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KINGDOM OF BELGIUM

Federal Public
Service Finance
Treasury
Administration

FEDERAL GOVERNMENT DEBT
Annual Report 2004

ANNUAL REPORT 2004

BELGIAN
DEBT AGENCY

ANNUAL REPORT 2004

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

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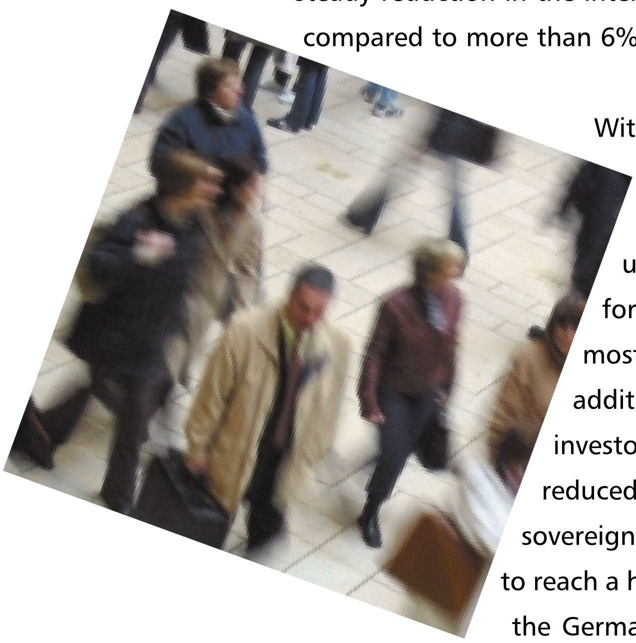
I am pleased to present the 2004 Annual Report on the Public Debt.

The 2004 results are in line with the aims set by the Government in the Stability Programme: to produce a balanced budget with no deficit and to continue to reduce the debt ratio. Thus, Belgium stands out once again amongst its fellow states in the Eurozone, as only two other countries managed to perform as well. Belgium stayed the course towards financial restructuring and the overall public debt ratio stood at 95.5% of GDP. This rate dropped by almost 20% from 1999 to 2004, an average reduction of 4% per year, despite three years (2001 to 2003) of very weak economic growth. This positive development meant that the Federal Government was in a position to take over the majority of the SNCB debt, one of the main planks in that company's restructuring plan, without endangering the structural reduction of the debt ratio, as it is set to reach 94.6% at end-2005. Belgium's pursuit of convergence of this debt ratio towards the European average is steadily on course.

These good results confirm the positive impact for Belgium of the 1999 European economic and monetary union, as it benefited from the resulting falling interest rates and the convergence of these rates between the Eurozone member countries. Besides this mechanical effect, the Treasury's maturity in managing the public debt also had a beneficial impact. The Debt Agency continued to use the opportunities offered by the markets to reduce issue costs without increasing risk profiles. These two trends were reflected in a steady reduction in the interest burden on the budget, which now represents 4.6% of GDP compared to more than 6% in 1999.



With this good budgetary performance, the Treasury's borrowing requirements for 2004 were maintained at moderate levels, despite the large amounts reaching maturity during the year under review. In terms of quality, satisfaction was a watchword for 2004. The Debt Agency continued its issue policy, making the most of the opportunities presented without however incurring additional risks, and once again merited the trust of the markets and investors. The portfolio's exposure to changes in the interest rates was reduced. The interest rate spread between Belgian and other major sovereign issuers of benchmarks in the Eurozone decreased again in 2004 to reach a historic low: 4 basis points between the 10-year Belgian OLO and the German 10-year BUND. The exchange risk is now marginal, and the Treasury pursues its aim of eliminating it by clearing the debt in foreign currency. Belgian debt securities continue to attract increasing interest abroad also, chiefly because of the high level of liquidity they offer institutional investors keen to diversify their investments in quality

by Didier Reynders Finance Minister

sovereign securities. Of particular note is the breakthrough in the markets of the Far East in the last few years, in the framework of our policy to diversify the debt holdings, and which continued at a stronger pace in 2004.

I am delighted with this outcome, resulting from continuously adapting our issue techniques in the primary market and the operation of the secondary market. The creation of critical performance indicators as a management tool will be instrumental in providing the Debt Agency management with a useful addition to the annual general directives. Heartening as this trend is, the Treasury remains alert to developments in the market, ready to continue to adapt to prevailing conditions and political decisions.

I also take pride in the creation of a centre of financial expertise in the Treasury with the formation of the Debt Agency. The Debt Agency is a vital resource not only in the operational management of the federal debt, but also in the wider sense, in its handling of other large financial projects implemented by the government, such as the takeover of the SNCB debt or managing the liquidity of the Silver Fund.

Solid public finances combined with dynamic debt management: Belgium can confidently look to the future within the European Union.

The Finance Minister

Didier Reynders

THE ECONOMY AND GENERAL GOVERNMENT FINANCES IN 2004

1. Developments in the international and Belgian economies

The upturn in the world economy since mid-2002 continued in 2004 with growth in global GDP estimated at 5% for the year under review. The main engines driving this considerable growth were the economies of the US and the emerging countries of Asia, especially China.

Considerable global growth

Nonetheless, a note of disquiet was to be found in the US current and budgetary deficits, due to the pressure they exercise on the international financial markets. In part, these deficits were financed by investors in the Eurozone and in Asia, who invested a portion of their assets in American fixed-interest securities, as well as by the Asian monetary authorities, accumulating dollar currency reserves. These large capital inflows exercised a downward pressure on the US long-term rates. Overall, these remained relatively low, in view of the US current and budgetary deficits, and the rate of economic growth (GDP rose by 4.4%). Soaring oil prices, traceable to strong Chinese and American demand, undoubtedly weighed significantly on expectations of economic growth and would also explain why US long-term rates remained relatively low.

The US Federal Reserve gradually increased short-term US rates as inflationary pressures mounted in a strengthening economy and an improved labour market. In 2004, the Fed Funds rate increased by 125 basis points to hit 2.25% at year end.

The US dollar exchange rate fluctuated downwards at the beginning of 2004, following market anxieties caused by the extent of that country's current deficit. Pressure on the dollar eased in April with positive expectations for economic growth and possible increases in the Federal Reserve rate, only to intensify again at year-end amid renewed anxiety about the extent of the current deficit.

The economic recovery evident in 2003 in the Eurozone continued into 2004 (up 2%), in the main driven by exterior demand. We note the negative impact of oil prices on the Eurozone economy: rising prices increased production costs, brought down actual household disposable income, and reduced global demand with a knock-on effect on exports, which was very much in evidence in the second half of 2004.

The long-term Eurozone rates followed a more stable course than the US rates during the first 10 months of 2004 but, unlike the US rates, continued to fall towards the end of the year to reach historically low levels. The net result of the differences in rates between these two economic powers was to considerably widen the variation between the USD/EUR long-term rate, which increased from 0.1% to 0.6% in the period January to December 2004. These variations reflect the differences in economic trends between the US and the Euro zone and diverging long-term inflation forecasts.

Unlike rates in the US, short-term Eurozone rates remained stable in 2004. The European Central Bank held its guideline rates unchanged, as prices remained on target and the ECB pursued its goal of stability, despite the increase in oil prices, which drove inflation up to 2.1% on average in 2004.

The strengthening Euro, persistent unemployment and wage moderation acted to curb domestic pressure on prices.

In Belgium, the overall economic outlook continued to improve in 2004, with GDP growing at a rate of 2.7%. This is a good performance, given the average rates of economic growth in the Euro zone (+2%). There are several factors to explain the good results for the Belgian economy: exports held their own (up 6%), domestic demand, and in particular personal consumption, were strong (up 2.1%), bolstered by tax reductions and a fallback in household savings behaviour, against a backdrop of continued consumer confidence. On the other hand, with robust imports, the contribution of net exports to GDP growth was slightly negative in 2004. Company investments and consumption, state investments and inventory variations also strengthened growth.

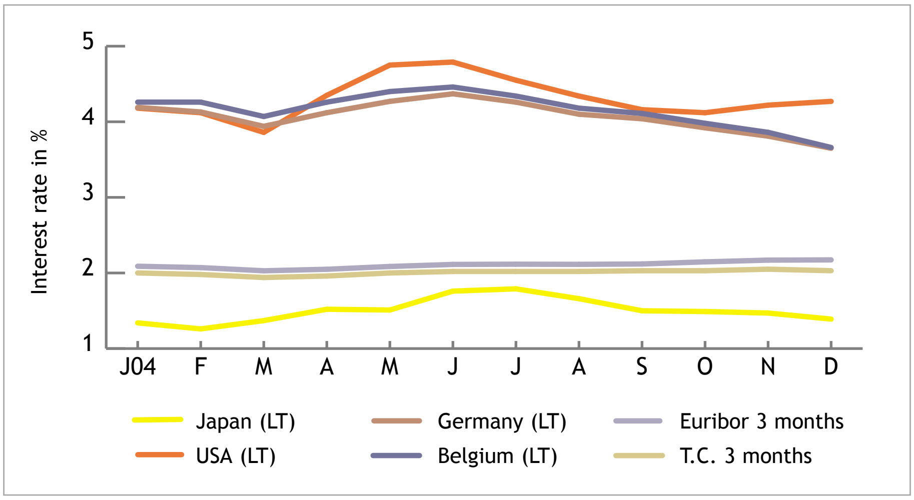
Despite rising oil prices, inflation was contained in Belgium (1.9% in 2004 compared to 1.5% in 2003), influenced by a stronger Euro and restrained growth in labour costs.

Belgium's traditional Achilles heel, unemployment, was exacerbated slightly in 2004. The harmonised unemployment rate, measured by the percentage of job seekers in proportion to the economically active population, increased from 8.2% in 2003 to 8.6% in 2004, despite a brighter economic climate and the creation of some 31,000 new jobs.

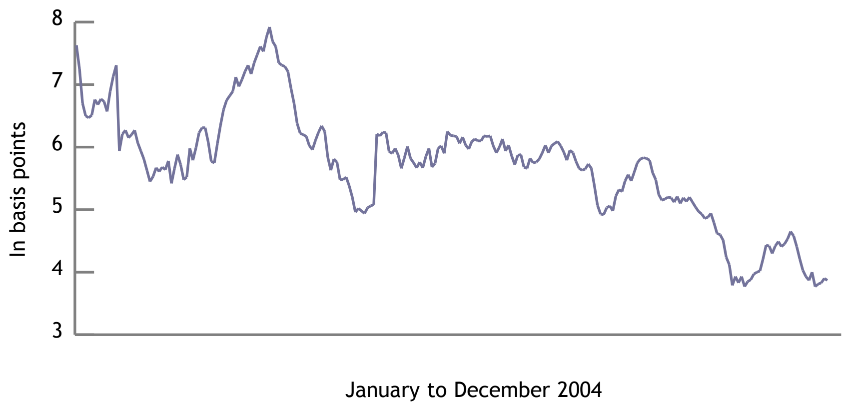
Interest rates in Belgium hardly fluctuated from the Eurozone average. Trends in the short-term segment were very stable. The 3-month Treasury certificates rate varied around 2% on average.

1

Average 3-month interest rates and yields from 10-year benchmarks in 2004



2 Daily variation in rates between "Bunds" and 10-year OLOs in 2004 ("asset swap spreads")



Stable Belgian interest rates

Turning to the long-term segment, 10-year OLOs succumbed to upward pressure in the second quarter of the year, increasing from 4.26% to 4.46% on average in the period January to June 2004, and then fell to a historical low of 3.66% at year end. The interest rate difference between Belgian and German benchmarks remained very narrow throughout the year to reach less than four basis points on average at end-December 2004. The differences are calculated in terms of asset swap spreads in order to eliminate the differences in maturity dates between both types of loans.

The interest burden on the government debt fell in absolute terms once again, from Euro 14.52 billion in 2003 to Euro 13.07 billion in 2004. This change results from the continued fall in the weighted average interest rate over the past few years, from 5.05% in 2003 to 4.8% in 2004, combined with good debt management by the Treasury.

2. Developments in the general government finances in 2004

2.1. Compliance with the Stability Programme 2004-2007

Since 2000, the general government budget has been balanced or in slight surplus. The government returned to power after the 2003 elections reaffirmed the aim of maintaining budgetary equilibrium corrected for the cycle or achieving a slight surplus, in line with the stability and growth pact.

The government forecasts for 2004 were for a balanced budget. Included in the budget plan were measures designed to reduce the fiscal and parafiscal pressure on the working population. The Government pursued its programme of income tax reforms for individuals and reduction of payroll taxes for employers.

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

	2003	2004	
	Realisations	Targets (1)	Estimates
General Government			
° Financing balance	0.3	0.0	0.0
° Primary surplus	5.7	5.1	4.9
Entity I			
° Financing balance	-0.1	-0.3	-0.4
° Primary surplus	4.9	4.2	4.1
Entity II			
° Financing balance	0.4	0.4	0.4
° Primary surplus	0.9	0.8	0.8

(1) 2004-2007 stability programme

A balanced budjet

The first signs of an economy recovery were on the horizon when drawing up the 2004 budget. In the context of brighter growth prospects compared to 2003, the government nevertheless put economic growth estimates at a prudent 1.8%. As the upturn accelerated, the spring budget review saw these growth forecasts revised upwards to 2% for 2004 and then to 2.4% when drawing up the budget for 2005 in the autumn. By the beginning of 2005, estimates put economic growth at 2.7% for 2004, with prices remaining constant.

With relatively sustained growth, budgetary equilibrium was once again achieved in 2004, without the input of exceptional non-tax receipts, which had augmented the government's coffers in 2003. Driven by economic growth, tax receipts continued to grow, at a rate in excess of preliminary estimates.

Entity trends

Based on the data available in March 2005, realisations for both Entity I and Entity II remained very close to the targets set under the 2004-2007 Stability Programme. Entity I (Federal government and social security) will be slightly above the target of 0.3% recording a borrowing need of 0.4% of GDP (ESA 95 definition). Entity II (Communities, Regions and Local Authorities) will achieve a surplus estimated at 0.4%, in line with the targets set for it.

The position for the primary surplus is similar. Entity I will return a primary surplus of 4.1% of GDP, almost meeting its target of 4.2% under the 2004-2007 Stability Programme, while Entity II is expected to be on target with a primary surplus of 0.8%.

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

	2003 Realisations	2004 Estimates
Revenue (1)	52.2	50.1
including tax and social security revenues	45.7	45.8
of which tax revenues	31.3	31.7
Primary expenditure (2)	46.5	45.3
Primary balance (3=1-2)	5.7	4.9
Interest burden (4)	5.4	4.9
Financing balance (5=3-4)	0.3	0.0

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

Revenue and expenditure

In 2004, General Government receipts, taken as a percentage of GDP, were down significantly by some 2 percentage points. In the main, this drop reflects the impact of the takeover by the Federal Government of the Belgacom pension fund on non-tax revenues in 2003. Tax and social security revenues as a percentage of GDP increased slightly during the year under review, from 45.7 to 45.8%.

This increase is a result of stronger economic growth, and can be traced to tax receipts, which increased from 31.3 to 31.7% of GDP, despite the continued implementation of income tax reforms for individual taxpayers. The year saw particularly healthy growth in indirect taxes (VAT, registration fees, excise duties, etc.) and corporation taxes, which exceeded expectations. However, personal tax receipts grew at a more moderate pace, reflecting the impact of tax reforms and developments in the job market, lagging behind the general recovery somewhat.

Payroll taxes were down slightly in 2004 under the impact of the measures designed to reduce indirect employment costs and taking into account employment patterns.

Primary expenditure was down sharply from 46.5% of GDP in 2003 to 45.3%. In large part, this reduction reflects simple accounting operations (approximately 0.8% of GDP), i.e. the shifting of a portion of the allowance to the SNCB from 2004 to 2003.

These developments in both revenue and expenditure led to a slight weakening in the primary surplus, which dropped from 5.7 to 4.9% of GDP.

