KINGDOM OF BELGIUM

Federal Public Service Finance
General Administration of the Treasury

FEDERAL GOVERNMENT DEBT
Annual Report 2005

ANNUAL REPORT 2005

BELGIAN DEBT AGENCY

2005 ANNUAL REPORT

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

http://www.debtagency.be

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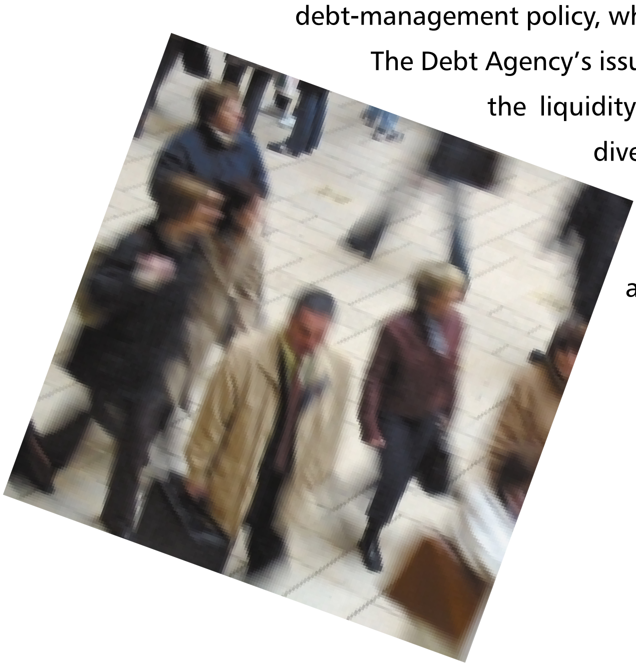
Contents

The year 2005 marked a new positive milestone in Belgian finance. Despite the markedly slow economic growth, our country continues to register above-average results in the Euro area, once again standing out favorably from its partners.

These positive results prove that the Belgian authorities made the right choices. The budgetary discipline (2005 marked the sixth balanced budget in a row) and importance attached to gradual reduction of the debt (despite the integration of the debt of the Belgian railway company SNCB) have borne fruit. The recent positive comments from the rating agencies, one of them confirmed through a rise in Belgium's rating, are a cause for satisfaction and should encourage us to follow the same plan.

I am therefore happy to be able to give you the 2005 debt report against this favorable backdrop. Belgium's debt, which had hindered progress for too long, has been reduced by nearly 45% from the 1993 level. Debt management reform has made it possible to reap the full benefits of the fine budget results and the continued drop in interest rates on the money markets and capital markets. During 2005, those rates reached record lows in the euro area before rising a bit again towards the end of the year, making it possible to finance the needs of the government under particularly favorable terms, even for longer durations.

The mechanical effect of the drop in rates on financing costs was reinforced by the chosen debt-management policy, while carrying out strict risk control on the finances of our country. The Debt Agency's issuing policy, based on a few main principles such as guaranteeing the liquidity of Belgian financial products on the market and promoting diversification of investors, has made it possible to reduce the cost of servicing the debt government in the budget. The burden of interest charges once again fell sharply in 2005, and now amounts to 4.4% of the GDP.



By Didier Reynders, Vice Prime Minister and Minister of Finance

Finally, the convergence of Belgian rates with those of the main national issuers that serve as a benchmark in the euro area continued in 2005; the difference in interest rates is now close to equilibrium. That is an important step forward, and further progress has been made since the transition to the single currency.

The Debt Agency has played a major role in setting up a harmonized activity report format for primary dealers among all the Treasuries on the European scale, which ought to speed up reporting and make it possible to obtain more detailed data. I am therefore pleased to point out that decisive action in this regard was taken by members of the Debt Agency, who also developed a widely used software program for in-depth data analysis.

The adoption of the Law of 14 December 2005 on the suppression of bearer securities, a special feature of financial markets in Belgium, is a further step towards modernization of financial products. It also constitutes a challenge for the Debt Agency and for the policy that the Belgian government has practiced in the past with respect to private individuals, allowing them to invest in simple products, without risks, and with a steady yield. Such products still represent more than EUR 7 billion of the federal government debt.

To conclude this foreword, I would like to congratulate the Debt Agency on its contribution to our country's fine financial performance in 2005.

The Ministry of Finance

Didier Reynders

KEY INDICATORS OF GOVERNMENT DEBT

(In billions of euros or % as of 31 December)

	2005	2004
I. Amounts outstanding on the main federal government bonds		
1. Gross federal debt outstanding	277.93	269.78
- Treasury financing and investments	0.00	0.15
- Financing of other entities	1.10	0.81
- Portfolio securities	3.86	3.37
- Investment reserve	0.00	0.01
- Financing of the Securities Regulation Fund	0.07	0.09
Net federal debt outstanding	272.90	265.35
2. Debt instruments		
A. Instruments in euros :	276.19	267.34
- Linear bonds (OLO)	214.24	210.12
- Traditional bonds	0.06	0.06
- State notes	7.16	8.19
- Treasury certificates	26.87	26.02
- Treasury bonds - Silver Fund	13.50	12.49
- "Belgian Treasury Bills" in euros	0.75	0.78
- Private, interbank loans, etc	4.39	4.86
- Debt issued in former currencies of the euro area	0.00	0.11
- Debt issued in foreign currencies and swapped in euros	0.45	0.45
- Debt of certain organizations for which the federal government helps service the debt	8.77	4.26
In % of the debt in euros:		
- Linear bonds	77.57 %	78.60 %
- Traditional bonds	0.02 %	0.02 %
- State notes	2.59 %	3.06 %
- Treasury certificates	9.73 %	9.73 %
- Others	10.09 %	8.58 %
B. Instruments in foreign currencies :	1.74	2.44
- Medium- and long-term debt	1.13	1.50
- "Belgian Treasury Bills" in foreign currencies	0.61	0.94
- Other short-term debt	0.00	0.00
II. Changes in net outstanding federal government debt over the year		
1. Change (in billions of euros)	7.45	7.48
- Net balance to be financed	2.27	6.17
- Debts taken over	0.11	0.00
- Exchange gain/loss	-0.01	0.08
- Capitalization of interest	0.57	0.43
- Operations with the IMF	0.00	- 3.46
- Others	0.00	0.00
- Debt of certain organizations	4.51	4.26
2. Change (in %)	2.68 %	2.77 %

	2005	2004
III. Characteristics of the federal government debt		
1. Rating granted by the various rating agencies		
- Long-term rating (S&P/Moody's/Fitch)	AA+/Aa1/AA+	AA+/Aa1/AA
2. Breakdown by currency		
- Debt in euros	99.37 %	99.10 %
- Debt in foreign currencies	0.63 %	0.90 %
3. Breakdown by term		
- medium- and long-term (>1 year)	88.61 %	88.40 %
- short-term	11.39 %	11.60 %
4. Breakdown by rate		
- Fixed rate	82.94 %	84.58 %
- Variable rate	17.06 %	15.42 %
5. Effective duration of the debt in euros	4.44	4.26
Effective duration of the debt in foreign currencies	0.21	0.18
6. Interest expenses of the federal government	12.04	13.07
7. Weighted average interest rate	4.60 %	4.80 %
8. Percentage of federal interest expense out of total federal expenditures	25.51 %	24.88 %
IV. Transition from federal debt (Treasury) to general government debt		
1. Federal debt outstanding	277.93	269.78
2. Debt of other federal entities outstanding (1)	1.54	1.36
3. Debt of Communities and Regions and local government	29.77	31.02
4. Effect of consolidation	31.01	29.29
5. Consolidated general government debt (1+2+3-4)	278.23	272.87
6. GDP	298.18	288.09
7. General government debt ratio (5/6)	93.3 %	94.7 %

(1) Debt represented by financial instruments covered by the definition of debt within the meaning of the Maastricht Treaty

CHANGE IN THE ECONOMY AND GOVERNMENT FINANCE IN 2005

1. Economic change in Belgium and abroad

Strong world growth

While still lower than the rate achieved in 2004 (5.2%), world growth has remained high in 2005, at 4.3%. Such growth was essentially sustained by the United States, Asia (China, in particular), and the oil-exporting economies. Demand for oil has remained high due to the effects of expanding activity in most economic areas, but the persistent rise in oil prices slowed world growth only slightly.

In the United States, growth has remained strong despite reduced support from macro-economic policies and the shock caused by hurricanes. Growth in the GDP, supported by high domestic demand, is estimated at 3.6% for 2005. The current and budgetary deficits of the United States remained very high in 2005 but they continued to be financed by surplus savings from the rest of the world and seemed less worrisome to investors, which helped to support the dollar. Throughout the year under review, the dollar appreciated relative to the euro due to the effects of continued growth and the broadening gap between long-term rates between the two economic zones, resulting in part from the slight increase in long-term American rates at the end of the year. Regarding American short-term rates, they followed the interest rate increases by the Fed (the US central bank), which raised rates eight times in 2005, by 25 basis points each time (last Fed rate in 2005: 4.25%).

In the euro area, growth fell from 1.8% in 2004 to 1.4% in 2005 due to slowed growth in the world economy in late 2004 and early 2005, among other things. This reduced growth resulted in a slowdown in exports from the euro area in the first half of the year under review. Domestic demand did not grow stronger because of the high level of oil prices which held down available household income and consumption as well as confidence and profit margins of businesses. The economic activity of the euro area sped up a bit in the second half of the year, however, with a recovery in exports and investments by companies that benefited from depreciation of the euro in the course of the year.

Contrary to American rates, long-term rates in the euro area showed an overall downward trend in 2005, picking up at the start and end of the year. Surplus capital savings in the world seems to explain the relatively low level of long-term rates both in the United States and in the euro area. As for the three-month interbank rates of the euro area, they remained stable until September (averaging 2.12%) and finally increased in the wake of the decision by the European Central Bank to increase key rates by 25 basis points in December. The ECB minimum bid rate on the main refinancing operations was therefore increased from 2% to 2.25%.

In Belgium, the growth in GDP for 2005 is estimated to be 1.5%, lower than in 2004 (+2.4%) but still higher than average in the euro area. The slowed growth beginning in the last quarter of 2004 continued during the first half of 2005. That situation is basically due to the low level of investments and consumption in the euro area, which slowed down Belgian exports against the backdrop of the prior appreciation of the euro and the persistently high level of oil prices.

Trend in the economy and public finance

This trend was reversed in the second part of the year, however, and exports picked up again, both within the euro area and outside of it. On average, they increased by 2.2%. There was greater growth in imports (+3.1%), so that the contribution of net exports to growth in the GDP was negative in 2005. In contrast, the growth was supported by dynamic domestic demand (+2.2%), especially by corporate spending.

Increased oil prices triggered higher inflation in Belgium, rising from 1.9% in 2004 to 2.5% in 2005. However, the concurrent pressures of globalization and wage restraint made it possible to control the price increases.

Despite the creation of some 40,000 new jobs, the adjusted unemployment rate, measured by the percentage of job applications relative to the working-age population (15 to 64 years of age), rose from 8.4% to 8.5% because of the faster growth in the working-age population.

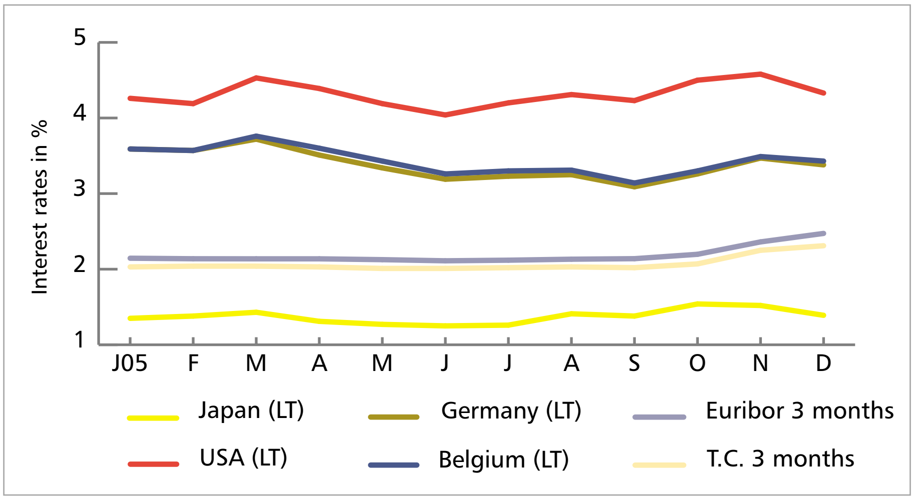
Stable Belgian interest rates

The interest rates in Belgium stayed close to the average of the core of the euro area. The short-term segment showed a very stable trend. The rates of 3-month treasury certificates averaged slightly above 2%.

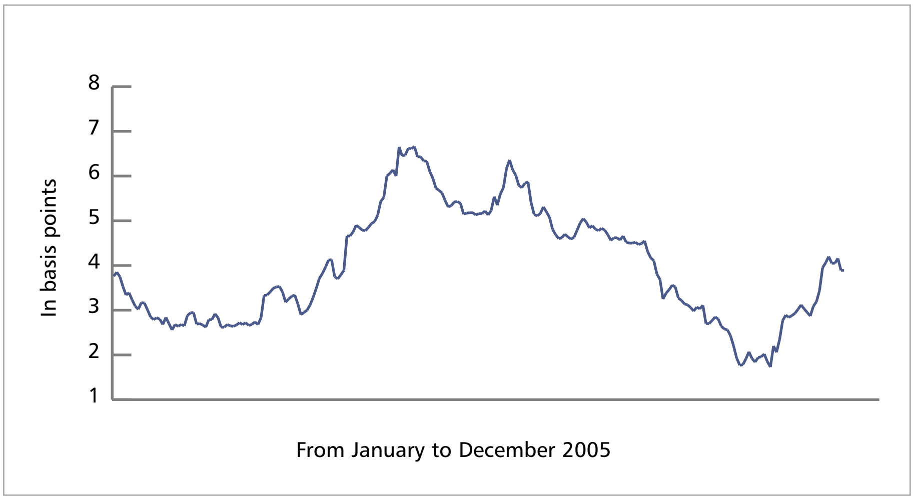
In the long-term segment, the downturn begun in mid-2004 continued – except for a slight increase in March – and finally picked up again slightly in the last quarter of the year under review. The 10-year OLO changed, on the average, from 3.59% in January to 3.14% in September, ending up at 3.43% in December 2005.

1

Average 3-month interest rates and average yields on benchmark 10-year bonds in 2005.



2 Spread between the "Bund" and 10-year OLOs on a daily basis in 2005 ("asset swap spreads")



The interest spread between the German and Belgian benchmark bonds rose from 3 basis points at the start of the year to 6 basis points in the middle of the year, and finally fell back to around 3 basis points at year-end. Remember that these spreads are calculated in terms of "asset swap spreads", in order to eliminate the differences in maturities between the two types of bonds.

Interest expense on the debt is declining

The interest expense for the federal government debt fell once gain in absolute terms, falling from EUR 13.07 billion in 2004 to EUR 12.04 billion in 2005. That change basically resulted from the steady decline in recent years of the average weighted interest rate of the federal government debt, which fell from 4.8% in 2004 to 4.61% in 2005, along with efficient management of the debt by the Treasury.

2. Changes in government finance in 2005

2.1. The application of the 2005-2008 stability program

From the year 2000, the general government budget was balanced or showed a slight surplus at year end, thereby satisfying governmental objectives.

The 2005 budget again forecasted a balance, incorporating a continued ambitious socio-economic policy and, in particular, new reductions in tax pressure on labor, whether through personal income tax reform or by reducing the employer's mandatory social insurance contributions.

When drawing up the budget during the summer of 2004, the economic context was deemed to be rather favorable. The recovery begun in the second half of 2003 was reinforced in the first half of 2004, so that a growth estimate of 2.5% for 2005 seemed reasonable. In reality, economic activity stagnated in early 2005 and the real growth rate had to be revised downward several times: to 2.2% in the budget planning in March, and then to 1.4% in the October budget that served as a basis for preparation of the 2006 budget. At the start of 2006, inflation-adjusted economic growth was estimated to be 1.5% for 2005.

1 Objectives and achievements in terms of the financing balance (in % of GDP)

	2004	2005	
	Achievements	Objectives (1)	Estimates
General government			
° financing balance	0.0	0.0	0.1
° primary surplus	4.8	4.5	4.5
Entity I			
° financing balance	-0.1	-0.3	0.1
° primary surplus	4.2	3.8	4.1
Entity II			
° financing balance	0.1	0.3	0.0
° primary surplus	0.6	0.7	0.4

(1) 2005-2008 Stability Program

A balanced budget

A balanced budget – and even a slight surplus – was therefore achieved, despite the clearly unfavorable economic environment.

