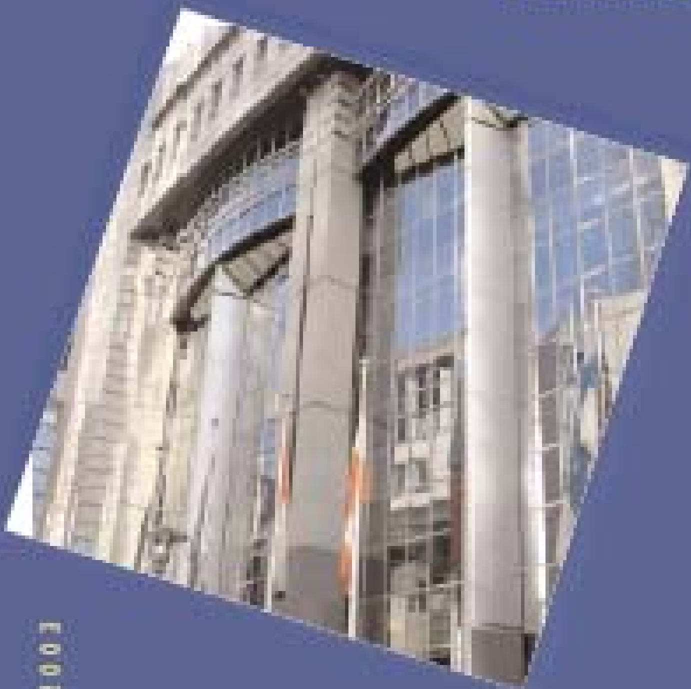
KINGDOM OF BELGIUM

Federal Public
Service Finance
Treasury
Administration

FEDERAL GOVERNMENT DEBT
Annual Report 2003



ANNUAL REPORT 2003

BELGIAN
DEBT AGENCY

ANNUAL REPORT 2003

Federal Public Service Finance
Treasury Administration
30, avenue des Arts
1040 Brussels

http://www.debtagency.be

D/2004/0676/2

May 2004

Table of contents

2003 was a disappointing year for the majority of countries in the Eurozone. Belgium, however, put up a very good show with a slight budget surplus (for the fourth consecutive year) and a reduction in the overall public debt ratio of 5 percentage points since end 2002. These results are in line with, and even exceed, the ambitious aims set by the Government in the Stability and Growth Pact.

The 2003 Annual Report on the Federal Debt highlights the Treasury's excellent performance in managing the federal government debt, illustrating the sound nature of the government's strategy over the past few years. This strategy is based on several key principles with the aim of minimising the market risks facing sovereign issuers: the exchange risk, the interest rate risk and the refinancing risk. The body of the report, featuring a modernised presentation, develops the Treasury's strategy aims: liquidity, transparency, efficiency and diversification.

The results do not disappoint: the issues of new lines of benchmark OLOs marked two events in the Euro market in 2003. They were greeted positively, reflecting the conditions in which they were issued. Having achieved a strong breakthrough in Asia, they provided the means to develop the list of countries and investors interested in Belgian government debt bonds. The internationalisation of the public debt is now a reality: from a position where the debt was held almost exclusively by Belgian investors before the introduction of the Euro, almost 50% of OLOs outstanding are now held by foreign investors.

Attesting to the excellent reputation Belgium and the OLOs have garnered in the market, 2003 saw an additional convergence of rates relative to the European benchmark borrowings, the BUND, with the spread now under 10 basis points.

by Mr. Didier Reynders Finance Minister

Whereas the low interest rates prevailing in 2003 have been a positive factor for the Belgian government debt, endogenous factors and the gradual reduction in the debt since 1993 have also had their influence on the steady decline in interest charges. The ratio of the government debt interest burden returned at end 2003 to a rate of 30.3% of federal government expenditure, compared to 40.9% in 1994 and 35.5% in 2000.

All things considered, the overall trend is a positive one. The prudent, dynamic and professional management by the Debt Agency is a major advantage, with positive outcomes also for the funding of other government bodies that can avail of favourable borrowing conditions from the Treasury. Investments in hardware, IT programmes and human resources have borne fruit as expected.

Therefore, I remain confident about the future and the contribution the Treasury can make to controlling the public expenditure associated with the federal debt and to achieving the budgetary margins required to confront the challenges of the years ahead. These include in particular the challenges of a phenomenon shared across the European Union, the ageing of the population, as well as Belgium's relatively low employment rate which, for example, could be improved by reducing the fiscal pressure weighing on employment.

The Finance Minister

Didier Reynders

THE FEDERAL DEBT: KEY FIGURES

as of 31 December (in billions of EUR or %)

	2003	2002
I. Federal debt outstanding and leading instruments		
1. Gross Federal debt outstanding	263.02	262.75
- Financing and placements by the Treasury	0.02	2.29
- Financing other bodies	0.69	0.00
- Security holdings	4.33	4.99
- Investment reserve	0.03	0.00
- Financing of the Belgian Securities Regulation Fund	0.08	0.09
Net Federal debt outstanding	257.87	255.38
2. Debt instruments		
A. EUR-denominated instruments:	259.29	257.29
- Linear bonds (OLOs)	205.15	197.36
- Traditional loans	5.75	12.15
- State Notes	8.51	8.35
- Treasury certificates	26.16	27.00
- Treasury bonds - Silver Fund	4.27	1.09
- Belgian Treasury Bills in EUR	0.85	0.35
- Private loans, interbank market and miscellaneous	8.28	9.12
- Debt issued in former currencies of the Eurozone	0.11	0.76
- Debt issued in currencies and swapped into EUR	0.21	1.11
As a % of the debt in EUR:		
- Linear bonds	79.12 %	76.71 %
- Traditional loans	2.22 %	4.72 %
- State Notes	3.28 %	3.25 %
- Treasury certificates	10.09 %	10.49 %
- Others	5.29 %	4.83 %
B. Foreign currency instruments:	3.73	5.46
- Long- and medium-term debt	2.79	3.59
- Belgian Treasury Bills in foreign currencies	0.94	1.87
- Other short-term debt	0.00	0.00
II. Net variation in the federal debt over the year		
1. Variation (in billions of EUR)	2.49	1.55
- Net balance to be financed	0.73	1.78
- Takeover of debt	0.81	0.04
- Exchange rate differences	-0.46	-0.12
- Capitalisation of interest	0.03	0.05
- Transactions with the IMF	-0.54	-0.23
- Miscellaneous	1.92	0.03
2. Variation (in %)	0.95 %	0.59 %

	2003	2002
III. Characteristics of the federal government debt		
1. Rating awarded by the various rating agencies		
- Long-term rating (S&P/Moody's/Fitch)	AA+/Aa1/AA	AA+/Aa1/AA
2. Split by currency		
- EUR denominated	98.58 %	97.92 %
- Foreign-currency denominated	1.42 %	2.08 %
3. Split by term		
- Long- and medium-term (> 1 year)	88.15 %	87.45 %
- Short-term	11.85 %	12.55 %
4. Split by interest rate		
- Fixed rate	84.97 %	83.77 %
- Variable rate	15.03 %	16.23 %
5. Effective duration of the EUR-denominated debt	3.93	4.17
Effective duration of the foreign-currency-denominated	0.29	0.45
6. Federal government interest burden	14.52	14.70
7. Weighted average interest rate	5.05 %	5.48 %
8. Federal interest burden as a percentage of federal expenditure	30.3 %	32.7 %
IV. Relationship of the federal debt (Treasury) with the general government debt		
1. Federal debt outstanding	263.02	262.75
2. Outstanding debt of other government bodies (1)	6.46	12.13
3. Debt of the Communities, Regions and local authorities	29.63	30.40
4. Consolidation effect	25.91	25.90
5. Certificates in favour of the IMF	3.46	4.00
6. Other adjustments	0.27	0.24
7. Consolidated general government debt (1+2+3-4-5-6)	269.47	275.14
8. Gross Domestic Product (GDP)	268.15	260.01
9. General government debt ratio (7/8)	100.70 %	105.80 %

(1) Debt represented by the financial instruments taken over according to the Maastricht definition of debt.

ECONOMIC TRENDS AND BELGIAN PUBLIC FINANCE IN 2003

1. Economic trends in 2003

Return to growth in the second half of 2003

After two disappointing years with growth rates under the 1-% mark, 2003 saw GDP increase by 1.1%. Although this rate of growth remains low, the upturn in the Belgian economy during the third quarter of the year was stronger than the annual growth rate would suggest. The overall economic trend was bolstered by private consumption, which grew by 1.7%, company investments, up 2.2%, and government expenditure, which grew by 2.3%. On the other hand, net exports had a negative impact on GDP growth, similar to 2002. With its very open economy, Belgium took the full impact of the downturn in the activity of its main commercial partners, with the added fallout from the increase in the value of the Euro and its negative effect on exports. Despite an improvement in the terms of exchange, the surplus on the current balance of payments fell in 2003 from 5.4% to 3.8% of GDP.

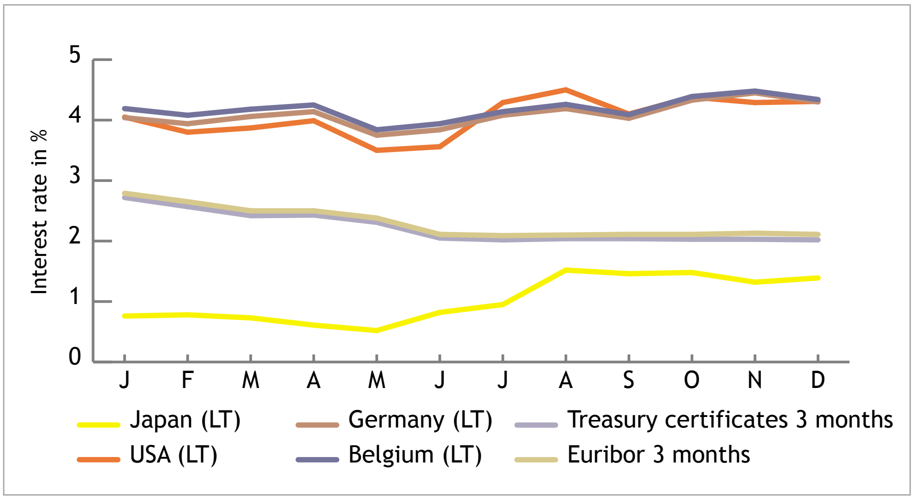
Inflation remained in check influenced by several factors: modest growth in labour costs, the increase in the value of the Euro and the overall poor economic climate. In addition, other factors specific to Belgium played their part in keeping inflation low over the past two years, such as the abolition of the radio and TV licences. The rate of inflation, measured against the consumer price index, stood at 1.6% in 2003, unchanged from 2002.

Against the backdrop of a sluggish economic outlook, unemployment rose again during the year under review. The harmonised unemployment rate, measured by the percentage of job seekers in proportion to the economically active population, increased from 7.3% in 2002 to 8.1% in 2003.

Turning to interest rates within the Eurozone in 2003, we saw a downward trend in the short-term rates during the first half of the year, accentuated by the decision of the European Central Bank to reduce its refinancing rate in March and again in June, in response to the gloomy economic prospects and the continuing rise in the value of the Euro. Short-term rates then remained stable for the rest of the year.

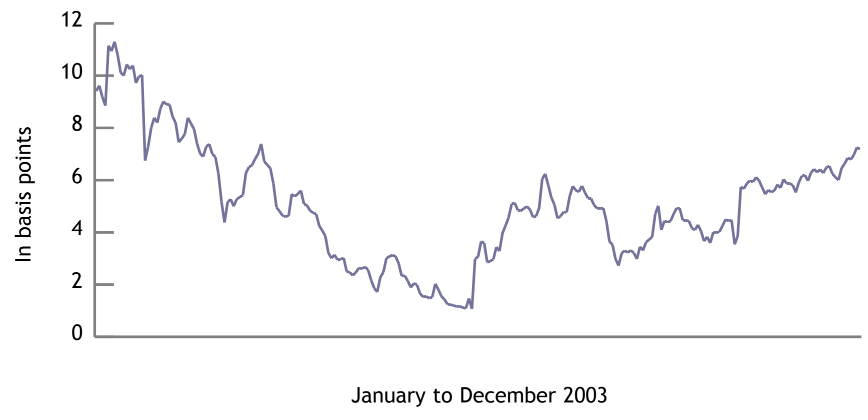
1

Average 3-month interest rates and yields from 10-year benchmarks in 2003



2

Daily variation in rates between "Bunds" and 10-year OLOs in 2003
("asset swap spreads")



The long-term rates also declined over the course of the first half of the year, but recovered in the latter half, reflecting improved expectations of an upturn in the economy.

In the period January to December 2003, the rate for Belgian 3-month Treasury certificates fell from 2.72% to 2.02% on average.

From the start of 2003 to end June, the yield from the benchmark 10-year OLO also fell, from 4.32% to 3.94%, but then rallied to reach 4.34% at end December. 2003 also saw a further drop in the interest rate difference between Belgian and German benchmarks. Graph 2 illustrates the evolution of this spread for 10-year benchmark loans. The differences are calculated in terms of "asset swap spreads" in order to eliminate the differences in maturity dates between both types of loans. Thus we see the interest rate spread fall from 9.5 basis points (0.095%) at the beginning of the year to a little over 1 basis point (0.01%) at end June 2003 - a historic record - before climbing once again to 7.2 basis points by the end of 2003.

Favourable variation in rates for the Treasury

The interest burden on the government debt fell in absolute terms compared to 2002, from 14.7 billion EUR in 2002 to 14.52 billion in 2003. This change results from the continued fall in the weighted average interest rate over the past few years, from 5.48% in 2002 to 5.05% in 2003. In terms of GDP, the interest burden has continued to fall over the past few years, which, allied to an ample primary surplus, contributed to a budgetary surplus in 2003.

2. The development of public finances in 2003

2.1. Compliance with the Stability Programme 2003-2005

Slight budget surplus

When drawing up the 2003-2005 Stability Programme in autumn 2002, the Government based its assumptions on a sustained recovery in the economy throughout 2003. Predicted growth in GDP for 2003 was set at 2.1%, in line with general expectations. However, estimates place actual GDP growth at 1.1% for the year.

On the basis of these assumptions for the economy, the government set a target of maintaining in 2003 the budgetary equilibrium achieved in 2002. According to the provisional data available at mid-February 2004, we should see a very slight surplus in the General Government financing balance, of some 0.2% of GDP.

The lower-than-forecast growth had a negative impact in the region of 0.4 to 0.5% on the budget balance, according to the High Council of Finance "Public sector borrowing requirement".

Nonetheless, the final result achieved was above expectations. This was due mainly to exceptional non-tax receipts, in large part the revenues yielded from liquidating the Belgacom pension fund, which also enabled the government to accelerate transfers of funds to the Post Office and the SNCB.

Entity trends

For the second consecutive year, Entity I (Federal government and social security) reached and even exceeded its targets under the Stability Programme, recording a borrowing requirement of 0.1% of GDP, having achieved equilibrium in 2002, and a primary surplus of 5.0%.

1

Targets and realisations in terms of the financing balance (as a % of GDP)

	2002	2003	
	Realisations	Targets (1)	Estimates
General Government			
° Financing balance	0.0	0.0	0.2
° Primary surplus	6.1	5.5	5.8
Entity I			
° Financing balance	0.0	-0.3	-0.1
° Primary surplus	5.6	4.8	5.0
Entity II			
° Financing balance	0.0	0.3	0.3
° Primary surplus	0.5	0.7	0.8

(1) 2003-2005 Stability Programme

Entity II (Communities, Regions and Local Authorities) achieved a surplus estimated at 0.3%, in line with the targets set for it, and a primary surplus of 0.8%.

Revenue and expenditure

2003 saw the application and intensification of government measures to reduce the fiscal and parafiscal burden on workers. The sole reason for the growth in general Government receipts overall, taken as a percentage of GDP, was the exceptional and significant allocation of non-tax revenues (Belgacom pension fund). Fiscal and parafiscal pressure shifted, falling back by 0.8% overall, compared to 2002, and by 0.6% on income taxes.

Primary expenditure rose by 1.2% of GDP in 2003. One-third of this increase can be attributed to the accelerated transfer of revenues to the SNCB, which was initially forecast for 2004. The effects of the unfavourable economic climate were also felt in terms of expenditure, reflected in increased unemployment benefit payments and, amongst others, an increase in the Belgian contribution to the financing of the European Union.

These developments in both revenue and expenditure led to a slight reduction in the primary surplus, more than offset by the fall in interest charges.

Interest burden and the debt ratio

Following the pattern in 2002, the pressure of the interest burden was considerably reduced (-0.5% of GDP), in large part as a result of an additional decline in the implicit debt interest rate to about 5.5% (down by 0.3%, compared to -0.5% in 2002). On average for the period 1999-2003, the fall in the implicit rate and the reduction in the debt ratio play an almost equal role in explaining the reduction in the interest burden.

2

General government revenue and expenditure
(as a % of GDP)

	2002 Realisations	2003 Estimates
Revenue (1)	49.5	50.3
of which fiscal and parafiscal revenues	46.6	45.8
of which tax revenues	31.9	31.4
Primary expenditure (2)	43.4	44.5
Primary balance (3=1-2)	6.1	5.8
Interest burden (4)	6.1	5.6
Financing balance (5=3-4)	0.0	0.2

(1) and (2) including revenues paid to the EU

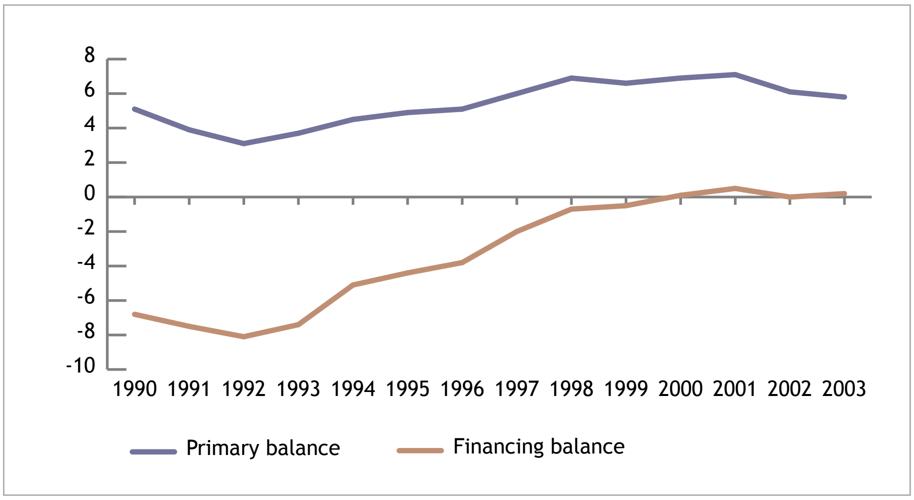
2003-2005 Stability Programme

The 2003-2005 Stability Programme predicted a reduction in the debt ratio of 3.8 percentage points of GDP in 2003. On the basis of the available data, the actual reduction exceeds this target. At end 2003, the debt level for the government overall stood at 100.7% of GDP, that is 5.1 percentage points lower than in 2002. We should remember that the public debt reached a record 136.7% of GDP in 1993; since that time, the debt ratio has declined steadily each year.

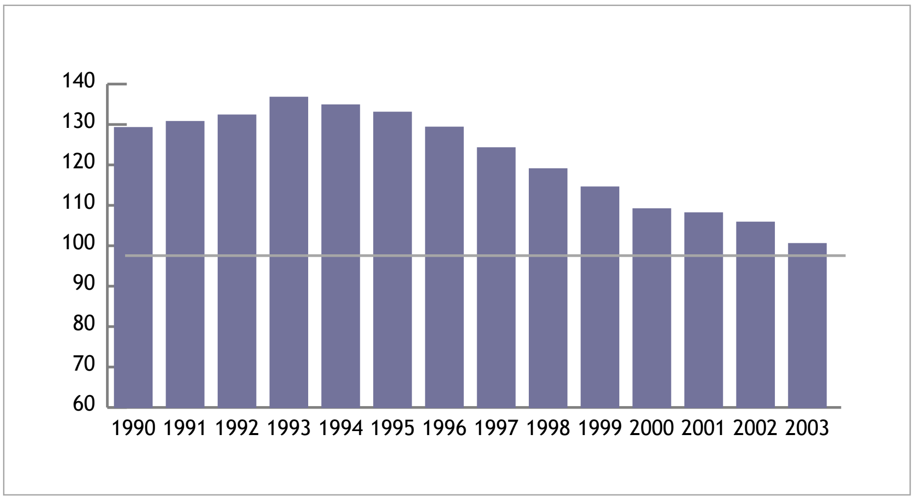
Comparison with Europe

2003 saw Belgium retain its position for the third year running, in the small group of only three EU countries that achieved budgetary equilibrium or a budget surplus: Finland, Belgium and Spain. These same three countries were also the only member states to achieve the targets stated in their Stability Programme, despite the economic downturn.