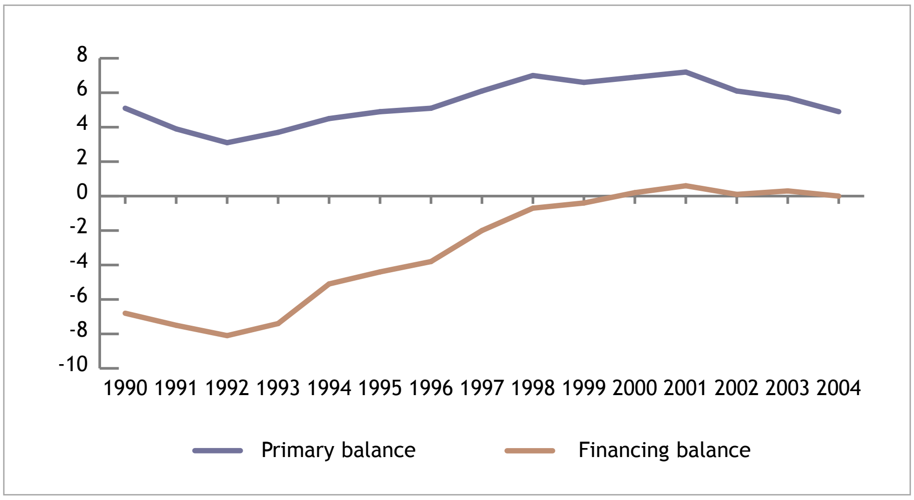
Interest burden and debt ratio

The pressure of the interest burden was once again considerably reduced in 2004 (from 5.4 to 4.9% of GDP). The fall in the implicit debt interest rate from 5.3% in 2003 to approximately 5.1%, and the reduction in the debt ratio play an almost equal role in explaining the reduction in the interest burden.

In 2003, the debt ratio, expressed as a % of GDP, stood just below the 100-% bar. At end-2004, we saw it return to 95.5%, bringing the reduction very close to the targets of the 2004-2007 Stability Programme, despite a lower reduction in the implicit debt interest rate.

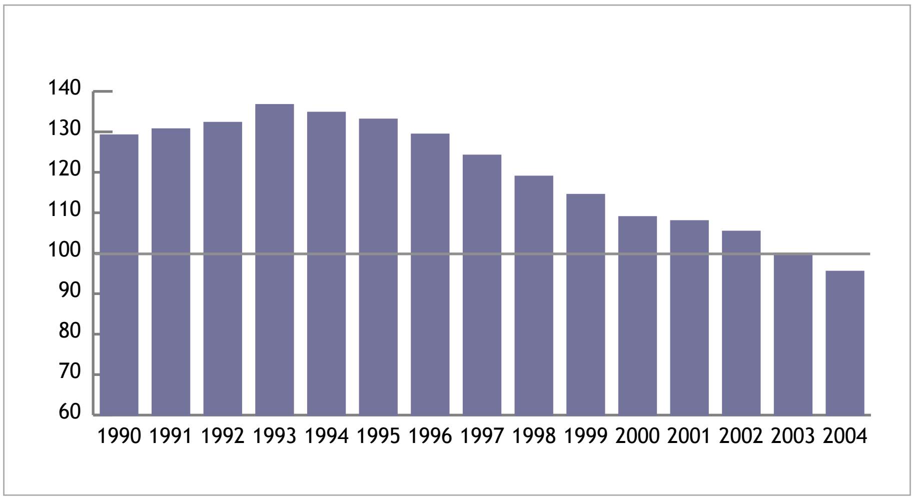
3

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



4

Variation in the debt ratio during the period 1990 to 2004
(as a % of GDP)



Comparison with Europe

In 2004, Belgium once again retained its position in the select group of EU countries that achieved budgetary equilibrium or a budget surplus, along with Ireland and Finland. According to the European Commission's estimates, these same three countries were also the only member states to achieve a budgetary surplus, after adjustments to allow for the effects of the economic cycle.

Belgium continues the gradual process of convergence of this debt ratio towards the European average. On average, this rate continued to increase in the Eurozone in 2004 (up 0.5 percentage point) to reach 71.3%, while in Belgium it fell 4.5 percentage points.

2.2. 2005-2008 Stability Programme

The 2005-2008 Stability Programme updates the previous programme and reflects the budgetary policies outlined by the government formed after the May 2003 elections. Budgetary equilibrium and further reductions in the debt ratio form the central objectives of policy, in addition to releasing the resources needed to fulfil a certain number of priority political aims.

The updated Stability Programme was drawn up in the context of lower-than-expected growth forecasts for 2005 as a result of the peak in the economic cycle from 2004.

The review is limited in scope and does not hinder Belgium from maintaining the target of a balanced budget in 2005 and pursuing the path planned in the 2004-2007 programme. Budgetary equilibrium is once again forecast for 2006 and a surplus of 0.3% of GDP is the target for 2007. The target surplus of 0.6% of GDP outlined for 2008 is in line with the medium-term multi-annual

3 Budgetary evolution of the various sub-sectors of government in the 2005-2008 Stability Programme (1) (as a % of GDP)

	2003 Realisations	2004 Estimates	2005 Targets	2006	2007	2008
General Government						
° Primary surplus	5.7	4.9	4.5	4.4	4.5	4.7
° Interest burden	5.4	4.9	4.5	4.4	4.2	4.1
° Financing balance	0.4	0.0	0.0	0.0	0.3	0.6
Entity I						
° Primary surplus	4.9	4.0	3.8	3.9	3.9	4.0
° Interest burden	4.9	4.4	4.1	4.0	3.8	3.7
° Financing balance	-0.1	-0.4	-0.3	-0.1	0.1	0.3
Entity II						
° Primary surplus	0.9	0.9	0.7	0.5	0.6	0.7
° Interest burden	0.5	0.4	0.4	0.4	0.4	0.4
° Financing balance	0.4	0.4	0.3	0.1	0.2	0.3

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

plan recommended by the High Council of Finance.

As in the past, the programme undertakes to give priority to improving the financing balance in the event economic growth exceeds the forecasts thereby providing additional room for manoeuvre for the Treasury.

Personal income tax reforms are scheduled to become fully operational by 2006. Up to then, fiscal pressure will be considerably reduced, before stabilising more or less. Payroll taxes will dip once again in 2005 as the new raft of reductions become effective. However, they will edge slightly upwards from 2006 pushed by an increase in contributions from the self-employed as their health insurance is extended to cover small risks.

Overall fiscal and parafiscal pressure should fall back up to 2006 and could then marginally increase again.

On the expenditure side, primary expenditure will be subject to an average growth rate of 1.2% in real terms, according to the Federal Government accord, with the exception of reinvestment in public companies. Turning to Social Security, increased health-care costs should be countered by a drop in unemployment expenses and a temporary slowdown in pension spending growth. The ratio of primary expenditure should follow a downward trend in the period 2004 to 2008, with the exception of a temporary increase in 2005.

The interest burden will continue to fall, but at a slower rate due to the gradual termination of the reduction in the implicit interest rate. This reduction will then reflect the reduction in the debt ratio.

If the general economic and budgetary conditions evolve as envisaged in the Stability Programme, the debt ratio will decline even further, which is one of the chief targets of Belgian budgetary policy. Forecasts estimate that it will fall from a rate of 100% in 2003 to some 84% in 2008, despite integrating the SNCB's debt in the public debt for a sum of up to 2.5% of GDP in 2005, triggering a clear but temporary weakening in the downward trend.

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 to meet the increased pension funding requirements for the period 2010- 2030. Payments to the fund could be increased by budget surpluses, social security surpluses or non-tax revenues. At end-2004, its capital totalled some 12 billion euro, that is 4% of GDP. The government target was to increase the fund to 13 billion euro by 2007 (see also point 7, page 29, on Treasury Bonds - Silver Fund).

The interest burden falls as the debt ratio is reduced. This creates a margin, which together with the gradual reduction in the cumulative surplus should allow the government after 2010 to absorb the costs of the budget of the ageing population, without pressurising other expenses or altering fiscal policy.

THE FINANCING PLAN

1. Borrowing Requirements in 2004

The Treasury's borrowing requirements in 2004 totalled 31.86 billion EUR. This relatively high level is due to the large payments to the Silver Fund totalling 7.8 billion EUR. Essentially these amounts arose from the State's takeover of the Belgacom pension funds, the FADELS debt operations at end-2003 and the government's decision to transfer these sums to the Silver Fund. These transfers were included in the Treasury's borrowing requirements but did not give rise to external borrowing, given that the funds were directly ploughed back to the Treasury through issues of "Treasury Bonds - Silver Fund". Without these transfers, borrowing requirements would not have exceeded 24.06 billion EUR.

The greatest borrowing need was generated by the amounts maturing on the medium- and long-term debt (21.14 billion EUR). Buy-backs on securities expiring in 2005 (4.50 billion EUR) and the federal budgetary deficit (6.19 billion EUR including the transfers to the Silver Fund referred to above) must also be included to explain the borrowing requirement.

The actual borrowing was less than originally forecast. On the one hand, the FADELS operation yielded additional resources at the start of 2004, while the federal budgetary deficit and securities buy-backs turned out to be smaller than the initial estimates.

2. Funding Resources in 2004

To meet its 2004 borrowing requirements, the Treasury mainly used medium- and long-term loans. OLOs formed the lion's share, with an issue amount totalling 22.36 billion EUR, while 7.80 billion EUR in "Treasury Bonds - Silver Fund" corresponded to the payments to the Silver fund. Products intended for private investors (State notes and, to a lesser extent, OLOp) brought in 0.88 billion EUR.

In addition, 2004 saw a slight reduction in Treasury certificates outstanding (-0.14 billion EUR) and in the short-term debt in foreign currencies (-0.05 billion EUR). Thus, the net variation in other short-term debts and in financial assets alone contributed to borrowing totalling one billion EUR.

During the year under review, the issue schedule was revised twice to take the Treasury's lower borrowing requirements into account. Thus, we saw OLO issues reviewed downwards from 27.90 billions to 26 billion EUR in January 2004 and again in October, down to 23 billion EUR. The last change reflected the Treasury's intention to reduce its cash surplus.

Limited borrowing requirements

4	Financing of the Treasury in 2004 (in billions of EUR)			
	Budget 2004 (1)		Realisation at 31/12/2004	
I. Gross balance to be financed 2004		**33.67**		**31.86**
1. 2004 Borrowing Requirements		**29.14**		**27.33**
Budget deficit (2):	8.00		6.19	
including the transfers to the Silver Fund	*7.80*		*7.80*	
Debt reaching maturity in 2004	21.14		21.14	
- EUR-denominated medium- and long-term debt	20.07		20.08	
- Medium- and long-term debt in foreign currencies	1.07		1.06	
2. Scheduled pre-financing (bonds reaching maturity in 2005 or later)		**4.24**		**4.50**
Buy-backs (3)	4.24		4.50	
3. Other borrowing requirements (4)		**0.29**		**0.03**
II. 2004 Funding Resources		**31.80**		**31.05**
1. Medium- and long-term issues in EUR		**31.80**		**31.05**
OLOs	23.00		22.36	
Treasury bonds - Silver Fund	7.80		7.80	
State notes - OLOp	1.00		0.88	
Other (5)	0.00		0.02	
2. Medium- and long-term issues in foreign currencies		**0.00**		**0.00**
III. Net variation in the short-term debt in foreign currencies		**0.00**		**-0.05**
IV. Variation in Treasury certificates outstandings (6)		**-0.18**		**-0.14**
V. Net variation in other short-term debts and in financial assets (7)		**2.05**		**1.00**

(1) October 2004 revaluation
(2) The budgetary deficit is dependent on seasonal variations. For example, tax revenues are appreciably higher in the second half of the year than the first
(3) At 1 January 2004, the medium- and long-term debt expiring in 2005 totalled 24.11 billion EUR
(4) Including the "put" options exercised on State notes and net repayments of Treasury bonds representing Belgium's participation in various international bodies
(5) Including net issues of Treasury bonds representing Belgium's participation in various international bodies
(6) Outstanding stock of Treasury certificates on 01/01/2004: 26.16 billion EUR
(7) This heading includes residual financing instruments used in addition to the Treasury certificates mentioned in the previous section. A positive figure represents an increase in the stock of residual financing and/or a reduction in financial assets
(8) Rounding off means that the total of the items may not correspond to the total given

3. Linear bonds (OLOs)

3.1. Issues through syndications and auctions

In 2004 the Treasury issued OLOs for a total of 22.36 billion EUR. For each issue, it called on a syndicate of primary dealers to launch its two benchmark loans. The year also saw the Treasury organise four OLO auctions.

Following the pattern of previous years, the Treasury launched the syndication of a new 10-year benchmark in January. OLO 43, coming to final maturity on 28 September 2014, was placed by a syndicate with the primary dealers, CALYON, Goldman Sachs and ING as lead managers. The other primary dealers and recognised dealers also participated in the placement, as co-lead managers and members of the selling group, respectively. The order book totalled 11.3 billion EUR, far exceeding the amount finally issued (5 billion EUR).

The coupon for this OLO was fixed at 4.25% and the issue price at 99.783%, corresponding to a pricing of only 13 basis points above the German 10-year benchmark loan (the Bund at 4.25% expiring on 4 January 2014), despite a maturity difference of almost 10 months. The issue also had the advantage of a benchmark premium of 1 basis point, relative to the OLO curve.

Once again, the Treasury used the technique known as mixed-pot syndication for the allocation of orders. As in previous syndications, this system contributed to improving the efficiency, transparency and objectivity of both the book-building process and the allocation itself. The majority of the subscriptions were checked for quality, thereby avoiding 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.

A new 10-year benchmark

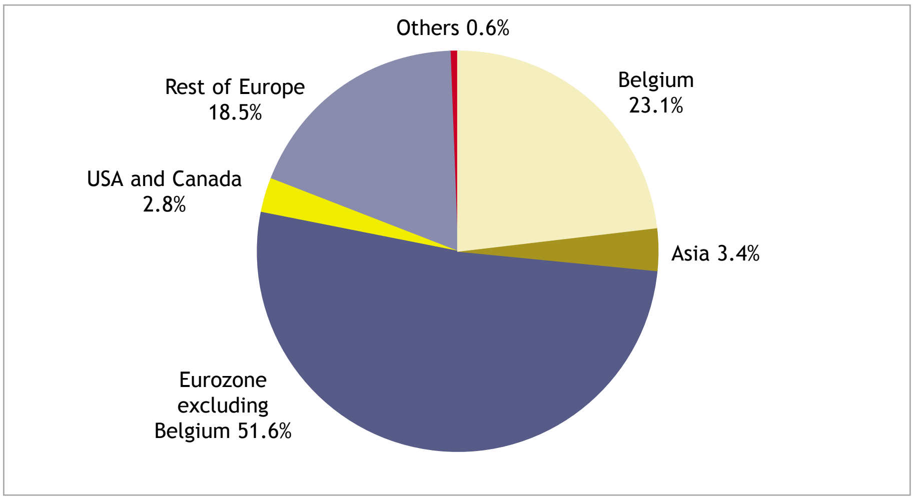
Mixed pot syndication

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:

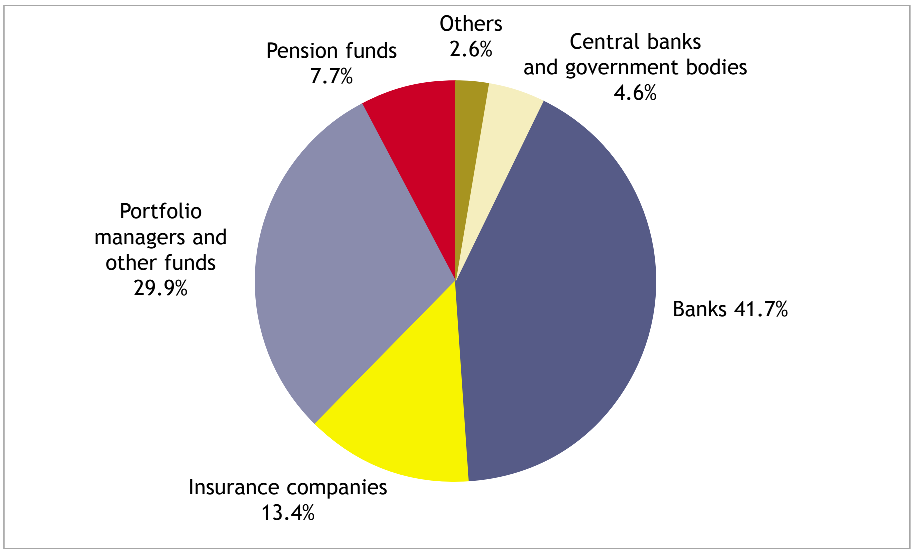
a) the presence of a blind retention reserved for the co-lead managers and the selling group. They are guaranteed this portion of the OLO allocation without the need to divulge the identity of the buyer to the joint-lead managers. The co-lead managers are the primary dealers who did not obtain the mandate 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.