Trend in the sub-sectors

Based on data available in April 2006, the achievements surpassed the objectives with respect to Entity I (federal government and social security), which showed a surplus of 0.1% of the GDP; in contrast, with respect to Entity II (Community, Regional and Local government), the balance achieved was less favorable than the expected surplus.

In Entity II, local authorities were the cause of the results that fell slightly below the objective. They showed a deficit of 0.3% of the GDP, which foreshadows the usual deterioration of their balances in the run-up to the communal elections, triggered by an acceleration in investment expenditure.

Revenue and Spending

Despite the continued personal income tax reform, tax revenue increased as a percentage of GDP in 2005, rising from 30.5% to 31%. This is true because certain taxes brought in a great deal of revenue. Such is the case with the corporate income tax, which increased significantly. Similarly, withholding taxes on investment income have increased, due, among other reasons, to securitization operations for taxes in arrears.

The relative share of social insurance contributions decreased slightly, in contrast, from 14.1% to 14.0% of the GDP, due to the continued policy of relieving the burden on labor.

Primary expenses increased noticeably in 2005, from 44.6% to 45.6% of the GDP.

2

General government revenue and expenditures
(in % of GDP)

	2004 Achievements	2005 Estimates
Total revenue	49.4	50.1
general tax revenue	30.5	31.0
special tax revenue	14.1	14.0
Primary expenditure	44.6	45.6
Total expenditures	49.4	50.0

This should be attributed, in particular, to the growth in subsidies to companies, whether in the context of job promotion policies, (service titles, measures intended to reduce the cost of labor) or government relations with the SNCB [Belgian railways], as well as the increases in local government investment spending.

The changes in primary revenue and expenses led to a slight decrease in the primary surplus, from 4.8% in 2004 to 4.5% of GDP in 2005. That figure corresponds to the objective set in the 2005-2008 stability program.

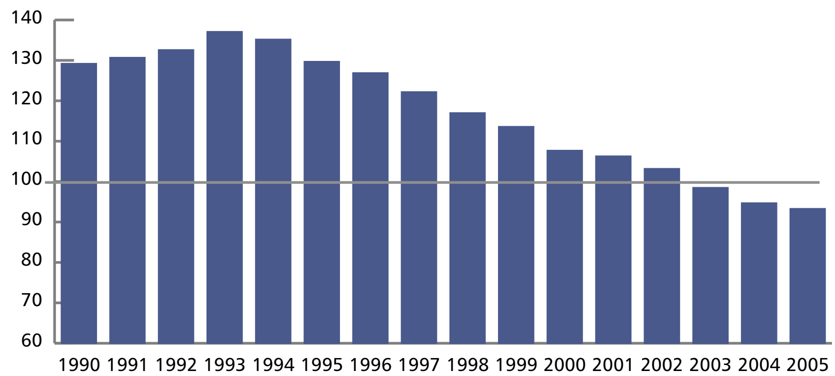
The relative share of interest expense once again fell sharply in 2005, from 4.8 to 4.4% of GDP. This reduction is due both to the lower implicit interest rate, which fell from 5.1% to about 4.8%, and to the lower debt ratio.

At the end of 2005, the debt ratio of the general government had been reduced to 93.3%, including 2.5% attributable to the take-over of the debt of the SNCB.

This result outperformed the forecasts in the 2005 – 2008 stability program.

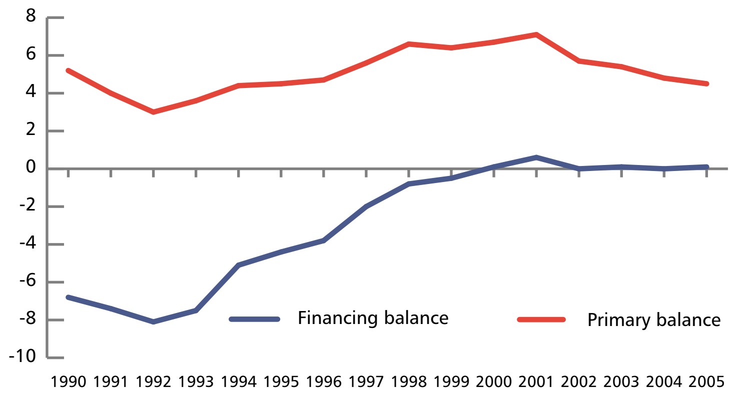
3

Trend in the debt ratio from 1990 to 2005
(in % of GDP)



4

Trend in the primary balance and financing balance
(in % of GDP)



The process of gradual convergence of the debt ratio in Belgium with the European average is continuing. On the average, in the euro area, this rate increased again in 2005, by 1 percentage point, reaching 70.8%.

Moreover, in 2005 Belgium once again numbers among the limited set of countries in the euro area that managed to balance their budgets or achieve a surplus, as did Finland, Ireland and Spain.

2.2. The stability program of 2006-2009

The stability program of 2006-2009 follows the budgetary policy guidelines defined during formation of the coalition following the elections of May 2003. The essential objectives are still a balanced budget, followed by the gradual formation of surpluses and a continued reduction in the debt ratio. To this is added the concern to set aside resources for certain high-priority objectives.

For 2006, a balanced budget is therefore forecast once again. In 2007, the objective is to set aside a surplus of 0.3% of GDP. Over the next two years, that surplus ought to increase by 0.2% of GDP annually, thus reaching 0.7% in 2009.

As in the past, the program is committed to making use of any maneuvering room provided by unexpectedly favorable economic growth in order to improve the financing balance.

The general pressure from general and special taxes ought to be slowly and regularly decreased, during the period covered by the program, falling from 47.7% of GDP in 2005 to 46.7% in 2009.

The personal income tax reform will reach its cruising speed in 2006, but a new series of select reductions in general and special tax burdens on labor will be implemented. This reduction in general income tax pressure will be partially offset, in the 2006 budget, by an augmentation of revenue from taxes on consumption and capital gains.

The budgetary margin necessary to reduce general and special tax pressure is the result of a reduction both in primary expenses and in interest expense as a percentage of GDP.

Under the economic and budgetary conditions forecasted in the stability program, the government debt ratio will continue to decrease steadily. The stability program calls for a reduction in that debt ratio on the order of 15 percentage points of GDP between 2005 and 2009.

The gradual reduction in the debt ratio plays a central role in the strategy of absorbing the cost of aging. That reduction brings about a reduction in interest charges which, together with the gradual reduction of surpluses accumulated in the Silver Fund, ought to make it possible to cover, after 2015, the budget costs related to aging, without compromising other expenses or altering fiscal policy. The conditions of funding the Silver Fund until 2012 have been fixed by law.

3 Budget trends of the various government subsectors in the stability program of 2006-2009 (in % of GDP) (1)

	2004	2005	2006	2007	2008	2009
	Achievements	Forecasts	Objectives			
General government						
° Primary surplus	4.8	4.3	4.1	4.2	4.1	4.1
° Interest expense	4.8	4.3	4.1	3.9	3.6	3.4
° Financing balance	0.0	0.0	0.0	0.3	0.5	0.7
Entity I						
° Primary surplus	4.2	3.8	3.8	3.8	3.7	3.6
° Interest expense	4.3	3.9	3.7	3.5	3.3	3.1
° Financing balance	-0.1	-0.1	0.1	0.3	0.4	0.5
Entity II						
° Primary surplus	0.5	0.5	0.3	0.4	0.4	0.5
° Interest expense	0.4	0.4	0.4	0.3	0.3	0.3
° Financing balance	0.1	0.1	-0.1	0.0	0.1	0.2

(1) Because of rounding-off, the totals may differ slightly from the sum of the items.

MAIN STRATEGIC ISSUES IN 2005

1. Liquidity is ensured through standardized financial products and an efficient secondary market

Since the introduction of the euro, the Treasury has based its debt management strategy on two main pillars: transparency and liquidity. Transparency is ensured by publishing an issuance calendar for OLOs and treasury certificates. Liquidity is ensured by obligating primary dealers to list the new instruments issued by the Treasury continually on the electronic platform MTS Belgium.

In the long-term segment, this strategy results in the issue of two benchmark debt issues per year, by means of syndication. This method ensures diversified distribution on the international level in the amount of five billion euros as soon as the line is launched, at a price reflecting optimal market conditions. The funding of these lines is carried out over the year through four auctions. Thus, the amounts outstanding on OLO 45 (5-year) and OLO 46 (10-year), following the auction of November 2005, reached EUR 8.85 billion and EUR 11.29 billion, respectively.

While Treasury issues are strictly predictable with respect to volume, the choice of lines is guided by investor demand and by the available space on the payment schedule for a new line. In fact, it is important to phase the due dates properly in order to ensure regular and predictable offerings in the future. While, traditionally, the Treasury tends to issue 10-year bonds at the start of the year, in 2005 the Asian demand led the Treasury to offer a shorter term instrument (5-year OLO) in that period.

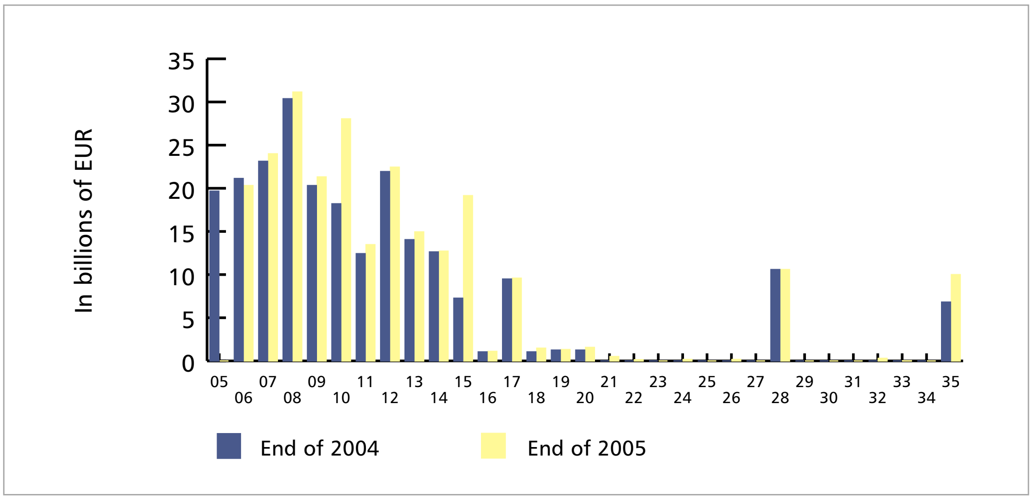
Liquidity, efficiency, and transparency

MTS Belgium

“MTS Associated Markets, Belgian market segment" is an electronic trading platform for the negotiation of linear obligations, treasury certificates and, since early 2004, strips, as well. It is a joint-stock corporation, created in 2000 under the name of MTS Belgium. Its founding shareholders are all the primary dealers, the company MTSspa that created the software, and the Belgian government. The company was restructured in 2002 and 2003 so as to be able to handle two new market segments for government debt issues, those of Finland and of Denmark, respectively. On that occasion, MTS Belgium was renamed MTS Associated Markets. The creation of MTS AM made it possible to take advantage of operational synergy for the various markets concerned while maintaining separate market committees to deal with the special subjects to which they are devoted.

In 2005, the volumes of securities bought and sold through brokers on the Belgian market segment of MTS AM reached EUR 185.7 billion: EUR 118.4 billion for OLOs; EUR 58.7 billion for treasury certificates and EUR 1 billion for strips. The balance of EUR 7.4 billion corresponds to the total redemption of OLOs that are close to maturity by the Debt Agency.

5 Federal government debt payment schedule in euros



Liquidity of Treasury securities

The diversified holding structure of these reference OLOs – which is an important objective of the strategy of the Treasury – also ensures the permanent liquidity of OLOs on secondary markets. The clearing service of the National Bank of Belgium (NBB) estimates that the total trading volume of OLOs reached more than EUR 600 billion in 2005.

Such liquidity, as shown by the narrow spreads between OLO buying and selling prices on the secondary markets, has a positive impact on pricing of financial instruments and thus on the cost of the debt. In 2005, this resulted in very lucrative pricing of the OLO 45 and OLO 46 of approximately 2 basis points (in terms of adjusted maturities) above the German benchmark bond.

In the short-term segment, financing is provided by treasury certificates. The daily volume on the secondary market of treasury certificates is, according to the clearing service of the NBB, EUR 711 million per day. In order to ensure liquidity, the Treasury makes sure that the amounts allocated are sufficiently large to facilitate continuous listing of the securities. The existence of the "repo facility" as a safety net in the event of non-delivery of the securities also helps keep the market running smoothly (see page 23).

2. Standardization of activity reports of the primary dealers

The primary dealers in Treasury securities must regularly submit period reports on their activities on the off-exchange regulated market to the Treasury. Given the fact that a good number of primary dealers also trade in other European countries, where they are required to report on their activities, as well, Europe-wide standardization of such reports is a desirable goal.

This would also enable establishments trading as primary dealers in various countries to report their transactions more efficiently. In addition, such establishments could also be expected to make the necessary investments for correct reporting, since the report has the same format for all European treasuries, which ought to make it possible to deliver reports more quickly and to obtain more detailed data.

In September 2005, the "EFC Sub-Committee on EU Government Bonds and Bills" reached an agreement, together with the "European Primary Dealers Association", on the details of that standardized format for the euro area. At that time, it was decided to start using that format from 1 January 2006.

The Belgian Debt Agency has played a pioneering role in developing the standardized format and has also chaired various workgroups.

Two types of reporting formats

At the start of 2005, in a transitional phase, the Debt Agency required primary dealers to use a new activity report that was more detailed than the previous report and in line with the report that had been used as a model in discussions held at the European level. At the start of April, the Debt Agency also invited its primary dealers to change over voluntarily to the European format, which had taken on a more definite form at the time. A few establishments had already taken steps towards the new standardized format during the year.

Both report types provided for monthly statements of sales/purchases of Belgian Treasury instruments (OLO and treasury certificates) between counterparties in 22 different countries and geographical zones.

4 Overview of geographic reporting areas in 2005

euro area	1	Austria
	2	Belgium
	3	Finland
	4	France
	5	Germany
	6	Greece
	7	Italy
	8	Ireland
	9	Luxembourg
	10	Netherlands
	11	Spain
	12	Portugal
non-euro area	13	United Kingdom
	14	Switzerland
	15	Scandinavia (outside euro area)
	16	New EU countries
	17	USA
	18	Canada
	19	Latin America
	20	Japan
	21	Asia other than Japan
	22	Others

5	Overview of types of counterparties in the 2005 reporting

	Belgian Format (2005)		Standard European Format (2005)
1	Primary and Recognized dealers	1	Inter-dealer broker
2	Banks	2	Bank – Own account
3	Central banks/other entities	3	Bank - Primary Dealer
4	Funds/Insurance companies	4	Bank – Inter dealer
5	Public institutions	5	Bank – Connected entity
6	Corporates	6	Bank – Customer
7	Brokers	7	Debt Management Agency
8	Retail	8	Central Bank and other public entity
9	Others	9	Pension fund
		10	Insurance companie
		11	Fund manager
		12	Hedge fund
		13	Retail
		14	Corporate

While the Belgian format provided for a total of 9 types of counterparties, the standardized format provided for 14. In the latter, transactions with the first four transactions types were considered to be transactions between dealers whereas the others were considered to be transactions with the final investors.

Moreover, the standardized format gave a breakdown of activities by class of maturity and also provided information on the activities on the various electronic trading systems.

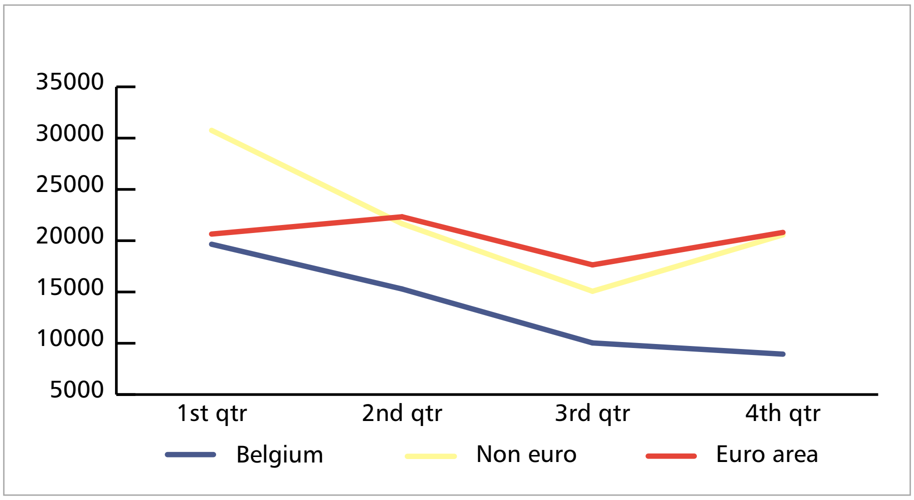
Treasury's software appreciated

It soon became apparent that the quantity of information that the Treasury received from these new reports was so great that it would be necessary to use software programs developed especially to analyze the data. The IT team of the Debt Agency then developed a database with the corresponding standard reports. Belgium therefore distinguished itself quite well through this project, since the software program was made available to the other Treasuries at the end of 2005. The other Treasuries expressed their interest and requested authorization to use it.