3 Variation in the primary balance and the financing balance (as a % of GDP)



4 Variation in the debt ratio during the period 1990 to 2003 (as a % of GDP)



2004-2007 Stability Programme

Belgium has continued the gradual process of convergence of this debt ratio towards the European average. The average level of indebtedness in the Eurozone rose in 2003 (+1.4 percentage points of GDP), exceeding the 70-% mark.

2.2. The 2004-2007 Stability Programme

The economic forecasts underpinning the 2003-2005 stability programme did not materialise. Therefore, the current updating of the Belgian programme reflects adjustments to take into account the unfavourable economic circumstances. Based on forecasts in the main dating from the fourth quarter of 2003, it became apparent that GDP growth for the period 2003-2005 could be 1.6 percentage points lower than the initial hypothesis.

Against this backdrop, the Government nonetheless persisted in its drive to reach the targets of the Stability and Growth Pact: to achieve a balanced budget or even a surplus, and to continue to reduce the debt ratio, while releasing the resources needed to fulfil a certain number of priority political aims, foremost amongst these being the promotion of employment.

For the period 2004-2007, the government has set budgetary equilibrium as its minimum target, with its sights set on a surplus of 0.3% of GDP by 2007. Given the expected upturn in the economy, these results should be achieved, limiting recourse to once-off measures. Furthermore, the government will give priority to improving the financing balance in its allocation of the additional margins gained.

3 Budgetary evolution of the various sub-sectors of government in the 2004-2007 Stability Programme (% of GDP) (1)

	2002	2003	2004	2005	2006	2007
	Realisations	Estimates		Targets		
General Government						
° Primary surplus	6.1	5.6	5.1	4.8	4.7	4.8
° Interest burden	6.0	5.4	5.0	4.8	4.7	4.5
° Financing balance	0.1	0.2	0.0	0.0	0.0	0.3
Entity I						
° Primary surplus	5.6	4.9	4.2	4.1	4.1	4.1
° Interest burden	5.5	4.9	4.5	4.4	4.3	4.1
° Financing balance	0.1	-0.1	-0.3	-0.2	-0.1	0.00
Entity II						
° Primary surplus	0.6	0.7	0.8	0.7	0.6	0.7
° Interest burden	0.5	0.5	0.5	0.4	0.4	0.4
° Financing balance	0.0	0.2	0.4	0.2	0.1	0.3

(1) Rounding off can lead to totals that are slightly different than the sum of the parts

The downward trend for fiscal and parafiscal pressure for the period under consideration is set to continue, due to the impact of income tax reforms for individuals, scheduled to become fully operational by 2006, and the reduction in social insurance contributions. Similarly, in a brighter economic climate, the share of primary expenditure in GDP should also follow a downward curve. However, we should see a slowdown in the reduction of the interest burden as the drop in the implicit interest rate is halted.

If the general economic and budgetary conditions evolve as envisaged in the 2004-2007 Stability Programme, the debt ratio will decline even further. The forecasts for 2007 put this ratio at 87% of GDP; however the figures relative to the debt ratio presented in the programme do not incorporate the takeover of a portion of the SNCB's debt by the government in 2005.

This gradual reduction in the debt ratio will be crucial to absorbing the budget impact of the ageing population. According to the findings of the Research Committee on Ageing, state expenditure on pensions and heath care will increase by 5.2% of GDP between 2003 and 2030. Given the probable reduction in a number of other expenditure lines, such as family benefit and unemployment expenses, government social expenditure could increase by 3.4% of GDP in the period 2003 to 2030.

The Silver Fund was created in 2001 to meet the increased pension funding requirements for the period 2010- 2030. Taking into account the payments still to be made to the fund, we should see its capital total in excess of 10 billion euro at end 2004.

3. Changes in the composition of the federal government debt

In future, and more specifically from January 2004, the federal government debt will include the debt of some institutions, reflecting the government's financial intervention. This consists of a portion of the debt, up to now considered as debudgetised debt, on the one hand, and the FADELS debt (Sinking Fund for Social Housing Loans). The government is now the sole provider to FADELS of the funds required to meet its financial obligations. The designation "Debudgetised debt" will no longer be used after January 2004.

However, this classification will have no consequence whatever on the total government debt in the sense of the Maastricht Treaty, and thus will have no impact on the debt ratio. The debudgetised and FADELS debt were already incorporated in the debt, according to the Maastricht Treaty norms. Therefore, this reclassification is in the interests of increased transparency.

There was also a second change to the composition of the federal government debt. This concerns the interest-free certificates without an expiration date issued in favour of the International Monetary Fund (IMF). From January 2004, these will no longer be included in the federal government debt report, in view of the fact that the obligations to the IMF arising from these certificates are the responsibility of the National Bank of Belgium. It is exactly for this reason that in the past, the certificates issued in favour of the IMF were not included in the total general government debt, according to the Maastricht Treaty norms. It is therefore logical not to include them in the federal government debt.

You will note that the figures for end 2003 published in this report do not incorporate these modifications. For information, the totals relative to the IMF entry, on the one hand, and the FADELS and debudgetised debt on the other totalled 3.46 and 5.19 billion EUR respectively at end 2003.

THE TREASURY'S FINANCING STRATEGY IN 2003

Very limited net balance to be financed

1. The Treasury's borrowing requirements and funding resources in 2003

1.1. The Treasury's 2003 borrowing requirements

In 2003, the Treasury's borrowing requirements reached a total of 26.39 billion EUR, slightly exceeding (by 0.83 billion EUR) the budget estimates of 25.56 billion EUR.

Nonetheless, the net balance to be financed remained at 0.73 billion EUR, that is 1.92 billion EUR less than initially forecast. This is partly due to the exceptional revenues from the Belgacom pension fund. These additional revenue streams allowed the Treasury to buy back a larger volume than predicted of securities maturing at end 2004 or later. Instead of 5 billion EUR, buy-backs totalled 7.86 billion EUR, 2.88 billion of which was accounted for by special transactions organised for new loan issues.

Finally, the most important factor in the borrowing requirements, i.e. 2003 maturity dates, totalled 17.66 billion EUR.

1.2. The Treasury's 2003 funding resources

To meet its borrowing requirements, the Treasury used medium- and long-term loans. Total issues thus amounted to 27.66 billion EUR, or 1.98 billion in excess of the target figure.

As we know, OLOs have constituted the Treasury's main financing instrument for the past several years. In 2003, OLO issues accounted for 23.28 billion EURO, which is in line with its forecast of 24.05 billion. Two new benchmarks, OLO 41 and OLO 42 (10- and 15-year benchmarks respectively), provided an immediate yield of 5 billions EUR each on their launch via syndication. The outstanding amounts of these loans, as well as of the existing 15- and 30-year loans were added to by auctions, which brought in 12.86 billion EUR in total. Note that the Treasury organised only one exchange for a total of 0.41 billion EUR.

The fact that the level of issues has exceeded the forecasts is due in the main to the issue of Treasury bonds for the Silver Fund. 2003 saw investments totalling 3.10 billion EUR though this financing instrument, ahead of the mere 0.63 billion initially forecast. Issues of State Notes exceeded the forecasts by 0.28 billion EUR to reach a final total of 1.28 billion EUR.

Given that the Treasury's medium- and long-term borrowing exceeded its borrowing requirements, we saw a reduction in the short-term federal debt outstanding, both in EUR and in foreign currencies. This reduction in the short-term sector amounted to 0.51 billion EUR for the EUR-denominated debt and the equivalent of 0.76 billion EUR for the foreign-currency-denominated debt. Table 4 illustrates the Treasury's borrowing requirements and funding resources for 2003.

4

Financing of the Treasury in 2003 (in billions of EUR)

	Budget 2003 (1)		Realisation at 31/12/2003 (7)	
I. Gross balance to be financed 2003		**25.56**		**26.39**
1. 2003 Borrowing Requirements		**20.24**		**18.39**
Budget deficit (2):	2.65		0.73	
Debt reaching maturity in 2003	17.59		17.66	
- EUR-denominated medium- and long-term debt (3)	17.02		17.14	
- Medium- and long-term debt in foreign currencies	0.57		0.52	
2. Scheduled pre-financing (bonds reaching maturity in 2004 or later)		**5.00**		**7.86**
Buy-backs (4)	5.00		7.86	
Exchanges (3) (4)	0.00		0.00	
3. Other borrowing requirements (5)		**0.32**		**0.14**
II. 2003 Funding Resources		**25.68**		**27.66**
1. Medium- and long-term issues in EUR		**25.68**		**27.66**
OLOs	24.05		23.28	
- Syndications	10.00		10.00	
- Auctions	14.00		12.86	
- Exchanges (including capitalised interest)	0.05		0.41	
Treasury Bonds - Silver Fund	0.63		3.10	
- Scheduled in the budget 2002	0.00		0.00	
- Scheduled in the budget 2003	0.63		3.10	
State Notes	1.00		1.28	
2. Medium- and long-term issues in foreign currencies		**0.00**		**0.00**
III. Net variation in the short-term debt in foreign currencies		**-0.06**		**-0.76**
IV. Net variation in the short-term debt in EUR (6)		**-0.06**		**-0.51**

(1) Estimates at December 2002 (budget).
(2) Parameter dependant on seasonal factors: interest charges are significant in the first six months and in September and the revenues in the second six months.
(3) Excluding the interest capitalised on exchanges.
(4) At 1 January 2003, the outstanding medium- and long-term debt in EUR coming to maturity in 2004: 25.66 billion EUR.
(5) Including interest capitalised on exchanges, the "puts" executed on the State Notes, financing of state bodies (Credibe) and the Treasury certificates representing Belgium's participation in international institutions.
(6) Gross short-term debt in EUR at 01/01/2003: 31.11 billion EUR and average outstanding in 2002: 32.61 billion EUR.
(7) Rounding off can lead to totals that are slightly different than the sum of the figures.

Focus on liquidity

2. Liquidity, transparency, efficiency and diversification

The Treasury is striving to achieve a better positioning of its financing instruments and to extend the international reach of its investor base by pursuing a consistent strategy based on liquidity, transparency and efficiency.

2.1. The quest for liquidity

16 primary dealers

Sufficient liquidity on the secondary markets is one of the Treasury's priorities. After all, liquidity does have a positive impact on pricing the financial instruments and therefore on the cost of financing the debt.

Liquidity on the secondary markets is ensured mainly by the primary dealers, in accordance with their contract with the Treasury. At end 2003, the Treasury decided to make a slight change to the composition of this group of primary dealers. The full and updated list of primary dealers for 2004 is included as an appendix to this report.

5 recognised dealers

The specific task of the recognised dealers is to promote Belgian Treasury securities, especially in specific geographical areas or market segments. Six financial institutions formed the group of recognised dealers in 2003 however the number is reduced to five for 2004, in view of the designation of one of the group as a primary dealer. The complete list of recognised dealers is included as an appendix to this report.

The issue of benchmark OLOs

To promote liquidity, the Treasury concentrates its financing in large benchmark issues to ensure a good spread of these issues internationally. In 2003 the Treasury did not deviate from its policy of only reopening benchmark lines during auctions.

Syndications

With a view to ensuring sufficient liquidity in favourable market conditions, the Treasury, in line with previous years, issued new 5- and 10-year benchmarks: OLO 42 and OLO 41, respectively, using the syndication method with the participation of all of the primary and recognised dealers.

From the opening of the first issue, this syndication method yielded 5 billion EUR, thereby guaranteeing a very diversified spread, both geographically and in terms of investor type. We would also note that the syndications allow better control of the spread using the book-building process (1).

(1) In this type of syndication, the joint-lead managers, the co-lead managers and the selling group provide regular reports to the Treasury on the orders they have received, stating the volume and the spreads at which investors wish to buy OLOs. This enables the Treasury to form an idea of the demand for and "pricing" of new OLOs.

MTS Belgium contributes to liquidity

MTS Belgium

The MTS Belgium electronic trading platform has made a substantial contribution to ensuring liquidity on the off-exchange markets. This Inter-Dealer platform guarantees price transparency and provides an assurance of minimum amounts per quotation and maximum bid-offer spreads. The volume of trades at MTS Belgium forms a significant portion of the regulated off-exchange market.

Liquidity of Treasury certificate lines

In 2003, the average per line stood at 4.5 billion EUR. This total met the target sought by reforming the issue schedule in 2001: the creation of lines with a higher outstanding amount to ensure sufficient liquidity on the secondary market.

Repo

The significance of the Treasury in this area increased, given that it now has the facility to participate directly in the repo market at MTS Belgium. Prior to this, its participation in this market was restricted to concluding repo deals through brokers.

Repo facility

In view of the obligation to quote bid and offer prices, it is important to protect a counterparty against the risk of non-delivery. The Treasury used the repo facility as a lender of last resort to provide the desired securities on the same day as delivery. This makes an indirect contribution to the liquidity of linear bonds and Treasury certificates. The Treasury received 92 requests in the framework of the repo facility, 53 for Treasury certificates (for an average total of 27.8 million EUR) and 39 for OLOs (for an average total of 31.1 million EUR). The total for the year reached 1476 million EUR for three different lines of certificates and 1215 million EUR for eight different OLO lines.

Debt buy-backs

2003 saw the Treasury intensify its buy-back programme and conclude the last exchange deal, enabling it to buy back the "Philippe XII" loan by issues in seven lines of OLOs.

The buy-backs via MTS of securities within 12 months of their expiry date considerably increased to reach a total of 5.1 billion EUR. Technically speaking, these buy-backs are conducted by reserving a "window" for the purpose on the MTS Belgium platform: the Treasury buys back securities at rates it quotes itself or at the offer prices quoted by the primary dealers in this MTS Belgium window.

To finance these buy-backs, the Treasury issues larger volumes during auctions. It also responds to market demand through more liquid benchmark loans.

In 2003, the Treasury organised two buy-back takeovers on loans with a longer maturity term. The buy-back dates corresponded to issues of linear bonds, but the two operations were conducted separately. The Treasury conducted the buy-backs as a book-

Policy of transparency

building process using the Bloomberg (BAS) auction system. The procedure is a transparent and competitive one, providing investors with the opportunity to sell back to the Treasury OLO lines that are no longer termed benchmark loans and to bid for subsequent issues of benchmark OLOs.

2.2. The quest for transparency

Competitive auctions

OLOs and Treasury certificates, which form the bulk of the Treasury's financing, are generally issued via competitive auctions for which the primary dealers and recognised dealers in Belgian Treasury securities have the monopoly.

In line with its policy of transparency, the Treasury also announces the range of the amount to be auctioned a few days before the auction. The Treasury contacts the primary dealers before each OLO auction to sound out their views and recommendations regarding market conditions and the forthcoming auction.

Issue calendar

At the beginning of each calendar year, the Treasury publishes an overall financing plan including projections of the volumes to be issued and the financing instruments to be used. In addition, the auction schedule is also published on the Treasury's web site (http://debtagency.be).

Buy-backs

One of the features of the buy-back procedure used by the Treasury is its transparency: the prices quoted can be consulted by all of the primary dealers on MTS Belgium and the bought-back amounts are published in the Treasury pages on Bloomberg, Reuters and Telerate.

Advertising

The Treasury also publishes updated information in a variety of channels. It regularly brings out brochures such as the "Belgian Prime News" (in collaboration with the Belgian National Bank and the primary dealers) and the "Review Outlook". It also has its own Internet site. The results of issues are published on Bloomberg, Reuters and Telerate, as well as on the Treasury web site. Regular press releases also feature on the Treasury web site.

2.3. The quest for efficiency

The Bloomberg auction system (BAS)

The Treasury continues to use the Bloomberg system for its auctions of Treasury certificates, linear bonds and buy-backs concluded according to the book-building process. This ensures secure and reliable handling of bids and the publication of the results.

MTS Belgium

The MTS Belgium electronic trading platform publishes transparent rates and prices for linear bonds and Treasury certificates. The Treasury also uses this system to conduct its daily buy-backs. The transactions are concluded automatically by Straight Through Processing, a system which sends the data to the clearing of the National Bank of Belgium.

Efficiency and diversification

Brokertec

In addition, the Treasury now has a Brokertec screen, enabling it to monitor the liquidity levels, not only of outright transactions on Treasury certificates and linear bonds, but also and especially the liquidity of the repo deals concluded using this system.

2.4. Diversification and internationalisation of the Belgian State's investor base

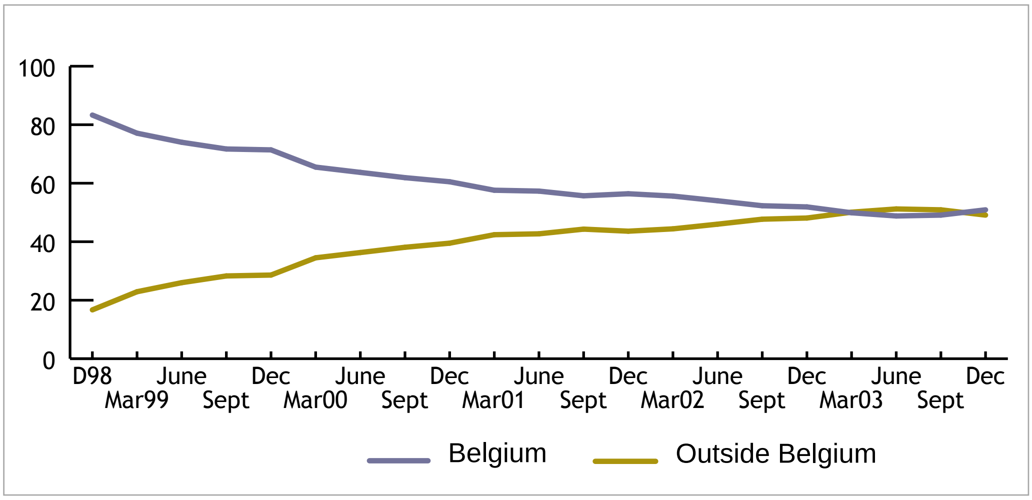
The proportion of OLOs held outside Belgium grew once again in 2003; at end December 2003 it stood at 49.1% compared with 48.1% at end December of the previous year (see graph 5).

Note that these percentages are calculated on the total amount outstanding of the OLOs, including the former lines issued in Belgian francs before the introduction of the euro, the majority of which were held by Belgian investors. Looking only at syndicated issues since 1 January 1999, that is since the introduction of the single currency, we arrive at the distribution given in Graph 6.

The wide diversification of the investor base is primarily due to the Treasury's active marketing policy. 2003 saw it organise 15 road shows outside Belgium, in Europe, Asia and the US, providing the forum to meet representatives from 146 institutional investors across 25 countries.

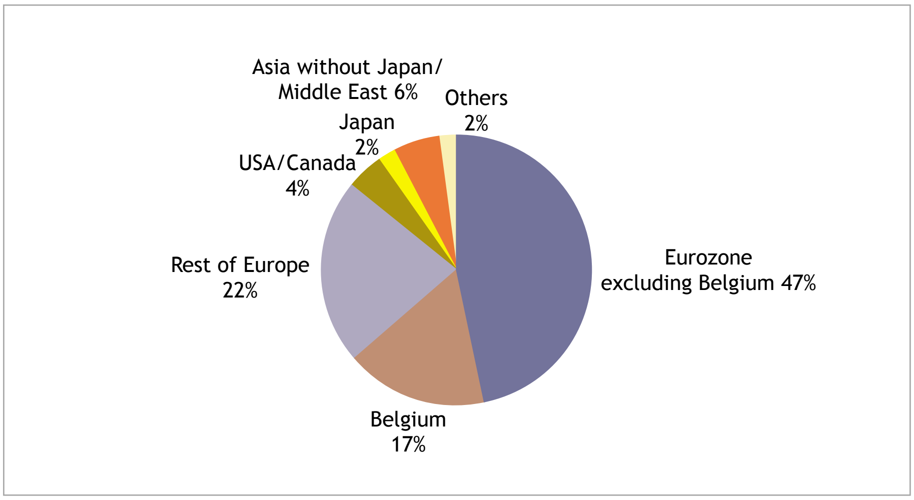
5

Distribution of OLO holdings (as a % of the total)



Marketing by the Treasury

6 Total syndicated OLO issues since 1 January 1999



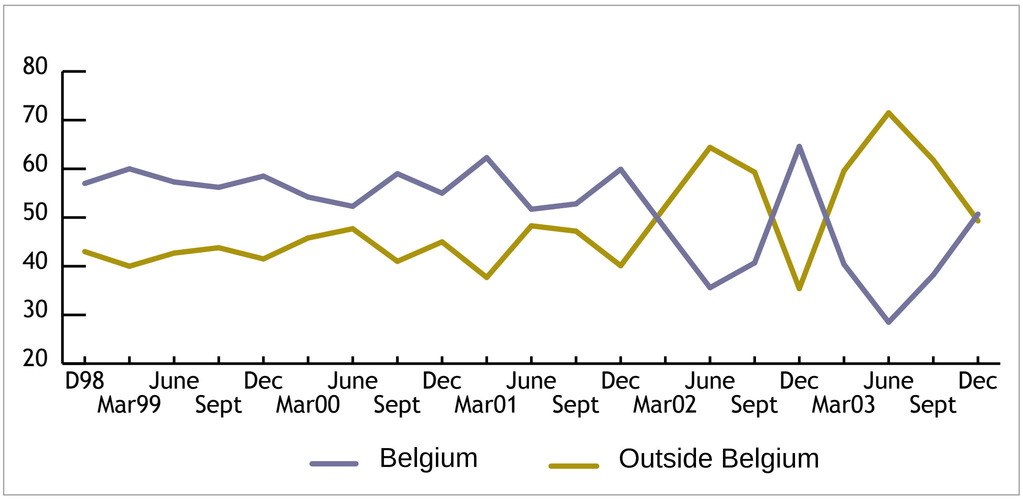
Not to leave Belgian investors in the cold, two roadshows were dedicated to the national investor base. The first targeted public institutions specifically and the second was dedicated to four large Belgian institutional investors.

