BELGIAN DEBT AGENCY

Participating Primary Dealers: Barclays Capital, Citigroup, Dexia Bank, Dresdner Kleinwort, Fortis Bank, ING, KBC Bank, Royal Bank of Scotland, Société Générale Corporate & Investment Banking, UBS Limited

National Bank OF BELGIUM
Eurosystem

Belgian Prime News

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Special topic: Successful launch for the new EMTN programme

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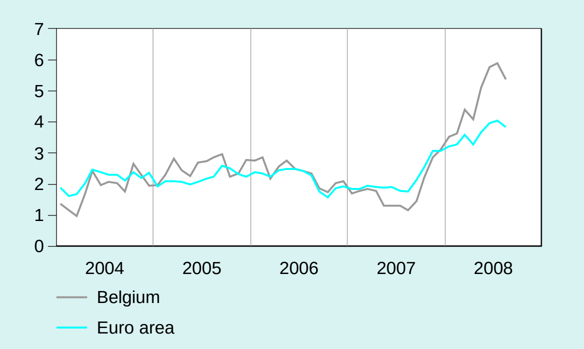
Consensus: Average of participants' forecasts

	2007		2008 p		2009 p	
	Belgium	Euro area	Belgium	Euro area	Belgium	Euro area
Real GDP(1)	2.8	2.6	1.6 (1.6)	1.2 (1.6)	1.3 (1.5)	0.9 (1.3)
Inflation (HICP)(1)	1.8	2.1	4.5 (4.1)	3.5 (3.4)	2.4 (2.4)	2.4 (2.3)
General government balance(2) (3)	-0.2	-0.6	-0.4 (-0.3)	n.	-0.7 (-0.6)	n.
Primary balance(2) (3)	3.7	2.4	3.2 (3.2)	n.	2.8 (3.0)	n.
Public debt(2) (3)	84.8	66.3	81.6 (80.9)	n.	80.1 (78.9)	n.

Numbers in parentheses refer to the previous consensus forecast of June 2008.
(1) Percentage changes. (2) Percentages of GDP. (3) EDP definition. n. Not available.

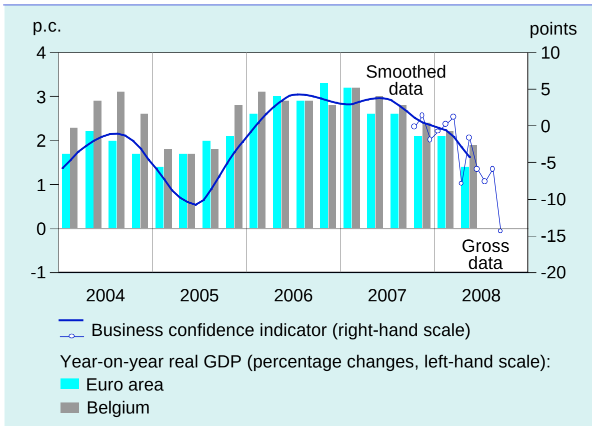
Macroeconomic developments

HARMONISED INDEX OF CONSUMER PRICES
(annual percentage changes)



Source: EC.

GDP GROWTH AND BUSINESS CYCLE INDICATOR



Sources: EC, NAI, NBB.

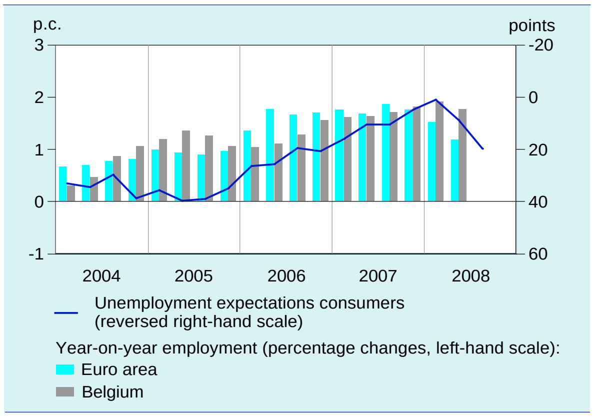
Following a sharp acceleration during the previous twelve months, inflation in August 2008 slowed down to 5.4% in Belgium and to 3.8% in the euro area. The differential is mainly explained by the larger impact of international commodity prices, oil in particular, on the energy component of the Belgian HICP and by an additional increase in transport and distribution tariffs for electricity and gas. Belgian services inflation has recently started to increase, mainly reflecting base effects as well as predominantly indirect effects of higher energy and food prices on transport, restaurants and holiday expenditure. The decline in commodity prices since the summer should contribute to a further slowdown in inflation and a gradual narrowing of the inflation differential. Due to the elevated inflation outcomes in the summer, **the primary dealers' inflation forecast for 2008 was raised by 0.4 percentage point to 4.5%, but remained unchanged at 2.4% for 2009**. Risks to this outlook are on the upside and mainly stem from the possibility that second-round effects could be more pronounced than expected so far.