This software program allows the Treasury to compare the services of its dealers with one another and to get an overview of the activities of a given dealer immediately. It can also be used to analyze the changes over time in transactions with specific counterparties or groups of counterparties, as well as in specific geographic zones and/or for classes of maturity. Graphs 6 and 7 show one example: they indicate the total quantity of transactions on a quarterly basis in 2005 with counterparties considered to be final investors both for the OLOs and treasury certificates, with a breakdown by counterparty, in Belgium, in the rest of the euro area, and outside it. In the future, the Treasury will also be able to perform analyses over several years.

6

Turnover in OLOs of primary dealers with investors in 2005



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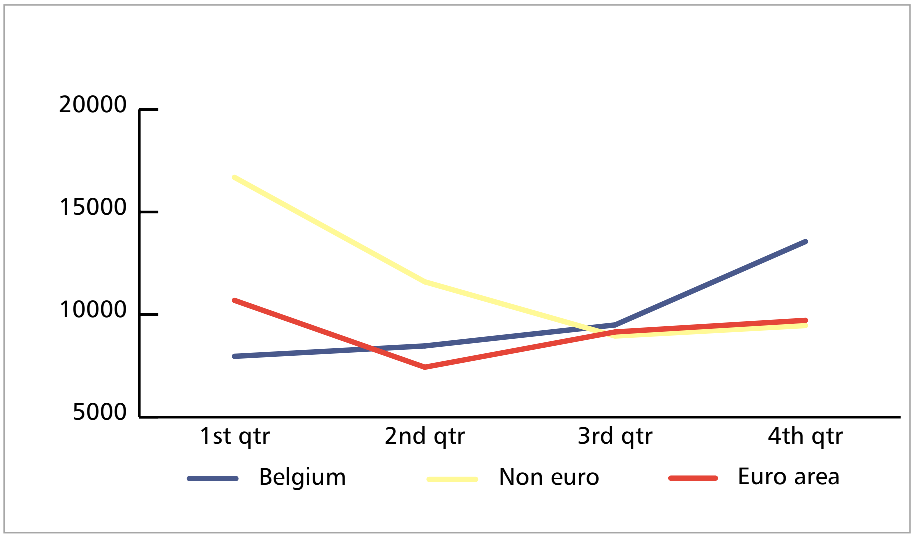
Turnover in certificates of primary dealers with investors in 2005



3. Strict risk control

The Debt Agency monitors various types of risks related to debt management within the Treasury and regularly reports on the situation to its Strategy Committee. The management of such risks, i.e., the exchange risk, refinancing risk, and interest rate risk, is based on the standards that the Ministry of Finance establishes each year in the General Guidelines on Federal Government Debt Management, in accordance with the provisions of Article 8 of the Act on Approval of the Ways and Means Budget. As far as credit risk management is concerned, it is based on internal guidelines established by the "Risk Management" team and approved by the Debt Strategy Committee.

3.1. The Exchange Risk

The share of the debt in foreign currencies has decreased significantly in recent years. As a result, the exchange risk of the debt has become negligible.

At the end of 2005, the debt in foreign currencies amounted to no more than 0.63% of the total debt versus 0.92% in 2004. It is composed of Swiss francs [CHF] and Japanese yen [JPY] with CHF representing 0.43% of the total debt and JPY 0.19%.

Risk Control

3.2. Refinancing risk and rate refixing risk

In the context of debt management, the Treasury places particular importance on refinancing risk and rate refixing risk. These two types of risks may be analyzed separately. Once the acceptable level of refinancing risk has been defined, the Treasury can concentrate on the rate refixing risk.

These two types of risks are followed up by means of four indicators. Since 2005, they have been calculated on the basis of a six-month moving average. This type of calculation makes it possible to smooth out sudden changes in the indicators when they are not due to an increase of risk.

The General Directives impose two limits on the refinancing risk. The first indicator limits the amount that can be refinanced within 12 months to a maximum of 22.5% of the total amount of debt in euros. A second similar indicator limits the amount to be refinanced within 60 months to 60% of the total debt in euros.

Graph 8 shows the changes in these two parameters throughout the year under review. It therefore appears that the upper limits have been respected in the period in question.

Besides the refinancing risk, the Treasury also regularly monitors a second type of risk, namely the rate refixing risk. That depends on the variability of interest rates. This risk is hedged by using swaps.

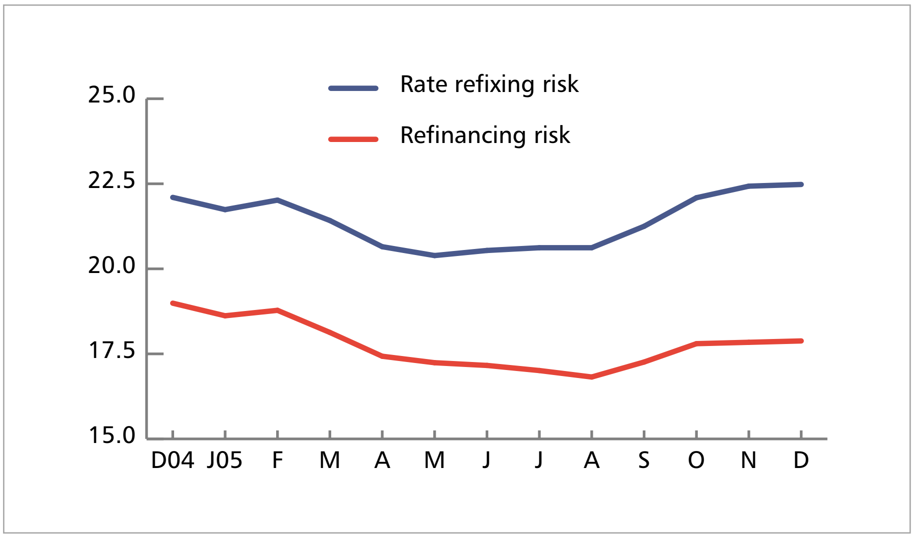
The limit for the 12-month rate refixing risk is 25% of the debt in euros, versus 65% for the 60-month risk. Graph 9 below shows that short- and long-term rate refixing risk stayed within the prescribed limits throughout the year 2005.

3.3. Credit risk

Credit risk is determined by the loss that the Treasury would incur if one (or more) of its counterparties defaulted on its (their) contractual payment obligations.

8

12-month refinancing risk and rate refixing risk
for the debt in euros in 2005



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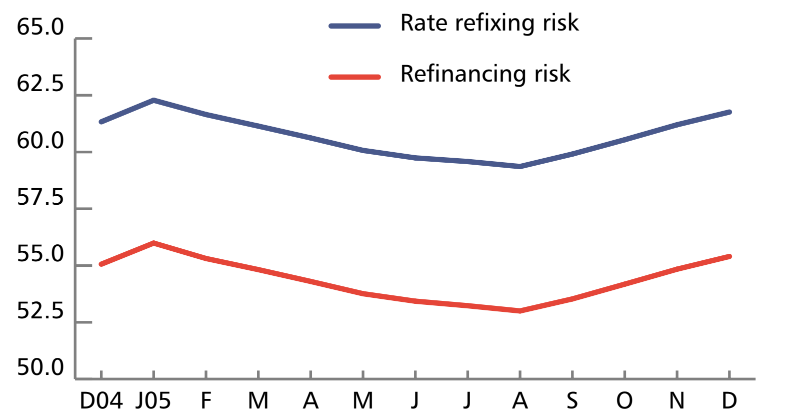
60-month refinancing risk and rate refixing risk
for the debt in euros in 2005



The Debt Strategy Committee determines the rules of calculating credit risk and the rules of assigning credit limits to the counterparties. The Treasury deals only with counterparties with an "A" rating or better.

As of 31 December 2005, virtually all (99.98%) of the credit exposure was related to derivatives. The total credit exposure in derivatives amounted to EUR 7.6 billion, i.e., a slight increase over the prior year (EUR 7.4 billion).

Table 6 shows that in the case of derivatives, 91.1% of the credit risk is with counterparties having a rating of "AA" or higher, versus 89.7% at the close of 2004. No counterparty's rating was lowered below the minimum level "A". Table 7 gives a more detailed breakdown by type of product.

Table 8 shows the breakdown of credit exposure for derivatives as a function of time to maturity as of 31 December 2005.

6

Credit exposure for derivatives by rating level at the end of December 2005

Rating (*)	**N° of transactions**	**%**	**Total exposure in euros**	**%**
AAA	4	2.2	26 491 413	0.3
AA	143	79.0	6 906 356 683	90.8
A	34	18.8	676 657 418	8.9
Total	**181**	**100.0**	**7 609 505 514**	**100**

(*) Rating of the counterparty or parent company.

7

Credit exposure for derivatives by level of rating and by product
at the end of December 2005

Rating (*)	Interest rate swaps in euros	%	Foreign currency swaps in euros	%	Forward rate agreement in euros	%	Other derivatives in euros	%
AAA	6 445 205	0.1	20 046 208	35.9	0	0.0	0	0.0
AA	6 608 049 343	91.7	6 459 804	11.6	180 309 044	89.7	111 538 493	75.2
A	590 022 607	8.2	29 271 011	52.5	20 596 455	10.3	36 767 345	24.8
Total	**7 204 517 155**	**100**	**55 777 023**	**100**	**200 905 498**	**100**	**148 305 838**	**100**

(*) Rating of counterparty or of parent company.

8

Breakdown of credit exposure for derivatives as a function
of time to maturity as of 31 December 2005

	Total	Interest rate swaps	Foreign currency swaps	Forward rate agreement	Other derivatives
< 1 year	2.5%	0.6%	11.2%	18.9%	69.8%
1 to 5 years	4.8%	1.5%	88.8%	81.1%	30.2%
6 to 10 years	28.4%	30.0%	-	-	-
>= 10 years	64.3%	67.9%	-	-	-
Total	**100%**	**100%**	**100%**	**100%**	**100%**

The Debt Agency writes up a weekly credit risk report and a detailed monthly analysis.

In 2006, as part of risk management, the Agency intends to enter into "Credit Support Agreements" with its primary dealers.

4. Guaranteed Liquidity of Belgian Treasury instruments

Repo facility

In order to ensure optimal availability of these instruments on the market, the Treasury has created a "repo facility" for market makers on MTS Belgium, who are subject to listing requirements. This service has been offered since the year 2000 for OLOs, since 2001 for treasury certificates and, finally, in 2004 for strips. It constitutes a safety net and, as such, is a precious instrument for market makers, helping them to fulfill their "market making" to the Treasury.

Specifically, in case of delivery problems, the Treasury delivers the missing securities by means of a “repo” (sale and repurchase) operation entered into for one working day and renewable ten times (for a maximum of 10 banking days).

In order to attenuate the impact of this system on the supply and demand of securities on the market, the Treasury has set certain limits per instrument and per investor. The maximum available amount is limited to EUR 200 million for OLOs, EUR 100 million for strips, and EUR 500 million for treasury certificates (EUR 200 million after reopening the line). The market-makers each have the right to the amount of EUR 300 million, with a maximum of EUR 100 million per instrument.

The price for this facility is set on the basis of the EONIA, less a spread ranging from 25 basis points to the EONIA level, depending on demand in the “repo” market.

Regarding the number and volume of transactions handled in the context of the "repo facility", graphs 10 and 11 show the trends for each instrument since 2002.

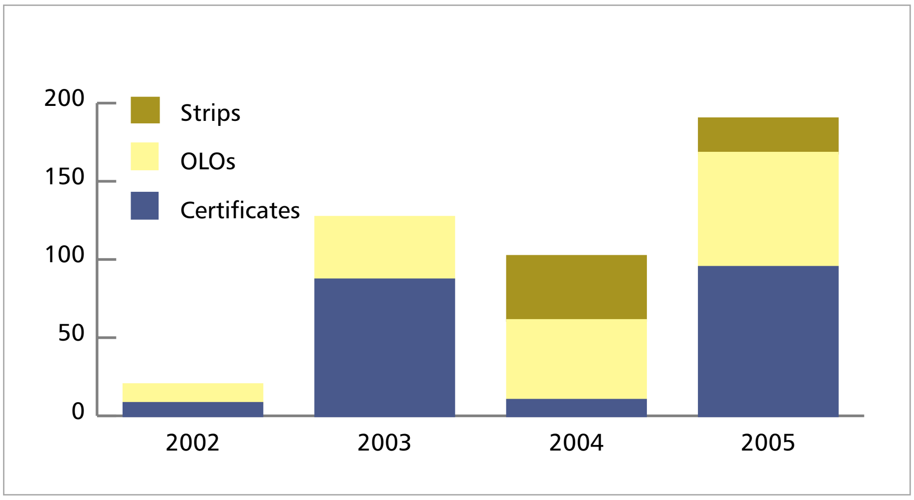
Note that the number and volume of transactions are relatively stable for OLOs and strips. In contrast, there is greater volatility and more frequent recourse to this "facility" in the case of certificates. This is mainly due to the concentration of certain lines of certificates in the hands of certain market-makers. To that purpose, measures were taken at the end of 2003 to obtain a more even distribution of certificates and thus avoid the risk of "squeeze". The Treasury has therefore added two new rules: the “40% rule", which limits to 40% the amount of a line that a given investor can obtain from the auction, and the “25% rule” which limits the amount offered by the interest rate level to 25% of the indicative amount issued. The effect on 2004 is clearly illustrated by the graphs. Note, however, that 2005 is characterized by frequent use of the "repo facility" for treasury certificates but to a lesser degree than in 2003 and, in any case, without significant distortions of the rates.

It must be stressed that results obtained in terms of numbers and volumes of transactions in the context of this "facility" are relatively low, both with respect to the underlying amounts outstanding and the trading volumes on the secondary market. The "repo facility" has therefore proved to be an efficient instrument to prevent the appearance of distortion on the secondary market for Treasury instruments.

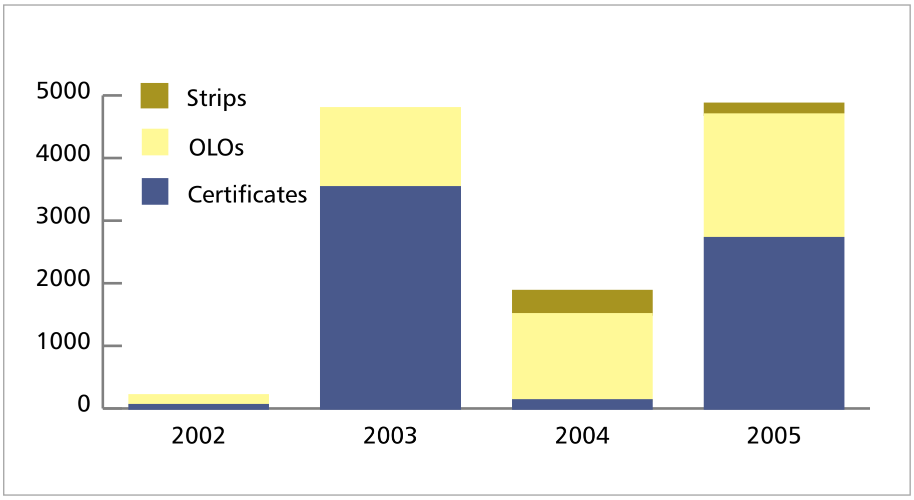
Besides that "repo facility", investors always have the option of using, as a last resort, the automatic lending system of the Belgian National Bank in the event of non-delivery of the securities. If necessary, a broker can therefore borrow the necessary instruments from a reserve that is funded in advance by the market participants.

This possibility is available until the clearing cut-off time of the NBB, i.e., 4 p.m., and requests sent to the Treasury by market-makers in the context of the "repo facility" must be received before 3:30 p.m.

