, as against € 102.6 million under Dutch GAAP. This decline is caused mainly by IAS 19 Employee Benefits. Shareholders' funds at 1 January 2005 amounted to € 1,017 million under IFRS standards, € 198 million higher than under Dutch GAAP. This increase is in part caused by the reclassification of the perpetual loan and the release of the Fund for general banking risks. More information on this is provided in the annexes to this Press Release. In addition, under IFRS, goodwill acquired and intangible fixed assets are reported separately on the balance sheet. In accounting for the acquisition of CenE Bankiers, € 35.1 million in goodwill and € 19.7 million in intangible fixed assets were recognised as at 1 January 2005. Under Dutch GAAP, goodwill was charged to shareholders' funds.

In the first half of 2005 application of IFRS benefited net profit by € 2.1 million, mainly due to the treatment of derivatives, interest on the perpetual loan, employee benefits and impairments of loans and advances.

The new accounting rules will result in the higher volatility of reported results. For Van Lanschot N.V. this is most likely to affect a number of non-cash items and restructuring provisions. The non-cash items concerned are:

- The item 'amortisation premium' arising from the acquisition of CenE Bankiers
- Amortisation of intangible fixed assets
- Unrealised results on derivatives that are not recognised as hedges under IFRS, but that are used as such (e.g. the hedge used by the Bank for its perpetual loan)
- Unrealised results on investments that were previously taken to the profit and loss account and are now taken direct to reserves

Restructuring provisions potentially relate for instance to the restructuring charge reported in 2004 for the integration of CenE Bankiers.

These items have affected net profit for the first six months of 2005 as follows:

| | |
|---|---|
| - Amortisation premium CenE (net) | € 5.4 million (-) |
| - Amortisation of intangible fixed assets | € 0.6 million (-) |
| + Unrealised results on hedging derivatives | € 6.3 million (+) |
| - Unrealised results on investments | € 5.2 million (-) |

# CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005

*Amounts in thousands of euros*

| | 30-06-05 | 01-01-05 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 72,832 | 92,166 |
| Financial receivables from trading activities | 208,759 | 157,883 |
| Investments | 1,306,766 | 1,268,069 |
| Banks | 1,837,561 | 1,473,058 |
| Loans and advances to the private sector | 13,194,061 | 12,627,134 |
| Prepayments and accrued income | 317,552 | 242,783 |
| Investments in participating interests | 32,531 | 20,118 |
| Premises and equipment | 185,314 | 188,686 |
| Goodwill and other intangible fixed assets | 59,988 | 56,090 |
| Other financial assets | 225,766 | 200,425 |
| Other assets | 157,283 | 176,185 |
| **TOTAL ASSETS** | **17,598,413** | **16,502,597** |
| **LIABILITIES** | | |
| Financial liabilities from trading activities | 126,892 | 94,682 |
| Banks | 650,969 | 672,832 |
| Private sector liabilities | 11,719,596 | 11,141,782 |
| Debt securities | 3,183,026 | 2,517,184 |
| Accruals and deferred income | 331,582 | 333,419 |
| Provisions | 112,184 | 134,373 |
| Other financial liabilities | 35,299 | 23,759 |
| Other liabilities | 73,929 | 230,755 |
| | 16,233,477 | 15,148,786 |
| Subordinated loans | 289,906 | 336,503 |
| Shareholders' funds/group equity | 1,075,030 | 1,017,308 |
| Group capital base | 1,364,936 | 1,353,811 |
| **TOTAL LIABILITIES** | **17,598,413** | **16,502,597** |
| Contingent liabilities | 375,762 | 364,000 |
| Irrevocable commitments | 1,138,406 | 828,527 |
| | 1,514,168 | 1,192,527 |