5 International placement of OLO 43 (28/09/2014) via syndication



6 Distribution of OLO 43 by investor type



More than 75% of the bonds were placed outside of Belgium and in excess of 25% outside the Eurozone. A large proportion of the bonds were placed with banks and portfolio managers; however it is worth noting also that insurance and pension funds took up more than 20%. In total, the orders were allocated to 231 different investors.

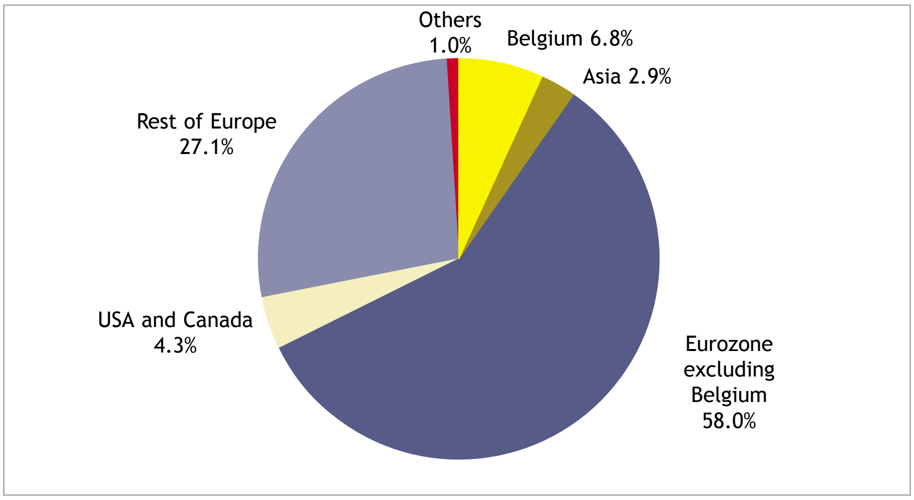
A new 30-year benchmark

To meet strong investor demand for very-long-term maturities, May 2004 saw the Treasury decide to issue a new 30-year benchmark loan.

The coupon for OLO 44, expiring on 28 March 2035, was set at 5% and the issue price at 98.842%. This corresponds to a pricing of only 8 basis points above the German 10-year benchmark loan, with a final maturity date of 4 June 2034, but with a shorter maturity of 9 months.

7

International placement of OLO 44 (28/03/2035) via syndication



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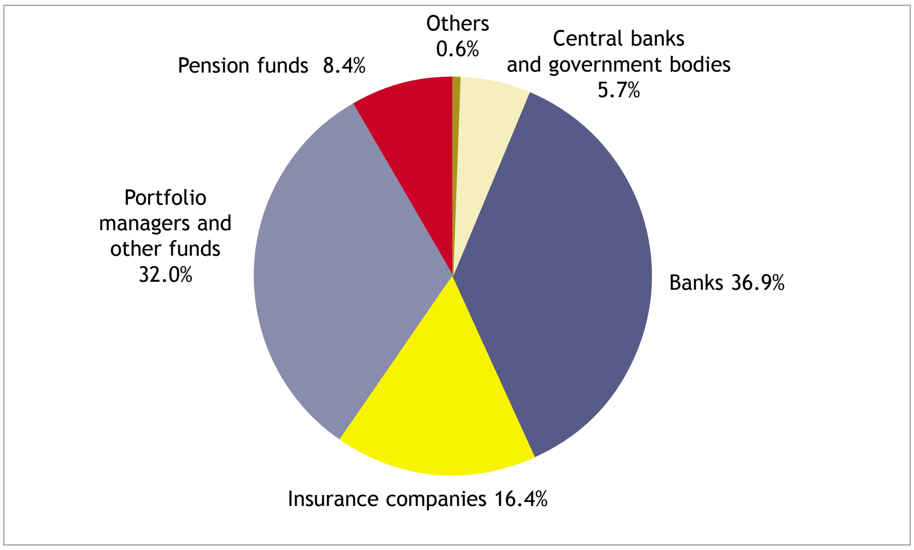
Distribution of OLO 44 by investor type



The Treasury selected the following four primary dealers as lead-managers for this syndication: Deutsche Bank, Fortis, JP Morgan and Société Générale. Orders totalled 10.48 billion EUR in 48 hours, because of the extreme diversity of the investor base. In view of the operation's success, the Treasury increased the issue amount to 5 billion EUR. Pension funds and insurance companies took up almost 25% of this issue, while a considerable proportion went to ALM banking portfolios. In terms of geographical spread, 94% of orders were placed outside of Belgium, mainly in France (26%), followed by the UK (19%), Italy (11%) and Holland (10%).

For both of these syndications, the Treasury appointed a duration manager: ING for OLO 43 and Deutsche Bank for OLO 44. The duration manager's task is to limit volatility when fixing the price.

Competitive auctions

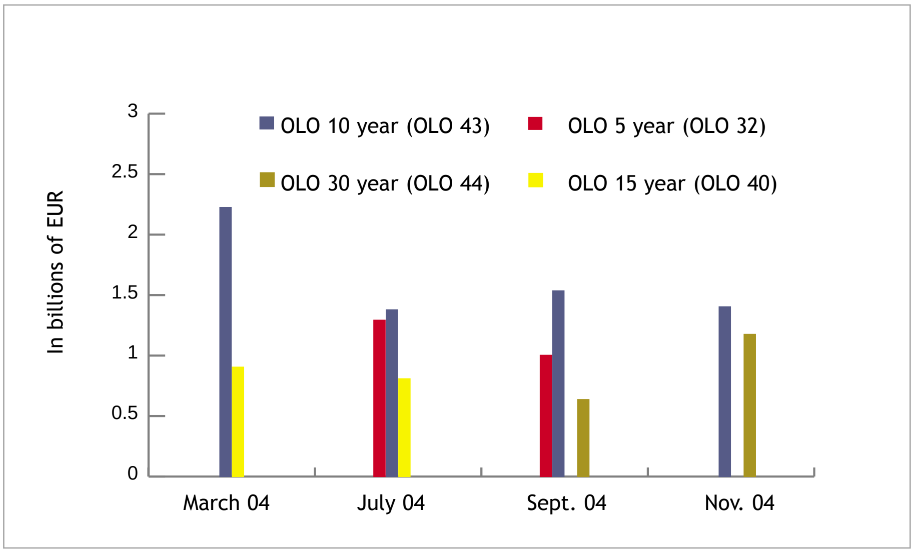
Market conditions allowing, the Treasury offers OLOs with three traditional maturities at each auction: medium-, long- and very-long-term. As the second benchmark issued in 2004 had a maturity of 30 years, the Treasury took the step of reopening OLO 32 (3.75% - March 2009) in the 5-year segment for offer at auction. This reopening reflects its strategy to have a presence not only in the 10-year segment, but also in the 5-year segment, inasmuch as possible.

In the four OLO auctions in 2004, OLO 32 was offered twice, the 10-year benchmark OLO (OLO 43) four times, the 15-year benchmark (OLO 40) twice and the 30-year benchmark OLO (OLO 44) twice, after consulting the primary dealers on each occasion.

The bid-to-cover ratio of the four auctions was 2.15, in line with previous years (2.23 in 2003 and 2.19 in 2002).

As we know, as a consideration for their active participation in the primary market, 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 3.55 billion EUR, 3.4% of which was exercised (compared to 44.7% in 2003). The exercise of this right depends exclusively on market conditions at the time of the non-competitive round. The rise in interest rates immediately after the March, July and November auctions meant that the primary dealers renounced their rights to the non-competitive round.

9 Breakdown between 5, 10, 15 and 30-year issuance at the auctions in 2004



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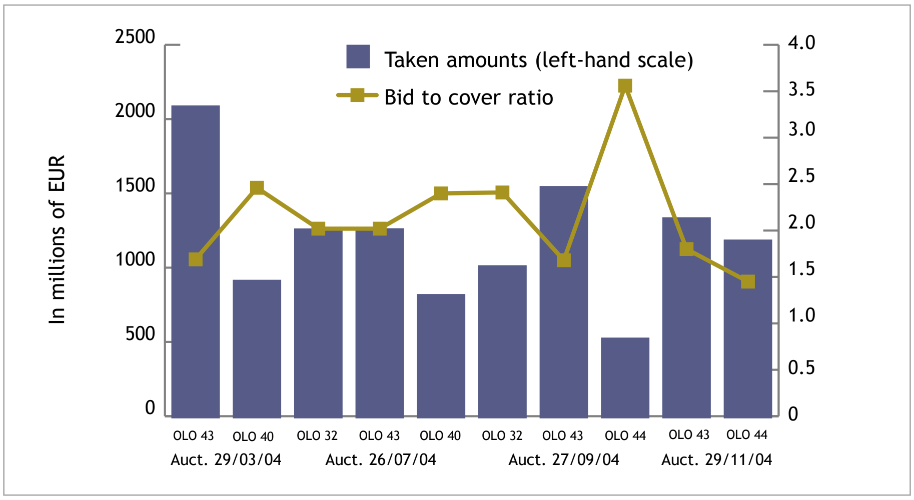
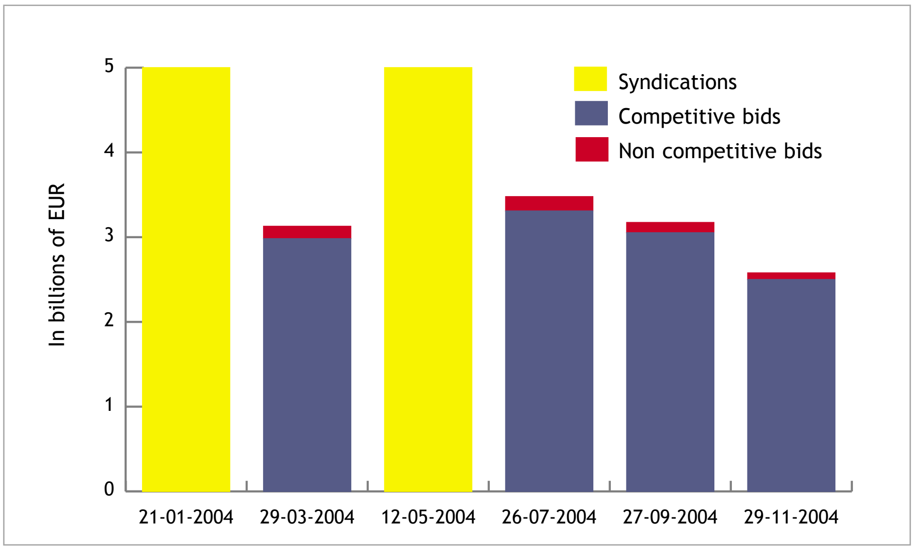
Bid to cover ratio at OLO auctions in 2004



11

OLO issues in 2004 broken down by category on a monthly basis



3.2. Buy-back of linear bonds

OLO 19 (31 March 2005) and OLO 34 (28 September 2005) were added to the Treasury's buy-back programme as soon as they came within 12 months of expiry. Buy-backs of OLOs 14 and 20 - already incorporated in the buy-back programme - and the last traditional loan, "Philippe XVII", continued.

Since July 2001, the Treasury has been using the MTS Belgium electronic platform for its buy-backs, as it offers liquidity, efficiency and transparent pricing. MTS Belgium includes a separate segment for buy-backs (Belgian 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.

Buy-backs

MTS Belgium

The "MTS AM, Belgian market segment" is an electronic trading platform for trades of OLOs, Treasury certificates and, since early-2004, strips. Created in 2000, MTS Belgium is a limited liability company. Its founding shareholders are all the Primary Dealers, MTSspa (the creator of the software) and the Belgian government. The company was restructured in 2002 and again in 2003 to allow it to trade in two new market segments, Finnish and Danish government securities, and was re-named MTS Associated Markets. The formation of MTS AM created important synergies for the various markets concerned, while retaining separate Market Committees to handle the issues specific to their area.

Buy-backs of the "Philippe XVII" loan totalled 472 million EUR. The amount outstanding on OLO 14 came down by 1.02 billion EUR to 7.42 billion EUR, while OLO 20 was reduced by 898 million EUR to 3.58 billion EUR remaining. Buy-backs reduced OLO 19 by 2.87 billion EUR bringing it down to 7.31 billion EUR at year end, and OLO 34 by 1.63 billion EUR down to 10.27 billion EUR. In percentages, these movements correspond to reductions of amounts outstanding of 12.11%, 20.05%, 2.82% and 13.67% respectively.

An analysis of the concentration of buy-backs reveals that the largest volumes coincide with the two main OLO maturity dates, i.e. 28 March and 28 September.

4. Treasury certificates

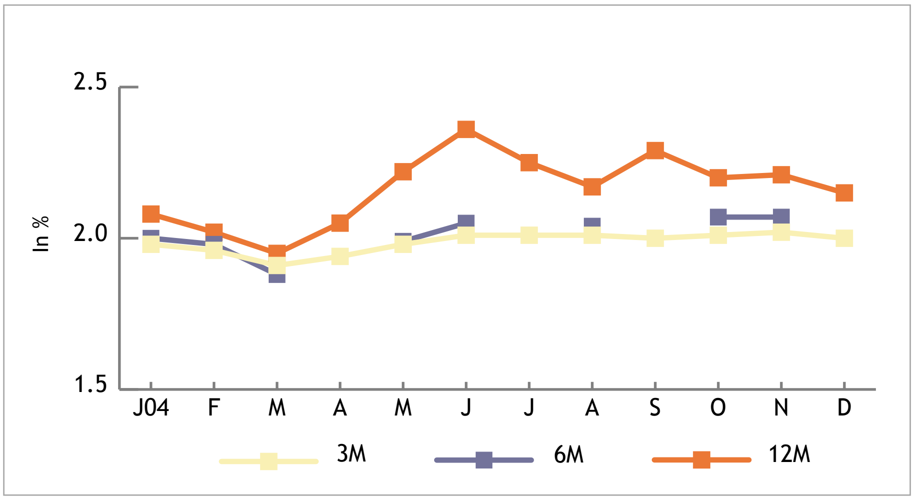
Throughout 2004, the month-end outstanding amounts of Treasury certificates fluctuated within a bracket of 25.89 to 30.97 billion EUR, the average being 28.06 billion EUR.

In January 2004, the issue calendar for Treasury certificates was revised and the number of auctions reduced by half to only two per month instead of the previous four, according to the following: a 3- and 6-month line were offered at the beginning of the month, while a new 12-month line was offered for auction in mid-month along with a 3-month line. This new calendar is intended to increase the issue volume at each auction and to ensure greater liquidity of Treasury certificate lines from the outset. Other changes accompanied this amended schedule, including the option to submit offers in one half of a basis point instead of basis points, as was the case before.

Investors sustained their interest in Treasury certificate auctions, evidenced by the bid-to-cover ratio, i.e. the amount of bids received divided by the amount of bids accepted at auctions. However, these figures must be seen in the context of the new emission schedule increasing the volume issued by auction and, as a result, reducing the bid-to-cover ratio. On average, the bid-to-cover ratio was 5.31 for the 3-month segment, 3.78 for the 6-month segment and 2.58 for the 12-month. Average amounts offered by investors totalled 2.1 billion EUR for the 3-month, 3.6 billion EUR for the 6-month and 4.17 billion EUR for the 12-month segment.