10 Number of requests per year since 2002 related to "repo facility"



11 Volumes traded with "repo facility" since 2002 (in millions of euros)



IMPLEMENTATION OF THE FINANCING PLAN

1. Financing Requirements in 2005

In 2005, the Treasury's financing requirements totaled EUR 23.94 billion. The medium- and long-term debt issues reaching final maturity in 2005, which amounted to EUR 20.04 billion, accounted for most of the requirements, as in previous years. They were mainly loans denominated in euros. The federal government budget deficit reached EUR 2.27 billion. Transfers to the Silver Fund (EUR 0.44 billion) and refinancing of matured bonds of the "Fonds pour l'Infrastructure Ferroviaire" [Railway Infrastructure Fund] (EUR 2.01 billion) were integrated into this budget balance. Finally, redemption of Treasury securities that matured in 2006 amounted to EUR 1.61 billion.

The initial financing plan for 2005 made allowances for financing needs up to the amount of EUR 27.39 billion. These needs were therefore EUR 3.45 billion less than forecasted, due in particular to the budget deficit being lower than the anticipated level of EUR 4.55 billion. In addition, the Treasury initially set an objective of EUR 2.69 billion in terms of redemption of securities maturing in 2006.

2. Means of Financing in 2005

In 2005, the Treasury issued medium- and long-term bonds in the amount of EUR 24.28 billion, mainly OLOs in the issued amount of EUR 23.26 billion. These figures are perfectly in line with issues initially planned (EUR 23.77 billion). The issues also concerned State notes (EUR 0.58 billion) and Treasury bonds – Silver Fund (EUR 0.44 billion). We can therefore see that medium- and long-term financing mainly went according to plan.

Given the very slight difference between the medium- and long-term financing means, on the one hand, and the financing needs, on the other, there were no significant changes in short-term debt. In fact, short-term debt in foreign currencies decreased only slightly by EUR 0.33 billion, while the amount outstanding on treasury certificates increased by EUR 0.85 billion on an annual basis. Finally, the variation in the item of cash surplus and residual instruments (BTB, inter-bank loans) amounted to EUR -0.87 billion. The decreased financing requirements did not allow for a structural reduction of cash surpluses in 2005. Note, however, that this objective will continue to be pursued in the financing plan of 2006.

9

Financing of the Treasury in 2005 (in billions of euros)

	Budget 2005 (1)		Achieved on 31/12/2005	
I. Gross balance to be financed in 2005		**27.39**		**23.94**
1. Financing requirements 2005		**24.53**		**22.32**
Budget Deficit (2):	4.55		2.27	
including transfers to the Silver Fund	*0.44*		*0.44*	
and financing of the FIF railway fund (reimbursements)	*2.15*		*2.01*	
Debt maturing in 2005	19.98		20.04	
- Medium- and long-term debt in euros	19.60		19.67	
- Medium- and long-term debt in foreign currencies	0.37		0.37	
2. Planned interim financing (bonds maturing in 2006 or later)		**2.69**		**1.61**
Redemptions (3)	2.60		1.61	
3. Other financing requirements (4)		**0.17**		**0.02**
II. Means of financing in 2005		**24.91**		**24.28**
1. Medium- and long-term issues in euros		**24.91**		**24.28**
OLOs	23.77		23.26	
Treasury bonds - Silver Fund	0.44		0.44	
Instruments for private investors	0.70		0.58	
Miscellaneous (5)	0.00		0.00	
2. Medium- and long-term issues in foreign currencies		**0.00**		**0.00**
III. Change in net short-term debt in foreign currencies		**-0.65**		**-0.33**
IV. Variation in the portfolio of treasury certificates (6)		**0.48**		**0.85**
V. Net change in other short-term debts and in financial assets (7)		**2.65**		**-0.87**

(1) Initial budget.
(2) The budget deficit is a parameter that depends on seasonal factors. For example, tax revenue is significantly higher in the second half of the year than in the first half.
(3) On 1 January 2005, medium- and long-term debt maturing in 2006 reached EUR 21.13 billion.
(4) Including the "put" options exercised on State notes and net reimbursements of Treasury bonds representing the participation of Belgium in various international organizations.
(5) Including net issues of Treasury bonds representing the participation of Belgium in various international organizations
(6) Amount outstanding on the treasury certificate portfolio at 01/01/2005: EUR 26.02 billion.
(7) This heading includes residual financing instruments used as a supplement to the treasury certificates mentioned in the previous section. A positive figure represents an increase in the residual financing portfolio and/or a decrease in financial assets.

Due to rounding-off, the sum of certain items might not match the total mentioned.

3. Linear obligations (OLOs)

3.1. Issues via syndications and auctions

In 2005, the Belgian Treasury issued OLOs in the amount of EUR 23.26 billion. For the launch of its two benchmark bonds, it resorted both times to a syndicate made up of its primary dealers. During the year, the Treasury also organized four auctions on OLOs.

In the month of January, the Treasury launched the syndication of a new benchmark debt issue but this time with a 5-year maturity instead of the traditional 10-year maturity. In fact, there are two main reasons why the Treasury favored a 5-year maturity for its benchmark debt issue of the year: to respond to the demand of investors and central banks in Asia and Japan interested in shorter-term investments in euros and to take into account the very strong presence of other sovereign issuers in the long-term segment.

A new 5-year benchmark debt issue

Moreover, for the last two years, the Treasury no longer had any presence on the 5-year segment. The OLO 45, reaching final maturity on 28 March 2010, was underwritten by a syndicate whose "lead-managers" were the primary dealers BNP Paribas, Dexia and Nomura. The other primary dealers and recognized dealers also participated in the underwriting, respectively as "co-lead managers" and members of the "selling group". The total orders amounted to EUR 8 billion, versus an amount finally issued of EUR 5 billion.

The coupon of this OLO was set to 3% and the issue price to 99.671%, which corresponds to a cost of only 9 basis points above the 5-year German reference issue (the OBL 145 - 3.5% - October 2009). After adjustment of the maturities of these two bonds based on the swaps curve, it can be said that this was the most successful issue ever achieved in the history of the Treasury on the 5-year segment.

<u>OLO 45</u>

Maturity	March 2010
Spread above the OBL 145	+9 basis points
Spread (swap adjusted) above the OBL 145	+1.7 basis points
Benchmark premium	+0.5 basis points

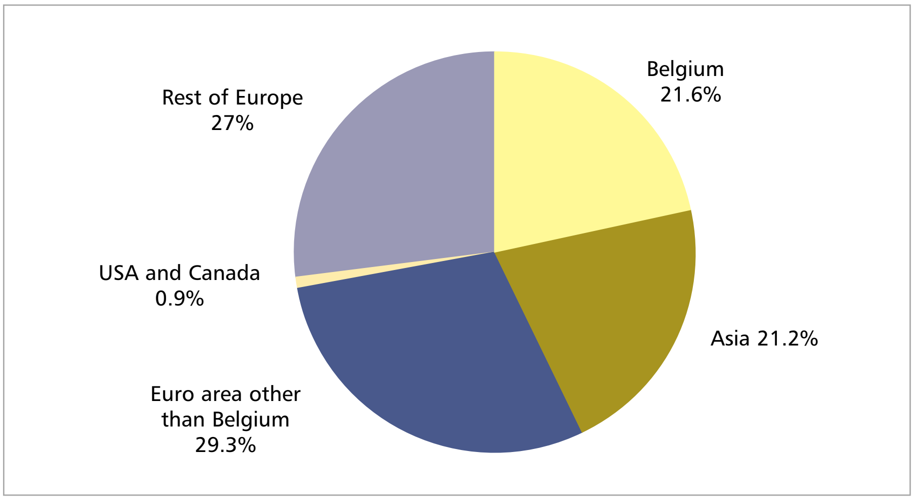
Mixed pot syndication

In the case of a "mixed pot syndication", as in the case of a normal "pot syndication" the Treasury benefits from perfect transparency with respect to the identity of the buyer. There are two differences from normal "pot syndication", however, which prevent complete control over allocation:

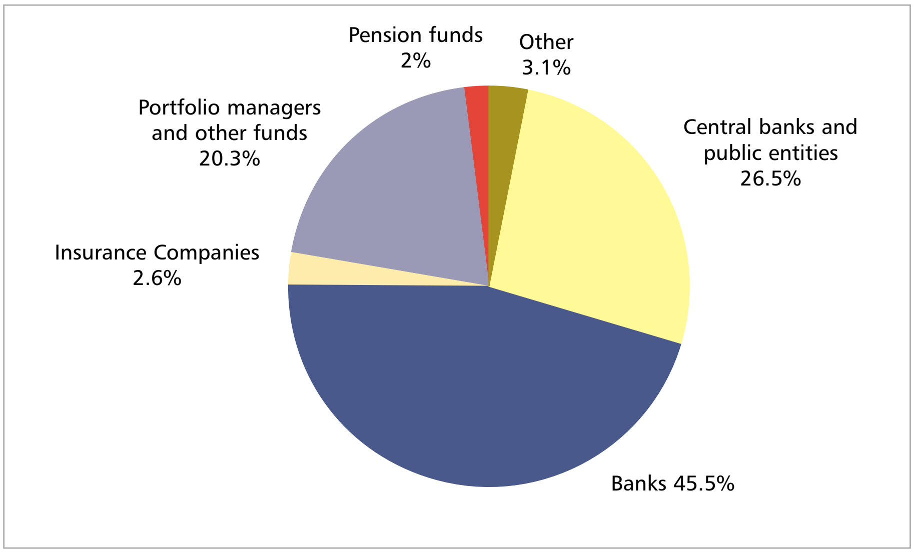
a) The presence of a "blind retention" reserved for the "co-lead managers" and for the "selling group". Allocation of the OLOs is guaranteed to them with respect to that portion without having to communicate the buyer's identity to the "joint-lead managers". The "co-lead managers" and "selling group" are respectively the primary dealers other than the "joint-lead managers" and recognized dealers. "Blind retention" is granted to them by the Treasury in exchange for their underwriting efforts for OLOs and treasury certificates during the previous year;

b) The presence of a "strategic reserve". A fraction of the debt issue is reserved for the allocation of certain orders placed by the "co-leads" and "selling group". In allocating the strategic reserve, the Debt Agency, in cooperation with the lead managers, tries to allocate the orders placed by the "co-leads" and "selling group members" based on the following criteria: 1. The order is placed by an investor who is not yet registered in the ledger of lead managers, 2. The order is of excellent quality and represents true diversification or is placed by an investor that the Agency would particularly like to count among its clientele.

12 Geographical distribution of the OLO 45 (28 Mar. 2010)



13 Breakdown of the OLO 45 by investor class



For the allocation of orders, the Treasury once again used the "mixed pot" system. As with previous syndications, this system makes the process of "book-building" and allocation more efficient, transparent and objective. Quality control was performed on most of the subscriptions, which made it possible to avoid double subscriptions from investors working with several different primary dealers. The whole process therefore helped to improve the quality of allocation and, moreover, permitted the Treasury to orient better, geographically and in terms of the investor class, the issue, and the orders.

More than three-fourths of the debt issue was placed outside Belgium, including more than 20% in Asia and in Japan, which was one of the Treasury's initial objectives. The banks, portfolio managers and central banks accounted for the bulk of the orders. The central banks accounted for 22% of the total investment, thereby meeting another of the Treasury's objectives: to reach medium- and long-term investors. In total, the orders were allocated to 91 different investors.

A new 10-year benchmark bond

In order to allow time for another 10-year benchmark bond before the first auction of the year, the Treasury decided to launch its second syndication as early as possible in the year. The OLO 46, with a final maturity date of 28 September 2015 and a coupon of 3.75%, was therefore issued in March at the price of 99.564%, only 8 basis points above the German benchmark bond, the "Bund - 3.75% - 4 January 2015", but with a shorter maturity of 9 months.

For that syndication, the Treasury chose the following four primary dealers as "lead-managers": ABN AMRO, Barclays, HSBC and KBC. Subscription orders exceeded EUR 7 billion, of which EUR 5 billion was allocated to 150 very high quality investors. Compared to the other 10-year syndications, the Treasury succeeded in maintaining the interest of the central banks. Moreover, orders were allocated in a balanced fashion between "real money accounts" (80%) and "trading accounts" (20%), assuring the stability of the OLOs on the secondary market as well as their liquidity.

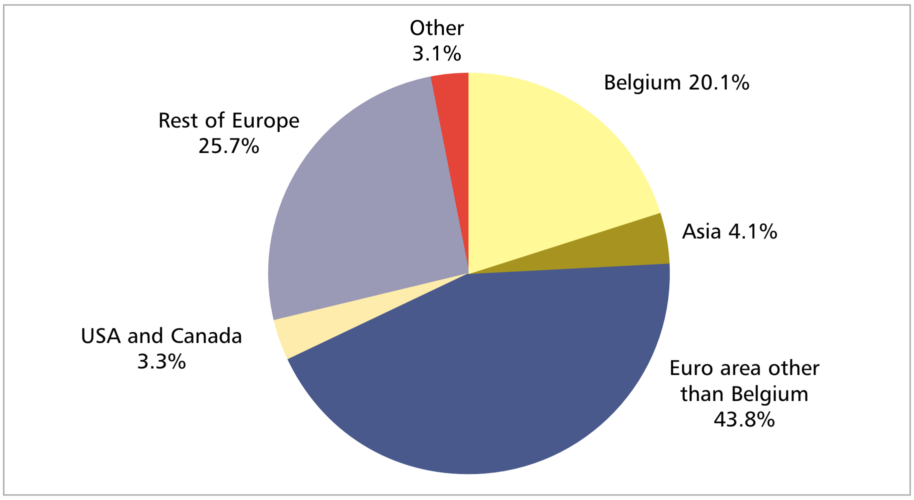
OLO 46

Maturity	September 2015
Spread above the BUND	+8 basis points
Swap-adjusted spread above BUND	+2.5 basis points
Benchmark premium	+0.4 basis points

Regarding geographical distribution, the United Kingdom (20%) and Spain (4.5%) stood out, while France, Ireland and Belgium continue to provide a significant share of the syndication.

Note that a "duration manager" was appointed for both syndications: BNP Paribas for the OLO 45 and Barclays for the OLO 46. The function of a "duration manager" is to stabilize the market at the time of fixing the subscription prices of the issue by acting as a counterparty on behalf of all the members of the syndicate of the "switch orders" presented by the investors, i.e., the orders placed on the condition of simultaneous sale of another instrument at a certain minimum price.

14 Geographical distribution of the OLO 46 (3.75% - 28 Sept. 2015)



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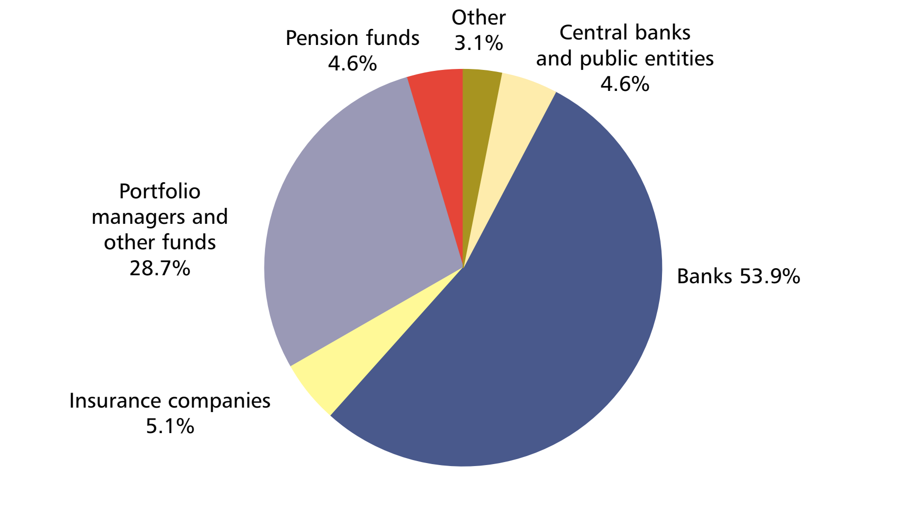
Breakdown of the OLO 46 by investor class



After consulting with the primary dealers, the Treasury decides on the maturity (medium- long- and/or very-long term) of the OLOs that are going to be auctioned. Depending on market conditions, it issues two or three lines with these various maturities. In May and September auctions, the Treasury decided to issue three lines in three maturity segments: 5, 10 and 30 years. It should be noted that the September auction showed strong demand for the 30-year OLO.

For the other two OLO auctions, the Treasury issued two lines of OLO. In July, there were 5- and 10-year lines and in November 10- and 30-year lines. The Treasury therefore issued its benchmark bond during all the auctions of the year under review.

Moreover, the "bid to cover ratio" of the four auctions amounted to an average of 1.80 versus 2.15 in 2004. That is the ratio between the amount of bids received and the amount of the bids accepted in the auctions.