Figures are unaudited by the auditors

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF-YEAR 2005

*Amounts in thousands of euros*

| | 1st half-year 2005 | 1st half-year 2004 |
|---|---|---|
| Interest income | 435,298 | 321,323 |
| Interest expense | 287,535 | 212,196 |
| Interest margin | 147,763 | 109,127 |
| Share premium amortisation | 7,857 | 0 |
| Interest | 139,906 | 109,127 |
| Income from securities and participating interests | 8,707 | 6,680 |
| Commission income | 87,634 | 72,422 |
| Commission expense | 4,339 | 4,322 |
| Commission | 83,295 | 68,100 |
| Profit on financial transactions | 11,974 | 10,127 |
| Other income | 103,976 | 84,907 |
| **TOTAL INCOME** | **243,882** | **194,034** |
| Staff costs | 90,318 | 71,583 |
| Other administrative expenses | 38,340 | 32,448 |
| Staff costs and other administrative expenses | 128,658 | 104,031 |
| Depreciation | 9,839 | 7,719 |
| **OPERATING EXPENSES** | **138,497** | **111,750** |
| Value adjustments to receivables | 8,042 | 7,540 |
| **TOTAL EXPENSES** | **146,539** | **119,290** |
| **OPERATING PROFIT BEFORE TAXATION** | **97,343** | **74,744** |
| Tax on operating profit | 20,523 | 15,705 |
| **NET PROFIT** | **76,820** | **59,039** |
| **Earnings per share in euros** | **2.34** | **2.03** |
| **Diluted earnings per share in euros** | **2.33** | **2.03** |

Figures are unaudited by the auditors

# SHAREHOLDERS' FUNDS AS AT 30 JUNE 2005

*Amounts in thousands of euros*

Shareholders' funds can be broken down as follows:

| **GROUP EQUITY** | **30-06-05** | **01-01-05** |
|---|---|---|
| Issued share capital | 32,372 | 32,372 |
| Share premium account | 135,802 | 135,802 |
| Revaluation reserve | 58,903 | 27,269 |
| Other shareholders' funds items | 970 | 109 |
| Other reserves | 605,163 | 555,976 |
| Perpetual loan | 165,000 | 165,000 |
| Undistributed profit | 76,820 | 100,780 |
| Total | 1,075,030 | 1,017,308 |

**ISSUED SHARE CAPITAL**

The authorised share capital consists of 135,000,000 shares with a nominal value of € 1, of which 32,372,009 ordinary shares are issued and paid up.
The number of shares outstanding did not change during the period under review.

**SHARE PREMIUM ACCOUNT**

This item did not change during the period under review.

**REVALUATION RESERVE**

This item consists of the following:

| | | |
|---|---|---|
| Investment reserve | 31,448 | 7,048 |
| Participating interest reserve | 27,130 | 19,858 |
| Minority participating interest reserve | 325 | 363 |
| | 58,903 | 27,269 |

| The movements in these items were as follows: | Investment reserve | Part. interest reserve | Minority part. interest reserve |
|---|---|---|---|
| Balance at 1 January 2005 | 7,048 | 19,858 | 363 |
| Revaluations | 24,400 | 7,272 | -38 |
| Balance at 30 June 2005 | 31,448 | 27,130 | 325 |

Figures are unaudited by the auditors

**OTHER RESERVES**

Movements in this item were as follows:

| | |
|---|---|
| Balance at 1 January 2005 | 555,976 |
| 2004 IFRS net profit | 100,780 |
| 2004 dividend | -43,066 |
| Movements in participating interests | -6,753 |
| Salary costs relating to stock options | 2,600 |
| Exercise of stock options | 8,734 |
| Purchases of shares for options | -13,339 |
| Various | 231 |
| Balance at 30 June 2005 | 605,163 |

Figures are unaudited by the auditors

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR 2005

*Amounts in thousands of euros*

| | 1st half-year 2005 |
|---|---|
| Cash and cash equivalents as at 1 January | **1,150,518** |
| Net cash flow from operating activities | **-3,131** |
| Net cash flow from investing activities | **-51,636** |
| Net cash flow from financing activities | **604,736** |
| Cash and cash equivalents as at 30 June | **1,700,487** |

No comparative statement of cash flows for the first half-year of 2004 is provided as IAS 32 and IAS 39 are not Included in the comparative figures and there is accordingly no adequate basis for comparison.