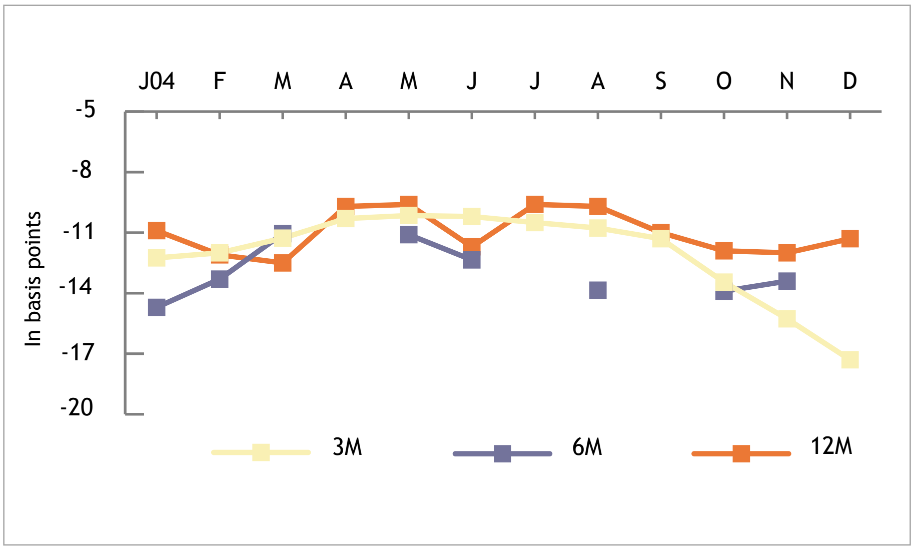
12

Weighted average interest rate of Treasury certificates
at 3, 6 and 12 months in 2004



13

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



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 and thus to accept a higher amount of bids. Conversely, the higher bid-to-cover ratio for the 3-month segment reflects the priority accorded by the Treasury to 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.

Bid to cover

After the first auction, volumes for the new 12-month lines fluctuated between 1.46 and 1.80 billion EUR. The average issues on the 3-, 6- and 12-month segments in 2004 stood at 0.42, 1.00 and 1.63 billion 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 floor rate and the lowest offered rate at the auctions. Despite this minimal difference, some 50% of participants on average saw their offers accepted during the auctions. For the 3-month lines, on average 7 out of 15 participants were successful in their offers; 11 out of 15 had their offers accepted for the 6-month issues and 12 out of 16 for the 12-month.

Graph 13 illustrates the spread between the weighted average rate of Treasury certificates and the Euribor for issues of 3-, 6- and 12-month lines. Spreads were relatively consistent, except for the 3-month segment where the spread gradually increased from August. However, the volume issued during this period was relatively low (300 million EUR) and interest in the 3-month paper is traditionally high at year end. The average of the spreads compared to the Euribor for 2004 were -11.98, -12.86 and -11.10 basis points for the 3-, 6- and 12-month segments respectively, all to the advantage of the Treasury.

In 2004, the primary dealers took up only 10% of their options on Treasury certificates via non-competitive subscriptions at the weighted average interest rate of the auction and only took part in the non-competitive round for one out of three auctions. It is worth underlining that investor interest in non-competitive offers is strongly influenced by market conditions.

5. Belgian Treasury Bills (BTB) denominated in Euro and foreign currencies

BTBs are issued in the framework of a multi-currency programme whereby the Treasury takes out short-term borrowings in both Euro and the currencies of the OECD member states. However, there are well-known differences between the issue strategies for EUR-denominated BTBs and their equivalents 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, while Treasury certificates are the main plank in managing the short-term debt in Euro.

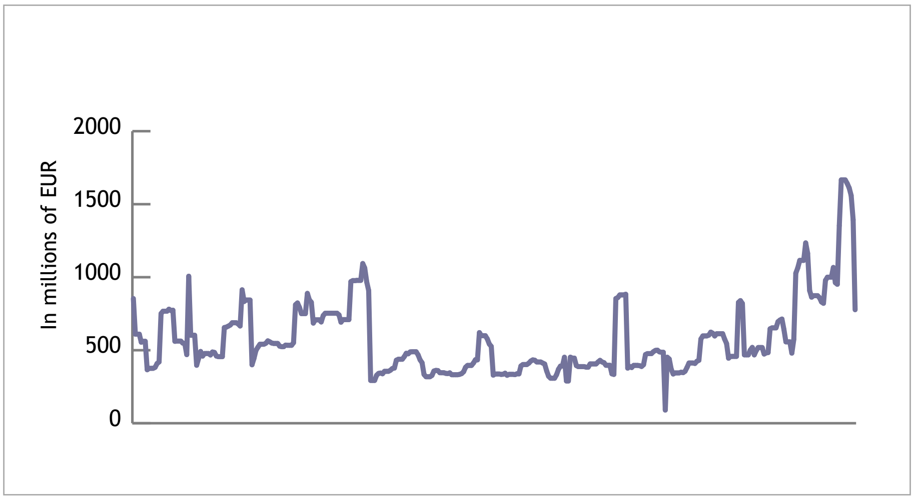
Issues in Euro

In practice, BTBs in Euro are used exclusively by Belgian public institutions to manage their liquidity surpluses in the very short term, in the context of the consolidation of the public sector's financial assets for the calculation of the federal government debt ratio, according to the Maastricht criteria.

The amounts in circulation in 2004 varied within a very wide bracket (200 to 1,600 million EUR), depending on the liquidity surpluses of Belgian public institutions and the offer of sovereign paper, such as Treasury certificates or OLOs with a residual maturity of less than one year.

BTBs are actually Treasury certificates tailored to suit the investor, which explains why they offer a lower borrowing cost than the certificates.

14 Outstanding amounts of BTBs in EUR in 2004



The Treasury itself can also act as a BTB dealer, which it did on six occasions over the course of 2004.

In all, it conducted 1,201 operations on this market for an average amount of 10.3 million EUR and an average term of 20 days.

BTBs in foreign currencies

The refinancing of the debt in foreign currencies coming to maturity followed the pattern of previous years, mainly by BTB issues. The general policy governing this type of financing in 2004 sought to gradually clear the debt in foreign currencies, as soon as market conditions were favourable. The BTB programme is chiefly used for short-term refinancing of the maturities denominated in foreign currencies.

The outstanding amounts of BTBs issued in foreign currencies fluctuated within a bracket equivalent to 1 to 3 billion EUR. Essential to the efficient operation of the BTB programme is a sufficiently large issue amount and a regular presence in the market on the part of the issuer.

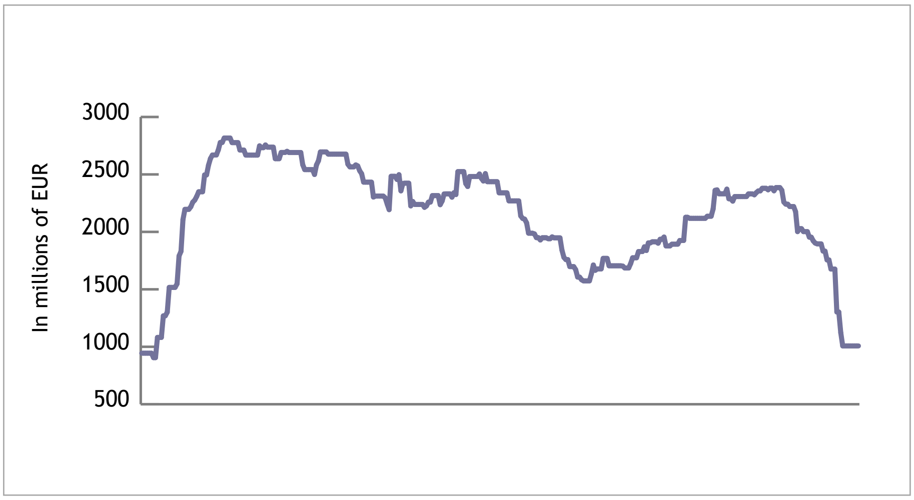
To comply with these requirements, the Treasury restructured the issue schedule to ensure an average of two issues each week, each for the equivalent of 50 million EUR.

In 2004, the weighted average term of BTBs was 3 months and the average amount was equivalent to 58 million EUR.

As is customary, the Treasury always endeavoured to borrow at "bid". On occasion, it was not possible to refinance the currencies by BTB issues, given the vigorous demand from quasi-sovereign issuers, which in turn had an impact on the pricing of BTBs denominated in foreign currencies. The Treasury then used the interbank market or swaps of surplus Euro to CHF. With this in mind, it conducted a study to examine the opportunities for EUR investments in the interbank market. Two operations were concluded in this framework for a counter-value of 302 million EUR.

15

Variation in the outstanding amounts of BTBs issued in foreign currencies in 2004



The end-of-year period saw the Treasury swap a portion of the CHF-denominated debt into EUR for a counter-value of 1,865 million EUR. This policy formed part of the Treasury's strategy of efficient use of surplus EUR at the end of the year. At the beginning of 2005, the corresponding amounts were reabsorbed into the short-term CHF debt.

6. State notes and OLOs for private investors (OLOp)

6.1. State Notes

For the ninth consecutive year, the Belgian government issued State notes.

State notes are fixed-interest long-term loans with annual coupons in EUR. They are placed through a panel of placing institutions approved by the Treasury after a selection procedure (see list in the Appendix).

This retail product is intended chiefly for individuals (1).

In line with its practice every year, the Treasury organised four issues of State notes in 2004. On each occasion, a 5-year and an 8-year State Note were issued simultaneously.

(1) It is also intended for the following investors:

- foundations;
- non-profit associations;
- churches or institutions classified as religious bodies in the national register of legal persons;
- similar bodies established in the European Economic Community, with the same subscription rights by virtue of community law.

ISSUES OF STATE NOTES IN 2004

ISSUE OF 4 MARCH 2004

STATE NOTES	COUPON	**Total subscribed**
S.N. at 5 years	3.10%	73 000 000
S.N. at 8 years	3.60%	103 000 000
	Total subscribed	**176 000 000**

ISSUE OF 4 JUNE 2004

STATE NOTES	COUPON	**Total subscribed**
S.N. at 5 years	3.30%	128 600 000
S.N. at 8 years	3.80%	129 500 000
	Total subscribed	**258 100 000**

ISSUE OF 4 SEPTEMBER 2004

STATE NOTES	COUPON	**Total subscribed**
S.N. at 5 years	3.15%	103 500 000
S.N. at 8 years	3.65%	116 200 000
	Total subscribed	**219 700 000**

ISSUE OF 4 DECEMBER 2004

STATE NOTES	COUPON	**Total subscribed**
S.N. at 5 years	2.90%	64 500 000
S.N. at 8 years	3.40%	130 000 000
	Total subscribed	**194 500 000**
	Total 2004	**848 300 000**

Furthermore, since the issue of 4 June 2002, it is now possible to subscribe to State notes by name directly and free of charge in 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.

Secondary market for State Notes

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 overall volume of trades in State notes continues its steady climb: from a level of 22% in 1998, the share of trades in State notes in this market increased to 78% in 2004. In addition, 2004 saw the Treasury buy back State notes totalling 131.2 million EUR via the Securities Regulation Fund. Starting from January 2003, State notes can be amortized from the time of buy-back by the Treasury.

6.2. OLOs for private investors (OLOp)

Two linear bonds reserved for individual investors were issued for the first time on 6 April 2004, known as Linear Bonds for Private investors (OLOp).

Two other issues followed on 3 August and 7 October 2004.

The Treasury decided not to issue any further OLOps following the third issue in October 2004, as the success of the first issues was below expectations.

It is worth pointing out however that private citizens wishing to invest in OLOs may continue to do so, as they did in the past, without using the OLOp channel.

No changes were made to the existing system for OLOps already issued. These will be assimilated into the corresponding OLO from the date the first coupon falls due after the issue of the OLOp and will be subject to the same legal system.

The Belgian Securities Regulation Fund will continue to regulate the secondary market in OLOps on the Euronext Brussels until they are assimilated into the corresponding OLO.

OLOp ISSUES IN 2004

ISSUE OF 6 APRIL 2004

OLOp	Gross yield	**Total subscribed**
4.25% - 28 September 2014	4.054%	6 400 000
5.50% - 28 September 2017	4.297%	1 840 000
	Total subscribed	**8 240 000**

ISSUE OF 3 AUGUST 2004

OLOp	Gross yield	**Total subscribed**
3.75% - 28 March 2009	3.511%	3 100 000
4.25% - 28 September 2014	4.321%	8 100 000
5.50% - 28 September 2017	4.501%	750 000
	Total subscribed	**11 950 000**

ISSUE OF 7 OCTOBER 2004

OLOp	Gross yield	**Total subscribed**
3.75% - 28 March 2009	3.220%	2 619 400
4.25% - 28 September 2014	4.030%	5 925 000
5.00% - 28 March 2035	4.650%	1 692 800
	Total subscribed	**10 237 200**
	Total 2004	**30 427 200**

7. Treasury Bonds - Silver Fund

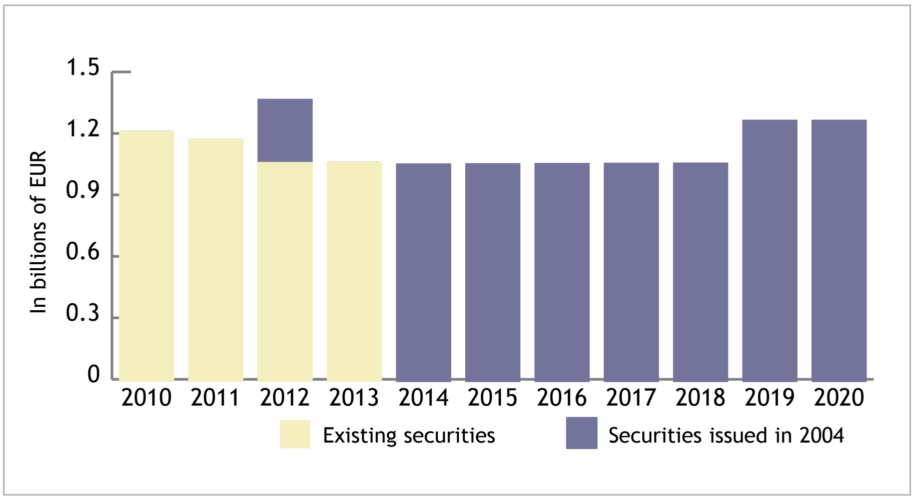
In 2004, the Treasury issued "Treasury Bonds - Silver Fund" totalling 7.80 billion EUR, constituting the sole financing instrument enabling the Fund to invest the funds it received to carry out its mission. During the year, the Fund was the beneficiary of large sums, essentially resulting from the State's takeover of the Belgacom pension funds and transactions with the Social Housing Loans Sinking Fund (FADELS).

"Treasury Bonds - Silver Fund" are zero-coupon bonds, which means that there is no interest payment before final maturity. Interest is determined at issue, based on the performance of the OLOs, and is capitalised up to final maturity.

The securities are included in the Federal Government debt and the value posted takes into account the interest accrued. The value of the new securities created in 2004 had already reached 8.03 billion EUR at 31 December 2004. The outstanding amounts of "Treasury bonds - Silver Fund" reached 12.49 billion EUR.

With the exception of those "Treasury Bonds - Silver Fund" expiring in 2012, all new securities issued expire after the final maturity date of previous issues (maturity dates range from 2014 to 2020).

16 Schedule of maturities for Treasury bonds-Silver Fund at 31/12/2004



MAIN THEMES OF THE DEBT AGENCY'S STRATEGY

1. A strategy based on liquid financial products for professional investors

The year saw the Treasury pursue its strategy of issuing liquid financial instruments aimed at professional investors. Thus, after the last auction in November 2004, the amounts outstanding on OLO 43 (10 years) and OLO 44 (30 years) reached 11.04 and 6.81 billion EUR, respectively. Furthermore, over the next few years, OLO 44 will remain the benchmark loan for the very long term, resulting in further increases in the amount outstanding on this OLO. The average amount outstanding on fixed-rate OLOs at end-2004 was 10.41 billion EUR, which, combined with the diversification of the holding, explains the liquidity of these securities. Further proof of their liquidity lies in the limited variation between the purchase and sale offer prices of the OLOs on markets such as MTS Belgium or in activities in the secondary market. The BNB's clearing system estimates that the total volume of trades in OLOs amounted to more than 500 billion EUR in 2004.

The Treasury's OLO policy combines foreseeable issues, in terms of both volume and timing, with a willingness to respond to investor expectations. To meet robust investor demand for very-long-term products, the Treasury decided to issue a new 30-year benchmark loan. Moreover, the primary dealers were consulted on the choice of OLO lines to auction, to ensure decisions incorporated demand in the markets at the time.