The proportion of Treasury certificates held abroad increased from 35.4% at 31 December 2002 to 46.7% at 31 December 2003.

In view of the nature of these securities, the international investor base is more diverse than is the case with OLOs.

These positive results confirm the key role played by the Treasury's active marketing policy in expanding the international reach of the investor base in Belgian debt and, in so doing, reducing the borrowing cost to the State.

7 Distribution of Treasury certificates holdings (as a % of the total)



3. Risk management and General Directives

The Belgian Debt Agency continuously monitors the risks involved in managing the federal government debt and reports regularly to the Strategic Debt Committee. The Treasury manages these risks, i.e. the exchange, refinancing and interest rate risk, based on the standards laid down by the Minister for Finance in the General Directives on the Federal Government Debt.

The Treasury bases its management of the credit risk on the Directives of the Strategic Debt Committee.

3.1. The exchange risk

To a great extent, the proportion of the debt denominated in foreign currencies relative to the total debt determines the exchange risk to which the Treasury is exposed. We have seen this proportion considerably reduced over the past few years, and with it the exchange rate risk.

At end 2003, the debt in foreign currencies totalled 1.42% of the total debt outstanding, compared to 2.08% in 2002. This reduction clearly illustrates the correct application by the Treasury of the General Directives, which recommend the gradual elimination of the foreign-currency-denominated debt, depending on market conditions.

The debt in CHF accounted for the lion's share (0.93%) of the total debt, followed by the JPY (0.39%) and the USD (0.09%).

3.2. The interest rate risk and the refinancing risk

In the context of debt management, there are two critical indicators for the Treasury: the refinancing risk and the refixing risk. It is possible to analyse these two indicators separately using derivatives. Once it calculates the refinancing risk, the Treasury can turn its attention to the refixing risk.

Stringent risk monitoring

There are two aims in calculating the refinancing risk. The first is to ensure that the amounts to refinance on the expiry dates are relatively similar on an annualised basis. A good maturity schedule spread reduces the risk of placing pressure on the budget in the event the Treasury had to refinance at higher interest rates. On the other hand, the total refinancing requirement is relatively predictable and investors know what to expect year on year.

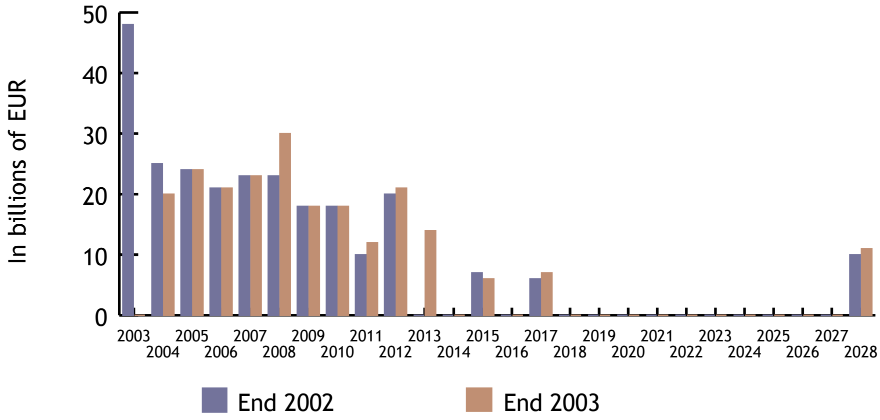
Graph 8 shows the maturity schedule of the EUR-denominated federal government debt. The maturity is relatively spread out, with the exception of 2008, for which the debt outstanding is some 30 billion EUR at end 2003 (compared to 23 billion at end 2002). This increase, due to the issue of a new 5-year OLO, was tempered by the buy-backs of older OLOs maturing at the same time.

The General Directives impose two restrictions for monitoring the refinancing risk. The first limit concerns the amount that can be refinanced within the 12-month period, capped at

Very stable maturity schedule

8

Maturity schedule of the federal government debt in euro

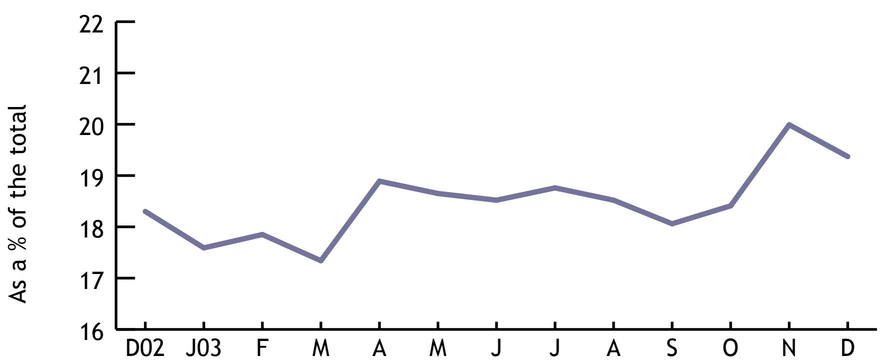


22.5% of the total EUR-denominated debt. The second concerns the amount that can be refinanced within 60 months, capped at 60% of the total EUR-denominated debt.

Graphs 9 and 10 illustrate the development of these two parameters during the year under review. The government kept within its limits for the period.

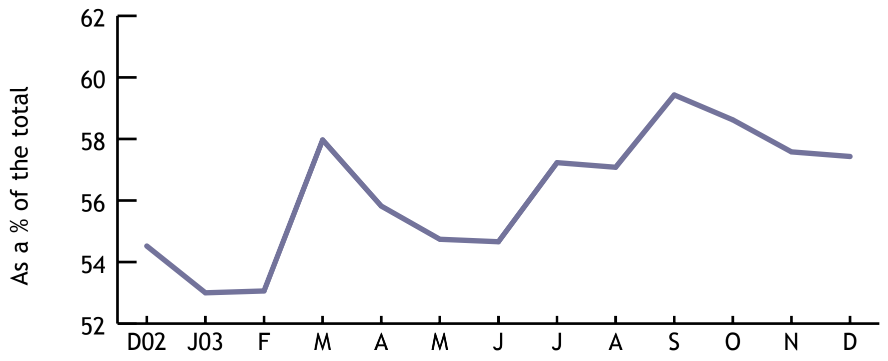
9

12-month refinancing risk



10

60-month refinancing risk



Alongside the refinancing risk, the Treasury constantly monitors a second indicator: the refixing risk for the EUR-denominated deb. The analysis is based on a series of simulations to show the impact of the variability in rates on the budget over a 5-year period.

Using these simulations, the Treasury calculates the derivative transactions needed to return the interest rate risk to an acceptable level.

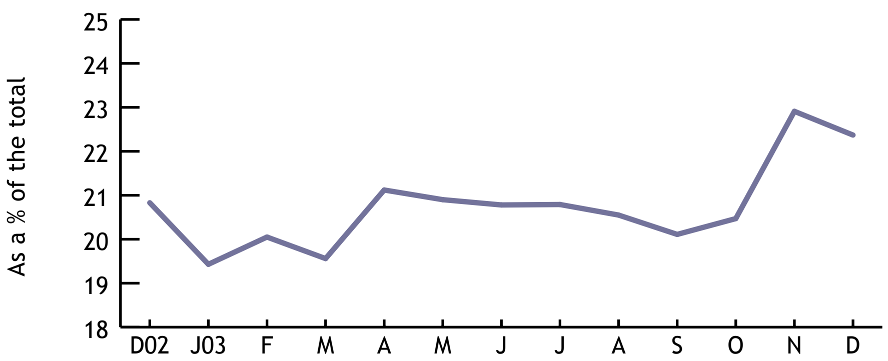
The target limit for the 12-month refixing month is 25% of the EUR-denominated debt and 65% for the 60-month risk.

Graphs 11 and 12 below illustrate the development of these limits throughout 2003.

Thus, the 12-month refixing risk remained under the target limit, whereas the 60-month refixing risk edged extremely close to the 65% upper limit in September 2003, with the impact of the maturity schedule structure. The graph shows the risk falling back after this point, following a reduction in Treasury certificate issues and an increase in buy-back transactions.

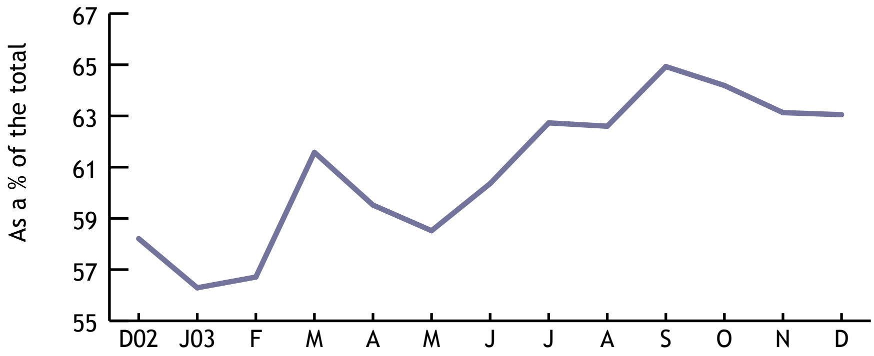
11

12-month interest rate refixing risk



12

60-month interest rate refixing risk



"Budget at risk"

In 2002, the "Risk Management" unit of the Debt Agency developed a calculation method, to estimate the potential for exceeding the interest rates stated in the budget.

This method is known as "Budget at Risk" and was developed initially for short-term debt instruments. 2003 saw it extended to long-term instruments.

Values are assigned to the "caps" for the short term (options on floating interest rates) whose strike prices are equal to the interest rates for 3-month, 6-month and 12-month Treasury certificates used to calculate the interest charges in the budget.

For long-term instruments, the method entails estimating the potential for budget overruns in terms of the interest rates for linear bonds. It also involves placing a value on the "caps". The strike prices of the caps are the long-term interest rates used to calculate the interest charges in the budget.

The underlying instrument of the cap is the "Constant Maturity Swap" rate (CMS rate). The CMS rate is the interest rate prevailing for valuing the interest rate derivatives on bonds.

The "caps" are used as valuation instruments and are not traded on the market.

Every month a valuation is performed and a report submitted to the Executive and Strategic Committees.

3.3. The credit risk

The credit risk is determined by the potential loss to the Treasury if one (or more) of its counterparties fails to fulfil their contractual payment obligations. The Strategic Debt Committee approved the rules for calculating the credit risk, as well as the rules for assigning credit limits to counterparties.

The methods for calculating the exposure to credit risks and the credit limits remain unchanged. Please see previous annual reports for a description of these rules.

A new development in 2003 is the government's adoption of the legislation in its favour concerning netting agreements for the financial flows associated with the use of derivatives. The law of 22 March 1993 (Article 157) now applies to government bodies to allow the compensation of debts with Belgian financial institutions in the context of managing the credit risk. From April 2003, "netting" is applied to calculate the credit exposure of Belgian counterparties.

The Treasury only deals with counterparties with a high rating (A minimum). At 31 December 2003, short-term placements accounted for 15.1% of the credit exposure and derivatives for 84.9%. As shown in Table 5, 84.8% of the credit risk for derivatives lay with counterparties with a rating of AA or better, compared to 79.4% at end 2002. None of the counterparties fell below the minimum A rating. Table 6 gives a more detailed breakdown by product.

Table 7 gives the breakdown of the exposure for derivatives according to the remaining term at 31 December 2003.

The "Risk Management" unit submits a weekly report to the Executive and Strategic Committees on the credit risk, as well as a detailed monthly analysis.

5 Credit exposure of derivatives by rating level at end December 2003

Rating (*)	N° of transactions	%	Total exposure in EUR	%
AAA	11	5.7	121 358 880	3.10
AA	143	74.5	3 205 267 650	81.7
A	38	19.8	594 501 970	15.2
Total	**192**	**100**	**3 921 128 500**	**100**

(*) The counterparty or the parent company rating

6

Credit exposure of derivatives by product and rating level at end December 2003

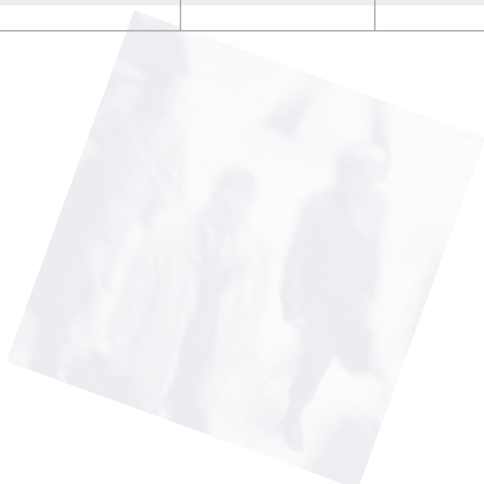
Counterparty (*) Rating	Interest Rate Swaps (in EUR)	%	Currency Swaps (in EUR)	%	Others (in EUR)	%
AAA	24 642 826	0.8	96 716 053	35.7	0.0	0.0
AA	2 719 897 947	83.9	85 100 117	31.4	400 269 587	98.4
A	499 051 549	15.4	88 857 224	32.8	6 593 197	1.6
Total	**3 243 592 321**	**100**	**270 673 395**	**100**	**406 862 784**	**100**

(*) Rating of the counterparty or the parent company.

7

Breakdown of the credit exposure for derivatives by remaining term at end December 2003

	Total	Interest Rate Swap	Currency Swap	Others
< 1 yr	9.8%	5.2%	24.4%	37.9%
1 to 5 years	14.1%	3.7%	68.7%	62.1%
6 to 10 years	43.0%	51.3%	6.8%	
>= 10 years	33.1%	39.9%		
Total	**100%**	**100%**	**100%**	**100%**



OVERVIEW OF THE TREASURY'S ACTIVITY IN 2003

The Treasury's financial instruments

The federal government debt stood at 263.02 billion EUR at end 2003, an increase of 0.27 billion EUR over last year. The period also saw a rise in the proportion of OLOs, the Treasury's most important financial instrument, 197.35 billion EUR (75.1% of the total) at end 2002 to 205.15 billion EUR (77.9%) at end 2003.

The share of Treasury certificates, the primary EUR-denominated financing instrument in the short-term segment, remained relatively stable with only a slight change from 10.5% at end 2002 to 9.9% at end 2003. The outstanding amounts at the end of 2003 were 26.16 billion EUR, against 27 billion EUR the previous year.

The other Treasury instruments are State Notes, traditional loans, Belgian Treasury Bills ("BTB") and private loans. The rise in the outstanding private loans can be attributed to the issues of Treasury bonds for the Silver Fund.

8

Outstanding debt by instrument (in EUR)

	December 2003	December 2002
Long-term EUR		
Traditional loans	5 678 330 135	12 073 235 526
OLO	205 145 871 654	197 355 477 609
Private loans	5 748 813 016	2 227 985 286
State Notes	8 512 666 759	8 353 403 805
Others	67 418 335	72 288 897
International Organisations	3 592 346 900	4 217 128 572
	228 745 446 797	**224 299 519 695**
Ex Eurozone currencies	113 445 054	760 871 000
Swapped into EUR	213 628 272	1 112 559 190
Total long-term in EUR	**229 072 520 123**	**226 172 949 885**
Long-term in currencies	**2 788 737 225**	**3 592 536 427**
Total short-term in EUR		
Treasury certificates	26 163 715 838	27 003 327 170
BTB	854 020 750	347 088 199
Misc.	3 204 339 802	3 764 265 117
Short-term in EUR	**30 222 076 390**	**31 114 680 485**
Short-term in foreign currencies		
BTB	935 085 029	1 871 686 083
Interbank	0	0
Total short-term in foreign curr.	**935 085 029**	**1 871 686 083**
OVERALL TOTAL	**263 018 418 768**	**262 751 852 881**

OLOs: the Treasury's chief financing instrument

1. Federal Government Debt instruments in EUR

1.1. Linear bonds

a. The primary market

The volume of OLOs issued on the primary market fell from 26.10 billion EUR in 2002 to 23.28 billion EUR in 2003. This sharp fall in volume is due in the main to the lower 2003 borrowing requirements as a result of the sale of the Credibe assets and the transfer of funds from the Belgacom pension fund. The November auctions were down by half relative to the forecasts and the auctions for the year as a whole brought in 12.86 billion EUR instead of the forecast 14 billion EUR.

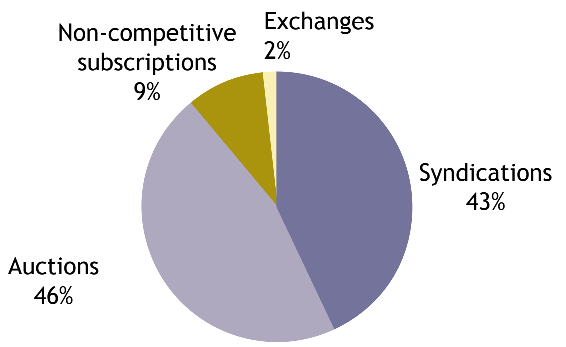
The Treasury used 2 syndications, 4 auctions and one exchange operation to issue 23.28 billion EUR.

As stated elsewhere, the Treasury publishes an indicative issue calendar on a yearly basis outlining the OLO issues via auctions or exchanges. Auctions now stand at six per year, following the reform of the issue calendar in 2000. In practice however, the issue calendar was amended to allow for the introduction of 2 syndications. The auctions for January and May were replaced by the syndications of OLO 41 and 42, with a yield to the Treasury of 5 billion EUR from each.

9 OLO issues in 2003 (in EUR)

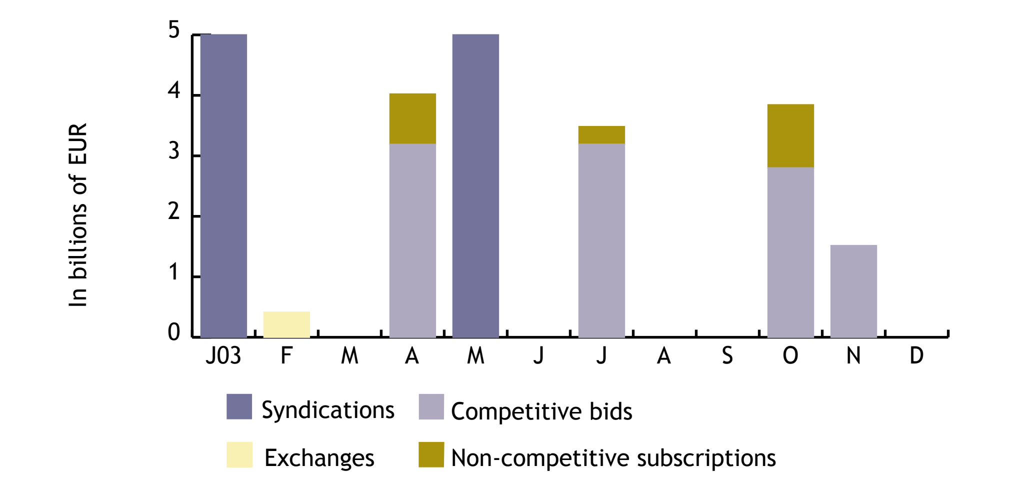
Syndications	10 000 000 000
Auctions	10 697 800 000
Non-competitive subscriptions	2 166 000 000
Exchanges	414 000 000
Total	23 277 800 000

13 OLO issues in 2003 split by type



14

Monthly OLO issues in 2003 split by type



Successful syndications of OLO 41 and 42

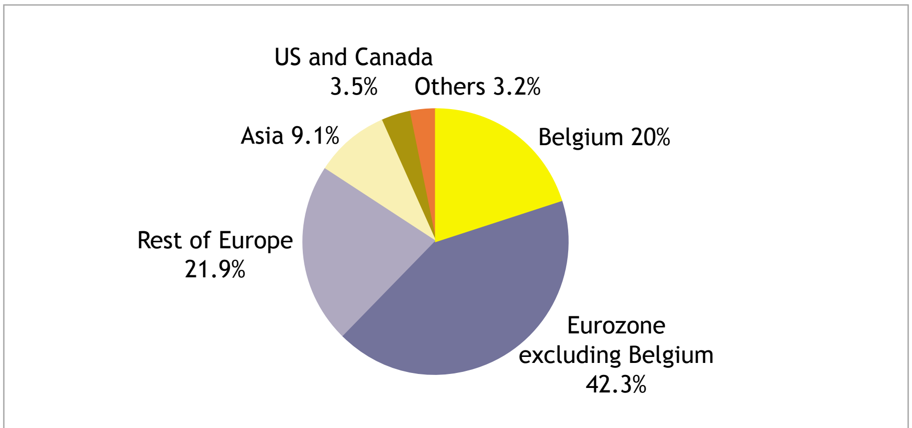
The number of exchange operations fell substantially from six to only one, given that the Treasury only opted for an exchange in one instance: the traditional "Philippe XII" loan. All with their expiry date within 12 months, OLOs 6, 14 and 20, as well as the traditional "Philippe XVII" loan, were the subject of buy-backs.