Figures are unaudited by the auditors

**General**
Van Lanschot N.V. applies IFRS (International Financial Reporting Standards) with effect from 1 January 2005.
Prior-year comparative figures have been restated accordingly. In doing so, the Bank has opted for the exception permitted for IAS 32 and IAS 39; 2004 figures have not been restated for the effect of these standards.
At the beginning of 2006, Van Lanschot N.V. will present 2005 financial statements that are fully compliant with the IFRS standards then approved by the European Union. Those standards as approved at that time may deviate from the standards currently applied. It is therefore possible that the comparative figures presented will be subject to change.

**Accounting policies under IFRS**
The main changes in accounting policies entailed by IFRS, excluding IAS 32 and IAS 39, affect the following items:

**Premises**
Premises held for own use are valued at cost, net of impairments, and depreciated on a straight line basis over the premises' useful life. Van Lanschot N.V. has opted for the possibility offered in IFRS 1 to designate the fair value of bank premises at 1 January 2004 as cost.

**Employee benefits**
Under IAS 19 defined benefit schemes are required to be valued and recognised on the balance sheet. For this purpose, Van Lanschot N.V. uses the 10% corridor to amortise actuarial gains and losses over employees' future years of service. The amount of the corridor is determined as 10% of the greater of the total pension benefit obligation and plan assets.
In addition to pension benefits, other employee benefits, such as healthcare schemes and service anniversary schemes, are also recognised on the balance sheet under IAS 19.

**Fund for general banking risks**
The fund for general banking risks is eliminated under IFRS and added to other reserves.

**Goodwill and other intangible fixed assets**
Goodwill is included in the balance sheet at cost, net of cumulative impairments. To determine impairment, goodwill is attributed to Cash Generating Units (CGU).
Goodwill is tested annually for impairment or more often if there are indications for doing so.
Other intangible fixed assets, such client relations, contractual rights and the value of acquired funds entrusted and loans and advances, are capitalised and amortised on a straight line basis over their useful lives.

**Dividend**
Dividends receivable are recognised in the profit and loss account when made payable.

**Changes in accounting policies arising from the application of IAS 32 and IAS 39 with effect from 1 January 2005**

**Banks and loans and advances**
Banks and loans and advances are classed as ‘loans and receivables’. Receivables recorded under these balance sheet items are valued at amortised cost. Adjustments for uncollectible receivables are determined on an item-by-item basis, taking account of the discounting of cash flows.
In addition a general provision is recognised for loan losses incurred but not yet identified.

**Investment and trading portfolio**
The investment portfolio has been designated as 'available for sale'.

It is carried at fair value and changes in value are taken to a revaluation reserve, forming part of shareholders' funds. Changes in value arising from impairment and foreign currency movements are taken direct to the profit and loss account. Upon realisation of an asset 'available for sale', the revaluation reserve accrued is taken to the profit and loss account. The trading portfolio has been designated as 'for trading purposes'.

**Participating interests**
Participating interests over which the Bank exercises no significant influence are carried at fair value.

**Derivatives**
Under IAS 39 derivatives are recognised in the balance sheet in the category ‘financial receivables or liabilities from trading activities’.
Hedged derivatives are included in the category 'other financial assets or liabilities'.
They are carried at fair value, with changes in value being taken to the profit and loss account. Hedge accounting
is applied where possible, to limit earnings volatility.

Three types of hedge accounting are used:

**Micro fair value hedging**
Micro fair value hedge accounting is applied, individually linking a hedged item and a hedging instrument. Hedged items comprise debt securities, subordinated loans and deposits in particular, whereas the hedging instruments are swaps.

**Micro cash flow hedging**
Micro cash flow hedge accounting is applied, individually linking a hedged item and a hedging instrument. Hedged items comprise debt securities and deposits in particular, whereas the hedging items are swaps.