Looking to the short-term segment, the Treasury's chief financing instrument is a standardised product, attractive to professional investors, i.e. Treasury certificates. In a bid to promote liquidity, we saw a series of changes to the auction procedure in 2004 (including a reduction in the number of issues). With an average daily volume of Treasury certificates trades through BNB's clearing system standing at more than 750 million EUR, for an amount outstanding of around 26 billion EUR, it appears that the Treasury achieved its goal for 2004.

16 primary dealers

2. A body of efficient primary and recognised dealers

The Treasury formed a body of 16 primary and 5 recognised dealers to promote and distribute Belgian government debt bonds, as well as to ensure liquidity on the secondary markets.

The rights and obligations of the primary dealers are specified in the Terms of Reference drawn up for them.

The Treasury regularly evaluates its primary dealers. In doing so it not only evaluates the activities described in the Terms of Reference but also endeavours to assess all aspects of the intermediaries' mission. The evaluation covers their activities in the primary and secondary markets for OLOs, Treasury certificates and strips on a quantitative basis. Other criteria include the promotion of securities through publications, roadshows and meetings with investors, as well as the advice provided to the Treasury on the markets, debt management and financing strategy.

In return for meeting these obligations, the Treasury views its primary dealers as partners closely involved in managing the government debt. They constitute the corpus of privileged partners for financial operations. Consultation meetings are regularly organized with them.

On an annual basis, the primary dealers draw up a business plan detailing a series of quantitative goals and the actions it plans for the promotion and spread of Belgian government debt bonds.

During the final quarter of the year, the primary dealers receive individual invitations to attend a discussion to evaluate the services they provided over the course of the year, the application of the current business plan and the draft business plan for the following year. During this quarter also, the Treasury issues invitations to institutions that expressed interest in obtaining the status of primary dealer. It then selects the primary dealers for the following year. The Treasury takes several factors into consideration when forming this group: it attaches importance to the geographical diversity of institutions, the quality of distribution and the services provided to both investors and the Treasury itself.

Nomura joined the ranks as a new primary dealer in 2004. As the Treasury's strategy aims to improve the promotion and distribution of OLOs and Treasury certificates in the Far East, this choice is perfectly in line with its aims. All of the primary dealers were reappointed at the end of the year under review. The current body of 16 primary dealers includes 4 regional banks, 8 European banks, 3 American banks and one Japanese bank.

The specific task of the recognised dealers is to promote Belgian Treasury securities, especially in specific geographical areas, and to provide advice on certain market segments. When selecting its recognised dealers, the Treasury also attaches importance to geographical diversity.

5 recognized dealers

3. An increasingly liquid strips market

For several years now, the Treasury has done its utmost to bring about the conditions to promote the strips market:

- the greater part of OLOs have 28 March or 28 September as their expiration and coupon dates;
- OLOs are open for stripping from the first issue value date;
- coupons with the same expiration are fungible.

As a result of this strategy, the number of strippable lines increased to 16, bringing the underlying strippable amount to 175 billion EUR at end-2004.

We would note however that a lack of transparency in setting prices was an obstacle to growth in this market. To improve transparency, the Treasury requested its primary dealers at end-2003 if they would accept to voluntarily fulfil the role of market makers on MTS Belgium for the strips segment.

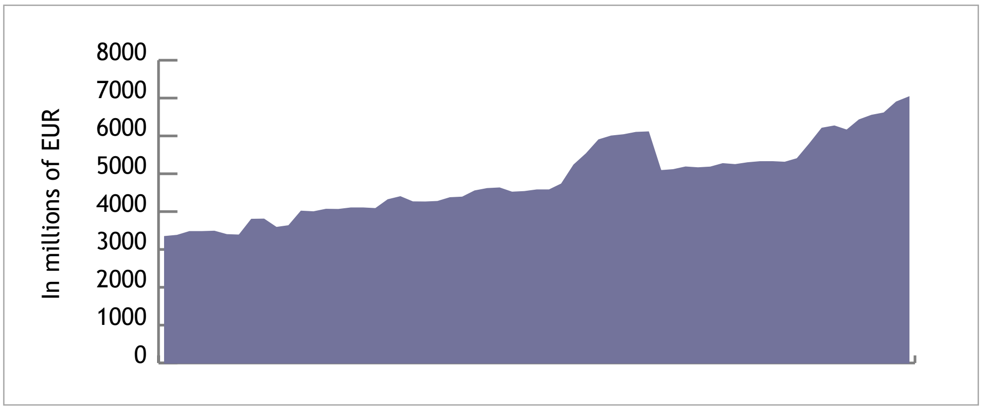
Strips on MTS Belgium

Twelve primary dealers replied in the affirmative. From early-2004, the Treasury thus had a group of dealers willing to voluntarily run the market of principals for 10 OLO lines (with an equitable interest rate distribution as well as an equitable distribution between the March and September lines). Each strips market maker had to quote three principals, at least one of which was a benchmark. The strips of September 2017 and March 2028 operated as "benchmarks". Extending the repo facility to quoted strips also helped the market makers to correctly fulfil their quotation obligations, resulting in strips being quoted for a minimum of five hours per day.

The improved transparency has had a positive impact on stripping and reconstitution activities. On the one hand, the amounts outstanding on stripped securities grew from 5.2 billion to 7.0 billion EUR over the course of 2004 (in relative terms, this represents a improvement from 3.43% to 4%). On the other, it appears that reconstitutions played a large part, whereas prior to this they were exceptional. It is interesting to note that the marked changes in stripping and reconstitution activities followed the trend in the French and Spanish markets, both of which saw significant growth in these products. This similarity in variations tends to illustrate that some demand for Euro strips was channelled towards the OLO strips market.

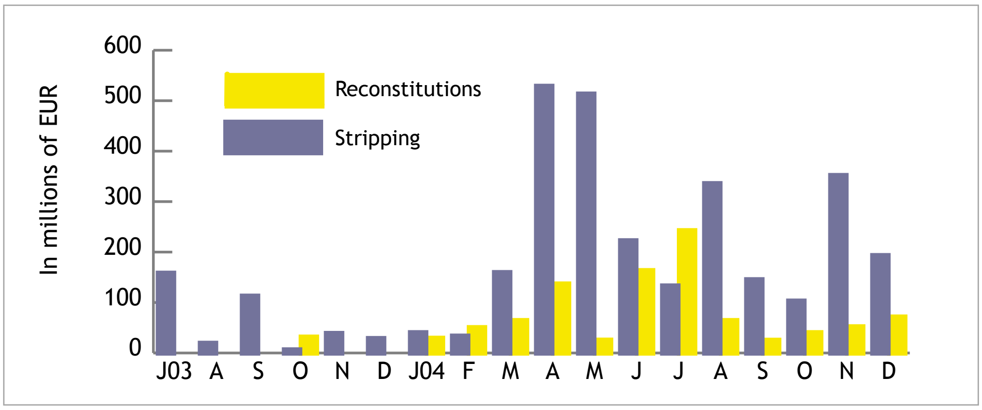
17

Variation in the net amount stripped since January 2000



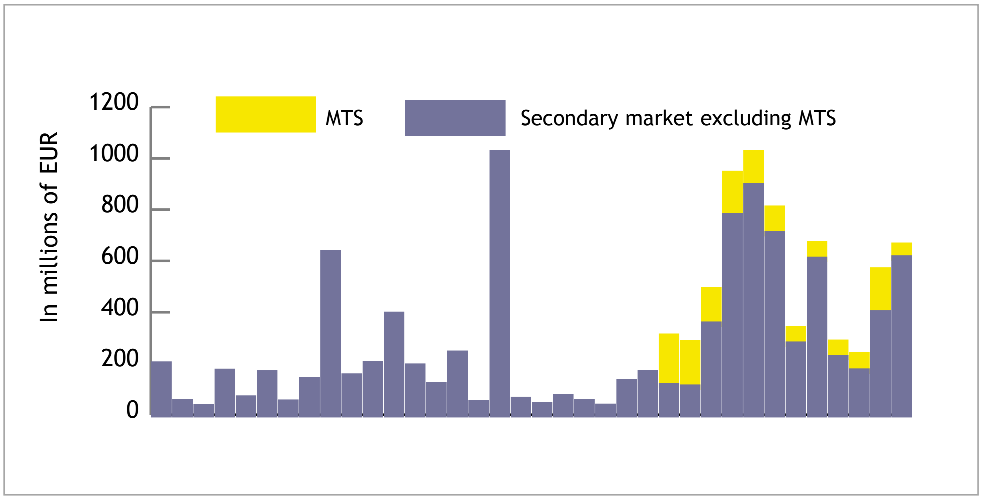
18

Strips and reconstitutions from July 2003 to December 2004



19

Volume of strips traded in the secondary market
from January 2002 to December 2004



We also saw a marked increase in the secondary strips market in 2004. The monthly average in this market (except trades handled on MTS Belgium) amounted to 436 millions EUR, compared to barely 200 million in 2002 and 2003, while the monthly average on MTS Belgium totalled 113 million EUR.

All of which tends to demonstrate that transparent price fixing has had a positive impact on final investor demand for strips.

4. An efficient secondary market

A liquid and efficient secondary market provides a guarantee of correct pricing and optimises the cost of financing the debt. 19 market makers, including 16 primary dealers, are responsible for fixing the prices of OLOs and Treasury certificates using the MTS Belgium electronic inter-dealer trading platform. As the market makers, these intermediaries undertake to quote minimum prices with a maximum bid-offer spread for five hours each day for a series of loans. These quotations form the basis for setting the prices for investors.

Compared to 2003, the volume of trades with final investors concluded using the electronic platforms rose sharply in 2004. Investors have access to so-called single-dealer platforms in their dealings with financial intermediaries, providing immediately negotiable quotes. In addition, many investors also use multi-dealer - dealer to customer platforms. These platforms post indicative prices and offer the option to obtain further information from several intermediaries before concluding a deal based on their quotations.

A further boost to the efficiency of the secondary markets is the level of repo activity, for both OLOs and Treasury certificates. Quotations are available for these two instruments on an ongoing basis on the various electronic platforms. Furthermore, the majority of

Liquidity on secondary markets

repos on OLOs and Treasury certificates are quoted as general collateral ([1]), further proof of the liquidity of these instruments.

To protect against the risk of non-delivery of securities, the Treasury created a repo facility, which operates along with the possibility of an automatic loan offered by the National Bank of Belgium clearing. All the primary dealers and market-makers active on MTS Belgium have access to this repo facility, and, in the event of non-delivery, the Treasury delivers the securities requested on the value date using a repo operation. The amounts involved in this facility are limited by loan and by participant.

Since early-2004, there is also a repo facility for strips, which is a logical step given that strips are also quoted on MTS Belgium.

In 2004, the Treasury received 104 requests in the framework of the repo facility for a total amount of 1.87 billion EUR. Almost 75% of these requests concerned OLOs. The average amounts per transaction - 24 million for OLOs, 12.7 million for Treasury certificates and 9 million EUR for strips - remained very limited attesting to optimum use of this instrument.

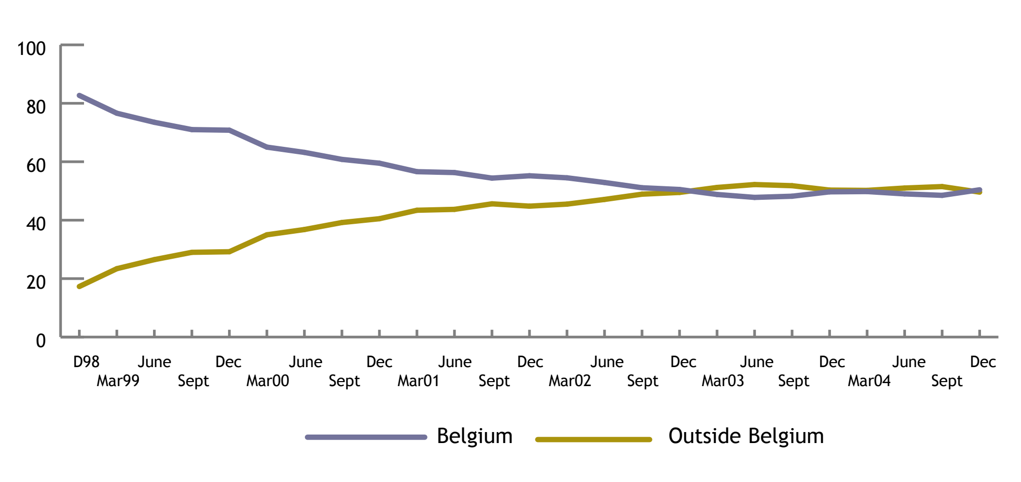
The automatic loan system with the National Bank of Belgium constitutes the last resort in the case of non-delivery of securities. If necessary, an intermediary may borrow the securities required from a reserve, contributed to by the participants in this market.

5. A broader investor base

The proportion of OLOs held abroad outside Belgium reached 49.6% in 2004 (compared to 50.3% in 2003), a level stabilizing around 50% these last years.

20

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



(1) General collateral: the list of securities accepted as guarantees in inter-dealer repo trades, after analysis by the "European Repo Council". A "general collateral" security can be replaced by another security

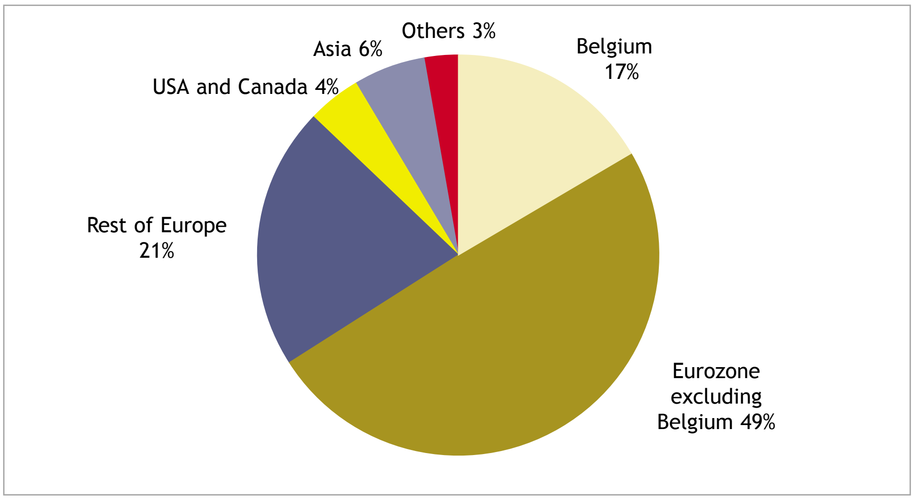
Graph 21 shows that foreign investor interest in OLOs grew at a rapid pace after the introduction of the Euro. This is particularly evident from their share of new OLOs issued by syndication since 1 January 1999, standing at some 83%. Thus these are OLOs issued in Belgian Francs before the introduction of the Euro and which are still held by Belgian investors for the most part.

What is clear is that the Treasury directs its efforts towards both foreign and Belgian investors equally in promoting its financial instruments. Alongside a whole series of contacts with Belgian investors, it also organised roadshows in 26 different countries providing the forum to meet 148 institutional investors.

The percentage of Treasury certificates held outside Belgium was 61.6% at 31/12/2004, compared to 49.3% at 31/12/2003. In view of the nature of these securities, the international investor base is far more diverse than is the case with OLOs as illustrated by Graph 22.