The issue of OLO 41, the new 10-year benchmark due to mature on 28 September 2013, took place as customary in January. As in previous issues of new benchmarks, the Treasury opted for syndication rather than auction.

The Treasury chose Dexia Capital Markets, Schroder Salomon Smith Barney (Citigroup), SG Investment Banking and UBS Warburg as joint lead managers for the syndication of OLO 41. Following on usual practice, the other primary and recognised dealers took part as co-lead managers and members of the selling group respectively. The total amount of orders (9.59 billion EUR) was well in excess of the issue amount.

15

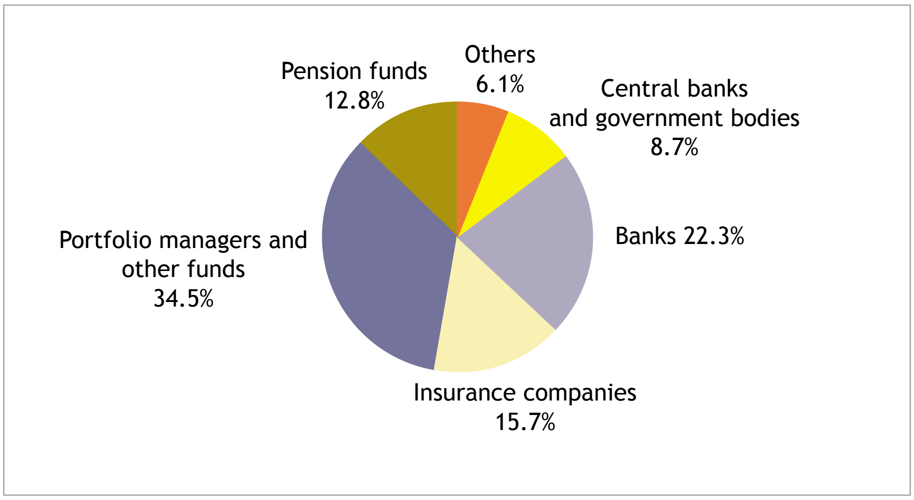
International placement of OLO 41 via syndication



International diversification of the investor base

16

Distribution of OLO 41 by investor type



The coupon for OLO 41 was fixed at 4.25% and the issue price at 99.742%. The loan was launched at 16 basis points above the German 10-year benchmark loan (Bund 4.5% - 4 January 2013), a clear improvement on 2002 when the new 10-year benchmark (OLO 38) was issued with a spread of 25 basis points. The successful placement of OLO 41 is also evident from its return of 1 to 1.5 basis points below the interpolated OLO curve and its solid performance on the secondary market a few weeks after the issue. Prices were well supported by market making on the part of the primary dealers and the steady demand from investors.

As in previous syndications, the Treasury used the technique known as "mixed pot syndication" for the allocation of orders (1). This system contributed to improving the transparency, objectivity and efficiency of both the book-building process and the allocation itself. Quality control of the majority of the subscriptions avoided duplication of subscriptions from investors working with several primary dealers. In sum, the process led to better allocation of orders and enabled the Treasury to orient the placement of its loans both geographically and in terms of investor type.

(1) In the "mixed pot syndication" structure, as in the normal "pot syndication", the Treasury has the advantage of total transparency regarding the identity of the buyer. However, there are two differences between this and the normal "pot syndication" system which mean that the check on the allocation is not complete:

a) the presence of a "blind retention" reserved for the "co-lead managers" and the "selling group". They are guaranteed this portion of the OLO allocation without the need to divulge the identity of the buyer to the co-lead managers. The "co-lead managers" are the primary dealers who did not obtain the mandate of "joint-lead manager" and the "selling group" consists of the recognised dealers. The "blind retention" forms a consideration in return for their efforts in placing the OLOs and Treasury certificates over the course of the previous year.

b) with a view to confidentiality, the "joint-lead managers" are not obliged to reveal the identity of some of their clients ("X-accounts"), but this option is limited in terms of volumes.

OLO 42

80% of the bonds were placed outside Belgium: 42.3% in other countries of the European Union, 21.9% in the rest of Europe and 12.6% in Asia and the US. This OLO generated strong interest in France and the UK.

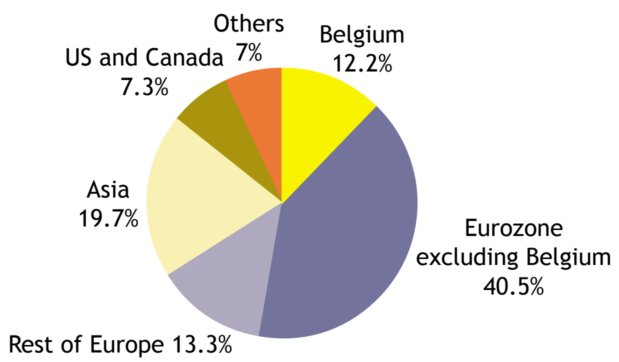
A large proportion of the bonds were placed with final investors: 34.5% with portfolio managers, 12.8% with pension funds and 15.7% with insurance companies. The banks, and in particular the investment portfolios and trading accounts, took up 22.3%, contributing to the liquidity of the OLO line. Central banks took up 8.7% of the bonds.

The May auction was cancelled as a new syndication for a 5-year issue this time was held with ABN AMRO, Barclays Capital, Fortis Banque and KBC Bank as joint-lead managers. The coupon of this OLO 42 expiring on 28 September 2008 was fixed at 3%. The yield at the time of issue was 14 basis points above OBL 142, a German Government Bond with a comparable term. The launch of this 5-year OLO met the expectations of investors and the needs of the Treasury's debt management strategy.

Orders totalled 11.4 billion EUR, more than twice the Treasury's predictions at the launch (5 billion EUR).

17

International placement of OLO 42 via syndication



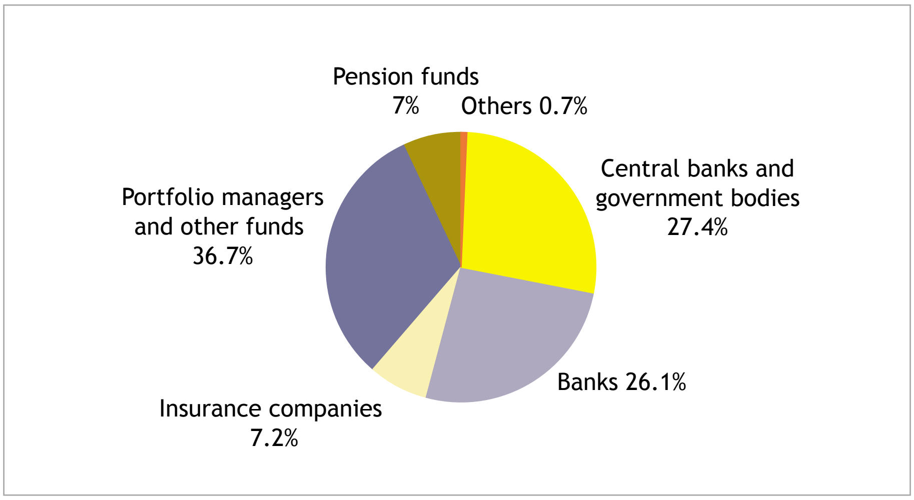
OLO 42 was placed as follows:
36.7% with portfolio managers, 14.2% with pension funds and insurance companies and 27.4% with central banks.

In allocating the orders, the Treasury was also mindful of the geographical spread: 88% of the total was placed outside Belgium, including 40.5% within the Eurozone excluding Belgium, 13.3% in other European countries, 7.3% in the United States and Canada, 19.7% in Asia and 7% in the rest of the world. We can trace the success of the issue in Asia to the large number of central banks interested in an OLO with this type of term.

At the same time, the Treasury conducted a special operation organising partial buy-backs of OLO 28 (5.75% - 28 March 2008) and OLO 16 (7.5% - 29 July 2008). As OLO 42 became the new 5-year benchmark, the Treasury was anxious to provide investors with the opportunity to sell OLO lines that are no longer termed benchmark loans, as part of a transparent process. No particular amount was forecast for this buy-back. The final totals were 1.09 billion EUR in buy-backs of OLO 28 and 716 million EUR for OLO 16. The Treasury set the buy-back price as a margin above OBL 142, also used to set the price of OLO 42 (+ 3 basis points for OLO 28 and + 10.4 basis points for OLO 16).

18

Distribution of OLO 42 by investor type



For both of these syndications, the Treasury appointed a "duration manager": Citigroup for OLO 41 and Fortis Bank for OLO 42. The duration manager's task is to limit volatility when fixing the price.

In the four OLO auctions for the year, the Treasury offered the 5-year benchmark loan (OLO 42) on three occasions, the 10-year benchmark (OLO 41) on four occasions – as scheduled in the financing plan – and OLO 40 (28 September 2017) and OLO 31 (28 March 2028) only once each. On each of these occasions, the primary dealers were consulted on the choice of OLO lines to auction.

Competitive auctions

The average "bid-to-cover" ratio of the four auctions was 2.06, down from previous years (2.37 in 2000, 2.89 in 2001 and 2.2 in 2002).

As a consideration for their active participation in the primary and secondary federal government debt markets, the primary dealers are granted the right to take part in non-competitive subscriptions. They can buy securities at the weighted average auction price, based on a fixed percentage of their accepted bids. The right to non-competitive subscriptions for all the primary dealers taken together amounted to 3.6 billion EUR, 44.7% of which was exercised (compared to 52.11% in 2002). The exercise of this right depends exclusively on market conditions at the time of the non-competitive round. The palpable fall in interest rates during the March and September auctions resulted in the full exercise of their rights by the primary dealers.

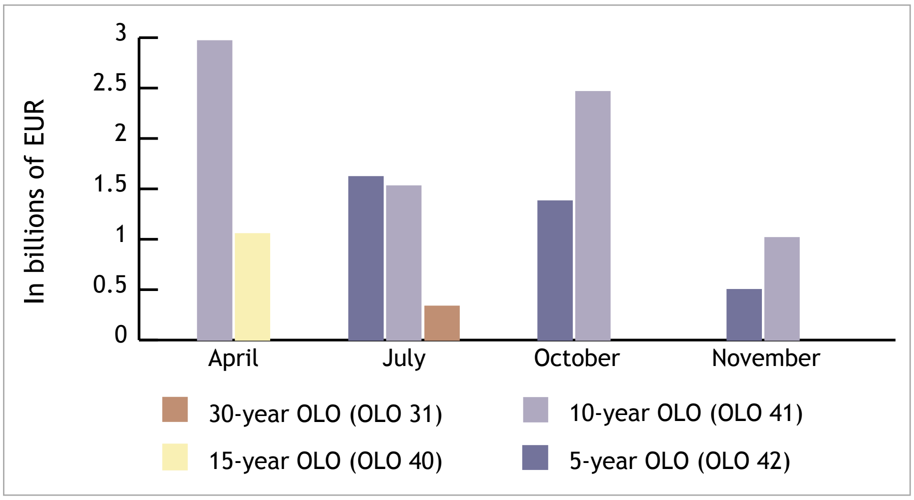
The Treasury organised a final exchange on the traditional "Philippe XII - 6.5%" loan coming to final maturity on 15 March 2003. As usual, eight lines were offered for exchange with maturity dates ranging from 2006 to 2028. These were selected after consultation with the primary dealers.

For this exchange, the Treasury issued new OLOs totalling 414 million EUR (1.8% of the total amount of the issue). This compares with 1.33 billion EUR (5.11% of the total) the previous year.

2003 also saw the organisation of two reverse auctions for buy-backs of OLOs. The first was held on May 20 to 21, coinciding with the syndication of OLO 42. The object of the buy-back was OLO 28 (28 March 2008) and OLO 16 (29 July 2008), bringing down the outstanding amounts on these loans to 12.39 and 7.97 billion EUR respectively.

19

Distribution of the 2003 auctions
by issue term (5-, 10-, 15- and 30-years)



Reverse auctions and buy-backs

The Treasury held a second "reverse auction" on 29 September, coinciding with the September auction (value date in October). This reverse auction saw the Treasury buy-back 278 million EUR of OLO 12 (24 December 2012) and 791 million EUR of OLO 23 (28 March 2015), reducing the amounts outstanding on these loans to 8.55 and 6.22 billion EUR, respectively.

Since July 2001, the Treasury has been using the MTS Belgium electronic platform for its buy-backs. The platform offers liquidity, efficiency and transparent pricing. MTS Belgium includes a separate segment for buy-backs (Belgium Buy-Backs – BBB), to which the primary dealers and the Treasury have sole access. The Treasury can only post purchase prices (4 hours per day minimum), but it may also accept the sale prices posted by the primary dealers on this segment.

This system was used in 2003 for buy-backs of OLO 6 (9% - 28 March 2003), OLO 14 (7.25% - 29 April 2004), OLO 20 (7.75% - 15 October 2004) and the traditional "Philippe XVII" loan (7% - 21 November 2004).

Thus we saw the amount outstanding on OLO 6 reduced by 355 million EUR down to 8.97 billion EUR. The amount outstanding on OLO 14 came down by 2.3 billion EUR to 8.44 billion EUR and OLO 20 by 985 million EUR to 4.48 billion EUR. In percentages, these movements correspond to reductions of 3.81%, 21.43% and 18.04% respectively.

The first buy-backs of the traditional "Philippe XVII" loan were conducted by phone (164.96 million EUR) and then switched to MTS Belgium (1378.66 million EUR), bringing the amount at maturity down to 5.68 billion EUR.

Two new benchmarks (OLO 41 and OLO 42) were immediately opened for "stripping" directly after issue. At end 2003, strips of OLO 41 and OLO 42 totalled 1 million EUR and 4.6 million EUR respectively. The year saw the number of strippable OLO lines increase to 14 at the end of the year. Of these lines, 8 come to maturity in September, 5 in March and 1 in October. The strip activities were essentially concentrated in the short-term interest rate segment (OLOs 34, 26 and 9) and in the very long term (OLO 31).

Compared with 2002, the overall total for strip operations fell from 6 billion to 5.3 billion EUR. In the main, this fall can be traced to OLO 6 which came to term (28 March 2003) with a total strip amount of 994 million EUR.

The ratio of the outstanding strips and total outstanding amount of strippable OLOs also fell from a level of 4.2% in 2002 to 3.43% in 2003. At first glance, 3.43% might seem low, however it is worth remembering that the Belgian OLO strip market ranks as the fourth largest in the Eurozone. The key conditions for a good strip market are to be found in the Belgian market: a sufficient number of strippable lines, good spread by interest rate and good liquidity on underlying OLOs. In a bid to improve the liquidity of the stripping market and to promote the product to investors, the Treasury has planned a series of measures in early 2004, in consultation with the primary dealers.

10

Outstanding amount of OLOs at end December 2003 (in EUR)

OLO n°	Maturity	Coupon	Code	Outstanding	% Strips
14	29/04/2004	7.25	265	8 444 275 873.83	
20	15/10/2004	7.75	275	4 477 047 199.43	
19	31/03/2005	6.50	273	10 178 433 069.42	
34	28/09/2005	4.75	294	11 901 400 000.00	7.30%
39	24/04/2006	FRN	299	2 000 000 000.00	
24	15/05/2006	7	283	8 465 045 674.21	
37	28/09/2006	4.75	297	9 610 900 000.00	1.32%
26	28/03/2007	6.25	286	13 491 828 228.86	5.18%
9	01/10/2007	8.50	257	8 413 164 463.71	17.16%
28	28/03/2008	5.75	288	12 386 696 740.11	1.48%
16	29/07/2008	7.50	268	7 965 558 029.24	
42	28/09/2008	3	302	8 499 600 000.00	0.05%
32	28/03/2009	3.75	292	16 463 000 000.00	1.24%
35	28/09/2010	5.75	295	15 844 200 000.00	1.75%
36	28/09/2011	5	296	10 546 400 000.00	0.31%
38	28/09/2012	5	298	11 416 900 000.00	1.63%
12	24/12/2012	8	262	8 546 896 081.16	
41	28/09/2013	4.25	301	12 975 200 000.00	0.01%
23	28/03/2015	8	282	6 220 187 157.66	2.39%
40	28/09/2017	5.5	300	6 723 200 000.00	2.52%
31	28/03/2028	5.5	291	10 575 939 136.01	9.18%
TOTAL				**205 145 871 653.64**	**3.43%**

b. The secondary market

The electronic platforms, and in particular MTS Belgium, Belgium Buy-Backs and EuroMTS, have made a substantial contribution to ensuring efficiency on the secondary markets. The MTS platforms are inter-dealer platforms. Market makers and market takers conclude their trades using these platforms. Unlike market makers, the market takers are not obliged to quote prices. The majority of market makers on the national MTS Belgium platform are primary dealers.

The other platforms in addition to MTS include Brokertec (also an inter-dealer platform), Tradeweb and Bondvision, the latter two falling into the category of multi-dealer.

MTSB

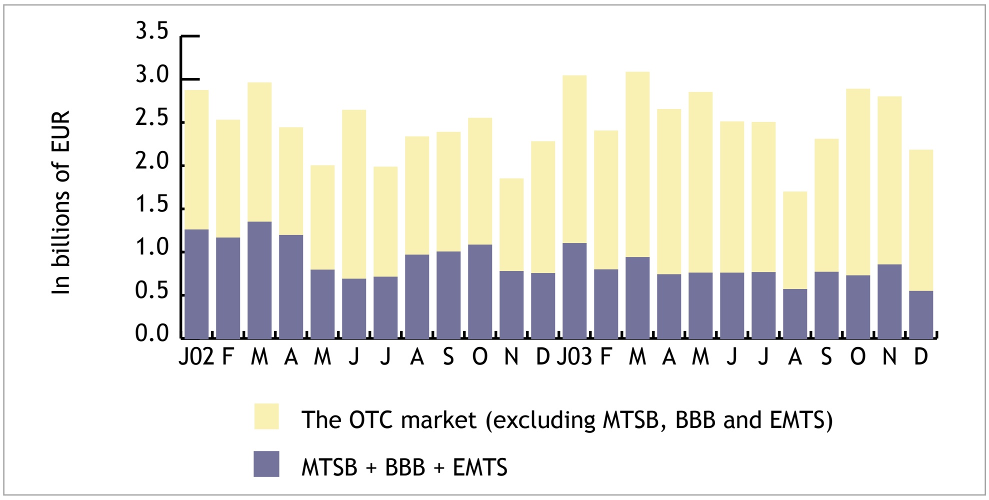
On the basis of the products traded, we can divide the secondary market into two: the first comprises the outright transactions (separate buy and sell transactions) and the second the sell- and buy-backs (1) and repo transactions.

The increase in the trade volume of buys and sells of OLOs on the secondary market continued apace in 2003, illustrated by the data published by the National Bank of Belgium (BNB). We would note however, that the secondary market for OLOs is actually larger than these figures would suggest.

On the one hand, the National Bank data does not incorporate the netting of transactions concluded via the London Clearing House (LCH) and settled via BNB's clearing system. Netting means that only the balances of transactions between counterparties are settled and therefore the nominal amounts actually traded are not notified. On the other hand, the markets are increasingly globalised and volumes of OLOs are now settled outside of the BNB's clearing system, through Clearstream and Euroclear in particular.

20

Traded volumes of OLOs in 2003: daily averages per month



(1) Sell and buy-backs: the "sell and buy-backs" must be deducted from the statistics for outright transactions as they rightly belong to the repo category.

Rise in repos on OLOs in 2003

2003 saw a slight increase in the average daily volume of trades, which rose from 0.1 billion EUR to 2.5 billion EUR. The peaks occurred during January and March with the daily average exceeding 3 billion EUR in outright trades of OLOs. In terms of volume, following the previous year's trend, January again recorded the highest amount with a total of 66.8 billion EUR, followed by October with 66.3 billion EUR. Naturally, the January peak can be explained by the syndication of OLO 41 during that month.

Compared to 2002, the average daily volume of trades on the MTS platform fell back by some 200 million EUR from 974 million to 773 millions EUR in 2003, a level more or less equivalent to 2001 (779 million EUR).