**Portfolio fair value hedging**
Portfolio fair value hedge accounting is applied, linking a portfolio of hedged items and a hedging instrument. The portfolio of hedged items comprises caps in guarantee mortgages and the hedging instruments are caps entered into to hedge interest risk.

**Classification as debt or equity**
Financial instruments, or the individual components of the instrument, are classified as debt or equity, in accordance with economic substance. Under IAS 32 preference shares are viewed as debt while perpetual capital securities are viewed as equity under IFRS.

# CONSOLIDATED BALANCE SHEET AS AT 1 JANUARY 2005 INCLUDING CHANGES ARISING FROM IAS 32 AND IAS 39

*Amounts in thousands of euros*

| | IFRS | Dutch GAAP | Difference | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | 92,166 | 92,166 | - | 0% |
| Banks | 1,473,058 | 1,473,058 | - | 0% |
| Loans and advances: | | | | |
| - to the public sector | 92,864 | 92,864 | - | 0% |
| - to the private sector | 12,534,270 | 12,510,776 | 23,494 | 0% |
| | 12,627,134 | 12,603,640 | 23,494 | 0% |
| Interest-bearing securities | 1,040,014 | 1,076,304 | -36,290 | -3% |
| Shares | 371,707 | 289,874 | 81,833 | 28% |
| Derivatives | 214,656 | - | 214,656 | 0% |
| Participating interests | 20,118 | 101,544 | -81,426 | -80% |
| Intangible fixed assets | 56,090 | - | 56,090 | - |
| Tangible fixed assets | 188,686 | 191,900 | -3,214 | -2% |
| Other assets | 176,185 | 145,155 | 31,030 | 21% |
| Prepayments and accrued income | 242,783 | 240,663 | 2,120 | 1% |
| **TOTAL ASSETS** | **16,502,597** | **16,214,304** | **288,293** | 2% |
| **LIABILITIES** | | | | |
| Banks | 672,832 | 670,122 | 2,710 | 0% |
| Funds entrusted: | | | | |
| - Savings accounts | 2,578,771 | 2,578,771 | - | 0% |
| - Other funds entrusted | 8,563,011 | 8,429,812 | 133,199 | 2% |
| | 11,141,782 | 11,008,583 | 133,199 | 1% |
| Debt securities | 2,517,184 | 2,510,212 | 6,972 | 0% |
| Derivatives | 60,765 | - | 60,765 | |
| Other liabilities | 288,428 | 270,776 | 17,652 | 7% |
| Accruals and deferred income | 333,422 | 357,737 | -24,315 | -7% |
| Provisions | 134,373 | 23,819 | 110,554 | 464% |
| | 15,148,786 | 14,841,249 | 307,537 | 2% |
| Fund for general banking risks | - | 58,218 | -58,218 | -100% |
| Subordinated loans | 336,503 | 495,381 | -158,878 | -32% |
| Shareholders' funds/group equity | 1,017,308 | 819,456 | 197,852 | 24% |
| Group capital base | 1,353,811 | 1,373,055 | -19,244 | -1% |
| **TOTAL LIABILITIES** | **16,502,597** | **16,214,304** | **288,293** | 2% |
| Contingent liabilities | 364,000 | 364,000 | - | 0% |
| Irrevocable commitments | 828,527 | 828,527 | - | 0% |
| (Figures are unaudited by the accountants) | 1,192,527 | 1,192,527 | - | 0% |

## AUDITOR'S REPORT

In our opinion, the consolidated annual figures for the years 2003 and 2004 of Van Lanschot N.V., as included in this prospectus on page 48 up to and including page 50, are consistent, in all material respects, with the annual accounts for those years from which they have been derived. We issued an unqualified opinion on these annual accounts on 16th March, 2005 and 18th March, 2004 respectively. These auditors' reports are included in the annual accounts for the years referred to, which form an integral part of this prospectus. For a better understanding of Van Lanschot N.V.'s financial position and results and of the scope of our audit, the consolidated annual figures should be read in conjunction with the annual accounts from which they have been derived and our auditors' reports thereon.