Competitive and non-competitive bidding

Finally, note that in exchange for their active participation on the primary market, the primary dealers have the right to participate in non-competitive subscriptions. They can therefore, up to a certain percentage determined by their accepted bids, acquire instruments at the weighted average price of the auction. That right to place non-competitive bids accounted for EUR 3.64 billion for all the primary dealers; 27.3% of them were actually exercised (versus only 3.4% in 2004). The exercise of that right depends on the market conditions at the time of holding the non-competitive round. Given the fact that the increase in OLO prices occurred during the two days following the May auction, the primary dealers fully exercised their right to non-competitive subscriptions, which was not the case in the other three auctions of the year.

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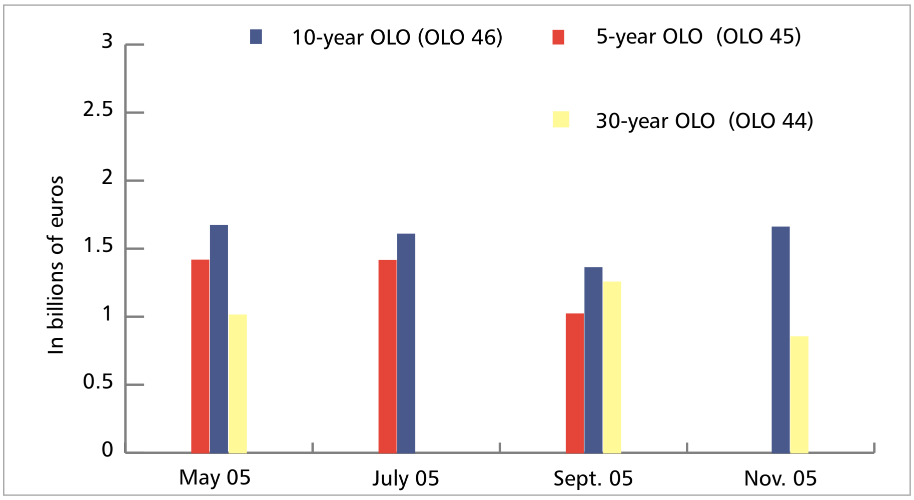
Breakdown of the 5-, 10- and 30-year issues during the 2005 OLO auctions



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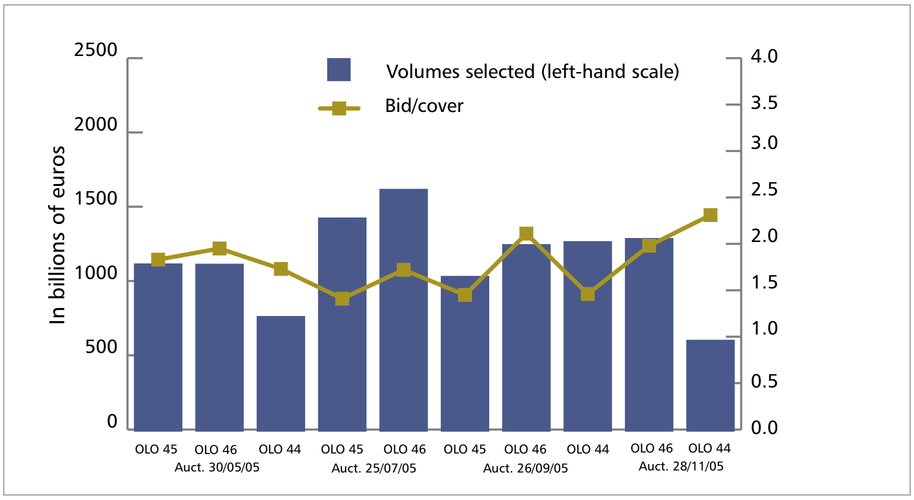
"Bid to cover" ratio during the OLO auctions in 2005



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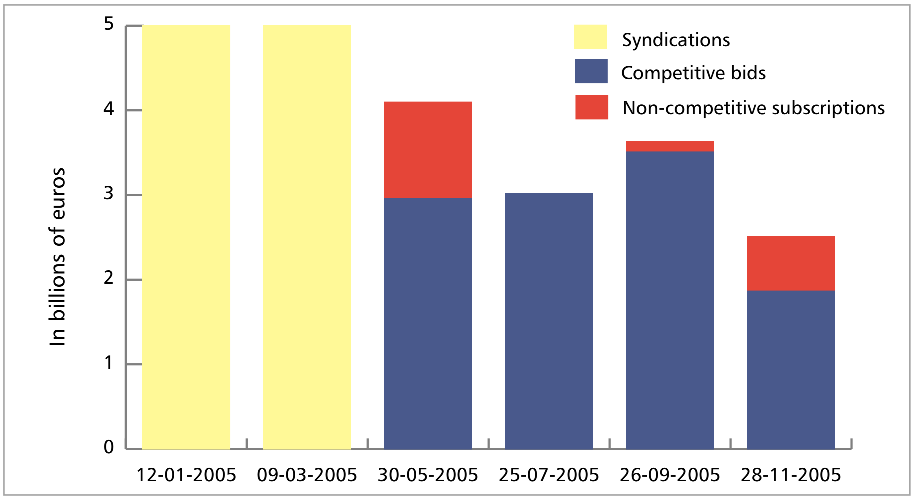
OLO issues in 2005 broken down by type on a monthly basis



"Buy-backs"

3.2. Buy-back of linear bonds

As soon as they came within 12 months of their final maturity date, the OLO 24 (15 May 2006) and 37 (28 September 2006) were added to the Treasury's "buy-backs". The OLO 19 (31 March 2005) and 34 (28 September 2005), which had been integrated into the buy-back program, continued to be subject to buy-back operations.

Note that for its buy-backs, the Treasury has used, since July 2001, the electronic trading platform MTS Belgium which ensures liquidity, efficiency, and transparent pricing. Buy-backs are implemented via a specific segment (Belgian Buy-Backs / BBB), which is available exclusively to primary dealers and to the Treasury. The Treasury only has the possibility of displaying the buying prices (at least 4 hours per day) but can also accept the selling prices displayed by the primary dealers in this segment.

Owing to the effect of the buy-backs, the OLO 19 amount outstanding fell by EUR 2.84 billion to EUR 4.46 billion. For OLO 34, the amount outstanding fell by EUR 3.01 billion to reach EUR 7.26 billion. For OLO 24, the amount outstanding dropped by EUR 514 million to reach EUR 7.95 billion at the end of the year; finally, for OLO 37, the amount outstanding dropped by EUR 1.04 billion to EUR 8.57 billion. These reductions represent 38.9%, 29.3%, 6.1% and 10.8% of the respective amounts outstanding.

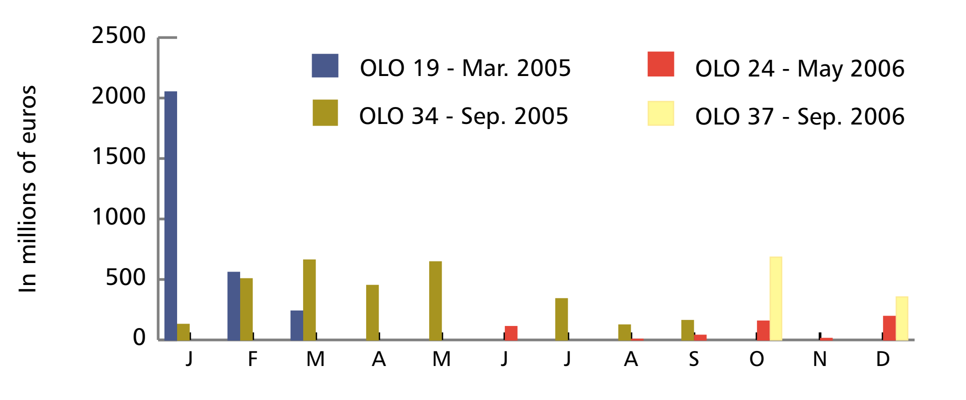
4. The "strips"

As in previous years, the Treasury continued its policy of creating conditions favorable for the proper development of the "strips" market. That is why all the new OLO lines reach maturity on 28 March or 28 September and why they are strippable starting from the initial offering. Moreover, the corresponding coupons with the same maturity are fungible.

As a result, strippable lines have increased from 16 in early 2005 to 17 at year-end. During the same period,

19

Buybacks by the Treasury in 2005, on a monthly basis



Strips

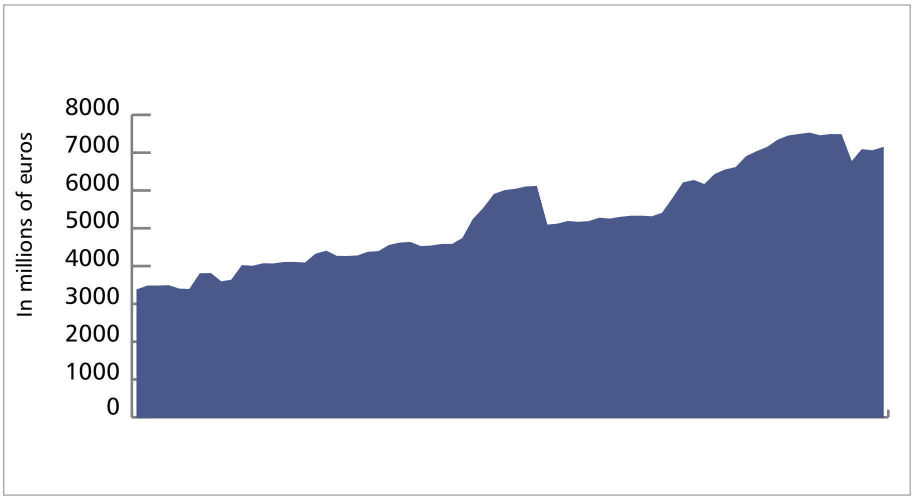
the underlying strippable amount rose from EUR 175 billion to EUR 187 billion.

As in 2004, 13 primary dealers acted as market-makers for "strips" on MTS Belgium. The "repo facility" was extended to all the market makers on MTS Belgium and to all the principals who are listed there.

The amount in circulation on the "strips" showed a slight increase of EUR 100 million, from EUR 7 billion to EUR 7.1 billion. In light of the small amount of this increase, on the one hand, and the considerable increase in the strippable volume of the underlying OLOs, on the other, the ratio between the stripped OLOs and the strippable volume of the OLOs changed from 4% to 3.8% of the total.

20

Change in the net stripped amount of OLOs since January 2000

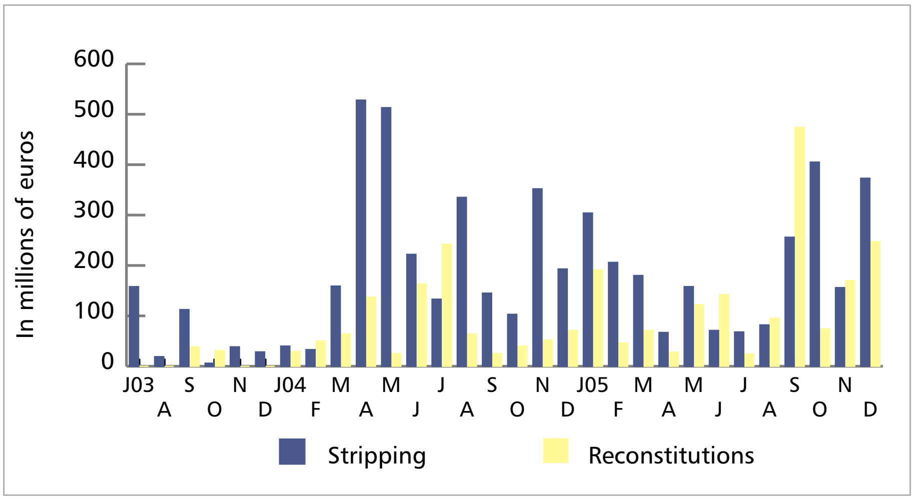


This modest increase in the stripped amount outstanding should be seen in perspective. In fact, it was caused not so much by weak stripping activity as by a significant increase in the OLO reconstitution activity. That means that the market was sufficiently liquid in order to be able to buy the securities that were missing for the purposes of reconstitution. Moreover, OLO 34, which still showed a stripped outstanding of EUR 777 million in early 2005, has reached final maturity, decreasing the stripped amount accordingly. Finally, it should be noted that the stripping activity in the euro area has remained, with one exception, rather limited. The exceptionally low level of long-term rates must have had something to do with this. The spreads of the underlying OLOs relative to the benchmark bonds in the euro area were narrow; thus, the differences in yield relative to other strip markets must have been low as well.

While the overall increase in the stripping activity was modest, there was a significant increase of such activity in the long-term segment of the rate curve. OLO 31 and OLO 44 reached respective stripped outstandings of EUR 1892 million and EUR 915 million. In the short-term segment, there was also important activity, but more of the nature of OLO reconstitution activity.

21

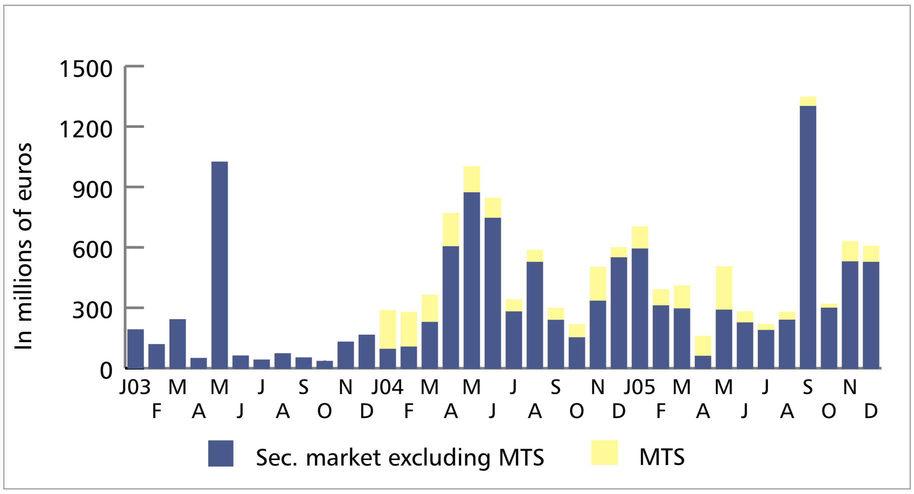
OLO stripping and reconstitution activity
from July 2003 to December 2005



In 2005, the activity on the secondary strips market remained stable, with a monthly average of EUR 403 million (excluding the volumes traded on MTS) versus EUR 436 million in 2004. The monthly average strip trading volumes on MTS fell from EUR 133 million in 2004 to EUR 83 million in 2005.

22

Strip trading volumes on the secondary market
from January 2003 to December 2005



5. Treasury certificates

Throughout 2005, the month-end amounts outstanding of the certificates varied within a range of EUR 26.52 billion to EUR 30.97 billion, with an average of EUR 28.01 billion.

During the year under review, the schedule of treasury certificate issues remained unchanged relative to the new schedule introduced in 2004, i.e., two issues per month (one at the start of the month for the 3- and 6-month maturities and the other in the middle of the month for the 3- and 12-month securities) and one final maturity in the middle of the month. However, for reasons of cash flow management, the Treasury decided to issue 1- and 2-month certificates in October and in November 2005, at the same time as the conventional maturities, without ever exceeding the maturity of mid-December. In this way, the Treasury managed, according to its schedule, to provide optimal coverage of its financing needs caused by the schedule of payments of OLO 34 (4.75% - 28 September 2005) and the coupon payments, among other things.

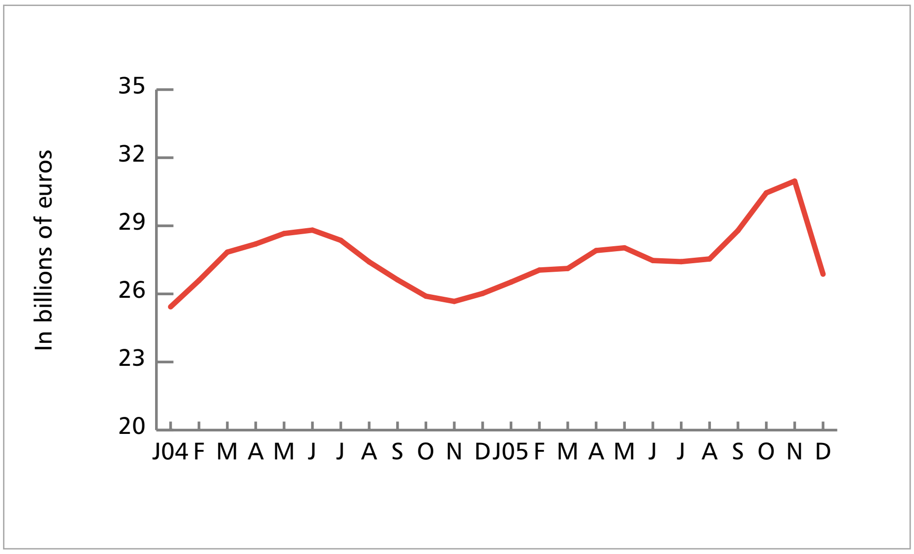
The reduction of the amount of certificates outstanding in December 2005 largely resulted from the concentration of maturities of most of the additional issues around 15 December.