While headline inflation started to recede, concerns about growth clearly increased in the summer. After the economy had shown resilience up to the first quarter to the negative effects stemming from the surge in commodity prices, the correction of housing markets and the financial tensions, these shocks got a firmer grip on the real economy in the second quarter with a drop of activity in the euro area. In Belgium, quarter-on-quarter growth of GDP slowed down, but remained positive at 0.2%. Although temporary factors might have pushed down activity, the weakness in the euro area was broadly based with domestic demand under pressure due to the correction of the housing markets and elevated inflation rates, squeezing real income and consumption growth and a drop in exports. Compared to the euro area, the Belgian economy held up somewhat better with the slowdown mainly caused by exports, while domestic demand remained resilient, supported by a relatively stable housing market and somewhat more robust employment development.

However, activity is likely to be weak in the coming quarters judging by the sharp downward trend in business confidence. Also the latest industrial production readings point to a further slowdown. Furthermore, with the exception of commodity prices, shocks do persist, with financial tensions re-emerging dramatically in September and international housing markets correcting further. As the expected slowdown of activity in the second half of 2008 would have a larger effect on the annual GDP growth rate in 2009 through a low carry-over effect, **primary dealers left their forecast for 2008 unchanged at 1.6%, while they revised growth in 2009 downwards by -0.2 percentage point to 1.3%**.

Macroeconomic developments (continued)

EMPLOYMENT AND CONSUMER CONFIDENCE



Sources: EC, NAI, NBB.

This outlook remains surrounded by considerable risks. Apart from the uncertainty about the length and depth of the shocks, there are increased signs that the global downturn may jeopardise the strong fundamentals which provided support in the past. Employment growth has started to slow, unemployment expectations are rising and companies' profitability is likely to be affected by lower demand and higher costs. These factors might put a hold on consumption and investment intentions, thus deepening the slowdown. It is crucial to keep these effects limited. With employment weakening and inflation on the verge of cooling down, this calls for sensible wage agreements in order to prevent a substantial corporate adjustment, leading on the one hand to a strong reaction of the labour market and on the other hand to a deceleration in investment. Combined with mixed export performances, this might put the Belgian economy in a vulnerable position.

With weaker growth lying ahead, it is also crucial to keep long-term growth prospects unaffected so as not to endanger the chances of any recovery. In that respect, according to the primary dealers' forecast, **the general government balance would show a deficit of -0.4% of GDP in 2008 and -0.7% in 2009**, well below the targets announced in the stability programme, which aimed at a balanced budget for this year and a surplus of 0.3% of GDP in 2009. Although primary dealers still expect the debt ratio to decline further to 81.6% in 2008 and 80.1% in 2009, estimates were clearly revised upwards compared to the June consensus when a debt ratio of 78.9% in 2009 was expected.

Special topic : Successful launch for the new EMTN programme

Since the introduction of the euro in 1999, the Kingdom of Belgium has followed a very stable and predictable issuance strategy concentrated around two main financing instruments: the OLOs as long-term instrument and the Treasury Certificates as main product on the short end. Issuance is geared at creating large and liquid benchmarks so as to ensure broad diversified distribution and deep secondary markets, animated by the primary dealers as market makers. The whole strategy aims at reducing the issuance cost of the main financing instruments.