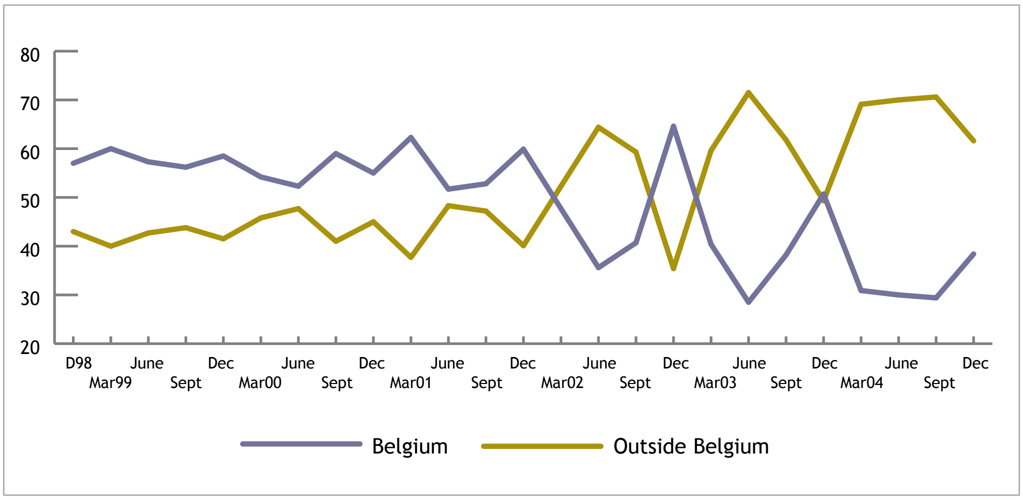
These results confirm the increasing interest shown by foreign investors in the Belgian debt, which is naturally bolstered by the reputation enjoyed by the Kingdom of Belgium for its management of the public finances. Note that broadening the investor base usually goes hand in hand with increased liquidity of securities and a reduction in the cost of financing the debt.

21 Total syndicated OLO issues since 1 January 1999



22

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



6. Strict risk control

In the Treasury, the Debt Agency continuously monitors the various 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 each year 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 internal Directives of the Strategic Debt committee.

6.1. The exchange risk

The proportion of the debt denominated in foreign currencies relative to the total debt determines in large part the exchange risk the Treasury is open to. This proportion has been deliberately reduced over the past few years so that the exchange rate risk has also been reduced.

At end 2004, the debt in foreign currencies amounted to 0.92% of the total debt outstanding, compared to 1.42% in 2003.

This reduction is in line with the General Directives, which recommend the gradual elimination of the foreign-currency-denominated debt, depending on market conditions.

In 2004, the debt denominated in foreign currencies included only CHF and JPY, accounting for 0.72% and 0.20%, respectively of the total debt. There was no USD debt.

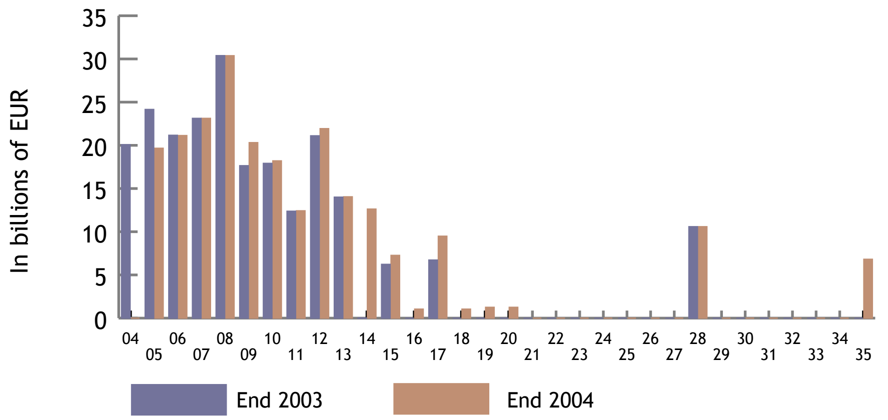
6.2. The refinancing risk and the refixing risk

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.

The aim of calculating the refinancing risk is to ensure that the amounts to refinance on the expiry dates are relatively similar on an annualised basis. There are two advantages to this type of analysis: on the one hand, investors know what to expect year on year and, on the other, the Treasury reduces its risk of having to refinance at higher interest rates.

23

Maturity schedule of the Federal Government Debt in Euro



Graph 23 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. Excluding this peak, the amounts to refinance annually vary within a bracket of 20 to 25 billion EUR.

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 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.

Graph 24 illustrates the development of these two parameters during the year under review. Note that the 12-month refinancing risk remained below the limits set, but in March and September exceeded this limit, and in March only for the 60-month risk. This is due to the fact that one or more maturities, important in terms of volume and under 12 months were automatically included in calculating these indicators, as 28 March and 28 September are the two expiry dates for OLO loans.

Alongside the refinancing risk, the Treasury constantly monitors a second indicator: the refixing risk. This depends on the variability in rates, which in turn is linked to the maturity schedule of the loans and swaps which may be attached to them.

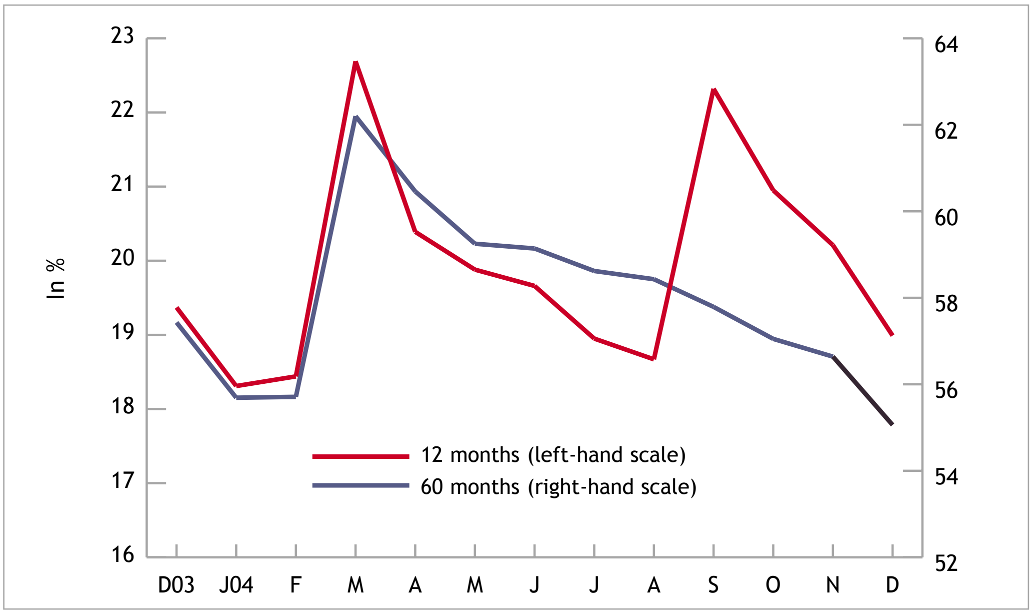
In 2004, the Treasury swapped 16 billion EUR to the short- or medium-term. These operations took account of the limits imposed for the risk of refixing at 12 and 60 months.

The target limit for the 12-month refixing risk is 25% of the EUR-denominated debt and 65% for the 60-month risk. Graph 25 below illustrates the variation in these limits throughout 2004.

Both the 12-month and the 60-month refixing risks exceeded the target limits in March, whereas only the 12-month did so in September 2004.

24

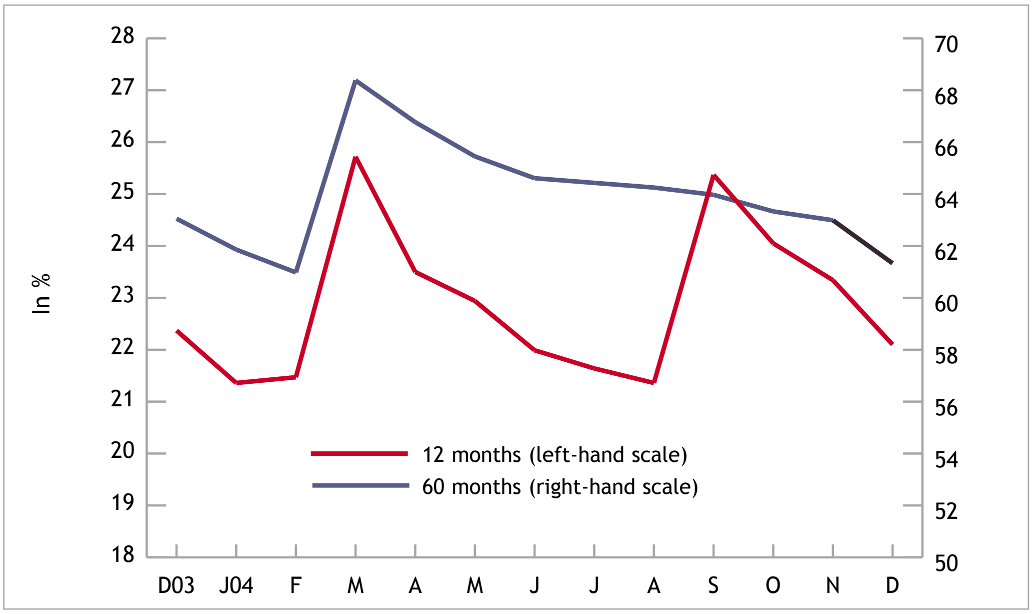
Refinancing risk for the debt in euro



Exceeding the limits for both the refinancing and the refixing risk at certain points in the year has never led to an increase in the risks. As we mentioned above, large volumes of OLOs entered into the calculation of these indicators, as their maturities shortened over time in the normal course of events. To avoid reproducing this phenomenon mechanically, the indicators in question will be calculated on the bases of a 6-month average starting from 2005.

25

Refixing risk for the debt in euro



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".

Values are assigned to the caps for the short term (options on floating interest rate) 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.

Like the budget, the "Budget at risk" is calculated on a cash and accrued basis (=proratisation of the interest burden).

At the beginning of the budgetary cycle, the risk of exceeding the budget is naturally higher. In principle, it then reduces as short- and long-term issues take place and the real interest burden becomes known.

"Budget at risk"

6.3. Credit risk

The credit risk is determined by the potential loss to the Treasury if one (or more) of its counterparts 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 Treasury only deals with counterparties with a minimum rating of "A". At 31 December 2004, derivative products accounted for 98% of the credit exposure. As shown in Table 5, 89.7% of the credit risk lay with counterparties with a rating of AA or better, compared to 84.8% at end 2003. 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 2004.

The Debt Agency draws up a weekly report on the credit risk, as well as a detailed monthly analysis.

5

Credit exposure of derivatives by rating level at end December 2004

Rating (*)	N° of transactions	%	Total exposure in EUR	%
AAA	7	3.4	50 239 954	0.7
AA	157	76.2	6 600 696 600	89.0
A	42	20.4	764 496 329	10.3
Total	**206**	**100**	**7 415 432 883**	**100**

(*) The counterparty or the parent company rating

6

Credit exposure of derivatives by product and rating level at end December 2004

Rating (*)	Interest Rate Swaps in EUR	%	Currency Swaps in EUR	%	Forward rate agreement in EUR	%	Others in EUR	%
AAA	15 637 431	0.2	34 602 523	36.1	0	0.0	0	0.0
AA	6 015 423 224	90.1	20 710 046	21.6	506 903 744	91.1	57 659 586	64.2
A	642 276 602	9.6	40 510 201	42.3	49 562 803	8.9	32 146 723	35.8
Total	**6 673 337 256**	**100**	**95 822 769**	**100**	**556 466 548**	**100**	**89 806 310**	**100**

(*) The counterparty or the parent company rating

7

Breakdown of the credit exposure for derivatives
by remaining term at end December 2004

	Total	Interest Rate Swap	Currency Swap	Forward rate agreement	Others
< 1 yr	2.0%	0.7%	26.2%	23.4%	76.6%
1 to 5 years	1.7%	0.7%	73.8%	76.6%	-
6 to 10 years	36.6%	37.3%	-	-	23.4%
>= 10 years	59.8%	61.4%	-	-	-
Total	**100%**	**100%**	**100%**	**100%**	**100%**

THE STATE DEBT: KEY FIGURES

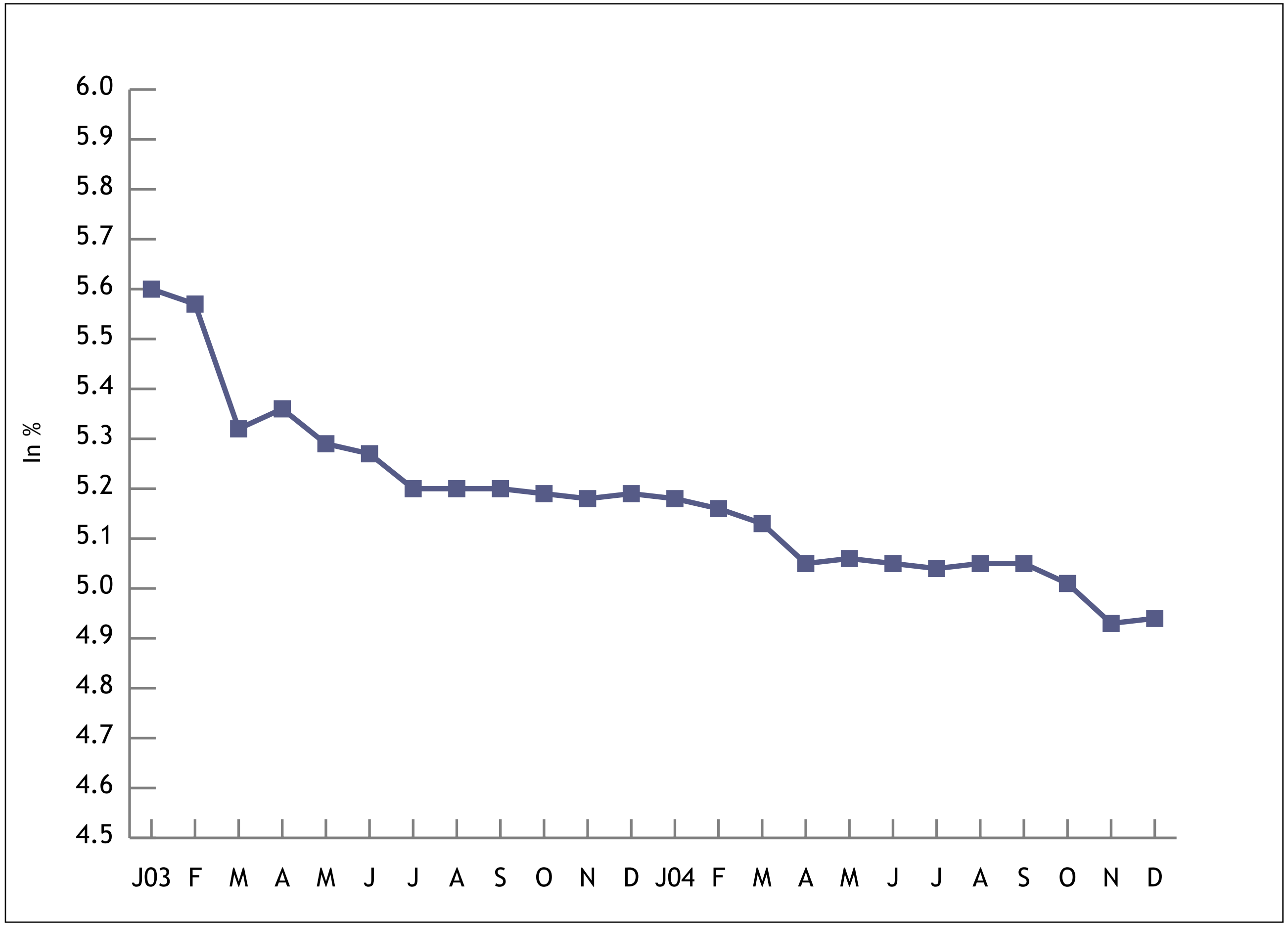
(as of 31 December, in billions of EUR or %)