Investors continued to show an interest in the auctions of certificates, as shown by the “bid to cover” ratio, among other things. That ratio is, as explained above, the ratio between the bids and amounts selected at auctions.

The average ratios were as follows: 5.33 for the 3-month segment, with an average amount bid by investors EUR 2.3 billion; 3.61 for the 6-month segment, with an average amount bid of EUR 4 billion; and, finally, 2.66 for the 12-month segment, with an average amount bid of EUR 4.26 billion. These ratios remained at levels quite comparable to those observed in 2004, but with an increase for the "bid to cover ratio" in the 12-month segment.

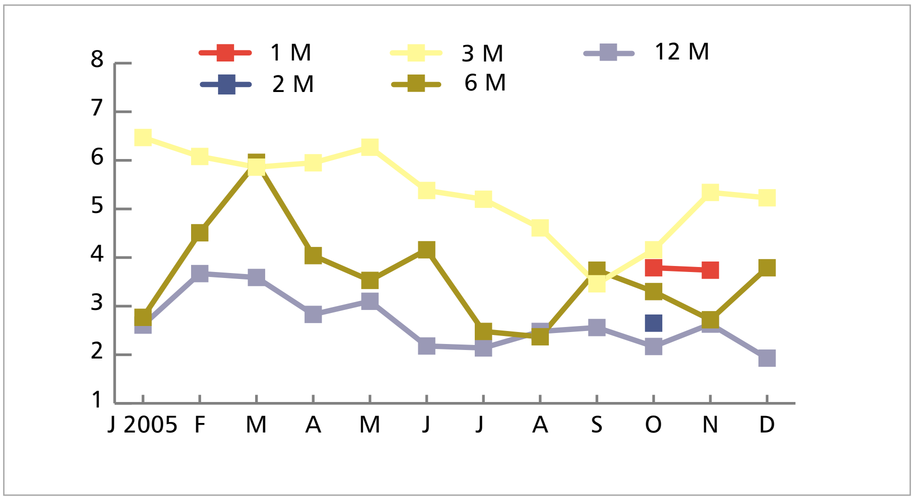
For the new 12-month lines, the volume after the first auction varied between EUR 1.55 billion and EUR 1.65 billion.

23 Month-end outstanding on treasury certificates in 2005



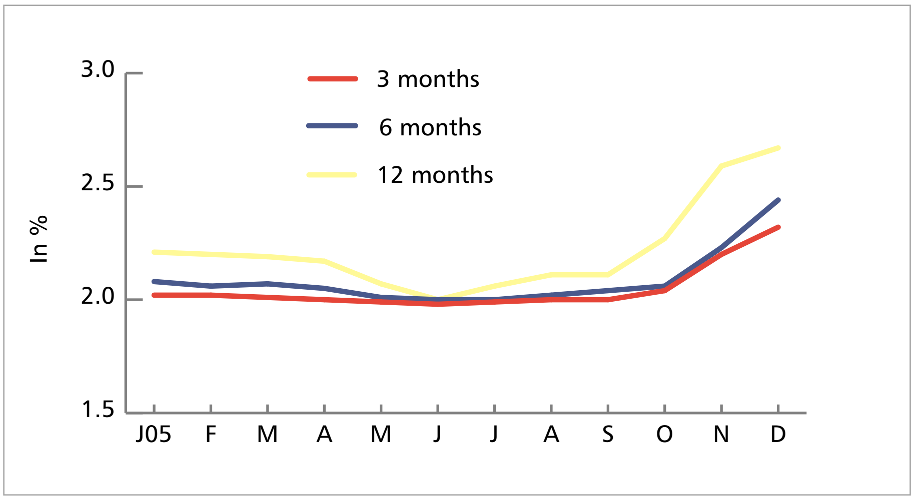
24

Average "bid to cover" ratio for treasury certificate auctions in 2005



25

Weighted average interest rates of 3-, 6- and 12-month Treasury certificates in 2005

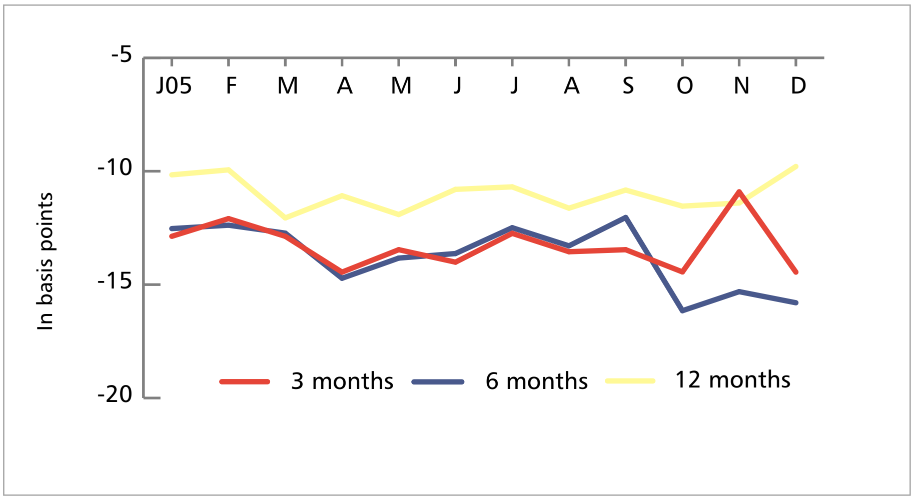


In fact, the Treasury usually agrees to accept a rather large amount in this segment in order to ensure, from the time the line is opened, a sufficient critical mass. The average volumes issued on the 3-, 6- and 12-month segments in 2005 reached EUR 0.45 billion, EUR 1.11 billion, and EUR 1.60 billion, respectively.

The efficient operation of the treasury certificate market and the interest shown by investors were also reflected in the auctions by an average deviation, of about 1.5 basis points between the maximum rate and the lowest rate bid, which marks an improvement over the year 2004. Despite that minimal spread of accepted rates, about 50% of the participants, on average, had their bids accepted during the auctions. For the 3-month lines, on average, 7 participants out of 16 were accepted, 10 participants out of 15 for the 6-month lines, and 12 out of 16 for the 12-month lines.

Graph 26 shows the changes in the spread between the weighted average rate of treasury certificates and Euribor

26 Spreads at the time of issue between the weighted average rates of the Treasury certificates and the Euribor (3-, 6- and 12-month) in 2005



Spreads of certificates

at the time of issue of the 3-, 6- and 12-month lines. The spreads for the three maturities remained relatively steady except for the 3-month segment, where a decrease appeared in November, because the European Central Bank's rate policy statements had an impact on the market.

Thus, the average spreads relative to the Euribor in favor of the Treasury amounted in 2005 to -13.32, -13.91 and -11.04 basis points for the 3-, 6- and 12-month segments, respectively.

In 2005, the primary dealers exercised, in terms of volume, only 8% of their rights to obtain treasury certificates at the weighted average rates of the auction by means of submitting non-competitive bids: they signed up for non-competitive rounds in 7 out of the 24 auctions of the year. Remember that the advantage to investors concerning non-competitive bids depends on market conditions.

6. Belgian Treasury Bills ("BTB") in euros and in foreign currencies

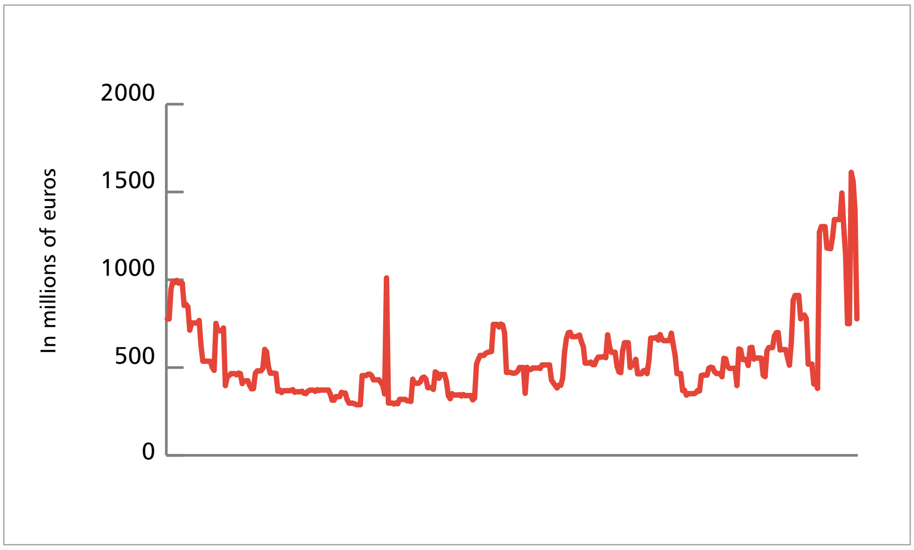
The BTBs were issued as part of a multi-currency program enabling the Treasury to make short-term borrowings in euros and foreign currencies of the OECD member states. There are important differences, however, between the strategy of issue in euros and that of foreign currencies. The BTB program is the main financing instrument in the context of managing short-term debt in foreign currency, whereas for managing the short-term debt in euros, that is more the role of treasury certificates, with the BTB in euros permitting demand for very-short-term paper in euros to be supplemented. It should be pointed out that this issue strategy turned out to be efficient and has been implemented regularly in recent years.

Issues in Euros

In practice, the BTBs in euros are exclusively used by Belgian public institutions to manage their very-short-term cash surpluses.

27

Changes in BTB amounts outstanding in euros in 2005



The BTB is an efficient instrument allowing such institutions to meet their financial asset consolidation obligations in the public sector for calculation of the debt ratio according to the Maastricht criteria.

The amounts in circulation in 2005 varied widely (from EUR 300 million to EUR 1600 million), depending on the cash surplus of public institutions and the range of available treasury certificates or OLOs with a residual time to maturity of less than 1 year.

The BTBs are treasury certificates tailored to the investor. In practice, the maturities are virtually always less than one month, which explains why their financing cost is lower than that of certificates.

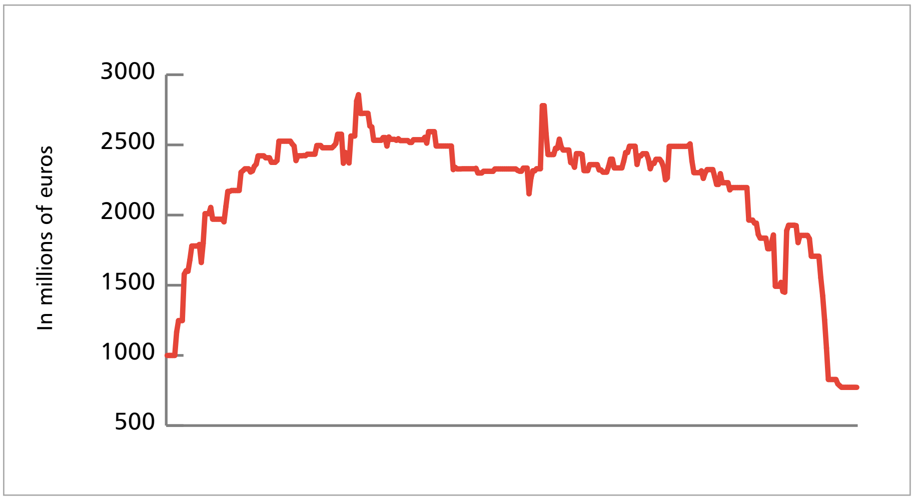
In total, 1058 deals were transacted at an average amount of EUR 11.6 million and an average maturity of 17 days.

The BTB in foreign currencies

As in previous years, matured debt in foreign currencies was refinanced through the BTB program. Such financing was carried out in the context of the general policy pursued in recent years for the purpose of gradually eliminating the debt in foreign currencies when market conditions are favorable. The BTB program is therefore mainly used for short-term refinancing of maturities denominated in foreign currencies. Two changes relative to previous years must be pointed out. First of all, the participation of dealers in BTBs in foreign currencies was much more diversified in 2005. Secondly, the proportion of debt issued directly in CHF, rather than via derivatives, has increased.

The amount outstanding of BTBs in foreign currencies varied between the equivalent of 800 million and 2.8 billion euros. Remember that efficient operation of the BTB program requires that the issued amount be sufficiently large and that the issuer have a regular presence on the market.

28 Changes in the amounts outstanding of BTBs in foreign currencies in 2005



The Treasury continued to perform an average of two issues per week for the equivalent of EUR 50 million each.

In 2005, the weighted average duration of issues was 86 days and the average amount issued was the equivalent of EUR 70 million.

As usual, the Treasury consistently tried to finance itself at the market "bid". In September and in October 2005, the foreign currencies were not able to be refinanced through issues of BTBs at normal levels, because of strong demand from quasi-sovereign issuers abroad. Financing was therefore implemented via the inter-bank market or through a swap of the cash surplus in euros to CHF [Swiss francs].

During the period at the end of the year, the portion of the debt in CHF was swapped into euros for an equivalent value of EUR 1661 million. These operations were part of the strategy to make more efficient use of the available cash in euros at the end of the year. At the start of the year 2006, the corresponding amounts were once again included in the short-term debt in CHF.

7. Products for private investors

7.1. State notes

For the tenth consecutive year, the Belgian government has issued State notes.

State notes are long-term borrowings in EUR with fixed yield and annual coupons placed by means of a panel of "placing institutions" approved by the Treasury after a selection procedure (see list in annex).

On the primary market, this product is essentially intended for private investors and certain other categories of investors (1).

(1) It is intended for the following investors:

- foundations;
- non-profit associations;
- church councils or institutions classified as religious bodies in the national register of legal entities;
- entities established in the European economic space that are similar to the above-listed entities and that have the same rights of subscription under Community law.

STATE NOTE ISSUES IN 2005

ISSUE OF 4 MARCH 2005

State notes

STATE NOTES	COUPON	Total subscribed
5-year State note	2.80%	58 000 000
8-year State note	3.25%	95 000 000
		153 000 000

ISSUE OF 4 JUNE 2005

STATE NOTES	COUPON	Total subscribed
5-year State note	2.60%	50 000 000
8-year State note	3.00%	73 000 000
		123 000 000

ISSUE OF 4 SEPTEMBER 2005

STATE NOTES	COUPON	Total subscribed
5-year State note	2.60%	58 000 000
8-year State note	3.00%	100 000 000
		158 000 000

ISSUE OF 4 DECEMBER 2005

STATE NOTES	COUPON	Total subscribed
5-year State note	2.85%	55 000 000
8-year State note	3.20%	143 300 000
	Total 2005	**577 300 000**

In 2005, the Treasury, as it does every year, performed four issues of State notes. In each of them, a 5-year note and an 8-year note were issued simultaneously.

Since the issue of 4 June 2002, it has been possible to subscribe to State notes by name free of charge directly with the Treasury's Ledgers Department.

A subscription by name is possible not only in the case of subscriptions for State notes, but also in the case of purchases on the secondary market.

Secondary market for State notes

State notes are listed on Euronext Brussels – securities market – fixing segment – from the second Monday after the closure of subscriptions.

They therefore provide permanent liquidity and can be bought and sold at any time. Moreover, in 2005, the Treasury bought back, through the Securities Regulation Fund, State notes in the amount of EUR 109.28 million. Pursuant to Article 42 of the Act of 23 December 2005 resulting in the elimination of the sinking fund, all State notes can now be amortized from the buy-back time by the Treasury.

Another important legal measure was the enactment of the Act of 14 December 2005 resulting in the elimination of bearer bonds. That Act stipulates, first of all, that from 1 January 2008, securities must be issued by the issuer in registered or dematerialized form, and that, secondly, the holders of bearer securities must request that they be converted to registered securities or into dematerialized securities by no later than 31 December 2012 for securities issued after the publication of the law and by no later than 31 December 2013 for those issued prior to publication of the law. This measure has no implications for the State notes currently issued by the Treasury.

7.2. The OLOs for private investors (OLOp)

The latest OLOs for private investors (OLOp) were assimilated to their corresponding OLOs on 28 March and 28 September 2005. Because of the limited demand for that product, the Treasury has decided to stop issuing them.