Up to the financial turmoil of the summer of 2007, this strategy paid off. OLO spreads tightened considerably, foreign holdership increased to over 50% and OLO secondary markets were considered as deep and liquid. Belgium succeeded in establishing name recognition as a sovereign "frequent borrower" with a transparent, predictable and reliable issuance strategy and financing plans.

As a complement to this successful issuance strategy, the Treasury decided in December 2007 to add a touch of innovation to this programme by allowing for some alternative financing. In order to be able to swiftly execute these transactions, the Belgian Debt Agency (BDA) established a Euro Medium Term Note (EMTN) platform. The transactions under this documentation are intended to include foreign currency issues and structured products. The intention is to swap all currency or structured risk, inherent to these products, to plain vanilla € risk.

This new diversification policy, under the EMTN programme, gives the Treasury the flexibility to seize opportunities taking into account achieving cost efficiencies and market demand. Moreover these transactions will open up new pockets of investors and will eventually alleviate the pressure on the OLO programme, thus helping OLOs to perform.

However, notwithstanding this new element, it should be stressed that OLO issuances, where size, liquidity and transparency prevail, continue to be the cornerstone of the Kingdom's financing programme.

IN PRACTICE

In the 2008 Funding Plan, the BDA announced that it planned to issue up to € 2 billion EMTN financing as part of the expected € 30 billion funding requirement.

Under this plan, the Kingdom of Belgium issued a 5-year US$ benchmark in June as the inaugural transaction of the EMTN programme. The US$ 2 billion transaction can be considered as a truly new US$ deal since no tapping of the dollar market has occurred since 1999.

This deal is both a strategic transaction, targeted at the world's largest investors and a deal intended to meet current trends of market demand for high quality US$ sovereign paper. International investors are already the main buyers in the new syndicated OLO benchmarks. However, 20% of this US$ denominated issue was placed with new high quality investors around the globe still largely focused on the US$ currency.

Clearly buyers were attracted by the rarity of the Belgian issue and diversification opportunities for investors in the US$ markets.

The 5-year maturity was selected so as to reach the broadest balance of investors. Furthermore, this maturity offered an attractive cost savings for the Kingdom of Belgium. Indeed, the yield after a swap into € 5-year of this US$ transaction shows a cost efficiency of 10 bp versus an OLO with a corresponding maturity.

This US$ transaction definitely met the targets put forward in the new issuance strategy: innovation, cost savings and broadening of the investor base.

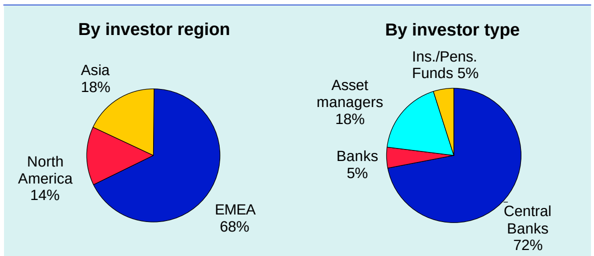
THE EMTN US$ INAUGURAL BENCHMARK

Final bond terms

◇ Issuer	The Kingdom of Belgium
◇ Rating	Aa1/AA+/AA+
◇ Size	US$ 2 billion
◇ Trade date	24 June 2008
◇ Settlement date	1 July 2008
◇ Maturity date	3 September 2013
◇ Coupon	4.25%
◇ Re-offer spread	Midswaps-23bp (equivalent to UST5yr + 70.35bp)
◇ Re-offer price	99.543%

Source: Belgian Debt Agency.

DISTRIBUTION OF THE BOND



Source: Belgian Debt Agency.

Treasury highlights

The Treasury continued its swift implementation of the 2008 funding programme, resulting in a year-to-date (As of 10 September 2008) issuance of € 24.6 billion of OLOs and € 1.3 billion of EMTN-paper.

1. On 24 June, the Treasury issued a 2 billion US$ note, maturing 3 September, 2013. This represented the inaugural deal of the Kingdom's EMTN programme (see special topic).

   Joint leads were Barclays Capital, Deutsche Bank, JP Morgan and Morgan Stanley. HSBC and Fortis Bank acted as co-leads. The issue is priced at 70.35 bp over UST 3.5% due May 2013 (equivalent to Midswaps minus 23 bp). Central banks took up a major part (72%) of the issue.

