

**2005 – A YEAR OF REMARKABLE INNOVATION AND REGAINED
PROFITABILITY**
THE ANNUAL REPORT OF THE COMPANY EXPLAINS HOW AND WHY

Brussels, Belgium, 29th May 2006 — in its Annual Report for 2005, Banksys, the administrator of electronic payment traffic in Belgium, restores the balance for a year that was characterised by regained profitability and a number of unique achievements. The network was 100% available, there were no large fraud incidents and the organisation again launched various innovative products and services – a remarkable performance in view of the growing transaction volumes and the rising importance of internationalisation on the European payment scene.

Regained profitability

In 2004, large projects were responsible for a financial loss whereas, in 2005, Banksys was able to make a return to its traditional positive figures, the net profit amounting to 8.2 million euros from a turnover of 294 million euros.

Nearly a billion transactions

In 2005, as many as 986 million transactions were carried out in Belgium, 5.4% more than in the previous year. On Christmas Eve, a peak of 7,700 transactions per minute was reached, with a daily record of 3.7 million transactions. Altogether, these transactions represented around 54 billion euros.

Availability an absolute priority

With nearly a billion payment transactions per year, Banksys carries substantial responsibility in the Belgian economy. The organisation therefore invests continuously in the availability of the network, which again reached 100% in 2005. The considerable increase in transaction volumes made this performance all the more remarkable.

A continuous effort to achieve the highest level of security

A notable fact in 2005 is that there were no serious fraud incidents. Security of transactions and availability of the network are always the most important considerations for Banksys. Consequently, Belgian payment traffic shows one of the lowest fraud levels in the world. Since Banksys is convinced that investments in security and availability are essential for the future of electronic payments, the same degree of availability will be pursued in the coming years.

Terminal sales increase

In 2005, more and more Belgian merchants and retailers decided to use Banksys terminals, despite growing competition in the terminals market. Some 16,000 new terminals were installed, bringing the total to around 190,000. The market share for Banksys in 2005 amounted to 86%.

Significant growth abroad

Banksys terminals are being employed increasingly outside of Belgium. The total number of terminals that Banksys has installed beyond the borders of Belgium now stands at approximately 200,000 units. The most notable success has been in The Netherlands. Around 30,000 Dutch merchants now have a contract with Banksys Nederland, which equates to a market share of 14%.

Innovation for the service of consumers and merchants

True to its principles, Banksys again launched various innovative products and services in 2005. Two major GSM-based innovations were developed and will be introduced in 2006. The first will enable cardholders to consult their bank balance via their mobile phone. The second will enable clients to pay home delivery retailers via their mobile phone. From 2006, Banksys will offer merchants the possibility to carry out shop transactions via an ADSL or GPRS connection. New terminals and security modules were also developed. Banksys developed a new portable terminal called XENTISSIMO to perform transactions via mobile networks. The DEP/T6 hardware security module (HSM) represents a new step forward in the HSM technology that Banksys has already dominated for 25 years.

Implementation of the Single Euro Payment Area (SEPA)

In the European payment area, cross-border payments by credit card, debit card, electronic transfer, direct debit or other simple payment methods must be as inexpensive and secure as national payments. SEPA represents a comprehensive change for the payments industry that Banksys has already anticipated. Just as with the transfer to the euro, the absolute priority for merchants and consumers will be a guarantee of gradual transition.

The whole Annual Report can be consulted on www.banksys.com/annualreport

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About Banksys

Banksys is a world leader in end-to-end secure payment systems. Beginning in 1978, Banksys established the entire Belgian debit card system and, later, a nationwide electronic purse scheme called Proton. Banksys responsibilities go from terminal design and manufacture to the complete management of the secure IP network and back-end. Today, Belgium has one of the world's most advanced electronic fund transfer markets and Banksys technology is used in more than thirty countries on six continents.

Banksys has earned a prime mover reputation with revolutionary solutions. Its growing range of payment terminals provides new levels of convenience, security, reliability and speed to users across the globe. It includes the new XENTA countertop terminal, the C-ZAM/SMASH terminal for retail, C-ZAM/SPIN terminals for unattended payment and XENTISSIMO, the exciting new mobile payment solution for the hospitality sector and businesses on the move.

Banksys has made financial transactions more convenient and secure than ever, with its renowned Hardware Security Modules such as the DEP/PCI card and the DEP/T6 server. The company systematically follows the highest standards when it comes to product specifications and security. Banksys' security technology is recognized industry-wide and lies at the heart of each of its products and services.