Eindhoven, 9 December 2005

**Ernst & Young Accountants**

## NETHERLANDS TAXATION

### General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Securities. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Securities.

Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities. The discussion of certain Netherlands taxes set forth below is included for general information only.

This summary is based on the tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address the Netherlands tax consequences of an individual holder of Securities who holds a substantial interest (*aanmerkelijk belang*) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, an individual holder of Securities holds a substantial interest in the Issuer, if such individual holder of Securities, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer. This summary neither addresses the Netherlands tax consequences of a corporate holder of Securities who holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire such interest or (iii) certain profit sharing rights in the Issuer.

### Withholding tax

All payments made by the Issuer under the Securities may be made free of withholding or deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### Corporate income tax and individual income tax

(a) Residents of the Netherlands

If a corporate holder is wholly subject to Netherlands corporate income tax or part of its business is subject to Netherlands corporate income tax, income derived from the Securities and capital gains in respect of the Securities are generally taxable in the Netherlands respectively taxable if they are attributable to the part of the business which is subject to Netherlands corporate income tax.

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), the income derived from the Securities and the capital gains in respect of the Securities realised upon the redemption or disposal of the Securities are taxable at the progressive rates of the Income Tax Act 2001, if:

(i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Securities are attributable; or

(ii) such income or capital gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the Securities that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual holder, taxable income with regard to the Securities must be determined on the basis of a presumptive, or deemed, return on capital, rather than on the basis of actual income (such as interest actually received). At present, this deemed return has been fixed at flat rate of 4% of average net capital, i.e. assets less qualifying liabilities, minus an exempt amount of EUR 19,522 (figure 2005). The average net capital is determined as the net capital on 1 January and 31 December, divided by 2. The fair market value of the Securities is taken into account for establishing this net capital when the shares are held on 1 January and/or 31 December. Consequently, actual income derived from the Securities and actual capital gains realised with respect to the Securities will not be taxable.

(b) Non-residents of the Netherlands

A holder that is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands) is not taxable in the Netherlands in respect of income derived from the Securities and capital gains in respect of the Securities, realised upon the redemption and disposal of the Securities, unless:

(i) the holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which enterprise the Securities are attributable; or

(ii) the holder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands to which the Securities are attributable, other than by way of securities or through an employment contract; or

(iii) the holder is an individual and such income or capital gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities in the Netherlands with respect to the Securities that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer).*

**Gift and Inheritance taxes**

(a) Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a holder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months proceeding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Securities by way of gift by, or as a result of the death of, a holder who is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, unless

(i) such holder at the time of the gift has, or at the time of his or her death had, an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which Netherlands enterprise or part thereof, as the case may be, the Securities are or were attributable; or

(ii) the Securities are or were attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor is or the deceased was entitled, other than by way of securities or through an employment contract, to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death; or

(iii) in the case of a gift of the Securities by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, while at the time of his or her death being a resident or deemed to be a resident of the Netherlands.

(c) Treaties

Treaties may limit the Netherlands' sovereignty to levy gift and inheritance tax.

**Value added tax**

In general, no Netherlands value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of the cash payment made under the Securities, or in respect of a transfer of Securities.

**Other taxes and duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Securities.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from the 1st July, 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from 1st July, 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

## SUBSCRIPTION AND SALE

Under a subscription agreement entered into by the Issuer on 9 December 2005 (the ‘‘**Subscription Agreement**’’), Coöperatieve Centrale Raiffeissen Boerenleenbank B.A.(the 'Manager') and F. van Lanschot Bankiers N.V. (together the ‘Lead Managers’) have agreed to subscribe for the Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the Manager a combined management, underwriting and selling commission of 1 per cent. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer. Total expenses relating to the admission to trading of the Securities amount to € 25,000.

**United States**

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the ‘Securities Act’) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Securities (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of, US persons, and that 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 US persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under the Securities Act.