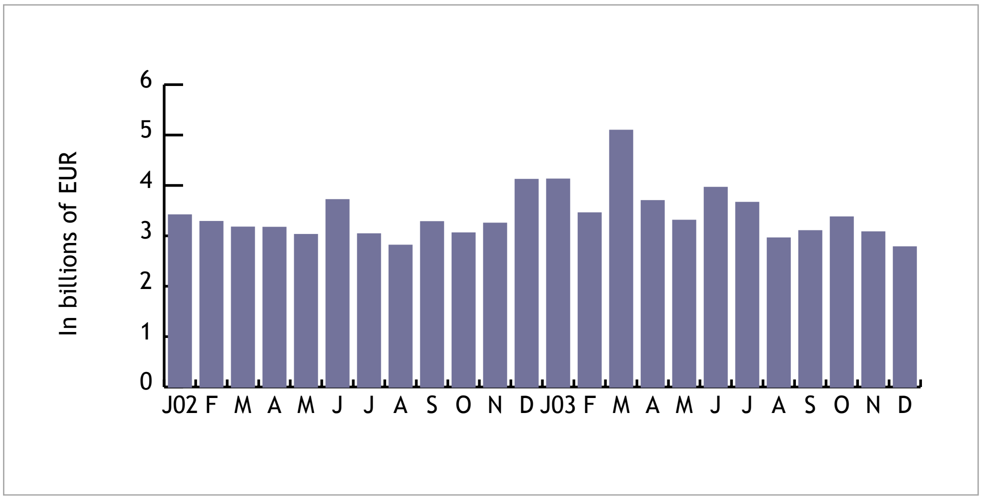
January saw the average daily volume of trades on these platforms exceed the billion-EUR mark to reach a record of 1097 million EUR in transactions. The MTS platforms continue to play a significant role on the secondary markets, despite the fall in the period 2002 to 2003: the MTS market share fell from 41% down to 30% in terms of volumes traded.

"*Repos*"

The graph below shows the volumes of repo trades on OLOs. The amounts show the volumes settled through BNB's clearing system. However, we would point out certain reservations about the representative nature of these figures for the following reasons: In the first instance, LCH only notifies the BNB of the net balances of its trades.

21

Volumes traded on the OLO repo market

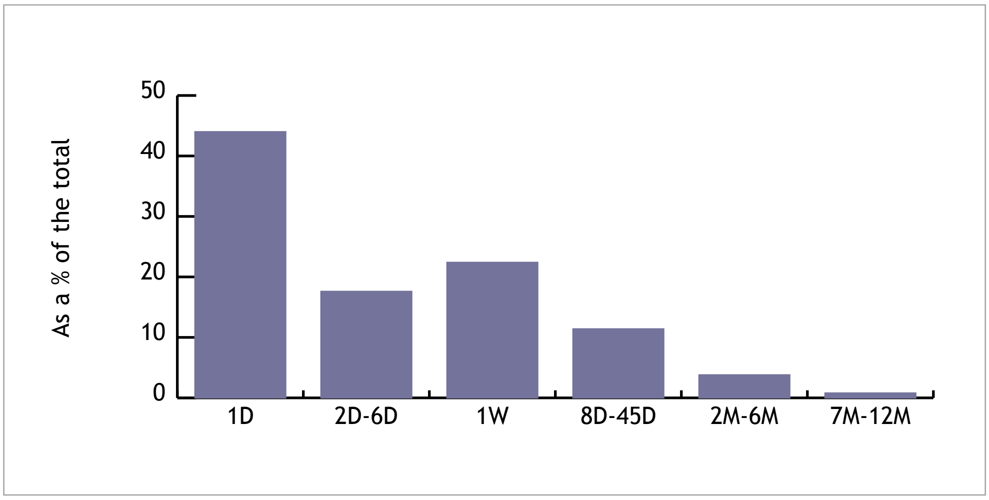


Thus these balances do not give an accurate picture of the actual volumes traded. Secondly, there is currently no separate data for repo transactions settled via Clearstream and Euroclear.

2003 saw a reversal of the downward trend recorded since 2001. The average daily volume of repos on OLOs rose from 3.3 to 3.5 billion EUR between 2002 and 2003, while the monthly average jumped from 69.4 to 75.4 billion EUR.

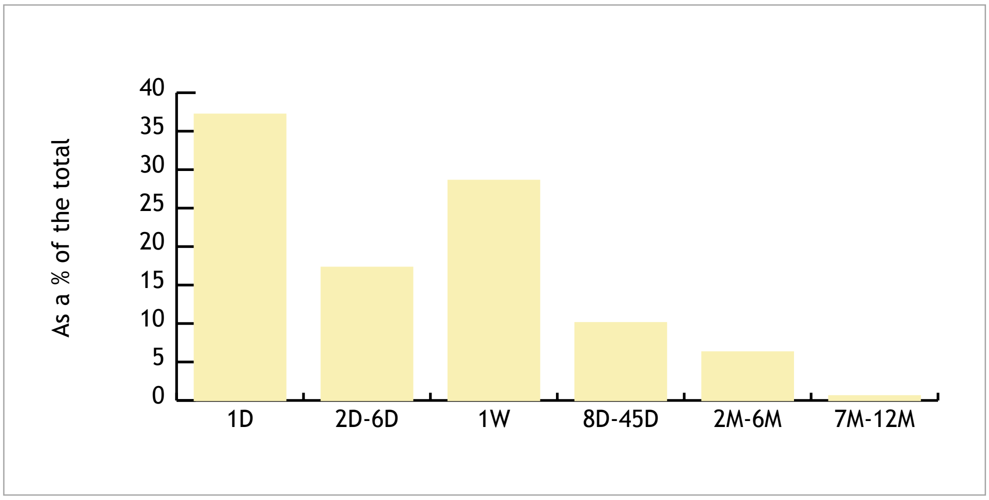
22

Repo volumes traded on OLOs by term in 2003



23

Number of "repos" traded on OLOs by term in 2003



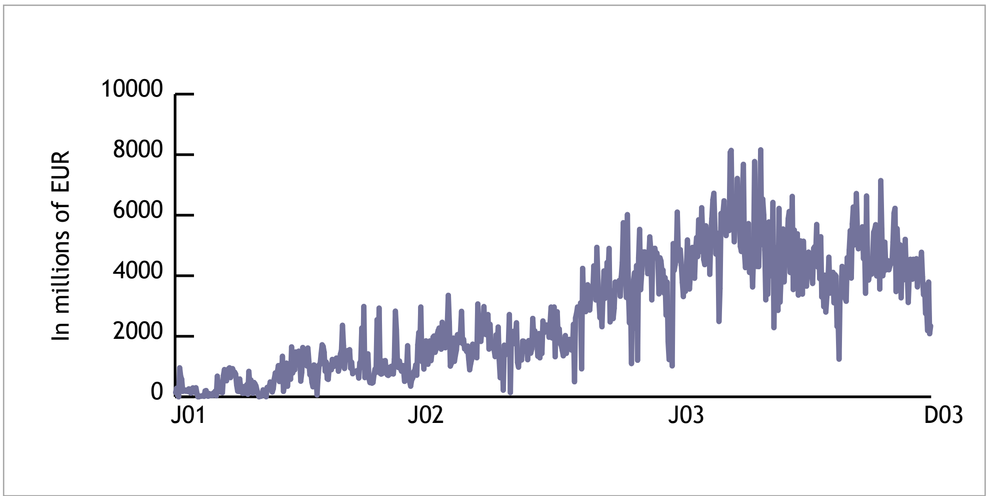
Continued success of Treasury certificate auctions in 2003

As in previous years, the majority of "repos" on OLOs were concentrated in the very short-term segment, with 84% of trades concluded with a maximum term of one week.

Repo transactions are also concluded using the electronic platforms, mainly through Brokertec and, to a lesser degree, EuroMTS. The daily volume of repo trades of OLOs and Treasury certificates on Brokertec fluctuated between 1.2 and 8.1 billion EUR. The average daily volume stood at 4.6 billion in 2003, compared to 2.4 billion EUR the previous year.

24

Daily averages in traded volumes on the repo market of OLOs and Treasury certificates on Brokertec



1.2. Treasury certificates

a. The primary market

The month-end outstanding amounts of certificates fluctuated within a bracket of 26 to 33 billion EUR, the average being 30 billion EUR. In the publication of the issue calendar for 2003, allowances were made for the Treasury's traditionally positive cash position at the end of the year and, as a result, did not include any Treasury certificate auctions at the end of December. Three other auctions were cancelled in view of the exceptional cash receipts during December.

No changes were made to the issue calendar for certificates in 2003. Thus, two lines are systematically offered at auctions: either a 3- and 6-month line, or a 3- and 12-month line. The Treasury then issued a new 12-month line filled out during the year with 3- and 6-month issues to ensure the fungibility of the three terms.

Investors sustained their interest in Treasury certificate auctions, evidenced by the "bid-to-cover" ratio, i.e. the ratio between the amounts offered and allocated at the auctions. On average, the 'bid-to-cover' ratio was 8.91 for the 3-month segment, 6.18 for the 6-month segment and 3.88 for the 12-month.

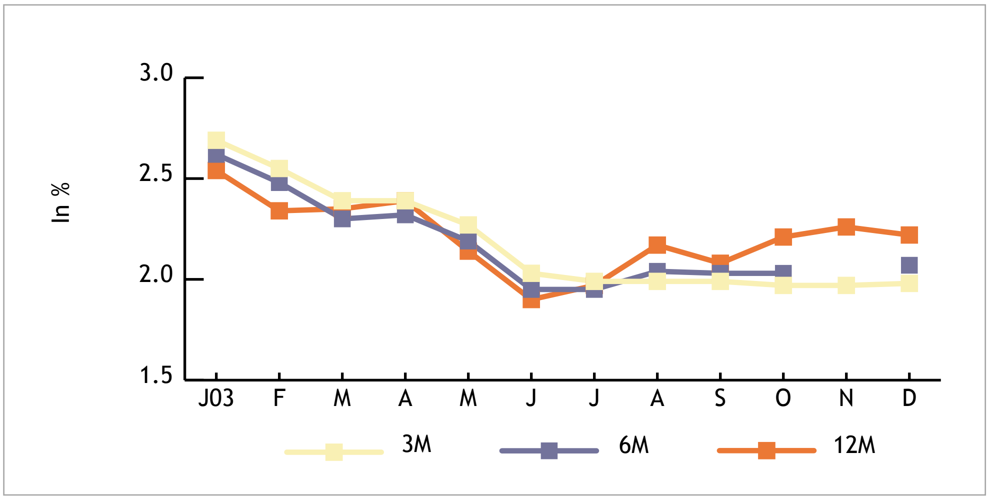
Average amounts offered by investors totalled 3.6 billion EUR for the 3-month, 3 billion EUR for the 6-month and 2.5 billion EUR for the 12-month segment. The lower "bid-to-cover" ratio for the 12-month segment reflects the Treasury's intention to ensure sufficient critical mass for this segment from the outset. Conversely, the higher "bid-to-cover" ratio for the 3-month segment reflects the Treasury's priority aim of creating a new 12-month line rather than adding to an existing 3-month line, on the one hand, and on the other, the fact that investors offered considerable amounts for this short-term benchmark.

After the first auction, volumes for the new 12-month lines fluctuated between 500 and 965 million EUR. The average issues on the 3-, 6- and 12-month segments in 2003 stood at 442, 538 and 678 million EUR respectively. The efficient operation of the market in Treasury certificates and investor interest is also apparent from the spread of less than 2 basis points on average between the limit rate and the lowest offered rate at the auctions, except when the Treasury increased its issues in the 12-month segment. Treasury increased its issues in the 12-month segment. Despite this minimal difference, some 50% of participants on average saw their offers accepted during the auctions. On average 7 participants were successful in their offers for the 3-month lines; 8 had their offers accepted for the 6-month issues and 10 for the 12-month.

Graph 26 illustrates the spread between the weighted average rate of Treasury certificates and the Euribor for issues of 3-, 6- and 12-month lines. There are no noteworthy peaks evident in the spreads for the three terms relative to the Euribor, with the exception of those recorded essentially for the 3-month auctions at the end of the year and the 12-month auction at the beginning of the year.

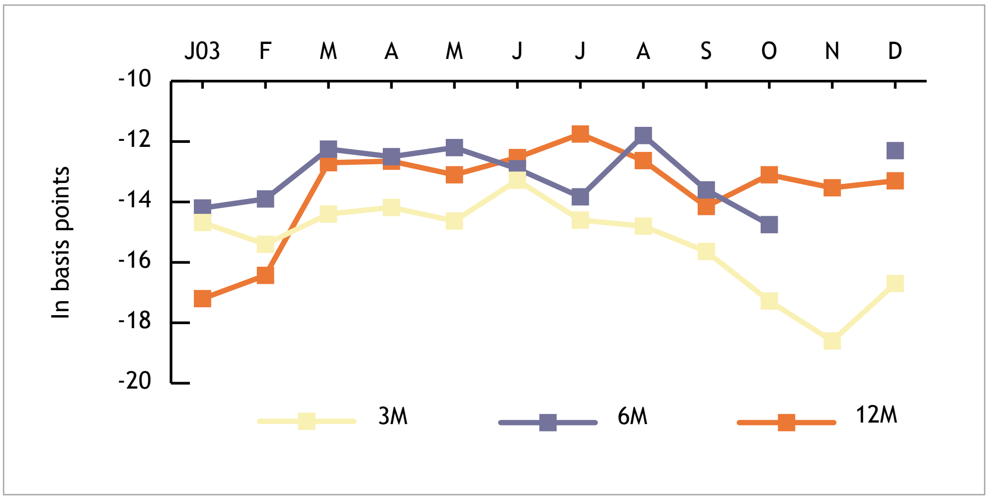
25

Weighted average interest rate of 3-, 6- and 12-monthTreasury certificates in 2003



26

Spread between the weighted average interest rate of 3-, 6- and 12-month Treasury certificates and the Euribor



The increase in the spreads can be attributed to a combination of two factors: interest on the part of investors in sovereign securities allied with the reduced offer occasioned by the Treasury's cash surplus at the year end. The average of the spreads compared to the Euribor for 2003 were -15.19, -13.21 and -13.63 basis points for the 3-, 6- and 12-month segments respectively, all to the advantage of the Treasury.

In 2003, the primary dealers took up only 15% of their options on Treasury certificates via non-competitive subscriptions at the weighted average interest rate of the auction. It is worth underlining that investor interest in non-competitive offers is strongly influenced by market conditions.

b. The secondary market

As for the OLOs, the secondary market for Treasury certificates can be subdivided into two: outright transactions and "sell and buy-backs" and repo transactions.

2001 saw Treasury certificates quoted on MTS Belgium for the first time. In 2002 and 2003, their quotation on this platform has continued to stimulate the secondary market.

The average daily volume of outright trades (including MTS Belgium) in certificates increased from 827 million in 2002 to 943 million EUR in 2003. On three occasions, we saw this average overreach the cap of one billion EUR with 1.01, 1.14 and 1.09 billion EUR recorded in March, May and June respectively.

For 2003, the average daily volume of transactions on MTS Belgium was 249.2 million EUR. With an overall share of the secondary market of 34% in 2002, the electronic platform saw this fall by seven percentage points to 27% in 2003.

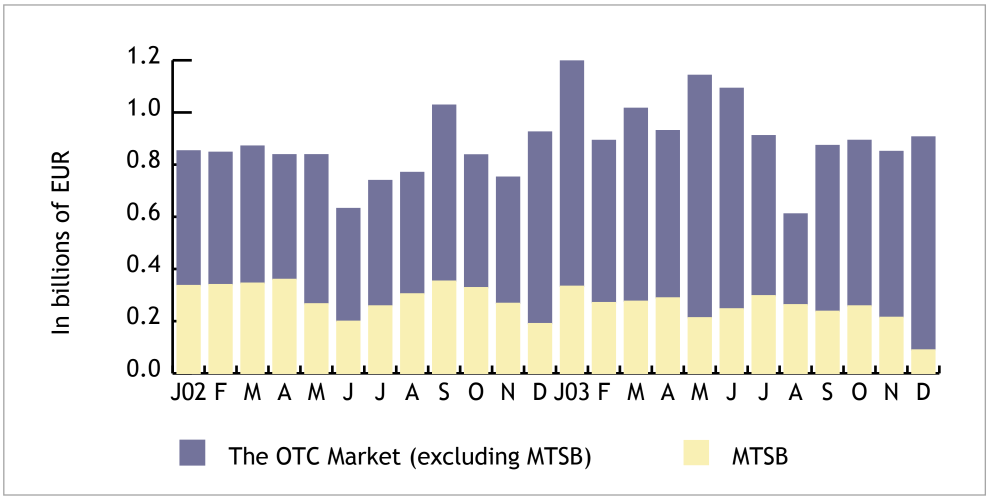
The repo market

The graph below shows the volumes of repo trades on Treasury certificates. The underlying figures correspond to the

MTSB

27

Traded volumes of Treasury certificates in 2003
(daily averages per month)



volumes settled in the BNB's clearing system, which is only a portion of the market.

Growth in Treasury certificate repo transactions in 2003

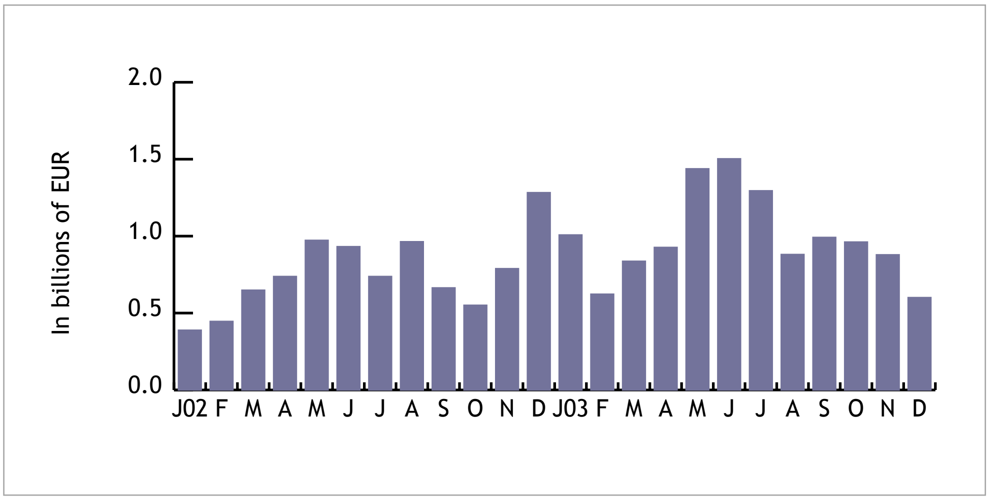
The upturn in repo activities on Treasury certificates evident since 2001 continued into 2003.

The average daily volume of repo trades increased from 760 million EUR in 2002 to 995 million EUR in 2003 while the monthly average went from 16 to 21.2 billion EUR for the same period.

Repos are also traded on the electronic platforms, primarily on Brokertec and to a lesser extent on EuroMTS. Please refer to the section on linear bonds for details of the volumes traded on Brokertec.

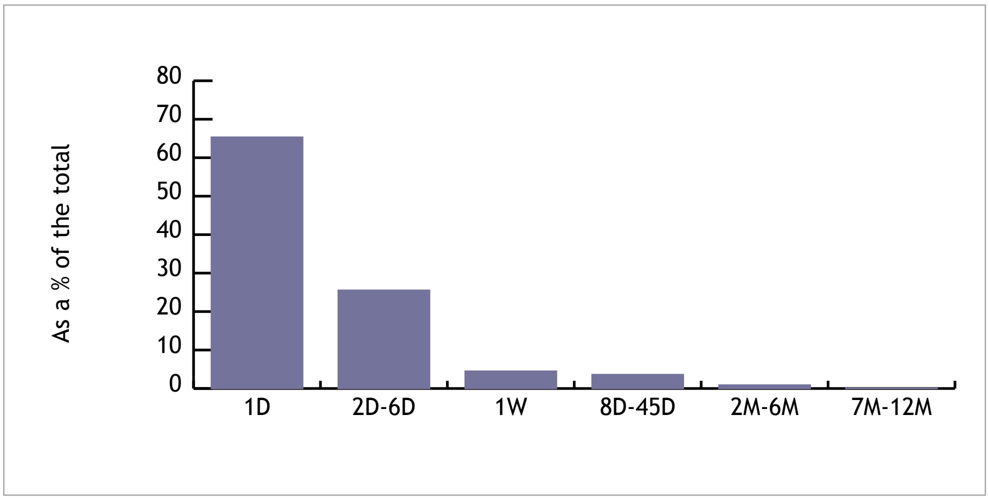
28

Overview of the traded volumes of Treasury certificates
(daily averages per month) on the repo market in 2003



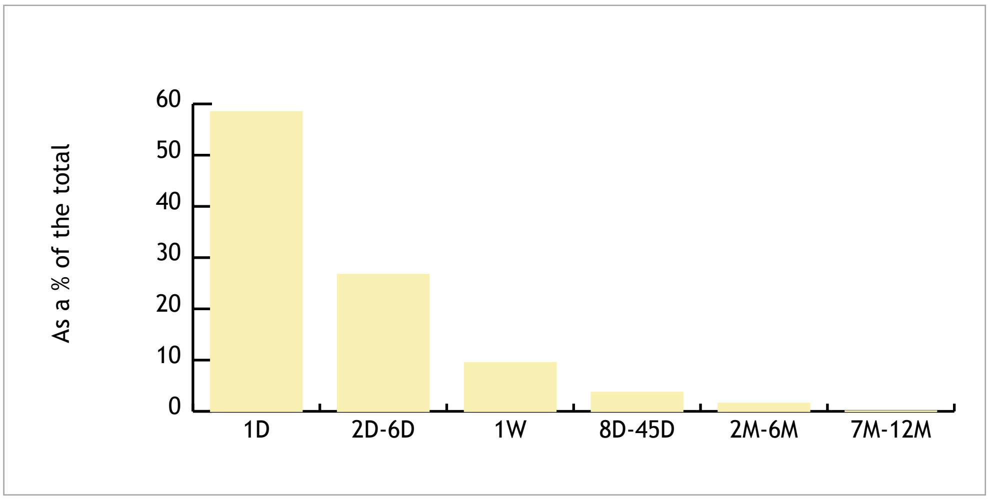
29

Traded volumes of Treasury certificates
on the repo market in 2003 by term



30

Number of repo trades of Treasury certificates
on the repo market in 2003 by term



As in previous years, the terms of repo trades of Treasury certificates were concentrated in the very short-term segment of the market, both in terms of number and volume. In all, more than 95% of repo operations were concluded with a maximum term of one week.