	2004	2003
I. Federal debt outstanding and leading instruments		
1. Gross federal debt outstanding	269.78	263.02
- Financing and placements by the Treasury	0.15	0.02
- Financing other entities	0.81	0.69
- Security holdings	3.37	4.33
- Investment reserves	0.01	0.03
- Financing of the Belgian Securities Regulation Fund	0.09	0.08
Net federal debt outstanding	265.35	257.87
2. Debt instruments		
A. EUR-denominated instruments :	267.34	259.29
- Linear bonds (OLOs)	210.12	205.15
- Traditional loans	0.06	5.75
- State notes	8.19	8.51
- Treasury certificates	26.02	26.16
- Treasury bonds - Siver Fund	12.49	4.27
- Belgian Treasury Bills in EUR	0.78	0.85
- Private loans, interbank market and miscellaneous	4.86	8.28
- Debt issued in former currencies of the Eurozone	0.11	0.11
- Debt issued in foreign currencies and swapped into EUR	0.45	0.21
- Debt of certains entities for which the State pays the financial burden	4.26	0.00
As a % of the debt in EUR :		
- Linear bonds	78.60 %	79.12 %
- Traditional loans	0.02 %	2.22 %
- State notes	3.06 %	3.28 %
- Treasury certificates	9.73 %	10.09 %
- Others	8.58 %	5.29 %
B. Foreign currency instruments :	2.44	3.73
- Long- and medium-term debt	1.50	2.79
- Belgian Treasury Bills in foreign currencies	0.94	0.94
- Other short-term debts	0.00	0.00
II. Net variation in the federal debt over the year		
1. Variation (in billions of EUR)	7.48	2.49
- Net balance to te financed	6.17	0.73
- Takeover of debt	0.00	0.81
- Exchange rate differences	0.08	- 0.46
- Capitalisation of interest	0.43	0.03
- Transactions with the IMF	-3.46	- 0.54
- Others	0.00	1.92
- Debt of certain entities	4.26	0.00
2. Variation (in %)	2.77 %	0.95 %

	2004	2003
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	99.10 %	98.58 %
- Foreign-currency denominated	0.90 %	1.42 %
3. Split by term		
- Long- and medium- term (>1 an)	86.82 %	88.15 %
- Short-term	11.60 %	11.85 %
4. Split by interest rate		
- Fixed rate	84.58 %	84.97 %
- Variable rate	15.42 %	15.03 %
5. Effective duration of the EUR-denominated debt	4.26	3.93
Effective duration of the foreign-currency-denominated debt	0.18	0.29
6. Federal government interest burden	13.07	14.52
7. Weighted average interest rate	4.80 %	5.05 %
8. Federal interest buden as a percentage of federal expenditure	24.88 %	30.30 %
IV. Relationship of the federal debt (Treasury) with the general government debt		
1. Federal debt outstanding	269.78	263.02
2. Outstanding debt of other government bodies (1)	1.35	6.41
3. Debt of the Communities, Regions and local authorities	29.53	29.44
4. Consolidation effect	29.26	25.73
5. Certificates in favour of the IMF	0.00	3.46
6. Other adjustments	0.43	0.27
7. Consolidated general governement debt (1+2+3-4-5-6)	270.97	269.42
8. GDP	283.75	269.55
9. General government debt ratio (7/8)	95.50 %	100.00 %

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

Annual weighted average rate of the debt in euro



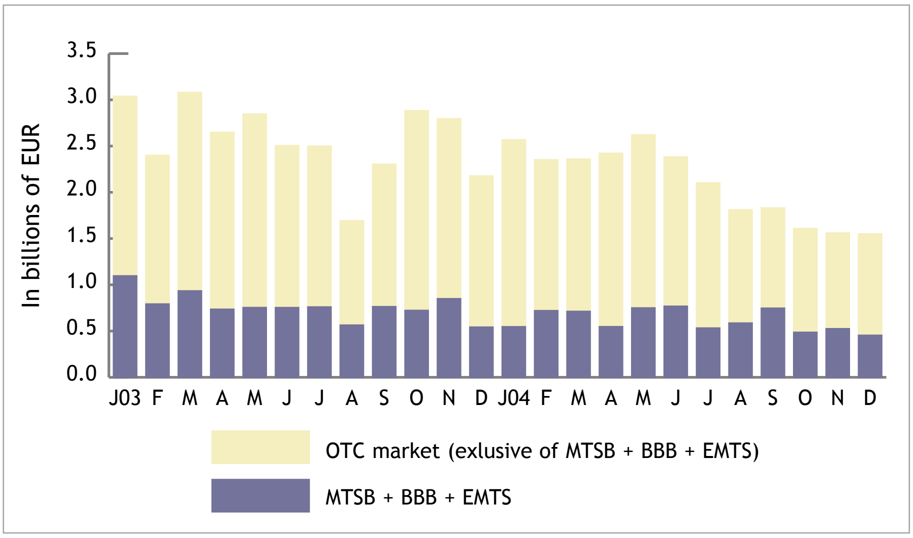
Outstanding amount of OLOs at end December 2004 (in EUR)

Maturity	Coupon	Code	Outstanding	OLO n°	% Strips
31/03/2005	6.50	273	7 307 933 069.42	19	
28/09/2005	4.75	294	10 273 900 000.00	34	7.56%
24/04/2006	FRN	299	2 000 000 000.00	39	
15/05/2006	7	283	8 465 045 674.21	24	
28/09/2006	4.75	297	9 610 900 000.00	37	1.27%
28/03/2007	6.25	286	13 491 828 228.86	26	5.98%
01/10/2007	8.50	257	8 413 164 463.71	9	15.74%
28/03/2008	5.75	288	12 386 696 740.11	28	1.26%
29/07/2008	7.50	268	7 965 558 029.24	16	
28/09/2008	3	302	8 499 600 000.00	42	0.34%
28/03/2009	3.75	292	18 757 000 000.00	32	0.77%
28/03/2009 (OLOp)	3.75	3871202 292	3 100 000.00	OLOp	
28/03/2009 (OLOp)	3.75	3871205 329	2 619 400.00	OLOp	
28/09/2010	5.75	295	15 844 200 000.00	35	1.73%
28/09/2011	5	296	10 546 400 000.00	36	0.94%
28/09/2012	5	298	11 416 900 000.00	38	2.48%
24/12/2012	8	262	8 546 896 081.16	12	
28/09/2013	4.25	301	12 975 200 000.00	41	1.00%
28/09/2014	4.25	303	11 554 150 000.00	43	2.07%
28/09/2014 (OLOp)	4.25	3871206 335	5 925 000.00	OLOp	
28/03/2015	8	282	6 220 187 157.66	23	4.23%
28/09/2017	5.5	300	8 437 637 800.00	40	6.04%
28/03/2028	5.5	291	10 575 939 136.01	31	15.64%
28/03/2035	5	304	6 811 000 000.00	44	3.13%
28/03/2035 (OLOp)	5	3871207 341	1 692 800.00	OLOp	
TOTAL			**210 113 473 580.38**		
OUTSTANDING OF STRIPPABLE LINES			**175 814 703 526.35**		**4%**

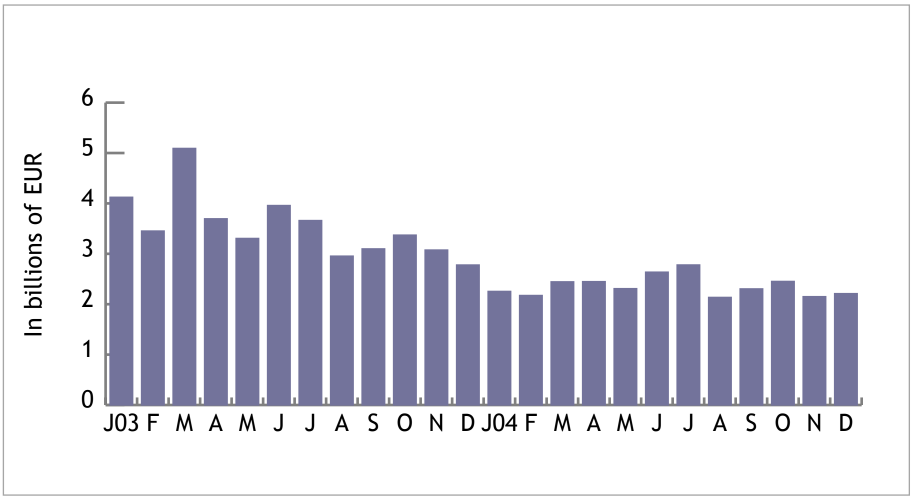
Results of the OLO auctions and syndications in 2004 (in millions of EUR)

Type of issue	Issue date	Value date	Maturity date	ISIN BE0000	Outstanding before issuance	Amount offered	Amount accepted (Comp)	Exerc. non comp.	Total accepted	Bid to cover	Weighted average price	Weighted average rate	Bid max/min	Stop price	Suc-cessful bidders	% taken at stop price
	21/01/04	28/01/04	28/09/14	303124			5 000.0		5 000.0		99.783					
SYNDICATION							5 000.0		5 000.0							
	29/03/04	1/04/04	28/09/14	303124	5 000.0	3 510.0	2 078.0	146.0	2 224.0	1.69	101.663	4.053	101.50/101.72	101.63	15	47.6923
			28/09/17	300096	6 723.2	2 220.0	904.0	0.0	904.0	2.46	112.141	4.293	111.97/112.17	112.13	9	75.5627
AUCTION						5 730.0	2 982.0	146.0	3 128.0							
	12/05/04	19/05/04	28/03/35	304130			5 000.0		5 000.0		98.842					
SYNDICATION							5 000.0		5 000.0							
	26/07/04	29/07/04	28/03/09	292012	1 646.3	2 530.0	1 250.0	42.0	1 292.0	2.02	101.024	3.505	100.91/101.07	101.00	13	80.0000
			28/09/14	303124	7 224.0	2 530.0	1 251.0	127.0	1 378.0	2.02	99.435	4.319	99.20/99.47	99.41	12	65.9091
			28/09/17	300096	7 627.2	1 940.0	808.0	0.0	808.0	2.40	109.776	4.498	109.60/109.81	109.75	10	42.8571
AUCTION						7 000.0	3 309.0	169.0	3 478.0							
	27/09/04	30/09/04	28/03/09	292012	17 755.0	2 415.0	1 002.0	0.0	1 002.0	2.41	102.190	3.215	102.03/102.21	102.18	12	67.7083
			28/09/14	303124	8 602.0	2 578.0	1 535.0	0.0	1 535.0	1.68	101.814	4.026	101.63/101.87	101.79	14	100.0000
			28/03/35	304130	5 000.0	1 835.0	515.0	121.0	636.0	3.56	105.746	4.643	105.45/105.81	105.70	9	100.0000
AUCTION						6 828.0	3 052.0	121.0	3 173.0							
	29/11/04	2/12/04	28/09/14	303124	10 151.2	2 380.0	1 325.0	78.0	1 403.0	1.80	103.893	3.767	103.75/103.92	103.88	13	100.0000
			28/03/35	304130	5 636.0	1 705.0	1 175.0	0.0	1 175.0	1.45	109.443	4.427	109.15/109.57	109.36	12	100.0000
AUCTION						4 085.0	2 500.0	78.0	2 578.0							

OLOs: daily averages per month on the secondary market



Repos: volumes traded on OLOs
Daily averages per month



Monthly distribution of the components of the short-term debt
(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 short-term debt (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
J2004	488.3	1808.0	2631.8	3913.8	18886.7	25432.3	602.4	10688.7	17642.3
F	469.0	1346.5	2796.2	4499.2	19294.8	26590.2	843.7	10773.1	18476.3
M	453.7	1633.7	3083.2	4918.5	19837.0	27838.7	828.3	6718.0	24036.4
A	424.6	2479.6	3118.1	5312.6	19771.1	28201.8	293.0	6519.0	24880.0
M	441.0	1296.1	3034.0	6492.1	19135.6	28661.7	327.3	9353.3	21372.8
J	372.0	1679.9	3138.2	5971.5	19701.2	28810.9	526.0	9223.3	22165.5
J	353.5	1345.2	2850.3	5930.9	19581.1	28362.3	308.1	13355.1	17014.0
A	309.4	1572.5	2526.1	5453.2	19431.7	27411.0	334.2	12005.8	17621.3
S	262.1	1314.1	2114.4	4979.5	19530.7	26624.6	337.1	8887.6	19650.3
O	318.1	1758.0	1899.7	4660.0	19342.5	25902.2	457.7	5602.3	22833.7
N	279.2	5194.2	1892.7	4174.8	19598.7	25666.2	575.1	1913.0	29801.7
D	432.8	3124.4	1793.3	3774.0	20453.2	26020.5	777.1	4426.5	25928.3

(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 off can cause the totals to differ slightly from the sums shown in the monthly reports on the national debt.

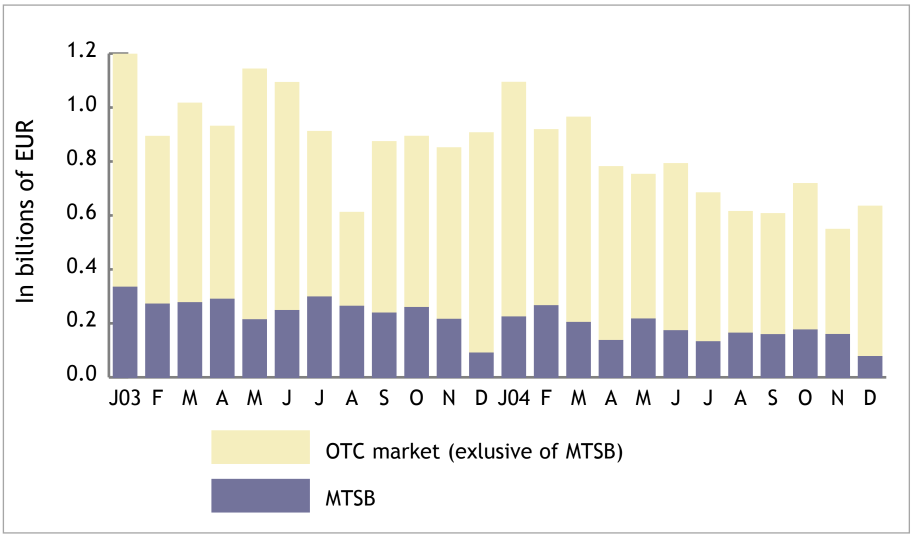
Results of the auctions of Treasury certificates in 2004 (in millions of EUR)