2. On 28 July, the Treasury issued OLOs for a total amount of 3.002 billion, distributed as follows:

   OLO 3.50% 28/03/2011 (OLO53): € 1.175 billion – average yield: 4.662%
   OLO 4.00% 28/03/2014 (OLO54): € 0.980 billion – average yield: 4.783%
   OLO 4.00% 28/03/2018 (OLO42): € 0.847 billion – average yield: 4.922%

   The bid-to-cover ranged from 1.78 for OLO54 to 2.87 for OLO52.

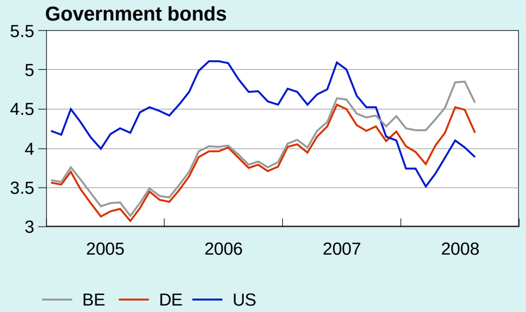
The OLO auction dates for the remainder of 2008 are the following:

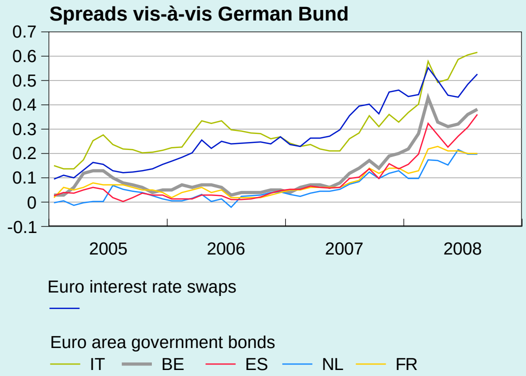
Issuance date	Settlement date
29 September	2 October
24 November	27 November

Please note that this schedule may be modified and that a new syndicated issue may replace an auction.

Government securities market

10-YEAR INTEREST RATES
(percentage points, monthly averages)

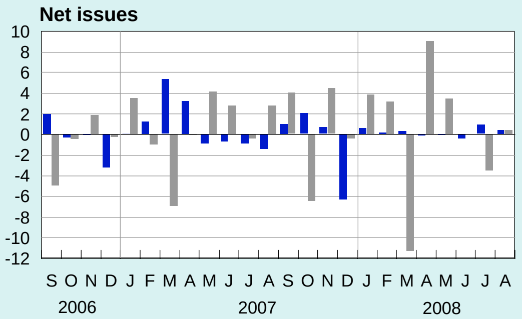


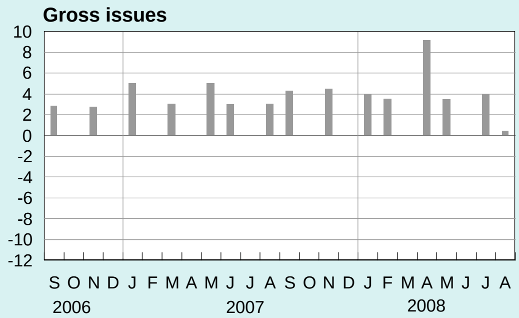


Sources: BIS, Datastream.

The rise of the long-term interest rates on government bonds during this spring didn't last. From July onwards, these rates declined again as a consequence of lower growth perspectives and the renewed turmoil on the financial markets which caused a surge in risk aversion. The lower interest rates were also underpinned by a decline in the break-even inflation rate. The financial turbulence also led to an increase in the government bond spreads and the spread of euro interest rate swaps vis à vis the German Bund.