1.3. State Notes

a. The primary market

Dating back to June 1996, the Belgian government issues State Notes in addition to linear bonds. These are fixed-interest long-term loans with annual coupons. State Notes are placed through a panel of "placing institutions" approved by the Minister of Finance after a selection procedure (see list in the Appendix).

11

Issues of State Notes in 2003

Issue of:	Name	Code	Coupon (*)	Amount in EUR
March 2003	5-year State Note, renewable to 7 years 4 March 2003-2008-2010	954/81	3.06 %	116 000 000
	8-year State Note 4 March 2003-2011	955/82	3.60 %	160 000 000
June 2003	5-year State Note 4 June 2003-2008	956/83	2.80 %	86 000 000
	8-year State Note 4 June 2003-2011	957/84	3.40 %	181 000 000
September 2003	5-year State Note 4 September 2003-2008	958/85	3.20 %	179 000 000
	8-year State Note 4 September 2003-2011	959/86	3.70 %	141 000 000
December 2003	5-year State Note 4 December 2003-2008	960/87	3.40 %	208 000 000
	8-year State Note 4 December 2003-2011	961/88	3.95 %	213 000 000
Total :				**1 284 000 000**

(*) The coupon is equal to the actuarial yield as all State Notes were issued at 100% of their nominal value in 2003

Private investors show a keen interest in State Notes

This retail product is intended for the following individuals and investors on the primary market:

- foundations;
- some state institutions;
- non-profit associations;
- churches or institutions classified as "religious bodies" in the national register of legal persons;
- similar institutions abroad.

In line with its practice every year, the Treasury organised four issues of State Notes in 2003.

In June the 5-year Note renewable to 7 years was replaced by a 5-year Note without an extension option.

Furthermore, since the issue of 4 June 2002, it is now possible to subscribe to State Notes by name directly in the Department of the Treasury's register of the national debt. Subscriptions by name are entries in a special ledger, recording the identity of the creditor and the amount subscribed. This entry constitutes the proof of debt. This type of ledger is kept for all creditors for a particular loan.

This department is responsible for the financial servicing of the loan, i.e. it makes the interest repayments and capital payments due at the interim maturity date or expiry date.

In addition to subscribing State Notes, investors may also use subscriptions by name for purchases on the secondary market.

b. The secondary market

State Notes are quoted on the Euronext Brussels cash securities market (fixing segment) from the second Monday after the closure of subscriptions, which guarantees permanent liquidity. They can be bought and sold at any time on this market.

The share of State Notes trades continues its steady climb: from a level of 22% in 1998, 31% in 1999, 40% in 2000, 46% in 2001 and 55% in 2002, it reached 69% in 2003.

At every issue, the Belgian Securities Regulation Fund subscribes State Notes to build up its securities portfolio, enabling it to act as counterparty for both the purchase and sale of securities on the secondary market.

The Belgian Securities Regulation Fund seeks buyers for the State Notes it no longer needs. From March 2003, the Treasury has sought to buy back these securities (to the tune of 85 million EUR in buy-backs in 2003).

1.4. Belgian Treasury Bills ("BTB") and the interbank market in EUR

Like their equivalents in foreign currencies, EUR-denominated “Belgian Treasury Bills” (BTB) are issued on tap through the same dealer network (see Appendix). Nonetheless, there are significant differences between EUR issues and issues in foreign currencies.

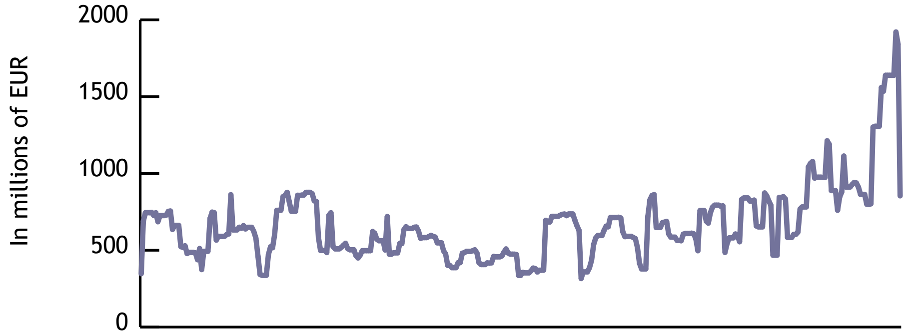
The BTB programme is the chief financing instrument in the Treasury's strategy for the management of the short-term debt in foreign currencies. The BTB programme in euro, on the other hand, serves to mop up deficits in short-term sovereign paper. It is used as the bridge between the Treasury's interbank operations (in the main conducted for terms of under one week) and Treasury certificates (where the minimum issue term is 3 months). In 2003, the weighted average term of the BTBs was 16 days.

This programme is ideal for managing the liquidity surpluses of Belgian public institutions, in the context of the consolidation of the public sector's financial assets for the calculation of the government debt ratio, according to the Maastricht criteria.

The amounts in circulation in 2003 varied within a range of 300 - 900 million EUR, which appears modest compared to the amounts outstanding on Treasury certificates (some 30 billion EUR).

31

Outstanding amounts of BTBs in EUR in 2003



The fluctuations in the amounts in circulation over the course of the first 10 months of the year can be explained by the presence or absence of large investors in the market. The last two months saw a robust increase in the amounts outstanding (up to more than 1800 million EUR), to dip sharply again just before the year end. This pattern is due to the limited offer of Treasury certificates during this period - several auctions were cancelled - and to the relatively short liquidity term (< 3 months) for investors.

The total issues for 2003 stood at 1134, with an average issue amount of 13.6 million EUR.

The Treasury itself can also act as a BTB dealer, which it did on six occasions over the course of the year.

Interbank operations in EUR

The interbank market

Operations on the interbank market are the fine-tuning instruments enabling the Treasury to regulate its daily cash position. The Treasury took out an average of 83 million EUR in loans and placed an average of 292 million EUR on the interbank market in 2003. The monthly average for the year was 150 transactions.

Since the introduction of the single currency, the Belgian Treasury also conducts liquidity deals with other States within the Eurozone, in the light of their cash position. During 2003, the Treasury completed 58 such operations with other European countries (loans/placements) for a total of 37.7 billion EUR (compared to 36.6 billion in 2002) for terms varying from 1 day to 2 weeks.

1.5. "Treasury bonds - Silver Fund"

To meet the specific needs of the Silver Fund, the Treasury can issue “Treasury bonds - Silver Fund". These non-negotiable securities provide the Silver Fund with the flexibility it needs for its investments, while ensuring absolute transparency with regard to the markets. Their format is a subscription by name in National Debt Ledger.

During 2003, the Silver Fund invested 3.10 billion EUR in "Treasury bonds - Silver Fund" with terms from 2011 to 2013. At end December 2003, the Fund's portfolio totalled 4.27 billion EUR.

To recap, the Silver Fund was created in 2001 as a measure to help the budget to cope with the greying of the population. The aim of the Fund is to set aside reserves to finance the various state pension schemes during the period 2010-2030. The Fund's revenues come from budget surpluses, social security surpluses, non-tax revenues and investment income.

1.6. Funding of central government bodies

The Treasury finances a series of government bodies (1) besides the

12

Funding of government bodies in 2003:
credit lines and amounts drawn (in millions of EUR)

Government bodies	Credit lines	Amounts outstanding at end 2003
Electricity and Gas Regulation Commission	15	-
Compensation Fund for workers laid off because of company closures	103.1	77.33
Compensation Fund for workers laid off because of company closures (second line of credit)	60	12.5
Social Security Central Bank (Banque Carrefour)	1	-
Ducroire National Office	130	127
National Disaster Fund	30	4
National Annual Holidays Office	500	-
National Social Security Office	867.63	-
National Social Insurance Institute for the Self-employed	50	-

(1) "Government bodies" means bodies belonging to the state sector as defined in the European System of Accounts (ESA 95).

federal government in a bid to reduce the financial cost of their debt burden. According to an agreement signed by the parties, it opened a credit line for this purpose.

Berlaymont

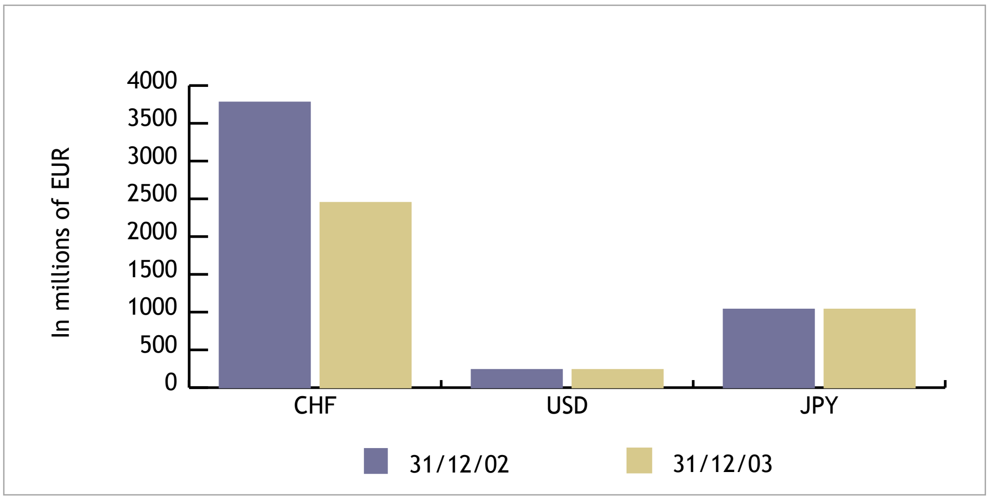
Following the decision of the Council of Ministers on 8 March 2002 and the protocol of 8 April 2002, the Treasury granted a credit line totalling 670 millions EUR to S.A. Berlaymont 2000 to finance restoration works. Berlaymont drew down 465.57 million EUR of this credit line in 2003.

2. The federal government debt in foreign currencies

The total debt in foreign currencies converted to Euro totalled 3723 million EUR at end December 2003. As in previous years, this debt has continued to decline as a percentage of the overall debt, from 2.08% in 2003 to 1.42% at end 2003. As no short-term or long-term debts denominated in either USD or JPY reached maturity, the total reduction is due to the repayment of the floating debt in CHF.

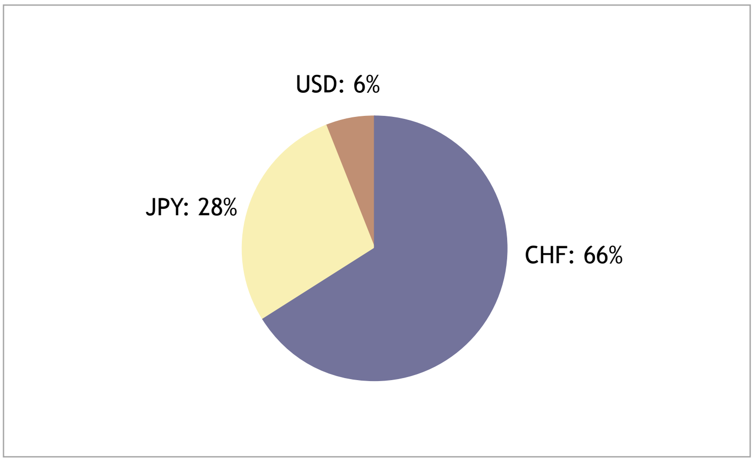
32

Reduction of the debt in foreign currencies in 2003



33

Breakdown of the debt in foreign currencies in 2003



The Treasury continues to drive down the debt in foreign currencies

Graphs 32 and 33 show the reduction in the debt by currency and the composition of the amount outstanding.

2.1. Medium- and long-term debt in foreign currencies

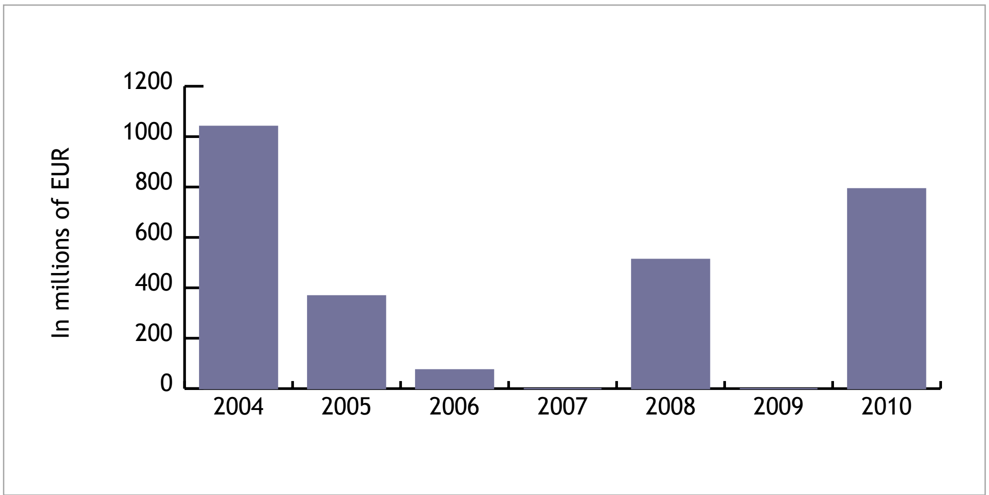
At the end of December 2003, the long-term segment of the foreign currency debt totalled the equivalent of 2789 million EUR. Following the pattern of previous years, no new loans were issued with a term longer than one year.

The CHF-denominated long-term loans coming to maturity in 2003 were refinanced using short-term borrowing in CHF or were refinanced for a short period by swapping EUR for CHF.

The graphs below show the maturity schedule of the debt in foreign currencies overall, and broken down by currency for 2003. Note that this maturity schedule is a guideline only, as it is subject to modification in light of the Treasury's management strategy.

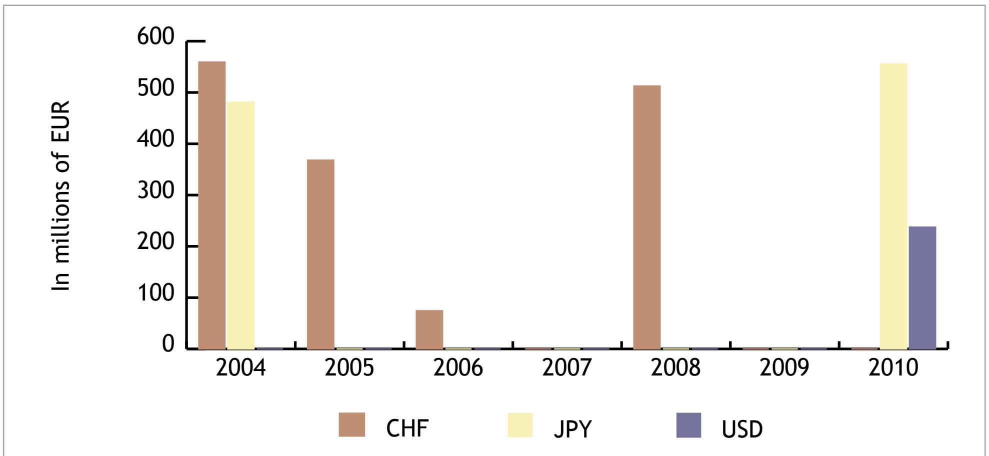
34

Maturity schedule of the long-term debt in foreign currencies at end December 2003



35

Maturity schedule of the long-term debt in foreign currencies at end December split by currency



2.2. The short-term debt in foreign currencies

At end 2003, the short-term debt in foreign currencies converted totalled 935 million EUR, that is 0.35% of the total federal government debt.

The reduction in the short-term debt in foreign currencies is due to the final or temporary conversion (using swaps) from CHF into EUR. The end-of-year period saw the Treasury swap a portion of the CHF-denominated debt into EUR for counter-value of 1.21 billion EUR. This policy formed part of its strategy of maximising the Treasury's use of surplus EUR at the end of the year. At the beginning of 2004, the corresponding amounts were reabsorbed into the short-term CHF debt.

To finance its short-term debt, the Treasury made use of the interbank market and its BTB programme.

a. Belgian Treasury Bills (BTB)

The refinancing of the short-term debt in foreign currencies followed the pattern of previous years, mainly by BTB issues.

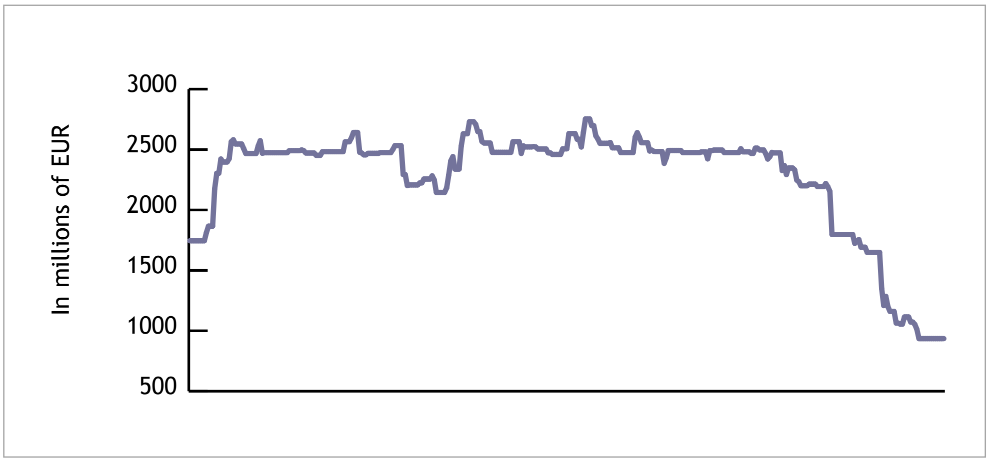
The outstanding amounts of BTBs issued fluctuated within a bracket of 1 to 3 billion EUR, the optimum bracket for the programme to function efficiently.

The weighted average term of the BTBs in foreign currencies was 3 months. In selecting the terms, the Treasury endeavoured to achieve a balance between meeting investors' preferences and the downtrend in rates.

In 2003, the Treasury's BTB issues had a spread of 11 to 13 basis points under the LIBOR (following on the previous year, the reference was 12 basis points below the LIBOR).

36

Outstanding amounts of BTBs in foreign currencies in 2003



Generally speaking, the Treasury's 3-month BTBs were issued at spreads of 11 basis points. Terms were shortened as much as possible, because of the sloping nature of the CHF exchange rates curve and falling rates. For terms over 3 months, the Treasury always endeavoured to borrow at "bid" or better, i.e. at 12 basis points below the LIBOR, unless its borrowing requirements were too high.

On 7 occasions, the Treasury acted as a BTB dealer itself in the market.

b. The interbank market

As is customary, the Treasury avoided using the costly interbank market as much as possible. In all, it conducted 115 operations on this market in 2003, with an average term of 2 days. Interbank loans were used to fund small balances left open after BTB issues or to invest revenues from BTB issues, according to its cash requirements. The Treasury also used the interbank market on occasions when it failed to obtain better conditions elsewhere.

3. The debudgetised debt and the guaranteed debt

3.1. The debudgetised debt

Régie des bâtiments (Belgian National Construction Office)

La Régie des bâtiments (Belgian National Construction Office) obtained two credit lines from the European Investment Bank intended to partially finance the construction of the Law Courts at Mons (50 million EUR) and at Liege (50 million EUR).

A.S.T.R.I.D.