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	Weighted average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
6/01/04	8/01/04	1 600	1 800		15/04/04	582480	3	2 587.7	2 135.0	508.0	0.0	508.0	4.20	1.981	-13.20	1.970/2.020	1.990	9	28.5710
					17/06/04	584502	6	1 934.4	3 850.0	1 209.0	0.0	1 209.0	3.18	1.998	-14.70	1.980/2.020	2.005	13	35.5070
13/01/04	15/01/04	2 200	2 400	4 832.2	15/04/04	582480	3	3 095.7	2 830.0	562.0	0.0	562.0	5.04	1.979	-11.30	1.970/2.015	1.985	7	18.5190
					13/01/05	591572	12	0.0	3 780.0	1 803.0	0.0	1 803.0	2.10	2.080	-10.90	2.060/2.100	2.085	14	88.9470
3/02/04	5/02/04	1 600	1 800		13/05/04	583496	3	2 521.7	2 730.0	490.0	10.0	500.0	5.57	1.971	-11.80	1.965/2.010	1.975	6	100.0000
					15/07/04	585517	6	1 624.2	4 055.0	1 216.0	30.0	1 246.0	3.33	1.982	-13.30	1.970/2.010	1.990	13	26.4150
17/02/04	19/02/04	2 200	2 400	3 135.9	13/05/04	583496	3	3 021.7	2 370.0	520.0	0.0	520.0	4.56	1.944	-12.20	1.920/1.985	1.950	5	100.0000
					17/02/05	592588	12	0.0	3 680.0	1 805.0	232.0	2 037.0	2.04	2.017	-12.10	1.990/2.050	2.025	13	34.5450
2/03/04	4/03/04	1 600	1 800		17/06/04	584502	3	3 143.4	2 615.0	500.0	0.0	500.0	5.23	1.939	-11.30	1.930/1.970	1.945	6	50.0000
					19/08/04	586523	6	1 816.5	3 760.0	1 253.0	25.0	1 278.0	3.00	1.940	-11.40	1.930/1.960	1.945	12	35.8700
16/03/04	18/03/04	2 200	2 400	3 257.6	17/06/04	584502	3	3 643.4	2 570.0	504.0	5.0	509.0	5.10	1.945	-10.80	1.935/1.970	1.950	10	36.8000
					17/03/05	593594	12	0.0	3 865.0	1 803.0	425.0	2 228.0	2.14	1.953	-12.50	1.945/1.980	1.955	11	77.8120
30/03/04	1/04/04	1 600	1 800		15/07/04	585517	3	2 870.2	2 400.0	430.0	0.0	430.0	5.58	1.841	-11.70	1.820/1.870	1.845	5	100.0000
					16/09/04	587539	6	1 400.6	3 705.0	1 207.0	0.0	1 207.0	3.07	1.826	-10.70	1.820/1.850	1.830	12	43.0770
13/04/04	15/04/04	2 200	2 400	3 657.7	15/07/04	585517	3	3 300.2	1 820.0	575.0	100.0	675.0	3.17	1.935	-10.30	1.925/1.970	1.940	6	100.0000
					14/04/05	594600	12	0.0	3 865.0	1 704.0	0.0	1 704.0	2.27	2.046	-9.70	2.035/2.070	2.050	12	71.1610
4/05/04	6/05/04	1 600	1 800		19/08/04	586523	3	3 094.5	1 835.0	480.0	0.0	480.0	3.82	1.967	-10.60	1.955/1.995	1.970	5	100.0000
					14/10/04	588545	6	1 698.0	3 890.0	1 120.0	70.0	1 190.0	3.47	1.992	-11.10	1.990/2.010	1.995	11	40.0000
11/05/04	13/05/04	2 200	2 400	3 541.7	19/08/04	586523	3	3 574.5	1 970.0	456.0	0.0	456.0	4.32	1.988	-9.70	1.975/2.025	1.990	10	54.4000
					12/05/05	595615	12	0.0	4 915.0	1 758.0	118.0	1 876.0	2.80	2.223	-9.60	2.220/2.245	2.225	12	74.1700
1/06/04	3/06/04	1 600	1 800		16/09/04	587539	3	2 607.6	3 095.0	555.0	0.0	555.0	5.58	1.994	-9.30	1.990/2.020	2.000	10	3.4720
					18/11/04	589550	6	1 247.4	3 835.0	1 104.0	0.0	1 104.0	3.47	2.038	-11.30	2.030/2.050	2.040	13	49.3100
15/06/04	17/06/04	2 200	2 400	4 152.4	16/09/04	587539	3	3 162.6	2 355.0	509.0	50.0	559.0	4.63	2.021	-10.00	2.015/2.040	2.025	10	25.6000
					16/06/05	596621	12	0.0	4 745.0	1 704.0	397.0	2 101.0	2.78	2.362	-11.70	2.350/2.375	2.365	13	48.9190
29/06/04	1/07/04	1 600	1 800		14/10/04	588545	3	2 888.0	2 220.0	465.0	0.0	465.0	4.77	2.010	-11.30	2.010/2.040	2.010	7	100.0000
					16/12/04	590566	6	587.3	3 285.0	1 206.0	0.0	1 206.0	2.72	2.065	-13.40	2.060/2.085	2.070	12	28.8890
13/07/04	15/07/04	1 700	2 000	3 975.2	14/10/04	588545	3	3 353.0	1 945.0	301.0	50.0	351.0	6.46	2.010	-10.50	2.010/2.030	2.010	8	63.8300
					14/07/05	597637	12	0.0	4 450.0	1 506.0	0.0	1 506.0	2.95	2.252	-9.60	2.230/2.275	2.255	12	72.4770
3/08/04	5/08/04	900	1 200		18/11/04	589550	3	2 351.4	1 835.0	305.0	0.0	305.0	6.02	2.010	-10.60	2.010/2.050	2.010	6	100.0000
					13/01/05	591572	6	1 803.0	2 650.0	796.0	0.0	796.0	3.33	2.041	-15.00	2.035/2.080	2.045	10	32.0750
17/08/04	19/08/04	1 700	2 000	4 030.5	18/11/04	589550	3	2 656.4	2 025.0	305.0	0.0	305.0	6.64	2.006	-10.70	2.000/2.030	2.010	9	36.7820
					18/08/05	598643	12	0.0	4 280.0	1 506.0	158.0	1 664.0	2.84	2.172	-11.00	2.165/2.195	2.180	13	25.3010

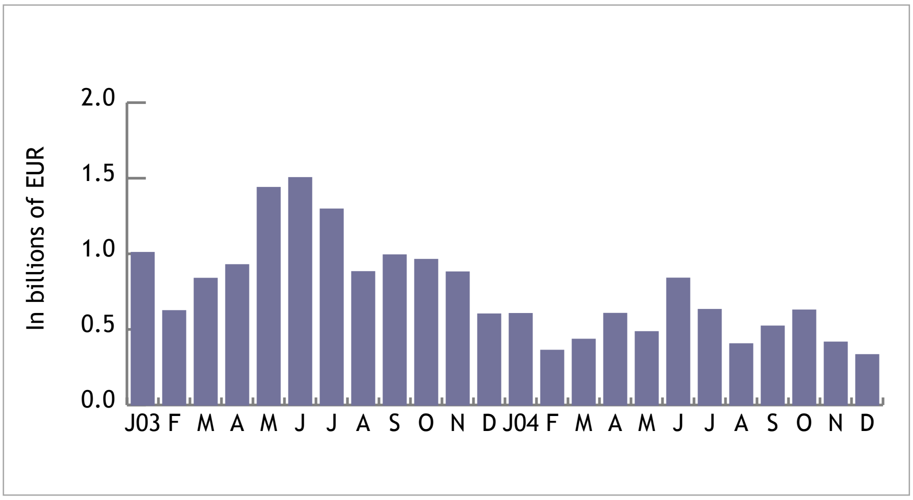
Results of the auctions of Treasury certificates in 2004 (in millions of EUR)

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	Weighted average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
31/08/04	2/09/04	900	1 200		16/12/04	590566	3	1 793.3	2 120.0	350.0	0.0	350.0	6.06	2.005	-11.00	2.000/2.025	2.010	11	7.2290
					17/02/05	592588	6	2 037.0	3 500.0	710.0	20.0	730.0	4.93	2.039	-12.70	2.035/2.060	2.040	6	100.0000
14/09/04	16/09/04	1 700	1 900	3 721.6	16/12/04	590566	3	2 143.3	1 480.0	350.0	0.0	350.0	4.23	2.003	-11.30	2.000/2.030	2.005	5	100.0000
					15/09/05	599658	12	0.0	4 320.0	1 505.0	0.0	1 505.0	2.87	2.285	-10.90	2.265/2.310	2.290	12	57.0650
5/10/04	7/10/04	1 000	1 200		13/01/05	591572	3	2 599.0	2 240.0	275.0	0.0	275.0	8.15	2.018	-13.10	2.005/2.050	2.025	6	60.0000
					17/03/05	593594	6	2 228.0	4 085.0	803.0	65.0	868.0	5.09	2.070	-13.90	2.060/2.095	2.075	9	60.7590
12/10/04	14/10/04	1 700	1 900	3 704.0	13/01/05	591572	3	2 874.0	2 070.0	325.0	0.0	325.0	6.37	2.008	-13.80	2.000/2.045	2.015	6	9.4340
					13/10/05	600662	12	0.0	5 620.0	1 506.0	0.0	1 506.0	3.73	2.195	-11.90	2.190/2.220	2.200	9	33.5200
2/11/04	4/11/04	900	1 200		17/02/05	592588	3	2 767.0	1 785.0	301.0	0.0	301.0	5.93	2.030	-12.30	2.015/2.060	2.040	6	35.8970
					14/04/05	594600	6	1 704.0	3 200.0	614.0	0.0	614.0	5.21	2.067	-13.20	2.060/2.095	2.075	10	12.6980
16/11/04	18/11/04	1 700	1 900	2 961.4	17/02/05	592588	3	3 068.0	1 855.0	302.0	0.0	302.0	6.14	2.002	-17.20	2.000/2.065	2.030	4	86.6670
					17/11/05	601678	12	0.0	3 955.0	1 509.0	0.0	1 509.0	2.62	2.209	-12.00	2.205/2.230	2.215	14	21.3540
30/11/04	2/12/04	900	1 200		17/03/05	593594	3	3 096.0	1 650.0	300.0	0.0	300.0	5.50	2.013	-16.30	2.005/2.050	2.020	4	80.0000
					12/05/05	595615	6	1 876.0	3 630.0	801.0	0.0	801.0	4.53	2.074	-13.60	2.065/2.100	2.080	7	77.5000
14/12/04	16/12/04	1 700	1 900	2 493.3	17/03/05	593594	3	3 396.0	1 340.0	300.0	0.0	300.0	4.47	2.002	-17.30	2.000/2.060	2.020	4	84.0000
					15/12/05	602684	12	0.0	2 620.0	1 460.0	0.0	1 460.0	1.79	2.150	-11.30	2.130/2.175	2.155	12	100.0000

Treasury certificates: daily averages per month
on the secondary market in 2004



Repos: volumes traded on Treasury certificates
Daily averages per month



Outstanding of the "Treasury bonds - Silver Fund"
at 31 december 2004

Securities " BT - FV "	Amount invested	Rate	Accrued interest at 31/12/2004	Portfolio at 31/12/2004	Amount at maturity
28/03/2002 - 15/04/2010	624 076 032.25 (1)	5.43384823 %	98 404 514.16	722 480 546.41	955 734 250.39
12/09/2002 - 15/10/2010	431 740 237.50 (2)	4.54934710 %	46 662 781.33	478 403 018.83	618 936 159.87
10/04/2003 - 15/04/2011	451 511 336.23 (3)	4.23497214 %	33 619 721.66	485 131 057.89	629 682 696.99
21/11/2003 - 17/10/2011	645 687 591.81 (4)	4.24719380 %	30 653 001.27	676 340 593.08	897 230 872.37
21/11/2003 - 16/04/2012	1 000 000 000.00 (4)	4.31747266 %	48 260 872.43	1 048 260 872.43	1 426 757 473.64
21/11/2003 - 15/04/2013	1 000 000 000.00 (4)	4.44964500 %	49 741 978.25	1 049 741 978.25	1 506 014 320.05
22/01/2004 - 15/10/2012	296 159 365.37 (5)	4.22902667 %	11 824 859.13	307 984 224.50	425 297 020.86
22/01/2004 - 15/04/2014	1 000 000 000.00 (5)	4.37400828 %	41 294 567.02	1 041 294 567.02	1 549 902 169.97
22/01/2004 - 15/04/2015	1 000 000 000.00 (5)	4.45786790 %	42 085 338.15	1 042 085 338.15	1 632 358 619.37
22/01/2004 - 15/04/2016	1 000 000 000.00 (5)	4.56395979 %	43 085 703.10	1 043 085 703.10	1 726 649 079.02
22/01/2004 - 18/04/2017	1 000 000 000.00 (5)	4.67063142 %	44 091 478.47	1 044 091 478.47	1 830 675 165.94
22/01/2004 - 16/04/2018	1 000 000 000.00 (5)	4.74408188 %	44 783 988.57	1 044 783 988.57	1 934 933 570.10
03/12/2004 - 15/04/2019	1 250 000 000.00 (6)	4.20204082 %	4 094 651.91	1 254 094 651.91	2 258 592 546.19
03/12/2004 - 15/04/2020	1 250 000 000.00 (6)	4.24643832 %	4 137 097.50	1 254 137 097.50	2 369 231 756.61
Total	11 949 174 563.16		542 740 552.95	12 491 915 116.11	19 761 995 701.37

(1) UMTS (437 805 323.76); capital gains on sales of gold (177 114 565.58); short-term interests (9 156 142.91)
(2) NBB revenue (429 000 000); short-term interests (2 740 237.50)
(3) Dividend Belgacom (237 252 326.52); banknotes (213 965 560.02); short-term interests (293 449.69)
(4) Credibe (2 645 687 591.81)
(5) Belgacom pension fund (5 000 000 000); dividend Belgacom (290 000 021.25); short-term interests (6 159 344.12)
(6) Fadels (2 500 000 000)

The Treasury Administration
ORGANISATION CHART (31/12/2004)

Jean-Pierre ARNOLDI, Administrator General

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	**1. Strategy and risk management**	**1. Back Office**
Assistant director A. LECLERCQ Assistant director S. DE SMEDT	Assistant director B. DEBERGH	Assistant director Ph. LEPOUTRE
	2. Product marketing and development	**2. Systems**
	Assistant director J.L. STEYLAERS	Assistant director Th. GEELS

Auditor-Adviser
E. ANNÉ

List of dealers in Belgian Treasury securities

PRIMARY DEALERS

ABN AMRO Bank 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

CALYON
9, Quai du Président Paul Doumer
F - 92920 Paris-la-Défense Cédex

CITIGROUP GLOBAL MARKETS LIMITED
Citigroup Centre, 33 Canada Square
Canary Wharf

GB - London E14 5LB

DEUTSCHE BANK
Grosse Gallusstrasse 10-14

D - 60272 Frankfurt am Main

DEXIA Bank NV
Boulevard Pachéco, 44
Pachecolaan 44

B - 1000 Bruxelles
B - 1000 Brussel

FORTIS BANK/BANQUE N.V./S.A.
Montagne du Parc 3
Warandeberg 3

B - 1000 Bruxelles
B - 1000 Brussel

GOLDMAN SACHS INTERNATIONAL
Peterborough Court - 133 Fleet Street

GB - London EC4A 2BB

HSBC - CCF
103, avenue des Champs Elysées

F - 75419 Paris Cedex 08

ING BELGIUM S.A./N.V.
Avenue Marnix, 24
Marnixlaan 24

B - 1000 Bruxelles
B - 1000 Brussel

JP MORGAN SECURITIES LTD LONDON
125 London Wall

GB - London EC2Y 5AY

KBC Bank NV
GKD/8742
Havenlaan 12
Avenue du Port, 12

B - 1080 Brussel
B - 1080 Bruxelles

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 LIMITED
100 Liverpool Street

GB - London EC2M 2RH

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Corso Matteotti, 6

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CAIXA GERAL DE DEPOSITOS
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P - 1000-300 LISBOA

CSFB
CREDIT SUISSE FIRST BOSTON (Europe) Ltd
One Cabot Square

GB - London E14 4QJ

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
25 Bank Street

GB - London E14 SLE

MORGAN STANLEY & CO INTERNATIONAL LTD
25 Cabot Square - Canary Wharf

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NORDEA BANK
Christiansbro
3 Strandgade
PO Box 850

DK - 0900 Copenhagen

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Canary Wharf

GB - London E14 5LB

DEUTSCHE BANK AG LONDON
London Branch
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1 Great Winchester Street

GB - London EC2N 2DB

DEXIA BANK
Boulevard Pachéco, 44
Pachecolaan 44
B - 1000 Bruxelles / Brussel

FORTIS BANK/BANQUE
Montagne du Parc, 3
Warandeberg, 3
B - 1000 Bruxelles / Brussel

GOLDMAN SACHS INTERNATIONAL
Peterborough Court
133 Fleet Street

GB - London EC4A 2BB

KBC BANK NV
Havenlaan 12
Avenue du Port, 12

B - 1080 Brussel / Bruxelles

UBS LIMITED
1 Finsburg Avenue

GB - London EC2M 2PP

CSFB (Credit Suisse First Boston) (Europe) Ltd
One Cabot Square

GB-London E14 4QJ

PLACING INSTITUTIONS FOR STATE NOTES

AXA BANQUE BELGIUM	Grote Steenweg, 214 Boulevard du Souverain, 23	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
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
VDK SPAARBANK	Sint-Michielsplein, 16	9000 GENT
WEST-VLAAMSE BANK	Adriaan Willaertstraat, 9	8000 BRUGGE

PLACING INSTITUTIONS FOR OLOp

AXA BANK BELGIUM	GROTE STEENWEG, 214 BOULEVARD DU SOUVERAIN, 23	2600 BERCHEM 1170 BRUXELLES
BKCP – CREDIT PROFESSIONNEL	AVENUE DES ARTS, 6-9	1210 BRUXELLES
ING BELGIUM	AVENUE MARNIX, 24	1000 BRUXELLES
CREDIT AGRICOLE BANQUE	BOULEVARD SYLVAIN DUPUIS, 251	1070 BRUXELLES
BANQUE DELEN	JAN VAN RIJSWIJCKLAAN,184	2020 ANTWERPEN
BANQUE DEGROOF	RUE DE L'INDUSTRIE, 44	1040 BRUXELLES
DEUTSCHE BANK	AVENUE MARNIX, 13-17	1000 BRUXELLES
BANQUE DEXIA	BOULEVARD PACHÉCO, 44	1000 BRUXELLES
BANQUE FORTIS	MONTAGNE DU PARC, 3	1000 BRUXELLES
BANQUE KBC	AVENUE DU PORT, 2	1080 BRUXELLES