The Securities are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

In addition, until 40 days after the completion of the distribution of all Securities, an offer or sale of Securities within the United States by any Lead Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ‘Relevant Member State’), each Lead Manager has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ‘Relevant Implementation Date’) it has not made and will not make an offer of Securities to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

(a) in the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

**United Kingdom**

Each Lead Manager has represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (FSMA) with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

**Belgium**

The Prospectus and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Securities.

Each Lead Manager has represented and agreed that it will not:

(a) offer for sale, sell or market in Belgium such Securities by means of a public offer within the meaning of the Law of 22nd April, 2003 on the public offer of securities; or

(b) sell Securities to any person 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**

Each Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Prospectus and will obtain any consent, approval or

permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any Lead Manager shall have any responsibility therefore.

Neither the Issuer nor any of the Lead Managers represents that the Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Securities was duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 22 November 2005.

### Listing

2. Application has been made to list the Securities on Eurolist by Euronext Amsterdam N.V.

### Clearing Systems

3. The Securities have been accepted for clearance through Euroclear Netherlands (at Damrak 70, 1012 LM Amsterdam, The Netherlands). The ISIN Code for this issue isNL0000117745, the Amsterdam Securities Code (fondscode) is 11774 and the Common Code is 023722453.

### No material adverse change

4. There has been no material adverse change in the prospects or financial or trading position of the Issuer since 31 December 2004.

### Auditors

5. Ernst & Young, independent auditors, have audited, and rendered unqualified audit reports on Holding's financial statements for each of the financial years ended 31 December 2003 and 2004.

   Ernst & Young have given, and have not withdrawn, their written consent to the inclusion of their report and the references to themselves herein in the form and context in which they are included.

   The "Registeraccountants" of Ernst & Young Accountants are members of the Royal NIVRA, ("Nederlands Instituut voor Registeraccountants"), the Dutch accountants board.

### Use of Proceeds

6. The net proceeds of the issue of the Securities, amounting to approximately EUR 148,475,000 will be applied by the Issuer for its general corporate purposes.

### Documents available

7. Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being as long as any of the Securities remains outstanding:

   (a) the English translation of the Articles of Association (statuten) of the Issuer and the Holding;

   (b) the publicly available audited consolidated annual financial statements of the Holding (in English) for the two most recent financial years, and the most recently available published unaudited consolidated interim (semi-annual) financial statements of the Holding (in English). The Issuer does not publish financial statements;

(c) copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement;

(d) a copy of this Prospectus;

(e) the 403-Statement.

**Website**

8. Up to date (investment) information and press releases are freely available for download from the Issuer's website: www.vanlanschot.com.

**Litigation**

9. Neither the Issuer nor any of its subsidiaries are involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or the group's financial position or profitability.

## REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

**F. van Lanschot Bankiers N.V.**
Hooge Steenweg 27-31
5211 JN ’s Hertogenbosch
The Netherlands

## REGISTERED AND PRINCIPAL OFFICE OF HOLDING

**Van Lanschot N.V.**
Hooge Steenweg 27-31
5211 JN ’s Hertogenbosch
The Netherlands

## CALCULATION AGENT

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**
**(Rabobank International)**
Croeselaan 18
3521 CB Utrecht
The Netherlands

## PAYING AGENT

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**
**(Rabo Securities)**
Amstelplein 1
1096 HA Amsterdam
The Netherlands

## AMSTERDAM LISTING AGENT

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**
**(Rabobank International)**
Croeselaan 18
3521 CB Utrecht
The Netherlands

## LEGAL ADVISER

*To the Lead Managers*

**Allen & Overy LLP**
Apollolaan 15
1077 AB Amsterdam
The Netherlands

## INDEPENDENT PUBLIC AUDITORS

**Ernst & Young Accountants**
Prof. Dr. Dorgelolaan 12
5613 AM Eindhoven
The Netherlands

## TRUSTEE

**Amsterdamsch Trustee's Kantoor B.V.**
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

## LEAD MANAGERS

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)**
Croeselaan 18
3521 CB Utrecht
The Netherlands

**F. van Lanschot Bankiers N.V.**
Hooge Steenweg 27-31
5211 JN 's Hertogenbosch
The Netherlands