The Société Fédérale d'Investissement (Belgian National Investment Company) partially took over the third tranche of the A.S.T.R.I.D. project ("All-round Semi-cellular Trunking Radio communication network with Integrated Dispatching"). The project entails the development of an analogue network covering all of Belgium's national assistance and security services.

13

Variation in the debudgetised debt (in billions of EUR)

1998	1999	2000	2001	2002	2003
1.65	1.53	1.20	0.88	0.89	0.81

3.2. The guaranteed debt

FADELS

In 2003, the Sinking Fund for Social Housing Loans (FADELS) concluded refinancing loans totalling 575 million EUR.

To bring down Belgium's debt ratio, the federal government and regional governments agreed in 2003 on a final settlement of the debts owed to the FADELS by the regional housing companies. Thus in December 2003, 3.51 billion EUR came into the state's coffers from the three regional companies through repayments to FADELS. This sum was the final settlement amount releasing these companies of their liabilities on this score (1). From 2004, the State now has sole responsibility for the financial servicing of historic FADELS loans. For its part, the Sinking Fund for Social Housing Loans will no longer seek refinancing on the financial markets. During a later phase, it is possible that the FADELS loans will be taken over by the federal government.

The regional housing companies will now conclude refinancing loans for social housing. As was the case for the FADELS in the past, these loans will be state-guaranteed (Art. 348 of the programme law of 22 December 2003 (Belgian Official Journal of 31 December 2003) and Art. 1 of the Royal Decree of 23 December 2003 (Belgian Official Journal of 5 January 2004).

CREDIBE

Pursuant to Article 131 of the programme law of 8 April 2003 (Belgian Official Journal of 17 April 2003) and the Royal Decree of 8 April 2003 (Belgian Official Journal of 30 April 2003) the Société Fédérale de Participations (Belgian Federal Shareholding Company) was given the task of organising the sale or transfer of the assets and liabilities of Credibe, S.A. ABN AMRO's offer was accepted as the best bid for the assets and Credibe's mortgage loan portfolio changed hands for a total of 2.82 billion EUR. In application of Article 4 of the Royal Decree of 8 April 2003 referred to above, the government took over the rights and obligations arising from Credibe's state-guaranteed loan agreements with third parties, as well as the related contracts and hedging instruments. The whole deal was concluded for a nominal sum of 0.81 billion EUR. The remaining liabilities totalling 1.83 billion EUR, owed to the Treasury, were also transferred to the State. By virtue of the Royal Decree of 23 October 2003, (Belgian Official Journal of 21 November 2003), the sum of 2.64 billion EUR was transferred to the Silver Fund. After deduction of amortization, provisions, costs and guarantees, the balance of the sale will be paid into the Silver Fund in 2004.

FINANCIÈRE TGV

The total amount outstanding of the Financière TGV guaranteed debt remained under the 1.86 billion-EUR mark, the level under which the State provides its guarantee free of charge.

(1) Note that there remains 0.78 billion EUR outstanding to the FADELS from the Walloon region.

During the year, we saw a rise in the outstanding amount of Financière TGV's commercial paper as it grew from 175.53 million to 184.54 million EUR. As part of its risk-management strategy, a "floating swap" was restructured.

SOCIAL AND SUSTAINABLE ECONOMY FUND

The government has developed and fine-tuned a large number of instruments designed to support the social economy at federal level. Against this background, 13 May 2003 marked the creation of the Social and Sustainable Economy Fund by the Société Fédérale d'Investissement, on the government's request. The fund was formed as a limited liability social cooperative company with the stated aim of investing resources in the social economy.

With this aim in view, the Fund is authorised to call for loans and to issue registered bonds with a minimum term of five years. The ceiling for its outstanding debt is 75 million EUR.

In accordance with the Royal Decree of 12 May 2003, the loans and registered bonds issued by the Social and Sustainable Economy Fund are state guaranteed.

In May 2003, the Fund opened a public offering in Belgium to launch a state-guaranteed loan for a maximum of 75 million EUR, represented by registered bonds. The maximum was reached and the subscription period closed ahead of schedule on 13 June 2003.

14

Outstanding amount of the guaranteed debt (in billions of EUR)

	1998	1999	2000	2001	2002	2003
In EUR	17.19	17.54	16.55	12.79	11.30	9.79
In currencies	4.35	1.07	0.45	0.47	0.39	0.22
Total	21.54	18.61	17.00	13.26	11.69	10.01

Glossary

The definitions listed in this glossary are intended to provide the reader with a better understanding of the terms used in this Annual Report on the Public Debt or other terms which are found in previous reports or in literature on managing Belgian public debt. They do not have any scientific purpose.

Auction

Competitive procedure used by the Treasury to issue linear bonds and Treasury certificates. These auctions are exclusively reserved for primary dealers and recognised dealers in Treasury securities.

Belgian Treasury Bills

Treasury bill programme issued in euros or in an OECD member state currency and invested by dealers specially appointed for this purpose by the Treasury.

Buy-backs

Redemption of loans (essentially linear obligations) effected by the Treasury by means of the MTS Belgium electronic platform. These operations are carried out at a fixed price on a separate segment of the platform ("Belgian Buy-backs - BBB) to which only the Treasury and primary dealers have access, where the Treasury posts buying prices. It can accept sale prices attached to the segment by primary dealers.

Clearing system

Name of the securities clearing and fiscal liquidation system organised by the National Bank of Belgium. It should be noted that this system does not provide real securities clearing due to the lack of a central counterparty.

Debudgetised debt

All borrowings contracted by the State which are not included in the official listing of the public debt. These sums are borrowed by independent public bodies or local authorities instead of the central authority to meet expenditure associated with the latter's budget.

EuroMTS

Private-sector company operating an electronic trading platform which processes various securities representing the debt of sovereign States in the euro zone and other major private issuers.

Exchange offers

Offers where an old debt instrument (OLO or traditional debt instrument) can be exchanged for other OLO securities with various residual maturities.

Floating debt

Short-term debt. Only the interest payable on this debt is registered as credit in the public debt budget, while the yield from short-term issues and their reimbursement are booked in a treasury account.

Funded debt

Long-term debt (over 1 year) where the product from the issue is transferred to the Budget for Ways and Means. This debt can lead to contractual amortisation via annual allocations registered in the public debt budget.

FX-Swap

An Fx-Swap is a spot currency purchase or sale, coupled with a simultaneous reverse forward operation. It therefore amounts to a transaction which combines a spot operation with a forward operation concluded at the same time with the same counterparty and for the same principal sum.

Law containing the Budget for Ways and Means

Law which authorises the Executive to recover taxes, to collect non-fiscal receipts and to finance by borrowing the section of the Treasury financing requirement which is not covered by taxation and non-fiscal receipts for the budget year.

Linear bonds (OLO)

Medium and long-term dematerialised securities issued by the Treasury in successive tranches to form a single line with fungible securities.

Local authority debt

Debt incurred by Regions and Communities, provinces, municipalities, intermunicipal authorities and various institutions such as C.P.A.S., church councils, etc.

MTS Belgium

Private-sector company which manages an electronic trading platform which lists linear bonds and Treasury certificates. Primary Dealers are expected to be members of this company.

Net financing requirement (NFR)

Balance of receipts and expenditure of the combined public services (i.e. the federal authorities, Regions and Communities, the social security service and local authorities) established using the SEC national accounts methodology. This balance notably includes debudgetised debt but excludes loan allocations and financial holdings. It differs from public authority financial deficits (the Treasury's Net Financing Borrowing comprises one component of these), mainly due to time differences between the dates for recording operations under the two systems and imperfect data collection.

NFB (Net Financing Borrowing)

Sum of the balance of current and capital operations as well as treasury operations (apart from debt amortisation). In theory, the Net Financing Borrowing corresponds to the growth in public debt. In practice, a certain number of technical factors explain the difference between the Net Financing Borrowing and the nominal variation in the public debt.

Primary Dealers

Financial intermediaries linked to the Treasury by a schedule of conditions in order to activate the primary market in linear bonds and Treasury certificates, to facilitate OLO stripping, to ensure the liquidity of these securities in the secondary market and to promote Belgian debt.

Primary markets

Markets where new debt securities are issued using different techniques selected by the issuer and determined in the debt instrument issuance contracts.

Public debt

In the strict sense of the term, public debt merely comprises Belgian State debt (i.e. federal authority debt) while excluding guaranteed debt, debudgetised debt as well as debt owed by other public authorities (Communities and Regions, etc.).

Public debt ledgers

Registers listing registered securities for State bonds and the transfers of ownership of these securities. Copies of the ledgers are kept in the Audit Office.

Recognised Dealers

Financial intermediaries linked to the Treasury by a schedule of conditions. They are distinguished from the Primary Dealers by the fact that they have fewer rights and obligations given that their primary task is to promote Belgian debt abroad.

Reverse auction

In general this type of redemption is effected by the Treasury in order to warn the market of its intention to buy back (on a fixed line). Prices are determined by the market up to a certain limit determined by the Treasury.

Secondary markets

Markets where there is trading in financial instruments in circulation. There are two regulated markets for the Federal authority's debt securities:
1. the stock exchange funds market ("Euronext Brussels") where notably OLOs and traditional debt instruments issued by the State or certain local authorities are listed;

2. the secondary off-exchange market in linear bonds, split securities and Treasury certificates regulated by the Royal Decree dated 22 December 1995 (Belgian Official Journal 3 January 1996).
Finally, trading in these securities can also be carried on outside any regulated market subject to receiving explicit authorisation from the investor.

Securities Regulation Fund

The Belgian Securities Regulation Fund is an independent state institution responsible for regulating the secondary market in public funds, mainly in favour of private investors. It also (on behalf of the CBFA) manages and monitors the regulated unlisted secondary market in OLOs, Treasury certificates and split securities. The Fund may also contribute technical aid to the Treasury in managing the national debt.

State-guaranteed debt

All debt instruments issued by public sector organisations or institutions to cover their own financing needs and which are guaranteed by the Federal State. The State only bears the financial expenses when the issuer defaults on payment.

Treasury certificates

Short-term securities in euros issued by the Treasury via competitive auctions. They exist in three standard issue maturities: 3, 6 and 12 months.

Results of the OLO auctions and syndications in 2003 (in millions of EUR)

Issue date	Value date	Range Min	Range Max	Maturity date	ISIN BE0000	Outst. before issuance	Amount offered	Amount accepted (Comp)	Exerc. Non comp.	Total accepted	Bid to cover	Weigh. average price	Weigh. average rate	Bid Max/Min	Stop price	Suc-cessful bidders	% taken at stop price
23/01/03	30/01/03			28/09/13	301102	0.0		5 000.0		5 000.0		99.742					
				SYNDICATION				5 000.0		5 000.0							
31/03/03	3/04/03	2 700	3 200	28/09/13	301102	5 000.0	3 300.0	2 340.0	628.0	2 968.0	1.41	100.579	4.181	100.42/100.65	100.54	14	100.0000
				28/09/17	300096	5 669.2	1 182.0	850.0	204.0	1 054.0	1.39	110.349	4.509	110.19/110.40	110.28	12	100.0000
				AUCTION			4 482.0	3 190.0	832.0	4 022.0							
22/05/03	30/05/03			28/09/08	302118	0.0		5 000.0		5 000.0		99.839					
				SYNDICATION				5 000.0		5 000.0							
28/07/03	31/07/03	3 000	3 500	28/09/08	302118	5 000.0	2 615.0	1 620.0	0.0	1 620.0	1.61	98.472	3.328	98.37/98.50	98.46	13	100.0000
				28/09/13	301102	7 968.0	2 187.0	1 237.0	291.2	1 528.2	1.77	100.927	4.136	100.80/100.97	100.90	10	100.0000
				28/03/28	291972	10 240.9	970.0	335.0	0.0	335.0	2.90	108.346	4.907	108.00/108.45	108.29	7	100.0000
				AUCTION			5 772.0	3 192.0	291.2	3 483.2							
29/09/03	2/10/03	2 500	3 000	28/09/08	302118	6 620.0	2 677.0	1 000.4	379.0	1 379.4	2.68	98.696	3.288	98.59/98.73	98.68	9	31.0345
				28/09/13	301102	9 496.2	3 782.0	1 800.2	663.8	2 464.0	2.10	101.219	4.099	101.07/101.32	101.20	8	88.9328
				AUCTION			6 459.0	2 800.6	1 042.8	3 843.4							
24/11/03	27/11/03	1 500	2 000	28/09/08	302118	7 999.4	2 125.0	500.2	0.0	500.2	4.25	97.283	3.621	97.13/97.34	97.25	8	34.1463
				28/09/13	301102	11 960.2	1 995.0	1 015.0	0.0	1 015.0	1.97	98.881	4.391	98.72/98.95	98.82	16	100.0000
				AUCTION			4 120.0	1 515.2	0.0	1 515.2							

MONTHLY DISTRIBUTION OF THE COMPONENTS OF THE FLOATING DEBT
AMOUNTS OUTSTANDING AT MONTH END IN 2003 (in millions of EUR)

Month	Gyro accounts (1)	Interbank + misc. (2)	Treasury certificates (3) 3 months	6 months	12 months	Total TC	Treasury Bills in EUR	Treasury (4) management operations	Total Floating Debt (5)
J2002	1097.6	1007.7	5485.4	5930.5	15773.6	27189.5	369.1	6278.3	23385.6
F	497.2	1078.4	5726.0	6164.7	15638.3	27529.0	339.6	3891.4	25552.8
M	663.6	4028.6	6732.7	6745.6	15002.2	28480.5	550.0	3443.8	30278.9
A	1235.4	1535.9	6802.4	6269.4	16206.2	29278.0	427.8	2718.5	29758.6
M	636.2	2285.5	7452.9	7708.6	16376.2	31537.7	432.9	2630.0	32262.3
J	743.5	3689.6	6861.6	7983.3	16610.5	31455.4	462.0	3181.6	33168.9
J	641.2	2575.3	5905.9	7489.6	16938.0	30333.5	452.6	2533.6	31469.0
A	735.3	1064.8	6060.3	7929.9	16780.5	30770.7	336.4	3733.3	29173.9
S	254.2	4018.3	6408.0	6657.8	17315.2	30381.0	504.6	2619.9	32538.2
O	193.7	1030.2	6378.3	6177.7	17272.6	29828.6	424.6	3690.8	27786.3
N	179.7	1029.7	5931.0	5523.6	16786.9	28241.5	609.3	4621.0	25439.2
D	237.2	3527.1	4791.5	4688.3	17523.6	27003.4	347.1	7368.3	23746.5
J2003	295.8	1475.1	4631.6	4567.5	17775.2	26974.3	493.1	9595.6	19642.7
F	289.8	1096.8	5309.3	4491.3	19063.6	28864.2	336.8	10552.9	20034.7
M	244.0	11190.4	6991.1	5366.1	18156.3	30513.5	485.0	3354.0	39078.9
A	229.0	2639.3	7440.6	6128.6	18302.8	31872.0	474.0	3344.5	31869.8
M	244.4	1482.2	7486.2	7604.9	18137.0	33228.1	386.9	4979.6	30362.0
J	348.3	1965.8	5525.8	7701.0	18968.7	32195.5	471.5	4901.6	30079.5
J	303.4	4172.7	5139.0	8255.0	18614.4	32008.4	316.0	12040.5	24760.0
A	252.9	4382.0	4890.7	7021.0	19280.9	31192.6	378.1	11262.5	24943.1
S	109.3	4374.9	4712.7	6205.4	19484.8	30402.9	676.8	6156.9	29407.0
O	331.0	1567.9	4818.0	6008.4	19597.9	30424.3	467.7	4591.6	28199.3
N	299.6	1756.4	4270.4	4445.2	19716.7	28432.3	888.4	1602.7	29774.0
D	268.4	2936.0	3016.4	3815.1	19332.2	26163.7	854.0	5148.5	25073.6

(1) Private citizens' assets held by Gyro Accounts.
(2) Borrowing and investments made on the interbank market.
(3) Certificates issued by auction after the reform of 29/01/91. The amount shown represents a NET volume collected by the Treasury, i.e. after deduction of the discounted interest and the repayments of the previous month. Including, for the 3-month certificates, maturities < 3 months.
(4) Transactions conducted to balance the daily cash position. Treasury surplus from tax receipts or Treasury certificate issues.
(5) Total floating debt with (4) deducted

NB: Rounding up can cause the totals to differ slightly from the sums shown in the monthly reports on the national debt.

Results of the Auctions of Treasury certificates in 2003 (in millions of EUR)

Auction date	Value date	Range Min	Range Max	Amount at maturity	Maturity date	ISIN BE0312	Month	Outst. before auction	Amount offered	Amount accepted (comp)	Exerc. non comp.	Total accepted	Bid to cover	Weigh. average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
7/01/03	9/01/03	800	1 000		17/04/03	570360	3	2 472.5	3 415.0	400.3	0.0	400.3	8.53	2.71	-14.90	2.71/2.75	2.71	5	78.4310
					17/07/03	573398	6	1 643.2	3 625.0	400.3	10.2	410.5	9.06	2.65	-14.10	2.64/2.69	2.65	5	60.8700
14/01/03	16/01/03	800	1 000	4 381.8	17/04/03	570360	3	2 872.8	4 560.0	300.1	0.0	300.1	15.19	2.69	-13.90	2.68/2.74	2.69	2	39.2860
					15/01/04	579452	12	0.0	2 950.0	500.4	100.1	600.5	5.90	2.55	-17.20	2.54/2.60	2.55	7	35.7140
21/01/03	23/01/03	1 000	1 300		17/04/03	570360	3	3 172.9	4 530.0	400.2	0.0	400.2	11.32	2.68	-15.10	2.67/2.73	2.69	7	39.0480
					15/01/04	579452	12	600.5	2 665.0	800.2	72.2	872.4	3.33	2.53	-17.20	2.52/2.58	2.54	10	62.9630
28/01/03	30/01/03	1 000	1 300		17/04/03	570360	3	3 573.1	4 110.0	700.3	0.0	700.3	5.87	2.67	-14.80	2.66/2.72	2.68	11	24.6960
					17/07/03	573398	6	2 053.7	3 465.0	600.4	54.5	654.9	5.77	2.59	-14.30	2.59/2.64	2.59	10	68.9660
4/02/03	6/02/03	1 000	1 300		15/05/03	571376	3	2 826.5	4 060.0	600.4	0.0	600.4	6.76	2.64	-16.50	2.63/2.70	2.65	11	9.8430
					15/01/04	579452	12	1 472.9	2 622.0	700.4	92.8	793.2	3.74	2.48	-16.40	2.47/2.52	2.49	14	17.5760
11/02/03	13/02/03	1 000	1 300	3 459.7	15/05/03	571376	3	3 426.9	3 850.0	650.6	0.0	650.6	5.92	2.58	-16.10	2.57/2.63	2.59	13	32.3530
					14/08/03	574404	6	1 517.7	3 645.0	650.5	96.2	746.7	5.60	2.48	-13.90	2.48/2.52	2.48	10	65.3270
18/02/03	20/02/03	1 000	1 300		15/05/03	571376	3	4 077.5	3 900.0	300.3	0.0	300.3	12.99	2.55	-13.90	2.55/2.60	2.55	5	56.0750
					19/02/04	580468	12	0.0	2 606.5	974.5	0.0	974.5	2.67	2.33	-16.90	2.33/2.40	2.34	7	100.0000
25/02/03	27/02/03	1 000	1 300		15/05/03	571376	3	4 377.8	5 445.0	650.3	0.0	650.3	8.37	2.42	-15.10	2.42/2.49	2.42	6	70.6520
					19/02/04	580468	12	974.5	2 427.5	650.2	0.0	650.2	3.73	2.22	-16.00	2.22/2.28	2.23	9	26.7860
4/03/03	6/03/03	1 200	1 500		19/06/03	572382	3	1 829.7	4 960.0	690.3	0.0	690.3	7.19	2.35	-14.20	2.34/2.40	2.35	8	51.4770
					14/08/03	574404	6	2 264.4	2 790.0	805.0	2.6	807.6	3.47	2.30	-10.60	2.28/2.35	2.30	6	100.0000
11/03/03	13/03/03	1 200	1 500	4 660.3	19/06/03	572382	3	2 520.0	4 225.0	750.6	0.0	750.6	5.63	2.39	-15.00	2.38/2.44	2.39	8	62.8140
					18/09/03	575419	6	1 204.1	2 520.0	750.3	0.0	750.3	3.36	2.29	-13.90	2.28/2.33	2.29	8	80.3370
18/03/03	20/03/03	1 200	1 500		19/06/03	572382	3	3 270.6	3 585.0	640.7	0.0	640.7	5.60	2.42	-15.60	2.42/2.50	2.43	10	12.4140
					18/03/04	581474	12	0.0	2 390.0	860.0	196.5	1 056.5	2.78	2.37	-12.90	2.36/2.43	2.37	8	100.0000
25/03/03	27/03/03	1 200	1 500		19/06/03	572382	3	3 911.3	3 995.0	875.4	75.4	950.8	4.56	2.40	-12.80	2.39/2.45	2.40	8	73.5630
					18/03/04	581474	12	1 056.5	3 025.0	625.0	0.0	625.0	4.84	2.33	-12.50	2.33/2.37	2.33	5	100.0000
1/04/03	3/04/03	1 200	1 500		19/06/03	572382	3	4 862.1	5 335.0	700.5	0.0	700.5	7.62	2.38	-13.40	2.38/2.43	2.39	9	13.4230
					18/09/03	575419	6	1 954.4	3 325.0	800.5	25.3	825.8	4.15	2.30	-12.30	2.29/2.34	2.31	14	14.4930
8/04/03	10/04/03	1 200	1 500		17/07/03	573398	3	2 708.6	4 800.0	701.0	0.0	701.0	6.85	2.37	-15.70	2.37/2.42	2.38	14	9.0090
					16/10/03	576425	6	1 176.5	2 845.0	700.4	66.9	767.3	4.06	2.33	-12.40	2.32/2.36	2.33	10	66.6670
15/04/03	17/04/03	1 200	1 500	4 273.4	17/07/03	573398	3	3 409.6	4 025.0	400.4	0.0	400.4	10.05	2.42	-13.50	2.42/2.49	2.43	6	22.0340
					15/04/04	582480	12	0.0	2 560.0	900.3	0.0	900.3	2.84	2.41	-13.20	2.39/2.44	2.42	14	32.7800
22/04/03	24/04/03	1 200	1 500		17/07/03	573398	3	3 810.0	4 590.0	450.1	0.0	450.1	10.20	2.41	-14.20	2.41/2.48	2.42	4	27.7780
					15/04/04	582480	12	900.3	2 270.0	850.3	26.3	876.6	2.67	2.37	-12.10	2.36/2.40	2.37	11	60.9630