PRIMARY MARKET
(billions of euros)

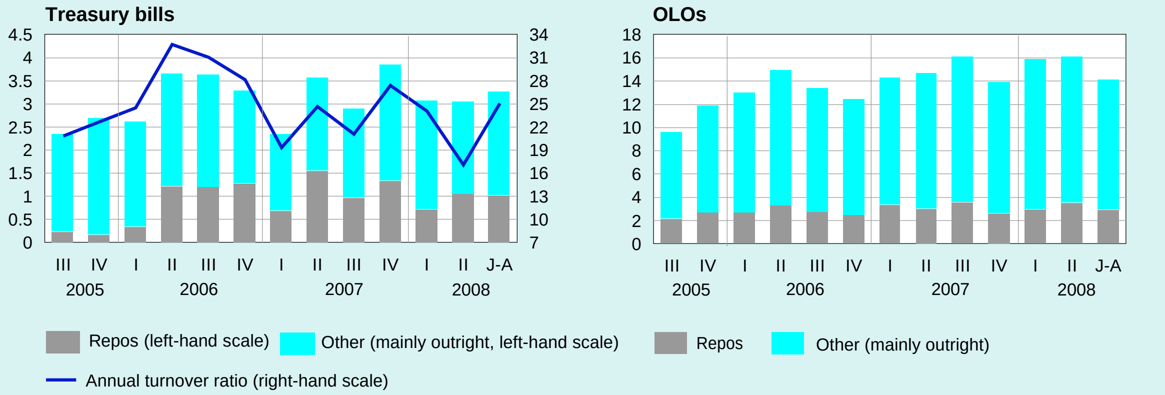




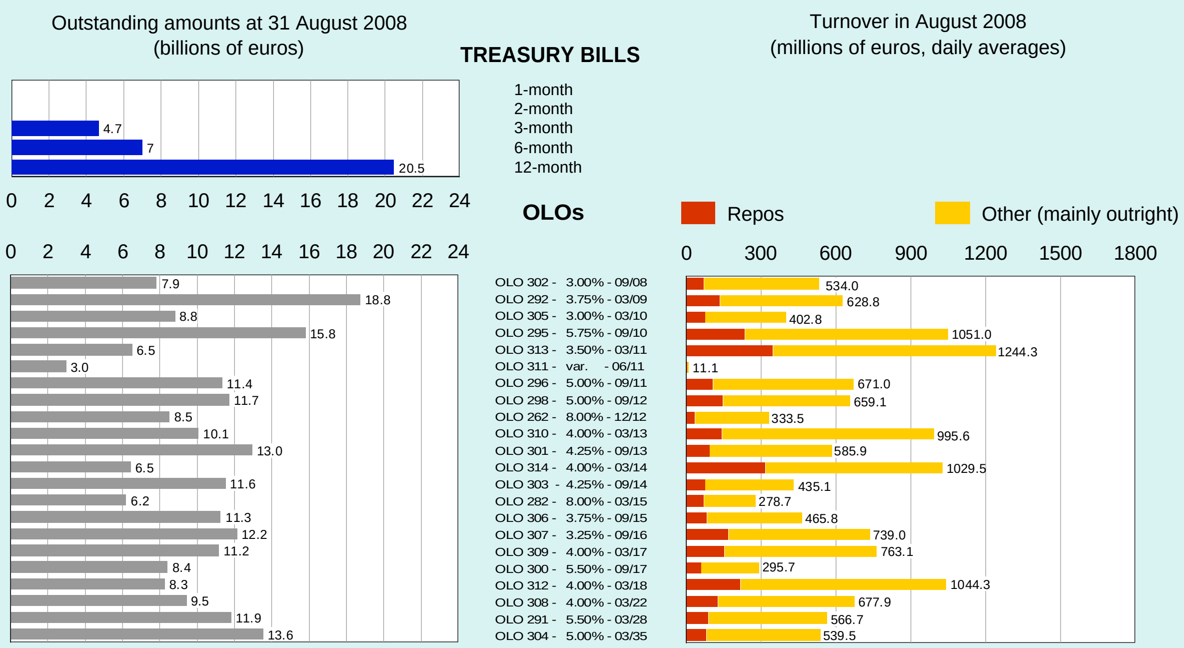
Treasury bills OLOs

Government securities market (continued)

SECONDARY MARKET
(billions of euros unless otherwise stated, daily averages)



OUTSTANDING AMOUNTS AND TURNOVER



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This publication is also available on the internet site www.nbb.be.
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General information on the Belgian government's action can be found on the website www.belgium.be.