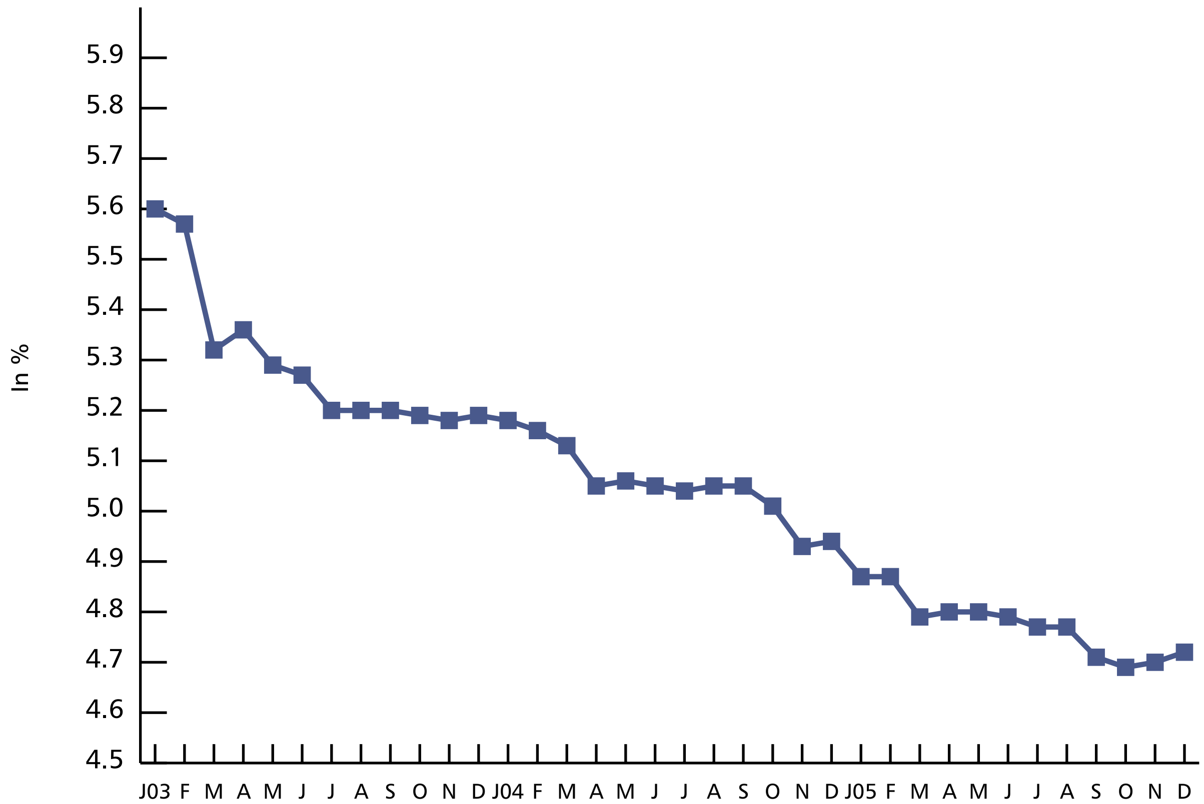
8. Treasury bonds - Silver Fund

During the year 2005, proceeds from the one-time voluntary declaration due to the federal government (EUR 422.9 million) and the balance of the Credibe transaction (EUR 19.8 million) were allocated to the Silver Fund. That Fund invested those resources in a "Treasury bonds - Silver Fund", reaching final maturity in 2021.

The "Treasury bonds - Silver Fund" are zero-coupon bonds. The interest, determined at the time of issue on the basis of the curve of OLO rates, is capitalized up to the final maturity. The securities are registered in the debt of the State at a value taking the accrued interest into account. As of 31 December 2005, Silver Fund reserves invested in the "Treasury bonds - Silver Fund" had final maturities ranging from 2010 to 2021; and amounted to EUR 13.50 billion.

ANNEXES

Weighted average actuarial rate of the debt in euros of the Treasury



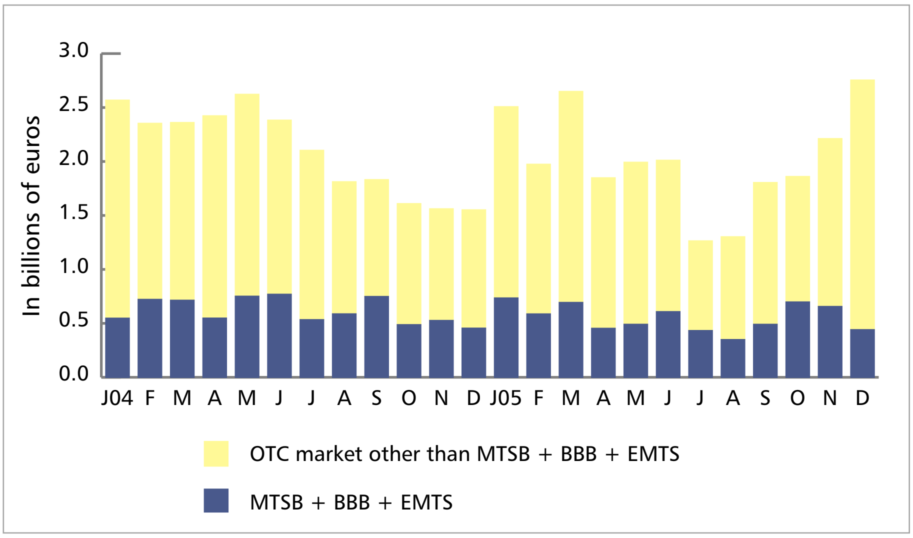
Amounts in circulation by OLO (in EUR) at the end of December 2005

Maturity	Coupon in %	Code	OLO n°	Amounts outstanding	% Strips
24/04/2006	FRN	299 082	39	2 000 000 000.00	
15/05/2006	7	283 896	24	7 951 545 674.21	
28/09/2006	4.75	297 060	37	8 571 900 000.00	2.19 %
28/03/2007	6.25	286 923	26	13 491 828 228.86	6.02 %
01/10/2007	8.50	257 635	9	8 413 164 463.71	14.44 %
28/03/2008	5.75	288 945	28	12 386 696 740.11	1.08 %
29/07/2008	7.50	268 749	16	7 965 558 029.24	
28/09/2008	3	302 118	42	8 499 600 000.00	0.44 %
28/03/2009	3.75	292 012	32	18 762 419 400.00	0.43 %
28/03/2010	3	305 145	45	8 848 000 000.00	0.23 %
28/09/2010	5.75	295 049	35	15 844 200 000.00	1.40 %
28/09/2011	5	296 054	36	10 546 400 000.00	1.01 %
28/09/2012	5	298 076	38	11 416 900 000.00	2.02 %
24/12/2012	8	262 684	12	8 546 896 081.16	
28/09/2013	4.25	301 102	41	12 975 200 000.00	1.42 %
28/09/2014	4.25	303 124	43	11 559 915 000.00	1.87 %
28/03/2015	8	282 880	23	6 220 187 157.66	4.81 %
28/09/2015	3.75	306 150	46	11 294 000 000.00	0.53 %
28/09/2017	5.5	300 096	40	8 437 637 800.00	6.18 %
28/03/2028	5.5	291 972	31	10 575 939 136.01	17.89 %
28/03/2035	5	304 130	44	9 930 692 800.00	9.21 %
TOTAL				**214 238 680 510.96**	
AMOUNTS OUTSTANDING OF STRIPPABLE LINES				**187 774 680 726.35**	**3.33 %**

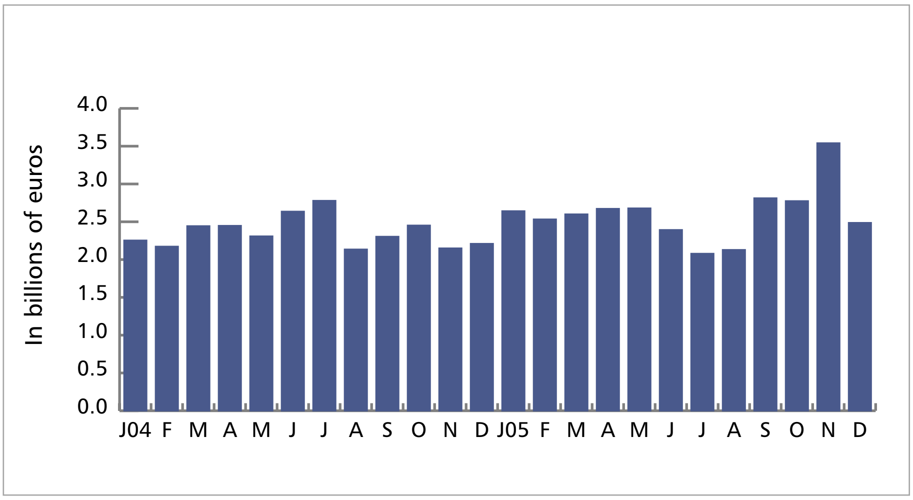
Results of auctions and syndications of OLOs in 2005 (In millions of euros)

Type of issue	Date of issue	Value date	Final maturity	ISIN BE0000	Amounts outstanding before issue	Amount bid	Amount accepted (Comp)	Exerc. Non comp.	Total accepted	Bid to cover	Weighted average price	Weighted average rate	Bid min/max	Stop price	Succe-ssful bidders	% taken at limit rate
	12-01-2005	19-01-2005	28-03-2010	305145			5 000.0		5 000.0		99.671					
SYNDICATION							5 000.0		5 000.0							
	09-03-2005	16-03-2005	28-09-2015	306150			5 000.0		5 000.0		99.564					
SYNDICATION							5 000.0		5 000.0							
	30-05-2005	02-06-2005	28-03-2010	305145	5 000.0	2 025.0	1 104.0	311.0	1 415.0	1.83	101.373	2.691	101.24/101.42	101.34	14	58.1395
			28-09-2015	306150	5 000.0	2 145.0	1 102.0	568.0	1 670.0	1.95	102.989	3.402	102.83/103.02	102.97	14	63.6364
			28-03-2035	304130	6 812.7	1 295.0	750.0	262.0	1 012.0	1.73	118.136	3.953	117.85/118.18	118.04	13	15.0000
AUCTION						5 465.0	2 956.0	1 141.0	4 097.0							
	25-07-2005	28-07-2005	28-03-2010	305145	6 415.0	1 995.0	1 413.0	0.0	1 413.0	1.41	101.706	2.605	101.61/101.74	101.68	14	28.8462
			28-09-2015	306150	6 670.0	2 755.0	1 606.0	0.0	1 606.0	1.72	103.893	3.294	103.78/103.94	103.87	15	44.6809
AUCTION						4 750.0	3 019.0	0.0	3 019.0							
	26-09-2005	29-09-2005	28-03-2010	305145	7 828.0	1 475.0	1 020.0	0.0	1 020.0	1.45	101.676	2.598	101.55/101.72	101.63	12	100.0000
			28-09-2015	306150	8 276.0	2 605.0	1 234.0	126.0	1 360.0	2.11	105.068	3.151	104.86/105.17	105.02	12	35.0877
			28-03-2035	304130	7 824.7	1 825.0	1 254.0	0.0	1 254.0	1.46	124.715	3.621	124.45/124.80	124.63	13	33.3333
AUCTION						5 905.0	3 508.0	126.0	3 634.0							
	28-11-2005	01-12-2005	28-09-2015	306150	9 636.0	2 520.0	1 275.0	383.0	1 658.0	1.98	102.585	3.434	102.42/102.66	102.55	12	100.0000
			28-03-2035	304130	9 078.7	1 365.0	590.0	262.0	852.0	2.31	120.589	3.819	120.30/120.75	120.54	11	100.0000
AUCTION						3 885.0	1 865.0	645.0	2 510.0							

Average daily trading volumes in OLOs on the secondary market



Trading volumes on the "repo" market
for OLOs (daily averages)



Monthly breakdown of short-term debt components
(in millions of EUR)

Month	Gyro (1)	Inter-bank + others (2)	Treasury certificates (3) 3 months	6 months	12 months	Total TC	Treasury bonds in EUR	Cash (4) management operations	Floating (5) debt
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
J2005	824.3	2267.8	1996.2	4231.5	20289.6	26517.3	725.2	5848.4	24486.2
F	665.1	2166.3	2231.2	4747.0	20070.7	27048.9	466.7	3683.1	26663.9
M	776.5	6395.3	2589.3	5080.5	19453.2	27123.0	314.4	2093.7	32515.5
A	651.0	2136.9	2547.6	5847.5	19519.6	27914.7	298.3	2892.9	28108.0
M	901.9	1860.3	2516.3	6228.3	19282.4	28027.0	339.3	1957.8	29170.7
J	690.4	1480.0	2479.6	6179.7	18806.5	27465.8	697.3	4288.3	26045.2
J	614.6	1619.7	2525.4	6046.2	18847.6	27419.2	439.4	9722.8	20370.1
A	571.3	1347.4	2562.3	6046.0	18930.9	27539.2	470.9	8979.0	20949.8
S	633.2	1921.2	3838.7	5765.2	19186.9	28790.8	465.6	2577.6	29233.2
O	576.0	1954.4	5663.3	5551.9	19233.6	30448.8	496.1	4291.7	29183.6
N	595.9	1293.1	5972.2	5349.1	19647.2	30968.5	642.1	3509.4	29990.2
D	523.7	2888.2	2079.9	4974.1	19820.0	26874.0	750.0	5026.9	26009.0

(1) assets of private investors in postal accounts
(2) borrowings and investments on the inter-bank market
(3) certificates issued by auction after the reform of 29 Jan. 91.
The amount indicated represents the NET amount outstanding collected by the Treasury, i.e., less any discounted interest and repayments in the reporting month.
Including, in the 3-months, maturities less than 3 months.
(4) operations carried out to balance the daily cash flow.
Cash surplus from tax revenue or issues of treasury certificates.
(5) Total floating debt with (4) deducted.

Note: Because of rounding off, the totals may differ slightly from the amounts in the monthly states of the Public Debt.

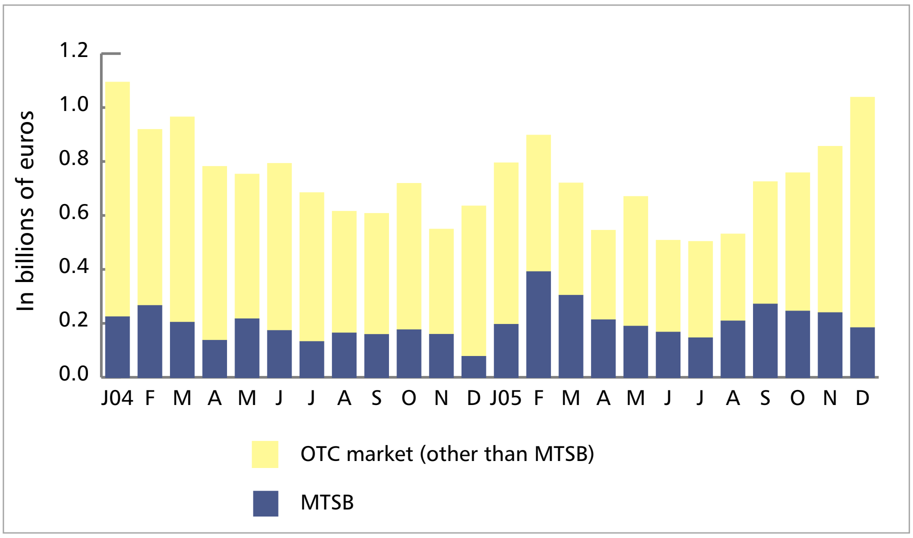
Results of auctions of treasury certificates in 2005 (In millions of euros)