Results of the Auctions of Treasury certificates in 2003 (in millions of EUR)

Auction date	Value date	Range Min	Range Max	Amount at maturity	Maturity date	ISIN BE0312	Month	Outst. before auction	Amount offered	Amount accepted (comp)	Exerc. non comp.	Total accepted	Bid to cover	Weigh. average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
29/04/03	2/05/03	1 200	1 500		17/07/03	573398	3	4 260.1	3 350.0	590.0	0.0	590.0	5.68	2.39	-14.10	2.38/2.44	2.39	6	100.0000
					16/10/03	576425	6	1 943.8	3 400.0	700.3	0.0	700.3	4.86	2.33	-12.80	2.32/2.37	2.34	10	38.8890
6/05/03	8/05/03	1 200	1 500		14/08/03	574404	3	3 072.0	4 615.0	500.2	0.0	500.2	9.23	2.34	-16.20	2.33/2.38	2.34	4	62.9370
					13/11/03	577431	6	1 549.8	3 035.0	800.9	0.0	800.9	3.79	2.28	-12.70	2.27/2.30	2.28	12	35.4170
13/05/03	15/05/03	1 000	1 300	5 028.1	14/08/03	574404	3	3 576.7	3 760.0	350.1	0.0	350.1	10.74	2.31	-15.40	2.30/2.37	2.32	6	27.5860
					13/05/04	583496	12	0.0	3 020.0	930.0	174.2	1 104.2	3.25	2.17	-14.00	2.15/2.20	2.17	8	100.0000
20/05/03	22/05/03	1 000	1 300		14/08/03	574404	3	3 926.8	3 025.0	400.4	0.0	400.4	7.55	2.24	-13.40	2.24/2.30	2.25	10	16.2790
					13/05/04	583496	12	1 104.2	3 054.5	687.5	41.4	728.9	4.44	2.10	-12.20	2.09/2.14	2.10	5	100.0000
27/05/03	29/05/03	1 000	1 300		14/08/03	574404	3	4 327.2	3 384.0	400.5	0.0	400.5	8.45	2.17	-13.50	2.16/2.21	2.18	11	9.2220
					13/11/03	577431	6	2 529.8	4 513.0	600.6	0.0	600.6	7.51	2.09	-11.70	2.09/2.13	2.10	13	8.7570
3/06/03	5/06/03	1 000	1 300		18/09/03	575419	3	2 780.2	3 920.0	500.4	47.4	547.8	7.83	2.09	-14.50	2.08/2.13	2.09	8	34.7370
					13/05/04	583496	12	1 833.1	3 035.0	500.9	187.7	688.6	6.06	2.00	-12.20	1.99/2.04	2.00	10	32.4070
10/06/03	12/06/03	1 000	1 300		18/09/03	575419	3	3 328.0	6 260.0	610.3	1.0	611.3	10.26	2.01	-12.30	2.01/2.04	2.02	14	6.9910
					18/12/03	578447	6	984.4	3 575.0	395.0	150.3	545.3	9.05	1.95	-12.90	1.95/2.05	1.95	5	100.0000
17/06/03	19/06/03	1 000	1 300	5 562.6	18/09/03	575419	3	3 939.3	3 090.0	300.3	0.0	300.3	10.29	2.01	-12.70	2.00/2.05	2.01	6	43.4780
					17/06/04	584502	12	0.0	2 017.5	700.7	0.0	700.7	2.88	1.84	-12.50	1.84/1.87	1.85	10	20.2250
24/06/03	26/06/03	1 000	1 300		18/09/03	575419	3	4 239.6	3 770.0	300.3	0.0	300.3	12.55	2.01	-13.60	2.00/2.05	2.01	7	16.3550
					17/06/04	584502	12	700.7	2 327.0	700.7	112.5	813.2	3.32	1.86	-12.90	1.85/1.88	1.86	12	47.0590
1/07/03	3/07/03	800	1 100		16/10/03	576425	3	2 644.1	3 220.0	550.4	0.0	550.4	5.85	1.98	-16.50	1.98/2.03	1.99	9	32.7160
					18/12/03	578447	6	1 529.7	3 405.0	410.0	100.8	510.8	8.30	1.93	-14.10	1.93/1.97	1.93	4	100.0000
8/07/03	10/07/03	800	1 100		16/10/03	576425	3	3 194.5	4 305.0	400.2	0.0	400.2	10.76	2.00	-13.40	2.00/2.04	2.00	5	27.9720
					15/01/04	579452	6	2 266.1	3 125.0	400.0	0.0	400.0	7.81	1.94	-14.30	1.94/1.97	1.94	4	100.0000
15/07/03	17/07/03	800	1 100	4 850.1	16/10/03	576425	3	3 594.7	4 330.0	200.0	0.0	200.0	21.65	1.98	-14.90	1.98/2.05	1.98	2	100.0000
					15/07/04	585517	12	0.0	3 175.0	680.5	0.0	680.5	4.67	1.93	-12.10	1.93/1.97	1.94	10	41.2500
22/07/03	24/07/03	800	1 100		16/10/03	576425	3	3 794.7	3 140.0	300.1	0.0	300.1	10.46	1.99	-14.30	1.99/2.04	1.99	5	34.4830
					15/07/04	585517	12	680.5	2 830.0	500.6	76.8	577.4	5.65	2.01	-11.40	2.00/2.04	2.01	10	63.8300
29/07/03	31/07/03	800	1 100		16/10/03	576425	3	4 094.8	2 960.0	300.6	0.0	300.6	9.85	1.98	-13.90	1.97/2.03	1.99	11	16.9150
					15/01/04	579452	6	2 666.1	2 495.0	685.0	25.2	710.2	3.64	1.97	-13.10	1.96/2.00	1.97	8	100.0000
5/08/03	7/08/03	800	1 100		13/11/03	577431	3	3 130.4	4 055.0	485.0	0.0	485.0	8.36	2.00	-13.80	1.99/2.05	2.00	4	100.0000
					15/07/04	585517	12	1 257.9	2 432.5	350.8	15.5	366.3	6.93	2.15	-11.30	2.14/2.17	2.15	12	28.8250
12/08/03	14/08/03	800	1 100	4 727.7	13/11/03	577431	3	3 615.4	2 995.0	500.2	0.0	500.2	5.99	1.99	-14.60	1.99/2.05	2.00	10	22.3880
					19/02/04	580468	6	1 624.7	2 560.0	300.7	5.4	306.1	8.51	2.04	-11.80	2.03/2.06	2.04	10	17.2250

Results of the Auctions of Treasury certificates in 2003 (in millions of EUR)

Auction date	Value date	Range Min	Range Max	Amount at maturity	Maturity date	ISIN BE0312	Month	Outst. before auction	Amount offered	Amount accepted (comp)	Exerc. non comp.	Total accepted	Bid to cover	Weigh. average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
19/08/03	21/08/03	800	1 100		13/11/03	577431	3	4 115.6	3 425.0	220.0	0.0	220.0	15.57	1.99	-14.90	1.99/2.05	1.99	3	100.0000
					19/08/04	586523	12	0.0	2 454.5	700.4	150.9	851.3	3.50	2.18	-12.50	2.18/2.23	2.19	12	20.5650
26/08/03	28/08/03	800	1 100		13/11/03	577431	3	4 335.6	2 450.0	200.0	0.0	200.0	12.25	1.99	-15.90	1.99/2.05	1.99	3	40.0000
					19/08/04	586523	12	851.3	2 312.5	900.1	65.1	965.2	2.57	2.18	-14.10	2.17/2.24	2.19	5	93.9890
2/09/03	4/09/03	800	1 100		18/12/03	578447	3	2 040.5	3 435.0	470.0	0.0	470.0	7.31	2.01	-14.30	2.01/2.07	2.01	3	100.0000
					19/02/04	580468	6	1 930.8	2 820.0	350.1	0.0	350.1	8.05	2.07	-13.60	2.07/2.11	2.07	2	77.7780
9/09/03	11/09/03	800	1 100		18/12/03	578447	3	2 510.5	2 305.0	500.2	0.0	500.2	4.61	2.00	-15.30	1.99/2.14	2.00	7	73.7860
					18/03/04	581474	6	1 681.5	2 155.0	400.3	0.0	400.3	5.38	2.06	-13.30	2.05/2.17	2.06	7	36.8930
16/09/03	18/09/03	800	1 100	4 539.9	18/12/03	578447	3	3 010.7	4 040.0	300.4	0.0	300.4	13.45	2.00	-15.00	1.99/2.06	2.00	9	32.0750
					16/09/04	587539	12	0.0	2 347.5	650.2	0.0	650.2	3.61	2.13	-12.80	2.12/2.17	2.14	9	67.4800
23/09/03	25/09/03	800	1 100		18/12/03	578447	3	3 311.1	3 545.0	310.0	0.0	310.0	11.44	1.97	-16.80	1.96/2.04	1.98	4	100.0000
					16/09/04	587539	12	650.2	2 425.0	750.4	0.0	750.4	3.23	2.03	-15.50	2.00/2.07	2.04	11	55.0820
30/09/03	2/10/03	800	1 100		18/12/03	578447	3	3 621.1	2 830.0	400.2	0.0	400.2	7.07	1.96	-16.80	1.95/2.02	1.97	6	41.6670
					18/03/04	581474	6	2 081.8	2 600.0	425.0	30.3	455.3	6.12	1.97	-13.90	1.97/2.01	1.97	5	100.0000
7/10/03	9/10/03	800	1 100		15/01/04	579452	3	3 376.3	2 710.0	375.0	0.0	375.0	7.23	1.97	-16.80	1.96/2.04	1.97	4	100.0000
					15/04/04	582480	6	1 776.9	2 805.0	450.0	0.0	450.0	6.23	2.01	-13.70	2.00/2.04	2.01	6	100.0000
14/10/03	16/10/03	800	1 100	4 395.4	15/01/04	579452	3	3 751.3	2 240.0	300.2	0.0	300.2	7.46	1.97	-16.80	1.96/2.04	1.98	7	70.1750
					14/10/04	588545	12	0.0	2 462.5	700.5	0.0	700.5	3.52	2.18	-13.00	2.16/2.23	2.19	10	33.2550
21/10/03	23/10/03	800	1 100		15/01/04	579452	3	4 051.5	2 380.0	250.4	0.0	250.4	9.50	1.97	-18.10	1.97/2.04	1.98	6	43.6360
					14/10/04	588545	12	700.5	2 210.0	550.0	32.0	582.0	4.02	2.23	-13.20	2.22/2.26	2.23	10	50.0000
28/10/03	30/10/03	800	1 100		15/01/04	579452	3	4 301.9	1 945.0	530.3	0.0	530.3	3.67	1.98	-17.40	1.96/2.04	1.98	8	83.5440
					15/04/04	582480	6	2 226.9	2 880.0	270.0	90.8	360.8	10.67	2.05	-15.80	2.04/2.09	2.06	6	100.0000
4/11/03	6/11/03	800	1 100		19/02/04	580468	3	2 280.9	2 390.0	385.0	0.0	385.0	6.21	1.98	-18.30	1.97/2.06	1.99	6	100.0000
					14/10/04	588545	12	1 282.5	2 020.0	415.5	0.0	415.5	4.86	2.26	-15.30	2.24/2.29	2.26	9	67.3470
	13/11/2003(*)			4 535.6															
18/11/03	20/11/03	800	1 100		19/02/04	580468	3	2 665.9	2 270.0	140.0	21.4	161.4	16.21	1.96	-19.30	1.95/2.03	1.96	3	100.0000
					18/11/04	589550	12	0.0	1 790.0	660.3	86.5	746.8	2.71	2.23	-14.10	2.22/2.27	2.24	9	46.5120
25/11/03	27/11/03	800	1 100		19/02/04	580468	3	2 805.9	1 670.0	330.0	0.0	330.0	5.06	1.97	-18.20	1.97/2.05	1.98	4	100.0000
					18/11/04	589550	12	746.8	2 145.0	500.6	0.0	500.6	4.28	2.29	-11.20	2.28/2.34	2.30	11	20.8330
9/12/03	11/12/03	800	1 100		18/03/04	581474	3	2 537.1	1 205.0	380.0	0.0	380.0	3.17	1.98	-16.90	1.97/2.05	2.00	6	100.0000
					17/06/04	584502	6	1 513.9	1 885.0	420.5	0.0	420.5	4.48	2.07	-12.30	2.06/2.11	2.07	8	44.2310
16/12/03	18/12/03	800	1 100	4 021.3	18/03/04	581474	3	2 917.1	2 135.0	235.0	105.5	340.5	9.09	1.98	-16.50	1.98/2.05	1.99	5	100.0000
					16/12/04	590566	12	0.0	1 570.0	565.9	21.4	587.3	2.77	2.22	-13.30	2.20/2.24	2.23	14	16.2010

(*) The auction of 11 November 2003 was cancelled.

LIST OF DEALERS
IN BELGIAN TREASURY SECURITIES

PRIMARY DEALERS

ABN AMRO Bank NV London Branch
250 Bishopsgate
GB - London EC2M 4AA

BARCLAYS Bank PLC
5 The North Colonnade - Canary Wharf
GB - London E14 4BB

BNP PARIBAS London Branch
10 Harewood Avenue
GB - London NW1 6AA

CITY GROUP GLOBAL MARKETS LIMITED
Citigroup Centre, 33 Canada Square
Canary Wharf
GB - London E14 5LB

CREDIT AGRICOLE INDOSUEZ
9, Quai du Président Paul Doumer
F - 92920 Paris-la-Défense Cédex

DEUTSCHE Bank
Grosse Gallusstrasse 10-14
D - 60272 Frankfurt-Am Main

DEXIA Bank N.V.
Boulevard Pachéco, 44
B - 1000 Bruxelles

FORTIS Bank /Banque N.V./S.A.
Montagne du Parc 3
B - 1000 Bruxelles

GOLDMAN SACHS INTERNATIONAL
Peterborough Court - 133 Fleet Street
GB - London EC4A 2BB

HSBC - CCF
109, avenue des Champs-Elysees
F - 75008 Paris

ING - BELGIUM N.V./S.A.
Avenue Marnix, 24
B - 1000 Bruxelles

JP MORGAN SECURITIES LTD LONDON
125 London Wall
GB - London EC2Y 5AJ

KBC Bank N.V.
Havenlaan 12
B - 1080 Brussel

NOMURA INTERNATIONAL PLC
Nomura House
1 St Martin's-le-Grand
GB - London EC1A 4NP

SOCIÉTÉ GÉNÉRALE
17, Cours Valmy - Tour Société Générale
F - 92987 Paris-La Défense Cédex

UBS LTD
100 Liverpool street
GB - London EC2M 2RH

RECOGNISED DEALERS

BANCA D'INTERMEDIAZONE MOBILIARE IMI SPA
Corso Matteotti, 6
I - MILANO - 20121

CAIXA GERAL DE DEPOSITOS
Avenida Joâo XXI, 63
P - 1000-300 LISBOA

CREDIT SUISSE FIRST BOSTON
One Cabot Square
GB - London E14 4QJ

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
25, Bank Street
GB - London E14 5LE

NORDEA Bank
Christiansbro
3 Strandgade
PO Box 850
DENMARK

BTB DEALERS

CITIBANK
33 Canada Square
Canary Wharf
GB - London E14 5LB

WINCHESTER HOUSE
1 Great Winchester Street
GB - London EC2N 2DB

DEXIA Bank S.A./N.V.
Boulevard Pachéco, 44
B - 1000 Bruxelles

FORTIS Bank/ Banque N.V./S.A.
Montagne du Parc, 3
B - 1000 Bruxelles

GOLDMAN SACHS INTERNATIONAL
Peterborough Court
133 Fleet Street
GB - London EC4A 2BB

KBC BANK N.V.
Havenlaan 12
B - 1080 Brussel

UBS LTD
100 Liverpool street
GB - London EC2M 2RH

PLACING INSTITUTIONS
FOR STATE NOTES

AXA BANQUE BELGIUM	Grote Steenweg, 214 Boulevard du Souverain, 25	2600 BERCHEM - ANTWERPEN 1170 BRUXELLES
BKCP-CREDIT PROFESSIONNEL	Avenue des Arts, 6-9	1210 BRUXELLES
ING BELGIUM	Avenue Marnix, 24	1000 BRUXELLES
CPH BANQUE	Rue Perdue, 7	7500 TOURNAI
CREDIT AGRICOLE	Bld Sylvain Dupuis, 251	1070 BRUXELLES
BANQUE DEGROOF	Rue de l'Industrie, 44	1040 BRUXELLES
DEUTSCHE BANK	Avenue Marnix, 13-17	1000 BRUXELLES
BANQUE DEXIA	Boulevard Pachéco, 44	1000 BRUXELLES
DE BUCK ET CIE, BANQUIERS DE PATRIMOINE	Kouter, 27	9000 GENT
DIERICKX, LEYS ET CIE, BANQUE DE TITRES	Kasteelpleinstraat, 44	2000 ANTWERPEN
BANQUE FORTIS	Montagne du Parc, 3	1000 BRUXELLES
BANQUE KBC	Avenue du Port, 2	1080 BRUXELLES
LELEUX ASSOCIATED BROKERS	Rue du Bois Sauvage, 17	1000 BRUXELLES
BANQUE DE LA POSTE	Rue des Colonies, 56	1000 BRUXELLES
OOSTVLAAMS BEROEPSKREDIET	Dr A. Rubbensstraat, 45	9240 ZELE
VAN DE PUT ET CIE, BANQUE DE TITRES	Mechelsesteenweg, 203	2018 ANTWERPEN
WEST-VLAAMSE BANK	Adriaan Willaertstraat, 9	8000 BRUGGE

The Treasury Administration
ORGANISATION CHART

Jean-Pierre ARNOLDI, Administrator General
Hiliana COESSENS, Director General until 31/12/2003.

Debt department

Public debt department

Auditor General of finances
O. VAN DRIESSCHE

Studies department

Directorate 10
Director
M. SEMPELS
Treasury position
Forecasts
Accounts

Directorate 12
Director
P. RAEPSAET
Financial servicing of borrowings
Ex-Congo loans
Printing

Directorate 13
Director
P. RAEPSAET
Redemption fund
State-guaranteed loans
Financial relations with
state bodies and authorities

Directorate 15
Director
A. GUBIN
Ledgers
Named entries
Attachments against securities
and the Belgian National
Securities Office

Debt Agency

D1	**D2**	**D3**
Director B. RICHARD	Director J. DEBOUTTE	Director F. VAN BELLE
Front office Assistant director A. LECLERCQ Assistant director S. DE SMEDT	**1. Strategy and risk management** Assistant director B. DEBERGH	**1. Back Office** Assistant director Ph. LEPOUTRE
	2. Legal affairs and communications department Assistant director S. THEYS	**2. Systems** Assistant director Th. GEELS
	3. Product marketing and development Assistant director J.L. STEYLAERS	

Auditor-Adviser
E. ANNÉ

Printed at the Federal Public Service Finance - Treasury
Public Debt Printing
30, Avenue des Arts - 1040 Brussels

May 2004

For further information, please contact the
Debt Studies department at the address given above.
(D. DELETRAIN Tel.: + 32 (0)2 - 233 73 96)

Logo and lay-out by MM TEAM + ACG

http://www.debtagency.be