Auction date	Value date	Amount at maturity	Date at maturity	ISIN BE0312	Month	Outst. before auction	Amount bid	Amount accepted (comp)	Exerc. non comp.	Total accepted	Bid to cover	Weight. average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
04-01-2005	06-01-2005		14-04-2005	594600	3	2 318.0	2 420.0	403.0	0.0	403.0	6.00	2.022	-12.90	1.970/2.050	2.030	7	66.6670
			16-06-2005	596621	6	2 101.0	3 340.0	1 204.0	54.0	1 258.0	2.77	2.085	-12.50	2.060/2.100	2.090	11	22.5000
11-01-2005	13-01-2005	3 199.0	14-04-2005	594600	3	2 721.0	2 780.0	401.0	0.0	401.0	6.93	2.017	-12.90	2.000/2.045	2.020	7	50.9800
			12-01-2006	603690	12	0.0	4 280.0	1 638.0	0.0	1 638.0	2.61	2.208	-10.20	2.200/2.230	2.215	14	9.0600
01-02-2005	03-02-2005		12-05-2005	595615	3	2 677.0	2 390.0	404.0	0.0	404.0	5.92	2.022	-12.00	2.015/2.045	2.025	9	36.9570
			14-07-2005	597637	6	1 506.0	5 550.0	1 230.0	20.0	1 250.0	4.51	2.059	-12.40	2.055/2.085	2.065	13	5.4790
15-02-2005	17-02-2005	3 370.0	12-05-2005	595615	3	3 081.0	2 560.0	410.0	25.0	435.0	6.24	2.014	-12.20	2.005/2.045	2.020	11	31.6670
			16-02-2006	604706	12	0.0	5 930.0	1 615.0	202.0	1 817.0	3.67	2.201	-9.90	2.195/2.220	2.205	16	13.5920
01-03-2005	03-03-2005		16-06-2005	596621	3	3 359.0	2 850.0	485.0	0.0	485.0	5.88	2.013	-12.30	2.005/2.060	2.015	5	100.0000
			18-08-2005	598643	6	1 664.0	7 180.0	1 205.0	0.0	1 205.0	5.96	2.072	-12.70	2.070/2.100	2.075	10	34.1880
15-03-2005	17-03-2005	3 696.0	16-06-2005	596621	3	3 844.0	2 335.0	400.0	75.0	475.0	5.84	2.000	-13.50	2.000/2.040	2.000	5	100.0000
			16-03-2006	605711	12	0.0	5 750.0	1 602.0	0.0	1 602.0	3.59	2.187	-12.10	2.180/2.220	2.190	11	71.3110
05-04-2005	07-04-2005		14-07-2005	597637	3	2 756.0	2 380.0	360.0	0.0	360.0	6.61	2.000	-14.70	2.000/2.040	2.000	5	100.0000
			15-09-2005	599658	6	1 505.0	4 860.0	1 203.0	185.0	1 388.0	4.04	2.051	-14.70	2.045/2.080	2.055	9	23.2760
12-04-2005	14-04-2005	3 122.0	14-07-2005	597637	3	3 116.0	2 125.0	402.0	0.0	402.0	5.29	1.998	-14.20	1.995/2.050	2.000	7	42.8570
			13-04-2006	606727	12	0.0	4 540.0	1 605.0	169.0	1 774.0	2.83	2.173	-11.10	2.160/2.200	2.175	9	87.0630
03-05-2005	05-05-2005		18-08-2005	598643	3	2 869.0	2 585.0	406.0	0.0	406.0	6.37	1.994	-13.20	1.990/2.045	2.000	7	11.4290
			13-10-2005	600662	6	1 506.0	4 185.0	1 185.0	0.0	1 185.0	3.53	2.009	-13.80	2.000/2.050	2.010	10	100.0000
10-05-2005	12-05-2005	3 516.0	18-08-2005	598643	3	3 275.0	2 475.0	402.0	0.0	402.0	6.16	1.988	-13.70	1.985/2.020	1.990	7	45.6520
			11-05-2006	607733	12	0.0	4 965.0	1 604.0	27.0	1 631.0	3.10	2.073	-11.90	2.060/2.100	2.075	12	87.4520
31-05-2005	02-06-2005		15-09-2005	599658	3	2 893.0	2 280.0	445.0	0.0	445.0	5.12	1.981	-14.60	1.970/2.015	1.990	9	3.3710
			17-11-2005	601678	6	1 509.0	5 025.0	1 209.0	0.0	1 209.0	4.16	2.002	-13.60	1.990/2.030	2.010	10	12.1210
14-06-2005	16-06-2005	4 319.0	15-09-2005	599658	3	3 338.0	2 270.0	403.0	75.0	478.0	5.63	1.977	-13.40	1.970/2.010	1.980	6	68.5710
			15-06-2006	608749	12	0.0	3 500.0	1 608.0	0.0	1 608.0	2.18	1.997	-10.80	1.990/2.025	2.000	12	65.0350
05-07-2005	07-07-2005		13-10-2005	600662	3	2 691.0	2 035.0	405.0	0.0	405.0	5.02	1.986	-12.80	1.980/2.040	1.990	7	66.6670
			15-12-2005	602684	6	1 460.0	2 750.0	1 107.0	8.0	1 115.0	2.48	2.000	-12.50	1.990/2.030	2.005	12	51.0870
12-07-2005	14-07-2005	3 116.0	13-10-2005	600662	3	2 199.0	2 170.0	403.0	0.0	403.0	5.38	1.990	-12.70	1.985/2.040	1.995	8	31.7460
			13-07-2006	609754	12	0.0	3 310.0	1 545.0	0.0	1 545.0	2.14	2.057	-10.70	2.040/2.080	2.060	10	100.0000
02-08-2005	04-08-2005		17-11-2005	601678	3	2 718.0	1 935.0	410.0	0.0	410.0	4.72	1.992	-13.50	1.980/2.040	2.005	7	19.6080
			12-01-2006	603690	6	1 638.0	2 855.0	1 204.0	0.0	1 204.0	2.37	2.023	-13.30	2.020/2.040	2.025	11	81.5220
16-08-2005	18-08-2005	3 677.0	17-11-2005	601678	3	3 128.0	1 795.0	400.0	35.0	435.0	4.49	1.999	-13.60	1.990/2.130	2.005	7	40.0000
			17-08-2006	610760	12	0.0	3 970.0	1 600.0	148.0	1 748.0	2.48	2.110	-11.60	2.020/2.135	2.120	14	40.0000

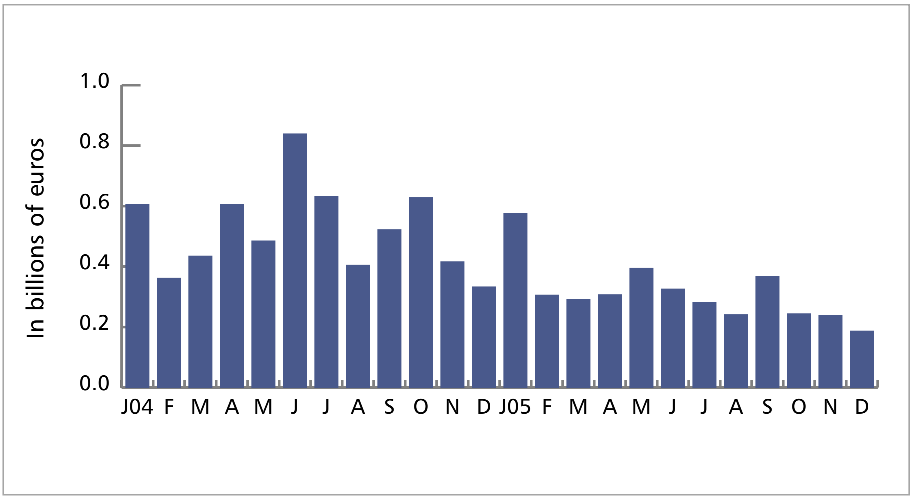
Results of auctions of treasury certificates in 2005 (in millions of euros)

Auction date	Value date	Amount at maturity	Date at maturity	ISIN BE0312	Month	Outst. before auction	Amount bid	Amount accepted (comp)	Exerc. non comp.	Total accepted	Bid to cover	Weight. average rate	Spread Euribor	Bid Min/Max	Limit rate	Suc-cessful bidders	% taken at limit rate
30-08-2005	01-09-2005		15-12-2005	602684	3	2 575.0	2 345.0	605.0	0.0	605.0	3.88	2.006	-12.80	1.995/2.040	2.010	11	39.0910
			16-02-2006	604706	6	1 817.0	4 135.0	1 105.0	0.0	1 105.0	3.74	2.040	-12.00	2.035/2.060	2.040	10	83.1280
13-09-2005	15-09-2005	3 816.0	15-12-2005	602684	3	3 180.0	4 775.0	1 575.0	26.0	1 601.0	3.03	1.995	-14.10	1.980/2.025	2.010	12	0.4420
			14-09-2006	611776	12	0.0	4 110.0	1 604.0	160.0	1 764.0	2.56	2.115	-10.80	2.095/2.135	2.120	11	45.5360
04-10-2005	06-10-2005		17-11-2005	601678	1	3 563.0	3 875.0	1 023.0	0.0	1 023.0	3.79	2.008	-11.30	2.000/2.065	2.015	10	12.2220
			12-01-2006	603690	3	2 842.0	1 835.0	415.0	0.0	415.0	4.42	2.035	-14.60	2.020/2.070	2.040	6	100.0000
			16-03-2006	605711	6	1 602.0	3 200.0	970.0	0.0	970.0	3.30	2.058	-16.10	2.050/2.090	2.060	7	100.0000
11-10-2005	13-10-2005	3 499.0	15-12-2005	602684	2	4 781.0	2 120.0	800.0	0.0	800.0	2.65	2.031	-11.40	2.020/2.060	2.040	7	60.0000
			12-01-2006	603690	3	3 257.0	1 555.0	400.0	0.0	400.0	3.89	2.050	-14.20	2.040/2.080	2.055	8	30.0000
			12-10-2006	612782	12	0.0	3 370.0	1 555.0	0.0	1 555.0	2.17	2.275	-11.50	2.260/2.300	2.280	13	45.2380
01-11-2005	03-11-2005		15-12-2005	602684	1	5 581.0	2 650.0	803.0	0.0	803.0	3.30	2.068	-5.70	2.050/2.100	2.075	7	68.7500
			16-02-2006	604706	3	2 922.0	1 665.0	301.0	0.0	301.0	5.53	2.156	-10.80	2.155/2.190	2.160	5	71.4290
			13-04-2006	606727	6	1 774.0	2 730.0	1 005.0	0.0	1 005.0	2.72	2.227	-15.30	2.225/2.250	2.230	10	69.0910
15-11-2005	17-11-2005	4 586.0	15-12-2005	602684	1	6 384.0	2 625.0	630.0	76.0	706.0	4.17	2.102	-9.00	2.100/2.140	2.105	5	100.0000
			16-02-2006	604706	3	3 223.0	1 730.0	336.0	31.0	367.0	5.15	2.240	-11.00	2.235/2.275	2.245	6	20.6060
			16-11-2006	613798	12	0.0	4 220.0	1 604.0	335.0	1 939.0	2.63	2.589	-11.40	2.575/2.615	2.595	12	29.4120
29-11-2005	01-12-2005		16-03-2006	605711	3	2 572.0	1 440.0	302.0	0.0	302.0	4.77	2.350	-12.30	2.330/2.390	2.355	6	69.5650
			11-05-2006	607733	6	1 631.0	2 665.0	703.0	35.0	738.0	3.79	2.437	-15.80	2.430/2.470	2.440	9	63.5710
13-12-2005	15-12-2005	7 090.0	16-03-2006	605711	3	2 874.0	1 745.0	307.0	0.0	307.0	5.68	2.290	-16.60	2.280/2.340	2.295	8	58.0650
			14-12-2006	614804	12	0.0	3 175.0	1 645.0	0.0	1 645.0	1.93	2.671	-9.80	2.660/2.710	2.675	11	100.0000

Average daily trading volumes in treasury certificates
on the secondary market



Trading volumes on the repo market for
treasury certificates (daily averages)



"TREASURY BONDS - SILVER FUND" INVESTMENTS

AS OF 31 DECEMBER 2005

Securities " BT - FV "	Amount invested	Rate	Prorated interest at 31/12/2005	Portfolio at 31/12/2005	Amount at maturity
28/03/2002 - 15/04/2010	624 076 032.25(1)	5.43384823	137 663 010.54	761 739 042.79	955 734 250.39
12/09/2002 - 15/10/2010	431 740 237.50(2)	4.54934710	68 426 995.17	500 167 232.67	618 936 159.87
10/04/2003 - 15/04/2011	451 511 336.23(3)	4.23497214	54 164 886.80	505 676 223.03	629 682 696.99
21/11/2003 - 17/10/2011	645 687 591.81(4)	4.24719380	59 378 497.01	705 066 088.82	897 230 872.37
21/11/2003 - 16/04/2012	1 000 000 000.00(4)	4.31747266	93 519 249.00	1 093 519 249.00	1 426 757 473.64
21/11/2003 - 15/04/2013	1 000 000 000.00(4)	4.44964500	96 451 769.70	1 096 451 769.70	1 506 014 320.05
22/01/2004 - 15/10/2012	296 159 365.37(5)	4.22902667	24 849 594.13	321 008 959.50	425 297 020.86
22/01/2004 - 15/04/2014	1 000 000 000.00(5)	4.37400828	86 840 877.60	1 086 840 877.60	1 549 902 169.97
22/01/2004 - 15/04/2015	1 000 000 000.00(5)	4.45786790	88 540 125.93	1 088 540 125.93	1 632 358 619.37
22/01/2004 - 15/04/2016	1 000 000 000.00(5)	4.56395979	90 691 715.16	1 090 691 715.16	1 726 649 079.02
22/01/2004 - 18/04/2017	1 000 000 000.00(5)	4.67063142	92 857 143.12	1 092 857 143.12	1 830 675 165.94
22/01/2004 - 16/04/2018	1 000 000 000.00(5)	4.74408188	94 349 396.46	1 094 349 396.46	1 934 933 570.10
03/12/2004 - 15/04/2019	1 250 000 000.00(6)	4.20204082	56 792 221.10	1 306 792 221.10	2 258 592 546.19
03/12/2004 - 15/04/2020	1 250 000 000.00(6)	4.24643832	57 393 255.79	1 307 393 255.79	2 369 231 756.61
20/05/2005 - 15/04/2021	442 653 633.07(7)	3.76448399	10 245 047.38	452 898 680.45	797 041 035.55
Total	**12 391 828 196.23**		**1 112 163 784.89**	**13 503 991 981.12**	**20 559 036 736.92**

(1) UMTS (437 805 323.76); capital gains or (177 114 565.58); short-term interest (9 156 142.91).
(2) NBB earnings (429 000 000.00 short-term interest (2 740 237.50).
(3) Belgacom dividend Belgacom (237 252 326.52); bank notes (213 965 560.02); short-term interest (293 449.69)
(4) Credibe (2 645 687 591.81).
(5) Pension funds Belgacom (5 000 000 000.00); Belgacom dividend Belgacom (290 000 021.25); short-term interest (6 159 344.12).
(6) Fadels (2 500 000 000.00).
(7) DLU - EBA (422 897 175.76); Credibe balance (19 754 399.06); short-term interest (2 058.25).

ORGANIZATION CHART (AT 31 DEC. 2005)
GENERAL TREASURY DEPARTMENT

JEAN-PIERRE ARNOLDI, ADMINISTRATOR GENERAL

Administration
Financing of the State and Financial Markets

Marc Monbaliu, Administrator

Public Debt Assistance Service

Auditor General of Finances
O. VAN DRIESSCHE

10th Division
Director
M. SEMPELS
Cash Position
Treasury Forecasts

11th Division
Director
F. Roufosse
Accounting
Monthly Debt Position

12th and 13th Divisions
Director
P. RAEPSAET
Financial loans service
Printing
Government-backed bonds
Bonds issued by Communities and Regions Sinking Fund
Financial auditing of public enterprises

15th Division
Chief financial attaché
J. Smet
Ledgers
Subscription by name

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**
Sub-director A. LECLERCQ	Sub-director B. DEBERGH	Sub-director Ph. LEPOUTRE
Sub-director S. DE SMEDT		
	2. Marketing and product development	**2. Systems**
	Sub-director J.L. STEYLAERS	Sub-director Th. GEELS

Auditor-Consultant
E. ANNÉ

Financial markets and services
V. Buydens, Auditor General

List of Securities Dealers of the Treasury of the Belgian Kingdom

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

CREDIT SUISSE SECURITIES (EUROPE) LONDON
One Cabot Square

GB - London E14 4QJ

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 – FRANCE
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

RECOGNISED DEALERS

BANCA D'INTERMEDIAZIONI MOBILIARE IMI SpA
Corso Matteotti, 6

I - MILANO - 20121

CAIXA GERAL DE DEPOSITOS (*)
Avenida Joâo XXI, 63

P - 1000-300 LISBOA

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
25 Bank Street

GB - London E14 SLE

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

GB - London E14 4QA

NORDEA BANK
Christiansbro
3 Strandgade
PO Box 850

DK - 0900 Copenhagen

(*) By mutual agreement with the Treasury, their status as primary or recognized dealers was terminated as of 1 May 2006.

BTB DEALERS

CITIBANK INTERNATIONAL PLC
33 Canada Square
Canary Wharf

GB - London E14 5LB

DEUTSCHE BANK AG LONDON
London Branch
Winchester House
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
100 Liverpool Street

GB - London EC2M 2RH

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

(*) Is no longer a placing institution for the State notes 2006/2007 campaign.